



Internship report
on
Performance evaluation of Al-Arafah Islami
Bank Limited



Internship Report

On

Performance Evaluation of Al-Arafah Islami Bank Limited

Submitted to:

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Bachelor of Business Administration

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Letter of Transmittal

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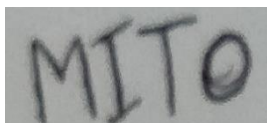
Subject: Submission of Internship Report on “Performance Evaluation of Al-Arafah Islami Bank.

Dear Madam,

I have made my internship report on the topic of Performance Evaluation of Al-Arafah Islami Bank. I will learn a lot and gain a remarkable experience that will help me in the long run in my career. I give my best effort to make this report as a report guideline and your valuable advice. I have found the work interesting and valuable.

I will try my best to ready this internship report with proper information. I hope that you can easily judgment this report.

Sincerely yours,



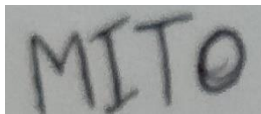
Salma Akter Mito
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Bachelor of Business Administration (Major in Finance)
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Student Declaration

I declare sincerely that I make this report very carefully with proper information and before me nobody published this report.

I had submitted this internship report on **Performance Evaluation of Al- Arafah Islami Bank** that need to complete BBA program that was made by me.

The experience in my workplace, what i have submitted is totally original and true.



Salma Akter Mito
ID No: 191-11-805
Bachelor of Business Administration (Major in Finance)
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Letter of Acceptance

This is to certify that the work entitled “Performance Evaluation of Al-Arafah Islami Bank Limited” is an original work by **Salma Akter Mito**, ID: 191-11-805, Major in Finance, Department of Business Administration, Daffodil International University, completed her internship report under my supervision and submitted for the partial fulfillment of the requirement for award of Bachelor of Business Administration (BBA) from Daffodil International University.

Salma Akter Mito bears a good moral character and possesses a pleasing personality. She is active, sincere, hardworking and dutiful and meticulous.

I wish her success at every step of her life.



Fatema Nusrat Chowdhury
Assistant Professor
Department of Business Administration
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Preface

In our life the theoretical knowledge is important as much the practical knowledge also important. In our academic life we gain theoretical knowledge but when we start any job or business we gain practical knowledge. In my internship I gain practical knowledge about bank that help to build my career and also to complete my graduation. In the history the banking system comes from the lender where the lender give money with high interest to the borrower. Then the bank starts and help the people. Then from now the bank is increase day by day and people gets lots of benefits. Banking system is most important for a country's economy.

Every student had to make a report by following some rules and regulation that supervisor gives them. It will help them to flourish their practical knowledge.

I start internship that help me to gain knowledge and also help to make this report the performance evaluation of Al-Arafa Islami bank limited that I will submit to my supervisor. To make this report I learn many things that will carry good career in my future job o/r business.

Acknowledgement

Allah is almighty to make internship report of my part of study of BBA program. Without the assistance of a few persons who took the time and made the effort to mentor me in my report work, the accomplishment and completion of my report would not have been possible. I deeply appreciate and value their suggestions and recommendations through the entire course of my report.

I would thank to my respectable internship supervisor Fatema Nusrat Chowdhury, Assistant Professor, Department of Business Administration, Faculty of Business and Entrepreneurship Daffodil International University. I can make this report for her all kind supervision. Her guidance and suggestion help me to prepare this report.

I would like to thanks my internship supervisor of Al-Arafah Islami Bank Limited, Kathgora Branch. He creates a great opportunity for me during my internship period. All work he helps me a lot. Without his help I can not make this report properly.

Finally, I would like to thank all of the employees at Kathgora Branch AIBL who helped me to prepare this report directly and indirectly. To be quite honest, I have to admit that I couldn't have prepared such a report without their assistance. I sincerely appreciate them and am grateful to them.

Executive Summery

Islam offers us a full way of life. The main goal of the Islamic way of life is to succeed both in this life and the next. Al-arafah Islamic Bank adheres to the Sunnah and the Qur'an. I created this report using my internship experience at Al-Arafah Islamic Bank Ltd. I divided my report into six chapter. In the first chapter I describe the introduction of the study, here I include origin of the study, significance, objective, scope, methodology and limitation of the study. In chapter two there I included the profile of the bank. Bank mission, vision strategies. Chapter three operational performance of bank that include the department of bank and explain the product. Chapter four I analysis various ratio such as debt to equity, Return on total asset, Return on equity, Total assets turnover, horizontal and vertical analysis and also SWOT analysis of the bank. Chapter five finding problems and operational performance. In chapter six include recommendation and conclusion.

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Chapter-One

Introduction

1.1 Introduction:

With the aforementioned ideas in mind and with the goal of introducing a cutting-edge banking system based on the Al-Qur'an and Sunnah, Al-Arafah Islami Bank began operations on June 18, 1995. On September 27, 1995, there was an opening ceremony. The Bank was designed and is run by a group of reputable, devoted, and pious individuals from Bangladesh. A.Z.M Shamsul Alam, a well-known Islamic scholar, economist, author, and former official in the Bangladeshi government, is the bank's founding chairman. His progressive leadership and never-ending motivation helped the bank gain traction in Bangladesh's financial market. Twenty devoted and well-known Islamic figures from Bangladesh make up the bank's board of directors. They are renowned for having strong business sense. Al-Arafah Islami Bank Ltd. has 184 branches, 3682 employees overall (as of December 2020), and 12013 shareholders. Its paid-up capital is Taka 4677.28 million, compared to its permitted capital of Taka 5000 million. Al-Arafah Islami Bank Ltd. is the most cutting-edge and well-known bank in Bangladesh thanks to the wisdom of the directors, the work of Islamic bankers, and the will of Almighty Allah. Over the years, the bank has consistently turned a profit and issued a healthy dividend. The bank's prosperity depends on providing top-notch customer service while incorporating new goods and technology. To meet customer needs, the bank offers a wide range of expertly crafted products and services.

1.2 Origin of the study:

This report is prepared as per as internship requirement of my Bachelors of Business Administration (BBA) program of Daffodil International university. I make this report with proper information as my supervisor give me the instruction. I have been posted in Al-Arafah Islami bank limited in kathgora branch immediately after completion of BBA course for three months duration internship program and submit my practical learning in written form at different places. My interne sir helps a lot to make this report.

1.3 Significance of the study:

In Bangladesh, one of the well-known private banks is Al-Arafah Islami Bank Ltd. It offers a variety of services that set it apart from neighborhood banks. Al-Arafah Islami Bank offers its clients investments with cheap interest rates to assist them launch and manage their businesses and to prevent (Riba). It does business in strict accordance with Islamic law. Al-Arafah Islami Bank ltd. must assume risk in order to conduct banking operations and distribute profits to its stakeholders and clients. Few private banks provide their customers as much profit or interest as Al-Arafah Islami Banking. By using an Islamic Monitoring System that we built, Al-Arafah Islami Bank System hopes to achieve the goal of Islamic Economy. Islam has definite rules for how to use money and avoid interest (Riba). Therefore, it is important to understand a bank's financial strength and performance in order to determine if it can take on risk and turn a profit. As a result, in order to assess a bank's financial health and performance, its financial statements need be carefully examined. The banking sector is crucial to a nation's economy. Bangladesh's economy is among the least developed in the world. We must concentrate on the credit department's loan and advance facilities, which are crucial in today's globally connected world, in order to overcome our challenges in the banking sector. One of the top private commercial banks and an Islami bank with a spread is Al-Arafa Islami Bank Limited.

1.4 Objectives of the study:

The main objective of this study is to analyze the performance of both operation and financial analysis of Al-Arafah Islami Bank Ltd. Specific objective of the study are the following:

- To know the service and operational performance position of Al-Arafah Islami Bank by SWOT analysis.
- To analyze Financial performance by trend analysis, ratio analysis, vertical and horizontal analysis and du-point analysis using last five years data of Al-Arafah Islami Bank Ltd.
- To identify some problem from overall performance and give some recommendation of Al-Arafah Islami Bank Ltd.

1.5 Scope of the Study:

My responsibilities as an intern were constrained and limited for a specific reason. When gathering the information for my report, I kept up a certain level of formality. This study will provide a comprehensive understanding of how Al-Aarafa Islami Bank Ltd. was evaluated in terms of performance. Finally, data about Al-Aarafa Islami Bank's financial situation is gathered from its annual report. There is some other scope that aid me to study about bank.

- Information availability because of online banking.
- Good communication system.
- Have a wide idea of gaining knowledge.
- All bank officer help to collect information about AIBL.

1.6 Methodology of the Study:

The experience gathered throughout the internship time has been used to write this report. Data was gathered from both primary and secondary sources.

Primary sources:

- Face to face conversion with bank officers.
- Questionnaire.
- Personal observation during bank hour.
- Discussion with the bank personnel.
- Work in different department of the bank, accounts opening, accounts clearing, foreign exchange department.
- Face to face conversion with clients.

Secondary sources:

- Bank financial statement in (2017 – 2021)
- Monthly transaction record of the bank.
- Annual reports of 2021.

- Web sites.
- AIBL published documents.

1.7 Limitation of the Study:

I encounter several restrictions while I'm an intern. Every bank must maintain a high level of privacy for all tasks because they are financial institutions. Therefore, it can be challenging to find accurate information. The constraints are:

- Three months times is very short to collect information properly and make a report with proper information. So, it's very difficult for me to collect all the required information in such a short period.
- Lack availability of data sources.
- There are different department like general banking, investment and foreign exchange. For this reason, it is difficult to collect information of all the department within a short time.
- Up to date information was not available.
- The bank officer is very busy with their jobs, which lead a little time to consult with them.
- The environment was noisy. Because the bank is very crowded. So, it creates some problem for me to collect information.

Chapter –Two
AIBL Profile

2.1 Overview of AIBL:

Al-Arafah Islami Bank Ltd was founded as a private limited company on 18 June 1995 with the goal of achieving prosperity in this life and the next by following the path outlined by Allah and that of His Rasul (Sm.). The official opening took held on September 27, 1995. As of December 31, 2021, the bank's paid-up capital was TK 10649.02 million and its authorized capital was TK 15000.00 million. The bank is sponsored by eminent Islamic scholars and upright businessmen throughout the nation. Indigenous stockholders own the entire paid-up capital. The bank's performance depends on providing top-notch client service through the use of contemporary technology and new products. To satisfy consumers, the bank offers a wide range of well-crafted goods and services. The bank is determined to make a significant contribution to the national economy. With 202 branches nationwide, 25 of which are in AD, it has positively impacted the socioeconomic development of the nation. By financing the needs of commerce, Al-Arafah Islami Bank Ltd (AIBL) plays a crucial part in providing economic growth with a direction over time. Banks encourage their customers to hold on to their money in the form of socially beneficial assets, the most significant of which are bank deposits. Through this, the banks bring community savings into the organized sector, where they can be distributed to various economic activities in accordance with the priorities established by the nation's planning authorities.

The expansion of banks within an economy is correlated with economic growth. Banks function as institutions that support industrialization, trade and commerce growth, agricultural development, maintaining price stability, and the settlement of payments for imports and exports, among other things.

2.2 Profile of the bank:

Registered name of the company	Al-Arafah Islami Bank Limited
Registered office	People Insurance Building 36, Dilkusha Commercial Area (6 th -9 th Floor), Dhaka-1000 Tel: PABX: 9567885, 9567819, Fax: 880-2-9569351.
Email	aibl@al-arafahbank.com
Bank web address	www.al-arafahbank.com
SWIFT	ALARBDDH
Date of registration	18 june, 1995
Paid up capital	10649.02 million
Equity	25900.33
Deposit	353287.97
Investment	336890.72

Number of shareholders	19146
Category	commercial
Number of Branch	201
Local partnership of capital	100%
1 st Branch	Motijhee branch Dhaka
Number of employees and staff	4247
Head office	63, purana paltan
Chairman	Alhaji Salim Rahman
Managing director and CEO	Farman R. Chowdhury
Company Secretary	Md. Mahmudur Rahman

Table 1: profile of the bank. Source: (collected from AIBL Annual Report-2021)

2.3 Vision of the Bank:

To be a leader in Islami Banking in Bangladesh and greatly aid in the expansion of the domestic business.

2.4 Mission:

- The expansion of Shariah-based banking practices.
- Receiving the satisfaction of Almighty Allah both here and in the hereafter.
- Quick and helpful customer assistance.
- High-quality financial services that use cutting-edge technologies.
- Upholding a high bar for business ethics and offering shareholders equity returns that are competitive.
- A strong dedication to the expansion of the national economy.
- Competitively priced, innovative banking.
- Attract and keep talented employees.
- Stabilize growth.

2.5 Strategies of AIBL:

- To develop a debt-free society.
- To develop a cutting-edge financial system that is accessible to all
- To contribute to the nation's economic development.
- To create schools, madrasas, universities, hospitals, public libraries, etc. in order to combat poverty and provide social services.
- In order to finally accomplish the ultimate aim, Nazat in Akhirat.

2.6 Branch Networks

On September 27, 1995, AIBL opened its first and primary branch at 161, Motijheel C/A. Since that time, the branch has been operating all across the nation. Since the bank's founding, its head office has been located in the same building as the Motijheel Branch. However, as of January 11, 2007, it has moved to its own location at 36, Dilkusha (6th, 7th, 8th, and 9th floors), Dhaka 1000. The Bank has only been in operation for 11 years, but in that short time, it has built a reliable internal network with 50 branches across the nation. The following table lists the number of Branches by Division.

Division	No. of Branches
Dhaka Division	22
Chittagong Division	11
Rajshahi Division	8
Khulna Division	6
Sylhet Division	5
Barisal Division	4
Total	56

Table 2: No. of Branches Source:(collected from Branches distribution of AIBL))

Branches:

Year	Branches	Growth
2017	154	10%
2018	168	9.0%
2019	182	8.88%
2020	184	1.09%
2021	201	9.23%

Table 3: Branches Source: (collected from AIBL Annual Report-2021)

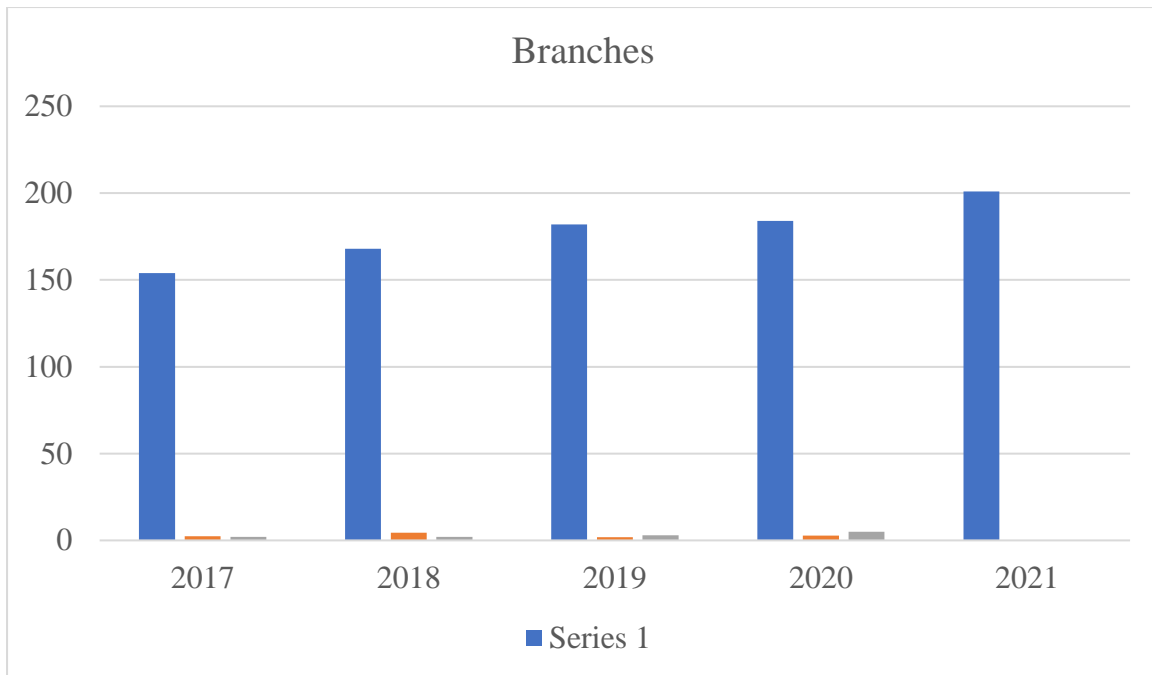
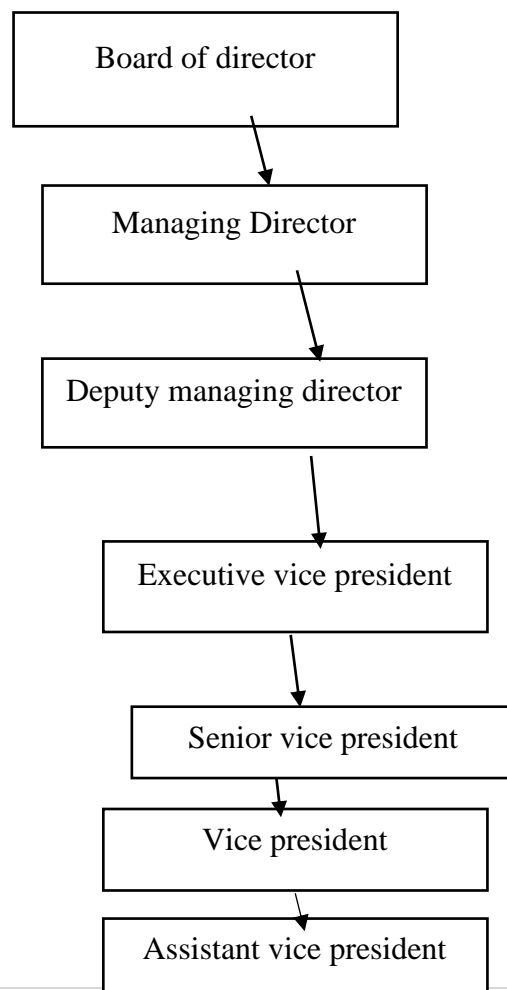


Figure 1: Branches Source: (collected from AIBL Annual Report-2021)

2.7 Organism of AIBL



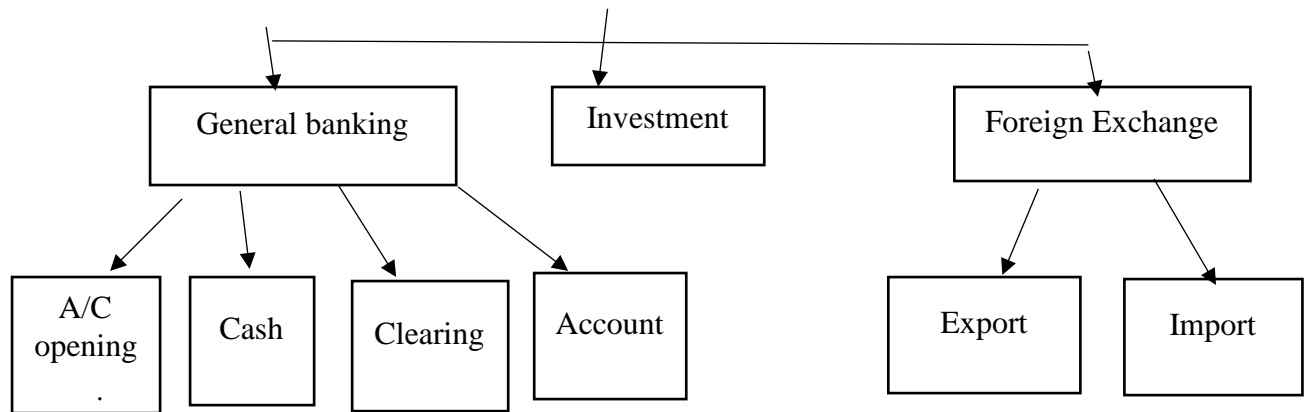


Figure 2: Organism of AIBL Source:(collected from Organogram of AIBL)

Chapter- Three
Operational performance

3.1 Banking Department

Bank is nothing without lender and borrower. Bank keep the lenders money and give loan to the borrower or deficit unit. The interest between borrowers and lenders is the main income for the bank. Banks also earn from variety of operation.

- ❖ General Banking
- ❖ Account and clearing department
- ❖ Investment department.
- ❖ Foreign Exchange

3.2 General banking

Account opening section: The relevant entries are made in the account opening register after all prerequisites for opening an account have been satisfied. There are various registers for various deposits, such as MSD, AWCD, and TDR, among others. The register contains the date of opening, the account holder's name, the type of business address, the initial deposit, introduction, and several other details. A new number is offered from a list of newly created accounts that the computer department has provided.

Account closing: In this section clients close their account as like ITD, MTDR. Customers give their document to the officer then officer start process to close their account. After closing customer gets their full amount of money.

Cheque book issue: Cheque books are given to both new and returning customers when their accounts are opened and their prior cheque books have been used up. Current and savings deposits are given two unique checkbooks. While the MSD account checkbook has 20 leaves, the AWCD account checkbook has 50 leaves. In this regard, there are registers for checks issued, where details such as the number of the check book, the leaf, the dates of issue, etc. are stored. To enter the data into the program, all relevant numbers are sent to the computer department.

Product of AIBL:

Deposit	Full name
MTDR	Mudaraba Term Deposit Savings
AWCD	Al-Walediah Current Accounts
ITD	Installment Term deposit
MSD	Mudaraba saving deposit
GMSD	Mudaraba garments saving deposit

MSPDS	Mudaraba (Special) Pension Deposit Scheme
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Table 4: Products of AIBL Source:(collected from aibl.com.bd)

- **MTDR:** The account which provide high interest rate for deposit long period is called Mudaraba Term Deposit Receipt. People who want high profit they open MTDR. The period is 3, 6, 12, 36 months.
- **AWCD:** Which accounts businessman can deposit or withdraw money any day at banking hour is called Al-Walediah Current Accounts. The AL WADIA current deposit is one of the most important sources of deposits. It resembles a typical bank's current account to some extent. Al-Wadiah Current Deposit is a deposit of funds that permits legal action. As a trustee, banks hold what is deposited in safe custody or preservation. People who make deposits feel secure leaving their money with the bank and using the transactional services.
- **ITD:** People can deposit their money in installment for a specific period. If they cover full period they get their principle amount with profit. If they do not cover the term they will get few amount of profit.
- **MSD:** The account which people can deposit their money and when they need they can use cheques to withdraw money is called Mudaraba savings deposit. It has no period. The lowest profit are provided by MSD. This account provides ATM cards. It has account charge.
- **GMSD:** When the garments workers open a account by submit their garments ID cards that account called Mudaraba Garment Savings Deposit. It is as like of MSD. The difference between MSD and GMSD is accounts charge. There is no account charge of GMSD.
- **MSPDS:** Five, ten, or fifteen years for maturity. Profit is distributed based on a daily-stay basis. Tax will be taken into account together with the profit on the deposited sum. Monthly deposits starting at 500, 1,000, or any multiple of 1000.

Other Services under general banking

i banking: A digital platform for Shariah-based Islamic banking is called "aibl i-Banking." It offers guests a variety of amenities. With the help of the aibl i-banking website and mobile app, users of AIBL may now access banking services with ease. It reduces the time of customers. Through aibl i-banking, customers can check their account balance, view their account statement, transfer funds, and pay bills. Account holders can quickly sign up for aibl i-banking to take use of all the features and amenities.

Mobile banking: Al-Arafah Islami Bank Limited's Islamic Wallet is a mobile financial service based on Shariah. Islamic wallet abide by all legal laws and the strictest security and compliance standards. The Shariah Board also controls this wallet to ensure that it complies with Islamic laws. Customers of AIBL can readily get information about their accounts and the bank through mobile banking. They can make payments for goods and services, pay utility bills, and add money.

ATM Card: AIBL provides ATM card which can use any bank branch of Bangladesh in any time.

Islamic credit card: This card provides borrow facilities to the clients. When people need money but they have not sufficient money in their account then bank give them loan that help the client. It follows Shariah base investment.

Agent banking: Agent banking help the people in rural areas. The bank offers its customers a wide range of amenities. Small-value cash deposit and withdrawal collection, processing local remittances, and other banking operations in rural areas.

3.3 Accounts and clearing department

One must submit an application to the manager with the cause for account closing and the date when he or she would like to close the account by paying closing charges. The account section deals with the income and spending of the branch and stores every single transaction of the bank.

Inward clearing: Inward clearing is the process of clearing checks, DDs, and POs that are delivered to the AIBL branch in Kathgora Bazar through clearing houses for collection.

Outward clearing: When the different bank cheque are submitted to our AIBL Kathgora branch is called outward clearing.

3.4 Investment Department:

Investment department is the most important department in a bank. Because large amount of profit is earned from here. In every bank has different modes of investment. Al-Arafah Islami Bank invest by following Shariah. It ignores the interest. Like other Islami bank Al-Arafah Islami Bank has different of investment. The investment has large contribution for the bank. These different modes of investment are:

- **Bai- Murabaha:** A contract between a buyer and a seller known as a "bai-murabaha" can be defined as one in which the seller sells the buyer a specific good at cost plus an agreed-upon profit that is due in cash, in one lump sum at a specific future date, or in installments. The good must be permissible under both local and Islamic law. The profit margin may be set as a fixed amount or as a percentage of the cost of the items.
- **Bai- Muajjal:** A contract between a buyer and a seller known as a "bai- Muajjal" is one in which the seller offers the buyer a certain set of products (permitted under Islamic Shariah and local law) for a cost plus an agreed-upon profit, which is then due in full or in installments on a specific future date. The buyer's order and specifications may also be followed by the seller while selling things that he has purchased.
- **Ijara Bil-Bie (Hire Purchase):** A bank can finance the purchase of both movable and immovable assets using the hire buy method of financing. It is a joint ownership agreement that is dependent on the client's payment of security or surety. The bank

receives a portion of the net rental value in addition to the principle amount, once necessary deductions for asset depreciation have been made.

- **Mudaraba:** It is a type of profit-making collaboration where one party contributes money and the other offers knowledge and management. The first section is known as the Sahid-al-Maal, and the second is known as the Mudarib. Any profit made is split between the two parties at pre-determined rates, but capital losses are solely the responsibility of the partner who provided the capital, unless they resulted from a breach of trust by the Mudarib.
- **Musharaka:** A musharaka is a partnership agreement between two or more people or entities wherein each partner contributes capital, takes part in management, shares profits according to an agreed-upon ratio, and bears the loss, if any, proportionate to their capital/equity ratio.
- **Bai-Salam:** A contract between a buyer and a seller known as a "bai-salam" can be defined as one in which the seller sells to the buyer in advance specific goods/products that are allowed under Islamic law and the law of the land at an agreed-upon price payable upon execution of the said contract, and the goods/products are then/are delivered in accordance with the specification, size, quality, and quantity at a later date in a specific location. In other terms, a bai-salam is a transaction in which the seller agrees to provide the buyer with a certain good or service at a later date in exchange for a fully paid advance price.

3.5 Foreign exchange department:

The process by which rights to wealth in one currency are transformed into rights to wealth in another currency is known as foreign exchange.

The main functions of Foreign Exchange Department:

- Issuing letter of credit.
- Issuing letter of Guarantee.
- Purchasing foreign bills.
- Trading foreign currencies.

Remittance: It deals with the payment and cancellation of bills such as OBC and IBC as well as DD, TT, and PO. Only its clients may buy or sell PO, DD, and TT from AIBL.

Telegraph transfer: A telegraph transfer (TT) is an order to move money from one bank in one center to another bank in a different center using telegraph cable and telex. Typically, this is a request for a money transfer to be made to a specific person from the importer's bank to the exporter's bank or another bank in the exporter's country.

Demand Draft: Demand Drafts are one of the most widely used methods for sending money across the country. Basically, the instrument is utilized for payment and transfer. Demand drafts and pay orders differ in that only POs are used for sending money into cities, whereas DDs are used for sending money within countries. DD is a type of current liability for banks as well. AIBL does not sell DD to anyone but its client.

Pay Order (PO): An instrument called a pay order is used to send money within a city via the banking system. The instruments are typically safe because most of them are crossed.

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Chapter- Four
Analysis

4.1 SWOT Analysis of AIBL:

SWOT analysis states the strength, weakness, opportunity and threat analysis of company. It is very important for a bank to know what strength and opportunities they have. On the other hand, weakness and threats is the area where bank need to improve. Here SWOT analysis of AIBL bank is given below:

Strength:

- AIBL is obligated to consistently provide high-quality service to its clients
- AIBL has a strong financial foundation.
- It operates its everyday transactions using the most recent technology.
- The working environment at AIBL is pleasant for both clients and employees.
- AIBL is well-known in the banking industry.
- AIBL keeps a pricey R&D sector running for greater offers and strategies.

Weakness:

- AIBL lacks properly trained employees.
- Unlike other banks, AIBL does not run adequate advertising campaigns.
- Employees believe they are paid less than employees at other banks.
- Week is the staff management schedule

Opportunity:

- The demand for Islami Bank is growing daily.
- Modern technology is becoming more useful.
- A rise in foreign investment in the nation.
- Highest level of ethics and honesty.
- Growing the branch continuously.

Treat/Challenges:

- Additional commercial banks are opening branches for Islam.
- The effects of inflation are hurting bank profits.
- Competitors offer more alluring deposit plans.
- There are no recognized Islamic regulations for Bangladesh banks.
- The 9% profit quota was used, which decreased the rate of profit.

4.2 Financial Performance by trend analysis:

Authorized capital: Figure in million

Year	Total
2017	15000
2018	15000
2019	15000
2020	15000
2021	15000

Table 5: Authorized capital Source: (collected from AIBL Annual Report-2021)

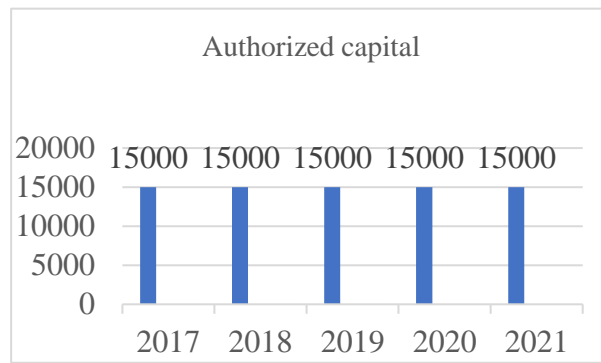


Figure: 3 Authorized capital Source: (collected from AIBL Annual Report-2021)

The maximum amount of capital a corporation is permitted to raise from its shareholders through the issuance of shares is known as authorized capital. The authorized capital are equal in last five years since 2017 to 2021.

Paid-up capital	
Year	Paid up capital
2017	9943.06
2018	10440.22
2019	10649.02
2020	10649.02
2021	10649.02

Table 6: Paid-up capital Source: (collected from AIBL Annual Report-2021)



Figure 4: Paid-up capital Source: (collected from AIBL Annual Report-2021)

Paid-up capital is the total amount that is paid by shareholders for their shares of capital stock. AIBL has achieved an increasing trend in Paid-up capital. In 2017 the paid-up capital was TK. 9943.06 million where in 2021 it is TK. 10649.02 million. And issuing new shares is typically how a company increases its paid-up capital.

Statutory reserve	
Year	Statutory reserve
2017	8556.96
2018	9365.62
2019	10318.64
2020	11418.96
2021	11733.35

Table 7: Statutory reserve Source: (collected from AIBL Annual Report-2021)

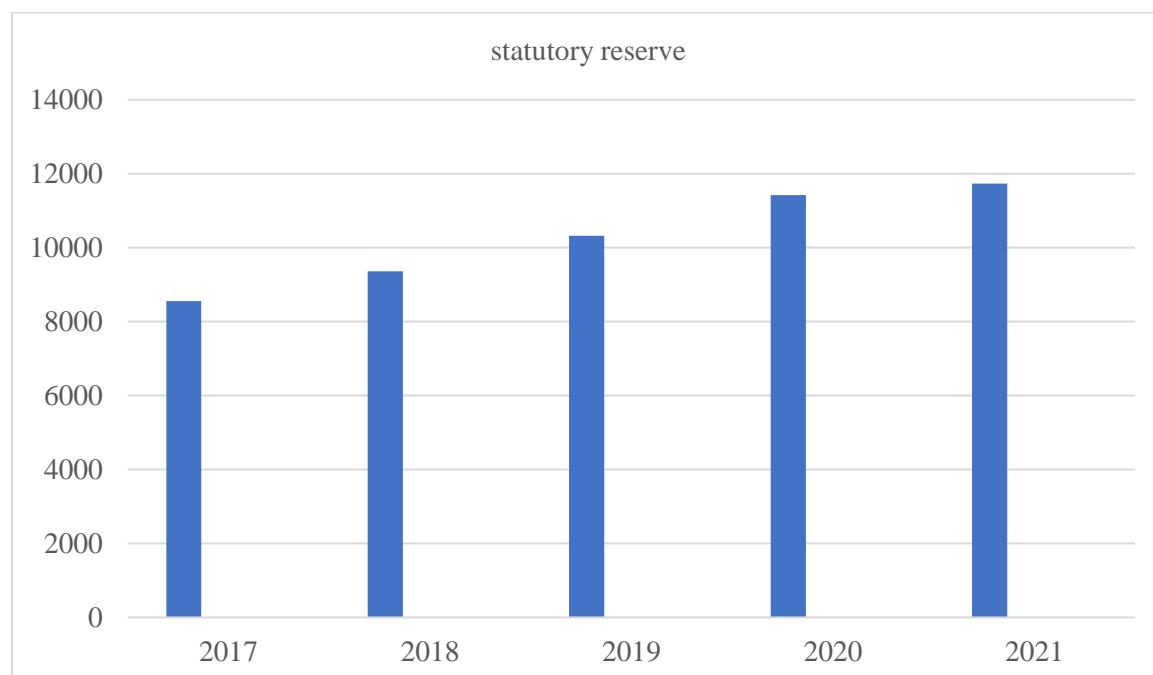


Figure 5: Statutory reserve Source: (collected from AIBL Annual Report-2021)

The minimal quantities of cash and easily marketable securities that insurance companies are required to retain are known as statutory reserves. In 2017 the statutory Reserve was 8556 million. In the next year the reserve increasing 9365 million. The statutory Reserve continues increase 2017 to 2021.

Total assets	
Year	Total assets
2017	319255
2018	338465
2019	381051
2020	418298
2021	462687

Table 8: Total assets Source: (collected from AIBL Annual Report-2021)

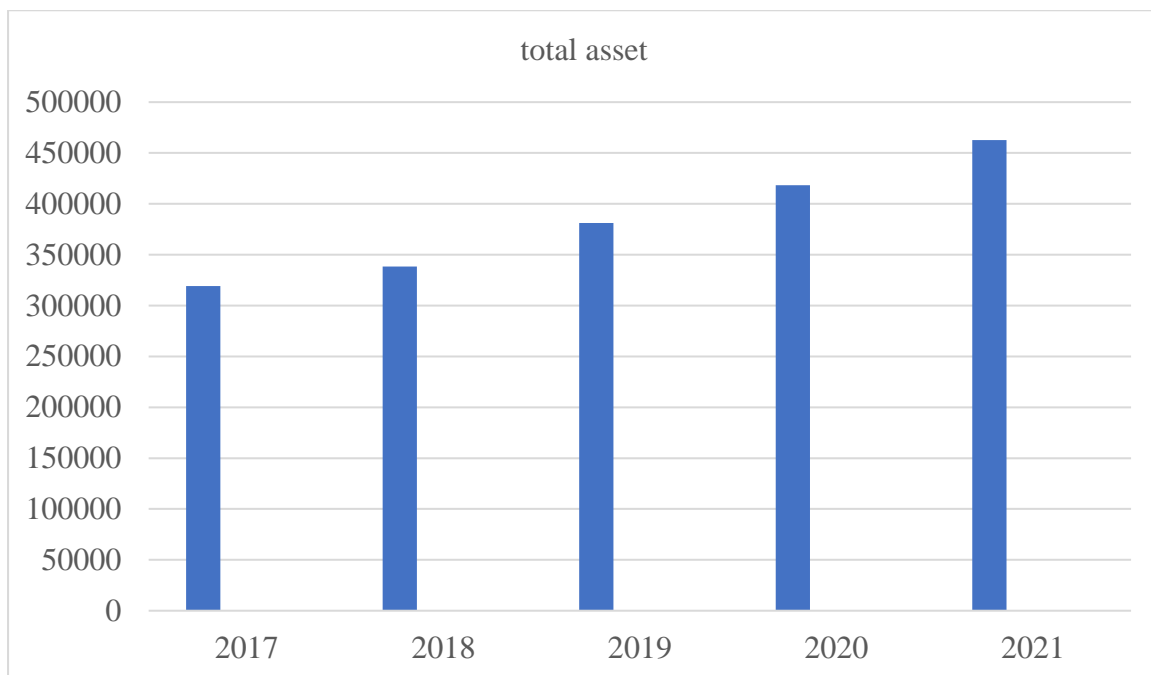


Figure 6: Total assets Source: (collected from AIBL Annual Report-2021)

Total assets mean the cash, investment of a bank. In 2017 the total asset of AIBL 319255 million. In the next year 2018 the total asset increases 338365 million. In every year the total asset increasing continuously that increase 319255 to 462687 million, since 2017 to 2021.

Total deposits	
Year	Total deposits
2017	244806
2018	266205
2019	297241
2020	326023

2021	336890
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Table 9: Total deposits Source: (collected from AIBL Annual Report-2021)

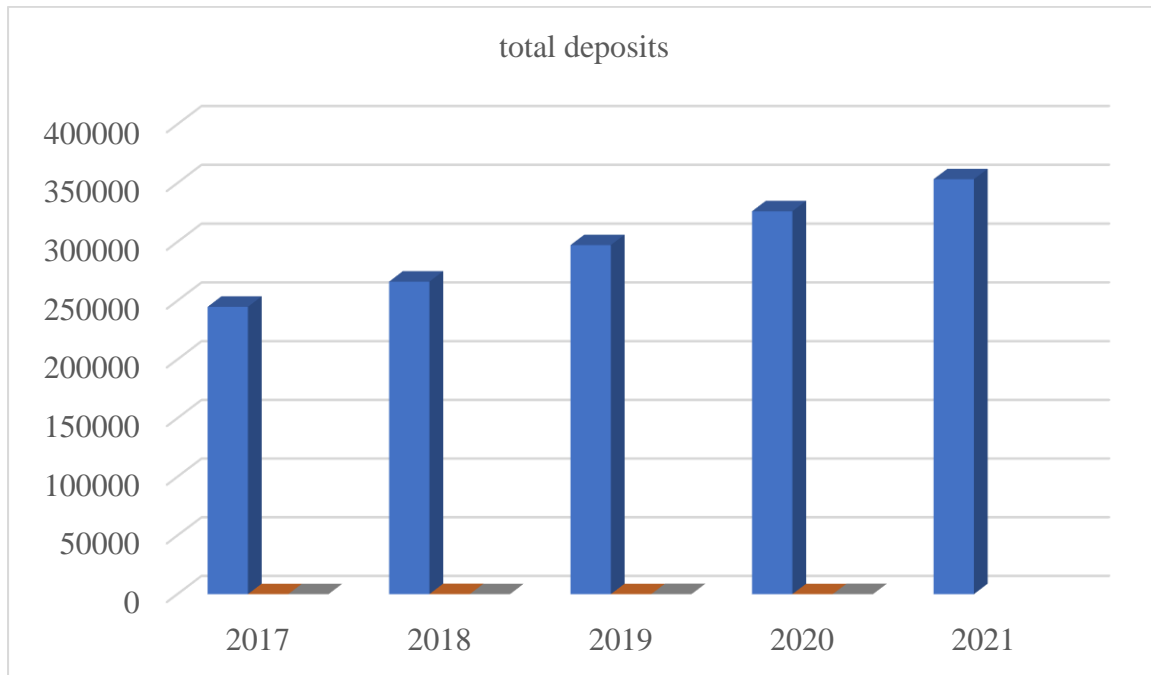


Figure 7: Total deposits Source: (collected from AIBL Annual Report-2021)

Total deposits are all of the money in existence, including the initial deposits made by commercial banks in order to establish credit. It is the very important for the bank. Here we can see the total deposit of AIBL in 2017 to 2021 increasing that is 244806 to 353287 million. That is very positive side for the bank.

Total investment	
Year	Total investment
2017	235905
2018	261874
2019	288486
2020	308620
2021	336890

Table 10: Total investment Source: (collected from AIBL Annual Report-2021)

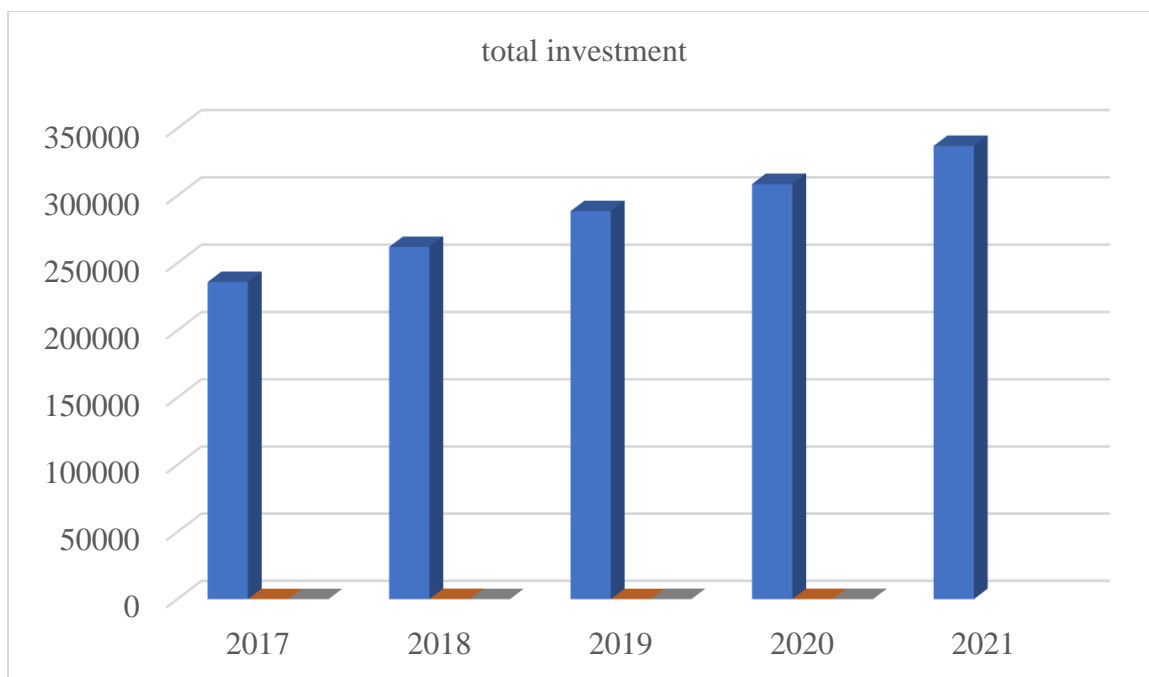


Figure 8: Total investment Source: (collected from AIBL Annual Report-2021)

It indicates total amount of Investment of the bank stood at Tk. 235905 million as on December 31, 2017 as against Tk. 336890 million as of December, 2021. Despite challenging domestic and international conditions, AIBL has been able to boost its investment. Investment is one of a bank's key assets. When accepting all types of investments for their clients, the bank places a strong emphasis on acquiring high-quality assets, doing the necessary loan risk analysis, and adhering to all CRM (Credit Risk Management) terms and conditions.

Net profit	
Year	Net profit
2017	3169
2018	2456
2019	2427
2020	2571
2021	2126

Table 11: Net profit Source: (collected from AIBL Annual Report-2021)

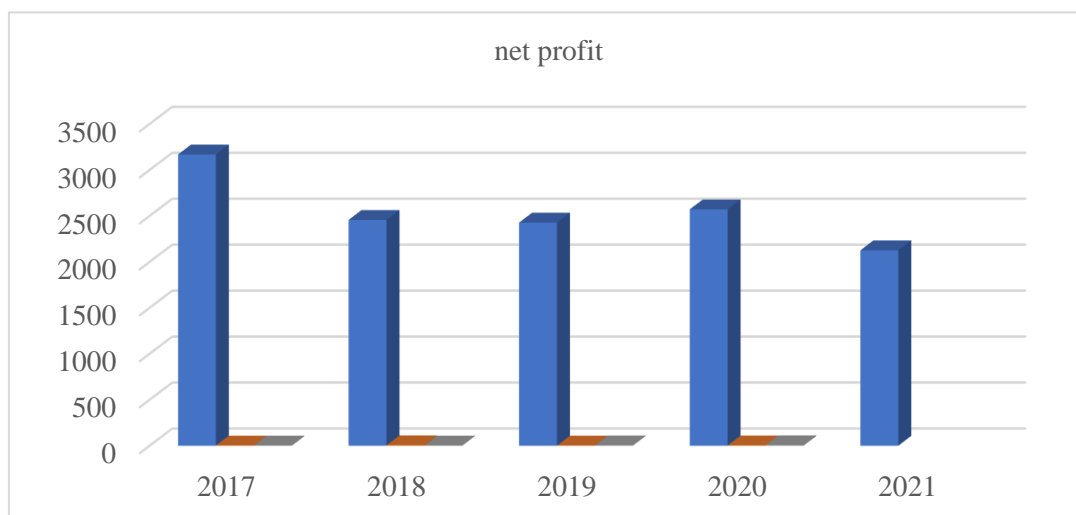


Figure 9: Net profit Source: (collected from AIBL Annual Report-2021)

Net profit is the gross profit (revenue minus cost of goods) minus operating expenses and all other expenses, such as taxes and interest paid on debt. In 2017, the net profits were 3169 million. The next two net profit decreases. In 2018, 2019 was 2456, 2427. Then, in 2020 net profit increase 2571 million and last year it decreases again in 2021 was 2126 million.

Earning per share	
Year	Earning per share
2017	3.15
2018	2.35
2019	2.28
2020	2.41
2021	1.96

Table 12: Earning per share Source: (collected from AIBL Annual Report-2021)



Figure 10: Earning per share Source: (collected from AIBL Annual Report-2021)

Earnings per share (EPS) is a profitability metric that measures how much of a company's earnings is distributed to each outstanding share of ordinary stock. In 2017 the EPS was 3.15. The next four year it decreases 2.35 TK to 1.96 TK since 2018 to 2021.

Number of shareholders	
Year	Number of shareholders
2017	30386
2018	25793
2019	24276
2020	22142
2021	19146

Table 13: Number of shareholders Source: (collected from AIBL Annual Report-2021)



Figure 11: Number of shareholders Source: (collected from AIBL Annual Report-2021)

The number of shareholders of Al-Arafah Islami Bank Ltd in 2017 was 30386. Then next years it decreases 25793. The number of shareholders continuously decreases last four years since 2018 to 2021.

4.3 Income statement of vertical analysis:

It is a technique that is comparatively more effective than horizontal analysis in that it displays the corresponding changes in the financial status of a certain unit, account, or department over a predetermined amount of time.

The table show the income statement of vertical analysis of Al-Arafah Islami Bank Ltd. the investment income in 2017 was 20491.03 million and the last year it was 23446.01 million. The investment income increases last five years. The different between investment income and profit paid on deposit we can get net investment income which bank real earning. The net investment income in 2017 was 8706.83 million and the last year it increases 10373.22 million. The Non investments income in 2017 was 3557.36 million and the last years it increases 4250.17 million. Non investments Expenses in 2017 was 5308.42 and the last years in 2021 was 7129.25 million. The difference between Non investment income and investment expense we can get net non-investment income. In the vertical analysis of Al-Arafah Islami Bank the non-investment expense is higher than non-investment income so the net non-investment income is negative figure. So, the percentages of net non-investment income in 2021 was negative value. The difference between profit before tax and provision and provision for investment we calculate profit before tax. The profit before tax in 2017 was 5600.88 and it decrease the last year 4848.56 million. Profit before tax minus provision for tax we get profit after tax means net profit. Net profit of Al-Arafah Islami Bank was decreases last five years.

In 2017 net profit margin was 15.46%, 2018, 2019, 2020 and 2021 was 9.84%, 8.42% 9.76%, 9.06%, that show it decreases.

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Investment income	20491.03	100	24956.81	100	28811.65	100	26331.28	100	23446.01	100
Profit paid on deposit	11784.2	57.50906616	16256.61	65.1389741	18604.42	64.57256006	16556.64	62.8782194	13072.79	55.75699234
Net investment income	8706.83	42.49093384	8700.2	34.8610259	10207.23	35.42743994	9774.64	37.1217806	10373.22	44.24300766
Non-investment income	3557.36	17.36057192	3769.39	15.1036531	4037.57	14.01367155	3655.46	13.8825762	4250.17	18.1274767
Non-investment Expenses	5308.42	25.90606719	6160.7	24.6854466	6384.18	22.15832832	6742.33	25.6057814	7129.25	30.40709272
Net non-investment income	-1751.06	-8.54549527	-2391.31	-9.58179351	-2346.61	-8.14465676	-3086.87	-11.7232053	-2879.08	-12.279616
Profit Before tax and provision	6955.77	33.94543857	6308.89	25.2792324	7860.62	27.28278318	6687.77	25.3985754	7494.14	31.96339164
Provision for investment	1354.89	6.612112715	2177.98	8.72699676	2867.66	9.9531266	1887.9	7.16979957	2655.58	11.32636214
Profit Before tax	5600.88	27.33332585	4130.91	16.5522356	4992.96	17.32965658	4799.87	18.2287758	4848.56	20.67968068
Provision for tax	2431.38	11.86558216	1674.11	6.70802879	2565.33	8.903794125	2228.06	8.46164714	2712.12	11.56751191
Profit After tax	3169.5	15.46774369	2456.8	9.84420685	2427.63	8.425862455	2571.81	9.76712868	2126.44	9.069517585

Table 14: vertical analysis Source: (collected from AIBL Annual Report-2021)

4.4 Income statement of Horizontal Analysis:

Particulars	2017	%	2018	%	2019	%	2020	%	2021	%
Investment income	20491.03	21.79382881	24956.81	15.44604459	28811.65	-8.60891341	26331.28	-10.9575759	23446.01	0.89042424
Profit paid on deposit	11784.2	21.82618443	16256.61	9.407492384	18604.42	-7.10747215	16556.64	-13.2308418	13072.79	0.78957989
Net investment income	8706.83	-0.03235562	8700.2	6.038552203	10207.23	-1.50144126	9774.64	2.273265865	10373.22	1.06123806
Non-investment income	3557.36	1.034745447	3769.39	1.074576438	4037.57	-1.32623435	3655.46	2.258568516	4250.17	1.16269088
Non-investment Expenses	5308.42	4.159283355	6160.7	0.895467009	6384.18	1.243073548	6742.33	1.469431034	7129.25	1.05738669
Net non investment income	-1751.06	-3.12453791	-2391.31	0.179109429	-2346.61	-2.5693079	-3086.87	0.789137482	-2879.08	0.93268586
Profit Before tax and provision	6955.77	-3.15689353	6308.89	6.217661632	7860.62	-4.07074916	6687.77	3.062403347	7494.14	1.12057382
Provision for investment	1354.89	4.016830779	2177.98	2.763494213	2867.66	-3.40056887	1887.9	2.915467839	2655.58	1.40663171
Profit Before tax	5600.88	-7.17372431	4130.91	3.45416742	4992.96	-0.67018029	4799.87	0.184913153	4848.56	1.01014402
Provision for tax	2431.38	-3.69561706	1674.11	3.571049345	2565.33	-1.17060286	2228.06	1.838345876	2712.12	1.21725627
Profit After tax	3169.5	-3.47810725	2456.8	-0.11688193	2427.63	0.500422572	2571.81	-1.69141037	2126.44	0.82682624

Table 15: Horizontal analysis Source: (collected from AIBL Annual Report-2021)

A benchmark, a detail, or a money-related fraction can be correlated across different bookkeeping periods as part of a horizontal study of financial reasons. Pattern investigation is another name for this examination method. After some time, flat evaluation enables the assessment of relative changes in diverse things.

The table show the horizontal analysis of Al-Arafah Islami Bank Ltd. Here, calculated the percentage different income such as investment income, net investment income of five years. Different type of expenses such as profit paid on deposit, non-investment income.

Investment income is decreases per years. In 2021 the rate is 0.890% while in 2017 it was 21.79%. The profit paid deposit in 2017 was 21.82% and the next year it highly decreases that was 9.40%. Net investment income rate was -0.032% in 2017. The next year it increases in 2018 then, it again downfall -1.50%. The non-investment income rate was 1.034% in 2017 and next year it was same. Then 2019 it falls down -1.32%. Non-investment expense was highest in 2017 was 4.15%. The next years the rate of expenses decrease.

Net non-investment income rate is negative in 2017 -3.15 %. The profit before tax and provision is highest in 2018 the rate was 6.21% while in 2017, 2018 and 2019 fall down. Provision for investment was high in 2017 the rate was 4.016% it decreases the next year. The profit before tax was negative rate in 2017 -7.17%. Profit after tax means net profit of Al-Arafah Islami Bank Ltd was negative value of three years in 2017, 2018, 2020, the rate -3.47%, -0.11%, -1.69%. The last years it improves in 2021 the rate was 0.82%

4.5 Performance Evaluation by Ratio Analysis:

Debt to Equity	
Year	Debt to Equity
2017	10.87
2018	11.3
2019	12.30
2020	12.80
2021	13.01

Table 16: Debt to Equity Source: (collected from AIBL Annual Report-2021)

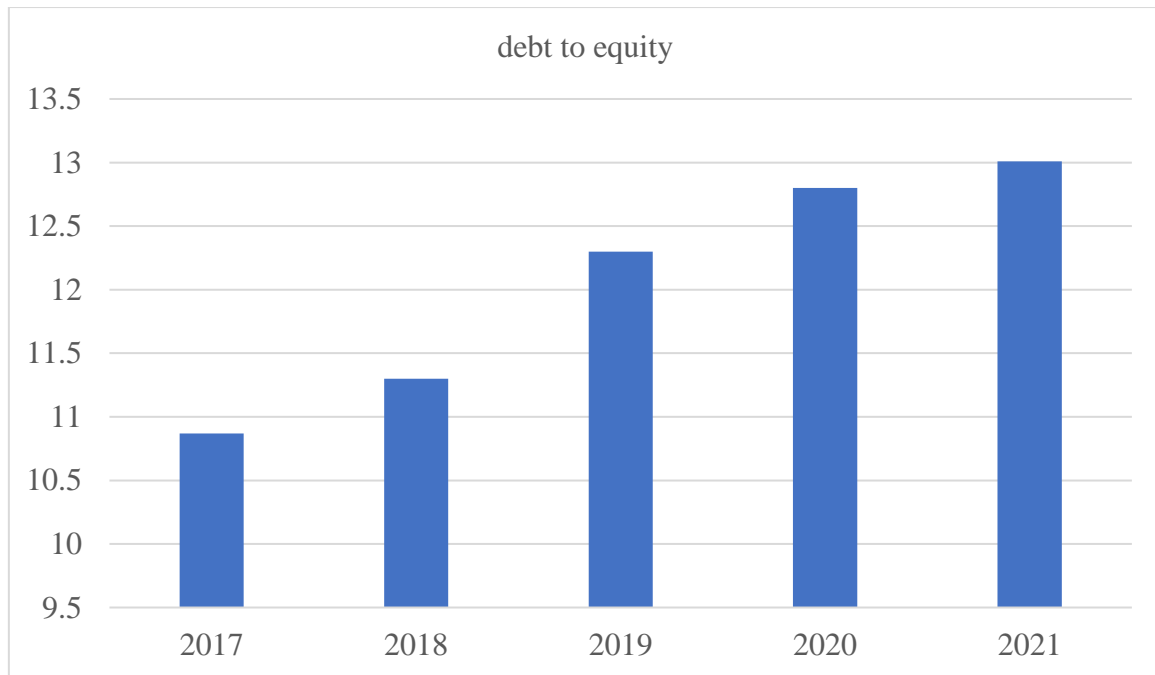


Figure 12: Debt to equity Source: (collected from AIBL Annual Report-2021)

A high debt-to-equity ratio typically indicates that a business has been aggressive in using debt to finance its expansion. The risk to creditors increases as the DIE ratio rises. The implications of a high DIE ratio for the company are likewise very serious. To calculate the debt-to-equity ratio, just divide the company's debt by the equity held by its shareholders. In the year 2017, the creditors of AIBL provided Tk. 10.87 for each Tk. 1.00 being provided by shareholders and in the year 2021, creditors provide Tk. 13.01.

Return on Total Asset	
Year	Return on Total Asset
2017	0.99%
2018	0.73%
2019	0.64%
2020	0.61%
2021	0.46%

Table 17: Return on Total Asset Source: (collected from AIBL Annual Report-2021)



Figure 13: Return on Total Asset Source: (collected from AIBL Annual Report-2021)

After all costs and taxes, this ratio shows the firm's profitability on its assets. The analysis of Return on Total Asset Ratio shows that in 2017 it was 0.99%. After 2018 to 2021 it decreases that was 0.73% to 0.46%. It means AIBL is generating one single amount of profit with its available assets.

Return on Equity	
Year	Return on Equity
2017	14.07%
2018	10.46%
2019	10.5%
2020	10.10%
2021	8.21%

Table 18: Return on Equity Source: (collected from AIBL Annual Report-2021)



Figure 14: Return on Equity Source: (collected from AIBL Annual Report-2021)

The return on equity ratio reveals how much money the shareholders have made invested in their business. The lowest return on equity in 2021 was 8.21%. In 2017 the ROE was 14.07%. ROE decrease years by years.

Earnings per share	
Year	Earnings per share
2017	3.15
2018	2.35
2019	2.28
2020	2.41
2021	1.96

Table 19: Earning per share Source: (collected from AIBL Annual Report-2021)

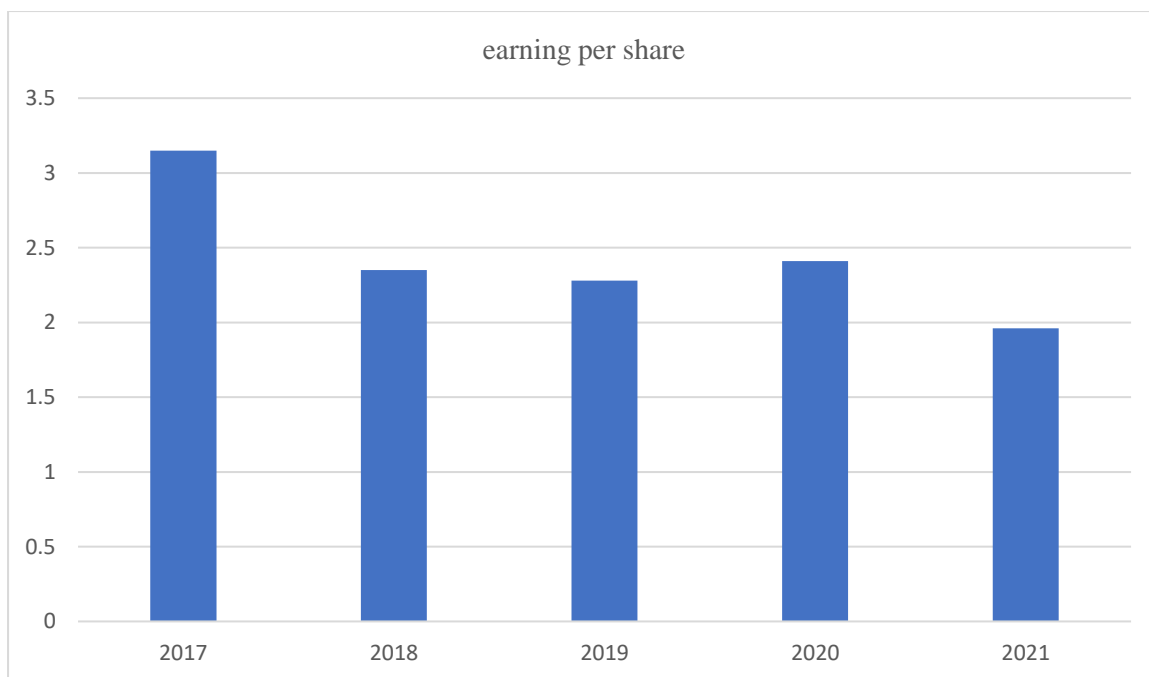


Figure 15: Earning per share Source: (collected from AIBL Annual Report-2021)

EPS are the sums of money each outstanding share of common stock earned during the period. According to BAS 33, earnings per share are calculated. By dividing the base earnings by the weighted average number of outstanding ordinary shares for the year, this has been determined. In 2017 the EPS was 3.15 tk. The next year in 2018 it decreases 2.35 tk. Then the next year it decreases again.

Total Assets Turnover	
Year	Total Asses Turnover
2017	0.062
2018	0.07
2019	0.075
2020	0.062
2021	0.050

Table 20: Total Assets Turnover Source: (collected from AIBL Annual Report-2021)

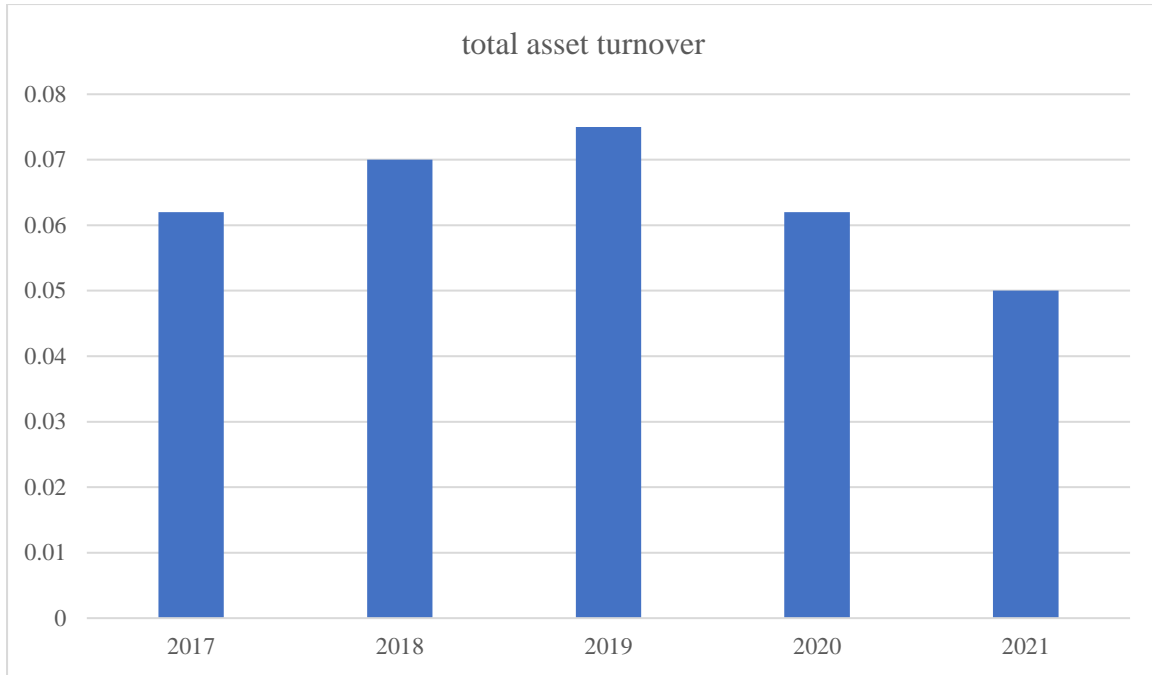


Figure 16: Total Assets Turnover Source: (collected from AIBL Annual Report-2021)

The efficiency with which the company uses its assets to produce total operational income is shown by the total asset turnover. In general, a company's assets have been employed more effectively the higher its total turnover. Because it shows whether the company's activities have been financially efficient, this ratio indicator is likely of greatest relevance to management. According to the ratio chart in 2017 AIBL turns over its assets 0.062 times in a year. From 2018 to 2021 it was 0.07 to 0.05 times.

Cost of fund	
Year	Cost of fund
2017	7.50%
2018	8.70%
2019	9.02%
2020	7.50%
2021	6.00%

Table 21: Cost of fund Source: (collected from AIBL Annual Report-2021)

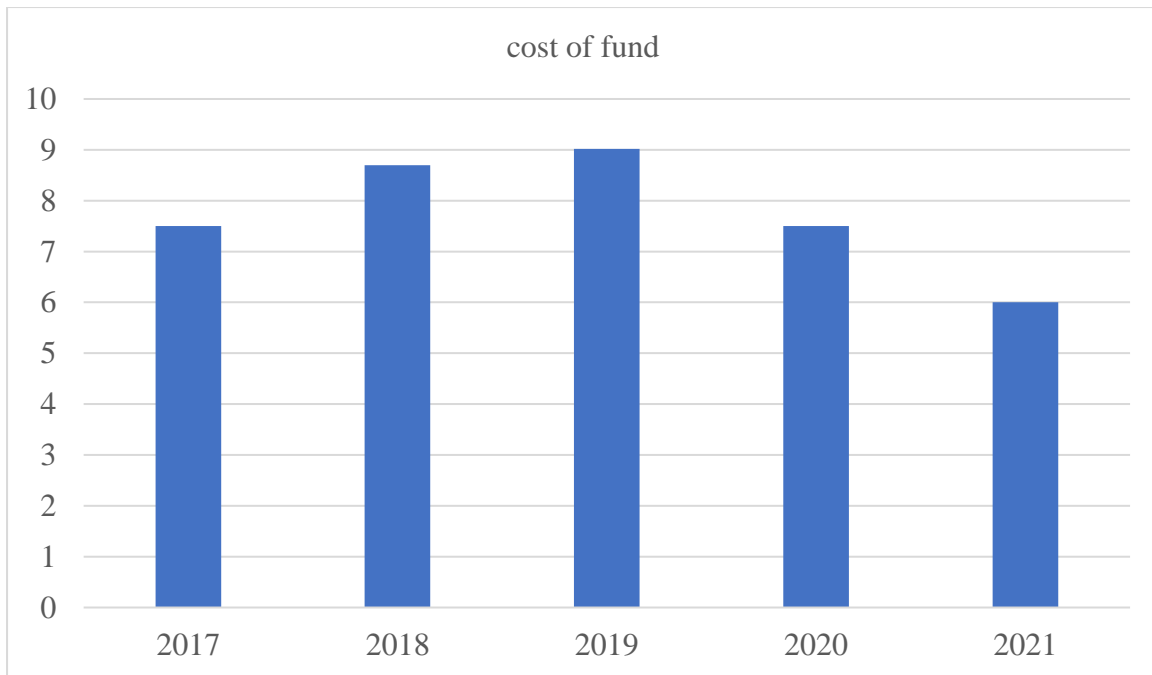


Figure 17: Cost of fund Source: (collected from AIBL Annual Report-2021)

Cost of Funds is the weighted average interest rate of a nonbank financial institution's interest-bearing liabilities. In 2017 the cost of fund was 7.50%. The next two year in 2018 and 2019 it increases 8.70% and 9.02%. Then the next two year in 2020 and 2021 it decreases again 7.50% to 6.00%.

Income ratio in operating business	
Year	Income ratio in operating business
2017	43.28%
2018	49.41%
2019	44.82%
2020	50.20%
2021	48.75%

Table 22: Income ratio in operating business Source: (collected from AIBL Annual Report-2021)

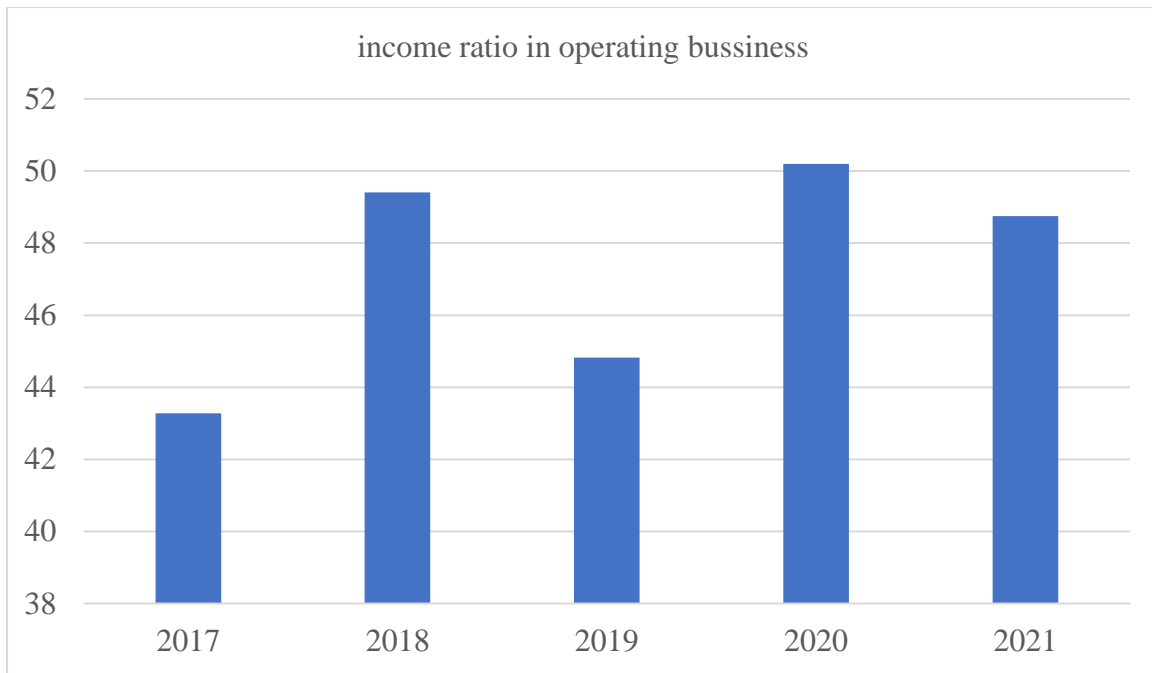


Figure 18: Income ratio in operating business Source: (collected from AIBL Annual Report-2021)

Income ratio in operating business in 2017 and 2018 increases 43.28% to 49.41%. In 2019 it decreases 44.82%. The next year it increases 50.20% in 2020 while 2021 it decreases 48.75%.

Deposit ratio	
Year	Deposit ratio
2017	89.95%
2018	89.87%
2019	88.93%
2020	86.92%
2021	87.57%

Table 23: Deposit ratio Source: (collected from AIBL Annual Report-2021)

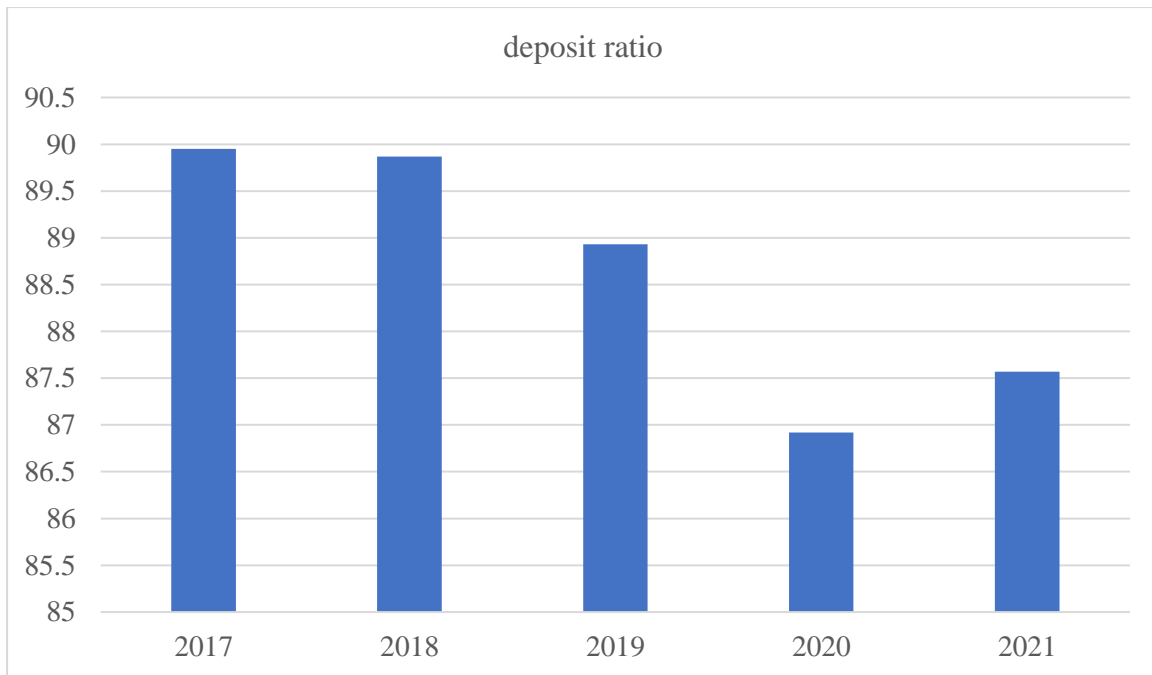


Figure 19: Deposit ratio Source: (collected from AIBL Annual Report-2021)

Deposit ratio is the ratio of the total amount of deposits at a financial institution divided by the amount of state money on deposit or invested there. In 2017 and 2018 the deposit ratio was quite similar 89.95% and 89.87%. The next two years it decreases 88.93% and 86.92% in 2019 and 2020. The last year it again increases 87.57%.

4.6 Du-point analysis:

Du-point 3 step method:

1.

Net profit margin	
Year	Net profit margin
2017	3.87%
2018	3.42%
2019	3.73%
2020	3.45%
2021	3.26%

Table 24: Net profit margin Source: (collected from AIBL Annual Report-2021)

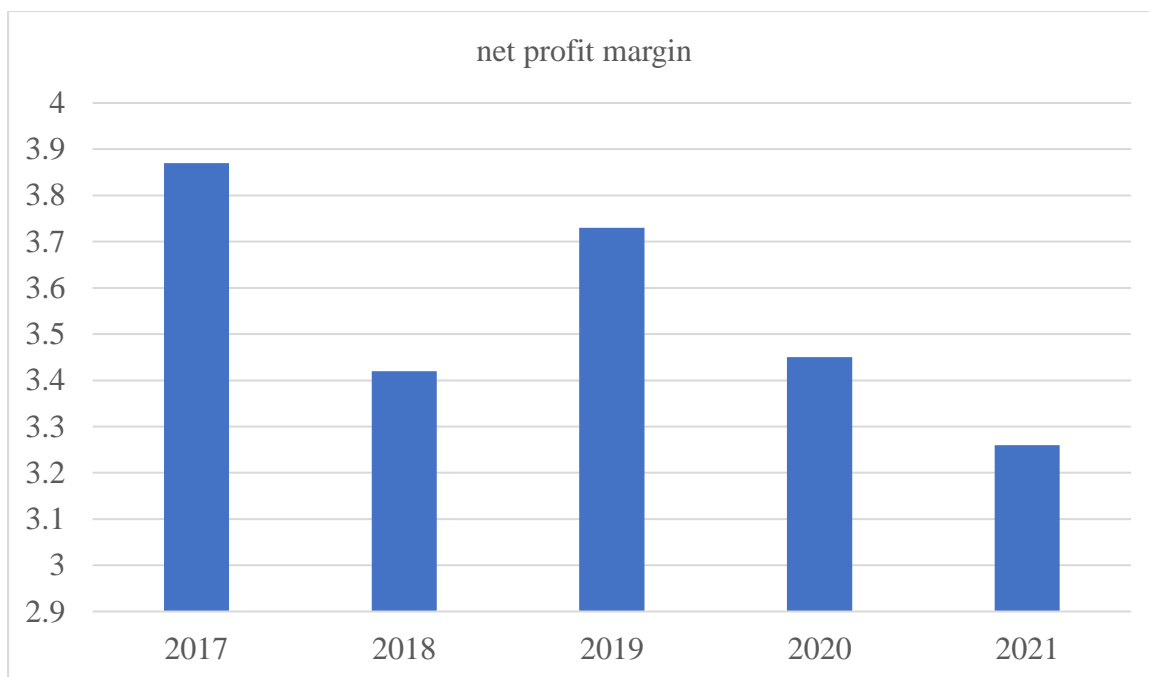


Figure 20: Net profit margin Source: (collected from AIBL Annual Report-2021)

It is the proportion of a company's or business segment's net profits to revenues. The net profit margin of AIBL was highest in 2017 3.87%. Then the next four year it decreases in 2018, 2019, 2020, 2021 the rate 3.42%, 3.73%, 3.45%, and 3.26%. The net profit margin is negative.

2.

Total Assets Turnover	
Year	Total Asses Turnover
2017	0.062
2018	0.07
2019	0.075
2020	0.062
2021	0.050

Table 25: Total Assets Turnover Source: (collected from AIBL Annual Report-2021)

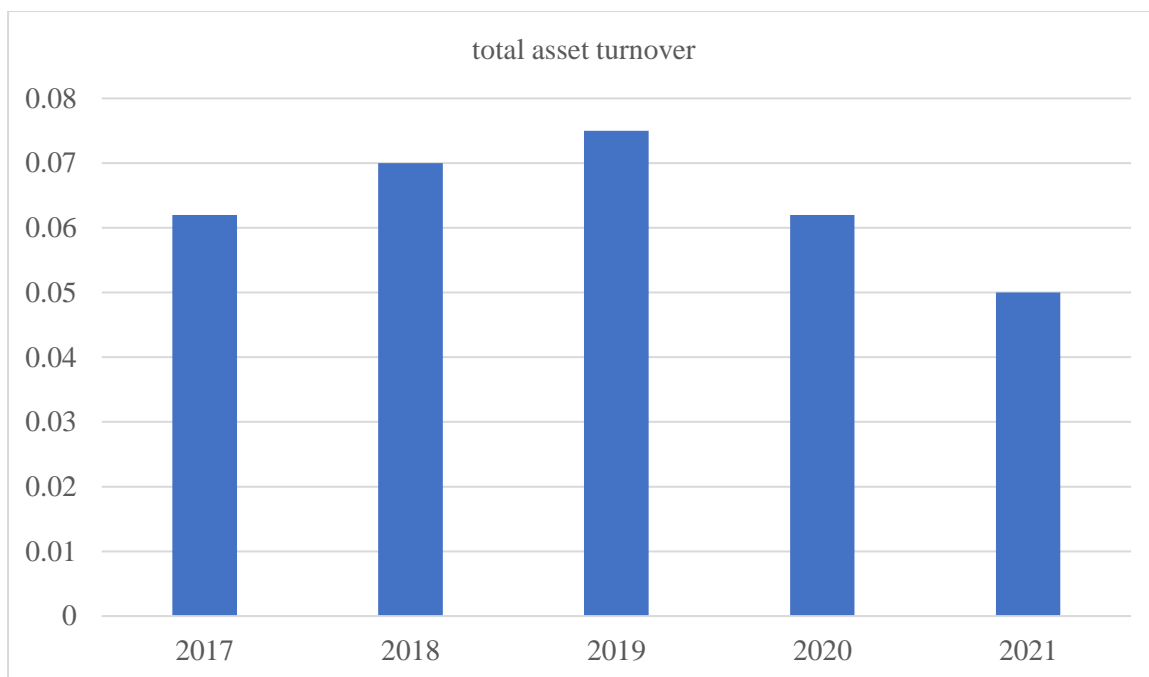


Figure 21: Total Assets Turnover Source: (collected from AIBL Annual Report-2021)

The efficiency with which the company uses its assets to produce total operational income is shown by the total asset turnover. In general, a company's assets have been employed more effectively the higher its total turnover. Because it shows whether the company's activities have been financially efficient, this ratio indicator is likely of greatest relevance to management. According to the ratio chart in 2017 AIBL turns over its assets 0.062 times in a year. From 2018 to 2021 it was 0.07 to 0.05 times.

3.

Equity multiplier ratio	
Year	Equity multiplier
2017	14.17
2018	14.41
2019	15.77
2020	16.43
2021	17.86

Table 26: Equity multiplier ratio Source: (collected from AIBL Annual Report-2021)

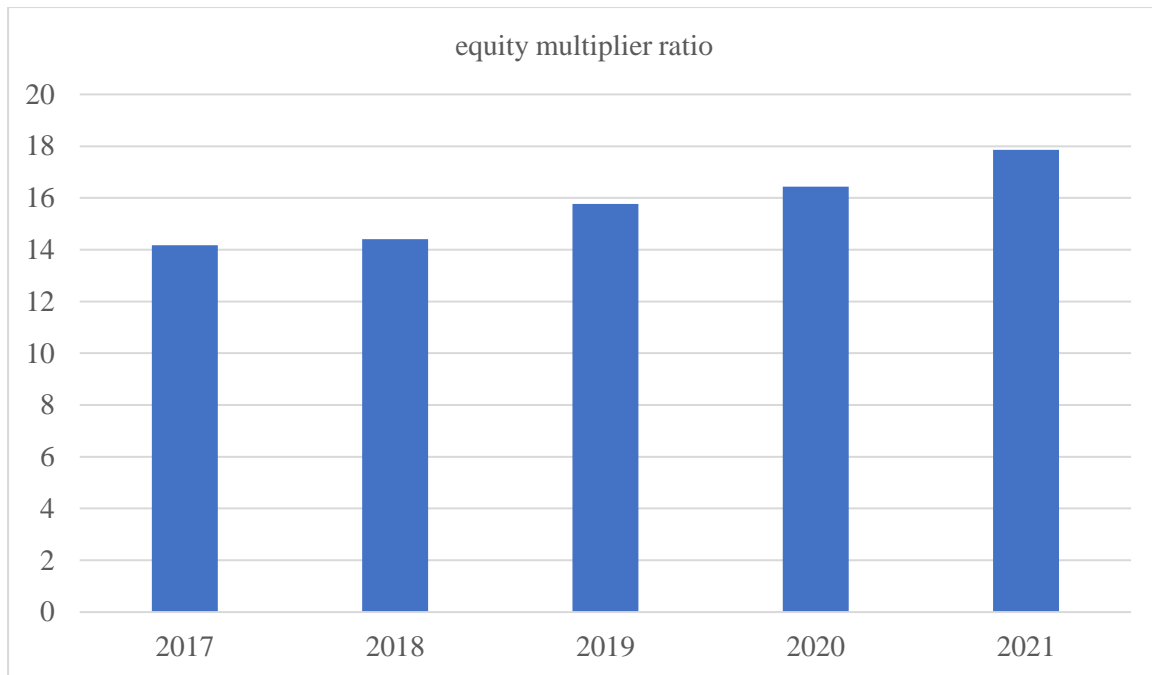


Figure 22: Equity multiplier ratio Source: (collected from AIBL Annual Report-2021)

The equity multiplier is calculated by dividing total assets by stockholders' equity. A financial leverage ratio called the equity multiplier measures how much debt a corporation has used to buy assets. In 2017 the equity multiplier was 14.17. The next four it increases in 2018, 2019, 2020 the rate 14.41, 15.77 and 16.43. In 2021 the equity multiplier was highest 17.86.

Chapter-Five
Findings

5.1 Findings of Operational Performance:

- **SWOT Analysis:** AIBL feels responsible for providing its customers quality service in consistent manner. AIBL has good financial backup. It uses the latest technology to operate its daily transactions. AIBL has good working environment for both clients and staffs. AIBL has a gap of well-trained staffs. AIBL do not have enough promotional campaigns like others bank. Modern technologies are getting handy. Highest standard of honesty. Other commercial bank is also opening Islami branches. Inflation affects are hampering profits of bank.

5.2 Financial performance:

- **Trend analysis:** Authorized capital are equal in five years 2017 to 2021 was 15000 million. Paid-up capital in 2017 and 2018 was 9943.06 million to 10440.22 million. Then the next three years in 2019, 2020, 2021 the paid-up capital are same 10649.02 million. The statutory reserve increases year by year. In 2017 the reserve was 8.556.96. The next four year it increases 2018 to 2021 9365.96 million to 11733.35 million. Total assets in 2017 was 319255 million. In the 2018,2019,2020,2021 highly increases 338465, 381051, 418298, 462687 million. It is a good side for bank. Total deposit also increases 2017 to 2021 was 244806 to 336890 million that is a strong backup for the bank. Total investment in 2017 was 235905 million while 2021 was 336890 million highly increases last year that is also strong backup for bank. Net profit is very important for bank. In 2017 net profit was 3169 million while in 2021 it decreases 2126 million. Earnings per share also decreases the five years in 2017 to 2021 EPS was 3.15 Tk to 1.96 Tk. Number of shareholder in 2017 was 30386 million and it decreases in 2021 was 19146 million.
- **Vertical analysis:** The investment income was 100% of five years 2017 to 2021. Profit paid on deposit in 2017 was 57.50% in 2018 was 65.13%. Then, it decreases a little bit 64.57% in 2019. Net investment income in 2017 was 42.49% and the last year it few increases 44.24%. Net non-investment income was negative value in 2017,2018,2020,2021 was -8.54%, -2391.31%, -8.14%, -12.27% that is risk for bank. Profit before tax and provision was highest in 2017 33.94% and lowest in 2020 was 25.39%. After calculating income and expenses we get the net profit that show the table. Net profit is decreases the year. The highest net profit was 2017 15.46%. It decreases badly in 2019 8.42%.
- **Horizontal analysis:** The income statement's horizontal analysis demonstrates the growth rate change of Al-Arafah Islami Bank Ltd. of five years. In income statement we calculate income and expenses and get net profit. Investment income was highest in 2017 21.79% and it decreases over the year so bank may be face problem. Net investment income rate was -0.032% in 2017. The next year it increases in 2018 then, it again downfall -1.50%. The non-investment income rate was 1.034% in 2017 and next year it was same. Then 2019 it falls down -1.32%. Non-investment expense was highest in 2017 was 4.15%. The next years the rate of expenses decrease. The net profit show negative percentage some year of the table. The negative percentage in 2017, 2018, and 2020 was -3.47%, -0.11%, -1.69%. In 2019 net profit was 0.5% and 2021 was 0.82%. The calculation shows net profit decreases.
- **Ratio analysis:** Debt to Equity is stable in bank result. It is increasing over the years in 2017 to 2021 10.87 to 13.01. That means bank debt position is good. There is unstable of Return on total assets. Because it decreases over five years 2017 to 2021

was 0.99% to 0.46%. The return on equity decreases year by year bank difficult to maintain their equity. In 2017 to 2021 was 14.07% to 8.21%. The EPS of the bank is also unstable because it decreases. The highest EPS was in 2017 and the lowest EPS was 2021. Total asset turnover was same in 2017 and 2018 was 0.062. Then next year it decreases 0.050. Cost of fund was highest in 2019 9.02% and lowest in 6.00%. Income ratio in operating business highest in 2020 was 50.20% which is good for bank. Deposit ratio is fluctuated. In 2017 and 2018 was same 89.95%. Net profit margin is also fluctuated in 2017 to 2021 was 3.87% to 3.26%. The equity multiplier ratio is stable. It increases the five years. In 2017 to 2021 was 14.17 to 17.86. It is strong backup for the bank.

5.3 Problems from Critical Observation:

One of Bangladesh's most well-known Islami banks, AIBL concentrated on the modern Islamic banking system. By mobilizing its deposit and making quality investments, AIBL constantly wants to ensure that its position in the sector is secure. I learned various things about the bank throughout my internship, which are listed below:

- Insufficient ATM booths: In the consumers' perspective, more ATM booths should be set up in various locations.
- Lack of effective advertising and promotion: AIBL's advertising and promotion efforts are one of its weak points; the bank lacks any effective advertising-based promotional initiatives, whereas other banks have more effective promotional strategies.
- Lack of Computer Experience: All firms, including banks, now heavily rely on computers, but staff generally have limited computer knowledge.
- Unsatisfactory software performance: AIBL uses the ABABIL program to conduct its banking operations. However, the software frequently hung as a result of the vendor's delayed data updating.
- AIBL's investment department lacks qualified human resources.

Chapter six
Recommendations and Conclusion

6.1 Recommendations:

Islamic banking is becoming more and more popular in Bangladesh, and customers expect a variety of goods and services from their banks. In order to succeed in the banking sector, AIBL should keep up with the times. Following are some recommendations based on my findings:

- Although AIBL offers a variety of goods and services, customers don't seem to care, hence more should be done in the way of advertising and promotion.
- In order to offer customers a high-quality service, AIBL must upgrade the quality of its internal networking system and infrastructure.
- Increasing the number of deposit programs for consumers.
- Given the widespread use of internet banking services today, the bank should work to expand in this area.
- AIBL's internet service is incredibly sluggish. It ought to be quick and precise. Both of its ATMs are insufficient. The bank, then increases the number of ATMs

6.2 Conclusion:

Today banking service is very competitive. Al-Arafah Islami Bank provides best service to the customers. Their service is very smooth and helpful for the customers. It is committed to provide high quality products to their customers. In Al-Arafah bank the all employee are so much honest. They maintain shariah for their working and their behavior is so good. Al-Arafah products and service to contribute to the growth of G.D.P of the country through stimulating trade and commerce, creating employment opportunity for the educated youth, prevent poverty, provide welfare fund to the poor people and contribute to the economy.

I have really enjoyed my internship at the Kathgora branch since the beginning. I can pick up more knowledge and experience about banking industry activities throughout this time. In fact, I can honestly tell that I have been having a great time throughout my internship at AL-ARAFAH-ISLAMI Bank Ltd. I have no doubt that my internship at AL-ARAFAH-ISLAMI Bank Ltd. will significantly advance my career prospects.

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