Sonargaon University

An Internship Report On

"Investment Management Process of Islami Bank Bangladesh PLC"

Submitted By:
Name: Meherunnesa Akter Mahia
ID: BBA2001019143
Program: BBA (Major in Accounting)
Semester: Fall-2023

Submitted to:
Department of Business Administration
Sonargaon University (SU)
Dhaka-1215

Submitted for the partial fulfillment requirement of the degree of Bachelor of Business Administration

Date of Submission: 05 January, 2024

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Supervised by:
Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

Submitted for the partial fulfillment requirement of the degree of Bachelor of Business Administration

Date of Submission: 05 January, 2024

Letter of Transmittal

05-01-2023

Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

Subject: Submission of Internship report on "Investment Management Process of Islami Bank Bangladesh PLC"

Dear Madam,

I am pleased to submit my internship report," **Investment Management Process of Islami Bank Bangladesh PLC**," as part of the requirements for my BBA degree. This report details the valuable insights and experiences I gained during my internship at Islami Bank Bangladesh PLC. The opportunity to work under your guidance has been truly enriching, and I am grateful for your direction and support in completing this report.

I am confident that I have effectively captured the key learnings from my internship, and I welcome any questions or feedback you may have. I understand that no report is perfect, and I take full responsibility for any errors or omissions.

Thank you again for this invaluable opportunity and for your supervision throughout the internship program. I am confident that the skills and knowledge I have gained will be a significant asset in my future career

Sincerely,

Meherunnesa Akter Mahia
BBA2001019143
Department of Business Administration
Sonargaon University (SU)

Certificate of Supervisor

This certifies that the internship report titled "**Investment Management Process of Islami Bank Bangladesh PLC**" has been prepared and submitted by **Meherunnesa Akter Mahia**, bearing ID **BBA2001019143**, as part of the Bachelor of Business Administration (BBA) program at the Department of Business Administration, Sonargaon University (SU).

The internship was carried out under my supervision, and the report reflects the knowledge and experience gained by **Meherunnesa Akter Mahia** during her time at Islami Bank Bangladesh PLC.

I hereby confirm that the information contained within the report is accurate and to the best of my knowledge, and it will not be used for any other purposes beyond the academic requirements of the BBA program.

……

Nowshin Mahmood Tahiya

Lecturer
Department of Business Administration
Sonargaon University (SU)

Student Declaration

I am, **Meherunnesa Akter Mahia**, student of Bachelor of Business Administration (ID: BBA2001019143) at Sonargaon University (SU), declare that the present report titled "Investment Management Process of Islami Bank Bangladesh PLC" is my original work. I have adhered to all copyright regulations and intellectual property laws in its preparation.

I further affirm that this report has not been submitted for any other degree or qualification, nor will it be submitted elsewhere without prior written authorization from Sonargaon University.

……

Meherunnesa Akter Mahia
ID: BBA2001019143
Program: BBA
Major: Accounting
Semester: Fall 2023

Letter of Authorization

Certified that this intern report "**Investment Management Process of Islami Bank Bangladesh PLC**" is the work of Meherunnesa Akter Mahia, ID: BBA2001019143 who carried out the internship under my supervision. Certified further that to the best of my knowledge the work reported here in does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

……

Nowshin Mahmood Tahiya
Lecturer
Department of Business Administration
Sonargaon University (SU)

Acknowledgement

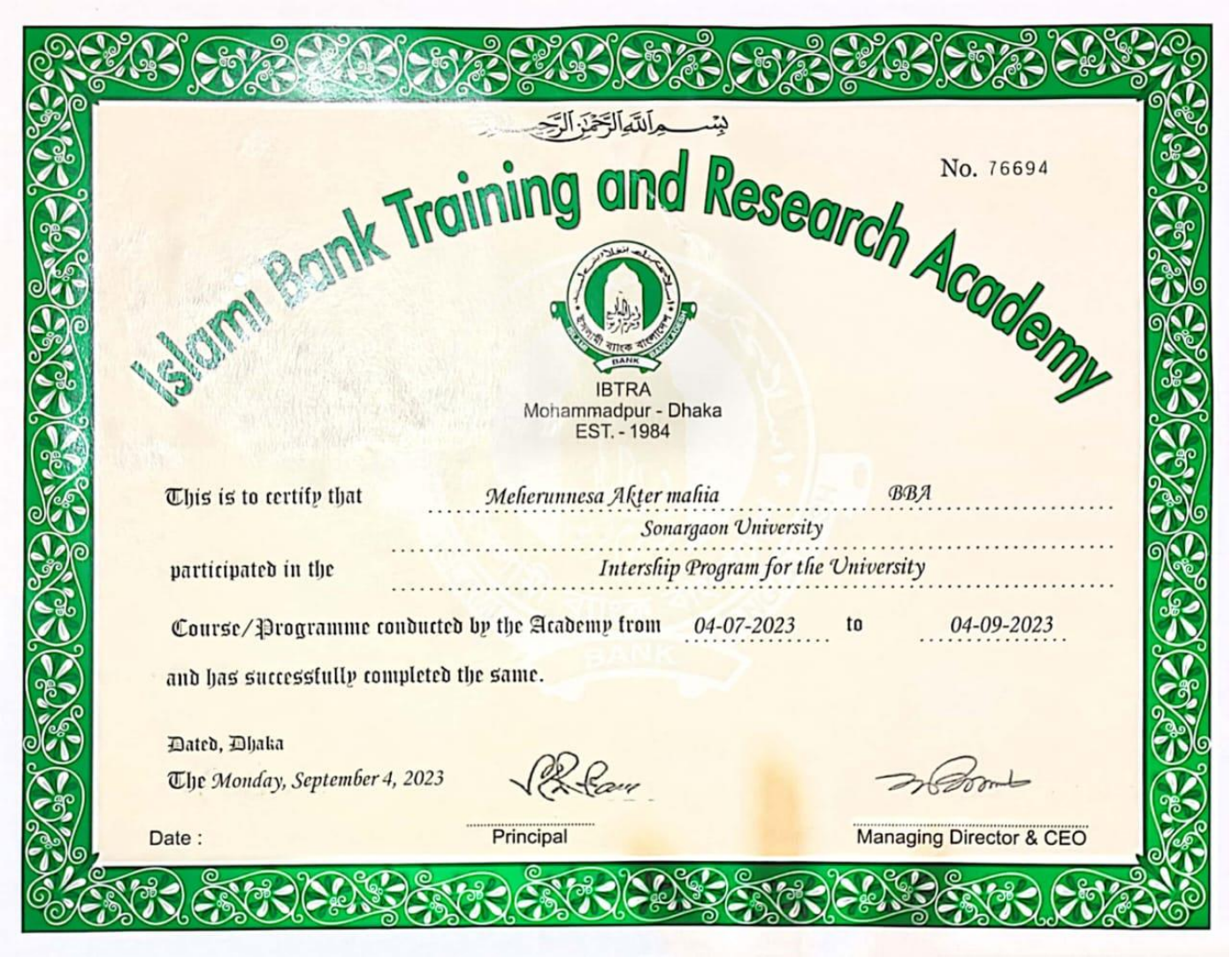
I would like to express my sincere gratitude to all those who contributed to the successful completion of my internship report, "Investment Management Process of Islami Bank Bangladesh PLC."

First and foremost, I am deeply indebted to my esteemed faculty and internship supervisor, Nowshin Mahmood Tahiya, at Sonargaon University (SU). Her invaluable guidance and insightful advice throughout the research process were instrumental in enhancing the quality and effectiveness of my report. I am particularly grateful for his Abhirup Chowdhury.

I would also like to extend my heartfelt appreciation to the team at Islami Bank Bangladesh PLC. Their unwavering support and willingness to share their knowledge were essential for gaining valuable insights into the bank's investment management process. Their friendly demeanour and timely assistance whenever I encountered any challenges were instrumental in facilitating a smooth research experience.

Thank you once again to all who have generously contributed to this report. Your support and guidance have been truly invaluable.

Internship Certificate



بسم الله الرحمن الرحيم

No. 76694

Islami Bank Training and Research Academy

IBTRA
Mohammadpur - Dhaka
EST. - 1984

This is to certify that *Meherunnesa Akter mahia* *BBA*
Sonargaon University

participated in the *Intership Program for the University*

Course/Programme conducted by the Academy from *04-07-2023* to *04-09-2023*

and has successfully completed the same.

Dated, Dhaka
The *Monday, September 4, 2023*

Date :

Principal

Managing Director & CEO

Executive summary

Islami Bank Bangladesh PLC (IBBPLC), established in 1983, stands as a pioneering Islamic bank in Southeast Asia. Renowned for its extensive network of over 374 branches across the country and listed on the Dhaka Stock Exchange, IBBPLC's impressive authorized capital of 20,000 million BDT signifies its robust financial standing.

This report delves into the intricate realm of IBBPLC's investment management process, unravelling its unique strategies and approaches. Furthermore, it scrutinizes the bank's training and development practices, highlighting methodologies employed at its renowned training institute, IBTRA.

IBBPLC differentiates itself from conventional banks through its adherence to Sharia-compliant principles. This necessitates meticulous training initiatives at IBTRA, equipping employees with the essential knowledge and skills to navigate the intricacies of Islamic banking. Trainees undergo a comprehensive 15-day program at IBTRA, followed by 45 days of hands-on learning within branch operations.

Beyond theoretical frameworks, IBBPLC emphasizes instilling behavioural competencies crucial for effective performance. This ensures employees not only understand the technical aspects of Islamic banking but also embody the values and ethical conduct expected of this financial system.

However, some findings suggest areas for improvement within IBBPLC's training program. Notably, the practice of accommodating large trainee groups (150-200 individuals) in single rooms hinders personalized learning. Additionally, the lack of readily available computers and equipment limits the potential for technology-aided training modules.

Therefore, recommendations include allocating additional training rooms to facilitate smaller group sessions and providing trainees with necessary equipment like computers and internet access. These enhancements would bolster the overall training experience and ensure that IBBPLC continues to nurture a well-equipped workforce capable of driving its future success.

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List of Acronyms

IBBPLC	Islami Bank Bangladesh Limited
IBTRA	Islami Bank Trainging and Research Academy
NID	National ID Card
KYC	Known Your Customer
MICR	Magnetic Ink Character Recognition
RTGS	Real Time Gross Settlement
EFT	Electronic Funds Transfer
BATCH	Bangladesh Bank Automated Clearing House
CSR	Corporate Social Responsibility
MSA	Mudaraba Saving Account
TIN	Tax Identification Number
POS	Point of Sales Machine
TVC	Television Commercial
BCL	Bangladesh Cricket League
MSD	Management Information Department
IASs	International Accounting Standards
EPS	Earnings Per Share

Chapter 1 Introduction

1.1 Introduction

Banking is a crucial part of the whole financial system that effects the government's economy by providing investments, financing, and infrastructure. It is an imperative factor in a nation's economic growth. Since the banking system in Bangladesh makes up more than 80% of all financial sectors, it has been a major driver of our economy. Conventional banking system was developed and dominated in Bangladesh since its birth in 1971.

The traditional financial system's main objective is to make money by collecting and disbursing funds in return for interest. Bangladesh is a Muslim majority country. Most adherents of Islam are fervently dedicated to the Islamic way of life, which is based on the holy Qur'aan and Sunnah. Generally, they still have a strong desire to structure and embellish their economic activity in accordance with Islamic law. Riba commonly known as interest in banking terms, is categorically forbidden in Islam. On the other side, Shariah love people wanted financial security.

The establishment of Islami Banking as an alternative to its traditional counterpart has been influenced by both religious and economic factors. The main motivation behind founding Islami Bank was Muslims' desire to have their financial activities recognized in a way that does not go against Shariah law but rather makes it possible to conduct financial transactions without engaging in Riba. The first contemporary commercial Islamic bank was founded in 1979 with the founding of Dubai Islamic Bank. Muslims and non-Muslims alike can presently use 250 Islamic banks and financial organizations globally. In 1983, Islami Bank Bangladesh Limited was founded.

IBBPLC has been regarded as Bangladesh's first interest-free bank since its incorporation in 1983. It was the first bank established according to Shariah not only in Bangladesh, but throughout all of Southeast Asia. There are ten Islami Shariah-based banks in Bangladesh that are currently carrying out banking operations in accordance with Islami Shariah based principles. The bank that performs the best out of all of them is Islami Bank Bangladesh Limited.

1.2 Objectives of the Study

Broad Objective:

The broad objective of this report is to get an overview of Investment Management Process of Islami Bank Bangladesh PLC.

Specific Objective:

- Analyse the investment management process of IBBPLC, encompassing its strategies, instruments, and regulatory frameworks.

- Evaluate the effectiveness of IBBPLC's training and development programs for its employees, with a focus on the methodologies employed at IBTRA, its dedicated training institute.
- Identify any potential limitations or areas for improvement within IBBPLC's employee development initiatives.
- Offer constructive recommendations to enhance the effectiveness of IBBPLC's training programs, ensuring a well-equipped and motivated workforce aligned with the bank's future goals.

1.3 Scope of the Study

The scope of this report is confined to investment management process and practice in Islami Bank Bangladesh PLC (IBBPLC). It only covered how the bank manages investment process as well as investment mechanism.

1.4 Methodology of the Study:

The research has been designed in the following manner:

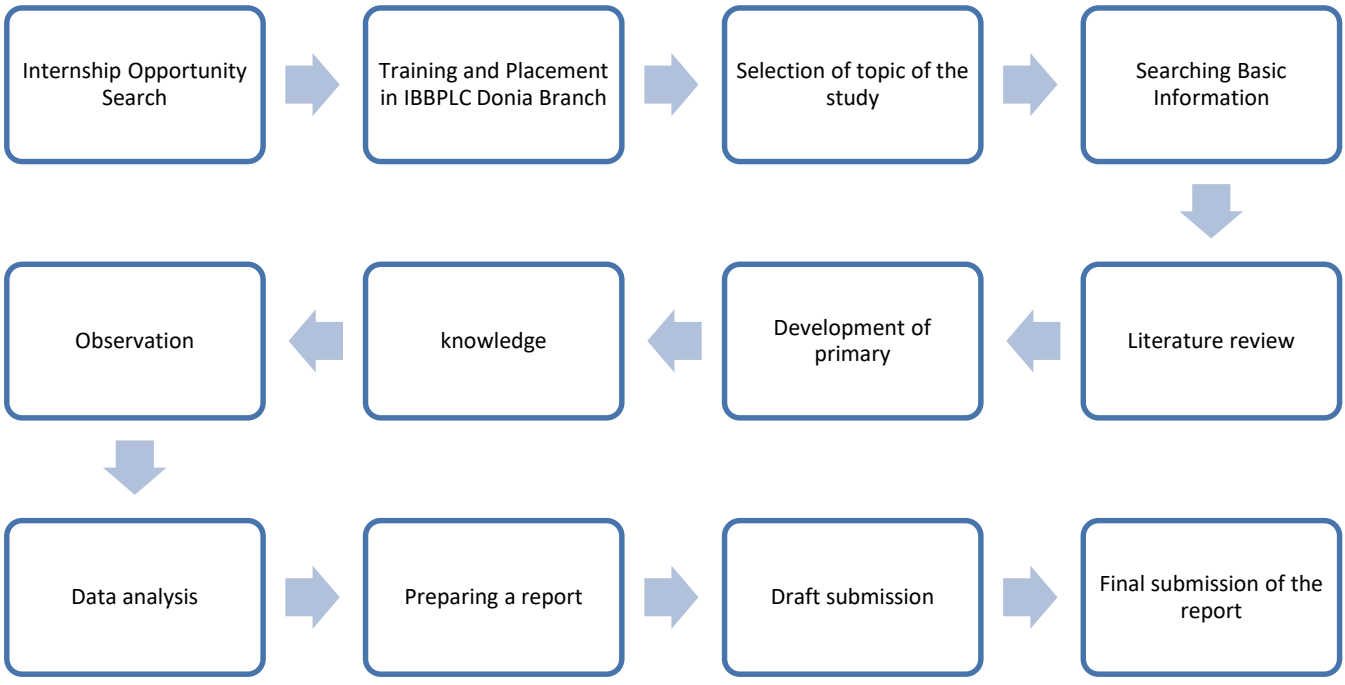


Figure-01.1: Research Design

1.4.2 Type of research:

This report utilizes a descriptive case study approach to explore the investment management process and practices of Islami Bank Bangladesh (IBBPLC) at the Donia Branch. This chosen design allows for a detailed and in-depth understanding of the specific context and mechanisms employed by IBBPLC.

1.4.3 Sources of Data:

The report is prepared by using both primary and secondary data.

i) **Primary Sources**: A lots of the required information came from primary sources.

These sources are:

1) Interviews with investment officers, supervisors, and clients of IBBPLC P Donia Branch provided firsthand insights into the decision-making process and client interactions.

2) A focus group discussion with 15 clients explored their experiences and preferences regarding IBBPLC's investment offerings.

ii) **Secondary sources:** Most of the information used in this report has been collected from;

1) Booklets from Investment Division of IBBPLC, Donia Branch.
2) Annual report (2017,2018, 2029, 2020, 2021, 2022) of lslami Bank Bangladesh PLC.
3) Islami Bank Training and Research Academy (IBTRA) Library.
4) Collection data from website of IBBPLC and IBTRA.

1.4.4 Data collection method:

Personal Interviews:

Conducted with investment officers, supervisors, and clients of the IBBPLC Donia Branch to understand their perspectives on the investment mechanism, management process, and recovery of investments over the past few years.

Held a focus group discussion with clients to explore their experiences and preferences regarding IBBPLC investment offerings.

Personal Observation:

Over the internship period, observed the daily activities and procedures of the Investment department, gaining insights into their work practices.

Workshop:

Attended a workshop conducted by IBBPLC officials, including Investment in charge, UPDS in charge, General Banking in charge, and Operations Manager, to gain a comprehensive understanding of IBBPLC overall operations.

Brochure analysis:

Analysed brochures provided by IBBPLC Donia Branch to gather information about the bank's activities, investment and deposit procedures, and organizational structure.

Practical work exposure:

Observed and participated in the preparation of investment deeds within the Investment section, collecting practical and first-hand information on the investment process.

1.5 Limitations of the Study

Objective of the practical orientation program is to have practical exposure for the students. My permanent status is for only two months, which is somehow not sufficient enough to gather adequate experience of such vast banking business. After working whole day in the office, it is very much difficult to study again the theoretical aspects of banking. Finally, as the banks renovation activities is going on so the physical working condition was not healthy enough that we thought it would be.

Other limitations-

- Eight weeks of time are not enough for the study.
- The staffs of the branch are sometimes so busy that they could not help us all time.
- Preparing internship report is really troublesome.
- Collection of data is not smooth Analyzing with financial data is much more confusing and complicated than any other data.

Chapter 2 Literature Review

2.1 Islamic Banking: Principles and Practices

The core of this study revolves around IBBPLC's commitment to Sharia-compliant financial solutions. Therefore, it is crucial to establish a firm understanding of the fundamental principles and practices governing Islamic banking. Key references in this domain include:

- Abdullah, N. M. (2010). Islamic Banking: A Theoretical Analysis. This seminal work provides a comprehensive overview of Islamic banking principles, instruments, and legal frameworks, laying the groundwork for comprehending IBBPLC's regulatory environment.
- Iqbal, Z. & Mirakhor, A. (2013). An Introduction to Islamic Finance. This resource delves deeper into the theoretical underpinnings of Islamic finance, offering valuable insights into profit-sharing arrangements, risk-sharing instruments, and ethical considerations relevant to IBBPLC's investment strategies.
- World Bank. (2015). Islamic Finance: A Gateway for Financial Inclusion. This report from the World Bank sheds light on the global landscape of Islamic finance, highlighting its potential for financial inclusion and economic development, contributing to a broader understanding of IBBPLC's role within the Bangladeshi financial ecosystem.

2.2 Investment Management in Islamic Banking

The complexities of navigating investment management within an Islamic framework pose unique challenges. To gain a deeper understanding of IBBPLC's approach, the following resources are vital:

- Karim, D. A. & Alaoui, L. (2015). Investment Strategies in Islamic Banking: Theory and Practice. This work offers a thorough analysis of investment strategies employed by Islamic financial institutions, including profit-sharing contracts, murabaha arrangements, and sukuk issuance, providing valuable context for evaluating IBBPLC's investment decisions.
- Khan, M. A. & Bhatti, M. A. (2011). Islamic Risk Management: Theory and Practice. This resource delves into the risk management practices specific to Islamic financial institutions, highlighting the importance of Sharia-compliant risk mitigation strategies that may influence IBBPLC's investment choices.
- Central Bank of Bangladesh. (2020). Guidelines for Investment Activities of Islamic Banks in Bangladesh. This official document establishes the regulatory framework for investment

activities within Bangladeshi Islamic banking institutions, offering crucial context for understanding the parameters within which IBBPLC operates.

2.3 Reference Table

Table 2.1: Reference Table

Author(s)	Year	Title	Key Findings	Relevance to IBBPLC
Abdullah, N. M.	2010	Islamic Banking: A Theoretical Analysis	Comprehensive overview of Islamic banking principles, instruments, and legal frameworks	Provides foundation for understanding IBBPLC's regulatory environment
Iqbal, Z. & Mirakhor, A.	2013	An Introduction to Islamic Finance	Theoretical underpinnings of Islamic finance, profit-sharing, risk-sharing, and ethical considerations	Insights into IBBPLC's investment strategies and ethical considerations
World Bank	2015	Islamic Finance: A Gateway for Financial Inclusion	Global landscape of Islamic finance, potential for financial inclusion and economic development	Contextual understanding of IBBPLC's role within Bangladeshi financial system
Karim, D. A. & Alaoui, L.	2015	Investment Strategies in Islamic Banking: Theory and Practice	Analysis of investment strategies in Islamic banks, including contracts, arrangements, and sukuk issuance	Reference for evaluating IBBPLC's investment decisions
Khan, M. A. & Bhatti, M. A.	2011	Islamic Risk Management: Theory and Practice	Risk management practices in Islamic banks, Sharia-compliant risk mitigation strategies	Understanding potential influences on IBBPLC's investment choices
Central Bank of Bangladesh	2020	Guidelines for Investment Activities of Islamic Banks in Bangladesh	Regulatory framework for investment activities within Bangladeshi Islamic banks	Crucial context for IBBPLC's operational parameters

Ahmed, Z. & Chowdhury, M. A.	2014	Human Resource Development in Islamic Banks: Challenges and Opportunities	Challenges and opportunities in HR development in Islamic banks	Insights for potential improvements in IBBPLC's training program
Islami Bank Bangladesh PLC	2023	Annual Report	Existing employee development initiatives within IBBPLC	Baseline understanding of current training landscape within IBTRA
Al-Habshi, S. N. & Ismail, R.	2017	The Effectiveness of Training Programs in Developing Employees' Competencies in Islamic Banks	Effectiveness of training programs in Islamic banks (comparative study)	Offers comparative perspective for evaluating IBBPLC's practices

Chapter 3 Overview of IBBPLC

3.1 Islami Bank Bangladesh PLC: An Overview

Islami Bank Bangladesh PLC (IBBPLC) stands as a testament to the power of ethical banking and sustainable growth. Established in 1983 as the pioneer of Sharia-compliant banking in Bangladesh and the Southeast Asian region, IBBPLC has woven a tapestry of success that extends far beyond financial metrics.

At the heart of IBBPLC's operation lies an unwavering commitment to Islamic principles. Every deposit, investment, and transaction adheres to Sharia law, fostering trust and transparency in all interactions. This dedication to ethical conduct extends beyond mere transactions, permeating the bank's corporate culture and its relationship with stakeholders.

IBBPLC boasts a robust network of 394 branches, 228 sub-branches, and a staggering 2709 agent banking outlets (as of 2023), ensuring financial inclusion across Bangladesh. This accessibility allows individuals and businesses, regardless of location or socio-economic background, to participate in the nation's economic tapestry. IBBPLC's diverse portfolio of Sharia-compliant products, from microfinance to tailored investment solutions, empowers customers to achieve their financial goals.

With over 33,686 shareholders, including a significant 63.09% foreign investors (as of 2021), IBBPLC enjoys strong domestic and international support. This robust shareholder base reflects the bank's financial stability and global recognition. IBBPLC is poised to become a leader in Islamic banking not only within Bangladesh but also on the international stage.

IBBPLC's commitment to ethical conduct is complemented by its financial strength. With an authorized capital of 20,000 million Tk and a paid-up capital of 16,099.91 million Tk (as of 2023), the bank stands as a pillar of financial stability. This strength translates into secure offerings for customers and ensures sustained growth for the bank, allowing it to continue its positive impact on the broader community.

IBBPLC isn't content with its legacy; it continuously embraces innovation. A user-friendly mobile banking app, a comprehensive online platform, and a widespread ATM network provide seamless access to financial services for its ever-growing customer base. This dedication to staying ahead of the curve ensures that IBBPLC remains a leader in both Sharia-compliant banking and financial technology within Bangladesh.

IBBPLC recognizes that its success is intertwined with the well-being of the nation. The bank actively supports social development through various initiatives, from microfinance projects to investments in critical infrastructure. Its commitment to corporate social responsibility ensures that its impact extends beyond financial services, weaving threads of opportunity and prosperity into the fabric of Bangladeshi society.

Islami Bank Bangladesh PLC is more than just a financial institution; it's a driving force for ethical banking, financial inclusion, and sustainable progress. By upholding its core principles and embracing innovation, IBBPLC continues to weave a successful future not just for itself but for the entire nation of Bangladesh.

3.2 Vision:

To become the leading Sharia-compliant financial institution, globally recognized for its commitment to ethical finance, innovation, and customer satisfaction, while actively contributing to the social and economic development of Bangladesh.

3.3 Mission:

IBBPLC's mission is to promote sustainable economic development by providing Sharia-compliant financial solutions that cater to the needs of individuals, businesses, and the broader community. This mission is driven by a commitment to:

- To promote sustainable economic development by providing a diverse range of Sharia-compliant financial products and services that cater to the needs of individuals, businesses, and communities.
- To uphold the highest standards of ethical conduct and transparency in all operations, fostering trust and confidence among stakeholders.
- To embrace technological innovation to deliver convenient, efficient, and secure financial solutions to customers.
- To empower individuals and businesses through financial inclusion, enabling them to achieve their financial goals and contribute to the nation's economic prosperity.
- To actively contribute to the social development of Bangladesh by supporting education, healthcare, and other critical sectors through corporate social responsibility initiatives.

3.4 Strategic Objectives:

IBBPLC's strategic objectives provide a roadmap for achieving its ambitious vision. Key goals include:

- Expanding market share and diversifying financial products.

- Enhancing operational efficiency and technological advancements.
- Investing in human capital development and training for employees.
- Strengthening corporate social responsibility initiatives.

3.5 Core Values:

The bank's core values constitute the foundation upon which its operations and vision stand. These include:

- **Sharia-Compliance:** Adherence to Islamic principles guiding all financial transactions.
- **Sustainability:** Promoting economic growth while upholding environmental and social responsibility.
- **Integrity:** Conducting business with transparency, honesty, and fairness.
- **Customer Focus:** Prioritizing customer satisfaction and delivering exceptional service.
- **Innovation:** Continuously embracing new technologies and solutions to enhance efficiency and value creation.

3.6 Commitments:

IBBPLC demonstrates its commitment to ethical and sustainable practices through various initiatives, including:

- **Compliance with Sharia principles:** Rigorous internal and external Sharia audit systems ensure full adherence to Islamic regulations.
- **Corporate social responsibility:** Active involvement in social welfare programs and environmental sustainability projects.
- **Community engagement:** Building strong relationships with communities through various outreach initiatives.

3.7 A Storied Journey:

The bank's history is marked by consistent growth and innovation. Key milestones include:

- 1983: Establishment as the first fully-fledged Islamic bank in Bangladesh.
- 1989: Listing on the Dhaka Stock Exchange, securing wider funding opportunities.
- 2003: Inauguration of IBTRA, its dedicated training institute for employees.
- 2023: Expanding branch network to over 374 branches nationwide, solidifying its market presence.

3.8 Code of Conduct and Ethical Principles:

IBBPLC's code of conduct goes beyond mere legal compliance, acting as a moral compass for its employees and stakeholders. Key principles enshrined within this code include:

- Transparency: Open communication and disclosure of information to maintain trust and build stakeholder confidence.
- Accountability: Taking responsibility for one's actions and ensuring adherence to the code and other regulations.
- Conflict of Interest Avoidance: Prohibiting employees from engaging in activities that could compromise their objectivity or lead to personal gain at the expense of the bank or its customers.
- Professional Conduct: Maintaining high ethical standards in all interactions with colleagues, customers, and other stakeholders.
- Compliance: Adhering to all applicable laws, regulations, and Sharia principles.

The code of conduct is actively communicated and enforced through employee training programs, regular audits, and a dedicated ethics committee. This commitment to ethical practices strengthens IBBPLC's reputation as a reliable and trustworthy financial institution.

3.9 Corporate Profile:

Islami Bank Bangladesh PLC (IBBPLC) stands as a pioneer in the realm of Sharia-compliant banking, weaving a tapestry of financial solutions that resonate with ethical principles and empower individuals, businesses, and the nation as a whole. Established in 1983, IBBPLC boasts a robust network of over 394 branches, 228 sub-branches, and 2709 agent banking outlets (as of 2023), solidifying its position as Bangladesh's largest private banking network.

3.9.1 Company Info:

Name: Islami Bank Bangladesh Ltd.
Headquarters: Islami Bank Tower, 40, Dilkusha Commercial Area, Dhaka DA 1000, Bangladesh
Website: [https://www.islamibankbd.com]
Employees: 20,792
Sector: Banking
Sales or Revenue: BDT 107.12 billion (as of December 2023)
Industry: Financial Services

3.9.2 Key People:

Executives	Board Members
Ahsanul Alam Chairman	**Khurshid Ul Alam** Director
Mohammed Monirul Moula Chief Executive Officer, MD & Director	**Mohammed Nasir Uddin** Director
Mohammad Ashraful Haque Chief Financial Officer & Executive Vice President	**Yousif Abdullah Abul Aziz Al-Rajhi** Vice Chairman

3.9.3 Organization Structure of IBBPLC

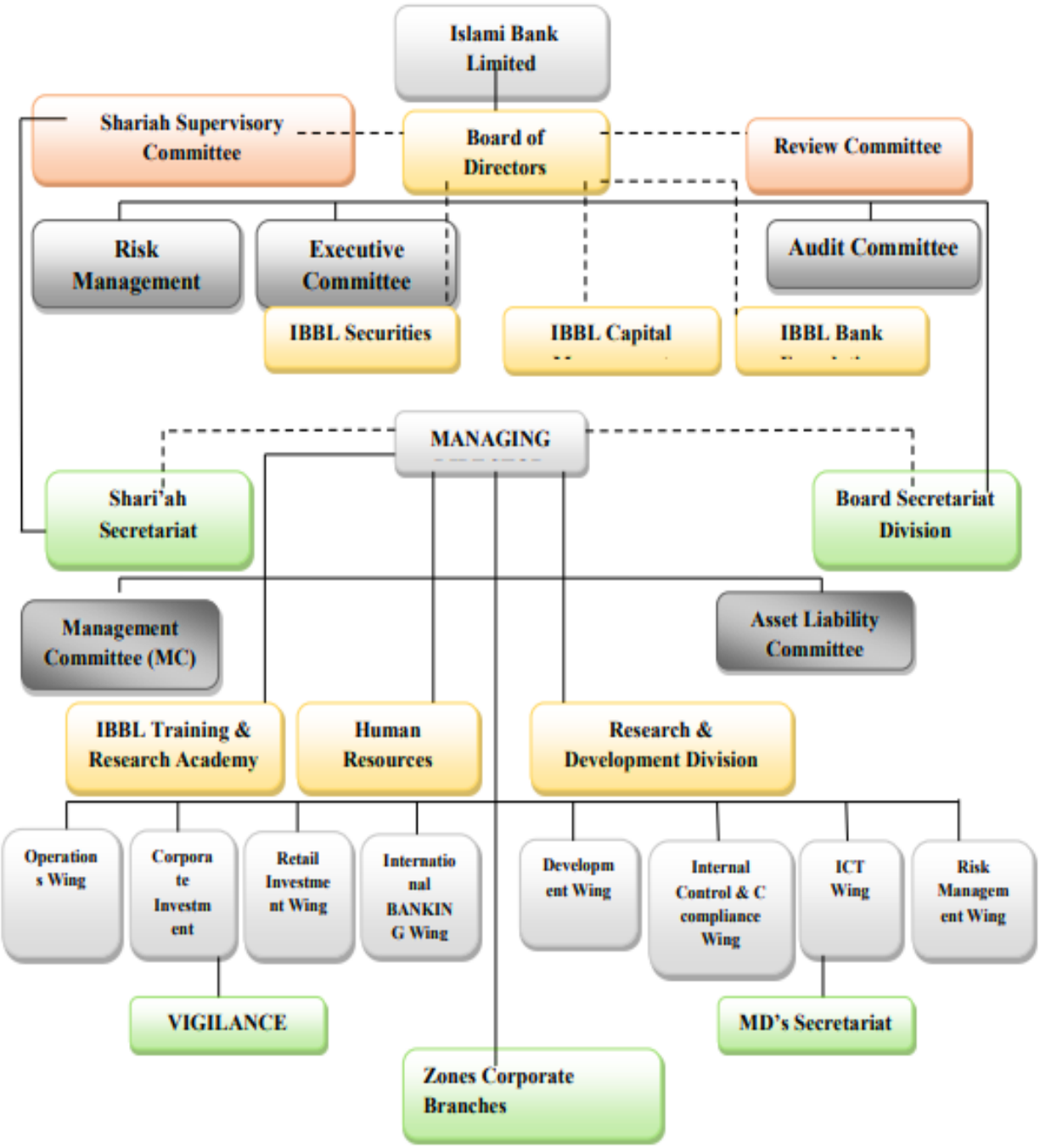


Figure-3.1: Organization Structure of IBBPLC

3.9.4 Financial Information

Islami Bank Bangladesh Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2022

Particulars	Notes	31.12.2022 Taka	31.12.2021 Taka
Property and Assets Cash in hand			
	7(a)	**123,504,817,210**	**246,163,452,756**
Cash in hand (including foreign currency)	7(a)(i)	30,645,839,722	22,101,061,649
Balance with Bangladesh Bank & its agent bank(s) (including foreign currency)	7(a)(ii)	92,858,977,487	224,062,391,107
Balance with other banks & financial institutions	**8(a)**	**115,248,794,287**	**80,968,445,974**
In Bangladesh	8(a)(i)	91,304,035,057	66,383,997,842
Outside Bangladesh	8(a)(ii)	23,944,759,230	14,584,448,132
Placement with banks & other financial institutions	**9.0**	-	-
Investments in shares & securities	**10(a)**	**91,390,357,315**	**95,651,798,804**
Government	10(a)(i)	72,173,862,507	75,352,686,843
Others	10(a)	19,216,494,808	20,299,111,961
Investments	(ii)	**1,456,365,497,513**	**1,186,173,000,246**
General investments etc.	11.1(a)	1,321,643,607,786	1,132,670,855,057
Bills purchased & discounted	11.2(a)	134,721,889,727	53,502,145,189
Fixed assets including premises	**12(a)**	**18,455,370,440**	**18,397,103,217**
Other assets	**13(a)**	**33,740,284,483**	**9,315,773,066**
Non - banking assets		-	-
Total property and assets		**1,838,705,121,249**	**1,636,669,574,064**
Liabilities and Capital			
Liabilities			
Placement from banks & other financial institutions	**14(a)**	**187,438,369,400**	**36,765,300,000**
Deposits & other accounts	**15(a)**	**1,409,314,554,809**	**1,380,849,221,889**
Mudaraba savings deposits		445,551,006,782	476,486,444,598
Mudaraba term deposits		512,205,793,676	488,217,932,723
Other mudaraba deposits		288,017,702,760	282,105,508,078
Al- wadeeah current and other deposit accounts		153,251,630,052	125,921,848,016
Bills payable		10,288,421,539	8,117,488,474
Mudaraba bond	**16.0**	**31,000,000,000**	**30,775,840,000**
Perpetual bond	16.1	11,000,000,000	10,175,840,000
Redeemable subordinated bond	16.2	20,000,000,000	20,600,000,000
Other liabilities	**17(a)**	**139,924,699,279**	**120,971,862,923**
Deferred tax liabilities	**18(a)**	**1,456,384,003**	**1,580,687,903**
Total liabilities		**1,769,134,007,491**	**1,570,942,912,715**
Capital/shareholders' equity		**69,571,113,758**	**65,726,661,349**
Paid - up capital	19.2	16,099,906,680	16,099,906,680
Statutory reserve	21.0	21,735,466,258	20,735,466,258
Other reserves	22.(a)	28,772,608,153	26,141,424,690
Retained earnings	40(a)	2,962,834,552	2,749,579,142
Non-controlling interest	40(b)	298,115	284,579
Total liabilities & shareholders' equity		**1,838,705,121,249**	**1,636,669,574,064**

Islami Bank Bangladesh Limited and its Subsidiaries

Consolidated Balance Sheet

As at 31 December 2022

Particulars	Notes	31.12.2022 Taka	31.12.2021 Taka
Off-balance sheet items			
Contingent liabilities			
Acceptances & endorsements		-	-
Letters of guarantee	23.0	31,062,266,163	29,281,985,371
Irrevocable letters of credit (including back to back bills) Bills for collection		182,573,222,307 54,371,798,351	190,036,120,488 45,519,344,775
Other contingent liabilities		8,174,045	8,174,045
Total		**268,015,460,865**	**264,845,624,679**
Other commitments			
Documentary credits, short term and trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance, revolving and underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		**-**	**-**
Total off-balance sheet items including contingent liabilities		**268,015,460,865**	**264,845,624,679**

The annexed notes form an integral part of these financial statements.

Table 3: Consolidated Balance Sheet

3.10 IBBPLC's Products and Services:

IBBPLC's product portfolio transcends the boundaries of conventional banking, offering a vibrant canvas of Sharia-compliant solutions tailored to diverse customer needs IBBPLC has the following products and services for the customers:

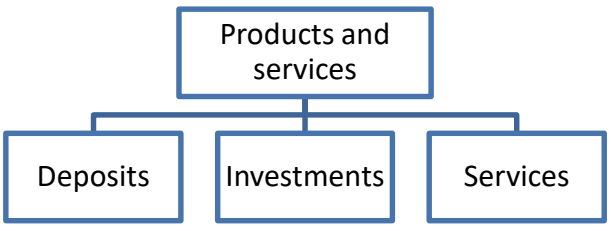


Figure-03.2: IBBPLC products & services

Services provided by IBBPLC are the following:

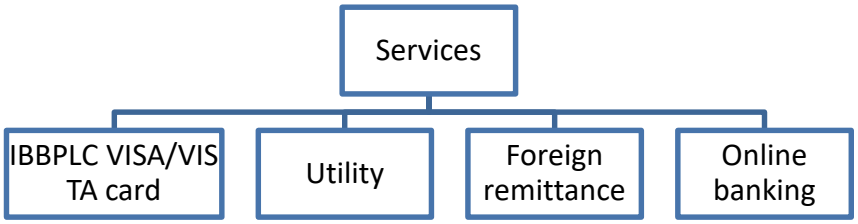


Figure-03.3: IBBPLC services providing currently

Term Deposit Products

IBBPLC term deposits are like the following and MSSA, MTDR, MHSA are often taken by the customers:

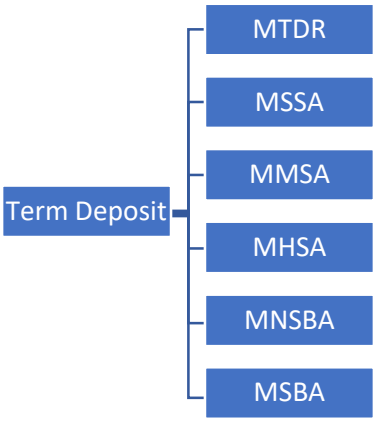


Figure-03.4: IBBPLC Term deposit products.

Savings deposit products of IBBPLC

Savings deposit products of IBBPLC is the bank of common people and every individual person can open an account for savings with little amount credited in one's account

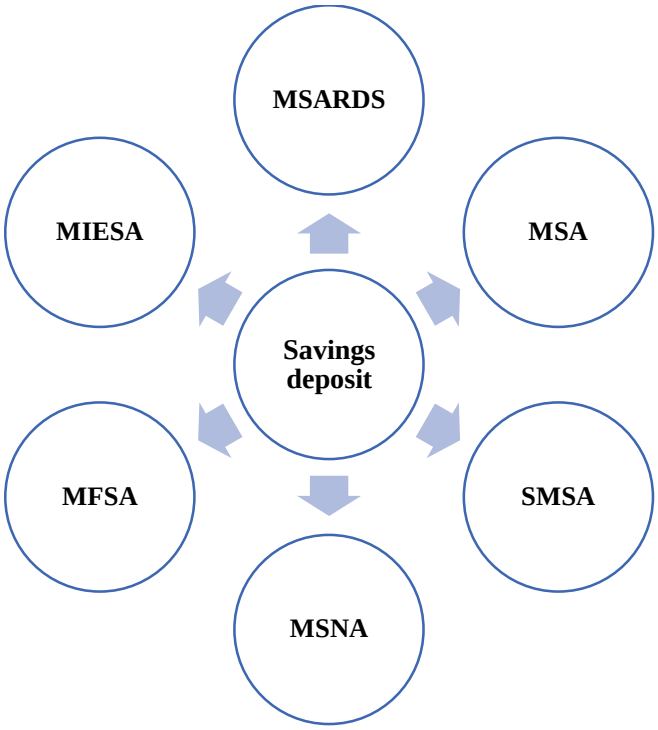


Figure-03.5: Savings deposit products

IBBPLC Investment Products

1. Bai Muajjal
2. HPSM
3. QTDR
4. MPI
5. Murabaha
6. Musharaka
7. QPF
8. QMSS
9. MDB
10. QSCA
11. MPI TR

12.Bai Salam

13.Bai Muajjal FC bills

14.Murabaha TR

IBBPLC Card services

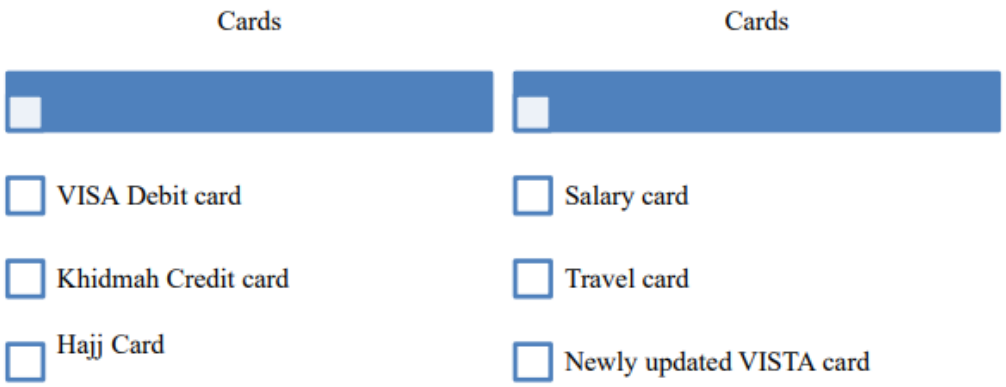


Figure-03.6: Card services of IBBPLC

IBBPLC Online services:

1. Internet banking (I banking)
2. E-commerce
3. Islami bank mCash
4. Phone banking/mobile banking
5. SMS banking
6. Islami bank call center
7. VISA debit card
8. Khidmah Credit card
9. VISTA card

Chapter 4
INVESTMENT PROCEDURE OF IBBPLC

4.1 Bank

A bank is a financial institution and a monetary intermediary that accepts deposits and channels them into lending activities, either directly or through capital markets. A bank connects clients with capital shortfalls to clients with capital excesses. Because of their fundamental role in the monetary framework and the economy as a whole, banks are tightly regulated in many countries. The majority of banks use a system known as partial save banking, in which they hold only a portion of the assets and loan out the remainder. They are mostly reliant on minimum capital requirements based on the Basel Accords, a global agreement on capital principles.

4.2 Concept of Islamic Bank

Islamic banks' capabilities and methods of operation are governed by Islamic Shariah guidelines. It, on the other hand, energises risk allocation between the capital supply (financial backer) and the asset client (business person). It also aims to increase benefits while adhering to Shariah principles. One of the basic organized features of Islamic banks in the advanced Islamic financial framework is the collection and appropriation of Zakat. Islamic banks' most important capability is to invest in their organization's business. Its range of activities is greater than that of a traditional bank. It's a multi-reason establishment, basically. Defaulters are not charged additional fees by Islamic banks. The Islamic banks, on the other hand, lay a greater emphasis on the tasks' appropriateness. When it comes to their clients, Islamic banks are dealing with accomplices, financial backers, and brokers. An Islamic bank, strictly speaking, cannot do so.

4.3 Definition of Investment

The term "investment" can be defined in a variety of ways, depending on the hypothesis and standards used. A term can be used to describe a variety of situations. In any event, the various definitions of "speculation" are more similar than dissimilar. Essentially, the venture is about using capital to generate additional cash flow. The venture can also refer to investment capital or purchases made through agreed upon use. Contribution, in finance, refers to the purchase of a monetary item or other substantial object with the expectation of receiving positive returns later on. The fundamental feature of monetary initiatives is that they provide significant market liquidity. The valuation approach is used to analyse the worth of monetary speculation.

According to business theories, a venture is an action in which a producer purchases a physical resource, such as stock or production equipment, in the hopes of assisting the company's long-term success.

4.4 Investment Under Islamic Shariah

Because Islam does no longer distinguish between the religious and the secular, Islamic investments are a unique type of socially responsible investment.

The sharia Board, a committee of Islamic pupils (jurists) that evaluates economic goods for compliance with the Law and conducts continuing due diligence on them, is at the coronary heart of the formation of an Islamic funding policy, whether for institutional or individual investors. The Quran, which Muslims accept as true with to be Allah's actual phrases as printed to his prophet Muhammad in the seventh century; the sunnah, which are regulations derived from the prophet's sayings (Hadiths) and actions; Qiyas, which are scholarly felony deductions; and Ijma, which is the consensus of scholars on a precise issue. From the viewpoint of personal customer portfolio management, as soon as geared up with Sharia compliant products, an Islamic private wealth firm's investment committee would face the equal challenges as any other, namely, how to develop, implement, and screen an funding policy that is consistent with a client's objectives. There are in addition problems, inclusive of as the lack of a deep secondary market for these merchandise and the lack of uniform vetting necessities across the Muslim world.

4.5 Bai-Murabaha (Contract Sale on Profit)

Meaning of Murabaha

"Bai-Murabaha" denotes an agreement for a predetermined benefit. Bai-Murabaha can be defined as an agreement between a buyer and a seller in which the seller sells the buyer specific explicit products that are reasonable under Islamic Shariah and the law of the land at a cost in addition to a predetermined benefit payable today or at a later date in a lump sum or in installments. The advantage could be in the form of a fair total or a percentage of the product's cost.

4.5.1 Bai-Muajjal (Deferred Sale)

Meaning of Bai-Muajjal

The Bai-Muajjal can be defined as an agreement between a buyer and a seller in which the seller sells the buyer specified explicit item that is reasonable under Shariah and local law, at an agreed-upon fixed price payment in a single sum or fixed portions at a specific fixed future date.

4.5.2 Definition of Shirkatul Melk

The word'shirkat' means 'association.' The interaction is called Shirkatul Melk when at least two persons supply value, buy a resource, own the equivalent together, and offer the benefit based on their understanding and misfortune about their particular value.

4.5.4 Mudaraba (Investment Made by The Entrepreneur)

Definition of Mudaraba

The term Mudaraba refers to an agreement between two parties in which one party pays money to the other to join in a commercial venture, with the understanding that any profits will be shared in a mutually agreed-upon manner. Mudaraba is also known as Qirad and Muqaradah.

4.5.5 Musharaka (Partnership Based Investment)

Definition of Musharaka

Musharaka is derived from the Arabic term Shariah, which potential association. A normal Musharaka change may also be led in an accompanying fashion at a IBBPLC.

A IIBL is approached with the aid of one, two, or greater enterprise people seeking funding for an enterprise. The bank, along with different partners, presents the venture with the quintessential funding. All partners, such as the bank, have the opportunity to participate in the project. The advantages will be allotted according to a predetermined proportion, which does not have to be equal to the capital amount. Nonetheless, catastrophes have struck in the equal proportions as the many partners who have contributed money to the company.

4.5.6 Bai-Salam (Advance Payment)

Meaning of Bai-Salam

Bai-Salam is a phrase used to describe a transaction in which the buyer pays in advance but the conveyance is postponed. In most cases, the seller is an individual or a business, while the buyer is a bank.

4.5.7 Ijarah

Definition of Ijarah

Ijarah is a contract between two parties - the lessor and the lessee – in which the lessees (Hirer or Mustajir) have the right to enjoy/reap a specific benefit in exchange for a specific consideration/rent/wages from the lessor – the owner, according to Islamic Shariah (Muajjir).

4.6 Investment customer services:

Investment is the act of deploying money with the hope and expectation that the owner will receive a profit. Real or financial assets may be purchased with the money. Real assets are invested when funds are used to buy current and fixed assets for use in a manufacturing process or for trading. The purchase of a legal right to receive income in the form of dividends or capital gains, however, would be considered to be a financial investment.

So, the two pre-conditions to investment
are:

- Deployment of funds
- Intention for the expectation of profit.

4.7.1 Investment modes:

Islami Bank Bangladesh Limited has three investment modes. In these three modes, the all-investment activities are based on it. The modes are as:

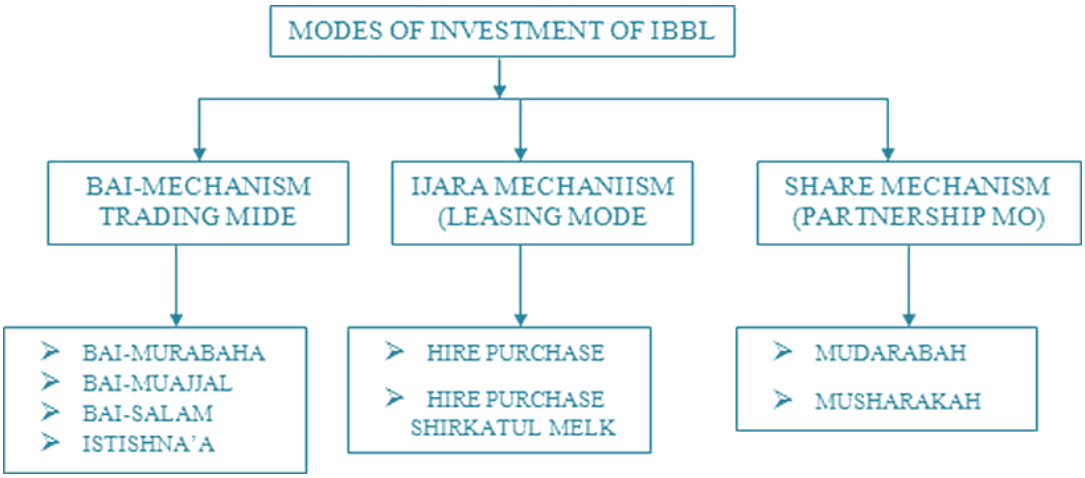


Figure-04.1: Investment modes

4.7.2 Investment products:

The Bank's Investment Policy has the unique feature of basing investments on a profit loss sharing structure that complies with Islamic Shari'ah's concepts and principles. The Bank's Investment Policy places more of an emphasis on achieving social goals and objectives, such as creating employment opportunities, than on making a profit. The following investment methods are employed:

Table 1: Investment products

Serial No.	Name of the product	Description of the product
i.	**Bai-Murabaha**	A Bai-Murabaha is a contract between a buyer and a seller in which the seller offers the buyer certain products (allowed by Islamic Shariah and the law of the land) for a cost plus an agreed-upon profit that is payable in cash, in a lump payment, or in installments, at any specified future date.

ii.	**Bai-Muajjal**	Bai-Muajjal is viewed as a contract between the Bank and the Client in which the Bank sells the Client the items it has ordered and specified for a predetermined price that will be paid in full at any specified future date or over the course of a specified period in set installments.
iii.	**Bai-Istijrar**	Such a buying and selling arrangement is referred to as "Bai-Istijrar" when a person continues to receive supplies from a supplier piecemeal over time, without ever making an offer, accepting one, or negotiating a price with the provider.
iv.	**Bai-Salam**	A deal called a bai-salam occurs when the seller agrees to give the customer a certain commodity or product at a later date in exchange for an upfront payment in full.
v.	**Bai-Istisna**	A contract between a manufacturer/seller and a buyer wherein the manufacturer/seller sells specific product(s) after manufacturing them, as permitted by Islamic Shariah and local law, at an agreed-upon price payable in advance or by installments over a specified period of time or on/within a specified future date based on the order placed by the buyer.
vi.	**Hire Purchase under Shirkatul Meelk**	In this approach, the bank may provide commodities, equipment, and implements on a rental basis. The Bank and the client will share ownership of the tools, equipment, and products, with the client's portion remaining as a mortgage on the items until the investment account is closed. However, the client will be permitted to use the tools for a specific amount of time. After the installments are paid in full, the client will possess the tools, commodities, and equipment.
vii.	**Mudaraba**	A mudaraba is a profit-sharing partnership in which one side contributes capital and the other contributes labor and skill. "Shahib al-maal" is the name of the financier; "Mudarib" is the name of the supplier of labor and skill.
viii.	**Musharaka**	The Bank may engage in business with its Client(s) at Islami Bank Bangladesh Limited (IBBPLC), provided that the Client(s) and the Bank

		each contribute capital in fixed proportions, participate in the management of the business, share the profit in accordance with their respective capital ratios or at a pre-agreed ratio, and bear the loss, if any, in accordance with their respective capital/equity ratios.
ix.	**Bai-as-sarf**	Under the terms of the Bai-as-Sarf contract or arrangement, the Bank buys foreign money from the Client in exchange for a foreign documentary bill in advance at a predetermined or agreed-upon exchange rate.
x.	**Mudaraba NRB Savings Bond (MNSB) Scheme**	The expats may be enticed to submit their remittances through banking channels and save their hard-earned money with us in their deposit accounts if we provide them specific privileges or incentives. Their savings may aid in the creation of capital that may be invested in the commercial, industrial, and trade sectors, so aiding in the expansion and advancement of the nation. The management has approved a new deposit product in the name of this goal.

4.7.3 Investment Scheme:

Islami Bank Bangladesh PLC provides some investment schemes for customers for fulfilling their demands by giving services such as:

Table 2: Investment products

Serial no.	Name of the scheme	Purpose of investment
i.	**House Hold Investment Scheme:** Housing is one of a person's essential requirements, according to the Household Investment Scheme. The country's housing crisis, particularly in urban areas, is currently posing a major threat to the middle class. For fixed income categories, Islami Bank Bangladesh Limited plans to implement the "Housing Investment Scheme" program.	• Assist low- and medium-income, trustworthy businesspeople and professionals with financing for the purchase of household goods. • Country's socioeconomic development through an improvement in low- and middle-income people's quality of life
ii.	**Investment Scheme for Doctors (ISD):** Every parent hopes to pursue their children's further education at home or abroad so they may be proud of the outcome. With its investment program for education, Islami Bank Bangladesh Limited is here to fulfill parents' dreams.	• To pay the tuition fees. • To pay the Hostel fees. • Purchase of computers, books, etc.
iii.	**Transport Investment Scheme (TIS):** The foundation for continuous development through the growth of trade, commerce, and industry is a reliable and effective communication network. In this context, demand for water and land transportation has multiplied across the nation. Additionally, as the standard of living has improved, so has the use of modern transportation.	• To assist in the development of the communication system of the country. • •To help overcome the existing transportation problem.
iv.	**Real Estate Investment Scheme:** Professionals, service providers, real estate developers, and other groups of people who are not qualified to use the home investment scheme's	• To build new houses and for extension/completion of the house already constructed, commercial building, shopping complex, flat/apartment, etc.

	investment facilities will be eligible for the program.	
v.	**Car Investment Scheme:** Maintaining an automobile is no more a luxury, but rather an essential part of daily life in order to improve a car's performance. Islami Bank Bangladesh has introduced a vehicle purchase investment program in light of this.	• Facility investment to purchase cars to professionals and businessmen. Facilitate to development of life standards of limited income honest people.
vi.	**Small Business Investment Scheme:** Islami Bank Bangladesh Limited has designed the scheme titled, "Small Business Investment Scheme" for small businessmen and self-employed persons.	• To expand investment facilities for small traders and entrepreneurs in urban and rural areas to raise their level of income and improve their quality of life. To extend investment facilities to those small entrepreneurs who could not any credit or investment
vii.	**Agriculture Implements Investment Scheme:** Bangladesh is predominantly an agricultural country with the vast majority of people living in rural areas. Most of our people, for their living, are dependent on agriculture.	• To create opportunities for self-employment of unemployed rural youths. • To help farmers to augment agriculture production. To assist in the introduction and use of modern technology in the agricultural sector.
viii.	**Rural Development Scheme:** Bangladesh suffers from a severe rural-urban economic divide along with illiteracy, a lack of adequate health and sanitation services, and a whopping 38 percent of the population living below the poverty line and 18 percent living in extreme poverty. The majority of the population lives in rural areas and the economy of the nation is largely agrarian. Migration of rural residents to	To extend bank investment to agricultural and non – agricultural sectors in the rural areas. To invest on employment and income generation activities of the rural population. To provide self-employment for distressed people.

	urban regions is caused by the agriculture sector's inability to offer any more opportunities for work.	
ix.	**Micro-Industries Investment Scheme:** Bangladesh has been working to increase its overall economic growth as a developing nation. Lack of business development and potential entrepreneurs who can open new businesses in the industrial sector and increase employment possibilities are two main issues preventing its growth. Many educated young people are unemployed, as well as skilled and semiskilled unemployed people, throughout the nation.	• To procure capital machinery. • To purchase raw materials. • To meet a portion of the working capital requirement. • Creates income-generating employment opportunities through the establishment of new micro-industries.

4.8 Accept Proposal

For the bank to be satisfied that the client's stream of cash exchange is legal, the client should keep a current record for at least three months and up to a half year before presenting a proposal. After running the existing record, he can go to the director and propose. His home loan property records are also included in the proposal.

4.9 Verifying Customers

The director will give the venture official documents, such as exchange licenses, contract properties, etc. The project representative then looks over the documents. At the clients' homes, directors, assistant managers, and investment officers will inspect contract property.

The director also gives the supporter access to the property records for legal counsel. and real estate appraisal Any claims of mortgage property will be verified by the backer. The sponsor also offers a reliable appraisal of the property. Following that, the Manager, Assistant Manager, and Investment Officer will modify the promoters' viewpoints to reflect their assessments of the current worth of the home loan property.

4.10 Lease Finance

In order to let clients acquire different types of equipment and hardware without putting up any assets while still participating in fixed rent rentals, IBBPLC supplied Lease Finance offices to its appreciated customers. Fixed rental amounts and schedules can be adjusted to the lease holder's benefit and financial situation. Near the end of the rental agreement, the clients receive the rental resources back with an apparent and depreciated value.

Facilities of Leasing

a. Free the Capital tied in capital use

b. Leasing permits using the capital somewhere else to general higher benefits it likewise lessens cash surge

c. The hardware that was rented doesn't show up on the customer's accounting reports, customers monetary proportions improve

d. To stay away from monetary requirements in capital use

e. Lease rentals are treated as income use and are deductible for charge purposes. This gives a more prominent tax break in contrast with getting

Item of Leasing

a. Any class of gear and Machinery

b. Office computerization gear

c. Medical Treatment finding

d. Vehicles for transportation and so on

Investment Ceiling

1. For small enterprise: Maximum TK.90,00,000/-

Purpose:

a. Working Capital

b. Capital apparatus

c. Delivery Van/Transport for business reason

d. Re-outfitting office/Business Premises

4.11 Restricted Business

a. Production, Marketing, and Trading of alcoholic, opiate, and other inebriating medication of alcohol
b. Production and Trading of anything restricted by the Government
c. Any action not passable by the rule that everyone must follow

4.12 Securities

I'm talking about an administrative credit system. There might not always be substantial security, like a mortgage. There won't be a need for home loans as a result. Security will be explained on a case-by-case basis in accordance with (one or a few of the accompanying)

a. Registered home loan of land and building.
b. Mortgage/task of ownership right
c. Assignment of safety cash advance lease assuming any
d. Assignment of Trade Receivable not more established than 90 days
e. Hypothecation of apparatus, hardware, vehicles, stock-in-exchange, unrefined components, work-in-process and completed merchandise.
f. Any different protections to be requested reasonably by the Bank contingent upon the circumstance like Insurance Guarantee, Corporate Guarantee, Assignment of Contract, Security Money, and so on

4.13 Investment Approval

The approval process must reinforce the segregation of Relationship management marketing from the approving authority. The responsibility for preparing the investment proposal is rest with the RM of the Branch as well the corporate Banking Department at head office.

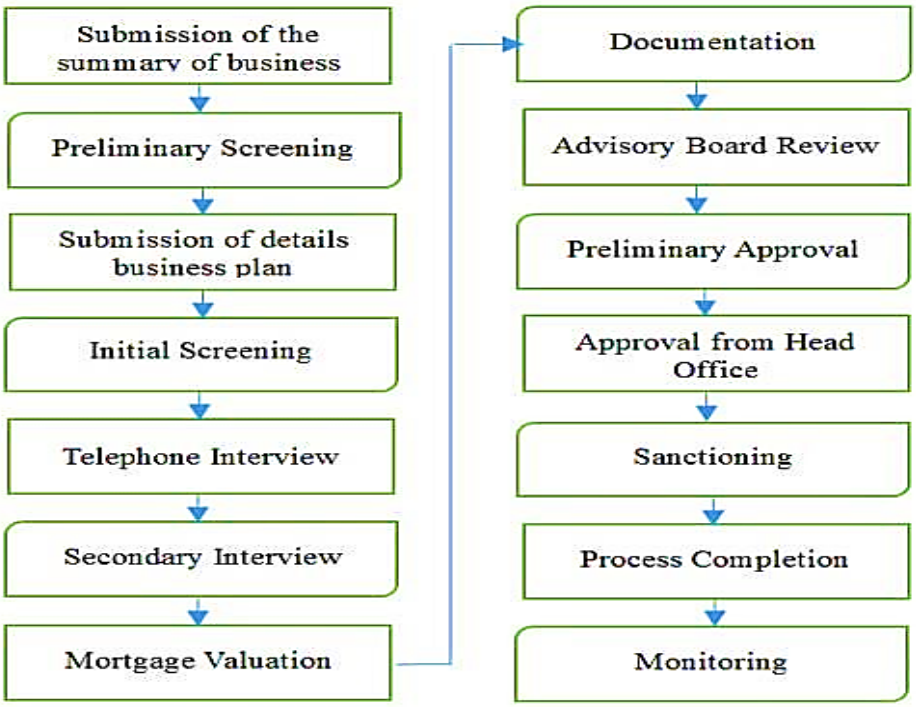


Figure-04.2: Investment Approval of IBBPLC

Chapter 5
Investment Analysis

5.1 Investment:

This is called the action of spreading funds with the object and prospect that they will earn a positive return for the owner. There are two types of main sources funds may be invested. That is in either real assets or financial assets. It can be turned into a real investment by purchasing fixed and current assets in a production process or for trading purposes. For example, the setup of a factory or the purchase of raw materials and machinery for production purposes. On the other hand, financial investments are the purchase of a legal right to receive income in the form of capital gains. Deposits of money, purchase of Mudaraba savings bonds, or stock in a company all are specific examples of financial investment. In Islami banks their investment procedure are different, Other banks give loan but islami bank don't give loans because there is involved interest with the loan. So islami bank maintain the islmic shariah and make the investment procedure which is related to profit and loss. To maintain the rules of islam, bank arrange all the customer deposits and spreads that deposit in different sectors for investment approved by the Islamic Shariah with the intent to earn a profit. An individual or organization can earn profit for wealth maximization by using Islamic modes of investment. For profit-loss sharing character Islamic banking is developing as more production-oriented and growth-promoting than the conventional banks. The main reason for this growth is that the salami banks earnings are directly linked to the earnings generated from the venture financed by the bank. The most important part is to increase the horizon of investment opportunities in an economy by replacing interest with the principle of profit-loss sharing.

5.2 Investment Objectives of Islamic Bank (IBBPLC)

Halal finance:

- The bank invests the fund strictly by the principles of Islamic shariah.
- To diversify investment portfolio by the size of the investment, by sectors (public & private), by economic purpose, by securities & by geographical area including industrial, commercial & agriculture.

Growth of the Real Economy

- Invest in keeping the socio-economic requirements of the country in view.
- Rather than give out cash to the bank invest clients in the form of goods and commodities.

Welfare of the society

- Bank finance in various development schemes for poverty palliation, income & employment generation to accelerate sustainable socio-economic growth & upliftment of the society.
- Increase the number of potential investors by making participatory and productive investments.

5.3 Investment Analysis

Mode-wise total Investment of Islami Bank Bangladesh PLC

Table 6: Mode-wise Investment of IBBPLC

Mode	2021		2020		2019	
	Amount (in million)	% to total investment	Amount (in million)	% to total investment	Amount (in million)	% to total investment
Bai-Murabaha	454252	63.29 %	388278	62.18 %	342272	63.04 %
Bai-Muajjal	53804	7.50 %	46367	7.43 %	41545	7.65 %
Bai- Salam	10733	1.50 %	10477	1.68 %	6436	1.19 %
Mudaraba	4700	0.65 %	5000	0.80 %	5000	0.92 %
Musaraka	510	0.07 %	511	0.08 %	602	0.11 %
HPSM	165898	23.11 %	153821	24.63 %	133071	24.51 %
Quard	27815	3.88 %	19983	3.20 %	14047	2.59 %
Total	**717712**	**100%**	**624437**	**100%**	**542973**	**100%**

5.3.2 Data Interpretation:

In the above table and chart, we see the portion of the main general modes of investment of IBBPLC. In the recent three years the from investment mode we see that the higher investment occurs from Bai- Murabaha and in 2018 it was 63% then the second high is 23% that is HPSM and at last 8% from Bai- muajjal. All this is nearly the same as the other years. Mode Wise Investment growth/position of IBBPLC: Now I interpreted the main three investment modes growth in table and chart which modes generate high performance, so let's see what the reason is:

Growth of Bai- Murabaha Investment:

Table 7: Growth of Bai- murabaha

Particular	**Year**				
	2017	**2018**	**2019**	**2020**	**2021**
Amount(In Million)	253917	288775	342272	388278	454252
Growth Amount	30673	34858	53497	46006	65974
Growth (%)	12.08%	12.07 %	15.63 %	11.85 %	14.52 %

From analysis of the table and chart it is clear that the growth of the investment of Murabaha is better but in 2020 it had less growth which is 11.85% and the average growth is 13%.

Growth of Bai-Muajjal

Table 8: Growth of Bai-Muajjal

Particular	**Year**				
	2017	**2018**	**2019**	**2020**	**2021**
Amount(In Million)	29798	33658	41545	46367	53804
Growth Amount	5745	3860	7887	4822	7437

Growth (%)	19.28 %	11.47 %	18.98 %	10.40 %	13.82 %

Now in Bai Muajjal we here also see that their growth position is good but in 2020 growth 10.40 % & 2018 11.47 % which is a decrease. But at last, if we look at 2018 its growth is lower than 2017 which is 19.28%. The average growth of Bai Muajjal is 15%

Growth of HPSM

Table 9: Growth of HPSM

Particular	**Year**				
	2017	**2018**	**2019**	**2020**	**2021**
Amount(In Million)	103941	117327	133071	153821	165898
Growth Amount	15744	13386	15744	20750	12078
Growth (%)	11.83%	11.41 %	11.83 %	13.49 %	7.28 %

From analyzing HPSM investment we see that it also has the better position. The very interesting thing is that there is no negative growth in their investment for these five years. In HPSM at first, the eyes go to 2021 because that growth is much lower than the previous four years but the good thing is that it has lower growth at 2021, 7.28% but not negative growth. But it is very important that from the previous year's performance they can maintain higher growth than previous otherwise there is the risk of loss.

5.4 Sector-Wise Investment of IBBPLC.

Sector Wise Investment (in Million) of IBBPLC.

Sector	Investment 2021	Investment 2020	Investment 2019
Industry	341938	258867	219377
Commercial	130352	52552	43873
Agriculture	19754	16944	15425
SME	200815	290869	244713
Real Estate Investment	60611	50626	47972
Transport	8427	8374	7592
Others	43863	32497	37467
Total	**805760**	**710729**	**616419**

Table 10: sector wise Investment

Here, we see that the recent three years Sector wise investment of IBBPLC. From the table and Chart, we see especially from the chart it is easier to observe that IBBPLC mainly focuses on the Industry and Small medium enterprises for investment because from industry the more amount is invested and more profit will return. So in the chart, both sector shows a high value and others are normal. On the other point is that in 2021 industry investment is higher than SME investment. And 2020 SME investment is higher than 2021. Which means IBBPLC want to more investment in Industry level.

5.5 Swot Analysis of IBBPLC

5.5.1 Five years of total general investment growth:

Table 11: Five years total general investment

Particular	Year				
	2017	2018	2019	2020	2021

Amount(In Million)	436,094	493,789	568,072	668,732	764,360
Growth Amount	29290	57,695	74,283	100,660	95,628
Growth (%)	6.72%	11.68 %	13.08 %	15.05 %	12.51 %

In this topic if we see the linear line that indicates that total general investment of IBBPLC is good but from 2018 to 2020 it has very good performance and if we see the point that are far from the regression line but one point is near that is 2020 and it also indicates over all good performance but if we see 2021 it is not so good than previous year and over all R square also not good. So they have to more increase the investment all the modes equally.

5.5.2 Trends of Investment of IBBPLC

Table 12: Trend of General Investment

The trend of General Investments of IBBPLC in the last five years (2014-2018):

Year	**2017**	**2018**	**2019**	**2020**	**2021**
Amount in Million	436,094	493,789	568,072	668,732	764,360
Growth In Percentage (%)	6.72%	11.68 %	13.08 %	15.05 %	12.51 %

In this chart we see the trend of investment is good they are year to year increasing but the growth varies depending on the modes of investment.

5.5.3 Profitability analysis:

ROA = Net Income / Total Assets

Table 13: Five years ROA

Years	**Net Profit**	**Total Assets**	**ROA**
2017	4013	652422	0.62 %
2018	3029	725821	0.42 %
2019	4465	797700	0.56 %
2020	4693	899960	0.52 %

2021	6075	997430	0.61 %

By ROA we can know the company earning position with relation to Asset, if we see the table and chart that in 2018

& 2020 IBBPLC has low earning in relation to the previous year and the % of 2018 is .42% but the previous year it was .62% then it also decreases again in 2020 at .52% from .56% but after that year it again increasing and at last in 2021 it has 61% which is good position than previous year.

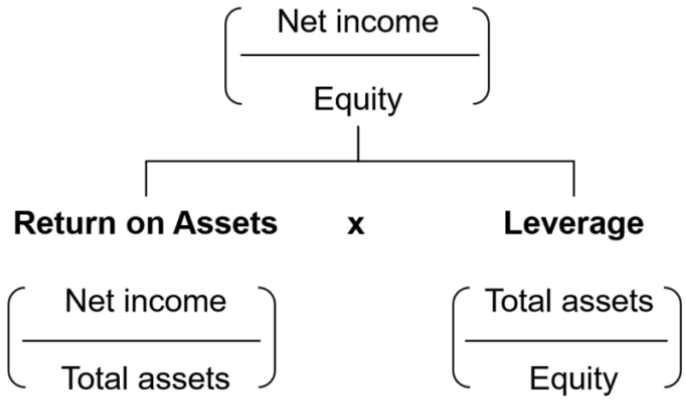
ROE = Net Income / Shareholders Equity

Table 14: Five years ROE

Years	Net Profit	Share Holders Equity	ROE
2017	4013	46613	8.61 %
2018	3029	47200	6.42 %
2019	4465	48739	9.16 %
2020	4693	50329	9.32 %
2021	6075	54896	11.07 %

By ROE we can know the company earning position with relation to Equity, if we see the table and chart it is clear that in 2018 IBBPLC has low return and the % also decrease 8.61% to 6.42 % but after that year it again increasing and at last in 2021 it have good position than previous year.

ROE Drivers:



That means if we multiply ROA with Equity Multiplier we can get ROE.

Where,

Equity multiplier = Total Assets / Share Holders Equity ROE = ROA% × Equity multiplier

Table 15: ROE by Equity multiplier

Year	ROA %	Equity Multiplier	ROE
2017	0.62	14.00	8.61 %
2018	0.42	15.38	6.42 %
2019	0.56	16.37	9.16 %
2020	0.52	17.88	9.32 %
2021	0.61	18.17	11.07 %

Here, I want to show that if I multiply ROA with Equity multiplier then also get the ROE. As islami bank generate

Capital from Deposit and Equity so, the equity multiplier shows that at 2017 there was less deposit than 2018 and High equity than 2021. Over all the equity multiplier indicates what portion of asset that are finance or owned by the shareholders.

Basic Earning Power (BEP) Ratio The basic earning power (BEP) ratio is calculated by dividing operating income (EBIT) by total assets:

Table 16: Basic Earning Power Ratio

Basic earning power (BEP) = EBIT / Total Asset

Years	EBIT	Total Asset	BEP
2017	10532	652422	1.61
2018	8855	725821	1.22
2019	10299	797700	1.29
2020	12113	899960	1.35
2021	13701	997430	1.37

This ratio indicates the ability of the firm's assets to generate operating income it is calculated by dividing EBIT by total assets. In table I see that in 2017 the BEP is so good after it is low but then it maintains good and increasing year to year.

Regression Analysis:

We analyse regression when we want to estimate the relationships between two or more variables and there are two variable we determine: First one is Dependent variable (criterion variable) are the main term by which we are trying to understand and predict. Second one is Independent variables (explanatory variables, or predictors) are another term that might impact the dependent variable. Regression analysis helps us to predict the impact of independent and dependent variable and their changes when independent variable changes what is the effect on dependent variable. By sum of squares we can easily find mathematical differentiation of data points. The target of this model is to get the smallest possible sum of squares and draw a line that comes closest to the data. There are also two regressions one is simple and another is multiple liner regression. Simple linear regression is when there is one independent and one single dependent variable. To predict the independent variable in multiple regression there are two or more explanatory variables.

Equation of Linear regression

Mathematically, a linear regression is defined by this equation: $\mathbf{y = bx + a + \varepsilon}$

Where:

- **X**= Independent variable
- **Y**= Dependent variable
- ***a*** = Y-intercept

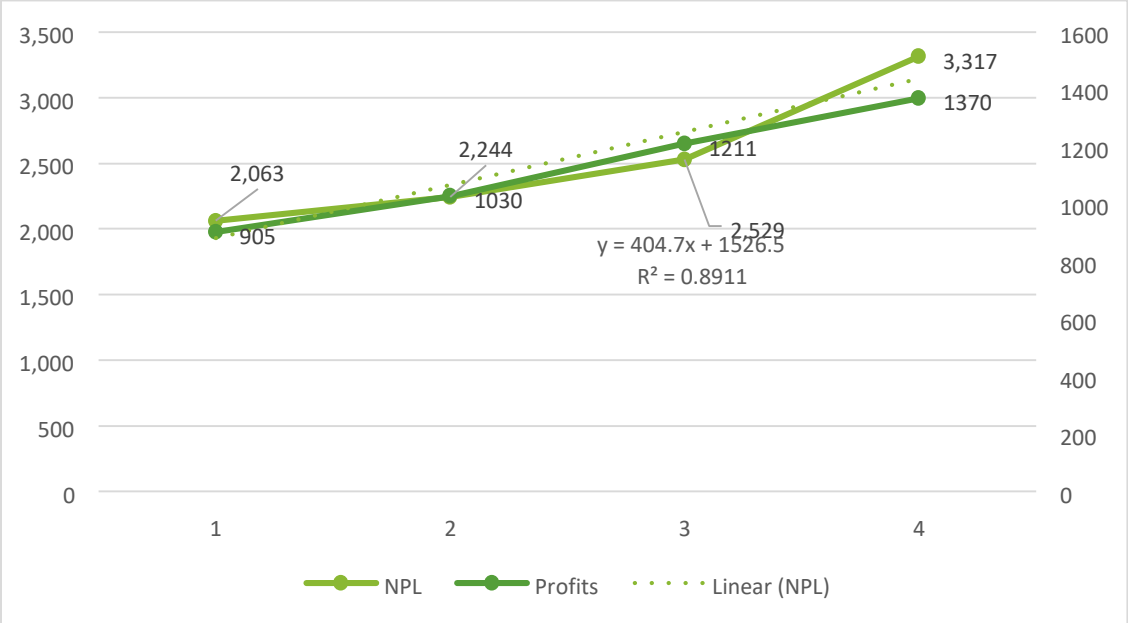
"a "is the expected mean value of ***Y*** when all ***X*** variables are equal to 0. It's the point on regression graph where the line crosses the **Y** axis.

- **b** = The **Slope** of a regression line

Which is the rate of change for ***Y*** as ***X*** changes.

- ***ε*** = The Random **Error** Term

It implies the difference between the actual value of a dependent variable and its predicted value. **Chart 17: linear regression of Profit and NPL**



The linear regression equation always has an error term because, in real life, predictors are never perfectly precise. However, some programs, including Excel, do the error term calculation behind the scenes. So, in Excel, we do linear regression using the **least squares**

method and seek coefficients *a* and *b* such that **= bx + a** for our example, the linear regression equation takes the following shape: **Profit = b* NPL + a**

There are different ways to find a (Y- Intercept) and b (Slope of regression line). If we analyse linear regression in excel then we found three methods or steps that are:

- Analysis Tool Pak with regression tool
- Scatter chart with a trend line
- Linear regression formula

The instructions of using each method are given blow

Interpret regression analysis output Running regression is easy because all calculations are preformed automatically and all are based on excel formula. The regression analysis result interpretation is a technical because it need to know what is behind each number. There are four major parts of regression analysis.

5.5.4 A breakdown of this four parts of regression analysis output of Islami Banks Profit and NPL relationship are given blow:

Regression analysis output: Summary Output

This part tells clear prediction how well the calculated linear regression equation fits my source data.

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.95208246
R Square	0.906461011
Adjusted R Square	0.859691517
Standard Error	76.49224884
Observations	4

All the terms of summary output are given below:

Multiple R: It measures the strength of a linear relationship between two or more variables which shows the Correlation Coefficient between the variable. The correlation can be any value between -1 and 1, and its absolute value indicates the relationship strength. The stronger the relationship if larger the absolute value

- 1 means a strong positive relationship
- -1 means a strong negative relationship
- 0 means no relationship at all

R Square: By the R Square we can determine the Coefficient, which is used as an indicator of the goodness of fit that means how accurate the value is. It indicates that how many points fall on the regression line. The R^2 value is calculated from the total sum of squares, more precisely/exactly, it is the sum of the squared deviations of the original data from the mean.

In our example, from above chart it is the relation between four years Profit and NPL Where, R^2 is 0.95, which is fairly good. It means fitness of regression analysis model is 95%. In other words, 95% of the dependent variables (values) are explained by the independent variables (x-values). Generally, R Squared of 91% or more is considered a good fit.

Adjusted R Square: Adjusted R Square measures the number of independent variable in the model. It is also use to this value instead of *R* square or multiple regression analysis.

Standard Error: Standard Error is another goodness-of-fit measure that shows the accuracy of the regression analysis the smaller the number, the more certain the value it will be more specific the regression equation. While R^2 represents the percentage of the dependent variables variance that is explained by the model, Standard Error is an absolute measure that shows the average distance that the data points fall from the regression line.

Observations: It is the number of variable in the model.

Regression analysis output: ANOVA The second part of the output is Analysis of Variance (ANOVA):

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	113402.2	113402.2	19.38146	0.04791754
Residual	2	11702.13	5851.064		
Total	3	125104.3			

Basically, it divides the sum of squares into individual components that give information about the levels of variability within the regression model:

- **df** = **Degree of Freedom** that means the number which is associated with the sources of variance.
- **SS** = **Sum of Squares**. If the Residual SS compared smaller with the Total SS, the better our model fits the data.
- **MS** = **Means Mean Square.**
- **F** = Means F statistic or **F-test for the Null Hypothesis**. By F we can know the overall significance of the model.
- Significance F = Means P-value of F.

ANOVA part is rarely used for simple linear regression, but we must have a close look at the last component that is the Significance F value. It gives an idea of how reliable statistically significant our results are. The model is better as **Significance F** is not more than 0.05 **(5%).** In relation of **PROFIT and NPL** we get .047% Significance F of Islami Bank so it indicates

the relation is good for both variable. If it is greater than 0.05, It will be probably better choose another independent variable.

Regression analysis output: coefficients

This section provides specific information about the components of my analysis:

	Coefficients	*Standard Error*	*o t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	237.3323758	206.1136	1.151464	0.36861	-649.5029689	1124.167721
NPL	0.351282874	0.079793	4.402438	0.047918	0.00796213	0.694603618

The most useful component in this section is **Coefficients**. It enables us to build a linear regression equation in Excel: **y = bx + a**

For our data set, where **Y** is the number of four years Profit and **X** is a four years NPL of IBBPLC, our linear regression formula goes as follows:

Y = NPL Coefficient * x + Intercept

Equipped with a, and b values it turns into: **Y=.35123*x + 237**

For example, with the average yearly NPL equal to 2063 Crore, the profit would be approximately 962 Crore:**.35123*2063 + 237 = 961.59 Crore (Profit)**

In a similar manner, we can find out how many Profits are going to be Earned with any other yearly NPL (x variable) I specify.

Regression analysis output: Residuals: If it compare the estimated and actual number of Profits corresponding to the yearly NPL of 2063 Crore, it will shows that these numbers are slightly different:

- Estimated: 962 crore (calculated above)
- Actual: 905 crore (row 2 of the source data)

The above Estimate and Actual Value create a Difference between the variables. So there is question arise in mind that why there is a difference? Because independent variables are never perfect predictors of the dependent variables. And the residuals can help to understand how far away the actual values are from the predicted values: For the first data point (NPL 2063 crore), the residual is approximately -57.48. So, we add this number to the predicted value, and get the Actual value: 962 – 57 = 905 Crore

Table 18: Regression on Deposits & Investment

Regression Analysis on Deposits & Investment of IBBPLC:

Year	Total Investments	Mudaraba savings Deposit	Mudaraba term Deposit	Other Mudaraba Deposit
2017	463475	183129	170175	149346
2018	530195	211544	179465	162098
2019	616419	239163	201545	171101
2020	710729	259389	233413	178897
2021	805760	277830	273164	188291

Here,

Deposits = Independent Variable (X)

Investments = Dependent Variable (Y)

In this case the summary output is the Regression analysis on Total investment and the deposits. Where deposits are independent and investment are dependent. Because in islami Bank Bangladesh ltd. There are main source of profit is investment and the investments amounts are arrange from all of the bank deposits. So, if the deposits are not increase the overall impact on invest and then profit.

However, all the interpretation of the relation of Investment and deposits are given below:

SUMMARY OUTPUT	

Regression Statistics	
Multiple R	0.999936454
R Square	0.999872911
Adjusted R Square	0.999491645
Standard Error	3090.938556
Observations	5

First of all **Multiple R** which is positive value and it is .99 and it indicates the strong positive relationship between the variable.

Here **R Square** also have strong value which is .99 it indicates how many points fall on the regression line. It means 99% of the value of this analysis is good fit the regression analysis model.

R Square is calculated by total sum square.

Adjusted R Square measures the number of independent variable in this model.

Standard Error is another goodness-of-fit measure that shows the accuracy of the regression analysis the smaller the number, the more certain the value it will be more specific the regression equation.

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	3	75165458702	2.51E+10	2622.505	0.014353392
Residual	1	9553901.159	9553901		
Total	4	75175012603			

Here the main point is Significance F which is .014 (1.4%) that means the analysis of among variable is good.

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-70649.0976	125733.8112	-0.56189	0.674096	-1668248.65	1526950.45
Mudaraba saving	2.244636077	0.607538776	3.694638	0.168277	-5.474876	9.96414815
Mudaraba term	1.672613355	0.123414861	13.55277	0.046888	0.104478861	3.24074785
Other Mudaraba	-1.08033097	1.610719497	-0.67071	0.623886	-21.5464627	19.3858007

Here the most important term is Coefficients and it is necessary for build a linear regression equation

At, 2019 we predict deposit of: -

Mudaraba savings, B1= 300000 million

Mudaraba Term, B2= 300000 million

Others Mudaraba, B3 = 200000 million

So what will be our investment at 2022? This answer we will get only by analyzing the regression formula.

Here,

We found the Intercept is = -70649.0976

X values are the deposit coefficients

By using Equation, we get,

Y= Intercept+B1*(X1) +B2*(X2) +B3*(X3) +……. +BnXn

Y= -70649.0976+ 300000*(2.2446) +300000*(1.6726)

+200000*(-1.0803) Y= 888459.5383 million.

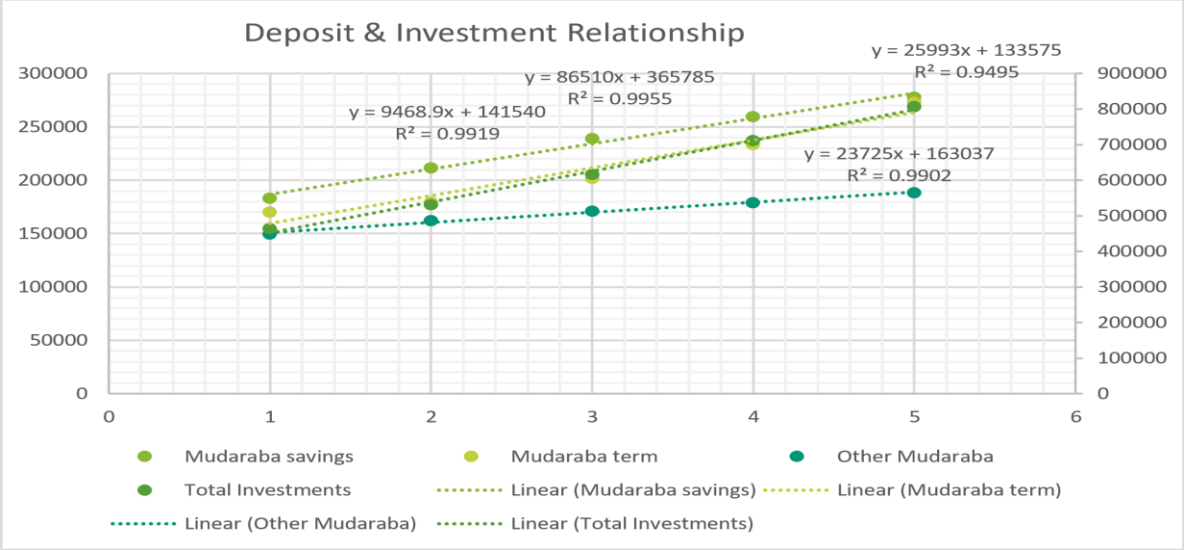
We get our Predicted total investment will be at 2019 is Y = 888459.53 million

RESIDUAL OUTPUT		

Observation	Predicted Total Investments	Residuals
1	463701.8707	-226.4032215
2	529245.5487	948.9539735
3	618445.894	-2026.981228
4	708727.1399	2001.790498
5	806457.3362	-697.3600218

By residual we can know the how difference or gap between the actual value and predicted value. By one example we can get clear idea that is, in 2018 we have Actual investment = 805760.So, Predicted Investment is = 805760 – (697) = 806457 million we will get Predicted total investment. That means, predicted investment = Actual Investment – Residuals One the other hand, if we change the side then we will find, Actual Investment = Predicted + Residuals

Chart 19: Linear Regression line of Deposit & Investment



AI= 806457+ (-697) = 805760 million.

At last if we see the linear graph we can easily observe all matter in one chart, here the all data point are in the regression line that means 99% of the prediction are good. If we see the R Square of every line all are above 90% so from all of the analysis at last, we can say it is a perfect relation with the investment and deposit of Islami bank.

Chapter 6
Findings

6.1 Findings

At last form over all report from different analysis there are many important things I found and some of those are very good for bank and some of maybe reduce the performance of bank so this matter is at last affect the bank profit and other issue. First of all, Islamic Bank follows the rules regulation of Islamic sharia so it is very good for the bank and also the all the Muslim non-Muslim people that they can are deposit their money invest the money without interest. Islamic Bank collect deposit from customer and invest that money different sector and earn profit from invest ant share that profit among customer and bank in predetermined percentage and that percentage are depends on the investment income.

So it is very important that increase the deposit and invest the money in proper place. For increasing the deposit bank should advertise their product and clear all the people about their banking system. From analysis we see that islami bank increasing their activity day by day and their market palace also good.

And their investments are increasing year to year there is no negative growth in the bank. So it is good sign for them. Secondly from profitability analysis there also found that their Return on asset, return on equity , basic earning point , equity multiplier all are good position except some year have certain low growth.

Finally, from regression analysis the main point is that I chose the Return on equity with profit where profit is dependent variable. And then from multiple regression I take the deposit and investment where deposit is the independent variable. Because is there is no deposit bank cannot make investment so their relationship are strong so I found the mathematical result on regression where the significance is .014 or 1.4% which is below 5% and it indicates strong relation between those variable. So I hope if Islamic bank keep their activity continuously and adapt with the modern technology or system they always become top bank in the country.

Chapter 7
Recommendation & Conclusion

7.1 Recommendation

There are huge opportunities for Islami Bank Bangladesh Ltd. There some recommendation for the Bank. We have noticed some activities and we think that if they remove those activities and correct themselves, they will able to achieve something:

- The management of Islami Bank Bangladesh Ltd should review their system of department wise activities.
- Islami bank should be careful to profitability and its sale should be increased.
- Islami bank should try to increase investment position.
- To ensure better customer services coping with the growth of overall business of the Branch additional space may kindly be allocated immediately for the branch.
- Weekend Banking can be introduced.
- Evening banking technology may be introduced which can be more effective for the bank, especially all system can be computerized, update and modern.
- The management of IBBPLC should increase the number of ATM booths.
- Arrangement of quarterly or half yearly workshops for the clients selected by the bank in order to promote Investment clients at the desired level.
- For reduce cost they can minimize unnecessary lighting, electricity and other facility which are not need more.

7.2 Conclusion

Islamic banking system is the collection of invested money and it is easier than the conventional banking system. Islamic bank has concerned not only with the invested money but also with the purpose of investment. And their main policy is collection deposit from customer and invest that money in different sector and earn profit without interest. For this policy many firm industry and individuals are become success and bank also get percentage of profit. There may question if there is loss how to overcome it, this answer is very easy that is there are many branches of Islamic bank so if some of become loss other branches cover the losses by the profit. So huge of the customer trust the IBBPLC day by day. By reviewing its prospectus anyone can predict that bright future is waiting for Islamic banking sectors in our country. IBBPLC is going to that way for the rapid

improvement in the banking sector in our country. Investment on the basis of profit & loss sharing system with according to Islamic

Shari'ah standards is the special features of Islamic banking system. Profit earning is not only one objective of Islamic bank, as well as achieving social welfare and enhancing employment opportunities are also main target of this bank. This fluctuation can enhance the growth of economic sectors as well as the growth of IBBPLC. Through Islamic banking system, it is easier to balance between production of goods and money supply.

As we know that Conventional banking system creates an inflationary problem. In this system, investment doesn't assure employment opportunity where Islamic banking system are directly deal with the unemployment problem. Islamic bank always helps for economic growth, where conventional bank has no fully concern about that. The collection of invested money is easier than any other conventional bank because it has concerned about the purpose of investment. Beside conventional bank has to concern about invested money. IBBPLC has brought more updated and welfare designed activities for their clients through enhancing their position in right way.

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