An Internship Report

On

"Comprehensive Analysis of Firm Performances of Banking Companies of Bangladesh- a case study on Al-Arafah Bank Ltd"

INTERNSHIP REPORT

ON

Comprehensive Analysis of Firm Performances of Banking Companies of Bangladesh;

"A case study on Al-Arafah Islami Bank Ltd"

Submitted To

Mr. Rana Mazumder

Assistant Professor of School of Business and Economics

United International University

Submitted By

Md. Minhaz Hossain

111 161 304

Date of submission: 28th December 2020

Letter of Transmittal

December 28, 2020

Mr. Rana Mazumder

Assistant Professor

School Of Business and Economics

United International University

Subject: Submission of Internship Report.

Dear Sir,

I'm a lot of appreciative for your help to prepare my Internship report on **"Comprehensive Analysis of Firm Performances of Banking Companies of Bangladesh- a case study on Al Arafah islami Bank Ltd".** The report is key to completing my Bachelor of Business Administration degree at United International University. The Internship Program has permitted me to investigate and appreciate the work and troubles. I had also to learn and work a lot to know the Overall banking performance and gather the relevant information to set up this report.

I, would also be happy if you could enlighten me with your opinion of the report and review my report, keeping the constraint in mind. I offer my profound thanks to you for giving me scope and support me to set up this report appropriately.

Yours Sincerely

Md. Minhaz Hossain

ID: 111 161 304

Bachelor of Business Administration

United International University.

Acknowledgement

First of all I would like to express my deeply gratitude to the Almighty Allah for Fruitful preparation of this internship paper. It is both my realistic jobs and my duty to carry out my task.

I might want to offer my sincerest thanks to my honorable teachers and Internship supervisor Mr, Rana Mazumdar, for his Continuous guidance, support and conducting the study and writing this Report. He has been thoughtful enough to invest significant energy from his timetable for giving me all the vital help all through the whole Internship period. Without Your help this report probably won't have been a thorough one.

I am so happy with the HR head of Al-Arafah islami bank Ltd, and the Branch Manager of Mohammadpur Krishi Market Md. Kamrul Islam (SAVP) for supporting me as an assistant and helping me in the work of a corporate organization.

I would like to thanks Mrs. Rezoana Ferdousi (Principal officer) and Mr, Jasim Uddin (Executive officer) of the AIBL Mohammadpur Krishi Market branch who helped me during my Internship with understanding the work and the lifestyle of Corporate office. I was unable to train to finish my internship time with the AIBL without their important guidelines.

I would like to Thanks each of the individual who helped me during the internship period and successfully setting up this report.

In Conclusion, I would like to thank United International University for the opportunity, through realistic training, to experience self-development.

Declaration

This Is Md. Minhaz Hossain, Bachelor of Business Administration Student, student ID: 111 161 304. Would like to declare that after completion of the business and Economics School, Under the Supervision of my Supervisor Mr, Rana Mazumdar (Assistant Professor), School of Business and Economics, The internship report titled, **Comprehensive Analyisis of Firm Performance of banking Companies of Bangladesh; "A case Study On Al- Arafah Islami Bank Ltd".**

The Report Was Completed and Submitted purely for Academic reasons and is a requirement for the completion of a bachelor of Business Administration degree from United International University.

My technical experience was strengthened by the planning of the study and allowed me to relate the theoretical dimensions to the practical ways of doing tasks. I express my heartfelt gratitude for the opportunity given and I have enjoyed doing so to write this report.

Md. Minhaz Hossian

ID: 111 161 304

Bachelor of Business Administration

United International University

Executive Summary

The Report titled **"Comprehensive Analysis of Firm Performances of Banking Companies of Bangladesh- a case study on Al-Arafah Bank Ltd"** is the aggregation of the experience during the Internship Program**.** This Program helps me a lot to learn about the practical situation of financial as well as also to implement my theoretical knowledge into practical environment. The report has been segmented into 5 Different Chapter. Chapter 1 covers Introduction of the study, objective, Methodology, Limitation and Scope. Chapter 2 covers organizational Overview of Al-Arafah islami bank. In Chapter 3 I will discuss about Literature Review on Financial performance, Non Financial Performance and determinants of Financial Performance on Al Arafah Islami Bank Ltd. Chapter 4 Covers Industry review on banking Companies. In Chapter 5 Cover finding and analysis in this Chapter will discuss about 5 Different Scenario. like Compare Average liability, Compare Average Assets, Compare Average Assets to Equity ratio, Compare Average Cash flow from investing activities and Compare Average Paid-up capital to Authorized capital. Last part Discusses about the problem and it also tries to solve some of the problem through recommendation in this part.

I have faced many challenges in different steps of banking activities. I also tried to overcome every case. Al-Arafah islami bank limited is schedule commercial bank is registered by the Bangladesh Bank. It follows the rules and regulation prescribed by the Bangladesh by the Bangladesh bank for schedule commercial Banks.

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Chapter 1

Introduction

1. Introduction

Internship is an opportunity that is offered by an employer to a prospective employee, called an intern, to work at a particular firm or organization for a fixed time frame. The interns are usually fresh graduates or students and most internship lasts a period of one to three months. Internship can be part-time or full-time, where internship can either be paid or voluntary. In Bangladesh, the practice of hiring paid full-time interns is prominent.

I am a student of Bachelor of Business Administration (BBA) program chose to prepare a report on banking sector rather than other financial Institution. In a formal way, I select the banking sector and my supervisor assigned me to prepare the report on title as "Comprehensive Analysis of Firm Performances of Banking Companies of Bangladesh- a case study on Al-Arafah Islami Bank Ltd".

1.1 Objective of the report

The board Objective of the study is to expose the banking activities as a financial purpose. This Report is designed to know more about the comprehensive analysis of firm performance and analyze the ratio of the organization and identify the financial condition of organizations. More Specific, The topic is Selected to find the following objective:

- To identify the system of banking Activities.
- Identify the Financial Strength of the organization.
- Analysis and Interpretation of the Financial Statement.

1.2 Methodology of the Report

The report was set up based on the experience collected, from the help of seniors and partners and regarded bosses. Technique of the examination basically covers the sources through which the vital information was gathered. The sources have been given Below:

Sources of Data: This report has been set up on information gathered from both Primary and secondary Sources.

Sources of Data	
Primary Data	**Secondary Data**
Conversation with consumers visited the Branch face to face. I also generate information to communicate the officer in different position, like; manager, second manager, senior officers, officers of Al-Arafah islami bank limited	**Paper-based sources**: Books, Journals, Abstract, Indexes, Annual Report, Internal record of organization and newspaper. **Electronic sources**: Online databases and Internet.

1.3 Limitation

Despite my sincerest undertaking in setting up an ideal report, a portion of the impediments are inevitable. These are as per the following:

- Inside quite a short timeframe, it was impractical for me to know everything about Al-Arafah Islami Bank, Mohammadpur branch.
- The officials are so much busy that they can't appropriately co-work with me, which are an issue.
- Bank's strategy of not unveiling some information and data for evident explanation, which could be a lot of valuable.
- To investigation SWOT of developing business sector is a wide spread review material. Nonetheless, time imperative limited the report to explicit element.
- The examination expects insight to be productive however it was totally missing to me.
- Absence of individual information and experience.
- Due to time restrictions huge numbers of the perspectives couldn't be examined in the report.
- Though I have arranged numerous reports previously, I had no experience of internship. So freshness is one of the principle requirements of the investigation.

1.4 Scope

The title of this report is "Comprehensive Analysis of Firm Performances of Banking Companies of Bangladesh- a case study on Al-Arafah Bank Ltd". The report is developed on the basis of my practical work in general banking with AIBL,Mohammadpur Krishi Market Branch . I even had some facilities to finish my internship study despite limitations. Despite constraint I additionally got some facility to finish my internship report. The workers whose considered a mindful post in the whole division encouraged me parcel. They gave me all basic information and discussion with me. I also helped a lot by my University supervisor. He supported me with instructions on how to make my report more pleasing and perfect.

Chapter 2

Organizational Overview

2.1 Organizational Overview of Al-Arafah islami Bank

Al-Arafah-Islami bank is a shariah based bank in Bangladesh which was established as a private limited company on 18 june 1995. And Head office of this bank is Al-Arafah Tower, 63, Puranapaltan, Dhaka 1000.

Most importantly, Al-Arafah-Islami bank's sponsors are renowned Islamic scholars and pious businessman of the country. The architects and directors of the bank are the community of proven, devoted and pious Bangladeshi personalities. Among them, MR. A. Z. M Shamsul Alam, the founder and chairman of the bank, is a noted islamic scholar, journalist, economist and former Bangladesh government bureaucrat. They ensure high quality services to their customers through the modern technology. To meet customer needs, the bank has a diverse selection of carefully tailored products and services. And a positive contribution has been made to the country's socio-economic growth by them.

Short History Of the bank

Date Of Incorporation	18th June 1995
Date of inaugural Ceremony	27th September 1995
Authorized Capital	Tk 15000.00 Million as on 31.12.2018
Paid-up capital	Tk 10440.22 Million as on 31.12.2018
Equity of the bank	Tk 2348.32 crore as on 31.12.2018
Number of Branches	182
Number of employees	3682 as on 31.12.2018

2.2 Board of Director

Alhajj Abdus Samad
Chairman, Board of Directors

Alhajj Mohammad Abdus Salam
Vice Chairman, Board of Directors

Alhajj Nazmul Ahsan Khaled
Director

Alhajj Abdul Malek Mollah
Director

Alhajj Md. Enayet Ullah
Vice Chairman, Executive Committee

Jb. Badiur Rahman
Chairman, Risk Management Committee

Alhajj Ahamedul Hoque
Director

Alhajj Abu Naser Md. Yeahea
Director

Alhajj Niaz Ahmed
Director

Alhajj Mohammed Emadur Rahman
Director

Alhajj Kandaker Mesbah uddin Ahmmed
Director

Alhajj Mohammed Haroon
Director

Alhajj Liakat Ali Chowdhury
Director

Alhajj Salim Rahman
Chairman, Executive Committee

Alhajj Md. Anowar Hossain
Director

Alhajj Md. Harun-Ar-Rashid Khan
Nominee Director

Jb. Md. Rafiqul Islam
Director

Alhajj Md. Amir Uddin
Independent Director

Jb. M. Kamal Uddin Chowdhury
Independent Director

Jb. Mahbubul Alam
Independent Director &
Chairman, Board Audit
Committee

Farman R Chowdhury
Managing Director

2.3 Management of AIBL

::: Managing Director :::

Farman R Chowdhury
Managing Director

::: Deputy Managing Director :::

Md. Fazlul Karim
Deputy Managing Director

S M Jaffar
Deputy Managing Director

Shabbir Ahmed
Deputy Managing Director

Md. Shafiqur Rahman
Deputy Managing Director

Syed Masodul Bari
Deputy Managing Director

2.4 Executive Committee

SI	Name Of The Executives	Designation
O1	Alhajj Salim Rahman	Chairman
02	Hafez Alhajj Md. Enayet Ullah	Vice Chairman
03	Alhajj Abu Naser Mohammad yaehea	Member
04	Alhajj Mohammad Abdus Salam	Member
05	Alhajj Liakat Ali chowdhury	Member
06	Alhajj Md. Anowar Hossain	Member
07	Alhajj Md. Harun-Ar-Rashid Khan	Member

2.4 Shariah Council of the bank

The AIBL Shariah Council consists of 5 members trained in Fiqhul Muamalat (Islamic Commercial Law) in compliance with the Bangladesh Bank Guidelines.In 2007, the Shariah Council complied with different decisions taken by the Council on various matters at various times under the heading "Islamic Banking Shariah Nitimala" and They have prepared and published a Shariah Manual, the first of its kind in Bangladesh.The Shariah Council advises all concerned to comply with the requirements of Shariah and to make all efforts to improve the quality of service offered to customers.

Member of AIBL’s Fatwa & Shariah:

Supervision Board are:

Mufti Sayeed Ahmad Muzaddedi Chairman	**Mufti Muinul Islam** Member
Mufti Shahed Rahmani Member	**Mawlana Mohammad Abdul Hai Nadvi** Member
Mohammad Abul Hossain Al-Azhari Member	**Alhajj AZM Shamsul Alam** Member
Al-Hajj Abdus Samad Member (By Holding of Position)	**Md. Abdur Rahim Khan** Secretary

2.5 organizational structure of the bank

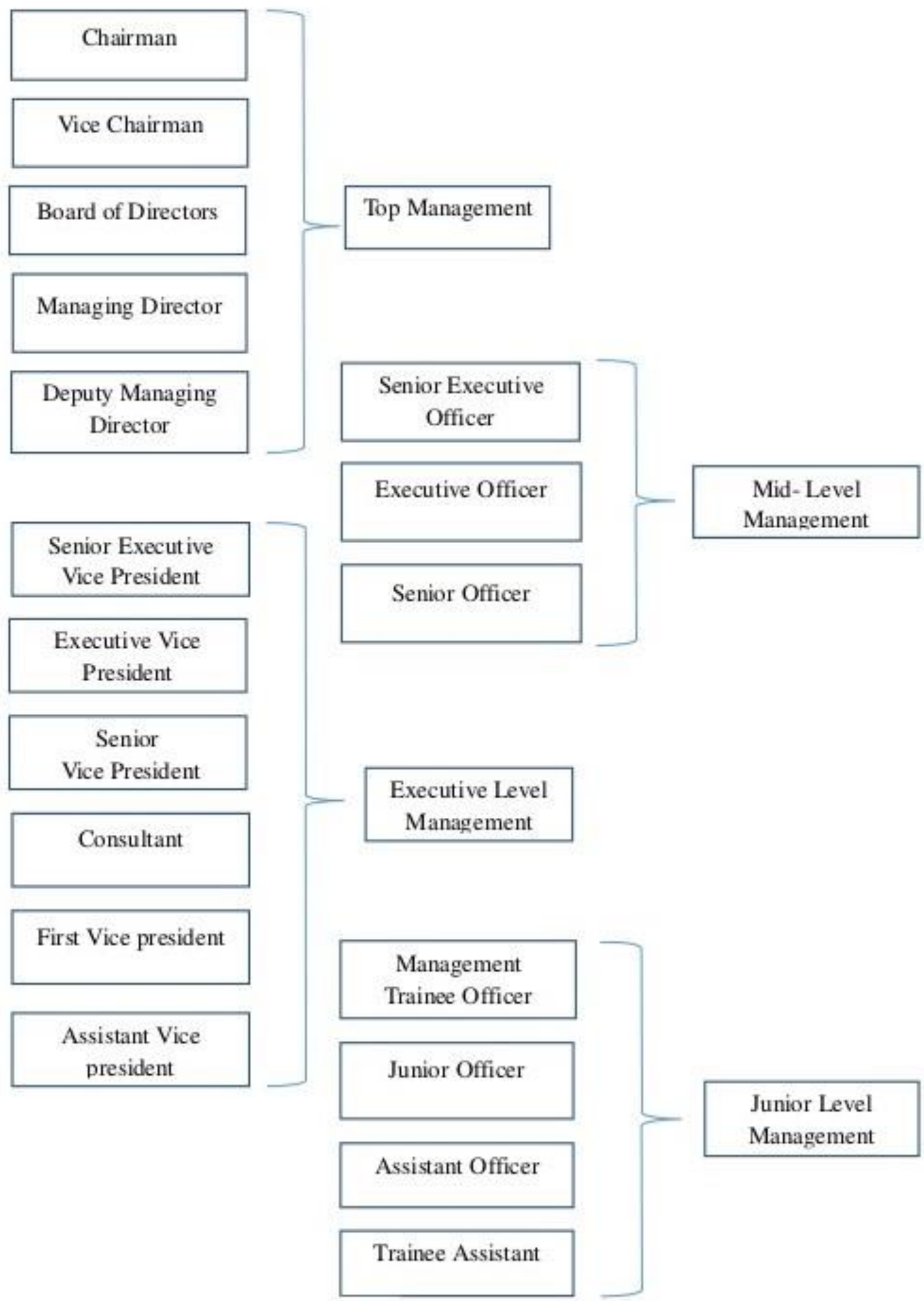


Chart-1 Corporate Structure of AIBL

2.6 Special Features of the Bank

- All AIBL operations were carried out to acquire the nation's usury under a profit/loss based on islamic shariah.
- In various moods, it's investment practices are completely compliant with shariah and well controlled by the shariah council board.
- AIBL introduced online banking into its broad range of services in 2018. With these features, Bangladeshi software has been launched to attract local developers.
- They pay dividends to their shareholders on a regular basis. They announced a bonus dividend of 13.50 percent to our shareholders for the year 2013.
- They believe in providing clients with committed resources imbued with the Islamic spirit of fraternity, goodwill and brotherhood.
- The bank is committed to developing a welfare-oriented financial system to address the needs of low-income and vulnerable groups of individuals.
- The bank upholds the Islamic principles of creating a justified economic structure through the equal distribution of wealth through social emancipation.
- They believe in social and philanthropic programs and have set up the AIBL English Medium Madrasha and the AIBL Library.

2.7 SWOT Analysis of Al Arafah Islami Bank ltd

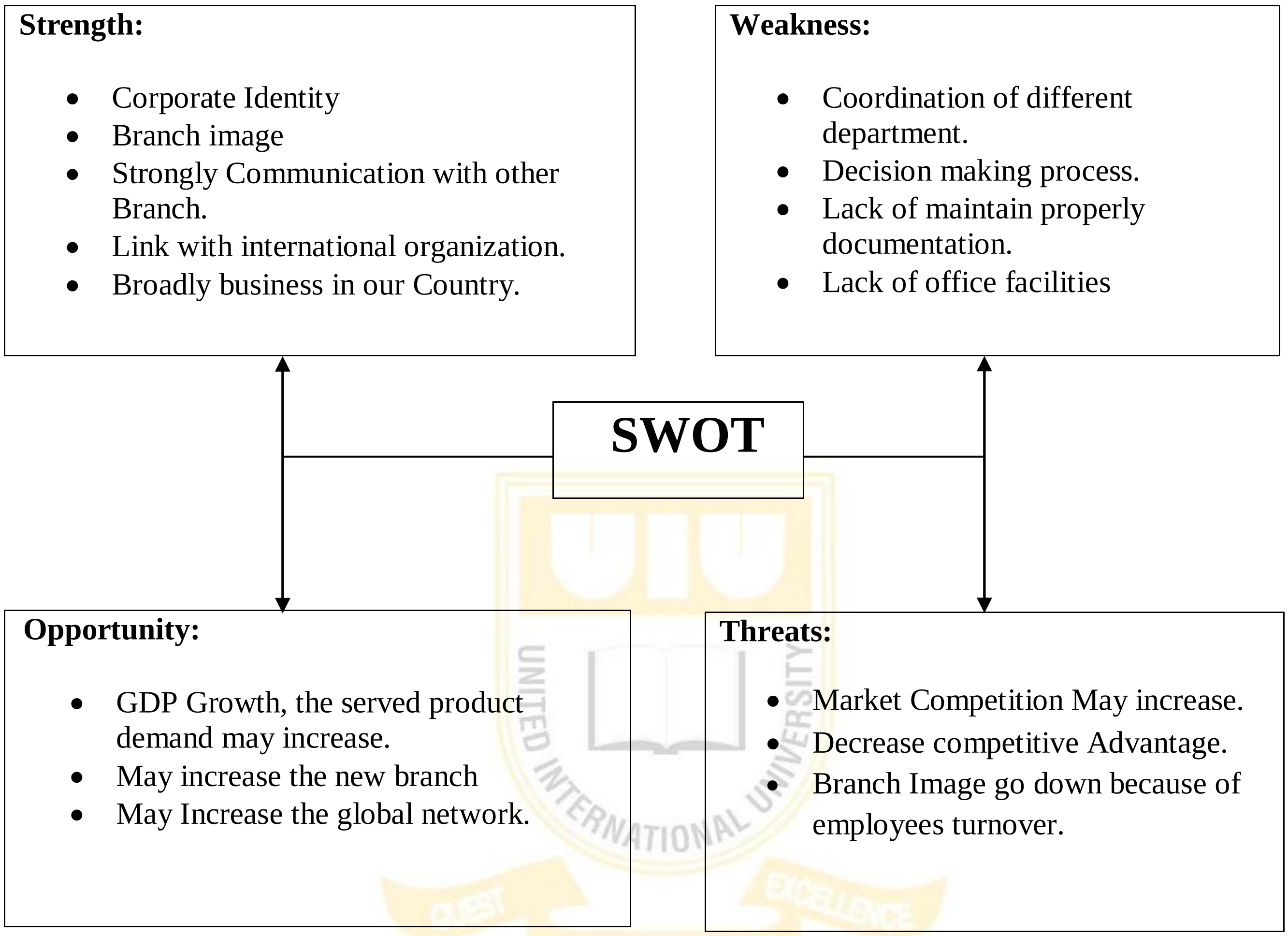


Figure1: SWOT Analysis of Al – Arafah Islami Bank Ltd.

2.8 AIBL at a glance:

Particulars	Taka in (Million)				
	2014	2015	2016	2017	2018
Authorized Capital	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Paid up Capital	9,469.58	9,469.58	9,943.06	9,943.06	10,440.22
Reserve Funds & Other Reserve	5,620.87	6,432.32	7,468.16	8,556.96	9,365.62
Shareholders' Equity (Capital & Reserve)	18,159.52	19,236.07	21,337.48	22,520.68	23,483.22
Deposits	166,851.17	169,887.08	199,703.92	244,806.26	266,205.48
Investment	146,740.37	162,503.14	196,519.38	235,905.23	261,874.13
Total Income	22,211.79	21,079.94	21,621.69	24,048.39	28,726.20
Total Expenditure	15,878.34	14,719.79	14,110.66	17,092.62	22,417.31
Profit Before Tax & Provision	6,333.45	6,360.15	7,511.03	6,955.77	6,308.89
Profit Before Tax	4486.59	4563.47	5963.16	5600.88	4130.91
Profit After Tax	2,324.95	2,465.88	3,349.40	3,169.50	2,456.80
Fixed Assets	2,661.11	3,057.38	3,240.18	3,260.38	4,494.61
Total Assets (Excluding off-balance sheet items)	210,439.01	229,106.66	272,900.04	319,255.29	338,465.30
Import Business	101,244.70	107,049.80	118,786.60	156,700.00	168,573.80
Export Business	75,843.90	79,362.90	88,152.20	104,540.00	114,481.90
Capital Measures					
Core Capital (Tier-I)	17,181.97	18,244.48	20,359.39	21,459.85	22,379.93
Supplementary Capital (Tier-II)	1,732.06	4,828.03	5,095.97	5,488.97	10,078.56
Tier-I Capital Ratio	12.74	13.17	11.92	10.40	10.12
Tier-II Capital Ratio	1.28	3.48	2.98	2.66	4.56
Total Capital	18,914.03	23,072.51	25,455.36	26,948.82	32,458.49
Total Capital Ratio	14.03	16.65	14.91	13.06	14.68
% of NPIs to Total Investment	4.50	4.66	4.54	4.10	4.79
Number of Shares Outstanding	946,958,503	946,958,503	994,306,428	994,306,428	1,044,021,750
Earning per Share (Taka)	2.20	2.25	3.07	3.15	2.35
Book Value per Share (Taka)	19.18	20.31	21.46	20.88	20.80
Price Earning Ratio (Times)	6.77	6.53	5.18	7.64	8.48
Price Equity Ratio (Times)	0.78	0.72	0.74	1.15	0.96
Dividend per Share					
a. Cash Dividend %	14.00	10.00	20.00	15.00	15.00
b. Bonus Share		5.00		5.00	2.00
Number of Branches	119	129	140	154	168
Number of Employees	2,649	2,810	3,070	3,446	3,682
Number of Shareholders	52,007	44,427	36,695	30,386	25,793

Chapter 3

Theoretical Framework

3.1 Literature review on Financial Performance

We know the banking sector is important in every country because bank plays vital rule in our daily life. This paper focused on performance of islami bank of Bangladesh like Al-Arafah islami bank limited. They face many difficulties of their stakeholders for non-shariah structure. Central bank doesn't give the legal support to the islami banks. The Islamic bank don't have the important skill and prepared labor to assess, screen and the ventures they are needed to follow. Al-Arafah islami bank limited invest in short term way just like the other islami banks in Bangladesh. And this case study proposing that islami bank Bangladesh should make sure if they have maximum capital market, financial instrument and they are giving opportunity to their employees, Distribute the zakat according to shariah.

Manish mittal and ArunnaDhademade: They believe that only higher profitability can ensure that banking sectors performance. And they think that the private banks is more profitable than the private bank because private bank's non interest income is higher than the public banks. And they provide many fee based services. So public bank should also provide this kind of services for being in better positions.

I.M. Pandey: In this age, efficient allocation of capital is really important. When investments are profitable then the firms value will increase. There are three typs of investment decisions. Such as expansion of existing business, new business and the last one is modernization and re[placement. Financial decisions helps the firm committed to huge amount of funds.

Vasantdesai: we know that, the reserve bank of india is known as the "Bankers bank". And the RBI controlled all the commercial banks. But still it has limitation. RBI should control their credit and also currency.

K. C. Sharma: Banking sector is playing most important role. The central bank allowed to open the private limited banks in country. It can be foreign or domestic. Their main focus is to provide best services to their customer with best strategy.

HrMachrajn international publishers: They showd three types of efficiency. Which is technical, economical and empirical. In indian banking sector it's important to assess finanial decisions of this banks and compare those private sector banks. So that they can ensure the quality of financial decisions is good.

DR.S. Gurusamy: The asset adds to the improvement of social security frameworks of a nation is the annuity reserve. An asset by private business and governments for the installment of retirement benefit is set. It's basically designed to provide the relief for poverty.

Dangwal and Kapoor: They analyzed that from nineteen banks, four banks performed excellently, five banks is in good position and perform well and the other six banks is in bad position and they did't do well where's the nationalized banks perform in separate way.

3.2 Literature Review on Non Financial Performance

Measuring non-financial performance is a metric for establishing an enterprise's non-financial metrics. These assessments concentrate on the long-term performance of an organization and the qualitative aspects of it.

This paper explores the impact of indicators of financial and non-financial performance on the perceived standard of service of Islamic banks. In the report, external clients and internal clients of Islamic banks were contemplated. External clients serve separate dealing with banks and there were 230 customers in their survey. Internal bank clients serve employees of banks with 174 sample size out of five major Islamic banks. Data was collected primarily through a questionnaire and analyzed and evaluated using structural equation modeling techniques through two proposed models. The findings show a clear positive relationship between the quality of service and the performance of banks and that internal operations of banks mediate the relationship between the community of external customers.

The case showing a clear and positive relationship between the quality of the service and the performance of banks and that internal operations of banks focuses relationship with the community of external clients.

Chenhall (2005) pointed out that a particular characteristic like this programs is that they are intended to contemporary financial and non-financial metrics to managers covering various characteristics that translate the plan into a cohesive collection of performance measures.

Briggs, Claiboborne, and Cole (2006) mentioned that financial measures are typically fall back performance measures, when non-financial measures are leading performance measures that provide insight into prospective performance, such as affordability, learning and development, and internal arrangements refinement.

Banker and Mashruwala (2007) It will be convenient for managers of retail chain to reveal non-financial mensural. Like make the employees and customers highly satisfied. under what kind of competitive situation like this adequacy can come out.

The taxonomy of methodological refinements of the leading indicators used in previous studies was introduced by Dikolli and Sedatole (2007), all of which enhanced the knowledge quality of non-financial performance measures (NFPMs).

Campbell (2008) analyzed the vulnerability of lower-level managers' promotion and demotion decisions to financial and nonfinancial performance metrics in a large US fast-food retailer.

Brazel, Jones, and Zembelman (2009) examine whether it can allow auditors and others to determine fraud risk by contrasting financial data to non-financial measures (NFMs).

3.3 Literature review on Determinants of financial Performance

Financial performance has impact of the resource providers when they make decisions. This case study specially focuses on factor affecting the commercial banks in Bangladesh. All the banks should concern about this factors. This case study is based on the ten local private commercial banks and all the nationalized commercial annual reports. An attempt has made to assess magnitude in relation to local private and nationalize commercial banks, the effect of different factors on financial result varies. This case shows that the use of assets and operational efficiency has effect positively. While credit risk has a negative impact. Financial performance has been found to have no important association with the volume and liquidity of banks.

Jha DK and D S sharangi: They utilize three different types of ratio which is financial ratio, efficiency ratio and performance ratio.

NeeruMundrai, Kamnitandon, Nhidhi Malhotra: They think that most of the new bakes is profit oriented banks while the old or traditional banks motives was different from this new banks. Public sectors Slow technological advancement and employment training etc is responsible for less profitability than the private sector.

Fernando ferrenge: agreed that in banking sector the competition is increasing day by day. And this impact directly how the bank deal with their daily activities for achieving their goals and success. A bank's success depend on how their financial activities are going. How much profit they can make.

RamchandanAzhagasahi and SandanvnGejalaksmi: They are believing that if a bank has higher total assets and higher total capital deposite don't have the ability to have good financial performance always. It depends how they utilize their assets and what kind of opportunity they give to their employees etc.

NutanTruke and P K Pachurkar: They are saying that private sector is better than the public banking sector almost in every way. Their quality of asset and operational efficiency is better than the public limited bank.

Dr. Dhanabhakyam and M. Kavita: they used some ratios for public sector banks. Advances to aasset ratio indicates that Expanding pattern for the majority of the public area bank.

Ravindar Kaur: If we compare the now a days banking sector and traditional banking sector, there is big difference. The banking sector has developed in many ways.

Dr. anurag B sing and MisPriyankaTandon: They analyzed that how much important the banking sector is. As the network of banking sector is large that's why they give many financial services to their customers.

It is a study of modern management philosophy of relationship of customer. And they compare with public and private sector at the same time. Customer switch to one bank from another one when they observe that another one is giving the better services than this one.

Chapter 4

Industry Overview

4.1 Industry Overview of Banking Companies

Introduction

Bangladesh's banking industry is one of the biggest sectors, contributing greatly to the national economy. Bangladesh Bank is the Central Bank of Bangladesh and the chief regulator of the industry. In Bangladesh, there are 57 scheduled banks functioning under the full oversight and supervision of the Bangladesh Bank, empowered to do so by the Bangladesh Bank Order, 1972 and the 1991 Bank Company Act.

A Number of banks in Different Categories comprise the sector. The Sector Can be divided into the following categories:

- State Owned Commercial Banks (SOCBs),
- Specialized Bank
- Private Commercial Banks (PCBs) and
- Foreign Commercial Banks (FCBs)

Historical Background

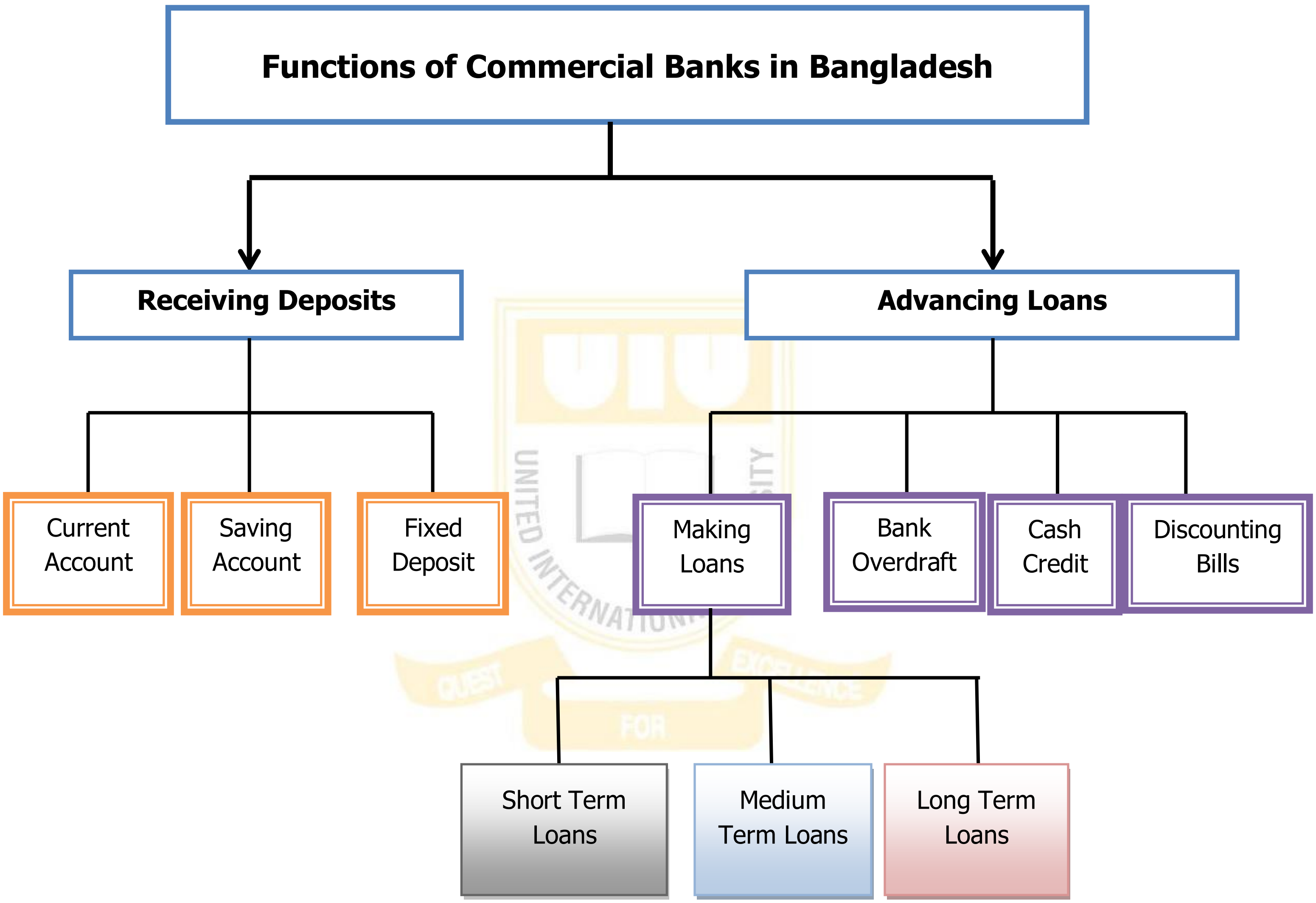
After independence, Bangladesh's banking industry began its journey with 6 nationalized commercialized banks, 2 specialist banks owned by the state and 3 international banks. The banking industry achieved substantial growth in the 1980s with the introduction of private banks. Bangladesh's banking industry currently consists predominantly of two types:

A) Schedule Bank

B) Non-Schedule Bank

A) Scheduled Banks: Scheduled Banks are classified as the banks approved to exist under the 1991 Bank Business Act (Amended in 2003). Scheduled banks are state-owned commercial banks, private commercial banks, Islamic commercial banks, international commercial banks and some specialist banks.

B) Non-Scheduled Bank: Non-Scheduled banks are classified as banks set up for a clear and definite purpose and functioning under the laws imposed to achieve organizational objectives.



Bangladesh is a country that has recently gained democracy. The country is a developed country as well. The country's financial and economic system is not, like other developed countries, in a sound and strong state. In modern years, though, this scene has gone history. Due to the relentless battle between the Bangladesh Bank and other well-organized commercial banks, the situation will change rapidly in the end. It's a private organization. The bank's primary aim is to profit as well. Bank is one of the knowledge-based sectors. The need for banks is undeniable in all economies.

Present Account Saving Account Make Loans Bank Overdraft Cash Credit Bills Short Term Loans Mid-Term Loans 24 banks are financial institutions that deal money in Bangladesh. Commercial banks' duties are not financial institutions. It takes money from those who do not necessarily need it and loans it to those who will use it for growth.

For the overall growth of a nation, financial institutions are very necessary, particularly banks play an important role in the field of capital promotion, encouragement of entrepreneurship, generation of employment opportunities etc.

The distribution of the banking sector in Bangladesh has been persistently strong over the years. Compared to the scale of its population, Bangladesh's banking sector is comparatively greater than many countries with comparable rate of growth and per capita income. The expansion of the financial industry over the past two decades has been one of the most important trends in the banking sector. The advantages the banking industry will offer! In the context of large-scale economic growth, expanded job opportunities, higher turnover and government revenue production, the export of goods and services has also increased.

Over the years, the banking industry in Bangladesh has flourished, delivering double-digit percentages of earnings, maintaining growth and surviving cut-throat competition while giving shareholders attractive returns. (However, without be fitting platform and fundamentals, the greed for more! rings its own problems and) questions in the minds of people.

The banking industry's reputation has been tarnished many times! There are numerous articles in recent media reports surrounding the owners. International countries are also somehow considering our banking industry practices as dubious, despite the significant progress achieved.

It is not the only block on the path to creating reputable and effective organizations, goods, enforcement and ethics, competition, change management and technology, among others, to tackle the image crisis.

While some can disagree, Bangladesh's rivalry seems to be the deadliest of all. Not just that! Rings in good developments but supports malpractice as well. There is rivalry not only from other banks, but also from the NBFI and the MFI non-bank financial institutions.

The regulators and consumers are not only opposing institutions, they are also pitting each other against each other, making the situation incredibly complicated, giving you the impression of being trapped between a rock and a hard wall. By not meeting the regulatory obligation, relating to the service given, the consumer will always want to make the most of the situation by Banks or other banks.

Competition in the banking sector is also hitting from the end of the stock market, with the company gradually moving to the equity market to increase financing. This not only impacts the banks in the gut by impacting their main sector, but also indirectly affects their market cap contribution, which drops from 59% in 2007 to less than 25% in June 2010. More specifically, in order to preserve profitability, it requires them to gamble their position by over-exposing them to the competitive stock market by insider trading and position taking.

If the policymakers and the judicial system were truthful, all these recurrent picture problems will be real. And that may have stopped malpractice. In order to build a viable, efficient and forward-looking banking industry, our aim should be to face the problems head-on in an acceptable manner. With good vision of the destination, we need to do more and move quicker. Maybe, the overall governance and transparency situation in the country still has a lot to do with it.

Chapter 5

Analysis and findings

5.1 Analysis part

I’m doing my internship report on comprehensive analysis of firm performance of Banking companies of Bangladesh case study on Al-Arafah- islami bank limited. I have chosen Al-Arafah- Islami bank along with 10 other commercial banks for comparison. And in this chapter I am showing five different kinds of comparison. Which are average liability of banking company, average asset of banking company, average asset to equity ratio of banking company, average cash flow from investing activities of banking companies and the last one is average paid up capital to authorized capital of banking company.

5.1.1 Compare Average Liability of banking companies.

Average Liability of Al-Arafah Islami Bank

Particular	2018	2019	Total
Total Liabilities	311,673,063,572	353,603,789,462	665,276,853,034

Average Liability = 665,276,853,034 / 2

= **332,638,426,517**

Average Liability of 10 Commercial Bank

Bank Name	2018	2019	Total
SJIBL	228,870,927,542	249,596,441,698	478,467,369,240
SIBL	291,555,441,648	327,784,901,154	619,340,342,802
FSIB	358,077,708,537	421,863,770,600	779,941,479,137
EXIM	342,856,727,390	402,782,525,382	745,639,252,772
IBBL	47,977,754,122	39,040,368,130	87,018,122,252
IFIC	260,957,048,169	292,353,363,735	553,310,411,904
Meghna	38,592,202,032	43,954,824,595	82,547,026,627
ICB	22,380,317,440	22,614,513,701	44,994,831,141
Eastern	259,484,693,944	309,595,981,374	569,080,675,318
One	251,657,909,353	281,821,482,050	533,479,391,403
		Total	**4,493,818,902,596**

Average Liability= 4,493,818902596 / 20
= **224,690,945,130**

<u>Interpretation:</u> In this table I got the Al-Arafah-islami bank's last two years average liability 332638426517 from total liabilities of 2018 and 2019. And other 10 companies average liability is 224,690,945,130. As we know that if the liability is low, risk is also low and the companies financial structure is also strong. So on the basis of this analysis we can say Al Arafah-islami bank limited is not a good position compared to other commercial banks. We can see that the average liability of 10 commercial bank is lower than the Al-Arafah-islami bank limited.

5.1.2 Compare Average Asset of banking companies

Average Assets of Al-Arafah Islami Bank Limited

Particular	2018	2019	Total
Total Assets	333,261,964,673	376,001,263,043	709,263,227,716

Average Assets = 709,263,227,716 / 2

= **354,631,613,858**

Average Assets of other 10 Commercial Bank

Bank Name	2018	2019	Total
SJIBL	243,659,893,222	266,103,709,111	509,763,602,333
SIBL	307,305,321,444	345,056,231,627	652,361,553,071
FSIB	371,335,783,344	437,178,834,150	808,514,617,494
EXIM	370,997,392,585	431,940,838,546	802,938,231,131
IBBL	997,429,601,475	1,141,492,971,367	2,138,922,572,842
IFIC	283,073,282,387	316,950,343,190	600,023,625,577
Meghna	43,849,553,982	49,340,927,296	93,190,481,278
ICB	11,429,696,872	11,240,140,191	22,669,837,063
Eastern	282,450,953,306	335,163,467,725	617,614,421,031
ONE	266,049,714,933	297,873,959,835	563,923,674,768
		Total	6,809,922,616,588

Average Assets = 6,809,922,616,588 / 20

= 340,496,130,829

Interpretation: Average net assets at the end of the current year and the previous year are defined as the average sum of assets reported on the balance sheet of an organization. From the table we can see average total asset of Al-Arafah islami bank is 354,631,613,858 and 10 commercial banks total average asset is 340,496130,829. The average asset of islami bank limited is more than other commercial banks which is a good sign. So based on this information we can say that Al-Arafah-islami bank limited is in better position than other commercial banks.

5.1.3 Compare Average Assets to Equity ratio of banking companies

Average Assets to equity Ratio of Al-Arafah-Islami Bank

Average Assets to equity ratio = Average Total Assets / Average Total Shareholder Equity

= 354,631,613,858/21,993,187,341

= **16.12**

Calculate Average Shareholder's Equity

Particular	2018	2019	Average Shareholder's equity
Total Shareholder's Equity	21,588,901,101	22,397,473,581	**21,993,187,341**

Average Assets to equity Ratio of other 10 commercial Bank

Average Assets to equity ratio = Average Total Assets / Average Total Shareholder Equity

=340,496,130,829 /18,887,662,027

= 18.03

Calculate Average Shareholder's Equity

Bank Name	2018	2019	Total
SJIBL	14,788,965,680	16,507,267,412	31,296,233,092
SIBL	15,749,879,796	17,271,330,473	33,021,210,269
FSIBL	13,258,074,806	15,315,063,550	28,573,138,356
EXIM	28,140,665,195	29,158,313,164	57,298,978,359
IBBL	54,896,303,450	58,651,673,686	113,547,977,136
IFIC	22,116,234,218	24,596,979,455	46,713,213,673
Meghna	5,257,351,950	5,392,102,701	10,649,454,651
ICB	-10,950,620,568	-11,374,373,511	-22,324,994,079
Eastern	22,966,259,362	25,567,486,351	48,533,745,713
One	14,391,805,580	16,052,477,785	30,444,283,365
		Total	377,753,240,535

Average Shareholder's Equity = 377,753,240,535 / 20

= **18,887,662,027**

Interpretation: We can see here, average asset to equity ratio of Al-Arafah-islami bank is 16.12. This Indicate that just 16.12% of the assets were equity-funded, while a huge 83.88% were debt funded. On the other hand the ratio of other 10 commercial bank is 18.03. This indicate that just 18.03% of the asset were equity- funded , while a huge 81.97% were debt funded. As I can see that asset to equity ratio of Al-Arafah islami bank limited is lower than the commercial banks. which indicated that the corporation, with a large proportion of investor financing and a small amount of debt, has been funded in a conservative way. Since the commercial bank has high equity ratio so it indicates Extra debt funding can no longer be obtained by a corporation, as lenders are reluctant to offer additional credit to an entity in this situation.

5.1.4 Compare Average Cash Flow from Investing Activities of banking companies

Average cash flow from Investing Activities of Al-Arafah- islami Bank

Particular	2018	2019	Average Cash Flow
C.F From Investing Activities	(1,657,001,581)	(535,060,181)	**-1,096,030,881**

Average cash flow from investing Activities of 10 commercial Bank

Bank Name	2018	2019	Total
SJIBL	-2,005,430,690	-4,096,709,589	-6,102,140,279
SIBL	-367,190,468	-353,731,874	-720,922,342
FSIB	-420,221,461	-1,821,401,443	-2,241,622,904
EXIM	-2,379,439,299	-16,872,938,145	-19,252,377,444
IBBL	-4,219,101,355	-14,132,908,110	-18,352,009,465
IFIC	-5,603,816,662	-14,749,471,893	-20,353,288,555
Meghna	-2,317,238	-734,447,694	-736,764,932
ICB	-3,723,731	-4,888,143	-8,611,874
Eastern	-6,052,164,472	-4,593,638,225	-10,645,802,697
One	-1,868,570,363	-2,152,938,460	-4,021,508,823
		Total	-82,435,049,315

Average cash Flow from Investing Activities= -82,435,049,315 / 20

= -4,121,752,466

<u>Interpretation:</u> Income from contributing exercises is a part of the income explanation that shows the money created or spent identifying with contributing exercises. we can see in the table above that cash flow from investing activities of A-Arafah islami bank limited is negative at the same time the commercial banks investing activities is also same. So, it indicates that companies performance is poor. But if we compare Al-Arafah islami bank limited with the other commercial bank we can see the performance of Al-Arafah islami bank limited is poorer than the commercial banks.

5.1.5 Compare Average paid-up capital to Authorized capital of banking companies.

Average Paid-up capital of Al-Arafah Islami bank limited

Particular	**2016**(BDT in M)	**2017**(BDT in M)	**Average Paid-up capital**
Paid-up Capital	9943.06	9943.06	**9943.06**

Average Authorized Capital of Al-Arafah Islami Bank

Particular	**2016**(BDT in M)	**2017**(BDT in M)	**Average Authorized Capital**
Authorized Capital	15000.00	15000.00	**15000.00**

Average Paid-up Capital of other 10 commercial Bank

Bank Name	**2016**(BDT in M)	**2017**(BDT in M)	**Total**(BDT in M)
SJIBL	7347	7714	15061
SIBL	7382	7382	14764
FSIB	6788	7128	13916
EXIM	14122	14122	28245
IBBL	16100	16100	32200
IFIC	5638	11953	17591
Meghna	4433	4433	8866
ICB	6647	6647	13294
Eastern	7029	7380	14409
One	6637	7300	13937
		Total	**172283**

Average Paid- Up Capital = 172283 / 20

= **8614**

Average Authorized Capital of other 10 commercial Bank

Bank Name	2016(BDT in M)	2017(BDT in M)	Total(BDT in M)
SJIBL	10000	10000	20000
SIBL	10000	10000	20000
FSIB	10000	10000	20000
EXIM	20000	20000	40000
IBBL	20000	20000	40000
IFIC	20000	20000	40000
Meghna	20000	20000	40000
ICB	15000	15000	30000
Eastern	12000	12000	24000
One	10000	10000	20000
		Total	**294000**

Average Authorized capital = 294000 / 20

= **14700**

Interpretation: Authorized capital is the maximum amount of capital for which the shares can be issued to the shareholders. Paid up capital is the measure of cash an organization has gotten from investors in return for portions of stock. Al-Arafah islami banks limited paid up capital is 9943.03 and authorized capital is 15000.00 where's commercial banks paid up capital and authorized capital is 8614 and 14700 which are lower than the Al-Arafah islami bank limited. Then there is chance to expand the company. So if we compare commercial bank. Al-Arafah islami bank is in a very good position. So the Al-Arafah islami bank can dominates to the other 10 commercial bank based on this issue.

5.2 Findings

I have got the chance to do my intern at Mohammadpur Krishi Market branch of AIBL. And I observe many things while I worked there. Al-Arafah islami bank limited is a well known and well disciplined bank in Bangladesh but still they have some lacking in their working activities I have noticed. And I tried to reduce their problem in different way which I explained below:

- Al-Arafah islami bank limited average asset to equity ratio is lower than the other banks which is 16.12%. Because of this Al-Arafah bank limited debt financing is increasing.
- Al-Arafah islami bank limited cash flow from investing activities is negative. And it indicates that their performance is poor.
- Their Co- ordination of different department is not strong.
- They don't have good ability of Decision making process.
- Lack of office facilities.
- Al-Arafah islami bank limited has lacking of proper documentations.

Chapter 6

Recommendation & Conclusion

6.1 Recommendation

- As the Al-Arafah islami bank limited average asset to equity ratio is lower than other banks. They can make it higher if they decrease the average shareholder equity then their asset to equity will increase. And if it increases, their debt financing will decrease which will be good for the Al-Arafah islami bank limited.

- Al-Arafah islami bank limited purchase property, plant and equipment in almost every year. As we know when we purchase something, cash will decrease if the sell long term asset or fixed asset then their cash flow of investing activities will be positive.

- They can make their decision making process better. First of all they can identify their goal and then Al-Arafah islami bank limited should develop the co-ordination of different department. They can develop co-ordination through the clear cut policies and procedures, mutual communication, existence of community of interest, effective leadership, voluntary cooperation etc.

- They can make their decision making process better. First of all they can identify their goal, gathered all necessary information and then consider the consequences and lastly they should make their proper decision based on the gathered information they have collected.

- Because of their office space their work environment isn't so good. It looks really gathering. And they should rearrange their office furniture. If they increase their office space then their environment will look good and it won't look like crowed place.

- If they want to do proper documentation they should think about some rules before doing any documentation. Such as how to use the software, it will have to be easy to contribute, which will be easy to find, comprehensive and dealing all aspects of project etc.

6.2 Conclusion

I have completed my internship at Mohammadpur krishi market branch of Al-Arafah islami bank limited. All the colleagues were so friendly and supportive and they helped me to do the internship report. If I didn’t get support from them then it would be tough for me to make this report.

Al-Arafahi slami bank limited is one of the best bank among all Shariah based bank in Bangladesh. And this followed the standard of islami banking as per the Quran and Sunnah. Day by day people are more attracted by the islami banking. Clients are progressively turning out to be more profited as there is no quarterly premium is charged and there is no way of revenue changed over into head under islami banking.

Their main concern is to provide the best services to their customers. They always try to Satisfied their customers through the improvement of their technology and facilities. Since the vast majority of the acknowledge hazard is connected for the speculation with convey the greater piece of benefit for the organization.

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