

An Internship Report

on

An Analysis Flow of Working Capital and Bank Performance: A
Study of Rupali Bank Limited (RBL)

This report is submitted to the Department of Accounting, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur for the partial fulfillment of the degree of Master of Business Administration (MBA) program



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April, 2023

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Acknowledgement

By the blessing and kindness of Almighty Allah and after a long strenuous effort, I have completed my internship report.

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Notably, I could not explain how much support I got from my family members, especially my parents, sister, and friends, as well as from my business studies faculty members. I sincerely thank all of you.

.....
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রূপালী ব্যাংক লিমিটেড
RUPALI BANK LIMITED



দিনাজপুর কর্পোরেট শাখা, দিনাজপুর।

Ref. Dikdi/gen./intern/2023/18

Date: 12-03-2023

TO WHOM IT MAY CONCERN

This is to certify that, **Md. Selim Reza**, having student ID No. 1603043, MBA in Accounting and Information Systems (AIS), a Student of Hajee Mohammad Danesh Science & Technology University (HSTU), Dinajpur, has successfully completed his 90 (Ninety) days internship program at Rupali Bank Limited, Dinajpur Corporate Branch, Dinajpur. During his internship period found his good moral attitude and sound behavior.

We wish him every success in life.

মোঃ মেসবাহুল ইসলাম
মিডিয়াস অফিসার
রেজিঃ ৮৯৯৯
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দিনাজপুর কর্পোরেট শাখা, দিনাজপুর।

Certificate of Supervisor

I hereby declare that the concerned report on “An Analysis Flow of Working Capital and Bank Performance: A Study of Rupali Bank Limited (RBL)” is work completed by Md. Selim Reza, Student ID: 1603043, MBA in Accounting and Information Systems, 9th Batch, Department of Accounting, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. He has completed his internship under my supervision and submitted the report to the Department for the fulfilment of the degree of Master of Business Administration (MBA), at Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I wish him every success in life.

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Mohammad Main Uddin
Associate Professor
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Certificate of Co-supervisor

I hereby certify that the titled '*An Analysis Flow of Working Capital and Bank Performance: A Study of Rupali Bank Limited (RBL)*' is work completed by Md. Selim Reza, Student ID: 1603043, MBA in Accounting and Information Systems, 9th Batch, Department of Accounting, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. He has completed his internship under my co-supervision and submitted the report to the Department for the fulfilment of the degree of Master of Business Administration (MBA), at Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I wish him every success in life.

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Dr. Shaikh Mostak Ahammad
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Student's declaration

I hereby declare that the internship report entitled on “An Analysis Flow of Working Capital and Bank Performance: A Study of Rupali Bank Limited (RBL)” embodies the result of my own works and efforts, prepared under the supervision of Mohammad Main Uddin, Associate Professor, Department of Accounting, Faculty of Business Studies and Co-supervision of Professor Dr. Shaikh Mostak Ahammad, Department of Accounting, Faculty of Business Studies, HSTU, Dinajpur.

I further affirm that work and information reported in this internship report is real and any part or whole has not been submitted to any form, any other university or institution for any degree, or any other purpose.

.....
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Abstract

This report has been prepared to evaluate the flow of working capital and bank performance. This study complete on Rupali Bank Limited (RBL). The purpose of this paper is to examine various aspects of working capital and how they influence bank performance. Bank performance is defined by its liquidity and profitability. The used data was collected from secondary sources, especially from published annual reports, various files and documents of the bank, and the official website of the Rupali Bank Limited. The report paper contains the analysis of 10 years of data for Rupali Bank Limited, commencing from the years 2012 to 2001, which was analyzed by ratio analysis and data interpretation by various graphs. The study discovered that the working capital position is negative, the current ratio is poor, and the gross profit, net profit, and return on assets are all inadequate. The study also found a significant relationship between working capital, liquidity, and profitability at the bank but working capital and its negative impact on bank performance. Finally, the study suggests that efficient working capital management is required to improve bank performance.

Keywords: Banking industry, Working Capital, Bank Performance

Table of contents

Chapter	Title	Page no.
	Acknowledgement	iii
	Internship Certificate	iv
	Certificate of Supervisor	v
	Certificate of Co-supervisor	vi
	Student's declaration	vii
	Abstract	viii
	Table of contents	ix-x
	List of tables	xi
	List of figures	xii
Chapter 1	Introduction	1
1.1.	Working capital	1
1.2.	Bank performance	1
Chapter 2	Literature review	2-4
2.1.	Working capital	2
2.2.	Bank performance	3
2.3.	Objectives of the study	4
Chapter 3	Methodology of the study	5
3.1.	Study design	5
3.2.	Period of study	5
3.3.	Sample size	5
3.4.	Technique of analysis	5
Chapter 4	Working capital	6-7
4.1.	Concept of working capital	6
4.2.	Types of working capital	6
4.3.	Working capital policy	7
4.4.	Importance of working capital	7
Chapter 5	Analysis and interpretation of data	8-20
5.1.	Working capital	8
5.2.	Current ratio	9
5.3.	Loan to deposit ratio (LDR)	11

5.4.	Gross profit ratio	12
5.5.	Net profit ratio	14
5.6.	Return on assets (ROA)	15
5.7.	Return on equity (ROE)	17
5.8.	Return on capital employed (ROCE)	18
Chapter 6	Findings and suggestions	21-22
6.1.	Findings	21
6.2.	Suggestions	22
Chapter 7	Conclusion, policy implications, Limitations and future work	23-24
7.1.	Conclusion	23
7.2.	Policy Implications	23
7.3.	Limitations	24
7.4.	Future work	24
	References	25-26

List of tables

Table no.	Title	Page no.
Table 5.1	Analysis of net working capital	8
Table 5.2	Analysis of current ratio	10
Table 5.3	Analysis Loan to deposit ratio	11
Table 5.4	Analysis of gross profit	13
Table 5.5	Analysis of net profit	14
Table 5.6	Analysis of return on assets	16
Table 5.7	Analysis of return on equity	17
Table 5.8	Analysis of return on capital employed	19

List of figures

Figure no.	Title	Page no.
Figure 5.1	Net working capital	9
Figure 5.2	Current ratio	10
Figure 5.3	Loan to deposit ratio	12
Figure 5.4	Gross profit	13
Figure 5.5	Net profit Ratio	15
Figure 5.6	Return on assets (ROA)	16
Figure 5.7	Return on equity (ROE)	18
Figure 5.8	Return on capital employed (ROCE)	19

Chapter 1

Introduction

1.1. Working capital

Working capital is an essential part of corporate finance since it has a direct impact on the company's liquidity and profitability (Rehman & Nasr, 2007). The working capital is mainly determined by the difference between current assets and current liabilities. Khan and Jain (2003) divided working capital into two aspects: Gross and Net. Gross working capital refers to the amount of funds invested in current assets that are employed in the business process while Net working capital is the difference between current assets and current liabilities. Furthermore, working capital is the equilibrium between the income-generating and resource-purchasing activities of a company. She also said that positive net working capital will arise when current assets exceed current liabilities and firms can use a surplus of current assets to fulfill their financial commitments and obligations of shareholders which is a vital aspect for the continuing growth of any company (Eljelly 2004). Because working capital often helps a corporate to meet its short-term financial needs, working capital management refers to the ideal level of current assets and liabilities. It involves trading capital that hasn't been kept in a specific structure for the business for more than a year. During the typical course of business activities, the capital invested in the company changes its structure (Rafuse, 1996).

1.2. Bank performance

The banks play a role in the economy by shifting excess funds from depositors (without immediate needs for those funds) and directing those funds as a credit to investors who have great ideas for producing surplus funds in the economy but lack the funds to put those ideas into action (Nwanyanwu 2010). The performance of a country's banking industry has a significant impact on that economy. Economic growth depends on the banking industry's performance since it influences investment (Tabash & Dhankar, 2014). A healthy banking industry is a key factor in determining economic growth (Zeqiraj et al., 2020).

Chapter 2

Literature review

2.1. Working capital

The findings of numerous studies on the ideal level of working capital are contradictory. According to certain studies, a large positive net working capital reduces a firm's financial liquidity since it adds extra financial expenditures that raise the insolvency risk of the organization (Haralayya, 2021). Yet, some academics think that a sizeable amount of working capital is an indication of a financially sound company (Abdulnafea *et al.*, 2022).

Mazreku, Morina and Zeqaj (2020) assessed working capital's impact on Kosovo's commercial banks' profitability. He discovered that the success of business banks in Kosovo was positively impacted by the size of the bank and the current ratio, while negatively impacted by the debt ratio. Bhatia and Srivastava (2016), Examine how working capital management affects a company's performance in a developing market. Ordinary least squares, fixed- and random-effects models, and the generalized method of moments are used in the study. This study reveals a link between working capital management and firm performance that is negative.

Umoren and Udo (2015) investigated the impact of working capital management on the liquidity and profitability of deposit money banks. For the study, an ex-post facto research design was chosen. In this study, 10 deposit banks were used as the sample size, and descriptive statistics, Pearson's model, and regression analysis were utilized to examine the data. They discovered a significant negative relationship between profitability, cash conversion cycle (CCC), and leverage, a significant positive relationship between liquidity, debtors' collection, CCC, and credit risk, and a significant negative relationship between profitability, cash conversion cycle (CCC), and creditors' payment period.

Asaduzzaman and Chowdhury (2014) examined the effect of working capital management on the profitability of Bangladesh textile companies. They collected data on 21 textile companies from 2008–2012 and evaluated the data using a multiple regression model. This study found that working capital management and profitability have a

positive relationship and also found a negative relationship between profitability and the accounts payable period.

Quayyum (2011), "Effects of Working Capital Management and Liquidity: Evidence from the Bangladeshi Cement Industry," In her research, she found a strong correlation between the profitability indices, different liquidity indices, and working capital components. She also suggested that businesses plan their sales and retain cash reserves sufficient to cover their projected sales level. By doing this, they will be able to take advantage of their negotiating position when making purchases, lowering their costs.

2.2. Bank performance

Alam *et al.* (2021) examined the banks' performance and economic growth in a developing country, India. They are collecting data from 20 public-sector banks for the period 2009–2019. The panel fully-modified ordinary least squares OLS (FMOLS), the dynamic OLS (DOLS), the panel vector error correction model (VECM) with dynamics, Pedroni and Kao's test of co-integration, and other methods are used to estimate the relationship between interest margin return on assets, bank investment, and lending capacity with the nation's gross domestic product (GDP). The results indicate a significant relationship between the bank's performance and economic growth.

Zeqiraj *et al.* (2020) this paper evaluates the dynamic impact of banking sector performance on economic growth in thirteen Southeast European countries from 2000 to 2015 using a dynamic panel generalized method of moments (GMM), while also accounting for trade openness, investment, and human capital. The primary empirical finding points to a positive and significant relationship between the banking sector's performance and economic growth, which demonstrates that banking efficiency is one of the key factors influencing overall economic growth.

From the following propositions, it is clearly observed that there is a significant relationship between working capital and the bank performance. As a result, the bank's performance is dependent on having enough working capital.

There have been many studies in the past literature that focus on working capital management and its impacts on firm performance. Most of these research papers have been published with single-country analysis and data analysis of these papers by statistical tools or models. That's why I selected the topic. I am trying to show the

analysis of this study through ratio analysis, like the net working capital ratio, the current ratio, the loan-to-deposit ratio, the gross profit ratio, the net profit ratio, the return on assets, the return on equity, and the return on capital employed.

2.3. Objectives of the study

The main objectives of the study are to determine working capital and bank performance such as,

- To get an overall idea about working capital management,
- To examine the working capital position of a selected bank ,
- To analysis of the bank performance of a selected bank.

Chapter 3

Methodology of the study

3.1. Study design

This is a quantitative study. This study requires lots of data with respect to working capital and bank performance. The used data are collected from secondary sources, especially published annual reports, various files and documents, and the bank website, and then data is calculated for the result. The data were arranged according to the report format and study interest. This study evaluates the flow of working capital and bank performance.

3.2. Period of study

For the study, data were gathered over a ten-year period (from 2012 to 2021).

3.3. Sample size

The sample for the study has been selected from a bank named Rupali Bank Limited, which is one of the leading banks in the country.

3.4. Technique of analysis

This study is based on secondary data. The data is analyzed and interpreted using table, various financial ratios and graphs. The majority of the calculation was completed using Microsoft Word and Excel.

Chapter 4

Working capital

4.1. Concept of working capital

In business, working capital is the difference between current assets and liabilities. It measures the operating efficiency and immediate financial stability of an organization.

Working capital management monitors and maximizes the use of current assets and liabilities with the goal of making better use of an organization's assets. Maintaining enough cash flow to cover short-term operating expenses, and short-term debt commitments, and maximizing profitability are the objectives. Working capital management is essential to a company's cash conversion cycle (CCC), which measures how long it takes to turn working capital into usable cash.

4.2. Types of working capital

Gross working capital: The amount invested in current assets by a corporation. Assets that could be turned into cash during an accounting year are referred to as current assets. Trade debtors, prepayments, and cash balances are only a few examples of current assets.

Net working capital: Net working capital is the difference between current assets and current liabilities, which are assets that can be turned into cash within a year and claims that are anticipated to mature for payment within an accounting year. Accounts payable, accruals, trade creditors, short-term loans, and unpaid expenses are examples of current liabilities.

Permanent working capital: Hard-core working capital is referred to as permanent working capital. It is also known as fixed working capital, and it is the minimum amount of money that a company must invest in its current assets in order to conduct its essential operations.

Temporary working capital: On the basis of business activity, the amount of working capital varies periodically. In other terms, it reflects additional current assets necessary at different points during the operational year.

4.3. Working capital management policy

Aggressive strategy: This is a management strategy that focuses on profitability. Both high risk and high profitability are characteristics of it. With this method, short-term funds are used to finance temporary working capital while long-term funds are only used to finance fixed assets and a portion of permanent working capital. At the expense of high risk, it reduces interest costs.

Hedging or maturity matching strategy: It is a systematic strategy for managing working capital with minimal risk and profitability. This method employs long-term sources to finance long-term assets.

Conservative strategy: It is a profitable approach with little risk. Although the interest rate is higher, it has the lowest liquidity risk.

4.4. Importance of working capital

Solvency: When a company has sufficient capital, it can operate successfully. In this case, short-term liabilities can be paid quickly, strengthening the company's financial stability.

Capacity to face a crisis: A firm can naturally meet challenges like economic crisis, currency risk, and strike. The accessibility having working capital in sufficient volume offers the organization the ability to meet such issues.

Regular return: A company benefits from effective working capital management to distribute dividends to investors promptly and frequently. Thus having access to sufficient operating capital allows a corporation to avoid having to earnings so bringing trust to its investors.

Smooth running of businesses: A business can run successfully with enough working capital. With appropriate working capital, it can make regular payments of salaries and other daily commitments. By paying costs on time, employees' morale grows along with their effectiveness.

Chapter 5

Analysis and interpretation of data

5.1. Working capital

Working capital refers to the gap between current assets and current liabilities and is a measurement of a company's liquidity, operational effectiveness, and short-term financial health. If a business has a sizable amount of positive working capital, it should be able to make investments and expand. A corporation may struggle to expand, make payments to creditors, or even go bankrupt if its current assets do not equal its current liabilities. Working capital is also called net working capital.

$$\text{Net working capital} = \text{current assets} - \text{current liabilities}$$

Table 5.1: Analysis of net working capital

(Amount in crore)

Year	Current assets	Current liabilities	Net working capital
2012	8468.94	7657.07	811.87
2013	10605.02	7070.01	3535.01
2014	13044.52	11858.65	1185.87
2015	12981.49	13539.53	-558.04
2016	17450.08	25466.99	-8016.91
2017	21227.80	28888.74	-7660.94
2018	25858.93	32698.66	-6839.73
2019	26238.45	34981.79	-8743.34
2020	29603.33	43251.97	-13648.64
2021	29529.09	45610.82	-16081.73

Source: Annual report of RBL (2012-2021)

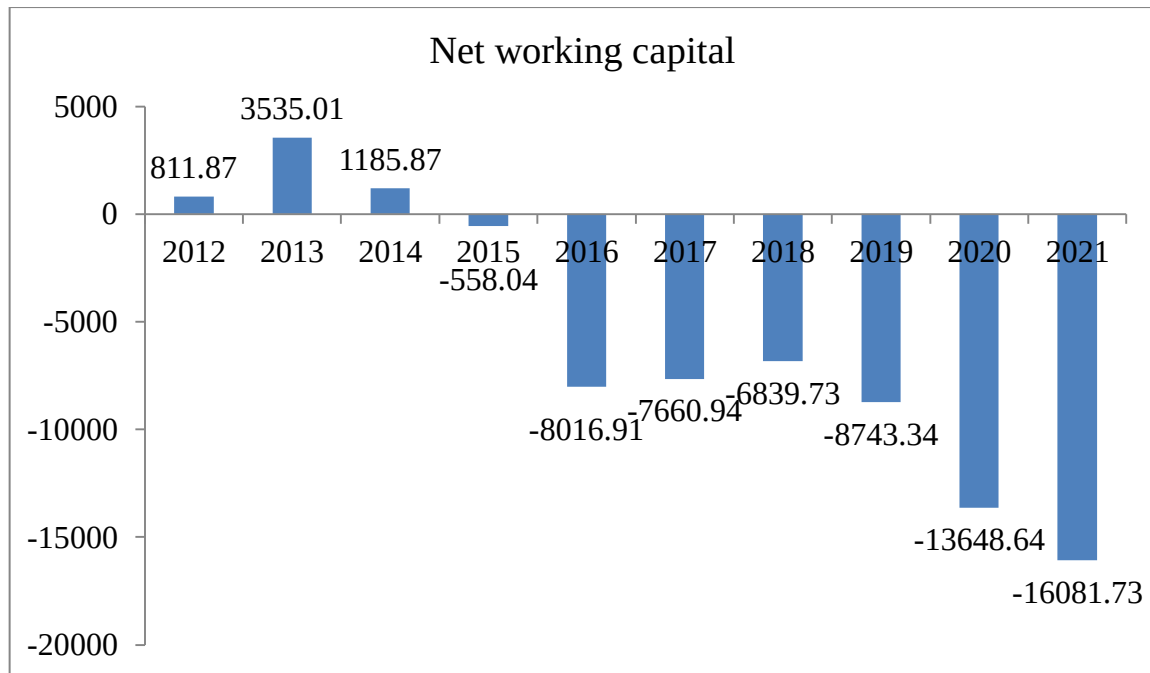


Figure 5.1: Net working capital

Interpretation: The graph shows that from the year 2012 to 2014 current assets were greater than current liabilities which means net working capital was positive. Positive working capital suggests that a corporation can fund its current operations and invest in future activities and growth. However, from 2015 to 2021, current liabilities increased faster than current assets, resulting in a negative trend. Negative working capital is a sign of insufficient liquidity, poor short-term health, and possible difficulties meeting debt commitments when they come due or even go bankrupt.

5.2. Current ratio

The current ratio is a liquidity ratio that assesses a firm's ability to pay short term debts or those due within one year. The standard ratio of current ratio is 2:1. The formula of current ratio,

$$\text{Current ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

Table 5.2: Analysis of current ratio

(Amount in crore)

year	Current assets	Current liabilities	Current ratio (%)
2012	8468.94	7657.07	1.09
2013	10605.02	7070.01	1.50
2014	13044.52	11858.65	1.10
2015	12981.49	13539.53	0.98
2016	17450.08	25466.99	1.46
2017	21227.80	28888.74	0.73
2018	25858.93	32698.66	0.79
2019	26238.45	34981.79	0.75
2020	29603.33	43251.97	0.68
2021	29529.09	45610.82	0.65

Source: Annual report of RBL (2012-2021)

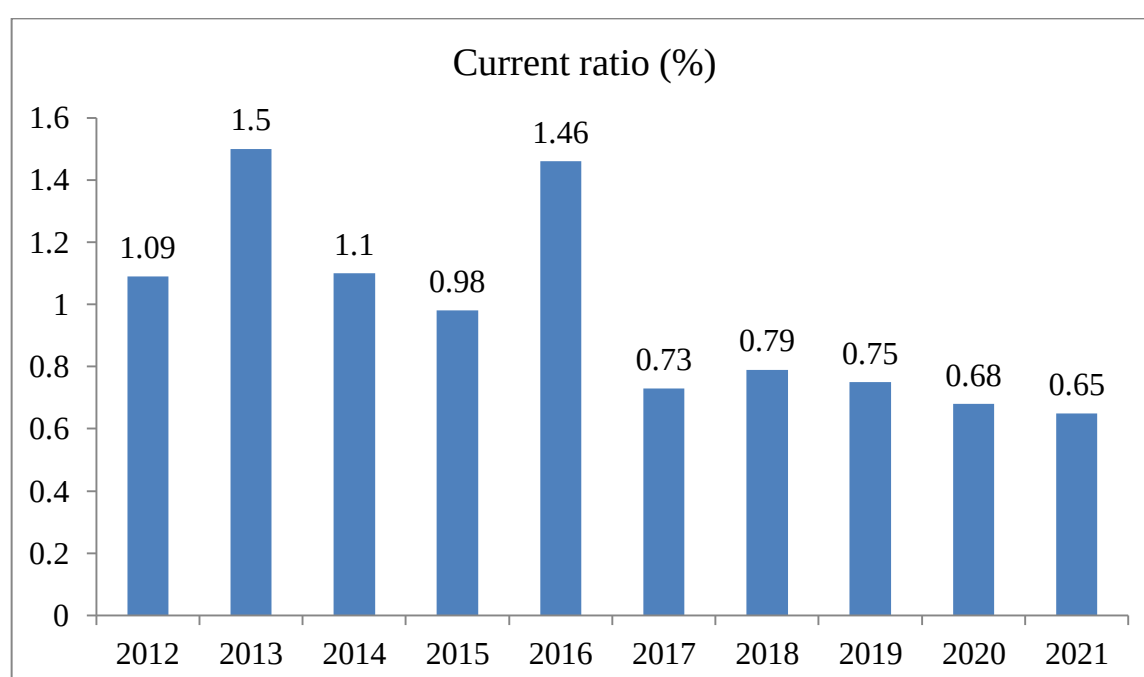


Figure 5.2: Current ratio

Interpretation: From the figure, we can say that in the years 2012 to 2014, the current ratio was 1.09%, 1.50%, and 1.10%, which means the bank has the ability to pay liabilities, but in 2015, the current ratio was lower than in past years, and in 2016, the

current ratio increased to 1.46%. However, from 2017 to 2021, current ratios gradually decreased compared to previous years. In those years, the current ratio was less than the standard ratio, which means the current ratio is less than 1.00%. The low ratio indicates that the bank has a difficult time paying its debts and liabilities.

5.3. Loan to deposit ratio (LDR):

The loan-to-deposit ratio which compares a bank's total loans to its total deposits for the same time period, is used to determine how liquid a bank is. A percentage is used to represent the LDR. The bank may not have adequate liquidity to meet any unforeseen funding needs if the ratio is too high. The standard ratio is 80% to 90%.

$$\text{Loan to deposit ratio} = \frac{\text{Total loan}}{\text{Total deposit}}$$

Table 5.3: Analysis Loan to deposit ratio

(Amount in crore)

Year	Total loan	Total deposit	Ratio (%)
2012	9064.16	13659.88	66.36
2013	10742.63	17795.64	60.37
2014	12501.20	22165.68	56.39
2015	14251.50	25382.96	56.15
2016	17515.04	27911.60	62.75
2017	20667.27	31948.76	64.69
2018	24749.06	38954.95	63.53
2019	30672.40	41462.43	73.98
2020	33683.52	53229.99	63.28
2021	38083.37	57643.06	66.07

Source: Annual report of RBL (2012-2021)

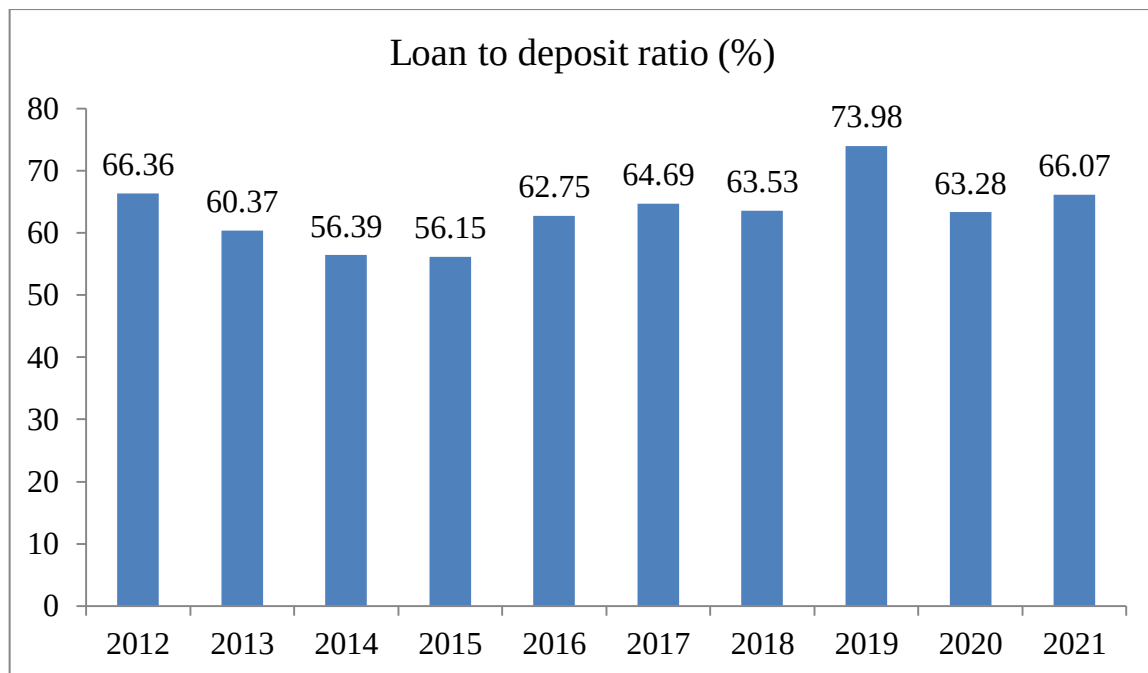


Figure 5.3: Loan to deposit ratio

Interpretation: A bank's ability to cover loan losses and customer withdrawals is indicated by its loan-to-deposit ratio. The loan-to-deposit graph represents that in the year 2012 to 2021, ratios were almost the same each year except for the year 2019. In the year 2019, the loan-to-deposit ratio was the highest at 73.98% which is near the standard ratio. So the loan-to-deposit ratio of the bank is satisfactory.

5.4. Gross profit ratio

The gross profit margin ratio is a measure of profitability that contrasts a company's gross margin to its revenue. Formula of gross profit,

$$\text{Gross Profit Ratio} = \frac{\text{Gross profit}}{\text{Total revenue}} \times 100$$

Table 5.4: Analysis of gross profit

(Amount in crore)

Year	Gross profit	Total revenue	Ratio (%)
2012	302.23	1542.22	19.60
2013	93.39	1735.41	5.38
2014	-121.62	2203.26	-5.52
2015	-173.30	2430.40	-7.13
2016	-175.43	2160.18	-8.12
2017	354.59	2548.30	13.78
2018	252.74	2655.76	9.52
2019	1.88	3001.10	0.06
2020	-351.09	3387.00	-10.37
2021	-334.33	3946.52	-8.47

Source: Annual report of RBL (2012-2021)

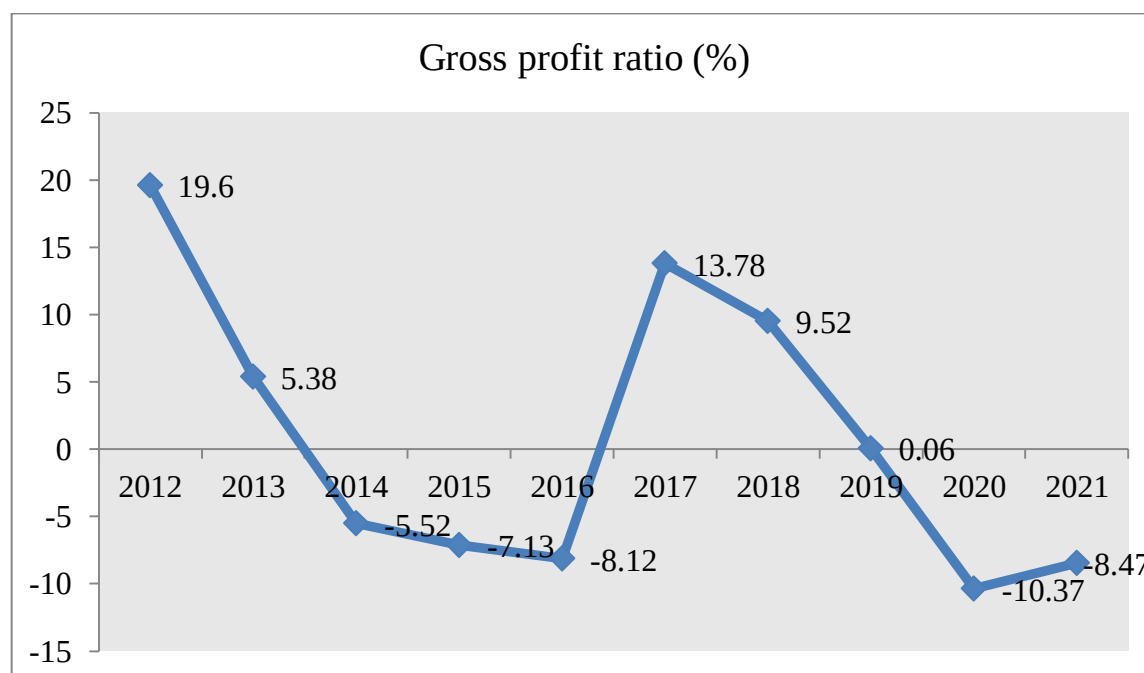


Figure 5.4: Gross profit ratio

Interpretation: The gross profit ratio shows a clear idea of the bank's performance. Gross profit was highest in 2012 at 19.60%, and the ratio was second highest in 2017 at 13.78%. Gross profit was positive in 2013, 2018, and 2019. A positive or increased ratio

is favorable, as it means that the bank can cover all expenses and make a profit. But from 2014 to 2016 and 2020 to 2021, the gross profit was negative. A negative gross profit is an indication of inefficient management of cash or assets.

5.5. Net profit ratio

A company's overall profitability is determined by its net profit ratio, which takes into account both direct and indirect costs. Formula of net profit,

$$\text{Net profit ratio} = \frac{\text{Net profit}}{\text{Total revenue}} \times 100$$

Table 5.5: Analysis of net profit

(Amount in crore)

Year	Net profit	Total revenue	Ratio (%)
2012	120.57	1542.22	7.82
2013	40.38	1735.41	2.33
2014	42.05	2203.26	1.91
2015	23.50	2430.40	0.97
2016	-125.86	2160.18	-5.83
2017	49.91	2548.30	1.96
2018	37.92	2655.76	1.43
2019	54.64	3001.10	1.82
2020	16.03	3387.00	0.47
2021	35.80	3946.52	0.91

Source: Annual report of RBL (2012-2021)

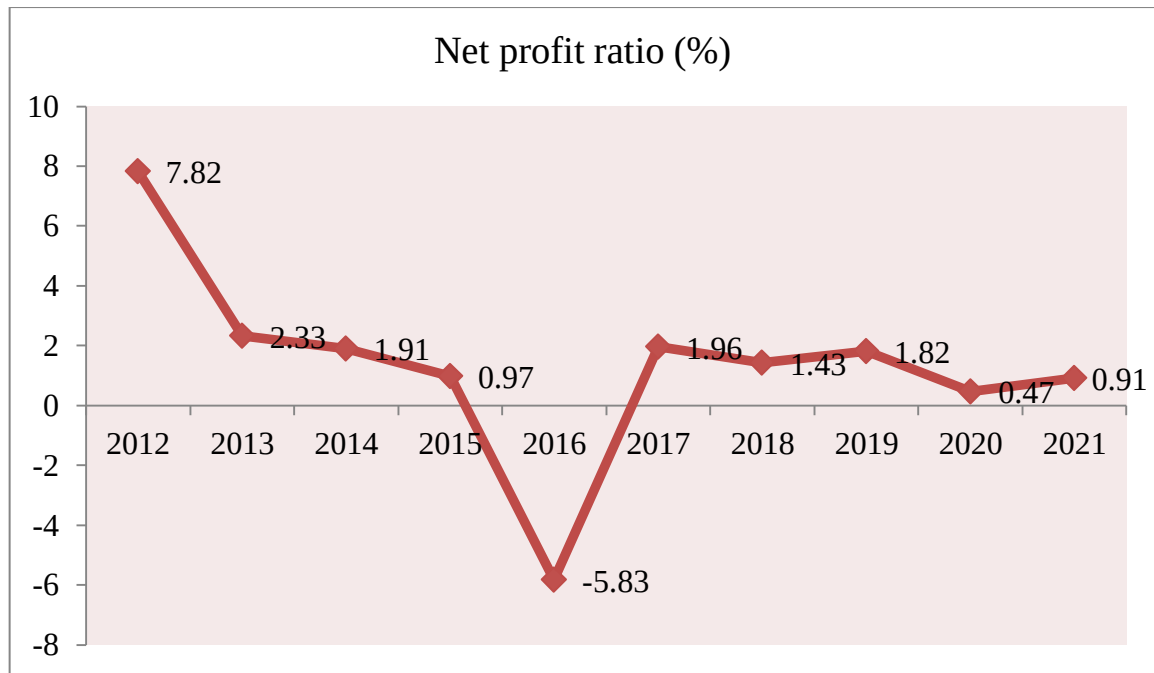


Figure 5.5: Net profit ratio

Interpretation: The profitability of a bank is measured by the net profit ratio. According to this graph, the net profit ratio in 2012 was 7.82%. It is the highest ratio in the ten years. From 2013 to 2015, the ratios were decreasing, but in 2016, the profit was negative, which means that the bank is not able to control its expenses. From the year 2017 to 2019, net profit was increasing, but in 2020, profit was the lowest at 0.47% because of the impact of COVID-19, and in 2021, profit was not good because the cost was high this year.

5.6. Return on assets (ROA)

Return on assets assesses how successfully a company's management generates revenue from its assets or financial resources as shown on its balance sheet. The return on assets formula is,

$$\text{Return on assets} = \frac{\text{Net profit}}{\text{Total assets}} \times 100$$

Table 5.6: Analysis of return on assets

(Amount in crore)

Year	Net profit	Total assets	Ratio (%)
2012	120.57	17299.31	0.70
2013	40.38	21168.58	0.19
2014	42.05	26807.84	0.16
2015	23.50	30054.98	0.08
2016	-125.86	33410.85	-0.10
2017	49.91	38241.02	0.03
2018	37.92	46328.98	0.02
2019	54.64	49724.93	0.03
2020	16.03	63054.77	0.03
2021	35.80	66524.80	0.06

Source: Annual report of RBL (2012-2021)

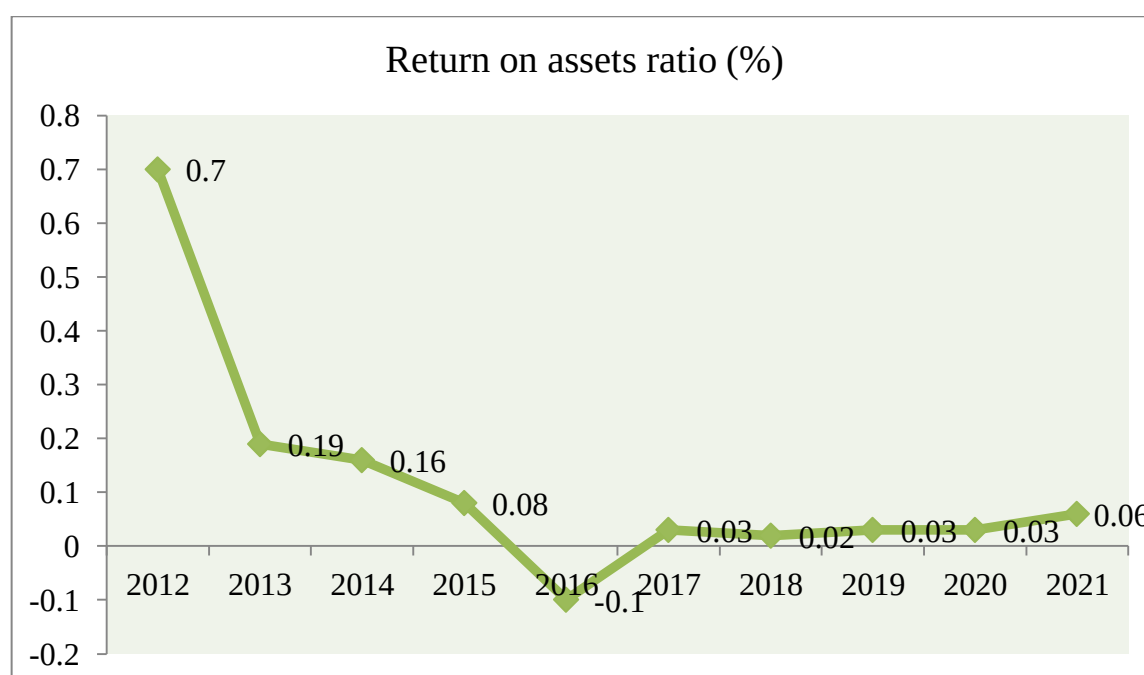


Figure 5.6: Return on assets (ROA)

Interpretation: According to this graph, 2012 had the greatest return on assets ratio at 0.70%. Return on assets significantly decreased from the years 2013 to 2015, but in 2016 ROA is negative at 0.10%. Throughout the years 2017 to 2021, the return on assets was nearly constant each year at 0.03%. A negative return on asset ratio denotes declining

asset profit. A higher ratio indicates that the bank is managing its assets more effectively to generate more revenue, which is better for investors. However, this bank's ROA over the past ten years was not good.

5.7. Return on equity (ROE)

Return on equity analyzes a company's performance in relation to its shareholders. Formula of ROE is;

$$\text{Return on equity} = \frac{\text{Net profit}}{\text{Average shareholder equity}} \times 100$$

Table 5.7: Analysis of return on equity

(Amount in crore)

Year	Net profit	Average shareholders' equity	Ratio (%)
2012	120.57	1254.68	10.34
2013	40.38	1173.77	3.42
2014	42.05	1329.71	3.16
2015	23.50	1374.05	2.52
2016	-125.86	1218.15	-2.58
2017	49.91	1246.41	1.00
2018	37.92	1517.43	0.62
2019	54.64	1697.65	0.80
2020	16.03	1746.34	0.92
2021	35.80	1747.62	2.05

Source: Annual report of RBL (2012-2021)

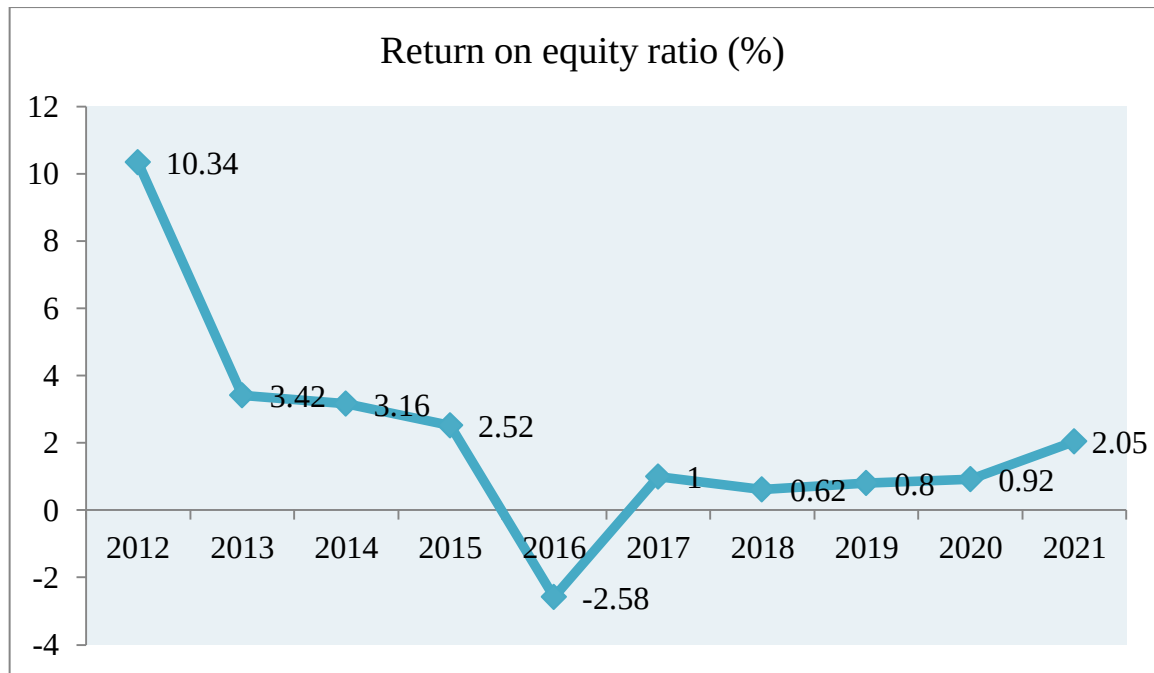


Figure 5.7: Return on equity (ROE)

Interpretation: we can see the return on equity ratio graph showing in the year 2012 ROE was the highest ratio at 10.34%. A high ratio suggests that the bank is using its investor's funds effectively. From 2013 to 2015, the ROE decreased every year, but in 2016, it decreased even more because the period's net income was negative (-2.58%). For the years from 2017 to 2021, ROE gradually increased. So, we can conclude that the return on equity is satisfactory.

5.8. Return on capital employed (ROCE)

A profitability factor known as return on capital employed evaluates how effectively a business uses its capital to produce profits. Investors usually use the return on capital employed ratio to decide if a certain firm is a sound investment. It is regarded as one of the better profitability ratios. Formula of;

$$\text{ROCE} = \frac{\text{Earnings before interest and taxes (EBIT)}}{\text{Average capital employed}} \times 100$$

Table 5.8: Analysis of return on capital employed

(Amount in crore)

Year	EBIT	Average capital employed	Ratio (%)
2012	367.46	7931.52	9.85
2013	205.26	12045.41	3.27
2014	232.70	14748.88	2.74
2015	250.20	15732.32	1.66
2016	-88.78	12229.66	9.92
2017	508.52	8648.07	3.14
2018	309.50	11491.30	1.58
2019	193.23	14186.73	2.31
2020	159.67	17272.97	0.63
2021	118.66	20358.39	1.50

Source: Annual report of RBL (2012-2021)

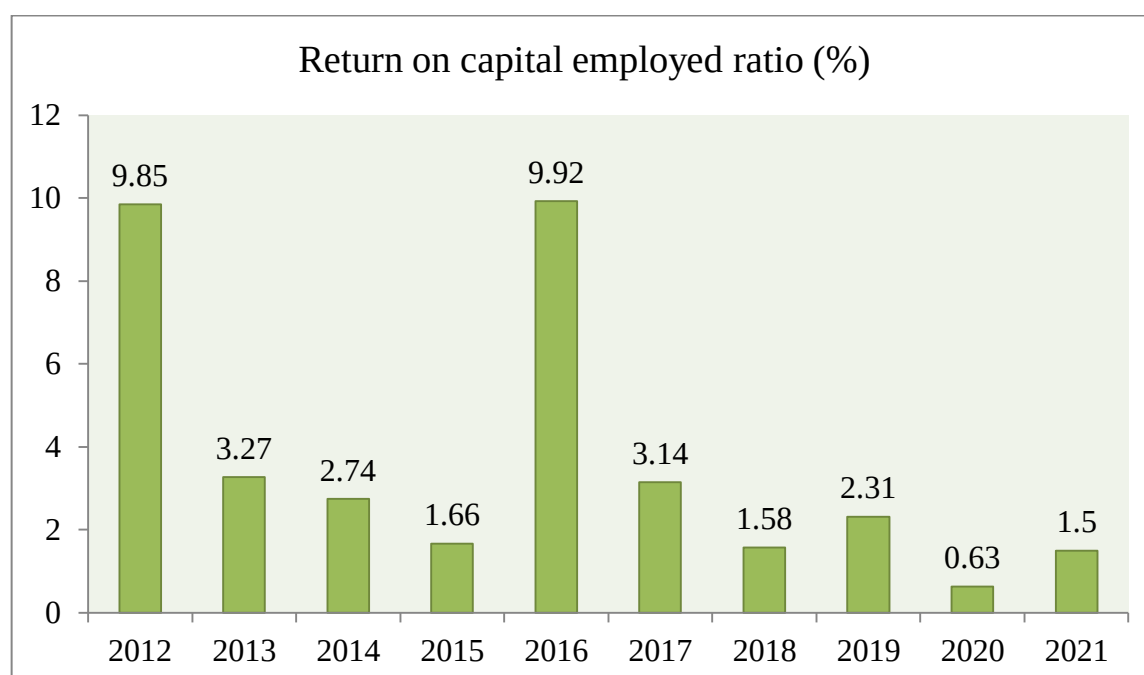


Figure 5.8: Return on capital employed (ROCE)

Interpretation: Based on the graph, the return on capital employed (ROCE) in 2012 was 9.85%. From 2013 to 2015, ROCE greatly reduced, but in 2016, ROCE reached its highest ratio of 9.92%. A higher return on capital used is good since it implies that the

money employed was used more effectively. The ROCE ratio declined from 2017 to 2021, although it was lowest in 2020 at 0.63% due to the bank's inability to use capital effectively due to COVID-19's effects.

Chapter 6

Findings and suggestions

6.1. Findings

This study finds out the following after the analysis of data;

- It is found that from 2012 to 2014, the working capital amount was positive, but from 2015 to 2016, the working capital amount was negative, which is not good for the bank and indicates the bank's liquidity condition is not sound.
- It is observed that over the past ten years, the current ratio is less than the standard of 2:1, which indicates the bank's financial structure is not good.
- It is clear from the study that the loan-to-deposit ratio was good. It is also found that over the past ten years, gross profit was not good for the bank, which indicates its performance is not satisfactory.
- The study evaluates that net profit over the past ten years was not satisfactory, and in 2016, net profit of -5.83% was very poor, which indicates the bank's performance is not well.
- The study also discovered that the bank's return on assets has been poor over the past ten years, with a return on assets of -0.1% in 2016, indicating that the bank's performance is poor.
- It is found that the return on equity was not satisfactory over the past ten years, and in 2016, the return on equity of -2.58% was very poor, which indicates the bank's performance is not sound.
- It was also observed from the study that the return on capital employed was satisfactory over the ten years but in 2020 return on capital employed decrease at 0.63%.

Impact of COVID-19:

This study also finds that COVID-19 has impacts on working capital and the bank performance. A bank's working capital was negative in this pandemic situation because the bank had not run its operations properly. As a result, liquidity and profitability (working capital, gross and net profit, return on assets, return on equity, and return on capital employed) decreased in this pandemic situation. Further, this study indicates that

there is a significant relationship between working capital and the bank performance, but inadequate working capital has a negative impact on the bank performance.

6.2. Suggestions

Based on the findings of the study, the management of Rupali Bank Limited followed the suggestions to improve the bank performance;

- The bank tries to avoid using more of the creditor's funds so it will be advisable for the bank to collect more deposits and increase its working capital.
- The bank is reducing its bad debts and increasing its current ratio as well as liquidity.
- The bank has tried to ensure efficient management of cash and control its overall expenses, which increases the bank's gross profit and net profit.
- The bank has tried to increase short- and long-term loans to the potential sectors as well as reduce costs, pay off debts, make effective use of investor funds, adhere to strict lending policies, and increase the bank's return on assets and return on equity.
- Also, the bank can make maximum use of capital or capital employed to increase the return on capital employed.

Finally, after the pandemic situation, the bank can conduct its operations properly by changing its working capital management policy and implementing an effective debtor's policy, which will increase working capital and enhance the bank performance.

Chapter 7

Conclusion, policy implications, Limitations and future work

7.1. Conclusion

The bank's financial management decisions heavily rely on working capital. The management of working capital will determine how long the bank can continue to operate without interruption. The study's goal is to discover the connection between working capital and bank's performance. Liquidity and profitability ratios are used to measure working capital and bank's performance. The findings suggest that net working capital, the current ratio, the gross profit ratio, the net profit ratio, the return on assets, the return on equity, and the return on capital employed are significant determinants of a bank performance. Findings imply that net working capital, gross profit ratio, net profit ratio, and return on assets are not good. Those findings also suggest that the manager of Rupali Bank Limited should pay attention to managing their working capital and maintaining a healthy current ratio and return on assets to improve their liquidity and profitability. Further researchers could explore the impact of other factors on a bank performance, such as investment, credit management, etc.

7.2. Policy Implications

The report includes a lot of practical implications. First, it makes an effort to close a gap in the literature on working capital and bank performance by giving new empirical studies. Second, it offers new empirical evidence as a methodological contribution using various liquidity and profitability ratio analyses. Finally, this study is very important for regulators, policymakers, managers, users, investors, academics, and advanced economies as well as for working capital components, bank performance, and other sectors.

7.3. Limitations

During the study of the project, some limitations have been found, which are as follows:

- This report is based on secondary data, and during the study of working capital, there were so many data points required from the bank that were not disclosed by the bank because of its confidentiality.

- Lack of experience with the analysis method of the study.

7.4. Future work

Future studies could extend the analysis by including more variables, such as the cash conversion cycle, inventory turnover ratio, account receivables turnover ratio, and account payable turnover ratio. Additionally, the report could be extended to include a large sample size as well as statistical tools or models and cover companies and banks from different sectors and regions to provide a more comprehensive understanding of the relationship between working capital and liquidity or profitability. Finally, the study would be expanded to incorporate COVID 19's effects on working capital for bank and firm performance.

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