

Internship Report On

Financial Growth and Risk Analysis of 2 Full-Fledged Islamic Shariah Bank

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**Submitted for the Partial Fulfillment of the Requirements for the Degree of
Bachelor of Business Administration**



**Sonargaon University (SU)
Dhaka-1215**

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Letter of Transmittal

12th May,
2021 To
Md. Shahbub Alam
Lecturer
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Subject: Submission of Internship Report.

Dear Sir,

It is my great pleasure to submit Internship Report on “**Financial Growth and Risk Analysis of 2 Full-Fledged Islamic Shariah Bank**” as part of BBA program of Sonargaon University for your kind appraisal.

I have given due endeavors to form this Internship Report as productive one and to form it as instructive as conceivable. I trust that this Report will not be the convention of scholarly course completion or maybe it'll be a source of data for other reason on this theme.

Yours sincerely

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Declaration

I do therefore announce that the Internship Report Titled “**Financial Growth and Risk Analysis of 2 Full-Fledged Islamic Shariah Bank**” arranged exclusively by me and which has been submitted to the department of Business Administration, Sonargaon University (SU) for accomplishing the BBA Degree. This is often a unique work of mine. No portion of this Proposal, in any way of or in from, has been submitted to any College or Institution for any Degree, Confirmation or for other comparable purposes.

Yours sincerely

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Certificate of Approval

This is to certify that Md. Saifur Rahman, ID: BBA2003021044, a student of BBA program in Sonargoan University, completed the Internship Report titled “**Financial Growth and Risk Analysis of 2 Full-Fledged Islamic Shariah Bank**” under my supervision.

I am pleased to state that Md. Saifur Rahman worked hard in preparing this report and have been able to present an excellent picture of the concerned organizations in her report.

The data and findings presented in the report seem to be authentic. I wish her every success in life.

Md. Shahbub Alam

Lecturer

Department of Business Administration

Sonargoan University

ACKNOWLEDGEMENT

First I express my heartiest thanks and gratefulness to almighty God for his divine blessing makes me possible to complete Internship Report successfully.

I am really grateful and wish our profound our indebtedness to Supervisor **Md. Shahbub Alam, Sonargaon University, Dhaka**. Deep Knowledge & keen interest of my supervisor in the field of Finance to carry out this Internship Report. His endless patience, scholarly guidance, continual encouragement, constant and energetic supervision, constructive criticism, valuable advice, reading many inferior draft and correcting them at all stage have made it possible to complete this Internship Report.

I would like to thank our entire course mate in Sonargaon University, who took part in this discuss while completing the Internship Report. I am amazingly paying my isolation to all the authors and journalists whose works offer assistance me to draft this unique Internship Report.

Finally, I must acknowledge with due respect the constant support and patience of our parents.

ABSTRACT

With the worldwide fast extension of Islamic banking, Bangladesh has experienced extraordinary development in Islamic banking taking after solid public demand for the framework. Since its beginning in 1983, Islamic banking industry has recorded strong execution and the industry presently accounted for more than twenty percent share of the whole banking industry in Bangladesh.

In spite of the fact that Islamic banking industry in Bangladesh has accomplished more than 20 percent yearly growth, the industry has gigantic possibilities for assist extension as Bangladesh may be a Muslim larger part nation with a dynamic economy of 6 percent genuine financial development over the last decade.

To procure the full potentials of Islamic banking, it is imperative to assess the present status of Islamic banking industry in Bangladesh. This Internship report has investigated and depicted the present status of 2, the most popular full-fledged Islamic bank and it also assessed its comparative performance related to financial growth and risk management over the last five years.

To achieve the objectives of this report, required information have been collected from the secondary sources and financial ratio analysis approach has been applied.

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CHAPTER 1

INTRODUCTION



1.1 Introduction

Islamic banking industry in Bangladesh comprising 8 full-fledged Islamic banks, 19 Islamic banking branches of 9 conventional commercial banks and 25 Islamic banking windows of 7 conventional commercial banks have been performing well. Last year they also contributed to the deposit mobilization and investments in trade, industry and other sectors including agriculture.

Most of the Islamic banks have performed better than conventional counterparts in 2015. Market share of the Islamic banks in deposit increased to 22% in 2015. Market share in investment also increased to 23%.

2015 was a remarkable year for both global and country's Islamic Banking. The potential for Islamic banking to sustain by way of achieving wider geographical expansion and global market penetration is promising, as several new and niche markets are undertaking steps to enable Shariah compliant financial services in their jurisdictions.

The extraordinary include of the speculation arrangement of Islamic Banks is to contribute based on profit-loss sharing framework in understanding with the precepts and standards of Islamic Shariah. Gaining of the benefit isn't the as it were thought processes and destinations of the Islamic Bank's investment policy rather maybe accentuation is given in accomplishing social great and in creating employment opportunities. Investment is the activity of deploying funds with the deliberate and desire that they will gain a positive return for the proprietor. Reserves may embed in either real or financial assets.

Banking activities of Islami Bank Bangladesh Limited and Social Islami Bank Limited are an important aspect in our economy as both have beaten the line of interest based traditional banking system through introducing Islamic Shariah based banking system. Since its commencement in 1983, it has already gained a good reputation among customers of Bangladesh.

1.2 Objectives of the Report

Broad Objective:

The primary objective of this report is to successfully completing my BBA program and to obtain consciousness of Islamic banking system in Bangladesh.

Specific Objective:

- To enhance the knowledge about the Islamic banking system in Bangladesh.
- To evaluate the financial performance of 2 Islamic Shariah bank in Bangladesh.
- To visualize the comparison between IBBL & SIBL
- Analyze the risk of both banks.
- Critically evaluate the financial growth and limitation of both bank over the last 5 years (2015-2019).
- To exhibit the number of products and services are offered by IBBL & SIBL.
- The last but not the least, to recommend what might be followed against the findings from its limitations.

1.3 Methodology of the Report

Primarily this report will be descriptive in nature. Mainly secondary sources will be used for getting ready this report considering the COVID situation where health safety and security are vital. Essential information will be collected from bank officers as well as through Web, diverse websites, bank site, diaries, yearly reports, brochures, daily paper. After collecting all vital information, I'll make the report by utilizing a few measurable apparatuses, for example- Rate and Percentage and the discoveries will be efficiently displayed in tables, graphs, charts and diagram.

1.4 Scope of the Report

Validity of this report only for the banking industry of Bangladesh with the concern of Islamic banking system those are analyzed here in this particular report. The report incepted with the overview of the organizations focusing the mission, vision and values of IBBL & SIBL. This report will provide an assistance to those who would like to explore further about the Islamic banking system in Bangladesh especially in IBBL & SIBL with its critical analysis in financial growth and organizational risk over the period of last five years indicating strategic viewpoint and generating idea of future prospect in Bangladesh on the basis of this analysis.

1.5 Limitations of the Report

Though the consideration I have made is of extraordinary importance and required me tremendous work preparing this report still there are some obvious limitations exist and constraints hampered on smooth working process. The followings are known as its limitation-

- This report completely depended on Annual audit report and official record publication through online.
- Limited time period for preparing this report indicate its barrier. In spite of this obstacle, I have tried my best to fulfill my object in this regard.
- COVID-19 pandemic is one of the biggest obstruction to collect primary data for this report.
- This sort of financial institute does not circulate any of their internal information which are related to future action that's why couldn't bring the very latest information into my report.
- Past published data and information are used from authorized website of IBBL & SIBL.
- Every single organization has their confidentiality policy, IBBL & SIBL are not out of it. For this reason, large scale analysis for this report cannot be made by only using available information to public.

CHAPTER 2
ORGANIZATIONAL PROFILE

There are 2 Islamic Shariah financing banks analyzed in this ponder and they both are moderately full pledged Islamic banks within the managing an account industry of Bangladesh. The taking after are portrayals of the banks.

Islamic Bank Bangladesh Limited (IBBL)

2.1 History of IBBL

Islami Bank Bangladesh Limited has been rendering its banking services by offering diversified and a wide range of deposit, investment & foreign exchange products coupled with technology based banking devices, which have successfully earned a huge clientele base.

As a true reflection of the inner urge of the people of the country and to conduct all banking & investment activities based on Islamic Shariah, IBBL unveiled a new horizon and ushered in a new ray of hope towards realizing a long cherished dream of the people of Bangladesh for conducting their banking transactions in accordance with the spirit of Islam.

IBBL, the first Shariah based bank in South-East Asia, launched on the 13th March 1983 as a public limited company, started its functioning informally on 30th March 1983. The formal inauguration was made on 12th August 1983 and the first branch of the Bank i.e. Local Office located at 75, Motijheel, Dhaka started its full-fledged banking operations.

Moreover, Islami Bank Bangladesh Limited is a Joint Venture Public Limited Company engaged in commercial banking business based on Islamic Shariah with 63.09% foreign shareholding having largest branch network (total 373 Branches, 179 Sub-Branches and 2284 Agent Outlets) among the private sector Banks in Bangladesh.

2.2 Vision Statement of IBBL

The vision of IBBL is to always strive to achieve superior financial performance, be considered a leading Islami Bank by reputation and performance.

For achieving the desired goal, it is to establish and maintain modern banking techniques, to ensure soundness and development of the financial system based on Islamic Principles and to become a strong and efficient organization with highly motivated professionals, working for the benefit of people, based on accountability, transparency and integrity to ensure stability of the financial systems.

It always try to encourage savings in the form of direct investment and also try to encourage investment particularly in projects, which are more likely to lead to higher employment.

2.3 Mission Statement of IBBL

To establish Islamic Banking through introduction of a welfare oriented banking system and also ensure equity and justice in all economic activities, achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less developed areas of the country.

To encourage the socio-economic development and financial services to the low-income community particularly in the rural areas.

2.4 Core Values & Commitments of IBBL

Adherence to Islamic Shariah

- Islamic Financial System is the source of all strength and inspirations.
- Principles of deposit, investment and operational ethics are guided by Islamic Financial System.
- Ensuring Halal income for the depositors and shareholders.
- Abstaining from financing in any area deemed to have been Haram

Welfare Banking

- Ensuring justice and fairness in all economic activities.
- Achieving balanced growth and equitable development.
- Inclusion of the unbanked population in the banking channel.

Socially Responsible Banking

- Abstaining from financing in any socially and environmentally undesirable project.
- Expanding investment to foster the need-based retail and priority sectors.
- Promoting the green initiative in minimizing the carbon emission.

Integrity

- Performing in accordance with the rules and regulations.
- Protecting the right stand privileges of the stakeholders.
- Maintaining equilibrium between the words and action.

Commitments

- Strict compliance to all regulatory requirements.
- Optimum care and courtesy to all stakeholders.
- Efforts in ensuring continuous quality improvement.
- Satisfying clients through effective service delivery.

2.5 Strategic Objectives of IBBL

The general strategic objectives of IBBL are to consider balanced scorecard methodology and continually adhere to the same through annual reviewing while some specific objectives are mentioned below:

Financial Efficiency

- Achieve sustainable growth in all key financial indicators.
- Increase bottom line through maximization of income and efficient management of expenditure.

Customer Focus

- Develop strategic partnership through addressing existing and potential needs of product and services.
- Endeavor to attract customer through delivering need based financial services.
- Continuous improvement of product and services for adopting changing need of customer base to retain market share.

Operational Excellence

- Include unbanked people into banking net with Over the Counter banking services.
- Increase efficiencies through use of virtual technologies for moving towards of financial excellence.
- Increase community outreach through innovation of various marketing channels.
- Improve internal and external communications through social communication network.
- Develop and implement a promotional plan to expedite financial inclusion.

Human Development

- Employ professionals who create success for customers.
- Develop the leadership abilities and potential of our team.
- Align incentives and staff rewards with performance.
- Continually learn and adopt global updated best practices.

2.6 Products & Services of IBBL

Deposit Products

Islami Bank Bangladesh Limited mobilizes deposits through different types of accounts.

- Al-Wadeah Accounts
- Mudaraba Accounts

Al-Wadeah Accounts

Islami Bank Bangladesh Limited operates Al-wadeah Current Account on the principles of Al-wadeah. The Bank commits to refund money deposited in these Accounts on the demand of customers. On the other hand the Bank takes permission from customers that the Bank may utilize their money. Customers may operate these Accounts as their desires. No profit is disbursed in these accounts and depositors do not bear any loss.

Mudaraba Accounts

In the perspective of these Accounts the Bank is 'Mudarib' and customers are 'Shahib Al-Mal'. On behalf of depositors, the Bank invests their deposited money and distributes minimum 65% of investment-income earned through deployment of Mudaraba funds among Mudaraba depositors after the closing of the year.

- Al-Wadeah Current Account (AWCA)
- Mudaraba Savings Account (MSA)
- Mudaraba Term Deposit Account (MTDR)
- Mudaraba Special Notice Account (MSNA)
- Mudaraba Hajj Savings Account (MHSA)
- Mudaraba Special Savings (Pension) Account (MSSA)
- Mudaraba Savings Bond (MSB)
- Mudaraba Monthly Profit Deposit Account (MMPDA)



- Mudaraba Muhor Savings Account (MMSA)
- Mudaraba Waqf Cash Deposit Account (MWCD)
- Mudaraba NRB Savings Bond (MNSB) Account
- Mudaraba Foreign Currency Deposit Account (MFCD)
- Students Mudaraba Savings Account (SMSA)
- Mudaraba Farmers Savings Account (MFSA)

Investment Products

Following modes are used for investment:

BAI-MODES

- Bai-Murabaha
- Bai-Istijrar
- Bai-Muajjal
- Bai Salam
- Istisnaa
- Bai-As-Sarf

SHARE-MODES

- Mudaraba
- Musharaka

IJARA-MODES

- Hire Purchase Under Shirkatul Melk

Investment Scheme

- House Hold Investment Scheme
- Investment Scheme for Doctors (ISD)
- Transport Investment Scheme (TIS)
- Car Investment Scheme (CIS)
- Small Business Investment Scheme (SBIS)
- Micro Industries Investment Scheme (MIIS)
- Agricultural Implement Investment Scheme (AIIS)
- Real Estate Investment Program (REIP)
- Real Estate Investment (Commercial & Working Capital)
- Agricultural Investment of IBBL
- NRB (Non Resident Bangladeshi) Entrepreneurs Investment Scheme (NEIS)
- Women Entrepreneurs Investment Scheme (WEIS)

Service Products

- SME Service
- NRB Service
- Foreign Exchange Business Service
- Locker Service

Social Islami Bank Limited (SIBL)

2.7 History of Social Islami Bank Limited (SIBL)

SIBL is founded in 1995, Social Islami Bank Ltd is the country's leading value-added financial institution based on Shariah' Principles. SIBL comprises of SIBL Securities Ltd, SIBL Investment Ltd, and SIBL Foundation Hospital. Working closely with its valued clients and stakeholders to provide them one-stop services, access to the very latest products using technology. SIBL unrivaled customer services has made us unparalleled in the industry. It builds a long term business partnerships with its client helping them grow profitable.

SIBL are always ready to serve with 3125 employees in 168 branches and 72 sub branches across the country. It has also 177 Agent Banking outlets to cater financial services to the remotest parts of the Land.

The strong conviction to create a caring society is the cornerstone of SIBL's all activities. SIBL feel a strong affinity to the emotions of people. It believes that only banking activities can't usher the society to a just and equitable stage. Thus, they are extensively engaged in CSR activities on humanitarian grounds. SIBL works in the fields such as from poverty eradication to family empowerment. Unlike others, the Bank's criteria for success are not only the key objective to make profit but also landmarks to become the country's most humanitarian and complete Bank.

2.8 Vision Statement of SIBL

The gist of SIBL's vision is "Working together for a caring society".

2.9 Mission Statement of SIBL

- Establishing Three Sector Banking Model.
- Transformation to a service oriented technology driven profit earning Bank.
- Fast, accurate and satisfactory customer service.
- Balanced & sustainable growth strategy.
- Optimum return on shareholders' equity.
- Introducing innovative Islamic Banking Products.
- Attracting and retaining high quality human resources.
- Empowering real poor families and creating local income opportunities.
- Providing support for social benefit organizations by way of mobilizing funds and social service.

2.10 Core VALUES and Commitments of SIBL

Honesty

- To be honest is ordained by the scripture – we stick to this value in all our service provision.

Transparency

- Remaining transparent in all acts is a virtue that's builds trust - we adhere to it.

Efficiency

- Efficiency implies perfection in any job done - we strive to render full satisfaction with it.

Accountability

- To be accountable is to be responsible and above any suspicion - we are dutifully there.

Religiousness

- SIBL enhances economic well-being with regard to the bliss of religious ethics.

Innovation

- Our minds and eyes are open to the evolution in quality of life to innovate further benefits for the service take.

Flexibility

- Flexibility leads to better understanding and greater satisfaction - we pursue the quality.

Security

- Customers must feel secure with all our products and services - we keep on ensuring it.

Technology

- Modern life is technology dependent - we keep looking for the latest development to provide the best in ease to our clients.

Commitments

- To the Shariah
- To the regulators
- To the shareholders
- To the nation
- To the customers
- To the employees
- To the other stakeholders
- To the environment.

2.11 Strategic Objectives of SIBL

Every organization has its strategic objectives towards its goal and SIBL is not out of this.

Followings are the view points on this regard:

- Transformation into a service-oriented technology-driven profit earning bank.
- Ensure fast, accurate and best-in-class customer services with customers' satisfaction.
- Balanced and sustainable growth strategy. Optimum return on shareholders' equity.
- Introducing innovative Islamic Banking Products.
- Attract, motivate and retain high quality human resources.
- Empowering real poor families and create local income opportunities.
- Providing support for social benefit organizations-by way of mobilizing funds and social services.
- To achieve global standards in Islamic Banking.
- To invest in the priority sector for the overall economic development.
- Ensure best CSR (Corporate Social Responsibilities) practices.
- Ensure Green Banking.

2.12 Products & Services of SIBL

Investment Products:

- Bai- Murabaha
- Bai-Muajjal
- Hire Purchase under Shirkatul Melk (Hpsm)
- Musharaka
- Bai- Salam
- Documentary Bill Purchase
- Quard
- SIBL Employees' House Building Investment Scheme
- SME & Agricultural Finance
- Women Enterprise Finance
- Retail Finance
- Family Empowerment Islamic Micro Finance

Service Products

- Online Banking
- ATM 24/7
- Automated Clearing
- Electronic Fund Transfer
- Internet Banking (SIBL Now)
- Offshore Banking
- Centralized Trade Processing Services
- Capital Market Services through SIBL Subsidiaries

Card Products:

- VISA Islami Credit Card Products:
 - Domestic Classic
 - International Classic
 - Domestic Gold
 - International Gold
 - International Platinum
- VISA Islami Prepaid Card Products:
 - Hajj Card
 - Travel Card
 - Student Card



- Remittance
- Locker
- Students File
- SWIFT
- School Banking
- Agent Banking
- RTGS (Real Time Gross Settlement)

CHAPTER 3
ANALYSIS & EVALUATION OF FINANCIAL INFORMATION

Analyzing financial data considering its performance over the last five years is required to evaluate the of growth related subjects, for instance- growth of Investment considering sectorial issues, remittance trade, Earning per Share, Net asset value per share, Shareholder’s fund/equity, Return on Equity (ROE), Net Profit After Tax (NPAT), Gross Profit Ratio (GPR), Return on Asset (ROA), Total operational Income, Total Investment Income, Total Operating Expenses, Total Provision, Operating Performance, Statement of Financial Position (SOFP) concerning Net Current Assets, Property Plant & Equipment, Current Liabilities, Long term Liabilities, Shareholder’s Fund and so on.

In this report, both IBBL & SIBL’s performance have being taken into accounts with its graphical presentation and interpretation in this regards.

3.1 IBBL-General trend and growth of Investment

Total General Investment of the Bank as on 31.12.2019 stood Tk. 899,013 million against. Tk. 805,760 million as on 31.12.2018. The investments increased by Tk.93, 253 million recording 11.57% growth in 2019 over the previous year. The trend of general investment (last 5-years) is shown in the following graph

(Amount in million Taka)

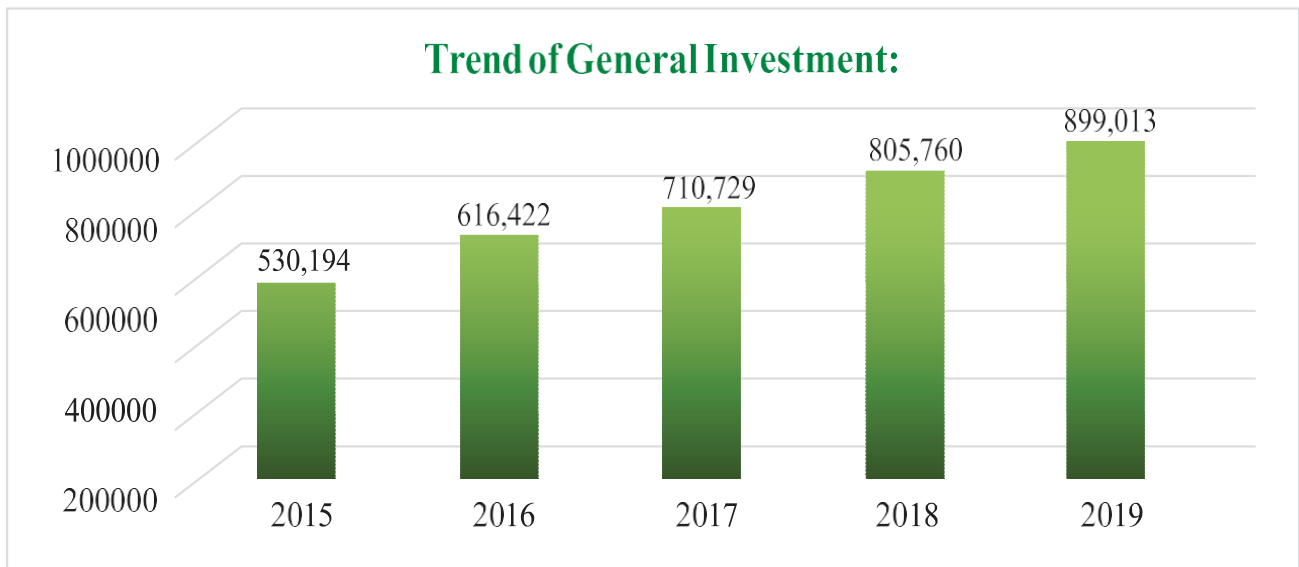


Figure: 3.1.1

Growth of General Investment:

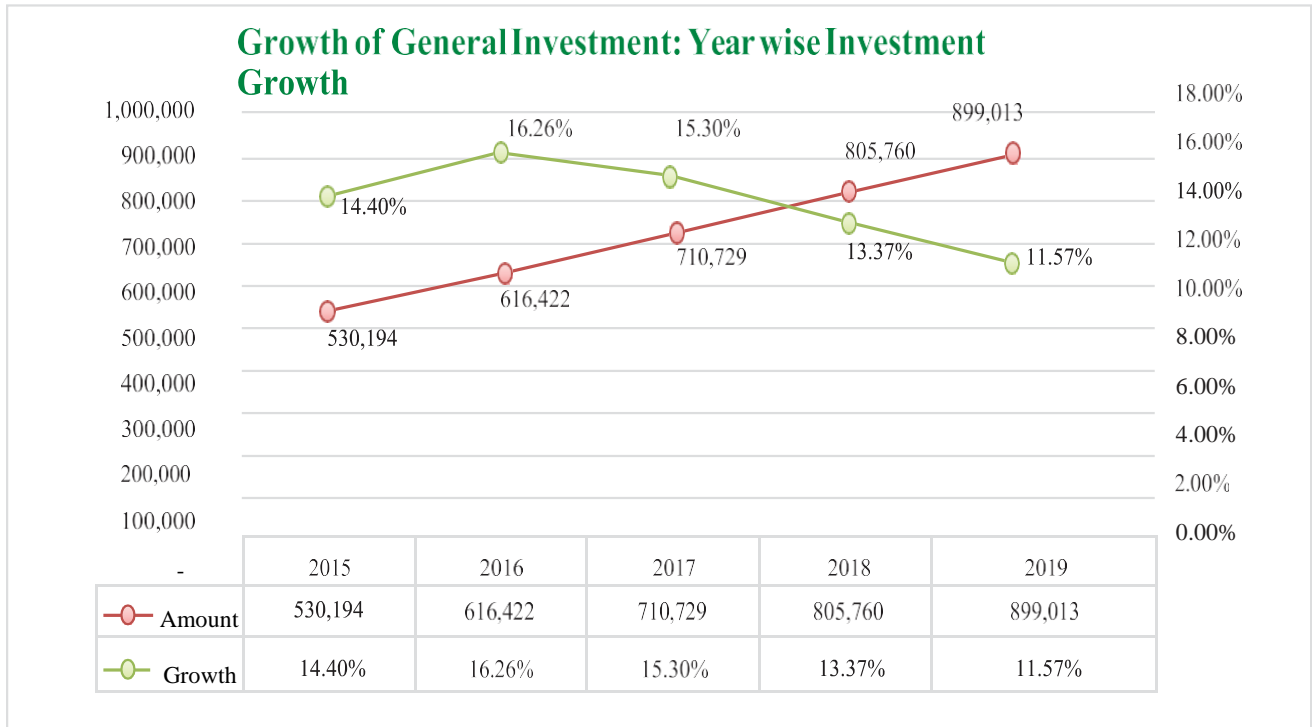
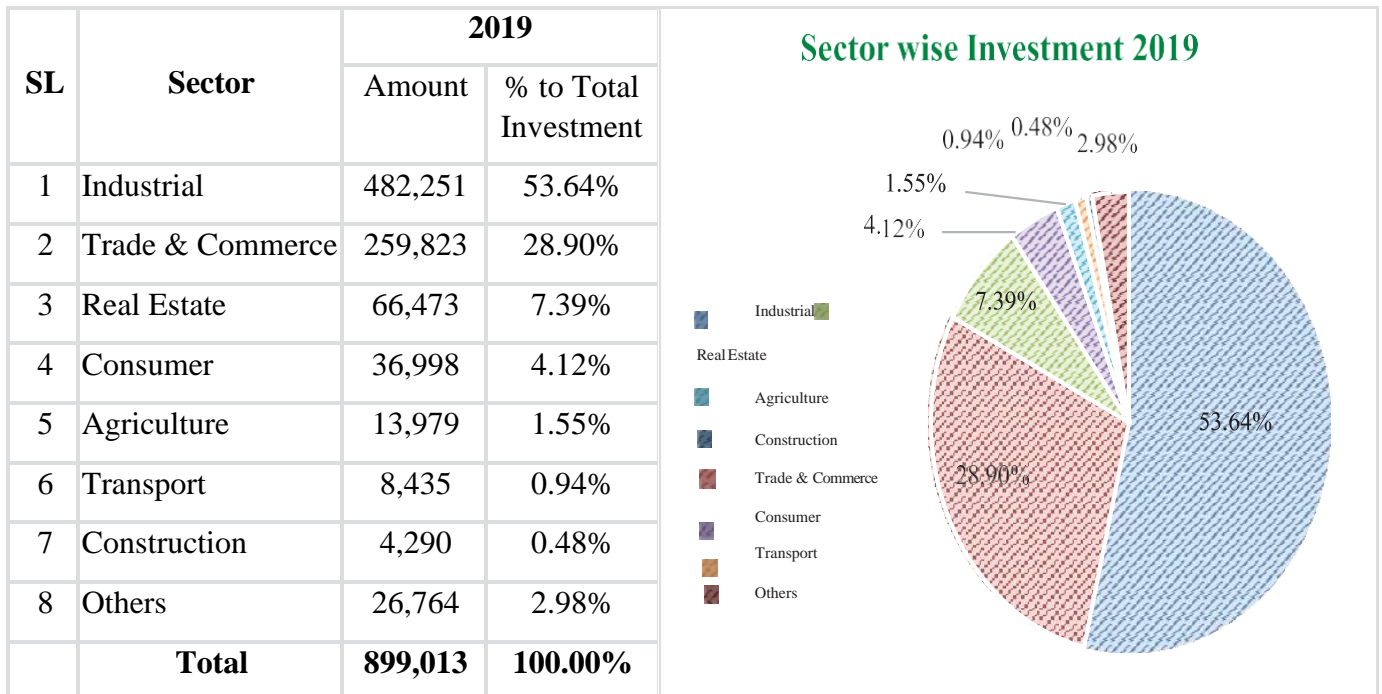


Figure: 3.1.2

Sector wise Investment:

There are 8 sectors where IBBL invest, among those the highest invest is in the Industrial ones.



3.2 IBBL-Growth in Import & Export Business

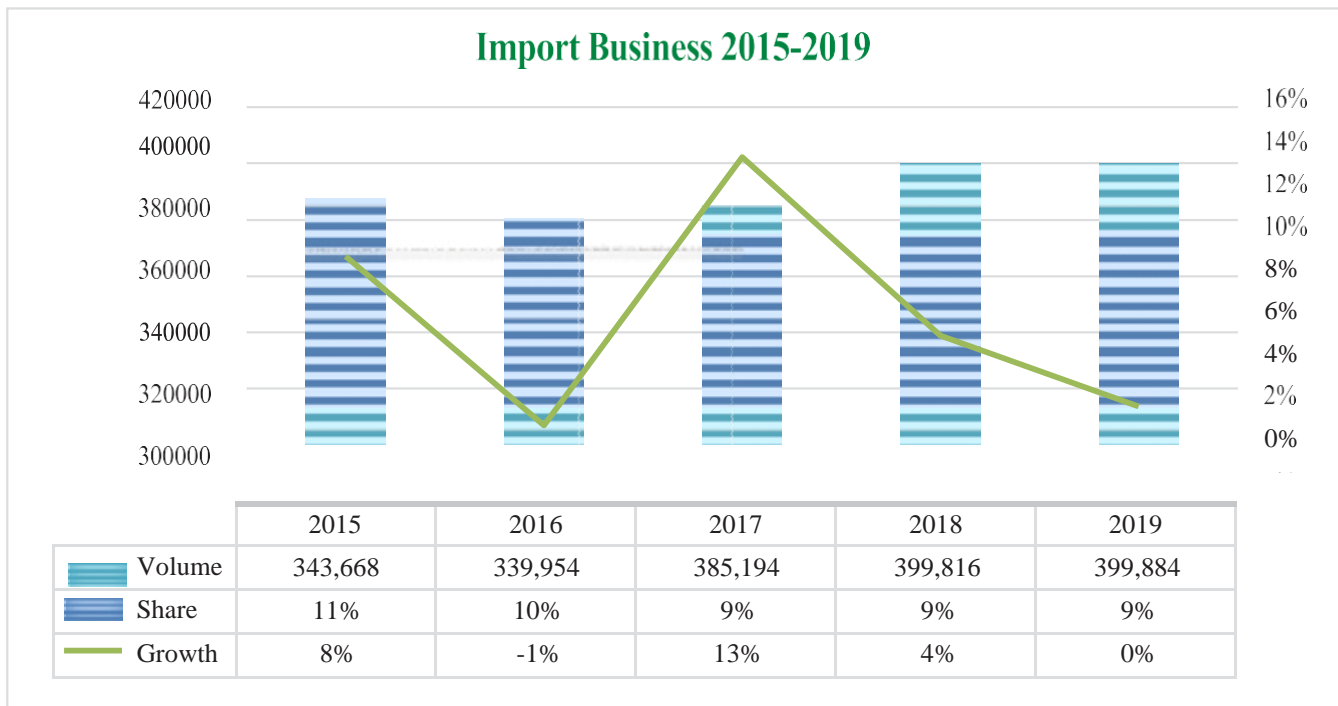


Figure: 3.2.1

Import business rose to Tk.399,884.00 million in 2019 from Tk.399,816 million in 2018 with a growth of 0.02%. Market share of import business of IBBL stood at 9.32%. 05 (five) years import performance (2015-2019) is shown in the chart.

	2015	2016	2017	2018	2019
Volume	224,236	243,647	240,026	251,592	234,443
Share	9.70%	10.06%	9.27%	9.20%	8%
Growth	1.00%	9.00%	-1.49%	4.82%	-7%

Table: 3.2.1

Export business rose to Tk. 234,443.00 million in 2019 from Tk. 251,592 million in 2018. Market share of export business of IBBL stood at 7.66%.

3.3 IBBL-Financial Performance

Earnings per Share (EPS) & Return on Equity (ROE):

Return on equity and earnings per share both are profitability ratios. ROE measures the return shareholders are getting on their investments. EPS measures the net earnings attributable to each share of common stock.

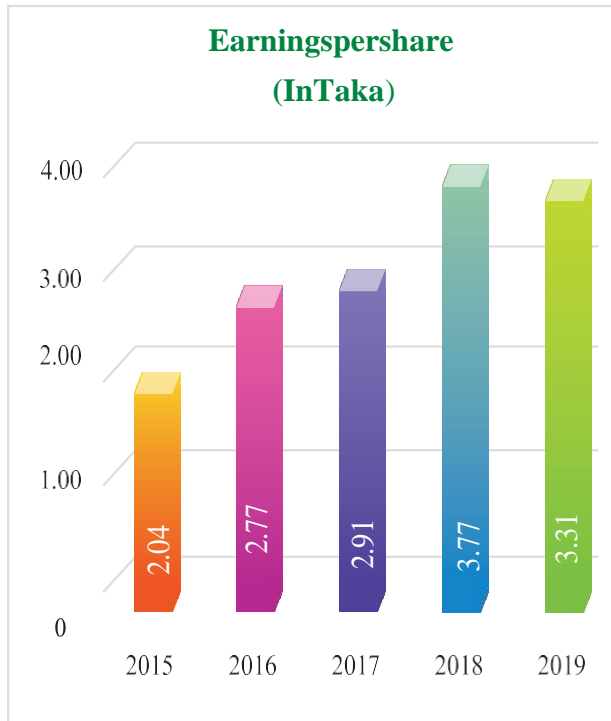


Figure: 3.3.1

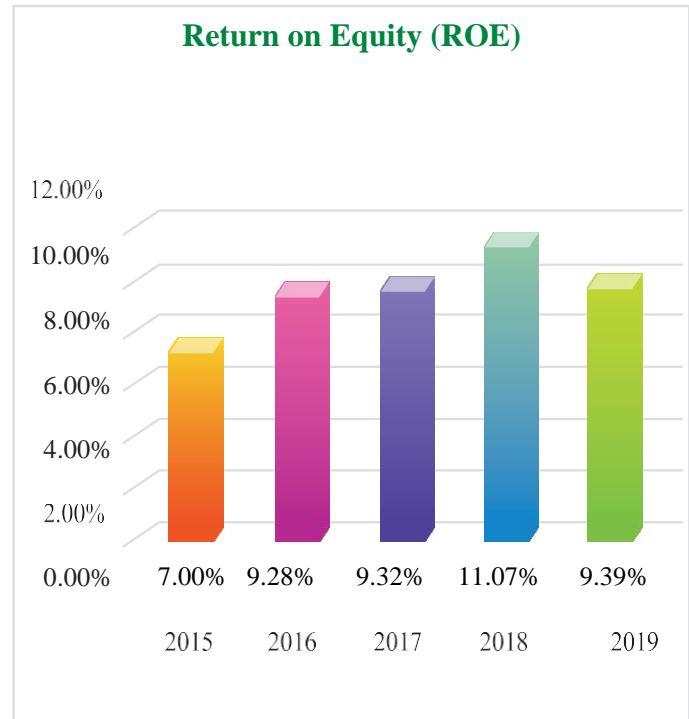


Figure: 3.3.2

The bar graph of Earning per share indicates that among 5 years period from 2015 to 2019 the lowest earning per share was in 2015 and the 2nd highest was in the 2019.

On the other hand, in case of Return on Equity went with the same manner where in 2019 positioning with second highest and minimum was in the 2015 and ROE was the highest in 2018.

3.4 IBBL-Operating Performance

Operating performance is defined as measuring results relative to the assets used to achieve those results. Efficiently for the purposes of this presentation could be defined as the ratio of output performed by a process or activity relative to the total required energy spent.

(Amount in million Tk.)

Operating Performance (Income Statement)	2019	2018	2017	2016	2015
Total Revenue	88,131	77,596	66,939	61,557	56,552
Operating Profit	21,914	20,240	16,805	14,525	14,348
Profit Before Tax	14,100	13,701	12,113	10,299	9,117
Profit after Taxes	5,328	6,075	4,693	4,465	3,291
EPS	3.31	3.77	2.91	2.77	2.04

Table: 3.4.1

It says that Total Revenue, Operating Profit & PBT are higher with its amount in 2019 compare to other years whereas PAT & EPS are slight lesser in 2019 compare to 2018.

3.5 IBBL-Statement of Financial Position

Statement of Financial Position is one of the five Financial Statements that report three main important financial information of the entity at the end of the balance sheet date. These three important information are covering Assets, Liabilities, and Equity.

(Amount in million Tk.)

Statement of financial Position (Balance Sheet)	2019	2018	2017	2016	2015
Shareholders Fund	58,652	54,896	50,329	48,185	47,461
Property Plant & Equipment	16,187	15,346	15,475	15,587	15,836
Net Current Assets	172,155	134,713	135,812	102,425	78,022
Current Liabilities	656,086	568,212	507,594	447,961	417,366
Long Term Liabilities	21,000	15,000	8,000	3,000	3,000

Table: 3.5.1

According to the above table, it is very clear that all of 5 elements under SOFP were increased in 2019 compare to its past years, where, Shareholder's Fund, PPE, CL, & NCA have extended by 24%, 2%, 57% & 600% respectively over the last five years (2015-2019).

3.6 SIBL-General Growth of Investment

Year wise investment growth indicates that investment has been increased gradually over the years from 2015 to 2019. A very simple analysis is that behind the investment growth pointing out extending number of customer and deposit collection from customers.

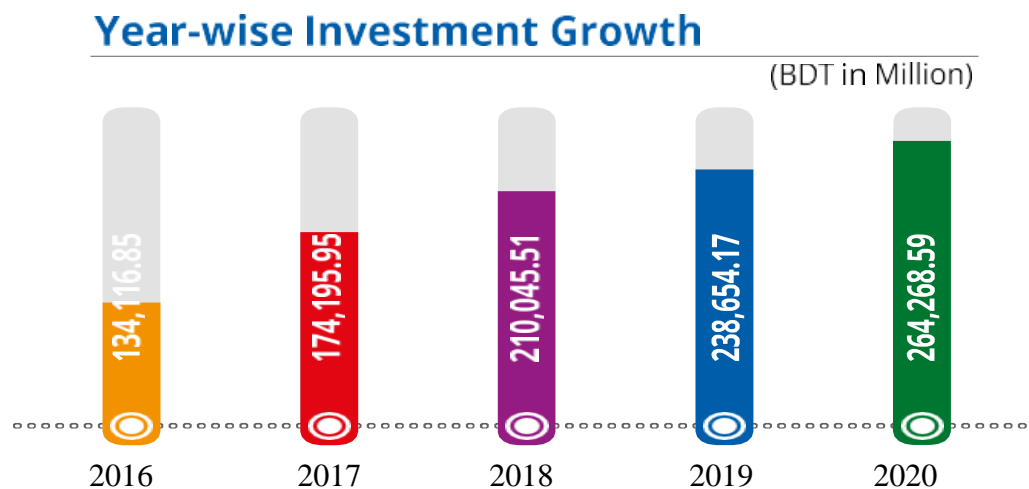


Figure: 3.6.1

Here it is crystal clear that SIBL investment was BDT 134,116.85 million whereas it becomes BDT 264,268.59 million resulting 97% means nearly double and which is the positive sign for SIBL.

3.7 SIBL-Foreign Exchange Business

Foreign Exchange Business stood at Tk. 159,583.03 million in 2019 against Tk. 178,590.50 million in 2018. The break-up of this foreign exchange business is as under-

Particulars	2016	2017	2018	2019	2020
Import	84,906.70	104,270.60	121,809.50	93,002.80	88,911.60
Export	54,121.20	49,766.00	58,315.90	63,065.90	60,079.50
Remittance	10,164.50	13,345.70	21,911.60	22,521.80	10,591.90
Total	149,192.40	167,382.30	202,037.00	178,590.50	159,583.03

Table: 3.7.1

3.8 SIBL-Financial Performance

Earnings per Share (EPS) & Return on Equity (ROE):

Dramatic drop of EPS of SIBL from 2017 and then it is gradually falling down to 1.70 tk/share in 2019 and the scenario can be found in ROE where % of ROE was start falling sharply from 2017 and in 2015 & 2016 they were very close to each other.

Earnings per Share

(Taka)

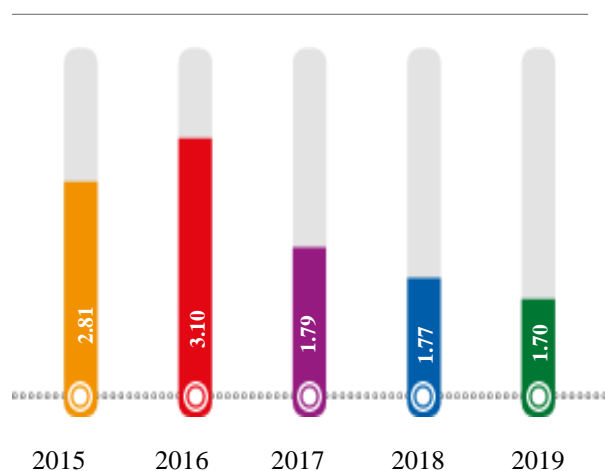


Figure: 3.8.1

Return on Equity/Return on Shareholder's Fund

(%)

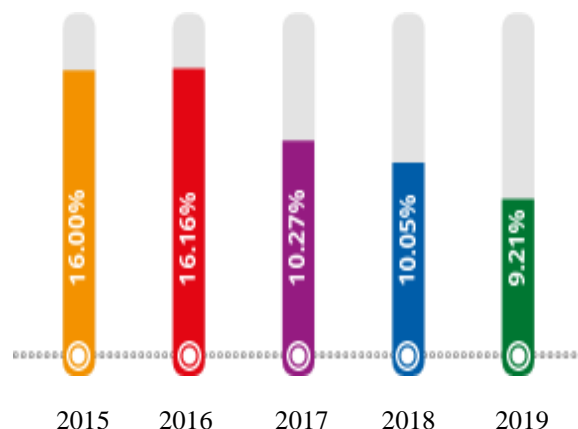


Figure: 3.8.2

3.9 SIBL-Statement of Financial Position (SOFP)

Information of following table give a picture that Shareholder's fund, PPE, and NCA are 33%, 17% and 61% respectfully and the interesting matter is that all the elements of SOFP are increased over the five years period. Increasing shareholder's fund that SIBL had opportunity to grow by offering either to its existing shareholders or to the public by IPO and had used low cost finance into the organization.

Sl.	Particulars	Year 2019	Year 2018	Year 2017	Year 2016	Year 2015
1	Shareholders Fund	17,271.33	15,749.88	14,166.45	14,187.80	12,950.32
2	Property, Plant & Equipment	3,606.05	3,563.53	3,480.82	3,257.52	3,072.04
3	Net Current assets	5,265.09	4,863.71	4,870.20	5,421.97	3,275.15
4	Long Term Liabilities/Current Liabilities	0.394	0.364	0.345	0.325	0.259

Table: 3.9.1

3.10 SIBL at a Glance

SL	Particulars	2015	2016	2017	2018	2019
1	Authorized Capital	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
2	Paid-up Capital	7,031.42	7,382.99	7,382.99	8,121.29	8,933.41
3	Total Shareholders' Equity	12,950.32	14,187.8	14,166.45	15,749.88	17,271.33
4	Capital Base (Tier I & II)	16,916.08	19,195.04	21,725.08	26,111.51	27,901.80
5	Total Deposits	149,773.6	190,564.5	228,798.90	248,324.49	287,936.65
6	Client Deposits	138,537.3	178,846.1	203,126.69	224,339.78	267,828.58
7	Investments (General)	134,116.9	174,196.1	210,045.51	238,654.17	264,268.59
8	Investments (Shares & Securities)	9,222.39	12,310.58	13,082.52	13,086.55	19,118.98
9	Foreign Exchange Business	149,192.4	167,382.3	202,037.00	178,590.50	159,583.03
10	Operating Profit	4,849.82	5,698.08	6,166.21	6,143.12	6,342.11
11	Profit before Tax	3,479.17	4,192.19	3,535.13	3,848.29	3,134.03
12	Fixed Assets	3,072.04	3,257.52	3,480.82	3,563.53	3,606.05
13	Total Assets	180,112.1	227,704.2	276,348.95	307,305.32	345,056.23
14	Stock Dividend	5.00%	-	10%	10%	5%
	Cash Dividend	15.00%	20.00%	-	-	5%
15	Investments as a % of total deposits	89.54%	91.41%	91.80%	96.11%	91.78%
16	Investments as a % of Client deposits	88.52%	89.86%	89.30%	91.54%	89.47%
17	Capital to Risk Weighted Asset Ratio	12.33%	11.55%	11.57%	14.27%	13.78%
18	Ratio of Classified Investments to Total Investments	3.84%	4.44%	8.20%	7.69%	6.63%
19	No. of Foreign Correspondents	443	591	406	411	420
20	Number of Employees	2130	2363	2599	2844	2947
21	Number of Branches	111	125	138	155	161
22	Book Value per Share	10	10	10	10	10
23	Earnings per Share (Restated)	2.81	3.1	1.79	1.77	1.70
24	Credit Rating by	ECRL	ECRL	ECRL	ECRL	ECRL
	Long Term	AA-	AA-	AA-	AA-	AA
	Short Term	ECRL-2	ST-2	ST-2	ST-2	ST-2

Table: 3.10.1

CHAPTER 4
ANALYZING RISK

It is the expectation of an organization to achieve its goals and objectives, create quality assets for its future growth and sustainability, make profit with continuous positive growth for maximizing wealth, build sufficient equity and work environment with best reputation for smooth operation. Many events like wrong investment, inefficient management of assets and liabilities, control failure and noncompliance, wrong appraisal of investment and foreign exchange business, weak infrastructure of information technology etc. may negatively affect asset quality, profitability, business environment and equity of a bank which ultimately may create hazard in national economy to build an appropriate safeguard for the bank from any sort of hazard, there is no alternative to establish a strong risk culture in the bank.

The risk management of the Bank covers a wide spectrum of risk issues and the 6 (six) core risk areas of banking i.e. investment risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk and asset liability management risks.

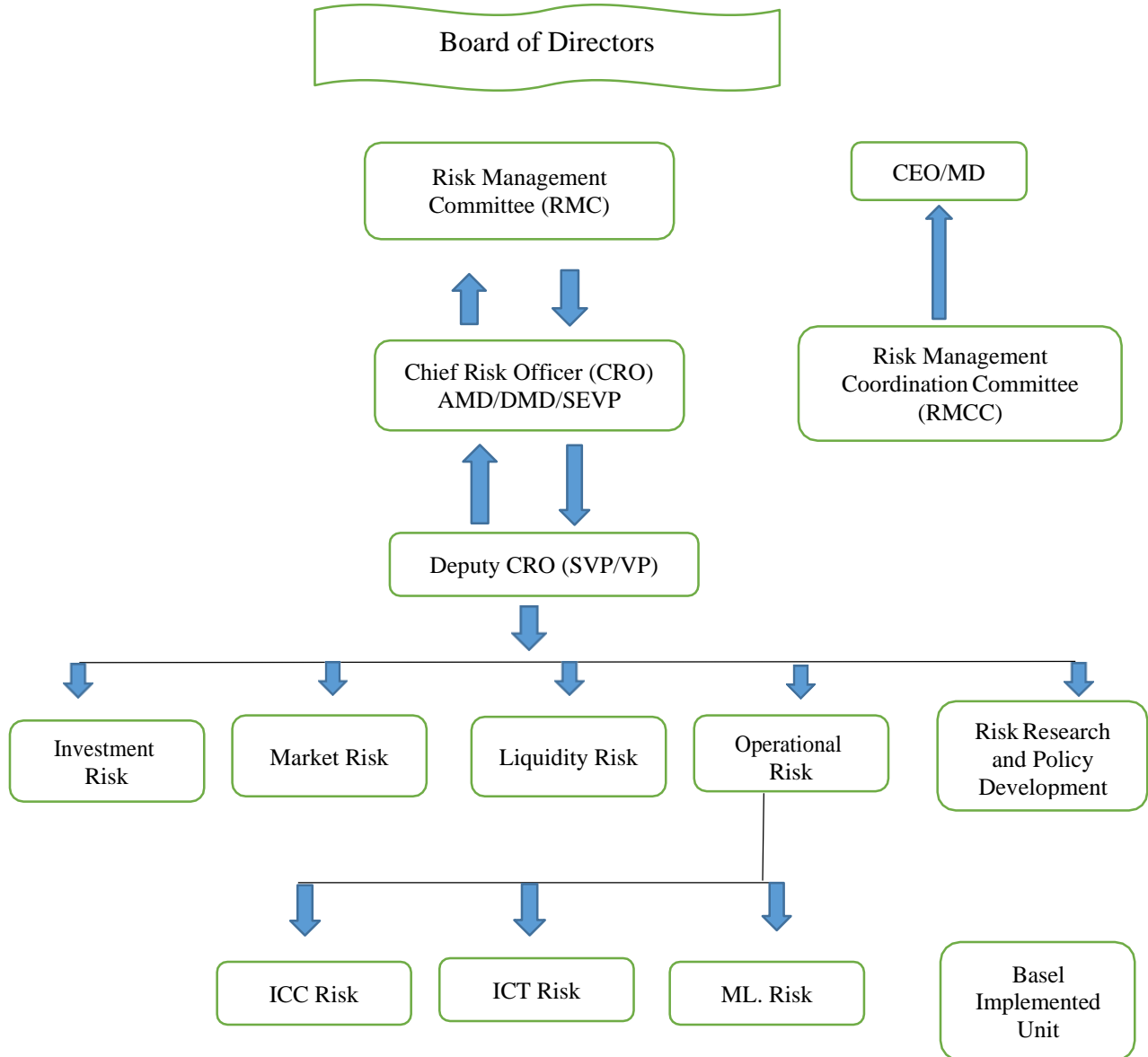
A Risk Management Committee (RMC) are formed to ensure proper and timely risk management in every sphere of the bank. Here, the Board has been made responsible for identifying the risks and formulation of appropriate strategies to control inherent banking risks. The Committee submits decisions and recommendations to the Board on quarterly basis for further reviews and guidance in the interest of the stakeholders. To streamline the risk management system of the bank, a separate division called “Risk Management Division” are formed.

Besides that, a Management level Risk Management Committee is actively worked to focus the entire risk management system of the bank. In this regard, banks are much concerned about the business risk and its proper management so that the risk and return could be optimized.

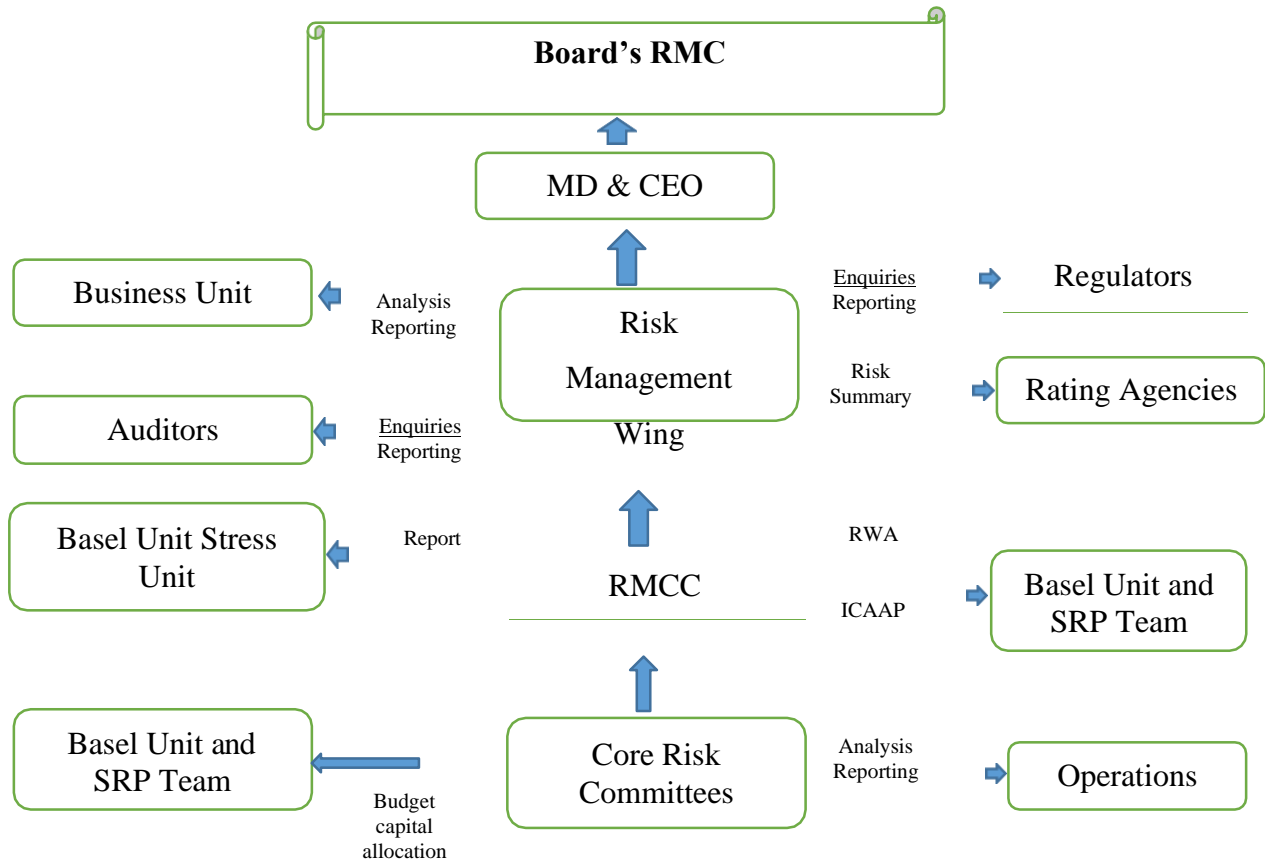
4.1 Risk analysis Systems in IBBL

Bank of IBBL has its clear risk management objectives and a well-established strategy to address them, through core risk and capital adequacy related risk management processes and encompasses all the activities that affect its risk profile.

Here is the Risk Management Framework:



Here is the Relationship of Risk Management with other unit in IBBL:



The Following are the explanation of different risk in IBBL:

Market Risk

Market risk refers to the risk of losses against fair value of financial assets, liabilities and off-balance sheet items resulting from adverse changes in market variables, which could negatively impact the financial condition. Market risk is evolved from the following four components:

- Interest rate related instruments,
- Foreign exchange position,
- Equity price, and Commodity price.

BDT in million

Capital Requirement for	Solo	Consolidated
Profit (Interest) Rate Risk	-	-
Equity Position Risk	257.10	257.10
Foreign Exchange Risk	989.96	989.96
Commodity Risk	-	-
Total Capital Requirement for Market Risk	1,247.06	1,247.06

Table: 4.1.1

Operational Risk

Operational Risk is the potential loss arising from breakdown in Bank's systems & procedures and corporate governance practices that results in human error, fraud, failure, damage of reputation, delay to perform or compromise of the Bank's interest by employees. The policy for measuring and managing operational risks is approved by the Board. The Management Committee (MANCOM), Risk Management Committee (RMC) and Risk Management Wing (RMW) regularly review different aspects of operational risks and suggest for appropriate policies, tools & techniques to mitigate them.

Basic Indicator Approach is being used by IBBL for assessing the Operational Risks. Under this approach, average of the Gross Incomes of last three years is taken as the determinant for operational Risks. The last three year's average Gross Income of the Bank is Tk. 38,014.19 million. Therefore, the capital charge against Operational Risk is Tk. 5702.13 million (15% of the average Gross Income).

Capital Requirement	Solo	Consolidated
Operational Risk	5,702.13	5,743.86

Table: 4.1.2

In case of Stress testing, the following risk factors are considered:

1. Investment Risk

- i) Increase of NPIs (Overall)
- ii) Increase of NPIs due to default of Top large borrowers
- iii) Fall in Forced sale value of mortgaged collateral
- iv) Negative shift of NPIs Categories
- v) Increase of NPIs in particular 2 (two) sectors: RMG and Textile

2. Profit Rate Risk

- i) Simple Sensitivity Analysis
- ii) Duration GAP Analysis

3. Exchange Rate Risk

4. Equity Price Risk

5. Liquidity Risk and 6. Value at Risk (VaR)

Liquidity Risk

In Bangladesh, Shariah based money market is yet to be flourished and is still in the way of development. Being the Shariah based bank, IBBL cannot lend or borrow money from the conventional money market. As such, it remains concerned and vigilant regarding liquidity risk. IBBL continuously monitor the liquidity ratios and periodically conducts GAP and Duration GAP analysis. As on 31.12.2019, the key liquidity ratios were as under:

Name of the Ratio	Standard Ratio	IBBL's Scenario
Cash Reserve Ratio (CRR)	5.50%	6.17%
Statutory Liquidity Requirement (SLR)	5.50%	6.88%
Investment Deposit Ratio (IDR)	<90%	89.39%
Liquidity Coverage Ratio (LCR)	>= 100%	327.62%
Net Stable Funding Ratio (NSFR)	>100%	105.59%

Table: 4.1.3

Strategic Risk

It refers to the risk of a potential earnings downside due to revenues and/or costs underperforming plan targets. Strategic Risk may arise from poor strategic decision/positioning, failure to execute strategy or lack of effective responses to material negative plan deviations caused by either external or internal factors (including macro, financial and idiosyncratic drivers). Strategic Risk has been defined as part of overall Business Risk.

Leverage Risk

IBBL calculates the regulatory leverage ratio as per the guideline of Basel III leverage ratio framework as adopted by Bangladesh Bank where a minimum Tier 1 leverage ratio of 3% has been prescribed both at solo and consolidated level. IBBL has been maintaining leverage ratio more than minimum requirement of 3% applicable from 01 January 2015. The regulatory leverage ratio has been calculated considering the following:

Particulars	Solo	Consolidated
Leverage Ratio	4.52%	4.58%

Table: 4.1.4

4.2 Capital Structure with disclosure of IBBL

Sl No.	Particulars	BDT in million	
		Solo	Consolidated
i	Fully paid-up-capital	16,099.91	16,099.91
ii	Statutory Reserve	18,735.46	18,735.46
iii	Non-repayable share premium account	1.99	1.99
iv	General reserve	12,916.50	12,916.50
v	Retained earnings	1,609.99	2,332.28
vi	Non-controlling interest in subsidiaries	-	0.26
vii	Dividend equalization fund	32.00	32.00
viii	Common Equity Tier-1 (i to vii)	49,395.85	50,118.40
ix	Less: Regulatory Adjustment (Intangible Assets)	174.55	174.55
x	Common Equity Tier-1 (viii –ix)	49,221.30	49,943.85
xi	Additional Tier-1 (AT1) (Mudaraba Perpetual Bond)	3,000.00	3,000.00
A	Total Tier-1 Capital (x +xi)	52,221.30	52,943.85
i	General Provision (Unclassified investment, SMA and off-balance sheet	8,858.40	8,858.40
ii	exposure)	5,749.49	5,749.49
iii	Assets revaluation reserves	40.75	40.75
iv	Revaluation reserves of securities	18,000.00	18,000.00
	Mudaraba Subordinated debt (Non-Convertible Subordinated Bond)		
vi	Tier-2 Capital (i to v)	32,648.64	32,648.64
vii	Less: Regulatory Adjustment 80% of Assets revaluation reserves	5,749.49	5,749.49
viii	Less: Regulatory Adjustment 80% of Securities	40.75	40.75
ix	Less: Total Regulatory Adjustment (vii + viii)	5,790.24	5,790.24
B	Total eligible Tier-2 Capital (vi – ix)	26,858.40	26,858.40
C	Total eligible capital (Regulatory Capital) (A+B)	79,079.70	79,802.25

Table: 4.2.1

4.3 Risk Analysis Methods in SIBL

Banking business involves a high degree of risk and SIBL is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the financial position. Here, the Board of Directors of the Bank has carefully analyzed the financial position of the bank and estimated the issue of continuity of the bank as going concern considering some risk factors that may seriously effects. If any of the following risks actually occur, business, results of operations and financial condition could suffer.

A. PROFIT RATE & FOREIGN CURRENCY RISKS

Volatility in money market both in local and foreign, increase in Investment demand, Increase Import and decrease exports, slow remittance etc. may raise the rate of profit on deposit & borrowings including foreign currency. The Bank's financing in different sectors is generally structured at fixed and variable rates for specified terms. A change in the Government's monetary policy also tends to increase the rates. Increase in profit rates or non-availability of Foreign Currency could adversely affect the bank's operations.

Although the consequences of unusual and abrupt increase in the deposit and borrowing rate cannot be avoided, Social Islami Bank Ltd. (SIBL) takes all the appropriate measures to minimize the negative consequences. For profit rate risks, the Bank currently pursues a policy under which profit rates can be revised for any unusual and abrupt change at its own discretion as and when required. Moreover, SIBL foreign exchange risk remains at minimum level as all of its foreign trade & remittance transactions are carried out on behalf of the customers and there is no direct selling or buying of foreign currency i.e. dealing room operation. The demand of foreign currency payment is mostly backed by Exports earnings and remittance. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return.

B. NON-PAYMENT RISK

Non-payment risk can arise if the Bank becomes unable to repay to its depositors over the counter or on time due to the impacts of (i) global financial crisis (ii) pre-matures encashment (iii) economic recession (iv) natural calamity (v) international sanctions (vi) adverse classification of investments (vii) serious liquidity crunch (viii) assets liability mismatch (ix) limit less ID ratio etc.

may have a direct negative impact on cash flow and profitability of the bank. The situation would fell the bank into serious trouble.

The management of SIBL is always concerned about the prevailing and upcoming future changes in the global financial policies and shall response appropriately and timely to safeguard its interest. The Bank has a very strong financial background as well as cash flow along with diversified business package, that's why the risk is very negligible. Moreover, the bank has a clear policy to maintain its ID Ratio (Investment Deposit Ratio) to 89.00% and an ideal deposit mix. Structured liquidity profile of the bank shows that all assets and liabilities are being well managed and shaped. The bank has specific policy guidelines on 'stress liquidity management'. Besides that, ALCO (Asset Liability Committee) of the bank is a powerful committee entrusted with the overall liquidity management. So the bank believe that if for some unwanted situation excessive premature encashment occurs over the counter, capable to shape up things. In the history of operation, SIBL has not recorded a single case of 'Non-Payment'.

C. MANAGERIAL RISK

There may arise Management Risk in the Bank, which associates ineffectiveness, conflict of interest, destructive, or under-performing management that may hamper the smooth operation of the Bank and fell the organization in a question of going concern.

Social Islami Bank Limited (SIBL) has a very effective and competent management, which consistently makes effective policy decision. Since inception up to 31.12.2019, the Board of Directors of the Bank has discharged their duties and responsibilities through 445 number of board meeting. The Board of Directors has formulated code of conducts including role and responsibilities for its Chairman, Board Member, Managing Director, Company Secretary, Chief Financial Officer & Head of Internal Control & Compliance Division of the Bank. The bank is a compliant of corporate governance system imposed by Bangladesh Securities and Exchange Commission (BSEC) and there is no such evidence recorded so far which amounts to- management risk.

D. OPERATIONAL RISK

The internal control and compliance division of the bank controls the operational procedure of the Bank. Internal Control and compliance division undertakes periodical and special audit of the Branches and departments at the Head Office to review the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the internal control and compliance division. So, the bank is aware about its operational risk and accordingly policies and procedures are regularly been reviewed by the Board of Directors of the bank to ensure risk free operation.

E. BUSINESS RISK

The bank may face business risk while doing their banking business. Business risk implies uncertainty in profit or danger of loss and the events that could pose a risk due to some unforeseen events in future, which causes business of SIBL to fail. Moreover, strong competitor in the industry may compel SIBL to squeeze its operations or may invite hard competitions.

SIBL has a very good profitability record and the management is well aware about business risk. The Bank is operating in a highly competitive market as modern banking industry has brought greater business diversification. The Bank has a dedicated team to find new scope to expand its business. The risk management team is working to identify and manage different types of risk including business risk. SIBL Securities Limited and SIBL Investment Limited are the subsidiaries of SIBL incorporated with the objective to carry on the business of stock brokers, dealers in relation to shares and securities dealings, to underwrite, manage and distribute the issue of stocks etc. Thus, SIBL also reduces the industry risk by making versatile opportunity of business in the financial sector. Moreover, to make the operation competitive, the bank has implemented one of the best world class Information Technology platform in the bank to ensure faster and safer delivery of services to the customers on 24/7 basis. The bank has built up its alternative delivery channel infrastructure to offer the full suite of ATMs, POS, Internet Banking, and SMS banking for its customers. In order to support its growth strategies in future, the bank has made a strategic decision to change its core banking software to a more robust and internationally tested system. As its unique contribution to a truly broad based and participatory electronic banking system in Bangladesh, SIBL currently has a wide coverage of 161 Branches, as on December 31, 2019. So,

the board of directors estimated that there is no sign that the bank fall in trouble on the ground of business risk and hard competitions.

F. POTENTIAL OR EXISTING GOVERNMENT REGULATIONS

The Bank operates under the specific guidelines laid down by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities. The Bank also operates under Companies Act 1994 and other related regulations, Bank Companies Act 1991, Income Tax Ordinance 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt change of the policies made by the regulatory authorities may adversely affect the business of the Company.

Unless any policy change negatively and materially affects the industry as a whole, the business of the Bank is expected not to be affected significantly. Like all Scheduled Banks in Bangladesh, SIBL's asset growth and cost of CRR and SLR are adjustable as per requirement.

G. POTENTIAL CHANGES IN GLOBAL/NATIONAL POLICIES

A financial institution's ability to operate a profitable business is directly related to the monetary and fiscal policy of the country at any given time. Imposition of restrictive monetary and/or fiscal policy by the government at any time may affect a company's profitability. Again, change in the existing global or national policies can have either positive or negative impacts for the Bank.

The management of SIBL is always concerned about the prevailing and upcoming future changes in the global or national policy and responds appropriately and timely to safeguard its interest.

H. HISTORY OF NON-OPERATION

The Social Islami Bank Limited (SIBL), a second generation bank, was incorporated on November 05, 1995. SIBL started its commercial operation on November 22, 1995 and completed 25 (Twenty five) year successful banking operation based on Shariah Principles without having any history of non-operation. SIBL has now 161 branches all over the Country with two subsidiary companies' SIBL Securities Ltd. & SIBL Investment Ltd. Targeting poverty, The Social Islami Bank Limited is indeed a concept of 21st century participatory three sector banking model in one. In the formal sector, it works as an Islamic participatory Commercial Bank with human face approach to credit and banking on the profit and loss sharing. The Bank is an independent body that is operated by its Memorandum & Articles of Association and other applicable laws implemented by the

Government of Bangladesh. Besides, the Bank's financial strength is satisfactory. It has highly Experienced Directors and Management team which makes the Bank more efficient and stronger for any commercial operations. So, the chance of becoming non-operative for the risk Bank is minimum.

I. PORTFOLIO MANAGEMENT RISK

Poor quality of project appraisal, slack monitoring of outstanding debts, inadequate/inappropriate documentation and other forms of management efficiencies may affect the quality of SIBL portfolio.

Under the close supervision of SIBL's prudent shareholders and the Board of Directors, the management of SIBL has developed skills and ability to appraise a project efficiently, ascertain the risk factors, address them and monitor performance closely.

J. CREDIT/INVESTMENT RISK

Some of the customers or obligators may fail to meet the terms of any contract or otherwise fail to perform as agreed which will in turn reduce the profit of the Bank, decreasing shareholders' earning.

Considering the key elements of credit risk, the Bank has segregated duties of the officers/executives involved in credit related activities. Separate division for Corporate, SME and retail has been formed which are entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities etc. for transparency in the operation during the entire credit period- i) Investment Approval Committee, ii) Investment Administration Department, iii) Recovery Unit and iv) Impaired Asset management have been set up. Based on the above discussion, Board of Directors of the bank anticipated that it is appropriate to adopt going concern assumptions and there is no material uncertainty in preparing financial statements.

4.4 CAPITAL BASE of SIBL

As per directives of Bangladesh Bank, all commercial banks are in the process of implementing the new risk based capital adequacy guideline in line with Basel III. From 1st January of the year 2015, implementation of Basel III has been initiated. From the year 2019 all bank operating in Bangladesh are required to maintain the minimum capital to risk weighted assets ratio (CRAR) @

12.50% including conservation buffer. In Basel III guideline, the definition of Capital has been changed from Basel II. Tier-I capital which is also known as going concern capital consisting i) Common Equity Tier I (CET-1) and ii) Additional Tier I (AT-1) capital. At SIBL, CET-1 are composed of (a) paid up capital (b) statutory reserves (c) retained earnings and there is no AT-1 capital in the balance sheet yet.

Tier-II capital which is known as gone concern capital consisting of (a) general provision on unclassified Investments (b) Subordinated Bond. As per requirements of the guideline, it is mandatory to maintain the CET-1 @ 7.00% including conservation buffer whereas Tier I capital will be maintained minimum @ 6.00%. Capital base consisting of Tier I & II of the Bank as on 31st December 2019 stood at Tk. 27,901.80 million as against Tk. 26,111.52 millions on 31st December 2018. As per BASEL-III, the Comparative position of Capital Base of the year 2019 and 2018 is given as under:

Particulars	2019
Tier-I Capital	
CET-1 Capital	
1. Paid up Capital	8,933.41
2. Statutory Reserve	6,422.26
3. Retained Earnings	984.28
Sub-total	16,339.95
AT-1	-
Total Tier I Capital	16,339.95
Tier-II Capital	
1. 1% provision on unclassified investment	4,401.85
2. 50% of Revaluation surplus on Fixed Assets (as per phase out program)	-
3. SIBL Mudaraba Subordinated Bond	7,160.00
Sub-total	11,561.85
Total	27,901.80
Capital Adequacy Ratios	
i. CET-1 Capital Adequacy Ratio	8.07%
ii. Tier –II Capital Adequacy Ratio	5.71%
iii. Capital to Risk Weighted Asset Ratio (CRAR)	13.78%

CHAPTER 5
FINDINGS AND INTERPRETATION

The performance of the 2 banks will be analyzed with the ratios between 2015 and 2019 in order to keep with the fact that these 2 banks have not published their 2020 Annual report and therefore it would not be too latest as it is supposed to be.

5.1 Price Earnings Ratio of IBBL & SIBL



Figure: 5.1.1

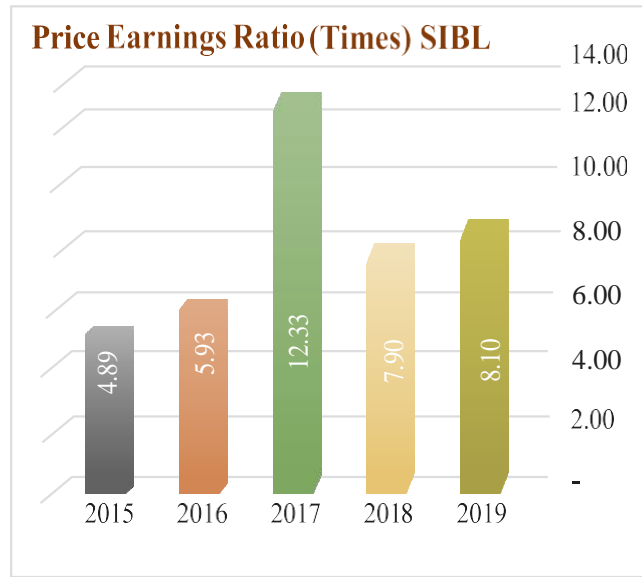


Figure: 5.1.2

The above Price Earnings ratio in 2 banks fluctuated over the period from 2015 to 2019.

For IBBL: It was around 13 times in 2015 and became only to about 7 times in 2019.

For SIBL: Firstly it was few and in 2017 dramatically raised to pick among 5 years period though it dropped to about 8 times in 2019.

The higher the PE ratio the higher the growth of the organization indicate and therefore, the shareholders expects higher growth to the organization.

Formula: $P/E \text{ Ratio} = \text{Share Price} / \text{Earnings per Share}$

In this regard, SIBL has performed better compare to IBBL as its PE ratio was 8.10 times where as 7.05 times was for IBBL in 2019.

5.2 Gross Profit Ratio of IBBL & SIBL

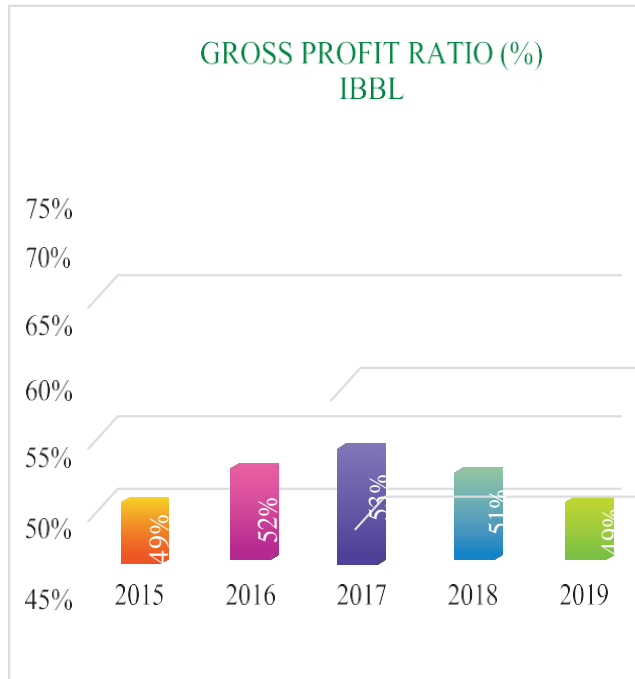


Figure: 5.2.1

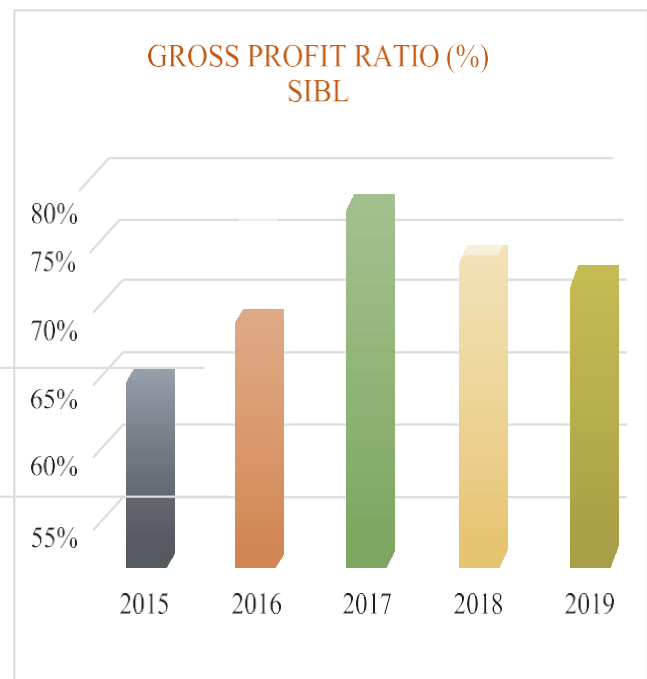


Figure: 5.2.2

Gross Profit Ratio: For both banks, the ratio for both banks went ups and down over the period.

IBBL: The strange matter is that 49% was in both year 2015 and 2019 though there is a little rise in other 3 years.

SIBL: It is highly appreciated that the Gross Profit ratio started from 63.70 % in 2015 and after having fluctuation it went to 71.12% in 2019.

Formula: $\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$

Efficiency of SIBL is higher than IBBL from the analysis of both graphical presentation, it indicates that Gross profit against its sales after deducting expenses. That means, in SIBL, either the sales is higher or the cost is lower.

Comment: After analyzing the profitability ratio and PE ratio of IBBL and SIBL over the last five years, it can be said that both tried to perform well considering some fluctuations.

CHAPTER 6
RECOMMENDATIONS AND CONCLUSION

Analyzing the financial performance considering ratios and risk including Business risk, Market risk, Liquidity risk, Management risk and so on over the last five years for Islami Bank Bangladesh Limited and Social Islami Bank Limited, there are quite a few number of recommendation can be suggested for further improvement as they both are currently suffering in many areas.

6.1 Recommendations:

- The greatest reluctant piece to this era, banks are basically incapable in corporate administration. In arrange to progress, the banks must create outside supervisory sheets and incorporate people within the choice making prepare for enormous advances.
- Both of the bank must have aggressive marketing and encouraging people in Bangladesh for attracting in Shariah banking.
- Strong monitoring imposing will help to reduce risk and senior authority must emphasize on developing its risk management system.
- Ratio analysis says that IBBL need to highlight its cost management system against its income and perform accordingly to improve financial growth.
- Both the banks should have dynamic so that its dependency income and investment method can be diversified and alternative investments scheme can be established.
- Customize products and services would be a strong appeal among customers and verities service can be provide in different angles resulting high financial growth.
- In this highly competitive market, Value for Money (VFM) must be ensured to bring most customer into this financing banking with considering effectiveness and efficiency of services.
- Ethics is most important subject in corporate world, both the bank must confirm ethical view towards to its services and customers for having positive vive and transparency so that the higher outcome can be ascertained.
- No charge for opening bank account and issuing debit or master card so that huge number of people with be optimistic to open bank account and therefore, huge amount of savings can be collected resulting investment opportunity.

6.2 Conclusion:

It is always very hard to make a specific comment analyzing only 2 full-pledged Shariah banking system among 8 in Bangladesh as well as avoiding commercial banks in this sector. From the above analysis and information it is crystal clear that though Islami Bank Bangladesh limited has the higher number of branches, employees and customers, its profitability ratio was not too strong compare to Social Islami Bank Limited. Moreover, Profit amount in Islami Bank Bangladesh Limited is higher considering its organizational growth.

There are huge number of potentiality to grow further for both of the banks as still lots of people out of the banking service in Bangladesh. Therefore, we all are optimistic for future enhancement of these organizations especially where all the Islamic Shariah are followed considering the religious faith in Bangladesh and effort with right aspect.

Acronyms:

IBBL	Islami Bank Bangladesh Limited
SIBL	Social Islami Bank Limited
BB	Bangladesh Bank
ROA	Return on Asset
GP	Gross Profit
ROE	Return on Equity
PE	Price Earnings
EPS	Earnings Per Share
CET	Common Equity Tier
CRAR	Capital to Risk Weighted Asset Ratio
VaR	Value at Risk
VFM	Value For Money

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