

**Report On**  
**Investment Methods of AL-Arafah Islami Bank Limited**

**By**

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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Under Graduation.

BRAC Business School  
Brac University  
September 2019

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

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## Letter of Transmittal

Full name of Supervisor

Designation,

Department

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Investment methods of Al-Arafah Islami Bank Limited.

Dear Sir,

With due respect I would like to state that this is my pleasure to submit my final internship report on the investment function of AL-Arafah Islami Bank Limited on the topic “Investment Method of Al-Arafah Islami Bank Limited”. It was a great challenge for me to work with the corporate people. It gave me a great pleasure to acquire a vast knowledge and practical experiences in respect of function, procedure and operational activity which will help me to achieve my carrier goal in future.

I therefore pray and hope that my efforts to achieve the objective of the study will be fulfilled and my report will be accepted. However I will always be ready to give explanation that may require. Your guidance in this regard will be appreciated.

Sincerely yours,

---

TANVIR ANJUM

14204029

BRAC Business School

BRAC University

Date: September, 2019

## Non-Disclosure Agreement

I comprehend that over the span of my Internship position experience I may approach and be associated with the handling of verbal, composed, PC created, or potentially recorded data identified with customers, representatives, and staff or the association or business.

I comprehend that I am required to keep up classification of this immediate or aberrant data consistently, both during and after my Internship.

I comprehend that I won't share, talk about, or uncover any of this data with anybody.

I comprehend that any break of secrecy may bring about disciplinary activity, including end from the Internship Program (with the status of 'Disappointment' put on my lasting transcript) or lawful activity.

I confirm by my mark that I recognize being educated regarding the secrecy arrangement concerning private data or its treatment.

I consent to cling to and maintain the private and favored data in that.

TANVIR ANJUM

ID 14204029

BBS Department

## **Acknowledgement**

From the start I might want to pay my most profound appreciation to the all strong of Allah who help me through for my entire life and show me right way constantly. It is the gifts of the al compelling and my folks and family who guided me all through an incredible voyage and for my training.

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I am so happy to the HR head of Al-Arafah Islami Bank Ltd, and the Branch Manager of Mohammadpur Krishi Market Md. Kamrul Islam (SAVP) for allowing myself as an assistant and helping me through all crafted by a corporate organization.

I might want to be appreciative to Mrs Rezoana Ferdousi (Principal Officer), and Mr Orbi Hafiz (Executive official) of AIBL Mohammadpur Krishi Market Branch who assisted me during my entry level position period with understanding the work and the way of life of the corporate office. Without their constant supervision I couldn't ready to finish my temporary position period in the AIBL.

In conclusion I might want to thank every one of the individuals who helped me straightforwardly or by implication to finish the entry level position and effectively setting up this report.

## **Executive Summary**

Al-Arafah Islami Bank Ltd is a one of a kind mix of Shariah and Islami banking among non-government business banks. Working since 27 September 1995 this bank is an achievement for monetary advancement. With its value of 22520.68 million it has been assuming a significant job to kill the joblessness issue of the nation. It has been more than 3446 representatives working in 155 branches and from its business 36695 investors are getting benefits around the nation. With its absolute venture of 235905 million and store of 244806.26 million the bank the bank is resolved to run its exercises according to Islamic Shariah and in this manner it have an alternate methods of speculation, distinctive installment plans, diverse payment methodology and distinctive markup framework. Other than this it has an alternate credit approach. It saw what it nets to set up as Haram free try based on the fitting Islamic rule of total value, sensibility and business. To get an obvious view it will in general be communicated it is an Islamic Bank over all subject to Islamic methods of reasoning that help their customers to do haram bound undertaking and acquire turnover in each in here and later on. This bank does all their ability subject to the Quran and Sunnah of prophet Mohammed (PBUH), which outlines particular strategy to venture assets and cash related trades for clients reliant on advantage orchestrated society and economy dismissing care, in light of this AIBL has displayed different advantages picking up projects for its customers each in the capitals and common system. With the haram free objective AIBL guarantee monetarily sagacious life in a player including with progressively important security, acknowledge and concordance. Formal, non-formal and deliberate part are the primary three division where limit AIBL play out the budgetary movement. General banking, Investment and abroad change are worked completely as a major aspect of the formal division. Creating Waqf the board, mosques and distinctive Islamic based properties,

protection of her position properties, joint endeavor and non-benefit establishments, altruistic trusts and associations are incorporated underneath the magnanimous part.

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## **List of Acronyms**

AIBL      AL-Aarafah Islami Bank LTD

ROR      Rate of Return



# Chapter 1

## INTRODUCTION

### 1.1 About AIBL

Bangladesh Bank gave affirmation of proceeding with its timetable business banking exercises under the guidelines and guideline of national bank in Bangladesh on 18 June, 1995. Its activity is to supply a wide range of budgetary exchanges offices to its forthcoming client inside the bank and furthermore to the partners under the organizations' demonstration 1991 and furthermore proceeding with all the rule and commands set somewhere near its national bank. From the earliest starting point of its exercises these banks consistently convey the corporate social obligation and perform in various territories with money related guide and non-budgetary guide for instance instruction division, preparing part, human services area, characteristic calamity, and so forth.

The short type of this bank is called as AIBL and its fundamental office is situated in Dilkhusha, Dhaka. Characters who are organizer, chiefs and the designer of this bank are particularly devout, committed towards the bank. The originator and administrator Mr A Z M Shamsul Alam who stay as a renowned noted researcher, business analyst, author, and ex department specialty of Bangladesh government. Like all other business bank these bank likewise conveyed stores conspire, S M E banking, Foreign trade, venture, Micro money and so on. It offers Al Wadiah Current store plot, Mudaraba Savings Deposit conspire, Mudaraba Term Deposit conspire, Mudaraba short notice conspire. In speculation part AIBL is putting resources into little entrepreneuring segment, shipping division, Hire buy area, in agrarian segment, in articles of clothing industry segment, ladies entrepreneuring and furthermore in the mosque and madrasa. Other than this in capacity with this the bank likewise give ATM

administrations, web banking administrations, SMS banking, storage administrations, settlement administrations and so on.

## **1.2 Origin of the Report**

An internship job report is set up as an essential of the consummation of the BBA program. The principle target of a temporary position report is to give an occupation introduction to the understudy and a shot for interpretation of hypothetical origination, all things considered, circumstance. To achieve this objective I went to Al-Arafah Islami Bank Limited, as an understudy in this respect under the supervision of two administrators. One is inside from the college and another is from the association for a quarter of a year. This report is titled "Investment Methods Of Al-Arafah Islami Bank Limited". Based on my working background I have arranged my temporary job report under the supervision and direction of Ahmed Abir Chowdhury, Lecturer, Brac Business School, Brac University.

## **1.4 Scope of the study**

My internship period have been completed in working as an intern in the Mohammadpur Krishi Market Branch of Al-Arafah Islami Bank Limited, consequently secured me the best approach to get myself adjusted with the financial culture. In fact I have gotten an opportunity to accumulate encounters by working in the different divisions of the branch. The territory of convergence of this report is kept to assess the approach of investment of this bank and the zone of fixation that might be improvable in this procedure.

## **1.5 Objective of the study**

The principle reason for composing entry level position report is for the culmination of BBA program of BRAC University. As an objective to complete the paper, I even have tried to show a rundown Al-Arafah Islami Bank Ltd' venture components by and large and Edict

crucial issues identifying with the aptitude once three months of working inside the bank as partner assistant.

- ❖ To accomplish Educational obligation.
- ❖ To identify the present status of Investment and Deposit of AIBL.
- ❖ Try to make available in detail evidence about the investment modes of AIBL.
- ❖ In detail study of the fiscal presentation and information.
- ❖ Find out advantage and disadvantage of AIBL.
- ❖ Find out complications plus deficient that this bank have
- ❖ To provide some guideline for improving about the investment management situation of AIBL
- ❖ To provide the experience as an intern in AIBL
- ❖ Recommendation.

## **1.6 Methodology**

For the finish of this report I have use both primary and auxiliary information sources.

### 1. Primary Data gathering

- Day to day activity in the Bank
- Face to confront collaboration with the client
- Personal contributions in day by day exercises and perception of the bank exercises.
- Primary information is the fundamental wellsprings of information that created by me through meeting, examination and contextual analysis.



## 2. Secondary Data accumulation

Various wellsprings of auxiliary information I have utilized in my report. The information sources are as per the following:

### a. Internal Sources:

- Banks yearly report of 2013,2014, 2015,2016, 2017, 2018
- AIBL site.

### b. Outward Sources:

- Journals and Newspaper
- Research of related books and productions.

## **1.7 limitations of the report**

The limitation that was faced by in accomplishing this internship report are given below:

- Every Bank has policy to not reveal particular sensitive data and statistics that is primarily the main difficulty to formulate an informative report.
- Individual inabilities are not to recognise different official terms, office decorum etc which created few complications.
- The duration of completing internship report is so short that in this time frame it is difficult to understand the office environment and data collection.
- Some information is not provided by the Branch official.
- In previous year they used to disclose the category wise investment amount but now a day they are not disclosing the amount which is the main obstacle to create the report.

- Information regarding the competitors is hard to get and all weights given are judgemental.

## **Chapter 2**

### **General idea about Al-Arafah Islami Bank Limited**

#### **2.1 Background of AIBL**

The principle head of Islam, quran and sunnah to maintain a strategic distance from the Reba and achieve the objective of here and henceforth by following the way of Muhammad (SM), Al-Arafah Islami bank Ltd recorded as a private restricted organization in 18 June 1995. The opening service composed in 27 June 1995. Al-Arafah Islami Bank began their activity in light of a perspective on Islamic morals and thought of a productive business banking framework altogether dependent on Quran and Sunnah. To achieving the objective of Islamic financial activity a lot of 13 insightful Islamic individuals of Bangladesh are assigned as the individual from top managerial staff of the bank. Al-Arafah bank has 168 branches and aggregate of 3557 workers everywhere throughout the nation for complete their everyday activity. It is working with the approved capital of 15,000 million taka and the paid up capital of BDT 10,440.22 million taka which is their recorded worth.

#### **2.2 Practices of Islamic banking**

Islami banking systems are getting more popular in our society on today's banking sector because of people demanded Reba free transaction in our society. Statistics shows that there are more than 280 banks & financial institution around the world performing their operation on basis of Islami Sariah. In our country there are eight fully fledged banks which operating their operation under the rules & regulation of Islami sariah successfully. Moreover there are other common banks also performing Islami banking activities besides their daily operation.

## **2.3 Vision**

- AIBL vision is to be the pioneer in islami banking in the whole country and to contribute the society ominously.

## **2.4 Mission**

- Accomplishing the delight of Almighty Allah both here and in the future
- Spread of Shariah constructed Finance rehearses
- Excellence budgetary administration zone receiving the cutting edge innovation
- Provide Fast and proficient client administrations
- Upholding exclusive requirement of business morals
- Stable development
- Stable and efficient profit for investors' value
- Advanced banking at a focused cost
- Appeal and keep up quality HR
- Covering focused remuneration bundle to the representatives
- Secure the development of country economy
- Including more in miniaturized scale and SME financing

## **2.5 Commitments**

- ❖ Ours prime concern is to centered around the consumer loyalty current financial framework with a total and firm development in both preparing store and creation of quality speculation to retain our situation as a head of Islami Bank within the country.
- ❖ Provide our offices with incredible consideration to little, retail and medium scale ventures like as corporate clients all through the nation with our offices.
- ❖ As the exchange and business changes now a day AIBL planned their item to keep pace with the new customers.

## 2.6 Special Feature of AIBL

AIBL is the bank which has very distinctive component to the extent Islami bank concerned. Standing out from different banks it gives a ton of Islamic offices inside the gigantic section of sharjah. The Distinctive and one of a kind focuses which helped our company for mind blowing performances in Islami banking territory are demonstrated below:

- Everything to do of AIBL is overseen underneath benefit and misfortune generally based plan according to Islamic Shariah.
- Shariah Council of AIBL checked each mode and planning of the exchange and the result of the bank.
- In the year 2015, over 65% of the financing benefits have been coursed among the Mudaraba investors.
- AIBL is considered on line monetary establishment from 2008 for that Bangladeshi programming has been utilized to energize the area engineers.
- AIBL routinely organized the AGM (yearly broad gathering) and furthermore EGM (additional standard general gathering) at whatever point required by MBL.
- They paid profit to investors ordinarily. They proclaimed 30% reward profit to the investors in 2016.
- This bank offers gave contributions to the clients alongside Islamic embodiment see goodness
- It is focused on itself to be a welfare-arranged financial framework and normally progressively satisfy the needs poor customers.
- It contains the center Islamic models of setting up legitimized money related gadget through equivalent dispersion of riches among the general public.

## 2.7 Branches of AIBL

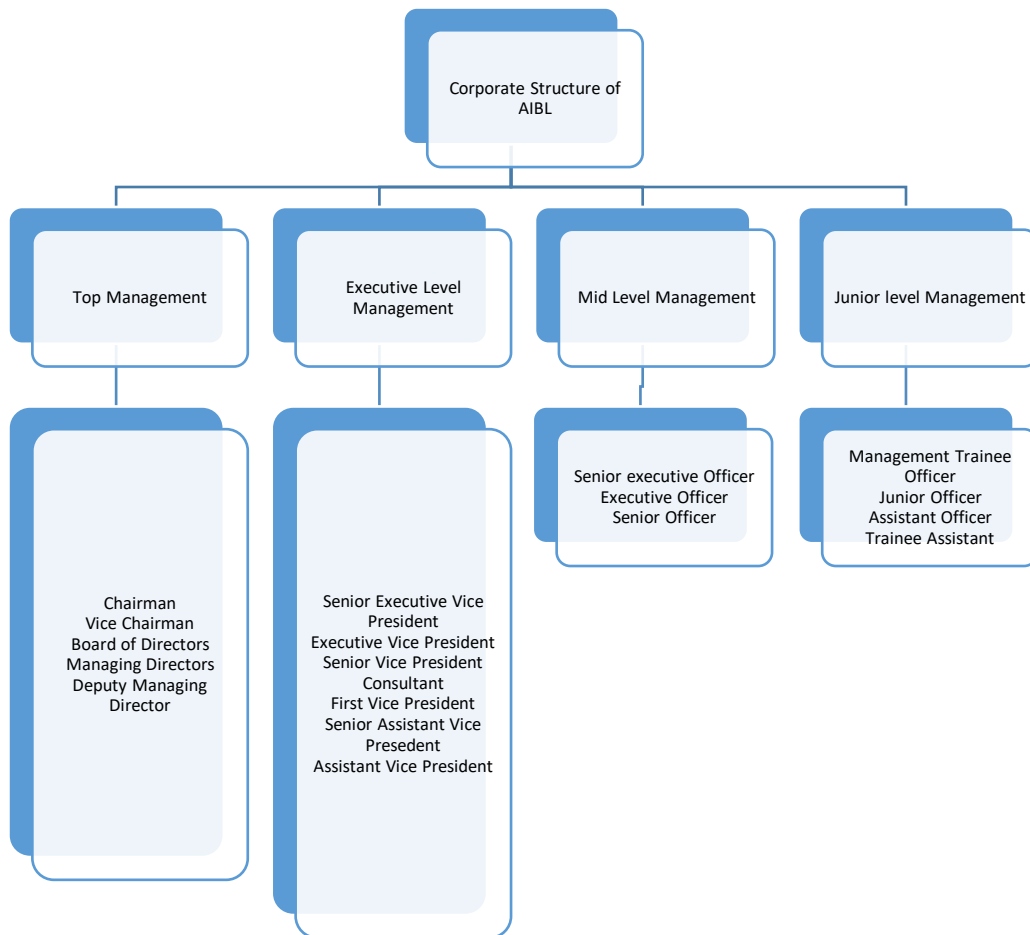
Across the country AIBL has 168 branches throughout their operation of 23<sup>rd</sup> year from their starting of operation which are given below:

Divisions sector	No of Branches in each Division
Dhaka Division	77
Rajshahi Division	8
Rangpur Division	5
Khulna Division	14
Sylhet Division	7
Barishal Division	11
Chittagong Division	46

Table 01: Branches of AIBL

## 2.8 Corporate structure of AIBL

The corporate structure of AIBL is given below by using smart art tools:



## 2.9 Corporate Environment of AIBL

It is seen by me that the Company condition of "Al-Arafah Islami Bank holds the radiance of the Sunnah of Prophet and has a hint of concordance in each area of their movement in addition to conduct all through my entire temporary position length. I should acknowledge in each period of their program they had their conviction and influence, ethics and satisfactory methodologies which reflected the Sunnah of our dearest prophet. At end it very well may be said that Islam is base that is pursued as the significant head of this bank.

## 2.10 Corporate Information

Date of Registration	18 June,1995
1 <sup>st</sup> Branch Established	Motijheel Branch, Dhaka
Opening Ceremony organized	27 September,1995
Authorized Capital	15000 Million
Paid up Capital	10,440.22 Million
Local Partnership Of Capital	100%
Equity	23,483.22 Million
Total number of Branches	168
Deposit	266,205.48 Million
Investment	261,874.13 Million
Total number of Employees	3,682
Total number of Shareholder	25,793

Table 2: Corporate information of AIBL.

## **Chapter 3**

### **Investment of AIBL**

#### **3.1 Introduction of Investment of AIBL**

AIBL is monetary establishment of contemporary occasions. It is with the guide of far responsible for satisfying customers with greatness monetary administrations/items and to help GDP blast of Bangladesh by utilizing developing business venture & increment industrialization, lifting fare and import. It is made a sizable business extension and bolsters limit joblessness, and increment a general financial structure of our nation. To arrive at such moral objective subsidizing branch of the company is of offers equivalent obligation and noteworthiness as a basic area of the total income of the money related foundation is created from it along the side with most extreme hazard. The failure of a productive bank is the point at which the financing system falls flat. Along these lines subsidizing branch no longer exclusively overwhelming position in the benefit structure which is completely responsible for the accomplishment of the bank likewise, past this speculation approach and oversee tips of the money related organization has been prepared which is circumstance to alteration, modification, rearrangement and refinement every once in a while as may also be advocated with the guide of the exchange of conditions because of entry of time to suite the essential of this organization.

#### **3.2 Investment Policy of AIBL**

Investment activity of a financial institution is uncommonly basic for the reason that the most portion of complete income is made from it; most hazard is related in it and accordingly the nearness of a Bank for the most part constrained by the best possible administration of its Investment system. For proficient preparing of activated assets in rewarding, secured and



melted quarter a sound, efficient and appropriate Investment Policy is extremely urgent. The critical elements of the financing inclusion of the bank are to make speculations on support of benefit misfortune sharing device keeping up with the benchmarks of Islami Shariah. Benefit age is the independent thought process at the back of this subsidizing plan the bank accentuation in effectively adding to the general public in agreement to the Quran and Sunnah. The Investment Policy executed this institution 10 year period length Strategy has been attracted up from 2010 to 2020 and put into result. Every one of these plans are made to broaden the subsidizing by method for mass zone geological region, money related reason and protections to pass on in stages all pieces of the financial framework and a wide range of fiscal organizations of the general public inside the overlap of Bank's subsidizing forms.

### **3.3 Principles of Islamic Investment**

- Prevention from Riba
- Removal of debt based financing from economy
- The prohibition of uncertainty
- Profit and loss sharing
- Material facility directly or indirectly related with economic transaction
- justice

### **3.4 Investment objective of AIBL**

AIBL has a different kind of objective and standard for their investment mechanism. Those are as follows:

- All subsidized ventures are solidly in kept with the guidelines of Islami Shariah.
- To separate subsidizing portfolio in agreement to speculation, parts (open and private), economy, geology and modern and rural.
- Exercise the benefit misfortune sharing component each for the company and the venture client by observance the financial prerequisite of Bangladesh Bank.
- Raise the quantity of practical client through making beneficial and valuable Venture.
- Take an assortment of advancements instruments for facilitating neediness, enhance pay and work age section.
- Providing interest in the structure of things and stocks as an option than give out cash to the clients for business
- Boost communal offices which help to build up the general public.

### 3.6 Investment product of AIBL

Mainly according to the shariah board of AIBL the product are distinguished in three major parts. All the parts have other sub product in the product line. Those products are shown below:

Bai-Mechanism product	Share Mechanism product	Ijara Mechanism product
Bai-Murabaha	Musharaka	Hire Purchase
Bai-Muajjal	Mudaraba	Hire Purchase under Shirkatul Melk
Bai-Salam		
Bai-istisna		
Bai-as-Sarf		

Table 03: Investment product of AIBL.

#### 3.6.1 Bai-Murabaha

Bai and Ribhun is the invention place of Bai-Murabaha word. This phrase Bai potential purchase and sale and the phrase Ribhun is resell on a settled profit. So Bai-Murabaha" define sale on settled profit. It is a agreement among a buyer and a vendor at a mark-up profit below which the customer request the financial institution to buy some certain product for him. After that financial institution purchases the goods as per the condition of the purchaser (Under Islamic Shariah).The purchaser obtained the goods on charge which includes mark-up earnings as per the agreement. This is known as Bai-Murabaha investment.

### **3.6.2 Bai-Muajjal**

This word Bai'un says purchase and deal. The expression Ajalun tells that it is a consistent time or a steady period. Bai-Muajjal implies deal for which charge is made in future at a consistent date or inside a steady period. To put it plainly, it is a credit deal. Bai-Muajjal is an agreement between a customer and a merchant underneath which the vender offers a positive special item to the buyer at a consistent worth that is expected in future at a fixed date (Under Islamic Shariah) or the customer can likewise pay at a steady period with fixed portion.

### **3.6.2 Bai-Salam**

Bai-Salam has been gotten from Arabic expressions (Bai'un and Salamun). The expressions Bai'un capacity buy and deal and Salamun means increment. Bai-Salam means credit buy and deal. Bai-Salam is an agreement among two, a purchaser and a merchant where increment money installment is made for things to be conveyed later on. At that point seller agrees to outfit one of a kind merchandise for the customer at a consistent date in interchange of a fortify expense completely paid at delivery date. It is to be referred to that the transportation and capacity cost are notice in the agreement.

### **3.6.3 Bai-Istisna**

The expression Istisna is gotten from root word Sana which intends to make or to gather or something. Istisna is an agreement between a maker and a customer under which the maker sells the proper subsequent to having built it (Under Islamic Shariah) yet the installment be paid in lift with concurred sum or at a future explicit date with exact portion based on the request..

### **3.6.4 Bai-Mudaraba**

Mudaraba is an agreement among dual events in which first party provide capital and another birthday celebration offers entrepreneurial competencies to habits business. The one who is imparting capital is recognized as Shahib al-maal and the one who is furnished abilities are regarded as Mudarib. It is a contract where the investor Shahib al-maal invests money and the Mudarib uses this cash to behavior commercial enterprise .The income is share between them as per the agreement. But the losses solely bear via the investor. If there any misconduct of doing commercial enterprise or violation of settlement then the Mudarib will undergo the loss. In this settlement the investor will have no such power to enter fare the enterprise activity. Mudaraba contacts are limited to a unique time length. The two sorts of mudaraba contract are given below:

Restricted Mudaraba: The confined Mudaraba contract means the place the investor invests cash to conduct a precise commercial enterprise and the entrepreneur are certain to do this business he/she can't now not use this cash to behavior some other business, this is known as restrained Mudaraba.

Unrestricted Mudaraba: The unrestricted Mudaraba contract potential the place the investor invests money and the entrepreneur use these money to habits any variety of enterprise whatever he/she desire and which is appropriate and profitable for each events.

### **3.6.5 Bai-Musharaka**

Musharaka means partnership where each party provides the capital to behavior the business. Both parties have the right to act as an administration of the commercial enterprise however in normally bank offers that energy to the customer to habits the business. The income and loss are shared through each event in this agreement.

### **3.6.7 Hire purchase under Shirkatul melk**

Hire purchase under Shirkatul melk is a combination with three contracts, which are Shirkat, ijarah and sale shirkat.

Shirkat : potential partnership. Shirkatul Melk potential share in ownership. In this contract two or greater parties provide capital to buy an asset, the place both events personal the same. And each the parties share profit-loss as per settlement this can defined as Shirkatul Melk contract.

Ijarah: Ijarah is a settlement among two parties that permits the first party (the lessee) to use an asset or property owned by way of any other party (the lessor) for an agreed-upon charge over a constant period.

Sale: Sale is an agreement among a purchaser with the merchant by means of which the responsibility for item or resource is moved by the seller to the purchaser contrary to concur upon cost paid or paid in future by the customer.

### **3.7 Investment Procedure of AIBL**

In AIBL invest branch are divided into two components they are

Appraisal Unit:

Appraisal unit are accountable for disbursement of investment. At the first stage of investment system customers strategies to them to post their proposal. They acquire the entire vital facts form customer to approve the funding proposal. If the proposal is favored by the investment officer they will send it to the branch supervisor to approve it. If the branch manager approves the idea appraisal unit will take imperative motion for disbursed the investment.

Monitoring Unit:

Monitoring unit is accountable for the overall manner of investment. In AIBL monitoring unit also set the time of meeting with customer. For any inquiry clients are suggested to contract with the monitoring unit. They additionally screen the things to do of recovery unit.

Recovery Unit:

When the investment thought is authorized by way of the department manager and disbursed it the healing unit assessments all the records that is attached to the investment agreement. Bank actually guaranteed the safety of the funding via checking the collateral that is given under the funding agreement. They additionally aspect visit to the customer enterprise and check the announcement of commercial enterprise month-to-month in some instances even weekly. If they find whatever incorrect or that is no longer suit with the funding policy they will take crucial motion to recover the investment. If any client fails to return the funding the recuperation unit will take motion in accordance to the settlement signal with the aid of each parties. In AIBL department there are two executives who is worker underneath a head of funding department.

### **3.7.1 Eligibility checking of the customer:**

- First client age should have to be 21 to 68 years.
- Customer ought to have to be a Bangladeshi Resident.
- Customer should have to open a saving account or current account with respective department of AIBL.
- Customers have to have to an everlasting income source, For Example: If the client is a carrier holder he/she has to have three years of trip and if the patron is businessman he/she must have to exhibit the earnings supply of remaining three year. But in phrases of banks respectable they need to have to be everlasting and 2 years of carrier experience.

- Customer need to have a legitimate Tin Number.
- Customer need to have to agree with the banks rules-regulation and phrases of the investment.
- Customer need to have to the proprietor of a valuable loan asset towards his taken investment

### **3.8 Analyze types of Investment**

#### **a. Consumer investment scheme (CIS)**

In order to expand the dwelling standard of humans this schemes is running in the bank. The major reason of this scheme is giving investment facility to humans for buying family articles.

Features:

Collateral: If the funding is move 3lack to 10 lacks, Taka sufficient collateral will be bought as per financial institution policy.

Other security: Personal guarantee, postdated cheques for month-to-month installment, Personal guarantee of relatives, Hypothecation of bought asset.

Investment parameter: Consumer merchandise such as TV, AC, Furniture etc.

Mode of investment: Bai-Muajjal (CIS).

Investment amount: Without collateral 3lack with collateral up to 10lack.

Rate of return: 15% (For employers who have 3years of unexpired carrier the price is13%).

Repayment duration and system: minimum 1 month, maximum 48 months (monthly Installment basis)

#### **B. Personal Investment schemes (PIS)**



In order to secure future wants of the people this scheme is running in the bank. This investment schemes is only for the humans who are self-employed or service holder dwelling in the area the place financial institution operates.

Features:

Collateral: without collateral.

Other security: Personal guarantee, postdated cheques for month-to-month installment, Personal warranty of relatives, Hypothecation of purchased asset.

Investment parameter: For marriage expenses, Hospitalization, Educational expenses

Mode of investment: Bai-Muajjal (PIS).

Investment amount: Without collateral 3lack with collateral up to 10lack.

Rate of return: 15% (For employers who have 3years of unexpired service the fee is13%).

Repayment period & system: Minimum 1month most 48 months (Monthly Installment Basis)

c. Auto/Car investment scheme

This investment scheme is solely applicable for a Bangladeshi resident who is a self-employed man or woman or a carrier holder and who has the potential to repay bank investment.

Features:

Collateral: without collateral.

Other security: Personal guarantee, Post dated cheques for month-to-month installment, Personal warranty of relatives, Hypothecation of purchased asset.

Investment parameter: For buying new reconditioned car.

Mode of investment: HPSM (CIS).

Investment amount: Maximum 20 lack.

Rate of return: 15%

Repayment system: Minimum 24 months maximum 78 months (Monthly Installment basis)

#### d. House finance investment Scheme

This scheme is solely for the Bangladeshi resident. In order practices for this investment customer have to have to post his/her nationality verification. The client needs to have the capability to repay bank investment.

Features:

Collateral & Other security: Registered mortgage, Verified web page plan, Power of legal professional of land, Personal guarantee, Post dated cheques for month-to-month installment, Personal warranty of relatives, Hypothecation of purchased asset.

Investment parameter: To construct new building or rebuild ancient structure.

Mode of investment: HPSM (CIS).

Investment amount: Maximum 70 lack.

Rate of return: 15% (Stipulated by way of the bank)

Repayment system: Maximum 240 months (Monthly Installment)

#### e. Consumer financial scheme

This scheme is only for professional like Doctor, Lawyer, and Engineers. The primary purpose of this scheme is to aid them for purchasing extraordinary equipment based on their

profession. To follow for this scheme purchaser should have to three years unexpired of provider and for self-employed minimum 2 years business record.

#### Features

Collateral & Other security: Personal guarantee, Post dated cheques for monthly installment, Personal assurance of relatives, Hypothecation of purchased asset, ICB certificates, Insurance over bank assets, Collateral protection will bought as per bank policy.

Investment parameter: To construct new building or rebuild ancient structure.

Mode of investment: HPSM (CIS).

Investment amount: Maximum 2 lack.

Rate of return: 15% (Stipulated with the aid of the bank)

Repayment system: Maximum 60 months (Monthly Installment basis)

#### f. Small employer investment scheme (SEIS)

In order to velocity country's small trade bank introduce this scheme. Skilled employees are recruiting for growth of this scheme.

#### Features

Collateral: Free

Other security: Personal guarantee, Post dated cheques for month-to-month installment, Personal assurance of relatives, Hypothecation of purchased asset,

Investment parameter: Manufacturing, service, Trade

Mode of investment: HPSM (SEIS) & Bai-Muajjal (SEIS) .

Investment amount: Maximum 5 lack.

Rate of return: As Stipulated by means of the bank

Repayment system: Maximum 36 months (Monthly Installment basis)

g. Grammen small investment small scheme (GSIS)

In order to socio-economic development of rural negative this scheme is introduce in 2001..

The strong point of this scheme is team primarily based investment scheme

Features

Collateral: Free

Other security: Personal guarantee, postdated cheques for monthly installment, Personal warranty of relatives, Hypothecation of bought asset,

Investment parameter: Manufacturing, service, Trade (Micro-level)

Mode of investment: HPSM (GSIS) & Bai-Muajjal (GSIS).

Investment amount: Maximum 50,000

Rate of return: As Stipulated via the bank

Repayment system: Maximum 50 weeks (weekly Installment basis)

h. Micro enterprise investment scheme (MEIS)

In order to provide precedence for the client who want cash more than the cottage industry but decrease than small organization the financial institution has added this scheme.

Features

Collateral: Free

Other security: Personal guarantee, Post dated cheques for monthly installment, Personal guarantee of relatives, Hypothecation of purchased asset,

Investment parameter: Manufacturing, service, Trade

Mode of investment: HPSM (MEIS) & Bai-Muajjal (MEIS) .

Investment amount: Maximum 10 lack

Rate of return: As Stipulated by means of the bank

Repayment system: Maximum 24months (Monthly Installment basis)

i. Rural agriculture investment scheme (RAIS)

In order to enhance up countries agriculture zone and inspire the marginal farmers banks has introduce this scheme.

Features

Collateral: Free as per bank decision.

Other security: Personal guarantee, Post dated cheques for month-to-month installment, Personal assurance of relatives, Hypothecation of bought asset,

Investment parameter: Agriculture product like crop fishers, cattle poverty alleviation.

Mode of investment: HPSM (MEIS) & Bai-Muajjal (MEIS) .

Investment amount: Maximum 10 lack

Rate of return: As Stipulated with the aid of the bank

Repayment system: Maximum 24 months or publish harvest single payment foundation (Monthly Installment basis)

### **3.9 Foundations of Fund**

AIBL primarily gathers finance from store, and cash originate from borrowings from the lender of the last resort which means central bank. The most significant period of their powerful money is in any case, Derived from the extraordinary classes of store account on the Islamic ideas of Al-Wadiah (safe custodianship) and Mudaraba (trust Financing). AIBL, Mohammadpur Krishi market Branch has likelihood to gather finance in two techniques, for example, 'primary' and 'Optional' sources. Those are given below:

#### **3.9.1 Primary Source**

**1. Reserves:** Each Islamic bank will keep up hold subsidize which is a necessity by the national bank. Before pronouncing any sorts of profit to the investor AIBL will move to the save store out net income of consistently after due arrangement has been made for Zakat and in extent of the web pay all together build up adequate reserve.

**2. Liquid Asset:** This bank is also necessary to hold consistently negligible amount of fluid resource against its store liabilities communicated as positive extent of the raids, as might be, protected every once in a while see recorded as a hard copy by the national bank.

#### **3. Borrowing from IBG**

Bangladesh bank lending money to the entire listed bank in within the border of the country and worked as lender of the last resort.

#### **4, Inter-Bank borrowing**

As a listed bank under Bangladesh Bank, AIBL can borrow money from other commercial banks which are actively working within the border. The borrowings are not free of cost. Under the process of inter-bank borrowing there is a high percentage of interest cost attached

with the borrowings. This borrowing and also lending is occurred for a very short period of time.

### **3.9.2 Secondary Sources**

#### **1. Enrollment of Deposits**

Prepare investment funds plus supply financial help to the investors are the prime concern of this bank. Such necessities are fulfilled by the Islami banking system. It gathers reserve funds of the normal people in line under Shariah. Strategies utilized by this bank are as per the following:

#### **2. AL-Wadiah Account**

AIBL get store in their Al-Wadiah account. This record is like the intrigue FICO evaluation record of store account. In like manner, financial specialists may draw back all or a bit of the money put away in this record without impediment. The term Al-Wadiah mean store of cash, enabling any individual to ensure the money in the record, the institute as guardian jam and secure keeps the cash kept.

#### **3. General Mudaraba Account**

This account of the bank is tip top from the money related records of a premium based financial instituiton. Mudaraba is a condition of huge business gets the spot one celebration supplies money and the various arrangements with the business through contributing work and time. Advantages made contract. In any case, in this game-plan, the bank is absolutely in charge of any hardship that may likewise be gained.

#### **4. Term Mudaraba Account**

Islami financial corporations get hold of remarkable sorts of mudaraba. This stores are generally for a fourth of a year, a half year, 12months, two years, and three years

## 5. Special Mudaraba Account

At the point when AIBL gets a Mudaraba financial assessment for' subsidizing in some particular business, segment or venture, the credit is calkj a "Unique Mudaraba Deposit".

This bank tries to give some excellent packages to the customer.

### 3.10 Investment Components Analysis

#### 3.10.1 Investment

(in Million)

Year of Investment	Amount of Investment
2018	261,874.13
2017	235,905.23
2016	196,519.38
2015	162,503.14
2014	146,740.37
2013	125,715.39

Table 04: Investment of AIBL

Source: AIBL financial statement.

The table shows us that from 2013 to 2017 the investment of AIBL has increased significantly. And in 2018 the volume investment is 261,874.13 millions.



### 3.10.2 Investment Growth rate of AIBL

YEAR	2015	2016	2017
Investment (in million)	162503.14	196519.38	235905.23
Percentage of growth rate	10.74%	20.93%	20.4%

Table 05: Growth rate of AIBL

Source Financial statement of AIBL

The table above demonstrates that the speculation has a dynamic example in 2015 there was 10.74% development in 2016 the venture became 20.93% and in 2017 there was a development of 20.4%.It can be reasoned that the bank's venture is developing step by step at a comparable rate.

### 3.10.3 Investment Income

(in Million)

Year	Investment Income	Profit Paid on Deposit	Net Investment Income
2018	24,956.81	16,256.81	8,700.20
2017	20,491.03	11,784.20	8,706.83
2016	18,830.15	9,957.73	8,872.42
2015	18,568.00	11,073.01	7,494.99
2014	19,725.91	12,616.77	7,109.14

2013	17,966.32	12,107.71	5,858.61
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Table 06: Investment Income of AIBL

Source AIBL annual report

The table shows that from 2013 to 2016 the investment income and net investment increased but in 2017 the net investment income decreased but the investment income increased. The reason behind that is the share dividend paid and that year the non-performing loan of the bank increased. After that in 2018 bank achieved a growth in both their investment income and net investment income in a volume of 24,956.81 and 8,700.20 million.

### 3.10.4 Non Performing Loan

The advance is non-performing when portion of interest and boss are past due by multi day or more, or if nothing else 90 days of interest portion have been advanced, renegotiated or deferred by comprehension, or portion are less that 90 days late, anyway there are other adjacent inspirations to scrutinize that portion will be made in full.

Year	Non-Performing Investment
2018	7,897.62
2017	9,921.51
2016	8,994.98
2015	7,713.67
2014	6,982.60
2013	3,598.83

Table 07: Non-performing loan of AIBL

Source AIBL annual report

Table shows the non-performing loan of AIBL. Because of the expansion of the investment in 2017 the non-performing loan has increased significantly in 2017. After that the management committee put a lot of pressure to recover the non-performing loan and the practice is going on through the system.

### 3.10.5 Investment of AIBL in Different sector

year	2014-2015	2015-2016	2016-2017
Agriculture	568402591	614658559	784584746
Industry	10277033743	14277033743	24279597484
Construction	1813385477	251512864818	3412988458
Transport	1050762021	1235762345	3435774906
Trade finance	23884464414	32786023198	41886353810
Miscellaneous	296034587	664253509	5186922383

Table 08: Investment in different sector

Source AIBL annual report

Table shows the sector wise disbursement of investment of AIBL.

### 3.10.6 Classified & Unclassified Investment of AIBL

Year	Unclassified investment	Classified Investment
2018	1,845.01	4,210.12
2017	1,723.04	3,096.15

2016	1,352.83	2,586.67
2015	1090.27	2,100.27
2014	9,38.27	1,518.78
2013	7,49.6	1,128.03

Table 09: Classified & Unclassified Investment

Source: Financial statement of AIBL.

With the increasing pressure in the investment department, this bank from 2013 to 2018 increased their both classified and unclassified investment. But the bank always focused to increase their classified loan more than the unclassified investments.

### 3.10.7 Provision Against Classified investment

Year	2015	2016	2017
IBBL (in million)	9391	9293	10075
AIBL (in Million)	1518	2100	2586

Table 10: Provision against loan.

Provision against classified funding used to be extended over the year for both AIBL and IBBL as their categorized funding also increased. This means to absorb the chance from categorized investment each bank multiplied their provision over the year. From the desk it is clear that IBBL reserve extra fund to soak up the danger than AIBL. Which indicate that AIBL funding policy is much less effective than IBBL.

### 3.10.8 Percentage of rate of return

Division	Percentage of ROR
Solar Electricity	10%
Grameen small Investment sector	10%
Investment on Agricultural sector	10-13%
Women entrepreneurship sector	9%
Rural area	10%
SME investment	10%
HPSM & others sector	14-17%

Table 11: Return on Investment

Source: Financial statement of AIBL

## Chapter 4

### Lessons acquired from Internship

#### 4.1 From Internship

Capacities and Experience: Aptitude and experiences are the most important things that I have learned from the brief position at AIBL. No one can get these things from the academic educational period. Currently I trust I am an improved person and I would have the option to play out my test all around absolutely and in time.

To be Responsible: Working in this company as an intern made me liable and the work gave by the supervisor made me answerable in such situation that helps me for my further advances in life.

Approaches to beat Fear: Before going to the entry level position programming I used to fear the venture yet now I perceive how to evade superfluous dread and capacity with the exception of being concerned this maxim just made me quick anyway likewise picked up me the vitality to work under strain.

Corporate Attitude: Before diverting into a person from AIBL as understudy I used to be essentially an understudy, I required ideal information of corporate direct and temper. My works at AIBL made me study how to talk, act, and be on the corporate control close-by with sensible sitting position.

Collaboration: I comprehended the hugeness of stimulating in gatherings, we the understudies have been given endeavors in gatherings, starting there I made sense of how to work in term with enterprising nature and do the incredible firm introduction.

## **Chapter 5**

### **Findings and Recommendation**

#### **5.1 Outcomes of the report**

Among all other banks, AIBL is one of the most prestigious Islamic banks in our country, who concentrated on present day Islamic money related system. This bank for the most part need ensure about its ability in the business by techniques for initiating its store and making beautiful hypothesis. During my entrance level position I obtained a couple of revelations about the bank which are as per the following:

- AIBL need quality HR in hypothesis office, along these lines their installment system requires huge time.
- AIBL needs remarkable techniques for speculation at all the branch because only one out of every odd one of the branches is allowed to give financing under Mudaraba and Musharaka mode.
- Among extraordinary modes AIBL solidly needed Bai-Muajjal strategy for hypothesis; about 38.60% of their complete endeavors are made underneath this mode in 2016.
- At Mohammadpur branch AIBL intently make interests in Bai-Muajjal mode underneath benefactor speculation conspire. In 2016 their subsidizing arrived at 979,180,000 TK, which was before the ideal in all modes that Mohammadpur branch permitted.
- AIBL adventure recovery cost wavered all through the financial period.
- In 2016 AIBL needs Quard, Mudaraba, Musharaka technique for theory take a gander at to IBBL which shows slight point in AIBL adventure frameworks & approach
- AIBL seriously make premiums in mechanical part, 49.10% of their sponsoring made in this zone while various Islami banks like IBBL make premiums in the whole cost-beneficial division of the country. AIBL moreover need enthusiasm for the progression exercises of the country.
- AIBL needs financing all the parts of the country to develop the whole country from which it mainly focused on Dhaka that's need their almost 80% investment. While unmistakable Islami banks, for instance, IBBL spread out their financing in all over Bangladesh.
- AIBL subsidizing pay is becoming over the yr yet assess to IBBL which is never again huge.

- AIBL speculation strategy isn't invaluable in the entire area and AIBL didn't actualize
- Its venture strategy while putting resources into exceptional segments.

## **5.2 Recommendation**

As an intern in AIBL was before an outright delight for me; from that point I have found such a significant number of significant sores about the organization culture. Notwithstanding while at the same time doing my step by step work at the Mohammadpur part of AIBL I have come all through a portion of disputes which must be development. I have incorporated those in this recommendation part fit as a fiddle with the goal that those issues can be given inclination and dealt with soon.

- This bank should raise proficient labor to do its fiscal exercises extra productively. Such a significant number of the representatives don't need to accomplish more work.
- The Bank needs to go forceful and special activities fit as a fiddle of CSR to get an expansive geographic inclusion.
- The specialist of AIBL present additional progressive and modern Client administration for stay focused like mobile application for installment.
- Decrease the amount of suspicious returns considerably.
- Inclusion of more noteworthy methods of financing and store instrument principally dependent on the Quran and Sunnah.
- It has to improve the office facility for its representatives.
- They should advertise their self by way of veritable Islami Sariah grounded absolutely bank in the direction of limit false impression among individuals who accept they retitled enthusiasm, income for beguiling them.



- AIBL need to likewise fixate of consideration on the promoting perspectives to tell clients about their items and contributions and additional publicizing should be agreed to lure new client.
- The main objective of Hajj package is that in a very disastrous situation one can perform his/her holy hajj.
- Presently world is getting quick. Presently a large portion of the banks open online client administration framework. So as to contend on the planet showcase they should receive web based financial framework.

### **5.3 Conclusion**

After completing all the theoretical courses of under graduation, a student achieves practical knowledge from doing internship in an organization which is the main objective of internship program. AIBL helped me doing internship in their mohammadpur krishi market branch for a limited period of time which is three month and I have worked the entire department in this local office through my internship which helped me understand the operation activity but not in depth for the limitation of time. However I have tried fully from the starting to achieve the objective of the internship program.

AIBL is a non-government commercial bank under the Shariah council which followed the standard of islami banking according to the Quran and Sunnah. This bank is able to establish a milestone for the economic development of the country. A lot of misconception about the islami bank now a days gradually removed from the mid of people as a result they are more attracted to the islami banking. Customers are gradually becoming more benefited as there is no quarterly interest is charged and there is no chance of interest converted into principal under islami banking.

Providing customer satisfaction is the prime concern of this bank because it worked in a service industry. This paper shows us that this bank is able to satisfy their customer with their services and also trying to compete with the conventional banking sector. It tries to improve their technology to attract and satisfy the customer service and to achieve sustainable growth this bank should be more concern about the investment procedure. Because most of the credit risk is related with the investment with carry the bigger part of profit for the company.

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## **Appendix A.**