



Internship Report  
on  
Investment Activities of Shahjajal Islami Bank Ltd.

**Submitted to:**

Nusrat Nargis

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Faculty of Business & Entrepreneurship

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**Submitted by:**

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Department of Business Administration

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Date of Submission: 28/03/2019

## Letter of Transmittal

27 March 2019

To

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

**Subject: Submission of internship report on ‘Investment Activities of Shahjalal Islami Bank Ltd.**

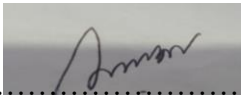
**Dear Madam,**

This is my pleasure to submit my internship report on “**Investment Activities of Shahjalal Islami Bank Ltd**”. It was a great opportunity for me to acquire knowledge and practical experience regarding the functions, procedures, and operational mechanism of a commercial bank based on Islamic banking principle while working in **Sarulia Branch of Shahjalal Islami Bank Limited**.

I have tried hard to fulfill your expectations by sharing details of each and every topic and avoiding unnecessary amplification of the topics.

Therefore, I will be very much glad to hear from you for further clarification.

Sincerely yours,



Md. Moazzem Hossain

ID: 161-14-1969

Major in finance

MBA Program

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

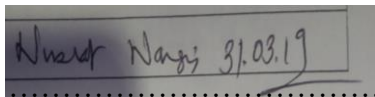
## Letter of Acceptance

I am pleased to certify that the internship report on “**Investment Activities of Shahjalal Islami Bank Ltd.**” conducted by **Md. Moazzem Hossain** bearing **ID:161-14-1969** of the Department of Business Administration has been approved for presentation. He has completed this report under my direct supervision. **Md. Moazzem Hossain** worked with **Shahjalal Islami Bank Ltd.** as an intern.

The data and the findings presented in the report are the authentic work of **Md.Moazzem Hossain**. I recommend the report prepared by **Md.Moazzem Hossain** for presentation. He bears a good moral character and pleasing personality.

I wish him all the success in every step of his life.

Supervisor,



Nusrat Nargis

Assistant Professor

Department of Business Administration

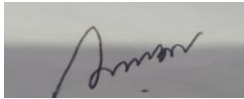
Faculty of Business and Entrepreneurship

Daffodil International University

## Declaration

I, Md. Moazzem Hossain, hereby declare that the presented report of internship titled **“Investment Activities of Shahjalal Islami Bank Ltd”** is uniquely prepared by me after completion of three months’ work in **Shahjalal Islami Bank Ltd**.

I also confirm that, the report prepared only for my academic requirement not for any other purpose. It might not be used with the interest of opposite party of the organization.



Md. Moazzem Hossain

ID: 161-14-1969

Major in Finance

MBA Program

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

## Acknowledgment

It was a great pleasure to prepare internship report on the “ **Investment Activities of Shahjalal Islami Bank Ltd**”. I would like to express thanks and convey my gratitude to my honorable supervisor, **Nusrat Nargis, Assistant Professor, Department of Business Administration ,Daffodil International University** , for letting me to prepare this report and I would like to express my sincere appreciation to him for his whole hearted support and guidance.

I am deeply to **Abdul Kader**, AVP &Head of the Branch Shahjalal Islami Bank Ltd for providing me lot of support to start my Internship program in Shahjalal Islami Bank Ltd .And I want to give a lot of thanks to him for his help and support .

I want to give special thanks to Joynal Abedin, FEO, Sufia Ahmed, JEO Head of the General banking Department, Rasel Bhuyan, SO Shariful Islam, officer sarulia Branch of Shahjalal Islami Bank Ltd. They provide me lot of support, guidance and necessary Information for preparing the report. They are very helpful and supportive. Every time they gave me inspiration to learn the new thing.

Lastly, I am also thankful to each and every person who helped me every way they could.

.....

Md.Moazzem Hossain

ID: 161-14-1969

Major in Finance

Department of Business Administration

Faculty of Business and Entrepreneurship

Daffodil International University

## Executive Summary

The internee report is on “**Investment Activities of Shahjalal Islami Bank Ltd** .The report analysis the products and services of **Investment Activities** of Sarulia branch of Shahjalal Islami Bank Ltd. Shahajalal Islami Bank Limited (SJIBL) commenced its commercial operation in accordance with principle of Islamic Shariah on the 10th May 2001 under the Bank Companies Act, 1991. During last nine years SJIBL has diversified its service coverage by opening new branches at different strategically important locations across the country offering various service products both investment & deposit. Total deposit of Shahjalal Islami Bank Limited stood Tk. 42.20 Crore on 31.12.2016 as against Tk.31.36 crore of 31.12.2015 registering an increase of Tk. 10.84 crore i.e. 34.56% growth. This was possible due to superior customer service delivery at the branch level, expansion of branch network to rural areas where foreign remittance flow is significant. Expansion of branch network in rural areas has provided the lower income group an access to modern banking system and prompt receipt of remittance

The report describes the product and services of **Investment Activities** the impacts of the Services of General Banking on the Bank’s profit. The bank’s financial conditions are shown elaborately through different graphs and diagrams. And also describes the internal activities of **Investment Activities**. After analyses there are some recommendation is provided to the report about its service quality so that these suggestions can contribute in the further development of the Bank. Some important suggestions are starting the Internet Banking, Increase the number of ATM booth and Debit card is more essential for the bank.

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## ***Chapter One: Background of the Study***

### ***1.1 Introduction***

Bangladesh is one of the largest Muslim countries in the world. The people of the Muslim community wishes to design their economic activities in accordance with the precepts of Islam so the establishment of some numbers of Shahjalal Islami Bank in Bangladesh is the true reflection of long day's deep cry in their heart.

The Objective of Islami Banking is not only to earn profit, but also to do good and welfare to the people. Islam upholds that, money, income and property belong to Allah and this wealth is to be used for the good of the society. Islami Banks operate their banking activates based on the Islamic principles of profit and loss sharing and strictly avoiding interest.

This report is prepared on the “**Investment Activities of Shahjalal Islami bank Ltd**”. The study was done on Sarulia branch of Shahjalal Islami Bank limited.

Shahjalal Islami Bank Limited, a Shariah Based Commercial Bank in Bangladesh was incorporated as a Public Limited Company on 1<sup>st</sup> April, 2001 under Companies Act 1994.

The Bank commenced commercial operation on 10<sup>th</sup> May 2001 by opening its 1<sup>st</sup> branch, i.e. Dhaka Main Branch at 58 Dilkusha, Dhaka, obtaining the license from Bangladesh Bank, the Central bank of Bangladesh. Its corporate head office is situated at Uday Sanz, Plot No. SE (A), 2/B investment. How bank customize these services to the general customers and the general banking product and service features are described very carefully in this report. This report also described the internal activities of the Accounts Department under the General Banking Division.

### **1.2 Background of the Study**

The **MBA** program is designed to focus on theoretical and professional development of people that they can take up the business as a profession and can do success in their career. For this reason the student have to complete the internship course and prepared a report on internship work. I have prepared this report on “**Investment Activities of Shahajalal Islami Bank Ltd**” based on the Internship experiences on Sarulia branch of Shahjalal Islami Bank Ltd.

### 1.3 Significance of the report

**Shahjalal Islami Bank Ltd** is the biggest bank in Bangladesh in private sector. There are a few number of private banks that can compete with **Shahjalal Islami Bank Ltd**. The banking system aiming to gain the goal of Islamic economy through setting a well designed Islamic monetary system. Regarding use of money Islam has its clear-cut instruction through some distinctive guidelines, avoiding interest (Riba) restricting exploitation & speculation etc. There are major guidelines in this process. So Islamic banking is doing banking business under Islamic guidelines.

### 1.4 Objectives of the report

- ✓ To analyze the different investment activities of SJBL.
- ✓ To analyze the different investment modes of SJBL.
- ✓ To analyze the financial stability of SJBL.
- ✓ To identify problems related to investment modes and operations of Shahjalal Islami Bank Ltd.

### 1.5 Methodology of the report

Methodology is an important part of a study. Methodology refers to the way by which data are collected for preparing any report or study. The report is an exploratory research and for qualitative survey open ended question was ask to the Bank officials.

#### Sources of Data:

##### 1. Primary Sources:

- Officers;
- Clients of the branch.

##### 2. Secondary Sources:

- Annual reports of SJIBL
- Book-Internship program for the students of different universities Islami Bank Training & Research Academy (SJIBTRA)
- Internet search Information kept by branch manager, operations manager in their own files.

## 1.6 Limitation of the Study

The main limitations of the report are as follows:

Lack of adequate knowledge about Investment of any organization Sufficient records, publications, facts and figures are not available. These constraints narrowed the scope of the real analysis.

For the reason of confidentiality, some useful information cannot be expressed in this report.

- Lack of available information about investment operations of SJIBL.
- Unavailability of sufficient written documents as required making a comprehensive study.
- In many cases up to date information is not published.
- Because of the unwillingness of the busy key persons, necessary data collection became hard

|

## ***Chapter Two: Overview of Shahjalal Islami Bank Ltd***

### ***2.1 Background of Shahjalal Islami Bank Ltd.***

Shahjalal Islami Bank Limited (SJIBL) initiated its business task as per standard of Islamic Shariah on the tenth May 2001 under the Bank Companies Act, 1991. Amid these years SJIBL has broadened its administration inclusion by opening new branches at various deliberately essential areas the nation over offering different administration items both venture and store. Islamic Banking, fundamentally, isn't just INTEREST-FREE managing an account business, it conveys bargain astute business item in this manner creating genuine salary and therefore boosting GDP of the economy. Governing body appreciates high certification in the business field of the nation, Management Team is solid and strong furnished with great expert information under administration of a veteran Banker Mr. Farman R. Chowdhury.

### **2.2 Our Vision**

To be the extraordinary present day Islami Bank in Bangladesh and to make critical commitment to the national economy and improve clients' trust and riches, quality speculation, representatives' esteem and quick development in investors' value.

### **2.3 Our Mission**

- To give quality administrations to clients.
- 
- To set elevated requirements of trustworthiness.
- 
- To make quality speculation.
- 
- To guarantee practical development in business.
- 
- To guarantee augmentation of Shareholders' riches.
- 
- To broaden our clients inventive administrations securing best in class innovation mixed with Islamic standards.
- 
- To guarantee human asset advancement to address the difficulties of the time.

### **2.4 Our Strategies**

- To make progress toward clients best fulfillment and win their certainty.
- To oversee and work the Bank in the best way.
- To distinguish clients needs and screen their discernment towards meeting those necessities.

To audit and updates strategies, methodology and practices to upgrade the capacity to stretch out  
 better administrations to the clients.

To prepare and build up all representatives and give them sufficient assets with the goal that the clients  
 needs are sensibly tended to.

To advance hierarchical effectiveness by conveying organization designs, polices and systems  
 transparently to the workers in a convenient manner.

To cultivate a congenial working environment.

To diversify portfolio both the retail & wholesale markets.

## 2.5 Our Motto Corporate Information

Name of the Company	Shahjalal Islami Bank Limited
Legal Form	A public limited company incorporated in Bangladesh on 1st April 2001 under the companies Act 1994 and listed in Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Commencement of Business	10th May 2001
Head Office	Shahjalal Islami Bank Tower Plot No: 4, CWN(C) Gulshan Avenue, Dhaka-1212.
Telephone No.	88-02-9845457
Fax No.	88-02-9847607
Website	www.sjiblb.com
SWIFT	SJBL BD DH
E-mail	sjiblho@sjiblb.com
Chairman	Engr. Md. Towhidur Rahman
Managing Director	Farman R. Chowdhury
Auditors	M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants BTMC Bhaban (7th & 8th floor) 7-9 Kawran Bazar Commercial Area, Dhaka-1215 Phone: +88-02-9120090
Tax Advisor	M/S K.M Hasan & Co. Chartered Accountants 87, New Eskaton Road Dhaka. Phone: 88-02-9351457, 9351564
Legal Advisor	Hasan & Associates Chamber of Commerce Building (6th floor), 65-66 Motijheel C/A, Dhaka
No. of Branches	113

No. of ATM Booth	66
No. of SME Centers	At present Bank has no SME center
Off-Shore banking Unit	01
No. of Employees	2,156
<b>Stock Summary:</b>	
Authorized Capital	Tk. 10,000 million
Paid up Capital	Tk. 7,714 million
Face Value per Share	Tk. 10

## 2.6 Distinguishing features of Conventional Bank and Islami Bank

The distinguishing features of conventional banking and SJIBL are shown below:

Conventional Banks	Islami Bank
The functions and operating modes of conventional banks are based on manmade principles.	The functions and operating modes of SJIBL is based on the principles of Islamic Shariah.
The investor is assured of a predetermined rate of interest.	It promotes risk sharing between provider of capital(investor) and the user of funds(entrepreneur)
It aims at maximizing profit without any restriction.	It also at maximizing the profit but subject to shariah restriction.
It does not deal with Zakat.	In the SJIBLsystem, it has become one of the service oriented functions of the SJIBL to collect and distribute Zakat.
It can charge additional money (compound rate of interest) in case of defaulters.	SJIBL has no provision to charge any extra money from the defaulters.
Lending money and getting it back with interest is the fundamental function of the conventional banks.	Participation in partnership business is the fundamental function of SJIBL.
Conventional banks provide finance by using the following Techniques- a) Loan b) Cash Credit c) Overdrafts d) Purchase and discounts bills e) Advance for hire bills	There are seven Islamic financing modes practiced by the most of the Islamic banks of the world- a) Bai-Murabaha b) Bai-Muajjal c) Bai-salam d) Ijara e) Qard hasana f) Mudaraba g) Musharaka

## 2.7 Objectives of Investment

The objectives of investment operations of the Bank are:

- To invest fund strictly in accordance with the principles of Islamic Shariah.
- To diversify its investment portfolio by the size of investment, by sectors (public & private), by economic purpose, by securities and by geographical area including industrial, commercial, and agriculture.
- To ensure mutual benefit both for the bank and the investment-client by professional appraisal of investment proposals, judicious sanction of investment, close and constant supervision and monitoring thereof.

## Investment Procedures of SJIBL

There are three types of investment Mechanism. Every mechanism of investment is strictly followed investment procedures. These are as follows-

- Selection of the client
- Application stage
- Appraisal stage
- Sanctioning stage
- Documentation stage
- Disbursement stage
- Monitoring and recovery stage

## Chapter Three: Investment Activities of Shahjalal Islami Bank Ltd

### 3.1 Investment Activities

#### Investment Activities followed by SJIBL

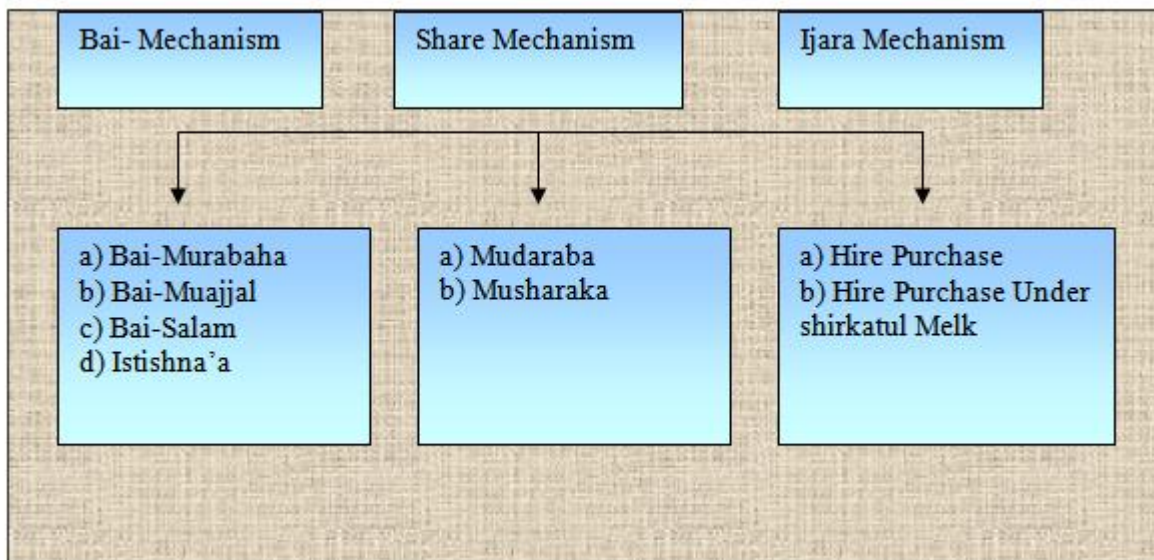
For example, deposit of money with a bank, purchase of Mudarabah Savings Bond or share of a company. Financial investments ultimately takes form of real investment as it is meant for so. Since hoarding is condemned by Islam

#### i. Bai- (Buy & Selling) Mechanism

#### ii. Sharing (Profit & Loss) Mechanism

#### iii. Ownership Sharing Mechanism

Modes of finance under three principles can be presented by using chart as follows-



### 3.2 CNG Conversion Investment:

Convert your vehicle into CNG system - reduce fuel cost - save money. Plan to convert your car at CNG system. Worried about conversion cost? No problem, Shahjalal Islami Bank is beside you to solve the problem. Yes, you may avail investment facility of Shahjalal Islami Bank under CNG Conversion Scheme at a very easy terms & Conditions. Interested vehicle owner are requested to contact any of the branches of the bank for availing the facility within shortest possible time.

#### Eligibility

- Any permanent salaried executives of Corporate Houses, Renowned Private Companies, Banks, NBFI, Multi National Company(s), Renowned NGOs, Government Office, Semi-Government and Autonomous Bodies.



- Self-employed persons like Doctors, Engineers, Chartered Accountants, etc.
- Worthy businessman having trade license, VAT certificate and TIN.

**Ceiling:** BDT 40,000 to BDT 1,00,000.

**Period:** Maximum 18 months.

**Profit Rate:** Most competitive in the market.

**Special Feature:** No down payment requires

### 3.3 Overseas Employment Investment Scheme:

We salute & pay regards to the wage earners, contributing to the growth of national economy in terms of their remittance sent from abroad.

Is it your dream to go abroad for employment?

Yes, but cost of passage is the hindrance?

Shahjalal Islami Bank is here to make your dream true.

Please visit our branches & take the chances.

#### Eligibility

- Any Bangladeshi Citizen intends to go abroad with employment under genuine work permit Visa.

**Investment Amount:** Maximum Tk.3,00,000/-

**Period:** Maximum 36 months with 02 (two) months moratorium period.

**Age:** 18 years to 45 years

**Repayment Mode:** Equal monthly installments.

**Profit Rate:** 14.00% per annum

### 3.4 Special Condition

The client who wants to avail this facility must maintain F/c Account with us till full adjustment of the facility.

#### Special Feature

- No margin requires
- Partial adjustment or Full Pre-payment of liability at any time allowed without any early settlement charge.

### 3.5 Investment Scheme for Education:

Children are the precious assets in one's life around which all dreams cluster.

Do you dream in pursuing your children for higher education in the country or in abroad to cherish the end result?

Is it, at the moment, out of your reach?

Shahjalal Islami Bank is here to make your dream true with Investment Scheme for Education.

### Eligibility

- Any Bangladeshi credit worthy salaried or a self-employed person can avail this facility for their Children.

### 3.6 Purpose of Investment

- To pay the Tuition fees.
- To pay the Hostel fees.
- To meet Travel expenses.
- Purchase of computer, books etc.

### Investment Amount

- In Bangladesh: Maximum Tk. 7,00,000/-
- In Abroad: Maximum Tk. 15,00,000/-

**Period:** Maximum 60 months.

**Margin:** - In Bangladesh: 10% margin.  
- In Abroad: 20% margin.

**Repayment Mode:** Equal monthly installments.

**Profit Rate:** 14.00% per annum

### Special Condition

- Student file must be maintained with Shahjalal Islami Bank Ltd.

### Special Feature

- Partial adjustment or Full Pre-payment of liability at any time allowed without any early settlement charge.

### 3.7 Household durable scheme:

Shahjalal Islami Bank Limited has introduced Household Durables Investment Scheme, which has already created great enthusiasm among the people and received tremendous response from them. Objectives are to assist the service holders with limited income in purchasing household articles such as

### 3.8 Investment scheme for doctors:

A good number of newly graduated doctors from Medical Colleges are unemployed. Many of the medical graduates are waiting for job because the opportunity for Government service is limited. If these young doctors could be self-employed by extending investment facilities, they could make modern facilities available at the door-steps of rural people.

### **3.9 Small business investment scheme:**

Bangladesh a third-world developing country is rich in natural and human resources. In spite of vast possibilities, the majority people of the country live in hardship-below poverty tapped, explored and exploited. Physical labor is their only means of earning. A large segment of this populace is active youth force. Many of them are efficient, intelligent and energetic with initiative & drive and have courage to take risks. But they cannot uplift their socio-economic condition due to poverty, lack of financial support and other required facilities.

### **3.10 Housing investment scheme:**

One of the basic human needs is to have a house to live in. A house is in an abode of peace and happiness. Housing has now become an acute problem in the country, especially in the towns, cities and metropolis. With their limited income, it has become almost impossible on the part of the lower middle class, middle class and sometimes, even for upper middle class to solve their housing problem. To meet this basic human need, Shahjalal Islami Bank Limited is committed to contribute to this end to provide a peaceful and happy.

### **3.11 Real estate investment program:**

Professionals, Service-holders, Businessmen, Real Estate Developer and other categories of people who are not entitled for availing investment facilities under Housing Investment Scheme, shall be eligible under this programmed Investment is to be extended to build new houses and for extension/ completion of the house already constructed, commercial building, shopping complex, flat apartment etc.

### **3.12 Transport investment program:**

Under this scheme, investment is being allowed to the existing successful businessmen and potential entrepreneurs in this sector for all types of road and water transport with simple and easy terms and conditions. The bank is also extending investment facilities to multinational companies, established, business houses and well to do officials and professionals for acquisition of private cars, microbus and jeeps.

### **3.13 Car investment scheme:**

Car is considered as an essential mode of transport in the modern society, particularly by a section of the officials, business houses and business executives and established professionals for movement in discharging their duties and responsibilities punctually and efficiently. Many of these categories of people cannot purchase a car on payment of entire purchase value at a time out of their own sources. To meet this need Shahjalal Islami Bank has introduced the 'Car Investment Scheme' for the mid and high ranking officials of government and semi-government organizations, corporations; executives and directors of big business houses and companies and also for persons of different professional groups on easy payment terms and conditions.

### **3.14 Rural development scheme of SJIBL:**

Shahjalal Islami Bank limited (SJIBL) envisages an economic system based on equity and justice. Taking into consideration that majority of the population below poverty line lives in rural Bangladesh, the Bank has devised a Rural Development Scheme (RDS) with a view to creating employment opportunity for them and alleviates their poverty through income generation activities.

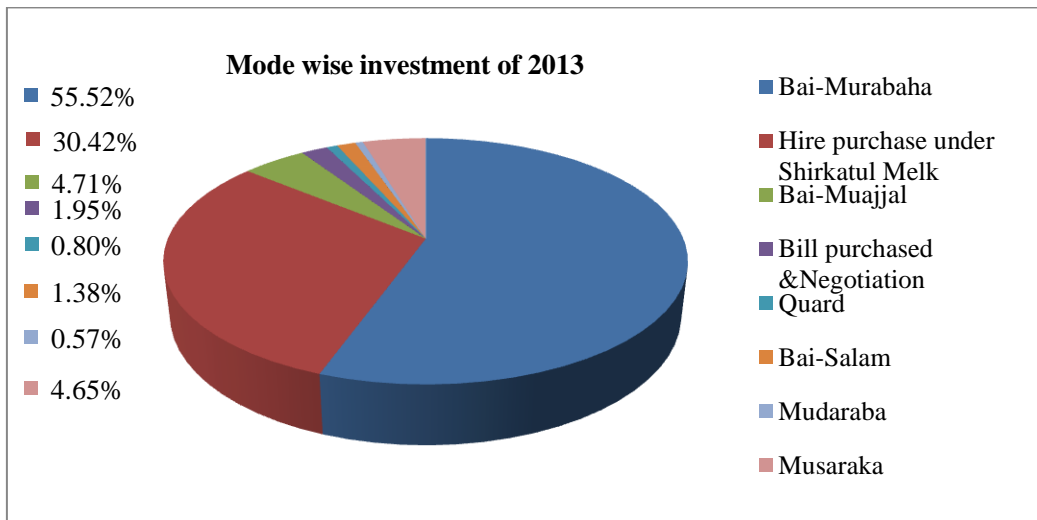
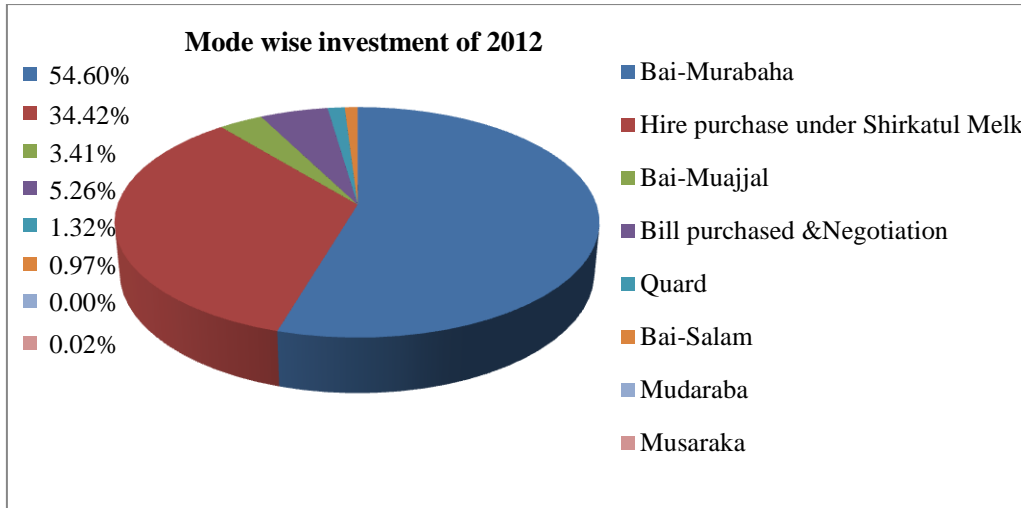
## Chapter Four: Sectors wise Investment of SJIBL

### 4.1 Mode wise Investment

In Bangladesh perspective Bai-Murabaha mode is most popular mode. SJIB makes investment against it by taking charge and mortgage documents. HPSM is proanother important mode of investment. After the payment here customer gets the right to be the owner of the property. From the bellow table of 4 years mode wise investment shows that Bai-Murabaha and HPSM is highest investment of total investment of SJIBL. Mode wise investment of CY2012-2013 and CY2013-2016 are given bellow:

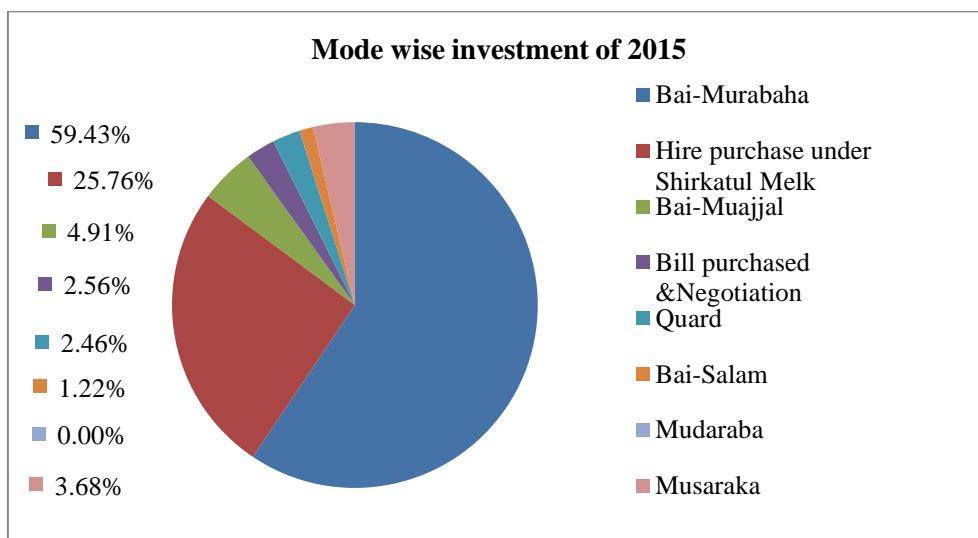
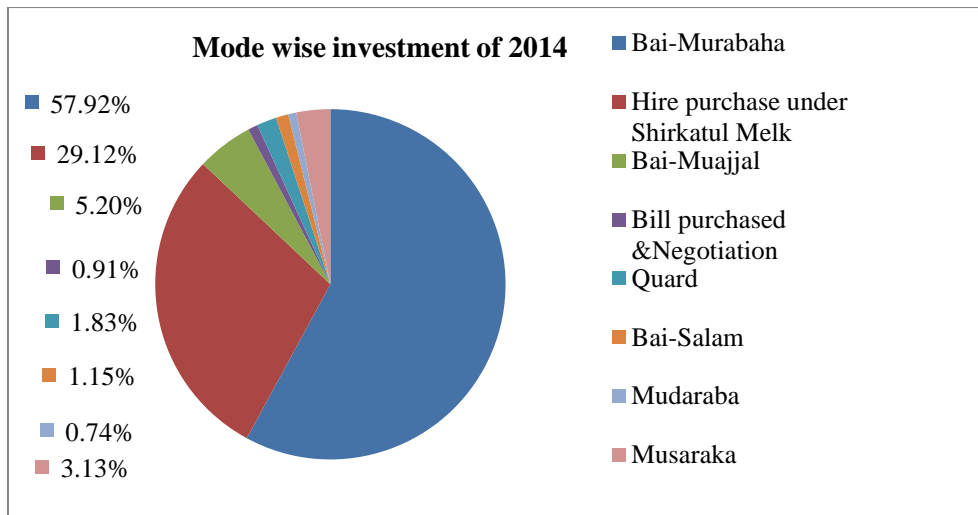
#### Mode wise Investment of 2012-2013 (Amount in million taka)

Mode	2012		2013	
	Amount	% of total invest.	Amount	% of total invest.
Bai-Murabaha	117,180	54.60%	146,135	55.52%
Hire purchase under Shirkatul Melk	73,871	34.42%	80,093	30.42%
Bai-Muajjal	7,318	3.41%	12,393	4.71%
Bill purchased & Negotiation	11,289	5.26%	5,141	1.95%
Quard	2,833	1.32%	2,095	0.80%
Bai-Salam	2,082	0.97%	3,624	1.38%
Mudaraba	0	0.00%	1,500	0.57%
Musaraka	43	0.02%	12,244	4.65%
<b>Total</b>	<b>214,616</b>	<b>100%</b>	<b>263,225</b>	<b>100%</b>



**4.2 Mode wise Investment of 2014-2015(Amount in million taka)**

Mode	2014		2015	
	Amount	% of total invest.	Amount	% of total invest.
Bai-Murabaha	177,136	57.92%	221,632	59.43%
Hire purchase under Shirkatul Melk	89,070	29.12%	96,056	25.76%
Bai-Muajjal	15,912	5.20%	18,295	4.91%
Bill purchased & Negotiation	2,744	0.91%	9,531	2.56%
Quard	5,614	1.83%	9,156	2.46%
Bai-Salam	3,528	1.15%	4,532	1.22%
Mudaraba	2,266	0.74%	0	0.00%
Musaraka	9,571	3.13%	13,719	3.68%
<b>Total</b>	<b>305,841</b>	<b>100%</b>	<b>372,921</b>	<b>100%</b>

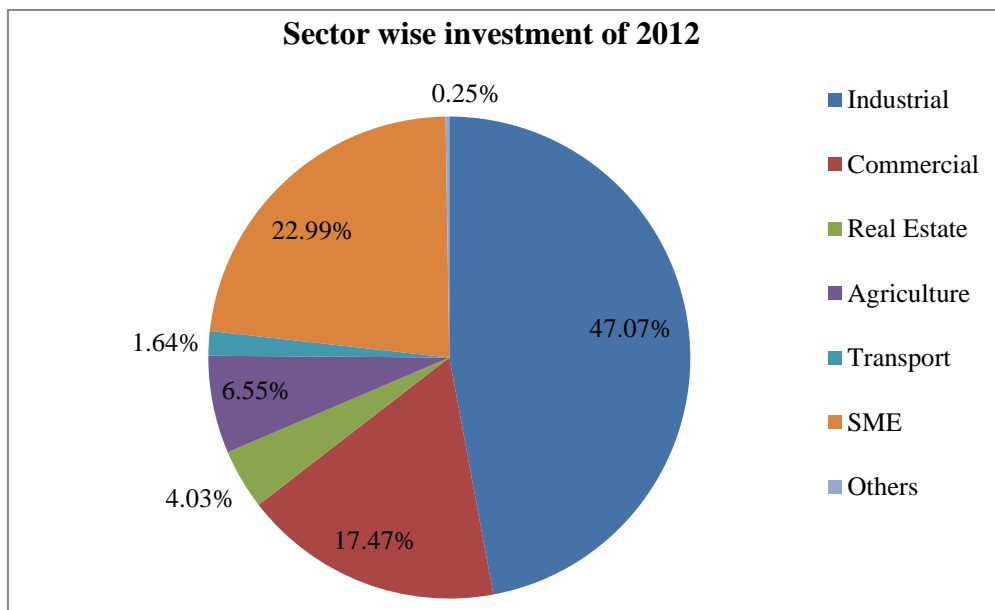


### 4.3 Sector wise Investment

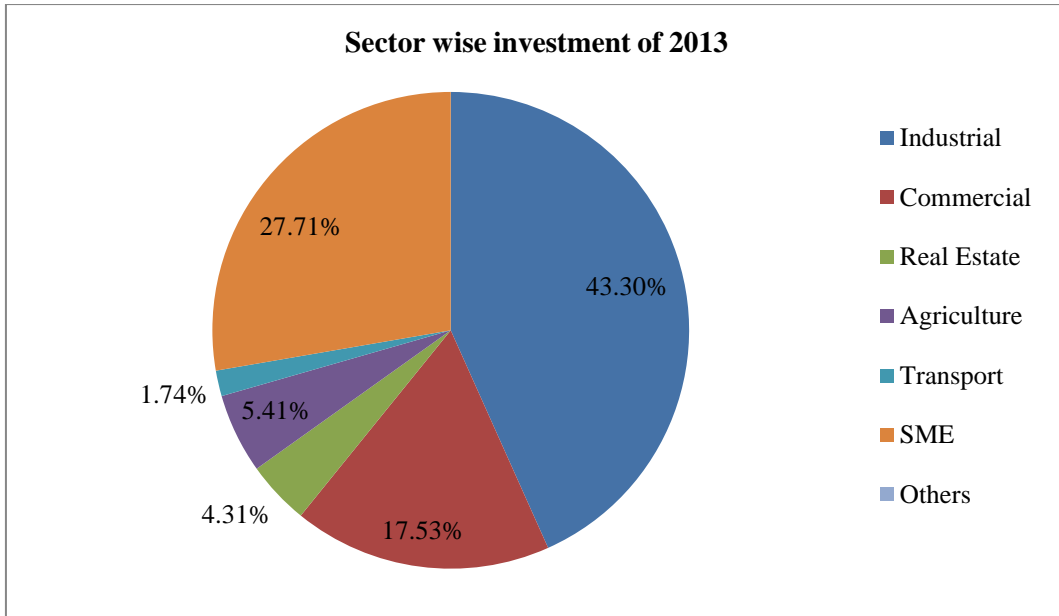
In Bangladesh perspective Industrial and SME sector is more popular Sector of SJIBL investment. From bellow table see that more highest invest in Industrial sector then SME sector is second highest invest compare to other sector. Bangladesh is a agriculture based country this sector investment is not too high compare to other sectors. Sector wise investment of SJIBL in CY2012-2013 and CY2014-2015 are given bellow:

**Sector wise Investment of 2012-2013(Amount In million taka)**

Sector	2012		2013	
	Amount	% of invest.	Amount	% of invest.
Industrial	101,020	47.07%	113,979	43.30%
Commercial	37,502	17.47%	46,142	17.53%
Real Estate	8,639	4.03%	11,336	4.31%
Agriculture	14,057	6.55%	14,252	5.41%
Transport	3,520	1.64%	4,583	1.74%
SME	49,337	22.99%	72,933	27.71%
Others	531	0.25%	0	0.00%
<b>Total</b>	<b>214,616</b>	<b>100%</b>	<b>263,225</b>	<b>100%</b>

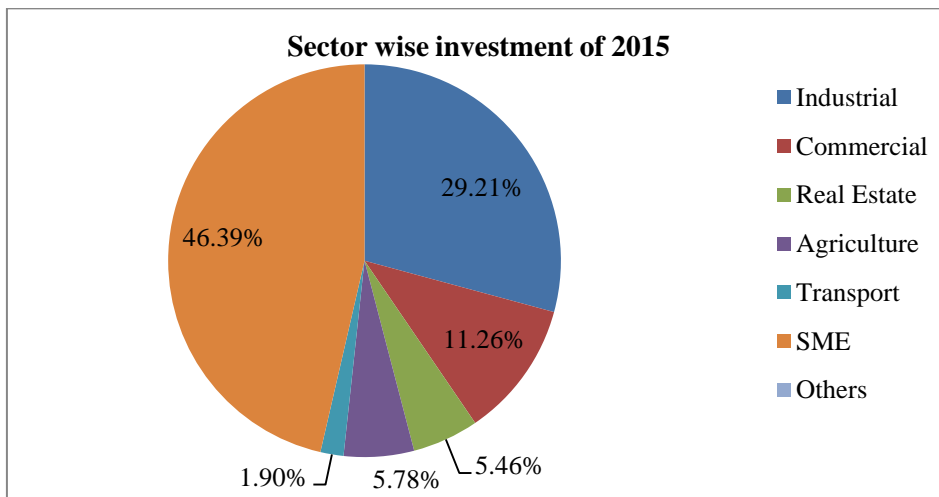
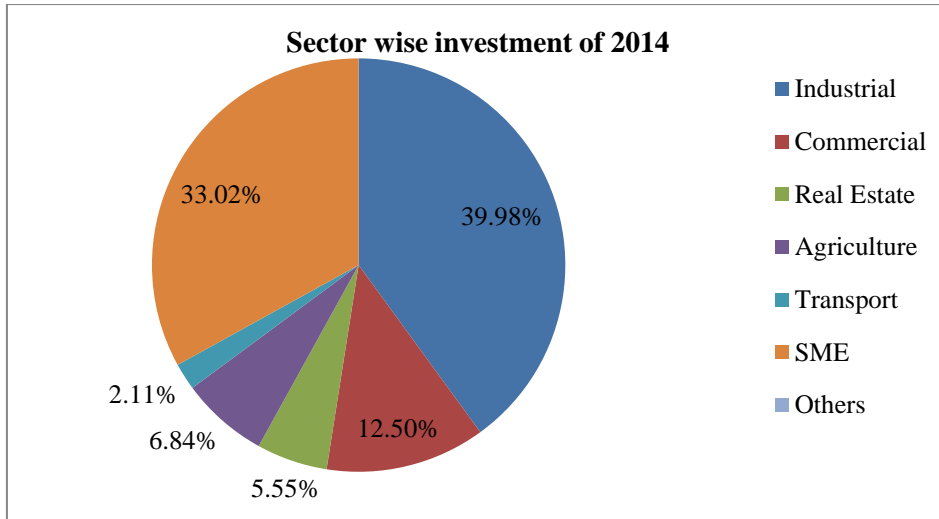




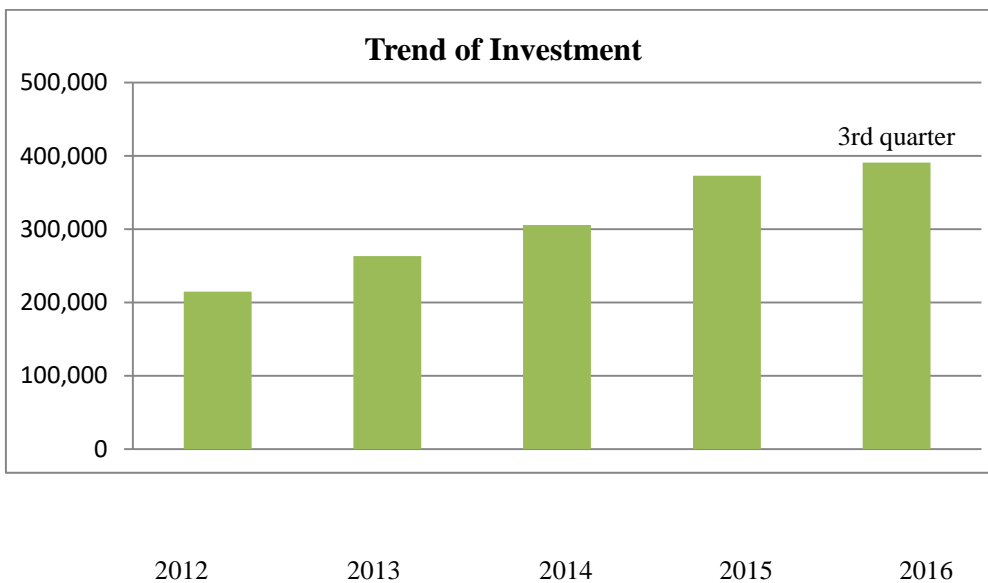


**Sector wise investment of 2014- 2015(Amount in million taka)**

Sector	2014		2015	
	Amount	% of invest.	Amount	% of invest.
Industrial	122,270	39.98%	108,930	29.21%
Commercial	38,234	12.50%	44,488	11.26%
Real Estate	16,966	5.55%	23,231	5.46%
Agriculture	20,923	6.84%	20,992	5.78%
Transport	6,457	2.11%	6,887	1.90%
SME	100,991	33.02%	168,393	46.39%
Others	0	0.00%	0	0.00%
<b>Total</b>	<b>305,841</b>	<b>100%</b>	<b>372,921</b>	<b>100%</b>



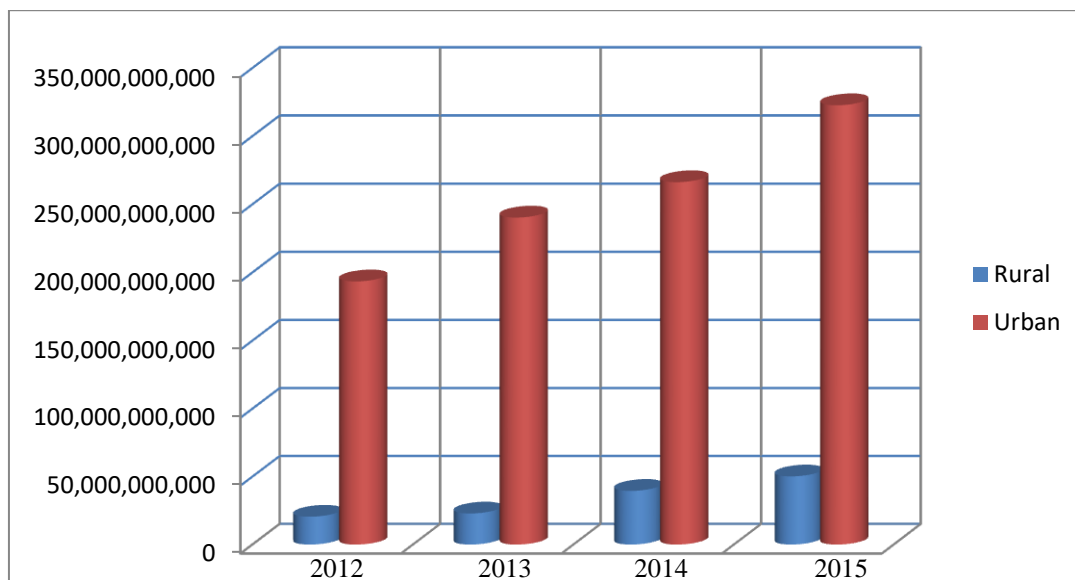
Years	2012	2013	2014	2015	2016
Amount	214,616	263,255	305,841	372,921	391,021



From the above chart we can see that investment of SJIBL is increasing year to year. Investment is the main source for income. The amount of income from year to year is increasing as the Bank's investment policy is favorable to customers.

**4.4 Distribution of Total Investment by Areas (Rural & Urban)**

Years	Rural	%	Urban	%
2012	20,512,548,812	15.407	193,500,666,108	18.91758
2013	22,889,264,611	17.19216	240,335,866,415	23.49642
2014	39,545,184,817	29.70244	266,295,378,353	26.03435
2015	50,190,827,825	37.6984	322,729,895,062	31.55166
<b>Total</b>	<b>133,137,826,065</b>	<b>100%</b>	<b>1,022,861,805,938</b>	<b>100%</b>



From the above chart it is found that Shahjalal Islami Bank Ltd. Invested the maximum money in urban area. Because maximum entrepreneur and businessman stay in urban area. However maximum organization established in urban area .

**4.5 RDS (Rural Development Scheme):**

Rural Development Scheme (RDS) was introduced in 1995 to meet investment need of agriculture and rural sector and create opportunity for employment graduation and raise income

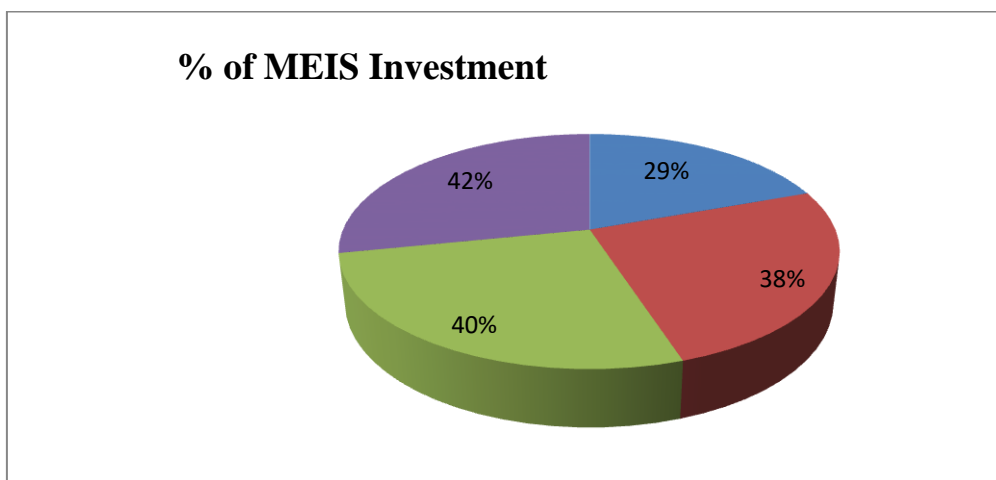
of rural poor to alleviate poverty. So far out of 276 branches, 197 carry out RDS activities in 61 districts of the country.

**UPDS (Urban Poor Development Scheme):**

The Bank launched another micro investment scheme for urban poor in 2015 in the name of “Urban Poor Development Scheme (UPDS)” on pilot basis under its 10 branches. These two schemes enable SJIBL to achieve financial inclusion of poor women of rural & urban areas. The investment position of RDS & UPDS from 2012 to 2015 is presented below-

<b>Particulars</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
MI Investment	2671.29	3186.80	4234.18	6035.62
ME Investment	1080.91	1923.77	2837.85	4357.54
<b>Total</b>	<b>3752.20</b>	<b>5110.05</b>	<b>7072.03</b>	<b>10393.16</b>
% of MEIS Investment	29%	38%	40%	42%

Under both RDS & UPDS, three types of investment facilities are provided to the beneficiaries namely a) Micro-Investment (collateral-free investment maximum tk.50,000/- provided to the poor in different income generating activities); b) Micro-enterprise Investment (collateralized investment maximum tk.300,000/- provided to the graduated and other micro clients and) Guard Program (cost-free loan maximum tk.10,000/- provided to the distressed & hardcore poor for rehabilitation and water & sanitation.



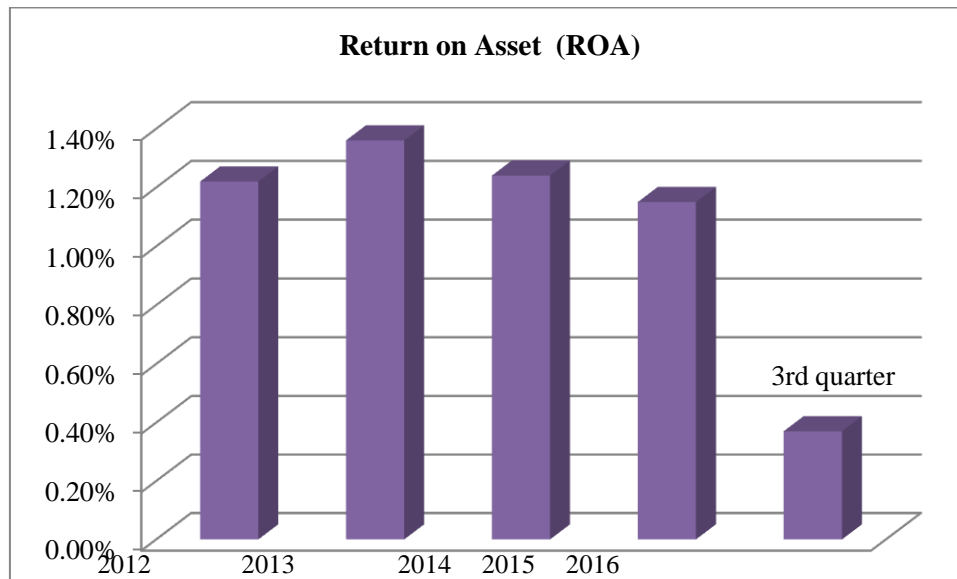
#### **4.6 Financial Stability of SJIBL**

In the perspective of stability in the financial system, Shahjalal Islamic banks are less vulnerable to risk than conventional banks. They are able to pass the negative shocks on the asset side (Musharaka a/c) to the investment depositors (Mudaraba a/c). The risk-sharing arrangements on the deposit give secondary protection to the bank, in addition to its book capital. They also tend to be more conservative (resulting in less moral hazard and risk taking) for providing a stable and competitive return to investors, the shareholders responsibility for negligence or misconduct and given the more difficult access to liquidity. Bangladesh has a large population of Muslim people and among them the embrace of Shahjalal Islamic banking is increasing at a faster rate due to their faith. It is indeed desirable to encourage Shahjalal Islamic banks to develop new products for their customers who are willing to invest their savings in a shariah vehicle but these new products necessitate

maintaining close monitoring so that no advance shocks can arise from their expanding horizons. Some financial ratio are given bellow-

**Return on Asset=Net profit after tax/Total Asset\*100**

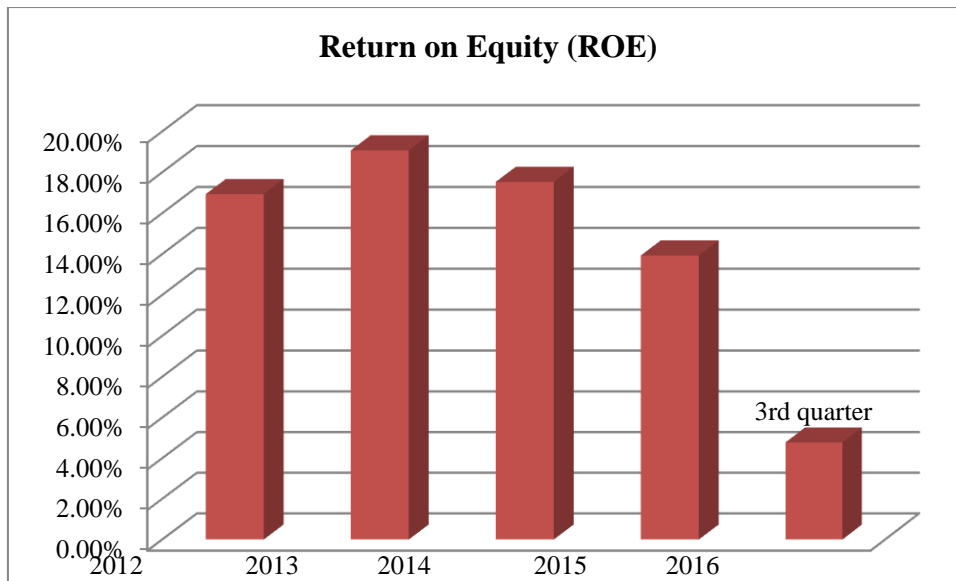
Years	2012	2013	2014	2015	2016
Amount	1.22%	1.36%	1.24%	1.15%	0.37%



ROA is primarily an indicator of managerial efficiency. It indicates how capable the management of the bank has been converting the asset into earnings. ROA of the islami bank in year 2013 is 1.36% that is higher than 1.22% in 2012, indicating better quality assets under possession of shariah banks and earnings more from the same amount of assets than the conventional banks.

**Return on Equity =Net profit after tax/Total Equity\*100**

years	2012	2013	2014	2015	2016
Amount	16.93%	19.07%	17.53%	13.93%	4.78%

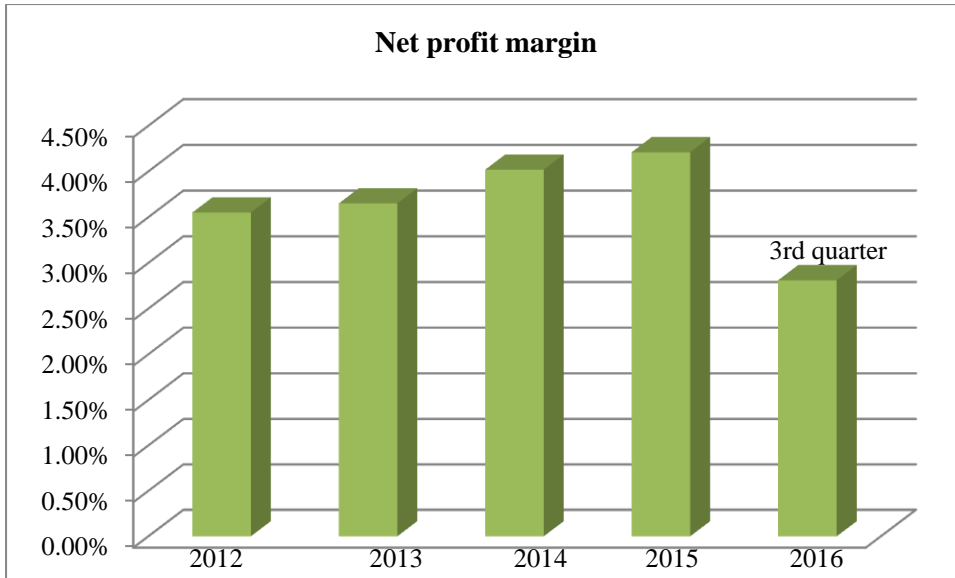


ROE is measure of rate of return flowing to the bank’s shareholder. It approximates the net benefit that the shareholders have received from investing their capital in the bank. The ROE of Sjibl in year 2013 is 19.07% ,which is higher than year 2012,14,15 and 2016.ROE of 19.07% in CY10 indicating the earnings of SJIBL become higher compared to their equity position.

**Net Profit Margin =Net profit income /Gross earnings Assets\*100**

Years	2012	2013	2014	2015	2016
Amount	3.55%	3.65%	4.02%	4.21%	2.81%

(Gross earning assets = Balance with other banks & FIs + Investment in securities + Loans & advances. ForSJIBLprofit income means income (interest) from investment (loans and advances).

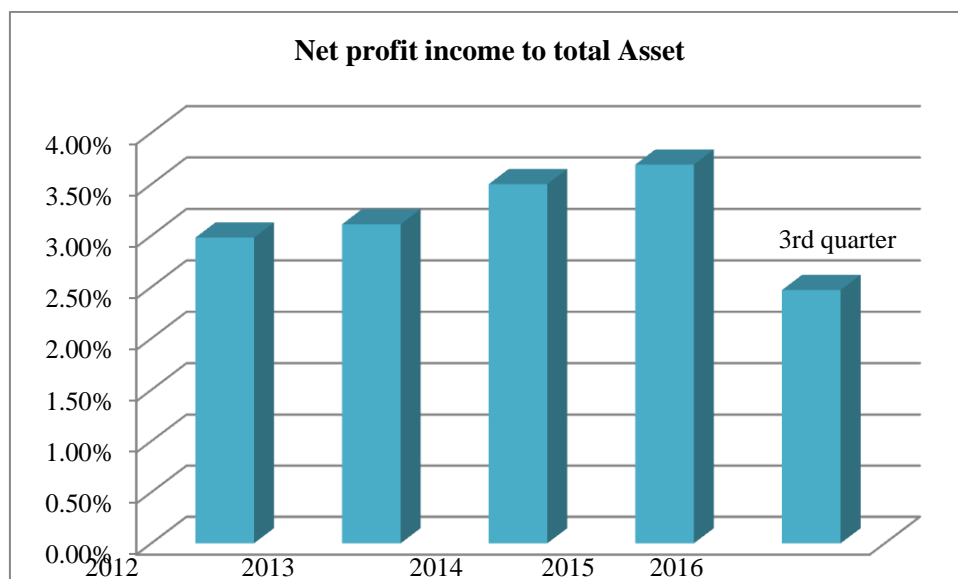


Net profit ( interest) margin measures how large a spread between profit (interest) revenues and interest costs management has been able to achieve by close control over the bank’s earning assets and pursuit of the cheapest sources of funding. Net profit of SJIBL in year 2015 is 4.21%, which is higher than previous year and after year 2016. It is indicating that SJIBL contributed 4.21% of profit which is higher than other.

**Net profit(interest) income to total Assets = Net profit income/Total Assets\*100**

Years	2012	2013	2014	2015	2016
Amount	2.98%	3.11%	3.50%	3.69%	2.47%

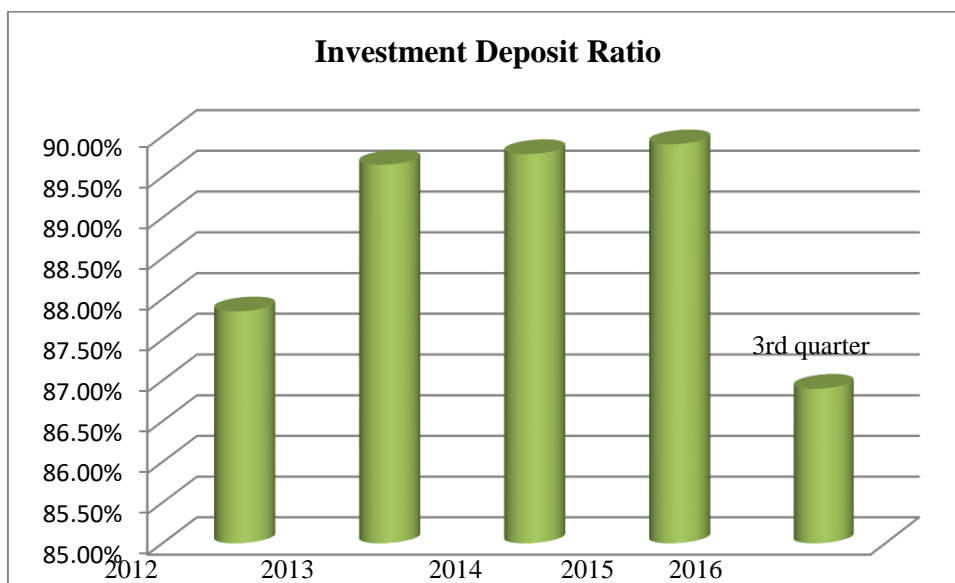
( For SJIBL profit income means income (interest) from investment (loans and advances).



The Net profit income to total assets ratio of SJIBL in year 2015 is 3.69%, which is higher than the other year. Its indicated the higher income contribution from the other year.

**Investment Deposit Ratio=Investment/Deposit\*100**

Years	2012	2013	2014	2015	2016
Amount	87.85%	89.65%	89.45%	89.25%	86.90%

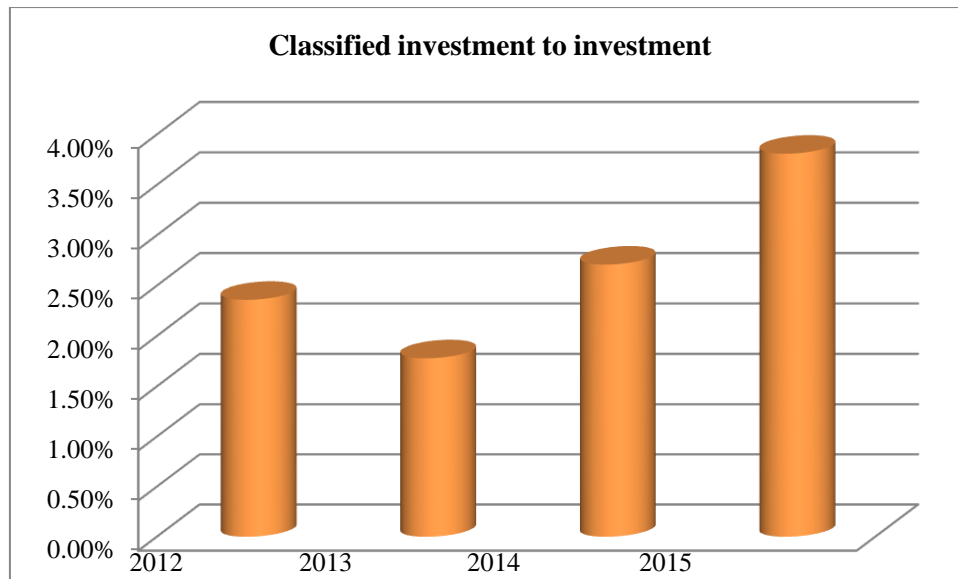


In 2016(as 3rd quarter year) investment deposit ratio is less than other year. Other year ratio is increasing it shows that return to depositors is increasing year to year. Deposit is the main sources for investment. From the diagram we can see that over the year it is fluctuating except year 2012.

**Classified Investment to Investment=Classified investment/Investment\*100**

Years	2012	2013	2014	2015
Amount	2.36%	1.78%	2.71%	3.81%

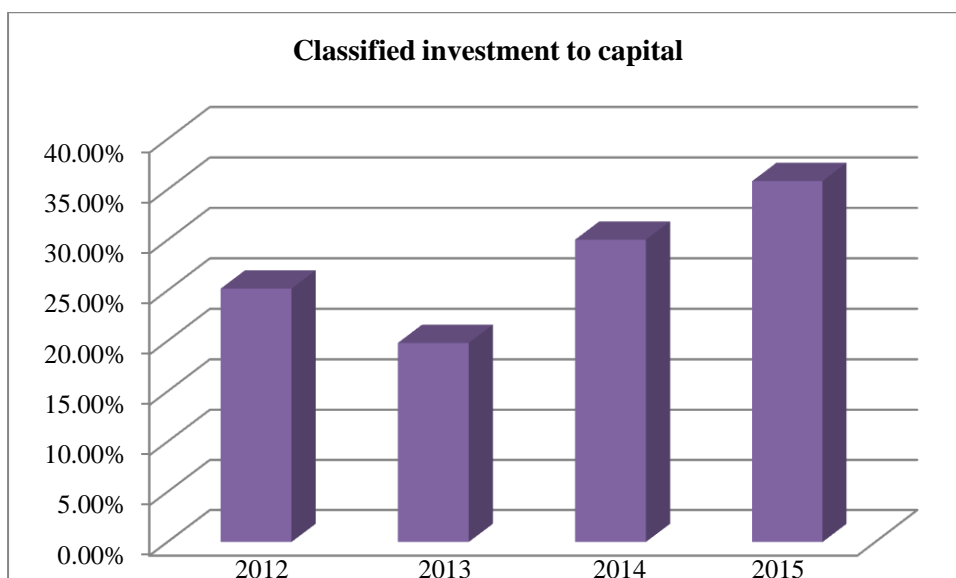




In 2013 classified investment to total investment of SJIBL is 1.78%, which indicated that year may better investment management by SJIBL. On the other hand, Classified investment ratio is increasing year to year that may show investment management policy is not better in this years.

**Classified Investment to Capital = Classified investment / Total capital \* 100**

Years	2012	2013	2014	2015
Amount	25.18%	19.80%	30.03%	35.84%



In 2013 classified investment to total capital of SJIBL is 19.80%, which indicated that year may better investment management by SJIBL. On the other hand, Classified investment to total capital ratio is increasing year to year that may show investment management policy is not better in this years.

### Overall Financial Performance of SJIBL

Name of ratio	Years				
	2012	2013	2014	2015	2016
<b>Return on Asset</b>	1.22%	1.36%	1.24%	1.15%	0.37%
<b>Return on Equity</b>	16.93%	19.07%	17.53%	13.93%	4.78%
<b>Net Profit Margin</b>	3.55%	3.65%	4.02%	4.21%	2.81%
<b>Net Profit Income to Total Asset</b>	2.98%	3.55%	3.50%	3.69%	2.47%
<b>Investment Deposit Ratio</b>	87.85%	89.65%	89.45%	89.29%	86.90%
<b>Classified Investment to Investment</b>	2.36%	1.78%	2.71%	3.81%	-----
<b>Classified Investment to Capital</b>	25.18%	19.80%	30.05%	35.84%	-----

## **Chapter Five: Findings, Recommendation & Conclusion**

### **5.1 Findings**

1. SJBL investment procedure is very difficult.
2. SJBL does not sanction investment to all sectors equally. It invests within some limited fields and categories.
3. Employees have lack of knowledge in investment sector for fulfill the main purpose of investment.
4. Some of the employers try to violet Islami Shariah when they deal with investment.
5. Some investment deals are very much slow.
6. Absence of attractive innovative investment products.

## 5.2 Recommendation:

1. Shahjalal Islami Bank Ltd should make the investment procedure easy and understandable to attract the potential customer.
2. Shahjalal Islami Bank Ltd should invest all economic sectors for more profit. It also helps to create new employment opportunity.
3. The Bank should offer better training program for their employees to make the employees efficient in investment sector.
4. Official at branch level should more careful in compliance with desired Shariah regarding investment.
5. Shahjalal Islami Bank Ltd should take Investment decision make faster.

### 5.3 Conclusion

Islam is a connection of harmony and furthermore a total code of life. Allahs'guidance degrees into all parts of our lives. Islam has given detail rules for our monetary life. Therefore, Shahajalal Islami Bank Ltd (SJIBL) is endeavoring to set up the most extreme joy of the general public by keeping up the ethical quality of Islamic Shariah which depends on "Quran" and "Sunnah". Since 1983, SJIBL is the pioneer in welfare managing an account in this subcontinent and it is endeavoring to do every one of its exercises for the advancement of its contributors. For the more prominent enthusiasm of the investors the venture approach of SJIBL is to contribute based on benefit and misfortune partaking as per the tents and standards of Islamic Shariah. Benefit acquiring isn't the main thought process and goal of the bank's speculation strategy rather accentuation is given in accomplishing social great and in creation business openings.

SJIBL isn't material in its introduction. SJIBL does not contribute any plan, which clashes with the ethical esteem arrangement of Islam. SJIBL does not entirely consider the credit value of the industrialist. SJIBL gets an arrival just if the venture succeeds and creates a benefit. SJIBL thinks about the soundness of the undertaking and business insight and administrative competency of the business visionary. In this manner, the rate of return of speculation of SJIBL is more noteworthy contrasting with that of regular banks.

Finally, Shahajalal Islami Bank Ltd (SJIBL) has been set up so as to direct premium free managing an account to build up participatory keeping money rather than borrower leaser relationship lastly to set up welfare situated saving money through its speculation tasks that would prompt a fair society.

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## APPENDICES

ACU - Asian Clearing Union (A trade association of seven Asian countries including Bangladesh).

AO - Assistant Officer

AVP - Assistant Vice President

AVP - Assistant Vice President

MD - Managing Director

ATM - Automated Teller Machine.

AWCD - Al-Wadiah Current Deposit

BIBA – Bangladesh Islamic Banker’s Association

BACH - Bangladesh bank clearing house

CEO - Chief Executive Officer

DMD - Deputy Managing Director

EC - Executive Committee

EVP - Executive Vice President

EO - Executive Officer

FC - Foreign Currency

GB – General Bank

GDP - Gross Domestic Product

HR – Human recourse

IBC - Inward Bills for Collection

IBCA - Inter Bank Transaction Credit Advice

IBCA - Inter Bank Transaction Debit Advice

IDB – International Division Bank

IERB – Islamic Economics Research Bureau

SJIBL – Shahjalal Islami Bank Ltd

MTO - Management Trainee Officer

JAVP – Junior Assistance Vice President

JO - Junior Officer

MSD - Mudaraba Savings Deposit

MSD - Mudaraba Savings Deposit Accounts

MSND - Mudaraba Short Notice Deposit

Msnd - Mudaraba Short Notice Deposit Accounts

MTD - Mudaraba Term Deposit Accounts

MTDR - Mudaraba Term Deposit Receipt

NBFI- Non Banking Financial Institution

OBC - Outward bill collection

PO - Pay Order.

PO - Principal Officer

SBS- Schedule Banking Statistics

SAVP - Senior Assistant Vice President

STD – Short Term Deposit

SEO - Senior Executive Officer

SO - Senior Officer

SEVP - Senior Executive Vice President

SME - Small & Medium Enterprise

SVP - Senior Vice President

SWIFT - Society for Worldwide Interbank Financial Telecommunication.

TIN - Tax Identification Number

TO - Trainee Officer

TR – Truck Receipt

VP - Vice President