

INTERNSHIP REPORT
ON
FINANCIAL PERFORMANCE EVALUATION OF
SOCIAL ISLAMI BANK LIMITED
(2015 – 2019)



Internship Report
On
Financial Performance Evaluation of Social Islami Bank Limited
(2015 – 2019)



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LETTER OF TRANSMITTAL

Date: 09/08/2021

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Subject: Submission of internship report on “Financial Performance Evaluation of Social Islami Bank Limited (SIBL)”.

Dear Mam,

I am pleased to apply my internship study on “**Financial Performance Evaluation of Social Islami Bank Limited**”. I prepared growth analysis, ratio analysis, margin analysis, common size analysis, trend analysis, and financial highlights to receive financial analysis. I did my best to complete this internship report adequately covered this internship research. I gathered information from multiple of websites to analyze the performance of Social Islami Bank. I made every effort to prepare this document to the best of my ability. This intern taught me a great deal Even after a few gaps in my experience, I believe I have adequately covered this internship document. I gathered information from multiple of websites to analyze the performance of Social Islami Bank. I made every effort to prepare this document to the best of my ability.

As a result, I would be truly thankful if you could approve this letter. I am always pleased to provide details about this document.

Sincerely yours-

Mahmud.

Mahmud – Al Zubaer

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Declaration by Student

I am Mahmud – Al Zubaer with student id 171-11-5478 declared that this internship report "Financial Performance Evaluation of Social Islami Bank Limited" prepared under the direct supervision of Nusrat Nargis mam, Assistant Professor, Department of Business Administration, Daffodil International University. The supervisor is not responsible for any plagiarism or copyright infringement in this document.

I further announce that I have not previously applied this report for an academic qualification, certification, diploma, or degree to any other university/institute. I also verify that the document is done entirely for educational reasons.

Sincerely yours-

Mahmud.

Mahmud – Al Zubaer

ID: 171-11-5478

Program: BBA

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Supervisor's Declaration

This is to assure that Mahmud – Al Zubaer, a graduate of the Faculty of Business & Entrepreneurship's at Bachelor of Business Administration (BBA) program with ID number 171-11-5478, majoring in Finance and Accounting (minor), has finally finished the Internship Program over the report on "**Financial Performance Evaluation of Social Islami Bank Limited**". I reviewed the document and found it to be well developed. Under my oversight, he finished the document on his own.

He is allowed to submit in his internship report.

Nusrat Nargis

16/08/2021

Nusrat Nargis

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Acknowledgement

First and foremost, I would like to express my gratitude to Allah, the Almighty, for providing me with the courage to carry out my duties as an intern and conclude the report properly.

I promise to give a massive gratitude to Nusrat Nargis mam, Assistant Professor, Department of Business Administration, DIU, Dhaka, for monitoring, advising, and encouraging me to accomplish my internship report.

Social Islami Bank Limited (foreign Exchange Branch) was immensely helpful in providing me with realistic knowledge of general banking as well as other information that was required for the preparation of this document. I'm also thankful to the person in charge of general banking, the general manager, and a coworker who instructed me in giving valuable guidance.

I give a lot of credit to all of my professors, parents, and peers. They contribute to the collection of the data in a variety of respects. Without their support, I would be unable to accomplish my internship summary, as well as all other activities. They are a great source of inspiration for me.

During my internship, I thoroughly enjoyed every moment. And I think that would be very beneficial to me as a professional in the future. Finally, I'd like to extend my feelings to all of the individuals who assisted me in making this report.

Executive summary

Using the analysis methodology, I attempted to evaluate the financial results of Social Islami Bank Limited. The key information was obtained from SIBL's annual financial statements from 2015 to 2019. It is essential to have a knowledge of the company, its services, and the key goods it provides to its clients. I attempted to reflect on the bank's founding history, mission and vision, major divisions and business units, and key goods and services in this segment.

Then I concentrate on my key point for Performance Analysis, which includes multiple Ratio Data Analysis.

Liquidity, profitability, efficiency, solvency and market aspects are the five basic aspects of banking operations that have been practiced using ratio analysis.

The overall productivity and success of a bank is calculated by profitability ratios. We concluded that the SIBL's return on equity ratio is optimistic. By using shareholder equity, management is successful in generating profit. The earnings-per-ratio (EPSR) shows that the market expects SIBL to do well in the future. As a result, I found that SIBL's overall profitability is suitable.

SIBL is very effectively handling its internal assets and liabilities, according to an analysis of overall asset turnover ratio and inventory turnover ratio.

SIBL's liquidity ratio demonstrates how easily it can turn its reserves into currency. As a result, we can conclude that SIBL's liquidity situation is good.

A common-size financial statement is one that is designed as a percentage of a single used number. It's easier to evaluate a company overtime and compare it to rivals when financial statements are all the same size. a raw financial statement cannot reveal by using common-size financial statements.

A trend analysis is a methodology for analyzing financial statements that displays shifts in the numbers of related financial statement elements over time. The statements are used in two or more periods.

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Chapter 1

INTRODUCTION

1.1 Introduction

The banking industry is uprising and playing an important part in our economy. In the years 1982-1983, private commercial banks first entered the financial market in Bangladesh. Before comparing Islamic banking systems to conventional banking systems, we must first define the term "bank" in the introductory chapter. In a nutshell, it's a financial institution that collects deposits from the surplus unit and invests them in the deficit unit. The difference between the lending and depositing rates is the bank's profit in this operation. Interest income: it is the revenue of a conventional bank that follows the system of predetermined interest income that is not authorized to be given or taken in line with the Islamic system. It should be highlighted that it is a source of exploitation. Profit: it is the revenue generated by "Islamic Bank" in accordance with the Islamic system. Profit earned from the purchasing and selling operation which has been made halal in Islam. Interest is totally forbidden according to Islamic Shariah. Interest is severely forbidden according to Islamic Shariah. Because Islamic banks operate on a profit-and-loss sharing basis rather than on the basis of interest because it is more acceptable to Muslims. However, the fundamental premise of Islamic banking is PLS (profit loss shearing system) based Shari'ah (Islamic standards) financing, which exposes the bank to interest rate risk. Because the majority of the activities of Islamic banks are in Bai-mode. In this method, the Islamic bank sells certain products to the Client at cost plus agreed-upon profit over a set length of time; the Islamic bank cannot impose or realize additional income. Commercial banks can continue to charge interest or even change and realize penal interest as income. As a result, the conventional banking system, which is based on a predetermined interest rate, is less sensitive to interest rate risk. So, how can Islamic banking institutions make loans and advances economically while still surviving in a capitalist market with such a high interest rate risk? As a result, the focus of my study is on identifying the fundamental distinctions between the Conventional and Islamic banking systems.

1.2 Background of the study

This report was conducted to satisfy the requirements for Daffodil International University's Bachelor of Business Administration (BBA) degree. I did my internship with Social Islami Bank Limited, a well-known name in the banking industry. I am immensely grateful to be an intern at the Social Islami Bank Limited.

1.3 Objectives of the study

- To analyze the financial activities of Social Islami Bank Limited.
- To evaluate the financial performance of Social Islami Bank Limited for 2015-2019.
- To identify the problems of the bank regarding the financial performance.
- To provide some recommendations about the problems of the bank.

1.4 Scope of the study

This study is based on my observation and studies during my internship period in Social Islami Bank Limited, Foreign Exchange Branch. The prime focus was crucial concepts about financial performance of the bank over the years from 2015 to 2019. The scope of my study is quite narrow to the Social Islami Bank Limited. During this three months' internship program almost all sections I have been observed. However, in this study the financial statements of SIBL are analyzed from different viewpoint. This report may help those people who want to know about the Social Islami Bank Limited and compare performance among other banks.

1.5 Methodology of the study

The following is the approach used to create this report:

Data Collection:

From the selection of the theme to the final report appearance, the analysis need rigorous practice. In this study, an expressive method was used to gather insights and concerns about SIBL's financial performance. To complete the process, data sources were identified and collected, then categorized, analyzed, evaluated, and made available in their entirety, with key points identified. This comprehensive technique progression is shown below, and it was used in the analysis.

Sources of data:

The statistics utilized to compile this study were gathered from both primary and secondary sources.

Primary sources:

- Face-to-face interactions with respective officers and staff members of the bank branch.
- Informal interactions with clients.
- Realistic job experience from the branch's numerous desks.

Secondary sources:

- Social Islami Bank Limited's annual report (2015-2019).
- The Bank's official website.
- Lanka bangla securities limited.

Data analysis:

- Word (Microsoft).
- Excel (Microsoft).
- Ratio measurement formula
- There are some graphs.

1.6 Limitation of the study

Every research, without a doubt, has several limits. As a result, while I was writing this report, I discovered some constraints. These restrictions are listed below:

- This research was entirely based on official records and annual reports.
- Although the annual report contains a lot of analysis, it is insufficient to gain a better understanding of the SIBL's performance.
- The study period was very short in order to gain a better understanding of banking in overall.
- Some data required for development of this report is extremely sensitive, and SIBL did not allow full disclosure of those data.
- Analyzing the Bank's performance is a difficult task.
- Preparing a quality report with a secret survey is another issue.

Chapter 2

AN OVERVIEW OF SOCIAL ISLAMI BANK LIMITED

2.1 Historical background of SIBL

SIBL (Social Islami Bank Limited) began operations on July 5, 1995. It was the product of the tireless efforts of a group of well-known Bangladeshi financiers and internationally influential figures. The bank began operations on November 22, 1995, with a lively forum to affirm the working with a view to meaningfully finance, banking, and economic actions as an integrated part of the Islamic perplexity of existence. SIBL is unquestionably a perception of the twenty-first century, participating in a variety of banking segments. The bank has been tasked with overseeing a variety of activities related to the development of the country's marketable, industrial, and farming sectors. The banking division of a country is referred to as the country's financial measure. The Social Islamic Bank is Bangladesh's first marketable bank in the private sector. It provides significant financial assistance to the industrial sector, which imports manufactured goods and/or exports surplus fabrication for profit. The Social Islami Bank provides LIM (Loan against Import Merchandise) and LTR (Loan against Trust Receipt) power for exports, as well as pre- and post-consignment funds for exports. As a result, the bank's funding for commercial projections has increased more than previously. Sonali Din, Sommridthir Sopan, Sonchoy Protidin, and Swopner Shiri, Sabuj Shayanho, Shukher Thikana, Subarno Rekha, Sanchita, and others, as well as Zamil ATM debit card, Gift card, and Visa Islami credit card, were among the latest items introduced by SIBL. This Bank will have the most modern banking facilities, among other things, through the opening of various types of security and stock accounts, financing trade, offering letters of guarantee, introductory letters of credit, gathering of bills producing national and global transmission, leasing of apparatus and buyer durables, rental buying and episode transaction for investment goods, venture in low-cost accommodation and managing of real lands, participating venture in innumerable manufacturing, farming, carrying, learning and well-being schemes also Internet banking, RTGS, Offshore Banking and so on. Dual credit cards are now approved internationally, and cardholders can use them at any ATM or POS that displays the VISA logo. It includes, among other things, cash Waqf Certificates, the extension and oversight of WAQF and MOSQUE belongings, and Trust services in the informal non-commercial sector. SIBL was one of the first banks to offer online banking. SIBL is the first Islami bank to provide online banking to its customers, and it is available at all of our 161 branches, 108 own ATMs, and 2295 mutual ATMs. Clients may also use Internet and Mobile Banking to reach their accounts.

2.2 Vision

SIBL's plan is to develop a compassionate world, and it is working hard to achieve that goal.

2.3 Mission

SIBL's aim is to create a three-sector banking model with the goal of becoming a profit-earning, service-oriented, technology-driven bank. Their agenda is all about providing fast, efficient, and welcoming customer service. They also established a stable and long-term growth plan that maximizes shareholder value. In the meantime, they familiarized themselves with revolutionary Islamic banking products to promote and achieve high economic wealth. SIBL has put a strong emphasis on empowering low-income communities and generating new income opportunities. They also generate support for mutually beneficial trade organizations by raising fund and offering social benefits.

2.4 Commitments

SIBL is dedicated to Shariah, regulators, shareholders, the government, staff, other stakeholders, and the environment.

2.5 Strategic objective

- Ensure fast, perfect, and superior customer services with customer satisfaction through revolution-oriented technology.
- A well-balanced and sustainable growth strategy with a high return on investment for shareholders.
- Highlighting innovative Islamic banking products.
- Grab attention to high-quality people management, stimulate them, and keep them safe.
- By making an investment low income families, local income opportunities are created.
- Assembling funds and social services to allocate support to social welfare organizations.
- Commitment to international Islamic banking standards.
- Investing in the thrust sector for overall economic growth.
- Ensure that the best CSR (Corporate Social Responsibilities) practices are followed.
- Green Banking has been certified.

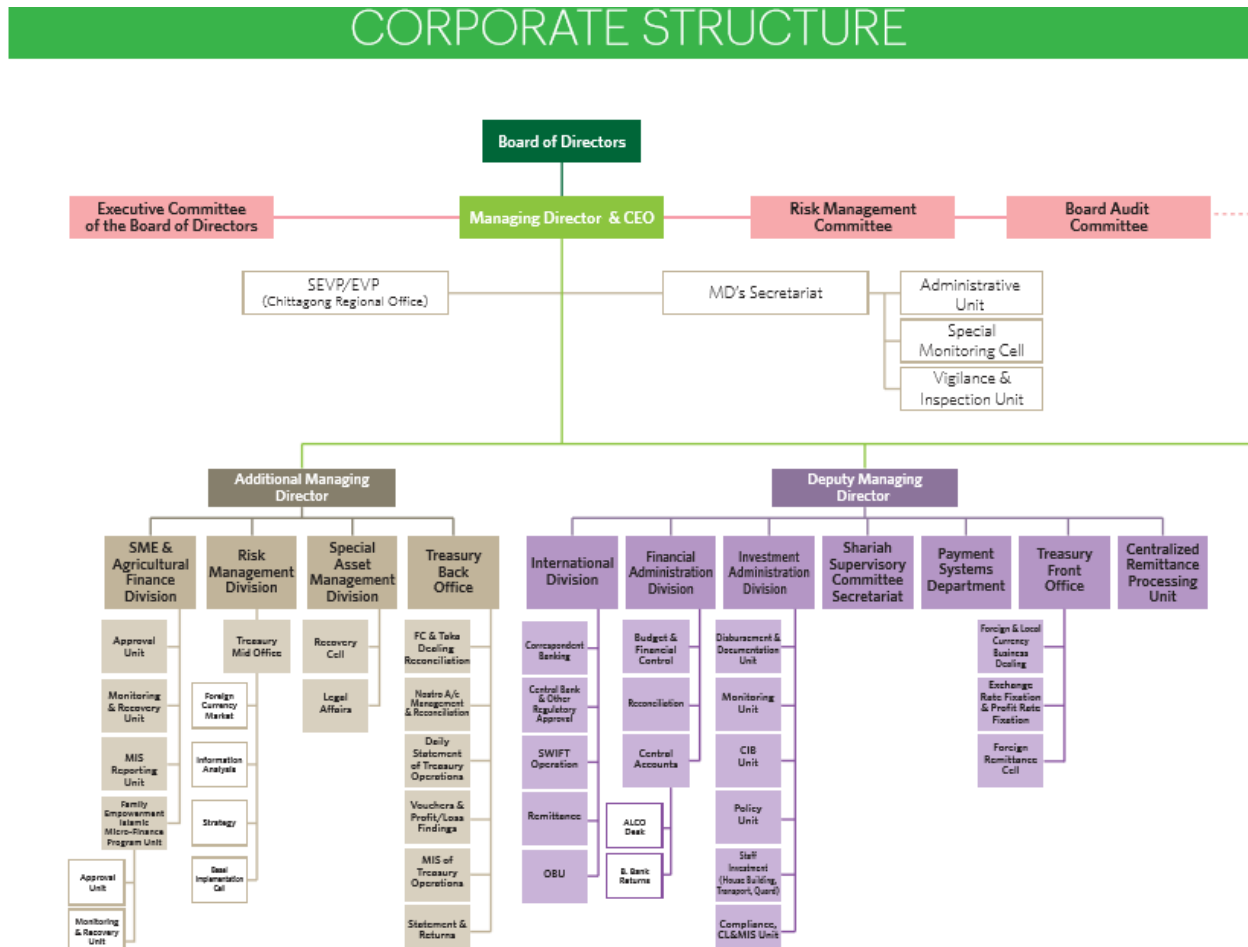
2.6 Core values

During my internship at SIBL Bank, I noticed that they all uphold their fairness, responsibility, integrity, and efficiency. They are always willing to assist not only their existing clients, but also new potential clients. They are versatile with their customers while also increasing safety for all categories of depositors through a specific moral rules of conduct. However, SIBL is playing a critical role in enhancing our economy by increasing precision of on-demand services with advanced software throughout the year, thus enhancing the bank's value and demonstrating its opportunities.

2.7 Code of conduct and ethical principle

- SIBL workers understand the bank's islamic rules and enforcement procedures.
- SIBL reminds their clients about the product's and services' pros and cons.
- They never share the secret of their consumers and merchants that they learn through their positions and titles to anyone except those individuals.
- Don't ever use the bank assets and resources nonproductive which is outside the traded reason
- They are not supposed in using their duties for selfish enrichment, particularly from their own profession or through their users.
- SIBL employees are not to act in a way that contradicts the rules of Law, Accuracy, Dignity, Durability, and Social Welfare.
- Employees are still unable to build any partnership with users, such as debt, making loans, behaving as a guarantor, or establishing mutual funds.
- In its daily operations conventional Bank complies to a strict principle of objectivity in interactions with customers, stakeholders, staff, and many other institutions.
- SIBL considers their users, executives, auditors, and investors with integrity, lack of bias, and fairness.
- The Bank has always been a huge believer of different socio - cultural practices. Ahead of the competition in terms of theory, observing environmental sustainability and societal benefits in access to return on investment.
- The bank offers users absolute control to make enquiries about or argue about SIBL systems.
- The Bank has a policy in place to launder money and secrecy, among some other aspects.
- SIBL has a clear rule in order to restricting the use of insider information for investment purpose.
- The bank keeps security policies to ensure that staffs are neat and clean in order to preserve the banking sector's prestige.

2.8 Corporate structure



2.9 Function of SIBL



2.10 Products and Service

The goods and services offered by Social Islami Bank Limited are divided into three categories. Deposit, investment, and service offerings are available.

Deposit Products

<p>1. Mudaraba Scheme Deposits</p>	<ul style="list-style-type: none"> ➤ Mudaraba Monthly Profit Deposit Scheme (SIBL Astha) ➤ Mudaraba Zakat Savings Deposit Scheme (Proshanti) ➤ SIBL Super DPS Special Savings Scheme ➤ Kafela-Mudaraba Hajj Scheme. ➤ Prosanti-Mudara Zakat Savings Scheme. ➤ Sonali kabin-Mudaraba Mohorana Savings scheme is deposit products. ➤ Sharno Sikhor –Mudaraba Kotipoti Scheme. ➤ Sanchita Special Deposit Scheme ➤ Suborna Diganto-Mudaraba is a deposit product. ➤ SIBL also has Dipti-Mudaraba Education Saving Scheme. ➤ Student Account. ➤ Subarnolota-Special Savings Scheme for women. ➤ Sonali Din Special Deposit Scheme ➤ Mudaraba Special Deposit Pension Scheme ➤ SIBL Youngster Account ➤ Cash Waqf ➤ Cash Waqf <ul style="list-style-type: none"> • Cash Waqf Deposit Scheme • Cash Waqf Savings Scheme • Cash Waqf Mudaraba Monthly Profit Deposit Scheme
<p>2. Al Wadia current Account</p>	
<p>3. Mudaraba Savings Deposit</p>	
<p>4. Mudaraba Super Savings Account</p>	
<p>5. Mudaraba. Notice Deposit Account</p>	
<p>6. Mudaraba Term Deposit</p>	<ul style="list-style-type: none"> • 1 Month • 100 Days • 200 Days • 2 Years • 3 Month • 6 Month • 12 Month • 3 Years

Investment Products:

- ❖ Bai-Murabaha.
- ❖ Bai-Muajjal.
- ❖ Hire Purchase under Shirkatul Melk.
- ❖ Mudaraba.
- ❖ Musharaka.
- ❖ Bai-Salam.
- ❖ Documentary bill purchase.
- ❖ Quard.
- ❖ SIBL-Employees House building Investment Scheme.
- ❖ SME and Agricultural Finance Women Enterprise.
- ❖ Retail Finance.
- ❖ Family Empowerment Islamic Micro Finance.

Card Products:

- ❖ VISA Islami Credit Card Products:
 - ❖ Domestic Classic
 - ❖ International Classic
 - ❖ Domestic Gold
 - ❖ International Gold
 - ❖ International Platinum
- ❖ VISA Islami Prepaid Card Products
 - ❖ Hajj Card
 - ❖ Travel Card
 - ❖ Student Card
 - ❖ Pre-paid Card
- ❖ VISA Islami Debit Card Products
 - ❖ VISA Islami Zameel Card

Service products:

There are different kinds of service products of SIBL:

- ❖ Online Banking
- ❖ ATM 24/7
- ❖ CARD
- ❖ VISA Islamic Cards
- ❖ VISA Islamic Credit Cards (local card, dual currency card)
- ❖ Gift card, hajj card, Travel card
- ❖ Automated Clearing
- ❖ Electronic Fund Transfer
- ❖ Mobile Banking
- ❖ Offshore Banking
- ❖ Centralized Trade Processing Services
- ❖ Remittance
- ❖ Locker
- ❖ Student file
- ❖ SWIFT
- ❖ Capital Market Service through SIBL Subsidiaries
- ❖ ADR (Alternate Delivery Chanel)
- ❖ School Banking
- ❖ Agent Banking
- ❖ BACPS- Bangladesh Automated Cheque Processing System (BACPS).
- ❖ BEFTN- Bangladesh Electronic Funds Transfer Network (BEFTN).
- ❖ RTGS- Real Time Gross Settlement (RTGS).

Chapter 3

FINANCIAL ACTIVITIES OF SOCIAL ISLAMI BANK LIMITED

3.1 The Investment Operations of SIBL

Islamic banks demand that their clients conduct business in a legal (halal) manner. An Islamic bank cannot invest in debt or fixed-income securities; it can only invest in ordinary bonds, while an interest-based bank can invest in debt and a variety of securities. SIBL is found as a participant in the project with its client, details it, and shares the risk proportionally with the consumer. Finally, the aim of SIBL is to create an inclusive community founded on social justice and equality principles.

3.2 Objective of Investment Activities

SIBL's investment objectives and analytical aspects are woefully inadequate in terms of solely adhering to Islamic Shari'ah values.

3.3 Sector wise investment of SIBL

Investment in share and securities

Bangladesh Govt. Islamic Bond

Subordinated Bond

Quoted and Unquoted Shares

General Investment

Bai-murabaha

Hire purchase sirkatul meelk

Bai-muajjai

Bai-salam

Wajira bill okalah

Quard

Bills Purchased and Negotiated

Industry Wise Investment

Textile and readymade garments

Internal trade finance

House building

Sector Wise Classification of Investment

Small enterprise financing

Consumer Financing

Investment for professional to set up business

3.4 Mode of Investment of SIBL

The SIBL's unique aspect is to participate based on a benefit misfortune shearing system that adheres to Islamic Shari'ah's fundamentals and standards.

SIBL's investment mode is divided into three main sections, as follows:

1. Profit & Loss Sharing Mode:

The increased value may be fixed as a single number or as a percentage of the item's expense. This method is divided into two schemes, which are as follows:

A) Mudaraba: It is a type of management in which one group provides the assets and the other provides the mastery and executives. The primary party is known as SahibAl-Maal, and the latter is known as the Mudarib.

B) Musharaka: An Islamic budgetary scheme that accepts "value Sharing" as a means of funding business projects. It comprehends various types of gain and misfortune sharing institutions along these lines.

2. Bai Mode (Buying and selling)

For the most part, Bai mode was associated with buying and selling. The word "Bai" is derived from The arabic word language, and it means "to purchase and sell." Bai refers to a contract in which a part of the payment is made at a future agreed-upon date or within a specified time frame.

There are three different specifications for this mode, which are discussed below:

A) Bai-Murabaha: The word Bai denotes a purchase or a contract, while the word Murabaha implies an agreed-upon benefit. It's a deal between a buyer and a seller in which the firm offers the buyer an object for real money.

B) Bai-Muajjai: Bai-Muajjai can be described as a transaction between a buyer and a seller where the seller sells the buyer a specific item for a fixed price that is payable at a set time in the future in a single sum.

C) Bai-salam: In this policy, the bank will carry out the customer's purchase deal and make installment purchases of the goods that is currently being produced.

3. Rent Sharing Mode

The Arabic terms Ajr and Ujrat, which mean thought, return, earnings, or contract, are being used to coin the term Rent Sharing Mode.

There are 2 kinds of rent sharing modes, which are listed below:

A) Hire Purchase/Ijarah: Ijarah is derived from the Arabic words air and ujrat, which mean "thought, return, wage, or lease." It's a contract agreement in which the hiree rents a specific property to the hirer for a set period of time in exchange for a fixed lease or loan.

B) Hire Purchase under Sirkatul Meelk: In this mode, the bank can supply executes/hardware/merchandise jointly with the customer, with the customer's portion maintaining with the bank as a home loan.

3.5 Loan and Advance in SIBL

Making loans and advances has long been a lucrative and important function for traditional banks. Deposits by depositors that are repayable on demand are dealt with by traditional banks. SIBL advances come in a variety of forms, including deposits, overdrafts, and cash credits.

3.6 Loans

When a certain amount is improved, it is repayable either by then in negotiated regularly scheduled installments. It's referred to as a credit. Advances are regularly granted to social affairs who have defined pay sources or that need to pay it all at once.

Term loan:

Term loan is determined on basis of periods. These loans are provided in different sectors economic.

1. Short term Loans (From 1 to 3 years)
2. Midterm Loans (From 3 to 5 years)
3. Long Term Loans (Above 5 Years) Type of term Loans:

1. Consumer Finance Loan:

CFS is sold to the salaried class in order to support the purchase of goods by customers who are working hard to improve their standard of living. TVs, coolers, air conditioners, washing machines, motion picture cameras, computer extras, furniture, kitchen products, telephones, and vehicles all qualify for credit.

2. Hire Purchased Scheme:

The part in contract purchases in which the stores have been paying and the remainder of the purchase is spread out over a period of a half year, two years, or, in some cases, even longer. People who have a settled wellspring of salary or who wish to spend it in lump sum are usually entitled to purchase a contract.

3.7 Overdraft:

The overdraft is a form of advance that is permitted on a regular basis on a current account that is serviced by checks. Customers are given a certain far-flung point at which they can overdraw their current account over a certain amount of time.

Types of Overdraft:

1. O.D. against Pledge goods:

It may be applied to creditors in exchange for a collateral guarantee of raw materials or finished products. It is issued in accordance with the Bangladesh Bank's and SIBL's margin restrictions.

2. O.D. against Hypothecation of goods:

The creditor receives credit by signing a letter of hypothecation, which creates a fee against the raw material or finished products. It's held at the bank as a first line of defense against the advance. Both the title and actual custody of the property are held at the bank. The products hypothecated are fully owned by the bank.

3. Temporary Overdraft:

Impermanent Overdraft is a term used to describe when a bank grants an overdraft to a top-of-the-line group for a short amount of time in order to honor an important check with no prior arrangement.

3.8 Cash Credit:

Traders, industrialists, agriculturists, and others prefer cash credit to satisfy their working capital requirements. This type of office consistently opposes pledges of products, make, and stock. Cash credit is a type of credit that can be used to offset the cost of stock hypothecation.

In its purest form, trade credit is opposed to object pledge. It's an alternative record in and of itself, and it's continuing to be an alternate record. Objects records, go down records, go down main records, go down paper cards, and so on are still kept up to date.

3.9 Other loans:

1. Secured overdraft (SOD)general
2. Secured overdraft (SOD)FO
3. Secured overdraft (SOD)others
4. CC. (Pledge)
5. CC (Hypo)
6. Bank Guarantee
7. Bid Bond
8. Performance Guarantee
9. Advance payment Guarantee (APG)
10. Shipping Guarantee
11. Custom Guarantee

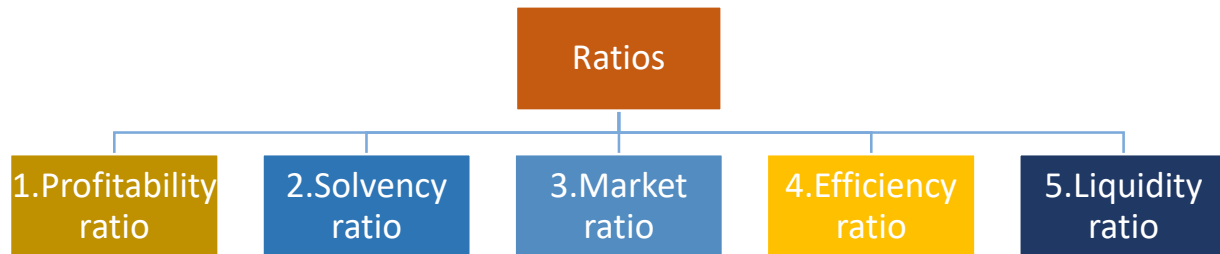
Chapter 4

FINANCIAL PERFORMANCE EVALUATION OF SOCIAL ISLAMI BANK LIMITED

(2015 – 2019)

4.1 Ratio Analysis

The ultimate focus of this report is to examine Social Islami Bank Limited's financial performance. So, let's look at the accounting analysis of Social Islami Bank Limited from 2015 to 2019. Ratios are divided into five categories here:



1. Profitability ratio, which enables a company to produce revenue over its expenditures. 2 Solvency ratio: a measure of a company's ability to satisfy long-term debts. 3 The willingness of a business to enhance desired market expectations is referred to as the market ratio. 4 The efficiency ratio is used to determine of how well a firm operates its assets to generate earnings. 5 Liquidity ratios demonstrate how rapidly a financial asset can be turned into cash.

Profitability Ratios:

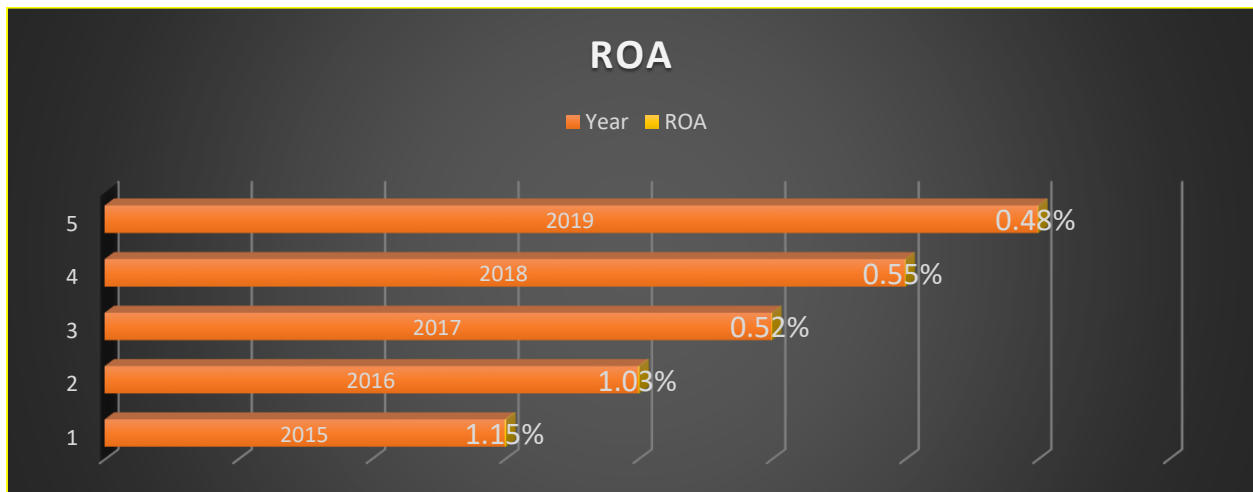
The overall effectiveness and performance of a bank is evaluated by profitability ratios. It assesses how an asset has been used and how costs are operated in order to achieve optimal rate of return. It also considers at how well the bank is run and how actual status differs to the bank's historical experiences. Return on asset ratio, return on equity, earnings per share, and dividend payout ratio are being used to assess the profitability of Social Islami Bank.

4.2 Return On Asset: Net income / Total asset

ROA=Net Income / Total asset

The overall effectiveness of management in generating profits including its available assets is evaluated by return on asset. A higher ratio is acceptable.

Year	2015	2016	2017	2018	2019
ROA	1.15%	1.03%	0.52%	0.55%	0.48%

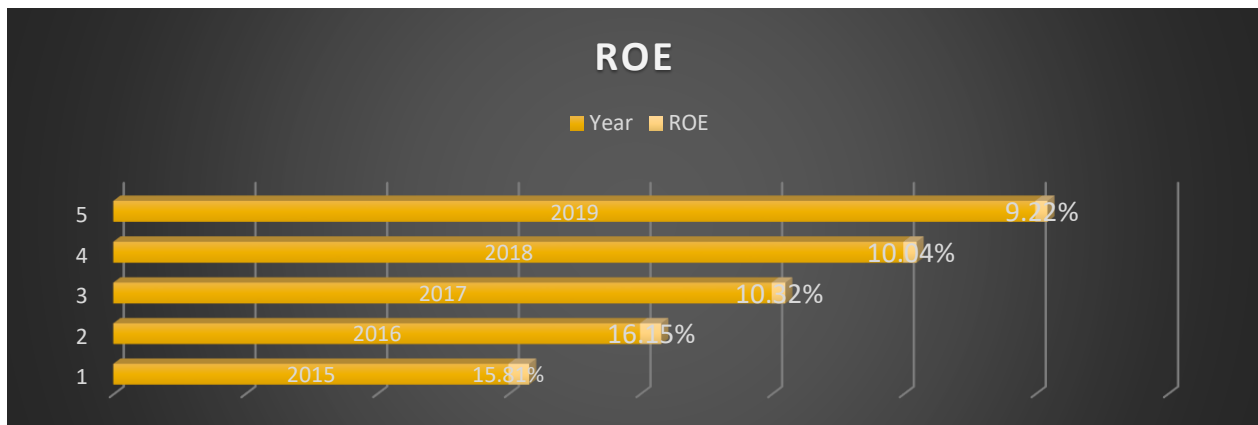


The return on asset in 2015 was 1.15 percent. In 2016 and 2017, the thresholds fell by 1.03 percent and 0.52 percent, respectively. In 2015, the bank produced a higher return than the next four years. We can see that the ROA growth rate is declining, suggesting that the business is shifting toward more venture capital or lower earnings.

4.3 Return on Equity: Net Income/Total Equity

The return on equity (ROE) is a metric that calculates the profit made on the investment of the company's investors (both preferred and common stockholders). For the buyers, a higher return is preferable.

Year	2015	2016	2017	2018	2019
ROE	15.81%	16.15%	10.32%	10.04%	9.22%

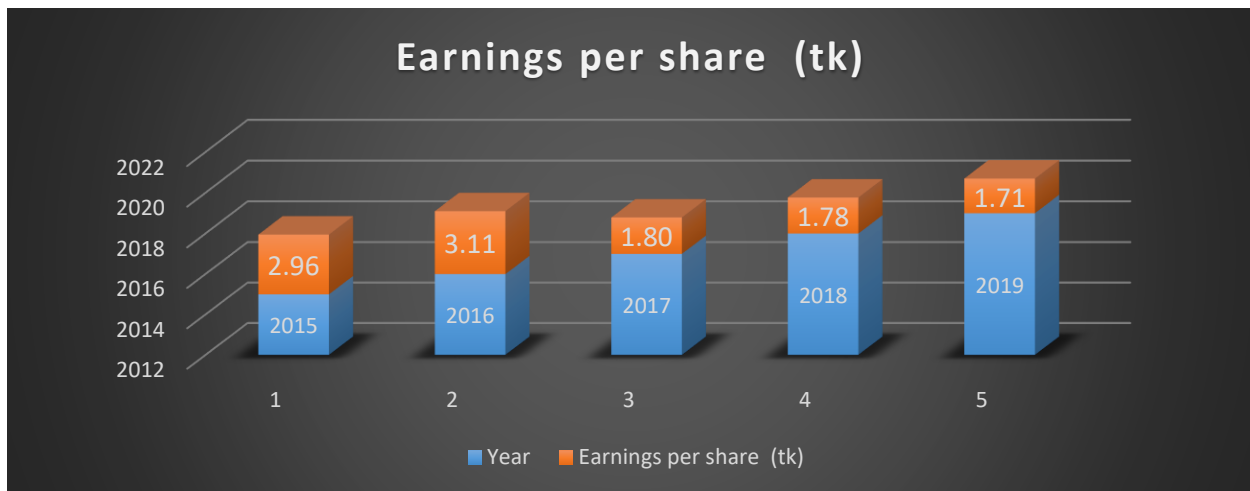


The return equity in 2015 was 15.81 percent. The ratio rose by 16.15 percent in the year 2016. However, in 2017, the figure fell by 10.32 percent. The SIBL had a healthy return on equity ratio in 2016. This is a positive indication of the SIBL's efficiency and shows that management is effective in extracting benefit from shareholder equity. However, in recent years, 2018 and 2019 have seen a decline steadily. This is a terrible sign for the bank.

4.4 Earning Per Share

Earnings per share measures the percentage of a company's net earnings that is assigned to existing shares. Any standard corporation should expect higher earnings per share.

Year	2015	2016	2017	2018	2019
Earnings per share (tk)	2.96	3.11	1.80	1.78	1.71

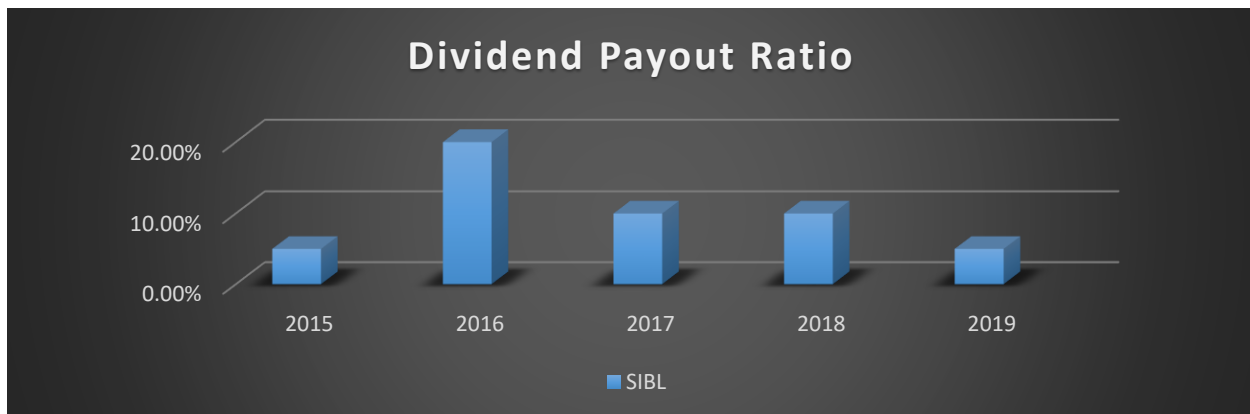


According to this table, SIBL's earnings per share in 2015 was TK 2.96. From 2015 to 2016, the trend rapidly rose from 2.95 to 3.11. The average declined from 3.11 to 1.80 in 2016 and 2017, 1.78 in 2018, and 1.71 in 2019, both of which was steadily decreasing. It may have a negative impact on SIBL's potential investors. However, given the rising pace in the past, we may conclude that the market expects this bank can do better in the future.

4.5 Dividend payout ratio: Dividend per Share/EPS

The dividend payout ratio is an indicator of how much of a company's net profits is paid to shareholders.

Year	2015	2016	2017	2018	2019
Dividend payout ratio	5% stock 5% cash	20% cash	10%stock	10% stock	5% cash 5% stock



SIBL had a 5 percent stock and 5 percent cash dividend payout ratio in 2015. In 2016, the payment was made entirely in cash. However, in 2017, it had a 10% stock rate. The rising trend in the dividend payout ratio shows that earnings are facilitating dividend payments. As a result, it is clear that it would inspire investors to put money into SIBL. In the last two years, the figure has been 10% and 5%, respectively, which is smaller.

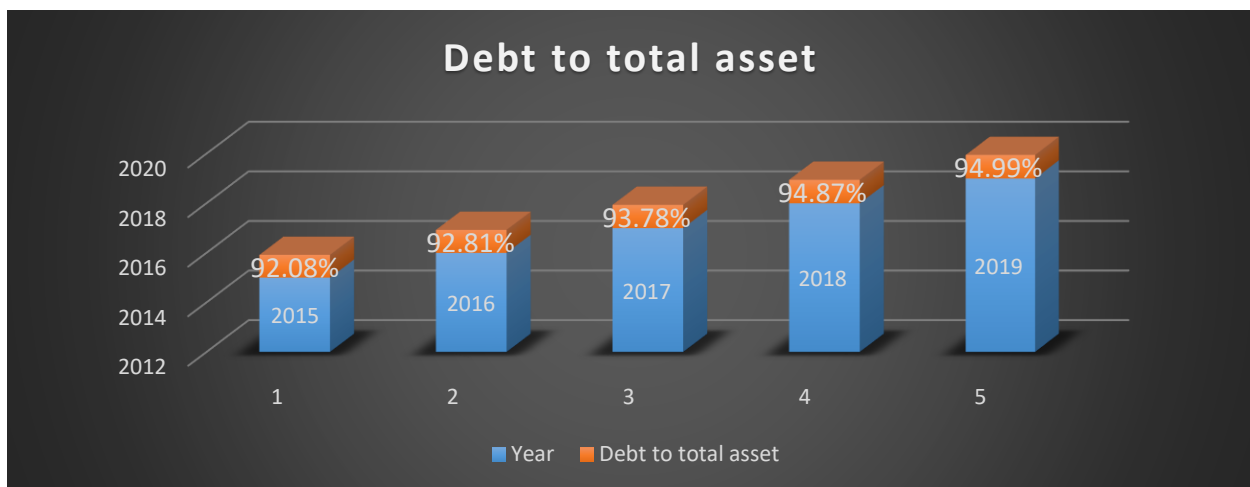
Solvency Ratio:

Solvency rates measure a company's ability to maintain long-term liabilities. SIBL has a higher debt-to-total-asset ratio, indicating that it is using more leverage. The solvency of SIBL will be calculated using the debt-to-total-asset ratio, debt-to-equity ratio, capital adequacy, and net interest margin percentages.

4.6 Debt to Total Asset Ratio: Total Liabilities/ Total Assets

The debt-to-real-asset ratio reflects the amount of total investments made by creditors.

Year	2015	2016	2017	2018	2019
Debt to total asset	92.08%	92.81%	93.78%	94.87%	94.99%

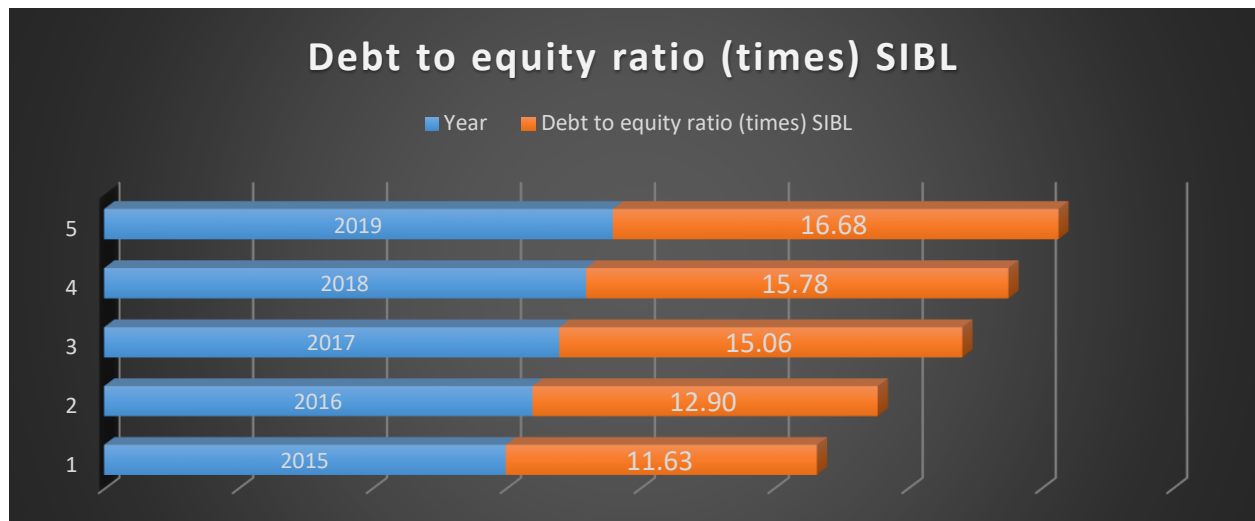


SIBL's debt to gross asset ratio in 2015 was 92.08 percent, as seen here. It rose by 92.81% and 93.78 percent respectively in 2016 and 2017. SIBL's debt has risen from 94.87 percent to 94.99 percent between 2018 and 2019, meaning that the company is using more leverage and has a low equity base.

4.7 Debt to Equity Ratio: Total Liabilities/Total Equity

A solvency ratio is the debt to equity ratio. It depicts the relationship between the capital contributions made by owners and the capital contributions made by creditors.

Year	2015	2016	2017	2018	2019
Debt to equity ratio (times) SIBL	11.63	12.90	15.06	15.78	16.68

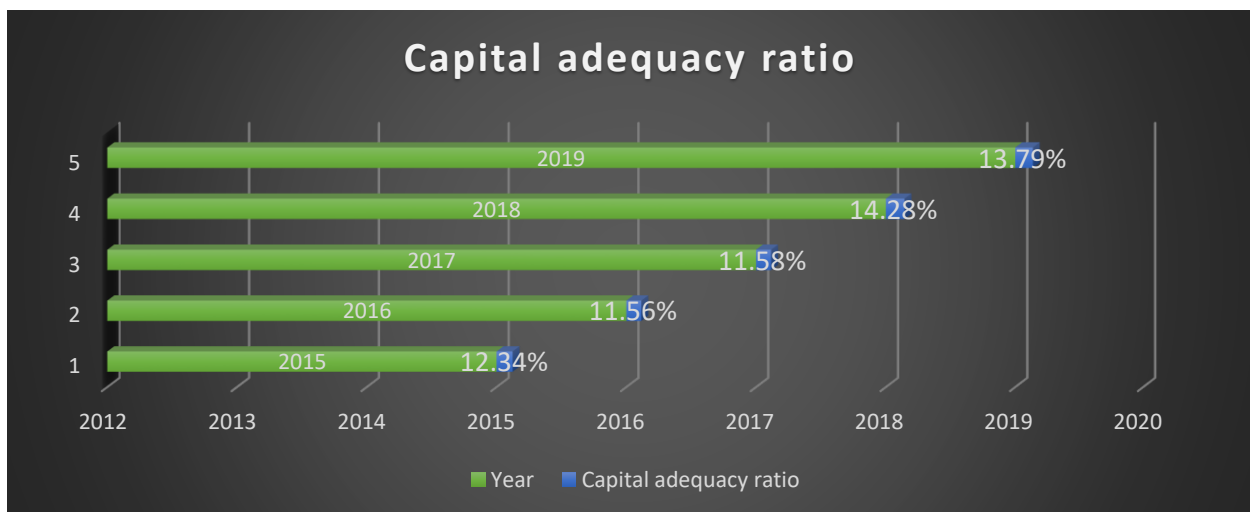


As per the table, the debt to equity ratio in 2015 was 11.63 times. In the years 2016 and 2017, it grew by 12.90 and 15.06 times, respectively. In 2018 and 2019, the rate of growth was 15.78 and 16.68 percent, both. SIBL has been rapidly funding its development with debt, as shown by a higher debt to equity ratio.

4.8 Capital Adequacy Ratio: (Tier One capital + Tier Two capital)/Risk Weighted Asset

Solvency ratios are most commonly used capital adequacy formulas. The company profits from a higher capital adequacy ratio. If a bank's capital adequacy ratio is high, that means the bank can fulfill its financial commitments. SIBL, on the other hand, has failed to fulfill its liabilities.

Year	2015	2016	2017	2018	2019
Capital adequacy ratio	12.34%	11.56%	11.58%	14.28%	13.79%

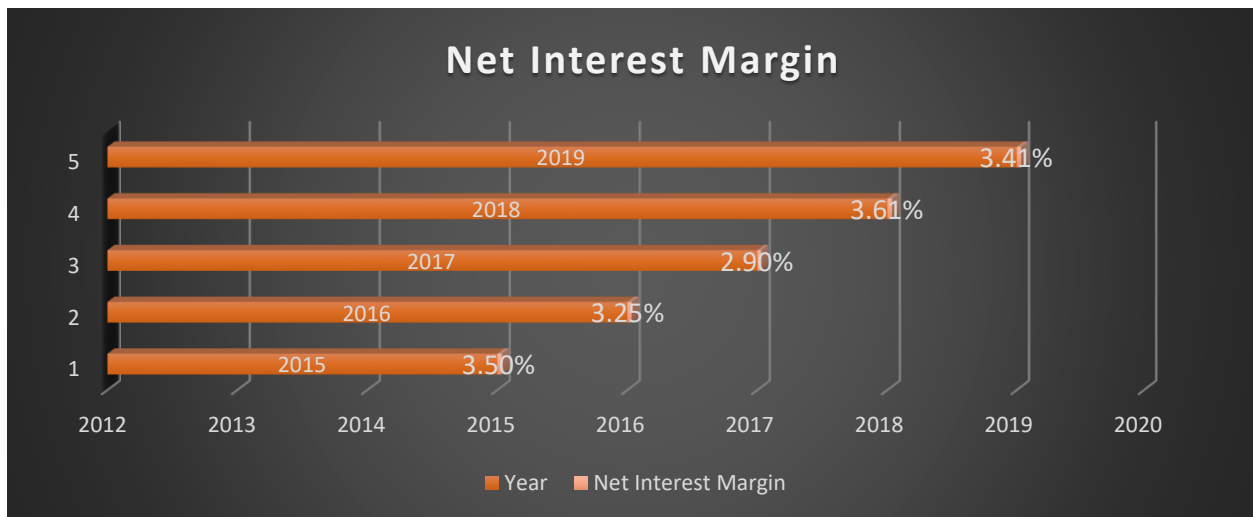


The capital adequacy ratio of SIBL was 12.34 percent in 2015. However, between 2016 and 2017, the rate fell by 11.56 percent and 11.58 percent, both. In 2018, the figure rose by 14.28 percent, before falling to 13.79 percent in 2019. SIBL's capital adequacy ratio has been declining in recent years, as seen here.

4.9 Net Interest Margin

The net interest margin ratio measures how much a firm compares revenue and cost when making investment decisions.

Year	2015	2016	2017	2018	2019
Net Interest Margin	3.50%	3.25%	2.90%	3.61%	3.41%



According to the table and graph, SIBL's net interest margin in 2015 was 3.49 percent. In 2016, the rate was 3.24 percent. It declined by 2.89 percent in 2017. In recent years, the net interest margin ratio rose by 3.60 percent and 3.40 percent, simultaneously, in 2018 and 2019. The net interest margin fluctuates every year. The ratio's rising value indicates that the company can make sound investment decisions. As a result, it is apparent that SIBL makes sound financial decisions and seems to be profitable.

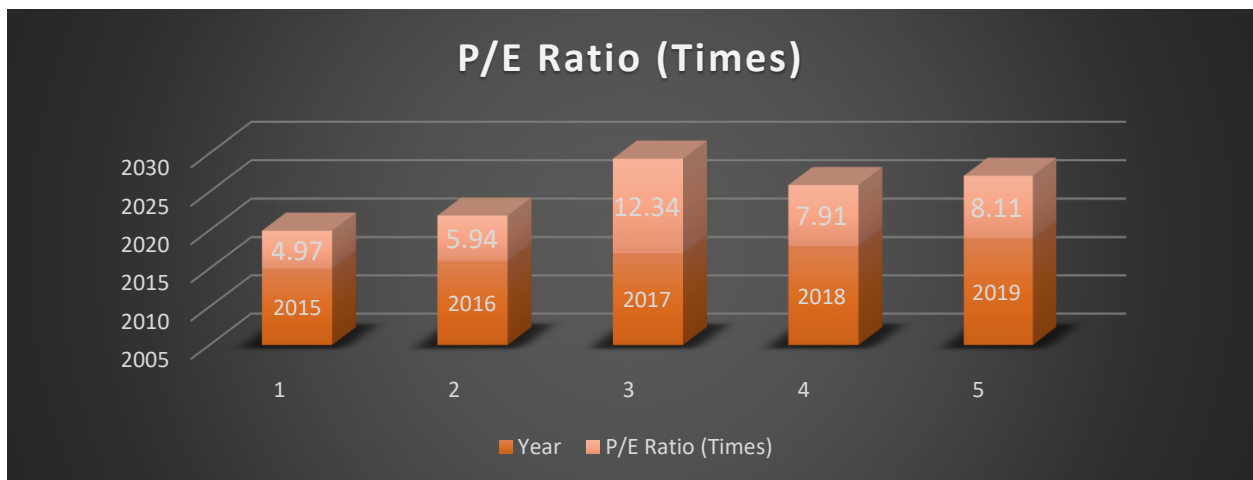
Market Ratio:

The capacity of a business to create favorable consumer expectations is measured by market ratios. This requires shareholder expectations for both business return and risk. I used the P/E calculation to calculate SIBL's market value ratios.

4.10 P/E Ratio (Times): Market value per share/EPS

The price/earnings ratio indicates how much consumers are willing to pay for each dollar of reported profit.

Year	2015	2016	2017	2018	2019
P/E Ratio (Times)	4.97	5.94	12.34	7.91	8.11



SIBL had a price-to-earnings ratio of 4.97 times in 2015. From 2016 to 2017, the rate of growth rose by 5.94 times and 12.34 times, respectively. We may see that SIBL's P/E ratio was higher than in previous years, implying that it could have a favorable effect on potential SIBL investors. We can see that the trend fell by 7.91 times in 2018 and then rose by 8.11 times in 2019. Higher values indicate that the market expects this bank to do well in the future.

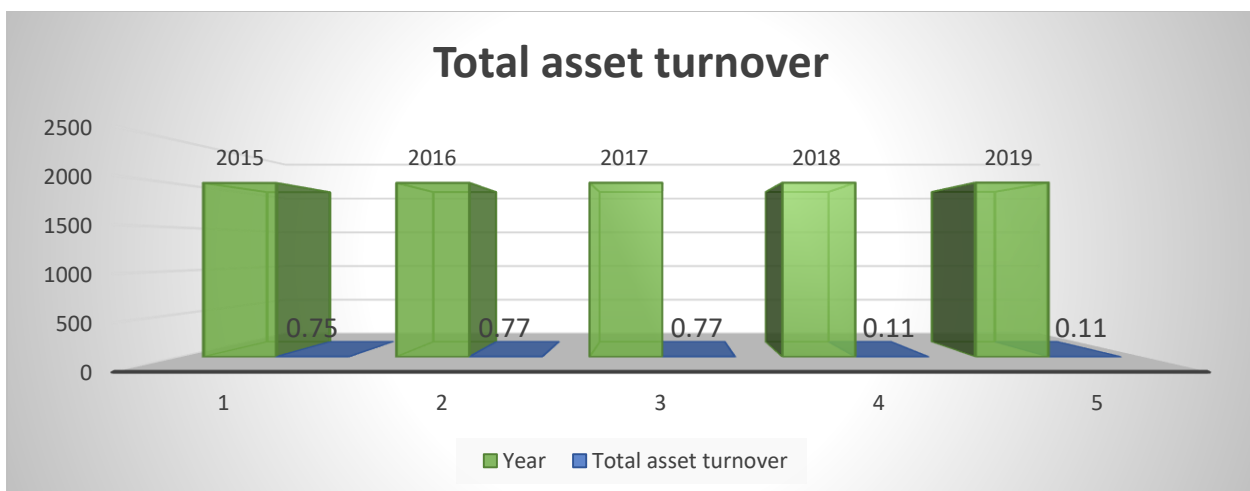
Efficiency Ratio:

The productivity ratios are used to determine how efficiently an organization handles its assets. The total asset turnover ratio and inventory turnover ratio are used to assess SIBL's performance.

4.11 Total Asset Turnover Ratio: Net sales/ Average Total Asset

The asset turnover ratio is a productivity ratio that compares net revenue to average total assets to establish a company's ability to produce sales from its inventory.

Year	2015	2016	2017	2018	2019
Total asset turnover	0.75	0.77	0.77	0.11	0.11



SIBL's gross asset turnover ratio was 0.75 times in 2015. It has been steadily growing since 2016. The average was 0.77 times in 2016. The ratio is rising at a rate of 0.77 times per year in 2017. In both 2018 and 2019, the rate of decrease was 0.1 times. It means that this bank is not doing well when it comes to loan numbers.

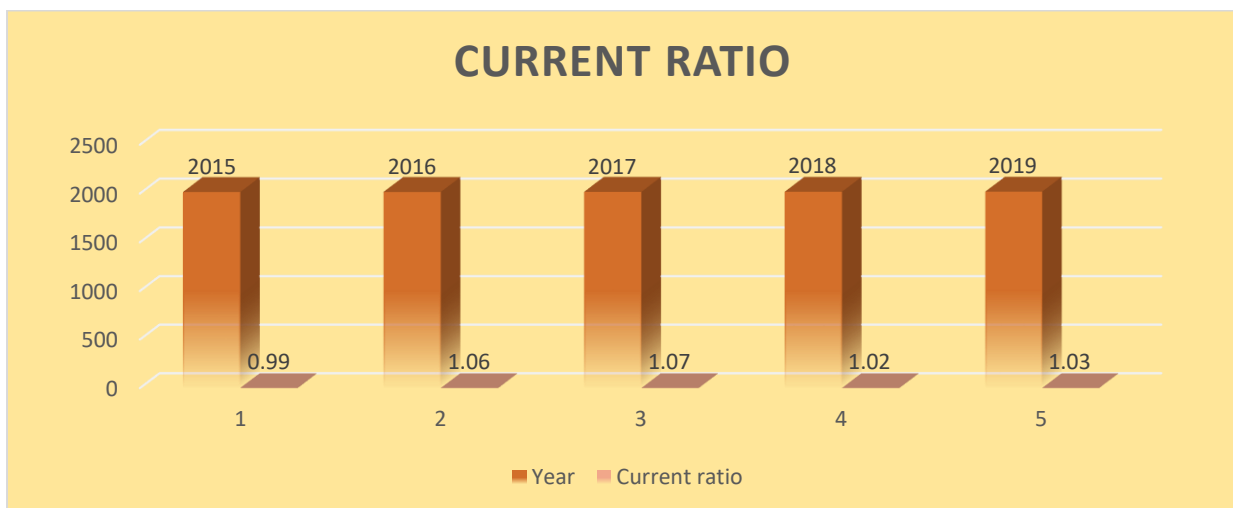
Liquidity Ratio:

It extends to a company's capability to satisfy short-term commitments. SIBL's ability to turn its asset into cash is measured by this ratio. The ratio reflects that Social Islami Bank Limited's liquidity position is strong.

4.12 Current Ratio: Current Asset/Current Liabilities

The current ratio is the most generally used financial ratio for expressing a company's liquidity status. It denotes the company's short-term debt. The liquidity position profit from a higher current ratio.

Year	2015	2016	2017	2018	2019
Current ratio	0.99	1.06	1.07	1.02	1.03



The current ratio is a statistic that calculates a company's willingness to meet its current liabilities. SIBL current was 0.99 in 2015, according to the table. It was 1.06 in the year 2016. SIBL had a current asset of 1.06 taka and a current liability of 1 taka at the time. The ratio was 1.07. in 2017, 1.02 in 2018, and 1.03 in 2019. As a result, the new wealth is sufficient to repay the current debt. A higher ratio is beneficial to the bank because it aids in the protection of default.

4.13 Growth Analysis

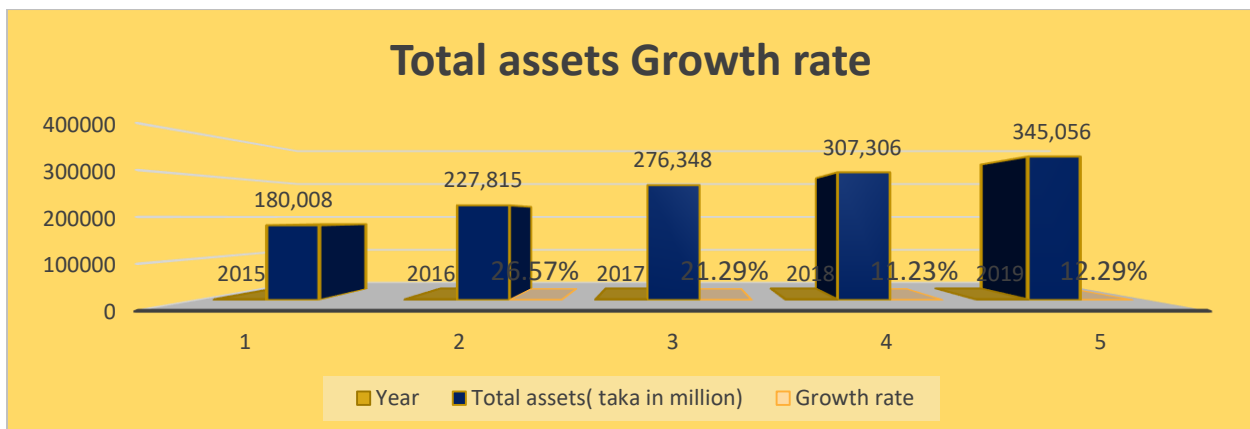
The operating and financial success of Social Islami Bank Limited over the last five years can be evaluated using growth analysis.

Financial Performance

Using net asset, long-term liabilities, and term deposit balance, identify financial growth during the last five years.

4.14 Total Asset

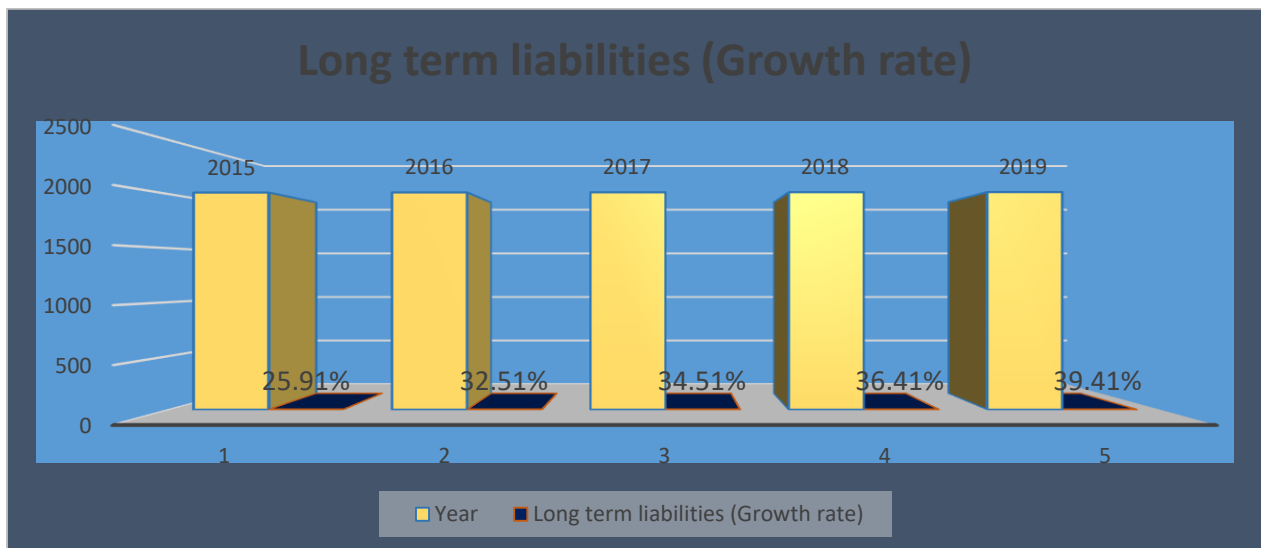
Year	2015	2016	2017	2018	2019
Total assets(taka in million)	180,008	227,815	276,348	307,306	345,056
Growth rate		26.57%	21.29%	11.23%	12.29%



As per the table, the total asset in 2015 was TK 180,008 million. It was increased to TK 227,815 million in 2016, which was around 15% more than in 2017. It was also raised by 17.20 percent in the year 2015. SIBL's net wealth has increased by 26.57 percent in 2016. In 2017, the volume of overall asset rose at a slower rate, resulting in a growth rate of 21.29 percent. In 2018, the decline was 11.23 percent, and in 2019, the decrease was considerably higher at 12.29 percent. As a result, we can predict that SIBL can produce more cash flow in the future, enhancing new investor interest.

4.15 Long term liabilities

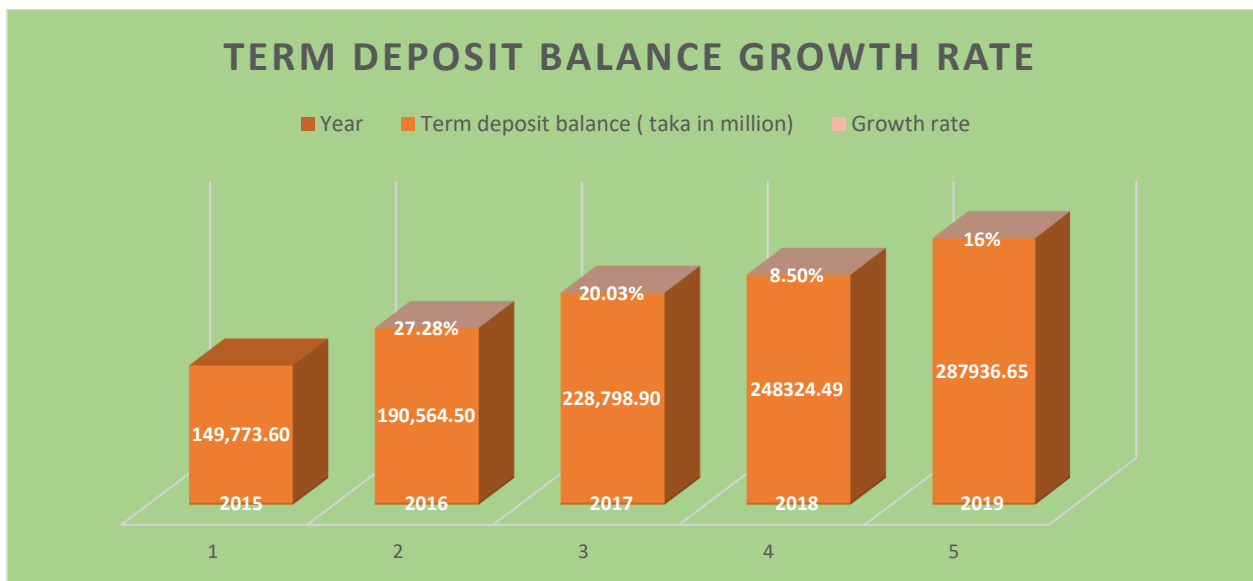
Year	2015	2016	2017	2018	2019
Long term liabilities (Growth rate)	25.91%	32.51%	34.51%	36.41%	39.41%



SIBL's long-term liabilities rose at a rate of 25.91 percent in 2015. The rate of growth in 2016 was 32.51 percent. The sum of gross long-term liabilities rose by 34.51 percent in 2017. Long-term liabilities, on the other hand, rose by 36.41 percent in 2018. Long-term liabilities rose at a rate of 39.41 percent in 2019, up from 36.41 percent in 2018. As a result, SIBL's capital structure will prefer more debt in the future.

4.16 Term Deposit Balance

Year	2015	2016	2017	2018	2019
Term deposit balance (taka in million)	149,773.60	190,564.50	228,798.90	248324.49	287936.65
Growth rate		27.28%	20.03%	8.50%	16%



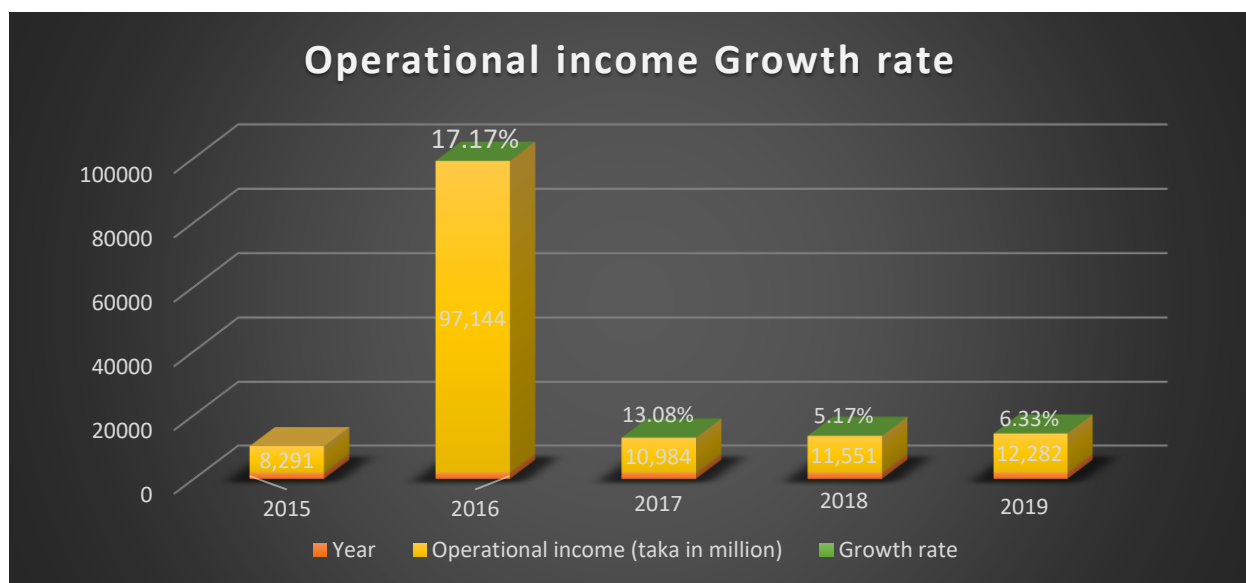
As per the table, the term deposit balance in 2015 was TK14,9773.6 million. It rose by 27.28 percent in the year 2016. It declined by 20.32 percent in the year 2017. After all, SIBL's term deposit balance grew at a very low rate in 2018, falling by 8.53 percent. It was raised by 15.95 percent in the year 2019. As can be seen from this example, SIBL has more resources or funds to brand-new spending.

Operational Performance:

Operational revenue, operational cost, net profit after tax, number of shares, net asset value per share, market value addition, and shareholders' equity were used to evaluate SIBL's operational growth over the last five years.

4.17 Operational Income

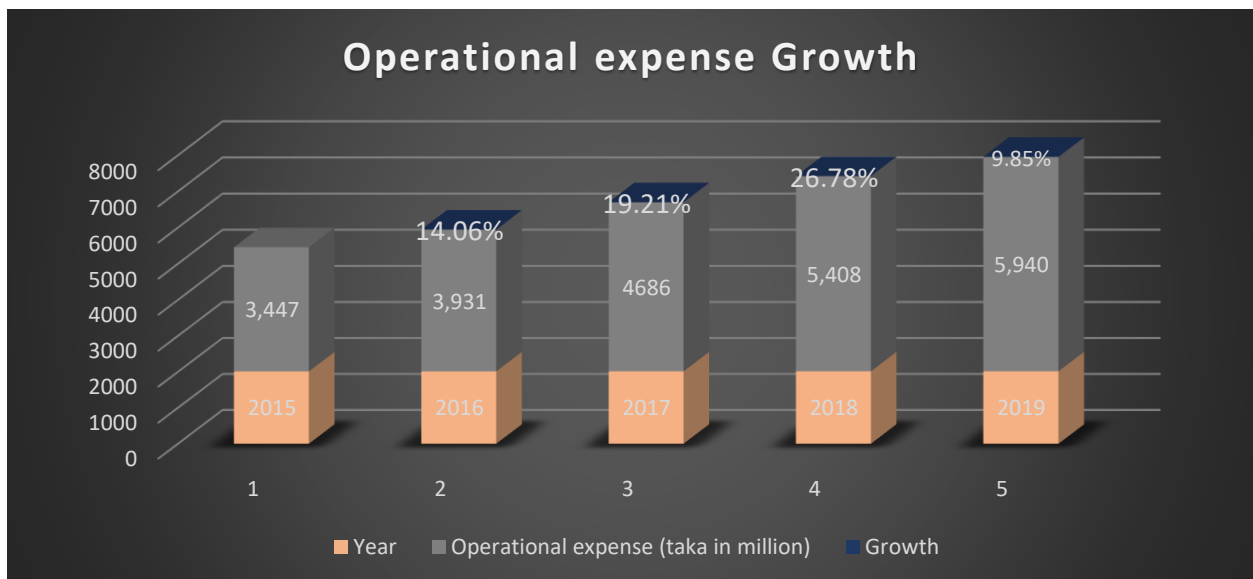
Year	2015	2016	2017	2018	2019
Operational income (taka in million)	8,291	97,14	10,984	11,551	12,282
Growth rate		17.17%	13.08%	5.17%	6.33%



According to the table, the gross margin for 2015 was TK 8,291 million. Operational profit grew by 21.96 percent and 17.16 percent in 2015 and 2016, respectively. Conversely, the growth rate of operating profits in 2017 and 2018 was 13.08 percent and 5.17 percent, respectively. The growth rate in 2019 was 6.33 percent. SIBL does not have enough strong earning power from the procedures, as per the analysis.

4.18 Operational Expense

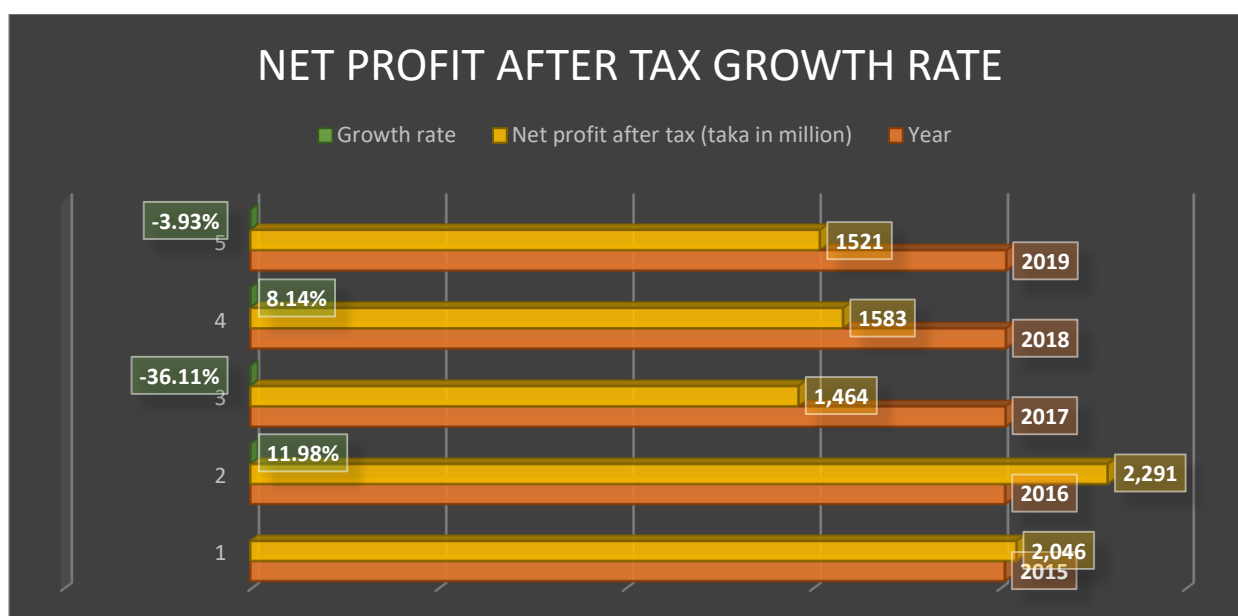
Year	2015	2016	2017	2018	2019
Operational expense (taka in million)	3,447	3,931	4686	5,408	5,940
Growth		14.06%	19.21%	26.78%	9.85%



As from table, we can see that SIBL's operating expenses rose by 24.22 percent in 2015. SIBL's liabilities increased at a lower range of 14.06 percent and 19.21 percent in 2016 and 2017. In 2018, the growth rate was 26.78 percent, and in 2019, it was 9.85 percent. But for the year 2019, we will see that running expenses have grown on a continuous basis.

4.19 Net profit after tax

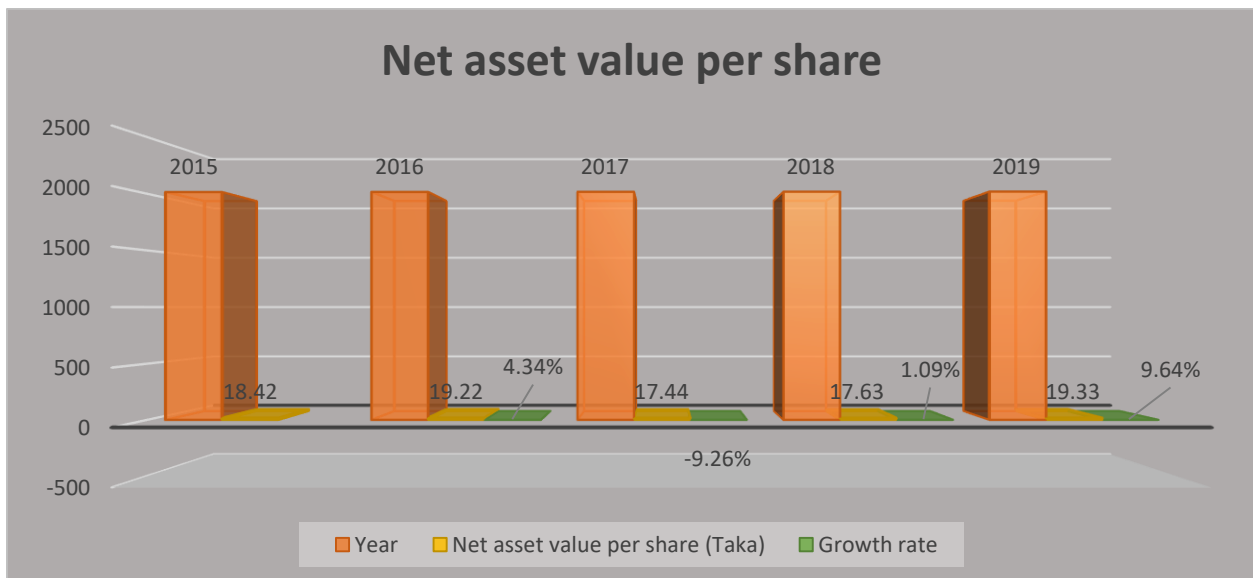
Year	2015	2016	2017	2018	2019
Net profit after tax (taka in million)	2,046	2,291	1,464	1583	1521
Growth rate		11.98%	-36.11%	8.14%	-3.93%



We see that the profit after tax in 2015 was TK 2046 million. In 2016, the figure was 11.98 percent. Conversely, SIBL's net profit after tax growth rate dropped in 2017, with a rate of -36.11 percent. SIBL's net profit rose by 8.14 percent in 2018, demonstrating that the organization is performing well. In the most recent year, the growth rate declined to -3.93 percent. It provides a pessimistic impression to investors.

4.20 Net Asset Value per Share

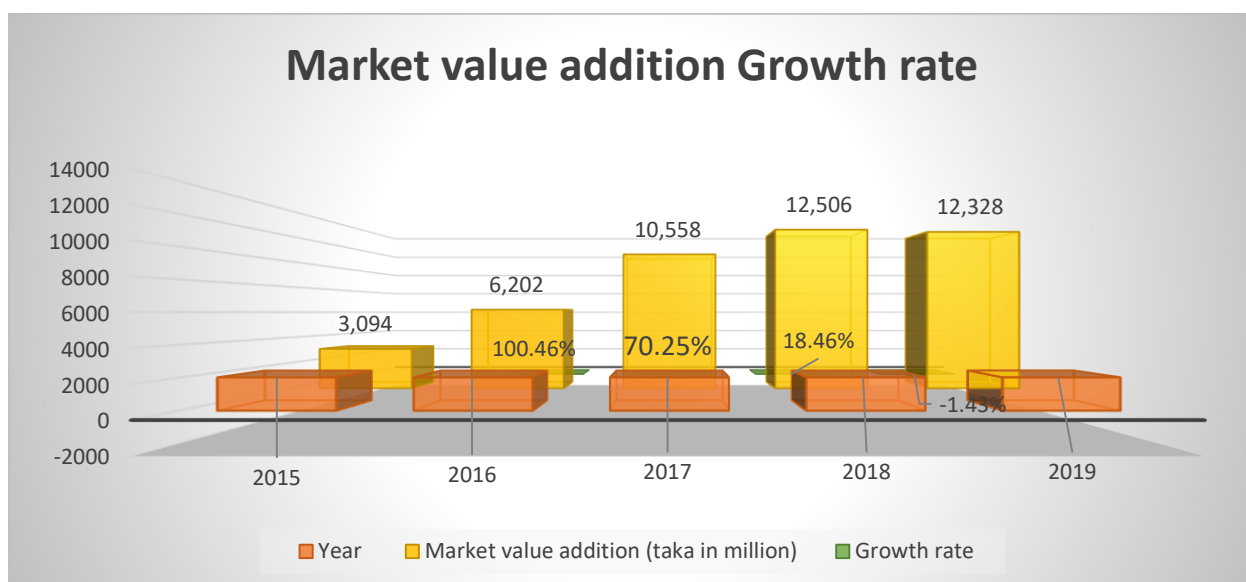
Year	2015	2016	2017	2018	2019
Net asset value per share (Taka)	18.42	19.22	17.44	17.63	19.33
Growth rate		4.34%	-9.26%	1.09%	9.64%



As per the table, the net asset value per share in 2015 was TK 18.42. In the following year, 2016, it rose by 19.22%. From 2016 to 2019, the net asset value per share fell by 3.34 percent, -9.26 percent, and 1.09 percent and 9.64 percent, overall. We can deduct from the growth rate that SIBL's net asset value per share is low. A growing net asset value per share means that the company's assets will grow day by day. As a result, we will see that the increase in net asset value per share in 2019 was higher.

4.21 Market Value Addition

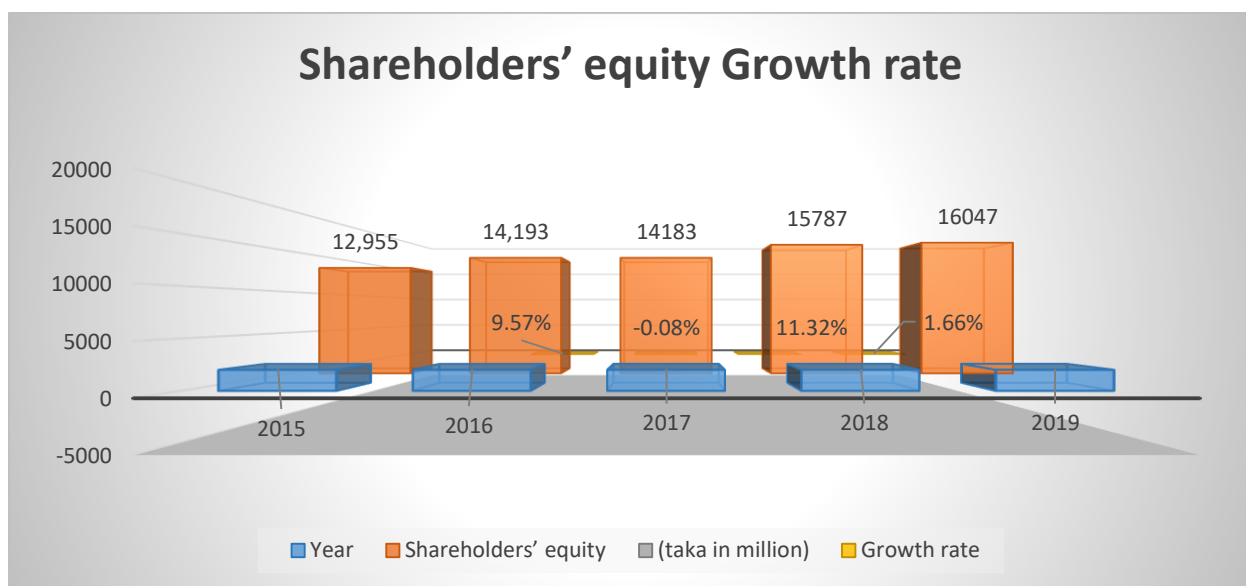
Year	2015	2016	2017	2018	2019
Market value addition (taka in million)	3,094	6,202	10,558	12,506	12,328
Growth rate		100.46%	70.25%	18.46%	-1.43%



As per the table, market valuation grew by taka 3,093.82 million in 2015. In 2016, the annual growth rate was 100.46%. The rate of rise in market value was risen to 70.25 percent in 2017. In 2018, the growth declined to 18.46%, brings the total number to TK 12506 million. However, in 2019, it dropped at a negative rate of -1.43 percent. As a result, we can expect that SIBL has the potential to generate significant wealth for shareholders in 2016. In the next five years, the business will profit from a higher market valuation addition.

4.22 Shareholders' Equity

Year	2015	2016	2017	2018	2019
Shareholders' equity (taka in million)	12,955	14,193	14183	15787	16047
Growth rate		9.57%	-0.08%	11.32%	1.66%



SIBL's gross shareholder value in 2015 was TK 12,955 million. It rose by 14193 in 2016, with a growth rate of 9.56 percent. In 2017, the growth rate of shareholders' equity became negative, at -0.07% in 2017. It rose by 11.30 percent in the year 2018. However, in the year 2019, the reduce rate was -1.66 percent. As a result, management should pay more attention to this matter. The rising trend in shareholders' equity shows that SIBL is considerably growing shareholder assets.

4.23 Common Size Analysis

A common-size financial statement is one that is designed as a percentage of a single used number. It's easier to evaluate a company overtime and compare it to rivals when financial statements are all the same size. a raw financial statement cannot reveal by using common-size financial statements.

COMMON SIZE ANALYSIS					
SOCIAL ISLAMI BANK LIMITED					
Balance Sheet					
As on December 31,2015 to 2019					
Particulars	2015	2016	2017	2018	2019
Cash	8%	8%	9%	8%	9%
In hand (Including foreign currencies)	1%	1%	1%	1%	1%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	8%	7%	8%	8%	8%
Balance with other banks and financial institution	2%	1%	0%	0%	1%
In Bangladesh	2%	0%	0%	0%	1%
Outside Bangladesh	0%	0%	0%	0%	0%
Money at call and short notice	4%	3%	4%	2%	2%
Investment in shares & securities	4%	5%	4%	4%	5%
Government	3%	4%	3%	3%	4%
Others	1%	1%	1%	1%	1%
Loans, cash credits, overdrafts/General Investments	69%	73%	73%	75%	73%
Bills discounted and purchased	6%	3%	3%	3%	4%
Total current asset	74%	76%	76%	77%	76%
Land, building, furniture and fixtures (Including leased assets)	2%	1%	1%	1%	1%
Other assets	6%	6%	6%	7%	5%
Total assets	100%	100%	100%	100%	100%
Borrowings from other banks, financial institutions and agents	1%	1%	2%	3%	0%
Current /Al-Wadeeah current and other deposit accounts	8%	9%	9%	8%	7%
Bills payable	1%	2%	2%	1%	2%
Savings deposits/Mudaraba Savings Deposits	8%	6%	6%	6%	7%

Mudarabba/ Term and Fixed deposits	49%	49%	50%	51%	48%
Cash Waqf Fund	0%	0%	0%	0%	0%
Other Deposits/ Mudarabba Deposits	17%	18%	15%	14%	19%
Total Deposits	83%	84%	83%	81%	83%
Other liabilities	8%	8%	8%	8%	9%
Subordinated Debt/Mudaraba bond	2%	1%	2%	4%	3%
Deferred Tax Liabilities/(Assets)	0%	0%	0%	0%	0%
Total liabilities	93%	94%	95%	95%	95%
Capital /Shareholders" Equity:	7%	6%	5%	5%	5%
Paid up capital	4%	3%	3%	3%	3%
Statutory reserve	2%	2%	2%	2%	2%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	1%	0%	0%	0%	0%
Retained earnings	1%	1%	0%	0%	0%
General reserves and others	0%	0%	0%	0%	0%
Minority Interest	0%	0%	0%	0%	0%
Total Equity	7%	6%	5%	5%	5%
Total liabilities and shareholders' equity	100%	100%	100%	100%	100%

Interpretation: First of all, we all know that the common size analysis is used to draw the financial statements by expressing each line item as a percentage of the base amount for over the period. In this balance sheet table, we use total asset and total liabilities and shareholder's equity as a base amount and all the item based on the base amount. If we look at the table, we can see the contribution of each element over the year. For example, in 2015 total current asset was 74% and which is increases in 77% on 2018 and again decrease in 76% on 2019. We also can see that our liabilities are increase 93% to 95% in the year of 2019 and equity was decrease from 7% to 5% on year of 2019. As, it is a bank institution so the equity always in low position and liabilities always high because bank work as an agent who collect money from surplus unit and give it to the deficit unit. That's why the amount of liabilities is higher than the equity portion. As same as, if we want to compare the data to its peer competitors we can easily find out how many percentages we need to increase or decrease of our asset and liabilities to grab the market share throughout the year. Basically it's called vertical analysis. Through the analysis we can compare it to its rivals.

COMMON SIZE ANALYSIS					
SOCIAL ISLAMI BANK LIMITED					
INCOME TAX EXPENSES					
FOR THE YEAR ENDED DECEMBER 31, 2015 to 2019					
Particulars	2015	2016	2017	2018	2019
	100	100	100	100	100
Interest income	%	%	%	%	%
Interest paid on deposits and borrowings	59%	56%	57%	64%	66%
Net interest income/gross margin	41%	44%	43%	36%	34%
Income from investments	2%	1%	2%	2%	3%
Commission, exchange and brokerage Income	8%	10%	11%	7%	5%
Other operating income	3%	3%	3%	2%	2%
Total operating income	54%	57%	59%	47%	44%
Rent, Taxes, Insurance, Electricity etc.	2%	2%	3%	2%	2%
Shariah Supervisory Committee's Fees & Expenses	0%	0%	0%	0%	0%
Zakat Expenses	0%	1%	1%	1%	1%
Salaries and allowances	14%	15%	16%	13%	12%
Legal Expenses	0%	0%	0%	0%	0%
Postage, Stamps, Telecommunication etc.	0%	0%	0%	0%	0%
Stationery, Printing, Advertisement etc.	1%	1%	1%	1%	1%
Directors' Fees and Expenses	0%	0%	0%	0%	0%
Salary and allowances paid to Managing director/Chief Executive	0%	0%	0%	0%	0%
Auditors' Fee	0%	0%	0%	0%	0%
Depreciation and Repairs to Bank's Assets	2%	2%	2%	1%	1%
Other Expenses	3%	4%	4%	5%	5%
Total operating expenses	22%	23%	26%	22%	22%
Operating Profit / EBT	32%	34%	33%	25%	23%
Profit before provision	32%	34%	33%	25%	23%
Specific provision (Loan and Advances)	9%	9%	14%	9%	11%
Others Provision	0%	0%	1%	0%	0%
Total provision	9%	9%	14%	9%	12%
Profit for the year before taxation	23%	25%	19%	15%	11%
Provision for tax	9%	11%	11%	9%	6%
Net profit after tax for the year / NPAT	13%	14%	8%	6%	5%

Interpretation: For income statements analysis we always use for the year ended data. For the bank, interest income uses as a sale. So, interest income is the highest value in this table. Therefore, we used interest income as a base item. Under the interest income, all items will be percentages. In the income statements, total operating income is very crucial item because the higher operating income the higher the net profit after tax. In 2015 total operating income was 54% and which decrease in 44% to 2019. For this reason, we can easily see that the net profit after tax was decreased from 13% to 5% from 2015 to 2019. Finally, we can say that in income statements the operating income item is a very crucial If we focused on improving our operating income item, we can be ensuring our growth.

4.24 Trend Size Analysis:

A trend analysis is a methodology for analyzing financial statements that displays shifts in the numbers of related financial statement elements over time. The statements are used in two or more periods.

TREND ANALYSIS					
SOCIAL ISLAMI BANK LIMITED					
Balance Sheet					
As on December 31,2015 to 2019					
Particulars	2015	2016	2017	2018	2019
Cash	100%	122%	162%	178%	217%
In hand (Including foreign currencies)	100%	158%	207%	205%	257%
Balances with Bangladesh bank and sonali bank (Including foreign currencies)	100%	119%	159%	175%	214%
Balance with other banks and financial institution	100%	33%	23%	38%	87%
In Bangladesh	100%	24%	15%	33%	65%
Outside Bangladesh	100%	119%	103%	91%	305%
Money at call and short notice	100%	109%	163%	90%	104%
Investment in shares & securities	100%	140%	150%	152%	231%
Government	100%	151%	151%	152%	227%
Others	100%	99%	147%	150%	245%
Loans, cash credits, overdrafts/General Investments	100%	135%	164%	186%	204%

Bills discounted and purchased	100%	69%	70%	78%	117%
Total current asset	100%	130%	156%	178%	197%
Land, building, furniture and fixtures (Including leased assets)	100%	106%	113%	116%	117%
Other assets	100%	133%	161%	203%	178%
Total assets	100%	127%	153%	171%	192%
Borrowings from other banks, financial institutions and agents	100%	128%	169%	158%	168%
Current /Al-Wadeeah current and other deposit accounts	100%	402%	418%	350%	478%
Bills payable	100%	97%	118%	137%	180%
Savings deposits/Mudaraba Savings Deposits	100%	126%	156%	176%	187%
Mudarabba/ Term and Fixed deposits	100%	132%	155%	177%	192%
Cash Waqf Fund	100%	134%	140%	145%	214%
Other Deposits/ Mudarabba Deposits	100%	127%	153%	166%	192%
Total Deposits	100%	128%	165%	183%	228%
Other liabilities	100%	100%	213%	360%	313%
Subordinated Debt/Mudaraba bond	100%	226%	398%	782%	982%
Deferred Tax Liabilities/(Assets)	100%	128%	157%	175%	196%
Total liabilities	100%	110%	109%	122%	134%
Capital /Shareholders' Equity:	100%	124%	144%	167%	185%
Paid up capital	100%	98%	95%	93%	90%
Statutory reserve	100%	105%	56%	64%	72%
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	100%	144%	200%	252%	230%
Retained earnings	100%	104%	109%	110%	110%
General reserves and others	100%	110%	109%	122%	134%
Minority Interest	100%	127%	153%	171%	192%
Total Equity	100%	110%	109%	122%	134%
Total liabilities and shareholders' equity	100%	127%	153%	171%	192%

Interpretation: In this table we can see the growth of each item year after year. Basically trend analysis used to calculate the change over a longer period of time. For example, the growth of each item increases every year over the base year. For doing trend analysis we have to select a base year. After analyzing the amount of next year we can found a new growth rate for the year that we tend to which the actual growth.

TREND ANALYSIS					
SOCIAL ISLAMIC BANK LIMITED					
Income Tax Expenses					
For the year ended December 31, 2015 to 2019					
Particulars	2015	2016	2017	2018	2019
Interest income	100%	121%	111%	163%	182%
Interest paid on deposits and borrowings	100%	117%	106%	178%	204%
Net interest income	100%	127%	118%	142%	149%
Income from investments	100%	126%	79%	159%	257%
Commission, exchange and brokerage Income	100%	155%	126%	130%	117%
Other operating income	100%	151%	112%	150%	173%
Total operating income	100%	133%	117%	141%	149%
Rent, Taxes, Insurance, Electricity etc.	100%	158%	131%	178%	195%
Shariah Supervisory Committee's Fees & Expenses	100%	129%	136%	45%	81%
Zakat Expenses	100%	155%	125%	180%	208%
Salaries and allowances	100%	131%	111%	143%	154%
Legal Expenses	100%	189%	121%	129%	137%
Postage, Stamps, Telecommunication etc.	100%	120%	108%	105%	91%
Stationery, Printing, Advertisement etc.	100%	127%	116%	131%	159%
Directors' Fees and Expenses	100%	151%	103%	66%	134%
Salary and allowances paid to Managing director/Chief Executive	100%	116%	125%	128%	136%
Auditors' Fee	100%	126%	250%	126%	198%
Depreciation and Repairs to Bank's Assets	100%	130%	113%	140%	165%
Other Expenses	100%	163%	130%	240%	264%
Total operating expenses	100%	138%	116%	159%	174%
Operating Profit / EBT	100%	129%	118%	129%	131%
Profit before provision	100%	129%	118%	129%	131%
Specific provision (Loan and Advances)	100%	190%	110%	167%	236%
Others Provision	100%	275%	113%	236%	91%
Total provision	100%	192%	110%	169%	232%
Profit for the year before taxation	100%	103%	122%	112%	91%
Provision for tax	100%	148%	135%	162%	115%
Net profit after tax for the year	100%	72%	112%	78%	75%

Interpretation: If we look at our table, our total operating income did not increase that much but our total operating expense increase by 174% which was a huge difference from the earnings. Therefore, operating profit did not increase that much. In 2019 the profit was increased only 131% which was a very lower percentage growth. It is the consequence of lower-income and higher expenses. As a result, our net profit after tax was decreased from 2015 to 2019. We can also see that specific provisions increase by 236% in 2019 which was really higher and another reason for decreasing the net profit after tax.

Chapter 5

FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Findings

- 1) SIBL's total asset growth rate varies from year to year. From 2016 to 2017, the growth rate was high. Long term liabilities have been fluctuated over the period from 2015 to 2019 and the amount was higher in 2016 than in 2017.
- 2) The growth rate of the term deposit implies that SIBL has more cash available for new expenditure. SIBL is searching for low-cost deposits. SIBL's operating revenue is slowly increasing. As a result, the bank's earning power over the operational process is significant. Although, operational spending has steadily increased.
- 3) SIBL's net profit after tax has been reduce in 2016 and increase in 2017, even though it reduces adversely in 2018 and 2019. I observed that SIBL's shareholder figures exploded only in 2016, while the number of shareholders grew at a steady rate the following year. Besides that, the SIBL's NAV (Net Asset Value) per share is slow. The growth of net asset value per share in 2019 was greater. Even so, from 2015 to 2019, SIBL's business value added growth trend has been magnified year on year.
- 4) Shareholders' equity has been rising at a faster pace in recent years, but this trend has reversed in 2017. It rose by 11.31 percent in the year 2018. After all, in the year 2019, the decline was -1.66 percent. As a consequence, organizations should pay enough attention to this matter. The rising trend in shareholders' equity shows that SIBL is substantially raising shareholder capital.
- 5) Return on Asset has been reducing from 2015 to 2019, indicating that SIBL's assets are not being handled competently. In the case of Return on Equity, it has been increasing from 2015 to 2016 and after that it has been reducing from 2017 to 2019, as a result of the figures SIBL will discourage its owners.
- 6) The earnings per share of SIBL has been rising from 2015 to 2016 and after that it has been decreasing from 2017 to 2019. As a result, it has left both positive and negative effect on future Nevertheless, given the rising pace in the past, we may conclude that the market expects this bank can do better in the future.
- 7) Another factor to keep in mind is that SIBL's Dividend Coverage Ratio has been risen on 2016, which sets us up well for SIBL's stakeholders. But SIBL's overall profitability level

is not satisfying. Nonetheless, given the rising pace in the past, we may conclude that the stakeholders of this bank can do invest which can be better in the future.

- 8) This other worrying circumstance is that the debt to total asset ratio has been slowly rising, suggesting that SIBL is hugely dependent on leverage, which is rife with risk. By growing the debt to equity ratio, SIBL has become more profitable while still taking on more liability and becoming less solvent.
- 9) Since 2015, the SIBL's capital adequacy ratio has been diminishing, making it less attractive to lenders than other companies. In 2019, the Bank's capital adequacy ratio was 13.79 percent, compared to a legal amount of 12.50 percent. In the ranking of bank credit scores, SIBL is on the top row.
- 10) Besides that, SIBL's gross solvency ratios are high, reflecting that the firm is using more credit and has a lower equity investment.
- 11) With its positive rise in 2017 within 5 years, a steady rise in SIBL's P/E values indicate that it is less risky.
- 12) SIBL's loan to deposit ratio has been steadily climbing, reflecting that it is not well for the bank, whereas its NPL ratio has been slowly dropping, suggesting a hopeful trend.
- 13) The constant increase in the current ratio from 2015 to 2017 indicates that SIBL's liquidity is in good shape, but this condition has degraded over the last two years, 2018 and 2019.
- 14) Finally, we can look at that the net interest margin aids prospective investors in making a profitable decision. Its net operating income has dropped, which is not a good position in comparison to most financial institutions.
- 15) This bank's profits rose slowly year after year, due to the fact that it was fluctuate. As a result, it's a positive indicator for this bank.
- 16) The Bank's overall profitability was affected by the high deposit rates, rises in compensation, depreciation on fixed assets, and other capital expenditure over the year under investigation.
- 17) To streamline the banking process, management has placed a high priority on the restoration of poor assets, and all investments have been placed under a strict surveillance regime. For this purpose, management has launched several programs to shield the bank's wealth and finances from possible risks.

Finally, the bank has begun to concentrate on the frameworks of –

(i) Service Excellence (ii) Quality & Secured Investment (iii) Non Funded Business (iv) Recovery from both regular and non-performing Investment (iv) Exploration of Low Cost & no Cost deposits, Retail & Stable deposits particularly Scheme based deposit & (v) Maintenance of an Ideal Deposit Mix with a view to constraining the cost on one side and to establish a safe & stable deposit management system on the other.

5.2 Recommendations

Banks are basically service sectors. world's most well-known and profitable banking institutions are make profits by offering new service instruments to clients on a continuous basis. Nevertheless, my direct experience gained during this internship program related me to a wide variety of consumer demands. I had many direct conversations with people and administrators, which enabled me to learn more about above-mentioned observations and give precise guideline:

- 1) The bank should focus on ROA because higher ROA indicates more assets efficiency. If we look at the last four years, the bank has reducing its ROA which means that the bank utilizes more resources in terms of profitability. ROA is best when we comparing the similar banks or by comparing a bank to its own previous performance.
- 2) The bank should focus on ROE because higher ROE indicates more profitable in relation to stockholders' equity. We know that ROE depends on three factor which are net profit margin, total asset turnover and equity multiplier. If we doing the sensitivity analysis, then we could realize that which factor is more sensitive for ROE. The more positive the factor value the more sensitive it is. In recent years, 2018 and 2019 have seen decline steadily. This is a terrible sign for the bank.
- 3) The bank should focus on earning per share because EPS indicates how much money a bank makes for each share of its stock. A higher value indicates that investors will pay more for its banks shares. But in 2017 to 2019 the earning per share is declining which means the investors will not interest to pay more on it.

- 4) The bank should focus on dividend payout ratio because last few years' dividend payout ratio is not being increased. The dividend payout ratio indication of how much money a bank returning to shareholders and how much money in hand for reinvest.
- 5) The bank should focus on debt to total asset ratio because a rising trend indicates that bank is unwilling or unable to pay its debt which may indicate a default in the future. The risen of debt to total asset ratio meaning that the bank using more leverage and has a lower equity base.
- 6) The bank should focus on capital adequacy ratio because high capital adequacy ratio is considered safe and like to meet its financial obligations. The capital adequacy ratio in 2018 is doing better than 2019. So, the bank should try to increase the ratio.
- 7) The bank should focus on Loan to total deposit ratio because increasing in this ratio means the bank will face the liquidity crisis. Whereas Nonperforming loan dropping is well for bank.
- 8) The bank should focus on current ratio. In 2017 current ratio is in a good shape but in recent years, in 2018 and 2019 it was decreased. The higher the current ratio, the more capable a bank is paying its obligations because it has a larger proportion of short-term asset value relative to the value of its short-term liabilities.
- 9) The bank should focus on their operating income because if we look at the growth rate of their operating income, this rate is declining year after year. On the other hand, operating costs increased which is not well for this bank.

5.3 Conclusions

In summary, the efficiency of Social Islami Bank Limited has been acceptable. The cumulative performance of SIBL from 2015 to 2019 has been monitored and assessed in this report. The bank's positive and negative aspects have been revealed as a result of measuring its overall results. SIBL's average success is fine, but its financial performance should be better.

Shareholders who wanted to acquire SIBL bank shares will can do it without hesitation. The ratio suggests that SIBL's profitability will rise in the long term. The profit in 2016 is better than in recent years.

I noticed some concerns for SIBL and attempted to include a few required remedies so that they could boost their outcomes.

After finishing this report, I'd like to state that SIBL's earnings report is not well impressive and will tend to improve in the coming time. The efficiency ratio reveal that this bank is also not well executing in this segment but the liquidity ratio is satisfying. SIBL's total output is average, but its financial performance must be better.

This bank wishes to convey its heartfelt gratitude to the government of the People's Republic of Bangladesh and Bangladesh Bank for their assistance and useful information. SIBL also uses this time to express their gratitude to their respected customers, patrons, well-wishers, correspondents, and shareholders for their continued encouragement and patronage throughout the year. SIBL also expresses its gratitude for the services provided by the bank's employees and management in ensuring the bank's durability and development. SIBL needs continued active support and cooperation from Bangladesh Bank, the Ministry of Finance, and other government institutions, as well as bank executives and staff, trusted associates, customers, and the general public.

SIBL

ATAGLANCE

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