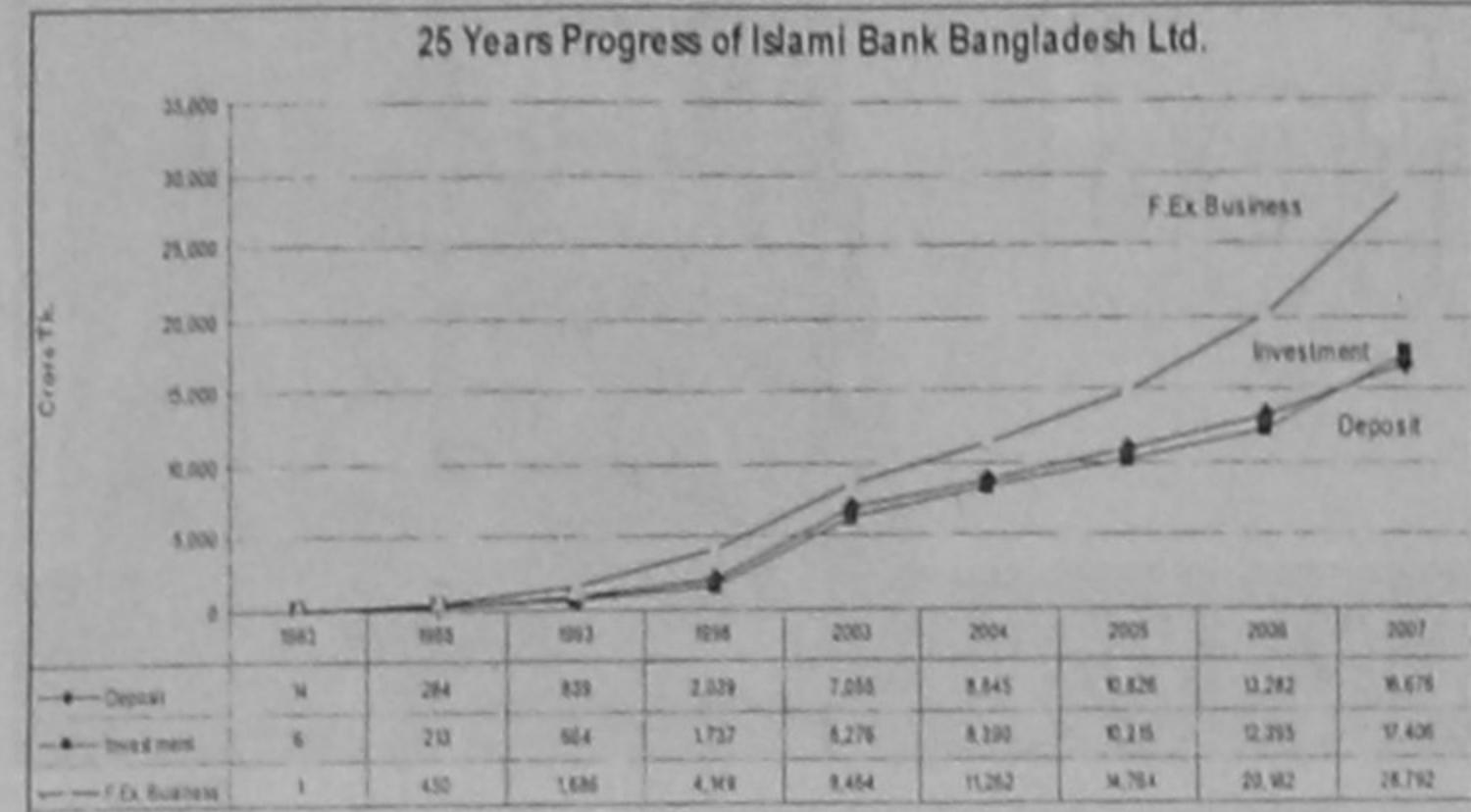




Achievement of 25 years



Establishment and Overview

Islami Bank Bangladesh Limited was incorporated as the first Shari'ah based interest-free Bank in South-East Asia on the 13th March 1983 as a Public Company with limited liability under the Companies Act, 1913. The first branch of the Bank i.e. Local Office, Dhaka started functioning on 30th March, 1983. The Bank was formally inaugurated on 12th August, 1983. The Authorized Capital of the Bank is Tk.5,000 million and Paid-Up Capital is Tk.3,802 million. The shareholdings of Foreign and Local Shareholders in the Paid-Up Capital are 57.36% and 42.64% respectively.

After its establishment in 1983 the bank raised its share capital through the initial Public Offering (IPO) of shares in 1985. Subsequently, the first Rights Share was issued in 1989, 2nd Rights Share was issued in 1996, 3rd Rights Share was issued in 2000 and 4th Rights Share was issued in 2003 to enhance its capital base.

The Bank's Corporate Headquarter is situated in its own 18-store modern building at 40, Dilkusha Commercial Area, Dhaka.

The total Equity of the bank stood at Tk.14,622 million as on 31st December 2007 which was 10.34% of its Risk-Weighted Assets as against requirement of minimum 9.00%. Bank had 10 Zonal Offices and 186 Branches in the country as on 31.12.2007. Among the branches 81 Branches are in rural (44%) and 105 Branches are in urban (56%) areas. Total Shareholders of the bank was 26,488 and total officials of the bank were 8,426 as on 31st December, 2007.

Mudaraba Perpetual Bond

Islami Bank Bangladesh Limited issued Mudaraba Perpetual Bond (a new product) of Tk. 300 crore according to the suggestion of Bangladesh Bank and Securities & Exchange Commission under Tier-II. Among these, Tk.150 crore is distributed under the basis of private placement and the rest under Repeat Public Offer (RPO). We have distributed Tk.150 crore among the applicants against the number of 5,24,196 applications through lottery as RPO. This is a new product in capital market and in banking sector as well so is an outstanding phenomenon.

Mission

- To establish Islami Banking through the introduction of a welfare oriented banking system
- To ensure equity and justice in the field of all economic activities
- To achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less developed areas of the country
- To encourage socio-economic uplift and financial services to the low income community particularly in the rural areas

Vision

- To establish and maintain the modern banking techniques, to ensure the soundness and development of the financial system based on Islamic principles
- To become the strong and efficient organization with highly motivated professionals
- To encourage savings in the form of direct investment
- To encourage investment particularly in projects which are more likely to lead to higher employment

History

- 1974 - Bangladesh signed the charter of Islamic Development Bank
- 1980 - Bangladesh Bank made study on the operations of Islamic Banks abroad
- 1982 - Islamic Development Bank came forward to participate a joint venture Islamic Bank in Bangladesh
- 1983 - Islami Bank Bangladesh Limited came into being as the first Islamic Bank in the Southeast Asia
- 1985 IPO & Listing in Dhaka Stock Exchange

Milestone of IBBL

Established on	13 March 1983
Inauguration of 1st Branch (Local Office, Dhaka)	30 March 1983
Formal Inauguration	12 August 1983
Initial Public Offer	1985
Listing in Dhaka Stock Exchange Limited	1996
Listing in Chittagong Stock Exchange Limited	1996
First Rights Share issue	1996
Third Rights Share issue	2000
Fourth Rights Share issue	2003
Opening of 50th Branch	16 November, 1991
Opening of 100th Branch	12 June 1997
Opening of 150th Branch	30 November 2004
Opening of 186th Branch	23 September 2007
Joining/Agreement with CDBL	29 December 2004

Corporate Information (31.12.2007)

Date of Incorporation	13 March 1983
Inauguration of 1st Branch (Local Office, Dhaka)	30 March 1983
Formal Inauguration	12 August 1983
Authorized Capital	5000 Million
Paid up Capital	3802 Million
Share of Capital	
A. Local Shareholders	42.63%
B. Foreign Shareholders	57.37%
Equity	14622 Million
Zones	10
Branches	186
Deposit	166777 Million
Investment	174058 Million
Foreign Exchange Business	287919 Million
Manpower	8426
No. of Shareholders	26488

- 1991 Opening of 50th Branch
- 1997 Opening of 100th Branch
- 2004 Opening of 150th Branch
- 2007 Opening of 186th Branch

Special Features

IBBL achieved stable growth and continuous progress to become one of the leading Private Sector Banks of the country.

The distinguishing features of IBBL are:

- All activities are conducted on interest-free system according to Islamic Shari'ah principles.
- Investment is made through different modes as per Islamic Shari'ah.
- Investment-income of the Bank is shared with the Mudaraba depositors according to an agreed upon ratio, ensuring a reasonably fair rate of return on their deposits.
- Aims to introduce a welfare-oriented banking system and also establish equity and justice in the field of all economic operations.
- Extend Socio-economic and financial services to individuals of all economic backgrounds with strong commitment in rural upliftment.
- Plays a vital role in human resources development and employment-generation particularly among the unemployed youths.
- Portfolio of investment and investment policy have been specially tailored to achieve balanced growth & equitable development through diversified investment operations particularly in the priority sectors and in the less developed areas of the national economy.
- Ensures Shari'ah compliance through regular and effective guidance of powerful and highly esteemed Shari'ah Council consisting of 13 members.

Ratings

Rating Agency : Credit Rating Information and Services Limited (CRISL)
Long-term : 'AA'
Short-term : 'ST-1'

Basis of Rating: wide branch network, strong market share, stable customer deposit base, diversified and innovative product line, experienced management team, contribution to corporate social responsibility, good financial performance, good asset quality, comfortable liquidity position and low cost of fund.

Core Banking Activities

- Deposit Collection
- Industrial Finance
- Real Estate Finance
- Consumer Finance
- SME Finance
- Treasury Operations
- Brokerage Service
- Expatriate Services
- Import Finance
- Export Finance
- Letter of Credit
- Bank Guarantee
- Correspondent Banking
- ATM / Card Services

Membership/Affiliations

National Affiliations

Membership of Dhaka Stock Exchange Limited

IBBL has become member of the Dhaka Stock Exchange in the year 2006. Securities and Exchange Commission (SEC) has been approached for permission to operate the brokerage house. By this time, license for Custodian Depository Partnership (DP) from SEC and Central Depository Bangladesh Ltd. (CDBL) has been obtained. Now interested persons can open account with IBBL for custodian purpose. Brokerage House function will be started on getting permission from SEC. Any body will then be able to buy and sell shares by opening B.O. Account with IBBL.

Membership in other National organizations

- a. Bangladesh Institute of Bank Management (BIBM)
- b. The Institute of Bankers, Bangladesh (IBB)
- c. Bangladesh Association of Banks (BAB)
- d. Bangladesh Foreign Exchange Dealers Association (BAFEDA)
- e. Central Shari'ah Board for Islamic Banks in Bangladesh
- f. Islamic Banks Consultative Forum (IBCF), and
- g. Dhaka Chamber of Commerce & Industry

Share Holding in National Bodies

The Bank participated in the share capital of Central Depository Bangladesh Limited (CDBL), which has been established for electronic book entry system to record and transfer the securities and change the ownership of securities without any physical movement of certificates.

The Bank also participated in the share capital of Karmasangsthan Bank (Employment Bank), a Bank established with Govt. initiative for creating employment opportunities for the unemployed youths.

International Affiliations

This Bank is a member of the under noted Foreign Organizations:

- a. Accounting and Auditing Organizations for Islamic Financial Institutions (AAOIFI), Manama, Bahrain and has also become member of its Board of Trustees.
- b. General Council for Islamic Banks and Financial Institutions (GCIBFI), Manama, Bahrain and has also become member of the Executive Committee of GCIBFI.
- c. International Chamber of Commerce-Bangladesh,
- d. Islamic Financial Services Board,
- e. International Islamic Financial Market, and
- f. International Islamic Center for Arbitration and Commercial Settlements (IICACS).

Shari'ah Council

The Shari'ah Council of the Bank plays a very important role in framing and exerting policy for strict adherence of Shari'ah Principles in the bank. The Council is represented by 13 members consisting of prominent Ulama having adequate knowledge in Fiqhul Moamalat, renowned lawyers and eminent economists to advice and guide on the implementation and compliance of Shari'ah principles in all activities of the Bank particularly on the modes of investment. The Council of the Bank is governed by its bye-laws and enjoys a special status in the Bank.

Management of IBBL

A Board of Directors consists of Directors, now, 13 in number elected from and amongst the foreigners and local shareholders provides the policy guidelines to Islami Bank Bangladesh Limited. The Board of Directors for smooth and efficient operations of the Bank forms an Executive Committee consisting of the members of the Board. Besides, a Management Committee consisting of the Senior Executives headed by the Chief Executive looks after the actual operations of the Bank.

Performance Highlights

- The largest network of Branches among Private Commercial Banks
- On-line Banking facilities in 95 Branches
- 3.8 million Deposit Customers
- Over 5 hundred thousand Investment clients
- 55% of total investment in Industrial sector
- Employment generation for more than 1 million people
- Poverty alleviation through investment to more than 5 (five) lac people
- Highest Taxpayer in Banking sector of Bangladesh

Deposits

Products

IBBL has so far introduced the following deposit products:

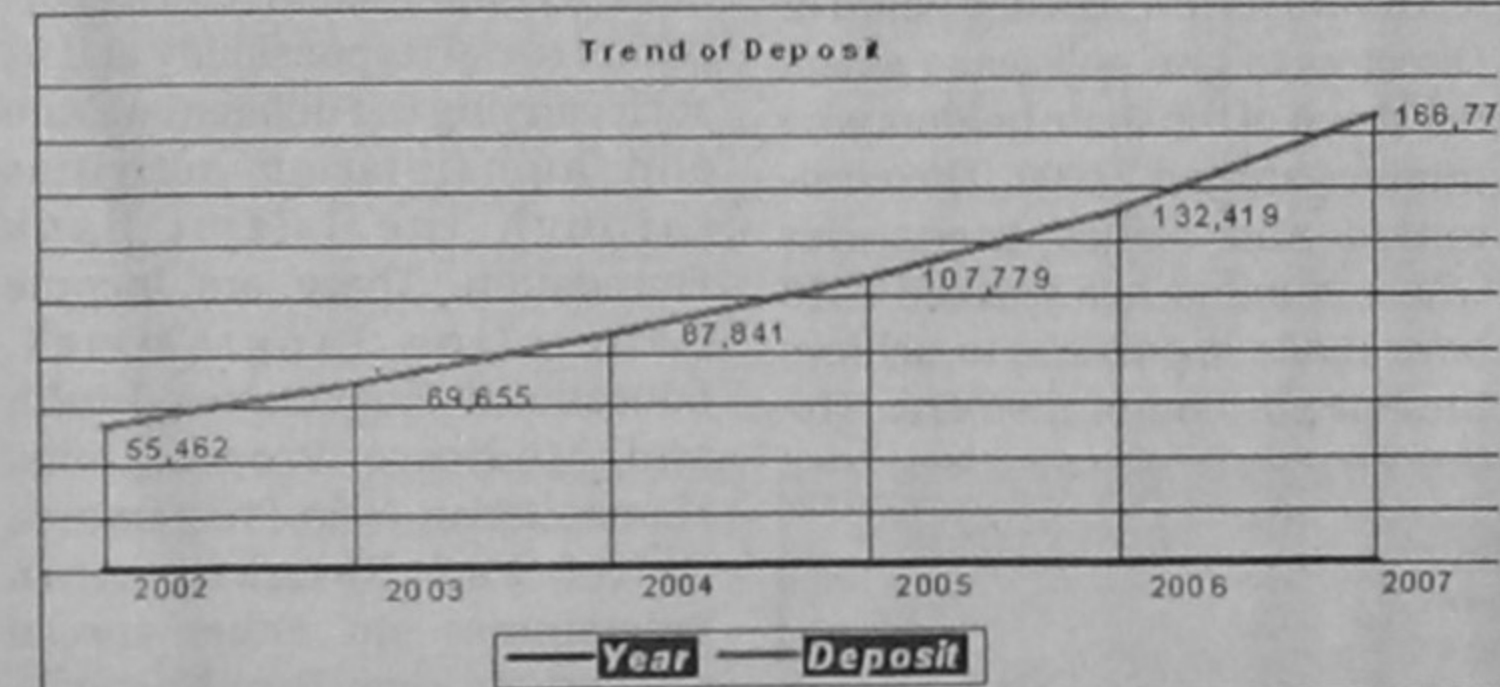
- i. Al-Wadeah Current Account
- ii. Mudaraba Hajj Savings Account (1 Year to 25 Years)
- iii. Mudaraba Waqf Cash Deposit
- iv. Mudaraba Special Savings (Pension) (5 Years and 10 Years)
- v. Mudaraba Muhoor Savings Account
- vi. Mudaraba Savings Bond (5 Years and 8 Years)
- vii. Mudaraba Monthly Profit Deposits Scheme (3 Years and 5 Years)
- viii. Mudaraba Term Deposits (3 Months, 6 Months, 12 Months, 24 months and 36 Months)
- ix. Mudaraba Savings Deposits
- x. Mudaraba Special Notice Deposits
- xi. Mudaraba Foreign Currency Deposits

Mobilization

The year 2007 was another successful year of mobilization of deposit. Total deposit stood at Tk.1,66,777 million as on 31st December 2007 as against Tk. 132,419 million of the preceding year registering an increase of Tk.34,358 million, i.e. 25.57% growth as compared to the growth rate of 16.70 % of the Banking Sector during 2007. The percentage of growth of deposit in 2006 was 26.67%.

The share of deposit of IBBL in banking sector as on 31.12.2007 was as 7.48% from 7.74% as on 31.12.2006.

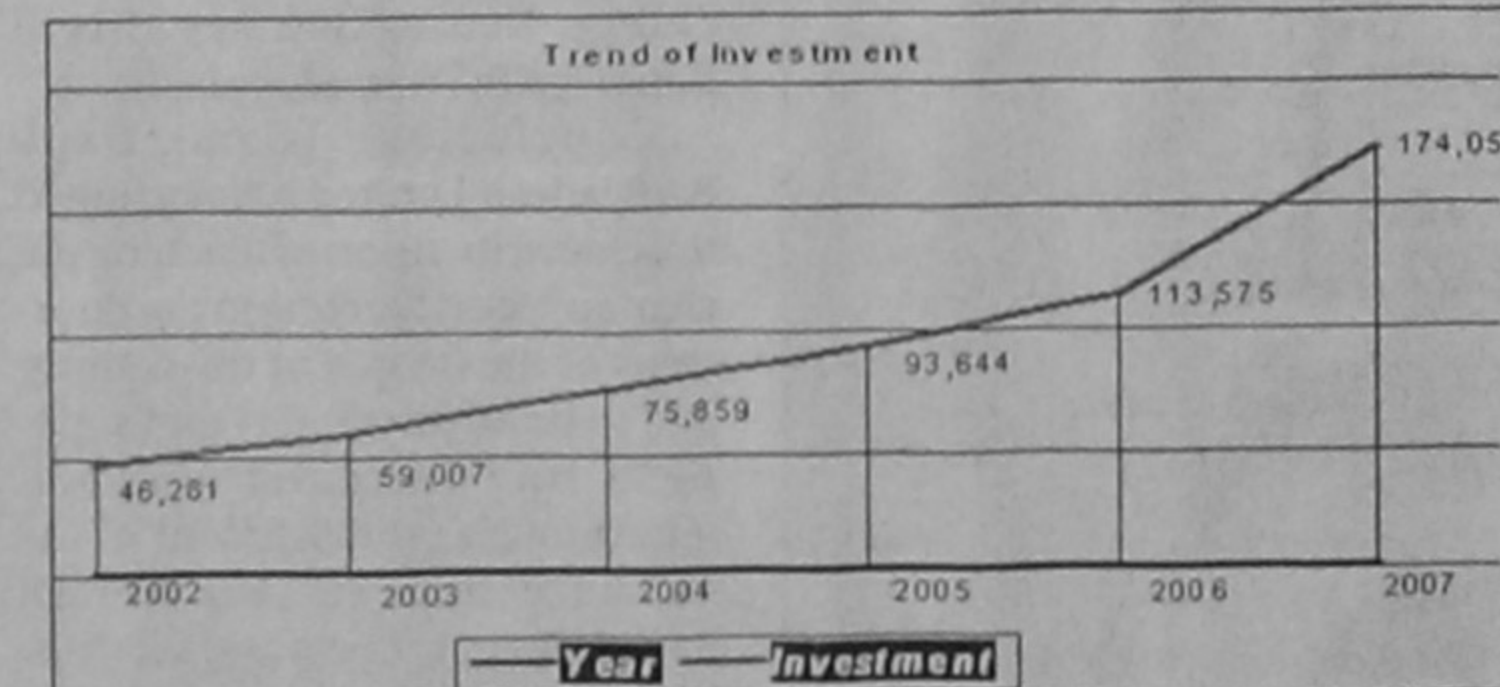
Total number of depositors of IBBL increased to 38,02,709 as on 31st December 2007 from 3,207,131 of the preceding year, registering an increase of 18.57% as against increase of 18.56% as on 31.12.2006.



Investments

Investment of the Bank increased to Tk.1,74,058 million as on 31.12.2007 from Tk. 1,13,575 million as on 31.12.2006 showing an increase of Tk.60,483 million, i.e. 40.42% growth as against 17.24% growth of investment of the Banking Sector. This increased investment growth of the Bank in 2007 is due to the thrust given to promote investment for effective utilization of depositors' fund. The percentage of increase of Investment of IBBL in 2006 was 25.26%.

The share of Investment of IBBL in Banking sector as on 31.12.2007 increased to 8.27%, from 7.67% as on 31.12.2006.



Sector-Wise Investments

Sector-wise distribution of investment as on 31st December 2007 vis-à-vis the corresponding period of last year is given below:

Sl. No.	Sector	2007		2006	
		Amount	% to Total Investment	Amount	% to Total Investment
1	Industrial	78,788.15	51.43%	62,642.10	55.15%
2	Commercial	46,345.60	31.98%	28,983.80	25.52%
3	Real Estate	8,869.14	6.12%	8,357.80	7.36%
4	Agriculture (including investment in Fertilizer and Agriculture Implements)	4,492.51	3.10%	5,890.00	5.19%
5	Transport	2,565.09	1.77%	2,722.40	2.40%
6	Special Schemes	4,492.53	3.10%		
7	Others	4,043.28	2.79%	4,978.97	4.38%
	Total	149,596.32	100%	113,575.07	100.00%

Welfare Oriented Investment (Special Scheme)

In addition to the normal Commercial and Industrial Investment operations, many special Investment Schemes like: i) Rural Development Scheme, ii) House-hold Durables Scheme, iii) Investment Scheme for Doctors, iv) Transport Investment Scheme, v) Car Investment Scheme, vi) Small Business Investment Scheme, vii) Micro-Industries Investment Scheme viii) Agricultural Implements Investment Scheme, ix) Housing Investment Scheme, x) Real Estate Investment Program, xi) Mirpur Silk-weavers' Investment Scheme, xii) Poultry Investment Scheme and xiii) Small Transport Investment Scheme, targeting different economic groups, have been introduced by the Bank over the years. The schemes have been implemented and being expanded to meet the specific and welfare oriented needs of the different segments of people of the country.

The Bank, since its inception, has been working for the upliftment and emancipation of the under-privileged downtrodden and neglected sections of the population and has taken up various financing schemes for their well-being. The objectives of these schemes are to raise the standard of living of low-income group.

Outstanding amount of Investment as at the year end under different welfare Schemes:

Sl. No.	Name of Scheme	2003	2004	2005	2006	2007
i.	Rural Development Scheme	570.88	789.97	1,106.47	2,242.22	4665.89
ii.	House-hold Durables Scheme	910.91	878.76	1,106.47	699.95	1371.32
iii.	Investment Scheme for Doctors	101.01	85.54	64.42	33.38	57.18
iv.	Transport Investment Scheme	2,311.60	2,442.16	2,947.38	2,698.88	4286.50
v.	Car Investment Scheme	33.58	30.30	27.75	23.54	44.48
vi.	Small Business Investment Scheme	395.75	501.26	629.81	768.45	1129.15
vii.	Micro-Industries Investment Scheme	19.10	17.18	10.21	6.24	38.82
viii.	Agricultural Implements Investment Scheme	12.76	14.69	12.53	11.94	21.56
ix.	Housing Investment Scheme	661.56	672.10	609.78	506.75	646.81
x.	Real Estate Investment Program	3,418.85	4,713.70	5,859.75	6,582.85	7361.41
	Sub-total (Investment under Schemes)	8,427.08	10,145.66	12,050.19	13,574.20	19,623.12

Rural Development Scheme (RDS)

Islami Bank Bangladesh Limited launched its Rural Development Scheme in 1995, to cater to the investment needs of the agriculture and rural sector of the country to create opportunity for employment and raising income of the rural people with a view to alleviating poverty. The Scheme has been aimed at achieving an integrated growth in rural areas and gradually developing model villages within 16 kilometer radius of the selected Branches.

By this time, the Scheme expanded its operations through 129 Branches of the Bank in 10,023 villages of the country under 220 Thanas of 61 Districts. The rural poor are provided investment facilities in agriculture and 343 selected off-farm economic activities in the rural areas starting from Tk.10,000/- to a maximum limit of Tk.2,00,000/-. The amount of cumulative disbursement through this Scheme stood at Tk.13,969.01 million up to December, 2007. Rate of recovery against the running investment is 99%. At present the number of member under the Scheme is 5,16,725 out of which 4,59,885 are women i.e. 89% of the members are female. Beside the investment activities, successful members, so far, have been provided with 6,242 Tube-wells amounting Tk.12.12 million and 3,551 sanitary latrines amounting Tk.3.51 million on Quard-e-Hasana (profit-free investment) as a part of health and sanitation program of the Scheme. Moreover the Scheme is working in the area of consciousness rising of its members in order to establish moral and social standards. Year-wise data for the last 5 (five) years on performances of the Scheme are given below:

Particulars	Dec. 03	Dec. 04	Dec. 05	Dec. 06	Dec. 07
Village	3,700	4,230	4,560	8,057	10,023
Center	5,514	6,384	8,526	15,321	18,897
Member (Male)	7,828	9,808	25,047	33,766	56,830
Member (Female)	1,22,637	1,53,657	2,04,398	3,76,809	4,59,885
Total Member	1,30,465	1,63,465	2,29,445	4,10,575	5,16,725
Cumulative disbursement	2,923.59	4,216.80	6,033.30	9,303.12	13,969.01
Outstanding Investment	570.88	790.00	1,106.50	2,242.21	2,884.66
Rate of Recovery	99%	99%	99%	99%	99%
Member's Savings	228.74	322.50	459.10	727.67	1,053.56
Tube-well (Nos.)	2,519	3,400	3,421	5,325	6,242
Sanitary Latrine (Nos.)	968	1,509	2,204	3,147	3,551
Field Officer (Nos.)	639	731	868	1,436	1,819

Household Durables Scheme

Among the above schemes, the objective of Household Durables Scheme is to increase standard of living and quality of life of fixed income group by providing them investment facilities to purchase different household durables.

As on 31 December, 2007, investment under Household Durable Scheme was Tk.137.13 million among the 27,010 investment clients as against Tk. 699.95 million among the 27,349 investment clients in 2006.

Investment in Industrial Sector

As per Investment Policy of the Bank top priority has been given towards the Industrial development of the country. The Bank's Investment portfolio is gradually being increased towards industrial finance along side commercial investment.

Bank's investment in industrial sector is substantially higher compared with those of other commercial Banks. Total Investment for projects finance and Working Capital stood at Tk.78,788.5 million as on 31st December, 2007 as against Tk. 62,642.10 million as on 31.12.2006 resulting in 25.77% growth.)

Sector Wise Total Investment in Industrial Sector as on 31.12.2007						(Figure in million)
Sector	No. of Projects existing NP&M & VC Investment	Outstanding in NP&M Project Investment A/Cs	Outstanding in VC Investment A/Cs	Total Investment in Industrial Sector	% of sector to total project investment	% of sector to total investment of the Bank
1. Garments:						
a) Women	36	2207	2230	4437.25	5.63	2.90
b) Men	35	1444	1292	2736.24	3.73	1.92
c) Sweater	25	198	199	397.21	0.49	0.25
d) Garments Accessories	35	311	823	1134.59	1.18	0.61
Sub-Total:	171	4349.64	4344.48	8694.30	11.04	5.69
2. Textiles:						
a) Spinning Mill	34	14455	11436	25891.64	32.86	16.93
b) Weaving/Composite Weaving	42	2845	2445	5290.51	6.94	2.54
c) Dyeing/Finishing	19	829	743	1572.17	2.00	1.03
d) Knitting/Composite Knit	12	1114	1917	2710.19	3.44	1.77
e) Specialized Textiles	4	796	954	1350.48	1.71	0.88
Sub-Total:	131	18939.54	16575.43	35514.97	44.95	23.16
3. Cement	5	508.38	899.32	1367.70	1.78	1.02
4. Chemicals	11	533.83	348.41	882.24	1.12	0.58
5. Filling Station	84	191.64	118.09	309.73	0.39	0.20
6. Metals	82	71.90	175.82	247.72	0.31	0.16
7. IT	10	0.00	21.55	21.52	0.03	0.01
8. Steel & Engineering	36	856.55	3765.92	4622.47	5.85	2.91
9. Pharmaceuticals	12	708.33	822.41	1530.74	1.94	1.00
10. Hospital & Clinic	19	886.39	4.86	891.25	0.88	0.45
11. Printing & Packaging	26	172.45	535.51	707.96	0.90	0.46
12. Power & Hatchery	50	222.87	245.54	468.41	0.59	0.31
13. Pulp (Electricity)	7	770.37	339.06	1109.43	1.41	0.68
14. Agro Based Industry	249	1262.86	2932.31	4195.19	5.27	2.68
15. Cable	7	964.07	2259.24	3263.31	4.13	2.13
16. Plastic	6	42.24	149.82	192.06	0.24	0.13
17. Ceramic	2	468.79	278.45	747.27	0.95	0.49
18. Aluminium	1	144.80	80.50	225.30	0.28	0.14
19. Food Storage	21	2040.09	1946.68	3986.87	5.07	2.61
20. Electrical	16	118.27	186.36	304.63	0.47	0.24
21. Iron	9	80.76	170.01	250.77	0.32	0.16
22. Sawmill	12	135.59	127.43	263.01	0.33	0.17
23. Heavy Ware	4	463.68	174.50	638.18	0.75	0.38
24. PVC	3	34.78	118.67	153.45	0.14	0.07
25. Others	36	2568.68	5790.82	8359.50	10.52	5.42
Sub-Total:	708	14747.08	21200.81	36478.89	44.02	22.88
Grand Total:	1919	37687.28	41120.89	78818.15	100.00	51.53
Total investment of the Bank				= 152900		
(Excluding Investment Shares & Securities)						