



**INTERNSHIP REPORT**  
**ON**  
**Financial Performance Analysis of First Security Islami**  
**Bank Limited.**

**Supervised By:**

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## Letter of Transmittal

Date:

To,

Dr. Sayed Farrukh Ahmed

Assistant Professor

Department of Business Administration

Daffodil International University

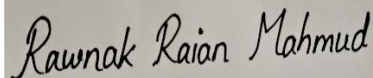
**Subject:** Submission of Internship Report on “**Financial Performance Analysis of First Security Islami Bank Limited.**”

Dear Sir,

The following report was written as part of my internship requirement for my Master of Business Administration degree; it is my sincere pleasure to submit it to you. The internship lasted for three months. Following the instructions you given and with careful consideration of the issue, I have finished this report in its entirety. The study has, no doubt, profoundly impacted my ability to see things in the real world and to understand concepts in the abstract.

I'm writing to ask if it would be possible for you to have a look at my paper.

Sincerely yours,



-----  
Rawnak Raian Mahmud

ID.: 212-14-3369

Program: MBA (Regular)

Major: Accounting

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## Declaration

I certify that the "Financial Performance Analysis of First Security Islami Bank Limited" internship report I submitted to Daffodil International University for fulfillment of the requirements for the Master of Business Administration degree is my original work.

In addition, I attest that the efforts and experiences highlighted in this internship report are entirely mine. A thorough and up-to-date report has been provided.



-----  
Rawnak Raian Mahmud

ID.: 212-14-3369

Program: MBA (Regular)

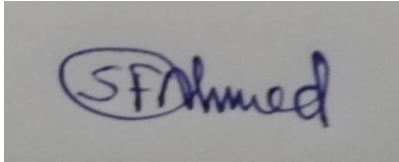
Major: Accounting

Daffodil International University

## Letter of Acceptance

This is to confirm that the internship report titled "Financial Performance Analysis of First Security Islami Bank Limited" was written by Rawnak Raian Mahmud, ID: 212-14-3369, a major in Accounting at Daffodil International University's Department of Business Administration. It looks like the information and results in the internship report are true. Because of this, he is allowed to present his internship report at the defense.

I wish him every success in life.

A rectangular box containing a handwritten signature in blue ink. The signature consists of the letters 'SF' inside a circle, followed by the word 'Ahmed'.

-----  
Dr. Sayed Farrukh Ahmed

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

## Acknowledgement

I want to start by saying thank you to Allah for allowing me to finish this internship report. The space complex, however, makes individualization impossible. This study would not have been possible without the direct and indirect assistance of many people, and I am grateful to each of them.

I would like to express my gratitude to my respected supervisor, **Dr. Sayed Farrukh Ahmed, Assistant Professor in the Department of Business Administration at Daffodil International University**, for his consistent guidance and unwavering supervision, as well as for assisting me in appropriately preparing this paper. In particular, I would like to thank him for his assistance in properly preparing this section. I want to express my gratitude to him for being a consistent wellspring of ideas for me.

I'd like to thank **Saleh Ahammad**, who is the **AVP and Manager of the Ring Road Branch of First Security Islami Bank Limited**. For giving me the chance to work for three months as an intern.

Last but not least, I'd like to say a big thank you to everyone who gave me ideas and their time to help me make this internship report as complete as possible. This credit isn't enough to show them how much I appreciate their thoughts on this report paper. I'm so grateful to them all. I want to thank each one of them very much.

## **Executive Summary**

When it comes to private sector banks in Bangladesh, First Security Islami Bank Limited represents the third generation. The company is owned entirely by Bangladeshi businesspeople. Its first location, in Dhaka's Dilkusha Commercial Area, opened on August 29, 1999. Around the same time, it also began its commercial verb. On 11 November 1999, a new branch opened in Khatungonj, Chittagong.

Presently, FSIBL has 197 locations where they continue to operate as normal. FSIBL is the first private bank to establish an agency partnership with Western Union, allowing for the quick and secure transfer of emigrant Bangladeshi nationals' remittances and the valuable foreign cash they have earned. Additionally, in terms of the prevalence of the Mastercard network in Bangladesh, this is the premier personal financial institution.

In the first part of the article, I talk about the topic. Then I thought about the report's title, purpose, method, and any problems with it. Then I talk about the First Security Islami Bank Limited in more depth.

But I've done a lot of financial calculations, found their financial records, and learned about how their bodies work so that I can handle a variety of problems based on my working skills. When I was writing the full report, I learned a few things about the Performance Analysis of First Security Islami Bank Limited that had to do with money.

At last Chapter 4, I have given findings, Recommendations, Conclusion, and Reference.

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# **Chapter: 1**

## **Introduction**



## 1.1 Introduction

First Security Islami Bank Limited, a reputable commercial bank in the country, was founded on August 29, 1999, and was granted permission by the Bangladesh Bank to begin operations on September 22, 1999. As our nation has progressed, so too has FSIBL, which has grown or thrived in recent years. Accurately adhering to "Islamic Shariah" standards is something you can count on from First Security Islami Bank Limited. The FSIBL is founded on non-interest profit-and-loss sharing agreements.

A specialist financial institution, First Security Islami Bank (FSIBL) carries out most of the usual banking services and investment tasks in accordance with the profit-loss apportionment provision as is principally based on the principles of Islamic Shariah. Instead of paying interest, First Security Islami Bank Ltd. shares the bank's profits with its depositors.

In addition, the bank has some say in whether or not interest-bearing credit facilities are granted for long-term projects based on the principles of profit-loss sharing. Through its various affiliates, First Security Islami Bank participates in a wide range of charitable and community-building initiatives.

## 1.2 Origin of the Report

As a qualification of acquiring Bachelor of Business Administration (BBA) degree, each and every student has to continue via an internship program. The primary cause regarding such path is in compliance with voyage the truth surrounding the corporate existence and utter such along the expertise emerge out of academic curriculum including genuine circumstance. The course is spread out over the course of a year and a half, giving each student the chance to participate in small groups focused on a variety of interests and gain hands-on experience. Students at Daffodil International University who are pursuing a master's degree in business administration are required to do an internship as part of their curriculum. This report was created during the time of my internship period in First Security Islami Bank Ltd to achieve the utilization of the route below the supervision of **Sayed Farrukh Ahmed**. The topic was selected with able direction of the supervisor.

My Topic is —

**“Financial Performance Analysis of First Security Islami Bank Limited”**

### 1.3 Objectives of the study:

The main objectives of the statement will be to introduce the financial analysis presentation of First Security Islami Bank Limited. The objectives of the study are as follow-

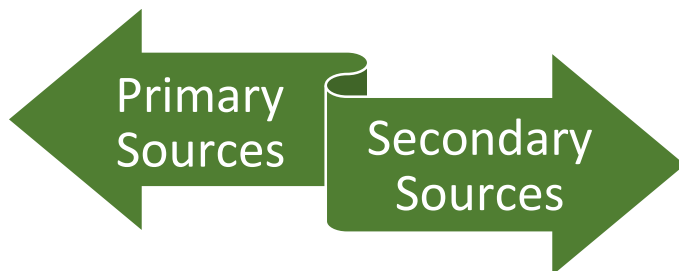
1. To know historical background of First Security Islami Bank Limited.
- 2) To analyze the financial performance of First Security Islami Bank Limited of various years.
- 3) To provide recommendations based on the findings of the study.

### 1.4 Scope of the study

Researching the report is like being given a free buffet of data on First Security Islami Bank Limited's financial health. Since I used to work on the annual report for First Security Islami Bank Limited, I looked into the bank's finances and other details from that document. My thoughts and experiences during the training session are included. In addition to the monetary award and the variety of services, the internship report also includes a ratio study of the company.

### 1.5 Sources of data collection

More significant and presentable data and information that was used extensively:



Both primary and secondary data sources will use be to generate the report.

#### Primary Sources:

- Study about the applicable files as much advised by the bank's officers.

#### Secondary Sources:

- Annual reports of First Security Islami Bank Ltd (2015-2019)
- Bank's different circulars
- Website

## **1.6 Data Analysis**

In accordance with the analysis of primary and secondary data, qualitative and quantitative research are both carried out in accordance with the research process. In addition, the utilization of Microsoft Word and Microsoft Excel was utilized in order to compile the statistics that are shown in this report.

## **1.7 Limitations of the Report**

There are some restrictions:

- Due to the fact that it is a new branch, certain procedures are unavailable.
- Some things can't be done because it's a new branch.
- Some information was kept secret in order to protect the bank's privacy.
- The time it took to prepare it as a lesson used to be very short.
- Access to up-to-date information about internal operations is hard to get.
- It was very hard to learn or describe all of the banking services in just 3 months.
- The communication gap between the different ranks is caused by too much work.
- Respondents said that it wasn't easy to get to.

# **Chapter: 2**

## **Profile of First Security Islami Bank Limited**

## **2.1 History**

FSIBL is the third private sector bank in Bangladesh to be started in a new era. All of the business owners are from Bangladesh. On August 29, 1999, the first department opened in Dhaka's Dilkusha Commercial Area. It began doing business on or around the same day. The second branch was opened on November 11, 1999, in Khatungonj, Chittagong.

As of right now, FSIBL's 190 locations are keeping the process going. To help emigrant Bangladeshis quickly and reliably transfer remittances and the valuable foreign cash they have earned, FSIBL was the first private bank to establish an agency partnership with Western Union. In addition, it is the first Bangladeshi financial institution to issue the Mastercard, the world's most widely used credit card.

Wedel emphasis on Personal, Corporate, Foreign Exchange, International Trade, Lease Finance, and Capital Market Services make FSIBL the preeminent private region bank in Bangladesh. Customers like doing business with FSIBL because of the bank's friendly and customized services, cutting-edge technology, and flexible solutions for businesses, global reach in trade and commerce, and excellent return on investment opportunities.

## **2.2 Vision of First Security Islami Bank Limited**

- To maintain our position as the leading financial services organization in the United States by delivering first-rate products and services, which are supported by cutting-edge technology, to a workforce that is extremely motivated and enthusiastic about their work in accordance with supply virtue within Banking. Permanency.

- To establish itself as a contemporary Islam-based bank and, following that, to make a significant contribution to the economy of the country. In the meanwhile, it would aim toward sustainable growth in accordance with reaping self-belief about the bet holders for their own cash and share of the company.

## **2.3 Mission of First Security Islami Bank Limited**

- To ensure a caring and customer-friendly bank that is also focused on job opportunities.
- To implement a technologically focused and environmentally sustainable banking atmosphere for the benefit of its customers.
- In order to maintain a consistent level of morality and openness throughout all levels.
- To ensure that your company will have success in the future, you should focus on expanding your shareholder base.

- Last but certainly not least, to increase the favorable contribution in accordance with the economy of the country as a whole.

## **2.4 Objectives of First Security Islami Bank Limited**

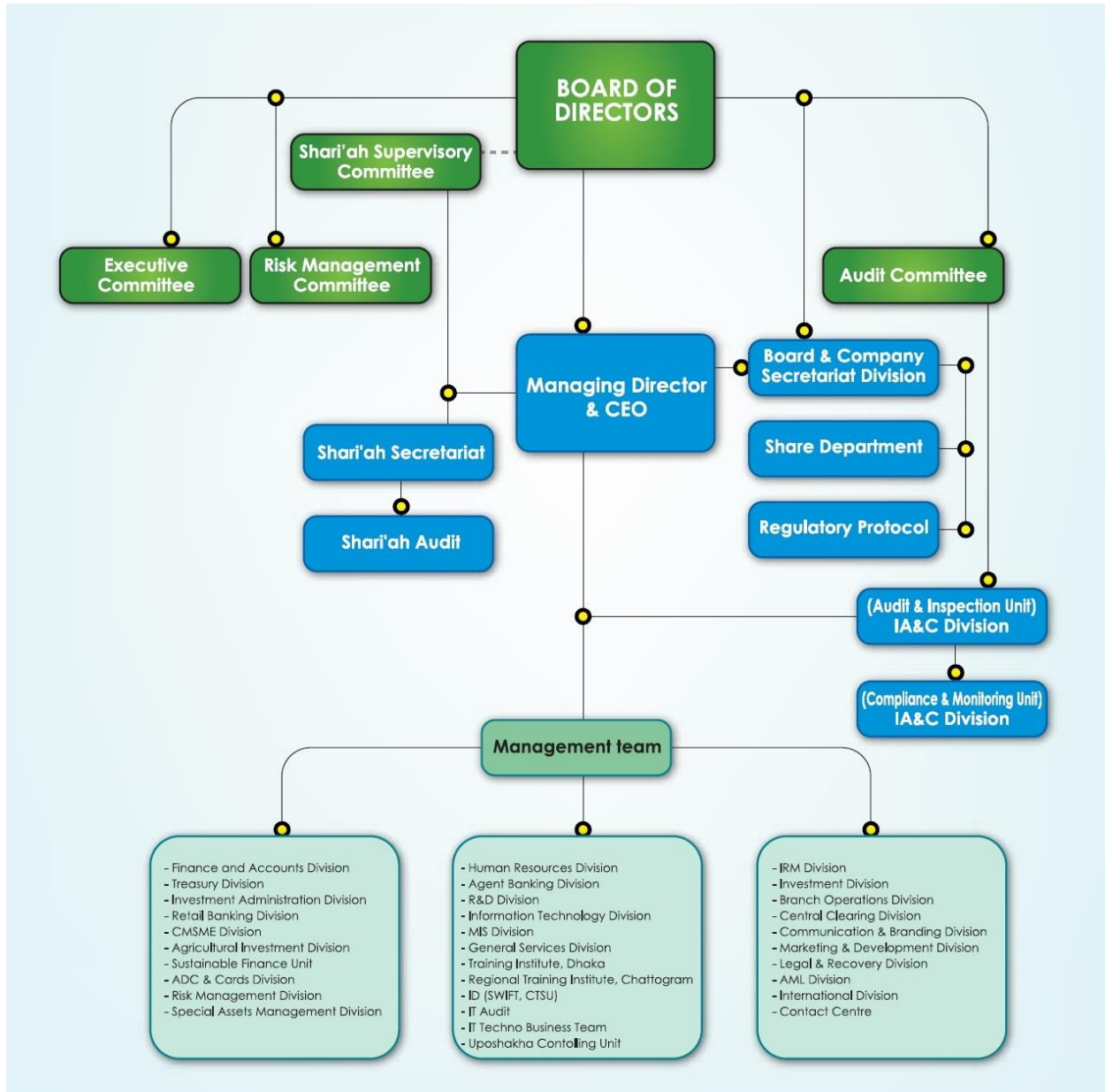
- To ensure that the computerized financial system operates effectively.
- To make international alternative operations run more smoothly.
- To secure a deposit concerning the basis for allocating profits and losses.
- To establish a banking system with a focus on social welfare.
- To play a vital role in ethnic resource development or scenario generation.
- To make a contribution toward either uniformly increasing growth or improving conditions across the nation.
- To be successful in investment activities, particularly in regions that aren't as heavily advertised.
- To bring about a shift in the financial system with regard to the relationship between debtors and creditors through the use of participatory banking.

## **2.5 Strategies of FSIBL**

- To provide customers with the highest possible level of satisfaction and earn their trust.
- To run the bank's operations in a manner that is less harmful to the natural world.
- To determine what the needs of the client are and to consistently monitor their point of view in order to get closer to satisfying those needs.
- To examine, improve, or follow up on policies, procedures, and practices in accordance with increasing the capacity to provide higher quality customer service.
- To educate and improve the skills of all employees and to offer relevant resources to those workers so that their needs and those of the customers can be met in an equitable manner.
- To improve organizational affectivity by sharing employer plans, policies, and practices openly and frequently with the personnel in charge of the company.




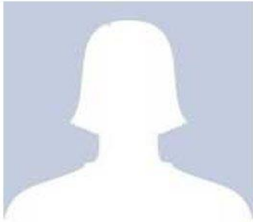
- To ensure that there is a pleasant atmosphere in the workplace.
- In order to broaden its customer base across both retail and wholesale marketplaces.

## 2.6 Organizational Structure of FSIBL



*Organogram of First Security Islami Bank Limited*

## 2.7 The Board of directors:

Name	Designation
 Mohammed Saiful Alam	Chairman
 Mohammed Abdul Maleque	Vice Chairman
 Mrs. Farzana Parveen	Director
 Mrs. Rahima Begum	Director



		Director
Mrs. Atikur Nessa		
		Nominated Director
Khandkar Iftekhar Ahmad		
		Independent Director
Dr. Momtaz Uddin Ahmed		
		Nominated Director
Mrs. Badrun Nessa		

	<p>Nominated Director</p>
	<p>Nominated Director</p>
	<p>Independent Director</p>
	<p>Managing Director</p>
<p>Jamal Mostafa Chowdhury</p>	
<p>Mohammad Abdullah Hassan</p>	
<p>Md. Ruhul Amin</p>	
<p>Syed Waseque Md Ali</p>	

## 2.8: Products of FSIBL

Al Wadiah Account	Mudaraba Savings Account	Mudaraba Term Account
<ul style="list-style-type: none"> <li>› Current Deposit</li> <li>› Shomman</li> <li>› Morjada</li> </ul>	<ul style="list-style-type: none"> <li>› Savings Deposit</li> <li>› Onkur</li> <li>› Projonmo</li> <li>› Prapti</li> <li>› Probin</li> <li>› Mehonoty</li> </ul>	<ul style="list-style-type: none"> <li>› Mudarabah Term Deposit</li> <li>› Mudarabah Monthly Profit Scheme</li> <li>› FSIBL Murobbi</li> <li>› Mahiyasi</li> <li>› FSIBL Sanchay</li> </ul>

Mudaraba Scheme Account		Foreign Account
<ul style="list-style-type: none"> <li>› Alo</li> <li>› Niramoy</li> <li>› MMDS - Gold</li> </ul>	<ul style="list-style-type: none"> <li>› Bondhon</li> <li>› Ghoroni</li> </ul>	<ul style="list-style-type: none"> <li>› FC</li> <li>› NITA</li> <li>› Other</li> </ul>

## 2.9 Key Features of Banking Service

### SWIFT services:

- The quick dissemination of reliable financial data, including credit scores and account balances, and the enhancement of existing automated processes.
- Funds are moved instantaneously, and reimbursements are sent fast.
- Risk prevention and management.

### Digitalized Banking system:

The central office and all of the other branches have been integrated with the latest computer hardware and software in order to facilitate the efficient and timely completion of day-to-day accounting and other regular tasks. By providing customers at each of its locations with access to Internet banking, the FSIBL is advancing to the next stage of automation in its business.

### ATM Banking:

Since June 25, 2008, FSIBL has successfully introduced transactions using Automated Teller Machines (ATM) and DBDIT cards. Customers are able to withdraw money from the Dutch

Bangla Bank Ltd FSIBL ATM Booth and POS, as well as check their balances and buy merchandise using these facilities.

**Branch Networks:**

<b>Division</b>	<b>No of Branches</b>
Dhaka Division	54
Rajshahi Zone	20
Chattogram Division	71
Khulna Division	28
Sylhet Division	11
Baishal Division	13
<b>Total</b>	<b>197</b>

**Other Services:**

- Online Banking
- Debit Card
- ATM Banking
- SMS Banking
- Locker Service
- Ready Cash Card Service

# **Chapter: 3**

## **Financial Performance Analysis Of First Security Islami Bank Limited**

### **3.1 Ratio Analysis**

The evaluation of a company's overall financial health can be accomplished through the utilization of a method known as ratio analysis. This method involves the calculation of several financial ratios. The financial statements of a given firm are mined for the numbers that are then employed in the creation of that company's financial ratios.

Ratio analysis is a method of calculating financial ratios that are used to express an organization's ongoing financial results using a variety of ratios such as profitability, liquidity, operation, business, debt, solvency, quality, and coverage ratios. Some examples of these ratios include return on equity, current ratio, fast ratio, dividend payout ratio, and debt-equity ratio. Ratio analysis is a method of calculating financial ratios that are used to express an organization's ongoing financial results.

### **3.2 Advantages of Ratio Analysis:**

Transaction analysis can be greatly improved by employing ratio analysis as a tool. Determine the numerical or quantitative link between two numbers in the financial accounts in order to ascertain the company's strengths and weaknesses, as well as its present financial situation and historical performance.

1. Beneficial for the Analysis of the Financial Position
2. Beneficial for Making Complicated Accounting Figures Clearer
3. Helpful in Evaluating the Overall Operational Effectiveness
4. Beneficial for the Purposes of Making Predictions
5. Useful for Identifying Weak Areas within the Company
6. Ratio analysis aids decision-making

#### **1. Beneficial for the Analysis of the Financial Position**

Accounting ratios provide insight into the current state of the company's finances. This enables the banks, insurance firms, and other financial institutions to more effectively lend money and make judgments regarding investments.

#### **2. Beneficial for Making Complicated Accounting Figures Clearer**

Accounting ratios take the complex accounting figures and reduce, summarize, and standardize them so that they are easier to grasp and presented in a more straightforward manner. They shed light on the interconnectedness that exists between the many aspects of the business, as indicated by the financial accounts.

#### **3. Helpful in Evaluating the Overall Operational Effectiveness**

Utilizing accounting ratios to gain a better understanding of the operations of a company is helpful. When one conducts an analysis based on accounting ratios, it is possible to see how effective the company is. They conduct a diagnosis of the state of the finances by analyzing liquidity, solvency, profitability, and other factors.

#### **4. Beneficial for the Purposes of Making Predictions**

When accounting ratios are determined over a period of time spanning multiple years, a pattern begins to emerge. This pattern is useful for making plans for the future and doing forecasts. For instance, it is possible to make an accurate prediction of spending as a percentage of sales by analyzing historical data regarding sales and expenses from the preceding years.

#### **5. Useful for Identifying Weak Areas within the Company**

Even if the company is performing well overall, accounting ratios can be of tremendous aid in identifying problem areas within the company. This is true even if the performance as a whole is satisfactory. Accounting ratios can be used to determine whether or whether a company's weak financial structure is the result of poor policy decisions made in the past or in the present.

#### **6. Ratio analysis aids decision-making:**

In circumstances such as whether or not to provide a company with the option of purchasing goods on credit, determining whether or not a bank would provide loans to the company, and so on.

### **3.3 Limitations of Ratio Analysis:**

#### **1. The use of Single Ratio on a restricted basis**

A single ratio is incapable of conveying any and all meaning. Therefore, in order to learn something from a single ratio, some more ratios need to be calculated. Calculating a large number of ratios can sometimes be counterproductive for analysts, as it can contribute to confusion rather than helping them reach useful conclusions.

#### **2. No comparisons between companies**

There is no way to compare different companies using ratio analysis if the companies being compared are not comparable in size and nature.

#### **3. Lack of Adequate Standards**

There is no universally accepted norm for any ratio. Rule of thumb calculations are the only ones that are recognized and used for any of the ratios. As a result, the interpretation of ratios might be challenging.

#### **4. Conclusion that is both Complicated and Deceptive**

The comparison investigation could become more complicated and lead to a misleading conclusion as a result of changes in the price level if ratios are used.

### 3.4 Ratio analysis of FSIBL from (2016-2020)

#### **Liquidity Ratio:**

Measurements known as liquidity ratios are utilized in the process of determining an organization's capacity to meet its immediate financial commitments. It is normal practice for potential creditors and lenders to make their decisions regarding whether or not to extend credit or debt to companies based on a company's liquidity ratio.

#### **Current Ratio:**

A liquidity ratio that evaluates a company's capacity to pay short-term debts or those that are due within the next year is called the current ratio. It explains to investors and analysts how a business can get the most out of the current assets that are listed on its balance sheet in order to pay off its current debt and any other payables.

#### **Formula:**

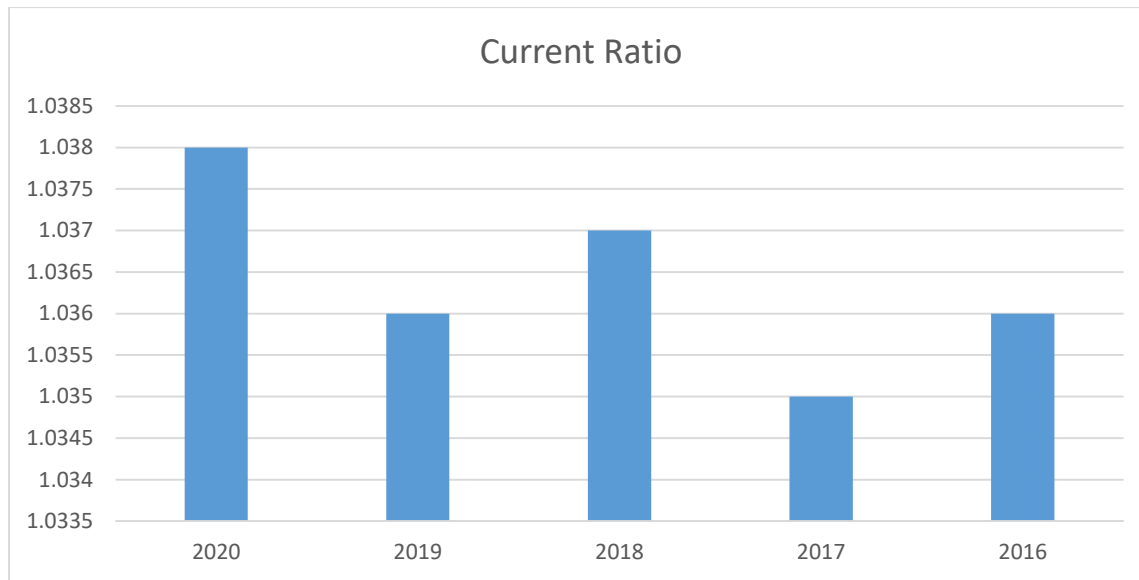
$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

#### **Calculation:**

Current Ratio					
Particulars	2020	2019	2018	2017	2016
Current Assets(TK)	497,342,492,739	437,178,834,294	371,335,783,199	343,739,479,421	301,228,474,656
Current Liabilities(TK)	479,044,481,050	421,863,770,529	358,077,708,133	332,067,803,256	290,526,508,198
Result	1.038	1.036	1.037	1.035	1.036



## Graphical Presentation:



**Figure: 1** Current Ratio

## Interpretation:

According to the graph that was just presented, FSIBL has maintained a rather constant current ratio for the past five years (2016-2020). At the end of the year 2019, FSIBL has ratios that are lower than 2018, but higher than those in 2017 and 2016. In 2020, the company has the highest current ratio. However, these ratios for the past five years are higher than the industry norm, which is called the average and should be higher than 1. FSIBL is in a position to appease its shareholders and investors if it demonstrates that it is able to maximize profits while also meeting its financial obligations by offsetting the value of its present assets against those of its liabilities.

## Cash Ratio:

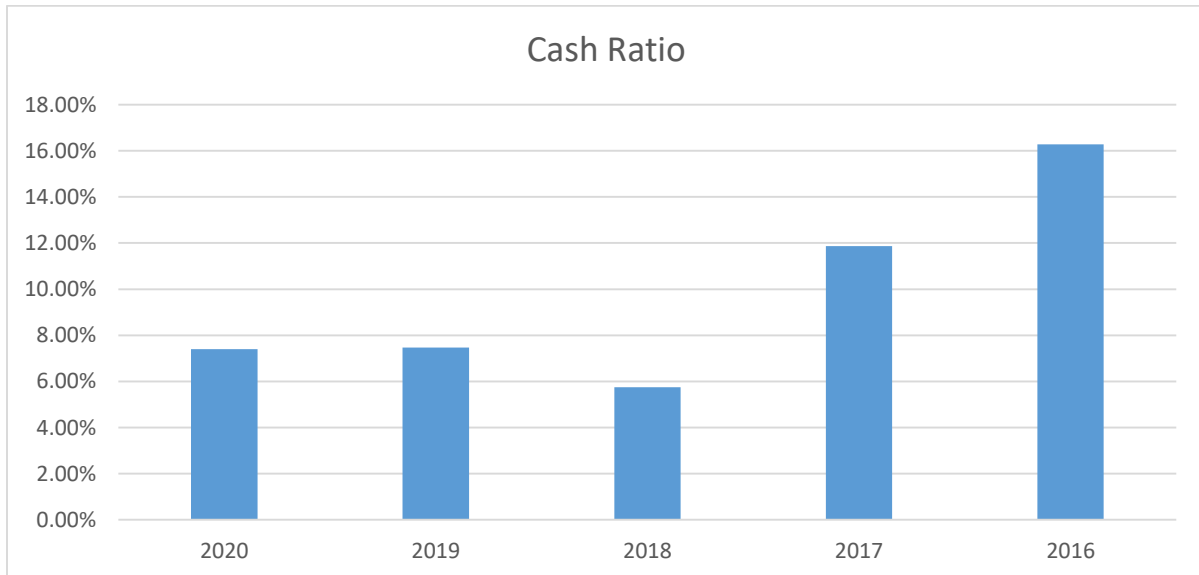
A liquidity ratio that gauges a company's ability to pay off its current liabilities using only cash and cash equivalents is known as the cash ratio. This ratio is also known as the cash coverage ratio.

## Formula:

$$\text{Cash ratio} = \frac{\text{Cash \& Cash Equivalents}}{\text{Current Liabilities}}$$

**Calculation:**

Particulars	2020	2019	2018	2017	2016
Cash & Cash Equivalent (TK)	35,462,674,938	31,533,905,769	20,602,035,743	39,417,129,994	47,319,278,156
Current Liabilities(TK)	479,044,481,050	421,863,770,529	358,077,708,133	332,067,803,256	290,526,508,198
Result	7.40%	7.47%	5.75%	11.87%	16.28%

**Graphical Presentation:****Figure: 2** Cash Ratio**Interpretation:**

Over the course of the past five years, the Cash ratio has produced results that are highly variable. In this section, we are able to examine how much cash and cash equivalents FSIBL has in comparison to its current liabilities. The corporation has a significantly greater ability to pay off its debts in 2016 and 2017 compared to the right scenario. In 2016, the company had a cash ratio of 16.28%, which is considered to be healthy for a bank. However, as of 2020, the company only has a cash ratio of 7.40%, which is significantly lower than the industry average. The most important justification for arrival at this time is because there has been a reduction in the value of fluid assets while at the same time an increase in the value of investors.

### Net Working Capital:

The difference between a firm's current assets and current liabilities is referred to as its net working capital, and it serves as an indicator of whether or not a company is solvent. If a firm has a positive net working capital, it means that it has sufficient funds to meet its existing financial obligations as well as invest in other endeavors.

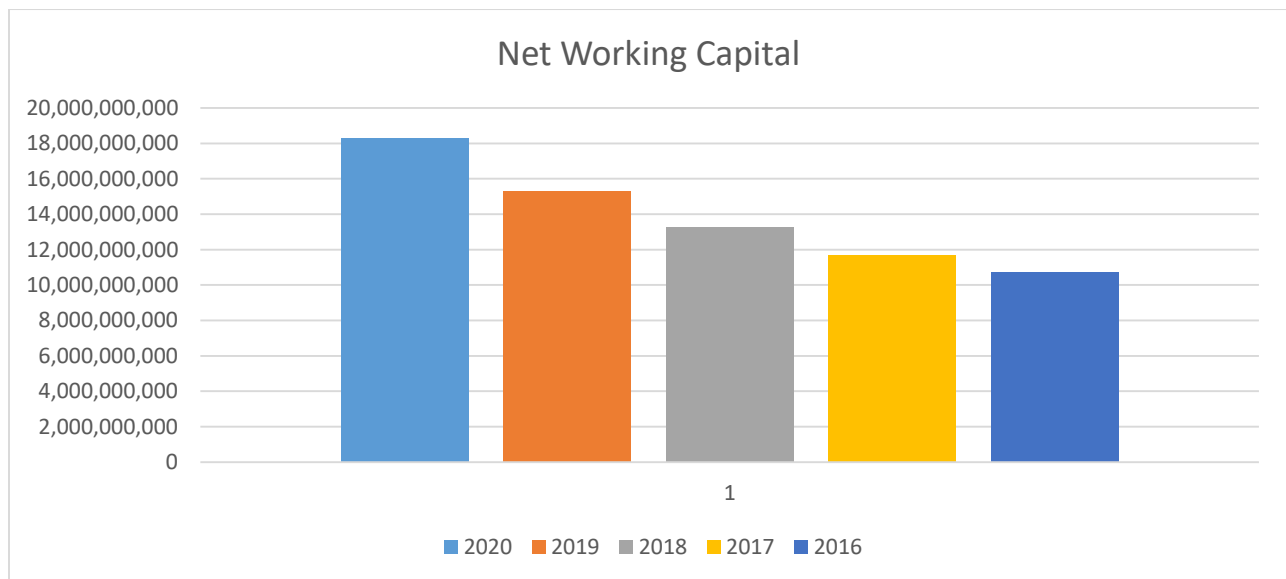
### Formula:

$$\text{Net Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

### Calculation:

Net Working Capital					
Particulars	2020	2019	2018	2017	2016
Current Assets(TK)	497,342,492,739	437,178,834,294	371,335,783,199	343,739,479,421	301,228,474,656
Current Liabilities(TK)	479,044,481,050	421,863,770,529	358,077,708,133	332,067,803,256	290,526,508,198
Result(TK)	18,298,011,769	15,315,063,550	13,258,074,807	11,671,676,133	10,701,966,795

### Graphical Presentation:



**Figure: 3** Net Working Capital

### **Interpretation:**

The amount of a company's liquidity that is represented by its net working capital can be estimated. In this table, we can see that the net working capital has been growing from one year to the next, which demonstrates that FSIBL is in a healthy situation regarding its liquidity. 2016 was the year that the business had the least amount of net working capital, and 2020 is the year that the business has the most net working capital. From 2016 through 2020, the amount of net working capital will accumulate at a rate that is somewhat higher each year. We can ensure that the company will have no trouble paying back its debts to its creditors and will also earn a good profit for its shareholders by using these estimates.

### **Profitability Ratio**

A profitability ratio is a measurement of a company's profitability, which can be used as a performance indicator for the business. Simply put, profitability is the capacity to produce a profit, and a profit is the amount of money that is remaining over from the income earned after all of the expenditures and expenses that are associated with obtaining the income have been eliminated.

### **Earnings Per Share:**

Earnings per share, sometimes known as EPS, is an essential indicator for analyzing a company's overall profitability. To determine it, divide the total amount of profit made in a given time period by the number of shares that are publicly traded by the company in question.

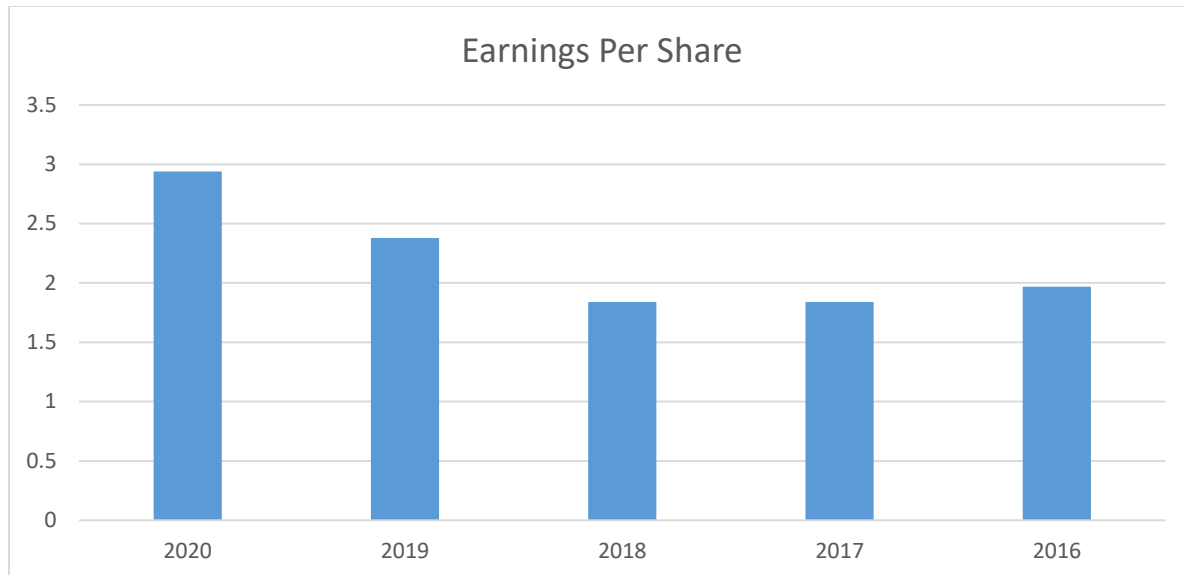
### **Formula:**

$$\text{Earnings per share (EPS)} = \frac{\text{Net Income} - \text{Dividend on Preferred Stock}}{\text{Average Outstanding Share}}$$

### **Calculation:**

Earnings Per Share					
Particulars	2020	2019	2018	2017	2016
Result	2.94	2.38	1.84	1.84	1.97

### Graphical Presentation:



**Figure: 4** Earnings per Share

### Interpretation:

The preceding graph allows us to deduce that FSIBL's current earnings per stock are greater than its past earnings per stock. Therefore, the investor will increase the amount of money they invest in this bank. The earnings per share for FSIBL in 2016, 2019 and 2020 are quite good. The bank experienced its lowest earnings per share in 2017 and 2018 compared to the previous five years combined. Both 2017 and 2018 were the same for FSIBL in terms of earnings per share. As a result, FSIBL is now providing a respectable profit for each share that it owns to its stockholders.

### Return on Assets:

The Return on Assets (ROA) is a profitability indicator that assesses how effectively a business can put its assets to work in order to increase its net earnings.

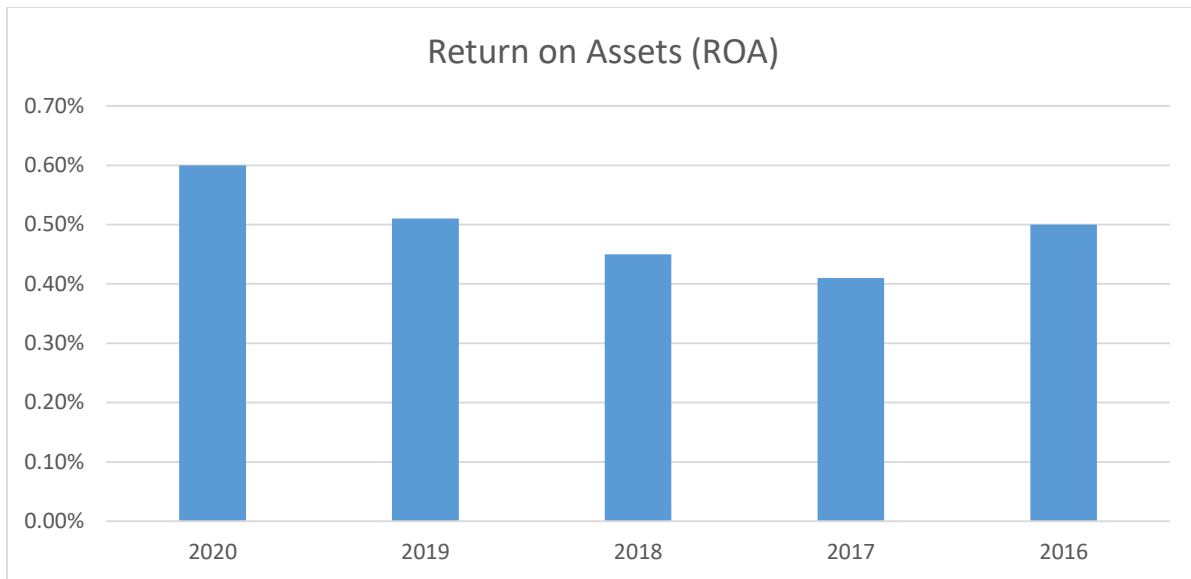
### Formula:

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Total Assets}}$$

**Calculation:**

Return on Assets(ROA)					
Particulars	2020	2019	2018	2017	2016
Result	0.60%	0.51%	0.45%	0.41%	0.50%

**Graphical Presentation:**



**Figure: 5** Return on Assets

**Interpretation:**

The ROA suggests that the outcomes will be consistent over the course of the years. The consistency of this proportion ranged from 0.41% to 0.60% during the course of the five-year time frame that was considered. In relation to those 5 years, the year 2017 displays the nearly unmistakably poorest exhibition, although the year 2020 demonstrates superb proof. These projections for the next five years show that the financial institution has made significant progress in increasing its net income over the course of the last five years.

**Return on Investment (ROI)**

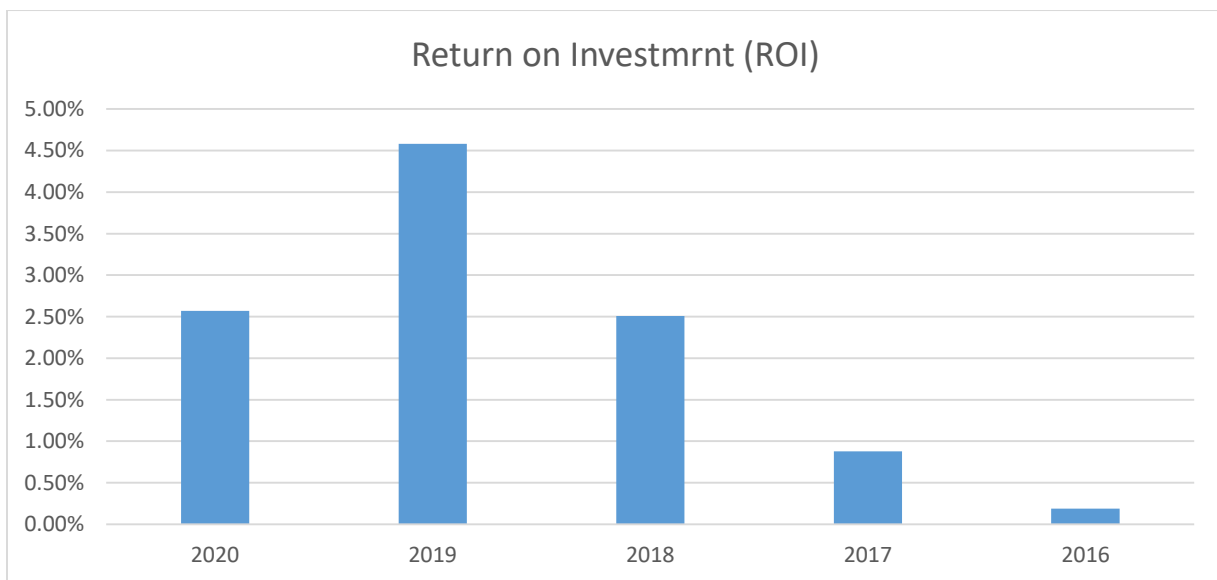
Return on investment, also known as ROI, is a measure that is utilized to gain an understanding of how profitable an investment is. The rate of return, or ROI, is calculated by contrasting the amount of money spent on an investment with the amount of money earned from that investment. Let's have a look at how individual investors and companies put it to use in their investment strategies.

**Formula:**

$$\text{Return on Investment (ROI)} = \frac{\text{Net Income}}{\text{Cost of Investment}}$$

**Calculation:**

Return On Investment (ROI)					
Particulars	2020	2019	2018	2017	2016
Result	2.57%	4.58%	2.51%	0.88%	0.19%

**Graphical Presentation:****Figure: 6** Return On Investment**Interpretation:**

According to the graph that was just presented, FSIBL has had a fluctuating rate of return during the past five years. The highest rate of return on investment is achieved by the bank in 2019. However, in 2016, there were many obstacles in the way of achieving a satisfactory return on investment. Additionally, both 2017, 2018 and 2020 had ROIs that were significantly lower than those of 2019. The current return on investment (ROI) demonstrates that the financial institution is in a position to make a profit on the investment in question.

### Price Earnings Ratio:

The price to earnings ratio, often known as the PE ratio, compares the current price of a share of stock to the annual net income that each share of stock generates for the company. The PE ratio illustrates the level of demand from investors for a share of the company. In general, increasing demand is indicated by a high PE ratio, which occurs when investors anticipate future earnings growth.

### Formula:

$$\text{Price Earnings Ratio} = \frac{\text{Current Share Price}}{\text{Earnings per Share}}$$

### Calculation:

Price Earnings Ratio					
Particulars	2020	2019	2018	2017	2016
Result (Times)	3.06	4.07	5.39	8.33	7.05

### Graphical Presentation:



**Figure: 7** Price Earnings Ratio

### Interpretation:

According to the graph, FSIBL had the greatest market value of the stock in comparison to its earnings in the year 2017. This was the case in 2017. As a result, the price-earnings ratio will encourage investors to make investments in the company. The market value of FSIBL's stock was very medium in 2018, and the company's stock has been increasing in price since 2016, but those



increases have been offset by declines in 2018, 2019 and 2020. At the moment, FSIBL is having a lot of trouble contributing a good market value to their stock.

### **Solvency Ratio:**

A company's capacity to satisfy its long-term financial obligations, or more precisely, the repayment of debt principal and interest expense, can be evaluated using a metric referred to as the "solvency ratio." The use of solvency ratios enables lenders and debt investors to identify a company's trustworthiness while conducting risk assessments of potential borrowers and the associated financial exposures.

### **Debt Ratio:**

The debt ratio is a measure of a company's solvency that compares the entire liabilities of the company to the total assets of the company as a percentage. The debt ratio can be seen of as an indicator of a company's ability to satisfy its obligations using the resources at its disposal.

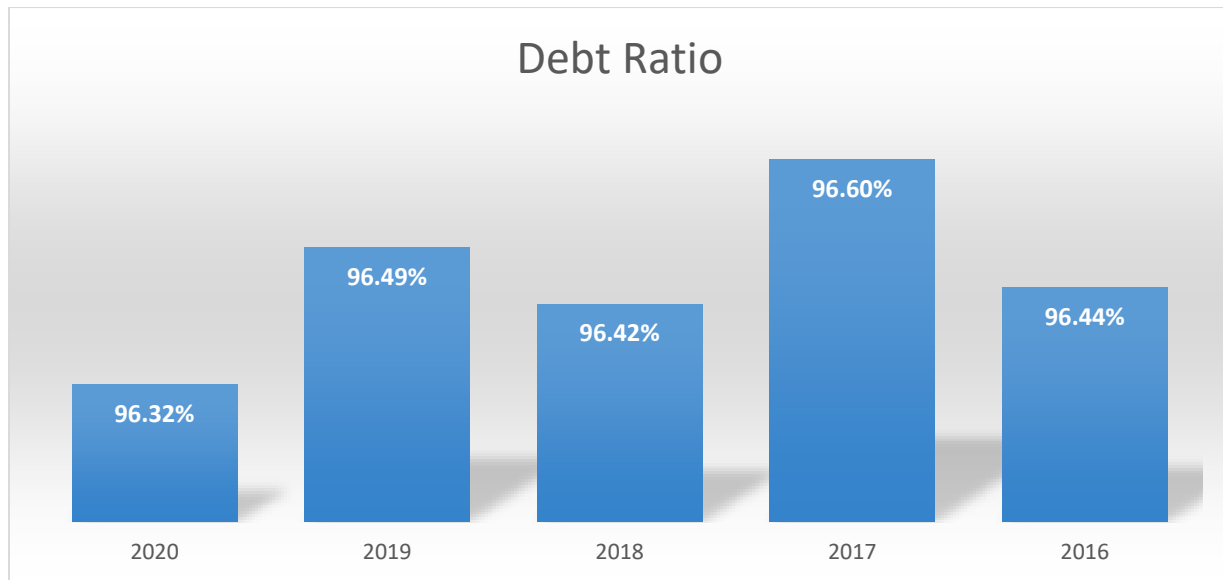
### **Formula:**

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

### **Calculation:**

Debt Ratio					
Particulars	2020	2019	2018	2017	2016
Total Assets (TK)	497,342,492,739	437,178,834,473	371,335,783,392	343,739,479,422	301,228,474,252
Total Debts (TK)	479,044,481,557	421,863,770,900	358,077,708,103	332,067,803,312	290,526,508,198
Result	96.32%	96.49%	96.42%	96.60%	96.44%

## Graphical Presentation:



**Figure: 8 Debt Ratio**

## Interpretation:

According to the data, FSIBL has a greater number of assets than it does liabilities. Because none of the percentages for the past five years add up to 100 percent. In 2017, the company had a debt ratio of 96.60%, making it the highest of any other business in the industry. The FSIBL has maintained a rate of ratio that is not too dissimilar from year to year during the past five years. The debt ratio illustrates a company's capacity to make payments on its loans. There were some relatively good times and some relatively difficult ones, but all in all, the obligation proportion between the years 2016-2020 was relatively consistent.

## Debt-to-Equity Ratio:

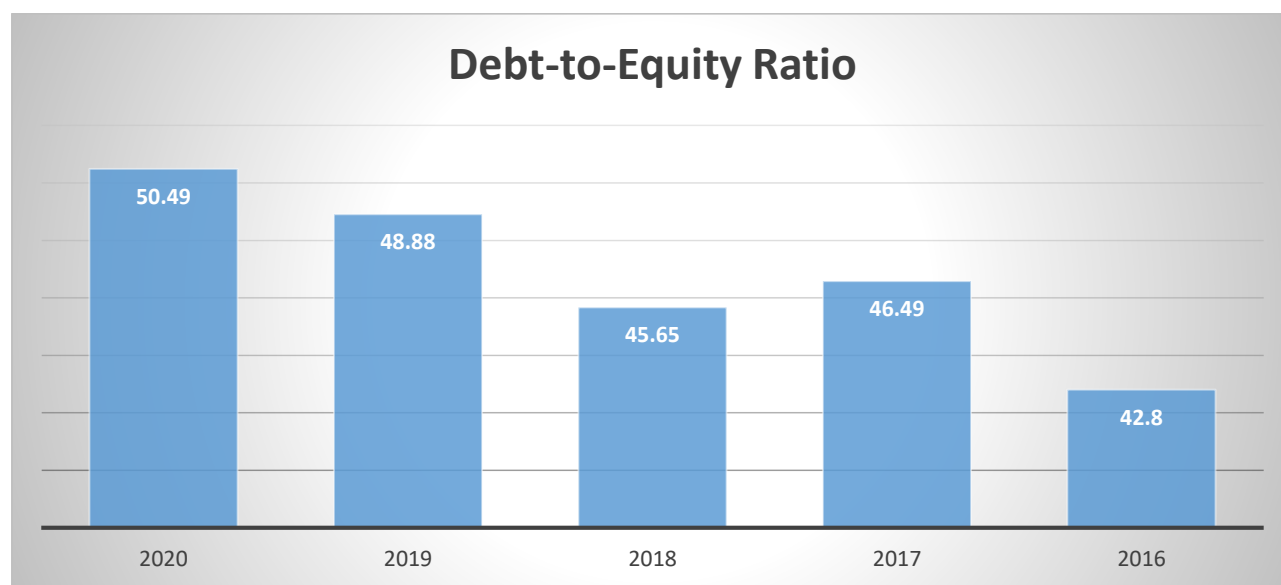
A financial and liquidity measure known as the debt to equity ratio compares the total debt of a company to the entire equity of that organization. The ratio of a company's debt to its equity illustrates the proportion of that company's funding that originates from creditors and investors.

## Formula:

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

**Calculation:**

Debt-to-Equity Ratio					
Particulars	2020	2019	2018	2017	2016
Total Liabilities (TK)	479,044,481,050	421,863,770,321	358,077,708,624	332,067,803,921	290,526,508,625
Shareholder's Equity	9,487,602,010	8,625,092,325	7,840,993,235	7,128,175,794	6,788,738,633
Result (Times)	50.49	48.88	45.65	46.49	42.80

**Graphical Presentation:****Figure: 9** Debt-to-Equity Ratio**Interpretation:**

By measuring its debt-to-equity ratio, FSIBL is able to make a comparison between its total obligations and its entire equity. In 2020, FSIBL relies more heavily on financing from its creditors than it does on funding from investors. The FSIBL utilized less than it had in any of the preceding five years in 2016. The ratio for 2016, which comes in at 36.21, is the lowest of any year. The year 2020 will see the highest ratio ever recorded, which is 48.91. However, FSIBL relies more on the financing provided by its investors rather than the financing provided by its creditors because the majority of the ratios are lower than 50.

# **Chapter: 04**

## **Findings, Recommendations, Conclusion**

## 4.1 Findings:

After conducting research on the First Security Islami Bank Limited's financial performance and while participating in an internship program with an organizational connection, the following findings have been discovered:

- When everything is taken into account, it is reasonable to believe that First Security Islami Bank Limited had a successful fiscal year in 2020, since the majority of the ratios displayed positive results. This assumption is based on the fact that the factors have been analyzed.
- The current ratio for the year 2020 was 1.038, which is more than the standard, which is termed the industry average and which should be higher than 1. In 2019, 2018, and 2017 the current ratio was 1.03.
- The cash ratio for 2020 was 7.40%, which was greater than it was in 2018, but it was still lower than it was in 2016, and 2107. The cash ratio reached a record high of 16.28% in the year 2016, surpassing any previous year's total.
- Earnings per share (EPS) in 2018 and 2017 were 1.97, which was lower than the other four years' average, but EPS in 2020 were higher than other years' ratio, which is 2.94 and extremely appropriate for a commercial bank.
- FSIBL is having a difficult time in 2020 contributing to a decent market value of their shares. The market value of FSIBL's stock was very medium in 2018, and after 2016, the company's stock has been gaining in price on the market, but it has fallen since then and will continue to do so in 2018 and 2019.
- FSIBL maintained a rate of ratio that was not too dissimilar from year to year over the course of the last five years. The debt ratio illustrates a company's capacity to make payments on its loans. There were some relatively good times and some relatively difficult ones, but all in all, the obligation proportion between the years 2016-2020 was relatively consistent.
- Return on Assets (ROA) in 2020 showed a higher trend and Return on Investment (ROI) is downward when compared to the analysis of the previous five years (ROA- 0.60% and ROI- 42.57%) respectively.

## 4.2 Recommendations:

- FSIBL needs to more active on the investment space. Every year, there is a shift in their development and profits. This means they must be much more serious about their financial commitments.
- FSIBL has to fortify its liquidity by reducing its capacity ratio and increasing its cash and other liquid assets.
- FSIBL should put more effort into making sure it is solvent by keeping enough short-term assets and managing its long-term assets in a way that will make the bank more money.
- FSIBL should put a lot of effort into making management more efficient by keeping operating costs in line with operating revenues.
- By keeping operating revenues lower than operational expenses, FSIBL can increase its efficiency in controlling costs.
- To better serve the wide range of customers, more items catering to different tastes should be developed.

## 4.3 Conclusion:

The reputation of First Security Islami bank Ltd. has grown as a result of the bank's pioneering offerings. The document provided proof to that extent of cooperation in regards to FSIBL activities. The file may still be useful as a guide in the current competitive scene for laying out all of one's cards and implementing the drawing in order to reach the primary objective. Therefore, after learning the costs associated with this line of work, it is no longer a viable option. For some reason, I feel the need to share my own thoughts on the methods used at the Ring Road Branch.

Generally, the bank needs to make an active effort to plan forward and keep an eye on where they stand in terms of their goals. Additionally, they need to keep a careful eye on the home front and research the strategies and habits of their rivals. The bank shouldn't try to shift responsibility for failures onto outside forces, but rather should learn from them and make them part of the motivation for future success.

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