

Internship Report on Social Islami Bank

An Emphirical Study of Social Islami Bank

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**17 February
2016**

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February 17,2016

Showvonick Datta
Lecturer,
BRAC BusinessSchool,
BRACUniversity

Subject: Submission of InternshipReport.

DearSir,

I am here by submitting my Internship Report, which is a part of the BBA Program curriculum. It is a great achievement to work under your activesupervision.

This report is based on over all banking activities of Social Islami bank Limited (SIBL). I have got the opportunity to work in Social Islami Bank Limited for twelve weeks, under the supervision of Noman Kabir (AVP and Branch Manager) of Gausiabbranch.

This project gave me both academic and practical exposures. First of all I learned about the organizational culture of a prominent bank of the country. Secondly, the project gave me the opportunity to develop a network with the corporatenvironment.

I would be highly obliged if you are kind enough to receive this report and help me fulfilling my internship formalities. If you find this report useful and informative to have an apparent perspective on theissue.

SincerelyYours,

Syeda Sarah Hussaini
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Acknowledgement

One can acquire theoretical knowledge by learning only in a classroom. But generally there is a significant gap between practical situation and theoretical knowledge. To bridge this gap, practical experience is required to be achieved to match theoretical knowledge. One of the tried and proven methods of combating the short coming in the experience is an internship program. It is the combined arrangement between the educational institution and business houses operating in the practical field. BBA program is targeted to produce skillful “Business Executive” having an absolute professional outlook. So, the graduates of this discipline should be pragmatic and should have a first-hand view of the real life business environment, the prime objective of the internship program is to produce the learners with practical organizational environment so that, they can tune up themselves for the jobs in future and can get an opportunity to reconcile the theoretical knowledge with real life situation. For this reason internship program is an indispensable for the BBA program. As a student of BRAC University, I was placed in various divisions at Gausia Branch. I have tried my best to make this report effective and realistic and my endeavor will be fruitful at that time if anybody is benefited from this one.

Executive Summary

This report represents my three-month working experience on Social Islami Bank Limited (SIBL). I was assigned in the Gausia Branch of SIBL. This report illustrates the comparison among of financial performance of all the Islami bank in Bangladesh. SIBL incorporated in 5th July 1995 and being into its commercial operation on 22nd November with a view to provide exclusive service facilities to its client and accordingly meet the demand of banking service all over Bangladesh. Through the tiny duration of its operation the bank had been widely acclaimed by the business community from small business persons to industrial conglomerates for forward looking business outlook and inventive financial solution.

A total of “Eight” Chapters included in this paper. This bank is playing a vital role in the Islamic banking region in Bangladesh. The management of SIBL is going through **Shariah Law** by direction of **Shariah Board**.

The whole report is based on the financial performance of SIBL and other Islami Banks. My whole work is to compare among them using different parameter. My overall experience had been very fascinating and I believe internship period at Social Islami Bank Ltd. will definitely help me a lot in building my future career.

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Part one

Introduction

Introduction

Social Islami Bank Limited (SIBL) is a financial organization enlisted under the organizations Act 1994. SIBL began its operation from 22, November 1995. SIBL has approved capital of Taka 4000 million in 2008 and paid up capital of Taka 1309.88 million in 2008 furthermore 1119.55 million individually in December 2007. In the formal corporate segment Social Islami Bank offers the most up-to-date information about keeping money of different sorts of store and forecasted records, financing exchange, giving letters of insurance, opening letters of credit. In the Non-formal segment includes in real money Waqf Certificate and advancement and administration of WAQF and MOSQUE properties and Trust stores. There are 03 segments in Gausia Branch. They are: 1) General Banking, 2) Investment Department and 3) Foreign Exchange Department. My project work has basically focused on financial performance of SIBL and other Islami Banks in Bangladesh. Through this report I have come to know how all this banks are supporting their investors and national economy,

Part Two

Overview

Overview

Social Islami Bank was established on 5th July 1995 and went on operation on 22nd November, 1995 as a Second Generation Islami Bank with close co-operation and assistance of some renowned personalities of the Islamic world. H.E. Dr. Hamid Al Gabid, Former Secretary General of OIC and Prime Minister of Niger, H.E. Ahmed M.SalahJamjoom, Former Commerce Minister of Saudi Government, H.E. Prof. Dr. Ahmad El-Naggar (Egypt) participated in this noble endeavor as sponsor shareholders. Targeting poverty, Social Islami Bank Ltd. is indeed a concept of 21st century participatory three-sector-in-one banking model. In the formal sector, it works as an Islamic participatory Commercial Bank with human face approach to credit and banking on the profit and loss sharing. It is a non-formal banking with informal finance and credit package that empowers and humanizes real poor family and creates local income opportunities and discourages internal migration. It is a development bank intended to monetize the voluntary sector and management of Waqf, Mosque properties and introducing cash Waqf system for the first time in the history. In the formal corporate sector, this Bank would, offer the most upto date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills, leasing of equipment and consumers’ durable, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estate, participatory investment in various industrial, agricultural, transport, educational and health projects and soon.

To enhance the performance of the bank the management adopted strategic plan that includes increase of efficiency, establishment of transparency, efficiency and accountability in all spheres of banking practices and as a logical consequence of reform. Establishing Central Trade Processing Unit (CTPU), Central Remittance Unit (CRPU) and Central Clearing Unit (CCU) are the reform processes that the bank had undertaken from 2010 to be compliant on one hand and serve the clients more efficiently and effectively on the other. Successful issuance of 1:1 Right share in the year 2011 has resulted in an effort towards raising the paid up capital to Taka 2,987.81 million and thus capital of the bank stood at Taka 9,534.52 million at the year end 2011. The year 2011 has ended with a capital surplus of Tk.

2456.22 million as per requirement of the BASEL-II. Having the year 2010 as a successful return SIBL witnessed a remarkable growth too in different sectors in the year 2011. We have successfully opened 12 numbers of branches throughout the year 2011 and thus the total number of Branches stood at 76. The latest branch is Bashundhara branch which has gone on operation on 27th December,2011.

Goal of SIBL:

Social Islami Bank has efficient and experienced staff for giving better service to its clients along with modern technology.

The Vision:

Social Islami Bank Limited began its journey with the idea of 21st Century Islamic participatory three area managing an account model: i) Formal Sector-Commercial keeping money with most recent innovation; ii) Non-formal Sector-Family strengthening Micro-credit & Micro-undertaking project and iii) Voluntary Sector-Social Capital activation through CASH WAQF and others. At long last, "Decrease of Poverty Level" is the Vision, which is a prime article as began in Memorandum of Association of the Bank with the dedication "Cooperating for a Caring Society."

The Mission:

High quality financial services with the latest technology.

Fast, accurate and satisfactory customer service.

Balanced & sustainable growth strategy. Optimum return on shareholders' equity.

Introducing innovative Islamic banking products.

Attract and retain high quality human resource.

Empowering real poor families and create local income opportunities.

Providing support for social benefit organizations-by way of mobilizing funds and social services.

GENERAL BANKING:

General banking department aids in taking deposits and simultaneously provides some additional services. General banking is the front side banking services department. It provides those customers who come frequently and those customers who come one time in banking for enjoying additional services. In some general banking activities, there is no relation between banker and customers who will take only one service from bank. On the other hand, there are some customers with who banks are doing its business frequently. SIBL (Social Islami Bank Limited) General banking is divided into five sections these are:

Account Opening activities.

Bills and Clearing activities.

Cash activities.

Remittance activities.

Closing of an Account activities.

Part Three

Internship at SIBL

Internship in Social Islami Bank Ltd.:

Internship is mandatory for completing BBA program which focuses on professional development of people open to take up business as a profession as well as service as a career. Moreover, internship provides students to link up their theoretical knowledge into practical fields. For completing my BBA program I started my internship in Social Islami Bank Ltd. in Gausia Branch. This chapter will give a brief idea about my duties and responsibilities over the three month in Social Islami Bank Ltd. in Gausia Branch. Through this internship program I have gathered practical knowledge about the corporate world. I worked there for 12 Weeks. For these 12 Weeks I worked in General Banking department. Working in SIBL is as follows:

My work in General Banking:

Account Opening – First I have learnt how to open Savings account in Social Islami Bank Ltd then other types of accounts. I was instructed about the procedures and the requirements of every different types of account. (Current, Savings etc.) I had also taken part in completion of some of the account opening form.

Desks pass – I also worked with desk pass of GB. All the documents both inward and outward go through this desk. The responsibility of this desk is to mark all the documents and give those documents an official trespass number and send those documents to appropriate places.

Banking software – I was given bit information about how the online Banking software works and what is the function of it. I was also allowed to browse the software for my proper leaning about the procedures of the transactions.

Processing of Cheque Book – After the introduction with the banking software I have learned how to process a Cheque book. I have learned the processing of the Cheque book requisitions and other formalities. I have also took part in the delivering the Cheque book when a client comes to acquire it.

Pay Order – Payment order is one of the main facilities of Social Islami Bank Ltd. I learned about pay order is and how it helps to transfer funds. Demand Drafts (DD) – Demand draft works like a pay order but it is generally used for transferring the funds outside Dhaka. Most of the government organizations use Demand draft for transferring their funds in Social Islami Bank.

Cheque clearing – Cheque clearing section is one of the most important parts of GB. Working in this section requires a lot of patience and concentration. I learned the process of both inward and outward clearing.

Other works

I participated in photocopying different documents, arranging files for loans department, depositing cash on behalf of customers, called customers for submitting their documents for completing accounts opening process.

Part Four

Project on Financial Performance

Project Work: Comparison among Banks based on Performance

Summary:

Bangladesh Currently has six fully Shariah based bank. They are all listed in the Dhaka Stock Exchange and trading their shares. My project is dealing with the comparison in their financial activity and the performance in share market. Moreover, comparing about their way of covering different part of the state using Automated Teller Machine (ATM) along with industry based analysis.

Objective of the Project:

Comparing Social Islami Bank Limited's data with other banks to justify its position in the market to which extent they have been successful to attain their goal and if there is any particular area for improvement.

Methodology:

Type of Research:

This is a Quantitative Research, which briefly reveals and analyzes the Bank's performance to "Identify Bank's position."

Sources of Information

I have collected the information/data from secondary sources, which has helped me to make this report.

Secondary Sources

The secondary data sources are annual reports and stock market data of Social Islami Bank limited, Al-Arafah Islami Bank Ltd, Islami Bank Bangladesh Ltd., First Security Islami Bank Ltd., Shajalal Islami Bank Ltd. and ICB Islamic Bank Ltd.

Methods of Collection

DSE website

Respective bank's website

Financial Performance Analysis:

Financial performance analysis is basically evaluation of a company's financial report. It includes ratio analysis and comparisons among different organizations using profit loss statement data, balance sheet data, company's liquidity state, stock exchange performance for public limited company.

Cross Sectional Analysis:

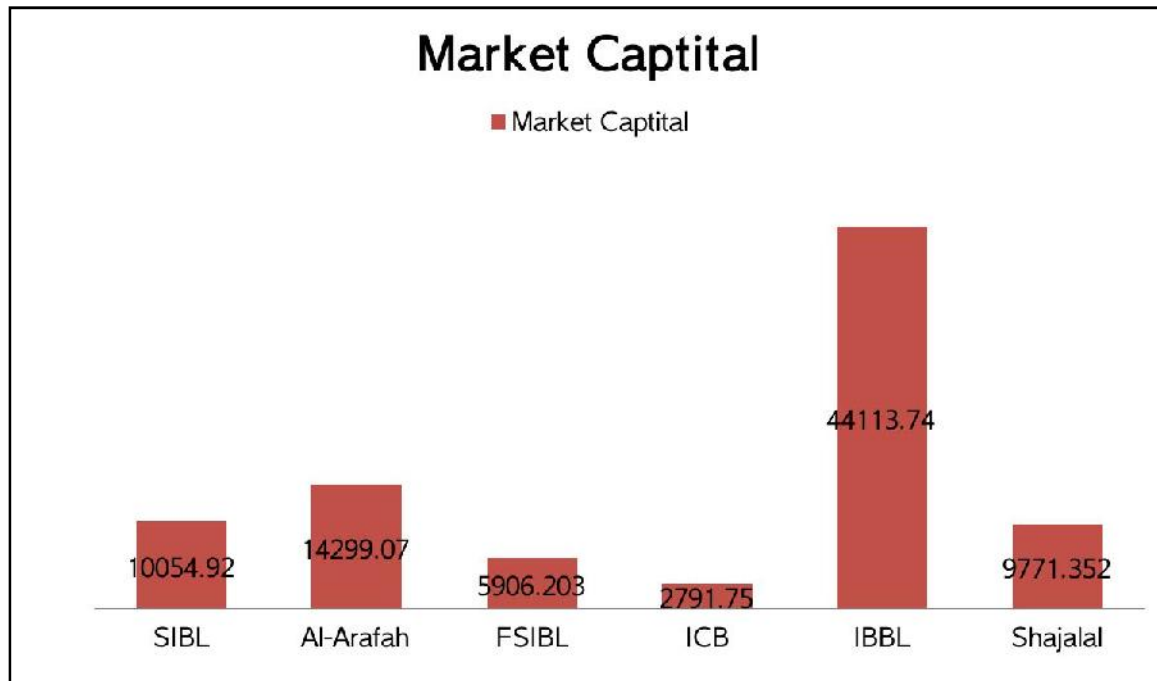
Factors	SIBL	Al-Arafah	FSIBL	ICB Islamic Bank	IBBL	ShajalalIslami Bank
*Market Capital (BDT mn)	10054.92	14299.07	5906.203	2791.75	44113.74	9771.352
*P/E Ratio (2015)	15.77	6.73	11.06	N/A	8.45	8.62
Net Assets Value per Share (2014)	17.31	17.51	16.55	N/A	28.93	15.95
Net Income (2014)	1928.39	2081.99	672.24	-286.53	3967.42	748.32
Dividend (%) (2014)	18	14	10	N/A	15	10
Dividend Yield (%) (2014)	13.24	9.4	N/A	N/A	6.41	8.7
Branches	111	128	113	33	280	93
ATMs	36	82	105	13	169	46

*Accessed on 9 January, 2016 to "www.dsebd.org"

The above table shows the different ratios of 6 different banks that I have analyzed. SIBL's market capitalization is third highest among six different Islami Shariah Banks.

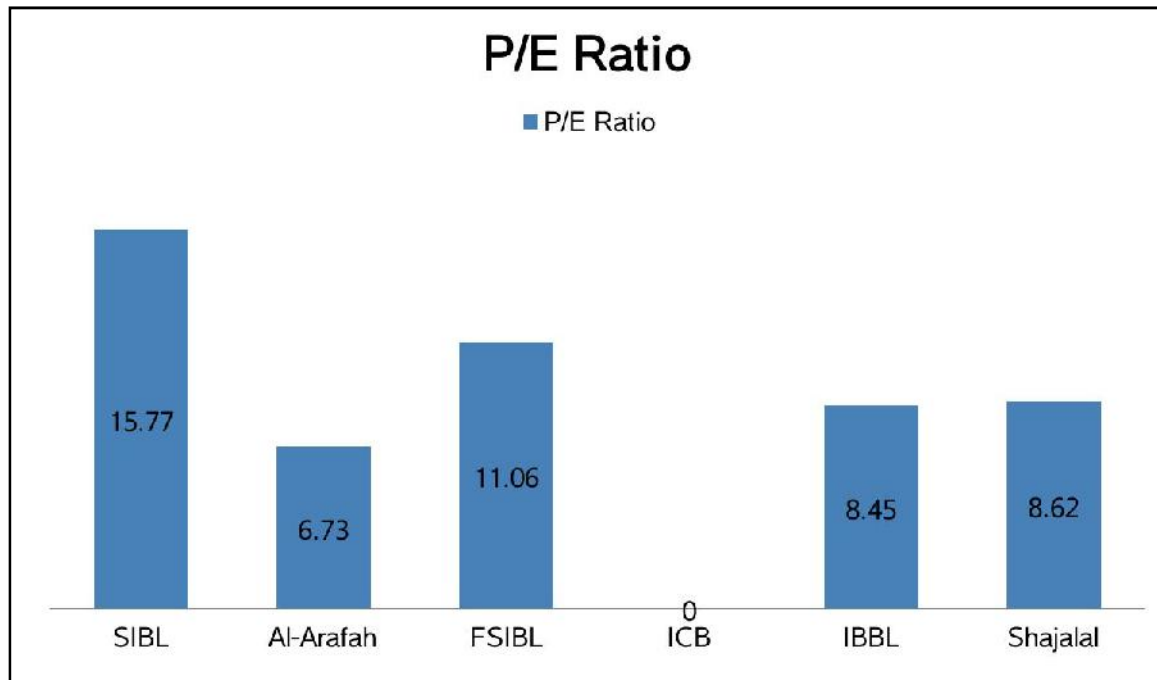
Graphical Representation

Market capital is basically total amount of common stock, preferred stock, bond and debenture held by investors. Market capital defines how big the organization is.



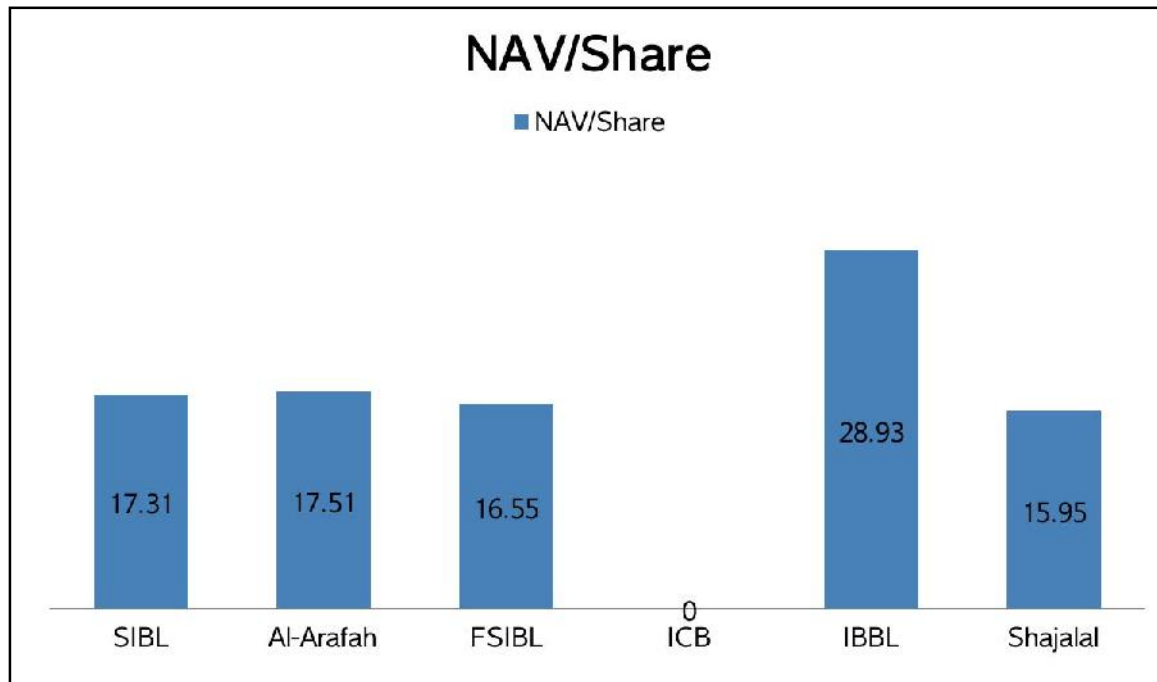
Comment: Market capital is the appropriate indicator of a public limited company's performance. Analyzing this we can say SIBL is underdog. They are underperformer. Their Share price is very low. On the other hand IBBL is the market leader here.

Price earnings ratio usually defines the relationship between market value of the share and dividend an investor is getting from the share. The higher the ration the better for the investors.



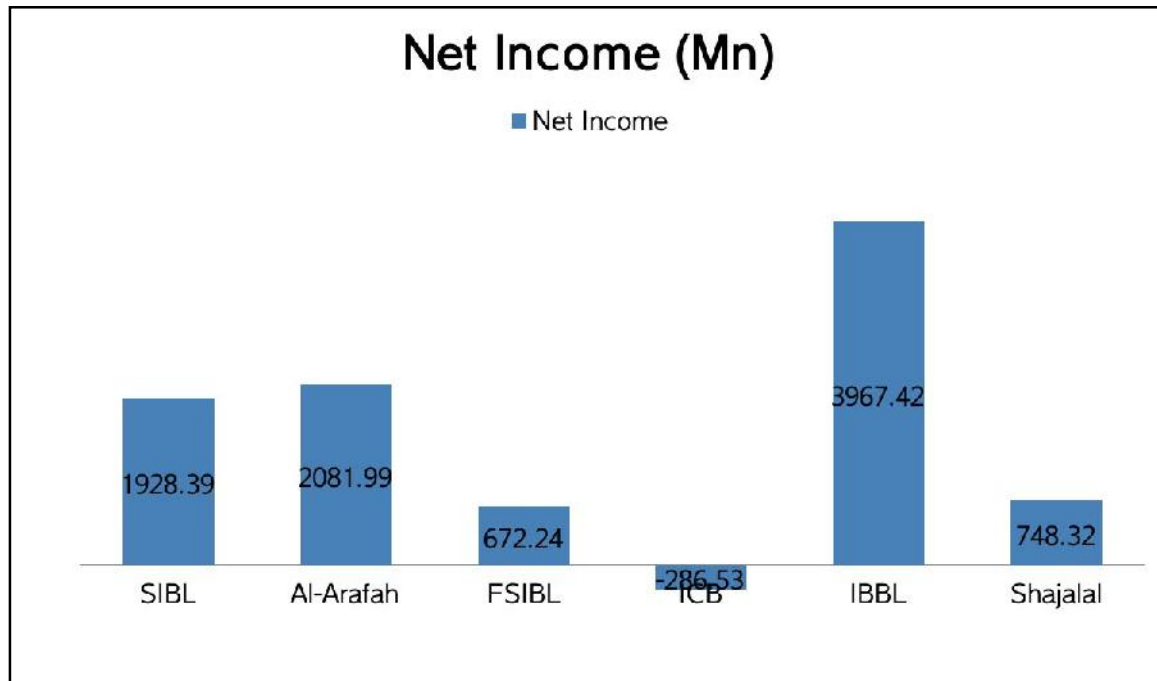
Comment: As share price is very low for SIBL their price earnings ratio is higher than others. So, again they are not in that much healthy position considering market capital. Moreover, this leaves a question mark while investing in SIBL.

It defines how many time of net asset value an organization has comparing to its common stock. the more net asset value an organization has the more secured the organization is for the investors .so for getting investment from common stock an organization needs to have a satisfactory amount of net asset



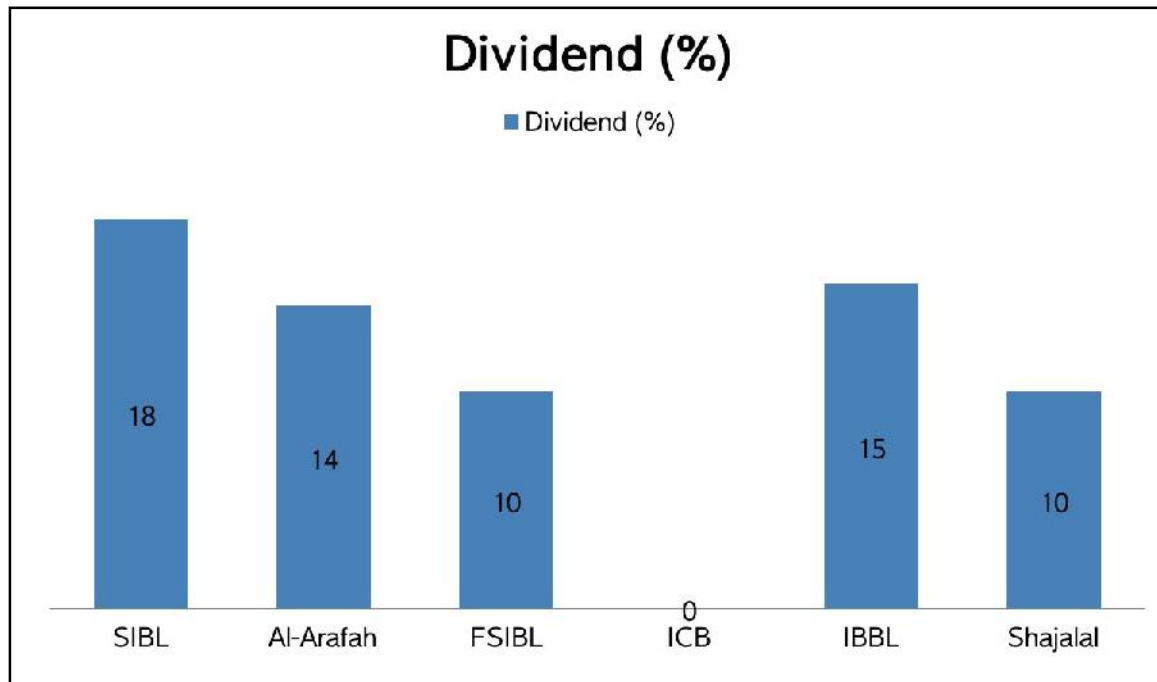
Comment: In this part they are on industry average which indicated a healthy sign however as their share price is undervalued this is actually is not a good issue for a company. So, they should focus on their management to ensure profit in operation to rise up their share value as well as their net asset.

Net income is the amount a company retains after meeting all the expenses, interest and government taxes. Forgetting higher amount of net income it needs efficient management of profitability and inventory management.



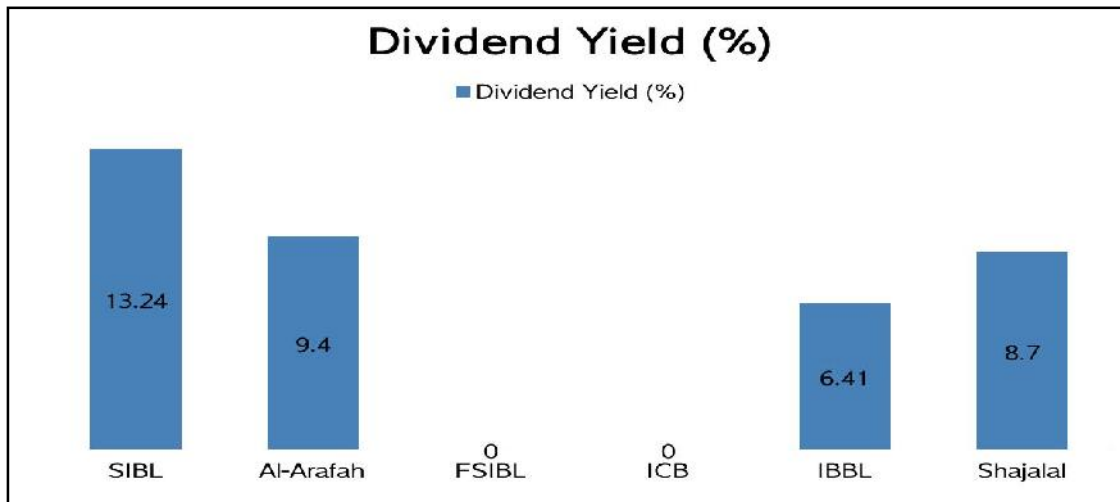
Comment: In this graph it is obvious that only IBBL has become successful running their operation as it should be. All the other Islami banks are under performer. Among them SIBL is not struggling as ICB or other two banks. So, condition is more or less preferable.

Dividend is the amount which is given from net income. For giving dividend an organization consider any upcoming on hand projects. After fulfilling the financing requirement of an on hand project the rest of the amount is given as dividend. If an organization does not have any upcoming project then they can give the entire amount as dividend.

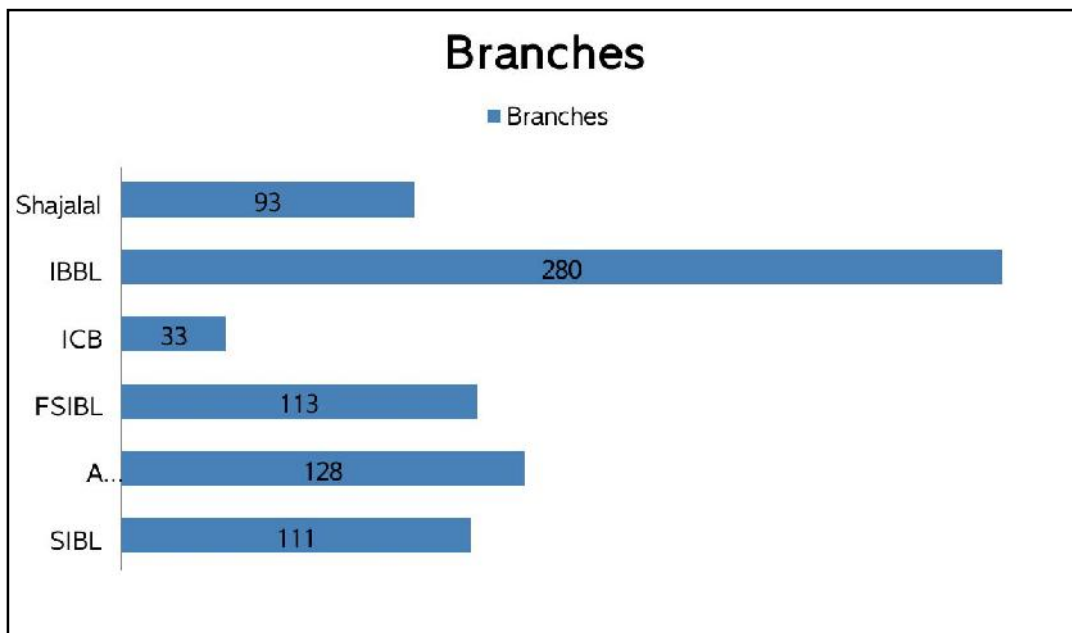


Comment: Regarding dividend SIBL is really lucrative. However, it indicates they are trying to catch attention of the investors. However, this may hinder their next operation's money fund.

A financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing the taka value of dividends paid in a given year per share of stock held by the taka value of one share of stock.



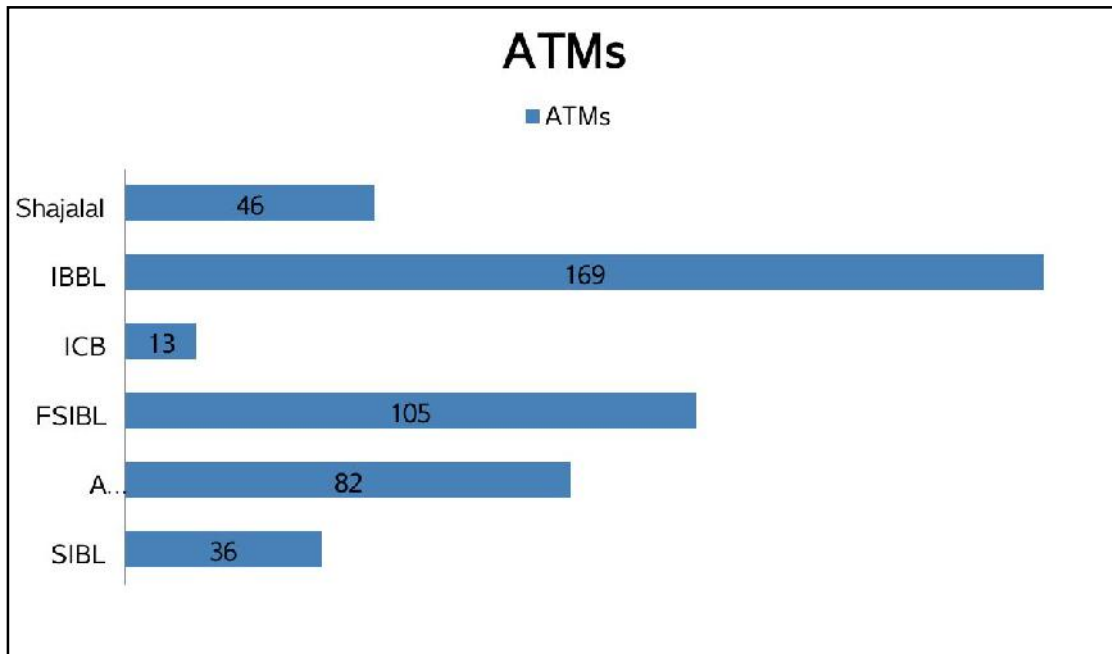
Comment: As their dividend payment is highest among other banks so their dividend yields. This will help to attract potential investors.



Comment: SIBL has fourth highest number of branches in Bangladesh. So, if they want to improve their profitability they need to increase their operation throughout the state to get more customer

exposure.

Total number of ATM's of all banks are shown below in the bar chart.



Comment: ATM is another process to reach to the customers and making their transaction easy. In terms this satisfy customer and increase their market share.

SIBL's Performance-Time Series Analysis

Fig in million Taka

Sl no	Particulars	2009	2010	2011	2012	2013	2014
01	Authorized Capital	4000.00	10000.00	10000.00	10000.00	10000.00	10000.00
02	Paid-up Capital	2691.72	2987.81	63693.92	6393.92	7031.42	7031.42
03	Total Shareholders Equity	3555.75	4198.77	9412.21	10181.97	11083.43	12143.38
04	Capital Base (Tier I & II)	3914.62	4678.56	9534.52	10596.51	11623.52	13078.26
05	Total Deposits	31588.16	44850.77	66852.55	93594.29	102104.48	124535.01
06	Client Deposits	27663.62	39833.37	56661.16	81091.39	95984.82	109040.63
07	Investments (General)	26580.58	36680.28	53908.58	76024.97	85922.33	107899.96
08	Investments (Shares & Securities)	1310.66	3049.72	5241.36	6144.01	8538.18	7823.73
09	Foreign Exchange Business	39110.00	61931.00	108308.30	126519.90	132374.70	139910.11
10	Operating Profit	1064.31	1638.63	2768.80	3617.82	2924.55	3964.27
11	Profit before Tax	726.88	1136.69	1901.28	2747.89	2024.66	3307.52
12	Fixed Assets	649.61	914.74	2134.87	2249.95	2653.88	2675.86
13	Total Assets	39980.82	55168.54	84406.18	115165.95	126616.56	1537374.67
14	Stock Dividend Cash Dividend	11% -	14% -	- 10.50%	10.00% 5.00%	0.00% 12.00%	0.00% 18.00%
15	Investments as a % of total deposits	84.15%	81.78%	80.63%	81.23%	84.15%	86.64%
16	Investments as a % of Client deposits	96.08%	92.08%	94.65%	89.19%	86.78%	89.52%
17	Risk Weighted Capital Adequacy Ratio	14.97%	9.33%	13.17%	11.52%	11.64%	11.36%
18	Ratio of Classified Investments to Total Investments	3.19%	4.76%	3.93%	3.33%	5.35%	4.56%
19	No. of Foreign Correspondents	2250	2250	2250	2230	2230	2230
20	Number of Employees	950	1252	1375	1625	1802	1922
21	Number of Branches	52	64	76	86	94	100
22	Book Value per Share	100	10	10	10	10	10
23	Earning per Share	18.39	2.15	1.81	2.25	1.74	2.71
24	Credit Rating by Long Term Short Term	CRISL A+ ST-2	CRISL A+ ST-2	CRISL A+ ST-2	ECRL AA- ECRL-2	**ECRL AA- ECRL-2	ECRL AA- ECRL-2

*CRISL-Credit Rating Information and Services Limited

**ECRL-Emerging Credit Rating Limited

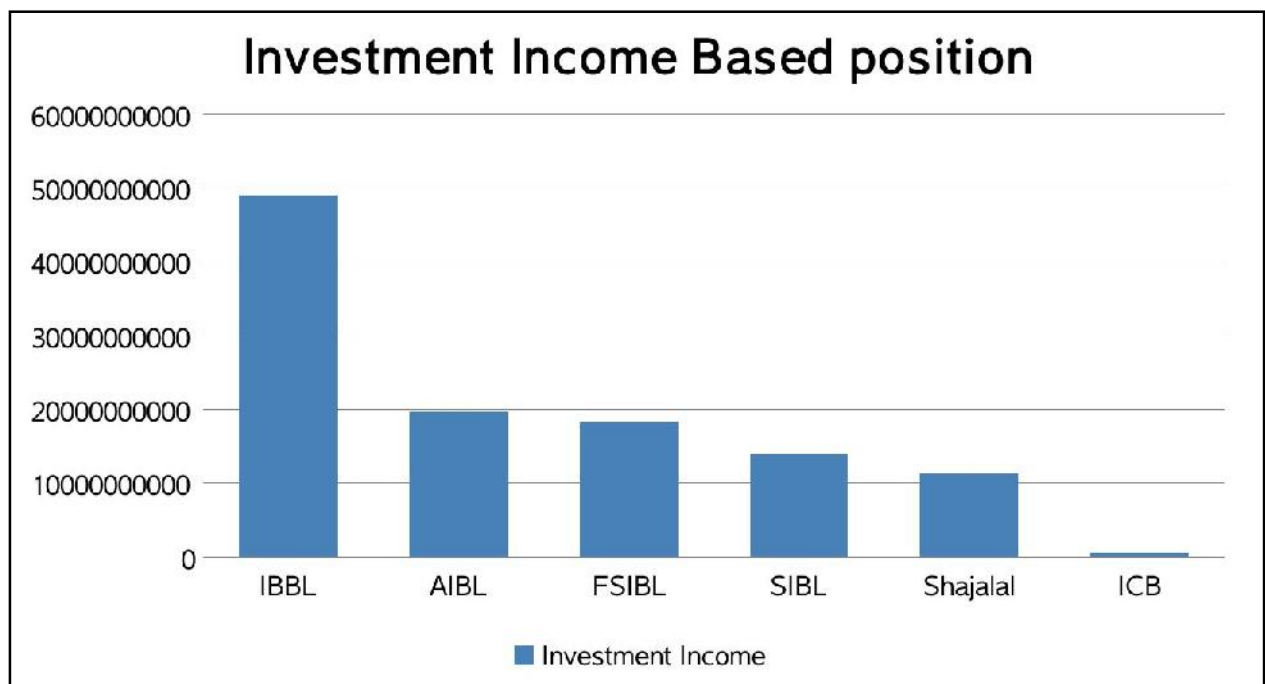
Fig in million Taka

Indicators	Target 2014	Actual- 2014	Actual-2013	Achievement percentage	Growth %
Deposits	150,000.00	109,040.63	95,984.8	72.69%	13.60%
Investments	120,000.00	107,899.96	85,922.33	89.92%	25.58%
Foreign Exchange Business	230,000.00	139,910.00	132,374.70	60.83%	5.69%
Operating Profit	5,500.00	3,964.27	2,891.06	72.08%	36.98%

Market Position:

Based on Investment Income:

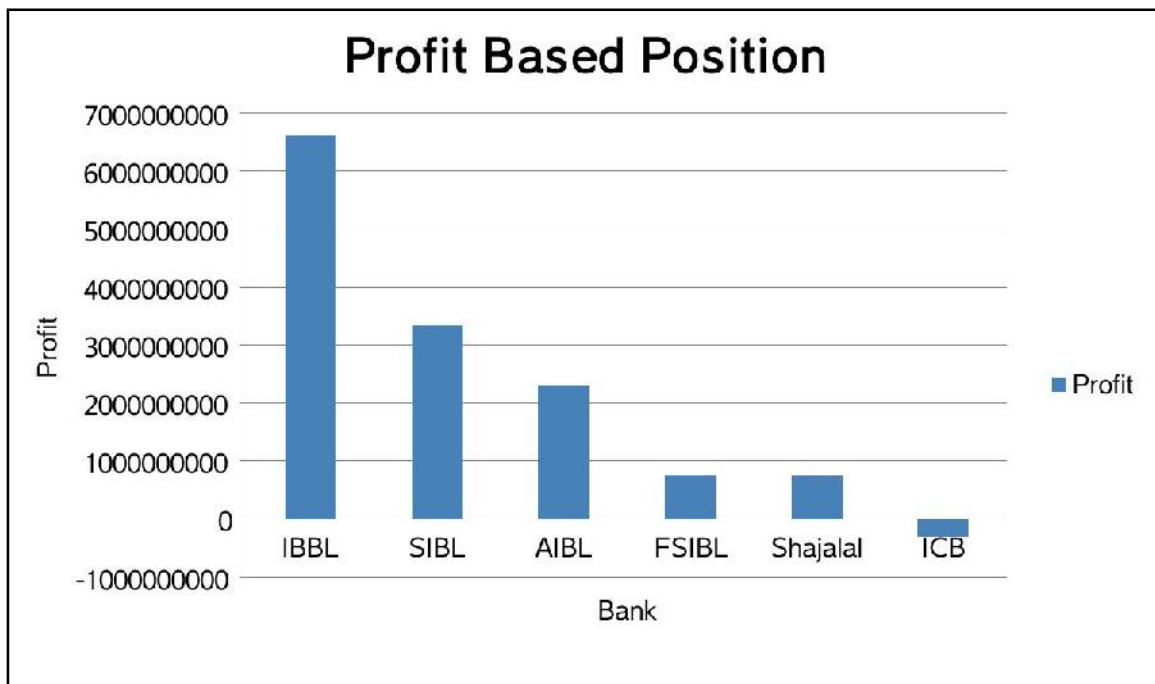
	Bank	Investment Income		Growth (%)
		2014	2013	
1	IBBL	49,109,956,379	48,145,464,380	2.00
2	AIBL	19,725,917,293	17,966,328,508	9.79
3	FSIBL	18,317,000,257	13,356,455,208	37.14
4	SIBL	13,984,234,867	13,652,592,262	2.43
5	Shajalal	11,381,134,614	13,751,274,429	-17.24
6	ICB	557,422,702	642,077,041	-13.18



Comment: In 2014 the performance of the banks Islami Banks Bangladesh Ltd. has highest income of BDT 49,109,956,379 with a growth rate of 2% whereas Social Islami Bank Ltd. secured total BDT 13,984,234,867 with growth rate of 2.43%. This is 3.5 times less than IBBL.

Based on Profit:

	Bank	Profit		Growth (%)
		2014	2013	
1	IBBL	6,633,588,792	8,100,831,469	-18.11%
2	SIBL	3,352,525,501	2,058,942,530	62.83%
3	AIBL	2,324,953,693	2,276,680,985	2.12%
4	FSIBL	776476241	762709068	1.81%
5	Shajalal	748,320,514	1,305,919,803	-42.70%
6	ICB	(286529913)	(680751278)	-57.91%

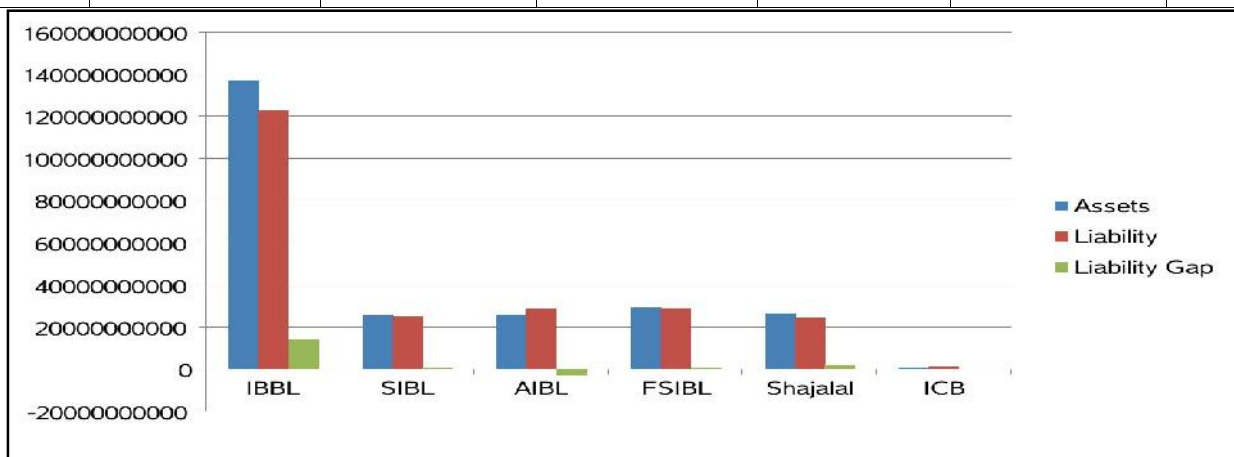


Comment: In 2014 Islami Bank Ltd. has net profit of BDT 6,633,588,792 which is 18.11% less than previous year. Social Islami Bank Ltd. has remarkably improved in their profit retention. They have secured second position in profit retention. Their profit growth is 62.83%.

Liquidity State:

Liquidity is a very crucial fact for banking operations and insufficient liquidity leads to inefficient banking activity. High liquidity is negative for banks as because it demonstrates poor liquidity management. However insufficient liquidity creates challenge for meeting depositor's demands. Moreover insufficient liquidity leads to bank run situation so it is important to maintain balance liquidity through forecasting liquidity requirements and proper maintenance of emergency standby credit lines at other banks.

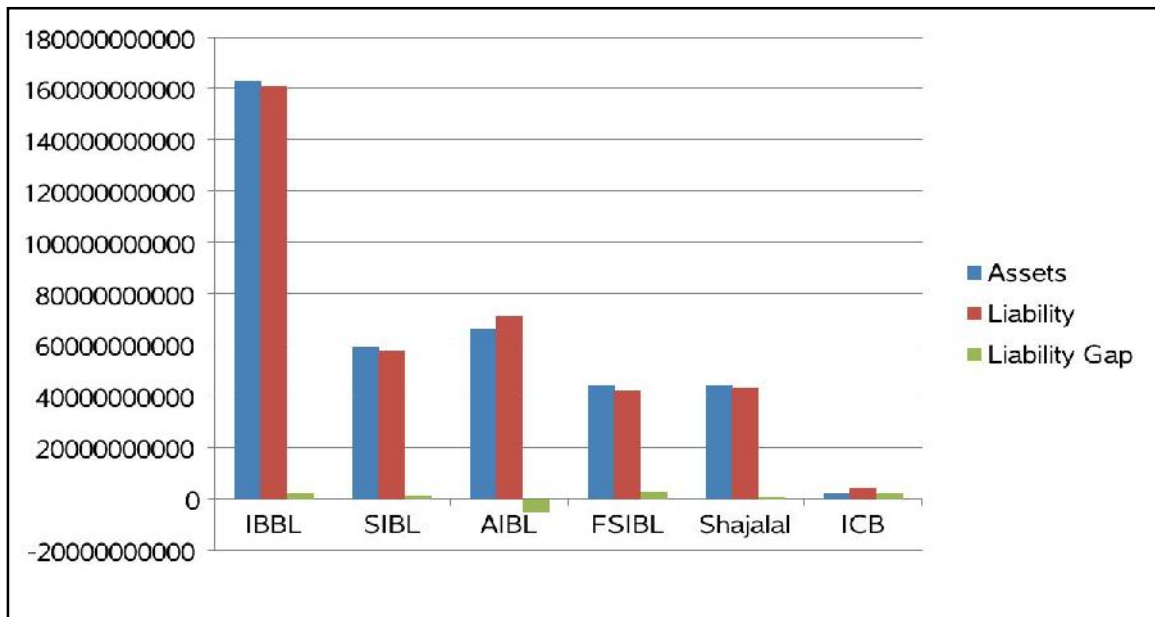
1-3 Months						
Particulars	IBBL	SIBL	AIBL	FSIBL	Shajalal	ICB
Assets	137,139,832,688	25,854,205,234	25,934,700,000	29579775661	26,819,299,720	1077754874
Liability	122,682,701,922	25,106,643,211	28,819,600,000	29011774423	24,502,315,869	1165453270
Liability Gap	14,457,130,767	747,562,023	(2,884,900,000)	568001238	2,316,983,851	(87698396)



Comment: In first three months Islami Bank Bangladesh Ltd. has highest amount of positive liability gap. Through which they can repay their liability fully and left with an extra BDT 14457130767. Social Islami bank Limited on the other hand is second in position. However their positive liability gap is really insignificant to IBBL. They have BDT 747562023 extra after paying all the debts.

3-12 Months

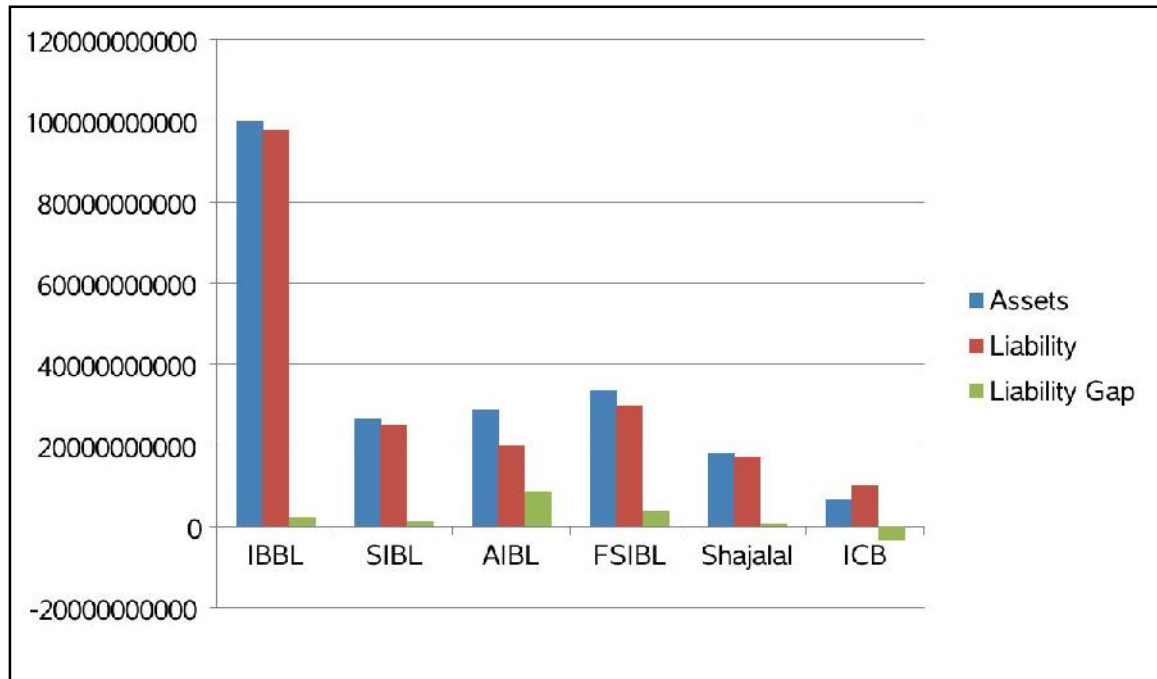
Particulars	IBBL	SIBL	AIBL	FSIBL	Shajalal	ICB
Assets	163,152,409,798	59,186,029,531	66,330,907,810	44,586,346,108	44,409,496,549	2089828698
Liability	160,985,668,016	57,764,762,882	71,457,800,000	42069120409	43,376,578,452	4432253001
Liability Gap	2,166,741,782	1,421,266,650	(5,126,892,190)	2517225700	1,032,918,098	2362242303



Comment: In 3-12 months First Social Islami Bank has the highest amount of positive gap, BDT 2517225700. Social Islami Bank is in the third position in this quarter having net positive gap of BDT 1421266650.

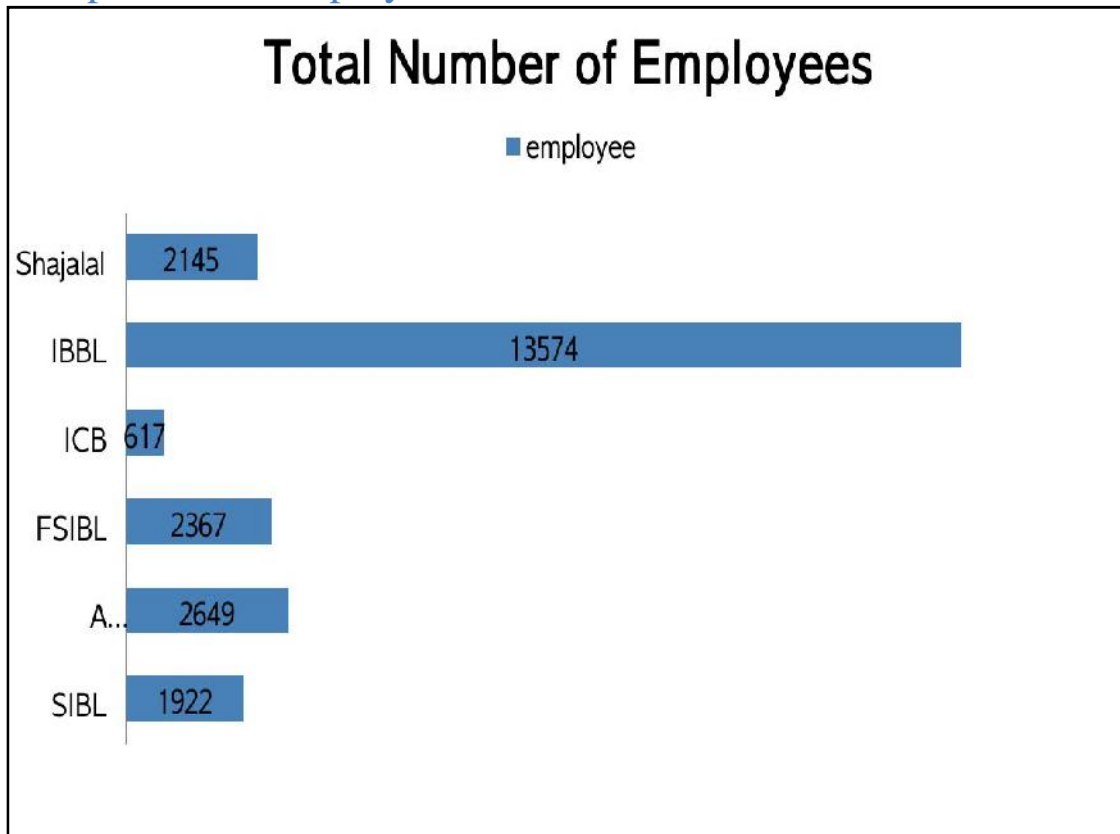
1-5 Years

Particulars	IBBL	SIBL	AIBL	FSIBL	Shajalal	ICB
Assets	99,994,722,294	26,602,418,760	28,629,018,363	33,673,326,630	18,286,103,515	6,602,788,828
Liability	97,808,920,703	25,200,221,308	20,056,667,305	29,985,694,412	17,355,555,539	10,173,894,535
Liability Gap	2,185,801,591	1,402,197,452	8,572,351,058	3,687,632,218	930,547,975	(357,110,597)



Comment: In the time frame of 1 year to 5 years Al-Arafah Islami Bank has highest positive liability gap of BDT 8,572,351,058. Social Islami Bank is fourth in this time frame having a positive gap of BDT 1,402,197,452.

Comparison of Employees



Comment: Based on number of employees Islami Bank Bangladesh is in first place and SIBL is in fifth place.

Corporate Governance

Condition No.	Title	Compliance Status					
		AIBL	FSIBL	ICB	IBBL	Shajalal	SIBL
1.0	Board of Directors						
1.1	Board's Size (Shall not be less than 5 and more than 20)						
1.2	Independent Director						
1.2 (i)	At least 1/5 th Independent Directors of the total directors						
1.2(i)	Independent Directors means for this clause						
1.2 (ii)a)	Holding no share or less than 1% of paid up shares						
1.2 (ii)b)	Not a sponsor of the Company						
1.2 (ii)c)	Not have any relationship with the Company						
1.2 (ii)d)	Not a member, director of any stock exchange						
1.2 (ii)e)	Not a shareholder, director of Member of Stock exchange						
1.2 (ii)f)	Not a partner of executive of statutory audit firm						
1.2 (ii)g)	Not independent director more than 3 listed companies						
1.2 (ii)h)	Not convicted by a court						
1.2 (ii)i)	Not convicted for a criminal offence						
1.2 (iii)	Appointed by the Board of Directors & approved in AGM						

1.2 (iv)	Post cannot remain vacant for more than 90 days			N/A			
1.2 (v)	Code of conduct of all Board members & annual compliance of the code to be recorded						
1.2 (vi)	Tenure of the office of an Independent director						
1.3	Qualification of Independent Director (ID)						
1.3 (i)	Independent director shall be knowledgeable individual						
1.3 (ii)	Professional qualification and experience of the Independent director						
1.3 (iii)	Qualification of the Independent director may be relaxed			N/A		N/A	
1.4	The position of the Chairman of the Board and Chief Executive Officer shall be filled by different individuals and their roles and responsibilities shall be clearly defined						
1.5	The Directors' Report to the Shareholders						
1.5 (i)	Industry outlook and possible future development						
1.5 (ii)	Segment or product-wise performance						
1.5 (iii)	Risks and concerns						
1.5 (iv)	A discussion on Cost of Goods sold, Gross & Net Profit margin						

1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss						
1.5 (vi)	Basis of related party transaction should be disclosed						
1.5 (vii)	Utilization of proceeds from public issues, rights issue and/or through others instruments			N/A	N/A	N/A	
1.5 (viii)	Explanation of deteriorated financial result after IPO, Rights			N/A	N/A	N/A	
1.5 (ix)	Significant variations between financial statements			N/A	N/A		
1.5 (x)	Remuneration to directors including Independent Director						
1.5 (xi)	Preparation of financial statements						
1.5 (xii)	Maintaining of proper books of accounts						
1.5 (xiii)	Appropriate accounting policies have been applied						
1.5 (xiv)	Applicable IAS / BAS / IFRS / BFRS have been followed						
1.5 (xv)	System of internal control is sound in design						
1.5 (xvi)	There is no significant doubt to continue as a going concern		N/A				
1.5 (xvii)	Significant deviation shall be highlighted		N/A		N/A		
1.5 (xviii)	Key operating and financial data shall be summarized						
1.5 (xix)	In case of no declaration of dividend		N/A		N/A	N/A	

1.5 (xx)	Number of Board meetings & attendance by each director						
1.5 (xxi)a)	Share held by Parent/Subsidiary/Associate Companies						
1.5 (xxi)b)	Share held by Directors, CEO, CS, CFO, Head of Internal Audit						
1.5 (xxi)c)	Share held by Executives						
1.5 (xxi)d)	Shareholders holding 10% or more voting interest				N/A		
1.5 (xxii)a)	A brief resume of the director						
1.5 (xxii)b)	Nature of his/her expertise						
1.5 (xxii)c)	Other companies in which the person is associated						
2.0	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)						
2.1	Appointment of a CEO, Head of Internal Audit, Company Secretary and their roles, responsibilities and duties shall be clearly defined						
2.2	Requirement to attend the Board Meetings of CFO and CS						
3.0	Audit Committee						
3 (i)	The company shall have an Audit Committee						

3 (ii)	The Audit Committee shall assist the Board of Directors						
3 (iii)	The Audit Committee shall be responsible to the Board and its duties shall be clearly set forth in writing						
3.1	Constitution of Audit Committee						
3.1 (i)	Composition of the Audit Committee						
3.1 (ii)	The Board shall appoint members of the Audit Committee						
3.1 (iii)	Literacy of members of the Audit Committee						
3.1 (iv)	Filling of casual vacancy of the Committee members		N/A		N/A	N/A	
3.1 (v)	Secretary of the Audit Committee						
3.1 (vi)	Quorum of the Audit Committee meeting						
3.2	Chairman of the Audit Committee						
3.2 (i)	Chairman of the Audit Committee						
3.2 (ii)	Presence of Chairman of the Audit Committee at AGM						
3.3	Role of the Audit Committee						
3.3 (i)	Oversee of financial reporting process						
3.3 (ii)	Monitor of accounting policies and principles						
3.3 (iii)	Monitor of internal control risk						

	management process						
3.3 (iv)	Oversee hiring and performance of external auditors						
3.3 (v)	Review of Management & financial statement						
3.3 (vi)	Review of Management & half yearly financial statement						
3.3 (vii)	Review of the adequacy of internal audit function						
3.3 (viii)	Review of related party transaction						
3.3 (ix)	Review of Mgt. Letter / Internal control weakness						
3.3 (x)	Disclose of IPO / RIPO / Right Issue fund utilization				N/A	N/A	
3.4	Reporting of the Audit Committee						
3.4.1	Reporting to the Board of Directors						
3.4.1 (i)	Audit committee shall report its activities to the Board						
3.4.1 (ii)	Audit committee shall immediately report to the Board						
3.4.1 (ii)a)	Report on Conflicts of interest			N/A	N/A	NIL	
3.4.1 (ii)b)	Suspected fraud/Irregularities/material defect in internal control		N/A	N/A	N/A	NIL	
3.4.1 (ii)c)	Suspected infringement of law, rules and regulations		N/A	N/A	N/A	NIL	
3.4.1 (ii)d)	Any other matter which shall be disclosed to the Board		N/A	N/A	N/A	NIL	

3.4.2	Reporting to the Authorities		N/A	N/A	N/A		
3.5	Reporting to the Shareholders and General Investors				N/A		
4.0	External/Statutory Auditors						
4 (i)	Appraisal or valuation services or fairness opinions						
4 (ii)	Financial information systems						
4 (iii)	Book-keeping to the accounting records						
4 (iv)	Broker-dealer services						
4 (v)	Actuarial services						
4 (vi)	Internal audit services						
4 (vii)	Any other service that the Audit Committee determines						
4 (viii)	Shareholding of the company by the external audit firms						
4 (ix)	Audit/certification service on compliance of corporate governance						
5.0	Subsidiary Company						
5 (i)	Provision to the composition of the Board of Directors of holding company shall be made applicable for subsidiary company			N/A			
5 (ii)	Inclusion of at least 1 Independent director of holding company in the Board of Directors the subsidiary company			N/A			
5 (iii)	Minutes of the Board meeting of the subsidiary company shall be placed			N/A			

	at the board meeting of the holding company						
5 (iv)	Minutes of the holding company shall state that the affairs of the subsidiary company have reviewed			N/A			
5 (v)	Audit Committee of the holding company shall review the financial statements of the subsidiary company			N/A			
6.0	Duties of Chief Executive Officer and Chief Financial Officer						
6 (i)(a)	Statements do not contain any materially untrue statement						
6 (i)(b)	Statement present true & fair view of company's affairs						
6 (ii)	No fraudulent, illegal or violation of transaction are entered						
7.0	Reporting and Compliance of Corporate Governance						
7 (i)	Certificate from practicing professional Accountant / Secretary						
7 (ii)	Compliance report on Corporate Governance Guidelines						

Qualitative analysis:

ABELL's Framework:

ABELL Framework deals with three following questions.

Who is the TargetCustomer?

Like all other banks SIBL also targeted those people who want to keep their surplus of earnings for future savings. Alongside as an Islamic banking organization SIBL also targets the Islamic hearted and religious people who want to conduct their banking activities through the rules and regulations of Sariah. Like other conventional and Islamic banks SIBL also targets the corporate sector to conduct their financial transaction safely with fulltrust.

What are theirNeeds?

As the clients of every bank keep their surplus of earning for future savings, the clients of SIBL also have needs of same type of activities. They have the need to save their surplus of money in the bank account and withdrawal of that according to their wish in any amount within their current balance. The corporate clients have needs to conduct their daily financial transaction from different parties with whom they conduct their business and the efficient deposit collection through clearing and cash deposit system as early as possible. Moreover, some clients also have needs of loans to make the fulfillment of different necessities of lives.

How to servethem?

Like other conventional and Islamic banks SIBL also works for the best satisfaction of clients. Clients deposit their money in their bank accounts and get a "Munafa" for time to time. Again, the bank lends money at a rate to those clients who have needs of loans. The difference between the clients deposit and clients borrowing is the profit of the bank. This is how all the banks as well as SIBL serve the clients. As the Sariah prohibits the Riba (Interest), SIBL, like other Islamic banks also prohibits the interest rate which is a fixed earning but not the uncertain rate of return like profit.

Porter's Five Factors:

Threat from the Competitor:

Threat from the competitors is very fierce in Banking Industry. The services banks offer is more of homogenous which makes a bank to offer the same service at a lower rate and eat their competitors' market share. There are so many banks and non-banking financial organization to fight for the same pie in the market. Bangladesh is a huge market place for banking business. Many new banks are going to start their business in the current year. So, SIBL has to compete both with the existing banks and also with the new banks. Moreover, as an Islamic banks it has to compete largely with other powerful Islamic banks also. Client switching cost is very low in banking industry. If the clients get more facility and also a little higher rate they can easily switch to other banks. Although, the basic banking activities are same in all banks, clients face undifferentiated services in all the banks. So the switching cost is low. Again, the exit barrier is very high for the banks. So, SIBL also has to be bound to perform in a way so that it can maintain its position in the market. As Bangladesh is a country of shrinking economy, so government regulations are low to enter in the banking industry which also cause the higher threat from the competitors.

Threat from the Suppliers:

Suppliers of the Banks are depositors mainly. In the Banking Industry of Bangladesh suppliers' bargaining power is high. They can easily switch to other banks if they get higher rate of return by depositing same amount of money. Again, the suppliers of equipments like computer, cheque book, money counting machine, photocopier, clearing machine, cheque checking machine, etc are also the suppliers of banks. Those suppliers also have so many options to supply their equipments but the suppliers are very few in the market. So the banks as well as SIBL are bound to go for a good understanding with those suppliers for the sake of their business. In that case, suppliers bargaining power is high.

Threat from Clients:

In the banking industry and also for SIBL the bargaining power of clients is high. There are so many options for them. They can easily switch to other banks if they get a little higher rate of return. Or they can invest their surplus in the foreign banks, stock market, mutual fund, co-operative society or in the multilevel marketing business. So the bargaining power of clients is also high.

Threat from new Competitors:

Recently Bangladesh Bank has permitted the entry of new 10 banks in the industry. In the industry of shrinking economy like Bangladesh, starting a bank seems very easy. So, SIBL will have to compete with those new banks also. As a result, the threat from new competitors is very high.

Threat of Substitute Product or Service: There are many options other than the banks to invest surplus money for the clients. They can invest their money in the stock market, mutual fund, Treasury bond, debentures, multilevel marketing business etc. So they have so many substitutes other than banking to invest their money. So, threat of substitute product is also high for SIBL.

PESTEL Analysis

Political Factors:

Banking activities are governed by the authority of Bangladesh Bank which is a self-driven regulatory body. There are some regulations from the government but those are not those much difficult to set up a bank. That's why government has given permission to set up 10 more new banks in Bangladesh. And the existing banks as well as also increasing their branches around the whole country day by day. In 2011 SIBL has opened 12 new branches. In 2012 SIBL is planning to open 7 more branches which shows the political factors to conduct banking activities is not that much rigid and difficult.

Economic Factors:

Bangladesh Economy is showing a mixed illustration about the true economic condition of the country. Crop sector is improving. Corporate sector is also developing. There deposit in the bank is showing that Bangladesh is facing a positive result of industrialization. Again, the recent collapse in the stock market is showing a negative picture. But whatever the situation is, it is very favorable for banks. Due to positive results of industrialization deposits are increasing in the banks. Again, due to the collapse in the stock market many people are withdrawing their money from the stock market and investing in banks. So the situation is favorable for banking activities.

Socio-Cultural Factors:

Lifestyle of people in Bangladesh is developing day by day. Gradually, they prefer high class products. Literacy rate is increasing. People are becoming more aware about the banking activities. So they trust more on banks to deposit and save their money because investment in bank is much more secured than other investments. These issues are causing favorable condition to conduct banking activities.

Technological Factors: Technology for banks is improving day by day. Banks are providing ATM cards to its clients which make the clients able to withdraw money from anywhere and from booth of any banks without cheque just applying only a PIN number. Credit cards are issued to the clients to conduct their financial transaction in anywhere they want. Cheque clearing is becoming very easy. Instead of manual Outward Bill Clearing, banks are doing electronic cheque clearing which makes it

easy to send the cheques to the Bangladesh Bank computer within a few seconds and return it to the particular clearing department of a bank. Nowadays banks are also facilitating the mobile banking which makes it able to reach the money through ansms and PIN number to the receiver. Online transaction is done regularly to transfer money from one bank to another bank and from one branch to another branch. All these technological factors are making the banking business easier.

Environmental Factors: In Bangladesh crop sector is increasing. Industry sector is emerging very quickly. People are more concerned about their savings. All the factors to lead a successful life and to meet the daily necessities are driven by the economic environment. People are demanding more loans to build their own householdings or buying cars. Loans are also provided even to get married. SIBL is providing facility to the client by opening deposit schemes for future saving to the diversified people and even for doing Islamic activities like “Hajj”, Cash Waqf”, “Islamic Mohorana System” etc. People of Bangladesh are becoming more concerned about the Islamic banking system to make their investment “Halal”. So the total environment is favorable for banking activities.

Legal Factors: The banking activities of Bangladesh and all the banks in Bangladesh are regulated by Bank Company Act 1991. This Act is only applicable for commercial banks not for co-operative banks. Moreover, there are other Acts like Bangladesh Bank Order 1972, The Negotiable Instruments Act 1881, The Banker’s Book Evidence Act 1881, Bank Deposit Insurance Act 2000, Anti-Terrorism Act 2012, Money Laundering Prevention Act 2012 etc to conduct the banks. All these rules and regulations are only to help the successful banking business. So the legal factors are also very helpful to conduct the banking activities

Part Five

Problems and Solutions

Findings

The service of a bank is considered as its product. Bank is financial intermediary dealing in accepting surplus savings as deposits and extending funds to those who can approach the bank with bankable projects. Amount of funds can be increased or decreased depending on the professional skill of the bank executives. Efficiency of customer service is related with progression of operation. Social Islami Bank Ltd operations are increasing gradually. Each year deposits and investment growth indicates SIBL better movement in the banking field, which is satisfying clients. As a result, clients are increasing and ultimately equity is increasing. Gradually bank's operation is increasing. Investment is rising rapidly and a good response is getting from the clients is different investment scheme. SIBL rising movement is generating increasing profit. Client's satisfaction depends on the efficacy of customer service. All operational improvement with profit leads us to say that value of customer service of SIBL is in the positive situation.

Conclusion

After changing the name of Social Investment Bank Ltd to Social Islami Bank Ltd, SIBL is running successfully having a continuous growth. Working plan and program of SIBL is directed towards development. The Credit program of Social Islami Bank For empowering family is gaining ground. In SIBL approach, credit conveys the totality in life and clearly linked to social context and cultural setting in conformity with Shariah. There is a better chance in provision for social subsidy. Interest free credit may lead to rewriting new economics. It is felt that the linking credit to social goals and assignments will have far-reaching theoretical implications for development of an alternative concept of new theories of income. SIBL also takes this opportunity to their valued clients, patrons, well-wishers, correspondents and the shareholders for their support.

Recommendations

Decentralized decision making is really essential for going forward. In the credit department, strict supervision is necessary to avoid loan defaulters. Bank officials should do regular visit to the projects. Attendance system needs to update which will help the transparency and time keeping to them. Performance of IT division should be improved which is badly in need for them. An uninterrupted network system has to be ensured. It will save the officials from much hassle and will save time. Reviewing market conditions and taking precautionary measures towards facing abnormal market situation and weakness of investments of the Bank. Exercise governance and oversight over the bank's risk rating systems to ensure that they are fit for purpose and adequately utilized to control risk in the bank. Empower the employee through training and decentralize the power, while they will become confident and more energetic. SIBL may also indulge in Tele Marketing. This will smooth the progress of them to expand their sales. SIBL may also indulge in Tele Marketing. This will smooth the progress of them to expand their sales. SIBL should appoint customer service officers in all branches. They solve customers' problem, answer inquiry of customers' etc. SIBL should pursue an aggressive marketing to come up into limelight. Campaigning is important to build up a strong image reputation among the potential customers, such as ad in the newspaper & magazine, billboard, publicity message. SIBL can pursue promotion campaign with its customers particularly the corporate clients to build up a strong report. SIBL should differentiate its services adopting the modern facilities and diversify products to achieve the goal, a bank must establish and adhere to adequate policies, practices and procedures for evaluating the quality of asset and the adequacy of loan provision and reserve. As one of the, leading Banks in Bangladesh, SIBL Bank should provide equal emphasis in each department of banking service

A day banking organizations are one of most vital parts of an economy. Now banks provide various services for individual, different firms, companies even for cultivation. Banks offer a great

accumulation of loans for personal and industrial purposes. SIBL is running successfully and for its good deposit performance the bank secured 2nd positioning the Islamic Banking Sector. Taken all in all, it can be safely said that SIBL action program is directed towards development of an authentic participatory Economy beyond Market Economy. The family empowerment credit program of Social Islami Bank is gaining ground at the grass root field level in Bangladesh. Family Empowerment microcredit and micro enterprises program must be designed in a manner so as to make a) finance, b) production, c) marketing, d) trading, e) local specific survey and research as well as moral integrity in one package. In SIBL approach, credit conveys the totality in life and clearly linked to social context and cultural setting in conformity with Shariah. There is a better chance in provision for social subsidy. De-secularizing credit may lead to re-writing new economics. It is thus felt that the linking credit to social goals and assignments will have far-reaching theoretical implications for development of an alternative concept of new theories of income, output and employment. This bank expresses its sincere thanks to the government of the People's Republic of Bangladesh and Bangladesh Bank for their co-operation and valuable guidance to the bank. SIBL also takes this opportunity to their valued clients, patrons, well wishers, correspondents and the shareholders for their support and patronization extended during the year under review. SIBL also records its appreciation for the services rendered by the executives and the members of the staff for the stability and growth of the bank. SIB needs further active support and continued cooperation of Bangladesh Bank, ministry of finance and other government agencies, executives and employees of the bank, valued partners, clients and the community at large in accomplishing difficult tasks ahead of it.

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