

Internship Report on

“Investment Mechanisms of Islami Bank Bangladesh Limited”



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International
University

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“Investment Mechanisms of Islami Bank Bangladesh Limited”



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Letter of Transmittal

28 July , 2019

Mr. Md. Kamruzzaman Didar

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Subject: Application to submit the Internship Report.

Dear Sir,

With the integrity, I would like to inform you that I have completed my internship report on “**Investment Mechanism of Islami Bank Bangladesh Limited.**”. I have tried my level best to focus on how **Islami Bank Bangladesh Ltd.** manages different activities mostly focuses on **Investment Mechanism**. I also tried to prepare this internship report for consistency with the optimal standard under your valuable direction.

I express my gratitude to you for your kind direction and I hope that you will consider all my mistakes generously.

Sincerely

Md Faruq Hossain

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Declaration

I am **Md. Faruq Hossain** student of Business Administration bearing **ID: 152-11-4604**, major in Finance from Daffodil International University would like to declare that presented internship report on “**Investment Mechanism of Islami Bank Bangladesh Limited**” is uniquely prepared by me.

I also declare that this work does not violate any exciting copyright & this report is only prepared for my academic requirement.

Md Faruq Hossain

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Department of Business Administration

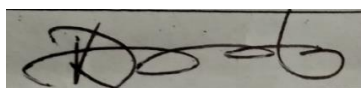
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Certificate of Approval

This is certifying that Md Faruq Hossain bearing ID: 152-11-4604 of BBA program, Department of Business Administration, Daffodil International University has completed the internship report under my supervision during his internship placement in Islami Bank Bangladesh Ltd. He has worked for Islami Bank Bangladesh Limited and completed the report entitled “**Investment Mechanism of Islami Bank Bangladesh Limited**” as a practical requirement for obtaining BBA Degree. He has completed the report by himself.

I wish him all success in his life.



Md. Kamruzzaman Didar

Senior Lecturer

Department of Business Administration

Faculty of Business and Entrepreneurship

Acknowledgment

At the simple opening, I might want to exact my earnest appreciation to Almighty Allah for giving me this sort and the composure to finish the temporary job report, words really will never be sufficient to coordinate how grateful I am, yet never the less I will attempt my dimension best to express my gratefulness the word a few people.

It's a pleasure to carry my heartiest gratitude and greeting to my honorable supervisor **Md. Kamruzzaman Didar**, Senior Lecturer, Daffodil International University. I deeply escalate his collaboration, advice, and leadership in preparing this report.

I would be approximating to express my heart in thanks to **Islami Bank Bangladesh Ltd.** for allowing me to complete my internship. By extending, my heartiest thanks to those **Islami Bank Bangladesh Ltd.**'s officials who gave their heartiest cooperation to complete my Internship Report. I am thankful to of the people stated above for their collaboration in every step to prepare my report positively.

Executive Summary

The internship report is a partial requirement for the Bachelor of Business Administration. As a part of the internship program, I was placed at Dhaka panthapath Branch Ltd. During this 45 days internship I have worked with the department of Investment sector of this bank.

Islami Bank Bangladesh Limited (IBBL) is considered to be the first interest free bank in Southeast Asia. It was incorporated on March 13, 1983 as a public company with limited liability under the company act 1913 . Islami Bank began its operations on March 30, 1983.They gained success from the very beginning of operation and were capable enough to hold the success year after year. They gained success very early because they have a very strong financial backup.

Investment or loan department are the crucial part of a bank. The objectives of this study are to identify the task of loan disbursement procedure of Islami Bank, to describe the different loan products and it services to identify the limitations, if any and to recommend suggestions.

The report contains information about loan product and its disbursement procedure.

Islami Bank of Dhaka panthapath Branch offers a full range of deposit products such as Al- Waddeah Current Account, Mudaraba saving account, Mudaraba Special Scheme Account, Mudaraba Term Deposit Account and so no. This bank provides mainly two types of lending procedure, funded and non-funded. Here funded indicates providing the cash immediately and no funded indicated it is not needed to provide the loan in cash immediately guaranty or promise to the customers. Investment products of Islami Bank have some limitations what I have written roughly trough out my internship report.

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Chapter – 01

Introduction

1.1 INTRODUCTION:

Banking system occupies an important place in a nation's economy. A banking institution is indispensable in a modern society. Financial institutions are very much essential for the overall development of a country. Especially banks play an important role in the field of promotion of capital, encouragement of entrepreneurship, generation of employment opportunities etc. Market economy or free economy is widely used-concept about the present economy of Bangladesh. The country adopted the concept in the late seventies with the privatization of a significant number of enterprises. The practices of free market economy started from the eighties with the changing of the world economy. A number of initiatives were taken from the nineties to increase the competition and efficiency in money market, relaxation of unwanted rules and regulations, improvement of loan related law and other situations and improve the financial base of the banks of the country. In recent times the banking sector over the world has been undergoing a lot of changes due to deregulation, technological innovation, globalization etc. Banking sector in Bangladesh is lagging behind in adopting these changes.

With a view to making the role of banks effective to establish Bangladesh economy sustainable, Islami Bank Bangladesh Limited has been working since its inception in 1983. Now it is the leading bank in the banking industry of Bangladesh. Not only that, it has made its position among the world's 1000 best banks as the one & only bank from Bangladesh.

This bank is the pioneer of Islamic Banking in Bangladesh and extensively contributes to the increase of country wide economic system. This document is a try to reflect the funding function of Islami bank Bangladesh Ltd. within the banking enterprise of the use in respect in their sports in the arena of funding as a part of Finance. This look at helped me analyze the funding mechanism of Islami bank Bangladesh confined via working at its Mohammadpur krishi marketplace branch.

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1.2 BACKGROUND OF THE STUDY:

As a requirement for the fulfillment of our BBA program from Bangladesh University of Business and Technology (BUBT), I was assigned to perform Internship program. I have gathered enough theoretical knowledge, and then I wanted to put my potentialities in the practical field. Islami Bank Bangladesh Ltd. has given me the opportunity to commence my Internship there from 18.07.2018 to 20.08.2018, which was a 02 (two) months' Internship program. This program was a combination of training & practical work at different branches. Our honorable supervisor and officials of my assigned Branch have always helped me a lot in this regard.

1.3 SCOPE OF THE STUDY:

The report covers the topic “**Investment & Mechanism of Islami Bank Bangladesh Ltd.**” To conduct a study on investment mechanism of IBBL, I have gathered valuable information from my working Branch and from the library of IBTRA. Despite this topic there are many sectors for working and analysis here, like: An overview of Islami Bank Bangladesh Limited, Financial performance of IBBL, Investment scenario of IBBL and Comparison of with the banking industry.

1.4 OBJECTIVES OF THE STUDY:

- To know the overall investment process of IBBL.
- To evaluate the investment performance of IBBL.
- To identify the problems relate to investment mechanism of IBBL.
- To give some recommendations to enhance the performance.

1.5 METHODOLOGY OF THE REPORT:

1.5.1 Research Design:

This report is descriptive in nature which briefly reveals the “*Investment Mechanism of Islami Bank Bangladesh Limited*”. It has been administered by collecting secondary data. Annual reports of IBBL were the major secondary data sources in this regard. This study has been conducted by collecting data for the period of 5 years from 2013 to 2017.

1.5.2 Identifying Data Sources:

Essential data sources secondary have been identified which were needed to complete and workout the study, and to meet up the need of data.

Secondary Data Sources:

- Annual reports of IBBL
- Different documents and files of IBBL
- Different text books
- Various reports related to the study and
- Website of the bank.

1.5.3 Data Collection Procedure:

Data for this report have been collected in two ways. For “*Investment Mechanism of Islami Bank Bangladesh Limited*” secondary data are mainly used. Besides, information has also been collected by taking expert opinion from the Officers and my direct observation while performing Internship at the bank.

❖ Data Analysis and Reporting:

In order to analyze the data I have used trend analysis and software for graphical presentation.

❖ Data Analysis:

- Trade Analysis
- Line Chart, Colum Chart

❖ Software Used :

- MS Word
- MS Excel

1.6 LIMITATIONS OF THE REPORT:

Though I have given my utmost effort to prepare this report, there are some limitations of the study. Such are as follows:

- The main constraint of the study was the insufficiency of information, which was required for the study. There are various information the bank employees can't provide due to security and other corporate obligations.

- Lack of opportunity to visit more than one branch.
- Lack of updated information at the bank's website.
- Available data also could not be verified. In most cases, I simply did not have any option but to furnish with data without verification.
- Every organization has its own secrecy that is not revealed to others.
- Lack of in-depth knowledge acted as constraints in the way of meticulous exploration of the topic.

Chapter – 02

An Overview of Islami Bank Bangladesh Limited

2.1 ABOUT ISLAMI BANK BANGLADESH LIMITED:

Islami Bank Asian country limited is a joint venture Public Ltd. engaged in business banking business based on islamic Shari'ah with sixty three.09% foreign shareholding having the biggest branch network (total 339 branches) among the private sector Banks in Bangladesh. it was established on the 13th of March, 1983 because the 1st islamic Bank in the South East Asia with its 1st Branch named “Local Office” located at Motijheel, Dhaka (inaugurated on March 30, 1983). It became incorporated as a public Ltd. The bank conducts its business on the Shari’ah principles of Mudaraba, Musharaka, Bai-Murabaha, Bai-Muajjal, HPSM, Bai-Salam, Bai-as-Sarf and Ujarah, etc. there's a Shari’ah superior Committee within the bank that ensures that the activities of the bank are being conducted on the precepts of Islam. The shares of the bank are listed with each Dhaka stock market Ltd. (DSE) and Chittagong securities market Ltd. (CSE). Authorized Capital of the Bank is Tk. 20,000.00 Million and paid Capital is Tk. 16,099.90 Million having 33,686 shareholders as on 31st December, 2017. The bank has successfully passed 33 years of their journey with 1 croreof customers at the present.

2.2 VISION OF IBBL:

The vision of IBBL is to always strive to achieve superior financial performance, be considered a leading Islamic Bank by reputation and performance.

✓ Their goal is to establish and maintain the modern banking techniques, to ensure soundness and development of the financial system based on Islamic principles and to become the strong and efficient organization with highly motivated professional, working for the benefit of people, based upon accountability, transparency and integrity in order to ensure stability of financial systems.

- ✓ They will try to encourage savings in the form of direct investment.
- They will also try to encourage investment particularly in projects which are more likely to lead to higher employment.

2.3 MISSION OF IBBL:

To establish islamic Banking through the introduction of a welfare-oriented banking system and also ensure equity and justice in the field of all economic activities, succeed balanced growth and equitable development in through diversified investment operations particularly within the priority sectors and fewer developed areas of the country. To encourage socio-economic upliftment and financial services to the loss-income community particularly within the rural areas.

2.4 COMMITMENTS:

- To Shariah
- To the Regulators
- To the Shareholders
- To the Community
- To the Customers
- To the Employees
- To other stakeholders and
- To Environment.

2.5 CORE VALUES:

- Trust in Almighty Allah
- Strict observance of Islamic Shari'ah
- Highest standard of Honesty, Integrity & Morale
- Welfare Banking
- Equity and Justice
- Environmental Consciousness
- Personalized Service
- Adoption of Changed Technology
- Proper Delegation, Transparency & Accountability.

2.6 STRATEGIC OBJECTIVES OF THE BANK:

- To make sure customers' satisfaction.
 - To make sure welfare adjusted banking.
 - To establish a collection of social control succession associated adopting technological changes to make sure successful development of an islamic bank as a stable financial organisation.
 - To rate the purchasers welfare.
 - To emerge as a healthier & stronger bank at the highest of the banking sector and continue stable positions in ratings, supported the amount of quality assets.
 - to make sure diversification by Sector, Size, Economic purpose & geographical location wise

Investment and enlargement would like based mostly Retail and SME/Women businessperson funding.

- to invest within the thrust and priority sectors of the economy.
- To attempt exhausting to become associate leader of selection and nurturing & developing talent during a performance-driven culture.
- To pay a lot of importance in human resources also as financial capital.
- to make sure profitable career path, attractive facilities and wonderful operating setting.
- to make sure zero tolerance on negligence in compliance problems each Sharia'h and restrictive problems.
- to coach & develop human resources endlessly & give adequate supply to satisfy customers' want.
- To be wonderful in serving the explanation for least developed community and space.
- To inspire team members to require the possession of each job.
- to make sure development of devoted and happy human resources.
- To encourage sound and pro-active future generation.
- to attain world normal.
- To strengthen company culture.
- to make sure company Social Responsibilities (CSR) through all activities.
- to market exploitation solar power and inexperienced banking culture and ecological leveling.

2.7 CORPORATE INFORMATION:

Type	Joint Venture Public Limited Company
Base	Islamic Shari'ah
Established on	March 13, 1983
Foreign Shareholding (in %)	63.09%
Name of The 1 st Branch	Local Office, Dhaka
1 st Branch Inaugurated on	March 30, 1983
Name of The Last Branch	Barura of Cumilla
Last Branch Inaugurated on	16-Aug-2018
Head Office	"Islami Bank Tower", 40, Dilkusha C/C, Dhaka-1000, Bangladesh

Contact No.	02-9563040 (Auto-hunting), 9560099, 9567161
Website	www.islamibankbd.com

Table- 1: Basic corporate information of IBBL.

Organizational Information

Chairman, Board of Director	Prof. Md. Nazmul Hassan, Ph. D
Managing Director & CEO	Md. Mahbub-ul-Alam
Company Secretary	J.Q.M. Habibullah, FCS
Number of Zones	17
Number of Branches	339
Number of AD Branches	59
Number of ATM Booth	410
Number of Shareholders	33,686
Number of Manpower	11,381

Table- 2: Organizational Information of IBBL.

Financial Information

(All the amounts here are in BDT Million)

Authorized Capital	20,000.00
Paid-up Capital	16,099.91
Equity	57,958.08
Reserve Fund	32,619.08
Deposits	755,022.25
Investment	748,672.54
Foreign Exchange Business:	
Import	385,194
Export	240,026
Remittance	233,052

Table- 3: Financial Information of IBBL.

2.8 PRODUCTS & SERVICES OF ISLAMI BANK BANGLADESH LIMITED:

Deposit Products:

According to Al-Wadeeah principle of deposit mobilization, there are 3 deposit products:

- ✓ Al-Wadeeah Current Account (AWCA)
- ✓ Foreign Currency Account (FCA) and
- ✓ Non-resident Investor Taka Account (NITA).

Based on Mudaraba principle of deposit mobilization, there are 15 deposit products:

- ✓ Mudaraba Savings Account (MSA)
- ✓ Mudaraba Term Deposit Receipt Account (MTDRA)
- ✓ Mudaraba Special Notice Account (MSNA)
- ✓ Mudaraba Hajj Savings Account (MHSA)
- ✓ Mudaraba Special Savings (Pension) Account (MSSA)
- ✓ Mudaraba Savings Bond (MSB)
- ✓ Mudaraba Foreign Currency Deposit (Savings) Account (MFCD)
- ✓ Mudaraba Monthly Profit Deposit Scheme (MMPDS)
- ✓ Mudaraba Mohor Savings Account (MMSA)
- ✓ Mudaraba Waqf Cash Deposit Account (MWCDA)
- ✓ Mudaraba NRB Savings Bond (MNSB) Scheme
- ✓ Mudaraba School Student Savings Account (SMSA)
- ✓ Mudaraba Farmers Savings Account (MFSA)
- ✓ Mudaraba Upohar Deposit Scheme and
- ✓ Mudaraba Industry Employees Savings Account (MIESA).

Investment Schemes:

- ✓ House Hold Investment Scheme
- ✓ Investment Scheme for Doctors (ISD)
- ✓ Transport Investment Scheme (TIS)
- ✓ Car Investment Scheme (CIS)
- ✓ Small Business Investment Scheme (SBIS)
- ✓ Micro Industries Investment Scheme (MIIS)

- ✓ Agricultural Implement Investment Scheme (AIIS)
- ✓ Real Estate Investment Program (REIP)
- ✓ Agricultural Investment of IBBL
- ✓ NRB (Non-Resident Bangladeshi) Entrepreneurs Investment Scheme (NEIS) and
- ✓ Women Entrepreneurs Investment Scheme (WEIS).

2.9 SOME OF THE RECOGNITIONS OF PERFORMANCE:

- ✓ IBBL has been selected as the only Bank from Bangladesh in top 1000 banks in the world by a UK based century old financial magazine, 'The Banker' published the list in its July 2012 issue.
- ✓ The Institute of Chartered Accountants of Bangladesh (ICAB) awarded IBBL the first prize of SARRC Anniversary Award for Corporate Governance.
- ✓ Bankers' Forum awarded IBBL as the Best Bank for Corporate Social Responsibility for 2008 and 2009.

2.10 5 YEARS' FINANCIAL PERFORMANCE OF IBBL AT A GLANCE:

(In BDT Million)

Particulars	2014	2015	2016	2017	2018
Total Capital	48,579.67	47,845.33	50,556.47	57,958.08	69,618.58
Authorized Capital	20,000	20,000	20,000	20,000	20,000
Paid-up Capital	16,099.91	16,099.91	16,099.91	16,099.91	16,099.91
Shareholders' Equity	46,622.62	47,461.29	48,738.95	50,328.98	54,896.30
Deposits	560,696.30	615,359.21	681,352.25	755,022.25	822,573.12
Investments	463,475	530,194.50	616,418.91	710,728.93	805,759.98
Total Assets	652,422.04	725,821.12	797,699.66	899,959.77	997,429.60
Investment/Deposit Ratio	79.88%	83.59%	86.43%	87.80%	90.80%

Provision for Classified Investment	13,354.72	17,751.49	20,553.83	24,746.52	28,246.83
Earnings Per Share (EPS in Tk.)	2.49	1.88	2.77	2.91	3.77
Number of Branches	294	304	318	332	342
Number of Employees	13,574	13,622	13,569	14,000	
Number of Shareholders	60,857	47,909	44,126	33,686	

Table- 4: Financial performance of IBBL.

Chapter – 03

Investment Modes & Mechanism of IBBL

3.1 INVESTMENT:

Investment is the action of Deploying Funds with the intention and expectation that they will earn a positive return for the owner. Funds may be invested in either real assets or financial assets.

When resources are spent to purchase fixed and current assets for use in a production process or for a trading purpose, the investment is in real assets. On the other hand, the purchase of a legal right to receive income in the form of capital gains or dividends would be indicative of financial investment.

So, the two pre-conditions to investment are:

- ❖ Deployment of funds and
- ❖ Intention for expectation of profit.

3.2 INVESTMENT POLICY OF IBBL:

The special feature of the Investment Policy of the Bank is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shari'ah. Earning of profit isn't the only motive and objective of the Bank's Investment Policy rather stress is given in achieving social goal and objective in making employment opportunities.

3.3 DIFFERENT MODES AND MECHANISMS OF IBBL:

There are different types of investment modes in IBBL which can be classified into three categories.

1. Partnership or 'Share' Mechanism

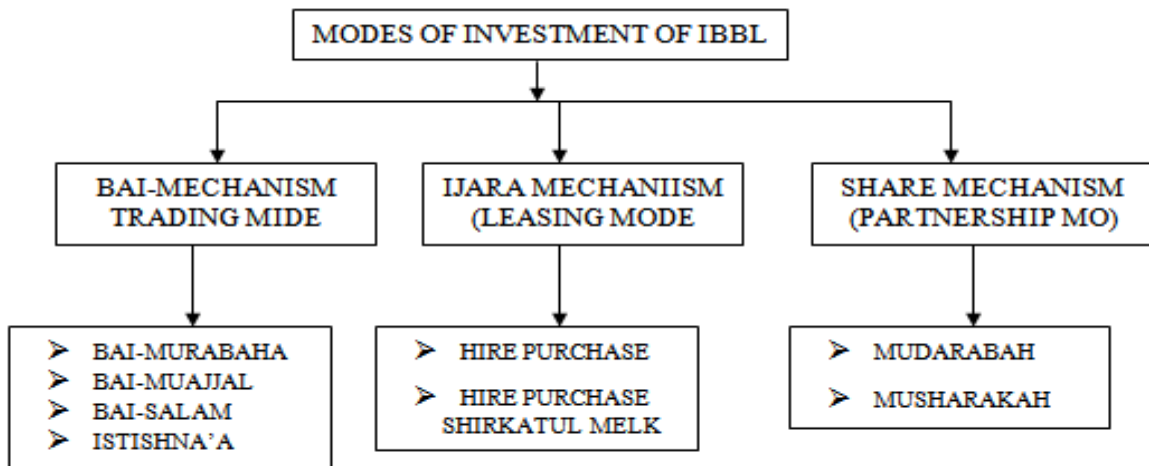
- ❖ Musharaka
- ❖ Mudaraba

2. Trading or 'Bai' Mechanism

- ❖ Bai- Murabaha
- ❖ Bai- Muajjal
- ❖ Bai-Salam
- ❖ Bai- Istisna
- ❖ Bai- As-Sarf

3. Leasing/Ijara Mechanism

- ❖ HPSM (Commercial)
- ❖ HPSM (Industrial)
- ❖ HPSM (Agriculture).



Share Mechanism of Investment

Share mechanism of investment indicates partnership. It implies the practice of investment based on shared liability and possibilities of return & loss. The share mechanism of investment can be categorized as follows:

3.3.1. (A) Mudaraba Mode of Investment (Profit sharing Loss Bearing Mode):

The Word ‘Mudaraba’ has been derived from the Arabic word ‘Darb/Darban’ which means movement to earn rahmat (Munafa) of Allah. Mudaraba is a form of partnership where one of the contacting points called the ‘Shahib-al Maal’ or the Rabb-ul-Maal (the financier) provides a such as quantity of capital and acts like a sleeping a dormant partner while the opposite party, known as the Mudarib (entrepreneur), provides the entrepreneurship and management for caring on any venture, trade, business or service with the objectives of earning profits. The Mudarib is in the nature of a trustee also as an agent of the business.

Profit is distributed as per pre-agreed ratio while the loss is entirely borne by the Shahib-al- Maal.

Important Features of Mudaraba:

- ❖ Capital must be specific
- ❖ Capital must be in currency
- ❖ Capital is not a liability debt on Mudarib
- ❖ Shahib-al- mal cannot take part in business directly but may supervise the business
- ❖ Mudarib is not entitled to wages but may get actual expenses incurred
- ❖ Profit must be shared as per agreed ratio
- ❖ Loss must be borne by the owner of the capital
- ❖ Profit and loss is ascertained after expiry of contract period
- ❖ Shahib-al-mal loses its capital and Mudalib loses his labour in case of actual loss incurred in the business.

Types of Mudaraba Mode: There are two modes of investment in share mechanism, these are:

❖ **Mudaraba Multan:**

It is one kind of Mudaraba contract where nature of business, location, time and boundary are not fixed. The Mudarib can enjoy the freedom of taking decision in any business related works in order to safeguard the business

❖ **Mudaraba Muquyadah:**

It is one kind of Mudaraba contract where nature of business, location, time and boundary are pre-specified. In this contract, the Mudarib is bound to run the business exactly according to agreement.

3.3.2. (B) Musharaka Mode of Investment (Profit and loss sharing Mode):

The word 'Musharaka' is derived from Arabic word 'Sharika' meaning partnership. It is an agreement under which bank provides capital which are mingled with the funds of the business enterprise and others. All the providers of capital are entitled to participate in the management but not necessarily required to do so. The profit is distributed among the partners in pre-determined ratio, while the loss is born by each partner in proportion to his contribution.

Important Features of Musharaka

- ❖ Capital should be specific

- ❖ Equal share is not must
- ❖ Nature of capital may be money or valuable
- ❖ Active participation of the partners
- ❖ Business record is to be maintained
- ❖ Profit is shared as per agreed ratio
- ❖ Loss must be born as per equity ratio.

Bai-Mechanism of Investment

Bai means trading. Bai mechanism means purchase and sale of goods in cash or on credit or in advance at an agreed upon profit, which may or may not be disclosed to the client. Majority of investment of IBBL are extended through this mechanism. This mechanism can be further drawn into 5 categories as follows:

3.3.3. (A) Bai-Murabaha mode of investment:

Bai-Murabaha may be define 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 land to the Buyer at a cost plus agreed profit payable in cash or on any fixed future date in lump sum or by installments.

Important Features of Bai-Murabaha

- To offer an order by the client to the bank.
- To make the promise binding upon the client to prophase from the bank and also to indemnity the damages caused by breaking the promise.
- To take security in the form of cash/kind/collaterals.
- To document the debts resulting from Bai- Murabaha
- Stock and availability of goods is a basic condition.
- Bank must bear the risk until delivery of goods to the client.
- Bank may sell it at a higher price
- Price once fixed cannot be changed.

3.3.4. (B) Bai-Muajjal mode of investment:

Bai Muajjal may be defined as a contract between a buyer and a seller under which the seller sells certain goods permissible under Islamic Shariah and the Law of the country to the buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installment.

Important Features of Bai-Muajjal

- It is permissible for the client to offer an order to purchase by the Bank particular goods deciding its specification and committing himself to buy the same from the bank on Bai-Muajjal i.e. differed payment sale at fixed price.
- It is permissible to make the promise binding upon the client to purchase from the Bank, that is, he is either to satisfy the promise or to identify the damages caused by breaking the promise without excuse.
- It is permissible to take cash/collateral security to guarantee the implementation of the promise or to identify the damages.
- It is also permissible to document the debt resulting from Bai- Muajjal by a Guarantor, or a mortgage
- Stocks and availability of goods is a basic condition for signing a Bai- Muajjal Agreement. Therefore, the Bank must purchase the goods as per specification of the Client of goods to acquire ownership of the same before signing the Bai- Muajjal Agreement with the client
- After purchase of goods the Bank must bear the risk of goods until those are actually delivered to the Client.
- The Bank must deliver the specified goods to the Client on specific date and at specific place of delivery as per Contract.
- The Bank may sell the goods at a higher price than the purchase price to earn profit.
- The price once fixed as per agreement and deferred cannot be further increased.
- The Bank may sell the goods at one agreed price which will include both the cost price and the profit. Unlike Bai- Murabaha, the Bank may not disclose the cost price and the profit mark-up separately to the Client.

3.3.5. (C) Bai-Salam mode of investment:

The term ‘Bai’ and the ‘Salam’ have been derive from Arabic words ‘Bai’ and Salam’. The word ‘Bai’ means purchase and sale and the word ‘Salam’ means advance. ‘Bai- salam’ means advance sale and purchase.

Bai-Salam may be defined as a contract between a buyer and a seller under which the seller sells in advance certain goods permissible under Islamic Shariah and the Law of the country to the buyer at an agreed price payable on execution of the said contract and commodities are delivered as per specification, size, quality, quantity at a future time in a particular place.

Important Features of Bai- Salam

- Bai- Salam is a mode of investment allowed by Islamic Shariah in which commodities can be sold without having the said commodities either in existence or physical possession of the seller. If the commodities are ready for sale, Bai-Salam is not allowed in Shariah. Then the sale may be done either in Bai Murabaha or Bai- Muajjal mode of Investment.
- Generally, Industrial and Agricultural products are purchased/ sold in advance under Bai-Salam mode of investment to infuse finance so that production is not hindered due to shortage of fund / cash.
- It is permissible to obtain collateral security from the seller client to secure the investment from any hazards viz. non-supply/ partial supply of commodities, supply of low quality commodities etc.
- It is also permissible to obtain Mortgage and or Personal Guarantee from a third party as security before the signing of the Agreement or the time of signing Agreement.
- Bai-Salam on a particular commodity/ product of a particular field or a farm cannot be affected.

3.3.6. (D) Bai-Istisna Mode of Investment:

Istisna'a is a sale contract by which a Sani (the seller) on the basis of the order placed by al-mustasni (buyer) after having manufactured or otherwise acquired al-masnoo's (the goods) as per specification sells the same to al-mustasni' for an agreed upon price and method of settlement whether that be in advance, by installments or deferred to the specific time. It is a condition of Istisna'a contract that al-sani should provide either the raw material or the labour.

Important Features of Bai-Istisna

- ✓ Istisna'a is an exceptional mode of investment allowed by Islami Shariah in which product (s) can be sold without having the same in existence. If the products are ready for sale, Istisna's is not allowed in Shariah.
- ✓ It facilitates the manufacturer sometimes to get the price of the goods in advance, which he may use as capital for producing the goods.
- ✓ It gives the buyer opportunity to pay the price in some future dates or buy installments.

3.3.7. (E) Bai-as- Sarf Mode of Investment:

In respect of Bank, Bai-as-Sarf could be a contract/agreement between the Bank and also the consumer under which the Bank purchases the foreign currency against the foreign documentary bill before from the consumer at specified/agreed exchange rate. "Bai-as-Sarf (FDB)" is practiced for providing post cargo

finance facility against Foreign Currency export Bills and “Bai-as-Sarf (FCD)” is finished for providing advance finance facility against Foreign Currency Cheque /Draft.

Important features of Bai-As- Sarf

- ✓ This is a post-shipment finance mechanism below Bai mode.
 - Bai-As-Sarf means that sale of value for value’ and every price is thought of the other. It also means that sale of price for price i.e. Currency exchange.
 - This is often also called purchase/sale of Foreign Currency to earn Exchange income below the Bai-As-Sarf agreement.
 - Usually exchange of one currency into another currency is dealt below Bai-As-Sarf mode.
 - The connected foreign currency will be received by the bank as the consumer sold out the same to the bank at specified exchange rate
 - Since no law during this regard is prevalent in Bangladesh to govern such Bai-As-Sarf agreement, the connection between the consumer and also the Bank shall be treated as seller and purchaser
 - Just in case of any dispute arising out of Bai-As-Sarf agreement or relating to the terms and conditions of the agreement, the Banks call shall be final and binding upon the parties
 - Within the event of the Client's failure to repatriate the export issue by any consequence even that the consumer isn't responsible, the consumer shall be liable to pay back the number paid to him in reference to the said documents with Compensation/Fine/Penalty to the Bank.

Ijara Mechanism of Investment

Under this mechanism the bank supplies implements/ equipments/ goods on a rental basis. The ownership of the implements/ equipments/ goods will be with the bank and the client jointly and portion of the client will be authorized to possess the equipment for certain period. The client, after completion of the installments, will be the owner of the implements/ equipments/ goods.

Hire Purchase under Shirkatul Melk (HPSM) Mode of Investment:

Hire Purchase under Shirkatul Melk (HPSM) is a special type of contract which has been developed through practice. Actually, it is a synthesis of three contracts:

- ❖ Shirkat
- ❖ Ijarah and
- ❖ Sale.

Shirkat: Shirkat means partnership. Shirkatul Melk means share in ownership. Shirkat is a contract where bank & client will purchase assets at joint ownership. The asset will be handled to the client by the bank for use.

Ijarah: Ijarah has been derived from the Arabic word Air and Ujrat which means consideration, return, wages, or rent. Under this agreement, a certain asset is hired out by the hire to a hirer against fixed rent or rentals for a specific period.

Sale: This is a sale contract between a buyer & a seller under which the ownership of certain goods or asset is transferred by seller to the buyer against agreed upon price paid/ to be paid by the buyer.

Stages of HPSM:

- ❖ Purchase of the asset under joint ownership
- ❖ Hire the same to the client and
- ❖ Sale and or transfer of ownership to the client.

3.4 OBJECTIVES OF INVESTMENT OPERATIONS OF THE BANK

- ❖ 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 agricultural.

Chapter – 04

Analysis of the Investment Performance of IBBL

ANALYSIS OF THE INVESTMENT PERFORMANCE OF IBBL

4.1 YEAR WISE DEPOSITS & GROWTH RATE OF IBBL:

Year	2014	2015	2016	2017	2018
Deposits (TK in Millions)	560,696	615,359	681,352	755,022	822,573
Growth Rate	18.76%	9.75%	10.72%	10.81%	8.95%

Table 4.1 (Year Wise Deposits & Growth Rate of IBBL)

Graphically Present of Deposits

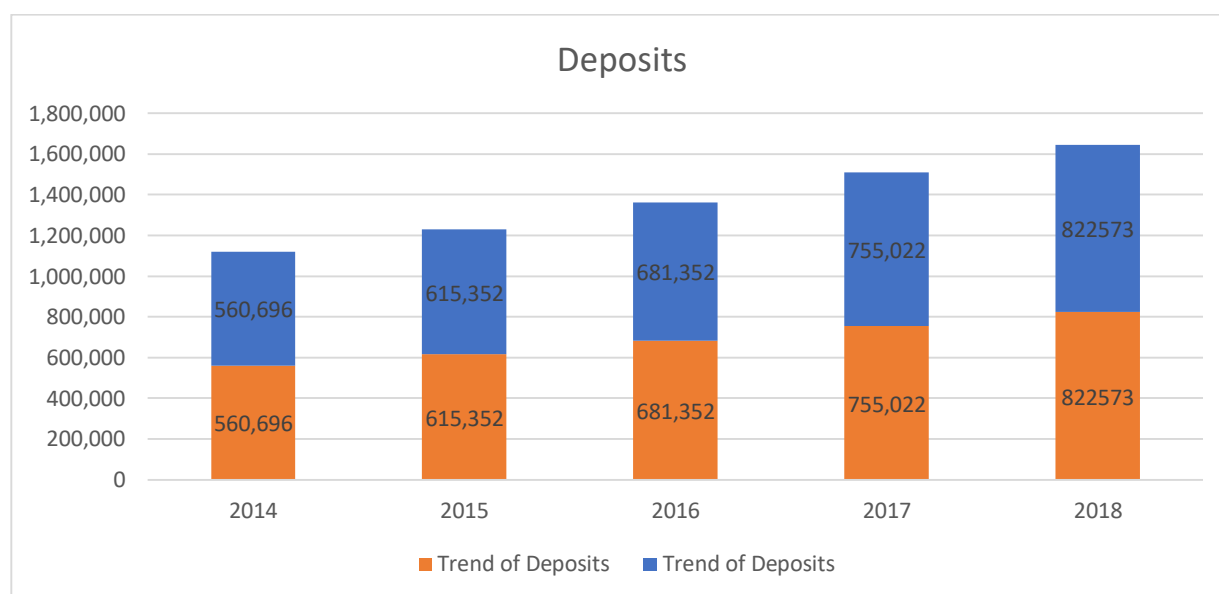


Figure 5.1 (Year Wise Deposits, TK in Millions)

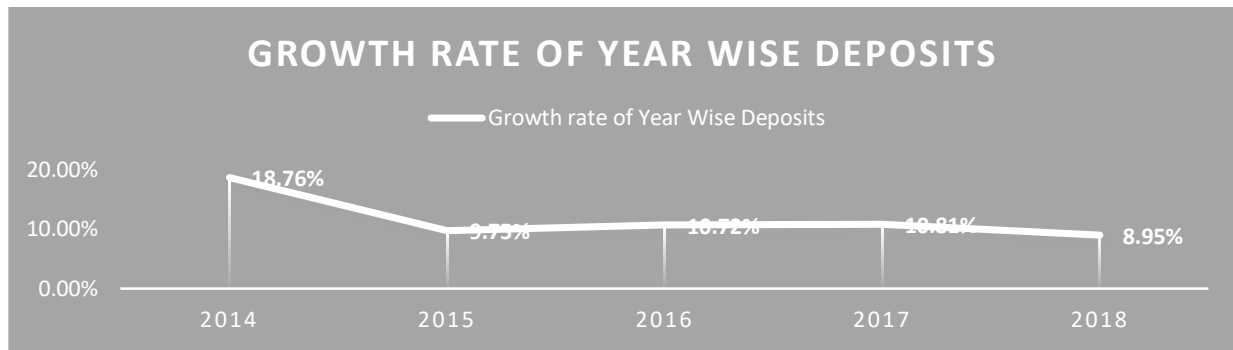


Figure 5.2 (Year Wise Deposit Growth rate)

Interpretation: The graph shows an upward trend of total deposits mobilization of IBBL from 2014 to 2018. It has been seen that 2014 total deposit was Tk. 472,121 million but in 2018 it was Tk. 755,022 million.

4.2 YEAR WISE INVESTMENT & GROWTH RATE:

[Source: Annual Report of IBBL 2014 to 2018]

(Taka in Millions)

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	463,475	530,194	616,418	710,728	805,759
Growth Rate (%)	13.93%	14.40%	16.26%	16.26%	13.37%

Table 5.2 (Year Wise Investments & Growth Rate)

Graphically Present of Investments

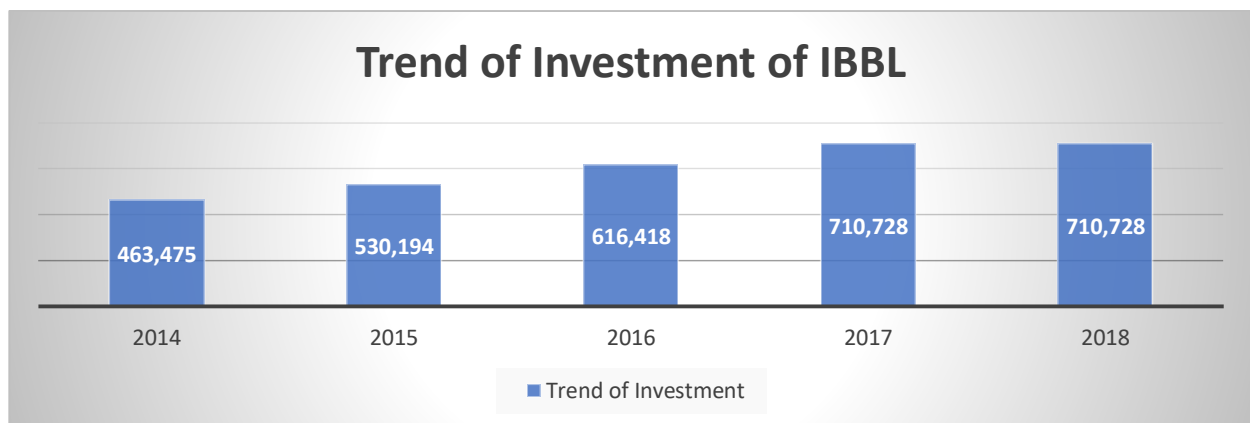


Figure 5.3 (Year Wise Investments)

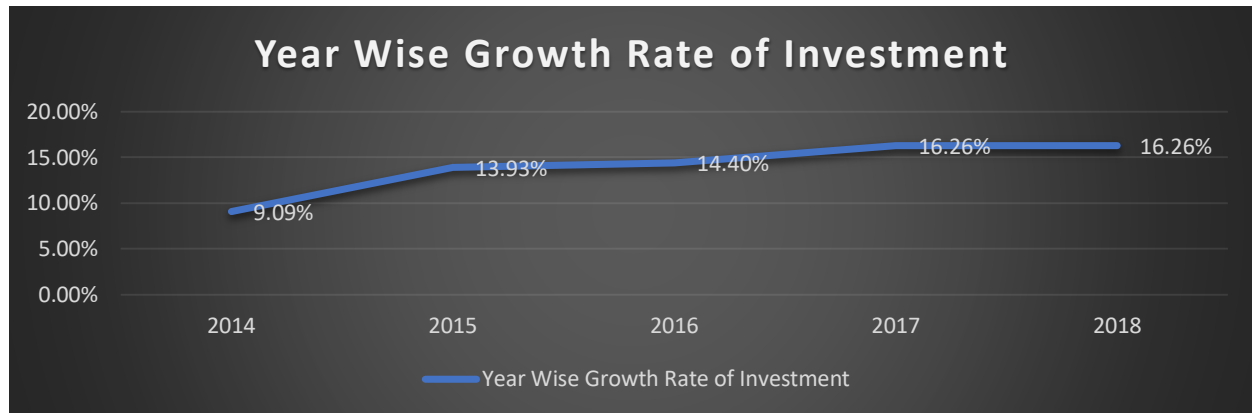


Figure 5.4 (Year Wise Investments Growth Rate)

Interpretation: The amount of investment is increasing every year. The investment has increase from TK 406,804 in 2014 to taka 710,728 in 2018. The growth rate was also having an increasing trend, but recently the bank has shortened its investment. Hence, the growth rate in 2018 has decreased a bit.

4.3 INVESTMENT TO DEPOSITS RATIO:

Year	2014	2015	2016	2017	2018
Investment to deposit ratio	82.35%	79.88%	83.59%	86.43%	87.80%

Table 5.3 (Investment to Deposit ratio, Source: Annual Report of IBBL 2013 to 2017)

Graphically Present

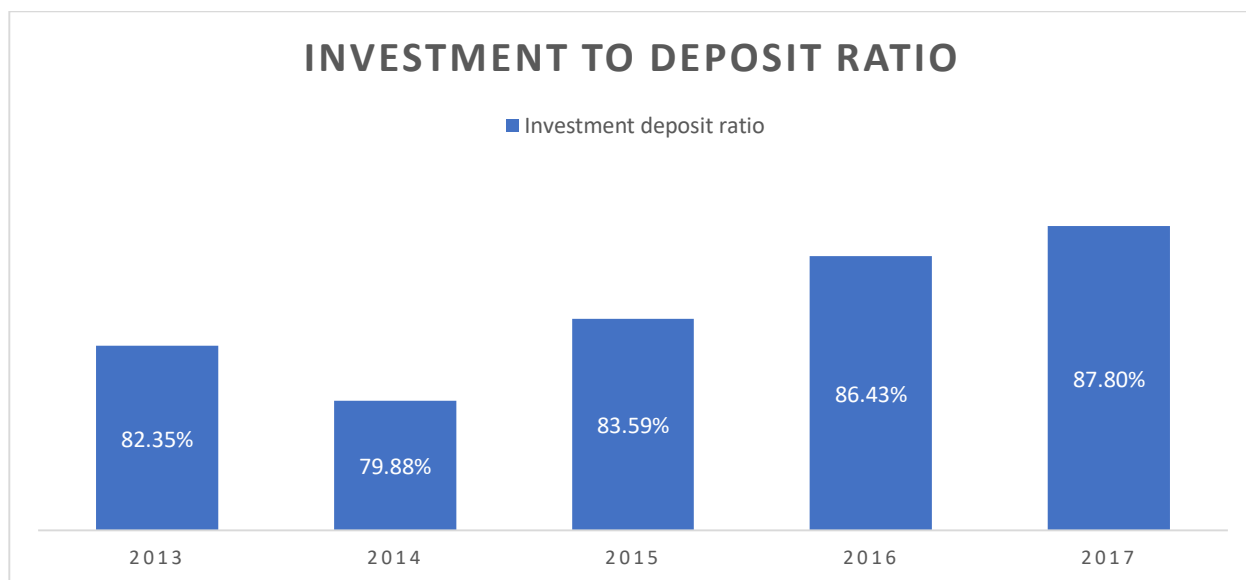


Figure 5.5 (Investment to Deposit ratio)

Interpretation: The graph shows that investment to deposit ratio has fluctuated over the years. In the ratio we had seen that the ratio has increased from 79.88% to 87.80% in 2018.

4.4 MODE WISE INVESTMENT:

Year (Taka in Millions)	2014	2015	2016	2017	2018
Bai-Murabaha	253,916	288,774	342,271	388,277	454,251
	13.74%	13.73%	18.53%	13.44%	
HPSM	103,940	117,326	133,070	153,820	165,898
	8.86%	12.88%	13.42%	15.59%	
Bai-Muajjal	29,797	33,658	41,545	46,367	53,804
	23.89%	12.96%	23.43%	11.61%	
Bai-Salam	4,807	5,320	6,435	10,477	10,732
	14.45%	10.67%	20.96%	62.81%	
Quard	15,478	14,564	14,047	19,983	27,814
	13.23%	-5.91%	-3.55%	42.26%	

Mudaraba	3,000	5,000	5,000	5,000	4,700
	-81.50%	66.67%	0.00%	0.00%	
Musharaka	484	393	602	510	510
	13.35%	-18.80%	53.18%	-15.28%	

Table 5.4 (Mode Wise Investments, Source: Annual Report of IBBL 2014 to 2018)

Graphically Present

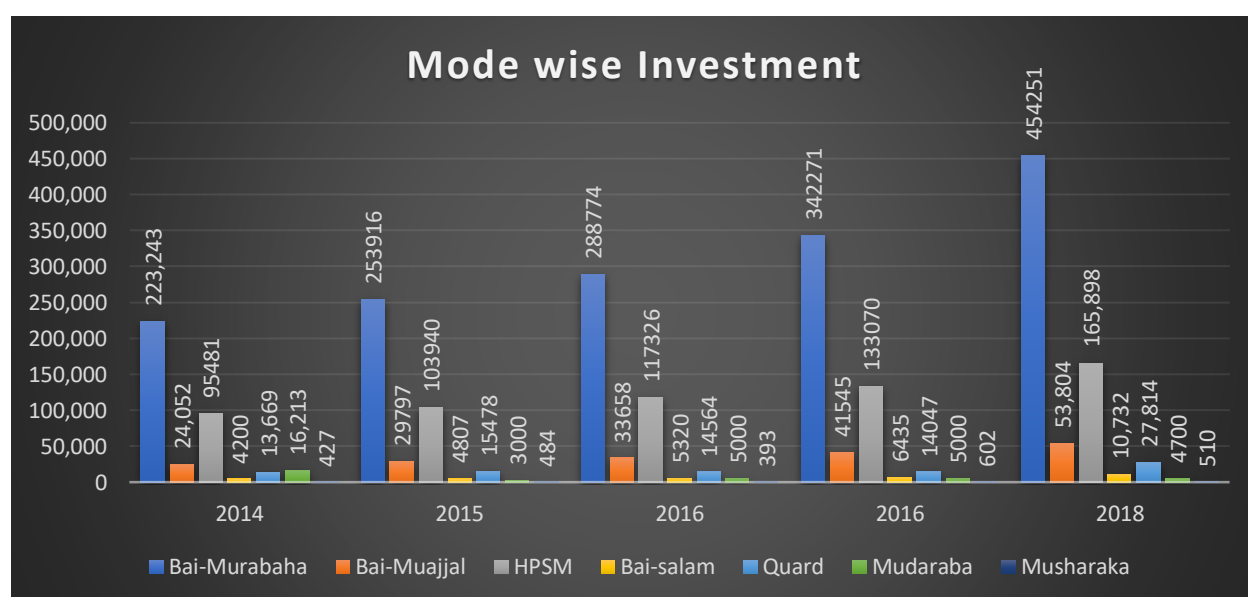


Figure 5.6 (Mode wise Investment)

Interpretation: The table & figures indicate that IBBL invests mostly in Bai-Murabaha mode of investment which amount is TK 388,277 in 2018. Most of its clients are business firms & enterprises. The second maximum portion of the investment is in HPSM mode, which amount is Taka 153,820 in 2018. The bank invests in other modes in lower percentage. The lower percentage is invested in Musharaka which amount is TK 510.

4.5 MODE WISE INVESTMENT IN 2018:

Year (Taka in Millions)	Amount	2018
Bai-Murabaha	497231	61.71%
HPSM	188992	23.46%
Bai-Muajjal	55015	6.83%
Bai-Salam	10733	1.33%
Quard	27815	3.45%
Mudaraba	4700	0.58%
Musharaka	510	0.06%

Table 5.5: (Mode wise investment of IBBL in 2018)

Graphically present

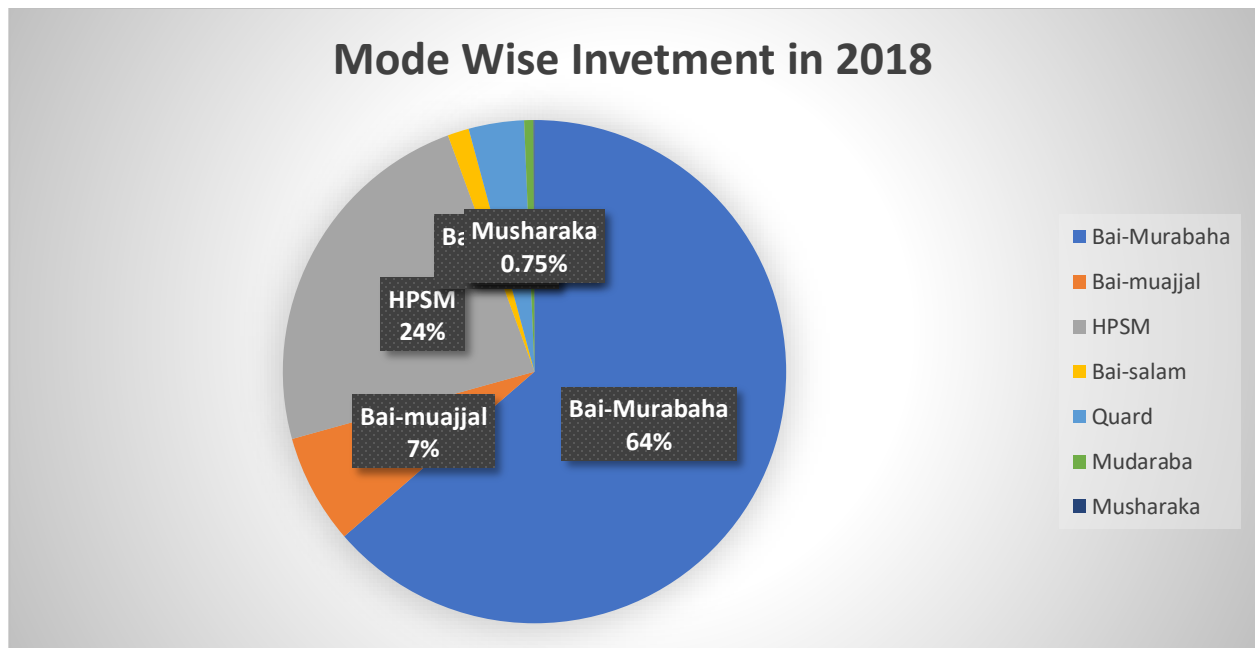


Figure 5.7: (The Percentage of mode wise investment of IBBL in 2018)

Interpretation: The above pie diagram shows that the mode wise investment of IBBL in 2018. The highest percentage was made in Bai-Murabaha mode which was 62% of total investment and 24% of total

investment was made in Hire purchase Shirkatul-Melk. Bai-Muajjal and Quard mode respectively represents 7% and 3% of total investment in IBBL

4.6 INVESTMENT IN BAI-MURABAHA:

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	223,243	253,916	288,774	342,271	388,277
% of Total Investment	54.88%	54.78%	54.47%	59.21%	58.06%

Table 5.6: (Investment in Bai-Murabaha)

Graphically present

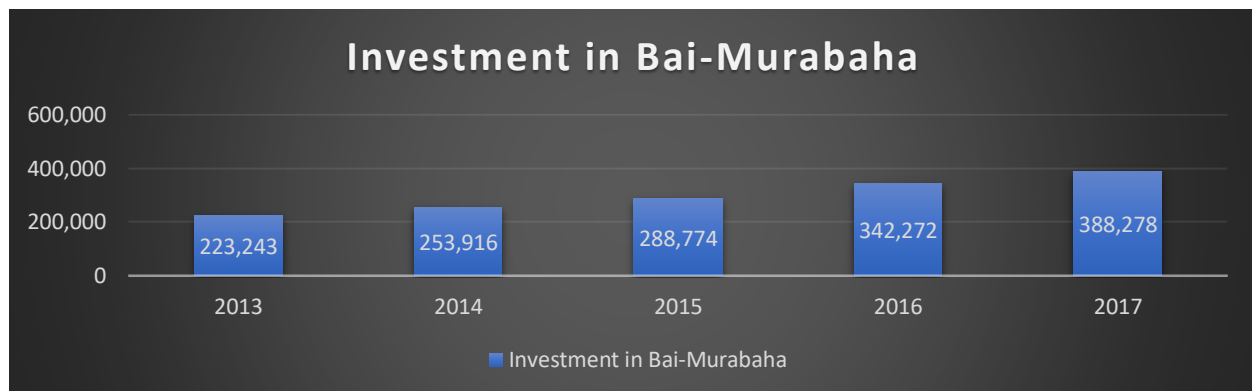


Figure 5.8: (Investment in Bai-Murabaha)

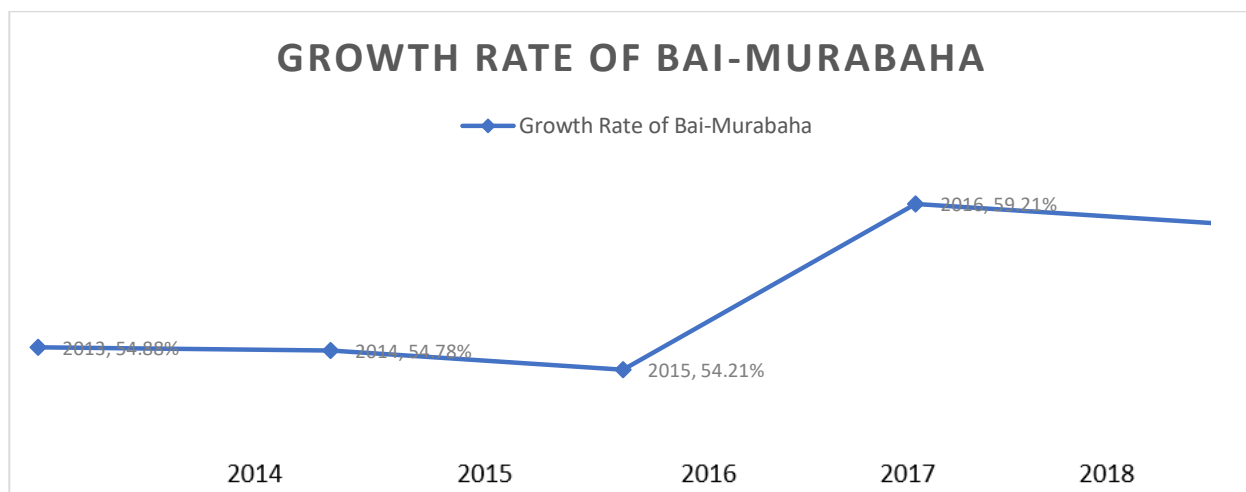


Figure 5.9: (Investment in Bai-Murabaha)

Interpretation: The above figures show the investment growth rate of Bai-Murabaha. The Bai-Murabaha investment income has increased from taka 223,243 in 2014 to Tk. 388,278 in 2018. In 2014 the growth rate of Bai-Murabaha was 54.88% and it increased to 58.06% in 2018.

4.7 INVESTMENT IN BAI-MUAJJAL:

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	29,797	33,658	41,545	46,367	53,804.18
% of Total Investment	6.43%	6.35%	7.19%	6.93%	6.83%

Table 5.7:- Year wise investment of IBBL in Bai-Muajjal

Graphically present

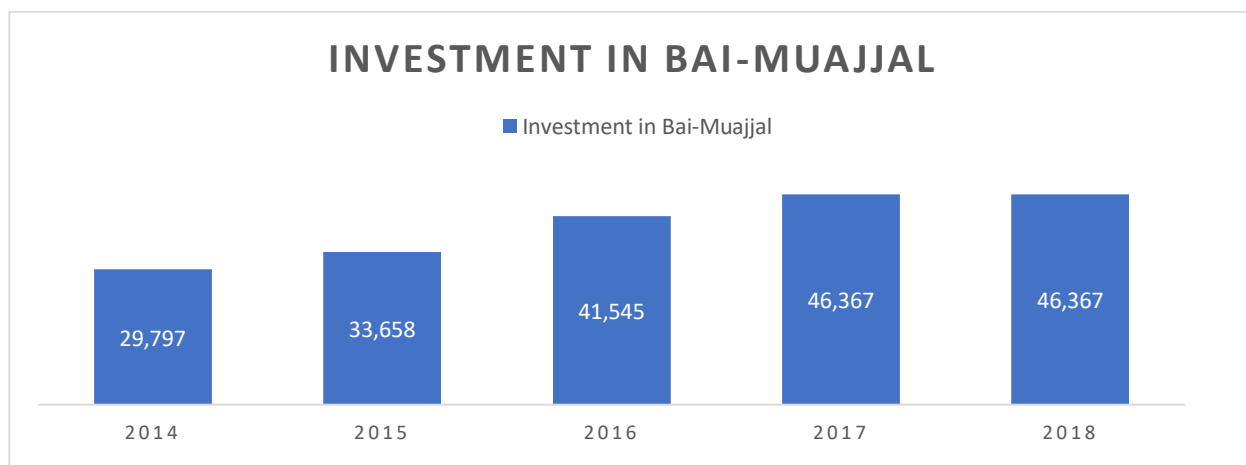


Figure 5.10:-: Year wise investment in Bai-Muajjal

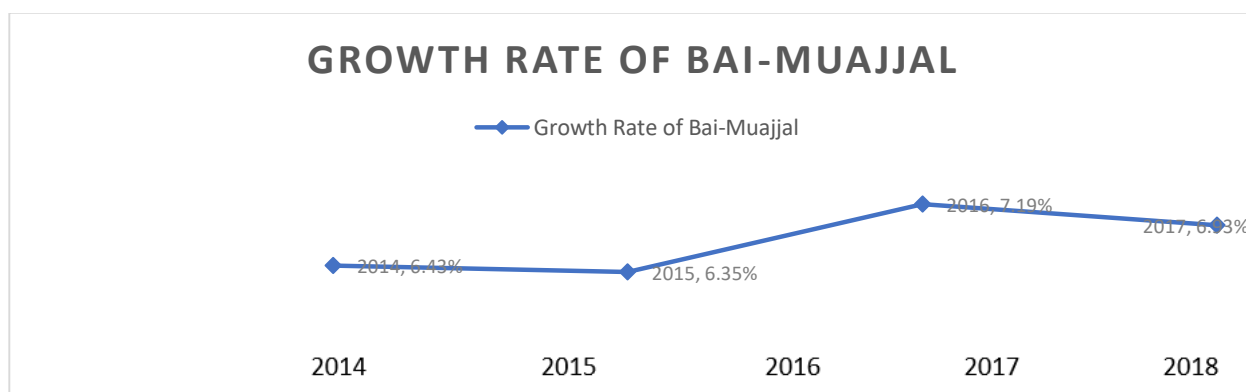


Figure 5.11:-: Percentage of total Investment of IBBL in Bai-Muajjal

Interpretation: The above figures show to investment and growth rate of Bai-Muajjal. The Bai-Muajjal investment has increased from Tk. 24,053 in 2014 to Tk. 46,367 in 2018. However, the investment income from Bai-Muajjal mode as a percentage total investment income has increased over the years. In 2014 the growth rate was 6.43% and increased to 6.83% in 2018.

4.8 INVESTMENT IN HPSM:

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	103,940	117,326	133,070	153,820	188992
% of Total Investment	23.47%	22.43%	22.19%	23.02%	23%

Table 5.8:-: Year wise investment of IBBL in HPSM

Graphically present

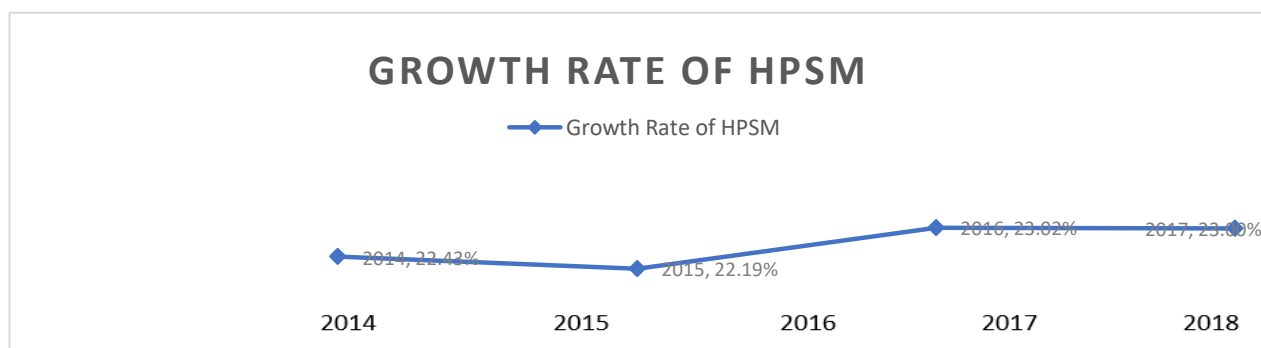
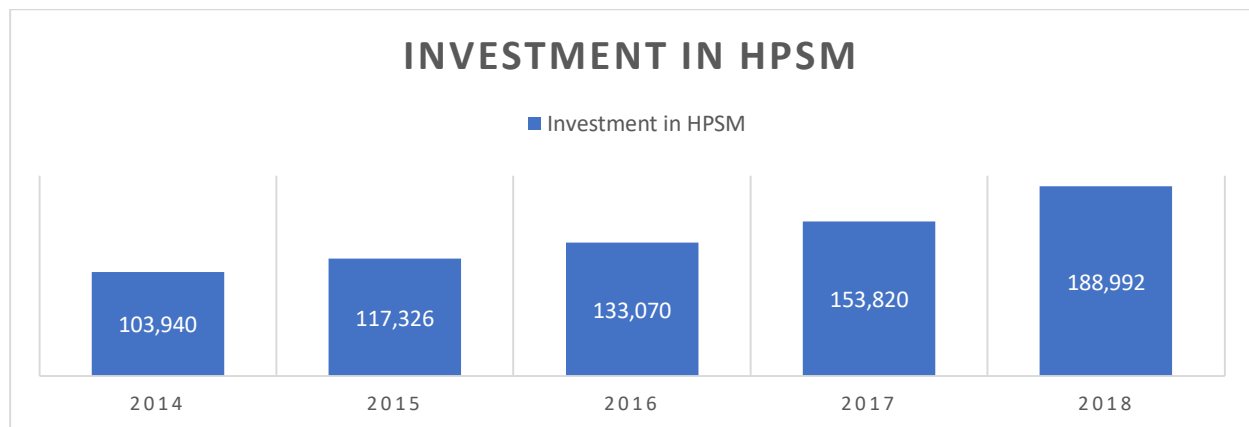


Figure 5.12: Year wise investment in HPSM

Figure 5.13: Percentage of total Investment of IBBL in HPSM

Interpretation: This figure shows that investment and growth rate of HPSM. The HPSM investment income has increased from Tk. 95,481 in 2014 to Tk.153,820 in 2018. However, the investment income from HPSM mode as a percentage total income of investment has decreased over the years. In 2014 growth rate is 23.47% and decreased to 23% in 2018.

4.9 INVESTMENT IN BAI-SALAM:

Year	2014	2015	2016	2017	2018
Amount (TK in Millions)	4,807	5,320	6,435	10,477	10,732
% of Total Investment	1.04%	1%	1.11%	1.57%	1.33%

Table-5.9: Year wise investment of IBBL in Investment of Bai-Salam

Graphically present

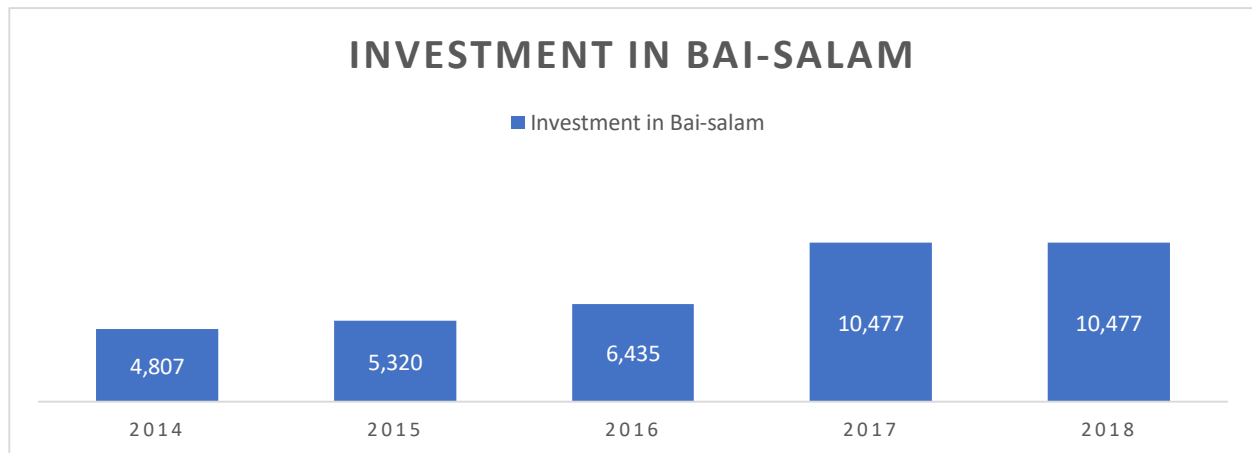


Figure 5.14:- Trend of growth rate of Investment of IBBL in Bai-Salam

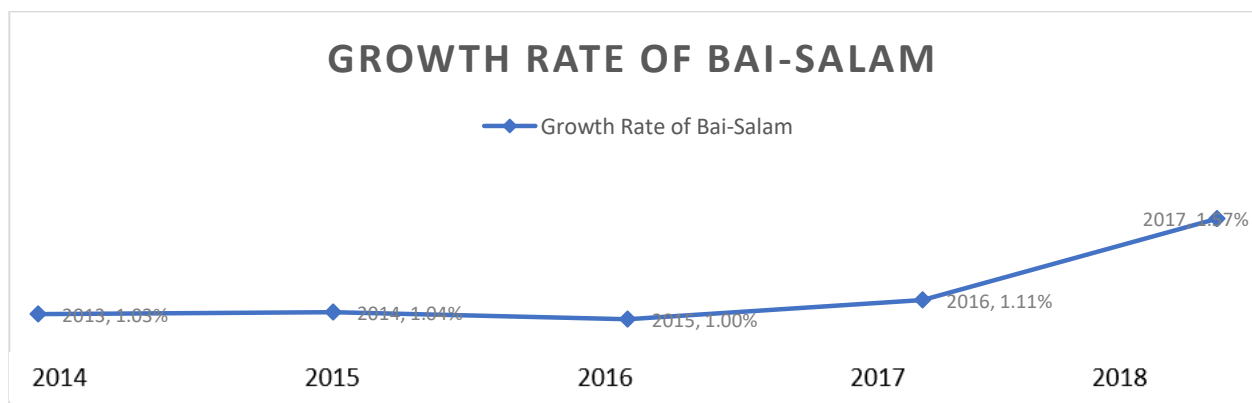


Figure 5.15:- Percentage of total Investment of IBBL in Bai-Salam

Interpretation: The above figures show the investment and growth rate of Bai-Salam. The Bai-Salam investment has increased from Tk. 4,807 in 2014 to Tk. 10,732 in 2018. The growth rate from Bai-Salam mood as a percentage total investment has increased over the years. In 2014 the growth rate is 1.04% and decrease to 1.33% in 2018.

4.10 INVESTMENT IN QUARD:

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	15,478	14,564	14,047	19,983	27,814
% of Total Investment	3.34%	2.75%	2.43%	2.99%	3.45%

Table-5.10: Year wise investment of IBBL in Investment of Quard

Graphically present

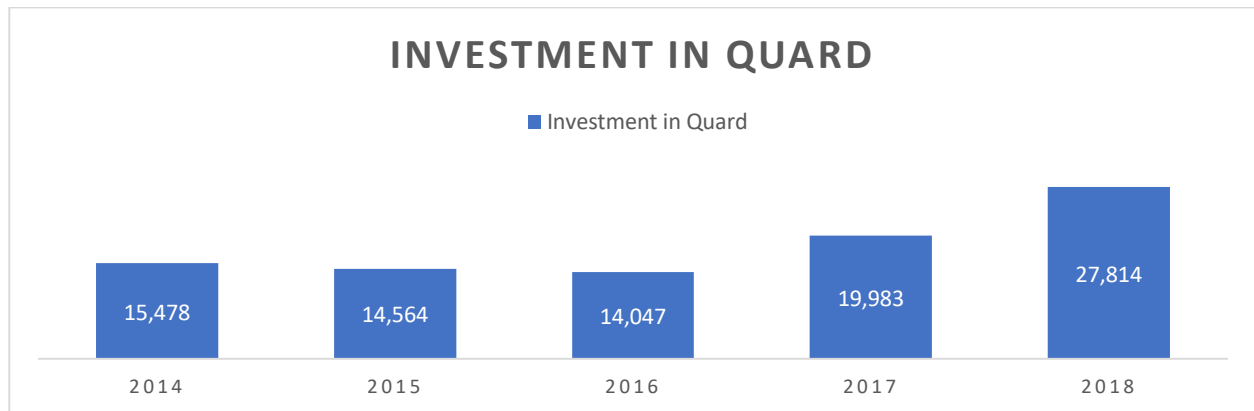


Figure 5.16:- Trend of growth rate of Investment of IBBL in Quard

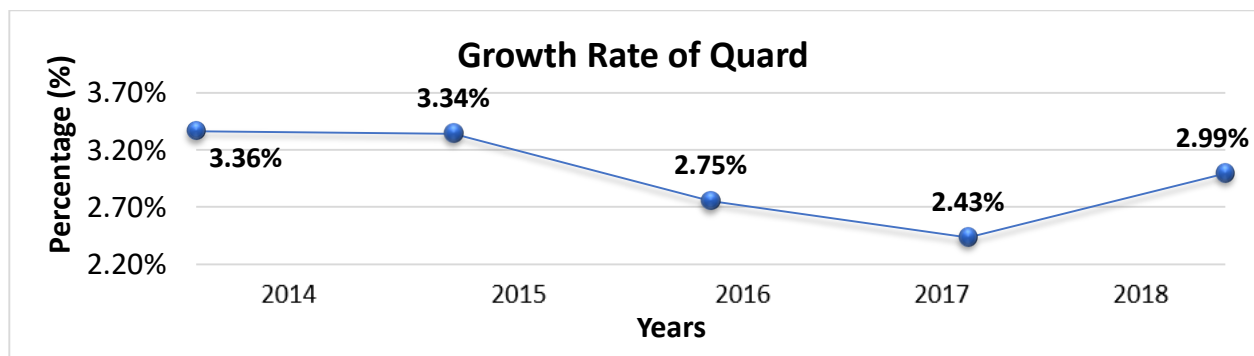


Figure 5.17:- Percentage of total Investment of IBBL in Quard

Interpretation: The above figures show the investment and growth rate in Quard. The Quard Investment has increased from Tk. 15478 in 2014 to Tk. 27814 in 2018. The growth rate from Quard mode as a percentage total investment has decreased over the years. In 2014 the growth rate is 3.34% and decreased to 3.45% in 2018.

4.11 INVESTMENT IN MUDARABA:

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	3,000	5,000	5,000	5,000	4,700
% of Total Investment	0.65%	0.94%	0.86%	0.75%	0.58%

Table-5.11: Year wise investment of IBBL in Investment of Mudaraba

Graphically present

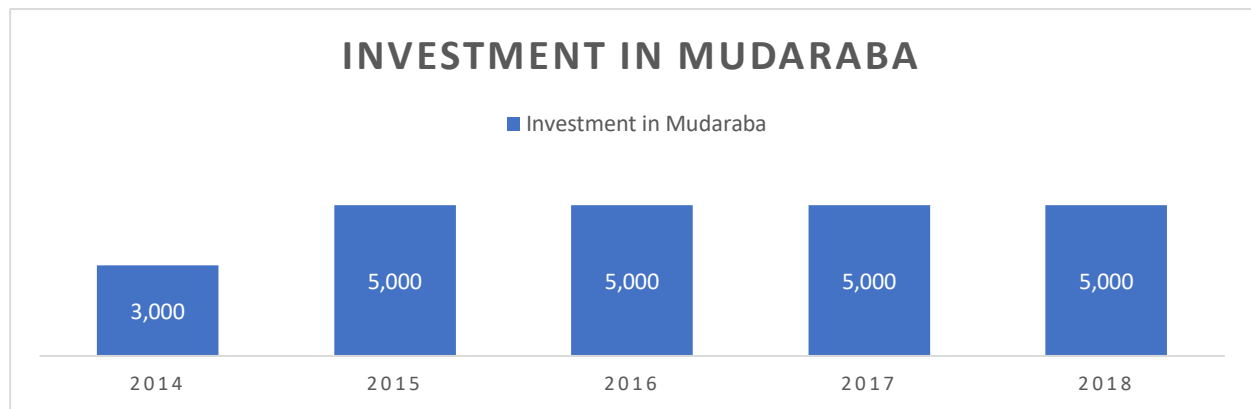


Figure 5.18:-: Trend of growth rate of Investment of IBBL in Mudaraba

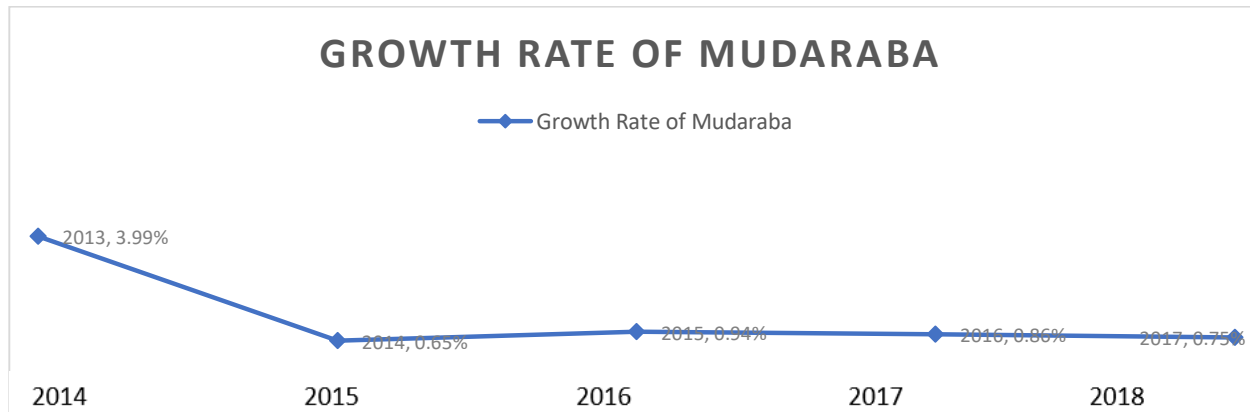


Figure 5.19: Trend of growth rate of Investment of IBBL in Mudaraba

Interpretation: The above figures show the investment and growth rate in Murabaha. The Quard Investment has increased from Tk. 3000 in 2014 to Tk. 4700 in 2018. The growth rate from Mudaraba mode as a percentage total invests has decreased over the years. In 2014 the growth rate is 0.65% and decreased to 0.58% in 2018.

4.12 INVESTMENT IN MUSHARAKA:

Year	2014	2015	2016	2017	2018
Amount(TK in Millions)	484	393	602	510	510
% of Total Investment	0.10%	0.07%	0.10%	0.08%	0.06%

Table-5.12: Year wise investment of IBBL in Investment of Musharaka

Graphically present

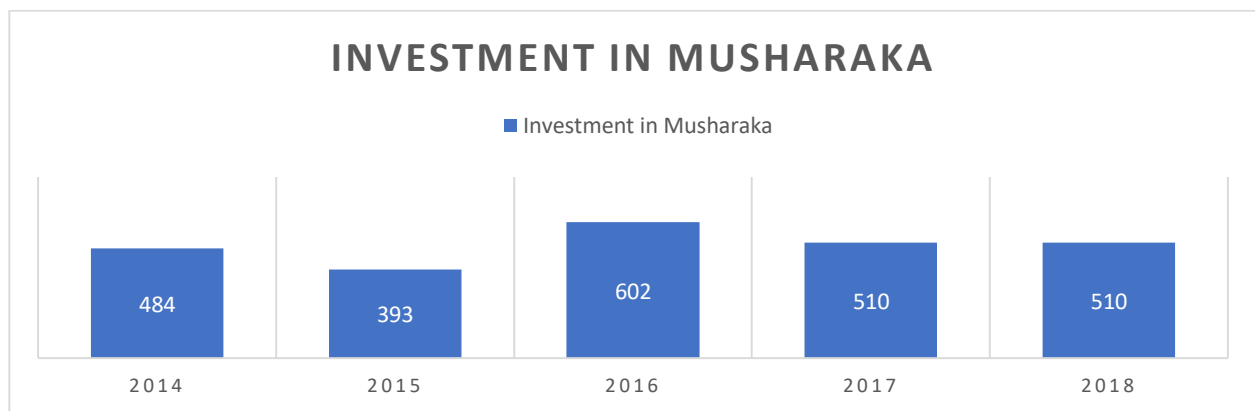


Figure 5.20: Trend of growth rate of Investment of IBBL in Musharaka

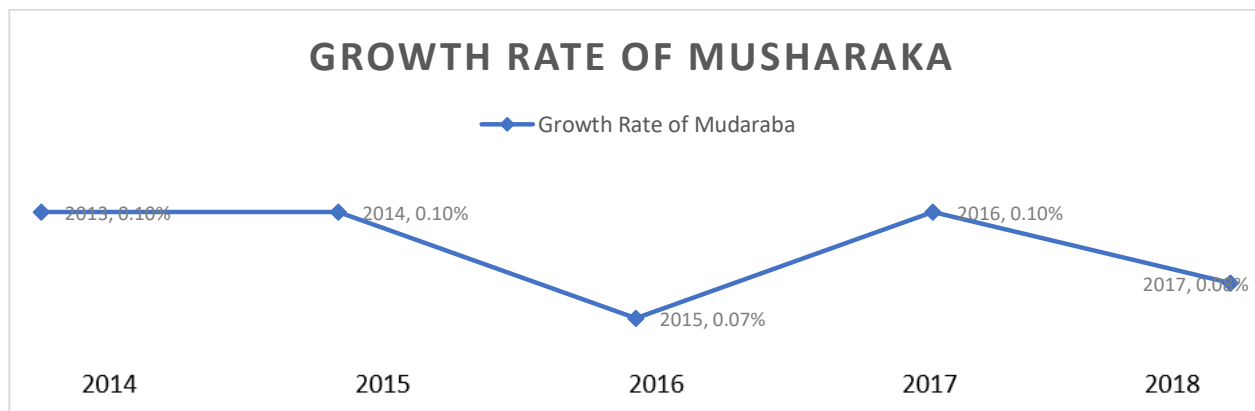


Figure 5.21: Trend of growth rate of Investment of IBBL in Musharaka

Interpretation: The above figures show that investment and growth rate of Musharaka. The Investment has decreased from Tk. 484 in 2014 to Tk. 510 in 2018 respectively. The growth rate from Musharaka mood as a percentage total investment has decreased over the years. The growth rate is fluctuated over the years. The growth rate from 0.10% in 2014 to 0.06% in 2018.

4.13 SECTOR WISE INVESTMENT:

Year (Taka in Millions)	2014	2015	2016	2017	2018
Industrial	247,350	271,210	321,172	382,066	433,191
Trade & Commercial	129,544	153,812	191,303	217,078	230,749
Agricultural	11,131	14,756	15,424	16,943	20,245
Real Estate	37,680	41,788	47,972	50,625	58,731
Transport	6,435	6,820	7,591	8,374	8,162

Table 5.13 (Sector Wise Investment)

Graphically Present

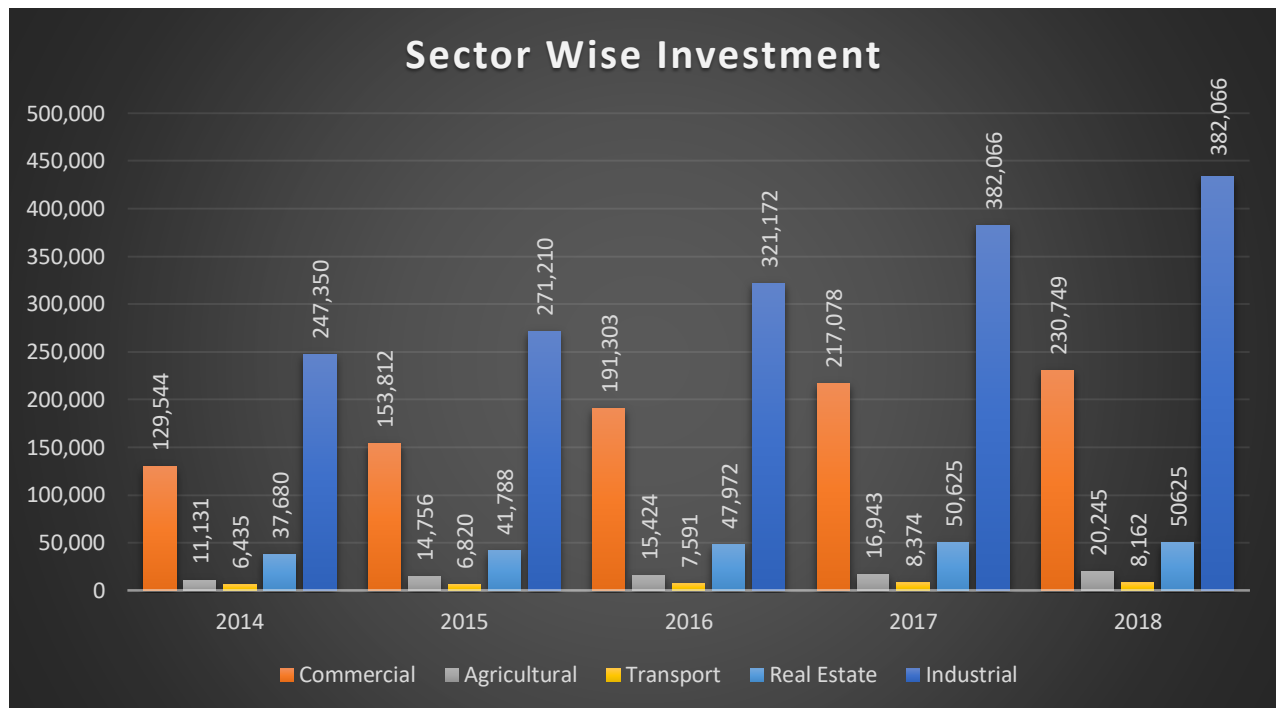


Figure: 5.21 (Sector Wise Investment)

Interpretation: According to the figure mentioned above, the bank invests mostly in the industrial sector due to industrial development which is Taka 433,191 in 2018, according to the figure mentioned above, and followed by trade & commerce. The portion of investment is the lowest in transport sector which is Taka 8162 in 2018.

4.14 DIVISION WISE INVESTMENT:

[Source: Annual Report of IBBL 2014 to 2018]

Name of Division	2014	2015	2016	2017	2018
Dhaka	265,678	307,919	343,407	392,449	413,145
Chattagram	92,699	95,124	123,099	146,452	195,795
Khulna	29,492	35,988	41,485	48,057	57,367
Rajshahi	40,518	48,310	56,526	61,649	69,951
Barishal	6,195	7,985	9,431	10,944	12,832
Sylhet	9,364	11,187	13,068	16,022	15,822
Rangpur	13,072	15,964	20,280	24,334	28,929

Table 5.14 (Division Wise Investment)

Graphically Present

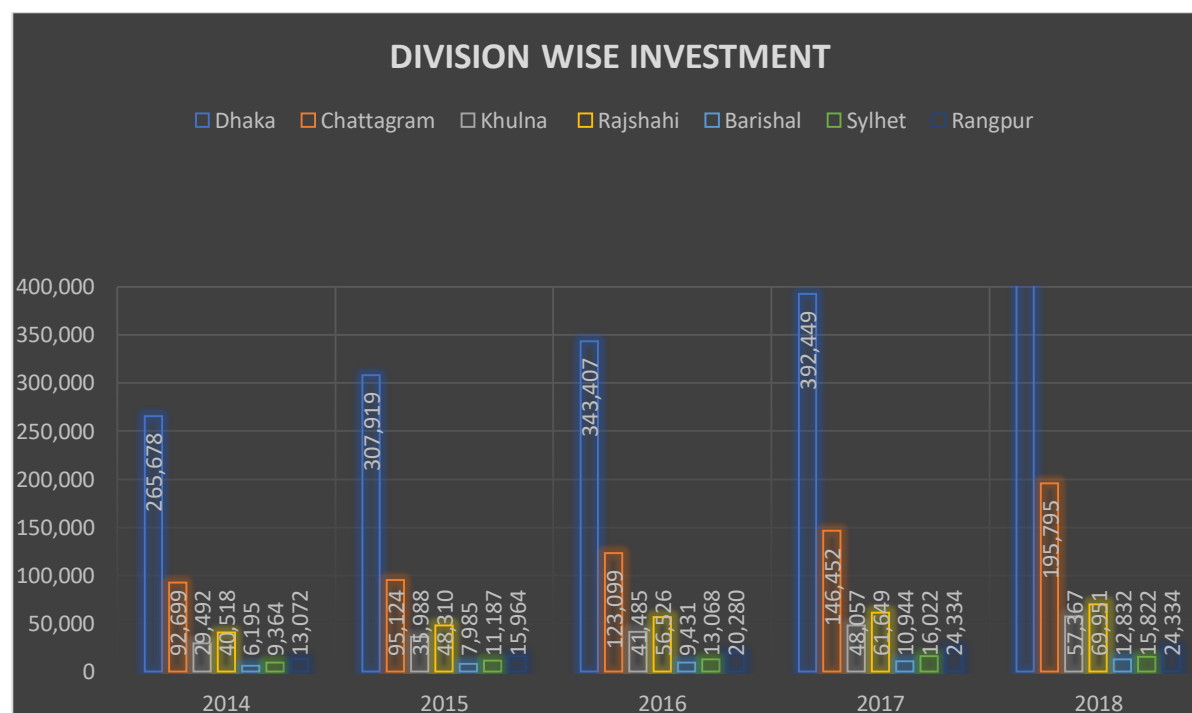


Figure: 5.22 (Division Wise Investment)

Interpretation: According to the figure mentioned above, the bank investment mostly in the Dhaka division which is Taka 413175 in 2018. The portion of investment is the lowest in Barishal division which is Taka 12832 in 2018.

4.15 GEOGRAPHICAL LOCATION-WISE INVESTMENT:

[Source: Annual Report of IBBL 2013 to 2017]

(Taka in Millions)

Year	2014	2015	2016	2017	2018
Urban Area	437,399	500,305	563,139	648,815	741,586
Rural Area	23,737	29,298	53,279	61,913	64,173

Table: 5.15 (Geographical Investment)

Graphically Present

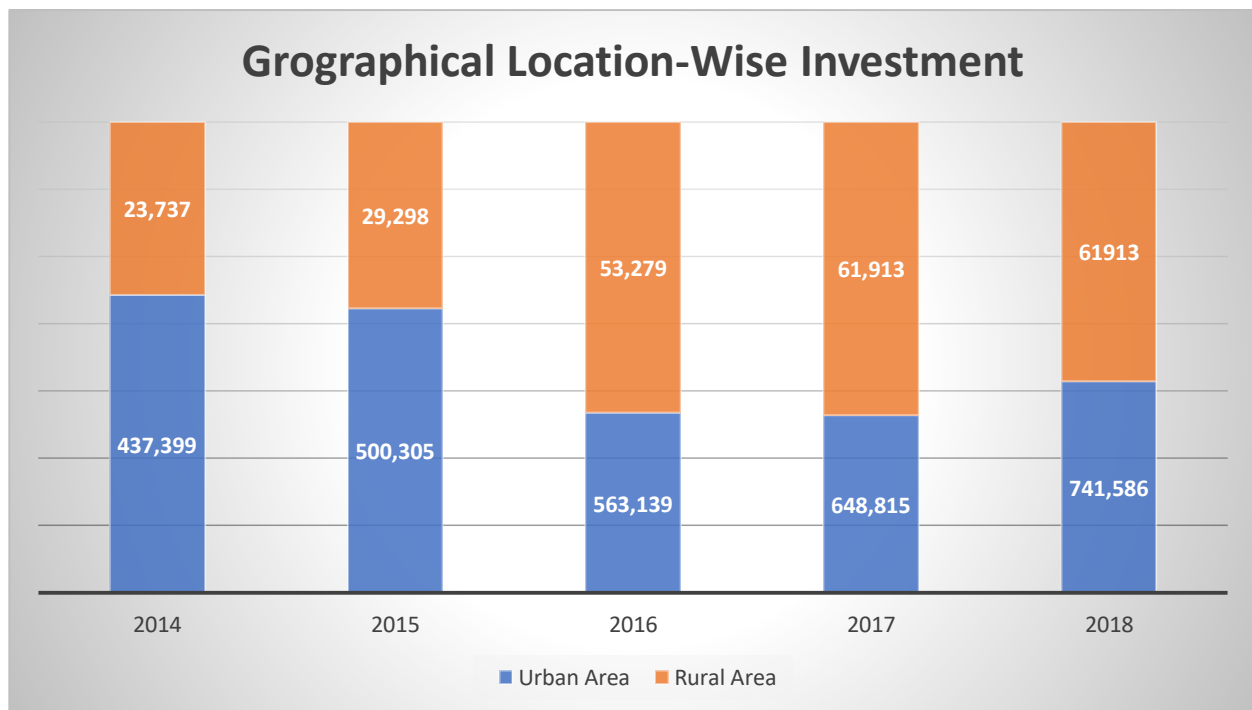


Figure: 5.23 (Geographical Location-Wise Investment)

Interpretation: The table & figures indicate that IBBL invests mostly in Urban Area which amount is Taka 437399 from 2014 to TK 741586 in 2018. The amount of investment in urban area has an increasing

trend. But In rural area the portion of investment is lower. In 2014, the amount of investment was Taka 57,950 in rural area and there is a decreasing trend of investment from year 2014 to 2017. In 2017, the investment becomes increase which is Taka 61,913.

4.16 UNCLASSIFIED INVESTMENT AS A PERCENTAGE OF TOTAL INVESTMENT:

Year (Taka in Millions)	2014	2015	2016	2017	2018
Total Investment	463,475	530,194	616,418	710,728	805,759
Unclassified Investment	440,668	507,653	592,817	685,210	772,590
% of Total Investment	95.08%	95.75%	96.17%	96.41%	95.88%

Table 5.16: (Unclassified Investments as a Percentage of Total Investment)

Graphically Present

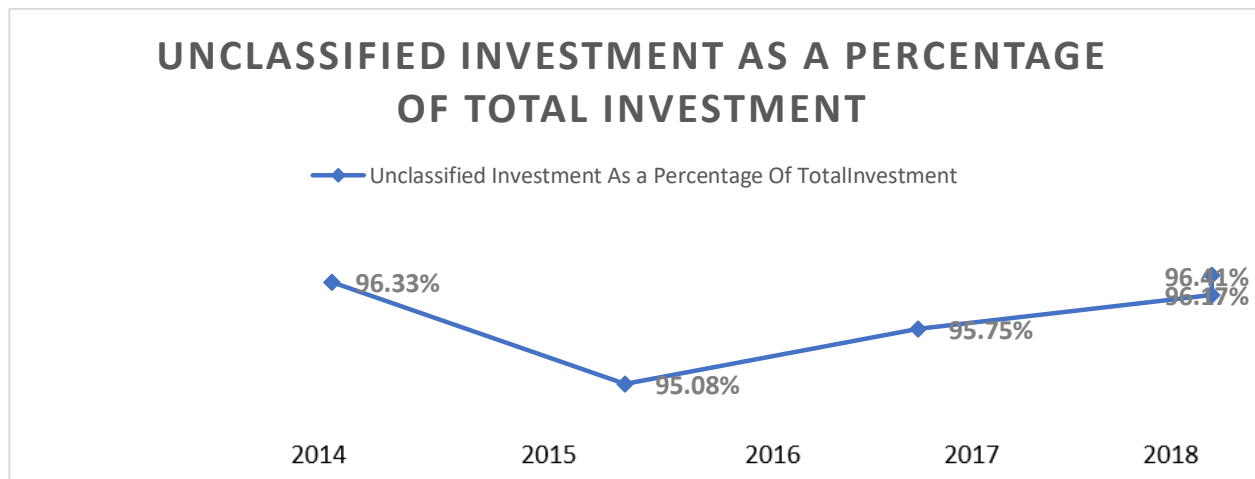


Figure 5.24 (Unclassified Investments as a Percentage of Total Investment)

Interpretation: The graph shows the Unclassified Investments as a Percentage of Total Investment. It has fluctuated over the year. However the Unclassified Investments as a Percentage of Total Investment increases from 96.33% in 2014 to 96.41% in 2018.

4.17 CLASSIFIED INVESTMENT AS A PERCENTAGE OF TOTAL INVESTMENT:

Year (Million Taka)	2014	2015	2016	2017	2018
Total Investment	463,475	530,194	616,418	710,728	805,759
Amount of Classified Investment	22,807	22,541	23,602	25,519	33,169
% of Total Investment	4.92%	4.25%	3.83%	3.59%	4.12%

Table 5.17 (Classified Investments as a Percentage of Total Investment)

Graphically Present

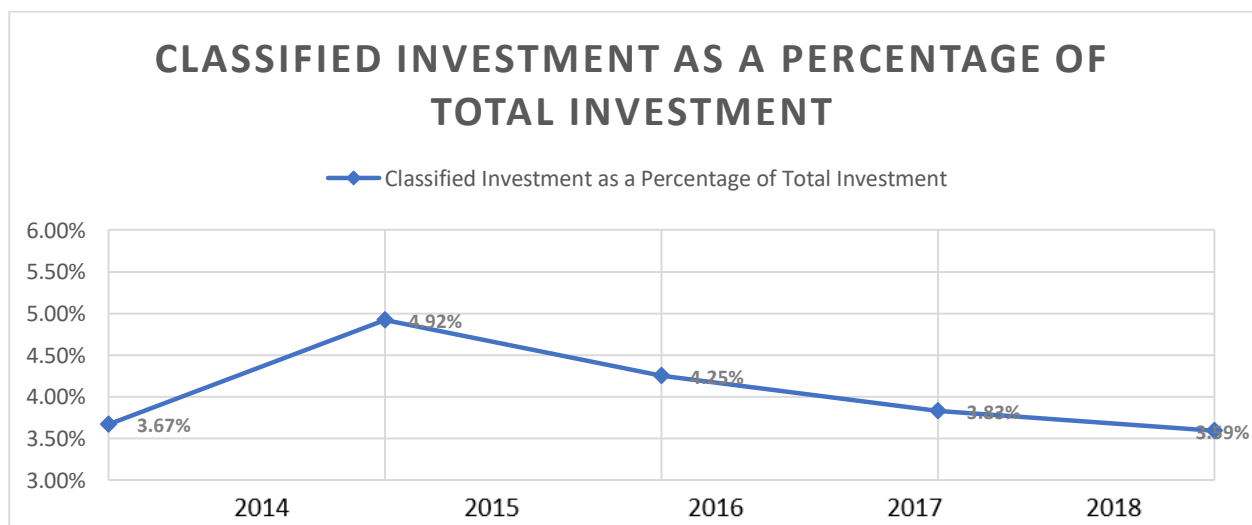


Figure 5.25 (Classified Investments as a Percentage of Total Investment)

Interpretation: The graph shows the Classified Investments as a Percentage of Total Investment. Classified Investments as a Percentage of Total Investment has fluctuated over the year. However the

Classified Investments as a Percentage of Total Investment decreases from 3.67% in 2014 to 3.59% in 2018.

4.18 SUB STANDARD, DOUBTFUL, BAD & LOSS INVESTMENT:

Year	2014	2015	2016	2017	2018
Sub Standard	2,235	1,839	2,341	2,447	4,491
Doubtful	1,531	2,392	1,064	1,990	2,495
Bad/Loss	19,059	18,309	20,195	21,080	26,182

Table 5.18 (Sub Standard, Doubtful, Bad & Loss Investment)

Graphically Present

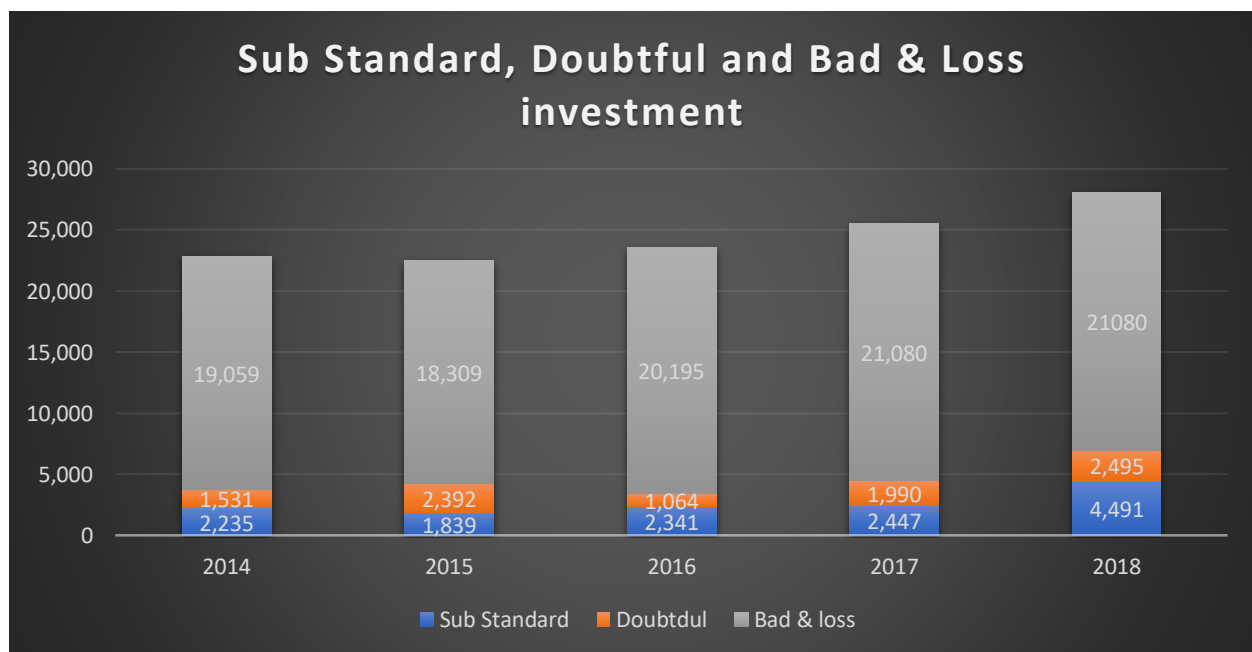


Figure 5.26 (Sub Standard, Doubtful, Bad & Loss Investment)

Interpretation: According to the table and graph the substandard investment is increasing over the year. The substandard investment has increased from Taka 1,707 in 2013 to Taka 2,447 in 2017. The doubtful

investment was also increasing over the year. It has increased from Taka 653 in 2014 to Taka 1,990 in 2018.

4.19 YEAR WISE INCOME FROM INVESTMENT :

[Source: Annual Report of IBBL 2014 to 2018]

(Taka in Millions)

Year	2014	2015	2016	2017	2018
Investment	49,110	48,152	52,942	57,142	67,166
Income					

Table 5.19 (Year Wise Income from Investment)

Graphically Present

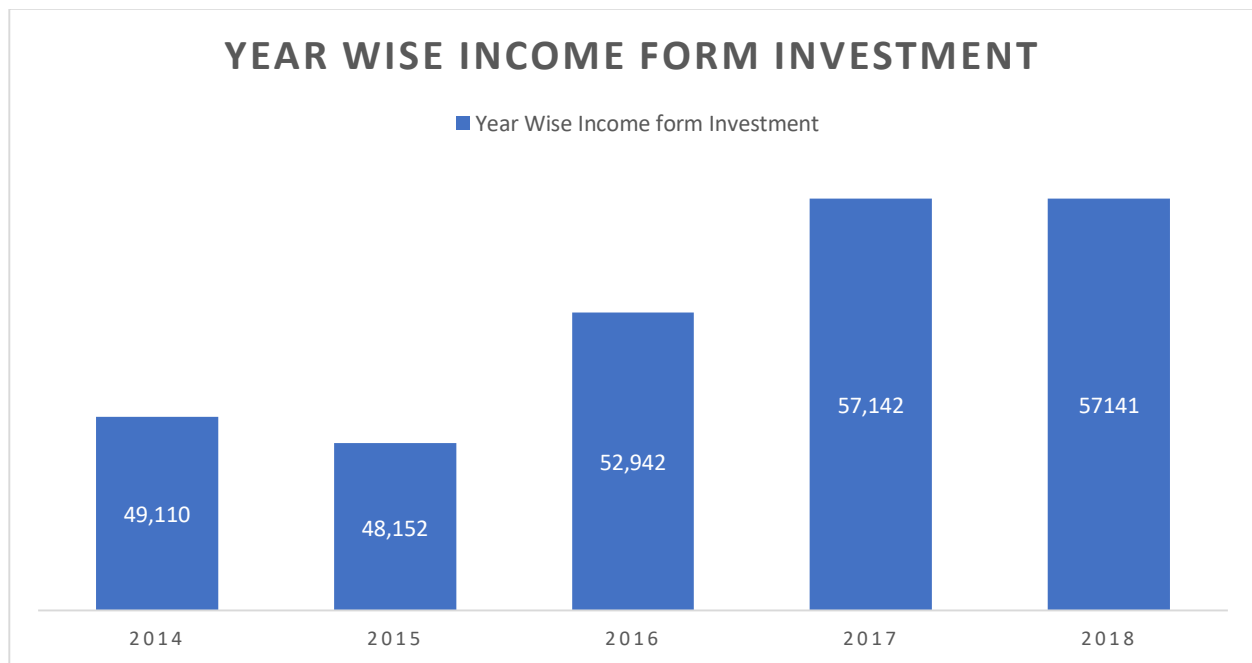


Figure 5.27 (Year Wise Investment Income)

Interpretation: The income from investment of IBBL in the figure above is showing an upward trend from 2016 to 2018, although the trend was fluctuating 48,145 to 57,141 taka in the year from 2014 to 2018.

4.20 RETURN ON INVESTMENT (ROI):

Return on Investment (ROI) is primarily an indicator of managerial efficiency. It indicates how capable management has been in converting assets into net earnings. The higher the firm's return on total assets is better.

[Source: Annual Report of IBBL 2014 to 2018]

(Taka in Millions)

Year	2014	2015	2016	2017	2018
ROI (in %)	9.86%	8.20%	8.29%	8.14%	8.60%

Table- 5.20: ROI of IBBL.

Graphical presentation

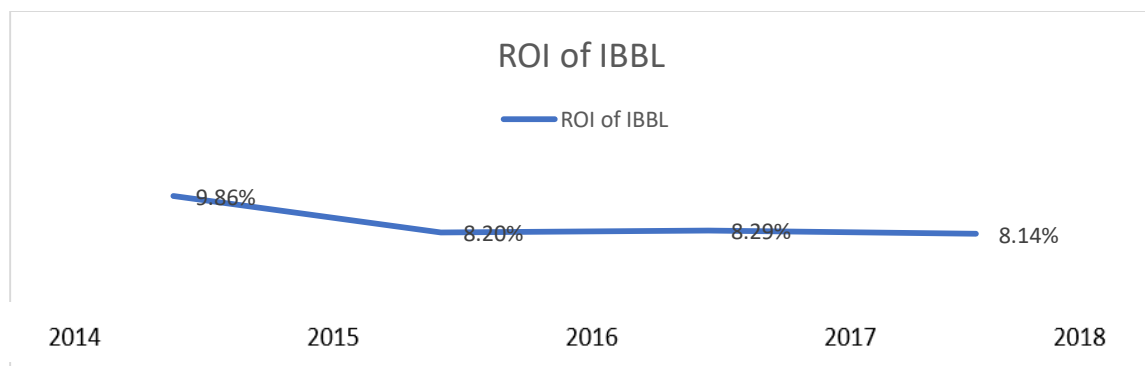


Figure- 5.28 (ROI of IBBL).

Interpretation: From the figure shown above, the ROI of IBBL is almost stable in 2016, 2017, and 2018. This rate is gradually decreasing year-by-year, and it became 8.14% from 11.49%, indicating that the return on per Tk. of investment is decreasing year-by-year. The bank should concentrate on this alarming situation.

Chapter – 05

Major Findings, Conclusion and Recommendations

5.1 MAJOR FINDINGS:

- ✓ There was an upward trend in the total investment mobilization of IBBL but the growth rate of investment was decreasing over the years.
- ✓ There was an upward trend in the total investment of IBBL but the growth rate of investment was increasing over the years.
- ✓ IBBL highly concentrates on Bai-Murabaha & HPSM but pay less concentration on Musharaka.
- ✓ IBBL provided a major portion of investment in urban area rather than the Rural area.
- ✓ IBBL made the highest portion of investments in industrial sector and the lowest portion of investment in transport sectors.
- ✓ IBBL provides a large portion of Investment in Dhaka Division and lowest investment in Barisal and Sylhet during the period.
- ✓ Classified investment of the bank has increased over the years. Bad/ loss investment increased from Taka 12,518 Millions in 2014 to Taka 21,080 Millions in 2018.
- ✓ Return on Investment (ROI) of this bank has fluctuated over the years.

5.2 RECOMMENDATIONS:

Though Islami Bank Bangladesh Limited (IBBL) is the leading private bank of our country, it has some crucial areas to improve and have to maintain. The recommendations are given below:

- ✓ The investment mobilization of IBBL has increased over the years. Bank should given more effort to maintain and improve its deposit mobilization rate by developing new savings instruments as investment is the main source of bank fund.
- ✓ IBBL should encourage the people for Mudaraba and Musharaka investment.
- ✓ IBBL makes more investment facilities in Dhaka. So, the bank should decentralization their investment sector in others division.
- ✓ Investment should be provided in the SMEs sector for developing entrepreneur investment as well as in the agricultural sectors.
- ✓ The investors need to be monitored properly to ensure the proper use of fund for specified purpose to avoid moral hazard. Credit Information Bureau (CIB) report might assist in this regard. Group discussion, case study on Islamic economics, banking and finance may be introduced for the officials at the different level of operation on regular basis.
- ✓ Common web portal may be developed to facilitate clients in providing tips regarding Islamic banking, finance and economics.
- ✓ Islami Bank in Bangladesh may expand their network in the rural areas.
- ✓ The Bank Should Focus not only on the Urban Areas but also on Rural areas for the balance Growth of the Economy.

5.3 CONCLUSION:

Banking sector is the chief financial Intermediary in a country. It is a very challenging institution and in age of globalization and free trade, the process and the system of running a bank is changing. Islami Bank is the first rung to the implementation of making the country's banking system Islamic. Continuing this series of success, 7 more Islamic banks in our country are working. Besides, 17 conventional banks have opened Islamic window & branches. In order to have an insight into how effectively the bank is doing its investment activities, this study has been conducted. The study reveals that there is an upward trend in its investment. However there is decreasing trend in its classified investment. Therefore bank should concentrate on investment recovery process in order to reduce its classified investment and provision against classified investment. During their 33 years of journey, IBBL has proven excellence in their business success, contribution in national development & social responsibility. Through achieving Islami Shariah's aim of mass welfare, they want to build up a hunger-poverty-exploitation-free Bangladesh, and make a position among the countries of this world. Thus, this country has positioned itself as the leading private bank of Bangladesh. Now, IBBL is determined to play more vital role in building up the golden Bangladesh which our nation dreams of. Keeping this series of success, Islami Bank Bangladesh Ltd. can obtain far better position in global banking.

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