



## **Internship Report**

On

## **Investment Mechanism of Islami Bank Bangladesh Limited**

### **Submitted to:**

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Program: BBA

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## Letter of Transmittal

To

Muhammad Enamul Haque

Assistant Professor

School of Business and Economics

United International University

### **Subject: Submission of Internship Report**

Dear Sir,

I, Tusar Ahmad Akanda ID: 111 191 051, with due respect, I would like to express my gratefulness for your kind support and assistance throughout the report writing. I am very glad to inform you that I have completed my Internship Report on “Investment Mechanism of Islami Bank Bangladesh Ltd” which is a prerequisite of BBA program under your supervision. I have given my best effort to prepare this report.

The goal of this report is to analyze the overall investment methods of Islami Bank Bangladesh. This report allows me to obtain knowledge in different topics and also, I can conduct a comparison study between academic and practical knowledge.

Finally, I would like to thank you from my heart for your supportive thoughts and for giving me your time to make this report.

Sincerely yours,

Tusar Ahmad Aknada

ID: 111 191 051

School of Business and Economics

United International University

## **Acknowledgment**

Firstly, Thanks to the almighty Allah for allowing me the potential to complete this report. I feel very happy that I have completed this report within the limited time. This report may never been completed without some information, practical knowledge gather from the bank, help form various articles, books and websites, and also some primary and secondary data. It also helps me to improve my knowledge of Finance and banking related activity. I am thankful to all those persons who helped and co-operate with me. I would like to express my special thanks to my supervisor **Mr. Muhammad Enamul Haque**, Assistant Professor School of Business & Economics, United International University for his guidance, inspiration, direction, valuable suggestions, and advice during my whole internship period and make this report ready. I also give special thanks to my branch manager Md. Saidul Haque Sumon and operation manager Md. Sohedul Islam who helped me a lot to understand my work in the bank and I am also grateful to all of the team members in the office.

Finally, I am very much grateful to my beloved parents for their support and love.

## **Executive Summary**

The aim of this report is to analyze, summarize, and focus on the overall mechanism of investment management operations, and profitability. This report provides a clear idea about it. I used five years data from 2018 to 2024 to do the analyze of the bank's investment methods. Based on the findings the performance of IBBL is very good. In different mode wise investment of IBBL most of the investment held in bai-Murabaha and HPSM mode and the average value is 64.68% & 22.85% over the five years. In sector-wise investment, the bank invests most of its amount in industrial investment and in the trade & commerce sector, the average value is 53.88% and 30.41%. Division wise investment most of the investment amount used in Dhaka and Chattogram division the average value is 49.29% and 27.94% over the five years. The report indicates that yearly mode-wise, sector wise and division wise investment performance is nearly the same as the five-year average value which means the good and stable performance of the bank. Most of the investment occurs in Bai- Murabaha and HPSM mode in industrial investment, trade and commerce sector.

**Chapter: 1**  
**INTRODUCTION**

### **Background of the report**

To graduate from the BBA degree every undergraduate student has to complete a three-month internship program at a relevant firm that will help the student to gain practical knowledge and experience. I have completed my internship program in Islami Bank Bangladesh Ltd. Tarakandi branch. I have done a 3-month internship program in general banking. Most of the time I work in the investment department, where I gain a lot of knowledge and experience. I finished my internship under the supervision of Islami Bank Bangladesh Limited's supervisor, Mr. Sumon Ahmad. I have decided to do an investment analysis of this bank. I have been permitted to write the report on this topic by MR. Muhammad Enamul Haque, Assistant Professor, BBA Department, SOBE of UIU.

### **Objective of this report**

The Islami Bank Bangladesh is one of the largest and the first Islami Shariah-based bank in Bangladesh. During the operation of the bank, the bank follows Islami laws and principles as riba is strictly prohibited in Islam. The main objective of this report is to analyze the investment methods and the performance of the bank based on recent 5 years data. Learning about internam activities such as their work culture and surroundings was my study's main goal. This will also assist me I applying any theoretical information to my career in the future.

### **Mythology of the report**

For analyzing the bank's investment performance, I mainly use secondary data. I also use some primary data and recent information for the preparation of this report. The study provides findings that are found using both types of data. Primary data was mostly gathered from various Excel sheets and documents of the islami bank investment division and my supervisor. The rest of the information that I collected was from the bank's previous 5 years' annual report and the official website. I have tried to present this report in written and other graphical format like graphs, charts, tables, etc.

### **Limitations of this report**

There are some limitations that I have faced during the preparation of this report. I occasionally wasn't able to get all the data required to write the report. Every organization has some rules and safety issues. Only a small group of employees have access to the information. Despite this problem, I have tried my best to finish the report with the information I have. Also, I have faced some problems like limited time, lack of critical skills, and limited data.

**Chapter: 02**

**AN OVERVIEW OF THE ISLAMI BANK BANGLADESH  
LIMITED**

## **Introduction**

Islami Bank Bangladesh Ltd. (IBBL) is a leading organization in the field of Islamic banking, bringing with it a new wave of Sharia-compliant financial services. It is the pioneering financial institution in Bangladesh, IBBL recognized as one of the leading and largest Islamic banks in the country.

Islami Bank Bangladesh started its journey on 30 March 1983, bringing cutting-edge goods and services that follow Islamic morals and values. It was the first Islamic bank in south Asia. IBBL, the first Islamic bank in Southeast Asia, has established a standard for the sector by displaying an unwavering dedication to offering financial solutions that complement its clients' values and beliefs. IBBL provides a wide array of financial services, including retail, corporate, investment, and SME banking, to meet the various requirements of people, companies, and communities throughout Bangladesh. Motivated by the goal of promoting economic growth while adhering to Sharia law, IBBL has been instrumental in forming the country's financial environment. By means of cautious administration, astute collaborations, and a client-focused methodology, the bank has garnered a standing for dependability, honesty, and superior customer support.

IBBL, the leading Islamic bank in Bangladesh, is always innovating and changing. It uses best practices and state-of-the-art technology to improve accessibility, efficiency, and transparency in its business operations. IBBL is committed to enabling people and businesses to reach their financial objectives while making a positive impact on Bangladesh's overall socio-economic development. It does this by upholding ethical banking practices and promoting sustainable growth.

### **Vision:**

IBBL's vision is to be the unique modern Islamic bank in Bangladesh. IBBL is trying to make a significant contribution to the national economy of our country by following Islamic Shariah law. They also try their best to enhance customer trust and wealth, quality investment, employees' value and rapid growth in shareholders equity. They will try to encourage savings in the form of direct investment and they try to motivate investment, particularly in projects that will help to create more employment opportunities.

### **Mission:**

The bank's aim is to establish a prominent banking institution in Bangladesh by consistently striving for superior financial performance through active engagement and the adaptation of modern banking practice. The bank follows the Islamic principles to make sure the financial

system stays strong and offer financial solution that is align with Islamic principles, promoting ethical practices. The goal of the bank is to ensure convenient access to its services through multiple channels, anytime and anywhere for the comfort and convenience of our customers.

### **Inception and Vision:**

IBBL was founded on March 13, 1983, with a visionary mission of providing interest-free, Shariah-compliant banking and financial services to the people of Bangladesh. It emerged at a time when there was a growing awareness of the ethical and religious aspects of finance among the population. The bank was founded on the principle that financial services should align with Islamic principles and values, and as such, it has striven to adhere to these principles in its operations.

### **Founding Principles and Shariah Compliance:**

The cornerstone of IBBL's operations is adherence to the principles of Islamic finance as defined by Shariah. The fundamental tenet that sets Islamic banking apart from conventional banking is the prohibition of Riba or interest. Instead of charging or paying interest, IBBL focuses on profit-sharing, risk-sharing, and the use of various Shariah-compliant modes of banking and investment, such as Mudarabah and Musharakah.

### **Ownership and Governance:**

IBBL operates as a public limited company, allowing both local and foreign investors to hold shares in the institution. It follows a governance structure that includes a Board of Directors responsible for strategic decision-making and oversight. Additionally, it maintains a Shariah Supervisory Committee, composed of experts in Islamic jurisprudence, to ensure that the bank's operations and financial products strictly adhere to Islamic principles.

### **Diverse Range of Products and Services:**

The bank offers a comprehensive array of Shariah-compliant financial products and services, tailored to meet the diverse needs of its customers. This encompasses retail banking service. For example, savings accounts, deposit accounts, personal financing, and debit cards also corporate banking solutions, trade financing, investment banking, and more. All these offerings are meticulously designed to comply with Islamic finance principles.

**Branch Network and Accessibility:**

IBBL has established an extensive branch network that spans both urban and rural areas throughout Bangladesh. This strategic expansion has contributed significantly to financial inclusion, making it convenient for customers across the country to access Islamic banking services. The bank has also introduced branchless banking and mobile banking services to reach remote and underserved regions.

**International Reach:**

In addition to its domestic presence, IBBL has expanded its footprint internationally by setting up branches and subsidiaries in countries with sizable Muslim populations. This international presence allows the bank to serve the global Muslim community, making it a key player in the global Islamic banking arena.

**Commitment to Social Responsibility:**

Like many financial institutions, IBBL engages in various corporate social responsibility (CSR) initiatives aimed at contributing to the betterment of society. These activities often include support for education, healthcare, poverty alleviation, and other initiatives aligned with the broader mission of ethical and socially responsible finance.

**Financial Performance and Recognition:**

Throughout its history, IBBL has consistently demonstrated robust financial performance, with steady growth in assets, deposits, and profitability. The bank's dedication to delivering quality Islamic financial services has garnered it numerous awards and accolades, both nationally and internationally, for its contributions to Islamic finance and the broader banking industry in Bangladesh.

Islami Bank Bangladesh Limited remains at the forefront of the development of the Islamic banking sector in Bangladesh. It continues to uphold its founding principles, seeking to provide Islamic banking solutions while contributing to the economic and social development of Bangladesh. With its widespread presence, commitment to Shariah compliance, and dedication to financial inclusion, IBBL plays a pivotal role in the country's banking landscape.

## **Products and services of IBBL**

IBBL is the very first and largest bank that follows Islamic laws and principles in Bangladesh. In Bangladesh majority of country people are Muslim and they obey and follow the Shariah laws and principles. IBBL has a wide range of products and services like Al-Wadeah Current Account, Mudaraba Savings Account, Mudaraba Term Deposit Account, Mudaraba Savings Bond, Mudaraba Foreign Currency Deposit Account etc. Investment products like Bai-Murabaha, Bai-Muajjal, Mudaraba, Musharaka, HPSM etc. The bank also has various types of Investment Schemes like household, Transport, SME, Agriculture, Real Estate, Women's enterprise etc.

## **Chapter:03**

### **INVESTMENT MECHANISM OF ISLAMI BANK**

## **Investment**

Investment is the allocation/allotment of money or resources with the expectation of generating income or profit in the future. It involves committing capital to an asset, project, or venture with the goal of obtaining returns that compensate for the time value of money and the associated risks.

Investment can be in various forms:

- financial instruments: Buying stocks, bonds, mutual funds, and other securities.
- Real Estate: purchasing a property with an expectation of appreciation or rental income.
- Business venture: Investing in a business with the expectation of earning profits.
- Precious Metals: Buying gold, silver, and other valuable metals as a store value. Metal value most of the time increases in the future.

The investing process of Islami Bank differs from the other conventional banks. While other banks just provide loans to borrowers, Islami Bank refrain from doing so since doing so entails paying interest, which is against Islamic law. Islami Banks create investing procedures that are based on profit and loss while upholding Islamic Shariah and rules. In order to uphold Islamic law, banks organized all of their customers deposits and distribute them across various industries for investment that are permitted by Shariah law in islam with the aim of making a profit. The fund may be used by an individual or organization to generate revenue in order to maximize wealth. This needs to adhere to Islamic investment guidelines.

Compared to traditional banks, Islamic banking is becoming more production-oriented and growth-promoting due to its profit-loss sharing nature. The primary driver of this expansion is the direct correlation between the profits of the ventures the Islami bank finances and its own profitability. The most crucial component is broadening the scope of investment opportunities in an economy by substituting the profit-loss sharing principle for interest.

## **Investment Objectives of Islamic Bank Bangladesh Limited**

### **Halal finance:**

- Invested funds strictly in line with Islamic law and Shariah principle by Islami bank.
- To diversify an investment portfolio based on factors such as investment size, public and private sector, economic purpose, securities, and geographic area including commercial, industrial and agricultural areas.
- To provide reciprocal advantage for the bank and its investment clients by expert evaluation of investment proposals, prudent approval of investment, close and constant supervision and continuous monitoring.

## **Growth of the Real Economy**

- The bank invests in commodities and goods instead of giving out cash to customers in order to meet the nations socioeconomic necessities.

## **The well- being of the community**

- The Islami Bank provides funding for a range of development initiatives aimed at alleviating poverty and creating jobs and income in order to promote the society's sustainable socioeconomic development.
- By making profitable and participative investments you can increase the number of potential investors.

## **Investment Modes of IBBL:**

In reality, the Islami Bank investment arm uses a variety of methods to allocate its funds collected from its clients across Shariah-compliant industries. Islami bank the deposits form its client and use that money to invest in a variety of ways in order to generate profit. Not only earning is one of the IBBL's objectives, but also advances social and economic development by boosting employment and other welfare-related activities. Investment are made using the following modes:

### **Bai-Modes**

- Bai-Murabaha
- Bai-Muajjal
- Bai-Salam
- Istisna'a
- Bai-As-sarf

### **Share-Modes**

- Mudaraba
- Musharaka

### **Ijara-modes**

- Hire purchase under Shirkatul Melk (HPSM)

### **Bai-Murabaha:**

A Bai-Murabaha is a contract in which a seller sells a specific goods to a buyer at a cost-plus agreed profit that should be permissible in Islamic Shariah. This profit can be paid in cash, as a lump sum amount at any time fixed in the future. It also be paid in the form of installments. The

good which is sold must be permissible in Islam and the local laws. The profit markup can be established either percentage of the goods cost or as a flat sum amount.

**Bai-Muajjal:**

The term Bai- Muajjal is use to describe purchasing and selling under a contract in which the seller offers a certain product in accordance with Islamic Sariah and law at a predetermined price that is payable in full at a later date or in fixed payments over a predetermined length of time. If the money is paid within the allotted time for the transaction, or on a future agreed date, then it means Bai-Muajjal. In short it is referred to as a sale on credit.

**Bai-Salam:**

Bai- slam refers to an agreement where the products will be supplied later on but the payment is paid for in advance. In this contract the seller agrees to provide the buyer with a certain set of items as per specification, size, quality and quantity at a later time when all the payments are paid in full.

**Istisna'a:**

When a seller/manufacturer and a customer enter into a contract whereby the seller/manufacturer offers the buyer a specific product that are enforceable under the Islamic law after the product has been made.

**Bai-As-Sarf:**

Bai-As-Sarf contract is known as a contract where exchange money for money. This contract is closely supervised since it is easily manipulate to create an interest-bearing loan, which is against Islamic Sariah and law.

**Share-Modes**

**Mudaraba:**

Mudaraba is a partnership agreement in which the financier, Shahib-al Maal, provides a certain amount of capital and the entrepreneur, Mudariib, aims to make profits. In this case, the bank is the financier and the clients are the mudarib. Profit is allocated in accordance with the pre-agreed ratio, and the financier bears the whole loss.

What makes Mudaraba different from others:

- It requires two parties the investor is Shahib al-maal while Mudarib is the businessman.
- There should be a formal contract or agreement between the businessman and the bank for all matters.
- The business will be financed by the bank, and the businessman will manage it by contributing labor and business acumen.
- The Bank promises not to meddle in the operations.
- The entrepreneur will select staff members and manage the company on his own.

- The right to examine and confirm the business's accounts is reserved by the Shahib al-maal financier or investor.

### **Musharaka:**

“Sharika”, it's an Arabic term which means collaboration, is where the word “Musharaka” originates. It is an agreement where a bank contributes capital that is combined with other people's and the business enterprise's funds. Each partner bears the loss in proportion to his or her input, while the profit is split among them in a prearranged ratio.

### **Ijara-Modes:**

Hire Purchase Under Shirkatul Melk (HPSM):

The HPSM contract is created via practice and authorized by Shariah. It is therefore one of the unique categories of contracts. It combines three contracts together: Shirkat, Ijarah and Sale.

### **Hire Purchase**

The agreement between two parties the bank is the lessor and the client is the lessee. It is an agreement for the lessee to use the asset's services to obtain an asset the lessor can rent. Rent is paid by the lessee using the principal in order to obtain complete ownership of the asset.

### **Shirkatul Melk**

The terms “shirkat” and “melk”, which refer to ownership and joint regulation of all activities by two or more people, respectively, and the equitable distribution of benefits, are used to describe these relationships. How much they bear loss depends on how much they invested.

### **Ijarah**

It is a type of rental arrangement wherein a given asset is rented out to a lessee by the lessor in exchange for a certain rent or rental for a predetermined amount of time, such as five or ten years or more.

### **Sale**

This is an agreement between a buyer and a seller whereby the seller transfer ownership of specific products or assets to the buyer in exchange for a specified price. You may choose to pay the cost in a number of equal installments.

### **Investment Scheme**

Islami Bank Bangladesh provides consumer loans to help people take care of their personal, family, and home needs. For its customers, the bank has launched a number of investment schemes focused on welfare. For example:

- House Hold Investment Scheme.
- Investment Scheme for Doctors (ISD).
- Car Investment Scheme (CIS).

- Transport Investment Scheme (TIS).
- Women Entrepreneurs Investment Scheme (WEIS).
- Small Business Investment Scheme (SBIS).
- Micro Industries Investment Scheme (MIIS).
- Agricultural Implement Investment Scheme (AIIS).
- Real Estate Investment Program (REIP).
- Agricultural Investment of IBBL.
- Real Estate Investment.
- NRB (Non-Resident Bangladeshi) Entrepreneurs Investment Scheme (NEIS).

### **Investment Procedure of IBBL**

Before every investment Islami bank follows certain investment procedures. It is very important for the bank to follow those procedure while investing because if the bank cannot choose ideal clientele that could pose a huge risk for the banks profit, the customers profit and the depositor's profit. Ideal client cannot be able to use the provided funds appropriately as a result the bank will face a loss. Therefore, the bank officials have to take the following actions prior to making any investments:

1. Selection of the client
2. Application
3. Appraisal
4. Sanctioning
5. Documentation
6. Disbursement
7. Monitoring & Recovery
8. Finalize Investment Deal

### **Selection of the client:**

At first, an applicant will apply or approach to a respective branch where he or she has an account. of Islami Bank. The applicant has to discuss with the respective officer who deal with the investment department. After that the bank consider the applicants five C's. Once the conversation between the bank and the applicant is finished, the bank go for the next step. The applicant must be agreed with the islami banks rules and regulation before they can make an investment.

**Application Stage:**

In this stage the bank will gather the required data of the applicant that is needed for the investment proposed. The data is important for the bank because based on this data the bank will justify whether the applicant has the potential or not to get the investment. The bank asked those data to the applicant and the applicant have to provide all those data to the bank officials for taking the proposed investment.

**Appraisal Stage:**

The appraisal stage is very crucial for the applicant. In this stage the bank usually evaluates the applicant and his or her business whether the applicant has the potential or not. Based on the evaluation the bank decides to sanction the suggested investment plan. In this stage if the bank faced any issue the bank suspends disbursing funds to the applicant.

**Sanctioning stage:**

In this stage the bank formally approved the applicant's investment idea. In this instance, the applicant gets the authorization later from the bank.

**Documentation stage:**

In this stage the bank conducted analysis. For this the bank required further papers as needed.

**Disbursement stage:**

In this stage the bank ultimately decided to give the money to the applicant. Once all the issues verified the applicant gets the money or item they were expecting. It is very important that before making any payments the bank physically confirms the precise location of the mortgaged property.

**Monitoring & Recovery Stage:**

In this stage the bank continuously monitors the applicant's activity. By monitoring that the bank ensure that the funds are used properly. If the applicant do not use the money properly then the bank has the right to terminate the contract. Sometimes the bank officials physically visit the location for surveillance if needed.

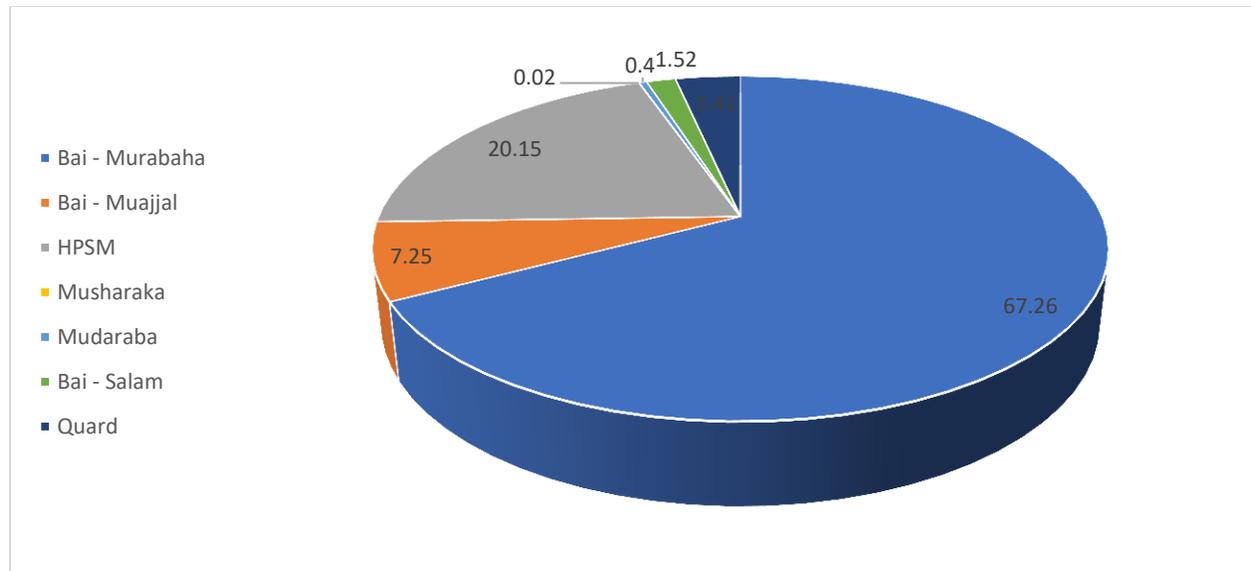
**Chapter:04**

**INVESTMENT & PROFITABILITY ANALYSIS**

### Mode-wise total Investment of Islami Bank Bangladesh Limited

Mode wise Investment	2022	2021	2020	2019	2018
	%	%	%	%	%
Bai - Murabaha	67.26	65.47	65.83	62.79	62.07
Bai - Muajjal	7.25	7.23	6.89	6.83	7.35
HPSM	20.15	21.95	23.22	24.35	24.59
Musharaka	0.02	0.02	0.04	0.07	0.07
Mudaraba	0.4	0.46	0.52	0.57	0.64
Bai - Salam	1.52	1.54	1.68	1.35	1.47
Quard	3.41	3.33	4.82	4.04	3.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>103</b>	<b>100</b>	<b>100</b>

**Table 1: Mode-wise investment of IBBL**



**Chart 1: Percentage of total mode-wise investment of IBBL in 2022**

We can see the share of the main investment modes in IBBL in the table and chart 1 above. Where the majority of the bank's capital is invested. The biggest investment comes from Bai-

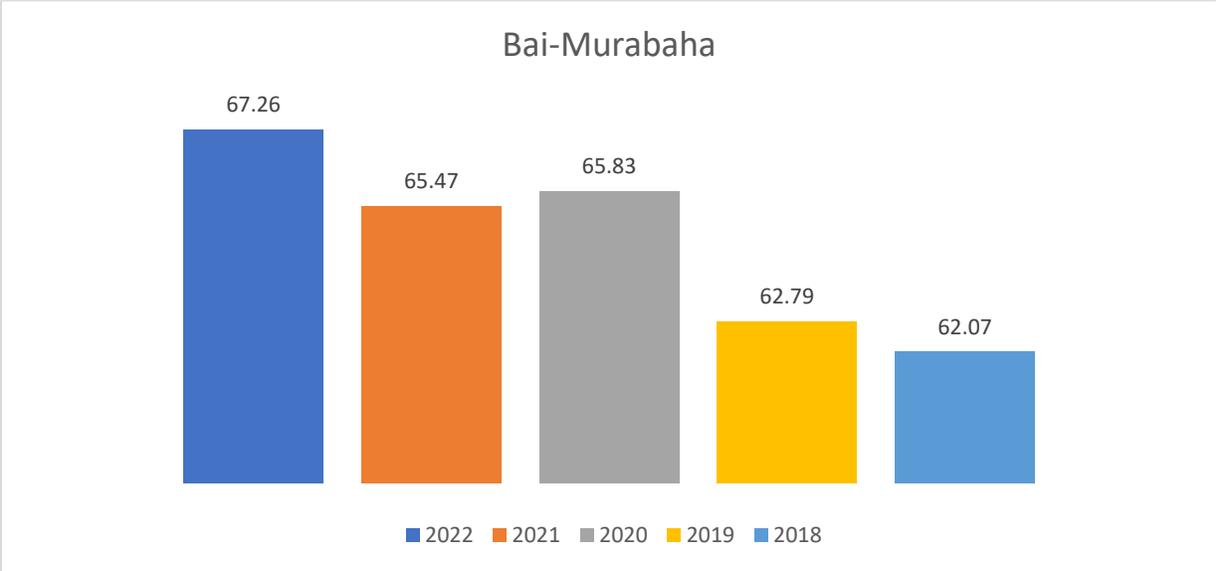
Murabaha mode in the last five years, from 2018 to 2022, when it was 67.26% HPSM comes in second with 20.15% and Bai-Muajjal mode with 7.25%. These are all very much the same as they were last year.

**Bai – Murabaha**

Bai-Murabaha is a contract in which a seller sells a specific goods to a buyer at a cost-plus agreed profit that should be permissible in Islamic Shariah. This profit can be paid in cash, as a lump sum amount at any time fixed in the future. It also be paid in the form of installments.

Mode wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Bai - Murabaha	67.26	65.47	65.83	62.79	62.07	64.68

**Table 2**



**Chart 2**

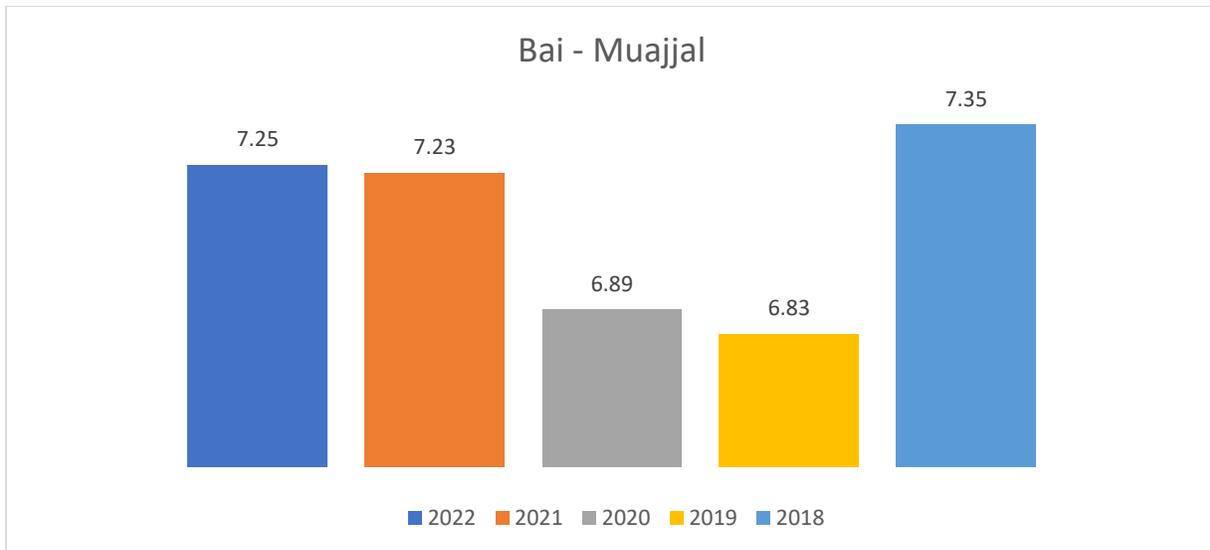
From the analysis of the above table & chart 2, we can see that most of the investment amount that is 65-70% is invested in Bai- -Murabaha mode. Over the 5 years, the mean value of this mode is 64.68%, and the investment percentage was near and above the mean value from 2018 to 2022. It shows the good performance of the bank.

## Bai – Muajjal

In this mode of investment, a payment is made at a settled future date or within a settled period for sale. It is called a sale on Credit in short.

Mode wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Bai Muajjal	7.25	7.23	6.89	6.83	7.35	7.11

**Table 3**



**Chart 3**

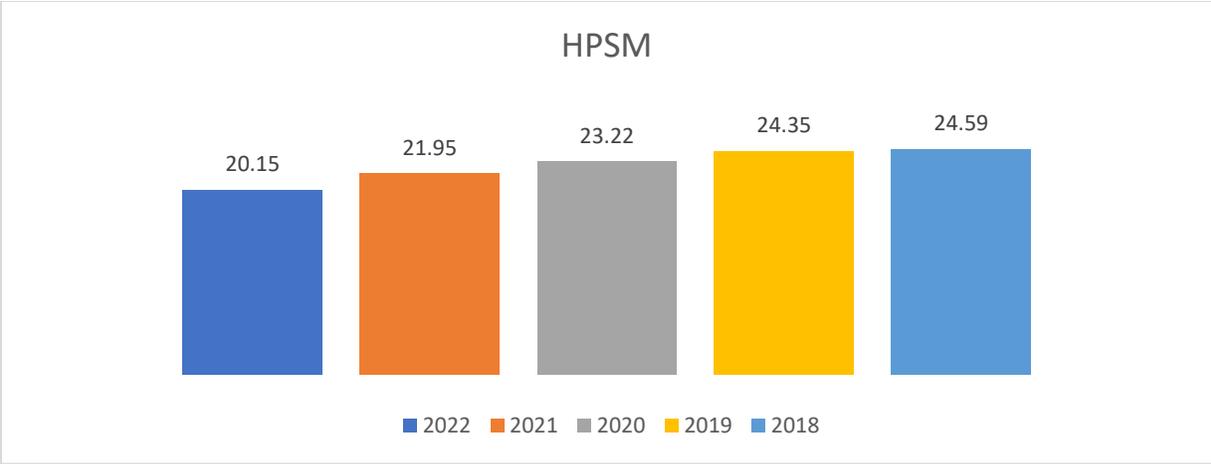
From the analysis of the above table & chart 3, we can see that 7-8% of the total mode wise investment amount is invested in Bai- -Muajjal mode. Over the 5 years, the mean value of this mode is 7.11%, and the investment percentage was near and above the mean value from year 2018 to 2022. It shows the good and stable performance of the bank.

## HPSM

The agreement between two parties the bank is the lessor and the client is the lessee. It is an agreement for the lessee to use the asset's services to obtain an asset the lessor can rent. Rent is paid by the lessee using the principal in order to obtain complete ownership of the asset.

Mode wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
HPSM	20.15	21.95	23.22	24.35	24.59	22.85

**Table 4**



**Chart 4**

From the analysis of the above table & chart 4, we can see that 20-25 % of the total mode wise investment amount is invested in HPSM mode. Over the 5 years, the mean value of this mode is 22.85%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

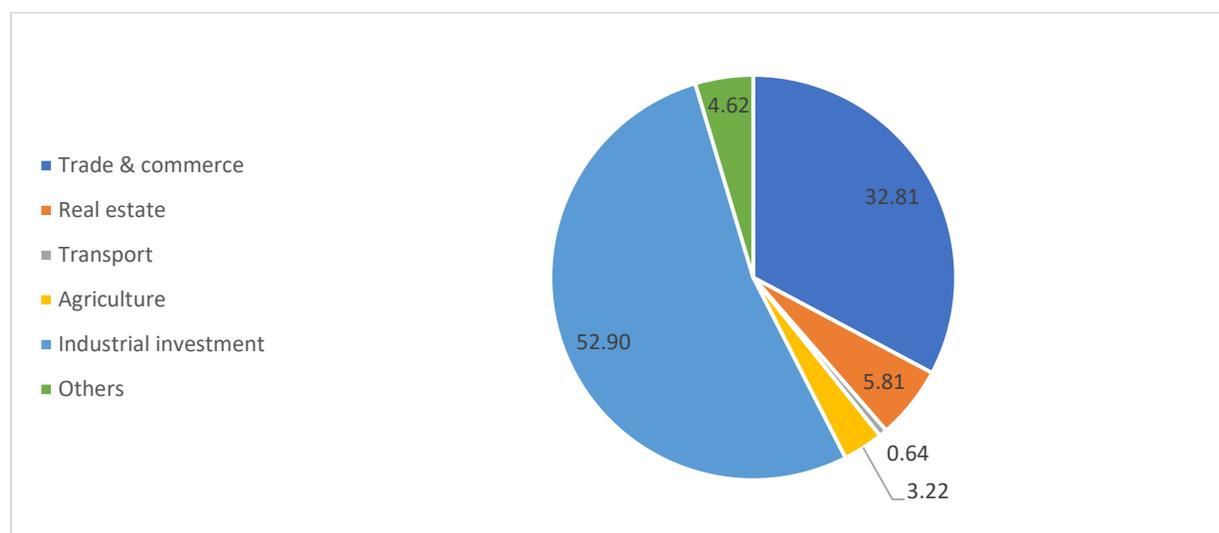
Also, other modes like Musharaka, Mudaraba, Bai–Salam, and Quard's performance has been good and stable percentage over the five years that indicates a good sign for the bank's performance.

## Sector-wise investment

IBBL also invests in many sectors like trade & commerce, real estate, transport, agriculture, and many other sectors.

Sector-wise investment	2022	2021	2020	2019	2018
	%	%	%	%	%
Trade & commerce	32.81	31.73	29.45	29.4	28.68
Real estate	5.81	6.58	6.38	6.73	7.3
Transport	0.64	0.8	0.79	0.81	1.01
Agriculture	3.22	2.99	2.86	2.84	2.52
Industrial investment	52.90	53.32	54.43	54.92	53.84
Others	4.62	4.57	6.09	5.31	6.66
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 5**



**Chart 5**

From the analysis of Table & chart 5, we can see that in sector-wise investment the bank invests its funds in various sectors. However, the major investment percentage held in industrial investment is 52.90% in Trade & commerce 32.81%, and Real estate 5.81% in the year 2022. Those three sectors are the major options for the bank. Let's see the performance of the bank in those sectors.

## Trade & commerce

Sector-wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Trade & commerce	32.81	31.73	29.45	29.4	28.68	30.41

**Table 6**



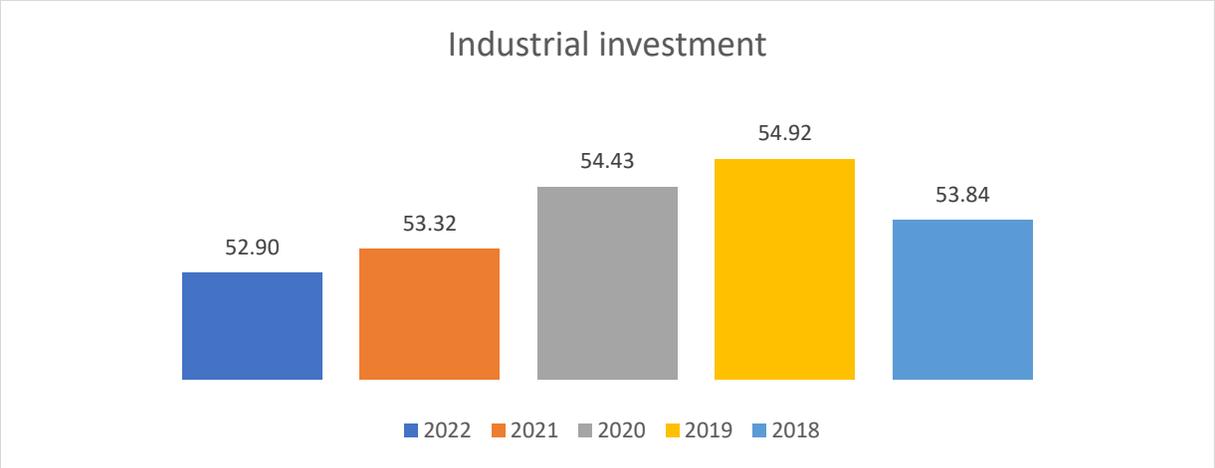
**Chart 6**

From the analysis of the above table & chart 6, we can see that 25-35 % of the total sector wise investment amount is invested in Trade and commerce. Over the 5 years, the mean value of this sector is 30.41%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

### **Industrial investment**

Sector-wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Industrial investment	52.90	53.32	54.43	54.92	53.84	53.88

**Table 7**



**Chart 7**

From the analysis of the above table & chart 7, we can see that 50-60% of the total sector-wise investment amount is invested in the Industrial sector. Over the 5 years, the mean value of this sector is 53.88%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

**Real estate**

Sector-wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Real estate	5.81	6.58	6.38	6.73	7.3	6.56

**Table 8**



**Chart 8**

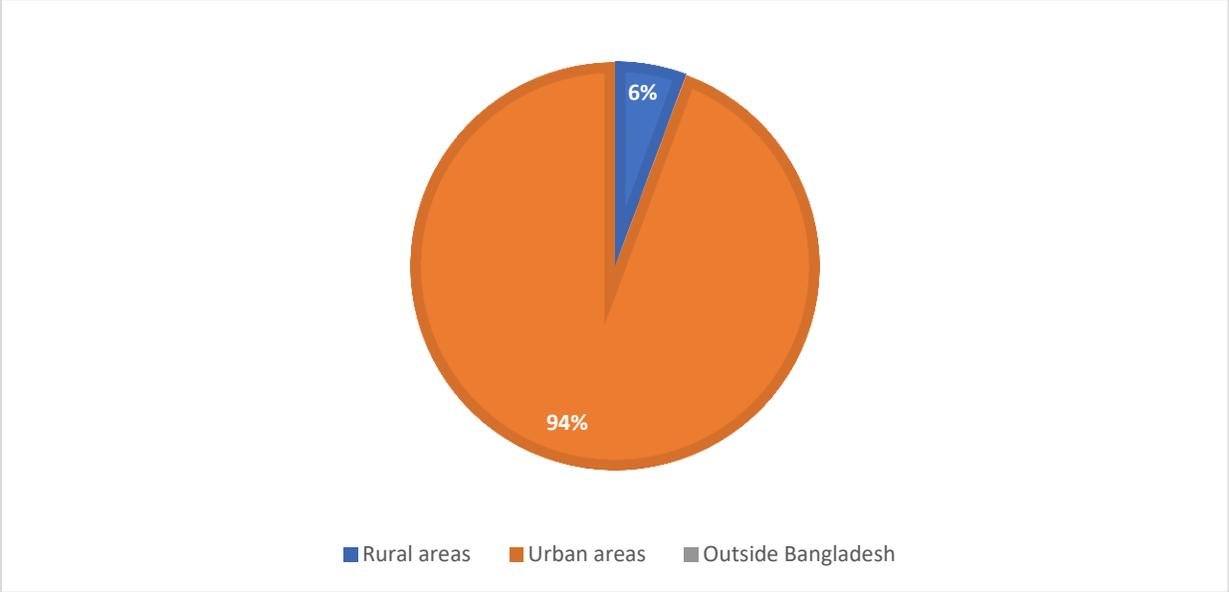
From the analysis of the above table & chart 8, we can see that 5-8% of the total sector-wise investment amount is invested in the Real estate sector. Over the 5 years, the mean value of this sector is 6.56%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

Also, other sectors like agriculture, transport, and other sectors investment performance is the good and stable percentage over the five years which is a good sign for the bank's performance.

**Geographical location-wise investments**

Geographical location-wise investments	2022	2021	2020	2019	2018
	%	%	%	%	%
Rural areas	5.65	6.65	7.38	7.08	7.96
Urban areas	94.35	93.44	92.62	92.92	92.04
Outside Bangladesh	0	0	0	0	0
<b>Total</b>	100	100	100	100	100

**Table 9**



**Chart 9**

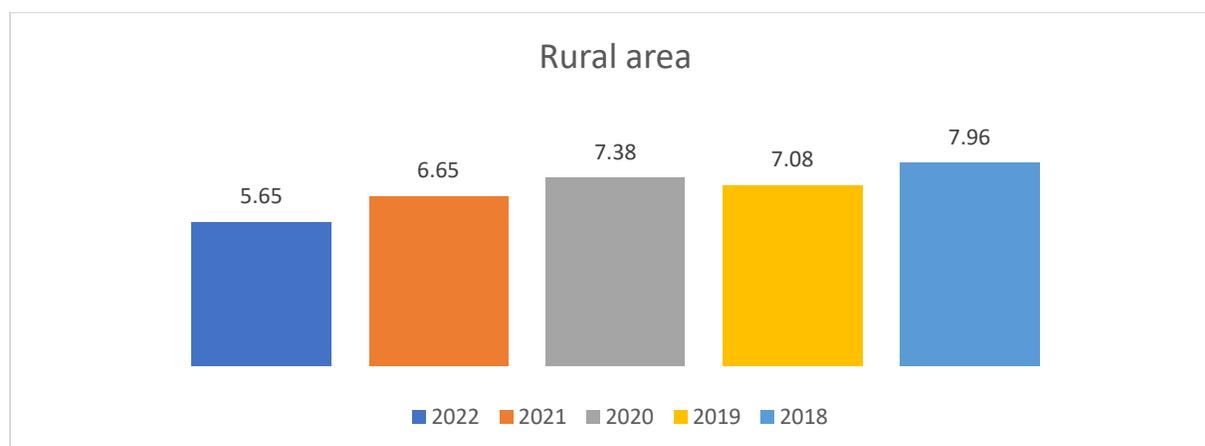
This chart shows the investment percentage of the geographical location over the past 5 years. It shows that the major investment amount invested in Urban areas that is over 90% and the rest of the amount invested in rural areas there is no investment held outside Bangladesh. The

investment % increase over the year and in 2022 it was 94.35% in urban and 5.65% in rural areas.

### Rural areas

Geographical location-wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Rural areas	5.65	6.65	7.38	7.08	7.96	6.94

**Table 10**



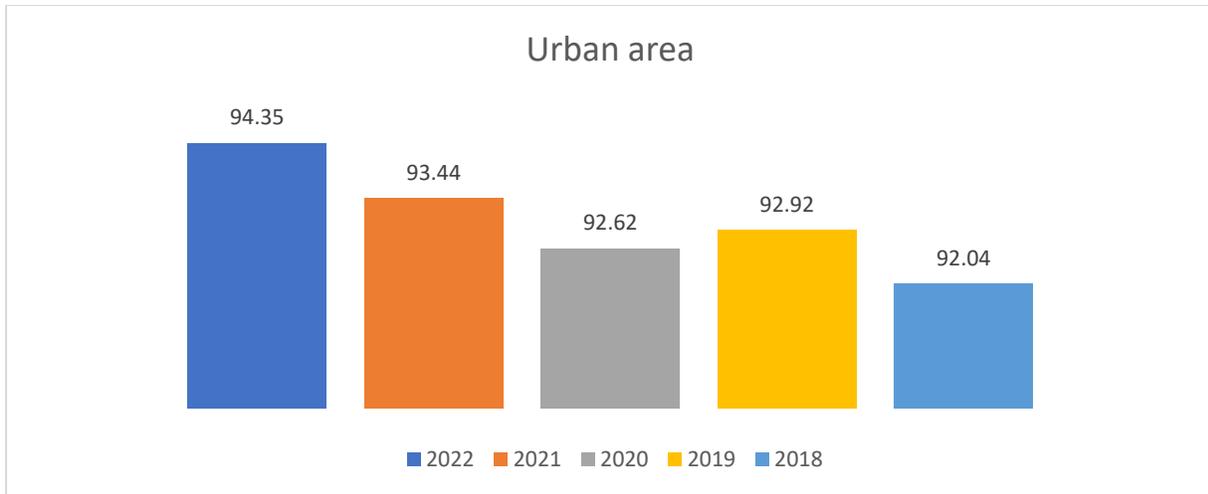
**Chart 10**

From the analysis of the above table & chart 10, we can see that 5-8% of the total location -wise investment amount is invested in the Rural area. Over the 5 years, the mean value of this area is 6.94%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

### Urban areas

Geographical location-wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Urban areas	94.35	93.44	92.62	92.92	92.04	93.07

**Table 11**



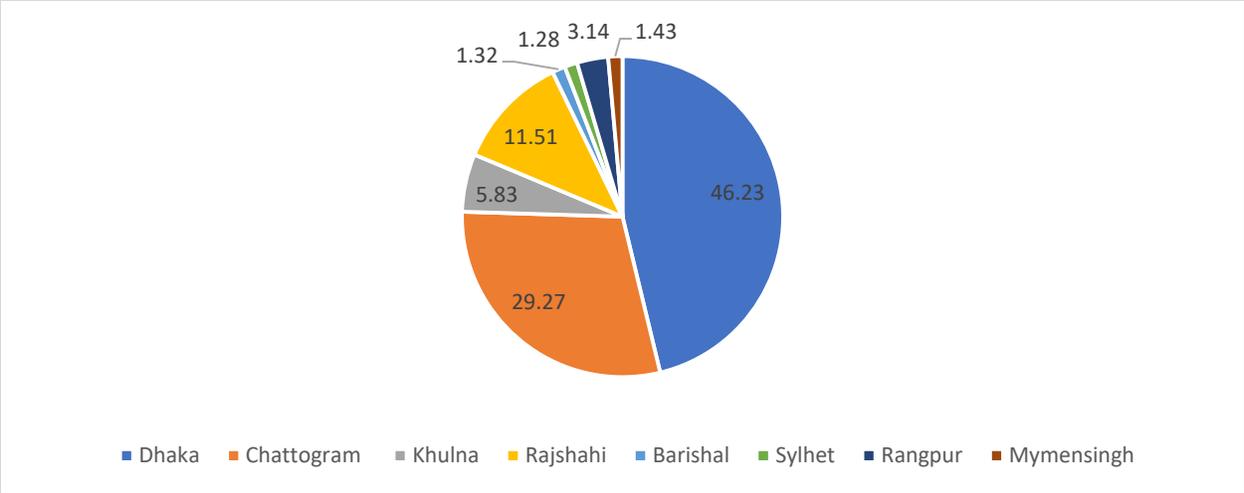
**Chart 11**

From the analysis of the above table & chart 11, we can see that 90-95% of the total location-wise investment amount is invested in the Urban area. Over the 5 years, the mean value of this area is 93.7%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

### **Division wise investment**

Division wise investment	2022	2021	2020	2019	2018
	%	%	%	%	%
Dhaka	46.23	46.34	51.29	51.3	51.27
Chattogram	29.27	31.81	28.06	26.27	24.3
Khulna	5.83	5.51	5.79	6.82	7.12
Rajshahi	11.51	9.21	7.89	7.96	8.68
Barishal	1.32	1.32	1.34	1.34	1.59
Sylhet	1.28	1.34	1.48	1.69	1.96
Rangpur	3.14	3.11	3	3.35	3.59
Mymensingh	1.43	1.36	1.16	1.28	1.48
<b>Total</b>	100	100	100	100	100

**Table 11: Division-wise investment of IBBL**



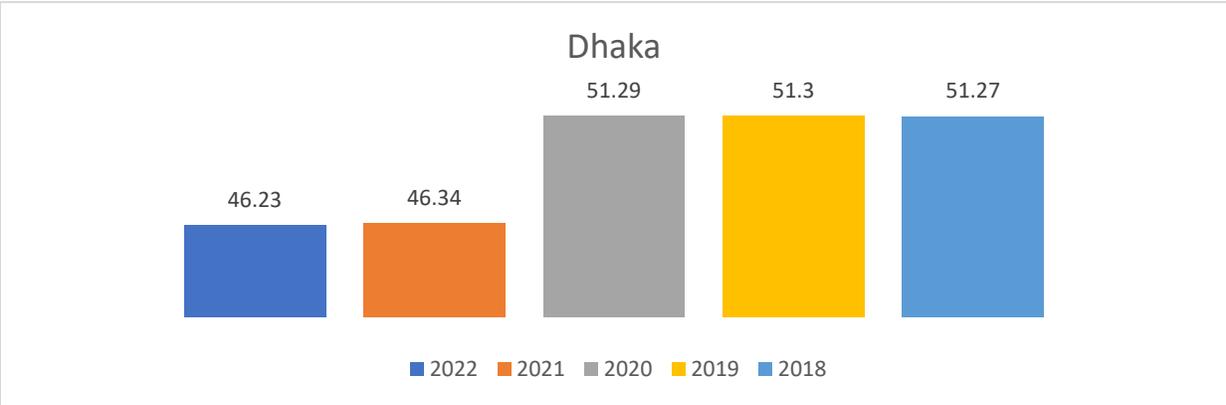
**Chart 11: Division wise investment percentage in 2022**

From the above analysis of the chart and Table 11, we can say that the major amount of the investment was invested in three divisions that are Dhaka 46.23%, Chattogram 29.27%, and Rajshahi 11.51%, and Khulna 5.83% in 2022. The investment percentage was likely the same as in previous years.

**Dhaka Division**

Division wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Dhaka	46.23	46.34	51.29	51.3	51.27	49.29

**Table 12**



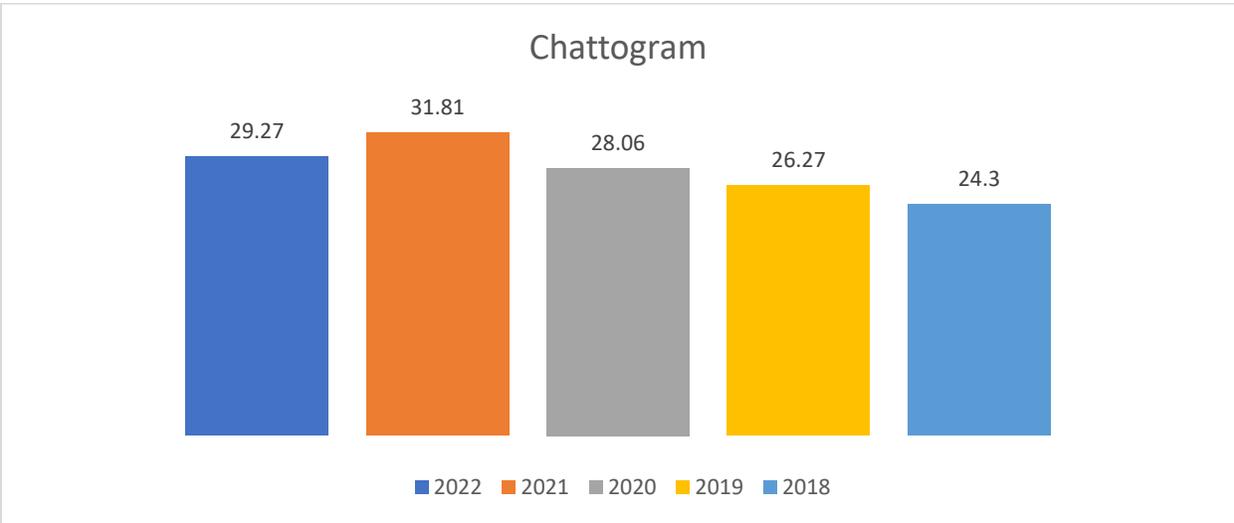
**Chart 12**

From the analysis of the table and chart 12, we can say that a major portion of the amount is 45-50% of the total invested amount invested in the Dhaka division. Over the 5 years, the mean value of the investment in Dhaka division is 49.29%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

**Chattogram Division**

Division wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Chattogram	29.27	31.81	28.06	26.27	24.3	27.94

**Table 13**



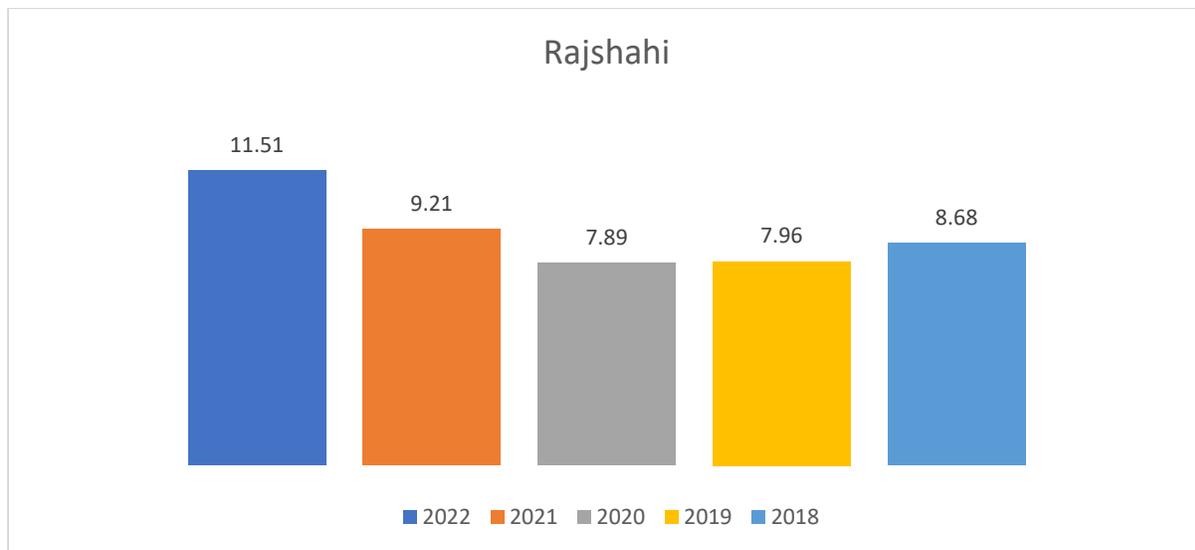
**Chart 13**

From the analysis of the table and chart 13, we can say that a major portion of the amount 25-30% of the total invested amount invested in the Chattogram division. Over the 5 years, the mean value of the investment percentage in the Chattogram division is 27.94%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

## Rajshahi Division

Division wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Rajshahi	11.51	9.21	7.89	7.96	8.68	9.05

**Table 14**



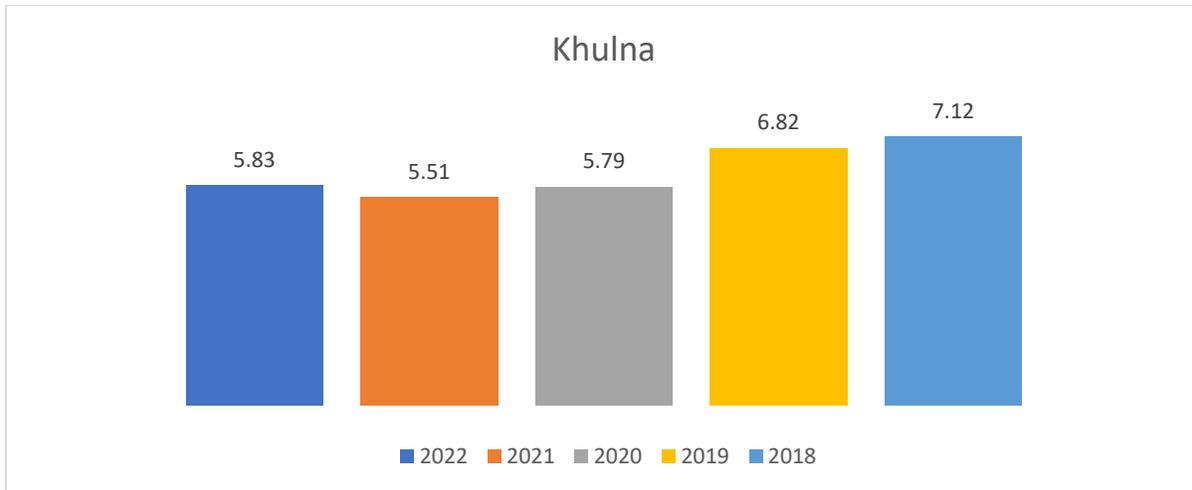
**Chart 14**

From the analysis of the table and chart 14, we can say that a major portion of the amount 7-12% of the total invested amount invested in the Rajshahi division. Over the 5 years, the mean value of the investment percentage in the Rajshahi division is 9.5%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

## Khulna Division

Division wise Investment (%)	Year					Mean value
	2022	2021	2020	2019	2018	
Khulna	5.83	5.51	5.79	6.82	7.12	6.21

**Table 15**



**Chart 15**

From the analysis of the table and chart 15, we can say that a major portion of the amount 5-8% of the total invested amount invested in the Khulna division. Over the 5 years, the mean value of the investment percentage in the Khulna division is 6.21%, and the investment percentage was near and above the mean value from the year 2018 to 2022. It shows the good and stable performance of the bank.

Also, other divisions' investment performances have a good and stable percentage over the five years which is a good sign for the bank's performance.

**Profitability analysis:**

**ROA**

ROA = Net Profit/ Total Asset

Year	Net Profit	Total Asset	ROA
2022	6167	1838705.12	0.34%
2021	4807.57	1636669.57	0.29%
2020	4795.52	1417622.11	0.34%
2019	5480.64	1142181.89	0.48%
2018	6310.3	997959.3	0.63%

Table 16: ROA

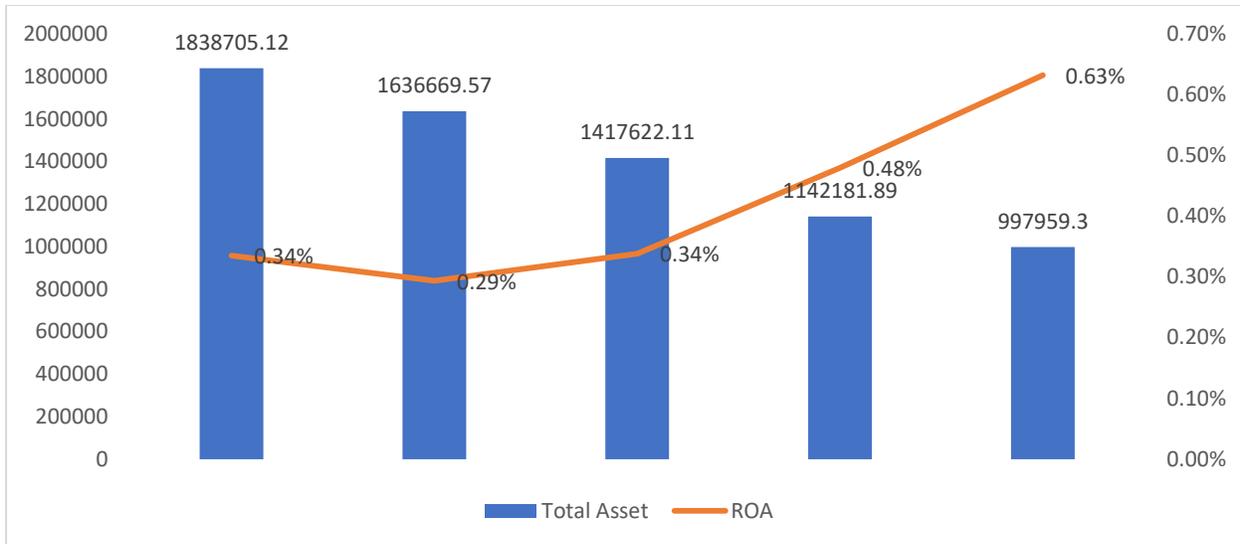


Chart 16: ROA

From the above ROA value, we can know the islami bank's earning position concerning the assets of this bank. If we notice the table and chart 16 in the year 2021 and 2022 IBBL had low earnings in respect to other years. In the year 2020, it was .34% in 2021 it decreased from the previous year which is 0.29%, and in the year 2022, it was .34% increase from the previous year which is good for the bank.

### ROE

ROE = Net Income / Shareholders Equity

Year	Net Profit	Share Holders Equity	ROE
2022	6167	69571.11	8.86%
2021	4807.57	65726.66	7.31%
2020	4795.52	62609.94	7.66%
2019	5480.64	59374.22	9.23%
2018	6310.3	55466.61	11.38%

Table 17: ROE

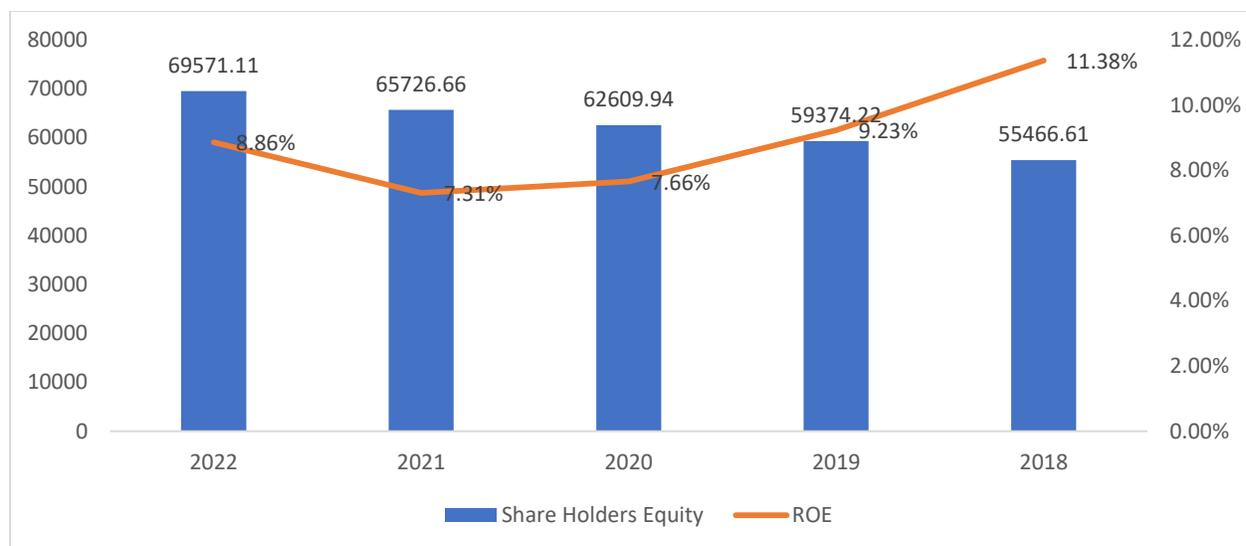


Chart 17: ROE

From the above ROE value, we can know the islami bank earning position with relation to the equity of this bank. If we notice the table and chart 17 in the year 2021 and 2020 IBBL had low earnings in respect to other years. In the year 2021 it was 7.31% in 2022 it increased from the previous year that is 8.86% which is good for the bank.

## BEP

### Basic Earning Power (BEP) Ratio

The basic earning power (BEP) ratio is calculated by dividing the operating income (EBIT) by the total assets:

$$\text{Basic earning power (BEP)} = \text{EBIT} / \text{Total Asset}$$

Year	EBIT	Total Asset	BEP
2022	14938.36	1838705.12	0.81%
2021	11745.9	1636669.57	0.72%
2020	10689.09	1417622.11	0.75%
2019	14099.75	1142181.89	1.23%
2018	14083.39	997959.3	1.41%

Table 18: Basic Earning Power Ratio

The BEP ratio indicates the ability of the bank's assets that generate operating income it is calculated by dividing EBIT by total assets. In above table 18 we see that in the year 2018, it was so good after that because of COVID-19 it became low but in 2022, 2021 and 2020 it increased year to year.

## **Chapter:05**

### **RECOMMENDATION & CONCLUSION**

## **Recommendation**

As our country is overpopulated and Muslim-majority country so there is a huge opportunity for Islami Bank Bangladesh Ltd. Because most of the Muslim people demand a bank that follows Islamic Shariah and laws. Islami Bank can be their major priority for halal banking. We have noticed some activities that hamper the relation to the customers. If the bank can overcome the problem then it will be the best bank for the Bangladeshi Muslim people. Here are some recommendations for the bank:

- The banks management ought to examine their department-specific activity system.
- It ought to use greater caution in order to boost sales and profitability.
- It should try to increase its investment and conditions should be more flexible for the client.
- It should increase its ATM and agent banking branches.
- The management should more focus on the development of digital banking services.
- For reduce cost the bank should for paperless banking services that also help the environment and nature.
- The bank official should be more cooperative to their clients.

## Conclusion

IBBL Started its journey as a pioneering institution in the realm of Islamic banking in Bangladesh. The bank left an indelible mark on the country's financial sector. Since its inception, the bank has been unwavering in its commitment to the principles of Islamic finance, it is providing a viable alternative to conventional banking while contributing significantly to the economic development of Bangladesh. One of the significant aspects of Islami Bank's operation is its adherence to Sharia-compliant practices. By avoiding interest-based transactions and profit-sharing models, the bank has not only fulfilled the financial needs of its clients but also adhered to the ethical and moral standards set forth by Islamic principles and laws. This commitment to a financial system rooted in justice, equity, and ethical considerations has been a driving force behind the bank's success and its ability to gather trust from various clientele.

The reports main objective is to analyze the banks investments modes and its profitability. We analyze the previous five years data of the bank to analyze its investment sector. From this it shows a good and stable performance over the five years. The bank invests its investment amount in various modes like Bai- Murabaha, Bai- Muajjal, HPSM, Musharaka etc. From the data analysis it is showing that most of the investment held in Bai- Murabaha mode, the average percentage of this mode is 64.68% and the percentage is near about same from 2018 to 2022 that means a stable performance which indicates good for the bank. The 2<sup>nd</sup> largest mode is HPSM, the average percentage is 22.85% and over the five years it remains nearly same percentage which indicates good performance for the bank. Again, in the sector wise investment major portion of the total investment amount invest in the industrial investment and trade and commerce sector. In industrial investment the average percentage is 53.88% and from 2018 to 2022 the investment percentage was near about same as the average percentage. In trade and commerce, the bank invests its 2<sup>nd</sup> largest sector wise investment the average percentage is 30.41% and from 2018 to 2022 the investment percentage was near about same as the average percentage. Others sector does the same. In the division wise investment, we can see that major portion of the investment amount invested in Dhaka and chattogram division the average percentage is about 49.29% and 27.94%. If we see the previous year percentage from 2018 to 2022 it shows that the percentage is nearly same as the average value that is very good and stable for the bank.

From the above data analysis, we can clearly go for a conclusion that IBBL's investment performance is very good and stable over the five years. As the bank follows Islamic Sariah and law for banking and Bangladeshi Muslim majority people also give priority to this bank other than banks that are not follow Islamic Sariah and based on riba that is strictly prohibited in Islam.

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