

Internship Report On

“Investment Management”

- A case study
Of



Social Islami Bank Ltd.
Social Islami Bank Ltd.

[This Internship report is submitted for the Partial fulfillment of the
Degree Masters of Business Administration with a
Major in Finance & Banking]

Prepared By

Saifur Rahaman

ID No: 13164038

Program: MBA

Major: Finance & banking

Semester: Autumn- 2015

Internship Duration: October 22 to December 22, 2015
Submission Date: 10 January 2016.

Masters of Business Administration
BRAC Business School

Topic of the Report

“Investment Management” - A Study on Social Islami Bank Limited, Baryarhat Branch, Chittagong

[This Internship report is submitted for the Partial fulfillment of the Degree Masters of Business Administration with a Major in Finance & Banking]

Prepared By:-

Saifur Rahaman

ID No: 13164038

Program: MBA

Major: Finance & banking

Semester: Autumn- 2015

Supervised by: -

Ma... Haq

Associate professor

Masters of Business Administration

BRAC Business School

Signature of the Supervisor

LETTER OF SUBMISSION

3January 2016.

To

The Head

Masters of Business Administration

BRAC Business School

Subject: Submission of Internship Report.

Dear Sir,

It is my great contentment to submit the internship report on “Investment Management” – A study on Social Islami Bank Limited, Baryarhat Branch, and Chittagong. I have tried my level best to furnish my report with relevant data, which I have collected during three months internship conduction period.

I made sincere efforts to study related materials, documents, observe operations performed in Social Islami Bank Limited and examine relevant records for preparation of the report.

I beg your kind excuse for the unintentional errors that may take place in the report in spite of my best effort. I hope that you would be kind enough to accept this report. .

Yours Faithfully,

.....

Saifur Rahaman
Program: MBA, ID No: 13164038
Major In Finance & Banking
BRAC Business School

Acknowledgement

Praise to Almighty Allah, the creator & sustainer who have given me the opportunity & scope to complete this Research Work successfully. It is indeed a great pleasure & honor on my part to have the opportunity to submit this report after practical scrutiny on Social Islami Bank Ltd. I have got earnest assistance from so many people during my thesis work that spread their hands to me for preparing this report.

I would like to thank my Hon'ble supervisor **Mahmudul Haq**, associate professor in Masters of Business Administration of Brac Business School for his valuable Guidance, advice and continuous support to prepare this report.

I am very much grateful to **Md Mosarrof Hossain**, Assistant Vice-President & Manager of SIBL, Baryarhat Branch, ctg.,

Finally, I also like to thanks to all the officers, staffs & members of SIBL, Baryarhat Branch for providing me direct or indirect help to complete this report.

BANKING SYSTEM OF SOCIAL ISLAMI BANK LIMITED



EXECUTIVE SUMMARY

Social Islami Bank Limited (SIBL), Baryarhat Branch commenced its commercial operation in accordance with principle of Islamic Shariah on the 15th October 2010 under the Bank Companies Act, 1991. SIBL has already made significant progress within a very short period of its existence. The purpose of the bank is to become “The Bank of Choice” in the communities.

The formal corporate sector, Social Islami bank ltd. would, among others, offer the most up-to date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills effecting domestic and international transfer, leasing of equipment and consumer durables, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industrial, agricultural , transport, educational and health projects and so on.

In the Non-formal non-corporate sector, it would, among others, involve in cash Waqf Certificate and development and management of WAQF and MOSQUE properties, and Trust funds.

In Islamic shariah investment is the action of deploying funds with the intention and expectation that they will earn a positive return for the owner. Funds may be invested in either real assets or financial assets. The purchase of legal right to receive income in the form of capital gains or dividends would be indicative if financial investments. When money is deposited with an Islamic bank, in turn, make investments if different forms approved by the Islamic shariah with the intent to earn a profit. Not only a bank, but also an individual or organization can use Islamic modes of investment to earn profits for wealth maximization. Investment is the most profitable as most risky function performed by SIBL.

The study is related to investment management of SIBL, Baryarhat Branch. There are eight chapters in this study First chapter is related to “Background of the Study”. In this chapter there are purpose of the Study, Methodology, sources of data & limitation of the report.

Second chapter is related to “Overview of the SIBL”. I tried to give an idea about overview of SIBL. It is an interest free bank. It operates the banking system on the basis of Islamic Shariah. Third chapter is related to “Introduction to Investment Facilities” of SIBL. This chapter mainly discusses about the Processing of Investment, selection criteria etc.

Fourth chapter is related with the “Security of Investment of SIBL”. In this chapter definition of Security, Security valuation, types of security are discussed. Fifth chapter is related to “Different Modes of Investment of SIBL”. This chapter mainly is discussed about the activities of Investment Modes from different view point. Sixth Chapter is related to “SME investment Mode of SIBL”. What is SME, different SME mode, Approval Chart of SME etc. have been discussed. Seventh chapter is related to “Performance Evaluation of SIBL Through Investment Data”. In this chapter different charts and diagram are used for analyzing the data.

Eight chapters are related to identify problems & to suggest necessary measures to overcome the identified problem and also SWOT analysis. The department of SIBL, Baryarhat Branch is running efficient hands but some problems have been identified from investment sector. To overcome these problems, SIBL may follow those suggestions to provide better services to the customer.

Chapter – 1

Overview Of Social Islami Bank Ltd.

The organization part

1.0 Introduction:

Banking is one of the most heavily regulated businesses in the world. Banks are the most important financial institutions in an economy. They are the principal source of credit for millions of individuals and families and for many units of Government. Globalization in the banking sector has thrown up opportunities as well as challenges. Competition is getting edge day by day. It paces with the continuous development accruing in the tremendous competitive environment.

To keep pace with this situation, we need banking knowledge for future career. If we want to build up our career in banking area, only theoretical knowledge would not help us. As internship program is established to gather practical knowledge regarding various sector of economy.

Bank acts as a financial intermediary between actual lenders and actual borrowers. For doing lending business, a bank has to face lots of uncertainties or risks. In short, lending is a risky business but profitable also. Actually, the profit or income of the bank directly related to the loans and advance or investment sector of bank. And this sector has the opportunity to do more diversified and creative task than other areas or sectors of the bank.

I have completed my internship program at Social Islami Bank Limited (SIBL). The duration of my program was three months and during this period, I have tried my best to get knowledge about their overall banking operation especially on their investment management and risk analysis with special emphasis on their performance observed that there is a great difference between theoretical knowledge and practical knowledge. I learned many terms, functions and nature of banking activities and also get practical knowledge regarding organizational environment.

1.1 History & background of Social Islami Bank Limited.

Bangladesh economy has been experiencing a rapid growth since the '90s. Industrial & agricultural development, international trade, inflow of expatriate Bangladeshi workers remittance, local and foreign investments in construction, communication, power, food processing and service enterprises gone ahead in an era of economic activities. A group of highly acclaimed business men of the country grouped together to responded to this need and established **Social Islami Bank Limited in the year 1995.**

Social Islami Bank Limited an interest-free Shariah bank in Bangladesh incorporated as a banking company on 5 July 1995 under the company's act 1994. It commenced banking operations on 22 November 1995 with an authorized capital of Tk.1, 000 million divided into 1 million ordinary shares of Tk. 1,000 each. The initial paid up capital was Tk. 118.36 million fully subscribed by its 38 sponsors including 3 Arab nationals. The paid up capital was enhanced several times and stood at Tk. 2691.72 million as on 31 December 2009. The bank is listed with the Dhaka & Chittagong Stock Exchange. In 2000 total liabilities and shareholders equity of the bank stood at Tk. 3555.75 million at the end of the year 2009.

1.2 The Objectives of SIBL:

From time immemorial Banks principally did the functions of moneylenders or "Mohajans" but the functions and scope of modern banking are now-a-days very wide and different. They accept deposits and lend money like their ancestors, nevertheless, their role as catalytic agent of economic development encompassing wide range of services is very important. Business, commerce and industries in modern times cannot go without banks. There are people interested to abide by the injunctions of religions in all sphere of life including economic activities. Human being is value oriented and social science is not value-neutral. Social Islami Bank Ltd. believes in moral and material development simultaneously. "Interest" or "Usury" has not been appreciated and accepted by "The Tawrat" of Prophet Moses, "The Bible" of Prophet Jesus and

“The Quran” of Hazrat Muhammad (SM). Their efforts for banking without interest, Social Islamic Bank Limited avoids “Interest” in all its transactions and provides all available modern banking services to its clients and want to contribute in both moral and material development of human being. No sustainable material well being is possible without spiritual development of mankind. Socio-economic justice and brotherhood can be implemented better in a God-fearing society.

Other objectives of Social Islami Bank Ltd. include:

- To establish interest-free and welfare oriented banking system.
- To help in poverty alleviation and employment generation.
- To contribute in sustainable economic growth.
- To establish justice in whole economy and business.
- To establish participatory banking instead of banking on debtor creditor relationship.

1.3 Vision of SIBL

Social Islami Bank Limited started its journey with the concept of 21st Century Islamic participatory three sector banking model: **a) Formal Banking Sector**- Commercial Banking with latest technology; **b) Non-Formal Banking Sector** -Family empowerment Micro-Credit & Micro-enterprise program and c) **Voluntary Sector** - Social Capital mobilization through CASH WAQF and others. Finally, “Reduction of Poverty Level” is the Vision of SIBL, which is a prime object as stated on Memorandum of Association of the bank with the commitment “Working Together for a Caring Society”.

1.4 Mission of SIBL:

- High quality financial services the latest technology.
- Fast, Accurate and Satisfactory customer service.
- Balanced & sustainable growth strategy.
- Optimum return on shareholders' equity.
- Introducing innovative Islamic Banking products.
- Attract and retain high quality human resources.
- Empowering real poor families and create local income opportunities.
- Providing support for social benefit organizations - by way of mobilizing funds and social services.

1.5 Departments of Social Islami Bank Limited:

1. Information & Communication Technology
2. Financial Administration Division
3. Global Services Division & Foreign Trade
4. Logistic Support Division
Managing Director's Secretariat
5. Business Development & Marketing Division
6. Internal Control & Compliances Division
7. Chairman's Secretariat
8. Share Division
9. Board Secretariat
10. Human Resources Division
11. Shariah Board Secretariat
12. SIBL Training Institute
13. Non Formal & Voluntary Banking Division
14. Law & Recovery Division
15. Board Audit Cell
16. MIS, Planning & Research Division
17. Internal Control & Compliance Division

18. Investment Risk Management Division

19. Small & Medium Enterprises Department

1.6 Strategies of SIBL:

(i) Corporate level

Currently Social Islami Bank Ltd. (SIBL) does not have any corporate level strategy.

(ii) Business level

Social Islami Bank Ltd. (SIBL) follows Islamic Banking Business strategy. We have identified some of their strategies that can be considered as business level strategy. They are described below:

(A) Differentiation:

Social Islami Bank Ltd. (SIBL) has a highly professional set of employees. So the service, they provide to the customer is of higher quality than its competitor. For example, the customers have to wait for a shorter period of time to deposit money or to get other services. Thus they are differentiating their services through providing higher quality.

(B) Quick response:

In Social Islami Bank Ltd. (SIBL), the management can respond quickly to environmental changes. This is because the owners and management are considered as separate entities in Social Islami Bank Ltd. (SIBL) and so they can make decisions independently. Moreover, the management is very much experienced and has good relations with other concerned parties

(iii) Financial strategy:

The financial strategy of Social Islami Bank Ltd. (SIBL) is to “buy liabilities” i.e. the bank wants to increase their deposit base as much as possible. For banks, deposits are the liabilities, which is their source of funds. The deposit base also helps to increase customer confidence and support in their investment activities

1.7 Board of Directors:

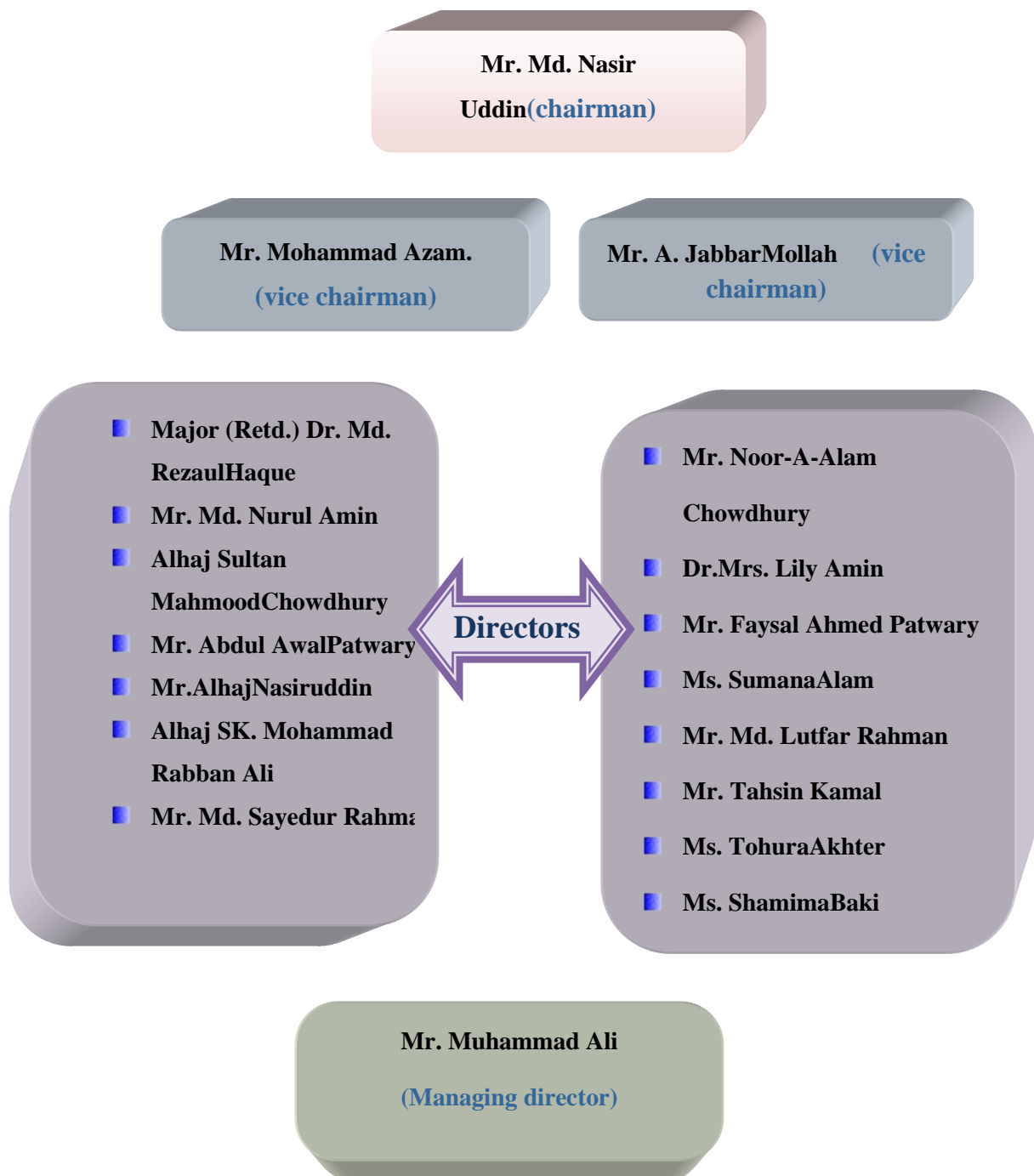


Figure: 1 (Board of Director

1.8 Organizational Structure of SIBL

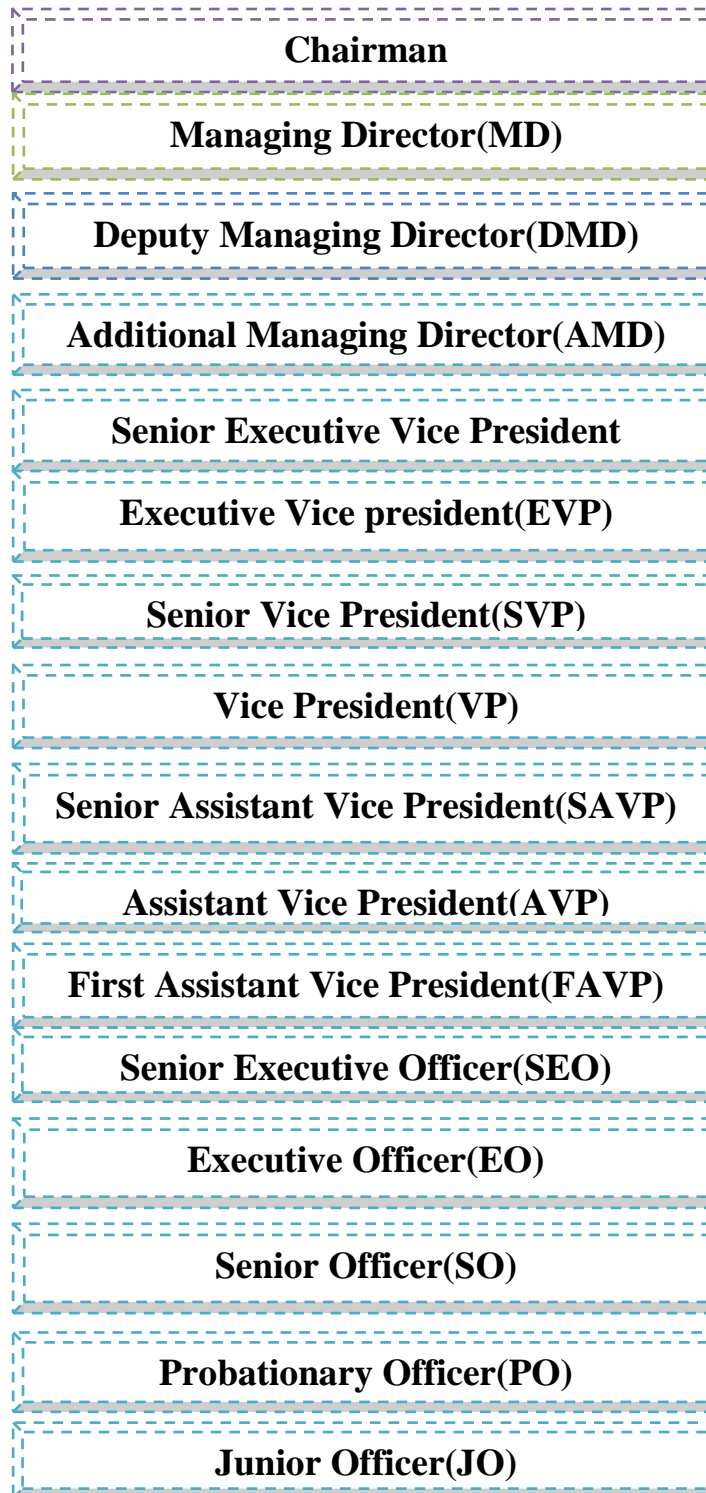


Figure: 3 (Organizational Structure)

1.9 Organizational Hierarchy of SIBL (Halisashar Branch)



Figure: 4 (Organizational Hierarchy (Halisashar branch).

1.10 Corporate Information

| | |
|-----------------------------------------------|---------------------------------|
| Date of Incorporation | 5 th July 1995 |
| Date of receiving Banking license | 22 nd November, 1995 |
| Listing with Dhaka Stock Exchange | November, 2000 |
| Listing with Chittagong Stock Exchange | October, 2005 |
| Share holders' equity | Tk. 980.70 million |
| Operating Profit | Tk. 295.90 million |
| Total Assets | Tk. 19,691.53 million |
| Authorized Capital | Tk. 4,000.00 million |
| Paid Up Capital | Tk. 585.00 million |
| No. of Share holders | 1432 |
| No. of Branches | 76 |
| Manpower | 874 |

Figure:5(Corporate Information)

1.11 Functional Area of SIBL:

The Bank is carrying out commercial, corporate, investment and retail banking related services as follows.

- Corporate Finance.
- Correspondence Banking.
- Lease Financing.
- Retail Banking.
- Industrial Financing & Trade Financing.
- Foreign Exchange.
- Online Banking.
- Syndicated Finance.

1.12 Branch Network of SIBL:

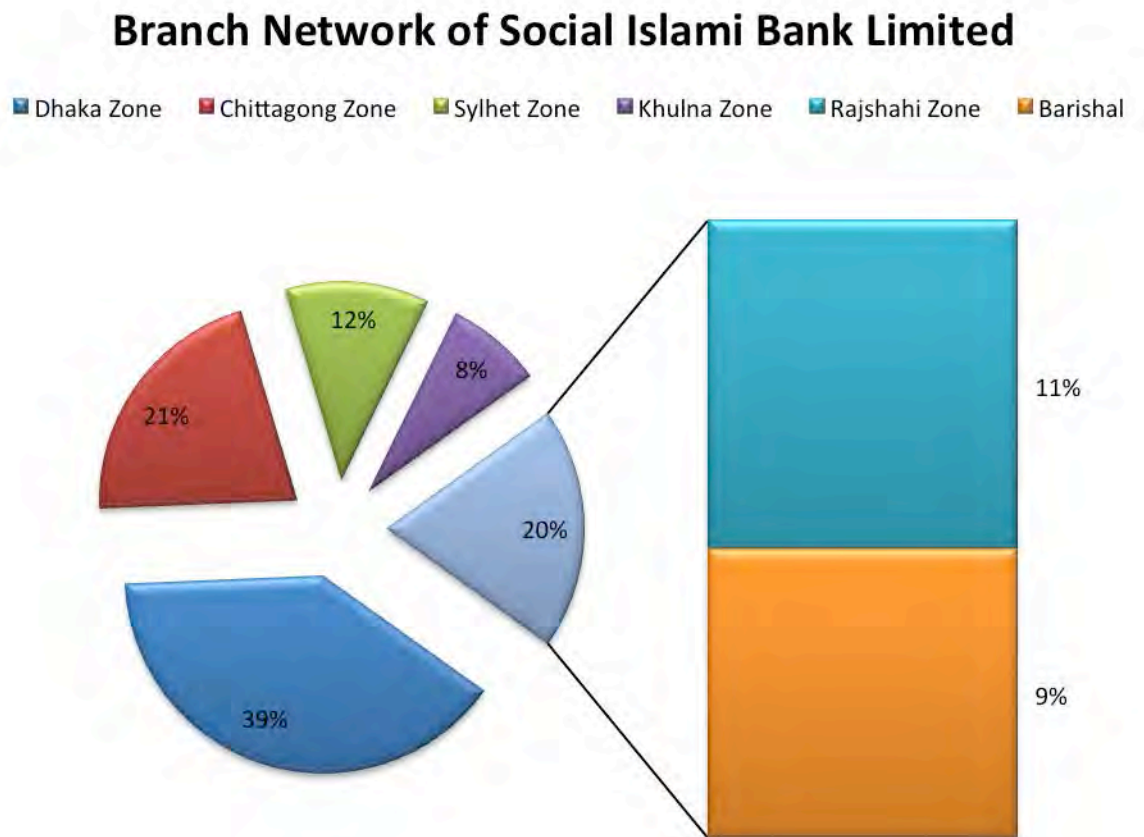


Figure: 6(Branch Network)

1.13 Major Bank Services of SIBL:

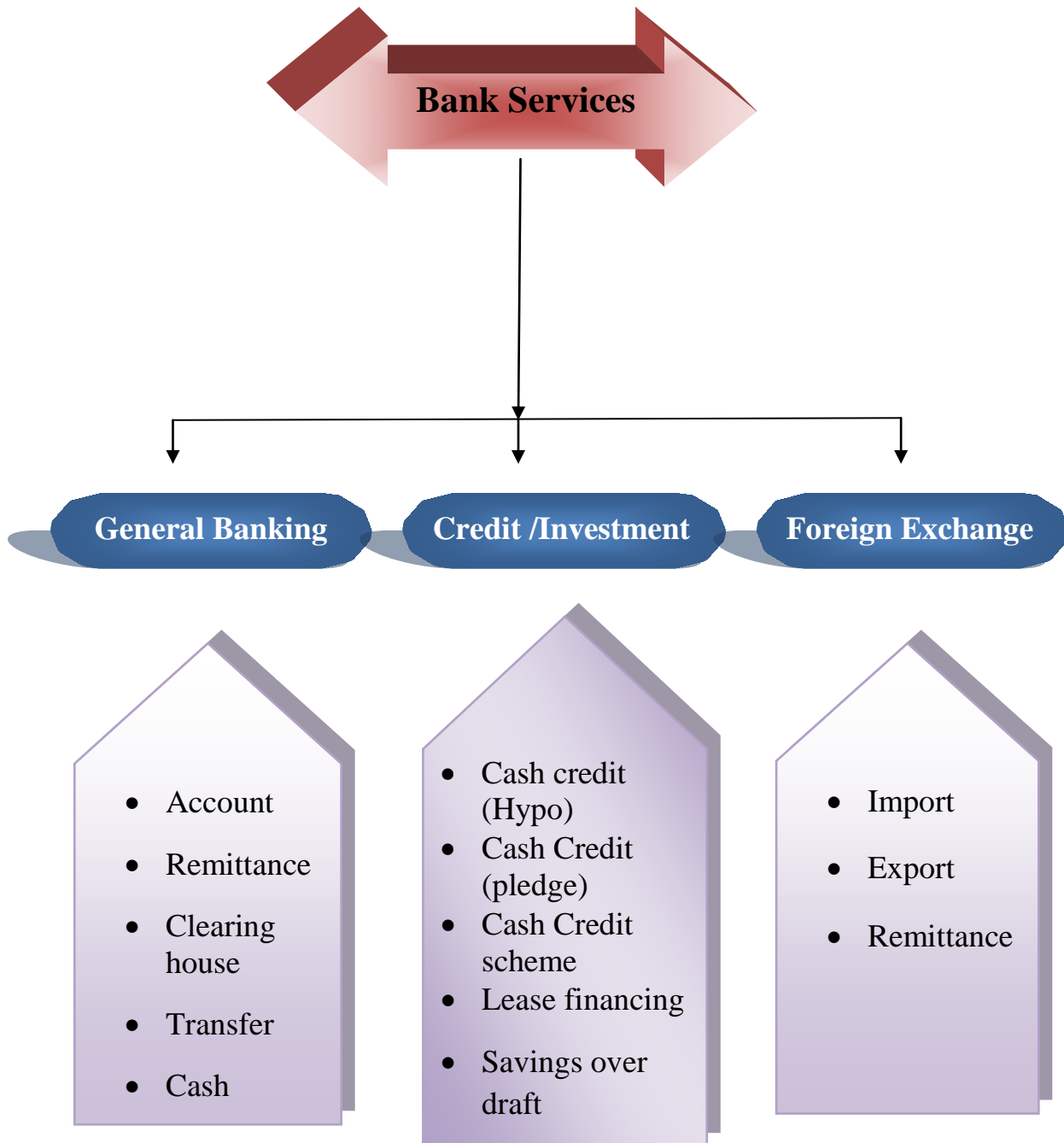


Figure: 7(Branch Network)

1.14 Products and Other Services:

1. DEPOSIT PRODUCTS:

- Al-Wadiah Current Deposit.
- Mudaraba Savings Deposit.
- Mudaraba Term Deposit.
- Mudaraba Notice Deposit.

2. DEPOSIT SCHEMES:

- Mudaraba monthly profit deposit scheme.
- Hajj deposit scheme.
- Mudaraba millionaire scheme.
- Mudaraba special savings (pension) scheme.
- Mudaraba term savings scheme based on monthly deposit.
- Mudaraba education saving scheme.
- Mudaraba bashastan savings scheme.
- Mudaraba double benefit deposit scheme.
- Mudaraba lokhopoti deposit scheme.
- Mudaraba foreign currency term deposit scheme.

3. VOLUNTARY SERVICES:

- Cash Waqf Scheme.
- Mosque Waqf Property Development Scheme.
- Online Account.

Job part

2.0 Nature of the Job

| | |
|---------------|------------------------------------------------------------|
| Job Title: | Intern |
| Department: | Loan and Credit Section. |
| Reporting To: | Manager |
| Job Posting: | Social Islami bank Limited ,Baryarhat Branch., Chittagong. |

2.1 Specific Responsibilities of the Job

My job responsibility or my roles in the job are given below:

- Handle Financial management related activities.
- Maintain sometimes general Banking activities like account opening check book issue etc.
- Monitor and observing monthly loan repayment installment.
- Prepare monthly investment and loan collection statement.
- Prepare various reports & letters on financial management.
- Maintain liaison with other dept. regarding day-to-day activities and coordinate.
- Assist to my supervisor to prepare a loan proposal in favor of customer.
- Visit, Monitor and check the asset valuation before the load approved.

2.3 Different aspects of the Job:

Financial manager aspect to supervise the preparation of financial reports, guide investment activities, and execute cash-management strategies. Financial managers spend much time developing strategies to help the organization realize its long-term goals.

- To establish interest-free and welfare oriented banking system.
- To help in poverty alleviation and employment generation.
- To contribute in sustainable economic growth.
- To establish justice in whole economy and business.
- To establish participatory banking instead of banking on debtor creditor relationship.

2.4 Critical Observations & Recommendations

Through my internship program I have observed & learned how to maintain sometimes-general Banking activities like account opening check book issue etc. Prepare monthly investment and loan collection statement. Prepare various reports & letters on financial management. Maintain liaison with other dept. regarding day-to-day activities and coordinate. Assist to my supervisor to prepare a loan proposal in favor of customer. My major achievement was to be a part of operational process Islamic banking system with conventional system. The investment policy of the Bank is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shariah. In conventional banking investment means loans which is the most vital of those services is granting loans, particularly loans used to support business investment and consumer spending in the local community. Investments literally stand between cash, loans and deposit. When money is deposited with the Bank, the bank in turn, makes investments in different forms approved by the Islamic Shariah with the intent to earn profit

Project part

3.1 Origin of the report:

No knowledge is fully complete unless it is fully supported by event on growth. Nobody in this competitive arena will be successful until he/she is not linked with practical orientation. This realization is more pronounce in the study of Business Administration where experience on ground plays a dominant role.

Internship is a requirement offered by International Islamic University, Bangladesh, is an object-oriented discipline that has to focus on the theoretical and practical aspects of the learning outcome. Consequently, every student of the program is asked to get involved in practical knowledge to experience the feel of the real professional responsibilities, which is called internship program. Being a student of BBA with major in Finance and minor in HRM I had the opportunity to complete my internship program at Social Islami Bank Ltd. Haliashahar Branch, Chittagong, Bangladesh. I have tried my best to use this opportunity to enrich my knowledge on the assigned topic “Investment Management”. After observing thoroughly, I have completed this report on the basis of my finding and observing relating to the topics.

3.2 Objectives of the Study:

The main objective of the study is to know the investment management of the SIBL.

The specific objectives of the study are as follows:

- To know about investment facilities of SIBL.
- To know different modes of investment of the SIBL.
- To evaluate the performance of SIBL accordingly as investment management of sample branch.
- To identify the problems related to investment management of the SIBL.
- To suggest necessary measures to overcome the identified problems.

3.3 Methodology:

Methodology comprises of all the activities that is required to conduct the study and generate it into a report. In the following sections the methodology of the research have been described on the basis of research design, sample design, data collection methods, fieldwork and data analysis.

3.3.1 Research Design:

- **From the view point of Function:** the research design is descriptive in nature, because it is based on investment management department.
- **From the viewpoint of nature of data:** both qualitative and quantitative research. This is because I have used both qualitative and quantitative data to know the investment management.
- **From the viewpoint of research place:** it is both a desk and field research.
- **From the viewpoint of objective:** this research is an applied research as the research is conducted to answer some specific questions.
- **From the viewpoint of nature:** as this research report evaluates the investment management department so from view point of nature it is related to evaluation.

3.3.2 Sampling Design:

The target population for the research was customers of SIBL, Haliashahar Branch, Chittagong. Each customer who has taken service from SIBL's investment management department is a sampling unit. In particular, the researcher has purposively or conveniently chosen all those customers who have been involved in getting services from SIBL's investment management. To select the sample respondents, a list of all regular customers who had experience with loan facilities of SIBL has been gathered and this is the sampling frame. The list was carefully made to draw sample of respondents having different professions and education levels. The sampling technique therefore used for the research was judgmental or non-probability sampling and the sample size were 10.

3.3.3 Method Of Data Collection:

The research is based on a combination of both primary and secondary data.

a) Collection of Data:

This report is an exploratory and descriptive one in nature. Among primary and secondary source, most of the data has been collected from the secondary sources.

Primary sources of information:

- Face-to-Face conversation with the respective officials.
- Face-to-Face conversation with the clients of the bank.
- Sharing practical knowledge of officials.

Secondary sources of information:

I have collected secondary data through the following means:

Internal Sources:

- Annual Report of SIBL.
- Various publications of Bangladesh Bank.
- Prospectus of SIBL
- Bank's financial statement.
- Bank's daily affairs.
- Different files and leaflets and the training manual of the bank..
- Website. www.siblbd.com

External Sources:

- Relevant books, Journals.
- Relevant websites.
- Bangladesh Bank Reports and regulations for foreign exchange and others.

After collecting the needed data by using the above sources these were analyzed to derive the relevant findings. These were then incorporated in the internship report.

b. Segregation of Data:

Collected data were segregated from the source material for the purpose of preparing this report.

c. Processing of Data:

Collected data were compiled and processed for the purpose of preparing this report.

d. Presentation of data:

Collected data were compiled in chart and tables and presented in the body of the report

3.3.4 Method Of Data Analysis:

After getting all the data from the survey, I tried to analyze those through the questionnaire in order to measure the level of satisfaction from the customer's point of view. The whole survey is analyzed by SERVQUAL method which refers to service quality- includes reliability, responsiveness, assurance, empathy as well as tangibles. For the quantitative section of the report, percentiles were used as multiple series of data were compared. Means were used to find the average score of the intervally-scaled questions. The data collected are presented in cross-tabulation. Moreover, bar charts are used for graphical representation of data.

■ Method of analyzing the Questionnaire

The structured questionnaire was prepared using only close-ended questions. The close-ended questions were prepared in a five point Likert type Scale. In order to make the questionnaire effective and to easily understand by the respondent, attention was given to the questions language so that it can be clear and straight forward, technical terms are avoided and maintaining sequence in preparing the questionnaire. The questionnaire designed to measure investment management department. There are five options or answers for each question were chosen and these are Strongly Agree, Agree, Moderate, Disagree and Strongly Disagree. Each question has a highest score of 5 and lowest of 1. The response "Strongly Agree" is assigned a score of 5, "Agree" is assigned a score of 4, "Moderate" is assigned a score worth 3, "Disagree" is assigned a score of 2 and "Strongly Disagree" is assigned a score of 1. Individual score of each option was calculated by

multiplying respondent number with assigned score (like, for the options: strongly agree it will multiplied by 5). The total score of each question is calculated by adding up different points given by different respondents for each question and then the mean score is calculated

3.4 Scope of the Study:

Research project was conducted with a view to know about the overall banking operations of the SIBL, Baryarhat Branch, Chittagong. But the scope of this study is limited to the Baryarhat Branch. The subject matter of that was discussed here is confined to “Investment Management” of Social Islami Bank Limited (SIBL), Baryarhat Branch, Chittagong.

3.5 Limitations of the Study:

It was an amazing part of our entire educational life to have internship with an organization to gather practical experience which we have not seen before. I tried with all my efforts to properly understand the internship meaningful. Although I have to admit that there were some barriers, which I could not overcome.

Limitations of this report are mentioned below:

- Through the official tried to assist, their working pressure could not give us that proper assistance we needed.
- Lack of experience.
- Time limitation was the constraints of the study
- Client and customer are also busy and not always helpful.
- It was unable to reach big parties to discuss about their investment matters.
- It was also hard for me to collect various numerical data of investment and risks. Because various banks and financial institutions think that it may be broken their secrecy.
- The banks and financial institutions don't arrange the data systematically. My personal limitations also contributed greatly in making the study

4.1 Overview of Investment:

Islamic banks are established in developing countries like Bangladesh and are a large private sector bank. The investment policy of the Bank is to invest on the basis of profit-loss sharing system in accordance with the tenets and principles of Islamic Shariah. In conventional banking investment means loans which is the most vital of those services is granting loans, particularly loans used to support business investment and consumer spending in the local community. Investments literally stand between cash, loans and deposit. When money is deposited with the Bank, the bank in turn, makes investments in different forms approved by the Islamic Shariah with the intent to earn profit.

In Islamic shariah investment is the action of deploying funds with the intention and expectation that they will earn a positive return for the owner. Funds may be invested in either real assets or financial assets. The purchase of legal right to receive income in the form of capital gains or dividends would be indicative if it's financial investments. When money is deposited with an Islamic bank, in turn, make investments if different forms approved by the Islamic shariah with the intent to earn a profit. Not only a bank, but also an individual or organization can use Islamic modes of investment to earn profits for wealth maximization. Investment is the most profitable as most risky function performed by SIBL.

4.2 Objectives of Investment Operation:

- To invest fund strictly in accordance with the principles of Islamic Shari'ah.
- To diversify its investment portfolio by different perspectives.
- To ensure mutual benefit both for the bank and the investment client by professional appraisal of investment proposals, judicious sanction of investment, close and constant supervision and monitoring thereof.
- To made investment keeping the socio-economic requirement of the country in view.
- To increase the number of potential investors by making participatory and productive investment.

- To finance various developments schemes for poverty alleviation, income and employment generation with a view to accelerate sustainable socio-economic growth and for uplift of the society.
- To invest in the form of goods and commodities rather than give out cash money to the investment clients.
- To encourage social elevation of enterprises.
- To neglect even highly profitable investment in fields forbidden under Islamic Shari'ah and harmful for the society.

4.3 Undertaking's Particulars on Investment:

When a person comes for any investment facilities, then the bank at first takes the following documents:

1. Export registration Certificate (ERC).
2. Import Registration Certificate (IRC).
3. Individual TIN Certificate (In case of Personal Business).
4. Company TIN Certificate (In case of Company).
5. National ID Card of the Persons.
6. Trade license of the organization.
7. Personal Data (Name, Address etc.).
8. Other liabilities' documents held on other financial institution.

4.4 Processing of Investment Proposal:

After proper appraisal, investment proposal should be processed for Head office approval. The proposal should accompany the following papers or documents:

1. Application of the client.
2. Photograph of the client duly attested by the branch incumbent.
3. CIB inquiry form duly filled by the client.
4. Up-to date trade license.
5. Up-to date TIN certificate.
6. IF-48 and IF-49 duly filled by the client.
7. Resolution of the Board of Directors regarding investment from SIBL (In case of limited company)
8. Memorandum and Articles of Association(In case of limited company).
9. Certificate of incorporation (In case of limited company).
10. Certificate of commencement of business(In case of limited company).
11. Registered partnership deed(In case of partnership company).
12. Legal opinion on collateral security.
13. Letter of consent along with attested photograph of the mortgagor(In case of 3rd party mortgagor).
14. Valuation certificate by the bank's panel surveyor.
15. Valuation certificate by branch officials as per Head office format.

16. Manager's certificate of genuineness of collateral security as per Head office format.
17. Visit report on the client's business establishment.
18. Declaration of assets & liabilities of the client.
19. Declaration of movable assets of the client.
20. Declaration of stock in trade.
21. Profit & loss A/C of last three years(In case new company, projected Profit & Loss A/C is to be taken).
22. Balance Sheet of last three years (In case new company, projected Balance Sheet is to be taken).
23. IRG (Investment Risk Grading).
24. Statement of AWCD/MSD A/C of last one year.
25. Cost estimate (In case of HPSM (RE) investment).
26. Projected Income Statement (In case of HPSM (RE) investment).
27. Copy of work order (In case of bank guarantee facility).
28. Project profile (In case of project investment).

4.5 Selection of Borrower:

Most fundamental thing is the person behind the enterprise. Integrity & reliability of the person to be considered first. Conventional bank's reviews 5 C's, 5 P's, 5 R's etc. approach for lending decision on a prospective applicant. Here SIBL also likes to interpret 5 C's very briefly:

(A) Character:

Character of borrower denotes many things viz honesty, integrity, dependability, reputation etc. to determine borrowers' character. It must be investigated the following-

- (i) Customers' past payment of record.
- (ii) Share other lenders experience.
- (iii) Track record of income.
- (iv) Mode of transaction in A/C.
- (v) Commitment aspect.
- (vi) Purpose of Loan.
- (vii) Aptitude of business.

(B) Capacity:

Whether applying capacity is based on legal capacity. Capacity means the ability to employ the funds profitably and repay it as per term and conditions of the sanction.

The following must be considered-

- (i) What is the business and when did he started.
- (ii) Whether he has shifted in a new line of business.
- (iii) Experienced or yet making experience.

(C) Capital:

Capital means entrepreneurs financial soundness. If the borrower has no own stake/share in business, banker, finance may be risky. So, capital is the owners equity required in business, which involves owners' risk and responsibility in the venture.

(D) Collateral:

Collateral covers banks' final uncertainty. Collateral security should be easily marketable, transferable and unencumbered. It also creates psychological pressure upon the borrower for repayment.

(E) Condition:

An analysis of the feasibility of the business within surrounding environment including trend of his business. Industry as a whole with changing condition of the world market to be reviewed to determine extent of recession/inflation effect. To watch mode of living conditions of the borrower.

5.1 Investment Modes of SIBL at a Glance:



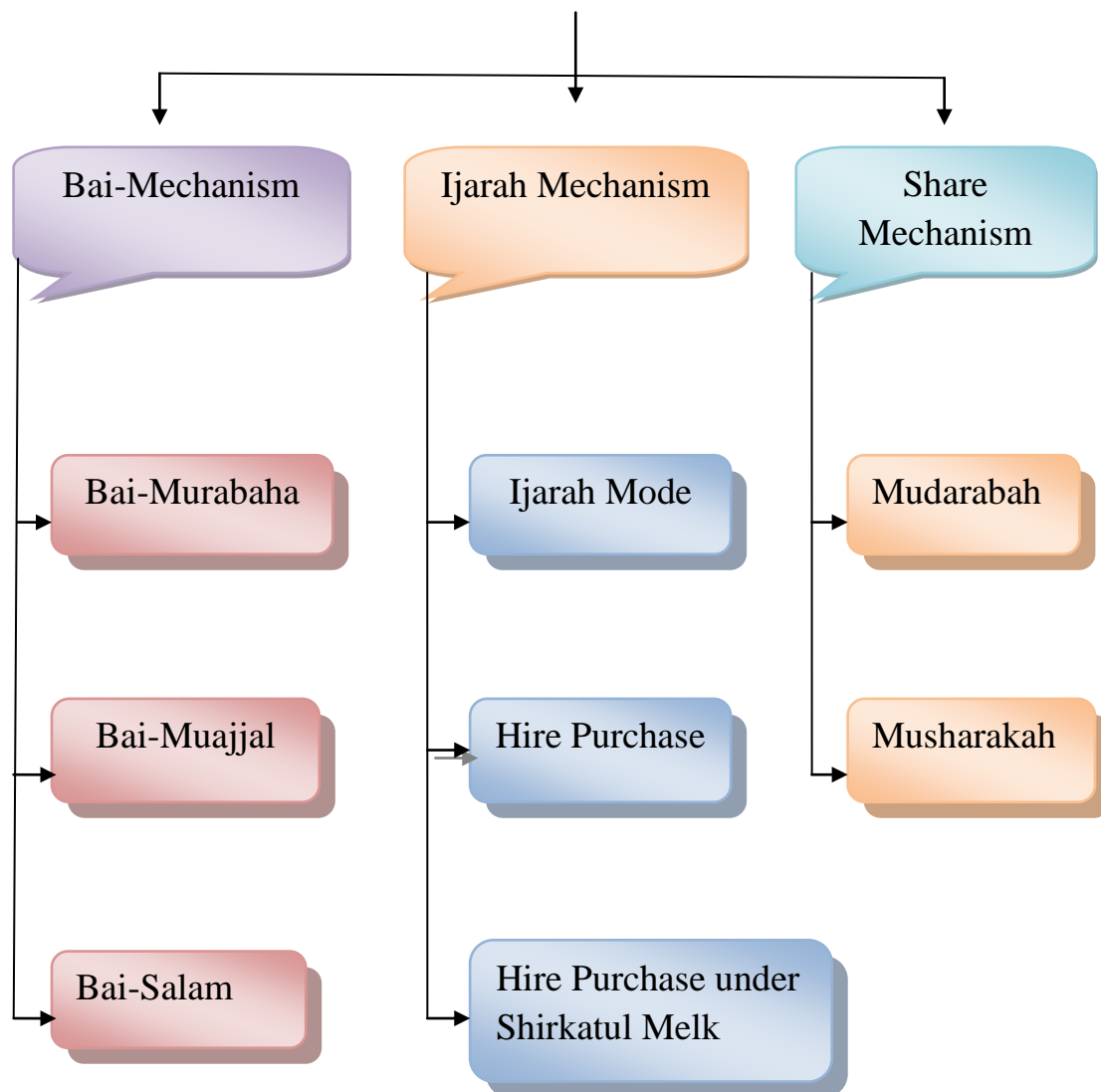


Figure: 8 (Investment Modes of SIBL)

5.2 Bai- Mechanism:

5.2.1 Bai-Murabaha Mode:

The word Bai-Murabaha is derived the word “**Bai**”&“**Rebhan**” . The word Bai means Purchase & sales and Rebhan means increase or agreed upon profit. Murabaha means sales on agreed upon profit.

Bai Murabaha may be defined as a contract between a buyer and a seller under which the seller sales certain specific goods (permissible under Islamic shari’ah and the law of the land) to the buyer at a cost plus agreed profit payable in cash or on any fixed future date in lump sump or by installment.

Bai-Murbaha are of two kinds:

(A) Ordinary Bai-Murabah:

(i) Transaction between two parties like buyer and seller without any problem.

(B) Bai-Murabaha on order & Promise:

(i) Participation of three parties.

(ii) Buyer 1st party promises to buy some goods.

(iii) The 2nd party procure the goods from the seller or supplier the 3rd party.

(iv) Bank act as 2nd party.

Features of Bai-Murabaha:

- Sale is on agreed upon profit on a agreement of seller or buyer.
- Cost of the goods and profit separately be informed to buyer.

- Purchase of goods and selling the same to the later is a condition.
- Existence & availability of goods is essential for signing a murabaha contract.
- It is not permissible to conclude a murabaha contract on the goods against which a previous murabaha contract was conclude with the same client.
- Price on fixed can not be increased due to delay in payment.
- It is permissible to obtain cash and or collateral security.
- It is not permissible for the bank to include other than direct expenses for the procurement of the goods.
- Ownership of goods is a must before selling either physical or constructive.

5.2.2 Bai-Muajjal Mode:

The terms “Bai” and “Muajjal” derived from the Arabic words “Bai” and “Ajal”. The word Bai means purchase and the word Ajal means a fixed time or a fixed period. Bai-Muajjal is a sale for which payment is made at a future fixed dare or within a fixed period. In short, it is a sale on credit.

The Bai-Muajjal may be defined as a contract between a buyer and a seller under which the seller sells certain specific goods, permissible under Shariah and law of the country, to the buyer at an agreed fixed price payable at a certain fixed future date in lump sum or in fixed installments.

Features of Bai-Muajjal:

- It is permissible and in most cases, the client will approach the bank with an offer to purchase a specific good through a Bai-Muajjal agreement.
- It is permissible to make the promise binding upon the client to purchase the good from the bank.
- It is permissible to take cash/collateral security to guarantee the implementation of the promise or to indemnify the bank for damage caused by missed payments.
- It is permissible to document the debt resulting from Bai-Muajjal by a guarantor, or a mortgage or both, like any other debt. Mortgage/guarantee/cash security may be obtained prior to the signing of the agreement or at the time of the agreement.

5.2.3 Bai-Salam Mode:

Bai- salam may be defined as a contract between a buyer and a seller under which the seller sells in advance the certain commodities/products permissible under Islamic shari'ah and the law of the land to the buyer at an agreed price payable on execution of the said contract and the commodities /products are delivered as per specification, size quality quantity at a future time in a particular place. In other word, Bai-salam is a sale where by the seller undertakes to supply some specific commodities/products to the buyer at a future time in exchange of an advanced price fully paid on the spot.

Features of Bai-Salam:

- Price paid in advance.
- Total price be paid/fixed at the time of agreement
- Buy sale is Halal without existence/visibility of goods in a Salam contract.
- The agreement be contained name, particular, quantity, shape, unit price and total price of goods etc.
- To meet the needs of small farmers like working capital , liquidity problem.
- Before delivery goods remain the sellers risk and after delivery at the purchaser risk.

Categorization:

The Proposal may be categorized under:

- Industrial
- Agriculture
- Others, if any.

5.3 Ijarah Mechanism:

5.3.1 Ijarah/ Leasing Mode:

Ijarah has been defined as a contract between two parties, the Hiree and Hirer, where the Hirer enjoys a specific service or benefit against a specified consideration or rent from the asset owned by the Hiree. It is a hire agreement under which the Hiree to a Hirer against fixed rent or rentals hires out a certain asset for a specified period.

5.3.2 Hire purchase Mode:

It is a contract under which the Islamic Bank finances equipment, building or other facility for the client against an agreed rental together with an undertaking from the client to purchase the equipment or the facility. The rental as well as the purchase price is fixed in such a manner that the bank gets back its principal sum along with some profit, which is usually determined in advance.

5.3.3 Hire Purchase under Shirkatul Melk Mode(HPSM):

Hire purchase under Shirkatul Melk is a special type of contract, which has been developed through practice. Actually, It is a synthesis of three contracts: Shirkat, Izara and sale. Shirkat means partnership. Shirkatul Melk means share on ownership. When two or more persons supply equity, purchase an asset, own the same jointly, and share the benefit as per agreement and bear the loss in proportion to their respective equity, the contract is called Shirkatul contract.

5.4 Share Mechanism:

5.4.1 Mudaraba Mode:

The term “**Mudaraba**” has been derived from one of the meanings of the Arabic word “**Darb**” This means ‘Travel’. Thus the Mudaraba means travel for undertaking business.

Capital Trust financing is a contract between at least two parties in which the bank as the investor supplies the entire capital of the business forming a relationship between the supplier of capital and the user of capital. These two parties work together and share profits and losses. Under ‘Murabaha’ financing, the investor is known as ‘Rab-Al-Mal’ which means the owner of the property and the entrepreneur is called ‘Mudarab’, meaning the manager of capital. When the venture ends, the manager of capital i.e. the entrepreneur returns the entire capital to the bank, along with an agreed proportion of profit. If there is any loss, it is born by the bank.

Categorization:

Mudaraba mode may be divided two types:

(A) Restricted Mudaraba: A restricted Mudaraba is a contract in which the Shahib-Al-Maal impose any restriction on the actions of the Mudarib.

Three type of Restricted Mudaraba

- Restriction in respect of period.
- Restriction in respect of place.
- Restriction in respect of business.

(B) Unrestricted Mudaraba: An unrestricted Mudaraba is a contract in which Shahib-Al-Maal permits the Mudarib to administer the Mudaraba capital without any restrictions.

Features of Mudaraba :

- Bank supply capital as Sabib-Al-Maal and self-employed invest that capital in business.

- The promoter conducts administration and management.
- Bank reserve the right of supervision and giving counsel and advice as per terms and condition of agreement though it does not take part in administration and management.
- As per terms and condition of agreement of the profit is divided between the bank and the promoter.
- Bank obtain performance guarantee from the promoter against any violation of the agreement.
- Bank bears the responsibility only on the actual loss.
- Bank reserved the right to realized just compensation form the promoter in the case of loss caused due to violation of terms of the agreement or breach of trust by the promoter or his employees.
- Promoter cannot collect capital for the said business from nay source without any prior permission of the bank. In that case, collected capital will treated as personal of the promoter.
- Mubdarib or receiver of the investment cannot take any remuneration or allowance except the fixed portion of profit; even cannot accept any self-expenses from the business. However, he can take usual and inevitable expenditures concerned with the business.
- Business will be close on the expiry of the term of agreement on finalization of profit and loss and appropriation accounts.
- During the term of agreement in fixed time i.e., at interval of three months, 6 months, 1-year profit and loss A/C and appropriation can do. Then it will be treat as interim. On fulfillment of the term of final account is to be complicated and then such advance accountings are to be coordinated.

5.4.2Musharaka Mode:

The word Musharaka is derived from the Arabic word ‘**Sharikah**’ meaning Partnership.Musharaka means partnership business. Under Islamic law, Musharaka refers to a partnership where two or more persons combine either their capital or labor, forming a business in which all partners share the profit according to a specific ratio, while the loss is shared according to the ratio of the contribution.

Every partner has to provide more or less equity funds in this partnership business. Both the Bank and the investment client reserve the right to share in the management of the business. The Bank may opt

to permit the investment client to operate the whole business. In practice, the investment client normally conducts the business.

Categorization:

Musharaka in the context of Islamic modes may be of two types:

(A)Permanent Musharaka:The contributions of the partners under this mode may be equal or unequal ratios of capital to establish a new income-generating project or to participate in an established one, whereby each participant owns a share in the capital structure permanently and deserves his share of the profit income. Such a partnership originally is intended to continue up to the dissolution of the company. But one can sell his share in the capital to withdraw from the project. The Islamic Banks can use the mode of Permanent Musharakah in many income-generating projects. They can finance their customers, for an intended project, with part of the capital required for the project in exchange of a share of the output as they may agree upon. They can also mostly leave the responsibility of management of the customer- partner and retain the right of supervision and follow up.

(B)Diminishing Musharakah: Diminishing Musharaka is an intention from the very beginning not to stay in and continue the partnership up to the liquidation of the company. The Islamic bank can give the other partner the right to purchase portion of the bank on the ownership [the form for full payment at a time or by installment basis as per agreement with partners (The Client)

The bank gradually can relinquish share to the partner, in exchange the partner pays the price to the bank periodically during a reasonable period to be agreed upon. after the discharge, the bank withdraws its claims from the firm and it becomes the property of the partner.

Features of Musharaka:

- Both customer and bank supply required capital in business. On part of total capital be given by the customer and other part by the bank. Capital of both may be equal, more, or less also.

- Bank's capital & investment, and customer's capital are treated to be capital for definite project or business.
- Agreement for distribution of the ratios of profit is fixed with the consent of the bank and the investment customer.
- The bank and the investment customer bear the actual loss in business as per proportion of their capital.
- Investment customer alone has to bear loss if caused one to mismanagement, violation of agreement and breach of trust etc. in this regard; bank has no liability and responsibility.
- Bank imposes any reasonable condition. For example, any investment customer will/can not sell out any goods at loss without approval of the bank.

5.5 Other Mode of Investment:

Quard-E-Hasana:

This is a benevolent loan that obliges a borrower to repay the lender the principal amount borrowed on maturity. The borrower, however, has the discretion to reward the lender for his loan by paying any amount over and above the amount of the principal provided there will be no reference (explicit or implicit) in this regard?

If a bank provides its client any loan, it can receive actual expenditure relating to the loan as service charge only once. It can't charge annually at a percentage rate. If a loan is provided against the money deposited by a client in the bank, it has the right not to pay any profit against the amount of money given as loan. But profit should be paid on the rest of the amount deposited as per previous agreement.

5.6 Special Investment Schemes of SIBL:

5.6.1 Bai Muazzal-House Hold:

Bai-Muajjal is a contract between Buyer and Seller under which the seller sells certain specific goods (permissible under Shariah and Law of the country), to the Buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the Buyer. This mode is applicable for working capital finance. In conventional Banks, the allow loan in the form of cash credit against hypothecation of goods & collateral security

5.6.2 Bai Muazzal-Trust Receipt:

Bai-Muajjal is a contract between Buyer and Seller under which the seller sells certain specific goods (permissible under Shariah and Law of the country), to the Buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the Buyer. This mode is applicable for working capital finance. In conventional Banks, the allow loan in the from of cash credit against hypothecation of goods & collateral security.

5.6.3 Bai Mudaraba-Bill of Exchange:

Bai-Murabaha is a contract between a Buyer and Seller under which the Seller sells certain specific goods permissible under Islamic Shariah and Law of the land to the Buyer at a cost plus agreed profit payable in cash on any fixed future date in lump sum or by installments. The profit marked-up may be fixed in lump sum or in percentage of the cost price of the goods. In case of Bai-Murabaha Banks procure the goods as per indent of the customer, retain it in its custody and sell the same part by part or at a time to the client who gave indent for the goods. This mode is applicable for working capital finance. In conventional Banks, they allow Loan against pledge of goods against fixed rate of interest.

6.1 Introduction:

SME has emerged as the “Engine of Growth” in the economy of Bangladesh. It contributed manifold

including industrial growth, resource generation, poverty alleviation, employment generation and value addition. SME and the nation are now growing together.

Likely, SME is considered as one of the focus areas of operation in SIBL. SMEs clients are being entertained by all of our 76 branches situated both in rural and urban areas. Total investment portfolio of the bank has been segregated into 3 major aspects e.g. corporate, SME and Retail. Such segregation has been made in line with the definition and guidelines of Bangladesh bank.

SME operation of the bank is in progress in a structured manner SME & Agricultural Finance Division has been functioning in three separate units e.g. SME Unit, SME Administration And SME Monitoring and Recovery Unit. These units have been performing with specific terms of Reference (TOR).

6.2 Products of SME:

SME products are designed to satisfy the diversified financial needs of SME clients. SIBL is offering both Revolving and Term Investment facility to the SME clients. The diversified products designed for this purpose properly address small entrepreneurs and Women Entrepreneurs. The products of SME are:

- 1.PPG – 1: Baim – SME (Revolving).**
- 2. PPG – 2: HPSM – SME (Com.).**
- 3. PPG – 3: HPSM – SME (Transport).**
- 4. PPG – 4: Baim – ME (Micro – Enterprise).**
- 5. PPG – 5: Baim – SME (Installment).6. PPG – 6: Murabaha – SME.**

6.3 Features of SME Products:

SIBL has some SME products. Some features of SME products are given under below.

| Product name | Small Enterprise | Medium Enterprise | Profit rate | Tenor | Features |
|----------------------------------------|------------------------|------------------------|------------------------------|-----------------|-----------------------------------------------------------------------------------------------------------|
| | Investment Amount | Investment Amount | | | |
| Bai-Muajjal (SME) | Maximum Tk 50.00 lack. | Maximum Tk 5.00 crore. | Market based and competitive | 1 year | Continuous Investment to meet up working capital requirement. (Revolving basis) |
| HPSM- COM (SME) | Maximum Tk 50.00 lack | Maximum Tk 5.00 crore. | | 2-5 years | Term Investment to purchase fixed asset. (Equal Monthly Installment –EMI basis) |
| HPSM – Transport(SME) | Maximum Tk 50.00 lack | Maximum Tk 5.00 crore. | | 2-5 years | Term Investment to purchase transport for business purpose. (Equal Monthly Installment –EMI basis) |
| Bai- Muajjal Com installment (SME) | Maximum Tk 50.00 lack | Maximum Tk 5.00 crore. | | Maximum 4 years | Term Investment to meet up working capital requirement. (Equal Monthly Installment –EMI basis) |
| Bai- Muajjal Com ME (Micro-Enterprise) | Maximum Tk 5.00 lack | ----- | | Maximum 3 years | Term Investment to purchase raw materials/goods. (Equal Monthly Installment –EMI basis) |
| Mudaraba Com (SME) | Maximum Tk 50.00 lack | Maximum Tk 5.00 crore. | | 1 year | Continuous Investment to meet up working capital requirement. (Revolving basis) |

6.4 New Definition of Small & Medium Enterprise (SMEs):

Application by the Client

Small and Medium Enterprise's new definition as per Industrial policy-2014 is as follows:



| Segment of the Business | Sector | Value of fixed assets (Except Land & Building) including setup cost | Labor or Manpower |
|-------------------------|-------------------------------|---------------------------------------------------------------------|-------------------------|
| Cottage industries | | Not more than 5.00 Lac | Not more than 10 person |
| Micro Industries | Service & Treading | <5.00 Lac | >10 person |
| | Manufacturing | 5.00 Lac to 50.00 Lac | <=10-20 |

Head of SME

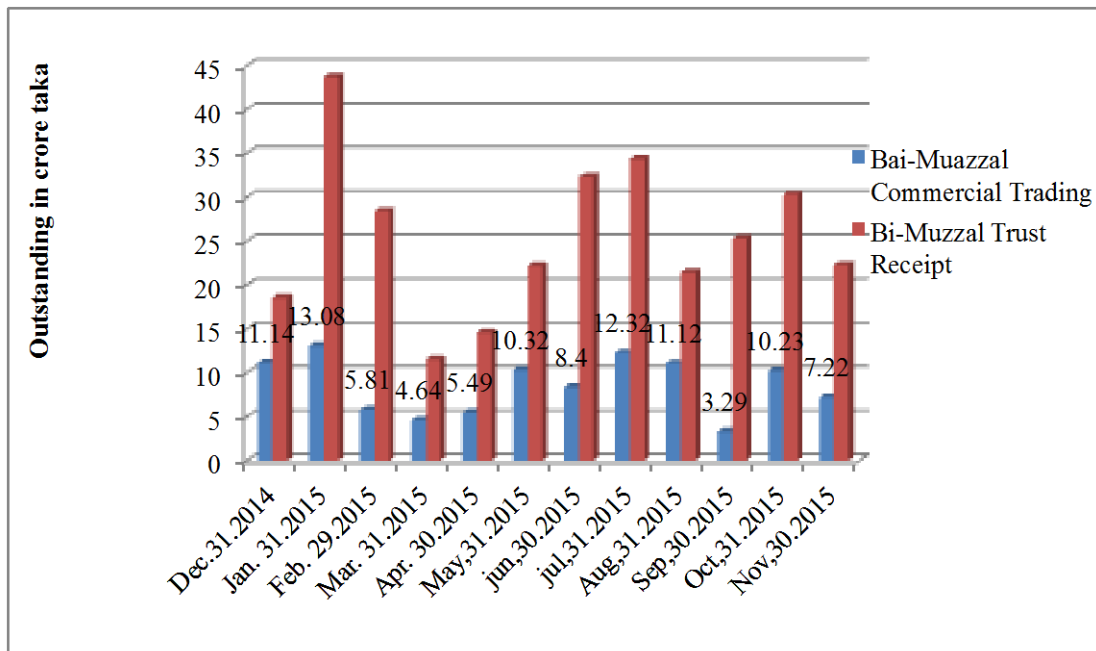
| | | | |
|-------------------|-------------------------------|----------------------------|---------|
| Small Industries | Service & Treading | 5.00 Lac to 100.00 Lac | 10-25 |
| | Manufacturing | 50.00 Lac to 1000.00 Lac | 25-99 |
| Medium Industries | Service & Treading | 100.00 Lac to 1500.00 Lac | 50-100 |
| | Manufacturing | 1000.00 Lac to 3000.00 Lac | 100-250 |

It is important to mention here that SIBL, Baryarhat Branch was being established dated 15 October 2010. As a result I couldn't analyze its investment management year basis. So, I got their investment information monthly. In this situation, now I'm evaluating investment performance on monthly basis data of SIBL, Baryarhat Branch only.

7.1.1 Bai- Muazzal (General)

There are two divisions in Bai-Muazzal (general)

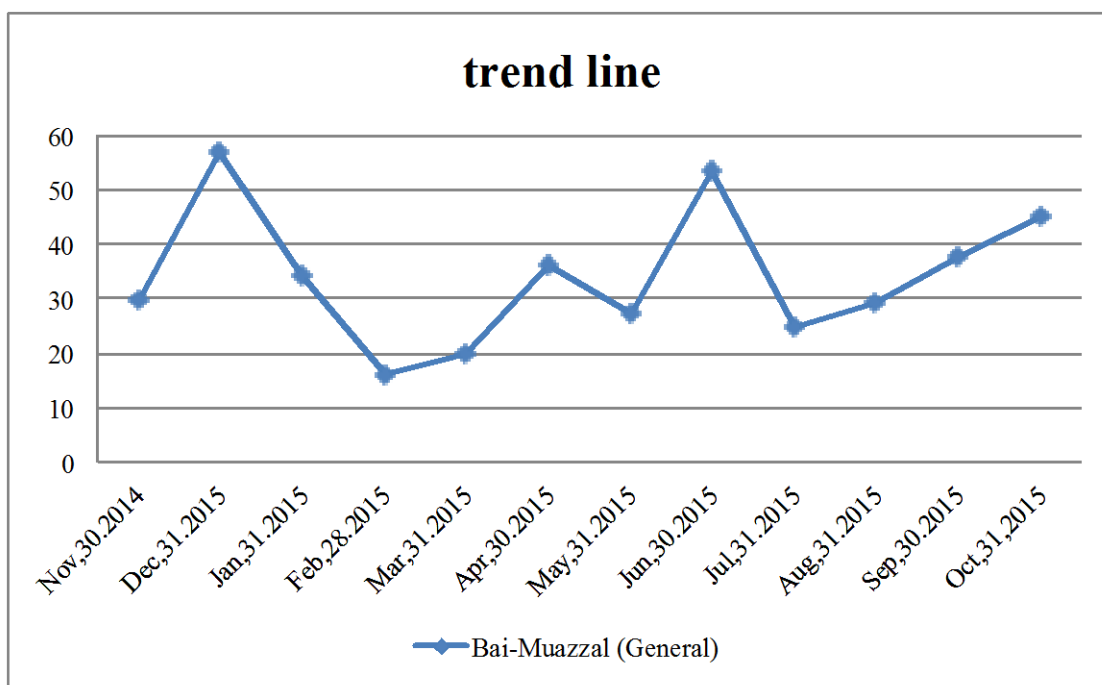
1. Bai-Muazzal - Commercial Trading
2. Bi-Muazzal - Trust Receipt



Analysis:

Here we're seeing that in the above graph, the investment of 'Bi-Muazzal Trust Receipt' was more than the investment of 'Bai-Muazzal Commercial Trading' in every month. Investment in Bi-Muazzal - Trust Receipt was so high than every month in January 31.2015.

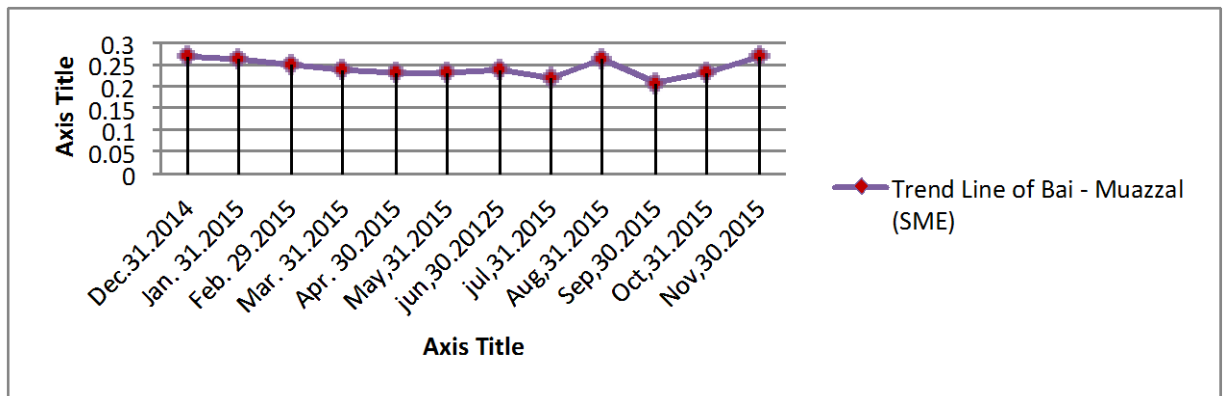
Trend Line of Bai- Muazzal (General)



Analysis:

Through trend line analysis we're seeing the total volume of Bai Muazzal (General). Here, it's cleared to us that the investment position was high in Dec 31.2014 and then it was going down between next two months. After that in February 30.2015 it went to little bit up from 16.18crore taka to 50.08crore taka. So, we can say that it's rising up in the future.

7.1.2 Trend Line of Bai – Muazzal (SME)

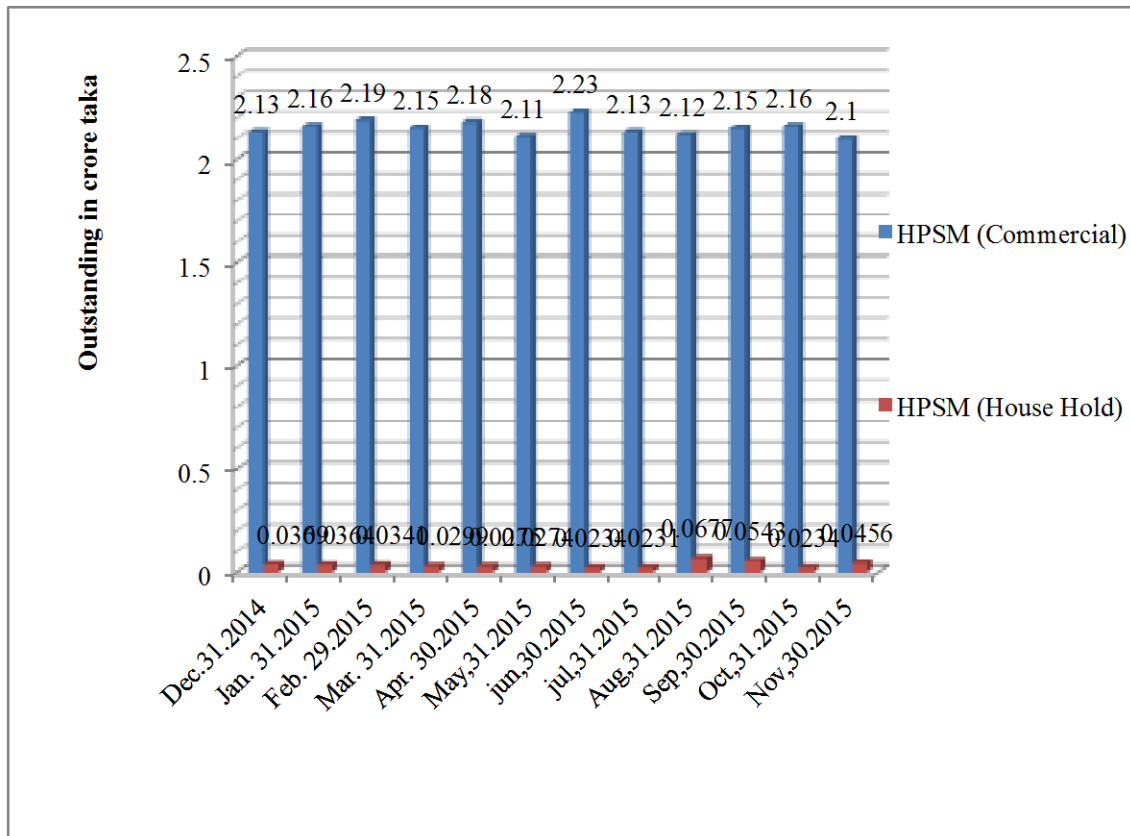


Analysis: In the above trend line, seeing that SME is downward slope. Through trend analysis, we're confirmed that Bai – Muazzal (SME) investment is decreasing day by day which is most negative impact on investment of SIBL but again August, 15 & November 15 it is increasing.

7.1.3 Hire-Purchase & S. Meelk (General)

Two divisions are, 1. HPSM (commercial)

2. HPSM (House Hold)

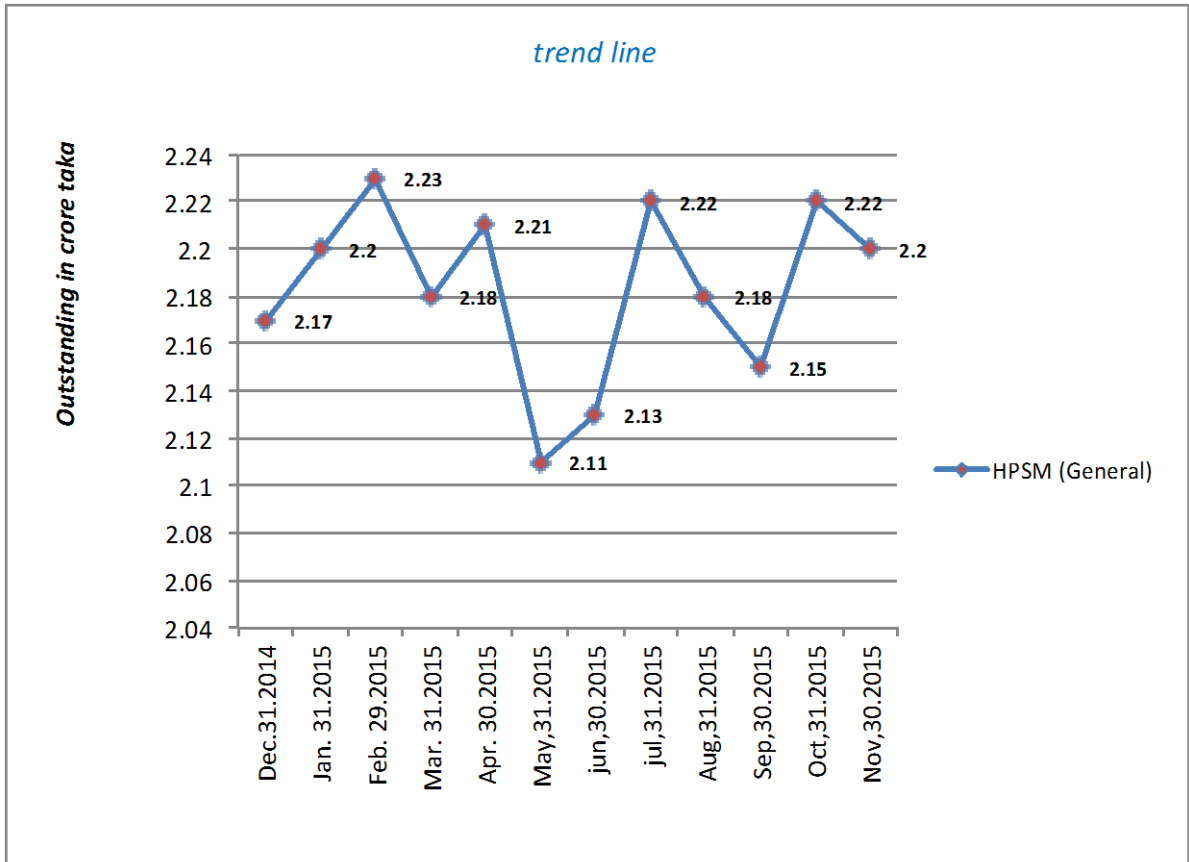


Analysis:

In the above graph, we're seeing that HPSM - Commercial is higher than HPSM - House Hold investment mode. HPSM - Commercial was increasing up to Feb.29.2015 but it decreased in Mar.31.2015. On the other hand, it increased in April.30.2015.

In case of HPSM - House Hold investment mode, the investment position was so little increase among the months. In the month of March, 2015 it was increased by large volume than other months that means Tk.299000 only.

Trend Line of Hire-Purchase & S. Meelk (General)



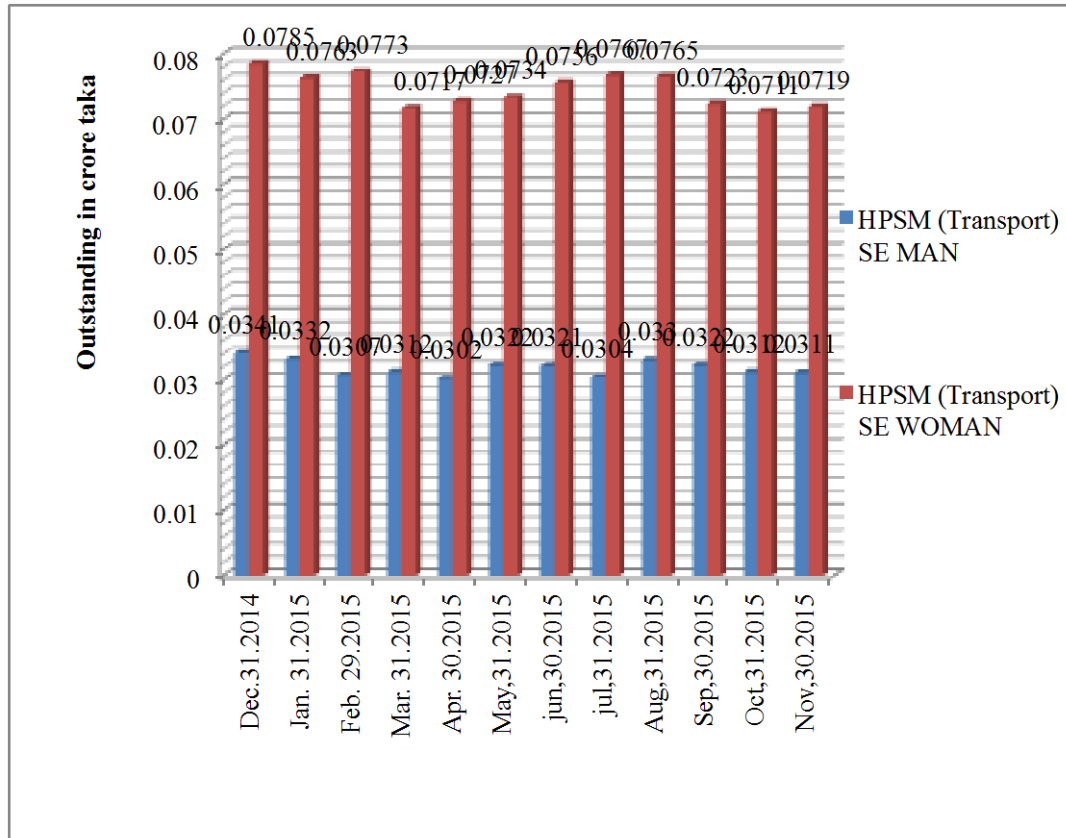
Analysis:

In the above trend line, we're seeing that total volume of HPSM (General) including Commercial and House Hold is upward slope from the month of Dec.2014 to Feb.2015. But it's also being seen that a downward slope in the month of May.2015. On the other hand, the slope of investment was going to upward in the month of Aug.2015. That means it's increasing day by day.

7.1.4 Hire-Purchase & S. Meelk (SME)

Two divisions are, 1. HPSM (Transport) SE Man

2. HPSM (Transport) SE Woman

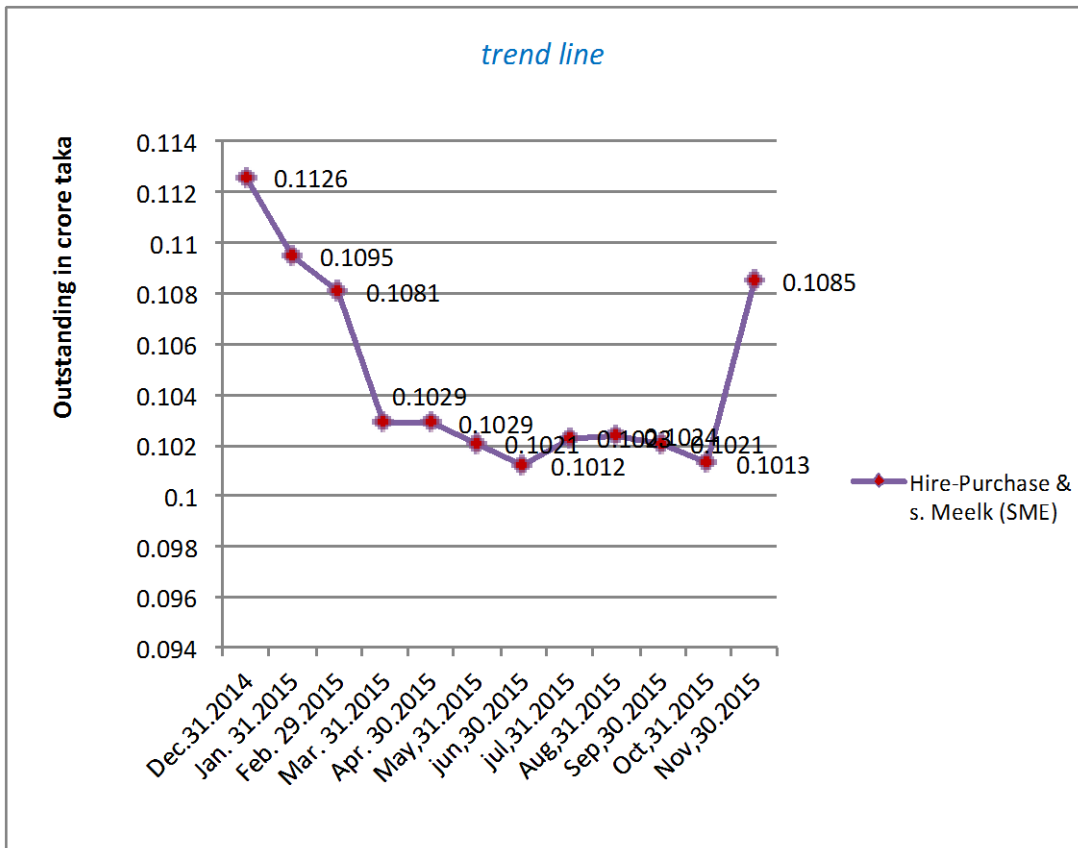


Analysis:

In the above graph, we're seeing that HPSM (SME) – WOMAN investment is higher than HPSM (SME) – MAN. HPSM (SME) – WOMAN investment was Tk.785000 in Dec.2014 and was Tk.727000 in Apr.2015. It indicates that HPSM (SME) – WOMAN is decreasing gradually.

On the other hand, same situation is being seen in case of HPSM (SME) – MAN. Its investment was Tk.341000 in Dec.2011 and was Tk.302000 in Apr.2012. That means It's also declining day by day.

Trend Line of Hire-Purchase & S. Meelk (SME)



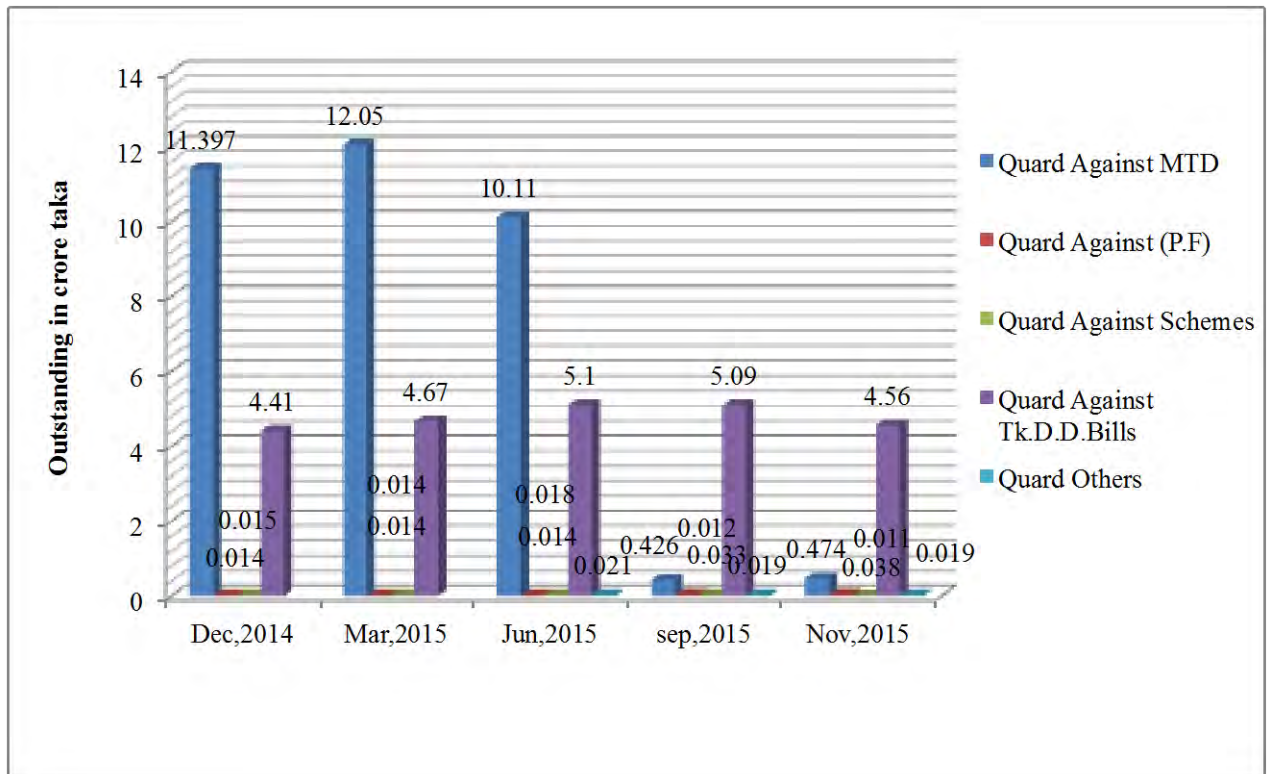
Analysis:

In the above trend line, we're seeing that total volume of HPSM (SME) including SE Woman and Man is downward slope from the month of Dec.2014 to Mar.2015. But it's also being seen that a flat slope in the month of Apr.2015. And it is increasing again in November 2015. Total investment of HPSM (SME) – SE WOMAN and MAN was Tk.1126000 in Dec.2014 and was Tk. 1029000 in Apr.2015. That means it's decreasing gradually.

7.1.5 Quard

There are some divisions in Quard; those are given under bellow and with graph

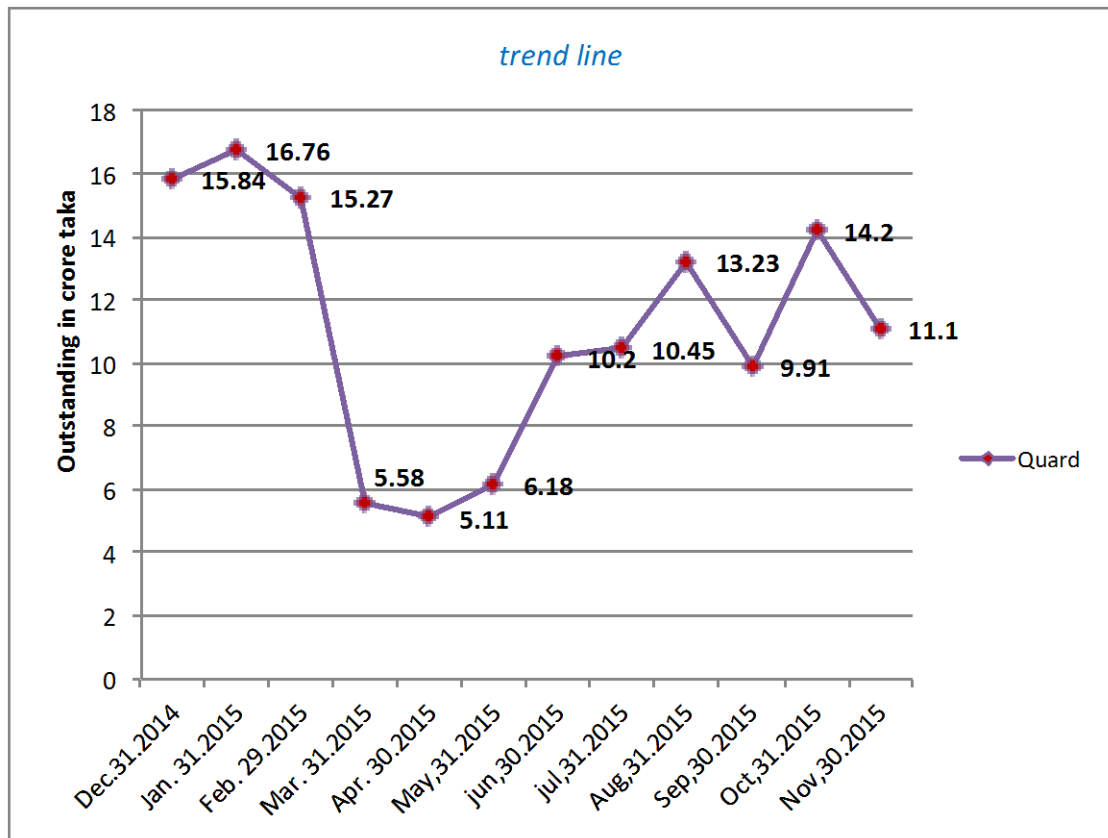
- Quard Against MTD
- Quard Against (P.F)
- Quard Against Schemes
- Quard Against Tk.D.D.Bills
- Quard Others



Analysis:

In the above graph, we're seeing that in Dec.2014 and in mar.2015 there were no 'Quard Others' but in rest of all months there were 'Quard others'. And in the first nine months the Quard against MTD was higher and in other months it was very low.MTD investment was TK.113970000 in Dec.2014 and was Tk.4740000. P.F investment was Tk.150000 in Dec.2014 and was Tk.380000 in Apr.2015. It's increasing. It can say that the other quard is decreasing gradually.

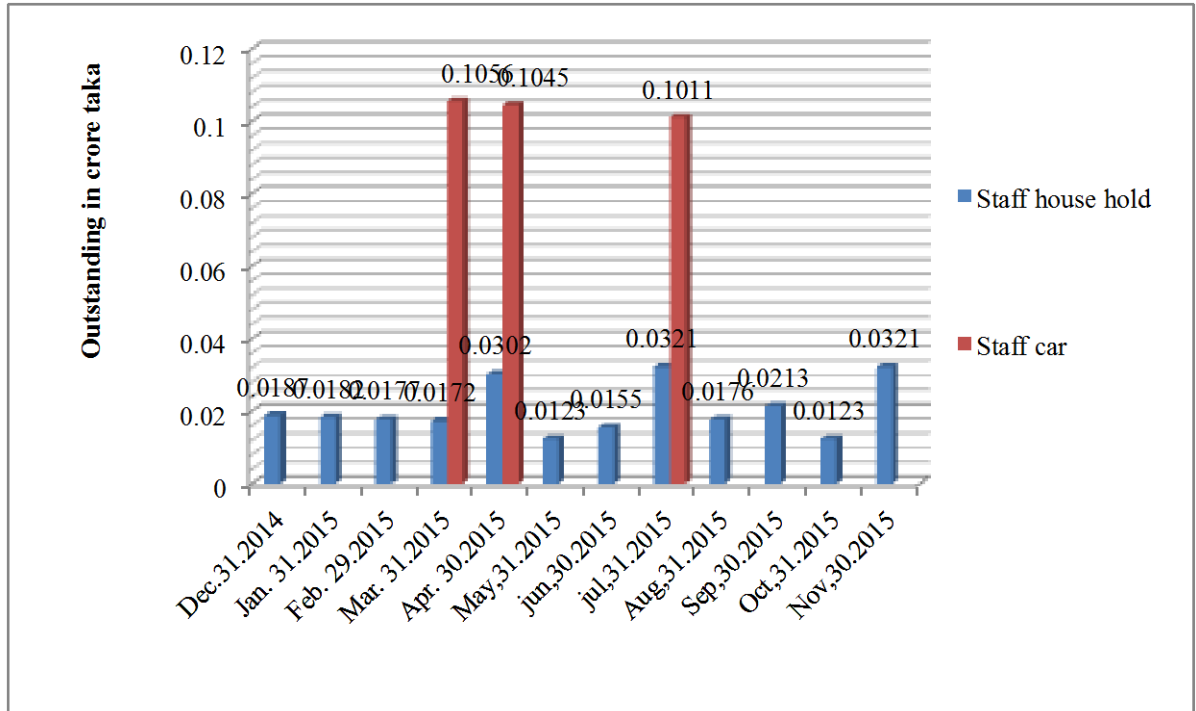
Trend Line of Quard



Analysis:

In the above trend line, we're seeing that total volume of Quard including all types of Quard is downward slope from the month of Dec.2014 to Apr.2015. That means total investment of Quard was fluctuated from Tk.15.84crore in Dec.2014to Tk.5.11crore in Apr.2015. That means it's decreasing gradually.

7.1.6 Investment to Staff

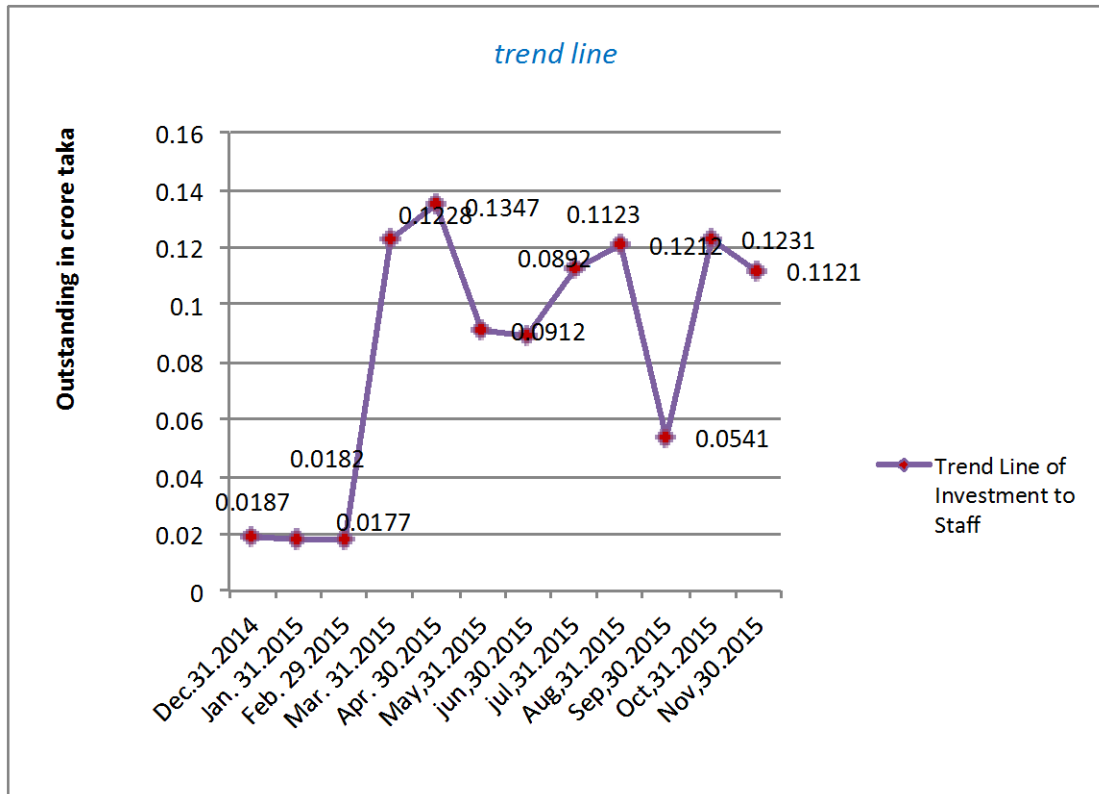


Analysis:

In the above graph, we're seeing that Investment to Staff – House Hold plays a great role in profit like other investment mode. It also great facilities to the staffs with a minimum rate of profit. Staff –House Hold investment was Tk.187000 in Dec.2014 and was Tk.302000 in Apr.2015. That means it's increasing.

We also seeing that in the month of Mar.2015 Staff car facilities were provided. As a result, volume of investment to Staff was increased.

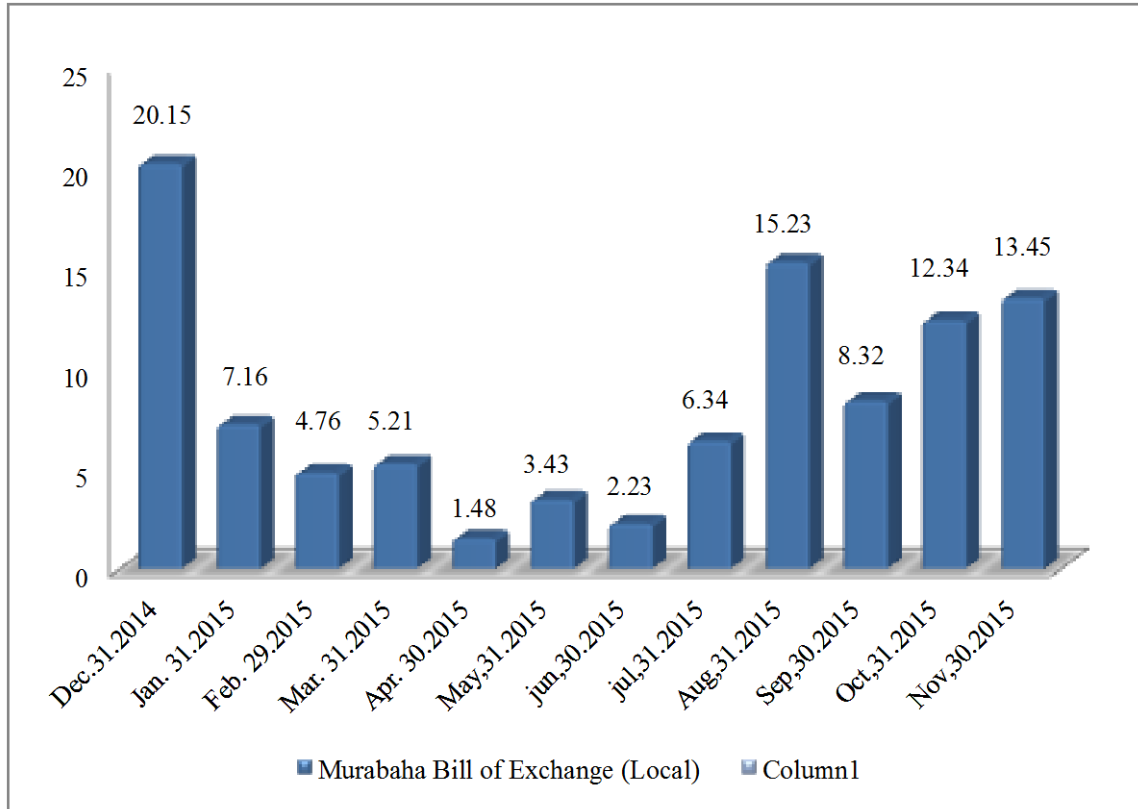
Trend line of Investment to Staff:



Analysis:

In the above trend line, we're seeing that total volume of Investment to Staff including Household and Car is upward slope from the month of Dec.2014 to Apr.2015. That means total investment to Staff was increased from Tk.187000 in Dec.2014 to Tk.1347000 in Apr.2015. That means it's increasing gradually.

7.1.7 Murabaha Bill of Exchange (Local)

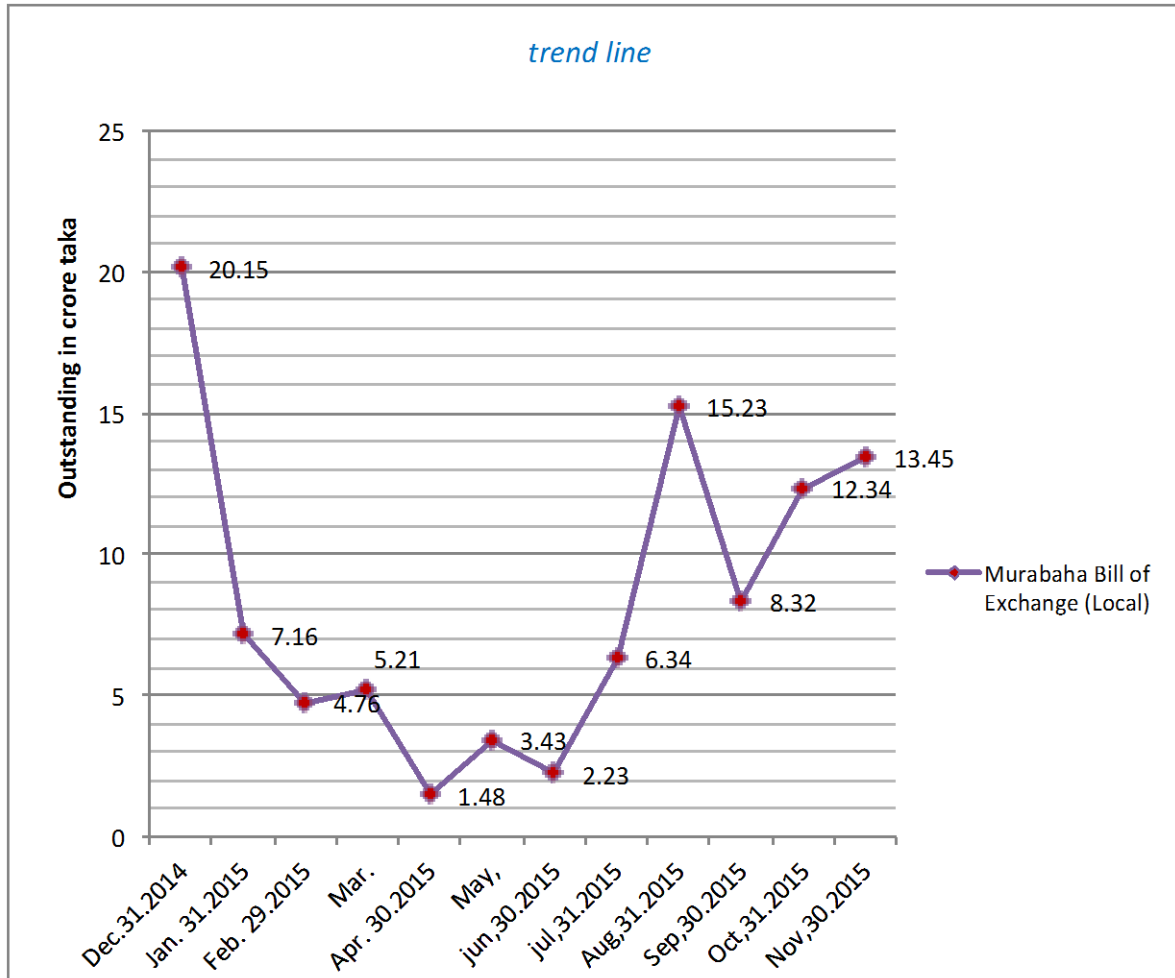


Analysis:

In the above graph, we're seeing that Murabaha Bill of Exchange investment volume was Tk.20.15crore in Dec.2014. But it was decreased to Tk.7.16crore in the next month.

We also seeing that volume of investment decreased toTk.4.76crore in Feb.2015. But it was increased Tk.5.21crore in Mar.2015. On the later month, it was increased in greater volume that means toTk.15.23crore.

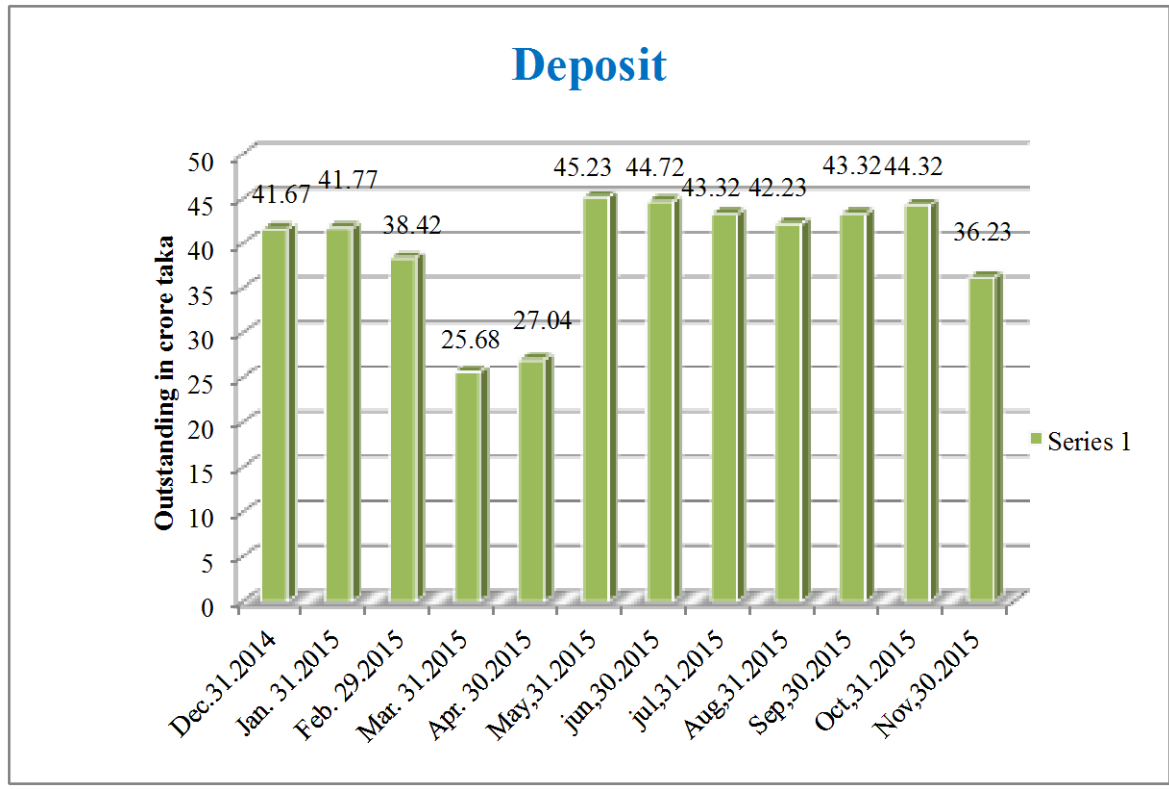
Trend Line of Murabaha Bill of Exchange (Local)



Analysis:

By the above trend line, we're seeing that total volume of Murabaha Bill of Exchange (Local) is upward slope from the month of Dec.2014 to Apr.2015. That means total investment Murabaha Bill of Exchange (Local) was decreased from Tk.20.15crore in Dec.2014 to Tk.1.48crore in Apr.2015. That means it's deteriorating gradually.

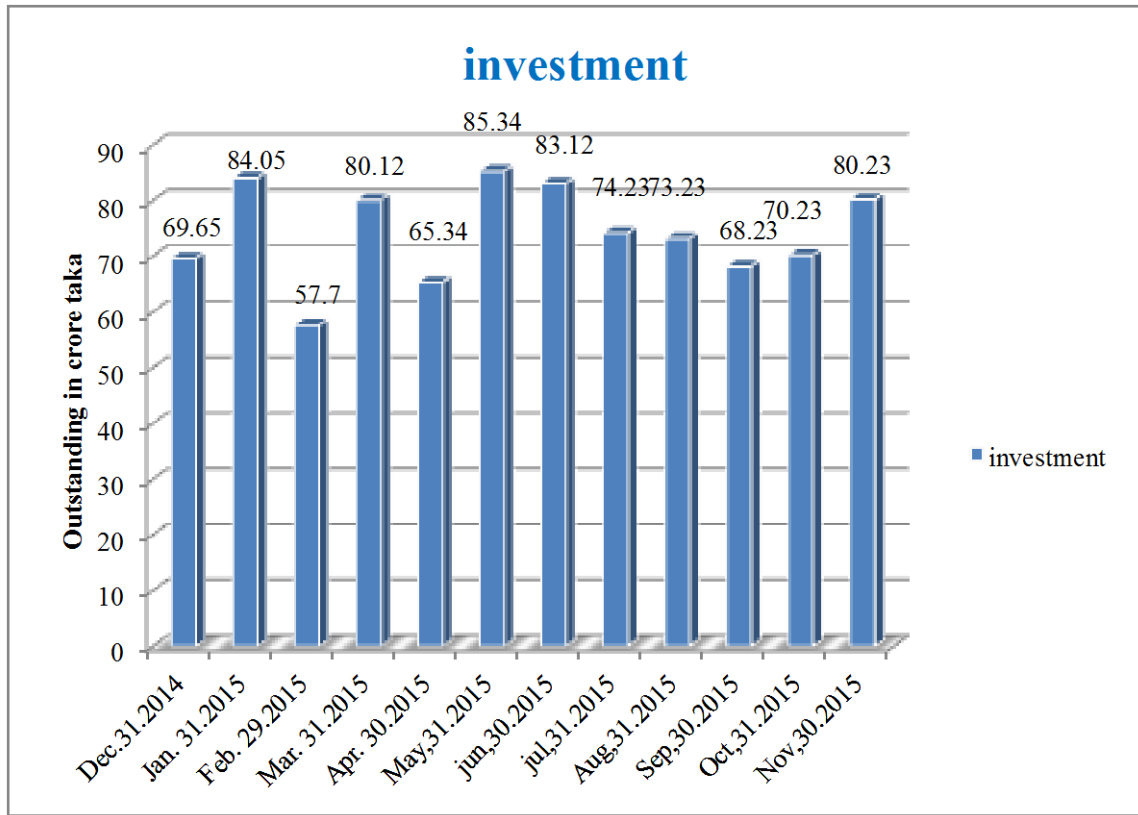
7.2 Month wise Total Deposit of SIBL:



Analysis:

Different months' deposits of SIBL (Baryarhat Branch) are shown in the above diagram. We're seeing in the graph that, the trend of Bank's deposits has significantly been decreased from January.2015 to March.2015. But in Apr.2015 the volume of deposit increased to Taka 27.04crore against Taka 25.68crore of March.2015.june2015 to October, 2015 it is increased it was 45.23 cores.

7.3-Month Wise Total Investment Position of SIBL:



Analysis:

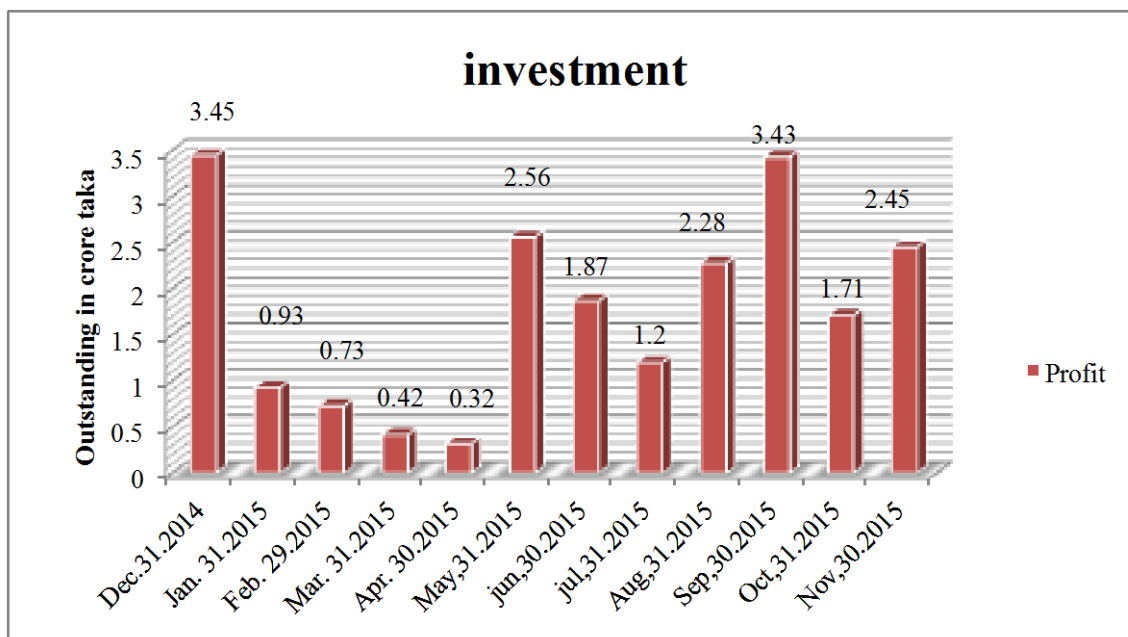
In the above graph, we're seeing that the Bank's total investment was TK. 84.05 crore in Jan. 2015 against TK. 69.65 crore in Dec. 2014 that signifies the confidence of the clients having on their bank. The investment was 85.34 crore in May. 2015 so high than every other month. But in total graph we're seeing that total investment is in the deteriorating position.

7.4 Mode Wise Profit Rate of SIBL:

Here we will see the different modes of investment with profit rate of SIBL in table for the last twelvemonths. I saw some modes were used. Those are given bellow

- Bai- muazzal (General) 17.5%
- Bai- muazzal (SME) 18.00%
- Hire-Purchase & s. Meelk (General) 17.00%
- Hire-Purchase & s. Meelk (SME) 18.00%
- Quard +3.00%
- Investment to staff 8.00%
- Murabaha Bill of Exchange (Local) 18.00%

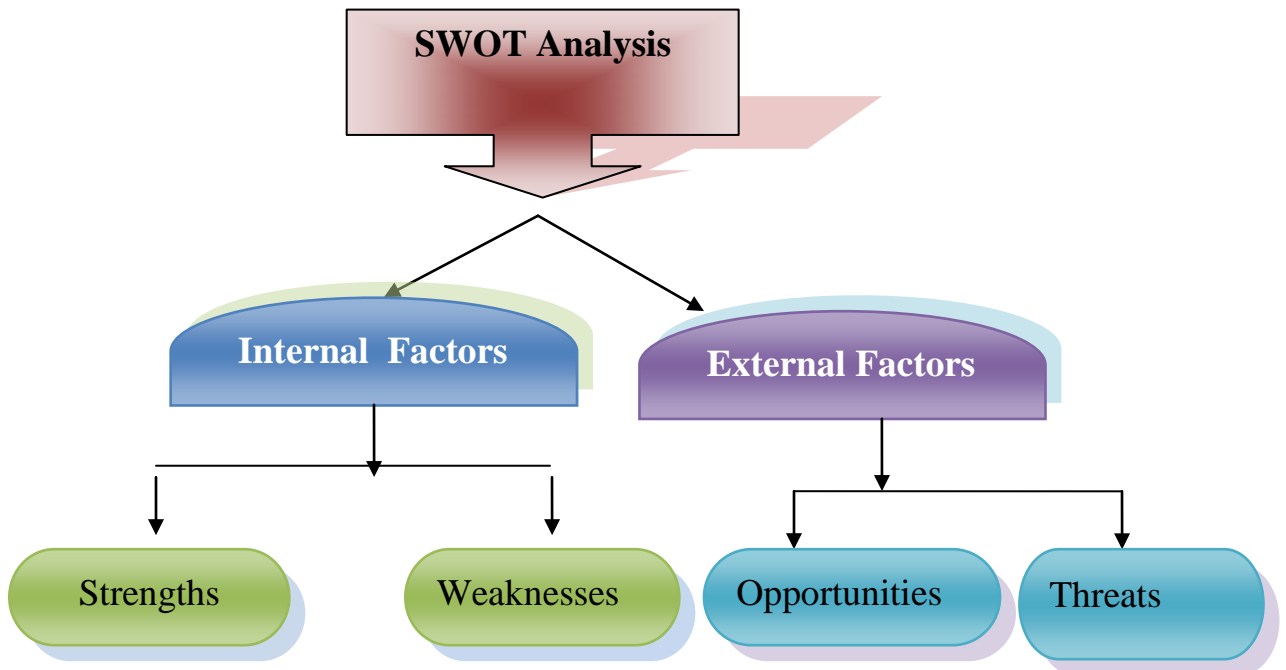
7.5 Month wise Total Profit of SIBL:



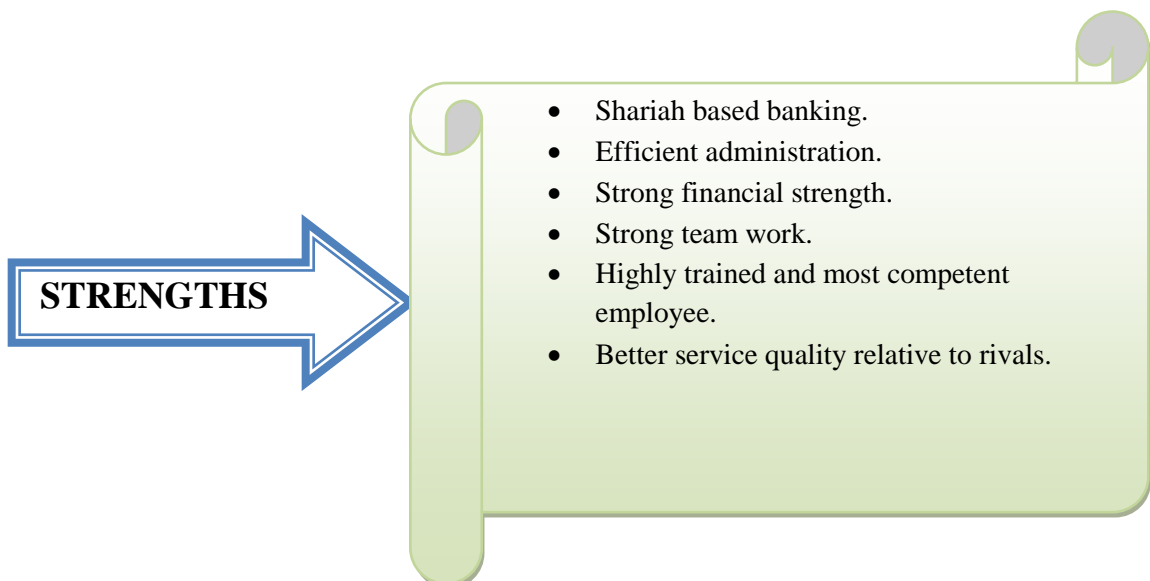
Analysis: Here we're seeing that the profit on investment is going down in every month. There are many reasons for it. The highest profit rate was in Dec. 2014 and gradually it was decreased in Apr. 2015 very largely in comparing with previous months. After the month of April it was again upward and second height profit is 3.43 in Sep, 2015.

8.1 SWOT Analysis of SIBL:

Not surprisingly, in the competitive area of marketing era SWOT analysis is a must based on product, price, place and promotion of a financial institution like private bank. From the SWOT analysis we can figure out ongoing scenario of the bank. So, to have a better view of the present banking practices of SIBL



The SWOT analysis of SIBL are explained in below:



WEAKNESSES

- Insufficient workforce.
- Employee turnover is very high.
- Shortage of ATM both.(own)
- Customer service rate is not good.
- Limited number of branches.
- Online service charges are high.
- Reference appointment policy.
- Low profitability.
- Slow growth.

OPPORTUNITIES

- Get Muslim people support because of Islamic banking.
- To provide full electronic banking facilities to its customer.
- Government support.
- Private sector oriented.
- Expanding geographic coverage and service segment through more branches in the rural areas of Bangladesh

THREATS

- Since SIBL is a third generation bank, it faces various new regulatory requirements.
- Daily basis interest or profit on deposit offered by other bank.
- Providing personal loan without security by other bank.
- Existing card service of other banks.
- Mergers and Acquisition.
- Emergence of competition.

8.2 Findings:

During the study in SIBL (Halisashar Branch) some problems have come forward, those are given below:

- Investment Department is not performing well than the General Banking Department.
- The Bank revalues its investment operations within limited number of investment modes and does not initiate investment modes according to change/diverse needs of people.
- Bank's total investment position is decreasing gradually because of poor performance.
- Especially SME investment is depended on Women entrepreneurs largely.
- Mudaraba and Musharaka modes of investment are ideal in this bank.
- It seems that the bank does not follow the Islamic rules and practices properly.
- There are limited scopes to deal women entrepreneurs and professionals for making investment by women entrepreneurs.
- Murabaha Bill of Exchange (local) investment mode is in the decreasing position highly.
- Total Profit of the bank is declining very faster.
- Every mode of investment is in the deteriorating position without HPSM (General) mode.
- The branch has a little volume of deposit for this reason it can't invest in very large volume.

8.3 Recommendations:

Social Islami Bank Ltd. (Baryarhat Branch) is newly established bank in Bangladesh. Within short period of time, it is gaining high impression from the people for its exceptional activities. Since today's banking sector is highly competitive, so it has to improve its operation activities for better survival. For the improvement of the better services following measures can be taken:

1. The branch should try to invest in Mudarabah and Musharaka modes so that new entrepreneurs can grow up.
2. The bank needs to follow all of Islamic rules so that investment operations of SIBL can run smoothly in the light of Quran & Sunnah. Diversification of investment portfolio is necessary for the branch to grow profit.
3. The bank should deploy women entrepreneurs and professionals and understand their needs and thus create demand for investment.
4. The bank should follow short process and involves less activity to be completed in a very short time, which makes it a very reliable one.
5. The branch should give emphasize largely to attract men entrepreneurs for SME investment, which will increase the profit.
6. The branch should build up good and well communication with customers so that they can deposit money willingly which will support their investment activities.
7. The branch also must keep good relation to the existing investors to pay their installments in time.
8. The branch should launch new mode of investment in search of new investors.
9. The branch should continuously analyze their initiatives and find out their leakage considering the present situation and should try to overcome those as much as possible, which may make them more efficient.

8.4 Conclusion:

Institution and industry are the lifeblood of an economy and it's obvious that the capital is the lifeblood of the industry. And bank is the supplier of that blood. So in other sense bank is the lifeblood of the economy. Banking has become the inspirable part of social transaction from. After the Second World War as a financial product lending has been fully structured and institutionalized in USA and other developed countries. Now banking sector play an important role in modern society and private commercial bank has become more competitive, diversified and dynamic compared to traditional banking system. In banking sector SIBL, is a name of trust, to improve the life style of people, to develop the business environment. SIBL perform as a bank of difference. Day by day its area of services is increasing all over the country through setting up new branch at new place.

Social Islami Bank's strategy is to focus on marketing. The bank's products to wider range of customers and provide different investment to different manufacturers, traders, service providers, and salaried persons. The economy of any country depends with the fund mobilization and by observance the banking system. At SIBL, Hali Shahar Branch, Ctg. For three months it is cleared that without bank involvement economic development can't be possible.

And for better issuance "Investment management" is essential. Because if bank keeps doing invest on to uncertainty then in time bank itself will be fall in uncertainty. So the bank should try to manage the investment in such a way so the provided investment keep coming back and so the process can continue without any hinders.

During the period of internship program wanted together practical knowledge and this report mainly focus in the investment of the bank because investment section in the main source of earning of bank. For the above purpose SIBL will have to spare resources for experts who have the knowledge of financial markets and who are dedicated for the cause of Islamic banking and financial services and who spend time and efforts on research and development of new instruments.

9.0 References

- ✚ M. Kabir Hassan, Ph.D. (2010-2011), **Islamic Banking, Chapter-7 (Management of funds by Islamic Banks).**
- ✚ Investment & SME Manual & Guideline.
- ✚ Brochures of Social Islami Bank Limited.
- ✚ Income A/C & Balance Sheet.
- ✚ By Professor Dr. Rahman M. Motiur -“The Importance of Islamic Rules & Regulations in the society as well as banking system”
- ✚ Different books, websites and newspaper articles written on Investment Management of the banking sector
- ✚ **The Annual report 2014, Social Islami Bank Ltd.**
- ✚ Website: www.siblbd.com
- ✚ **FinancialStatement(Dec.2014-Nov.2015), Social Islami Bank (BARYARHATBranch)**

Chapter – 2

Job part

Chapter – 3

Project part

Chapter – 4
***Introduction to Investment
Facilities of SIBL***

Chapter – 5
***Different Modes of Investment
of SIBL***

Chapter – 6
SME Investment Mode of SIBL

Chapter – 7
***Performance Evaluation of
SIBL Through Investment Data***

Chapter – 8
***SWOT Analysis, Findings &
Recommendations***

Table of contents

| <i>Numbers</i> | <i>Sub Numbers</i> | <i>Particulars</i> | <i>Page No</i> |
|---------------------------------------------------------|--------------------|--------------------------------------------------|----------------|
| Chapter 01: Overview Of Social Islami Bank Ltd. | | | |
| 1.0 | | Introduction | 1 |
| 1.1 | | History & background of SIBL | 2 |
| 1.2 | | The Objective of SIBL | 2 |
| 1.3 | | Vision of SIBL | 3 |
| 1.4 | 1.3.1 | Mission of SIBL | 4 |
| 1.5 | 1.3.2 | Department of SIBL | 4 |
| 1.6 | 1.3.3 | Strategies of SIBL | 5 |
| 1.7 | 1.3.4 | Board of Directors: | 6 |
| 1.8 | | Organizational Structure of SIBL | 7 |
| 1.9 | | Organizational Structure of SIBL, at this Branch | 8 |
| 1.10 | | Corporate Information | 9 |
| 1.11 | | Functional Area of SIBL | 9 |
| 1.12 | | Branch Network of SIBL | 10 |
| 1.13 | | Major Bank Services of SIBL | 11 |
| 1.14 | | Products and Other Services | 12 |
| Chapter 2: Job part | | | |
| 2.0 | | Nature of the Job | 13 |
| 2.1 | | Specific Responsibility of the job | 13 |
| 2.2 | | Different aspect of the job | 14 |
| 2.3 | | Critical Observation & Recommendations | 13 |
| Chapter 3: Project part | | | |
| 3.1 | | Origin of the report | 15 |
| 3.2 | | Objective of the study | 16 |
| 3.3 | | Methodology | 17 |
| | 3.3.1 | Research Design | 17 |
| | 3.3.2 | Sampling Design | 17 |
| | 3.3.3 | Method Of Data Collection | 18 |
| | 3.3.4 | Method Of Data Analysis | 18 |
| 3.4 | | Scope of the study | 20 |
| 3.5 | | Limitations of the report | 20 |
| Chapter 4: Introduction to Investment Facilities | | | |
| 4.1 | | Overview of Investment | 21 |
| 4.2 | | Objectives of Investment Operation | 24 |
| 4.3 | | Undertaking's Particulars on Investment | 24 |
| 4.4 | | Processing of Investment Proposal | 25 |
| 4.5 | | Selection of Borrower | 27 |

| Chapter 5: Different Modes of Investment of SIBL | | | |
|--------------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------|----|
| 5.1 | | Investment Modes of SIBL at a Glance | 33 |
| 5.2 | | Bai- Mechanism | 34 |
| | 5.2.1 | Bai-Murabaha Mode | 34 |
| | 5.2.2 | Bai-Muajjal Mode | 37 |
| | 5.2.3 | Bai-Salam Mode | 40 |
| 5.3 | | Ijarah Mechanism | 41 |
| | 5.3.1 | Ijarah/ Leasing Mode | 41 |
| | 5.3.2 | Hire purchase Mode | 42 |
| | 5.3.3 | Hire Purchase under Shirkatul Melk Mode (HPSM | 42 |
| 5.4 | | Share Mechanism | 46 |
| | 5.4.1 | Mudaraba Mode | 46 |
| | 5.4.2 | Musharaka Mode | 48 |
| 5.5 | | Other Mode of Investment | 50 |
| 5.6 | | Special Investment Schemes of SIBL | 50 |
| | 5.6.1 | Bai Muazzal-House Hold | 50 |
| | 5.6.2 | Bai Muazzal-Trust Receipt | 51 |
| | 5.6.3 | Bai Mudaraba-Bill of Exchange | 51 |
| Chapter 6: SME Investment Mode of SIBL | | | |
| 6.1 | | Introduction | 52 |
| 6.2 | | Products of SME | 52 |
| 6.3 | | Features of SME Products | 53 |
| 6.4 | | New Definition of Small & Medium Enterprise (SMEs) | 54 |
| 6.5 | | Approval Process Flow Chart Of SME Inv | 55 |
| 6.6 | | Family Empowerment Micro Credit Program | 56 |
| 6.7 | | Family Empowerment Micro-Enterprise Program | 56 |
| 6.8 | | Family Empowerment Micro-Enterprise Program (SMEs) | 56 |
| 6.9 | | Small, Medium and Micro-Enterprise Development Program Jointly with JOBS Project, USAID | 56 |
| 6.10 | | Volume of SME Investment | 57 |
| Chapter 7: Performance Evaluation of SIBL Through Investment Data | | | |
| 7.1 | 7.1.1 | Bai- Muazzal (General) | 58 |
| | 7.1.2 | Bai - Muazzal (SME) | 60 |
| | 7.1.3 | Hire-Purchase & S. Meelk (General) | 61 |
| | 7.1.4 | Hire-Purchase & S. Meelk (SME) | 63 |
| | 7.1.5 | Quard | 65 |

| | | | |
|------------------------------------------------------------------------|--------------|----------------------------------------------|----|
| | 7.1.6 | Investment to Staff | 67 |
| | 7.1.7 | Murabaha Bill of Exchange (Local) | 69 |
| 7.2 | | Month Wise Total Deposit of SIBL | 71 |
| 7.3 | | Month Wise Total Investment Position of SIBL | 72 |
| 7.4 | | Mode Wise Profit Rate of SIBL | 73 |
| 7.5 | | Month Wise Total Profit of SIBL | 73 |
| Chapter 8: <i>SWOT Analysis, Findings & Recommendations</i> | | | |
| 8.1 | | SWOT Analysis of SIBL | 74 |
| 8.2 | | Findings | 76 |
| 8.3 | | Recommendations | 77 |
| 8.4 | | Conclusion | 78 |
| Chapter 9: References | | | |
| 9.0 | | References | 79 |