**Internship Report**

**On**

**An Evaluation of Financial Performance of Jamuna Bank Limited**

**Submitted To:**

**Controller of Examinations**

National University

Gazipur-1704

**Supervised By:**

**Aminul Haque Russel**

Lecturer

Department of Business Administration

Daffodil Institute of IT (DIIT)

**Submitted By:**

**Touhidur Rahaman**

**Registration No- 00001106819**

**Session: 2011-2012**

**Program: BBA**

**Major inFinance**





 National University, Bangladesh

**Date of Submission: 4th January, 2017**

**Letter of Transmittal**

Controller of Examinations

National University

Gazipur-1704

**Subject: Submission of internship report.**

Dear Sir,

This is my pleasure to submit the internship report on An Evaluation of Financial Performance of Jamuna Bank Limited, which I was assigned. This is a great chance for me to acquire knowledge and experience in respect of performing this report. I have tried my best to prepare this to be as informative and relevant as possible. To prepare this report I have reviewed some books, articles, journals and downloaded some information from various websites. I believe that the knowledge and experience I have gathered during my internship period will immensely help me in my future professional life.

I gave my best efforts to achieve the objectives of the internship and hope that my endeavor will serve the purpose. Besides, I have followed your remarks and instructions very carefully while preparing this report. I tried the best to maintain your schedule, format and discipline.

Thank you for your kind consideration.

Sincerely yours

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Touhidur Rahaman

Roll No.: 1202640

Registration No.: 00001106819

Session: 2011-2012

Program: BBA

Major: Finance

Daffodil Institute of IT (DIIT)

**Supervisor’s Declaration**

This is to certify that Touhidur Rahaman, student of Bachelor of Business Administration (BBA), major in Finance of Daffodil Institute of IT (DIIT) has completed this Internship Report on An Evaluation of Financial Performance of Jamuna Bank Limited.

I believe that he has completed this report himself while he was performing internship in Jamuna bank limited.

I wish his every success in life.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Aminul Haque Russel**

Lecturer

Department of Business Administration

Daffodil Institute of IT (DIIT)

**Student’s Declaration**

I hereby declare that the report of internship named An Evaluation of Financial Performance of Jamuna Bank Limited by me in the period of performing internship on Jamuna bank limited.

I also like to declare that this report paper is my original work and is prepared for academic purpose which is a part of BBA program.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Touhidur Rahaman

Roll No.: 1202640

Registration No.: 00001106819

Session: 2011-2012

Program: BBA

Major: Finance

Daffodil Institute of IT (DIIT)

**Acknowledgement**

At first, I would like to thank almighty Allah for giving me the opportunity to complete my Internship report. I also want to thank all the people who have given their support and assistance and extremely grateful to all of them for the completion of the report successfully. Daffodil Institute of IT (DIIT) and Jamuna Bank Limited both provided me with enormous support and guidance for my Internship program to be completed successfully.

Preparing this report was exciting and hard work at the same time. It is for the first time that I have been able to gather real life experience working on a report.

I would like to give my heartiest gratitude to **Aminul Haque Russel**, Lecturer BBA Program, Daffodil Institute of IT, my internship supervisor, for his kind concern, valuable time, advice, endless endeavor and guidance throughout the internship period and making of the report. I like to give cordial gratitude to **Lakkhan Chandra Robidas**, Coordinator of BBA Program, Daffodil Institute of IT (DIIT), who helps me a lot to get the opportunity to do internship in Jamuna Bank Limited.

I would like to thank Md. Abdus Salam Senior Executive Vice President & Manager, Jamuna Bank Limited Mohakhali Branch my organizational supervisor, for his valuable time and constant guideline and encouragement throughout the internship period.

Also I would like to express my foremost gratitude to Nahid Reaz, Subrata Shekhor and other officials of Jamuna Bank Limited, who helped me and gave me their valuable time, providing me with the most relevant information on the basis of which I have prepared this report.

And finally I would like to thank of Jamuna Bank Limited, for providing me the opportunity to do my internship.

**Executive Summary**

With a low per capital GDP Bangladesh is a developing country. The prosperity of a country depends on its economic activities. Like any other sphere of modern economic activities, banking is a powerful medium of bring about socio-economic changes of a country. Without adequate banking facility agriculture, commerce and industry cannot flourish. A suitable developed banking system can provide the necessary boost for the economic growth of the country. Because banking system is linked with the whole economy.

This report is prepared to analyze the Overall Financial Performance of Jamuna Bank Limited which contains six chapters. Chapter one named Introduction describes about background, significance, scope, objective, methodology and limitation of the report. Chapter two contain about the organizational overview of Jamuna Bank Limited. Chapter three named theoretical aspects where some financial ratios are discussed which helps to analyze the financial performance. Chapter four states the financial analysis of Jamuna Bank Limited with graphical presentation of some financial ratio analysis with vertical and horizontal/trend analysis. Chapter five is a particular of findings, recommendations and conclusion of this report.

Jamuna Bank Limited creates and generates an environment of trust and discipline that encourages and motivate everyone in the bank together the objectives of the bank with a commitment to quality and excellence in services. The Jamuna Bank Limited makes a great contribution for the banking industry with full of ideal commercial activities through authentic performance. Jamuna Bank Limited performs the entire banking role as a result one can easily get all the simple and intricate banking operations. Jamuna Bank Limited serves the people by various sections namely General Banking, Investment, Foreign Exchange operation etc.

**Table of Contents**

|  |  |  |
| --- | --- | --- |
| Particulars | Contents | Page No. |
| Introductory | Letter of Transmittal | I |
| Supervisor’s Declaration | II |
| Student’s Declaration | III |
| Acknowledgement  | IV |
| Executive Summary | V |
| Acronyms | IX |
| List of Tables | X |
| List of Figures | XI |
| Chapter 1 | **Introduction** |
| 1.1 Introduction | 2 |
| 1.2 Background of the Report | 3 |
| 1.3 Significance of the Study | 3 |
| 1.4 Scope of the Report | 4 |
| 1.5 Objective of the Study | 4 |
| 1.6 Methodology of the Study | 4 |
| 1.7 Limitation of the Study | 5 |
| Chapter 2 | **Organizational Overview of Jamuna Bank Limited** |
| 2.1 Introduction | 7 |
| 2.2 Jamuna Bank at a Glance | 7 |
| 2.3 Mission & Vision | 8 |
| 2.4 Corporate Profile | 9 |
| 2.5 Strategic Priorities | 10 |
| 2.6 Objectives of Jamuna Bank Limited | 10 |
| 2.7 Values | 11 |
| 2.8 Corporte Slogan | 11 |
| 2.9 Organizational Structure | 12 |
| 2.10 Ethical Principles | 13 |
| 2.11 Service & Products of JBL | 13 |
| 2.12 Corporate Banking | 14 |
| Chapter 3 | **Conceptual Framework** |
| 3.1 Financial Performance Analysis | 16 |
| 3.2 Tools of Financial Statement Analysis | 16 |
| 3.3 Importance of Financial Ratios | 16 |
| 3.4 Groups of Financial Ratios | 17 |
| 3.5 Analyzing Liquidity | 18 |
| 3.5.1. a. Net Working Capital Ratio | 18 |
| 3.5.1. b. Current Ratio  | 18 |
| 3.5.2 Analyzing Activity | 18 |
| 3.5.2. a. Total Asset Turnover | 18 |
| 3.5.2. b. Investment to Deposit Ratio | 18 |
| 3.5.2. c. NPL to Total Loan Ratio | 19 |
| 3.5.3 Analyzing Debt | 19 |
| 3.5.3. a. Debt Ratio | 19 |
| 3.5.3. b. Equity Capital Ratio | 19 |
| 3.5.4 Analyzing Profitability | 19 |
| 3.5.4. a. Net Profit Margin | 19 |
| 3.5.4. b. Operating Profit Margin | 19 |
| 3.5.4. c. Return on Asset (ROA) | 20 |
| 3.5.4. d. Return on Equity (ROE) | 20 |
| 3.5.4. e. Earning per Share (EPS) | 20 |
| 3.5.4. f. Effective Dividend Ratio | 20 |
| 3.5.5 Market Ratio | 20 |
| 3.5.5. a. Price/Earning Ratio | 20 |
| 3.5.5. b. Market/Book Ratio | 20 |
| Chapter 4 | **Financial Performance Analysis of Jamuna Bank Limited** |
| 4.1 Analyzing the Liquidity Ratio | 22 |
| 4.1. a. Current Ratio | 22 |
| 4.1. b. Cost Income Ratio | 23 |
| 4.2 Analyzing the Activity Ratio | 23 |
| 4.2. a. Total Asset Turnover Ratio | 24 |
| 4.2. b. Investment to Deposit Ratio | 25 |
| 4.2. c. Non Performing Loan to Total Loan Ratio | 26 |
| 4.3 Analyzing the Debt Ratio | 26 |
| 4.3. a. Debt Ratio | 27 |
| 4.3. b. Equity Capital Ratio | 28 |
| 4.4 Analyzing the Profitability | 29 |
| 4.4. a. Net Profit Margin | 29 |
| 4.4. b. Operating Profit Margin | 30 |
| 4.4. c. Return on Asset | 31 |
| 4.4. d. Return on Equity | 32 |
| 4.4. e. Earning Per Share | 33 |
| 4.4. f. Effective Dividend Ratio | 34 |
| 4.5 Analyzing the Market Ratio | 35 |
| 4.5. a. Price/Earning Ratio | 35 |
| 4.5. b. Market/Book Ratio | 36 |
| 4.6 Horizontal/Trend Analysis | 37 |
| 4.7 Vertical Analysis | 38 |
| Chapter 5 | **Findings, Recommendations & Conclusion** |
| 5.1 Findings | 40 |
| 5.2 Recommendations | 42 |
| 5.3 Conclusion | 43 |
|  | Appendix | 45 |
|  |  |  |

**Acronyms**

|  |  |
| --- | --- |
| JBL | Jamuna Bank Limited |
| BBA | Bachelor of Business Administration |
| SWIFT | The Society for Worldwide Interbank Financial Telecommunication |
| DIIT | Daffodil Institute of Information Technology |
| MD | Managing Directors |
| VP | Vice President |
| ROA | Return on Asset |
| ROE | Return on Equity |
| NPL | Non Performing Loan |
| EPS | Earning per Share |

**List of Tables**

|  |  |  |  |
| --- | --- | --- | --- |
| Chapter | Table No. | Table Name | Page No. |
| Chapter 2 | Table 2.1 | Corporate Profile | 9 |
| Chapter 4 | Table 4.1. a. | Current Ratio | 24 |
| Table 4.1. b. | Cost Income Ratio | 25 |
| Table 4.2. a. | Total Asset Turnover Ratio | 26 |
| Table 4.2. b. | Investment to Deposit Ratio | 27 |
| Table 4.2. c. | Non-Performing Loan to Total Loan Ratio | 28 |
| Table 4.3. a. | Debt Ratio | 29 |
| Table 4.3. b. | Equity Capital Ratio | 30 |
| Table 4.4. a. | Net Profit Margin | 31 |
| Table 4.4. b. | Operating Profit Margin | 31 |
| Table 4.4. c. | Return on Asset | 32 |
| Table 4.4. d. | Return on Equity | 33 |
| Table 4.4. e. | Earnings per Share | 34 |
| Table 4.4. f. | Effective Dividend Ratio | 35 |
| Table 4.5. a | P/E Ratio | 36 |
| Table 4.5. b. | M/B Ratio | 37 |
| Table 4.6 | Horizontal/Trend Analysis | 39 |
| Table 4.7 | Vertical Analysis | 40 |

**List of Figures**

|  |  |  |  |
| --- | --- | --- | --- |
| Chapter | Graph No. | Graph Name | Page No. |
| Chapter 2 | Figure 2.1 | Organizational Structure of Jamuna Bank Limited | 12 |
| Chapter 3 | Figure 3.1 | Group of Financial Ratios | 17 |
| Chapter 4 | Figure 4.1. a. | Current Ratio | 24 |
| Figure 4.1. b. | Cost Income Ratio | 25 |
| Figure 4.2. a. | Total Asset Turnover Ratio | 26 |
| Figure 4.2. b. | Investment to Deposit Ratio | 27 |
| Figure 4.2. c. | Non Performing Loan to Total Loan Ratio | 28 |
| Figure 4.3. a. | Debt Ratio | 29 |
| Figure 4.3. b. | Equity Capital Ratio | 30 |
| Figure 4.4. a. | Net Profit Margin | 31 |
| Figure 4.4. b. | Operating Profit Margin | 32 |
| Figure 4.4. c. | Return on Asset | 33 |
| Figure 4.4. d. | Return on Equity | 34 |
| Figure 4.4. e. | Earning per Share | 35 |
| Figure 4.4. f. | Effective Dividend Ratio | 36 |
| Figure 4.5. a | P/E Ratio | 37 |
| Figure 4.5. b. | M/B Ratio | 38 |

Chapter: 1

**Introduction**

**1.1 Introduction**

The prosperity of a country depends on its economic activities. Like any other sphere of modern economic activities, banking is a powerful medium of bringing about socio-economic changes of a country. Without adequate banking facility agriculture, commerce and industry cannot flourish. A suitable developed banking system can provide the necessary boost for the economic growth of the country. Because banking system is linked with the whole economy.

The banking sector more particularly the private sector banks of 1st to 3rd generation made significant progress and growth in terms of specialized services through introduction of new products and switching over to electronic banking keeping pace with developed countries of the world.

Originally the banking system operated as full service industry, performing directly or indirectly all financial services. Banks are direct agents to create opportunities for development in a country and also provide large scale of employment opportunities. Banks mobilize savings and make it advances to investors and by this process make profit. As they deal with public money, their form of business is different from others. Banks must refund public’s money when they demand & quality full services either it makes or not. So, overall operation system of bank should be evaluated carefully. Banking sector is expanding its hand in different financial events every day. At the same time the banking system is becoming faster, easier and the banking area is becoming wider. As the demand for better service increases day by day, competitors are coming with different innovative ideas & products. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide their fellow clients. As a result, it has become essential for every person to have some idea on the bank and banking system.

JBL is one of the famous commercial bank in Bangladesh, with years of experience. The topic of my report is an Evaluation of Financial Performance of Jamuna Bank Limited.

**1.2 Background of the Report**

The Bank provides all types of support to trade, commerce, industry and overall business of the country. JBL are well reputed in the field of trade, commerce, industry and business of the country.

The Bank offers both conventional and Islamic banking through designated branches. The Bank is being managed and operated by a group of highly skilled, educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customers' needs. Since the need of customers is changing day by day with the changes of time, the bank endeavors its best to device strategies and introduce new products to cope with the change. Jamuna Bank Limited has already achieved tremendous progress within its past 15 years of operation. The bank has already built up reputation as one of quality service providers of the country.

At present the Bank has real-time Online banking branches (of both Urban and Rural areas) network throughout the country having smart IT-backbone. Besides traditional delivery points, the bank has ATMs of its own, sharing with other partner banks and consortium throughout the country.

To provide clientele services in respect of International Trade is has established wide correspondent banking relationship with local and foreign banks covering major trade and financial centers at home and abroad.

**1.3 Significance of the Study**

The significance of this part is that it gives a good idea about the overall knowledge about the Banking sector. It also provides extensive idea about the organizational part of JBL and its performance in comparison with the industry performance and also to the private commercial banking sector of Bangladesh. Therefore, it is obvious that the significance of internship is clearly justified as the crucial requirement of four years BBA graduation.

**1.4 Scope of the Report**

The scope of this part is limited to the overall scenario of the organization. This part has covered the different divisions of Jamuna Bank, the products offered by Jamuna Bank Limited and the major functional areas of the bank. The present scenario of the banking industry is also covered in this part. A financial analysis of Jamuna Bank Limited is also covered in this part. Scopes regarding to my top

* An overview of Jamuna Bank Limited
* The Financial Procedures of Jamuna Bank Limited
* The Financial Performance of Jamuna Bank Limited

**1.5 Objective of the Study**

**General objectives**:

The main objective of this study to measure the financial performance of Jamuna Bank limited.

**Specific objectives:**

* To assess the liquidity position of JBL
* To measure the capability of JBL to paying its obligations
* To assess the profitability of JBL
* To fulfill the partial requirement of BBA program under National University

**1.6 Methodology of the Study**

**(a) Type of the Research:**

The study, Financial Performance analysis of Jamuna Bank Limited, is Quantitative in nature which is prepared mainly based on secondary data.

**(b) Techniques used in Report:**

* Ratio Analysis

**(c) Data collection process:**

The study is mainly based on secondary data.

Some secondary sources were also used for the completion of this part. These includes

* Annual Reports of Jamuna Bank Limited
* Website of Jamuna Bank Limited
* Internet
* Other necessary books and materials
* Publishing of Ministry of Finance
* Bangladesh Bank Report

**1.7 Limitation of the Study**

Three month is not enough time about banking operation though have been received maximum assistance from every individuals of the JBL, Mohakhali Branch. Due to time limit, the scope and dimension of the study has been curtailed.

Here are some limitations as follows:

* Like most of the banks, JBL also does not provide access to all kinds of information for secrecy purposes.
* Due to lack of job experience, faults may have arisen in the report though maximum effort has been given to avoid any kind of mistake or uncertainty in preparing this report.
* Data and information used in this study are mostly secondary sources.
* Due to shortage of time, the accuracy of information may not have been completely perfect.

Chapter: 2

**Organizational Overview**

**2.1 Introduction**

Jamuna Bank Limited is a 3rd Generation bank in Bangladesh. It is one of the leading private commercial banks in our country that has achieved tremendous popularity and credibility among the people for its banking product and services. This bank undertakes all types of banking activities to support the development of traded and commerce in the country. Its services are also available for the entrepreneurs to set up new industrial and business units. To provide the services to the clients in respect of international trade it has established wide, corresponded banking relationship with local and foreign banks covering major trade and financial interest home and abroad. The motto of Jamuna Bank Limited reflects the indomitable commitment and conviction of the bank to ensure sustainable growth and advancement of our customers. Our determination is to fulfill the banking needs of people from different spheres of society and business of different segments of the economy of the country by offering diversified products and superior services. As our customers endeavor to accomplish higher prosperity, Jamuna Bank Limited strives to be the preferred partner for their growth.

**2.2 Jamuna Bank Limited at a Glance**

Jamuna Bank Limited (JBL) is a Banking Company registered under the companies Act, 1994 of Bangladesh with its Head Office currently at Hadi Mansion, 2, Dilkusha C/A, Dhaka-1000, Bangladesh. The bank started its operation from 3rd June 2001.

Being a 3rd Generation Bank of Bangladesh, it mainly focuses on

\* Remaining with time

\* Managing Change

\* Development human capital

\* Creating true customer’s value

It’s principle to establish a mission to build itself as a commercial bank through different unique perspectives and providing comprehensive and innovative services to valued customers and the ultimate goal is to achieve a level of mutual development in the financial measure.

The bank offers both conventional and Islamic banking through designated branches. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customers’ needs. Since the need of customers is changing day by day with the changes of time, the bank endeavors its best to device strategies and introduce new products to cope with the change. Jamuna Bank Ltd. has already achieved tremendous progress within its past 10 years of operation. The bank has already built up reputation as one of quality service providers of the country.

At present the Bank has real-time Online Banking Branches (of both Urban and Rural areas) network throughout the country having smart ICT Division. Besides traditional delivery points, the bank has ATMs of its own, sharing with other partner banks and consortium throughout the country.

The operational hour of the Bank is 10:00 A.M. to 6:00 P.M. from Sunday to Thursday with transaction hour from 10:00 A.M. to 4:00 P.M. The Bank remains closed on Friday, Saturday and Government Holidays.

**2.3 Mission & Vision**

**Vision**

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

**Mission**

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

**2.4 Corporate Profile**

**Table 2.1: Corporate Profile of JBL**

|  |
| --- |
| Primary Company Details |
| Name of the Company | Jamuna Bank Limited |
| Legal Form | Public Limited Company by Shares |
| Secondary Company Details |
| Year Founded | April 02, 2001 |
| Date of Incorporation | April 02, 2001 |
| Company Registration Number` | C-42780(2139)/2001 |
| Bangladesh Bank License Number | BRPD(P)744(81)/2001-1358, dated: 24.04.2001 |
| Address | Hadi Mansion, 2 Dilkusha C/A, Dhaka |
| Company Communication |
| Telephone | 88-02-9570912, 9555141, 9588397 |
| FAX | 88-02-9570936 |
| SWIFT | JAMUBDDH |
| E-mail | info@jamunabank.com.bd |
| Web | [www.jamunabankbd.com](http://www.jamunabankbd.com) |
| Jamuna Bank’s Network |
| Number of Branches | 112 |
| Number of SME/AGRE Branches | 08 |
| Number of Islami Banking Branches | 02 |
| Off-Shore Banking Unit | 01 |
| Financials |
| Paid-up Capital in BDT(million) | 6141.19 |
| Ticker Symbol | JAMUNABANK |
| Latest Financial Data | 31/12/2015 |
| Net Profit After Tax(solo) | 1642.47 million |
| Total Assets(solo) | 142,859.17 million |
| Total Liabilities(solo) | 127,150.82 million |
| Total Shareholders’ Equity | 15,708..35 million |
| EPS (solo) | 2.67 |
| NAV (solo) | 25.58 |
| Number of Employees | 2304 |
| Fiscal Year Ended | December 31 |
| Ownership Composition |
| Sponsor/Directors | 62.12% |
| General Public | 26.70% |
| Financial Institutions | 11.11% |
| Foreign | 0.07% |
| Stock Exchange Listing |
| Dhaka Stock Exchange Limited | April 12, 2006 |
| Chittagong Stock Exchange Limited | April 17, 2006 |
| Credit Rating of Jamuna Bank Limited |
| Credit Rating Agency of Bangladesh engaged for rating of our Bank for the year 2014 as per guideline/directive of Bangladesh Bank vides BRPD Circular No. 06 dated 5th July, 2006. Accordingly, CRAB submitted their report relating to the rating of JBL on the basis of Audited Financial Statements-2014, corporate information as well as discussion with the management. The details which is furnished below: |
| Rating Year | **Long Term** | **Short Term** |
| Year 2014 | AA3(Very Strong Capacity & Very High Quality) | ST-2(High Grade) |
| Year 2013 | A1(Strong Capacity & High Quality) | ST-2(High Grade) |
| Year 2012 | A1(Strong Capacity & High Quality) | ST-2(High Grade) |
| Date of Rating Outlook | June 18, 2015Stable |  |

**Source: Annual Report of Jamuna Bank Limited**

**2.5 Strategic Priorities**

* Delivering customer’s desired products and services to create true customer’s value.
* Focusing on export of both traditional and nontraditional items and remittance to ensure a comfortable position of foreign exchange all the time.
* Doing businesses that have higher risk adjusted return.
* Focusing on maintenance of assets quality rather than its aggressive expansion.
* Changing the deposit mix thereby reduce the cost of deposits.
* Ensuring all modern alternative delivery channels for easy access to our services by customers.
* Taking banking to the doorstep of our target group.
* Restructuring existing products and introducing new products to meet the demand of time and the target group.
* Entering into new avenues of business to increase profitability.
* Bringing unbanked people into our delivery channels.
* Increasing fee based service/activities where costly capital is not changed.
* Ensuring organizational efficiency by continuous improvement of human capital and motivation level, dissemination of information and therby ensuring a sustainable growth of the organization.
* Maximizing shareholder’s value at all times alongside ensuring a sustainable growth of the organization.
* Pursing CSR activities for our continued support to future generation, distressed people and for advancement of underprivileged people of the country.
* Establishing the brand image as a growth supportive and pro-customer’s bank.
* Strengthening risk management techniques and ensuring compliance culture.
* Remaining cautious about environment and supporting for maintaining a green and clean soil.

**2.6 Objectives of JBL**

* To earn and maintain CAMEL Rating 'Strong'
* To establish relationship banking and improve service quality through development of Strategic Marketing Plans.
* To remain one of the best banks in Bangladesh in terms of profitability and assets quality.
* To introduce fully automated systems through integration of information technology.
* To ensure an adequate rate of return on investment.
* To keep risk position at an acceptable range (including any off balance sheet risk).
* To maintain adequate liquidity to meet maturing obligations and commitments.
* To maintain a healthy growth of business with desired image.
* To maintain adequate control systems and transparency in procedures.
* To develop and retain a quality work-force through an effective human Resources Management System.
* To ensure optimum utilization of all available resources.
* To pursue an effective system of management by ensuring compliance to ethical norms, transparency and accountability at all levels.

**2.7 Values**

* + Customer Focus
	+ Integrity
	+ Quality
	+ Teamwork
	+ Respect for the individual
	+ Harmony
	+ Fairness
	+ Courtesy
	+ Commitment
	+ Respectable Citizenship
	+ Business Ethics
	+ Unique Culture

**2.8 Corporate Slogan**

**You’re Partner for Growth**

**2.9 Organizational Structure**

**Figure 2.1: The Organizational Structure of JBL**

Chairman

Board of Director

Managing Director

Chief Advisor

Senior Executive Vice President

Additional MD

Deputy MD

Executive Vice President

Executive Vice President

Executive Vice President

Senior Vice President

Senior Vice President

Senior Vice President

Vice President

Senior Assistant Vice President

Assistant Vice President

First Assistant Vice President

Jr. Assistant Vice President

Senior Executive Officer

Executive Officer

First Executive Officer

Officer

Probationary Officer

**Source: Annual Report of Jamuna Bank Limited**

**2.10 Ethical Principles**

* We strictly comply with all rules and regulations.
* We provide fair treatment to all stakeholders.
* We maintain strict secrecy of customer’s accounts.
* We listen to our customers and work for their requirement.
* We provide adequate disclose of corporate information and operation results to shareholders for taking suitable investment decision.
* We ensure work under highly motivated team spirit and fellowship bond.
* We do not encourage projects which are not environment friendly.
* We extended financial assistance to poor, helpless and distressed people as well as provide donation/sponsorships to sports, culture, health-care and community development ventures as we are responsible corporate citizen of the country.

**2.11 Service & Products of JBL**

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

* Deposit Schemes
* Remittance and Collection
* Import and Export handling and finance
* Loan syndication
* Project finance
* Investment Banking
* Lease Finance
* Hire Purchase
* Personal Loan for Woman
* 24-hours banking: ATM facility, Mutho Banking.
* Islamic Banking
* Corporate Banking
* Consumer Credit Scheme
* International Banking

**2.12 Corporate Banking**

Jamuna Bank Ltd. offers a complete range of advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package. The corporate Banking specialists will render high class service for speedy approvals and efficient processing to satisfy customer needs.

Corporate Banking business envelops a broad range of businesses and industries. We can leverage on the know-how in the following sectors mainly –

* Agro processing industry
* Industry (Import Substitute / Export oriented)
* Textile Spinning, Dyeing / Printing
* Export Oriented Garments, Sweater.
* Food & Allied
* Paper& Paper Products
* Engineering, Steel Mills
* Chemical and chemical products etc
* Telecommunications
* Information Technology
* Real Estate & Construction ·
* Wholesale trade
* Transport · Hotels, Restaurants ·
* Non-Bank Financial Institutions
* Loan Syndication ·
* Project Finance · Investment Banking
* Lease Finance · Hire Purchase · International Banking

Chapter: 3

**Conceptual Framework**

**3.1: Financial Performance Analysis**

Financial Performance is a subjective measure of how well a firm can use its assets from business and generate revenues. Financial Performance term is also used as a general measure of a firm’s overall financial situation over a given period of time, and can be used to compare with similar firms across the same industry or to compare industries or sectors in aggregation. Financial Performance Analysis refers to an assessment of the viability, stability and profitability of a business, sub business or project. It is performed by the professionals who prepare reports using ratios that make use of information taken from financial statements and other reports. These reports are usually presented to top level management as one of these bases in making decisions. Based on this reports, management may take decision. Financial Performance Analysis is a vital to get a financial overview about a company. Generally it is consists of the interpretation of balance sheet and income statement. Ratio Analysis and Trend Analysis can be done by using these two statements. These analyses are the major tools for analyzing the company’s financial performance.

**3.2 Importance of Financial Ratios**

Ratio analysis is very important for every business, because by calculating ratio analysis we can understand the business position, business strength and weakness. By knowing this information, management can takes its necessary steps to organize their goal.

**3.3 Tools of Financial Statement Analysis**

* + Ratio Analysis
	+ Horizontal/Trend Analysis
	+ Vertical Analysis

**Ratio analysis:** Ratio analysis is a diagnostic tool that helps to identify problem areas and opportunities within a company. The most frequently used ratios by financial analysts provide insights into a firm’s

* Liquidity
* Degree of financial leverage or debt
* Profitability
* Efficiency
* Value

**3.4 Group of Financial Ratios**

Financial ratios can be divided into the given groups or categories:

🗹 Liquidity ratios 🗹 Activity ratios

🗹 Debt ratios 🗹 Profitability ratios

🗹 Market Ratios

**Figure 3.1: Groups of Financial Ratios**

**Financial Ratios**

**Liquidity Ratio**

**Activity Ratio**

**Debt Ratio**

**Profitability Ratio**

**Current Ratio**

**Cost Income Ratio**

**Investment to Deposit Ratio**

**NPL to Total Loan Ratio**

**Debt-Equity Ratio**

**Equity Capital Ratio**

**Effective Dividend Ratio**

**Operating Profit Margin**

**Net Profit Margin**

**Returns on Asset**

**Return on Equity**

**Earnings per Share**

**Market Ratio**

**Price or Earning Ratio**

**Market or Book Ratio**

**Total Asset Turnover**

**3.5 Analyzing Liquidity**

The liquidity of a business firm is measured by its ability to satisfy its short term obligations as they come due. Liquidity refers to the solvency of the firm’s overall financial position. The three basic measures of liquidity are-

**3.5.1. a. Current Ratio:**

One of the most general and frequently used of these liquidity ratios is the current ratio. Organizations use current ratio to measure the firm’s ability to meet short-term obligations. It shows the banks’ ability to cover its current liabilities with its current assets. Standard ratio: 2:1

***Current Ratio = Current Asset/Current Liabilities***

**3.5.1. b. Cost Income Ratio:**

It measures a particular Bank’s operating efficiency by measuring the percent of the total operating income that the Bank spends to operate its daily activities. It is calculated as-

***Cost Income Ratio = Total Operating Expenses / Total Operating Income × 100***

**3.5.2 Analyzing Activity**

Activity ratios measure the speed with which accounts are converted into sale or cash. With regard to current accounts measures of liquidity are generally inadequate because differences in the composition of a firm’s current accounts can significantly affects its true liquidity.

A number of ratios are available for measuring the activity of the important current accounts which includes inventory, accounts receivable, and account payable. The activity (efficiency of utilization) of total assets can also be assessed.

**3.5.2. a. Total Asset Turnover:**

The total asset turnover indicates the efficiency with which the firm is able to use all its assets to generate sales.

***Total Asset Turnover = Sales / Total Asset***

**3.5.2. b. Investment to deposit ratio:**

Investment to Deposit Ratio shows the operating efficiency of a particular Bank in promoting its investment product by measuring the percentage of the total deposit disbursed by the Bank as long & advance or as investment. The ratio is calculated as follows:

***Investment to Deposit Ratio = Total Investments / Total Deposits***

**3.5.2. c. Non-Performing Loan to Total Loan Ratio**

The Non-Performing Loan to Total Loan Ratio is calculated by the following process:

***NPL to Total Ratio = Non-performing Loan / Total Loan × 100***

**3.5.3 Analyzing Debt:**

The debt position of that indicates the amount of other people’s money being used in attempting to generate profits. In general, the more debt a firm uses in relation to its total assets, the greater its financial leverage, a term use to describe the magnification of risk and return introduced through the use of fixed-cost financing such as debt and preferred stock.

**3.5.3. a. Debt Equity Ratio:**

The debt ratio measures the proportion of total assets provided by the firm’s creditors.

***Debt Ratio = Total Liabilities / Total Assets***

**3.5.3. b. Equity Capital Ratio:**

The ratio shows the position of the Bank’s owner’s equity by measuring the portion of total asset financed by the shareholders invested funds and it is calculated as follows:

***Equity Capital Ratio = Total Shareholder’s Equity / Total Assets***

**3.5.4 Analyzing Profitability**

These measures evaluate the bank’s earnings with respect to a given level of sales, a certain level of assets, the owner’s investment, or share value. Without profits, a firm could not attract outside capital. Moreover, present owners and creditors would become concerned about the company’s future and attempt to recover their funds. Owners, creditors, and management pay close attention to boosting profits due to the great importance placed on earnings in the marketplace.

**3.5.4. a. Net profit Margin:**

The net profit margin measures the percentage of each sales dollar remaining after all expenses, including taxes, have deducted. The higher the net profit margin is better. The net profit margin is calculated as follows:

***Net profit Margin = Net profit after Taxes / Sales***

**3.5.4. b. Operating Profit Margin:**

The Operating Profit Margin represents what are often called the pure profits earned on each sales dollar. A high operating profit margin is preferred. The operating profit margin is calculated as follows:

***Operating Profit Margin = Operating Profit / Sales***

**3.5.4. c. Return on Asset (ROA):**

Return on asset (ROA), which is often called the firms return on total assets, measures the overall effectiveness of management in generating profits with its available assets. The higher ratio is better.

***Return on Asset (ROA) = Net profit after Taxes / Total Assets***

**3.5.4. d. Return on Equity (ROE):**

The Return on Equity (ROE) measures the return earned on the owners (both preferred and common stockholders) investment. Generally, the higher this return, the better off the owners.

***Return on Equity (ROE) = Net Profit after Taxes / Stockholders Equity***

**3.5.4. e. Earnings per share (EPS):**

Earnings per share (EPS) are the earnings returned on the initial investment amount.

***EPS = Net Income / no. of Share Outstanding***

**3.5.4. f. Effective Dividend Ratio:**

The Effective Dividend Ratio is calculated by the following process:

***Effective Dividend Ratio = Annual Dividend per Share / Price per Share***

**3.5.5 Market Ratio**

**3.5.5. a. Price/ Earnings ratio (P/E ratio):**

The Price/ Earnings ratio (price-to-earnings ratio) of a stock is a measure of the price paid for a share relative to the income or profit earned by the firm per share.

***P/E Ratio = Price per Share / Earnings per Share***

**3.5.5. b. Market/ Book Ratio:**

The Market/Book ratio provides an assessment of how investors view the firm’s performance. It relates the market value of the firm’s shares to their book –strict accounting value. To calculate JBL’s M/B ratio, we need to calculate the book value per share of common stock:

***Book Value per Share of Common Stock = Common Stock Equity / no. of Shares of Common Stock Outstanding***

The formula of Market/Book ratio is:

***M/B Ratio = Market Price per Share / Book Value per Share of Common Stock***

Chapter: 4

**Financial Performance Analysis**

**of**

**Jamuna Bank Limited**

**4.1 Analyzing the Liquidity Ratio**

The liquidity of a business firm is measured by its ability to satisfy its short term obligations as they come due. Liquidity refers to the solvency of the firm’s overall financial position. The three basic measures of liquidity are-

**4.1. a. Current Ratio**

The current ratio, one of the most commonly cited financial ratios, measures the firm’s ability to meet its short term obligations. It is expressed as

***Current Ratio = Current Asset / Current Liabilities***

**Table 4.1(a): Current Ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Ratio/Year | 2011 | 2012 | 2013 | 2014 | 2015 |
| Current Ratio | 1.21 | 1.59 | 1.20 | 1.34 | 1.07 |

Source: Annual Report of JBL

**Figure: 4.1(a) Current Ratio of JBL**

**Interpretation**

The current ratio measures the banks’ ability to meet up its current obligations. Here, in the figure we can see that the current ratio of JBL has frequently increased and decreased from 1.21 to 1.07 in 2011 to 2015.

**4.1. b. Cost Income Ratio**

It measures a particular Bank’s operating efficiency by measuring the percent of the total operating income that the Bank spends to operate its daily activities. It is calculated as follows:

***Cost Income Ratio = Total Operating Expenses / Total Operating Income x 100***

**Table 4.1(b): Cost Income ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Total Operating Expenses | 2046.50 | 2078.22 | 2666.75 | 3021.83 | 3353.09 |
| Total Operating Income | 4863.89 | 5285.12 | 5635.66 | 6090.64 | 6981.95 |
| Cost Income Ratio | **42.08%** | **39.32%** | **47.32%** | **49.61%** | **48.02%** |

Source: Annual Report of JBL

**Figure: 4.1(b) Cost Income Ratio of JBL**

**Interpretation**

Cost to income ratio measures the operating efficiency of a particular bank by measuring the portion of the total operating costs relative to the total operating income of at bank and the higher ratio, the lower the operating efficiency. So after observing the figure drawn above, this ratio for JBL has increased in the year 2011 to 2015. We can say that JBL is in a better situation in the year 2011-2015.

**4.2 Analyzing the Activity Ratio**

Activity ratios measure the speed with which accounts are converted into sale or cash. With regards to the current accounts measures of liquidity are generally inadequate because differences in the composition of a firm’s current accounts can significantly affects its true liquidity. A number of ratios are available for measuring the activity of the important current accounts which includes inventory, accounts receivable, and account payable. The activity (efficiency of utilization) of total assets can also be assessed.

**4.2. a. Total Asset Turnover Ratio**

The Total Asset Turnover indicates the efficiency with which the firm is able to use all its assets to generate. The calculation of this ratio is:

***Total Asset Turnover Ratio = Operating Income / Total Asset.***

**Table 4.2(a): Total Asset Turnover Ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Operating Income | 4863.89 | 5285.12 | 5635.66 | 6090.64 | 6981.95 |
| Total Asset | 87065.13 | 109678.51 | 115162.95 | 139494.58 | 142859.17 |
| Total Asset Turnover Ratio | **0.056** | **0.048** | **0.049** | **0.044** | **0.049** |

Source: Annual Report of JBL

**Figure: 4.2(a) Total Asset Turnover Ratio of JBL**

**Interpretation**

After observing the given graph shows that the Total Asset Turnover Ratio of JBL is fluctuating at the given point of 0.049 to 0.056 from 2011 to 2015.

**4.2. b. Investment to Deposit Ratio**

Investment to Deposit Ratio shows the operating efficiency of a particular Bank in promoting its investment product by measuring the percentage of the total deposit disbursed by the Bank as long & advance or as investment. The ratio is calculated as follows:

***Investment to Deposit ratio: Total Investment/Total Deposit.***

**Table 4.2(b): Investment to deposit ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Total Investment | 16314.93 | 39118.93 | 31392.20 | 39963.54 | 34722.81 |
| Total Deposit | 70508.05 | 79623.13 | 97485.61 | 114635.13 | 118849.18 |
| Investment to Deposit Ratio | **23.14%** | **49.13%** | **32.20%** | **34.86%** | **29.22%** |

Source: Annual Report of JBL

**Figure: 4.2(b) Investment to Deposit Ratio of JBL**

**Interpretation**

Investment to Deposit Ratio shows that which amount of deposits is used to as investment. In this figure we can see that the investment to deposit ratio of JBL was 23.14% in the year of 2011. After then the ratio is increased at 49.13% in 2012. After than that the ratio is fluctuating from 29.22% to 34.86% in the year of 2013-2015.

**4.2. c. Non Performing Loan to Total Loan Ratio**

The Non Performing Loan to Total Loan Ratio is calculated by the following steps:

***NPL to Total Ratio = Non-performing Loan / Total Loan × 100***

Table 4.2 (c): NPL to Total Loan Ratio (TK in Millions)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| NPL to Total Loan Ratio | 2.86% | 9.73% | 7.59% | 5.68% | 6.69% |

Source: Annual Report of JBL

**Figure: 4.2(c) NPL to Total Loan Ratio of JBL**

**Interpretation**

From thus analysis of last 5 years its shows that the ratios are increasing except year 2012 and 2015, but in 2013 to 2014 the non-performing loan to total loan ratio are decreased. For this reason the non-performing loan are increased higher than total loan.

**4.3 Analyzing the Debt Ratio**

The debt position of that indicates the amount of other people’s money being used in attempting to generate profits. In general, the more debt a firm uses in relation to its total assets, the greater its financial leverage, a term use to describe the magnification of risk and return introduced through the use of fixed-cost financing such as debt and preferred stock.

**4.3. a. Debt Ratio**

Debt ratio indicates how much portion of total assets is financed by the debt. When debt capital increases the cost of capital also increase and which decrease the firm’s value. In case of decreasing debt capital the situation is vice versa. So every organization should give more emphasize on equity capital than debt capital. So lower the ratio, it is less risky**.** The debt ratio measures the preparation of total assets provided by the firm’s creditors.

***Debt Ratio = Total liabilities / Total Assets × 100***

**Table 4.3(a): Debt ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Total Liabilities | 79783.62 | 101353.68 | 106282.01 | 128683.91 | 127150.82 |
| Total Assets | 87065.13 | 109678.51 | 115162.95 | 139494.58 | 142859.17 |
| Debt Ratio | **91.64%** | **92.41%** | **92.29%** | **92.25%** | **89.00%** |

Source: Annual Report of JBL

**Figure: 4.3(a) Debt Ratio of JBL**

**Interpretation**

The bank works hard to decrease this ratio. Every organization should give more emphasize on equity capital than debt capital. The debt ratio has increased year 2010-2014 but in year 2015 it is decreased.

**4.3. b. Equity Capital Ratio**

The ratio shows the position of the Bank’s owner’s equity by measuring the portion of total asset financed by the shareholders invested funds and it is calculated as follows:

***Equity Capital Ratio = Total Shareholder’s Equity / Total Assets***

**Table 4.3(b): Equity Capital Ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Shareholders’ Equity | 7281.51 | 8324.83 | 8880.94 | 10810.67 | 15708.35 |
| Total Assets | 87065.13 | 109678.51 | 115162.95 | 139494.58 | 142859.17 |
| Equity Capital Ratio | **8.36%** | **7.59%** | **7.71%** | **7.75%** | **11.00%** |

Source: Annual Report of JBL

**Figure: 4.3 (b) Equity Capital Ratio of JBL**

**Interpretation**

JBL’s Equity Capital Ratio is in the stable position. As shown to this diagram we see that the ratio is high on the year of 2015. But on the other previous year it was lower than the year of 2015. Finally we can say that JBL’s Equity Capital Ratio is now on a good position.

**4.4 Analyzing the Profitability**

**4.4. a. Net Profit Margin**

The net profit margin measures the percentage of each sales dollar remaining after all expenses, including taxes, have deducted. The higher the firm’s net profit margin is better. The net profit margin is a commonly cited measure of the company’s success with respect to earnings on sales.

***Net Profit Margin = Net Profit After Tax / Operating Income.***

**Table 4.4(a): Net Profit Margin (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net Profit After Tax | 1330.19 | 1042.05 | 1135.19 | 1347.12 | 1642.45 |
| Operating Income | 4863.89 | 5285.12 | 5635.66 | 6090.64 | 6981.95 |
| Net Profit Margin | **0.27** | **0.20** | **0.20** | **0.22** | **0.24** |

Source: Annual Report of JBL

**Figure: 4.4(a) Net Profit Margin of JBL**

**Interpretation**

JBL’s net profit margin which year by year increasing indicates that the bank’s operating result is improving the year 2012 to 2015 but the margin was high at 2011. Overall we can say that JBL’s net profit margin is in stable position.

**4.4. b. Operating Profit Margin**

The Operating Profit Margin represents what are often called the pure profits earned on each sales dollar. A high operating profit margin is preferred. The operating profit margin is calculated as follows:

***Operating Profit Margin = Operating Profit / Operating Income***

**Table 4.4 (b): Operating Profit Margin (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Operating Profit | 0.03 | 0.03 | 0.03 | 0.02 | 0.03 |
| Operating Income | 4863.89 | 5285.12 | 5635.66 | 6090.64 | 6981.95 |
| Operating Profit Margin | **6.17** | **5.68** | **5.32** | **3.28** | **4.30** |

Source: Annual Report of JBL

**Figure: 4.4(b) Operating Profit Margin of JBL**

**Interpretation**

Here we see that the Operating Profit Margin was high at 2011 and after that the session of 2012-2015 was consecutively decrease from the value of 5.68 to 4.3.

**4.4. c. Return on Asset (ROA)**

The return on asset (ROA), which is often called the firm’s return on total assets, measures the overall effectiveness of management in generating profits with its available assets. The higher the ratio is better.

***Return on Asset (ROA) = Net Profit After Tax / Total Asset***

**Table 4.4 (c): Return on asset (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net Profit After Tax | 1330.19 | 1042.05 | 1135.19 | 1347.12 | 1642.45 |
| Total Asset | 87065.13 | 109678.51 | 115162.95 | 139494.58 | 142859.17 |
| ROA | **0.015%** | **0.010%** | **0.010%** | **0.010%** | **0.012%** |

Source: Annual Report of JBL

**Figure: 4.4(c) Return on Asset (ROA) of JBL**

**Interpretation**

In this figure we can see that the ROA was decreased from the year 2011-2015. But still JBL is very much efficient to generate additional ROA in its working year.

**4.4. d. Return on Equity (ROE)**

The return on equity measures the return earned on the owner’s (both preferred and common stockholders’ investment. Generally the higher the return shows the higher better of the owner’s equity.

***Return on Equity = Net Profit After Tax / Shareholders Equity.***

**Table 4.4(d): Return on Equity (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net Profit After Tax | 1330.19 | 1042.05 | 1135.19 | 1347.12 | 1642.45 |
| Stockholders’ Equity | 7281.51 | 8324.83 | 8880.94 | 10810.67 | 15708.35 |
| ROE | **18.27%** | **12.52%** | **12.78%** | **12.46%** | **10.46%** |

Source: Annual Report of JBL

**Figure: 4.4(d) Return on Equity (ROE) of JBL**

**Interpretation**

From the above graph, it can be said that the ROE of JBL was decreasing from the year 2012 to 2015. It was a highest number of value 18.27% on the year 2011.

**4.4. e. Earnings Per Share (EPS)**

The firm’s Earning per Share (EPS) is general interest to present or prospective stockholders and management. The Earning per share represents the number of amount earned on behalf of each outstanding share of common stock. The earnings per share are calculated as follows:

***Earnings per Share = Earnings Available for Common Stock Holder / No of Shares of Common Stock Outstanding.***

**Table 4.4(e): Earnings per Share (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| EPS | **3.65** | **2.32** | **2.53** | **2.19** | **2.67** |

Source: Annual Report of JBL

**Figure: 4.4(e) Earning Per Share of JBL**

**Interpretation**

In this figure we have seen that the EPS was fluctuated in the year from 2012-2015 but was high on the year 2011. After 2011 JBL managed to increase their EPS in the next years.

**4.4. f. Effective Dividend Ratio**

The Effective Dividend Ratio is calculated by the following steps:

***Effective Dividend Ratio = Annual Dividend per Share / Price per Share***

Table 4.4 (f): Effective Dividend Ratio (TK in Millions)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Effective Dividend Ratio | 25.45% | 15.47% | 15.14% | 20.39% | 21.38% |

Source: Annual Report of JBL

**Figure: 4.4(f) Effective Dividend Ratio of JBL**

**Interpretation**

The Effective Dividend Ratio of JBL was high at 25.45% at 2011 and 2012 it was increasing year after year and in the 2015 it is now 21.38%.

**4.5 Analyzing the Market Ratio**

**4.5. a. Price/Earning Ratio**

The Price or Earnings (P/E) ratio is commonly used to assess the owners’ appraisal of share value. The P/E ratio represents the amount investors are willing to pay for each dollar of the firms’ earnings. P/E ratio denotes that the higher the P/E ratio the higher the investor confidence in the firm’s future. The Price or Earnings (P/E) ratio is calculated as follows:

***P/E Ratio = Price per Share / Earnings per Share.***

**Table 4.5 (a):P/E Ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| P/E Ratio | 7.32 | 9.34 | 6.44 | 7.43 | 4.52 |

Source: Annual Report of JBL

**Figure: 4.5(a) Price/Earning Ratio of JBL**

**Interpretation**

Here, in this figure we can see that after 2011, the P/E Ratio of JBL is decreasing year 2011-2015.

**4.5. b. Market/Book Ratio**

The Market/Book ratio provides an assessment of how investors view the firm’s performance. It relates the market value of the firm’s shares to their book value. To calculate JBL’s M/B ratio, we need calculate the book value per share of common stock.

***Book Value per Share of Common Stock = Common Stock Equity/ Number of Shares of Common Stock Outstanding***

The formula of Market/Book ratio is

***M/B Ratio= Market Price per Share / Book Value per Share of Common Stock.***

**Table 4.5 (b): M/B Ratio (TK in Millions)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2011 | 2012 | 2013 | 2014 | 2015 |
| Market Price | 26.69 | 21.69 | 16.29 | 12.10 | 12.09 |
| Book Value Per Share | 19.96 | 18.55 | 19.79 | 20.95 | 25.58 |
| Market/Book Ratio | **133.72** | **116.93** | **82.31** | **57.76** | **47.26** |

Source: Annual Report of JBL

**Figure: 4.5(b) Market/Book Ratio of JBL**

**Interpretation**

Here, in this graph we can see that the M/B Ratio was overvalued in the year 2011 & 2012. We know that the market to book ratio shows the confidence level of the investors. In rest of the years, the M/B ratio of JBL had very good performance.

**4.6 Horizontal / Trend Analysis**

***Percentage Change = (Recent Year – Previous Year) / Previous Year***

**Table 4.6: Horizontal / Trend Analysis**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2015 | 2014 | % | 2013 | % |
| Paid up Capital | 6141.19 | 5160.67 | 0.19 | 4487.54 | .015 |
| Total Shareholders’ Equity | 15708.35 | 10810.67 | 0.45 | 8880.94 | 0.22 |
| Deposits | 118849.18 | 114635.13 | 0.037 | 97485.61 | 0.18 |
| Loans & Advances | 87252.28 | 77899.79 | 0.12 | 67669.38 | 0.15 |
| Investments | 34722.81 | 39963.54 | -0.13 | 31392.20 | 0.27 |
| Total Assets | 142859.17 | 139494.58 | 0.024 | 115162.95 | 0.21 |
| Operating Income | 6981.95 | 6090.64 | 0.15 | 5635.66 | 0.081 |
| Operating Expenses | 3353.09 | 3021.83 | 0.11 | 2666.75 | 0.13 |
| Profit Before Tax | 2186.79 | 1847.38 | 0.18 | 2284.89 | -0.19 |
| Net Profit After Tax | 1642.45 | 1347.12 | 0.22 | 1135.19 | 0.19 |

Source: Annual Report of JBL

From the above horizontal analysis table shows that 2015 is better than 2014 & 2013. The growth of operating profit is higher than 2014, because of multiple effect of the positive gap between operating profit and expense. Over the past three years JBL has maintained a strong return on equity and it is increasing trend. ROE has a very satisfactory level in 2015. The equity value has consistently increasing.

**4.7 Vertical Analysis**

Table 4.7: Vertical Analysis

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | 2015 | % | 2014 | % | 2013 | % |
| Cash in Hand | 11807.42 | 8.27 | 10040.99 | 7.19 | 6650.51 | **5.75** |
| Loans & Advances | 87252.28 | 61.08 | 77899.79 | 55.85 | 67669.38 | 58.50 |
| Total Investments | 34722.81 | 24.31 | 39963.54 | 28.65 | 31392.20 | 35.67 |
| Total Assets | 142859.17 | 100 | 139494.58 | 100 | 115162.95 | 100 |
| Total Deposit | 118849.18 | 93.47 | 114635.13 | 89.08 | 97485.61 | 91.28 |
| Total Liabilities | 127150.82 | 89.00 | 128683.91 | 92.25 | 106282.01 | 92.32 |
| Total Shareholders’ Equity | 15708.35 | 11.00 | 10810.67 | 7.75 | 8880.94 | 7.68 |
| Total Shareholders’ Equity & Liabilities | 142859.17 | 100 | 139494.58 | 100 | 115162.95 | 100 |

Source: Annual Report of JBL

From the table here liabilities are higher than assets it makes ratio lower. The Total liabilities are lower than equity that means it has more equity than debt. Investments are increased in 2015. It helps to increased net treasury income to maintain its footprint in secondary market trading, holding of government security. Here a strong deposit since 2013 and concentrating on mobilize low fund. It helps to make banks profitability in the long run.

Chapter: 5

**Findings, Recommendations**

**& Conclusion**

**5.1 Findings**

The analysis of financial performance of JBL reveals the following findings:

* + The Current Ratio of JBL has decreased from 1.21 to 1.07 in 2011 to 2015. It shows that JBL is able to cover its current liabilities with its current assets.
	+ Cost to Income Ratio of JBL has increased in the year 2011 to 2015. JBL’s trend is increased in the year 2011-2015. It means that JBL’s operating efficiency to operate its daily activities in a comfortable way.
	+ Net profit margin of JBL’s shows the downward situation at 2011-2012 and increasing at the year 2013-2015. The net profit margin of JBL is cited on a stable position from the last 5 sessions.
	+ The Total Asset Turnover Ratio of JBL is upward & downward situation from the year 2011-2015. It indicates JBL is efficient to use all its assets to generate for its activities.
	+ The Investment to Deposit Ratio of JBL increased in the year of 2011. After then the ratio is decreasing 2012-2015. It shows JBL has the operating efficiency in promoting its investment products to the others.
	+ The debt ratio of JBL is increased in year 2011-2012. But after then the debt ratio has decreased to the year 2013-2015. This ratio says that the lower ratio is less risky**.** The debt ratio of JBL is suitable to measure the preparation of total assets provided by the firm’s creditors.
	+ Equity Capital Ratio decreased in 2012 form 2011 and then from 2013-2015 it was increasing. JBL’s equity capital ratio shows the highest position of the Bank’s owner’s equity in recent years.
	+ Operating Profit Margin of JBL is decreased form 2011-2014. And in 2015 it is increase. JBL is able to gather a high operating profit margin which preferred.
	+ The ROA was increased at the year 2011 to 2015. It defines that still now JBL is very much efficient to generate additional ROA in its working year.
	+ The ROE of JBL is in the upward and downward situation in year 2011 to 2015. JBL’s ROE shows the higher return shows against the owner’s equity in recent years.
	+ The EPS of JBL is upward and downward situation form 2011-2015. The Earning per Share of JBL represents the pleasant number of amount earned on behalf of each outstanding share of common stock.
	+ The Effective Dividend Ratio of JBL is upward and downward situation form 2011-2015. It says that the JBL’s dividend ratio tries to be in suitable positions.
	+ The P/E Ratio of JBL is upward & downward situation in year 2011 to 2015. P/E ratio of JBL denotes that they try to get the investors’ confidence in the firm’s future.
	+ The M/B Ratio of JBL is decreasing year 2011 to 2015. Here the Market or Book Ratio of JBL helps to assess that how investors view the firm’s performance negative or positive. Here decreasing the M/B ratio determines that JBL’s stock market is not in a suitable position through its market capitalization.

**5.2 Recommendations**

* + Current ratio of JBL is enough to recover its current liabilities. So, JBL should keep up this ratio but should careful about its current assets relative to its current liabilities because excess liabilities may affect the profitability of JBL
	+ Cost to income ratio of JBL has increased in the year 2011 to 2015. JBL’s trend is increased in the year 2011-2015. JBL should keep this trend up to the mark for its comfortable performance in the next working years.
	+ JBL’s Net Profit Margin which year by year increasing and decreasing indicates that the bank’s operating result is not so improving in 2011 to 2015. So they should keep improving this trend up.
	+ Bank should consider its capital structures with a view to achieve an optimum capital structure.
	+ JBL has to be very careful about their investment according to the percentage of the bank total deposit disbursement.
	+ Here JBL has to emphasize to decrease the debt ratio by confirming the proper finance of assets by the debt.
	+ The ROA was increased at the year 2011-2015. JBL should keep up this ratio by increasing profit year 2011-2015.
	+ JBL has to confirm successful investment to earn more return.
	+ The P/E Ratio of JBL is fluctuating. In order to get the investor’s confidence on the bank’s performance, the bank should improve this situation by reducing its liquidity position and expense.

Jamuna Bank with its strong corporate image and financial strength can successfully utilized the presented based on the findings.

**5.3 Conclusion**

In today’s world of business without bank's co-operation, it is almost impossible to run any business or production unit of business. Jamuna Bank Limited is playing a vital role in financing activities of the country and helping the businesses by providing funds to run.

There are lots of local and foreign banks competing in banking industry in Bangladesh and the Jamuna Bank Limited is keeping its promises for about fifteen years among them very successfully. In this competitive market Jamuna Bank has to compete not only the others commercial banks but also the public banks and other financial institution also. In near future I think bank and other financial companies will come together to foster the banking service and make it available to people’s hand. To survive in this dynamic market and lead it from the front the bank must take every initiative very wisely and so far they have successfully utilized their human resources efficiently compare to other private and public banks.

Appendix

**I. Cost Income Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{2046.50}{4863.89}$$ | $$\frac{2078.22}{5285.12}$$ | $$\frac{2666.75}{5635.66}$$ | $$\frac{3021.83}{6090.64}$$ | $$\frac{3353.09}{6981.95}$$ |

**II. Total Asset Turnover Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{4863.89}{87065.13}$$ | $$\frac{5285.12}{109678.51}$$ | $$\frac{5635.66}{115162.95}$$ | $$\frac{6090.64}{139494.58}$$ | $$\frac{6981.95}{142859.17}$$ |

**III. Debt Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{79783.62}{87065.13}$$ | $$\frac{101353.68}{109678.51}$$ | $$\frac{106285.51}{115162.95}$$ | $$\frac{128683.91}{139494.58}$$ | $$\frac{127150.82}{142859.17}$$ |

**IV. Investment to Deposit Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{16314.93}{70508.05}$$ | $$\frac{39118.93}{79623.13}$$ | $$\frac{31392.20}{97485.61}$$ | $$\frac{39963.54}{114635.13}$$ | $$\frac{34722.81}{118849.18}$$ |

**V. Equity Capital Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{7281.51}{87065.13}$$ | $$\frac{8324.83}{109678.51}$$ | $$\frac{8880.94}{115162.95}$$ | $$\frac{10810.67}{139494.58}$$ | $$\frac{15708.35}{142859.17}$$ |

**VI. Net Profit Margin**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{1330.19}{4863.89}$$ | $$\frac{1042.05}{5285.12}$$ | $$\frac{1135.19}{5635.66}$$ | $$\frac{1347.12}{6090.64}$$ | $$\frac{1642.45}{6981.94}$$ |

**VII. Operating Profit Margin**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{0.03}{4863.89}$$ | $$\frac{0.03}{5285.12}$$ | $$\frac{0.03}{5635.66}$$ | $$\frac{0.02}{6090.64}$$ | $$\frac{0.03}{6981.95}$$ |

**VIII. Return on Asset**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{1330.19}{87065.13}$$ | $$\frac{1042.05}{109678.51}$$ | $$\frac{1135.19}{115162.95}$$ | $$\frac{1347.12}{139494.58}$$ | $$\frac{1642.45}{142859.17}$$ |

**IX. Return on Equity**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{1330.19}{7281.51}$$ | $$\frac{1042.05}{8324.83}$$ | $$\frac{1135.19}{8880.94}$$ | $$\frac{1347.12}{10810.67}$$ | $$\frac{1642.45}{15708.35}$$ |

**X. Market/Book Ratio**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2011** | **2012** | **2013** | **2014** | **2015** |
| Value | $$\frac{26.69}{19.96}$$ | $$\frac{21.69}{18.55}$$ | $$\frac{16.29}{19.79}$$ | $$\frac{12.10}{20.95}$$ | $$\frac{12.09}{25.58}$$ |

**XI. Vertical Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **2013** | **2014** | **2015** |
| Cash in hand | $$\frac{11807.42}{142859.18}$$ | $$\frac{10040.99}{139494.58}$$ | $$\frac{6650.51}{115681.64}$$ |
| Loan & Advances | $$\frac{87252.28}{142859.18}$$ | $$\frac{77899.79}{139494.58}$$ | $$\frac{67669.38}{115681.64}$$ |
| Total Investment | $$\frac{34722.81}{142859.18}$$ | $$\frac{39963.54}{139494.58}$$ | $$\frac{31392.20}{115681.64}$$ |
| Total Deposit | $$\frac{118849.18}{127150.82}$$ | $$\frac{114635.13}{128683.91}$$ | $$\frac{97485.61}{10628.01}$$ |
| Total Liability | $$\frac{127150.82}{142859.18}$$ | $$\frac{128683.91}{139494.58}$$ | $$\frac{106282.01}{115681.64}$$ |
| Total Shareholders’ Equity | $$\frac{15708.35}{142859.18}$$ | $$\frac{10810.67}{139494.58}$$ | $$\frac{8880.94}{115681.64}$$ |