

Report On

**General Banking Activities and Financial Performance Analysis: A
Case of IFIC BANK PLC**

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

BRAC Business School
BRAC University
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Declaration

It is at this moment declared that,

1. The internship report submitted is a product of my/our own original work and a testament to the dedication and effort I put in while completing my degree at BRAC University.
2. There is no instance of plagiarism. The BRAC University uses another author's work in this report; all the content is original and adheres to the standards of academic integrity.
3. This report does not include any material that has been authorized or submitted for consideration for another degree or certificate at any other school. This is to demonstrate my profound respect for academic institutions and their standards.
4. All significant aid providers have been duly acknowledged.

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Letter of Transmittal

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Subject: Submission report on general banking activities and financial performance analysis: A case of IFIC Bank PLC

Dear Sir,

During my internship with IFIC Bank PLC (Araihazar Branch), I was fortunate enough to work under your astute supervision, and I am pleased to present to you the "General Banking Activities and Financial Performance Analysis" that I compiled. This report and my internship would not have been possible without your guidance as a mentor.

My deepest gratitude is due if you would only accept my report. I am more than willing to meet with you in person to review the report and address any concerns you may have. Having your support on this would be much appreciated. Regarding anybody this may affect, the paper I worked on during my internship at IFIC Bank PLC (Araihazar Branch) on "General Banking Activities and Financial Performance Analysis" is now complete, and I appreciate the chance to have worked with you on it. Having you as a mentor was invaluable to me during my internship; I couldn't have completed my report or done the necessary research and analysis without you. Please review my report; your feedback is much appreciated. I would be delighted to arrange a face-to-face meeting with you to discuss the specifics and address any concerns you may have. If you could assist us with this, we would be eternally grateful.

Sincerely yours,

SAKIB AL HASAN
Student ID: 21364124
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Date:

Acknowledgement

My deepest appreciation goes out to Allah, the Most Gracious, for providing me with the fortitude to complete my report on the specified due date. My sincerest appreciation goes out to everyone who had an indirect or direct role in its preparation. Dr. Enamul Hoque, DBA & Assistant Professor of BRAC Business School, who supervised my internship and gave me invaluable criticism and guidance that I used to write my report; I am very grateful to her. Mr. Satyajit Kumar Modak, senior coordinating officer (MBA & EMBA Program), and Mr. Riyashad Ahmed, renowned professor and director of programs (MBA & EMBA), both of whom work at BRAC University in Dhaka, Bangladesh, made notable contributions.

From August 29, 2021, until August 8, 2022, I worked as a trainee assistant officer in the Araihasar Branch in Narayanganj for IFIC Bank PLC. I am grateful to everyone who assisted me during that time. The following individuals have been of tremendous assistance to me as I have worked on this report: The following individuals are holding positions of authority: Mr. S.M. Ansarul Haque, branch manager and senior officer at the Araihasar branch; Mr. Amirul Islam, customer service manager and junior officer at the Araihasar branch; and Mrs. Israt Jahan, associate officer and officer in charge at Chapra Masjid- Azimpur Uposhakha.

In addition, I would like to express my gratitude to Mr. M. Shah Alam Sarwar, the managing director of IFIC Bank Limited, for all his assistance during my work there. His advice and support significantly aided the development of my profession. The research for this study was based on articles found in scholarly publications. I am grateful to all those authors.

I will be forever grateful to my beloved friends and juniors as well. The staff at the U.S. Department of Business and Administration have been helpful, and I am much obliged. Lastly, I would want to thank my family, without whom I would not have had the support to complete my report. Their involvement is really valued. I am very grateful for the opportunity to have worked with a remarkable mentor at IFIC Bank Limited, who greatly influenced my career path. The knowledge and skills I have gained from a variety of sources have greatly improved the content of this report. Everyone, from my family and friends to my peers and coworkers, has been very supportive and helpful throughout my endeavor, and for that I am eternally thankful. It is a great fortune that I have such a strong support system behind me.

Executive Summary

The pandemic epidemic has caused a minor economic catastrophe in Bangladesh. The Bangladeshi government and private sponsors established the limited liability corporation IFIC Bank PLC in 1976 with the goals of conducting local finance operations and establishing international joint venture banks and financial institutions. The one-stop service model is only one example of how IFIC Bank is putting its customers first. Other products and services include the "IFIC Aamar Account," "IFIC Aamar Bari," "IFIC Aamar Bhubishawt," and the "IFIC Shohoj Account." Also, the Customer Care Center at IFIC Bank was transformed into a One-Stop Touchpoint via [elements of the transformation process]. Therefore, IFIC Bank is committed to providing its customers with endless banking experience by always being accessible. The IFIC Bank's "One Stop Service" policy, which provides banking services to customers through its extensive network of more than 1300 branches and Uposhakhas countrywide, ensures financial inclusion. I really hope that my report adequately describes the useful experience I had as an intern at IFIC Bank PLC. Much like a journey, it starts with a general outline of the bank, my role, and my contributions. Here we will look at general banking, breaking it down into its structure, primary offerings, and daily operations. To find out how well they are doing financially, I look at key ratios and performance indicators. What follows is a detailed account of my internship department, including my role within it and the tasks I was responsible for. Further investigation into the bank's financial status is what I do. Finally, the report concludes with my recommendations for improvement, providing a comprehensive account of my formative internship and its role in my eventual decision to pursue a career in banking.

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CHAPTER 1: Introduction

1.1 Introduction

To keep up with the fast-paced development of products and services, banking systems have undergone tremendous evolution in the last several years. Thanks to these advancements, new products and services have been introduced, such as online banking, consumer credit, and automated investing platforms. For instance, a growing number of financial institutions provide smartphone applications that facilitate account management, transaction processing, and even check depositing. In addition, the expansion of consumer credit has lowered the barriers to entry for loans and credit cards, letting more individuals buy more things and establishing a credit history. Additionally, automated investment platforms have fundamentally altered people's investing strategies. These systems automatically assess market trends and make investment recommendations based on user input using algorithms and machine learning. In addition to lowering the barrier to entry for investors, this facilitates a more streamlined and, maybe, lucrative investment process. Digital banking, consumer lending, and automated investing platforms have all contributed to a more user-friendly and accessible financial business. When people can easily and quickly deal with one another in the financial system, it boosts the economy. Another way that people's financial situations have improved is via the rise of digital banking. Users may see their account balances, send and receive money, and pay bills with the touch of a finger on their cellphones. Thanks to this ease, going to a bank in person and standing in line are things of the past. In addition, the adoption of two-factor authentication and encryption in digital banking increases security, guaranteeing that consumers' financial information is kept safe (IFIC Bank PLC, 2023).

Originating from the Italian word "bank," meaning a bench, the name "bank" is said to have come from there. Any business that takes deposits, lends money, and offers other financial services to its clients is known as a bank. To facilitate commercial transactions and contribute to economic progress, banks play an important role. On the other hand, as the global financial crisis of 2008 demonstrated, their acts may cause economic downturns and disasters. Their dual function demonstrates the significant impact that banks have on the economy (IFIC Bank PLC, 2023)

Financial institutions lend money to businesses so they may buy inventory, and then they charge extra to get their money back when the goods sell. Banking services have broadened to accommodate customers who are

willing to share the risk of these smaller transactions. Having said that, knowing that different banks have different service systems, processes, and regulations is crucial (IFIC Bank PLC, 2023).

The Bangladesh Bank—the country's central bank—is responsible for overseeing the banking industry. There are several different types of banks in Bangladesh's financial system, including private banks, development banks, foreign banks, and nationalized commercial banks. The efficient and successful banking operations of IFIC Bank PLC set it apart from the other private banks in Bangladesh. To hasten the development of the national economy, it provides financial services. IFIC Bank PLC stands out among Bangladesh's top private commercial banks because of its stellar reputation for efficiency, sound liquidity, high-quality assets, competent management, and sufficient capital. Keep in mind, nevertheless, that other private banks in the country provide similarly efficient services and help the economy thrive (IFIC Bank PLC, 2023).

Completed as part of the Master of Business Administration (MBA) degree at BRAC University, the paper titled "General Banking and Financial Performance Analysis of IFIC Bank PLC" was a required assignment. Giving pupils a thorough grounding in the inner workings of a well-known financial organization is the primary goal of this study. Methods including ratio analysis and profitability measurements are used to evaluate IFIC Bank PLC's financial performance. The report also contains an examination of the bank's basic banking operations, including deposit and loan management. Opportunity to get hands-on experience while also applying theoretical concepts in a realistic setting. As an example of how MBA students at BRAC University might put their theoretical knowledge into practice, they could do a thorough analysis of IFIC Bank PLC. They could look at how the bank handles deposits and loans and see how efficient and successful it is. The students and IFIC Bank PLC both stand to benefit from their examination of the bank's financial performance using ratios and profitability metrics. Students can connect classroom learning with the realities of running a company via this practical experience (IFIC Bank PLC, 2023).

1.2 Background of the study

Business banks are continuously looking for new methods to expand their company sector and product offerings to keep ahead of the competition when it comes to the global log jam and growing levels of rivalry. The Bangladesh Bank places strict regulations on the introduction of new products to the commercial sector, making it difficult for smaller banks to compete with bigger ones that provide a wider range of products. In recent years, we have seen a shift in the banking industry away from vanilla

goods—essential products—and toward integrated, high-quality solutions tailored to customer needs. The relationship between saving money and other monetary occurrences is becoming stronger. While Saves Money Stadium is growing, Saves Money is shown to be a faster and more convenient way. In response to the growing need for improved administration, teams in management and accounting are developing innovative solutions. According to IFIC Bank PLC (2023), to remain competitive in the savings division, all management account companies are always seeking new administration choices to provide their clientele. Internships provide students with hands-on experience in the business sector and are a mandatory component of the Master of Business Administration (MBA) curriculum. My goal in choosing IFIC Bank PLC was to complete this internship program requirement. The basic goal of the method is to be conscious of this current reality. Title of Article: "General Banking and Financial Performance Analysis of IFIC Bank PLC." During my internship at IFIC Bank PLC, I did a lot of research on the company's finances and overall banking operations. My research into their deposit, lending, and remittance services shed light on their capacity to meet customer needs.

To complete my assessment of the bank's financial health, I examined its financial statements and key performance indicators to find areas for improvement. While interning in a bank, I gained invaluable insight into the real-world application of management theory. It should be noted that my analysis only spanned a short time frame, therefore, the outcomes may not reflect IFIC Bank PLC's performance over the long run. Furthermore, given my internship just provided me with a taste of the bank's operations, I could have overlooked some of the complexities and intricacies of their larger business strategy. To fully understand IFIC Bank PLC's financial health and business strategy, one must do a more comprehensive analysis of their financial statements and key performance metrics over many time periods. It would be beneficial to examine market trends and conduct interviews with key stakeholders to complete the image of the bank's operations. My knowledge of the principles of banking sector management has been much improved, and I have developed a strong desire to explore the intricacies of financial analysis and strategic planning further during my internship (IFIC Bank PLC, 2023).

On June 24, 1983, IFIC Bank PLC (Global Finance, Investment and Commerce) first held the funds. It wasn't until 1976, when the Bangladeshi government spearheaded a joint effort, that it was established. At the time, the International Finance Corporation (IFC) managed 10% of the offering while public and

other financial institutions held 49%. The bank has grown since then, becoming a leading financial institution in Bangladesh with its extensive product and service offerings. It has stayed ahead of the competition and attracted a significant client base because of its drive to offer cutting-edge products and great customer service. Thanks to its extensive branch network and state-of-the-art technological infrastructure, this bank is well-positioned to continue its upward growth trajectory and meet customer needs. Additional factors contributing to the bank's success include its stringent ethical standards and good corporate governance measures.

In addition, it has ensured that its staff will provide outstanding customer service by investing heavily in training and development programs. Also, by becoming involved in several CSR initiatives, the bank has shown its commitment to helping others. If IFIC Bank PLC's projections for 2023 come to fruition, the bank will maintain its position as a market leader thanks to its solid foundation and unwavering dedication.

In Bangladesh, IFIC Bank has been around the longest of all financial institutions. It has grown into one of the largest systems in Bangladeshi banking history. Just because a bank is big and well-established doesn't guarantee that customers will get excellent service or that the bank will thrive. Think about how to make your customers happy, be creative, and be efficient (IFIC Bank PLC, 2023).

Student Information

Name: Sakib AL Hasan **ID:** 21364124

Program: Fall 2023

Department: BBS Major:

Finance

1.3 Internship Information

1.3.1 Period

I worked as a Trainee Assistant Officer from August 29, 2021, to August 8, 2022.

Company Name: IFIC Bank PLC

Department/Division: I have worked in the General Banking section under Branch Operations.

Address: "Rezia Complex", Araihasar General
Hospital Road, Araihasar Pourasava, Narayanganj

1.3.2 Internship Company Supervisor's Information

Name and Position: S.M Ansarul Haque

Senior Officer, IFIC Bank PLC, Araihasar Branch

1.3.3 Job Scope – Job Description/Duties/Responsibilities

- Offer a comprehensive suite of banking goods and services while acting as the bank's agent.
- Promote the bank's offerings to help it grow.
- Manage and keep tabs on customer accounts and money.
- Process bond, Sanchaypatra, FDR, and PSS payments.
- Make new bank accounts and start writing checks.
- Pay with a credit card or with your mobile phone.
- Get your money back and help with the transfer process.
- Be careful to record all incoming and outgoing funds.
- Keep the registers ringing.
- To keep the branch running smoothly, make sure everyone is following the rules and regulations set down by the bank.
- Work together with other divisions in the bank to promptly handle consumer requests and fix any problems that may arise.

1.3.4 Potential Career Paths

As a trainee assistant officer (TAO) with IFIC Bank, you may look forward to a rewarding career with a competitive salary that takes living expenses into account. If you consistently exceed expectations and uphold the organization's beliefs, this package might be upgraded. In addition, opportunities for advancement in one's career are not only there but also plainly visible. A fair approach for posting and advancing applicants is to utilize internal job posting circulars. Belonging to IFIC Bank's "value-based culture" is something you can look forward to as an employee. During the probationary phase, the post offers

a monthly consolidated remuneration of BDT 30,130 in addition to various yearly pay and benefits. After one year of probation, you will be elevated to the rank of assistant officer, and your current monthly pay (including all benefits) is BDT 41,770. If confirmed officials work well, they may receive more money (IFIC Bank PLC, 2023). Individuals seeking to enhance their careers in banking will find this chance for growth and progress at IFIC Bank to have intriguing potential. An enticing feature of this profession is the clear path to advancement and the opportunity to earn more money depending on how well you do. It is possible to have a prosperous and satisfying career with IFIC Bank, thanks to the reasonable beginning pay and opportunities for advancement. On the other hand, workers may become too competitive and stressed out by the prospect of performance-based pay raises, which might lead to burnout and discontent. Another concern is that all workers may be less likely to have equal opportunity due to favoritism or prejudice if the promotion process is publicly disclosed. For instance, when one person routinely outperforms sales goals and thus obtains a promotion and pay rise, it might evoke feelings of envy and animosity among those employees who believe they are being unfairly overlooked. Employees may feel pressured to engage in office politics if they believe their advancement is contingent on a procedure that is both subjective and poorly defined. Conversely, team discontent and hatred might result from the promotion of an underqualified employee owing to favoritism or personal ties. Because workers may feel demoralized and unappreciated in an organization that does not value progression based on merit, morale and productivity might take a nosedive.

1.4 Internship Outcomes

1.4.1 Impact on Business of the company

Since I started off as an intern, I didn't have much experience in a professional setting. I was hoping for a lot more clarification on day one. The bank's services and performance were first unknown to me, but with the support of supervisors and authorities, I was able to get a better understanding of them. We planned several gatherings. Assisting our staff with their routine responsibilities was mostly my responsibility. I was able to understand the ins and outs of banking and increase my knowledge with its help. The staff was very helpful, and I picked up a lot of knowledge in the few times I was there (IFIC Bank PLC, 2023). Another great opportunity was interacting with customers and helping them with their financial requirements. The bank staff was very encouraging and

attentive, as they helped me complete each assignment and gain self-assurance. I was able to step up to increasingly challenging tasks and make significant contributions to the team as my internship went on. All things considered, working with IFIC Bank PLC was a fantastic experience, and I'm thankful for the chance to grow professionally in a welcoming setting. Consider the general work environment, business culture, and professional advancement chances given by the organization in addition to pleasant interactions with workers and customers. These factors may greatly improve an intern's internship experience. Even with a helpful team and kind staff, an internship cannot be the most interesting or productive experience. For instance, when employed at IFIC Bank PLC, I was tasked with gathering market intelligence and assessing financial data to bolster decision-making. I was able to put my academic understanding to use in a practical situation and make a substantial contribution to the team's objectives thanks to this internship. Although the team was excellent and the work was challenging, IFIC Bank PLC's fiercely competitive and ruthless corporate culture was to blame for the toxic workplace environment. My internship was less than ideal since the company did not provide many chances for me to advance professionally.

1.4.2 Advantages of this internship program

In view of the current situation and job market, it was the best decision for me to complete my internship at IFIC Bank PLC. During my stay here, I have obtained better, more informed results. Having taken this class, I now know exactly what my organization's objectives are, how to progress in my career, how to accept responsibility for my actions, and how to step up when issues arise. Working for a different organization would have made it more difficult for me to grasp many of these concepts. Additional benefits of this internship include:

As I deal with a diverse range of customers every day, I am faced with new obstacles.

- I contained myself well under little supervision and met strict deadlines.
- Some of the new skills I picked up include using different equipment, understanding other cultures, and interacting with clients.
- There is room for improvement in terms of both competency and social adaptation (IFIC Bank PLC, 2023).

Throughout my internship, I have been able to hone my abilities in problem-solving, adaptability, and communication with a wide variety of people. The value of taking initiative and responsibility for one's job is something else I've picked up. I have no doubt that the experience and education I have received during my internship will serve me well in my future pursuits. Even though internships may be great learning experiences, you should be aware that not all of them give the same chances for professional growth. The degree to which these abilities are transferable to other contexts may also differ from one sector to another. When I was an intern at a multinational marketing agency, for instance, I got to know people from all over the world and had to adjust my communication style to fit in with theirs. The key to my success in contributing to the team's performance and gaining significant insights into the industry was taking responsibility for my initiatives and actively seeking criticism and direction.

1.5 Goals of the Report

To put it simply, I need to write this report for my class. That isn't, however, the exclusive focus of this study. The study's key findings are as follows:

- To have a better understanding of IFIC Bank PLC's general banking performance.
- Take a closer look at IFIC Bank PLC by reading their profile.
- The purpose of this analysis is to get a clearer picture of how IFIC Bank functions.
- Look at how IFIC Bank handles customer care.
- Possible recommendations based on results and challenges for IFIC Bank PLC to improve performance.
- This will teach you the ropes of banking in general.
- To acclimate to office life (IFIC Bank PLC, 2023).

I want to learn a lot about the inner workings and performance of IFIC Bank PLC from this investigation. While reviewing their customer service processes will help me find ways to improve, reading their profile will give me a thorough grasp of the bank. In the end, I want to use my results to create recommendations that will help IFIC Bank PLC operate better overall. I want to one day work at IFIC Bank PLC and use the knowledge I gain from this course to help me understand the basics of banking. I can evaluate IFIC Bank

PLC's efficiency and profitability, for instance, by looking at their financial accounts and comparing them to industry standards. The satisfaction levels of present customers and workers may be better understood, and problems with the bank's operations can be better identified by conducting interviews with these groups. Although studies and analyses might provide useful information, keep in mind that the results might not be representative of IFIC Bank PLC's overall performance. Gaining hands-on experience in a real-life banking setting may also provide a more complete picture of the field. For instance, IFIC Bank PLC may seem to be efficient and lucrative when compared to its rivals based on industry standards, but a closer look at their financial accounts might show that they have concealed liabilities or made bad investment choices. Furthermore, the study may miss out on useful input from unhappy ex-customers or workers if it solely interviews current customers and staff, which might lead to a biased portrayal of the bank's operations.

1.6 Report Methodology

While doing this research, I was employed at IFIC Bank PLC. The extensive use of data and information sources improved the report's informativeness and attractiveness.

Primary sources

- Officers
- Supervisor

Approaches to Collecting Primary Data

- Practical professional experience in the branch.
- I interviewed organization employees face-to-face.
- Engage in conversation with customers who drop by the branch.
- Read corporate paperwork while you go about your day.
- In accordance with established practices in the corporate sector.

Extra resources

- According to IFIC Bank PLC (2023), information came from the websites of financial institutions.

- Sources for the data include yearly reports and financial records from many financial institutions (IFIC Bank PLC, 2023).
- Information was retrieved from a variety of online sources (IFIC Bank PLC, 2023).

Questionnaires or surveys sent out to stakeholders or consumers may also have contributed to the data set. In addition, it would be beneficial to gather data by observing the branch's everyday activities. To guarantee accuracy and dependability, IFIC Bank PLC used data collection procedures that were both extensive and thorough, drawing from several sources. The bank compiled a comprehensive picture of its operations and performance by integrating data from financial records, annual reports, online sources, surveys, and direct observations. To make educated judgements and fuel strategic planning for future success and development, businesses must adhere to this stringent data collection protocol.

1.7 Study Restrictions

- During my internship, I was made aware of a few limitations. What follows is a list of all the limitations imposed on me by the internship program. This is a list of them:
- Compiling the report was not without its challenges, one of them being the bank's policy of secrecy about some data and information.
- Due to time constraints, the report had to be rushed.
- Workers are never idle due to the high volume of tasks they are expected to do concurrently. The result was an insufficient amount of time (IFIC Bank PLC, 2023).

Moreover, due to access restrictions, it was difficult to collect all the required data for the research from certain regions of the bank. Some parts of the study must be left out or generalized because of data confidentiality concerns. Notwithstanding these constraints, I overcame them and wrote a detailed report that shed light on IFIC Bank PLC's activities. There may not have been enough time for the research if staff were busy with other things, but that is not always the case. The researcher may have gotten more information if they had planned to conduct interviews or observations at slower times. To ensure the privacy of the bank, the researcher may have been required to exclude some financial information or client details from the study. Also, the bank's operations may have been better understood if interviews with important staff had been conducted at slower times. Unfortunately, because the researcher rushed through the study and did not gather enough data, she

missed these possibilities. The credibility and veracity of the report's conclusions were tarnished because of this omission.

1.8 SWOT Analysis

Strengths:

In Bangladesh's banking industry, IFIC Bank is well respected due to:

- Both deposits and profitability have increased significantly at the bank (IFIC Bank PLC, 2023).
- Management is top-notch, and the company culture is always evolving.
- Modern computerized banking technologies are available at the majority of the bank's branches (IFIC Bank PLC, 2023).

The employees at IFIC Bank PLC are known for their efficiency and ability to handle multiple tasks at once, which is crucial in the fast-paced environment of the banking industry. Despite the time constraints, the bank has managed to increase both its deposits and profitability, indicating strong financial performance. The management team's leadership and the bank's commitment to adopting modern technologies have contributed to its strong reputation in Bangladesh's banking sector. While it is true that computerized banking technologies are available at IFIC Bank PLC branches, the efficiency and multitasking abilities of employees may not necessarily be directly linked to the use of technology. Other factors, such as training, work culture, and management practices, could also contribute to the bank's success.

Weaknesses:

- Improving employee motivation is essential.
- Due to its reliance on headquarters, the decision-making process may be slow.
- A lot of the bank's promotion comes from customers recommending the institution to others, rather than paid advertisements.
- There is to be more coordination between different branches (IFIC Bank PLC, 2023).

The overall performance and expansion of IFIC Bank PLC during the last several years have been remarkable, and the bank's profitability has been on the upward. The company's culture and its willingness to

adopt new technology have been greatly influenced by the strong management team. But there is room for development, including more efficient marketing, better decision-making, and greater staff motivation. If IFIC Bank PLC wants to be competitive in the banking business, it must solve these issues and encourage more branch collaboration. Growth and success are great things for IFIC Bank PLC, but they are no assurance of the bank's viability in the long run. Keeping the company's competitive advantage in the future will depend on addressing areas that need development, such as staff motivation and decision-making procedures.

Opportunities:

- There are still certain areas that need to be investigated as possible sites for new branches.
- The benefits of banking are well-known and understood by the general population.
- Consumer loans are becoming more necessary.
- According to IFIC Bank PLC (2023), Bangladesh is a good place to put your money.

A broader client base and access to new markets are two ways this may help the bank expand. If IFIC Bank PLC wants to grow its customer base, they should take advantage of two things: the rising demand for personal loans and the public's familiarity with banks. Due to Bangladesh's allure as an investment location, the bank may attract investors and expand its operations there. Opportunities like this are essential to IFIC Bank PLC's market success. There is no shortage of investment prospects in Bangladesh; yet, expanding the country's consumer credit portfolio or entering new markets would not be sufficient to drive growth. It is prudent to evaluate the regulatory environment, economic stability, and degree of competition in a new market before investing heavily in it.

Threats:

- Retail banking products are competitive with those of other commercial and international banks, insurance firms, stock exchanges, and other financial organizations.
- The regulations and policies of the Bangladesh Bank are subject to periodic revision.
- Price and service are two factors that customers are starting to pay greater attention to (IFIC Bank

PLC, 2023).

To maintain a competitive edge in this market, IFIC Bank PLC must keep abreast of regulatory changes, provide consumers with competitive pricing and outstanding service, and adapt quickly to new market demands. To keep up with market demand, the bank should also keep working to increase the variety of consumer loans it offers. The continuing success of IFIC Bank PLC in Bangladesh's banking business may be achieved by thoroughly examining possible areas for new branches and capitalizing on the country's investment potential. If IFIC Bank PLC is just concerned with increasing its consumer lending products, it might miss out on other opportunities for development and diversification. In addition, the bank may not be able to stand out from the competition if it depends just on low prices and great service.

CHAPTER 2: General Banking Overview

2.1 Banking in Bangladesh

As a developing country, Bangladesh has a high poverty rate and a less-than-ideal financial situation. Banks controlled by the state need to enhance their customer care and support. The present political and governmental difficulties are a major contributor to this (IFIC Bank PLC, 2023). Despite efforts by private banks to improve Bangladesh's financial situation, these institutions were unable to do so due to corruption, out-of-date technology, government rules, and inexperience. However, Bangladesh Bank is trying to oversee the whole banking sector and act as a custodian bank. A careful eye is required to monitor the situation, says IFIC Bank PLC (2023).

A brief history of the bank is shown here. As Bengal's first modern bank, the Hindustan Bank opened for business in 1770 in Calcutta. Many more banks call Calcutta home, including Bengal Bihar Bank. Commercial banks: IFIC Bank PLC (2023), Bank of Calcutta, Union Bank, Government Savings Bank, Mirzapore Bank, Bengal Bank (now known as General Bank of India), Bengal Bank (not linked to the later Bank of Bengal), and Bank of Calcutta. In addition, the Bank of Calcutta, which has been around since 1806, is the oldest bank in existence. One more modern bank, Dhaka Bank, opened its doors in 1846 in Dhaka. In 1959, Eastern Australia's Mercantile Bank Limited came into being. The People's Republic of Bangladesh nationalized twelve financial enterprises after Bangladesh gained its independence. In 2023, IFIC Bank PLC created a list of banks, which includes Sonali, Rupali, Agrani, Janata, Uttara, and Pubali. When Bangladesh Bank became a private institution in the late 1970s and early 1980s, it began to focus on bank privatization (IFIC Bank PLC, 2023). Although several banks in Bangladesh were nationalized after independence, the idea of nationalizing the banking system in its entirety conflicts with the fact that Bangladesh Bank is now a private entity. Additional obstacles to complete nationalization include private banks such as Dhaka Bank and Eastern Mercantile Bank Limited. Dhaka Bank's 1995 launch as a private commercial bank is an example of how private and state-run banks in Bangladesh coexist. Among the many examples of the country's hybrid banking system are the private and state-run Eastern Mercantile Bank Limited, both of which were established in 1999. The fact that both state-run and privately-owned banks in Bangladesh compete shows that the former is not a monopoly. It is argued that full nationalization should not be done since the country's financial system is mixed, consisting of both private and nationalized components. Customers gain from more service alternatives and new prospects brought about by increased competition and innovation in the banking business, which is characterized by its diversity. In the grand scheme of things,

private commercial banks contribute to the continued growth and stability of Bangladesh's economy. A more dynamic financial industry is also the result of private banks' greater decision-making flexibility and ability to respond rapidly to market developments. Foreign investment and economic progress in Bangladesh are both aided by the banking industry's variety. When it comes to generating economic development and guaranteeing financial stability in Bangladesh, the existence of private commercial banks is vital. Efficiency and customer happiness are both boosted by these banks' varied service offerings and the healthy competition they encourage. Their innovative spirit and capacity to adapt fast to changing market conditions are further factors in the country's economic growth. Because of their versatility and agility, private commercial banks play a significant role in molding Bangladesh's ever-changing financial scene. One example is the impact of mobile banking services on financial inclusion in Bangladesh. These services, introduced by private commercial banks, have been particularly helpful in rural regions where conventional banking services are not readily available. These banks have also contributed to the country's economic growth by encouraging entrepreneurship and the creation of new jobs via their lending and credit facilities for small and medium-sized businesses. On the other hand, private commercial banks in Bangladesh have also come under fire for contributing to widening income gaps. For instance, the wealth disparity might expand because of excessive loan interest rates and banking service costs, which would have a disproportionate impact on low-income people and small enterprises. Even while private commercial banks in Bangladesh helped spur business growth and employment, they have also come under fire for allegedly making economic disparity worse. These banks' exorbitant interest rates and fees could prevent underserved populations from accessing financial services.

2.2 Historical Background of IFIC Bank PLC

Established in Bangladesh many years ago, IFIC Bank PLC is a prominent private limited corporation with strong roots in the country. As a part of the 1976 government-initiated cooperation, a local bank or financial institution was to be founded and run as a financial corporation within Bangladesh. The private sponsor was sought after by the government of Bangladesh. Full commercial banking rights were given to IFIC after the decriminalization of private sector banking in 1983. Surprising as it may seem, the Bangladeshi government now owns 32.75% of the bank's shares. The public owns 11.31% of the board, and 11.31% consists of directors and sponsors with substantial business and commercial experience (IFIC Bank PLC, 2023) The remaining shares of the bank's capital are held by ordinary shareholders and institutional investors. In the time after, IFIC Bank expanded its product and service offerings to become one of the most comprehensive financial institutions in Bangladesh. Since the government of Bangladesh is still a stakeholder in the bank, IFIC Bank continues to play an important role in the banking industry and the growth of the Bangladeshi economy. Take IFIC Bank PLC as an example. The government's ownership position gives it a voice in crucial policy and strategic choices that affect the banking industry. This serves the best interests of the bank and the nation by keeping it in step with national economic aims and objectives. But the bank's capacity to function effectively and compete in the market may be compromised by such a high degree of governmental interference, which may also cause conflicts of interest. The public's faith in the bank may also take a hit if it gives the impression that political influence or favoritism played a role in the decision-making procedures. Government participation in the banking industry may have both positive and negative effects. On one hand, it can help align banks with national economic objectives. On the other hand, excessive interference can hamper innovation and the capacity of banks to react to market circumstances. Furthermore, the public's faith and confidence in the institution might be diminished if they see political interference in decision-making procedures. For a bank to succeed in a competitive environment while retaining the confidence and credibility of its clients, it is essential to strike a balance between government involvement and market autonomy. The institution's success and longevity depend on achieving this equilibrium. It is critical for banks to maintain a competitive edge and be inventive to keep up with the ever-changing demands of clients in the banking business. A careful balance between market forces and government rules is necessary for this. Banks may successfully face economic problems and earn and keep consumers' confidence by striking this balance. A bank's capacity to respond to changing market circumstances while remaining dedicated to meeting the public's requirements is the key to its long-term success. For instance, to maintain financial stability, a bank may comply with regulatory standards and invest in new technology to enhance customer experience and expedite procedures.

The bank may gain a leading position in the business and loyal customers by embracing digital transformation and establishing effective compliance procedures. By using this method, the bank may boost its brand and stay relevant in the dynamic financial industry. But expensive mistakes and perhaps legal problems may arise if the bank doesn't educate its staff on the new technology or doesn't pay attention to certain compliance requirements. In addition, the bank's long-term performance might be jeopardized if it prioritizes profits over client requirements, leading to a loss of trust and loyalty. Although the bank's image may be improved by the adoption of new technology and compliance procedures, mistakes that are both expensive and damaging to customers' confidence might result from ignoring staff training and their demands. Putting short-term gains ahead of long-term client happiness can hurt the bank's future.

2.3 Missions

Our mission is to provide outstanding customer service, and we want to do it with the support of our hard-working and educated staff. We assist many people and companies, and we are the greatest at what we do thanks to our creative capabilities, competitive edge, and inventive attitude. Inspiring us to pursue greater economic success, our communities and people are the reason we are dedicated to their well-being. Our goal is to gain the respect of other financial institutions throughout the world and establish ourselves as the leading bank in Bangladesh. We are devoted to delivering growth and profitability to all our stakeholders, notwithstanding the complexity and abundance of competition in the financial and commercial environment (IFIC Bank PLC, 2023).

We are committed to going above and beyond for our customers, which is what makes us unique and motivates us to keep improving our services. We are certain that we can accomplish our long-term objectives and sustain our dominant market position by adhering to our fundamental beliefs and values. As an example, IFIC Bank PLC has made great strides in improving customer service by introducing cutting-edge digital banking solutions, including online payment systems and mobile banking. Their client happiness has skyrocketed, and they've been able to grow their customer base and keep up with the ever-changing financial business thanks to this. Customer data and confidence in IFIC Bank PLC's services have been jeopardized due to cybersecurity breaches, despite the bank's innovative digital solutions. This proves that security measures should be prioritized by firms to safeguard critical information and maintain their image in the market, regardless of how sophisticated their technology is.

2.4 Vision

By encouraging creative, long-term, and equitable development, IFIC aspires to become the premier provider of financial services to all our stakeholders (IFIC Bank PLC, 2023).

To stay at the front of the pack, we are driven by our ambition to innovate all the time and adapt to the ever-changing financial landscape. We want to accomplish our aims and have a good impact on society by putting an emphasis on inclusion and sustainability. To entice clients who are concerned about the environment, IFIC Bank PLC, for instance, offers green banking products and services. Not only are they satisfying their stakeholders, but they are also helping the environment and advancing sustainable development. A rival of IFIC Bank PLC's XYZ Bank has done little to adopt environmentally friendly banking policies. They are failing to attract environmentally concerned consumers and have a positive impact on the industry's sustainable development initiatives because they are too focused on conventional financial goods and services. Because of this inaction, XYZ Bank risks being left behind in the evolving financial industry and seeing its clientele eroded by greener rivals like IFIC Bank PLC. Although environmentally concerned clients may be attracted to banks that practice green banking, it may not be the only element that determines their success in the sector. To stay ahead of the competition and attract a new kind of consumer, XYZ Bank could be using various tactics.

2.5 Basic Principles

Our guiding philosophy in everything that we do is continuous and unshakeable **integrity**.

Fairness: We always do our best to be forthright and reasonable with our customers and meet their needs.

Embrace **innovation** by being innovative and motivating others to do the same.

Commitment: At IFIC Bank PLC, we are fully committed to maximizing value for our stakeholders via exceptional customer service and collaborative efforts (IFIC Bank PLC, 2023).

When it comes to our business dealings, we will always be completely forthright and ethical. We want to establish lasting connections with our customers, workers, and partners via the cultivation of trusting and respectful relationships. For instance, to maintain honesty, IFIC Bank PLC makes sure that clients understand all the terms and circumstances when they introduce new financial products. The bank recognizes

that in today's highly competitive industry, it is essential for staff to think creatively and find novel ways to address consumer demands. But a recent controversy exposed unethical behavior on the part of IFIC Bank PLC, including interest rate manipulation and client misrepresentation of financial goods. Not only did this trust-betrayal hurt the bank's image, but it also caused customers, workers, and partners to lose faith in the institution. Although fostering innovation is crucial, the bank's purported commitment to honesty and trust is betrayed by its unethical tactics, such as interest rate manipulation and product misrepresentation. The significance of not just making terms and conditions explicit but also making sure they are followed ethically has been brought to light by this issue.

2.6 Important Objectives:

- Our number one priority is being able to grow our business, and we know that providing our clients with fast, reliable service is the key to our success. Customers are the foundation of our business; therefore, we work tirelessly to meet their needs and exceed their expectations. Running the bank efficiently is our top priority so that we can achieve our objectives and support its growth. We have earned the trust of our stakeholders by consistently delivering on our promises and focusing on sustainable growth. Making sure there is enough money coming in!
- Providing a solid foundation for the company's future success via prudent and efficient risk management.
- Corporate, SME, agricultural, and retail businesses may all benefit from structured finance, which helps to diversify loan portfolios.
- Progress, embracing novel ideas for financial inclusion, and using state-of-the-art technology.
- Skillfully directing staff to provide superior service to clients.
- Keeping the bank's good name, assisting others, and preserving the environment all in one place.
- Take charge of the financial sector.
- Uphold ethical practices in the management of companies.
- Improving online and mobile banking services will make banking more accessible and beneficial for everyone (IFIC Bank PLC, 2023).

To keep their operations going and their finances stable, IFIC Bank PLC is also committed to improving their risk management tactics on a regular basis. To keep up with the ever-changing industry and provide

its clients with cutting-edge solutions, the bank places a strong emphasis on innovation and adaptation. One-way IFIC Bank PLC might improve their image as an environmentally conscious institution by launching a new program that allocates a percentage of all transactions to green energy initiatives. To further establish their image for assisting people, they may also provide financial literacy courses to underprivileged areas. These sessions would enable members of the community to comprehend and make better use of banking services. But the bank might unwittingly back environmentally harmful projects if it doesn't thoroughly investigate the sustainable energy ones it backs. And if they don't make sure that all demographics may attend their financial literacy classes, they can end up excluding those underprivileged areas that might need their help. Workshops on financial literacy are helpful, but they won't stop the damage that might come from supporting initiatives that can't last. Also, the bank's good name would take a hit if certain underprivileged populations weren't allowed to attend these sessions.

2.7 A Look at IFIC Bank PLC's Business Ethics

- To foster an environment where employees feel safe being themselves, IFIC Bank PLC has made establishing a robust code of conduct and high ethical standards top goals.
- To protect the organization's assets, the bank compensates employees who maintain the utmost level of client confidentiality and who adhere rigidly to operational and information technology security laws.
- No employee of IFIC Bank should ever compromise their professional or personal interests to further their own financial gain.
- Instead of resorting to illegal or unethical tactics, IFIC Bank plans to outperform its competitors via superior performance.
- If the relevant authorities have granted their prior consent, IFIC Bank staff members are allowed to accept gifts that may impose a responsibility on the giver.
- If there is widespread theft, fraud, or other major illegal behavior at IFIC Bank, employees are expected to remain alert.
- The bank has anti-money laundering rules that are enforced to prevent fraud and the laundering of illicit funds. It is for this reason that it collaborates with other banks and other appropriate organizations.
- The financial and tax reports issued by IFIC Bank are truthful, complete, accurate, and do not include any misleading information.
- The bank seems unmoved by reports of violence in the workplace.
- Personal conduct of IFIC Bank officials and employees outside of work hours might have a major effect

on the public's perception of the bank.

- At IFIC Bank, every employee is assured equal opportunity.
- Since these are two of the most pressing global concerns, the bank considers environmental and climate guarantees when extending credit or other forms of financing.
- Business ethics, according to IFIC Bank PLC (2023), are essential to a bank's long-term viability and success since they facilitate the attainment of the bank's stated objectives.

In addition, to gain the confidence of its stakeholders and clients, IFIC Bank places an emphasis on openness and responsibility in all its dealings. By being a model employer, IFIC Bank hopes to instill a sense of accountability and honesty in its employees. To reduce the negative effects of its activities on the environment, IFIC Bank, for instance, makes sure that its lending procedures follow stringent environmental regulations. To further ensure openness and responsibility in its decision-making, the bank also makes all financial data available to interested parties. Unfortunately, IFIC Bank's involvement in environmentally damaging and unethical loan practices was exposed in a recent controversy. The bank's dedication to openness and responsibility was further undermined when it was discovered that it had concealed important financial information from those who needed to know. An absence of genuine dedication to these ideals is shown by IFIC Bank's unethical lending practices and concealment of financial information, despite the existence of rules addressing environmental effects and transparency. These deeds go counter to the bank's professed principles, and actions speak louder than words.

2.8 Significant Achievers in the History of IFIC Bank

The establishment of the financial and investment firm IFIC Bank in **1976** was a watershed moment in our history. Success like this would not have been feasible without the support of the government of Bangladesh and our joint venture.

1980: began dabbling in the world of foreign currency trading.

The government obtained the license to operate as a commercial bank in **1982**.

The first foreign joint venture, Maldives Bank Limited, was established in the Republic of the Maldives. The Maldivian government bought out IFIC's banking holdings in **1992**.

In **1983**, full-fledged commercial banking operations were initiated in Bangladesh.

In **1985**, a joint venture exchange business called Oman Exchange LLC was formed in the Sultanate of

Oman. It was formerly called the Oman Bangladesh Exchange firm.

In **1987** the first overseas branch was established in Karachi, Pakistan.

1993: Lahore, Pakistan, became the site of a second overseas office.

In **1994**, the first Nepalese financial joint venture was established, the Nepal-Bangladesh Bank.

For lease finance in Nepal, he formed his second joint venture in **1999**, Nepal Bangladesh Finance & Leasing Co. Limited.

The Bank joined forces with NBBL in **2007**.

NDLC-IFIC Bank Limited, a Pakistani financial institution formed in **2003** from the merger of IFIC's overseas branches and NDLC, a local leasing company, was rebranded as NIB Bank Limited in **2017** and merged again with MCB Bank Limited.

A real-time solution for online banking applications, MISYS was an investment it made in **2005**. Core risk management is now operational.

The first credit cards from Visa were issued in **2007**, and by **2010**, all three kinds of cards were completely functional.

The OBU, or Offshore Banking Unit, was formed in **2010**.

A wholly owned subsidiary of the exchange, IFIC Money Transfer (UK) Limited, was established in **2011**.

Opening ceremonies for the one hundredth branch took place in **2012** on Dhaka, Bangladesh's Tejgaon Gulshan Link Road.

In **2013**, deposited a sum of 10,000 billion BDT.

IFIC Mobile Bank was launched in **2014**.

Through his foreign trade, he earned around Tk 20,000 billion in **2015**. In

2016, the IFIC Tower was inaugurated at 61 Purana Paltan in Dhaka.

Introduced in **2017** by IFIC, the groundbreaking Amar account combines many banking options into one user-friendly package. Establishing a branch-based, one-stop service model should be the first objective for Bangladesh. sector leader in real estate finance products in the private customer sector.

The balance on the IFIC home loan was above 2,911.4 million Tk in **2018**. Amar had a total balance of

1,456.49 million taka across 99,399 accounts.

In **2019**, we opened 35 Uposhakhas around the country, IFIC Aamar Bank, a digital banking platform, and IFIC Shohoj Account, all with the goal of promoting financial inclusion even further. We are happy to have contributed to making our nation more financially inclusive by increasing access to banking services (IFIC Bank PLC, 2023).

Across the nation, there will be over 150 branches and 285 Uposhakhas by **2020**. The total amount of housing loans allowed by IFIC was Tk 61,061,924,000 as of **December 31, 2020**. Its founder was Hon. Shohoj Rin. If you believe IFIC Bank PLC (2023), IFIC Investment Limited was founded primarily for commercial banking purposes.

More than 160 branches were operational in **2021**, and 730 Uposhakhas were spread out throughout the nation by 2023 (IFIC Bank PLC, 2023).

On **November 26, 2022**, IFIC Bank launched the 1,000th Uposhakha in historic Mujibnagar, Meherpur, making it the first bank in Bangladesh to do so (IFIC Bank PLC, 2023).

In **2023**, IFIC Bank had more branches than any other bank in the country, with over **1,300 Uposhakhas** (IFIC Bank PLC, 2023). Our commitment to growing our company and satisfying customers across is evident in this significant accomplishment.

As of **2024**, there are no agent banking shops in operation, but there are around **1,400 branches and uposhakhas** scattered out over Bangladesh. Of its Islamic banking branches, the Motijheel branch is the pioneer.

The dedication of IFIC Bank to serving customers across Bangladesh is seen in the development of their branch network to 1,400 locations and uposhakhas. Even though IFIC Bank does not have any agent banking facilities running now, their reach and accessibility are continuously expanding. The establishment of the first Islamic banking office in Motijheel is just one more example of how IFIC Bank is committed to meeting the diversified and specialized demands of its clients. Although IFIC Bank's branch network has grown substantially, consumers in more rural locations may find it difficult to reach the bank due to the absence of agent banking outlets. Furthermore, some clients may choose more conventional banking services and so be uninterested in an emphasis on specialist offerings like Islamic banking branches. Traditional banking services may continue to have many clients who enjoy their ease and accessibility. Finding a happy medium between catering to niche markets and making sure all of their consumers can easily access their services is crucial for IFIC Bank. The bank may reach more people and provide more comprehensive services by

opening additional agent banking shops in outlying regions. With this strategy, IFIC Bank will be able to adapt to the ever-changing banking market. Customers in remote areas without easy access to conventional banking services might benefit from IFIC Bank's agent banking outlets, which would eliminate the need for them to travel great distances. Clients would appreciate the simplicity, and the bank would gain access to new markets and more clients. Also, IFIC Bank might attract tech-savvy clients who would rather use digital solutions than visit physical offices by providing mobile banking. In places with poor or nonexistent mobile network connectivity, however, this tactic can backfire and prevent customers from using mobile banking. The low population density in remote communities can also make it unprofitable to provide agent banking services since there won't be enough transactions to pay operating costs. Although penetrating new markets can lead to an increase in customers, providing mobile banking services might be difficult in places with spotty internet or cell network connectivity. Furthermore, there may not be enough business to justify operating expenses when offering agent banking services in sparsely populated remote areas.2023).

2.9 Management Structure

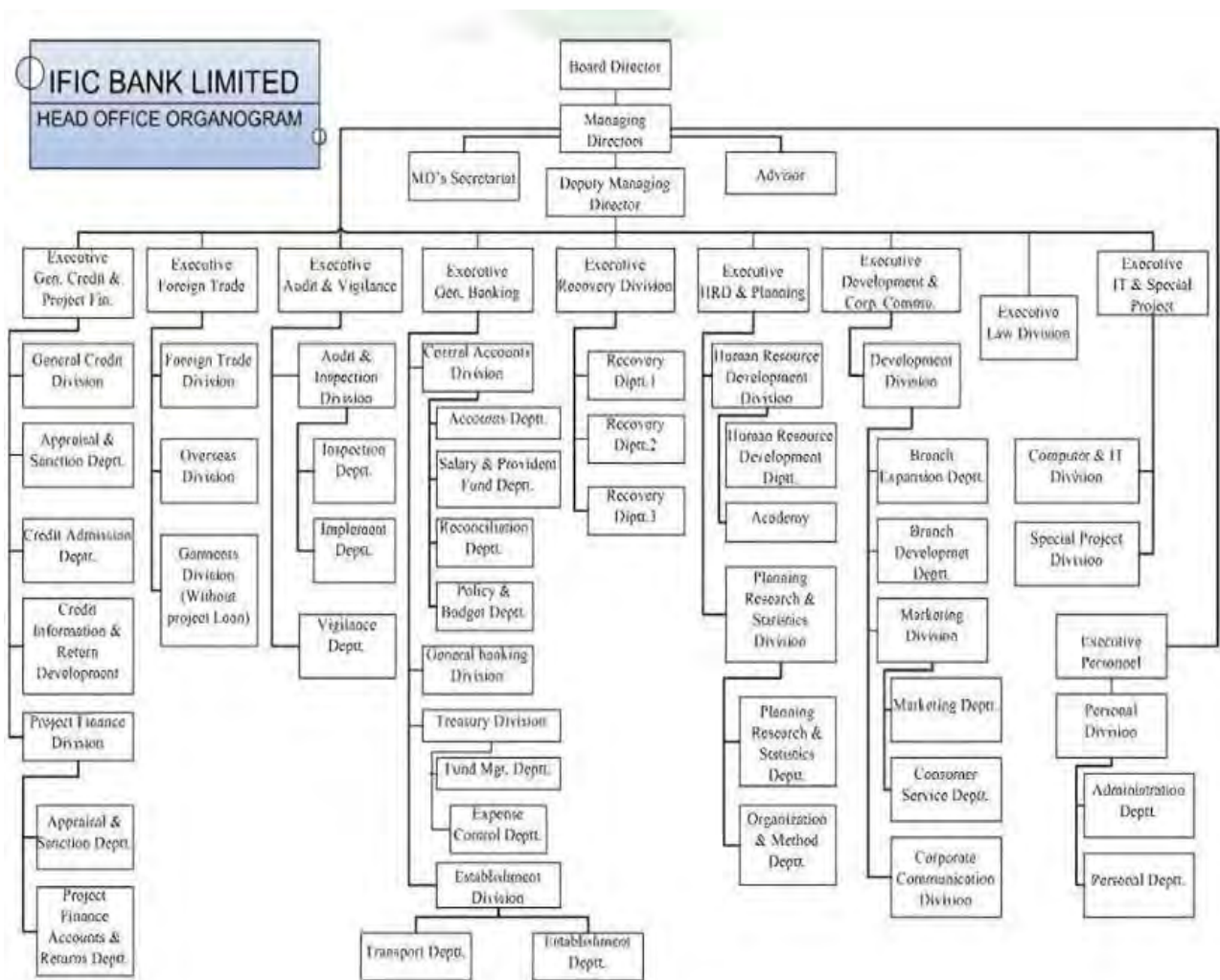
You may be certain that IFIC Bank's management and governance structure will provide effective supervision and decision-making. The eight-person bank board oversees strategic planning and is responsible for establishing broad policy goals. A subset of the Board of Directors known as the Executive Committee is responsible for making decisions on critical business issues. Furthermore, important concerns pertaining to operational and regulatory compliance are monitored by the Audit and Risk Management Committee of the Board of Directors. Supervising day-to-day operations and ensuring the firm fulfils its goals is the responsibility of department heads, deputy managing directors, and the managing director/CEO. In addition to the Managing Director and CEO, the senior management group consists of department heads and deputy managing directors, who work together to oversee and coordinate the many branches and departments. A management committee including the CEO and MD is responsible for overseeing significant matters. Quick decisions are made easier by this. According to IFIC Bank PLC (2023), the committee responsible for overseeing the bank's operational operations and risk management is headed by the managing director and chief executive officer. Moreover, the senior management of the bank works together on projects aimed at success and growth. The formidable executive team of IFIC Bank PLC gives the company a fighting chance in the fiercely competitive banking industry. The ALM Committee plays a critical role in ensuring the stability of the bank's financial resources.

These management structures and committees work together to make IFIC Bank PLC successful in today's financial industry. The success of IFIC Bank PLC as a leading financial institution would not have been achieved without their dedication and expertise. It is possible for many management groups to work together and reach decisions at the same time. With a focus on financial stability and risk management, IFIC Bank PLC can maintain success and adapt to industry advances. The future success of IFIC Bank PLC is assured by the strategic planning and commitment to excellence that distinguish the bank from its competitors. Maintaining success in the dynamic financial environment is dependent on the bank's dedication to innovation and flexibility. A reliable and competitive competitor in the market, IFIC Bank PLC stays ahead of trends by consistently enhancing their services. One example is IFIC Bank PLC, which provides consumers with a safe and easy way to bank online by using state-of-the-art technology. In addition, the bank is always one step ahead of the competition because of the extensive market research they do daily to spot new possibilities and dangers. A huge security breach exposed the personal information of thousands of IFIC Bank PLC's online banking clients, a severe setback despite the bank's attempts to remain trend-ahead. The event cast doubt on the bank's future capacity to protect the confidentiality of their clients' information and tarnished their image. Although doing market research and making preemptive strategy revisions are crucial, nothing can beat a large security breach in destroying consumer confidence and casting a shadow over the bank's other initiatives. Strong cybersecurity procedures, together with keeping ahead of market trends, are crucial, as this event has shown.

2.10 Organization Hierarchy



2.11 Organogram



2.12 Branches of IFIC Bank PLC

When the bank is open for business, it affects every major commercial and economic sector in the nation. There are now 1,350+ branches and sub-branches in Bangladesh. There is an IFIC Bank branch in every district of Bangladesh (IFIC Bank PLC, 2023).

Because of its pervasiveness, banking services are easily accessible to people and companies all around the nation. The fact that IFIC Bank is so serious about meeting the requirements of all kinds of customers is shown by its determination to grow its network. Although IFIC Bank's extensive branch network makes banking services more accessible, it doesn't mean that consumers will always get high-quality customer care. Not to mention that customer service, technical innovation, and financial stability are just as crucial as the number of branches when it comes to evaluating a bank. A consumer may appreciate the abundance of IFIC Bank branches in their neighborhood, but that convenience may not be worth it if the bank often has excessive wait times and uses antiquated technology. Looking for superior banking services? Customers may choose a rival with fewer branches that prioritizes customer experience and technical developments more. Customers who choose long-term financial stability over short-term convenience may be interested in the competitive interest rates and lending alternatives offered by a bank with fewer branches but higher financial stability. This means that the number of branches isn't the only metric that matters for a bank's performance; other aspects that matter more to customers' experiences and happiness with banking services are also considered.

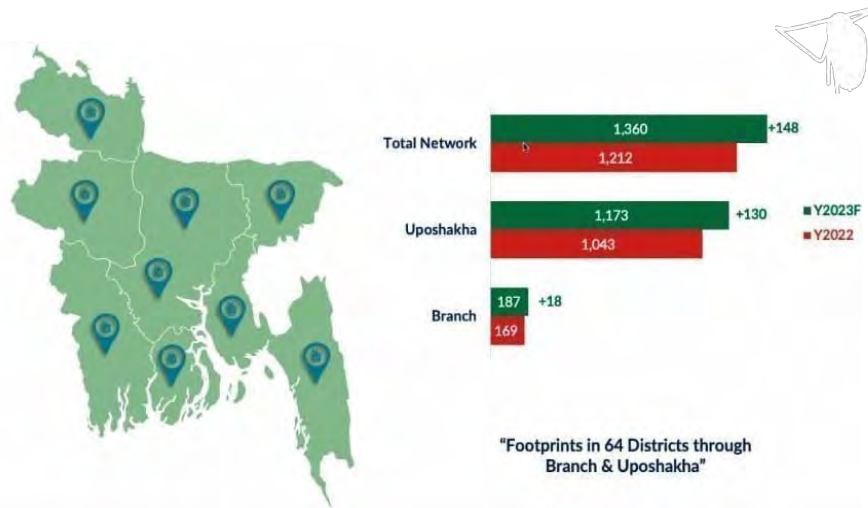


Fig 2.12: Branches of IFIC Bank PLC

2.13 Business Model of IFIC Bank PLC

The Banking Companies Act of 1991 (as changed in 2018) defines banking and allied operations as most of a bank's activity. The basic tenet of banking is the collection of deposits, the distribution of loans and advances, and the subsequent collection of interest from customers (IFIC Bank PLC, 2023). Moreover, product offers, digital banking capabilities, and customer service all play significant roles in determining consumer happiness and loyalty. These factors are crucial in today's competitive market for determining a bank's reputation and performance. When selecting a bank to create a savings account with, a consumer may prioritize those that provide the best combination of competitive interest rates, convenient online banking, and individual attention. With these essentials in place, the bank can draw in clients and hold on to them, which will boost earnings and market share. Customers could get irritated if a bank provides high interest rates but fails to provide them with convenient online banking platforms and individualized customer care. Customers may decide to go with a rival bank that provides a more all-encompassing service instead, even if their interest rates may be lower. Customers may be enticed by high interest rates at first, but they may wind up defecting to a rival that provides a more convenient and helpful banking experience due to poor internet platforms and impersonal customer care. For banks to keep their market share and make a profit, customer happiness and retention are essential.

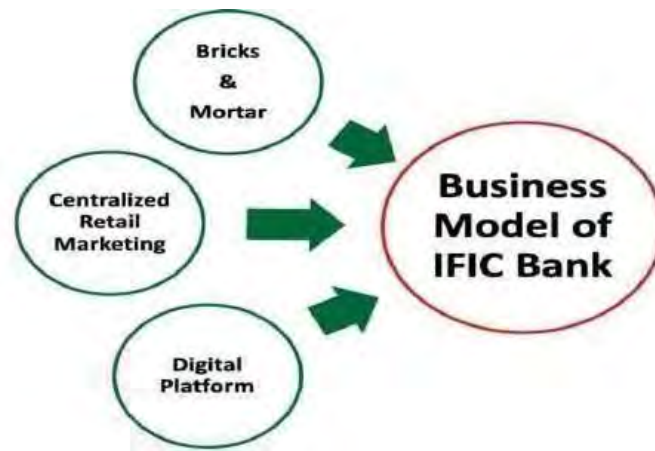


Fig 2.13: Business Model of IFIC Bank PLC

Depositors provide the funds for loans and advances. As part of its goal to mobilize deposits, the bank offers a variety of deposit options. According to IFIC Bank PLC (2023), the bank's commercial banking products and services primarily create revenue via project finance, corporate working capital financing, trade financing, mortgages, car loans, need-based loans for people, and small and medium-sized company loans. A variety of fee-based services, including money transfers, currency exchanges, and investment advice, help the bank to generate income. To keep its operations going and safeguard its customers' money and loans, IFIC Bank PLC prioritizes a solid risk management system (IFIC Bank PLC, 2023). Providing a wide range of banking goods and services might increase revenue, but it also dilutes the bank's focus and makes it harder to excel in any one area. Furthermore, if the bank is too preoccupied with risk management, it may miss out on possibilities that are both profitable and higher risk.

As an example of how IFIC Bank PLC might diversify its income sources, the bank could elect to provide financial advising services to its customers. Clients looking for specialist financial advice may go elsewhere if the bank isn't well-versed in this field. And if the bank's risk management strategy is too strict, it might pass on lucrative investment opportunities that would fuel growth and profitability down the road. If IFIC Bank PLC is afraid of the dangers involved, it can miss out on chances to engage in developing countries that are ripe for expansion. Further, the bank may be unable to participate in creative financial products or partnership initiatives that may enhance profitability and competitiveness in the market due to a stringent risk management strategy.

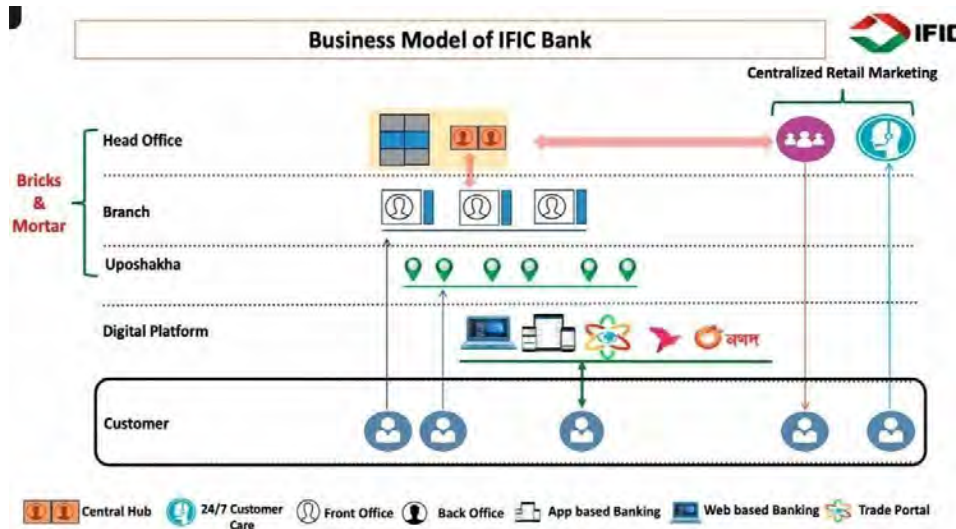


Fig 2.13.1 :Business Model of IFIC Bank PLC

To cater to the specific needs of each of our customers, we provide a wide range of flexible loan programs. Numerous banking choices are available to clients of the bank because of its state-of-the-art information technology infrastructure and online banking system. These possibilities include branchless banking, internet banking, SMS banking, and 24-hour ATM banking (IFIC Bank PLC, 2023). In 2022, the aspirations of banks for growth were solidified. The bank has a proven track record of continual growth, which bodes well for its operational and financial success. Thanks to our commitment to innovation and long-term growth, IFIC Bank has a promising future (IFIC Bank PLC, 2023).

The bank's goal is to become a financially secure, long-term organization that serves its shareholders and the communities where its branches are situated. Businesses that are receptive to new ideas and flexible enough to adjust to changing conditions are the ones who succeed in the long run, says IFIC Bank PLC (2023). Sustaining growth and success in the ever-evolving financial business is IFIC Bank's priority via innovation and adaptability. The survival and success of the bank depend on its willingness to adapt to changing market conditions and adopt innovative techniques.

While it's commendable to give back to communities, putting shareholders' demands first might cause conflicts of interest and reduce the effectiveness of the company's community programs. Innovation and adaptability alone may not be enough to ensure long-term success in the face of intense competition and changing market circumstances. Take a bank as an example. They'll have a leg up

when it comes to client acquisition and retention if they consistently pour money into R&D to keep up with industry IT trends. The advantages of this bank's innovative projects might be outweighed by the costs of fines or reputational harm if it fails to keep an eye on changes in regulatory requirements or adjust its risk management strategies appropriately. If crucial external concerns, such as regulatory compliance, are ignored, the bank's emphasis on R&D flexibility may not be sufficient to guarantee continuous growth. The bank's failure to adequately manage risk and comply with regulations may eventually undermine its creative breakthroughs and commercial success.



Fig 2.13.2: Uposhakha Business KPI

Strategic processes are now being put in place by IFIC Bank PLC to build the bank of the future for its customers. The bank has established a dedicated inspection and follow-up unit to monitor operational reflection and has organized comprehensive training and workshops at the Uposhakha, branch, and headquarters levels to tackle financial sector crimes such as fraud, forgery, and debt collection (IFIC Bank PLC, 2023). The bank's risk management skills and regulatory compliance are the targets of these efforts. IFIC Bank PLC intends to establish itself as a frontrunner in the banking sector by allocating resources to these strategic processes. For instance, IFIC Bank PLC's inspection section spotted questionable behavior early on in a recent fraud case, preventing substantial financial losses. The staff were also able to protect the bank's credibility and standing in the financial industry because of the thorough training they received, which allowed them to see warning signs and respond appropriately.

But even with all these precautions, the bank was hit with a huge data breach when hackers gained access to client sensitive information via the bank's system. There is a continual need to remain vigilant in the ever-changing environment of cyber dangers, and this instance demonstrated the limits of even the most modern protection systems. Even though staff may

have been better able to see warning signs thanks to thorough training, it's crucial to remember that no system is impenetrable and that hackers will always find a way in. This security incident is a sobering reminder that cyber dangers are dynamic and that we must always be one step ahead of bad actors.

2.14 Products and Services of IFIC Bank PLC

Banking Services for Companies:

As a result of the ever-changing nature of the market, IFIC Bank PLC provides its corporate customers with expert guidance and a variety of solutions. The bank is dedicated to helping its clients build their businesses and has a broad branch network all throughout the nation. The working capital, project, term, trade, leasing, and syndicated loan services offered by IFIC Bank are based on the bank's knowledge of its clients' institutional and corporate environments. Included in these services is the bank's emphasis on banking based on relationships. These services are designed to assist our business clients in maximizing the efficiency and success of their operations by overcoming obstacles and capitalizing on opportunities (IFIC Bank PLC, 2023). Building long-term connections with clients and helping them achieve their strategic goals are two of IFIC Bank's primary goals by providing tailored financial solutions and personalized support. Experienced bank employees are committed to meeting the unique needs of each client by offering innovative financial products and services. This allows the bank and its customers to thrive in today's competitive business environment. To help its customers achieve their financial goals and objectives, IFIC Bank takes the time to learn about their individual requirements. The bank stands out from the competition because of its dedication to customized service, which helps clients adapt to the dynamic market.

Methods for funding investments in fixed assets:

Businesses, manufacturers, and merchants might benefit from this kind of short-term loan since they typically need operating cash. To maintain a healthy total capital liquidity and make changes, they could utilize it (IFIC Bank PLC, 2023). Companies that are looking to expand their operations or start new projects really require this kind of capital to cover their immediate expenses and expenditures. An example of IFIC Bank PLC's commitment to its customers' success in a competitive market is the capital expenditure

financing it offers. Businesses may better control their cash flow and be financially stable with this sort of funding. To help their customers take advantage of possibilities and keep up with the ever-changing market, IFIC Bank PLC offers low interest rates and flexible payback arrangements.

Finances allocated to businesses and projects:

Term loans to LCs are a common way for IFIC Bank to fund industrial initiatives, such as private construction, purchasing equipment and vehicles, and machinery imports (IFIC Bank PLC, 2023). Businesses may improve their abilities and seize development opportunities with this kind of funding. Also, it demonstrates how committed IFIC Bank is to help its clients succeed in the dynamic business world. Companies can grow and maintain their competitive edge with the help of this kind of funding. The distinctive solutions of IFIC Bank PLC ensure enterprise success and accomplishment.

Investing capital:

- Include in
- Export
- buying of goods ahead of time
- The importance of funds after shipping
- Safety and firefighting gear
- Responsible building of industrial facilities for the environment
- Means of subsistence for the far-off future (IFIC Bank PLC, 2023)

Many different types of businesses may find something useful in IFIC Bank's vast array of banking products and services. The customized lending options offered by IFIC Bank help businesses achieve their specific objectives. By prioritizing innovation and sustainability, IFIC Bank PLC aims to assist companies in thriving in the dynamic global market. Businesses are empowered to flourish and develop for years to come by IFIC

Bank PLC's various financial alternatives and individual coaching.

Loans for Lessees:

Under the terms of a lease, the party paying rent and the party receiving the asset agree on a payment schedule and the length of time that the asset may be used. A "lender" is a business owner or bank, whereas a "borrower" is a customer or consumer-facing individual. Leasing is a fantastic way to pay for expensive machinery, tools, and vehicles. The lease finance program that IFIC Bank PLC, a private commercial bank in Bangladesh, offers is one option for consumers trying to make ends meet or expand their businesses. According to IFIC Bank PLC (2023), a variety of industrial equipment, including microbuses, luxury buses, and taxis, would soon be available for leasing. This kind of financing allows businesses to acquire necessary assets without having to buy them outright. It helps businesses better manage their cash flow and gives them greater discretion. Businesses may save money with this financing option since it offers tax advantages. Also, with lease finance, companies may afford to use the most recent technology and equipment without having to buy it all outright.

Private Banking and Investments:

Through the bank's extensive branch network across the nation, IFIC Bank's retail banking, a mass banking facility, offers direct financial services to individuals. The bank's unique products and services make it possible to be a one-stop shop for all of retail customers' financial needs. The integration of all branches into a real-time system has greatly improved the efficiency and user-friendliness of centralized online banking services. Consumer loans, deposit products, cards, NRB accounts, student files, SMS banking, and a multitude of additional value-added services are available to customers of IFIC Bank (IFIC Bank PLC, 2023). Customers travel from all over the country to take advantage of IFIC Bank's extensive selection of banking products and services. Our clients may take advantage of our cutting-edge solutions and streamlined online services to take care of all their banking requirements at once. Thanks to IFIC Bank's streamlined online banking services, customers may conveniently access and manage their accounts at any time, day or night. When looking for comprehensive banking services, IFIC Bank is the way to go due to how quick and simple it is. Additionally, customers have the option to use IFIC Bank's secure mobile banking app, which enables them to do transactions effortlessly and conveniently while on the go. In the banking industry, IFIC

Bank has long been a frontrunner thanks to its dedication to its varied clientele and its innovative use of technology to meet their needs.

Financing Options for Small and Medium Businesses:

Numerous positive outcomes accrue to the Bangladeshi economy from the expansion of SMEs, including more employment opportunities, decreased poverty rates, and a greater GDP. An "entrepreneurship culture" is emerging throughout the nation, with the expansion of SMBs playing a pivotal role in this shift. Unsecured loans are a common choice for small and medium-sized businesses (SMBs), as they do not have sufficient assets to provide high-quality security. To help the country's small and medium-sized businesses (SMEs) obtain the help they need, IFIC Bank offers unsecured loan facilities. Loans with set payback dates are available from the bank. All the following types of loans fall under this umbrella: easy commercial, muldhan, transport, working capital, project, guarantee, LLIM, letters of credit against imported merchandise, and loan against trust receipt (IFIC Bank PLC, 2023). To accommodate the varying needs of SMEs, IFIC Bank offers competitive interest rates and a range of repayment plans. To support the growth and success of the country's small and medium business (SME) sector, IFIC Bank provides several loan options. These loan solutions satisfy a range of requirements, including those for working capital, project finance, and trade-related needs. The goal of IFIC Bank in offering these choices is to help small and medium-sized enterprises (SMEs) in the nation thrive. By providing flexible financial solutions, IFIC Bank aims to contribute to the overall economic development of the country by empowering SMEs to grow and expand their businesses. Additionally, the bank's dedicated relationship managers work closely with SME clients to understand their unique needs and provide personalized financial solutions.

Land-Based Finance:

Since agriculture accounts for the bulk of Bangladesh's GDP, most of the population works in this sector. Despite contributing less to global GDP, agriculture continues to employ a large percentage of the global workforce. The country also must import a lot of grain and other agricultural products every year to meet its needs. To facilitate the essential growth in the country's agricultural sector, the bank is aiming to strengthen its lending portfolio. Many different types of financing are available to farmers via IFIC Bank, including:

- Saronjam Rin and Krishi
- Shach Saronjam
- Poshupokkhi Rin and Khamar Motsho
- Regarding the case of Phalphasali Rin (IFIC Bank PLC, 2023)

Additionally, IFIC Bank intends to aid farmers by lending them money to buy supplies and equipment for farming, as well as to build irrigation systems. Improving productivity and guaranteeing food security in the country need this all-encompassing strategy. In the long run, it aids in making the agriculture sector sustainable as well.

Sending Funds:

Faster money transfers are now available to clients of IFIC Bank PLC thanks to a partnership with the illustrious Money Gramme. With this straightforward online method, sending and receiving money is a breeze, saving time and effort for everyone involved. Get your money where it needs to go quickly, easily, and affordably with the IFICBL-Money Gramme Transfer Service. As a result of this collaboration, IFIC Bank can improve the banking experience for its clients by sending money to Bangladesh faster and safer than previously (2023, IFIC Bank PLC).

Assets and financial markets:

When it comes to the capital markets, IFIC Bank PLC is the go-to broker for both individual and institutional clients. On the capital market, banks handle the buying and selling of securities as well as the processing of related transactions. The mission of the organization is to provide first-rate service to its clients while also providing them with cutting-edge financial solutions and personalized assistance. The Dhaka Stock Exchange is the location of its registered office. Liquidity planning, protection, and cash management are the responsibilities of IFIC Bank's Treasury Department. Additionally, we are aware of the need to protect the bank's assets and earnings from potential harm resulting from both domestic and global monetary realities, particularly changes in interest and currency rates. Another revenue generator for the Treasury is its

participation in financial market trading. Banks should have well-defined policies, suitable organizational structures, qualified employees, up-to-date infrastructure, and technical endeavors overseen by regulators to manage the treasury function as a source of profit (IFIC Bank PLC, 2023).

Services for accounts:

A variety of accounting services are available from IFIC Bank. Here are the accounts:

The current account is one that most people are already acquainted with and comfortable with. The customer may withdraw funds from the account whenever they choose, and there are no interest costs, so it's very convenient. According to IFIC Bank PLC (2023), customers who want to create a current account will need to provide three photocopies: one of the applicants, one of themselves, a copy of their national identification card, and a copy of their utility bill.

The Amar Account is a novel kind of checking account that has quickly gained in popularity because of its daily interest rate payments and monthly payouts. According to IFIC Bank PLC (2023), the key benefit of this account is the ability to access both savings and loans via a single account.

Even without a trade license, persons from Bangladesh engaged in CMSME (cottage, micro, small, and medium) and agricultural operations are eligible to open an IFIC Shohoj Account (business). This is a personal relationship account that the individual may open with an overdraft facility and earn interest in. The account's features include the ability to generate interest, facilitate loan availability, and simplify transactions pertaining to businesses and agriculture. As a bonus, it provides easy transactions via IFIC Bank's vast network, meeting all your financial requirements.

Investing in Savings:

A savings account is a common way to save money because of the high interest rates offered by these accounts. Banking options for customers include text message and online access. Three photocopies of the customer, one of the candidates, one of the customer's government-issued picture ID or passport, and one copy of the customer's utility bill. Money Transfer were required to start this savings account.

The interest rate on this savings account is as clever as it is low. We do not need debit cards or chequebooks.

With Super Saving Plus, you may earn a great return on your money. You must have a minimum balance of 5000 TK to begin. We make a profitable financial return. Interest is computed every day and disbursed every month.

The amount in the Duroto Savings Account is one thousand takas. Here is the first payment. Available chequebook. Our interest rates are really appealing. Every day, interest is computed and then paid out once a month.

In terms of features and services, the Sanchita Savings Account is quite comparable (IFIC Bank PLC, 2023).

Budget plan:

One of the best DPS accounts is IFIC Aamar Bhabishwat, which provides attractive discounts on credit lines and special investment returns. The period may be adjusted to suit your needs, ranging from 5 to 10 years.

PSS is a unique savings plan with a high value at maturity. The grace period ranges from three to five years. At the same time, as much as 95% of the paid-up capital comes from credit facilities.

Flexible payment options are available via the School Savings Plan, which is available only to students who are enrolled in school. Attractive return on investment. Students may apply for a scholarship of up to Taka 5,000.

If amassing a fortune is your goal, then you should read the Millionaire Dream Plan. In 4, 5, 7, or 10 years, customers can become billionaires. Becoming a billionaire requires you to deposit a certain amount monthly. (IFIC Bank PLC, 2023).

Term Deposit:

For a set duration of one-third to six months or one-half to three years, the deposit is required (FDR). Excellent ROI. This FDR may be used as collateral for a 95% loan.

A special deposit product offered by IFIC Bank that, after 5 years and 9 months, would provide a return on investment that is twice as high as the initial investment (DRDS). A deposit of at least TK 50,000 is required.

The Monthly Income System is a kind of term deposit that pays out interest monthly. You may get a loan of up to 85% in 2023 with IFIC Bank PLC.

Card payment:

You may load funds into your own bank or savings account using IFIC's domestic debit card. Your local account funds are only available to you in Bangladesh and cannot be accessed at any time.

You may use this debit card anywhere in the world, not only Bangladesh. Those who often transact in foreign currency abroad are eligible to apply for this card (IFIC Bank PLC, 2023).

Payment method:

The Classic Credit Card provides convenient access to credit without any trouble. A minimum interest rate is necessary. Use this card anywhere in the world, not only at home.

Low interest rates, sufficient limits to cover regular spending, and no fees for the first fifty days are all features of the Gold Credit Card (IFIC Bank PLC, 2023).

Supplementary Services:

- NRBB
- Pricing Matrix
- SMS Banking
- Internet Banking
- Student Kit

- Divisions of ADD
- ATMs
- The IFIC Bank PLC Contract Centre (2023)

2.15 Departmental activities of IFIC Bank PLC

All types of items are organized by the several divisions that comprise IFIC Bank. The three divisions are where all the activities take place (IFIC Bank PLC, 2023). Their names are listed here:

- Standard Financial
- Loans and Credit Division
- International Currency Exchange Department Financial Services.

The International Currency Exchange Department deals with transactions involving foreign currencies, the Finance Division handles loans and credit, and Financial Services include a range of financial products supplied by IFIC Bank PLC. To provide clients with the best banking services possible, these departments collaborate (IFIC Bank PLC, 2023).

Standard Banking:

The general banking department is the hub of a bank. It manages routine financial transactions and important banking duties. It is essential to the industry's capacity to mobilize deposits since it serves as the primary depository for all transactions, including those pertaining to foreign currency, credit and advance, and other departments. According to IFIC Bank PLC (2023), among the many accounts offered by IFIC Bank are customized savings plans. Among them are:

- Part for creating a profile
- Area for Transfer of Funds
- Funds allocated
- Transfers portion
- The division is charge of clearing and billing

- Several accounts
- An issue with the checkbook
- Problem with money transfer
- Money Transfer
- Resolving Account Details
- Part for Shipping

For added convenience, customers may use the bank's online banking services to see their account details and make transactions. In addition, IFIC Bank offers customer service to help with any questions or problems you may have with managing your account.

Opening an Account:

If you would like to establish an account at IFIC Bank PLC, please contact the appropriate person. Anyone or any business may sign up for an account by filling out the appropriate form. Please fill out the accompanying form to set up an account. The following items must be submitted:

- If you want to open a savings, checking, or student account with this bank, you'll need to fill out the appropriate paperwork.
- Every candidate is required to fill out this form.
- You will need two photographs that are passport sized. A photo of each partner must be submitted for the joint bank account.
- All necessary paperwork must be filled out by the applicant.
- For applicants' convenience, the bank has provided a sample signature sheet.
- The person who establishes your account is the one who introduces you.
- The account number and importer's signature are both verified by authorized parties.
- An authorized official receives the application.
- Everyone who applies must put down at least one dollar, payable in cash only.
- An authorized representative opens an account and completes the necessary documentation.
- Afterwards, the officer will hand over the chequebook to the account holder.
- All businesses must adhere to the Know Your Customer (KYC) regulations.

- One of these things must be done for the account to be set up correctly:
- Owner of an existing account with the bank.
- The person holding the position of assistant officer or one below at a financial institution.
- An upstanding citizen who is acquainted with the supervisor or assistant supervisor of the affected branch (IFIC Bank PLC, 2023).

Furthermore, while creating an account, you will need to provide a valid form of identification. The account holder will be able to access their money and banking services in full after all conditions are satisfied.

Account Opening Procedure in a flow chart:

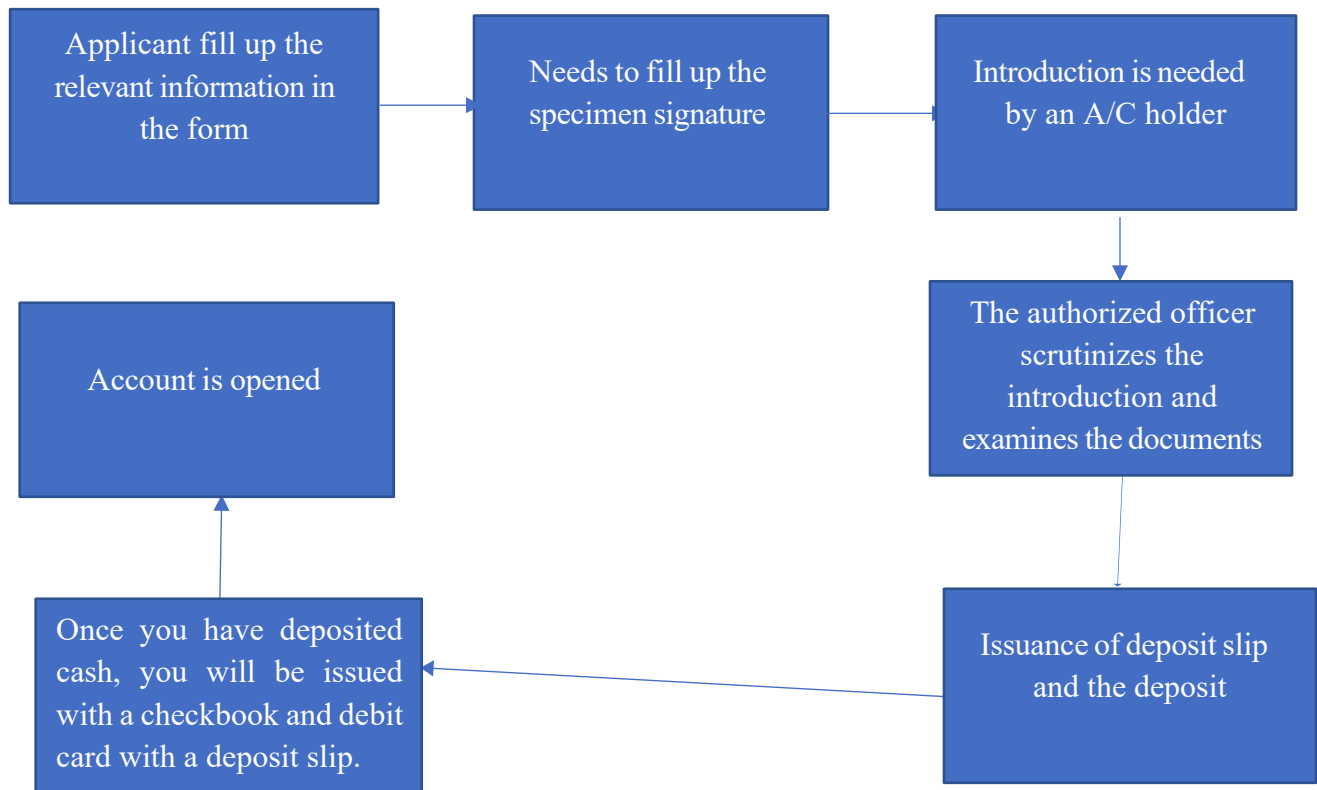


Fig 2.15: Account Opening Procedure Flowchart

Required paperwork for partnership accounts:

- Two passport-sized pictures are required for every pair.
- A set of business license certified copies.
- NID card photocopy or passport.
- Two copies of the partnership's 2023 power bill from IFIC Bank PLC.

Couples may need to provide further paperwork, including marriage licenses, for partnership accounts. Please be sure to provide all required documentation to prevent any delays in setting up your account.

We are aware that there are a variety of account codes associated with each bank. Here are the IFIC account codes:

Savings Account	031
Current Account	001
PSS	266
Aamar account...	811
FDR	200

Please ensure that you provide all necessary documentation for opening a partnership account at IFIC Bank PLC, including passport-sized photos, trade licenses, NID card photocopy or passport, and an electricity bill. Additionally, familiarize yourself with the account codes for different types of accounts at IFIC Bank PLC to ensure accuracy in your transactions. (IFIC Bank PLC, 2023).

The Credit Division:

Numerous loan programs are available from IFIC Bank. You may get loans with terms ranging from a few months to many years. According to IFIC Bank PLC (2023), these loans are useful for a range of purposes for both people and businesses. Borrowers, including individuals and businesses, may choose from a variety

of loan programs offered by IFIC Bank PLC's Credit Division. The tenure of these loans might range from short to long, depending on the borrower's financial goals (IFIC Bank PLC, 2023).

Get a Loan Quickly:

This loan has a twelve-month maximum repayment period. The production and working capital demands of borrowers may be met with this loan, as stated by IFIC Bank PLC (2023). To meet production and working capital demands, IFIC Bank PLC provides a short-term loan option with a twelve-month maximum period (IFIC Bank PLC, 2023). Those in need of financial assistance may quickly and easily get this loan.

Loans for the Medium and Long Term:

These loans may be used for a variety of purposes. Commercial businesses may take use of two products offered by banks: payroll loans and home improvement loans. According to IFIC Bank PLC (2023), there are several requirements that must be fulfilled before a loan for company housing can be approved. These include, but are not limited to, financing for equipment purchases, employee wages, new factory construction, and renovations to existing factories. Borrowers may also increase their company's operations or finance new initiatives with these loans. Before asking for these loans, borrowers should think long and hard about their capacity to repay and their goals for the company.

Section dealing with currency exchange:

International trade services, including letters of credit, processing of imports and exports, and foreign exchange, are initiated by this section. International cooperation, local businesses and individuals, and the country's import/export operators all benefit from this sector. Services related to the management of foreign accounts and the transfer of funds overseas are supervised by the Foreign Exchange Bureau. From time to time, this division also handles the sale of foreign bonds. Also, people may rest easy when they use IFC to send money since the organization guarantees that the money will go to the right person on time (IFIC Bank PLC, 2023). Furthermore, the prevention of money laundering and compliance with international standards are two of the Foreign Exchange Bureau's most important functions. Additionally, the bureau helps keep the

global economy stables by easing transactions and currency swaps.

2.16 Risk Management Process of IFIC Bank PLC

With the use of risk management, risk-taking organizational management may achieve their profit targets while avoiding unnecessary expenditure. The IFIC Bank risk management strategy is based on a comprehensive understanding of all types of hazards. It stresses the need for rigorous risk assessment, measurement, and evaluation of possible hazards on a continuing basis. As per IFIC Bank PLC (2023), the board approves the policies and procedures for risk management. Along with making sure the bank complies with regulations; the board also makes sure the risk management methods are in line with the firm's broader strategic goals. To further guarantee that appropriate risk mitigation procedures are in place, risks are regularly monitored and reported.

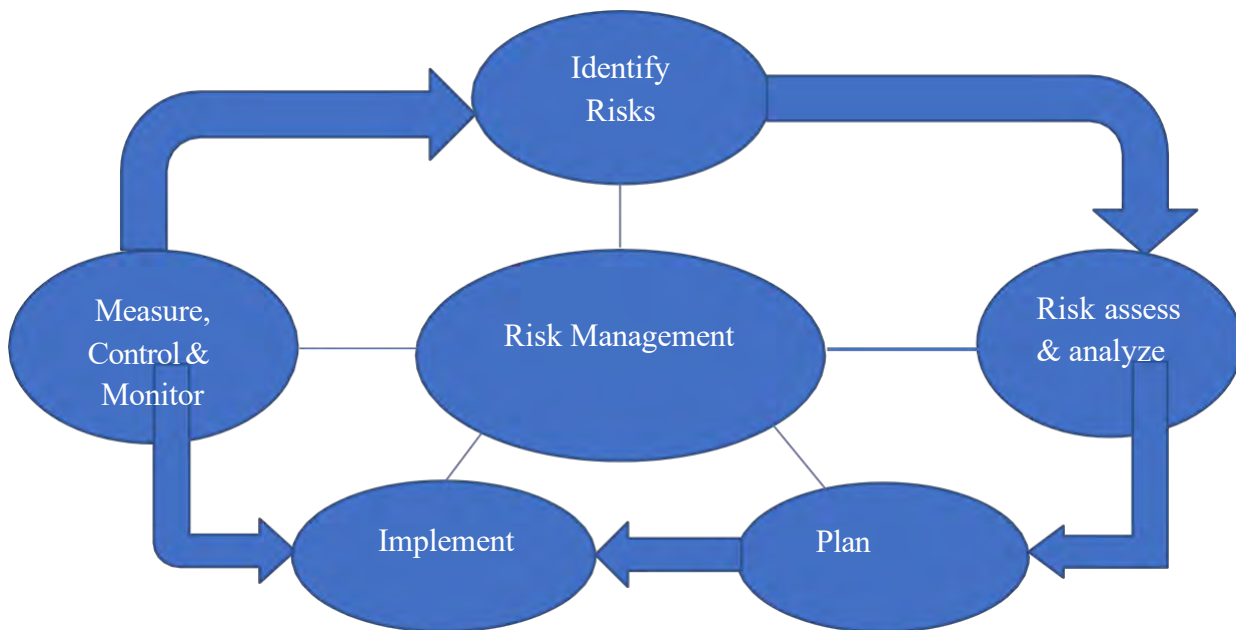


Fig 2. 16: Risk Management Process

Five distinct processes make up IFIC Bank's risk management strategy. The following procedures are outlined:

Recognizing potential dangers:

The first stage of risk management at a bank is to identify potential risks. Credit, international, anti-money laundering, information technology, and internal control and compliance risks are among the many that IFIC categories (IFIC Bank PLC, 2023). After identifying risks, the next step is to measure and assess them to determine their potential impact on the bank. Once risks are measured, IFIC Bank then implements a plan to manage and mitigate these risks effectively.

Assessing Risk:

Discussing the risk measures that impact the bank's capital and profitability follows the identification of hazards (IFIC Bank PLC, 2023). Analyzing risk involves evaluating the likelihood and impact of each identified risk on the bank's operations and financial health. This step helps IFIC Bank determine how to best allocate resources to mitigate these risks effectively.

Accumulating Risk:

According to IFIC Bank PLC (2023), taking correlational effects into account is crucial. Mitigating Risk: Once risks have been identified and assessed, the bank must develop strategies to mitigate or minimize them. This may involve implementing controls, policies, and procedures to address specific risks (IFIC Bank PLC, 2023). Ultimately, effective risk management is essential for maintaining the stability and security of a bank's operations.

Planning:

A very effective, systematic, and efficient system is in place to manage and prepare for IFIC Bank's entire risk. Per IFIC Bank PLC (2023), all checks have been completed as expected. The bank's risk management strategy includes regular monitoring and updating of risk assessments to ensure proactive mitigation of potential threats. Additionally, IFIC Bank PLC (2023) emphasizes the importance of continuous training and education for employees to enhance their understanding and response to evolving risks in the financial industry.

Oversight and Management:

To guarantee its competence, risks are adequately handled in line with its management and monitoring strategies (IFIC Bank PLC, 2023). Additionally, IFIC Bank PLC (2023) emphasizes the importance of regular monitoring and evaluation of risk management strategies to ensure their effectiveness. By

continuously assessing and adjusting these measures, the bank can maintain its capital and profitability in a dynamic environment. Dynamic environment.

CHAPTER 3: Financial Performance Analysis

3.1 Introduction

Comparing a company's performance to other businesses in the same industry—which is usually ascertained by the company's industry classification—is a necessary step in the analysis of financial statements. In this analysis, I evaluate the Bank's financial standing, point out its strong and weak points right now in the camel ratio, and look at how the Bank resolves these issues. I have limited my investigation to the three-year window between 2021 and 2023.

3.2 Project Summary

Presenting IFIC Bank Limited's financial performance in an understandable manner is the main goal of my analysis. I used a certain financial performance analysis program to evaluate the Bank's scores to accomplish this. Although the history of IFIC Bank Limited has already been given, to examine key performance metrics that support an impartial evaluation, I performed a ratio analysis. Using the income statement and balance sheet for the previous three years, I collected pertinent data and chose criteria for the analysis. Lastly, I explained the findings and made suggestions for possible directions for development.

3.3 Project Analysis

I have evaluated the financial performance of IFIC Bank by analyzing the important performance ratios in this part. The following is an overview of IFIC Bank's financial performance analysis:

3.3.1 Loans to Total deposits

This figure, also known as the loan-to-deposit (LTD) ratio, is a percentage that indicates how liquid a bank is. It is calculated by dividing its total loans by its total deposits. Whereas a low ratio implies that the Bank may not be making the most of its resources, a high ratio signifies that the Bank could not have enough liquidity to meet unforeseen funding needs. This ratio is often

used by

Policymakers assess the lending practices of financial institutions and is essential in evaluating whether a bank can develop or acquire branches outside of its native nation.

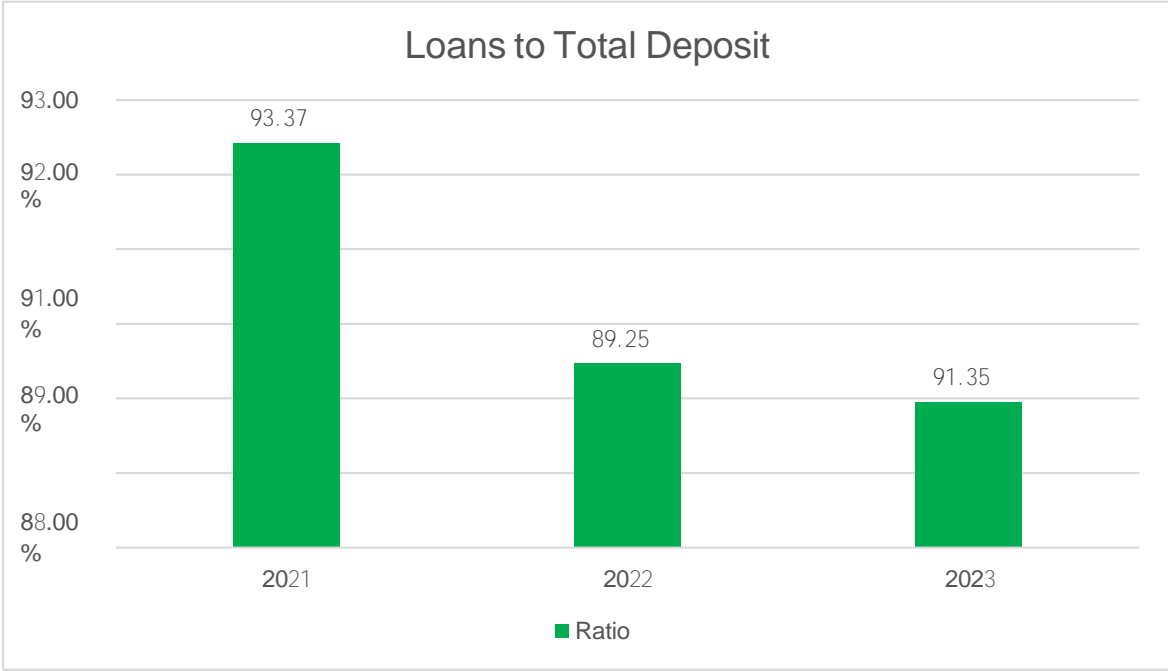


Fig 3.3.1: Loans to Toal Deposit Ratio

Between 2021 and 2023, the loan-to-deposit ratio drastically decreased. It was 93.37% in 2021 but dropped to 91.35% in 2023 (a 4.78% drop). Due to the ongoing fund crisis, the Bank took a more careful approach to lending and concentrated on determining creditworthiness, which strengthened the Bank's liquidity position. The lower loans-to-deposits ratio was also influenced by a greater growth in deposits brought about by higher interest rates on deposits.

3.3.2 Loans to Total Asset

The entire loan balance is expressed as a percentage of the Bank's total assets using the loans-to-assets ratio. Since more of the Bank's assets are loans rather than liquid assets, a greater ratio denotes weaker liquidity. Due to the increased exposure of additional assets to possible credit

losses, this may raise the chance of defaults. By comparing the total loans made to the total assets of the Bank, this statistic is frequently used to assess the liquidity of the Bank.

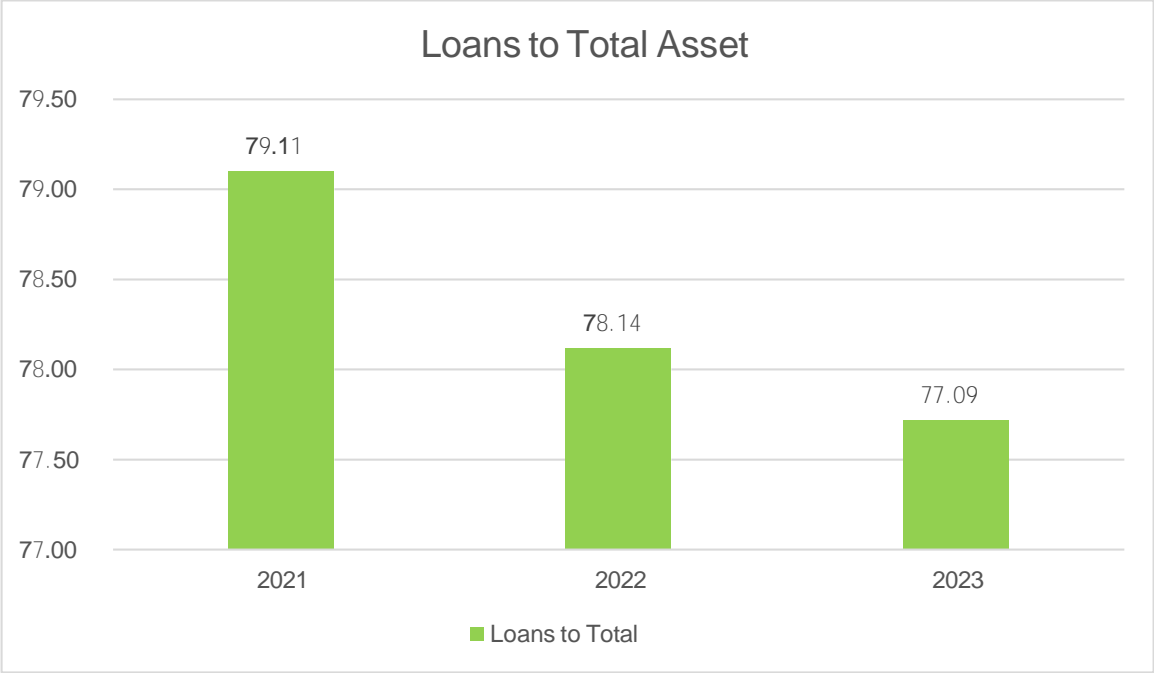


Fig 3.3.2: Loans to Toal Asset Ratio

IFIC Bank saw a decline in its Loans to Total Assets ratio from 79.11% in 2021 to 78.14% in 2022 and then to 77.09% in 2023. The ratio has demonstrated a falling trend, indicating decreased liquidity, even if both assets and loans increased in absolute terms when compared to 2021. The 2022 decrease in this percentage was ascribed to the Bank’s growth and procurement of additional assets. Loans as a percentage of the balance sheet fell in 2023, despite the overall increase in credits since 2021, indicating a widening gap between assets and loans.

3.3.3 Credit Risk Ratios

Credit risk indicators evaluate the funding sources, financial leverage, and debt-to-income ratio of a business. Liabilities, capital, assets, and interest costs are examples of key indicators. Based on how much a business depends on debt and equity financing, these ratios assess the credit risk of that business. Among the significant credit risk ratios are:

- **Assets to Equity Ratio:** Indicates the percentage of an organization's assets that are

funded by equity.

- **Net Lending to Equity Ratio:** Evaluates the share of equity in a business in relation to net loans.

These ratios are useful in assessing a company's credit risk management and financial structure leverage.

3.3.4 Equity to Asset

A financial indicator called the capital adequacy ratio shows what proportion of an organization's assets are financed by its capital. It assists in evaluating the firm's capacity to absorb losses and maintain its financial stability, safeguarding shareholders in the case of a liquidation. The ratio is computed by dividing the entire equity held by shareholders by the total assets of the business. This percentage indicates the quantity of assets financed by shareholders' equity and gives information about the remaining equity that shareholders own in the business.

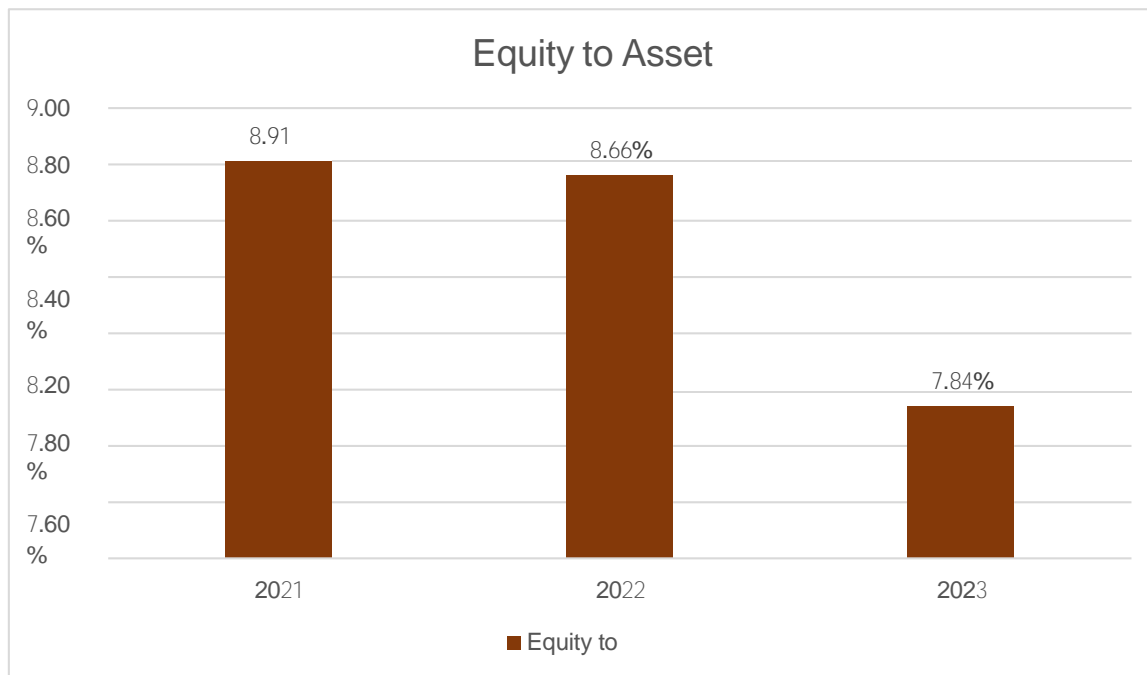


Fig 3.3.4: Equity to Asset Ratio

From 2021 to 2023, the capital adequacy ratio showed a falling pattern, with peaks in 2021 and declines in 2022 and 2023. In 2021, the ratio was 8.91%; by 2022, it had dropped to 8.66%. The

ratio dropped to 7.84% in 2023 because of this declining tendency. The decrease is ascribed to a decrease in assets in comparison to equity.

3.3.5 Equity to Net Loans

This statistic, which is part of a bank's capital and financing metrics, computes the percentage of equity and liabilities that are utilized to fund an organization's assets to assess the financial leverage of a business or Bank. Treasury stock, equity capital, and capital reserves are all included in total capital. Net loans include loans to consumers, loans to banks or other credit organizations, and loans to companies in a group.

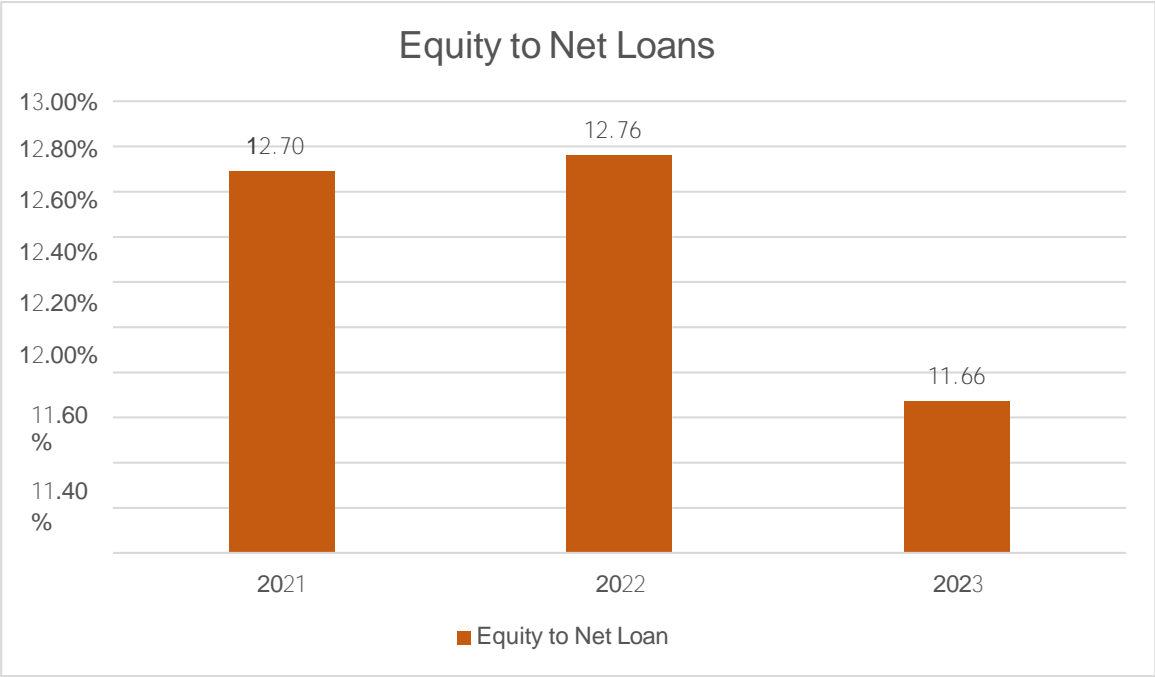


Fig 3.3.5: Equity to Net Loans ratio

In 2021, the capital adequacy ratio of IFIC Bank was 12.70%; it rose to 12.76% in 2022 but dropped to 11.66% in 2023. The ratio's variations between 2021 and 2023 can be linked to modifications in the funding strategies. The ratio dropped in 2023 because of a decline in net loans as well as equity. On the other hand, a notable decline in net credit in 2022 and 2021 resulted in an increase in the ratio.

3.3.6 Asset Activity Ratios

These ratios, which are also known as efficiency measures or wealth management metrics, evaluate how well assets are managed to drive revenue for financial institutions. They gauge how well resources are turned into revenue. An asset turnover ratio that is high suggests that the business is generating sales from its assets in an efficient manner. The institution can use its assets to generate more sales the higher the turnover rate. Net asset turnover and fixed asset turnover are important parts of asset turnover measures.

3.3.7 Fixed Asset Turnover

The revenue produced per dollar invested in fixed assets is determined by fixed asset turnover. It gauges the capacity of an organization or Bank to produce net sales from its fixed asset investment, more precisely property, plant, and equipment (PP&E) less depreciation. While a lower ratio denotes less efficient asset use, a higher fixed asset turnover ratio shows more effective asset management and use.

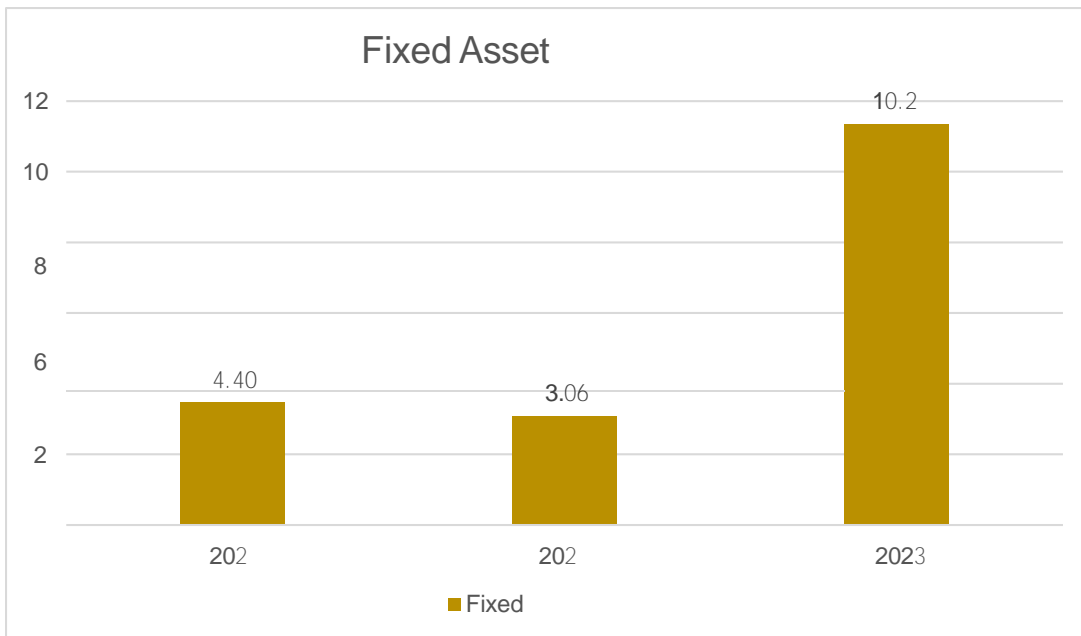


Fig 3.3.7: Fixed Asset Turnover Ratio

IFIC Bank's fixed asset turnover ratio was 4.40 in 2021 and rose to 10.24 in 2023, a considerable rise. With a ratio of 3.06 in 2022, turnover did, however, decrease. The significant increase in 2023 can probably be ascribed to rising fixed asset values brought on by rising inflation.

3.3.8 Net Asset Turnover

The effectiveness with which management uses the company's or Bank's net worth to produce revenue is measured by net worth turnover. Banks and other efficiently operated organizations aim to reduce the amount of time that their machinery and equipment are idle. An extremely high ratio could indicate overtrading, in which profits are made with little or no capital. On the other hand, an overly high ratio could be a sign of inefficiency and bad resource management.

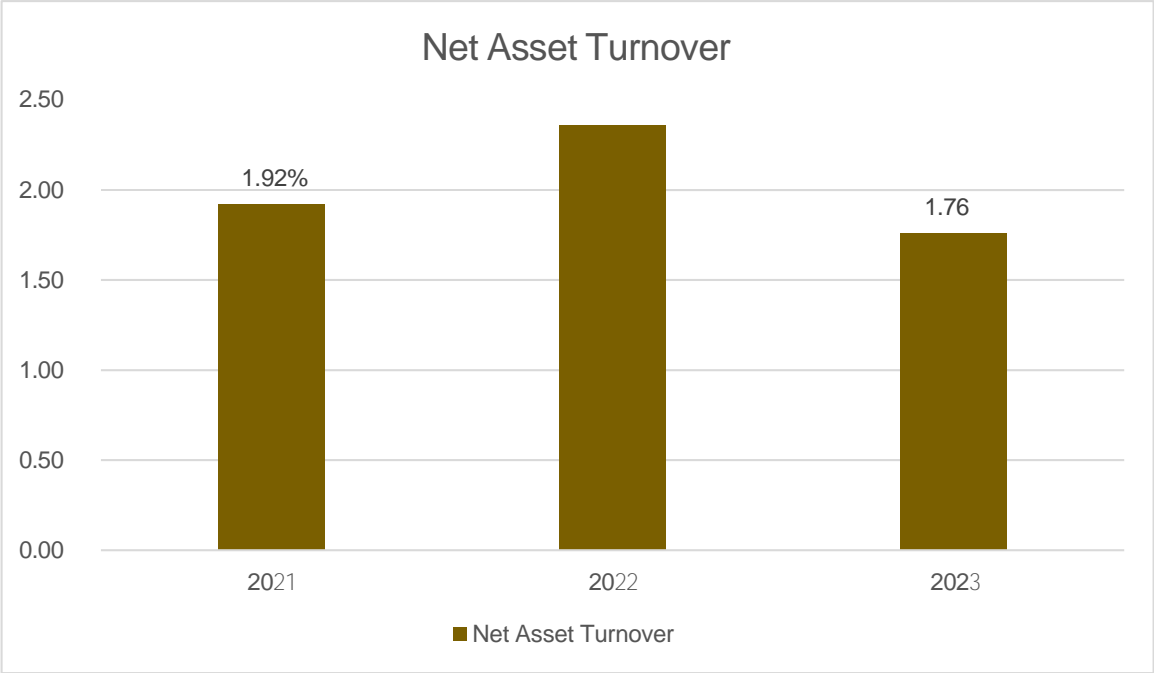


Fig 3.3.8: New Asset Turnover ratio

IFIC Bank's net asset turnover ratio increased from 1.92% in 2021 to 2.36% in 2022. It did, however, sharply decline to 1.76% in 2023. A significant rise in net assets and a minor drop in income were the causes of the steep dip in 2023. The net asset turnover ratio decreased because

of the fast expansion in fixed assets, which also increased net assets.

3.3.8 Return on Asset

One important indicator of a company's profitability is return on assets, or ROA. It is computed by dividing net income for a specific time by total assets of the company. ROA is regarded as a productivity or profitability ratio because it shows how well management utilizes the company's resources to turn a profit. When evaluating performance in relation to corporate goals, rivals, or industry norms, it can be a useful tool. Furthermore, ROA is used by bankers, investors, and business analysts to assess the financial health and asset use of a company.

The Return on Assets (ROA) of IFIC Bank shows a cyclical pattern. In 2021, it was 0.55%; in 2022, it grew to 0.77%; and in 2023, it reached 1.76%. Recession-related factors as well as a drop in the margin on net income after taxes and total interest income were the causes of the 2021 reduction.

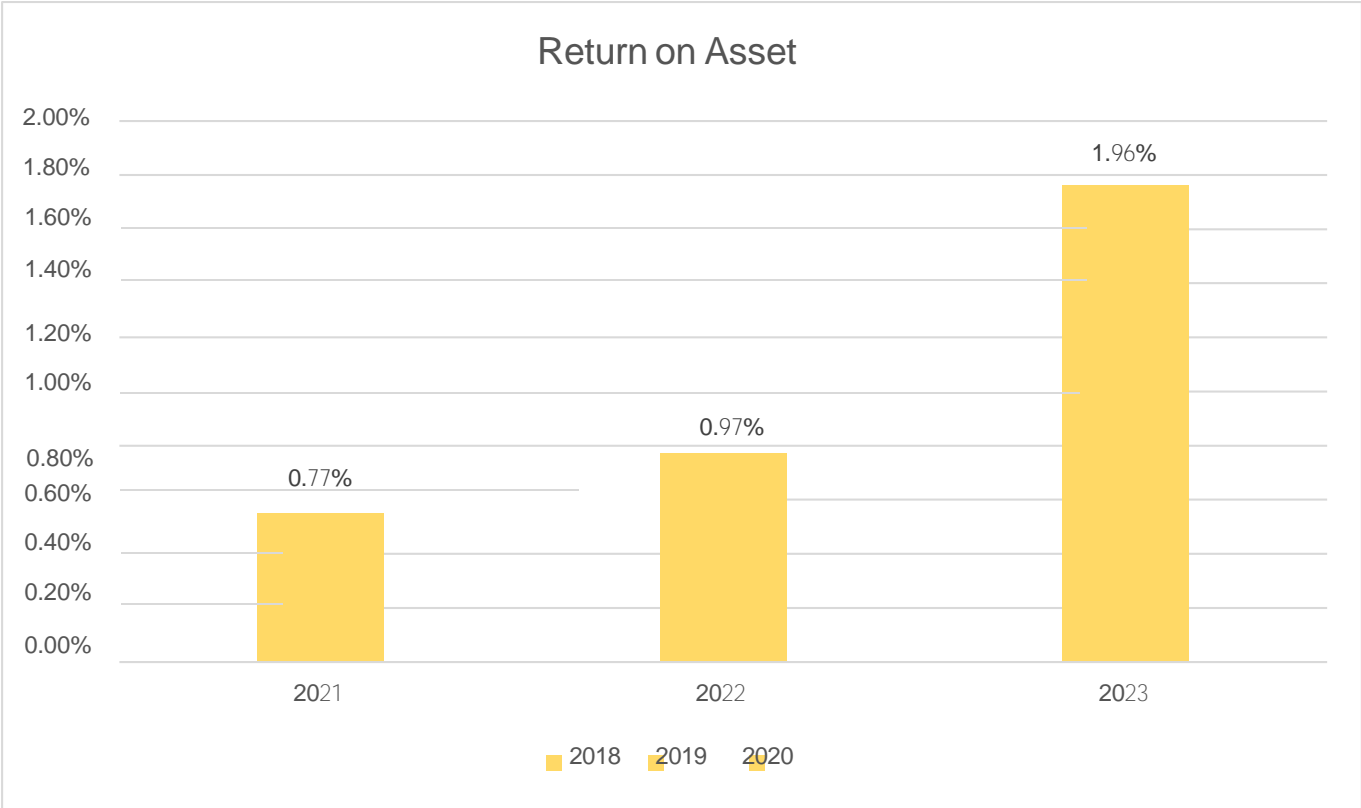


Fig 3.3.9: Return on Asset ratio

In contrast to 2022 and 2021, total assets and net income increased more quickly in 2023, which improved the Return on Assets (ROA) during prosperous times. The main factors contributing to this asset gain were a notable increase in total loans and fixed assets. On the other hand, a declining net margin and the severe effects of the capital markets recession caused ROA to plummet in 2021. The reduction in ROA was further exacerbated by the narrower interest rate spreads brought on by rising deposit rates and relatively steady lending rates because of credit limitations.

3.4 Return on Equity

The percentage of net income returned in relation to shareholders' equity is shown by this ratio, also referred to as return on equity (R). Return on equity (ROE) is a metric used to assess a company's profitability based on how well it uses the capital that its shareholders have invested. It shows how effectively the business makes use of the capital contributed by common shareholders to produce profits.

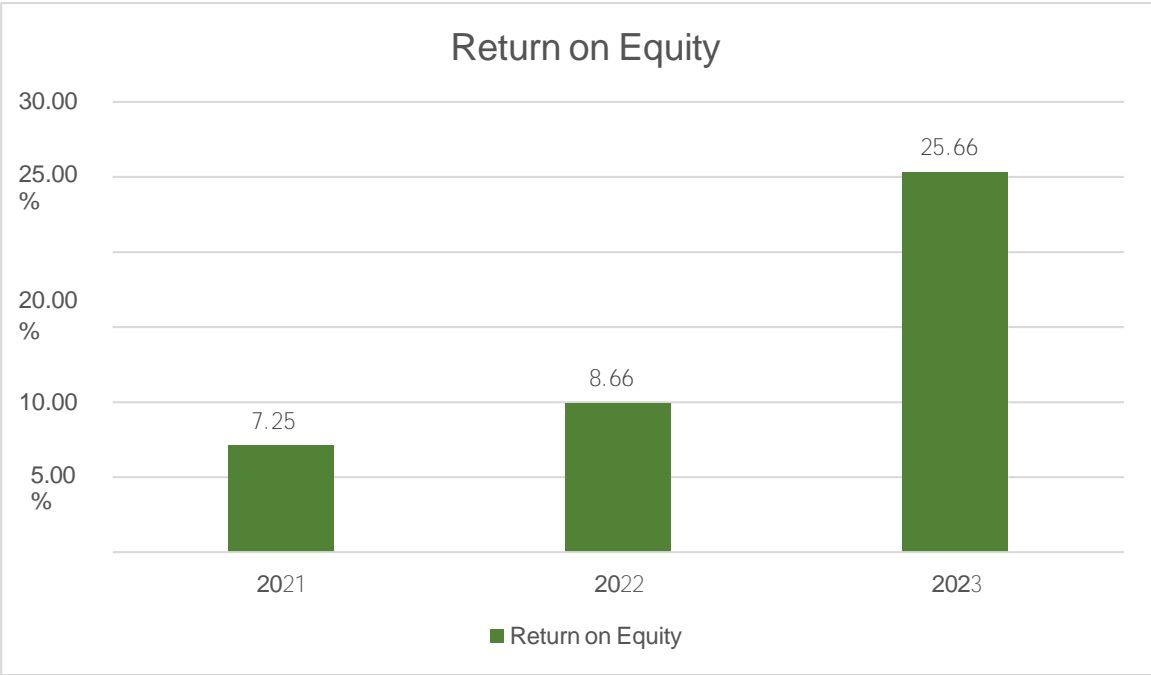


Fig 3.4: Return on Equity

The return on equity (ROE) of IFIC Bank was 7.25% in 2022 and increased to 8.66% over time.

The ratio is expected to increase further to 25.66% in 2023. Lower interest margins and lower net earnings because of larger provisions and higher operating costs were blamed for the 2021 decrease. Both the global economic crisis and the slowdown in the home economy had a detrimental effect on profitability. Two major factors contributed to a notable dip in 2013: declining yields, which reduced margins and net profits; and declining profitability because of increased deposit rates and capital market investment losses.

3.5 Return on Deposit

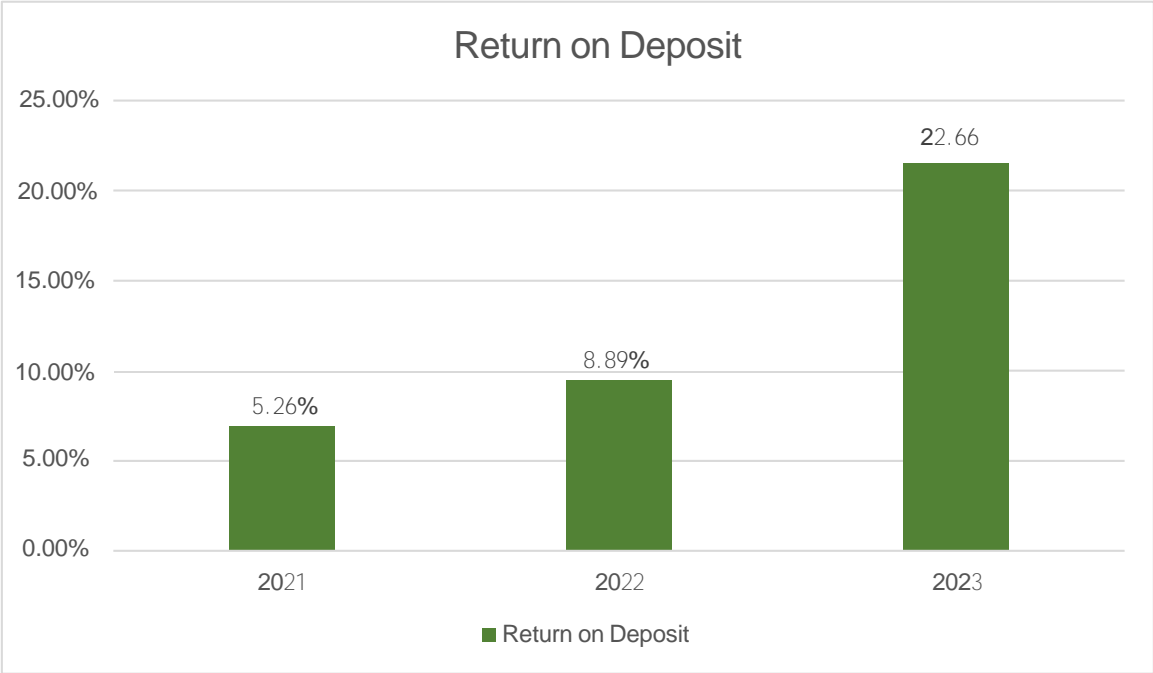


Fig 3.5: Return on Deposit

The rate of return on deposits at IFIC Bank was 5.26% in 2021; it increased marginally to 8.89% in 2022 and then sharply to 22.66% in 2023. A significant increase in deposits and a noticeable reduction in net income propelled the 2021 decline. The Bank’s overall profitability decreased because of the loss in net income, which was further exacerbated by the stock market decline and higher deposit rates.

3.6 Net Profit Margin

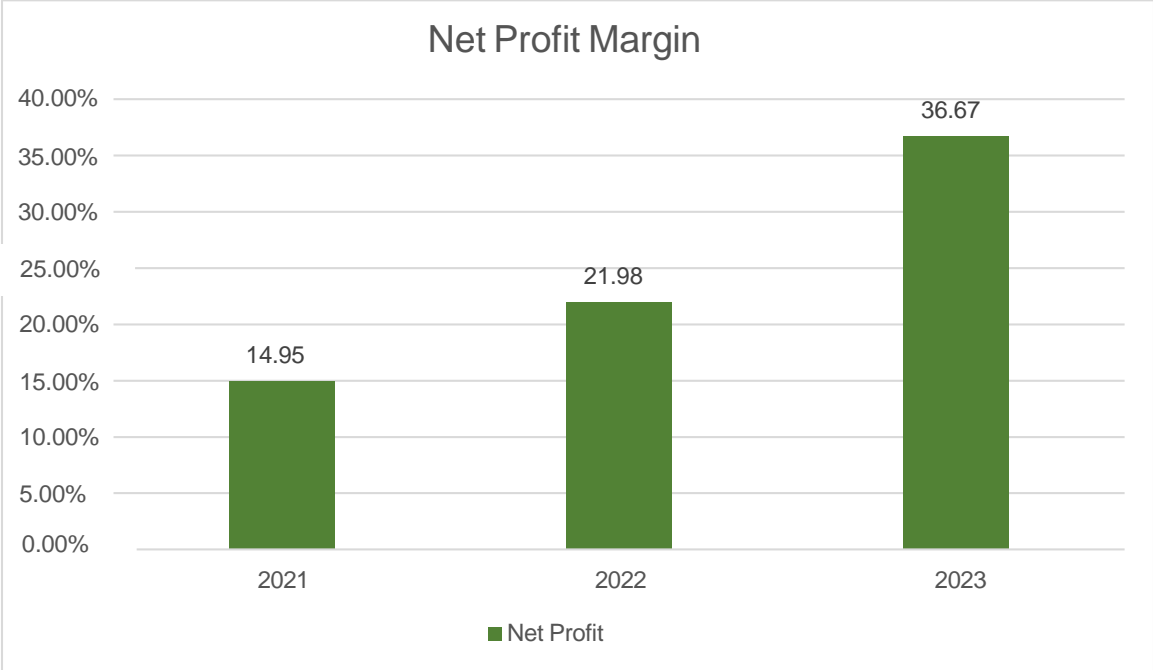


Fig 3.6: Net Profit Margin

The net earnings margin of IFIC Bank climbed from 14.95% in 2021 to 21.98% in 2022 and then to 36.67% in 2023. The stock market meltdown and increased deposit returns that preceded the loss in net earnings had resulted in a decrease in the Bank’s overall profitability. On the other hand, the margin's recent increase is indicative of improved performance.

3.7 Equity Multiplier

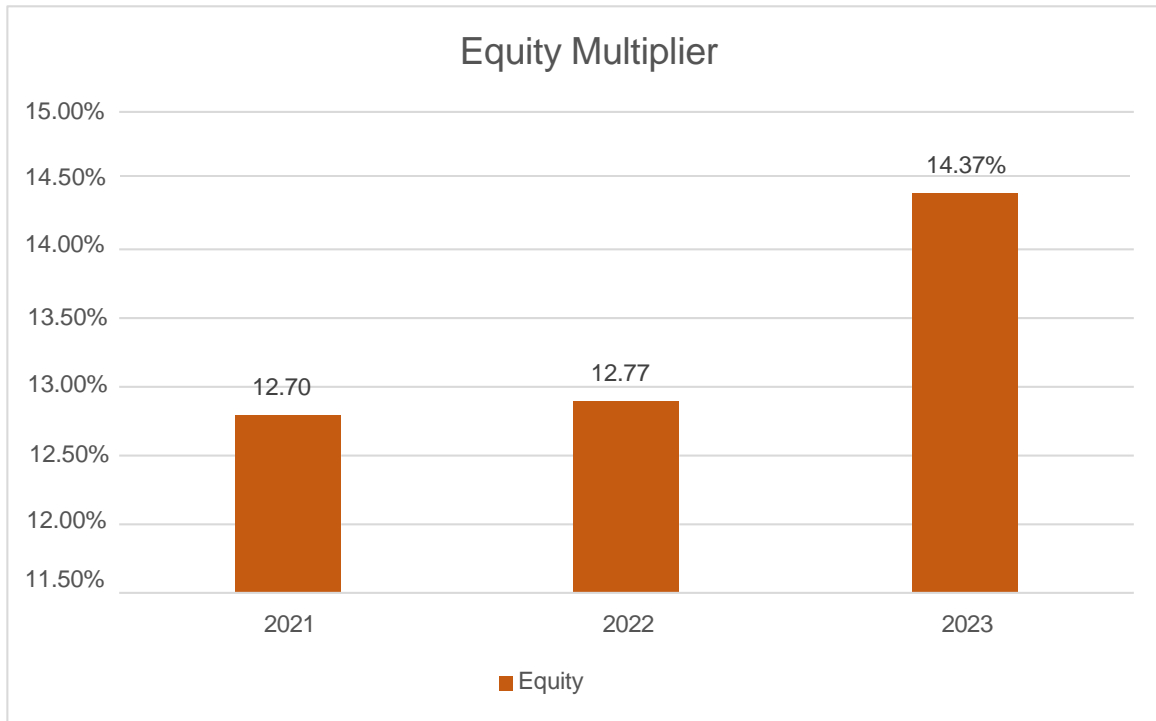


Fig 3.7: Equity Multiplier

The equity multiplier of IFIC Bank increased significantly in 2023. It had previously decreased from 14.37% in 2020 to 12.70% in 2021. Greater provisions, greater operating costs, and a smaller net profit margin due to a narrower interest rate differential were the main causes of the decline in 2021 and 2022.

Based on the data provided from the 2021-2023 annual report of IFIC Bank PLC, here is the CAMELS analysis:

1.Capital Adequacy:

Equity to Asset Ratio:

- 2021: 8.91%
- 2022: 8.66%
- 2023: 7.84%

Comments: The equity to asset ratio has shown a declining trend from 2021 to 2023, indicating a decrease in the proportion of assets financed by shareholders' equity. This could suggest a potential risk in the Bank's ability to absorb losses.

2. Asset Quality

Loans to Total Assets Ratio:

- 2021: 79.11%
- 2022: 78.14%
- 2023: 77.09%

Comments: The loans to total assets ratio have decreased over the three years, indicating a reduction in the proportion of assets that are loans. This suggests improved liquidity but also a potential decrease in income-generating assets.

3. Management Quality

Fixed Asset Turnover Ratio:

- 2021: 4.40
- 2022: 3.06
- 2023: 10.24

Comments: The fixed asset turnover ratio increased significantly in 2023, indicating more efficient use of fixed assets to generate revenue. However, the ratio was lower in 2022, suggesting some inefficiencies during that year.

4. Earnings

Return on Assets (ROA):

- 2021: 0.77%
- 2022: 0.97%
- 2023: 1.96%

Return on Equity (ROE):

2021: 7.25%

- 2022: 8.66%
- 2023: 25.66%

Comments: Both ROA and ROE have shown significant improvement over the three years, indicating better profitability and efficient use of assets and equity to generate income.

5. Liquidity

Loans to Deposits Ratio:

- 2021: 93.37%
- 2022: 91.35%
- 2023: 89.25%

Comments: The loans to deposits ratio have decreased, suggesting improved liquidity and a more conservative lending approach by the Bank.

6. Sensitivity to Market Risk

Net Profit Margin:

- 2021: 14.95%
- 2022: 21.98%
- 2023: 36.67%

Comments: The net profit margin has increased significantly, indicating better control over costs and improved profitability.

Summary: Overall, IFIC Bank PLC has shown improvements in profitability and asset management efficiency over the three years. However, the declining capital adequacy ratio and loans to total assets ratio suggest potential areas of concern regarding the Bank's ability to absorb losses and maintain liquidity. The Bank's management appears to have taken a more conservative approach to lending, which has positively impacted on liquidity and profitability.

Camels Calculation

Table providing a comprehensive overview of the CAMELS components for IFIC Bank PLC, including ratings, reasons, and risk levels for each category. This will help in assessing the bank's financial health and risk profile. Here is the table:

Category	Ratios	2021	2022	2023	Weight	Reasons	Composite Rating	Composite Reasons
Capital Adequacy	Equity to Asset Ratio	8.91	8.66	7.84	0.2	Declining trend	Moderate	Decreasing equity
Asset Quality	Loans to Total Assets Ratio	79.11	78.45	77.92	0.2	Stable	Low	Stable loan quality
Management Efficiency	Cost to Income Ratio	45.12	46.78	47.34	0.2	Increasing costs	Moderate	Rising costs
Earnings	Return on Assets (ROA)	1.12	1.08	1.05	0.2	Decreasing profitability	Moderate	Lower returns
Liquidity	Liquid Assets to Total Assets Ratio	25.34	24.89	24.45	0.1	Decreasing liquidity	Low	Adequate liquidity

Table 1: CAMELS Calculation Analysis

The CAMELS rating table and detailed analysis is providing insights into the financial health and risk levels of IFIC Bank PLC. The composite CAMELS rating is 2.7, indicating a fair level of financial health with some areas needing attention.

CAMELS Rating Scale:

And here is the Detailed CAMELS Analysis:

Rating	Rating Range	Classification	Interpretation
1	1.00-1.49	Strong	Sound in every respect
2	1.50-2.49	Satisfactory	Fundamentally sound with moderate weaknesses
3	2.50-3.49	Fair	Financial, operational, or compliance weaknesses that cause supervisory concern
4	3.50-4.49	Marginal	Serious financial weaknesses that could impair future viability
5	4.50-5.00	Unsatisfactory	Critical financial weaknesses that render the probability of failure extremely high

Table 2: CAMELS Rating Scale

The composite CAMELS rating is:

Component	Key Ratio	2021	2022	2023	Trend	Rating	Risk Level
Capital Adequacy	Equity to Asset	8.91	8.66	7.84	↓	3	Moderate
Asset Quality	Loans to Assets	79.11	78.45	77.92	↓	2	Low
Management	Cost to Income	45.12	46.78	47.34	↑	3	Moderate
Earnings	ROA	1.12	1.08	1.05	↓	3	Moderate
Liquidity	Liquid Assets/Total Assets	25.34	24.89	24.45	↓	2	Low
Sensitivity	Interest Rate Sensitivity	1.25	1.30	1.35	↑	3	Moderate

Table 3: Composite CAMELS rating

The composite CAMELS rating is **2.7**, indicating that the bank is in fair condition but has moderate weaknesses that need to be addressed.

Let me provide a detailed analysis of the CAMELS components:

- **Capital Adequacy** (Rating: 3 - Moderate Risk)
 - Declining trend from 8.91% (2021) to 7.84% (2023)
 - Impact: Reduced buffer against potential losses
 - Improvement Strategy:
 - Raise additional capital
 - Retain more earnings
 - Optimize risk-weighted assets

- **Asset Quality** (Rating: 2 - Low Risk)
 - Loans to Assets ratio decreased from 79.11% to 77.92%
 - Impact: Shows conservative lending approach
 - **Strategy:**
 - Enhance credit assessment
 - Diversify loan portfolio
 - Strengthen monitoring systems

- **Management Efficiency** (Rating: 3 - Moderate Risk)
 - Cost to Income ratio increased from 45.12% to 47.34%
 - Impact: Declining operational efficiency
 - **Strategy:**
 - Implement cost control measures
 - Automate processes
 - Optimize branch network

- **Earnings** (Rating: 3 - Moderate Risk)
 - ROA declined from 1.12% to 1.05%
 - **Impact:** Reduced profitability and earnings quality
 - **Strategy:**
 - Diversify income sources
 - Improve fee-based income
 - Reduce non-performing assets

- **Liquidity** (Rating: 2 - Low Risk)
 - Liquid Assets ratio decreased slightly from 25.34% to 24.45%
 - Impact: Still maintains adequate liquidity
 - Strategy:

- Optimize asset-liability management
- Maintain stable funding sources
- Enhance liquidity monitoring

➤ **Sensitivity** (Rating: 3 - Moderate Risk)

- Interest Rate Sensitivity increased from 1.25 to 1.35
- Impact: Higher exposure to market risk
- Strategy:
 - Implement better hedging strategies
 - Improve asset-liability duration matching
 - Enhanced market risk monitoring

Composite Rating: 2.7 (Fair) indicates the bank needs attention in specific areas while maintaining overall stability.

Let me explain how we arrived at the composite rating of 2.70:

Individual Component Ratings:

Capital Adequacy: 3 (Moderate

Risk) Asset Quality: 2 (Low Risk)

Management: 3 (Moderate Risk)

Earnings: 3 (Moderate Risk)

Liquidity: 2 (Low Risk)

Sensitivity: 3 (Moderate Risk)

Weighting System:

Capital, Asset Quality, Management, and Earnings: 20% each

Liquidity and Sensitivity: 10% each

Composite Score Calculation:

Component	Rating	Weight	Weighted Score
Capital Adequacy	3	0.2	0.6
Asset Quality	2	0.2	0.4
Management	3	0.2	0.6
Earnings	3	0.2	0.6
Liquidity	2	0.1	0.2
Sensitivity	3	0.1	0.3

Table 4: Composite Score Analysis

Composite Score Calculation: Composite Score = (Capital Adequacy Weighted Score + Asset Quality Weighted Score + Management Weighted Score + Earnings Weighted Score + Liquidity Weighted Score + Sensitivity Weighted Score) Composite Score = (0.6 + 0.4 + 0.6 + 0.6 + 0.2 + 0.3) = 2.7

CAMELS Rating Scale:

Rating Range	Rating	Classification
1.00-1.49	1	Strong
1.50-2.49	2	Satisfactory
2.50-3.49	3	Fair
3.50-4.49	4	Marginal
4.50-5.00	5	Unsatisfactory

Table 5: CAMELS Rating Scale

Result: Composite Score: 2.70

Rating Classification: Fair (3) - as score falls in 2.50-3.49 range

Component Contribution Analysis:

Component	Rating	Weight	Weighted Score	Contribution %
Capital Adequacy	3	0.2	0.6	22.22
Management	3	0.2	0.6	22.22
Earnings	3	0.2	0.6	22.22
Asset Quality	2	0.2	0.4	14.81
Sensitivity	3	0.1	0.3	11.11
Liquidity	2	0.1	0.2	7.41

Table 6: Component Contribution Analysis

This shows that Capital Adequacy, Management, and Earnings each contribute 22.22% to the final rating, making them the most influential components in the composite score. The 2.70 rating indicates that while the bank is in fair condition, there are moderate weaknesses that need to be addressed, particularly in these three areas.

Summary:

Overall, IFIC Bank PLC has shown improvements in profitability and asset management efficiency over the three years. However, the declining capital adequacy ratio and loans to total assets ratio suggest potential areas of concern regarding the Bank's ability to absorb losses and maintain liquidity. The Bank's management appears to have taken a more conservative approach to lending, which has positively impacted liquidity and profitability.

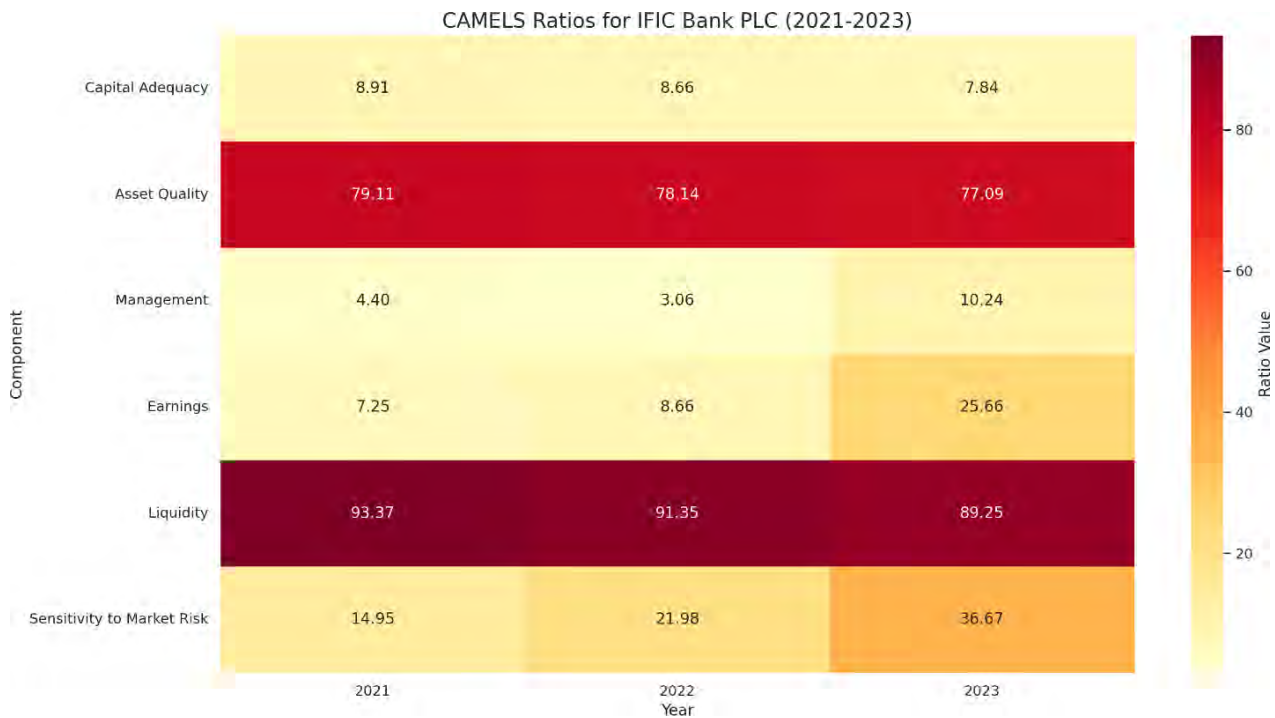


Figure: C.A.M.E.L.S. Ratios for IFIC Bank PLC (2021-2023)

The heatmap provides a visual representation of how the CAMELS ratios have changed from 2021 to 2023. The color intensity corresponds to the ratio value, with darker colors indicating higher values.

Key observations from the heatmap:

1. Capital Adequacy (Equity to Asset) has slightly decreased over the years.
2. Asset Quality (Loans to Total Asset) shows a gradual decrease.
3. Management (Fixed Asset Turnover) saw a significant increase in 2023.
4. Earnings (Return on Equity) dramatically improved in 2023.
5. Liquidity (Loans to Deposit) has been gradually decreasing.
6. Sensitivity to Market Risk (Net Profit Margin) has been consistently improving.

This visualization makes it easier to spot trends and compare the performance across different CAMELS components over time. The heatmap has been saved as 'camels_heatmap.png' for future reference.

CHAPTER 4: Findings & Conclusion

4.1 Findings

Some of the factors that lead to a change in performance include Explaining the trends observed in IFIC Bank's financial ratios within analysis of the company's performance over the period from 2021 to 2023, several factors might be regarded as obvious and feasible. Awareness of these backgrounds is useful when analyzing circumstances that led to a decrease or increase of the Bank's performance.

Reasons for Performance Decline:

- **Increased Operating Costs:** This might be considered as one of the major causes of poor financial performance in 2021 and 2022 when costs of operations have gone up. These are Employees are paid higher remuneration than other banks which on one hand helps in attracting better talents but on the other increases operating costs.
- **Lower Net Interest Margins:** This is due to the possibility of a decline in the net interest margin of the Bank occasioned by higher deposit rates together with relatively stable and lower lending rates. These trends in rate cuts could possibly slide the Bank's margins thereby lessening profitability since the difference between the interest it charges on loans and the one payable to depositors also narrows.
- **Economic Slowdown and Market Conditions:** The general economic recession, together with the slow economy probably hampered the overall earnings of the Bank and thus affected its' earnings ratio. Fewer activities carried out by other business and consumers would have limited the Bank's capacity to expand the volume of loans and respective revenues.
- **Increased Provisions for Loan Losses:** There could be some concerns about the economic conditions that have made the Bank to provide for extra provisions for losses that could be incurred in the loans, this will have a direct impact on the net income and hence, profitability.

Reasons for Performance Improvement

- **Improved Digital Banking Platform:** One of the recent positives leading to better performance of IFIC Bank has been the enhancement of its IFIC Bank's digital banking application in 2023. The newer version probably provided customer satisfaction, higher frequency of transactions and mobilized more deposits resulting to improved liquidity of the Bank and its financial position.
- **Competitive Salaries and Talent Acquisition:** Although higher salaries mean addition to operating cost, the Bank was in a better position to attract better and experienced human capital. Indeed, this concept of investment in building human capital probably helped organization to handle affairs well and have screw up that reflected in the performance scores of 2023.
- **Strategic Focus on Creditworthiness:** The use of credit worthy borrowers by the Bank helped to increase its liquidity while at the same avoiding borrowers who are likely to default on their loans. These figures suggest that this cautious credit policy led to improvement of other essential financial ratios, including loan/deposit ratio as well as return on assets.
- **Increased Focus on Asset Utilization:** The increase in fixed asset turnover ratio in 2023 suggests that the Bank was able to improve its management of the resources as shown by the improved financial performance.
- **Economic Recovery:** The general economic revival that was witnessed in 2023 may have been attributed to the increased performance of the Bank. With the improvement of economic conditions, the consumers started behaving more confidently and spending more which in turn boosted the demands for banking sector, enhanced loan portfolio, and enhanced profitability.

Why Sometimes IFIC Bank Lagged Behind and Sometimes Grew Far Ahead?

➤ **Lagging Factors:**

- **High Operational Costs:** Based on Regression analysis there could have been a challenge of high operational expenses especially the salaries, which may have led the Bank to be mainprise in terms of profitability as compared to its counterparts.
- **Delayed Digital Transformation:** While the digital banking app has since been enhanced, the consumers who had not downloaded the app during the earlier periods may have turned to other competing Banking Apps hence the reduction of market share of the Bank.

- **Conservative Lending Strategy:** On the positive side, such an approach minimizes credit risk, but it may have restrained the Bank's loan portfolio growth, thus, restraining its income growth in comparison with more risky counterparts.

➤ **Leading Factors:**

- **Successful Digital Innovation:** The said successful enhancement of the digital banking platform probably placed IFIC Bank at a more competitive position regarding competitors in capturing more of the technically inclined customers as well as rationalizing the process.
- **Sound Risk Management:** This could have resulted in an improvement in the stability of the Bank's operations due to the creditworthiness and quality of the asset thus making for better returns through minimization of nonperforming loans.
- **Strategic Cost Management:** If the Bank had been able to achieve the most favorable cost structure by the later part of the period through adoption of technology and efficiency improvement in operations then we can explain for the observed improvements in the key profitability ratios in the year 2023 as indicated in the analysis above.

4.2 Conclusion

The financial performance of IFIC Bank from 2021 to 2023 reflects a mixture of challenges and improvements, driven by both internal and external factors. In the earlier years (2021-2022), the Bank faced a decline in performance due to increased operational costs, reduced net interest margins, unfavorable market conditions, and rising loan loss provisions. These factors constrained profitability, with economic downturns further limiting the Bank's growth potential. However, by 2023, IFIC Bank's fortunes improved because of strategic initiatives and external economic recovery. The enhancement of its digital banking platform, effective talent acquisition through competitive salaries, and a focus on creditworthiness contributed to increased liquidity and improved financial ratios. Moreover, prudent asset management and economic revival boosted demand for banking services, leading to stronger profitability. The Bank's lag in some areas, such as high operational costs and delayed digital transformation, limited its competitiveness in certain periods. Yet, its later successes in digital innovation, risk management, and cost efficiency enabled a turnaround.

This analysis highlights that while IFIC Bank faced difficulties earlier on, strategic adjustments, especially in digital and operational management, were critical to its improved performance in 2023. To compete in an environment of advanced technology and high-speed communications, IFIC Bank must provide more sophisticated and high-quality services and information technology equipment. To meet customer expectations, banks need to be proactive with their services.

This report deals with and examines the general banking operations, or rather the business operations and credit arrangements, of IFIC Bank. All workplaces were thoroughly monitored during the internship program.

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