Internship Report
On
Financial Performance Analysis of Social Islami Bank Limited

"Supervised by"

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Letter of Transmittal

16th October, 2023

Mr. Repon Miah

Senior Lecturer

Department of Business Administration

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Subject: Internship report submission.

Dear Sir,

I am pleased to submit my internship report on “Financial Performance Analysis of Social Islami Bank Limited." I have prepared growth analysis, ratio analysis, margin analysis, and financial highlights for a financial examination. I have endeavored to complete this section-level position report accurately. I received a great deal of knowledge from this apprentice. Even though I don't have a lot of missing data, I believe I have covered all for this passage-level position report. I dissected the introduction of Social Islami Bank by assembling data from diverse sources.

Therefore, I would be incredibly grateful if you could accept my report with empathy. I am always willing to provide the information for this report.

Sincerely Yours

Tanea
28.1.24

Tanea Taher

ID: 173-11-527

BBA

Major in Accounting

Department of Business Administration

Daffodil International University

Letter of Approval

I hereby certify that Tanea Taher, with ID: 173-11-527, is a regular student enrolled in the BBA program at the Department of Business Administration, Faculty of Business & Entrepreneurship, Daffodil International University. She completed her internship at Social Islami Bank Limited, and I supervised her in preparing her internship report. The topic assigned to her is "Financial Performance Analysis of Social Islami Bank Limited ". The internship report seems to contain genuine and reliable information. I am pleased to inform you that the internship report has been accepted for submission and presentation during the internship defense.

I sincerely hope that she achieves great success in all aspects of her life.

28/01/2024

Mr. Repon Miah

Senior Lecturer

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgment

First and foremost, I would like to express my gratitude to the almighty Allah for granting me the strength to fulfil my duties as an intern and complete the report within the designated timeframe.

I am extremely grateful to my faculty supervisor for providing me with whole-hearted supervision throughout my organizational attachment period. Additionally, I would like to express my appreciation to my colleague who assisted me with informative instructions.

I am extremely grateful to all of my teachers, parents, and friends. They are very helpful in various ways to complete this report. I cannot imagine completing the internship report or any remaining tasks without their assistance. I typically find motivation from them.

I thoroughly enjoyed every moment of my internship experience. Moreover, I acknowledge that acquiring expertise will greatly benefit me in the future. In conclusion, I would like to express my gratitude to everyone who helped me complete this report.

Executive Summary

I conducted an analysis of the financial performance of Social Islami Bank Limited using the method of ratio analysis. The main data was obtained from SIBL's annual financial report for the years 2017-2021.

The proportion examination has been completed, focusing on five essential measurements of banking activities: liquidity, profitability, efficiency, solvency, and market aspect.

Productivity proportions assess the overall efficiency and performance of banks. Through our investigation, we have determined that the return on equity ratio is a valuable metric for analyzing the performance of SIBL. Management plays a crucial role in generating value for investors by effectively utilizing resources. The earnings per ratio indicates that there is market confidence in the future improvement of SIBL. I have found that the overall productivity of SIBL is satisfactory.

The investigation on dissolvability reveals that SIBL has a greater level of influence. We understand that SIBL is using too much debt to finance compared to its shareholders' equity. This goes against the principle of maintaining a balanced proportion between debt and equity. The dissolvability of SIBL is not considered acceptable.

Based on the price earnings ratio, it can be observed that the cost-profit proportion of SIBL has consistently increased over the long term. It is evident that the market has a positive outlook on SIBL's future performance.

After analyzing the total asset turnover ratio and inventory turnover ratio, it was found that SIBL is effectively managing its internal assets and liabilities.

The liquidity ratio indicates the speed at which SIBL can convert its assets into cash. It is evident that the liquidity state of SIBL is excellent. We acknowledge that SIBL will have the ability to generate sufficient current resources to meet its current liabilities in the future.

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CHAPTER ONE: Introduction

1.1 Introduction

Banks are the most important financial institution in an economy. They serve as a crucial source of credit for numerous individuals, families, and certain governmental entities. Globalization in the banking industry has presented both advantageous prospects and formidable obstacles. Gradually, the level of celebration is diminishing. The contemporary process of industrialization in business, overseas trade, and investment is presently reliant on the banking sector. It facilitates the acceleration of progress by ensuring a consistent availability of financial resources to persons engaged in diverse economic activities. Banks serve as intermediaries in the financial sector, facilitating transactions between primary lenders and borrowers. Banks encounter a multitude of risks and uncertainties in the course of conducting their business operations.

In order to remain abreast of this circumstance, it is imperative to possess a comprehensive understanding of banking principles and acquire relevant information that may be used to one's future professional endeavors. If one aspires to advance their career in the banking business, relying solely on theoretical knowledge and hypothetical information may prove insufficient. The internship programmed is designed to facilitate the acquisition of practical knowledge in many economic domains.

The bank functions as an intermediary in the financial system, facilitating the flow of funds between lenders and borrowers. The banking industry encounters a multitude of risks, uncertainties, and challenges when engaging in lending activities. In summary, the act of lending entails inherent risks and can also yield significant profitability. Indeed, the bank's revenue is predominantly derived from its lending, advancement, and investment activities. Additionally, this division is afforded the chance to engage in more expansive and pioneering initiatives compared to other sectors within the bank.

Currently, the banking sector in Bangladesh is experiencing a prevalent issue known as the default culture syndrome. This condition has emerged as a result of the poor performance exhibited by a majority of banks in the country. The Small and Medium Enterprises (SME) plays a pivotal role in the growth and economic success of Bangladesh. SIBL obtains its deposits exclusively from clients' investments, which are structured on a profit-sharing basis with the underlying entrepreneurs. It is evident that the introduction of Islamic Shariah-based banking by SIBL plays a significant role in replacing the traditional interest-based banking system, wherein a predetermined proportion of interest is charged. The product/service has garnered a favorable reputation among both consumers and the general population of Bangladesh.

I have successfully concluded my internship programmed at the Ashulia Branch of Social Islami Bank Limited. During the course of my internship, which spanned a duration of three months, I made diligent efforts to acquire a comprehensive understanding of the banking operations, with a specific focus on investment management and its associated consequences. Through this experience, I observed a significant disparity between theoretical knowledge and its actual application. I acquired a comprehensive understanding of many terminologies and components pertaining to banking operations, while also gaining valuable hands-on exposure to the organizational dynamics.

1.2 Origin of the Study

After successfully completing all the courses within the BBA program at Daffodil International University, I am now presented with the opportunity to embark on a practical and professional journey through an internship. The primary objective of an internship is to provide individuals with the opportunity to gain practical experience in a professional setting, allowing them to observe and understand the realities of the industry. Additionally, internships serve as a platform for applying the theoretical knowledge acquired throughout the duration of a Bachelor of Business Administration (BBA) program.

1.3 Scope of the Study

The report's findings are concerned with SIBL's financial performance. This report's primary objective is to analyze the following: Ratio Analysis for the Evaluation of the Performance's Focus and Common Size Analysis.

1.4 Objectives of the Study

Broad Objective: To analyze the financial performance of Social Islami Bank Limited (SIBL).

Specific Objectives:

To analyze the liquidity, profitability, and financial efficiency of the bank.

- To perform common size and trend analysis on income statement and balance sheet items of the bank.
- To recommend some plausible suggestions based on findings.

1.5 Methodology of the Study

I have used secondary data for creating the report. I observed many activities of Social Islami Bank Ltd. My practical experience in SIBL was a great fountain of information.

Data Source:

Secondary sources:

The website belonging to SIBL   Annual SIBL report
The SIBL product brochure.
The website for Lanka Bd (http://lankabd.com.)

Data analysis tools:

The data have been organized using MS-Word and analyzed using MS-Excel where necessary. Ratio analysis and vertical analysis and horizontal analysis tools have been used to analyze the data.

1.6 Limitations of the Study

There were several challenges encountered when completing the study with extensive resources. Here are some of the most notable limitations:

- A period of several months is insufficient to disclose the vast majority of a branch's financial activities.
- In order to fully evaluate the financial system, it is important to consider more than just a single workstation.
- Collecting accurate information from different workforces can be extremely challenging due to the urgency of their operations.
- Some exercises have become difficult to understand because our courses do not cover a majority of the financial fields.
- he bank's commitment to maintaining the confidentiality of private details and data is a major obstacle to the progress of the report.

- Presumptions were frequently accepted due to the lack of sufficient evidence. Consequently, there may be some errors in acceptance.

CHAPTER TWO: Banking overview

2.1 Company Profile

Social Islami Bank Limited (SIBL) began operations on July 5, 1995. It was an undertaking of devoted determination of a selection of well-known Bangladeshi financiers and globally significant personalities. The bank began its operations on November 22, 1995, with a robust platform to validate the functioning with a view to a meaningful economy, thus banking and economic actions as an integral part of the Islamic complexity of life. Being Pursued by Poverty, SIBL is a perception of the twenty-first century's numerous segment banking style. The bank has been delegated responsibility for a variety of activities associated with the expansion of the country's marketable, industrial, and agricultural areas. A country's finance sector is referred to as its financial barometer. The Social Islamic Bank is a pioneering commercial bank in Bangladesh's private sector. It provides considerable economic support to the commercial sector that imports manufactured goods or exports surplus fabrication for profit. Through imports, the Social Islami Bank provides LIM (Loan against Import Goods) and LTR (Loan against Trust Receipt) capacity, and for exports, both earlier and post-shipment funds. Therefore, bank support for projections in the commercial sector is greater than in the past. SIBL launched a number of new products, including Sonali Din, Sommridhir Sopan, Sonchoy Protidin, as well as Swopner Shiri, Sabuj Shayanho, Shukher Thikana, Subarnorekha, Sanchita, etc., in addition to the Zamil ATM debit card. This Bank would provide the most advanced banking services, including the opening of various types of security and stock accounts, funding trade, providing letters of guarantee, introductory letters of credit, collecting bills generating national and international transmission, leasing of equipment and consumer durables, rental buying and episode transaction for investment goods, venture in low-cost housing and management of real lands, pa. It involves, among other things, cash Waqf Certificates, the expansion and supervision of WAQF and MOSQUE property, and Trust assets in the informal non-commercial sector.

2.2 Vision

Cooperating for the sake of creating a more compassionate society.

2.3 Mission

The objective of SIBL is to establish a three-area banking model, transitioning to an administration-centered, innovation-driven benefit procurement bank in the process. Their strategy is lightning-fast, pinpoint accurate, and focuses on providing client satisfaction. They have begun a development process that is solid and practicable, and it will produce an optimal profit for investors' worth. Then, in order to recruit and keep top-tier human resources, they started using innovative Islamic financial products. SIBL has placed an emphasis on strengthening genuine lowincome households and creating pay opportunities in the local community. In addition to this, they provide financial support to social organizations that promote the equitable distribution of resources and social services.

2.4 Commitments

SIBL has an unwavering commitment to Shariah, as well as to its controllers, their investors, the nation as a whole, their representatives, various partners, and the environment.

2.5 Objective of Social Islami Bank

The following is a list of the primary goals that the bank is known for accomplishing:

- To disregard the issue of limiting and monitoring accordingly the circulation of physical currency and securities, as well as a broad range of business banking.
- To move forward, carry out, make an effort, and make one's way through the core of banking in all of its forms.
- To guarantee that each available resource is used to its full potential.

 To assemble, establish, or broaden shop on store, credit, or other terms as the association may confirm.

 To maintain our position as arguably the best bank in Bangladesh in terms of both our efficiency and the quality of our assets.

 To act as consultants who are available for purchase and the securing of any stock or insurance, as well as for any other type of business or commercial transaction.

2.6 Core Values

During the time that I spent working at SIBL bank as an intern, I observed how the company maintains its authenticity, accountability, transparency, and efficiency. In most cases, they offer assistance to their regular customers in the process of prospecting potential customers. They have the capacity to adjust with their consumers close by, which saves them money on security. They also have a wide range of contributors that adhere to a very stringent set of regulations. In spite of this, SIBL is playing an important role in helping to boost our economy through the incorporation of innovation of on-demand administrations with contemporary innovation throughout the year. This is accomplished by increasing the valuation of the manage an account with sustainable development in order to validate their probability.

2.7 Corporate structure Board of Directors of Social Islami Bank

Name	Designations
Prof. Md. Anwarul Azim Arif	Chairman
Mr. Belal Ahmed	Vice Chairman
Mr. Md. Sayedur Rahman	Vice Chairman
Mrs. Nargis Mannan	Director

Mr. M. Kamal Uddin	Director
Dr. Md. Jahangir Hossain	Director
Mrs. Jebunnessa Akbar	Director
Mr. Ali Hasan Md. Mahmud Ribon	Director
Mr. Arshadul Alam	Director
Mr. Mahmudul Alam	Director
Professor A J M Shafiul Alam Bhuiyan, Ph.D	Independent Director
Professor Mohammed Mizanur Rahman, Ph.D	Independent Director
Mr. Quazi Osman Ali	Managing Director & CEO

2.8 Products and Services

The Social Islami Bank Limited is comprised of three distinct categories of things in addition to administration. Products for deposits, investments, and services all come into play here.

Deposit Products

In the bellow given shortly different kinds of deposit product of SIBL: 1.Mudaraba Scheme Deposits	Kafela-Mudaraba Hajj Scheme. Prosanti-Mudara Zakat Savings Scheme. Sonali kabin-Mudaraba Mohorana Savings scheme is deposit products. Sharno Sikhor –Mudaraba Kotipoti Scheme. Suborna Diganto-Mudaraba is a deposit product. SIBL also has Dipti-Mudaraba Education Saving Scheme. Student Account. Subarnolota-Special savings Scheme for women.
2.Al Wadia current Account	
3.Mudaraba Savings Deposit	
4.Mudaraba Term Deposit	
5.Mudaraba Notice Deposit	
6.Super Savings Account	

2.9 Investment Products

Here are different types of investment products:

Bai-Murabaha

Bai-Muajjal

Musharaka

Bai-Salam (PC)

Quard

SIBL Islamic Auto Finance

SIBL Islamic Home Finance

Islamic Consumer Finance

HPSM

HPSM- IJARA

Bill Purchase

2.10 Service products

There are different kinds of service products of SIBL:

Online Banking

ATM (24/7)

CARDS

- VISA Islamic Dabit Cards
- VISA Islamic Credit Cards

Automated Clearing

Automated Statement

Electronic Fund Transfer

Mobile Banking

Centralized Trade processing Services

Remittance

Locker

Student file

School Banking

2.11 SWOT Analysis:

SWOT is described as Strength, Weakness, Opportunity, and Threat. After finding out the SWOT analysis of SIBL, I have found the following causes.

Strengths:

- Umpteen branches are located in commercial circumstances.
- Distinct corporate culture from any other organization.
- Always employees maintain to share information with their co-workers.
- Online Banking is the bottom part of this Bank.

Weakness:

- Limit the number of deposit sections.
- Interest rate on loan is higher.
- Service charge is a high rate.

Opportunities:

- The online banking and swift for SIBL to reach the clients not only in our country but also, in the foreign sector.
- The bank can recruit an experienced and powerful workforce to provide more quality services
- The loan flexibility provided by SIBL has appealed to task-awareness businesspeople as well as, shareholders with maximum income group.

Threats:

- Any banks can easily copy to SIBL.
- Because of rising need, it is hoped that more economic organizations will be in brief.
- Ample control power.

CHAPTER THREE: Financial Performance Analysis

3.1 Common Size Analysis

A common-size balance sheet is a document that displays the percentage relationship between each asset and liability and the total assets, equity, and liabilities. The total assets, or total equity and liabilities, are taken to be 100 in order to express the amounts as a percentage of the total. A Comparative Common-size Balance Sheet of various periods can be used to show trends in various items. It is easier to evaluate the relative financial soundness of an organization and to comprehend its financial plan if a Common-size Balance Sheet is generated for the industry.

SIBL is currently in a favorable situation. According to the current asset's formula, a larger proportion of the bank's total assets are made up of "total current assets," which are all assets that can be turned into cash in less than a year. On the other hand, current liabilities, or obligations with a one-year maturity date, account for the smallest portion of the bank's overall assets. Furthermore, the bank's overall assets exceed its total liabilities.

Common Size Analysis/Vertical Analysis of Balance Sheet Items

Social Islami Bank Limited					
Balance Sheet					
As on DEC 31, 2017 to 2021					
Particulars	2017	2018	2019	2020	2021
Cash	8.62%	8.48%	9.24%	8.66%	5.75%
In hand (Including foreign currencies)	0.86%	0.76%	0.85%	0.77%	0.84%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	7.77%	7.72%	8.39%	7.89%	4.91%
Balance with other banks and financial institution	0.33%	0.48%	0.98%	1.17%	2.34%
In Bangladesh	0.19%	0.38%	0.66%	1.01%	1.72%
Outside Bangladesh	0.13%	0.11%	0.31%	0.16%	0.62%
Money at call and short notice	3.89%	1.92%	1.98%	1.61%	2.36%
Investment in shares & securities	4.20%	3.82%	5.17%	4.86%	7.19%
Government	3.29%	2.99%	3.97%	3.75%	4.94%
Others	0.91%	0.83%	1.21%	1.11%	2.26%
Loans, cash credits, overdrafts/General Investments	73.09 %	74.70 %	72.78 %	74.66 %	72.64 %

Bills discounted and purchased	2.66%	2.67%	3.54%	3.15%	3.71%
Total	75.75 %	77.38 %	76.33 %	77.81 %	76.36 %
Land, building, furniture and fixtures (Including leased assets)	1.26%	1.16%	1.05%	1.15%	1.04%
Other assets	5.95%	6.75%	5.26%	4.73%	4.95%
Total assets	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Borrowings from other banks, financial institutions and agents	1.81%	2.60%	0.00%	0.00%	0.00%
Current /Al-Wadeeah current and other deposit accounts	9.28%	7.80%	7.42%	9.04%	10.03 %
Bills payable	1.89%	1.43%	1.73%	1.27%	1.24%
Savings deposits/Mudaraba Savings Deposits	6.11%	6.38%	7.46%	8.73%	9.13%
Mudarabba/ Term and Fixed deposits	50.04 %	50.78 %	48.00 %	45.52 %	43.14 %
Cash Waqf Fund	0.10%	0.10%	0.10%	0.10%	0.09%
Other Deposits/ Mudarabba Deposits	15.25 %	14.17 %	18.57 %	18.90 %	19.68 %
Total Deposits	82.67 %	80.66 %	83.28 %	83.56 %	83.31 %
Other liabilities	8.06%	8.06%	8.95%	9.16%	9.23%
Mudaraba perpetual bond	0.00%	0.00%	0.00%	0.39%	1.22%
Subordinated Debt/Mudaraba bond	2.32%	3.51%	2.72%	2.08%	1.37%
Deferred Tax Liabilities/(Assets)	0.01%	0.02%	0.03%	0.11%	0.11%
Total liabilities	94.87 %	94.86 %	94.98 %	95.30 %	95.25 %
Capital /Shareholders" Equity:	5.13%	5.14%	5.02%	4.70%	4.75%
Paid up capital	2.67%	2.64%	2.59%	2.44%	2.41%
Statutory reserve	1.82%	1.89%	1.86%	1.83%	1.86%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	0.35%	0.31%	0.27%	0.15%	0.14%
Retained earnings	0.28%	0.29%	0.29%	0.29%	0.33%
Other Reserve	0.00%	0.00%	0.00%	0.00%	0.00%
General reserves and others	0.00%	0.00%	0.00%	0.00%	0.00%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%
Total Equity	5.13%	5.14%	5.02%	4.70%	4.75%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%

Interpretation: From the Common Size Analysis or Vertical Analysis in the Balance Sheet table, we can see that, Cash dropped over the years (2017-2021), whether cash is crucial to run the dayto-day operation activity. The loan is the major asset, and it faced fluctuation from 2017 to 2021.

Foreign Currency is a great issue in Banks. However, it had a minor portion here. In the liability segment the vast portion consumed- Total Deposits. In the base year 2017, it was 82.67%. Over the period it had fluctuation, the lowest portion was in 2018 which was in 2018 with 80.66%, and the highest was 83.56% in 2020. Shareholder Equity in 2017 was 5.13%, it increased 1% in the next year. In 2019 it was 5.02%, in 2020 it was 4.70 and in the last year 2021, it was 4.75%. The overall Shareholders' Equity is less than the Bank standard.

Common Size/Vertical Analysis of Income Statement Items

Social Islami Bank Limited					
Income Statement					
For The Ended of The DEC 31, 2017 to 2021					
Particulars	2017	2018	2019	2020	2021
Interest income	100%	100%	100%	100%	100%
Interest paid on deposits and borrowings	57%	64%	66%	72%	67%
Net interest income	43%	36%	34%	28%	33%
Income from investments	2%	2%	3%	3%	3%
Commission, exchange and brokerage Income	11%	7%	5%	5%	7%
Other operating income	3%	2%	2%	2%	3%
Total operating income	59%	47%	44%	39%	46%
Rent, Taxes, Insurance, Electricity etc.	3%	2%	2%	1%	2%
Shariah Supervisory Committee's Fees & Expenses	0%	0%	0%	0%	0%
Zakat Expenses	1%	1%	1%	1%	1%
Salaries and allowances	16%	13%	12%	13%	15%
Legal Expenses	0%	0%	0%	0%	0%
Postage, Stamps, Telecommunication, etc.	0%	0%	0%	0%	0%
Stationery, Printing, Advertisement, etc.	1%	1%	1%	0%	0%
Directors' Fees and Expenses	0%	0%	0%	0%	0%
Salary and allowances paid to Managing Director/Chief Executive	0%	0%	0%	0%	0%

Auditors' Fee	0%	0%	0%	0%	0%
Depreciation and Repairs to the Bank's Assets	2%	1%	1%	2%	3%
Other Expenses	4%	5%	5%	4%	5%
Total operating expenses	26%	22%	22%	22%	26%
Operating Profit /EBIT	33%	25%	23%	16%	20%
Profit before provision	33%	25%	23%	16%	20%
Specific provisions (Loan and Advances)	14%	9%	11%	5%	7%
Others Provision	1%	0%	0%	0%	0%
Total provision	14%	9%	12%	5%	7%
Profit for the year before taxation	19%	15%	11%	11%	12%
Current Tax	0%	0%	0%	0%	5%
Deferred tax	0%	0%	0%	0%	0%
Provision for tax	11%	9%	6%	6%	5%
Net profit after tax for the year	8%	6%	5%	5%	7%

Interpretation: From the Common Size/Vertical Analysis of Income Statement table, we can see that, during the five years (2017-2021) of the study, the total operating income of SIBL fluctuated. According to the above information, there significant changes have happened each year. In this case, 2017 is the base year, and the highest net interest income generated was in the base year compared to the other years, and the percentage was 59. For the COVID-19 impact, the bank's operating income was decreasing, 2020 and the percentage was 39. From the table, we see that the operating expense of SIBL in 2017 was 26%. Then came down by 4% in 2018 and remained steady for the next two years. Again, the percentage will climb by 4% in the next year 2021. It is bad for SIBL because increasing operational expenses reduces the profitability of SIBL. Operating profit in the base year was 33%, in the next year it started to fall sharply, in 2018 it was a quarter, in the next year it declined by 2%, and in 2020 it experienced the lowest figure among them with a 16%, finally, in the next year it had a slight escalated with a fifth. It indicated that SIBL has not enough good earning power from the operation.

3.2 Trend Analysis

Trend Analysis Balance Sheet Items

Social Islami Bank Limited					
Balance Sheet					
As of DEC 31, 2015 to 2018					
Particulars	2017	2018	2019	2020	2021
Cash	100%	109%	134%	140%	99%
In hand (Including foreign currencies)	100%	99%	124%	125%	144%
Balances with Bangladesh Bank and Sonali bank (Including foreign currencies)	100%	111%	135%	142%	94%
Balance with other banks and financial institutions	100%	165%	376%	501%	1066%
In Bangladesh	100%	218%	430%	731%	1321%
Outside Bangladesh	100%	88%	296%	167%	694%
Money at call and short notice	100%	55%	64%	58%	90%
Investment in shares & and securities	100%	101%	154%	161%	253%
Government	100%	101%	150%	159%	222%
Others	100%	102%	167%	171%	369%
Loans, cash credits, overdrafts/General Investments	100%	114%	124%	142%	147%
Bills discounted and purchased	100%	112%	166%	165%	206%
Total	100%	114%	126%	143%	149%
Land, building, furniture and fixtures (Including leased assets)	100%	102%	104%	127%	122%
Other assets	100%	126%	110%	111%	123%
Total assets	100%	111%	125%	139%	148%
Borrowings from other banks, financial institutions, and agents	100%	160%	0%	0%	0%
Current /Al-Wadeeah current and other deposit accounts	100%	93%	100%	136%	160%

Bills payable	100%	84%	114%	94%	97%
Savings deposits/Mudaraba Savings Deposits	100%	116%	153%	199%	221%
Mudarabba/ Term and Fixed deposits	100%	113%	120%	127%	127%
Cash Waqf Fund	100%	114%	123%	136%	138%
Other Deposits/ Mudarabba Deposits	100%	103%	152%	173%	191%
Total Deposits	100%	109%	126%	141%	149%
Other liabilities	100%	111%	139%	159%	169%
Mudaraba perpetual bond				100%	333%
Subordinated Debt/Mudaraba bond	100%	169%	147%	125%	88%
Deferred Tax Liabilities/(Assets)	100%	196%	247%	1144%	1213%
Total liabilities	100%	111%	125%	140%	148%
Capital /Shareholders" Equity:	100%	111%	122%	128%	137%
Paid up capital	100%	110%	121%	127%	133%
Statutory reserve	100%	115%	128%	140%	151%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	100%	98%	95%	58%	57%
Retained earnings	100%	115%	129%	140%	173%
Other Reserve					100%
General reserves and others	100%	126%	115%	132%	163%
Minority Interest	100%	101%	101%	102%	108%
Total Equity	100%	111%	122%	128%	137%
Total liabilities and shareholders' equity	100%	111%	125%	139%	148%

Interpretation: Trend Analysis/Horizontal Balance sheet Items depict that, Cash had fluctuation and in 2020 it hit a high point of 140% but it significantly dropped in the next year, and it was 99%. It means the liquidity of banks state was poor. Balance with other banks and financial institutions substantially grew from 2017 to 2021, where the base year was 100% and the final year was 1066%, which means it grew to (100%-1066%). The percentage of Investment in shares & securities minimally went up. The Government percentage also slowly grew over the period with 100%-222%. In the base year Loan was 100% in the next year it rose by 14%, the following year it increased by 10%, the next year it picked up and reached 142%, and finally in 2021 it was 147%, which means, the whole period it had gradual increasing. Total Deposits showed an upward trend throughout the period. Total Liabilities increased over time. The total liability has higher than the total asset of SIBL. This is a negative signal for the bank. Shareholders Equity grew allover 37% gradually over the 5 years.

Trend Analysis of Income Statement Items

Social Islami Bank Limited					
Income Statement					
For The end of The DEC 31, 2017 to 2021					
Particulars	2017	2018	2019	2020	2021
Interest income	100%	135%	150%	146%	130%
Interest paid on deposits and borrowings	100%	152%	174%	184%	153%
Net interest income	100%	112%	117%	95%	99%
Income from investments	100%	126%	204%	205%	218%
Commission, exchange, and brokerage Income	100%	84%	76%	74%	81%
Other operating income	100%	99%	114%	105%	113%
Total operating income	100%	106%	113%	95%	100%
Rent, Taxes, Insurance, Electricity etc.	100%	113%	124%	83%	108%
Shariah Supervisory Committee's Fees & Expenses	100%	35%	63%	10%	20%
Zakat Expenses	100%	116%	134%	149%	163%
Salaries and allowances	100%	109%	117%	123%	124%
Legal Expenses	100%	68%	73%	60%	48%
Postage, Stamps, Telecommunication, etc.	100%	87%	76%	63%	75%
Stationery, Printing, Advertisement, etc.	100%	103%	125%	95%	81%
Directors' Fees and Expenses	100%	44%	89%	48%	25%
Salary and allowances paid to Managing Director/Chief Executive	100%	110%	117%	126%	131%
Auditors' Fee	100%	100%	157%	157%	159%
Depreciation and Repairs to the Bank's Assets	100%	108%	127%	197%	213%
Other Expenses	100%	147%	162%	151%	154%
Total operating expenses	100%	115%	126%	128%	132%

Operating Profit /EBIT	100%	100%	102%	70%	76%
Profit before provision	100%	100%	102%	70%	76%
Specific provisions (Loan and Advances)	100%	88%	124%	50%	64%
Others Provision	100%	86%	33%	38%	104%
Total provision	100%	88%	121%	49%	65%
Profit for the year before taxation	100%	109%	88%	86%	84%
Current Tax					100%
Deferred tax					100%
Provision for tax	100%	109%	77%	77%	60%
Net profit after tax for the year	100%	109%	104%	99%	120%
EPS	100%	109%	95%	93%	99%

Interpretation: The trend analysis of the income statement "reveals a 130 percent increase in interest income. There was only a slight rise in operating income of 100% because the increase in total operating expenses (132%) exceeded the growth in net sales. This is crucial when we carry out our annual examination of the bank. Remember that the majority of the increase from 2019 to 2020 was driven by the one-time gain of 1750183663 in 2020, even if net profit would appear to have increased by an exceptionally big amount as we cover various performance criteria. From the table we can say that, the interest income of the base year was 100%, in the year 2018 it increased by 35%, in 2019 the figure was 150%. However, it started to fall in 2020 and continued until 2021. Net interest income fluctuated over the years. Total operating expenses increased gradually from 2017 to 2021, the amount grew up at increasing 100%, 115%, 126%, 128%, and 132%. Here we can see that operating expenses increased regularly and it is bad for SIBL because increasing operational expenses reduces the profitability of SIBL. The operating profit 2017 and 2018 remained stable and in 2019 it increased by 2%, the next year it had a dipped of about 70% and in 2021 it increased by 6%.

3.3 Ratio Analysis

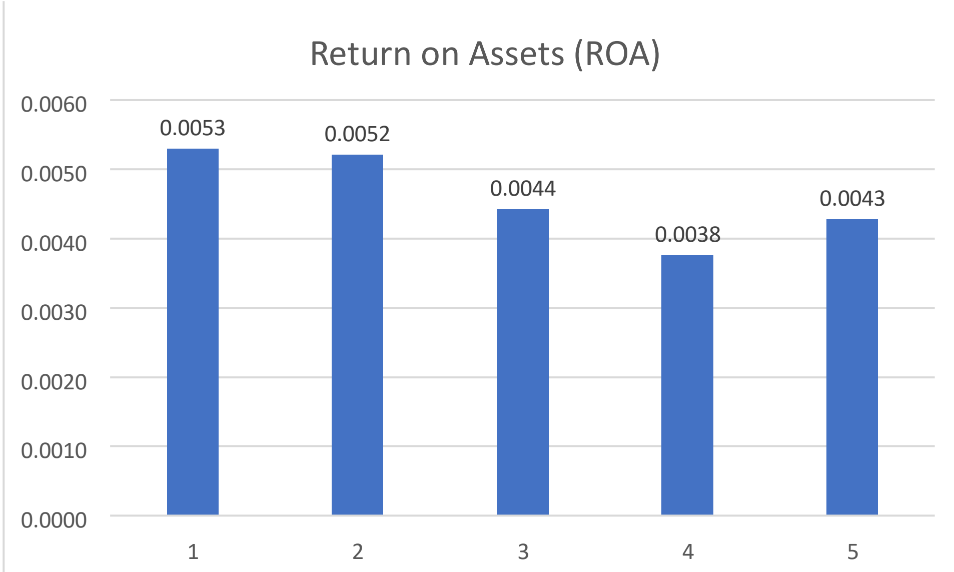
Main objective of this report is to analyzing financial performance of Social Islami Bank Limited. So here discus during the period of year 2017 to 2021 financial ratio of Social Islami Bank Limited. We also can get quantitative information about a company using ratio analysis. The ratio analysis is very efficient method for the organization. Investors are using this ratio method before investing in a company. Ratio analysis method measures worthy information for the company. This financial performance analysis report of SIBL is useful for ratio analysis.

3.3.1 Return on Assets (ROA)

The Return on Assets (ROA) is a financial metric that measures the profitability of a company about its total assets.

Assess the efficacy of a business by utilizing it as a means to maintain advantageous control over the funding of said properties. Consequently, the work process becomes fragmented, and various deceptive tactics are utilized.

	2017	2018	2019	2020	2021
Return on Assets (ROA)	0.0053	0.0052	0.0044	0.0038	0.0043

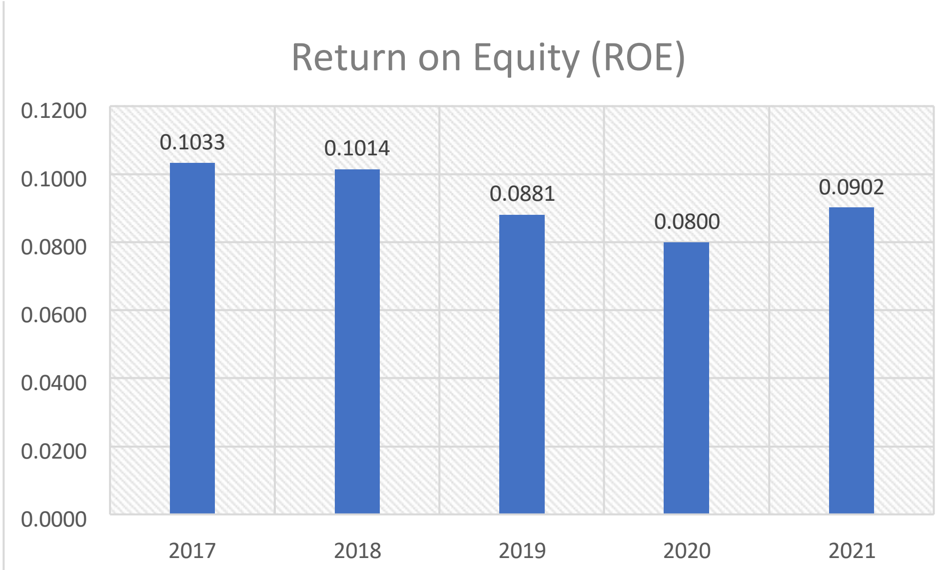


Interpretation: The graph depicts the fluctuation of asset returns over time. In 2017 the return on assets was .0053 then it dropped sharply to reached a low of which was .0038 in 2020. The next year it increased and the figure was .0043. It evaluates the company's overall performance in generating revenue from available funds. This serves as a negative indicator for the bank.

3.3.2 Return on Equity (ROE)

The return on equity (ROE) ratio is a profitability ratio that measures a company's potential to generate profits from its shareholders' investments. In other terms, the return on equity shows the benefit that each taka generates in the common equity.

	2017	2018	2019	2020	2021
RETURN ON EQUITY (ROE)	0.1033	0.1014	0.0881	0.0800	0.0902

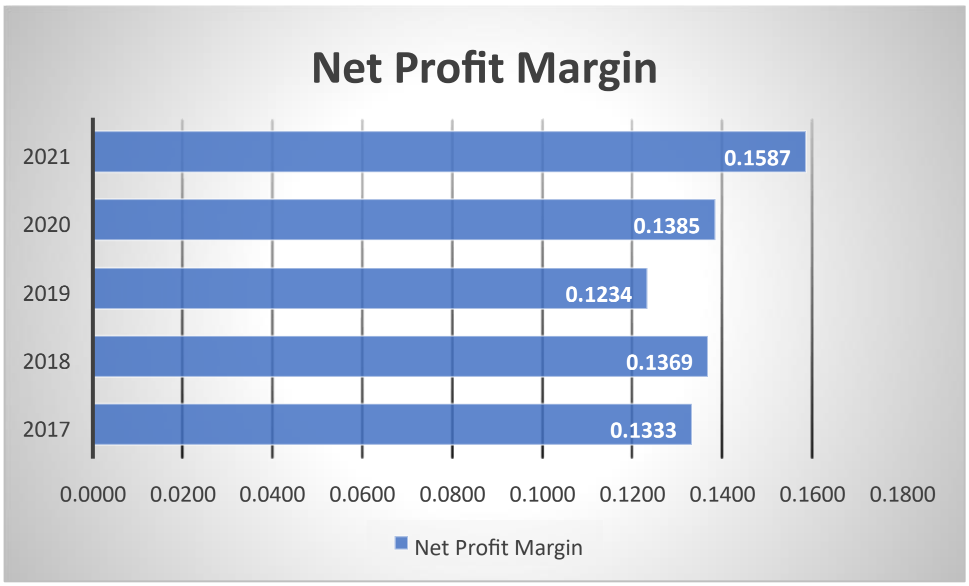


According to the graph, the return on common equity was substantial in 2017, but decreased in 2019,2020 & 2021 it grew with .0902. A deviation indicates that the company's performance in generating revenue against equity is subpar. Medium-sized businesses and their competitors, however, are not doing well and have high operating costs. In 2017, ROE was favorable for the market.

3.3.3 Net Profit Margin

The net profit margin is one of the most important financial performance indicators. By monitoring increases and decreases in profit margin, a company can evaluate the efficacy of its current strategies and forecast sales revenue. When companies convey net profit margin as a percentage instead of a dollar amount, the profitability of two or more businesses can be compared, regardless of the scale.

	2017	2018	2019	2020	2021
NET PROFIT MARGIN	0.1333	0.1369	0.1234	0.1385	0.1587



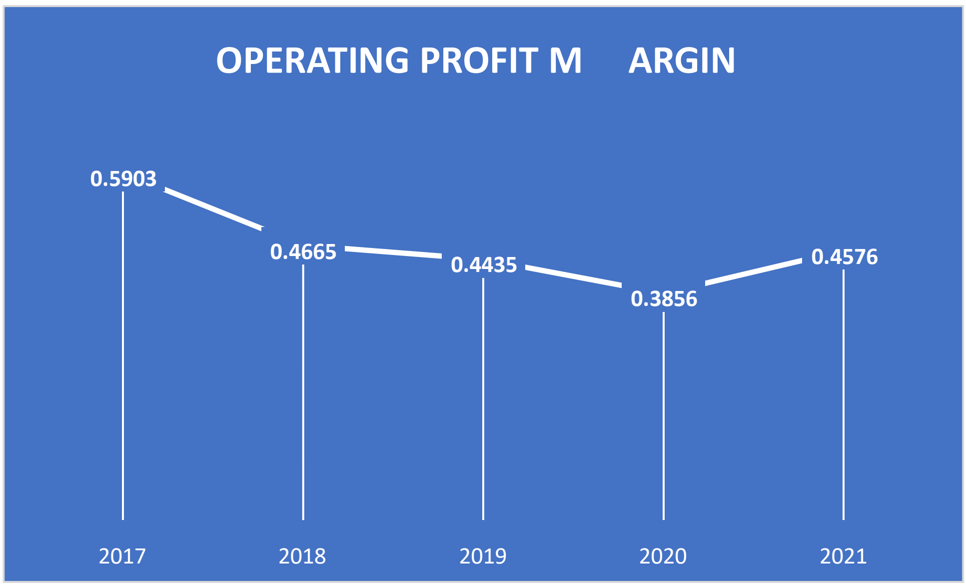
Interpretation

The net profit margin of banks fluctuated over time. Profit margin is a measure of a company's profitability in terms of earnings per transaction. SIBL is functioning efficiently, as its net margin increased from .1333 in 2017 to .1587 in 2021.

3.3.4 Operating Profit Margin

The Operating Profit Margin ratio, alternatively referred to as the Earnings Before Interest and Tax (EBIT) Margin, is a financial metric that measures the profitability and performance of a company. It indicates the percentage of profit generated from its operations before the deduction of taxes and interest charges1. The calculation involves dividing the operating profit by the total revenue and representing the result as a percentage.

	2017	2018	2019	2020	2021
OPERATING PROFIT MARGIN	0.5903	0.4665	0.4435	0.3856	0.4576



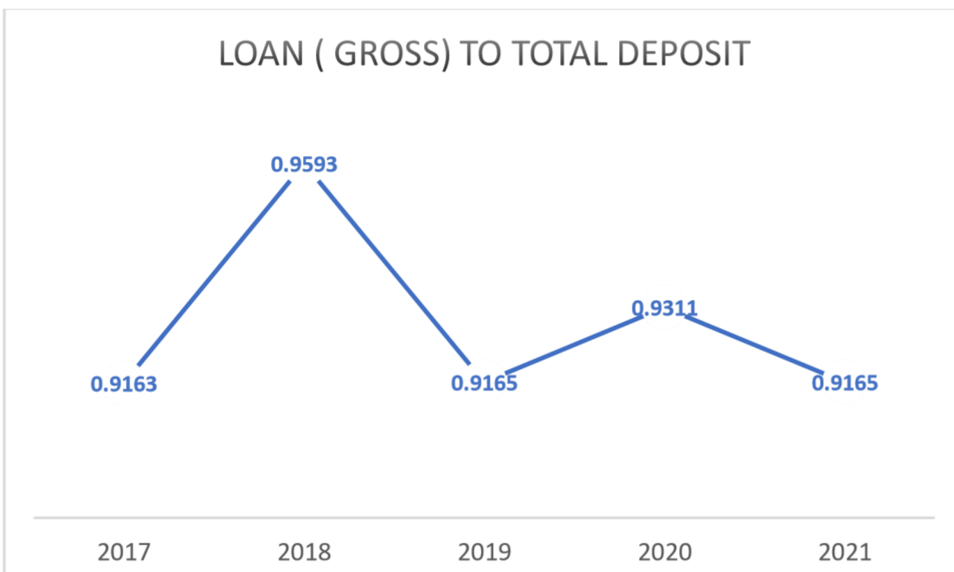
When the operating margin is high, it indicates that each dollar of revenue generates a large quantity of operating profit. This is an indication that a company's earnings are of high quality.

When the operating profit margin is low, it indicates that operating costs, non-operational costs, or both are excessive. The ratio is a measurement of profitability; therefore, a low resultant metric indicates that profitability is inadequate. In this line graph we can see that, operating profit margin in 2017 was .5903 and it started came down from the next year and it hitting a low point of about .3856 in 2020.

3.3.5 Loan (Gross) to Total Deposit

The Loan (Gross) to Total Deposit ratio, also known as the Loan-to-Deposit Ratio (LDR), is a liquidity indicator for a bank. It is determined by dividing the total loans by the total deposits for the same period. The LDR is shown as a percentage.

	2017	2018	2019	2020	2021
LOAN (GROSS) TO TOTAL DEPOSIT	0.9163	0.9593	0.9165	0.9311	0.9165



If the ratio is too high, it indicates that the bank may not possess sufficient liquidity to meet any unexpected fund needs. On the other hand, if the ratio is too low, the bank may not be maximizing its earnings.

The ideal loan-to-deposit ratio is typically between 80% and 90%. I am going to the store to buy some groceries. A loan-to-deposit ratio of 100 percent indicates that a bank has lent out one dollar to customers for every dollar it has received in deposits.

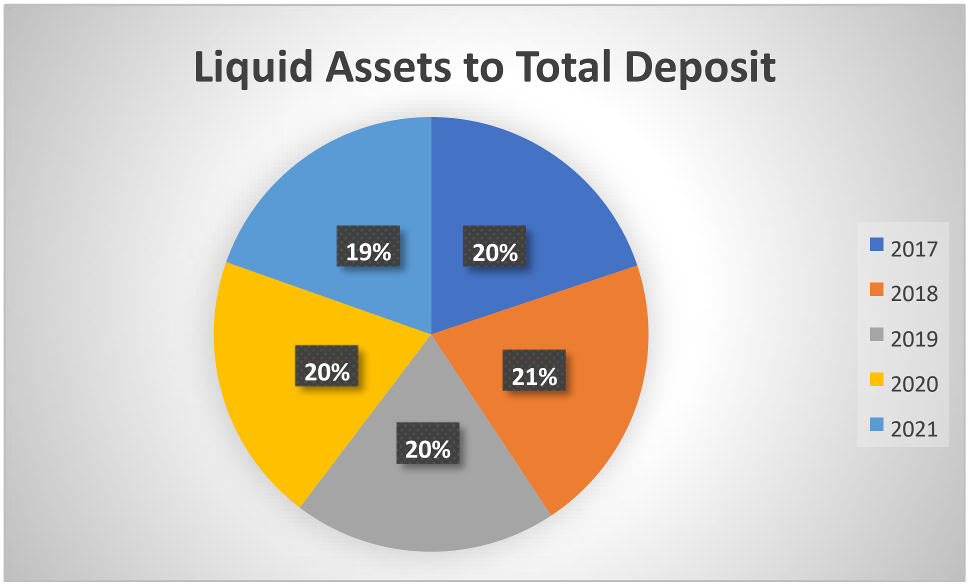
This ratio measures the level of liquidity that banks have available, which is supported by relatively stable and predictable deposits, primarily from retail customers. This is in contrast to relying on potentially more unstable funding from wholesale debt sources.

3.3.6 Liquid Assets to Total Deposit

The Liquid Assets to Total Deposit Ratio, which is also referred to as the Liquid Asset Ratio, is a metric used to assess a bank's liquidity. The calculation involves dividing a bank's liquid assets by its total deposits. The ratio is expressed as a percentage.

Liquid assets are assets that can be readily converted into cash. The assets mentioned include cash and amounts owed by banks, securities held for trading and valued at fair market value, loans made to banks, reverse repurchase agreements, and cash used as collateral.

	2017	2018	2019	2020	2021
LIQUID ASSETS TO TOTAL DEPOSIT	0.8841	0.9261	0.8740	0.8935	0.8720



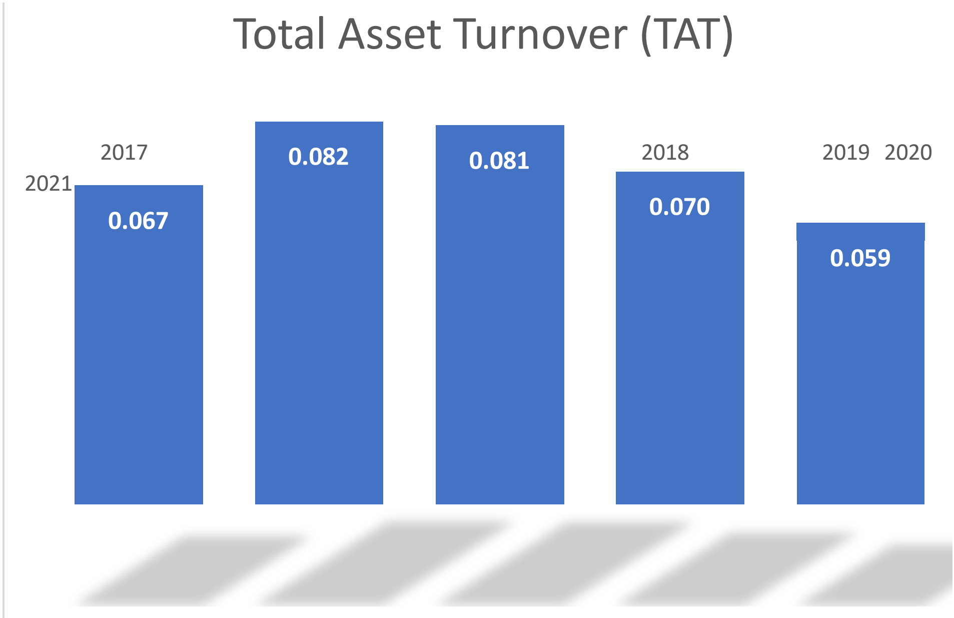
This ratio measures the level of liquidity that banks have available, which is supported by relatively stable and predictable deposits, primarily from retail customers, rather than relying on potentially more unstable funding from wholesale debt sources. A higher ratio signifies that the bank possesses a greater proportion of liquid assets about its deposits. This indicates that the bank has more liquidity available to fulfill short-term obligations or unexpected cash needs.

However, having an excessively high ratio may not be advantageous for the bank because it could indicate that the bank is not utilizing its funds efficiently enough to generate returns. Banks must strive to strike the right balance between liquidity and profitability.

3.3.7 Total Assets Turnover

The turnover ratio of assets compares the value of a business's assets to its profits and revenues. The inventory sales ratio is a measure of how effectively a company utilizes its assets to generate sales.

	2017	2018	2019	2020	2021
TOTAL ASSET TURNOVER (TAT)	0.067	0.082	0.081	0.070	0.059

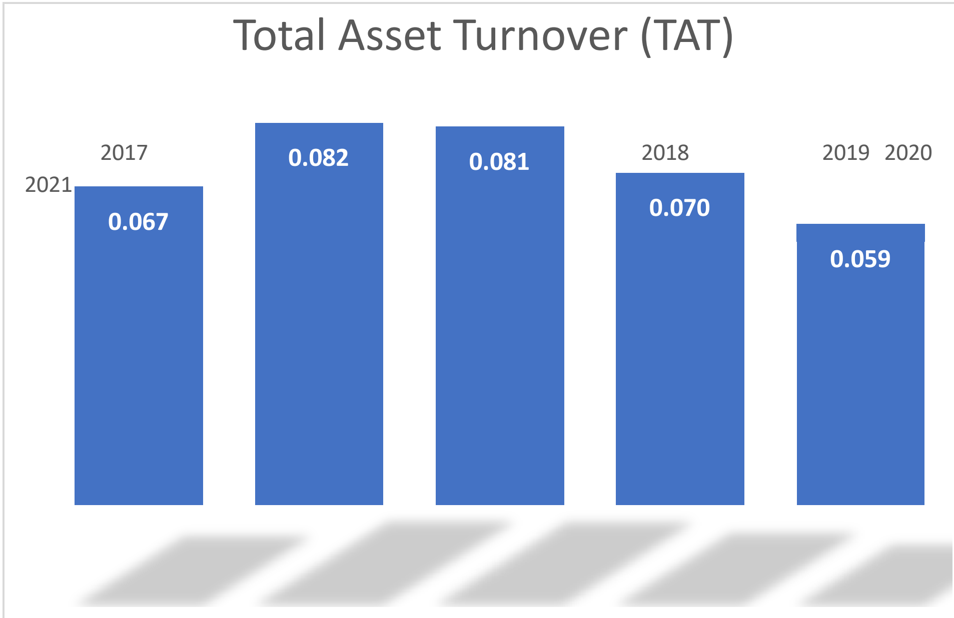


A higher ratio is typically preferred because it suggests that the company is more effective in generating sales or revenues. A lower ratio suggests that the company's asset utilization may be suboptimal. The ratio mentioned can differ across various sectors, thus it is important to compare the ratios of companies within the same sector.

3.3.8 Current Asset Turnover (CAT) ratio

The Current Asset Turnover (CAT) ratio measures how efficiently a company utilizes its current assets to generate revenue. The calculation involves dividing net sales by current assets.

	2017	2018	2019	2020	2021
CURRENT ASSET TURNOVER (CAT)	1.13	1.21	1.54	1.49	1.19



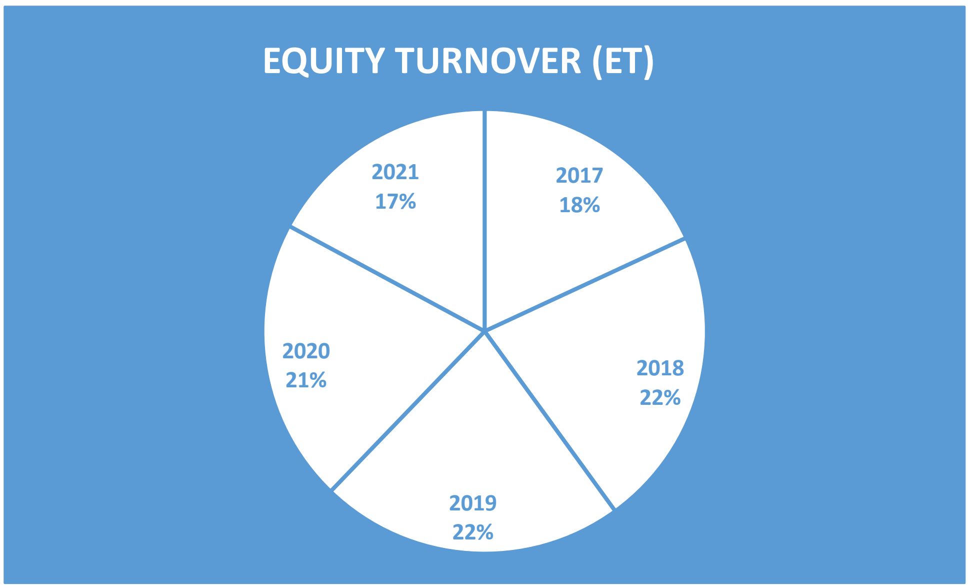
This ratio indicates the frequency with which current assets are converted into sales. A high current asset turnover (CAT) ratio indicates that the organization is capable of achieving maximum sales while making the most efficient use of its current assets.

However, it is important to note that this ratio can vary across different industries. Therefore, to obtain a meaningful interpretation, it is crucial to compare it with companies operating in the same sector. Additionally, although a high ratio may suggest effective utilization of current assets, it is crucial to verify that the company is not inadequately investing in current assets, as this could potentially hinder its operational efficiency and hinder its growth.

3.3.9 Equity Turnover Ratio

The Equity Turnover ratio compares a company's net revenue and average shareholders' equity to assess how efficiently the company is utilizing the equity capital provided by its stockholders.

	2017	2018	2019	2020	2021
EQUITY TURNOVER (ET)	1.31	1.59	1.61	1.50	1.24

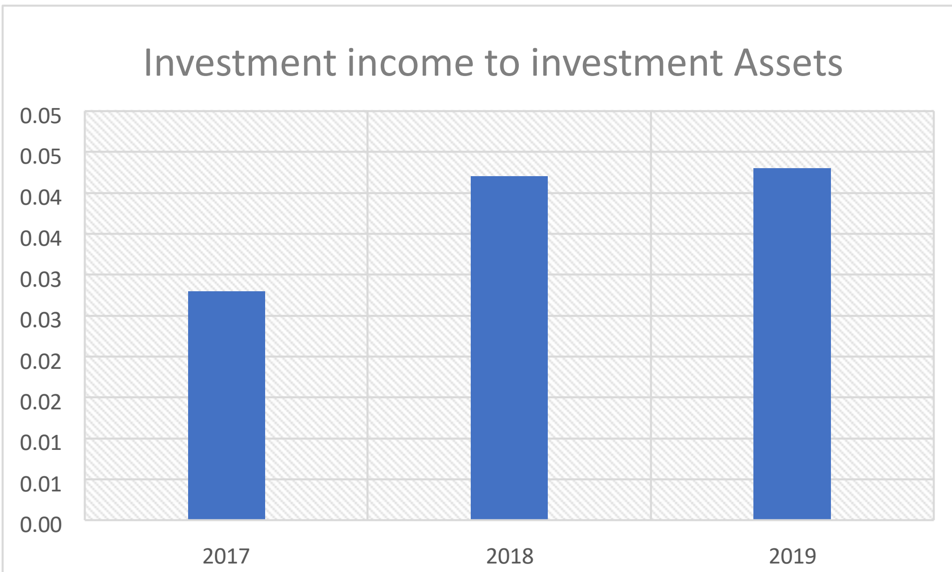


This ratio helps investors determine whether a company's revenue is sufficient to justify equity retention. A higher ratio indicates the efficient utilization of equity capital to generate revenue.

3.3.10 Investment Income to Investment Assets

The Investment Income to Investment Assets ratio is a metric that assesses a company's efficiency in utilizing its investment assets to generate investment income.

	2017	2018	2019
INVESTMENT INCOME TO INVESTMENT ASSETS	0.03	0.04	0.04



The ratio mentioned can differ among various industries, making it crucial to compare it with companies within the same sector to derive a meaningful interpretation. Additionally, although a high ratio may suggest effective utilization of investment assets, it is crucial to verify that the company is not inadequately investing in these assets. Insufficient investment could potentially hinder the company's operational efficiency and impede its growth.

CHAPTER Four: Findings, Recommendations & Conclusion

1.1 Findings

- **Lower Productivity of Assets:** The bank's assets may not be as efficient as they once were. ROA decreased from 2017-2020. In 2017 it was .0053 but in 2020 it fall to .0038 and it may for COVID-19. In the comparison of five years' analysis Return on Assets (ROA) in 2020 was downward.
- **Poor Investment Decisions:** It is possible that the bank's management made suboptimal investment choices. A slight decrease in ROE may not necessarily be seen as negative. Examining the trend of the ROE over time and comparing it with other banks in the same industry is crucial. ROE shows decreasing trends which is not desirable as well as negative. It was decreasing from 0.1033 to 0.0800 in 2017 to 2020.
- **Efficient Use of Assets:** The bank may be utilizing its assets more effectively to generate increased profits. From the Trend Analysis, the total assets showed an upward trend throughout the period. In 2017 it was 100% after that, it experienced a steady growth during the next four years. It rose to 148% in 2021. So, overall growth has been improved and very strong.
- **Economic Conditions:** Bank profitability is closely linked to economic activity. Bank profitability could be affected by slower growth prospects, potentially leading to a decrease in lending activity and a rise in credit impairments.
- **Poor Collection Methods:** It appears that the bank is facing challenges in collecting its receivables.
- **Poor Utilization of Current Assets:** There is a lack of sufficient short-term investment opportunities, which may hinder the bank's ability to effectively utilize its current assets.

- **Increased Equity:** A lower Equity Turnover ratio may result from the bank's increased equity as a consequence of retained earnings or new equity financing, provided that net sales have not grown in proportion. Total equity was increasing from 100% to 137% in 2017 to 2021.

4.2 Recommendations

They can strive to maximize profits, thereby enhancing shareholders' wealth and expanding their business. One way to achieve this is by increasing sales, reducing the cost of goods sold, and minimizing operating expenses. Handling the banks net gain created that by its bassets and advantages from its financial specialists' hypotheses were astoundingly poor. The bank needs to give high noteworthiness toward handle the condition as well as the bank needs to analyze more to invest their assets in more efficient places to increase productivity.

By adjusting the balance between debt and equity capital, a bank can potentially enhance its return on equity. Financial leverage has the potential to boost a bank's return on equity, as long as the after-tax cost of debt remains lower than its return on equity.

Efficiently managing current assets like cash, accounts receivable, and inventory can lead to a boost in the operating profit margin. One way to enhance the operating profit margin is by efficiently managing accounts receivable and promptly collecting payments from customers.

They One way to boost their liquid assets is by investing in securities that are easily converted to cash or by keeping a larger amount of cash on hand. have the potential to increase their deposit base through various strategies. These include providing incentives for signing up or referring others, implementing tiered interest rates based on account balances, eliminating overdraft fees, offering complimentary checks to members, facilitating mobile deposits, and waiving transfer fees. One way to boost their liquid assets is by investing in securities that are easily converted to cash or by keeping a larger amount of cash on hand.

Consistently track the Total Asset Turnover ratio to assess the impact of the implemented changes. Otherwise, they might have to make some adjustments to their strategy. A business with a low asset turnover ratio may benefit from increasing hours of operation, stocking shelves with high-selling items, and only restocking inventory when it is exhausted. To use just-in-time inventory management, a corporation must buy its inputs close to when needed. A car factory buys airbags when they roll off the assembly line instead of stocking them.

When a bank aims to attract more shareholders by increasing its equity turnover ratio, it may impact the company's equity by raising its debt percentage in the capital structure. Engaging in such actions can pose significant risks for a company, as it may result in accumulating substantial debt that will need to be repaid with interest.

Conclusion

Considering all factors, it can be concluded that the performance of Social Islami Bank Limited is satisfactory. This report thoroughly examines and evaluates the performance of SIBL from 2017 to 2021. Through a thorough examination of its overall performance, various strengths and weaknesses of the bank have been revealed. The overall exhibition at SIBL is satisfactory.

Investors interested in acquiring a stake in SIBL Bank have the opportunity to purchase portions of the bank. Based on the data, it appears that SIBL will experience long-term expansion of benefits. In 2020, the benefit surpasses that of previous years. I have identified several issues with SIBL and will provide a few key solutions to help improve their future performance.

After completing this report, I would like to mention that the financial performance of SIBL is excellent. The bank's effectiveness and liquidity ratio indicates that it is generally satisfactory in this area as well.

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