

Report On

Financial Performance Analysis of Shahjalal Islam Bank limited.

By

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration.

BRAC Business School
Brac University
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Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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Letter of Transmittal

Mahmudul Haq

Associate Professor

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Subject: Letter of Transmittal

Dear Sir,

This is my pleasure to display my entry level position provide details regarding' Recruitment and Selection Procedure of Shahjalal Islami Bank Ltd which I was appointed by your direction.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Nazmun Nahar 15204031

Student Full Name

Student ID

BRAC Business School

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Date: 12-01-2021

Non-Disclosure Agreement

This agreement is made and entered into by and between Shahajalal Islami Bank Limited and Nazmun Nahar, the undersigned student at Brac University for preventing the unauthorized disclosure of confidential and professional information.

Acknowledgement

To begin with, I would like to thank my supervisor for his supervision and valuable advice, which has helped me organize the report and focus on the essential areas in my analysis. It would have been challenging for me to complete the entire paper without his guidance.

Secondly, I am very grateful to Shajalal Islami Bank Limited for providing me this golden opportunity to gather experience and information required to prepare this report. My senior colleagues in the Amtali branch were also helpful and inspired me to discover my true potential. In addition to that, the work environment was friendly and engaging, so I never felt mundane while performing routine tasks.

Finally, I am also thankful to my friends and family, who have relentlessly supported me while preparing this report. My seniors have shared their internship and report writing experiences with me to avoid the mistakes they have made. I would like to personally show my gratitude to everyone for their important suggestions and advice.

Executive Summary

This internship report emphasizes the Financial Performance Analysis of Shahjalal Islam Bank limited. There are four chapters in this report which cover specific areas related to the analysis. This report's main objective is to identify Shahjalal Islami Bank Limited's financial position and analyze the financial performance to identify the strengths and weaknesses and finally provide recommendations to overcome the limitations. The whole analysis part was carried out using secondary data collected from online sources, relevant articles, and previous annual reports.

Secondly, the next chapter discusses the overview of Shahjalal Islami Bank and its mission and vision. This bank has started its journey initially as a public limited company, and they have expanded now to every corner of the country by founding 72 branches. They have introduced special schemes tailored to their customers' specific needs like Mudaraba monthly income scheme, Mudaraba double/triple benefit scheme, Mudaraba monthly deposit scheme, Mudaraba Housing deposit scheme, Mudaraba education deposit scheme etc. Their marketing strategy facilitated the organization to secure sustainable business growth by offering quality services to its clients. In addition to that, they have also been able to fulfill their yearly profit goals, which has taken them one step towards becoming an industry leader. Besides growth, they strictly follow financial laws and banking protocols to show professionalism. Efficient top management and special customer need-oriented schemes have enabled this organization to achieve a competitive advantage over other banks. On the contrary, this bank always depends on centralized decisions from head office and lacks technical workforce and logistics. These can be considered as the major weaknesses of this company.

Third chapter discusses financial performance analysis of the bank. Moreover, it has used financial statement analysis, different ratio analysis techniques on gathered data. There are several ratio analysis methods like current ratio, net working capital, debt ratio, equity over time, return on asset etc. which compares line-item data from company's financial statements to gain insights about profitability, liquidity, operational efficiency. It demonstrates the company's performance by identifying it's financial position and comparing it to other existing companies of the same and different sectors.

The final chapter of this report focuses on financial analysis findings and provides recommendations to address the shortcomings of these findings. Some of the major conclusions are decreasing tendency of current ratio, and debt ratio demonstrates an upward curve when plotted against time intervals for the last few years. Besides shortcomings, some of the findings indicate the organization's satisfactory performance, like the debt ratio has improved compared to previous records. Some recommendations are discussed in this section to address the current issues regarding financial performance. Some of the author's suggestions are improving the bank's ability to produce more cash to fulfill short-term obligations and making appropriate use of deposit funds to improve the investment to Deposit ratio.

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Glossary

Chapter 1

Introduction

1.1 Background of the story

Every BRAC Business School undergraduate student must participate in the internship program to gain practical knowledge from their respective organization. That internship curriculum allows the students to observe the implementation of theoretical knowledge in the working sector. This is the best scope for a business student to have the real example and understanding of those academic pieces of knowledge they have learned in their four years of undergraduate life. To gain first-hand experience and enhance my skills, I have joined Shahjalal Islami Bank Limited as an apprentice. After working there for a few days, I have decided to do the internship report focusing on the Last Five years Financial performance of Shahjalal Islami Bank Limited. For this analysis, I will be instructed and guided by my organization supervisor Mokammel Hossain as well as my intuitional supervisor.

1.2 Origin of the Report

For completing the BRAC Business School undergraduate program, the Internship report is considered one of the crucial requirements for the students. Students benefit from this internship program by learning how to transform their knowledge into action and obtain professional skills to make them more advanced for entering the competitive job market. Moreover, the main advantage of being an intern in any organization is to exercise and boost up his or her industry skill by getting help from experienced, skillful, and qualified professionals. Throughout this whole internship journey, I have found the significant difficulty is related to conceptual knowledge with real-life scenarios. Here are some motives for doing this internship program and presenting the internship report's acquired knowledge and Analysis.

1. For achieving priceless knowledge, expertise, and professional skills (time management, communication, teamwork).
2. To explore the working principle of the real business sector.
3. To see the difference between academic knowledge and the corporate environment.

For participating in the internship program, Shahjalal Islami Bank Limited assigned me to their Mohakhali Branch under my institutional supervisor Mokammel Hossain's supervision. My respected supervisor was convinced enough to consent to the topic I selected for doing my report. That internship report will include analyzing the last five years of Shahjalal Islami Bank Limited's financial performance, their organizational outline, and their policies.

1.3 The objective of the report: Generally, two goals can be defined for this internship report.

1.3.1 General Objective: The first and foremost motive in writing this report is to achieve a Bachelor of BRAC Business School. It is the prerequisite of completing Graduation and assessing Shahjalal Islami Bank Limited's financial performance.

1.3.2 Specific Objectives:

If I want to specify the objectives of preparing this report more, some following features will be included in this Analysis.

- 1.To reveal the Financial Position of Shahjalal Islami Bank Limited..
- 2.To analyze the Financial Performance of Shahjalal Islami Bank Limited.
- 3.To identify the problems related to Financial position
- 4.To give some recommendations to overcome the problem..

1.4 Methodology: The report is prepared on the collected primary and secondary data. Preliminary data were gathered from the self-observation, surveys, and interviews of the officials. Secondary data consist of the financial statement, internet, annual statement, and prospectus of Shahjalal Islami Bank Limited.

1.5 Scope of this Study: This study aims to search out the efficiency and limitations of Shahjalal Islami Bank Limited founded or based on the financial data that I had got from the work experience with organizational employees. Lastly, to finish my report I have used secondary data.

1.6 Limitations of the Study:

I bagged a great experience while as an intern at Shahjalal Islami Bank Limited. Though I have to deal with some following limitations during the research, it was a golden opportunity for me to work there with experienced bankers in this cozy environment.

- 1.Three months seem significantly shorter for doing this large-scale study. Moreover, it is tough to get all the adequate data and relevant information within this short period and its confidentiality.

2. Due to the current pandemic situation, they are only recruiting a limited number of interns. As a result, we could not explore all the areas of banking.

Chapter2 Company Profile

2.1 Overview of Shahjalal Islami Bank Limited:

Under the company act 1994, Shahjalal Islami Bank Limited started its journey as a public limited company from the very first day of April 2001. moreover, it operates its banking activities according to Islamic Shariah. Shahjalal Islami Bank Limited launched their leading branch on May 10, 2005, at 58, Dilkush Dhaka, by acquiring licenses from the Central Bank of Bangladesh, Bangladesh Bank. Shahjalal Islami Bank Limited's main office is centered at 2/B, Uday Sanz, Gulshan South Avenue, Gulshan-1, Dhaka 1212, Bangladesh. They are currently running their countrywide banking activities through their different branches; for instance, they have 72 branches in Dhaka region, 29 Branches in Chittagong region,7 Branches in Sylhet region, 8 Branches in Khulna region,12 Branches in Raj Shahi region, 4 Branches in Barisal region.

2.2 Mission:

There are several missions that Shahjalal Islami Bank aims to achieve. Firstly, they offer quality services to their customers. Secondly, they ensure high standards of integrity should be maintained. Thirdly, they plan to facilitate quality investment and support sustainable business growth. Furthermore, they operate banking activity to enhance shareholder's wealth. In addition to that, advanced technology is incorporated with Islamic principles to provide innovative services to customers. Finally, they focus on human resource development to meet contemporary challenges

2.3 Vision:

Shahjalal Islami Bank's vision is to make a substantial contribution to our country's economy and gain customer's trust and increase wealth. Moreover, they intend to ensure quality investment and enhance shareholder's equity to be our country's unique advanced Bank.

2.4 Management policy:

Many expert managerial and professional executives with their deep or intensive understanding of banking knowledge and proficiency are assigned to direct Shahjalal Islami Bank Limited's management. Those office workers, employees of the management committee of Shahjalal Islami Bank Limited have put their highest priority on the banking facilities to the customer by delivering an attractive significant amount of deposit scheme such as Mudaraba monthly income scheme, Mudaraba double/triple benefit scheme, Mudaraba monthly deposit scheme, Mudaraba Housing deposit scheme, Mudaraba education deposit scheme and so many others needful scheme. Furthermore, according to the tenets and principles of Shahjalal, Islami banks limited to make their Investment depending on the profit loss-share system. Shahjalal Islami bank limited tries to please their good investment clients, keep the right track about their creditworthiness and documentation. The Bank has launched different profit-making investment projects, for example, Mudarabaha, Bi-Muajjal, Hire Purchase and Ijara, Investment Against L/C, Bill Purchase, and others. In addition to the traditional schemes, the Bank has some particular investment schemes like Household Durable scheme, Small Business Investment Scheme, Housing Investment scheme, and Women Entrepreneur Investment scheme to benefit middle-class people.

2.5 Marketing Strategy of Shahjalal Islami Bank Limited:

Shahjalal Islami Bank Limited's market vision is to establish this Bank as an industry leader of all the Islami banks in Bangladesh and provide exclusive financial services to make an outstanding example for the banking industry's development.

Shahjalal Islami Bank Limited's market mission is to provide Shariah-based service to the clients for extending the customer base. Additionally, offering quality products to the customer for benefiting them with a quality service advantage. Shahjalal Islami Bank Limited has maintained a high standard of integrity, ethics through social /societal marketing. Again, Shahjalal Islami Bank Limited has to secure a certain amount of Sustainability of business growth. Lastly, Shahjalal Islami Bank Limited has to ensure the achievement of yearly profit targets.

2.6 Core values of Shahjalal Islami Bank Limited:

Accordingly, Bank's procedure Shahjalal Islami Bank Limited follows the financial service industry's rules and laws and their protocol regarding Bank's activity. They demonstrate their professionalism by following rules, staying transparent and honest to customers. Secondly, they maintain **Sustainability** by obeying the rules and regulations of the Bangladesh Banking industry that encourages the positive social, environmental, and economic impact of the organization. Thirdly, another essential core of Shahjalal Islami Bank Limited is **Customer focus** by which they want to get the highest level of customer satisfaction. Lastly, they maintain adequate working standards and provide competitive prices to maintain market position. Moreover, they focus on consistent improvement to prove their Excellence in the national market. All those four-core values, professionalism, Sustainability, customer focus, and **Excellence**, are the foundations of shahjalal Islami Bank Limited, which help them conduct their work and perform well.

2.7 SWOT Analysis of Shahjalal Islami Bank Limited:

SWOT-analysis helps to identify the strengths, weaknesses, opportunities, and threats of an organization. SWOT analysis can be used to evaluate an organization's strategic position and facilitate recognizing the required changes for improvement.

2.7.1 Strengths of Shahjalal Islami Bank Limited:

In this Bank, the top management is comprised of efficient management groups. Moreover, they have acquired a positive reputation and image in the banking industry. They have multiple branches to satisfy customer needs from different parts of the country. A vast array of products, schemes, and services are offered to their clients. This diversity of products and services helped them to gain a competitive advantage over the other banks.

2.7.2 Weaknesses of Shahjalal Islami Bank Limited:

Despite having some strong points over the competitors, Shahjalal Islami Bank also has some negative points. Firstly, they always take the major decision from head office, which works as a dependency on the main branch. Secondly, the official website is a significant source to attract customers by demonstrating their services and schemes. However, they have an obsolete web page that works as a disadvantage for the organization in this digital revolution era. Thirdly, their salary structure is inferior comparing to other national banks in our country. Lack of promotional campaign is another reason behind their weakness. Finally, in this decade of technology, they have not entirely shifted to the computer-based work environment, resulting in reduced banking efficiency.

2.7.3 Opportunities of Shahajalal Islami Bank Limited:

They can focus on the line of product development to establish new branches throughout the country. Furthermore, they can introduce special schemes addressing corporate clients and companies. Besides projects, they can emphasize teaching new products and services.

2.7.4 Threats of Shahajalal Islami Bank Limited:

Significant risks for the banks are loan-related risks. Therefore, all types of loans have to be minimized to ensure organizational Sustainability in the financial market. Because default loan risk may cause the Bank to suffer from financial deficiency even though to go bankrupt. In addition to that, the inferior remuneration package of employees at every level may reduce job

satisfaction and result in a lack of motivation. Moreover, Currency risk, Liquidity risk, Concentration risk, Credit risk, Reinvestment risk, Inflation risk, Horizon risk, Longevity risk, and Foreign investment risk can negatively impact the organization.

Chapter 3

Financial Performance

3.1 Introduction:

Financial performance analysis is considered a systematic way by which the total financial condition of a firm for a specific period. Usually, a financial statement describes the financial performance metrics. Financial performance is also used to assess the competitiveness of similar firms from the same industry. Financial strength, integrity, profitability, and solvency of business are included in interpreting and analyzing financial statements from the proper financial performance study. Total Business performance (Firm's production and productivity performance), profitability performance, liquidity performance, working capital performance, fixed asset performance, fund flow performance, social performance are the areas that are covered by the Analysis of financial performance. Different types of financial ratios measure those areas, for example, Working capital analysis, Financial structure analysis, Activity analysis, and Profitability Analysis. Lastly, the overall Analysis of an organization's financial performance helps and guides various stakeholders and investors to decide.

Five Years Financial Performance at a Glance of Analysis Shahjalal Islami

Bank Limited:

Sl	Particulars	2014	2015	2016	2017	2018
1.	Total Non-Current Assets	43,161,867,058	42,072,804,638	44,856,143,036	49,218,217,302	57,569,858,931
2.	Total Current Assets	86,370,597,393	99,189,286,744	126,096,837,785	158,668,157,376	186,090,034,291
3.	Total Assets	129,532,464,451	141,262,091,382	170,952,980,821	207,886,374,678	243,659,893,222
4.	Total Shareholder's Equity	11,715,475,122	12,299,330,205	13,004,235,820	13,317,783,751	14,788,965,680

5.	Total Non- Current Liabilities	31,089,137,101	32,155,224,995	46,919,212,544	61,538,148,434	66,798,380,215
6.	Total Current Liabilities	98,443,327,350	109,106,794,387	124,033,768,277	146,348,226,244	176,861,513,007
7.	Total Equity & Liabilities	129,532,464,451	141,262,019,382	170,952,980,821	207,886,374,678	243,659,893,222
8.	Net Profit After Taxation	813,489,923	96,834,650,269	122,998,380,344	146,348,226,244	186,090,034,291

3.3 Financial Statement Analysis:

Financial Statement Analysis analytically studies the relationship between the Financial Statements' several elements to gather the required information. It is a method of examining the financial statements for understanding the relationship among its components.

It is essentially a thorough analysis of transactional activities of an organization, presented in the Financial Statements. This study evaluates the operational ability, profitability, solvency, managerial efficiency, and overall performance of the organization more clearly of Financial Statements.

3.4 Keys of Financial Statement:

Financial statements express the productivity and economic value of the business. The two key components are described below.

3.4.1 Balance Sheet:

The balance sheet demonstrates what the organization owns and owes. Their difference indicates what belongs to the owner. This document summarizes the company's financial history from the founding of the organization. Essential information can be extracted from the balance sheet, mostly from working capital, fixed asset, owner's equity.

3.4.2 Income Statement:

This document measures how well the company performed over a specific period. Moreover, this is a brief statement gathering information over a particular time period. For instance, it accumulates financial data monthly or quarterly, always reset before calculating the next period. Revenue and expenses are the major components of this statement, which estimates net income.

3.5 Tools of Financial Statement Analysis:

3.5.1 Horizontal Analysis:

Horizontal Analysis analyzes the trend over time. This is a financial report that assesses income statements over time to illustrate the organization's trends.

3.5.2 Vertical Analysis:

Vertical Analysis is a financial statement analysis process where every component is recorded as a percentage of the report's base figure. Therefore, line items on the income statement can be represented as a percentage of total sales. Vertical Analysis is a helpful tool to conduct a comparative study of financial statements among different companies, even across industries.

3.5.3 Ratio Analysis:

Ratio analysis compares line items in financial statements. It is utilized to measure some specific issues with business-like liquidity, operational efficiency, and profitability. It is more useful to the outsiders of the organization who have less access to detailed information about the company. As they only have direct access to the financial statements of the company.

Financial statement analysis evaluates the firm's risk and profitability by reporting financial data findings by utilizing several accounting tools and techniques. Financial Statements are generated to meet the requirements of external reporting and also for taking proper decisions. They play a controlling role in making organizational decisions. But the contained information in Financial Statements is not enough to conclude. Nonetheless, the financial statements' given data is enormous in formulating decisions through study and understanding of financial statements.

3.6 Ratio Analysis of Shahjalal Islami Bank Limited:

This section measures the statement of Shahjalal Islami Bank Limited based on the financial ratios. All of the ratios are covered in the following areas to prioritize overall bank performance, but investment performance has been focused highly.

3.6.1 Current Ratio:

The current ratio is defined as a liquidity ratio that assesses a company's capacity to finance short-term requirements or those payments within one year. It says depositors, investors, stockholders, and specialists maximize current assets on its balance sheet to fulfill its current debt and other payable.

Current Ratio: Current Asset/ Current liabilities

Table 1: Current Ratio

Year	2014	2015	2016	2017	2018
Current Assets	86,370,597,393	99,189,286,744	126,096,837,785	158,668,157,376	186,090,034,291
Current Liabilities	98,443,327,350	109,106,794,387	124,033,768,277	146,348,226,244	176,861,513,007
Current Ratios	.87	.90	1.01	1.08	1.05

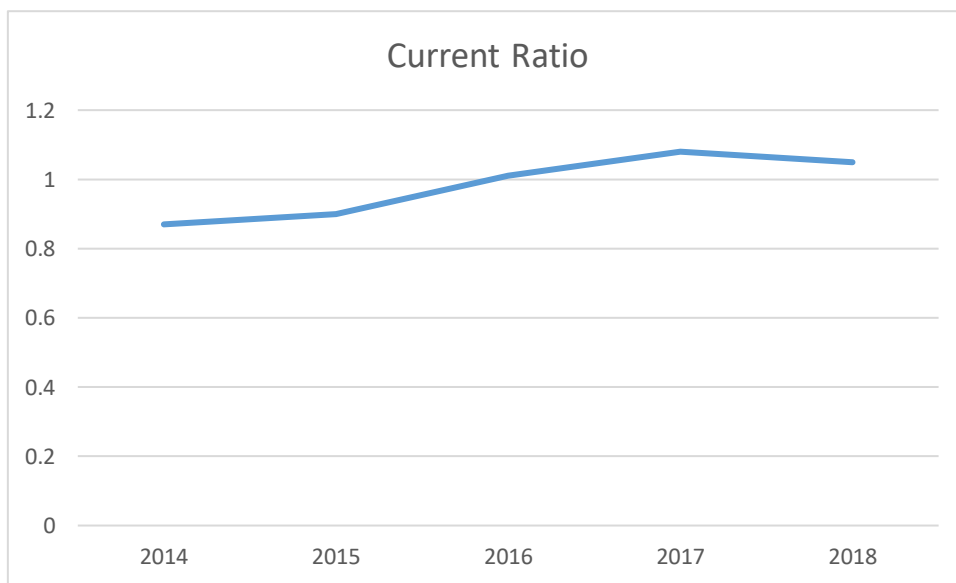


Figure: Line Graph of Current Ratio Over Time

Interpretation:

Current Ratios of Shahjalal Islami Bank Limited were .87 times, .90 times, 1.01 times, 1.08 times, 1.05 times respectively in 2014,2015,2016,2017, and 2018. We can see that it has started gradually increasing from 2014. Again in 2018, it decreased a bit. But most of the investors want to invest their money into a company with a current ratio of 2:1 that indicated current assets are almost double the liabilities. Current Ratios of Shahjalal Islami Bank limited are less than the standard measurement. Regarding the current ratio liquidity position of Shahjalal Islami Bank Limited, it is not standard.

3.6.2 Net Working Capital:

Net working capital is distinguishing between a company's current assets and current liabilities. A growing networking capital shows a company has enough reserves to meet its existing financial requirements and finance in other activities.

Net Working Capital: Current Assets -Current Liabilities

Table 2: Net Working Capital

Year	2014	2015	2016	2017	2018
Current Assets	86,370,597,393	99,189,286,744	126,096,837,785	158,668,157,376	186,090,034,291
Current Liabilities	98,443,327,350	109,106,794,387	124,033,768,277	146,348,226,244	176,861,513,007
Net working Capital	-12,072,729,957	-9,917,507,643	2,063,069,508	12,319,931,132	9,228,521,284

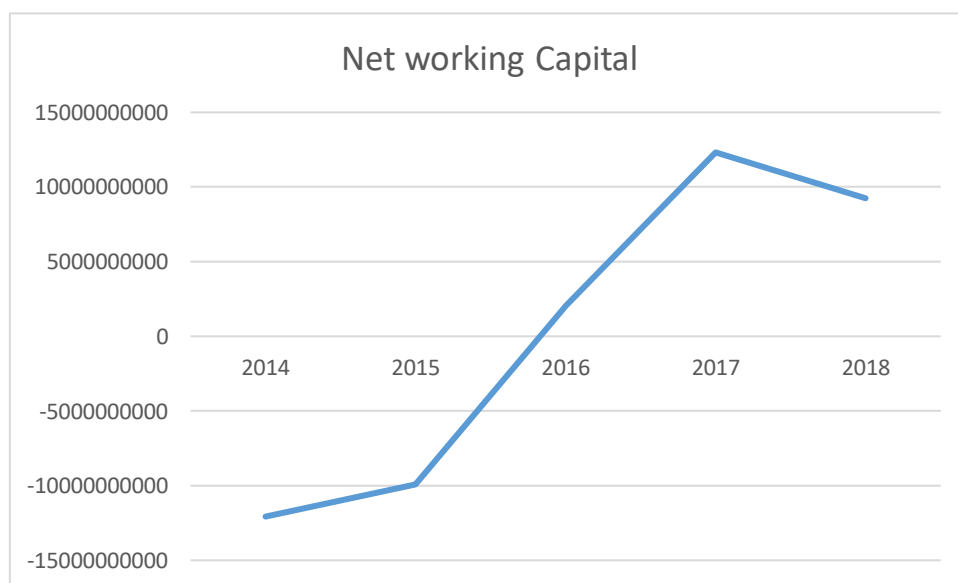


Figure: Line Graph of Net Working Capital Over Time

Interpretations: Net working capital estimates the liquidity standard of the Bank. In the following year 2014,2015,2016,2017 and 2018 net working capital of Shahjalal Islami Bank Limited were (12,072,729,957), (-9,917,507,643), 2,063,069,508, 12,319,931,132, 9,228,521,284 .Net working capital of year (2014, 2015) was in minus figure. again, It has been started rising from 2016, which is a positive sign for the Bank.

3.6.3 Debt Ratio: Debt Ratio is a crucial financial term that evaluates an organization's leverage.

Debt ratio = Total Liabilities/ Total Assets

Table 3: Debt ratio

Year	2014	2015	2016	2017	2018
Total Liabilities	117,589,994, 379	128,732,398, 464	157,709,272, 654	194,568,590, 927	228,870,927, 542
Total Assets	129,532,464, 451	141,262,091, 382	170,952,980, 821	207,886,374, 678	243,659,893, 222
Debt Ratio	90.7%	91.1%	92.2%	93.5%	93.9%

Interpretation: A lower debt ratio is satisfactory for the Bank from the creditor's perspective. From the analysis debt ratios were 90.7%,91.1%,92.2%,93.5%,93.9% respectively in 2014,2015,2016,2017, 2018.We can see that Debt ratios have a considerably upward trend, which can affect the company negatively.

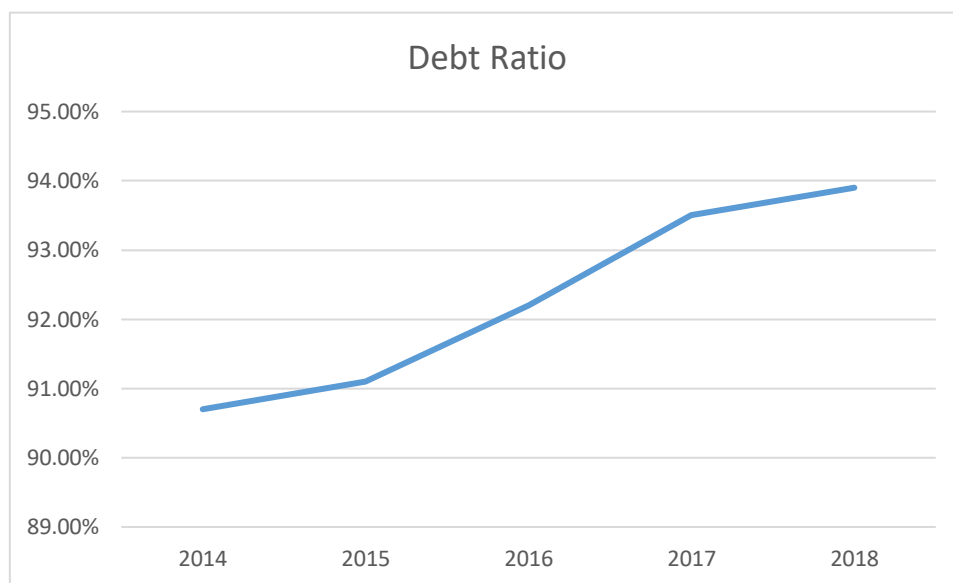


Figure: Line Graph of Debt Ratio Over Time

3.6.4 Debt to Equity Ratio:

Debt Equity Ratio is another financial ratio that weighs its capital condition. An evaluation of risk to creditors can be estimated by using the funds invested by creditors and investors. The percentage of debt indicates the degree of trouble for the creditors.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liability}}{\text{Equity Capital}}$$

Table 4: Debt to Equity Ratio

Year	2014	2015	2016	2017	2018
Total	117,589,994,	128,732,398,	157,709,272,	194,568,590,	228,870,927,
Liabilities	379	464	654	927	542
Equity	11,715,475,1	12,299,330,2	13,004,235,8	13,317,783,7	14,788,965,6
Capital	22	05	20	51	80
Debt to Equity	10.03	10.46	12.12	14.60	15.47

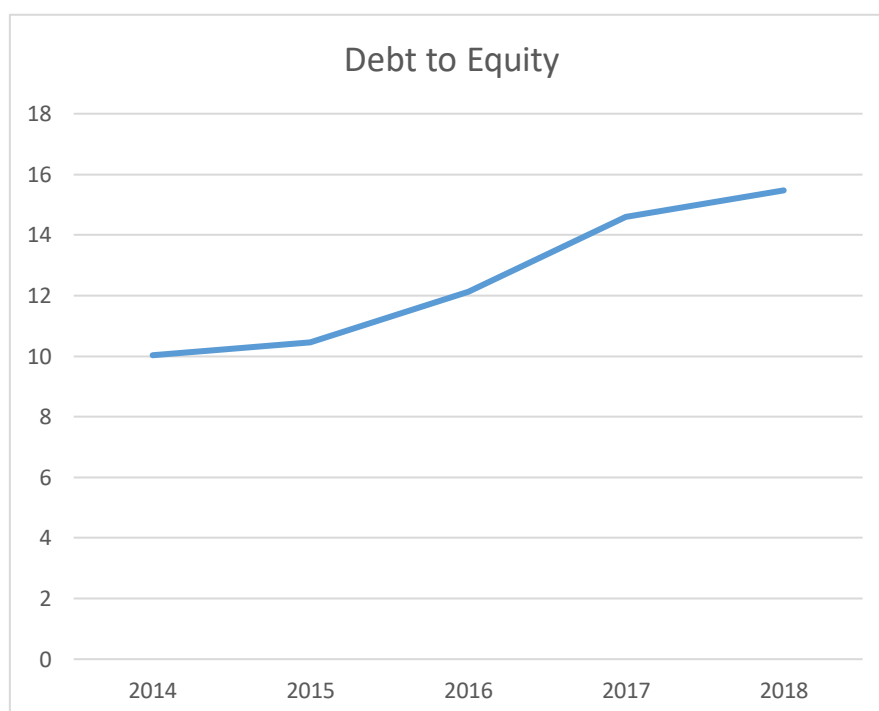


Figure: Line Graph of Debt to Equity Over Time

Interpretation:

From this Analysis, we know that Debt to Equity Ratio of Shahjalal Islami Bank Limited was 10.03 times, 10.46 times, 12.12 times, 14.60 times 15.47 times, respectively in 2014, 2015, 2016, 2017, and 2018. Debt to Equity Ratio continuously increased from 2014 to 2018, which specifies high debt to equity ratio. This High Debt to Equity Ratio points out that a company may not produce sufficient cash to pay its debt obligations.

3.6.5 Return on Assets:

Return on Assets is one of the main profitability ratios that states its overall efficiency in yielding profits with its available assets called the return on assets. A larger percentage is considered satisfactory.

Return on Asset (ROA) = $\frac{\text{Net Profit after Taxes}}{\text{Total Assets}}$

Table: Return on Asset

Year	2014	2015	2016	2017	2018
Net profit after taxes	813,489,923	1,321,838,980	1,669,181,822	1,248,471,542	1,367,034,446
Total Assets	129,532,464,451	141,262,091,382	170,952,980,821	207,886,374,678	243,659,893,222
Return on Assets	.62%	.93%	.97%	.60%	.56%

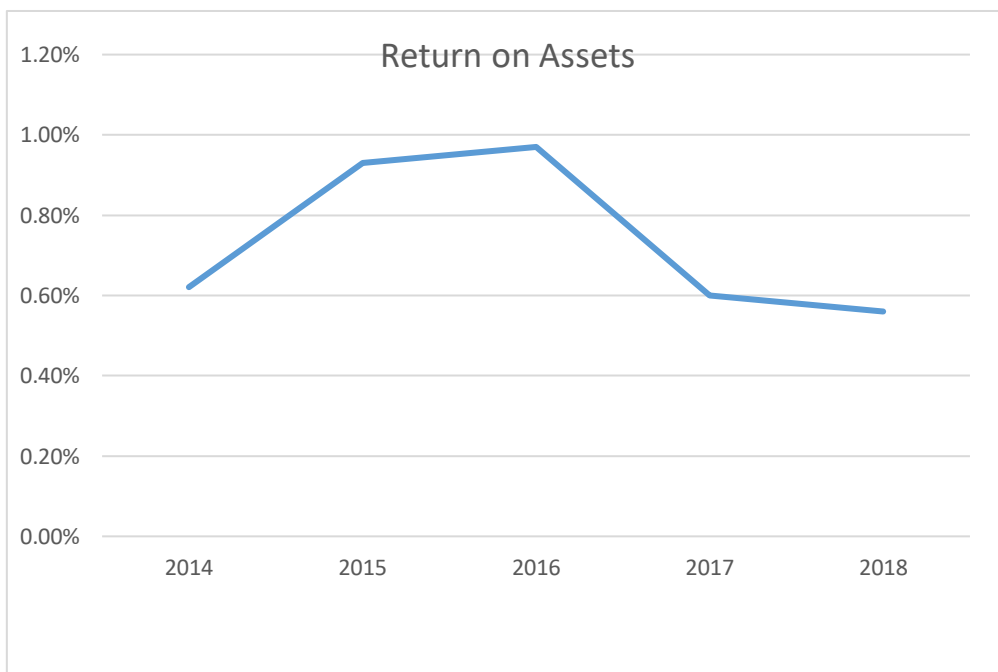


Figure: Line Graph of Return on Assets Over Time

Interpretation:

Return on Asset of Shahjalal Islami Bank Limited was .62%, .93%, .97%, .60%, .56% respectively in 2014,2015,2016,2017 and 2018. Return on Asset was the highest from 2015 to 2016 (.93%, .97%). But it demonstrates a downward trend in 2017 and 2018 (.60%, .56%), which is not a good signal for the Bank. Bank Should give more importance to the user of the asset to raise return associated with over-all assets.

3.6.6 Return on Equity:

The Return on Equity calculated the earned return based on the owners' Investment (both preferred and common stockholders). Usually, the degree of return determines the betterment of the owners.

Return on Equity= Net profit after Taxes/Shareholder's Equity

Table: Return on Equity

Years	2014	2015	2016	2017	2018
Net profit after Taxes	813,489,923	1,321,838,980	1,669,181,822	1,248,471,542	1,367,034,446
Shareholder's Equity	11,715,475,122	12,299,330,205	13,004,235,820	13,317,783,751	14,788,965,680
Return on Equity	6.94%	10.74%	12.83%	9.37%	9.24%

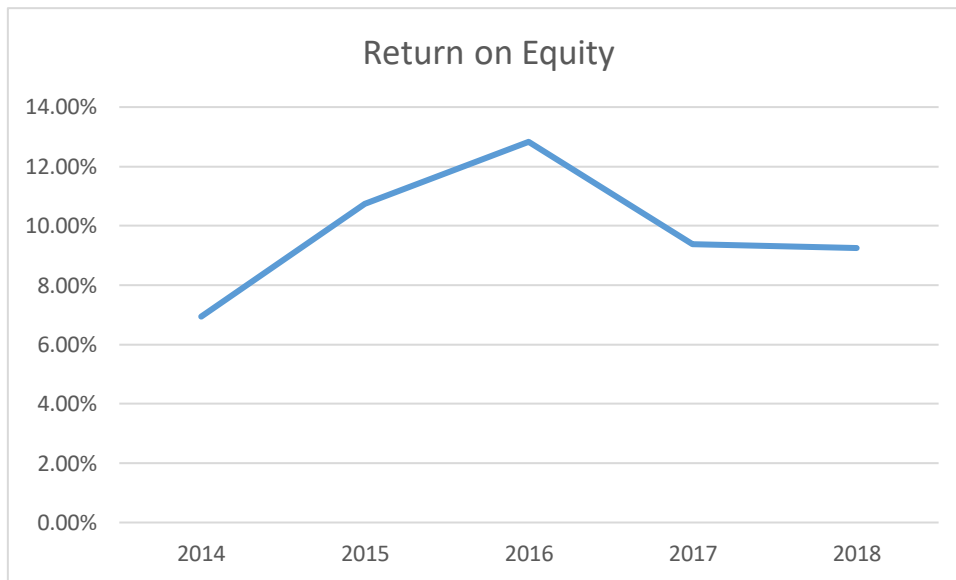


Figure: Line Graph of Return on Equity over time

Interpretation:

After the analysis Return on Equity were 6.94%, 10.74%, 12.83%, 9.37% and 9.24% respectively in 2014,2015,2016,2017 and 2018. We can see that in 2015 and 2016, the percentage of ROA of Shahjalal Islami Bank Limited was good (10.74% and 12.83%). In 2017,2018, it has started reducing, and it was less in 2014 (6.94%). This descending order of ROA is a negative impression of Shahjalal Islami Bank Limited.

3.6.7 Non-Performing Investment:

Non-performing Investment is an investment when the amount of interest and the principal payment is previously payable by 90 days or more. Otherwise, or else 90 days interest expense has been capitalized, refinanced, or overdue via contract or amounts are smaller than 90 days late. Still, then again, some reasons are behind for doubting that full charge will be made.

Non-Performing Investment Ratio:

Non-Performing Investment / total Investment

Table: Non -Performing Investment Ratio

Year	2014	2015	2016	2017	2018
Non-Performing Investment	5,782,000,000	6,261,000,000	6,612,000,000	2,404,260,444	1,954,093,058
Total Investment	84,062,273,442	96,834,650,269	122,998,380,344	146,348,226,244	186,090,034,291
Non-Performing Investment Ratio	6.87%	6.46%	5.37%	1.64%	1.05%

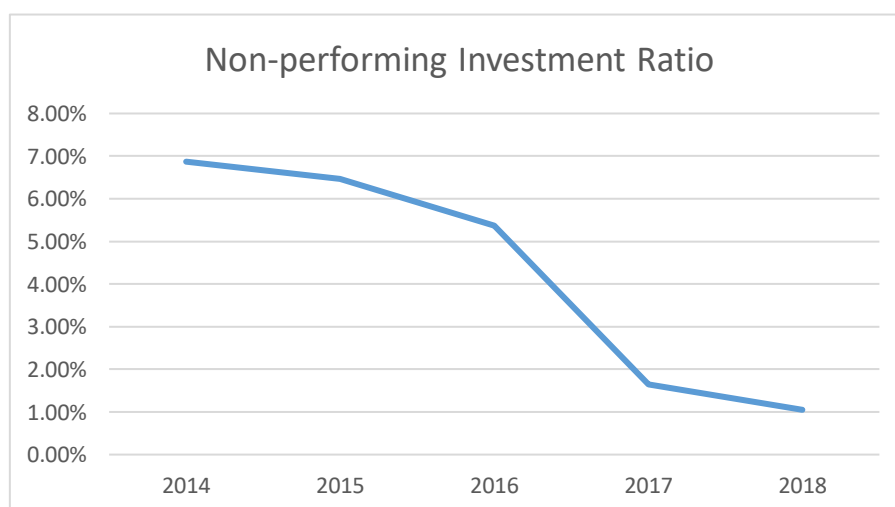


Figure: Line Graph of Non performing Investment over time

Interpretation:

From the breakdown, It was seen that the Non-Performing Investment Ratio of Shahjalal Islami Bank Limited were 6.87%, 6.46%, 5.37%, 1.64%, and 1.05%, respectively in 2014, 2015, 2016, 2017, and 2018. Non performing Investments of the year 2014, 2015, 2016 were upmost then in 2017 and 2018 it has started declining, which is Undoubtedly considered an excellent achievement for Shahjalal Islami Bank Limited.

3.6.8 Investment to Deposit Ratio:

The overall Investment and deposit measured by the Investment to Deposit Ratio.

Investment to Deposit Ratio= Total Investment/Total Deposit

Table 8: Investment to Deposit Ratio

Year	2014	2015	2016	2017	2018
Total Investment	84,062,273,4	96,834,650,26	122,998,380,3	158,668,157,3	186,090,034,2
Total Deposit	98,601,321,1	109,258,720,3	124,409,830,7	146,348,226,2	176,861,513,0
Investment to Deposit Ratio	85.25%	88.62%	98.86%	108.41%	105.21%

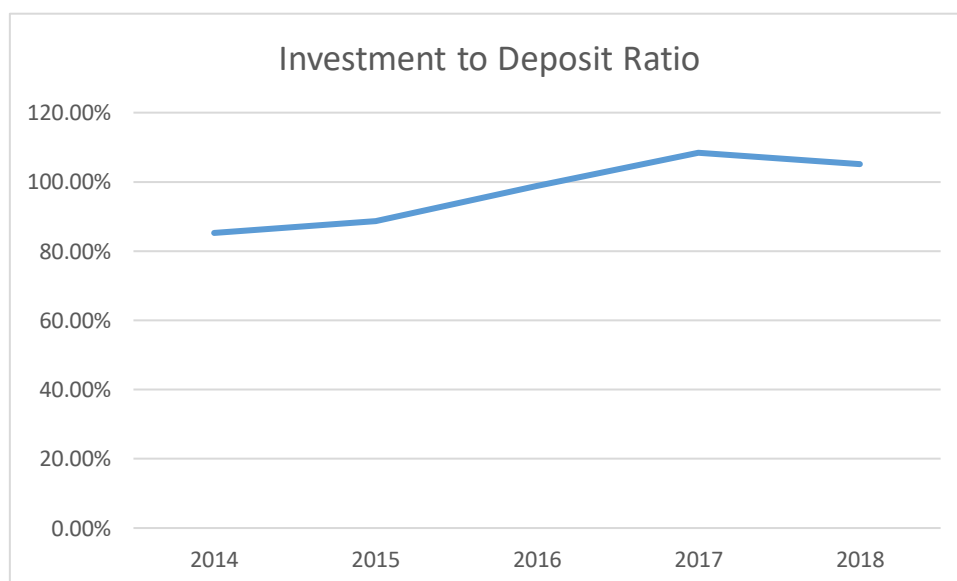


Figure: Line Graph of Investment to Deposit Ratio over time

Interpretation:

From the above figure we have got the Investment to Deposit Ratio of Shahjalal Islami Bank Limited were 85.25%, 88.62%, 98.86%, 108.41%, 105.21% respectively in 2014,2015,2015,2016,2017 and 2018. Investment to Deposit Ratio has been showing an upward trend from 2014 to 2018 though in 2018 it has decreased a bit. Also, Shahjalal Islami Bank Limited need to do make effort to use deposited fund appropriately.

3.6.9 Earnings Per Share:

Earnings per share of the companies usually are of interest to current or probable Stockholders and management.

EPS = Earnings available for common stockholders / No of Share Outstanding

Table: Earnings Per Share

Year	2014	2015	2016	2017	2018
Earnings available for common stockholders	813,489,923	1,321,838,980	1,669,181,822	1,248,471,542	1,367,034,446
No of Share Outstanding	734,690,000	734,690,000	734,690,000	771,422,539	848,564,793
EPS	1.10	1.79	2.27	1.61	1.61

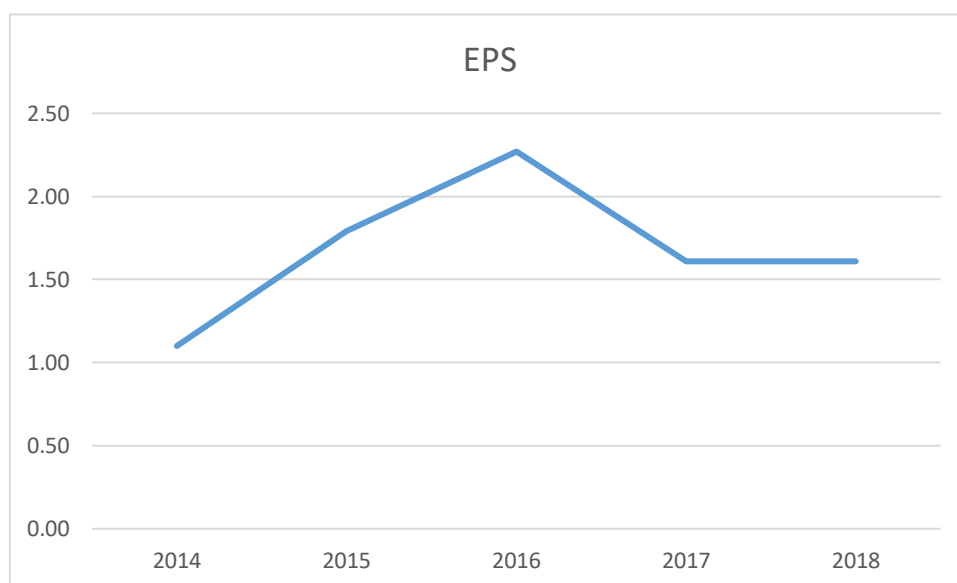


Figure: Line Graph of Earning Per Share over time

Interpretation:

Earning per share of Shahjalal Islami Bank Limited was Tk 1.10, Tk 1.79, Tk 2.27, Tk 1.61 and Tk 1.61 respectively in 2014,2015,2016,2017 and 2018. Earning per share was highest in 2014. After 2016 Earnings per share declined, and it was the same in 2017 and 2018. It indicates a negative mark for the Bank.

3.6.10 Price/Earnings Ratio:

price/Earnings Ratio of a stock is an assessment of the received payment for a share concerning the firm's income or profit per share.

Price /Earnings Ratio (P/E Ratio) = Price per share/ Earnings per share

Table: Price/Earnings ratio

Year	2014	2015	2016	2017	2018
Price -Per Share	11.50	13.50	15.00	17.26	17.42
Earnings- Per Share	1.10	1.79	2.27	1.61	1.61
Price/Earnings Ratio	10.45	7.54	6.60	10.72	10.81



Figurer: Line Graph of Price Earning Ratio Over time

Interpretation:

The above figure shows that the Price/Earnings ratio of Shahjalal Islami Bank Limited was 10.45 times, 7.54 times, 6.60 times, 10.72 times & 10.81 times, respectively 2014, 2015, 2016, 2017 and 2018. The recent Price-earnings Ratio is higher than past ratios, which is a good sign for the Bank.

Chapter 4

Findings / Recommendation / Bibliography

4.1 Findings

1. Shahjalal Islami Bank Limited's current ratio is deteriorating.
2. From 2016, Net Working Capital has been Started intensifying.
3. Debt Ratios have a noticeably upward tendency, which could be harmful to Bank.
4. Debt to Equity Ratio has been found high, which is insufficient for paying debt requirements.
5. From 2017 Return on Assets ratio has started declining.
6. Again, Also Return on Equity has started happening decreased from 2017.
7. Non-Performing Investment has declined from 2017, which is a remarkable achievement for the Bank.
8. Though Investment to Deposit Ratio of Shajalal Islami Bank Limites has well maintained from 2014 to 2017, but in 2018 it reduced a bit.
9. Earnings per share was the same in 2017 & 2018.
10. Recent Price Earnings Ratios were better than past ratios.

4.2 Recommendations

1. Shajalal Islami Bank Limited had started its commercial activities according to the Islamic shariah principle and getting popular day by day. To make their financial performance more developed, Shahjalal Islami Bank's limited need some improvement. So here, I would like to provide some recommendations based on my Analysis.
2. Shahjalal Islami Bank limited should work to increase its capacity to produce more cash to meet its short-term obligations.
3. In 2018, the Last Net-working Capital was lower than in 2017. Shahjalal Islami Bank Limited should try to grow its net worth.
4. As Shahjalal Islami Bank has high up warding Debt Ratios. So for the improvement of the Bank's Financial Performance, its Debt ratio should be lower.
5. Shahjalal Islami Bank Limited should also reduce its high debt to equity ratio, which has an upward trend from 2014 and still increasing.

6. After 2016, Return on Assets was also low in 2017 & 2018. Shahjalal Islami Bank Limited should make an effort to use its assets suitably to raise return associated with total assets.
7. Return on Equity was the uppermost in 2016, but from 2017, it again has started falling. Shahjalal Islami Bank gives priority to growing its Return on Equity.
8. However Non- Performing Investment was the highest in 2017, but it has started going down. Shahjalal Islami Bank Limited should give more focus to decrease its non-performing performance to expand its profitability.
9. In 2018, the Investment to Deposit Ratio has reduced in a small amount. Shahjalal Islami Bank Limited should make the proper use of its deposit funds.
10. Earnings Per Share is not improved from the last two years. Shahjalal Islami Bank Limited should work on that.
11. Price Earnings Ratio has been upgraded.

4.3 Conclusion

From a Bangladeshi Perspective, Banking Industry is started booming and playing a vital role in the economy, becoming extremely competitive. Everybody wants to make their position more strong by improving their financial performance. Shahjalal Islami Bank Limited is not dissimilar to that. Due to the time limitations, I could not perform an in-depth analysis of the financial performance of the Bank. Since Shahjalal Islami Bank Limited is not wholly shifted to IT-based operations, It was challenging to collect the most recent financial data. From my perception, Shahjalal Islami Bank Limited's most crucial task is to organize its assets and liabilities well based on the market need. Moreover, I have worked in two departments of this Bank (General Banking & Investment). Within this short period, I have tried to put my best effort into achieving this internship program and found some limitations. I think that Shahjalal Islami Bank will benefit to some degree if they try to resolve those limitations identified by me. Lastly, Shahjalal Islami Bank Limited has gradually earned its reputation by providing extensive products and services to its clients, and I am optimistic that they will be able to become earned their is one of the leading bank in our nations.

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