



Daffodil
International
University

**An Internship Report
On**

“Investment Performance of First Security Islami Bank Ltd.”

Submitted To:

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Letter Of Transmittal

7th January, 2020

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Subject: Submission of Internship Report on “Investment Performance” of FSIBL.

Dear Madam,

With due respect, I would like to enclose my Internship Report titled “Investment Performance of First Security Islami Bnk Limited”. This report was assigned to me as an integral part of my course requirements in BBA program. This report includes the overview and especially the investment Performance of First Security Islami Bank Limited. It is a very good opportunity for me to prepare this report properly out of my practical experience and empirical data that I have gathered by working as intern for three months. I will remain available for further clarification and information of any part of this report in interpreting the analysis. I appreciate for the time you have devoted to me.

Sincerely,

Jarin Islam 14.01.2020

Jarin Islam

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Certificate Of Approval

This is to notify that, **Jarin Islam, ID: 162-11-5146**; a student of Daffodil International University, BBA program has completed her internship at First Security Islami Bank Limited under my supervision. Her assigned topic is “**Investment Performance of First Security Islami Bank Limited**”. Her internship placement was at First Security Islami Bank Limited, Uttara Branch. Jarin Islam worked hard in preparing this report and has been able to present a good picture of the concerned bank..

This report is accepted for presentation, I wish her every success in life.

Rozina Akter
14.01.2020

Rozina Akter
Assistant Professor
Department of Business Administration
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Student Declaration

I, Jarin Islam, hereby declare that the presented report of internship which is titled **“Investment Performance of First Security Islami Bank Limited”** Uttara Branch is uniquely prepared by me after the completion of three months work at that branch.

I additionally affirm that, the report is set up for my academic requirement not for any other reason. It might be utilized with the interest of opposite party of corporation.

Jarin Islam

.....14/01/2020

Jarin Islam

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Acknowledgement

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

I would like to thank to my honorable teacher Rozina Akter(Advisor), for her exemplary guidance, monitoring and constant encouragement for this report. I would also like to thank the Internship Coordinator of Daffodil International University for their valuable guidance during the internship program.

My sincere gratitude to the manager Mohammad Imtiaz Hassan, Vice President of First Security Islami Bank Limited, Uttara Branch, for his unconditional and random support to complete my internship successfully. I am also thankful to all other employees to give me enough time and helping me to do my work properly from their busy schedule.

Executive Summary

The internship program is an associated course which helps students to have practical knowledge and experience when they go for a work after the end of graduation. My internship program was assigned at First Security Islami Bank Limited, Uttara Branch, under the supervision of Rozina Akter, Assistant Professor, Department of Business Administration and Faculty of Business and Entrepreneurship.

My internship report was on the investment Performance of First Security Islami Bank Limited. So finding the different part of the Investment I have gone through all the available dates that I found in my span and place it in my report.

First Security Islami Bank Limited is a solid, strong, developing and modern bank with a view of Islamic rules and regulations. Their primary object is to give their clients the best service. They additionally work to build up the general public and increment the business rate. The general image of them is “Symbol of the Society”.

From my three months experience and all the information it can be easily said that, First Security Islami Bank Limited have different ideas in offering services to the clients. They give away loans and advances to the customer not only for the profit but also for social improvement. They use the strategy Bai-mode for giving advances. Bai refers to the buy and offer. The bank helps the customer to buy product with the amount they asked for and give them a certain date to repay the amount. It means sales on credit. They do not take interest like other commercial banks, instead of they become partners for any project they give advances. So basically they are giving credits under the Islamic regulations and principles.

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CHAPTER-1

Introduction

1.1 Introduction

Now-a-days, in our economy the money saving part in rising and assuming is a critical job. We have to delineate Bank before going to make hesitation between regular saving money frame work with Islamic keeping money framework. Besides these, in short it supposed to be distinguished as a financial guidance which excerpt stores from the overflow unit and make investment to lack unit. In this action, bank salary is the continece between the arrival and saved rate. This quality of wage may have two devises; Interest Income: this is the attaining of usual bank following the provision of premium salary is predetermined and not permitted to plus or minus as per Islamic framework. Mention that it is the principium of minuses. Benefit: this is the seeking of 'Islamic Bank' according the Islamic framework. Benefit produced from buying and offering method which has been made halal in Islam. As pointed out by Islamic Shariah frame-up is completely disallowed. While Islamic Bank is ruled in view of benefit and trouble sharing methodology on behalf of premium premise, it is has greater willingness to the Muslim humanity. It could be that, elemental guideline if Islamic saving money being PLS (benefit trouble sharing framework)- based Shariah financing and this scheme having been presented to loan fee risk. Whereas the multiplicity of the Investment of Islamic bank are on Bai-mode. In this mode, bank pitch reported commodities to the customer and client on cost over and above to stable benefit inside the settle period, the Islamic bank can't influence or understand extra sum as pay of the bank. Be that as it may, the common banks can keep on charging premium or in spite of that they can switch and concede punitive enthusiasm as salary of the bank. In this scheme ordinary keeping money framework which is founded prefixed financing cost is introduced to low loan cost chance. Hence how Islamic governing an account framework can give pledge and advances beneficially and make due with their plenty financing cost risk in the industrialist economy. That is the motive my point of the report is to discriminate the inevitable contradict between the regular and Islamic leading an account framework.

1.2 Origin of the study

This report has been prepared to fulfill the requirement of the internship program. I have made this internship report on the basis of my three month`s applied working experience and under overseeing of Rozina Akter, Assistant Professor of Daffodil International

University. The propound subject of internship report is ‘Investment Performance of First Security Islamic Bank Limited’.

1.3 Objectivity of the study

The fundamental objective of the study is to accomplish the requirement of the BBA program and the desire goal of the study is to attempt whether they take into account bank’s action, particularly the loans and advances, are disparate to the current banking system. Several objectives are:

A) Broad Objective

To explore the investment Performance of First Security Islami Bank Limited, Uttara Branch.

B) Specific Objective

- To analyze various investment operation about the bank.
- To interpret the investment procedure of the bank.
- To analyze the performance of the investment department of the bank from the year 2014 to 2018.
- To give some recommendations about the problem of the bank.

1.4 Methodology

The methodology of this report comprise straight look-out, verbal communication with the employees of all departments, seeing, study reports, annual reports and several research techniques and could be comprehend both present and historical dates. For the sake of that it covers both primary and secondary data.

Primary data:

- Head-on communication
- Verbal interview of employees
- Observing the system and Performance of the bank
- In-profundity inquisition of chose cases.

Secondary data:

- Website of Frist Security Islami Bank Limited
- Internet
- Inside source
- Some articles.

1.5 Scope of the study

This report is the conclusion of my applied learning during the time of the three months internship at First Security Islami Bank Limited. The study comprised in banking areas are:

- Investment Sector (Advances and loans of investment)
- General Banking Department (Account, Account opening, Remittance)
- Foreign Exchange Sector (Remittance, Import, Export)

1.6 Limitations of the Study:

- There are dreadful outcome to collect enough data from the bank. Many prospected information I have disregarded to assemble. In this manner, penurity of of adequate information is one of the several issues within my report composing.
- Every employees are so busy that they cannot help me thoroughly about the entire banking procedure. Therefore, there is no formative suggestion of bank employees that I have acquired and included in the report.
- Most of the basic information and data are classified for the bank. Consequently there is need of inevitable information.
- Employee`s facilitation to receive data as well as to get several answers was poor. Therefore, there is limitation in the discretion that has prevented me to prepare this report felicitous.
- Absence of obtainable publication data`s.

CHAPTER-2

Overview of First Security Islami Bank Limited (FSIBL)

2.1 Historical Profile of FSIBL:

The First Security is a national Banking sector which was incorporated on the 29 August, 1999 as a banking company under the companies Act 1994 to carry on the banking business. It received permission from Bangladesh Bank in 22 September to begin its business. It has initiated its Performance as a commercial bank on 25 October, 1999 with a branch at Dilkusha.

Recently the bank have more than 170 branches thoroughly Bangladesh. It offers all types of commercial banking services to their clients within the condition laid down the Banking Company Act 1991 and rules and regulations are being included by the Bangladesh Bank time to time. Diversification of products and services and novelty of products fitted to the needs of the customers in keeping with pertinent rules and regulations have made it different from other commercial bank of Bangladesh. In 2009, 1st January they alternate their scheme and converted into Islami banking. They also switch the name and the new name was 'First Security Islami Bank Limited'. It keeps up a strong relationship with all the banks of the country and all the customers of the bank. Corporate banking and personal banking are the exceptional strength of First Security Islami Bank Limited. The FSIBL is a modern, concrete and looking forward local bank with a view to assure sound performance. The FSIBL is trying to delineate the bank as a brand image as very successful and strong. 'Symbol of Security' is the general image of the bank.

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

2.2 Mission of the Bank:

1. Create a positive contribution to society and care for the environment by acquiring the highest level of amusement through the extension of services.
2. Carrying interest-free banking.
3. Forming participatory banking instant of banking inclination.

4. Their sincere and all efforts stay put integrated with a view to achieving commercial objective of the bank.
5. To be the provider of high quality of products and services to its effective markets.
6. Give comfortable access through various means anytime.

2.3 Vision of the Bank:

To be the most proficient bank in terms of the customer service, probability and technology application is the vision of the First Security Islami Bank Ltd. By giving high quality products and excellence in services by modern technology and a team of expert personnel to offer nobility in banking services to be the premier financial institution in the country based on Islami Shariah.

2.4 Corporate Culture:

FSIBL is one of the most modest bank with a peculiar corporate culture. The bank believes in shared sense making, shared understanding and shared meaning. The people of the bank can understand and see Performance, objects and events in a different way. The employees believes in working together for growth of the bank as they see themselves as a tight knit family or team. The corporate culture they associate has not been destined. It has been attain through their corporate culture.

2.5 Special Features of FSIBL:

- The bank's investment policy follows different scheme permitted by Islamic Shariah based in the Quran and Sunnah.
- They propulsion all of their Performance in accordance with Islamic Shariah where benefit is legal substitute to interest.
- The bank invest money to different Halal business in accordance with the demand and need of the society and the country as a whole. The bank participants in various actions like creating jobs, creating infrastructure and implementing development projects of the government.
- The bank is committed to create employment opportunities.
- Establishing prosperity in banking system and economic up liftmen of the low-income group of people.

- The bank is trying to establish an economic system which is resulting in social justice and legitimate distributing of wealth.
- It is committed to bring about changes in underdeveloped rural areas.

2.6 Organizational Hierarchy (chain of command):

Chairman
Co-Chairman
Director
Managing Director
Deputy Managing Director
Senior Executive Vice President
Senior Vice President
Vice President
Senior Assistant Vice President
First Assistant Vice President
Senior Principle Officer
Principle Officer
Senior Officer
Officer
Probationary Officer
Assistant Officer
Trainee Officer
Computer Operator and Sub-staff

2.7 Sources of Funds:

According to the Islami Shariah and Islamic financial instrument, the financial resources of the FSIBL consist of main capital resources consisting paid-up capital and reserves and funds increase through borrowing from the central bank and other commercial banks. The principal part of their fund is, though, evolved from the various categories of deposits permitted on Islamic regulations of AL-Wadiah and Mudaraba. With regard to the easement of understanding these sources can be called as 'Primary' and 'Secondary'.

Primary Source:

Paid-up Capital:

The amount of money a company has received from its shareholders in exchange of money is called paid up capital.

Under the companies Act, Islamic banks are public limited companies which are listed on the stock exchange. Institutions, individuals, local and foreign have subscribed there. For instant, the paid up capital of FSIBL:

Name of Categories	Percentage
General Public	40.19
Sponsor-Directors	43.44
Financial Institution	15.05
Foreign Investors	1.127
Non-resident Bangladeshi	0.05

Secondary sources:

Mobilization of Deposits:

The main function of Islamic bank is to mobilize savings and provide financial support to entrepreneurs like interest based usual banks. But islami bank pay profit which they make by investing deposits of the bank instead of paying direct interest. They excerpt deposit through various types of savings account. They are divided into two categories,

1. AL-Wadiah account.
2. Mudaraba account.

Secondary sources give protective liquidity to forecastle money and additionally for more remote possibilities. By Islamic Shariah, Islami bank can hold Islamic bonds and securities Mudaraba and Musharaka. Secondary hold can attain definite return, consequently upgrading the productivity of the organization as opposed to essential stores. Being very fascinating, secondary hold embellishes the business to keep money with its vital wellspring of liquidity.

CHAPTER-3

Investment Activities of FSIBL

3.1 The Investment Activities of FSIBL:

Islamic bank always emphasis on legal (Halal) business. Islamic bank does not invest in fixed interest securities and loans. While interest based bank invest in various kind of securities and loans, Islamic bank can invest only in common shares. First Security Islami Bank Limited takes part and establishes in projects with its customers as a copartner and convey the risk along with the customers on a proportional basis. In fine, the notion of FSIBL is to make an identical society count on prime of social value and right. Investment management is the object of FSIBL we have accrued that. The bank use profit-loss sharing method for investment process. They take deposits and invest the same deposits by using profit-loss sharing mode. Bank goes for investment predominantly which are beneficial in nature and for long period of time. FSIBL gives exalted intentness in the investment which will create more employment. FSIBL need to be vigilant in investment decisions as investment is one of the major priority areas for the bank. FSIBL always go with keenly study before making an investment to ascertain accurate investment. So we are going to discuss the way FSIBL operate investment in the next following stage.

First Security Islami Bank Limited engaged in various investment Activities. Like,

- Investment in Industrial Sector
- Investment in Agriculture Sector
- Investment in foreign Sector
- Investment in Business Sector
- HPSM (Hire Purchase)
- Investment in Real Estate
- Investment in Housing and Construction
- Bai-Murabaha
- Bai-Muajjal

3.2 Objective and Theoretical Aspect of Investment Activities:

The objective and theoretical aspect of investment operation of First Security Islami Bank Limited are to inefficient fending accurately in conformity with the practice of Islamic Shariah and those are:

- To extinguish inequality and set up justice in industry, trade and commerce.
- To change its investment portfolio by altar of investment portfolio by partition, by securities, by economic objective and by geographical area covering agriculture, commercial and industrial area.
- To ascertain reciprocal convenience both of the investment client and the bank by unobtrusive authorization of investment, professional appreciation of investment proposition, close and actual overseeing and monitoring thereof.
- To commit investment keeping the socio economic necessity of the country.
- To enhancement the amount of dynamic investors by making profitable and participatory investment.
- The bank augments investment under the morality of Bai-Murabaha, Bai-Muazzal and Hire Purchase according to Musharaka and Shirkatul melk. The bank is creating cordial exertion to go for the finance several development intention of income, poverty palliation and investment under Murabaha regulation in near future.
- To obviate the investment that are even highly profitable but are impermissible under Islamic Shariah and exaggerated for society.
- Employment generation with a view to proper sustainable socio-economic development.
- To exploit to social liftmen and developed economic growth of the country.
- To invest in appearance of merchandise and goods rather than give cash money to the investment customers.
- Investment to industry, trade, commerce, business, foreign trade, transportation, small industry, housing, real estate, agriculture, service department.

3.3 Investment Scenario (Sector Investment) of FSIBL:

The exceptional prominence of the investment policy or the FASBL is to invest on the cornerstone of profit-loss sharing scheme in conformity with Islamic Shariah`'s practice and theory. The purpose of Investment policy of First Security Islami Bank Limited is strengthen in given in acquiring social good and developing employment amenities as their intention is not only earning the profit.

They have a variegated investment prefecture of department, size, economic objective and indemnity and geographical area to get in term all segments of economic and all type of economic group of the society with in the bank`s investment Performance.

3.4 Investment Process of FSIBL:

The Islamic bank invest their assets in accordance with several investment financing method under Islamic Shariah. They use Bai-Mode for their large segment of investment. Under this mode bank pitch allude products to the clients on cost over and above adjusted to profit or at a disputable value chargeable after a certain adjusted period. Islamic bank can`t insistence extra sum as salary of the bank if the customers contempt to the cost inside the adjusted period.

Another pattern of investment scheme of Islamic banks are Mudaraba and Musharaka. Islamic banks shares the benefit with their customers in the Mudaraba mode. In case any loss occurs, the bank bears all the loss. As opposed to, the earning of the current are definite and prefixed which continue till decisive payment. Under Musharaka mode, Islamic banks divide the profit and loss of the business with their customers. The asset quality of Islamic bank is detached and better as a business partner.

Islamic banking scheme have prominent features over the traditional banking scheme on their investment method. In traditional banking system the loan is granted on the basis of interest which is fixed. But on the Islamic banking scheme the investment is running with profit-loss sharing process.

FSIBL, Uttara Branch in any case, adjust on its investment choice through practically passing the accompanying momentous advances:

<p>(1) SELECTION OF THE CLIENT</p>
<p>(2) APPLICATION STAGE</p>
<p>(3) APPRAISAL STAGE</p>
<p>(4) SANCTIONING STAGE</p>
<p>(5) DOCUMENTATION STAGE</p>
<p>(6) DISBURSEMENT STAGE</p>
<p>(7) MONITORING AND RECOVERY STAGE</p>

1. Selection of the client:

At first, investment taker (customer) appliance to deal with FSIBL, Uttara Branch. Herein, the client discusses with the manager or the individual investment officer. Moreover, the bank takes into account the five C's of the clients. After feasible discourse between the bank and the client, settle up customers for its proposed investment. In general, bank exploration the accompanying five C's of the clients:

- Character
- Capacity
- Collateral
- Capital
- Condition

It is to be mentioned that, the clients must accede the bank's provision and regulations before benefiting investment.

2. Application Stage:

In this stage, the bank will excerpt essential actuality about the expectant customer. On account of this, bank apprise the expectant customer to complete and give proper respective data which is essential for the beginning of the investment overture. In general, herein, the expectant customer have to prepare all the requisite document by himself for taking investment. FSIBL, Uttara Branch recommend the following documents:

- Summary of pro forma income statement
- Trade License photocopy
- Formerly three years audited balance sheet (for joint stock company)
- Attested copy of partnership factum (for partnership business)
- Attested copy of (TIN) Tax Identification Number
- Circumstantial concise of the several debtors and creditors (including schedule and time)
- Tenders of the proposed assets (in case of HPSM)
- Concise of the individual movable and immovable assets.

3. Appraisal stage:

In this stage, the bank appreciates the expectant customers and their business. It is the most significant stage. Because, banks by and large goes for endorse the investment proposition which is cornerstone of this stage. The bank will abruptly discontinue to make payment of investment if anything goes deceitful here.

In order to imposition the expectant customer FSIBL, Uttara Branch gives a norm which are given below:

- Customer`s intelligence
- Proprietor`s intelligence
- Schedule of Directors or partners
- Objective of the investment
- Industry or Business analysis
- Other liabilities of the customer

- Working capital appraisalment
- Asset-liability condition of the client
- Risk denomination
- Insurance coverage.

4. Sanctioning stage:

In this stage, the bank formally confirms the investment overture of the expectant customer. On account of this, the expectant clients receives the sanction letter. FSIBL, Uttara Branch`s sanction letter comprise the following stuffs:

- Mode and extent of investment\
- Time of investment
- Rate of return
- Investment limitation in million
- Objective of the investment
- Securities.

5. Document stage:

Generally bank investigate if the requisite record of the client are in order in this stage. Following documents are needed for the FSIBL, Uttara Branch:

- VAT certificate
- Stock record
- Trade license (renewal)
- Liability statement from various parties
- Receivables from several customers
- Other asset statement.

6. Disbursement stage:

Banks determines to pay out money in this stage. Herein, the expectant clients receives his or her intended exchequer or goods. It is to be mentioned that, a 'site plan' exposition the accurate position of each pledge property needs to be physically validations before disbursement.

7. Monitoring and recovery stage:

This is the final stage of investment process and in this stage the bank will constantly contact with the client, for premise bank can attain monthly stock report from the client. Herein the bank will keep invigilate over their client. The bank will ascertain their clients Performance physically if needed. The bank will also recover its funds from the customer if they find out whether something is wrong.

CHAPTER-4

Investment Mechanism of FSIBL

4.1 Investment Mechanism of FSIBL:

Islamic bank have an exceptional prominence of investment strategy to invest cornerstone of the profit-loss sharing scheme in conformity with the doctrine and practice of Islamic Shariah. The purpose of Investment policy of First Security Islami Bank Limited is strengthen in given in acquiring social good and developing employment amenities as their intention is not only earning the profit.

First Security Islami Bank Limited investment mechanism mode is classified into three portion and they are stated below:

4.1.1 Profit-Loss sharing mode:

Profit-loss sharing mode predominantly concerned to FSIBL investment department. It is a principle part of the bank. The checked up profit may be prefixed in lump sum or in percentage of the cost price of the goods. This mode is divided into two detached scheme which are:

A. Mudaraba:

Mudaraba is an appearance of partnership whither one party supply the expertise and administration while another party supply the exchequer. The premier party is called Sahib-Al-Maal and another party is mentioned to as Mudarib. If any financial loss appears in the partnership, all the loss bears the party who provides the exchequer whereas any profit accumulated are shared equally on a pre-agreed cornerstone.

Significant Prominence:

- Bank provides capital as Sahib-Al-Maal and the clients provides if the business with his expertise.
- Profit is partitioned in conformity with the management.
- Management and Administration is complied by the client.
- Bank conveyance the original loss singly.
- Without taking compliance of the bank, clients can take additional investment for specific business.

B. Musharaka:

It is an Islamic economic method that prosecute 'equity sharing' on behalf of financing program. In this way, it strains various types of profit and loss sharing fellowship. Both party shares principal and administration of the investment project with the intention of making profit and the profits will be allotted to them equally, contrariwise impairment is shared in conformity with the distribution of equity participation.

Significant Prominence:

- The investment taker will usually handle and conduct the business.
- The bank must have keep an eye on the decision and strategy making and also superintendence the actions of the client's business.
- Whereas the clients have to conduct the business, the bank may pay more share of the profit to him.
- If any loss occurs in the project, the loss will be shared on the cornerstone of the financial proportion.

4.1.2 Bai Mode (Buying and selling):

The term 'Bai' have been evolved from Arabic words which means buy and sale. Bai mode is principally concerned with purchasing and selling. Bai is a term, means sale for the product which offering is made at a future date that is fixed. Shortly, it is sale on credit. Bai mode has three distinctive scheme, which are:

A) Bai-Murabaha:

The term Bai implies purchase and sale and the term Murabaha indicates a consentient upon profit. Bai-Murabaha is an agreement between a purchaser and vender within which a vender sells goods to the purchaser at an agreed cost and profit payable in cash at any fixed future date. The vender may also sell products to the purchaser as per order.

B) Bai-Salam:

Within this mode, bank will transact buying agreement with the client and commit grant benefit buying of the goods, which is under of production. Bai-Salam agreement will

transact after committing any investment exposing price, time, quality, quantity, mode of delivery and place. The benefit is to be negotiated within this method.

C) Bai-Muajjai:

Bai-Muajjai is an agreement between a vender and a purchaser within which the vender sell a particular product to the purchaser at an agreed fixed price and payable at specific future date in lump-sum. The vender may also sell the products to the buyer as per the order.

4.1.3 Rent Sharing Mode:

The term Rent Sharing mode have been evolved from Arabic words Ajr and Ujrat which indicates regard, permutation, hire or rent. This is actually the interchange standard or regard, permutation, hire or rent of the service of an asset. This mode can be characterized into two categories and they are describing below:

A) Hire Purchase/Ijarah:

The term Ijarah evolved from Arabic words Arj and Ijarah. Ijarah implies for regard, permutation, hire or rent of the service of an asset. Ijarah is an agreement between two parties, the hirer and the hire. Within which the hirer receives a particular service on profit under particular regard or rent from the asset possess by the Hirer. It is hire contract within which a particular asset is hired by the hire to the Hirer in exchange for fixed rent or for a certain period.

B) Hire Purchase within Shirkatul Melk:

The bank may endue materials or arsenals or products on rental cornerstone under this mode. The bank and the client both will be the owner of the materials or products or the arsenals and the bank will keep the share of the client as pledge up to the disclosure of the investment account, but the client will be sanctioned to system the materials for specific period. After thoroughness of the installment the client will be the owner of the product/ materials or the arsenals.

Meaning and Definition:

Hire purchase within Shirkatul Melk is exceptional kind of agreement which has been flourished through practice. In fact, it is a coordination of three agreements:

- Shirkat
- Ijarah
- Sale

Shirkatul Melk:

Shirkat means fellowship. Shirkatul Melk implies percentage in ownership. When two or more people buy an asset, provide equity, own the same product and share the profit as per the contract and bear the misfortune in ration of their respective equity is called Shirkatul Melk.

Ijarah:

Ijarah means the actual interchange of regard, permutation, hire or rent of the service of an asset. This term evolved from the Arabic words Air and Ujrat.

4.2 Loans and Advances in FSIBL:

The making of loan and advances has always been a beneficial and eminent operation of common banks. Traditional banks trade with the money from the depositors repayable on their requirement. Advance in FSIBL are made in distinctive form as loans, cash credit and overdrafts.

4.2.1 Loan:

Loan can be defined as, whenever an advance is commit in a lump-sum remaining besides thereafter in adjusted monthly installment and no posterior debit is general approves presume by way of interest pertinent charge etc. Those who have adjusted sources of income or ability to pay it in lump sum they are allowed to get loans.

Term Loan:

Term loan is ascertained on the cornerstone of period. These loans are provided in various economic segment.

1. Short term loan (for 1 year)

2. Midterm loan (for 1 to 3 years)
3. Long term loan (above 3 years)

Type of term Loans:

A) Consumer Finance Loan:

Those people who have fixed income to finance and ability to raise their stand of living consumer finance loans are offered to them. These kind of loan is given to buy TV, Air-conditioner, Refrigerator, Mobile, Camera, Furniture, Computer accessories, Telephones, Kitchen items, Vehicles. CFL is given to government, semi-government and independent bodies, Banks, insurance company, finance organizations, professionals like teachers, doctors, lawyers etc., officers of private institutions and multi-national companies.

B) Hire Purchase Scheme:

Those who have adjusted sources of income and ability to pay it in lump sum they are allowed to get hire purchase scheme. The prominence of hire purchase scheme is that normally the deposits have been paid and the remaining of the purchase are stretch over a period of six months, two years or once in a while even longer, the article being take into consideration as the substance of the bank payment has been made.

Terms and Condition:

1. The buying stuffs will be overcast by the primer party extensive insurance plan in all respects the period and the premiere for the policy of each year will be stretched by the client.
2. Explicit probability report bearing financial, technical, marketing, socio-economic angle exposing explicit break-up of the project cost and additional current financial analysis duty supported by its retention.

4.2.2 Overdraft:

The overdraft is a type of advance always approved on current account managed upon by cheques. The clients are accepted a particular limit upon which, he can amplify his current account within a pre-agreed period. Herein deposits can be committed any number of times at the amenities of the debtor, provided the entire quantity amplify does

not, at any time, overcome the consentaneous upon limit. On the cornerstone of the real debit balance on daily goods, interest is considered and charged. In this way, the debtor can save interest by decreasing the debit balance.

Types of Overdraft:

A) Overdraft against pledge goods:

It may be elongate to the debtors against pledge of raw elements or finished goods as security. It is provided in conformity with the regulations margin abridgement adjusted by Bangladesh Bank and FSIBL. The client has to sing a properly stamped letter wherein the party commended the occupancy of the goods to the supervision of the bank.

B) Overdraft against Hypothecation of goods:

Loan advantage is given to the debtor by singing a letter of hypothecation developing a charge against raw elements or finished goods. It is placed to the bank as a fundamental security against the advance. Bank have all the power over the goods mortgaged.

Temporary Overdraft:

Temporary overdraft can be defined as, once in a while current accounts overdraft is accepted to reverence an essential cheque without any former provision thereof such advantage by the bank to a premier class party for a short period. The balance may flare day by day on an overdraft. It is important that a letter of succession must be acquired in case of overdraft account.

4.2.3 Cash Credit:

Cash credit is something accommodate against the mortgaged of goods. This is the most felicitated of scheme of gaining dealer, industrialists, agriculturist and so on for assignation of their working capital requirements. It is an individual account by itself and is keeping an individual ledger. Allotment of goods are committed on the capacity of delivery order sanctioned by the banks and products are received with products dispatch deposited by the debtor. It is conducted like an overdraft account.

4.2.4 Other Loans:

A) Secured overdraft (SOD) general:

Advance authorized to firms or individuals in opposition to financial liability i.e. lien insurance policy or share etc. fall within this head. This may or may not be a successive loan.

B) Secured overdraft (SOD) FO:

Credit is given in opposition Share, Debenture, MSS, MBSS, FDR, DBSS, Shanchaypatra etc. and these are fixed securities.

C) Secured overdraft (SOD) others:

Advance permitted in opposition to assignment of the work order for accomplishment of contractual work fall within this head. This is also not a successive loan.

D) CC (Hypo):

Credit is permitted in opposition to hypothecation of products. It is also called cash credit. In CC (Hypo) the ownership and occupancy of products stands to the debtor.

E) CC (Pledge):

Financial conformation to the firms or industries for dealings, also the peddler to the firms a working capital in opposition to pledge of products as a fundamental security all within this head of advance. This kind of advantages is more freely accepted by the banks than any other advance.

F) Bank Guarantee:

Importers commits payment to the exporters by a bank guarantee. The bank will remain liable for the payment if the importer fails to commit the payment to the exporter. The bank have to pay the exporter in this case. Importers has to pay interest on quarterly basis for this kind of guarantee.

G) Performance Guarantee:

Whenever a party aching the tender, the party requisite guarantee from the bank to conduct their ordinary trading.

H) Bid Bond:

In case of placing tender, this kind of guarantee is necessary. Normally bid bond margin is 10%.

I) Custom Guarantee:

Whenever the code number of products are not matched with the code number of custom then this kind of guarantee is needed. Herein, 100% collateral or margin is needed.

J) Advance payment guarantee:

The bank gives an average payment guarantee whenever a part is paid a specific amount to finish a tender work and that an consolation that the bank will be liable in case of any damage.

CHAPTER-5

Performance of the Investment Department of FSIBL

5.1 Investment Analysis of FSIBL:

The last 5 years investment analysis of First Security Islami Bank Limited are given below:

5.1.1 Total Deposit:

(Amount in Million TK.)

Total Deposit	
Year	Total
2014	182503.18
2015	231259.39
2016	274224.78
2017	299106.1
2018	314966.9

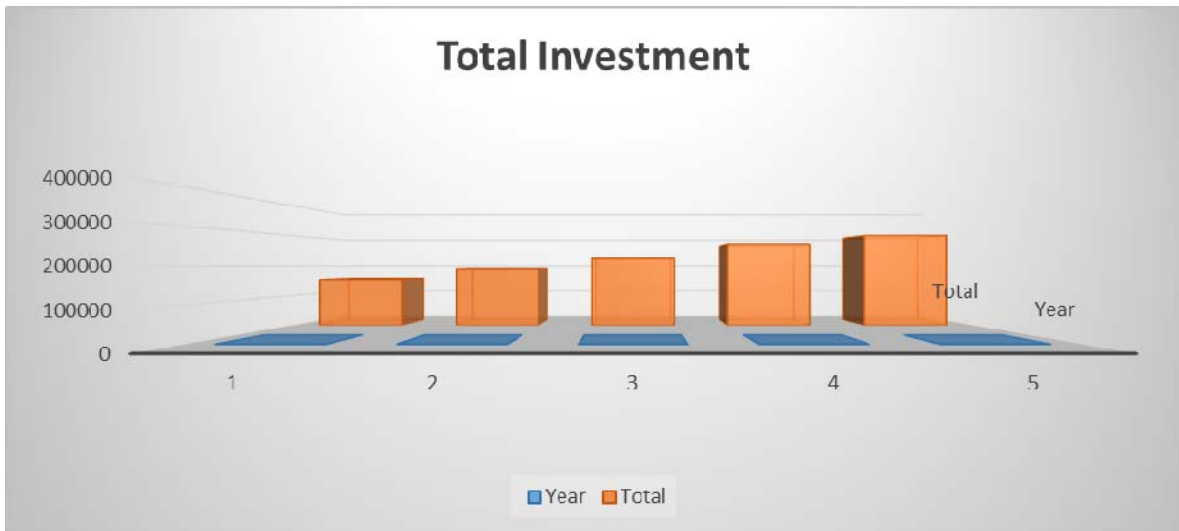


Interpretation: Bank deposits composed of money settled into banking organizations for safe guarding. These deposits are formed with various deposit accounts like saving accounts, money market accounts, checking accounts. Here we can see that total deposits are increasing successively from 2014-2018.

5.1.2 Total Investment:

(Amount in Million tk.)

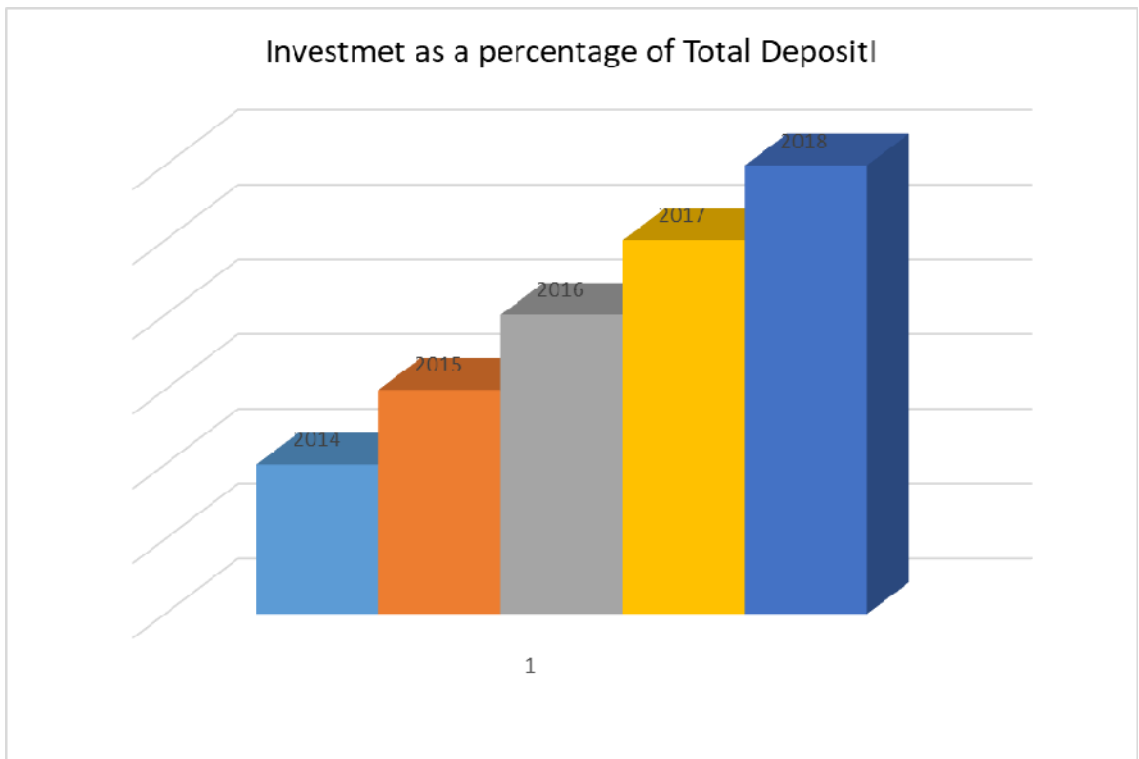
Total Investment	
Year	Total
2014	152370.71
2015	187239.08
2016	225889.89
2017	273352.47
2018	300112.06



Interpretation: The motive for investment is to making profit. The bank properly improve their deposits and the investment therefore increase from 2014 to 2018.

5.1.3 Investment as a percentage of Total Deposit:

Investment as a Percentages of Total Deposit	
Year	Percentages
2014	83.49%
2015	80.96%
2016	82.37%
2017	87.78%
2018	95.28%

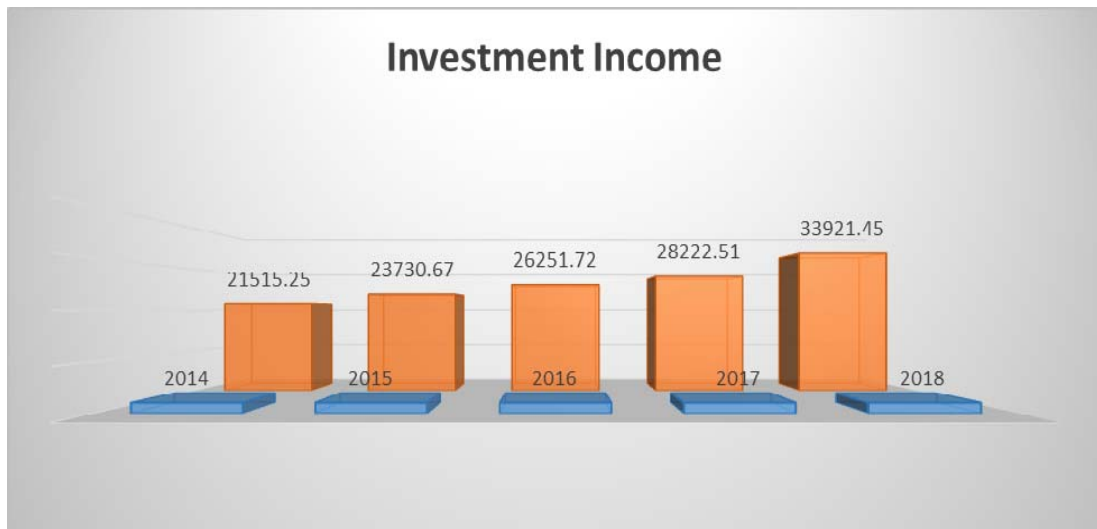


Interpretation: The investment as a percentage of total deposit in 2014 is 83.49% and it decreased on the following year in 2015 is 80.96%. But the next three years it increased gradually.

5.1.4 Investment Income:

(Amount in million tk)

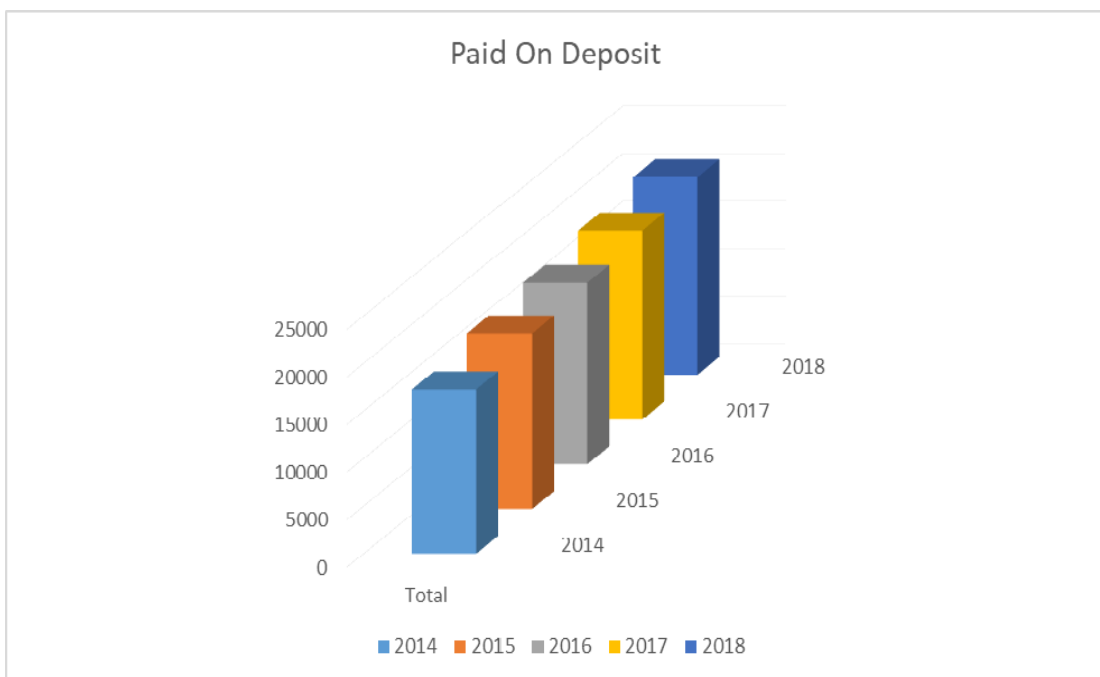
Investment Income	
Year	Total
2014	21515.25
2015	23730.67
2016	26251.72
2017	28222.51
2018	33921.45



Interpretation: Investment income comes from capital gains gathered upon the sale of a security, from dividends, from other assets, and any other profit made by an investment cycle. The investment income is gradually increasing from 2014-2018 and this is a good sign for the bank.

5.1.5 Paid on Deposit:

Paid on Deposit (Amount in Million TK.)	
Year	Total
2014	17271.85
2015	18472.88
2016	19070.21
2017	19861.22
2018	20760.45

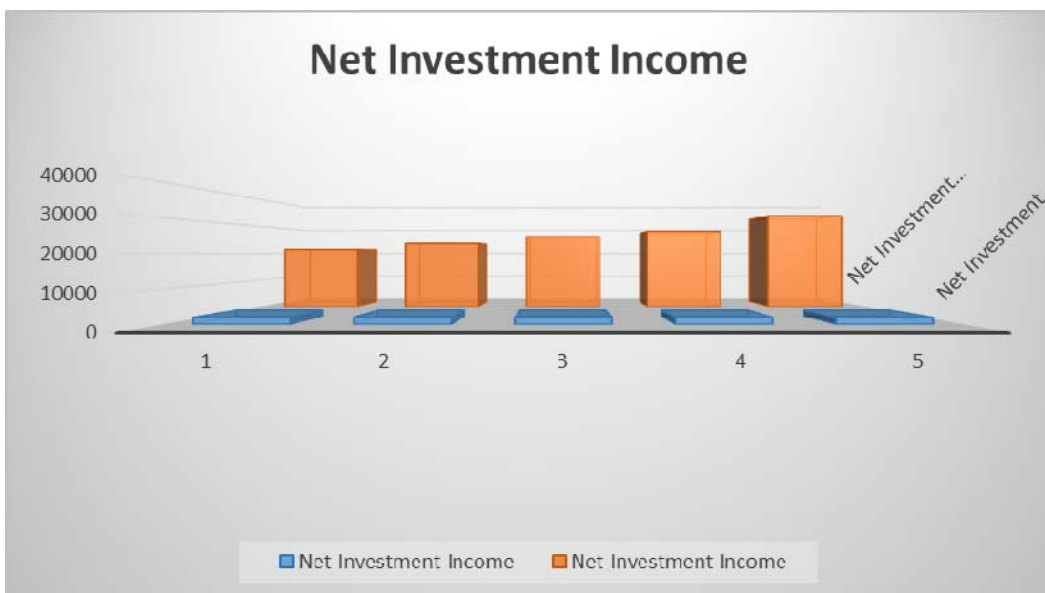


Interpretation: This is the amount of money paid by a bank to its depositors. As the bank deposits increased year to year so their deposit payment also increased.

5.1.6 Net Invest Income:

(Amount in million tk.)

Net Investment Income	
Year	Total
2014	21515.25
2015	23730.67
2016	26251.72
2017	28222.51
2018	33921.45



Interpretation: Net Investment income is income acquired from investment assets such as stock, bonds, mutual funds, loans and other investment. The net income of FSIBL is increasing gradually from 2014-2018 which is good for the bank. So the bank administration should keep it up.

CHAPTER-6

Internship at FSIBL, Findings

6.1 Internship at FSIBL:

I have got a chance to work at First Security Islami Bank Limited as an intern for three (03) months. I was doing my internship at Uttara Branch. I have immersed to distinctive kind of work in these three months. I had worked both general banking and credit department but my primary interest was learning how Islamic banks investment scheme works. My working experience are stated beneath:

- In the very beginning I was given an exact concept about account opening form. I also learned how many kinds of form are there in FSIBL, for the first time.
- I learned which data and documents are needed for opening an account.
- I learned how to close an account.
- I also gathered cheque books and ATM card that are sent from head office.
- I also allotted the cheque books and ATM card to the right customer.
- I also contact with the customer over telephone when the ATM card is ready to be distribute.
- I also give bank statement to the clients whenever they ask for it.
- I also check the voucher and supplement.
- I also excerpt essential paper from the clients and checked it for primary checking.
- I also gathered some knowledge about High value and Regular value from the closing desk.
- I learned about investment programs of FSIBL from the supervisor.
- I had contact with various customer whose payment of loan was pending.
- I also input the information of distinctive category of loans.

6.2 Findings:

I have found some issues during my internship. Those are:

- Most of the employees love FSIBL and believes in 'Islami Shariah'.
- First Security Islami Bank Limited offers smart investment modes.
- The employees of FSIBL discuss openly with the clients before any investment.
- Investment sanctioning process of FSIBL is timeless.
- The FSIBL keeps accurate record when an investment made.
- From the performance analysis I have found that, Total deposit of the bank is increasing from year to year which is really good for the bank. As the total deposit increases the Total Investment is also increasing simultaneously.
- From the analysis I have also found that, the investment percentage of total deposit is fluctuating. Because it was 83.49% in 2014, but in the next following years it decreased into 80.96% and 82.37% . Though they overcome this in the next year but they should take concern when they invest.
- From the analysis I have also found that, the bank's net income from investment is increasing continuously year to year, which is really a good sign. And the bank should maintain this. As the income is increasing so their paid on deposit is also increasing.

CHAPTER-7

Recommendation and Conclusion

7.1 Observation and Recommendation:

In accordance with my observation during my internship, I want to give some recommendation that can help the bank to improve their position in the market. Those are:

- The First Security Islami Bank Limited conduct a process which name is 'Bank Ultima's'. It is used by the entire organization. But this system is very slow and once in a way it breaks down. So the bank should make it more advance and user friendly.
- FSIBL offers smart investment modes but they can try to update all kinds of investment modes and the bank has to improve their investment policy.
- The FSIBL discuss openly with the customer while invest but they should be very careful about the confidential information, which should never be reveal.
- FSIBL have required number of employees but some of them are good in communicating with the customer. So the bank should establish some training program for the employee for the best performance.
- The interest rate of the bank is good enough for the customer but they should try to reduce it. Their current interest rate is 15%.
- The employees should make the clients pleased with their services by giving exact services.
- Though the manager's leadership, cooperation and attitude is present at FSIBL, Uttara Branch, but the sudden transfer of the manager will left the branch's future in uncertainty.
- They should bring variation in their marketing strategy.
- The intern's job should onward otherwise they will not learn everything.
- The customer relationship officer should be more humble to with the customer so that they are always satisfy with the bank.
- Their internet speed is not very strong. They should increase the speed of the line.
- First Security Islami Bank can share common platform on purpose to give SME (Small and Medium Enterprise) loan. The bank can jointly work with other financial organization without averting profit.

7.2 Conclusion:

First Security Islami Bank Limited has increased an extensive margin over the 20 years from its foundation in 1999. I tried to show all the investment Performance of FSIBL. I have tried my best to give something for my observation as it was complex for me to find the demerits of the branch in three months. They can take a look at this report for extension in the near future and find better ways to attain their goal in competitive market.

I have tried to give a complete view of investment Performance of FSIBL throughout the report and gave some recommendation to enhance their current position. To have better idea about the bank I took face to face interview with the manager, employees and the customers. The bank have to take essential steps to innovate and amplify their banking process to be more competitive in the market otherwise they will left behind from the market.

So at last, I want to say that this is an amazing and best experience of my life to work in an organization with a good supervisor. I have learned a lot of thing from this involvement with a renowned bank of our country. This experience will help me a lot in the near future when I will be a fixed employee in an organization.

Reference

Contact:

1. Mohammad Imtiaz Hassan, Vice President of First Security Islami Bank, Uttara Branch.
2. Sinthia Afroz Fatema, Junior Officer.

WEBSITES:

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- <http://islamicbanking.info/islamic-banking-in-bangladesh/>
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