

Internship Report

On

**“Investment Activities of
Social Islami bank ltd.”**



Internship Report
On
Investment Activities of Social Islami Bank LTD

Submitted To:

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Letter of Transmittal

07.07.2020

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Subject: Submission of Internship Report on “Investment Activities of Social Islami Bank Ltd”.

Sir,

I am submitting my report **“Investment Activities of Social Islami Bank Ltd”** that you assigned me for the fulfillment of BBA degree. I would like to convey my frank to you for your encouragement and cooperation.

This report provides me educational and convenient publicities. I hope you will find the report to be methodical and trustworthy. By working as an intern from Social Islami Bank, Moulvibazar Branch, Dhaka, with available information, and associated knowledge what I have learnt and gathered.

I am grateful that you have given me this opportunity, and I appreciate this Internship program. I hope you will receive my Internship report cordially.

Sincerity Yours,

Chowdhury Abdur Rakib

Id: 114 133 010

Acknowledgement

At first, I would like to express my sincere gratefulness to Allah for giving me the quality and the restraint to finish the errand inside the planned time.

I might likewise want to offer my thanks from the center of my heart to my heart to my Supervisor Md. Abdullah Babu Sir Assistant Professor of School of Business and Economics at United International University, who helped me in coordinating my whole venture. His consistent support and participation demonstrated the path towards the successful completion of undertaking.

Lastly, I would like to convey my sincere gratefulness to Mr. Younus Hawladar, Senior Executive Officer & Mr. Shahidul Islam Assistant Officer at Moulvibazar branch and other employees of Social Islami Bank Ltd., Moulvibazar Branch, as they helped me a lot to collect information in order to prepare my internship report. I express gratitude toward them all from the core of my heart.



Declaration

I am Chowdhury Abdur Rakib hereby declare that the presented topic of my internship report **Investment Activities of Social Islami Bank Limited**. It is exclusively organized by me internee at Social Islami Bank Limited, Moulvibazar Branch.

I confirm that the report is organized for my university requisite, not for other point.

It may be with the passion of the different party of the enterprise.

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Bachelor of Business Administration

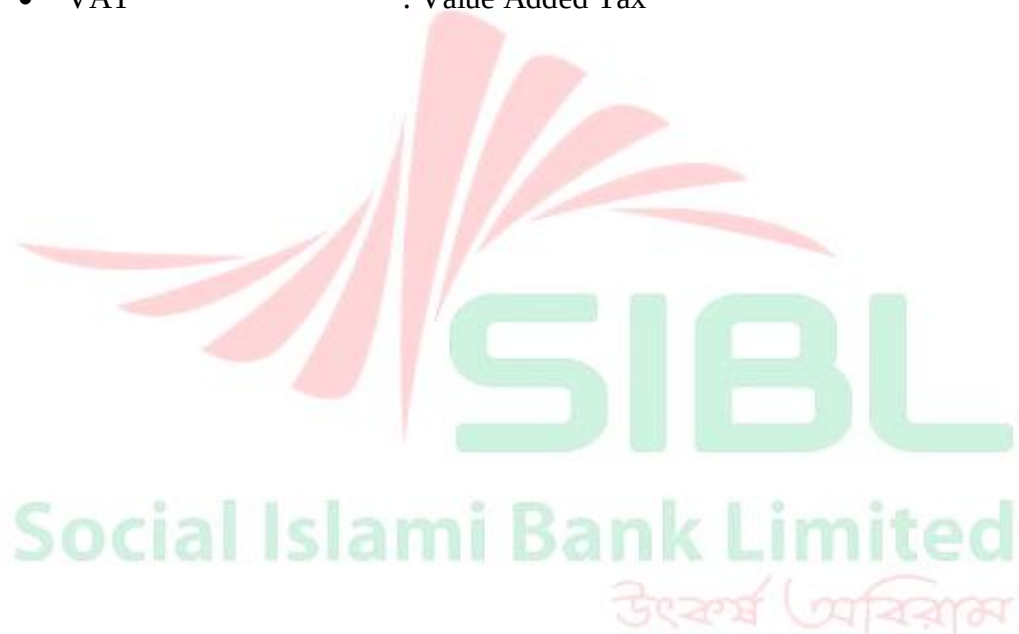
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Abbreviations

• ALMC	: Assets Liability Management Committee
• ALC	: Asset Liability Committee
• AD	: Authorized Dealer
• BBA	: Bachelors of Business Administration
• BAS	: Bangladesh Accounting Standards
• BIBM	: Bangladesh Institute of Bank Management
• BDT	: Bangladeshi Taka
• CA	: Current Account
• CRA	: Credit rating Agency
• CRISL	: Credit Rating Information & Service Ltd.
• CRM	: Credit Risk Management
• CRR	: Cash Reserve Requirement
• DDP	: Demand Draft Purchased
• DPS	: Deposit Pension Scheme
• FD	: Fixed Deposit
• FDR	: Fixed Deposit Receipts
• GBP	: Great Britain Pound
• GD	: General Diary
• HO	: Head Office
• IBCA	: Inter Branch Credit Advice
• IBDA	: Inter Branch Debit Advice
• IBP	: Inland Bill Purchased
• KYC	: Know Your Customer
• ID	: International Division
• LC	: Letter of Credit
• LO	: Local office
• NBR:	: National Board of Revenue
• NFCD	: Non Resident Foreign Currency Deposit Account
• OBS	: Off Balance Sheet
• PS	: Police Station
• PO	: Pay Order

- RDS : Reuters Dealing System
- RFCD : Resident Foreign Currency Deposit Account
- RM : Relationship Manager
- SB : Saving Bank Account
- STD : Short Term Deposit
- SLR : Statutory Liquidity Reserve
- SIBL : Social Islami Bank Limited
- TP : Transaction Profile
- TT : Telegraphic Transfer
- SIBL : Social Islami Bank Limited
- VAT : Value Added Tax



Executive Summery

We know that at present world, Banks play vital role for the development for the financial system. In Bangladesh it isn't miscellaneous for every state of affairs. Businesses are increasing day by day and organizations come consistently. Requirement for data and information about different focuses and topic is terrifically important for establishing a business. Information plays an essential movement in all portion of an overall population, paying little respect to whether in social portion or business component. Consequently, Social Islami Bank Limited contently thinks in an exclusive way, which urges their customers in a straightforward way to get their record related information and unique things like credit.

The report mainly focuses on **“Investment Activities of Social Islami Bank LTD”**. In order to concentrate on the modes of Investment of Social Islami Bank Limited, the study focuses on various modes of Investment, Investment procedure, investment recovery, classified investment and unclassified investment of Social Islami Bank Limited.

In the starting part, I have mentioned the origin of the report, about the objectives of the study, Methodology of the studies, scope of this report and Limitation of the study. Secondly, I have described the Literature Review of Islamic Banking, Shariah Law and principles of Islamic banking, Modes of Investment and Islamic Banking in Bangladesh. Thirdly, I have discussed the overview of Social Islami Bank Limited and its basic information about its Mission, Vision, and Strategic objectives. Furthermore, I have stated the functions of SIBL and also mentioned the product & services and SWOT Analysis of SIBL. Fourthly, I have discussed about Investment activities of SIBL, Difference between Islamic Banking & Conventional Banking, Steps of Investment Procedure and Steps of Recovery used in SIBL. In Fifth Chapter, I have mentioned different modes of Investment, Features of different modes of Investment and Investment policies if SIBL. In Sixth Chapter, I have mentioned the analysis of investment Performance. Lastly, I have added some findings with related with related Investment Activities of SIBL and Give some Recommendations for SIBL.

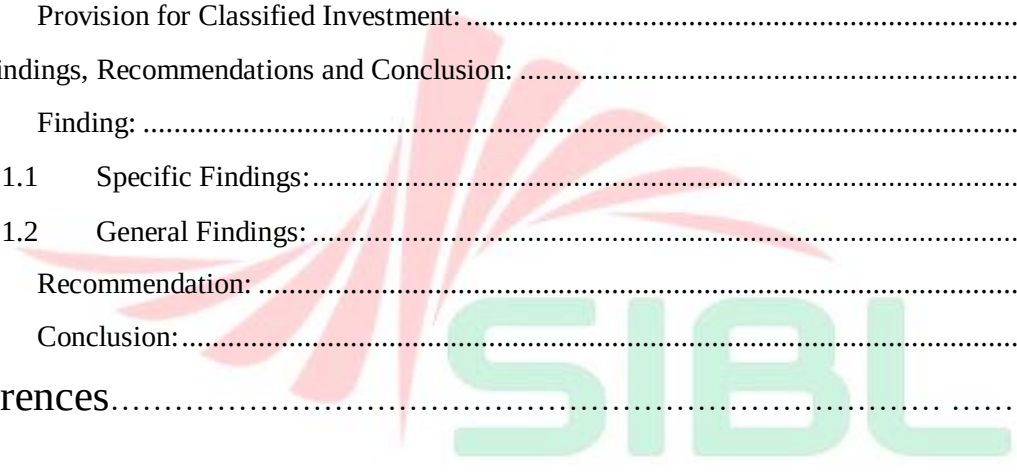
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SIBL

Social Islami Bank Limited

 উৎকর্ষ অ্যেবিরাম

Chapter 01

Introduction

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1.1 Introduction

Banks are the most imperative money related association in an economy. They are the significant wellspring of credit for many people and families some units of Government. In the banking sector, globalization has generated opportunities as well as challenges. Day by day, revelry is becoming bottom. Modern Industrialization of business, foreign trade, and investment are currently dependent on the bank. It helps quicken the pace of advancement by tying down a continuous flexibility of money related assets to individuals occupied with different monetary activities. Banks go about as a money related middle person between real moneylenders and real borrowers. A bank has to face a lot of risk or uncertainty in order to do business.

In order to stay up with this situation, we need banking knowledge and information for future career. If we want to develop our profession in banking sector, then theoretical knowledge and hypothetical information would not help us. As the internship program is development for gathering practical knowledge about the different economic areas.

The bank serves as a budgetary middle person between genuine loan specialists and real borrowers. A bank has to face lots of risk, uncertainties, and difficulties in order to do lending business. In short, lending is very risky and also profitable business. In fact, the bank's income primarily related directly with the bank's loan, advancement, and investment business. Also, this division gets the opportunity to do more broadened and innovative undertakings than different areas of the bank.

But at present Bangladesh's banking area is suffering from the default culture syndrome, which is a consequence or outcome of majority of the bank's bad performance in Bangladesh. Yet SIBL assumes a crucial part in the development and financial advancement of Bangladesh. SIBL receives all its deposits from the client's investment on the basis of profit sharing to the actual entrepreneurs. So it is clear that in the case of the traditional banking system, a fixed percentage of interest, SIBL's banking functions are important, interest-based banking system by introducing Islamic Shariah-based banking. It has already gained a good reputation among both customers and the Bangladeshi masses.

I have completed my internship program at Social Islami Bank Limited at Moulvibazar Branch. The Duration of my Internship was three months and during this time I tried my best to gain knowledge of their overall banking activity, particularly their investment management concentrates on their outcomes, found that there is huge difference between theoretical and practical knowledge. I learned numerous terms and elements of banking activities and furthermore get practical experience of the organizational environment as well.

1.2 Origin of the Report

After finishing all the courses of BBA program at United International University now I have got the chance to get involved in the practical and professional life with the starting of Internship. The main reason of internship is to get the chance see how the service life is and how to develop the theories that learned during whole BBA program. During the internship period the main purposes are:

- To experience the real business world & Banking Sector.
- To know about the organization and its culture.
- To contrast the real circumstances and the theoretical knowledge gathered from the BBA program.
- Try to find out the overall features of the organization.
- To fulfill the requirement of BBA Program.

1.3 Objectives of the Studies

The objectives of the report can be viewed by two different forms and they are:

- Broad Objective.
- Specific Objective.

1.3.1 Broad Objectives:

The Broad objective of this report is to **Investment Activities of Investment of Social Islami Bank LTD.**

1.3.2 Specific Objectives

Specific Objective of the report is given below:

- To know more about SIBL.
- To know about their banking system.
- To know about conceptual issues of Islamic banking
- To research the different modes of investment of Social Islami Bank Ltd.
- To collect information and gather knowledge on the activities and transaction of various bank departments
- To get ideas about General Banking activities
- To get idea about Foreign Trade Department
- To get ideas of Investment Department

- To know about bank's financial performance
- To identify the difference between Islamic banking and conventional banking structure.
- To give recommendation on the problems.

1.4 Scope of Studies

As a student of BBA in AIS Department I joined a well known bank Social Islami Bank Limited to complete the last stage of BBA program. The main reason of this report is to prepare the Investment Activities of Social Islami Bank Limited. This report will be conducted with the Different Modes & Activities of Investment. This report will summarize all the basic information of SIBL & Different Modes & Activities of Investment.

1.5 Limitation of the study

- The Time Period was 3 Months of Internship Program which was too short to get enough information and prepare the report.
- Lack of enough books, papers, journals etc.
- Insufficient information as employees was always busy and does not share personal information of SIBL
- Lack of information at SIBL website.
- Updated information may not be available in many cases
- The executives of the bank cannot give much time due to pressure on their work

Chapter 02

Literature

Review

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2 Literature Review

2.1 Study of related Literature:

2.1.1 Islamic Banking (Conceptual Aspects):

Islamic Banking is in some ways very same as conventional banking (Ahmad, 2008). Islamic banking relies on Islamic Shariah Law, which provides necessary financing and investment (EI-Gamal, 2000). The Organization of Islamic Conference (OIC) defined an Islamic bank as financial establishment whose statutes, policy and procedures expressly state its commitment to the principles of Islamic Shariah and banning of the receipt and payment interest on any operations (Hassan, 1999). Sometimes it is called Interest Free Banking and as said by Khan and Bhatti (2008), interest free Islamic Banking springs from two axioms, mutual Fairless in Transactions and reflection of actual reality.

It is difficult to accurately mention which was the primary such company or bank that in practice pioneered this idea. Early experiments with Islamic Banking, as found in some literature (Chapra 1996; Oitti 2004), occurred in Malaysia in the mid-1940s, in Pakistan in the late 1950s, and in Egypt in the 1960s. Some analyst, investigator, and specialist inside the field (Mohamed 2007) are of the assessment in the modern context, Islamic finance and banking first developed in 1963, when Mit-Ghamr Saving bank started an exploratory venture offering interest free banking in Egypt. Reliable with Mastuta (1988), Mit Ghamr helped set general rules-regulation and developed new terminologies that helped Future Islamic Banks and gave them the expectation of competitive and gainful Islamic Bank. within the seventies, multiplicity of Islamic banks came into existence within the geographical region, e.g., the Dubai Islamic Bank (1975), the Faisal Islamic Bank of Sudan (1977), the Faisal Islamic Bank of Egypt (1977), and therefore the Bahrain Islamic Bank (1979), to say some (Siddiqi 1988). Islamic banking made its presentation in Malaysia in 1983 with the foundation of Bank Islam Malaysia Berhad (BIMB), a full-fledged Islamic banking organization in Malaysia (Man, 1988). Currently, Malaysia, Asian nation, UAE and with the greatest grouping of Islamic financial institutions, Bahrain hosts an honest number of Islamic financial institutions engaged in diversified activities including commercial banking, investment banking, venture banking, seaward banking, and funds management (Ernst and Young, 2013). Of the opposite countries, notably, Sudan and Iran also move to Islamic banking industry at national level in 1984. The Islamic banking industry (presently called Islamic Finance House), founded in Luxembourg in 1978, is the essential endeavor at Islamic banking in the Western world. In recent time, notable initiatives are undertaken in UK, Germany, USA, France, Russia etc.

2.1.2 Shariah Laws and Key Principles of Islamic Banking:

It is common knowledge that Shariah is the foundation of Islamic banking. The foundations and practices of fiqh muamalat are derived from the Holy Quran and along this line the Sunnah, and other optional wellsprings of Sharia law like opinions collectively agreed between Shariah researchers (ijma'), similarity (qiyas) and private thinking (ijtihad). More specifically, two sources are identified for Shariah: primary and secondary sources. Qur'an is that the first primary source of Shariah. Sunnah is that the subsequent essential source.

Sunnah for the most part mentions to anything or everything that is described from the Prophet, his demonstrations, his colloquialisms, whatever he implicitly endorsed, in addition to all the reports that describing his physical qualities and characters (Kettell, 2011). Thus Sunnah is that the Shariah's second well-spring after the Qur'an; Researchers of Islamic laws are to watch the request for need. Ijma, Qiyas and Istihad are the auxiliary sources. Ijma implies accord of juristic assessments of the understudies. Qiyas .i.e. analogical reasoning, proposed a correspondences or close parallel between two things, one in everything about is taken on the grounds that the model for assessing the inverse. The Arabic word Ijtihad truly implies a shot or exercise to achieve one's own judgment. In its most extensive sense, it implies the employment of human explanation inside the elaboration and justification of Shariah law. Qiyas or analogical thinking, at that point, could be a specific kind of Ijtihad, the methodology by which standards set up by the Qur'an, Sunnah and Ijma are to be stretched and applied to the appropriate response of late issues not explicitly controlled previously (Kettell, 2011).

In Islamic finance, Riba is completely prohibited which is that the return derived from the loan/debt. "Riba" as showing up inside the Holy Quran is deciphered in English as "Interest". Riba exactly implies an "addition" or "overabundance" yet generally it implies out of line advantage or profiteering, which is forbidden in Islam. Thus in some literature, attempts are made to create distinction between Interest and Riba. However, per most available literature and schools of thoughts, Interest is not any different from Riba and is prohibited in Islam. Translation should likewise keep away from uncertainty (Gharar), or anything that may bring about the treacherous or out of line abuse of one of the gathering to an agreement (Duuki, 2011). Another quite activity which banks need to avoid is gambling/games of chance (Ayub, 2007). In addition, transaction can't be made that includes void products or exercises, similar to alcohol, unlawful drugs, and tobacco since Islam needs to build up an ethical, moral, well disposal condition and friendly environment inside the general public (Imeson, 2007). Thus, supported the Islamic laws and prohibitions, some key principles is derived for the Islamic banking activities (based on Ayub, 2007; IERB, 2008; Kettell, 2011): foreordained advance reimbursements as interest is forbidden; profit and loss sharing is at the guts of the Islamic framework; bringing in cash out of money is unacceptable every monetary exchanges must be recourse supported; just Shariah-affirmed contracts are satisfactory. However, it's to be mentioned that every one prefixed returns don't seem to be Riba. Available literature (Ayub, 2007; Kettell, 2011) also identified several business ethics to be followed while offering Islamic banking services: Justice in fair dealing; managing in products and just not cash; adequate transparency and disclosure; and qualification to profit with hazard, liability, obligation, and responsibility. A Shariah compliant banking must meet all the necessities of Islamic Shariah law

2.2 Modes of Investment in Islamic Banking:

The nature of Islamic banking depends on hazard-sharing, ownership, claiming, and treatment of physical merchandise, inclusion inside the way toward of exchanging, renting, and development contracts utilizing various Islamic methods of funds. Different modes are

prescribed within the available literature (Peter, 1992; Ayub, 2007; Ahmad, 2008) that suits the Islamic Shariah:

Mudaraba could be modes of Islamic banking that generally come under the pennant “Profit and Loss sharing”. It has been assumed by some that profit and loss sharing strategies some way or another more thought from an Islamic perspective. It is an agreement between bank, investor, financial institutions, and Entrepreneur and a Financial Institute acting as manager, to take a position in a movement or a pre-determined resource class that earns each accomplice an organized profit part of the speculation. Just in event of loss, by and large loss is borne by the proprietor of the capital but if any carelessness or breach of contract of found, then the fiduciary manager may additionally be made responsible for loss.

Musharaka is an equity participation arrangement where a bank and an enterprise within which both the bank and its partner supply capital and share the profits which can vary from capital contributed. Alternatively, ‘Diminishing Musharaka’ agrees to purchase Bank’s offer over a period of a moment in time.

Murabaha contracts within which establishments buy merchandise at a client’s solicitation, allowing spot or conceded installments that spread the rate and an endless supply of profit for the business. In such a deal, the Islamic bank or establishment should possess the things at the time the purchaser gets it from them with desired margin of profit.

Bai-Mua’jjal could be a payment sale deal between financial association (Bank) and customer. According to the deal, the bank obtains a profit margin on his consequences and permits the customer to pay the estimation of the merchandise at a expectations date in a very payment or in installments or portion.

Ijarah or Leasing isn't a procurement of the item, but instead a procurement of the usufruct (the option to utilize the item) for a predicted time of your point in time. The principal significant monetary distinction between the Shariah approved renting (leasing) and standard monetary renting (leasing) is that the bank should have possession of the rented entity for the duration of the rent (lease).

Salam and Istisna or Islamic forwards aren't very frequently used. These are deals inside which advance installment is created for merchandise to be shipped in the near future. The vendor attempts to produce some particular product to the customer at a future date in return of a development charge completely/partially paid at the duration of deal.

2.3 Islamic Banking activities in Bangladesh

The monetary division of Bangladesh is ruled by the banking division. At present, there are out of 56 commercial banks and eight are qualified Islamic banks in Bangladesh. And also,

fifteen other customary commercial banks and one foreign bank are offering Islamic Banking products through their Islamic banking branches/windows (a total number of 8 banks licensed for branches and eight banks for windows). According as an entire, eight banks are working as completely fledged Islamic banks with more than 750 branches, and eight conventional banks are offering Islamic banking throughout setting up of 20 Islamic banking branches and eight increasingly conventional banks do as such with 30 Islamic banking windows. As per the survey observation, every regular bank which has Islamic financial divisions or windows has Islamic banking divisions. Dependable among the Bangladesh Bank information, the market share of the Islamic Banks was around 15 percent of the entire assets of all banks as of end 2013 in terms of total assets. The figure would definitely be higher if the assets of the branches and windows are considered. In an exceedingly recent article in an exceedingly newspaper (Financial Express) it's been claimed that Islamic banking has 25 per cent market share within the banking sector of Bangladesh. consistent with the BB information, during 2013, Islamic banks achieved around 15 percent asset growth which is higher the expansion archived by the traditional bank (14%). aside from one, all other Islamic banks met required capital adequacy requirement of 10 percent as of end 2013. The non-performing investments of Islamic banks (excluding ICB Islamic and Bank Al-falah) was but 4 percent of their total investments which is significantly less than the figure of the banking sector.

Islamic Banking started their operation in Bangladesh since 1990s. Other hand conventional bank and eight Islamic banks work their financial exercises under the Shariah of Islam. Contrasting and other conventional banks Islamic banks do matching banking activates for example deposit, Investment & Providing Loan but following Islamic principles. Islamic Bank main customer is Muslim. Non Muslims also start Islamic banking (khan N.D.). Also the majority of the Muslim prefers Islamic banking on the account of following Islamic Shariah. Islamic bank Bangladesh Limited began Islamic Banking in Bangladesh in 1983. By distinguishing with conventional bank, Islamic Bank performed well in the area of Deposit, Investment, and Loans Recovery. Furthermore, there are some conventional banks which likewise follow Islamic Banking Shariah for a portion of their financial capacity.

Investment product in Islamic Banking in Bangladesh:

Figure-1:

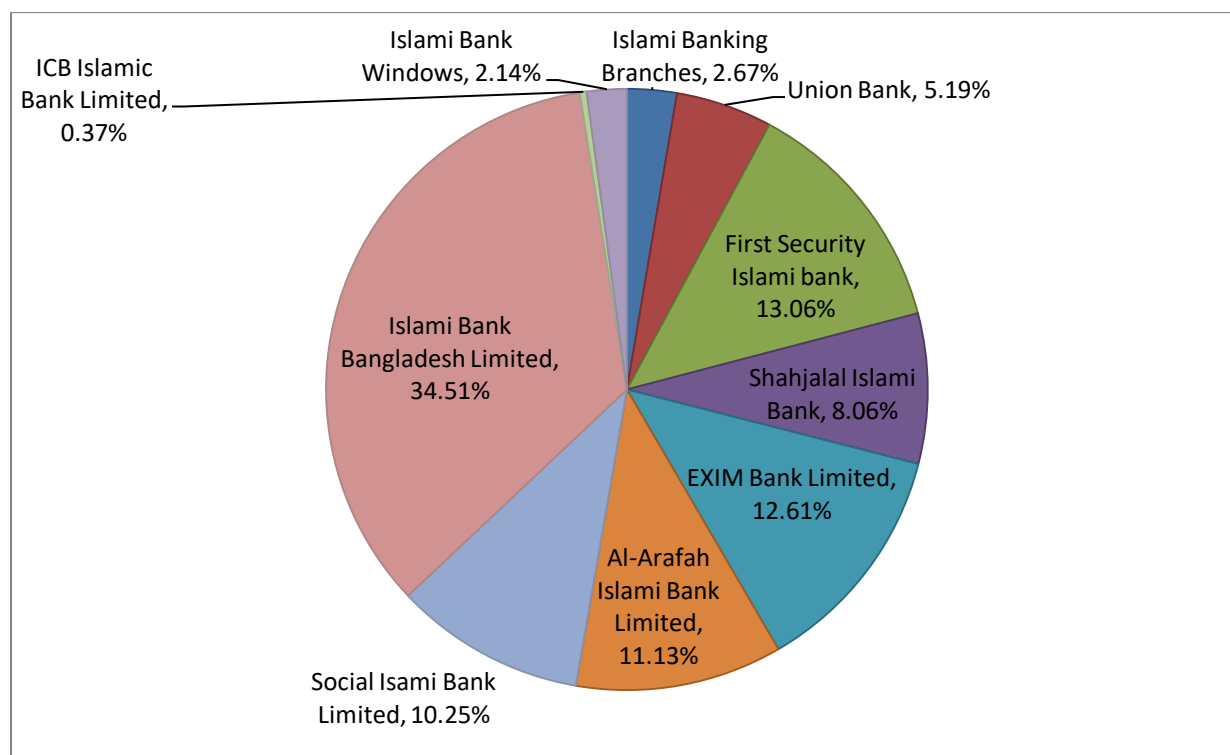


Table 1: Share of Investments made by Islamic Banks (October-December 2018)

	Percentage of Total
Islami Banking Branches	2.67%
Union Bank	5.19%
First Security Islami bank	13.06%
Shahjalal Islami Bank	8.06%
EXIM Bank Limited	12.61%
Al-Arafah Islami Bank Limited	11.13%
Social Isami Bank Limited	10.25%
Islami Bank Bangladesh Limited	34.51%
ICB Islamic Bank Limited	0.37%
Islami Bank Windows	2.14%
Total	99.99%

Source: Bangladesh Bank

Table 1 shows that total investment percentages is 99.99% in all Islamic Bank as per 2018. Full-Fledge Islamic Banks investment percentages are 97.32%. In Union Bank is 5.19%, First Security Islami Bank is 13.06%, Shahjalal Islami Bank is 8.06%, EXIM Bank Limited is 12.61%, Al-Arafah Islami Bank Limited is 12.61%, Social Islami Bank Limited is 10.25%, Islami Bank Limited is 34.54%, ICB Islami Bank is 0.37% and Islami Bank windows is 2.14%. Highest investment is 34.51% which is Islami Bank Bangladesh Limited.

Mode Wise Investment:

Figure-02: Mode Wise Investment:

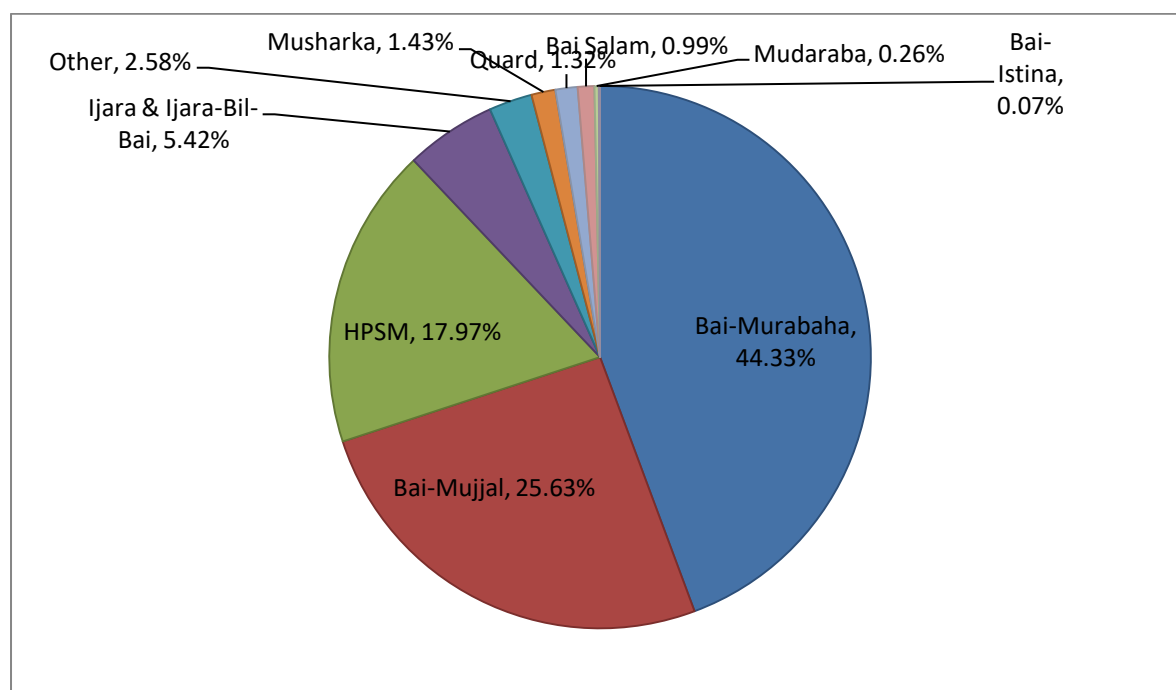


Table 02: Mode Wise Investment:

	Percentages of Total
Bai-Murabaha	44.33%
Bai-Mujjal	25.63%
HPSM	17.97%
Ijara & Ijara-Bil-Bai	5.42%
Other	2.58%
Musharka	1.43%
Quard	1.32%
Bai Salam	0.99%
Mudaraba	0.26%
Bai-Istina	0.07%
Total	100.00%

Table 2 shows that the mode wise total investment is 100%.and highest investment is 44.33% which is Bai-Murabaha. In Bai Mudaraba percentage is 44.33%, Bai-Muajjal is 25.63%, HPSM is 17.97%, Ijara is 5.42%, Musharaka is 1.43%, Quard is 1.32%, Bai-Salam is 0.99%, Mudaraba is 0.26%, Bai-Istina 0.7% and Rest of Modes of Investment is 2.58%.

The Islamic banking practitioners are facing lots of challenges in discharging their duty of providing Islamic financial administrations to their customers. So as to boost the effectiveness and efficiency of Islamic banking activities in Bangladesh, some of those challenges are to be removed. The survey result shows that Islamic banking during its operation in conventional legal framework requires a unique legal and supervisory framework suitable to the character of Islamic banking business. Absence of separate act and comprehensive standards covering all areas for the Islamic Banking activities in Bangladesh are creating difficulties in an exceedingly number of the way on Shariah compliance issues. In some countries, such Acts were introduced before initiation of Islamic Banking activities. In addition to the present, maintaining a capable and active Shariah Board with adequate number of students and experts may be a challenge for banks. It's also a challenge to rework the Central Shariah Board to a highly capable and active organization to perform the job of promoting and giving orders on whether every elements of the Islamic banks including investment systems are being administrated in accordance with Shariah or not. A decent volume of overhead expenditure is additionally involved during this process. For insignificant Islamic banks and Islamic banking branches/conventional bank's windows may find the method undesirable. Scarcity of qualified, skillful and trained professionals to satisfy the wants of the quickly developing Islamic Financial Arrangement of Bangladesh may be a significant boundary to the occurrence of Islamic banking in Bangladesh. Islamic banking has likewise extraordinary difficulties because customer has lack of awareness about Islamic banking.

Social Islami Bank Limited
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Chapter 03

Research

Methodology

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3 Methodology of this report

3.1 Data Collection

The data collection method of this study is consisted of both primary and secondary sources.

3.1.1 Primary Source of Information

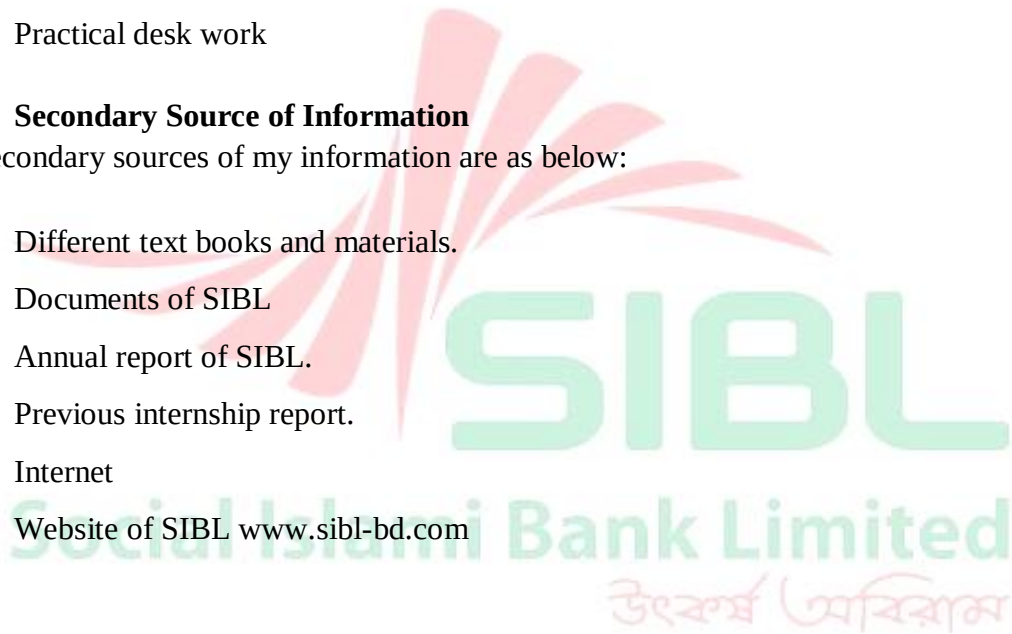
The primary sources of my information are as below:

- Face to face conversation with employees and staff
- Branch Manager & other officers.
- Observation during the internship period.
- File study.
- Discussion with the Executives of SIBL.
- Practical desk work

3.1.2 Secondary Source of Information

The secondary sources of my information are as below:

- Different text books and materials.
- Documents of SIBL
- Annual report of SIBL.
- Previous internship report.
- Internet
- Website of SIBL www.sibl-bd.com



Chapter 04

Overview of SIBL

উৎকর্ষ মেধিরা

4 Overview of SIBL

4.1 Introduction

Founded on Fifth July 1995, Social Islami Bank Limited began its procedure on 22nd November 1995 as a second Generation Islami Bank with close co-activity and help from some eminent Islamic world characters. H.E. Hamid Al Gabid, EX-Secretary General of OCI and Prime Minister of Nigar, H.E. Ahmed M. Salah Jamjoom, EX-Commerce Minister of Saudi Government, H.E. Prof. Dr. Ahmed El-Naggar (Egypt) took part in this respectable undertaking as a supporting investor. Focusing on destitution, Social Islami Bank Ltd. is actually an idea of the 21st-century participatory three-area in-one financial model.

Bangladesh with two subsidiary companies:

- SIBL Securities limited.
- SIBL investment Limited.

In the proper division, it operates as a Participatory Islamic Commercial Bank with a human face way to deal with credit and depending on the profit-loss sharing. The Structured corporate segment, this Bank will, among others, offer updated banking administrations through an opening of different sorts of deposit and investment accounts, the financing of exchange, provision of assurance letters, opening letters of credit, an assortment of bills influencing local and global exchange, renting of gear and shopper durables, hire purchase and portion sale for capital products, investment in minimal effort lodging, and administration of real estates, participatory investment in a variety of industrial, farming, transport, educational and health projects, etc. Among other items, it will include in cash Waqf Certificate and maturity and administration of WAQF and Mosque properties, and Trust funds, in the Non-formal non-corporate field.

Social Islami Bank Limited has recharged drive targeting reassuring its business is progressively engaged territories covering SME banking and Argo-account with its accentuation on scanning for substitute conveyance channel under which SMS banking and versatile based settlement installment frameworks and by step by step acquainting the equivalent with scatter the SIBL administrations to the doorsteps of clients. SIBL has just presented web banking and propelled some new items to fortify its business.

Social Islami Bank Limited has recharged drive targeting reassuring its business is gradually engaged territories covering SME Banking and Agricultural Finance and Banking with accentuation on scanning replacement conveyance channel under SMS Banking and Mobile based settlement installment framework and by step by step introducing the equivalent with scatter the SIBL administrations to the doorsteps of customer. SIBL has already presented web banking and propelled some new products which is strengthen for business. The schemes of SIBL are:

- Sonali Din
- Shekher Thikana

- Sabuj Chaya
- Sabuj Shayanho.
- Subarnalata Subornalekha.
- Sanchita.

4.2 History of SIBL

Social Islami Bank Limited (SIBL) is a financial organization enlisted under the Companies Act 1994 with its head office in 15 Dilkusha C/A, Dhaka-1000. The bank works as a planned bank under a financial permit gave by the Bangladesh Bank, Central Bank of the nation. The Bank began its activity from 22, November 1995. SIBL is a promoted new generating Bank with an approved capital and settled up capital of Taka 585 million of every 2007 and furthermore 585 million individually as of December 2006. At present, the bank has 95 branches in all over Bangladesh. The bank embraces a wide range of banking exchanges to help the advancement of exchange and business in the nation. SIBL administrations are likewise accessible for the business visionaries to set up new pursuits and BMRE of modern units. To give customer base administrations in regard of global exchange it has set up wide compared financial associations with nearby and outside bank stride and budgetary premium home and abroad. Since the very beginning, Social Islami Bank Ltd. is working with the way of thinking of serving the nationals as a perfect and remarkable monetary house. Each association has its very own few goals. The prime goal of Social Islami Bank Ltd. is to gain benefit toss undertaking the duty of giving money related assistance to the advancement of the nation's business and mechanical segments. The year 2012 is imagined as a brilliant year of SIBL. Receiving new key Business Policy, SIBL will investigate every possibility to help business in every aspect of activity to accomplish its corporate objectives.

At a Glance:

Name of the Company:	Social Islami Bank Limited
Industry:	Financial Service
Legal Form:	Public Company Ltd.
Chairman:	Prof. Anwarul Azim Arif
Managing Director and CEO:	Mr. Quazi Osman Ali
Registered Office:	City Center (Level- 19, 20, 21, 22, 28 & 29), 90/1 Motijheel C/A, Dhaka-1000
Company Registration Number:	C-28763 (44)/95

Authorized Capital:	BDT 10,000 Million
Paid Up Capital:	BDT 81, 21.29 Million
Number of Branches:	161 Branches
Website:	www.siblbdt.com
EMAIL:	info@sibl-bd.com

4.3 Vision

“Working together for a caring society”

In SIBL expedition towards constant greatness, it is endeavoring to turn into the Country's leading Islamic Bank offering one-stop administration of an enormous scope of significant worth included items and administrations addressing the requirements of its customers; directing its business ethically as per the laws of Shariah while improving best usage of the most present-day best in class innovative arrangements through the production of a pro-active organizational culture dependent on sound solidarity, decency, common comprehension, and even-minded initiative.

4.4 Mission

- Establishing Three Sector Banking Model
- Turning to a service-oriented, technology-driven, profitable Bank
- Fast, accurate and appropriate customer service
- Balanced & maintainable development strategy
- Optimum return on equity for shareholders
- Introducing innovative Islamic Banking Products
- Attracting and retaining high quality human resources
- Empowering real poor families and creating local income opportunities
- Providing support for social advantage associations by method of mobilizing funds and social services

4.5 Values of SIBL

Honesty

- To be honest is ordained by the scripture – we adhere to this value in all of our service provision.

Transparency

- Remaining transparent in all acts is a virtue that's builds trust - we adhere to it.

Efficiency

- Efficiency implies perfection in any job done - we strive to render full satisfaction with it.

Accountability

- To be accountable is to be responsible and above any suspicion - we are dutifully there.

Religiousness

- SIBL enhances economic well being with regard to the bliss of religious ethics.

Innovation

- Our minds and eyes are open to the evolution in quality of life to innovate further benefits for the service takers.

Flexibility

- Flexibility leads to better understanding and greater satisfaction - we pursue the quality.

Security

- Customers must feel secure with all our products and services - we keep on ensuring it.

Technology

- Modern life is technology dependent - we keep looking for the latest development to provide the best in ease to our clients.

4.6 Strategic Objective

- Renovation into a service-oriented, technology-driven profit earning bank.
- Ensure fast, accurate and best-in-class customer service, satisfying the customer.
- Ensure Green banking.
- Guarantee best CSR (Corporate Social Responsibilities) practices.
- Adjusted and manageable development strategy.
- Optimum return on equity for shareholders.
- Introducing new Islamic Banking services.
- Attract, motivate, inspire, and sustain high-quality human resources.
- To invest in the overall economic development priority area.
- Achieving global Islamic Banking standards.
- Empowering real poor families and building incentives for local revenues.
- Providing support to the organization with social benefit through mobilizing of funds & social services.

4.7 Functions of SIBL

The functions of SIBL are as follows

- Mobilization the country's idle resources by accepting Deposits from the general public.
- To offer loans and advances to the individual firms and companies for activation and growth of trade, industries, and other successful activities in the country.
- Systematically delivering services to the client and shareholders.
- Give people support with savings.
- To increase investment.
- To make foreign currency conversion simple.
- To identify desire of their customer and satisfy their desire by supplying money.
- Borrowing financial facilities to improve economy.
- Aiding the capital market.

4.8 Product & Services

4.8.1 Deposit Product

- Al-Wadeeah Current Deposit (AWCD) Account
- Mudaraba Savings Deposit Account
- Mudaraba Super Savings Account
- Mudaraba. Notice Deposit Account
- Mudaraba Term Deposit Account
- Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Millionaire Savings Scheme
- Mudaraba Education Savings Scheme
- Sonali Din Special Deposit Scheme
- Mudaraba Special Deposit Pension Scheme
- Mudaraba Bashastan Deposit Scheme
- Mudaraba Hajj/Umrah Savings Deposit (Kafela)
- Mudaraba Marriage Deposit Scheme
- Sanchita Special deposit Scheme
- Subarna Rekha Special Deposit Scheme
- Shabuj Chaya Special Deposit Scheme
- Shabuj Shayanna Special Deposit Scheme
- Sukher Thikana Special Deposit Scheme

4.8.2 Investment Product

- Bai-Muazzal
- Bai- Murabaha
- Musharaka
- Bai- Salam
- Quard
- Hire Purchase under Shirkatul Melk (HPSM)

4.8.3 Card Production

- VISA Islami Credit Card Products
- VISA Islami Prepaid Card Products

- VISA Islami Debit Card Products

4.8.4 Service Products

- Online Banking
- ATM 24/7
- Automated Clearing
- Electronic Fund Transfer
- Internet Banking (SIBL NOW)
- Offshore Banking
- Centralized Trade Processing Services
- Remittance
- Capital Market Services through SIBL Subsidiaries
- Locker
- Students File
- SWIFT
- Alternate Delivery Channel
- School Banking
- Agent Banking
- Real Time Gross Settlement

4.9 Slogan

SIBL has begun its new slogan with the new journey to include another component in their service. The slogan is the pointer o its continual upgrading to create the client's excellent service condition.



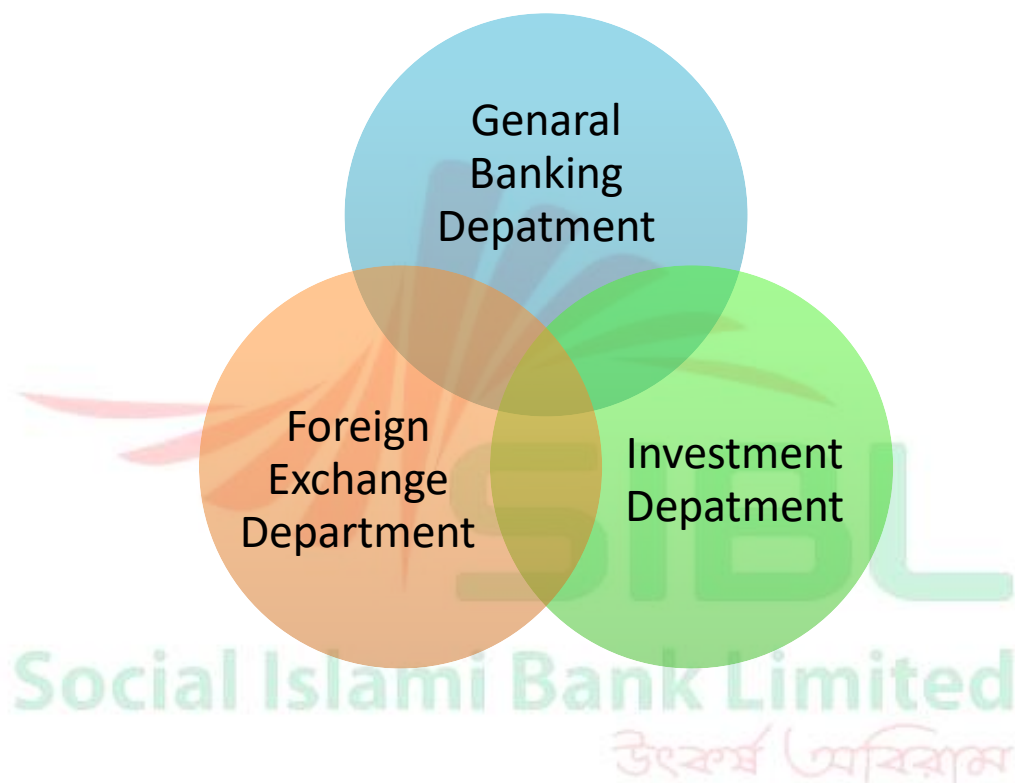
4.10 Organizational Hierarchy of SIBL



4.11 Different Departments:

Social Islami Bank Limited has basically three broad 3 Major departments. They are as follows:

1. General Banking Department
2. Foreign Exchange Department
3. Investment Department



4.11.1 General Banking Department:

Department of the General banking is very central department of Social Islami Bank Limited. It is associated with every department. So it is very essential to have a proficient and sound administration framework in banking business. Generally, General Banking department is classified into five sections

- Accounts opening section & other services
- Cash section
- Remittance section
- Bills and clearing section
- Accounts section

4.11.2 Foreign Exchange Department:

The department of The Foreign Exchange is one of the most fundamental departments of this bank. The Foreign Exchange Department is connects among importers and exporters. In general this department deals with foreign currency. That's why this department is called foreign exchange department (FOREX).

Foreign Exchange Department performs many functions .These is:

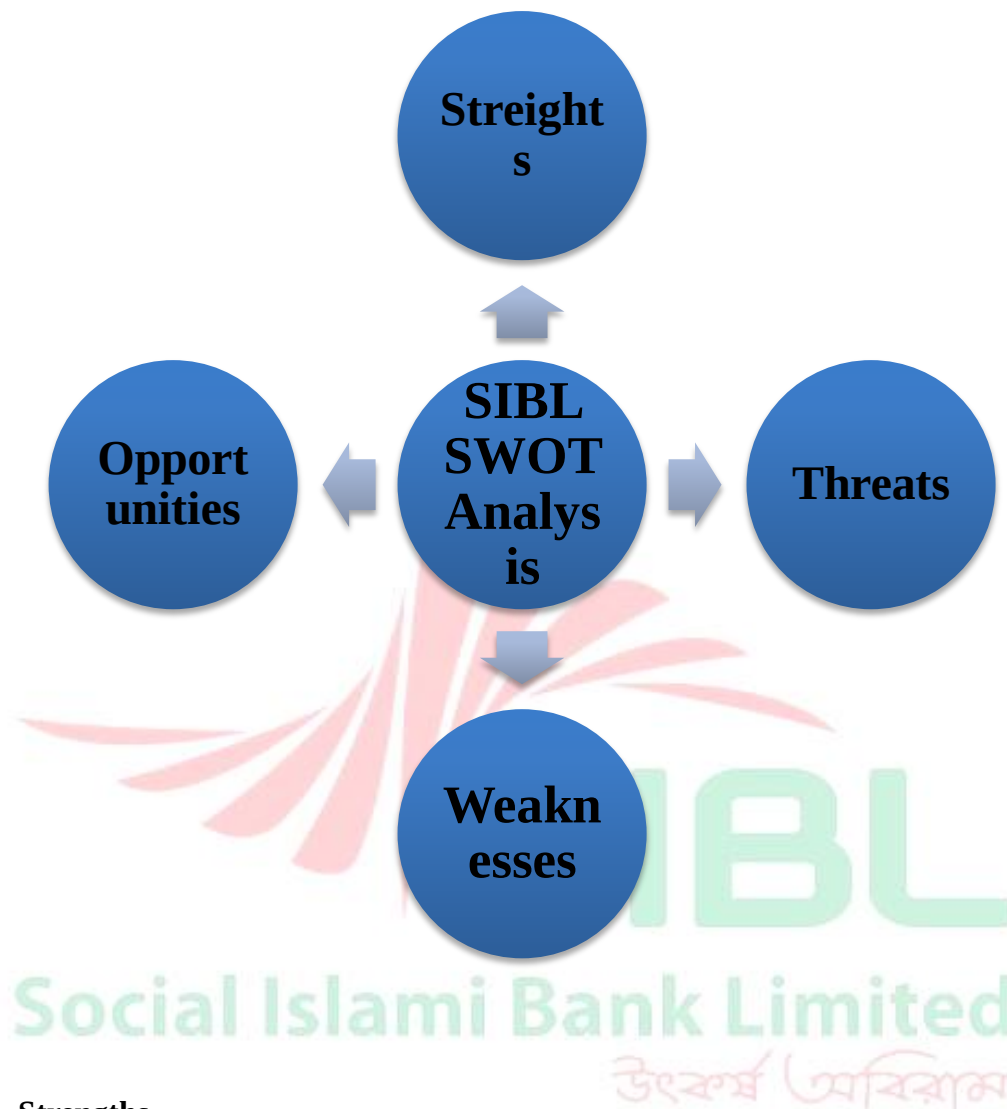
- Maintaining Foreign Currency Account
- Rate of Exchange
- Exchange Position
- Facilitating Import Trade
- Facilitating Export Trade

4.11.3 Investment Department:

The unique feature of the Bank's investment strategy is to invest based on buying and selling and profit-loss sharing compliance with principles, ethics, and moral of Islamic Banking rather emphasize is given in accomplishing social great and in creating employment opportunities. In order to verify investment portfolio, the bank engages itself in investment activities through unique system.

- Employment scheme
- Apartment projects investment scheme
- Household durable investment scheme etc

4.12 SIBL SWOT Analysis



4.12.1 Strengths

Strength means the positive internal factor a organization may use to accomplish its mission, vision, goals & objectives. They might include:

- Usage of faster PC Bank Software, Leads Foreign Exchange module
- Cooperation with each other
- On-Line Banking, ATM Card, Credit Card and Debit Card service
- Good Banker - customer relationship & customer satisfaction
- Special skill & knowledge
- Strong financial position
- Positive public image.

4.12.2 Weaknesses

Weakness means the negative internal factors hampering or limiting the achievement of the mission, vision, goal & objectives of the organization. They might include:

- Unwillingness to Advertising campaign
- SIBL has lack of ATM booth.
- Shortage of Branch
- Existing manual vouchering system
- Lack of Consumer Credit Scheme.
- SIBL, which is faithful to avoiding interest, can't invest in the interbank money market the appropriate portion of its statutory liquidity Reserve and short Term liquidity surplus.
- Lack of skillfulness work force.
- People are discouraged to deposit as SIBL is listed as a problem bank by Bangladesh Bank.
- This Bank doesn't want invest in all those sector of trade and industry sectors which are forbidden by Islamic Law.

4.12.3 Opportunities

Opportunities are the external opportunity a firm may take advantage of to achieve its mission, vision, goal and objective. They might include:

- Huge Business Area
- Increase of Sales Volume
- Innovation effectiveness
- Customer retention
- Introducing any Branch Banking through Online
- A large segment of our population is Muslim and they desire Islamic Banking rather than Conventional Banking

4.12.4 Threats:

Threats are negative external forces that constrain the ability of organization to achieve its mission, vision, goal, & objectives. Threat to the business can take variety type of forms such as:

- Different services of Phone Banking /Home Banking by other banks
- Default loan
- Higher rivalry among the banks
- Access of new Private Commercial Banks
- Political unrest.
- Endorsement efficiency
- Market-inflowing competitor.
- Technological advantages
- Economic collapse

4.13 Customers Satisfaction

Customer satisfaction is the inclusion to which a product or service's apparent presentation coordinates a purchaser's possibility. On the off chance that the product or service's presentation misses the mark regarding standpoint, the purchaser is disappointed. In the event that the exhibition coordinates or surpasses desires, the purchaser is satisfied. Desires depend on customers past purchasing encounters, the assessment of associations, and advertiser and contender data, and guarantees. Marketers must be mindful so as to set the correct degree of desire. On the off chance that they set desires excessively low, they may fulfill the individuals who purchase however neglects to pull in enough purchasers. Conversely, on the off chance that they raise desires too high purchasers are probably going to be baffled. Disappointment can emerge either from a decline in product and service quality or from an expansion in customer desires. In either case, it presents an open door for organizations that can convey predominant customer value and fulfillment. The present best organizations are rising desires and conveying quality product. Such organizations track their customer's desires; perceives organization's performance, and consumer satisfaction. Highly fulfilled customers produce a few advantages for the organization. Satisfied customers are less value delicate, remain customers for a more extended period, and talk well to others about the organization and its product and services.

4.14 Target Customers

The bank has a reasonable thought of which customers it desires to serve. Without satisfy their requirements the bank has no capacities. So to gather the objective customer's banks can run appropriately.

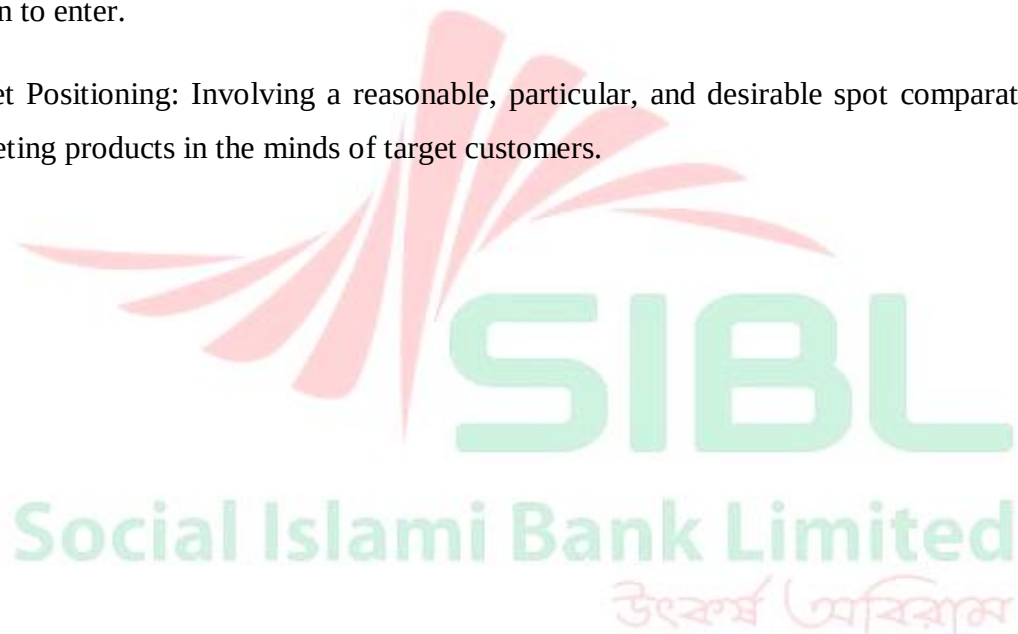
Market Segmentation-

The procedure of dividing market into particular gatherings of purchasers with various needs, characteristics, qualities, or behavior

Target Marketing:

The way toward assessing each market portion, engaging quality, and choosing at least one section to enter.

Market Positioning: Involving a reasonable, particular, and desirable spot comparative with competing products in the minds of target customers.



Chapter 05

Investment Activities of Social Islami bank Ltd.

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5 Investment Activities of SIBL:

5.1 Investment:

An investment is a benefit which is acquisition with the desire that it will make revenue or will acknowledge in the particular expectations. In the term of economics, an investment is an acquisition of merchandise that isn't devoured today however is utilized later on in order to create more assets. In the term of finance, an investment is money related resource acquired with the application of the advantage will offer returns later on or will be sold at high price for profit.

An Investment activity of a bank is the best offer of all out income created on or after it, greatest hazard is troubled into this and the precise presence of a bank as a rule depends upon sensible managing its portfolio of investments. There is not many standard type of union that exists among banks in general. The association relies on different parts including the official characteristics, the extent of portfolio of venture, the investment form made and attitude of the top management staff to the level and measure of power elected. SIBL has specific investment department. An extraordinary element bank's investment approach is to adhere to the tents and principles of Islamic Banking Shariah on the basis of imparting structure in contract. Gaining benefit isn't the core purpose but to emphasis in achieving social great and in making work open doors for the craving people groups of Bangladesh.

5.2 Objectives & Principles of Investment Operation:

- The finance is exclusively reliable according to the Islamic Shariah principle.
- Distinguishes its collection by the investment amount of speculation, sections, security, financial reason and zone.
- To guarantee shared advantages both for the Bank & the customer by expert evaluation of venture proposition, wise authorized of venture, close supervision and observing in this way.
- To undertake a venture in view of the national financial necessity.
- Increasing the amount of expected monetary experts through participatory lucrative investment.
- To fund different advancements plan in order to eradicate poverty, business, and employed people through the goal of sustainable socio-economic advancements.
- To boost social organizations.

- To put resources into the type of products and items instead of give out cash to the customer.
- To stay away from lucrative interest in fields restricted under Islamic Shariah and which is destructive for general public.

5.3 Islamic Banking:

Islamic Banking is an ethical banking system which is also otherwise called interest restricted banking. Islamic Banking is a banking policy which is depends on the Islamic or Shariah Law and lead by Islamic Economics & Islamic Finance.

There are essential principles of Islamic Baking:

1. Allocation of Profit and Loss
2. Forbidden of giving and taking of interest from money-lenders and investors. The law of Islam forbids giving and taking Riba (Interest).

5.4 Conventional Banking:

Conventional banking system is an unethical baking system depends on laws of the Man-Made. Conventional banking is based on the debtors-creditors link between the depositors and banks and also link between borrowers and the bank on others. Interest is measured to be the price of credit, reflecting the opportunity cost of money. It is profit oriented and its intention is to make money through interest.

5.5 Difference between Islamic Banking & Conventional Banking:

Islamic Banking	Conventional Banking
Islamic banking is an ethical banking system, and its practices are based on Islamic Shariah Law.	Conventional Banking is an unethical banking system based on man-made law.
Islamic Bank's functions and working method are depending upon Islamic Shariah ethics.	Conventional bank's functions and working method are depending upon man-made principles.
Profit on exchange of products & services are	Time esteem is the source of the interest

the source for earning profit.	charging on capital.
Real assets are that the commodity, Money is just a mode of trade.	Money is likewise a valuable commodity other than trade vehicle and store.
Conversely, it encourages risk sharing between capital supplier (financial specialist) and fund recipient (entrepreneur).	The financial specialist is guaranteed a prearranged interest fee.
Balance budgets are the product of extending the recourses.	The extended cash in the currency marketplace without supporting the genuine resources, results in deficiency financing.
Loss will be shared if the organization endures loss.	In case the organization endures loss, interest is charged. So no loss-sharing theory.
It also aims at maximizing profit but subject to Shariah restrictions.	It aims at maximizing profit without any restriction.
There is no extended of cash due to production of merchandise and services, and therefore no inflection is generated.	Because of the non-existence of merchandise and services behind the cash while, dispensing reserve, there is an extension of cash which makes inflection.
In the advanced Islamic financial framework, collecting and distributing Zakat has become one of the administration situated elements of Islamic Bank.	It doesn't mange Zakat.
The Islamic banks have no prerequisite to charge the defaulters any additional cash.	In the case of defaulters The Conventional Bank may charge extra money (compound interest rate)
It is nearly hard for Islamic Bank to acquire cash from the currency market.	Acquiring cash from the currency market is generally simpler for the Interest-based commercial banks.

5.6 Status of Investment

Status of Investment can be classified into 2 major parts:

01. Classified Investment
02. Unclassified Investment

5.6.1 Classified Investment

These are the investment the bank discovers past due after the due time. After an investment gets structured, the bank applies its predefined rule and methodologies.

Substandard: Reimbursement is shut or unpredictable, but has fair development possibility. If an investment isn't reimbursed by rearranging inside the stage of Special Mention Account, then it gets to be investment Sub-Standard. Investment will be treated as non-payment from this step. Interest is dealt with the similar technique as in the Special Mention Account. On the off chance that a credit is due in six months time frame, then it is referred as substandard.

Doubtful debt: Unlikely to be rapid but special collection efforts may result in partly recover. If an investment isn't reimbursed or reorganize in the substandard time frame, then it turns into a doubtful investment, interest will be viewed only as previous to this step. On the chance of that an investment is unpaid inside nine months period, and then it is as called Doubtful debt.

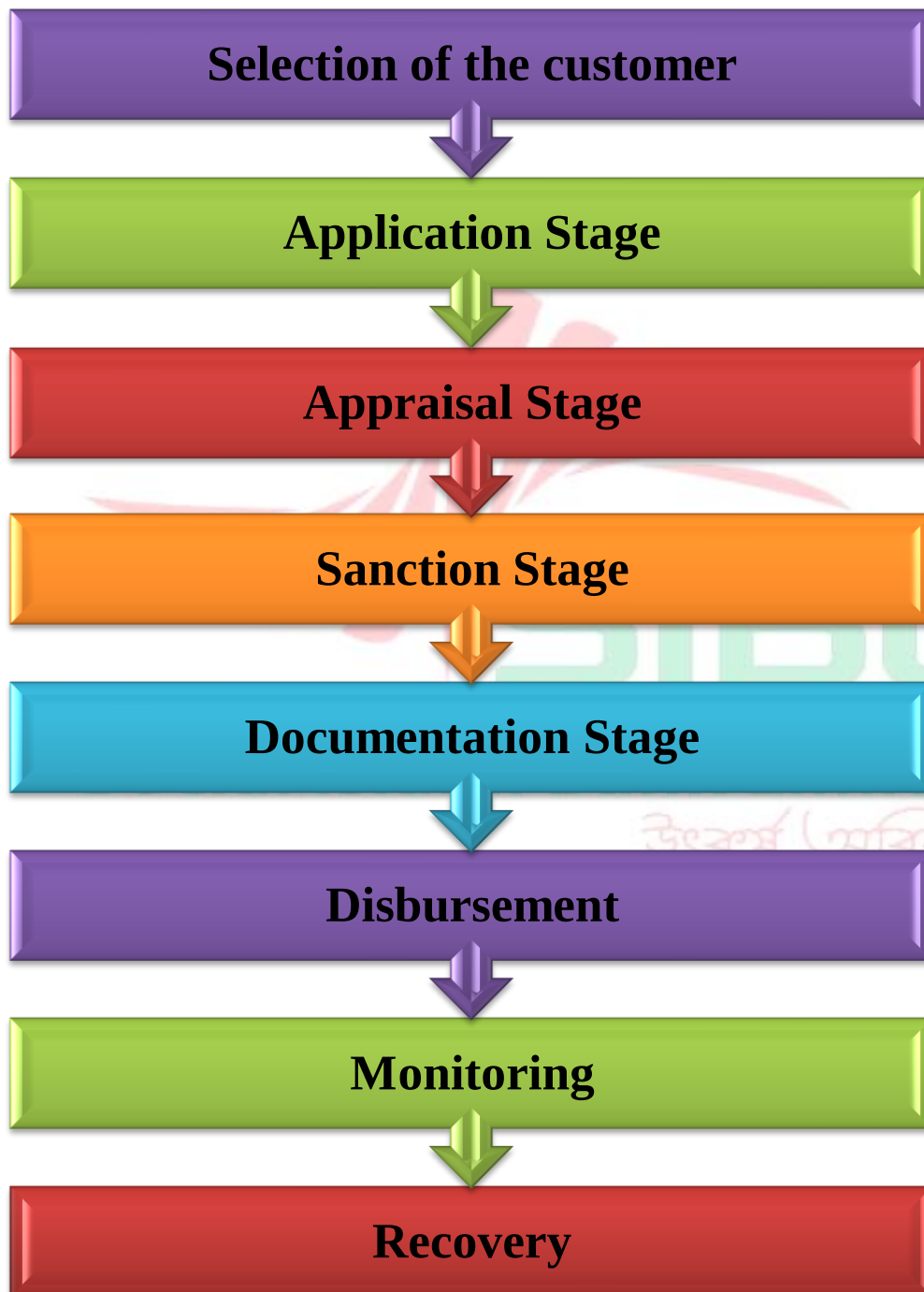
Bad/loss: Very little chance of recovery. If an investment isn't paid back or reorganizes in the uncertain step, then this is known as bad/ loss. Seriously doubt exists as for the recuperation of these investments. If an investment is not paid within one year, then it is generally called Bad/Loss.

5.6.2 Unclassified Investment:

These are the investment the bank was satisfied about the reimbursement. Until now there is almost certainty exist up about their revitalization.

5.7 Steps of Investment Procedures:

Bank allows some important stages to sanction loan to customers. This methodology for the most part appropriate for sanctioning and disbursing general loan and other systems are likewise pursues about a similar technique.



01. Selection of the clients: Before making an investment, the customer must comply with principles and guideline of the bank. Frequently the bank investigations the client's accompanying 5Cs:

- Character
- Capacity
- Capital
- Collateral
- Condition

02. Application Stage: In Application stage, the bank is gathering significant data, information and Document about the client. For this reason, bank informs the perspective client to provide respective information which is essential for opening of the investment proposal.

Essential Documentations are:

- A photocopy of the trade license
- Abbreviated statement of income Pro-forma
- Authenticated duplicate of partnership agreement
- Attested replica of Memorandum of Association (MOA)
- Attested E-TIN copy
- Tenders of the proposed assets

03. Appraisal Stage: From here with in the bank evaluates the business of clients. This is the most essential stage because on the basis of this stage, bank generally goes for sanctioning the investment. The following contents are mentioned from that appraisal report:

- Information to clients
- Data to the proprietors
- Listing of the partners
- Intention of Investment
- Others Liabilities of the customer
- Previous bankers information
- Business Type

04. Sanctioning Stage: In sanctioning stage bank authoritatively endorses particular client's investment scheme. The client obtains the letter of sanction from the bank. SIBL sanction Letter mentions the following element:

- Investment limits
- Mode and quantity of investment
- Principle of investment
- Rate of Return
- Securities
- Cash/Goods
- Collateral

05. Documentation: Generally bank investigations whether documentation needed is all together. SIBL checks according to the client records:

- Certificates of Tax disbursement
- Stock Report
- Trade License
- Vat certificate
- Declaration of Liability of distinctive parties
- Receivable from distinctive clients

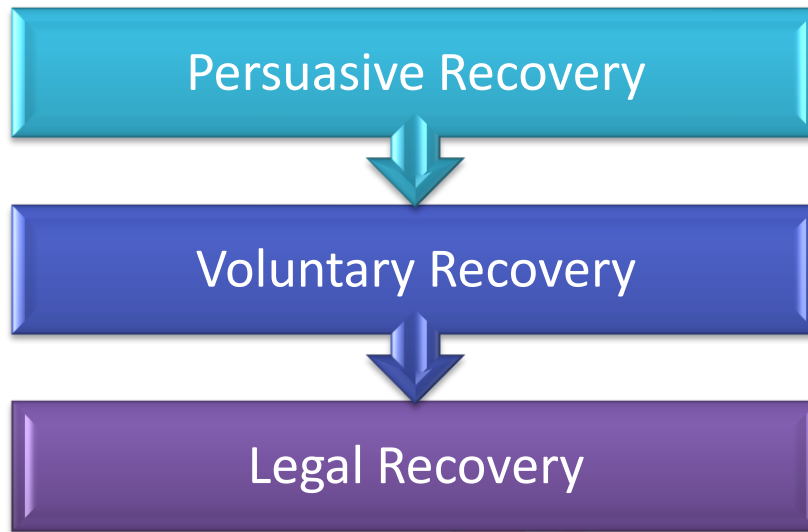
06. Disbursement Stage: In disbursement stage bank makes a decision to reimburse cash so the customer can receive his/her preferred subsidize

07. Monitoring Stage: The investment processing SIBL will make contact with the client continually, in case of micro investment bank can achieve month to month customer's stock report. Here the bank will keep its eyes on over the investment customer.

08. Recovery Stage: In this stage banks duty to recover the lent fund within the specific period of time and if borrower unable to pay the money back within the pointed time.

5.8 Steps of Recovery used in SIBL

There are three step of Recovery used in SIBL



01. Persuasive Recovery: If the borrower did not pay the due amount of investment in time then the first step of the bank is private communication with him and It makes a mental constrain on the borrower for reimbursing the cash

02. Voluntarily Recover: In Voluntarily Recover method, there are some steps to recover investment. They are:

- Building task force
- Arranging Seminar and workshop

03. Legal Recovery: If borrower unable to pay the installment & fail to keep an account regularly, at that point the bank takes essential legitimate activity in opposition to the borrower.

Chapter 06

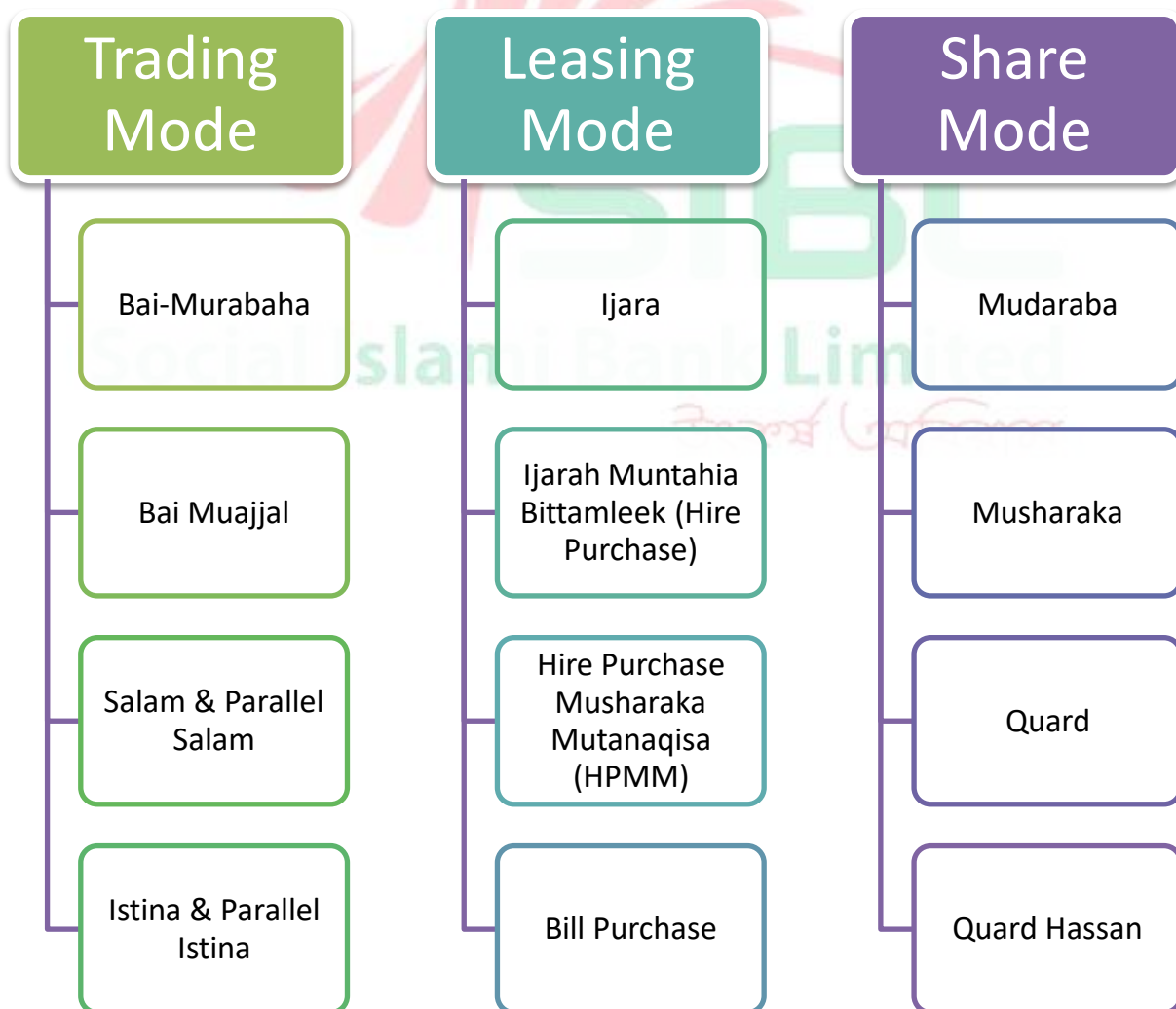
Modes of Investment of Social Islami bank Ltd.

6 Investment of SIBL:

Social Islami Bank Ltd is the commercial bank of the second generation which is operates under Islamic Shariah principles and provides a spread of baking services as well as extensive collection of deposits and investment products, foreign-trade, remittance and other supplementary services with the sustain of most advanced Information Technology and skilled administration. Bank investment involves expended territories through local business sectors. Bank has specified most value in order to keep superiority resources and preserve good customers.

6.1 Modes of Investment of SIBL:

Social Islami Bank LTD. Moulvibazar has provides a variety of types Investments for different types of clients according to their requirement. SIBL operates investment activities generally through 3 Modes:



6.1.1 Trading Mode

6.1.1.1 Bai Murabaha:

The word Bai-Murabaha is determined “Bai & Rebhan”. The word Bai implies Purchase and Deals and Rebhan implies increment or settle on advantage. Murabaha involves on settle on profit.

Bai Murabaha is a legally binding purchasing and selling with a markup return called Murabaha & it is a deal between the buyer and the manufacturer, in which the seller sales verified an explicit goods which is passable under Islamic Shariah to the buyer at an addition expenditure to the concurred advantage to be paid in authentic cash or any upcoming settlement date by portion. For this situation, the customer demands that the Bank buy that merchandise for him. The Bank buys the products according to the customer’s requirement and particular and the customer takes delivery of the products on the value installment that incorporates increase profit in accordance with the agreement. According to modes of Investment of Bai-Murabaha the purchase, the cost price and the profit shall be individually uncovered.

If Bank doesn’t purchase any goods doesn’t create any purchase contract among vendor under this Bai-Murabaha arrangement not to remit the balance in the interest of the customer, which will be only an investment for him any profit on that sum will be interest only.

In this manner, in order to make an authentic Bai-Murabaha act, The Bank’s purchase of products should be for and benefit of The Bank, and moreover the installment of product costs The Bank must be made on behalf of and for The Bank.

6.1.1.1.1 Steps of Bai Murabaha:



Firstly, the customer sends a percentage of the ware to be procured from the bank. The proposition moreover demonstrates insights about the date, time and place of transportation and also cost and type of installment data. The Bank reacts by sending a counter scheme that either bears the buyers cost or provides for an exchange cost.

Secondly, the customer guarantees the purchase of goods at a fixed cost from the Bai-Murabaha bet. The bank acknowledges the request and defines the exchange conditions and

states. The bank recommends the customer with respect to its approval to the purchase of the products. The bank will make fast payments for the products quickly or understands deal. The vendor commutates its endorsement to the arrangement and sends the invoices. The two gatherings (the bank and the customer) sign the Bai-Murabaha deal agreement as indicates by the consent to purchase.

Lastly, The Bank approves the customer or his candidates in order to get the product. The Merchant sends the item to the transportation spot settle ahead. The Clients embraces the acceptance of the products as a legitimate agent and informs the bank of the agent's execution.

6.1.1.1.2 Features of Bai Murabaha:

- Sale is on negotiated benefit on a Purchaser's or Seller's agreement.
- The costs of the Products and Profit are informed individually to purchaser.
- Buyer of products and a condition for selling the equivalent to the later.
- Presence and accessibility of merchandise is elementary if a Bai-Murabaha agreement is to be signed.
- Fixed price can't be expended because postponement in installment.
- Earning cash or mortgaged security is acceptable.
- The Bank can't include excluding direct expanses in favor of the obtainment of the merchandise.
- Product possession is an unquestionable requirement before physical or successful sale.

6.1.1.1.3 Investment Sector of Bai Murabaha:

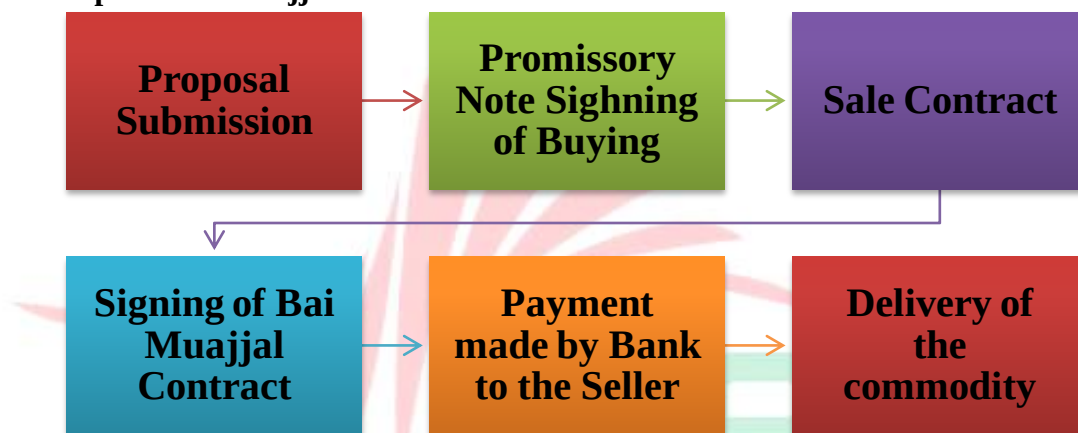


6.1.1.2 Bai Muajjal:

The terms “Bai” and “Muajjal” are from the Arabic words “Bai” and “Azal”. The word “Bi” means purchase and the deal and the word “Azal” means a settle time. “Bai Muajjal” signifies the sale for which installment is made on a fixed date or in a fixed timeframe. To put it plainly, it’s the selling of credit.

It is an agreement between a purchaser and vendor under which the vendor sells certain particular merchandise (acceptable under Law of the nation and Islamic Shariah Principal), to the customer at negotiated minimum rate payable on a specified future date in lump sum or by minimum installments in a rigid period. The vendor can likewise sell the goods he purchases according to the purchaser’s request and determination.

6.1.1.2.1 Steps of Bai-Muajjal:



In the First step, the customer gives an offer with the product determinations to be obtained from the bank. The proposition additionally shows insights about the date, time and place of conveyance and additionally cost and type of installment data. The bank reacts by giving a counter proposition either tolerating the cost of the purchaser or specify for an alternate cost.

In the second step, the customer guarantees to get the products from the put the products from the put money on a Bai-Muajjal reason at the fixed cost. The bank acknowledges the request and sets up the conditions and terms of the deal.

In the third step, the bank advises the customer of its endorsement of obtaining the product. The vendor communicates its endorsement to the deal and sends the invoices.

In the fourth step, the two gatherings (the bank and the customer) sign the “Bai-Muajjal” deal agreement as indicated by the approval to buy.

In the fifth step, the bank pays for the merchandise instantly or accordance with the agreement.

In the sixth step, the bank approves the customer or his candidate in order to get the goods. The dealer sends the goods on the way to the conveyance spot settled in the lead. The customer embraces acknowledgment of the article of trade in its ability as genuine delegate and informs the bank that the agent is being executed.

6.1.1.2.2 Features of Bai Muajjal

- In this method bank purchase goods and service from a seller and sell it to the client on payable account upon clients proposal.
- It is admissible and much of the time the customer will move toward an offer to the bank to buy an explicit decent through a “Bai-Muajjal”
- It is acceptable to obtain money or insurance security to ensure the execution of the guarantee or to repay the bank for harms caused by non-installment
- It is acceptable to make the guarantee dependable upon the customer to buy the merchandise from the bank. Basically, the customer is required to fulfill the guarantee or on the other hand to reimburse the bank for harms caused by infringement the guarantee not including pardon.
- It is likewise allowed to report the obligation coming about because of Bai-Muajjal by an Underwriter or a mortgage or both, similar to some additional obligation. Mortgage/Guarantee/Cash security might be acquired before the consenting to of the arrangement or at the season of consenting to the arrangement.
- Stock and accessibility of products is an essential condition for marking a Bai-Muajjal agreement. In this way, the Bank must buy the products as per the specifics of the customer preceding consenting to the Bai-Muajjal Arrangement with the customer.
- The bank must convey the merchandise to the customer at the time and place determined in the contract.

6.1.1.2.3 Investments sector of “Bai-Muajjal”



6.1.1.3 Salam & Parallel Salam:

Salam implies purchase in advance. This is a mode in which the purchaser pays the cost of the merchandise in advance, on the prerequisite that the merchandise would be provided/delivered at a specific upcoming time. The merchant produces the merchandise in the set timeframe.

Parallel Salam is a Salam agreement whereby the seller relies on obtaining what is attributable to him in his ability as a purchaser from a transaction in a previous Salam contract subject to the execution of the first one in order to convince his responsibility.

The accompanying conditions and terms are fundamental to the Mudaraba, Bai Muajjal and Salam agreement. The applicable agreement must contain the accompanying perspectives identifying with the commodities:

- Number/Quantity
- Quality
- Sample
- Price and amount of profit
- Date of supply/time limit
- Place of supply
- Who will bear the cost of supply?

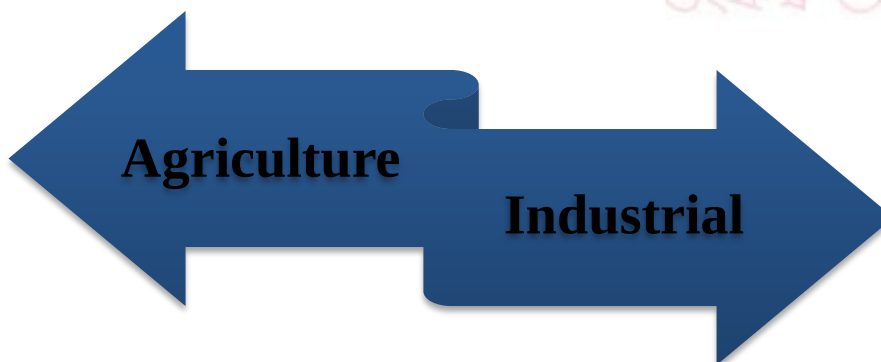
6.1.1.3.1 The Components of Salam:

- The Agreement parties are Buyers and Sellers
- The Price and the Merchandise
- The specifications of the agreements

6.1.1.3.2 Features of Bai-Salam:

- In this term of Bank is the Purchaser and Client is the vendor.
- Price paid in advance and total price shall be paid /fixed at the time of the agreement.
- The agreement has included name, particular, amount, shape, unit cost, and the complete cost of items, etc.
- Purchaser deals are Halal without presence or perceive ability of merchandise in a Salam agreement.

6.1.1.3.3 Sectors of Bai-Salam:



6.1.1.4 Istisna and Parallel Istisna:

An agreement signed between a purchaser and a seller in which the merchant has promised to assemble and supply those merchandises as indicates by the purchaser is called Istisna. An Istisna agreement shall be executed if a manufacturer or an industry facility owner

acknowledges a proposition from an individual or an Institutional to produce/manufacture certain products for the last at a certain arranged cost.

Here, the individual who provides the request is called Mustansi, the collector of the request is called Sani and the products produced in accordance with arrange are called Masnu.

A request placed for the assembling or producing to those products which are delivered or produced under the willing traditions, prevailing custom, and practices will be treated as Istina contract.

6.1.1.4.1 Features of Istisna:

- The agreement in question must enclose the subtleties for example the sort, class, amount, and highlights of the commodities to be manufactured, so that there is no misunderstanding I generated later.
- The price is required to be settled; installment time/ agenda must be programmed as well as the mode.
- At the point when, where and on those costs, the products to be provided must be undoubtedly referenced.
- Whenever accepted by all parties, installments might be made in advance in the part or in full to the vendor or may contrast to be paid at the appointed time/ concurred time.
- Compared to the assessment of the contemporary law specialist, the remuneration if there should be an occurrence of Istina might be view as legitimate income.

In the event that the agreement doesn't specified that the seller himself would produce/provide the merchandise or services, at that point the seller may enter into another agreement with an outsider for the third party to obtain the merchandise and services produced/ provided. I named the kind of partnership Parallel Istisna. Furthermore, that is referred to as a subcontract. The primary highlights of this agreement are:

- The initial Itisna agreement stays valid regardless of whether the Parallel Istisna agreement fails and the merchant will be with authorization conscientious for manufacturing/ providing the merchandise or services referenced to in the Istisna agreements.
- Agreements concerning Istisna and Parallel Istisna are treated as two individual agreements.
- The seller shall remain legally responsible under the Istina agreement for the disappointment of the sub-contract.

6.1.2 Leasing Mode:

6.1.2.1 Ijarah

The mode in which any asset claimed by the bank is leased is called Ijarah (Leasing) or leasing by creation, procurement, or workup. It is a two-party agreement between Lessee and Lessor. At the expiry of the agreement, the Lessee pays the Bank rent for utilizing the assets/properties and returns the equivalent to the Bank. In such a case The Bank shall hold absolute possession of the assets/properties. The asset may in any case be sold to the customer at a contracted price toward the finish of the lease time frame.

6.1.2.1.1 Features of Ijarah:

- The lessor should claim the properties for the entire lease term.
- The lessor can't charge interest in the event that the lessee defaults on installment or postpones payment.
- The use of leased asset is spread out in the agreement.

6.1.2.2 Ijarah Muntahia Bittamleak (Hire Purchase):

In this mode, the bank acquires automobiles, type of apparatus, and instrument, houses, apartment buildings, etc., and permitted the customers to utilize them in installments upon payment of fixed rentals with the definitive goal of selling the asset to the customer toward the finish of the leasing time frame. The customer acquires the proprietorship/ assets title subject to full installment/ change of all the considerable number of portions.

6.1.2.3 Hire Purchase Musharaka Mutanaqasa (HPMM):

Hire Purchase Musharaka Mutanaqasa implies one party's purchasing and acquisition of possession by partaking equity owned by the Bank/or another party. Under this mode, The Bank and the customer acquire motor vehicle, mechanism, house, apartment house, etc mutually on a deal basis. The customer utilizes the segment of the property possessed by the bank on rental premises and obtains the possession of the same assets by the approach of paying the bank segment of the value on the property in portion along it rents as granted upon.

6.1.2.3.1 Feature of Hire Purchase Musharaka Mutanaqasa (HPMM):

- The customer applies to the Bank communicating his/her desires to purchase the assets/properties and after accurate appraisal/security the bank concurs it authorization.
- After receiving sanction, the customer stores his/her share of equity with the bank, and the bank along with its equity pay the full amount price of the assets/properties.
- Before the acquisition of the assets/properties, I concluded an agreement specifying the genuine rates, month to rent rentals, the cost of the bank's segment of the assets/properties, the payment timetable, and the duration of the installment and the idea of the security.

- The bank shall lease to the customers its own segment of the assets/ properties in proportion to the terms and conditions of the agreement.
- The amount of the Bank's is slowly decreased in proportion to the boost in the customer's possession of the asset /property.
- After disbursement of the whole dues of the bank, the customer procures full ownership of the merchandise/property.
- Before expiry of the transaction, the customer can acquire full ownership of the assets/properties by paying bank's all dues.
- The rent will stay payable with the respect to Bank's ownership if the client is incapable to recompense the repayments of dues.

6.1.2.4 Bill Purchase:

Bill purchase in exchange money enables a seller to obtain financing and accept quick funds in return for sales documents to not be drawn under the letter of credit. The bank shall send the selling documentation for the benefit of the merchant to the purchaser's bank.

6.1.3 Share Mode:

6.1.3.1 Mudaraba:

The word Mudaraba means such a deed as far as which a bank directed as per the Islamic Shariah gives funding to anything and therefore the client utilizes his effectiveness, endeavors, work and insight.

Mudaraba is a combined labor-capital project. Here Bank affords whole capital and the investment client directs the business. The Bank, capital supplier, I entitle Sahib-Al-Maal and the customer is named Mudarib. The profit shall be circulated at a foreordained proportion between the Bank and the Investment customer, whereas the bank shall tolerate the intact loss, assuming any.

6.1.3.1.1 Steps of Mudaraba:

Submission of Proposal

Signing a promise to purchase

Sale Contract

Delivery and Receipt of the Commodity

The Signing of a Mudaraba Sale Contract

First Step: The customer sends a proposition with the commodity specifications to be purchased from the bank & the proposition provides information on the date, time, and place of conveyance in addition to price and variety of expense data. The Bank acts in response by sending a counter-proposition either accepting a special price prerequisite by the buyer.

Second Step: The Client pledges to buy Mudaraba-based product and the service from the bank for the predetermined cost and the bank acknowledges the request and sets up the groups and the transaction conditions.

Third Step: The Bank advises the customers regarding its sanction to purchase the product, and service and The Bank may pay for the products either immediately or in compliance with the agreement. The Seller expresses consent to the sale and sends out the invoice(s).

Fourth Step: The two Parties (the bank and the customers) consent to the Mudaraba selling agreement consistent with the make contact with to procure.

Fifth Step: The Bank gives permission to the customer or his nominee to take delivery of the product and services and The Seller will send the product and services to the spot of conveyance contracted upon. In its capacity as an individual diplomat, the client attempts the receipt of merchandise and gives notice to the bank of the proxy's implementation.

6.1.3.1.2 Features of Mudaraba:

- It is an agreement whereby merchant sells to the purchaser at an incentive in addition to concurred profit some particular commodities adequate under Islamic Shariah and Land Law.

- The profit increased is also additionally predetermined at a single amount or percentage of the product's cost price.
- Bank supplies capital such as Sahib-Al-Maal and customers invest if they have his experience in the business.
- The customer keeps up monitoring and administration.
- Profit is partitioned along with the agreement.
- Bank liable for profit and loss.

6.1.3.1.3 Investment sector under Mudaraba:

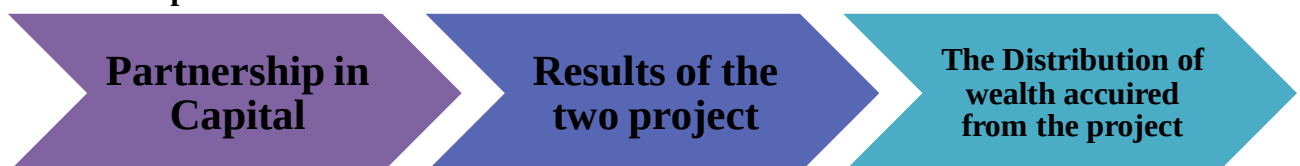


6.1.3.2 Musharaka:

The word Musharaka is comes from the Arabic word “Sharikah” signifies Partnership. Musharaka signifies partnership business. For this partnership business each accomplice must have more or less equity funds. The Bank and the investment client both maintain all authority to share in the administration of the business. Be that as May, the Bank can choose to require the investment client to operate the entire business. Practically speaking, the investment customer for the most part leads the business. The profit is partitioned at a foreordained fraction between the bank and the investment customer. Loss, assuming any, is to be covered in proportion to capital ratio by the Bank and the Investment client.

The Accounting and Auditing Organization for Islamic Financial Organization states Mushraka as a type of association between the Islamic Bank and its customer whereby every gathering adds to the association's capital equivalent or checking amounts to build up another task offer in current one, and whereby every one of gathering turns into a fund's proprietor on a changeless or declining hypothesis and will have due offer of profit.

6.1.3.2.1 Steps of Musharaka:



First Step: The bank provides a component of the capital needed in its limit as a partner and grants customer/ partner to deal with the venture and the partner delicate component of the capital required for the venture and is assigned from the bank reserves with what he holds.

Second Step: The task's purpose is increasing but the task can be lucrative or it can lose money.

Third Step: In case of loss, each partner is liable for the loss to his allocated funds and in the occurrence the business enterprise is productive, profits are circulated between the two parties (the bank and the partner) in proportion to the agreement.

6.1.3.2.2 Features of Musharaka:

- In the business both customer and bank flexibly required capital. Capital with respect to the assortment is provided by the bank's customer and different social affairs. Capital may both be equivalent, pretty much moreover.
- Capital and investment from the bank and capital from the customer are treated as capital for explicit tasks or business.
- The Bank and the Investment client both are liable for authentic loss in the Business in relation to the proportion of their funds.
- Investment client alone must be liable for loss by reason of unprofessional conduct, contract violation, breach of expectation, etc. In this situation, Bank is not responsible as well as liable.
- Bank enforces every rational condition. Any investment client, for example, can't sell any merchandise at loss exclusive bank approval.

6.1.3.3 Quard:

It is a mode of supplying monetary aid/ loan to refund the principal amount in the future devoid of expansion consequently. It is a loan stretched out on the foundation of goodwill, in addition to the account holder is solitary expected to pay back the amount on loan. On the other hand, the indebted person may, pay a spare amount over and above the key amount of the loan (without guaranteeing it) as a badge of thankfulness to the creditor at his or her diplomacy. For this situation that the borrower refuses to pay an additional fee to the creditor, this transaction is a genuine interest-free loan. A few Muslims believe this to be the main sort of loan that does not disregard the restriction on Riba (Interest) because it is the only form of loan that in fact doesn't reimburse the borrower for the cash's time estimation.

6.1.3.3.1 Documents for Quard:

- Promissory Note
- Delivery Letter

- Letter of Disbursement
- Balance confirmation Letter
- Letter of Authority
- Letter of Guarantee
- Letter of Agreement
- Letter of Continuity

6.1.3.4 Quard Hassan:

It is a munificent advance which requires a borrower to give money back the principal sum borrowed on development to the loan owner. However, the borrower has the good judgment to recompense the lender for his credit by recompensing any amount in excess of the amount of the standard gave that there is no suggestion (explicit or implicit) in such manner.

In the event that a bank lends any loan to the customer, it can only obtain actual loan-related expenditure once as an assessment charge. At an extend rate it can't bill annually.

In the event that a loan is given against the money a customer has deposited in the bank, it has the privilege not to recompense any profit against the measure of cash given as credit. However profit on the remainder of the deposited amount must be paid in proportion to the past agreement.

6.1.4 Other Mode:

6.1.4.1 Direct Investment:

Under this mode, the bank can lead business under it entire proprietorship by investing straightforwardly in the ventures, exchanging, transports and so forth. Profit/loss in these cases completely goes to the bank.

6.1.4.2 Investment Auctioning:

Selling by the public sale of those assets/manufactured goods procures by the bank from beginning to end direct investment is refers as Investment Auctioning. Typically, by direct Investment the bank builds an industrialized unit, makes the identical operationally lucrative and subsequently sells out on auction. This Investment mode is exceptionally accommodating for the nation's industrialization.

6.1.5 Investment Policies of SIBL:

- SIBL will strictly follow Shariah principles when settling on an investment assessment, since it is an Islamic Sharah depended on Commercial Bank.

- SIBL will go to the bank's deliberate sector for Investment.
- SIBL will be investing in right of way nationalized sectors.
- Investment in Exchange and money-making segment.
- Foreign exchange investment (Import and Export).



Chapter 07

Analysis of Mode Wise Investment Performance

7 Year wise Deposits & Growth Rate of Deposit of SIBL:

Year	2014	2015	2016	2017	2018
Amount	124535	149744	190565	228798	248324
(TK Million)					
Growth Rate	22%	20%	27%	20%	9%

Table 6.1: Amount of Deposit & Growth Rate of Deposit of SIBL

Source: Annual Report of SIBL (2014-2018)

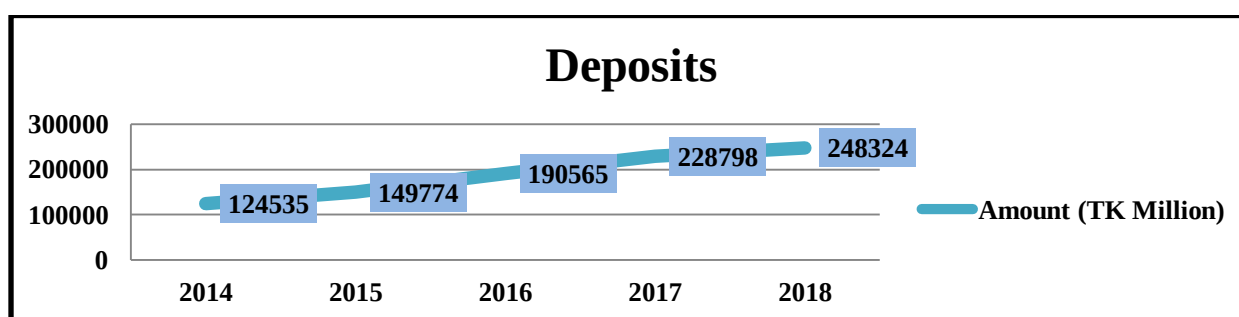


Figure 6.1: Year Wise Amount of Deposits of SIBL

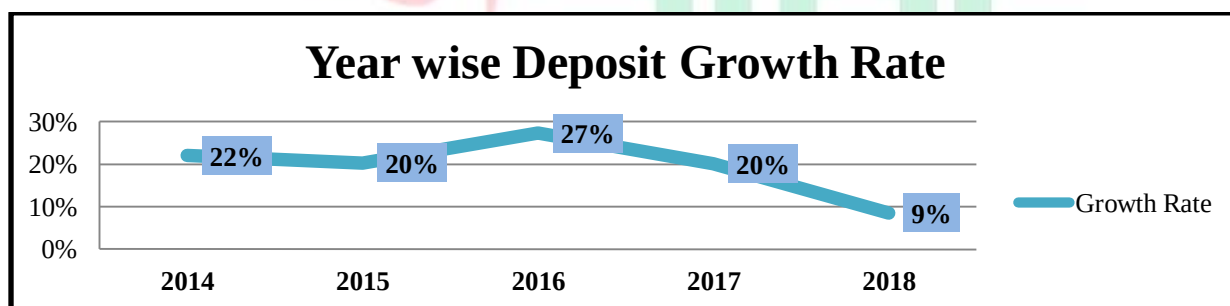


Figure 6.2: Year Wise Deposit growth Rate of SIBL

Interpretation:

According to diagram illustrates that the year wise deposit of SIBL has been regularly increased from 2014 to 2018. According to the chart we can see that the minimum deposit was TK 124535 Million in 2014 and the Maximum amount was TK 248324 million. The growth of deposit rate has changed till 2018 which is 20% to 9%.

7.1 Year wise Investment & Growth rate of SIBL:

Year	2014	2015	2016	2017	2018
Amount (TK Millions)	107900	134117	174196	210045	238654
Growth Rate (%)	26%	24%	30%	21%	14%

Table 6.2: Amount of Deposit & Growth Rate of Deposit of SIBL

Source: Annual Report of SIBL (2014-2018)

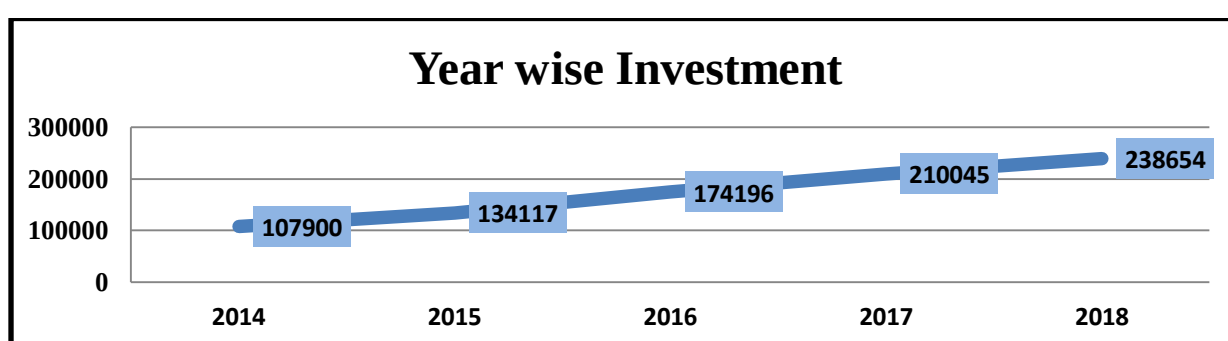


Figure 6.3: Year Wise Amount of Investment of SIBL

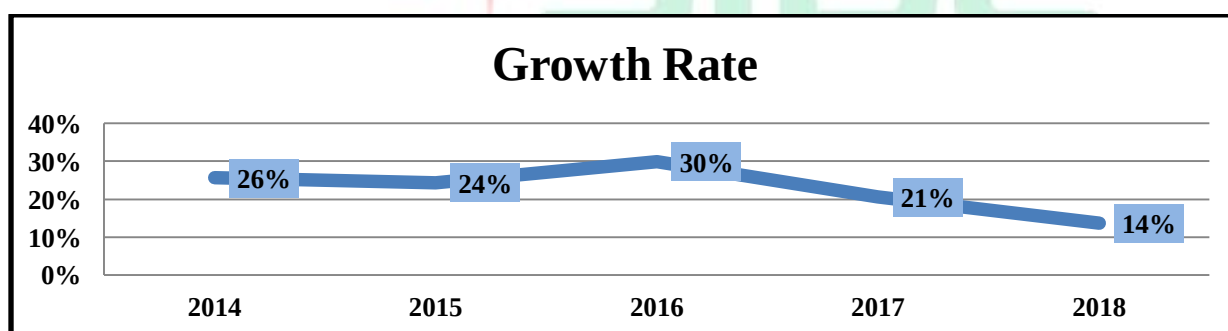


Figure 6.4: Year Wise Investment growth Rate of SIBL

Interpretation:

The graph explains that investment has been increased in during the year. In this year from 2014 to 2018, the investment of SIBL has increased at TK 107900 million to TK 238654 million. But the growth has decreased in 2015 from 26% to 24% and in 2017 from 30% to 21% and from 2017 to 2018 is 21% to 14%. And the growth rate also increased in 2015 from 24% to 30%. The growth rate of Investment of SIBL in fluctuated from 2017 to 2018.

7.2 Year wise Investment to Deposit Ratio Analysis:

Investment to deposit ratio dealings the fraction of deposit used for investment in loan products. The more the ratio the more the bank is using its deposit as an investment.

Investment to deposit ratio = (Total Investment / Total Deposit) * 100

Year	2014	2015	2016	2017	2018
Total Investment	107900	134117	174196	210045	238654
Total Deposit	124535	149744	190565	228798	248324
Investment to Deposit Ratio	87%	90%	91%	92%	96%

Table 6.3: Year wise Investment to Deposit Ratio of SIBL

Source: Annual Report of SIBL (2014-2018)

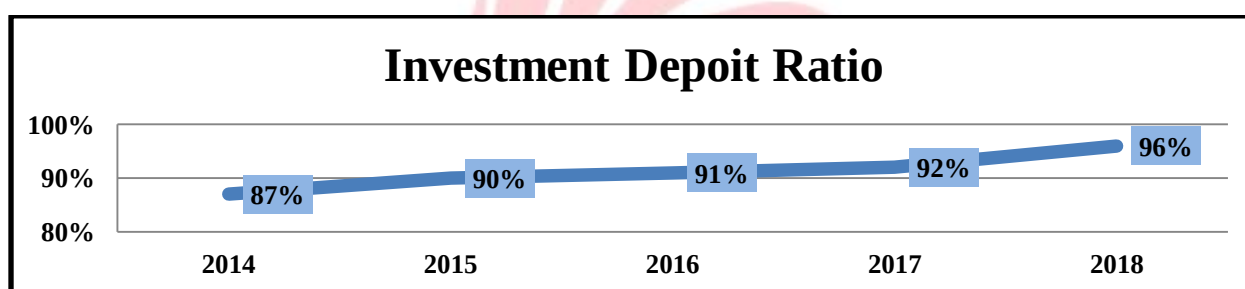


Figure 6.5: Investment to Deposit Ratio of SIBL

Interpretation:

The chart gives an idea about that in Investment to the Deposit Ratio of SIBL is increasing in every year. In 2018 it was highest than any other years. So it can be said that SIBL was more efficient in transferring their deposits their investment in 2018 (96%).

7.3 Mode wise Investment SIBL in 2018:

Mode	Amount in Million Taka	Percentage of Investment
Musharaka	347	0.2%
Murabaha	3889	1.7%
Mudaraba	2061	0.9%

Bai-Muajjal	157973	68.6%
Hire-Purchase Sirkatul Meelk	54779	23.08%
Quard	6850	3.0%
Bai-Salam	775	0.3%
Staff Loan	2385	1.0%
Ijarah	660	0.3%
Visa Card	710	0.3%
Total	230429	100%

Table 6.4: Mode wise Investment of SIBL in 2018

Source: Annual Report of SIBL 2018

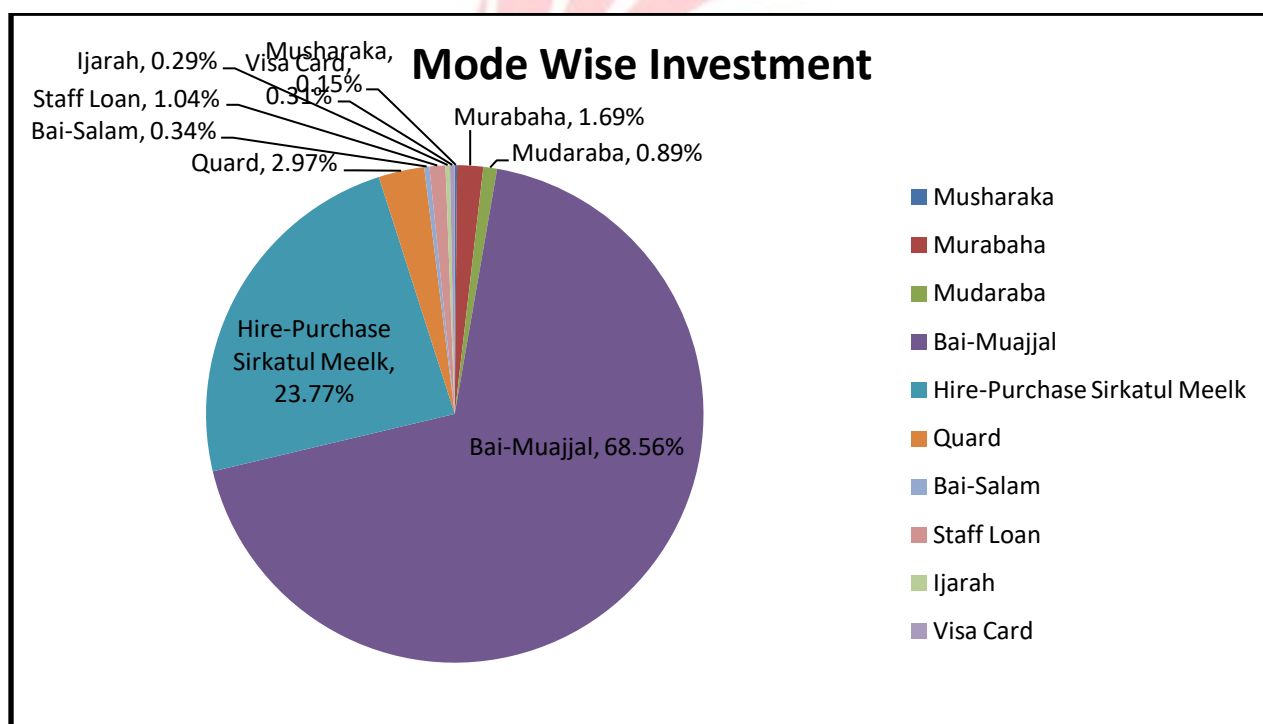


Figure 6.6: Mode wise Investment of SIBL

Interpretation:

The chart shows that SIBL highlights on Bai-Muajjal investment mode that is 68.6% of its taken as a whole portfolio and which is TK 157973 Million. And the lower fraction was invested in Musharaka at 0.2%. Rest of investment mode is 31.2%.

7.4 Trend of Mode Wise Investment from 2014 to 2018:

7.4.1 Investment in Bai-Murabaha:

Year:	2014	2015	2016	2017	2018
Total Investment In under all Modes:	98611	123630	167003	202682	230429
Investment in Bai-Murabaha Modes:	4325	3929	3924	4453	3889
Investment in Bai-Murabaha as Modes as percentage Of total investment:	4%	3%	2%	2%	1%

Table 6.5: Investment of the year in Bai-Murabaha (TK in Million) percentage of total Investmrnt.

Source: Annual Report of SIBL 2018

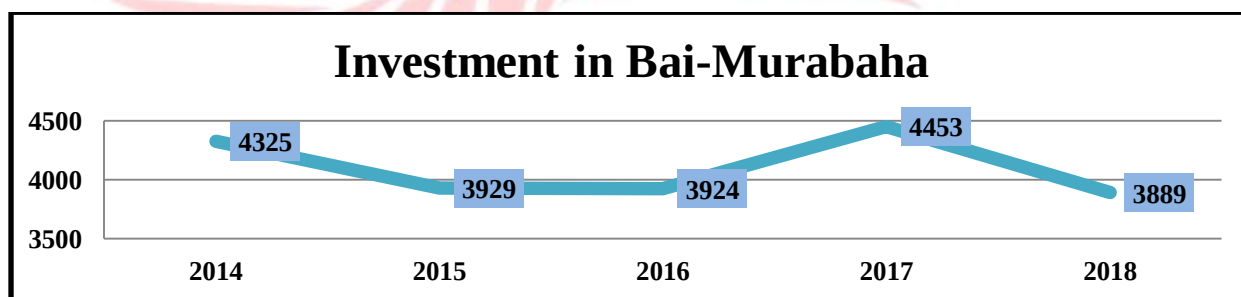


Figure 6.7: Year-wise Investment in Bai-Murabaha (TK. In Millions)

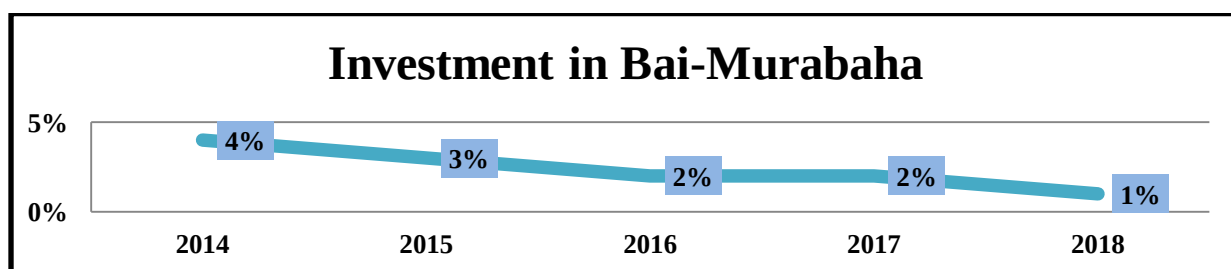


Figure 6.8: Percentage Investment in Bai-Murabaha

Interpretation:

The graph shows that during the year of 2014 SIBL Bai-Murabaha mode was 4%. In 2017 and 2018 the growth decreased 2% to 1%.

7.4.2 Investment Income from Bai-Murabaha:

Year:	2014	2015	2016	2017	2018
Total Income Under all Modes	13943	15288	16883	18497	24955
Income in Bai-Murabaha Modes	252	195	119	120	195
Income in Bai-Murabaha as Modes as Percentage Of total investment Income	2%	1%	1%	1%	1%

Table 6.6: Total Investment income of Bai-Murabaha (TK. In Million) and Percentage Income

Source: Annual Report of SIBL 2018

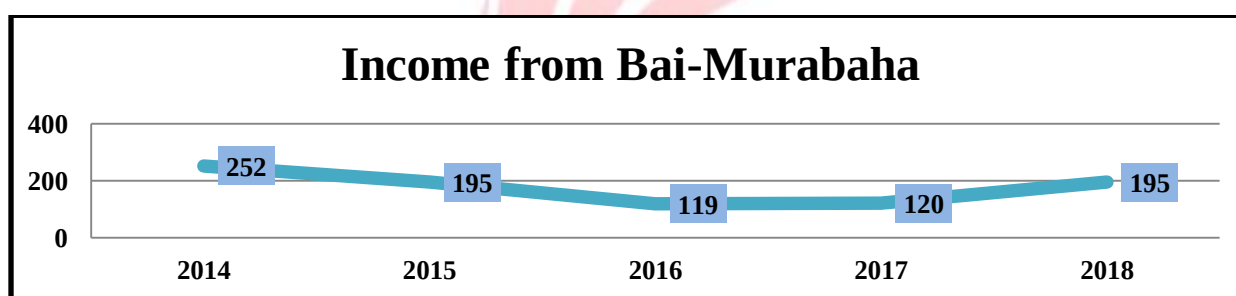


Figure 6.9: Amount of Bai-Murabaha Total Investment Income.

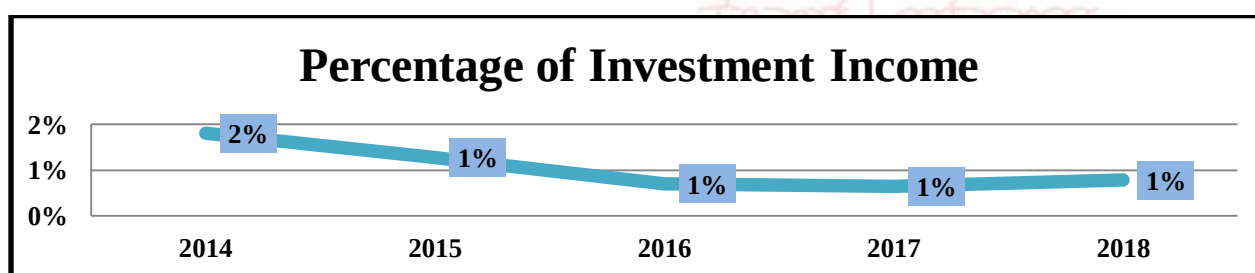


Figure 6.10: Bai-Murabaha Total investment Income Percentage Income.

Interpretation:

The graph shows that, the investment Bai-Murabaha mode is decreasing. From 2014 to 2018 percentages of total investment income was also decreased, which at 2% (2014) to 1% (2018) so it is decreasing gradually.

7.4.3 Investment in Musharaka:

Year	2014	2015	2016	2017	2018
Total Investment In Under all Modes	98611	123630	167003	202682	230429
Investment in Musharaka Modes	556	494	394	406	347
Investment in Musharaka as Modes as percentage of total investment	0.56%	0.40%	0.24%	0.20%	0.15%

Table 6.7: Investment of the year in Musharaka & Percentages of total Investment

Source: Annual Report of SIBL 2018

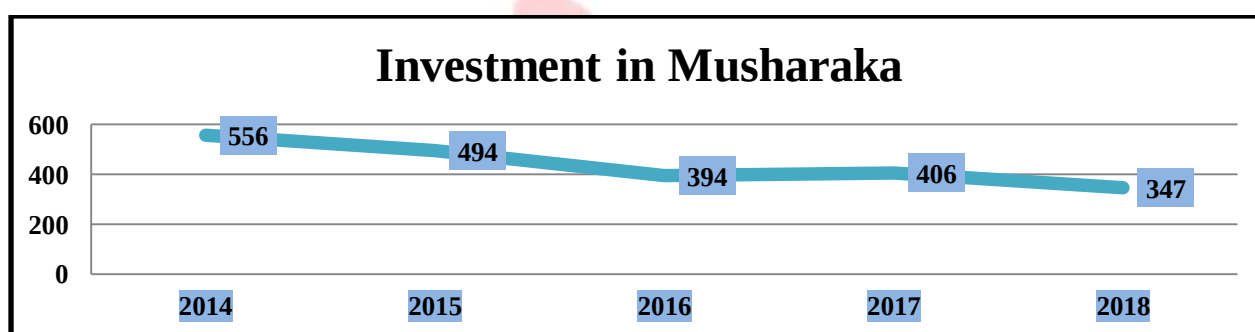


Figure 6.11: Year-wise Investment in Musharaka (TK in Million)

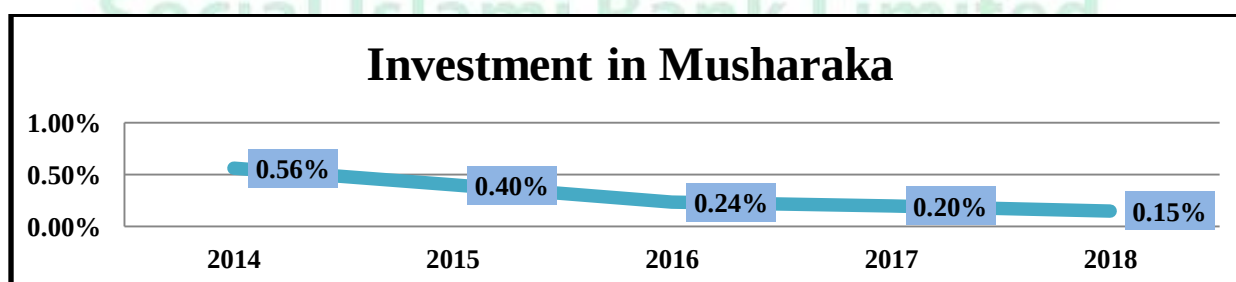


Figure 6.12: Percentage of Investment in Musharka

Interpretation:

The graph shows that the amount of investment in Musharaka from 2016 to 2017 was increased at which TK 394 (Million) to TK 406 (Million). On the other hand the amount of investment Musharaka has been increased 2014 to 2016 and 2017 to 2018 it is 406 (Million) to 347 (Million) which is 0.15%. So investment in Musharaka mode is decreasing year by year.

7.4.4 Investment income in Musharaka:

Year	2014	2015	2016	2017	2018
Total Income	13943	15288	16883	18497	24955
Under all Modes					
Income in Musharka Modes	49	51	38	31	38
Income in Musharka as Modes as percentage of total investment Income	35%	33%	23%	17%	15%

Table 6.8: Musharaka total Investment income & Percentage income

Source: Annual Report of SIBL 2018

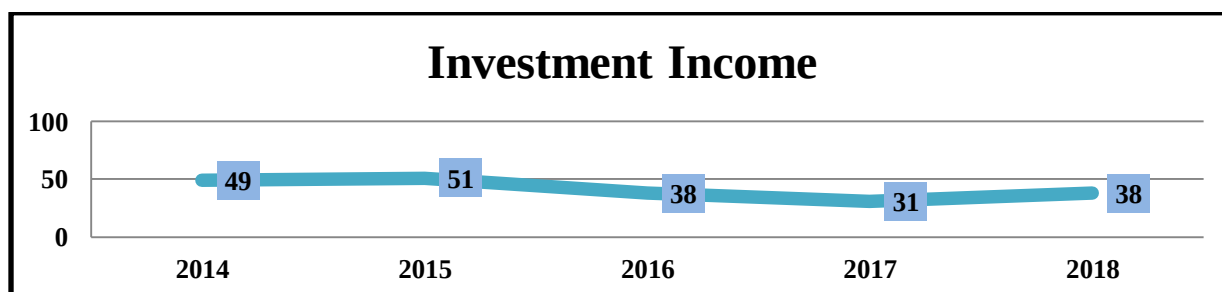


Figure 6.13: Amount of Musharaka Total Investment Income (TK in Millions).

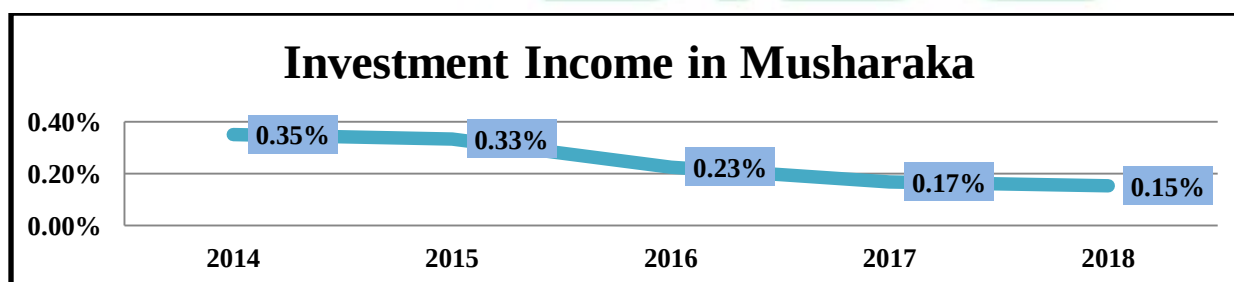


Figure 6.14: Musharaka Total Investment Income in Percentage Income

Interpretation:

The graph shows that Income of Musharaka Investment is decreasing year after year. In 2014 the investment income was TK 49 Million & percentage was 35% but it was decreased in 2015 at 33% and it was also decreased from 2015 to 2018. In 2018 it was lowest as 15% of total Income.

7.4.5 Investment in Mudaraba:

Year	2014	2015	2016	2017	2018
Total Investment In under all Modes	98611	123630	167003	202682	230429
Investment in Mudaraba Modes	4205	4526	6890	6593	2061
Investment in Mudaraba as Modes as Percentage of total investment	4.3%	3.7%	4.1%	3.3%	0.9%

Table 6.9: Investment of the Year in Mudaraba & Percentages of total Investment

Source: Annual Report of SIBL 2018

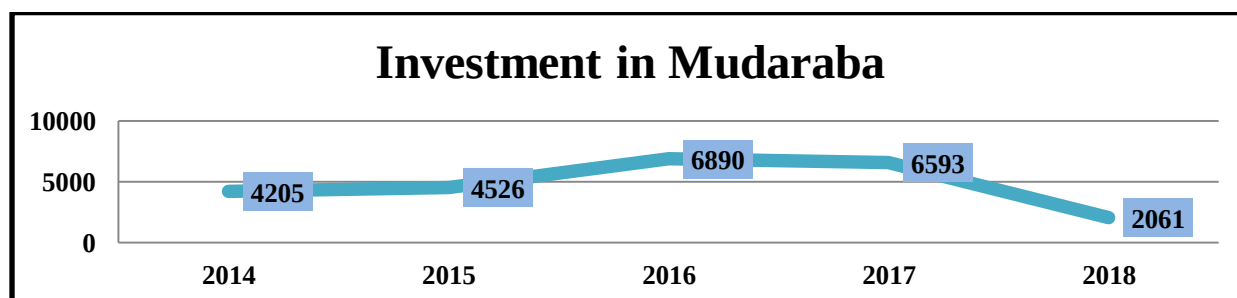


Figure 6.15: Year-wise Investment in Mudarba (TK in Millions)

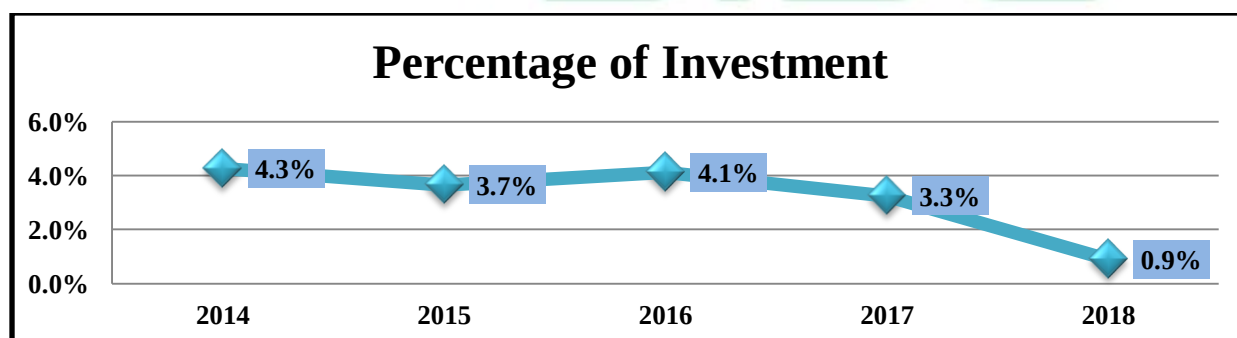


Figure 6.16: Percentage of Investment in Mudaraba

Interpretation:

The diagram illustrates that, the amount of investment in Mudaraba has been increased from 2014 to 2016. But the percentage has decreased year by year. In 2014 Percentage of Investment was 4.3% and 2018 percentage is 0.9%.

7.4.6 Investment Income in Mudaraba:

Year	2014	2015	2016	2017	2018
Total Income Under all Modes	13929	15288	16883	18497	24955
Income in Mudaraba Modes	266	238	236	160	97
Income in Mudaraba as Modes As percentage of total Investment Income	1.91%	1.56%	1.40%	0.87%	0.39%

Table 6.10: Mudaraba Total Investment Income & Percentage Income.

Source: Annual Report of SIBL 2018

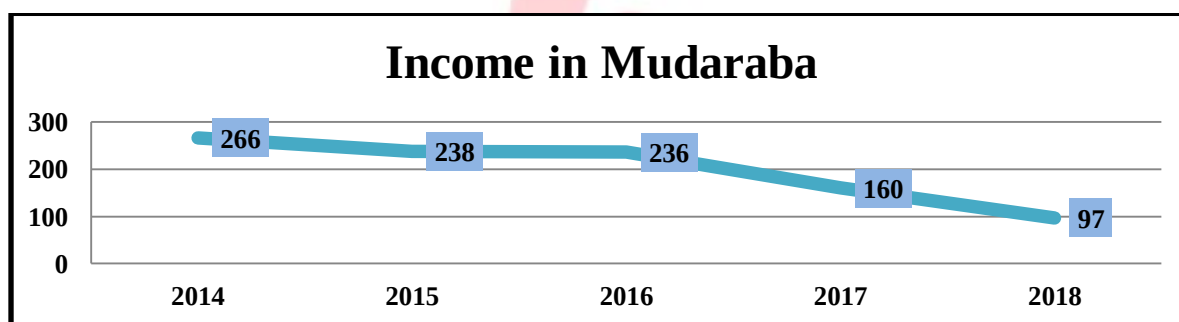


Figure 6.17: Amount of Mudaraba Total Investment Income (TK in Millions).

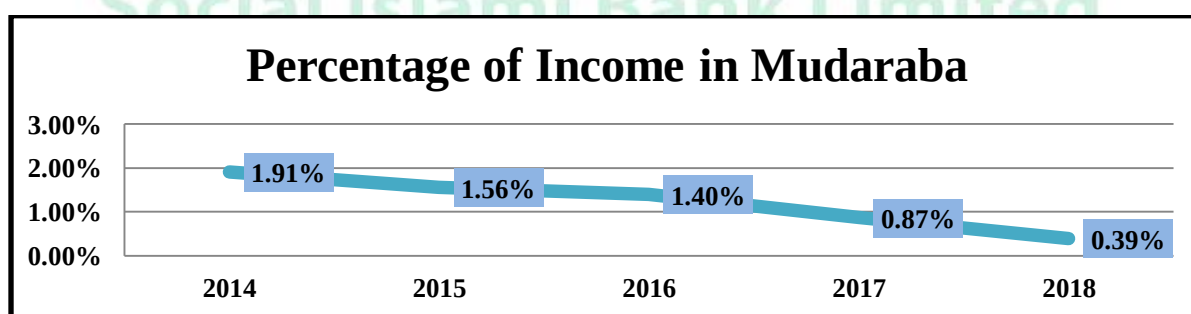


Figure 6.18: Mudaraba Total Investment Income in Percentage Income

Interpretation:

The graph shows that the amount of Income in Mudaraba Mode is unbalanced. In 2014 the amount was 266 Million and in 2018 the amount was 97 million that means it was decreasing year by year.

7.4.7 Investment in Bai-Muajjal:

Year	2014	2015	2016	2017	2018
Total Investment in Under all Modes	98611	123630	167003	202682	230429
Investment in Bai-Muazzal Modes	63555	77429	103157	126947	157973
Investment in Bai-Muazzal as Modes as percentage of total investment	64.5%	62.6%	61.8%	62.6%	68.6%

Table 6.11: Year-wise Investment in Bai-Muajjal (TK in Million) percentage of total Investmrnt.

Source: Annual Report of SIBL 2018

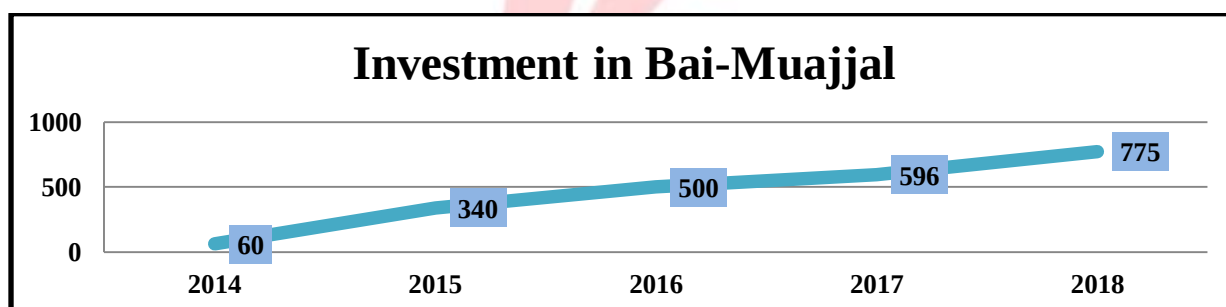


Figure 6.19: Year-wise Investment in Bai-Muajjal (TK in Millions)

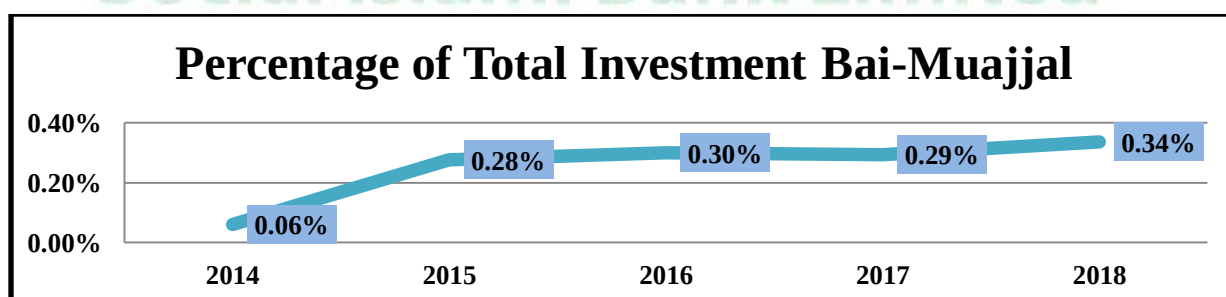


Figure 6.20: Percentage of Investment in Bai-Muajjal.

Interpretation:

The Graph shows that Investment in Bai-Muajjal has been increased from 2014 TK 63555 Million to TK 157973 Million in 2018. The percentage of Investment in Bai-Muajjal is increased from 64.5% to 68.8%.

7.4.8 Investment Income from Bai-Muajjal:

Year	2014	2015	2016	2017	2018
Total Income Under all Modes	13943	15288	16883	18497	24955
Income in Bai-Muazzal Modes	7576	8829	10118	11235	15878
Income in Bai-Muazzal as Modes as percentage of total Investment Income	54%	58%	60%	61%	64%

Table 6.12: Bai-Muajjal Total Investment Income & Percentage Income.

Source: Annual Report of SIBL 2018

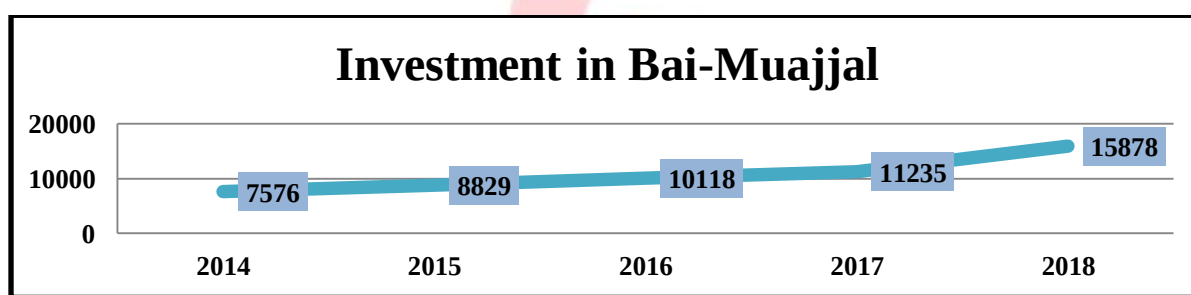


Figure 6.21: Amount of Bai-Mujjal Total Investment Income (TK in Millions).

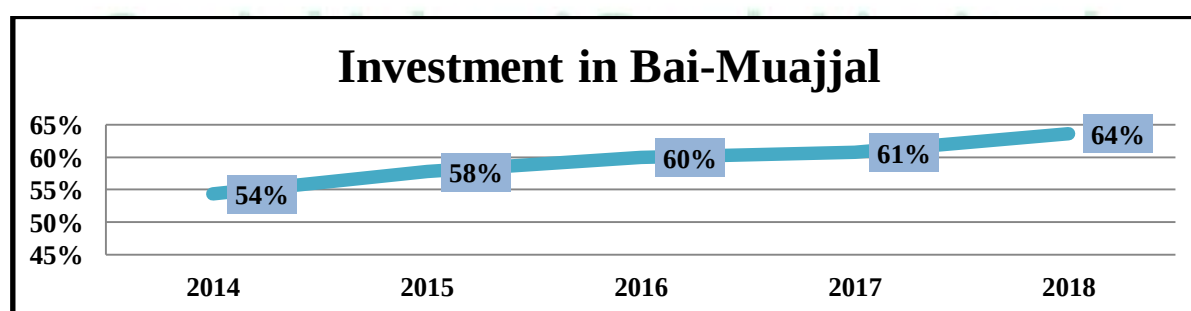


Figure 6.22: Bai-Muajjal Total Investment Income in Percentage Income.

Interpretation:

Above the graphs show that Investment Bai-Muajjal is increasing year by year. In 2018 the growth of Investment is higher (64%) than other years. In the year from 2014 to 2018 the growth rate is 54%, 58%, 60%, 61% and 64% this going to increasing the investment income. The bank should give more concern to achieve more income.

7.4.9 Investment in Bai-Salam:

Year	2014	2015	2016	2017	2018
Total Investment in under all Modes	98611	123630	167003	202682	230429
Investment in Bai-Salam Modes	60	340	500	596	775
Investment in Bai-Salam as Modes as percentage of total investment	0.06%	0.28%	0.30%	0.29%	0.34%

Table 6.13: Year-wise Investment in Bai-Salam (TK in Million) percentage of total Investmrnt.

Source: Annual Report of SIBL 2018

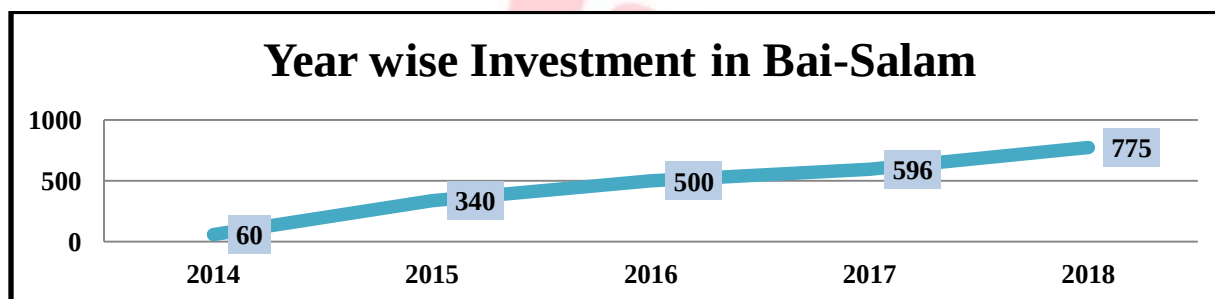


Figure 6.23: Year-wise Investment in Bai-Salam (TK in Millions)

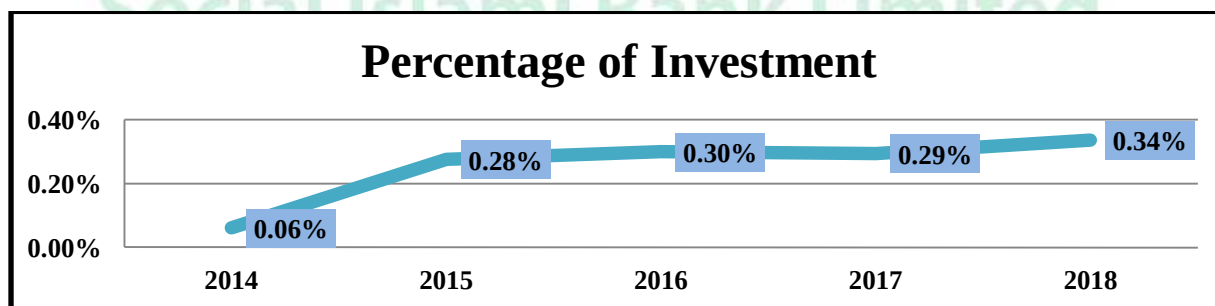


Figure 6.24: Percentage of Investment in Bai-Salam.

Interpretation:

The graph shows that the amount of Investment in Bai-Salam Mode is increasing year by year. In the year from 2014 (TK 60 Million) to 2018 (TK 775 Million) is increasing Investment Bai-Salam.

7.4.10 Investment Income from Bai-Salam:

Year	2014	2015	2016	2017	2018
Total Income Under all Modes	13943	15288	16883	18497	24955
Income in Bai-Salam Modes	3	13	40	57	69
Income in Bai-Salam as Modes as percentage of total investment Income	0.02%	0.09%	0.24%	0.31%	0.28%

Table 6.14: Bai-Salam Total Investment Income & Percentage Income.
Source: Annual Report of SIBL 2018

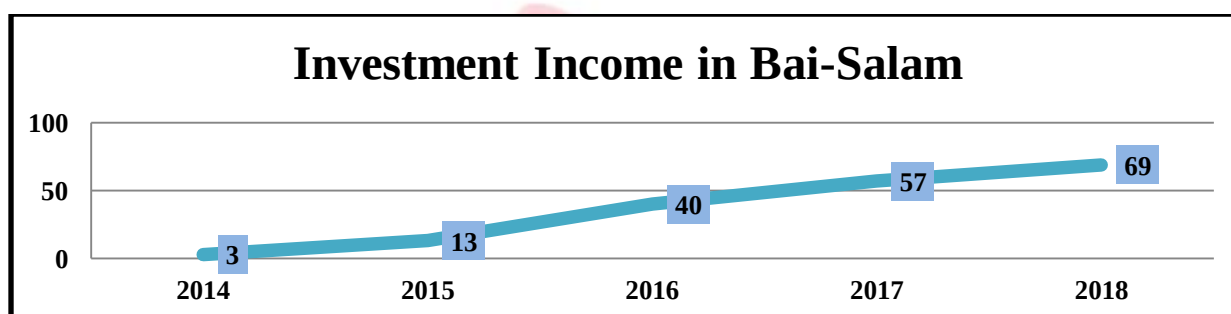


Figure 6.25: Amount of Bai-Salam Total Investment Income (TK in Millions).

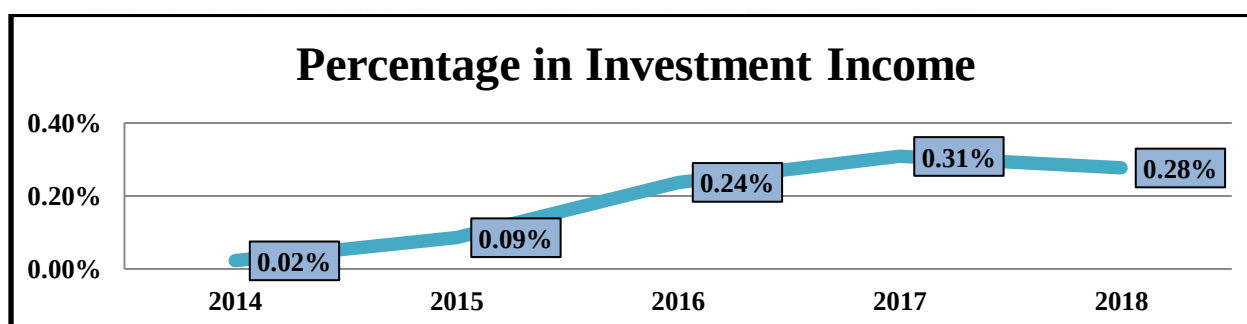


Figure 6.26: Bai-Salam Total Investment Income in Percentage Income.

Interpretation:

The graph shows that the Investment amount Income in Bai-Salam Mode is increasing year by year. From 2014 (TK 3 Million) to (TK 69 Million) 2018 has been increased in Bai-Salam and also the percentage of Investment Income has been increased from 2014 to 2017 (.025 to .34%) but decreased in 2018 (.28%).

7.5 Classified Investment as a Percentage of total Investment:

Year	2014	2015	2016	2017	2018
Classified Investment (in MilloinTk)	4922	5150	7738	17163	18297
Total Investment (in MilloinTk)	107900	134117	174196	210045	238654
Classified Investment as a Percentage of Total Investment	4.56%	3.84%	4.44%	8.17%	7.67%

Table 6.15: Year wise Classified Income as a Percentage of Total Investment
Source: Annual Report of SIBL 2018

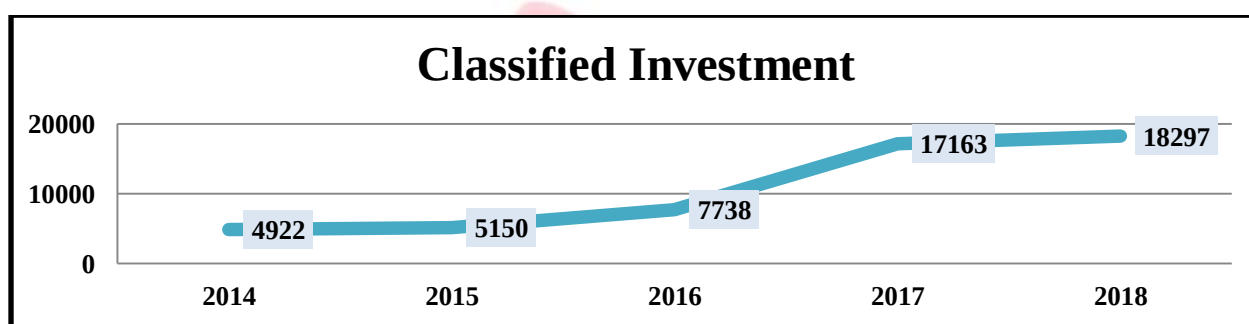


Figure 6.27: Amount of Classified Investment.

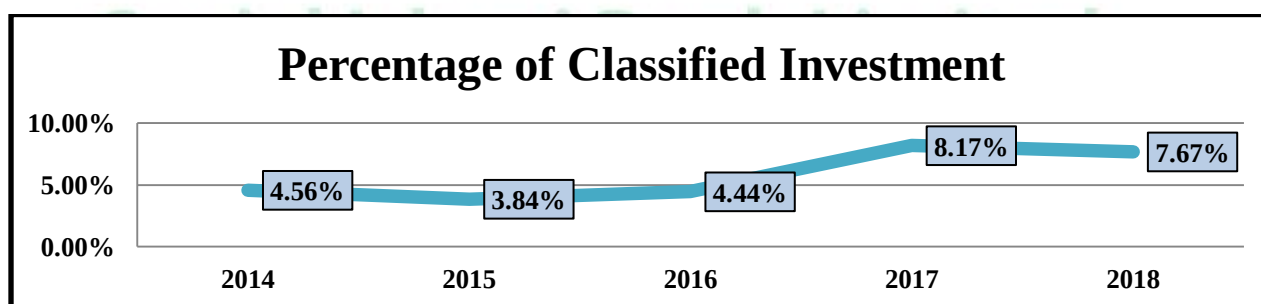


Figure 6.28: Percentage of Classified Investment.

Interpretation:

The graph shows that the percentage of Total Investment. The Classified investment is growing year by year. However the Classified Investment in 2018 has been decreased by 7.67%.

7.6 Unclassified Investment as a Percentage of Total Investment:

Year	2014	2015	2016	2017	2018
Unclassified Investment (in MilloinTk)	102980	128969	166512	188307	215690
Total Investment (in MilloinTk)	107900	134117	174196	210045	238654
Unclassified Investment as a Percentage of Total Investment	95.44%	96.16%	95.59%	89.65%	90.38%

Table 6.16: Year Wise Unclassified Investment as a Percentage of Total Investment
Source: Annual Report of SIBL 2018

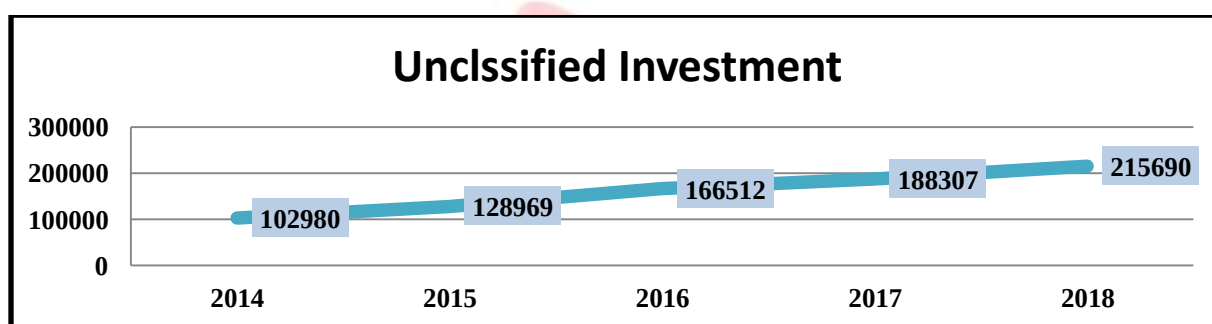


Figure 6.29: Amount of Unclassified Investment.

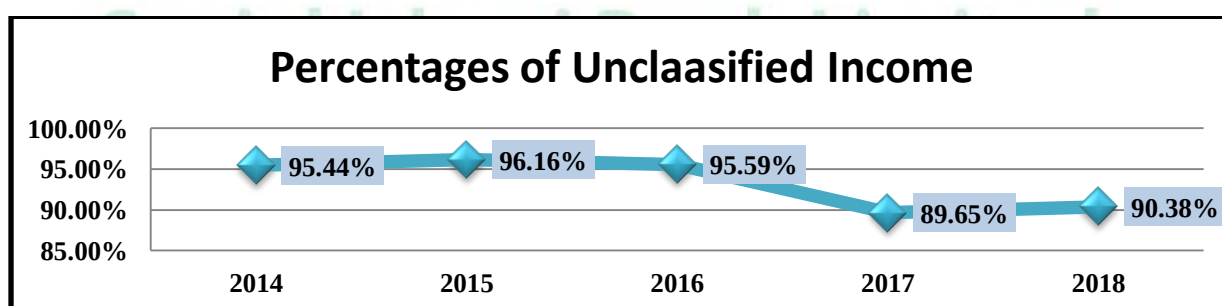


Figure 6.30: Percentage of Unclassified Investment.

Interpretation:

The graph shows that the unclassified Investment percentage was raised and felled over the year. It was increased from 95.44% in 2014 to 95.59% in 2016 but it was decreased to 89.65% in 2017 and also increased to 90.38% in 2018.

7.7 Classification of Classified Investment:

Year	2014	2015	2016	2017	2018
Sub Standard	308	640	313	1805	645
Doubtful	1763	92	1354	1419	738
Bad & Loss	2818	4415	6017	13939	16914

Table 6.17: Classification of classified loan (2014-2018)

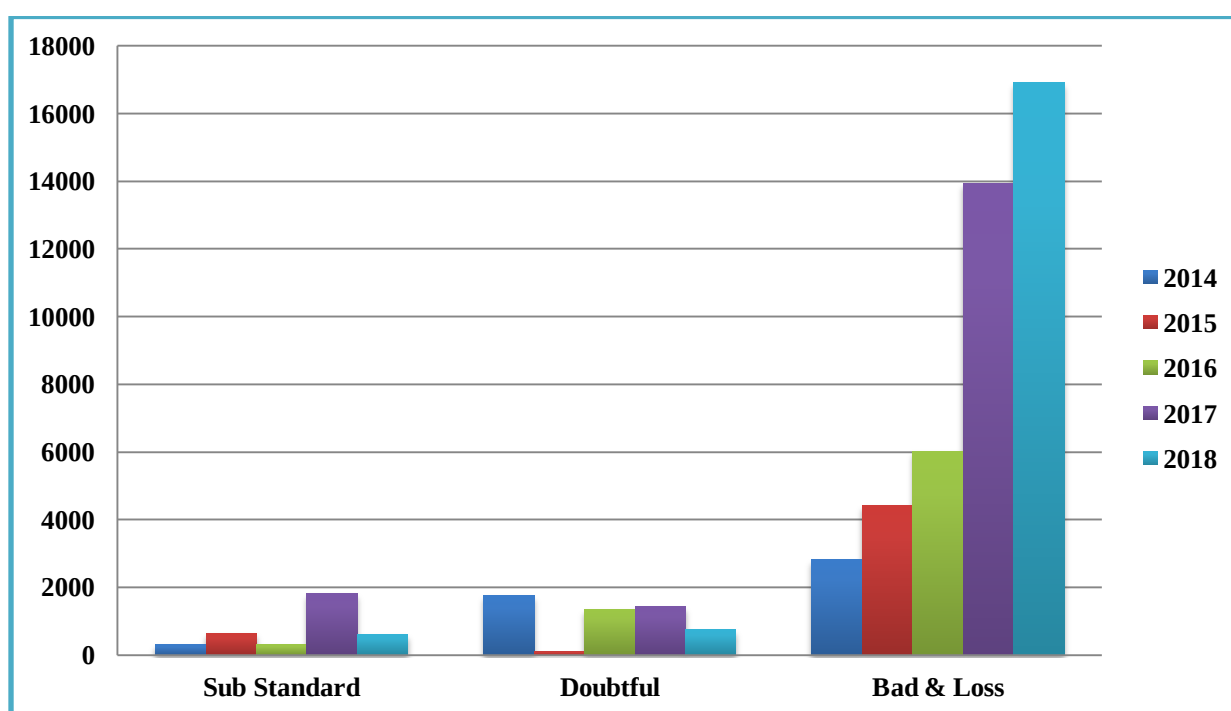


Figure: 6.31: Classification of Investment

Interpretation:

The graph shows that the most important segment of classified investment was in “bad & loss” investment group in contrast to other categories of classified investment. Sub standard and Doubtful investment was rising and falling over times.

7.8 Provision for Classified Investment:

Year	2014	2015	2016	2017	2018
Provision for Classified investment	1579	1673	1765	3472	6397

Table 6.18: Provision for classified loan (2014-2018)

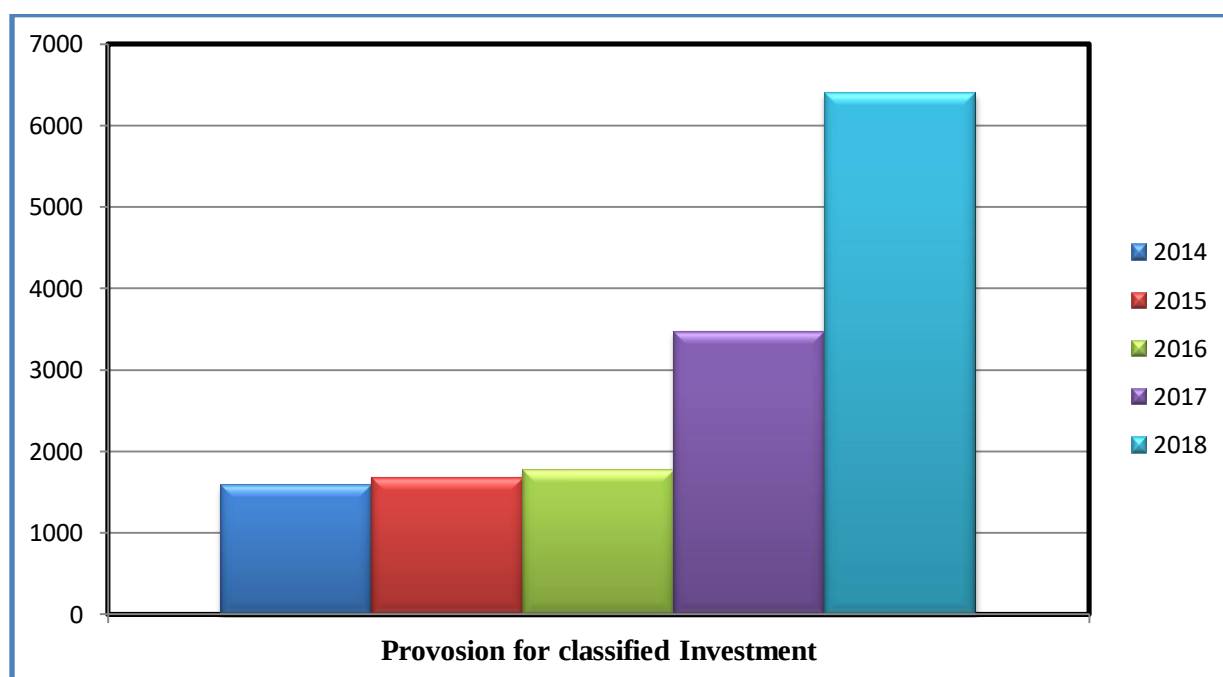


Figure: 6.32: Provision for classification of Investment

Interpretation:

The graph shows that the provision for classified investment has been increased from TK 1579 million in 2014 to TK 6397 Million in 2018. It signifies a bad performance for administration of SIBL.

Chapter 8

Findings, Recommendations and Conclusion

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8 Findings, Recommendations and Conclusion:

8.1 Finding:

Findings are the origin of 90 days Internship program past research and realistic experience; the subsequent findings are exploratory during the Internship time frame.

8.1.1 Specific Findings:

- ▶ Investment position of SIBL is increasing. The bank situated in commercial area that's why it's commercial investment is very high in every mode.
- ▶ SIBL has strong position in Export-Import Business. At present 19 branches is Authorized Dealer where the client can directly do International Trade Business without prior approval of regularity authority of Bangladesh bank. Last Year total Import was TK 413 Crore and Total Export was TK 361 Crore.
- ▶ Moulvibzar Branch has Export, Import and Remittance facilities. An export achievement in last year of this bank is higher than previous year.
- ▶ The Amount of Deposit in increasing year by year. In 2014 deposit amount was TK 124535 Million and 2018 deposit amount was TK 230439 Million. However the growth of deposit was fluctuated year by year. In 2017 it was 20% and in 2018 it decreased by 9%.
- ▶ Investment amount is expanding year by year. In 2014 investment amount was TK 107900 Million and in 2018 investment amount was TK 238654 Million. In 2014 deposit amount was TK 124353 Million and 2018 deposit amount was TK 230439 Million. However the growth of Deposit was fluctuated year by year.
- ▶ The Investment Department doesn't execute better than the General Banking Department.

8.1.2 General Findings:

- ▶ Banks employees are very friendly and helpful for the overcrowded customer traffic with bank employees doesn't supply their top service to their client.
- ▶ Clients have some criticize about this branch, such as:
 - a) Working Environment.
 - b) Unsatisfactory Manpower.
- ▶ ATM Banking services of this Bank is insufficient.
- ▶ Online Banking services of this branch are not customary.
- ▶ The decoration of this branch is old formed.
- ▶ Corporate & Investment Banking is not willingly available from Bangladesh Bank.
- ▶ Number of Branches are insufficient, SIBL should increase branch more.
- ▶ Insufficient training program for the employees.
- ▶ In Recruitment & Selection process SIBL doesn't use Modern Technology, Old Method is using for selection till today.
- ▶ Transfer and promotion development is sensible yet the promotion isn't more rapidly.

- ▶ Loan services at SIBL's employees are exceptionally appealing.
- ▶ Salary structure of SIBL is suitable contrasting with other Islamic Bank; the pension policy and the payment of pension to the employees are very reasonable and visible.
- ▶ Most of the policies are backdated. Only the authority has right to amend the policy but protect the old policy.
- ▶ Sometimes Islamic Shariah & Principles are not properly followed in Investment.
- ▶ There are some misconceptions among the clients that Islami Bank takes interest indirectly on Investment.
- ▶ There is a lack of appropriate advertisement for different investment scheme of the bank.
- ▶ The contribution of this bank in industrial working capital is very extraordinary but in Micro Credit Investment, the contribution is not so much considerable.
- ▶ The Moulvibazar Branch is doing Business here in Moulvibazar since last 21 years; they are in the position of Maturity as in the product life scale stage. So the profit rate is decreasing in comparison with the last stage.

8.2 Recommendation:

It is unforeseen in any organization, there are numeric problems. I have found some problem of investment section of SIBL. To solve these problems, I can suggest following recommendations:

- ▶ Bank should clear up The Misconception about Islamic Banking system among the people by making them understand the distinction between Profit and Interest.
- ▶ Bank should increase their foreign trade business to boost up their profit as the non funded income directly in order to increase their income.
- ▶ Bank should try to increase the Quard Investment and needs to take some steps to develop their position.
- ▶ In opening an investment account, customer facing some employ harassments it should be valid, because satisfies of clients.
- ▶ SIBL should advertise more to focus upon them to increase the profitability of The Bank.
- ▶ SIBL should follow Islamic Shariah rigorously in every operation.
- ▶ SIBL can contribute more in Micro credit investment sector.
- ▶ SIBL can advertise more investment product and they should take some promotional activities to raise customer consciousness.
- ▶ When more clients come on one desk, another employee should be handling to the overcrowded customer.
- ▶ Bank should provide loan while judging the client properly and should take necessary steps to reduce the default client list.
- ▶ The customer should be monitored properly to guarantee the right use of fund for specific purpose to reduce the classified investment.

- ▶ The investment of SIBL has increased over the year. Bank should try to maintain and improve this trend of investment by giving concentrating on the recovery modes of Investment, by establishing recovery unit and recovery monitoring team.
- ▶ SIBL should hold great communication to the current client to pay installment in time.
- ▶ SIBL should create efficient and fast processing system so that customer can get their loan on time.
- ▶ Provision for classified investment need to be increased over the years. Management should be more concern about the amount of provision for classified investment for the future.
- ▶ Bank need to improve partnership with company and venture in order to make Musharaka more efficient.
- ▶ SIBL should develop their Mobile Banking and Online Banking facilities.
- ▶ ATM service should be increased within short time.
- ▶ Bank should recruit skilled & well qualified employees.
- ▶ SIBL should increased salary structure to appoint skilled manpower so that they can provide more innovative and modern customer services.
- ▶ SIBL should ensure stable dividend & high level customer services.
- ▶ More meeting, seminar, conference and get-together should be organized by the Branches in order to develop the awareness among the clients of the Bank about Islamic Banking Its advantages.

8.3 Conclusion:

At present Banking service is very competitive and banking associations are most significant components of an economy. At the present time Banks offer different kind of services for Individuals, companies, different firms for cultivations. Banks offer an extraordinary accretion of advances individual and Business intention.

Social Islami Bank Limited is the bank of second-generation. It is focused on providing premium monetary product and service in order to the extending the nation by inspiring exchange and trade, quickening the rate of industrialization, boosting export, creating jobs for workers, for trained young people, eradicating dearth, improving the standard of life of limited income community and in general maintainable financial progress of the motherland. This is not so distant when it will be in an exceedingly arrangement with the purpose of beat the present requirements and it is going to be estimated that these banks will eligible to assume a substantial position within the assortment of the maturity financing by setting up a set of connections across the nation-state and by boosting recourses.

Banking Business fundamentally depends on effecting lending in order to succeed. Fewer amounts of loan defaults, the supplementary the incomes are from credit tasks and the more the earnings from credit tasks, the more the Social Islami Bank Ltd's return is and at this point sets the credit financing achievement.

The study is based on the analysis with particular regard to the deposits, investments, overdue, recovery, profitability, and liquidity. The analysis exposes that the investment of SIBL is sound and it can progress day by day. SIBL's capital sufficiency, deposits, reserves, earning per share, export, import and remittance are escalating.

The Investment mechanism of SIBL and Conventional banks is different but the practice is all most the matching. Conventional Banks accommodate money and loans and advance but Islamic Bank like SIBL deals with selling and purchasing the products. SIBL is a sort of a selling and purchasing agent. Mode of investment of conventional, like Cash Credit (CC), Hire Purchase, and Call Money investment is fully different. Islamic Bank like SIBL never provides cash to the clients and call money investment. The so-called general principle of Hire Purchase is not acceptable as per Islamic Shariah. As a result SIBL follows the Hire Purchase under Sirkatul Meelk (HPSM) rather than Hire Purchase. Proprietor is progressively transferred to the customer after compensation of every installment within the HPSM system but it's fully ignored under the normal Hire Purchase system. SIBL doesn't investment money within the call market due to the breach of Islamic Shariah. So, the Investment mechanism of Islamic Bank like SIBL differs from that of conventional banks.

In conclusion, it might be said that, an equivalent management of the banks in Bangladesh is being pursue by the Bangladesh Bank for all banks including the Islamic Bank. In some cases, the Bangladesh Bank has given the Islamic banks certain exceptional terms. Nonetheless, the authoritarian and managerial strategies for the Islamic Banks and Non-Bank Islamic Financial Institutions should be developed for the elegant maturity and function of the Islamic Bank. Islamic Banks can provide the state with professional financial administrations in the event that they're upheld by legitimate banking laws, and policy.

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03. Manual & Document of SIBL