

Special Supplement



Heartiest Gratitude

Islami Bank Bangladesh Limited has completed its journey of 33 years. During the journey of one-third of a century Islami Bank has introduced a new trend of welfare banking in Bangladesh. Islami Bank has achieved top ranks in all success indicators and spectacular accolades at a global magnitude. At the same time this Bank has established Islamic banking in this country as a pragmatic and successful socio-economic model.

This Bank is honored with the confidence and trust of one crore customers and over 50 thousand shareholders. Islami Bank has brought welfare for people and pride for the country. This Bank is appreciated in international arena as well. Many international organizations including Islamic Development Bank (IDB) and major rating and ranking institutions have recognized this Bank as a modern and compliant bank with dispassionate appreciation of its contributions. This Bank has been working with transparency and compliance with all laws, regulations and stipulations and ensuring welfare to all regardless of caste, creed and social denominations.

We are grateful to all regulatory authorities who are so caringly marching with us in our journey. My thanks to all workforces of the Bank on this auspicious occasion of the founding anniversary. Islami Bank has reached this position due to their ceaseless efforts and service.

We are grateful to our honored shareholders, depositors, business partners – in both individual and institutional capacities. Their patronization, support and cooperation have made our journey memorable.

All the people of the country are the partners in our success. We need people's goodwill, support and cooperation. We intend to enhance our contribution to the development of the country. Let Allah Rabbul A'lam in accept our welfare initiatives and grant us the blessings of reaching out the benefits of Islamic economy to all downtrodden, neglected and disadvantaged people of our beloved country, Amin.

Engr. Mustafa Anwar
Chairman, Board of Directors

History Indelible...

At the advent of the 20th Century, a sporadic initiative led to establishment of a handful interest-free banking institutions in this part of Bengal, especially in Jessore and Cox's Bazar. It was the dawn of a new national reawakening, full of patriotic fervor.

A similar initiative was taken in Malaysia in 1962 with the formation of a 'Pilgrims Savings Corporation.' The first ever interest-free bank was founded in Egypt in 1963.

Tabung Haji, an institution based on Islamic savings scheme was founded in Malaysia in 1969. The founding of the Organization of Islamic Conference (OIC) on 25 September 1969 called for expeditious formation of Islamic banking institutions across the Muslim world.

1970s - The New Era of Hope

The Prime Minister of Bangladesh, Father of the Nation Bangabandhu Sheikh Mujibur Rahman joined the OIC Conference in February 1974. A discussion was floored for the formation of an Islamic Banking institution. In continuation of that spirit, a five-day convention took place in Jeddah comprising the Finance Ministers of 26 Muslim countries, where the then Bangladesh Finance Minister Mr. Tajuddin Ahmed signed the Charter of Islamic Development Bank (IDB). The then Finance Secretary Mr. Kafiluddin Mahmood, Bangladesh Ambassador to Egypt Mr. Ataur Rahman and Mr. Abul Maal Abdul Muhith, the then Economic Minister to the Bangladesh mission to Washington, DC were present. The Islamic Development Bank (IDB) formally began its operations in Jeddah from 20 October 1975.

A recommendation was mooted at the 9th OIC convention held at the Dakar, Senegal, urging upon the Muslim countries to realign their banking system in consonance with the tenets of Islam. Prof. Dr. M. N. Huda, the then Finance Minister of Bangladesh inaugurated a three-day seminar on Islamic economy at the TSC of Dhaka University from 3rd to 5th July 1979. The ceremony was presided over by Dr. K. T. Hossain, professor of Economics of Dhaka University.

Mr. Mohammad Mohsin, the then Ambassador of Bangladesh to UAE wrote a letter to the Ministry of Foreign Affairs in November 1979 recommending for formation of an Islamic banking organization in Bangladesh in style of the Dubai Islamic Bank. In December of the same year the Banking Division of the Ministry of Finance wrote a letter to Bangladesh Bank seeking their valuable opinion on the formation of an Islamic Bank in Bangladesh.

On 22 November, 1979 (1st Muharram 1400 Hijri) a Working Group for Islamic banking in Bangladesh was constituted with M. Khaled, the then Managing Director of Pubali Bank Limited as Chairman and M. Azizul Huq, the then Principal of Sonali Bank Staff College as Secretary General.

The 1980s - Consolidated State Initiative

In January 1980, a three-week-long training workshop was convened on the formation of Islamic banking in Bangladesh at Sonali Bank Staff College comprising officials of various banks at the initiative of the Working Group for Islamic Banking in Bangladesh.

On 17th May 1980 all Muslim countries were urged upon by the 11th Convention of the OIC Foreign Ministers to form an international Islamic Bank and open its branches among the Muslim countries with a view to increasing investment among Muslim countries.

In November, 1980 A. S. M. Fakhru Ahsan, the then Director of Research, Bangladesh Bank, made a positive recommendation after an extensive visit to Dubai Islamic Bank, Faisal Islamic Bank in Egypt, Nasser Social Bank and International Association of Islamic Banks based at Cairo.

During 15-17 December 1980, an International seminar was held at the Teachers' Training College Auditorium in Dhaka, presided over by Mr. M. Khaled, the then Managing Director of Pubali Bank. Mr. Nurul Islam, the then Governor of Bangladesh Bank urged upon all private entrepreneurs and others interested groups in establishing an Islamic Bank in the country.

On 16th December 1980 a committee was formed under the leadership of eminent sports personality and businessman Mr. Mohammad Abdur Razzak Laskar in order to establish an Islamic banking institution in the country in private sector.

In January 1981 there was a submission of 24 applications seeking permission for establishing bank in private sector. Out of that three applications were for establishing Islamic bank.

On 18 and 19 March 1981, Bangladesh Institute of Bank Management (BIBM) organized a Seminar on "Islamic Banking." The then Deputy Governor of Bangladesh Bank Mr. Mohammad Khalid Khan while inaugurating the seminar, termed Islamic banking in Bangladesh as a "Materialized Reality."

Dr. John Cummings, Economic & Fiscal Affairs Adviser of Saudi Arabia in his address at a discussion meeting on 'Islam & Economic Development' organized by the Islamic Foundation of Bangladesh, explained the spectacular features of Islamic economic system.

It was resolved to come out with a uniform code of conduct for favor of codifying the policy directives, rules and regulations for the development Islamic banking system at the conference of Central Bankers of OIC member-countries held in Khartoum, Sudan in March 1981.

On 4th April an advisory was issued to all state-owned banks through Bangladesh Bank by the Banking Division, Ministry of Finance urging upon them to open Islamic banking counter and maintain separate ledger for this account.

On 13 April it was unanimously resolved at the 17th Bankers meetings held at Bangladesh Bank on the letter issued by the Ministry of Finance calling upon all concerned that there should no longer be any delay in introducing Islamic banking in the country.

On 26 April a seminar on "Islamic Banking" was held by Baitus Sharf Islamic Research Institute of Chittagong, inaugurated by the then Deputy Governor Mohammad Khalid Khan. The function was presided over by Pir Sahib Moulana Abdul Jabbar.

On 16 October a meeting comprising representatives from 8 nationalized banks was held at Bangladesh Bank, presided over by the then Governor of Bangladesh Bank. This meeting resolved the minutes of the meeting held on 13 April and also resolved to implement the agenda.

From 26 October till 24 November a month-long Residential Workshop was held on 'Islamic Banking' at Sonali Bank Staff College comprising officials from Bangladesh Bank, BIBM and various nationalized banks.

From 18 January 1982 a two-week long training program on "Islamic Banking" was conducted under the aegis of BIBM.

On 26 January Bangladesh Bank issued a 'Letter of Intent' allowing functioning of a bank under the name and title of "International Islamic Bank of Dhaka Limited."

On 1 March, 1982 an association under the title of "Bangladesh Islamic Bankers Association (BIBA)" was formed.

From March till December a series of 5 one-month-long training course were conducted by Islami Bank to develop necessary skill for conducting Islamic banking in the country.

On 17 October it was resolved in the 24th Bankers' Meetings held at Bangladesh Bank to urge upon all nationalized commercial banks to open Islamic banking branches in the district level. It was also resolved that Bangladesh Bank would issue necessary license for that.

The title of the proposed bank "International Islamic Bank of Dhaka Limited" was renamed in 1983 as "Islami Bank Bangladesh Limited" before submitting to the Registrar of Joint Stock Companies. On 13 March 'Islami Bank Bangladesh Limited' was registered as the first Islamic bank in South and Southeast Asia.

Islami Bank Bangladesh Limited received Bangladesh Bank's License on 27 March. On 30th March the functions of the Bank started informally at 2nd floor of 75 Motijheel C/A, Dhaka, while its formal inauguration was held on 12 August.



Islami Bank
Bangladesh Limited

33 Founding Anniversary

Dreams
COME TRUE...

Mohammad Abdul Mannan
Managing Director & CEO



Looking Back

August 12, 1983. Eminent Guests from home and abroad and people with great zeal and enthusiasm from various walks of life gather under a canopy on the main thoroughfare of Motijheel in Dhaka. Their eyes were filled with tears and joy. Under the huge linen pavilion, Southeast Asia's first Shari-ah-based bank – Islami Bank Bangladesh Limited gets inaugurated.

In February 1974, Prime Minister of Bangladesh, Father of the Nation Bangabandhu Sheikh Mujibur Rahman attended the 2nd OIC Conference. There, it was resolved to establish an International Bank of the Muslim States. In the August conference of the OIC Finance Ministers in Jeddah, 1974, Finance Minister of Bangladesh Government Tajuddin Ahmed signed the IDB Charter. In this backdrop, through different Government and non-government initiatives and vital role of the central bank, Islami bank Bangladesh Limited started operation as the first generation commercial bank of the country on March 30, 1983 by opening of its first account for Islamic Foundation, Bangladesh.

On the formal inauguration day of Islami Bank in 1983, leading dailies like the Daily Ittefaq, the Daily Banglar Bani, the Bangladesh Observer etc. printed supplements carrying messages from the then Chief Martial Law Administrator Lt. General H.M. Ershad, Bangladesh Bank Governor M. Nurul Islam and Chairman of the Board of Directors of Islami Bank Mohammad Abdur Razzak Laskar and others.

The Chief Martial Law Administrator, in his message, said: "This Bank established on new ideas is a challenge alongside the modern banking system....I hope that Islami Bank Bangladesh Limited would be able to contribute considerably in the nation-building activities ...this Bank established on mutual cooperation of the Muslim countries will further expand the scopes of inflow of foreign investments in our country. I wish bright future for this bank and great success for this noble endeavor."

The Governor of Bangladesh Bank stated: "This day, 12 August 1983, will be long remembered as a symbol of fulfillment of the sincere efforts of those who were exceedingly dedicated and inspired for this purpose. At this moment, I sincerely congratulate all concerned for their indomitable courage and unflinching faith that led Bangladesh to the attainment of the noble objective of first Islamic bank. ...The direct participation of Islamic Development Bank has provided key encouragement and inspiration to this newly-built bank. The Government of Bangladesh has shown its good gesture by providing equity for the bank....The Government is highly optimistic of the advancement of Islamic way of banking... I believe that the experience and expertise of the initiators and the management will soon bring accolades of success for the bank, the Government and the Bangladesh Bank will extend all necessary cooperation and support for this purpose."

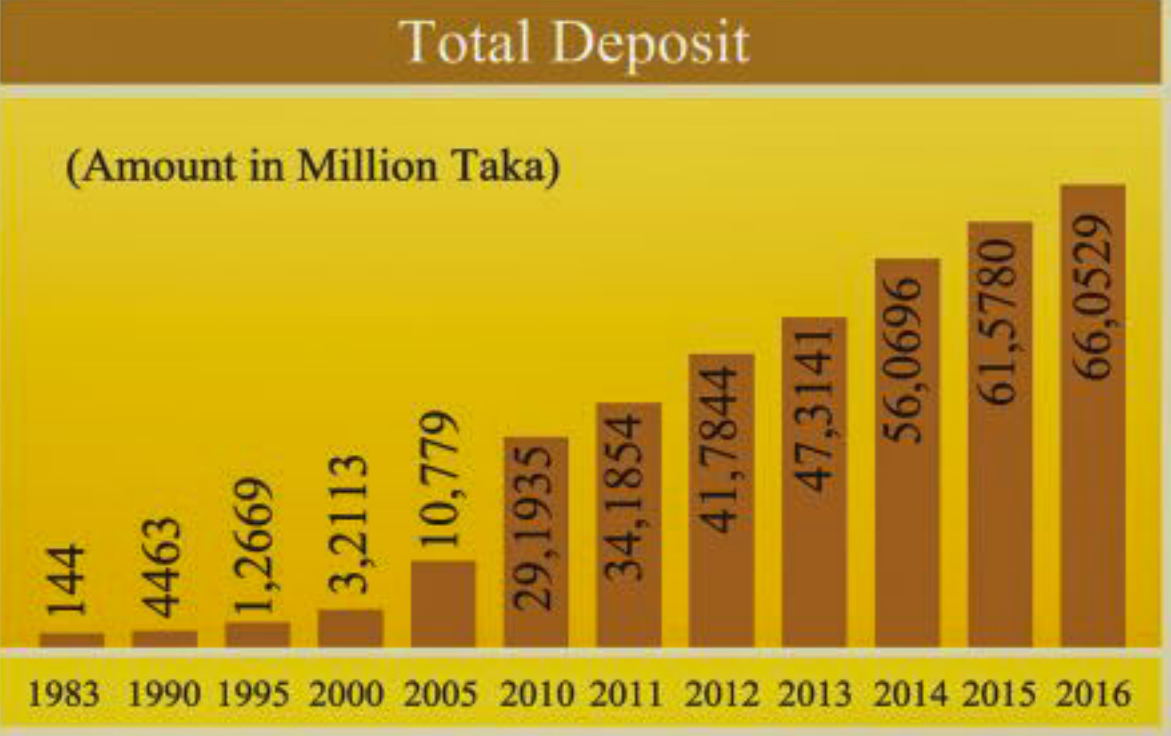
Mohammad Abdur Razzak Laskar, the founding Chairman of Islami Bank stated in his message: "Islami Bank Bangladesh Limited is founded on the principles of economic tenets of Islam. I hope, this Bank will free the people from interest-based economic system and will help run the businesses based on Islamic covenants."

Renowned economist Professor Dr M. N. Huda of Dhaka University in the keynote article published in the Supplement wrote: "Islamic banking has won in the theoretical battle. Now it will have to win the battle in the operational field of interest free profit and loss sharing of banking. We believe in the compatibility of interest-free banking. Still, we need to wait for some time in anticipation of its success... I am optimistic and I believe in the superiority of interest-free banking. But we will not take it for granted. Rather we will take this system to success through strive and dedicated efforts."

M. A. Karim, the then Executive President of Islami Bank, former Chief Executive of Shilpa Bank and Rupali Bank, expressed his commitment to the nation stating: "The emergence of Islami Bank Bangladesh Limited has ushered in a new era in the banking history of Bangladesh. This Bank, established on the committed principles of OIC, will pave the way for a new economic system. This new economic order is of paramount importance for freeing humankind from the impasse created due to a vicious cycle of economic problems leading to poverty, unemployment, income disparity, economic instability and inflation....Islami Bank will work for planned industrial development in the country through establishing productive enterprises, ranging from small and cottage industry to heavy industries in this thickly populated, agrarian and industrially backward country. We are also committed to further developing our agriculture. The removal of unemployment is highly needed for ensuring a hunger-free and amicable society. Thus one of the key objectives of Islami Bank is to generate massive employment by industrialization. Islami Bank will largely be guided by the priorities of the Government's investment policy and will conduct research works by its own team of experts from time to time".

Rising up to the Commitment

Islami Bank has completed its journey of more than three decades of service and care in the perspective of a global trend of shifting to Islamic way of banking. Getting ranked as "One of the world's best 1000 Banks" and awarded as the "Best Managed Bank in Bangladesh" by the 'Asian Banker's' resemble the continuity of its global ranking and appreciation of success. This Bank has already achieved immense trust and support for being deeply involved with the life and livelihood of the people of the country and emerged as a successful and multi-dimensional financial entity. Touching the success points one after another in rapid succession, Islami Bank has already become the largest commercial bank of the country, assuming galloping market shares in all service initiatives – especially in deposit, investment, export, import, remittance, industrialization, entrepreneur development and women empowerment. Islami Bank is a partner in the national growth and development. It happens to be the highest tax-paying institution of the country. As the best micro-enterprise-friendly bank IBBL is recognized by the huge populace all over the country. Islami Banking in Bangladesh has been widely appreciated in a global proportion, thanks to the trust and support of the people, combined efforts of all Islamic banking institutions of the country, positive role of the Government and the Central Bank. The achievements,



development and contributions of Islami Bank Bangladesh Limited are brought hereunder in a brief manner:

Custodian of People's Deposits

Islami Bank encourages people for savings both for individual benefit and for the greater benefit of the country. It has been consistently and very meticulously working to raise the savings awareness of the people, especially in the remote inaccessible areas and among the less-advantaged population of the country. From 1995, Islami Bank has been operating a scheme of micro-savings with Tk.10. deposit. Besides, Islami Bank has introduced innovative schemes like Cash Waqf in order to ensure welfare to the poor and deprived sections of the population. For the empowerment of the women, it has introduced 'Mohor' Account, based on the saving installments by male members.

Islami Bank attaches greater emphasis to harnessing small deposits rather than huge or corporate deposits. As a result, this Bank's deposit base is very strong. Because of this inclusive deposit strategy the general depositors' financial empowerment has been substantially increased. In an overall count, Islami Bank has achieved spectacular success in achieving deposit collection in the banking sector.

Deposit profile of the Bank has increased three times in each five years since 1990. In last one decade, the Bank's deposits have grown ten times. The Bank's deposit stood at Taka 290,000 million in 2010, which stood at Tk.660,000 million by July 2016. Islami Bank holds more than 8% of the country's total bank deposit. Islami Bank's average deposit growth is 21%.

Bank of Crore Customers

Islami Bank belongs to the people of the country. In practice, it is a bank that is truly equal opportunity institution enjoying trust and confidence of all segments of the people, irrespective of caste, creed, faith, class or professional denominations. In 2000, the Bank had 1 million customers, in 2010 it had 5 million. By 2016, the number stands at 11.5 million. In last 5 years, the number of depositors grew by 6.5 million. 13% of the country's total bank depositors' accounts are with Islami Bank alone. Islami Bank Bangladesh alone serves one-fourth of the entire Islamic banking customers of the world.

Proud Partner in National Development

Islami Bank has been ceaselessly working to strengthen the economic base of the country ever since its inception. As part of delegation of discretion, six committees comprising the members of the Board of Directors were constituted in 1984 in order to augment national development priorities and welfare programs of the Bank. Those committees were on Agriculture, Industry, Trade, Housing, Investment and Foreign Remittance Mobilization, This Bank attaches utmost priority in investing into sectors that concerns people's basic needs, economic development, people's welfare and overall socio-economic development of the country. Islami Bank pursues a coherent strategy of investing into need-based, labor-intensive, productive, import-substitute and export-oriented sectors and all are carried forth with the national priority coherence for equitable and sustainable development, especially through investment diversification protocols. IBBL is the pioneer in the advancement of national economy through two major pillars – Foreign Remittance and Readymade Garments. Islami Bank's general investment portfolio was worth Tk.692,500 million by July 2016. Islami Bank's market share in investment in Garments and Textile Sector stands at 21%. IBBL disburses 9% of the total investment/credit of the entire banking system of the country. Growth in Investment of Islami Bank in last 5 years was 17%.

Infrastructure Development and Industrialization

More than 5000 industrial enterprises of the country are now run by IBBL finance. During last 15 years IBBL's investment was Tk. 1800 billion for industrialization. More than 1000 Garments factories are run by Islami Bank finance. Country's 25% Spinning Mills are run by Islami Bank finance. Country's 30% yarn is spun from these mills. Islami Bank's contribution in financing steel Re-rolling and Steel sector is worth Tk.23200 million, which is 21% of the total national aggregate in this sector. Islami Bank-financed Power Plants supply more than 500 MW power to the National Grid.

Investment in SME Sector

Islami Bank has been attaching key priority to SME sector ever since its inception. It is because of the fact that an equitable and sustainable economic development requires key socio-economic priorities like creation of employment, entrepreneur development, mitigating regional disparity, women's empowerment, especially, ensuring balanced and equitable social development. Islami Bank is the country's highest financier in SME sector. In 2015, IBBL's contribution in SME sector was 25%. IBBL has invested Tk. 1484860 million during last 10 years. In 2015 IBBL's SME Investment portfolio was Tk.64630 million in this sector. In 2016 IBBL's target for SME is Tk. 285000 million, which amounts to 25% of the national target. IBBL share in SME is 44% of its total investment. SME investment partners of the Bank numbers 0.15 million now, out of which more than half is women entrepreneurs. Through SME investment, 0.9 million employments has been created by IBBL. Islami Bank has disbursed Tk.18010 million under its SME scheme. Islami Bank has created more than 100 clusters comprising 47 sub-sectors including handloom, warm clothing, Gamchha industry, dried fish, salt, shoe and nursery and disbursed Tk. 20820 million in 2015. In 2014, Bangladesh Bank adjudged IBBL as the "Best Micro-Enterprise-Friendly Bank" for contributing in SME sector.

Contribution to Agriculture & Agro-based Industry

IBBL has disbursed investments to some 0.2 million clients, which is one and a half times more than the target. More than 1500 agro-based industries have emerged with IBBL investment. IBBL financed more than Tk.10000 million in Jute sector. More than 17% of Jute goods are produced from factories financed by IBBL. 26 jute mills are run with Islami Bank investment. In jute sector, its total investment is Tk.9000 million. IBBL's investment in fertilizer import is highest among the private sector imports. More than 500 Cold Storages have been built with IBBL investment for perishable agro-products. A total of 852 Auto Rice Mills have been built with IBBL investment with an investment portfolio worth Tk. 9200 million in this sector. Islami Bank has been working as the pioneer in investing country's first Auto-Rice Mill and Bran Oil Mill.

Investment in Housing Sector

Islami Bank is the highest investor in housing sector prioritizing the fundamental need. IBBL has contributed much in saving cultivable land through building multi-storied building & facilitating housing for increasing number of people. Through the investment worth of Tk.106000 million, IBBL has provided accommodation to 1.50 million people providing investment in around 2.25 lac flats and houses. Share of IBBL in Housing Sector is around 10%. This Bank's share in the country's total housing finance is 13%. Through the investment IBBL has created job opportunities of as many as 1.1 million people.