



Internship Report
on
Financial Performance Analysis of Islami Bank Bangladesh
Limited

Submitted to:

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Letter of Transmittal

29th January 2022

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Subject: Internship Report on "Financial Performance Analysis of Islami Bank Bangladesh Limited"

Dear Sir,

It gives me great pleasure to share my internship report on "**Financial Performance Analysis of Islami Bank Bangladesh Limited**" This is an excellent opportunity for me to complete a significant part of my Bachelor of Business Administration; in this report, I try to clarify Islami Bank Bangladesh Limited's financial condition. I learned a lot about Islami Bank Bangladesh Limited while working on this topic.

I tried to include as much information and related issues as possible in this report while also following your instructions.

Sincerely Yours,



Md Santo Miah

ID# 181-11-5830

Department of Business Administration

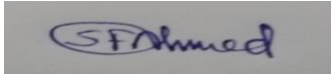
Faculty of Business & Entrepreneurship

Daffodil International University

Approval Certificate

This indicates that, **Md Santo Miah, ID# 181-11-5830**, finished the Internship Program and submitted a report titled "**Financial Performance Analysis of Islami Bank Bangladesh Limited**" under my supervision. Under my instruction, he completed his internship report. He worked quite hard to achieve this. I think it will support his in improving a professional life in the near future.

I wish him every success in his career.



.....
Sayed Farrukh Ahmed
Assistant Professor
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Student's Declaration

I declared that the report **Financial Performance Analysis of Islami Bank Bangladesh Limited** was prepared after I have finished all of my academic courses at Daffodil International University, under the supervision and assistance of **Sayed Farrukh Ahmed**, Assistant Professor Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. I wrote this report totally on my own, with the exception of the books and web pages listed in the references section. I further guarantee that the research indicated in this short-term position is original and that it has not been submitted to any other institution or foundation for any degree, grant, or other purpose.

There are no issues with copyright in the information I've provided. As a result, I agree to accept the University's compensation for any misrepresentation caused by my failure to do so, with no obligation on my behalf.

Santo
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Acknowledgment

I'd like to thank one of my supervisors, Sayed Farrukh Ahmed, Assistant Professor Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, for allowing me to complete my internship report on truth; no one can achieve perfection without the help of a researcher. As a result, without the help of a skilled teacher, an understudy will never be flawless. Every student's life may be changed by an excellent instructor. The Study is really grateful to one of my supervisors, Sayed Farrukh Ahmed, Assistant Professor Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University, for enabling me to complete my internship report and his recommendations and guidelines. Were of great assistance to me.

Those who provided me with the opportunity to operate in this field are much appreciated by the Study. The Study would also want to express my sincere gratitude to all officers, as well as my companions and Senior Brother, for their invaluable support and advice in preparing my internship report.

Executive Summary

The banking industry makes a significant contribution to our country's economic growth. Islamic banks have made major contributions to Bangladesh's prosperity and development. IBBL (Islami Bank Bangladesh Limited) was founded in March 1983. This study examines Islami Bank Bangladesh Limited's financial performance over the previous five years from 2016 to 2020. This study will offer a review and analysis of the IBBL's profitability, liquidity, leverage position, and activity conditions, common size, and trend using statistics from the previous five years' financial statements (2016-2020).

The main objective of my report is to analyze IBBL's financial performance, highlighting key factors that hamper success and making recommendations. This report will provide an evaluation and analysis of the Debt ratio, ROA, ROE, operational profit ratio, net interest income ratio, and interest spread ratio using figures from the financial statements for five years (2016-2020). The ratios were able to provide a clear concept of the overall performance of the company.

From the ratios analysis we can say that the performance of Islami Bank Bangladesh Limited is decreasing after 2018 because of high inefficient cost management and asset utilization. The bank increases the use of debt which will increase the interest expense. After this there are some recommendations are given to overcome from this situation.

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Chapter – 01

Introduction

1.1 Introduction

An Islamic bank is a financial organization that must follow Islamic Shariah regulations in terms of its goals, beliefs, and procedures, as well as avoid paying interest in any of its activities (Ahmed, 2004). The Islami Bank Bangladesh Limited (IBBL) was founded as a private entity on June 18, 1995, and began operations on September 27, 1995. The major goal of AIBL is to achieve prosperity in this life and in the hereafter by following Almighty Allah's instructions and those of his prophet Muhammad (PBUH). It is determined to make a big contribution to the national economy. It is an Islamic bank that adheres to the principles of Islamic Shariah, which are founded on the "Quran" and "Sunnah," and aims to maximize societal welfare. Interest is forbidden in any sort of financial activity under Islamic Shariah. The notion of Islamic banking evolves around the goal of creating interest-free financial environments that follow Islamic Shariah (Sarker and Rashid, 2015). "An Islamic Bank is a Financial Institution whose statutes, rules, and procedures expressly state its commitment to the principles of Islamic Shariah and to the prohibition of the receipt and payment of interest on any of its operations," according to the definition approved by the OIC's General Secretariat.

1.2 Background of the Study

Every student studying in the Bachelor of Business Administration (BBA) degree program at Daffodil International University is required to do an internship in a respected business organization and submit a report as part of the program requirements (DIU). As a BBA student, I completed a three-month internship at Islami Bank Bangladesh Limited (IBBL). Based on my actual internship experience at IBBL, I wrote an internship report titled "Financial Performance Analysis of Islami Bank Bangladesh Limited" that was submitted to the bank."

1.3 Objectives of the Study

The statement's main goals will be to introduce the financial analysis presentation of Islami Bank Bangladesh Limited while satisfying the requirements of the BBA program. The study's following objectives have been set:

- To know historical background of Islami Bank Bangladesh Limited.
- To evaluate the financial performance of Islami Bank Bangladesh Limited from the period of 2016-2020.
- To provide recommendations based on the findings of the study.

1.4 Scop of the Study

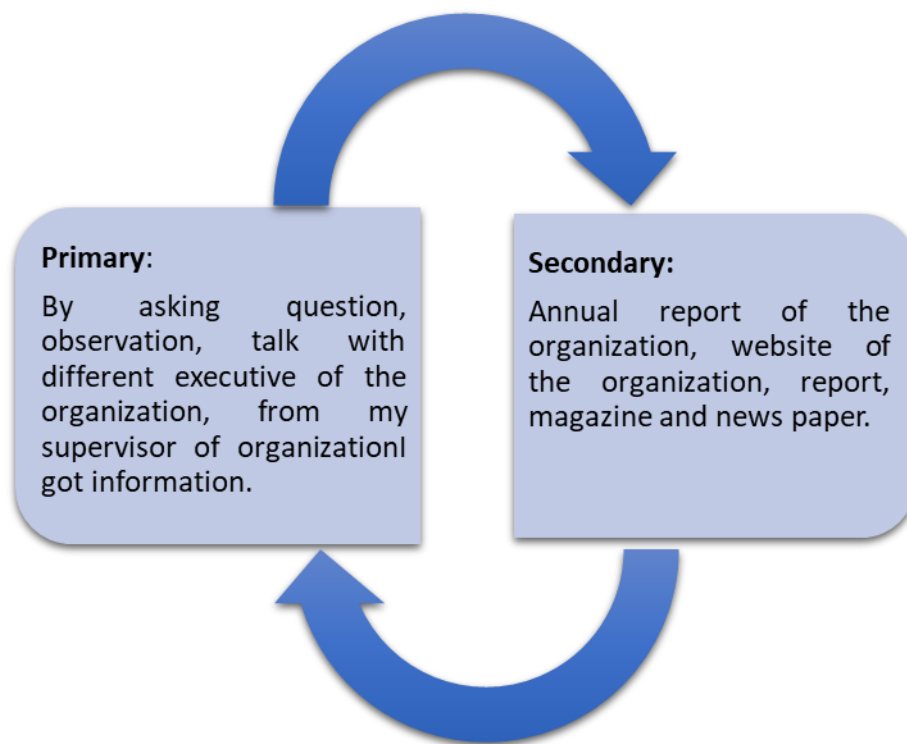
The research, titled "Financial Performance Analysis of IBBL," looked at the financial performance flows of IBBL and was conducted in the summer of 2007. The purpose of this study was to determine how different external and internal variables influenced the profits flow of IBBL. The results of this study were published in the Journal of Business Research. It is feasible to have a better knowledge of the genuine financial situation and profit flow of the IBBL as a result of the production of this report, despite the various obstacles.

1.5 Methodology of the Study

An organized strategy was used throughout this research, from topic selection through final report writing. Obviously, the identification and collection of data were among the most significant aspects of the project. These data are then categorized, processed, and inferred using the above-mentioned approach in order to extract the most important information. Furthermore, this study will go through the whole procedure in greater detail. It is my intention to make this attempt a success, thus I have collected information from both main and secondary sources.

1.5.1 Sources of Data

To make this report as effective as possible, both primary and secondary data were used.



1.6 Limitations of the Study

There were a number of challenges to overcome in order to complete the report. The following are a few of the most limitations:

- There isn't enough time to get familiar with all of the financial transactions that take place at each branch.
- The sensitivity of the data was a key constraint in the preparation of this report. Because this is such a competitive market, if the margin information is shared with other rivals, it may harm their company. As a result, in some situations, management was hesitant to provide particular statistics.
- Another significant barrier that had to be overcome over the course of this research was the need to keep the data confidential.
- Every institution maintains a level of secrecy that is not shared with the public. Personnel working on IBBL did not give enough information throughout the data collection process in order to maintain the organizations confidentially.
- The depth of the study has been restricted by the amount of information that has been gathered from a variety of resources.

Chapter – 02
About Islami Bank Bangladesh Limited

2.1 About Islami Bank Bangladesh Bank Limited

Islami Bank Bangladesh Limited is a joint venture public limited company engaged in commercial banking business on the basis of Islamic Shari'ah. It has a 63.09 percent foreign shareholding and has the largest branch network (total 384 Branches, 219 Sub-Branches, and 2306 Agent Outlets) among the private sector banks in Bangladesh, with a total of 384 Branches, 219 Sub-Branches, and 2306 Agent Outlets. In 1983, it became the first Islamic bank in South East Asia, having opened its doors on March 13, 1983.

There are two stock exchanges where it is traded: Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. A total of Tk. 20,000.00 million is the bank's authorized capital, while its paid-up capital is Tk. 16,099.91 million. As of December 31, 2019, the bank has 33,686 shareholders.

2.2 History of Islami Bank Bangladesh Limited

Islami Bank Bangladesh Ltd. (IBBL) (Bengali: ইসলামী ব্যাংক বাংলাদেশ লিমিটেড) is an Islamic banking company based in Bangladesh. Islami Bank, which offered interest-free banking services in Muslim nations throughout the late 1970s and early 1980s, served as a wake-up call for Muslim countries during this period. There are now more than 614 interest-free institutions in operation around the globe at any one time. Modern-day Islami Bank not only has operations in practically all Muslim nations, but they have also expanded their reach into the western world, where they serve both Muslim and non-Muslim consumers. As for Islami Banking, the foundation of Mitghamar Local Savings Bank in 1963 is considered a watershed moment in the development of current Islami Banking practices.

As part of the Charter of the Islamic Development Bank, which was signed in 1974, Bangladesh committed itself to reorganizing its economic and financial system to conform to Islamic Shariah. In 1978, during the Islamic Foreign Ministers Conference in Senegal, Bangladesh urged that systematic efforts be made in the field of Islamic banking. Foreign Ministers met in Pakistan in 1980, during which Bangladesh Foreign Minister Prof. Shamsul Hoq urged that actions be taken to establish Islamic banking in the country. Furthermore, the Bangladesh Bank sent a representative to investigate the Islamic Banking System in other countries.

"The Islamic countries should develop a separate banking system in order to facilitate their trade and commerce," said President of the Peoples Republic of Bangladesh, when addressing the Third Islamic Summit Conference held in Makkah in 1981. "The Islamic countries should develop a

separate banking system in order to facilitate their trade and commerce," said Taif.

In 1982, the International Development Bank (IDB) paid a research tour to Bangladesh. It was discovered that contributions had been made by the Islamic Economics Research Bureau (IERB) and the Bangladesh Islamic Bankers Association (BIBA); via symposia and workshops, they were able to mobilize seminars and public opinion. The Muslim Businessman Society provides support for professional activity (now reorganized as Industrialists and Businessman Association). The organization primarily raised equity money for a newly formed Islamic bank. Islami Bank Bangladesh Limited (IBBL) was established in 1983 to take on the task of doing banking operations in Bangladesh.

Islami Bank Bangladesh Limited (IBBL) is widely regarded as the world's first interest-free bank and is headquartered in Dhaka, Bangladesh. Founded on March 13, 1983, as a public limited liability company under the Companies Act 1913, it has been in operation since since. The bank commenced operations on March 30th, 1983, with a majority of its capital coming from foreign investors. IBBL is a joint venture transnational bank, with the Islamic Development Bank and other financial institutions each contributing 63.92 percent of the stock to its creation. Across 2012, there were a total of 276 branches in the country. The bank's permitted capital has been increased to Tk. 20,000 million, while its paid-in capital has been increased to Tk. 10007.71 million.

2.3 Vision & Mission of Islami Bank Bangladesh Limited

2.3.1 Vision

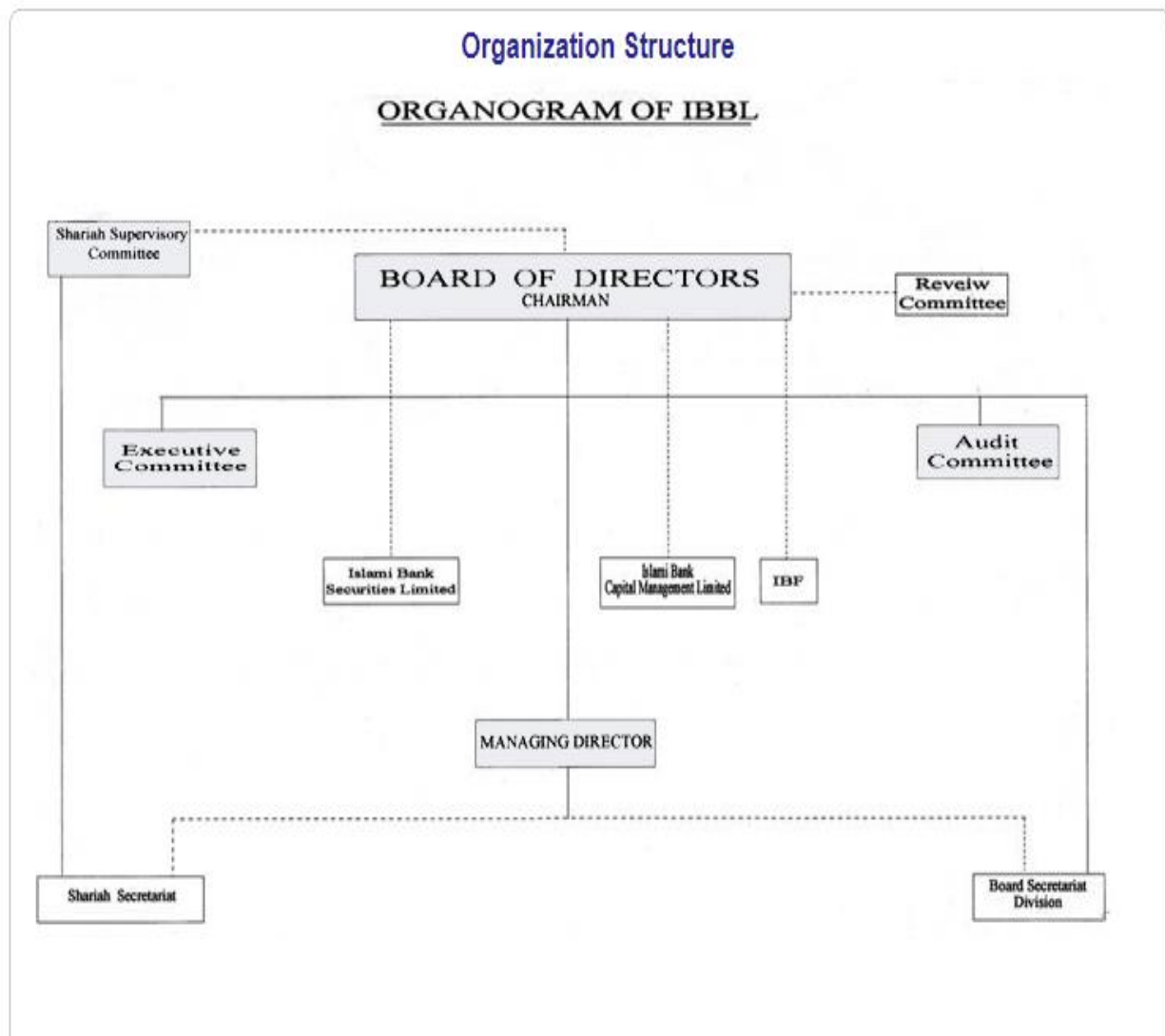
IBBL's vision is to achieve excellent financial performance, to be recognized as a leading Islamic bank in terms of reputation and performance, and to provide the following services:

- To establish and maintain modern banking technologies, as well as ensure the soundness and development of the financial system in accordance with Islamic principles, as well as to become a strong and efficient organization comprised of highly motivated professionals who work for the common good on the principles of accountability, transparency, and integrity, in order to ensure the stability of the financial system.
- To stimulate direct investment of savings in order to grow the economy.
- To stimulate investment, especially in initiatives that are more likely to result in increased job opportunities.

2.3.2 Mission

- The establishment of Islami banking via the implementation of a welfare-oriented financial system is the goal of this project.
- It is our mission to achieve fairness and justice in all aspects of economic activity.
- To promote balanced growth and fair development via a diverse range of investment activities, especially in priority sectors and underdeveloped regions of the nation.
- To promote socio-economic uplift and financial services for the low-income population, with a special emphasis on those living in rural communities.

2.4 Organogram of Islami Bank Bangladesh Limited



2.5 Corporate Information of IBBL

Corporate Information

Financial Information: [As on: 31 December 2019]

| | BDT (Tk.) | US Dollar (\$) |
|--|--------------------|----------------|
| Authorized Capital | 20,000.00 million | |
| paid-up Capital | 16,099.91 million | |
| Equity | 79,079.70 million | |
| Reserve Fund | 40,941.78 million | |
| Deposits | 946,291.53 million | |
| Investment (including Investment in Shares) | 953,150.85 million | |

| Foreign Exchange Business | BDT (Tk.) | US Dollar (\$) |
|---------------------------|-----------------|----------------|
| Import | 399,884 million | |
| Export | 234,443 million | |
| Remittance | 305,514 million | |

Organizational Information:

| | |
|-----------------------------|--------------------------|
| Chairman, Board of Director | Mohammad Nazmul Hassan |
| Managing Director & CEO | Mohammed Monirul Moula |
| Company Secretary | J. Q. M. Habibullah, FCS |
| Number of Zones | 17 |
| Number of Branches | 571 |
| Number of AD Branches | 70 |
| Number of ATM Booth | 1131 |
| Number of Shareholders | 33,686 |
| Number of Manpower | 11,381 |

2.6 Special Features of IBBL

In line with Islamic Shariah principles, all activities are performed on an interest-free basis.

- Islamic Shariah permits investors to make a range of financial commitments in a number of ways.
- The Bank's investment income is given to Mudaraba depositors in line with an agreed-upon distribution ratio, allowing them to earn a decent rate of return on their deposits.
- The ultimate objective is to create a system that is geared toward the well-being of its citizens, as well as equity and fairness among economic operators.
- The organization provides socioeconomic and financial services to individuals from all walks of life, with a special emphasis on rural development and development.

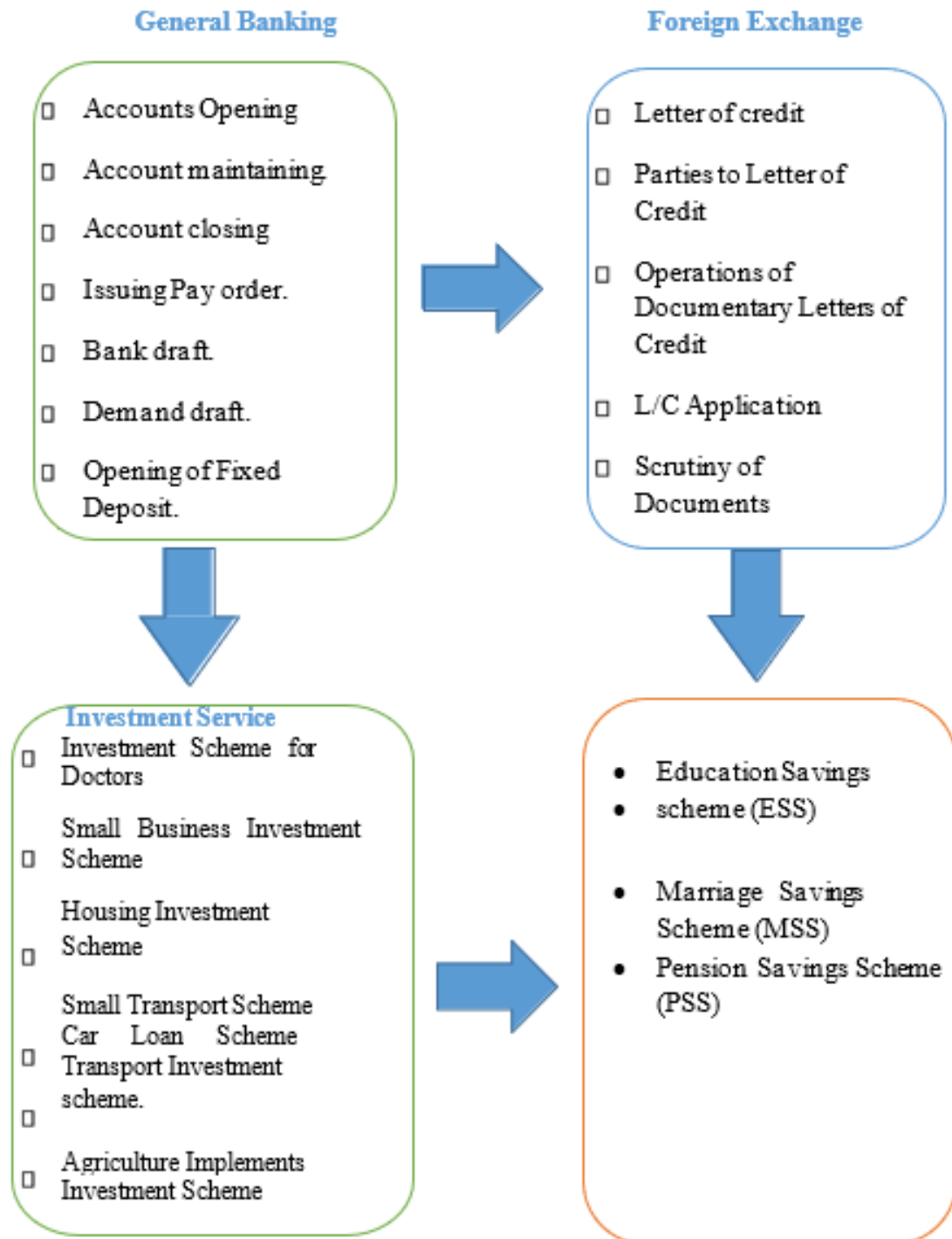
2.7 Branches of IBBL

IBBL today has 209 branches in numerous commercially major places. A total of 162 of these branches are designated online branches. With the expansion of their firm, the bank segregated its branches into 11 zones to enable tight oversight, efficient monitoring, speedy business disposal, and optimum employee usage. There are 52 branches in Dhaka's three zones (Central, South, and North), 31 branches in Chittagong, 23 branches in Khulna, 23 branches in Bogra, 27 branches in Comilla, 19 branches in Sylhet, 18 branches in Barisal, 19 branches in Rajshahi, and 17 branches in Mymensingh

2.8 Strategic Objectives of IBBL

- To confirm customer gratification
- To confirm prosperity oriented Banking
- To ensure global standard Bank
- To strengthen corporate culture
- To pay more attention about capital
- To pay more attention about human resource
- Provide employee satisfaction

2.8 Products & Services of IBBL



Chapter – 03

Theoretical Background

3.1 About Financial Performance Analysis

The goal of assessing a company's financial performance is to shed light on the economic health of the organization in comparison to its chosen peer group, as well as to evaluate the effectiveness of management actions and link negative effects to their underlying causes. Analyzing a company's financial performance may be a useful initial step in determining the effects of initiatives that have been applied. The underlying theory, fundamental concept, portrayal, procedure, insight or value generated, as well as the dangers and limits of financial performance analysis, are all discussed in detail in this chapter. The last section of the chapter analyzes the cases of Coca-Cola and PepsiCo and shows how the phases of financial performance analysis may be applied to these two companies.

3.2 Tools of Financial Performance Analysis

The following are the most often used financial analysis tools:

3.2.1 Horizontal analysis

Horizontal analysis is the process of analyzing multiple years' worth of financial data and comparing them to one another in order to calculate a growth rate across time. This will assist an analyst in determining if a firm is expanding or contracting, as well as identifying relevant patterns. When developing financial models, it is common to have at least three years of historical financial information and five years of predicted financial information available to work with. This gives more than 8 years of data to conduct a significant trend analysis, which can then be compared to other firms in the same sector for comparison purposes.

3.2.2 Trend analysis

When doing this sort of financial analysis, it is necessary to look at different components of the income statement and divide them by revenue in order to represent the results as a percentage of total revenue. For this exercise to be the most successful, the results should be compared to those of other firms in the same industry in order to determine how well the company is doing relative to the competition.

This procedure is sometimes referred to as a common-sized income statement because it enables an analyst to compare firms of varying sizes by examining their margins rather than their dollar amounts in the income statement.

3.2.3 Ratio analysis

In the financial accounts of a company, ratio analysis refers to the examination of numerous pieces of financial information. They are mostly used by external analysts to assess the profitability, liquidity, and solvency of a company's operations, among other things.

3.2.4 Categories of Financial Ratios

- **Liquidity ratios:** Using liquidity ratios, you may determine a company's capacity to satisfy its debt commitments by examining its current assets and liabilities. Whenever a business is facing financial problems and is unable to pay its bills, it has the option of converting its assets into cash and using the proceeds to cover any outstanding debts more quickly and efficiently. The fast ratio, the cash ratio, and the current ratio are all examples of liquidity ratios that are often used. Liquidity ratios are used by banks, creditors, and suppliers to establish whether or not a customer has the capacity to meet their financial commitments when they become due on a regular basis.
- **Solvency ratios:** Solvency ratios are used to assess a company's capacity to meet its financial obligations in the future. Each of these ratios compares the amount of debt a firm has in relation to its assets, equity, or yearly profits. The debt-to-capital ratio, the debt-to-income ratio, the interest coverage ratio, and the equity multiplier are all important solvency measures. Solvency ratios are primarily used by government agencies, banks, workers, and institutional investors to assess their financial health.
- **Profitability ratios:** Profitability ratios are used to evaluate a company's capacity to generate profits in relation to its related expenditures. The fact that the profitability ratio is greater than it was in the preceding financial reporting period indicates that the firm is doing better financially. A profitability ratio may also be compared to the profitability ratio of a comparable company in order to evaluate how profitable a business is in comparison to its competition. Profitability ratios such as the return on equity ratio, return on assets, profit margin, gross margin, and return on capital employed are only a few examples of essential profitability ratios.
- **Efficiency ratios:** Efficiency ratios are used to assess how effectively a company is utilizing its assets and liabilities to create sales and generate profits for its shareholders. They compute the use of inventories, the utilization of equipment, the turnover of liabilities, as well as the utilization of equity. They are significant because, as the efficiency ratios improve, the firm has a better chance of generating greater sales and profits in the future. The asset turnover ratio,

inventory turnover, payables turnover, working capital turnover, fixed asset turnover, and receivables turnover ratio are only a few of the essential efficiency ratios.

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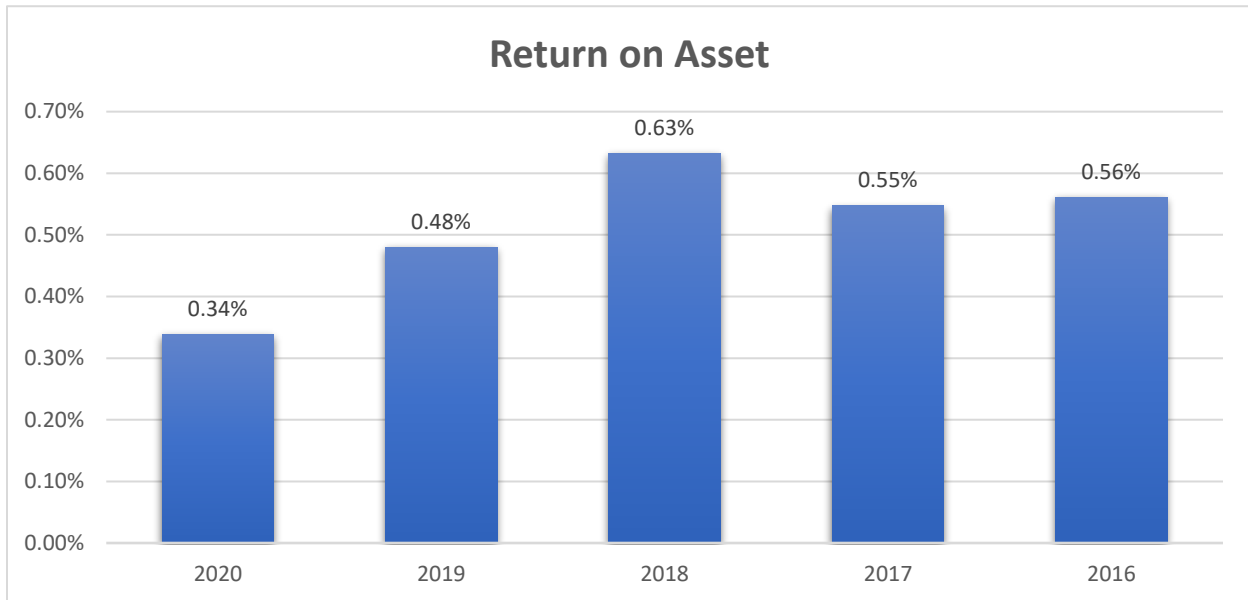
Chapter – 04

Analysis

4.1 Ratio Analysis of Islami Bank Bangladesh Limited

4.1.1 Return on Asset

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------|-------|-------|-------|-------|-------|
| Return on Asset | 0.34% | 0.48% | 0.63% | 0.55% | 0.56% |

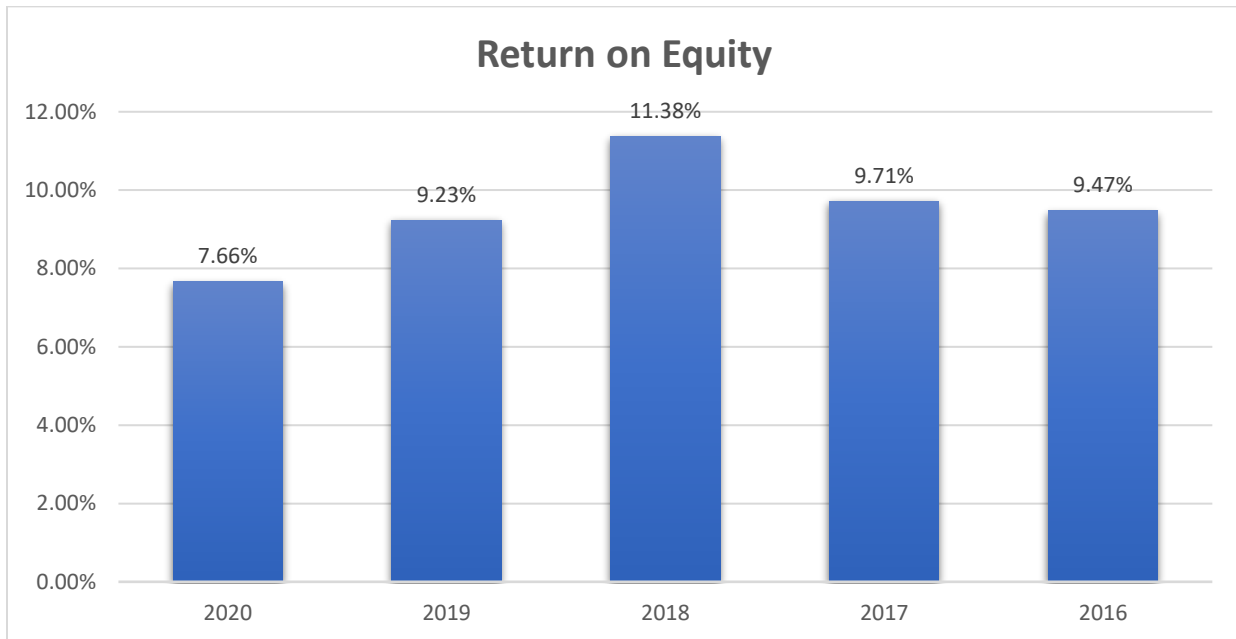


Interpretation:

From 2016 to 2020, Islami Bank Bangladesh Limited's Return on Asset (ROA) is on the decline. The return on assets (ROA) is a commonly used to measure of managerial efficiency; it demonstrates how successfully management can convert an institution's assets into income. The ROA in 2016 was 0.56 percent, which dropped the next year but increased to 0.63 percent in 2018. After 2018, the ROA began to steadily decline, indicating that the bank is inefficient in converting its assets to income, which is a negative indicator for the bank.

4.1.2 Return on Equity (ROE)

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|-------|-------|--------|-------|-------|
| Return on Equity | 7.66% | 9.23% | 11.38% | 9.71% | 9.47% |

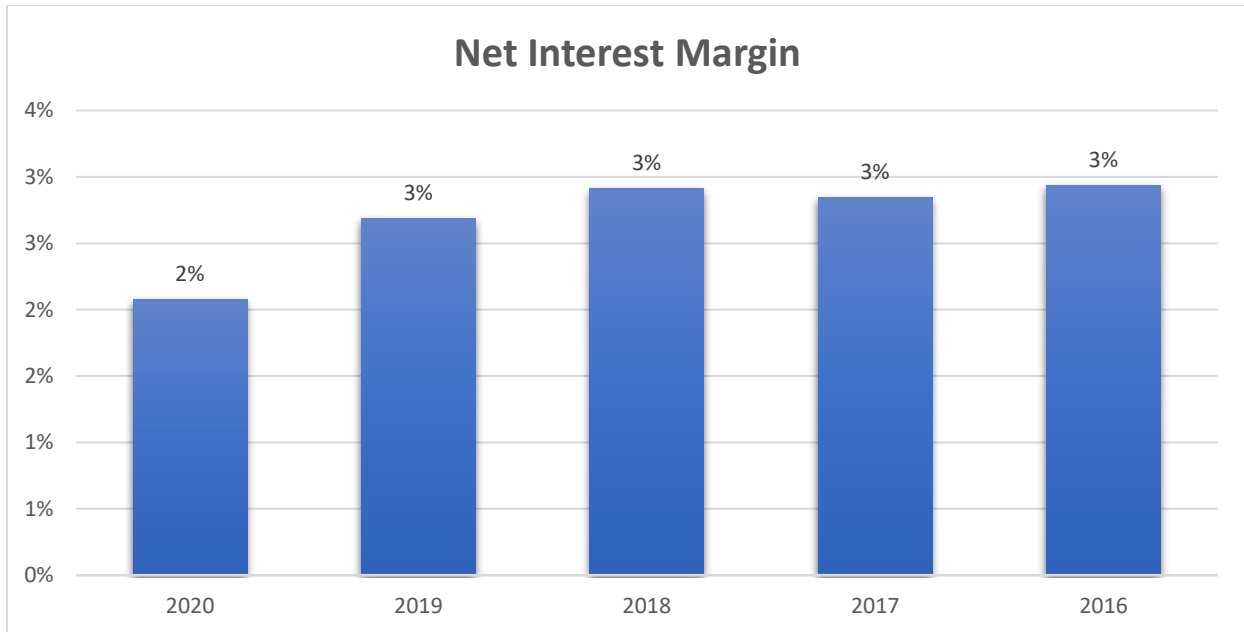


Interpretation:

From 2016 to 2020, Islami Bank Bangladesh Limited's return on equity has been declining. The ratio was 9% in 2016 and 2017, then it jumped to 11% the following year, 2018. However, in 2019 and 2020, there will be a huge decline. It's a bad sign for the bank.

4.1.3 Net Interest Margin (NIM)

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------|------|------|------|------|------|
| Net Interest Margin | 2% | 3% | 3% | 3% | 3% |

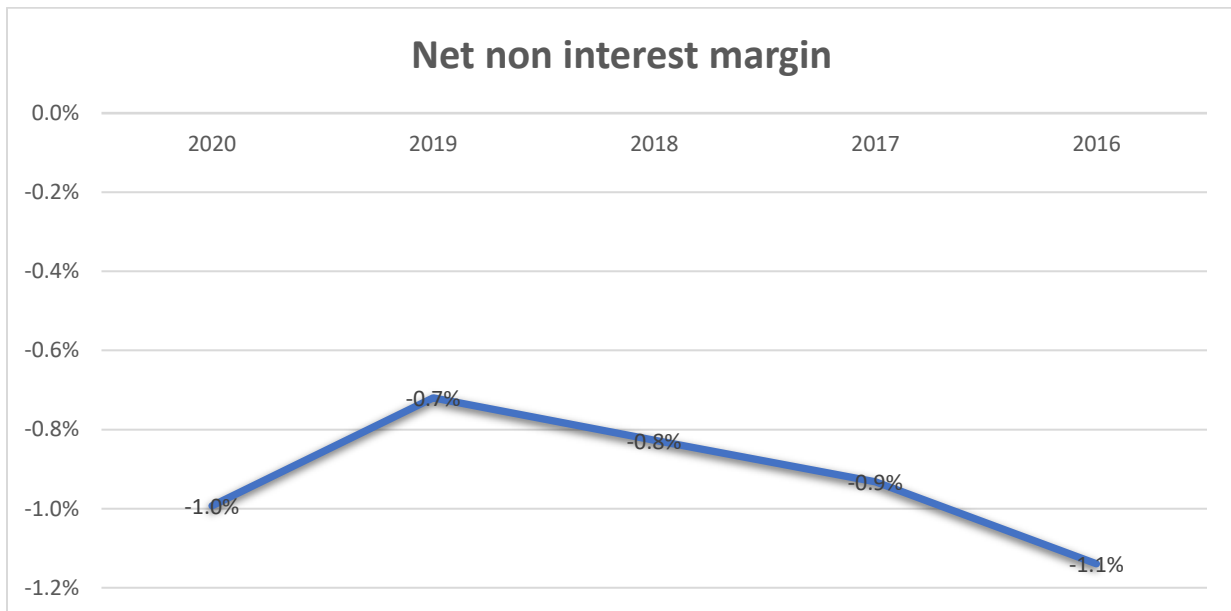


Interpretation:

Net interest margin is the amount of difference between interest income and interest cost management that a bank has been able to achieve via cost control over its earning assets. Interest spread showing a normal rate following the years. The NIM remained stable at 3% from 2016 to 2019, but it declined to 2% in 2020, indicating that the bank was unable to control its costs in 2020.

4.1.4 Non-Interest Margin

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------|-------|-------|-------|-------|-------|
| Net non-interest margin | -1.0% | -0.7% | -0.8% | -0.9% | -1.1% |

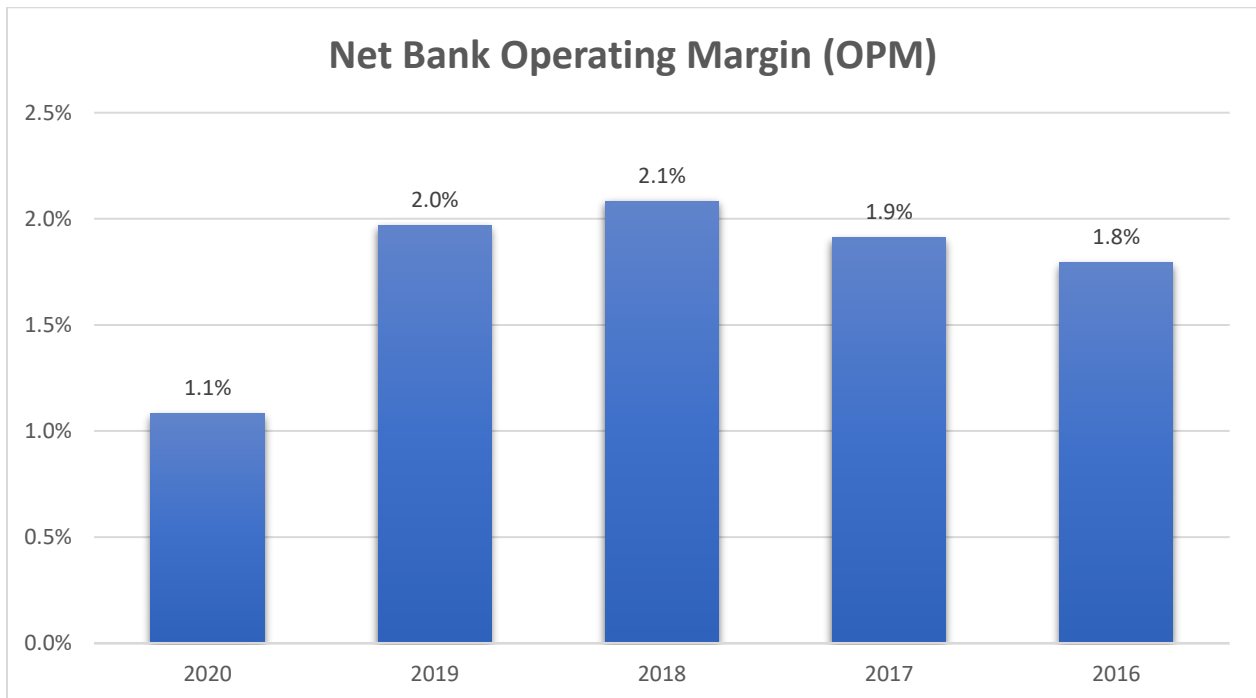


Interpretation:

Non-interest income is divided by non-interest expenses to arrive at the non-interest margin. Because a bank's core business plan is to lend money, interest is its main source of revenue, and cash is its most valuable asset. Banks depend substantially on non-interest revenue when interest rates are low. When interest rates are high, non-interest revenue streams might be cut to attract clients to pick one bank over another. Islami Bank Bangladesh Limited's Non-Interest Margin has been changing.

4.1.5 Operating Profit Margin

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------|------|------|------|------|------|
| Operating Profit Margin (OPM) | 1.1% | 2.0% | 2.1% | 1.9% | 1.8% |

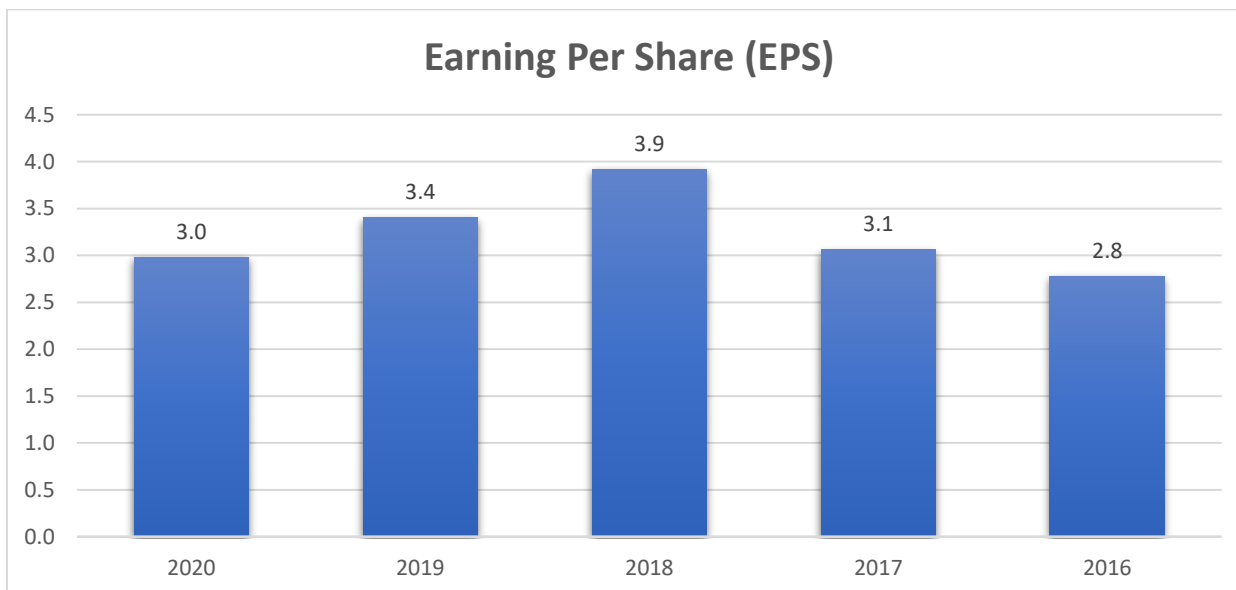


Interpretation:

The graph represents Islami Bank Bangladesh Limited's operating profit margin ratio, which shows a fluctuating trend. The operating profit margin has seen strong growth throughout the years, but it begins to decline steadily after 2018. In 2016, the OPM was 1.8 percent, while in 2018, it grew to 2.1 percent, the highest OPM of Islami Bank Bangladesh Limited in four years. After that, it began to decline somewhat, eventually falling to 1.1 percent in 2020, the lowest ratio in comparison to previous years.

4.1.6 Earning Per Share (EPS)

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------|------|------|------|------|------|
| EPS | 3.0 | 3.4 | 3.9 | 3.1 | 2.8 |

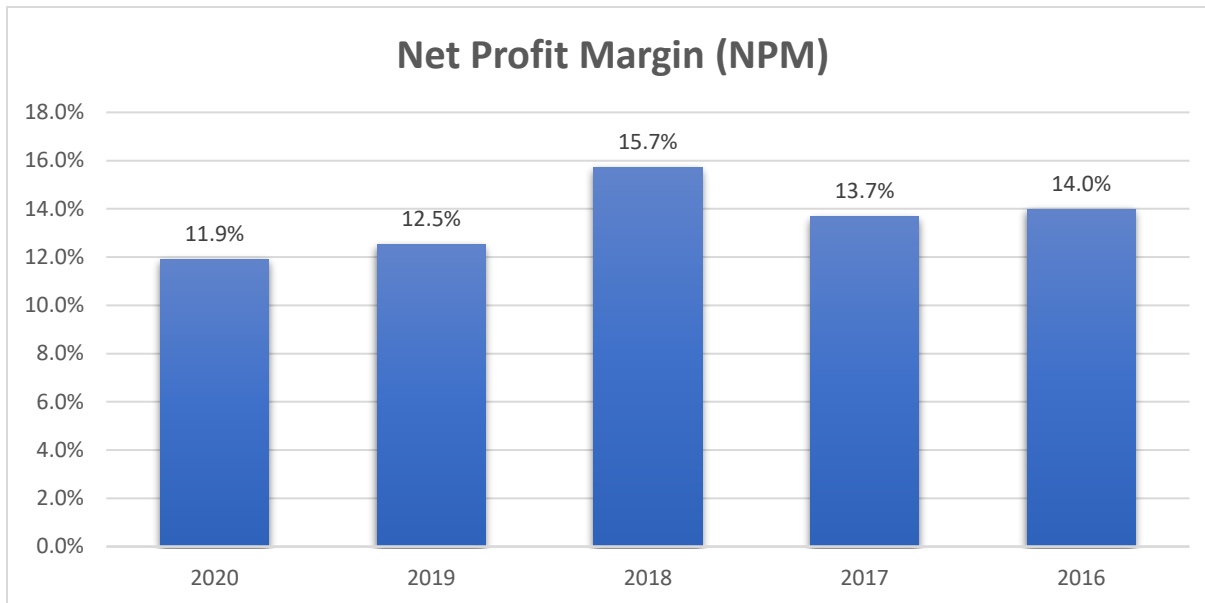


Interpretation:

The graph represents Islami Bank Bangladesh Limited's Earnings Per Share (EPS). One of the most important metrics used to assess a company's absolute profitability is earnings per share. From 2016 to 2020, the EPS of Islami Bank Bangladesh Limited has been changing. The EPS was 2.8 in 2016, then it grew to 3.9 in 2018, but then it began to decline steadily. This indicates that expenditures are rising and the firm is unable to control its operating costs.

4.1.7 Net Profit Margin (NPM)

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------|-------|-------|-------|-------|-------|
| Net Profit Margin (NPM) | 11.9% | 12.5% | 15.7% | 13.7% | 14.0% |

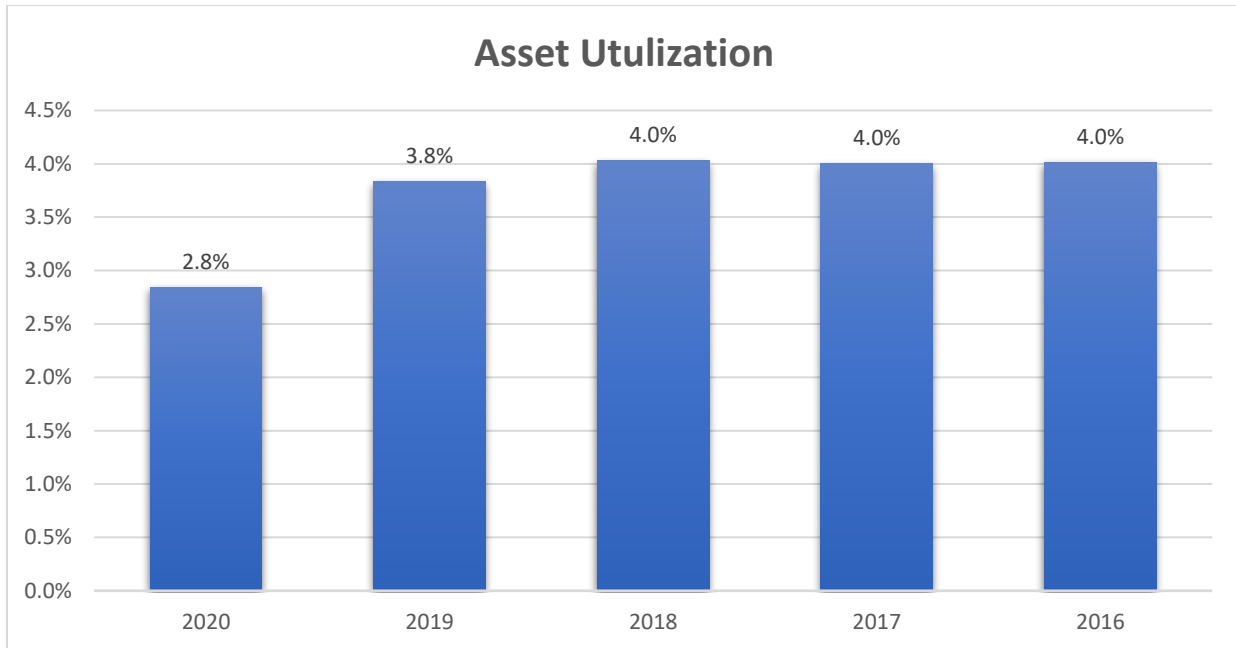


Interpretation:

The graph depicts Islami Bank Bangladesh Limited's Net Profit Margin from 2016 to 2020. The net profit margin indicates how much of a company's revenue is transformed into profit per dollar of revenue received. The NPM of Islami Bank Bangladesh Limited has shifting tendencies from 2016 to 2020. The NPM was 14 percent in 2016, then it decreased somewhat in 2017 to 13.7 percent, but it climbed to 15.7 percent the next year, after which it began to decline constantly. It denotes that the bank employs an inefficient cost structure.

4.1.8 Asset Utilization (AU)

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------|------|------|------|------|------|
| Asset Utilization | 2.8% | 3.8% | 4.0% | 4.0% | 4.0% |

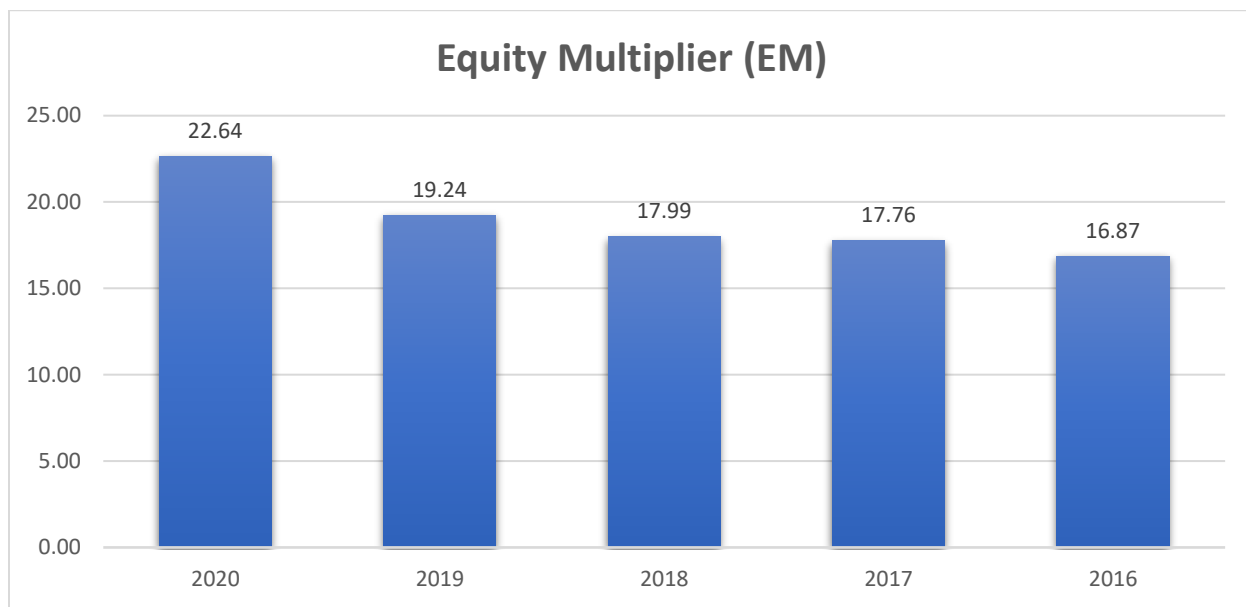


Interpretation:

In this graph, we can see the Asset Utilization Ratio of Islami Bank Bangladesh Limited for the period 2016 to 2020. The graph clearly demonstrates that the asset utilization ratio of Islami Bank Bangladesh Limited has remained constant from 2016 to 2016, indicating that the bank was more efficient in generating revenue by utilizing its own assets in 2016, 2017, and 2018. However, after 2018, the asset utilization ratio begins to decline, indicating that the bank is inefficient in generating revenue from its own assets.

4.1.9 Equity Multiplier (EM)

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------|-------|-------|-------|-------|-------|
| Equity Multiplier (EM) | 22.64 | 19.24 | 17.99 | 17.76 | 16.87 |



Interpretation:

From 2016 to 2020, the graph represents the equity multiplier of Islami Bank Bangladesh Limited. The equity multiplier is a risk indicator that looks at how much of a company's assets are paid for with cash rather than debt. The graph depicts Islami Bank Bangladesh Limited's Equity Multiplier's growing patterns. Equity multiplier was 16.87 in 2016, and it will be 22.64 in 2020. That implies the company is heavily reliant on debt to fund its assets.

4.1.10 Earning Spread

| Particular | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------|------|------|------|------|------|
| Earning Spread | 0.96 | 1.35 | 1.58 | 1.51 | 0.85 |



Interpretation:

Islami Bank Bangladesh Limited's Earning Spread from 2016 to 2020 is shown in the graph. The bank spread is a metric used to assess the profit margins of financial institutions. An increase in profit margin may be achieved through a broad disparity in interest payments and interest received. There is a shifting tendency in the earnings spread of Islami Bank Bangladesh Limited. There was a low spread in 2016, so the bank couldn't earn a significant profit, but there was a high spread in 2017 and 2018, therefore the bank made a greater profit margin in 2018 and 2019.

Chapter – 05

Findings, Recommendations and Conclusion

5.1 Findings of the Study

1. Return on asset showing a diminishing trend 2018 to 2020. Among the rates in 2018 the ROA was 0.65% which decreased to 0.46% in 2020. Which indicates that the bank in failed to utilize its asset. And the Return on equity of the bank also showing a diminishing trend from 2016 to 2020. In 2016 the roe was 9.18% which decreased to 7.23% in 2020.
2. The operating profit margin of Islami Bank Bangladesh Limited is decreasing continuously after 2018. It means the bank is unable to manage its operational cost effectively.
3. The NPM of Islami Bank Bangladesh Limited is showing fluctuating trends over the year 2016- 2020. In 2016 the NPM was 14% which decrease a little bit in 2017 to 13.7% but the next year 2019 it increased to 15.7% after that it start decreasing continuously. It means that the bank uses an ineffective cost structure.
4. Asset utilization ratio of Islami Bank Bangladesh Limited are constant from 2016 to 2016 it means in 2016, 2017 & 2018 the bank was more efficient to generating revenue by utilizing its own asset but after 2018 it starts decreasing which means that the bank is inefficient to generate revenue from its assets.
5. The Equity multiplier of Islami Bank Bangladesh Limited is shows an increasing trend. In 2016 the Equity multiplier was 16.87 which increased to 22.64 in 2020. That means the is using a large amount of debt to finance assets.
6. The asset turnover ratio is showing very low return that means the bank is not efficient to using its asset.

5.2 Recommendations:

1. Return on asset and return on Equity showing a diminishing trend 2018 to 2020. Which indicates that the bank is inefficient to utilize its asset. So, they should be careful about it to increase ROA and ROE
2. To increase the operating profit margin the bank should manage its operating expenses effectively.
3. Cash ratio of the bank has decreased in 2020 that means it has been facing a cash crisis in 2021. So, the bank should increase its supply of cash ratio to solve the liquidity crisis.
4. Loan to total asset ratio is increasing every year that indicates the bank has a loan default risk because the higher the ratio, in that case, the bank should decrease its loan amount with the balance of total asset.
5. To increase the return the bank, has to utilize its total assets effectively otherwise the return will be low.
6. At last, the bank must have made a good combination of debt to equity to take advantages from tax and interest expenses. Because if the bank can reduce the different types of cost it will help to increase the net profit.

5.3 Conclusion

Since its beginning in 1999, IBBL has grown tremendously. In this paper, I tried to cover all of IBBL's efforts in several sectors. Their future development and strategies for success in a competitive environment may be illuminated by reviewing this study. It was difficult for me to uncover the drawbacks of any branch in a month, but I tried my best to supply anything for my observations. Islami Bank is one of Bangladesh's most well-known financial organizations. Islamic Bank sets the standard high for its customers every day. A wide range of long-term advantages are available to customers of Islami Bank's products. Islami Bank provides a wide range of consumer services as an intermediary. Customers of Islami Bank may choose from a wide range of loan products, including agricultural loans, house loans, business loans, auto loans, and student loans. In our nation, IBBL assists with government financing and massive projects. For the country's GDP to increase, financial assistance is essential.

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