

AN APPRAISAL  
OF  
IFIC BANK LIMITED

**Submitted to**

Dr. Tanbir Ahmed Chowdhury  
Dean, FBE & Chairperson  
Dept. of Business Administration  
East West University

**Submitted By**

Junidul Islam Jaky  
ID: 2010-2-10-290  
Dept. of Business Administration  
East West University

East West University



A

## Letter of Transmittal

April 23, 2014

Dr. Tanbir Ahmed Chowdhury  
Dean, FBE & Chairperson  
Business Administration Dept.  
East West University

Subject: **Submission of Internship Report**

Dear Sir,

I am glad to submit this Internship report on "**An Appraisal of IFIC Bank Ltd**", which was assigned to me in fulfillment of my internship course requirement.

This report has been valuable to me as it helps me to unite the practical experience to my theoretical knowledge and a new experience has been added in my career for supporting me strongly during while doing my Internship at IFIC Bank Limited, Pallabi Branch.

I would like to mention here that I am extremely grateful to you for your valuable guidance, tireless effort and constant attention as and when required in accomplishing the report during my Internship period.

Sincerely Yours

Junidul Islam Jaky

ID: 2010-2-10-290

East West University

## Acknowledgement

Preparation of this report I receive assistance, Guidance and took valuable time of many Important and prestigious personalities. I would like to express my appreciation of my Institutional Supervisor, **Dr. Tanbir Ahmed Chowdhury**” Dean, FBE& Chairperson of Business Administration Dept. **East West University** for providing me all the guidance and support that I needed mostly.

I would like to thank Arifa Akther, Head of General Banking, Md. Mizanur Rahman, Head of Foreign Exchange, Tahrima Bilkiss Senior officer and Mr. Abdus Samad (SAVP) and relationship manager of IFIC Bank Limited, Pallabi Branch for rendering their valuable time and providing me with Information that was very much needed in order to successful completion of this report.

## Executive Summary

Internship is a prerequisite for completing the practical side to fulfill the BBA program. This internship report is based on practical experience at the IFIC Bank, Pallabi Branch. This report contains several parts. In first part of this report contains some description about the Banking Sector and perspective of the IFIC Bank Ltd. The Next part overall details of company are described which includes history and background of the company, their corporate mission and vision. What are their core objectives, strategies and milestone in developments. Then described about different banking segments & major functional department of IFIC Bank. Information on IFIC Bank's product and services are given on the later part of the report. Then in the next part have shown the Composition of Board and Organogram of IFICBL. Here I have also presented the some information of modern technology and automation information system used by IFIC Bank Ltd.

In the next phase of the report I tried to analyze the financial position and performance of IFICBL, presented graphical presentation for better understanding. I focused on key element that plays a big part in the business. For the analysis of the financial position and performance of IFICBL I have used last five years data.

During my internship program in this branch I have found some lacings. After that I also found that the some problems of IFIC Bank Ltd. under the study period. It is to be mentioned that this is from my point of view. I have also pointed out some suggestionss which I believe to be the best form to solving that the problems and IFIC Bank Ltd. will be better perform in future and bank will be a great position among the all banks in Bangladesh. Finally I observed that IFIC Bank Ltd. will ensure the better services to the people of Bangladesh and they will be more contribution on development of economy of Bangladesh.

## Table of Content

Title	Page
<b>Chapter: 1 Introduction</b>	
1.1 Introduction	2
1.2 Origin of the Report	3
1.3 Objective of the Study	3
1.4 Scope of the study	4
1.5 Methodology of the study	4-5
1.6 Limitation of the Study	6
<b>Chapter: 2 Profile of IFIC</b>	
2.1 Background of the Study	8-10
2.2 Overseas Operation	10
2.3. Mission of IFIC	11
2.4. Vision of IFIC	11-12
2.5 Core Objectives of IFIC	12-13
2.6 Strategies of IFICBL	14
2.7 Milestones in The Development of IFICBL	15
2.8 Different Banking Segments of IFIC Bank Limited	16-22
2.8.1 Corporate Banking	16
2.8.2 Retail Banking	16
2.8.3 SME Banking	16-17
2.8.4 Agricultural Credit	17
2.8.5 Treasury & Capital Market	18
2.9 Bank's major functional departments & their activities	19-22
2.10 Information Technology & Automation	23
2.11 Products range of IFIC	24
2.11.1 Deposit Products of IFIC Bank Limited	25-36
2.11.2 Loan Products of IFIC Bank Limited	37-41
2.12 Other Banking Facilities	41
2.12.1 Lease Finance	41-42
2.12.2 SMS Banking	42-43
2.12.3 Money Transfer	44
2.13 Composition of the Board	45



<b>2.14 Organogram of IFIC Bank Limited</b>	46
<b>2.15 Management hierarchy of IFIC Bank Limited</b>	47
<b>2.14 Key Financial Data and Indicators</b>	48-50
<b>Chapter: 3 Financial Analysis of IFIC Bank Ltd</b>	
<b>3.1 Authorized Capital:</b>	52
<b>3.2 Paid-up Capital</b>	52
<b>3.3 Deposit</b>	53
<b>3.4 Loans &amp; Advances</b>	53
<b>3.5 Investments</b>	54
<b>3.6 Reserve Funds</b>	54
<b>3.7 Import Business</b>	55
<b>3.8 Export Business</b>	55
<b>3.9 Remittance</b>	56
<b>3.10 Total Assets Growth</b>	56
<b>3.11 Net interest income</b>	57
<b>3.12 Non-interest income</b>	57
<b>3.13 Total Capital</b>	58
<b>3.14 Gross Profit</b>	58
<b>3.15 Shareholder's equity</b>	59
<b>Performance Evaluation Of IFIC Bank</b>	
<b>3.16 Return on Assets:</b>	60
<b>3.17 Return on Investment</b>	60-61
<b>3.18 Return on Equity</b>	61-62
<b>3.19 Earnings-Per-Share</b>	62
<b>3.20 Debt-Equity Ratio</b>	63
<b>3.21 Credit Deposit Ratio</b>	64
<b>3.22 Price Earnings Ratio:</b>	65
<b>3.23 Capital Adequacy Ratio</b>	65-66
<b>3.24 Gross Profit Ratio</b>	67
<b>Chapter: 4 Problems of IFIC Bank Ltd</b>	
<b>Chapter: 5 Suggestion and Conclusion</b>	
<b>5.1 Suggestions</b>	71-74
<b>5.2 Conclusion</b>	75-76
<b>5.3 Bibliography</b>	77

# Chapter: 1

# Introduction

## 1.1 Introduction

The word “Bank” refers to the financial institution dealing with money. Commercial banks are the primary contributors to the economy of the country. On the other hand they are borrowing money from the locals and lending the same to the business as loans and advances. So the people and the government are very much dependent on these banks as the financial intermediary. Moreover, banks are profit - earning concern, as they collect deposit at the lowest possible cost and provide loans and advances at higher cost. The differences between two are the profit for the bank.

Modern banking system plays a vital role for a nation’s economic development. Involvement of the banking sector in different financial events is increasing day by day. At the same time the banking process is becoming faster, easier and the banking arena is becoming wider. Over the last few years the banking world has been undergoing a lot of changes due to deregulation, technological innovations, globalization etc. These changes also made revolutionary changes of a country’s economy. Present world is changing rapidly to face the challenge of competitive free market economy. As the demand for better service increases, the banking organizations are coming with innovative ideas. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide to their clients. As a result, it has become essential for every person to have some idea on the bank and banking procedure. It is well recognized that there is an urgent need for better-qualified management and better-trained staff in the dynamic global financial market. Bangladesh is no exceptions of this trend. Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future.

This paper is titled “**An Appraisal of IFIC Bank Limited**” originated from the fulfillment of the BBA program. A student takes the internship program when he or she is at the last leg of the bachelor’s degree; internship program brings a student closer to the real life situation and thereby helps to launch a career with some experience. My internship was at The **IFIC Bank Ltd., Pallabi Branch, Dhaka.**



## 1.2 Origin of the Report:

As a part of the Internship Program of Bachelor of Business Administration course requirement, I was assigned for doing my internship in IFIC Bank for the period of 3 months starting from January 15 to April 15, 2014. Students who have completed all the required courses are eligible for this program. In the internship program I was attached to the IFIC Bank Limited, Pallabi Branch for three months. During this period I have learned how the organization works.

In IFIC Bank I was assigned in the General Banking and Credit Division for eight week and remaining five weeks in Foreign Exchange Division of the office, Foreign Exchange Branch. My organizational supervisor was MdAbdusSamad, SAVP & Relationship Manager of Pallabi Branch. My topic is “**An Appraisal of IFIC Bank Ltd.**” which was assigned by institutional supervisor “**Dr. Tanbir Ahmed Chowdhury**” Dean & Chairperson of Business Administration Dept. East West University.

## 1.3 Objective of the Report:

The objectives of this report are follows:

- To present an overview of IFIC Bank Ltd.
- To apprise the performance of IFIC Bank Ltd.
- To identify the problems of IFIC Bank Ltd.
- To suggest remedial measures for the development of IFIC Bank Ltd.

## 1.4 Scope of the report:

The scope of this internship report is writing a report on the “**An Appraisal of IFIC Bank Limited**” The practical orientation with IFIC Bank Limited will cover the aspects of the branch including some broad issues of IFIC Bank Limited as a whole. This part will include various activities of the branch, its products and services, management issues, problem and prospects of IFIC Bank Ltd. emphasizing the branch and finally, an analysis of its performances.

This report helps me to understand the clear real-time experience about the total management of IFIC Bank Ltd. It helps me to understand, how the bank manage its total process? It also helps me to understand how they deal with the customer.

## 1.5 Methodology of the Study

This report has been prepared on the basis of understanding gathered during the period of internship. In order to prepare this report, I have also collected information from different section and department of the bank. I have presented my experience and findings through using different table and charts which has been presented sequentially.

**Collection of data:** This is basically a desk research project. Most of the data are collected from annual report of IFIC Bank. I also collected data from the publication of Bangladesh Bank.

### Other Sources of Information

- Face to face conversation with the respective officer and executives of the IFIC Bank.
- Conversation with the clients.
- Conversation with the branch manager.
- Collecting internal data from the branch.

- Desk report of the related departments.
- Manuals of IFIC Bank Ltd.
- Journals

a. Segregation of data

The collected data are segregated from the source material for the purpose of preparing report.

b. Processing of data

The collected data are compiled and processed for the purpose of preparing the report.

c. Analysis of data

The collected data are compiled into charts and tables and presented in the body of the report.

**Time Period:** This report has been prepared on the basis of experience gathered during the period of internship from 15<sup>th</sup> January to 15<sup>th</sup> April. Within this period I worked at two department namely General Banking and Loans & Advances departments.

Firstly total duration was divided into total working days that came to a total working day of 90 days and were distributed in the following manner:

<b><u>Department</u></b>	<b><u>Duration</u></b>	<b><u>In Days</u></b>
General Banking	from 15 <sup>th</sup> January to 13 <sup>th</sup> March	56 Days
Loans & Advances	from 14 <sup>th</sup> March to 15 <sup>th</sup> April	34 Days

## 1.6 Limitations of the Study

In this study, a whole hearted effort was applied to collect, organize and interpret the related data and finally to attain the optimal outcome of the research. But it is also true; none of the study is error free. In spite of these efforts there exist some limitations that acted as a barrier to conduct the research. These obstacles are examined in more detail below:

1. **Confidentiality:** The main limitation of this report is the Bank's policy of not disclosing internal data and information for the sake of confidentiality which could be very useful for the report and could add some more value to the report.
2. **Time Limitation:** Time is always an important factor and plays a vital role in research. A time period of 90 days was not enough to have a closer look at the entire activity of each department, which consist a vast number of tasks performed by individual employees.
3. **Limited Information:** Because of the limitation of the information some assumptions are made by tracking the trend, through analysis of previous data which may differ a little with the actual data.
4. **Reliability:** The study completely depends on official records & annual reports.
5. **Less cooperation:** It was often found that the officers were busy with their scheduled work. Thus, their important opinions were not incorporated in the report.
6. **Work Load:** As an intern of IFIC Bank limited, I had to work in different sections of the branch. So working like a regular employee hindered the opportunity to pose the best effort in the study.

# Chapter: 2

## Profile of IFIC Bank Ltd.

## 2.1 Background of IFIC Bank Limited

International Finance Investment and Commerce Bank Limited “IFIC Bank” came into existence in 1976 as a joint venture between the Government of Bangladesh and sponsors in the private sector with the objective of working as a finance company within the country and setting up joint venture banks/financial institutions abroad.

IFIC was incorporated as a public limited company with an authorized capital of Tk. 200 million and paid up capital of Tk. 100 million. IFIC commenced its operation on February 28, 1977 with a subscribed capital of Tk. 50million, contributed by lending private sector entrepreneurs in the country. The Government held 49 percent shares and the rest 51 percent were held by the sponsors and the general public.

But, in 1983 when the government allowed banks in the private sector IFIC was converted into a full-fledged commercial bank. The investment company has transformed into a banking company In June 13, 1982 and started activities from June 24, 1983 through its Motijheel Branch.

Previously IFIC Bank Ltd. was Government owned bank. Now the government of the People’s Republic of Bangladesh holds 34.34% of shares of the bank. Leading industrialists of the country own 34% of the shares and the rest of the 31.66 is held by the general public. The founder of IFIC Bank Ltd. was Jahurul Islam of Islam Group of Industries. Currently it consists of 13 Directors. One of eight represents the sponsors and the general public and four officials in the rank and status of additional secretary/joint secretary represent the government.

IFIC Bank is one of the well renowned commercial banks operating in Bangladesh. IFIC Bank is among the very few local banks which do not follow the traditional, decentralized geographically



managed, Branch based business or profit model. Instead the bank manages its business and operation vertically from the head office through 5 distinct business divisions namely

- 1) Corporate Banking
- 2) Retail Banking
- 3) SME Banking
- 4) Treasury & Capital Market
- 5) Agricultural Credit

Under a real-time online banking platform, these 5 business divisions are supported at the back by a robust service operations setup and also a smart IT Backbone. Such centralized segment based business & operating model ensure specialized treatment and service to the banks different customer segments.

The IFIC Bank currently has 106 online branches spread across the length. Besides the traditional points, the bank is also very active in the alternative delivery area. It currently has 38 ATMs of its own; SMS Banking and so on. They have their own Customer Call Center.

IFIC Bank launched VISA branded Credit Card (completed full range of cards i.e. Debit, credit and prepaid card.

IFIC Bank prides itself in offering a very personalized and friendly customer service. It has in place a customized service excellence model called GAP (Grateful-Appropriate-Pleasing) that focuses on ensuring happy customer through setting benchmarks for the bank's employee attitude, behavior, readiness level, accuracy and timelines of service quality.

IFIC Bank is one of the largest corporate banks in the country with a current business model that heavily encourages and supports the growth of the bank in Retail and SME Banking. The bank is

also very active in the workers foreign remittance business. IFIC Bank set up a few joint ventures in overseas.

## 2.2 Overseas Operation

### JOINT VENTURE

- a. **Bank of Maldives** - In 1983, IFIC Bank set up a joint venture bank name Bank of Maldives Limited (BML). It is the first bank of Maldives. In 1992, as per contract, IFIC Bank handed over the management of BML to Maldives.
- b. **Oman-Bangladesh Exchange** -To facilitate remittance by Bangladeshi in Oman, IFIC bank sets up a money exchange company as a joint venture, named Oman-Bangladesh Exchange.

### BRANCH ABROAD

- a. **Pakistan Branch** -IFIC Bank opened its first overseas branch in Karachi, Pakistan. It opened its second branch at Lahore in Pakistan.
- b. **Nepal Bangladesh Limited** -In December 1993, the Bank got permission to establish a joint venture bank with 50% equity capital in Nepal. The Bank known as, Nepal Bangladesh Ltd. came into operation in June 1994.

The current senior management leaders of the bank consist of mostly people from multinational banks with superior management skills and knowledge in their respective “specialized” areas.

## Corporate Information (2012)

<b>Date of Incorporation</b>	<b>October 08, 1976</b>
<b>Number of Branches</b>	110 (in 2013)
<b>Authorized Capital</b>	Tk.20,000 (in millions)
<b>Paid up Capital</b>	Tk.3460 (in millions)
<b>Total Assets</b>	Tk.91796.8 (in millions)
<b>Total Deposits</b>	Tk.92433 (in millions)

### 2.3 Mission Of IFIC Bank Limited

Mission of IFIC Bank Limited is as follows

- To contribute the socioeconomic development through extension of services by a dedicated and motivated team of professionals.
- To attain the highest level of customer satisfaction through extension of services by a dedicated and motivated team of professionals.
- To maintain continuous growth of market share.
- To maximize bank's profit by ensuring its steady growth.
- To maintain the high moral and ethical standards.
- To ensure participative management system and empowerment of human resources.

### 2.4 Vision and Mission of IFIC Bank:

Vision of IFIC Bank Limited is as follows

- To be the leader among banks in Bangladesh.

- to make our indelible mark as an active partner in regional banking.
- to operating beyond the national boundary. In an intensely competitive and complex financial and business environment.

We particularly focus on growth and profitability of all concerned.

## 2.5 Core Objectives and Strategies of IFICBL

The objective of the bank is to promote joint participation of Government and Private sponsors to establish joint venture banks, financial companies, branches and affiliated abroad to satisfy customers.

It conveys its objective via their motto: ***“Your Satisfaction First.”***

### Objectives of the Bank

- To establish, maintain, carry on, transact, undertake and conduct all types of banking, financial, investment and trust-business in Bangladesh and abroad.
- To form, establish and organize any bank, company, institution or organization, singly and/ or in joint-collaboration for partnership with any individual, company, financial institution, bank organization, or any Government and/ or Government agency for the purpose of carrying on banking, financial, investment and trust business and/or any other business as provided hereafter.
- To carry on any business relating to Wage Earner’s Scheme as may be allowed by Bangladesh Bank from time to time including maintaining of Foreign Currency Accounts and any other matter related thereto.



- To contract or negotiate all kinds of loan, and for assistance, private or public, from any source, local or foreign, and to take all such steps as may be required to complete such deals.
- To form, promote, organize, assist, participate or aid in forming, promoting or organizing any company, bank, syndicate, consortium and institute or any holding or subsidiary company in Bangladesh or abroad for the purpose of undertaking any banking, investment or trust business.
- To take part in the formation, management, supervision or control of the business or operations of any company undertaking and for that purpose to render technical, managerial and administrative services and act as administration, manager and secretary.
- To purchase, or otherwise acquire, undertake, the whole or any part of or any interest in the business, goodwill, property, contract, right, private assets and liabilities if any other company, bank, corporation, partnership body person or persons carrying on, or having ceased to carry on any business which the company is authorized to carry on, upon such terms and may be deemed expedient.
- To encourage, sponsor and facilitate participation of private capital in financial, industrial or commercial investments, shares and securities and in particular by providing finance in the form of long, medium, or short term loans or share participation by way of subscription to the promoter shares or underwriting support to bridge finance loans and/or by any manner.

## 2.6 Strategies of IFICBL

-7

- To strive for sound business growth by ensuring customer satisfaction through quality and timely services.
- To manage and operate the Bank in the most efficient manner to ensure achievement of goals.
- To maintain adequate capital flow to support further growth.
- To ensure effective and efficient risk management for sustainable business growth.
- To diversify the loan portfolio through structured finance and expansion of corporate, SME, Agricultural and Retail Businesses.
- To mount state of the art technologies and adopt innovative ideas for financial inclusion.
- To groom human resources for servicing customers efficiently.
- To increase brand visibility by creating a positive image of the bank.
- To be a trend setter in serving the society and remain responsive to the environment.
- To ensure sound corporate governance.
- To facilitate mobility in banking by the up gradation of internet and mobile banking.
- To add value for all stakeholders.
- Promote brand by the word of mouth



## 2.7 Milestones in Development of IFICBL

<b>1976</b>	Established as an investment & Finance Company under the arrangement of joint venture with the Government of Bangladesh
<b>1980</b>	Commenced operation of Foreign Exchange Business in a limited scale
<b>1982</b>	Obtained permission from the Government to operate as a commercial bank, set up its first overseas joint venture (Bank of Maldives Limited) in the Republic of Maldives (IFIC's share in Bank of Maldives limited was subsequently sold to Maldives sold to Maldives Govt. in 1992)
<b>1983</b>	Commenced operation as a full-fledged commercial Bank in Bangladesh.
<b>1985</b>	Set up a joint venture Exchange Company in the Sultanate of Oman, titled Oman Bangladesh Exchange Company (subsequently renamed as Oman International Exchange, LLC)
<b>1987</b>	Set up its first overseas branch in Karachi in Pakistan
<b>1993</b>	Set up its second overseas branch at Lahore in Pakistan
<b>1994</b>	Set up its first joint venture in Nepal for banking operation, titled Nepal Bangladesh Bank Limited
<b>1999</b>	Set up its second joint venture in Nepal for lease financing, titled Nepal Bangladesh Finance & Leasing Co. Ltd. (which was merged with NBBL in 2007)
<b>2003</b>	Set up a new bank in Pakistan, NDLC-IFIC Bank Ltd. (Subsequently renamed as NIB Bank Limited) and the Overseas Branches of IFIC and a local leasing company, NDLC were amalgamated with and into it,
<b>2005</b>	Acquired MISYS solution for real time online banking application.
<b>2007</b>	Launched VISA branded Credit Card (completed full range of cards i.e. Debit, Credit & Prepaid by 2010)
<b>2010</b>	Set up Offshore Banking Unit (OBU)
<b>2011</b>	Established a fully owned subsidiary exchange company named IFIC Money Transfer UK Ltd.
<b>2012</b>	Inauguration of 100 <sup>th</sup> Branch at Tejgaon-Gulshan Link Road in Dhaka

## 2.8 Different Banking Segments of IFIC Bank Limited



## **CORPORATE BANKING**

IFIC Bank is offering specialist advices and products to corporate clients to meet diverse demands of the changing market scenario. The bank has an extensive branch network all over the country to expedite the client's business growth. The bank facilitates the clients to face the challenges and realize opportunities. The bank's main focus is relationship based banking and understanding corporate and institutional business environments. Products and services for corporate clients include: Working capital, Project Finance, Trade Finance, Lease Finance, Syndication Loan etc.

## **RETAIL BANKING**

Retail Banking is mass-banking facility for individual customers to avail banking services directly from our wide branch network all over the country. We provide one-stop financial services to all individual customers through our innovative products and services to cater their needs with a view to provide faster and more convenient centralized online banking services, most of our branches have been bought under the real time online banking system. IFIC Bank Ltd offers a wide variety of deposit products, loan product & value added services to suit the customer's banking requirements. Products and services for individual customer include: Customer Finance, Deposit Product, Card, NRB Account, Student File, SMS Banking etc.

## **SME BANKING**

The growth of Small and Medium Enterprises (SMEs) in terms of size and number has multiple effects on the national economy, specifically on employment generation, GDP growth, and poverty alleviation in Bangladesh. At present, Small & Medium Enterprise sector is playing a vital role in the creation of new generation entrepreneurs and 'Entrepreneurs Culture' in the

country. Experience shows that borrowers of small enterprise sector prefer free loan since normally they cannot offer high value security to cover the exposure.

To facilitate SME sector of the country, IFIC Bank provides collateral free credit facilities to the small & medium entrepreneurs across the country whose access to traditional credit facilities are very limited. The bank is offering 15 different products for selected target groups such as Easy Commercial Loan, Retailers Loan, Muldhan Loan, Women Entrepreneur's Loan (Protyasha), Transport Loan, Working Capital Loan, Project Loan, Letter of Contractors Loan, Bidders Loan, letter of Guarantee, Letter of Credit Loan against Imported Merchandize(LIM), Loan against Trust Receipt(LTR) etc.

## **AGRICULTURAL CREDIT**

Bangladesh is an agro based country and majority of the population is dependent on Agriculture. Although maximum of the total population is dependent on agriculture, its contribution to GDP has gradually come down. Moreover, every year a huge amount of good grain and other agricultural products are imported to meet the demand of the country, in order to achieve desired growth in the agriculture sector of the country the bank is committed to increase present loan portfolio in agricultural sector. IFIC Bank is offering Agricultural Loan products namely-

- 1) KrishiSaronjamRin - for Agriculture Equipment.
- 2) ShechSaronjamRin - for irrigation equipment.
- 3) Poshupokkhi&MotshoKhamar Rim - for Livestock Stock & Fish Culture &
- 4) PhalphasaliRin - for Fruit Orchard for individuals & group at micro level.

## **TREASURY & CAPITAL MARKET**

IFIC Bank Limited is devoted to capital market of the country and offers world standard brokerage services for individual and institutional investors. The bank is responsible for origination of sales, but and trading of securities of capital markets. It aims to provide relevant support to its customer with sophisticated and innovative financial solutions and delivering the highest quality of services. It has a seat on the Dhaka Stock Exchange Limited.

The Treasury division of IFIC Bank is engaged with Cash Management, Liquidity, Planning and Liquidity Protection. It is also conscious to protect all the bank's Assets and Profit against loss due to domestic as well as global financial realities, particularly Interest and Exchange Rate Fluctuations. The Treasury Department is also regarded as a profit center, which generates income by trading instruments in the Financial Market.

To manage treasury unit as a profit center, along with guidance from regulatory authorities, the bank equipped itself with clear policies, fit organization structure, deployment of trained staff, modern infrastructural facilities and technological initiatives.

Major functions of the treasury division of IFIC Bank are-

- 1) Fund management
- 2) Investment
- 3) Trading of Foreign exchange & Money Market Instruments
- 4) Asset Liability Management
- 5) Risk Management.

IFIC Bank has a dedicated Treasury team which is capable of providing all treasury solutions through a wide range of treasury products. IFIC Treasury has four different desks, which are specialized in their own area to provide better service with respect to pricing, best possible solution for customer requirement and market information.

## **2.9 BANK'S MAJOR FUNCTIONAL DEPARTMENTS & THEIR ACTIVITIES**

All these products and services are implemented properly with the help of many departments. The functions of those departments are:

### **General banking Division**

A wide range of products and services different type of deposits such as SB, CD, FDR etc are offered by this department. Local private banks is biggest threat as they offer higher interest rate and better services.

### **General Credit Division**

A wide range of products and services, such as different type of loans are offered by this department. It faces continuous challenge from the local private banks, which mainly specializes in the consumer banking. As a result, it has to develop new products and services to ease the competition on a continuous basis. The approval is mainly based on the risk analysis of the corporate clients done by the Corporate Banking division.

### **Finance and Accounts Division**

This department performs the following activities:

- Sources of finance
- Administration, audit and back office operation.
- Salary & Provident Fund
- Taking care of taxation and financial control of the Bank.
- Decision making related to administrative activities

### **Recovery Division**

Recovery of stuck-up loans is a major concern for the bank. This division helps general credit and project finance divisions to recover the loans and take legal action against those creditors. Some time there is some usual recovery. Recovery from written off loans goes to income account of the bank.

### **Project Finance Division**



IFIC Bank's corporate clients mainly comprise the top local and multinational companies operating in Bangladesh. The main objective of this department is to build and maintain positive relationships with their clients. As a result, each and every company is assigned a Relationship Manager, who maintains regular contacts with clients. Moreover, this department offers the following facilities to its clients:

- Project Finance.
- Syndicated Loans.
- Bonds and Guarantees, etc.

### **Treasury Division**

The foreign exchange and money market operation of the IFIC Bank is broad. Exotic currencies happen to be one of its special areas of strength. A 24 hour-service is provided to customers in Bangladesh through the Bank's network of dealing centers placed in the principal of the world. The Bank's treasury specializes in offering solutions to who wish to manage interest rate and currency exposures that result from trade, investment and financing activities of other dynamic economies of the region.

### **Internal Control & Compliance**

Banking involves high risk, the presence of effective internal control system, corporate governance, transparency and accountability is vital to ensure smooth operation of the bank. The internal control is the process affected to provide reasonable assurance for the achievement of the objectives of the bank, the reliability of financial reporting and compliance with applicable laws, regulation and internal policies.

### **Audit & Inspection Division**

This division helps the bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. It also assists development of the process for smooth operation of various department and branches, detect major deficiencies in the branches, review the activities and organizational structure of the internal audit function.

### **Marketing Division**



It basically handles all promotional campaign, branding both consumer and corporate products and services for IFIC bank.

### **Law Division**

In Bangladesh local banking laws regulate and rules set by the Ministry of Finance and Bangladesh Bank is handling by this division. Law division has to take care of are:

- Any kind of legal issues
- Compliance advisory service

### **Personal Division**

It works with the administrative issues and supervise internal work environment. It also encourages its staff to conform to an internal culture of ethical behavior and sensitivities to the culture and religion of the country.

### **Human Resource Development Division**

Human Resource Development is focused on recruitment and in house training for both on the job and off the job bank staff members through the Bank's Academy. IFIC Bank Academy- the oldest institution in the private sector was conceived of as an in house training center to take care of the training needs of the Bank internally. One of our four major missions is to: "Provide service to our clients with the help of a skilled and dedicated workforce whose creative talents, innovative actions and competitive edge make our position unique in giving quality service to all institutions and individuals that we care for."

### **Panning, Research & Statistics Division**

They study the market through which they find out which product has demand in current market, plan for new product features and they collect statistical data for future use

### **Computer & IT Division**

Now all the branches were under similar automated platforms with upgraded software applications to offer all the critical banking features. IFIC Web site has been launched for the

convenience of the customers, where all the activities and information are constantly being posted and updated. This gives all technical support to all branches and Head Office.

## 2.10 Information Technology & Automation

Since the beginning of its journey as a commercial bank in 1983, IFIC Bank has given great emphasis on the adoption of modern technology. It became the pioneer in the field of automation by introducing computerized branch banking right in the name year. Subsequently, all the branches were brought under similar automated platforms with upgraded software applications to offer all the critical banking features.

The Bank has taken up a new project with MISYS International Banking System Inc. (UK) to further upgrade its banking operation to state-of-art world class on-line banking solutions to provide faster and even more convenient centralized services to the clients.

Besides, the Bank is also operating fully on-line Automated Teller Machine (ATM) services under the banner Q-Cash at a number of locations in Dhaka and Chittagong. The ATM facilities are available to the customers at Q-Cash booth.

Since the importance of presence in the internet is absolutely critical, IFIC Web Site [www.ificbankbd.com](http://www.ificbankbd.com) has long been launched for the convenience of the customers, where all the activities and information are constantly being posted and updated. A Central Mailing System is operational at the Head Office to let the customers have direct electronic access to the selected staff.

### Computer System

- **Computerized Branches:** 110 out of 110 (i.e. 100%) Branches are computerized throughout the country.
- **Banking Software:** IFIC Bank for their banking solution support using MISYS International Banking System Inc. (UK) and BexiBank 4000+ and most of the Branches are already using these application. The branches which are yet to use these software, those are under WIP state and as early as possible they will also be able to these for better banking services.

- **Operating System:**Most of the Branches, which are using BexiBank 4000+, are operating their Computer System in DOS (Disk Operating System). Branches, which are operating in LAN environment, are using Windows 2000, Windows XP or Novell NetWare operating system.
- **Central Backup System:**Presently Information Technology & Computer Division of Head Office is maintaining an Office Central Backup System for all the Computerized Branches and Division of Head Office of our Bank.
- **Inter Branch Connectivity:**their major plan in the IT sector is to ensure Inter Branch Connectivity of all over in Bangladesh. Currently 106 Branches under Wide Area Network (WAN) facility to offer our customers “Any Branch Banking” facility.

### Computerized Services

- **Tele Banking (Computerized Phone Banking):** IFIC Bank has implemented Computerized Phone Banking technology in all Branches
- **SWIFT Network:** Presently their International Division of Head Office is operating their Foreign Trade related transaction through SWIFT Network.
- **Electronic Mail:**110 Branches has are using web Email facility for international and internal correspondence.
- **Home Banking:**Bank is currently engaged in implementing this new service for Bank’s high net-worth selected business clients.

## 2.11 Product Range of IFICBL

IFIC Bank started its journey in Retail Banking with new mantra- *“Your Satisfaction First”*.

IFIC Bank wants to become the most preferred bank to all individual clientele of the country, at least of the cities and towns where they operate. They want to provide their customers the best-in-class services, innovative products and financial solutions from smart outlets- all with a big smile that conveys and generated happiness all the way.

### 2.11.1 Deposit Products of IFIC Bank Limited

A banks main activity is to collect deposit, because this deposit will be used as loan money. So deposit is very much important for the bank. Generally a bank’s principal activity is to serve the customer or give service. There are different types of deposits which not only help the bank to attract the customers but also help the customers by fulfilling their demand. Different types of deposit provide different opportunities, different terms & conditions and different benefits. They are:

1. Savings Account
2. Smart Savings Account
3. Super Savings Plus - More Money
4. Current Account
5. Special Notice Deposit - SND Account
6. Fixed Deposit Receipt (FDR)
7. Pension Savings Scheme (PSS)

8. Monthly Income Scheme (MIS) - Protimash
9. Three Years Deposit Plus (3YDP)
10. Double Return Deposit Scheme (DRDS)
11. Millionaire Dream Plan (MDP)
12. Sanchita - Female Savings Account
13. Shahoz Super Savings Plus
14. School Savings Plan – A Plus

## 1. Current Account

A current account is a running and active account which may be operated upon any number of times during working day. Most businessmen maintain Current accounts in order to make their daily business activities. This accounts funds change frequently than any other accounts because customers use to withdraw and deposit funds in a regular basis.

**Who can open a current account?**

Current Deposit Account may be opened by: Individual firm, Company and club, Association, joint stock companies, Public institutions, corporate body Other organizations whose banking transactions are numerous and frequent.

**Characteristics of current account:**

- No interest is payable on balances of Current Deposit Accounts.
- There is no restrictions on withdrawal, but in case of large amount requires prior notice( if amount is above 3 lac)
- Minimum balance to be maintained in the account is Tk. 10,000

- Bank at its discretion may close any account with prior notice to the account holder.
- In case of closure of account by the account holder, Branch shall recover closing charges as per schedule of charges.
- Banker does not provide any passbook for this account.
- A charge which is familiarly referred to as “incidental charge” is made normally on half yearly on such accounts to cover incidental expenses. Currently the charge is Tk. 500.

**Customer benefits:**

- The clients will get cheque-book facility.
- Opportunity to apply for safe deposit locker facility.
- Collect foreign remittance in both T.C & Taka draft.
- Transfer of fund from one branch to another by
  - Demand Draft
  - Mail Transfer
  - Telegraphic Transfer
- Transfer of fund on Standing Instruction Arrangement.
- Collection of cheque through Clearing House.
- SMS Banking facilities are given to the clients.
- Online banking service is provided
- VISA branded Debit Card
- 24 hour access to ATMs. Wider access to Q-cash ATMs with free of charge



## 2. Savings Account

The main objective of a savings account is to promote savings. A savings account refers to a bank account opened with a deposit of liquid funds and without having a given maturity date and they tend to pay a relatively low rate of interest. Savings accounts are mainly meant for non-trading customers who have some potential for saving and who do not have numerous transactions entering their accounts. Hence a savings account is a safe, convenient and affordable way to save money. The current rate of interest is 5.50% for Savings Account.

## 3. Super Savings Plus- More Money

A special type of savings account similar to the savings account mentioned above but it also has some more features like insurance coverage and the account holder always needs to keep Tk. 5000 in the account to get the interest. Primarily targeted to small scale savers particularly middle classes who wish to save a part of their current incomes to meet their future needs and also intend to earn an income from their savings. Though any adult and mentally sound person can open this type of account through the fulfillment of required conditions.

Amount	Interest Rate
<b>Below Tk. 1.00</b>	5.50%
<b>Tk. 1.00 lac &amp; above but less than 2 lac</b>	6.00%
<b>Tk. 2.00 Lac &amp; Above</b>	7.00%





### 4. Smart Savings Account

It is also a kind savings account with similar features. It is also interest bearing checking account with similar features of a savings. Primarily targeted to small scale savers particularly lower income people who wish to save a part of their current incomes to meet their future needs and also intend to earn an income from their savings. The current interest rate is 3%.

### 5. School Savings Plan - A Plus

The deposit scheme targeted to the school going students.

Features of school savings plan:

- Easy monthly installment based scheme account for school going students.
- Flexible tenor: 5 years & 7 years
- Scholarship facility up to Tk. 5000.00 SSC & HSC, if the account holder secures 80%/Grade-A+/CGPA 5.00 marks (without forth subject) in the exam

**Maturity Table: School Savings Plan - A Plus**

Initial Deposit	Monthly Installment	After 05 years	After 07 Years
2000.00	500.00	42336.00	64404.00
4000.00	1000.00	84672.00	128809.00
6000.00	1500.00	127009.00	193213.00
8000.00	2000.00	169345.00	257618.00
10000.00	2500.00	211681.00	322022.00
12000.00	3000.00	254017.00	386427.00
15000.00	5000.00	415309.00	634301.00



## 6. Sanchita - Female Savings Account

An exclusively designed savings completely dedicated to sophisticated female customers who want to unmet necessities and make life more rewarding.

### Launching Value offer:

Account holders will get a free gift coupon worth of BDT 550 that can be redeemed at the following beauty parlors: Magic Mirror – Dhaka, Touch & Glow – Chittagong, Shukonna – Bogura.

## 7. Fixed Deposit Receipt (FDR)

Fixed period specified in advance. These deposits are time deposit. Fixed Deposit Receipt (FDR) account offers the customers the opportunity to invest a fixed amount for a period at a fixed rate of interest. Normally the money on a fixed deposit is not repayable before the maturity date of a fixed period. The customers have the option to re-invest their funds both principal amount and interest amount on maturity or principal amount and the interest amount being paid into their SB or CD accounts.

This branch maintains a separate section for maintaining fixed deposit. FDR is an important and volume of FDR determines the investment base of the bank. FDR is found to be 60% of the total deposit of this branch. Basically this is the mobilization unit of the Bank. It is obvious to give due importance.

### Type of FDR maintained by this branch along with their respective interest rate.

Deposit Product	Existing Rate		Previous Rate	
		1 Month	7.00%	1 Month



<b>Fixed Deposit</b>	<b>3 Months</b>	<b>11.50%</b>	<b>3 Months</b>	<b>11.00%</b>
	<b>6 Months</b>	<b>11.75%</b>	<b>6 Months</b>	<b>11.50%</b>
	<b>1 Year</b>	<b>12.25%</b>	<b>1 Year</b>	<b>12.00%</b>

### 8. Pension Savings Scheme (PSS)

This is a scheme to make the customer induced to the banking system. Under this scheme the customers are to pay a certain sum of money at monthly interval up to a period of 3 to 5 years and after the period they will get the return along with the full interest earned during this period.

Features of PSS:

- Duration of 3 to 5 years.
- Income rate rebate
- Credit facility up to 80% of deposited principal amount/
- Can receive full payment after maturity or option for a pension on monthly basis.

Pension savings scheme (PSS)

Monthly Installment	After 03 Years	After 05 Years
500	21,562	40,595
1,000	43,125	81,190
2,000	86,250	162,381
3,000	129,376	243,571
5,000	215,626	405,953
10,000	431,253	811,906



15,000	646,880	1,217,859
20,000	862,507	1,623,812
25,000	1,078,134	2,029,765
50,000	2,156,269	4,059,531

### 9. Monthly Income Scheme

This is another attractive scheme offered by this bank. Under this scheme the deposits are to deposit a fixed amount to the bank and for their fixed amount they are entitled to earn a monthly payment from the bank. This is an attractive scheme for the retired person, because they can even earn after their retirement. This is also a kind of FDR, but here the interest is given monthly to the customer.

**Features of Monthly Income Scheme:**

- A special kind of fixed deposit offers flexibility & comfort of having monthly return on investment.
- Flexible tenor: 1 year, 2 years, 3 years.
- Credit facility up to 100%

### 12. Double Return Deposit Scheme (DRDS)

It is another deposit scheme offered by IFIC Bank Limited. As the scheme named, the deposit will be doubled after 5 years 6 months and the customer will get double the amount deposited.

**Features of DRDS:**

- Tenor - 5 years 9 month
- Minimum deposit Tk. 25,000



Tenor	Rate of Interest
5 years 9 months	12.24% p.a. at Quarterly compounding (Effective Rate of Interest @ 12.81% p.a.)

### 13. Millionaire Dream Plan (MDP)

To become a millionaire is a dream to most of the people of Bangladesh specially, to the lower and lower middle class income group. We experience our expectations and wants are enormous in nature in our small span of life. By considering the need, the bank has designed this scheme.

Features of DRDS:

- Be millionaire in 4Y/5Y/7Y and/or 10 years with IFIC Bank
- Flexible installment size- 4Y: Tk. 16800, 5Y: Tk. 12800, 7Y: Tk. 8200, 10Y: Tk. 4850.
- Credit facility up to 90% of principal amount but less than Tk. 50,000.00 for normal death.
- In case account is closed within a year, only principal amount will be paid to the client.

### 14. Shahoz Super Saving Plus

It is a specially designed savings account with similar characteristics of Super Saving Plus account but under this deposit scheme, the customer need not to come to the bank instead the marketing team will go to the client's residence and will perform all the necessary formalities to open the account.

What are the eligibility to open these mentioned accounts?





- 
- Saving, PSS, FDR Bank Accounts can be opened in the name of adult individual who are mentally sound and also jointly in the names of two or more persons payable to either or both or all of them or to the survivor or to the survivors.
  - Saving, PSS, FDR Account may be opened in the name of a minor also.
  - these may be opened in the names of clubs, societies, association and similar institutions and even government and semi-government offices.

**Conditions for opening a savings account:**

- Account shall be opened with at least minimum initial deposit of Tk. 1000.
- Interest rate on balance fixed by Head Office from time to time is applied annually on the balanced help on daily product basis.
- Not more than one account to be opened in the same name. But this is not to be applicable to parents willing to open more than one account in his/her name in respect of each minor child.
- Savings Bank Account shall not be allowed to be overdrawn under any circumstances.
- Savings Bank Account shall not be allowed to be operated like Current Account.
- Withdrawals in the account shall be allowed twice in a week.
- Bank shall provide monthly-computerized statement of accounts to account holders instead of passbook.
- Bank may at its discretion close any account with prior notice for repeated return of Cheque due to insufficient balance.



**IFIC BANK LIMITED**  
**Statement of Revised Rates of Interest \***  
**(Per annum percentage)**

**Deposits Rate**

**Effective Date: 09.01.2014**

Name of Products	Interest Rate		
Savings Account	Any Balance: 5.50%		
Smart Savings Account	3.00%		
Super Saving Plus-More Money	Below Tk. 1.00 Lac: 5.50% Tk 1.00 lac & above but less than 2.00 lac : 6.00% Tk 2.00 Lac & Above: 7.00%		
Current Account	Nil		
Sanchita - Female Savings Account	8.00%		
Payroll Savings Account	6.00%		
Fixed Deposit Receipt (FDR)	Up to 11.00%		
Special Notice Deposit (SND)	Less than Tk. 1.00 crore: 2.00% Tk. 1.00 crore and above but less than Tk. 25.00 crore: 4.00% Tk. 25.00 crore and above but less than Tk. 50.00 crore: 6.00% Tk. 50.00 crore and above but less than Tk. 100.00 crore: 4.00% Tk. 100.00 crore and above: 6.00%		
Pension Savings Scheme (PSS)	11.00%		
School Savings Plan – A Plus	10.00%		
Monthly Income Scheme - Protimash	1 Year : 11.00% 2 Year : 11.00% 3 Year : 11.00%		
Three Years Deposit Plus (3YDP)	8.50%		
Double Return Deposit Scheme (DRDS)	11.73% (6 years & 3 Months)		
Millionaire Dream Plan (MDP)	<b>Term</b>	<b>Monthly Instalment</b>	<b>Payable at maturity</b>
	4 Years	16,900.00	10,02,079.00
	5 Years	12,800.00	10,01,002.00
	7 Years	8,200.00	10,01,919.00
	10 Years	4,850.00	10,04,140.00

\* Rates are subject to change from time to time. Please see the circulars given below





**A. Schedule of Bank charges & commissions (Inland):**

-7

Sl. No	Particulars	Nature of Charges	Existing	Revised
1	Current Account	Closing charges. Account Maintenance Fee	Tk.300/  Tk. 500/- to be realized at half yearly rest, irrespective of any amount	Tk. 300/  Tk. 500/- to be realized at half yearly rest, irrespective of any amount
2	Savings Account	Forfeiture of interest (for number of operations exceeding maximum permissible as per S.B. rules).  Closing charge  Account Maintenance Fee	Forfeiture of entire interest for the month.  Within six months Tk. 200/- After six month TK. 100/-  i) Free of charge on accounts having average balance upto Tk. 5000/-  ii) Tk. 100/- on accounts having average balance of Tk. 5001/- upto Tk. 25000/- to be realized at half yearly rest  iii) Tk. 300/- on accounts having average balance of Tk. 25001/- and above to be realized at half yearly rest	Forfeiture of entire interest for the month.  Tk. 200/- (flat)  i) Free of charge on accounts having average balance upto Tk. 5000/-  ii) Tk. 100/- on accounts having average balance of Tk. 5001/- upto Tk. 25000/- to be realized at half yearly rest  iii) Tk. 300/- on accounts having average balance of Tk. 25001/- and above to be realized at half yearly rest
3	Remittance (Inland) a) Issuance of Payment Order (PO)/ Security Deposit Receipt (SDR)   b) Issuance of Duplicate PO	Charges for issuance of PO/SDR   Charges for PO/SDR cancellation  Charges	          i) Upto Tk. 1,000/- = Tk. 10/-  ii) Above Tk. 1,000/- but not exceeding Tk. 1.00 lac = Tk. 25/- iii) Above Tk. 1.00 lac but not exceeding Tk. 5.00 lac = Tk. 50/- iv) Over Tk. 5.00 lac = Tk. 100/-  i) Upto Tk. 1000/- = Tk. 20/-  ii) Above Tk. 1000/- = Tk. 40/-  Tk. 50/- plus stamp charges for indemnity at actual.	          i) Upto Tk. 1.00 lac = Tk. 50/-  ii) From Tk. 1.00 lac to Tk. 5.00 lac = Tk. 100/-  iii) Over Tk. 5.00 lac = Tk. 150/-  Tk. 75/- (Flat)  Tk. 100/- plus stamp charges for indemnity at actual.



## **2.11.2 Loan Products of IFIC Bank Limited**

- I. IFIC Easy Loan
- II. Consumer Durable Loan
- III. Parua (Education Loan)
- IV. Thikana (Home Loan)
- V. Any Purpose Loan
- VI. IFIC Marriage Loan
- VII. CNG Conversion Loan
- VIII. IFIC Home Renovation Loan
- IX. IFIC Medical Loan
- X. IFIC Holiday Loan
- XI. IFIC Peshajeebi Loan
- XII. IFIC Auto Loan

### **Objectives of the scheme:**

- ❖ IFIC Bank started the Consumer Credit Scheme with a view to fulfill its benevolent institutional objectives through the middle class limited income groups.
- ❖ To ensure the credit facility to the both middle class Limited income group and upper class income group.
- ❖ To improve the standard of living of limited income group through financing in purchasing necessary goods.
- ❖ To participate in the socio-economic development of the country.



**IFIC BANK**  
LIMITED  
ইফিক ব্যাংক লিমিটেড

### IFIC Medical Loan

IFIC Bank let you to focus on Medicare of your family and yourself- taking away the worry of finance. IFIC Medical Loan caters hospitalization or other emergency medical needs to salaried person. These loans are easy and absolutely hassle free. Loan amount is maximum 03 lac. Loan tenure can be of 03 years with 19.5% interest rate.

### IFIC Holiday Loan

When you plan to visit overseas with family or friends for taking a break from routine, enjoying nature, making a holiday- all these can happen though IFIC Holiday Loan. IFIC Holiday Loans are easy & hassle free. Loan amount is maximum 03 lac. Loan tenure can be of 03 years with 16.5% interest rate.

Applicant should be salaried with minimum BDT 10000 or self employed with minimum BDT 25000 monthly income and aged at least 25.

### Parua (Education Loan)

Education is the best investment of life. A substantial of finance is required to get a higher degree either at home or abroad. IFICBL is offering the opportunity to students to pursue either education opportunity with loan facility.

IFIC Bank offers Education Loan that can make a student's dream comes true. IFIC Bank firmly believes that expense for education is an investment for future. Only education can fulfill the dreams of an individual as well as a nation. . Loan amount is maximum 08 lac. Loan tenure can be of 05 years with 16.5% interest rate.



Applicant should be salaried with minimum BDT 10000 monthly income & one year of permanent employment or self-employed with minimum BDT 25000 monthly income & Professional experience or business establishment for at least 2 years and age must not less than 23 years.

### Consumer Durable Loan

IFIC creates an opportunity to satisfy customers desire to purchase consumers durables like-computer, television, refrigerator, washing machine, air conditioner, music systems, motor cycle and a lot of other things by Consumer Durable Loan. IFIC Bank is providing maximum Tk. 1.00 lac to be repayable in by 12 to 36 monthly installments.

#### Customer segment:

Any Bangladeshi individual who has the means and capacity to repay bank loan. In specific terms these could be salaried executives of multinational and middle to large size local corporate, Government officials, officials working in reputed NGO (Non-Government Organization), any tax paying businessmen of repute, any employed /self-employed individual having a reliable source of income.

### Thikana (Home Loan)

Home is an address, a shelter for entire life, and this is what one leaves behind for the family. A house is the single biggest investment of the lifetime. This product will facilitate the customer to have financing for purchasing of flat/house, construction of new house.

#### Loan features:



- Loan Amount: Tk. 75.00 lac
- Loan repayment : 15 years
- Repayment tenure: Equal monthly installment
- Interest rate: 15%

### IFIC Marriage Loan

The single most important day of your life begin with new family in style. Money is only an object for such an important event and shouldn't be a barrier to its perfection, if you need extra funds to ensure your special day is one to remember than come into on IFIC Bank branch and trust us to help you realize your dreams. Loan amount is maximum 03 lac. Loan tenure can be of 03 years with 16.5% interest rate.

### IFIC Home Renovation Loan

What to turn a home into your own? If you need to renovate your home, either from necessity because your family has grown, or if you just have a vision that you want to have realized from your old house, then come into an IFIC branch and trust us that we will help you realize your dream. IFIC Bank is providing maximum Tk. 3.00 lac to be repayable in 12 to 26 monthly installments at 19.50% interest rate.

### Any Purpose Loan

If you are looking for a personal loan to meet any financial requirement that's easy to get. Your search ends with us. IFIC Any Purpose Loan caters to various needs of salaried people.

Loan amount is maximum 03 lac, it could be highest to 10 times of monthly salary. Interest rate is 16.50% and loan tenure is maximum 03 years.

### IFIC Peshajeebi Loan (Loan for Professionals)

A personal loan scheme meant for professionals only (doctors, engineers, architects, IT professionals, management consultants etc.) to support their small scale purchase of different equipment, tools and small machineries for installation at their business sites/offices. Loan amount is maximum 10 lac. Interest rate is 16.50% and loan tenure is maximum 04 years.

#### Customer segment:

Any Bangladeshi in the following professions as self-employed or salaried people like Doctors or medical professionals, Engineers, Architects, IT Professionals, Management Consultants

#### Criteria to be eligible:

- ✓ Age limit: Minimum 25 years, Maximum 65 years at loan maturity.
- ✓ Minimum income Tk. 15,000.00 per month
- ✓ For salaried, must be confirmed employees of a relevant firm. For self-employed individual. A business record of minimum 2 years.

### IFIC Auto Loan

Owning a car means freedom of convenience for moving out, affords punctuality, shelter from rain and heat during travelling and above all guarantees the much needed safety. Owning a car is a dream of many people. To materialize your dream, now we have Auto Loan with more flexible, affordable and convenient package option.



**Customer segment:**

Any Bangladeshi individual who has the means and capacity to repay bank loan. In specific terms these could be salaried executives of multinational and middle to large size local corporate, Government officials, officials working in reputed NGO (Non-Government Organization), any tax paying businessmen of repute, any employed /self-employed individual having a reliable source of income.

IFIC Bank is providing maximum Tk. 20 lac to be repayable in 12 to 60 monthly installments.

**Criteria to be eligible:**

- ✓ Age Limit: Minimum 25 years, Maximum 65 years at loan maturity.
- ✓ Monthly surplus income (after meeting all expenses) shall be at least Tk. 15000/-.
- ✓ For salaried individual, minimum service length of 3 years and must be a confirmed employee.

## 2.12 Other Offerings of IFICBL

### LEASE FINANCE

Lease means a contractual relationship between the owner of the asset and its user for a specified period against mutually agreed upon rent. The owner i.e. the Bank is called the Lessor and the user i.e. the customer is called the lessee. Lease finance is one of the most convenient sources of financing of assets viz. machinery, equipment vehicle, etc.

IFICBL, the highly capitalized private commercial bank in Bangladesh has introduced lease finance to facilitate funding requirement for valued customer and growth of their business houses.





**IFIC BANK**  
LIMITED  
BANKING AND FINANCIAL SERVICES

Its lease facility is extended to the items like Industrial Machinery, Luxury Bus, Mini Bus, taxi cabs.

Lease items:

- 1) Vehicles like Luxury Bus, Mini Bus, Taxi cabs, pick-up, CNG three wheeler etc.
- 2) Industrial Machinery & Equipment.
- 3) Medical Equipment
- 4) Machinery for agro-based industry.
- 5) Construction Equipment.
- 6) Office Equipment.
- 7) Generators, Lifts & Elevators for commercial Place.
- 8) Sea or River Transport
- 9) Computer for IT Education Center.

## **SMS BANKING**

IFIC Bank Ltd. catered the demand of time in the era of modern banking technology through SMS Banking Service. It is indeed a fast, secure, convenient, economical and quickest way of banking. The service is available around the clock seven days a week. Get real-time banking information and be in touch any time with IFIC Bank from mobile. Customer can check their balance, account information, r even get their mini account statements through IFIC SMS Banking service.



## Account Service

### Push/ Pull Services

- Balance Enquiry
- Mini Statement Request (Last 5 transactions)
- Fixed Deposit Rate enquiry
- Interest Rate enquiry
- Branch Location enquiry
- PIN Change
- Help

### Push Services

- Bank Product Information
- Greetings
- Loan Installment Notification
- Any other Message

## Card Services

### Push/Pull Services

- Current Outstanding Balance
- Mini Statement Request ( Last 5 transactions)
- Minimum Payment Due
- Payment Due Date

### Push Services

- Payment Due Alert



**IFIC BANK**  
LIMITED  
ইসলামাবাদে সীলিত ইনস্টিটিউট অফ ব্যাংকিং লিমিটেড

## MONEY TRANSFER

Joining with one of the world renowned money transfer service “Money Gram”. IFICBL has introduced its customers to a faster track of remittance. Now IFICBL can bring money in Bangladesh from any other part of the globe in safer and faster means than ever before.



The simple transfer system, bring on line eliminates the complex process and makes it easy and convenient for both the sender and the receiver, Through IFICBL-Money Gram Transfer Service, money will reach its destination in minutes by affordable reliable and convenient financial services.



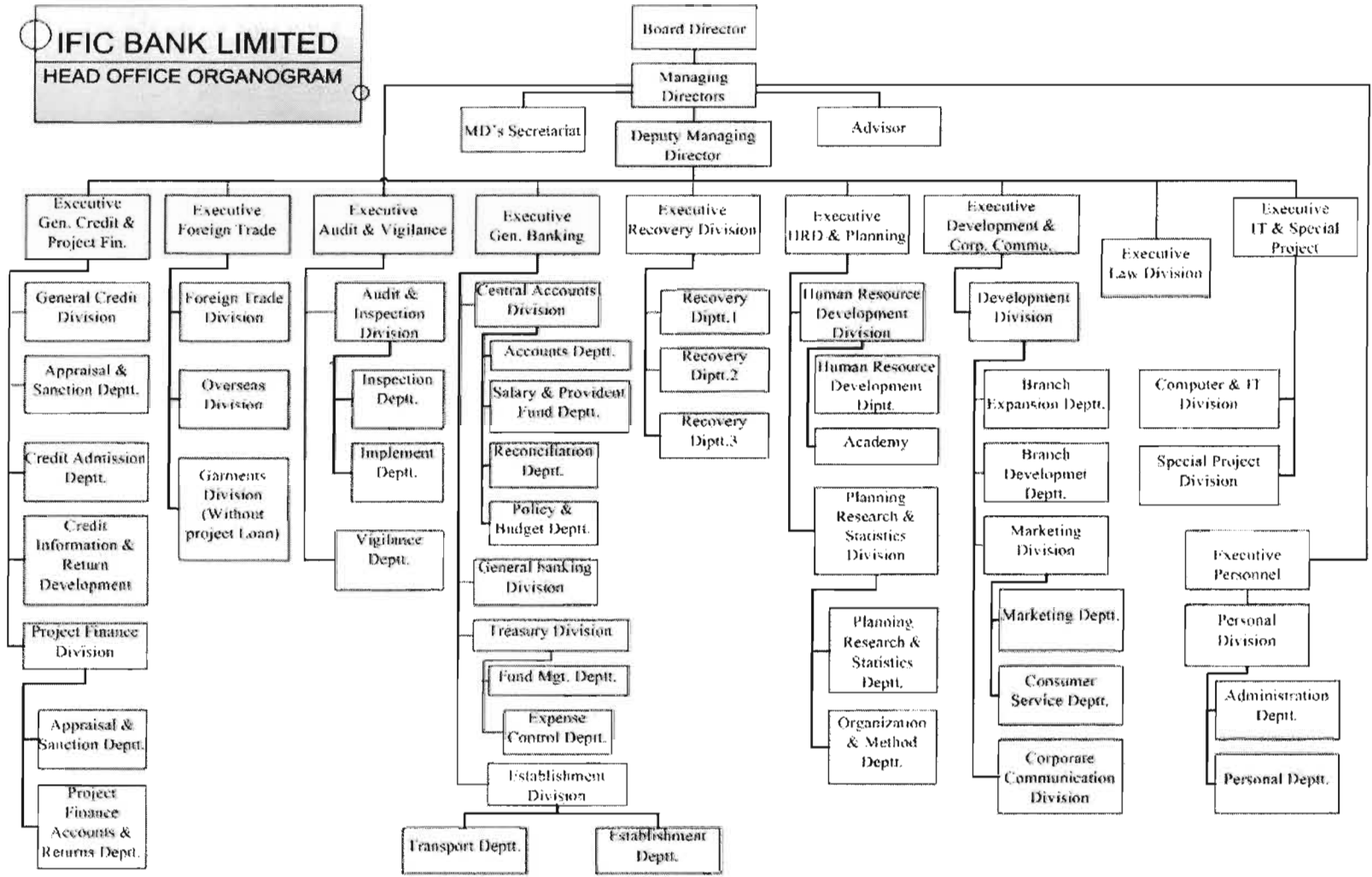
## 2.13 Composition of the Board

Unlike other banks in the private sector, the Board of Directors of the bank is a unique combination of both private and Govt. sector experience. Currently it consists of 8 Directors. Of them five represent the sponsors and the general public and four senior officials in the rank and status of joint Secretary/ Additional Secretary represent the Govt. Managing Director is the ex-office Director of the Board.

### IFIC Board of Directors

Name	Designation
01. Mr. Salman F. Rahman	Chairman
02. Mr. Mohammad LuffarRahman	Director
03. Mr. Monirul Islam	Independent Director
04. Mr. Syed AnisulHuq	Independent Director
05. Mr. Mohammad Nayem Syed	Independent Director
06. Mr. A.R.M NazmusSakib	Director
07. Me. Jalal Ahmed	Director
08. Mr. ArjitChwodhury	Director
09. Mr. M. Shah AlamSarwar	Managing Director

**IFIC BANK LIMITED**  
**HEAD OFFICE ORGANOGRAM**

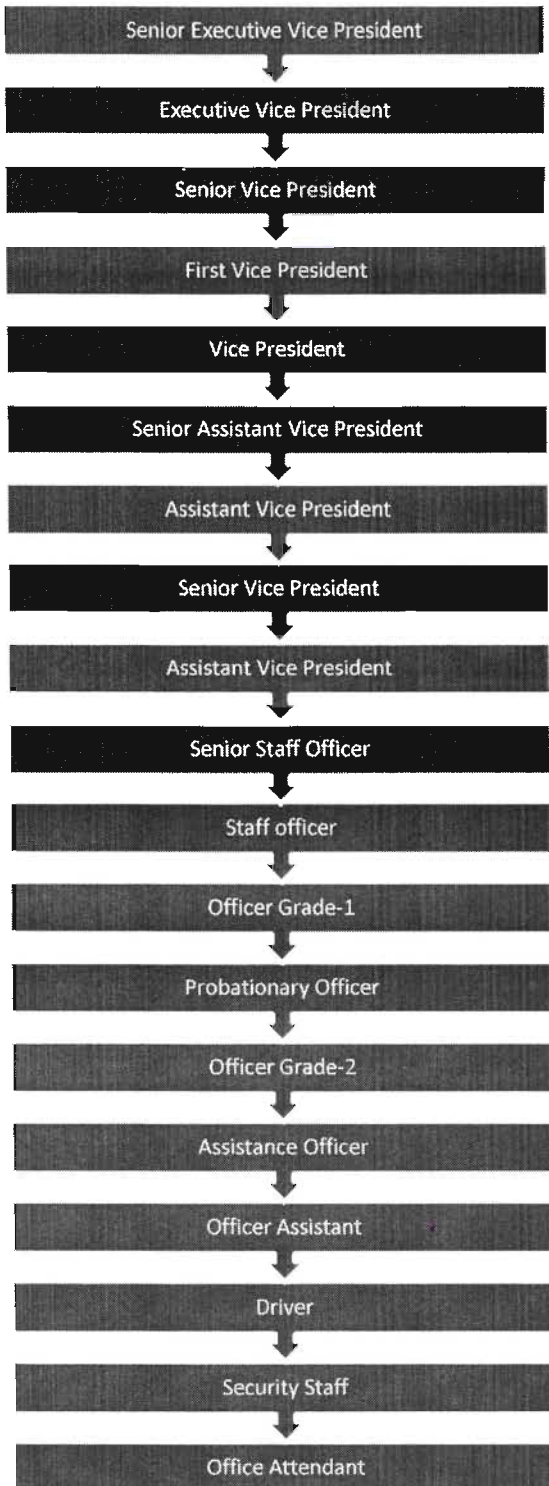


2.14 Organogram of IFIC Bank Limited





## 2.15 Management hierarchy of IFIC Bank Limited





## 2.16 KEY FINANCIAL DATA AND INDICATORS

Taka in million

Particulars	2008	2009	2010	2011	2012
Interest Income	3515	3872	4641	6696	10443
Interest expense	2347	2770	2565	4655	7637
Net interest income	1168	1102	2076	2041	2806
Non-interest income	2011	2622	4280	3547	3548
Non-interest expense	1557	1765	2529	2870	3647
Net-non interest income	454	857	1751	677	-99
Profit before provision and tax	1622	1960	3827	2718	2707
Provision for loans and assets	305	310	660	857	1317
Profit after provision before tax	1317	1650	3167	1862	1390
Tax including deferred tax	660	750	1520	1114	1002
<b>Profit after tax</b>	<b>657</b>	<b>900</b>	<b>1647</b>	<b>748</b>	<b>388</b>
<b>Balance Sheet</b>					
Authorized capital	1600	5350	5350	5350	20000
Paid-up capital	1341	1744	2180	2768	3460
Total shareholder's equity	3797	4197	5748	6602	6867
Deposits	36092	50018	54660	73106	92433
Loan and Advances	33018	37794	47563	64641	77160
Investments	5230	9083	8835	12199	15671
Property, Plant & Equipment	511	616	2060	2204	2342
Earning assets	39767	54405	58896	78767	97278





Total assets	45729	62902	69565	91541	113995
<b>Other Business</b>					
Import	50337	43717	62467	71517	80710
Export	66557	54244	55981	83846	84147
Remittance	12277	13145	13455	12724	14305
Guarantee Business	2292	3683	4338	4428	5329
<b>Capital Measures</b>					
<b>Total risk weighted assets</b>					
Core capital (Tier-I)	3145	4045	5737	6569	6735
Supplementary capital (Tier-II)	648	884	976	1215	1185
Total capital	3793	4929	6714	7784	7920
Tier-I capital ratio	10.28%	11.07%	8.36%	8.55%	8.66%
Tier-II capital ratio	2.12%	2.42%	1.42%	1.58%	1.52%
Total capital ratio	<b>12.40%</b>	<b>13.49%</b>	<b>9.78%</b>	<b>10.13%</b>	<b>10.18%</b>
<b>Credit Quality</b>					
Non-performing Loans (NPLs)	1953	2320	2264	2578	4096
NPL to total loans and advances	5.92%	6.14%	4.76%	4.06%	5.31%
Provision for unclassified loans	416	511	614	793	753
Provision for classified loans	652	952	1323	1002	2210



### Share Information

Market Price per share (Taka) as on close of the year at DSE (Face value of Tk. 10 per share considered for every year)	118.90	92.03	142.08	67.60	36.20
No. of shares outstanding (Million) (Face value of Tk.10 per share considered for every year)	134.14	174.39	217.98	276.84	346.05
Number of shareholders (Actual)	31915	34152	37773	38007	40295
Earnings Per Share (Basic) in Taka (Face value of Tk. 10 per share considered each year)	4.90	5.16	7.63	2.58	1.12
Dividend					
Cash				5%	
Stock (Recommended for the year 2012)	30%	25%	27%	25%	10%
Dividend Payout Ratio (%)	61.22	48.45	35.39	116.28	89.29
Market Capitalization (At close of the year)	15946	16048	30970	18714	12527
Net Asset Value per share (Taka) (Face value of Tk. 10 per share considered for every year)	23.83	24.07	26.37	23.85	19.85
Price Earnings Ratio	<b>24.46</b>	<b>17.84</b>	<b>18.81</b>	<b>26.19</b>	<b>32.28</b>

# Chapter: 3

# Financial Analysis

# of IFIC Bank Ltd

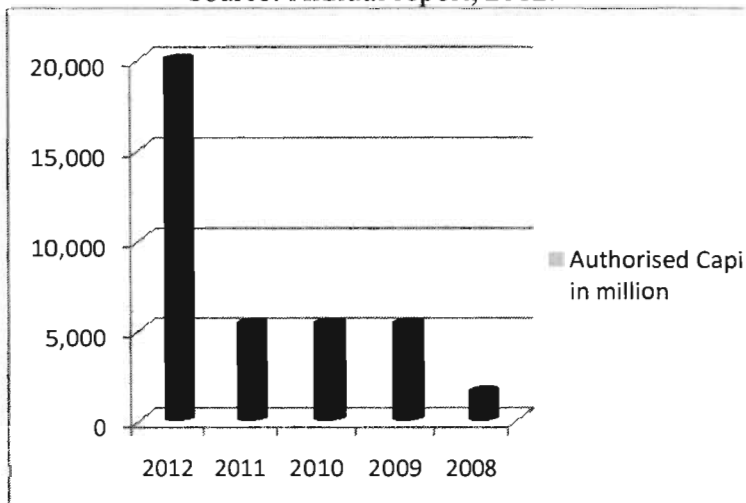


**3.1 Authorized Capital:** As authorized capital of a company referred to as the registered capital or nominal capital so increasing of authorized capital is apposite sign for any company and as we can see from the table that, in 2008-09 it increases by 234%. But no change reflects in 2010 and 2011. In last financial year 2012 it become 20000 million which means increases significantly by 273% from previous year.

Table 3.1: Authorized capital of IFICBL

Year	Authorized Capital	Change in year
2012	20,000	2.738
2011	5,350	0
2010	5,350	0
2009	5,350	2.34
2008	1,600	

Source: Annual report, 2012.

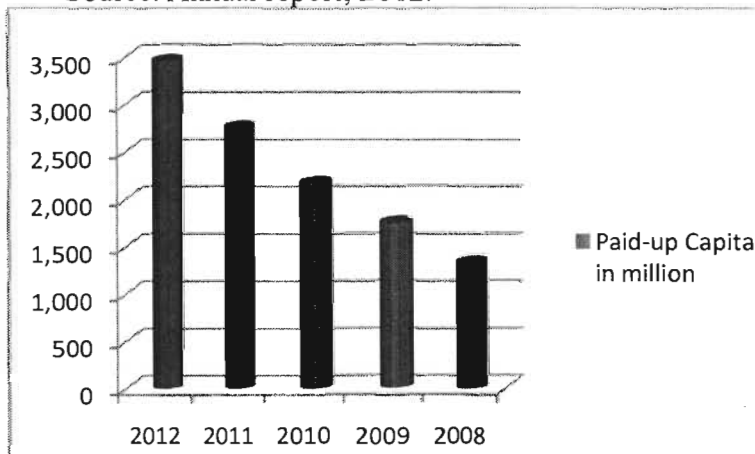


**3.2 Paid-up Capital:** the amount of a company's capital that has been funded by the shareholder is termed as paid up capital. So here it reflect that in every year there is an increasing trend in depending on equity financing. In every year there is a positive change around 25% to 30%. In last financial year 2012 it also increased by 25%.

Table 3.2: Paid-up capital of IFICBL

Year	Paid-up Capital	Change in year
2012	3,460	0.25
2011	2,768	0.278
2010	2,180	0.25
2009	1,744	0.30
2008	1,341	

Source: Annual report, 2012.



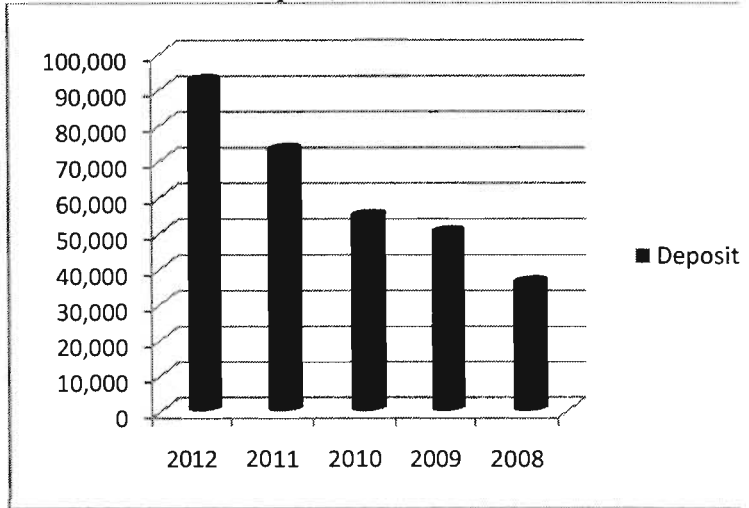


**3.3 Deposit:** This is really very positive indicator that Deposits of IFIC Bank is increasing in every year in spite of becoming banking sector too competitive and continuous political instability the growth in deposit is significant. IFIC Bank proven itself trustworthy to its customer, so all other previous year 2008 to 2011 In last year it also increased by 26.4%.

Table 3.3: Deposits of IFICBL

Year	Deposits (in million)	Change in year
2012	92,433	0.264
2011	73,106	0.337
2010	54,660	0.092
2009	50,018	0.385
2008	36,092	

Source: Annual report, 2012.

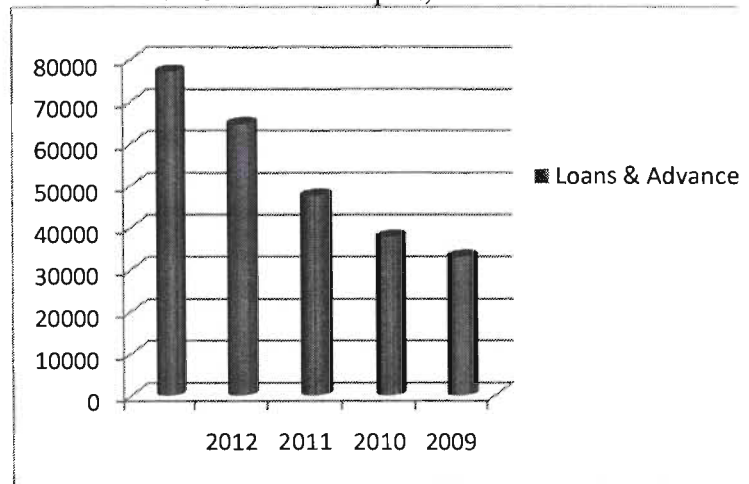


**3.4 Loans & Advances:** Generally IFIC bank evaluate customers very thoroughly before sanction any loan but as deposits are increasing in every year so flexibility to increase loans & advances also increases. In every year it increases by around 15 to 30 percent, which means more no of customers getting attached with the IFIC Bank ltd.

Table 3.4: Loans & Advances of IFICBL

Year	Loans & Advances (in million)	Change in year
2012	77160	0.19
2011	64641	0.35
2010	47563	0.26
2009	37794	0.14
2008	33,018	

Source: Annual report, 2012.



**3.5 Investments:** Investment in different sectors

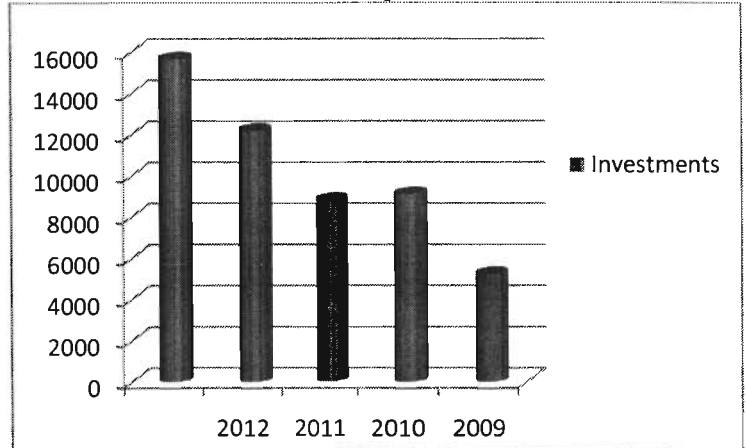


is increasing in a positive trend, which is very positive attitude of this bank to increase its profit to satisfy shareholders. The table shows that in 2008-2009 investment increases by 73% and in 2010 it goes downward. And again in 2011 and 2012 it increases by 38% and 28% respectively.

Table 3.5: Investment of IFICBL

Year	Investments (in million)	Change in year
2012	15671	0.28
2011	12199	0.38
2010	8835	-0.027
2009	9083	0.73
2008	5230	

Source: Annual report, 2012.

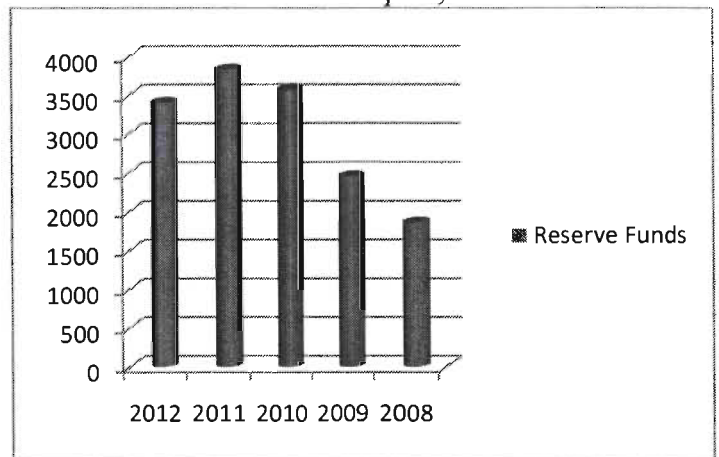


**3.6 Reserve Funds:** An account set aside to meet any unexpected cost that may arise in the future. This is highly liquid asset which may kept for future investment or to meet uncertainty. Reserve fund is the most important factor for every financial institution as it has connection with bank solvency. The trend show that from 2008 to 2011 in every year reserve fund increases subsequently but in 2012 it decreases by 11%. But still the reserve fund of IFIC bank is in a very promising position.

Table 3.6: Reserve Funds of IFICBL

Year	Reserve Funds (in million)	Change in year
2012	3407	-0.11
2011	3834	0.07
2010	3569	0.45
2009	2454	0.32
2008	1856	

Source: Annual report, 2012.





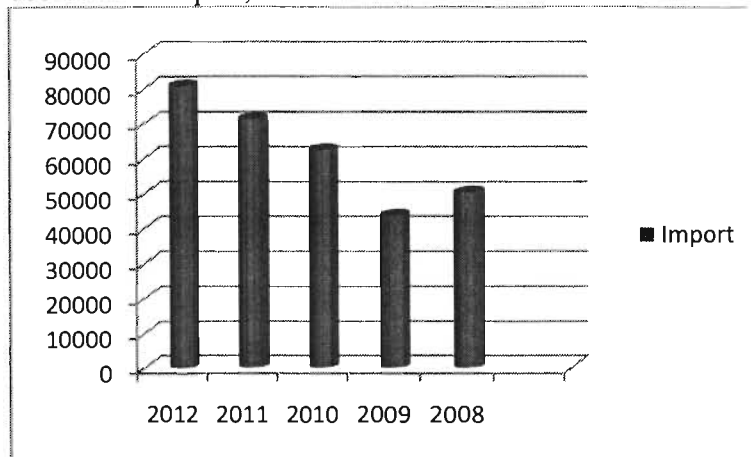


**3.7 Import Business:** IFIC Bank has built a very strong network for foreign exchange business so import business of this bank is growing in every year repeatedly. In 2008-2009 it was going down track but in the immediate next year it raises again by 42%. And in 2012 in spite of political instability it increases by 13%.

Table 3.7: Import Business of IFICBL

Source: Annual report, 2012.

Year	Import Business (in million)	Change in year
2012	80710	0.13
2011	71517	0.14
2010	62467	0.42
2009	43717	-0.13
2008	50337	

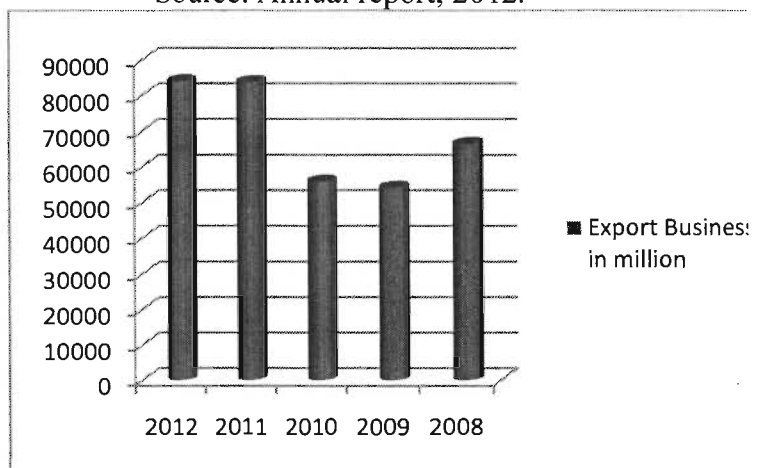


**3.8 Export Business:** As IFIC Bank has built a very strong network for foreign exchange business so export business also growing. Many prominent exporters of Bangladeshi market rely on this Bank. In 2008-2009 it was going down track but in the in 2011 it raises again by 49%. And in 2012 it maintained positively.

Table 3.8: Export Business of IFICBL

Source: Annual report, 2012.

Year	Export Business	Change in year
2012	84147	0.0035
2011	83846	0.49
2010	55981	0.032
2009	54244	-0.18
2008	66557	





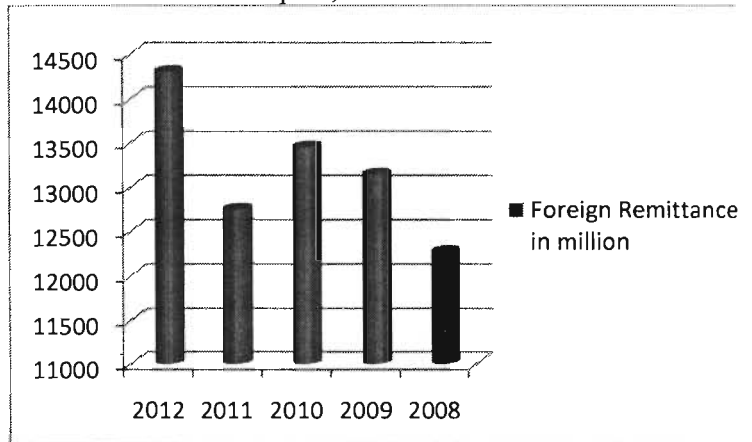


**3.9 Remittance:** The following chart shows an upward trend of remittance till 2010 then the remittance flow decreases in 2011 and again it rises in 2012. The overall remittance flow in Bangladesh has shown an increasing trend from 1981-2010 then the remittance flow decreases. Currently the remittance flow has been increased again.

Table 3.9: Foreign Remittance of IFICBL

Year	Foreign Remittance (in million)	Change in year
2012	14305	0.12
2011	12742	-0.05
2010	13455	0.02
2009	13145	0.07
2008	12277	

Source: Annual report, 2012.

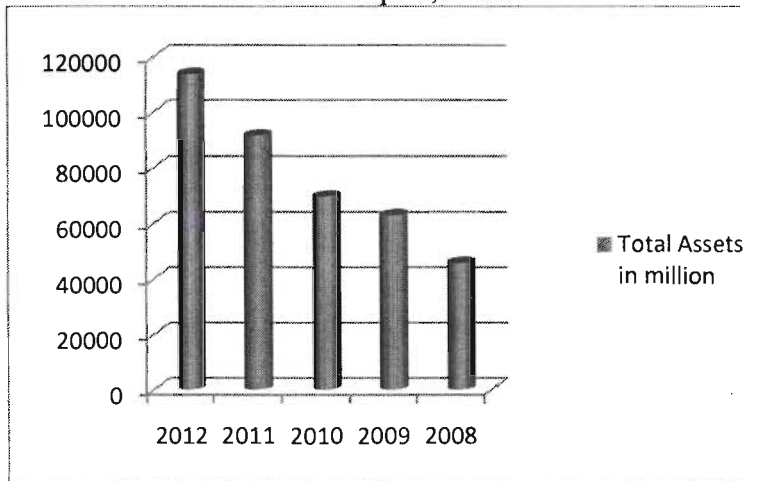


**3.10 Total Assets Growth:** This figure shows an increasing trend in total assets from the year 2008 to 2012 and showing a 24% change in the year 2012 from the previous year. The change was due to 19.9% increase in Loan and Advances in 2012 than the previous year. In addition, the higher investment, particularly in the government securities which was 40% higher than the previous year.

Table 3.10: Total Asset of IFICBL

Year	Total Assets (in million)	Change in year
2012	113995	0.24
2011	91541	0.31
2010	69565	0.10
2009	62902	0.37
2008	45729	

Source: Annual report, 2012.

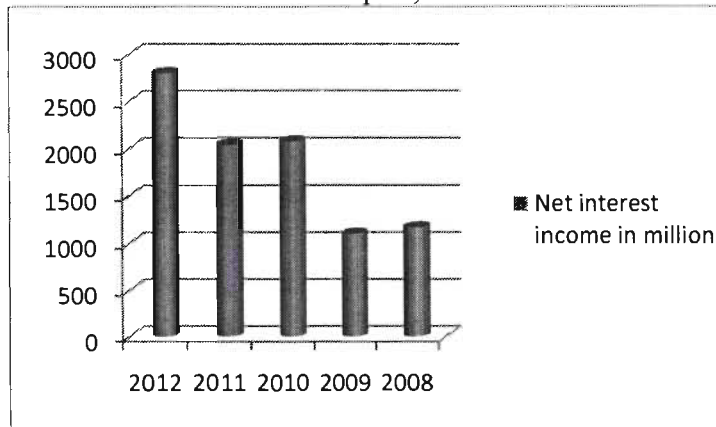


**3.11 Net interest income:** The net interest income of IFIC Bank is more sensitive to changes in interest rates than others. This can vary according to several factors, such as the type of assets and liabilities that are held. Banks with variable rate assets and liabilities will obviously be more vulnerable to changes in interest rates than those with fixed-rate assets. In year 2008-2009 it was going down track but in the immediate next year it raises again by 88%. And in last financial year 2012 it increases by 37%.

Table 3.11: Net Interest Income of IFICBL

Year	Net interest income (in million)	Change in year
2012	2806	0.37
2011	2041	-0.016
2010	2076	0.88
2009	1102	-0.05
2008	1168	

Source: Annual report, 2012.

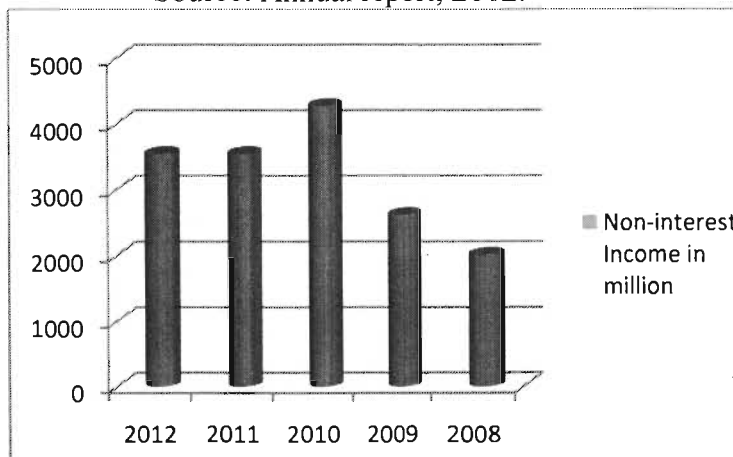


**3.12 Non-interest income:** Like other Banks and creditors IFIC Bank's income derived primarily from fees. Examples of non-interest income include deposit and transaction fees, LC charges, charge documents, stamp, insufficient funds (NSF) fees, annual fees, monthly account service charges, inactivity fees, check and deposit slip fees, etc. Institutions and personnel charge fees that provide non-interest income as a way of generating revenue and ensuring liquidity in the event of increased default rates. In year 2008-2009 it increases by 30% and in 2010 by 63% but in 2011 & 2012 it was going little downward. Which lessen the profit of the Bank.

Table 3.12: Non-interest Income of IFICBL

Year	Non-interest income	Change in year
2012	3548	0.0002
2011	3547	-0.17
2010	4280	0.63
2009	2622	0.30
2008	2011	

Source: Annual report, 2012.

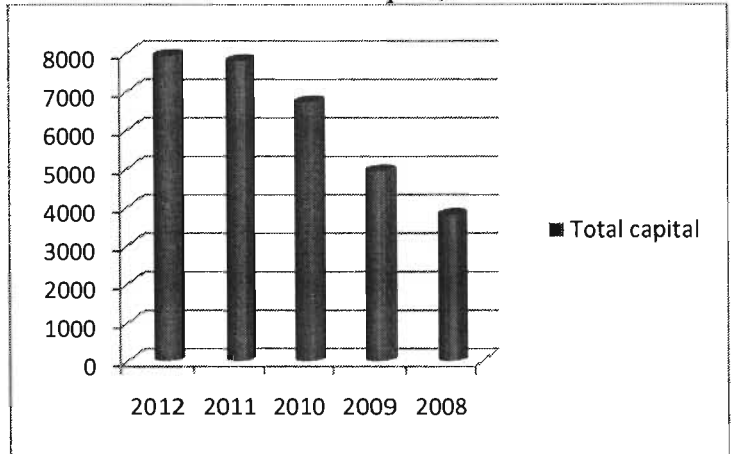


**3.13 Total Capital** The above table shows an increasing trend. In every year since 2008 to year 2012, the capital has increased. In last financial year 2012 increases by 1.7% which is the lowest compares to other year percentage changes.

Table 3.13: Total Capital of IFICBL

Year	Total capital (in million)	Change in year
2012	7920	0.017
2011	7784	0.02
2010	6714	0.36
2009	4929	0.29
2008	3793	

Source: Annual report, 2012.

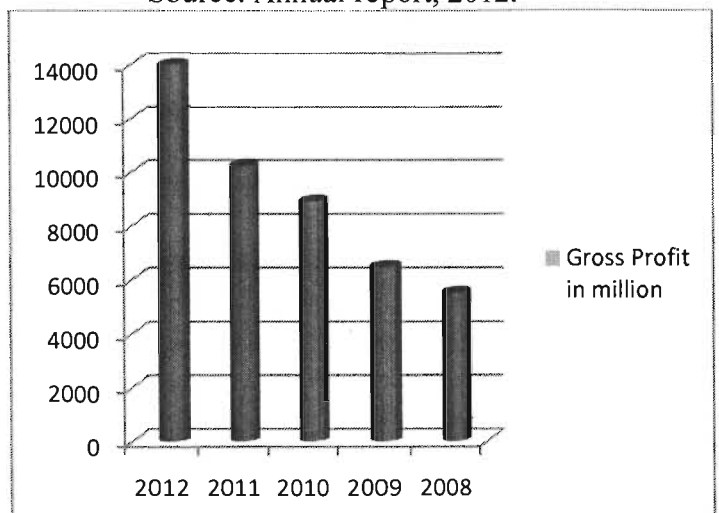


**3.14 Gross Profit:** With all other factors Gross profit is also increasing in every year. The number of customer, investment, services of IFIC Bank growing subsequently so automatically Gross profit is in an increasing trend. From the following table we can see that in last financial year 2012 increases by 36%. This is really a positive sign for the Bank itself.

Table 3.3: Gross Profit of IFICBL

Year	Gross Profit (in million)	Change in year
2012	13991	0.36
2011	10244	0.14
2010	8921	0.37
2009	6494	0.17
2008	5527	

Source: Annual report, 2012.



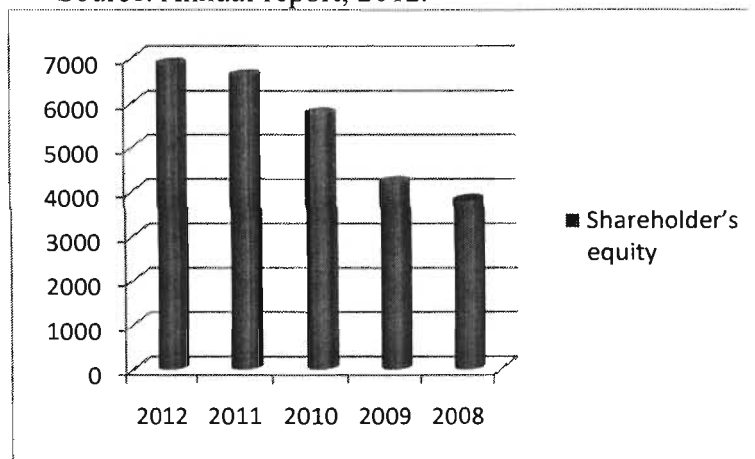


**3.15 Shareholder’s equity:** Shareholders' equity comes from two main sources. The first and original source is the money that was originally invested in the company, along with any additional investments made thereafter. The second comes from retained earnings which the company is able to accumulate over time through its operations. IFIC Bank’s shareholders' equity is in an increasing trend. From the following table we can see that in every financial year it increases by a moderate margin. In 2010 it was the highest 36% and in last year it was only 4%.

Table 3.15: Shareholder’s Equity of IFICBL

Year	Shareholder’s equity	Change in year
2012	6867	0.04
2011	6602	0.14
2010	5748	0.36
2009	4197	0.10
2008	3797	

Source: Annual report, 2012.



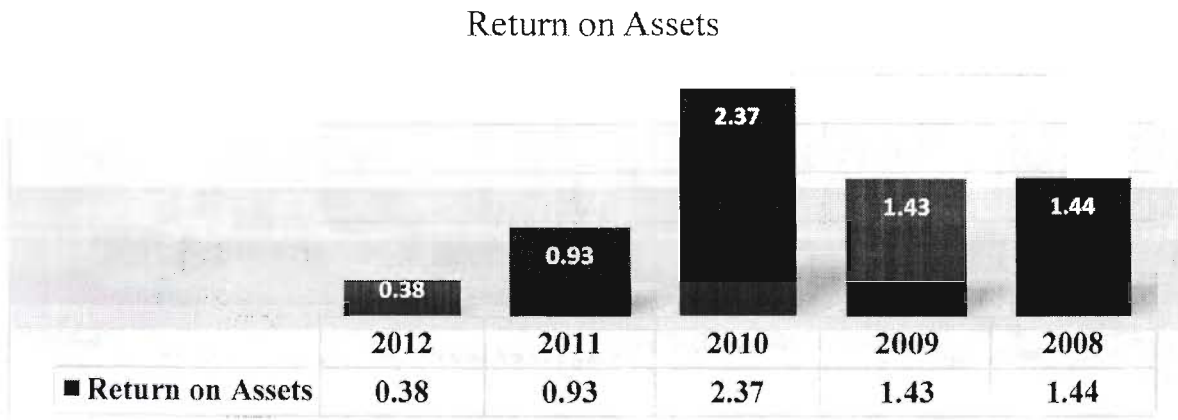
## Performance Analysis of IFIC BANK Ltd.

Financial ratio analysis is the calculation and comparison of ratios which are derived from the information in a company’s financial statements. The level and historical trends of these ratios can be used to make inferences about company’s financial condition, its operations and attractiveness as an investment. Ratio Analysis enables the business owner/manager to spot trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry. Ratio analysis may provide all the important early warning indications that allow solving business problems before the business starts falling into a deep crisis.

### 3.16 Return on Assets:

ROA- Is a financial ratio that shows the percentage of profit that a company earns in relation to its overall resources (total assets). Return on assets is a key profitability ratio which measures the amount of profit made by a company per Taka of its assets. It gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage.

Figure 3.16: Return on Assets of IFICBL



IFICBL is giving continued emphasis on quality assets, which resulted in providing a sound asset base for the bank. Figure 3.16 shows an increasing trend from 2008 to 2010. In the year 2011, the ROA decreases and it has continued to decrease in 2012 with a negative change of 59%. Here we can observe that at 2010 it was maximum of 237% and after that it continues declining in 2011 it goes down to 93% and finally in 2012 it was 38%.

### 3.17 Return on Investment:

ROI- A performance measure used to evaluate the efficiency of an investment or to compare the efficiency of a number of different investment. To calculate ROI, the benefit (return) of an investment is divided by the cost of the investment; the result is expressed as a percentage or a ratio.

Figure 3.17: Return on Investment position of IFICBL



Return on Investment (%)

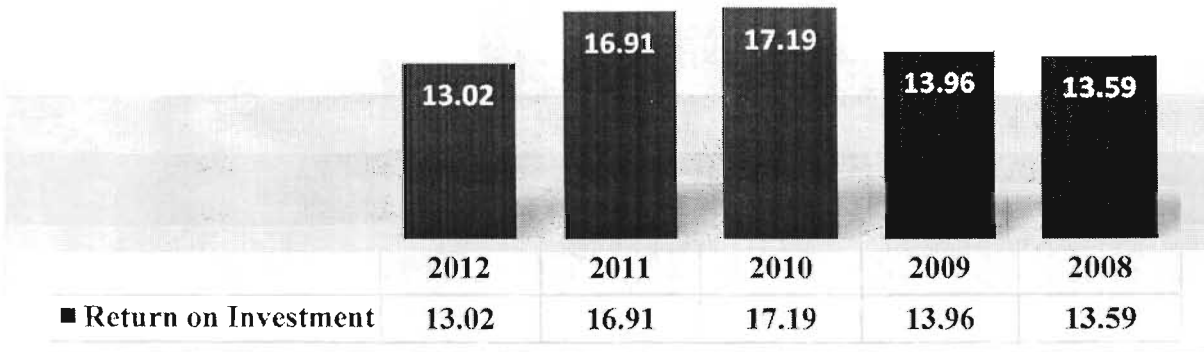
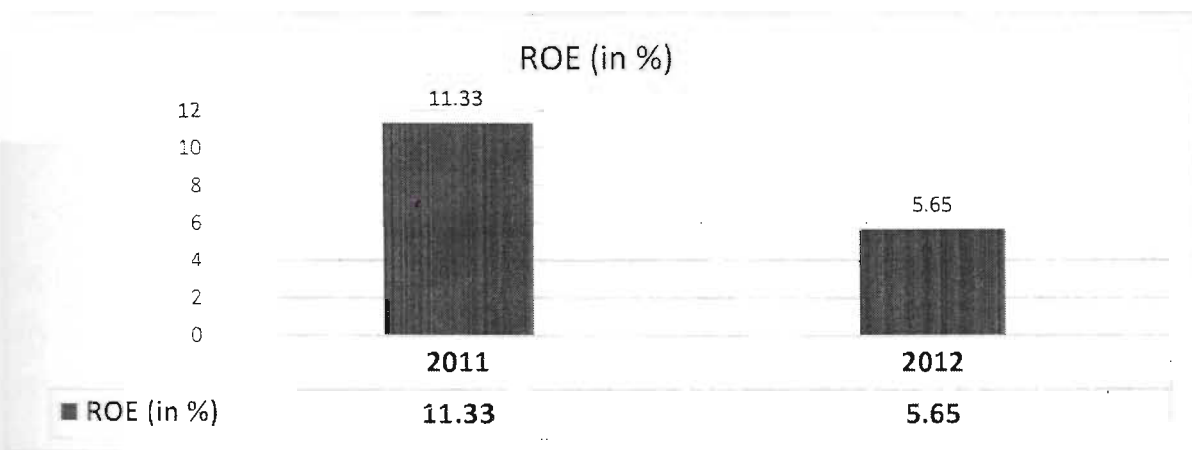


Figure 3.17 shows the ROI has been decreased in 2012 compared to 2011. It is due to decline in the investment value particularly in sale of shares and income from other investment has also decreases. Compared to 2008 and 2009 it was became higher in 2010 to 17.19% and after that again start declining in last financial year it was 13.02% of ROI.

**3.18 Return on Equity:**

**ROE** -Is an important measure of a company’s earnings performance. The ROE tells common shareholders how efficiently their money is being employed. The ROE is calculated by dividing the annual net income by average shareholder’s equity.

Figure 3.18: Return on Equity of IFICBL according to the annual report, 2012.





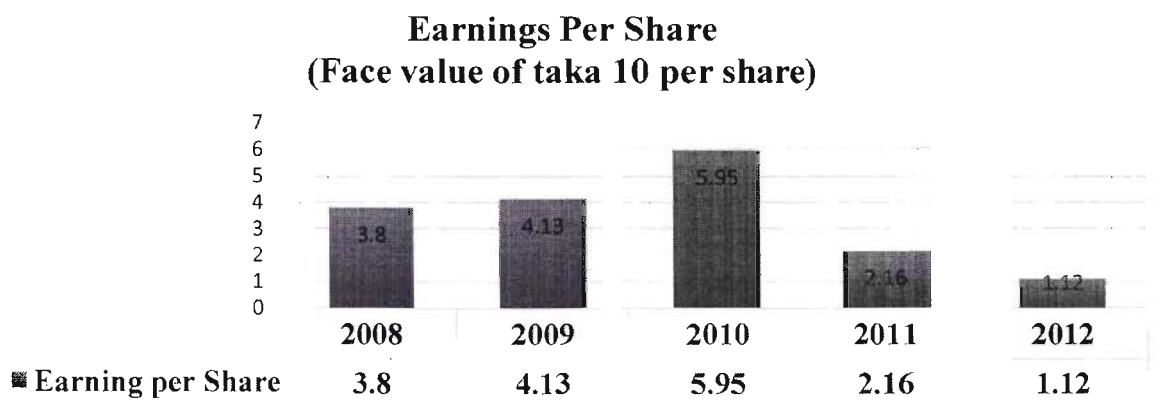
The above chart (Figure 3.18) shows that the ROE has been declined in 2012 by 5.7% from the year 2011. Since the profit has been decreased with respect to equity, return on equity has been decreased. It indicates the company's earnings performance is very low and the shareholders money has not been employed wisely which leads to such lower ROE.

### 3.19 Earnings-Per-Share:

EPS is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability. Calculated by subtracting the dividends on preferred stock from net income then divide it by weighted average common shares.

Earnings per share are generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate price-to-earnings evaluation ratio.

Figure 3.19: Earnings per Share of IFICBL



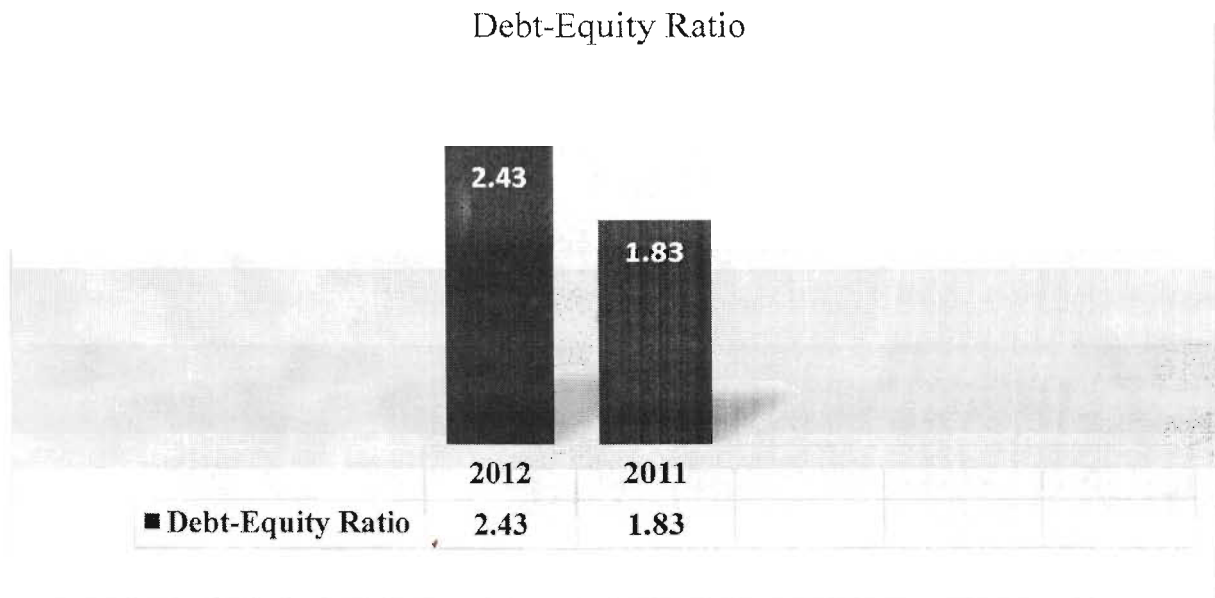
The above chart shows, the EPS had been decreased. There are several reasons for such deterioration. Firstly, the operating income has been increased only by 13.7% where the operating expense has been increased by 27.05% which is double the operating income. In addition the loan provision has been increased by 63.65%. These lead to decrease in the EPS.



### 3.20 Debt-Equity Ratio

Increased operations with high debt to equity to increase earnings by a greater amount than the debt cost (interest), then the shareholders benefit as more earnings are being spread among the same amount of shareholders. However, the cost of this debt financing may outweigh the return that the company generates on the debt through investment and business activities and become too much for the company to handle. This can lead to bankruptcy, which would leave shareholders with nothing. From the table we can see that IFIC Bank maintain high debt to equity ratio which was 183% in 2011 and 243% in 2012.

Figure 3.20: Debt-equity Ratio of IFICBL



A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

The debt/equity ratio also depends on the industry in which the company operates. For banking industry debt/equity ratio 2 is moderate, so IFIC Bank is in the right track.

### 3.21 Credit Deposit Ratio

It is the ratio of how much a bank lends out the deposits it has mobilized. It indicates how much of a bank's core funds are being used for lending, the main banking activity. It is calculated by dividing the banks total loans by its total deposits. This number also known as the LTD ratio is expressed as a percentage.

Figure 3.21: Credit Deposit Ratio of IFICBL

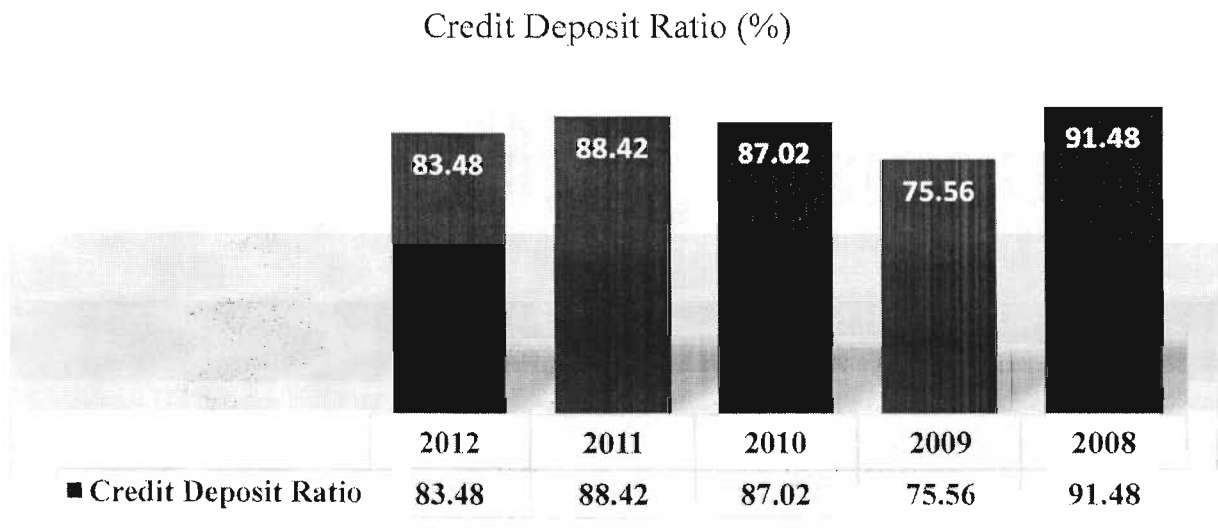
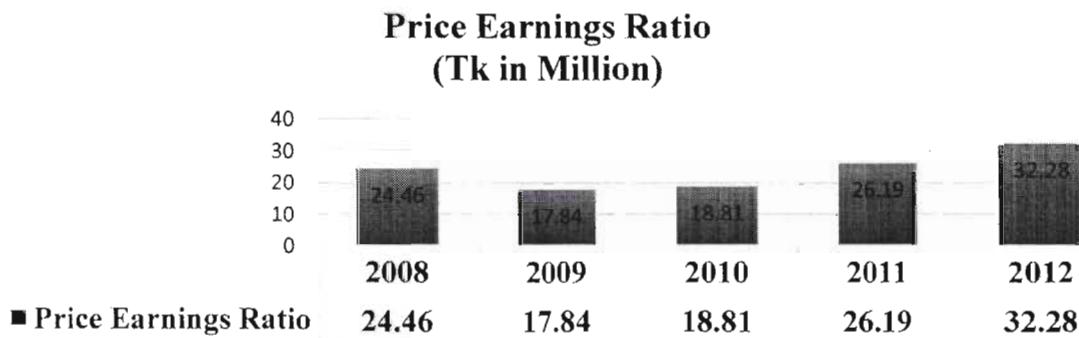


Figure 3.21 shows an decrease in Credit Deposit Ratio due to negative investment scenario in the country's business sector. Hence, the Credit Deposit Ratio has been decreased in 2012 where the average in the banking sector stood at 76.59%. Due to higher lending in the during turmoil economic condition, the NPL of IFICBL has been increased.

### 3.22 Price Earnings Ratio:

In general, a high P/E suggests that investors are expecting higher earnings growth in the future compared to companies with a lower P/E. However, the P/E ratio doesn't tell us the whole story by itself. As we can easily understand from the figure-22 that, IFIC Bank's investors will not be demotivated. Compared to the other Banks it's P/E is in a very well position.

Figure 3.22: Price Earnings Ratio of IFIC

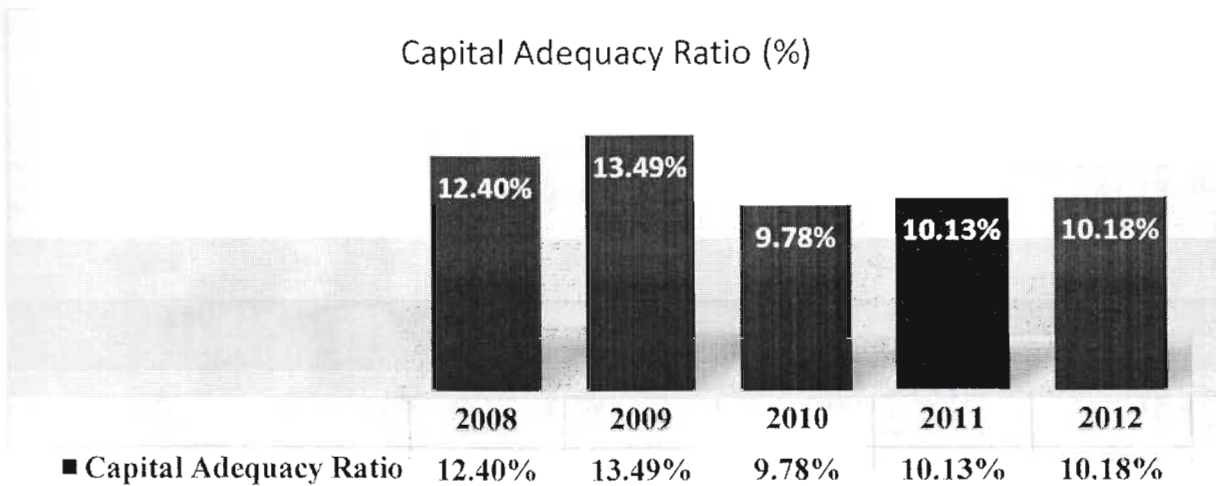


From the analysis of 2008 to 2012 data found that, in 2008 P/E was 24.5% and in 2009, 2010 it became little lower and again in 2011 it became 26.2%. but in the last financial year 2012 it was the highest 32.28%.

### 3.23 Capital Adequacy Ratio:

CAR - Is a measure of a bank's capital. It focuses on the total position of bank's capital and the protection of depositors and other creditors from the potential shocks of losses that a bank might incur. It helps absorbing all possible financial risks like credit risk, market risk, operational risk, residual risk, core risks, credit concentration risk, interest rate risk, liquidity risk, reputation risk, settlement risk, strategic risk, environmental & climate change risk etc. Under Basel-II, banks in Bangladesh were instructed to maintain the Minimum Capital Requirement (MCR) at 10.0 percent of the Risk Weighted Assets (RWA) or Taka 4 billion as capital, whichever is higher with effect from July-September in 2011.

Figure 3.1: Capital Adequacy Ratio of IFICBL



Since the banks are to maintain Capital Adequacy Ratio (CAR) of 10% Risk Weighted Assets (RWA) which is derived as follows:

Where total RWA is determined by multiplying Capital Charge for Market Risk and Operational Risk by a factor of 10 (reciprocal of the minimum capital adequacy ratio of 10%) and adding the results to the sum of RWA for Credit Risk.

i.e. Total RWA = RWA for Credit Risk + 10 x (Capital Charge for (Market +Operational) Risks

Minimum Capital Requirement (MCR) = 10% of Total RWA

Tier 1- (Core) Capital must be at least 5% of RWA

Tier 2- (Supplementary) Capital must be less than 5% of RWA.

Since the core capital to risk weighted assets (RWA) has to be greater than 5%, the IFIC Bank has 8.70%. On the other hand the Supplementary capital has to be less than 5% where the IFIC bank has 1.51%. In addition the Minimum Capital adequacy set by Bangladesh Bank is 10% where IFIC Bank has 10.18% (Figure 13) which is above minimum capital adequacy. It indicates IFIC Bank has fulfilled all the capital requirements set by Bangladesh Bank and it also indicates is able to absorb any future shock.

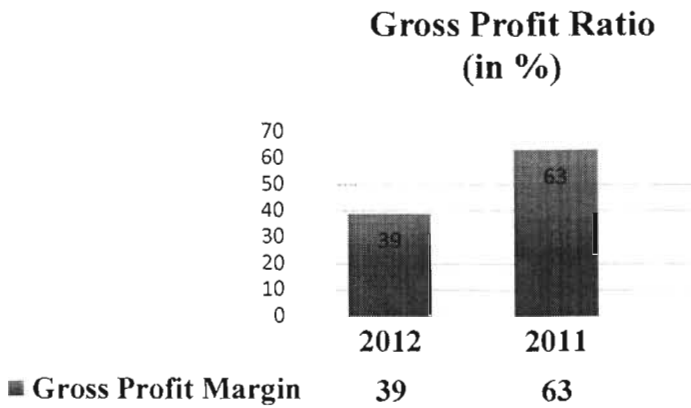


### 3.24 Gross Profit Ratio

-7

The gross profit margin is not an exact estimate of the company's pricing strategy but it does give a good indication of financial health. Without an adequate gross margin, a company will be unable to pay its operating and other expenses and build for the future. In general, a company's gross profit margin should be stable and IFIC Banks gross profit ratio is also in a good state like it's other factors.

Figure 3.2: Gross Profit of IFICB



It should not fluctuate much from one period to another, unless the industry it is in has been undergoing drastic changes. This figure 24 show in 2011 gross profit margin was 63% and in last Financial year 2012 it was 39% which is little less than the previous but still in a good position.

# Chapter 4

## Problems of IFIC Bank Ltd



## Problems of IFIC Bank Ltd

During the period of internship I have achieved vast experiences that enriched my knowledge of banking extensively. Here I have tried to present my experiences and knowledge in order to provide a better judgment. IFICBL is one of the fastest growing and committed private commercial bank in the country. It conducts business activities efficiently around the country and also overseas to achieve its objectives and goals and gradually forwarding towards its mission and vision. But still, at the time of internship practically and for this desk research report, at the time of analysis data, I have found these following problems through careful examination:

- ✚ The official website of IFIC Bank Limited is not updated properly with the changes made as well as it is less informative.
- ✚ Lack of update products is a drawback of the general banking area of the IFIC Bank. Products such as student loan, medical loan, marriage loan, any purpose loan are available namely. Formalities and requirement to apply for these loan products are not convenient.
- ✚ Total capital and shareholders' equity growth is negligible. Reserve fund is gone down track by 11% last year. Export business income and Non-interest Income in not satisfactory.
- ✚ ROA, ROE, ROI these all decreases in last financial year. Political unrest could be blame for these problems, but still these are not expected. So automatically it also hamper the EPS and Gross Profit.
- ✚ The promotional activities of IFIC Bank are very low which has been considered as a great weakness of the bank. So many people are still not aware of their products and services due to their low advertisement and promotional activities.
- ✚ MISYS Banking Solution is not comprehensive banking software. It is desirable that a more comprehensive banking software solution should replace the existing one.
- ✚ The hierarchy problem treated as a weakness for the IFICBL, because of the hierarchy problem employee does not stay for a long time. So there will be a possibility of switching of the potential employees.





- ✦ Bank authority has less concern on employee satisfaction. Recreational activities, motivation, flexibility is comparatively low.
- ✦ Not all the Branches are well decorated, organized and furnished. The old branches have not modern interior design.
- ✦ From the clients view introducer is one of the problems to open an account. It is general problem to all commercial bank.
- ✦ IFIC Bank requires to open saving account if customers want to open any PSS, MIS, FDR. Its costly for the customer to maintain a savings account even if he don't need this.
- ✦ One problem is that bank always follows the policy of risk averse in the world today all the organization are moving in approach of risk taking. As a result it is facing some problems and also facing competition from other bank.
- ✦ As IFIC is a pioneer commercial Bank in this country so no. of customer of this bank is high. So most there is a rush of customer in all branches. They need wait get their service may need to be in a queue for long time. So customers are not fully satisfied with the service of IFIC bank. Since a number of new banks are coming to existence with their extended customer service pattern in a completely competitive manner.
- ✦ Bank set a target of huge no. of account opening for its employees. So they do so and because of lengthy formalities of account opening it kills so many important time of employees, which could be used in much more productive work for the bank. Beside this, a huge no of accounts are which balance is lower than 1000 tk.
- ✦ ATMs are not established with each individual branches e.g. Pallabi Branch, Mirpur Branch. It has only 38 ATM Booth, which is very dissatisfactory.

# Chapter 5

# Suggestion & Conclusion



## Suggestions

In order to retain and attract new customer and stay competitive and profitable in a highly competitive market, the bank management needs to have a clear operational efficiency, understand consumer needs and develop innovative products and services that are consistent with the modern banking system and adopting the latest technology and provide excellent customer service at an affordable price and thoroughly analyze the scopes for further development. Since IFIC Bank Ltd has a large portfolio with huge assets to meet up its liabilities and the management of this bank is accomplished with the expert bankers and manager in all level of management and with a little knowledge about banking, it is not an easy job to find out the flaws and difficulties of this branch. Rather than recommending I would like to give my opinion to improve the retail banking service and make the customer more satisfied.

- ❖ At present IFICBL is continuing their business activities through 110 branches but there are still a substantial number of people are not under the roof of banking service. Therefore, they should expand their branches to serve them both in urban and rural areas.
- ❖ IFIC bank should introduce new deposit and retail loan products with unique features for attracting new customers as well as existing customers in order to make profit in a highly competitive market. Since most the banks are offering similar types of deposit and loan products, without introducing new products or existing product development, it may become hard for the bank to retain its profit from retail banking in the long run.
- ❖ Account opening procedure is much critical for an ordinary person. In most cases they failed to understand the form requirement. Therefore it should be easier otherwise the customers will be reluctant to open an account with the bank.



**IFIC BANK**  
LIMITED  
ইসিবিএল ব্যাংক লিমিটেড

- ❖ In recent years, the retail banking has changed a lot. Now people are very much interested in retail banking. So IFICBL should disburse more consumer loans to the consumer at a competitive interest rate.
- ❖ IFICBL should emphasize more on customer loyalty.
- ❖ In spite of its presence in the banking industry for a long time, people are not aware of their products and services. Therefore IFICBL should go for aggressive promotional activities.



## Conclusion

Bangladesh is one of the developing countries in the world. In 2013, Bangladesh has been ranked 146<sup>th</sup> among 187 countries on the Human Development Index, a yardstick of the progress in life expectancy, access to knowledge and the standard of living and also belong to a group of Highlighted 18 countries that saw rapid progress in Human development. In an economy like this, banking sector can play a vital role to improve the social as well as the economic condition of Bangladesh.

As an organization, IFIC Bank Limited has earned the reputation of top banking operation in Bangladesh. The organization is much more structured compared to any other bank operating local or foreign in Bangladesh. It is relentless in pursuit of business innovation and improvement. It has a reputation as a partner of consumer growth. Moreover, it is now developing new products like mobile banking for rural people in Bangladesh who were not previously under the banking system. Understandings customer's savings trend and retail loans demand, the bank has introduced a wide array of loan products to meet almost any kinds of need of different consumer group. However IFIC Bank has always given the most priority to the customer satisfaction with their slogan "Your Satisfaction First". As their motto to serve the best they are able to gain the trust of the people. With a bulk of qualified and experienced human resource, IFIC Bank can exploit any opportunity in the banking sector.

Retail Banking has a great scope in Bangladesh due to increase in consumerism, increased purchasing power, high adaptability of technology. Mobile Banking, Internet Banking, E-banking has become necessity and no more differentiation in urban and semi-urban cities. In spite of such growth and achievement the banks are still facing problem on distinguishing their



financial products, deciphering the customer experience, lowering operational cost and proper evaluation of retail loans, changing customer preferences and increasingly stringent regulations.

Nevertheless, IFICBL is moving forward introducing new products and services and day by day, increasing their efficiency in retail banking operation, working on continuous product development. In addition their investment in retail banking is also increasing gradually showing the banks positive attitude towards consumer financing. IFICBL believe in providing quality service for its clients.

Retail banking all about understands the customer's need. So IFICBL should be more concerned about the customers and their needs. Since the banking sector is highly competitive and the transaction cost is minimal customer retention has become a great challenge. In order eliminate the puzzle; they need to follow the recommendation as mentioned earlier because customer focuses on their priority not on the volume of the business.



## BIBLIOGRAPHY

### Books:

1. Chowdhury, L.R, ( 2009), *A Textbook on General Banking, First Edition, New Paradise Printers, Dhaka*
2. Ali, Syed Ashraf, (2011), *Banking Law & Practice, Second Edition, Mowla Brothers, Dhaka*
3. Mishkin, Frederic S, (2007), *The Economics of Money, Banking and Financial Markets, Eighth Edition, Greg Tobin*
4. Madura, Jeff, (2008), *Financial Markets and Institutions, Eighth Edition, Thomson South-Western*

### Publications:

1. IFIC Bank Ltd. Annual report, 2009-2010,2010-2011,2011-12
2. Bangladesh Bank,Economic Trends,2002.
3. Bangladesh Bank Annual Report
4. Bangladesh Bank, Scheduled Banks Statistics, 2013
5. Bangladesh Bank, Financial Stability Report 2012

### Web sites:

- <http://www.ificbank.com.bd>
- <http://www.wikipedia.org>
- <http://cpd.org.bd>
- <http://www.bangladesh-bank.org>