



ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লি:

ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লিমিটেড FIRST SECURITY ISLAMI BANK LTD.



Inspiring Excellence

INTERSHIP REPORT

ON

An Overview on Overall Performance of Investment Department of First Security Islami Bank Banani Branch

Submitted to

Mr. Saif Hossain
Assistant Professor
BRAC Business School
BRAC University

Submitted by

Akibul Wadud
ID-15104167

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Letter of Transmittal

30th April 2019

Mr. Saif Hossain

Assistant Professor

BRAC Business School

BRAC University

Subject: Submission of internship report on First Security Islami Bank Ltd

Dear Sir,

I am pleased to prepare my internship report and submit to you on “An Overview on Overall Performance of Investment Department of First Security Islami Bank Banani Branch”. It was an incredible opportunity for me to complete my internship from First Security Islami Bank Ltd. It is my pleasure to carry out the internship report under your supervision.

For my internship report, I basically focused on the investment sector, their performance based on performing and non-performing loans and all the products through which the bank is investing and making profit. In my report I do try my level best to present what strategies they are following to market their product, which products are most profit generating and an overall performance of investment sector of First Security Islami bank Ltd. I hope this internship report will be of great value to you.

Thank you,

Sincerely

Akibul Wadud

Id: 15104167

BBA, BRAC Business School

BRAC UNIVERSITY

Acknowledgement

At first I want to thank our creator almighty Allah. I would like to express my sincere gratitude and cordial thank to my academic supervisor Mr. Saif Hossain for his steady supervision, moral help, important guidance and accommodating counsel in planning of the report. His direction extraordinarily helped me to carry on the thesis and give it a last shape.

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I would also like to give thanks to Syed Azizul Haque (Junior Officer), Mrs. Jannatul Hafsa (Junior Officer) and Mr. Mithan Dutta (Assistant Officer) for their hearty co-operation in general banking practice at Banani branch.

Finally, I would like to convey my appreciation to all of my teachers and friends who their help in setting up this report.

Table of Contents

| Contents | Page |
|---|--------------|
| Executive Summary | 1 |
| Company Overview | 2-3 |
| The Job | 4 |
| Chapter 1 | 6-7 |
| 1.1 Introduction | 6 |
| 1.2 Origin of the Study | 6 |
| 1.3 Rationale of the Study | 7 |
| 1.4 Scope of the Study | 7 |
| Chapter 2 | 8-9 |
| 2.1 Literature Review | 8 |
| 2.2 Objective of the Study | 9 |
| Chapter 3 | 10 |
| 3.1 Methodology of the Study | 10 |
| 3.2 Limitations of the Study | 10 |
| Chapter 4 | 11-27 |
| 4.1 Products Offerings and Strategies they follow to Grab the Market | 11-15 |

| | |
|---|--------------|
| 4.2 Difference between Performing and Non Performing Loan Product of FSIBL | 16-17 |
| 4.3 Risk Appetite Statement for Investment Department | 18-22 |
| 4.4 An Overall Portfolio of Investments | 23-27 |
| Overall Analysis of the Findings of the Report | 27-28 |
| Result and Recommendation | 29 |
| Conclusion | 30 |
| Reference | 31 |

Table of Figures

| Figure Number | Topics | Page Number |
|--------------------------|---|------------------------|
| 1 | Showing the percentage of Performing and Non-Performing loan | 16 |
| 2 | Product category wise performance | 17 |
| 3 | Product wise profit for the last three months | 24 |
| 4 | Top 5 most profit generating product in the month of March | 25 |
| 5 | Net profit for last three months | 26 |
| 6 | Net profit graph for the last three months | 26 |

Executive Summary

First Security Islami Bank Limited (FSIBL) was set up in 29 August 1999 with a reasonable statement of exhibiting the operational importance of participatory economy, banking and money related exercises as a fundamental piece of an Islamic code of life. The philosophy of First Security Islami Bank is to build up as egalitarian society dependent on the principal of social equity and justice.

This report is to assess the overall performance of the investment department of First Security Islami Bank Limited, Banani branch. This report gives an idea about the investment schemes or products, strategies they are following to give loan through these products, an overview of overall loan performance based on performing and non-performing loan, how they manages their risks to stay strong in banking industry. Lastly this report will also gives us an idea about overall financial performance based on product wise profit and their last three months of net profit. I discussed with the officials and executive of the FSIBL, Banani branch and found the approximate data which has been used in the report. I have collected my primary data by interviewing bank's officers. Most of my data has been collected from the primary source. In this paper I had been advised to work on only the most recent three months of data sets. So my secondary data was obtained from the company's this year financial reports. After having all these data sets and discussing inside the report we have found the result as well. In this report I have shown that the bank is dealing with profit so far but their profit is declining as their depository rate increased by significant amount. Moreover, I have tried my level best to show in which side the bank is doing well and in which side they need to work on so that they can give better customer care services. Lastly, I also have mentioned in this study that though they are making profit but they need to concentrate on some specific issue such as need to increase their lending rate a bit so that their net profit can be stable, also need to provide better ATM service etc.

Company Overview

History: First Security Islami Bank Limited was incorporated on 29 August 1999 as a commercial bank and got license from Bangladesh Bank on 22 September 1999. After one month of getting license, they started doing their operations on 25 October 1999 by opening their first branch. Their date of consent for IPO was on 04 June 2008 and on the next year they started sharia banking. They sponsored the National School Hockey Tournament and awarded as the bank best sponsor in 2014 by Bangladesh Sports Press Association (BSPA)

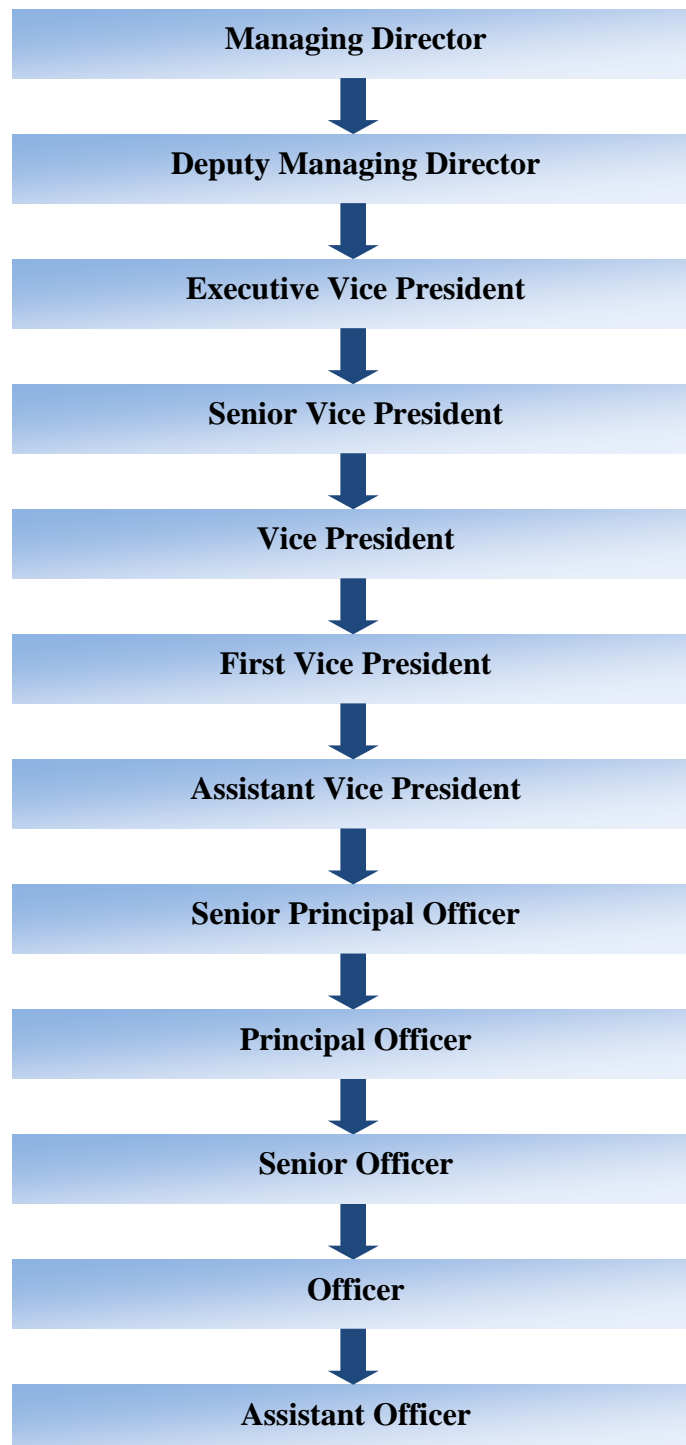
Mission

- To contribute to the socio-economic development of the country.
- To attain the highest level of satisfaction through the extension of services by dedicated and motivated professionals.
- To maintain continuous growth of market share by ensuring quality.
- To ensure ethics and transparency in all levels.
- To ensure sustainable growth and establish full value of the honorable shareholders and
- To contribute effectively to the national economy.

Vision: To be the premier financial institution in the country by providing high quality products and services backed by latest technology and a team of highly motivated personnel to deliver excellence in Banking.

Product/service Offerings: First Security Islami Bank Limited mainly offers deposit scheme, investment schemes, locker service, foreign remittance, tasdir, brochures, utility bill payment, e-government procurement, and schedule of charges

Operational Network Organogram



The Job

Description/nature of the job/s

For the last three months I worked as an intern in First Security Islami Bank Ltd. There I have gone through so many departments to work on. Such as:

- ✓ Most of the time I worked in the account opening department. I had to communicate with the customer, provided them with the necessary information about different deposit scheme and also helped them write the account opening form.
- ✓ Secondly, I have learned how a bank grades their customer's profile which we can call as risk grading and I used to do that as well.
- ✓ I also worked on the clearing department. I was responsible to record all the clearing check on register book.
- ✓ I also worked in the cash counter of FSIBL. There I used to co-operate other officers as well as I used to help customer to write their payment slip and cheque as well.

Specific Responsibilities of the Job

One of the front desk officers was not available due to some personal issue. That is why the second man of the bank told me to do her part of the job. That was very special to me. Using their banking system software is not permissible for the intern but at that time I have the authority to work on in. I have learned how to operate that software and also used that software to fulfill customer's demand.

Critical observations and recommendations

I observed so many positive things such as from day 1 all the officers have tried to co-operate me, gave their best to make me feel comfortable in such unknown workplace. From my point of view, there is one negative observation which is they do not have the organised way to proper customer service. At time of rush I have seen many customers are waiting for hours to have only a print out copy of their statement. To recommend I just want to say they should have a organised way to give customer care service.

An Overview on Overall Performance of Investment
Department of First Security Islami Bank Banani Branch

Chapter 1

1.1 Introduction

Banking is the core of national economy. A wide range of monetary and money related exercises spin around the bank. As the industry produces good and commodities, bank makes and controls monetary policy and advances development of capitals. Bank is an amazing medium to bring financial changes in a developing nation like Bangladesh. Three significant parts like Agriculture, Commerce and Industry give a heft of the nation's wealth. So, the nourishment of these sectors is only possible through satisfactory banking facilities. In our country most of the industries are highly dependable on banking facilities. Banks are also providing various types of services such as online banking services, credit card facilities and most importantly loan facility. The banking business has subsequently, become complex and requires specific aptitudes. It works as reactant operator for achieving financial, modern development and success of the nation. Therefore, unique kinds of banks have appeared to suit explicit prerequisites. Regardless, of the quantity of banks and nature of their capacity and exercises national bank manages the activities of every single other bank.

1.2 Origin of the Study

The present world is evolving quickly. To confront the difficulties of focused free market economy, to keep pace with the pattern of each association who requested official with present day information and to give fresh graduates current hypothetical and expert learning in banking just as all other different organizations, BRAC University has doled out the temporary position program for the understudies to enable them to out to have a viable learning to work in genuine office condition. Under this program the understudies are sent to assemble useful information about the workplace and exercises. The report is a necessity of temporary position program for my BBA degree. My University supervisor Mr. Saif Hossain approved me the topic that I gave him which is “An Overview on Overall Performance of Investment Department of First Security Islami Bank Banani Branch”.

1.3 Rationale of the Study

There are two types of bank in Bangladesh. One is Schedule bank another one in Non-Schedule bank. The banks which are operating under the Bank Company Act, 1991 are termed as scheduled bank. First Security Islami Bank is a scheduled bank. I have chosen First Security Islami Bank Limited, which has some specific mission and vision to accomplish. I wanted to know about their investment schemes, their product and also wanted to see how they are making profit. So, I have selected the topic “An Overview on Overall Performance of Investment Department of First Security Islami Bank Banani Branch”. This report is a vital piece of BBA program of the university. So it is compulsory to embrace such activity by the students who want to finish and effectively end up their BBA degree. This additionally gives a chance to the understudies to limit the hole among hypothetical and functional information. That is why I have prepared this report.

1.4 Scope of the Study

The scope of the study covers the products they are offering, their strategies to market their products and also their services and financial performance of First Security Islami Bank Limited. The main part also covers the product wise profits and performing and non-performing amount of loans of FSIBL. As I was an intern, my scope was limited restricted for some reasons. I tried to follow the official formalities for the collection of data for my report. This report helps us to understand about the overall performance of the investment department of First Security Islami Bank.

Chapter 2

2.1 Literature Review

As per my topic “An Overview on Overall Performance of Investment Department of First Security Islami Bank Banani Branch” I have found out so many things from different aspects. While working on the topic I have found that the bank’s profitability is depending in so many variables. We have also seen some other things which have profound impact on bank’s performance.

I also have found so many other studies based on similar topic. I have also tried to relate my study with so many other authors who have worked on similar type of topic. A study shows us that “The empirical findings of this study suggest that bank specific characteristics, in particular loans intensity, credit risk, and cost have positive and significant impacts on bank performance, while non-interest income exhibits negative relationship with bank profitability” (Sufian & Habibullah, 2010, p.207). This statement shows a huge similarity with my findings. A bank’s profitability is truly depends on various aspects.

In another part of the report I have explained that the bank’s performance is highly depends on the performing and non-performing amount of their total loans. Some other studies also have shown the same result. From the point of view of an author “The banking sector stability depends in large part on the size of non-performing loans (NPLs)” (R.Kumar, 2016, p.5). From this point of view I can say that there is a huge relationship between performance of the bank with the performing and non-performing amount of loans.

2.2 Objective of the Study

This study has been conducted as partial fulfillment of requirement of the Bachelor of Business Administration under investment performance of First Security Islami Bank Ltd, Banani. Moreover, the objectives of the study are:

- ✓ How they are investing in the market through some product?
 - Basically I wanted to know about the products they are offering and the strategies they are following to get their customers attention.
- ✓ Difference between the performing and non performing loan products of that bank.
 - To know about their performance based on their performing and non-performing loan amount and also category wise performance.
- ✓ Risk appetite statement that the bank follows to reduce their risks.
 - To know what steps they are following to identify and reduce their risks.
- ✓ An overall portfolio of investments
 - Wanted to know about the profitability of the bank. How much profit they are making by selling their investment schemes, which products are generating most profit.

Chapter 3

3.1 Methodology of the study

This report has been prepared on the basis of experience gained during the period of internship. Most of the data has been collected from primary data source. Few of them are also collected from secondary data source.

Primary sources

- ❖ Face to face conversation with bank officers.
- ❖ Questionnaires
- ❖ By working in different department of the bank- account opening, clearing, foreign exchange and investment department.
- ❖ Personal observation- during bank hour.

Secondary sources

- ❖ Company annual reports
- ❖ Web Sites
- ❖ FSIB published documents.

3.2 Limitation of the study

As a financial statement every bank has to maintain high level privacy for each and every task. It is very hard to know a clear picture. Some limitations faced during collection of data:

- ❖ The main constraint of the study was insufficiency of information, which was required for the study. There is such information I needed that the bank officers cannot provide due to security purpose.
- ❖ Lack of in-depth knowledge and analytical ability for writing such report.
- ❖ Learning all the banking function about the investment risk management within just 90 days was really tough.
- ❖ Large scale of research was not possible due to the constraints and restriction posed by the bank.

Chapter 4

Findings of the Report Objectives

4.1 Products Offerings and Strategies they follow to Grab the Market

Bai Murabaha

The term 'Bai Murabaha' has been gotten from Arabic words "Bai'un" and "Ribhun". The word "Bai'un" implies buy and sale and the word "Ribhun" means agreed upon profit. Bai Murabaha means sale on agreed upon profit.

Bai-Murabaha might be characterized as an agreement between a purchaser and a seller under which the seller sells certain particular products (permissible under Islamic Shariah and Law of the land), to the purchaser at cost plus agreed profit payable in cash or any fixed future date in lump-sum or by any installments. The benefit increased might be fixed in singular amount or in level of the cost of the merchandiser.

In Brief:

- Profit is shared according to agreement
- Client must bear all the losses
- Amount can be paid on installment basis
- Normal terms 1-2 years
- Discount might be given at early adjustment

Categories of proposal under Bai-Murabaha

- Bai-Murabaha (HYPO)
- Bai-Muarabaha (General)
- Bai-Murabaha (Real Estate)
- Bai-Muarabaha (EMI) under SME
- Bai-Muarabaha (Agriculture)
- Bia-Murabaha (TR/Local Purchase)

Hire Purchase under Shirkatul Mielk

Hire Purchase under Shirkatul Mielk (HPSM) is uncommon kind of agreement. It is the blend of three separate contracts. These are Shirkat, Ijarah and Sale.

Shirkatul Meilk: Shirkat refers to partnership. Shirkatul meilk implies share in ownership. Whenever, at least two people supply money, buy an advantage, possess the equivalent together, share the advantage according to understanding and bear the misfortune in extent to their separate value the agreement can be characterized as “Shirkatul Meilk”.

Ijarah: The term “Ijarah” has been gotten from Arabic words ‘Ajr’ and ‘Ujrat’ which implies consideration, return, wages and rent. ‘Ijarah’ is an agreement between two individual, the hire and hirer where the hirer appreciates a particular administration or advantage against a predetermined thought or rent from the benefit possessed by the hire. To put it plainly it is a contract understanding under which a specific resource is enlisted out by the hire to hirer against fixed rental for predetermined periods.

Sale: ‘Sale’ is an agreement between a seller and a buyer through which the responsibility for merchandise is exchanged by the seller to buyer against settled upon cost paid.

In this way, in HPSM mode both the bank and the client shares value according to concurred extent to buy an asset (land, building, transport and so forth) with that value cash, own the same jointly, shares the benefits as per agreement and bear the loss in proportion to their respective equity. HPSM has three stages:

- Purchase under joint ownership
- Hire and
- Sale and transfer of ownership to the other partner (Hirer)

Categories of proposal under HPSM

- HPSM-Commercial
- HPSM-Consumer Durable Scheme
- HPSM-Real Estate
- HPSM-Transport
- HPSM-Industry
- HPSM-House Building Residential

Investment against Import

Investment against import basically refers to post import financing. For this, client needs to open a L/C. An importer is required to open a Letter of credit (L/C) by method for applying to bank in the endorsed format generally known as L/C application form and this structure is additionally an understanding between the bank and the importer for foundation of a L/C so as to import desired products. Prior to opening of L/C a importer is required to satisfy certain terms and condition set by the bank according to rule that everyone must follow. After satisfaction of the considerable number of essentials, bank builds up a L/C for bringing in merchandise according to necessity of importer portrayed in Pro-forma Invoice or Indent.

Categories of proposal under Investment against Import

- Bai-Murabaha Import Bill (Cash LC-MIB)
- Bai-Murabaha Post Import (TR)
- Bai-Murabaha Post Import (Pledge)
- Bai-Murabaha (MIB-EDF Fund)

Investment against Export

Export plays a predominant job in the economy of our nation. In the export trade, exporter needs the money at various stages directly from the stage he gets a export request to supply the merchandise from an overseas buyer. The fund is required for securing, preparing, assembling, collecting and bundling the merchandise for export in the pre shipment arrange. After the shipment is made, exporters once in a while should offer credit to the merchant for a concurred period and he needs to hang tight for the incentive till the expiry of the credit time frame. Regardless of whether no credit is permitted to importer, the capital of the exporter is obstructed till documents reach to the imposter, he makes the installment and the sum is gathered by the exporter's bank. Thus the post shipment credit is required amid the mediating time frame between the shipments of products till receipt of installment there against.

Categories of proposal against Investment against Export

- Bai-Istisna (Pre Shipment Investment)
- Bai-Salam
- Bai-Murabaha (Export)

Documentary Bill Purchase

There are two type of documentary bill purchase. These are Foreign Documentary Bill Purchase and Inland Documentary Bill Purchase. These are discussed below:

Foreign Documentary Bill Purchase

In the event of having an credit line with the bank, after all reports are checked, the bank will purchase Foreign Bills under the L/C by installment ahead of time and later gathered such installment from the issuing bank.

Foreign Bills Purchased is one of our administrations permitting clients (venders/exporters) a working capital under the administration terms and conditions. Foreign Bills Purchased with L/C, sold by clients, will be purchased at the rebate rate expressed by the bank.

To provide customers a working capital for running business during waiting for a payment from issuing bank after delivering all products under the L/C.

Inland Documentary Bill Purchase

Installment made against documents representing sell of products to nearby export oriented industries that are considered as exports and which are named in the neighborhood money/foreign cash falls under this head. This brief liability is movable from continue of the bills.

Letter of Guarantee

A Bank Guarantee is an endeavor given by a Bank to play out the guarantee or release the risk of its client if there should be an occurrence of his default. For an example, if a client of bank wants to buy some merchandise from their supplier and the client has letter of guarantee with him/her then the supplier gets the guarantee of being paid off but the payer should be that client's bank. So, that means the bank takes the guarantee of the clients.

Products offered under letter of guarantee:

- Tender Guarantee
- Performance Guarantee
- Shipping Guarantee
- Advance Payment Guarantee

Strategies that FSIBL Follows to Market their Products:

First Security Islami Bank follows so many strategies to market their products. FSIBL has a huge product line. Therefore, they want to advertise their products so that they can retain their existing customers and gets new customers as well. The strategies FSIBL follows to market their products are discussed below:

Word of Mouth: Word of mouth has the greatest potential to attract customer to a bank and draw customers away from the bank. FSIBL also tries to encourage their existing customer to talk about the bank's schemes to their friends and family so that they can get new customers. For that they often give their existing customers some incentives.

This is the most used means to attract and get new customers for First Security Islami Bank Limited.

Direct Marketing: During my three months of internship period I used to see that the officers of the bank went outside to different companies to talk about their schemes. That is how they try to capture the attention of new customers. They also try to convince those employees to open a salary account so that they can get their salary from the bank which ensures their safety.

4.2 Difference between Performing and Non Performing Loan Product of FSIBL

First Security Islami Bank offers plenty of loan products to their customers. They also record the performances of those products in two ways. These are performing loans and non-performing loans.

Performing loans are those types of loans where the borrower is paying their principal amount and the interest amount in install basis according to their contract.

Non-Performing Loans are those types of loans where borrower is not making interest installments or reimbursing any principal. When the credit is named non-performing by the bank, and when it turns out to be awful obligation, relies upon nearby guidelines.

Now, the last three months of data shows us the total amount of loans of FSIBL is 13,626,799,210 BDT where the amount of performing loan is 12,579,831,368 BDT and amount of non-performing loan is 1,046,967,841 BDT. So, we can say that their performing loan is way higher than their non-performing loan.

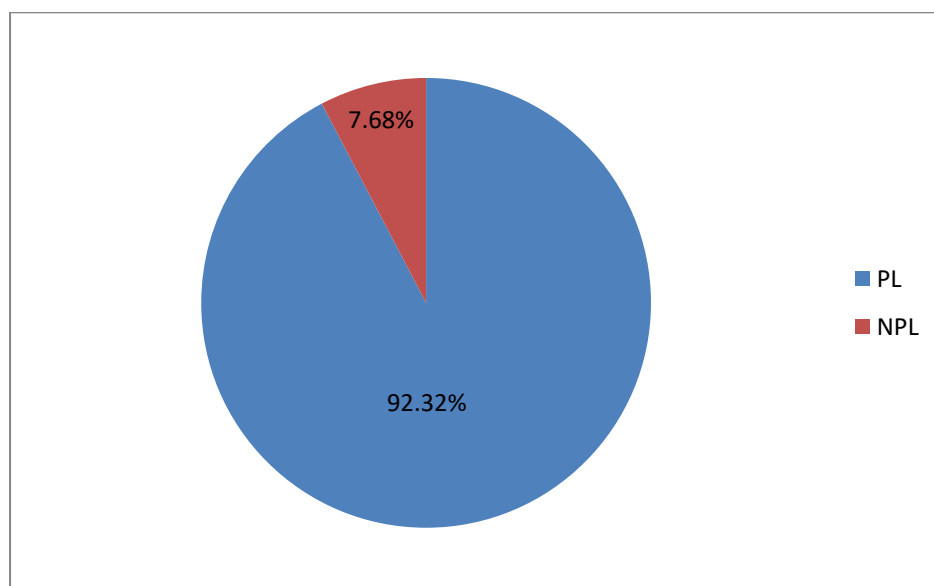


Figure1. Showing the percentage of Performing and Non-Performing loan

From the above chart we can easily say that the performance of the performing loan products are way higher than non-performing loan products. So the result is quite satisfactory. It also denotes that the bank is going on profit.

As we have already seen the total amount of loan and total performing and non-performing amount of loan now the table given below will help us to understand category wise loan products performance.

| Product Category | Performing Loan | Non-Performing Loan |
|---------------------------|-----------------|---------------------|
| Bai-Murabaha | 6,058,577,949 | 485,772,872 |
| HPSM | 4,827,591,983 | 894,403,651 |
| Investment against Import | 18,639,520 | 0 |
| Documentary Bill Purchase | 5,317,257 | 0 |
| Letter of Guarantee | 244,547,797 | 0 |

Figure2. Product category wise performance

Analysis

- The performance of Investment against Import, Documentary Bill Purchase and Letter of Guarantee is highly satisfactory. As, these three categories have 100% of performing loan. That denotes by investing in these three sectors the bank is getting their profit amount and their principal amount in time as per their contracts with their clients. Which also denotes the bank is making profit by investing in these three sectors.
- The chart also shows us that there are some non-performing loans in Bai-Murabaha and in HPSM but the ratio is very small. In short, this small amount of non-performing loan does not have any huge impact on profit. So, it also shows us that the bank is still on profit.

4.3 Risk Appetite Statement for Investment Department

In our country the banking industry is following a specific guideline to manage their risk. This guideline is set by the father bank of every enlisted bank which is Bangladesh Bank. Bangladesh Bank published a Risk Appetite statement in 2018 where the bank has mentioned how every bank should manage their risk. Every bank is bound to follow these rules. That is why First Security Islami Bank is also following these rules and regulation to minimize their investment risk as well as other operational risks.

Risk Management is a communicative procedure that, with each cycle, can contribute logically to authoritative improvement by furnishing the board with a more prominent knowledge into risks and their impact. It is a progression of multi-steps that, when attempted in arrangement, empower ceaseless improvement in basic leadership.

Steps of risk management process in banking organization

Step 1 – Communicate and Consult

Step 2 – Establish the context

Step 3 – Identify the risks

Step 4 – Analyze the risks

Step 5 – Evaluate the risks

Step 6 – Treat the risks

Step 7 – Monitor the risks

Step-1- Communication and Consult

This is preliminary advance that plans to distinguish the responsible person associated with risk assessment (including identification, analysis and evaluation) and furthermore the people occupied with the treatment, observing and audit of risk.

In this steps, the board must communicate the jobs, duties, accountabilities of the inside partners. Formation of approaches, audit/revision, and scattering of the strategies is additionally part of these steps. Risk proprietors/originator ought to be educated regarding their job when managing the risks. All the stakeholders ought to be conveyed after due interview that everyone ought to

advise and inform RMD as and when they recognize something to be noted in the risk register as potential risk to be tended to. This data to RMD authorities ought to ideally be in high contrast or even through email. RMD authorities will at that point incorporate the thing in the risk register.

Step-2- Establishment of the context:

This is another preliminary stage that closes to beginning the formal risk the board procedure. Before risk can be plainly comprehended and managed, it is critical to comprehend the setting in which it exists.

The means to help building up the setting inside which risk will be recognized are:-

A) Establish the internal context: Under this sub-step the destinations and objectives of a business or action should initially be recognized to guarantee that every single huge risk is comprehended. This guarantees chance choices dependably support the more extensive objectives and destinations of the business. This methodology supports long haul and vital reasoning.

B) Establish the external context: This sub-step characterizes the general condition in which the bank works. An examination of these variables will distinguish the qualities, shortcomings, openings and dangers to the business in the outside condition. Neighborhood and worldwide issues are likewise imperative to be considered.

C) Establish the risk management context: It is imperative to characterize the breaking points, goals, hunger and extent of the action or issue under examination. For instance, in directing a risk examination for another item or undertaking advance, for example, the presentation of another branch, wing of banking business or another product offering, it is critical to plainly recognize the parameters for this movement to guarantee that every single noteworthy risk are distinguished.

Step-3: Risk Identification:

The following stage is to recognize conceivable risk that may influence, either negatively or positively, the destinations of the business and the movement under examination. The motivation behind this step is to recognize what could turn out badly (probability) and what is the outcome (misfortune or harm) of it happening.

There are two fundamental approaches to distinguish banking dangers:-

1. Identifying retrospective risks

Retrospective risks are those that have recently happened, for example, incidents or mishaps.

Techniques for identifying retrospective risks include:

- Audit reports
- Various risks reports
- Regular reports
- Risk or occurrence logs or registers
- Customer complaints
- Changes in guidelines
- Past representative study/post employment survey
- Media reports (Print or electronic)
- Bangladesh Bank examination report

2. Identifying prospective risk: Prospective risks are those that have not yet occurred, however may happen at some point later on.

Strategies for distinguishing prospective risks include:

- Brainstorming with staff or outside partners
- Researching the financial scenario(macro or small scale both nearby and worldwide)
- Conducting interviews with the significant individuals or potentially associations

- Undertaking studies of staff or customers to recognize foreseen issues or issues or dangers
- Reviewing approach, process, frameworks

Step4. Analysis of the risks

The risk investigation step helps with figuring out which risk have a more prominent result or effect than others. In this manner breaking down the probability and results of each distinguished risk also, choosing which risk variables will continuously have the best impact and should, in this way, get need as to how they will be overseen. It is imperative to think about the results and the probability of risk with regards to the size, multifaceted nature, objectives of the movement of a financial organization is seeking after. It is critical to note that the probability/recurrence and furthermore the effect/result will fluctuate from bank to bank.

Step5. Evaluation of the risks

Risk assessment includes looking at the level of risk discovered amid the analysis procedure with recently settled risk criteria, and choosing whether these risks require treatment. The consequence of a risk assessment is an organized rundown of risks that require further activity. This progression is tied in with choosing whether risks are bearable or need treatment.

Step6. Treatment of risks

Risk treatment is tied in with thinking about choices for treating risks, assessing those alternatives, setting up the risk treatment designs and actualizing those designs to accomplish the ideal result.

Choices for treatment should be proportionate to the noteworthiness of the risk, and the expense of treatment similar with the potential advantages of treatment. Risk treatment ought to likewise intend to improve positive results.

Options for risk treatment

It recognizes the accompanying choices that may aid the minimization of negative risk or an increment in the effect of positive risk.

1-Avoid the risk

2-Change the probability of the event

3-Change the results

4-Share the risk

5-Retain

In fact the options are the following and can be applied either individually or in combination:

- Avoiding the risk by choosing not to begin or proceed with the action that offers ascend to the risk.
- Accepting and holding the risk by settling on educated choice and having plans for overseeing what's more, financing the results of the risk in the event that it happens.
- Reducing the probability of the risk through staff preparing, evolving methods, or by decreasing the effect through differentiating credit portfolio, setting up off-site information reinforcement and so on.
- Sharing the risk with another gathering or gatherings through protection, consortium financing, and so on

Step7. Monitoring and review of risks:

Risks should be checked periodically to guarantee changing conditions do not modify the risk needs. Not many risk will stay static, hence the risk the board procedure needs to be routinely rehashed, with the goal that new dangers are caught simultaneously and adequately oversaw.

A risk the board plan at each business level ought to be evaluated in any event on a yearly premise. A viable method to guarantee that is to join risk arranging or risk audit with yearly business arranging.

Risk the executives ought to be completely joined into the operational and the board forms at each dimension of the association and ought to be driven starting from the top.

4.4 An Overall Portfolio of Investments

In this part we will see the overall performance of the investments of FSIBL. To show the profitability of this branch I have taken last three months of data. There I have shown the profitability part by analyzing from three different aspects. First of all, I have shown all the investment products and their profits month wise. As a result, I found that how a single product's profit fluctuate within one month time period. Secondly, I have tried to find out top five most profit generating products which actually helping the bank to make profit. Lastly, I have shown the net profit for the last three months individually so that I can compare the results and also shows the up and down in the net profit.

From this table beneath we can without much of a stretch see how much profit the bank is gaining from their every single products. Here, I have given the most recent three months of each and every product's profit:

| Product's name | Profit in January | Profit in February | Profit in March | Total Balance |
|---|------------------------------|-------------------------------|----------------------------|--------------------------|
| PFT. On Bai-Murabaha Post Import (LTR) | 224,286 | 168,505 | 181,837 | 574,628 |
| PFT. On HPSM (House Building Staff) | 29,917 | 26,758 | 29,246 | 85,921 |
| PFT. On Bai-Murabaha Import Bill (Cash) | 2530 | 167 | 613,068 | 615,765 |
| PFT. On Bai-Murabaha (HYPO) | 52,747,571 | 48,454,334 | 53,867,430 | 1,55,069,335 |
| PFT. On Bai-Murabaha (SME) | 1,692,724 | 857,122 | 962,730 | 3,512,576 |
| PFT. On Bai-Murabaha (EMI) | 21,362 | 45,089 | 20,381 | 86,832 |
| PFT. On Bai-Murabaha against MTDR | 402,676 | 358,275 | 430,994 | 1,191,945 |
| PFT. On Bai-Murabaha (GENERAL) | 18,762,011 | 14,153,048 | 15,668,843 | 48,583,902 |
| PFT. On Bai-Murabaha (EXPORT) | 76,623 | 69,310 | 76,874 | 222,807 |
| PFT. On Agricultural Investment | 76,596 | 69,287 | 81,847 | 227,730 |
| PFT. On HPSM Real Estate | 6,199,951 | 5,599,956 | 6,199,951 | 17,999,858 |
| PFT. On HPSM Consumer Durable Scheme | 13,219 | 11,733 | 12,571 | 37,523 |

| | | | | |
|---|------------|------------|------------|------------|
| PFT. On HPSM Consumer Durable Scheme (STAFF) | 21,030 | 17,820 | 18,602 | 57,452 |
| PFT. On HPSM SME Investment | 1,218,075 | 1,099,416 | 1,216,632 | 3,534,123 |
| PFT. On HPSM- House Building Commercial | 16,536,140 | 14,973,235 | 16,612,422 | 48,121,797 |
| PFT. On HPSM- House Building Residential | 27,969 | 21,098 | 20,348 | 69,415 |
| PFT. On HPSM (Transport-Bus, Truck, Cargo) | 1,117,619 | 891,446 | 859,580 | 2,868,645 |
| PFT. On Bai-Murabaha Post Import (TR) under SME | 1,004,561 | 861,884 | 917,999 | 2,784,444 |
| PFT. On Inland Documentary Bill Purchase | 63,138 | 70,500 | 61,753 | 195,391 |
| PFT. On Bai-Murabaha HYPO against MMDS | 38,750 | 35,000 | 38,750 | 112,500 |
| PFT. On Bai-Murabaha (EQI) Under SME Investment | 9,114,526 | 8,259,100 | 8,968,378 | 26,342,004 |
| PFT. On HPSM Machineries | 8,935 | 10,000 | 12,009 | 30,944 |
| PFT. On Bai-Murabaha (GENERAL) under SME | 1,220,730 | 1,113,797 | 1,235,787 | 3,570,314 |
| PFT. On Bai-Murabaha (EQI) Investment | 8,172,289 | 7,462,703 | 8,338,029 | 23,973,021 |
| PFT. On Bai-Murabaha (EMI) Investment | 5,290 | 4,611 | 4,327 | 14,228 |
| PFT. On Investment General | 133,234 | 135,088 | 157,676 | 425,998 |
| PFT. On Bai-Murabaha against (M.M.D.S) | 73,522 | 72,184 | 91,394 | 237,100 |
| PFT. On BAI-Murabaha against (M.M.P.S) | 59,712 | 62,903 | 66,281 | 188,896 |

Figure3. Product wise profit for the last three months

Analysis

- Products which are generating highest profits such as Bai-Murabaha (HYPO), Bai-Murabaha (GENERAL), HPSM House-Building Commercial etc. It also shows the products which are generating less profit such as HPSM on Machineries, HPSM Consumer Durable Scheme etc.
- Several loan products profits are fluctuating within one month time period such as Bai-Murabaha (General). Its profit was reduced by 4 million taka from January to February. Moreover, the profit of Bai-Murabaha (HYPO) was also reduced by almost 4 million taka only within one month time period.
- In this table there are 30 items which are generating profits. Whereas, First Security Islami Bank has more 51 items which are not generating profit at all. So, this not good for the bank at all because if some of this products fails to generate profit then the bank will be in danger.

Products Generating Higher Profit:

The whole bank's financial position is still stable for some specific products as they are generating highest profit to the bank. Now, I would like to show the top five most profit generating products of FSIBL Banani branch.

| Product's Name | Profit Amount in BDT (March) |
|---|---------------------------------|
| PFT. On Bai-Murabaha (HYPO) | 53,867,430 |
| PFT. On Bai-Murabaha (GENERAL) | 15,668,843 |
| PFT. On HPSM- House Building Commercial | 16,612,422 |
| PFT. On Bai-Murabaha (EQI) Under SME Investment | 8,968,378 |
| PFT. On Bai-Murabaha (EQI) Investment | 8,338,029 |
| Total | 103,455,102 |

Figure4. Top 5 most profit generating product in the month of March

Form the table above we can see that only in the month of March this branch of First Security Islami Bank Limited is able to gain more than 100 million taka as profit.

We already have seen how this branch of First Security Islami Bank is making profits product wise. Now, the table below is showing us the net profit of the last three months.

| Month | Net Profit |
|--------------|-------------------|
| January | 18,317,172 |
| February | 10,951,805 |
| Mach | 9,411,600 |
| Total | 38,680,577 |

Figure5. Net profit for last three months

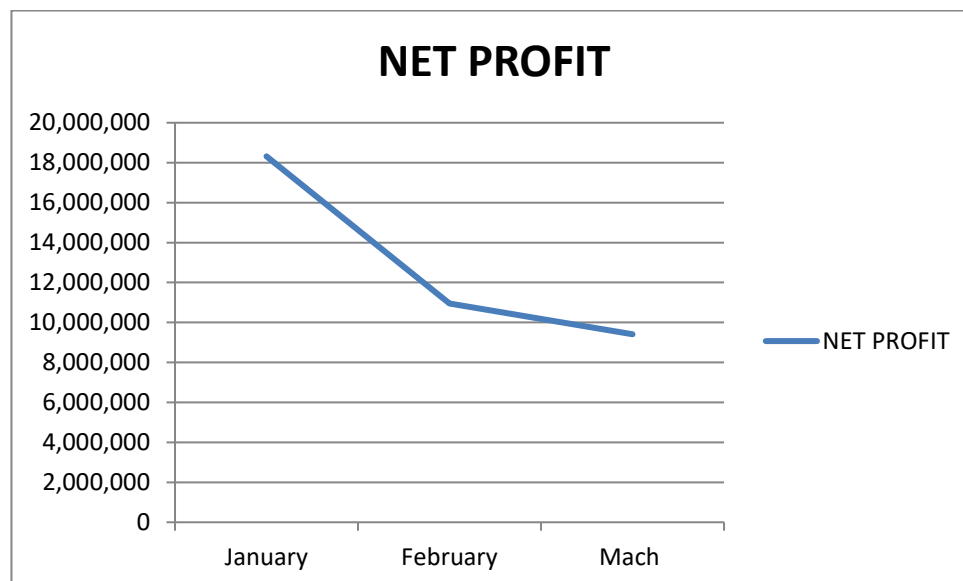


Figure6. Net profit graph for the last three months

Analysis

- It shows us that the bank's net profit is decreasing. From January to February the net profit is reduced by 7,365,367 Taka and February to March the net profit again reduced by 1,540,205 Taka. This result is not satisfactory.
- It also denotes that the difference between the net profit of January and March is 8,905,572 BDT. The net profit is reduced by 8,905,572 BDT from January to March which is almost 49% of total net profit in the month of January. As a result, even if the bank is going on profit but this kind of situation is quite dissatisfactory and the bank needs to take actions to eliminate this situation.

Overall Analysis of the Findings of the Report

So far we have seen the investment schemes of First Security Islami Bank Limited. We also have seen the strategies they are following to market their products. We have also notice the bank's performance based on performing and non-performing loan (Figure.1 &2), their product wise profit generating table (Figure.3) then their top five most profit generating products (Figure.4) and lastly the net profit of last three months of First Security Islami Bank Limited Banani branch. From that we can briefly analyze the overall financial performance of this branch of the bank.

- Their performance based on performing and non-performing loan is very satisfactory. They have 92.32% of performing loan from total loan. This basically denotes that the bank is doing well. (Figure.1)
- After the overall amount of performing and non-performing amount we goes for category wise how they are performing. We have also found a satisfactory result in this part. The performance table shows us out of five categories of products three categories have 100% amount of performing loan. Whereas, two of those category has small amount of non-performing loan. (Figure.2)

- They have also an effective way to manage their risks. While interviewing a senior officer of the bank Mr. Mizanur Rahman have told me that they are bound to follow those seven steps to identify and manage their risk.
- From the product wise profit generating table, we have seen top five most profit generating products and top five less profit generating products. This basically helps us to know the performance of the investment department of First Security Islami Bank Limited, Banani Branch. It also shows us in which products the bank need to give more concentration. (Figure.3 & 4)
- Lastly, their net profit analysis table for last three month. This is the most important part of this whole discussion. Though all data sets and financial report shows us that the bank is dealing on profit which is truly stated but their profit is declining in huge amount. For an example, we can see that their profit in the month of March has been declined by 49% from January. (Figure.5 & 6)

From the above analysis we can come to a point to agree that though the bank is making profit but their profit margin is decreasing day by day. As a result, they have already started to face some challenges such as lack of capital to reinvest, hardship to bear operational cost. Moreover, if it continues to happen soon they will fail to compete with other banking organization. They need to take immediate necessary steps to overcome this problem and boost up their profit margin.

Result and Recommendation

After getting the knowledge about the financial position of First Security Islami Bank Limited, it is clear that the consequence is not at all satisfactory. They need to take some initiative to boost up their profit. While interviewing a senior officer of the bank Mr. Mizanur Rahman we found that the main reason behind this result is the increase in deposit rate. The bank cannot but need to increase their deposit rate as other banks are providing their customer with higher depository rate. As a result, the out flow of the money from the bank increased whereas, their return rate or lending rate remains same. That is why their profit has been reduced by significant amount.

They have already taken some steps to overcome this situation. There so many things to change to improve their image towards customer. So, the recommendations will be:

- The bank utilizes a system named "Altima's". It is used by the entire organization however it is exceptionally slow and in some cases it collapse. So, they need to make it fast and easy to use.
- The junior officers need to be smarter while talking with customers. While working there I often saw that the front desk officers are not good enough to communicate with the customer and many times they have failed to handle situations. So, those officers need more training session to improve them.
- Their ATM service is not up to the mark. They do not have enough ATM booths all over city and country as well. So, they need to increase their ATM booths.
- First Security Islami Bank Limited has to concentrate to adequate investment. It should minimize the operating expense and follow the green banking system. The bank should be strict to recovery their invested money and time to time collecting profit.
- They need to increase their lending rate otherwise there is no scope to increase their profit. They also need to cut off their irrelevant expenditure so that they can maximize their profit.

Conclusion

First Security Islami Bank Limited is one of the developing banks which effectively execute the compelling HR rehearses for recruitment, selection and performance appraisal. FSIBL trusts that their profitability expanding step by step on account of their profoundly dedicated workers. To conclude, I want to say that as a scheduled bank First Security Islami Bank Ltd is doing well. They always try to maintain the rules and regulation that are imposed by Bangladesh bank. Moreover, in the overall-banking sector, FSIBL delivers its wide spread branch networking all over the nation. From my little experience, bank may achieve the more loyalty of the customers, by providing them effective and dependable services, credit facilities and updating with user friendly modern technologies. To conclude, I also want to say that I feel proud to get chance and worked with this bank and its personnel's. I hope that FSIBL will be one of the leading private banks within few years.

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