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Internship Report On

Credit Performance Analysis: A study on First Security Islami Bank Limited, Dilkusha Branch

Internship Report

Credit Performance Analysis: A study on First Security Islami Bank Limited, Dilkusha Branch

Submitted To

Ms. Rozina Akter

Assistant professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International university

Submitted By

Md Abu Omar Saifullah

ID:171-11-5466

Bachelor of Business Administration

Department of Business Administration

Daffodil International university

Letter of Transmittal

Date: 22 december 2022

To

Ms. Rozina Akter

Assistant professor

Department of Business Administration

Daffodil International University Bangladesh

Subject: Submission of Internship Report on Credit Performance Analysis of First Security Islami Bank Limited.

Dear mam,

It gives me great pleasure to provide you with the internship report I prepared for you as part of my BBA program on the subject of **First Security Islami Bank Limited's Credit Performance Analysis (Dilkusha Branch).**

I've put a lot of effort into making it as accurate and instructive as I can. I'm grateful that First Security Islami Bank Limited gave me the opportunity to research business practices in the finance department. I have a great chance to learn about the steps involved in transaction modes and reception procedures and use what I have learned in class. The information for this report was produced using data from the company, mostly from the finance division and the internet.

I genuinely hope you will consider my report and follow the advice as a consequence. Please feel free to get in touch with me if you have any questions or need clarification. I'm hoping you'll see my effort and forgive my lapses.

Sincerely Yours,

Md Abu Omar Saifullah

ID:171-11-5466

BBA (Major in Finance)

Daffodil International University

DECLARATION

My name is Md. Abu Omar Saifullah, I'm a BBA student with a student ID of 171-11-5466. I'm a finance major from Daffodil International University in Bangladesh, and I'm proud to announce that I wrote a report for my internship on the "Credit Performance Analysis of First Security Islami Bank Limited (Dilkusha Branch)" with diligence.

Md Abu Omar Saifullah

ID:171-11-5466

BBA (Major in Finance)

Daffodil International University

CERTIFICATE

This is to confirm that an internship report on "Credit Performance Analysis of First Security Islami Bank Limited (Dilkusha Branch)," agreed out by Md Abu Omar Saifullah, ID NO:171-11-5466 under my supervision, was completed for partial fulfilment of the degree of Bachelor of Business Administration (BBA) major in Finance from the Daffodil International University, Bangladesh.

I wish her a lifetime of success.

Rozina Akter

Ms. Rozina Akter

Assistant professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University, Bangladesh

Acknowledgment

I want to start by giving Allah, the Almighty, praise for giving me the stamina to finish my report. I needed the help and direction of a few eminent people to finish my internship report. We can't name each person because of the complex's space limitations. I want to express my appreciation to everyone who helped me finish this study. It has given me a wealth of knowledge.

I want to thank my supervisor**, Ms Rozina Akter, an Assistant Professor in the department of business administration at Daffodil International University**, for providing me with a reliable and appropriate direction for the wholly wealthy edifications of this report. I also appreciate the consultation and outstanding cooperation from my honourable boss, **Md. Sazzadur Rahman, Senior Principle Officer of First Security Islami Bank Ltd. (Dilkusha Branch)**. I can now adjust the report to be more appropriate under his guidance. I'm also grateful that **Md. Jamal Hossain, Assistant Vice President (Dilkusha Branch),** gave me all the details I needed to know about loan disbursement and financial report from the official website.

Last but not least, I have improved my report as a result of the Finance team members' intelligent remarks on this strategy. I want to thank everyone who helped me prepare my internship report, whether they were directly involved or not.

Executive Summary

The report is necessary for the internship portion of the BBA degree. "First Security Islami bank limited Credit Performance Analysis" was the subject of my internship. The forces of business have expanded beyond the boundaries established decades ago and now take into account significant societal factors while administering commercial and fiduciary duties. Bangladesh has also felt the effects of globalization, and First Security Islami Bank Limited contributes significantly to the country by offering top-notch customer service. Customers can rely on this bank, and they are getting better services every day. I made a concerted effort to outline the credit performance analysis as well as the ratio's throughout the course of my report. The introduction contains the first section, which covers subjects like methodology, constraints, the source of the data, etc. The overview of First Security Islami Bank, its mission and vision, goals, organogram, guiding principles, activities, and SWOT Analysis are covered in the following section. I talk about ratio in the subsequent chapter. I've added the ratios in the fourth section. I present some conclusions, suggestions, and observations in the report's last section. This report should provide readers with a quick overview of First Security Islami Bank's limited credit performance and analysis.

Table of Contents

FSIB

ISLAMI BANK

FIRST SECURITY ISLAMI BANK LTD.

©

Chapter 1

Introduction

1.1 Introduction

A banker is a dealer in credit and money. Borrowing and lending are two components of the banking sector. By collecting deposits from numerous customers and then lending the vast majority of the accumulated pool of cash to those looking to borrow, the bank serves as a financial mediator between savers (lenders) and investors (borrowers). A lending philosophy, a scientific and methodical approach, the upgrading of skills in loan appraisal, the assessment of borrowers' credit needs, proper and sufficient documentation to ensure the safety and security of funds, a mechanism for monitoring and controlling loans and advances after the funds have been disbursed, as well as carefully planned nursing and practical recovery proceedings, where necessary, are all necessary for the successful deployment of bank credit. It has been asserted that a bank never originates a bad loan; rather, a bad loan materializes after it has already originated. The account of a borrower who has broken his responsibilities is referred to as a sticky account. For banks, recovering past-due sums on a growing number of sticky accounts are turning into a stressful situation. When the likelihood of return is unknown and keeping the account open is deemed unfeasible, these advances would be cancelled.

1.2 Origin of the report

I was allowed to fulfil my internship requirements by researching and writing on First Security Islami Bank Limited's operations. For three months, I worked as an intern at the Dilkusha branch of First Security Islami Bank Limited. Students will have the chance to apply their academic knowledge in the workplace through this internship. Based on my day-to-day professional experience, I wrote this report.

Under the direction of Ms. Rozina Akter, Assistant Professor in the Department of Business Administration at Daffodil International University, I had to write a report as part of this internship. My internship supervisor at First Security Islami Bank Ltd, Md. Sazzadur Rahman, Senior Principal officer of First Security Islami Bank Ltd (Dilkusha Branch), and Md. Jamal Hossain, Assistant Vice President (Dilkusha Branch), on the other hand, assisted me in creating my internship report within the company.

1.3 Objectives of the study

The study's primary goal is to examine the ratios and credit performance analysis of FSIBL. The following supporting goals have been implemented in order to attain the main goal:

1. To provide a theoretical framework for the corporate and consumer credit markets.
2. To analyze the credit performance analysis of FSIBL over different years.
3. To provide recommendations based on the findings of the study.

1.4 Scope of the study

This study attempts to cover almost all the significant aspects of the learning and development process followed by First Security Islami Bank Limited. I inspected the financial summaries of the company and many things included in this report. It ensures my perceptions and on-the-job experience through the training period. The internship report joins the financial grade and various features of the ratio analysis of the organization.

1.5 Methodology of The Study

Methodology refers to a methodical approach to data collection. My report aims to present the Credit Performance Analysis of First Security Islami Bank Limited. I used both primary and secondary sources of information to create my internship report.

Data are being collected in two ways

1. Primary Source

2. Secondary source

1. Primary Source:

I was able to gather first-hand information by taking part in the three-month internship and watching the finance staff in action. The benefit of my superiors is that they helped me as much as they could, and the majority of the important information I learned was from face-to-face interactions. The First Security Islami Bank Ltd. Government's yearly budget was a great source of inspiration for me.

2. Secondary source:

I primarily used the bank's official website to gather secondary data, along with several articles and other publications on internship projects.

1.6 Limitations

Following limitations that I suffered during the report

- **Insufficient data**: Inadequate information from banking institutions prompted the production of this study.
- **Shortage of time:** As I previously stated, this is a large organization, so it is difficult to cover everything in a short amount of time.
- **Data Complexity:** Another difficulty is that questioning several individuals creates a tremendous degree of complication in terms of data verification.

Chapter 2

Profile of First Security Islami Bank Limited

2.1 Overview of First Security Islami Bank Limited

First Security Islami Bank Limited (FSIBL) is one of the pioneers in our nation's history of Islamic Shariah-based banking systems with cutting-edge regulations. It is an entirely shariah-compliant bank that abides by all Islamic laws and guidelines. On October 25, 1999, First Security Islami Bank Ltd. was established. On January 1st, 2009, our bank's board of directors and management decided to convert it to a fully operational Islami bank after taking into account public demand and providing justification for their smart decision.

"First Security Islami Bank Limited (FSIBL)" is assiduously striving to establish a long-term strategic plan to maintain dynamic growth by realizing the changing habits of all sorts of customers and to become the representative of progress in the banking industry of our nation. It offers simple access to its large customer base across the nation via a variety of delivery channels, including branches, sub-branches, agent banking outlets, ATM booths located all across the country, as well as an app. Internet banking and mobile financial services are based on the **"FSIBL Cloud."**

First Security Islami Bank Limited (FSIBL), with its illustrious history of making a significant contribution to Bangladesh's financial sector through its innovative and entrepreneurial business spirit, is dedicated to providing the greatest customer experience and building long-term shareholder value.

2.2 Vision of First Security Islami Bank Limited

To be the country's best financial institution based on "Islamic Shariah" by providing high-quality goods and excellence in services supported by cutting-edge technology and a team of highly motivated employees to deliver excellence in banking service.

2.3 Mission of First Security Bank Limited

- To contribute to the socioeconomic growth of the nation.
- Achieve the highest degree of customer satisfaction through the provision of services by committed and inspired experts.
- To continue a steady increase in market share by focusing on quality.
- To guarantee honesty and integrity at all levels.
- To ensure sustainable growth and establish the full value of the prestigious shareholders, and most importantly, to successfully contribute to the national economy.

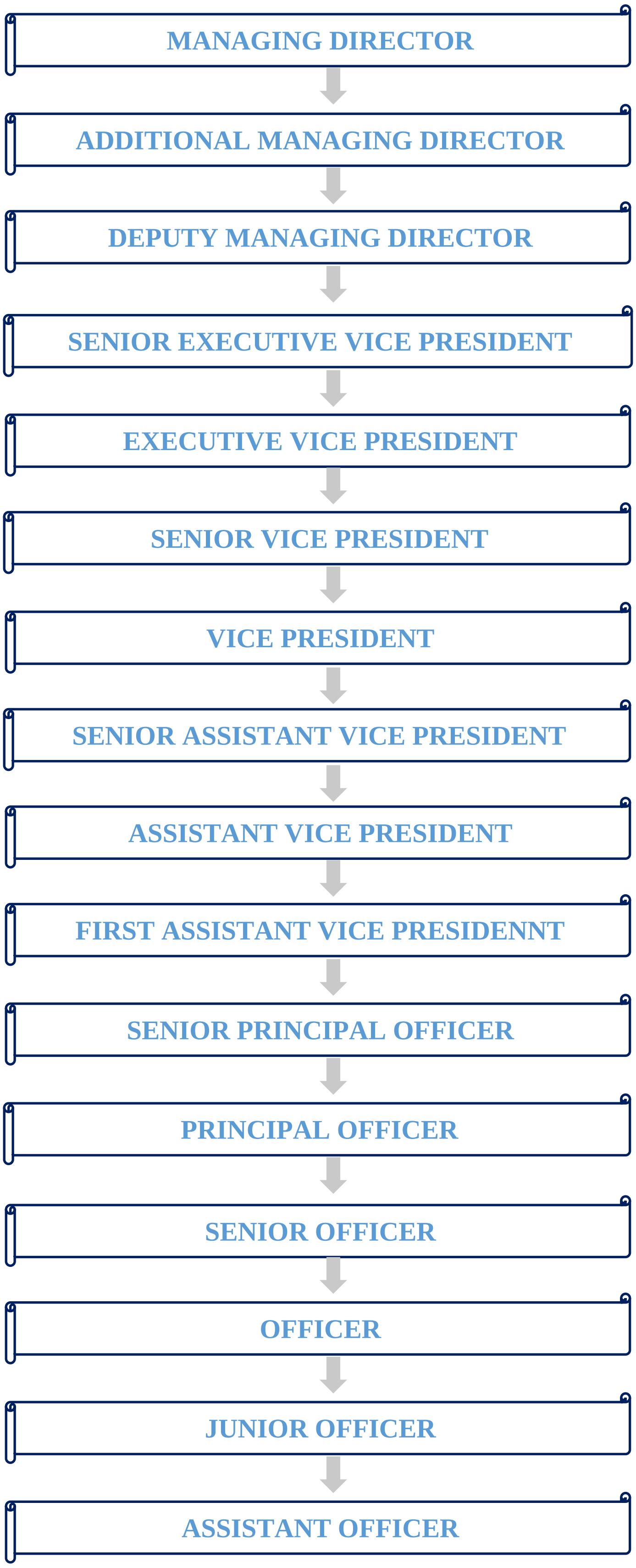
2.4 Bank objectives

- hiring, maintaining and continuing to develop locally skilled staff with the knowledge and expertise to deliver banking services and manage operational risks in accordance with best practices. Applying the equal opportunity employment concept will help bank employees advance.
- The establishment of an Islamic bank as a stable financial organization is ensured by establishing a succession plan for management and embracing technological advancements.
- achieving financial strength and growth, including an increase in market share, and producing profits for its shareholders by strengthening trust and relationships with our customers and maintaining a commitment to providing professional and excellent customer service.

2.5 Corporate Information

NAME OF THE COMPANY	FIRST SECURITY ISLAMI BANK LTD.
CHAIRMEN	Mr. Mohammed Saiful Alam
VICE CHAIRMEN	Mr. Mohammed Abdul Maleque
MANAGING DIRECTOR	Mr. Syed Waseque Md. Ali
COMPANY SECRETARY	Mr. Oli Kamal FCS
LEGAL STATUS	Public Limited Company
DATE OF INCORPORATION	August 29, 1999
DATE OF COMMENCEMENT BUSINESS	August 29, 1999
DATE OF GETTING LICENCE FROM BANGLADESH BANK	September 22, 1999
DATE OF OPENING FIRST BRANCH	October 25, 1999
HEAD OFFICE	Rangs RD Center, Block: SE (F), Plot:03, Gulshan Avenue, Gulshan-1, Dhaka-1212
REGISTER OFFICE	23, Dilkusha C/A, Dhaka-1000, Bangladesh
LINE OF BUSINESS	Banking
AUTHORISED CAPITAL	Tk. 30,000 Million
PAID UP CAPITAL	Tk. 10,460.08 Million
DATE OF CONSENT FOR IPO	June 04, 2008
PHONE	+88 02 55045700 (Hunting), 8432614-8432625 (ICT Division).
FAX	880-02-55045699
E-MAIL	info@fsiblbd.com
SWIFT CODE	FSEBBDDH
AUDITORS	**Rahman Mostafa Alam & Co.** Chartered Accountants Principal Office: Paramount Heights (7th Floor, D2 & C1) 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000 **Shafiq Basak & Co.** Chartered Accountants Shatabdi Centre (6th & 8th Floor), 292, Inner Circular Road,Fakirapool, Motijheel, Dhaka
LEGAL ADVISORS	The Law Counsel, Barrister & Advocates, City Heart (7th Floor), Suit No. 8/8, 67, Naya Paltan, Dhaka-1000. Phone: 9349647-8, Fax: 9349866, 9567029, E-mail: l.counsel@bdonline.com.
TAX CONSULTANT	K.M. Hasan FCA, K.M. Hasan & Co. Chartered Accountants, Dhaka Office Home Tower Apartment (8 th & 9 th Floor), 87, New Eskaton Road , Dhaka – 1000, Phone: 9351457,9351564, Fax: 9345792-112

2.6 First Security Islami Bank Limited's organizational chart



2.7 Principal Activities

Banks are nothing more than intermediaries between lenders and borrowers. The main sources of the banks' loaning capacity are savings and deposits. The interest that accumulates on the difference between borrowing and lending makes up the majority of a bank's revenue. Banks gain from a variety of operations. Branch banking is one of the three functional divisions of First Security Islami Bank Ltd. They are the following:

1. General Banking

2. Investment and Advance

3. Foreign Exchanges

2.8 SWOT Analysis of First Security Islami Bank Limited

The SWOT analysis is a detailed study of the exposure and potential of a company in light of its strengths, weaknesses, opportunities, and threats. This helps the company retain its present level of performance while looking ahead to opportunities to improve its performance in comparison to its rivals. This tool can be used by an organization to evaluate its current situation, making it an essential tool for putting strategic management reforms into action.

Identification of Strengths, Weaknesses, Opportunities and Threats of the Organization

S T R E N G T H S

- The fact that it is a Shariah-based bank is positive for FSIBL. They follow Islamic principles and norms in all of their financial activities. The second meeting of the First Security Islami Bank Limited's 13 Shariah Council took place on May 20, 2009, at the bank's headquarters, with Sheik (Moulana) Mohammad Kutubuddin in attendance. The focus of these meetings is on Islamic banking practises and ways that businesses can grow while still adhering to Islamic law.
- In order to guarantee that their consumers are extremely satisfied, FSIBL has maintained and developed a fundamental, client-benevolent relationship with them. By offering them higher-quality services, they maintain a professional relationship with their clients.
- For exceptional clients, FSIBL provides services even after the financial hour. Special clientele continues to receive services after bank hours.

- FSIBL Ltd. has failed miserably in their advertising and promotion of their new product. And among the weakest regions. The marketing efforts of banks are adequate but not very pervasive. His product is not advertised or made available to SMEs or the general public. There is no signage or marketing for an SME with FSIBL. As a result, nobody knows about this bank.
- Hypothecation is significantly riskier than other charging security when it comes to loan security methods. However, FSIBL uses it extensively.
- Waste of time The process of loan approval takes longer, which makes the customer less likely to apply for a loan. When people open an account, they sometimes give only part of the information they need. If there is a disagreement, this can be a big problem.

WEAKNESSES

OPPORTUNITIES

- Increasing customer awareness of Islamic banking. Modern consumers are well-informed, they are becoming more interested in Islamic banks, and they are becoming more knowledgeable about Islamic banking. To take advantage of this opportunity and grow its market share, FSIBL is striving.
- FSIBL launched Islamic cards for the first time in Bangladesh
- If FSIBL wants to expand its current line of business, it can seek an improvement system. They can consider starting a commercial bank or expanding into rental and security. By diversifying their businesses, they can lower the risk.

- The first Islamic bank in our nation, Islami Banking in Bangladesh, enjoys the first-mover advantage and poses a significant threat.
- The money market in Bangladesh does not adhere to the rules and regulations of Islamic Shariah.
- In addition to continuously overseeing Bangladesh's close-by and outlying banks, Bangladesh Bank occasionally interferes with the routine operations of private banks.

THREATS

Chapter 3

Loans

3.1 Loan Disbursement

The distribution of loans is contingent on the submission of a loan application and the approval of the loan amount. The actual withdrawal of funds from a bank account is referred to as a disbursement. The loan is disbursed when the agreed-upon amount is deposited into the borrower's account and becomes accessible for use. The monies have been transferred from the lender's account to the borrower's account.

3.2 Loan Products

1. Continuous Loan

the praise Accounts with a transactional flexibility range and a final adjustment date will be regarded as continuous loans. Examples include CC (cash credit), OD (over draught), and others. For continuing loans, the consumer is required to give the bank specific collateral security. If the consumer wants to withdraw money from his FDR once, he must provide his whole FDR paperwork (or any bank account). Additionally, he obtains a loan secured by fixed assets like his home and land.

2. Demand Loan

Demand loans are those for which the bank may at any point make a repayment demand. Any contingent or other liabilities transformed into compelled loans shall likewise be subject to demand loans (i.e., without prior approval as regular loans). Forced LIM, PAD, FBP, and IBP are a few examples. If a bank needs financing, chargeable paperwork is needed (shown in 3.4). Before evaluating the assets and issuing a loan of up to 80% of their worth in the event that a customer requests a loan against his home, the bank must first confirm that all deeds and supporting papers are valid.

3. Term Loan

Term loans are loans that must be repaid within a defined timeframe and on a predetermined repayment schedule. Term loans can range from a few months to several decades.

3.3 Rules for Application

In accordance with the following procedures, interested consumers must apply at any of our bank's branches:

1. An application filled out completely on the bank's provided form.
2. Two photographs the size of a passport have been attested.
3. An employer's monthly net income statement (in the case of service providers).
4. Vendors must have bank authorization.

3.4 Documentation of Loans

For A/C holders or loan applicants:

Demand Promissory Note (Single)

Demand Promissory Note Delivery Letter

Letter of Guarantee

Letter of Undertaken

Letter of Disbursement

Letter of Arrangement

Letter of Installment

Letter of Debit Authority of A/C

Agreement with Buying Agent

Letter of Declaration

Hire Purchase Agreement

Purchase Schedule of Goods

For Guarantor:

Demand Promissory Note (Single)

Demand Promissory Note Delivery Letter

Letter of Guarantee

N.B.: require three additional guarantors

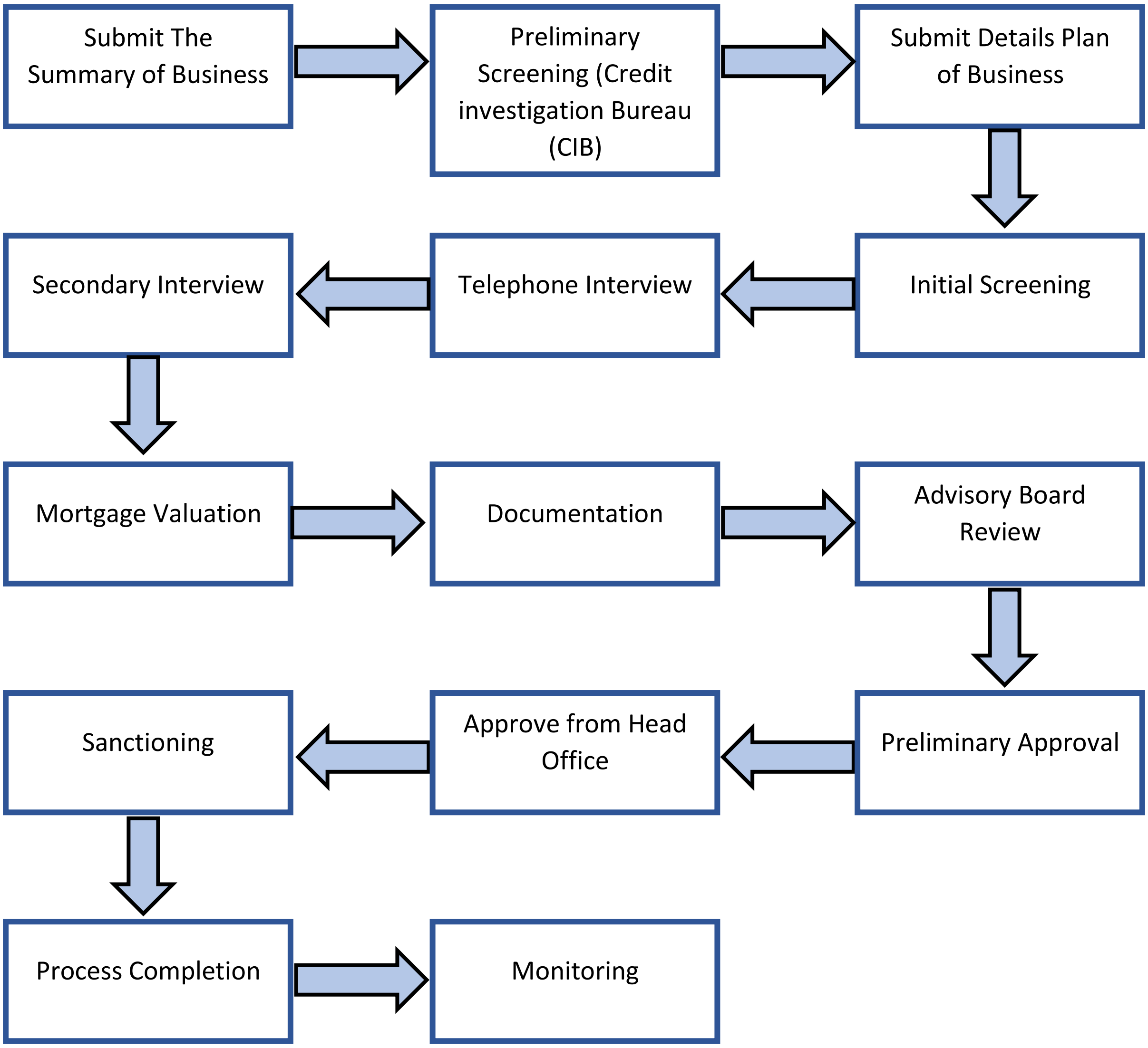
3.5 Credit Mix

As a whole, FSIBL provides the following credit products (loans and advances), as well as the Dilkusha Branch:

a. Cash Credit
b. Term Loan
c. Secured Overdrafts
d. Hire Purchase Scheme
e. Small Enterprise Financing

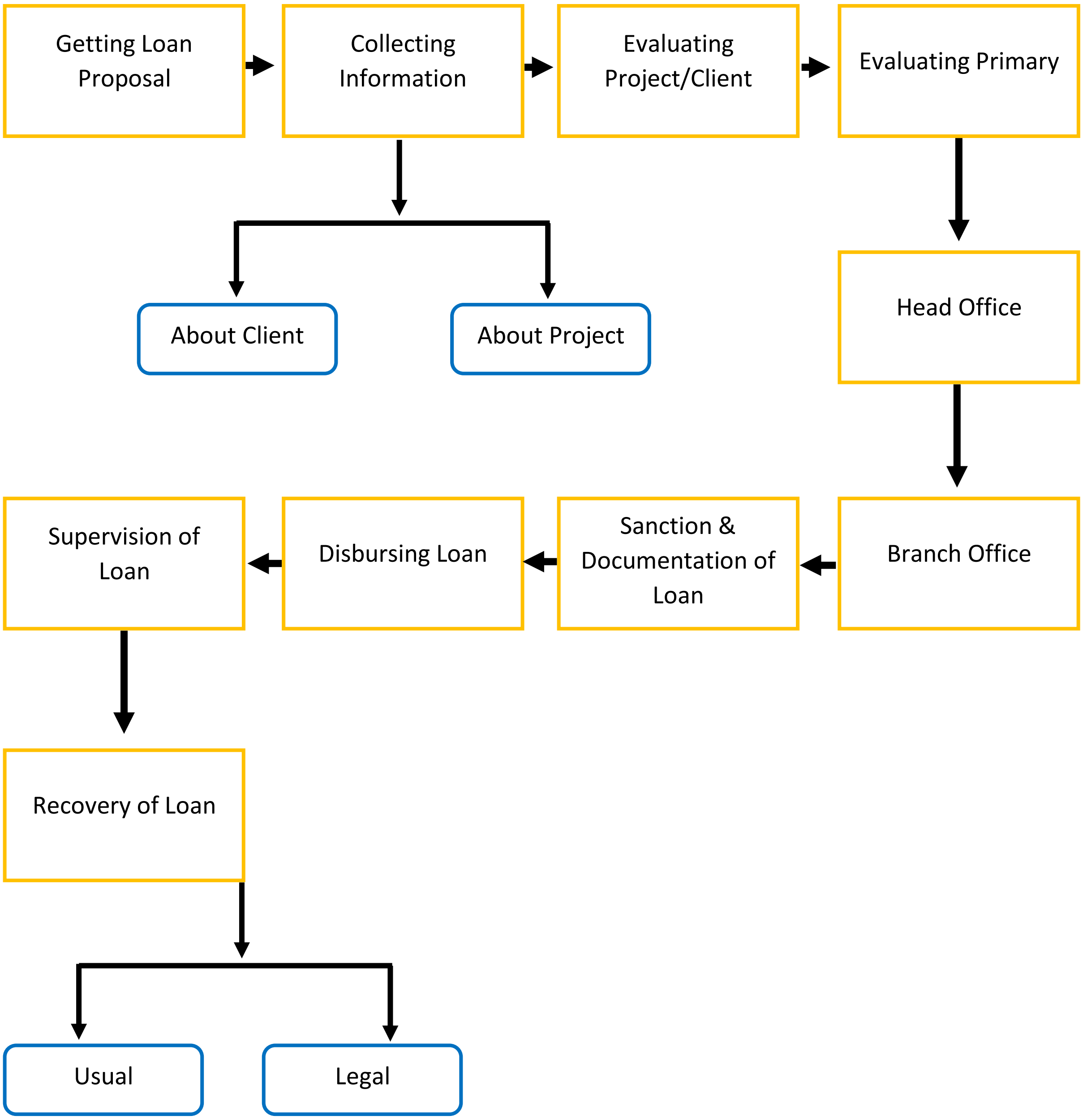
3.6 Loan Disbursement Process

Procedural steps in loan disbursement:



3.7 Life Cycle of Loan

In order to qualify for a loan from FSIBL, a borrower must meet the following requirements: The person must be a client of the bank. A complete application that describes the borrower's capacity to repay the loan as well as its goal must be submitted by the applicant.



Chapter 4
Credit Performance Analysis

4.1 What is Credit Performance Analysis?

Credit analysis is a type of financial study that an investor or bond portfolio manager does on corporations, governments, municipalities, and other debt-issuing entities to determine the issuer's capacity to satisfy its debt commitments. Credit analysis aims to find the acceptable degree of default risk associated with investing in the debt instruments of a specific firm.

4.2 Why We do Credit Performance Analysis?

- To determine an entity's capacity to fulfil its obligations, credit analysts assess the riskiness of debt instruments issued by businesses or other entities.
- The goal of the credit analysis is to determine the proper amount of default risk connected to investing in that specific organization.
- Depending on the results of the credit analysis, a risk rating will be given to either the loan issuer or the borrower.

4.3 How Credit Performance Analysis Works?

Banks, bond investors, and analysts analyze a company's credit to see whether it can pay its debts. An analyst can assess a company's capacity to meet its obligations using financial ratios, cash flow analysis, trend analysis, and financial projections. The creditworthiness of a business is also determined by looking at credit reports and any collateral.

Credit analysis is used to estimate the likelihood that a borrower will stop making payments on their debt as well as the magnitude of the losses that would result from default.

Depending on the results of the credit analysis, a risk rating will be given to either the loan issuer or the borrower. In turn, the risk rating determines whether to grant credit or make a loan to the borrowing business and, if so, how much.

4.4 Debt Ratio

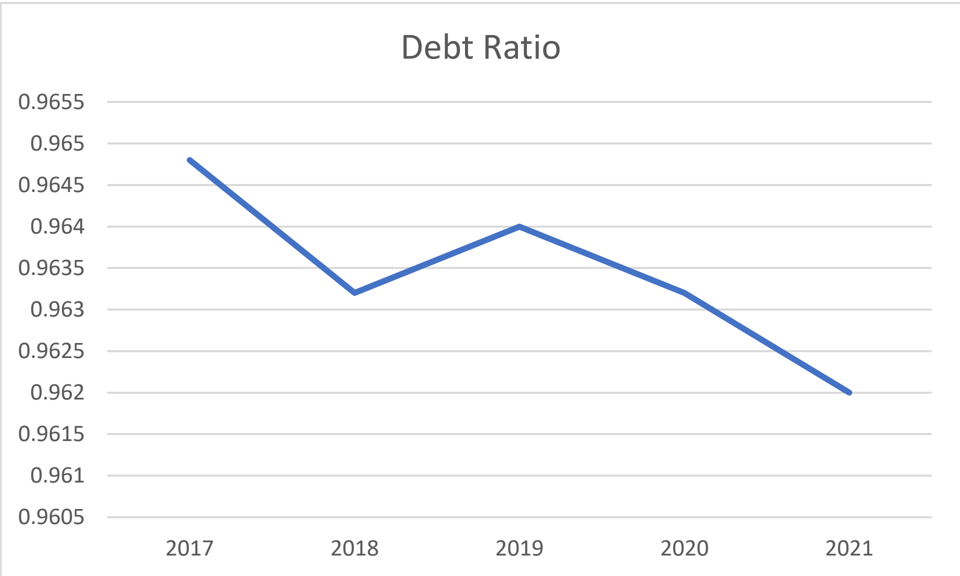
A financial measure called the debt ratio shows what proportion of a company's assets is financed by debt.

Why We Use Debt Ratio:

- A debt ratio quantifies a company's indebtedness in terms of total debt to total assets.
- This ratio varies significantly among industries, with capital-intensive enterprises having significantly greater debt ratios than others.
- A debt ratio greater than 1.0, or 100 percent, shows that a corporation has more debt than assets, whereas a debt ratio lower than 100 percent indicates that a company has more assets than debt.

$$\text{Debt ratio} = \frac{\text{Total Asset}}{\text{Total Liabilities}}$$

	2017	2018	2019	2020	2021
Total Liabilities	332,375,689,505	358,477,739,947	422,077,867,795	479,044,481,050	524,077,929,396
Total asset	344,486,615,040	372,183,319,966	437,831,586,420	497,342,492,739	544,795,189,422
Ratio	0.9648	0.9632	0.9640	0.9632	0.9620



<u>Interpretation:</u> As we can see, it is still declining. It indicates FSIBL expansion. As a result, their debt to it's asset ratio is dropping. Its assets and debt, however, are about equal.

4.5 Debt to Equity

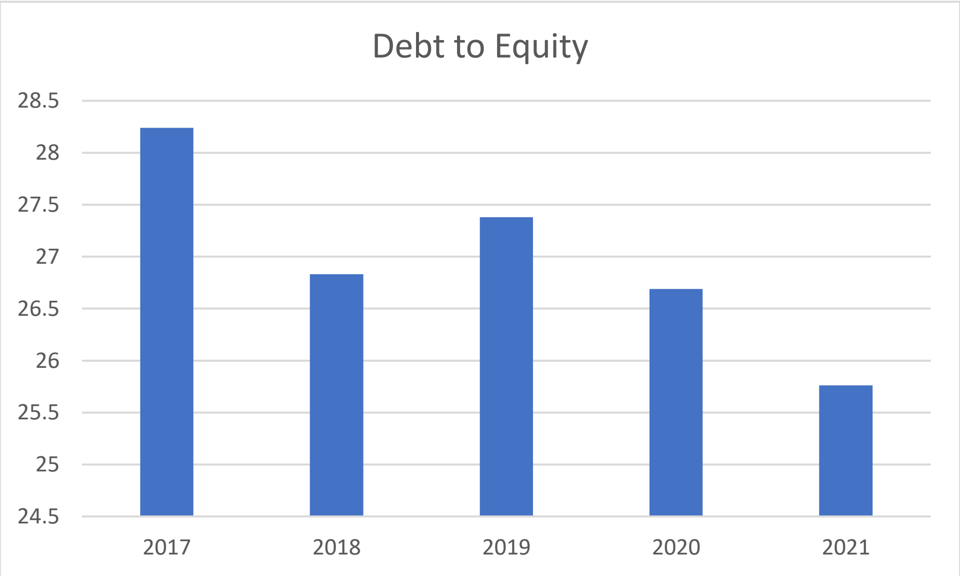
The debt-to-equity ratio is a financial statistic that indicates the proportion of equity to debt used to finance a company's assets. Risk, gearing, and leverage are other names for the ratio, which is closely related to leverage.

Why We Use Debt to Equity:

- The debt-to-equity (D/E) ratio compares a company's total liabilities to its shareholder equity and can be used to measure its debt reliance.
- D/E ratios differ by industry and are best used to compare direct competitors or to track changes in a company's debt dependency over time.
- Since long-term debt entails higher risk than short-term obligations, investors may often adjust the D/E ratio such that it only takes into account the former.

$$\text{Debt to Equity} = \frac{\text{Total Liabilities}}{\text{Common Stock Equity}}$$

	2017	2018	2019	2020	2021
Total Liabilities	332,375,689,505	358,477,739,947	422,077,867,795	479,044,481,050	524,077,929,396
Common Stock Equity	11,770,743,328	13,361,352,465	15,413,827,638	17,945,502,468	20,343,756,650
Ratio	28.24	26.83	27.38	26.69	25.76



<u>Interpretation:</u> The ratio of our equity to debt is dropping. Perhaps the FSIBL debt gets smaller over time. Furthermore, it cannot be destroyed by a pandemic disease.

4.6 Current ratio

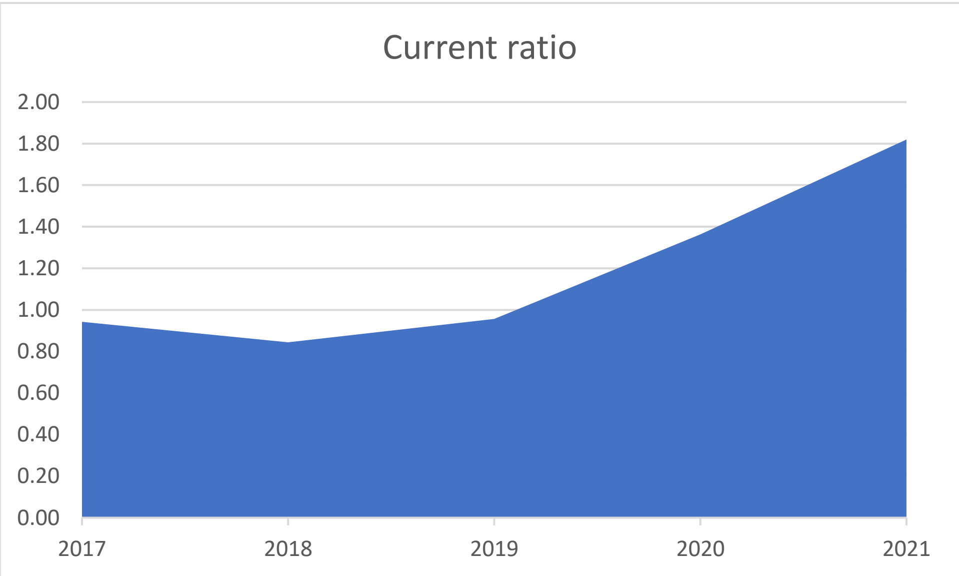
The current ratio is a liquidity ratio that indicates whether or not a company has sufficient liquid assets to satisfy its short-term obligations.

Why We Use Current Ratio:

- The current ratio contrasts the total current assets and liabilities of a business.
- These are often described as liabilities that will be paid in a year or less and assets that are cash or will be converted into cash in a year or less.
- The current ratio enables investors to compare a company's financial performance to that of its peers and competitors on an equal footing and to learn more about a company's ability to pay down short-term debt with current asset

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

	2017	2018	2019	2020	2021
Current Asset	38,861,654,253	39,776,656,067	52,415,126,661	63,963,734,742	81,022,182,719
current liabilities	41,263,419,860	47,097,223,699	54,806,722,600	46,909,116,111	44,525,606,270
Total	0.94	0.84	0.96	1.36	1.82



Interpretation: This example clearly demonstrates a healthy current ratio. As opposed to before, when it was underlined, now all that's happening is that its status is being emphasized.

4.7 Quick Ratio

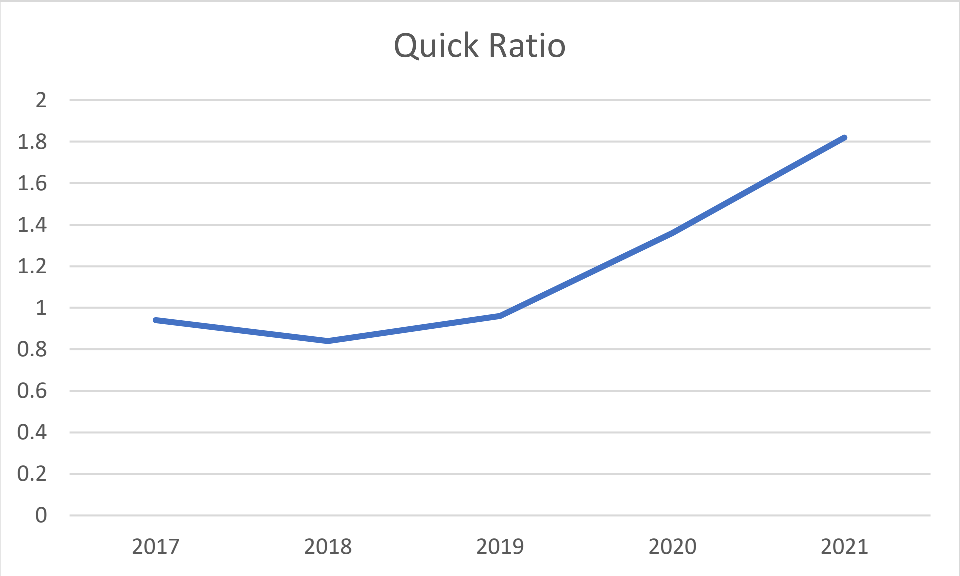
The fast ratio commonly referred to as the acid-test ratio, is a sort of liquidity ratio used in finance that gauges a company's capacity to use its near-cash or quick assets to rapidly pay off or retire its current liabilities.

Why We Use Quick Ratio:

- The quick ratio gauges a company's ability to cover its short-term obligations without having to sell goods or seek further funding.
- Compared to the current ratio, which counts all current assets as coverage for current obligations, the fast ratio is seen as a more cautious metric.
- A company's most liquid assets, such as cash, cash equivalents, marketable securities, and accounts receivable, are divided by all of its current liabilities to arrive at the quick ratio.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

	2017	2018	2019	2020	2021
Current Asset	38,861,654,253	39,776,656,067	52,415,126,661	63,963,734,742	81,022,182,719
Inventory	0	0	0	0	0
Current Liabilities	41,263,419,860	47,097,223,699	54,806,722,600	46,909,116,111	44,525,606,270
	0.94	0.84	0.96	1.36	1.82



Interpretation: The rising direction of the line is evident. However, as far as we are aware, our outcome should be less than 1. So, it should be under the company's management.

4.8 Cash Ratio

A measure of a company's liquidity is the cash ratio. It particularly determines the proportion of current liabilities to total cash and cash equivalents held by a corporation. The indicator assesses a company's capacity to pay off its short-term debt with cash or resources that can be converted into cash quickly, including readily tradable securities.

Why We Use Cash Ratio:

- A company's ability to meet its short-term obligations entirely with cash and cash equivalents is demonstrated by the cash ratio, which is a liquidity indicator.
- The cash ratio is calculated by multiplying a company's total current liabilities by the sum of its cash and near-cash securities reserves.
- Because it solely takes into account a company's most liquid assets, the cash ratio is more conservative than other liquidity ratios.

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$$

	2017	2018	2019	2020	2021
Cash & Cash Equivalent	20,602,363,339	20,602,363,339	31,534,120,170	35,462,674,938	36,163,559,871
Current Liabilities	41,263,419,860	47,097,223,699	54,806,722,600	46,909,116,111	44,525,606,270
Ratio	0.50	0.44	0.58	0.76	0.81

Interpretation: Our liquid always exceeds our loans in this graph. It is currently rising. So, based on this ratio, we can claim that the company is doing well.

4.9 Gross Return on Assets

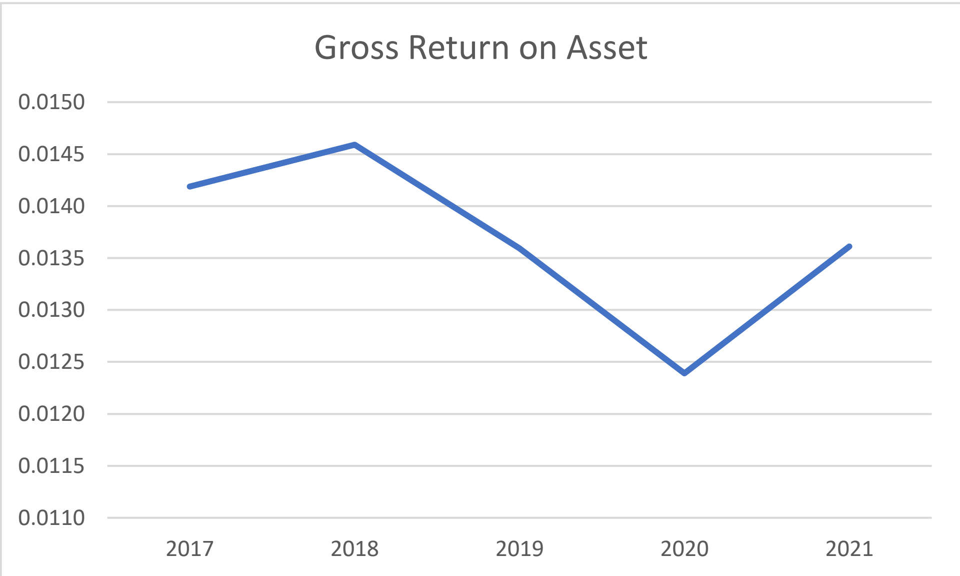
A company's gross return on assets, assuming that all current operational conditions remain unchanged, provides insight into its ability to earn profits over the long term.

Why We Use Gross Return on Assets:

- A company is more successful at generating income from its assets if its gross return on assets ratio is higher.
- When EBIT is used in place of operating income, the ratio takes into account all income earned by the company, not just income from operating activity when EBIT is used in place of operating income. This offers a fuller picture of how the business generates revenue.
- Comparing businesses with various tax circumstances and levels of financial leverage is helpful with BEP.

$$\text{Gross Return on Assets} = \frac{\text{Earning Before Tax and Interest (EBIT)}}{\text{Total Assets}}$$

	2017	2018	2019	2020	2021
EBIT	4,887,097,118	5,430,177,947	5,950,605,885	6,161,909,755	7,414,643,776
Total assets	344,486,615,040	372,183,319,966	437,831,586,420	497,342,492,739	544,795,189,422
Ratio	0.0142	0.0146	0.0136	0.0124	0.0136



Interpretation: We can observe from this graph that the gross return on assets is roughly the same. So, we may say that the company needs to work on it.

4.10 Return on Asset (ROA)

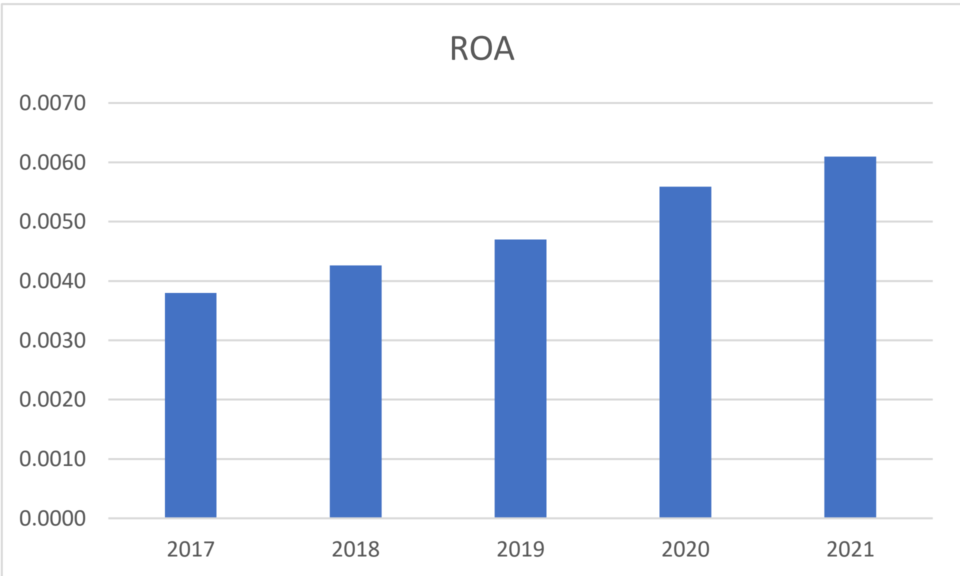
A financial ratio known as "return on assets" (ROA) measures a company's profitability in relation to its total assets. ROA can be used by corporate management, analysts, and investors to assess how effectively a company uses its resources to make a profit.

Why We do ROA:

- A measure of a company's profitability in relation to its total assets is called the return on assets.
- Management, analysts, and investors can use ROA to assess how effectively a company uses its resources to make a profit.
- By dividing a company's net income by all of its assets, you may get its ROA.

$$\text{Return on Assets (ROA)} = \frac{\text{Earning Available to Common Shareholder (EACSH)}}{\text{Total Assets}}$$

	2017	2018	2019	2020	2021
EACSH	1,309,146,282	1,586,398,673	2,056,988,743	2,779,961,641	3,321,042,118
Total Asset	344,486,615,040	372,183,319,966	437,831,586,420	497,342,492,739	544,795,189,422
Ratio	0.0038	0.0043	0.0047	0.0056	0.0061



Interpretation: The ratio we use indicates that the return on assets at our company is steadily growing. Therefore, it's safe to claim that it's satisfactory. It held strong even in the face of a global pandemic.

4.11 Return on Equity (ROE)

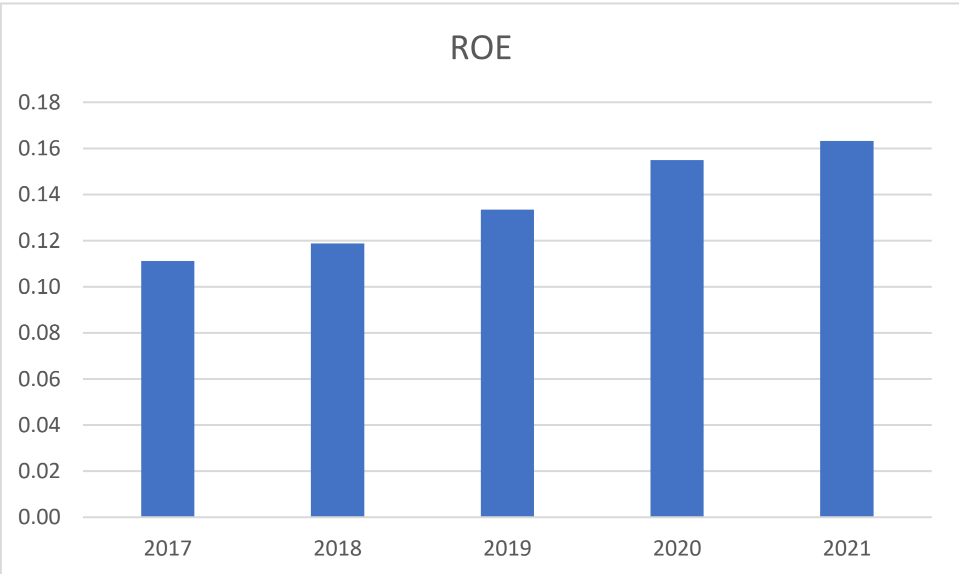
A metric of financial performance known as return on equity (ROE) is obtained by dividing net income by shareholders' equity. ROE is referred to as the return on net assets since shareholders' equity is determined by subtracting a company's debt from its assets.

Why We Use ROE:

- The ratio of a company's net income to the equity of its shareholders is known as the return on equity (ROE).
- A company's profitability and the effectiveness of its revenue generation are measured by its return on equity (ROE).
- The better a corporation is at turning its equity financing into profits, the higher its ROE.

$$\text{Return On Equity (ROE)} = \frac{\text{Earning Available to Common Shareholder (EACSH)}}{\text{Common Stock Equity}}$$

	2017	2018	2019	2020	2021
EACSH	1,309,146,282	1,586,398,673	2,056,988,743	2,779,961,641	3,321,042,118
Common Stock Equity	11,770,743,328	13,361,352,465	15,413,827,638	17,945,502,468	20,343,756,650
Ratio	0.11	0.12	0.13	0.15	0.16



Interpretation: Return on equity is a useful metric for gauging the profitability of a company's stock. In this approach, we can conclude that the company's return on equity (ROE) is constantly improving, which encourages investors to continue purchasing their stock.

Chapter 4

Findings, Recommendations, Conclusion

5.1 Findings

This inquiry found issues with how FSIBL was conducting business. The FSIBL will have greater success in the Bangladeshi banking industry if it can get beyond the following obstacles.

- Looking at a graph of the FISBL's total loan disbursements, we could see that the bank's disbursements were going up over time. The bank's willingness to extend credit to a wide range of industries is a positive sign because it serves the economy as a whole.
- Sadly, personal loans aren't one of the limited lending options they offer.
- long and challenging The process of applying for a term loan is a problem that slows down loan payments.
- To put it another way, a borrower's assets may be worth more than their debts.
- Their debt-to-equity and interest-bearing-accounting ratios are high, which bodes poorly.
- They omitted vital details from their yearly report, including the interest paid on inventory and other financing costs.
- Similar levels of cash flow to assets and gross return on assets can be expected.

5.2 Recommendation

It is really difficult to offer any recommendations regarding how FSIBL operates. This inquiry found issues with how FSIBL was conducting business. However, based on what I've learned from numerous books and articles on banking, here are some recommendations for correcting current problems:

- ✓ A portfolio-style approach should be taken by the bank when making loans or investing its money.
- ✓ In order to attract customers, the company should offer additional loans to start-up businesses, individuals, and organizations at competitive interest rates.
- ✓ There should be a longer grace period and longer instalment term so that the borrower can make the most of the lending facility and the money they get.
- ✓ The financial institution needs to provide accurate information regarding their statements.
- ✓ They need to make paying off their debts a priority.
- ✓ Financial institutions should improve their liquidity.

5.3 Conclusion

The business of modern commercial banking is difficult. The benefits are not great. There are severe consequences for being unattractive. Commercial banks are excellent financial entities that contribute significantly to the overall success of the business. FSIBL is an emerging bank. After twelve years, the bank has finished providing banking services. Every institution must go through the challenging time of survival during the early stages of business. The bank must make improvements in its marketing and operational sectors if it is to win consumers' trust. FSIBL should aim to win customers' faith by offering them dependable and efficient services, credit options, and user-friendly new technologies. Information and analysis are insufficient because it is challenging to measure and communicate precisely during the limited duration of my internship period. The bank should restructure all types of banking procedures to be more user-friendly, appealing, and stunning. However, it is a fantastic chance to familiarize yourself with the FSIBL's commercial banking operations environment. I made an effort to thoughtfully combine the research report and pertinent material into my paper, which mostly addresses "Credit Performance Analysis."

However, not all information on this subject is available. I therefore obtained information via the official website. There are several terms and conditions associated with this credit. FSIBL should continuously work to raise their level of service.

References

- ✓ https://fsiblbd.com/
- ✓ http://dspace.uiu.ac.bd/bitstream/handle/52243/1496/Intern_report_Golam%20Rabby.pdf?sequence=2&isAllowed=y