



Daffodil
International
University

**Internship Report on:
Financial Performance Analysis of First Security
Islami Bank PLC**

Supervised By:

Repon Miah

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

Submitted By:

Afshana Nowrin

ID: 151-11-4474

Major: Accounting

Bachelor of Business Administration Program

Department of Business Administration

Daffodil International University

Date of submission: 24.12.2025

Letter of Transmittal

December 24, 2025

Mr. Repon Miah

Assistant Professor

Faculty of Business and Entrepreneurship

Daffodil International university

Subject: Submission of Internship Report on “Financial Performance Analysis of First Security Islami Bank PLC”.

Honorable Sir,

This is a great pleasure for me to submit the Internship report on “**Financial Performance Analysis of First Security Islami Bank PLC**” as a partial requirement for BBA program of Daffodil International university. Throughout the preparation of the report, I have tried the best of my capacity to accumulate as much as information and relevant issues as possible and tried to follow the instructions that you have suggested. I put my best effort to make this report as much detailed as possible. I sincerely believe that this report would satisfy and meet the requirement and will serve the purpose of my internship program.

I am grateful to you for your kind guidance cooperation at every step of my endeavor during preparing this report. It will be a great help for me if you kindly take some time to go through the report and evaluate this. It will be a big reward for my effort if it adds value to the research literature.

Yours Sincerely,



Afshana Nowrin

ID: 151-11-4474

Major: Accounting

Department of Business Administration

Daffodil International university

Certificate of Approval

I am enormously pleased to declare that, Afshana Nowrin, a student of Department of Business Administration of Daffodil International University, 40th batch, has completed her Internship from First Security Islami Bank PLC, Birulia Branch. She has completed her internship report on the topic of “**Financial Performance Analysis of First Security Islami Bank PLC**”. She has provided a good effort for collection of both primary and secondary data. I have supervised her throughout the preparation of the paper.

I also certify that the paper is an original one and has not been submitted elsewhere previously for publication in any form.

I wish her all the best in his effort.



Repon Miah

Assistant Professor

Faculty of Business and Entrepreneurship

Daffodil International university

Acknowledgement

In the name of Allah, the beneficent the merciful. This report would not have been possible without the guidance and the help of several individuals who in one way or another contributed and extended their valuable assistance in the preparation and completion of this report.

I started this internship report and finally it has been completed. However, the special thanks go to my helpful supervisor, Mr. Repon Miah, Assistant Professor, Faculty of Business and Entrepreneurship, Daffodil International university. The supervision and support that he gave truly help the progression and smoothness of the internship program. The co-operation is much indeed appreciated.

I'm grateful to all the senior officials of First Security Islami Bank PLC, who had created the opportunity to get the practical knowledge. Besides, this internship program made me realized the value of working together as a team and as a new experience in working environment, which challenges me every minute.

Finally, I am also owed to each person who concerned inside and outside of First Security Islami Bank in carrying out this report.

Executive Summary

This report examines the financial performance and overall banking operations of First Security Islami Bank PLC (FSIB PLC) over the period 2019 to 2023, with the primary objective of evaluating its financial strength, efficiency, profitability, liquidity position, and credit risk management. The analysis relies exclusively on secondary data collected from FSIB PLC's annual reports, official publications, and relevant financial databases, and applies ratio analysis, vertical analysis, and horizontal analysis as the core analytical tools.

The findings of the study reveal that FSIB PLC maintained a stable and prudent financial structure throughout the study period, with noticeable improvements in operational efficiency and profitability in the later years. Liquidity analysis indicates a gradual decline in immediate liquid assets, suggesting tighter liquidity management; however, the bank successfully balanced liquidity risk through conservative lending and effective deposit management. Activity ratios demonstrate improving utilization of assets and equity, particularly after 2021, reflecting enhanced managerial efficiency. Efficiency ratios show better spread management and cost control in recent years, despite rising operating expenses driven by expansion and operational demands. Profitability ratios indicate a significant recovery following the downturn in 2020–2021, with strong growth in operating and net profit margins and a stable return on equity, although return on assets remained comparatively low due to the asset-intensive nature of banking operations.

Credit risk analysis highlights a conservative financing policy, supported by adequate capital strength, which reduced exposure to loan default risk and enhanced financial resilience. Vertical and horizontal analyses further support the conclusion that FSIB PLC experienced steady growth in assets, deposits, income, and equity over the five-year period, while maintaining compliance with regulatory and Shariah requirements. Despite these strengths, the study identifies key challenges, including tightening liquidity buffers, relatively low asset productivity, rising operating costs, and limited income diversification.

Based on the overall analysis, the report recommends that FSIB PLC focus on optimizing liquidity management, improving asset utilization, strengthening cost efficiency, expanding quality financing portfolios, and enhancing non-funded income sources to support sustainable long-term growth. In conclusion, First Security Islami Bank PLC is positioned as a financially sound and risk-aware Islamic bank, with moderate growth potential and scope for further improvement through strategic and operational enhancements.

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Chapter-1: Introduction

1.1 Introduction:

The First Security, a national banking sector entity, was incorporated as a banking corporation under the Companies Act of 1994 on August 29, 1999, to conduct banking business. The organization received authorization from Bangladesh Bank on September 22 to initiate its operations. It commenced its commercial banking operations on October 25, 1999, from a branch located in Dilkusha.

The bank currently operates more than 130 branches throughout Bangladesh. It provides consumers with every form of commercial banking service by the Banking Company Act of 1991, although the Bangladesh Bank occasionally compromises these regulations. It has distinguished itself from other national commercial banks through its diversity of products and services, innovation of customer-focused products, and adherence to applicable rules and laws. The organization underwent a system transition on January 1, 2009, and implemented Islamic banking. Additionally, they altered the name to "First Security." The Islami Limited Bank Individual and corporate banking are FSIBL's areas of expertise. It maintains robust affiliations with every bank in the nation and every bank consumer. Initial security Modern, progressive, and dependable, Islami Bank LTD is a regional financial institution committed to ensuring sound performance.

The initial security Islami Bank LTD is exerting considerable and fruitful effort to establish the bank as a brand. The prevailing perception is that it represents "Security."

1.2 Background of the Study:

Daffodil International University (DIU) offers a Bachelor of Business Administration (BBA) degree program, which requires students to intern and write a report. For a company to be believed, it has to exhibit several characteristics. As a student in Dhaka, Bangladesh, I had the opportunity to intern for three months at First Security Islami Bank PLC while I was getting my Bachelor of Business Administration degree. During my internship at FSIB PLC at Birulia branch, Dhaka, I was responsible for various responsibilities. This experience will allow me to write a report with the same title.

1.3 Study Objectives:

Broad Objectives:

To analyze Financial Performance of First Security Islami Bank PLC.

Specific Objectives:

Specific Objectives of the study are as follows-

1. To examine liquidity, activity, efficiency, profitability, credit risk using ratio analysis tools.
2. To examine vertical and horizontal analysis of balance sheet and income statement.
3. To find out the problems related with financial performance and propose recommendations for addressing the problems.

1.4 Study Methodology:

Data Acquisition:

The research must follow a methodical approach, starting with selecting the subject and ending with presenting the final report. To gain an understanding and insight into the financial performance of FSIB PLC, this inquiry made use of descriptive approaches. To carry out the study, the sources of data were first discovered and then collected. After that, the data were methodically classified, analyzed, interpreted, and presented, and the most important results were retrieved. An explanation of the approach that was followed throughout the whole of this investigation is provided in the following paragraphs.

Sources of data:

While conducting this research, secondary sources were acquired for the material.

Secondary Sources:

- FSIB PLC's official website.
- Annual report of the FSIB PLC, 2019-2025.
- A brochure for FSIB PLC products.
- LankaBd.

Analyzing the Data:

- All of the data analysis was carried out with the assistance of Microsoft Excel.

1.5 Study Limitations:

Despite the abundance of resources, the report's completion was not without its constraints. In terms of constraints, the following are some of the more notable ones:

- More than one month is required to understand any branch's financial procedures comprehensively.
- It is impossible to devote sufficient time and energy to studying the financial system while sitting at a single workstation.
- Due to their employment constraints, acquiring all the actual information from various personnel is extremely difficult.
- Because specific finance disciplines are not addressed in our courses, certain activities were challenging to comprehend.
- The Bank's policy prohibiting the disclosure of confidential data and information poses a significant barrier to the report's completion.
- As a result of sparse information, assumptions were occasionally made. Therefore, some errors in presumption are possible.

Chapter-2: Organizational Overview

2.1 Profile of First Security Islami Bank PLC:

The Islamic religion requires its adherents to cultivate an all-encompassing lifestyle. Pursuing success is the primary aim within the Islamic way of life, which spans both this life and the next. This is because success is the foundation of an Islamic existence. We must stick to the principles given in the Quran and endeavor to mimic the way of life of Hazrat Muhammad (Sm) in every part of our lives to attain unmatched success. Only then would we be able to reach success that would be unmatched? First Security Islami Bank Limited was created in 1999 to develop a modern banking system based on the Quran and Sunnah teachings.

The board of directors of the Bank is comprised of thirteen eminent and committed Islamic individuals from Bangladesh. Moreover, they are renowned for the wisdom that they possess. There are 1432 people working at First Security Islami Bank Limited, which is spread out among 68 branches. There is a difference between the authorized capital of Taka 2800 million and the paid-up capital of BDT 1748.18 million.

2.2 First Security Islami Bank PLC's Objective:

The organization's primary objective is to provide products and services of the highest possible quality to its markets. They labour with genuine honesty and unrelenting determination to progress toward the bank's business goals. Clint is satisfied with the company because it has a reputation for being trustworthy, accountable, socially responsible, and giving outstanding service to customers. Clint took the time to express his satisfaction with the organization.

2.3 First Security Islami Bank PLC's Vision:

In the first set of security measures, an assessment is made about the use of technology, the provision of customer service, and the likelihood of anything occurring. Islami Bank's major purpose is to achieve the maximum possible degree of efficiency, which was the primary impetus for its establishment.

2.4 Islami Bank Limited, Goal First Security:

To prepare for the future, First Security Islami Bank Limited has set several goals. Two of these goals are creating an automated and computerized environment that provides a one-stop service

and investigating a new frontier of inventive modern banking. A plan that involves these sorts of operations is a component of the strategy.

2.5 Activities of FSIB PLC:

Additionally, the General Banking activities of First Security Islami Bank Limited are comprised of the five sectors. In the first part of the account, the introductory section-

1. Section of Clearing
2. Section on Remittances
3. Section on Deposits
4. Cash Division

2.6 Products offered by FSIB PLC:

1. Deposit Products:

- Present-day Al-Wadiah Deposition
- One example is the Mudarabah Savings Deposit.
- The Temporary Mudarabah Deposit
- Term deposit in Murabah currency:
 - One Month
 - Three Months
 - Six Months
 - Twelve Months
 - Twenty-Four Months
 - Thirty-Six Months
- FXD stands for foreign currency deposit.
- TM Mudarabah Savings Initiative:
 - Monthly Savings Initiative.
 - Monthly Profit Programme.
 - Mudaraba Programme for Six-Year Double Benefit Deposits.
 - The Mudaraba Triple Times Deposit Scheme will succeed in ten years.
 - The Mudaraba Four Times Deposit Scheme has a 12-year duration.

2. Investment Products

- The funds were utilized or invested as follows:
 - Bai-Murabaha; Deferred Lump Sum/Instalment Sale
 - Bah-Muajjal, alternatively referred to as deferred installment or total sum sale,
 - An Ijara, which is an agreement for leasing
 - Musharaka, also known as profit-sharing and joint ventures
 - Mudaraba, which refers to shared profits for trustees
 - Bai-Salam (Major Purchase and Sale in Advance)
 - Acquire-Have
 - Direct Investments
 - Ijara (A Leasing Agreement)
 - Import-Following Investment
 - Acquisition and Determination of Export Bills
 - Payments Relating to Murabaha Imports
 - Bills submitted by Bai-Muajjal for imports
 - Investment Prior to Conveyance of Goods
 - Beneficent investment, also known as Quard-ul-Hasan
- This is a letter of guarantee:
 - Our Promised Bid
 - Assurance of Performance
 - Guarantee for Subcontractors
 - Transport Guarantee
 - Guarantee of Payment in Advance
 - Instead of security deposits, a guarantee
 - Guarantee of customs duty exemption
- A Letter of Credit (L/C) or consecutive Letters of Credit (L/C)
- Sophisticated Schemes
 - Tender Assurance
 - Scheme for Consumer Investment
 - Scheme for SME Investment,

- Scheme for Lease Investment,
- Employ Purchase,
- Scheme for Earnest Money Investments,
- Mortgage Investment, as an example
- Scheme for Employee House Construction,
- Investment cards such as VISA and EEF; ATMs etc.

3. Transferring Money Abroad

4. Payment of the Utility Bill

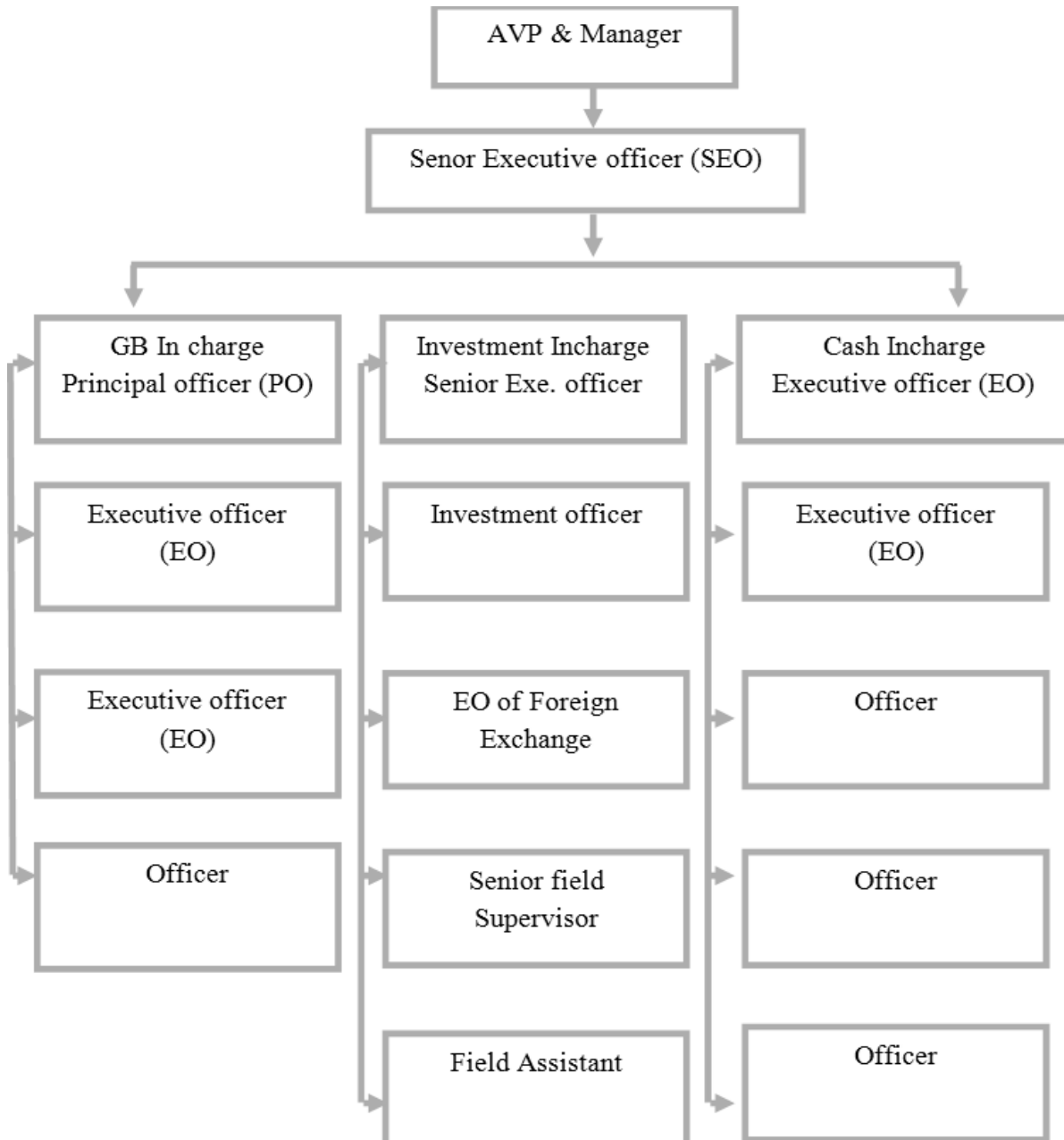
5. Service for Lockers

- Personalized service
- Access to facilities beyond the designated schedule
- Parcel management
- Secure storage of merchandise and bonds/shares
- Lockers are offered in an assortment of sizes. Such as the sizes Small, Medium, and Large.

6. Transaction Services Over the Internet and in-person

7. In the realm of foreign exchange, business transactions and services

2.7 Management Hierarchy of FSIB PLC:



Chapter-3: Internship Role and Responsibilities

3.1 Role and Responsibilities:

During my internship at First Security Islami Bank PLC, Birulia Branch, I worked as an intern in the General Banking and Operations division under the supervision of branch officials. Throughout the internship period, I assisted officers in various day-to-day banking activities and gained practical exposure to the Shariah-based Islamic banking system. Specifically, my role covered:

- Assisting in general banking activities, including account opening for Al-Wadiah Current and Mudaraba Savings accounts.
- Supporting officers in account opening documentation, verification of National ID, nominee details, and customer records.
- Ensuring compliance with KYC requirements and internal banking policies.
- Providing front-desk customer service support, responding to general inquiries and guiding customers regarding banking services.
- Explaining Islamic banking concepts, particularly profit-sharing mechanisms, to customers when required.
- Assisting in cash deposit and withdrawal operations under proper authorization and supervision.
- Observing and supporting daily cash management and cash balancing procedures.
- Assisting in cheque verification and clearing processes, including validation of signatures and transaction details.
- Supporting local and inter-bank fund transfer activities through cheques and core banking systems.
- assisting officers in file and record management, including account files, investment files, and transaction records.

3.2 Why the Role and Responsibilities:

The roles and responsibilities performed during my internship at First Security Islami Bank PLC were directly relevant to the preparation of this internship report. Active involvement in general banking operations provided me with practical insights into the real-life application of theoretical concepts learned in my academic coursework, particularly in the areas of Islamic banking and financial management. My responsibilities allowed me to:

- Assisting in account opening procedures and customer documentation enabled me to understand the operational structure, regulatory requirements, and Shariah principles followed by the bank, which formed the foundation of the report's organizational and operational analysis.
- My participation in KYC compliance and customer verification processes helped me understand the importance of regulatory compliance, risk management, and internal control mechanisms. This practical knowledge was essential in analyzing the bank's financial performance and risk profile in the report, especially when interpreting liquidity, efficiency, and credit risk ratios.
- My exposure to front-desk customer service activities allowed me to observe customer behavior and service delivery standards, which supported the qualitative assessment of FSIBL's operational efficiency and management practices.
- Involvement in cash handling, cheque clearing, and fund transfer operations provided a clear understanding of daily transaction flows and internal control systems. These experiences were particularly useful in interpreting the bank's liquidity position and operational efficiency in the financial analysis section of the report.
- Assisting in file and record management and observing how transaction data are documented and maintained enhanced my understanding of the reliability and structure of financial information used in preparing financial statements.

Overall, the hands-on exposure gained through these internship responsibilities ensured that the report was not solely based on secondary data but was also supported by practical observations and real operational experience. This connection between internship activities and report preparation strengthened the accuracy, relevance, and analytical depth of the study, making the report a comprehensive reflection of both academic knowledge and practical banking experience.

3.3 Example of Tasks Performed:

A few examples of the tasks that I worked on during the internship are:

- **Account Management:** Facilitated the end-to-end onboarding process for Al-Wadiah Current Accounts and Mudaraba Savings Accounts, ensuring all customer applications met bank-standard entry requirements.
- **KYC Compliance:** Executed rigorous verification of customer credentials, including National ID (NID) authentication, nominee documentation, and photograph validation to adhere to Know Your Customer (KYC) and Anti-Money Laundering (AML) guidelines.
- **Client Relations:** Managed the front-desk operations, providing specialized support by resolving customer queries and directing clients to appropriate departments based on their financial needs.
- **Cash Management:** Participated in the daily cash balancing and vault reconciliation processes, gaining insight into the liquidity management of a retail branch.
- **Clearing & Settlement:** Assisted in the validation of negotiable instruments (cheques), verifying signatures, dates, and MICR encoding to facilitate smooth inter-bank fund transfers.
- **Core Banking Systems (CBS):** Gained technical proficiency in the bank's Core Banking Software, observing the digital lifecycle of a transaction and the secure management of sensitive customer data.
- **Islamic Financing Modes:** Observed the practical application of Islamic investment tools, including Murabaha (cost-plus profit), Bai-Muajjal (deferred payment), and Ijara (leasing).
- **Record Management:** Streamlined the branch's filing system by organizing investment dossiers, account opening forms, and transaction vouchers for easy retrieval during audits.

Chapter-4: Financial Performance Tools

4.1 Ratio Analysis:

The investigation of the correlations that exist between several different financial variables is what is known as ratio analysis. It investigates the connections that exist between these various factors. It examines several aspects of a company's operations and finances, including profitability, liquidity, efficiency, and solvency, among other things (Brigham & Houston, 2019; Gitman & Zutter, 2018). To determine if these ratios are moving in an upward or downward direction, the temporal trend of these ratios is analyzed. A percentage, a rate, or a proportion are examples of expressions that may be used to convey ratios. Every one of them is an illustration of a representation. In financial accounting, ratio analysis is currently of the utmost relevance. While examining a firm's economic condition, several stakeholders, such as creditors, investors, management, and financiers, use the ratio to throw light on the decision-making processes they participate in. This study aims to look at the operational and financial performance of First Security Islami Bank PLC (FSIB PLC) for the years 2019, 2020, 2021, 2022, and 2023 to identify the outcomes of those evaluations. The ratios and analyses that are used the vast majority of the time are included in the report.

Because they give indications and symptoms of situations that are not yet present, a considerable number of ratios are used to evaluate financial accounts. This is because they provide information about the state of affairs. When it is difficult to recognize patterns and circumstances, a ratio may assist in identifying them. It is possible to do this by examining the ratio's components in their respective proportions. The use of ratios is an example of anything that may be classified as belonging to this category. This is similar to how other analytical tools often concentrate on the future. Their value is based on the ability to interpret them correctly, and they are frequently exposed to modifications to consider the future trajectory that is most likely to occur, as well as the breadth of the issue. The term "ratio" is used to indicate the mathematical connection that exists between two quantities. This connection is referred to as the relationship between the two quantities. If the quantity is written down, it can be represented using several different phrases, including a percentage, a rate, or a proportion. This is because even though the calculation of ratios is a straightforward mathematical process, the understanding of ratios is only sometimes clear. A

ratio must be linked to a significant economic relationship to be functional. This is a requirement for the ratio to be functional.

This section delineates an essential collection of financial ratios and their respective applications. The selected ratios are organized by the four fundamental components of financial statement analysis. The following are as follows:

- (i) The liquidity ratio (CRR)
- (ii) Ratio of action
- (iii) Ratio of Efficiency
- (iv) Ratio of profitability
- (v) Ratio of Credit Risk

4.1.1 Quantity of Liquidity:

Liquidity ratios measure an organization's ability to meet short-term obligations (Van Horne & Wachowicz, 2018). The degree to which a firm has the resources necessary to satisfy its impending financial commitments by the time those obligations are due is the company's liquidity. The temporal features of cash inflows and withdrawals and expectations for future performance are a few examples of the elements that influence it. Other examples include things like projections for future performance. An organization's liquidity analysis aims to ascertain the amount of money the business requires to function correctly.

In order for a company to continue existing, it is necessary for it to meet its financial responsibilities. At this vantage point, every other measure of analysis is seen as being of less relevance than the one previously mentioned. It is essential that we constantly assess the veracity of this assumption by applying liquidity measures in our study, despite the fact that accounting measurements indicate the continuous existence of the organization.

This section delineates the primary ratios that are pertinent to the evaluation of the liquidity ratio:

- Cash to Ratio
- Ratio of Cash to Assets
- Currency to Deposits
- The ratio of loans to total deposits
- Partially Employed Assets

4.1.2 Activity Ratio:

Activity ratios evaluate how well a business can convert the items on its balance sheet into revenue (Khan & Jain, 2018). Activity ratios examine how an organization uses resources, leverage, and similar elements on the balance sheet to determine its relative effectiveness. They are essential for assessing how well a business's management transforms resources into income and profits. Activity ratios evaluate a company's operational effectiveness and profitability. These ratios are beneficial in assessing how advantageous or disadvantageous an organization's procedures are compared to a rival or industry. Activity ratios may be used to make comparisons between different reporting periods to determine temporal variations.

This section delineates the primary ratios that are pertinent to the evaluation of the activity ratio:

- Turnover of Total Assets
- Equity Turnover

4.1.3 The Ratio of Efficiency:

The degree of output an organization can attain via its resources is referred to as efficiency. Generally speaking, efficiency is evaluated based on the amount of money generated from a certain number of assets. Inefficient exploitation of assets may also lead to liquidity issues, which is another potential source of concern. The presence of restricted liquidity is sometimes an indication of deteriorating profitability and limited possibilities. Additionally, clients and suppliers are impacted by short-term liquidity shortages; banks are very vigilant in this regard. This section delineates the primary ratios that are pertinent to the evaluation of the efficiency ratio:

- Interest Income on Expenses
- Expenditures for Working Capital
- The operational income-to-asset ratio
- Ratio of Operating Expenses to Revenue

4.1.4 The Ratio of Profitability:

Profitability ratios assess a firm's ability to generate earnings from its resources (Gitman & Zutter, 2018). To determine whether or not a company is able to generate a profit from its expenditures, a set of financial indicators is used. The majority of these ratios have a greater value than the ratio

of a competitor or the same ratio from a prior period, which indicates that the firm has been performing to a satisfactory level. This demonstrates that the organization has been doing well in recent instances.

The ability of a company to produce positive cash flows and make profitable use of its assets is of particular importance to us. Profitability is an organization's capacity to generate a positive return on its capital investments. Return on investment is calculated by evaluating earnings and the kind and quantity of funding. Solvency is also influenced by profitability. The importance of crucial profitability indicators in the examination of financial statements is explained in this section.

This section delineates the primary ratios that are pertinent to the profitability activity ratio:

- Margin of Operating Profit
- Margin of Net Profit
- Asset Return
- Equity Return

4.1.5 The Ratio of Credit Risk:

The risk associated with credit is the probability that the borrower may be unable to maintain the financial means necessary to repay the loan. Put another way, the creditor may choose not to return either the principal amount or the interest payments themselves. Depending on the circumstances, the principal amount may be repaid in whole or part. The circumstance causes the lender to incur financial losses due to the increased collection expenses and disruptions to cash flow that it causes. It may be the consequence of several different circumstances, including the inability to repay principal and interest owing to inadequate cash flows from the borrower, shifting market conditions that result in increased interest rates for loans with variable interest rates, the demise of a firm, going into default, or not repaying the loan.

The following section delineates the crucial ratios pertinent to the credit risk activity ratio:

- An assets-to-equity ratio
- Loans Concerned with Equity

4.2 Vertical Analysis:

A vertical analysis aims to study a group of items as they appear on a financial statement or an individual item about an amount that has been established in advance (Brigham & Houston, 2019). This analysis may be performed on either the group or the particular item. Significant aggregate statistics are the base, total revenue or income for a bank's income statement and total assets for a balance sheet. These are all examples of critical aggregate statistics. When added together, these two numbers constitute the bank's total assets. Vertical assertions are an obligatory need for any analysis performed using a vertical metric. To prepare for the vertical study, the income statements and balance sheets of FSIBL for the last five years were created using the vertical format.

By using FSIBL vertical statements, I can ascertain the differences in the relative importance of each item included in the financial statement. Every amount is recalculated in vertical statements using vertical percentages throughout the process. Between 2019 and 2023, a comparative analysis is carried out on the income statements and balance accounts presented similarly.

4.2.1 Vertical Analysis of Balance Sheet:

A balance sheet of standard size indicates the relative proportion and numerical value of each account for equity, total liabilities, and total assets.

An examination of the relative magnitudes of each asset, debt, and equity account may be performed more quickly using a balance sheet that incorporates standard dimensions. The total assets are related to the value of each asset line item in the balance sheet. It is also possible to determine the worth of a specific responsibility by looking at the overall amount of liabilities. When compared to this, the overall equity value is evaluated in every equity account. Therefore, each primary account classification will be comparable to one hundred per cent since the total of all lesser components will equal the primary account classification. This is because the sum of all fewer components will equal the primary account classification.

4.2.2 Vertical Analysis of Income Statement:

A standard-sized income statement states the sales value as a percentage for each account. This kind of statement is said to be standard size. When doing vertical analysis, which is a method used to assist comparisons, each line item in a financial statement is expressed as a percentage of a key figure inside the statement. This method is applied for vertical analysis.

Examining a standard-sized income statement makes it easier to determine the elements that contribute to a company's profitability and makes it possible to evaluate its performance over that of its rivals. For investors to see trends that could be indiscernible in a raw financial statement, they can examine the temporal development of performance in standard-size financial statements. A change in the business model or the manufacturing costs may be the cause of significant changes in the percentage of revenue assigned to different expenditure categories throughout the period that has been selected.

4.3 Horizontal Analysis:

A technique used in technical analysis is horizontal analysis. It analyzes historical data on trends to attempt to predict future changes in stock values (Brigham & Houston, 2019). By using this method, traders can acquire insights into future developments by analyzing past events.

Horizontal analysis is one of the subsets that are taken into consideration in trend analysis. The distinction resides in that it computes trend percentages for a series of financial statistics rather than relying on percentage changes along the sequence. This method is more accurate than the traditional method. When doing horizontal analysis, the word "base period" refers to a specific following time rather than the period that came before it that is being considered.

A bull market run is an example of a trend that may be predicted using horizontal analysis. Horizontal analysis aims to ride the trend until evidence shows that it will reverse, which might be a bear market. It is possible to follow the trend until it is no longer present. When investing, it is more beneficial for investors to go in the direction of trends rather than against them since this will result in potential financial benefit. When discussing market trends, we refer to the all-encompassing path that the market follows for a certain amount of time. Markets can be bullish or bearish when coupled with trends that are climbing or sinking appropriately. Even though there are no predetermined minimum length requirements for a direction to be considered a trend, the trend becomes more noticeable as it continues over an extended period.

4.3.1 Horizontal Analysis of Balance Sheet:

An accurate and up-to-date picture of a company's financial situation may be obtained using the balance sheet. As a result of the reports that have been presented, it is a great deal simpler to ascertain whether or not the organization is experiencing a terrible economic position. One method

that a firm may use to identify whether or not its financial status is improving or worse is to research the percentage change that has occurred in the accounts featured on the balance sheet. The use of horizontal analysis ensures this outcome. Analysis of trends is one approach that might be used to accomplish this goal. To compute the change, a company will examine the dollar worth of entries on the balance sheet that cover at least two years, beginning with the most recent year. This analysis will start with the most recent year. This is going to be done in order to recognize the change.

4.3.2 Horizontal Analysis of Income Statement:

Horizontal analysis, also known as trend analysis, is a method for analyzing financial statements that illustrates the temporal fluctuations in the amounts of related items on the financial statements (Brigham & Houston, 2019). This method is sometimes referred to as trend analysis. This remarkable instrument may help analyze patterns and trends in the environment.

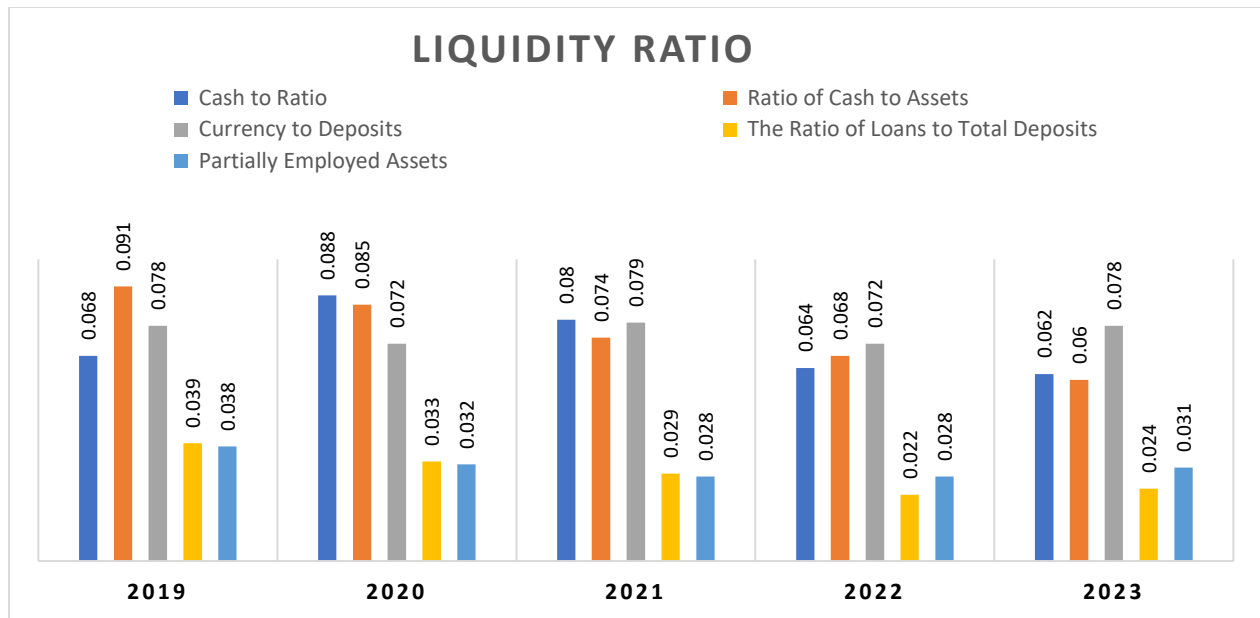
A horizontal analysis makes use of assertions that are relevant to two or more different periods. The things shown on the statements of the succeeding periods are compared to the items displayed on the statements of the base period, which has been the base period for the most significant amount of time ever since it was initially employed. When conveying the changes that have been done, it is common practice to use monetary numbers and percentage measurements.

Chapter-5: Financial Performance Analysis of FSIB PLC

5.1 Ratio Analysis:

5.1.1 Liquidity Ratio:

Liquidity Ratio					
Particular	2019	2020	2021	2022	2023
Cash to Ratio	0.068	0.088	0.080	0.064	0.062
Ratio of Cash to Assets	0.091	0.085	0.074	0.068	0.060
Currency to Deposits	0.078	0.072	0.079	0.072	0.078
The Ratio of Loans to Total Deposits	0.039	0.033	0.029	0.022	0.024
Partially Employed Assets	0.038	0.032	0.028	0.028	0.031



Interpretation of Liquidity Ratios of First Security Islami Bank PLC

Liquidity ratios indicate a bank's ability to meet short-term obligations and deposit withdrawals without financial stress. The trend analysis for the period **2019–2023** highlights the following insights:

1. Cash Ratio

(2019: 0.068 → 2023: 0.062)

The cash ratio shows a declining trend, except for a temporary increase in 2020. This indicates that the bank has gradually reduced its holding of idle cash relative to liabilities. While lower cash

holdings may improve profitability through better fund utilization, excessive reduction may weaken immediate liquidity. Overall, FSIBL appears to be optimizing cash use, but the declining pattern requires careful monitoring.

2. Ratio of Cash to Assets

(2019: 0.091 → 2023: 0.060)

This ratio consistently declined over the study period, suggesting that cash and cash equivalents form a shrinking portion of total assets. This indicates a shift toward income-generating assets such as investments and financing. Although this improves earning capacity, it slightly reduces liquidity strength, implying a more aggressive asset deployment strategy.

3. Currency to Deposits Ratio

(Stable around 0.072–0.079)

This ratio remained relatively stable throughout the period, reflecting consistent cash availability against customer deposits. The stability indicates sound deposit management and suggests that FSIBL maintained sufficient cash to meet routine withdrawal demands, thereby ensuring depositors' confidence.

4. Ratio of Loans to Total Deposits

(2019: 0.039 → 2023: 0.024)

A significant downward trend is observed in this ratio, implying that a smaller portion of deposits is being deployed into loans and advances. This conservative lending approach reduces liquidity risk but may also limit income generation. The trend suggests a risk-averse financing policy, possibly due to regulatory pressure or asset quality concerns in the banking sector.

5. Partially Employed Assets

(2019: 0.038 → 2023: 0.031)

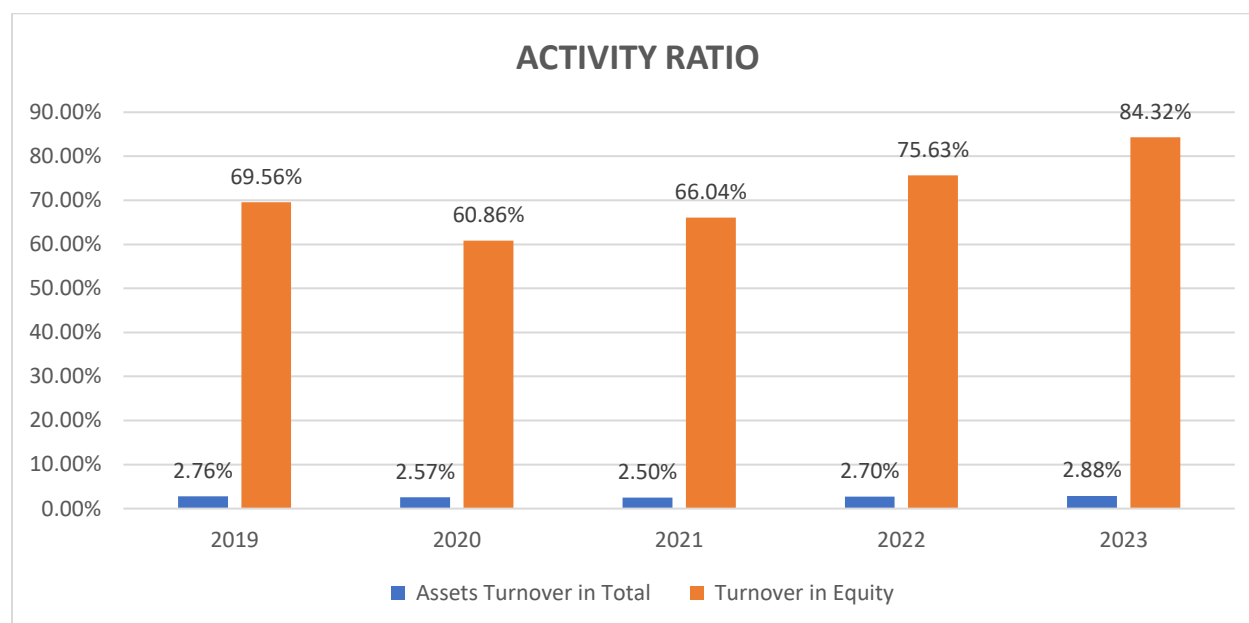
Partially employed assets declined overall, indicating that the bank reduced funds lying idle or underutilized. This reflects improved asset efficiency and better fund management, although the slight increase in 2023 may signal temporary liquidity buffering.

Overall Liquidity Assessment

Overall, the liquidity position of First Security Islami Bank PLC shows a controlled but tightening liquidity stance during 2019–2023. The bank appears to prioritize asset utilization and profitability over holding excess liquid assets. While this strategy enhances returns, it also necessitates strong liquidity risk management to avoid short-term funding stress.

5.1.2 Activity Ratio:

Activity Ratio					
Particular	2019	2020	2021	2022	2023
Assets Turnover in Total	2.76%	2.57%	2.50%	2.70%	2.88%
Turnover in Equity	69.56%	60.86%	66.04%	75.63%	84.32%



Interpretation of Activity Ratios of First Security Islami Bank PLC

Activity ratios measure how efficiently a bank utilizes its assets and equity to generate income. The analysis of First Security Islami Bank PLC over the period **2019–2023** reveals the following:

1. Total Assets Turnover Ratio

(2019: 2.76% → 2023: 2.88%)

The total assets turnover ratio shows a slight decline from 2019 to 2021, followed by a steady improvement in 2022 and 2023. This indicates that during the earlier years, the bank faced challenges in generating income from its asset base, possibly due to conservative investment strategies or adverse economic conditions.

The improvement in the later years suggests better asset utilization and operational efficiency, implying that FSIBL became more effective in using its total assets to generate operating income. Overall, the upward trend in recent years reflects strengthening management efficiency.

2. Equity Turnover Ratio

(2019: 69.56% → 2023: 84.32%)

The equity turnover ratio experienced fluctuations but shows a strong upward trend, especially after 2020. This indicates that the bank increasingly utilized shareholders' equity to generate income.

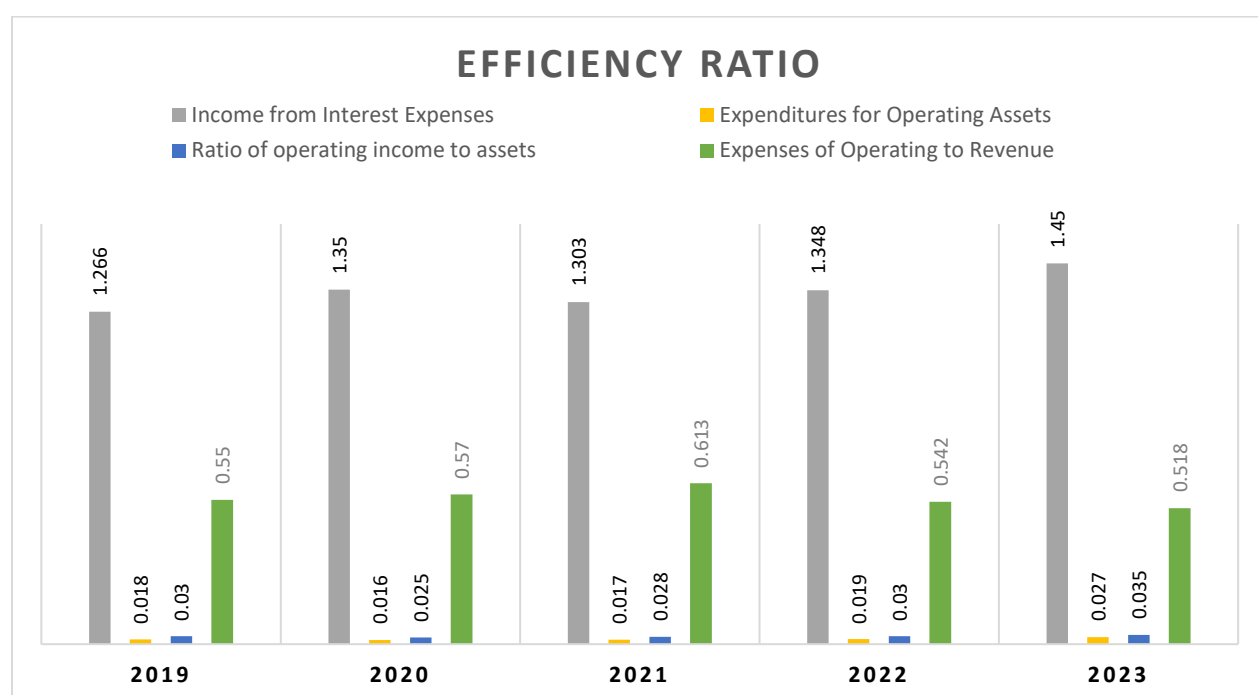
The sharp rise in 2022 and 2023 reflects improved return-generating capacity of equity, signaling effective capital management. A higher equity turnover ratio is generally favorable, as it implies that shareholders' funds are being employed efficiently to support revenue-generating activities.

Overall Activity Performance Assessment

The activity ratios of First Security Islami Bank PLC indicate improving operational efficiency, particularly in the latter part of the study period. While asset utilization weakened slightly in the middle years, the recent upward trend suggests a recovery and stronger income generation capability.

5.1.3 Efficiency Ratio:

Efficiency Ratio					
Particular	2019	2020	2021	2022	2023
Income from Interest Expenses	1.266	1.350	1.303	1.348	1.450
Expenditures for Operating Assets	0.018	0.016	0.017	0.019	0.027
Ratio of Operating Income to Assets	0.030	0.025	0.028	0.030	0.035
Expenses of Operating to Revenue	0.550	0.570	0.613	0.542	0.518



Interpretation of Efficiency Ratios of First Security Islami Bank PLC

Efficiency ratios assess how effectively a bank controls costs and utilizes its assets to generate income. The efficiency performance of First Security Islami Bank PLC during 2019–2023 can be interpreted as follows:

1. Income from Interest Expenses Ratio

(2019: 1.266 → 2023: 1.450)

This ratio shows a generally upward trend, with a noticeable improvement in 2023. It indicates that the bank's income from interest (or profit on investments, in the case of Islamic banking) increasingly exceeded its interest expenses. The improvement reflects better spread management, enhanced pricing of financing and investments, and effective control over funding costs. Overall, this trend signifies strengthening income efficiency.

2. Expenditures for Operating Assets

(2019: 0.018 → 2023: 0.027)

This ratio declined slightly during 2020–2021 but increased sharply in 2022 and 2023. The rising trend in recent years indicates higher operating costs per unit of operating assets, possibly due to expansion, inflationary pressure, technological investments, or increased administrative expenses. While some increase may support long-term growth, sustained rises could negatively affect cost efficiency if not matched by income growth.

3. Ratio of Operating Income to Assets

(2019: 0.030 → 2023: 0.035)

After a dip in 2020, this ratio shows a consistent improvement, reaching its highest level in 2023. This indicates that the bank became more effective in generating operating income from its asset base. The rising trend reflects improved asset productivity and operational performance, contributing positively to overall profitability.

4. Expenses of Operating to Revenue Ratio

(2019: 0.550 → 2023: 0.518)

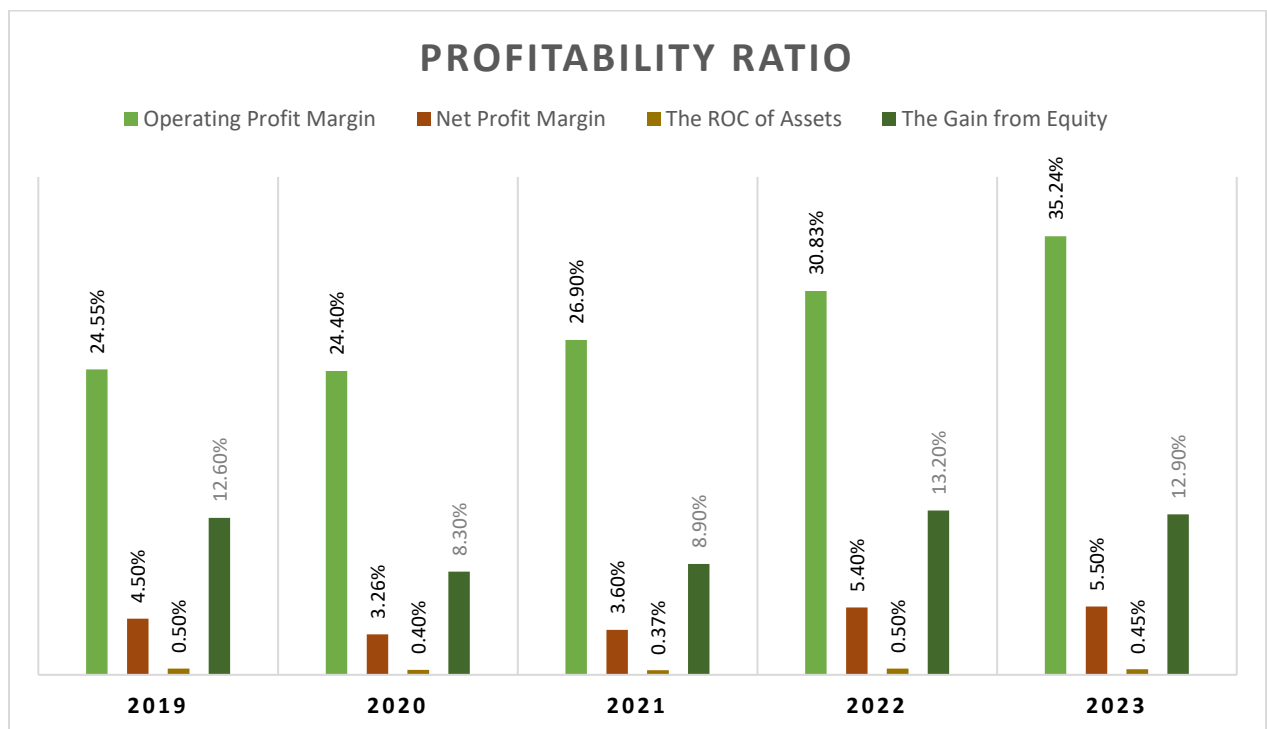
This ratio increased until 2021, indicating weaker cost control, but then declined significantly in 2022 and 2023. The downward trend in recent years suggests improved expense management, as a lower proportion of revenue is being consumed by operating expenses. This improvement is a strong indicator of enhanced operational efficiency.

Overall Efficiency Assessment

The efficiency ratios of First Security Islami Bank PLC indicate a marked improvement in operational efficiency in the later years of the study period. Although operating costs increased in recent years, the bank successfully offset these costs through stronger income generation and better expense control, leading to improved efficiency and performance.

5.1.4 Profitability Ratio:

Profitability Ratio					
Particular	2019	2020	2021	2022	2023
Operating Profit Margin	24.55%	24.40%	26.90%	30.83%	35.24%
Net Profit Margin	4.50%	3.26%	3.60%	5.40%	5.50%
The ROC of Assets	0.50%	0.40%	0.37%	0.50%	0.45%
The Gain from Equity	12.60%	8.30%	8.90%	13.20%	12.90%



Interpretation of Profitability Ratios of First Security Islami Bank PLC

Profitability ratios measure a bank's ability to generate earnings relative to revenue, assets, and shareholders' equity. The profitability performance of First Security Islami Bank PLC during 2019–2023 can be interpreted as follows:

1. Operating Profit Margin

(2019: 24.55% → 2023: 35.24%)

The operating profit margin shows a strong and consistent upward trend, particularly after 2021. This indicates that the bank significantly improved its core operating performance by increasing operating income and/or controlling operating costs. The sharp rise in 2022 and 2023 reflects

enhanced operational efficiency, improved financing spreads, and effective cost management, which positively contributed to profitability.

2. Net Profit Margin

(2019: 4.50% → 2023: 5.50%)

The net profit margin declined in 2020 and 2021, likely due to higher provisioning, increased expenses, or external economic pressures. However, the ratio recovered strongly in 2022 and continued to improve in 2023. This recovery suggests better overall financial management, improved asset quality, and more effective control over non-operating expenses and taxes. The upward trend in recent years indicates strengthening bottom-line performance.

3. Return on Assets (ROA)

(2019: 0.50% → 2023: 0.45%)

ROA remained relatively low and stable throughout the period, reflecting the asset-intensive nature of banking operations. After a decline during 2020–2021, ROA recovered in 2022 but slightly decreased in 2023. This indicates that while profitability improved, asset growth may have outpaced income growth, suggesting room for further improvement in asset utilization.

4. Return on Equity (ROE)

(2019: 12.60% → 2023: 12.90%)

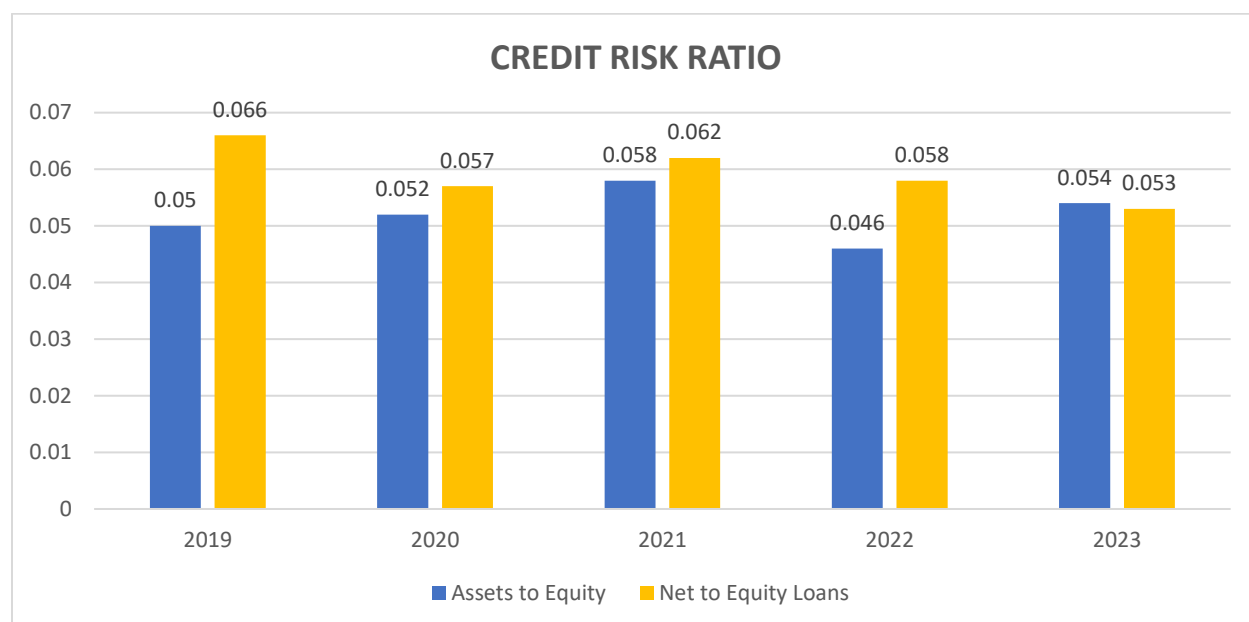
ROE declined sharply in 2020 and 2021, reflecting reduced profitability during that period. However, the ratio rebounded strongly in 2022 and remained high in 2023. This suggests effective utilization of shareholders' funds and improved profitability in recent years. The stable ROE above 12% indicates acceptable returns for investors and improved capital efficiency.

Overall Profitability Assessment

The profitability ratios of First Security Islami Bank PLC indicate a significant recovery and strengthening of profitability in the post-2021 period. While the bank experienced pressure on earnings during 2020–2021, it successfully improved operating efficiency and profitability in subsequent years. The consistent growth in operating and net profit margins reflects a positive and sustainable profitability trend.

5.1.5 Credit Risk Ratio:

Credit Risk Ratio					
Particular	2019	2020	2021	2022	2023
Assets to Equity	0.050	0.052	0.058	0.046	0.054
Net to Equity Loans	0.066	0.057	0.062	0.058	0.053



Interpretation of Credit Risk Ratios of First Security Islami Bank PLC

Credit risk ratios evaluate a bank's exposure to default risk and the extent to which shareholders' equity can absorb potential losses. The credit risk position of First Security Islami Bank PLC over the period 2019–2023 can be interpreted as follows:

1. Assets to Equity Ratio

(2019: 0.050 → 2023: 0.054)

This ratio shows moderate fluctuations over the study period. The increase from 2019 to 2021 indicates that the bank relied more heavily on equity to support its asset base, suggesting increased leverage-related risk exposure during that time. The decline in 2022 reflects a strengthening of the equity base or reduction in asset growth, which improved the bank's risk-absorption capacity. The slight increase again in 2023 indicates a return to a balanced leverage position.

Overall, the ratio suggests that FSIBL maintained a controlled and manageable capital structure, with equity providing adequate support for assets.

2. Net Loans to Equity Ratio

(2019: 0.066 → 2023: 0.053)

The net loans to equity ratio shows a gradual declining trend over the period. This indicates that the bank reduced its exposure to loans relative to shareholders' equity, thereby lowering credit risk exposure. The decline suggests a more conservative lending policy, possibly in response to asset quality concerns or regulatory guidance.

Lower net loans relative to equity enhance the bank's ability to absorb potential loan losses, contributing to greater financial stability.

Overall Credit Risk Assessment

The credit risk ratios of First Security Islami Bank PLC indicate a prudent and improving credit risk management approach during 2019–2023. While asset growth relative to equity fluctuated, the overall reduction in loan exposure relative to equity suggests strengthened capital protection against credit losses.

5.2 Vertical Analysis:

First Security Islami Bank PLC					
Balance Sheet					
As At 31st December, 2019-2025					
Particulars	2019	2020	2021	2022	2023
Property and Assets					
Cash	7%	7%	6%	6%	5%
In Hand (Including foreign currencies)	1%	0%	1%	1%	1%
Balance with Bangladesh Bank and its Agent Bank(s) (Including foreign currencies)	7%	6%	6%	5%	4%
Balance with Other Banks and Financial Institution	0%	0%	0%	0%	0%
In Bangladesh	0%	0%	0%	0%	0%
Outside Bangladesh	0%	0%	0%	0%	0%
Placement with Banks & Other Financial Institutions	3%	3%	2%	2%	2%
Investment in Shares & Securities	4%	5%	5%	4%	4%
Government	4%	5%	5%	4%	4%
Others	0%	0%	1%	1%	1%
Loans and Advances/Investment	83%	84%	84%	85%	86%
General Investment etc	83%	83%	83%	84%	86%
Bills Purchased and Negotiated	0%	0%	1%	1%	0%
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	1%	1%	1%	1%	1%
Non-Banking Assets	0%	0%	0%	0%	0%
Other assets	1%	1%	1%	1%	1%
Total assets	100%	100%	100%	100%	100%
Liabilities and Capital					
Liabilities					
Borrowings from Other Banks, Financial Institutions and Agents	3%	3%	3%	13%	20%
Deposits and Other Accounts	86%	86%	86%	77%	69%

Current /Al-Wadia Current Deposit and Other Deposit Accounts	6%	7%	10%	7%	6%
Savings deposits/Mudaraba Savings Deposits	9%	7%	8%	11%	11%
Mudarabba/ Term and Fixed deposits	51%	52%	59%	50%	44%
Other Deposits/ Mudarabba Deposits	20%	20%	8%	7%	7%
Bills payable	1%	1%	1%	1%	1%
Other liabilities	5%	4%	4%	4%	5%
Subordinated Debt/Mudaraba bond	3%	2%	2%	1%	1%
Mudaraba Perpetual Bond	0%	1%	1%	1%	1%
Total liabilities	96%	96%	96%	96%	96%
Capital/Shareholders' Equity	0%	0%	0%	0%	0%
Paid-up Capital	2%	2%	2%	2%	2%
Statutory Reserve	1%	1%	1%	1%	1%
Other Reserve	0%	0%	1%	1%	1%
Assets Revaluation Reserve	0%	0%	0%	0%	0%
Retained Earnings	0%	0%	0%	0%	0%
Total Shareholders' Equity	4%	4%	4%	4%	4%
Non-controlling Interest	0%	0%	0%	0%	0%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%

First Security Islami Bank PLC					
Profit and Loss Account					
For The Year Ended 31st Dec 2019-2023					
Particulars	2019	2020	2021	2022	2023
Net Investment Income	100%	100%	100%	100%	100%
Income from Investment in shares and securities	8%	5%	3%	6%	7%
Commission, Exchange and Brokerage	9%	7%	6%	12%	6%
Other Operating Income	7%	6%	6%	6%	13%
Total operating income	124%	118%	115%	123%	126%
Salary and Allowances	37%	37%	34%	39%	42%
Rent, Taxes, Insurances, Electricity etc.	7%	6%	5%	6%	6%
Legal Expenses	0%	0%	0%	0%	0%
Postage, Stamps, Telecommunication etc.	1%	1%	1%	1%	1%
Stationery, Printings, Advertisements etc.	2%	2%	1%	5%	1%
Managing Director's Salary and Fees	0%	0%	0%	0%	0%
Directors' Fees & Expenses	0%	0%	0%	0%	0%
Shariah Supervisory Committee's Fees & Expenses	0%	0%	0%	0%	0%
Audit Fees	0%	0%	0%	0%	0%
Depreciation & Repair of Bank's Assets	6%	6%	6%	6%	6%
Zakat Expenses	1%	1%	1%	2%	2%
Other Expenses	10%	12%	10%	11%	10%
Total operating expenses	64%	64%	59%	70%	69%
Profit /(Loss) before Provision and Tax	60%	54%	56%	53%	57%
Total provision	20%	12%	11%	13%	14%
Total Profit/(Loss) before Taxes	40%	42%	45%	40%	43%
Provision for Current Tax	20%	18%	20%	19%	20%
Prior Year Tax paid	0%	0%	0%	0%	1%
Deferred Tax (Income)/Expenses	-1%	0%	0%	0%	-1%
Total Provisions for Tax	19%	17%	19%	19%	20%
Net Profit/(Loss) after Tax	21%	24%	26%	22%	23%

5.3 Horizontal Analysis:

First Security Islami Bank PLC					
Balance Sheet					
As At 31st December, 2019-2025					
Particulars	2019	2020	2021	2022	2023
Property and Assets					
Cash	100%	108%	111%	121%	110%
In Hand (Including foreign currencies)	100%	106%	144%	172%	181%
Balance with Bangladesh Bank and its Agent Bank(s) (Including foreign currencies)	100%	108%	108%	117%	104%
Balance with Other Banks and Financial Institution	100%	212%	263%	185%	179%
In Bangladesh	100%	160%	1198%	364%	992%
Outside Bangladesh	100%	221%	107%	155%	43%
Placement with Banks & Other Financial Institutions	100%	92%	92%	102%	96%
Investment in Shares & Securities	100%	135%	166%	152%	157%
Government	100%	137%	152%	136%	142%
Others	100%	90%	433%	458%	462%
Loans and Advances/Investment	100%	114%	125%	144%	156%
General Investment etc	100%	114%	124%	143%	156%
Bills Purchased and Negotiated	100%	120%	481%	494%	333%
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	100%	101%	102%	107%	105%
Non-Banking Assets	100%	100%	100%	100%	100%
Other assets	100%	97%	131%	181%	233%
Total assets	100%	114%	125%	141%	151%
Liabilities and Capital					
Liabilities					
Borrowings from Other Banks, Financial Institutions and Agents	100%	99%	118%	613%	1022%
Deposits and Other Accounts	100%	114%	125%	126%	121%

Current /Al-Wadia Current Deposit and Other Deposit Accounts	100%	123%	201%	164%	152%
Savings deposits/Mudaraba Savings Deposits	100%	94%	112%	182%	193%
Mudarabba/ Term and Fixed deposits	100%	100%	125%	119%	113%
Other Deposits/ Mudarabba Deposits	100%	113%	53%	51%	52%
Bills payable	100%	104%	135%	227%	134%
Other liabilities	100%	108%	115%	129%	163%
Subordinated Debt/Mudaraba bond	100%	92%	84%	64%	44%
Mudaraba Perpetual Bond	0%	100%	158%	158%	158%
Total liabilities	100%	113%	124%	141%	150%
Capital/Shareholders' Equity					
Paid-up Capital	100%	110%	115%	121%	133%
Statutory Reserve	100%	122%	149%	174%	201%
Other Reserve	100%	174%	251%	280%	311%
Assets Revaluation Reserve	100%	97%	59%	57%	55%
Retained Earnings	100%	117%	100%	105%	119%
Total Shareholders' Equity	100%	118%	133%	146%	163%
Non-controlling Interest	0%	0%	100%	96%	100%
Total liabilities and shareholders' equity	100%	114%	125%	141%	151%

First Security Islami Bank PLC					
Profit and Loss Account					
For The Year Ended 31st Dec 2019-2023					
Particulars	2019	2020	2021	2022	2023
Investments Income	100%	110%	105%	104%	134%
Profit Paid on Deposits	100%	108%	96%	92%	131%
Net Investment Income	100%	114%	132%	137%	142%
Income from Investment in shares and securities	100%	68%	56%	104%	124%
Commission, Exchange and Brokerage	100%	93%	90%	178%	94%
Other Operating Income	100%	92%	104%	113%	262%
Total operating income	100%	109%	122%	137%	144%
Salary and Allowances	100%	114%	122%	144%	161%
Rent, Taxes, Insurances, Electricity etc.	100%	87%	98%	116%	120%
Legal Expenses	100%	45%	101%	137%	140%
Postage, Stamps, Telecommunication etc.	100%	98%	126%	145%	153%
Stationery, Printings, Advertisements etc.	100%	103%	94%	352%	113%
Managing Director's Salary and Fees	100%	105%	123%	133%	139%
Directors' Fees & Expenses	100%	84%	105%	93%	75%
Shariah Supervisory Committee's Fees & Expenses	100%	107%	209%	212%	140%
Audit Fees	100%	100%	153%	173%	241%
Depreciation & Repair of Bank's Assets	100%	115%	128%	150%	149%
Zakat Expenses	100%	129%	177%	227%	263%
Other Expenses	100%	136%	126%	151%	139%
Total operating expenses	100%	114%	120%	149%	152%
Profit /(Loss) before Provision and Tax	100%	103%	124%	123%	136%
Total provision	100%	69%	76%	89%	101%
Total Profit/(Loss) before Taxes	100%	121%	149%	140%	153%
Provision for Current Tax	100%	102%	131%	134%	142%
Prior Year Tax paid	0%	0%	0%	0%	100%
Deferred Tax (Income)/Expenses	100%	16%	55%	66%	107%

Total Provisions for Tax	100%	107%	135%	138%	147%
Net Profit/(Loss) after Tax	100%	133%	161%	142%	158%

Chapter-6: Findings, Recommendations & Conclusions

6.1 Findings of the Study:

After analyzing all the financial ratios, it was found that First Security Islami Bank PLC exhibited both positive and negative aspects in its financial performance during the study period.

From the analysis the following positive things have been found. They are-

- Stable currency-to-deposit ratios indicate sound deposit management and the ability to meet routine withdrawal demands.
- Total asset turnover showed moderate improvement in recent years, indicating better utilization of assets to generate income.
- Equity turnover increased significantly, demonstrating efficient use of shareholders' funds to support revenue-generating activities.
- Net profit margin recovered significantly after 2021, reflecting better expense management and improved asset quality.
- Assets-to-equity ratios remained stable, indicating adequate capital support for asset growth.

From the analysis the following negative things have been found. They are-

- The bank maintained adequate but gradually tightening liquidity, as cash-based ratios showed a declining trend over the period.
- Expenditures for operating assets increased sharply in 2022 and 2023, indicating rising operating costs.
- Return on Assets (ROA) stayed below 0.5%, indicating limited income generation from a large asset base.
- The consistently low total asset turnover ratio indicates inefficient utilization of the bank's asset base.
- Net loans-to-equity ratios declined over the period, reflecting a more cautious lending policy and reduced credit risk exposure.

6.2 Recommendations of the Study:

Based on the negative findings identified from the analysis, the following recommendations are proposed to improve the financial performance of the bank. They are-

1. As liquidity ratios show a tightening trend, the bank should maintain an optimal level of liquid assets and conduct regular liquidity stress testing to ensure its ability to meet unexpected withdrawal demands.
2. To address the sharp increase in operating asset expenditures during 2022 and 2023, management should implement stronger cost-control measures, including budgetary controls, periodic expense reviews, and greater use of automation and digital banking solutions.
3. Since Return on Assets (ROA) remained below 0.5%, the bank should focus on improving asset productivity by reallocating underutilized assets into higher-yield, low-risk, Shariah-compliant investment and financing opportunities.
4. The bank should improve asset utilization by reallocating funds to higher-yield investments, expanding quality lending, and reducing idle or low-performing assets. Better assets management and revenue diversification can help increase the turnover ratio.
5. The decline reflects a more cautious lending policy. By reducing loan exposure, the institution lowered credit risk and improved financial stability, even if growth was slower.

6.3 Conclusions of the Study:

Based on the financial ratio analysis of First Security Islami Bank PLC from 2019 to 2023, it can be concluded that the bank maintained a generally stable financial position during the study period. Although cash-based liquidity ratios showed a declining trend, the stable currency-to-deposit ratio indicates that the bank was able to manage customer deposits properly and meet regular withdrawal demands. The improvement in total asset turnover and equity turnover reflects better use of assets and shareholders' funds, especially in recent years.

However, the analysis also identified some weaknesses. Operating expenses increased significantly in 2022 and 2023, which created pressure on cost efficiency. In addition, the Return on Assets (ROA) remained below 0.5%, showing that the bank was not generating sufficient income from its large asset base. Despite these issues, the recovery in net profit margin after 2021 suggests improved expense management and better asset quality. Moreover, the decline in net loans-to-equity ratios indicates a cautious lending policy, which helped reduce credit risk, while stable assets-to-equity ratios show adequate capital support.

Overall, First Security Islami Bank PLC focused more on financial stability and risk control rather than aggressive growth. If the bank improves liquidity management, controls operating costs, and uses its assets more efficiently, it will be able to enhance profitability and strengthen its competitive position. Therefore, the bank has good potential to achieve sustainable long-term growth in the Islamic banking sector.

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Appendix:

1. Statement of Financial Position:

First Security Islami Bank PLC					
Balance Sheet					
As At 31st December, 2019-2025					
Particulars	2019	2020	2021	2022	2023
Property and Assets					
Cash	30,740,604,444	33,288,889,759	34,073,843,637	37,274,813,884	33,748,531,711
In Hand (Including foreign currencies)	2,296,717,472	2,440,423,966	3,318,477,065	3,954,792,300	4,154,881,434
Balance with Bangladesh Bank and its Agent Bank(s) (Including foreign currencies)	28,443,886,972	30,848,465,793	30,755,366,572	33,320,021,584	29,593,650,277
Balance with Other Banks and Financial Institution	793,301,325	1,683,928,840	2,089,716,234	1,464,651,461	1,423,012,220
In Bangladesh	113,706,681	182,104,201	1,362,218,799	414,301,251	1,128,287,388
Outside Bangladesh	679,594,644	1,501,824,639	727,497,435	1,050,350,210	294,724,832
Placement with Banks & Other Financial Institutions	13,603,700,000	12,570,500,000	12,490,000,000	13,839,455,000	13,034,942,323
Investment in Shares & Securities	17,527,652,622	23,621,552,622	29,023,868,756	26,562,627,283	27,495,089,418
Government	16,700,000,000	22,873,900,000	25,436,220,000	22,774,689,450	23,674,689,450
Others	827,652,622	747,652,622	3,587,648,756	3,787,937,833	3,820,399,968
Loans and Advances/Investment	364,484,142,678	415,307,402,457	455,850,137,084	523,944,389,645	569,324,144,273
General Investment etc	363,775,732,135	414,454,641,678	452,443,216,481	520,442,025,226	566,968,148,337
Bills Purchased and Negotiated	708,410,543	852,760,779	3,406,920,603	3,502,364,419	2,355,995,936
Fixed Assets Including Premises, Furniture & Fixtures and Intangible Assets	6,435,173,130	6,482,682,705	6,562,294,567	6,887,649,871	6,729,782,478
Non-Banking Assets	25,145,280	25,145,280	25,145,280	25,145,280	25,145,280
Other assets	3,569,114,671	3,445,378,009	4,680,183,865	6,454,845,654	8,329,990,676
Total assets	437,178,834,150	496,425,479,672	544,795,189,423	616,453,578,078	660,110,638,379
Liabilities and Capital					
Liabilities					
Borrowings from Other Banks, Financial Institutions and Agents	13,208,381,804	13,134,871,657	15,637,648,795	80,954,959,224	135,036,478,452
Deposits and Other Accounts	376,621,662,451	428,701,521,736	469,035,382,642	473,025,031,130	455,151,173,849
Current /Al-Wadia Current Deposit and Other Deposit Accounts	26,511,403,138	32,477,281,435	53,314,107,947	43,366,521,444	40,204,502,106
Savings deposits/Mudaraba Savings Deposits	38,622,550,795	36,361,246,250	43,329,472,074	70,179,141,772	74,392,816,865
Mudarabba/ Term and Fixed deposits	221,730,763,524	258,585,050,591	323,125,042,554	308,967,731,305	291,955,086,665
Other Deposits/ Mudarabba Deposits	87,256,252,772	98,680,914,930	45,878,977,928	44,831,910,652	45,239,938,997
Bills payable	2,500,692,222	2,597,028,530	3,387,782,139	5,679,725,957	3,358,829,216
Other liabilities	20,533,726,345	22,083,221,928	23,704,897,959	26,412,719,484	33,440,803,675
Subordinated Debt/Mudaraba bond	11,500,000,000	10,600,000,000	9,700,000,000	7,400,000,000	5,100,000,000
Mudaraba Perpetual Bond	-	3,800,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Total liabilities	421,863,770,600	478,319,615,321	524,077,929,396	593,792,709,838	634,728,455,976
Capital/Shareholders' Equity					
Paid-up Capital	8,625,092,740	9,487,602,010	9,961,982,110	10,460,081,210	11,506,089,330
Statutory Reserve	4,339,990,406	5,293,570,982	6,456,663,581	7,550,143,181	8,743,756,230
Other Reserve	1,133,290,220	1,967,545,266	2,843,074,725	3,173,390,980	3,529,279,371
Assets Revaluation Reserve	332,015,432	321,954,358	194,933,303	188,645,132	182,356,960
Retained Earnings	884,674,752	1,035,191,735	887,102,932	929,849,625	1,048,425,554
Total Shareholders' Equity	15,315,063,550	18,105,864,351	20,343,756,651	22,302,110,128	25,009,907,445
Non-controlling Interest	-	-	373,503,376	358,758,111	372,274,958
Total liabilities and shareholders' equity	437,178,834,150	496,425,479,672	544,795,189,423	616,453,578,077	660,110,638,379

2. Statement of Profit and Loss:

First Security Islami Bank PLC					
Profit and Loss Account					
For The Year Ended 31st Dec 2019-2023					
Particulars	2019	2020	2021	2022	2023
Investments Income	38,880,629,567	42,614,694,604	40,773,789,203	40,404,498,794	52,090,519,971
Profit Paid on Deposits	(28,887,423,967)	(31,175,396,288)	(27,608,053,114)	(26,700,647,345)	(37,941,332,680)
Net Investment Income	9,993,205,600	11,439,298,316	13,165,736,089	13,703,851,449	14,149,187,291
Income from Investment in shares and securities	783,363,553	535,185,902	439,423,090	815,456,086	972,121,452
Commission, Exchange and Brokerage	896,077,462	831,602,496	803,588,638	1,598,752,516	840,979,172
Other Operating Income	708,146,873	654,405,148	736,964,549	797,238,868	1,857,519,350
Total operating income	12,380,793,488	13,460,491,862	15,145,712,366	16,915,298,919	17,819,807,265
Salary and Allowances	3,695,599,401	4,200,749,919	4,507,682,664	5,316,974,850	5,941,263,420
Rent, Taxes, Insurances, Electricity etc.	728,117,596	631,753,208	710,559,066	841,390,006	872,108,306
Legal Expenses	9,344,535	4,179,334	9,414,203	12,811,344	13,105,629
Postage, Stamps, Telecommunication etc.	93,272,436	91,617,444	117,567,557	135,237,784	142,651,868
Stationery, Printings, Advertisements etc.	180,432,242	186,625,724	170,089,674	635,114,654	204,048,062
Managing Director's Salary and Fees	15,985,009	16,833,880	19,713,122	21,331,363	22,200,205
Directors' Fees & Expenses	2,037,800	1,721,800	2,141,400	1,886,000	1,533,800
Shariah Supervisory Committee's Fees & Expenses	220,000	236,000	459,000	466,000	307,000
Audit Fees	1,082,250	1,082,250	1,652,750	1,867,945	2,604,469
Depreciation & Repair of Bank's Assets	592,285,832	680,918,281	760,915,950	885,772,928	882,590,243
Zakat Expenses	98,347,681	126,544,854	174,244,555	223,591,701	258,371,758
Other Expenses	999,541,385	1,356,319,413	1,256,628,649	1,511,595,220	1,391,277,250
Total operating expenses	6,416,266,167	7,298,582,107	7,731,068,590	9,588,039,795	9,732,062,010
Profit/(Loss) before Provision and Tax	5,964,527,321	6,161,909,755	7,414,643,776	7,327,259,124	8,087,745,255
Total provision	1,994,868,800	1,368,012,448	1,512,530,910	1,782,379,155	2,008,031,448
Total Profit/(Loss) before Taxes	3,969,658,521	4,793,897,307	5,902,112,866	5,544,879,969	6,079,713,807
Provision for Current Tax	1,974,158,146	2,016,697,838	2,590,337,472	2,647,014,248	2,798,116,674
Prior Year Tax paid	-	-	-	-	73,286,701
Deferred Tax (Income)/Expenses	(96,390,755)	(15,380,405)	(53,424,593)	(63,637,081)	(103,359,392)
Total Provisions for Tax	1,877,767,391	2,001,317,433	2,536,912,879	2,583,377,167	2,768,043,983
Net Profit/(Loss) after Tax	2,091,891,130	2,792,579,874	3,365,199,987	2,961,502,802	3,311,669,824
Audited EPS	2.19	2.79	3.2	2.56	2.85



DAFFODIL INTERNATIONAL UNIVERSITY

Faculty of Business and Entrepreneurship (FBE)

Department of Business Administration

Intern Assessment Form (Employer)

Semester: *Final*

Year: *2025*

Name of the Intern: *Afshana Nowrin*

Name of the Supervisor: *Muhammad Rafikul Islam*

Please rate the Intern's Performance based on the following criteria (Please Tick "✓")

Specific Area	Please rate his/her performance on a 10-point Scale (1=Poor Performance.....10= High Performance)									
	1	2	3	4	5	6	7	8	9	10
Regularity in Office										✓
Communication Skill										✓
Work Responsibilities & Accountability										✓
Work Ability (Independently/Team)										✓
Adaptability in working place										✓

Signature with Date

(Including official seal)

Muhammad Rafikul Islam
FAVP & Manager
First Security Islami Bank PLC
Birulia Branch
Mirulia, Savar, Dhaka

DAFFODIL INTERNATIONAL UNIVERSITY

Faculty of Business and Entrepreneurship (FBE)

Department of Business Administration



INTERNSHIP LOG BOOK

Student's Name:	Afshana Nowrin	Internship Site	Birulia Branch, Savar
Supervisor's Name:	Muhammad Rafikul Islam	Week Beginning	20th Feb -21st May
Internship Coordinator/ Advisor	Repon Miah		

Summary of Internship Activities

Assalamulikum, here I am going to share tremendous experience of internship at First Security Islami Bank PLC, Bangladesh. During this internship I had gained comprehensive exposure of the operation of Shariah based Islami banking system in our country. My initial focus was within the general banking like account opening, cheque clearing, fund transfer, online banking, cash handling, customer support along with the document verification.

During my time of internship, I assisted the branch team with several services where I learned essential interpersonal skills and deep understanding of corporate etiquette with professional manner. Furthermore, I had spent more time in front desk where I get to know customer behavior, expectations and output of banking operations.

Under the guidance and supervision of my branch manager, I had acknowledged a great learning of how Shariah based baking system works and as I had spent more time in customer service, I had gained a vast knowledge of account opening, document verification of customers. Along with that I had learned how to cash a cheque after validation also how to transfer the fund via cheque. I am really grateful to all of my colleague for being too much co-operative and supportive during my internship.

To conclude, my three-month internship program in FSIB PLC has been a trans-formative bridge between academic theory and the practical complexities of Islamic Banking. It contributed positively to my professional and personal development. The hands-on exposure to FSIBL's Core Banking Software and the guidance I received regarding Shariah compliance have been invaluable to my professional development.

Week & Date	Description Of Activity
Week 1:	<p style="text-align: center;">Introduction To Islami Banking System and FSIB</p> <p>In first week, I was introduced to First Security Islami Bank working environment and bank organizational structure with basic principle of FSIB operates beneath Shariah guidelines. Learned about bank's internal communication, vision and operational pillars.</p>
Week 2:	<p style="text-align: center;">Shariah Principal and Customer Services</p> <p>In my second week, I observed the customer behavior with practical exposure to bank account opening process following Islamic values with transparency and dignity. Also learned customer common query and the importance of maintaining professionalism and ethical behavior towards them.</p>
Week 3:	<p style="text-align: center;">Account Understanding & KYC Compliance</p> <p>In week three, I'd learned how to open various type of accounts like Mudaraba Savings Account and Al-Wadiah Current Account etc. Which is followed by Islamic values and regulations. I was introduced with the account opening form, hoe to fill it up and how to verify the customer with the provided documentations also that gave me a vast understanding about KYC at FSIB.</p>
Week 4:	<p style="text-align: center;">Front-Desk, Deposit and Cash Handling</p> <p>In my fourth week, I have experienced facing customer and I had to made them understand the Islamic values FSIB follows like "Profit Rate" instead of "Interest Rate" and similar type of matters. Also, I have learnt how to maintain accuracy and security when cash deposit or withdrawal requests are made. I had also learned about the importance of proper authorizations in daily cash transactions.</p>
Week 5:	<p style="text-align: center;">Cheque Clearing & Islamic Banking Operations</p> <p>In my fifth month, I had closely observed the cheque clearing process followed by FSIB, how the validate the cheque, process it and clear it for transaction. Also, the process taught me how Islamic Banks communicate with interbank transactions.</p>
Week 6:	<p style="text-align: center;">Fund Transfer (Same or Different Bank) & Remittance Bank</p> <p>During my sixth week, I had learned about the remittance services offered by FSIB. Also, I had handled inward/outward remittance clearance using FSIB cloud services. Also, local fund transfer by using cheque and cloud service as well through approved channel.</p>

Week 7:	<p style="text-align: center;">Investment/Loan Operations</p> <p>At seventh week, I was experiencing to validate the local and corporate organizations for bank investment and its process following Islamic ideology. learned about Murabaha, Bai-Muajjal, and Ijara concepts which is totally guided by Islamic believe.</p>
Week 8:	<p style="text-align: center;">Banking Software & Digital Records</p> <p>This week I was focused on core banking software of FSIB. I observed how client information, data and transactions are digitally recorded and how it improves the bank efficiency on it daily works. The importance of technology in banking sector made the world small and easy for clients.</p>
Week 9:	<p style="text-align: center;">Shariah Compliance and Banking Security</p> <p>During week nine, I learned about Shariah compliance and internal control systems. I was introduced to basic AML guidelines, customer confidentiality, and fraud prevention measures. This week emphasized trust and accountability in Islamic banking.</p>
Week 10:	<p style="text-align: center;">Report and File Management</p> <p>In my tenth week, I had opportunities to arrange files helping the concern officer, I had learned how investment files, cash files, transaction files are stored and recorded. Prepared daily and monthly report of every transaction of FSIB which help me to understand how FSIB rely on those reports for analyzing company growth and future.</p>
Week 11:	<p style="text-align: center;">Team Co-ordination and Professional Ethics</p> <p>Week eleven focused on team bonding and collaboration. I learned how different team collaborate with each other having mutual respect and co-ordinations. It was very important to know how things work here when you are in a Shariah-based banking system.</p>
Week 12:	<p style="text-align: center;">Internship Report & Exit</p> <p>Finalizing the report. At FSIBL, this usually focuses on a "Performance Analysis" or a "Case Study on a specific Investment Mode" (like Murabaha). Final presentation to the Branch Manager.</p>

Intern Signature	Afshana Nowrin	24/12/2025
	Signature over Printed Name of Student	Date