

United International University



Internship Report On Performance Analysis Of Jamuna Bank Limited (JBL)

Submitted To
Prof. Dr. Salma Karim

School of Business

BBA Program

Submitted By:
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Date of Submission: 07, April 2019

A Report on Performance Analysis of Jamuna Bank Limited (JBL)

Letter of Transmittal

April 07, 2019

Prof. Dr. Salma Karim

School of Business

BBA Program

United International University

Subject: Submission of Internship report

Dear Madam,

I am submitting my Internship report '**Performance Analysis Of the Jamuna Bank Limited**' that you have assigned me as an essential requirement of the internship program. I would like to express my sincere to you for your support and encouragement.

This report gives me both academic and practical exposures. I hope that you will find systematic and reliable of the report.

I there for pray and hope that you are kind enough to receive this report and give your valuable judgment.

Thank you

Sincerely,

.....

Shaima Chowdhury

ID: 111 141 135

United International University

ACKNOWLEDGEMENT

I wish to express my gratefulness to the almighty ALLAH for giving me ability to perform my responsibilities as an intern and complete the report within the time.

I'm highly thankful to my faculty **Prof. Dr. Salma Karim** for her whole-hearted supervision during my organizational attachment period and also for providing necessary information regarding the assignment. My gratitude goes to entire BBA, of United International University for arranging Internship program that facilitates integration of theoretical knowledge with real life situation.

I also like to convey my other supervisor MST. Tahmina Rahman Eva, senior Executive officer of Jamuna Bank Limited for helping me in the work. She has been very helpful through the internship program. I also thanks to employee of Jamuna Bank Limited who develop their valuable time by helping me to my project & cooperated with me at all level.

CERTIFICATE OF THE SUPERVISOR

Ref: JBL/PSB/Internship/2018/1551

Date: 30-08-2018

To Whom It May Concern

This is certify that **Mst. Shaima Chowdhury** D/O: Md Siraj Chowdhury and Mrs. Masuma Begum and student of BBA of **United international University** has completed her internship from 30-05-2018 at our branch. During her intern period she worked at general banking division, advance and foreign exchange division of the branch with utmost care and sincerity.

We wish her every success in life.

For jamuna Bank Limited
Progoti sarani branch

Executive Summary

This report prepared on the basis of practical experiences of Jamuna Bank Ltd. The internship programs help me a lot to learn about the practical situation of financial. This program helps me to implement my theoretical knowledge into practical realistic environment. In the age of modern civilization Bank is plying its spending role to keep the economic activity. In fact there is hardly any aspect of development activity whether state inspired or otherwise where Bank do not have a major role to play.

Ratio analysis is important trend to evaluate any bank's performance. On my report I had to study JBL's financial statements and give significant feedback regarding to changes the financial position.

In my BBA program, I have spent 3 month in JBL, progoti satoni branch and learning the activities of general banking, general advance and foreign exchange department. I have analyze the financial statement to find out JBL's ratios by using past and current records. After ratio analysis I come to know that ratio helps to overcome the past flows and help to take future decision. So it's very necessary for every organization.

Table of Contents

Title page	Page no
Introduction	1
Objectives of the report	9
Literature review	10
Organizational overview	11-14
Vision of the bank	
Mission of the bank	
Methodology	15-16
Limitations of the report	17
Ratio analysis of Jamuna Bank Limited Year (2013-2017)	18-41
Findings about the performance of JBL	42
Recommendation	43
Conclusion	44
Reference	45
Appendix	46-48

INTRODUCTION

Financial ratios are mathematical comparisons of financial statement or categories. These relationships between the financial statement accounts help investors, creditors, and internal organization management to understand how well a business is performing and areas those need improvement. Financial ratios are the most common and widespread tools used to analyze a business' financial standing. Ratios are easy to understand and simple to compute. They can also be used to compare the performance of different companies in different industries. Since a ratio is simply a mathematical comparison based on proportions, big and small companies can use ratios to compare their financial information. In a sense, financial ratios don't take into consideration the size of an Organization or the industry. Ratios are just a raw computation of financial position and performance. Ratios allow us to compare companies across industries, big and small, to identify their strengths and weaknesses. Financial ratios are often divided up into seven main categories: liquidity, solvency, efficiency, profitability, market prospect, investment leverage, and coverage.

The Performances of Bangladeshi Banking sector they use ratio analysis and its one of the most importance indicators. It is the simple way to compare of a company's present ratio with the past ratio to measure its position. Where should the company do improvement. It is also help a company to utilize the retours.

All banks are trying to provide better service and maximum satisfaction to their customers.

A company's problem identifies and opportunist ratio analysis is diagnostic tool and it's very important for every business because the company can understand of business weakness and strength. Management can take the necessary step to organize their target.

Objectives of the Report

However the more specific objectives are:

- ❖ To find out the performance over the year and reasons of pitfalls
- ❖ To gain knowledge about the banks financial positions.
- ❖ To evaluate the efficiency of banks operational position.
- ❖ To identify banks weakness, strengths, opportunities and threats.
- ❖ To analysis of the banks time series.

Literature Review

Review of Literature refers to the collection of the results of previous researches relating to the present study.

Cooper (2000) stated that ratio analysis includes techniques of calculating and interpreting financial ratios to analyze and monitor firm's performance. The basic inputs to ratio analysis are the firm's income statement and balance.

Gitma and Madura (2009) said that ratio assume a significant part in the management accounting function of any organization. The main objective of ratio analysis is to use the results for decision-making purposes

James (2013) stated that ratio analysis also helps identify and highlights the areas of poor performance and the areas of palatable performance.

Bollen (1999) conducted a study on Ratio Variables on which he found different uses of ratio variables in entirety data analysis: measures of theoretical concepts and as a means to control an extraneous factor. In the use of ratios as indices of concepts, a problem can arise if it is regressed on other indices or variables that contain a common component.

Organizational Overview

Jamuna Bank Limited is one of the leading private commercial banks in the country. This Bank registered under the companies Act, 1994 of Bangladesh with its Head office currently at Chini Shilpa Bhaban, 3, Dilkusha C/A, Dhaka-1000. In 3rd june, 2001 the bank started its operation. JBL are gives all type of banking service like banking transaction, support the development of trade and business or comers in the country. Jamuna bank also give the BMRE for industrial sector and available for the entrepreneurs to set up new relation.



Throughout the country having smart IT-backbone and at present the bank has:

- Real time online banking branches (both Urban and Rural areas).
- Sharing with other partner banks and consortium throughout the country
- The bank has ATMs of its own for traditional delivery points.
-

The working hour of the bank is 10.00 A.M to 6.00 P.M from Sunday to Thursday and transaction hour from 10.00 A.M to 4.00 P.M. JBL remains closed on Friday, Saturday and govt holidays. It has wide correspondent banking relationship with local and foreign banks covering major trade and financial center at home and abroad. Its provide services in respect of international trade.

JBL's vision

Jamuna Bank plays a significant role in the development of the country and wants to become a leading banking institution.

JBL's mission

Jamuna bank limited mission to fulfill customers need through an array products at a reasonable rate. To achieve their mission the bank use appropriate machine, technology and provide good and timely services.

JBL's Objective

- To establish relationship banking and increase service quality through development of strategic Marketing plans.
- To ensure an adequate rate of return on investment.
- To earn and maintain CAMEL RATING strong.
- To keep enough control systems and transparency in procedures.
- To develop optimum utilization of all available resources.
- To remain one of the best banks in Bangladesh in terms of profitability and asserts quality.

Service and product of JBL

The following services and product of JBL:

- JBL introduced Q –cash ATM cards for its valued customers giving 24 hours banking services through debit cards.
- Remittance and collection
- Deposit schemes
- Loan syndication
- Import export handling and finance
- Project finance
- Lease finance
- Investment banking
- Islamic banking
- Corporate banking
- International banking
- 24 hours banking
- Consumer credit scheme
- Personal loan for woman

JBL's corporate banking

JBL's gives their corporate client to a complete range of advisory, operational and financial services. They have one package like combining trade, treasury, investment and transaction banking services. Their main sector is:

- Industry (import substitute/ export oriented)
- Textile spinning dyeing/ printing
- Agro processing industry
- Export oriented garments, sweater
- Paper and paper products
- Food and allied
- Engineering, steel mills
- Chemical and chemical products etc.
- Information technology
- Telecommunications
- Real estate and construction
- Wholesale trade
- Transport hotel and restaurants
- Non-banking financial institution
- Project finance
- Loan syndication

Other services of JBL

Q-cash round the clock banking

Jamuna bank limited Q-cash ATM card enables to withdraw cash and do a variety of banking transaction 24 hours a day. ATMs are conveniently located covering major shopping centers, business and residential areas in Dhaka and Chittagong. The network will expand to cover the whole country within short time. JBL Q-cash ATM card customer can:

- Cash withdrawal round the clock from any Q-cash logo market ATM booths.
- POS transaction
- On their card have overdraft facilities.
- Any bill payments facilities like utilities payment.
- Branch to other branch cash transaction facilities and also selective branches nationwide.

Jamuna bank limited online banking

Now customer can withdraw money from another branch to other branch. Their valued customer can used 24 hr banking service. they have real time at any branch banking on December 31st, 2009.

Online banking services key features are:

- Database are centralize
- Independent platform
- Any branch banking real time maintain
- Internet banking facilities
- ATM banking facilities
- Corporate MIS facility

Methodology

Research Design

To do this report data collection is very important. In this report data was generate from primary and secondary both data..

Sources of Data

Primary data

- Practical work experience from different department.
- Face to face conversation with the customer and the employee.
- Through personal interview.
- Take suggestion and guidelines from the entire senior employee in charge of JBL.

Secondary data

- Office files
- Working paper
- Online data from JBL website
- Several article related on performance analysis
- Annual report of JBL
- Selected books

Data Analysis Method

In this report

- Using Microsoft word and Microsoft excl.
- Qualitative and quantitative both researches are conducted to analysis the primary and secondary data.

Scope of the report

Scope of this report is to get idea about performance analysis of JBL. Report was beginning the outline of the company and focus complains mission and vision. It presents the global perspective and the future perspective. Give data about the bank strengths, weakness, opportunities and threats. The study helps to indentify the present market scenario of JBL and the future market growth of the country.

Limitation of the study

Obligation

The bank was reluctant to provide some sensitive data due to some legal obligation and business secrecy.

Extensive nature

The particular study is wide in nature and hard effort was given to make the report meaningful and worthwhile even there exists some limitation.

Lack of time

Only for the three month the researcher was in the bank, within this short time it is very difficult to be friendly with all the activities of the bank.

Lack of supervision by the bank officers

In the bank the officers was busy due to their daily working activities that whey they was not able to give much time.

Restricted Information

In the bank they have lots of information but the bank officers could not provide due to the security and other corporate obligations.

Ratio analysis of jamuna bank limited in the year (2013 to 2017)

In this report performance analysis of jamuna bank ltd. Interims of

- ❖ Liquidity ratio
- ❖ Profitability
- ❖ Leverage position
- ❖ Activity or efficiency
- ❖ Liquidity ratio
- ❖ Current ratio
- ❖ Adequacy ratio

Leverage position

- ❖ Debt to equity capital ratio
- ❖ Debt to total assets ratio

Profitability:

- ❖ Net operating margin
- ❖ Net profit margin
- ❖ Return on assets (ROA)
- ❖ Return on equity (ROE)
- ❖ Return on deposit (ROD)

Efficiency:

- ❖ Tax management ratio
- ❖ Degree of asset utilization
- ❖ Expense control efficiency
- ❖ Operating efficiency ratio
- ❖ Net profit margin

Adequacy ratio

- ❖ Capital Adequacy Ratio

Assets quality indicators

- ❖ Loan to Deposit
- ❖ Loan to Assets
- ❖ Equity Multiplier

Liquidity ratio: Liquidity ratios are used to determine a company's ability to meet its short-term debt obligations. The liquidity ratio is the result of dividing the total cash by short-term borrowings. It shows the number of times short-term liabilities are covered by cash.

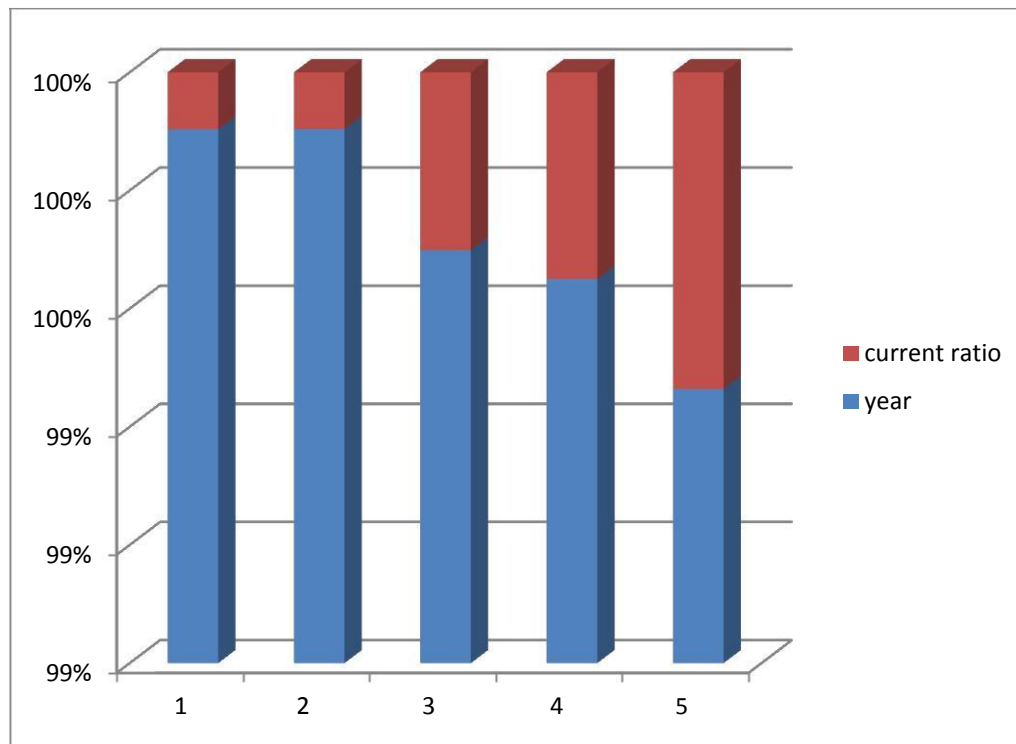
Current ratio: current ratio is calculated by dividing the total current assets of a company by its total current liabilities. The current ratios standard norm is 2:1 which means that everyone taka of current liability is appropriately covered by two taka of current assets

Current ratio=
Current assets/ current liabilities

Calculation of current ratio 2017
2,017,287,110/1,033,698,462
=1.95

Table-Current Ratio from year 2013-2017

particular	2013	2014	2015	2016	2017
Current ratio	10.85	7.07	6.087	1.94	1.95



Interpretation: In 2013 to 2015 company's current ratio was 10.85 to 6.087 times higher than current liabilities, which means JBL not cover the ideal norm 2:1 and they not using their assets efficiently or not securing financing very well, or is not managing its working capital. But in 2016 to 2017 Current ratio was 1.94 to 1.95, which means JBL had more than enough to cover its current liabilities, because it's decreased and not cover the standard norm of 2:1.

Leverage Position: leverage ratios are used to calculate the financial leverage of a company.

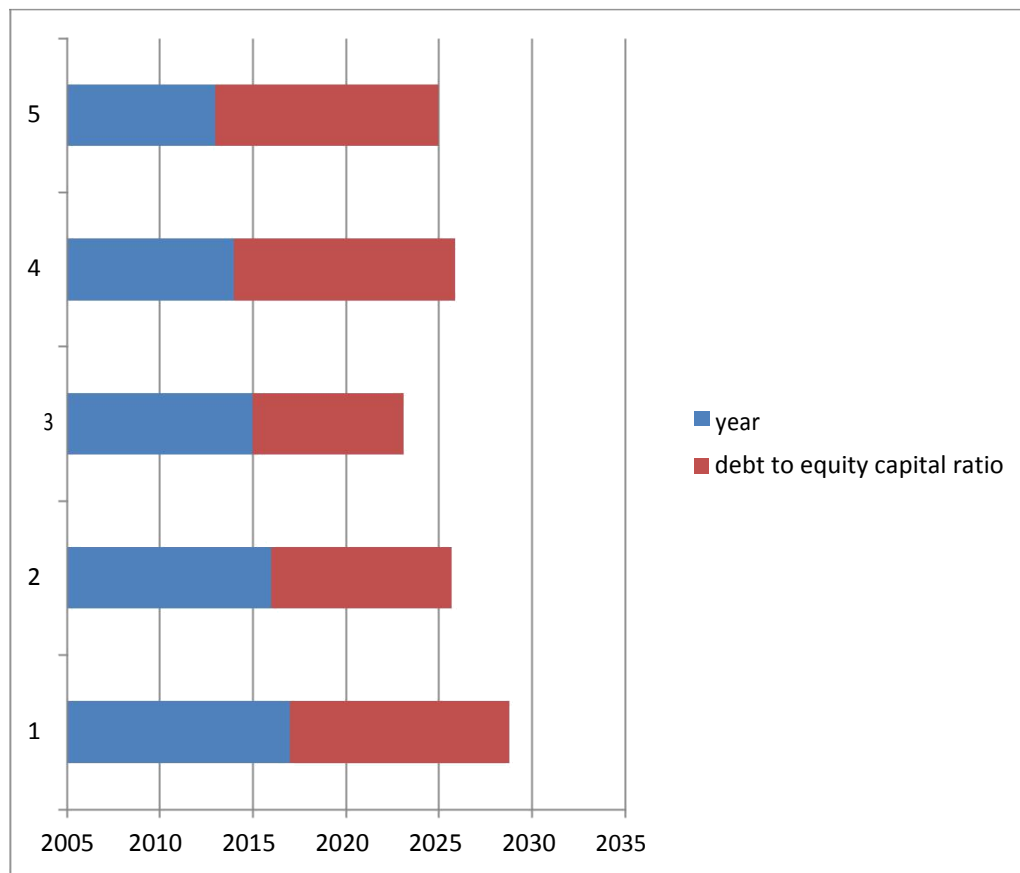
Debt to equity Capital ratio: Debt to equity capital ratio is one of the banking financial leverage. It's calculated by dividing total liabilities by its stockholders equity. For most companies the maximum acceptable debt-to-equity ratio is 1.5-2 and less. For large public companies the debt-to-equity ratio may be much more than 2, but for most small and medium companies it is not acceptable. However JBL is a medium company and they not maintain the standard norm.

$$\text{Debt to equity Capital ratio} = \frac{\text{Total debt}}{\text{Total equity}}$$

$$\begin{aligned} &\text{Calculation of debt to equity capital ratio in 2017} \\ &1,822,446,432,08 / 1,542,455,5744 \\ &= 11.81 \end{aligned}$$

Table-Debt to Equity Capital in 2017:

year	2017	2016	2015	2014	2013
Debt to Equity Capital Ratio	11.81522802	9.71922863	8.11892129	11.91635581	11.99986129



Interpretation

In the year of 2013 to 2014 debt to equity ratio was high. In general, high debt to equity ratio indicates that the company may not be able to generate enough cash to satisfy its debt obligations. In the year 2015 to 2016 debt to equity ratio was low. However, a low debt-to-equity ratio may also indicate that a company is not taking advantage of the increased profits that financial leverage may bring. But in 2017 debt to equity ratio was increased. Higher outcome increase the risk also increases the profit.

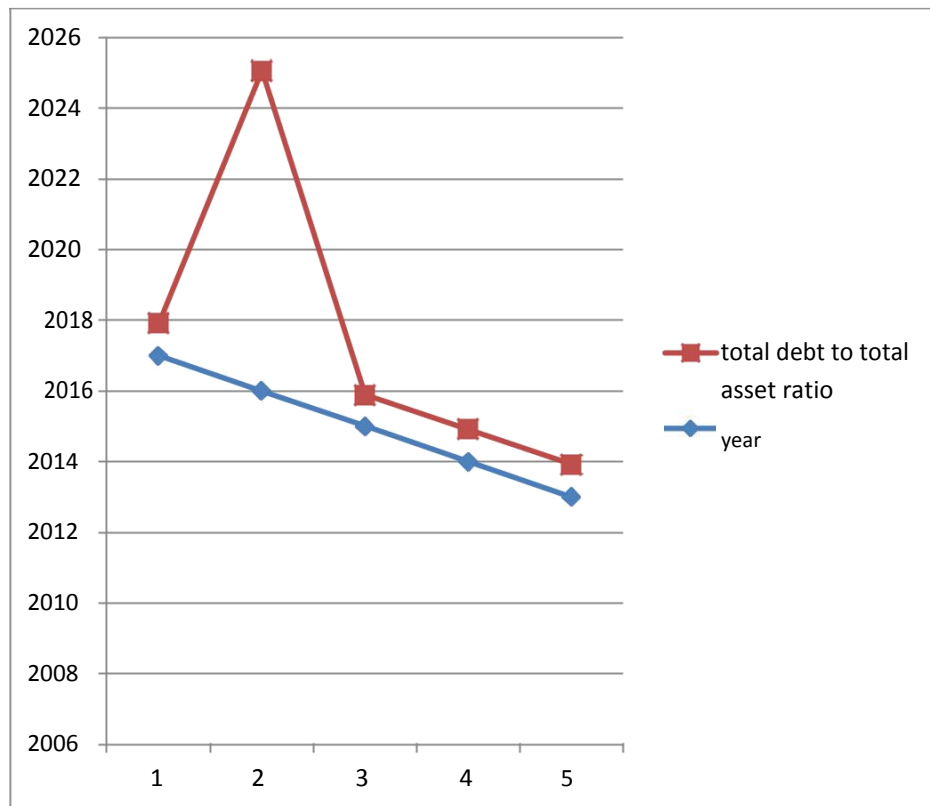
Total debt to total assets ratio: Debt to total assets means the banks financial risk. It's calculated by total debt dividing by institution's total assets. If total debt to assets equals 1, it means the company has the same amount of liabilities as it has assets. This company is highly leveraged. A company with a DTA of greater than 1 means the company has more liabilities than assets. This company is extremely leveraged and highly risky to invest in or lend to. A company with a DTA of less than 1 shows that it has more assets than liabilities and could pay off its obligations by selling its assets if it needed to.

$$\text{Total debt to total assets} = \frac{\text{total debt}}{\text{Total assets}}$$

$$\begin{aligned} &\text{Calculate total debt to total assets ratio in 2017} \\ &1,822,446,432,08 / 1,156,404,486 \\ &= 0.921 \end{aligned}$$

Calculation of Debt to Total Asset ratio:

year	2017	2016	2015	2014	2013
Total liability	1822446432	1534107786	12770474241	12906455109	106744932748
Total assets	1156404486	1398954253	14343401701	16919503313	197669198952
Total debt to total asset ratio	0.92196783	9.06709705	0.890337906	0.922578782	0.923076086



Interpretation

The JBL's assets are financed by its debt. From the year 2013 to 2015 the DTA ratios was 0.92 to 0.89 which means DTA ratio is less than 1 and JBL has more assets than liabilities. In the year 2016 DTA increasing 9.06 which is greater than 1 means the company has more liabilities than assets. The higher ratio may increase more risk. But in the year 2017 DTA ratio is 0.92 which is also not cover the standard norm.

Profitability Ratio: Profitability ratios are used to compare companies in the same industry, since profit margins will vary widely from industry to industry.

Net profit margin: It is a ratio of profitability which calculated by dividing the net profit after tax by revenue or net interest income. Net profit margin is equal to how much net income is generated as a percentage of revenue.

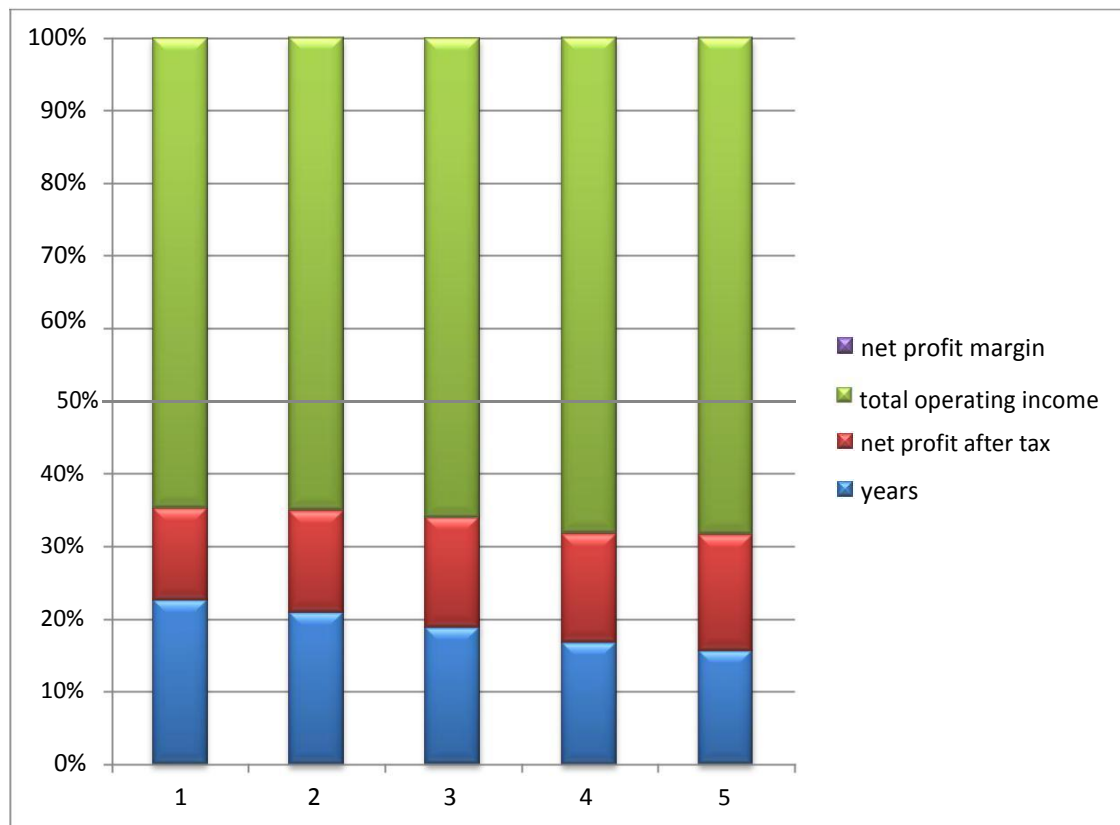
$$\text{Net profit margin} = \frac{\text{Net income after tax}}{\text{total operating revenue}}$$

Calculation of net profit margin in 2017

$$\frac{2076.58}{8871.58} = 0.23407 \text{ or } 23.40\%$$

Table- Net Profit Margin:

Particulars	2013	2014	2015	2016	2017
Net Profit after tax	1144.47	1352.73	1642.85	1791.05	2076.58
Total Operating Income	5781.45	6277.96	7123.78	8188.98	8871.58
Net Profit Margin	19.79%	21.54%	23.06%	21.87%	23.40%



Interpretation

In The years in 2013 and 2015 the bank earn handsome profit margin in percentages. and is exercising good cost control. The net profit margin had increased in a higher proportion. It indicates that bank performance outcome is good. But in 2016 it also decreased.

Net Operating Margin:

$$\text{Net operating margin} = \frac{\text{Operating revenue} - \text{operating expense}}{\text{total asset}}$$

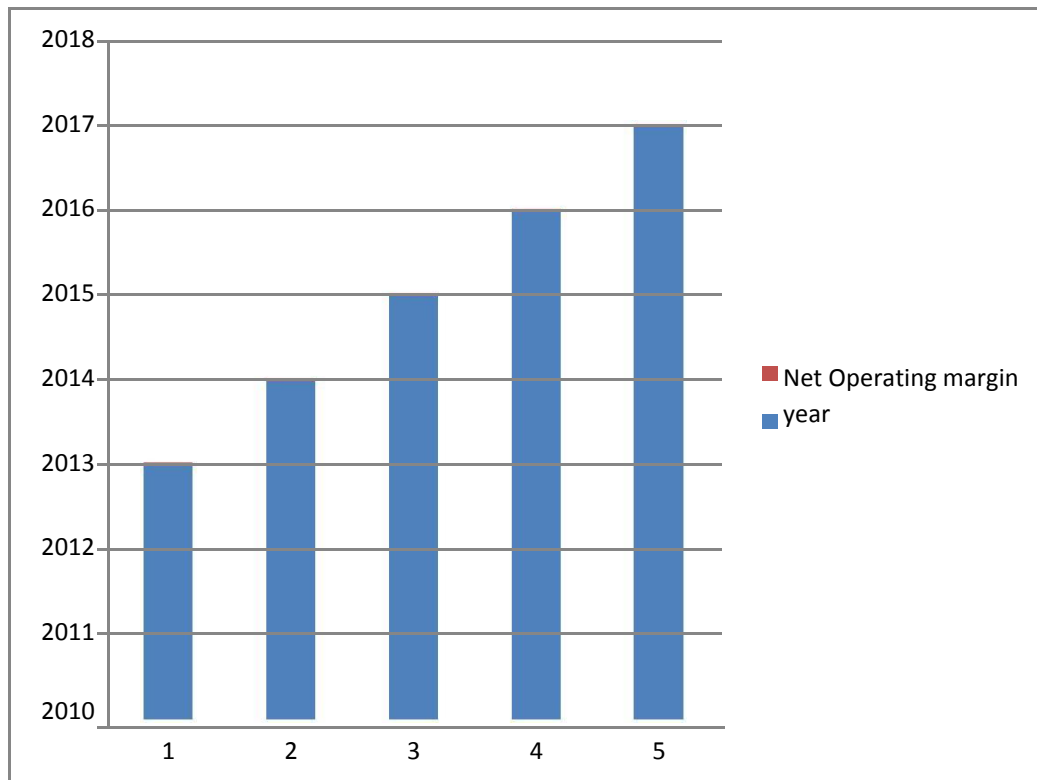
Calculate net operation margin in 2017

$$4389.88/197669$$

$$=2.22\%$$

Table: Net Operating Margin

Particulars	2013	2014	2015	2016	2017
Total Operating Income	5781.45	6277.96	7123.78	8188.98	8871.58
Operating expense	2688.70	3047.29	3376.15	3964.26	4481.70
Operating Income – Operating expense	3092.75	3230.67	3747.63	4224.72	4389.88
total Assets	115640	139895	143434	169195	197669
Net operating margin	2.67%	2.30%	2.61%	2.49%	2.22%



Interpretation

In the year 2013 to 2017 the performance of JBL was decreasing. It was decreasing significantly from 2.67% in the year 2023 to 2.22% in the year 2017. It's happen because JBL's operating income was less than the operating expense. They need to increase their operating income.

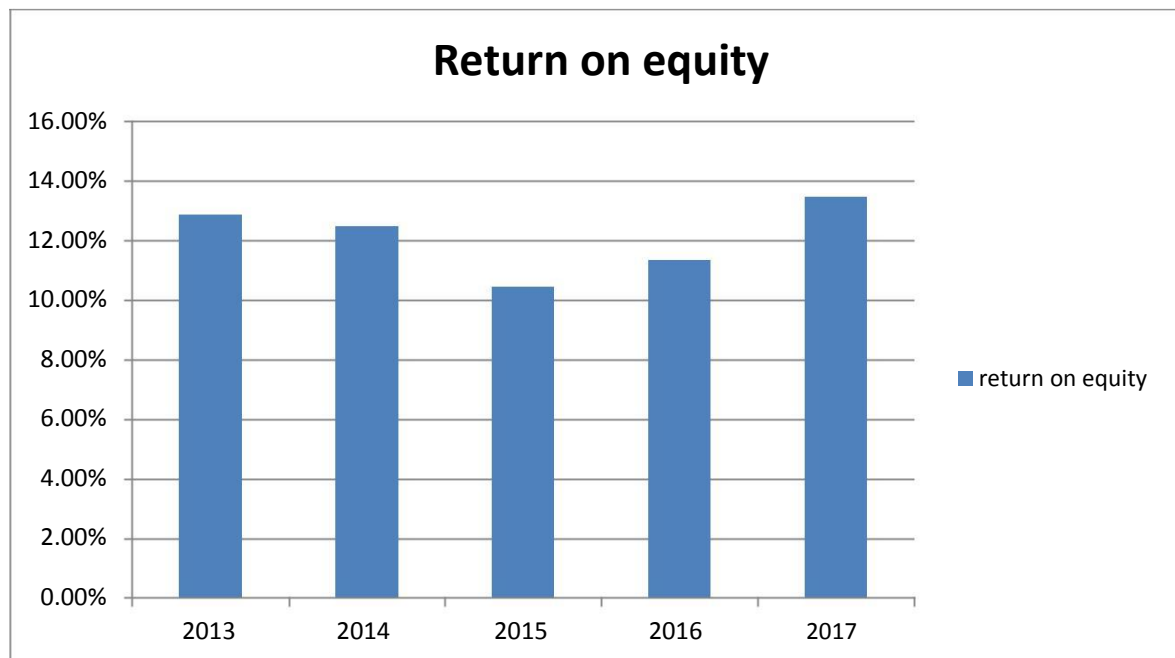
Return on equity (ROE): Return on equity measures a bank's profitability. It's calculates how much net profit a bank generates with the money that shareholders have invests as an equity. An average of 5 to 10 years of ROE ratios will give investors a better picture of the growth of this company.

$$\text{Return on equity} = \frac{\text{Net income after tax}}{\text{total equity capital}}$$

$$\begin{aligned} &\text{Calculate the return on equity in 2017} \\ &2076.58/15424.55 \\ &=13.46\% \end{aligned}$$

Table- Return on equity

year	2013	2014	2015	2016	2017
net profit after	1144.47	1352.73	1642.85	1791.05	2076.58
Total equity capital	8895.51	10830.87	15729.27	15784.25	15424.55
Return on equity	12.86%	12.48%	10%	11.34%	13%



Interpretation

In the year 2017 return on equity of JBL's shareholders receiving increasing rate of return. In the year 2013 their return on equity was 12.86%, after that it was decreased in the year 2014 to 2016. But in 2017 the net income of JBL has increased than its equity capital. The higher percentage of return on equity is better for the bank as well as shareholders.

Return on Asset (ROA): Return on assets is a profitability ratio. It shows how profitable a bank and the bank are related to its total assets. It gives an idea to the bank that how efficiently they generate profits by using its assets.

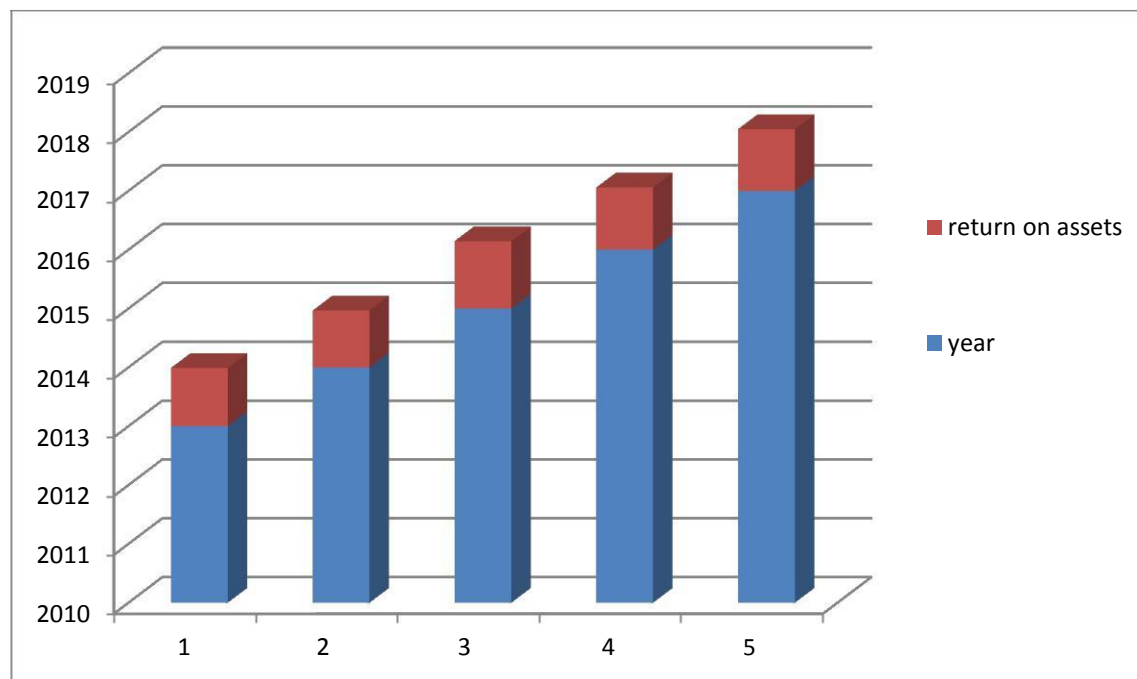
$$\text{Return on Asset} = \frac{\text{Net income after tax}}{\text{total assets}}$$

Calculate the return on asset in 2017

$$\frac{2076.58}{1976.96} \\ 105.05\%$$

Table- Return on assets

year	2013	2014	2015	2016	2017
net profit after tax	1144.47	1352.73	1642.85	1791.05	2076.58
total assets	1156.40	1398.95	1434.34	1691.95	1976.96
return on equity	98.96%	96.69%	114.53%	105.85%	105.05%



Interpretation

Most used profitability ratio is return on assets. In the year 2015 to 2016 the return on assets of JBL is increasing. Higher the ROA number is better, because the company is earning more money on less investment.

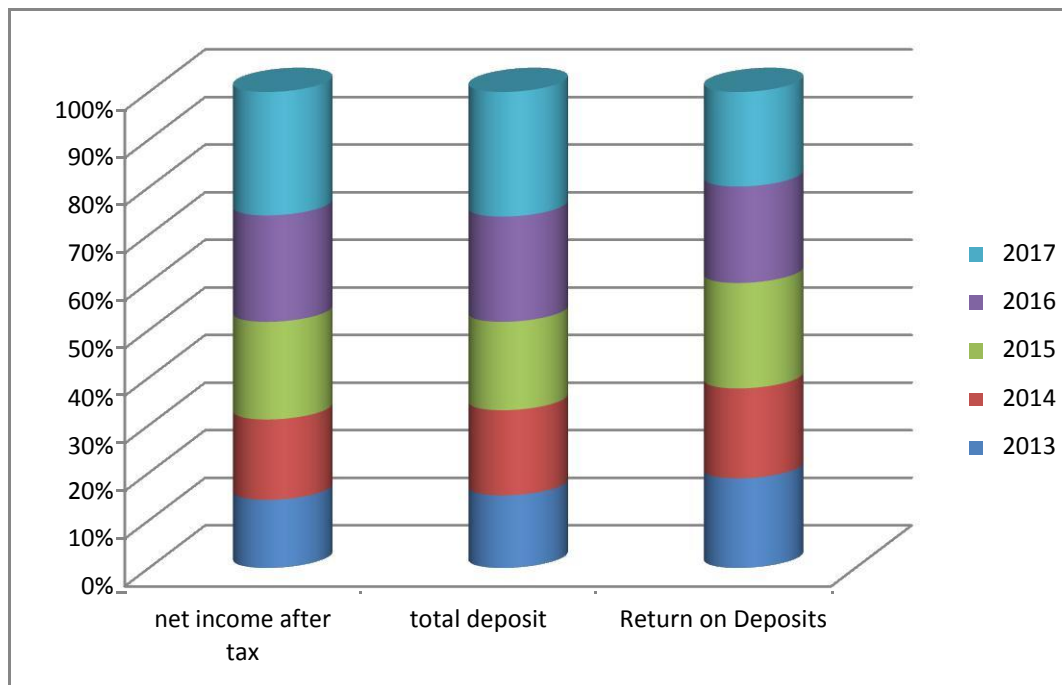
Return on Deposits (ROD): Return of deposits means the amount of net net income of return as a percentage of total deposits.

$$\text{Return on deposits} = \frac{\text{Net income}}{\text{Total deposit}}$$

$$\begin{aligned} &\text{Calculate the return on deposits in 2017} \\ &2076.58/167571.33 \\ &=0.012392215 \text{ or } 1.24\% \end{aligned}$$

Table-Return on Deposits

year	2013	2014	2015	2016	2017
net income after tax	1144.47	1352.73	1642.85	1791.05	2076.58
total deposit	97485.61	114635.13	118849.18	141550.96	167571.33
Return on deposits	1.18%	1.20%	1.38%	1.27%	1.24%



Interpretation

Return on deposits was 1.38% in the year 2015. ROD of JBL was decreased in 2017 because a substantial increase in deposit. Because the firms applying efficiency ratio to earn profit.

Efficiency ratio: efficiency ratio determine the efficiently of using its assets and managing its operations.

Tax Management Ratio: The tax management efficiency ratio of a fund measures what percentage of a fund's earnings is lost to taxation. Tax efficiency is a useful way to measure the desirability of a fund. Funds that lose a lot of money to taxes have low efficiency and are less desirable, while those that lose little to taxes have a high tax management efficiency ratio and greater desirability.

$$\text{Tax Management Ratio} = \frac{\text{Net income after tax}}{\text{net income before tax}}$$

$$\begin{aligned} \text{Calculate of tax management ratio in 2017} \\ 2076.58/3482.4 \\ =17.02 \end{aligned}$$

Table-Tax Management Ratio

year	2013	2014	2015	2016	2017
net income after tax	1144.47	1352.73	1642.85	1791.05	2076.58
net income before tax	2349.76	1897.01	2187.23	2819.66	3482.41
Tax Management Ratio	0.487058253	0.713085329	0.751109851	0.635200698	17.02114754



Interpretation

In the year 2013 to 2017 tax management ratio of JBL was fluctuating from 0.48 to 17.02. The management should try to maximize this ratio because their direct cash expenses is lower than the net income. And tax is direct cash.

Expense control efficiency

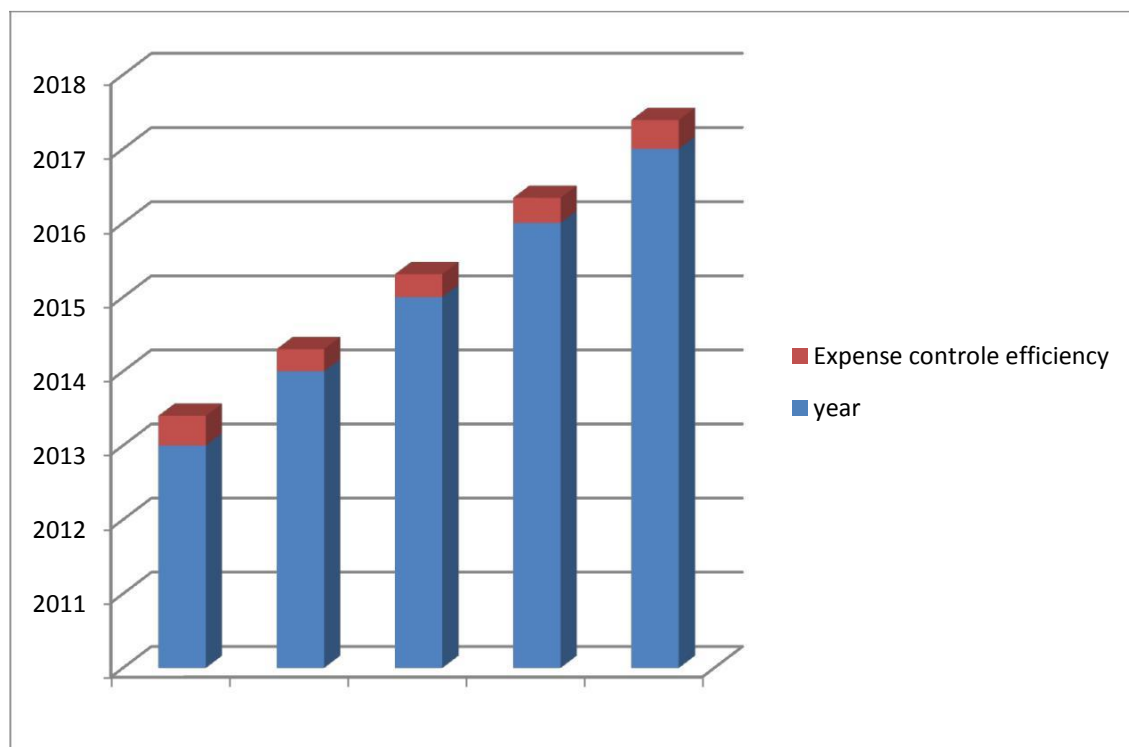
Expense control efficiency = $\frac{\text{net income before tax and gain}}{\text{Total operating revenue}}$

Calculating Expense control efficiency in 2017

$$\frac{3482.41}{8871.57} = 0.39$$

Table- Expense Control Efficiency

year	2013	2014	2015	2016	2017
NI before tax and gain	2284.89	1847.37	2187.24	2819.66	3482.41
total operating revenue	5635.66	6090.62	7123.78	8188.98	8871.57
Expense control efficiency	0.405434324	0.303313948	0.307033625	0.344323713	0.392535932



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Interpretation

Expense control efficiency of JBL was decreased in the year 2013 to 2017 because the changes of net income before tax and gain also the total operating revenue. Its means JBL effectively control its expenses.

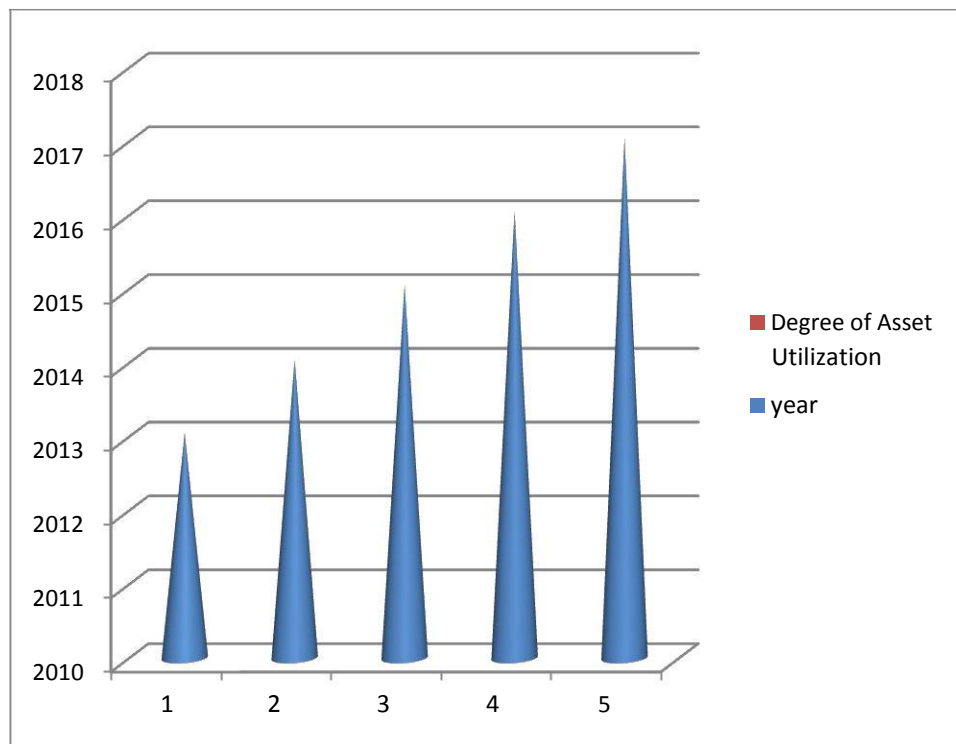
Degree of Asset Utilization: degree of assets utilization used to compare companies efficiency over time

$$\text{Degree of assets utilization} = \frac{\text{Total operating revenue}}{\text{Total Asset}}$$

$$\begin{aligned} &\text{Calculating Degree of assets utilization in 2017} \\ &\frac{8871.57}{1976.69} \\ &= 0.044 \end{aligned}$$

Table-Degree of Asset Utilization

year	2013	2014	2015	2016	2017
total operating rev	5635.66	6090.62	7123.78	8188.98	8871.57
total assets	1,156	1398.95	1434.34	1691.95	1976.69
Degree of Asset Utilization	4.87340995	4.353708138	4.966590906	4.83996572	4.488093732



Interpretation

Degree of assets utilization of JBL in the year 2013 to 2015 was 0.048 to 0.049. Increasing asset utilization means the company is being more efficient with each dollar of assets it has. In the year 2015 to 2017 the ratio decreasing from 0.049 to 0.044 because their total assets was increase at a higher rate than their operating income.

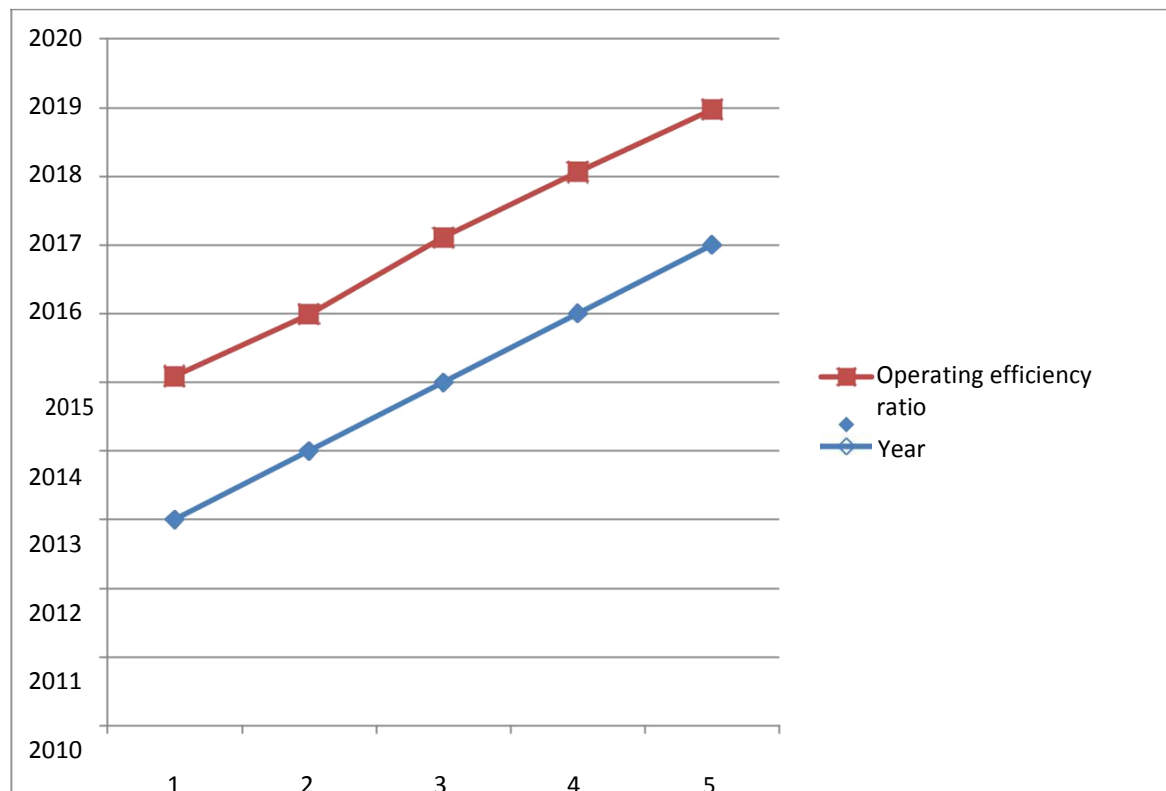
Operating Efficiency: The operating ratio shows the efficiency of a company's management by comparing the total operating expense of a company to net sales. The smaller the ratio, the more efficient the company is at generating revenue versus total expenses.

$$\text{Operating efficiency ratio} = \frac{\text{Total operating expense}}{\text{total operating revenue}}$$

$$\begin{aligned} &\text{Calculating Operating efficiency in 2017} \\ &8871.57/4481.7 \\ &=1.97 \end{aligned}$$

Table-Operating Efficiency

year	2013	2014	2015	2016	2017
total operating revenue	5635.66	6090.62	7123.78	8188.98	8871.57
total operating expense	2688.7	3047.29	3376.15	3964.26	4481.7
Operating efficiency ratio	2.09 times	1.99 times	2.11 times	2.06 times	1.97 times



Interpretation

Operating efficiency ratio of JBL was decreased 2.09 to 1.99 in the year 2013 to 2014, but in the year 2015 it was increased 2.11 and also again decreased in the year 2017 which is 1.97. It means the bank was not efficiently utilize their revenue to cover the operating expense.

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Capital adequacy ratio: capital adequacy ratio means a bank available capital expressed as a percentage of its risk weighted credit exposures.

Two type of capital adequacy are measured:

Tier-1: capital, which is losses without a bank being required to cease trading.

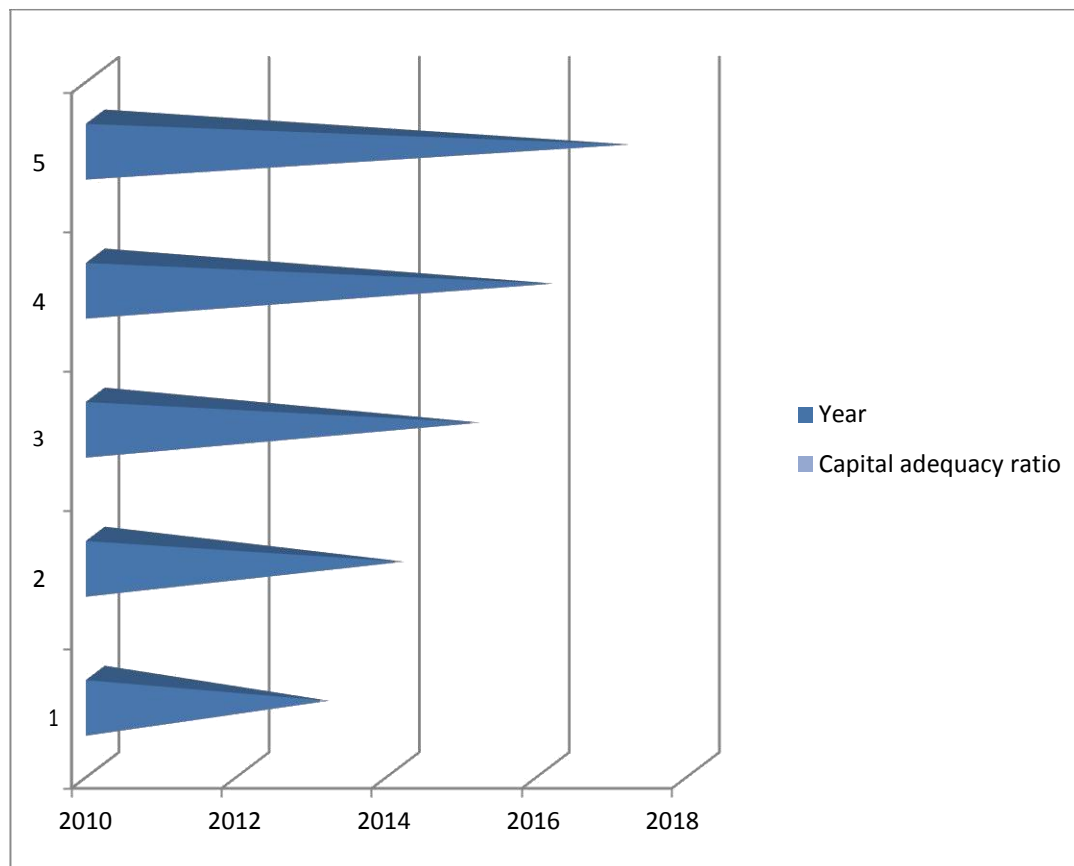
Tier-2: capital which can absorb losses of a winding up and so provides a lesser degree of protection to depositors.

$$\text{Capital adequacy ratio} = (\text{tier one capital} + \text{tier two capital}) / \text{risk weighted assets}$$

$$\begin{aligned} &\text{Calculating capital adequacy ratio in 2017} \\ &= 19901.61 / 168137.76 \\ &= 11.84\% \end{aligned}$$

Table- Capital Adequacy Ratio

particulars	2013	2014	2015	2016	2017
Tier 1 (core capital)	7777.91	9144.80	10773.83	11359.22	12179.70
Tier II (supplementary capital)	1499.89	1951.87	3851.99	4398.76	7721.91
Capital base (tier1+ tier II)	9277.79	11096.67	14625.82	15757.97	19901.61
Risk-weighted assets	83281.74	98651.59	114821.97	145591.93	168137.76
Capital adequacy ratio	11.14%	11.25%	12.74%	10.82%	11.84%



Interpretation

In the year 2016 to 2017 the capital adequacy ratio of JBL was 10% to 11.84% which means they have 11.84% minimum requirement in Bangladesh bank . before that it was 12% in the year 2015.

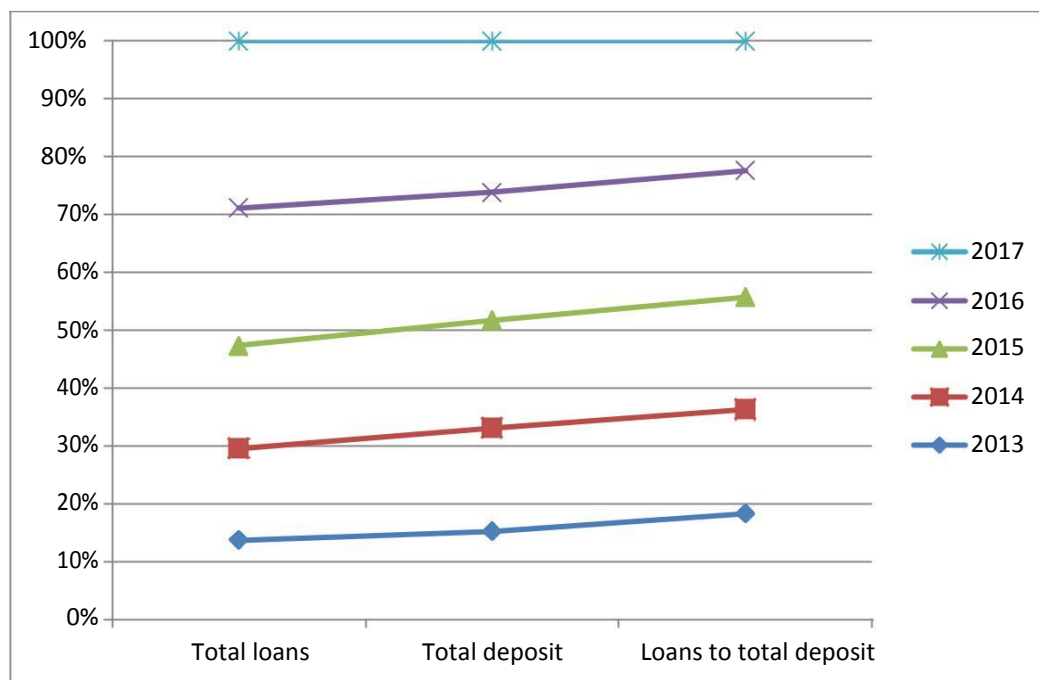
Loans to total deposit: The loan-to-deposit ratio (LDR) is used to assess a bank's liquidity by comparing a bank's total loans to its total deposits for the same period. If the ratio is too high, it means the bank may not have liquidity to cover any unforeseen fund requirements. Also if the ratio is low the bank may not be earning as much as it could be.

$$\text{Loan to total deposit} = \frac{\text{total loan}}{\text{total deposits}}$$

$$\begin{aligned} \text{Calculating loans to total deposit in 2017} \\ &= 1,422,52.94 / 167,571.33 \\ &= 0.84 \end{aligned}$$

Table-Loans to total deposit

year	2013	2014	2015	2016	2017
Total loans	67669.38	77899.79	87252.28	117099.61	142252.94
Total deposit	97485.61	114635.13	118849.18	141550.96	167571.33
Loan to total deposit	0.69414737	0.67954553	0.73414289	0.82726115	0.84890977



Interpretation

In the year 2013 to 2017 presentence of the ratio was 0.69 to 0.84 which is high because the bank may not have enough liquidity to cover unforeseen fund requirement. The bank may not have enough liquidity to cover any unforeseen fund requirements.

Loan to Assets Ratio: Loans to assets ratio is a financial ratio that usually is applied for banks (or credit unions) to measure the relation of the bank's loan portfolio to the total assets.

$$\text{Loan to assets Ratio} = \frac{\text{Total loans}}{\text{Total Assets}}$$

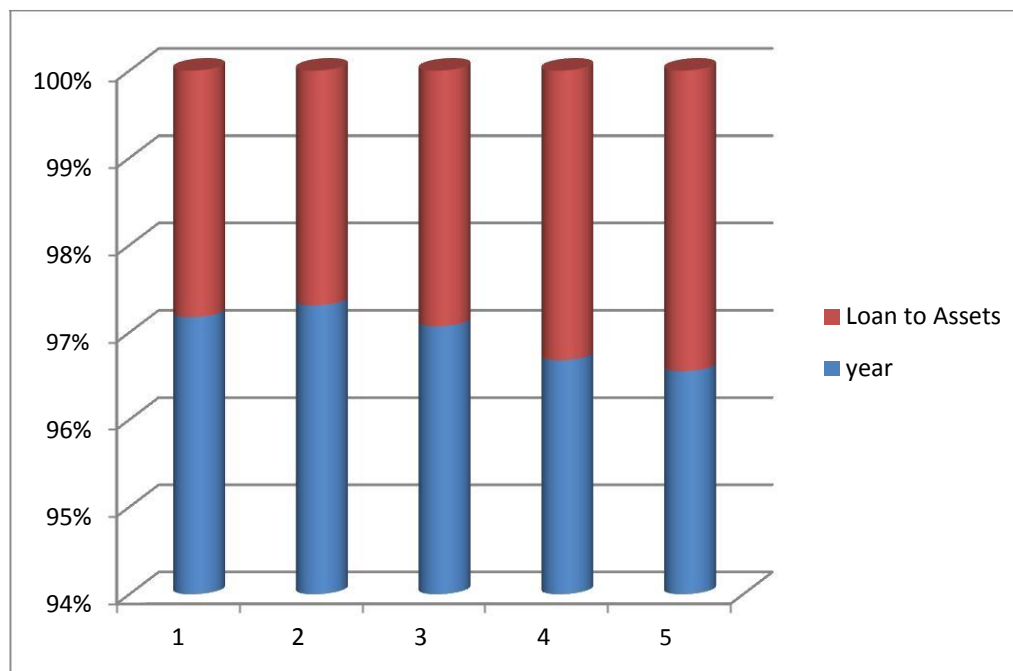
Calculating loan to assets ratio in 2017

$$= 142252.94 / 1976.69$$

$$= 71.96$$

Table-Loan to Assets Ratio

year	2013	2014	2015	2016	2017
Total loans	67669.38	77899.79	87252.28	117099.61	142252.94
total assets	1,156	1398.95	1434.34	1691.95	1976.69
Loan to Assets	58.5172778	55.6844705	60.8309606	69.2098525	71.9652247



Interpretation

In year 2016 and 2017 JBL's loan to total asset ratio was respectively 69.20% and 71.96%. Which is higher in 2017 its means the risk is high.

Equity multiplier: Equity multiplier ratio is commonly used financial ratio calculated by dividing a company's total asset value by total net equity. It is a measure of financial leverage. Companies finance their operations with equity or debt, so a higher equity multiplier indicates that a larger portion of asset financing is attributed to debt. The equity multiplier is therefore a variation of the debt ratio.

$$\text{Equity multiplier} = \frac{\text{Total Assets}}{\text{Total equity capital}}$$

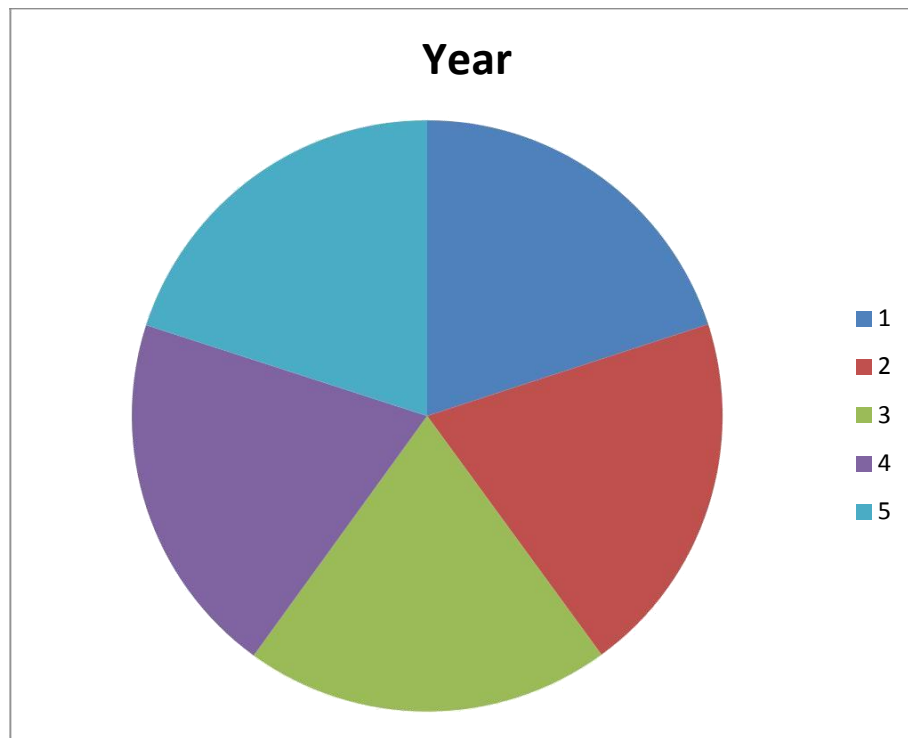
Calculating Equity multiplier ratio in 2017

$$= 1976.69 / 15424.55$$

$$= 0.12$$

Table-Equity multiplier

year	2013	2014	2015	2016	2017
total assets	1,156	1398.95	1434.34	1691.95	1976.69
total equity capital	8895.51	10830.87	15729.27	15784.25	15424.55
Equity Multiplier	0.12999817	0.12916322	0.09118923	0.1071923	0.1281522



Interpretation

JBL equity multiplier ratio is not so good because in higher multiplier increases the loss. And JBL equity multiplier ratio was unstable.

Findings

The problem existing in this many and explained as follows:

- ❖ Current ratio of JBL was not maintained. In the year 2013 to 2017 they not cover the standard norm 2:1.
- ❖ Net profit margin increased slightly from 2016 to 2017 after which it consistently fell in the other years.
- ❖ Net operating margin increasing cost than previous year. In the year 2017 to 2016 it was 2.49% to 2.22%.
- ❖ Return on equity ratio was fluctuated year to year.
- ❖ Capital adequacy ratio was increased in the year 2015 which is 12.74% than the year 2017 which is 11.54%.
- ❖ Return on asset from 2013 to 2017 is continuously decreasing.
- ❖ Loan to deposit is fluctuating trend in the year 2013 to 2017.
- ❖ Loan to assets ratio is fluctuating trend with values between 0.5 to 0.7.

Recommendations

To identify this bank needs proper information system. JBL has to minimize their service gap though strong study on customer objective, expectation, perception and critical aspects. Step should be taken to implement the new process:

- ❖ JBL's should maintain their current ratio standard.
- ❖ Net profit ratio is decreasing. They should increase their net profit by investing the capital.
- ❖ Net operating margin ratio also decreasing. JBL should reduce operating expense and total assets should enhancing.
- ❖ JBL's return on assets is very low and they should increase fixed assets.
- ❖ Loan to total assets ratio was upward trend. Jamuna bank should increase the total assets and decreased loan amount.
- ❖ JBL management should ensure their proper implication.

Conclusion

Financial analysis plays a very important role in providing facts and figures for the decision makers. In the same way ratios will act analysis kit in the hands of financial analyst, these ratios will help in answering the basic question like why, how what of these statements. Now a days financial analysis is very much in consideration for decision making, in deciding what to do and what not to do are required to analyze the data as per as their requirements. Thus in this project was brief outline of ratio analysis like how to analyze the facts and figures given in the financial statements. Throughout the project analyzed organization's financial position and pros and cons of the situations and also interpreted the data. Despite some limitation, analyze the facts and figures with accuracy. Based on the analysis and interpretation the report was give findings and suggestions for the organization as. Finally, project really helps in knowing the practical things of the corporate world.

References:

- ❖ <http://lankabd.com/dse/stock-market/BANKASIA/bank-asia-limited/financialstatements? companied=14&stockId=14>
- ❖ <https://www.investopedia.com/exam-guide/cfa-level-1/financialratios/ default.asp>
- ❖ www.allbankingsolution.com
- ❖ www.financesolution.com

Others:

- □ JBL Annual Report 2013-2017
- □ Financial Information on Jamuna bank limited, Kuril, Pragati shoroni Branch.

Appendix

Highlight of Financial Statement 2013-2017

Balance sheet	2013	2014	2015	2016	2017
Total assets	115,640,448,653	139,895,425,330	143,434,017,011	169,195,033,139	197,669,198,952.00
Total liabilities	106,744,932,748	129,064,551,095	127,704,742,412	153,410,778,606	182,244,643,208.00
Shareholders' equity	8,895,513,884	10,830,874,235	15,729,274,599	15,784,254,533	15,424,555,744.00
Total liabilities and shareholders' equity	115,640,448,455	139,895,425,330	143,434,017,011	169,195,033,139	197,669,198,952.00
Book Value Per Share	19.82	20.99	25.61	25.7	25.12
Paid up capital	4,487,536,620	5,160,667,110	6,141,193,860	6,141,193,860	6,141,193,860.00

Income statement	2013	2014	2015	2016	2017
Net interest income	1,125,014,854	1,591,209,823	1,713,560,189	2,566,705,592	3,846,613,459.00
Total operating income	5,781,442,244	6,277,958,548	7,123,777,525	8,188,982,031	8,871,578,598.00
Total operating expenses	2,688,700,794	3,047,298,726	3,376,157,712	3,964,261,581	4,481,702,406.00
Profit before provision against loans and advances	3,092,741,450	3,230,659,822	3,747,619,813	4,224,720,450	4,389,876,192.00
Total provision	720,128,248	1,296,701,962	1,516,646,483	1,315,821,400	802,568,930.00
Profit before tax	2,349,764,275	1,897,010,483	2,187,237,231	2,819,661,012	3,482,416,609.00
Net profit after tax	1,144,478,934	1,352,735,589	1,642,852,574	1,791,054,761	2,076,584,929.00
Audited EPS	2.55	2.62	2.68	2.92	3.38

Cash flow	2013	2014	2015	2016	2017
Net cash from operating activities	3,171,803,117	5,402,400,329	(3,267,215,432)	(4,466,965,523)	2,443,027,297.00
Net cash used in investing activities	2,603,831,735	(5,635,823,183)	8,912,656,815	4,435,967,104	3,591,667,089.00
Net Cash used in financing activities	(14,039,191,325)	5,682,578,815	(6,255,130,299)	425,255,695	1,109,210,039.00
Net increase/(decrease) in cash and cash equivalents	(8,263,556,473)	5,449,155,961	(609,688,916)	394,257,276	7,143,904,425.00
At the beginning cash and cash equivalents	49,859,812,120	10,930,922,727	16,380,078,691	15,770,389,776	16,164,647,048.00
Cash and cash equivalents at end of the year	41,596,255,647	16,380,078,688	15,770,389,775	16,164,647,052	23,308,551,473.00