



Daffodil
International
University

An Internship Report

On

“Investment Activities of Social Islami Bank Limited”

Supervised By:

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faulty of Business & Economics

Submitted By:

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ID: 182-14-2684

Program: MBA

Daffodil International University

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An Internship Report
On
“Modes of Investment of Social Islami Bank Limited”



LETTER OF TRANSMITTAL

March 31st 2019

To

Mrs Nusrat Nargis

Assistant Professor

Department of Business Administration

Daffodil International Universtiy

Subject: Submission of Internship report on “*Investment Activities of Social Islami Bank Limited*”.

Dear madam,

I would like to thank you for giving me the chance to prepare the Internship Report on this topic of “Investment activities of Social Islami Bank Limited”. Working in a Bank was a great experience for me. The internship program gave me the opportunity to enrich my theoretical knowledge through practical exposure of financial activities of some businesses.

I hope, you will assess my report considering the limitations and mistakes of the study and I sincerely believe, you will find the study very interesting and informative.

Sincerely yours

S.A.M. Wasif Rahman

ID: 182-14-2684

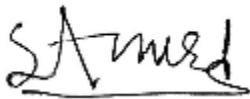
Program: MBA

Daffodil International University

DECLARATION

I, S.A.M. Wasif Rahman, hereby declare that the internship report entitled “**Investment activities of Social Islami Bank Limited**” is uniquely prepared by me after successful completion of three months Internship program in Social Islami Bank Limited. This internship report is being submitted as a partial fulfillment of Masters of Business Administration (MBA) program.

I would also like to confirm that this internship report is only prepared for my academic requirement, not for any other purpose. It has not been previously submitted to any other university or organization for an academic qualification.



.....

S.A.M. Wasif Rahman

ID: 182-14-2684

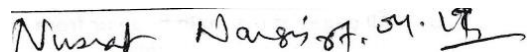
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CERTIFICATE OF SUPERVISOR

This is to certify that S.A.M. Wasif Rahman, MBA Program, ID: 181-14-2684 is a regular student of Daffodil International University under department of MBA. He has successfully completed his internship report on “**Investment Activities of Social Islami Bank Limited**” for the award of the degree of Masters of Business Administration (MBA) under my supervision.

To the best of my knowledge and as per his declaration, the report is an authentic work on the issue and has not been submitted to anywhere for awarding any degree. He is permitted to submit the Internship Report and I wish his best success & prosperity.



.....

Nusrat Nargis

Assistant Professor

Department of Business Administration

Faulty of Business & Economics

ACKNOWLEDGMENT

First of all I remember Almighty Allah for making me successful to prepare this report. I am grateful to the Social Islami Bank Limited authority that has helped me by updating desired information at their website. At the outset, I would like to thank and convey my gratitude to honorable Supervisor Mrs Nusrat Nargis, Assistant Professor, Department of Business & Economics, Daffodil International University, for letting me to prepare this report and I would also like to express my sincere appreciation to her for her kind support and guidance.

I also express my cordially thanks to all the teachers, colleagues, of Social Islami Bank Limited, who has provided me necessary information & excellent guideline to know about Social Islami Bank Limited and prepare this report. I also express my heartiest thanks to all the Bankers and Customers of Social Islami Bank Limited, Mirpur-10 Branch, who has kindly provided me the information and other handout tools. I am very grateful to Sakib Bin Siraj, assistant officer, Mirpur-10 Branch, for his necessary cooperation to carry out my assignment in a proper way. I thank the bank manager who helps me to do internship in his branch and provide me a fair idea about practical knowledge of banking activities. I will show appreciation to everyone who helps me to perform all the official activity of. I thank the bank manager who helps me to do internship in his branch and provide me a fair idea about practical knowledge of banking activities. I will show appreciation to everyone who helps me to perform all the official activity of

The management of this Branch had been extremely helpful in providing necessary documents, annual report, statements, voucher etc. This helped me to prepare this Internship report. I express a deep debt of appreciation & gratefulness to the employees of SIBL, Mirpur-10 Branch.

Executive Summary

The main focus of this report is on Investment activities of Social Islami Bank Limited. In order to focus on the modes of Investment of Social Islami Bank Limited, the study focuses on different modes of investment, investment procedure and classified investment of Social Islami Bank Limited. The study has been conducted mainly based on secondary data. The data has been collected for the period of 6 years from 2012 to 2017. Some information has also been collected from the discussion with the officers. Results of the study show that there is an increasing trend in deposit, investment, and investment income from SIBL. The investment to deposit ratio of SIBL is fluctuating over the years. SIBL invests more in Bai-Murabaha Mode and there is an increasing trend in classified investment of SIBL has fluctuated over the years. Therefore, Bank should give more effort to maintain and improve its trend of deposit rate by increasing their branches, providing more customer services like- developing new savings scheme, give concentration to control the classified investments by continuous communicate with the customer and should properly check the document of the applied client before the disbursement of the fund of different modes so that the income from different modes of investment will be enhanced.

Table of Contents

		Particulars	Pages
		Acknowledgement	
		Exclusive Summary	
		Introduction	
Chapter- 1	1.1	Introduction of the Report	2
	1.2	Origin of the Report	2
	1.3	Significance of the report	2
	1.4	Scope of the Report	3
	1.5	Objective of the Report	3
	1.6	Methodology	3
	1.7	Limitations of the Report	4
Chapter- 2	Overview of Social Islami Bank Limited		
2.1	Historical of Social Islami Bank Limited	6	
2.2	Definition of Islamic banking	7	
2.3	Vision	8	
2.4	Mission	8	
2.5	Values	8	
2.6	Strategic Objective	9	
Chapter- 3	Investment activities		
3.1	Investment	11	
3.2	Islamic Banking	11	
3.3	Conventional Banking	11	
3.4	Moods of Investment	11	
Chapter- 4	MODES OF INVESTMENT OF SIBL		
4.1	Investment of SIBL	17	
4.2	Moods of Investment of SIBL	17	

	4.3	Investment Policies of SIBL	23
Chapter-5		Analysis of Mode Wise Investment Performance	
	5.1	Year Wise Deposits & Growth Rate of Deposit of SIBL	25
	5.2	Year Wise Investment & Growth Rate of SIBL	26
	5.3	Year Wise Investment to Deposit Ratio Analysis	27
	5.4	Mode wise investment SIBL in 2017	28
	5.5	Trend of Mode Wise Investment from 2012 to 2017	30
	5.5.1	Investment in Bai-Murabaha	30
	5.5.2	Investment Income from Bai-Murabaha	31
	5.5.3	Investment in Musharaka:	32
	5.5.4	Investment Income from Musharka:	33
	5.5.5	Investment in Mudaraba	34
	5.5.6	Investment Income from Mudaraba	35
	5.5.7	Investment in Bai-Muazzal	36
	5.5.8	Investment Income from Bai-Muazzal	37
	5.5.9	Investment in Hire-Purchase Sirkatul Meelk	38
	5.5.10	Investment Income from Hire-Purchase	39
	5.5.11	Investment in Quard	40
	5.5.12	Investment Income from Quard	41
	5.5.13	Investment in Bai-Salam	42
	5.5.14	Investment Income from Bai-Salam	43
	5.5.15	Investment in Staff Loan	44
	5.5.16	Investment in Ijarah	45
	5.5.17	Investment Income from Ijarah	46
	5.5.18	Investment in Visa Card	47
	5.5.19	Classified Investment as a Percentage of Total Investment	48

	5.5.20	Unclassified Investment as a Percentage of Total Investment	49
	5.5.21	Bad or Loss as a Percentage of Total Investment	50
Chapter6		Findings, Recommendations & Conclusion	
	6.1	Major Findings	53
	6.2	Recommendations	54
	6.3	Conclusion	55
		Bibliography	56

Chapter-1

Introduction

1.1 Introduction of the report:

For Masters in Business Administration (MBA), students not only need to know theoretical knowledge but also need to handle the real life situation. It is a great opportunity for the students to know about the real business operations through the internship program. Internship programs are the perfect blend of the theoretical and the practical life experience. This report is prepared for fulfilling a practical requirement of both MBA and the internship program. On this regard I have been posted in Social Islami Bank Limited (SIBL), Mirpur Branch immediately after completion all of MBA course for three (3) months duration internship program (Policies & Practices of Investment Activities Of Social Islami Bank Limited) and have been advised by the honorable management to submit my practical learning in written form of different phases. Being stimulated by this constructive thought of management I am submitting my paper for these phases mainly focused on the Investment Activities of SIBL from Mirpur Branch.

1.2 Origin of the Report:

This report has been prepared through extensive discussion with bank employees and with customers. While preparing this report, I had a great opportunity to have an in depth knowledge of all the banking activities practiced by the Social Islami Bank Limited. It also helped me to acquire a first-hand perspective of a leading private bank in Bangladesh.

- To get and organize detailed knowledge on the job responsibility.
- To experience the real term of corporate world.
- To compare the real scenario with the lessons learned at my university.
- To fulfill the requirement of MBA Program.

1.3 Significance of the report:

Social Islami Bank Limited is one of the biggest Islamic bank in Bangladesh. There is a few number of private banks those who can compete with this bank. The aim of islami banking system is to establish Islamic economy in the society through a well-designed Islamic monitoring system. Also Islam has the best instruction about the use of money through some distinctive guidelines.

1.4 Scope of the Report:

The study focuses on the Investment functions of Social Islami Bank Limited (SIBL). SIBL is one of the most efficient banks in Bangladesh, which is shaped to develop a balance & sound economic, social & industrial sectors of Bangladesh. The scope of study is limited to Mirpur Branch only. Another scope of that study was to discuss with the customers about the business formalities in Investment sector. The report covers the organization structure, background, functions, and performance of the Bank. For gathering experience on overall banking system my schedule time was divided in various departments.

- An overview of Social Islami Bank Limited
- Investment Activities
- The investment management of Social Islami Bank Limited

1.5 Objective of the Report:

The broad objective of this report is to Investment Activities of Social Islami Bank Limited (SIBL).The following objectives can be listed as the specific objectives of the study:

- ❖ To know the different modes of investment.
- ❖ To analyze investment activities of SIBL.
- ❖ To evaluate the investment performance of SIBL.
- ❖ To find out the problems & findings of the bank regarding investment
- ❖ To provide some recommendation of the bank

1.6 Methodology:

Research design:

This report is analyzed in the natural way by which it is briefly analyzed by the modes wise investment performance of Social Islami Bank Limited. It has been administrated by collecting secondary . Moreover, this is a combination of both fieldwork and desk research.

Data used in the study:

As the study is mainly based on secondary data, annual report of the bank and website are the major sources of data in this report. Though the use of primary data is very limited in this report, some has been collected by face to face conversation with some officers. The secondary data have been collected for the period of five years, from 2012 to 2017.

Secondary Data:

- Website of SIBL
- Manuals of SIBL (Bai-Murabaha, Bai-Muajjal, Bai-Salam etc)
- Annual Report of SIBL
- Different Book

1.7 Limitations of the Report:

- ✓ Only 12 weeks are not sufficient to collect and understand all the activities related to investment.
- ✓ In the research areas, the authorities can not express to us accurate data easily for the reason of their confidentiality.
- ✓ The executives of the bank cannot give adequate time because of their work.
- ✓ All the interpretation and conclusion about the result of study is based on the analyst own perspective.
- ✓ SIBL, Mirpur Branch is a small branch and their concentration is a very small area.

Part: 02

Overview of SIBL

2.1 History of SIBL:

The SOCIAL ISLAMI BANK LTD (SIBL), a second-generation commercial bank, operating since 22nd November, 1995 based on Shariah' Principles, has now 126 branches all over the country with two subsidiary companies - SIBL Securities Ltd. & SIBL Investment Ltd. Targeting poverty, SOCIAL ISLAMI BANK LTD, is indeed a concept of 21st century participatory three sector banking model in one. In the formal sector, it works as an Islamic participatory commercial bank with human face approach to credit and banking on the profit and loss sharing. It has a Non-formal banking sector too with informal finance and investment package that empowers and humanizes real poor family and create local income opportunities and discourages internal migration. The bank has another sector to monetize the voluntary sector and management of Waqf, Mosque properties and has introduced cash Waqf system for the first time in the history of banking. In the formal corporate sector, this Bank, among others, offers the most up-to-date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills, leasing of equipment and consumers' durable, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industrial, agricultural, transport, educational and health projects and so on.

At a glance

Name of the company	: Social Islami bank Limited
Industry	: Financial Services
Legal form	: Public limited company
Chairman	: Major(Retd.) Dr. Md. Rezaul Haque
Managing Director & CEO	: Mr. Ihsanul Aziz
Company Registration No	: C-28763 (44)/95
Authorized capital	:BDT 10,000,000,000
Paid up capital	:BDT 703,14,15,640

Registered office : City Center (Level-19,20,21,22, 28 & 29), 90/1 Motijheel
C/A ,Dhaka-1000

Number of Branches : 125 branches

Website : www.siblbd.com

Email : info@sibl-bd.com

2.2 Definition of Islamic banking:

An Islamic Bank is a financial institution that operates with the objective to implement and materialize the economic and financial principles of Islam in the banking arena. Islamic banking refers to a system of banking or banking activity that is consistent with the principles of Islamic law (Shariah) and its practical application through the development of Islamic economics. Shariah prohibits the payment of fees for the renting of money (Riba, Usury) for specific terms, as well as investing in businesses that provide goods or services considered contrary to its principles (Haraam, Forbidden). While these principles were used as the basis for a flourishing economy in earlier times, it is only in the late 20th century that a number of Islamic banks were formed to apply these principles to private or semi-private commercial institutions within the Muslim community. The World Islamic Banking Conference held annually in Bahrain since 1994 is the unique platform internationally recognized as the largest and most significant gathering of Islamic banking and finance leaders in the world. The Organization of Islamic Conference (OIC) defined an Islamic Bank as financial institution whose statutes, rules and procedures expressly state its commitment to the principles of Islamic Shariah and to the banning of the receipt and payment of interest on any of its operations.”

2.3 Vision:

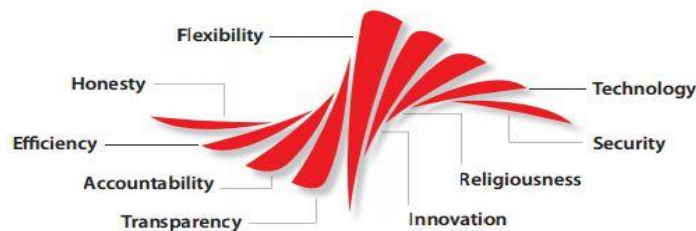
“Working together for a caring society.”

In SIBL journey towards continuous excellence it is striving to become the Country’s leading Islamic Bank offering one-stop service of an wide range of value added products and services meeting the needs of its customers; conducting its business ethically in accordance with the laws of Shariah while optimizing best utilization of the most modern state-of-the-art technological solutions through creation of a pro-active organizational culture based on sound team spirit, fairness, mutual understanding and pragmatic leadership.

2.4 Mission:

- Establishing 3(three) sector banking model
- Transforming to a service oriented technology driven profit earning bank.
- Fast, accurate and satisfactory customer service.
- Balanced and sustainable growth strategy

2.5 Values:



The logo of SIBL depicts bird’s wings with 9 feathers to represent its core values- comfortable and safe flying in the economic sky of the country connecting it with the global sky by passing the territorial boundary.

- 1. Honesty** : Honest to its customers, employees, regulators, shareholders and others.
- 2. Transparency** : Transparent in each and every banking transaction.
- 3. Efficiency** : Gaining efficiency through best use of man and machine.
- 4. Accountability** : Accountable to the stakeholders and to the society at large.
- 5. Religiousness** : SIBL enhance economic wellbeing with the bliss of religious ethics.

- 6. Innovation** : Continuous innovative idea generation and designing of banking products and services.
- 7. Flexibility** : Service flexibility is one of the most important features.
- 8. Security** : Protecting assets and services.
- 9. Technology** : Providing upgraded technological banking services

2.6 Strategic Objective:

1. Transformation in to a service-oriented technology-driven profit earning bank.
2. Ensuring fast, accurate and best-in-class customer with customers' satisfaction.
3. Balanced and sustainable growth strategy.
4. Optimum return on shareholder equity.
5. Introducing innovative Islami Banking product.
6. Attract, motivate and retain high quality human resources.
7. Empowering real poor families and create local income opportunities.
8. Providing support for social benefit organization by way of mobilizing.
9. To achieve global standers in Islamic Banking.
10. To invest in the priority sector for the overall economic development.

Chapter - 03

INVESTMENT

ACTIVITIES &

PROCEDURE

3.1 Investment:

An investment is an asset or item which is purchased with the hope of it will generate income or will appreciate in the specific future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create more wealth. In finance, an investment is a monetary asset purchased with the idea of the asset will provide income in the future or will be sold at a higher price for a profit.

3.2 Islamic Banking:

Islamic banking is a banking system which is based on the principles of Islamic law, also referred to as Shariah law and guided by Islamic economics. Two basic principles behind Islamic banking are the sharing the profit and loss, prohibition of the collection and payment of interest by lenders and investors. Collecting interest or "riba" is not permitted under the Islamic law.

3.3 Conventional Banking:

Conventional banking is based on the debtor-creditor relationship between the depositors and the bank. On the other hand between the borrowers and the bank on the other. Interest is considered to be the price of credit, reflecting the opportunity cost of money.

3.4 Moods of Investment:

- a) *Mudaraba (The Hiring of Capital)*
- b) *Musharaka (Partnership Profit Sharing)*
- c) *Bai-Murabaha (Contract Sale)*
- d) *Ijara*
- e) *Bai- Muajjal*
- f) *Bai-Salam (Advance Sale and Purchase)*

3.5 Status of Investment:

Status of investment can be classified into two major parts. These are:

1. Classified Investment

2. Unclassified Investment

Those are explained below:

1. Classified Investment:

These are the investment in which the bank finds overdue after the due time. The bank applies its predefined policy and procedures, after an investment becomes classified.

Substandard: Repayment is stopped or irregular but has its reasonable prospect of improvement. If an investment is not repaid by reschedule within the SMA period, then it becomes Sub-Standard investment. From this stage the investment will be treated as defaulted. Interest is treated the same way as in SMA. If a loan is not paid within six months period, then it is called substandard.

Doubtful debt: Unlikely to be rapid but special collection efforts may result in partially recover. If an investment is not repaid or reschedule within the substandard period, then it becomes a doubtful investment, interest will be treated as before this stage. If an investment is not paid within nine months period, then it is as called Doubtful debt.

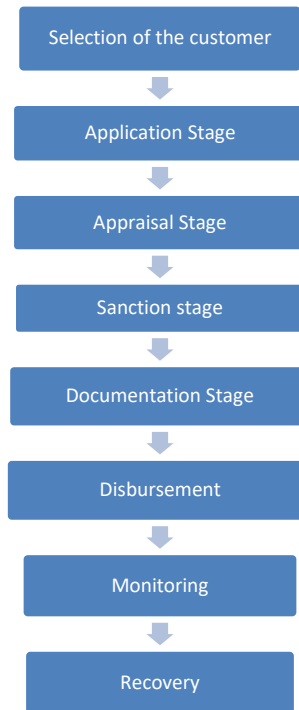
Bad/loss: Very little chance of recovery. If an investment is not repaid or reschedule within the doubtful stage, then it is termed as bad or loss. Seriously doubt exists as to the recovery of such investments. If an investment is not paid within one year, then it is generally called Bad/Loss.

2. Unclassified Investment:

These are the investment in which the bank satisfied about the repayment. No doubt exists up till now about their recovery.

3.6 Steps in investment Procedure:

The steps are given in a figure bellow.



1. **Selection of the client:** The customer must agree the bank's rules & regulations before availing investment. The bank usually analyses the following 5Cs of the customer-
 - Character
 - Capacity
 - Capital
 - Collateral
 - Condition
2. **Application Stage:** in this stage, the bank will collect necessary information about the customer. For this reason, bank informs the perspective customer to provide & fill duly respective information which is crucial for the initiation of the investment proposal.

Necessary documentations are-

- Trade license photocopy
- Abridged pro-forma income statement
- Attested copy of partnership deed
- Attested copy of Memorandum of Association(MOA)
- Attested copy of the e-TIN
- Tenders of the proposed assets

3. **Appraisal stage:** From here with in the bank evaluates the customers business. It is the most important stage because on the basis of this stage, bank usually goes for sanctioning the investment. However, the following contents are presented form that appraisal report-

- Customer information
- Owners information
- List of partners
- Purpose of investments
- Other liabilities of the customer
- Previous bankers information
- Business type

4. **Sanctioning stage:** At this stage the bank officially approves the investment proposal of the respective customer. The customer receives bank's sanction letter. SIBL sanction letter contains the following elements-

- Investment limits
- Mode & amount of investment
- Purpose of investment
- Period of investment
- Rate of return
- Securities
- Cash/goods
- Collateral

5. **Documentation:** Usually the bank analyzes whether required documents are in order. SIBL checks the following documents of the customer-
 - Tax payment certificates
 - Stock report
 - Trade license
 - Vat certificates
 - Liability statement from different parties
 - Receivable form different customer
6. **Disbursement stage:** here bank decides to pay out the money. Here the customer gets his desired fund.
7. **Monitoring stage:** The investment processing SIBL will contact the customer continually, bank can obtain monthly stock report of the customer in case of micro investment. Here the bank will keep its eyes on over the investment customer.
8. **Recovery stage:** it is the duty of the bank to recover the lent fund within the specific time & if the borrower fails to pay the money back within the pointed time.

3.7 Steps in recovery used in SIBL:

Recovery of the investment can be made in the following methods-

1. **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. It creates a mental force on borrower for repaying the money
2. **Voluntarily recovery:** in this method, some steps are followed for recovering investment. Which are-
 - Building task force
 - Arranging seminar
 - Waiver of interest rate
3. **Legal recovery:** If the above procedures fail to keep an account regular & the borrower does not pay the installments, then bank take necessary legal action against the borrower.

CHAPTER -4

MODES OF INVESTMENT OF

SIBL

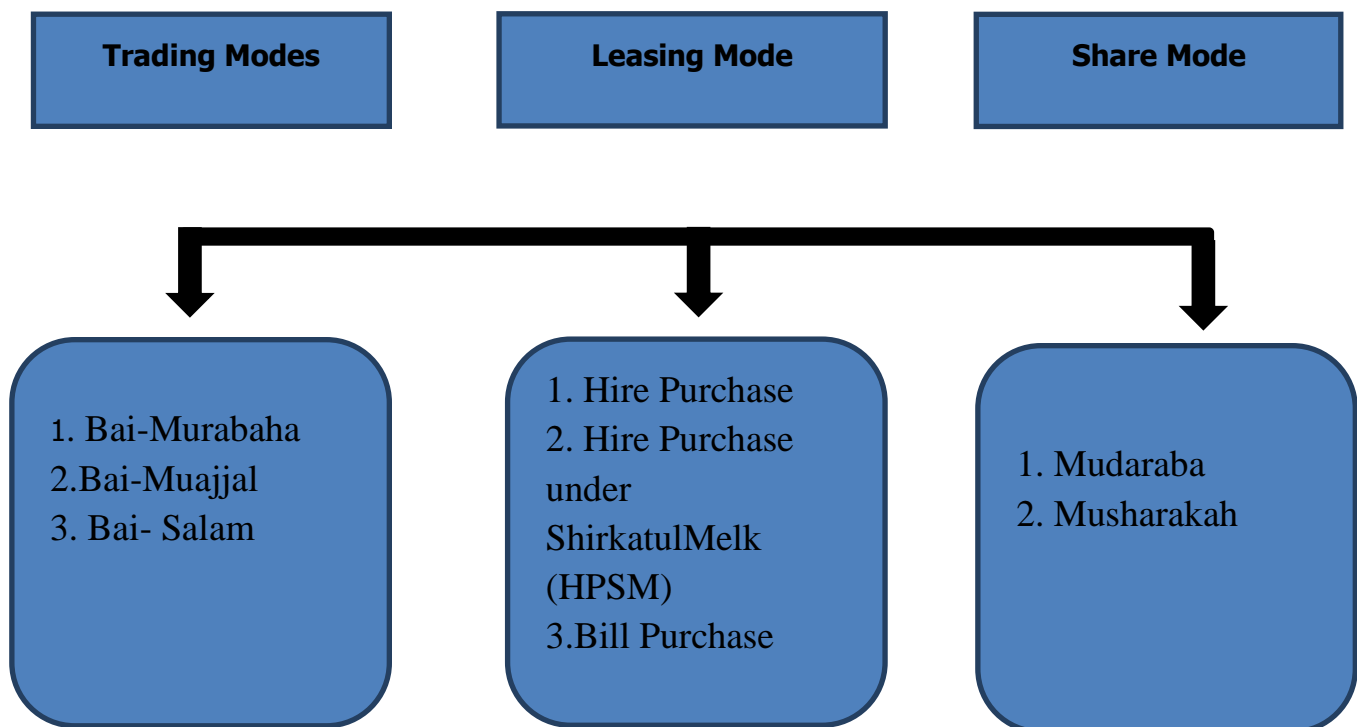
4.1 Investment of SIBL:

As a second-generation commercial bank operating under Islamic Shariah, Social Islami Bank Limited provides a variety of banking services including wide range of deposits and investment products, foreign exchange, remittance and other ancillary services with the support of most modern IT and skilled management. The investment of the bank comprises of diversified areas with all nationally identified sectors of business and industry. The bank has given most importance to park and maintain quality assets and is committed to retain good customers.

4.2 Moods of Investment of SIBL:

Some popular modes of SIBL's Investment are discussed below.

SIBL operates its investment activities mainly through 3 modes:



4.2.1 Trading modes (Bai-Mechanism):

(I) Bai-Murabaha:

Meaning:

The terms “Bai” and “Murabaha” have been derived from Arabic words “Murabaha” and “Bai”. The word “Bai” means purchase and sale and “Murabaha” means sale in cash”. So Bai-Murabaha means sale for which payment is in cash or in future fixed date or within a fixed period. In short, it is a sale on cash in due date.

Definition:

Bai-Murabaha may be defined as a contract between a buyer and a seller under which the seller sells certain specific goods (permissible under Islamic Shariah and the Law of the land), to the buyer at a cost on agreed profit payable in cash or on any fixed future period in lump-sum or by installments.

Features of Murabaha Financing:

- ✚ It is permissible for the customers to offer an order to purchase by the Bank particular goods deciding its specification and committing him to buy the same from the Bank on Murabaha, as cost plus agreed upon profit.
- ✚ It is permissible to make the promise binding upon the customer to purchase from Bank
- ✚ It is permissible to take collateral as a security to guarantee the implementation of the promise or to indemnify the damages.

Types of Murabaha:

A) Ordinary Bai-Murabaha

If there are only two parties, the seller and the buyer, where the seller is an ordinary trader purchases the goods from the market without depending on any other order and promise to buy the same from him and sells those to a buyer for cost plus profit, then the sale is called Ordinary Bai-Murabaha.

B) Bai-Murabaha on Order and Promise

If there are three parties, the buyer, the seller and the Bank as an intermediary trader between the buyer and the seller, where the Bank upon receipt order from the buyer with specification and a prior outstanding promise to buy the goods from the Bank, purchases the ordered goods and sells those to the ordering buyer at a cost plus agreed profit, the sale is called “Bai-Murabaha on Order or Promise”, generally known as Murabaha.

(II) Bai-Muajjal:

Meaning: The terms “Bai” and “Muajjal” have been derived from Arabic words “Ajal” and “Bai”. The word “Bai” means purchase and sale and the word “Ajal” means a fixed period”. So “Bai-Muajjal” means sales for which payment are made at a future fixed period. In short, it is a sale on credit.

Definition:

Bai-Muajjal may be defined as a contract between the buyer and the seller under which the seller sells certain specific goods (permissible under Islamic Shariah and the Law of the Country), to the buyer at a fixed price payable at a certain fixed future date in lump-sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the Buyer.

Features of Bai-Muajjal:

- ✚ It is permissible for the customer to offer an order to purchase by the Bank particular goods deciding its specification and committing him to buy the same from the bank on Bai-muajjal with differed payment sales at a fixed price.
- ✚ It is permissible to make the promise binding upon the customer to purchase from the Bank, which is if he is either satisfied by the promises or to identify the damages caused by breaking the promise without excuse.
- ✚ It is permissible to take cash or collateral security to guarantee the implementation of the promise or to identify the damages.

(III) BAI-SALAM:

Meaning:

Bai-Salam is a combination of two Arabic words “Bai” and “Salam”. “Bai” refers to Purchase and Sale while “Salam” means advance payment. “Bai-Salam” means transaction is made in advance. It is a form of sale on delayed terms in which the money may be paid first and the goods delivered at a later the specific date.

Definition:

Bai-Salam is sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange for an advanced payment made fully on the spot.

The components of Bai-Salam:

- ✓ The contract parties are Seller and Buyer
- ✓ The price and the merchandise
- ✓ The specifications of the contract.

Features of Bai-Salam:

- ✚ A product is sold without having the same in possession of the seller. Commodity ready for sale, Bai-Salam is not allowed in Shariah.
- ✚ Generally to meet instant need of the seller so that production is not hampered due to shortage of fund. For a example Industrial and agricultural products are purchased in advance under Bai-salam.
- ✚ Permissible to obtain collateral security from the seller to secure the investment from any hazards (non supply, partial supply, low quality).

4.2.2 Leasing mode (Ijarah mechanism):

(I) Hire purchase /Ijarah:

The term Ijarah has been derived from the Arabic words “Ajr” and “Ujrat” which means consideration, return, wages or rent. This is the exchange of value or consideration, return, wages, rent of service of an Asset. The mode under which any asset owned by the bank, by creation, acquirement or building-up is rented out is called HPSM (Ijara).

(II) Hire Purchase Under Shirkatulmelk:

Hire Purchase is both the Bank and the client supply equity in equal or unequal proportion for purchase of an asset like land, building, machinery, transport etc. Purchase the asset with that equity money, own the same jointly; share the benefit as per agreement and bear the loss in proportion to their respective equity. The share, part or portion of the asset owned by the Bank is hired out to the customer partner for a fixed rent per unit of time for a fixed time.

Stages of Hire Purchase under Shirkatul Melk:-

Thus Hire Purchase under Shirkatul-Melk Agreement has these three stages:

- Purchase under joint ownership.
- Hire and
- Sale and /or transfer of ownership to the other partner Hirer.

(III) Bill Purchase:

Bill Purchase in trade finance allows a seller to obtain financing and receiving immediate funds in exchange for a sales documents not to drawn under the letter of credit. The bank will send the sales documents to the buyer’s bank on the behalf of the seller.

4.2.3. Share Mechanism:

(I) Mudaraba :The term refers to a form of business contract in which one party brings capital and the other personal effort. The proportionate share in profit is determined by their mutual agreement.

Important Features:

- ✚ Bank supplies capital as Sahib- al –Mall and customer invest if in the business with his experience.
- ✚ The customer maintains administration and management.
- ✚ Profit is divided as per agreement.
- ✚ Bank bears the actual loss alone (if any).

(II)Musharaka:

The term “Shirkat” and “Musharakah” have derived from Arabic words “Shairkah” and “Sharika.” The word “shirkah” means a partnership between more than one partner. Thus the word “Musharaka” and “Shirkat” means a partnership established between two or more partners for purpose of a commercial venture participate both in the capital and management where the profit may be shared between the partners as per agreed upon profit ratio and loss. If any loss incurred, is to be bear by the partners at per capital ratio.

Basic rules of distribution of Profit:

- ✚ The ratio of profit for each partner must be determined in proportion to the actual profit accrued to the business and not in proportion to the capital invested by him.
- ✚ It is not allowed to fix a lump sum amount for anyone of the partners or any rate of profit tied with this investment.
- ✚ If both partners agree that each will get percentage of profit based on their capital percentage, whether both work or not, it can be allowed.

Basic rules of distribution of Loss:

- ✚ “Loss is distributed exactly according to the ratio of investment and the profit is divided according to the agreement of the partners.”
- ✚ Therefore the loss is always subject to the ratio of investment.

Powers & Rights of Partners in Musharakah:

- a) The right to sell the mutually owned property since all partners is representing each other in Shirkah and all have the right to buy & sell for business purposes.
- b) The right to buy raw material or other stock on cash or credit using funds belonging to Shirkah to put into the business.
- c) The right to hire people to carry out business if needed.
- d) The right to deposit money & goods of the business belongings to Shirkah as depositor trust where and when necessary.
- e) The right to use Shirkah's fund or goods in Mudarabah.

4.2.4 Qard:

It is a mode to provide financial loan with the stipulation to return the principal amount in the future without any increase thereon.

4.3 Investment Policies of SIBL:

- ❖ SIBL will follow Shariah principles strictly while making investment decision, as it is a Sharahi based on Commercial Bank.
- ❖ SIBL will go for investment under Voluntary sector of the Bank.
- ❖ SIBL will go for investment to national priority sectors.
- ❖ Investment to trade and commerce sector.
- ❖ Investment to foreign trade (import and export).

Chapter-05

Analysis of Mode Wise Investment

Performance

5.1 Year Wise Deposits & Growth Rate of Deposit of SIBL:

Year	2012	2013	2014	2015	2016	2017
Amount (TK in Millions)	93594	102104	124535	149774	190565	228798
Growth Rate (%)	40%	9%	22%	20%	27%	16%

Table 5.1: Amount of Deposits & Growth Rate of Deposit of SIBL

Source: Annual Report of SIBL (2012-2017)

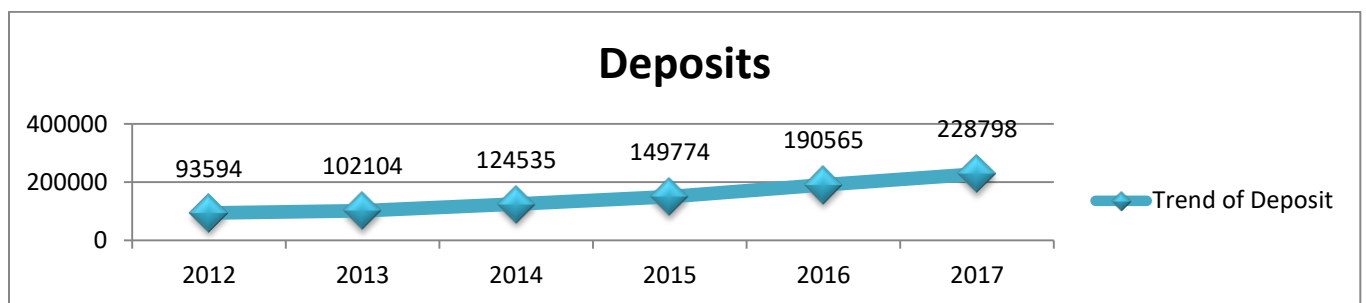


Figure 5.1: Year Wise Amounts of Deposit of SIBL

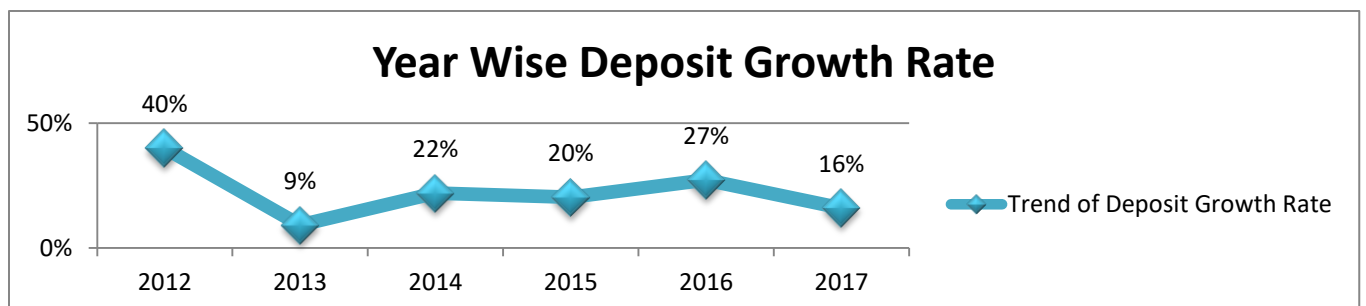


Figure 5.2: Year Wise **Deposit Growth Rate** of SIBL

Interpretation:

Above graph shows that the year wise deposit of SIBL has been gradually increased form 2012 to 2017. From the above chart, we can see that the lowest deposit was TK 93594 million in 2012 and the highest amount was TK 190565 million. This increasing trend of deposit is mainly due to expansion of branches and better customer services. However, the growth rate of deposit of SIBL in fluctuating till 2017 which is 27% to 16%..

5.2 Year Wise Investment & Growth Rate of SIBL:

Year	2012	2013	2014	2015	2016	2017
Amount (TK in Millions)	76025	85922	107900	134117	174196	210045
Growth Rate (%)	41%	13%	26%	24%	29%	20%

Table 5.2: Year Wise Investment of SIBL

Source: Annual Report of SIBL (2012-2017)

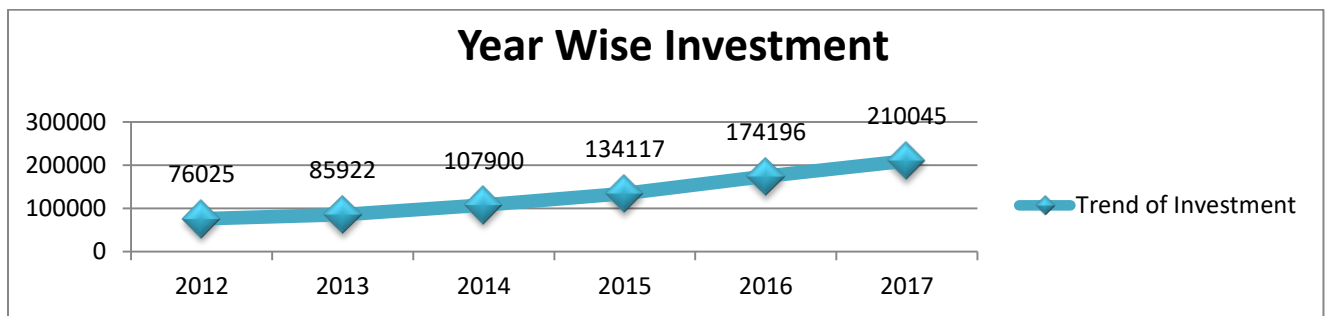


Figure 5.3: Year Wise Amounts of Investment of SIBL.

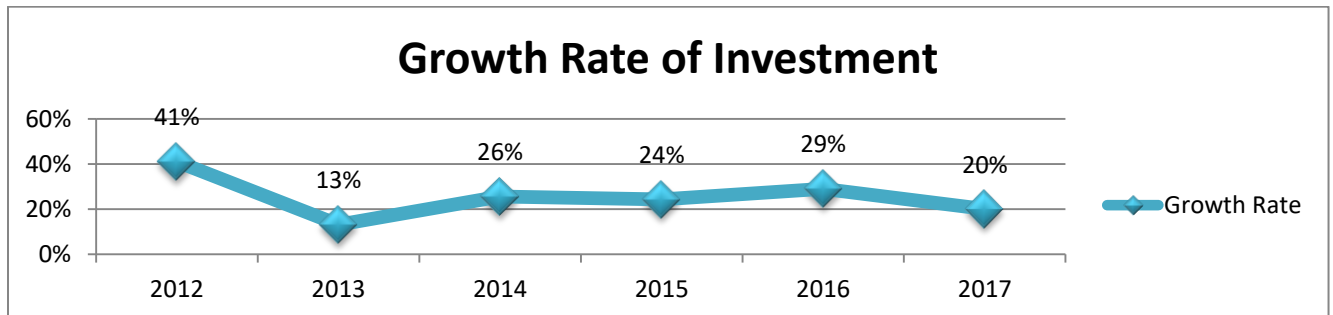


Figure 5.4: Year Wise Investment Growth Rate of SIBL

Interpretation:

The Graph shows that the investment in during the year is increased. In the year from 2012 to 2017, the investment of SIBL has rapidly increased at TK 76025 million to TK 210045 million. But the growth has fallen in 2013 from 41% to 13% and in 2015 from 26% to 29% & from 2016 to 2017 is 29% to 20%. And the growth rate also increases in 2014 from 13% to 26% and in 2016 from 24% to 30%. The growth rate of investment of SIBL in fluctuated from 2016 to 2017.

5.3 Year Wise Investment to Deposit Ratio Analysis:

Investment to deposit ratio measures the portion 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	2012	2013	2014	2015	2016	2017
Total Investment	76025	85922	107900	134117	174196	210045
Total Deposit	93594	102104	124535	149774	190565	228798
Investment to Deposit Ratio	81%	84%	87%	90%	91%	92%

Table 5.3: Year Wise Investment to Deposit Ratio of SIBL

Source: Annual Report of SIBL (2012-2017)

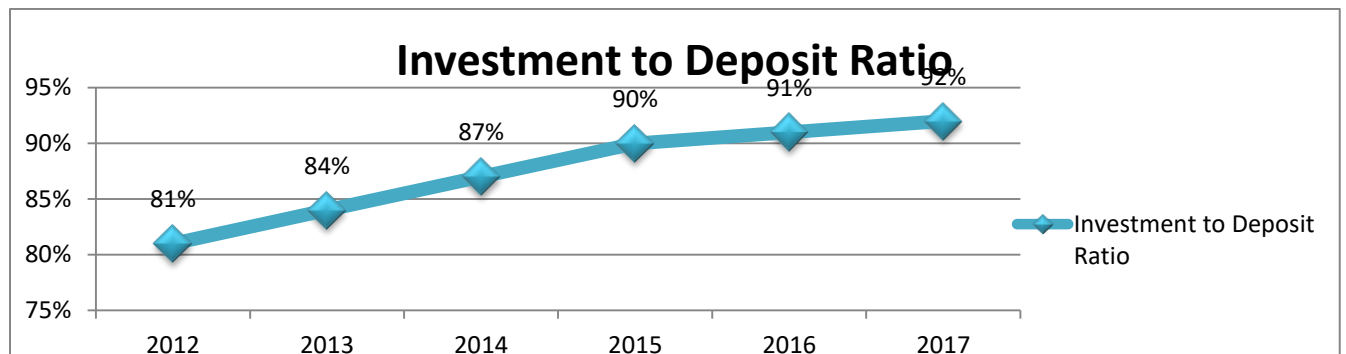


Figure 5.5: Investment to Deposit Ratio of SIBL

Interpretation:

The above the figure shows that in Investment to Deposit Ratio of SIBL is increasing over the years. In 2017 it was highest than any other years. So it can be said that SIBL was more efficient in converting their deposits in investment in 2017 (92%)

5.4 Mode wise investment SIBL in 2017:

Mode	Amount in Million Taka	Percentage of Investment
Musharaka	406	0.19%
Murabaha	4453	2.21%
Mudaraba	6593	3.14%
Bai-Muazzal	126947	60.43%
Hire-Purchase SirkatulMeelk	50888	24.22%
Quard	9213	4.38%
Bai-Salam	596	0.28%
Staff Loan	2463	1.17%
Visa card	682	0.32%
Ijarah	436	0.20%
Others	7360	3.5%
Total	210045	100%

Table 5.4: Mode wise investment SIBL in 2017 SIBL

Source: Annual Report of SIBL 2017

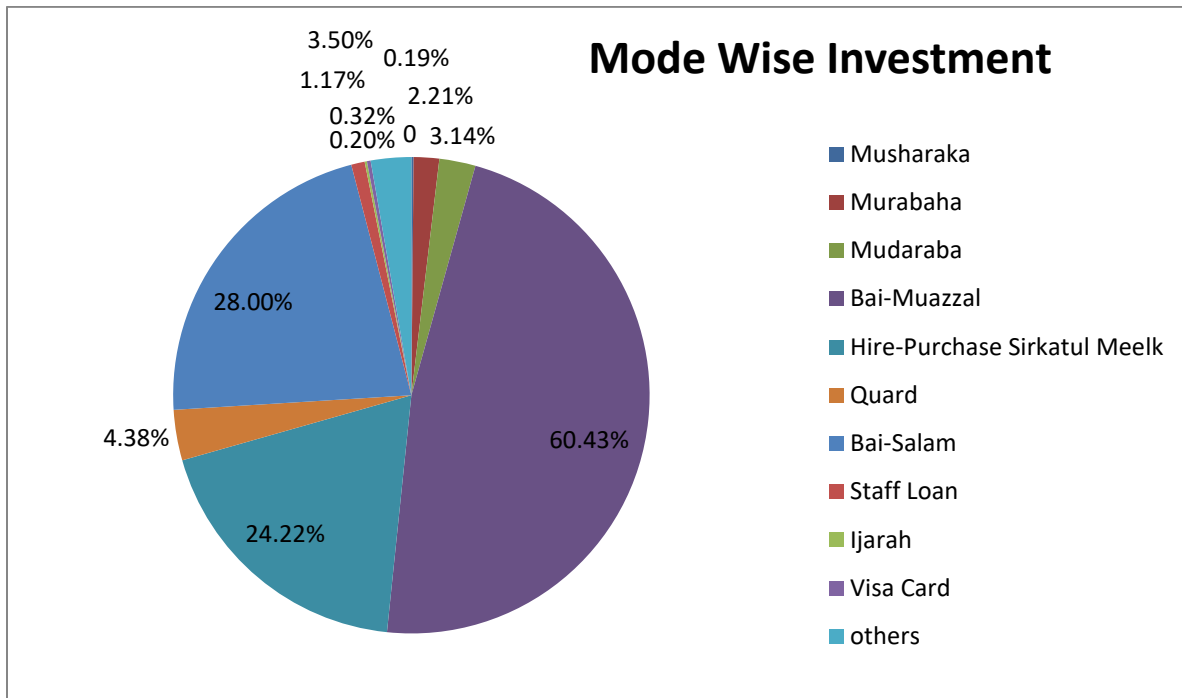


Figure 5.6: Mode Wise Investment of SIBL

Interpretation:

The above graph shows SIBL emphasis on Bai-Muazzal investment mode that is 60.43% of its overall portfolio. which is amount of TK 126947 million. And the lower portion was invested in Musharaka at .19%. Other investment includes in land Bill Purchase, Foreign Bill Purchased, Murabaha Bill of Exchange, Baim-Wes bills which in total 3.50%.

5.5 Trend of Mode Wise Investment from 2012 to 2017:

5.5.1 Investment in Bai-Murabaha :

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Bai-Murabaha Modes	5571	3090	4325	3929	3924	4453
Investment in Bai-Murabaha as Modes as percentage of total investment	8%	4%	4%	3%	2%	2%

Table 5.5: Year wise Investment in Bai-Murabaha (TK. in Million) percentage of total investment.

Source: Annual Report of SIBL (2012- 2017)

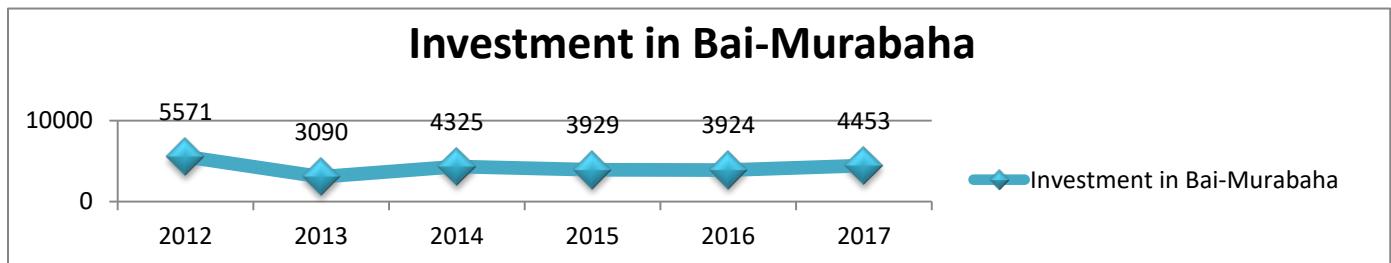


Figure 5.7: Year wise Investment in Bai-Murabaha (TK. in Million)

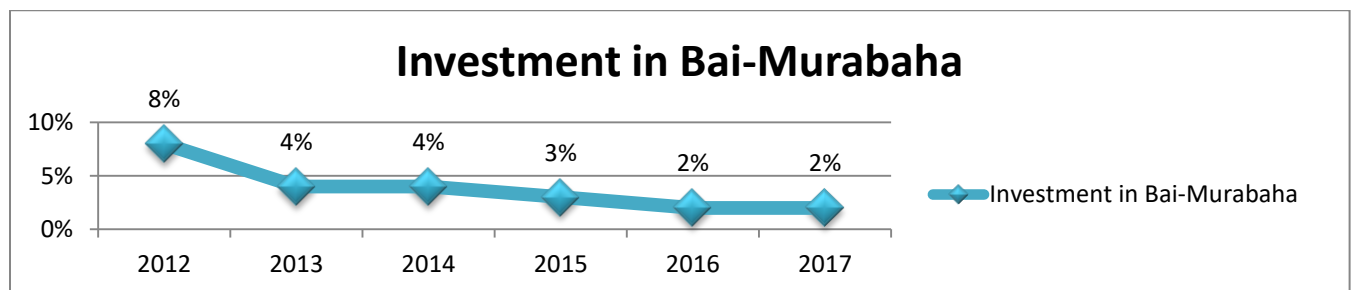


Figure 5.8: Percentage of Investment in Bai-Murabaha

Interpretation: During the year of 2012 SIBL Bai- Murabaha investment mode was 8%. Subsequently in the following couple of years this bank minimized investment in this mode. In 2016 & 2017 this mode figure out only 2%. We see an unstable growth in this mode of investment through out 2012 to 2017.

5.5.2 Investment Income from Bai-Murabaha:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Bai-Murabaha Modes	524	475	252	195	119	120
Income in Bai-Murabaha as Modes as percentage of total investment Income	5%	3%	2%	1%	0.7%	0.6%

Table 5.6: Bai-Murabaha Total Investment Income (TK. in Million) & Percentage Income.

Source: Annual Report of SIBL (2012- 2017)

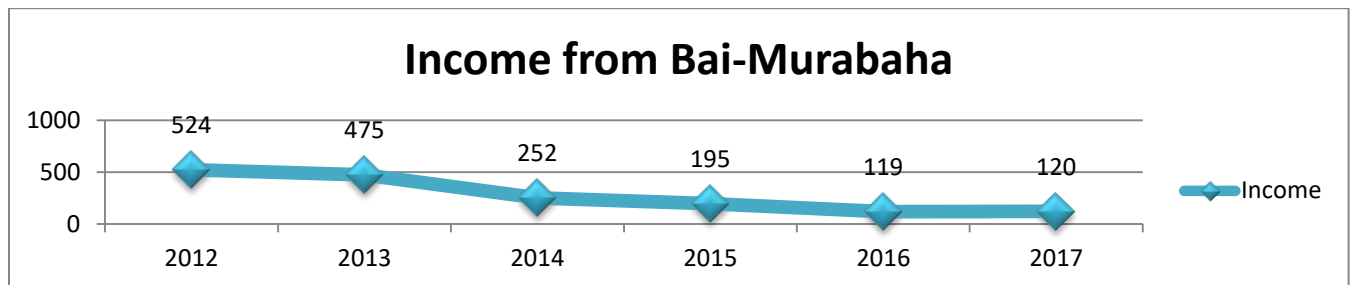


Figure 5.9: Amount of Bai-Murabaha Total Investment Income (TK. in Million)

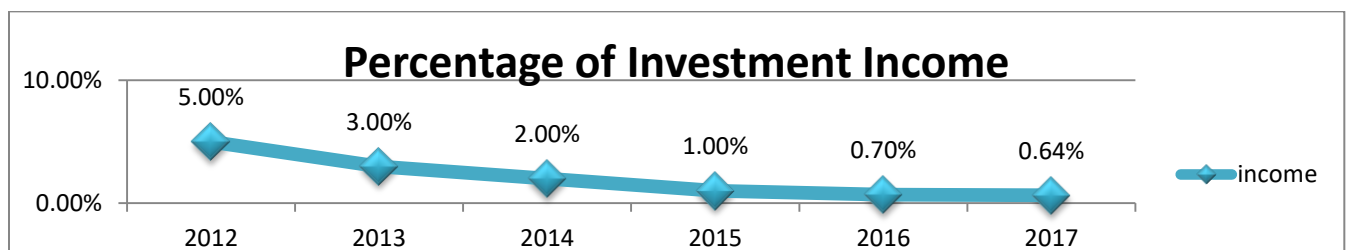


Figure 5.10: Bai-Murabaha Total Investment Income in Percentage Income.

Interpretation:

As stated in the above graph, the amount of investment in Bai-Murabaha modes is decreasing year by year. From 2012 to 2017 percentage of total investment income was also decreased, which at 5% (2012) to 0.64% (2016) so it is decreasing gradually.

5.5.3 Investment in Musharaka:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Musharaka Modes	541	580	556	494	394	406
Investment in Musharaka as Modes as percentage of total investment	0.81%	0.76%	0.56%	0.40%	0.24%	.20%

Table 5.7: Year wise Investment in Musharaka (TK. in Million) & percentage of total investment

Source: Annual Report of SIBL (2012- 2017)

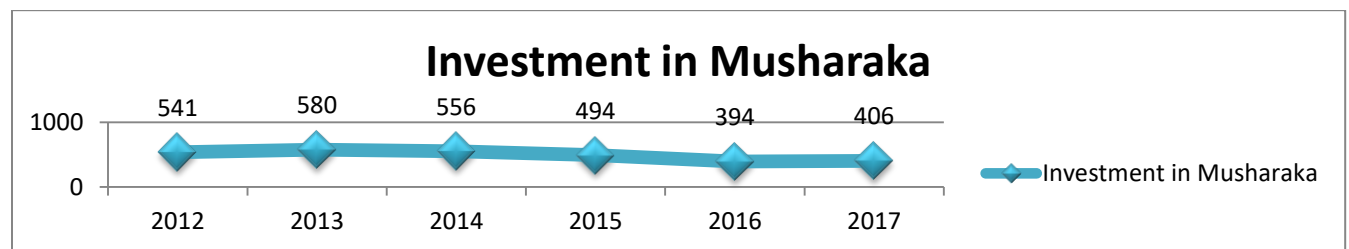


Figure 5.11: Year wise Investment in Musharaka (TK. in Million)

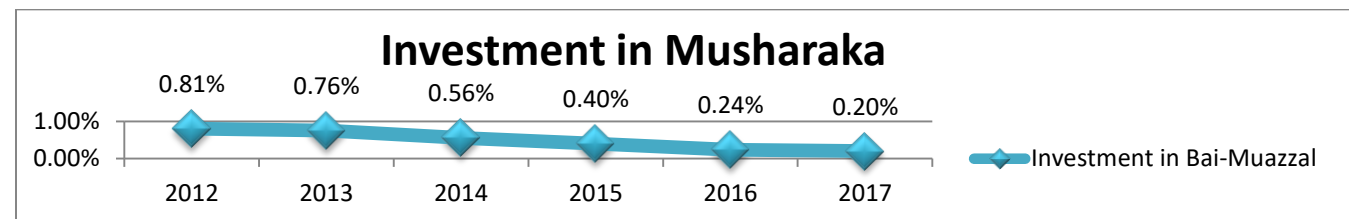


Figure 5.12: Percentage of Investment inMusharaka

Interpretation:

The graph shows a downward trend in investment under musharaka. The amount of investment in Musharaka from 2012 to 2013 was increased at which Tk 541 million to TK 580 million. On the other hand the amount of investment in Musharaka from 2013 to 2016 has been decreased. Again from 2016 to 2017 it is 406 million to 396 which is 0.20% of total investment in 2017. So SIBL is decreasing its Musharaka year by year.

5.5.4 Investment Income from Musharka:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Musharka Modes	43	57	49	51	38	31
Income in Musharka as Modes as percentage of total investment Income	0.38%	0.42%	0.35%	0.33%	0.23%	0.16%

Table 5.8: Musharka Total Investment Income (TK. in Million) & Percentage Income.

Source: Annual Report of SIBL (2012- 2017)

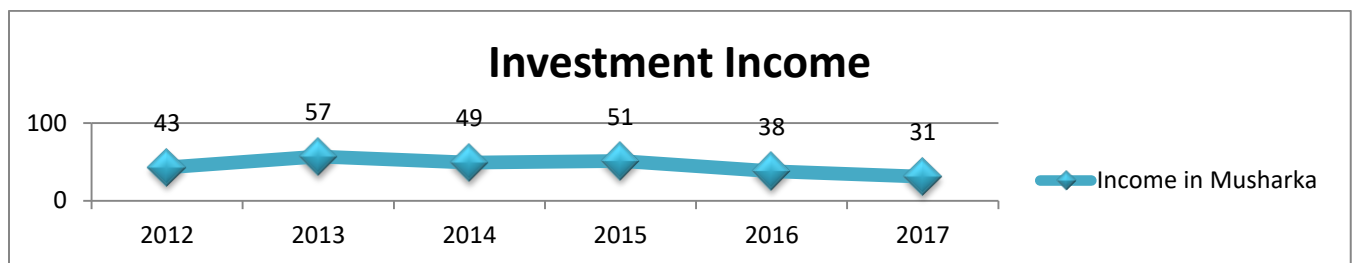


Figure 5.13: Amount of Musharka Total Investment Income (TK. in Million)

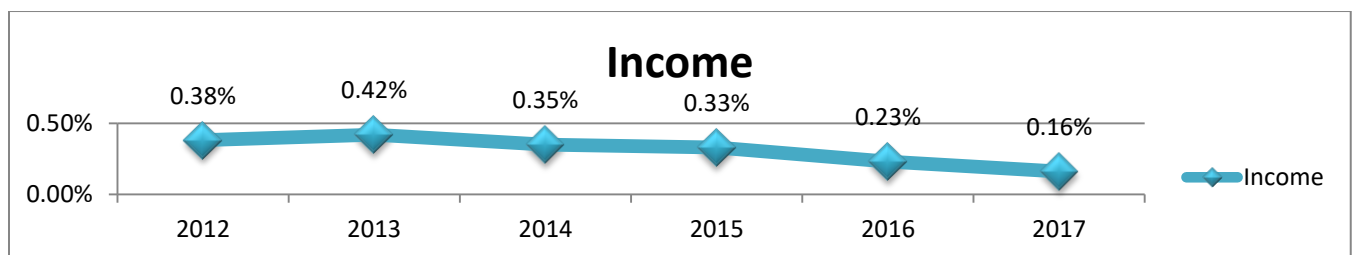


Figure 5.14: Musharka Total Investment Income in Percentage Income

Interpretation

The above figure shows the Amount of Musharka Investment Income is fluctuate year by year. In 2012 the investment income was Tk 43 million and percentage was 0.38 but it was increased in 2013 at .42%. However it was also decreased from 2013 to 2017. In 2017 it is lowest as 0.16% of total income.

5.5.5 Investment in Mudaraba

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Mudaraba Modes	203	2147	4205	4526	6890	6593
Investment in Mudaraba as Modes as percentage of total investment	0.31%	2.81%	4.26%	3.67%	4.12%	3.25%

Table 5.9: Year wise Investment in Mudaraba (TK. in Million)& percentage of investment

Source: Annual Report of SIBL (2012- 2017)

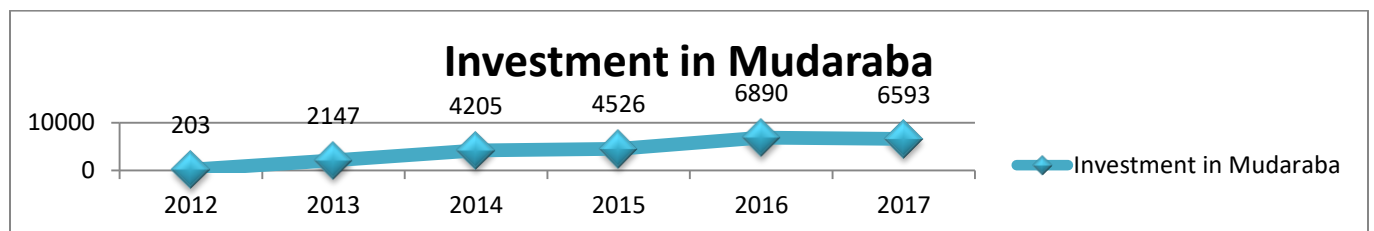


Figure5.15: Year wise Investment in Mudaraba (TK. in Million)

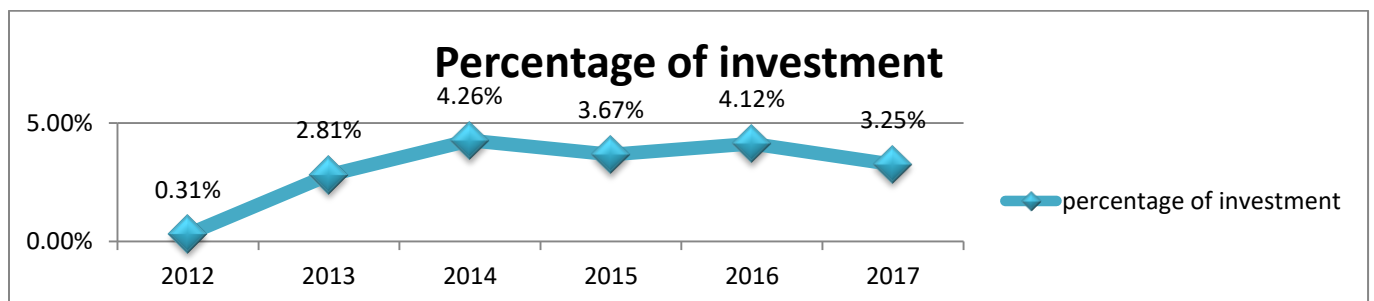


Figure5.16: Percentage of Investment in Mudaraba

Interpretation:

The graph shows that, the amount of investment in Mudaraba is increase from 2012 to 2016, but the percentage of total investment in mudaraba was decrease 2014 to 2015at 4.26% to 3.67%. And also has increased in 2012 to 2014. But the amount of investment slumped to 3.25% from 4.12% in 2017 from 2016.

5.5.6 Investment Income from Mudaraba:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Mudaraba Modes	3	34	266	238	236	160
Income in Mudaraba as Modes as percentage of total investment Income	0.27%	0.25%	1.90%	1.60%	1.40%	0.86%

Table 5.10: Mudaraba Total Investment Income (TK. in Million) & Percentage Income.

Source: Annual Report of SIBL (2012- 2017)

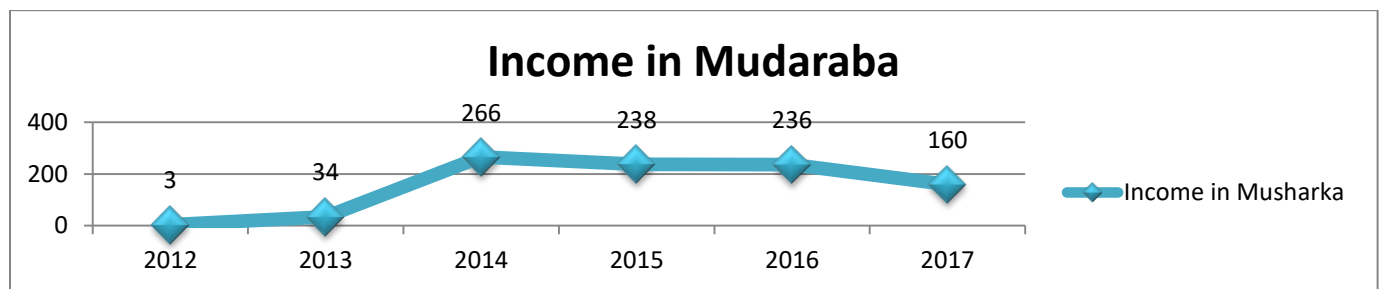


Figure 5.17: Mudaraba Total Investment Income

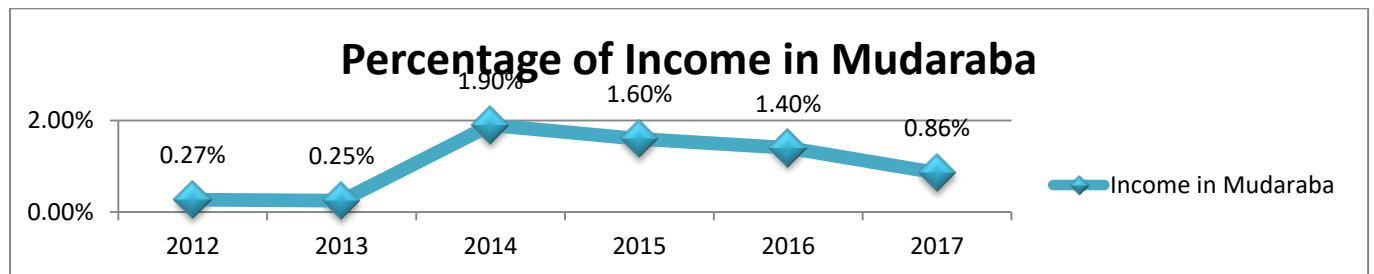


Figure 5.18: Percentage Income in Mudaraba of total investment Income

Interpretation:

The graph shows that the amount of Income in Mudaraba Modes is unstable. In 2012 the amount of Income in Mudaraba Modes Tk 3 million and TK 236 million in 2016 that means it was decreased year by years. The Percentage Income in Mudaraba of total investment Income was also increased at 0.27% (2012) to 1.40% (2016). Where as in 2017 it was 160 million and 0.86% of total investment income which was lower than the previous year 2016.

5.5.7 Investment in Bai-Muazzal:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Bai-Muazzal Modes	40705	49304	63555	77429	103157	126947
Investment in Bai-Muazzal as Modes as percentage of total investment	61.24%	64.53%	64.45%	62.63%	61.76%	62.63%

Table 5.11: Year wise Investment in Bai-Muazzal (TK. in Million) & percentage of investment

Source: Annual Report of SIBL (2012- 2017)

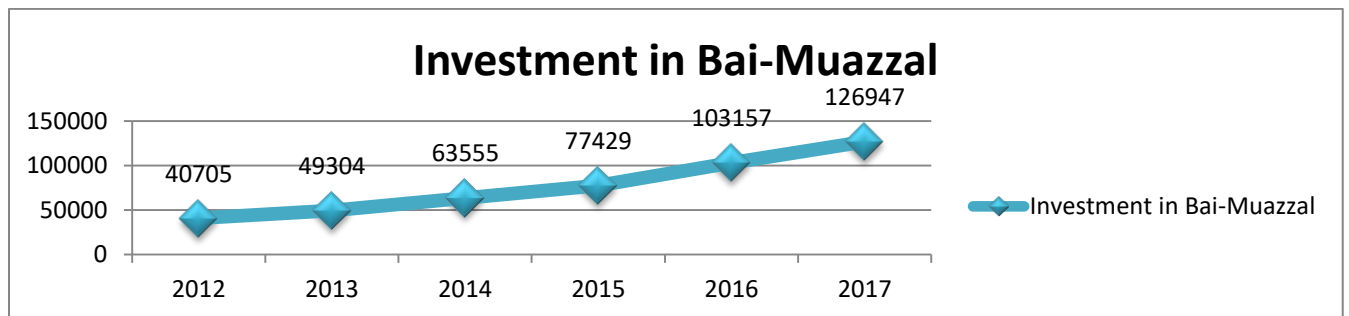


Figure 5.19: Year wise Investment in Bai-Muazzal (TK. in Million)

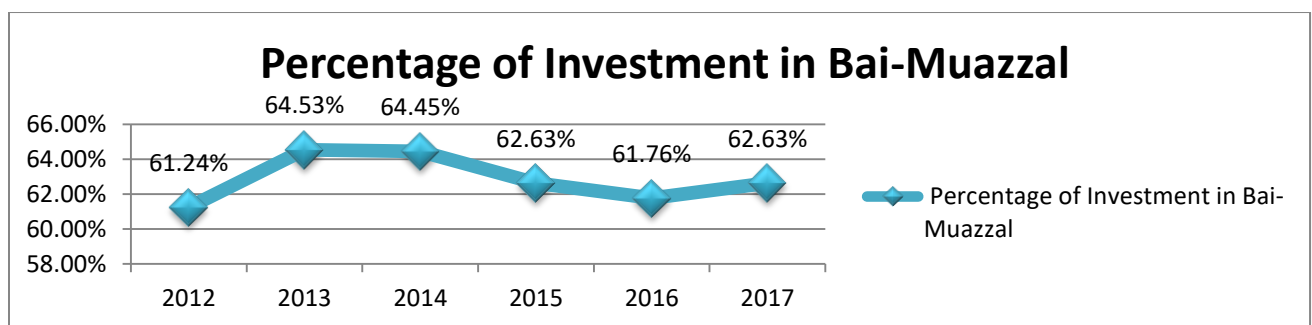


Figure 5.20: Percentage of Investment in Bai-Muazzal

Interpretation: The graph shows that Investment in Bai-Muazzal modes was increased from 2012 TK 40705 million to TK 126947 million in 2017. The percentage of Investment in Bai-Muazzal is increased a vast amount from 61.76% to 62.63% in 2017. The bank should concentrate more to it.

5.5.8 Investment Income from Bai-Muazzal:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Bai-Muazzal Modes	5630	6896	7576	8829	10118	11235
Income in Bai-Muazzal as Modes as percentage of total investment Income	50%	51%	54%	58%	60%	61%

Table 5.12: Year wise Investment income in Bai-Muazzal (TK. in Million) & percentage of investment

Source: Annual Report of SIBL (2012- 2017)

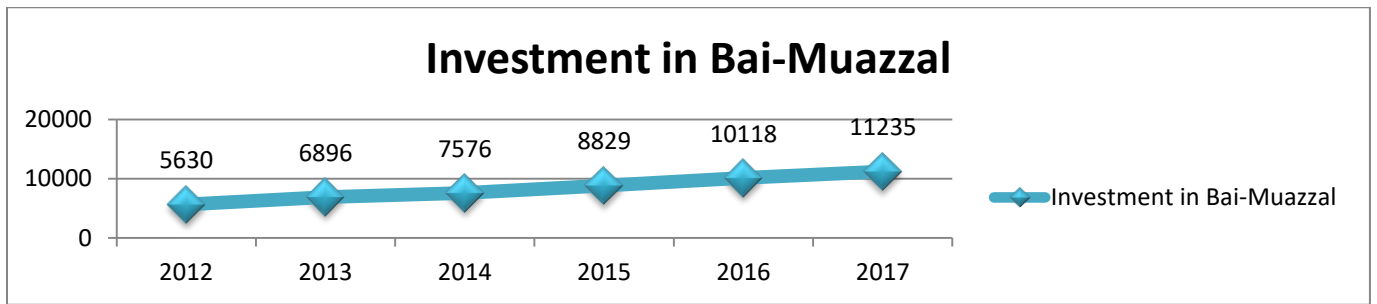


Figure 5.21: Year wise Investment in Bai-Muazzal (TK. in Million)

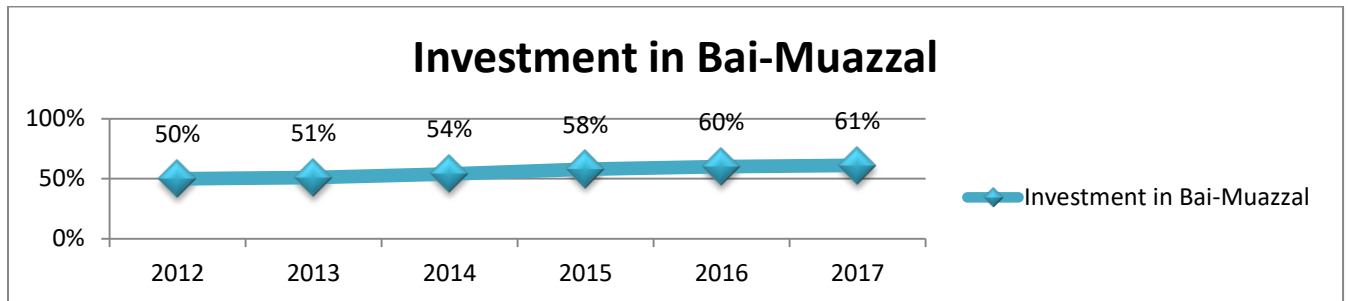


Figure 5.22: percentage of Investment in Bai-Muazzal

Interpretation: From the above graph it has seen that the amount of investment in Bai-Muazzalis increasing year by year. In 2017 the growth investment is higher (61%) than other years. In the year from 2012 to 2015 the growth rate is 50%, 51%, 54%, 58% this is going to increasing trend. Where in 2017 it is 11235 which is 61% of total investment income. The bank should concentrate it more to generate more income.

5.5.9 Investment in Hire-Purchase SirkatulMeelk:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Hire-Purchase SirkatulMeelk Modes	12156	12070	17143	28686	39236	50888
Investment in Hire-Purchase SirkatulMeelk as Modes as percentage of total investment	18.29%	15.80%	17.38%	23.20%	23.49%	25.10%

Table 5.13: Year wise Investment in Hire-Purchase SirkatulMeelk (TK. In Million) & percentage of investment

Source: Annual Report of SIBL (2012- 2017)

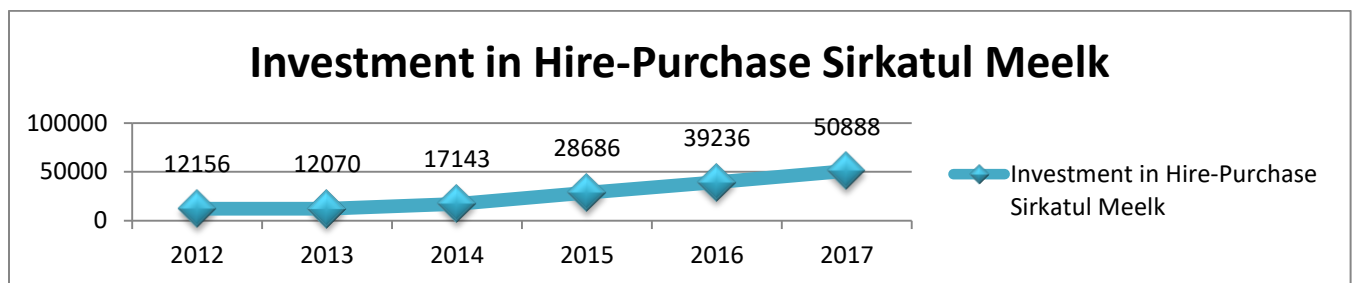


Figure 5.23: Year wise Investment in Hire-Purchase SirkatulMeelk (TK. In Million)

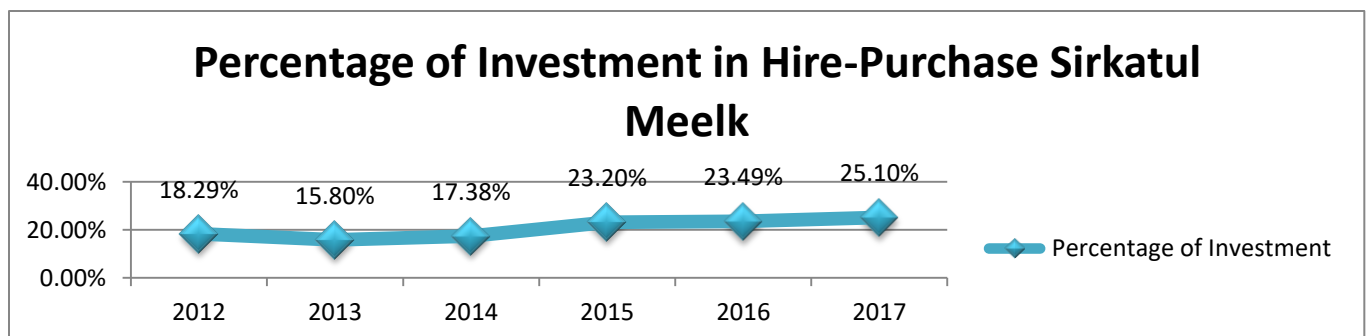


Figure5.24: Percentage of Investment in Hire-Purchase SirkatulMeelk

Interpretation: Above the graph shows that the amount of investment in Hire-Purchase SirkatulMeelk. In the year from 2012 to 2017, the amount of investment is increasing. In 2012, it was TK 12156 million and in 2017 the amount was TK 50888. The Investment in Hire-Purchase Sirkatul Meelk as Modes as percentage of total investment has also increased per year except for 2013 and 2014. In 2017 the HPSM is highest which is 25.10% other than other years.

5.5.10 Investment Income from Hire-Purchase:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Hire-Purchase Modes	1798	1802	2212	2693	3876	4865
Income in Hire-Purchase as Modes as percentage of total investment Income	16%	13%	16%	18%	23%	26%

Table 5.14: Year wise Investment income in Hire-Purchase (TK. in Million) & percentage of investment

Source: Annual Report of SIBL (2012- 2017)

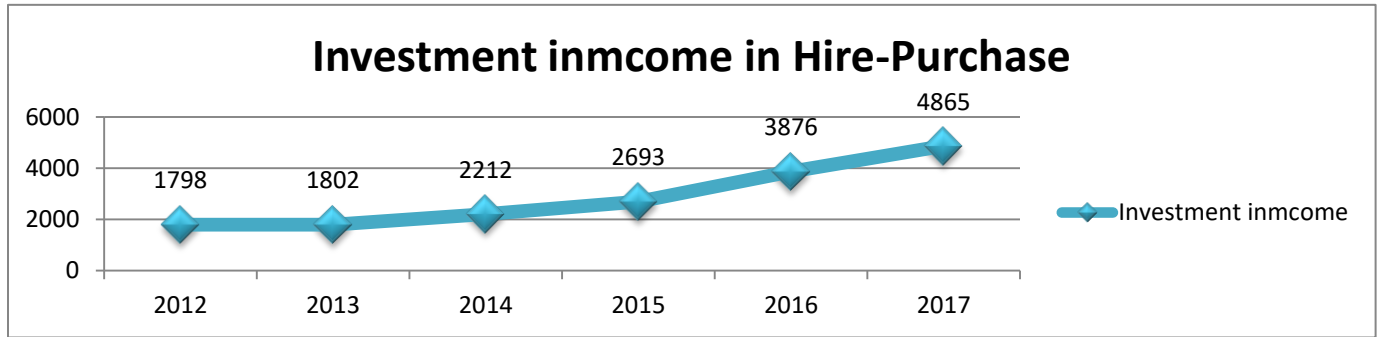


Figure 5.25: Year wise Investment income in Hire-Purchase (TK. in Million)

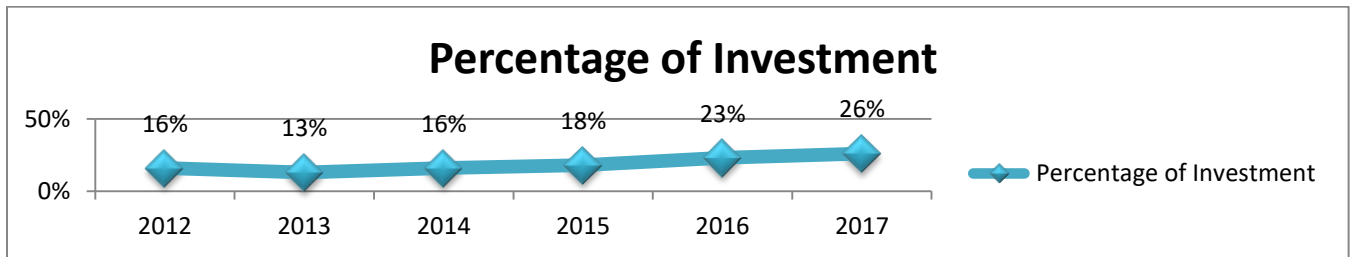


Figure 5.26: percentage of investment income in Hire-Purchase

Interpretation: From 2012 to 2017, the amount of investment is increasing. In 2012, it was TK 1798 million and in 2016, the amount was TK 4865 in million. The Investment in Hire-Purchase SirkatulMeelk as Modes as percentage of total investment income has increased per year except for 2013 & the best year for HPSM is 2017 as 26% of total income.

5.5.11 Investment in Quard:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Quard Modes	6362	7895	7216	6044	9867	9231
Investment in Quard as percentage of total investment	9.57%	10.33%	7.31%	4.88%	5.91%	4.55%

Table 5.15: Year wise Investment in Quard(TK. in Million) & percentage of investment

Source: Annual Report of SIBL (2012- 2017)

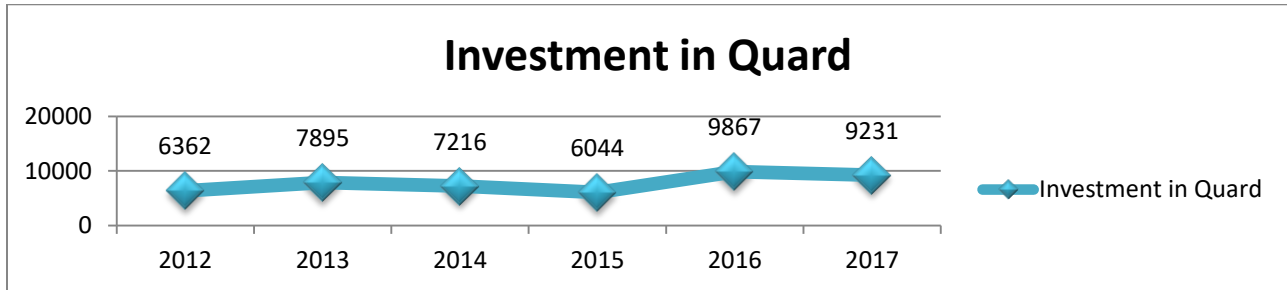


Figure 5.27: Year wise Investment in Quard (TK. in Million)

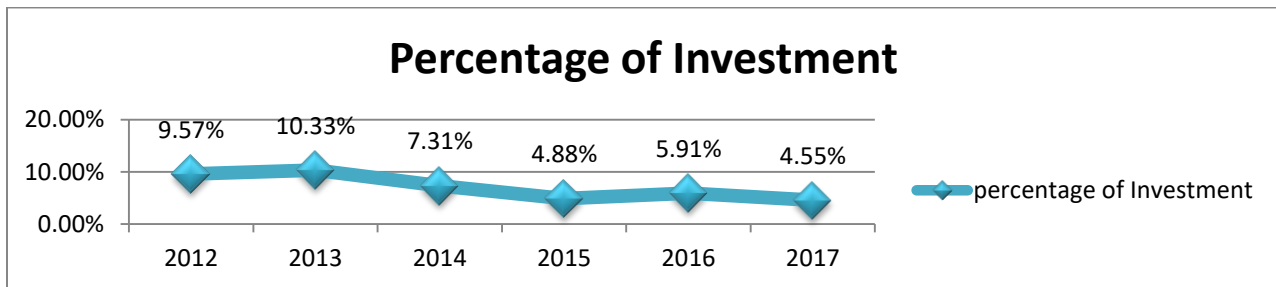


Figure 5.28: Percentage of investment

Interpretation: Above the graph shows that the amount of investment in Quard is fluctuate. From 2012 to 2013, the amount of investment is increasing. But In 2013 to 2015 has decreased. The percentage of total investment has increased in 2012 to 2013 and also decreased in 2013 to 2015. Also the percentage decreased from 5.94% to 4.55% in 2017 to 2016.

5.5.12 Investment Income from Quard:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Quard Modes	640	1041	886	766	557	582
Income in Quard as Modes as percentage of total investment Income	5.65%	7.64%	6.35%	5%	3.30%	3.14%

Table 5.16: Year wise Investment Income from Quard (TK. in Million) & percentage of investment

Source: Annual Report of SIBL (2012- 2017)

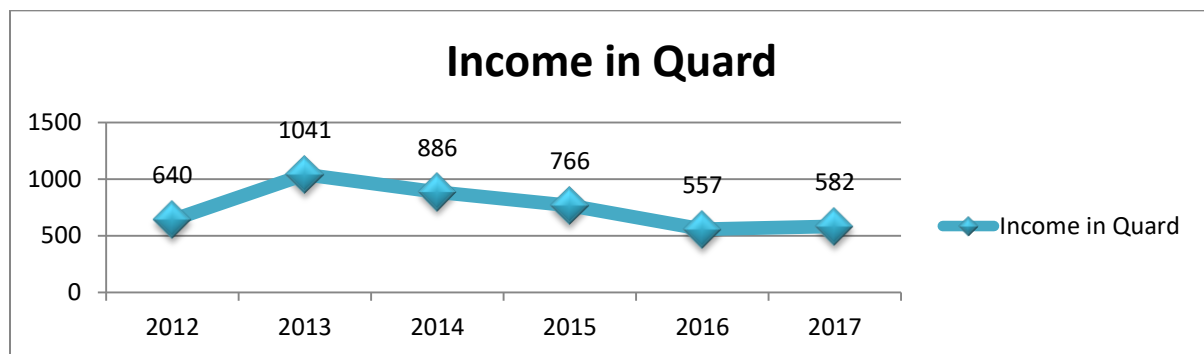


Figure 5.29: Year wise Investment Income from Quard (TK. in Million)

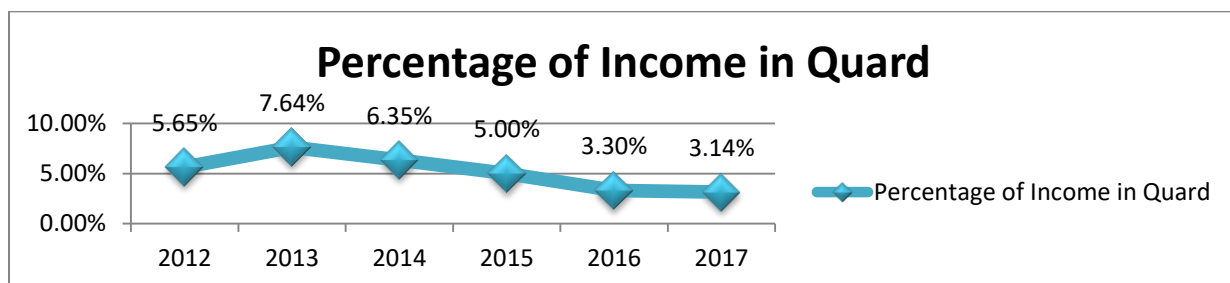


Figure 5.30: Percentage of Income in Quard

Interpretation: Above the graph shows that the amount of investment in Quard is decreasing year by year. In the year from 2012 (TK 1041 million) to (Tk557million) 2016 except in 2013. The percentage of Investment in Bai-Muazzal is also decreasing in 2013 to 2017. In 2017 it is 3.14% as only 582 million.

5.5.13 Investment in Bai-Salam:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Bai-Salam Modes	59	38	60	340	500	596
Investment in Bai-Salam as Modes as percentage of total investment	0.08%	0.05%	0.06%	0.28%	0.30%	0.29%

Table 5.17: Year wise Investment in Bai-Salam (TK. in Million) & Percentage of investment

Source: Annual Report of SIBL (2012- 2017)

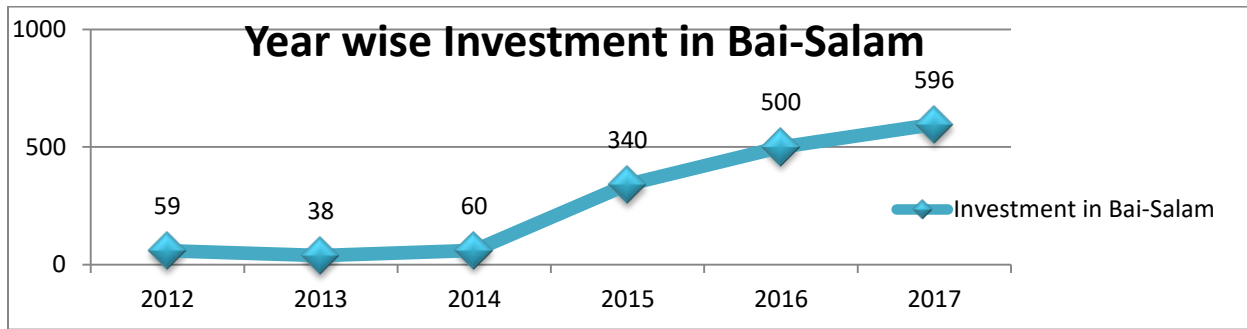


Figure5.31: Year wise Investment in Bai-Salam (TK. in Million)

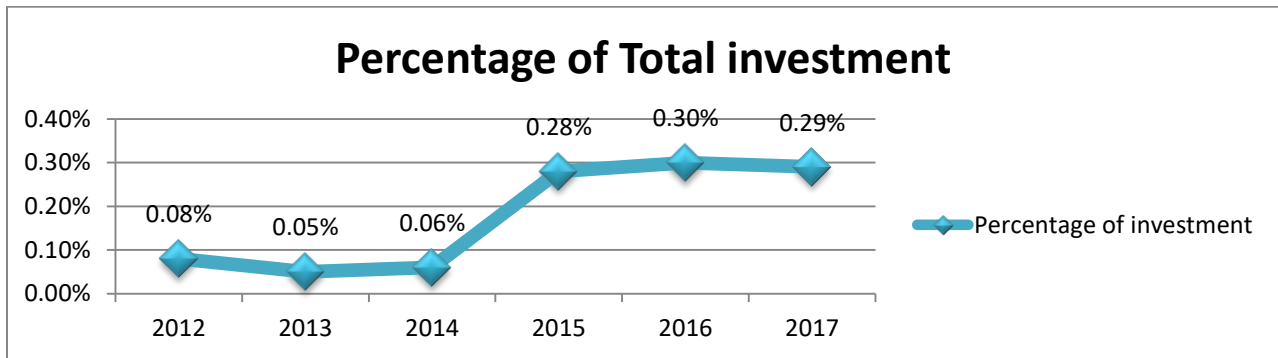


Figure5.32: Percentage of Total investment

Interpretation: Above the graph shows that the amount of investment in Bai-Salam is increasing. In the year from 2014 (TK 60 million) to (Tk 596 million) 2017 is increase investment in Bai-Salam. However in 2017 the total percentage is decreased as 0.29% than the previous year 0.30% in 2016.

5.2.14 Investment Income from Bai-Salam:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Bai-Salam Modes	1	9	3	13	40	57
Income in Bai-Salam as Modes as percentage of total investment Income	0.009%	0.066%	0.021%	0.085%	0.24%	0.30%

Table 5.18: Year wise Investment Income in Bai-Salam (TK. in Million) & Percentage of investment

Source: Annual Report of SIBL (2012- 2017)

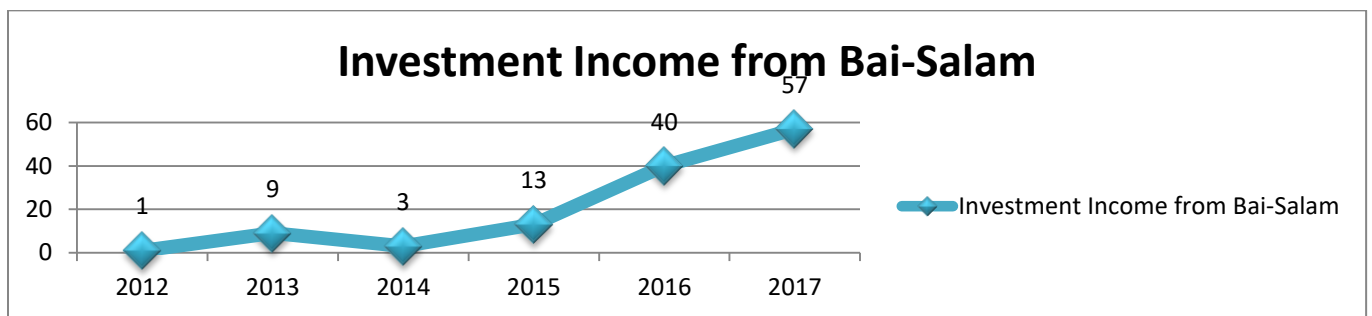


Figure5.33: Year wise Investment Income in Bai-Salam (TK. in Million)

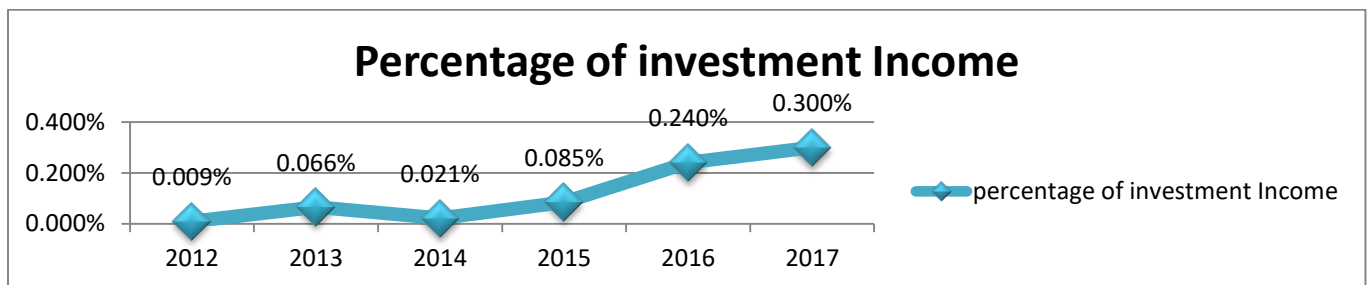


Figure5.34: Percentage of investment Income

Interpretation: Above the graph shows that the amount of investment income in Bai-Salam is increasing. From 2014 (TK 3 million) to (Tk 57 million) 2017 was increased investment in Bai-Salam. Also the total ratio of investment has also been increased as much as 0.30% in 2017 which was in the previous year 0.24%.

5.5.15 Investment in Staff Loan:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Staff Loan Modes	591	944	1248	1758	2223	2463
Investment in Staff Loan as Modes as percentage of total investment	0.89%	1.24%	1.27%	1.42%	1.33%	1.21%

Table 5.19: Year wise Investment in Staff Loan (TK. in Million) (TK. in Million) & Percentage of investment

Source: Annual Report of SIBL (2012- 2017)

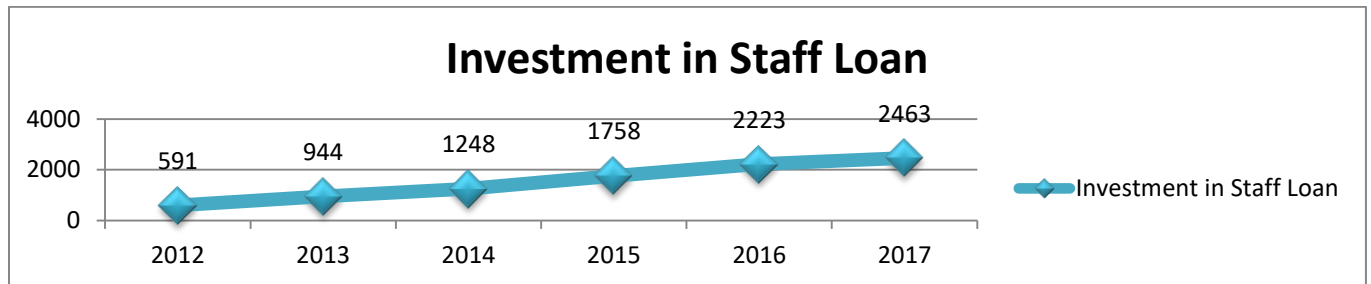


Figure5.35: Year wise Investment in Staff Loan (TK. in Million)

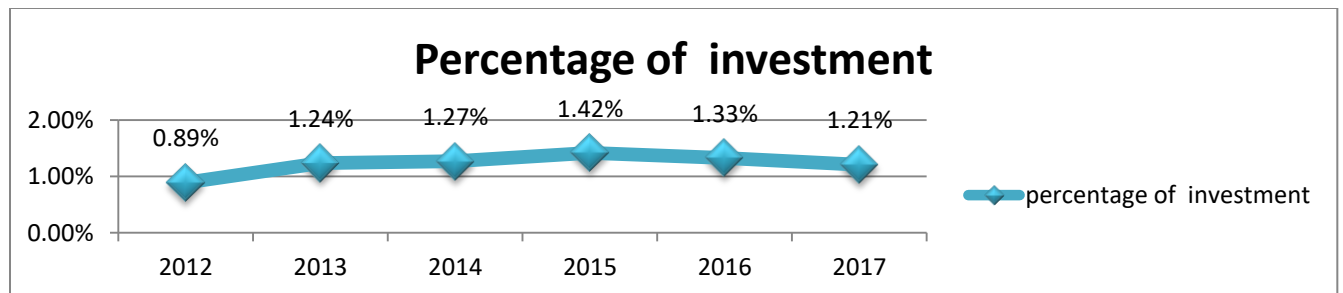


Figure5.36: Percentage of investment

Interpretation: Above the graph shows that the amount of investment in Staff Loan is increasing. In the year from 2012 (TK 591 million) to (Tk 2463million) 2017 has increased investment in Staff Loan. The figure shows the staff loan is not a stable investment.

5.5.16 Investment in Ijarah:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Ijarah Modes	185	180	118	146	327	436
Investment in Ijarah as Modes as percentage of total investment	0.28%	0.24%	0.12%	0.12%	0.20%	0.21%

Table 5.20: Year wise Investment in Ijarah (TK. in Million) & Percentage of investment

Source: Annual Report of SIBL (2012- 2017)

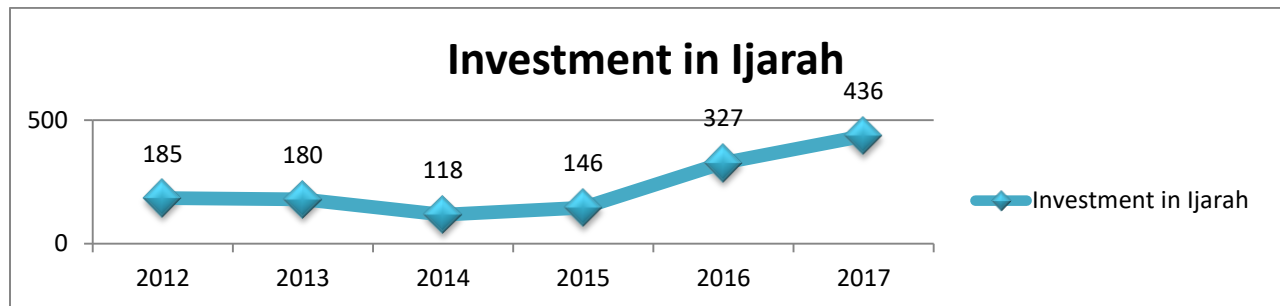


Figure 5.37: Year wise Investment in Ijarah (TK. in Million)

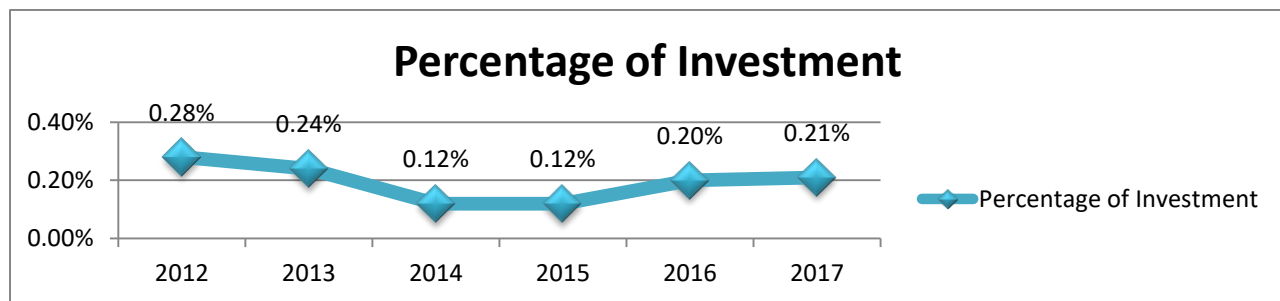


Figure 5.38: Percentage of Investment

Interpretation: Above the graph shows that the amount of investment in Ijarah is Fluctuating. In the year from 2012 (TK 185million) to (Tk 118million) 2014 has decreased investment in Ijarah. On the other hand it was increased in 2015 to 2016 to 2017 .The percentage of Investment in Ijarah was 0.12% to 0.20% to 0.21%.

5.5.17 Investment Income from Ijarah:

Year	2012	2013	2014	2015	2016	2017
Total Income Under all Modes	11319	13629	13943	15288	16883	18497
Income in Ijarah Modes	27	24	18	16	27	42
Income in Ijarah as Modes as percentage of total investment Income	0.24%	0.18%	0.13%	0.10%	0.16%	0.22%

Table 5.21: Year wise Investment Income in Ijarah (TK. in Million) &Percentage of investment

Source: Annual Report of SIBL (2012- 2017)

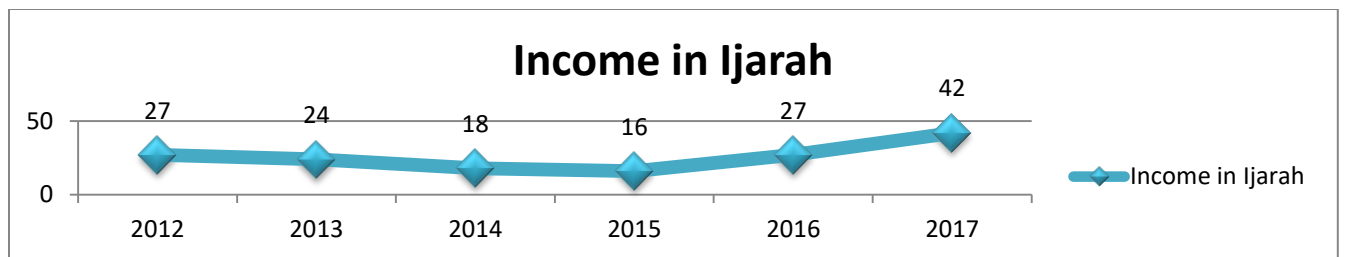


Figure 5.39: Year wise Investment Income in Ijarah(TK. in Million)

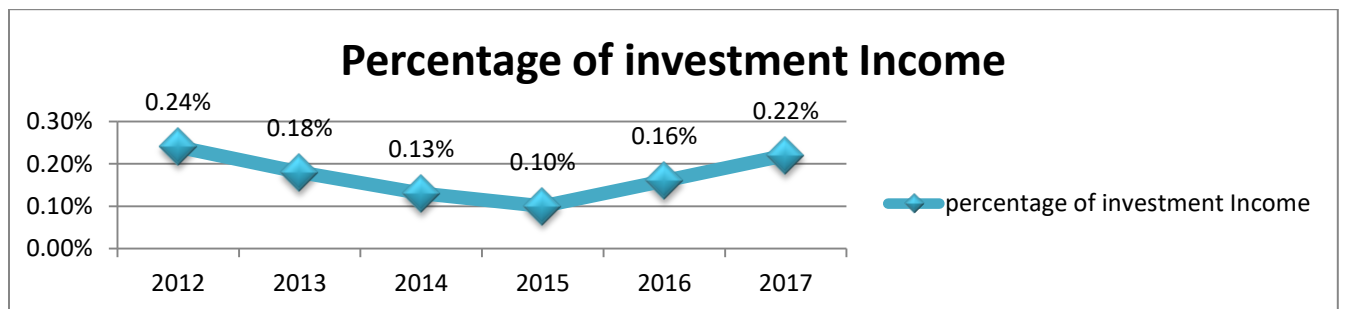


Figure5.40: Percentage of investment Income

Interpretation: Above the graph shows that the amount of investment income in Ijarah is increasing from 2012 (TK 27 million) to (Tk 42 million) 2017. Though it decreased in 2015 but it was held up from 2016 onwards. Now in 2017 it is in a much stable stage.

5.5.18 Investment in Visa Card:

Year	2012	2013	2014	2015	2016	2017
Total Investment in Under all Modes	66459	76399	98611	123630	167003	202682
Investment in Visa CardModes	82	148	181	275	481	682
Investment in Visa Cardas Modes as percentage of total investment	0.12%	0.19%	0.18%	0.22%	0.29%	0.33%

Table 5.22: Year wise Investment in Visa Card (TK. in Million)&Percentage of investment

Source: Annual Report of SIBL (2012- 2017)

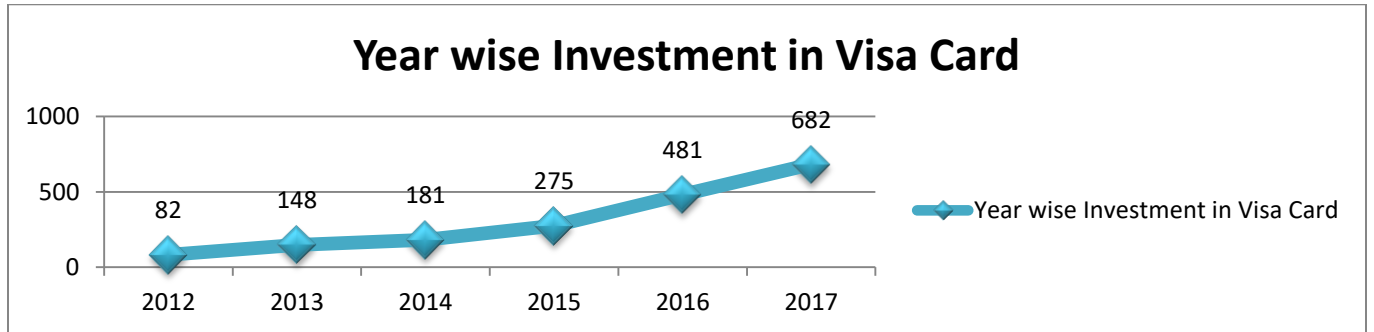


Figure 5.41: Year wise Investment in Visa Card (TK. in Million)

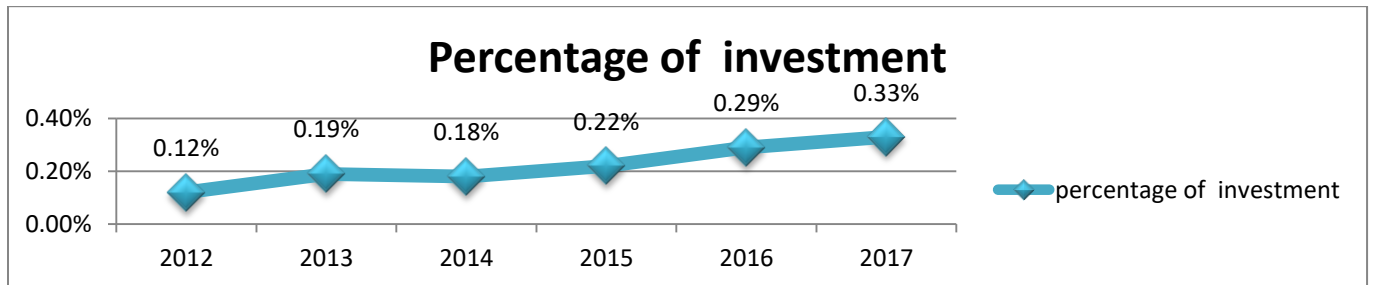


Figure 5.42: Percentage of investment

Interpretation: Above the graph shows that the amount of investment in Visa Card is increasing. In the year from 2012 (TK 82 million) to (Tk682million) 2017 has increased investment in visa card. In 2017 it is the highest amount 682 million which is 0.33% of total investment.

5.5.19 Classified Investment as a Percentage of Total Investment:

Years	2012	2013	2014	2015	2016	2017
Classified Investment (in MilloinTk)	2533	4593	4922	5150	7738	17223
Total Investment (in MilloinTk)	76025	85922	107900	134117	174196	210045
Classified Investment as a Percentage of Total Investment	3.33%	5.35%	4.56%	3.84%	4.44%	8.20%

Table 5.23: Year Wise Classified Investment as a Percentage of Total Investment

Source: Annual Report (2012-2017)

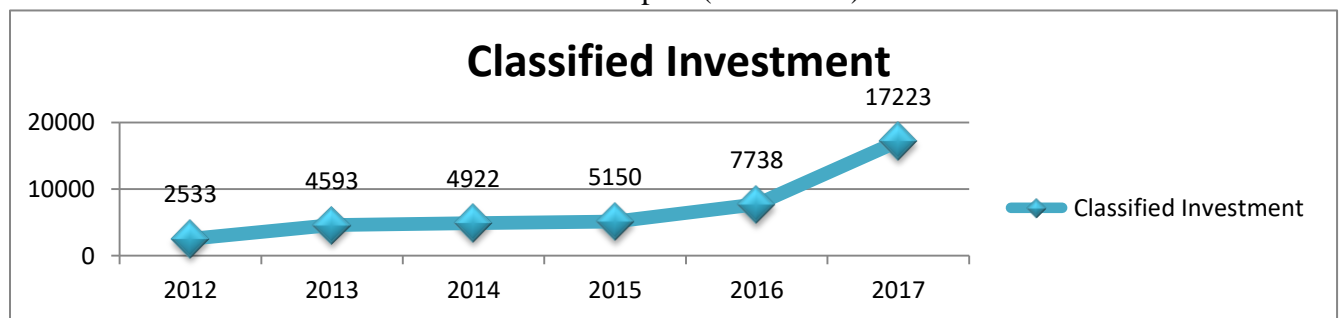


Figure 5.43: Amount of Classified Investment

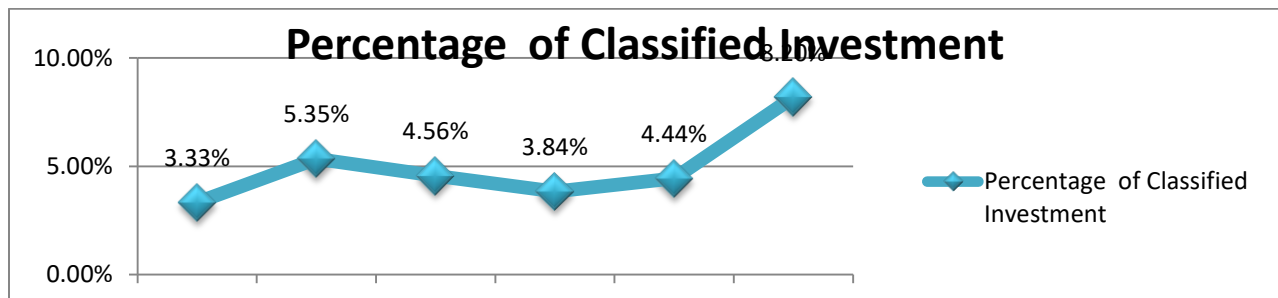


Figure 5.44: Percentage of Classified Investment

Interpretation: The graph shows that the Classified Investment as a Percentage of Total Investment. Classified Investment is increasing year by year. However the Classified Investment in 2017 it have raised by 8.20% all of a sudden. This indicates that recovery performance of SIBL has been the worst amount of defaulter in 2017.

5.5.20 Unclassified Investment as a Percentage of Total Investment:

Years	2012	2013	2014	2015	2016	2017
Unclassified Investment (in MilloinTk)	72539	81331	102980	128969	166512	192882
Total Investment (in MilloinTk)	76025	85922	107900	134117	174196	210045
Unclassified Investment as a Percentage of Total Investment	93.52%	94.66%	95.44%	96.16%	95.59%	91.83%

Table 5.24: Year Wise Unclassified Investment as a Percentage of Total Investment

Source: Annual Report (2012-2017)

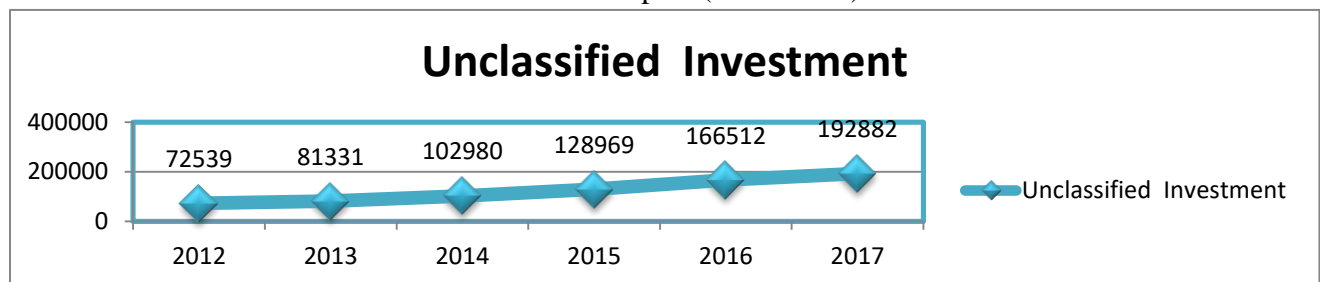


Figure: 5.45 Amount of Unclassified Investment

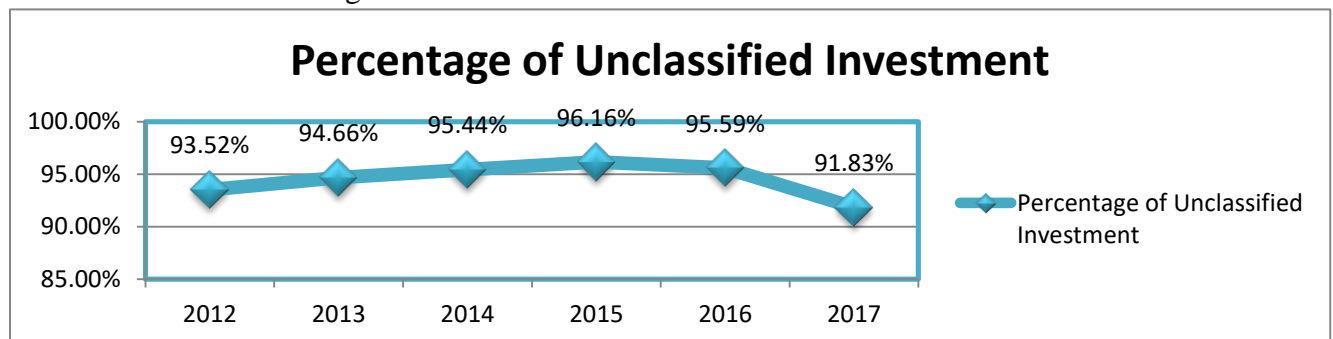


Figure: 5.46 Percentage of Unclassified Investment

Interpretation: The graph shows that the unclassified Investment ratio was fluctuated over the year. It was increased from 94.66% in 2013 to 96.16% to 2016 but after it was decreased to 91.83% in 2017. It means a bad investment performance of SIBL in 2017.

5.5.21 Classification of Classified investment:

Years	2012	2013	2014	2015	2016	2017
Sub standard	102	122	308	640	313	1805
Doubtful	607	859	1793	92	1354	1419
Bad & loss	2717	3610	2818	4415	6017	13939

Table 5.25: Classification of classified loan (2012-2017)

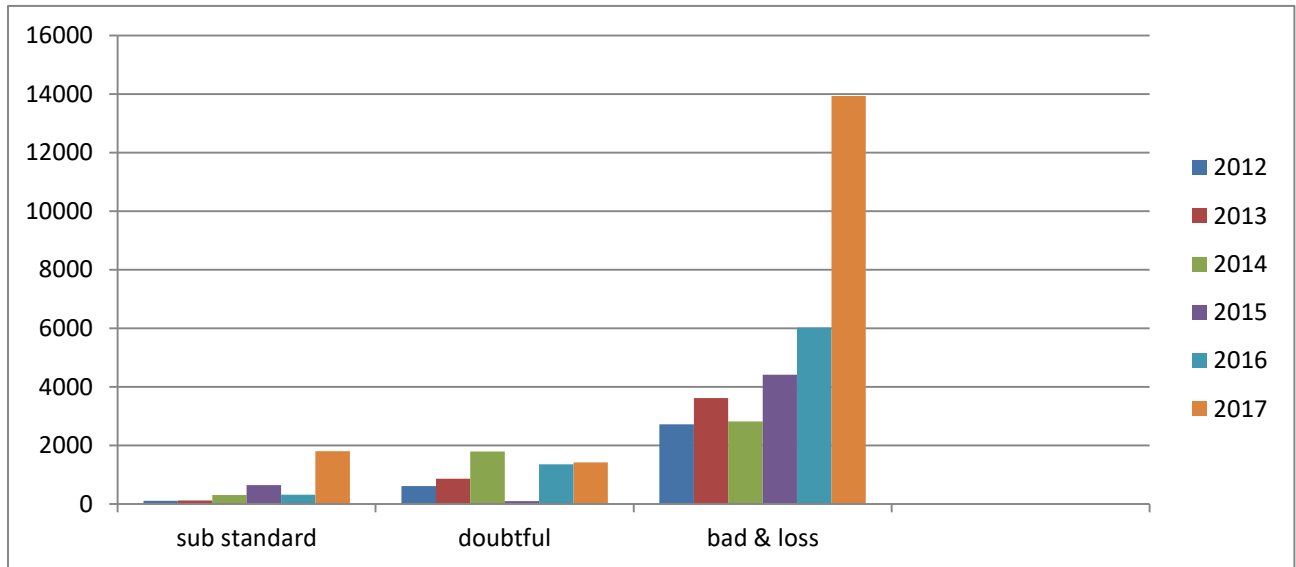


Figure 5.48: Classification of investment

Interpretation: The graph shows that a major portion of the classified was in “bad & loss” investment category in compare to other categories of classified investment. Su standard & doubtful investment was fluctuating over time.

5.5.22 Provision classified investment:

Year	2012	2013	2014	2015	2016	2017
Provision for classified investment	1467	1692	1579	1673	1765	3474

Table-5.26: Provision for classified loan (2012-2017)

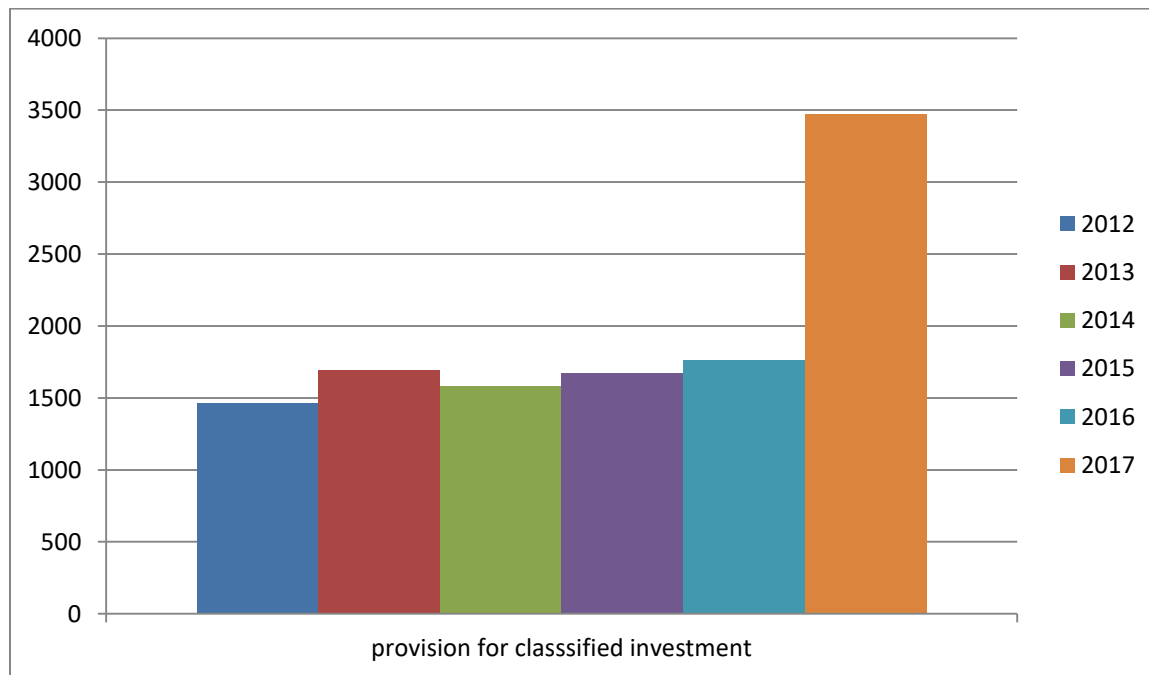


Figure 5-49: Provision for classified investment

Interpretation: The graph shows that the provision for classified investment was increased from TK 1692.05 million in 2013 to TK 3473.68 million in 2017. This indicates a bad performance by management of SIBL.

Chapter-6

Findings, Recommendations &

Conclusion

6.1 Major Findings:

- ❖ The amount of deposit is increasing year by year. In 2012, total deposit was taka 93594 million and in 2017 the amount of deposit was 228798 million. However the growth rate has fluctuated year by year . In 2016 it was 27% and in 2017 it decreased by 16%.
- ❖ The amount of investment is increasing year by year. In the year from 2012 to 2017, the investment of SIBL has rapidly increased at TK 76025 million to TK 210045 million. However the growth rate has fluctuated year by year.
- ❖ The amount of Mushraka investment made have been increased by a very few number which caused by lessened income by this mode in any year(31 million). This means the compay or ventures are not getting enough motives to invest in the banks.
- ❖ Mudaraba means bank brings capital and the customer(individual or company) brings personal effort. So in Mudaraba the bank has failed to concentrate in 2017. Because the amount investment amount(6593 million) also with the profit amount(160) decreased huge amount in that year. This means the bank has made bad investments through Bai-Mudaraba.
- ❖ The percentage of investment in HPSM of total investment has increased during the period. In the year from 2012 to 2017 the amount of investment has increased and the percentage of HPSM is also increased from 1798 million to 50888 million. This means the bank is very successful in rent, wages, Ijarah, return, service etc.
- ❖ Among the investment modes of SIBL the amount is highest on Bai-Muajjal mode. Hire purchase and Murabaha stood in second and third position. And the lowest investment mode is Musharaka & Bai Salam.
- ❖ The classified investment was decreased from 2013 to 2016. But in 2017 it made up to 8.20%. Which are caused by too much sub standard investments and bad or loss investments. Which as a cause the unclassified investment have gone down. This marks as the bank's management was inefficient in recovering its investment by short term loans.
- ❖ The classified investment was normal in the years (2012-2016). But in 2017 it went up. Which caused a higher provision for the classified investment. The amount rose upto 3474 million .

6.2 Recommendations:

The following recommendation can be suggested from the analysis of mode of investment of Social Islami Bank Limited:

- ❖ The deposit schemes have SIBL has increased over the years. Bank should give more effort to maintain and improve its trend of deposit rate by increasing their branches, providing more customer service like developing newer saving scheme.
- ❖ The investment of SIBL has increased over the years. Bank should try to maintain and improve this increasing trend of investment by giving concentrating on the recovery modes of investment, by establishing recovery unit and recovery monitoring team.
- ❖ SIBL should give concentration of Murabaha and Quard mode for investment.
- ❖ The customer should be monitored properly to ensure the proper use of fund for specified purpose to reduce classified investment.
- ❖ SIBL should invest more in profitable business sector to increase its investment income. As Bai-Muazzal & HPSM investments provided maximum investment income in 2017, SIBL.
- ❖ SIBL should give more effort to increase its investment to deposit ratio. And SIBL also give more effort to maintain and improve its trend of deposit rate percentage by increasing its branches, providing more customer service.
- ❖ They should follow accurate Shariah based investment policy. In our country it is quite difficult, but they should overcome it.
- ❖ Investment should be made by making proper assessment of creditworthiness of customer. Proper & effective monitoring system should be developed in order to minimize the amount of bad or loss investment.
- ❖ Provision for classified investment need to be increased over the years. Management should be more aware about the amount of provision for classified investment n the future.
- ❖ The bank need to improve partnership with company & venture to make Mushraka more effective investment.
- ❖ The bank also need to improve customer support to make customer to bring more effort to make Bai-muajjal successful.

6.3 Conclusion:

In short, Social Islami Bank Ltd. is such a Commercial Bank which is rendering all commercial banking services to the customers in addition to make available Micro-Credit & SME finance to the millions of needy people of the country. As part of a Corporate Social Responsibility, it is playing a remarkable role to help the distressed people of the society in different welfare related activities.

They focus on dignified, prompt and personalized services being rendered to their customers. They believe in developing strong interpersonal relationship with each other. As such, they are morally bound to provide high quality banking services with the latest technology to obtain optimum return on shareholder's equity ensuring safety of depositor's money and making all out efforts to introduce their innovative Islamic Banking products to their existing and prospective customers. They are really happy that they have given enough emphasis to empower poor families to create income opportunity by providing financial support to make them self-reliant. They consider their services no less important towards improvement of the fate of deserving people in the society.

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