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**An Analysis of the Investment Operations of First Security
Islami Bank Limited**



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**An Analysis of the Investment Operations of First Security
Islami Bank Limited**

Submitted to

Professor Mohammed Masum Iqbal, PhD
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Prepared By

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Major in Finance

Bachelor of Business Administration
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Letter of Transmittal

21th January, 2019

Professor Mohammed Masum Iqbal, PhD
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Subject: Submission of Internship Report on “An Analysis of the Investment Operations of First Security Islami Bank Limited”.

Dear Sir,

Enclosed is my report entitled the “**An Analysis of the Investment Operations of First Security Islami Bank Limited**”. This report includes the overview of First Security Islami Bank Limited and especially the investment activities of this bank. It was written based on my experience that I have gathered by working as intern for one month. Upon faculty review, the original copy of the report is submitting to you. I appreciate the time that you have devoted to me.

Sincerely,

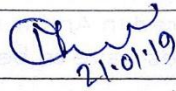
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Certificate of Approval

This is certify that **Urddop Kumar Kundu** bearing, **ID No. 152-11-4721, BBA (Finance)**, is a regular student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at First Security Islami Bank Limited and has prepared this internship under my direct supervision. His assigned topic is “**An Analysis of the Investment Operations of First Security Islami Bank Limited**”. I think that the report is worthy of fulfilling the partial requirements of BBA program.

I wish his every success in life.


21.01.19

.....
Professor Mohammed Masum Iqbal, PhD
Department of Business Administration
Faculty of Business and Entrepreneurship
Daffodil International University

Acknowledgment

I would like to thank to almighty Allah for the completion of my report and I would also like to express my profound gratitude to Daffodil International University for including internship program as a three credit course which have given me a chance to work in an organization and have the employment experience.

My sincere gratitude to the HR of FSIBL for allowing me to complete my internship program in their organization. I am thankful to Mohd. Abul Kashem- Vice President and Head of HRD, Jalal Uddin-Investment Head and all the other employees to give me enough time from their busy schedule of work and helping me to do my work properly.

Lastly, I would like to thank Professor Dr. Mohammed Masum Iqbal,(Advisor) and Internship Coordinator of Daffodil International University for their valuable instructions and guidance during the Internship program.



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1.1 Introduction

At present, the saving money part in rising and assuming a critical job in our economy. We have to depict 'Bank' before going to make shyness' between Islamic keeping money frameworks with regular saving money framework. Along these lines, in the nutshell it tends to be characterized as a monetary guidance which gather stores from the overabundance unit and make Investment to lack unit. In this procedure banks salary is the restraint between the arrival and saved rate. This nature of wage may have two composes, Interest Income: it is the acquiring of ordinary bank following the arrangement of premium salary is prefixed and not permitted to plus or minus as per the Islamic framework. Specify that it is the wellspring of misuse. Benefit: it is the procuring of "Islamic Bank" following the Islamic framework. Benefit created from purchasing and offering process which has been made halal in Islam. As indicated by the Islamic Shari'ah intrigue is entirely disallowed. Since Islamic bank is led in view of benefit and misfortune sharing methodology instead of premium premise, it is has greater agreeableness to the Muslim humanity. Be that as it may, fundamental guideline if Islamic saving money being PLS (benefit misfortune shearing framework) - based Shari'ah (Islamic standards) financing and in this manner having been presented to loan fee hazard. Since the majority of the Investment of Islamic bank are on Bai-mode. In this mode, bank pitch indicated merchandise to the Client on cost in addition to settled upon benefit inside the settled period, the Islamic bank can't force or understand extra sum as pay of the bank. Be that as it may, the ordinary banks can keep on charging premium or even they can change and acknowledge correctional enthusiasm as salary of the bank. In this manner regular keeping money framework which is based prefixed financing cost is presented to less loan cost chance. So how Islamic managing an account frameworks can give advances and advances gainfully and make do with their enormous financing cost hazard in the industrialist economy. That is the reason my point of the report is to distinguish the essential contrasts between the Islamic and regular managing an account framework.

1.2 Origin of the Study

The report has been prepared as the requirement of the internship program. I have prepared this report on the basis of my one month practical working experience and under supervision of Professor Dr. Mohammed Masum Iqbal of Daffodil International University. My internship topic is “**An Analysis of the Investment Operations of First Security Islami Bank Limited**”.

1.3 Objectivity of the Study

The study has been carried out with the following objectives;

- To identify different investment services of First Security Islami Bank Limited;
- To analyze investment process of First Security Islami Bank Limited;
- To evaluate the performance of the investment operations of the First Security Islami Bank Limited from year 2013 to year 2017;
- To find out the problems related to investment operations of the First Security Islami Bank Limited;
- To make recommendations to solve the problems;

1.4 Methodology

The methodology of the report includes direct observation, oral communication with the employees of all departments, survey's, study reports and other research techniques and could be include both present and historical dates. Therefor it includes both primary and secondary data's.

Primary data was,

- ❖ Face to face communication
- ❖ Oral interview of employees
- ❖ Observing the rules and activities of the bank
- ❖ In-profundity investigation of chose cases.

Secondary data was,

- ❖ Internet
- ❖ Website of FSIBL
- ❖ Internal report
- ❖ Some articles

1.5 Scope of the Study

This report is the outcome of my practical knowledge during the period of the one month internship at FSIBL. The study covered in banking areas are:

- Investment Department (Loans and advance of investment)
- General banking Department (Account opening, Account, Remittance)
- Foreign Exchange Department (Import, Export, Remittance)

1.6 Limitations of the Study:

- There is a troublesome issue to gather adequate data from the bank. Many expected information I have neglected to gather. In this way, absence of adequate information is one of the enormous issues amid my paper composing.
- All employees are so busy that they cannot help me properly about the whole banking system. So there is no constructive suggestion of bank employees that I have achieved and comprised in the report.
- Lack of available publication data's.
- Most of the fundamental information are classified for the bank. So there is need if essential information.
- Employee's assistance to get data as well as to get many answers was poor. So there is limitation in the regard that has obstructed me to make this report perfect.

CHAPTER-2

Overview of First Security Islami Bank Limited (FSIBL)

2.1 Historical Profile of FSIBL:

The First Security is a national Banking sector which was incorporated on the 29th August, 1999 as a Banking company under the companies Act 1994 to carry on the banking Business. It obtained permission from Bangladesh Bank in 22nd September to commence its Business. It has started its Activities as a commercial bank on 25th October, 1999 with a branch at Dilkusha.

At present the bank have more than 130 branches all over Bangladesh. It renders all types of commercial banking service to the customers within the stipulations laid down the Banking Company Act 1991 and rules and regulation are being compromised by the Bangladesh Bank time to time. Diversification of products and service and innovation of products suited to the needs of the customers in keeping with relevant rules and laws have made it different from other commercial banks of the country. In 2009, 1st January they change their system and converted into Islamic banking. They also change the name and the new name was “First Security Islami Bank Limited. Corporate Banking and personal Banking are the special strength of FSIBL. It maintains a strong relationship with all the banks of the country and all the customers of the bank. The first security Islami bank LTD is a concrete, forward looking and modern local bank with a view to ensure sound performance. The effort that the first security Islami bank LTD is trying to portray the bank as a brand image as very strong and successful. The general image is that it is the “Symbol of Security”.

In 1999 the authorized capital of bank was BDT 1800 billion and paid capital BDT 200 million. By the end of 2010 the paid up capital was BDT 1000,000,000. The consent of IPO was 4th June 2011. The bank entered Initial Public Offering (IPO) on July 20th, 2011.

2.1.1 Mission of the Bank:

To be a provider of high quality product and service to its potential markets. With a view to achieving commercial objective of the bank, their sincere and all efforts stay put unabated. Respected Clint is attracted to them for their transparency, accountability, social commitments and high quality of clientele services.

2.1.2 Vision of the Bank

The vision of the first security Islami bank is to be the most efficient bank in term of the customer service, probability and technology application.

2.1.3 Corporate Culture

FSIBL is a standout amongst the most taught manages an account with a particular corporate culture. In this bank, it puts stock in shared importance, shared understanding and shared sense making. The general population of the bank can see and comprehend occasions, exercises, articles and circumstance unmistakably. The general population of the bank consider themselves to be a tight sew group/family that trusts in cooperating for development. The corporate culture they have a place has not been forced. It has rather been accomplish through their corporate culture.

2.1.4 Objectives of FSIBL

The essential objectives of setting up Islamic banks everywhere throughout the world is to advance, encourage and build up the application if Islamic standards in a business segment. Its Adjectives are not quite the same as regular saving money are takes after:

- ✓ Conducting interest-free banking.
- ✓ Establishing participatory banking instant of banking on detour.
- ✓ Creditor Relationship
- ✓ Investing through different modes permitted under Islami Sharish.
- ✓ Accepting deposits in profit- loss sharing basis.
- ✓ Establishing welfare oriented banking system.
- ✓ Extending co-Activities to the poor, the helpless and the low-income.
- ✓ Group for their economic enlistment.
- ✓ Playing a pivotal role in human development and employment generation.

2.1.5 Organizational Hierarchy:

Chairman
Co- Chairman
Director
Managing Director (MD)
Deputy Managing Director (DMD)
Senior Executive Vice President (SEVP)
Senior Vice President (SEVP)
Vice President (VP)
Senior Assistant Vice President (SAVP)
Fast Assistant Vice President (FAVP)
Senior Principle Officer (SPO)
Principle Officer (PO)
Senior Officer (SO)
Officer
Probationary Officer
Assistant Officer
Trainee Officer
Computer Operator and Sub-staff

2.1.6 Deposits Mobilization in FSIBL (Islamic Bank)

Like premium based ordinary banks, the fundamental capacity of Islamic banks is to assemble sparing and give monetary help to the business people. However there are reference in methods connected during the time spent sparing preparation and financing Investment by the two keeping money framework. Investors get enthusiasm for a foreordained quiet for their stores with a premium based keeping money. So also, the financial specialists are a foreordained rate important to the bank. The system hence include each Hal each accomplice in the exchange procedure with the component of intrigue. Islamic bank, then again, neither pays nor skives enthusiasm from any of its exchange in this manner sparing everyone from the curse "if premium.

1. Al Wadeeah Account
2. Mudarabah Account

2.1 Mudaradah Savings account
2.2 Mudaradah Savings Bond
2.3 Mudaradah special Scheme
2.4 Mudaradah Term Deposit Receipt
2.5 Mudaradah monthly profit distribution Scheme
2.6 Mudaradah Short notice Account

2.2 Source of Funds

The money related asset of the Islamic banks comprises of unique capital assets including paid-up capital and saves and assets ascended through getting from the central bank and different banks as indicated by the Islamic Shari'ah, and issue of Islamic budgetary instrument. The real piece of their activities subsidize is, be that as it may, got from the distinctive classifications of stores acknowledged on Islamic standards of AL-Wadiah and Mudaraba. For simplicity of understanding we call these two sources as 'Essential' and 'auxiliary'. These are examined as under.

3.1 The Investment Operations OF FSIBL

Islamic Banks accentuation on real (Halal) business. Islamic bank does not invest resources into advances and settled premium securities. It can invest resources into common offer just while premium based bank can invest resources into advances and various types of securities. FSIBL builds up and takes an interest in Investment with its customer as an accomplice and bears the hazard alongside the customer on a proportionate premise. At last, the idea of FSIBL is to build up on populist society in view of principals of social equity and value. We have accumulated the way that Investment administration is the subject of FSIBL. The banks take stores and contribute the same in view of the benefit misfortune sharing. Bank goes for the Investment principally which are long haul and gainful in nature. FSIBL likewise give high fixation on the Investment that will create greater business. As Investment a standout amongst the most need regions for the FSIBL, so it needs to careful in Investment choices. To guarantee appropriate Investment FSIBL dependably run with top to bottom investigation before making an investment. So in the following stage we will exhibit the manner in which FSIBL oversee Investment.

3.2 Objective and Theoretical Aspect of Investment Operations

The Objective and theoretical aspect of investment Activities of FSIBL are to inept fending strictly in accordance with the principles of Islamic Shari'ah and those are:

- To get rid of dissimilarity and build up equity in exchange, trade and Industry.
- To assorted variety its Investment portfolio by size of Investment portfolio by divisions, by financial reason, by securities and by topographical zone including modern, business and agribusiness.
- To guarantee common advantages both of the bank and the Investment customer by proficient evaluation of Investment recommendations, prudent endorse of Investment, close and steady supervision and observing thereof.
- To make Investment keeping the financial necessity of the nation in see.
- To increment the quantity of potential financial specialists by making participatory and gainful Investment.
- Employment generation with a view to precise maintainable financial development and up liftmen of the general public.

- To avoid even very productive interest in the fields prohibited under Islamic Shari'ah and are destructive for society.
- The bank expands Investment under the guideline of Bai-Murabaha, Bai-Muazzal, and Hire Purchase under Shirkatul melk and Maskaraka. The bank is trying true endeavors to go for the back different advancement plan of destitution lightening, pay and Investment under Mudaraba guideline in not so distant future.
- To put resources into type of good and products as opposed to give out cold hard cash to the Investment customers.
- To add to social up liftmen, and maintained financial development of the nation.
- Investment to exchange, business, industry, outside exchange, little scale industry, transportation, benefit area.

3.3 Investment Mechanism of FSIBL

The extraordinary component of the Investment of the Islamic bank in to contribute in profit-loss shearing framework as per the fundamentals and standards of Islamic Shari'ah. Procuring of the benefit isn't the main thought processes and goal of the Islamic Banks Investment strategy rather accentuation is given in achieving social great and in making business openings.

FSIBL investment Mechanism mode is divided in three parts and those are described below:

3.3.1. Profit & Loss Sharing Mode:

Profit and loss sharing mode mainly related to FSIBL investment department. It is a major part of the bank. The marked up profit may be fixed in lump sum or in Percentage of the cost price of the goods. This mode is categorized into two different systems and those are:

- A) Mudrarba:** It is a type of association where one party gives the assets while alternate gives the mastery and administration. The principal party is called Sahib-Al-Maal and the letter is alluded to as the Mudarib. Any benefit collected are shared between on a pre-concurred premise, while capital misfortune id only borne by the accomplice giving the capital.

Important Feature:

- Bank supplies capital as Sahib-Al-Mall and the customer contribute if the business with his experience.
- Administration and Management is kept up by the customer.
- Profit is isolated according to administration.
- Banks bears the real misfortune alone.
- Client can take another Investment for the particular business without the consent of the bank.

B) Musharaka: an Islamic money related strategies that embraces "value Sharing" as methods for financing Investments. Therefore, it grasps distinctive kinds of profit and loss sharing organization. The accomplices share both capital and administration of the undertaking with the goal that benefits will be conveyed among them according to apportions, where misfortune is shared by proportions of the value cooperation.

Important Feature:

- The Investment customer will typically run and deal with the business.
- The bank will participate in the approach and basic leadership and additionally managing the exercises of the matter of the customer.
- As the Investment customer will deal with the endeavour, the bank may pay more share of the benefit to him than that of his proportionate capital commitment.
- Loss, assuming any, will be shared based on capital proportion.

3.3.2. Bai Mode (Buying and selling)

Bai mode mainly related to buying and selling. The terms "Bai" have been derived from Arabic words and the word mean purchase and sale. Bai means sale for which payment is made at a future fixed date or within a fixed period. In short, it is a sale on credit. This mode has three different criteria and those are discussed below:

A) Bai-Murabaha: The word Bai implies buy and deals and the word Murabaha implies a settled upon benefit. Bai-Murabaha might be characterized as an agreement between a purchaser and merchant under which a vender pitches an item to the purchaser at an

expense in addition to concurred benefit payable in real money or on any settled future date I singular amount or by portions. The dealer may likewise offer products bought by him according to request and detail of the purchaser.

B) Bai-Muajjai: Bai-Muajjai might be characterized as an agreement between a purchaser and vender which under the dealer offers a specific particular merchandise, to the purchaser at a concurred settled costs payable at certain settled future date in single amount or inside a settled period or settled portions. The dealer may likewise offer the products obtained but him according to request and details of the purchaser.

C) Bai-salam: Under this mode Bank will execute buy contract with the customer and make instalment picks up buy of the item, which is under of generation. Bai-salam contract will be executed in the wake of making any Investment indicating value, quality, amount, time, place, and hub of conveyance. The benefit is to be arranged. In this mode the instalment as the cost of the products is set aside a few minutes of understanding and the conveyance of the merchandise is conceded.

3.3.3 Rent Sharing Mode

The term Rent Sharing Mode has been derived from the Arabic words Ajr and ujrât which means consideration, return, wages or rent. This is really the exchange value or consideration, return, wages, rent of the service of an asset. Rant sharing mode has two categories and those are given below:

A) Hire Purchase/Ijarah: The term Ijarah got from Arabic words Air and Ujrât which implies thought, return, wages or lease. This is truly trade esteem or thought, return, compensation, lease of administration of an Asset. Ijarah has been characterized as an agreement between two gatherings, the contract and Hirer where the hirer appreciates or receives a particular administration on reward under particular thought or lease from the benefit claimed by the Hirer. It is a contract assertion under which a specific resource is employed out by the contract to the Hirer against settled lease or rentals for a particular periods.

Hire Purchase under Sirkatul Meelk: under this mode bank may supply actualizes/equipment/merchandise on rental premise. The proprietor of the actualizes/equipment/products will be with the bank and customer mutually and the bit of

the customer will stay to the bank as home loan until the point that the conclusion of the Investment account, at the customer will be approved to process the gear for certain period. The customer, after consummation of the portions, will be possessed of the executes/equipment/products.

Meaning and definition

Hire purchase under Shirkatul Melk is Special type of contract which has been developed through practice. Actually, it is a synthesis of three contracts:

- Shirkat
- Ijarah
- Sale

Shirkatul Melk: Shirkat implies organization. Shirkatul Melk implies share in proprietorship. Whenever at least two people supply value, buy an advantage, possess the same together and offer the advantage according to understanding and bear the misfortune in extent to their separate value, the agreement is called Shirkatul Melk.

Ijarah: Ijarah got from Arabic words Air and Ujrat which implies thought, return, wages or lease. This is truly trade esteem or thought, return, compensation, lease of administration of an Asset.

3.4 Investment Scenario (Sector Investment) of FSIBL

The unique element of the Investment strategy or the FASBL is to contribute based on profit and loss sharing framework in understanding to the fundamentals and standards of Islamic Shari'sh. Winning benefit isn't the main thought process and target of the Bank's Investment Policy rather accentuation is given in accomplishing social great and making business go getters.

They have a diversified investment portfolio of size, sector, geographical area, economic purpose and securities to bring in phases all sectors of economic and all type of economic group of the society with in the bank's investment activities.

3.5 Loan and Advance in FSIBL

The making of loan and advances has always been a prominent and profitable function of conventional banks. Conventional banks deal with the money from the depositors repayable on demand. Advance in FSIBL are made in different form as loans, overdrafts and cash credits.

3.5.1 Loans:

At the point when a development is made in a singular amount repayable either at that point in settled regularly scheduled payments or bumps and no resulting charge is normal permitted expect by method for intrigue, accidental charge and so on., it's known as a credit. Advances are regularly permitted to those gatherings who have settled wellsprings of salary or want to pay it in singular amount.

Term loan:

Term loan is determined on basis of periods. These loans are provided in different sectors economic.

1. Short term Loans (From 1 to 3 years)
2. Midterm Loans (From 3 to 5 years)
3. Long term Loans (Above 5 years)

Type of term Loans:

A) Consumer Finance Loan:

CFS is offered to the fixed income group to finance purchase of consumer's durable to raise their standard of living. Loan is given for purchase TV, refrigerator, Air-conditioner, Washing machine, movie camera, Computer accessories, Furniture, Kitchen items, Telephones, Vehicles. Loan is given to Government, Semi- government & autonomous bodies, Banks insurance and finance institutions, professionals like doctor , CA, lawyers, Teachers etc., officers of reputed private organizations & MNC having corporate structure, firms and corporate bodies.

B) Hire Purchased Scheme:

The component of contract buy that more often than not the stores has been paid and whatever remains of the buy are spread over a time of half year, 2 years or some of the time much more, the article being viewed as the property of the bank asphalt has been made. Contract buy ordinarily permitted to those people who have either settled wellspring of salary or want to pay it in Lump-aggregate.

Terms and Conditions:

- 1) The purchase item will be covered by the first party comprehensive insurance plan throughout the period and premiere for the policy of each year will be borne by the client.
- 2) Detail feasibility report containing marketing, financial, technical, socio-economic aspect showing detailed break- up of the project cost and other usual financial analysis duty supported by its assumption.

3.5.2 Overdraft:

The overdraft is a sort of development dependably permitted on current record worked upon by checks. The clients is authorized a specific farthest point whereupon, he can overdraw his present record with a stipulated period. Here withdrawals or stores can be made any number of times at the comfort of the borrower, gave the aggregate sum overdrawn does not, whenever, surpass the settled upon confine. Intrigue is computed and charged just on the real charge balance on day by day item premise. Therefore the borrower for this situation can spare enthusiasm by decreasing the charge balance.

Types of Overdraft:

1) O.D. against Pledge goods:

It may be extended to the borrowers against pledge of raw materials or finished goods as security. It is given according to the rules margin restriction fixed by the Bangladesh Bank and FSIBL. The customer has to sign a duly stamped letter where the party

surrendered the possession of the good to the custody of the bank.

2) O.D. against Hypothecation of goods:

Credit facility is provides to the borrower by signing a letter of hypothecation creating a charge against the raw material or finished goods. It is kept to the bank as a primary security against the advance. Here both the ownership and physical possession is kept to the bank. Bank has all the right over the goods hypothecated.

Temporary Overdraft:

Sometimes in current accounts overdraft is allowed to honor an important cheque without any prior arrangement thereof such facility by the bank to a first class party for a short period is called temporary Overdraft. In an overdraft account the balance may fluctuate day by day. It may increase by drawing of cheques by the customer and may decrease by payment into the account. It is essential that a letter of continuity must be obtained in the case of overdraft account.

3.5.3 Cash Credit:

Money credit is the most loved method of acquiring by merchants, industrialists and agriculturist and so on for meeting their working capital prerequisites. This sort of office is dependably against vow of products, create and stock. Money credit is something permitted against the hypothecation of merchandise. In an assembling organization, whose load of crude materials and assembling products always vacillate, it's troublesome for bank to control such change; so hypothecation offices are permitted to them. The same is valid for all the little exchanges and industrialists who can't offer their stock for promise however can just hypothecate their stocks in their shops and so forth for this situation the proprietorship and ownership of the merchandise stay with the borrower in spite of the fact that by prudence if the hypothecation assertion, the bank ownership of the products if the borrower defaults.

Trade credit out its sense is against vow of products. It is a different record by its self and, is keeping up a different record. What's more, products record, go down record, go down key record, go down file card, and so on are additionally kept up. Conveyances of products are made on the quality of conveyance arrange issued by the banks and, merchandise are gotten through merchandise receipt kept by the borrower.

It is a worked upon like an overdraft account.

3.5.4 Other loans:

1. Secured overdraft (SOD) general:

Advance allowed to individual/firms against financial obligations i.e. lien insurance policy/shares etc. fall under this head. This may or may not be a continuous credit.

2. Secured overdraft (SOD) FO:

Loan is given against FDR, Share, Debenture, MSS, MBSS, DBSS etc., are fixed securities.

3. Secured overdraft (SOD) others:

Advance allowed against assignment of the work order for execution of contractual work fall under this head. It is not a continuous credit.

4. CC. (Pledge):

Financial accommodation to the industries/firms for trading, as well s wholesaler to the industries a working capital against pledge of goods as a primary security all under this head of advance. This type of facility is more freely granted by the banks than any other advance.

5. CC (Hypo)

Advance is allowed against hypothecation of goods. It is called cash credit. All are the same but in case of CC (Hypo) the ownership & possession of goods remain with the borrower.

6. Bank Guarantee:

Through a bank guarantee importers make payments to the exporters. If the importer fails to make payment to the exporter then the bank remains liable for the payment. In this case bank has to pay the exporter. For this type of guarantee, client has to give interest quarterly.

7. Bid Bond:

This type of guarantee is required in case of tender placing. Generally margin for bid bond is 10%

8. Performance Guarantee:

When a party got the tender, then the party required guarantee from the bank to run their normal trading.

9. Advance payment Guarantee (APG):

When a party is paid a certain amount to finish a tender work then the banks gives an APG that an assurance that the bank will be liable in case of any miss-happening.

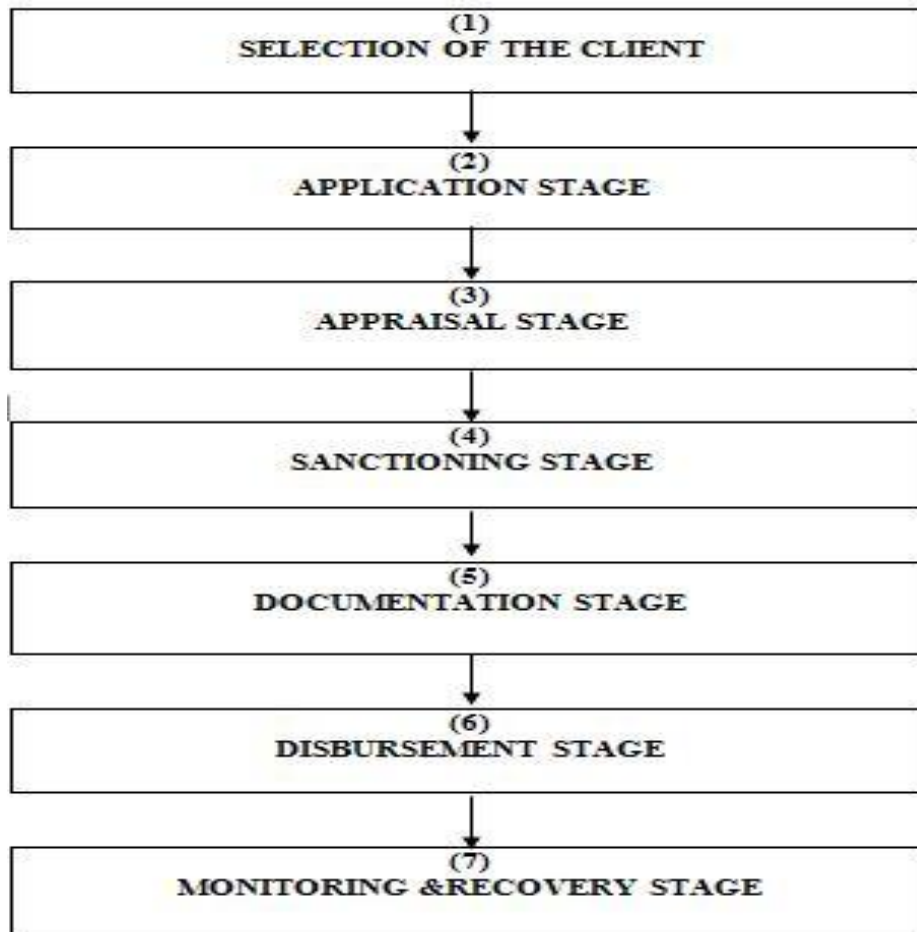
10. Shipping Guarantee

When the goods arrived before the papers then the bank gives shipping guarantee. After arriving the papers the guarantee is returned.

11. Custom Guarantee

It arises when code number of the goods is not matched with the code number of the customs then it is needed. Here 100% margin or collateral is needed.

settles on its Investment choice through effectively passing the accompanying significant advances:



(1) Selection of the client

Here, Investment taker (customer) ways to deal with FSIBL, Shyamoli Ring Road Branch. At that point, he converses with the director or individual officer (Investment). Furthermore, bank thinks about five C's of the customer. After effective culmination of the dialog between the customer and the bank, bank chooses the customer for its proposed Investment. It is to be noticed that the customer/client must concur with the bank's standards and controls before benefiting Investment. By and large, bank investigations the accompanying five C's of the customer:

- Character;
- Capacity;

- Capital;
- Collateral; and

(2) Application stage

At this stage, the bank will gather fundamental data about the forthcoming customer. Hence, bank educates the forthcoming customer to give or potentially fill properly particular data which is urgent for the commencement of Investment proposition. For the most part, here, all the required reports for taking Investment need to get ready by the customer himself. Records that are fundamental for getting Investment of FSIBL, Shyamoli Ring Road Branch are recommended beneath:

- Trade License photocopy (for proprietorship);
- Abridged pro forma income statement;
- Attested copy of organization deed (for partnership business);
- Prior three (03) years' inspected monetary record (for business entity);
- Prior three (03) years' business exchanges articulation for the musharaka/mudaraba Investment;
- Abridged expert forma wage explanation for the musharaka/mudaraba Investment;
- Attested duplicate of the Memorandum of Association (MOA) and Articles of Association (AOA) for the business entity;
- Attested duplicate of the Tax Identification Number (TIN)- including last appraisal;
- Tenders of the proposed resources (if there should be an occurrence of HPSM);
- Detailed outline of the sundry indebted individuals and leasers (counting both time and timetable);
- Summary of the individual portable and steady resources; and others.

(3) Appraisal stage

At this stage, the bank assesses the customer and his/her business. It is the most imperative stage. Since, based on this stage, bank more often than not goes for authorizing the proposed Investment restrain/proposition. In the event that anything turns out badly here, the bank abruptly stops to make installment of Investment.

(Appraisal Report) to the customer for social affair all the data. The first duplicate of the examination report is encased in the reference section part. Notwithstanding, the accompanying substance are displayed from that examination report:

- Company's/Client's Information.
- Owner's Information.
- List of Partners/Directors.
- Purpose of Investment/Facilities.
- Details of Proposed Facilities/Investment.
- Break up of Present Outstanding.
- Other Liabilities of the Client/Group.

- Previous Banker's Information.
- Details of Sister/Allied Concerns.
- Allied Deposit as on.
- Business/Industry Analysis.
- Relationship Analysis.
- Asset-Liability position of the customer according to Audited Balance Sheet.
- Working Capital Assessment.
- Risk Grade.
- Particulars of the great possess for putting away MPI/Murabaha products.
- Insurance Coverage.
- Audit Observation.
- Security Analyze

(4) Sanctioning stage

At this stage, the bank authoritatively affirms the Investment proposition of the individual customer. For this situation customer gets banks endorse letter. FSIBL, Shyamoli Ring Road Branch authorize letter contains the accompanying components:

- 1. Mode and measure of Investment.**
- 2. Purpose of Investment.**
- 3. Period of Investment.**
- 4. Rate of return.**
- 5. Securities**

(5) Documentation stage

At this stage, more often than not the bank investigations whether required archives are all together. In the documentation arrange, FSIBL, Shyamoli Ring Road Branch checks the accompanying records of the customer:

1. Tax Payment Certificate.
2. Stock Report.

Trade License (renewal).

1. VAT authentication
2. Liability explanation from various gatherings.
3. Receivable from various customers.
 - Other resources explanation.
 - Aungykar Nama.
1. Ghosona Potra.
2. Three (03) years net pay and business exchanges.
3. Performance report with the bank.
 - Account Statement Form of the bank.
 - Valuation Certificate

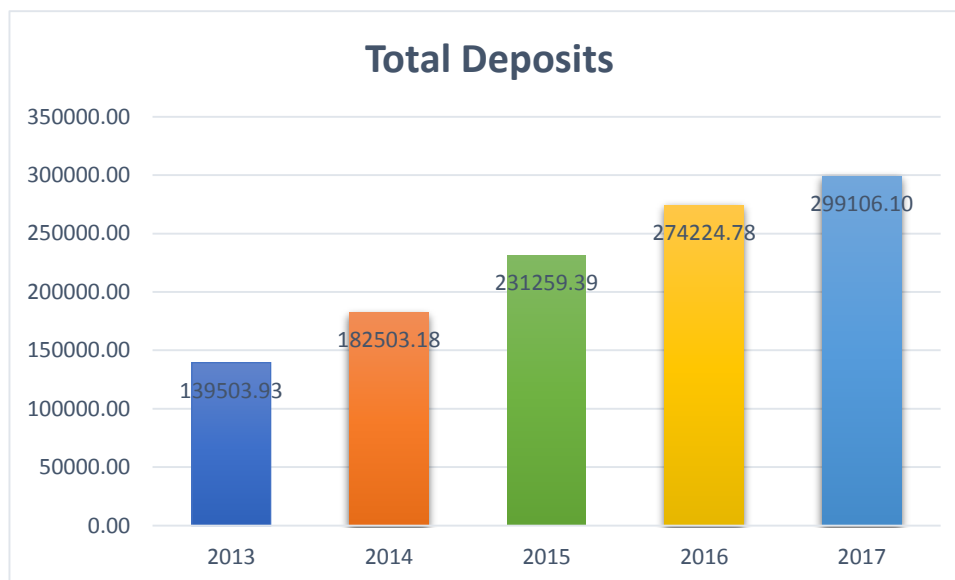
5.1 Investment Analyze of FSIBL

The last 5 years investment performance analysis of First Security Islami Bank Limited.

5.1.1 Total Deposit

(Amount in Million TK.)

Year	Total
2013	139503.93
2014	182503.18
2015	231259.39
2016	274224.78
2017	299106.10

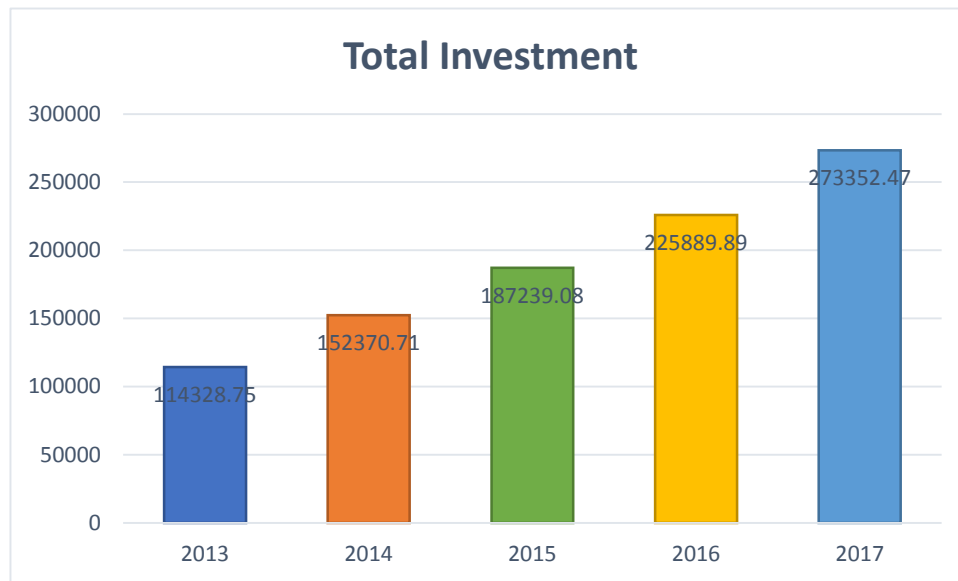


Interpretation: Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, checking accounts and money market accounts. If we can see that the total deposit is increase continuously in 2013-2017.

5.1.2 Total Investment

(Amount in Million TK.)

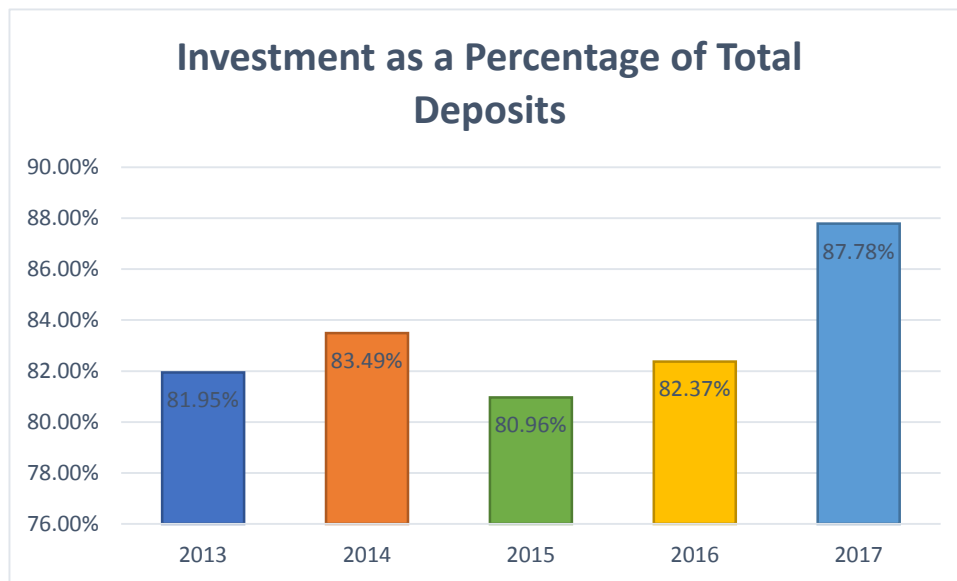
Year	Total
2013	114328.75
2014	152370.71
2015	187239.08
2016	225889.89
2017	273352.47



Interpretation: The action or process of investing money for profit. The bank correctly utilize their deposits and the investment consequently increase from 2013-2017.

5.1.3 Investment as a Percentages of Total Deposit

Year	Percentages
2013	81.95%
2014	83.49%
2015	80.96%
2016	82.37%
2017	87.78%

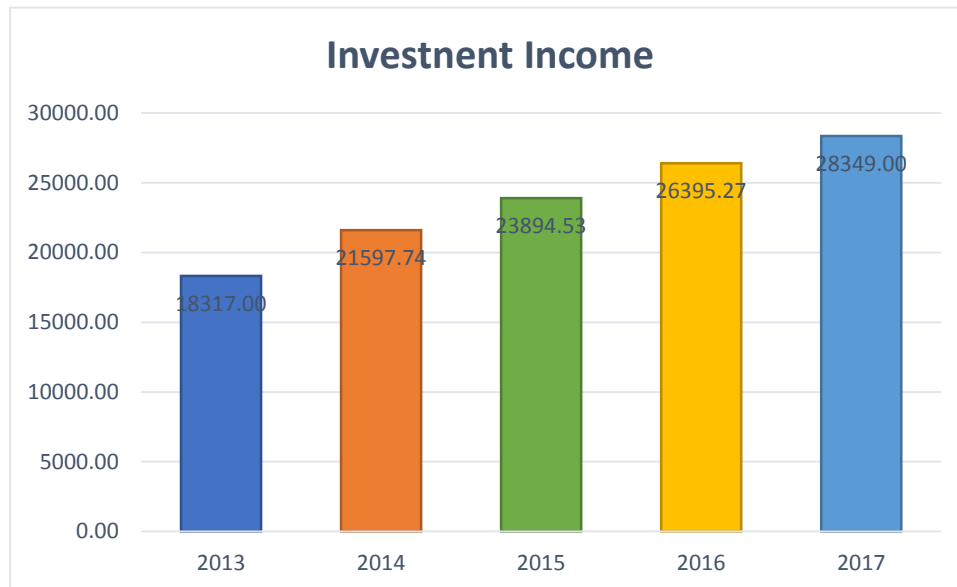


Interpretation: The investment as a percentages of total deposit in 2013 is 81.95% and its increased following year in 2014 is 83.49%. On the other hand in 2015 it's decreased 2.53%. And the next two years it increased rapidly.

5.1.4 Investment Income

(Amount in Million TK.)

Year	Total
2013	18317.00
2014	21597.74
2015	23894.53
2016	26395.27
2017	28349.00

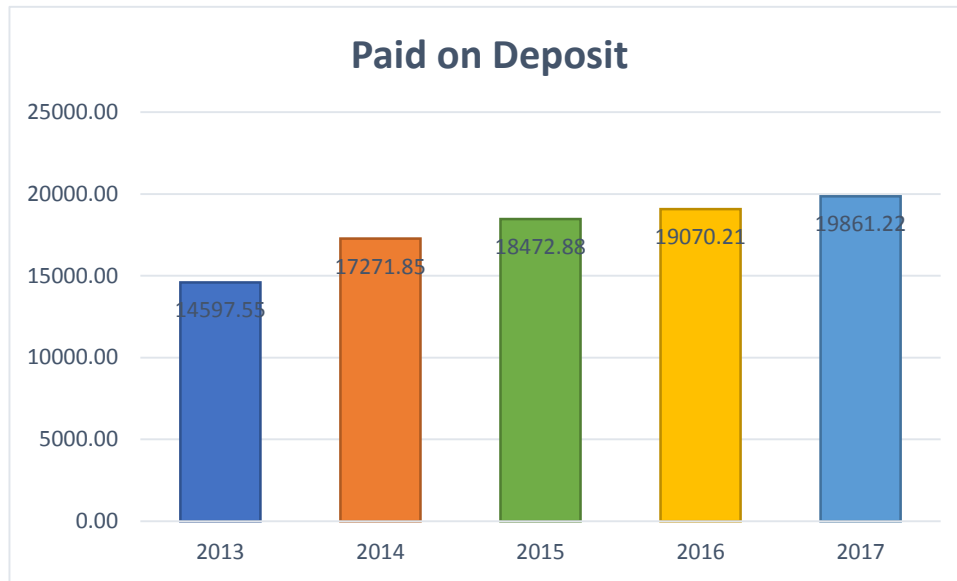


Interpretation: Investment income is that which comes from dividends, capital gains collected upon the sale of a security or other assets, and any other profit made through an investment vehicle of any kind. The investment income is continuously increased in 2013-2015. And it is a good sign for bank.

5.1.5 Paid on Deposit

(Amount in Million TK.)

Year	Total
2013	14597.55
2014	17271.85
2015	18472.88
2016	19070.21
2017	19861.22

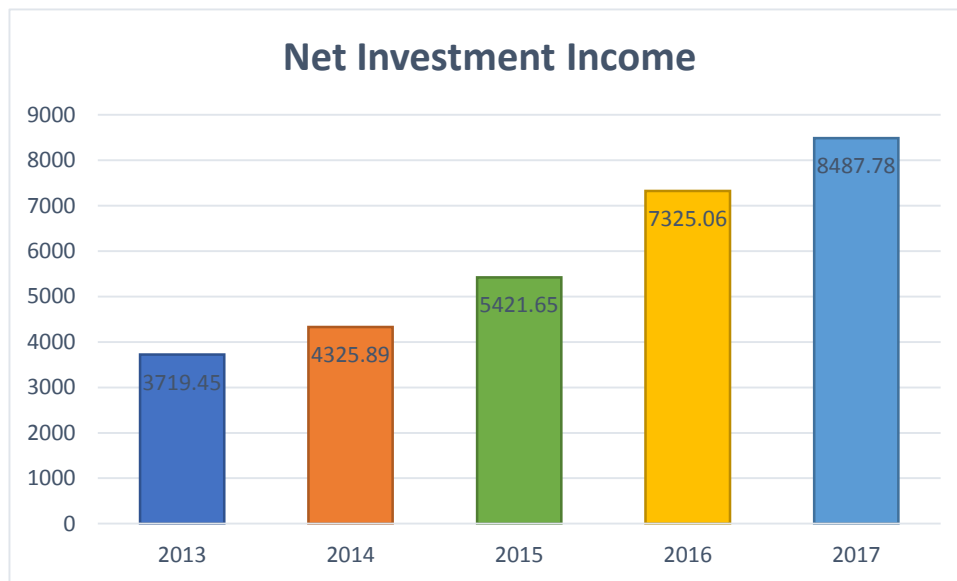


Interpretation: The amount of money paid by a bank to its depositors. As the bank deposits increased year by year so, their deposits payment increased.

5.1.6 Net Investment Income

(Amount in Million TK.)

Year	Total
2013	3719.45
2014	4325.89
2015	5421.65
2016	7325.06
2017	8487.78



Interpretation: Net investment income is income received from investment assets such as bonds, stocks, mutual funds, loans and other investments. The FSIBL net investment income continuously increased from 2013-2017. So it is a good sign for bank. And bank management should maintains it.

6.1 Problems Identified

- ❖ FSIBL can't accept securities and bonds from Bangladesh bank because this securities and bonds are not well instructed by Islami Shariah.
- ❖ The bank investment to deposit ratio is higher its means the bank have not enough liquidity to cover any unforeseen fund requirement.
- ❖ The bank return on investment is decreasing but in last two years its doing better.
- ❖ Some of the clients are dissatisfied because FSIBL can't provide credit card because credit card are not instructed by Islami Shariah.
- ❖ The investment income of FSIBL has increased over the years but the growth rate is low compare to that because the operating expenses is increase.
- ❖ FSIBL distributes large portion of investment in urban areas. But the bank does not concern in rural areas.
- ❖ First Security Islami Bank Limited mostly invests through Bai-Murabaha mode which is higher than other mode.

6.2 Recommendations:

- ❖ The bank should take necessary steps to maintain their investment growth. So that the bank can meet up any unforeseen fund requirement.
- ❖ The bank should increase its return on investment so that the investor get willingness to invest in this bank.
- ❖ The bank has to concentrate to adequate investment. It should minimize operating expenses.
- ❖ The bank should diversify their investment into different modes such as Bai- Salam, Bai- Muajjal instead of concentrating on Bai- Murabaha and other investment modes.
- ❖ They should introduce complain management for finding the customers views and demand from the bank.
- ❖ Some of the employees are not good in communicating with the customer so it should be changed.
- ❖ The employees should make the customer happy by giving the proper service
- ❖ The manager should be more involved with the customers and employees to make a good environment in the bank.

