Internship Report

On

Financial Performance Analysis of First Security Islamic Bank PLC

Supervised By:

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Program: BBA

Major in Finance

Daffodil International University

Letter of Transmittal

Date: 20 March 2024

To

Mr. Md. Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Subject: Submission of internship report on "Financial Performance Analysis of First Security Islamic Bank PLC "

Dear Sir

With deep respect and humble submission, let me state that it is a great pleasure for me to submit my internship report, "An Analysis of First Security Islamic Bank Financial Performance." I followed your guidelines and did my best to put on every part of the material that was gained for the internship. I sincerely appreciate all of your helpful advice, steadfast commitment, and continuous attention throughout the report-writing process.

Throughout my internship, I have really enjoyed the work itself, which has involved a wide range of practical expertise. I sincerely hope that you will provide permission for my report.

.Sincerely yours,

Rahat

……………………

Rahat Rahman

ID 201-11-1146

Major in Finance

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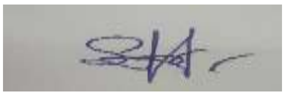
Daffodil International University

Certificate of Approval

This is to notify you that Rahat Rahman, ID 201-11-1146, BBA (Finance), is a regular student of the Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at First Security Islamic Bank Limited, under my supervision. His assigned topic is “financial performance analysis of First Security Islamic Bank Limited." I believe the paper can satisfy the partial requirements of the BBA requirement.

I wish his success in the future.



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Mr. Md. Anhar Sharif Mollah

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Acknowledgement

I would first like to express my sincere gratitude for the capacity and perseverance that Allah has given me to complete this task satisfactorily and on schedule.

I want to thank my honorable supervisor, Mr. Md.Anhar Sharif Mollah, Assistant Professor, Department of Business Administration, Daffodil International University, from the bottom of my heart for all of his support and guidance, for inspiring me to finish this report, and for providing productive supervision, guidance, instructions, and advice.

I'm also appreciative of First Security Islamic Bank's management for giving me the opportunity to work for them. I value the advice I got from my seniors at work, who also gave me the chance to participate in this internship program and get practical experience.

Lastly, I want to express my gratitude to my friends and family for their unwavering support and faith in my skills.

Without the combined assistance of all these people, this report would not have been possible, and for that, I am sincerely grateful.

Dedication

Everything wonderful has an originator. It was my parents this time. Their steadfast attention and support helped me get to the point where all I could manage was this report and a lot more. Given these circumstances, I would like to sincerely thank my parents and all of my family members, whom I consider to be the most important people in my life. In the interim, I want to express my gratitude to them for bringing me into the world, for everything I have accomplished thus far, and for everything I have yet to come.

Executive summary

The objectives of the study include an analysis of First Security Islamic Bank PLC. Internships are a vital part of earning a BBA degree. This work is the result of a three-month internship at First Security Islamic Bank PLC**.**

The purpose of the internship and report is to gain academic knowledge with real-world experience. During the three-month internship programme, we observed various parallels between our theoretical studies and the practical experiences gained. The aim of the internship **is** not only to impart practical skills but also to deepen theoretical understanding. The significance of banks as financial institutions in modern civilization is highlighted, and this cannot be overemphasized. Banks are among the most trusted financial organizations and are vital to sustaining the financial strength of a nation. The first chapter describes an introduction, while the second chapter covers an organizational overview of First Security Islamic Bank. It includes the history, overview, mission, and goals of the bank**,** as well as the specific objective of the report.

The next chapter is about the "theoretical framework of First Security Islamic Bank PLC,**"** followed by a comprehensive study of ratio analysis such as ratio analysis, common size analysis, swot analysis, and tend analysis.

This report provides a comprehensive summary of the bank's economic performance along with an assessment of its importance and value to the company**.** It's simply not possible to identify everything you need to know about finance in three months. Nevertheless**,** I made every effort to move forward. The target of the internship programme was to offer real-world banking experience and relate it to academic knowledge. Due to time limitations, a complete investigation of the corporations in the individual areas was not possible during the internship.

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Chapter- 1
Introduction

1.1 Introduction

A nation's economy is primarily supported by its commercial banks. Commercial banks are for profit organizations that accept deposits from people and businesses in the form of savings and checking accounts before using these money to fund lending transactions (Kagan, 2023). People and the government rely heavily on these banks for these. Since banks are for-profit businesses, they charge more for loans and advances while collecting deposits at the lowest feasible cost. The banking industry is getting more involved in more events every day. Simultaneously, the banking procedure is growing more efficient and straightforward, and the banking sector is expanding. Better services are becoming more and more in demand every day.

First Security Islamic Bank Ltd is one of the finest and largest banks in Bangladesh's banking system. It is a sharia based Islamic bank .Like the rest of the banks and financial Intermediaries, this bank play a critical role to facilitate the flow of funds between surpluses and deficits.

1.2 Background of the study

All graduate students in the field of business are required to take part in the internship program. Students will graduate from this internship with a great deal of practical aptitude and information. This is a perfect opportunity for all students to obtain both practical and theoretical knowledge during their four years as undergraduates.

I prepared an internship report named "Financial Performance Analysis of First Security Islamic Bank Limited (FSIBL)" based on my practical experience after completing a three-month internship at the FSIBL.

1.3 Scope of the study

The important analysis of this report are as follows:

- Swot analysis of FSIBL
- Ratio analysis
- Trend analysis
- Common size analysis

1.4 Objective of the study

The primary objective of the study is to examine FSIBL's financial performance, with a focus on its overall financial development.

Particular goals:

1. To aware of FSIBL's present financial status.

2. Evaluate and understand different types of ratios to find out how well FSIBL has done financially in the last five years.

3. To identify the problems with the financial performance of FSIBL.

4. To offer any suggestions that might be made to address the problems

1.5 Methodology of the Study

I used primary and secondary data sources in combination to find the information I needed to finish my report.

Primary Data:

- Talk with the FSIBL authorities.
- Speaking with clients
- Practical involvement working in a bank in numerous departments and at diverse desks.

Secondary data:

- Annual report of last four years (2019-2022)
- Internet and Website of first security Islamic bank
- Several books study for further understanding

Analysis of the data:

MS Excel was used for data analysis.

1.6 Limitation of the Study

- A few months is not enough to uncover bank overall activity.
- Gathering accurate information from different employees is quite challenging.
- Bank's commitment to maintaining the confidentiality of personal information
- Unavailability of essential documents

Chapter -2
Banking Overview

2.1 Background of FSIBL

The Companies Act of 1994 took effect in Bangladesh on August 29, 1999, marking the establishment of FSIBL as a banking institution. On September 22, 1999, Bangladesh Bank gave the go-ahead to begin operations. The commercial banking activities of the bank include accepting deposits, making loans, discounting bills, managing foreign exchange transfers and currency payments, and offering assurances, acceptances, letters of credit, and other related services like insurance and payback. The bank operated with talented and brilliant people and modern technology to meet the challenges of the twenty-first century.

Originally established in 1999, the bank was called First Security Bank Ltd. First Security Islamic Bank Ltd. was the new name and manner of business for the bank as of January 1, 2009.
The ten-member Board of Directors, in the capacity of Chief Executive, is tasked with overseeing the management of the Bank. The bank is in charge of almost all Sariah-based commercial banking activities. All of Bangladesh's major cities are served by 172 divisions.

2.2 Vision

Our goal is to become the leading financial institution in the nation by offering superior products and services supported by modern technology and a highly driven workforce committed to delivering excellence in banking.

2.3 Mission

- To aid in the nation's socioeconomic progress.
- To reach maximum satisfaction by having committed and driven professionals provide services.
- To ensure quality in order to sustain ongoing market share growth.
- To guarantee honesty and integrity at every stage.
- Above all, to successfully contribute to the national economy, maintain sustainable growth, and determine the full value of the honorable shareholders.

2.4 Values and Objective

- Prioritize client interest and satisfaction and offer specialized financial services and products.
- Uphold a high standard of ethics and honesty in all of your interactions.
- Achieving excellence in banking operations can provide value for all stakeholders.
- Maintaining an appropriate work-life balance while ensuring a dignified and highly motivated workforce for our human capital.

2.5 SWOT Analysis of FSIBL

SWOT analysis typically aids in identifying an organization's opportunities, threats, weaknesses, and strengths. SWOT analysis is a useful tool for assessing a company's strategic position and identifying areas for improvement.

S = Strength
W = Weakness
O = Opportunity
T = Threat

Strength of the bank

- Improve asset quality.
- Maintain the momentum of the sharia program.
- Ensure customer satisfaction and business progress.
- Continue the initiatives taken by the experienced upper management.
- Product lines with specific applications.
- Special corporate culture

Weakness of the bank

- FSIBL does not have enough ATM booth cards.
- Insufficiently experienced people
- Not have enough marketing initiative.

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Opportunity of the bank

- Up-to-date technology can be applied by First Security Islamic Bank Limited to improve customer service.
- Several brand-new branches can be launched.
- Online banking can be a great choice.
- Introducing new applications for users

Threat of the bank

- A large number of Islamic banks are entering the market.
- Default loan risk could lead to a financial shortfall for the bank.
- Rivals are offering comparable products to clients.

Chapter 3-
Theoretical aspects

3.1 Financial performance

Financial performance is a specific indicator of how well a company manages its resources and generates income from its main line of business. It additionally acts as a general indicator of a firm's overall financial health over time.

3.2 Financial Performance Analysis

Financial performance analysis helps to determine the firm's strengths and weaknesses in terms of finance by appropriately connecting the balance sheet and profit-loss account items (Kenton, 2023). Financial performance analysis can be used to discover both short- and long-term forecasts as well as growth. In order to fully relate a subject and its components to one another, the definition of "analysis" in a dictionary is to solve or separate a subject into its component or components. The practice of analyzing a financial statement's relationships in order to gain a better understanding of the firm's performance and situation is known as financial statement analysis. External investors, lenders, owners, and other parties may perform this study in addition to the firm's management. According to standards, auditors must also comprehend and evaluate the entity's financial performance, including both internal and external procedures.

3.3 Financial Analysis Tool

One of the best methods to guarantee a strong return on investment is to employ financial analysis tools. These instruments for financial analysis are highly helpful in assessing the market and making investments that would yield the highest possible returns. Understanding information about a specific corporate organization, both internally and externally, can be accomplished with the help of these financial analysis tools. To ascertain the operation's financial status and outcomes, financial statements are analyzed and interpreted. The company's financial situation is examined using the following instruments:

- Horizontal Analysis
- Vertical Analysis
- Ratio Analysis

3.4 Ratio Analysis

Ratio Analysis evaluates various features of a company's working and financial performance, including profitability, dissolvability, liquidity, and productivity. The drift of these proportions has been focused for a while to determine if they are improving or declining. One can express proportions as a range, rate, or percentage. The proportion is used by loan officers, donors, the board of directors, and speculators to analyze an organization's financial status for straightforward leadership objectives. The most widely accepted ratios are included in this article, along with a review of First Security Islamic Bank Restrictor's (FSIBL) operations and financial execution for the years 2019-2022.

Since proportions incorporate information and the consequences of fundamental variables, they are one of the most used techniques in summary financial analysis. We will find situations and occurrences that are otherwise hard to discover by examining the individual segments that make up the proportion. Proportions are typically positioned as independent research tools in the future.
They are frequently weighed against their potential future trend and scale, and their explain ability determines how convenient they are.

Financial ratios fall into several categories and are utilized in ratio analysis. These categories include:

- Liquidity Ratio
- Activity Ratio
- Solvency Ratio
- Profitability Ratio

Liquidity Ratio: The ability of a business to pay off its debt with its current assets is determined by liquidity ratios. A business that is having financial problems and is unable to pay its bills can easily pay off any outstanding obligations by turning its assets into cash.

The quick ratio, cash ratio, and current ratio are a few examples of common liquidity ratios. Financial institutions such as banks, creditors, and suppliers use liquidity ratios to evaluate a client's capacity to pay bills on time.

Activity Ratio: A measure of an organization's capacity to turn its financial record accounts into income is called an operation proportion. When evaluating whether an organization's management is effectively deriving capital and revenue from its assets, action proportions play a crucial role. They evaluate a company's overall competence by looking at how it makes use of its advantages, leverage, or other similar asset report elements. Movement proportions serve as a gauge for an organization's technical prowess and overall value. When comparing these ratios to a rival or market, it is easiest to assess whether a substance's processes are beneficial or detrimental.

The primary ratios to take into account while assessing operation ratio are covered in this section:

- Turnover in total asset
- Turnover in total equity

Solvency ratio: Solvency ratios assess the long-term financial health of an organization. These ratios assess how much debt a business has in relation to its equity, assets, and annual earnings. Governments, banks, workers, and institutional investors are the primary users of solvency ratios.

- debt-to-capital ratio,
- debt ratio
- equity multiplier
- Interest coverage ratio

Profitability ratio: The capacity of a company to turn a profit in relation to its related costs is measured by profitability ratios. A greater profitability ratio than in the last financial reporting period indicates a strengthening of the company's finances. To ascertain how lucrative the company is in comparison to its rivals, a profitability ratio can also be compared to the ratio of a similar firm.

Some example of profitability ratios include:

- return on equity,
- Return on assets,
- Profit margin,
- Gross margin,
- Return on capital employed

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3.5 Common size analysis

The way financial reports are analyzed and evaluated is a shared statement of values. Vertical analysis is another name. As part of the balance sheet analysis, each item is analyzed as a percentage of the base amount for the respective accounting period. Although financial reports provide a relatively simple way to present financial reports, plain text reports are not financial metrics at all and make financial reports easier to analyze.

Single Length Income Statement: This is a type of single length income statement where all calculations are based on sales. Therefore, the calculation of each line is based on sales and the expression of each line is expressed as a percentage of sales.

Help the entrepreneur understand the following.

1. Whether the profit increases or decreases in relation to the sales achieved.

2. The percentage of the cost of goods sold during the accounting period that has changed.

3. Cost fluctuations that may have occurred.

4. If the increase in retained earnings is proportional to the increase in company profits.

5. Makes it easier to compare profit and loss statements from multiple periods.

6. Identify changes in an organization's financial accounts that will help investors decide whether or not to participate in the business.

Common size balance sheet: A statement where the balance sheet items are determined as the ratio of each asset to the total assets is known as a common size balance sheet. Each legal responsibility is decided as a percent of the full liabilities for the liabilities.

3.6 Trend Analysis

Trend analysis examines a company's economic data over time. Depending on the circumstances, the stages can be planned in months, in three parts or in years. The goal is to calculate and measure overall and percentage differences between consecutive time points. A technique known as financial reporting trend analysis (also called horizontal analysis) shows periodic changes in the associated balance sheet amount. This is a useful guide for evaluating model scenarios. The first date is also used as a base expression and the billing items of the following days are compared with the billing items of the base period. The Finance Committee uses trend balance sheets, which many organizations consider key month-end surveys, to assess monthly trends in net worth, liabilities and assets. The main feature of this report type is that the months in the tables are dynamically listed, starting with January and ending with the current day. Users can access all statistics to view underlying transactions. An example of this kind of report can be found below. Companies and businesses use balance sheet performance reports to quickly determine whether something on the balance sheet is increasing or decreasing. By implementing it within the finance and accounting department as part of good business practice, the company can improve its ability to quickly identify trends or deviations and minimize them.

Chapter 4 –
Financial performance Analysis

4.1 Liquidity ratio

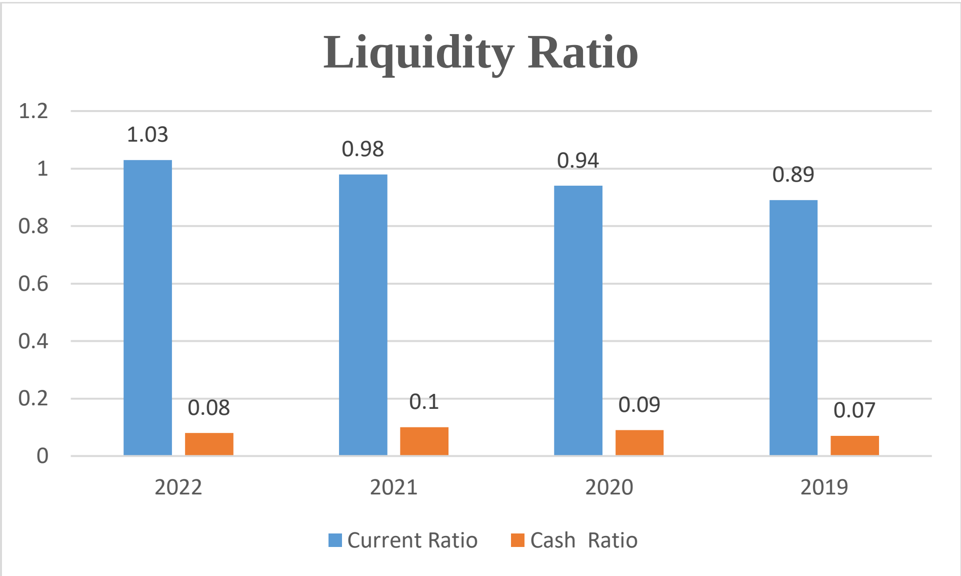
The liquidity ratio is used by an organization to meet its short-term obligations. It helps the organization pay its liabilities. When a company faces debt or liabilities, they can convert their liquidity into assets. It is an asset for an organization. A high liquidity ratio helps the company meet its short-term financial obligations.

Current ratio = current asset /current liabilities

Cash ratio = cash & cash equivalents / current liabilities

Table 1: Liquidity ratio of first security Islamic Bank:

Particular	2022	2021	2020	2019
Current Ratio	1.03	0.98	0.94	0.89
Cash Ratio	0.08	0.1	0.09	0.07



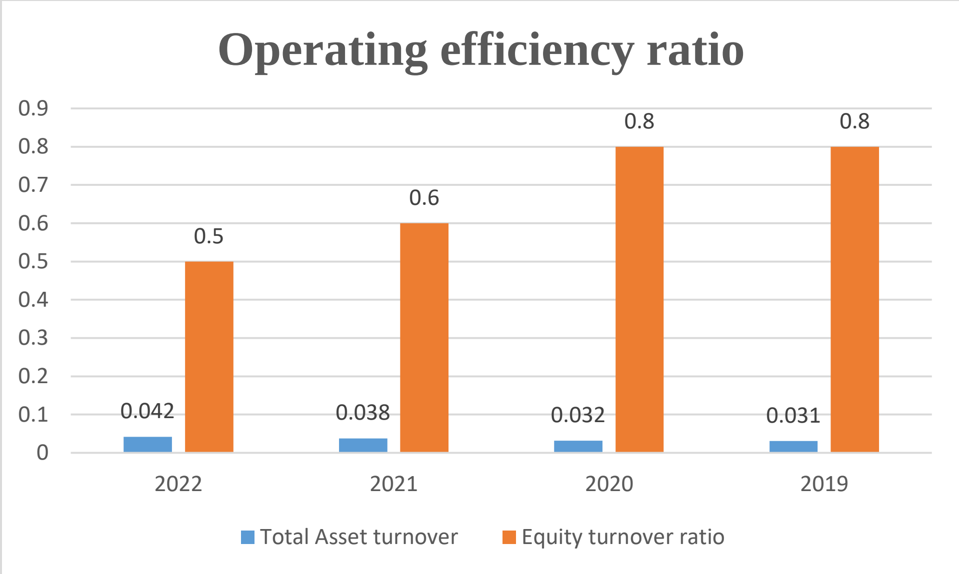
Interpretation: From this chart we can understand that the current ratio of First security Islamic bank is fluctuating over the time. In 2022, Bank current ratio is reached 1.03 which is fulfil the standard level. It means bank have enough cash to meet its short term financial obligation .but for past three years bank could not meet the standard level that's why in last two years banks current ratio decreased . But in 2022 bank perform well compare to last three years. So it is a good sign for the organization. On the other hand banks cash ratio does not fulfill the standard level. If the cash ratio reached 1 ,it considered as a standard level .it means bank have enough cash to meet its obligation .But we can see that cash ratio has been decreasing over the time ,Although bank reached 0.1 in 2021 but again falls down in 2022. So bank is not performing well because they do not have enough cash to convert into asset.

4.2 Operating efficiency ratio

Activity ratio describes the way a corporation handles its operations. If the organization makes more income, then it will have the least cost. A company can minimize its costs and make greater income by using this tool.

Table 2: Operating ratio of first security Islamic bank

Particular	2022	2021	2020	2019
Total Asset turnover	0.042	0.038	0.032	0.031
Equity turnover ratio	0.5	0.6	0.8	0.8



Interpretation: In the chart, we can see that the asset turnover ratio is increasing over time, which is quite good for the bank because a higher turnover ratio will have a positive impact on the organization. But if the company can increase the turnover ratio and achieve the standard level, then the bank can fully utilize its resources in the business. A healthy turnover ratio will help banks manage their revenues. By properly managing their revenue, banks can avoid risk and earn more profit.

On the other side, banks performed poorly in equity asset turnover; this proportion has been decreasing for the last three years, which is not good for the bank. The bank's highest equity turnover ratio was 0.8, but after that, it continued to fall. This means the bank cannot manage its revenues properly to make a greater profit. Without a healthy equity turnover proportion, banks will struggle to manage their operations, which will hamper their overall performance.

4.3 Solvency ratio

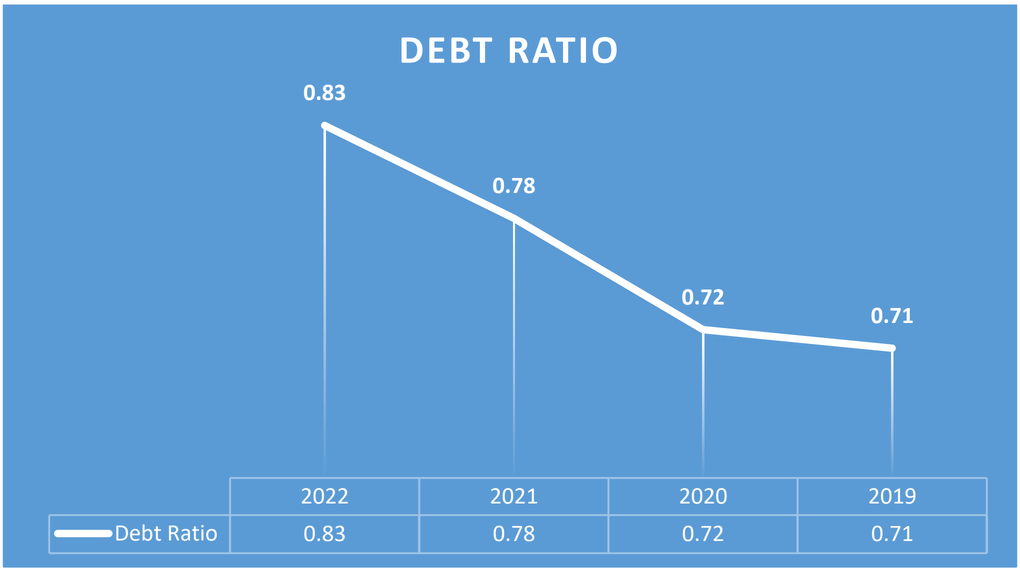
Solvency proportions evaluate the long-period financial health of an organization. These ratios measure how abundant debt a business has in relation to its equity, assets, and annual earnings.

Debt ratio = Total Debt /Total Assets

Debt to equity ratio = Total liabilities / Shareholder equity

Table 3: Solvency ratio of First Security Islamic Bank

Particular	2022	2021	2020	2019
Debt Ratio	0.83	0.78	0.72	0.71



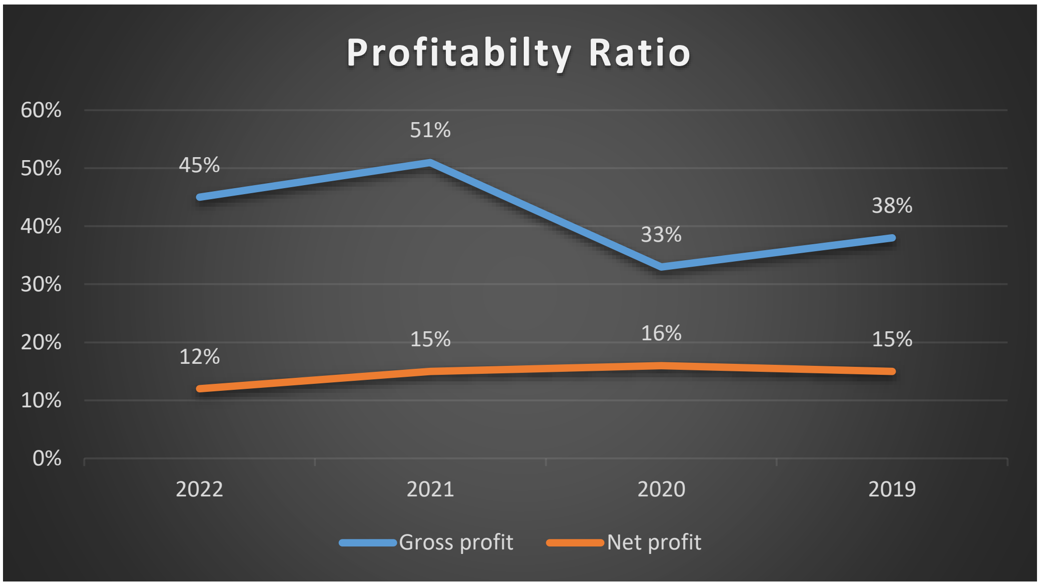
Interpretation: In the chart, we see that the debt ratio is changing over time. In 2020, the debt ratio was at its lowest, which was good for the bank, but over the next two years, the ratio increased. An increase in the debt ratio will have a negative impact on the bank because a higher debt ratio makes it difficult for the bank to derive money. A higher debt ratio means banks are more risky and may fail to pay their debts.

4.4 Profitability ratio

The profitability ratio evaluates the company's ability to produce money proficiently and build standards for its shareholders.

Table 4.1:

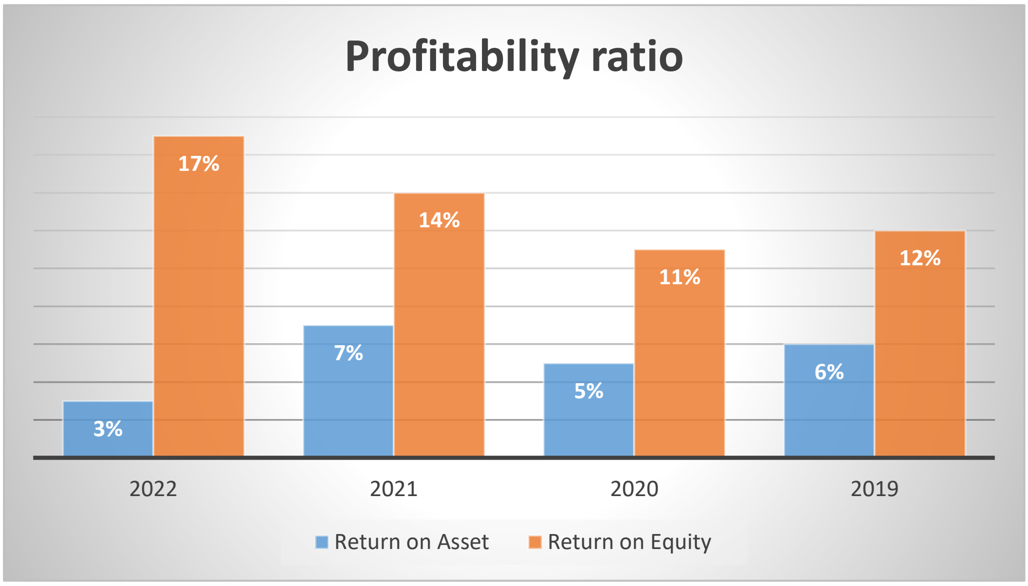
Particular	2022	2021	2020	2019
Gross profit	45%	51%	33%	38%
Net profit	12%	15%	16%	15%



Interpretation: All organizations want to make a profit by managing their operations. In 2022, the bank's net profit margin was much lower than in the last three years, which is not a good sign for the bank. Because a healthy profit margin will boost the organization, and it will help the organization run smoothly. FSIBL needs to increase its profit margin ratio every year. From 2019 to 2022, bank gross margins fluctuate. In 2021, bank gross margin increased but fell in the next year. The bank should focus on maintaining a strong profit ratio to use its resources to get the best results. With an improving margin ratio, the bank can run its operations more smoothly

Table 4.2

Particular	2022	2021	2020	2019
Return on Asset	3%	7%	5%	6%
Return on Equity	17%	14%	11%	12%

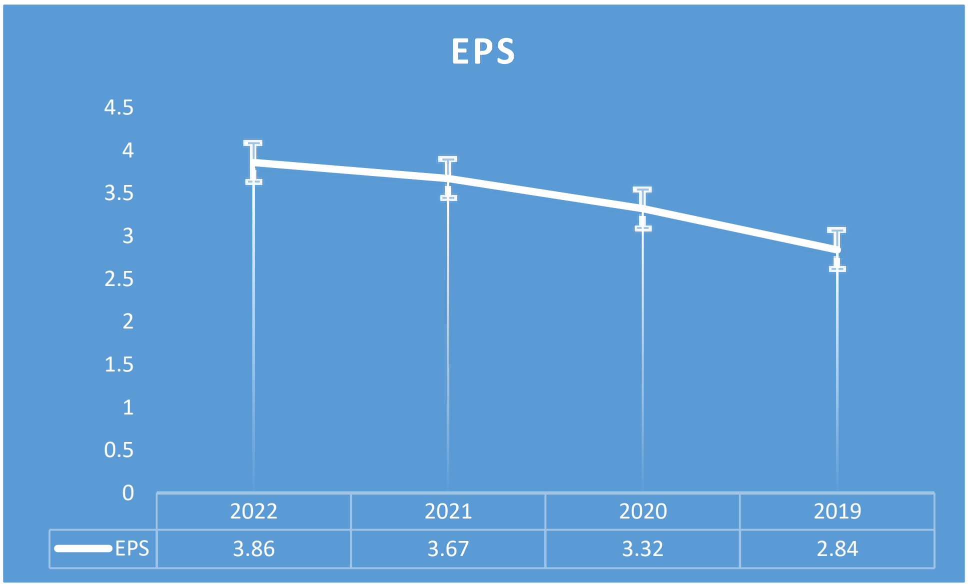


Interpretation: The table chart shows that bank performance was poor in terms of return on assets. Banks return on assets reduces each year, and in 2022 it was the lowest. This will have a negative impact on the bank. Banks have to face a variety of challenges due to this negative effect.

On the other side, the bank is doing quite well in terms of return on equity. Every year, bank returns on equity are increasing, which is very good for the bank. In 2022, the bank return on equity was the highest. An increasing return on equity helps the bank run the business properly.

Table 4.3

particular	2022	2021	2020	2019
EPS	3.86	3.67	3.32	2.84



Interpretation: A higher earnings per ratio is a good sign for the bank. Banks earnings per ratio increased every year, which is good for the bank. In 2022, the bank achieved the highest EPS. A higher EPS helps the bank generate more profit and helps the business overcome challenges

4.5 Common size Analysis

Vertical analysis of Income statement

Particular	2019	2020	2021	2022
Revenue	100%	100%	100%	100%
Profit on margin investment	76%	88%	70%	82%
Income from Portfolio management services	2%	3%	2%	2%
settlement and transaction fees	3%	4%	10%	5%
profit on sale of share	4%	2%	15%	6%
Dividend income	2%	2%	2%	3%
Other operating income	2%	1%	1%	2%
Operating Expenses	55%	67%	49%	67%
general and administrative expenses	11%	2%	16%	13%
financial expenses	37%	45%	33%	42%
operating profit /(loss)	38%	33%	51%	45%
Total provision for investment s	11%	3%	18%	17%
Provision for diminution in values of investments	1%	1%	8%	5%
Provision for clients negative equity	7%	2%	11%	12%
Profit /loss before taxation	31%	30%	32%	27%
Income tax expenses	16%	15%	16%	15%
prior year tax paid	1%	3%	1%	0%
current year tax expenses	13%	12%	15%	146%
profit /loss after taxation	15%	16%	16%	12%
other comprehensive Income	0%	0%	0%	0%
Total comprehension **income /loss**	15%	16%	16%	12%

Vertical Analysis of Balance sheet

Particular	**2019**	**2020**	**2021**	**2022**
Non-current Assets	0%	0%	1%	0%
property ,plants and Equipment Accumulated depreciation	0%	0%	0%	0%
right of Use asset	0%	0%	1%	0%
Investment in Marketable securities	13%	13%	14%	14%
Current Asset	86%	85%	87%	88%
margin of finance	67%	69%	81%	84%
accounts receivable	12%	31%	2%	0%
Advance Income tax	1%	0%	1%	1%
advance ,prepayments &deposits	0%	0%	0%	0%
cash and cash equivalents	2%	15%	1%	1%
quard against Car leasing	0%	0%	0%	0%
total Asset	100%	100%	100%	100%
shareholders equity	36%	37%	37%	30%
share capital	27%	35%	33%	38%
retain earning	3%	2%	4%	2%
liabilities	61%	63%	63%	65%
borrowing from financial institution	50%	52%	48%	55%
current liabilities	15%	11%	16%	12%
accruals and provisions	0%	0%	0%	0%
accounts payable	4%	4%	4%	3%
provision for investments	6%	5%	7%	8%
provision for taxation	1%	1%	2%	2%
Portfolios investors fund	2%	1%	2%	1%
total equity and liabilities	100%	100%	100%	100%

Interpretation: In the first table, we can see bank profit on margin investment is growing, and banks also manage to increase their dividend, which is good for the bank. Operating expenses have increased compared to last year, which is not favorable for the bank. Again, bank operating profit fluctuates over time, and it is decreasing. The bank also does not perform well in tax expenses, and the bank's net profit is also decreasing.

If we look at the balance sheet item, we find current assets are increasing over time, which is good for the bank. Bank performance in investment securities is not that good because it is decreasing compared to last year. We also found that shareholder equity was the same in the last two years. Banks have performed well in share capital, but their retained earnings have decreased over the years. Bank current liabilities are decreasing, which is good for the bank, but long-term liabilities are increasing, which is not a good sign for the bank.

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4.6 Horizontal Analysis

Trend Analysis of Income statement

Particular	**2019**	**2020**	**2021**	**2022**
Revenue	100%	56%	59%	84%
Profit on margin investment	100%	32%	27%	72%
Income from Portfolio management services	100%	45%	47%	38%
settlement and transaction fees	100%	120%	300%	150%
profit on sale of share	100%	450%	1214%	510%
Dividend income	100%	50%	27%	121%
Other operating income	100%	27%	16%	129%
Operating Expenses	100%	22%	17%	53%
general and administrative expenses	100%	1012%	1053%	1006%
financial expenses	100%	17%	18%	74%
operating profit /(loss)	100%	142%	143%	147%
Total provision for investment s	100%	792%	835%	911%
Provision for diminution in values of investments	100%	800%	900%	652%
Provision for clients negative equity	100%	810%	794%	1074%
Profit /loss before taxation	100%	66%	71%	68%
Income tax expenses	100%	82%	75%	90%
prior year tax paid	100%	-52%	-44%	-72%
current year tax expenses	100%	102%	106%	214%
profit /loss after taxation	100%	57%	66%	47%
other comprehensive Income	100%	0%	0%	0%
Total comprehension income /loss	100%	57%	66%	47%

Trend analysis of Balance sheet

Particular	2019	**2020**	**2021**	**2022**
Non-current Assets	100%	177%	251%	115%
property ,plants and Equipment Accumulated depreciaton	100%	-82%	-74%	-89%
right of Use asset	100%	352%	477%	257%
Investment in Marketable securities	100%	15%	17%	33%
Current Asset	100%	6%	5%	22%
margin of finance	100%	31%	26%	51%
accounts receivable	100%	-82%	-93%	-100%
advance ,prepayments &deposits	100%	-77%	-81%	-84%
cash and cash equivalents	100%	-85%	-91%	-89%
quard against Car leasing	100%	47%	-46%	-92%
total Asset	100%	11%	7%	23%
shareholders equity	100%	5%	6%	2%
share capital	100%	3%	0%	-90%
retain earning	100%	52%	108%	32%
borrowing from financial institution	100%	17%	-2%	31%
current liabilities	100%	45%	49%	60%
accruals and provisions	100%	-27%	-32%	-29%
accounts payable	100%	-15%	-10%	-21%
Lease liability	100%	332%	553%	335%
provision for investments	100%	55%	48%	101%
provision for taxation	100%	77%	88%	116%
Portfolios investors fund	100%	255%	305%	117%
total equity and liabilities	100%	8%	7%	23%

Interpretation: The bank has performed well in revenue, and it is increasing, which is a plus point for the bank. Banks also manage to increase dividend income and other operating income, and as a result, bank operating profit is also increasing. However bank does not perform well in several entities, like profit before tax. Income tax expense because it is lower compared to last year. The net profit was also lower compared to last year, which is bad for the bank.

If we look at the next table, we can understand that bank non-current assets are decreasing, but banks do perform well in investment securities. The bank's current assets are also growing. The bank also has a strong position in total assets. Bank shareholder equity is decreasing, which will have a negative impact on the bank. Bank fails to pay down its borrowing, which is not a great sign for the bank. Apart from all this, this bank manages to increase total equity and liabilities.

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Chapter – Five
Findings and Recommendation

5.1 Findings

Common size Analysis

1. Revenue: Revenue fluctuates over time, but the bank has increased revenue compare to previous years.

2. **Operating profit:** Operating profit decreased compare to last year

3. Operating Expenses: Company fail to lower their expenses and its increasing trend.

4. Earning after tax: Banks profit margin does not increase and lower than last year.

5. Current Asset: Bank current was highest in 2020 and has changed over the time

6. Current liabilities: Bank does not perform well on mitigating the current liabilities.

Horizontal Analysis

1. **Revenue**: Higher revenue than last year, which good for the bank .Bank achieve highest sales in 2022

2. **Operating expense**: The bank performance in cost management is not good and has an upward trend.

3. **Total Asset**: The Bank's record in terms of total asset has been good, there is room for improvement

4. **Shareholders' equity:** Bank do not perform well in shareholders' equity which is bad for the bank

5**. Retain Earnings**: Banks maintain profits that change over time and are lower than previous year.

Ratio Analysis

1. Liquidity Ratio

Current ratio: The bank could not achieve the standard (2:1), but it was highest in 2022.

Quick ratio: The bank quick ratio changes over time and does not reach the standard (1:1).

2. Operating efficiency ratio

Total turnover ratio: The bank total turnover ratio is increasing but has not yet reached the default value of 1.

3. Profitability ratio:

Gross profit margin: The bank's gross profit margin has fluctuated over the years.

Net profit margin: The net profit margin has also decreased compared to the previous year.

Return on Asset: Bank performance was poor in terms of return on assets. Banks return on assets reduces each year

Return on equity: Bank returns on equity are increasing, which is very good for the bank.

4. Solvency ratio :

Debt ratio: The debt ratio has changed over time, and it has increased compared to last year.

5. Earnings per share

EPS: A higher earnings per ratio is a good sign for the bank. Banks earnings per ratio increased every year

5.2 Recommendation

- To optimize productivity, it is necessary to improve collaboration between employees in the financial sector. Therefore, they need to leverage the skills of their employees.
- Additional training is needed to increase their productivity and help them achieve their goals.
- Since the bank's revenue and operating profits fluctuate, FSIBL Islamic Bank Limited should consider increasing these figures.
- The current ratio represents the financial position of an organization. First Security Islamic Bank Limited should consider its liquidity and liquidity ratios.
- The total turnover of a company's assets shows its performance. While the bank's performance has been stable in the past year, it could not achieve the standard level. Therefore, the bank should consider increasing asset turnover.
- The organization should focus on the current asset to fixed assets ratio as both are low and can increase the company's valuation and capital availability.
- The return on capital of First security Islamic Bank Limited has not kept pace with the times.
- The bank must consider its ROE and ROA. ROA and ROE indicate how much money a company earns from its equity and assets.
- The company must look for ways to reduce costs without sacrificing quality. Significantly reduce operating costs and the amount of volatile profits.

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Chapter 6 – Conclusion

Conclusion

In compliance with the investment banking laws and regulations of our nation, FSIBL offers its clients several loan and advance options. Lending money to other people is the bank's main source of income. The bank is focused on its extensive range of customers and what they expect from banks. The bank's accomplishments are sufficient, but not great enough to make it a premier financial institution.

The bank needs competent staff and skilled labor in order to grow its clientele and provide high-quality services. Enhancements in facilities, SMS banking, credit sales, and marketing can yield favorable outcomes and boost earnings, enabling the bank to sustain its leading position in the banking industry. Moreover, prudent administration, supervision, and recovery procedures will reduce loan losses and raise the bank's return on investment.

Expanding its product line could help FSIBL obtain further advantages and strengthen its long-term competitive advantage. The bank's position in the banking industry can be strengthened through business innovation and development as well as the resolution of present issues, enabling the bank to meet its ultimate goal.

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