

INTERNSHIP REPORT
ON
FINANCIAL PERFORMANCE ANALYSIS OF
SHAHJALAL ISLAMI BANK LIMITED



**DAFFODIL INTERNATIONAL UNIVERSITY (DSC), BIRULIA,
SAVAR, DHAKA-1216**

Letter of Transmittal

Date: July 23, 2023

To
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Assistant Professor
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Subject: **Submission of Internship Report**

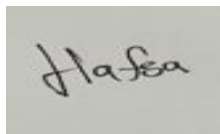
Dear Madam,

With due respect, I would like to submitting my internship report on Financial Performance Analysis of Shahjalal Islami Bank Limited. I would pleasure to say that this report was completed by me under the investigation of my supervisor.

I trust that my internship program has given me huge opportunity to cultivating knowledge and experience. I had given my best effort to making this report.

In equipping, I have tried my best to include relevant messages to make this report.

Therefore, I desire that you will enjoy to inspecting this report.
Thank you.




.....
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Supervisor's Declaration

This letter is to certify which under my supervision and guidance, Hafsa Haque, ID: 191-11-1188, a student in the Department of Business Administration at Daffodil international University, has finished her internship report titled "Financial performance Analysis of Shahjalal Islami Bank Limited". Her internship was at Shahjalal Islami Bank Limited's office finance and account department in Ashkona, Dhaka. I am happy to say that she followed all the essential processes for finishing her report and it includes my all of the information, analysis and conclusions from reliable sources. The report looks to have ended successfully as a result.

I wish her every success in life.



.....
Signature of the Supervisor

Shahana Kabir

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Acknowledgement

For completing this report I have loaded many obligations over the last few months. I am very grateful to the Allah almighty for giving me the power to working hard. The report topic "Financial Performance Analysis of "Shahjalal Islami Bank Limited" - has been prepared to fulfill the requirements of BBA program. I am very much fortunate that I have received utmost and sincere guidance, supervision and co-operation from various persons while preparing this report. Many people have helped unconditionally to making this report.

First of all, I would like to thank my academic Supervisor of the internship report, Shahana Kabir, Assistant Professor of Daffodil International University, for her supervision, valuable time, assistance and constant guideline. Without her supervision this internship report would not be qualitative.

Secondly, I want to thank my office supervisor Mr. Md. Habibur Rahaman Rubel (Manager, AVP) who had welcomed me into the beautiful corporate world of Shahjalal Islami Bank Limited. He was giving me the opportunity to have an excellent and enduring practical working experience, to go out of my comfort zone and learned a lot to be more creative, challenging and confident. Also I would like to thanks Roksana Begum (Deputy Manager), Mr. Md. Mofidul Haque (GB in-charge) & Mr. Md. Mohsin Masud (Investment in- charge) and Mr. Md. Ahasan Habib (Assistant executive Officer) for introducing me with the process and prospects of accounts related activities. They have helped me with continuous guidance, support and competent direction during the internship period.

Finally, I would like to convey my gratitude to my Parents. Without their contribution it would not be possible for me to complete the three months internship as well as my BBA program.

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Executive Summary

Shahjalal Islami Bank Limited (SJIBL) is a reflection of bank vision is developing human resources to facing contemporary situation and makes a substantial contribution to our country's economy. And increasing customer believe, ensuring quality investment, enhance shareholder's equity also bank wants to be a unique bank in our country. The bank was established in April 2001 as a public limited company. This bank is an Islamic shariah based bank and bank has lots of contribution in GDP and growing our economic sector also business sector.

Shahjalal Islami Bank Limited (SJIBL) is committing to-" the cordial service to the customers and giving a qualitative service & care. Also earning the gratification of Allah almighty

I got an opportunity to working with the Accounts and Finance team as an intern for three months in the Shahjalal Islami Bank Limited (SJIBL). This report is the outcome of those three months. This report has been started with the basic overview of SJIBL. I am discussing about the bank's products and services also. The discussion has been moved to the main topic of "Financial Performance Analysis of Shahjalal Islami Bank Limited ". The main topic or contain is five years financial data analysis of SJIBL. The findings are also including with yes, no /good, bad measurements. Gives recommendation for improve all incorrect or negative sides.

The three months of internship period taught me how to grow myself for spending in a corporate life. I have achieved much knowledge, expertise to handling any critical and hard situation in the corporate life. I had learned about very powerful strategy for an organization to last as an effectual brand in the market. A wrong system or strategy use can be dangerous for the organization.

Chapter 01: Introduction

1.1. Introduction

Shahjalal Islami Bank Limited is a big leading bank in our country. This bank is registered under companies act 1994 institution. The bank was started from "10th MAY" 2001 with vision and mission. This bank is always focused to providing product and service differently than other banks. The bank is unique and different because it is an interest free bank. The bank continues its activities in Islamic way. Basically the first priority of all types of banks is to be profitable or earn more profit. But the first priority of Shahjalal Islami Bank Limited is the gratification of Allah almighty. There are many employee has in this organization and they are committed to achieving organization's goal. We know Shahjalal Islami Bank Limited is a private bank. This bank also plays role in the economy and the business sector in our country. The Shahjalal Islami Bank Limited provides excellent service to the customers.

1.2. Background of the study

Every graduate student from the business discipline has to participate in the internship program. After complete this internship, students will be very skillful and knowledgeable practically. It is a perfect chance for every student to gather practical knowledge also understanding to the theoretical knowledge, which we have gained in our four years undergraduate life. A study research should be done for putting the knowledge in practical manner. I have done my internship in the Accounts and Finance Department of Shahjalal Islami Bank Limited. The topic of my internship report is: "Financial Performance Analysis of Shahjalal Islami Bank Limited." My organization supervisor Mr. Md. Habibur Rahaman Rubel (Manager, AVP of Shahjalal Islami Bank Limited.) and also my supervisor of Daffodil International University, Assistant Professor Shahana Kabir, were accepting it.

1.3. Origin of the Report

The reason of this internship program is that students should to gain practical knowledge about corporate life before graduation. This three credit course is unavoidable for all the graduating students from Daffodil International University (DIU). I have also created this report as a half fulfillment of the degree, Bachelor of Business Administration (BBA) under the investigation of Assistant Professor, Shahana Kabir. This report is the outcome of the three months long internship program at Shahjalal Islami Bank Limited.

1.4. Scope of the Study

The key analysis of this report:

- ✓ SWOT Analysis of Shahjalal Islami Bank Limited
- ✓ Trend analysis
- ✓ Common size analysis
- ✓ Ratio analysis

1.5. Objectives of the study

Specific Objective

To analyze the financial statements of Shahjalal Islami Bank Limited in Bangladesh and focused of its overall financial position.

Broad Objectives

- To analyze and evaluate the financial performance of Shahjalal Islami Bank Limited.
- To identify the problems related to the financial performance of Shahjalal Islami Bank Limited.
- To make some recommendations to solve the problems.

1.6. Methodology of the study

Primary source:

- Face to face conversation with respective employees of the bank
- Conversation with clients.
- Practical working experience in the bank with different desk and department.

Secondary source:

- Annual report of Shahjalal Islami Bank Limited (2018-2022).
- Internet and website of Shahjalal Islami Bank Limited.
- Various books study.

Analysis of the Data:

- MS Excel Used for the analysis.

1.7. Limitation of the study

- ❖ Only three month's not sufficient time.
- ❖ Unavailable of necessary documents
- ❖ All officers were extremely busy.
- ❖ Few parts of methods were hard to understand.

Chapter 02: company Overview

2.1 Company Overview

In Bangladesh have many types of Islamic bank but Shahjalal Islami Bank Limited is the one of them to providing less interest services to the customers. The main objective of this bank is maintaining its operation in Islamic way. Shahjalal Islami Bank Limited is a public limited company in our country. In 2001 company was opening its pathway. In our country Shahjalal Islami Bank Limited has huge performance to rising GDP in both economies and business sectors. This bank has 132 branches in Bangladesh. Shahjalal Islami Bank Limited provides excellent service through various technologies. Recently bank launches many service and products. Banks all offices admire others and organization inspire to officer's for fulfilling the company's target.

2.2 Mission of Shahjalal Islami Bank Limited

Making pleasant service and offering best products to the customers. The key mission of this bank is earning gratification of Allah almighty.

2.3 Vision of Shahjalal Islami Bank Limited

The Vision of the Shahjalal Islami Bank Limited is developing human resources to facing contemporary situations. Also Increasing customers believe, ensuring quality investment, enhance shareholder's equity and making unique bank in our country.

2.4. Products and services of Shahjalal Islami Bank Limited

2.4.1 Deposit products

Transaction Accounts (Islami Bank)

- ❖ Mudaraba Savings Deposit (MSD)
- ❖ Al-Wadeah Current Deposit (AWCD)
- ❖ Mudaraba School Banking Deposit (MSBD)
- ❖ Mudaraba Short Notice deposit (MSND)

Fixed Deposit Receipts (Islami Bank)

- ❖ Mudaraba Monthly savings deposit scheme
- ❖ Mudaraba term deposit scheme
- ❖ Mudaraba crorepoti deposit scheme
- ❖ Mudaraba lakhpoti deposit scheme
- ❖ Mudaraba Double/Triple Growth deposit scheme
- ❖ Mudaraba Education deposit scheme
- ❖ Mudaraba Hajj deposit scheme
- ❖ Mudaraba Marriage deposit scheme
- ❖ Mudaraba Millionaire deposit scheme

2.4.2 Loans Products

- ❖ Auto Loan
- ❖ Any purpose Loan
- ❖ Personal Loan
- ❖ Salary Loan
- ❖ Doctors Loan
- ❖ Education Loan

2.4.3 Card & ADC Products

➤ **Card**

- ❖ Visa Classic Credit Card
- ❖ Visa Gold Credit Card
- ❖ Visa Dual Gold Card
- ❖ Visa Electron Debit Card
- ❖ Protection Plus
- ❖ Corporate facility

➤ **ACD (Card Accountability, Responsibility and Disclosure)**

- ❖ ATM Card
- ❖ SMS & Mobile Banking service
- ❖ Internet banking/I banking service

2.4.4 Others services

- ❖ Electronic Funds Transfer (EFT)
- ❖ Real Time Gross Settlement (RTGS)
- ❖ Pay Order (PO)

2.5 SWOT Analysis of Shahjalal Islami Bank Limited

SWOT analysis normally helps to finding the strengths, weakness, opportunities, and threats of an organization. SWOT analysis can be used to evaluating an organization's strategic position and recognizing the changes for improvement.

S= Strength
W=Weakness
O=opportunity
T=Threats

2.5.1 Strengths of the Bank

Shahjalal Islami Bank Limited continues this activity under direct supervision of Bangladesh bank.

- ✓ Better asset quality.
- ✓ Sustain shariah emerged movement.
- ✓ Consumer's satisfaction and company's growth.
- ✓ Keep up actions by the experienced top management.
- ✓ Specialized product lines.
- ✓ Unique corporate culture.

2.5.2 Weakness of the Bank

- Shahjalal Islami Bank Limited has not enough ATM booths.
- Lack of experience person.
- Lack of promotional campaign.

2.5.3 Opportunities of the Bank

- ✓ Shahjalal Islami Bank Limited can introduce with more modern technologies for the customer service.
- ✓ Lots of new branches.
- ✓ Internet Banking may be a very good option for this bank.
- ✓ Launching new apps for the customers.

2.5.4 Threats of the Bank

- In the market have vast number of Islami banks are coming.
- Default loan risk may cause the bank to suffer from financial deficiency.
- Competitors are proposal similar products to the customers.

Chapter 03: Theoretical part & Financial Analysis of SJIBL

3.1. About Financial Analysis

Financial analysis is used to measuring the company's stability, liquidity, and profitability. Generally a financial statement is describing the situation of an organization for a specific time. It evaluates the effectiveness of the organization's budget, project and other financial activities. We can know about the organization's present and future situation also overcome the future risks. A financial analysis examines the company's income statement, balance sheet and cash flow statement.

3.2. Financial Analysis Tool

A financial analysis tool is a technique to evaluating and analyzing financial data for purposes such as planning, investment and performance. Comparative financial statement, vertical analysis and ratio analysis are some of the most commonly used financial techniques. It is possible to obtain quantitative solutions using this various analytical techniques. Obviously choosing the right materials among the various options is an important part of the company.

The common financial analysis tools are:

- ❖ Horizontal Analysis
- ❖ Vertical Analysis
- ❖ Ratio Analysis

3.3. Horizontal Analysis/ Trend Analysis

Horizontal or Trend analysis is a technique used in financial analysis to analyze historical data, such as ratios or line items. Horizontal analysis is also known as (cross tabulation). Cross tabulation or horizontal analysis can be represented using absolute comparisons or percentage comparisons.

3.3.1. Horizontal Analysis (Trend analysis) of Shahjalal Islami Bank Limited

3.1.1. Revenue

Table 1: Revenue of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Revenue	15,965,123,028	13,792,776,608	16,986,601,742	20,301,832,199	17,247,610,757
Increase or Decrease	2,172,346,420	-3,193,825,134	-3,315,230,457	3,054,221,442	

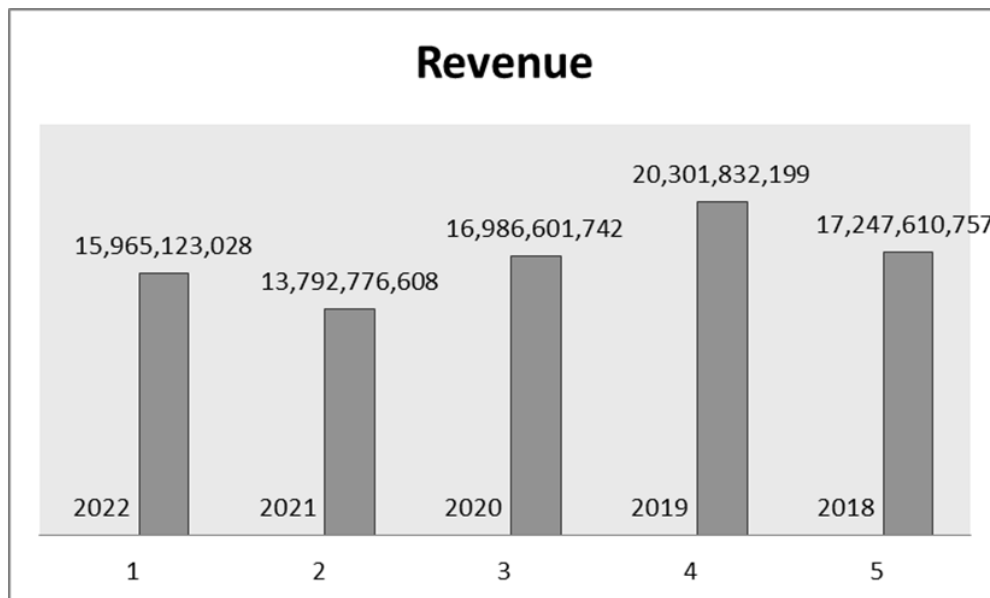


Figure: Bar Graph of Revenue

Interpretation:

During the five years (2018-2022) of study the revenue of the Shahjalal Islami Bank Limited was fluctuating. According to the above information, there significant changes have happened in each year. In this case 2018 is the base year, the highest increased was in 2019 compare to the other year and the bank’s highest generating amount was 20,301,832,199 .After 2019 again bank’s revenue was fluctuating in 2020 to 2022 and the reason of the decreasing bank revenue was Covid-19 impact. And the average generating revenue from 2018 to 2022 was $(8,617,025,530-14,479,964,860) = 5,862,939,330$.

3.1.2. Operating profit

Table 2: Operating profit of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Operating profit	14,479,964,860	11,187,655,089	8,945,188,449	10,599,189,788	8,617,025,530
Increase or Decrease	3,292,309,771	2,242,466,640	-1,654,001,339	1,982,164,258	

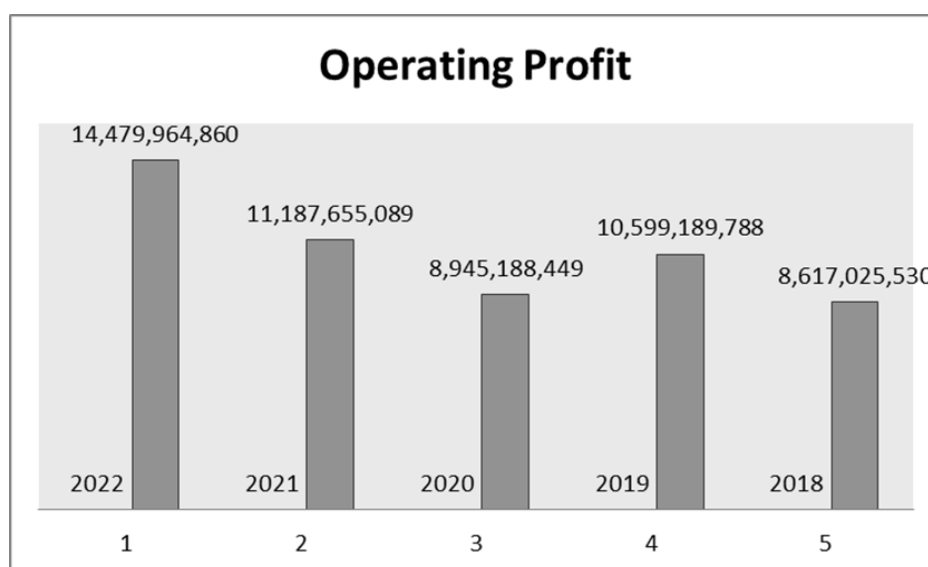


Figure: Bar Graph of Operating profit

Interpretation:

During the five years (2018-2022) of study the operating profit of the Shahjalal Islami Bank Limited were fluctuating. According to the above information, there significant changes have happened in each year. In this case 2018 is the base year, the highest operating profit generating was in 2022 compare to the other years and the amount was 14,479,964,860. For the Covid-19 impact the bank's operating income was decreasing in 2020 and the amount was 8,945,188,449. The average operating profit decreases from 2018 to 2022 was $(14,479,964,860 - 8,617,025,530) = 5,862,939,330$ BDT and it's a good signal for the bank.

3.1.3. Profit after Tax

Table 3: Profit after Tax of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Profit after Tax	3,585,295,593	2,612,352,972	1,913,908,914	1,658,640,047	1,248,471,542
Increase or Decrease	972,942,621	698,444,058	255,268,867	410,168,505	

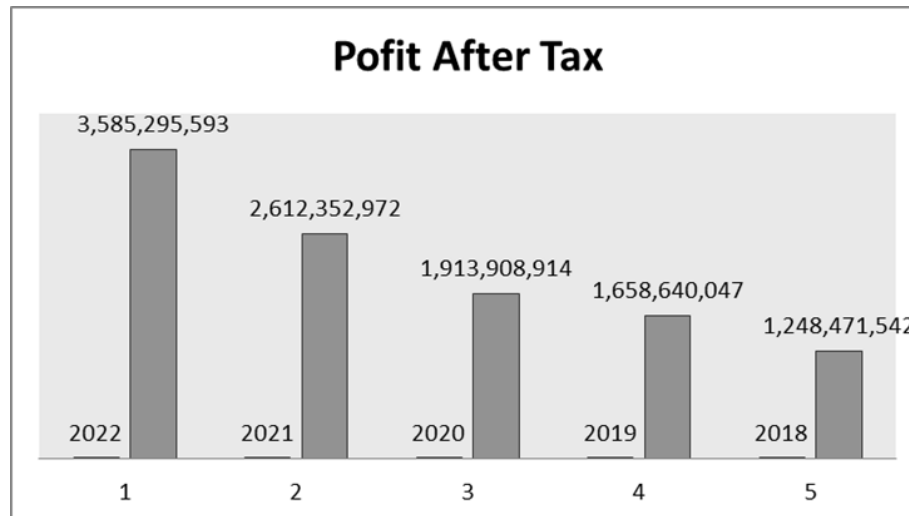


Figure: Bar Graph of Profit after Tax

Interpretation:

From the graph it is seen that the total growth of profit after tax of Shahjalal Islami Bank Limited was increasing every year. According to the above information, significant changes in profit after tax have happened in each year. In this case 2018 is the base year, the highest profit after tax generating in 2022 and the amount was 3,585,295,593 and the lowest profit after tax had happened in 2018. Bank performance was good for profit after tax in 2022 compared to previous years. And the reason of the good performance is effectively control and reduced the operating expenses . The average profit after tax increased from 2018 to 2022 was $(3,585,295,593 - 1,248,471,542) = 2,336,824,051$ and it's a good signal for the bank.

3.1.4. Total Asset

Table 4: Total Asset of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018

Total Asset	339,818,866,156	313,731,100,865	293,517,852,175	266,103,709,111	243,659,893,222
Increase or Decrease	26,087,765,291	20,213,248,690	27,414,143,064	22,443,815,889	

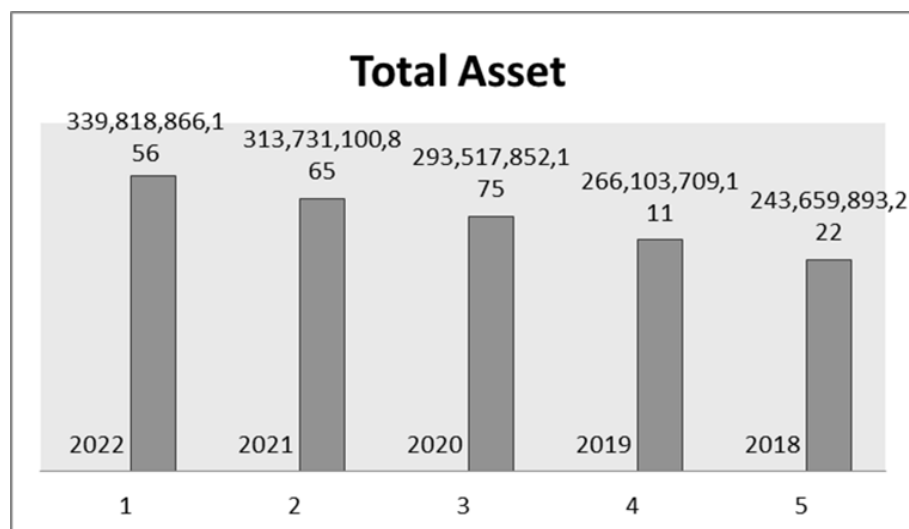


Figure: Bar Graph of Total Asset

Interpretation:

The overall growth of Shahjalal Islami Bank Limited's total assets increased throughout the five-year research period (2018-2022). In each year, the overall assets have changed slightly. In this case 2018 is the base year; the changes in total assets from 2019 to 2022 have been increased every year. The highest total asset increased in 2022 and the amount was 339,818,866,156 compare to the other years. Growth in retained earnings is a reason of increasing total asset. The average total asset increased from 2018 to 2022 was $(339,818,866,156 - 243,659,893,222) = 96,158,972,934$. That's a good sign for the bank.

3.1.5. Total Liability

Table 5: Total Liability of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Total Liability	317,948,725,240	293,928,107,552	275,569,096,812	249,596,441,698	228,870,927,542
Increase or Decrease	24,020,617,652	18,359,010,740	25,972,655,114	20,725,514,156	

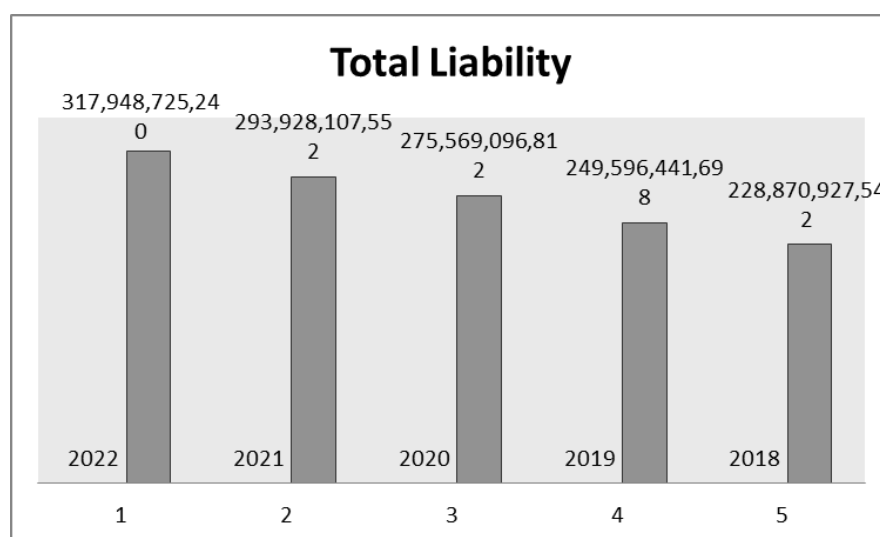


Figure: Bar Graph of Total Liability

Interpretation:

Total Liabilities of Shahjalal Islami Bank Limited’s increased throughout the five-year research period (2018-2022). In each year, the overall liability has changed slightly. In this case 2018 is the base year; the changes in total liability from 2019 to 2022 have been increased every year. The highest total Liability was increasing in 2022 and the amount was 317,948,725,240 compare to the other years. The reason of increasing total Liability was increased deposit accounts and others liability. The average total liability increasing from 2018 to 2022 was $(317,948,725,240 - 228,870,927,542) = 89,077,797,698$. The total liability has lower than the total asset of Shahjalal Islami Bank Limited .This is a good signal for the bank.

3.1.6. Shareholder's equity

Table 6: Shareholder's equity of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Shareholder's equity	21,870,140,916	19,802,993,131	17,948,755,363	16,507,267,412	14,788,965,680
Increase or Decrease	2,067,147,785	1,854,237,950	1,441,487,951	1,718,301,732	

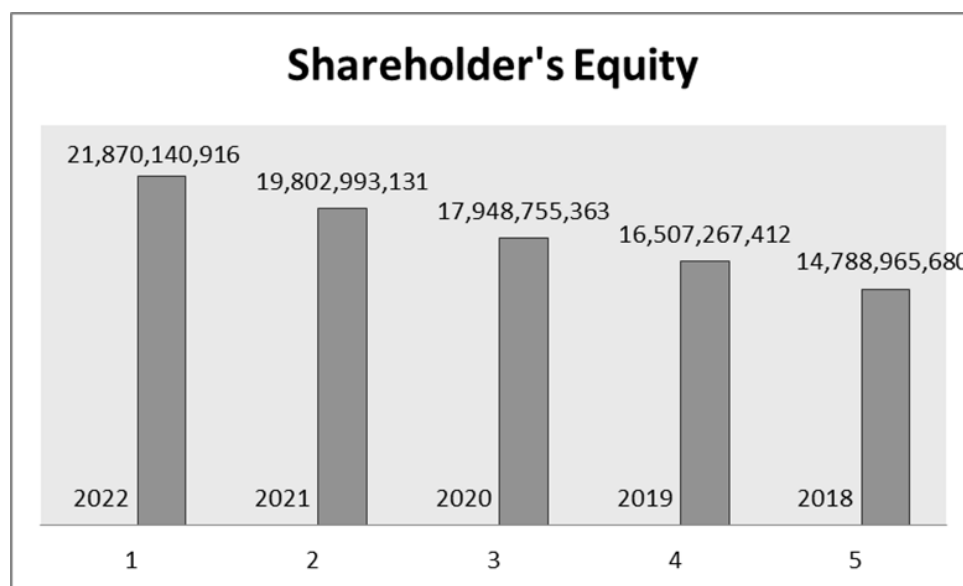


Figure: Bar Graph of Shareholder's equity

Interpretation:

Total shareholder's Equity of Shahjalal Islami Bank Limited's increased throughout the five-year research period (2018-2022). In each year, the overall Shareholder's equity has changed slightly. In this case 2018 is the base year; the changes in total Shareholder's equity from 2019 to 2022 have been increased every year. The highest total Shareholder's equity increasing in 2022 and the amount was 21,870,140,916 compare to the other years. The reason of increasing total Shareholder's equity was increased Retained Earnings of the bank.

And the average Shareholder's equity from 2018 to 2022 was (21,870,140,916 - 14,788,965,680) = 7,081,175,236. The asset of SJIBL is higher than liabilities so, this is a positive hint for the shareholders of the bank.

3.4. Vertical Analysis/common size analysis

Vertical analysis is also known as common size analysis. This method describes the company's financial statement as a percentage. It is a simple method for investors to know the percentage of each item in the company. This common size method can present the company's income statement, balance sheet, cash flow and all the items as percentages.

3.4.1. Vertical Analysis (common Size Analysis) of Shahjalal Islami Bank Limited

Table 7: income Statement items of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Investment income	15,885,443,131	13,805,194,923	17,033,748,679	20,290,692,595	17,121,990,674
Profit paid on deposit	8,335,129,184	7,381,645,027	11,418,428,603	13,112,331,753	11,295,069,465
Net investment income	7,550,313,947	6,423,549,896	5,615,320,076	7,178,360,842	5,826,921,209
Income from investment in share/securities	1,732,562,841	1,192,319,713	625,322,945	478,761,405	373,496,035
Commission Exchange & Brokerage	3,486,719,333	2,239,187,234	1,752,496,265	2,057,856,991	1,851,255,492
Other Operating income	1,351,229,343	1,045,664,738	812,353,493	791,003,472	601,093,495
Total operating income	14,120,825,464	10,900,721,581	8,805,492,779	10,505,982,710	8,652,766,231
Rent, Taxes, Insurances, Electricity etc	395,349,782	334,690,238	429,749,211	457,470,794	457,654,841
Other expenses	866,192,092	695,193,509	591,894,537	643,198,651	488,049,292

Total operating Expenses	5,786,183,465	4,897,027,926	4,710,678,782	4,640,852,765	4,076,437,788
Profit/(loss) before provision	8,334,641,999	6,003,693,656	4,094,813,997	5,865,129,945	4,576,328,443
Specific provision for classified investment	785,480,000	541,490,000	156,994,000	1,160,780,000	1,114,600,000
General Provision for unclassified investment	210,885,441	194,538,000	228,500,000	525,400,000	209,500,000
Total Provision	1,108,365,441	1,167,028,000	451,394,000	1,970,980,000	209,500,000
Total profit/(loss) before taxes	7,226,276,558	4,836,665,656	3,643,419,997	3,894,149,945	3,165,468,443
Deferred Tax	0	(22,097,080)	71,173,152	45,611,319	4,465,215
Current Tax	3,701,218,481	2,273,525,795	1,664,048,258	2,130,236,894	1,689,821,298
Net profit After Taxation	3,525,058,077	2,585,236,940	1,908,198,587	1,718,301,732	1,471,181,929
Profit available for appropriation	5,109,876,085	3,773,196,289	2,850,064,615	2,569,260,807	2,255,475,303

Table 8: Vertical Analysis/common size analysis of Shahjalal Islami Bank Limited

Particular	2022	2021	2020	2019	2018
Investment income	100%	100%	100%	100%	100%
Profit paid on deposit	52%	53%	67%	64%	65%
Net investment income	47%	46%	32%	35%	34%
Income from investment in share/securities	10%	8%	3%	2%	2%
Commission Exchange & Brokerage	21%	16%	10%	10%	10%
Other Operating income	8%	7%	4%	3%	3%
Total operating income	88%	78%	51%	52%	50%

Rent, Taxes, Insurances, Electricity etc	2%	2%	2%	2%	2%
Other expenses	5%	5%	3%	3%	2%
Total operating Expenses	36%	35%	27%	23%	23%
Profit/(loss) before provision	52%	43%	4%	8%	26%
Specific provision for classified investment	4%	3%	0%	5%	6%
General Provision for unclassified investment	1%	1%	1%	2%	1%
Total Provision	6%	8%	2%	9%	8%
Total profit/(loss)before taxes	45%	35%	21%	19%	18%
Deferred Tax	0%	0%	0%	0%	0%
Current Tax	23%	16%	9%	10%	9%
Net profit After Taxation	22%	18%	11%	10%	9%
Profit available for appropriation	32%	27%	16%	12%	13%

Interpretation: The vertical analysis or common size analysis is giving information percent wise. We get each items of information in the balance sheet and income statement individually. It's indicates the company's liability lies and guiding its debts. From the above information of vertical analysis we can see the operating income was increasing every year. The highest operating income was 88% in 2022. The average percentages of operating income increased from 2018 to 2022 is $(50\% - 88\%) = 38\%$.

3.5. Ratio Analysis

We 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 SJIBL is useful for ratio analysis.

3.5.1. Financial Ratio Analysis of Shahjalal Islami Bank Limited

3.5.1.1 Liquidity Ratio

Liquidity ratio is an asset for an organization. It refers to the cash of the company. When company faces huge debt or liabilities then the company takes actions by its liquidity assets. If company has a higher liquidity ratio so, it's a good signal for the company because the company has a strong state in the market.

- **Current Ratio:** Current asset/Current Liability
- **Cash Ratio:** cash & cash Equivalents/ Current Liability

Table 9: Liquidity Ratio of Shahjalal Islami Bank Limited

Liquidity Ratio					
Particular	2022	2021	2020	2019	2018
Current Ratio	1.04	0.99	0.90	0.97	1.05
Cash Ratio	0.09	0.07	0.10	0.09	0.08

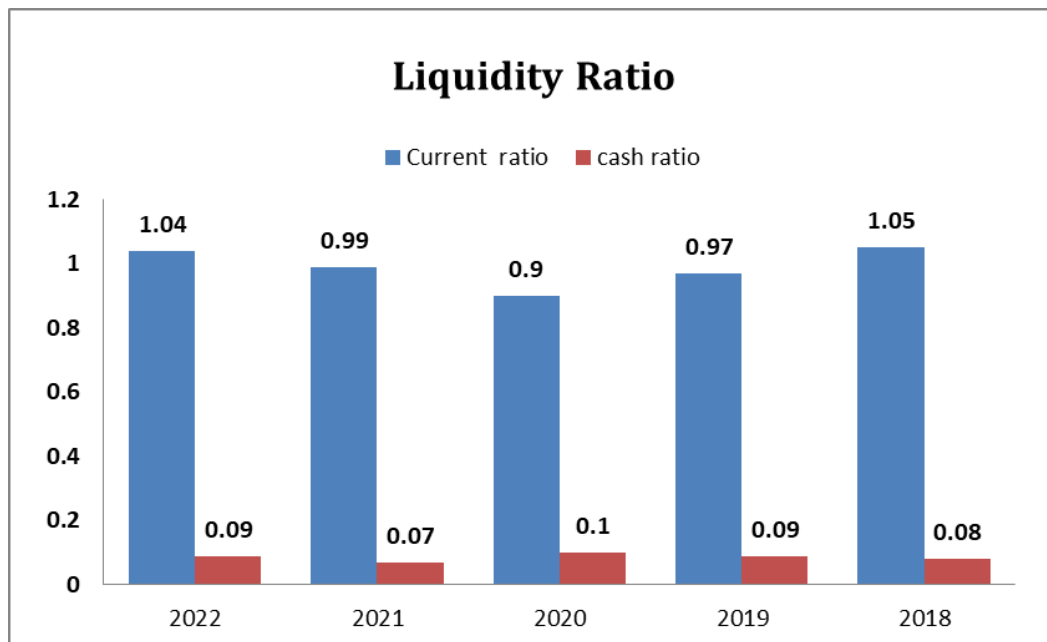


Figure: Bar Graph of Liquidity Ratio

Interpretation:

Liquidity ratio comprises short debt and solvency to impending organization's financial rank. The current ratio of Shahjalal Islami Bank Limited's was decreasing from 2018 to 2019 in 1.05 to 0.97. Closing of the year, the current ratio of Shahjalal Islami Bank Limited's was decreasing in 2020, 2021, 2022 (0.90, 0.99, and 1.04). The Current ratio was lower than 1 so, this is a bad hint for the Shahjalal Islami Bank Limited. From 2019 to 2022 bank's cash ratio was fluctuating. In 2020 bank's highest cash ratio was 0.1. A lower or lower than 1 cash ratio is not good hint for the bank. Every organization keeps various assets, stocks and bonds for selling to converting into money. If the organization tries to eliminate various resources and sells wasteful resources than the liquidity ratio will be amplification.

3.5.1.2 Operating Efficiency Ratio

Operating efficiency ratio (OPEX) indicates how the company is managing its operation. If the company generates higher revenue, it means company has minimal cost. An effective operating Efficiency_ratio is a plus point for the organization. Cause organization is reducing its cost and generating revenue. A small operating efficiency ratio means company has performed excellent.

- **Total Asset Turnover:** *Net Sales/Total Assets*
- **Equity Turnover:** *Net Sales/Total Equity*
- **Current Asset Turnover:** *Net Sales/Current Asset*
- **Fixed Asset Turnover:** *Net Sales/Total Fixed Asset*

Table 10: Operating Efficiency Ratio of Shahjalal Islami Bank Limited

Operating Efficiency Ratio					
Particular	2022	2021	2020	2019	2018
Total Asset Turnover	0.04	0.04	0.05	0.07	0.07
Equity Turnover	0.7	0.6	0.9	1.22	1.16
Current Asset Turnover	0.06	0.06	0.08	0.10	0.09
Fixed Asset Turnover	3.02	2.71	3.58	4.50	4.31

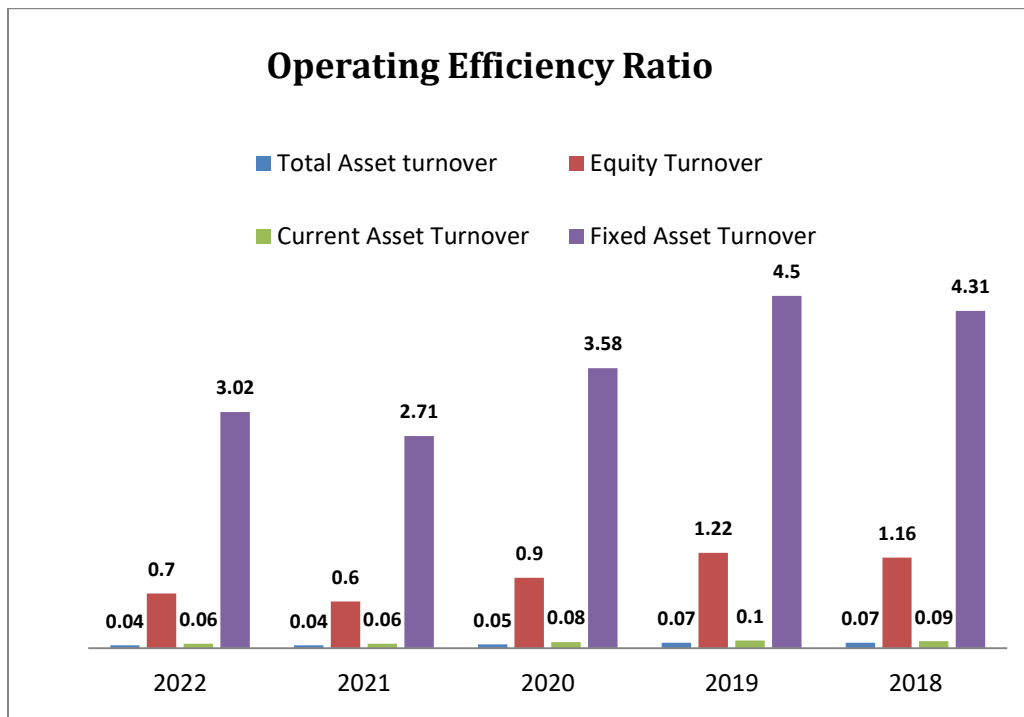


Figure: Bar Graph of Operating Efficiency Ratio

Interpretation:

The highest asset turnover ratio, Equity turnover ratio, current asset turnover ratio and fixed asset turnover ratio was (0.07, 1.22, 0.1 and 4.5) in 2019. Calculating the total asset divided by the total sales or income is asset turnover ratio. And the asset turnover ratio of Shahjalal Islami Bank Limited was same 0.07 in 2018 and 2019. But in 2020 bank was decreasing 0.07 to 0.05. Closing of the year again bank was decreasing equally 0.04 in 2021 and 2022. That is not better hint for the Shahjalal Islami Bank Limited. A healthy asset turnover ratio indicates better future of the organization. Equity turnover ratio was fluctuating before Covid-19. Banks equity turnover ratio was favoring 1.22 in 2019 .But accidentally bank was losing its equity turnover ratio 0.9 and 0.6 in 2020 and 2021. Again bank was increasing a little bit 0.6 to 0.7 in 2022. The highest Current asset turnover ratio was 0.1 in 2019. After Covid-19 banks current asset turnover ratio was incrementing 0.08 in 2020. Then again bank was losing its current asset turnover ratio 0.06 in 2021 and 2022. A minimal current asset turnover ratio or less than 1 is not an excellent hint for the Shahjalal Islami Bank Limited. Lastly the fixed

asset turnover ratio is not excellent after covid-19. It was decreasing year by year from 2020 to 2022. An upper fixed asset turnover ratio means company has used its fixed asset excellently.

3.5.1.3 Profitability Ratio

The main intention of the company is to be a profitable company. A healthy profitable company can meet with any investors in the market. Ordinarily maximum company or organization thinks 10% is average and higher is 20% or above.

- **Gross Profit Margin(GPM):** *Gross Profit/Sales*
- **Operating Profit Margin(OPM):** *Operating Profit/Sales*
- **Net Profit Margin(NPM):** *Net Profit/Sales*
- **Return on Assets(ROA):** *Net Income/Total Asset*
- **Return on Equity(ROE):** *Net Income/Common Equity*

Table 11: Profitability Ratio of Shahjalal Islami Bank Limited

Profitability Ratio(PR)					
Particular	2022	2021	2020	2019	2018
Gross profit margin	47%	46%	33%	35%	33%
Operating Profit margin	90%	81%	52%	52%	49%
Net Profit Margin	22%	18%	11%	8%	7%
Return on Assets	1%	8%	6%	6%	5%

Return on Equity	16%	13%	10%	10%	8%
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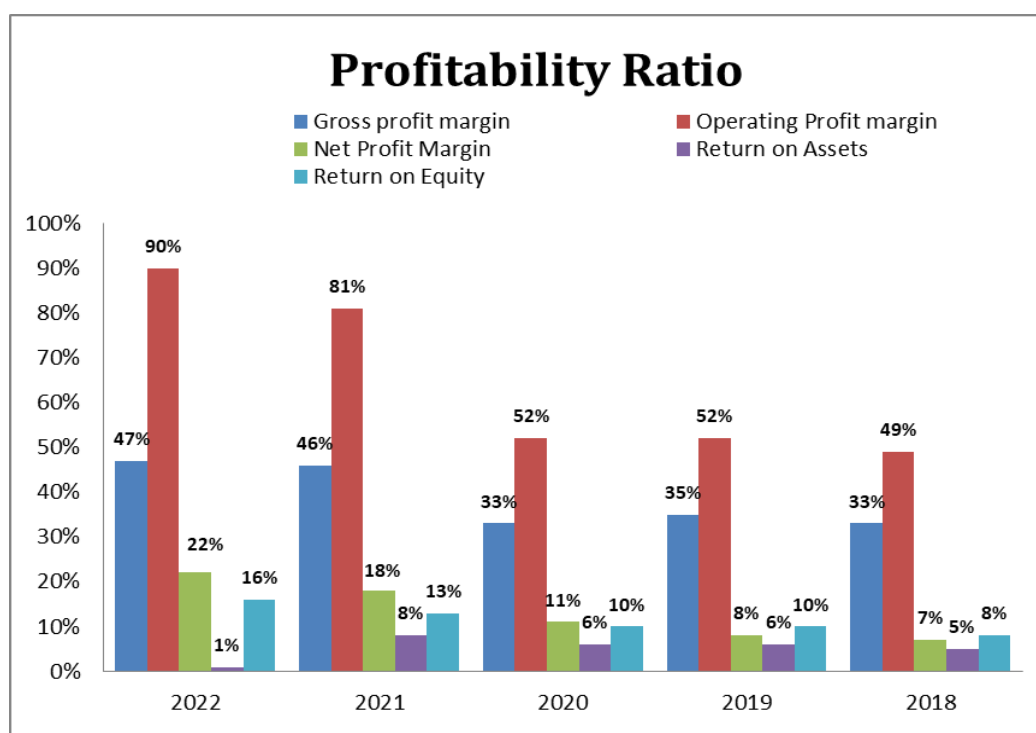


Figure: Bar Graph of Profitability Ratio

Interpretation:

The main purpose of each business is to earn huge money. Profitable ratio implies the company's total profit state. So, Shahjalal Islami Bank Limited has also targeted to earning huge money by its operation. The Shahjalal Islami Bank Limited had earned highest gross profit 47% in 2022. But from 2019 to 2021 bank's gross profit margin (GPM) was fluctuating 35%, 33% 46%. From 2021 to 2022 was happening a little bit changes in gross profit margin (46% to 47%). The reason of these changes was covid-19 impact. The Bank was tries to deducting its expenses and make profit. It's an excellent hint for the bank. The Bank was making highest Operating profit margin 90% in 2022. In 2019 and 2020 bank was making money equal 52%. The bank was growing its operating profit margin year by year. It's an excellent hint for the Shahjalal Islami Bank Limited. The bank was using its products in excellent way to earn money. The maximum net profit margin of Shahjalal

Islami Bank Limited was 22% in 2022. The Bank gives huge effort on net profit margin because net profit margin (NPM) was growing year by year. From 2018 to 2022 net profit margins were (7%, 8% 11%, 18%, 22%) so, that's an excellent hint for the Shahjalal Islami Bank Limited. The performance of return on asset was not good. The highest return on asset bank was generating 8% in 2021 but closing of the year, in 2022 the bank was making 1% of return on asset. Otherwise bank's return on asset was fluctuating every year. Last ratio of this report is Return on Equity (ROE) was growing every year. The highest return on equity was earning 16% in 2022. This is an excellent hint for the Shahjalal Islami Bank Limited.

Chapter 04: Findings

Horizontal Analysis

- 1. Revenue** has been fluctuating in 2019 to 2022 but bank generates highest revenue in 2019 and lowest revenue in 2021. This is not a positive sign for the bank
- 2. Operating profit** has been also fluctuating. Bank generates the highest Operating profit in 2022 and the lowest operating profit was in 2020. This is a negative sign for the bank.
- 3. Profit after tax** is increasing every year. This is a good signal for the bank.
- 4. Total asset** Overall growth has been improved and very strong.
- 5. Total Liability** is growing, which is making company lending capacity adequate.
- 6. Total Equity** is rising. It's making worth for the shareholders.

Common size Analysis

Maximum items of the income statement were growing every year of SJIBL. The total operating income was increasing 88% in 2022 compare to 2018. And the Operating Expenses were increasing 36% in 2022 compare to 2018.

Ratio Analysis

Liquidity

- 1. Current Ratio** could not meet the standard (2:1) .it was fluctuating each year. But lower current ratio doesn't meant negative all the time. It may prove positive hint. Depend on organizations structure.
- 2. Cash Ratio** could not meet the standard (1:1) but in 2020 was performing 1.

Operating Efficiency Ratio

- 1. Total Asset turnover** is not good and couldn't meet Standard over 1.
- 2. Equity Turnover Ratio** couldn't meet standard. The equity turnover ratio was good in 2018 and 2019. But last three years was lower than 1.
- 3. Current Asset turnover** couldn't reach the criterion ratio (1 or more) so, this is a negative hint for the bank.
- 4. Fixed asset Turnover** is not satisfied position. Using a higher fixed asset Ratio is more effective.

Profitability Ratio

- 1. Gross Profit Margin** shows increasing year by year. It is good for the bank.
- 2. Operating Profit Margin** shows increasing trends, which is desirable.
- 3. Net profit Margin** shows increasing trends in last year. It is good for the bank.
- 4. Return on Asset** indicates negatively because it was decreasing from 8% to 1% in 2018 to 2022.
- 5. Return on Equity** shows increasing trends which is desirable and positive.

Chapter 05: Recommendation

- ✚ In order to bring maximum output, the coordination among the employees of the financial department should be strengthened. Therefore they should utilize the skills of their employees, more training needs to be provided to develop their work capacity and achieve goals.
- ✚ Shahjalal Islami Bank Limited needs to think about to increase bank's Revenue and Operating profit because its revenue and operating profit is not positive.
- ✚ Liquidity ratio introduces the company's state so, Shahjalal Islami Bank Limited should think about its current ratio and cash ratio.
- ✚ Total asset turnover shows company's efficiency. Shahjalal Islami Bank Limited's asset turnover ratio was fluctuating even last two years was performing equal so, bank should think about increment of its asset turnover.
- ✚ Organization needs to focus on current asset and Fixed Asset because current and fixed asset ratio performing negatively and these two ratios help to raising company's valuation and expand its access to capital.
- ✚ Return On Asset of Shahjalal Islami Bank Limited was not maintaining the state. The bank should thought about its ROA and ROE. Because ROA and ROE shows how much the company collect money from the asset and equity.
- ✚ Company should control the debtors collection period which are most important of current asset.
- ✚ The company should research to reduce cost while maintain the same standard.
- ✚ Significantly reduce the number of shaky earnings and decrease operating expenses.

Chapter 06: Conclusion

Shahjalal Islami Bank Limited experienced a respectable rise throughout the course of the year. It has been a great joy on my part of attempt my practical introduction in a bank like Shahjalal Islami Bank Limited local branch, which has provided me with a decent kind of scope to recognize the different duties of the band via the warm support of its employees. I was in charged from investment and general banking divisions. They are known to provide outstanding services to their consumers on occasion, despite the fact that they have some limits. If these limitations turn positively by the management, the branch may reach the goal.

The three months of experience of sharing practices within the Shahjalal Islami Bank Limited will support me lots in my calling as a banker. For my future I got many experience and knowledge about bank from the Shahjalal Islami Bank Limited. Now this is the time for Shahjalal Islami Bank Limited to create the success they need to be achieved and last with the mission.

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- ✚ <https://sjiblbd.com/index.ph>

Appendix

- ✚ SJIBL: SHAHJALAL ISLAMI BANK LIMITED
- ✚ TA: Trend ANALYSIS
- ✚ CSA: COMMON SIZE ANALYSIS
- ✚ OP: OPERATING PROFIT
- ✚ PAT: PROFIT AFTER TAX
- ✚ TAT: TOTAL ASSET TURNOVE
- ✚ ET: EQUITY TURNOVER
- ✚ SHE: SHAREHOLDES EQUITY
- ✚ LR: LIQUIDITY RATIO
- ✚ GPM: GROSS PROFIT MAGIN
- ✚ OPM: OPERATING PROFIT MAGIN
- ✚ ROA: RETURN ON ASSET
- ✚ ROE; RETURN ON EQUITY
- ✚ TOPEX: TOTAL OPERATNG EXPENSES
- ✚ OPER: OPERATING EFFICIENCY RATIO
- ✚ FAT: FIXED ASSET TURNOVR
- ✚ CAT: CURRENT ASSET TURNOVR
- ✚ PR: PROFIABILITY RATIO
- ✚ BBA:BACHELOR OF BUSINESS ADMINISTRATION
- ✚ DIU: DAFFODIL INTENAIONAL UNIVERSITY