**CHAPTER: 1**

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**Introduction**

* 1. **Introduction**

Everywhere in this world, banking industry is playing a vital role in the economic development. We can observe that financial development in different countries of the world starts with Banking Financial Institutions. Bank as the principal source of credit to millions of individuals, families, businesses & many units of government, has attached its own pace of advancement in the development path of economy.

Islamic Banking Process, bank renders all types of commercial banking services and it conducts business on the Islamic principles of musharaka, Murabaha, bai-muazzal and hire purchase transactions. Shahjalal Islami bank also offer this products to the customers

The bank offers banking services through deposit and investment accounts, trade financing, collection of bills, money transfers, lease of equipment and consumers’ durable, hire purchase and installment sale of capital goods, investment in low-cost housing and real estate management, and financing projects in agriculture, transport, education and health sectors. It is involved in opening and introducing various savings and investment schemes for the unemployed poor and the educated. If the CIB (Credit Information Bureau) report obtained from Bangladesh Bank signifies that the customer is a good borrower, the bank starts processing of the investment proposal. At this stage the bank conducts investment and financial analysis.

I observed that the banking environment is the combination of management, finance, and marketing and information system. I also learned about different types of practical application cause I am employee of Shahjalal Islami Bank Ltd .Banks are applying different type of accounting concept such as book keeping, income measurement, and preparation of financial measurement etc. I learned the flow of economic recourses from the owner to business firm and the flow of goods and services from the business firm to households. I learned the SJIBL’s hr activities. SJIBL are performing different type of financial activities such as financial analysis, budgeting, financial decision making activities etc. From this organization I got the chance to match my theoretical knowledge with practical knowledge. In different time SJIBL deals with different type of communication ways such as business letter, meetings, and reports etc. so I also learned about business communication process effectively.

**1.2 Origin of the Report**

Practical knowledge makes a man expert in the real life situation. Masters of Business Administration (MBA) course requires preparing a report assigned by the supervisor in the organization and endorsed by the faculty advisor. I took the opportunity to do my Project Repot on *Financial Performance Analysis of Shahjalal Islami bank Ltd*. My faculty supervisor Monir Hossain, Sr.Lecturer Department of Business Administration, Prime University., also approved the topic and authorized me to prepare this report as part of the fulfillment of MBA requirement. The report thus was titled as show *“Financial Performance Analysis of Shahjalal Islami bank Ltd*.***”***

**1.3 Objectives**

Objective of this report includes two types of objectives. They are broad objective and specific objectives. A broad objective and some specific objectives are included in this report. They are:

**Broad Objective**

To describe the information gathered from collected data from a Reputed Bank.

**Specific Objectives**

The specific objectives of this report are given below:

To know about Shahjalal Islami Bank Limited (SJIBL) operational

activities which is based on Islami Shariah.

To discuss about the Performance Evaluation of SJIBL

To discuss about the Ratio Analysis of SJIBL

To relate the practical knowledge with theoretical knowledge.

To develop the practical knowledge by observation and analysis.

**1.4 Methodology**

Methodology describes the manner in which data is collected, analyzed and interpreted. For prepare this report I used Microsoft office, excel, graph and internet browse. The data that will present in this project paper would collect from secondary data source. The sources are mentioned below:

**Secondary Sources of Data:**

Secondary data are data collected for some purpose other than the main facts. Secondary data are quick source of background information. In this report the information collected from indirect source will be considered as secondary data sources. The secondary data source that will be used in here would be:

* Annual Report of Shahjalal Islami Bank Ltd.
* Progress report of the Bank.
* Internet.
* Observation.
* Newspapers, Journals and Text books.
* Magazines.
* Search Engines.

Based on the relevant secondary data, an analysis has been done so as to find out *“Financial Performance Analysis of Shahjalal Islami Bank Ltd.*”

**1.5 Limitation of the Study**

For preparing this report some difficulties have been faced. These difficulties can be considered as limitations. The limitations are as following:

* **Time Limitation:** Due to time limitations many aspect may not be discussed properly in the report.
* **Unwillingness to Reveal Confidential Data:** The authority provided restriction to use some confidential data. So confidentiality of data is another important barrier that had been faced during preparing the report.
* **Stress Factors:** Preparing this report required lots of work. After doing fulltime office, it was tough to do the report. So work pressure posed stress. This would hinder the speed of working. So stress factor is one of the limitations

**CHAPTER: 2**

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**“Literature Review”**

**2.1 Overview of Shahjalal Islami Bank Limited**

Shahjalal Islami Bank Limited (SJIBL) commenced its commercial operation in accordance with principle of Islamic Shariah on the 10th May 2001 under the Bank Companies Act, 1991. During these years SJIBL has diversified its service coverage by opening new branches at different strategically important locations across the country offering various service products both investment & deposit. Islamic Banking, in essence, is not only INTEREST-FREE banking business, it carries deal wise business product thereby generating real income and thus boosting GDP of the economy. Board of Directors enjoys high credential in the business arena of the country, Management Team is strong and supportive equipped with excellent professional knowledge under leadership of a veteran Banker Mr. Muhammed Shahidul Islam.

Now ‘staying competitive’ is the key to survival in today’s banking world where quality rules and standard services sneak in shedding physical boundaries. Now, the recent global recession and its impacts have shown yet another challenge and the bitter side of the urbanization but despite intriguing growth and business expansion, the company’s aims and objectives remain the same to serve people with maximum satisfaction and keep on working for the greater welfare of the people and the country. For this Shahjalal Islami Bank Limited (SJIBL) working relentlessly to assist businesses to thrive in their respective sectors.

**2.2 Vision of Shahjalal Islami Bank Limited**

To be the unique modern Islamic Bank in Bangladesh and to make significant contribution to the national economy and enhance customers’ trust & wealth, quality investment, employees’ value and rapid growth in shareholders’ equity.

**2.3 Mission of SJIBL**

• To provide quality services to customers.

• To set high standards of integrity.

• To make quality investment.

• To ensure sustainable growth in business

• To ensure maximization of Shareholders’ wealth.

• To ensure human resource development to meet the challenges of the time.

**2.4 Objectives of SJIBL**

• To conduct interest free banking.

• To establish participatory banking instead of banking on debtor-creditor

Relationship.

• To invest through different modes permitted under Islamic Shariah.

• To accept deposits on profit-loss sharing basis.

• To establish a welfare-oriented banking system.

• To extend co-operation to the poor, the helpless and the low-income group

for their economic uplift.

• To pay a vital role in human development and employment generation.

**2.5 Principal Activities**

The principal activities of the Bank is to provide all kinds of commercial banking products and services to the customers including deposits taking, cash withdrawal, extending investments to corporate organization, retail and small & medium enterprises, trade financing, project finance, working capital finance, lease and hire purchase financing, issuance of Debit Card. Its vision is to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability.

**2.6 Strategic plan for future growth**

The Banking industry experienced intensification of competitive pressure as the national and international banks operating in Bangladesh strongly pursued the banking and financing needs of the Corporate, Retail, SME sector customers through diversification of products and services and extending automated banking service with ATM, Debit card facilities and Internet Banking. Besides, rates of profit became very competitive for deposit and lending; Customers are demanding higher rate of return against their deposits, on the other hand asking the banks to reduce their lending rates.

Considering the overall scenario, SJIBL continues to focus on its delivery channel, technology, Human Resource and its brands along with branch network, Business promotion, Corporate Social Responsibility and product diversification.

Strategies are means to achieve goals. Aligned with the vision and mission statements of SJIBL, 14 strategies have been identified to address the development and changes we need. It is envisaged that this strategic plan will cascade effectively the vision-mission into concrete action on priority basis and transform SJIBL into a dynamic, effective, and forward looking modern Islamic bank in Bangladesh.

**2.7 Strengths of Shahjalal Islami Bank Limited**

• Top Management consisting efficient management group.

• Company Reputation with positive image in the banking industry.

• Many Branches to satisfy customer needs.

• Various Products and Services for clients.

**2.8 Weaknesses of Shahjalal Islami Bank Limited**

• Heavily depended on head office for decision making.

• Absence of upgraded website.

• Low remuneration package.

• Low promotional campaign.

• Not fully computerized.

**2.9 Opportunities of Shahjalal Islami Bank Limited**

• Product line proliferation for introducing more branches

• Introducing special corporate scheme

• Developing new products and services.

**2.10 Threats of Shahjalal Islami Bank Limited**

The default risks of all terms of loan have to be minimizing in order to sustain in the financial market. Because default risk leads the organization towards to bankrupt. The low compensation package of the employees from mid-level to lower level position threats the employee motivation.

On the other hand the following risk is a sort of threats for their investment.

• Market risk

• Equity risk.

• Currency risk

• Liquidity risk

• Concentration risk

• Credit risk

• Reinvestment risk

• Inflation risk

• Horizon risk

• Longevity risk

• Foreign investment risk

**CHAPTER: 3**

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**“An Overview of Banking Sector of Bangladesh and SJIBL”**

**3.1 Bangladesh Bank**

Bangladesh Bank (BB) has been working as the central bank since the country’s independence. Its prime jobs include issuing of currency, maintaining foreign exchange reserve and providing transaction facilities of all public monetary matters. BB is also responsible for planning the government’s monetary policy and implementing it thereby.

The Bank has 10 physical branches: Bangladesh, Mymensingh, Motijheel, [Sadarghat](https://en.wikipedia.org/wiki/Sadarghat), [Barisal](https://en.wikipedia.org/wiki/Barisal), [Khulna](https://en.wikipedia.org/wiki/Khulna), [Sylhet](https://en.wikipedia.org/wiki/Sylhet), [Bogra](https://en.wikipedia.org/wiki/Bogra), [Rajshahi](https://en.wikipedia.org/wiki/Rajshahi), [Rangpur](https://en.wikipedia.org/wiki/Rangpur,_Bangladesh) and [Chittagong](https://en.wikipedia.org/wiki/Chittagong); each is headed by a general manager. Headquarters are located in the [Bangladesh Bank Building](https://en.wikipedia.org/wiki/Bangladesh_Bank_Building) in Motijheel, which has two general managers.

**3.2 Scheduled Bank in Bangladesh**

The Banking Industry is Bangladesh is one characterized by strict regulations and monitoring from the central governing body, the Bangladesh Bank. The chief concern is that currently there are far too many banks for the market to sustain. As a result, the market will only accommodate only those banks that can transpire as the most competitive and profitable ones in the future.

Currently, the major financial institutions under the banking system include:

* Bangladesh Bank
* Commercial Banks
* Islamic Banks
* Leasing Companies
* Finance Companies

Of these, there are 6 nationalized commercial banks (NCB), 2 specialized banks, 9 foreign commercial banks, 31 domestic private banks and 8 Islamic Banks currently operating in Bangladesh.

Generally, the commercial banks and finance companies provide a myriad of banking products/services to cater to the needs of their customers. However, the Bangladeshi banking industry is characterized by the tight banking rules and regulation s set by the Bangladesh Bank. All banks and financial institutions are highly governed and controlled under the Banking Companies Act-1993.

The range of banking products and financial services is also limited in scope. All local banks must maintain a 6.5% Cash Reserve Requirement (CRR), which is non-interest bearing and a 19% Secondary or statutory Liquidity Requirement (SLR). With the liberalization of markets, competition among the banking products and financial services seems to be growing more intense each day. In addition, the banking products offered in Bangladesh are fairly homogeneous in nature due to the tight regulations imposed by the central bank. Competing through differentiation is increasingly difficult and other banks quickly duplicate any innovative banking service.

**3.3 Banking System**

**Internet Banking**

Customers need an Internet access service. As an Internet Banking customer, he will be given a specific user ID and a confident password. The customer can then view his account balances online. It is the industry-standard method used to protect communications over the Internet. To ensure that customers’ personal data cannot be accessed by anyone but them, all reporting information has been secured using Version and Secure Sockets Layer (SSL).

**Home Banking**

Home banking frees customers of visiting branches and most transactions will be automated to enable them to check their account activities transfer fund and to open L/C sitting in their own desk with the help of a PC and a telephone.

**Electronic Banking Services for Windows (EBSW)**

Electronic Banking Service for Windows (EBSW) provides a full range of reporting capabilities, and a comprehensive range of transaction initiation options. The customers will be able to process all payments as well as initiate L/Cs and amendments, through EBSW. They will be able to view the balances of all accounts, whether with Standard Chartered or with any other banks using SWIFT. Additionally, transactions may be approved by remote authorization even if the approver is out of station.

**Automated Teller Machine (ATM)**

Automated Teller Machine (ATM), a new concept in modern banking, has already been introduced to facilitate subscribers 24 hour cash access through a plastic card. The network of ATM installations will be adequately extended to enable customers to non-branch banking beyond banking.

**Tele Banking**

Tele Banking allows customers to get access into their respective banking information 24 hours a day. Subscribers can update themselves by making a phone call. They can transfer any amount of deposit to other accounts irrespective of location either from home or office.

**3.4 The Society for Worldwide Interbank Financial Telecommunication** (**SWIFT**)

The **Society for Worldwide Interbank Financial Telecommunication** (**SWIFT**) provides a network that enables [financial institutions](https://en.wikipedia.org/wiki/Financial_institution) worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment. SWIFT also sells [software](https://en.wikipedia.org/wiki/Software) and services to financial institutions, much of it for use on the SWIFT Net Network, and [ISO 9362](https://en.wikipedia.org/wiki/ISO_9362). Business Identifier Codes (BICs, previously Bank Identifier Codes) are popularly known as "SWIFT codes".

The majority of international interbank messages use the SWIFT network. As of September 2010, SWIFT linked more than 9,000 financial institutions in 209 countries and territories, who were exchanging an average of over 15 million messages per day (compared to an average of 2.4 million daily messages in 1995).[[1]](https://en.wikipedia.org/wiki/Society_for_Worldwide_Interbank_Financial_Telecommunication#cite_note-1) SWIFT transports financial messages in a highly secure way but does not hold accounts for its members and does not perform any form of [clearing](https://en.wikipedia.org/wiki/Clearing_(finance)) or [settlement](https://en.wikipedia.org/wiki/Settlement_(finance)).

SWIFT does not facilitate funds transfer: rather, it sends [payment orders](https://en.wikipedia.org/wiki/Payment_order), which must be settled by [correspondent accounts](https://en.wikipedia.org/wiki/Correspondent_account) that the institutions have with each other. Each financial institution, to exchange banking transactions, must have a banking relationship by either being a bank or affiliating itself with one (or more) so as to enjoy those particular business features.

SWIFT is a [cooperative society](https://en.wikipedia.org/wiki/Cooperative_society) under [Belgian](https://en.wikipedia.org/wiki/Belgium) law owned by its member financial institutions with offices around the world. SWIFT headquarters, designed by [Ricardo Bofill Taller de Arquitectura](https://en.wikipedia.org/wiki/Ricardo_Bofill_Taller_de_Arquitectura) are in [La Hulpe](https://en.wikipedia.org/wiki/La_Hulpe), Belgium, near [Brussels](https://en.wikipedia.org/wiki/Brussels). The chairman of SWIFT is[Yawar Shah](https://en.wikipedia.org/w/index.php?title=Yawar_Shah&action=edit&redlink=1),[[2]](https://en.wikipedia.org/wiki/Society_for_Worldwide_Interbank_Financial_Telecommunication#cite_note-swiftboard-2) originally from [Pakistan](https://en.wikipedia.org/wiki/Pakistan),[[3]](https://en.wikipedia.org/wiki/Society_for_Worldwide_Interbank_Financial_Telecommunication#cite_note-3) and its [CEO](https://en.wikipedia.org/wiki/Chief_executive_officer) is [Gottfried Leibbrandt](https://en.wikipedia.org/w/index.php?title=Gottfried_Leibbrandt&action=edit&redlink=1), originally from the [Netherlands](https://en.wikipedia.org/wiki/Netherlands).[[4]](https://en.wikipedia.org/wiki/Society_for_Worldwide_Interbank_Financial_Telecommunication#cite_note-swiftmgmt-4) SWIFT hosts an annual conference every year, called [SIBOS](https://en.wikipedia.org/wiki/Sibos_(conference)), specifically aimed at the [financial services](https://en.wikipedia.org/wiki/Financial_services) industry.

**3.5 Background of Shahjalal Islami Bank LTD:**

In August 1974, Bangladesh signed the charter of Islamic Development Bank and committed itself to reorganize its economic and financial system as per Islamic Shariah. For the favorable attitude of the government of the people’s republic of Bangladesh, at present eight Islamic Banks operate in Bangladesh Financial market and one of them is Shahjalal Islamic Bank.Banking sector is the chief financial intermediaries in a country. It’s also true for Bangladesh. Shahjalal Islami Bank Ltd. is a very challenging institution. In the age of globalization and free trade, the process and the system of running a bank is changing. SJIBL is continuously managing itself with this changing environment. The company strategies are clear and concise. The return is pretty good. If the company performs this way, we can expect that in near future, SJIBL may become one of the top performers in banking sector of our country.

They are also able to contribute to our economy in better way. The working environment of the bank is impressive. It was also found that the bank is doing better in most of the sectors and their performance is better than average.

From the beginning, the prime objective of the SJIBL was to increase capitalization, to maintain disciplined growth and high corporate ethics standard and enhance the health of the share holders. Its customer service is very much impressive than of other financial institutions. Their effective strategy, time demand offerings, up to date rules and regulations to cope with international market and their friendship customer services easily impress the clients. So, now The SJIBL is in leading position in financial Institutional sectors in Bangladesh. The financial performance of the bank in recent years is pretty well. Moreover, any laxity in operational ground can considerably be compensated through the cordial services provided by a staff of talented officers or employees.

**3.6 Nature of business:**

The Bank is carrying out commercial, corporate, investment and retail banking related services as follows:

Corporate Finance

Correspondence Banking

Documentary Credits

Foreign Exchange

Guarantees

Syndicated Finance

Other related Business

**3.7 Vision of SJIBL:**

To be the unique modern Islami Bank in Bangladesh and to make significant contribution to the national economy and enhance customers' trust & wealth, quality investment, employees' value and rapid growth in shareholders' equity*.*

**3.8 Mission of SJIBL:**

* Uncompromised quality service and customer care
* Setting high standards of integrity
* Inclusive and innovative banking
* Sustainable value for all stakeholders
* Continuous development of professionals and system upgradation to face the challenges and drive for excellence
* System Automation and digitization adopting the state-of-art technology with full proof security to ensure fast and accurate customer service
* Human Resources Development based on morality and ethics

**3.9 Strategies of SJIBL:**

* To strive for customers best satisfaction & earn their confidence.
* To manage & operate the Bank in the most effective manner
* To identify customer’s needs & monitor their perception towards meeting those requirements.
* To review & updates policies, procedures & practices to enhance the ability to extend better services to the customers.
* To train & develop all employees & provide them adequate resources so that the customers' needs are reasonably addressed.
* To promote organizational efficiency by communicating company plans, polices & procedures openly to the employees in a timely fashion.
* To cultivate a congenial working environment.
* To diversify portfolio both the retail & wholesale markets.

**3.10 Motto/Slogan:**

*“*Committed to cordial service”

**3.11 Corporate Information:**

|  |  |
| --- | --- |
| Name of the Company | Shahjalal Islami Bank Limited |
| Legal Form | A public limited company incorporated in Bangladesh on 1st April 2001 under the companies Act 1994 and listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. |
| Commencement of Business | 10th May 2001 |
| Corporate Head Office | Shahjalal Islami Bank Tower, Plot# 4, Block-CNW(C), Gulshan Avenue, Gulshan, Dhaka-1212 |
| Telephone No. | + 88-02-9845457, 9849385, 9844736, 9846135, 9847461, 9847463, 9847512 |
| Fax No. | + 88-02-9844009 |
| Website | [www.sjiblbd.com](http://www.sjiblbd.com) |
| SWIFT | SJBLBDDH |
| E-mail | [sblho@sjiblbd.com](mailto:sblho@sjiblbd.com) |
| Chairman | Engr. Md. Towhidur Rahman |
| Managing Director | Mr. Farman R. Chowdhury |
| Auditors | Hoda Vasi Chowdhury & Co. BTMC Bhaban, 7-9 Kazi Nazrul Islam Avenue Karwan Bazar C/A Dhaka - 1215, Bangladesh Phone: +88 02 9120090 |
| Tax Advisor | M/s. K.M Hasan & Co., Chartered Accountants  87, New Eskaton Road, Dhaka.  Phone: +88-02-9351457, 9351564 |
| No. of Branches | 106 |
| No. of ATM Booths | 64 |
| Subsidiary Company | Shahjalal Islami Bank Securities Limited  Jiban Bima Bhaban (4th Floor), 10 Dilkusha C/A, Dhaka 1000 |
| Off-Shore Banking Unit | 1 |
| No. of Employees | 2191 |
| Authorized Capital | Tk. 10,000 million |
| Paid up Capital | Tk. 7,347 million |

**3.12 Shariah Council:**

Shariah Council of the Bank is playing a vital role in guiding and supervising the implementation and compliance of Islamic Shariah principles in all activities of the Bank since its very inception. The Council, which enjoys a high status in the structure of the Bank, consists of prominent ulema, reputed banker, renowned lawyer and eminent economist. Members of the Shariah Council meet frequently and deliberate on different issues confronting the Bank on Shariah matters. They also conduct Shariah inspection of branches regularly so as to ensure that the Shariah principles are implemented and complied with meticulously by the branches of the Bank.

**3.13 SJIBL Products:**

Banks have contain two types of products, that deposit and investment products given below:

**Deposit:**

* SJIBL School Banking
* Mudaraba Monthly income
* Mudaraba Double Money
* Mudaraba Monthly Deposit
* Mudaraba Millionaire
* Mudara Hajj Deposit
* Mudaraba Cash Waqf Deposit

**Investment Products:**

* Small & medium enterprise investment
* Small Business investment
* Housing Investment
* Household Durable
* Car Investment
* CNG Conversion investment
* Overseas Employment Investment
* Scheme for Doctors
* Scheme for Executive
* Scheme for Marriage
* Scheme for education

**3.14 Provisional Rate of Profit:**

|  |  |  |
| --- | --- | --- |
| **Sl.** | **Deposit Product** | **Provisional Rate** |
| 1 | **Mudaraba Savings Deposit** | 4.00% |
| 2 | **Mudaraba Special Notice Deposit : On average Balance** | |
| less than 1 crore | 3.00% |
| 1 crore to less than 25 crore | 3.25% |
| 25 crore to less than 50 crore | 3.50% |
| 50 crore to less than 100 crore | 3.75% |
| 100 crore and above | 4.00% |
| 3 | **Mudaraba Term Deposit** | |
| **1 Month : Any Amount** | 3.00% |
| **2 Months :** | |
| Below Tk. 50 Crore | 4.00% |
| Tk 50 Crore and above | 5.00% |
| **3 Months :** | |
| Below Tk. 50 lac | 6.00% |
| Tk 50 lac to less than Tk 5 Crore | 6.25% |
| Tk 5 Crore to less than Tk 10 Crore | 6.50% |
| Tk 10 Crore and above | 6.50% |
| **6 Months :** | |
| Below Tk. 50 lac | 5.50% |
| Tk 50 lac to less than Tk 5 Crore | 5.75% |
| Tk 5 Crore to less than Tk 10 Crore | 6.00% |
| Tk 10 Crore and above | 6.25% |
| **1 Year :** | |
| Below Tk. 50 lac | 5.50% |
| Tk 50 lac to less than Tk 5 Crore | 5.75% |
| Tk 5 Crore to less than Tk 10 Crore | 6.00% |
| Tk 10 Crore and above | 6.00% |
| **2 Year : Any Amount** | 7.50% |
| **3 Year : Any Amount** | 7.50% |
| 4 | **Money Spinning Account: Daily product basis** | |
| Tk . 50,000 to less than Tk. 1 Lac | 3.25% |
| Tk . 1 Lac to less than Tk. 5 Lac | 3.50% |
| Tk . 5 Lac to less than Tk. 10 Lac | 3.75% |
| Tk . 10 Lac to less than Tk. 50 Crore | 4.00% |
| Tk . 50 Crore to less than Tk. 100 Crore | 5.00% |
| Tk . 100 Crore to less than Tk. 200 Crore | 5.50% |
| Tk . 200 Crore and above | 6.50% |
| 5 | **Mudaraba Scheme Deposits** | |
| **a) Monthly Income Scheme:** |  |
| 1 year | 6.00% (Tk.500.00/-per month per lac before tax) |
| 2 Years | 6.25% (Tk.521.00/-per month per lac before tax) |
| 3 Years | 6.75% (Tk.563.00/-per month per lac before tax) |
| **b) Multiple Benefit Scheme:** |  |
| i) Double Benefit | 7.25% |
| (Minimum amount Tk. 10,000.00 & Will be doubled in 9 years & 7 months) |
| ii) Triple Benefit | 7.51% |
| (Minimum amount Tk. 10,000.00 & Will be tripled in 14 years & 8 months) |
| **c) Millionaire Scheme:** |  |
| i) 5 Years | 6.50% |
| (Tk 14,075/ Per Month) |
| ii) 10 Years | 7.00% |
| (Tk. 5,745/ Per Month) |
| iii) 12 Years | 7.10% |
| (Tk.4,395/ Per Month) |
| iv) 15 Years | 7.25% |
| (Tk.3,070/ Per Month) |
| v) 20 Years | 7.50% |
| (Tk.1,795/ Per Month) |
| **d) Monthly Deposit Scheme:\*** |  |
| i) 3 Years | 6.30% |
| ii) 5 Years | 6.50% |
| iii) 8 Years | 6.75% |
| iv) 10 Years | 7.00% |
| **e) Hajj Scheme:\*\*** |  |
| 1 Year to 10 Years | 6.25%-7.25% |

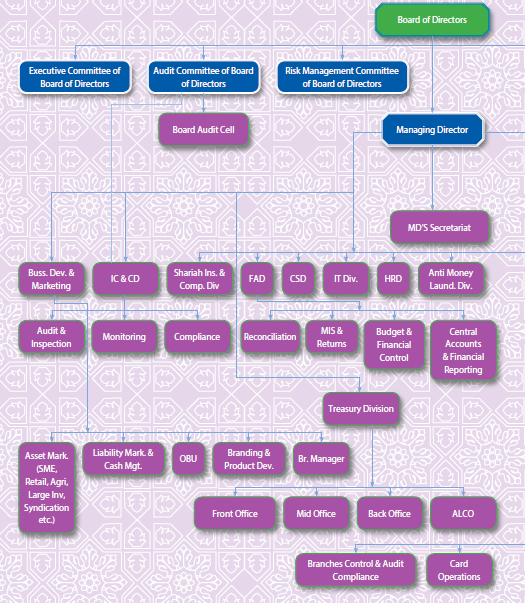
|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| \*Monthly Deposit Scheme: Monthly installment and provisional amount payable at maturity (amount in Taka) | | | | | | | | | | |
| **Period** | | **Installment** | | | | | | | | |
| **500** | **1,000** | | **2,000** | **5,000** | **10,000** | **25,000** | **50,000** | |
| 3 Years | | 19,860 | 39,720 | | 79,440 | 198,600 | 397,200 | 993,000 | 1,986,000 | |
| 5 Years | | 35,528 | 71,055 | | 142,110 | 355,275 | 710,550 | 1,776,375 | 3,552,750 | |
| 8 Years | | 63,771 | 127,542 | | 255,084 | 637,710 | 1,275,420 | 3,188,550 | 6,377,100 | |
| 10 Years | | 87,048 | 174,095 | | 348,190 | 870,475 | 1,740,950 | 4,352,375 | 8,704,750 | |
| \*\*Mudaraba Hajj Scheme Deposit: Monthly installment and provisional amount payable at maturity (amount in Taka) | | | | | | | | | | | | |
|  | | | | | | | | | | | | |
| Year | Account opened in 2017 | | | | | | | | | | | |
| Monthly Installment | | | Expected Amount payable at Maturity to meet-up Hajj Expenses | | | | | | Monthly Rate | |  |
| 1 | 28,250 | | | 3,50,700 | | | | | | 6.25% | |  |
| 2 | 14,250 | | | 3,65,565 | | | | | | 6.35% | |  |
| 3 | 9,500 | | | 3,78,540 | | | | | | 6.50% | |  |
| 4 | 7,000 | | | 3,85,435 | | | | | | 6.60% | |  |
| 5 | 5,500 | | | 3,93,425 | | | | | | 6.75% | |  |
| 6 | 4,500 | | | 4,01,615 | | | | | | 6.85% | |  |
| 7 | 3,750 | | | 4,07,355 | | | | | | 7.00% | |  |
| 8 | 3,250 | | | 4,20,920 | | | | | | 7.10% | |  |
| 9 | 2,850 | | | 4,32,810 | | | | | | 7.15% | |  |
| 10 | 2,500 | | | 4,41,365 | | | | | | 7.25% | |  |

**3.15 List of Application Software of SJIBL:**

Shahjalal Islami Bank provide best customer services to their customer by using different software which are:

|  |  |  |  |
| --- | --- | --- | --- |
| SL | Name of software | Use | Name of Supplier |
| 1. | BankUltimus | Core Banking Software | LEADS Corporation |
| 2. | Ticket Management Software | Systematic logging of IT related problems & incidents | In-house Development |
| 3. | Human Resource Information System | HR Management & Payroll Management | In-house Development |
| 4. | IT Inventory Management Software | Keeping records of all ICT related assets. | In-house Development |
| 5. | Card Requisition Software | ATM card requisition from branches. | In-house Development |
| 6. | S3 (Sanction Screening) | Antiterrorism & Anti money Laundering | LEADS Corporation |
| 7. | ACCS & EFTN | BACH & EFT | Bangla Phone Ltd. |
| 8. | PlugB | RTGS software , for RTGS services | LEADS Corporation |
| 9. | Microsoft Office | Day to day operation official use | Microsoft Corporation |
| 10. | Windows Operating System | Desktop computer operation | Microsoft Corporation |
| 11. | Windows server operating system | Server computer operation | Microsoft Corporation |
| 12. | Read Hat Linux Operation System | Server computer operation | Read Hat |
| 13. | Foxit Reader | For opening PDF file | Open source software |
| 14. | Zimbra | Email collaboration solution | Open source software |
| 15. | Mozila Firefox | Internet & other web based software browsing | Open source software |

**3.16 Organogram of SJIBL:**



**3.17 Precautionary Measures of ICT Security Threats of SJIBL:**

Cyber threat has been rampantly increased for last few years and it’s a big challenge for any IT organization, specially financial sectors, to protect such malicious incidents or fraudulent attempts. In this situation, IT professionals should careful and alliance with cyber security awareness. Thus all should follow below measures as per fulfillment of such threats protection and prevention:

1. For providing IT support, the authenticity of person must be ensured.
2. Logout from Core Banking software while leaving the desk even for a single second.
3. Set secure passwords and don’t share the same with anyone.
4. Use strong password (Mixed of lower case, upper case, numbers, and sambols and at least eight digits long)
5. Change password on regular basis, preferably to change password in every 2/3 weeks.
6. Do not write password on paper, desk, mobile or any other form which might have change of copying and measured by others.
7. Be aware of unknown links or requests send through email or text message.
8. Verify the authenticity of requests from companies or individuals by contacting them directly.
9. Be aware about the received mails whether the sender is trusted or suspicious.
10. Never open any attachment from any suspicious sender.
11. Always be aware about the URL or website address where you are providing your credentials.
12. Maintain a visitor’s log register in the DC and DRS.
13. Be aware about the APT (Advanced Persistent Threat), which is the most recent technique followed by the hackers.
14. Grate knowledge regarding the prevention and protection of cyber security threats through internet, newspapers and others’ experiences.
15. Go through updated ICT security polices, guidelines, circulars, emails in details and try to accentuate the security measures in everyone’s day to day operational activities.

**CHAPTER: 4**

****

**“Financial Performance & Ratio Analysis”**

**4.1 Financial Highlights:**

Figure in Million Taka

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| SL | Particulars | Year | | | Particulars | Year | | |
| 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| 1 | Total Capital | 14386 | 13355 | 12773 | Total Asset | 167245 | 137870 | 126758 |
| 2 | Total Deposit | 12441 | 109259 | 98601 | Total Investment | 122998 | 96835 | 84062 |
| 3 | Import Business | 100419 | 85959 | 83731 | Export Business | 84769 | 82571 | 76734 |
| 4 | Cost of Fund | 8.23% | 9.53% | 10.34% | Profit Earning Asset | 138949 | 108012 | 97873 |
| 5 | Classified investment | 4.70% | 6.47% | 7.87% | Capital to Risk weighted Asset Ratio | 11.54% | 13.52% | 13.61% |
| 6 | Operating Profit | 2979 | 2377 | 2333 | Profit Before Tax | 2306 | 1758 | 776 |
| 7 | Earning Per Share | 2.12 | 1.76 | 1.02 | Net Asset Value Per Share | 17.50 | 16.68 | 15.92 |

**Source: SJIBL Annual Report 2018**

**4.2 Five Years Financial Summary of SJIBL:**

Figures in Million Taka

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| SL | Items | 2018 | 2017 | | 2016 | 2015 | 2014 |
| **A. Financial Position** | | | | | | | |
| 1 | Authorized Capital | 10,000 | 10,000 | 10,000 | | 10,000 | 6,000 |
| 2 | Paid up Capital | 7,347 | 7,347 | 7,347 | | 6,679 | 5,566 |
| 3 | Reserve and Surplus | 5,510 | 4,907 | 4,352 | | 4,272 | 4,080 |
| 4 | Total Shareholders’ Equity | 12,857 | 12,254 | 11,698 | | 10,951 | 9,646 |
| 5 | Total Deposits | 124,410 | 109,259 | 98,601 | | 96,481 | 102,177 |
| 6 | Total Investments | 122,998 | 96,835 | 84,062 | | 85,707 | 96,185 |
| 7 | Investment in Share and Securities | 7,593 | 6,184 | 7,309 | | 7,221 | 5,163 |
| 8 | Fixed Assets | 3,433 | 3,299 | 3,165 | | 2,955 | 2,898 |
| 9 | Total Assets (excluding off-balance sheet items) | 167,245 | 137,870 | 126,758 | | 128,554 | 132,823 |
| 10 | Total Contingent Liabilities and Commitments | 63,326 | 43,526 | 40,229 | | 45,433 | 47,869 |
| 11 | Profit Earning Assets | 138,949 | 108,012 | 97,873 | | 100,434 | 110,420 |
| 12 | Non-profit Earning Assets | 28,296 | 29,858 | 28,885 | | 28,120 | 22,403 |
| **B. Operating Result** | | | | | | | |
| 1 | Investment Income | 11,154 | 10,510 | | 11,364 | 13,615 | 15,242 |
| 2 | Profit Paid on Deposit | 6,986 | 6,943 | | 8,209 | 10,578 | 11,170 |
| 3 | Net Investment Income | 4,168 | 3,567 | | 3,156 | 3,037 | 4,072 |
| 4 | Total Income | 12,965 | 12,098 | | 13,225 | 15,609 | 17,439 |
| 5 | Total Expenditure | 9,985 | 9,721 | | 10,892 | 12,915 | 12,992 |
| 6 | Operating Profit | 2,979 | 2,377 | | 2,333 | 2,694 | 4,447 |
| 7 | Profit before Tax | 2,306 | 1,758 | | 776 | 2,383 | 3,535 |
| 8 | Profit after Tax | 1,557 | 1,290 | | 747 | 1,305 | 1,730 |
| **C. Capital Adequacy** | | | | | | | |
| 1 | Risk Weighted Assets | 124,704 | 98,790 | | 93,820 | 88,702 | 89,811 |
| 2 | Minimum Capital Requirements (MCR) | 12,470 | 9,879 | | 9,382 | 8,870 | 8,981 |
| 3 | Tier 1 Capital | 12,857 | 12,254 | | 11,698 | 9,951 | 9,646 |
| 4 | Tier 2 Capital | 1,529 | 1,101 | | 1,075 | 1,189 | 1,409 |
| 5 | Total Regulatory Capital (Tier 1 & Tier 2) | 14,386 | 13,355 | | 12,773 | 11,140 | 11,055 |
| 6 | Capital Surplus | 1,916 | 3,476 | | 3,391 | 2270 | 2,074 |
| 7 | Tier 1 Capital Ratio (%) | 10.31 | 12.40 | | 12.47 | 11.22 | 10.74 |
| 8 | Tier 2 Capital Ratio (%) | 1.23 | 1.12 | | 1.14 | 1.34 | 1.57 |
| 9 | Total Capital to Risk-weighted Assets Ratio (Basel-  III/II) (%) | 11.54 | 13.52 | | 13.61 | 12.56 | 12.31 |

Figures in Million Taka

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| SL | Items | 2018 | | 2017 | | 2016 | | 2015 | | 2014 |
| **D. Investment Quality** | | | | | | | | | | |
| 1 | Volume of Non-performing Investment | 5,782 | | 6,261 | | 6,612 | | 5,543 | | 2,842 |
| 2 | Amount of Provision kept against classified Investment | 1,431 | | 1,850 | | 2,379 | | 1,512 | | 1,073 |
| 3 | Amount of Provision kept against unclassified Investment | 896 | | 781 | | 670 | | 734 | | 968 |
| 4 | Amount of Provision kept against Off Balance Sheets Exposures | 633 | | 435 | | 404 | | 454 | | 441 |
| 5 | Classified Investment as % of Total Investment | 4.70 | | 6.47 | | 7.87 | | 4.47 | | 2.96 |
| **E. Foreign Exchange Business** | | | | | | | | | | |
| 1 | Import Business 100 | 419 85 | | 959 83 | | 731 81 | | 926 111 | | 837 |
| 2 | Export Business 84 | 769 82 | | 571 76 | | 734 84 | | 809 110 | | 789 |
| 3 | Inward Foreign Remittance 3 | 361 3 | | 544 3 | | 209 2 | | 584 2 | | 927 |
| **F. Profitability, Performance and Liquidity Ratio** | | | | | | | | | | |
| 1 | Net Asset Value per Share (Taka) | | 17.50 | | 16.68 | | 15.92 | 16.40 | | 17.33 |
| 2 | Investment to Total Deposit Ratio(%) | | 85.98 | | 82.77 | | 80.82 | 84.32 | | 89.64 |
| 3 | Return on Equity (%) | | 12.40 | | 10.78 | | 6.60 | 12.67 | | 17.01 |
| 4 | Return on Assets (ROA) (%) | | 1.02 | | 0.98 | | 0.59 | 1.00 | | 1.44 |
| 5 | Operating Income Ratio (%) | | 22.98 | | 19.65 | | 17.64 | 17.26 | | 25.50 |
| 6 | Gross Income Ratio (%) | | 46.11 | | 42.61 | | 37.93 | 32.23 | | 35.95 |
| 7 | Net Income Ratio (%) | | 12.01 | | 10.67 | | 5.65 | 8.36 | | 9.92 |
| 8 | Cost of Deposit (%) | | 5.78 | | 6.78 | | 7. | 9.66 | | 10.27 |
| 9 | Cost of Fund (%) | | 8.24 | | 9.53 | | 10.34 | 11.65 | | 11.88 |
| 10 | Return on General Investment (%) | | 10.06 | | 11.74 | | 12.77 | 14.32 | | 15.23 |
| 11 | Net operating Cash flow per Share (Taka) | | 5.27 | | (7.50) | | 3.81 | 9.84 | | 9.22 |
| 12 | Profit Per Employee | | 1.36 | | 1.10 | | 1.09 | 1.24 | | 2.38 |
| **G. Dividend** | | | | | | | | | | |
| 1 | Cash Dividend | 10%\* | | 13% | | 10% | | - | - | |
| 2 | Stock Dividend | 5%\* | | - | | - | | 10% | 20% | |
| 3 | Dividend Coverage Ratio (Times) | 1.41 | | 1.35 | | 1.02 | | 1.24 | 1.00 | |
| 4 | Market capitalization | 11,020 | | 9,918 | | 8,449 | | 11,200 | 15,863 | |

*\*Proposed by the Board of Directors*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **H. Shareholders Information** | | | | | | |
| 1 | No. of Share Outstanding (million share) | 734.69 | 734.69 | 734.69 | 667.90 | 556.58 |
| 2 | Earnings Per Share (Taka) | 2.12 | 1.76 | 1.02 | 1.78 | 2.59 |
| 3 | Number of Shareholders | 52,614 | 63,480 | 82,713 | 85,944 | 75,515 |
| 4 | Market Value Per Share (Taka) | 15.00 | 13.50 | 11.50 | 16.77 | 28.50 |
| 5 | Price Earnings Ratio | 7.08 | 7.67 | 11.27 | 8.60 | 9.17 |
| **I. Other Information** | | | | | | |
| 1 | Number of Branches | 103 | 93 | 93 | 92 | 84 |
| 2 | Number of Brokerage House Branches | 8 | 8 | 8 | 8 | 8 |
| 3 | Number of Employees | 2191 | 2156 | 2145 | 2173 | 2881 |
| 4 | Number of foreign Correspondents | 430 | 436 | 419 | 497 | 415 |

(Source: SJIBL Annual Report: 2012-2016)

**4.3 Ratio Analysis & Graphical Presentation:**

In the report I analyzed the performance of Shahjalal Islami Bank Ltd. in terms of –

* Liquidity Ratio
* Leverage Position
* Profitability
* Activity (Efficiency)
* Adequacy Ratio

1. **Liquidity Ratio**

* Current Ratio

1. **Leverage Position:**

* Debt to Equity Capital Ratio
* Debt to Total Assets Ratio

**Profitability**

* Net Profit Margin
* Net Operating Margin
* Return on Equity (ROE)
* Return on Asset (ROA)
* Return on Deposit (ROD)

1. **Efficiency**

* Tax management ratio
* Expense Control Efficiency
* Degree of Asset Utilization
* Operating Efficiency Ratio

1. **Adequacy Ratio**

* Capital Adequacy Ratio
* Core Capital Ratio

**4.3.1 Liquidity Ratio:**

1. Current Ratio

Current Ratio = Current Assets / Current Liabilities

Table 1.1: Current Ratio from 2014-2018 (Tk. In Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Current Asset | 163,812 | 134,571 | 123593 | 125599 | 129925 |
| Current Liability | 63,326 | 43,526 | 40,229 | 45,433 | 47,869 |
| Current Ratio | 2.59 | 3.09 | 3.07 | 2.77 | 2.73 |

(Source: Own Analysis based on SJIBL Annual Report: 2014-2018)

According to the result of the ratio of Shahjalal Islami Bank Limited was 2.73 in the year 2014, 277 in 2015, 3.07 in 2016, 3.09 in 2015 and 2.59 in the year 2017. It means that the bank had following current assets in against of 1 tk. liability. Most of the years, it was increased from the previous year excluding 2018 which is a good sign for the bank. Because it proves that SJJBL has ability to pay off its current liabilities with its current assets. It fact the higher current ratio is better for the organization as it helps to prevent getting default and pay short term debt swiftly.

Fig-1.1: Current Ratio from year 2014-2018

**4.3.2 Leverage Position:**

1. Debt to Equity Capital Ratio

Debt to Equity Capital Ratio = Total Debt / Total Equity

Table: 2.1 Debt to Equity Capital Ratio 2014– 2018 (Tk. In Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Liability | 157,709 | 128,732 | 117,590 | 119,779 | 124,011 |
| Total Equity | 12,857 | 12,254 | 11,698 | 10,951 | 9,646 |
| Debt Equity Ratio | 12.26 | 10.50 | 10.05 | 10.93 | 12.85 |

(Source: Own Analysis based on SJIBL Annual Report: 2014-2018)

There is an unstable trend in the debt to equity capital ratio of Shahjalal Islami Bank Ltd. from 2014 to 2018. The debt to equity capital ratio of Shahjalal Islami Bank has decreased from 12.85 in 2014 to 12.26 in 2018 over 5 years period of time. It means that their liability is increasing at a higher rate than their equity capital from 2014 to 2018. But it increases form year 2017 to 2018. This higher outcome over years not only increases the risk but also increases the profit. Overall this implies that their leverage and overall risk is decreasing. Additionally, it also means that their expected earnings might increase due to escalating leverage.

Fig: Debt to Equity Capital Ratio 2014 – 2018

2. Debt to Total Assets Ratio

Total debt to Total Asset ratio = Total Debt / Total Assets

Table: 2.2 Total debt to Total Asset ratio 2014-2018 (Tk. In Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Liability | 157,709 | 128,732 | 117,590 | 119,779 | 124,011 |
| Total Assets | 167,245 | 137,870 | 126,758 | 128,554 | 132,823 |
| Debt Assets Ratio | 0.94 | 0.93 | 0.92 | 0.93 | 0.93 |

(Source: Own Analysis based on SJIBL Annual Report: 2012-2016)

Though there are slight fluctuations, Shahjalal Islami Bank Ltd. has been able to maintain an average debt ratio of 0.93 from 2014 to 2018. Their total asset and their liabilities are increasing mostly in same range. But it has slightly increased from 0.93 to 0.94 in 2018. This is not good from a risk perspective, because lower leverage means lower earnings.

Fig: Debt to Assets Ratio 2014 – 2018

**4.3.3 Profitability Ratio:**

1. Net profit Margin:

Net Profit Margin = Net Income After tax / Total operating Revenue

Table: 3.1 Net Profit Margin 2014-2018 (Tk. In Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net Income After Tax | 1,557 | 1,290 | 747 | 1,305 | 1,730 |
| Total Operating Revenue | 2,979 | 2,377 | 2,333 | 2,694 | 4,447 |
| Net Profit Margin | 52% | 54% | 32% | 48% | 39% |

(Source: Own Analysis based on SJIBL Annual Report: 2014-2018)

The Net Profit Margin ratio of SJIBL is showing a fluctuations trend. From 2014 to 2018 the Net Profit Margin has increased incredibly. But in 2016 and 2018 is decreasing from their previous year. It decreased because the increase in their total operating revenue is higher than the increase in net income after tax. It indicates that bank performance outcome is not that much up to the mark.

Fig: Profit Margin Ratio 2014 – 2018

2. Net Operating Margin

Net Operating Margin = (Operating revenue – Operating Expense) / Total Asset

Table: 3.2 Net Operating Margin 2014-2018 (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net Operating Margin | 22.98% | 19.65% | 17.64% | 17.26% | 25.50% |

(Source: SJIBL Annual Report: 2014-2018)

From the year 2014 to 2018, the performance of Shahjalal Islami Bank was decreasing and increasing in terms of net operating margin. It has decreased significantly from 25.50% in 2014 to 17.26 % in 2015 and rest of the years from 2015 to 2018 is increased respectively. This occur as heir operating income was increased than their operating expenses. This is a very good sign for the bank.

Fig: Net operating Margin 2014 – 2018

3. Return on Equity (ROE):

Return on Equity (ROE) = Net Income After Tax / Total Equity Capital

Table: 3.3 Return on Equity (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Return on Equity | 12.40% | 10.78% | 6.60% | 12.67% | 17.01% |

(Source: SJIBL Annual Report: 2012-2016)

ROE is very popular ratio toward the shareholders of any bank. The higher the percentage is the better for the bank as well as for shareholders. But the ROE of Shahjalal Islami Bank shows that the shareholders are receiving decreasing rate of returns throughout the first three years from 2014 to 2016. Though in 2018 their ROE was 12.40%, but after that it gradually increased from 2016 to 2018.

Fig: Return on Equity 2014 – 2018

4. Return on Asset (ROA):

Return on Asset = Net Income After Tax / Total asset

Table: 3.4 Return on Asset (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Return on Asset | 1.02% | 0.98% | 0.59% | 1.00% | 1.44% |

(Source: SJIBL Annual Report: 2014-2018)

ROA is the most used profitability ratio. As SJIBL was a part of banking industry and its most of the assets come from the debt which was the reasons for its low net profit as well as poor ROA. As a result the SJIBL had low ROA in the year of 2016 which were 0.59 %. In the year 2018 the net profit of the bank had increased that much.

Fig: Return on Asset 2014 – 2018

1. Return on Deposit (ROD):

Return on Deposit = Net Income / Total Deposit

Table: 3.5 Return on Deposit 2014-2018 (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net Income | 2,979 | 2,377 | 2,333 | 2,694 | 4,447 |
| Total Deposit | 124,410 | 109,259 | 98,601 | 96,481 | 102,177 |
| Return on Deposit | 2% | 2% | 2% | 3% | 4% |

(Source: Own Analysis based on SJIBL Annual Report: 2014-2018)

This ratio shows the amount of net income returned as a percentage of total deposits. Return on deposit measures a corporation's profitability by revealing how much profit a company generates with the money savers have kept in the bank. It indicates a firm's efficiency in applying deposits (liabilities) to earn profit.

Fig: Return on Deposit

**4.3.4 Efficiency Ratio:**

1. Tax Management Ratio:

Tax Management Ratio = Net Income After tax / Net Income Before Tax

Table: 4.1 Tax Management Ratio 2014 – 2018 (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net Income After Tax | 1,557 | 1,290 | 747 | 1,305 | 1,730 |
| Net Income Before Tax | 2,306 | 1,758 | 776 | 2,383 | 3,535 |
| Tax Management Ratio | 68% | 73% | 96% | 55% | 49% |

(Source: Own Analysis based on SJIBL Annual Report: 2012-2016)

We can observe that from the year 2014 to 2018, the Tax Management ratio of SJIBL has been fluctuating from 49% to 96%. This trend is seen because of fluctuation in net income after taxes and also in net income before security gains and losses. It is good for the bank to increase this ratio. The management should try to maximize this ratio as much as possible because the tax is a direct cash expense which lowers the net income.

2. Expense Control Efficiency:

Expense Control Efficiency = Net Income Before Tax & Gain / Total Operating Revenue

Table: 4.2 Expense Control Efficiency 2014 - 2018 (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net Profit Before Tax | 2,306 | 1,758 | 776 | 2,383 | 3,535 |
| Total operating Revenue | 2,979 | 2,377 | 2,333 | 2,694 | 4,447 |
|  | 77% | 74% | 33% | 88% | 79% |

(Source: Own Analysis based on SJIBL Annual Report: 2012-2016)

For Shahjalal Islami Bank, we are observing very inconsistent trend in their Expense Control Efficiency ratio from 2014 to 2018. There is less improvement in their expense control efficiency ratio. It has increased from 2017 to 2018. But in 2016, it has fallen down to 33%. The reason behind this inconsistency is the proportionate change in the net income before tax & gains (Losses) and total operating revenue. This implies that SJIBL is efficiently controlling its expenses.

3. Degree of Asset Utilization:

Degree of Asset Utilization = Total Operating Revenue / Total asset

Table: 4.3 Degree of Asset Utilization 2014-2018 (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Operating Revenue | 2,979 | 2,377 | 2,333 | 2,694 | 4,447 |
| Total Asset | 167,245 | 137,870 | 126,758 | 128,554 | 132,823 |
| Degree of Asset Utilization | 2% | 2% | 2% | 2% | 3% |

(Source: Own Analysis based on SJIBL Annual Report: 2014-2018)

There is a slight increase in the asset utilization ratio of SJIBL from 2014 to 2015. The ratio was decreasing from 2014 to 2015. It increases considerably because their total asset increased at a higher rate compared to their operating income. This rise in Asset Utilization indicates that more and more assets are becoming exploited which is a good sign for the bank.

4. Operating Efficiency Ratio:

Operating Efficiency Ratio = Total Operating Expenses / Total Operating Revenue

Table: 4.4 Operating Efficiency Ratio 2014- 2018 (Figure in Million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Operating Efficiency Ratio | 22.98% | 19.65% | 17.64% | 17.26% | 25.50% |

(Source: SJIBL Annual Report: 2014-2018)

There is a decline in the operating efficiency ratio of SJIBL from 2014 to 2015. It has decreased from 25.50% times to 17.26% times in 2015. On the other hand, it increased from 2015 to 2018 i.e. 17.26% to 22.98%. It implies that the bank has been able to efficiently utilize its revenues to cover the operating expense for the last five years. This increasing trend reflects that the operating revenue is increasing at a higher rate than the operating expense. The increasing of this ratio was because of a significant decrease in their total operating expense.

Fig: Efficiency Ratio 2014 - 2018

**4.3.5 Adequacy Ratio:**

1. Capital Adequacy Ratio:

Capital Adequacy Ratio = Capital Base (Tier I +Tier ii)/ Risk-Weighted Asset

Table: 5.1 Capital Adequacy Ratio 2014- 2018

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Tier I | 12,857 | 12,254 | 11,698 | 9,951 | 9,646 |
| Tier II | 1,529 | 1,101 | 1,075 | 1,189 | 1,409 |
| Capital Base (Tier I +Tier II) | 14,386 | 13,355 | 12,773 | 11,140 | 11,055 |
| Risk-Weighted Assets | 124,704 | 98,790 | 93,820 | 88,702 | 89,811 |
| Capital Adequacy Ratio | 11.54% | 13.52% | 13.61% | 12.56% | 12.31% |

(Source: SJIBL Annual Report: 2014-2018)

This ratio basically determines a bank’s capital to its risk. It is presented as a percentage of a bank’s risk weighted credit exposures. In 2018 CAR required for SJIBL was 11.54% which was determined by Bangladesh Bank and actually minimum requirement is 10% in 2018. Before that it was 9%. So Shahjalal Islami Bank has maintained the minimum requirement so far.

Fig: Capital Adequacy Ratio

2. Core Capital ratio:

Core Capital Ratio = 𝑇𝑖𝑒𝑟 𝐼 / 𝑅𝑖𝑠𝑘−𝑊𝑒𝑖𝑔ℎ𝑡𝑒𝑑 𝐴𝑠𝑠𝑒𝑡𝑠

Table: 5.2 Core Capital Ratio 2014-2018

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Core Capital Ratio | 10.31% | 12.40% | 12.47% | 11.22% | 10.74% |

(Source: SJIBL Annual Report: 2014-2018)

Core capital is the minimum amount of capital that a bank has to ensure to protect consumers. It is also expressed as a percentage of a bank’s risk weighted credit exposures. It was slightly decreased and increased from 20147 to 2018 around 10.31% to 12.47%. The highest was in 2016.

Fig: Core Capital Ratio

**4.4. Net Asset Value Per Share:**

Net Asset Value Per Share = Total Equity / No. of Share

Table: 6 Net Asset Value Per Share (Tk. In million)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | 2018 | 2017 | 2016 | 2015 | 2014 |
| Net asset Value Per Share | 17.50 | 16.68 | 15.92 | 16.40 | 17.33 |

(Source: SJIBL Annual Report: 2014-2018)

The net asset value per share can be defined as an expression for net asset value that indicates the value per share for a fund (exchange-traded, mutual, and closed-end) or a company. Shahjalal Islami Bank has highest NAVPS is 17.50 in 2018.

Fig: Net Asset Value Per Share

**CHAPTER: 5**

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**“Findings   
&  
Recommendation”**

**5.1 Findings of the report:**

After analyzing the performance of Shahjalal Islami Bank Limited, I have found some important things regarding the bank. These are given below:

* In the year 2018 the bank attain around 21.30% growth of assets which is a good sign for the bank.
* In 2018 SJIBL’s liabilities is amplified from the previous year. It increased around 45.50%.
* The bank keeps prevision against non-performing loans and advance.
* Total deposit of SJIBL in the year 2017 was Tk. 109,259 million but it has increased in 2016 and it was Tk. 124,410 million. So the growth rate is around 13.87% in 2016.
* Profit before tax was increased of the bank. (Tk. 776 million in 2014, Tk. 1758 million in 2017 and Tk. 2306 million in 2016).
* Profit after tax was increased of the bank. (Tk. 747 million in 2016, Tk. 1290 million in 2017 and Tk. 1557 million in 2016).
* The investment of the bank was increased from 2016 to 2018. (Tk. 84,062 million in 2016 but Tk. 96,835 million in 2017 and Tk. 122,998 in 2018). So Shahhalal Islami Bank has maintained the minimum requirement.
* The net asset value per share of the bank was increased from 2016 to 2018 i.e. Tk. 15.92, 16.68 and 17.50 million respectively, which is a good sign for the bank.
* There are no significant deviations in 2016 operating result. The performance of that year is mainly caused by political crisis and economical instability of the country.

**5.2 Recommendations of the Study:**

Through this study I myself gained some practical knowledge. I want to put some suggestion here which I think if followed would definitely help Shahjalal Islami Bank Ltd. to Improve their performance and thereby its contribution in the whole economy.

Suggestions are-

* Shahjalal Islami Bank need to put some special look on some ratios which fluctuates more.
* To attract more clients Shahjalal Islami Bank Ltd. should sought new marketing strategy, which will increase the bank performance.
* Introduction of various incentives to increase remittance.
* Effective and efficient initiative is necessary to recover the default loans.
* They should invent other type of deposit to attract more customers which is different from other banks.
* SJIBL should maintain more cash and deposit balances with other banks. Because it is desirable that banks keep their cash and balance with other bank to such extent so that it can minimize the chance of liquidity crunch.
* SJIBL had fair leverage ratios in where it uses the debt most to increase revenue rather than the equity. It may increase the risk of the bank. So, to minimize the risk I think SJIBL should finance more equity.
* SJIBL is needed to reach the brand value to the customers for building up ideal relationship to create loyal customer.

**5.3 Conclusion:**

In this age of modern civilization bank is playing its splendid role to keep to the economic development wheel moving. We can see lot of new commercial banks has been established in last few years and these banks have made this banking sector very competitive. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way. SJIBL has a strong financial base and huge assets to meet up its liabilities which make this organization financially sound and solvent. Shahjalal Islami Bank Ltd. started with a vision to be the most efficient financial intermediary in the country and it believes that the day is not far off when it will reach its desired goal. SJBL looks forward to a new horizon with a distinctive mission to become a highly competitive modern and transparent institution comparable to any of its kind at home and abroad.

Shahjalal Islami Bank Limited has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. SJIBL always tried its level best to perform financially well. In spite of trying to do well in some aspects Shahjalal Islami Bank Limited faced some financial problems from time to time. Some of the problems were-excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These problems arouse time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. Fighting with all these problems and competing with other banks every moment the bank is trying to do better to best. If this thing continues we hope that Shahjalal Islami Bank Limited will develop even more in the future.

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**Web Site:**

**1.**

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