

In the name of Allah most gracious most merciful

An Internship Report

On

“Investment Methods of Al-Arafah Islami Bank Limited”





Inspiring Excellence

Internship report
on
“Investment methods of
Al-Arafah Islami Bank Limited”

Submitted To:

MD. Md.Shamim Ahmed
Lecturer and Assistant Coordinator
BRAC Business School
BRAC University
66 Mohakhali, Dhaka 1212

Submitted by:

K.M.Sajib
ID# 13304050
BRAC Business School
Major: Accounting

Letter of transmittal

Md. Shamim Ahmed

Lecturer and Assistant Coordinator

BRAC Business School

BRAC University

Subject: Submission of Internship Report.

Sir,

With due respect I would like to state you that this is my pleasure to provide you with the final internship report of my graduation; I have prepared the report is entirely on the investment functions of Al-Arafah Islami Bank entitled "Investment Methods of Al-Arafah Islami Bank Limited." The report is prepared after completion of my internship at Al-Arafah Islami Bank Limited, Jatrabari Branch situated at (6, Shahid Faruk Road, West Jatrabari, Dhaka 1204) under close supervision and guidance from active 2nd officer and investment head of the branch. After working there as an intern I believe I could accumulate vast of knowledge and experience of the corporate world which will be very helpful for attaining my future carrier goals.

I therefore pray and hope that you will be kind enough to accept the report. I am confident enough I inform you that I will be present for the explanation of my report at any time. Your support in this regard will be highly appreciated.

Faithfully yours,

K.M. Sajib

ID# 13304050

BRAC Business School

BRAC University

Letter of Endorsement by Supervisor

This letter certifies that K.M.Sajib, ID of 13304050. Student of BRAC Business School (BBS) of BRAC University has completed the internship report under my supervision. His major subject is Accounting and minor Human Resource. His report entitled “Investment Methods of Al-Arafah Islami Bank Limited” Is prepared after performing internship at Al-Arafah Islami Bank Ltd Jatrabari Branch as requirement for obtaining BBA degree. I have studied the report carefully and remark it to be a well written report. He has completed the report by himself. He has been permitted to submit the report there by.

I wish him every success in life.

MD. Md.Shamim Ahmed
Lecturer and Assistant Coordinator
BRAC Business School
BRAC University
66 Mohakhali, Dhaka 1212

ACKNOWLEDGEMENT

First and foremost I would like to express gratitude to Almighty Allah for such great opportunity. I would like to put my heartened feelings and gratitude to my Family, my father and mother for the kindness that was provided to me to complete entire education till current date and for future as well.

I would like to thank my internship supervisor Md. Shamim Ahmed, Lecturer and Assistant Coordinator, BRAC Business School, BRAC University. For his helpful guidance and instructions that enabled me to accomplish the internship report successfully. I would like to thank him wholeheartedly for being a cooperative and helpful advisor, providing me with proper guidance in completing my internship report.

I am very much thankful to Abdul Hakim, HR Head, Al-Arafah Islami Bank Limited, Rajibul Islam Bhuiyan, (SVP) Manager, to allow me continues my internship at AIBL.

I would like to thank Md. Sohel Rana (SPO) & (Investment In charge) and MD. Mizanur Rahman (Principal Officer) of JBB for providing me an opportunity to work in the bank as an intern to execute my internship program under his supervision in the investment department of Al-Arafah Islami Bank LTD

I would also like to express my utmost gratitude to Md. Ziaul Haque Malik (AVP) and Second Officer AIBL Jatrabari branch Md. Emdadul Islam (MTO), who helped me with their guidance and by sharing their valuable knowledge.

Last but not the least I would like to thank all the staffs and members of Jatrabari branch from all categories who helped me and made me learn and experience the work environment directly and indirectly throughout the months of my internship period.

Executive Summary

This report is prepared as per internship rule of UGC for as final part of the graduation and of the internship of BBA program of BRAC University. My report is detailed with the working experiences in AL-ARAFAH ISLAMI BANK LIMITED Jatrabari Branch and the investment condition and activities of the entire bank. I am confident enough that the readers of the report will get a detail idea about activities and operational strategies of Investment department, this report mainly focuses on the Investment modes and entitled as “Investment Methods of AIBL.”

AL-ARAFAH ISLAMI BANK LIMITED got its existence as a fully functioning bank in September’27, 1995 with a clear idea of its existence and the meanings of its purpose of blending economy, banking and financial activities with the Islamic code of life and business. It followed what it takes to establish as Haram free business based on the proper Islamic principle of social justice, equity and business. In order to establish goal of haram free business AL-ARAFAH ISLAMI BANK initiated different steps to cut interest and fixed interest on various loans or deposits.

In brief and of easy understanding it can be said AIBL is an Islamic Bank based on Islamic principles that help its clients to do haram free business and gain profit in both in this world and in the afterlife. It does what is said as the concept Islamic Banking in the Quran and Sunnah of prophet Mohammed (PBUH), which shows different approach to credit and banking for clients based on profit-oriented society and economy avoiding interest, for this purpose AIBL has introduced a number of income earning programs for its clients both in the cities and villages.

With the haram free objective AIBL ensures a profitable life in a better surrounding with greater security, respect and peace. AIBL is currently doing its banking business in a three sectors banking system, which are formal, non-formal and voluntary sector. General banking, Investment and foreign exchange are operated fully as part of the formal sector.

Developing Waqf management, mosques and other Islamic centered properties, maintenance of heritance properties, joint venture and non-profit foundations, charitable trusts and organizations are covered under the voluntary sector.

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Part 1 Organization Profile

1.1 Organizational Overview

Being one of the biggest Muslim nations Bangladeshi individuals are especially careful about the Islamic way of life. The general population here is particularly strict in following the Quran and the Sunnah of prophet. Therefore to lead a Haram free living they follow Islamic rules in every way possible. This created a lack of Islamic shariah banking here in Bangladesh. The foundation of Al-Arafah Islami Bank Limited on 18 June 1995 is the genuine result of the demand of individuals for an Islamic shariah in banking. This was the core reason Al-Arafah established its banking from 27 September 1995.

Con-currently the bank is operating with an Authorized Capital 15,000.00 Million and Paid-up Capital 9, 943.06 Million. The bank is mainly guidance and well balanced control Islamic Scholars and experienced and educated businessmen makes sure that the bank is running according to the Islamic Shariah and there is no sign of giving and earning interest at any part of the financing system. The bank's has its full paid up capital is owned by indigenous shareholders.

AIBL has the total equity balance of Tk21,362,249,730 till the dated 31 December 2017, the current manpower is 3446 and the number of shareholders was 36695. The bank's business activities produced consistent profit and declared a decent dividend throughout the years for its shareholders. As far as my findings are concerned the bank furnishes quality support of its clients with blend of Islamic guidelines and current innovation in their day by day exchanges, nonstop improvement of new plans for the general population is the key of the bank to make progress in such brutal rivalry in the banking area now a days.

The Bank is committed to contribute fundamentally to the national economy. It has made a positive commitment towards the financial advancement of the country with 140 branches all finished the country

Part 2 Introduction

2.1 Rationale

As far as the importance of the report is concerned this internship report is a very important for me, according to the rules of UGC and Brac university attending the internship program and writing a report on it based on the observations, practical knowledge and experience in the field is mandatory for completion of the four years BBA degree, and it carries four credit and much of its marks depends on this report.

Internship is given such importance because knowledge and learning only gets perfect when it is associated with practice and experience. I believe with the help of this internship new doors of opportunities are opened. The interns get to know professionalism, develop new contacts and networking, which may aid them to find new job offers. Writing report on it is equally important as it must be written after very keen observation of the workplace.

This report writing was very helpful for me as it covers all the aspects of report writing that I have learned in my four year BBA program. This report gave me the opportunity to wield all my learning and also kept me focused at my goals throughout the internship months.

While Al- Alrafah Islami bank got me new skills, opportunities and contracts which I believe will help me a lot in boosting my career, my internship report made me bring those into writing that help me understand everything very closely and carefully. Now I actually understand how important internship and report writing is for any newly graduated student.

2.2 Background of Al-Arafah Islami Bank Limited

2.2.1 Brief Description

Allah had provided us a complete lifestyle in the Quran and Sunnah. Therefore in every ifs and butts of our life we are advised follow the path of Al-Quran and lifestyle of our Prophet Mohammed (PBUH).

Al-Arafah Islami Bank started functioning in the year 1995 with the Islamic principles in mind and introduced an updated banking system entirely based on Al-Quran and Sunnah.

In order to make the holy intention of the bank successful a group of 13 specialized and profound Islamic persons of Bangladesh are elected as the member of board of Directors of the Bank. To carry out its activities flawlessly Al-Arafah Islami Bank Ltd. has 155 branches and a total of 3446 employees all over the country. It is functioning with its authorized capital of 15,000.00 Million taka and the paid-up capital of BDT 9, 943.06 Million

2.2.2 Practices of Islami banking

On today's banking sector Islami banking system is gaining more attractions to peoples because of the demand of haram free transections in the society. According to statistics more than 300 banks & financial institutions are actively performing business transactions with Islami Sariah throughout the world. In our country 6 fully fledged Islami Banks currently carrying out their activities successfully. Moreover other common banks also have Islami Banking branches conducting Islami banking activities

2.2.3 Vision of AIBL

Wisdom of the Directorial Bodies, Good faith and intention of staffs and the blessings of Allah make Al Arafah Islami Bank Ltd one of the most updated and a leading bank of Bangladesh

2.2.4 Mission of AIBL

- Obtain Allah's blessings and satisfaction.
- Establish a Shariah Based Banking practices as per Islamic laws.
- Offer quality banking service through adaptation of the latest technology.

2.2.5 Goal of AIBL

The adage of the AI-Arafah Islami Bank Ltd is to reach the edge of modern banking making a computerized and modernized service to its clients giving relentless service and set itself up to confront the new challenges of the dynamic world of business. AIBL has the following goals.

- A total Customer focused modern Islamic Banking with quality and continuous growth through various new deposit schemes with quality Investment mechanism to retain the leading position.
- Deliver financial service to small scale business and continue the cycle of economic development
- Adaptable to the changes of clients demand.

2.2.6 Contribute in the country's Economy

AIBL is always highly focused to the development of the Economy through following process.

- Generation of work sectors around the country
- Aiding the small and big industries with easy financial solutions.
- Encouraging depositors to deposit by providing security of the fund.
- Flourish Export Import by aiding the exporters and importers through various services
- Encourage small scale savings
- Encourage Charity
- Provides quality financial services
- Gather small funds and use them in engaging big development sector.
- Facilitating easy transfer of money.
- Encourage poor people to contribute in national economy giving financial help.

2.2.7 Features of AIBL

As far as Islamic banks are concerned AIBL is unique in every dimension. Unlike other banks it provides a bunch of Islamic services within the wide bracket of Shariah. Some of the special and unique features that make AIBL notable in the Islamic banking sector are as follows:

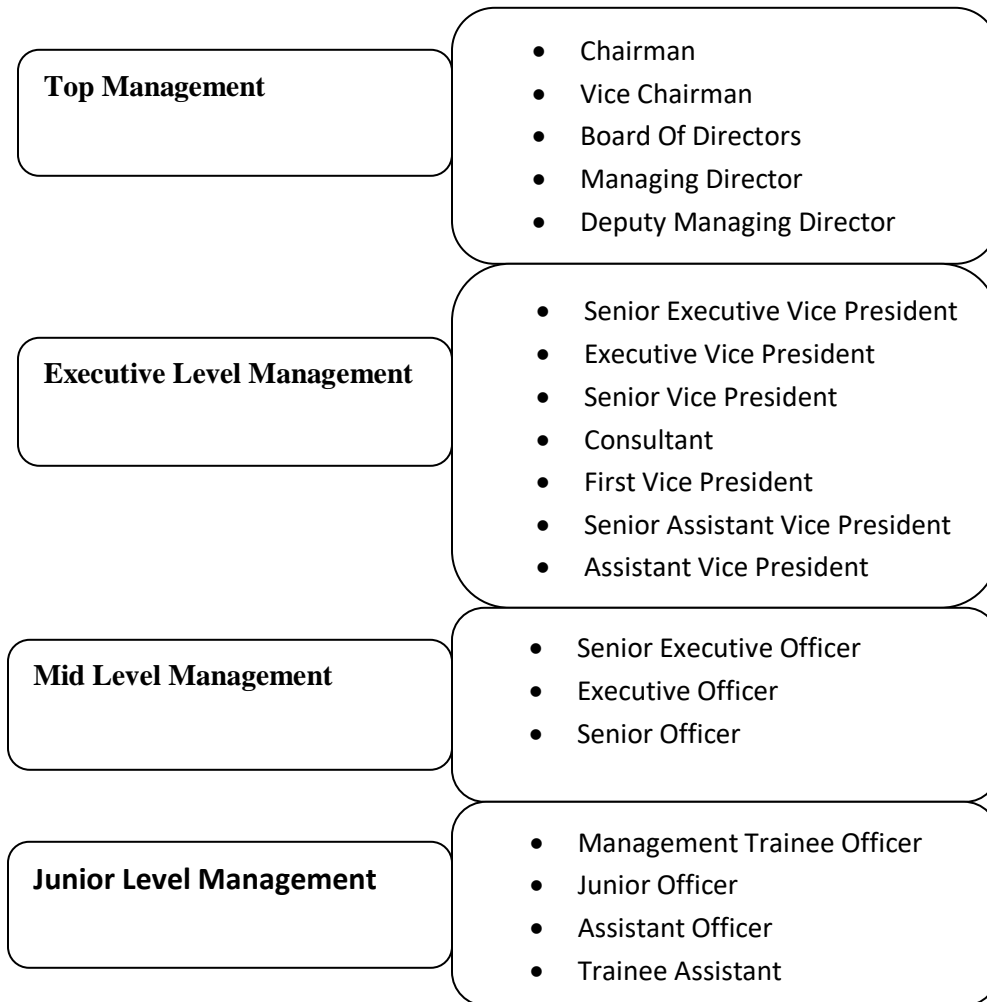
- All activities of AIBL are led under a profit and loss based framework as per Islamic Shariah.
- Its speculation arrangements under various modes are completely Shariah consistent and very much checked by the leading group of the Shariah Council.
- During the year 2007, 70% of the investment income has been distributed among the Mudaraba depositors.
- AIBL has made itself counted as an online bank from 2008 for that Bangladeshi software has been used to promote the local developers.
- AIBL regularly arranges its AGMs (Annual General Meeting). Whenever needed EGMs (Extraordinary General Meeting) are also arranged.
- Its dividends are regularly paid to shareholders. In 2008, they declared a 30% bonus dividend to the shareholders.
- AIBL provides dedicated services to the clients along with an Islamic spirit and goodness.
- AIBL is committing itself to be a welfare-oriented banking system and always actively meets the needs of poor clients.
- AIBL carries the core Islamic values of establishing a just economic system through equal distribution of wealth among the society.

2.2.8 Branches of AIBL

AIBL started its working at 161, Motijheel C/A with a Branch named Motijheel Branch on 27 September,1995 was the first & main Branch of AIBL and has been operating throughout the country. The Head Office of the Bank is however shifted to Purana Paltan in 2018 which is their permanent premises and head office since then. AIBL is operating for twenty three years and within this limited time frame the Bank has reached total of 155 Branches over the bangladesh and also kept a smooth communication network among all the branches country wide,the number of branches as Division wise is mentioned in the following table

Divisions	No. of Branches
Dhaka	72
Rajshahi	8
Rangpur	5
Khulna	12
Sylhet	7
Barishal	10
Chittagong	41

2.2.9 Corporate structure of AIBL



2.2.10 Forms of Organization (AIBL)

- Board Of Directors
- Executive Committee
- Management Committee
- Shariah Council

2.2.11 Corporate Environment of AIBL

Throughout my internship period I have noticed that the Corporate environment of “Al- Arafah Islami Bank holds the beauty of the Sunnah of Prophet and has a touch of peace in every part of their action and behavior. I could see in every stage of their movement they had their faith and conviction, values and proper attitudes which reflected the Sunnah of our prophet.

2.2.12 AIBL Core Information

- Managing Director: Md. Habibur Rahman
- Opening Ceremony : 27 September, 1995
- Number of Employees: 3446
- Investment: 235,905.23 Million
- Deposit: 244,806.26 Million
- Equity 22,520.68 Million
- Local Partnership of Capital: 100%
- Paid-up Capital: 9, 943.06 Million
- Authorized Capital: 15,000.00 Million
- Number of Branches: 154

2.2.13 Core Management Team

Honorable Managing Director

- Md. Habibur Rahman

Deputy managing Director

- Kazi Towhidul Islam
- Md.Faizul Karim
- Muhammad Mahmudul Haque
- Mohammed Zubair Wafa
- SM Jaffar

Secretary

- Md. Mahmudur Rahman

2.2.14 SWOT Analysis of AIBL

Strengths.

- AIBL feels responsible for providing its customer quality service in consistent manner.
- AIBL has good financial backup.
- It uses the latest technology to operate its daily transactions.
- AIBL has good working environment for both staffs and client
- AIBL holds a good reputation in the banking markets.
- AIBL maintains a costly R&D sector for better offers and schemes.

Weaknesses:

- AIBL has a gap of well trained staffs.
- AIBL don't have enough promotional campaigns like other banks.
- Staffs feels they are paid less compared to other banks
- Staff management schedule is week.

Opportunities:

- Demand for Islami bank is increasing day by day.
- Modern technologies are getting handy.
- Increase of investors in the country.

Threats:

- Other commercial banks are also opening Islami branches.
- Inflation affects are hampering profits of bank.
- The rates of profit reduced due use of 9% profit quota.
- Other banks has far better technology to service their custormes.

2.3 Objective of the Report

The first objective of writing the report is fulfilling the partial requirements of the BBA program. In this report, I have attempted to give an overview Al-Arafah Islami Bank Ltd's investment mechanisms in general and Order important issues regarding the experience after three months of working in the bank as an intern.. Following are the main objectives.

- Gain knowledge about the history and operation of AIBL's banking practices in Bangladesh.
- Provide in Detail the information about Investment modes of AIBL.
- Provide overall process, procedures documentation system of investment in AIBL
- In dept Analysis of the financial performance and reports.
- Finding the strength and weakness of IBL
- Mark the problems and lacking that AIBL have.
- Share the experiences of working at AIBL as an intern
- Recommendations.

Part 3 Modes of Investment

3.1 Introduction of Investment Department

Al-Arafah is bank of modern times. it is by far responsible for satisfying customers with quality financial services/products and to aid GDP growth of the country by developing business & boost industrialization, raising export and import. This creating enormous employment scope and help reduce unemployment, poverty thus raise standard of living of people and develop a overall socio-economic structure of the country.

In achieving such noble objective investment department of the bank is of shares equal responsibility and importance as a vital part of the total revenue of the bank is generated from it along with maximum risk.. The failure of a commercial bank is when the investment mechanism fails assets. Therefore investment department not only features dominant position in the asset structure, it is undoubtedly responsible for the success of the bank also, above all this investment policy and control guidelines of the bank has been prepared which is subject to amendment, revision, readjustment and refinement from time to time as may be warranted by the change of circumstances due to passage of time to suite the requirement of the bank.

3.2 Investment Policy of AIBL

Investment operation of a Bank is extremely vital because the greatest share of total revenue is generated from it, most risk is targeted in it and therefore the existence of a Bank largely depends on well management of its Investment mechanism. For economical readying of mobilized resources in profitable, safe and liquid sector a sound, well-defined and acceptable Investment Policy is important.

One of the vital feature of the investment policy of the bank is to invest on the basis of profit-loss sharing system in accordance with the principles of Islami Shariah. Profit generation is the solo motive, the objective behind this investment scheme the bank emphasis in actively participating in social good according to the Quran and Sunnah.

In order to implement the Investment Policy adopted by the Bank a 7-year long term Plan has been drawn-up for year between 1995 to 2002and put into effect. Then another 5-year

investment plan has been taken for the year 2003 to 2008 and put into effect. These plans aim at diversify the investment by size sector geographical area, economic purpose and securities to bring in phases all sectors of the economy and all types of economic groups of the society within the fold of Bank's investment operations.

3.3 Investment Objectives of AIBL

The objectives and principles of investment operations of the Banks are:

- The funded investments are strictly in maintained with the principles of Islam.
- To diversify investment portfolio according to investment, sectors (public and private), economy, geography and industrial and agricultural.
- Practice mutual benefit mechanism both for the Bank and the investment client by keeping the socioeconomic requirement of the country in view.
- Increase the number of potential investors by making profitable and productive investment.
- Take various developments mechanisms for alleviating poverty, increase income and employment generation.
- Invest in the form of goods and commodities rather than give out cash money to the clients for business
- Encourage social enterprises that work for the betterment of the society.

3.4 Investment Strategies of AIBL

Risk within the investments and come on that are reticulate. Associate investment policy that emphasizes a high come should settle for comparatively high risk. Conversely, associate investment policy that may tolerate solely bit of risk should be ready to simply accept a comparatively low come.

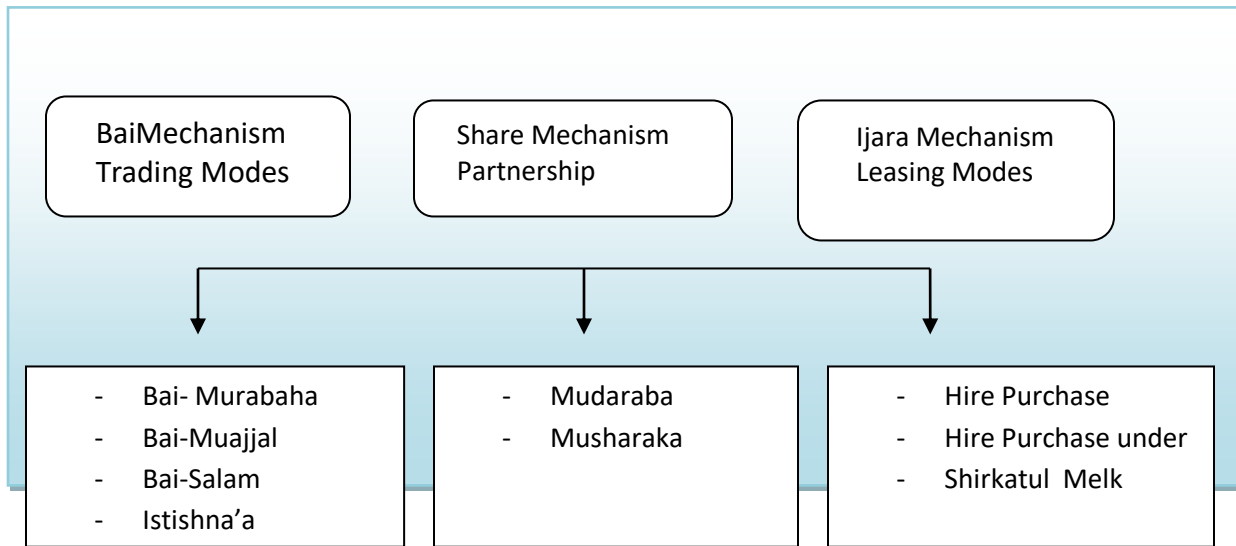
As such, it's very troublesome whether or not to pick out a high come port-folio on high risk or low risk port-folio with a coffee come. Nevertheless, considering all aspects following pointers shall be followed as strategy for banks investments.

- If two port-folios have an equivalent risk however completely different returns, the port-folio having higher come shall be most preferred.
- If the 2 port-folios have constant expected returns, however completely different degrees of risk, the port-folio with lower risk shall get preference. If one port-folio has each the next come and a lower risk than another, the first portfolio shall be preferred.
- Keeping seeable the risk issue, the bank shall maintain flexibility in determination of rate of come on investments on case to case basis in thought of the risk part concerned within the several investments.
- Emphasis is given for enlargement and strengthening small scale industries and rural industries. This vastly potential industrial sub-sector shall produce employment opportunities to rural and semi-urban population and shall have positive contribution working and financial gain generation and poverty alleviation of the low-income cluster.
- Investment facilities shall be extended for institution and enlargement of export orienting forward I back ward linkage and import substitute industries.
- The bank requires retaining 10% of its total deposit liability as Statutory Liquidity Ratio (SLR) including 4% Cash Reserve Ratio (CRR) with the Central Bank. The bank may go for investments up to 90% of its total deposit. The perspective investment plan is being formulated quantifying the allocation of investments size-wise, sector-wise, and geographical area-wise, economic purpose-wise, security-wise and mode-wise keeping in view 20% projected growth of deposit each year.
- Taking into consideration the broad objectives of the bank, national priority, socio-economic need, growth level of the economy, the investments port-folio of the bank may gradually be diversified and allocated in term of size, sector, geographical area, economic purpose, security and mode.
- Safety, security, profitability and liquidity of Bank's investments.
- Each branch invests, at least 50% of its deposits locally.

- Enhance of extending limit of good investment clients.
- Adoption of modern technology.

So, banks investment policy, investment planning and investment budgeting, till situation changes / improves, shall aim at promotion of quality general investment.

Core Mechanism and modes of Islamic investment



3.5 Bai-Mechanism

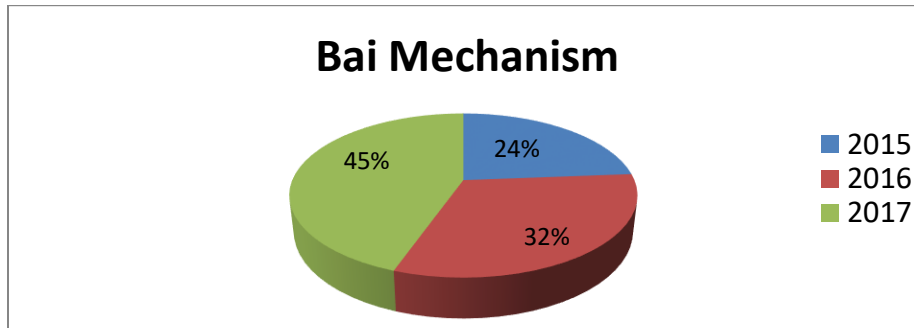


Fig 1.1 Sources AIBL JBB

Comment: Fig 1.1 shows that there is a continuous increase in the format of Bai Mechanism from year 2015, 2016 and 2017 at Jatrabari branch.

3.5.1 Bai-Murabaha

The terms “Bai” and “Murabaha” have been derived from Arabic words. “Bai” means purchase and sale and the word Murabaha means “in cash”. Bai-Murabaha means sale for which payment is in cash or in future fixed date or within a fixed period, in short, it is a sale on cash.

Definition

Bai-Murabaha may be defined as a contract between a buyer and a seller under which the seller sells a specific amount of commodity to the buyer at a cost plus agreed profit which will be payable in cash on any fixed date in total or in installments.

Features of Bai-Murabaha

- A client can make an offer to purchase particular goods from the bank for a specific agreed price. Including the cost of the goods plus an amount of profit.
- A client can make the promise to purchase from the bank, he is either to satisfy the promise or to indemnify any losses incurred from the breaking the promise without excuse.
- It is allowed to take cash or equivalent security to guarantee to keep the promise or to suffer any losses if occur.

- Documentation of the debt resulting from Bai-Murabaha by a Guarantor, or a mortgage, or both like any other bank debt is allowed

Types of Murabaha

In respect of dealing parties Bal-Murabaha are of two types.

Ordinary Bai-Murabaha

When there are only two parties, the seller and the purchaser, where the seller as an ordinary trader purchases the goods from the market without depending on any order and promise to buy the same from him and sells those to a buyer for cost plus profit, then the sale is called Ordinary Bai-Murabaha.

Bai-Murabaha on Order and Promise

This is when there are three parties, the buyer, the seller and the Bank as an intermediary trader between the buyer and the seller, where the Bank upon receipt order from the buyer with specification and a prior outstanding promise to buy the goods from the Rank, purchases the ordered goods and sells those to the ordering buyer at a cost plus agreed profit, the sale is called “Bai-Murabaha on Order or Promise”, generally known as Murabaha.

This Murabaha upon order and promise is generally used by the Islami Banks, which undertake the purchase of commodities according to the specification requested by the Clients and sale on Bal-Murabaha to the one who ordered for the goods and promised to buy those for its cost price plus a marked-up profit agreed upon previously by the two parties, the Bank and the Clients.

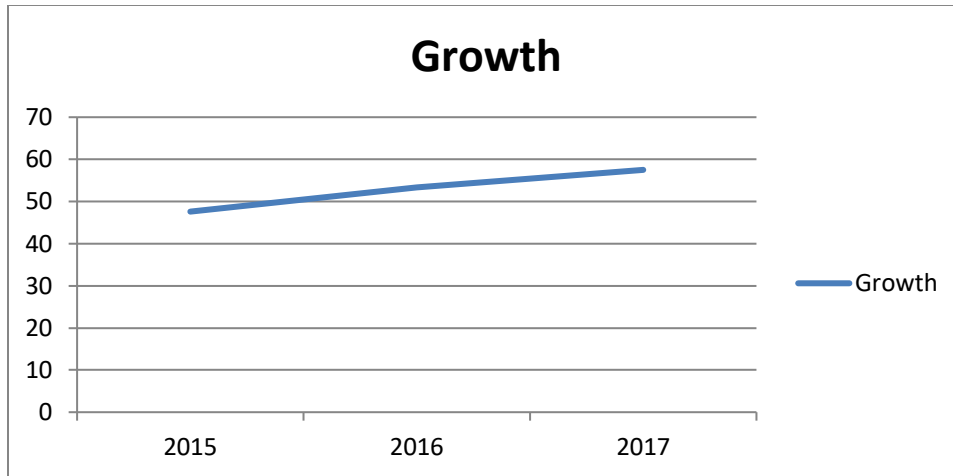


Fig : Growth of Bai murabaha at AIBL JBB

3.5.2 Bai-Muajjal

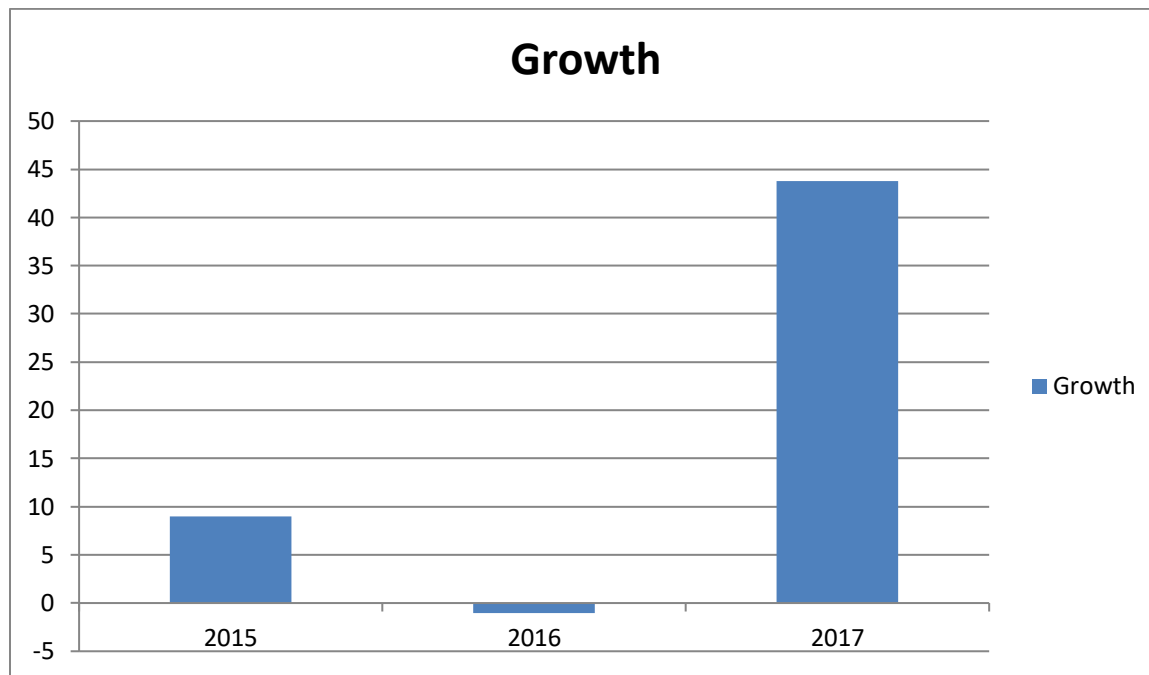
The terms “Bai” and “Muajjal” have been taken from Arabic words Ajal and Bai. The word Bai stands for purchase and sale and the word Ajal is a fixed time or a fixed period” Bai-Muajjal means sale for which payment is made on a date fixed earlier or within a fixed period of time. In short, it is a sale on credit.

Definition

Bai-Muajjal can be termed as a deal between a purchaser and a seller following which the seller sells specific goods), to the buyer at a agreed price payable on a agreed future date in total or within a fixed period in installments. The seller may also sell the goods purchased by him as per order and specification of the Buyer.

Features of Bai-Muajjal

- The client goes to the bank with a deal to purchase a specific good by the Bai-Muajjal agreement.
- The client must have to give security to guarantee for payment on a later date.
- If the bank wishes it may sell the goods at higher price to earn more profit.
- The bank is not liable to show the profit made on transactions.



3.5.3 Bai-Salam (Payment in Advance)

“Bai” and “Salam” are the terms that have been taken from Arabic words Bai and Salam. The word “Bai” means “sale and purchase” and the word Salam means “Advance”. “Bal-Salam” means Advance Sale and Purchase.

Definition

Under this mode Bank will executive purchase contract with the client and make advance payment against purchase of product, which is under process of production. Bai-Salam contract will be executed after making any investment showing price, quality, quantity, time, place and mode of delivery. The profit is to be negotiated. The payment as the price of the goods is made at the time of Agreement on the spot and the delivery of the goods is deferred.

Features of Bai-Salam

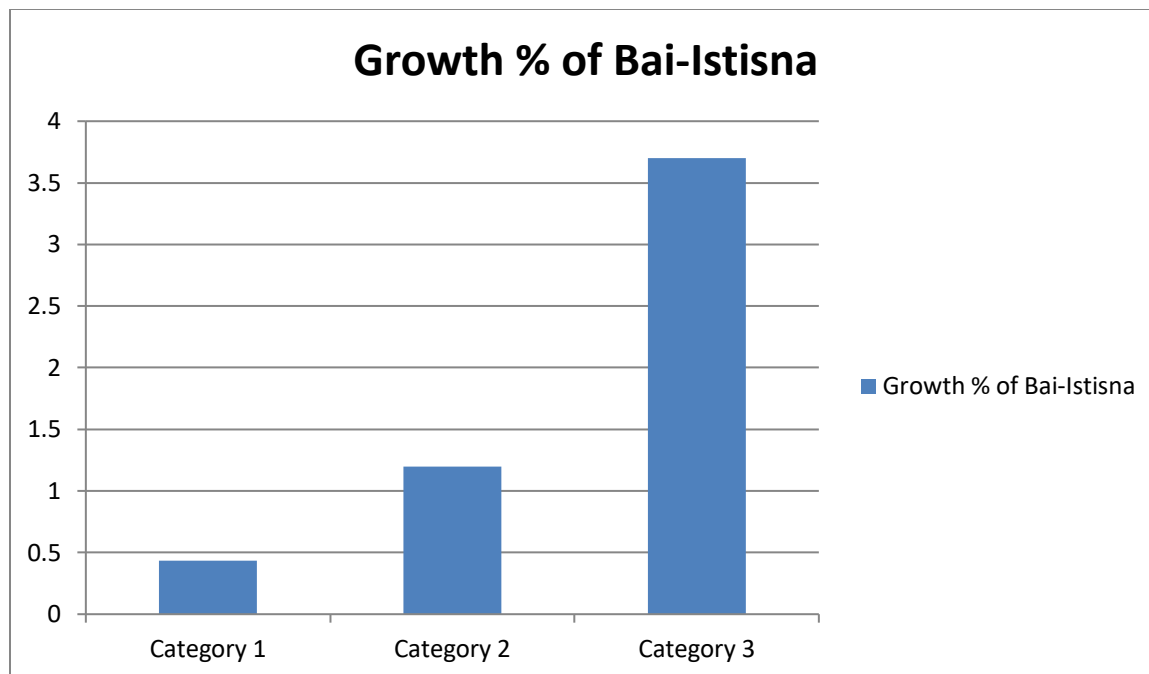
- Normally, Industrial and agricultural products are bought or sold in advance under Bai-Salam mode.
- It is allowed to obtain equal security from the seller client to secure the investment.
- It is allowed to obtain mortgage from third party as security before the signing of the agreement or during the agreement.

3.5.4 Bai-Istishna

Istishna is the word that has been borrowed from the word” Istishna” which stands for industry or Manufacturing enterprise. Istishna means to goods manufactured by placing orders to a manufacturer.

Definition

Istishna is a deal between a manufacturer/seller and a buyer under which the manufacturer/seller sells specific product(s) after having manufactured, permissible under Islamic Shariah and Law of the Country after having manufactured at an agreed price payable in advance or by instalments within a fixed period or on/within a fixed future date on the basis of the Order placed by the buyer.



3.6 Share Mechanism

3.6.1 Mudaraba

It is a form of partnership where one party provides the fund while the other provide the expertise, labor and the letter referred to at the Mudarib, any profits accrued are shared between the two parties on a pre-agreed basis, while capital loss in exclusively born by the partner providing the capital.

Important Features:

- Bank supplies capital as Sahib- al -Mall and client invest if in the business with his experience.
- Administration and management are maintained by client.
- Profits is parted as per agreement.
- Bank bears the actual loss alone.
- Client cannot perform another investment for that specific business without the permission of the Bank.

3.6.2 Musharaka- Shirkat

The term Shirkat and Musbarakah have been taken from Arabic words “Shairkah” and “Sharika.” The word shirkah means a partnership between more than one partners. Thus the word “Musharaka” and “Shirkat” means a partnership established between two or more partners for purpose of a commercial venture participate both in the capital and management where the profit may be shared between the partners as per agreed upon. Basic human need, Al-Arafah Islamic Bank Limited is committed to contribute to this end to provide a peaceful and happy

Important Features:

- The investment client has to run and manage the business.
- The bank should take part in the policy and decision making as well as analyzing the operations of the business . The bank may if want to give suitable personal(s) to run the manage the business and to keep records of accounts and of the business property.
- As the investment client shall manage the enterprise, the bank may more share of profit to him than that of his proportion capital contribution.
- Loss, if any, shall be divided equally to both on the basis of capital ratio.

3.7 Ijarah mechanism

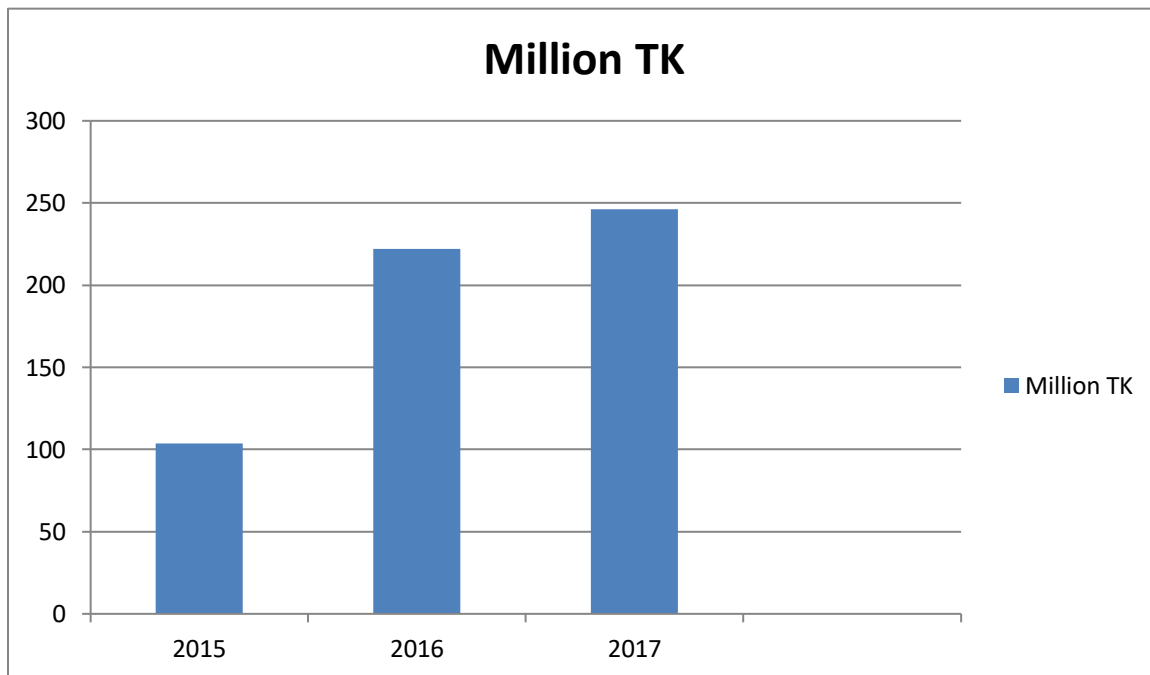


Fig 1.2 Source AIBL JBB

Comment: The graph above shows the growth of Ijarah Mechanism of jatrabari Branch the amount of money in 2016 was 222.19 which was 113.95% higher than the 2015 growth which was only 103.85 and the 2017 data gives a clear idea that the trend is steady but raising which is 246.36 which is 10.88% higher.

Division of Ijarah Mechanism

3.7.1 Hire purchase /Ijarah

The term ijarah has been derived from the Arabic works Ajarah and Ujrut which means consideration, return, wages or rent. This is really the exchange value or consideration, return, wages, rent of service of an Asset. Ijarah has been defined as a contract between two parties, the Hire and Hirer where the Hirer enjoys or reaps a specific service on benefit against a specified consideration or rent from the asset owned by the Hire. It is a hire agreement under which a certain asset is hired out by the Hire to a Hirer against fixed rent or rentals for a specified period.

3.7.2 Hire Purchase Under shirkatul Melk

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, Ijarah and sale. Shirkat means partnership. Shirkatul Melk means share an 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.

3.8 Investment activities of AIBL

Investment *is* the action of deploying funds with the intension and expectation that they will earn a positive return for the owner. Funds may be invested in either real assets or financial assets. When resources are used for purchasing fixed and current assets in a production process or for a trading purpose, then it can be termed as real investment. Specific Examples of financial investments are: Deposits of money in a bank account, the purchase of Mudaraba savings bonds or stock in a company. Since Islam condemns hoarding savings and a 2.5 percent annual tax

(ZAKAT) is imposed on saving, the owner of excess Savings, if he is unable to invest in real assets, has no option but to invest his savings in financial assets.

3.9 Principles of Investment of AIBL

The Principles of investment operations of the bank are:

1. To invest fund strictly in accordance with the principals of Shariah.
2. 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.
3. To make investments keeping the social-economic requirement of the country in view.
4. To increase the number of potential investor by main participatory and productive investment.
5. To finance various development schemes for poverty alleviation, income and employment generation with a view to an accelerating sustainable social- economic growth of the society.
6. To invest in the form of goods and commodities rather than giving out cash money to the investment clients.
7. Any Investment on products or services that causes bad effect to human is strictly prohibited like alcohol production cigarette manufacturing etc.

3.10 Sources of Fund

Al -Arafah Islami Bank limited, in general collects fund from reserves, and funds rose through borrowings from IBG account. The main part of their operational funds is however, Derived from the different categories of deposits accepted on the Islamic principles of Al-Wadiah (safe custodianship) and Mudaraba (trust Financing). AIBL, Jatrabari Branch has opportunity to collect fund in two ways such as ‘Primary’ and ‘Secondary’ sources. These are discussed under:

3.10.1 Primary Source

1. Reserves

The central bank enquires that every Islamic bank shall maintain reserve fund. Before any dividend is declared AIBL shall transfer to the reserve fund out net profits of each year after due provision has been made for Zakat and: in percentage of the net profits in order build up adequate reserves

2. Liquid Asset

AIBL is further required to keep at all times minimum amount of liquid asset against its deposit liabilities expressed as certain percentage of the deposits, as may be, preserved from time to time notice in writing by the central bank.

3. Borrowing from IBG

To tide over temporary liquidity shortages AIBL, as member banks are entitled to borrow from the central bank, as the lender of last resort.

4. Inter-Bank borrowing

AIBL has established interest -free fund arrangements with local and foreign banks on the basis of reciprocity. Normally, under prior arrangement, the Islamic banks keep surplus funds with selected banks.

3.10.2 Secondary Sources

1. Mobilization of Deposits

The main function of AIBL is to mobilize savings and provide financial support to the entrepreneurs. Islamic banking is a response to such exigencies. It mobilizes savings of the common people in line with Islamic Shariah. Techniques employed by Islamic banks for saving mobilization are as follows:

2. Al-Wadiah Account

AIBL banks receive deposits in their Al-Wadiah account. This account is similar to the demand deposit account of deposit account. In addition, depositors may withdraw all or a part of the funds deposited in this account without restriction. The term Al-Wadiah means

deposit of money allowing somebody to claim the funds in the account, the bank as trustee preserves and safe keeps the funds deposited.

3. General Mudaraba Account

The account of AIBL is different from the checking account of an interest based bank. Mudaraba is a form of business contract where one party supplies money and the other manages the business by investing labor and time. Profits generated contract. However, in this arrangement, the financier is solely responsible for any loss that may be incurred

4. Term Mudaraba Account Islaimi banks receive different kinds of mudaraba

The deposits are generally for 3 months, 6 months, 12months,24 months, and 36 months

5.Special Mudaraba Account

When AIBL receives a Mudaraba deposit for' investment in some specific business, sector or project, the deposit is calkj a “Special Mudaraba Deposit”. AIBL provides some special scheme for their client.

3.11 Investment Income from Different Modes

Investment mode	Income (TK in Million)
Murabaha	1475826842
Mudaraba	1794339652
Bai-Istisna	4941614
Hire Purchase	24714948
Others mode income	16281000
Total Income	8386578851

Sorce AIBL Annual Report

The table shows the income from various modes of investment from AIBL

3.12 Geographical Investment Allocation

Division	Investment (TK)	
Dhaka Region	75,313,323,373	9,901,087,423
Chittagong Reason	15,775,263,431	1,773,255,233
Sylhet Region	445,816,233	428,868,466
Rajshahi Region	5,1,97,957,704	1,704,194,982
Khulna Region	2,877,281,368	336,479,033
Barishal Region	1,237,686,990	104,708,195
Total	100,847,329,099	8,249,593,333
Total Investment in Country	10,909,69,22,432	

Source: AIBL JBB: Table shows Investment of AIBL to various regions Around Bangladesh

3.13 Investment Growth rateof AIBL

Year	2015	2016	2017
Investment (million)	162,503.14	196,519.38	235,905.23
Growth %	10.74%	20.93%	20.4%

Table: Investment Growth:Source Annual Report

The table above shows that the investment has a progressive pattern in 2015 there was 10.74% growth in 2016 the investment grew 20.93% and in 2017 there was a growth of 20.4%.It can be concluded that the bank's investment is growing day by day at a similar rate.

3.14 Investment Income

Year	2015	2016	2017
Taka (million)	18,568.00	18,830.15	20,491.03
Percentage of rise	-5.87%	1.41%	8.82%

Table: Investment Income Growth: Source: Annual Report

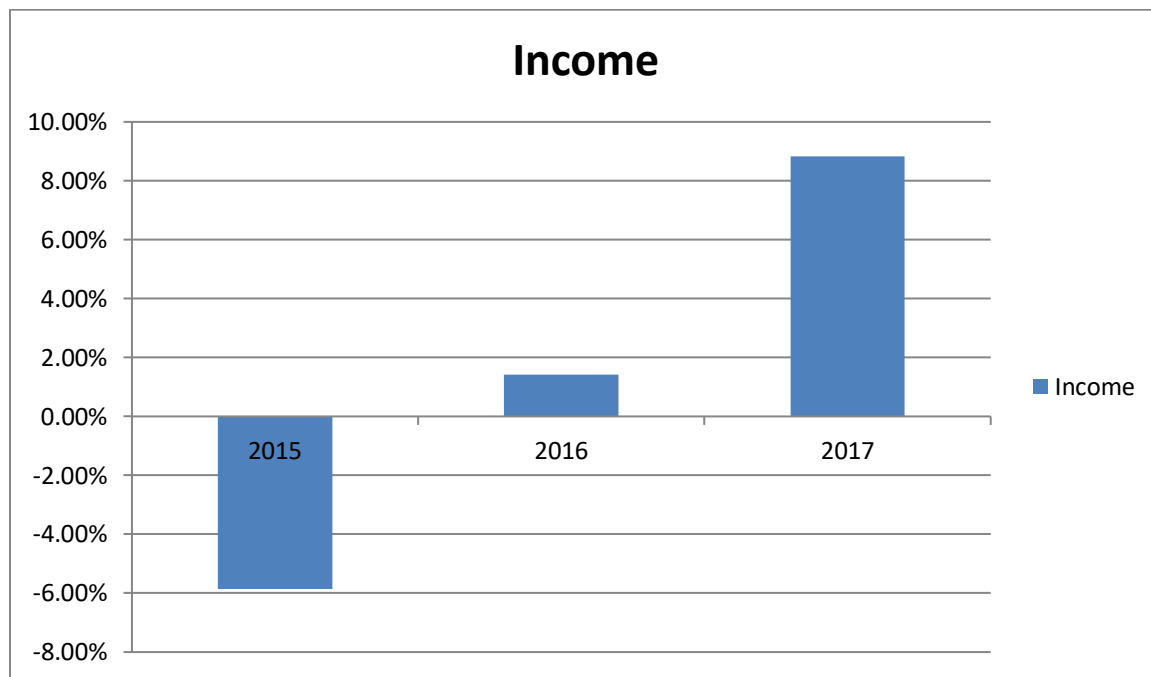


Fig: Investment Income Growth

The above table shows the investment income of AIBL over three year period, and it is graphically presented in the diagram. Analyzing both it can be seen that in 2015 the income from investment fell unusually by 5.87%. However in 2016 there was a growth of 1.41% and in 2017 the investment showed its usual growth by rising income by 8.82%

3.15 Non Performing Investment

AIBA loan is non-performing when payment of interest and principal are past due by 90 day or more, or at least 90 days of interest payment have been capitalized, refinanced or delayed by agreement, or payment are less than 90 days overdue, but there are other good reasons to doubt

Year	2015	2016	2017
Non-Performing Investment	1.14%	0.95%	1.63%

that payment will be made in full

Table: Non Performing Investment Of AIBL: Source: Annual Report

3.16 Mode-Wise Investment

Mode	2015	2016	2017
Bai-Murabaha	17,924,759,588	23,845,684,157	22,48,65,509
Hire Purchase	8,867,604,185	12,748,718,957	25,57,351,376
Bai-Muajjal	21,665,352,589	31,971,641,046	54,11,260,294

Table: Mode Wise investment: Source: Annual Report

The above table shows that the mode wise investment of AIBL. According to the annual report the balances are shown here. In Bai-Murabaha it has a positive growth continuously. It is the main investment mechanism. In Hire purchase (HPSM), the trend is also increasing.

3.17 Sector Wise Investment of AIBL

Sector	2015	2016	2017
Agriculture, Fishing	568,402,591	614,658,559	784,584,746
Industry	10,277,033,743	14,277,033,743	24,279,597,484
Construction	1,813,385,477	251,512,864,818	3,412,988,458
Transport, Communication	1050,762,021	1,235,762,345	3,435,774,906
Trade Finance	23884,464,414	32,786,023,198	41,886,353,810
Miscellaneous	296,034,587	664,253,509	51,86,922,383

Source: Annual Report

3.18 Rate Of return

Sector, Modes, Schemes	Rate of Return
SME Investment	10%
Grameen Small Investment	10%
Investment on Agricultural Sector	10-13%
Rural	10%
Investment on Women Entrepreneur	9%
Solar Electricity	10%
HPSM and others	14-17%

Source: Annual Report

Part 4 Activities undertaken at AIBL

4.1 Activities Undertaken

I was assigned at the Investment department of the bank, while working in the investment I have come across with the vital activities of investment. I worked as monitor and recovery stage if the investment department which is discussed below As discussed earlier Investments activities are conducted according to islami sharia so interest payment system is altered profit giving mechanism from client deposit amount. Investment practice consists of stages like selection of the client, Application stage, Processing and appraisal, Sanctioning stage, documentation stage, Disbursement stage, Monitoring & Recovery stage. These stages are the heart and core of the bank's investment department. Al-Arafah Islami Bank (AIBL) makes its investment decision through successfully passing these crucial steps; the steps are discussed in detail below.

4.2 Selection of client

Here, the client approaches to the brunch of AIBL. He talks with the manager or respective officer (investment) Secondly, bank considers four C's of the client. After completion of the discussion successfully between them, bank selects the client for its proposed investment it is to be noted that the client must agree with the bank's rules & regulations before availing investment. Generally, bank analyses the following five C's of the client

- Character
- Capacity
- Capital Collateral
- Condition

4.3 Application Stage

The bank collects necessary information about the prospective client at this stage. For this reason, then bank informs the prospective client to provide and or fill a form with respective information which is crucial for the initial of investment process. Documents that are necessary for getting investment of AIBL are prescribed below

- Photocopy of the Trade License
- Income statement
- Attested copy o partnership deed (if partnership basis is selected)

- Recent three (03) years audited balance sheet (for Joint Stock Company)
- Three (03) years' business transaction statement for the Musharaka / Mudaraba investment
- Abridged proof income statement for the Musharaka / Mudaraba investment
- Attested copy of the Memorandum (MOA) & Articles of Association (AOA) for the joint stock company
- Attested copy of the Tax Identification Number (TIN certificate)
- Detail summary of the sundry debtors and creditors.
- Summary of the personal movable & immovable assets and others

4.4 Appraisal Stage

This is the evaluation stage, here the bank evaluates the client and his/ her business. It is considered to be the most important stage because, on the basis of this stage, bank usually goes for sanctioning the proposed investment limit or proposal. If a single thing goes bad here, the bank stops to make sanction of the investment. In order to appraise the client, AIBL gives a standard F1 67B form (Appraisal report) to the client for gathering all the information. However, the following contents are presented from that appraisal report:

- Company's information
- Owner's information
- List of partners in the business
- Purpose of investment
- Details of proposed Investment
- Break up of present outstanding
- Other liabilities of the client
- Previous Bank's information Details of sister/ Allied concerns
- Allied Deposits as on
- Business Industry Analysis if an
- Relationship analysis if any
- Asset- Liability position of the client as per Audited Balance sheet
- Working capital assessment Risk grade

- Particulars of the go down for storing MPI Murabaha goods
- Insurance coverage
- Audit observation
- Security analysis

4.5 Sanction Stage

This is the conclusion stage; here the bank officially agrees the investment proposal of the respective client. In this case Client receives bank's sanction letter. AI-Arafah Islami Bank (AIBL) sanction letter contains the following elements

- Investment Limit in Million
- Mode & amount of Investment
- Purpose of investment
- Period of Investment
- Rate of Return
- Securities
 1. Stock of goods is the primary security
 2. LC/ Bills - Related documents
 3. Murabaha Post Investment (MPI) / Bai- Murabaha- Pledge of MPL/ Bai-Murabaha goods.
 4. MPI Bai-Murabaha
 5. Cash/ Goods- Bai Murabaha- 25% cash security on cost price.
 6. TR (Trust Receipt)-Without cash security
 7. Collateral- Immovable properties

4.6 Documentation Stage

In the documentation stage, usually the bank analyses whether required documents are in order. in the documentation stage, AIBL checks the following some documents of the client-

- Tax payment Certificate
- Stock Report
- Trade License (Renewal)

- VAT certificate
- Liability statement from different parties
- Receivable from different clients Other Assets statement

4.7 Disbursement Stage

At this stage bank decides to pay out money. Here the clients get his desired funds of goods, it is to be noted that before disbursement a 'site plan' showing the exact location of each mortgage property needs to be physically verified.

4.8 Monitor and Recovery Stage

This is the stage where I was put into work during my internship at AIBL, as the name suggests there are two parts of this stage, monitor and recovery. Monitor consists of the activities that analyzes the validity of the documents client provided, stating the use of money that will be taken from the loan account, here the client need to give documents like vouchers of the goods that will be bought for business and other related documents that proves his legality of purchase. The taken loan has a validity of one year, with in that time the client has to deposit all the taken amount of loan in the account, that's what recovery part, does. In the recovery part the officers make sure that the loans are put back within one year.

Part 5 Constrains and challenges faced at AIBL

5.1 Constrains and challenges

AIBL is a very reputed firm and does everything to make its customers happy and satisfied. Working there as an intern I am very much satisfied and happy. However with satisfaction of work I have also faced some constrains and challenges when dealing with the everyday tasks. I have tried to list those below with the solutions I performed to overcome those.

5.1.1 Adapting the new environment

The first problem I faced in the very first day of my work was the newness of corporate environment, I was very much nervous to interact with my supervisors; all of them were asking my name and other details. Some were friendly and few were tough as well .It took couple of hours for me to understand how things work out there. I controlled my fear and took interest into knowing my seniors and within a day or two things were easier for me and I became one of them and they also accepted me with warm hands.

5.1.2 Understanding the Work

Financial transactions were very much risky in the bank for me as those were in millions, a single mistake could hamper lot. So, it was very much challenging for me to understand how my bosses work, I had to ask every single task twice and thrice so that I don't make any mistake and slowly I could do the assigned task at ease.

5.1.3 Inadequate IT infrastructure

AIBL has a very good IT infrastructure to carry out their tasks, however they lack full potential as the server went down more than 5 times during my full internship program and it created a huge mess. Also some of the computers and UPS were faulty as a result during load shedding the works stopped it was very embarrassing for me so. In order to avoid those problems I took less task on computers and work manually by hand.

5.1.4 Arrogant Officers

Working at AIBL JBB I had the opportunity to come across some of the most talented and friendly officers however Some officers were very much arrogant they were tough to understand and always stayed in bad mood. I was problematic for me to handle them easily so I decided to avoid and bad incident with them and stayed as far as I could.

Part 6 Lessons Acquired From Internship

6.1 From AIBL

Skills and Experience:

One of the most important things that I have learned through my internship at AIBL is the new skills and experience. These are the things that that no one can get in academic life. Today I feel I am changed man I can n perform my task very accurately and in time.

To be Responsible:

AIBL work place made me responsible, my supervisor delegated me with the important task which made me responsible enough which is very important for my carriers progress

Ways to overcome Fear

Before attending the internship program I used to fear the task but now I know how to avoid unnecessary fear and perform without being nervous This mot only made me fast but also gained me the power to perform under pressure.

Corporate Attitude

Before joining AIBL as intern I was just a student, I lacked proper knowledge of corporate behavior and attitude. My works at AIBL made me learn how to talk, behave, and be on the corporate field along with appropriate sitting posture.

Teamwork

Working at AIBL I learned the importance of wakening in teams, we the interns were given tasks in teams, from there I learned how to work in term with patience and bring out the best frm performance.

Confidence

I believe confidence is one of the main keys in being successful in the corporate world. AIBL also taught me to remain confident no matter how worse the situation is. Now, I believe I have that much confidence in me that I can use in my future work wherever I get the job.

6.2 From My University

Brac University has taught me many new and important pieces of knowledge, My faculties not covered the syllabus but also taught us things from outside which are really very much vital in developing my career no matter where I work and which field I build my career.

However this Internship program is totally unique from other academic teachings, Brac has a very unique plan regarding its internship program that helps its students to understand more about the real corporate world. I have listed some of them in detail below:

Internship Report

Writing an internship report made me recall each and every thing from my first course at BRAC University to my every moment of my internship. The way BRAC designed the report format and after doing it I feel like it is the company Annual Report, by doing this report I learned a lot about the company, the corporate world and many ways to boost up my career in the future.

Conducting PSDP program

BRAC University took the effort of arranging the Professional Skill Development Program (PSDP) which is a very different approach to make us learn about our life-long journey in the corporate world. There we were taught everything about the corporate world, ways to boost up our careers and we were also introduced with the successful corporate persons who shared their story of struggle and success, so that made us learn a lot of things.

Arrangement of different seminars

There were many corporate seminars and gatherings arranged by BRACUniversity in which big companies were invited to come and share their thoughts. CEOs and MDs of big companies came and talked about their firms. This seminars made me learns about many companies and teir corporate cultures.

OCSAR

This is theOffice of Career Services and Alumni Relations, this is the place where you get every help you need regarding the carrier from counseling to job vacancy lists. They are very much helpful and friendly and try to aid as many ways as possible.

Part 7 Concluding Statements

7.1 Summary

Al-Arafah Islami Bank Ltd. is a unique combination of shariah & Islamic banking. Among non-government commercial banks. Operating since 27 September 1995 Al-Arafah Islami Bank Ltd is a milestone for economic development. With its equity of 22520.68 million it has been playing an important role to eradicate the unemployment problem of Bangladesh.. It has been over 3446 employees working in 154 branches and from its banking business 36695 shareholders are getting benefits around the country. It is currently operating with but most people in the country have misconception about Islamic banking specially Al-Arafah Islami Bank Ltd. & other Islamic banks. They are unable to differentiate its operation with other commercial Banks and thinks Islamic banks are taking interest in the name of profit, infect unfortunately I had the same idea, now working out there I can understand why they have wrong idea, they feel like this because they do not have clear idea about the activities and the investment mechanism of Islamic banks.

With its total investment of 235905 million and deposit of 244806.26 million the Bank is committed to run its activities as per Islamic Shariah and thus it has different investment (credit) modes, different repayment schedules, different disbursement procedure, and different mark up system. And also has a different Credit (Investment) policy. Mark up means adding some additional value after purchasing the goods but before to sell the same to another people. This system is accepted in Islamic Shariah because here money is converted to goods.. Money begets money is prohibited in Islam. People are getting more benefit from the dealings of Islamic banking because here quarterly interest is not charged and there is no possibility of interest to be converted into principal. It cannot take part in call money market. Murabaha, Bai-Muazzel, Hire Purchase Sirkatul Meilk (HPSM) are the common investment modes and Musharaka, AL-Wadeah, MDRB(farmers) are most common modes of deposit of AIBL.

Working out there I have witnessed that the service provided by the young energetic officials of the Al-Arafah Islami Bank Limited is very satisfactory. As an islami bank AIBL has to follow the rules of Bangladesh bank despite the fact that these rules sometime restrict the foreign business to some extent. During my internship in this branch I have found the investment department to be very efficient; therefore this department plays a major role in the overall profitability of the branch and to the Bank as a whole.

To conclude I would like to say that Al-Arafah Islami Bank Ltd is one of the most potential Islami banks in the Islami banking sector. It has a large portfolio with huge assets to meet up its liabilities of 236 million and the management of this bank is equipped with the expert bankers and managers in all level of management. The Bank's drive towards market leadership as well as quality in choosing business will continue in the coming years, although competition is intensified with the opening of more financial institutions with islami sariah. The Bank is optimistic that the volume of business will increase in future through pragmatic and market friendly policies. The Bank shall continue to explore new fields of investment and take steps to open new Branches for Banking and shall endeavor to adopt customer-oriented policies and introduce new techniques that will help to earn profit and increase greater confidence of the existing prospective customers.

7.2 Recommendation for AIBL

Working in AIBL was an absolute pleasure for me; from there I have learned so many important lessons about the corporate culture. However while doing my daily work at the Jatrabari branch of AIBL I have come across some of the issues that I thought needed improvement. I have included those in this recommendation section in list form so that those issues can be given preference and sorted out soon.

- AIBL Should Increase skilled manpower to do its financial activities more efficiently. So that many of the employees do not have to do extra work.
- The Bank should go aggressive and promotional activities in form of CSR to get a broad geographic coverage.
- The authority of AIBL should introduce more innovative and modern Customer service to remain competitive like mobile app for payment.
- Reduce the amount of doubtful income substantially.
- Inclusion of more modes of investment and deposit mechanism based on the Quran and Sunnah.
- Its facility for the employees should be improved.
- Market them as true Islami Shariah based bank to reduce misconception among people who think they renamed interest, to profit for misleading them.
- They should also focus on the marketing aspects to let customers know about their products and offerings and more promotion should be given to attract new customer.
- AIBL must develop electronic banking system to moderate the service. Technology advantage of a bank ensuring its competitive edge in the market place can only be achieved by efficient manpower. It is market share to reduce its operating cost and to generate new revenue.
- Arrange easy modes of Hajj deposit so that even poor can perform Hajj.
- Now a day's world is going very fast. Now most of the banks open online customer service system. So in order to compete in the world market they should adopt online banking system.

7.3 Recommendation for BRAC University internship program

As far as my view is concerned, BRAC University is doing their best to boost up its students carrier in every way possible. BRACU OCSAR is doing excellent in terms of helping the students to become competitive professionals and to compete. Still I want to recommend some new improved ideas BRAC University to help students even further

- BRAC University may make students to do internship in each year of the academic years so that the students begin to gain experience more than just three months of internship
- University can focus more on the practical ways of learning than the theory based ones.
- It would be nice if students get the liberty of internship report format.

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Appendix

3 years financial highlights

Balance sheet as at December 2016

PROPERTY AND ASSETS	notes	2016 taka	2015 Taka
Cash in hand			
Cash in hand (including foreign currencies)	5A	2,033,960,977	1,779,992,510
Balance with Bangladesh Bank and its Agents Banks (including foreign currencies)		30,853,508,125	24,951,466,555
		32,887,469,102	26,731,459,065
Balance with other Banks and Financial Institutions	6A		
In Bangladesh		3,426,434,934	2,436,891,773
Outside Bangladesh		5,703,406,904	3,953,284,997
		9,129,841,838	6,390,176,770
Placement with Banks & Other Financial Institutions	7.A	3,333,450,160	1,100,000,000
Investment in Share & Securities	8A	9,158,676,294	8,851,134,487
Government		6,990,000,000	6,180,000,000
Others	8.A.i	2,168,676,294	2,671,134,487
Investments	9A		
General Investments etc.		180,155,243,596	148,484,014,726
Bills purchased and discounted		16,364,134,345	14,019,129,402
		196,519,377,941	162,503,144,128
Fixed assets less Accumulated Depreciation	10A	3,240,185,718	3,057,379,053
Other Assets	11A	18,631,047,423	20,473,363,436
Non-Banking Assets		-	-
Total Assets		272,900,048,477	229,106,656,939
LIABILITIES AND CAPITAL			
Liabilities			
Placement from Banks & Other Financial Institutions	12	25,084,653,806	12,795,916,017
Deposits and other Accounts	13A		
Mudaraba Savings Deposits		26,053,949,961	21,905,934,320
Mudaraba Term Deposits	13.A.ii.	104,981,785,080	92,519,200,283
Other Mudaraba Deposits	13.i.	46,027,267,857	37,764,527,251
Al-wadeeah Current Accounts and Other Accounts etc.	13.ii	20,693,095,761	16,457,585,767
Bills Payable		1,947,821,349	1,239,833,780
		199,703,920,008	169,887,081,401
Other Liabilities	14.A	23,698,530,129	24,104,783,880
Deferred tax Liabilities/ (Assets)	15	75,456,597	82,801,120
Total Liabilities		248,562,560,539	206,870,582,418
AIBL Subordinate Bond		3,000,000,000	3,000,000,000
Capital/Share holders Equity			
Paid -up Capital	16	9,943,064,280	9,469,585,030
Statutory Reserve	17	6,490,088,540	5,440,728,703
Revaluation Reserve	18	978,069,978	991,589,940
Retained Earnings	19.A	2,199,578,985	1,615,987,762
Total Equity attributable to equity holders of the bank		19,610,801,783	17,517,891,435
Non-Controlling Interest	16.A	1,726,686,152	1,718,183,083
Total Equity		21,337,487,935	19,236,074,517
Total Liability and Share holders equity		272,900,048,477	229,106,656,939

Notes | 2016 | 2015

OFF BALANCE SHEET ITEMS**Contingent Liabilities**

Acceptance and endorsement

Letters of Guarantee

Letters of Credit

Bills for Collection

Other Contingent Liabilities

Total

	taka	Taka
	10,243,938,166	9,956,571,853
20	4,981,342,733	4,471,407,869
	26,110,933,527	16,316,709,625
	3,652,427,592	3,835,366,743
	-	-
	44,988,642,018	34,580,056,090

Al-Arafah Islami Bank Limited

Balance sheet as at December 2017

	Notes	2017 Taka	2016 Taka
Investment Income	21.A	20,491,028,035	18,830,156,209
Profit paid on deposits & Borrowing	22.A	(11,784,195,568)	(9,957,733,490)
Net Investment Income		8,706,832,467	8,872,422,719
Income from Investment in Shares /Securities	23.A	437,319,085	249,804,490
Commission, Exchange and Brokerage	24.A	2,790,684,690	2,256,415,349
Other Operating Income	25.A	329,353,333	285,324,498
		3,557,357,108	2,791,544,337
Total operating income		12,264,189,575	11,663,967,056
Salaries and allowances & contribution to P.F	26.A	3,571,959,651	2,691,997,385
Directors fees & expenses	27.A	18,937,652	15,928,345
Shariah Supervisory Committee's fees & expenses	28	560,969	222,456
Rent, taxes, insurance and lighting etc.	29.A	584,955,214	519,381,152
Postage, telegram, telephone and stamp etc.	30.A	78,429,866	75,803,110
Legal charges		10,698,639	10,906,430
Auditors' fee		1,602,500	1,420,500
Salary & Allowances to the Managing Director		15,825,000	13,240,000
Depreciation and repairs to the bank's properties	31.A	317,899,334	293,324,745
Stationery, printing & advertisement etc.	32.A	125,305,263	95,962,147
Other expenses	33.A	582,245,933	435,558,364
Total operating expenses		5,308,420,021	4,152,935,134
Profit/(Loss) before Tax & provision		6,955,769,554	7,511,031,922
Provision against Investments & Contingent Liabilities	34.A	1,354,891,535	1,547,870,131
Provision for diminution in value of investment		-	-
Other Provision		-	-
Total provision		1,354,891,535	1,547,870,131
Profit/(Loss) before Tax		5,600,878,019	5,963,161,791
Current tax	14.1.A	2,405,891,962	2,621,104,450
Deferred tax	15	25,492,603	(7,344,522)
Provision for Taxation		2,431,384,565	2,613,759,927
Net Profit/(Loss) after tax		3,169,493,454	3,349,401,864
Net Profit attributable to:			
Equity holders of the bank		3,134,682,251	3,053,388,813
Non-controlling Interest		34,811,203	296,013,051
Profit for the year		3,169,493,454	3,349,401,864
Appropriation			
Statutory Reserve		1,086,492,574	1,049,359,837
Non-Controlling Interest		34,811,203	296,013,051
		1,121,303,777	1,345,372,888
Transfer to Retained Earnings		2,048,189,677	2,004,028,976
Earning per Ordinary Share (EPS)	39.A	3.15	3.07