

Quantitative analysis of Social Islami Bank Ltd and Islami Bank Bangladesh Ltd.

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Date: 7 February 2016

Submitted To:

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Internship Report on SIBL

LETTER OF TRANSMITTAL

7 February, 2016

Suntu Kumar Ghosh

Assistant Professor

BRAC Business School,

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Subject: Submission of Internship Report.

Dear Sir,

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 active supervision. 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 Zakia Sultan Khan (AVP and Operational Manager) of Begum Rokeya Saroni branch. This project gave me both academic and practical exposures. Most importantly I have learned about the organizational culture of a prominent bank of the country.

I would be highly obliged if you are kind enough to receive this report and provide your valuable judgment. It would be my immense pleasure if you find this report useful and informative to have an apparent perspective on the issue.

Sincerely Yours,

Mir Ahmmed Sharif

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Acknowledgement

All the grace is for the Almighty who gave me the option of making this report done. My internship advisor Assistant Professor *Suntu Kumar Ghosh* helped me a lot both in preparing the report as well as in the submission of the report by making the time flexible. 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. As a student of BRAC University, I was placed in various divisions Begum Rokeya 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 Begum Rokeya Saroni Branch of SIBL. This report illustrates the comparison among of financial performance of all the Islami bank in Bangladesh. A total of “Four” 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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Introduction

Social Islami Bank Limited (SIBL) is a financial institution enlisted under the organizations Act 1994. In 22, November 1995 SIBL started its operation. SIBL is a promoted new creating Bank with an approved capital of Taka 4000 million in 2008 and paid up capital of Taka 1309.88 million in 2008 furthermore 1119.55 million individually as of December 2007. SIBL would offer the most up-to-information keeping money administrations through working of different sorts of store and speculation records, financing exchange, giving letters of insurance, opening letters of credit, gathering of bills effecting household and global exchange, renting of gear and shopper durables, contract buy and portion deal for capital products, interest in minimal effort lodging and administration of genuine domains, participatory interest in different modern, horticulture, transport, instructive and wellbeing activities thus no in the formal corporate segment. Money Waqf Certificate and advancement and administration of WAQF and MOSQUE properties and Trust stores are the Non-formal non-corporate segment. There are 03 department in Branch. They are: 1) General Banking, 2) Investment Department and 3) Foreign Exchange Department. I should commit my most extreme exertion and regard for take in investors' capacities. After finishing of the entry level position, I will render my learning to display the report on comparison analysis of SIBL and IBBL.

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 up to 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 so on.

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 yearend 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:

1. High quality financial services with the latest technology.
2. Fast, accurate and satisfactory customer service.
3. Balanced & sustainable growth strategy. Optimum return on shareholders' equity.
4. Introducing innovative Islamic banking products.
5. Attract and retain high quality human resource.
6. Empowering real poor families and create local income opportunities.
7. Providing support for social benefit organizations-by way of mobilizing funds and social services.

GENERAL BANKING:

Dealing with deposits some additional services are provided by general banking service. General banking is the front side banking services department. It provides services to the regular customers as well as those who come once in a while. General banking of SIBL is divided into five areas these are:

1. Account Opening activities.
2. Bills and Clearing activities.
3. Cash activities.
4. Remittance activities.
5. Closing of an Account activities.

Account Opening Section:

Mudaraba Savings Account (MSD)

This is a savings account of SIBL which follows the sariah rule. In a MSD clients are given a 10 page cheque book and a deposit slip.

Al-Wadiah Current account (Individual) – (AWCD)

Account opening form to be filled in and signed by each account holder.

- i. Latest passport size photograph (2 copies) for each account holder attested by the introducer.
- ii. Attested copy of valid Trade license.
- iii. Attested copy of passport of the proprietor.
- iv. Company seal and TIN (Tax identification Number) Certificate.
- v. Copy of Voter identity card.
- vi. Introduction of account holder (Mandatory): To be signed by introducer with ID and account number.
- vii. 1 copy of nominee's photograph (attested by the account holder).

Mudaraba Special Notice Account (Code No: 136)

Any company, business entity, debt of the govt. organization and trust or any person can open this account.

- This account is operated under Mudaraba principle.
- Any amount can be withdrawn or transferred to AWCD account or any other accounts after placing a notice of seven days. Cheque books are provided for these accounts. The profit rate is comparatively lower.

Some Other Saving Scheme

1. Mudaraba Hajj Saving Scheme
2. Mudaraba Education Scheme
3. Mudaraba Millionaire Scheme

Bills and Clearing Section

There are two types of cheque clearing activities which are-

- A. Inward clearing cheque
- B. Outward clearing cheque

Inward Cheque

Inward cheques are those ones drawn the respective branch which have been presented on other banks and will be cleared/honored through the clearing house of Bangladesh Bank. For example the cheque drawn on SIBL Local Office Branch then the cheque is called inward cheque of SIBL Local Office Branch.

Outward Cheques:

Outward cheques are those ones drawn on other bank branches which are presented on the concerned branches for collection through clearing house of Bangladesh Bank. These cheques are called outward cheques.

Internship in Social Islami Bank Ltd.:

Internship is mandatory for completing BBA program which focuses on professional development which helps students to relate their knowledge with practical work. Moreover, internship provides students the job like environment, more like ice breaking session. For completing my BBA program I started my internship in Social Islami Bank Ltd. in Begum Rokeya Saroni Branch. This chapter will give a brief idea about my duties and responsibilities over the three month in Social Islami Bank Ltd. in Begum Rokeya Saroni Branch. Through this internship program I have gathered practical knowledge about the corporate world for 12 Weeks. For these 12 Weeks I worked in General Banking department. Working in SIBL is as follows:

My work in General Banking:

1. Account Opening – First thing I learnt here is how to open an account, MSD, AWCD, MTDR or DPS. This process was long paper work which takes good level of patience. In SIBL officials generally fill up the form for the client.
2. Desks pass – All the documents both inward and outward go through desks pass. However, there was no separate desk allocated for this. The register used to be on a table and whenever something comes or goes responsible person made an entry in the respective register. 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.
3. Banking software – The online Banking software's work and function was also shown to me by the respective officials. Browsing the software was also allowed for my proper leaning about the procedures of the transactions.
4. 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.

5. Pay Order – Payment order is another option for clients to transfer money. I helped many customers to have their pay order form filled up.
6. 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.
7. 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.
8. Writing Cheque for MTDR: When a client opens up MTDR then the bank has to prepare a check of the same amount the client is going to keep for a certain time. I prepared few cheques as well as the entry on MTDR register.
9. Posting on register: I gave posting on accounts opening register after a few days of starting my internship. I also setup the account number for MSD, MTDR and also for Sonali Din (DPS). This task was really time consuming because first we have to fill up the account opening form then we need to post it on a register after that posting the same data in the software is also mandatory.

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.

Project work on Social Islami Bank Ltd.

Summary:

Bangladesh currently has six fully Shariah based bank which are all listed in the Dhaka Stock Exchange and trading their shares. My project is dealing with the comparison in financial activity and the performance in share market of Social Islami Bank and Islami Bank Bangladesh Ltd.

Objective of the Project:

Comparing Social Islami Bank Limited's financial performance 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 and Islami Bank Bangladesh Ltd.

Methods of Collection

DSE website

Respective bank's website

Limitations

My report deals with only two banks. Although IBBL is the market leader, it would have been appropriate to work with all the banks for coming to a proper conclusion. Another limitation is my little knowledge.

Comparison between IBBL and SIBL using CAMEL Method

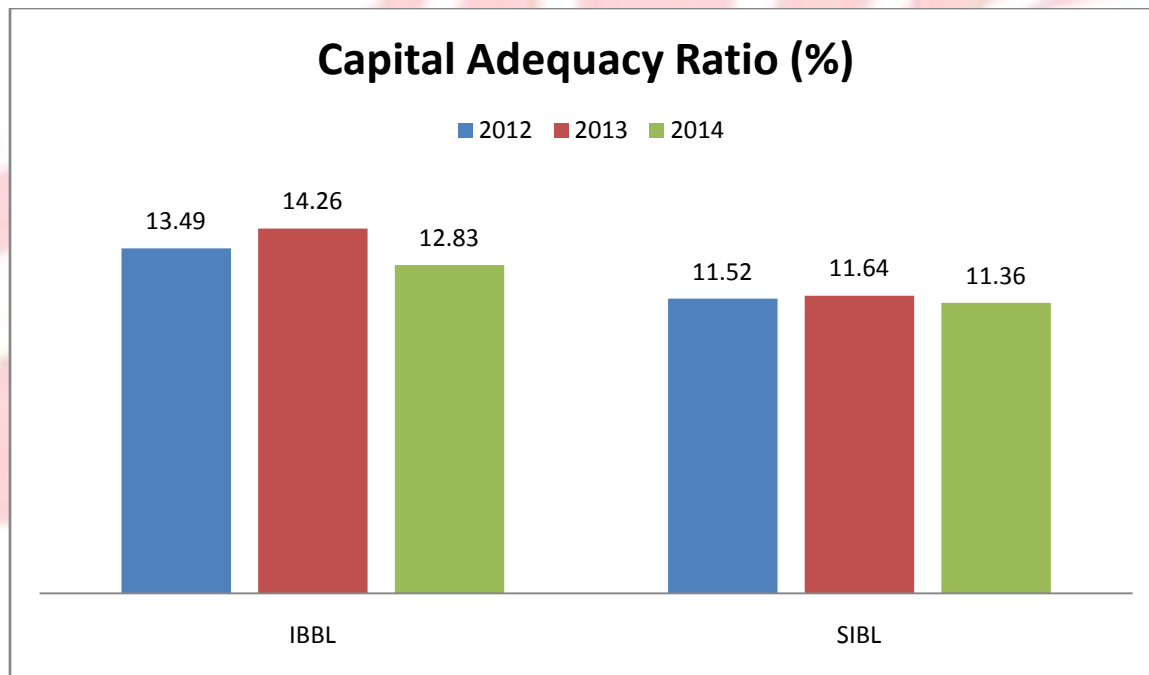
Capital Adequacy

Capital adequacy has come forth as one of the prominent indicators of the financial health of a banking system. It is very useful for a bank to conserve & protect stakeholders' confidence and preventing the bank from being bankrupt. It reflects whether the bank has enough capital to bear unexpected losses arising in the future.

Capital Adequacy Ratio (CAR)

This ratio is propounded to ensure that banks can take up a reasonable level of losses arising from operational losses. The higher the CAR ratio, indicates stronger the bank and the more will be the protection of investors. $CAR = \frac{\text{Tier-I Capital} + \text{Tier-II Capital}}{\text{Risk Weighted Assets}}$. Tier 1 capital includes permanent shareholders' equity; perpetual non-cumulative preference shares, Disclosed reserves and Innovative capital instruments. Tier 2 capitals include undisclosed reserves, Revaluation reserves of fixed assets and long-term holdings of equity securities, General provisions/general loan-loss reserves; Hybrid debt capital instruments and subordinated debt.

Sl. No.	Bank	Capital Adequacy Ratio (%)				
		2012	2013	2014	Average	Rank
1.	IBBL	13.49	14.26	12.83	13.53	1
2.	SIBL	11.52	11.64	11.36	11.51	2

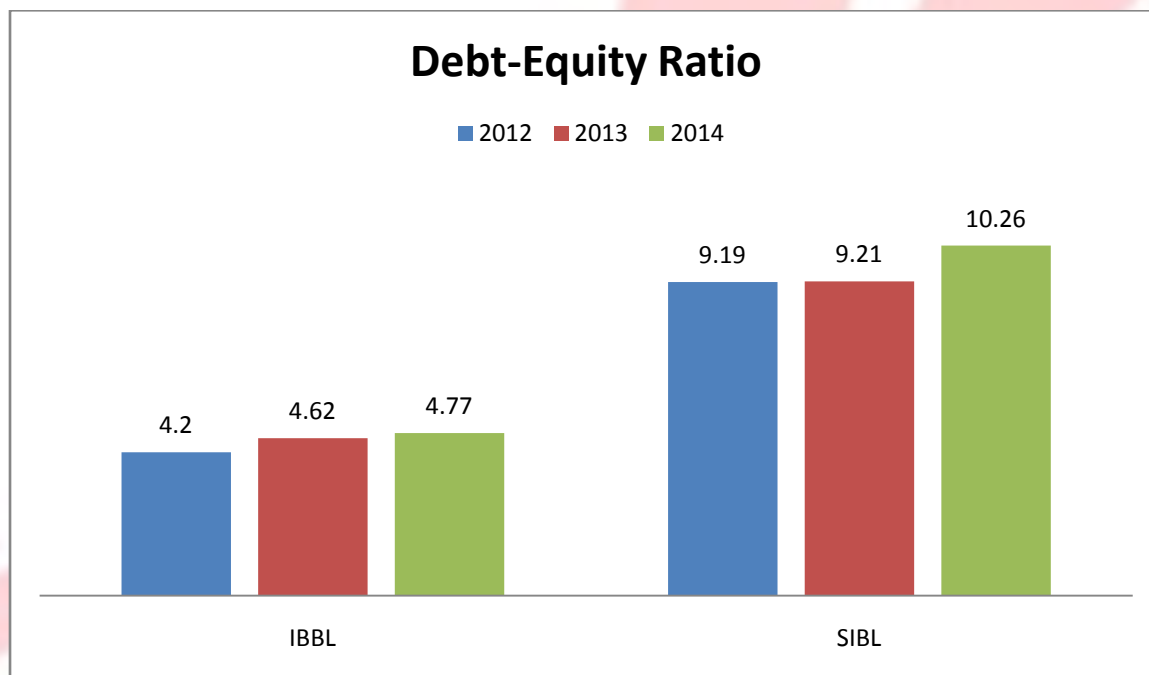


It is found that IBBL ranked on the top position with highest CAR of 13.53 followed by SIBL (11.51)

Debt-Equity Ratio

This ratio represents the degree of leverage of a bank. It shows how much proportion of the bank business is financed through equity and how much through debt. It is calculated by dividing total borrowings with shareholders' net worth. Higher ratio is an indication of less protection for the depositors and creditors and vice-versa.

Sl. No.	Bank	Debt-Equity Ratio (Times)				
		2012	2013	2014	Average	Rank
1.	IBBL	4.20	4.62	4.77	4.53	1
2.	SIBL	9.19	9.21	10.26	9.55	2



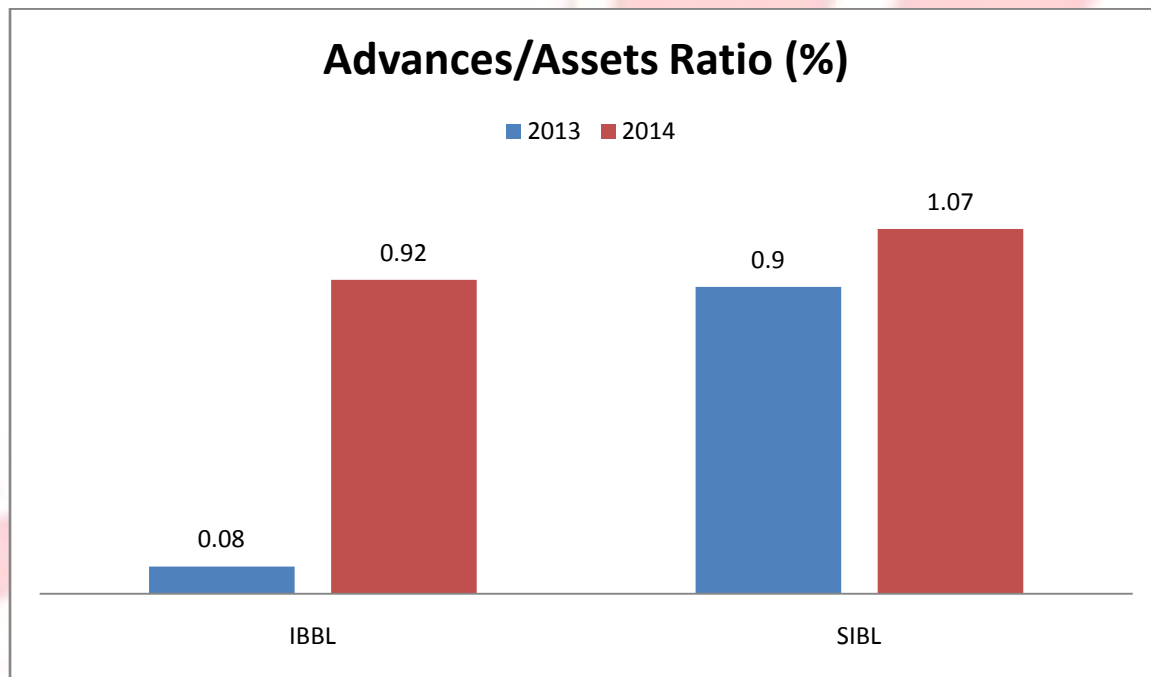
In above table, IBBL is on the top position with least average of 4.53 followed by SIBL (9.55).

Advances to Assets

This is a ratio indicates the relationship between the total advances and total assets.

This ratio indicates a bank's aggressiveness in lending which ultimately produces better profitability. Higher ratio is preferred to a lower one.

Sl. No.	Bank	Advances/Assets Ratio (%)			
		2013	2014	Average	Rank
1.	IBBL	0.08	0.92	0.50	1
2.	SIBL	0.90	1.07	0.99	2



In above table, SIBL is on the top position with highest average of 0.99 followed by IBBL (0.50)

Government Securities to Total Investments

This ratio reflects the risk involved in a bank's investment. It is calculated by dividing the amount invested in government securities by total investment. Since government securities are risk-free, higher the proportion of government securities in total investment, lower will be the risk involved in a bank's investment and vice versa.

Sl. No.	Bank	Govt. Securities to Total Investment (%)			
		2013	2014	Average	Rank
1.	IBBL	N/A	N/A	N/A	N/A
2.	SIBL	N/A	N/A	N/A	N/A

Because government securities are interest based so Islami Banks cannot invest on that.

Composite Capital Adequacy

SIBL scored the lowest position due to its poor performance in Debt-Equity, Advances to Assets and Government Securities to Total Investments ratios.

Bank	CAR		Debt-Equity		Advances/Assets		Govt. Securities/Total Investment		Group Rank	
	%	Rank	Times	Rank	%	Rank	%	Rank	Avg.	Rank
IBBL	13.53	1	4.53	1	0.50	1	N/A	N/A	1	1
SIBL	11.51	2	9.55	2	0.99	2	N/A	N/A	2	2

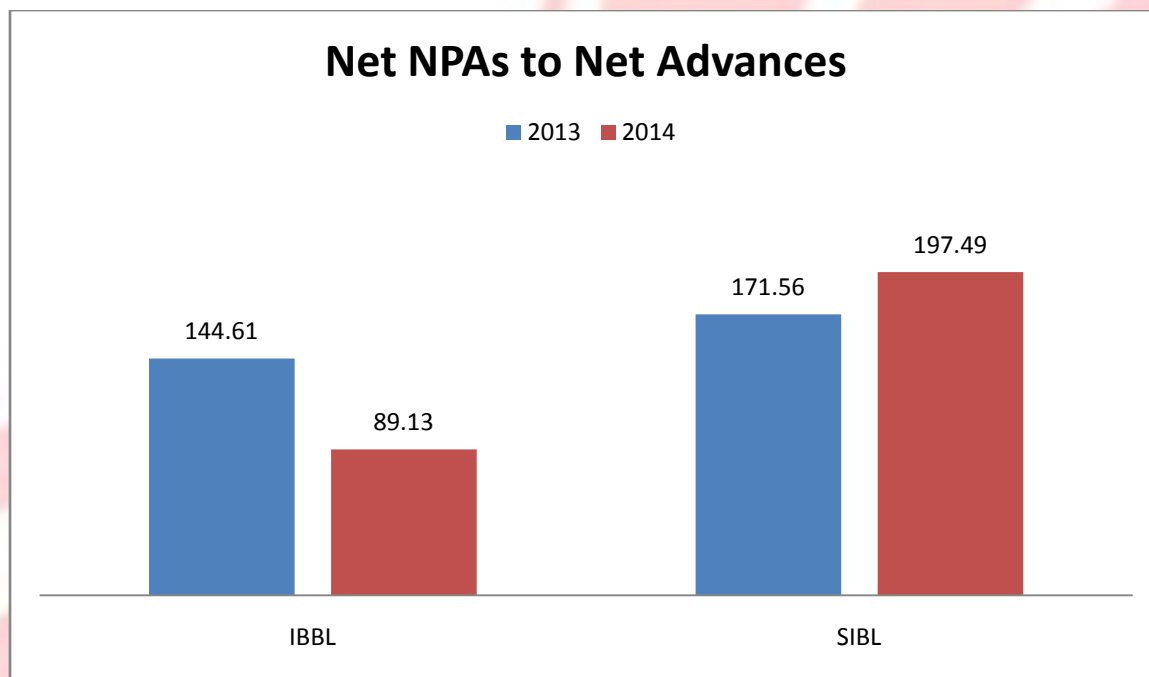
Assets Quality

The quality of assets is an important parameter to examine the degree of financial strength. The foremost objective to measure the assets quality is to ascertain the composition of non-performing assets (NPAs) as a percentage of the total assets.

Net NPAs to Net Advances

It is the most standard measure to judge the assets quality, measuring the net nonperforming assets as a percentage of net advances. Net NPAs = Gross NPAs - Net of provisions on NPAs - interest in suspense account.

Sl. No.	Bank	Net NPAs to Net Advances (%)			
		2013	2014	Average	Rank
1.	IBBL	144.61	89.13	116.87	1
2.	SIBL	171.56	197.49	184.52	2

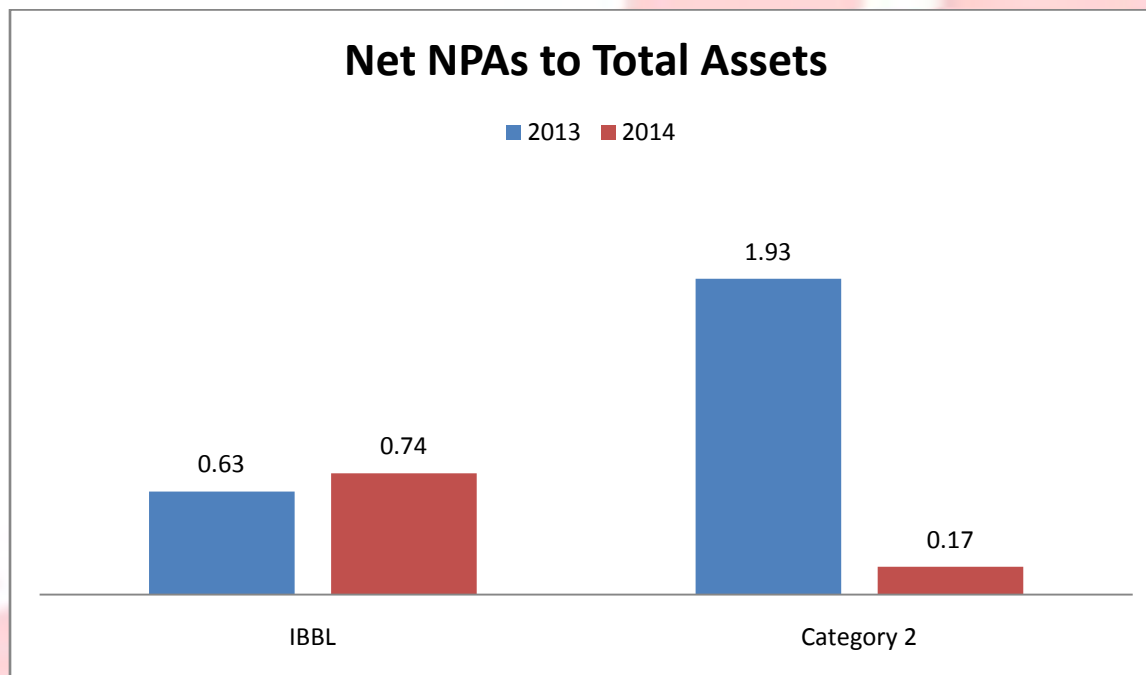


In table 2.1, IBBL is on the top position with least average of 116.87 followed by SIBL (184.52).

Net NPAs to Total Assets

This ratio reflects the efficiency of bank in assessing the credit risk and recovering the debts. In this ratio, the Net NPAs are measured as a percentage of Total Assets. The lower the ratio reflects, the better is the quality of advances.

Sl. No.	Bank	Net NPAs to Total Assets Ratio (%)			
		2013	2014	Average	Rank
1.	IBBL	0.63	0.74	0.68	1
2.	SIBL	1.93	0.17	1.05	2

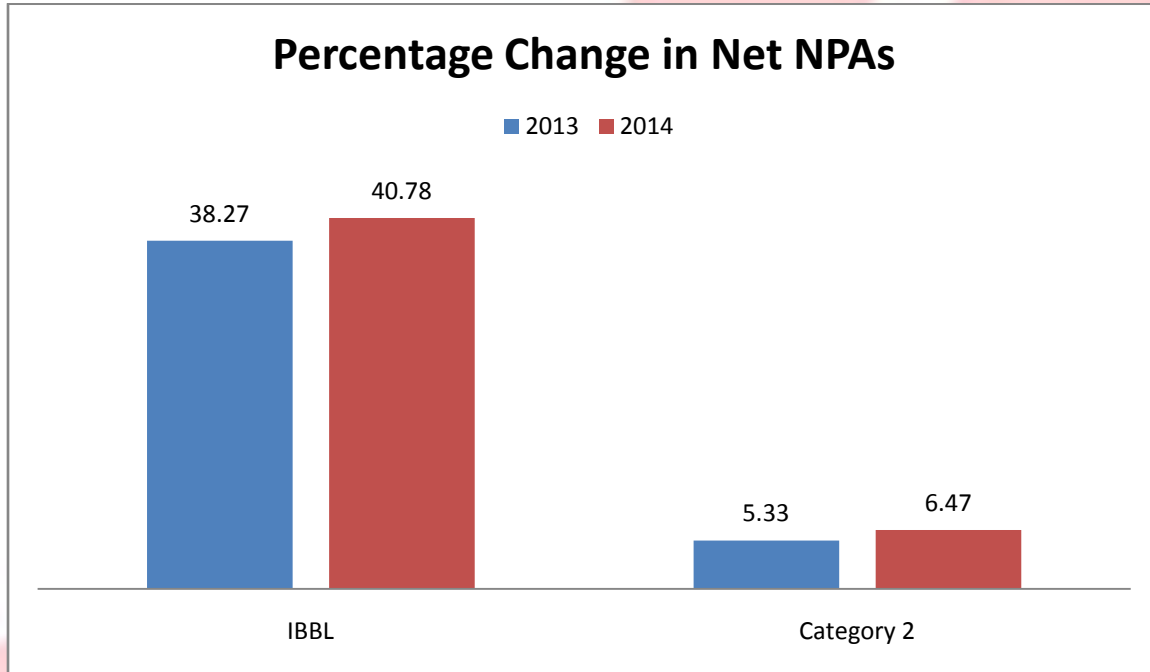


In table 2.3, IBBL is on the top position with least average of 0.68 followed by SIBL (1.05).

Percentage Change in Net NPAs

This ratio measures the movement/trend in net NPAs in current year in relation to net NPAs in the previous year. The higher the reduction in net NPAs levels reflect, the better is for the bank.

Sl. No.	Bank	Percentage Change in Net NPAs (%)			
		2013	2014	Average	Rank
1.	IBBL	38.27	40.78	39.53	2
2.	SIBL	5.33	6.47	5.90	1



In table 2.4, there is no decrease in the percentage of net NPAs of IBBL and SIBL.

Percentage of net NPAs of all banks increased. SIBL is on the top position with least average of 5.90 followed by IBBL (39.53).

Composite Asset Quality

On the basis of group averages of four ratios of assets quality as expressed in table 2.5, SBBJ was at the first position with group average of 1.75, followed by SBT and SBP with ranking of (2.5). SBI scored the lowest position with 6.0 rank due to its poor performance in net NPAs to net advances, total investments to total assets and net NPAs to total assets ratios.

Bank	Net NPAs to Net Advances		Net NPAs to Total Assets Ratio		Percentage Change in Net NPAs		Group Rank	
	%	Rank	%	Rank	%	Rank	Avg.	Rank
IBBL	116.87	1	0.68	1	39.53	2	1.25	1
SIBL	184.52	2	1.05	2	5.90	1	1.75	2

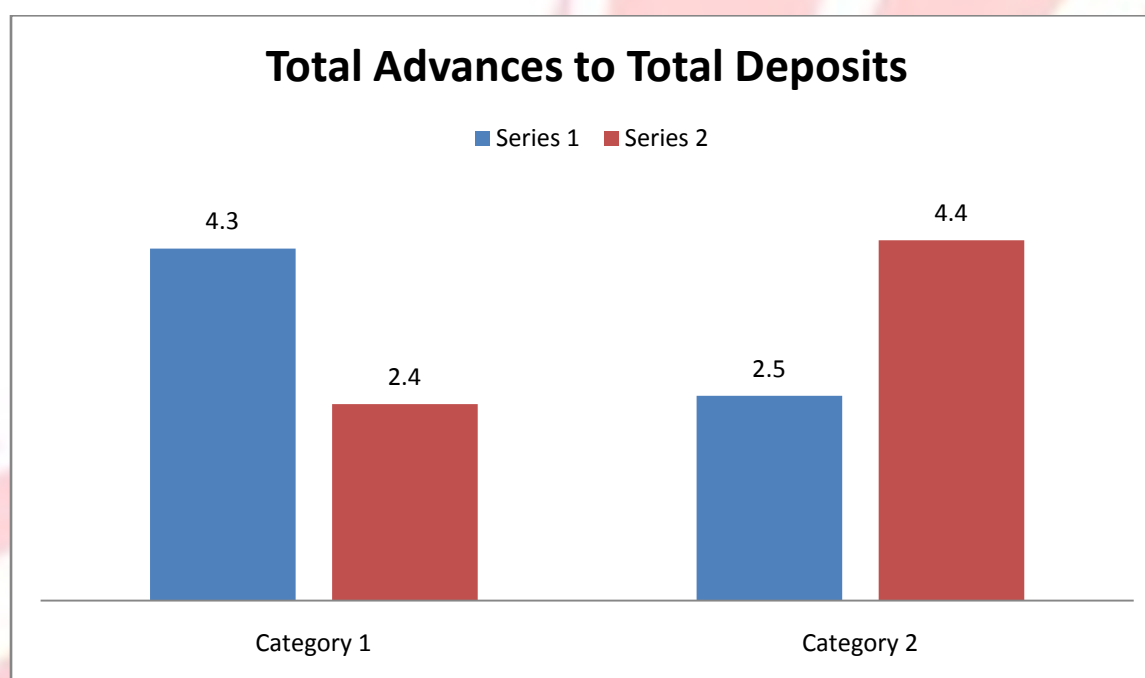
Management Efficiency

Management efficiency is another essential component of the CAMEL model that guarantee the growth and survival of a bank. Management efficiency means adherence with set norms, ability to plan and respond to changing environment, leadership and administrative capability of the bank.

Total Advances to Total Deposits

This ratio evaluate the efficiency and capability of the bank's management in applying the deposits (including receivables) available excluding other funds viz. equity capital, etc. into rich earning advances.

Sl. No.	Bank	Total Advances to Deposit (%)			
		2013	2014	Average	Rank
1.	IBBL	0.005	0.00964	0.0073	2
2.	SIBL	0.01142	0.01288	0.0122	1

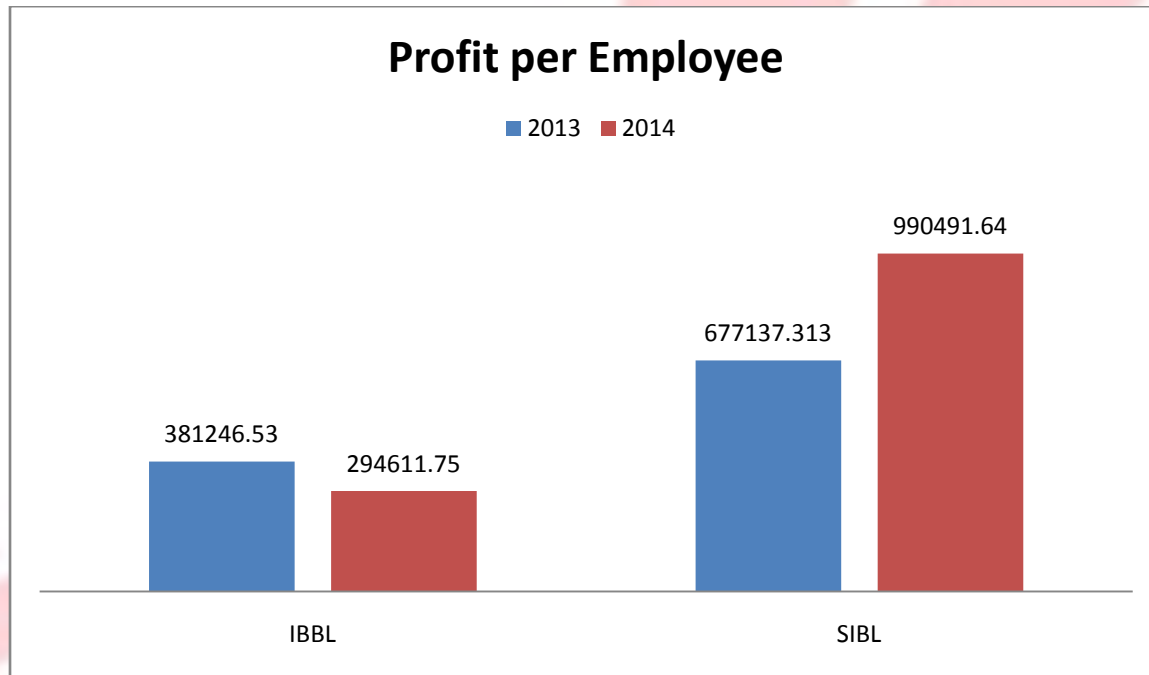


In table 3.1, SIBL is on the top position with highest average of 0.0122 followed by IBBL (0.0073).

Profit per Employee

It is calculated by dividing the profit after tax earned by the bank with the total number of employees. The higher the ratio, higher is the efficiency of the management and vice versa.

Sl. No.	Bank	Profit per Employee (BDT)			
		2013	2014	Average	Rank
1.	IBBL	381246.53	294611.75	337929.15	2
2.	SIBL	677137.313	990491.64	833814.47	1

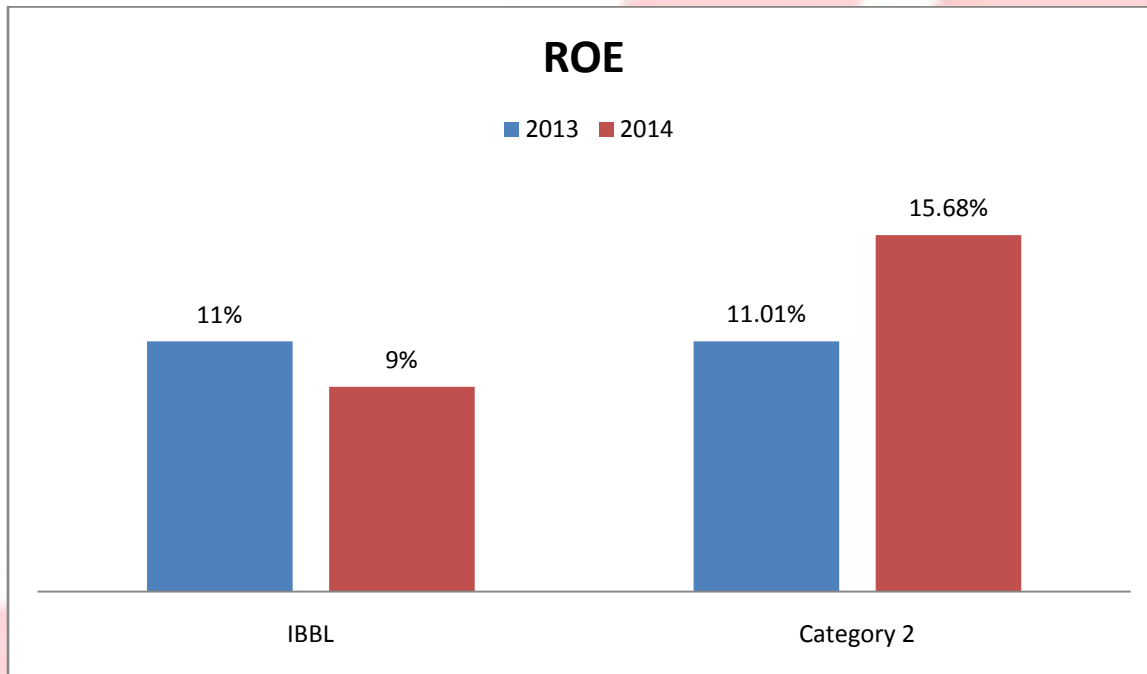


In table 3.2, SIBL is on the top position with highest average of 833814 followed by IBBL (337929).

Return on Equity

It is a measure of the profitability of a bank. In calculation of this ratio, Profit after tax is expressed as a percentage of equity. In table 3.4, SIBL is on the top position with highest average of 13.35% followed by IBBL (10%).

Sl. No.	Bank	Return on Equity (%)			
		2013	2014	Average	Rank
1.	IBBL	11%	9%	10%	2
2.	SIBL	11.01%	15.68%	13.35%	1



Composite Management Efficiency:

On the basis of group averages of four ratios in table 3.4, SIBL was at the first position followed by IBBL.

Bank	Total Advances to Total Deposits		Profit Per Employee		Return on Equity		Group Rank	
	%	Rank	BDT	Rank	%	Rank	Avg.	Rank
IBBL	0.0073	2	337929.15	2	10%	2	2	2
SIBL	0.0122	1	833814.47	1	13.35%	1	1	1

IBBL scored the lowest position due to its poor performance in total advances to total deposits, profit per employee and business per employee ratios.

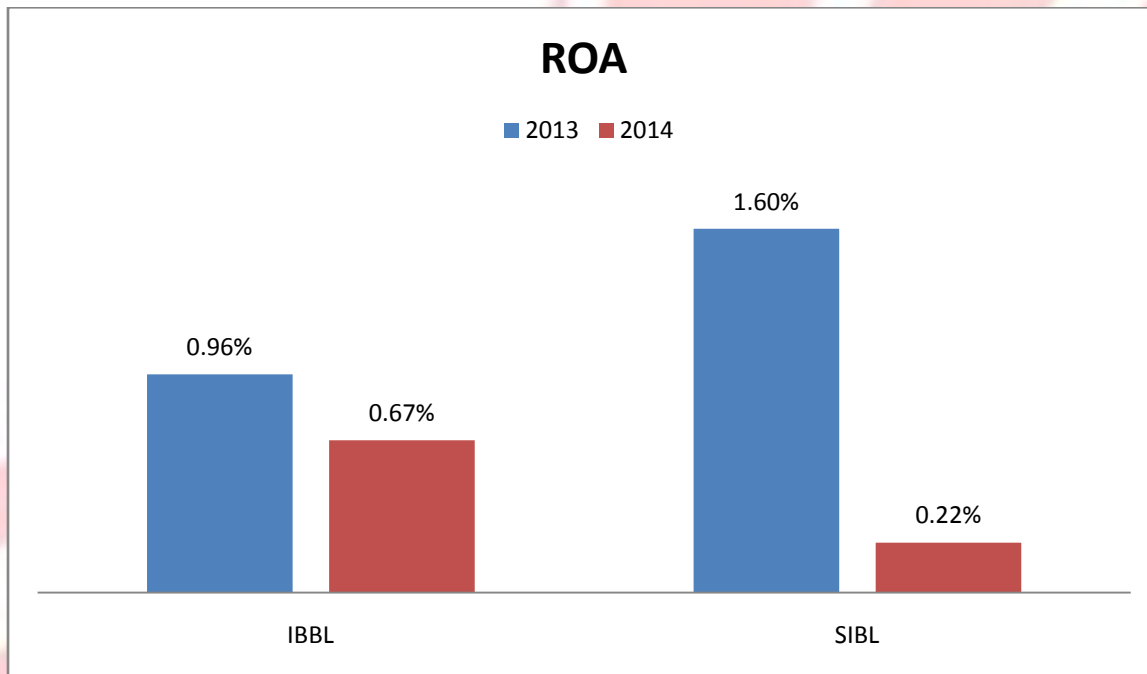
Earning Quality

The quality of earnings is a very important criterion which represents the quality of a bank's profitability and its capability to maintain quality and earn consistently. It primarily determines the profitability of bank and explains its sustainability and growth of future earnings.

Operating Profit to Total Assets

This ratio reflects how much a bank can earn profit from its operations for every Taka invested in its total asset. In this ratio operating profit are expressed as percentage of total assets.

Sl. No.	Bank	Operating Profit to Total Assets (%)			
		2013	2014	Average	Rank
1.	IBBL	0.96%	0.67%	0.82%	2
2.	SIBL	1.60%	0.22%	0.91%	1

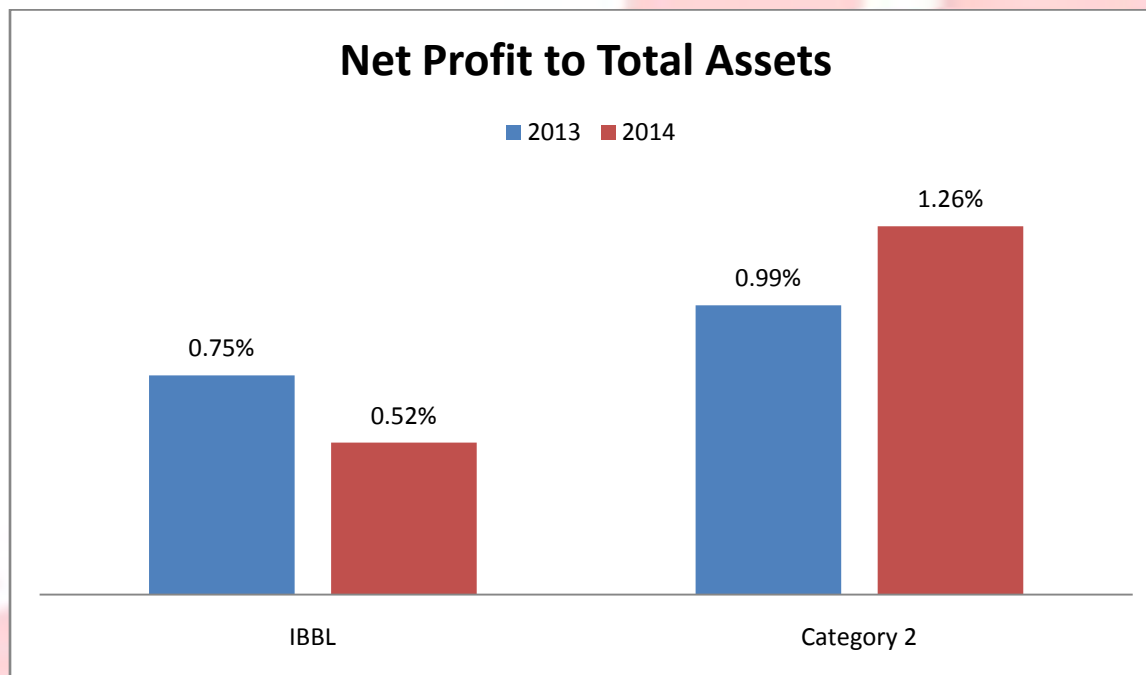


In table 4.1, SIBL is on the top position with highest average of 0.91 followed by IBBL (0.82).

Net Profit to Total Assets:

This ratio reflects the return on assets employed or the efficiency in utilization of assets. It is calculated by dividing the net profits with total assets of the bank. Higher the ratio reflects better earning potential of a bank in the future.

Sl. No.	Bank	Net Profit to Total Assets (%)			
		2013	2014	Average	Rank
1.	IBBL	0.75%	0.52%	0.64%	2
2.	SIBL	0.99%	1.26%	1.13%	1



In table 4.2, SIBL is on the top position with highest average of 1.13 followed by IBBL (0.64).

Composite Earning Quality

On the basis of group averages of four ratios of quality of earning as expressed in table 4.3, SIBL was at the top position. IBBL scored the lowest position due to its poor performance in Operating Profit to Total Assets, Net Profit to Total Assets.

Bank	Operating Profit to Total Assets (%)		Net Profit to Total Assets (%)		Group Rank	
	%	Rank	%	Rank	Avg.	Rank
IBBL	0.82%	2	0.64%	2	2	2
SIBL	0.91%	1	1.13%	1	1	1

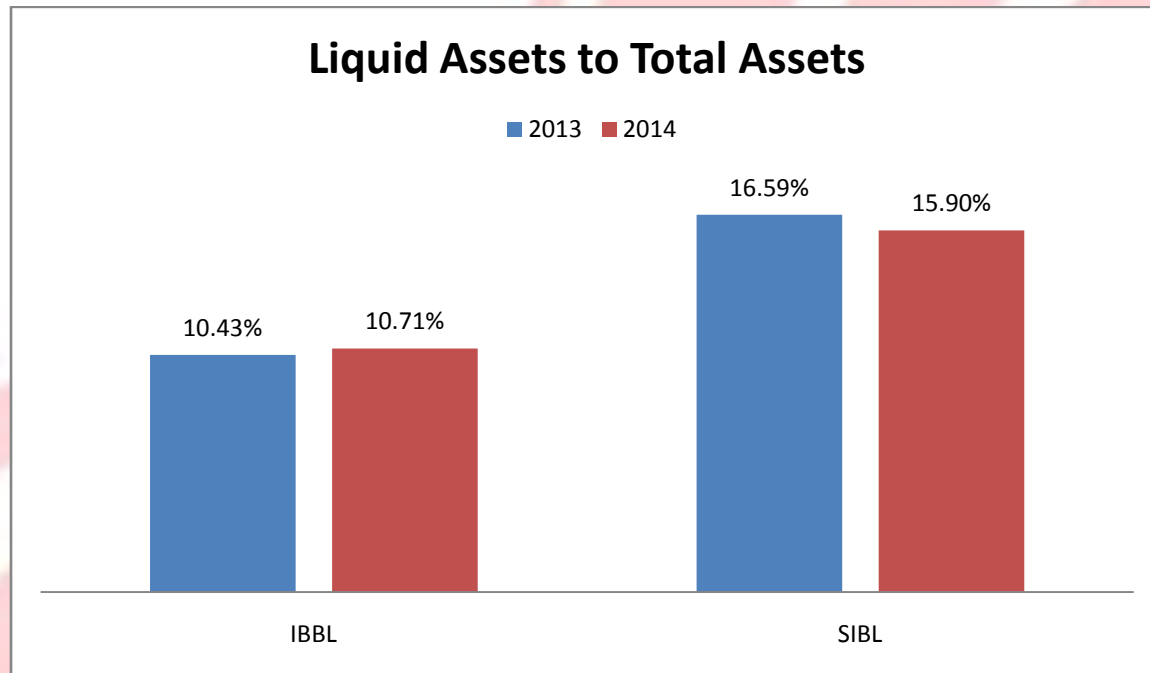
Liquidity

Risk of liquidity can have an effect on the image of bank. Liquidity is a crucial aspect which reflects bank's ability to meet its financial obligations. An adequate liquidity position means a situation, where organization can obtain sufficient liquid funds, either by increasing liabilities or by converting its assets quickly into cash.

Liquid Assets to Total Assets

This ratio measures the overall liquidity position of the bank. The liquid assets include cash in hand, money at call and short notice, balance with Bangladesh Bank and balance with banks (Bangladesh and Abroad). The total assets include the revaluation of all the assets.

Sl. No.	Bank	Liquid Assets to Total Assets (%)			
		2013	2014	Average	Rank
1.	IBBL	10.43%	10.71%	10.57%	2
2.	SIBL	16.59%	15.90%	16.25%	1

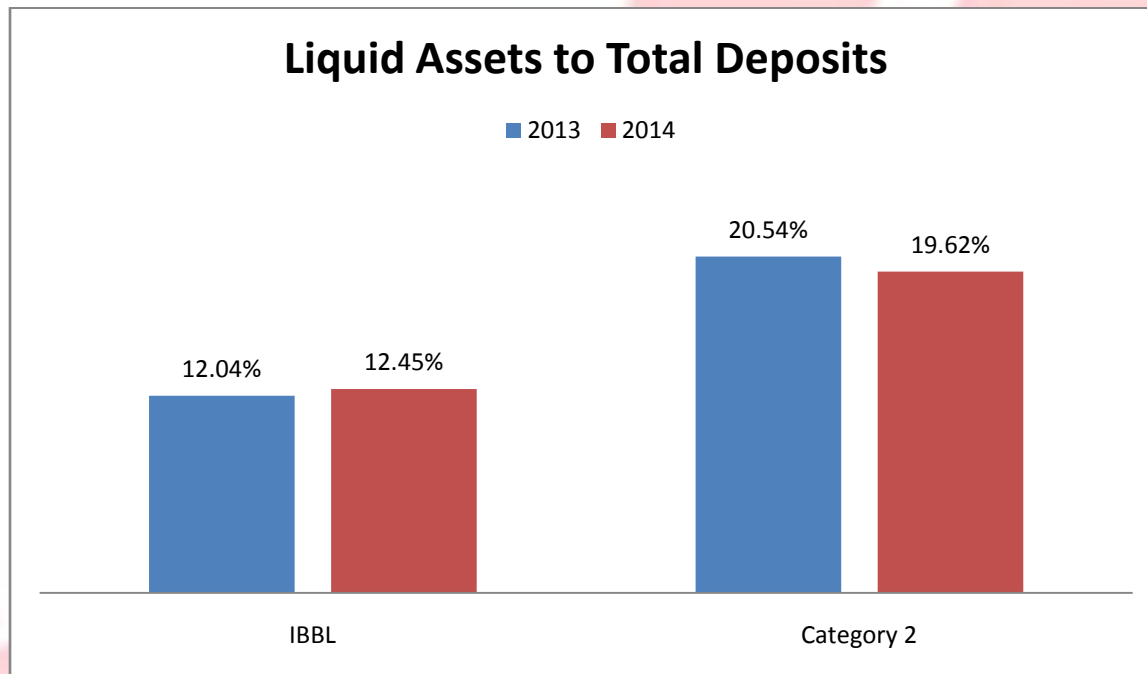


In table 5.1, SIBL is on the top position with highest average of 16.25 followed by IBBL (10.57).

Liquid Assets to Total Deposits

This ratio measures the liquidity available to the depositors of a bank. It is calculated by dividing the liquid assets with total deposits.

Sl. No.	Bank	Liquid Assets to Total Deposits (%)			
		2013	2014	Average	Rank
1.	IBBL	12.04%	12.45%	12.25%	2
2.	SIBL	20.54%	19.62%	20.10%	1

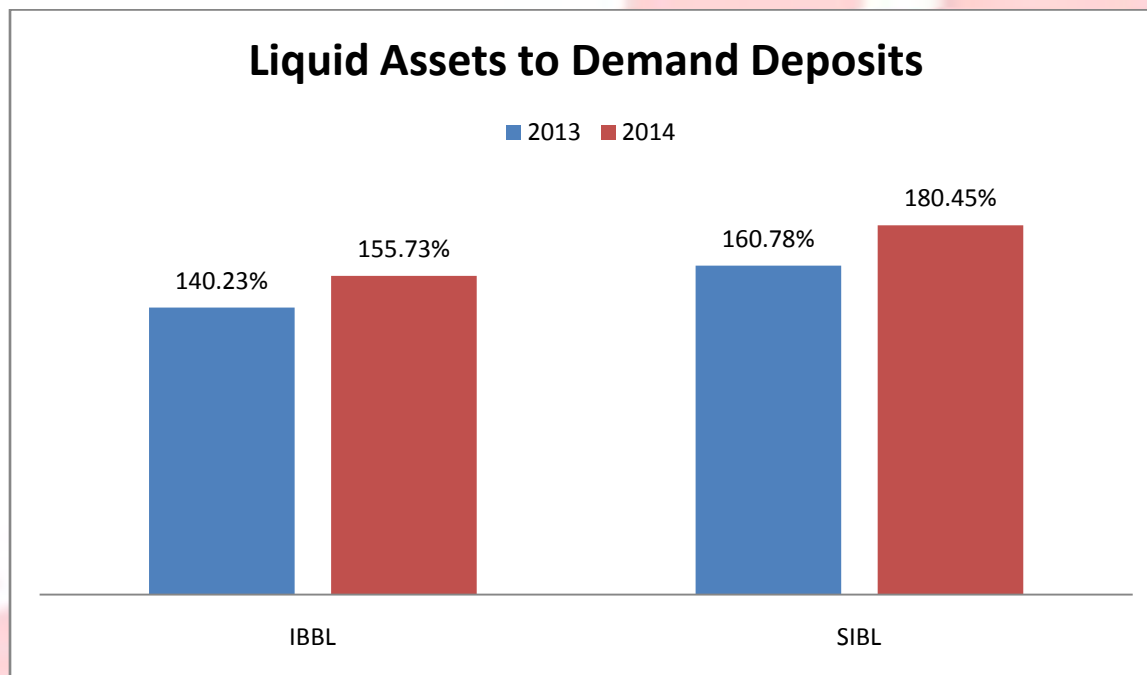


In table 5.2, SIBL is on the top position with highest average of 20.10 followed by IBBL (12.25).

Liquid Assets to Demand Deposits

This ratio reflects the ability of bank to honor the demand from depositors during a particular year. In order to provide higher liquidity for depositors, bank has to invest these funds in highly liquid form. It is calculated by dividing the liquid assets with total demand deposits.

Sl. No.	Bank	Liquid Assets to Demand Deposits (%)			
		2013	2014	Average	Rank
1.	IBBL	140.23%	155.73%	147.98%	2
2.	SIBL	160.78%	180.45%	170.62%	1

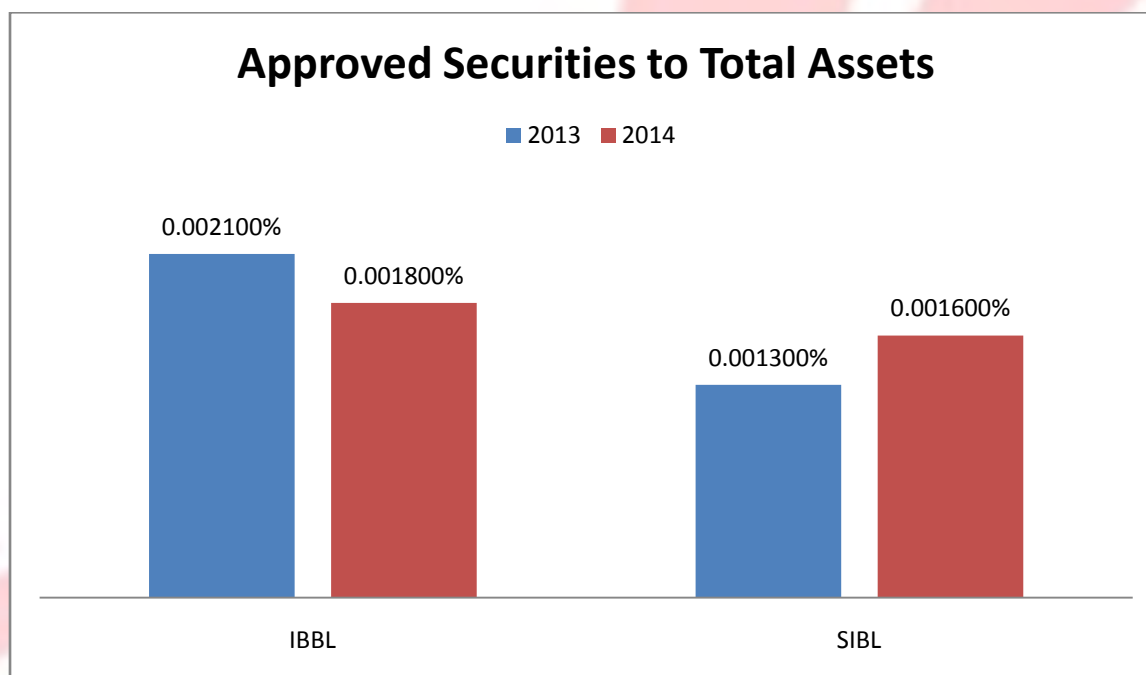


In table 5.3, SIBL is on the top position with highest average of 170.62 followed by SBT (147.98).

Approved Securities to Total Assets

This ratio is calculated by dividing the total amount invested in Approved securities with Total Assets. Approved securities include investments made in the state associated/ owned bodies like Electricity Corporations, Housing Development Corporations, Regional Rural Banks and corporation bond. In table 5.4, IBBL is on the top position with (0.0019) followed by SIBL (0.0015).

Sl. No.	Bank	Approved Securities to Total Assets (%)			
		2013	2014	Average	Rank
1.	IBBL	0.0021%	0.0018%	0.0019%	
2.	SIBL	0.0013%	0.0016%	0.0015%	



Composite Liquidity

On the basis of group averages of four ratios of liquidity as expressed in table 5.5, SIBL was at the top position with group average of 2.25, followed by IBBL with average of (3.00). IBBL scored the last position due to its poor performance in Liquid Assets to Total Assets, Liquid Assets to Total Deposits and Liquid Assets to Demand Deposits ratios.

Bank	Liquid Assets to Total Assets (%)		Liquid Assets to Total Deposits (%)		Liquid Assets to Demand Deposits (%)		Approved Securities to Total Assets		Group Rank	
	%	Rank	%	Rank	%	Rank	%	Rank	Avg.	Rank
IBBL	10.57%	2	12.25%	2	147.98%	2	0.0019%	1	2	2
SIBL	16.25%	1	20.10%	1	170.62%	1	0.0015%	2	1	1

Composite Ranking (overall performance) of IBBL and SIBL

In order to assess the overall performance of IBBL and SIBL, I calculated the composite rating and results are presented in table 6.

Bank	C	A	M	E	L	Average	Rank
IBBL	1	1	2	2	2	1.6	2
SIBL	2	2	1	1	1	1.4	1

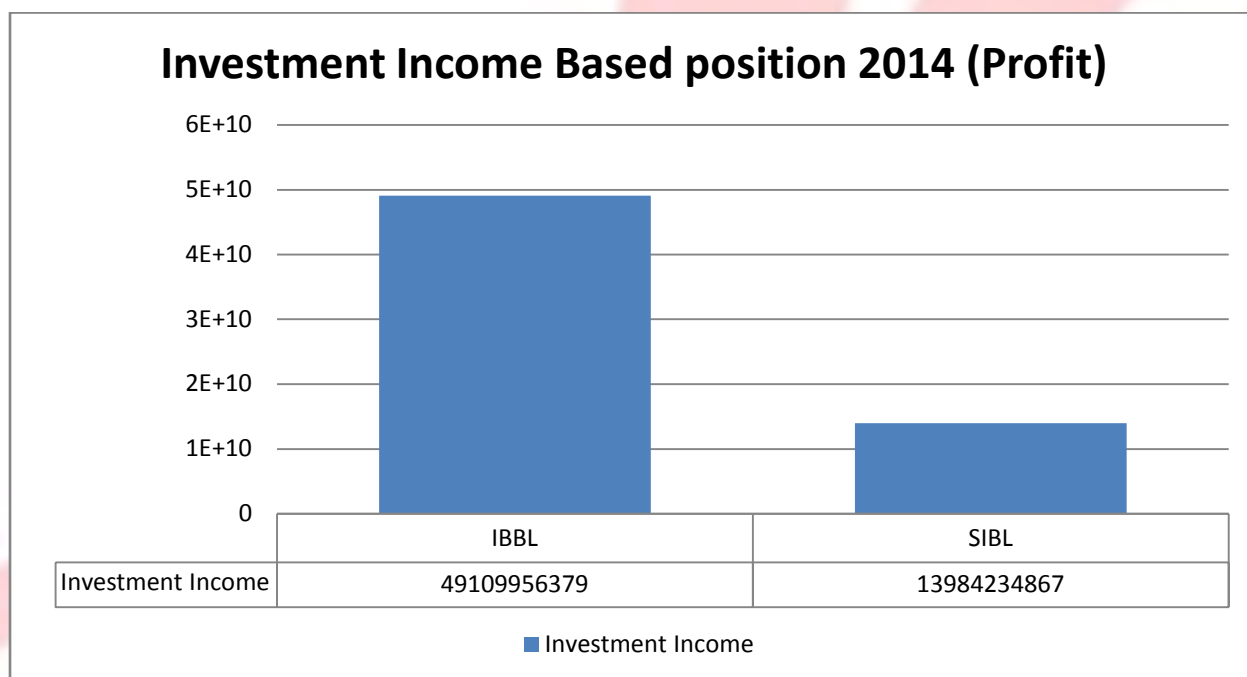
Table 6 depicts the group ranking of the IBBL and SIBL in Bangladesh for the period of 2014-2015. It is found that under the capital adequacy ratio parameter IBBL at the top position, while SIBL got lowest rank. Under the asset quality parameter, IBBL held the top rank while SIBL held the lowest rank. Under management efficiency parameter it is observed that top rank taken by SBT and lowest rank taken by SBBJ. In terms of earning quality parameter the capability of SIBL got the top rank in the while IBBL was at the lowest position. Under the liquidity parameter SIBL stood on the top position and IBBL was on the lowest position.

Financial Performance of Islami Banks

Market Position:

Based on Investment Income:

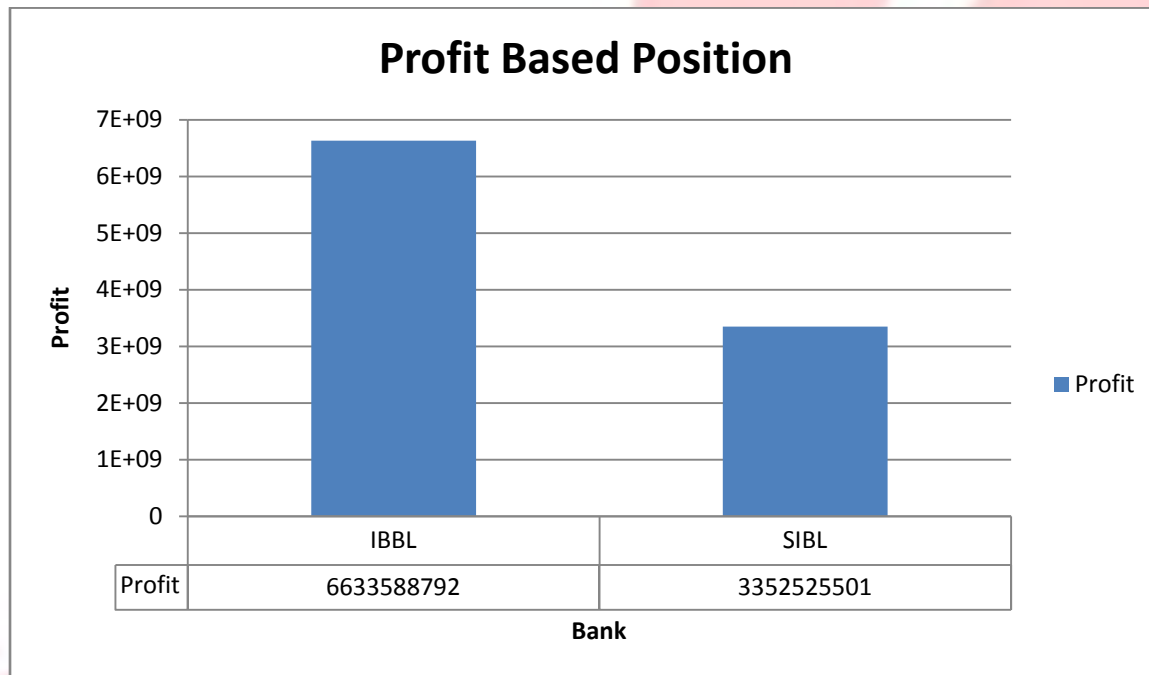
	Bank	Investment Income (Profit)	
		2014	2013
1	IBBL	49,109,956,379	48,145,464,380
2	SIBL	13,984,234,867	13,652,592,262



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:

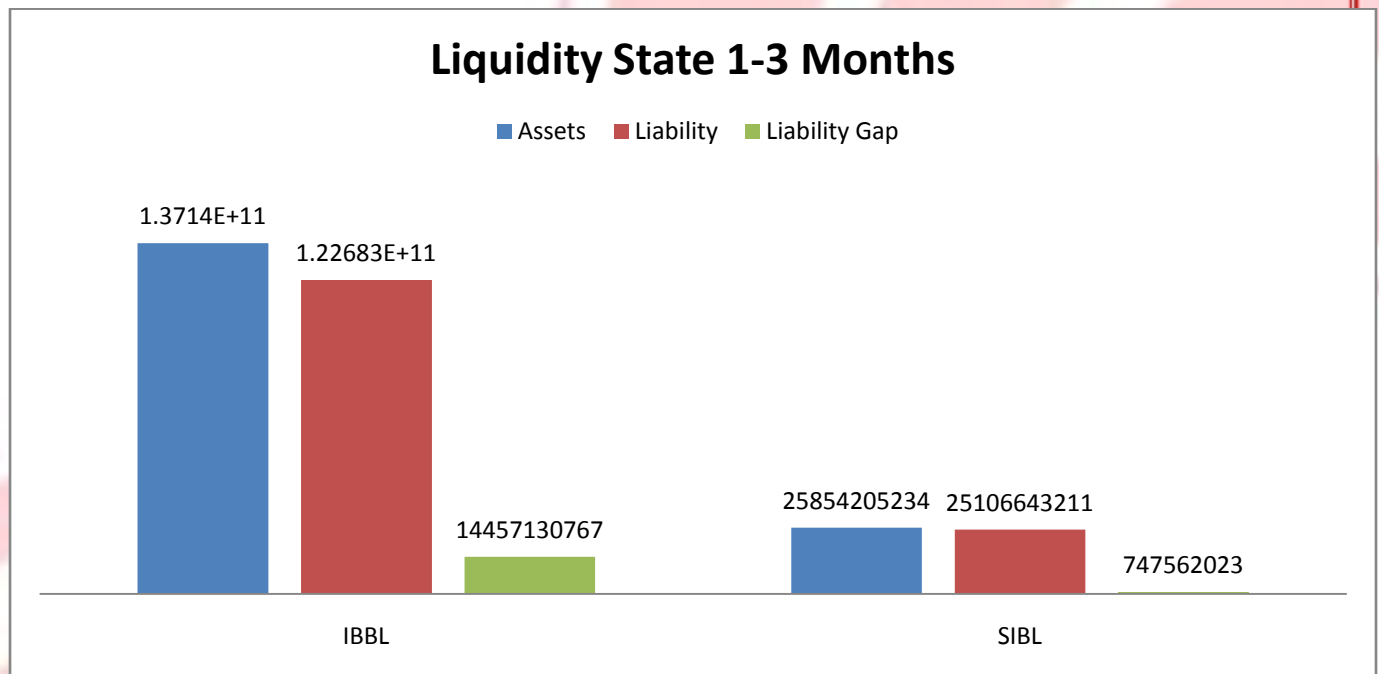
	Bank	Profit		Growth (%)
		2014	2013	
1	IBBL	6,633,588,792	8,100,831,469	-18.11%
2	SIBL	3,352,525,501	2,058,942,530	62.83%



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%.

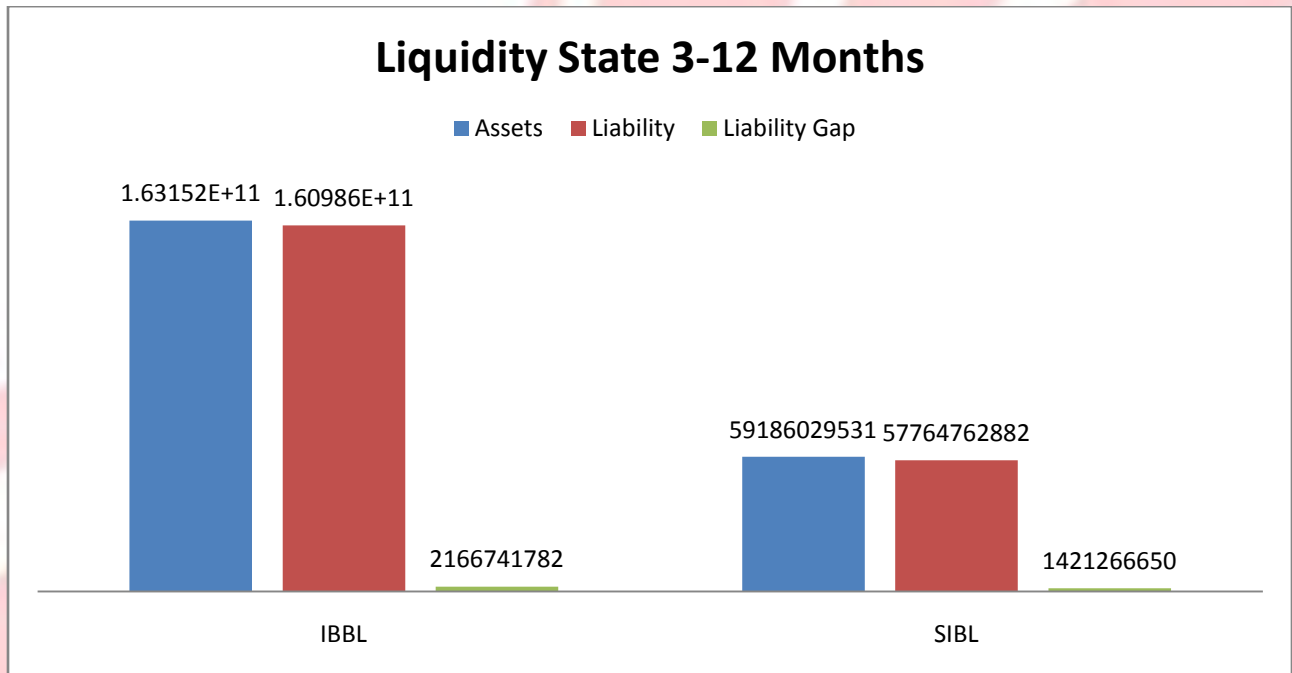
Liquidity State:

1-3 Months		
Particulars	IBBL	SIBL
Assets	137,139,832,688	25,854,205,234
Liability	122,682,701,922	25,106,643,211
Liability Gap	14,457,130,767	747,562,023



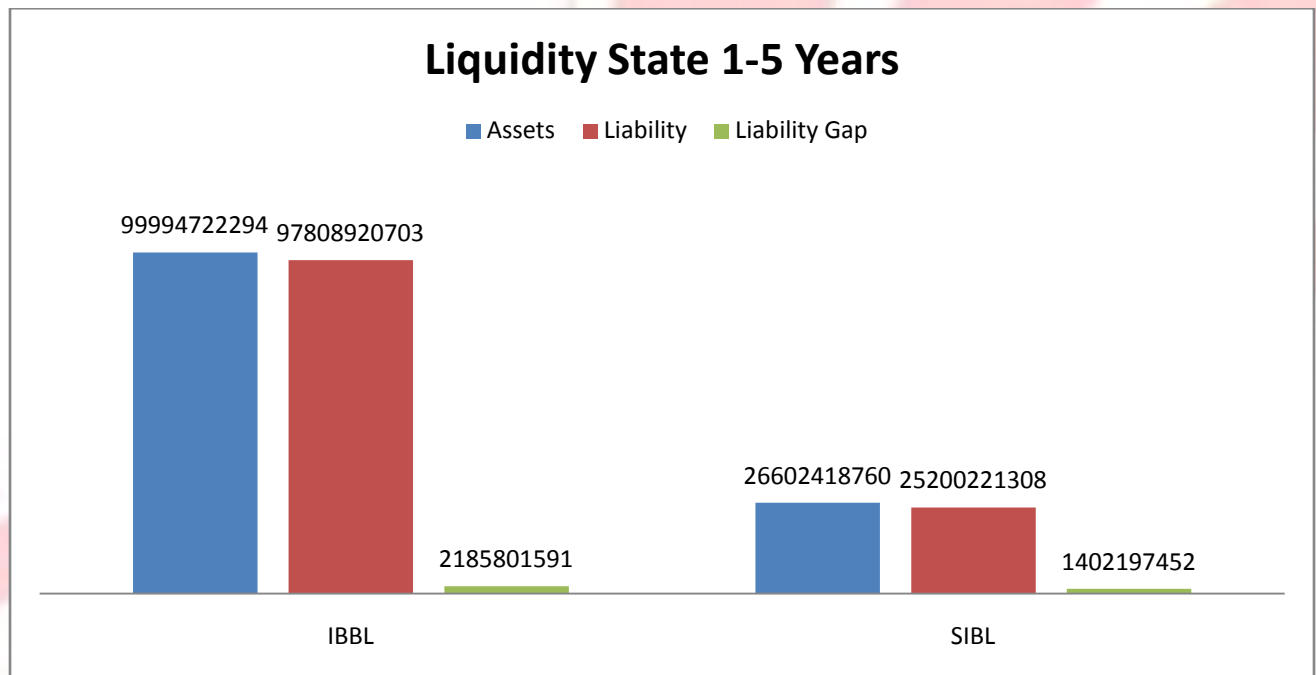
Comment: In first three months Islami Bank Bangladesh Ltd. has highest amount of positive liability gap. Through which they can repay their liability fully and left with an extra BDT 14457130767. Social Islami bank Limited on the other hand is second in position. However their positive liability gap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

3-12 Months		
Particulars	IBBL	SIBL
Assets	163,152,409,798	59,186,029,531
Liability	160,985,668,016	57,764,762,882
Liability Gap	2,166,741,782	1,421,266,650



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
Assets	99,994,722,294	26,602,418,760
Liability	97,808,920,703	25,200,221,308
Liability Gap	2,185,801,591	1,402,197,452



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 Bak is fourth in this time frame having a positive gap of BDT 1,402,197,452.

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.

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.

Conclusion

The evaluation process of performance of IBBL and SIBL in my report, highlighted different ranks for using CAMEL ratios. About capital adequacy ratio IBBL was at the top position, where as SIBL got lowest rank. Poor performance of SIBL in debt-equity, advances to assets is the probable reason of this. IBBL obtained the top rank while SIBL held the lowest rank in asset quality ratios. Poor performance of SIBL in net NPAs to net advances, total investments to total assets and net NPAs to total assets ratios is the reason of getting last. First place is taken by SIBL and lowest rank taken by IBBL in management efficiency. This is likely to be the poor performance of IBBL in total advances to total deposits, profit per employee and business per employee ratios. Competence of SIBL got the top rank in the while IBBL was at the lowest position in earning quality. The poor performance of IBBL in operating profit to total assets, net profit to total assets and net interest margin to total assets ratios in earning quality is the probable reason. In the liquidity factor SIBL stood on the first position and IBBL was on the last position. The probable basis for this was the pitiable act in liquid assets to total assets, liquid assets to total deposits and liquid assets to demand deposits ratios of IBBL. The present study also depicted that though ranking of ratios is different for different bank. But there is no statistically significant difference between the CAMEL ratios. It signifies that the overall performance of the IBBL and SIBL is similar in CAMEL ratios. However, in conventional ratios it is clear that the profitability of IBBL is much higher than SIBL. SIBL needs to improve its position with regard to asset quality and capital adequacy, management efficiency and IBBL should improve its earning quality. The present study is limited in scope as it is related to IBBL and SIBL only.

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