

**INTERNSHIP  
REPORT ON**

**Financial Performance Analysis of IFIC Bank Limited  
(2016-2020)**



# **INTERNSHIP REPORT ON**

## **Financial Performance Analysis of IFIC Bank Limited**



### **Submitted To**

Siddiqur Rahman

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

### **Submitted By**

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MBA (Finance)

Department of Business Administration

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**Date of Submission:** 04 – 12 - 2022

## **Letter of Transmittal**

Siddiquir Rahman

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

**Subject:** Submission of Internship Report.

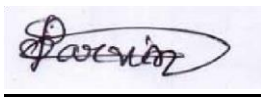
Honorable Sir,

I am pleased to present for your consideration the report on "Financial Performance Analysis of IFIC Bank Limited," which is a prerequisite of the Department of Business Administration's MBA program. I finished the report on schedule and accomplished all of the goals that were set forth. Apart from academic education, this internship program and report writing have provided me with the opportunity to comprehend topic-related knowledge.

I have put up a sincere effort to ensure that the report is completed successfully. It should also be noted that I would not be able to complete this report without your guidance and cooperation. I shall be gratified to answer any sort of queries you think necessary regarding this report.

Therefore, I expect your kind consideration in this regard, I will be very grateful if you accept my report and oblige thereby.

Yours Sincerely,



Saima Parvin

ID: 201-14-3191, MBA (Finance)

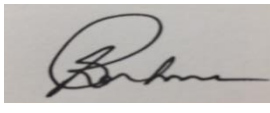
Department of Business Administration

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## Approval Certificate

This certifies that Saima Parvin, ID #201-14-3191, MBA (Finance), is a regular student of Daffodil International University's Department of Business Administration, Faculty of Business and Entrepreneurship. She completed her internship at IFIC Bank Limited successfully, and she prepared this internship under my direct supervision. "Financial Performance Analysis of IFIC Bank Limited" is her internship topic. I believe the report is sufficient to satisfy the MBA program's partial requirements. I further state that the research was conducted solely for academic purposes, and that this paper should not be used in a real-world setting.

I have gone through the report and found it a well written report. She has completed the report by herself. I wish her every success in life.



Siddiqur Rahman  
Assistant Professor  
Department of Business Administration  
Faculty of Business & Entrepreneurship

## **Executive Summary**

IFIC Bank Limited is one of the reputed and leading private commercial Banks in Bangladesh. The Bank started its journey in 1976 as a joint venture. After that, in 1983, the government allowed banks in the private sector. IFIC was converted into a commercial bank. Now, their service level is in the leading position. This bank is now providing all modern banking service to their clients and customers that meet the actual satisfaction of the customer. However, they always keep updating their banking system and improving service qualities.

Also, IFIC Bank Ltd. has various types of deposit and loan services to its client and customers that grows day by day, according to their annual report. This shows that they are giving the best general and credit banking services to their clients and customers. On the other hand, they provide the services of foreign exchange to their clients. IFIC Bank Ltd. Always takes great initiatives and fixes a target to every branch even department to increase their profit and the results are seen in the annual report of the bank. The recruitment of officials is perfect. IFIC Bank has strong strategic management to improve the level of performance. The investment and the liquidation of cash are getting low year by year which indicates the cash incapability of the bank.

In this report, I cover the IFIC's financial performance analysis and general banking activities. Ratio analysis (liquidity ratio, profitability ratio, Debt ratio, and other ratios) . The general banking division of IFIC Bank Limited is quite important. Within the wholesale banking business, with the purpose of meeting customers' banks product requirements. On the other hand, operating expenses are very high. The salaries, wages or remunerations of the bank officials, staff are high. IFIC Bank Ltd. are practicing CSR which increasing the reputation and goodwill of the bank. Last of all, if IFIC Bank wants to raise more profit, they must increase their profit and reduce their operating expenses and cost.

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# **Chapter: 01**

## **Introduction**

## 1.1 Introduction

Bangladesh's International Finance Investment and Commerce (IFIC) Bank Limited is a private commercial bank based in Bangladesh. The Bangladeshi government owns the majority of the shares. IFIC stated in 2013 that it would become a sharia-compliant bank. IFIC Bank Limited started functioning as a going concern basis through a Vendors Agreement signed between the ministry of finance, Government of the People's Republic of Bangladesh on behalf of the former IFIC Bank and the Board of Directors of IFIC Bank Limited on November 15, 2015 with retrospective effect from 01 July, 2015.

IFIC Bank Limited is governed by a board of directors made up of ten members headed by a chairman. The Bank is headed by the Managing Director & Chief Executive Officer; Managing Director is assisted by Deputy Managing Directors and General Managers. The bank has 11 Circle offices, 36 Divisions in head office, 53 zonal offices and 955 branches including 34 corporate, 42 AD (authorized dealer)

IFIC Bank Limited is Bangladesh's first state-owned commercial bank to set up Agent Banking. IFIC currently has 200 booths of agents that operate Agent Banking activities around Bangladesh's rural areas. Islamic banking system in IFIC Bank Limited has been operating under 'Islamic Banking Unit' through 5 Islamic Banking Windows since February 28, 2016.

## 1.2: Origin of the Report

Today, useful experience is as much fundamental as scholarly training that empowers somebody to be fruitful business official particularly in the worldwide focused business condition. With the end goal to assemble learning and presentation, in regards to the authoritative culture and conduct, the business understudy must need to put for temporary job after the effective consummation of their Business degree. Since an internee officer motivate the chance to substantiate himself by utilizing his insight for all intents and purposes and get the best hierarchical exertion from their staff and mentor. To set up this report, I have utilized my insight which I accumulated in my internee time , I endeavored to share my reasonable experience of IFIC. I have picked the point "Money related Performance Analysis of the IFIC Bank" and I

endeavored to draw out the bookkeeping and budgetary execution of IFIC dependent on their corporate monetary report and furthermore attempted to direct the proportion investigation and contrasted them and the circumstance of the earlier years that will uncover the genuine circumstance of the organization.

## **1.2 Background of the Study**

Completing an internship with a respected business organization and writing a report is a requirement for the Daffodil International University (DIU) Masters of Business Administration (MBA) degree. As an MBA student, I completed a three-month internship at IFIC Bank Limited in Dhaka and wrote an internship report. " IFIC Bank Limited Financial Performance Review," based on genuine experience from a short-term position at IFIC Bank's capital in Bangladesh.

### **1.4: Objective of the Study:**

The main objective of the study will be to present the financial performance analysis of IFIC Bank with fulfilling the requirement of MBA program. Specific objectives of the study are summarized as follows:

- To know the theoretical background of the financial performance of IFIC Bank.
- To evaluate the financial performances of IFIC of different years by using various ratio analysis
- To identify the problems related to the financial performance of IFIC Bank.
- To provide possible recommendations based on the findings, problems to improve financial performance of IFIC Bank.

## 1.5: Methodology of the Study:

### Primary sources:

- Officers
- Supervisor.

### Methods of Collecting Primary Data:

- Practical work experience on their branch. “Financial Performance Analysis of IFIC Bank.”
- Face to face conversation with office employee.
- Conversation with branch visited customer.
- Studying office file in the meantime of working.
- By working practically in the Branch.

### Secondary sources:

- Web site of IFIC ([www.ificbank.org.bd](http://www.ificbank.org.bd)).
- IFIC Annual report 2016-2020.
- Product brochure of IFIC.

## 1.6 Limitations of the Study:

To get better resources there were several limitations in completing the report some of the crucial limitations are-

- The period of 3 months, is insufficient to learn about all the banking activities of any branch.
- A single workstation cannot be a complete arena to study banking system.
- As some of the banking fields are not protected by our courses, there was trouble to understand some activities.

- Bank's Policy of not disclosing confidential data & information is a big obstacle in preparing the report.

# **Chapter-02**

## **About IFIC Bank Limited**

## **2.1 Profile of Bangladesh Commerce and Investment Limited**

IFIC Bank Limited, a state-owned leading commercial bank with 955 branches strategically located in almost all of Bangladesh's commercial areas, overseas exchange houses, and hundreds of overseas correspondents, was established as a Public Limited Company on May 17, 2013 to take over the IFIC Bank's business, properties, liabilities, rights, and obligations. A Vendors Agreement signed on November 15, 2013 between the Ministry of Finance, the Government of the People's Republic of Bangladesh on behalf of the former IFIC Bank and the Board of Directors of IFIC Bank Limited, with retrospective effect from July 1st, 2013, allowed IFIC Bank Limited to begin operating as a business base.

## **2.2 Mission of Bangladesh Commerce and Investment Limited:**

Bangladesh Commerce Bank Ltd. is dedicated to serving the demands of its customers and becoming their first choice in banking in order to secure long-term growth, a decent return, and a contribution to the country's development through a highly motivated and competent workforce.

## **2.3 Vision of Bangladesh Commerce and Investment Limited**

To become a customer friendly bank with meaningful contributions to society.

## **2.4 Strategic Priorities Bangladesh Commerce and Investment Limited**

Maintaining a healthy business growth in all main operations in order to achieve the intended outcome

- Improving the risk management strategy and compliance culture by acquiring cutting-edge technology and offering novel concepts for financial inclusion
- Increasing the number of customers while maintaining a consistent deposit and non-performing assets.

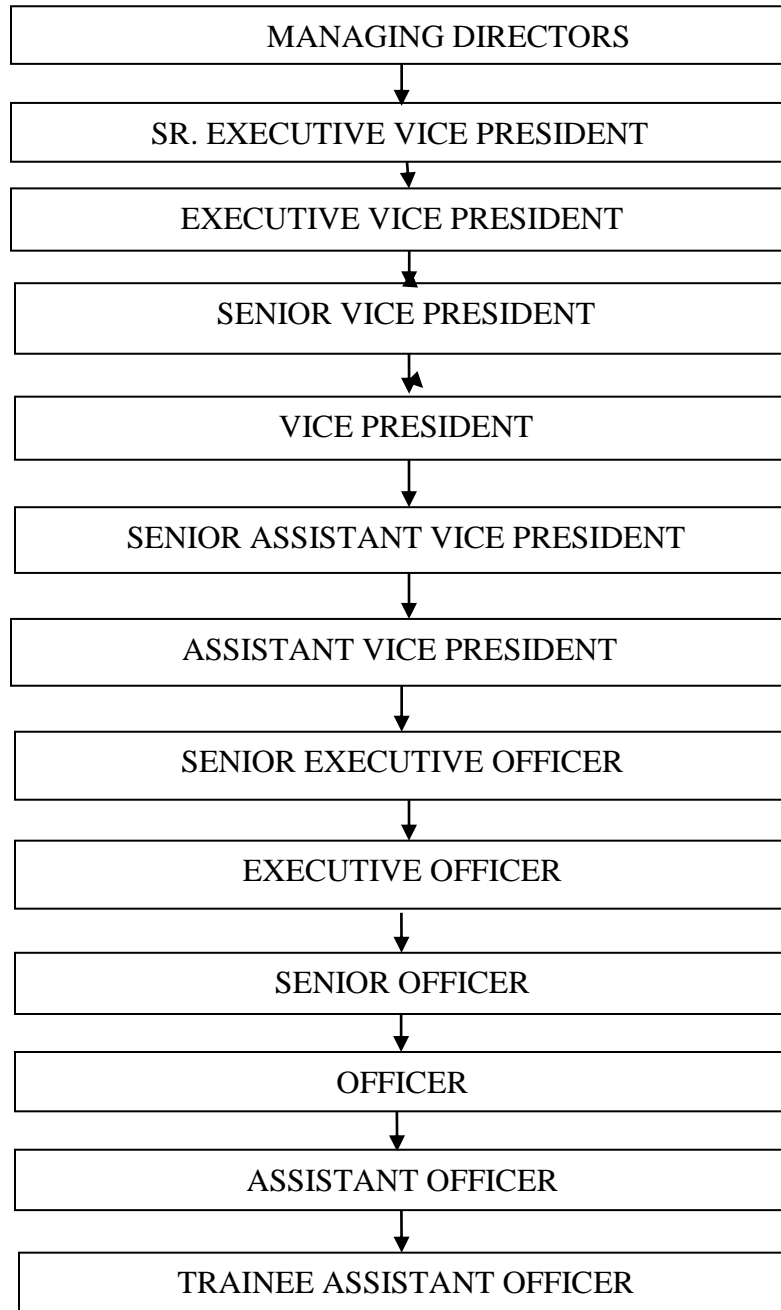
## **2.5 Activities of IFIC:**

Bangladesh Commerce Bank Limited's general banking activities are divided into five sectors.

1. Account opening section

2. Clearing Section
3. Remittance Section
4. Deposit Section
5. Cash Section

## 2.6 Organization Hierarchy:





## 2.7 ORGANOGRAM

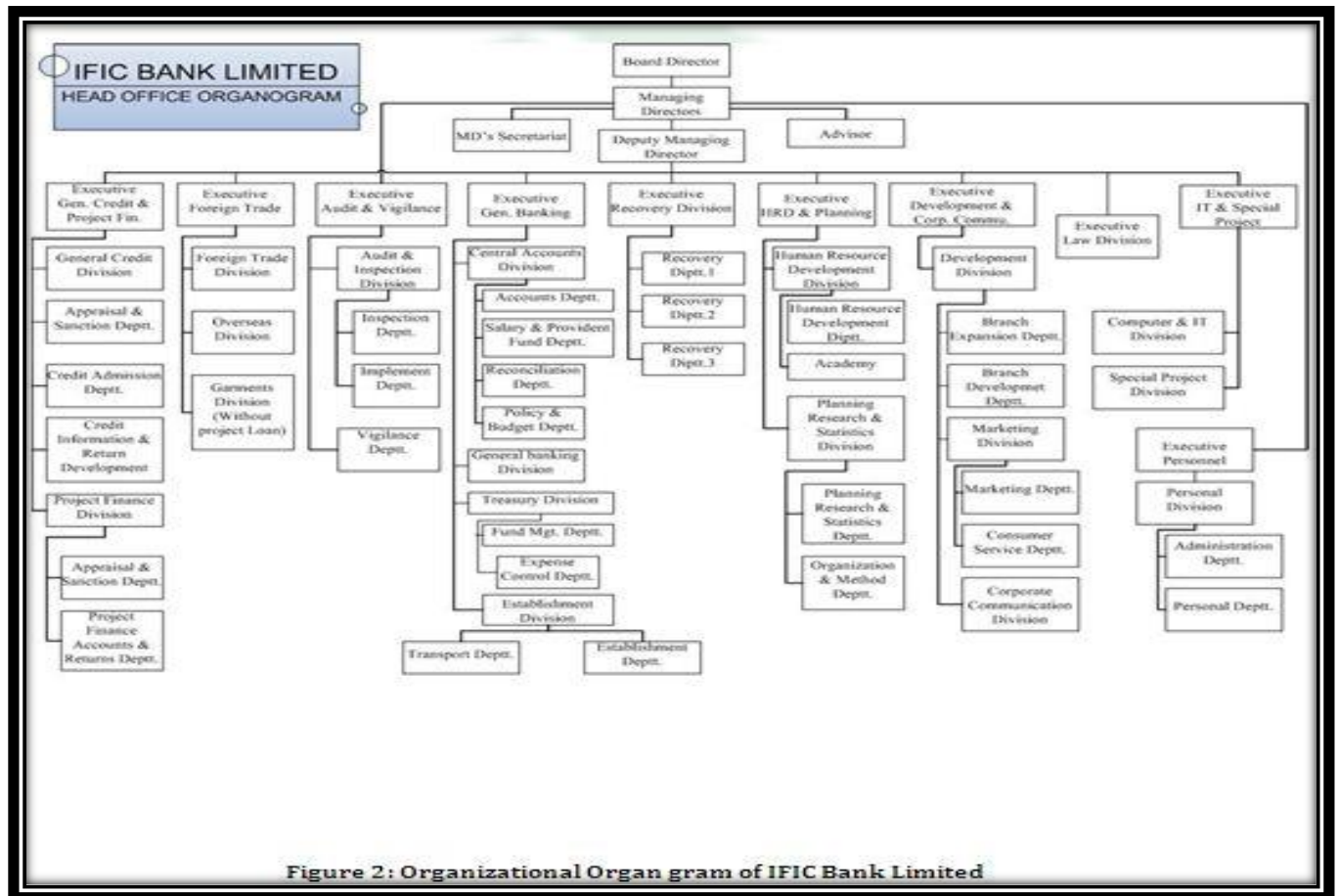


Figure 2: Organizational Organ gram of IFIC Bank Limited

## 2.7 Product Offered by IFIC

### 2.7.1 Retail Banking

Deposit:

1. Savings Bank Deposit
2. IFIC Srijoni (A Savings account for Working Women)
3. IFIC Nondita (A Savings Account only for Housewives)
4. Current Deposit Account
5. Special Notice Deposit (SND)
6. IFIC Students' Savings Account
7. IFIC Monthly Savings Scheme

Utility Bills Pay Services:

8. B Double Benefit Scheme

### Loans and Advances:

1. IFIC Teachers' Loan
2. IFIC Special Loan (For Service Holders)
3. IFIC Consumer Credit Scheme

### AB Credit Card:

1. Wide ATM Coverage
2. Interest free Purchase
3. Lowest Interest Rate
4. No hidden charge
5. Document required applying for BCB Credit Card

### AB Debit Card:

1. Accessibility in our nation 2 24/7.
2. All AB, Q-Cash, Omnibus and DBBL ATM
3. Debit cards are accepted. You may spoof the Enquiry Balance
4. You can change the number of your PIN.
5. No interest or charges hidden.

### Utility Bills Pay Services:

- Electricity Utility Bill
- Gas Utility Bill
- WASA Utility Bill

### Locker Services:

- a) Yearly TK.2000/= for small size locker
- b) Yearly TK.2500/= for medium size locker
- c) Yearly TK.3000/= for big size locker
- d) Key Deposit at a time for TK 5000/= for all Categories(Refundable on closing)

## 2.7.2 Corporate Banking:

### General Loan

- ❖ Cash Credit Hypothecation
- ❖ Overdraft
- ❖ Bill Purchase / Discounting
- ❖ Term Loan
- ❖ House Building Loan

### Trade Financing

1. Export finance
2. Letter of Guarantee
3. Import finance

### 2.7.3 SME and Agriculture Banking:

SME Product

### 2.7.4 NRB Services

Foreign Remittance

1. Money Gram
2. Xpress Money

## 2.8 SWOT Analysis

A SWOT analysis is “a technique for matching organizational strengths and weaknesses with environmental opportunities and threats to determine the organization’s right niche”. SWOT analysis helps the organization to identify how to evaluate its performance and scan the macro environment, which in turn would help organization to navigate in the turbulent ocean of competition.

### **Strengths:**

- IFIC bank has already built a positive reputation in the country's banking business. It is a leading commercial bank in Bangladesh's private sector. The profits and deposits of the bank have already increased dramatically.
- As one of the industry's oldest companies, IFIC Bank Ltd. has a lengthy history in the banking business. As a result, their unwavering goodwill in the field serves as a crucial strength.
- The IFIC bank features a collaborative work environment. The warm, engaged, and communicative working environment serves as a strong motivator for future customers.
- It has a great management team.
- It has a high level of client dedication, as well as qualified and experienced human resources.
- In most of its branches, it has a sophisticated automated banking system that promotes overall banking activity.

**Weakness:**

- There is a lack of motivation among the employees.
- The work process might be slowed by a heavy reliance on Head Office for decision-making.
- Job burnout can occur when management fails to provide extrinsic and intrinsic rewards and incentives to employees.
- Instead of obtaining any marketing strategy, there is a high reliance on the "word of mouth" technique.
- There is no collaboration between branches.

**Opportunity:**

- Other uncharted territory where branches could be established.
- People at all levels of society are well aware of the importance of depositing money in banks.
- Customer financial demand is increasing.
- Bangladesh's investment potential. Relationship Management is the management of relationships.

**Threats:**

- Some commercial and foreign banks, as well as private banks, are expanding their operations. Insurance companies, stock exchanges, financial institutions, and other retail banking products are similar.
- Bangladesh Bank's laws and regulations change frequently.
- Pricing and service awareness among customers.

# **Chapter-03**

## **Theoretical Analysis**

### 3.1: Ratio Analysis of IFIC

The objective of this report is evaluating IFIC's financial performance. So that here discuss recent year's financial ratio of IFIC Bank.

#### Ratio Analysis

A ratio analysis is a quantitative analysis of information contained in a company's financial statements. Ratio analysis is based on line items in financial statements like the balance sheet, income statement and cash flow statement; the ratios of one item or a combination of items to another item or combination are then calculated. Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency.

#### Assumption of Ratio Analysis:

The most common mode in which financial statement data are summarized is the ratio form.

Motivations for examining data in ratio form include:

- ✚ To control for the effect of size differences across the bank overtime.
- ✚ To make the data better satisfy the assumptions underlying statistical tools.
- ✚ To prove a theory in which a ratio is the variable of interest.
- ✚ To exploit an observed empirical regularity between a financial ratio and the estimation of variable of interest

### 3.2 Ratio analysis of IFIC from 2016 to 2020 years:

#### 3.2 Liquidity Ratio:

A liquidity ratio includes with current ratio, quick ratio and net working capital that provide a company's short term debt.

**(A) Current Ratio:** Current ratio is the ratio of current assets of a business to its current liabilities. It is the most widely used test of liquidity of a business and measures the ability of a business to repay its debts over the period of next 12 months.

**(B) Cash Ratio:** The cash ratio, also known as the cash coverage ratio, is a liquidity ratio that assesses a company's capacity to pay down current creditors entirely using cash and cash equivalents. Because no other current assets can be used to pay off current debt, the cash ratio is far more restrictive than the current ratio or quick ratio.

**(C) Net working capital:** Net working capital is a liquidity calculation that measures a company's ability to pay off its current liabilities with current assets. This measurement is important to management, vendors, and general creditors because it shows the firm's short-term liquidity as well as management's ability to use its assets efficiently

### **3.3 Profitability Ratio:**

**(A) Earnings per share (EPS):** Earnings per share (EPS) are the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

**(B) Return on Asset (ROA):** Return on Assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "Return on Investment".

**(C) Return on Equity:** The return on equity deals the return earned on the common stockholder's investment in the firm. Generally, the higher this return, the better off is the owners.

### **3.4 Others ratio:**

#### **(A)The debt-to-equity:**

The debt-to-equity (D/E) ratio is computed by dividing a company's total liabilities by its shareholder equity to determine its financial leverage. In corporate finance, the D/E ratio is a crucial measure. It's a measure of how much a corporation relies on debt to fund its operations rather than totally owned funds. In the event of a business downturn, it indicates the ability of shareholder equity to satisfy all outstanding debts. A specific sort of gearing ratio is the debt-to-equity ratio.

#### **(B) Equity to asset -ratio:**

The Equity-To-Asset ratio compares the amount of equity in a company or farm to the total assets owned by the company or farm. A firm or farm with a debt-to-equity ratio of less than 70% is at danger, and its borrowing ability may be reduced.

**(c)Debt ratio:**

A debt ratio is a measurement of a company's indebtedness in terms of total debt to total assets. A debt ratio more than 1.0, or 100 percent, shows that a company's debt exceeds its assets, whereas a debt ratio less than 100 percent implies that the company's assets exceed its debt.

**(D)Time interest earned ratio:**

A company's ability to service its debt is measured by the times interest earned ratio. It's a sign that a business is having financial difficulties. Because earnings are much more than annual interest obligations, a company with a high ratio can meet its interest obligations.



# Chapter-04

## Financial Performance of IFIC Bank

## 4.1 Financial Performance of IFIC Bank (2020-2016)

Financial performance analysis is analyzing and interpreting financial statements in order to make a complete diagnostic of a company's profitability and financial health.

The financial performances of IFIC Bank are given in the following:

### 4.1.1 Table 1 (Income Statement):

**International Finance Investment and Commerce Bank Limited**  
**Income Statement**  
**As at 31 December (2020 -2016)**

Particulars	2020	2019	2018	2017	2016
Interest income	21,170,256,030.00	24,478,436,655.00	19,011,904,653.00	15,039,273,910.00	12,626,234,099.00
Interest paid on deposits and borrowings	18,292,521,314.00	18,028,004,167.00	14,404,699,530.00	9,437,189,617.00	8,221,339,559.00
Net interest income	2,877,734,716.00	6,450,432,488.00	4,607,205,123.00	5,602,084,293.00	4,404,894,450.00
Income from investments	3,501,469,298.00	2,458,206,971.00	2,044,196,628.00	2,105,410,059.00	2,081,237,711.00
Commission, exchange and brokerage Income	1,558,776,252.00	1,698,099,119.00	1,698,099,119.00	1,717,435,369.00	1,552,391,886.00
Other operating income	605,362,198.00	434,472,898.00	491,185,391.00	533,667,507.00	557,424,783.00
Total operating income	8,543,342,464.00	11,041,211,476.00	8,758,877,466.00	9,958,597,228.00	8,595,948,830.00
Rent , taxes, Insurance, Electricity etc	418,605,546.00	579,414,593.00	780,871,636.00	702,378,221.00	706,221,522.00
Charges on loan losses		758,054,030.00	109,642,716.00	244,828,037.00	281,172,341.00
Salaries and allowances	2,560,507,662.00	2,576,223,530.00	2,580,872,443.00	2,600,408,127.00	2,536,189,910.00
Legal Expenses	10,712,980.00	10,070,710.00	12,493,496.00	11,625,374.00	11,200,649.00
Postage, Stamps, Telecommunication etc	73,869,808.00	63,669,117.00	63,263,272.00	76,477,658.00	92,005,382.00
Stationary, Printing, Advertisement etc	358,974,150.00	440,303,684.00	377,063,537.00	433,195,870.00	265,945,744.00

Director's Fees and Expenses	1,892,000.00	1,854,500.00	1,911,000.00	1,621,500.00	1,495,750.00
Salary and allowances paid to Managing director/chief Executives	20,975,250.00	15,720,000.00	15,120,000.00	15,120,000.00	15,120,000.00
Auditor's Fee	3,051,750.00	3,509,093.00	1,990,133.00	1,866,696.00	2,251,927.00
Depreciation and Repairs to Bank's Assets	1,070,408,309.00	741,346,537.00	484,602,840.00	495,842,413.00	557,399,835.00
Other Expenses	1,065,997,697.00	873,877,546.00	736,982,153.00	830,180,678.00	667,929,672.00
Total operating expenses	5,584,995,152.00	6,064,043,340.00	5,164,813,226.00	5,413,544,574.00	5,136,932,732.00
Operating Profit	5,584,995,152.00	4,977,168,136.00	3,594,064,240.00	4,545,052,654.00	3,459,016,098.00
Share of Profit/(loss) of associations	522,479,151.00	553,833,085.00	400,125,308.00	355,283,995.00	382,821,516.00
Profit before provision	3,480,826,463.00	5,531,001,221.00	3,994,189,548.00	4,900,336,649.00	3,841,837,614.00
Specific provision (Loan and Advances)	1,498,673,893.00	774,041,752.00	820,009,910.00	2,224,550,526.00	735,235,892.00
General Provision					505,554,055.00
Off balance sheet items					59,810,890.00
Diminution in value of investment	-300,613,649.00	130,186,221.00	178,461,306.00	-106,366,393.00	51,923,927.00
For offshore Banking Unit					-4,712,963.00
Other Provision	35,971,496.00	42,052,379.00	36,959,400.00	19,525,474.00	24,120,508.00
Total Provision	1,234,031,740.00	946,280,352.00	1,035,430,616.00	2,137,709,607.00	1,371,932,309.00
Profit for the year before taxation	2,246,794,723.00	4,584,720,869.00	2,958,758,932.00	2,762,627,042.00	2,469,905,305.00
Current tax	975,923,486.00	1,721,922,569.00	1,100,427,296.00	807,210,974.00	717,569,284.00
Deferred tax	137,874,939.00	35,067,669.00	208,827,364.00	-441,248,283.00	169,805,699.00
Provision for tax	1,113,798,425.00	1,756,990,238.00	1,309,254,660.00	365,962,691.00	887,374,983.00
Net profit after tax for the year	1,132,996,298.00	2,827,730,631.00	1,649,504,272.00	2,396,664,351.00	1,582,530,322.00
EPS	0.7	1.75	1.12	1.79	1.79


#### 4.1.2 Table 2 (Balance Sheet):

**International Finance Investment and Commerce Bank Limited**  
**Balance Sheet**  
**As at 31 December (2020 -2016)**

Particulars	2020	2019	2018	2017	2016
cash	18,496,393,531.00	18,056,029,773.00	16,020,741,583.00	15,487,553,511.00	14,079,419,866.00
In hand (including foreign currencies)	4,088,663,229.00	2,872,338,679.00	2,899,030,289.00	2,251,768,572.00	2,018,405,559.00
Balances with Bangladesh bank and Sonali bank (Including foreign currencies)	14,407,730,302.00	15,183,691,094.00	13,121,711,294.00	13,235,784,939.00	12,061,014,307.00
Balance with other banks and financial institution	8,068,327,513.00	5,637,834,204.00	8,118,980,917.00	10,623,519,846.00	9,008,977,771.00
In Bangladesh	6,682,557,302.00	4,014,719,294.00	6,823,590,588.00	8,068,534,922.00	7,592,399,021.00
Outside Bangladesh	1,385,770,211.00	1,623,114,910.00	1,295,390,329.00	2,554,984,924.00	1,416,578,750.00
Money at call and short notice	2,330,000,000.00	910,000,000.00	3,970,000,000.00	3,830,000,000.00	
Investment in shares & securities	58,100,080,583.00	47,216,443,756.00	32,664,400,101.00	29,290,877,363.00	26,279,460,893.00
Government	46,979,431,855.00	41,369,255,890.00	27,258,506,647.00	23,943,582,942.00	20,754,752,878.00
Others	11,120,648,728.00	5,847,187,866.00	5,405,893,454.00	5,347,294,421.00	5,524,708,015.00
Loans and advances/Investment	261,697,427,473.00	232,523,441,067.00	210,932,291,735.00		
Loans, cash credits, overdrafts/Gener	247,051,243,375.00	221,562,693,268.00	198,670,768,028.00	171,593,194,706.00	132,138,872,955.00

al Investments					
Bills discounted and purchased	14,646,184,098.00	10,960,747,799.00	12,261,523,707.00	11,702,916,400.00	9,119,885,365.00
Total	261,697,427,473.00	232,523,441,067.00	210,932,291,735.00	183,296,111,106.00	141,258,758,320.00
Land, building, furniture and fixtures (Including leased assets)	7,537,124,576.00	6,430,431,620.00	5,445,835,394.00	3,539,338,093.00	3,498,780,629.00
Non-Banking Assets	373,474,800.00	373,474,800.00	373,474,800.00	373,474,800.00	373,474,800.00
Other assets	11,426,737,686.00	9,606,537,605.00	9,003,060,522.00	10,277,591,453.00	5,752,191,395.00
Total assets	368,029,566,161.00	320,754,192,825.00	286,528,785,052.00	256,718,466,172.00	200,251,063,674.00
Borrowings from other banks, financial institutions and agents	13,021,794,012.00	8,215,860,335.00	9,969,432,278.00	8,473,580,748.00	6,161,734,496.00
Deposits and other accounts	296,346,489,666.00	258,180,418,372.00	226,259,493,148.00		
Current /Al-Wadeeah current and other deposit accounts	92,694,716,685.00	56,902,055,915.00	40,880,141,888.00	30,611,131,194.00	20,040,265,832.00
Bills payable	2,547,263,402.00	1,840,433,536.00	2,066,079,056.00	2,238,152,090.00	2,075,645,107.00
Savings deposits/Mudaraba Savings Deposits	25,343,706,980.00	23,299,407,700.00	24,711,065,947.00	27,058,321,723.00	27,886,177,596.00
Mudarabba/ Term and Fixed deposits	175,760,802,599.00	176,138,521,221.00	158,602,206,257.00	140,241,074,828.00	110,130,532,901.00
Total Deposits	296,346,489,666.00	258,180,418,372.00	226,259,493,148.00	200,148,679,835.00	160,132,621,436.00
Other liabilities	28,737,360,373.00	25,014,936,765.00	23,122,200,254.00	22,492,022,640.00	16,534,308,924.00
Subordinated Debt/Mudaraba bond	2,100,000,000.00	2,800,000,000.00	3,500,000,000.00	3,500,000,000.00	3,500,000,000.00
Total liabilities	28,737,360,373.00	294,211,215,472.00	262,851,125,680.00	234,614,283,223.00	186,328,664,856.00
Capital /Shareholders" Equity:	27,823,915,093.00	26,542,970,473.00	23,677,652,554.00	22,104,176,280.00	13,922,392,257.00
Paid up capital	16,198,738,680.00	14,726,126,080.00	13,387,387,350.00	11,953,024,420.00	5,638,219,070.00

	00	00	00	00	0
Statutory reserve	6,864,775,853.00	6,531,903,475.00	5,696,418,313.00	5,124,540,729.00	4,649,226,843.00
Revaluation Reserve on Govt. Securities/ Revaluation Reserve	107,849,126.00	50,121,137.00	13,108,847.00	121,544,253.00	128,702,128.00
Assets Revaluation Reserve	115,314,704.00	115,314,704.00	115,314,704.00		
Foreign Currency Translation Gain	134,088,406.00	43,867,936.00	43,292,875.00	126,200,022.00	-27,858,562.00
Retained earnings	4,248,076,927.00	4,920,565,744.00	4,267,059,068.00	4,623,795,459.00	3,379,031,381.00
General reserves and others	155,071,397.00	155,071,397.00	155,071,397.00	155,071,397.00	155,071,397.00
Minority Interest	7,016.00	6,880.00	6,818.00	6,669.00	6561.00
Total Equity	27,823,922,109.00	26,542,977,353.00	23,677,659,372.00	22,104,182,949.00	13,922,398,818.00
Total liabilities and shareholders' equity	368,029,566,161.00	320,754,192,825.00	286,528,785,052.00	256,718,466,172.00	200,251,063,674.00
NAV	17.18	18.02	18	18.49	24.69

## 4.2 Performance Analysis :

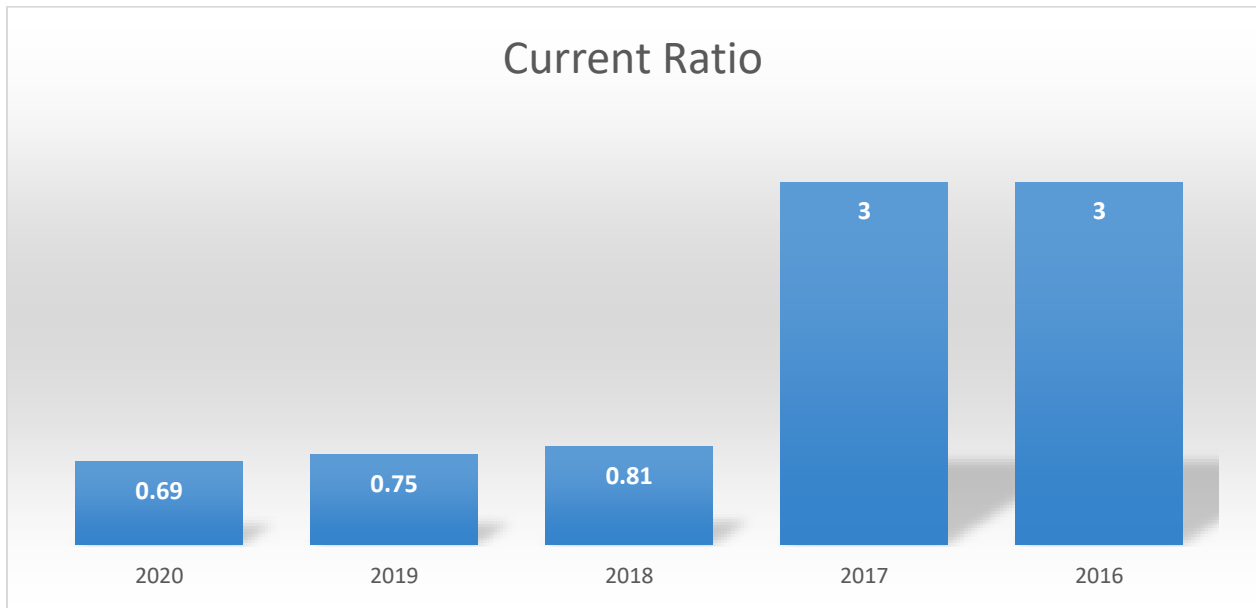
The financial performances of IFIC Bank are given in the following:

### 4.1 Current Ratio:

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Year	Amount	Ratio
2020	298,660,476,030/ 429,953,970,745	0.69 : 1
2019	262,765,139,248/ 348,438,175,858	0.75 : 1

2018	247,160,995,152/ 303,886,212,317	0.81 : 1
2017	223,860,704,309/ 68,381,185,755	3 : 1
2016	173,356,133,728/ 56,163,823,031	3 : 1

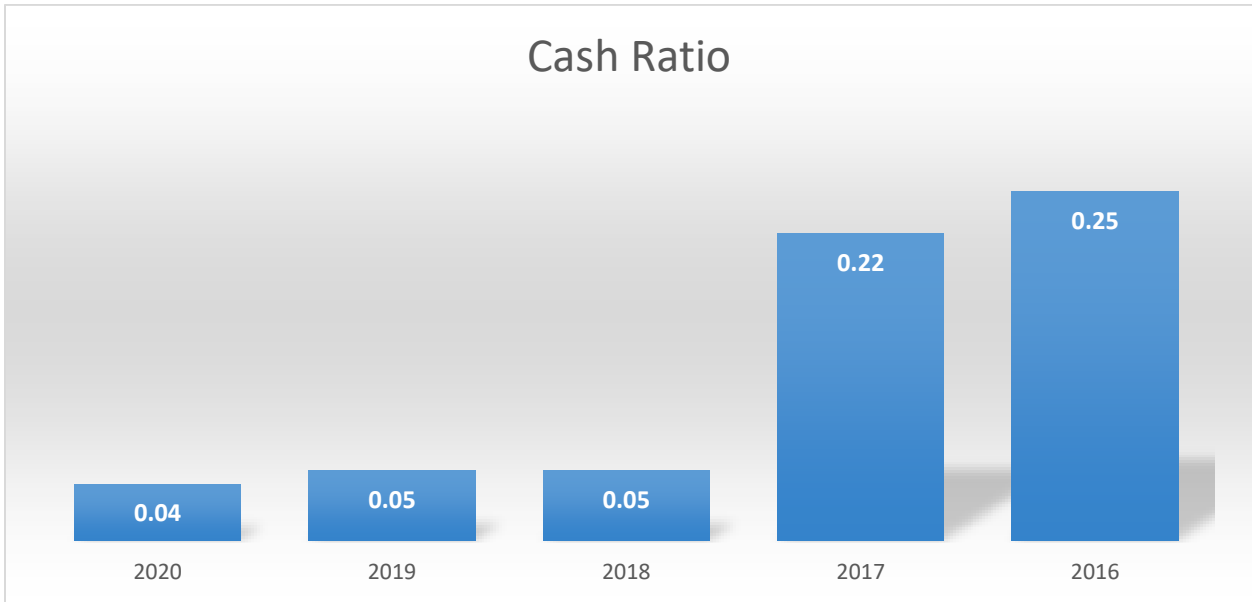


**Interpretation:** This ratio assesses a bank's capacity to meet current liabilities in relation to current assets. This refers to the bank's day-to-day liquidity. When this ratio exceeds 1, it is regarded as having enough liquid to pay existing obligations. As we know, current ratio standards 1:1 but from 2018 they maintain below 1 which means they invest their current asset excessive. So bank should decrease their current asset.

#### 4.2 Cash Ratio:

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Cash Equivalents}}{\text{Current Liabilities}}$$

Year	Amount	Ratio
2020	18,496,393,531/ 429,953,970,745	0.04 : 1
2019	18,056,029,773/ 348,438,175,858	0.05 : 1
2018	16,020,741,583/ 303,886,212,317	0.05 : 1
2017	15,487,553,511/ 68,381,185,755	0.22 : 1
2016	14,079,419,866/ 56,163,823,031	0.25 : 1



**Interpretation:** As cash standard is .5-1 but for IFIC bank, Their cash ratio from 2016-2020 below .5 which means they kept low cash. That is not good for bank as sometimes they need to pay current liabilities immediately or customers want their deposit back.

**4.3 Net working Capital:**

Net working capital = Current Assets – Current Liabilities



Year	Amount	Ratio
2020	261697427473- 429,953,970,745	-131,293,494,715.00
2019	232523441067- 348,438,175,858	-85,673,036,610.00
2018	210932291735- 303,886,212,317	-56,725,217,165.00
2017	183296111106- 68,381,185,755	155,479,518,554.00
2016	141258758320- 56,163,823,031	117,192,310,697.00

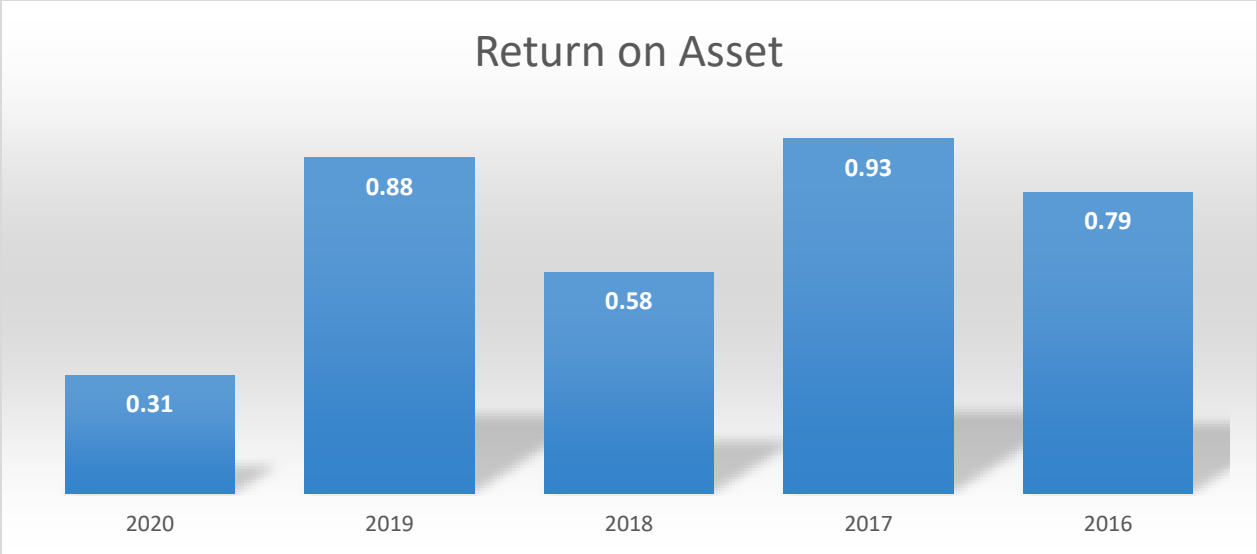
**Interpretation:** As IFIC bank's net working capital is negative in 2020-2018. That means in those years their current liability exceeds their current assets. In this situation bank should decrease their current liabilities so that the positive result can come. And that time bank achieves the ability to pay off its current liabilities with current asset.

131,293,494,715

#### 4.4 Return on Asset:

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Assets}} * 100$$

Year	Amount	Ratio
2020	1,132,996,298/ 368,029,566,161	0.31%
2019	2,827,730,631/ 320,754,192,825	0.88%
2018	1,649,504,272/ 286,528,785,052	0.58%
2017	2,396,664,351/ 256,718,466,172	0.93%
2016	1,582,530,322/ 200,251,063,674	0.79%

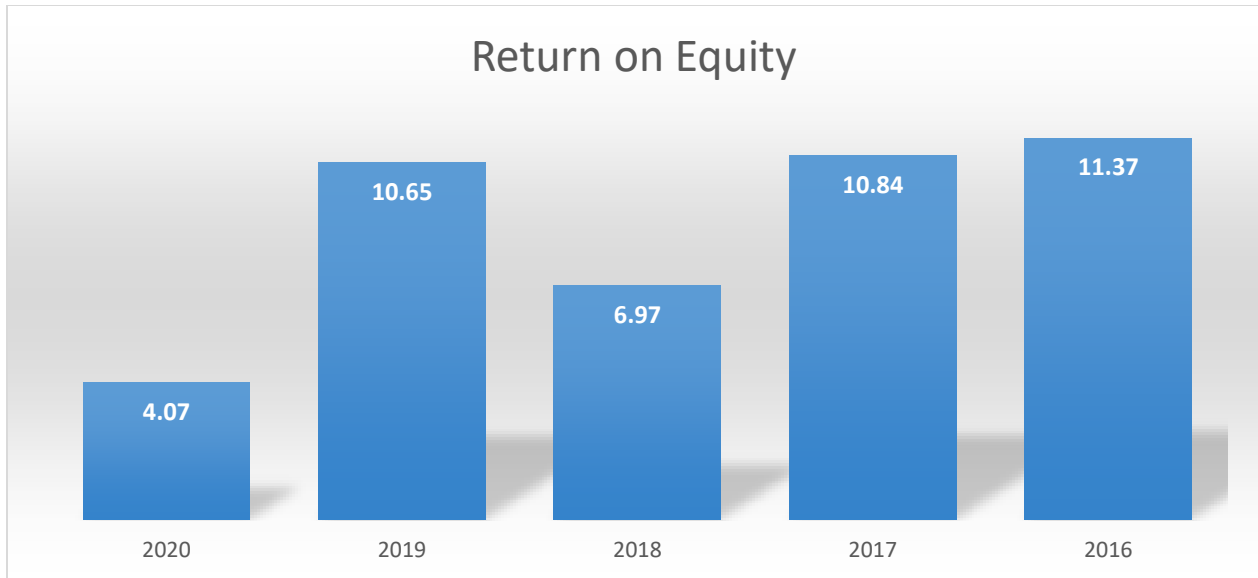


**Interpretation:** In 2017, ROA has increased which was good for the bank but after it was decreased which is risky for the bank. So they should increase their asset and reduce their liabilities. And then they can improve their liquidity ratio.

**4.5 Return on Equity:**

$$ROE = \frac{\text{Net Profit}}{\text{Equity}} * 100$$

Year	Amount	Ratio
2020	1,132,996,298/ 27,823,922,109	4.07%
2019	2,827,730,631/ 26,542,977,353	10.65%
2018	1,649,504,272/ 23,677,659,372	6.97%
2017	2,396,664,351/ 22,104,182,949	10.84%
2016	1,582,530,322/ 13,922,398,818	11.37%



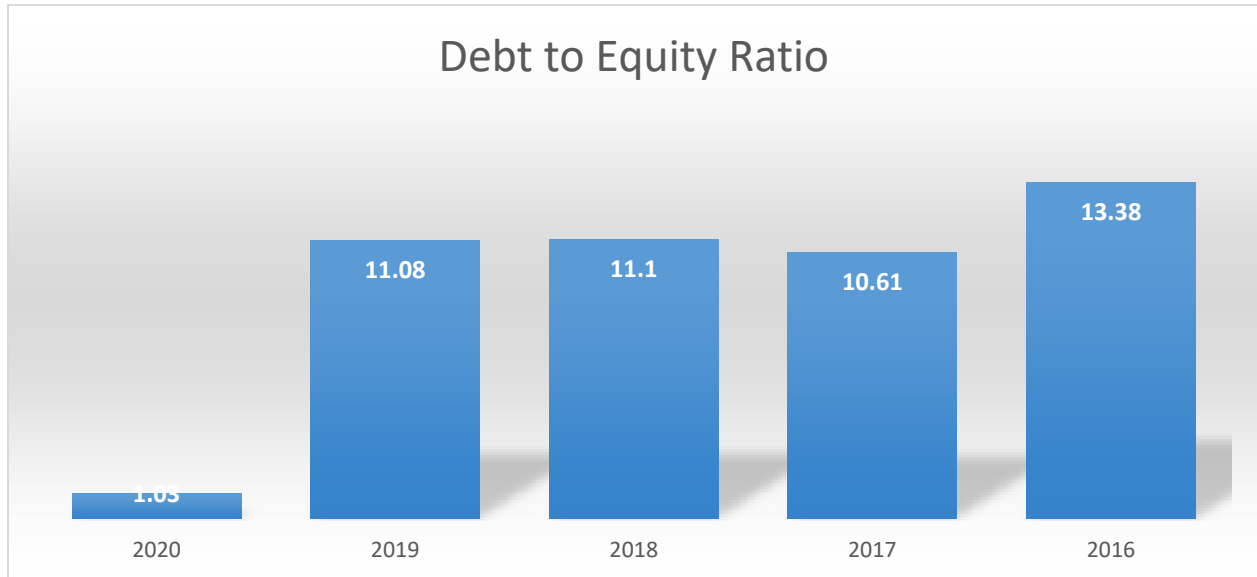
**Interpretation:** ROE represents how well a company uses their investments to generate earning growth. Here see that 2018 and 2020 decreased the ROE but increased at 2016 and 2017 .it decreased again which is risky for the bank. Here bank should increase their ratio so that they can proper use their investment to generate earning growth.

#### 4.6 Debt to Equity Ratio:

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Shareholder's Equity}}$$

Year	Amount	Ratio
2020	28,737,360,373/ 27,823,915,093	1.03%
2019	294,211,215,472/ 26,542,970,473	11.08%
2018	262,851,125,680/ 23,677,652,554	11.10%
2017	234,614,283,223/ 22,104,176,280	10.61%
2016	186,328,664,856/	13.38%

13,922,392,257

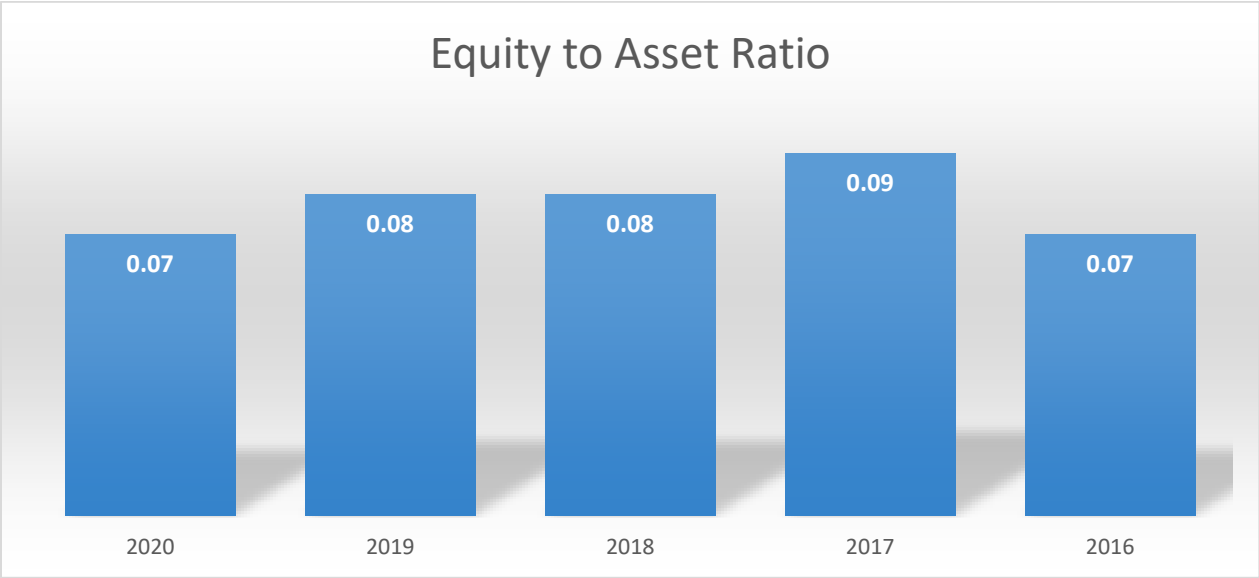


**Interpretation:** Here the debt to equity ratio was gradually decreased in this chart which indicates the lower risk of the bank. Because the lower percentage of debt indicates the lower risk of firms.

#### 4.7 Equity to Asset Ratio:

$$\text{Equity to asset ratio} = \frac{\text{Total Equity}}{\text{Total Assets}}$$

Year	Amount	Ratio
2020	27,823,922,109/ 368,029,566,161	0.07%
2019	26,542,977,353/ 320,754,192,825	0.08%
2018	23,677,659,372/ 286,528,785,052	0.08%
2017	22,104,182,949/ 256,718,466,172	0.09%
2016	13,922,398,818/ 200,251,063,674	0.07%



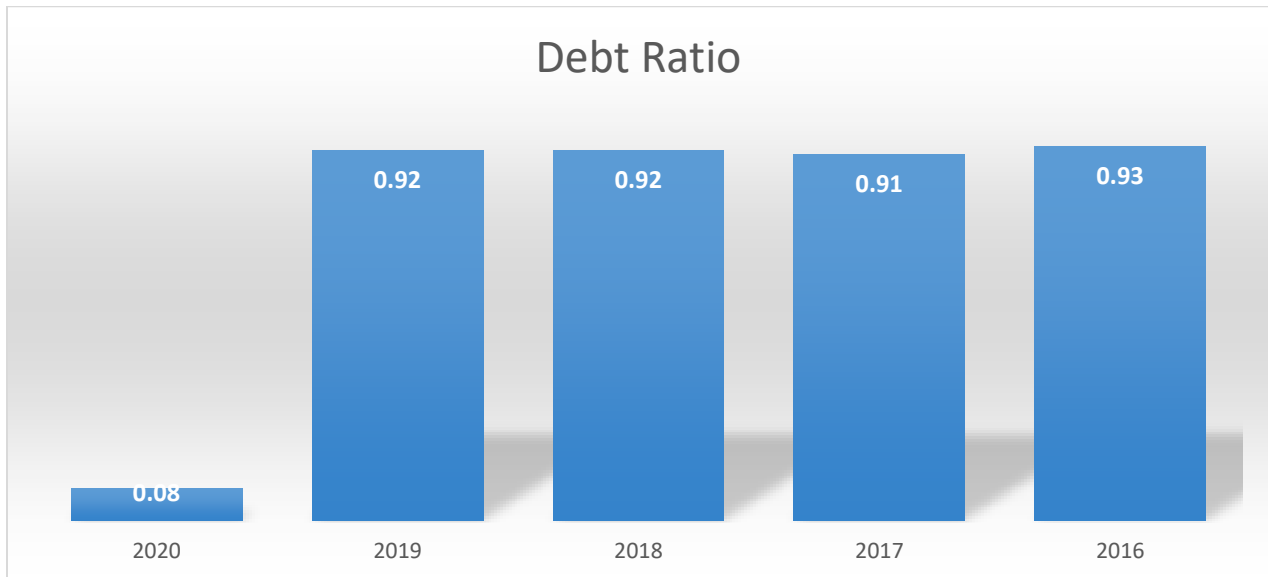
**Interpretation:** The ratio is less than one (1). That indicates bank has more assets than liabilities and can satisfy its obligations by selling assets if necessary. The lower the debt-to-asset ratio, the safer the bank .

**4.8Debt Ratio:**

$$\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

Year	Amount	Ratio
2020	28,737,360,373/ 368,029,566,161	0.08%
2019	294,211,215,472/	0.92%

	320,754,192,825	
2018	262,851,125,680/ 286,528,785,052	0.92%
2017	234,614,283,223/ 256,718,466,172	0.91%
2016	186,328,664,856/ 200,251,063,674	0.93%

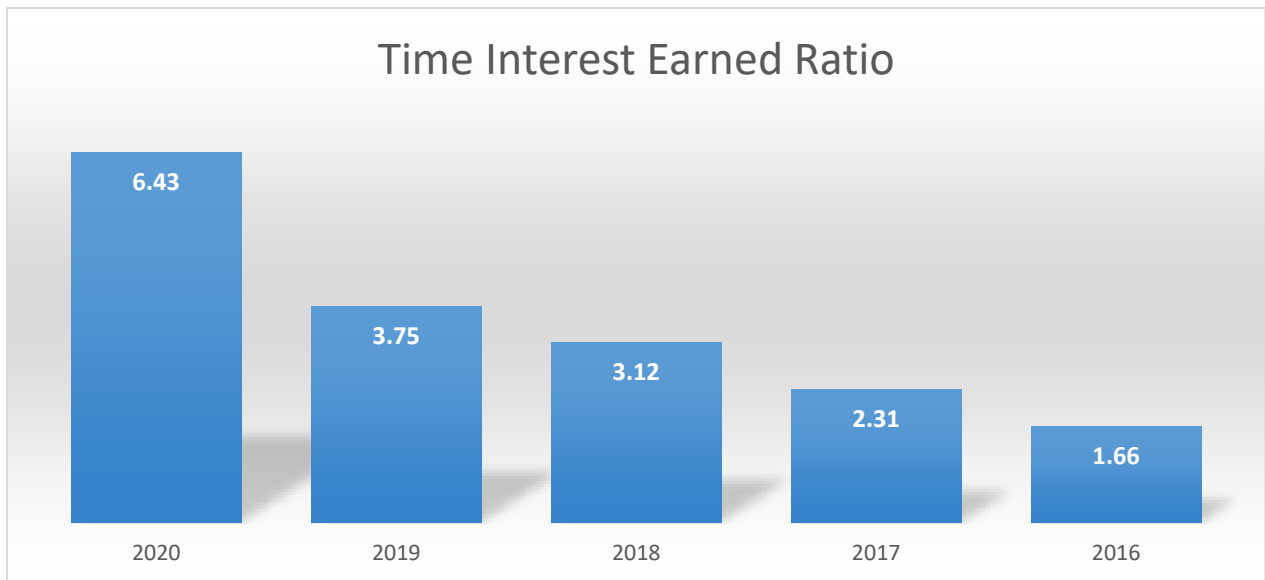


**Interpretation:** This chart shows the debt ratio of ific which was decreased gradually. That indicates the good performance of this bank. The lower ratio counsels less risky. In 2016, debt ratio was higher which indicates the risky position of the IFIC.

#### 4.9 Time Interest Earned Ratio:

$$\text{Time Interest Earned Ratio} = \frac{\text{Net Profit}}{\text{Interest Expenses}}$$

Year	Amount	Ratio
2020	1,32,996,298/ 18,292,521,314	6.43
2019	2,827,730,631/ 18,028,004,167	3.75
2018	1,649,504,272/ 14,404,699,530	3.12
2017	2,396,664,351/ 9,437,189,617	2.31
2016	1,582,530,322/ 8,221,339,559	1.66

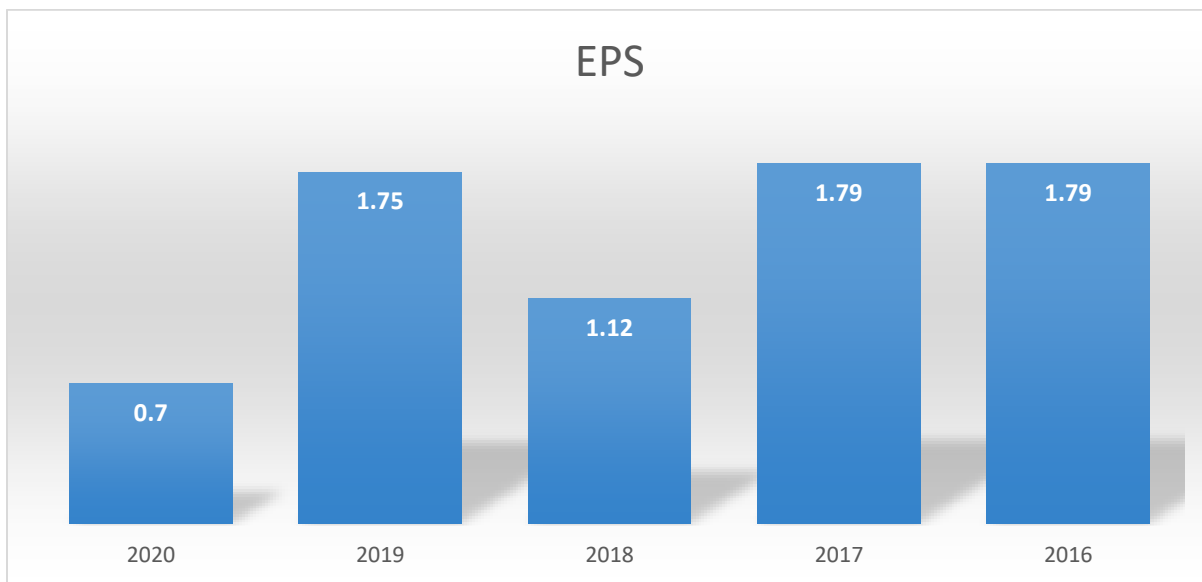


**Interpretation:** The time interest earned ratio was increasing from 2016-2020. It is good for the bank.

#### 4.10 Earning Per Share:

$$\text{EPS} = \frac{\text{Net Income}}{\text{No. of share outstanding}}$$

Year	Ratio
2020	0.7
2019	1.75
2018	1.12
2017	1.79
2016	1.79



**Interpretation:** Higher earning per share is always better than a lower ratio because this means the company is more profitable and the company has more profits to distribute to its shareholders. Here, in 2016-2017 EPS increased but in 2020 EPS goes down. To attract the investor this bank should increase its EPS.



# **Chapter-05**

**Major Findings, Problems Identification,  
Recommendation & Conclusion**

## 5.1 Major Findings:

- ✚ Current ratio in 2020 (0.69:1) was lower than other years. That indicates insufficiency of current assets. And also implies bank's default to cover its short-term liabilities.
- ✚ Cash ratio (0.04:1) in 2016 was higher than 2017, 2018, 2019 and 2020. In 2020, see that gradually it's decreased that indicates unable to pay-off its current liabilities. A low cash ratio indicates that the company is having imminent difficulties repaying its debt.
- ✚ Net working capital was negative. That implies bank doesn't have enough cash on hand to cover its present obligations, and it's at risk of going bankrupt.
- ✚ Return on Asset Ratio (.93%) in 2017 was higher than other years.
- ✚ Return on Equity Ratio (11.37%) in 2016 was higher than other years. But in 2020, ROE is lower and that impact on their profit.
- ✚ Debt to Equity Ratio (13.38%) in 2016 was higher performance and (1.03%) in 2020 was worst performance.
- ✚ In 2016 & 2017, Earnings per share was Tk 1.79 which was higher than other years. But in 2020 it was lower.

## 5.2 Problem Recognition

- As they invest excessively that means they can't pay their current liabilities effectively.
- That is not good for bank as sometimes they need to pay current liabilities immediately or customers want their deposit back.
- Maybe in those years they invest in large project which incurred a large amount of current asset.

## 5.3 Recommendations

Recommendations based on three months of work experience are really tough to come by, and I would be bold to make suggestions to those with more knowledge and competence than I do. However, there are a few square measurements of areas where I believe the organization may improve:-

- ✚ The current ratio decreased after 2018 which means their current asset is not enough sufficient to meet up the current liabilities. That's why they should keep more current assets. So that, they can meet up their current liabilities by using current assets.
- ✚ A high ratio shows that a company is not making the best use of its cash resources. A low cash ratio indicates that the company is having imminent difficulties repaying its debt. So they should maintain standard position of cash ratio which is good sign for the bank.
- ✚ To make positive net working capital, bank can do this -Customers are required to pay within a shorter time frame. When your consumers are large and powerful, this can be challenging. Although there is a danger of irritating customers by being more diligent in collecting outstanding accounts receivable. Just-in-time inventory purchases can help you save money on inventory while also increasing delivery expenses. In exchange for a restocking charge, you return unused merchandise to suppliers. Extending the time before accounts payable is paid, even though this will certainly irritate suppliers.
- ✚ IFIC is the best in liquidity position, and this indicates that IFIC has increased its ability to pay short term obligation out of its currents assets.

- ✚ In 2016 the ROE has increased which indicates the bank can utilize their equity capital properly to earn profit. But in 2020, ROE decreased and that implies bank cannot use equity capital effectively. So, they should be efficient usage of equity capital for increasing profit.
- ✚ To minimize the higher risk the bank should decrease their debt-to-equity ratio.
- ✚ Their EPS is quite good in 2018 but they can attract more investors by increasing their EPS.

## 5.4 Conclusion

2020 was not a good year for financial institutions due to a series of bad events. IFIC, on the other hand, met its commercial objective in 2020. The bank's management is constantly eager to adopt any initiative or move that will benefit customers and shareholders. In recent years, the bank has concentrated on creating competent human resources and boosting low-cost deposits, with a special focus on the SME sector. To suit the requirements and demands of its customers, the bank has supplied a variety of goods and services. It is especially concerned with the needs of each client segment's base.

IFIC Bank Ltd. is a new generation of bank. It is dedicated to providing high-quality financial services and products to contribute to the country's GDP growth by stimulating trade and trade, speeding up the pace of industrialization, boosting exports, creating job opportunities for educated youth, alleviating poverty, and raising the normal living standards of a low-income cluster.

The only way to make a firm more inclusive is to enrich and preserve additional robustness, according to an improved phrase. It was always something I looked forward to at the end of my internship. During this time, I will be able to learn more and gain more experience in the financial field.

#### 5.4 References:

- ❖ Annual Report of IFIC – IFIC Bank Limited 2016 to 2020
- ❖ Different Types of Form of IFIC
- ❖ Daily Statement of IFIC Bank Limited, Dhaka
- ❖ Analysis Guide Of Bangladesh Bank
- ❖ Prospectus of IFIC

#### 5.5 Web Site:

- ❖ <https://www.IFICbank.org/>
- ❖ <https://www.bb.org.bd/links/links.php>
- ❖ [https://en.wikipedia.org/wiki/IFIC\\_Bank\\_Limited](https://en.wikipedia.org/wiki/IFIC_Bank_Limited)