An Internship Report On

“ Influence of Bank Specific Factors on Profitability: A Study on Janata Bank Limited”

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Session: 2022-2023

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<u>Date of Submission:</u> 26-05-2025

Letter of Transmittal

26th May,2025

To

Ferdous Jahan

Assistant Professor,

Department of Finance & Banking

Comilla University, Cumilla.

Subject: Submission of an internship report on " **Influence of Bank Specific Factors on Profitability: A study on Janata Bank Limited".**

Mam,

This is my pleasure that I have completed my internship report and hereby ready to submit my report on " Influence of Bank Specific Factors on Profitability: A study on Janata Bank Limited" as a requirement of MBA program. I have tried my best to give an overview of liquidity management, loan management and also tried to make my analysis and report a successful one. This report helps me tremendously to apply my theoretical experience and ideas into analysis of the topic mentioned which has sharpened my views, ideas and ability to do research further. In preparing this report I have followed the instructions of you. I sincerely thank you for your careful guidance and cooperation and hope that you will appreciate my effort. I will be glad for your cordial approval of my submission.

Sincerely yours,

....

Mahajabin Islam Mohoua

ID No: 22317003

Session: 2022-23(6th Batch)

Department of Finance & Banking Comilla University, Cumilla.

<u>Declaration</u>

I am Mahajabin Islam Mohoua, Student of Department of Finance & Banking. BBA 6 th Batch bearing ID:22317003 hereby declare that the internship report on **" Influence of Bank Specific Factors on Profitability: A study on Janata Bank Limited"** represent the result of my own works, pursued under the supervision of Ferdous Jahan, Assistant Professor of Department of Finance & Banking, Comilla University, Cumilla.

I also declare that the report is prepared for academic purpose which is a part of BBA program and in this paper, I used the actual present scenario of the organization.

....

Mahajabin Islam Mohoua

ID No: 22317003

Session: 2022-2023(6th Batch)

Department of Finance & Banking

Comilla University, Cumilla.

<u>Certificate of Supervisor</u>

This is to certify that Mahajabin Islam Mohoua, a student of BBA program, Id:22317003, Reg: 22317003, has successfully completed her "Internship Program" and submitted report entitled "Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC." under my supervision as the partial fulfilment for the award of MBA program. She has done her job according to my supervision and guidance. She has tried her best to do this successfully. I think this program will help her future to build up her career.

I wish her success and prosperity.

………………

(Ferdous Jahan)

Assistant Professor

Department of Finance & Banking

Comilla University, Cumilla

Acknowledgement

At first, I would like to express my gratitude to the Almighty for making me able to complete this report within due time. I am deeply indebted to my supervisor, Ferdous Jahan , Assistant Professor, Department of Finance & Banking, Comilla University, for assigning me such a topic named "Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC". She allowed me to encroach upon his precious time from the very beginning of this work till the completion. Her expert guidance, affectionate encouragement and critical suggestions provided me necessary insight into the research problem and paved the way for the meaningful ending of this report within due time.

I also express my warm gratitude and cordial thanks to, Manager "Md. Muzaffar' of Janata Bank PLC of Chandina Samabay Branch, Cumilla. I also convey my gratitude to senior officer "Jahid Ul Islam" & Second officer "Md. Khalilur Rahman" of Janata Bank, Chandina Samabay Branch, for giving guidance and assistance to prepare this report.

Finally, I would like to express my wholehearted thanks to all those people who have shared their views about my work, provided me with necessary information, criticized me and congratulated me. This report is not free from limitations. There might still be some minor mistakes such as typing errors despite my utmost care. I apologize for this.

....

Mahajabin Islam Mohoua

ID No: 22317003

Session: 2022-2023(6th Batch)

Department of Finance & Banking

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Executive Summary

This research aims to investigate the effect of banks' specific factors on its profitability; with the ordinary course of business and in the medium term (10 years). Secondary data is used to evaluate the performance of the last ten years (2014 -2023) of the annual report of Janata Bank. The internship report is based on " Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC".

Starting of the report the introduction, background, problem statement, scope, question and objectives are discussed. The main objective of this report is to "The Impact of bank specific factors on Banks Profitability" of Janata Bank Ltd. Literature review is given. It demonstrates the issue (the impact of bank specific factors on Banks profitability) investigating. It allows to develop a more theoretical framework for your research. Here, we find out the application of this topic in different terms and condition.

Then, the methodology of the study is conducted with both primary & secondary data which shows that the efficiency of report carry forward with the help of some determined ratio. conceptual framework shows the clear picture of 2 different types of variable and overview of Janata Bank PLC is given it organizational optimization.. It covers that this report is based on secondary data which is collected from annual reports, journals and several web pages etc. the origin of the bank, organizational profile, LMP and tools of liquidity management, profitability management process ,SOWT analysis are discussed.

The financial analysis and findings are drawn. In financial analysis part, different ratios of Janata Bank Limited over last 10 years with graphical presentation are shown. Descriptive analysis, Regression analysis, Correlation analysis and Heteroskedasticity test, multicollinearity test has been establish for making decision for the report using EViews 12.

In the ending, The conclusions iisNon performing loan are increasimf in a alarming rate & CRR is not significantly impacted here. Recommendations in one sentence might be "Operational efficiency should maintained as well as increase to increase the profitability" and limitation of the study are given.

Proposed variables are: NPLR, SLR, CRAR, CDR, CRR is the bank specific factors and ROA is the profitability representation. Two hypotheses have been established to assess the effect of bank specific factors on profitability. Following a correlation and regression analysis, it is observed that NPLR, SLR and CDR had a substantial effect on the profitability measured as ROA, but CRAR and CRR proved insignificant. Therefore, it can be concluded that, in general, the impact of bank specific factors has a significant effect on the profitability in the commercial banking sector (Janata Bank) Bangladesh. By relying on this report; Janata bank will be best positioned to keep equality towards uts factors.

Certificate of Experience

জনতা ব্যাংক পিএলসি.
উন্নয়নে আপনার বিশ্বস্ত অংশীদার

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Date : 22- 05-2025

Certificate on Internship Experience

This is to certify that **Mahajabin Islam Mohoua**, Roll- 22317003, Department of Finance & Banking under Masters of Business Administration, student of Comilla University, Cumilla has completed her internship for 3 months (20 February to 19 May) at our Janata Bank PLC, Chandina Branch, Cumilla.

During her internship period she was assigned to an actual report on " Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC". She followed all the rules & regulations of the bank & she was found to be sincere & hardworking during her internship.

I wish her every success in life.

Mozaffar

Mozaffar Ahmed
Manager (In-charge)
Janata Bank PLC.
Chandina Samabay Corporate Branch, Cumilla

Mozaffar Ahmed
SPO (Branch Incharge)
Janata Bank PLC
Chandina Samabay Corporate Br. Cumilla

প্রধান কার্যালয় ঃ জনতা ভবন, ১১০ মতিঝিল বাণিজ্যিক এলাকা, ঢাকা-১০০০, বাংলাদেশ
ফ্যাক্স ঃ ০২-২২৩৩৮৪৬৪৪, SWIFT : JANBBDDH

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Introduction

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1.6	Research Question
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1.1 Introduction

Originally, a "bank" was a person or institution that changed one currency for another and served as a money changer. One of Bangladesh's biggest state-owned commercial banks is Janata Bank PLC. The primary goal is to deliver every banking service conceivable at clients' doorsteps. Since its founding 53 years ago, it has grown to become one of Bangladesh's top banks. Janata Bank plays a major role in ensuring widespread multinational corporate activities worldwide.

Maximising profitability is the main goal of any business, including those in the banking sector. Profit maximisation is one of the earliest and most significant strategies used by businesses. Profit maximisation is the method taken by the majority of market models that involve the acquisition of goods or services. Bank-specific factors include the Statutory Liquidity Ratio, which is a mandatory reserve requirement imposed by Bangladesh Bank as a guarantee of deposit amount, the Non-Performing Loan, which is a bad debt that the organisation may or may not be able to recover, the Cost to Income Ratio, which compares the evolution of income and costs over time for a conventional bank, etc. The likelihood of variability to keep operating activities genuinely linked with aspirations has been identified as liquidity risk.

Banks profitability by earning more money than what they pay in expenses. The major portion of a bank's profit comes from the fees that it charges for its services and the interest that it earns on its assets. Its major expense is the interest paid on its liabilities.

There may be a conflict between profitability and liquidity, equity, Debt, assets which must be reconciled and harmonized through the effective and efficient management of the factors to secure the existence and expansion of banks. One of the oldest and most important activities is that companies prosper from profit maximization. Most market models that participate in the procurement of products or services proceed with profit maximization.

Equity represents the ownership interest maintained by a corporation's shareholders. Because the higher the part, the greater the return, equity has a largely favourable impact on profitability. However, large ownership control can occasionally result in a liquidity crisis for institutions that have experienced losses. Profitability is achieved by banks when their revenue exceeds their expenses. The fees a bank collects towards its products and services plus the interest it earns on its assets account for the majority of its profit. Interest spent on its liabilities is its biggest expense. To ensure the survival and growth of banks, there may be a conflict between profitability and liquidity, equity, debt, and assets. This conflict must be handled by controlling the parts with efficiency and effectiveness.

In order to improve productivity in the management of capital, banks should maximise their revenue and make the most successful transactions possible. Therefore, there is a direct correlation between profitability and the key bank variables that influence the subject. The impact of certain bank-specific factors on Janata Bank PLC's profitability would be investigated in this study.

A company's income should be maximized and that most possibly successful transactions are made to achieve productivity in the managing of capital. So, there exists a linear relationship between profitability and the vital organizational judgments that are subsequently created. This research would examine the effect of banks specific factors on the profitability of banks.

1.2 Background of the study

The purpose of undertaking the report is to find out the " Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC". This is requirement of academic course under internship programme. Internship programme is the practical aspect of our theoretical learning. It makes a bridge between gap of classroom learning & practical learning. We are leaving in an age of competition. Education is also included in the age of competition. In respect to that, internship is mandatory for our MBA programme offered by "Comilla University". This programme is a partial Fulfilment of our MBA curriculum. To do so I decided to complete my internship in "JANANTA BANK PLC" .In connection "JBL" (Janata Bank Limited/ PLC) sent me to the "Janata Bank PLC, Chandina Samabay Branch" & assigned to prepare this report. Janata Bank has already made significant progress. The bank has been graded as a top class bank in the country through internationally accepted CAMEL rating. The bank has already occupied an enviable position among its competitors after achieving success in all areas of business operation.

1.3 Problem Statement

Identifying the "Influence of Bank Specific Factors on Profitability: A study on janata Bank PLC" is the research problem statement of the current article. I examined a variety of documents, journals, financial information, plus fieldwork to evaluate the bank's profitability throughout this project. Here, several specialists are demonstrating both a positive and a negative correlation between these elements and profitability. They select a few standard financial ratios, such as return on equity, gross profit margin, capital margin, net income, and current ratio, among others. The problem statement of this report is to find out the " Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC".

In this paper I have analysed the bank's profitability through some articles, journals & financial reports & field analysis. Here some experts are showing positive as well as negative relationship between these factors towards profitability. They pick some common ratios like net income, current ratio, capital margin, return on equity, gross profit margin etc. But they may not give that much focus on the efficiency of both parties. However, they might not place as much emphasis on both sides' efficacy. which has caused me some issues, and I've tried to add some discoveries to my report as well. In light of this, I have made a number of recommendations that would make the bank more resilient in the competitive market.

1.4Significance of the study

At the view point of "JANATA BANK PLC" " Influence of Bank Specific Factors on Profitability " depending on various factor. A very few researcher can use the whole area to find out the impact of it.

So, here I am introducing some crucial factors which can be rarely used by researcher to find out the impact of liquidity on banks profitability like measuring the impact of some independent variable NPLR, SLR, CRAR, CODR, CIR, CRR. Return on asset as dependent variable (ROA) & give some findings and recommendation on behalf of the analytical overview.

1.5 Scope of the study

Janata Bank PLC is the second largest commercial Bank in Bangladesh. I am assigned to learn practical knowledge from Janata Bank PLC, at "Chandina Samabay Branch". I worked in some of the departments of JBL, at this Branch such as accounts, cheque issue, remittance entry, loan re payment schedule, social working sector, investment department & marketing department etc. For time constraint, I did not get the opportunity to work in cash department. But I provided high emphasis to learn the work of General banking departments as well as Credit department activities. In this study I would try to concentrate on the theoretical aspect of General banking also. I would analyse the data on the banks various programs and the performance of the bank. And finally.

Here I tried to utilize my knowledge to understand the significance of bank specific factors on banks profitability in a long run into the market & How to focus for keep the progress upper unit.

1.6 Research Question

1. Is NPLR significantly affect the bank's profitability?
2. Which factors effecting more in bank's profitability ?
3. Is Cost of Deposit Ratio & profitability have the significant relationship with each other?
4. Is CRR & SLR positively correlate with ROA?

1.7 Objectives

1.7.1 Broad Objective:

The main objective of this report is to find out " Influence of Bank Specific Factors on Profitability: A study on Janata Bank PLC".

1.7.2 Specific Objective:

I. To recognize & accordingly, analyse the relationship between cost . to income ratio and profitability of Janata bank.
II. To evaluate how changes in operational efficiency influence the profitability of Janata Bank.
III. To assess the effect of loan-to-deposit ratio on the financial performance of Janata Bank
IV. To analyse the trend of Janata Bank's profitability over the past 10 years in relation to internal bank-specific indicators.

V. To make relationship between Cost of Deposit Ratio, Cash required Ratio, Statutory Liquidity Ratio, NPLR etc. with Return on Asset.

Chapter - 02

Literature review

2.1 Literature Review

Many researches in the past sought to comprehend the nature of the link between banks specific factors & profitability, and in this field, almost all the researches have offered some similar outcomes along with a few opposite outcomes. Hence, the need for the present research to fill the study gap.The cornerstone of ideas including trade-off and establishing priorities theory is the widespread adoption of the notion of liquid assets.

In fact, trade-offs that support reversing the link between liquidity, assets, equity, debt, and profitability centre on the costs and advantages of each segment. Given this, a fair link between the entities' existing assets and performance is encouraged by the hierarchical order. Any type of study must be conducted with reference to earlier research. In this regard, researchers can improve the significance of their findings by abiding to the standards for such examinations. The following is a list of studies that are related to this one

Zygmunt (2013) and Priya & Nimalathasan (2013) conducted studies on a few companies that were listed on the Warsaw Stock Exchange and the Colombo Stock Exchange (CSE). The purpose of the survey was to determine the impact of liquidity on profitability, and the results showed a negative relationship. Great Nigerian deposit money banks' profitability and liquidity were analysed by Fagboyo et al. (2018), who also determined how these banks can strike a balance between the two. In order to increase their profitability and benefit from the time value of the available funds, it was recommended that banks put their excess liquidity into diversified investment portfolios. Chamler et al. (2018), banks' profitability was greatly impacted by their liquidity.The study discovered a favourable relationship between banks' liquidity and profitability.

According to Ali Mustafa Abdullah Al Qudah (2013), a bank's size and capital adequacy have a major influence on its return on equity and return on assets, however its liquidity has a negative impact on return on equity and a negligible impact on return on assets. This ultimately illustrates how crucial it is to look into the capital adequacy ratio and total assets whenever assessing a bank's financial return on assets (ROA) and return on equity (ROE).

A study by Noman et al. (2015) used a dataset of 299 observations to look at macroeconomic and bank-specific factors that affected the profitability of 35 Bangladeshi banks between 2003 and 2013. In their analysis, the authors used both a two-step system GMM model and an OLS fixed-effect model, taking into account different kinds of local banks in Bangladesh. Their results demonstrated that credit risk, cost effectiveness, GDP growth, and the real interest rate all had a negative effect on profitability. Conversely, profitability was positively impacted by capital adequacy, liquidity, bank size, inflation, and stock market turnover. Additionally, the analysis showed that the best indicator of profitability is Return on Assets (ROA).The authors likewise laid towards an array of policy recommendations meant to boost banking sector revenue in Bangladesh.

The contribution of specific bank variables on financial institution profitability in Bangladesh regarding 2012 and 2016, respectively, was investigated by Md. Saimum Hossain (2015). For this, the top 15. The choice among traditional private commercial banks is influenced by the total amount of their assets between the 2012 and 2016. The regression analysis between the variables has been performed using the fixed effect model. Asset q (the NPL), management efficiency (OPEX), capital strength (CAP), industry impact (SIZE), structure of assets (DPST), and two profitability variables (TIN & NII) were all determined to be appropriate in the case of ROA. The results play a role the banks to better future financial institution performance. The outcomes help the banks function better as financial institutions in the future.

Samad, Abdus (2015). The impact of bank-specific determinants in the sector is experimentally examined using panel data in Determinants Bank Profitability: Empirical Evidence from Bangladeshi Commercial Banks. 42 commercial banks in Bangladesh in all. Thus, attributes such as bank size, operational efficiency, financial risk, equity capital, and the ratio of total assets to total loans, among others. The macroeconomic and bank size variables have no effect on profit, while all other variables have a big impact.

A study on how loan loss provisions affect Jordanian commercial banks' profitability was carried out by Alhadab and Alsahawneh (2016). A major political and economic force in the Middle East, Jordan is situated in the centre of the region. Therefore, the study's findings would aid in changing Jordan's banking laws to safeguard individual and investor savings. The first piece of proof showing LLP has a detrimental effect on Jordan Commercial Banks' profitability comes from this study.

Khaled Mahmud, Avijit Malik, Md. Farhan Imtiaz, and Dr. Nazia Tabassum (2016) state in their panel data piece The Bank Individual Characteristics Influencing the Economic viability of the Commercial Banks in Bangladesh. Evaluation Greater performance and profitability for the Bangladeshi banking sector are the result of proper sizing, minimal risk, effective expense management, and adequate capital. The data, sometimes known as recent data, was utilised between 2003 and 2013. Mahmud Khaled et al. (2016) used Return on Assets (ROA) as the dependent variable to investigate the factors affecting the profitability of 15 commercial banks in Bangladesh between 2003 and 2013. Profitability is positively impacted by capital sufficiency, whereas it is negatively impacted by bank size, operating costs, and the gearing ratio, according to the Prais-Winsten panel corrected standard errors (PCSEs) model.

The results show that low risk, effective cost control, and sufficient capital all lead to increased bank profitability in Bangladesh (Author, Year). According to Elisa Menicucci and Guido Paolucci of the Polytechnic University of Marche Faculty of Economics in Ancona, Italy (2016), a number of financial crises in 93 countries between 1970 and 2015 were brought on, among other things, by poor credit risk management. In order to ascertain the influence of internal factors on attaining high profit interest on loans to deposit interest, they investigate the relationship between bank-specific features and profitability in the European banking sector. The Return on Asset (ROA) and other profitability indicators are significantly impacted by the bank's size. This can be shown as the alternative of NIM and ROE ratio.

An indicator of credit risk that can also be used to convey a bank's level of exposure to credit risk is the ratio of non-performing loans to total loans. A bank's profitability may be beneficially affected by a variety of macroeconomic variables, namely real GDP and interest rates.

Using secondary data spanning from 2006 to 2015, Islam, Alam, and Hossain (2016) investigated the influence of loan concentration on credit risk measurement and its effects on 23 commercial banks listed on the Bangladesh Stock Exchange. Utilising the market-to-book ratio in conjunction with ROA and ROE as additional performance metrics, they attempted to demonstrate the significance of credit risk management on the bank's performance from three angles. They discovered a favourable correlation between the capital adequacy ratio (CAR) and return on asset (ROA) after employing various diagnostic techniques. The theoretical ramifications of keeping sufficient capital are supported by the favourable correlation between CAR and performance indicators.

In 2021, K. M. Panditharathna, a probationary lecturer at the University of Kelaniya in Sri Lanka, carried out a study that looked at the impact of bank-specific profitability determinants in domestic commercial banks in Sri Lanka. The sample frame annual reports of Sri Lanka's domestic commercial banks were used in this analysis, which was carried out using full panel data. A well equitable panel data set involving 60 observations of 12 local commercial financial institutions in Sri Lanka during 2011 to 2015 provides a starting point for a regression analysis. It has been determined that profitability is the dependent variable and that bank size, capital, deposits, and liquidity are the independent factors. By advancing knowledge of bank profitability in Sri Lanka, this research aims to close a gap in the body of existing work.

The relationship between profitability as measured by ROE and EPS and a number of industry-specific factors, including underwriting risk, reinsurance dependence, solvency margin, leverage, liquidity risk, premium growth, company size, and tangibility of assets, as well as macroeconomic factors, including GDP growth, inflation, and stock market development, was examined by Lalon, R. M., & Das, J. (2022) using a sample of seven insurance companies for the years 2010–2019. The model's calculated coefficients showed that all macroeconomic factors had no effect on profitability, with the exception of inflation, which had a positive effect on ROE. It has been discovered that underwriting risk and size considerably reduce ROE while greatly increasing EPS.

Expanded panel datasets with additional measurements of performance, such as dummy variables, might be used to enhance the algorithm as well as profitability prediction in future studies, they recommended. Munna Rani Biswas, Subrata Debnath, and Md. Ahsan ullah all concur. According to the report, state-owned commercial banks in Bangladesh's profitability is impacted by internal bank-specific factors. The purpose of this research is to determine the characteristics of Bangladesh's state-owned bank. Regression analysis shows that while the bank's independent variables are significant enough to account for the variation in the dependent variable, not all of the responses are. There is a chance that the studies will be misinterpreted. Hats why we want it.

Chapter -03
Methodology

N0.	Particulars
3.1	Methodology of the study
3.2	Theoretical Aspect
3.3	Conceptual Framework
3.4	Profitability
3.5	Organization overview : Janata Bank PLC
3.6	Services of JBL
3.7	SWOT Analysis

3.1 Methodology of the Study

I have used both primary and secondary data analysis in my research on this subject. The primary goal of this study is to obtain as accurate a result as possible by using validated data. Janata Bank Limited has been the subject of the analysis for ten years (2014–2023).

The secondary data which was utilised to carry out the research derived directly from the bank's annual reports. Along with the computation of liquidity, credibility, and asset quality, major profitability ratios are examined for research purposes. Profitability metrics such as ROA were seen as dependent variables, while cost-deposit ratios CDR, NPLR, CRR, SLR, and CRAR were regarded as independent variables.

3.1.1 Research Design:

This research is an explanatory quantitative study. Panel data analysis of the variables included in the models was employed in the study. Essentially, the goal is to project the phenomenon under study while providing knowledge to support an appropriate bank management plan regarding the bank's profitability.

3.1.2 Data Sources: Both primary and secondary sources are used in the data collection process. Below are the specifics of these sources:

3.1.2.1Primary Data:

i. Speaking with bank officers.
ii. Observation throughout the internship.
iii. Customer opinion.

3.1.2.2Secondary Data:

i. Janata Bank Limited's annual report (2014–2023).
ii. A variety of journals, reports, and articles.
iii. Internet surfing.

3.1.3 Data Collection Procedure:

I acquire primary data during this study by:-

i. conducting queries and obtaining responses.
ii. Observation
iii. Gathering public opinion.

secondary data via: -

i. Internet browsing.
ii. Book of accounts, second.

3.1.4 Data Collection Period:

For this section, I primarily use secondary data, specifically information from annual reports, for my presentation. Its foundation is a report on time series analysis. As a result, I used datasets that extends ten years, from 2014 to 2023.

3.1.5 Methods of Research:

In this case, the trend of the variables has been shown using ratio analysis. Following criteria are considered to measure how bank specific factors influences a bank's profitability:

I. Return on Asset (ROA)
II. Cash Reserve Ratio(CRR)
III. Cost of Deposit Ratio (CDR)
IV. Capital to Risk-weighted Asset Ratio (CRAR)
V. Statutory Liquidity Ratio(SLR)
VI. Non Performing Loan Ratio (NPLR)

3.1.6 Model Development & Specification:

3.1.6 Model Creation and Determination: In order to testify the relationship between the dependent and independent variables, an economic model is developed for this study. The equation that follows shows return on asset as a function of profitability.

$$ROA = \alpha 0 + \beta 1\ (NPLR) + \beta 2\ (SLR) + \beta 3\ (CRAR) + \beta 4\ (CDR) + \beta 5\ (CRR) + Ui$$

Here, NPLR stands for non-performing loan ratio and ROA for return on assets. Legislative Liquidity Ratio, or SLR Capital to Risk Weighted Asset Ratio (CRAR), Cash Deposit Ratio (CDR), Cash Reserve Ratio (CRR), and Intercept ($\alpha 0$) Ui = Regression Coefficient / Error Term Coefficient.

3.1.7 Data Analysis Tools and Techniques:

The gathered information has been processed and compiled using EViews, Excel, and Microsoft Word. 12. Ratio analysis has been used to create a visual depiction of the pattern. Numerous statistical techniques, such as descriptive statistics, regression analysis, correlation, autocorrelation, the classical assumption test, the heteroskedasticity test, and multicollinearity, have been used in analyses based on classified data.

3.1.8 Hypothesis for Research:

There are two types of hypotheses. The alternative hypothesis (H1) and the null hypothesis (H0) are the two categories of hypotheses. The assertion that two variables have a clear, precise relationship is known as a null hypothesis. The null assertion is typically expressed as follows: two variables are unrelated.

The hypothesis will provide the following results:

1. Hypothesis H0: A bank's profitability and bank-specific characteristics do not significantly correlate.

2. Hypothesis H1: The profitability of a bank and its unique characteristics are strongly correlated.

3.2 Theoretical Aspects-Bank Specific Factors

Bank-specific factors are internal characteristics and conditions that directly influence a bank's financial performance, profitability, and overall operations. These factors are distinct from broader macroeconomic influences and focus on the unique attributes of a particular bank. Examples include bank size, asset quality, capital adequacy, liquidity, management efficiency, and profitability. Here's some sectors of bank-specific factors:

1. Bank Size: The size of a bank, often measured by its total assets, can impact its cost structure, market share, and ability to leverage economies of scale.

2. Asset Quality: This refers to the proportion of a bank's assets that are performing well, including loans, investments, and other assets. Lower asset quality, such as a higher percentage of non-performing loans, can negatively impact profitability.

3. Capital Adequacy: A bank's capital adequacy, typically measured by the capital adequacy ratio (CAR), reflects its ability to absorb potential losses and withstand financial shocks. Adequate capital is crucial for maintaining stability and solvency.

4. Liquidity: A bank's liquidity refers to its ability to meet short-term obligations and financial commitments. A strong liquidity position allows the bank to weather potential financial crises and maintain customer confidence.

5. Management Efficiency: The efficiency of a bank's management, including operational efficiency and the ability to control costs, significantly impacts profitability.

3.3 Conceptual Framework

Basically there are many factors effecting banks profitability but we cant take all of them due to research limitation, some of them are taken for the study are written below & trying to give some idea about them.

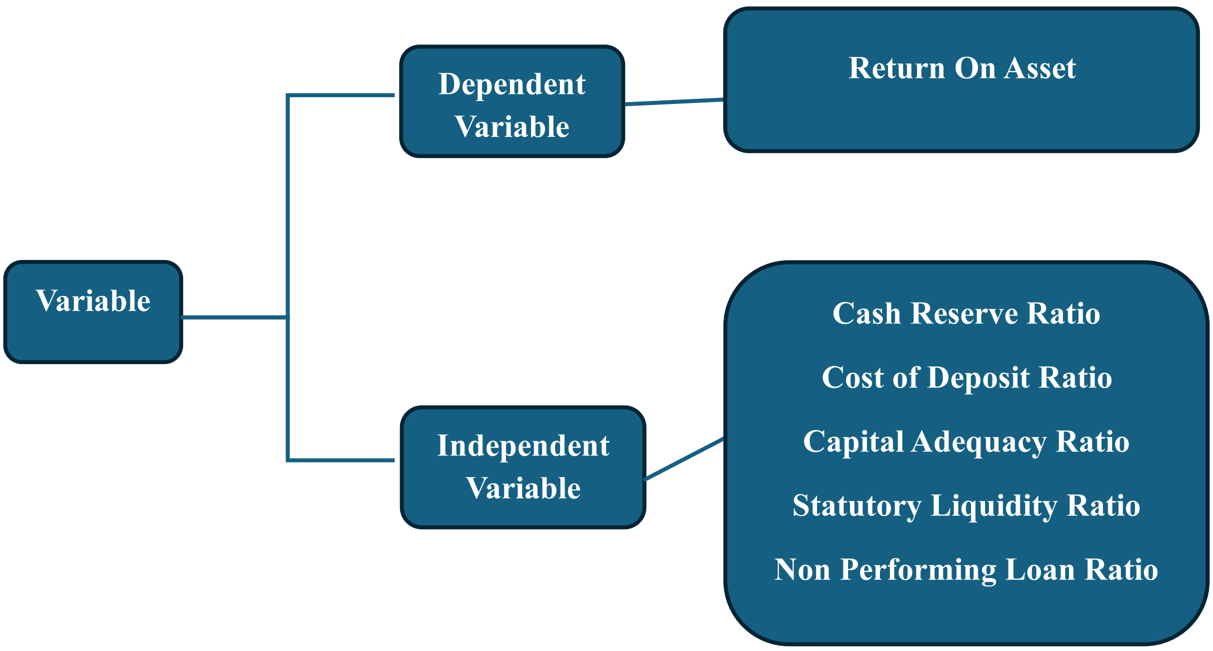

Figure: Conceptual Framework

Variables are divided in to 02 part That are

1. Dependent Variable &
2. Independent Variable

A.Independent Variable:-

Describing below:

1)Cash Reserve Ratio(CRR):

The amount of cash that banks must hold onto in order to invest or lend it for interest is known as the cash reserve ratio, or CRR. Commercial banks are informed about the amount of monetary reserves they are required to maintain with their respective central banks by this percentage, which is also known as the reserve ratio. The calculation for CRR is Total Net Demand and Time Liabilities (NDTL) * CRR%.

For example: Considering the bank's NDTL of 10,00,00,000 and CRR at a rate of 10%, the capital reserve ratio (CRR) is 1,00,00,000 (10,000,000 * 10%).

2) Cost of Deposit Ratio (CDR):

Interest and other expenses incurred by an organisation to accept and retain funds are referred to as the "cost of deposit ratio" (CDR).This expense has a direct impact on the bank's profitability. due to the fact that it is a direct expense that has an inverse relationship with bank revenue. Additionally, if no revenue is made, this expense may result in a loss for banks. CDR is calculated as follows: (Total deposit * interest rate) + operating costs associated with the deposit amount.

3) Capital Adequacy Ratio (CAR) or Capital to Risk-weighted Asset Ratio (CRAR):

It is a crucial indicator of a bank's soundness since it shows how well it can withstand losses. It is computed by taking the entire capital of a bank and dividing it by the risk-weighted assets. A stronger bank that can better handle risks like credit and operational losses is indicated by a higher CAR.

Formula:(Total Capital / Risk Weighted Asset) * 100 is the formula for CAR.

4)Statutory Liquidity Ratio (SLR):

The statutory liquidity ratio All commercial banks are required to maintain a certain level of liquid assets, known as SLR. It functions as a reserve and is composed of cash, gold, and securities. The calculation requires dividing the entire sum of both time and net demand liabilities paid by the bank by its proportion of liquid assets. (Liquid Assets / Time Liabilities + Net Demand) * The SLR formula is 100.

5) Non Performing Loan Ratio (NPLR):

Loans with a non-performing loan ratio (NPLR) are those in which the applicant has failed to make payments for a particular amount of time, generally 90 days or more. These are debts with an unclear history of payback, even after capitalisation, refinancing, or postponement of payments. The percentage of non-performing loans in a bank's loan portfolio is indicated by a financial statistic called the (NPL) ratio.

It can be calculated by division the entire credit portfolio value by the total number of non-performing loans. A high ratio indicates possible issues in the loan portfolio, making it a crucial metric for assessing a bank's health and asset quality.

Formula: NPLR is equal to non-performing loan divided by total loan.

B. Dependent Variable

Describing Below

1)Return on Asset(ROA):

This financial statistic illustrates how well a business makes use of its assets to produce profit.

The formula Net Income ÷ Total Assets = ROA.

A greater ROA indicates that the business is more adept at turning its assets into revenue. ROA is a metric used by analysts and investors to analyse the profitability of businesses, particularly those in the same industry.

Example:For instance, if a business has $1,000,000 in total assets and $100,000 in net income, ROA = 100,000÷1000,000 = 0.10 or 10% This indicates that for every dollar of assets the company holds, it makes 10 cents in profit.

3.4 Profitability:

The ability of a company or organisation to generate more revenue than it spends is known as profitability. It is usually measured using ratios such as EBITDA, net profit margin, gross profit margin, etc. These ratios assist with the evaluation and quantification on the company's revenue-generating storage capacity due to analysts, shareholders, and stakeholders. The money received is used to pay for its operations, add assets to the balance sheet to add value, and assess its capacity to grow and undertake projects for future expansion. Because the company operates well, the proportion is better the greater it is. Companies' performance is frequently compared to one another using these ratios.

3.5 Organization overview: Janata Bank PLC

Janata Bank PLC. has its prosperous past, glorious present and prospective future. With the emergence of Bangladesh as an independent, sovereign state in 1971 after a devastating nine month war against the West Pakistani occupation army, a war, full of blood and tears, trauma and pain of millions of our beloved ones, the legacy of rebuilding the already broken financial base of the country was felt as an urgent call of the day against a collapsed economic reality of a newly born state.

In this backdrop, in order to rebuild the country's economy, measures had been taken to merge a number of banks previously operated in this region and make new banks and this initiatives led to formation of Janata Bank in 1972 by combining the erstwhile United Janata Bank Limited and Union Bank Limited under the Banks Nationalization Order (President's Order No. 26) of 1972. Bank PLC was formed combining the then United Bank Limited and Union Bank Limited under the Bank Nationalization Ordinance of 1972 (President's Order 26). Established as the first private sector Bank fully owned by Bangladeshi entrepreneurs, JBL has been flourishing as the largest private sector Bank with the passage of time after facing many stress and strain. The member of the board of directors is creative businessman and leading industrialist of the country. Janata Bank PLC. Was born as the first hundred percent Bangladeshi owned Bank in the private sector. From the very inception it is the firm determination of Janata Bank Ltd. To play a vital role in the national economy.

Considering the need for remittance by the expatriates Bangladeshis residing abroad the Bank during the year established drawing arrangement with the Pacific Bank Berhad, Malaysia (now May Bank), Security Exchange Company Limited, State of Kuwait and Dalil Exchange, State of Bahrain. Bank invested 25% equity in Gulf Overseas Exchange Company LLC, a joint venture Exchange Company in Oman, operating since November 1985 under the management of our Bank. The Bank received Riyal Omani 12, 450 equivalent to TK. 1.74 million as dividend for the year 2000.In 15 November, 2007 Janata Bank got registered with the Joint Stock of Registrars and restructured it as a public limited company with the name Janata Bank Limited. The emergence of JBL in the private sector is an important event in the Banking area of Bangladesh.

3.5.1Vision Statement

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

3.5.2 Mission Statement

Janata Bank PLC will be an 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.

3.5.3 Janata Bank PLC at a glance.

FEATURES	VALUES
Name	Janata Bank Public Limited Company

Genesis	Janata Bank Limited, the 2nd largest State Owned Commercial Bank (SCB) in Bangladesh, is playing pivotal role in overall financial activities of the country. 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. Since inception in 1972 the Bank has commendably contributed to the socioeconomic development of Bangladesh and helped structuring solid financial ground of the country as well. Janata Bank runs its business with 912 branches across the country including 4 overseas branches in United Arab Emirates.
Registered Address	Janata Bhaban, 110, Motijheel Commercial Area Dhaka – 1000, Bangladesh.
Legal Status	Public Limited Company
Chairman	Dr. S. M. Mahfuzur Rahman
CEO & Managing Director	Md. Abdul Jabber
Company Secretary	Mansur-Ul Haque Md. Jahangir
Date of Incorporation	21 May 2007
Authorized Capital	BDT 30,000 Million
Paid up Capital	BDT 23,140 Million
Face value per share	BDT 100 per share
Shareholding Pattern	100% Share owned by the Government of Bangladesh
Number of Employees	12,745 (As on 30.06.2023)
Bankinlicense obtainedfrom BB	31 May 2007
Phone	+88 02-223380029, +88 02-223380042, +88 02-223385042,
Fax	88-02-9554460, 9553329, 9552078
SWIFT	JANBBDDH
Website	www.jb.com.bd, www.janatabank-bd.com, https://www.জনতাব্াাংক.বাংলা

E-mail	md@janatabank-bd.com

3.6 Services of JBL

There are several types of service & products that are provided by JBL. Some of them are listed here below. These services are described below to understand the services that are provided by JBL.

Chart 3: Services of JBL

1)Consumer Credit Scheme:

To help customers purchase office and household necessities, Janata Bank Ltd. offers loans to them in instalments. Customers can handle a range of expensive but essential workplace and home supplies with this package. They can purchase automobiles, microwaves, washing machines, photocopiers, refrigerators, VCRs, televisions, and personal computers, according to JBL customers. Those with steady incomes have a better quality of life thanks to JBL's program. Buyers have no need to fret about more expenses or tariffs when shopping these basic items.

2)Special Deposit: JBL provides special deposit scheme to its clients. Through the JBL Special Deposit Scheme, which provides a fixed income, customers can increase their monthly income. Through this program, clients may save money over a maximum of five years. The deposit money is fully refundable after the term paper's designated date has passed. During this time frame, they are able to benefit via a monthly return that is comparable to the sum that they deposited.

3) Monthly Saving Scheme

This plan was established by JBL in order to help those that fell under the partial category of income. They are able to turn little monthly contributions into a sizeable sum at the end of the term thanks to this approach. Consequently, at the end of the day, the depositor or saver will have a sizable sum to be pleased with.

4)Credit Cards:

Credit cards are also offered by Janata Bank Limited. The newest idea in our nation is the credit card. Janata Bank Ltd. was the first to provide credit cards in our nation. The names of the acceptable credit card groups are MasterCard and VISA. Credit cards are safe, easy, and widely used forms of payment. Two different kinds of credit cards were issued by Janata Bank Ltd.

They are showing up as follows:

a) Visa and Master cards issued locally

b) Visa and Master cards issued internationally

5)JBL ATM Services:

Automated teller machine, or ATM. In order to give all of its customers the ability to conveniently withdraw their money at any moment on any day, including holidays, JBL offers ATM cards. Janata Bank Ltd. was the first bank to provide its clients with ATM service when no other bank did. With the use of the card, they will be able to spare their valued clients from laborious processes and emergency repairs. Loyal consumers will be able to withdraw cash from the JBL ATM Card every day of the week, including holidays. Bank card expenses are addressed in this piece of writing. In addition to the annual fee of 1000 Taka, ATM cardholders must additionally pay an extra 300 Taka in case their card is lost.

6) Western Union Money Transfer:

JBL provides this service to help customers who live abroad and are experiencing difficulties sending money home for a number of reasons. Through its partnership with "Western Union," the top money transfer service in the world, JBL has introduced Bangladesh to the earlier money allowance route. Shifting money among Bangladesh and any other nation in the world has become easier and more secure than prior to this. Being on chain, this straightforward transfer technique removes the problematic 23 process and makes it convenient and easy for both the donor and the recipient. Your cash will arrive at its. final destination thanks to the JBL-Western Union Money Transfer Service in an envelope minutes notes.

7)Pay order service:

JBL offers its customers this service as well. Although they serve different purposes, demand drafts and pay orders are generally employed for the same thing. Demand draft is a mode of fee that gets cleared in any branch of the issuing branch.

8) Online Banking:

Internet banking is another name for online banking. Users of banking institutions and various other financial organisations are able to utilise this electronic means of payment for performing an extensive variety of financial transactions via the online presence of the financial institution. Typically, the internet banking system is integrated with or connected to the primary banking system that a bank oversees. Both personal and business banking services are offered by internet banking software, which includes functions like account balance presentation, statement retrieval, transaction inspection, and payment processing. Entering is often done through a secure website with a login and password, but many banks also provide two-factor authentication because security is a major concern with online banking.

3.7 SWOT Analysis

Janata Bank PLC is a member of six state-owned commercial financial institutions in Bangladesh. Sonali Bank PLC is another state-owned bank. The profitability of Sonali Bank PLC and Janata Bank Limited, as well as important bank-specific variables like the Non-Performing Loan Ratio (NPLR), Statutory Liquidity Ratio (SLR), Cash Reserve Ratio (CRR), and Credit Deposit Ratio (CDR), are the main topics of this comparative SWOT analysis.

Sonali Bank PLC

Strengths

1.Robust Operating Profit: The operating profit reached a record BDT 5,634 crore in 2024, up from BDT 3,846 crore in 2023.

2. Consistent Deposit Growth: In 2024, deposits totalled BDT 1.65 trillion, indicating a strong degree of customer enthusiasm and confidence.

3.Digital Innovation: The "Sonali e-wallet" and the "Sonali Exchange Mobile App" are examples of digital products that have been released to enhance the user experience.

Weaknesses

1.High Non-Performing Loan Ratio: As of March 2024, classified loans made up 14.84% of all loans. The rate of recovery from major defaulters was slow; by May 2024, just 4.5 percent of categorised debts were retrieved from the top 20 defaulters.

Opportunities

1. Expansion of Digital Banking: More advancements in digital platforms might draw in tech-savvy clients.

2. Pay Attention to SMEs and Export-Oriented Businesses: By concentrating on these industries, the loan portfolio may be diversified and risk can be decreased.

Threats

1.Economic Instability: Political and economic challenges may impact loan recovery and profitability.

2.Regulatory Pressure: Non-compliance with CRR and SLR requirements could lead to penalties.

Janata Bank Limited

Strengths

1. Government Support: Because it is a state-owned bank, it is shielded by government policy and assistance.

2. Credit Recuperation Checking: A impressive parcel of obligations that were already classified as such are presently being recuperated here.

Weaknesses

1. A extremely high non-performing loan ratio: as of June 2023, over 16.08% all mortgages considered ineffective.

2. Problems with Capital Adequacy: The Capital Adequacy Ratio (CAR), which was only 3.97%, significantly exceeded the required 12.5%.

3. Liquidity issues: The inability to maintain SLR and CRR leads to money market borrowing

Opportunities

1. Restructuring and Reform: By improving governance and implementing effective debt recovery procedures, financial health can be enhanced.

2.Digital Transformation: The implementation of digital banking can improve customer service and organisational efficacy.

Threats

1.Regulatory Sanctions: Failure to comply with CRR and SLR regulations may result in penalties.

2.Reputation Damage: Investor and public trust may be undermined by a high non-performing loan ratio and liquidity problems.

Comparative Snapshot

Factor	Sonali Bank PLC	Janata Bank PLC
Operating Profit	BDT 5,634 crore (2023)	BDT 5,840 crore(2023)
Deposits	BDT 1.65 trillion(2023)	BDT 1,103 trillion(2023)
Loan Portfolio	BDT 999.81 billion (2023)	BDT 410.32 billion(2023)
NPL Ratio	14.84% (March 2023)	16.08%(June 2023)
Capital Adequacy	3.97%(March 2023)	12.58% (June2023)
Liquidity (CRR/ SLR)	4.0%(CRR)	4.8%(CRR)
Loan Recovery	BDT 1,170 Crore from classified loan	BDT 254 crore from classified loan

From the above discuss we can say that Janata Bank PLC is one of the largest privatized Bank of the country, and Chandina Branch is the Important Branch of this Bank. Overall Performance of Chandina Branch is satisfactory. But to face challenges of Globalization Janata Bank Ltd. Ltd. should to restructure its operation to improve as a first generation bank.

CHAPTER 04

ANALYSIS & FINDINGS

4.1.1 Cash Deposit Ratio:

YEAR	CDR
2014	17.25%
2015	19.71%
2016	23.88%
2017	26.7%
2018	27.5%
2019	4.26%
2020	4.14%
2021	4.34%
2022	4.53%
2023	5.54%

Table 4.1: Cash Deposit Ratio

Interpretation:

From the above table, we can see that the ratio of Cash Deposit (CDR) is increases from 2014 to 2015.Then 2016 &2017 again increased & from 2019-2021 is decreases gradually. From 2022 the rate is again increasing.

Graphical Figure:

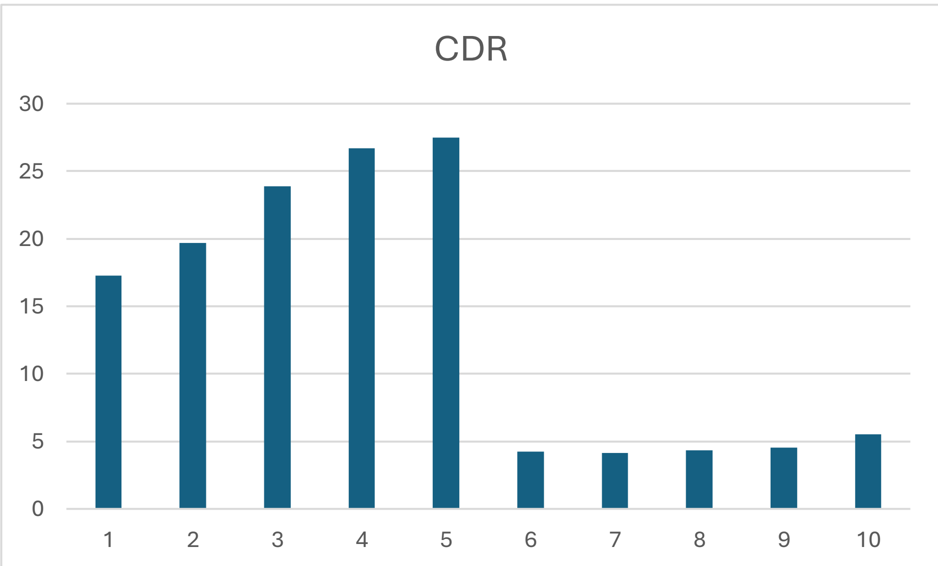

Figure 4.1: Cash Deposit Ratio

3.1.6 Cash Requirement Ratio:

YEAR	CRR
2014	06.83%
2015	06.50%
2016	06.75%
2017	07.07%
2018	05.92%
2019	05.94%
2020	04.41%
2021	03.97%
2022	04.33%
2023	04.8%

Table 4.2:Cash Requirement Ratio

Interpretation:

Here, Cash Requirement Ratio is shown from 2014-2023.From 2014-2015 it was in decreased trend and from 2018-2021 it was in decreasing trend. Then again 2022 and 2023 it was shown on again increasing trend.

Graphical Figure:

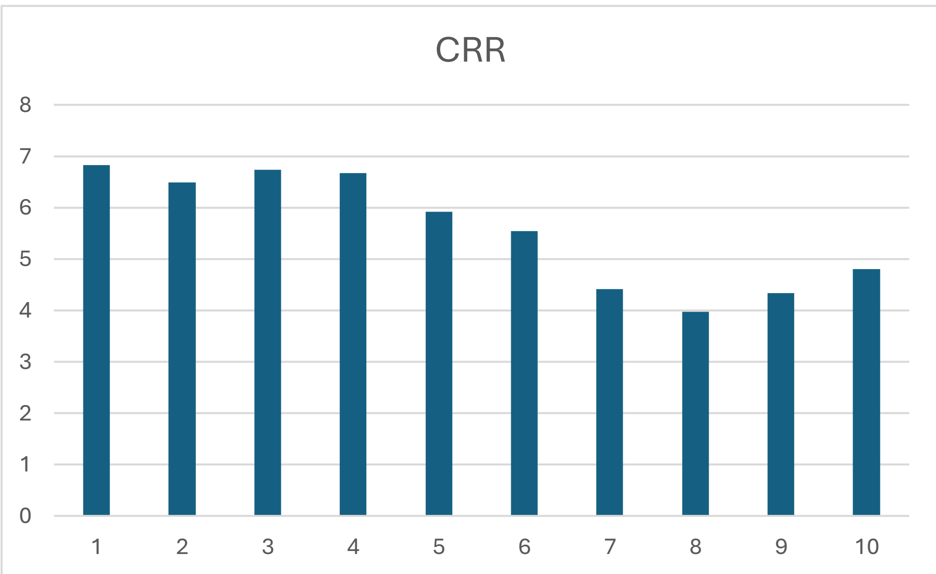

Figure 4.2:Cash Requirement Ratio

4.1.3 Non Performing Loan Ratio:

YEAR	NPLR
2013	2.56%
2014	3.62%
2015	4.71%
2016	3.73%
2017	19.5%
2018	18.09%
2019	14.7%
2020	9.47%
2021	8.67%
2022	16.8%

Table 4.3: Non Performing Loan Ratio

Interpretation:

Here, loan deposit ratio is shown from 2014-2023.From 2013-2015 it was in increasing trend and then in 2016 the trend decreased and increased in 2017. From 2018-2021 it was in decreasing trend. Then again 2022 it was shown on again increasing trend.

Graphical Figure :

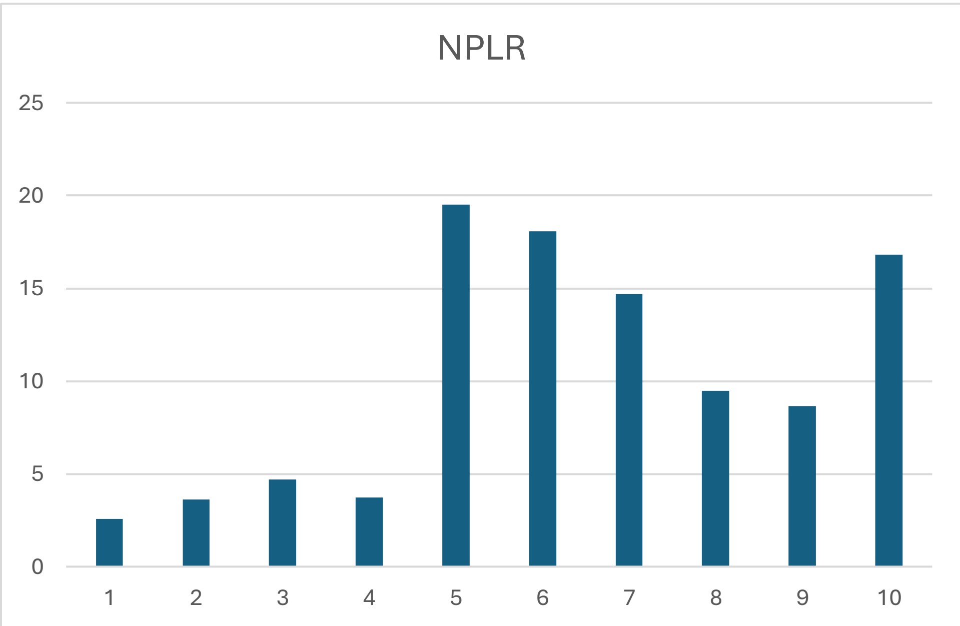

Figure 4.3:Non Performing Loan Ratio

4.1.4 Statutory Liquidity Ratio:

YEAR	SLR
2014	37.98%
2015	39.38%
2016	35.95%
2017	23.79%
2018	19.93%
2019	23.28%
2020	30.69%
2021	31.96%
2022	15.84%
2023	13.82%

Table 4.4: statutory Liquidity Ratio.

Interpretation:

Here, Statutory liquidity Ratio is shown from 2014-2023. In 2015 it is increased & 2016 to 2018 decreased. From 2019-2021 it was again in increasing trend. From this interpretation we can say that SLR is quite unstable.

Graphical Representation:

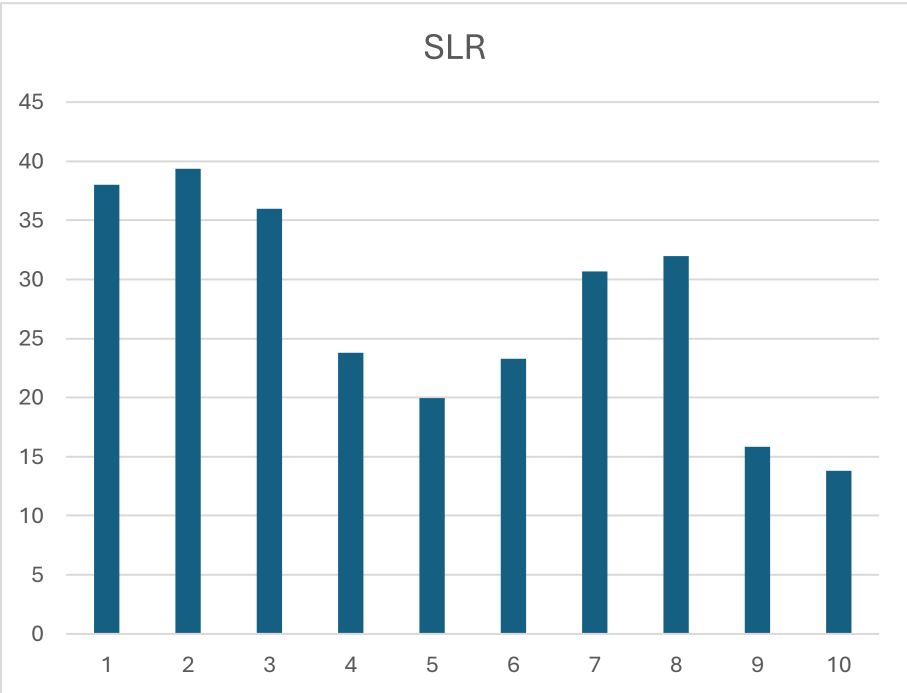

Figure 4.4:Statutory Liquidity Ratio

4.1.5 Capital to Risk Weighted Ratio:

YEAR	CRAR
2013	10.3%
2014	10.16%
2015	10.69%
2016	10.06%
2017	10.09%
2018	10.03%
2019	10.05%
2020	8.98%
2021	7.83%
2022	6.75%

Table 4.5:Capital to Risk Weighted Asset Ratio

Interpretation:

Here, Efficiency Ratio is shown from 2014-2023.From 2013-2019 it was in increasing trend and from 2020-2021 it was in decreasing trend. Then again in 2022 it was shown on again increasing trend.

Graphical Representation:

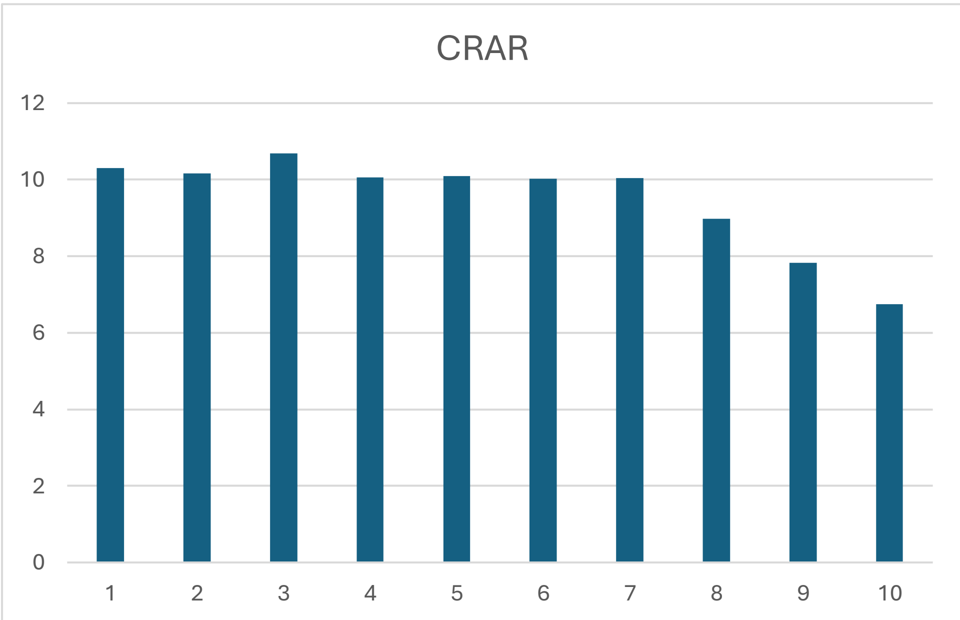

Figure 4.5 : Capital to Risk Weighted Asset Ratio

4.1.6 Return on Asset:

YEAR	ROA
2014	0.61%
2015	0.70%
2016	0.33%
2017	0.33%
2018	0.03%
2019	0.03%
2020	0.01%
2021	0.24%
2022	0.09%
2023	0.04%

Table 4.6:Return on Asset

Interpretation:

Here, Return on Asset is shown from 2014-2023. In 2015 it is increased. From 2016-2020 it was in decreasing trend and in 2021 it was increasing trend. Then again in 2022 it was shown on again decreasing trend.

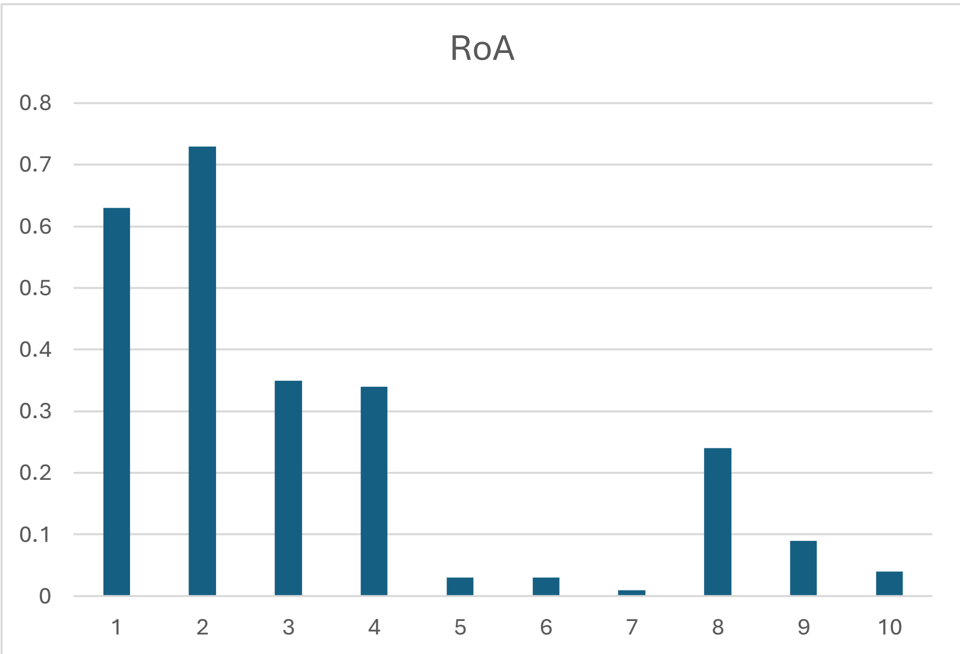

Figure 4.6 : Return on Asset

4.2 Impact of Model Variable

4.2.1 Description of Model Variable

The overall of this study is to examine the impact of liquidity on bank's profitability. To find the relationship between these two elements, I select one dependent variable and five independent variables.

NPLR	Non Performing Loan Ratios(NPLR) are metrics that are used in representing the percentage of a bank's loans that are considered non-performing, which means they are overdue or unlikely to be repaid.
CRR	Cash Reserve Ratio (CRR) is the rate based on which the central banks decide on the cash reserve requirements that commercial banks need to fulfil, Which will used to fulfill most liquid needs .
SLR	SLR Statutory Liquidity Ratio or SLR is the minimum percentage of deposits that a commercial bank has to maintain in the form of liquid cash, gold or other securities.
CDR	The amount of money a bank should have available as a percentage of the total amount of money its customers have paid into the bank.
CRAR	It's a key financial ratio used by banks to measure their capital adequacy, meaning how much capital they hold relative to their risk-weighted assets.
ROA	Return on Assets (ROA) is a type of return on investment (ROI) metric that measures the profitability of a business in relation to its total assets. This ratio indicates how well a company is performing by comparing the profit (net income) it's generating to the capital it's invested in assets.

Table 4.7 :Model Variable

4.2.2 Sample Selection and Model Specification

- **Year wise variable result:**

YEAR	CDR	CRR	SLR	NPLR	CRAR	ROA
2014	09.11%	06.83%	.3798	2.65%	10.3%	00.61%
2015	08.57%	06.50%	.3938	3.62%	10.16%	00.70%
2016	09.38%	06.75%	.3595	4.71%	10.69%	00.33%
2017	12.11%	07.07%	.2521	3.73%	10.06%	00.33%
2018	10.85%	05.92%	.1993	19.5%	10.09%	00.03%
2019	09.60%	05.94%	.2328	18.09%	10.03%	00.03%
2020	07.95%	04.41%	.3069	14.7%	10.05%	00.01%
2021	07.75%	03.97%	.3149	9.47%	8.98%	00.24%
2022	10.02%	04.33%	.1593	8.67%	7.83%	00.09%
2023	5.54%	4.8%	13.82%	16.8%	6.75%	0.04%

Table 4.8 :Trend Analysis

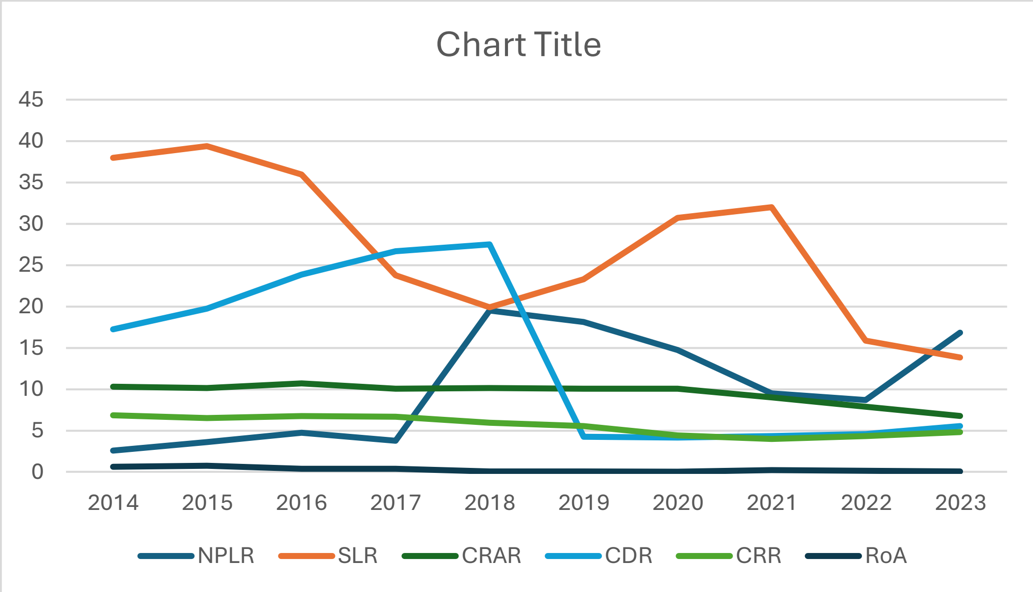

Figure 4.7 :Trend analysis

4.2.3 Regression Analysis:

To determine the impact of bank specific factors on the profitability of Janata Bank Limited, I have done the statistical analysis through EViews by using the multiple linear regression model. We have considered Return on Asset (RoA) as dependent variable (Y) and Non Performing Loan Ratio(NPLR), Statutory Liquidity ratio (SLR), Cash Requirement Ratio(CRR),Cash Deposit Ratio(CDR), & Capital to Risk weighted Asset Ratio (CRAR) as independent variable. I have considered significant level at 5%. In this Statistical analysis, I have showed P value, t statistics, R2, adjusted R2 and p (F-Statistic). Based on the model, I have completed regression analysis and the outcome obtained.

Basically Regression analysis is a statistical technique used to explore the relationship between one dependent variable and one or more independent variables. Here some key components of regression analysis to interpret like

Coefficient: Each coefficient represents the estimated change in the dependent variable for a one-unit change in the corresponding independent variable, assuming all other variables are constant. A positive coefficient indicates a direct relationship, while a negative one shows an inverse relationship. **Intercept (Constant)**: This value indicates the expected outcome of the dependent variable when all independent variables are zero. It serves as the starting point of the regression line.**R-squared (R^2)**: This metric explains how much of the variability in the dependent variable can be accounted for by the model. It ranges from 0 to 1, with higher values indicating a better fit. **P-values**: These help determine the statistical significance of each coefficient. A p-value less than 0.05 typically suggests that the variable has a significant effect on the dependent variable. **Standard Error**: This measures the average distance that the observed values fall from the regression line. Lower standard errors imply more precise estimates. **Confidence Intervals:** These show the range within which the true coefficient value is likely to fall. Narrow intervals suggest more reliable estimates.

Descriptive statistics:

Dependent Variable: RoA **Method: Least squares** **Date: 01/05/25 Time: 11.10** **Sample: 2014 2023** **Included observations 10**				
Variable	**Coefficient**	**Stand.error**	**t-Statistics**	**Prob.**
C	-0.012	0.009	-1.34	0.251
NPLR	0.02	0.008	2.46	0.036
SLR	-0.106	0.059	-1.79	0.041
CRAR	0.002	0.007	0.25	0.104
CDR	0.106	0.069	1.55	0.043
CRR	0.206	0.408	0.50	0.112
R- squared	0.921	**Mean depen var**	0.0249	
Adjusted Rsquar	0.884	**S.D. depeN var**	0.0262	
S.E. of regression	0.001563	**Akaike info criteri**	-12.890	
Sum of squ reside	9.44E-06	**Schwarz criterion**	-11.075	
Log likelihood	55.17871	**HannanQuincriter**	-10.03490	
F-statistics	9.360	**Durbin-Watsonstat**	3.430	
Prob (F-statistics)	0.025			

Table 4.9: Regression Analysis

Interpretation:

Here dependent variable is Return on Total Asset(RoA) and Non Performing Loan Ratio(NPLR), Statutory Liquidity ratio (SLR), Cash Requirement Ratio(CRR),Cash Deposit Ratio(CDR), & Capital to Risk weighted Asset Ratio (CRAR) as independent variable. We use least square method. Data are collected from 2014 to 2023.

Probability:

P-value is a measurement that assumes the null hypothesis is correct, meaning that if the value is small, then we can reject the null hypothesis in favour of the alternative hypothesis. A large p-value typically means that the data point or set you measured aligns with the null hypothesis, making it the more likely outcome

To interpret probability values of each of the independent variables we have to know that, if the probability value for independent variables is less than 0.05 then the respective independent variable is important or significant for this model or we can say if the probability value is less than 0.05 then the respective independent variables explain the dependent variable in a good way. If it is not, if the probability value is greater than 0.05 then that certain independent variable is not significant for determining dependent one. For NPLR, P-value is 0.035 which is less than 0.05. It means this variable NPLR determine ROA in a good way. For SLR, P-value is 0. 041 which is less than 0.05. It means this variable SLR determine ROA in a good way. For CRAR, P-value is 0.104 which is greater than 0.05. So, CRR is not significant independent variable here. For CDR, P-value is 0.043 which is less than 0.05. It means this variable CDR determine ROA in a good way. For CRR, P-value is 0.112 which is greater than 0.05. So, CRR is not significant independent variable for this regression model.

So, from here, by interpreting the P-values or significance of the independent variables we can say NPLR, SLR,CDR are the significant independent variables those determine ROA in a significant way and CRR, CRAR is not significant here.

Coefficient of determination (R Square):

The term R Square is the multiple coefficients of determination interpreted as the proportion of variability in the dependent variable that can be explained by the estimated multiple regression equation. Hence, when multiplied by the 100, it can be interpreted as the percentage of the variability in profitability that can be explained by the estimated regression equation.

Here R square = 0.9210(92.10% expressed in percentage) indicates 92.10% of the variability in obtained ROA is explained by the independent variables NPLR,CRR,SLR,CDR,CRAR.

Here we can see that the value of R-square is 0.9210 (92.10%), it refers that 92.10% of the total variation in ROA can be explained by five independent variable such as Non Performing Loan Ratio, Statutory Liquidity ratio, Cash Requirement Ratio, Cash Deposit Ratio, & Capital to Risk Weighted Asset Ratio . The rest 7.90 %.variation can be explained by residual or other variables other than these 05 variables . So, we can say that this regression model is fitted strongly that means that is regression model is able to explain the relation between dependent and independent variables.

Adjusted R Square:

The **adjusted R-squared** is a modified version of R-squared that adjusts for the number of predictors in a regression model.

It is calculated as:

Adjusted R2 = 1 – [(1-R2)(n-1)/(n-k-1)]*

where:

- *R2*: The R2 of the model
- *n*: The number of observations
- *k*: The number of predictor variables

Because R-squared always increases as we add more predictors to a model, the adjusted R-squared can tell us how useful a model is, adjusted for the number of predictors in a model.

From the Adjusted R-Squared it is evident that after adjusting the model for inefficiencies the independent variables can explain 88.40% of profitability of JBL.

4.2.4 Correlation Analysis :

Correlation analysis is a statistical method used to measure the strength of liner relationship between two variables that is easily identified since it is represented with the symbol r and is usually a value without units which is located between 1 and -1. A high correlation points to a strong relationship between two variables while a low correlation means that the variables are weakly related.

	NPLR	SLR	CRAR	CDR	CRR	ROA
NPLR	1	0.634	-0.317	0.380	-0.507	-0.315
SLR	0.634	1	0.707	0..271	0.450	0.302
CRAR	-0.317	0.707	1	0.577	0.647	-0.879
CDR	0.380	0..271	0.577	1	0.834	-0.778
CRR	-0.507	0.450	0.647	0.834	1	0.805
ROA	-0.315	0.302	-0.879	-0.778	0.805	1

Table 4.10: Correlation Analysis

Here, NPLR,CRAR,CDR are negatively related with ROA. Here, the equation implies that if NPLR,CRAR,CDR increases then ROA decreases and vice versa. On the other hand, CRR,SLR is positively related with ROA. The equation implies that a unit change in independent variable CRR,SLR causes the dependent variable ROA to change by amount of 0.805 & 0.302 respectively NPLR, CRAR,CDR are constant. The reason behind that is that the firms which have high ratios typically experienced less risk and performed better. Which may cause increasing the profitability.

4.2.5 Autocorrection:

The degree of correlation of the same variables between two successive time intervals is referred to as autocorrelation, also known as serial correlation.

S- squared	0.921	**Mean depen var**	0.0249
Adjusted Rsquar	0.884	**S.D. depeN var**	0.0262
S.E. of regression	0.001563	**Akaike info criteri**	-12.890
Sum of squ reside	9.44E-06	**Schwarz criterion**	-11.075
Log likelihood	55.17871	**HannanQuincriter**	-10.034
F-statistics	9.370	**Durbin-Watsonstat**	3.430
Prob (F-statistics)	0.025		

Table 4.11: Autocorrelation

The **Durbin-Watson** statistic is a test for autocorrelation in the residuals from a statistical model or regression analysis.

❖ Autocorrelation determine three things:

• If Durbin-Watson statistic value is greater than 2, then there is negative autocorrelation.

• If the value of Durbin-Watson is 2 there is no autocorrelation.

• If Durbin-Watson statistic value is less than 2, then there is positive autocorrelation.

In this model we can see that the Durbin-Watson statistic is showing that there is negative autocorrelation because it is 3.430 which is greater than 2.

4.2.6 Test of multicollinearity:

To assessing whether any need to remedy multicollinearity if one can determine which variable are affected by it and the degree of the association. Fortunately, researcher can measure multicollinearity in his regression model using a simple test.

For each independent variable, statistical software creates a VIF.VIFs have no maximum limit and start at 1.A value of 1 denotes that there is no relationship between this independent variable and any other variables among 1 to 5 indicate a moderate association, but not one significant enough to justify corrective action. Critical levels of multicollinearity are represented by VIFs larger than 5. Reflect crucial levels of multicollinearity in which coefficient are poorly calculated an p-values are suspect.

Variance Inflation Factors Date: 10/05/23 Time: 13:05 Sample: 2013 2022 Included observations: 10			
Variable	**Coefficient Variance**	**Uncentered VIF**	**Centered VIF**
C	.869	2849.432	NA
NPLR	0.23	6.984952	4.340
SLR	0.231	171.6628	4.333
CRAR	0.24	91.68543	4.162
CDR	0.256	215.6451	3.901
CRR	0.383	445.9971	2.608

Table 4.12: Test of multicollinearity

Here, less the VIFs value means it more independent among themselves according to center VIFs here NPLR is 4.340, SLR is 4.333, CRAR is 4.162, CDR is 3.901 & CRR is 2.608 which means those variables mostly independent that means if one of these independent variable changes, it will not need to change to affect the dependent variables. So, my independent variable is actually independent.

4.2.7 Heteroskedasticity test

A variable regression model's residual is tested for heteroskedasticity to see if it differs from the residual of other observations. Homoskedasticity is the state in which the variance of the residuals stays constant.

Heteroskedasticity is the term used to describe a scenario where the variance of the residual varies throughout a range of measured values. The analysis's findings can be incorrect if the population used in the regression has heteroskedasticity. Models with a wide range of values are thought to be more likely to exhibit heteroskedasticity.

Heteroskedasticity Test: Breusch-Paqan-Godfrev Null hypothesis: Homoskedasticity			
F-statistics	0.479	Prob. F(5.4)	0.7798
Obs*R-squared	3.430	Prob.Chi-Square(5)	0.0642
Scaled explained SS	0.456	Prob.Chi-Square(5)	0.9936

Table 4.13 : Heteroskedaticity Test

The guideline is that if the value of Prob. Chi-Square (5) is less than 0.05, it means the data has heteroskedasticity. And if the value of Prob. Chi-Square (5) is greater than 0.05, it means the data has homoskedasticity. In this data set we see the Prob. Chi-Square (4) is 0.0642, which is greater than 0.05. So, we can say that my data set has homoskedasticity. And it's good for a good regression.

4.2.8 Test of Hypothesis

- **Hypothesis for t-test analysis**

T-test is a statistical test which compares the means of two samples.

- **Null Hypothesis:** *H0*= Independent Variables are not individually significant.
- **Alternative Hypothesis:** *H1*= Independent Variables are individually significant.

Here p-values of independent variables are following:

Independent Variable	**NPLR**	**SLR**	**CRAR**	**CDR**	**CRR**
P-value	0.036	0.041	0.104	0.043	0.112

Here the p-value of independent variables (are NPLR-0.036, SLR-0.041, CRAR-0.104, CDR-0.043, CRR- 0.112)less than 5% which means that Null Hypothesis is rejected. For This Alternative Hypothesis is accepted and we can say that the independent are individually significant to explain dependent variable ROA.

4.2.8.1 Hypothesis for F-statistic

F-statistics should be performed to know whether the independent variables are jointly significant or not.

- **Null Hypothesis: *H0* =** All the independent Variables jointly cannot influence dependent variable.
- **Alternative Hypothesis: *H1*** = All the independent Variables jointly can influence dependent variable.

The value of F-statistics is following –

F- Statistics	**9.370**
Prob (F – statistics)	**0.025**

Here the probability of F-statistic is 0.0250% which indicates that the Null hypothesis is rejected and Alternative Hypothesis is accepted so all independent variables are jointly significantly to explain dependent variable ROA.

4.2.8.2 Determining the values of the coefficients of the research models

- The regression model is given below:

ROA=α0+ β1 (NPLR) + β2 (SLR) + β3 (CRAR) + β4 (CDR) + β5(CRR) + Ui

The regression equations will be written based on the values of the coefficients is given below:

ROA=2.148268 + 2.46(NPLR) + (1.79)(SLR) +0.25(CRAR) +1.55(CDR) + 0.50(CRR) + Ui
The above equation states that the profitability of the banking industry is positively affected by most of the proposed liquidity ratios as measured by return on asset (ROA).

4.3 Findings

Profitability is always an important factor for a financial institutions like bank. It measures the performance of bank. This study examined the influence of bank specific factors on profitability of Janata Bank PLC. I have already interpreted the influences based on every test but my actual finding according my objectives has not been specified yet. My hypothesis made for this report also has been checked in this part based on the analysis part of the research. So, this part is the final solution of my report.

The finding result from the EViews has been discussed below:

The autocorrelation (p value>5%), heteroskedasticity (p value>5%), multicollinearity (P value<5%,) and normal distribution test (p-value are used to find out a good model for selecting a hypothesis).

All of the above test result says that it is a good fit model.

During my internship period I have collected the data needed and summed up my findings according to the objectives here:

1. The bank follows the overall management process according to the rule of Bangladesh Bank in practicing liquidity Management.

2. The previous research gap identified ,which is researcher didn't show the impact on Non Performing Loam Ratio, Cash Requirement Ratio & Statutory Liquidity Ratio with ROA in a same frame.

3.Non Performing Loan Ratio significantly affect the dependent variable ROA and has a positive relation.

4. Statutory Liquidity Ratio significantly affect the dependent variable ROA and has a positive relation.

5. Cash Deposit Ratio significantly affect the dependent variable ROA and has a positive relation.

6. Cash Requirement Ratio or Cash Reserve Ratio and Capital to Risk Weighted Asset Ratio does not significantly affect the dependent variable ROA and has a negative relation.

7. The null hypothesis is rejected so it means that the relationship between CRR,SLR, NPLR etc and banks profitability is positive. Therefore, it can be said that effective bank management can contributes on Banks financial performance.

CHAPTER: 05

Recommendations and Conclusion

5.1 Conclusions

The current study looked into how Janata Bank Limited is impacted by bank-specific characteristics. within a given time frame (2014–2023). More intriguingly, it is indisputable that asset, capital, liquidity, and profitability management pave the path to success. According to the study's findings, Janata Bank Limited's profitability was positively impacted by bank-specific characteristics (NPLR, CRR, SLR, CDR, and CRAR). We concluded that there is a clear positive correlation between the profitability ratio and the other adopted ratio based on the work and calculations described above and the analysis of the data obtained using the aforementioned models. These ratios may occasionally have a weakly positive relationship.

Accordingly, evaluating the impact on the viability of the banking industry was the main study question. This study's time frame, which spans from 2013 to 2024—the time frame following the global financial crisis—focuses on the banks' profitability trade-off and nonperforming loan ratio. Because of this, the profitability of banks exhibits different effects from tighter regulation, competition across banks, and the economic slowdown brought on by the financial crisis. To lessen their issues, banks hold huge portfolios of government assets.

Loan hazards, which are also discussed during this time frame. Therefore, by taking into account a wide range of additional factors, such as capital adequacy, credit risk, asset quality, GDP, inflation rate, the makeup of the board of directors, the role of the auditor, employee skill and qualification, and collateral value, an integrated model that provides a comprehensive picture of a bank's operational efficiency can be developed in future research. In order to maintain the stability of the banking system in the cutthroat market, the study places a greater emphasis on operational efficiency as well as some important variables including Janata Bank of Bangladesh's profitability and liquidity.

According to the study, the capital to risk weighted asset ratio, cash requirement ratio, and cash reserve ratio have little bearing on a bank's operating efficiency, particularly when it comes to its assets. Furthermore, the study shows that banks are incentivised to adhere to high-quality lending policies and guarantee appropriate utilisation of their customers' deposits and borrowings by creating a high-quality loan portfolio in order to guarantee profits for their shareholders, following the maintenance of minimal liquidity. Here, the study prioritises profitability and bank-specific indicators to assess Janata Bank PLC's operational efficiency.

It focuses more attention on operational efficiency and some crucial factors like liquidity and profitability of Janata bank of Bangladesh to ensure the stability of banking system in the competitive market.

From the research, it is revealed that bank’s operational efficiency is not affected by Cash Requirement Ratio or Cash Reserve Ratio and Capital to Risk Weighted Asset Ratio , especially in term of its assets. Moreover, the study explains that after maintaining minimum liquidity, banks are motivated to follow high-quality lending policy and ensure proper utilization of their customer’s deposits and borrowings through making high-quality loan portfolio to ensure earnings for their shareholders.

Here, the study gives importance to bank specific factors and profitability to determine operational efficiency of Janata bank PLC.

5.2 Recommendations

Maintaining the status quo is not a safe strategy for any bank because the financial business is evolving so quickly. Since operational management has a greater influence on profitability, new strategies are required to sustain or enhance it. performance, but providing a new loan rate or an upgraded banking app isn't the only way to increase banking profitability. Janata Bank can handle the difficulties of the changing landscape by concentrating on a few key areas.

While it is impossible to completely eliminate all risk, organisations can regulate how strictly they handle it in terms of operational management. Excessive protective measures may result in missed chances and diminishing rewards. After all, risk is not static, and it evolves over time. That means organization’s tolerance limits need to be able to respond.

1. After regulatory and customer needs are met, banks may be urged to spend their excess liquid volume that remains idle. Banks should invest in portfolios in order to increase their profitability and take advantage of the time value of the excess capital they have on hand.
2. Janata Bank Limited should put in place a general capital management system in order to perform their duties efficiently and guarantee adequate investment opportunity.
3. Janata Bank can diagnose the operational management's strengths and weaknesses using scientific approaches, particularly in unexpected situations that the bank may discover. Any guidelines centre on the thorough evaluation of the report's findings. While not completely eliminated, it is envisaged that these principles will aid in reducing Janata Bank's capital to risk weighted asset ratio management and profitability issues.
4. Given how crucial loan management is to a bank's profitability, Janata Bank should not only rely on the maximisation of profits concept but also on measures to guarantee efficient wealth management. The goal of these treatments may be to reduce or eliminate instances of excessively unhealthy transactions.
5. Janata Bank may establish a consumer portal where its customers or depositors can learn about the different deposit conditions and the operational details of each one.

5.3 Limitations of the study

It is difficult to see and evaluate a bank's and one of its branches' overall performance. Furthermore, bank employees typically don't want to share all of the statistical data about their company for evident concerns of secrecy and scrutiny. Nevertheless, the following is a list of some of the difficulties I encountered during writing this report:

1.Restriction on Specific Area: The bank displays restrictions on specific departments, such as the cash department. so that I have trouble gathering the necessary data.

2. Website Facility: Janata Bank Limited's website lacks the necessary tools for data collection. For this reason, gathering information might occasionally be challenging.

3.Business of the Branch: Observing and analyzing the broad performances of a bank and one of its branches are not easy. Moreover, due to obvious reasons of scrutiny and confidentiality.

4.Inadequate Data: Another limitation was the dearth of information about Janata Bank Limited's commercial operations. Data gathering got challenging due to the refusal of the busy key personnel.

5.Data Reliability: Since the information was gathered from secondary sources, its accuracy is in doubt.

6.Ignorance: Some time people try to ignore the information sharing for both inside and outside.

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