

Investment Management Activities of Banks

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I. INTRODUCTION

Banking industry is one of the most promising industries of the country. The importance of the sector revealed through its contribution in the economic growth of the country. This sector accelerates economic growth through mobilizing funds from surplus unit to deficit unit. Banking industry is moving towards rapid changes due to technological innovation and diversified needs of its customers (Ullah, & Abu Seman, 2018; Ullah, Nor, & Seman, (2021). Ullah, Nor, Abu Seman, Ramli, & Rasedee, (2023a; Uddin, Ullah, Rashid, & Chowdhury, (2024). Banks deal with the most important factor to the economy. It flows funds from surplus unit to deficit unit and through this it facilitated the efficient allocation of the resources as well as accelerated economic growth. This sector is moving towards new dimension as it is changing fast due to competition, deregulation, financial, reforms.

As the pace of globalization competition in banking sector is increasing very fast. Banks are becoming more customer oriented and offer high tech customized products to its target market to hold the market. Central bank always keep monitors bank performances. Individual banks also need to assess their own performance to satisfy the parties those are related to its growth. Bank plays a vital role in promoting economic development of a country. Bank provides necessary funds for executive program in the process of economic development. They collect savings of large masses of people scattered throughout the country, which is the absence of bank world have remained idle and unproductive. These amounts are collected, pooled together and made available to commerce and industry for meeting the requirement. These provides finance for successfully carrying on various stages of production as well as distribution. Bank stimulate the habit of savings amount people by the security and Profit they offer with these savings which are deposited by people are in position to utilize the deposited amount more productively. The bank increased the transaction capacity of the customers by advancing loans when they require for additional funds to finance their expanded program of transaction.

Investment management-also referred to as money management, portfolio management or private banking-covers the professional management of different securities and assets such as bonds, shares, real estate, and other securities. Proper investment management aims to meet particular investment goals for the benefit of the investors. The term asset management is often used to refer to the investment management of collective investments, while the more generic fund management may prefer to all forms of institutional investment as well as investment management for private investors. Investment managers who specialize in advisory or discretionary management on behalf of private investors may often refer to their

services as money management or portfolio management often within the context of so-called "private banking" (Ullah, Nor, Seman, Ramli, & Rasedee, (2023b; Ullah, (2016; Nor, Ullah, Seman, Ramli, & Rasedee, (2022; Ullah, Uddin, Rashid, Uddin, M. & Hasan, (2024). The provision of investment management services includes elements of financial statement analysis, asset selection, stock selection, plan implementation, and ongoing monitoring of investments. Coming under the remit of financial services many of the world's largest companies at least in part investment managers and employ millions of staff.

The main objective of this report is to modes of investment management and performance analysis of banks This study intended to have detailed knowledge about the Investment Operation of AIBL. Different files, statements and manual have helped us preparing this study. All the information and data has been collected both from primary sources as well as secondary data. The study is completed by the information collected from both primary and secondary data.

Research design : The report is analytical in nature. It was conducted using both quantitative and qualitative instruments.

Population and Sample : The population of the study is composed of 61 scheduled banks that operate under the full control and supervision of Bangladesh Bank.

Al Arafah Islami Bank Limited is selected among the scheduled banks as a sample of the study.

II. METHOD DATA COLLECTION

Both primary and secondary data were used for the purpose of the study.

Primary data

- Both primary and secondary data were used for the purpose of the study.
- Discussions with the officials of Al-Arafah Islami Bank Limited.
- Informal interview and individual conversation with employees.
- Face to Face conversation with the clients.
- Personal observation on the procedure of investment management.

Secondary Data: These data have been collected from the secondary sources.

- ✓ Annual report of Al-Arafah Islami Bank Limited
- ✓ Brochures, Manual and Publication of Al-Arafah Islami Bank Limited.
- ✓ Online data from the website of Al-Arafah Islami Bank Limited.
- ✓ Relevant journals and research papers.
- ✓ Relevant file study as provided by the concerned officer.

III. LITERATURE REVIEW

Types of Investment Facilities:

Bai –Murabaha Investment:

- Bai- Murabaha (Hypo)
- Bai- Murabaha (General)
- Bai- Murabaha (Real State Material)
- Bai – Murabaha (Pledge TR/ Local Purchase)
- Bai- Murabaha (Hypo) under SME
- Bai- Murabaha (EMI) under SME
- Bai- Murabaha (Agriculture)
- Bai – Murabaha (Hypo) against MTDR and other deposit Scheme

Hire Purchase Under Shirkatul Melk (HPSM) Investment:

- a) HPSM (House Building – Residential)
- b) HPSM (Real State/ Commercial)
- c) HPSM (Transport –Bus,Truck, Launch, Cargo Vessel etc.)
- d) HPSM (Auto –Car , CNG three wheeler, Microbus etc.)
- e) HPSM (Machinery)
- f) HPSM (Industry)
- g) HPSM (Consumer Durables Scheme)
- h) HPSM (Lease/ Ijara Investment)
- i) HPSM – Car Lease (Staff)
- j) HPSM (House Building Staff)

Investment against Import:

- Bai –Murabaha Import Bill (Cash LC-MIB)
- Bai- Murabaha (MIB –EDF Fund)
- Bai- Murabaha – Post Import (TR)
- Bai – Murabaha –Post Import (Pledge)

Investment against Export:

- Bai-Istisna (Pre –Shipment Investment)
- Bai- Salam
- Bai- Murabaha (Export)
- Wajira Bill Okalah against Cash Incentive

Documentary Bill Purchase:

- Foreign Documentary Bills Purchased (FDBP)
- Inland Documentary Bills Purchased (IDBP-BDT)
- Inland Documentary Bills purchased (IDBP- FC)

Other Investment:

- ✓ Musharaka Investment
- ✓ Mudaraba Investment
- ✓ Bai- Muajjal Investment

Quard :

- a) Quard against MTDR
- b) Quard -E-Hasana
- c) Quard against Car (Staff)
- d) Quard against Provident Fund (Staff)

Letter of Guarantee:

- a) Tender Guarantee
- b) Performance Guarantee
- c) Guarantee for Sub – Contracts
- d) Shipping Guarantee
- e) Advance Payment Guarantee
- f) Gurantee in lieu of Security Deposits
- g) Gurantee for exemption of Custom Duties
- h) Others

Basic Mechanism of Investment: When money is deposited in the AIBL, the bank, in turn, makes investments in different forms approved by the Islamic Shariah with the intention to earn a profit. There are basically three basic mechanisms are given below:

1. Bai – Mechanism
2. Share- Mechanism
3. Ijara Mechanism

Bai-Mechanism:

Bai-Murabaha: Bai-Murabaha may be defined as Contractual buying and selling at a mark-up profit. In this case, the client requests the Bank to purchase certain goods for him. The Bank purchases the goods as per specification and requirement of the client. The client receives the goods on payment of the price which includes mark-up profit as per contract. Under this mode of investment the purchase/ cost price and profit are to be disclosed separately.

Bai-Muajjal: Bai-Muajjal is a contract between a buyer and a seller under which the seller sells certain specific goods (permissible under Shariah and Law of the Country), to the buyer at an agreed fixed price payable at a certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification of the buyer. In Bank's perspective, Bai-Muajjal is treated as a contract between the Bank and the Client under which the bank sells to the Client certain specified goods, purchased as per order and specification of the Client at an agreed price payable within a fixed future date in lump sum or by fixed instalment.

Bai- Salam: Bai- Salam means advance purchase.

It is a mode of business under which the buyer pays the price of the goods in advance on the condition that the goods would be supplied / delivered at a particular future time. The seller supplies the goods within the fixed time.

Branch Source : This investment mode is not practiced in AIBL, Kadamtali Branch, Chattogram.

Bai-Istishna: A contract executed between a buyer and a seller under which the seller pledges to manufacture and supply certain goods according to specification of the buyer is called Istishna. An Istishna agreement is executed when a manufacturer or a factory owner accepts a proposal placed to him by a person or an Institution to produce/manufacture certain goods for the latter at a certain negotiated price.

Branch Source : This investment mode is not practiced in AIBL, Kadamtali Branch, Chattogram.

Share Mechanism:

Mudaraba:

It is a form of partnership where one party provides the fund while the other provides the expertise, labor and the letter referred to as the Mudarib. Any profits accrued are shared between the two parties on a pre-agreed basis, while capital loss is exclusively borne by the partner providing the capital (Ullah, (2022; Ullah, (2021; Ullah, Mat Nor, Abu Seman, & Uddin, (2018; Ullah, Mat Nor, Abu Seman, Ainna Binti Ramli, & Fadly, (2023;

Important Features:

- ✓ Bank supplies capital as Sahib- al –Mall and client invests in the business with his experience.
- ✓ The client maintains administration and management.
- ✓ Profit is divided as per agreement.
- ✓ Bank bears the actual loss alone.
- ✓ Client cannot take another investment for that specific business without the permission of the bank.

Musharaka: The terms Shirkat and Musharakah have been derived from Arabic words “Shairkah” and “Sharika.” The word shirkah means a partnership between more than one partner (Ullah, & Rashid, (2024; Ullah, Barua, Haque, Arif Hosen Raja, & Tahsinul Islam, (2024; Ullah, N., Belal Onisha, Evnath Khanam, Rahman, & Jahan, (2023). Thus the words “Musharaka” and “Shirkat” means a partnership established between two or more partners for the purpose of a commercial venture participate both in the capital and management where the profit may be shared between the partners as per agreed upon ratio and the loss. If any incurred, is to be borne by the partners at per capital /equity ratio.

Important Features:

- The investment client will normally run and manage the business.
- The bank shall take part in the policy and decision making as well as overseeing (supervision and monitoring) the operations of the business of the client.
- The bank may appoint suitable personal(s) to run and manage the business and to maintain books of accounts of the business property.
- As the investment client shall manage the enterprise, the bank may share more profit to him than that of his proportion capital contribution.
- Loss, if any, shall be shared on the basis of capital ratio.

Branch Source : This investment mode is not practiced in AIBL, Kadamtali Branch, Chattogram.

Ijara Mechanism : Under this mode, the bank purchases vehicles, machineries and instruments, building, apartment etc. and allows clients to use those on payment of fixed rents in installments with the ultimate objective to sell the asset to the client at the end of the rental period. The client acquires the ownership/ title of the assets/ properties subject to full payment/ adjustment of all the instalments.

Hire Purchase Under shirkatul Melk: Hire purchase under shirkatul Melk is a special type of contract which has been developed through practice. Actually, it is a synthesis of three contracts: Shirkat, Ijarah and sale. Shirkat means partnership. Shirkatul Melk means share an ownership. When two or more persons supply equity, purchase an asset, own the same jointly, and share the benefit as per agreement and bear the loss in proportion to their respective equity, the contract is called Shirkatul contract (Ullah, Showrav, & Eram, (2023; Ullah, Rashid, Islam,

Tanzi, & Utsho, (2023); Ullah, (2021); Ullah, & Uddin, (2018)

Stages of Hire Purchase under Shirkatul Melk

Thus Hire Purchase under ShirkatulMelk Agreement has got three stages:

- Purchase under joint ownership.
- Hire and Sale and /or transfer of ownership to the other partner Hirer.
Hire Purchase under ShirkatulMelk through gradually transfer (sale) of legal title/ownership of the hired

Asset/property: Under this type certain asset/property is purchased with equal or unequal equity participation and owned jointly by the parties -the Bank and the Client. The Bank's share portion of the asset is hired out to the Client partner against fixed rent/rentals per unit of time for a fixed period with a promise that the Hire Bank will sell or transfer the ownership of its portion to the Client Hirer gradually part by part in proportion to the consideration paid. So that the Hire's portion of the asset on payment of the total price at the end of the hire period. Under this system the total price of the hired property / asset should be determined and divided over the period of hire contract (per unit of time) so that the Hirer in addition to the payment of fixed rent /rentals may pay gradually the proportionate consideration of the total price of the hired property or asset to acquire proportionate ownership of the same part by, part and become full owner of the hired asset at the end of the hire period. It should be noted that there should be a separate sale contract for payment / acquisition of each share (per unit of time as per hire deal) / part of asset sold to the Hirer and the amount of rent should be decreased proportionately with decrease of Hire's ownership and increase of Hirer's ownership on the property/asset.

If, for any reason, the hire contract is revoked prior to the payment or transfer of full title to the Hirer, the Hirer will share that part of the title to the hired property which has been transferred to him against payment made by him and the remaining part will be shared by the Hire Bank. If any loss arises to the Bank after the sale of Bank's share to the property / asset that shall be recouped from the Client / Client's security. In Bank, we shall be following this type of Sale Contract in Hire Purchase under Shirkatul Melk.

Investment Procedure Of Aibl:

Investment Management: Investment management is a dynamic field where a certain standard of long-range planning is needed to allocate the fund in diverse field and to minimize the risk and maximizing the return on the invested fund. Continuous supervision, monitoring and follow-up are highly required for ensuring the timely repayment and minimizing the default. Actually the investment portfolio is not only constituted the bank's asset structure but also a vital factor of the bank's success. The overall success in investment management depends on the bank's investment policy, portfolio of investment, monitoring, supervision and follow-up of the loan and advance. Therefore, while analyzing the Investment Management of AIBL, it is required to analyze its investment procedure.

Investment Guidelines: Investment principles include the general guidelines of providing Investment by branch manager or investment officer. It must be clearly understood that these principles are given as guidelines for protecting the Investments. In Al-Arafah Islami Bank Limited, these guidelines are followed while operating investment activities.

- a. The bank shall provide suitable Investment services and products for the markets in which it operates.
- b. Investments shall normally be Investment from customer's deposit and not out of temporary funds or borrowing from other Banks.
- c. Investment facility will be allowed in a manner, which will in no way compromise with Bank's standards of excellence.
- d. All Investment extension must comply with the requirements of Bank's Memorandum and Articles of Association, Banking Companies Act 1991 as amended from time to time / Bangladesh Bank's instructions and other applicable rules and regulations.
- e. A prudent banker should always adhere to the following principles of Investment to his customer:
 - (1) Background, character and capability of the borrowers,
 - (2) Purpose of the facility,
 - (3) Term of facility,
 - (4) Safety,
 - (5) Security,

- (6) Profitability,
- (7) Source of repayment,
- (8) Diversity

It should be remembered that selection of the appropriate borrowers, proper follow-up and end-use supervision through constant follow-up and monitoring are the cornerstone for timely recovery.

Investment Process: Generally a bank takes certain steps to deliver its proposed investment to the client. But the process takes deep analysis. Because banks invest depositors fund which are not bank's own fund. If the bank fails to meet depositors demand, then it must collapse. So each, bank should take strong concentration on investment proposal. However, Al-Arafah Islami Bank Ltd. (AIBL) Kadamtali branch makes its investment decision through successfully passing the following crucial steps-

- Selection of the Client
- Application Stage Documents
- Collection Stage
- Appraisal Stage
- Sanction Stage
- Disbursement Stage
- Monitoring & Recovery Stage

Selection of the Client: Selection is the first stage in investment steps. At this stage, bank selects the prospect client whether he should be given investment or not. Here, investment taker (client) approaches to any of the branch of Al-Arafah Islami Bank Limited (AIBL). Then he talks with the manager or respective officer (investment). Bank officials generally ask some questions to the client. These questions are related to nature of business, purpose of investment taking, desired investment amount, profit earnings from business, age of business, experience of the proprietor, sources of repayment, location of the business, capital of his business, present liability position with AIBL or other banks, and depository relationship with AIBL or other banks. After discussing with the prospect client, the branch officials primarily go for site visit. They also consider the following five C's of the client-

1. **Character:** Character refers to the borrower's honesty and trustworthiness. A banker must assess the borrower's integrity and subsequent intent to repay. If there are any serious doubts, the loan should be rejected.
2. **Capital:** Capital refers to the borrower's wealth position measured by financial soundness and market standing. It helps cushion losses and reduces the likelihood of bankruptcy.
3. **Capacity:** Capacity involves both borrower's legal standing and management's expertise in maintaining operations so the firm or individual can repay its debt obligations. Under capacity an individual must be able to generate income to repay the cash.
4. **Condition:** A condition refers to the economic environment or industry specific supply, production and distribution factors influencing a firm's operations. Repayment sources of cash often vary with the business cycle or consumer demand.
5. **Collateral:** Collateral is the lender's secondary source of repayment or security in the case of default. Having an asset that the bank can seize and liquidate when a borrower defaults reduces loss, but does not justify lending proceeds when the Investment decision is originally made. While selecting his borrower the following information is collected by the banker Past record which is collected by –

- Previous Bank transaction data
- Investment Information Bureau
- Financial ability to take investment
- Financial Statement Analysis

Application Stage: At this stage, the bank will collect necessary information about the prospective client. For this reason, bank informs the prospective client to provide and or fill duly respective information which is crucial for the initial of investment proposal. Generally here all the required documents for taking investment have to prepare by the client himself. Documents that are necessary for getting investment of AIBL are prescribed below-

- Client's Application with photograph.
- Investment Form (Given by Bank but filled and signed by clients)

- Client's National Identity Card (Photocopy)
- Client's E-TIN Certificate (Photocopy)
- Up to Date Trade License (Photocopy).
- Attested copy of partnership deed (For Partnership Business).
- Attested copy of the Memorandum (MOA) & Articles of Association(AOA) (For the joint stock company).
- Prior three (03) years balance sheet and income statement/ Audited 3years balance sheet and income statement for Joint Stock Company.
- Last one year sales report.
- Stock Report of the business.
- Deed of shop rental agreement/ possession documents of the business.(Photocopy)
- Photocopy of Land's Documents for Collateral security.
- Details information of 3 guarantors with photograph, NID and other documents (For Collateral free investment).

Documents Collection Stage:

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

- Top sheet
 - Proposal prepared by Branch
 - Office note (prepared by bank)
 - Client's application with Photograph
 - Investment form filled by clients
 - NID (client)
 - Trade license (up to date)
 - E-TIN certificate
 - Last one year sale report
 - Last 3 years income statement & balance sheet
 - Net worth statement (client)
 - Stock report (given by bank)
 - Stock valuation (prepared by bank)
 - Visiting report (by bank officials)
 - Guarantors' details information (filled by guarantors)
-
- Legal opinion report
 - Land & building valuation report
 - Branch valuation report
 - Report on KYC, TP & Balance Confirmation
 - Depository Account Statement with other bank
 - CIB report (from Bangladesh Bank)

Investment Assessment:

- Relationship Manager(s) Investment Officer(s) shall conduct a thorough assessment of investment requirement before recommending any new proposal. There after all investment to be assessed at least annually or at the time of renewal and enhancement
- The results of investment assessment should be presented in the Investment Presentation Format Format-"A-1" (Annexure-3/4) that should be originated by the Relationship management.

The assessment procedure shall include the following issues:

- Mode of Investment
- Investment Limit
- Purpose of Investment
- Rate of Profit
- Primary Security

- Collateral Security-its Acceptability, its coverage, its control and genuinenesetc.
- Margin
- Repayment capacity and repayment schedule
- Period of Investment
- Other terms and conditions as applicable as per mode of investment.

In addition the RMs/Investment Officers shall address the following issues whileAssessing investment proposals:

Customer Analysis:

- Capital structure of the company
- Authorized capital and paid up capital
- Reserve and retained earnings
- Share holdings of the share holders
- Management Team
- Group and affiliate companies
- Ability to comply investment covenant
- Security
- Ability and integrity

Industry Analysis

- Contribution to GDP of the concern industry
- Key risk factors of the industry Growth of the industry
- Domestic market of the industry
- International market of the industry

Supplier/ Buyer Analysis :

- Domestic
- International
- Potentiality of the buyer or supplier
- Strength and Weakness of the buyer and supplier

Historical Financial Analysis:

- Minimum three years Financial Statement (FSS) analysis
- Guarantors)/Corporate guarantors) Financial Statement analysis
- Quality and sustainability of the Investment clients earnings
- Cash flow statement
- Strength of the Investment client’s balance sheet
- Leverage
- Profitability

Projected Financial Performance:

- Where term investment facilities are being proposed in favor of any New industrial unit an expertise team comprising RM, Engineer in the concern field and financial analyst. The team will prepare a feasibility study as per Current Industrial Policy

Account Conduct:

- Trade Payment
- Cheque Payment
- Bank’s investment payment with profit
- Timely payment

- Irregular payment
- Excess over limit
- Bank's commission and charges payment

Adherence of Investment Guidelines:

- It should clearly be stated that the proposal is in compliance with Shariah Principle and with the Bank's Investment Guidelines, Shariah Guideline etc.

Mitigating Factor:

- Following risk mitigating factors to be identified in the investment assessment:
 - ✚ Margin
 - ✚ Volatility
 - ✚ High debt load (leverage gearing)
 - ✚ Overstocking or debtor issues
 - ✚ Rapid growth, acquisition or expansion, new business Line/product expansion
 - ✚ Management changes or succession issues
 - ✚ Customer or supplier concentrations
 - ✚ Lack of transparency or industry issues.

Investment Structure:

- Amount of Investment.
- Tenors of Investment
- Justification of Investment.
- Based on the projected repayment ability instalment to be determined
- Proposed investment amount and tenor is not excessive
- The RM/Investment Officer should remember that excessive lender or amount relative to business needs increases the risk of fund diversion and may adversely impact the Investment client's repayment ability

Security :

- Primary security should be acceptable, marketable.
- Slow, perishable, obsolete, banned, expired items not to be taken as security.
- A current valuation of collateral security shall be obtained.
- Quality, priority and forced sale value of the security to be assessed.
- Adequacy and the extent of the insurance coverage also are assessed.

Investment Recovery: Investment Recovery is a crucial index to measure the success of a lending organization. The highly strong the monitoring cell, the low risky of investment default and ensuring recovery of investment. It indicates that, the bank which has highly strong personnel for monitoring can reduce investment default & recover the investment properly. Like previous year, this year too, the Bank strengthened its recovery drive for realizing investment and dues from its borrowers and significant success was achieved. Though strong monitoring department reduce investment default, but sometimes investment default may held because of some dishonest person. They always find the way how they make a reason for default and lastly they can do it. So in this cases bank have to reschedule the investment.

The rescheduling procedure is held in the following ways:

Rescheduling Procedures :

- a) On the application of investment rescheduling the bank inspects reason of the investment default. If it is clear that the borrower has spent the money in another way instead of the assigned investment than such application will not be considered. In this case legal action is taken.
- b) The position of liabilities of borrowers to other bank is to be considered
- c) The bank will analyze the cash flow statement audited Balance sheet, Income statement and other financial statements.
- d) If necessary, the bank will inspect the business of the borrower to ensure that he will be able to repay the

rescheduled investment.

Hereby it is important to mention that the Rehabilitation Department is not rescheduling the due investment no more since 1990. And for that reason there is no specific formula for rescheduling the investments. Now the main duty of the department is to recover the investment by negotiating with the borrower.

Rescheduling Of Term Investment:

- e) A term investment may be rescheduled if 15% of expired instalment or 10% of total due whichever is lower is paid in cash at first.
- f) A term investment is considerable to be rescheduled for the second time if 30% of expired instalment or 20% of total due whichever is lower is paid in cash. C) To reschedule term investment for the third time or more 50% of expired instalment or 30% of due whichever is lower must be paid in cash.

IV. THE PERFORMANCE OF INVESTMENT MODES

Position of Investment Portfolio of AIBL, Kadamtali Branch Chattogram: An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time.

Total Investment of Al Arafah Islami Bank, Kadamtali Branch, Chittagong:

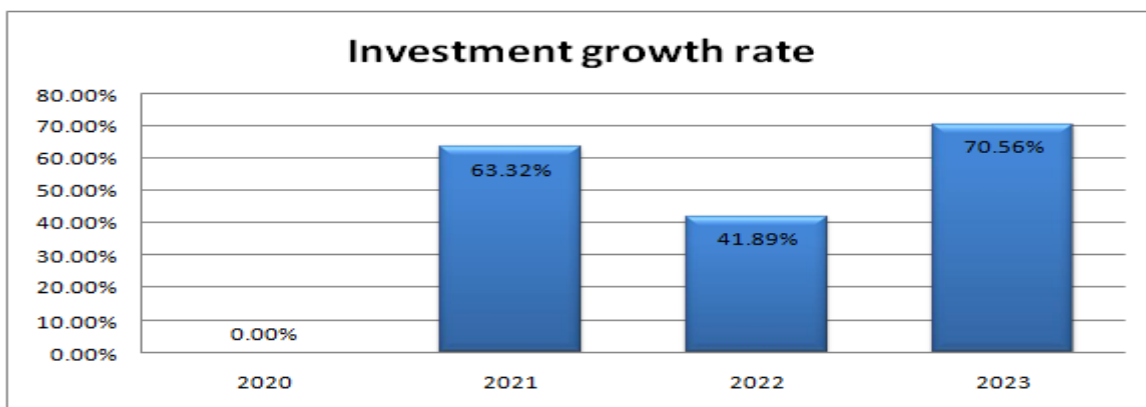
$$\text{Growth rate} = \frac{\text{present Year} - \text{Previous Year}}{\text{Previous year}} \times 100$$

Figure in Crore

Year	2020	2021	2022	2023
Total Investment (Figure in Crore)	14.86	24.37	34.58	58.98
Investment growth rate	---	63.32%	41.89%	70.56

Source: Branch data Table: 4.1 Investment growth rate

Analysis: This table indicates the annual growth rate of total investment of Al Arafah Islami Bank Ltd, Kadamtali Branch. Above table it is seen, the highest investment growth rate is 70.56% percent in 2023 and lowest growth rate is 41.89% in 2022.



Investment Income of Al Arafah Islami Bank, Kadamtali Branch, Chittagong :

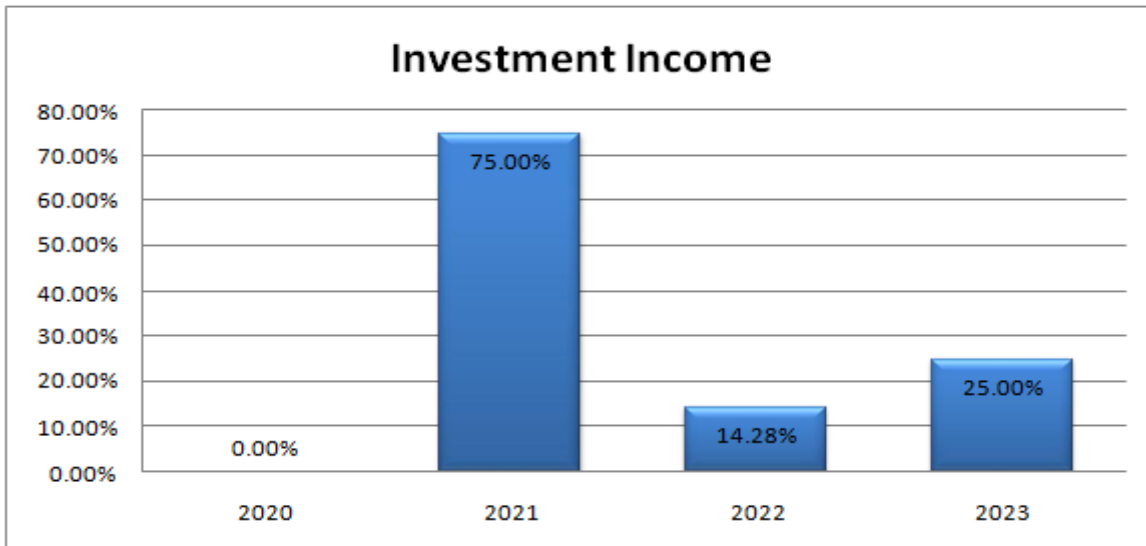
$$\text{Growth rate} = \frac{\text{present Year} - \text{Previous Year}}{\text{Previous year}} \times 100$$

Figure in Crore

Year	2020	2021	2022	2023
Investment Income (Figure in Crore)	0.20	0.35	0.40	0.50
Growth Rate	--	75%	14.28%	25%

Source: Branch data Table: 4.2 Investment Income

Analysis: This table indicates the annual growth rate of total Investment Income of Al Arafah Islami Bank Ltd, Kadamtali Branch. Above table it is seen, the highest investment income growth rate is 75% percent in 2021 and lowest growth rate is 25% in 2023.



Source: Branch data Table 4.3

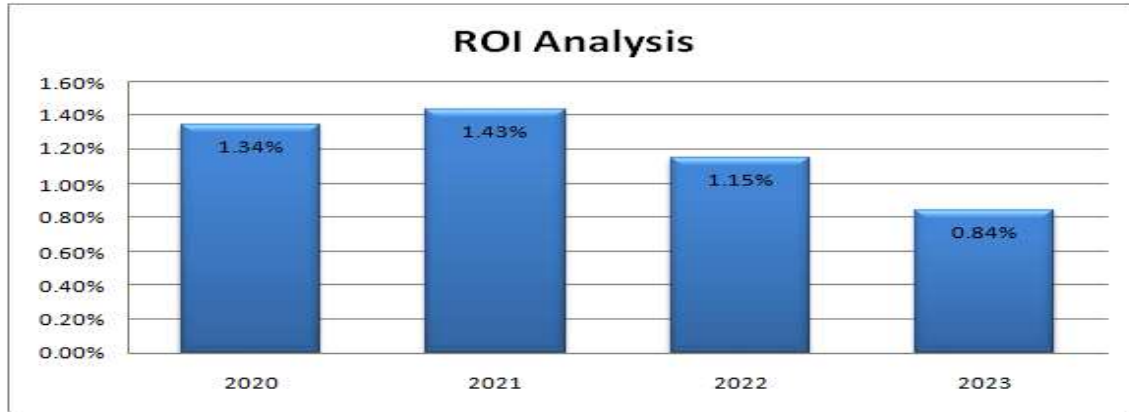
ROI Analysis

$$\text{ROI} = \frac{\text{Net Profit}}{\text{Total Investment}} \times 100$$

Figure in Crore

Year	Total Investment	Net Profit	ROI
2020	14.86	0.20	1.34 %
2021	24.37	0.35	1.43 %
2022	34.58	0.40	1.15 %
2023	58.98	0.50	0.84 %

Source: Branch data



Source: Branch data
Figure : 4.3 ROI Analysis

Analysis :From the analysis we can see that the ROI has increasing the year of 2021 but suddenly decreasing in the year of 2022 & 2023. In the year 2020 the ROI is the highest position with ROI of 1.43% .

Investment On Mudarabah of Al Arafah Islami Bank Limited, Kadamtali Branch, Chittagong :

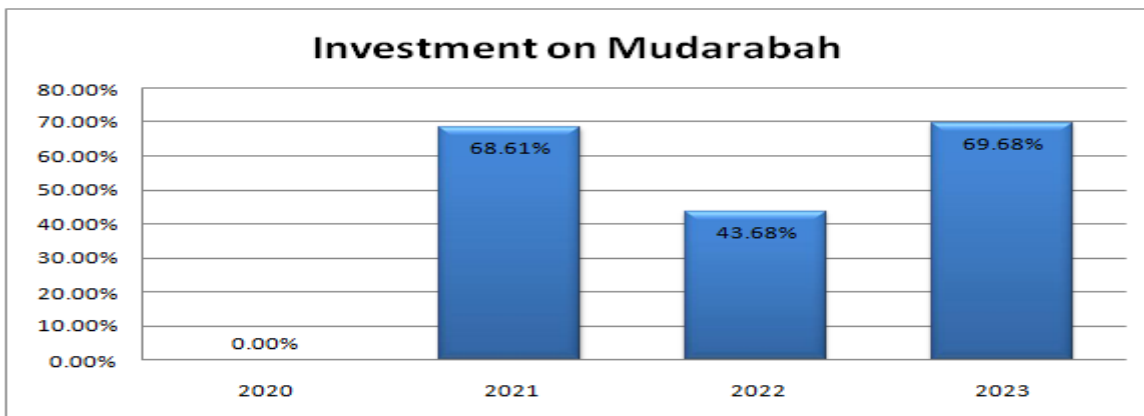
$$\text{Growth rate} = \frac{\text{present Year} - \text{Previous Year}}{\text{Previous year}} \times 100$$

Figure in Crore

Year	2020	2021	2022	2023
Investment On Mudarabah (Figure in Crore)	13.86	23.37	33.58	56.98
Growth Rate		68.61%	43.68%	69.68%

Source : Branch Data

Table: 4.4 Investment On Mudarabah



Source : Branch Data
Figure: 4.4 Investment On Mudarabah

Analysis: This table indicates the annual investment growth rate of Mudarabah of branch. In 2023 the growth rate is 34.23% which is the lowest on above data and the highest rate is 78.40% in 2021. The amount of Mudarabah investment is decreasing in the year 2022 due to political crisis.

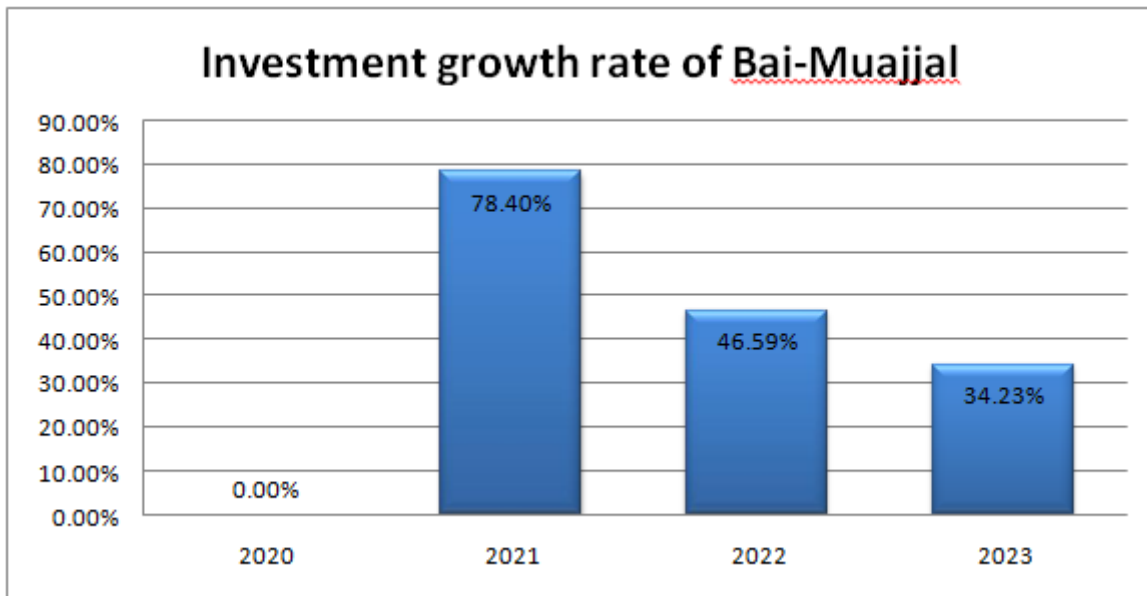
Investment On Bai- Muajjal Of Al Arafah Islami Bank, Kadamtali Branch Chittagong :

$$\text{Growth rate} = \frac{\text{present Year} - \text{Previous Year}}{\text{Previous year}} \times 100$$

Figure in Crore

Year	Investment on Bai-Muajjal	Growth Rate
2020	12.50	---
2021	22.30	78.40%
2022	32.69	46.59%
2023	43.88	34.23%

Source : Branch Data
Table: 4.5 Investment on Bai- Muajjal



Source : Branch Data
Fig 4.5 : Investment on Bai Muajjal

Analysis: This table indicates the annual growth rate of Bai-Muajjal of Al-Arafah Islami Bank Limited, Branch Report. Above table it is seen, the highest investment growth rate is 78.40% percent in 2021 and lowest the growth rate is 34.23% when compared to 2023 growth rate. In 2023 the growth rate was 34.23% that means this growth rate is fluctuated.

Investment on Hire Purchase Under Shirkatul Melk (HPSM) of AlArafah Islami Bank Limited ,Kadamtali Branch , Chittagong:

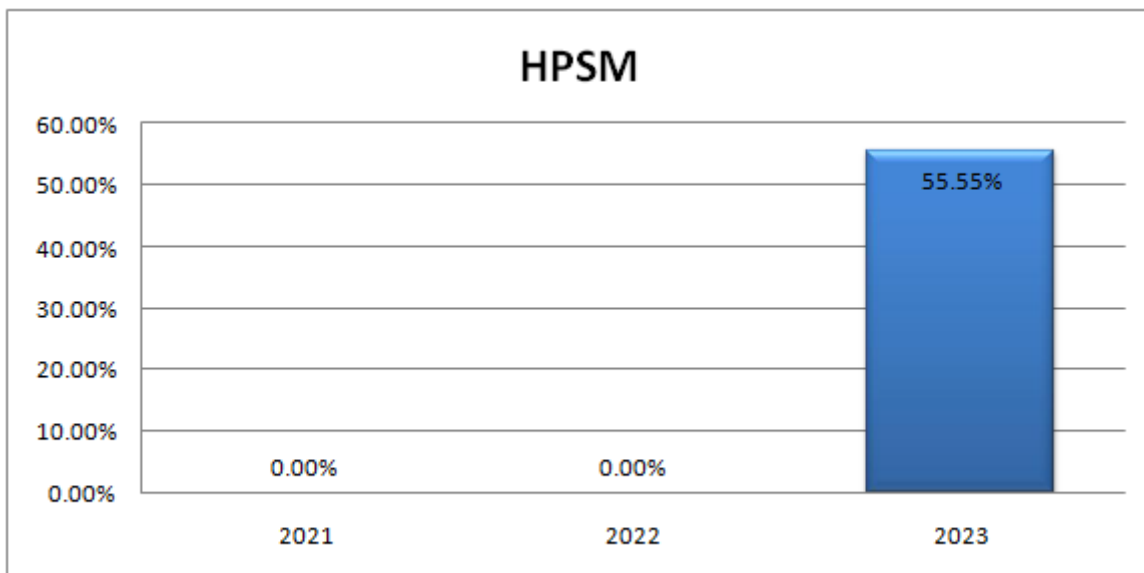
$$\text{Growth rate} = \frac{\text{present Year} - \text{Previous Year}}{\text{Previous year}} \times 100$$

Figure in Crore

Year	Investment on HPSM	Growth Rate
2020	0.00	00
2021	1.80	00
2022	2.80	55.55

Source : Branch Data Table:

Table: 4.6 Investment on HPSM



Source : Branch Data

Fig 4.6 : Investment on HPSM

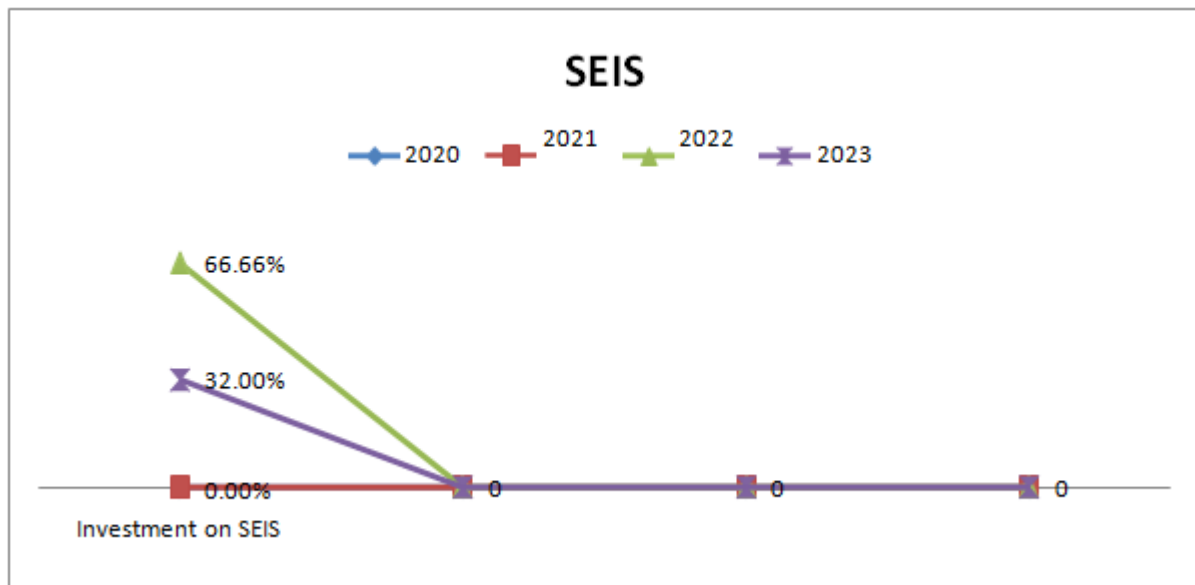
Analysis: The investment growth rate on HPSM investment is fluctuating. The highest growth rate was 55.55% in the year of 2023 and other years not available data.

Investment on Small Enterprise Investment Scheme of Al Arafah Islami Bank Limited, Kadamtali Branch , Chittagong :

Figure in Crore

Year	Investment on SEIS	Growth Rate
2020	0.00	...
2020	0.15
2022	0.25	66.66%
2023	0.33	32.00%

Source : Branch Data Table 4.7 : Investment on SEIS



Source : Branch Data

Fig : Investment on SEIS

Analysis : This table indicates the annual growth rate of SEIS of Al-Arafah Islami Bank Limited, Kadamtali Branch Report. Above table it is seen, the highest investment growth rate was 66.66 % percent in 2022 and the lowest growth rate was 32% when compared to 2023 growth rate that means this growth rate is fluctuated.

Conclusion:

During my three months internship program at Al-Arafah Islami Bank Limited, Kadamtali Branch Report, almost all the desks have been observed more or less. This internship program, in fact it has been arranged for gaining knowledge of practical banking & to compare this practical knowledge with theoretical knowledge. Financial institutions have gained good momentum over a short period of time. Investment is one of the important functions of a Bank by which bank use their funds and earn profits. Banks provide both short term & long-term Investments. The customers come from all walks of life, from a small business to a multinational corporation having its business activities all around the world. The banks have to satisfy the requirements of different customers belonging to different social groups. Customer needs for this purpose this bank should spend substantial sums on research and development basically investment sectors. Banking movement emerged in a very competitive environment. Their survival things very much on maintaining investor's confidence after effective support of financial institutions require the investing funds are rewarded with good returns.

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