

Internship Report  
On  
Financial Performance Analysis of  
Janata Bank Limited (PLC)

# Internship Report On Financial Performance Analysis of Janata Bank Limited (PLC)

## Submitted to

Controller of Examinations  
National University  
Gazipur-1704

## Supervised by

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Senior Lecturer  
Department of Business Administration  
Daffodil Institute of IT (DIIT)

## Submitted by

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(Under National University)  
Submission Date: November 14, 2023

## LETTER OF TRANSMITTAL

Date: 14 November, 2023  
Controller of Examinations  
National University  
Gazipur - 1704

Subject: Submission of Internship Report “Financial Performance Analysis of Janata Bank PLC.

Dear Sir,

With utmost respect I would like to present this Internship Report on “Financial Performance Analysis of Janata Bank plc, Khilgaon Branch, Dhaka, as a requirement for completing my Master of Business Administration. I enjoyed preparing the report though it was challenging to finish within the given time. This report provides me an insight on the customer service department of Janata Bank. In this report I have tried to find out some problem areas related to customer satisfaction of Janata Bank plc. and tried to find out some possible solutions to those particular problems.

I have a strong belief that the report will fulfill your expectation and I have tried to give my best effort so that I can prepare a solid report as per your instruction. I would be very grateful if you accept my report. Your kind consideration and cooperation will be highly appreciated.

Yours Obediently,

.....

Tangila Akter Bithi  
Roll No: 2020477  
Reg. No: 19601000603  
Session: 2019-2020  
Major: Finance & Banking  
Program: MBA  
Daffodil Institute of IT (DIIT)

## **SUPERVISORS 'APPROVAL**

This is to certify that, Tangila Akter Bithi, Reg: 19601000603 , Roll No : 2020477, Session: 2019-2020, Major: Finance & Banking, MBA Program (Professional) is a regular student of Final Semester of MBA program, Department of Business Administration, She has Successfully completed internship report title on “Financial Performance Analysis of Janata Bank plc, Khilgaon Branch, under my supervision and monitoring. I wish her success at every sphere of life. To the best of my knowledge, no part of this report has submitted for any degree or certificate.

Internship Supervisor

.....

Sanjida Islam

Senior Lecturer

Department of Business Administration

Daffodil Institute of IT (DIIT)

## STUDENT DECLARATION

I do hereby declare that the report titled “Financial Performance Analysis of Janata Bank plc, Khilgaon Branch, It is an original work done by me under the supervision of Sanjida Islam, Senior Lecturer, Department of Business Administration, Daffodil Institute of IT No part of this report has been previously submitted to any other University/ College/ Institution/ Organization for any academic certificate/ degree/ diploma/ qualification.

The work that I have presented does not breach any existing copyright.

I further undertake to indemnify the department against any loss or damage arising from breach of the foregoing obligation, if any.

Yours Obediently,

.....

Tangila Akter Bithi

Roll No: 2020477

Reg. No: 19601000603

Session: 2019-2020

Major: Finance & Banking

Program: MBA

Daffodil Institute of IT (DIIT)

## ACKNOWLEDGEMENT

This internship report has prepared through continuous study during my internship period for three months. This work would not be possible without the cooperation and assistance of some generous hands. Without which this would have not been possible. Firstly, I would like to express my heartfelt gratitude to honorable Controller of Examinations, authority of National University and to our honorable Principal for providing me such an opportunity. Without their effort it would be impossible to bring this report to the light. I specially want to acknowledge Md Sham Miah, Assistant Manager of Khilgaon Branch, and Madhuri Rani Gosh, Principal Officer, for their tremendous support, guidance and patience. Without their kind supervision, preparing this report would have been very difficult. They provide me the guidance and counseling during my entire internship program. Their continuous and well-thought feedback enabled me to make this report a comprehensive one. I also would like thank Oaj Uddin Ahmed, Senior Officer of Khilgaon Branch, Janata Bank plc.

I would like to express my sincere gratitude to my academic supervisor Sanjida Islam, Senior Lecturer, Daffodil Institute of IT, for her constant guidance, supervision and feedbacks which enabled me to prepare a well-executed report.

Above all, I want to acknowledge and most grateful almighty Allah, the most merciful blessing me with patience and tenacity of mind to complete the requirements for the degree successfully.

## EXECUTIVE SUMMARY

At first, it reflects the core of the report. To fulfill the partial requirement of MBA degree under National University of this report is to remarking the Financial Performance Analysis to deal with business and so on. Where it uses some data that get from personal observation, face to face conversation with bank officials and Financial Performance Analysis as well as annual report, Financial Performance Analysis related books, information from web to make these report perfect. Though its face limitation such as short time to make these report. Janata bank ltd. is a state-owned commercial bank of Bangladesh established in 1972. Its headquarters is situated at Motijheel in Dhaka, the capital city of Bangladesh. The Bank emerged as ‘Janata Bank’ by combining the erstwhile United Bank Limited and Union Bank Limited under the Banks Nationalization Order (President’s order – 26) of 1972 and was restructured as a limited company in November, 2007. Janata Bank Limited, a corporate body trusted over the years, the 2nd largest (in respect of Deposits/Assets) commercial bank in Bangladesh, has been playing pivotal role in overall financial activities of the country and is possessing a long heritage of discharging laudable services to the society since its embankment immediately after the emergence of this verdant rich alluvial soil as a sovereign, independent state.

It has a well decorated product and service mix (saving bank account, current deposit account, fixed term deposit, short term deposit, cash credit, long and short term financing, house building loan etc.) for the customer for feeling comfortable towards them. Quality service consider as their strength where lack of motivation considered as their weakness. As the place is too much comparative busy place so they have chance to improve but their banking rules and regulation may be threats for them.

Then,

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## ACRONYMS

Acronyms	Elaborations
ADP	Annual Development Program
ATM	Automated Teller Machine
CSR	Corporate Social Responsibility
EPS	Earning Per Share
EM	Equity Multiplier
ETD	Equity to Deposit
ICMAB	Institute of Cost & Management Accountants of Bangladesh
IME	International Money Exchange
ICT	Information & Computer Technology
JBL	Janata Bank Limited
LC	Letter of Credit
LR	Loan Ratio
LTD	Loan to Deposit
NCB	National Commercial Bank
NAVPS	Net Assets Value Per Share
NGO	Non Govt. Organization
NRB	Non Resident Bangladeshi
OER	Operating Expenses to Revenue
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
TLSC	Total Liabilities to Shareholders Capital

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## 1.1 Origin of the report:

Although total MBA program combines an excellent blend of theoretical and classroom knowledge but aside this Project program facilitates a student to bring light on their theoretical knowledge to apply this in practical background. This report is originated as fulfillment of the partial requirement for obtaining MBA degree from Daffodil Institute of IT under the curriculum of National University, Bangladesh. This report is titled as “Financial Performance Analysis of Janata Bank PLC” A Project program at Janata Bank PLC to gather theoretical knowledge about banking activities. I have worked at the Financing & Banking Department of the Janata Bank Ltd.

## 1.2 Objectives of the report:

I have some objectives behind the preparation of the report. The objective are mentioned below-

### **Broad Objective:**

- The broad and overall objective of preparing this report is To observe and evaluate overall financial performance of the Janata Bank PLC.

### **Specific Objectives:**

- To fulfill the partial requirement for obtaining MBA degree from Daffodil Institute of IT under the curriculum of National University of Bangladesh.
- To identify the financial situation of Janata Bank PLC.
- To understand and analyze the financial strength of Janata Bank PLC.
- To understand the analyzing and interpreting of financial ratios.
- To recommend for improving the financial conditions of Janata Bank PLC.

### 1.3 Methodologies of the report:

All information included in this report has been collected from different sources. To understand different conceptual matters I took help from the websites & different published articles in the journals & records. The sources of information are divided into two main ways which are mentioned below-

#### **Primary sources:**

- Face- to- face conversation with the respective officers.
- Conversation with the Deputy General Manager of Janata Bank PLC.
- Relevant file study provided by the concerned officers.

#### Secondary sources:

- Annual Report of Janata Bank PLC.
- Official website of Janata Bank PLC.
- Different manuals of Janata Bank PLC.
- Record from Bangladesh Bureau of Statistics.

#### Data processing & Analysis:

Collected information have been processed & compiled with the aid of MS Word, Excel & other related computer software. Necessary tables have been prepared on the basis of collected data and various statistical techniques have been applied to analyses on the basis of classified information. Detail explanation and analysis have also been incorporated in the report.

## 1.4 Scope of the report:

This report is based on my personal observation during my internship period at August 2023 to October 2023. Here, I tried to gather knowledge on the analytical aspects of financial performance of Janata Bank PLC. This report would also focus on overall financial performance & financial situation of Janata Bank PLC. Lastly, all the parts of the report have been critically analyzed under the guidelines of Bank Companies Act 1991 and a discussion on major findings and recommendations.

## 1.5 Limitations:

Limitation means the barriers which create problems in the track of completing any activities. To prepare report in a short duration is not an easy task. In the time of preparing the report some problems have been arisen, which are:

- The main problem of the study was inadequate information, which was required for the study.
- There are various information that the bank employee can't provide due to security and other corporate obligations.
- Unavailable information in website.
- Some of the information needed to explore the current market scenario of the bank, was not disclosed.
- During my Project period, I was assigned for a selected branch, which was . So, it was tough to collect information from several branches.
- Lack of adequate knowledge and analytical ability for preparing such report.



## 2.1 Historical review:

Janata Bank Plc is the second largest commercial bank in terms of net worth with 872 branches and fully owned by Government of Bangladesh. The mission of the bank is to actively participate in the socio-economic development of the nation by operating a commercially sound banking organization.

Immediately after the independence of Bangladesh in 1971, the Erstwhile United Bank PLC and Union Bank PLC were nationalized and renamed as Janata Bank. Janata Bank is a state owned commercial bank which was incorporated as a Public PLC Company on 21 May 2008 as per Companies Act 1994 and took over the business of the then Janata Bank with all of its assets, liabilities, right, power, privilege and obligation on a going concern basis through a vendor agreement signed between the People's Republic of Bangladesh and Janata Bank PLC on 15 November 2008 with a retrospective effect from 1 July 2008. All of its operational activities are governed by the Bank Companies Act 1991.

The Bank provides all kinds of commercial banking services to its customers including accepting deposits, extending loan & advances, discounting & purchasing bills, remittance, money transfer, foreign exchange transaction, guarantee, commitments etc. The principal activities of its subsidiary are to carry on the remittance of hard-earned foreign currency to Bangladesh. Janata Bank Ltd. has a plan to switch over to a multi- disciplinary financial institution by conducting Merchant Banking business and Islamic Banking operation. The Bank is not depending only on interest earnings; rather it strives hard to go for fee-based income from non fund activities of the bank. This type of business include capital market operations like underwriting, portfolio management, mutual fund management, investors' account as well as commission based business like Letter Of Guarantee, Inland remittance, Foreign remittance etc. These businesses usually do not involve Bank's fund, but on the contrary, offer immense opportunity and scope to expand bank services to the members of public at large.

## **2.2 Vision:**

To become the effective largest commercial bank in Bangladesh to support socio-economic development of the country and to be leading bank in south Asia.

## **2.3 Mission:**

Janata Bank PLC will be the effective commercial bank by maintaining a stable growth strategy, delivering high quality financial products, providing excellent customer service through an experienced management team and ensuring good corporate governance in every step of banking network.

## **2.4 Main Objectives of Janata Bank PLC:**

The main objective of JBL is to provide all types of banking services at doorsteps of the people. The bank participates in various social and development programs and also takes part in the implementation of various policies and promises made by the government.

## **2.5 Business Philosophy of Janata Bank PLC:**

Janata bank PLC a full service commercial bank with local & international institutional shareholding is primarily driven by creating opportunities and pursuing market niches not traditionally made by support the planned growth of its distribution network and for its various segments.

The reason Janata bank is in business is to build a profitable and socially responsible financial institution focused on market and business with growth potential thereby assisting JANATA shareholders build a “just, enlightened, health, democratic and poverty free Bangladesh”. That means to help make communities and economy of the country stronger and to help people achieve their dreams as well. They fulfill the purpose by reaching for high standards in everything we do. For their customers, for their shareholders, their associates and their communities upon which the future prosperity of their company rests.

## 2.6 Corporate Profile:

Name of Company	Janata Bank PLC
Registered Office	JanataBhaban 110, Motijheel C/A Dhaka- 1000
Legal Status	Public PLC Company
Authorized Capital	Tk. 30,000 Million
Paid up Capital	Tk. 19,140 Million
Face value per share	Tk. 100 per share
Shareholding Pattern	100% Share owned by the Government of the Peoples Republic of Bangladesh
Tax Identification No.	001-200-2732
Vat Registration No.	9011050160
Chairman	Luna Shamsuddoha
CEO & Managing Director	Md. Abdus Salam Azad FF
Corporate Rating Status: Entity Rating As govt. owned Bank	A + in the long term ST-2 in the short term AAA in the long term ST-1 in the short term
Telex	675840JBDBJ, 671288 JBHOB
Phone P ABX	9560000, 9566020, 9556245-49, 9565041- 45, 9560027-30
Fax	88-02-9564644, 9560869
E-mail	<a href="mailto:md@janatabank-bd.com">md@janatabank-bd.com</a>
Website	Www. janatabank-bd.com, jb.com.bd
Swift Code	JANBBDDH

Table: 2.1: Corporate Profile for JBL

Source: Website (<https://www.janatabank-bd.com>)

## 2.7 Award and Recognition:

Since its commencement back in 1972 Janata bank has earned plaudits time and again from the global society. As a token of its acclamation the bank has been adorned with a number of lofty awards and Recognition by esteemed organization of home and abroad which testify the bank's dedication towards professionalism, customer services and success as well. The supercilious performance of the Bank translated into its claiming laudation through appreciable contribution to the spurring economic development of the country. Any recognition is enthralling as well as encouraging to us that make us more pledge-bound towards delivering up-marked services to our customers and thus to the society. These accolades will be our force in setting milestones in days to come.

Janata bank awarded best tax payer award 2017-2018.CEO&MD of the bank MD.Abdus Salam receives certificate from honorable Finance Minister Abul Mal Abdul Muhit.

## 2.8 Successes of JBL in 2019:

Sustainable growth of Janata Bank Ltd. lies in the growth in loan & advances against the growth in total assets and deposit. Some successes of JBL in 2019 are highlighted below:

- All Branches have gone to live Operation into online banking.
- JBL crossed BDT 649,441 million in deposit.
- JBL crossed BDT 459,580 million in loans & advances.
- Received "ICAB Best Presented Annual Report Award" (1st position) from The Institute of Chartered Accountants of Bangladesh (ICAB).
- Received "ICMAB Best Corporate Award" from Institute of Cost and Management Accountants of Bangladesh (ICMAB).
- Received Best presented Annual Report & SAARC anniversary award from The South Asian Federation of Accountants (SAFA).
- Received "Citizen Service Innovation Award" from Ministry of Finance.

## **2.9 Product & Services of Janata Bank PLC:**

Janata Bank PLC is always committed to serve the clients with the best values and innovative products and services to enrich its portfolio.

### **1. Deposits:**

#### **a) Current & Call Deposits:**

- Current Deposit
- Call Deposit
- Deposit in Foreign Currency
- Resident Foreign Currency Deposit
- Deposits in FC (WES)
- Convertible Taka A/C (D)

#### **b) Savings Bank Deposits:**

- Savings Bank Deposit
- Savings Deposit from foreign remittance
- Q-Cash Deposit
- NRB FC Deposit
- School Banking Deposit

#### **c) Monthly Scheme Deposits:**

- Deposit Pension Scheme
- JB Savings Pension Scheme
- Medical Deposit Scheme
- Education Deposit Scheme
- GhoreGhoreSanchay
- JB Special Deposit Scheme
- JB Monthly AmanatProkalpa
- Janata Hajj Deposit Scheme
- Janata Deposit Scheme

#### **d) Term Deposits:**

- Fixed Deposit
- JB Double Benefit Scheme
- JB Monthly Benefit Scheme
- Retirement Savings Scheme
- JBL Retirement Savings Scheme
- Continuous Benefit Account

#### **e) Special Notice Deposit:**

- Special Notice Deposit
- Convertible Taka A/C (SND)

### **2. Loans & Advances:**

#### **a) Term Loan:**

- Industrial Credit (IC)
- Housing Building Loan (General & Commercial)
- Agro based Industry/Project Loan
- Shipyard loan
- Loan for Overseas Employment
- Consumer Credit

#### **b) Small and Medium Enterprise Loan:**

- Service Sector Loan
- Trading Sector Loan
- Manufacturing Sector Loan

#### **c) Continuous Loan:**

- Cash Credit (Hypo)
- Cash Credit (Pledge)
- Export Cash Credit
- Secured Overdraft (SOD)

**d) Rural & Agro Credit:**

- Crop Loan
- Fishery Loan
- Animal Husbandry Loan
- Agricultural Machineries Loan
- Rural Transport Loan
- Flower cultivation

**e) Poverty Alleviation Program:**

- Supervised Credit Program
- Small Farmers & Landless Laborers
- Self-employment Scheme
- GhoroaProkalpa/Family Based Micro Credit

**f) Specialized Loan Program:**

- Cyber Café
- Service holders Loan
- Doctor's Loan Scheme
- Special Credit Program for Women Entrepreneurs

**g) Micro & Cottage industries loan:**

- Dairy/Poultry/Fish Culture
- Loan for Handicrafts/Disabled People
- NGO linkage loan
- Weavers' Credit
- Swanirvar Loan

#### **h) Import & Export Finance:**

- Loan Against Imported Merchandise (LIM)
- Inland Bill Purchase (IBP)
- Loan Against Trust Receipt (LTR)
- Payment Against Document (PAD)
- Packing Credit (PC)
- Local/Foreign Bills Purchased (FBP)
- Loan Against Export Development Fund (EDF)
- Advance Against Cash Incentive (Subsidy, Assistance)

#### **i) Letter of Credit:**

- Letter of Credit - at Sight
- Letter of Credit – Usance
- Back to Back L/C

### **3. Services:**

#### **a) Financial Services (Inland Remittance):**

- Demand Draft (DD)
- Telephonic Transfer (TT)
- Mail Transfer (MT)
- JB remittance payment system (Deposit/withdrawal from any branch)
- JB PIN cash System

#### **b) Financial Services (Foreign Remittance):**

- Online Speedy Remittance
- Maintaining NRT Account
- Foreign MT
- Foreign Remittance
- Foreign Demand Draft
- Collection of Draft, Cheque, TC
- Foreign Currency Endorsement



### **c) Other Financial Services:**

- Pay Order
- Pay Slip
- Security Deposit Receipt (SDR)

### **d) Utility Services:**

- Gas Bills Collection
- Electricity Bills Collection
- Telephone Bills Collection
- Water/Sewerage Bills Collection
- Municipal Holding Tax Collection
- Port Bill Collection
- Land Rent Collection

### **e) ATM Service:**

- Cash withdrawal
- Balance inquiry
- Mini statement of accounts
- Point of Sale (POS)
- Mobile recharge
- Tax payment

### **f) Welfare Service:**

- Payment of Non- Govt. Teachers' Salaries
- Payment of Primary and Secondary Girl Students Stipend
- Payment of Army Pension/Civil Pension
- Payment of Widows, Divorcees and Destitute Women Allowances
- Payment of Old-age/Disabled Allowances
- Food procurement bills
- Issuance of Television License
- Payment of Sanchayapatra

### **g) Service to the Government:**

- Sale of Prize Bond
- Sale of Wage Earner Bond (WEB)
- Sale of Sanchay Patra (SP)
- VAT collection
- Tax collection
- Excise duty collection

### **h) Other Service:**

- Locker Service
- SMS banking
- Sale of Lottery Ticket
- Foreign Currency Buying and Selling
- Bangladesh Electronic Fund Transfer Network(BEFTN)
- Bangladesh Automated Clearing House (BACH)
- Debit Card Service
- Credit Card Service

### **i) Customer Care:**

- Help/Information Desk
- Inquiry Desk
- Counseling

## 2.10 Green Banking:

Industrialization is one of the main causes of environment pollution. By investing in various industry banks indirectly, accelerate pollution. To protect environment pollution, JBL has taken prompt initiatives for environment friendly financing along with in house measurement to protecting environment, conserving natural resources and combating climatic changes. The bank practices curtailing paper-work and using online/electronic transactions and financing to bio-gas plant, solar panel, renewable energy plant, and tree plantation etc. It may be noted that JBL has allotted BDT 4,300 million in the bank's overall annual credit budget for financing green banking projects.

## 2.11 Key Milestones of Janata Bank PLC:

Key Milestones of JBL	
2019	All Branches have gone to live Operation into online banking.
	JBL crossed BDT 649,441 million in deposit.
	JBL crossed BDT 459,580 million in loans & advances.
	Received "ICAB Best Presented Annual Report Award" (1st position) from
	The Institute of Chartered Accountants of Bangladesh (ICAB).
	2019 Received "ICMAB Best Corporate Award" from Institute of Cost and
	Management Accountants of Bangladesh (ICMAB).
	Received Best presented Annual Report & SAARC anniversary award from
	The South Asian Federation of Accountants (SAFA).
	Received "Citizen Service Innovation Award" from Ministry of Finance.
Received "ICMAB Best Corporate Award" from Institute of Cost and Management Accountants of Bangladesh (ICMAB).	

2018	Launching of JB PIN Cash service.
	Highest tax payer among the State Owned Commercial Banks.
	Received “ICMAB Best Corporate Award” (1st position) from The Institute of Cost and Management Accountants of Bangladesh
2017	JBL Rewarded “Wholesale Banking Awards 2017” & “Retail Banking Awards 2017”.
2016	Received “ICAB Corporate Governance Award” from The Institute of Chartered Accountants of Bangladesh (ICAB).
	Received “Asian Banking and Finance Awards 2016” from The Asian Banking and Finance Magazine (ABF).
	Incorporation of Janata Exchange Company, USA.
	JBL crossed 900 Branches all over the country.
2015	Full automation of JBL branches. Enhancement of paid up capital to BDT 19,140 million
2014 & 2015	JBL Rewarded “Wholesale Banking Awards” & “Retail Banking Awards” & “Bank of the year Award” by Asian Banking and Finance (CMG) Singapore.
2014	JBL at the top in CSR activities among the SCBs.
	Landmark of BDT 400,000 million deposit.
2013 & 2015	JBL achieved highest operating profit among SCBs
2013	Launching of JBL CIB online system.
	Launching BEFTN & EFT operation.
	Inauguration of online banking.
2013 & 2014	Received “ICMAB Best Corporate Award” from Institute of Cost and Management Accountants of Bangladesh (ICMAB).
2011	Incorporation & commencement of Janata Capital & Investment Ltd.
	Launching of BACH operation.
2010	Launching of speedy remittance service.
	Issuance of 1st bonus share in JBL.

2009	Commencement of NRB branch.
2008	Incorporation and commencement of business as JBL.
2007 & 2010	Received “World Best Bank Award” from New York based financial magazine global finance.
2005	Received “Asian Banking Awards” on credit scheme for handicapped people from Asian Bankers Association (ABA) & Bank Marketing Association of the Philippines (BMAP).
2004	Received “Asian Banking Award” on Financing program for Association of the Philippines (BMAP).
2003	JBL crossed BDT 100,000 million of loans & advances.
2002	Incorporate of ATM service.
2001, 2005	JBL awarded “The bank of the year in Bangladesh” by London based financial times group.
2000	Deposit crossed BDT 100,000 million.
1999	1st cash dividend paid.
1990	Launching 1st computer in JBL.

Table 2.2: Key Milestones of Janata Bank PLC Source: Website  
(<https://www.janatabank-bd.com>)

## 2.12 Organizational Structure of Janata Bank PLC:

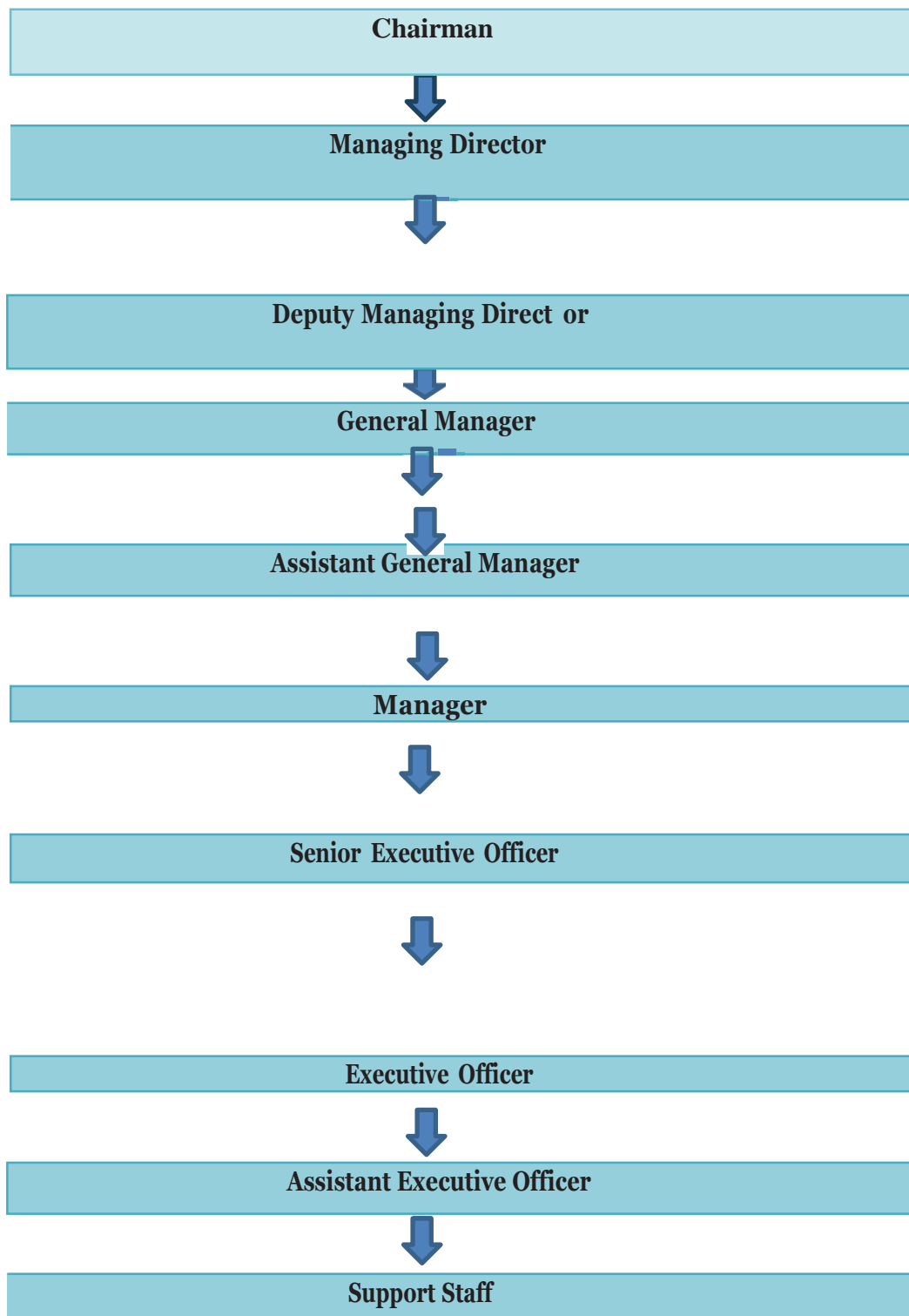


Figure 2.1: Organizational Structure of Janata Bank PLC

Source: Website (<https://www.janatabank-bd.com>)

### **2.13 Future Outlook of Janata Bank PLC:**

In this era of globalization, the business world is continuously changing and to keep pace with the changes every organization needs to ensure continuous development to achieve better competitive advantage and superior service quality over the competitors. JBL is well positioned to meet the challenges of 2019 and will continue to strive to innovate and capture opportunity for growth and value creation. The key concentration areas of our management will be:

1. More focus on local business.
2. Retain market leadership.
3. Product Diversification with increased sales effort.
4. Exploring new client segments.
5. Capitalizing on the brand value.
6. Investing in Technology for Better Data Management & Improved Trade Management
7. Implementing Planned Structural Changes.
8. Investing in our Human capital. We believe that our team work shall play a vital role in reaching our target and achieve the corporate mission to be the market leader by increasing market share.

### **2.14 CSR of Janata Bank PLC:**

Janata bank has actively & fully adhered to the principles of sound corporate governance. Fairness, transparency, accountability and responsibility are the minimum standard of acceptable corporate behavior. Janata bank PLC continuous to ensure the compliance of corporate governance as Securities and Exchange Commission rules & regulations. Janata bank considers socially responsible activities an important part of its culture, identity and business practice. It has deep commitment, loyalty & high sense of responsibility to our nation and its people. It conforms to all of the stringent regulations issued by the government & Bangladesh Bank. Some points are given bellow:

- Post disaster assistance.
- Sponsorship in sports.
- Sponsorship in cultural activities.
- Commercial loan to small and medium entrepreneurs.

- Financing in poverty alleviation sector
- Women entrepreneurs' development scheme under SME.
- Beautification of Dhaka city.

## **2.15 SWOT analysis of Janata Bank PLC:**

SWOT analysis involves an examination of a firm's strengths, weakness, opportunities and threats. It should help to evaluate firm's strategies to exploit its competitive advantages or defend against its weakness. Strengths and weakness involve identifying the firm's internal abilities or lack thereof. Opportunities and threats include external situation.

### **a) Strengths of Janata Bank Ltd:**

- Top management consisting efficient management group.
- Company reputation with positive image in the banking industry.
- Many branches to satisfy customer needs.
- Various products and services for clients.
- Corporate culture.

### **b) Weakness of Janata Bank Ltd:**

- Heavily depended on head office for decision making.
- Absence of upgraded package.
- Low remuneration package.
- Not fully computerized.
- Low promotional campaign.



### **c) Opportunities of Janata Bank Ltd:**

- Product line proliferation for introducing more branches.
- Introducing special corporate scheme.
- Developing new products and services.

### **d) Threats of Janata Bank Ltd:**

The default risks of all terms of loan have to be minimizing in order to sustain in the financial market. Because default risk leads the organization towards to bankrupt.

- The low compensation package of the employees from mid-level to lower level position threatens the employee motivation.
- Some commercial/ foreign as well as private banks.
- Customer awareness of pricing & services.

### **3.1 Theoretical Framework**

Theories are formulated to explain, predict, and understand phenomena and, in many cases, to challenge and extend existing knowledge, within the limits of the critical bounding assumptions. The theoretical framework is the structure that can hold or support a theory of a research study. The theoretical framework introduces and describes the theory which explains why the research problem under study exists.

### **3.2 Ratios analysis**

Activity Ratio highlights the activity and the operational efficiency of the business concern. The better managements of asserts the larger the amount of sales. Activity ratio measures the relationship between the sales and the assets. Turnover ratios are employed to evaluate the efficiency with which the firm manages and utilize s its assets. Their ratio indicates the speed with which assets are brought converted as turn over into sales.

### **3.3 Types of ratio analysis**

As an accountant, you can perform several ratio analyses. Each one assesses a different aspect of a firm's finances. This allows you to establish a more comprehensive picture of its financial wellbeing. The section below outlines five types of ratio analysis:

Although there are many financial ratios businesses can use to measure their performance, they can be divided into four basic categories.

- Liquidity ratios.
- Activity ratios (also called efficiency ratios)
- Profitability ratios.
- Leverage ratios.

### **3.4 Financial Analysis Tools:**

Financial analysis tools are one of the most efficient ways that can be used for ensuring good profit from investment. These financial analysis tools are highly helpful in evaluating the market and investing in a way so as to maximize the profit from the investments made. These financial analysis tools are useful for deciphering both internal and external information related to a specific business organization. The analysis and interpretation of financial statement is used to determine the financial position and result of operation as well. The following are tools that are used for analyzing the financial position of the company:

- Horizontal Analysis

- Vertical Analysis

- Ratio Analysis

- Economic value added (EVA) Analysis

- Market Value Analysis

### **3.5 Horizontal Analysis:**

Horizontal analysis involves calculating the percentage change of the categories of financial statement overtime. For example, one may be interested in the trend of a company's operating expenses, By examining the percentage change from year one to year two in operating expense, he/she can determine whether costs are shrinking or growing. However, horizontal analysis has its drawbacks. This technique does not take into account the changing size of business. Going back to the expense example, a manager may be concerned that the company's expenses are growing every year, but if the business is growing, there is no cause for concern.

### 3.6 Horizontal/ Trend Analysis of Janata Bank PLC:

It is conducted by setting consecutive balance sheet, income statement or statement of cash flow side-by-side and reviewing changes in individual categories on a year-to-year or multi year basis. The most important item revealed by comparative financial statement analysis is trend.

Percentage change= (recent year – previous year)/ Previous year

Item (Figure In Millions)	2020	%	2019	%	2018
Paid up Capital	19,140.00	0	19140.00	0	19140.00
Shareholders' Equity	51,363.33	2.95%	49889.66	.69%	49547.44
Total assets	805,988.41	3.52%	778603.91	12.73%	690667.66
Total deposits	649,440.78	1.19%	641819.15	12.82%	568911.14
Total Loans & Advances	459,580.05	14.03%	403037.42	15.20%	349861.30
Total Investment	177,342.15	-2.40%	233274.87	6.45%	219150.10
Operating Income	11,369.48	13.26%	10038.28	-6.36%	10720.50
Total Expenditure	54364.25	2.22%	44489.80	-1.04%	44958.32
Profit Before Provision & Tax	11,369.48	1.32%	10038.28	-6.36%	10720.50
Profit Before Tax	4,210.05	15.34%	3650.16	-44.36%	6560.05
Net Profit After Tax	2,686.50	.31%	2605.48	-45.81%	4807.88

Table: 3.1: Horizontal/Trend Analysis of JBL Source: JBL Annual Report

A comparison of statements over several years reveals direction, speed and extent of a trend(s). The horizontal financial statements analysis is done by restating amount of each item or group of items as a percentage. Such percentage are calculated by selecting a base year and assign a weight of 100 to the amount of each item in the base year statement. Thereafter, the amounts of similar items or groups of items in prior or subsequent financial statements are expressed as percentage of the base year amount. The resulting figures are called index numbers or trend ratios. The above analysis shows that JBL performance trend is quite better in 2018 than 2019. Their capital was same in 2018& 2019 but the stockholders equity has increased in 2018 compared to 2019.

### **3.7 Vertical Analysis:**

Vertical analysis is the process of reporting each item on a set of financial statements as a percentage of a large item. On the income statement, items are usually reported as percentage of sales, and on the balance sheet items are usually reported as a percentage of total assets. A single vertical analysis is not very useful to most managers, but using the result of a vertical analysis to compare ratios across time or to see how a company measures up to industry benchmarks can help a management team determine areas of strength and weakness.

#### **3.7.1 Vertical/Common Size Analysis of Janata Bank PLC:**

Vertical/Common size statement came from the problems in comparing the financial statements of firms that differ in size. In the balance sheet, for example, the assets as well as the liabilities and equity are each expressed as 100% and each item in these categories is expressed as a percentage of the respective totals. In the common size income statement, turnover is expressed as 100% and every item in the income statement is expressed as a percentage of turnover (sales). Here bank has no sales so that I have consider the operating income as 100%.

Balance Sheet As on December 31, 2020 & 2019			Common size Balance sheet As on December 31, 2020 & 2019	
Particular	2020 (In Millions)	2019 (In Millions)	2020 (%)	2019 (%)
Property and Assets:	46629.25	42546.86	5.99%	6.16%
Cash in Hand	4465.97	4588.33	.57%	.66%
Balance with Bangladesh Bank & Agent Bank	42163.28	37958.53	5.42%	5.50%
Balance with other Banks and Financial Institutions	24379.16	14295.23	3.13%	2.07%
Money at call & short notice	2024.35	1728.36	.26%	.25%
Investment	233274.87	224273.17	29.96%	32.47%
Loans and Advances	403037.42	349861.30	51.76%	50.66%
Fixed Assets	10573.26	10033.61	1.36%	1.45%
Non-banking other Assets	58685.60	47929.13	7.54%	6.94%
Total Property and Assets	778603.91	690667.67	100%	100%
Liabilities and Shareholders' Equity: Capital borrowing from other banks	7432.05	4628.68	.95%	.67%
Deposits and other accounts	6418119.15	568911.14	82.43%	82.37%
Other Liabilities	79463.04	67580.41	10.21%	9.78%
Total Liabilities	728714.25	641120.22	93.59%	92.83%

Capital/Shareholders' Equity	49889.66	49547.44	6.41%	7.17%
Total Liabilities and Shareholders' Equity	778603.91	690667.67	100%	100%

Table: 3.2: Common Size Balance Sheet Source: JBL Annual Report

From the vertical analysis above, we can compare the percentage mark-up of asset item and how they have been financed. The strategies may includes increase/decrease the holding of certain assets. The analyst may as well observe the trend of the increase in the assets and liabilities over several years. It can be observed that there is an increase in the holding of the current assets of the company. The management can seek the reasons of why the holding of these assets is continuously increasing. Though both the assets and liabilities are increasing but proportionately liabilities were a little higher than total assets, which may make some ratio lower. The above analysis also shows that's total liabilities has increased so as stock holder's equity, which indicated that JBL has more debt financing than equity.

Common Size profit and Loss Account For the year ended December 31, 2020 & 2019		
Particulars	2020	2019
	Taka	Taka
Operating Income Interest		
Income		
Interest Paid on Deposits and Borrowings etc.	31,145,611,896	31,897,904,514
Net Interest Income	27,093,672,662	31,331,304,819
Investment Income	4,051,939,234	566,599,695
Commission, Exchange and Brokerage	14,414,821,862	16,416,874,024
Other Operating Income	4,910,829,124	4,204,025,685
Total Operating Income (A)	2,000,706,200	1,828,263,232

	25,378,296,420	23,015,762,636
Operating Expenses		
Salary and Allowances		
Rent, Taxes, Insurance, Electricity etc.	10,003,832,785	9,523,977,793
Legal Expenses	1,186,583,912	948,388,647
Postage, Stamp, Telecommunication etc.	27,346,213	39,374,927
Stationery, Printings, Advertisements etc.	256,649,643	114,781,413
Chief Executive's Salary and Fees	237,765,433	240,740,609
Directors' Fees	4,296,774	4,800,000
Auditors' Fees		
Depreciation, Repair and Maintenance	4,344,000	3,800,000
	8,673,652	9,458,346
Other Operating Expenses	843,255,279	750,517,858
Total Operating Expenses (B)	1,436,070,814	1,341,637,639
Profit/(Loss) before Provision & Tax (C) = (A-B)	14,008,818,505	12,977,477,232
Provision for Loans and Advances	11,369,477,915	10,038,285,404
Provision for Off-balance Sheet Exposures	4,059,525,949	3,696,393,387
Provision for Other Assets		
Provision for Employee Benefits	293,600,00	(163,600,983)
Provision for Diminution in	850,000,000	1,041,302,742



Value of Investments	2,081,618,836	1,760,000,000
Other Provisions Total Provisions (D)	(250,000,000)	-
	124,680,316	54,025,183
Net Profit/(Loss) before Taxes (E) = (C-D)	7,159,425,101	6,388,120,329
Provision For Taxation (including Ruler Tax) (F)	4,210,052,814	3,650,165,075
Current Tax	1,523,553,732	1,044,689,061
Deferred Tax	1,676,093,445 (152,539,713)	2,046,795,333 (1,002,106,272)
Net Profit/(Loss) after Taxation (G) = (E-F)	2,686,499,082	2,605,476,014

Table: 3.3: Common Size Analysis of JBL Source: Annual Report of JBL

## 4.1 Ratio Analysis of Janata Bank PLC:

Ratio analysis is a family of techniques that involves computing common ratios of different balance sheet and income statement categories and comparing these ratios to those of other companies of widely established benchmark. Some ratios, such as profit margin or return on assets, are so common that they are part of the business vernacular. Others, such as days sales outstanding or collection cycle, may be initially unfamiliar but quite useful. A ratio exists for nearly every business metric, so learning these tools can be daunting; however, the ability to precisely gauge performance is useful when investigating specific concerns about a firm.

## 4.2 Current Ratio:

The current ratio, one of the most commonly cited financial ratios, measures the bank's ability to meet its short term obligations. The higher the current ratio, the better the liquidity position of the bank. It expressed as:

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

Table: 4. 1: Current Ratio of JBL Source: Annual Report of JBL

Year	Calculations	Ratio(Times)
2022	426636.64/410503.03	1.04
2021	345385.82/335978.66	1.02
2020	314186.75/305702.73	1.31
2019	285730.53/275583.75	1.04
2018	227309.99/219102.72	1.02

## Graphical Presentation

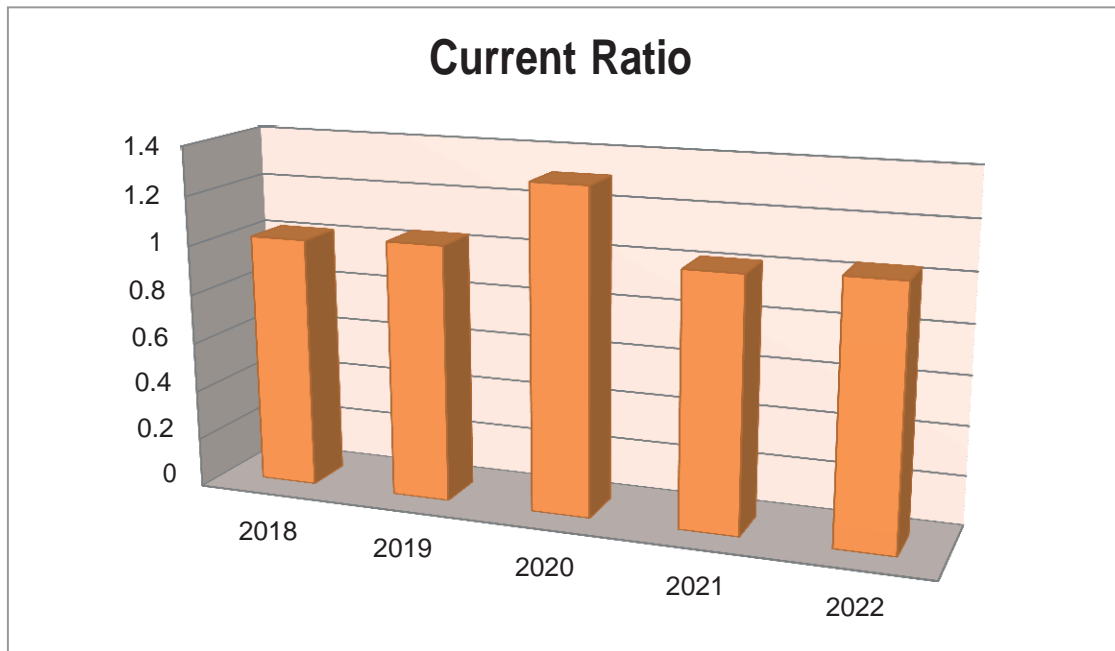


Figure: 4.1: Current Ratio of JBL

Source: Annual Report of JBL

The higher the current ratio; the more liquid the firm is considered to be. But JBL, current ratio is good because it maintains higher current assets against current liabilities whereas normally banking industry maintain 2:1 current ratio. This Graph shows that, the current ratio is increased in year 2019 and decreased the following year.

### 4.3 Quick or Acid Test Ratio:

A stringent indicator that determines whether a bank has enough short-term assets to cover its immediate liabilities without selling inventory. The acid-test ratio is far more strenuous than the working capital ratio, primarily because the working capital ratio allows for the inclusion of inventory assets. It is expressed as:

Quick or Acid Test Ratio:  $(\text{Current Assets} - \text{Inventory} - \text{Prepaid Expenses}) / \text{Current Liabilities}$

Table: 4. 2: Acid Ratio of JBL Source: Annual Report of JBL

Year	Calculations	Ratio
2022	426636.64/410503.03	1.04
2021	345385.82/335978.66	1.02
2020	314186.75/305702.73	1.31
2019	285730.53/275583.75	1.04
2018	227309.99/219102.72	1.02

Graphical Presentation

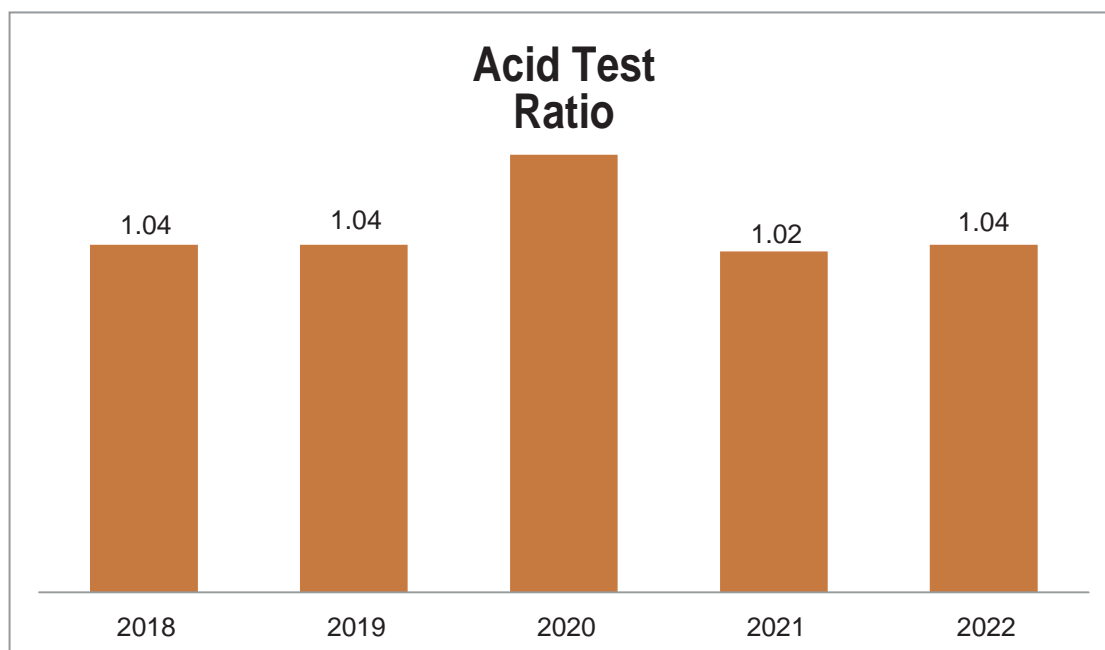


Figure: 4.2: Acid Test Ratio of JBL Source: Annual Report of JBL

Banks with ratios of less than 1 cannot pay their current liabilities and should be looked at with extreme caution. Furthermore, if acid-test ratio is much lower than the working capital ratio, it means current assets are highly dependent on inventory. The standard ratio is 1:1. But the Acid test ratio of JBL is poor than standard. To improve this ratio, the JBL has to increased the cash, short-term investment & receivable and reduce the current liability.

#### 4.4 Cash Reserve Ratio:

The Cash Reserve Ratio is the amount of funds that the banks are bound to keep with Bangladesh Bank as a portion of their Net Demand and Time Liabilities (NDTL). The objective of CRR is to ensure the liquidity and solvency of the Banks. The CRR is maintained fortnightly average basis.

Under CRR a certain Percentage of the total bank deposits has to be kept in the current account with RBI which means banks do not have access to that much amount for any economic activity or commercial activity.

Cash Reserve Ratio = Cash and Marketable Securities / Total Current Liabilities

Table: 4.3: Cash Reserve Ratio of JBL Source: Annual Report of JBL

Year	Ratio
2022	6.74%
2021	6.49%
2020	6.83%
2019	5.70%
2018	6.26%

## Graphical Presentation

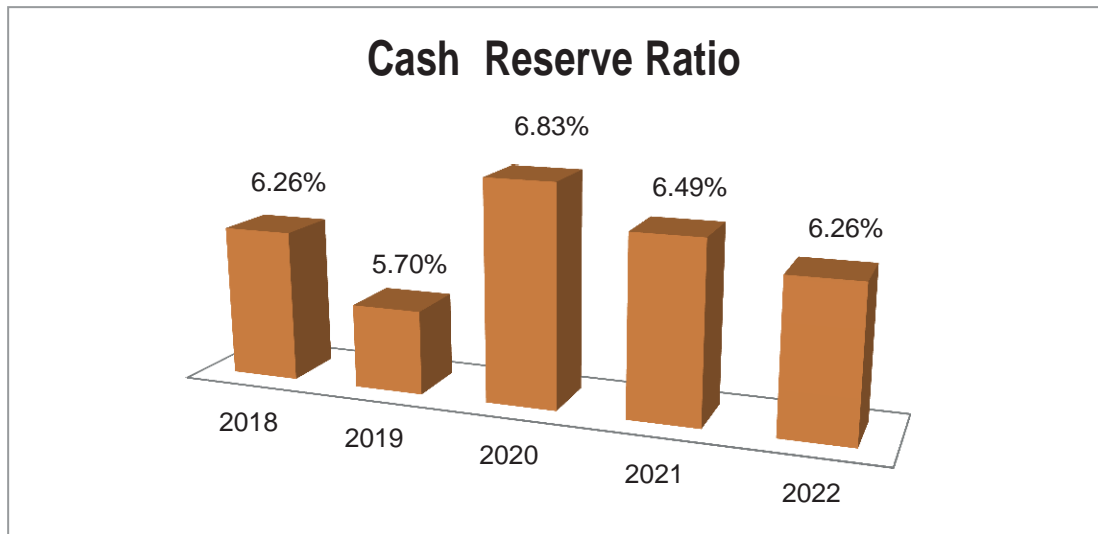


Figure: 4.3: Cash Reserve Ratio of JBL Source: Annual Report of JBL

The higher the cash reserve ratio the better the bank's overall financial performance. Here the CRR was low in 2019 than 2018. Then it began to be the highest in 2019 and lowering in the following years. It should be maintain according to the demand of the people of the country.

### 4.5 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 difference 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.

#### 4.5.1 Cost to 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:

$$\text{Cost to Income Ratio} = \frac{\text{Total Operating Expenses}}{\text{Total Operating Income}}$$

Income Ratio (CIR) of Janata Bank PLC:

A ratio that shows the efficiency of a company's management by comparing operating expenses to net sales or operating incomes. It can be calculated as:

$$\text{Cost to Income} = \text{Total Operating Expenses} / \text{Total Operating Income (Revenue)}$$

Table: 4.4: Cost to Income Source: Annual Report of JBL

Year	Ratio
2022	70.65%
2021	77.98%
2020	81.06%
2019	80.75%
2018	81.59%

Graphical Presentation

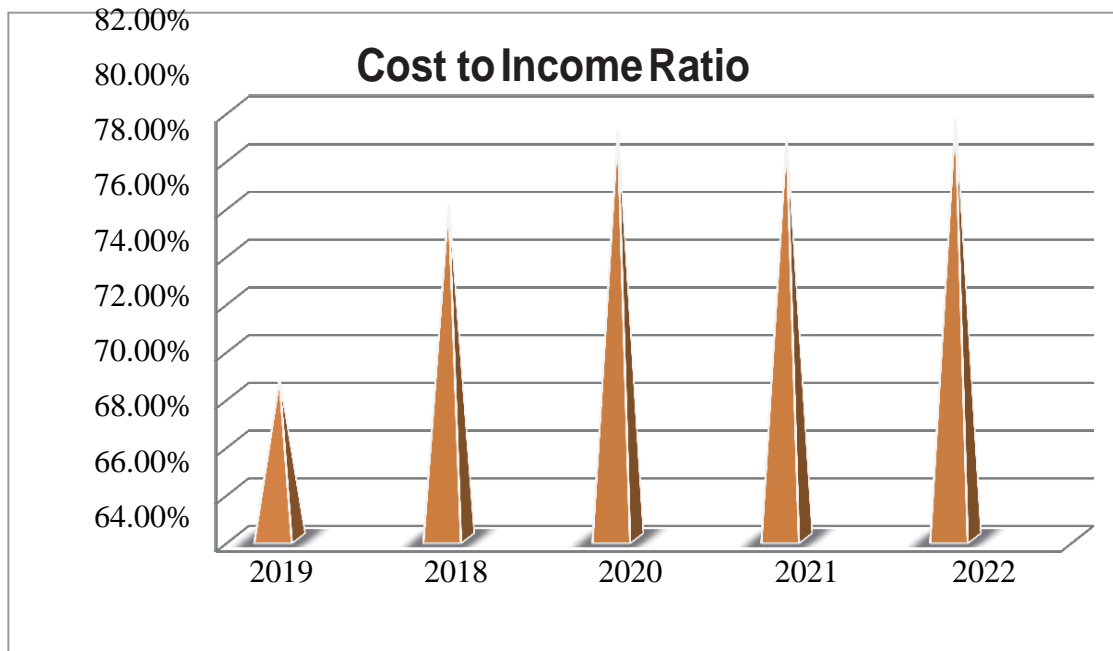


Figure: 4.4: Cost to Income Ratio Source: Annual Report of JBL

We know that this ratio measures the operating efficiency of the bank by measuring the portion of the total operating costs relative to the total operating income of that bank and the higher the ratio, the lower the operating efficiency. In 2018 the operating cost of JBL is low but after that it is increasing in the recent year. So it can be said that the operating efficiency of the JBL is in good position compared to the past years that is they are not in good position to minimize their operating cost.

#### **4.5.2 Fixed Asset Turnover:**

A Financial ratio of net sales to fixed assets. The fixed-asset turnover ratio measures a company's ability to generate net sales from fixed-asset investments – specifically property, plant and equipment- net of depreciation. A higher fixed-asset turnover ratio shows that the company has been more effective in using the investment in fixed assets to generate revenues. The fixed-asset turnover ratio is calculated as:

$$\text{Fixed Asset Turnover} = \text{Gross Turnover} / \text{Net fixed asset}$$

#### **4.5.3 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 and advance or as investment.

The ratio is calculated as follows:

$$\text{Investment to Deposit Ratio} = \text{Total Investment} / \text{Total Deposits}$$

Investment to Deposit Ratio of Janata Bank PLC:

It is expressed as:



Investment to Deposit Ratio = Total Investment / Total Deposit

Table: 4.5: Investment to Deposit Ratio of JBL Source: Annual Report of JBL

Year	Calculation	Ratio
2022	233274.87/641819.15	0.3635
2021	219150.10/568911.14	0.3852
2020	196713.53/516010.74	0.3812
2019	193279.63/478535.57	0.4039
2018	108342.04/409767.01	0.2644

Graphical Presentation:

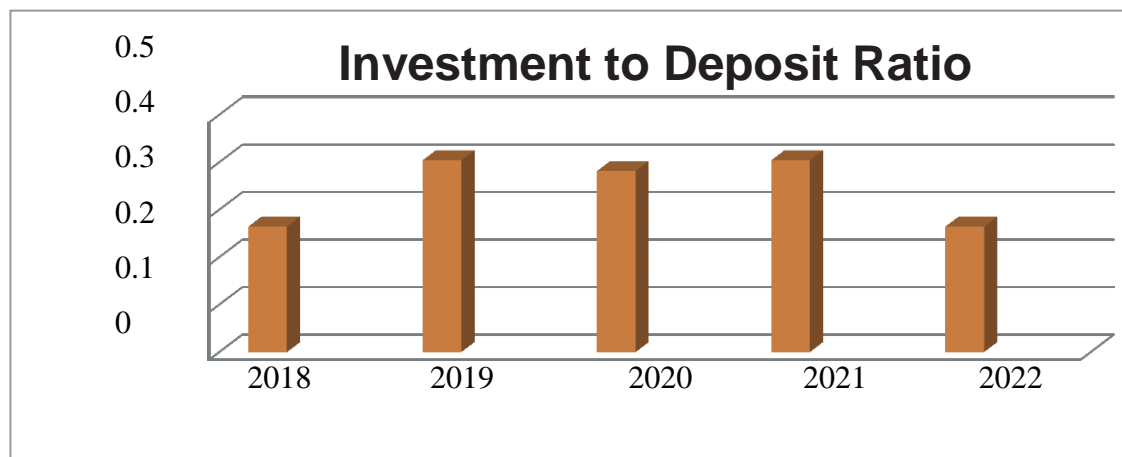


Figure: 4.5: Investment to Deposit Ratio of JBL Source: Annual Report of JBL

Investment to Deposit Ratio shows that amount of deposit which is used to as investment. JBL's investment to deposit ratio is fluctuating year by year. That means Bank is not properly utilization their deposit.

#### 4.5.4 Cost of Deposit:

The Cost of Deposit is one of several ways to set the changing interest rates on adjustable-rate mortgages, or ARMs in conjunction with Treasury bills, prime rates, and the Bangladesh Bank offered Rate. This percent is calculated using the average of the last 12 monthly average yields of CDs that have been traded for at least three consecutive months, based on the reports of the Bangladesh Bank Reserve Board.

Cost of Deposits = Interest paid on Deposit / Total Deposits  
Cost of Deposit of Janata Bank PLC: -

It is a combination of a number of components.

The rate paid out to the depositor

The Central Cash and Reserve Liquidity Requirement

The compensation paid to the branch or the sales team that booked the deposit

Any additional tangible or non-tangible incentives offered or paid to the depositor or sales team when you combine these factors across all products and depositors across the bank you get the cost of deposit for the bank.

Cost of Deposits = Interest paid on Deposit / Total Deposits

Table: 4.6: Cost of Deposit of JBL Source: Annual Report of JBL

Year	Ratio
2022	7.02%
2021	7.75%
2020	7.34%
2019	6.76%
2018	5.49%

### Graphical Presentation:

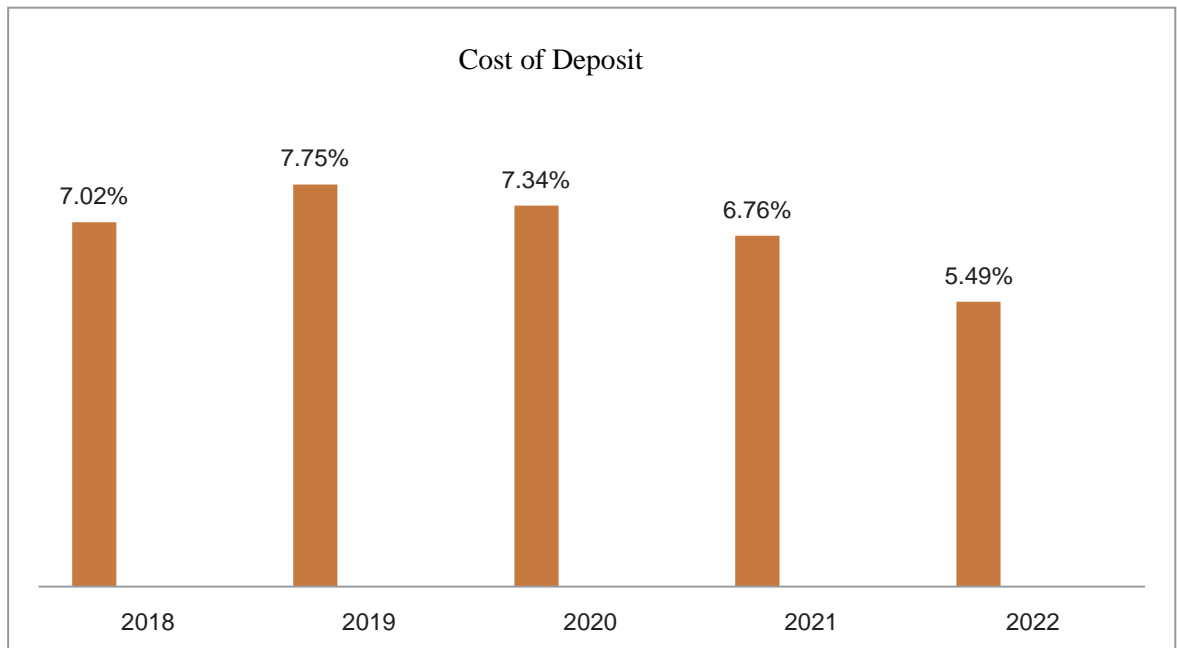


Figure: 4.6: Cost of Deposit of JBL Source: Annual Report of JBL

Cost of deposit is considered as the profit on every deposit that is earned by the bank. The above ratio shows that cost of deposit is going to be decreased in following years from 2017 to 2019 which shows the decreasing income of JBL. JBL should increase its cost of deposit.

#### 4.5.5 Net Working Capital:

Net working Capital, although not actually a ratio is a common measure of a firm's overall liquidity. A measure of liquidity is calculated by subtracting total current liabilities from total current assets.

Net Working Capital = Total Current Assets – Total Current Liabilities  
Net Working Capital of Janata Bank PLC:

Net working capital, although not actually a ratio is a common measure of a firm's overall Liquidity as a measure of liquidity ratio calculated by.

Net Working Capital = Current Asset – Current Liabilities

Table: 4.7: Net Working Capital of JBL Source: Annual Report of JBL

Year	Calculation	Ratio
2022	426636.64-410503.03	16133.61
2021	345385.82-335978.66	9407.16
2020	314186.75-305702.73	8484.02
2019	285730.53-275583.75	10146.74
2018	227309.99-219102.72	8207.27

### Graphical Presentation

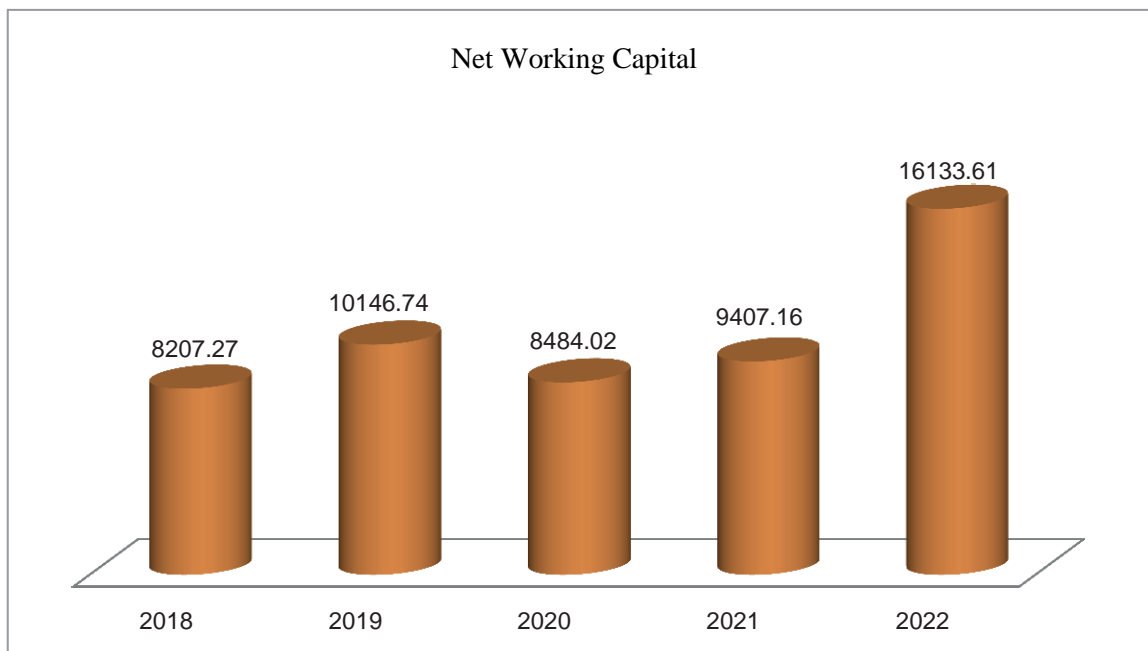


Figure: 4.7: Net Working Capital of JBL Source: Annual Report of JBL

Net working capital of JBL is slightly increased during the last two year. However, the bank faced problems to meet up its current obligations. So the Bank should increase its current asset more and more.

## 4.6 Debt Ratio:

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

Debt Ratio = Total Liabilities / Total Assets Debt Ratio of Janata Bank:

The debt ratio measures the preparation of total assets provided by the firm's creditors.

**Debt ratio = Total Liabilities/Total Assets**

Table: 4.8: Debt Ratio of JBL Source: Annual Report of JBL

Year	Calculation	Ratio
2022	728714.25/778603.91	.936
2021	641120.23/683157.58	.939
2020	589992.60/629454.14	.937
2019	548966.78/586082.99	.937
2018	493923.73/511129.41	.966

Graphical Presentation

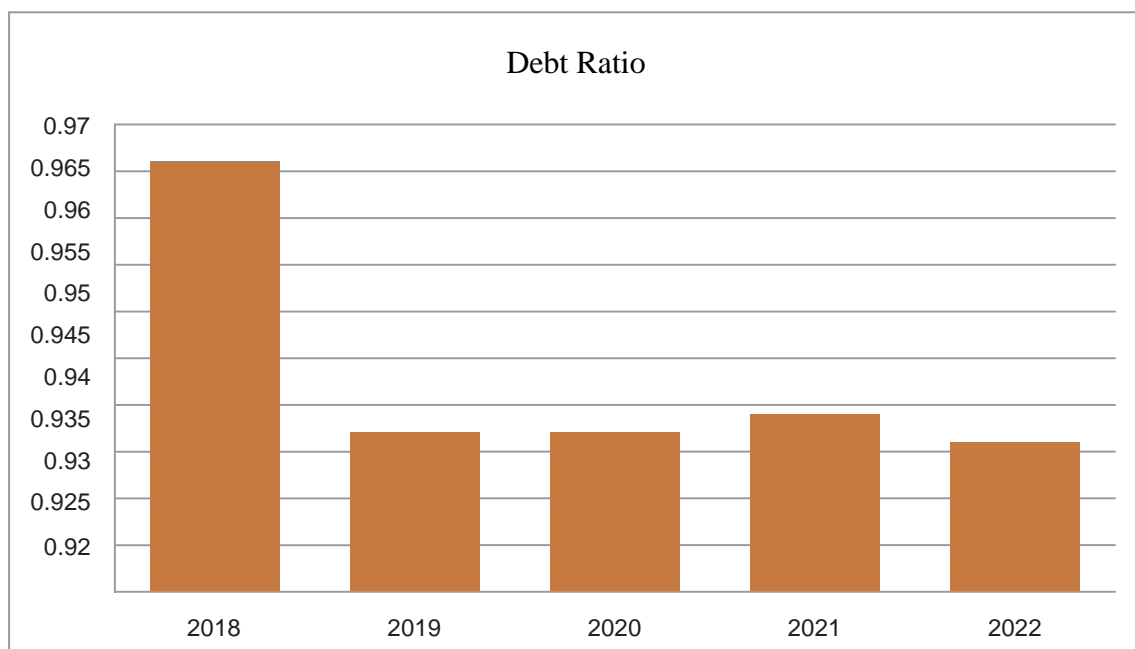


Figure: 4.8: Debt Ratio of JBL

Source: Annual Report of JBL

The higher the ratio, the greater risk will be associated with the firms operations. In addition, high debt to asset ratio indicates low borrowing capacity of a firm, which in turn will lower firm's financial flexibility. This graph shows that, the debt ratio was decreasing year by year. The Debt ratio measures the proportion of total assets provides by the firm's creditors. Their debt ratio was mostly decreasing trend that indicates positive sign.

#### 4.6.1 Debt Equity Ratio:

The debt-equity ratio (D/E) is a financial ratio indicating the relative proportion of shareholders' equity and debt used to finance a company's assets. Closely related to leverage, the ratio is also known as risk, gearing or leverage. The two components are often taken from the firm's balance sheet or statement of financial position, but the ratio may also be calculated using market values for both, if the company's debt and equity are publicly traded, or using a combination of book value for debt and market value for equity financially. The formula for calculating D/E ratios is:

Debt / Equity Ratio = Total Liabilities / Shareholders' Equity  
 Debt Equity Ratio of Janata Bank PLC:

The debt-to-equity ratio is a measure of the relationship between the capital contributed by creditors and the capital contributed by shareholders. It also shows the extent to which shareholders' equity can fulfill a company's obligations to creditors in the event of liquidation.

Debt/Equity Ratio = Total Liabilities / Shareholders' Equity

Table:4.9: Debt Ratio of JBL Source: Annual Report of JBL

Year	Ratio (Times)
2022	11.86
2021	10.48
2020	12.08
2019	13.13
2018	24.09

Graphical Presentation:

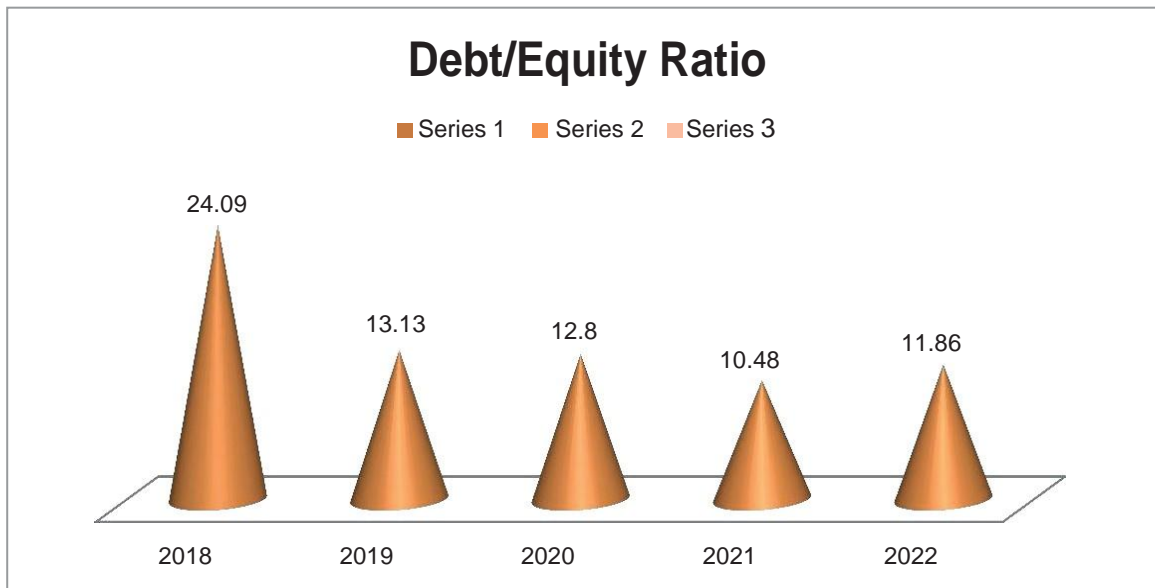


Figure: 4.9: Debt / Equity Ratio of JBL Source: Annual Report of JBL

Debt/Equity (D/E) Ratio, calculated by dividing a company's total liabilities by its stockholders' equity, is a debt ratio used to measure a company's financial leverage. The above D/E ratio indicates how much debt a company is using to finance its assets relative to value of shareholders' equity which is decreasing from 2015 to 2018. Built quietly increase in 2021 which shows the incapability of JBL.

#### 4.6.2 Equity Capital Ratio:

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

Equity Capital Ratio = Total Shareholder's Equity / Total Assets The Ability to Service Debt:

It refers the ability of a firm to meet the contractual payments required on a scheduled basis over the life of a debt. The firm's ability to meet certain fixed charges is measured using coverage ratios.

#### 4.6.3 Time Interest Earned Ratio:

This ratio measures the ability to meet contractual interest payment that means how much the company able to pay interest from their income.

Time Interest Earned Ratio of Janata Bank PLC:

The times interest earned ratio, sometimes called the interest coverage ratio, measures the firm's ability to make contractual interest payments.

Time Interest Earned Ratio = Earnings before Interest and Taxes / Interest Expense

Table: 4.10: Time Interest Earned Ratio Source: Annual Report of JBL

Year	Calculation	Ratio
2022	10038.28/31331.30	.320
2021	10720.50/33982.70	.315
2020	10683.34/35984.27	.297
2019	12127.10/34212.83	.354
2018	14533.79/27499.16	.529

Graphical Presentation:

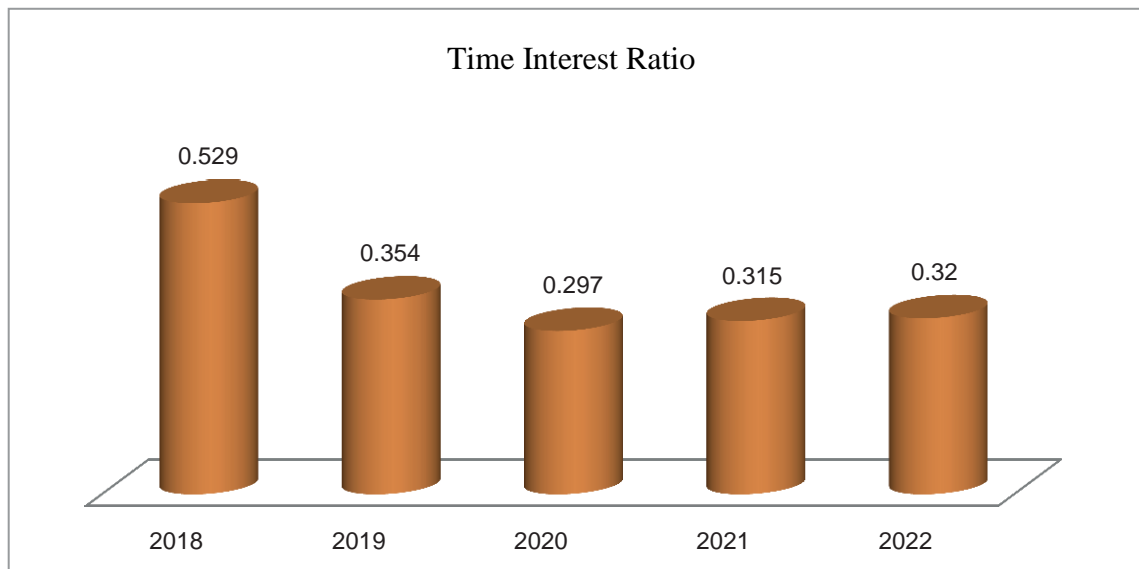


Figure: 4.10: Time Interest Earned Ratio of JBL Source: Annual Report of JBL



Time Interest earned ratio on JBL's is satisfying in 2018 but in last four years it was slightly decreasing. So JBL should maintain highly ratio by minimizing its operating costs in order to get adequate earnings to satisfying interest obligations. A highly ratio can indicate that a company has an unwanted lack of debt or is paying down too much debt with earning that could be used for other projects. It measures the ability to meet interest payments as they come due.

#### **4.7 Analyzing Profitability:**

These measured 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 impotence placed on earning in the marketplace.

##### **4.7.1 Operating Profit Margin:**

The operating profit margin represents what are often 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

Operating Profit Ratio of Janata Bank PLC:

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production such as wages, raw materials, etc. It is also expressed as percentage of sales and then shows the efficiency of company controlling the costs and expenses associated with business operation.

Operating Profit Ratio = Operating Profit / Operating Income

Table: 4.11: Operating Profit Ratio of JBL Source: Annual Report of JBL

Year	Ratio
2022	20.19%
2021	24.09%
2020	27.90%
2019	44.43%
2018	56.39%

Graphical Presentation:

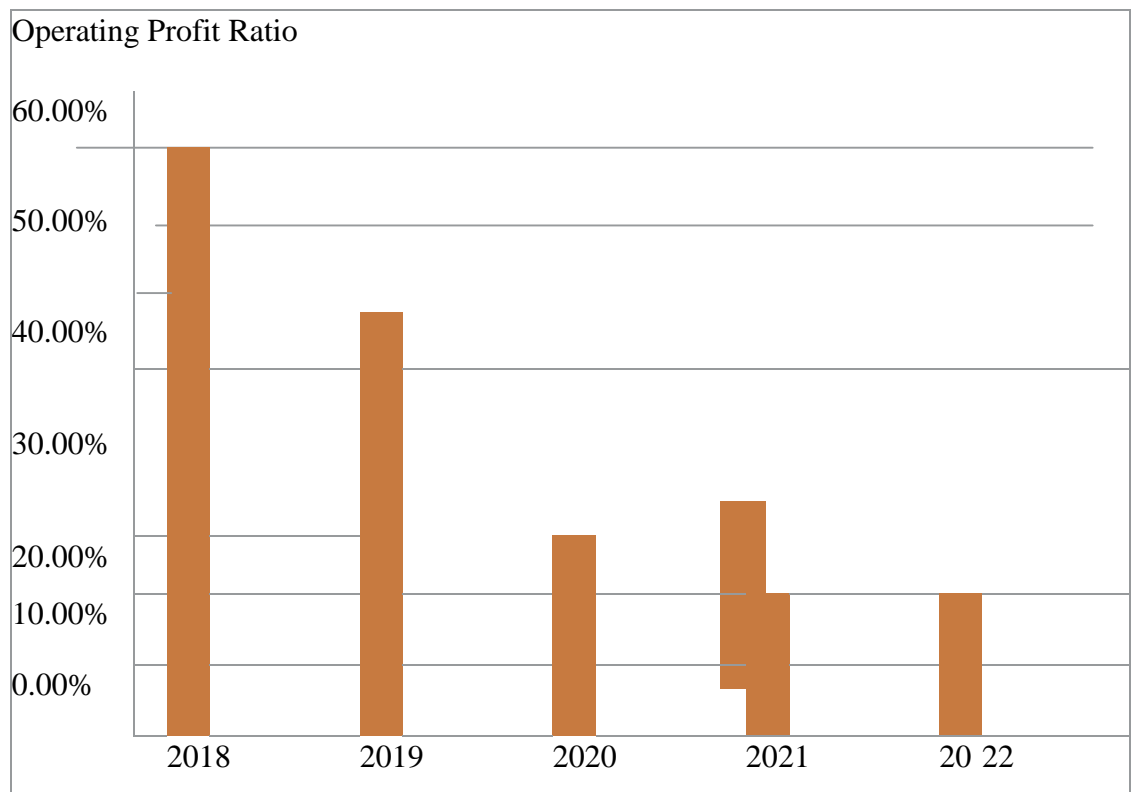


Figure: 4.11: Operating Profit Ratio of JBL Source: Annual Report of JBL

A bank's operating profit margin ratio tells you how well a bank's operations contribute to its profitability. For instance, a bank with a substantial profit margin ratio makes more money on each deposit than a bank with a barrow profit margin. The Bank operating profit margin in 2018 to 2022 indicates that operating profit margin is decreasing day by day and it's not good situation. JBL's operating profit margin is decreasing which that the banks profit is decreasing.

#### 4.7.2 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:  $\text{Net Profit Margin} = \frac{\text{Net Profit after Taxes}}{\text{Sales}}$

#### Net Profit Margin of Janata Bank PLC: .

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 profit margin is a commonly cited measure of the company's success with respect to earning on sales.

$\text{Net Profit Margin} = \frac{\text{Net Profit After Tax}}{\text{Operating Income}}$

Table: 4.12: Net Profit Margin Ratio of JBL Source: Annual Report of JBL

Year	Calculation	Ratio
2022	2605.48/23196.79	0.1123
2021	4807.88/21696.12	0.2216
2020	3813.15/20408.73	0.1868
2019	9551.39/20859.02	0.4579
2018	(16280.34)/22018.47	(-0.7395)

Graphical Presentation:

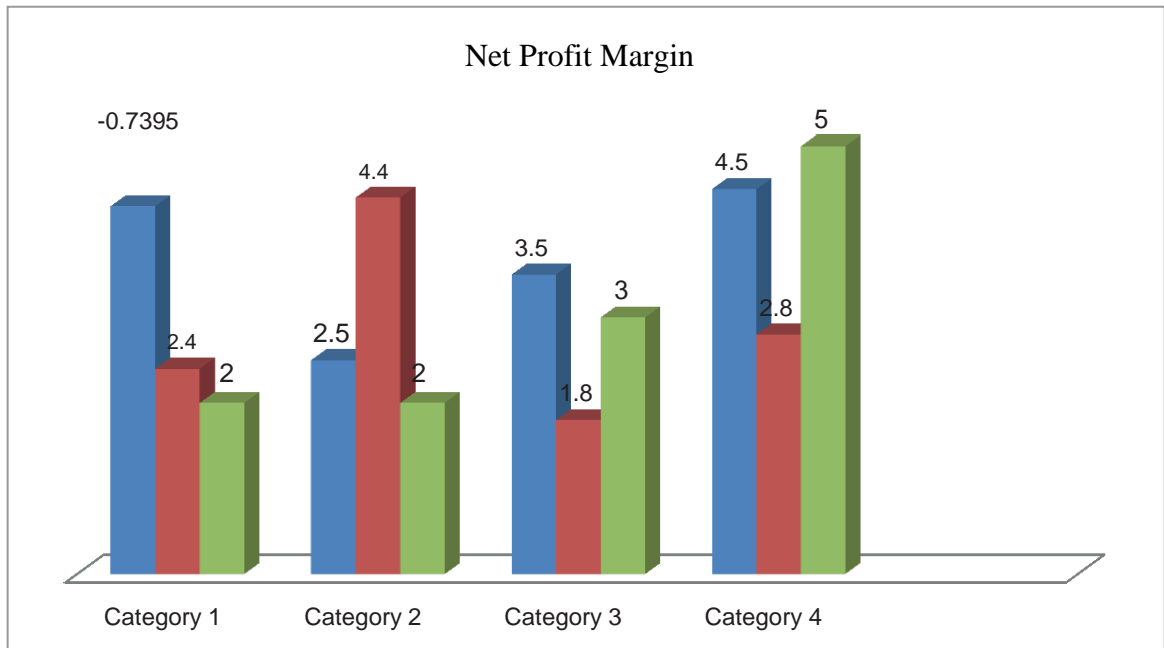


Figure: 4.12: Profit Margin Ratio of JBL Source: Annual Report of JBL

The Bank net profit margin in 2018 that is (-0.7395) which indicates that profit margin was negative. In following years this ratio is decreasing day by day and it's not good situation. JBL's net profit margin is decreasing which indicates that the banks profit is decreasing. The standard of profit margin ratio is 0.075, from the above graph we see that the JBL profit margin ratio is higher than the standard but it is decreasing in nature.

### 4.7.3 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. An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. It is calculated by dividing a company's annual earning by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment".

$$\text{Return on Asset (ROA)} = \text{Net profit after Taxes} / \text{Total Assets.}$$

Return on Asset (ROA) of Janata Bank PLC:

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 ratio is better.

$$\text{Return on Asset (ROA)} = \text{Net Profit after Tax} / \text{Total Asset}$$

Table: 4.13: Rate of Return on Assets of JBL Source: Annual Report of JBL

Year	Ratio
2022	0.33%
2021	0.70%
2020	0.61%
2019	1.42%
2018	(3.50%)

Graphical Presentation:

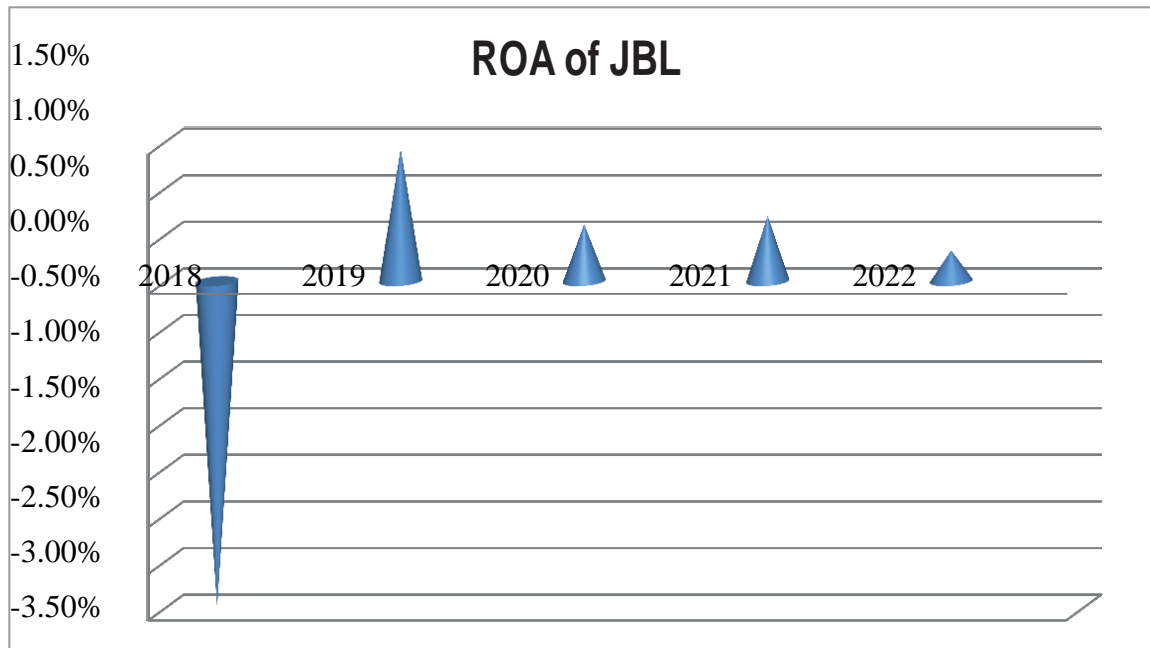


Figure: 4.13: Rate of Return on Assets of JBL Source: Annual Report of JBL

Return on asset (ROA) as an indicator of managerial efficiency, indicates the capability

of management in converting the institution's assets into net earnings. The banks return on asset fluctuating from 2018 to 2022 in the preceding 5 years. So the JBL earn less profit from the assets. This is not good for the bank. But in 2019 ROA is goes up than 2018, it's a good condition for the bank. To improve the ratio, The JBL has to increase the net income and control average total asset.

#### 4.7.4 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. The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

$$\text{Return on Equity (ROE)} = \text{Net Profit after Tax} / \text{Shareholder's Equity}$$

Return on Equity (ROE) of Janata Bank PLC:

The return on equity measures the return earned on the owner's (both preferred and common stockholders') investment. Generally higher the return indicates the better condition of owner's.

$$\text{Return on Equity} = \text{Net profit after Tax} / \text{Shareholders' Equity}$$

Table: 4.14: Return on Equity of JBL Source: Annual Report of JBL

Year	Ratio
2022	5.22%
2021	9.70%
2020	9.66%
2019	30.09%
2018	(49.74%)

Graphical Presentation:

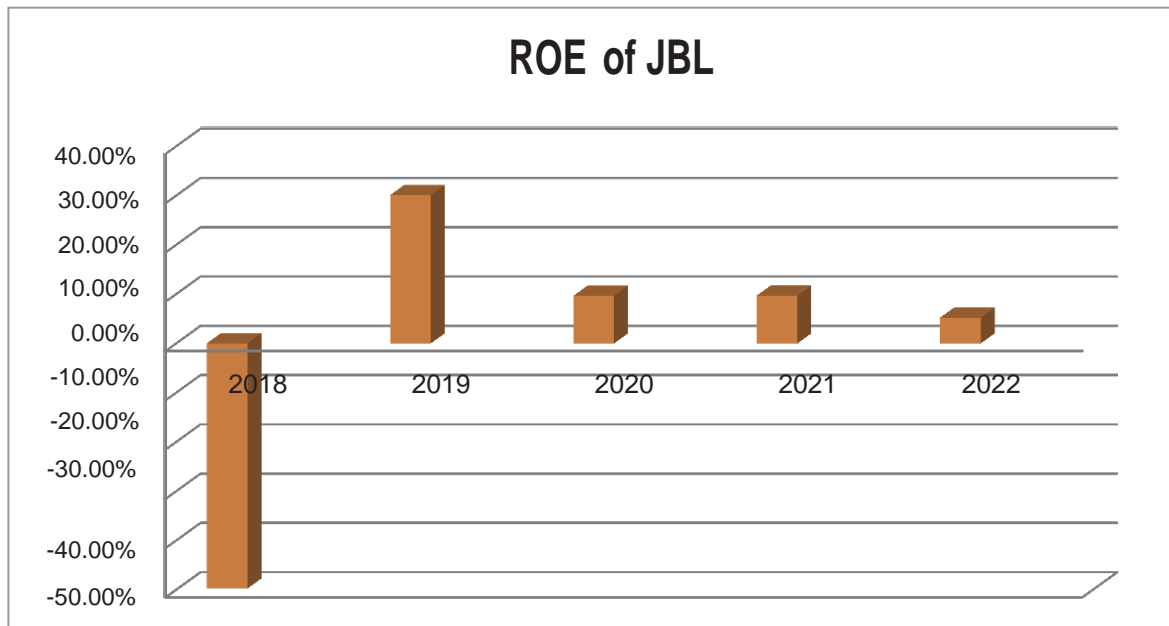


Figure: 4.14: Return on Equity of JBL Source: Annual Report of JBL

ROE is the measurement of rate of return flowing to the bank's shareholders. It measures the net benefit that the stockholders have receiver from investing their capital in the bank. Higher ROE indicates the favorable position that the bank is efficient in generating income on new investment. The banks return on equity deviates from 2015 to 2019 in the preceding 5 years and the highest value can be observed in 2016 and lowest value can be observed during the 2015, which is not desirable. So the management should work hard to increase the return associated with equity.

Earning per Share (EPS):

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

$$\text{EPS} = \text{Net income} / \text{No. of shares outstanding}$$



#### 4.7.5 Earnings per share of Janata Bank PLC:

The firm's Earnings per share (EPS) are generally of interest to present or prospective stockholders and management. The Earnings per share represent the number of dollars earned on behalf of each outstanding share of common stock. The earnings per share is calculated as follows-

Earnings per share = Earnings Available for Common stock Holder/ No. of share of Common Stock Outstanding

Table: 4.15: EPS of JBL Source: Annual Report of JBL

Year	EPS
2022	13.61
2021	25.12
2020	19.92
2019	86.31
2018	(138.91)

Graphical Presentation:

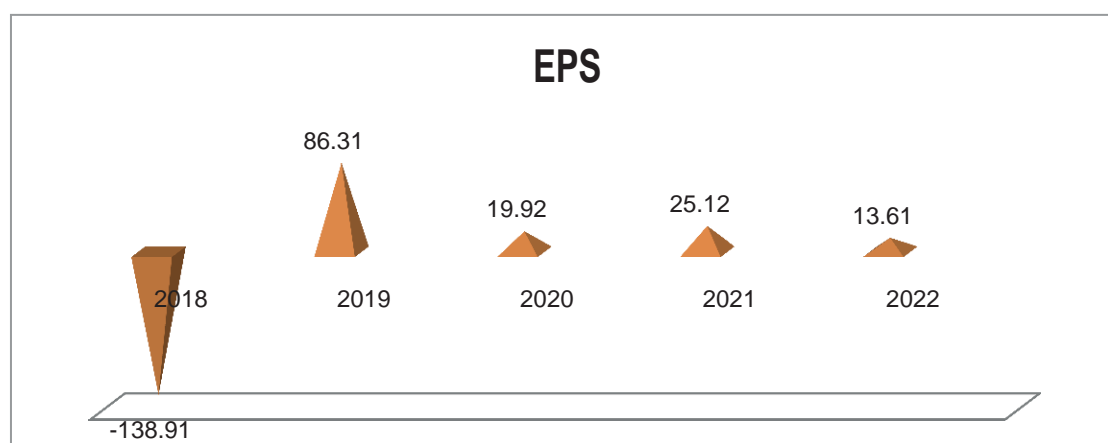


Figure: 4.15 EPS of the JBL Source: Annual Report of JBL

EPS represents that it is earned on behalf of each outstanding shares of common stock equity. EPS is closely watched by investors because it is an important indicator of corporate success. The graph shows that, in 2016 Earnings per share of JBL's are higher than following four years. EPS is decreasing that means bank's operating result is also decreasing. But the year 2016 was the desirable year for the JBL. The year 2016 shows the increasing nature of EPS that was a good sign for the company.

## 5.1 Findings:

To know the actual financial performance of Janata Bank PLC, The researcher has done different types of analysis. Here the researcher has prepared the results of this analysis in a concise way to get an overall idea of my study. These are given below:

- The Financial Performance Analysis indicates an excellent liquidity, profitable and marketability and leverage position. The bank has good liquidity, high profitability and sound credit profit.
- Current Ratio in 2022 was 1.04:1 which was lower than 2019 (1.31:1).
- Quick Ratio in 2022 was 1.04:1 which was lower than 2019 (1.31:1).
- Cost to Income Ratio was upward in 2015 but it lower than 2018 and 2019.
- Investment to Deposit Ratio in 2022 was 0.3635 which was lower than 2018 (0.3852).
- Net Working Capital was upward in 2018 but it lower than 2021, and 2022.
- The stunning growth position of overall activities shows that Janata Bank PLC has more business opportunity in future period.
- Comparatively financial performance of JBL is better than the other public bank of Bangladesh.
- Stability Analysis of import, export and remittance of Janata Bank PLC clearly suggest that, import business of the bank is more stable than the business of export and remittance as the coefficient of variation of export and remittance is greater than that of import.
- By using average growth rate of last five years (2018-2022), the researcher can forecast an upward trend in upcoming years if economic condition remains favorable.
- Contribution by Janata Bank PLC on overall financial performance is increasing year by year, due to the well management system of bank.
- There is no sequential development of Janata Bank PLC. Its performance fluctuates every time.
- The present policy of the bank is not market oriented.

## 5.2 Recommendations:

Banking is service oriented marketing; its business profit depends on its service & quality. That's why the authority always should be aware about their service quality. Having some problems in financial activities of Janata Bank PLC, I would like to propose some suggestions to overcome the problems relating the above mentioned topic which might be helped to improve the performance of Janata Bank PLC regarding financial activities.

- Janata Bank PLC needs to have prompted their service processing. Due to dissatisfaction of many customers, it is evident that the bank needs to develop methods of quicker services. The bank should improve their research & training center to enrich the knowledge regarding Uniform Customer Practice for Documentary Credit (UCPDC).
- A bank should increase the non-funded income in order to increase the operating income ratio.
- The bank should consider the customer complaint. For providing that service, bank can launch customer service department which now absent in Janata Bank PLC.
- Janata bank PLC need to increase their exchange house facilities in the abroad that will help them to settle their payment & receipt regarding Foreign Exchange Transaction.
- Before giving long-term loan a bank should consider that whether a bank has long term deposit or not. Otherwise the bank will surely face the liquidity problem.
- JBL should give the competitive interest rate, so that the clients are not shifting their accounts to other bank
- Database networking is one of the most recent technologies to transfer from branch to branch or branch to head office & vice versa. So they must introduce this technology in all departments. It needs to include modern technology.
- The bank should have a clear, focused and detailed marketing plan for its targeted market to create more brand awareness. Janata bank PLC needs to be more promotional campaign.
- Cash transaction should be faster and cash counter needs to be more spacious. So that there would be no gathering in the bank. Pay order should be

computerized because writing pay order by hand takes longer time that customers have to keep waiting.

- Janata Bank PLC has to use new and preferable modern service for their customers. Because most of the time a family depend on the money that come from countries.
- To attract more clients Janata Bank Ltd. should sought new marketing strategy, which will increase the bank performance.
- The amount of non-performing loan should be reduced by analysis proper evaluation.

## Conclusion:

In today's world of business without bank's co-operation it is impossible to run any business or production unit of business. Financial Performance determines the strength of the management and operation. So it is important to know the financial performance of a bank. Janata Bank PLC is playing a vital role by financial various government and non govt. projects and activities of the country and helping the business by providing funds to run. There are local and foreign banks competing in banking industry in Bangladesh and Janata Bank PLC is keeping its promises for about 45years among them very successfully. With a bulk of qualified and experienced human resources, Janata Bank PLC can exploit any opportunity in the banking sector. The environment of Janata Bank PLC is very modernized and friendly. Each of them works on their own and there is supervision from the top. The motivation of the staff, I believe, comes from the sense of responsibility. Each member is individually responsible for his or her work. Consumers are more or less satisfied with the present services of the bank. Management should think to start new services and take different types marketing strategy to get more customers in this competition market of banking. 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.

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# **Chapter-1**

## **Introduction**

# **Chapter-2**

## **Organizational Overview**



# **Chapter -3**

## **Theoretical Framework**

# **Chapter-4**

## **Analysis & Evaluation**

**Chapter- 5**  
**Findings, Recommendations &**  
**Conclusion**

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