qwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmrtyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnmqwertyuiopasdfghjklzxcvbnm

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| --- |
| Project ReportPerformance Analysis of Islami Bank Bangladesh LimitedMd. Zahidul Alam Bhuiyan |



**Project Report On**

**Performance Analysis of Islami Bank Bangladesh**

**Submitted To:**

Dr. Mohammad A. Ashraf

Associate Professor

School Of Business & Economics

United International University

**Submitted By:**

Md. Zahidul Alam Bhuiyan

ID: 111-131-298

Program: BBA

**Date of Submission: 29th January, 2018**

 **Letter of Transmittal**

26th January,2017

Dr. Mohammad A. Ashraf

Associate Professor

School of Business and Economic,

United International University

**Subject: Submission of Project Report.**

Dear Sir,

With due respect, I would like to inform you that, it is a great pleasure for me to submit the Project Report on **“Performance Analysis of Islami Bank Bangladesh Limited’’** as requirement for the completion of BBA program. I have tried to make the report a comprehensive one within given 3 months of time. I earnestly thank you for your guidance during the preparation of this report. Without the proper guidance of you, it was not possible for me to prepare the report.

I therefore, request you to accept this report and give me proper suggestion to work in my professional life and I pray and hope that the mistakes, the report may have will be kindly excused. Lastly, I beg your kind consideration for evaluating this report.

Thank you.

Yours faithfully,

**…………………**

**Md. Zahidul Alam Bhuiyan**

**ID: 111-131-298**

Program: BBA

UIU Business School.

**Letter of Acceptance**

This is to certify that Md. Zahidul Alam Bhuiyan ID: 111-131-298 is a student of the department of Business Administration of United International University. He has prepared his Project report under my supervision which is a basic requirement of his B.B.A degree. He is active, sincere, meticulous, hardworking, dutiful and amiable. I wish him success at every step of his life.

**………………………………………**

**Dr, Mohammad A. Ashraf**

Associate Professor

School of Business and Economics,

United International University.

**Acknowledgement**

It’s my immense pleasure to complete this study in due time by the grace of Almighty Allah. I am grateful to those people who help me a lot during the preparation of my project report. I wish ti express my profound sense of gratitude to my course teacher **‘Dr. Mohammad A. Ashraf’** school of business and economics, United International University for his inspiration, guide, valuable suggestion, systematic advice, and enthusiastic encouragement made throughout the course of study work. Moreover, I like to avail the opportunity to express my deep gratitude and regards to Islami Bank Bangladesh Limited ( IBBL) for making information available on online.

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**Abstract**

This paper has looked into the performance analysis of Islami Bank Bangladesh Limited for the period 2012-2016.Financial ratios have been employed to measure the capital adequacy, Assets quality , Management efficiency, profitability, liquidity performance of Islami Bank Bangladesh Limited. The study found that the performance of this very banking sector in Bangladesh in satisfactory as the bank has at least more that 11% risk weighted asset and also found that the profitability is being increasing significantly over last five years and the overall the study found the Islamic Banking sector has strong capital adequacy, Asset quality, Management efficiency, Profitability and Liquidity position than conventional banking sector.

# Part 01: Introductory Part

##

## Introduction

Banks are the key budgetary foundations that assume a dynamic part in a nation’s economy. Globalization in the banking sector has hurled open new doors and opportunities. Rivalry is getting edge gradually. It paces with the consistent advancement happening in the colossally focused condition. The presence of banking sector isn’t another issue, as its reality was long prior. Be that as it may, the new thing is that how it is working and introducing its exercise to serve client prerequisites to expand their prosperity in wealth. Banks likewise give many administrations to customers to make their life simple in a bustling domain. In this aggressive condition at this age, banks increment their offices for their clients to hold them and catch more offer of the market to be pioneer. Interest is one of the primary factors in drawing clients and furthermore one of the noteworthy factors in expanding additional wage from giving credits other than different administrative wage. In this way, one might say that traditional banking framework. Bangladesh in one of the biggest Muslim nations of the world. The general population of this nation is profoundly dedicated to Islamic lifestyle specified in the Holy Quran and Sunnah. In any case , it is difficult for general population to set up and plan their monetary lives as per Shariah. The exceptionally target of Shariah to advance the welfare of the general population that lies in protecting their confidence, their lives, their prosperity and their wealth. In such manner to set up a banking world that keep running as indicated by the Shariah, is the idea of Islamic banking emerges. In Bangladesh there are 64 banks which are working effectively. Their present execution are very palatable. In the event that we take a gander at the banking sector of Bangladesh, at that point four classifications of bank are accessible like nationalized commercial banks, Private commercial banks, foreign commercial banks, Development finance institutions. Moreover additionally banking areas can likewise be arranged into conventional bank and Shariah based Islami bank. As the two kinds of banks in Bangladesh are presently in a steady position and performing easily, so it is imperative to dissect the present development and monetary position. This paper has been started to examine the budgetary execution of the Islami Bank Bangladesh Limited constrained through different factual and additionally monetary and bookkeeping systems.

## Origin of the report

Project or internship of United International University is a graduation conditions and also a sectional requirement of BBA.The fundamental goal of the report is to gain useful knowledge of research breakdown. The project program has the following objectives:

* To obtain and formulate comprehensive know-how
* To correlate the knowledge obtained at the University and the apparent scenario
* To complete the condition of the BBA program.

To attain the project under the direction of Dr. Muhammad Ali Ashraf, my scholastic supervisor. The topic was permitted by the supervisor to complete the scholastic requirements. As a function of the project I had to put forward the report and it includes the synopsis and financial performance exploration of Islami Bank Bangladesh Limited.

##

## Objectives of the study

The research attended the following objectives:

* To take a look at the characteristics of Islamic Banking System.
* To interpret the performance
* To place some opinions, findings and recommendations of Islamic banks.

## Scope of the report

The report follows a chronological order of the banks operation. All the informations acquired are from several secondary resoureces.The project is following comprehensive evaluation of financial statements.

##

## Methodology of the study

The foundation of the study are actually based on the informations collected from the published annual reports, internet and some other particulars. For the analysis purpose we have taken Islami Bank Bangladesh Limited and the materials are of the 2012 and 4 years onward.

## Limitations of the study

It was definitely a tremendous experience taking such project as “A performance analysis of Islami Bank Bangladesh Limited’’ but restrictions has also been there as things don’t always work the way one wants to. The limitations are:

* Obtaining info and interpreting according to my understanding.
* Turmoil of the time period as I wanted to make it complete, collecting information and thus make it outstanding within 3 months.

#  Part 02: Organization

# An Overview of Islami Bank Bangladesh Limited (IBBL)

Islami Bank Bangladesh Limited is a joint venture Public Limited Company inlaid to commercial banking basically emerged on the basis of Islamic Shariah having 63.09% outsider shareholding and the bank has 318 branches outright thus made it widest banking network owned bank. Being the very first Islamic Bank of South East Asia it was evolved on 13th march 1983.As of 31st December, the bank’s Authorized Capital is 20,000.00 Million BDT and Paid-up Capital is 16,099.90 Million BDT and the bank has 44,126 shareholders. It is enlisted with DSE(Dhaka Stock Exchange) and CSE(Chittagong Stock Exchange).

##  History of Islami Bank in Bangladesh

Muslim nations started awakening by the advancement of the Islamic economy during the mid-eighties , evolving Islamic Bank which provide premium free banking sectors. There are at present 614 interest free institutions are all over the world. Today Islami Bank works in every Muslim nation, as well as have stretched out wings toward the western work to serve both Muslim and Non-Muslim clients.Mitghamar Local Saving bank is said to be the pioneer in this field being established in 1963,whereas Bangladesh signed the charter of Islamic Development Bank and conferred itself to design a monetary and money related framework according Islamic Shariah in 1974.In 1978, Bangladesh suggested in Islamic Foreign Minister conference in Senegal towards deliberate endeavor to Islamic Banking. Two years later on in a Foreign Minister Conference which was held in Pakistan, Bangladeshi Foreign Clergyman Prof. Shamsul Hoq proposed for making strides for Islamic Banking. Further, The Central Bank of Bangladesh sent portrayal abroad to ponder Islamic Banking System. The very next year President of Bangladesh tended in the third Islamic Summit Gathering recommended’’ The Islamic nations ought to build up a different banking arrangement of their own to facilitate their own trade and commerce’’.IDB took a visit and found tremendous contributions by Islamic Economic Research Bureau (IERB) and Bangladesh Islamic Bankers Association (BIBA) and thereafter tried motivating public through several workshops on Islamic Banking. Proficient exercises strengthened by Muslim Business Society Which are now recognized as Industrialists and Businessman Association and the body activated fundamentally equity capital for developing Islamic Bank. At long last, in 1983 Islami Bank Bangladesh Limited turned out to take provocation of doing the banking business. Islami Bank Bangladesh Limited (IBBL) is thought to be the principal premium free bank in Southeast Asia now. I was joined on 13-03-1983 as Public Limited Company with limited liability under the Company Act 1913.The bank started in operations on March 30th,1983 with significant offer and considered to be the first interest free bank in Bangladesh.

## Corporate Information

**Financial Information: [As on: 31 December 2016 ]**

|  |  |
| --- | --- |
| **Particulars** | **Amount in BDT** |
| Authorized Capital | 20,000.00 Million |
| Paid-up Capital | 16,099.91 Million |
| Equity | 48,738.95 Million |
| Reserve Fund | 31,029,05 Million |
| Deposit | 681,352.25 Million |
| Investment | 676,747.80 Million |
| **Foreign Exchange Business** |  |
| Import | 339,954.00 Million |
| Export | 243,647.00 Million |
| Remittance | 279,980.00 Million |
| **Organizational Information** |  |
| Name | Islami Bank Bangladesh Limited |
| Status | Public Limited Company |
| Date of Incorporation | 13-March-1983 |
| Date of Commencement | 27-March-1983 |
| Head Office | Islami Bank Tower 40, Dilkusha Commercial Area Dhaka-1207 |
| Telephone | 9563040, 9560099, 9567161, 9567162 |
| Mobile | 01711-435638-9 |
| Swift Code | IBBLBDDH |
| E-mail | info@islamibankbd.com |
| Web Page | www.islamibankbd.com |
| Chairman | Mr. Arastoo Khan |
| Managing Director | Md. Abdul Hamid Miah |
| Number of Branches | \*318 |
| Number of ATM Booths | 520 |
| Number of Shareholders | 44,126 |
| Number of Manpower | 13569 |

## Milestones of Islami Bank Bangladesh Limited

|  |  |
| --- | --- |
| **Particulars** |  |
| * Incorporation
 | 13.03.1983 |
| * Certificate of starting of Business
 | 27.03.1983 |
| * Inauguration of 1st Branch
 | 30.03.1983 |
| * Formal Inauguration
 | 12.08.1983 |
| * Formation of Shariah Council
 | 01.05.1983 |
| * Listing in DSE
 | 04.07.1983 |
| * Formation of Sadakah Tahbil as a Corporate Social Responsibility wing
 | 02.07.1985 |
| * IPO
 |  |
| * Subscription opened
 | 30.06.1985 |
| * Subscription closings
 | 14.07.1985 |
| * 1st Rights Share Issue
 |  |
| * Subscription Opened
 | 10.07.1989 |
| * Subscription Clossings
 | 31.12.1989 |
| * Listing in CSE
 | 07.03.1996 |
| * Agreement with CDBL
 | 12.06.1997 |
| * Inhouse Core Banking Software
 | 29.12.2004 |
| * Opening of 100th Branch
 | 02.04.2005 |
| * Issuance Date of Mudarabah Perpetual Bond
 | 25.11.2007 |
| * Advancement of Brokerage House
 | 31.12.2007 |
| * Beginning of 200th Branch
 | 21.06.2009 |
| * Formation of Subsidiary Companies
 |  |
| * Islami Bank Security limited
 | 22.03.2010 |
| * Islami Bank Capital Management Limited
 | 01.04.2010 |
| * Islami Bank Bangladesh Limited Exchange Singapore Pte Limited
 | 13.07.2009 |
| * Beginning of 250th Branch
 | 15.02.2010 |
| * Launching of OBU
 | 04.01.2011 |
| * Online Banking
 | 07.01.2011 |
| * Exclusive Sponsor for Beautification of the Capital of Bangladesh on occasion of Cricket World Cup 2011
 | 17.02.2011 |
| * Launching of Ibanking
 | 16.12.2011 |
| * Agreement with BCB for becoming franchise of Bangladesh Cricket League
 | 18.010.2011 |
| * Inauguration of mCash
 | 27.12.2012 |
| * Agreement with Grameen for Biogas plant
 | 30.12.2012 |
| * Witnessed Tk.500,000 Million Deposit
 | 31.12.2012 |
| * Launching of Shari’ah based Credit Card-Islami Bank Khidmah Card
 | 14.04.2014 |
| * 4000 VISA logo ATMs covering all over the country
 | 31.06.2014 |
| * Launching of Travel Card
 | 16.10.2014 |
| * Launching of 400th Booth
 | 31.10.2014 |
| * Recipient of SAFA Best Presented Annual Report Awards (1st Position) and SAARC Anniversary Awards for Corporate Governance Disclosure 2012
 | 03.05.2014 |
| * Beginning of 300th Branch
 | 09.09.2015 |

## Mission

* Through Prosperity Oriented System establishing the Islami Banking
* Justice to be served in the economic field.
* To obtain balanced development in the sectors which are to be drawn the priority.
* To exhilarate socio-economy and services to the low-income community.

## Vision

To be prominent Islami Bank is the banks vision and further:

* Adapting modern technology to ensure the soundness and advancing the system through the use of Islamic Principles, to be the strongest in the banking field.
* Foster savings through direct investment.
* Foster investing in programme that may lead to higher employment.

## Objectives of IBBL

The basic objective of IBBL is to foster the solicitations of Islamic Principles in the business world. IBBL’s appearances in the economy are listed below:

* To offer contemporary financial services in conformity with Islamic Shariah;
* To contribute towards economic development and prosperity within the principles of Islamic justice
* Optimum allocation of scarce financial resources; and
* To help ensure equitable distribution of income.

## Strategic Objectives

* To ensure customers’ satisfaction.
* To ensure welfare oriented banking.
* To make the bank as a stable financial institution through establishing a set of managerial succession and adopting technical changes.
* To prioritize welfare of clients
* To emerge a healthier and stronger bank at the top of the banking sector and continue stable positions in ratings, based on the volume of quality assets.
* To ensure diverseness by segment, size, economic and geographical location wise investment and propagation need based retail and SME/Women entrepreneur financing.
* To invest in the thrust and priority sector of the economy.
* To strive hard to become an employer of choice and nurturing and developing talent in a performance-driven culture.
* To pay more importance in human resources as well as financial capital.
* To ensure lucrative career path, attractive facilities and excellent working environment.
* To ensure zero tolerance on negligence in compliance issues both Shariah and regulatory issues.
* To train and develop human resources continuously and provide adequate logistics to satisfy customer’s need.
* To be excellent in serving the cause of least developed community and area.
* To motivate team members to take ownership of every job.
* To ensure development of devoted and satisfied human resources.
* To encourage sound and pro-active future generation.
* To achieve global standard.
* To strengthen corporate culture.
* To ensure Corporate Social Responsibilities (CSR) through all activities.
* To promote using green banking and solar energy and ecological balancing.

## Core Values

* Trust in Almighty Allah.
* Regulable observance in Islamic Shariah.
* Highest grade honesty and integrity.
* Prosperity oriented banking.
* Impartiality and justice.
* Environmental alertness.
* Personalized serving.
* Adopting to technological change.
* Strict accountability, transparency and delegation.

## Commitments

* To Shariah.
* To the Regulators.
* To the Shareholders.
* To the Community.
* To the Customers.
* To the Employees.
* To Others Stakeholders.
* To Environment

## Corporate Social Responsibility (CSR)

Islamic banks undertake and implement various types of social programs under Corporate Social Responsibility (CSR) activities. Sources of funds of Islamic banks available for CSR activities include Zakat, compensation charges (penal charges from defaulting investment clients) and Shariah permitted others sources of earnings. These funds are spent among different types of education, training, health and charity-based organizations in Bangladesh. Islamic banks serve the deprived and disadvantaged segments of people, who, because of extreme poverty, remain outside the purview of the conventional banking system; the banks made financial transactions based on human necessities and embark upon productivity-oriented projects or activities to reduce the incidence of poverty. Expenditure on CSR activities of 2016 was about Tk.672 million.

## Services and Products

### Deposits

Islami Bank Bangladesh Limited put together deposits through various account types.

* Mudaraba Savings Account.
* Al Wadeah Current Account
* Mudaraba Hajj Savings Account.
* Mudaraba Term Deposit Account.
* Mudaraba Special Notice Accounts.
* Mudaraba Savings Bond.
* Mudarba Pension Account.
* Mudaraba Monthly Profit Deposit Account.
* Mudaraba Muhor Savings Account.
* Mudaraba Waqf Cash Deposit Account.
* Mudaraba NRB Savings Bond.
* Mudaraba Foreign Currency Deposit Account.
* Mudaraba Students Savings Account.
* Mudaraba Farmers Savings Account.

### Investment

Followings are the modes used for investment:

 **BAI-MODES**

* Istisna
* Bai-Muajjal
* Bai-Murabaha
* Bai-Salam
* Bai-Istijrar
* Bai-As-Sarf

**SHARE-MODES**

* Musharaka
* Mudarabah

**IJARA-MODES**

* Rent Purchase Under Shirkatul Melk.

 **Investment Scheme**

* Non Resident Bangladeshi Entrepreneurs Investment Scheme
* House Hold Investment Scheme
* Transport Investment Scheme
* Women Entrepreneurs Investment Scheme
* Investment Scheme for Doctors
* Real Estate Investment Program
* Car Investment Scheme
* Real Esteate Investment ( Working Capital & Commercial)
* Smal Business Investment Scheme
* Agricultural Implement Investment Scheme
* Micro Industries Investment Scheme
* Agricultural Investment of Islami Bank Bangladesh Limited

### SME and Rural Development Scheme

A scheme named ‘Rural Development Scheme’ has been inaugurated to cater to the necessity of investment of the agriculture and rural division to make opportunity for employment and furthering income of the rural society with a view to diminish poverty. Since the beginning. The bank has been providing priority in financing SME.

### Off-Shore Banking Unit (OBU)

Three Off-Shore Banking Units, which has been operating under the authority of Islami Bank Bangladesh Limited are located at Agrabad branch of Chittagong and at the Head Office Complex Branch of Dhaka and also at Uttara branch of IBBL. The license is issued by the Central Bank of Bangladesh.

### Locker Service

Islami Bank Bangladesh Limited offers safe deposit locker service in some selected branches. Islami Bank Bangladesh Limited gives complete facilities for safekeeping of valuable documents, items and other valuables.

### Services through Islami Bank Foundation

* Distressed Women Rahbilitation Centre
* Islami Bank Hospitals
* Bangladesh Cultural Centre
* Islami Bank Medical College, Rajshahi
* Islami Bank Mohila Madrasah
* Islami Bank Community Hospitals
* Islami Bank Homeopathic Clients
* Islami Bank Nursing Training Institute
* Islami Bank Model School
* Islami Bank Institute of Health Technology
* Islami Bank Crafts and Fashion

### Remittance Services

* Outward Remittance
* Foreign Remittance Services
* Inward Remittance

# Part 03: Financial Performance of IBBL Through Ratio Analysis

## Return On Equity

The Return on Equity or ROE is immensely considered to the common shareholders of an the enterprise as it implies the come-back rate that the management has attained on the capital given by the owner after all the payoffs to all the capital suppliers are done. This is to measure how have the stakeholders fall into state throughout the year. In a sense of accounting this ROE is a core measure to performance as serving the shareholders is prime goal.Islami Bank Bangladesh Limited has yielded 13.90% in profit in 2012 in every taka in equity.So,the performance can be said as it was quite excellent then. After 2012,the ROE has continuously decreased for the next three years till 2015.But in 2016,ROE has turned out 9.16% implying IBBL has generated 9.16% profit against every taka in equity, which is almost 3% more than it came up in 2015,the previous year. The ROE implies the better performance.Overall,the Return on Owner’s Equity of IBBL is quite good and satisfactory.

## Return on Asset

Return On Asset or ROA tells about the company inflows to all the capital convoluted in the enterprise including debt, common stock, preferred stock and retained earnings. Profit per taka of asset is the measurement the ratio is upto,which means how good at using the company’s total asset to make profit by the management. The higher return implies the management is good at utilizing the assets. The graph shows that the ratio was 1.14% in 2012 which means the bank made 1.14% profit for every taka on the total capital the used to employ. After then the Ratio has continuously declined till 2015 indicating that the management were in deft in taking advantage of its asset base than the earlier years. In 2016 the ratio has increased to .56% than it’s previous year which was .42% in 2015 indicating the management is efficiently using its asset base.

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## Gross Profit Ratio

One of the topmost measure of the profitability is the Gross Profit Ratio as its work is to look at the considerable entrances and discharges of money: income/sale(inflow) and direct cost/the cost of goods sold(outflows).This ratio hints about the company’s financial soundness. The ratio has to be plentiful to meet up the costs and provide for profits, as it is the actual measuring rod to profitability, so it has to be static. Unless the enterprise is undergoing changes, Gross Profit Ratio should not oscillate much from one period to another. The graph demonstrates that the ratio is 48% in 2012,there there is a dip in the very next year which is a 2%fall , this is because of a bit aggravated direct cost of the bank. After then, there seems to be a good turnover, the bank started to make the ratio higher when the bank reduced its direct costs from the very next year 2014 and onwards. The ratio attained 52% in 2016 which suggests that overall profitability is quite satisfactory.

## Earnings Per Share (EPS)

Another determinative of the profitability is the Earnings Per Share or EPS, is the part of the company’s gain allocated to each pending shares of stock. Earnings per share is a market anticipation ratio that measure the sum of the net income availed per share of stock outstanding. This is the portion of the money that each share of stock receives at the end of the year when all the gains are distributed to all the noted shares. This is also a enumeration that exhibits how profitable the company is on a shareholder basis, so that profit per share of the companies can be compared. Investors always check out stuffs like which company has more profits to give out its shareholders, so we can say that the higher the EPS the better it is for the enterprise. From the analysis of the graph, we can say that the ratio was much higher in the previous years particularly in 2012 it was 4.49 then the very next it has fallen to 3.4 and continuously declined till 2015.In 2016,there is a bit increase is seen in the ratio than its prior year, indicating the investors got more income per share than they received in their previous year.Overall,The higher the EPS is the more the company is able to distribute its profits to its shareholder.Overall,Islami Bank Bangladesh Limited has its earning per share quite balanced.

## Cost to Income Ratio

Cost-to-income ratio is one of the leading financial measurement of a bank. To derive it, operating costs are to be divided by the operating income. The operating costs contains the salaries and property related expenses and all others administrative and fixed costs except the bad debts that have been written off. This ratio actually illustrates the relationship between the cost and income of an enterprise. The investors get to know the efficiency of the management of the firm though this ratio. Profitability of a firm is identified through how low the ratio is, meaning the lower the ratio is, the better it is. The graph is indicating the bank has its ratio in the last 5 years almost stable. In 2012,the ratio is .61 and the ratio increased to .74 and stays the same in 2014 also. Changes in this ratio is an indication that there is likely to have some problems. If the ratio is higher than its previous year, it means the costs are increasing at a rate higher than the income.Although,the ratio was declined a bit in 2015 ,it reached to .75 in the very next year. As the ratio is not fluctuating much in the last 5 years, we can add that the bank Is operating in its stable mode in this regard.

## Price Earning Ratio

Price Earning Ratio tells about what the market being desirous to pay based on its current earnings. By predicting future earning per share, investors usually analyze stock’s fair market value by using price earning ratio. How much an investors should spend for a stock on the basis of present inflows, the ratio helps investors finding it out. Actually this ratio is upto the ‘times’ of investors are intending to pay per taka of earnings higher price earning ratio suggests a goodwill and investors are going to pay for a higher price earning ratio carrying company. The graph shows that the growth of price earning ratio of Islami Bank Bangladesh Limited was quite continuous till 2013 but a sudden .10 fall has been identified in 2014.In 2015,the ratio improved and reached to 12.17 in 2016,the highest price earning ratio among the last 5 years. The price earning ratio 12.17 times means the investors are willing to spend 12.17 taka for Islami Bank Bangladesh Limited share for every taka of its present inflows as they predict a higher oncoming performance and advancement of this interest free bank.

## Net Asset Value per Share

One important instrument to assess the value of the enterprise is to look at the net asset value per share. Taking the assets of the company and deducting the liabilities from it we get the closing down value of a company, dividing that figure by the number of shares in issue the Net Asset Value per Share is derived.Net asset value can put up the anchoring point to take a look whether the market is really pessimistic about the enterprise or very expanded in terms of the determination of value. For a mutual fund, shares are bought and sold at this price at the end of each day.Net asset value per share is also called book value per share in the context of corporate financial statement of publicly traded companies, is actually underneath the market price. The graoph shows that the Net Asset Value per Share in 2012 was 31.78 which is the positive indication for Islami Bank Bangladesh Limited. After then, in 2013 and the very next year of it it was continuously declined, but started to regain.In 2016,the Net Asset Value per Share is 30.27 Taka. Islami Bank Bangladesh Limited stocks must always be priced above the net asset value per share, the assumptions is that,the bank may get an enriched return on its deployed assets than they would sold at fair value of market.

## Market Value per Share

The term ‘’Share Price’’ actually is the market value per share of stock. It is actually the amount of taka investors are willing to spend for one share of stock of the enterprise. There is no exact relation to the asset value of a company to it, the information of which is on the basis of the balance sheet. Smart stock investors look at the market price exact the way- whether I am looking to buy one or ten thousand shares or every single share of the business, the price I am going to pay now must have absolute impact on the return I am getting in the future. The market price take into consideration the company’s current ability to make profit and estimates the oncoming profitability. From the graph, we can say that the highest market value per share was in 2012 among the last 5 years performance. It indicates that the investors were willing to pay 59 taka for one share of Islami Bank Bangladesh Limited stock then. After then, the market price per share of Islami Bank Bangladesh Limited continuously declined and reached to 31.6 till 2015,indicating the profitability of IBBL was not so good as the prior years. However, a U-tern has been clearly noticed in 2016.

## Investment Deposit Ratio

Investment Deposit Ratio is one of the most accepted tools to measure liquidity of any business. To derive it, bank’s total investment is to be divided by its total deposit. How much a bank loans out of the deposits that the bank has integrated, this is what the investment deposit ratio states about. A lower level of this ratio is the indication that bank may not using its resources. Investment deposit ratio is a good measuring rod of a bank’s health. A lower level of this ratio is also an indication that the bank may earning up to the mark. If the ratio level is confoundedly high it does mean that the bank not having sufficient liquidity to run over the unexpected funds requisites, may disturb capital adequacy and asset-liability miss-match an excessive of this ratio could have implications at the methodic level. The graph shows that, the investment deposit ratio of IBBL maintained an average level, which is a positive indication that the bank is having sufficient liquidity to run over the unexpected.

## Capital Adequacy Ratio

Capital Adequacy Ratio assess the financial power of a bank by exercising its assets and capital. A higher capital adequacy ratio carrying banks are usually thought to be safe and have the ability to cover the obligations. This ratio plays a vital role in the financial systems around the world. Capital Adequacy Ratio is also known as capital-to-risk weighted assets ratio acts as safeguard to depositors. There are two kinds of capital to be measured: tier one and tier two and the ratio is applied to dissolve all the losses when a bank miss out all its tier one capital. Tier one capital: which can dissolve damage without the bank being required to abolish trading. Tier two capital: which can dissolve losses during winding-up and so gives a lesser angle of safety to depositors and creditors. From the graph, we can say that the bank has enough capital adequacy ratio to meet the total capital requirements. Although a clear declining can be spotted but they are not much of a distance, the maximum capital adequacy ratio was 16% in 2012 and the minimum is 11% in 2016 demonstrating that Islami Bank Bangladesh Limited has capacity good enough to meet the time liabilities and other risks.

## Dividend Cover Ratio (Times)

Dividend cover is a measure of an organization’s ability to pay dividends. It shows how many times over the profits of an organization could have been used to pay dividend. For Example-if an organization’s dividend cover is 2,it means the organization’s profit was twice the amount of dividend paid out to shareholders. Usually, an enterprise aims at maintaining the ratio at least 2 in order to gain enough financing through retained earnings. Dividend cover ratio deliberately 1.5 suggests the company’s inability to keep up the current level of dividends in case of unfavorable variation in the upcoming days. A higher level of this ratio indicates a good health of the company. Investors exercise dividend cover ratio to fix the risk level associated with the receipt of dividends on their investments. A lower level of this ratio suggests that the company may not be able keep up the present level of its dividends in case of a downward aptitude in the company’s ability to make profit in the oncoming days, could impact the determination of value of the shares. From the analysis of the graph, we can say that the dividend cover ratio has improved from 2012 to 2014 indicating the bank’s ability to keep up the current level of dividends in case of an unfavorable transform in profit in the future. In 2015, dividend cover ratio was 1.68, which mean Islami Bank Bangladesh Limited has adequate inflows to pay dividends amounting to 1.68 times of the present dividend payout during the period. In 2016, dividend cover ratio got better and reached to 2.7,which indicated a much better ability of the bank to pay dividend.

## Return On Capital Employed

One of the most important financial ratios that are used to assess the financial performance of a business is the Return on Capital Employed. In a business, the main return from the business activities is the profit: difference between total revenues and total costs. But in order to earn profit most businesses have to invest. Invest in the business, for example-invest in inventories, stocks, warehouses and may be production facilities that are involved in manufacturing, Of course other business may not be involved in manufacturing but also still need to invest in distribution capabilities, for example, the retailer. So the key point about return on capital employed is that it is a useful way of measuring the relative return of i.e. profit on the amount that is invested either capital invested in the business. It gives us indication that how effectively a business is turning its capital invested into profit and it is also very useful as a means of benchmarking the financial performance of a business with closed competitors or with the industry as a whole to see that whether that business is operating efficiently or has higher or lower profitability compared with the competition. The graph shows that the maximum ROCE of Islami Bank Bangladesh Limited was 5.58% in 2012 is an indication of a more efficient use of capital of the bank. After 2012,the ratio has gradually declined to 1.83%,which indicates that the bank is not employing its capital effectively and is not generating shareholder value as prior years. Overall the return on capital employed of Islami Bank Bangladesh Limited is quite satisfactory.

## Dividend Payout Ratio

Dividend Payout Ratio applies to companies that pay dividends to their stockholders. If a company makes so much money in a year and they payout half of that to their stockholders that means they have fifty percent payout ratio. Now each individual company determines how much they are going to pay out to their stockholders by the board, some companies may decide to pay all of it and some may decide that they need to use it for other company expenditures and they may hold it all back, so just depending on how much they decide to pay out is how we are going to determine what that company payout ratio is. So the ratio actually determines how much profit to give back shareholders as dividends. To derive the payout ratio, we must divide the annual dividend per share by net income or profit. The graph shows that the Dividend Payout Ratio has declined from 2012 to 2014 that indicates that the bank’s retained earnings has increased than returning to shareholders to reinvest in growth. After then, the ratio has improved to 59% that means the bank is paying out more in dividends than it makes in net income. In 2016,the ratio suddenly fall back.Overall,the dividend payout ratio of Islami Bank Bangladesh Limited is good.

## Operating Profit per Branch(million)

Operating profit per branch is calculated as a company’s operating profit-earned divided by the total number of its branch. It demonstrates how much profit each branch generates. Operating profit per branch is a tool to determine company’s ability to make profit within the branch. Generally it is considered as the measurement unit of a branch productivity and the ratio is a fundamental measuring rod to profitability. A corporation’s current efficiency can be determined by this ratio. If the ratio remains constant over many years, is a positive indication as- the business model might running quite good. The extent of the ability to make profit is determined by the annual increase in operating profit per branch. If operating profit per branch is downward, is a negative indication that the business might not carrying an efficiency. The graph shows that the operating profit per branch of Islami Bank Bangladesh Limited was almost stable till 2014,is a positive incation.After then, operating profit per branch has continuously declined and reached to Tk.44.98 million,indicates that the branch productivity is going down and is also an indication of less efficient operation of Islami Bank Bangladesh Limited.

## Operating profit per employee(million)

Operating profit per employee is calculated as a company’s operating profit-earned divided by the number of its full time employee. It demonstrates how much profit each employee generates. It reveals information on the company’s ability to make profit within the peer group.Generally,it is considered as the measurement unit of employee’s productivity and the ratio is a fundamental measuring rod to profitability. A corporation’s current efficiency can be determined by this ratio. A higher level of operating profit per employee is an indication of more efficiency, sustainability and profitability. If operating profit per employee is downward, is a negative indication that the business might not carrying an efficiency. The extent of the ability to make profit is determined by the annual increase in operating profit per employee. The graph shows that the operating profit per employee was Tk.1.28 million in 2012,indicates an efficient operation of Islami Bank Bangladesh Limited and therefore sustainable and profitable. The immediate next year of it a little bit fall is identified then a little bit increase in 2014.After then, operating profit per employee has continuously declined and reached to Tk.1.05 million,indicates that the employee productivity is going down and this is also an indication of less efficient operation of Islami Bank Bangladesh Limited.

## Current Ratio

One of the classic measurements of liquidity is the current ratio. It is an indication that whether the business can pay debt due within one year out of the current assets. The higher the current ratio is, the better it is for an enterprise. A higher level of this ratio is obviously an indication of liquidity but also an indication of inefficient of cash or other short term assets. Except some unusual cases, the current ratio of a company is expected to be at least 1 times, as the current ratio of less than 1 time would mean that the net working capital is negative (current assets less current liabilities).From the analysis of the graph, we can say that current ratio of Islami Bank Bangladesh Limited has continuously increased and reached to 2.364 in 2016,which means Islami Bank Bangladesh Limited has the capability to pay debts due within one year out of the current assets.Overall,as the current ratio of Islami Bank Bangladesh Limited is above the standard ratio, which is 1 time, indicates that Islami Bank Bangladesh Limited has the sufficient liquidity for unforeseen circumstances.

## Debt to Equity Ratio

Debt to equity ratio is a figure calculated by taking the total liabilities of a company and dividing it by the shareholders equity. Liabilities are the things that company owes ,can be found in balance sheet, shareholders equity basically means assets minus liabilities which is what a company is physically worth. A high debt to equity ratio isn’t a good sign, it basically means a business’s debts outweighs its net worth, so if a company had to pay off its debts immediately they would struggle. As a value investor a low debt to equity ratio is something that we should always keep an eye out for. The ratio should be less than 1,which means that a company would have enough money to pay off its debt if needed. It also indicates for the bank as- the part of assets given by its stockholders is greater than the part of assets given by its creditors and the reverse is the case of a ratio greater than 1.The graph shows that the debt to equity ratio of Islami Bank Limited was 3.82 in 2012 that means 3.82:1 time’s debt to equity of the IBBL creditors provide 3.82 times for 1 time provided by stockholders to finance the bank assets. The ratio has continuously increased up to 2016.in 2016,the ratio was 4.55 times, which means the creditors provide 4.55 Taka for 1 Taka provided by shareholders to finance assets of the bank.

# Part 4: Financial Performance Highlights of IBBL

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| **Paticulars** |  | **2016** |  | **2015** |  | **2014** |  | **2013** |  | **2012** |
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| Authorized Capital |  | 20,000.00 |  | 20,000.00 |  | 20,000.00 |  | 20,000.00 |  | 20,000.00 |
| Paid up Capital |  | 16,099.91 |  | 16,099.91 |  | 16,099.91 |  | 14,636.28 |  | 12,509.64 |
| Share Premium |  | 1.99 |  | 1.99 |  | 1.99 |  | 1.99 |  | 1.99 |
| Reserve Fund  |  | 31,029.05 |  | 27,285.22 |  | 28,097.92 |  | 26,512.48 |  | 24,116.47 |
| Retainded Earnings |  | 1,609.99 |  | 4,076.16 |  | 2,414.99 |  | 2,634.53 |  | 3,152.25 |
| Shareholders Equity |  | 48,739 |  | 47,461.29 |  | 46,622.62 |  | 43,460.68 |  | 39,780.35 |
| Total Deposit |  | 681,352.25 |  | 615,359.21 |  | 560,696.30 |  | 473,140.96 |  | 417,844.14 |
| Total Investment |  | 676,747.80 |  | 629,631.27 |  | 564,332.00 |  | 474,015.95 |  | 399,930.79 |
| General Investment  |  | 616,418.91 |  | 530,194.50 |  | 463,475.47 |  | 403,194.80 |  | 372,920.72 |
| Investment Deposit Ratio |  | 86.43% |  | 83.59% |  | 79.88% |  | 82.35% |  | 85.18% |
| Total Assets (inluding contra) |  | 936,945.69 |  | 859,201.05 |  | 765,241.27 |  | 664,554.96 |  | 592,580.50 |
| Total Assets(Exluding Contra) |  | 797,699.66 |  | 725,821.12 |  | 652,422.04 |  | 547,229.63 |  | 482,536.32 |
| Fixed Assets |  | 15,586.91 |  | 15,836.48 |  | 15,926.36 |  | 15,732.81 |  | 14,808.23 |
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| RWA |  | 467,212.42 |  | 410,332.28 |  | 378,742.72 |  | 319,215.90 |  | 311,511.60 |
| Core Capital -Tier-I |  | 40,848.31 |  | 38,649.85 |  | 35,025.95 |  | 32,222.40 |  | 28,249.95 |
| Supplementary Tier-II |  | 9,708.15 |  | 9,195.48 |  | 13,543.92 |  | 13,189.60 |  | 13,803.20 |
| Regulatory (Tier-I,II,&III) |  | 50,556.47 |  | 48,701.55 |  | 48,569.86 |  | 45,412.00 |  | 42,053.16 |
| Statutory Capital |  | 32,199.82 |  | 31,199.82 |  | 32,199.82 |  | 29,274.89 |  | 24,933.30 |
| Equity/Capital Surplus/Deficit |  | 3,835.22 |  | 6,812.10 |  | 10,695.59 |  | 16,599.40 |  | 10,901.96 |
| Capital Adequacy Ratio |  | 10.82% |  | 11.66% |  | 12.80 |  |   |  |   |
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| Classified Invesment |  | 23,601.59 |  | 22,541.24 |  | 22,807.24 |  | 14,941.90 |  | 14,212.80 |
| Classified to Total Investment |  | 3.83% |  | 4.25% |  | 4.92% |  | 3.71% |  | 3.81% |
| Provision against classified investment |  | 10,075.47 |  | 9,293.11 |  | 9,391.02 |  | 7,262.40 |  | 6,054.35 |
| Provision against writ clients |  | 10,478.16 |  | 8,458.39 |  | 3,963.70 |  | 1,775.40 |  |   |
| General Provision against unclssified investment |  | 4,837.91 |  | 4,169.70 |  | 3,625.48 |  | 3,371.60 |  | 3,935.90 |
| General Provision on Off Balance Sheet Items |  | 1,392.46 |  | 1,333.80 |  | 1,128.20 |  | 1,137.20 |  | 1,100.45 |
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| Investment Income |  | 52,942.09 |  | 48,152.28 |  | 49,109.96 |  | 48,145.46 |  | 43,672.23 |
| Profit paid on deposit |  | 29,345.11 |  | 28,737.87 |  | 300,650.27 |  | 30,975.19 |  | 25,870.43 |
| Net Investment Income |  | 23,596.98 |  | 19,414.41 |  | 18,459.69 |  | 17,170.28 |  | 17,801.80 |
| Non Investment Income |  | 8,615.36 |  | 8,399.62 |  | 8,937.07 |  | 7,972.88 |  | 6,345.56 |
| Total Income |  | 61,557.46 |  | 56,551.90 |  | 58,047.03 |  | 56,118.34 |  | 50,017.79 |
| Administrative and other Exp. |  | 17,687.22 |  | 13,466.17 |  | 12,074.13 |  | 11,039.15 |  | 8,724.65 |
| Total Expenditure Excluding Provision |  | 47,032.33 |  | 42,204.04 |  | 42,724.40 |  | 42,014.33 |  | 34,595.08 |
| Provision for investment, off balance sheet items and other assets |  | 4,705.68 |  | 5,492.84 |  | 4,790.91 |  | 30,298.26 |  | 3,512.07 |
| Total Expenditure including provision |  | 51,258.30 |  | 47,696.88 |  | 47,515.31 |  | 45,043.59 |  | 38,107.15 |
| Net Profit before Tax |  | 10,299.15 |  | 9,116.69 |  | 10,531.71 |  | 11,074.73 |  | 11,910.65 |
| Net Profit After Tax |  | 4,464.98 |  | 3,029.08 |  | 3,999.06 |  | 4,948.58 |  | 5,338.91 |
| Provision for Income Tax |  | 5,834.18 |  | 5,825.94 |  | 6,532.65 |  | 6,101.57 |  | 6,571.74 |
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|  |  |  |  |  |  |  |  |  |  |  |
| Import |  | 339,954.00 |  | 343,668.00 |  | 316,975.00 |  | 285,890.00 |  | 284,588.00 |
| Export |  | 243,647.00 |  | 224,236.00 |  | 222,753.00 |  | 205,269.00 |  | 197,095.00 |
| Remittance |  | 279,980.00 |  | 321,066.00 |  | 308,722.00 |  | 286,956.00 |  | 300,915.00 |
| Total Foreign Exchange Business |  | 863,581.00 |  | 888,970.00 |  | 848,450.00 |  | 778,115.00 |  | 782,598.00 |
|  |  |  |  |  |  |  |  |  |  |   |
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| Correspondent Bank |  | 259 |  | 249 |  | 220.00 |  | 331.00 |  | 320.00 |
| Foreign Correspondent |  | 584 |  | 573 |  | 550 |  | 490 |  | 476 |
| Shareholder |  | 44,126 |  | 47,909 |  | 60,857 |  | 62,772 |  | 60,302 |
| Employee |  | 13,569 |  | 13,622 |  | 13,547 |  | 12,980 |  | 12,188 |
| Branch |  | \*318 |  | \*304 |  | \*294 |  | \*286 |  | \*276 |
| Shebaghor |  | 33 |  | 4 |  |   |  |   |  |   |
| ATM |  | 520 |  | 487 |  | 450 |  | 300 |  | 300 |
| IDM |  | 122 |  | 51 |  | 33 |  |   |  |   |
|  |  |  |  |  |  |  |  |  |  |   |
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|  |  |  |  |  |  |  |  |  |  |  |
| Cash Dividend |  | 10% |  | 20% |  | 15% |  | 8% |  | 8% |
| Stock Dividend |  | 0% |  |   |  |   |  | 10% |  | 17% |
| NAV/share |  | 30.27 |  | 29.48 |  | 28.95 |  | 29.92 |  | 31.78 |
| EPS original |  | 2.78 |  | 2.12 |  | 2.48 |  | 3.4 |  | 4.49 |
| EPS Restated |  | 2.77 |  | 2.04 |  | 2.48 |  | 3.07 |  | 3.65 |
| MV per Share |  | 34.8 |  | 31.6 |  | 36.8 |  | 45 |  | 59 |
|  |  |  |  |  |  |  |  |  |  |   |
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|  |  |  |  |  |  |  |  |  |  |  |
| Gross Profit Ratio  |  | 58.79% |  | 52.36% |  | 54.54% |  | 55.69% |  | 57.66% |
| Cost Of Fund |  | 7.99% |  | 8.42% |  | 8.55% |  | 9.45% |  | 9.32% |
| Cost Income Ratio |  | 0.75 |  | 0.69 |  | 0.74 |  | 0.74 |  | 0.61 |
| ROE |  | 9.16% |  | 6.42% |  | 8.58% |  | 11.36% |  | 13.90% |
| ROA |  | 0.56% |  | 0.42% |  | 0.61% |  | 0.90% |  | 1.14% |
| Price Earning Ratio |  | 12.17 |  | 11.91 |  | 11.24 |  | 11.34 |  | 10.11 |
| Spread |  | 4.45% |  | 4.29% |  | 4.27% |  | 3.79% |  | 4.10% |
| CRR |  | 8.38% |  | 7.12% |  | 7.81% |  | 7.24% |  | 7.09% |
| SLR |  | 12.59% |  | 18.50% |  | 19.61% |  | 23.51% |  | 14.98% |
| Non Investment Income to total income |  | 14% |  | 14.85% |  | 15.39% |  | 14.21% |  | 12.69% |
|  |  |  |  |  |  |  |  |  |  |   |
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|  |  |  |  |  |  |  |  |  |  |  |
| Long Term |  | AA+ |  | AA+ |  | AA+ |  | AA+ |  | AA+ |
| Short Term |   | ST-1 |   | ST-1 |   | ST-1 |   | ST-1 |   | ST-1 |

# Part 5 : Findings

* In terms of the number of branches, Islami Bank Bangladesh Limited is in a good progress over the years.
* In terms of the number of employees, Islami Bank Bangladesh Limited is gradually going larger over the years.
* The growth of Total Assets held by Islami Bank Bangladesh Limited can clearly be noticed.
* Islami Bank Bangladesh Limited is really progressing in terms of its Investment position.
* In terms of the last five year survey of Operating Profit, Islami Bank Bangladesh Limited in one of the top positioned banks.
* In terms of the Capital Adequacy position, Islami Bank Bangladesh Limited is one of the toppers.
* Islami Bank Bangladesh Limited is a high quality asset holder bank.
* The Gross Profit Ratio are increased day by day is good sign to the bank’s profitability.
* Islami Bank Bangladesh Limited’s efficiency on average sample industry tax management is quite good.
* Management’s efficiency in using the asset base is getting better.
* In terms of fund management efficiency Islami Bank Bangladesh Limited is doing a good job.
* There is no chance of compound interest in Islamic banking system. The bank charge one time profit and it calculate on the simple basis.
* Islamic bank must have to relate with business or investment or transaction of goods.
* In terms of bank investment in profit and loss system, the bank bears the profit as well as loss in Islamic banking system.
* In Islamic banking system depositor get profit based on the weight age if the bank earn or make profit otherwise depositor must share loss.
* Islami banks use money as media but not goods.
* Islami Bank’s Return on Average Asset is quite good.
* In terms of Return on Average Equity the bank is in a good progress.
* Though profit of IBBL is increasing, it still remains in a risky position.
* The yearly productivity of Islami Bank Bangladesh Limited is getting better day by day.

Thus the result shows that, the profitability and efficiency and almost all the other indicators to financial health of Islami Bank Bangladesh Limited is quite good and satisfactory.

# Part 6 : Recommendations

**Out of the analysis, we can say it is obvious that the bank is in a good position.To further the performance of Islami Bank Bangladesh Limited i would like to recommen the followings:**

* Islami Bank Bangladesh Limited should take a look at the Earnings per share and take necessary to steps to make it better.
* The bank should look after about the share price and all related concern of it.
* Islami Bank Bangladesh Limited should effectively employ its capital.
* Islami Bank Bangladesh Limited is not generating shareholder value as previous years.
* The bank should further the operating profit per branch as well as per employee.
* The Bank must look at the debt to equity ratio and drag it to a better position.

# Part 7: Conclusion

It can clearly be seen that a lot of new commercial banks has been emerged in the last few decades and thus the sector has become very competitive. So, these banks have to organize their operation according to the competitive world. That is the reason banking sector is not anymore depending on the traditional method. To cope up the competition this sector had to trenched its wings wide enough to meet up several type of financial services. So the necessary task for the banks become to survive the competitive world by managing efficiently its assets and liabilities. Islami Bank Bangladesh Limited is slightly different in this case as the bank doesn’t follow the conventional banking system and is committed to ‘’Shariah’’.

Islam is a complete code of where detailed law of maintaining an accurate economic life is explained. As Islami Bank Bangladesh Limited is committed ‘Shariah’, the bank is an interest free bank. The bank is an ambassador of welfare activities in Bangladesh. It emphasizes equally in development. The unique feature of the bank is its profit-loss sharing policy in investment system. Making profit is not the intention and objective of the bank’s investment policy rather the mark is given in achieving the social goal and objective in enlarging employment opportunities.

If Islami Bank Bangladesh Limited stays concrete in following its principles within the framework of ‘Shari’ah’’,they will be able to earn substantial ‘Halal’ profit and they will be able to pay higher return to the shareholders and depositors. In future, Islami Bank Bangladesh will gain more public confidence.

# References

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