"If you have any query about this document, you may consult the issuer, issue managers and underwriters."

PROSPECTUS OF ISLAMI INSURANCE BANGLADESH LIMITED

For

PUBLIC OFFER OF 900,000 ORDINARY SHARES OF TK. 100.00 EACH AT PAR TOTALING TK. 90,000,000.00

OPENING DATE FOR SUBSCRIPTION: 16/08/2009
CLOSING DATE FOR SUBSCRIPTION: 20/08/2009
For Non-Resident Bangladeshi quota, subscription closes on: 29/08/2009

Underwriters

Social Islami Bank Limited 15 Dilkusha C/A, Dhaka-1000	**Bangladesh General Insurance Company Ltd.** **42,** Dilkusha C/A, 3rd floor, Dhaka-1000
Southeast Bank Limited Eunoos Center, Level-16 52/53 Dilkusha C/A, Dhaka-1000.	**Fidelity Assets & Securities Co. Limited** Suvastu Imam Square (4th floor) 65, Gulshan Avenue, Dhaka-1212
Bay Leasing & Investment Limited Printers Building (7th floor) 5, Rajuk Avenue, Dhaka-1000.	**Banco Trans World (BD) Limited** Ispahani Building (3rd floor) 14-15, Motijheel C/A, Dhaka-1000

Credit Rating by
CREDIT RATING INFORMATION AND SERVICES LIMITED

	Claim Paying Ability
Current Rating	**BBB+**
Date of Rating	**APRIL 30,2009**

Issue date of the Prospectus: 09/07/2009
The issue shall be placed in "N" category

Managers to the Issue

AAA CONSULTANTS & FINANCIAL ADVISERS LTD.
PARTNERSHIP OF TRUST

Amin Court, 4th Floor (Suit#404),
31,Bir Uttam Shahid Ashfaqueus Samad Road
(Previous 62-63, Motijheel C/A) Dhaka-1000
Phone: +88029559602, +88029567726, Fax: 880-2-9558330
Web-site:**www.aaawebbd.com** E-mail: **info@aaawebbd.com**

Co-Manager to the Issue

BAY LEASING & INVESTMENT LIMITED

Printers Building, 5, Rajuk Avenue, Motijheel, Dhaka-1000
Phone: 9565026, 9568599, Fax: 880-2-9565027
Web-site: www.blilbd.com **E-mail:info@blilbd.com**

ISLAMI INSURANCE BANGLADESH LIMITED

Head Office: BIWTA- Bhaban (6TH floor), 141-143, Motijheel C/A, Dhaka-1000.
Phone-9554819, 9571866 -67, Fax: 88-02-9567629
E-mail: iibl@bangla.net , Website: www.islamiinsurance.com

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR".

AVAILABILITY OF PROSPECTUS

Prospectus of the Company will be available at the following addresses:

Name & Address	Contact Person	Tel. No.
Company:		
Islami Insurance Bangladesh Limited Head Office: BIWTA- Bhaban (6^{TH} floor), 141-143, Motijheel C/A, Dhaka-1000. E-mail : iibl@bangla.net	**Mr. Md. Abdul Matin** Managing Director(CC)	9554819 9571866 9571867
Issue Managers:		
AAA Consultants & Financial Advisers Limited Amin Court, 4^{th} Floor (Suit#403-404), 31,Bir Uttam Shahid Ashfaqueus Samad Road (Previous 62-63, Motijheel C/A) Dhaka-1000	**Mr. Khwaja Arif Ahmed** Managing Director & CEO	9559602 9567726
Bay Leasing & Investment Ltd. Printers Building, 5, Rajuk Avenue, Motijheel, Dhaka-1000	**Mr. Mahbubur Rashid** Managing Director	9559602 9567726
Underwriters:		
Social Islami Bank Limited 15 Dilkusha C/A, Dhaka-1000	**Mr. Walid Mahmud Sobhani** Chief Financial Officer	7169791
Southeast Bank Limited Eunoos Center, Level-16 52/53 Dilkusha C/A, Dhaka-1000.	**Mr. Muhammad Shahjahan** Senior Executive Vice President	9550086
Bay Leasing & Investment Limited Printers Building (7^{th} floor) 5, Rajuk Avenue, Dhaka-1000.	**Mr. Mohammed Mofizul Islam** Senior Principal Officer	9565026 9568599
Bangladesh General Insurance Company Ltd. **42,** Dilkusha C/A, 3^{rd} floor, Dhaka-1000	**Mr. Md. Mustafa** Head of Share & Investment	7161223
Fidelity Assets & Securities Co. Limited Suvastu Imam Square (4^{th} floor) 65, Gulshan Avenue, Dhaka-1212	**Mr. Md. Maniruzzaman Akan** Assistant Vice President	8825949 9860273
Banco Trans World (BD) Limited Ispahani Building (3^{rd} floor) 14-15, Motijheel C/A, Dhaka-1000	**Mr. A. Munim Choudhury** Managing Director	9564922
Stock Exchanges:		
Dhaka Stock Exchange Limited (DSE) 9/F, Motijheel C.A., Dhaka-1000.	**DSE Library**	9564601-7 9666944-8
Chittagong Stock Exchange Limited (CSE) CSE Building, 1080, Sk. Mujib Road, Agrabad C.A., Chittagong.	**CSE Library**	714632-3 720871-3

Prospectus is also available on the web site www.secbd.org, www.aaawebbd.com, www.dsebd.org www.csebd.com, www.islamiinsurance.com and Public Reference Room of the SEC for reading and study

Name and Address of the Auditor
Mahfel Huq & Co. Chartered Accountants BGIC Tower (4^{th} floor) 34, Topkhana Road, Dhaka-1000

TABLE OF CONTENTS

Definition and Elaboration of the abbreviated words and technical terms used in the Prospectus

AAA	:	AAA Consultants & Financial Advisers Limited
IIBL	:	Islami Insurance Bangladesh Limited
Allotment	:	Letter of allotment for shares
BB	:	Bangladesh Bank
BO A/C	:	Beneficial Owner Account or Depository Account
CCI	:	Chief Controller of Insurance
CDBL	:	Central Depository Bangladesh Limited
Certificate	:	Share Certificate
Commission	:	Securities and Exchange Commission
Companies Act	:	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	:	Chittagong Stock Exchange Limited
DSE	:	Dhaka Stock Exchange Limited
FC Account	:	Foreign Currency Account
IPO	:	Initial Public Offering
Issue	:	Public Issue
Market of the Securities	:	Share market
NAV	:	Net Asset Value of the Company
NBR	:	National Board of Revenue
NRB	:	Non Resident Bangladeshi
Offering Price	:	Price of the securities of IIBL being offered
Registered Office	:	BIWTA- Bhaban (6TH floor), 141-143, Motijheel C/A, Dhaka.
RJSC	:	Registrar Joint Stock Companies & Firms
SC	:	Share Certificate
SEC	:	Securities and Exchange Commission
Securities	:	Shares of Islami Insurance Bangladesh Limited
STD Account	:	Short Term Deposit Account
Stockholder	:	Shareholder
Subscription	:	Application money
The Company/Issuer	:	Islami Insurance Bangladesh Limited

DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITY IN DEMAT FORM

"As per provisions of the Depository Act, 1999 and regulations made there under, share of the company will be issued in dematerialized form only and for this purpose the Islami Insurance Bangladesh Limited has signed an agreement with the Central Depository Bangladesh Ltd. (CDBL). Therefore, all transfer/ transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including right/bonus) will also be issued in dematerialized form only."

CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 900,000 ordinary shares of Taka 100.00 each at par worth Taka 9,00,00,000.00 (Taka nine core) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.

2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bangla and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue managers within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue manager a diskette containing the text of the vetted Prospectus in "MS-Word" format.

3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.

4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.

5. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manger within two working days from the date of said dispatch of the prospectus & the forms.

6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.

7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non- Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **07(seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.

9. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

10. The subscription list shall be opened and the sale of securities commenced **after 25 (twenty five)** days of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days.**

11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.

12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.

13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.

14. Upon completion of the period of subscription for securities the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -

(a) Total number of securities for which subscription has been received;
(b) Amount received from the subscription; and
(c) Amount of commission paid to the banker to the issue.

15. The issuer and the issue manager shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants in electronic form in 2 (two) CDs and final status of subscription to the Commission within **3 (three) weeks** after the closure of the subscription along with bank statement (original) and branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **5(five) weeks** from the date of the subscription closure) if any of the following events occur:

(a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or

(b) At least 50% of the IPO is not subscribed.

17. 10% of total public offering shall be reserved for non resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.

18. All the applicants shall first be treated as applied for one minimum market lot of **50 shares worth Tk.5000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

19. **An applicant can not submit more than two applications one in his/her own name another jointly with another person. In case an applicant makes more than two applications, all application will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by Commission.**

20. Lottery (if applicable) shall be held within **4 (four) weeks** from closure of the subscription date.

21. The company shall issue share allotment letters to all successful applicants within **5 (five) weeks** from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition 19 above.

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have mentioned in the IPO application forms, bank account numbers with the bankers to issue and other banks as disclosed in the prospectus. A Compliance reporting this regard shall be submitted to the commission within 7(seven) weeks from the date closure of subscription.

22. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (twenty four) hours** of allotment.

23. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within **10 (ten) days** of the subscription closing date on full payment of the share money within **15(fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.

24. All issued shares of the issuer at the time of according consent shall be subject to a **lock- in of three years** from the date of issuance of prospectus or commercial operation, whichever comes later. Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

25. Either a Jumbo Share (one for each of the existing Sponsors/Directors/Shareholders) in respect of the shares already issued covering together respective total holding, which shall contain the expiry date of lock-in period or Sponsor/ Directors/ Promoters/ Shareholders' shareholding shall be converted into demat form but shall be locked-in as per the condition at **para-24 above.**

26. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with

SEC during the lock-in period. The name and branch shall be furnished to the Commission jointly by the issuer and the issue manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).

27. Incase of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within **one week** of listing of the shares with the stock exchange(s).

28. The company shall apply to the stock exchanges for listing within **7(seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with stock exchanges.

29. The company shall not declare any benefit other than cash dividend based on the financial statement for the period ended on December 31, 2008.

Part –B

1. The issuer and the issue manager ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.

2. The issue managers shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under "Due Diligence Certificates" provided with SEC.

3. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.

4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.

5. The company shall furnish report to the Commission on utilization of IPO proceeds **within 15 days** of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.

6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).

7. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the General Meeting under intimation to SEC and stock exchange(s).

8. Directors on the company's Board will be in accordance with the applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.

2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the

Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).

2. The issue managers shall also ensure due compliance of all above.

GENERAL INFORMATION

AAA Consultants & Financial Advisers Limited and Bay Leasing & Investment Limited Have prepared this Prospectus from information supplied by **Islami Insurance Bangladesh Limited** (the Company) and also several discussions with Chairman, Managing Director and related executives of the Company. The Directors of both Islami Insurance Bangladesh Limited, AAA Consultants & Financial Advisers Limited and Bay Leasing & Investment Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or AAA Consultants & Financial Advisers Limited or Bay Leasing & Investment Limited .

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this Prospectus can be obtained from the Head Office of Islami Insurance Bangladesh Limited, AAA Consultants & Financial Advisers Limited and Bay Leasing & Investment Limited the underwriters and the Stock Exchanges where the securities will be traded.

Declaration about the Responsibility of the Directors Including CEO of the Company “Islami Insurance Bangladesh Limited” In Respect Of the Prospectus

This Prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements, information given in the Prospectus, documents, financial statements exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this Public Issue and Prospectus have been met, and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this Prospectus to enable the investors to make a well informed decision for investment.

Sd/- Al-haj Mohammad Sayeed Chairman	Sd/- Al-haj M. Tajul Islam Vice-Chairman	Sd/- Al-haj Md.Ismail Nawab Director
Sd/- Tofazzal Hossain Director	Sd/- Shayla Parbin Director	Sd/- Samira Azim Director
Sd/- Al-haj Md.Abdul Halim Director	Sd/- Nur Mohammad Mamun Director	Sd/- Ashma Nur Director
Sd/- Anjumon Ara Begum Director	Sd/- Al-haj Mohammad Abdul Hannan Director	Sd/- Gazi Belayet Hossain Director
Sd/- Mohammad Murtaza Kamal Director	Sd/- Nostaren Jamila Director	Sd/- Md. Abdul Matin Managing Director(CC)

CONSENT OF DIRECTOR(S) TO SERVE AS DIRECTOR(S)

We hereby agree that we have been serving as Director(s) of Islami Insurance Bangladesh Limited and continue to act as a Director(s) of the Company:

Sd/- Al-haj Mohammad Sayeed Chairman	Sd/- Al-haj M. Tajul Islam Vice-Chairman	Sd/- Al-haj Md.Ismail Nawab Director
Sd/- Tofazzal Hossain Director	Sd/- Shayla Parbin Director	Sd/- Samira Azim Director
Sd/- Al-haj Md.Abdul Halim Director	Sd/- Nur Mohammad Mamun Director	Sd/- Ashma Nur Director
Sd/- Anjumon Ara Begum Director	Sd/- Al-haj Mohammad Abdul Hannan Director	Sd/- Gazi Belayet Hossain Director
Sd/- Mohammad Murtaza Kamal Director	Sd/- Nostaren Jamila Director	Sd/- Md. Abdul Matin Managing Director(CC)

Declaration about Filing of Prospectus With The Registrar of Joint Stock Companies and Firms

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, **vide Sl. No. KHA 12157 dated July 06, 2009** in compliance of Section 138 (1) of the Companies Act, 1994 before Publication of the Prospectus.

Declaration by the Issuer about the Approval from SEC for Any Material Changes Regarding Prospectus of Islami Insurance Bangladesh Limited.

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

Sd/-
Md. Abdul Matin
Managing Director (CC)
Islami Insurance Bangladesh Limited

Declaration By The Issue Managers About The Approval From SEC For Any Material Changes Regarding Prospectus Of Islami Insurance Bangladesh Limited.

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

Sd/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers Limited

Sd/-
Mahbubur Rashid
Managing Director
Bay Leasing & Investment Limited

Due Diligence Certificate of Managers to the Issue

Sub: Public Offer of 900,000 Ordinary Shares of Tk.100.00 each at par totaling Tk. 90,000,000.00 by Islami Insurance Bangladesh Limited

We, the under-noted Managers Issue to the above mentioned forthcoming Issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and

2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the Issue and the contents of the documents and other materials furnished by the issuer company;

WE CONFIRM THAT:

a) The draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Issue;

b) All the legal requirements connected with the said Issue have been duly complied with; and

c) The disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well-informed decision for investment in the proposed Issue.

For Managers to the Issue

Sd/-
Khwaja Arif Ahmed
Managing Director & CEO
AAA Consultants & Financial Advisers Limited

Sd/-
Mahbubur Rashid
Managing Director
Bay Leasing & Investment Limited

Due Diligence Certificate of the Underwriter(S)

Sub: Public Offer of 900,000 Ordinary Shares of Tk.100.00 each at par totaling Tk.90, 000,000.00 by Islami Insurance Bangladesh Limited

We, the under-noted Underwriter(s) to the abovementioned forthcoming Issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned Issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant to our underwriting decision; and

2. On the basis of such examination and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company;-

WE CONFIRM THAT:

a) All information relevant to our underwriting decision has been received by us and the draft Prospectus forwarded to the Commission has been approved by us;

b) We shall subscribe and take up the un-subscribed securities against the abovementioned public Issue within 15 (fifteen) days of calling up thereof by the Issuer; and

c) This underwriting commitment is unequivocal and irrevocable

For Underwriters

Sd/-

CEO/MD

Social Islami Bank Limited
Southeast Bank Limited
Bay Leasing & Investment Limited
Bangladesh General Insurance Company Ltd.
Fidelity Assets & Securities Co. Limited
Banco Trans World (BD) Limited

RISK FACTORS AND MANAGEMENT PERCEPTION REGARDING RISKS

The company is operating in a field involving a great deal of external/internal risk factors and the management of Islami Insurance Bangladesh Limited perceives the risk factors which are as follows simultaneously:-

Interest rate risks:

Interest rates change may affect profitability of the company for borrowing or investment.

Company runs its business on the guideline of Islami shariah. The company does not involve with any large borrowing however it has substantial amount of FDR. In the recent change in interest rate, the management is planning to diversified its investment in capital market and other profitable area of investment with compliance of Insurance Act as well.

Exchange rate risks:

Devaluation of local currency against major international currencies may affect company's marine insurance business adversely.

Marine insurance always covered by re-insurance with international re-insurer. Besides this if there is any burden for the company that will be overcome by the increased business on other areas.

Industry risks:

I. Liberalization of permission to set up more insurance companies by the Government.

II. Natural calamities

Liberalization of permission to set up more insurance companies by government may result in severe competition amongst insurers resulting in reduction of premium income and profitability of the company.

Though liberalization of permission to set up more insurance companies by government may be encouraging to new entrants resulting tough competition, IIBL does not apprehend any loss of business due to its competent and highly experienced management team and expanding trend of insurance business in the country. IIBL has already proved its leading role by its attractive earning performance. The coverage of natural calamities like cyclone, flood by insurance may severely weaken the financial strength of the company by accruing heavy claims on its own retained account.

The estimated losses arising from natural calamities are covered by higher rates of premium and **reinsurance** coverage for such losses. Management has taken into consideration statistical assessment of occurrence of natural calamities in setting its rates of premium and reinsurance risks. Moreover, most of our trained port folios (Fire including flood, cyclone risks) are protected under catastrophic Excess of Loss Treaty with S.B.C.

Market & Technology related-risks:

To be competitive in the market, insurance companies need to develop new products and offer excellent clientele services and also to expand the market by bringing more and more items under the preview of insurance otherwise the competitors may take away company's business.

Insurance business globally is increasing. New items are coming under the cover of insurance as days pass by, the market is expanding as people are realizing the importance of insurance. Because of our excellent services and introduction of new ***sharia based*** products, the company does not envisage any market & technological related risks.

Potential or existing government regulations:

Government policy change in respect of imposing new tax, VAT, stamp duty, rates of premium, underwriting commission, agent's commission, reinsurance commission, interest on deposits etc. may affect income and profitability.

According to the Insurance Act 1938 and Insurance rules 1958 all insurance companies have to comply with the allowable limit of expenses and investment. In the recent past Caretaker Government new Insurance Act 2008 has been introduced which already approved in the committee of Jatio Sangsad of the present government, which is very much favor of the insurance industry.

Potential changes in global or national policies:

Any structural change in the international insurance business adversely affecting reinsurance operations may have negative impact on the profitability of the company.

The history of insurance/re-insurance business for over two hundred years proves that any major structural change affecting our reinsurance business is unimaginable. Any such event would create a global destabilization which the major economies must not cause to happen.

History of non-operation, if any:

Is there any chance for the company to become non-operative?

Most of the general insurance companies in Bangladesh run its’ business successfully and after IPO increases its efficiency and accountability under supervision of regulatory body. So chance to become non-operative in future is minimum.

Operational risks:

Political and social unrest situations may affect smooth operation of the business resulting in drastic fall to the value of its investment.

Political unrest in the past could not reduce the premium income of the company as the shortfall is overcome by increased income in subsequent period.

USE OF PROCEEDS

The Company offers its shares to the public as required by the Insurance Act, 1938 and Insurance Rules, 1958. The sponsors have already subscribed their portion of equity capital of Tk. 60.00 million as per the requirement of the Rules and the same has already been invested as reflected in the audited accounts. The proceeds of the present issue of 9,00,000 shares of Tk. 100.00 each at par totaling Tk.9,00,00,000.00 will strengthen the capital base of the Insurance and augment business expansion. The fund thus raised through public issue will be used for investment.

DESCRIPTION OF BUSINESS

Background

The company was incorporated on 25-10-1999 under the company Act 1994 as a public company limited by shares for carrying out all kinds of sharia based general insurance activities and was granted certificate for commencement of Business on 25-10-1999 for general insurance business. The Authorized capital is Tk. 250 million consisting of 2,500,000 ordinary shares of Tk. 100 each. The sponsors/subscribers have already contributed to the paid up capital of Tk. 60.00 million as required by the Chief Controller of Insurance. In fulfillment of the conditions of license by the Chief Controller of Insurance, the company now proposes to raise the paid up capital to Tk. 150.00 million by issuing 900,000 ordinary shares of Tk. 100.00 each by way of initial public offering (IPO).

Since its establishment in 1999 as one of the leading shariah based general insurance companies in the private sector, the Company has within a short span of time established itself as one of the most reputed and trustworthy insurance companies in the country. Selective underwriting and prompt settlement of claims have contributed towards building up a very respectable image of the Company within the business community. The Company has 38 branches throughout the country.

Highlight of the company

(a) The Company is a shariah based general insurance company and has a proven track record for over nine years, during which time it has accumulated considerable goodwill, experience and know-how.

(b) The sponsor directors of the Company are engaged in various enterprises, which are a source of business for the Company.

(c) With the acceleration of growth in economic activities and the further opening up of the insurance business from the public to the private sector, the Company is expected to take its due share of the growth of the market.
(d) The company declare 10% dividend on its' 9th AGM on April 12, 2009.
(e) The IIBL achieved Credit Rating BBB+. That has been assigned in consideration of its good solvency position, above average liquidity, good branch network, diversified investment portfolio, good market share etc.

Business operation:

(1) The company is carrying out mainly following types of insurance/reinsurance businesses:

(i) Fire Insurance Business
(ii) Marine Insurance Business
(iii) Motor Insurance Business
(iv) Miscellaneous Insurance Business

The company operates its operational activities through following branches:

Agrabad Branch BA-Splanad (2nd floor) 143, Sk. Mujib Road, Badamtali Agrabad, Chittagong.	Hatkhola Branch 52/2, Toyenbee Circular Road (1st floor), Dhaka.	Mohakhali Branch H # 33-36 Amtoli (2nd floor) Mohakhali, Dhaka.
Bangshal Branch Habib Super Market (1st floor) 20/25, North South Road, Dhaka.	Imamgonj Branch 144, Mitford Road Al-Falah Building (4th floor), Dhaka.	Mymensingh Branch 29/2, Madan Babu Road Atharo Bari Building (1st floor) Mymensingh.
B.B. Avenue Branch 9, Dawn Plaza (8th Floor) Ramna, Dhaka.	Jubilee Road Branch Aziz Chamber (2nd floor) Chittagong.	Nawabpur Branch 96-97/1,Nawabpur Road(2nd fl.) Dhaka.
Bogra Branch Tin Patti Santahar Road, Bogra.	Jenaidah Branch 17,Sher-e-Bangla Roa(3rdfl) Jenaidah.	Narayangonj Branch Farzana Tower 55/1, S.M. Maleh Road, Narayangonj
Barisal Branch 56, Sadar Road (2nd floor) Barisal.	Jamalpur Branch Beauty Plaza (2nd floor) Medical Road, Jamalpur.	Narsingdi Branch C&B Road, Haq Mansion(2nd fl) Narsingdi.
Chowmuhani Branch Golam Rahman Building (3rd fl.) Feni Road, Chowmuhani.	Kawranbazar Branch Kazi Nazrul Islam Avenue 48, Kawranbazar (1st floor) Dhaka.	Paltan Branch 12/1, Purana Paltan (4th floor) Dhaka.
Dilkusha Branch 39, Dilkusha C/A (4th Floor) Dhaka-1000.	Khulna Branch 7,Lower Jessore Road (2nd fl) Khulna.	Rajuk Branch Zaman Chamber 47, Dilkusha C/A, Dhaka.
Dinajpur Branch Zabed Super Market (1st floor) Bahadur Bazar, Dinajpur.	Khatungonj Branch 82, Khatungonj (2nd floor) Chittagong.	Rajshahi Branch Ganakpara, Ghoramara South side of Hotel Mukta Int. (1st floor), Rajshahi.
Elephant Road Branch 299, Elephant Road (3rd floor) Dhaka.	Kushtia Branch Lovely Tower 55/1, Sirajuddowla Road, Kushtia	Rangpur Branch Q Mansion Shops Garden Station Road, Shapla Chattar Kotwali, Rangpur.
Feni Branch 427, Jamuna Shopping Center (2nd floor), Trunk Road, Feni.	Local Office Branch 28, Dilkusha C/A (1st Floor) Dhaka-1000.	Toynbee Branch 29, Corner Court Toyenbee Circular Road, Dhaka.
Faridpur Branch Arzu Super Market (2nd floor) Mujib Road, Faridpur.	Malibag Branch Manhattan Tower 83 Syddeswari (6th floor) Circular Road, Dhaka.	Thakurgaon Branch Chowrasta Moar Thakurgaon.
Gulshan Branch Darpan Complex, Plot #2(3rd fl.) Gulshan Circle-2, Dhaka-1212	Motijheel Branch 6, Motijheel C/A (1st floor) Dhaka.	VIP Road Branch 36/A, Purana Paltan Lane (3rdfl.) VIP Road, Dhaka.
Gabtali Branch 240/Ka, Baghbari A. Majid Khan Tower (2nd fl.) Gabtali Bus Stand, Dhaka.	Moghbazar Branch 17, Maghbazar (4th floor) New Eskaton Road, Dhaka.	

(2) Product or service that accounts for more than 10% of the company's total revenues:

Description	31.12.2008	Percentage
Fire Revenue Account	35,235,284	23.06%
Marine Revenue Account	93,652,603	61.29%
Motor Revenue Account	18,668,441	12.22%

(3) Associates, Subsidiary/ Related Holding Company:

The company does not have any associate, subsidiary/related holding company.

(4) Distribution of Products/Services:

The Company conducts the business operations under the supervision of Board of Directors and the legal frame work of the Insurance Act 1938 and Insurance Rules 1958, as amended from time to time. The Company operates through the Head Office at Dhaka, Zonal office at Chittagong, Barisal and branches through out the country.

(5) Competitive conditions in the Business:

Though, soon after liberation in 1971, the insurance industry was nationalized and was controlled by two state owned institutions namely Sadharan Bima Corporation for general insurance and Jiban Bima Corporation for life Insurance (with the exception of American Life Insurance Co. in the private sector), there are at present 43 general insurance and 17 life insurance companies operating in the private sector. Over the years general insurance business has grown very competitive as the economic growth, especially the private sector industrial growth, has not been as expected. It is however need to mention that despite tough competition, the company's business operations show satisfactory performance. So far already 34 insurance companies have gone Public (including 6 life insurance companies) and their shares are all traded.

(6) Sources and availability of raw materials and the names of the principal suppliers:

The Company, being a service provider, operates on the basis of professional expertise relevant to insurance industry. Its' product is a service and its' raw materials are human resources. The general insurance industry has since developed and expanded fast in order to meet the growing need of the economy. The company has procured the services of experienced professional personnel from the existing insurance industry operators including Sadharan Bima Corporation. The company has also set up training programs for training fresh graduates for development of its growing need of human resources.

(7) Sources of, and requirement for, power, gas & water:

The Company does not need any power, gas and water except for ordinary uses in office work.

(8) Names of Customers providing 10% or more revenues:

The Company's customer list does not include any one providing 10% or more of its revenues.

(9) Description of Contract with Principal Suppliers/Customers:

The Company has not entered into any contract with any customer or supplier.

(10) Description of Material Patents, Trade Marks, Licenses or Royalty Agreements:

The Company does not have any material patents, trademarks, licenses or royalty agreement.

(11) Employees' position (as on 31.12.2008):

The number of employees received salary up-to Tk. 3,000/- : 2 nos.
The number of employees received salary above Tk. 3,000/- :293 nos.

There is no part time employee of IIBL.

DESCRIPTION OF PROPERTY

(a) The company, a provider of insurance service, operates through its Head Office at Dhaka, Branch Office at different district / city areas. The company owns the following fixed assets at the written down value as given below:

(As per Audited Accounts in BDT)

SL. No.	Particulars	31.12.2008	31.12.2007	31.12.2006
01.	Furniture & Fixture	2,364,788	2,262,333	2,372,754
02.	Office & Electrical Equipment	948,508	877,292	734,035
03.	Office Decoration	5,873,509	6,375,770	7,078,839
04.	Air-Cooler	752,761	821,102	966,003
05.	Motor & Other Vehicles	14,354,417	11,604,981	7,993,692
06.	Computer & Software	332,483	332,948	357,735
07.	Telephone installation and FAX	823,145	953,256	1,111,477
08.	Cookeries & Cutleries	20,198	22,441	29,921
	Total	**25,469,809**	**23,250,123**	**20,644,456**

(a) The entire property is owned by the Company except four vehicles are taken on lease basis from Prime Bank Ltd., Islami Banking Branch, and the lease will be expired on 20.06.2010.

(b) The properties of the company is not mortgaged with any one nor they're any lien on them.

(c) The properties are purchased in brand new condition.

(d) Islami Insurance Bangladesh Limited has been selected as an institutional allottee by Rajuk Extension Uttara 3rd phase project. The IIBL has already paid Tk. 900,000(nine lac) only in two installments, which disclosed in audit report note 17.02. But till now Rajuk authority has not transferred ownership of the land to the company name.

(e) The company has taken loan from Bangshal Branch of Shahjalal Islami Bank Limited, for Tk.18,00,000.00 (eighteen lac) only against the MTDR No. 533000863-8 and MTDR No. 626222/4009/533000004272 on dated **03/02/2009**. So this credit facilities is not shown in the audited Financial Statement of 31st December 2008

PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal and External Sources of Cash:

(As per Audited Accounts amount in Tk.)

Internal sources of Cash	31.12.08	31.12.2007	31.12.2006
Share Capital	60,000,000	60,000,000	60,000,000
Reserve for exceptional looses	23,000,000	22,000,000	13,000,000
Profit & loss appropriation a/c	573,147	273,859	(6,284,794)
General Reserve	3,500,000	-	-
Proposed dividend	6,000,000	3,000,000	-
Total	**93,073,147**	**85,273,859**	**66,715,206**
External Sources of Cash:			
Balance of Fund & Account	55,264,901	58,920,082	52,719,836
Deposit Premium	2,149,668	5,943,201	9,034,640
Liabilities & Provisions	69,984,489	63,364,093	33,268,243
Provision for taxation	7,470,864	7,455,391	9,757,706
Sundry Creditors (Including Provision for expenses)	9,885,266	13,108,335	16,421,877
Total	**144,755,188**	**148,791,102**	**121,202,302**
Grand Total	**237,828,335**	**234,064,961**	**187,917,508**

(2) Material Commitment for Capital Expenditure:

The Company has not yet made any material commitment for capital expenditure except for those that are required in the course of carrying out of normal business operations.

(3) Causes for Material Changes in Income, Expenses & Net-Income:

The company's revenue and other income as well as operating expenses and net income have continued to change or increase due to business promotion efforts of the Directors and Management staff.

Income

A comparative income position of the Company for the year ended December 2008, December 2007 & 2006 are as follows:

(Amount in BDT)

Description	31.12.2008	31.12.2007	31.12.2006
Interest/ Profit received & accrued	14,769,359	13,276,200	9,304,597
Miscellaneous Income	8,880	47,365	10,770
Profit on Sale of Motor Vehicle	(280,000)	1,359,854	-
Profit/(Loss) Transferred From:			
Fire Revenue Account	15,921,582	(12,256,532)	5,623,037
Marine Revenue Account	36,692,248	40,195,206	25,262,181
Motor Revenue Account	(3,688,967)	(7,250,350)	(1,012,434)
Misc. Revenue Account*	(34,957,447)	(934,284)	(6,563,425)
Total Income	**28,465,655**	**34,437,459**	**32,624,726**

* The profit under miscellaneous Revenue Account has been affected due to imposition of Claim liability of Tk. 3,60,85,385.00 (Tk. Three crore sixty eighty five thousand three hundred eighty five) only to M/s. Future Vision, Policy No:IIBL/HO/EEI/P-01/09/2005.

Operating Expenses

A comparative operating expense position of the Company is as follows:

(As per Audited Accounts amount in BDT)

Description	31.12.2008	31.12.2007	31.12.2006
Expenses of management (not applicable to any particular fund or account):			
Advertisement & Publicity	1,356,711	1,476,837	1,241,032
Directors Fees	1,604,250	1,236,250	1,561,125
Shariah council Expanses	108,523	111,933	71,875
Donation & Subscription	375,000	500,000	212,000
Audit Fees	100,000	100,000	80,000
Legal, Registration & professional fees	1,032,575	1,173,522	871,098
Islami Insurance foundation	-		14,000
Preliminary expenses	-	-	239,200
Depreciation	5039,309	3,458,264	3,595,827
Total Expenses	**9,616,368**	**8,056,806**	**7,886,157**
Profit for the year transferred to profit and loss appropriation account	**18,849,287**	**26,380,653**	**24,738,569**
Provision for Taxation	**8,050,000**	**7,822,000**	**9,800,000**
Profit after deduction of Provision for Taxation	**10,799,287**	**18,558,653**	**14,938,569**

(4) Seasonal Aspects:

There is no seasonal aspect in insurance business in the country except some pressure in the post-budget import finance insurance.

(5) Known Trends, Events or Uncertainties:

There are no known trends in customer preferences that may affect company's operations. However, political unrest, hartal, and power crisis are the known events that may affect the company's business.

(6) Change in the Assets of the Company used to pay off any Liabilities:

No asset of the Company has been used to pay off the liabilities.

(7) Loans taken from or given to holding/parent/ Subsidiary or Associate Concern:

The Company has no holding/parent/ subsidiary or associate concern. Therefore, taking loan from or given to such concerns does not arise.

(8) Future Material Contractual Liabilities:

The company does not have any plan in near future to contract any new liabilities except those that are required by way of insurance/reinsurance contract in the ordinary business operations.

(9) Future capital expenditure:

IIBL has no plan for any large capital expenditure in the near future.

(10) VAT, Income Tax, Customs Duty or other Tax Liability:

1**) Vat:**

An additional amount of Vat Tk. 14,56,791 demanded by the Assistant Commissioner of Customs, Excise, & VAT, Motijheel Circle, Dhaka by letter no. 124/MUSUK/93 dated 12/08/03 for the period from 01/01/2000 to 30/06/2002 which has not been accepted by the Company. In this regard the Company submitted an appeal. The appeal authority forwarded the appeal to b¨vqwbYqKvix KZc¶ for consideration as per Appeal order no. 204/Masuk/Appeal –2004 dated-06/11/2004. But The Company has not received any decision as yet as stated. Another additional amount of Vat Tk. 4,34,112 demanded by Superintendent, VAT, Motijheel Circle, Dhaka by letter no-৩য়/০৩/অডিট/স্থানীয় ও রাজস্ব অডিট/ 2007-08/02/487 date 21/10/2008 for the period of 2007-2008 due to late deposit of VAT which has not been accepted by the Company. An appeal has been made to Commissioner (Appeal) Customs, Excise & Vat, Regional office. 45/1, Al-Amin Road, Green Road, depositing Tk.43112/- (Being 10% of the demanded Vat Amount vide challan no. 10/19 dt.13/01/2009) The Authority has not given any decision as yet.

2) Income tax: Year wise income tax status of the company is as under:

Accounting Year	Assessment Year	Balance as per net profit (Taka)	As per Final Asstt. Order(Taka)	Tax paid (Taka)	Remarks
2000	2001-2002	(24,836,447.87)	(18,754,965.00)	Nil	Asstt. Finalized
2001	2002-2003	(19,579,652.36)	(8,255,454.00)	Nil	Do
2002	2003-2004	(7,230,450.92)	3,128,335.00	1,407,751.00	Do
2003	2004-2005	1,001,883.45	8,927,183.00	383,129.00	Do
2004	2005-2006	15,664,935.29	16,053,940.00	(368,511.00)	Do
2005	2006-2007	30,373,466.68	9,034,282.00	4,065,427.00	Do
2006	2007-2008	24,738,568.64	77,953,207.00	9,824,812.00	Appealed
2007	2008-2009	26,380,653.35	-	7,525,665.00	Return submitted but not assessed
2008	2009-2010	18,849,287.64	-	8,050,000.00 (Provision)	Return is to be submitted in due time
Total		65,362,243.90	8,808,6528.00	30,888,273.11	

(iii) Customs Duty: Custom duty is not applicable for the company.

(11) **Operating Lease during Last five years:**

The company has established its head office as well as branches on lease accommodation as below:

Sl.	Name of Office & Address	Area (Sft.)	Period of Lease	Rent per sft. (Tk.)	Monthly Amount
1	Agrabad Branch BA-Splanad (2nd floor) 143, Sk. Mujib Road, Badamtali Agrabad, Chittagong.	750	01.07.2008 to 30.06.2011	25.00	18,750.00
2	Bangshal Branch Habib Super Market (1st floor) 20/25, North South Road, Dhaka.	550	01.08.2004 to 31.07.2009	9.09	5,000.00
3	B.B. Avenue Branch 9, Dawn Plaza (8th Floor) Ramna, Dhaka.	1000	01.01.2005 to 31.12.2009	15.00	15,000.00
4	Bogra Branch Tin Patti, Santahar Road, Bogra.	583	01.05.2005 to 30.04.2010	6.00	3,500.00
5	Barisal Branch 56, Sadar Road (2nd floor), Barisal.	600	01.04.2005 to 31.03.2010	4.50	2,700.00
6	Chowmuhani Branch Golam Rahman Building (3rd fl.) Feni Road, Chowmuhani.	400	01.01.2002 to 31.12.2008	5.00	2,000.00
7	Dilkusha Branch 39, Dilkusha C/A (4th Floor) Dhaka-1000.	1000	01.01.2009 to 31.12.2009	21.00	21,000.00
8	Dinajpur Branch Zabed Super Market (1st floor) Bahadur Bazar, Dinajpur.	300	01.08.2008 to 31.07.2011	6.00	1,800.00
9	Elephant Road Branch 299, Elephant Road (3rd floor) Dhaka.	840	01.05.2006 to 31.04.2009	18.00	15,120.00
10	Feni Branch 427, Jamuna Shopping Center (2nd floor), Trunk Road, Feni.	544	01.07.2007 to 31.06.2010	6.43	3,500.00
11	Faridpur Branch Arzu Super Market (2nd floor) Mujib Road, Faridpur.	940	01.05.2005 to 30.04.2010	3.75	3,525.00
12	Gulshan Branch Darpan Complex, Plot # 2(3rd fl.) Gulshan Circle-2, Dhaka.	1250	01.10.2008 to 30.09.2011	11.20	14,000.00
13	Gabtali Branch 240/Ka, Baghbari A. Majid Khan Tower (2nd fl.) Gabtali Bus Stand, Dhaka.	750	01.01.2009 to 31.12.2014	13.33	10,000.00
14	Head Office BIWTA Bhaban (6th floor) 141-143, Motijheel C/A, Dhaka	6150	01.10.2008 to 30.09.2010	20.00	1,23,000.00
15	Hatkhola Branch 52/2, Toyenbee Circular Road (1st floor), Dhaka.	678	01.08.2006 to 30.06.2009	17.00	11,526.00
16	Imamgonj Branch 144, Mitford Road Al-Falah Building (4th fl), Dhaka.	800	01.11.2006 to 30.10.2009	18.00	14,400.00
17	Jubilee Road Branch Aziz Chamber (2nd floor) Chittagong.	660	01.04.2008 to 31.03.2010	11.50	7,590.00
18	Jenaidah Branch 17, Sher-e-Bangla Road (3rd fl.) Jenaidah.	650	01.08.2008 to 31.08.2013	5.00	3,250.00
19	Jamalpur Branch Beauty Plaza (2nd floor) Medical Road, Jamalpur.	892	01.11.2008 to 31.10.2012	5.61	5,000.00
20	Kawranbazar Branch Kazi Nazrul Islam Avenue 48,Kawranbazar(1st floor),Dhaka.	1057	01.09.2008 to 31.08.2011	18.00	19,026.00
21	Khulna Branch 7, Lower Jessore Road (2nd Fl.) Khulna.	1200	01.03.2005 to 24.02.2010	9.00	10,800.00

22	Khatungonj Branch 82, Khatungonj (2nd floor) Chittagong.	1600	01.10.2005 to 30.09.2009	8.00	12,800.00
23	Kushtia Branch Lovely Tower 55/1, Sirajuddowla Rd., Kushtia	1124	01.07.2007 to 30.06.2010	9.50	10,678.00
24	Local Office Branch 28, Dilkusha C/A (1st Floor) Dhaka-1000.	1350	01.08.2006 to 31.07.2009	31.48	42,500.00
25	Malibag Branch Manhattan Tower 83 Syddeswari (6th floor) Circular Road, Dhaka.	1000	01.09.2006 to 30.08.2009	15.00	15,000.00
26	Motijheel Branch 6, Motijheel C/A (1st floor) Dhaka.	560	01.04.2006 to 30.03.2009	19.00	10,640.00
27	Moghbazar Branch 17, Maghbazar (4th floor) New Eskaton Road, Dhaka.	950	01.05.2008 to 30.04.2010	15.00	14,250.00
28	Mohakhali Branch H # 33-36 Amtoli (2nd floor) Mohakhali, Dhaka.	446	01.05.2005 to 30.04.2008	10.00	4,460.00
29	Mymensing Branch 29/2, Madan Babu Road Atharo Bari Buidling (1st floor) Mymensing.	416	01.12.2006 to 30.11.2009	6.00	2,500.00
30	Nawabpur Branch 96-97/1, Nawabpur Road (2nd fl.) Dhakka.	400	01.05.2006 to 31.04.2009	15.00	6,000.00
31	Narayangonj Branch Farzana Tower 55/1, S.M. Maleh Rd, arayangonj	830	01.01.2006 to 30.12.2011	8.00	6,640.00
32	Narsingdi Branch C&B Road, Haq Mansion (2nd fl.) Narsingdi.	575	01.06.2006 to 31.05.2010	5.00	2,900.00
33	Paltan Branch 12/1, Purana Paltan (4th floor) Dhaka.	750	01.07.2008 to 30.06.2010	20.00	15,000.00
34	Rajuk Branch Zaman Chamber 47, Dilkusha C/A, Dhaka.	710	01.07.2008 to 30.06.2010	28.00	19,880.00
35	Rajshahi Branch Ganakpara, Ghoramara South side of Hotel Mukta Int. (1st floor), Rajshahi.	900	01.06.2008 to 31.05.2011	5.55	5,000.00
36	Rangpur Branch Q Mansion Shops Garden Station Road, Shapla Chattar Kotwali, Rangpur.	450	01.09.2006 to 31.08.2009	7.50	3,375.00
37	Toynbee Branch 29, Corner Court Toyenbee Circular Road, Dhaka.	1041	01.05.2007 to 30.04.2009	17.00	17,697.00
38	Thakurgaon Branch Chowrasta Moar Thakurgaon.	320	01.12.2008 to 30.11.2014	7.50	2,400.00
39	VIP Road Branch 36/A, Purana Paltan Lane (3rd fl.) VIP Road, Dhaka.	650	01.06.2008 to 31.05.2012	20.00	13,000.00

(12) Financial and lease commitment:

The schedule of term finance facilities of the Company is given below:

The Company purchase Four (4) motor vehicles by taking loan from Prime Bank Ltd, Islami Banking Branch, 19 Dilkusha, Dhaka and have been maintained and prepared as per BAS-17 (Lease financing). The lease assets acquired under lease capitalised. Monthly lease installments have been reduced lease liability as per deed of agreement. Details of lease of vehicles are shown as follows:-

Particulars	Total Amount
TOYOTA COROLA X LTD (1500 cc) Dhaka Metro GA=19-8218, GA=19-8219, GA=19-8411, GA=19-8452	
(1) Acquisition Cost	Tk. 49,60,000
(2) Equity participation	Tk. 14,88,000
(3) Total lease amount	Tk 34,72,000
(4) Monthly Instatement	Tk. 1,20,500
(5) Total Nos. of Instatement	36
(6) Amount paid on 25.03.2009	Tk. 21,69,000
(7) Nos. of Instatement to be paid	18

An amount of TK. 14,46,000/- (Fourteen lac forty six thousand six hundred) is adjusted as lease instatement under the head of Prime Bank Ltd., Islami Banking Branch as creditors being calculated as follows:-

Monthly Instatement	Tk. 1,20,500
Number of Month	12
Total Payment	Tk. 14,46,000

(13) Personnel Related Scheme:

The Company considers its human resources as the most valuable assets of the company and has been continuing to train, equip and groom fresh recruits for building a strong foundation. In order to enhance and advance the professional ability and knowledge of the employees, regular training programs are organized at different professional institutions. Besides, IIBL has a well-designed compensation plan for attracting highly skilled professional staff with high degree of integrity. Employee's performance is regularly evaluated and a good number of them have been promoted as reward for their good contribution to the company. The company has introduced schemes of festival bonus

(14) Break Down of IPO Expenses:

Detail of estimated Public Issue expenses are shown below:

Particulars	Basis of Calculation	Amount in Tk
Manager to the Issue Fee	50%:50% each issue Managers	550,000
Underwriting Commission	@ 0.50% on 50% of IPO amount	225,000
SEC Fee:		
Application Fee		10,000
Consent Fee	@ 0.15% on IPO amount	135,000
Fees related to the Stock Exchanges:		
Application Fee DSE		5,000
Annual Fee for DSE and CSE	@ Tk 50,000 Thousand each	100,000
Listing Fees for Stock Exchanges (DSE & CSE)	@ 0.25% on 100million and @0.15% on rest of paid up capital	650,000
CDBL Fees and Expenses:		
Security Deposit		300,000
Documentation Fee		2,500
Annual Fee	As per CDBL By-laws	50,000
Initial Public Offering Fee	@ Tk. 0.00025	22,500
Connection Fee		6,000
Commission Expenses:		
Bankers to the Issue Commission	@ 0.10% on collected amount (Estimated; to be paid at actual)	90,000
Expenses related to Printing and Publications:		
Abridged version of Prospectus and Notices	(Estimated; to be paid at actual)	250,000
Designs, Printing of Prospectus and Forms	(Estimated; to be paid at actual)	150,000
Distribution & Collection of forms and Data Processing	(Estimated; to be paid at actual)	600,000
Lottery related expenses including BUET fee	(Estimated; to be paid at actual)	200,000
Distribution of allotment letters and refund warrants	(Estimated; to be paid at Actual)	100,000
Other Expenses		50,000
TOTAL		**3,496,500**

(15) Revaluation of Company's Assets & Summary Thereof:

No revaluation has been made to the Company's assets and liabilities.

(16) Transaction between Holding/Subsidiary/Associate Company and the Issuer:

IIBL has no subsidiary Holding/Subsidiary/Associate Company. Hence no transaction has taken place.

DECLARATION FOR INSURANCE COMPANY

We hereby declare that all requirements have been made as specified in the Insurance Act, 1938 (Act No.IV of 1938) as amended have been adhered to.

Sd/- Al-haj Mohammad Sayeed Chairman	Sd/- Al-haj M. Tajul Islam Vice-Chairman	Sd/- Al-haj Md.Ismail Nawab Director
Sd/- Tofazzal Hossain Director	Sd/- Shayla Parbin Director	Sd/- Samira Azim Director
Sd/- Al-haj Md.Abdul Halim Director	Sd/- Nur Mohammad Mamun Director	Sd/- Ashma Nur Director
Sd/- Anjumon Ara Begum Director	Sd/- Al-haj Mohammad Abdul Hannan Director	Sd/- Gazi Belayet Hossain Director
Sd/- Mohammad Murtaza Kamal Director	Sd/- Nostaren Jamila Director	Sd/- Md. Abdul Matin Managing

AUDITOR'S CERTIFICATE OF ALLOTMENT OF SHARES TO PROMOTERS OF SPONSOR SHAREHOLDERS FOR ANY CONSIDERATION OTHERWISE THAN FOR CASH:

This is to certify that Islami Insurance Bangladesh Ltd. has not allotted any shares for consideration other than cash to any shareholders, including the promoters or sponsor shareholders up to 31st December 2008.

Sd/-
Mahfel Huq & Co.
Chartered Accountants

Dated, Dhaka
25.03.2009

Declaration Regarding Suppression of Material Information

This is to declare that to the best of our knowledge and belief no information, facts, circumstances, that are disclose-able have been suppressed that can change the terms and conditions under which the offer has been made to the public

Sd/-
Md. Abdul Matin
Managing Director (CC)
Islami Insurance Bangladesh Limited

DIRECTORS AND OFFICERS

DIRECTORS:

Name of Directors	Age (yrs)	Qualification	Position	Date of becoming first Director	Date of expiration of current term
Al-haj Mohammad Sayeed	38	B.A	Chairman	24.01.2002	11th AGM 2011
Al-haj M. Tajul Islam	58	B.Com (Hons) M.Com	Vice Chairman	22.12.2002	12th AGM 2012
Al-haj Md. Ismail Nawab	57	H.S.C	Director	11.02.2001	10th AGM 2010
Tofazzal Hossain	55	M.S.S	Director	24.01.2002	10th AGM 2010
Shayla Parbin	33	B.A	Director	25.10.1999	12th AGM 2012
Samira Azim	31	BBA	Director	21.03.2004	11th AGM 2011
Al-haj Md. Abdul Halim	61	S.S.C	Director	12.11.1999	12th AGM 2012
Nur Mohammad Mamun	49	H.S.C	Director	25.10.1999	12th AGM 2012
Anjumon-Ara-Begum	46	H.S.C	Director	12.11.1999	10th AGM 2010
Gazi Belayet Hossain	45	B.Sc.	Director	25.10.1999	11th AGM 2011
Ashma Nur	37	B.A	Director	12.11.1999	10th AGM 2010
Al-haj Mohammad Abdul Hannan	55	H.S.C	Director	25.10.1999	12th AGM 2012
Mohammad Murtaza Kamal	25	B.A	Director	22.10.2008	11th AGM 2011
Nostaren Jamila	42	Class -X	Director	22.10.2008	11th AGM 2011

Directors Involvement with other Organizations:

Sl.	Name of Director	Directorship /sponsorship/ownership with other companies	
1.	Al-haj Mohammad Sayeed	Mili & Associates S & S Corporation	Proprietor Proprietor
2.	Al-haj M. Tajul Islam	Fareast Islami Life Ins. Co. Ltd. Southeast University S & F. Knit Composite Ltd.	Chairman-EC Vice-Chairman Chairman
3.	Al Haj Md. Ismail Nawab	Southeast University M/S New Steel Bitan	Director Proprietor
4.	Tofazzal Hossain	National Credit & Commerce Bank Ltd. T. H Fashion New Generation Trading Agro Equipments Ltd.	Director Proprietor Proprietor Chairman
5.	Shayla Parbin	Shayla Enterprise	Proprietor
6.	Samira Azim	MARK Fabrics and Fashion Momith Fashion	Proprietor Proprietor
7.	Alhaj Md. Abdul Halim	Abdul Halim & Brothers Shahjalal Islami Bank Ltd.	Proprietor Director
8.	Nur Mohammad Mamun	Ideal Products (Pvt.) Ltd., Ideal Printers	Director Proprietor
9.	Anjumon Ara Begum	National Iron & Steels Industries Ltd. Rubaiya Vegetables Oil Industries Ltd. Rubaiya Plastics Industries Ltd. Rubaiya Banaspati Ghee Ltd.	Director Director Director Director
10.	Gazi Belayet Hossain	M/s. Belayet Navigation	Proprietor
11.	Ashma Nur	---	---
12.	Al-haj Mohammad Abdul Hannan	M/s. Abdul Hannan Mia Tamanna Dying & Printing	Proprietor Proprietor
13.	Mohammad Murtaza Kamal	Victory Associates	Proprietor
14.	Nostaren Jamila	---	--

Family Relationship between Directors & Top five Officers:

There is no family relationship between Directors and top five Officers.

Family Relationship among the Directors:

Al-haj Md. Abdul Halim Director of Islami Insurance Bangladesh Limited is brother of Al-haj Md. Ismail Nawab who is also Director of Islami Insurance Bangladesh Limited.

Short Bio-data of the Director

Al-haj Mohammad Sayeed, Chairman

Al-haj Mohammad Sayeed son of Late Mohammad Hanif was born in a reputed Muslim family of Old Dhaka in the year 1970. With a sound business background Al-haj Sayeed concentrated on indenting business in Bangladesh. He is a successful businessman in Trading Business. He is the proprietor of Mili & Associates and also proprietor of S & S Corporation. He is the Sponsor Director of Islami Insurance Bangladesh Limited. He is of pleasant personality and has contributions towards social cultural and charitable activities remarkably.

Al-haj Mohammad Sayeed has wide connection in the business sector. He visited many countries viz. India, Nepal, Thailand, China, Hong Kong, Malaysia, Singapore, Saudi Arabia, UAE, Australia, UK, USA, German, France, Switzerland etc.

Al-haj M. Tajul Islam, Vice Chairman

Al-haj M. Tajul Islam was born in the year 1949 in a respectable Muslim family at Feni. He obtained his B.Com. (Hon's) & Masters Degree from Rajshahi University in Management. Later on, he has obtained Banking Diploma from the Institute of Bankers Bangladesh. He is the Vice Chairman, Advisory Committee of Jubo Academy. He is the Chairman of Executive Committee of Fareast Islami Life Insurance Company Limited and Chairman of S & F Knit Composite Ltd., Vice Chairman Board of Governors of Southeast University etc.

He started his carrier as Class One Gazetted Officer of Government of the People's Republic of Bangladesh. He also served Bangladesh Institute of Bank Management as Senior Faculty Member and Islami Bank Bangladesh Limited as Sr. Executive for a quite long time. He is an eminent Banker, Economist, Writer, Essayist and Social Worker. His innumerable valuable Articles were published in different Journals and Daily Newspapers. He is engaged in business in different sectors like Investment, Insurance and Consultancy. He visited many countries viz. India, Thailand, Honk Kong, Singapore, Malaysia, Indonesia, Saudi Arabia, Iran, U.A.E. England, Germany, Belgium, Sweden etc. and attended many National and International Training Courses, Seminars and Symposium home and abroad.

Al-haj Md. Ismail Nawab, Director

Al-haj Md. Ismail Nawab is a successful Businessman. He is a Director of South East University and proprietor of M/S New Steel Betan and Member of Executive Committee of Bangshal Primary School. Al-haj Nawab is associated with many social welfare activities. He is also Member of Executive Committee of Dhaka Samity.

Al-haj Nawab hails from a respectable Muslim family of Old Dhaka. He is 57 years old and is a Bangladeshi National. He is the Director of Islami Insurance Bangladesh Limited.

Mr. Tofazzal Hossain, Director

Mr. Tofazzal Hossain is the Chairman, Executive Committee of Islami Insurance Bangladesh Limited and a distinguish Businessman. Mr. Hossain was born in 1952 at Majlishpur under Feni District in a renowned Muslim family. He has completed his MSS (Political Science) Degree from the University of Dhaka. After completing his higher education he has started his long cherished business profession. To perform his business accurately he did many business oriented technical courses viz. RMG Production Management Course, Trading & Wholesaling and Real Estate & Housing etc.

He himself is involved in many Business firms. He is the Sponsor Director of National Credit and Commerce Bank Ltd. and Agro Equipments Ltd., He is the proprietor of New Generation Trading and T. H. Fashion.

Mr. Hossain is the founder of Mr. Tofazzal Hossain High School and Motua Madrasha in Feni. He is life time member of Feni Diabetics Samity, Feni and Feni Samity, Dhaka. He is also the member of Centre for Strategic and Peace Studies (CSPS), Dhaka, Capital Recreation Ltd. Dhaka and Bangladesh Insurance Association, Dhaka etc. He is the donor of Tofazzal Hossain Britty Prakalpa, Feni.

Mr. Hossain is related with Independent University and Islamic University, Dhaka. He is also very spontaneously involved with various philanthropic organizations. He is associated with socio-cultural organization and social welfare activities. Mr. Hossain frequently visited and is visiting throughout the world for business and other purposes. He has visited many countries of the world including India, Nepal, Singapore, Hong Kong, USA, Canada, England, Germany, Pakistan, Taiwan, Malaysia, Korea, Thailand, China, Indonesia, KSA, UAE etc.

Mrs. Shayla Parbin, Director

Mrs. Shayla Parbin is a successful business personality. She is a proprietor of Shayla Enterprise. She is a member of Chamber of Commerce, Chittagong and also member of Ma & Shisu Hospital, Chittagong. Mrs. Shayla Parbin is a Director of Islami Insurance Bangladesh Limited. She is 33 years old and is a Bangladeshi National.

Mrs. Samira Azim, Director

Mrs. Samira Azim, daughter of Colonel (Rtd.) M Anwar-ul-Azim Ex M.P. was born in a respectable Muslim family in Dhaka. She has completed BBA from IUBAT and after that she has engaged herself into business. She owns the business firm- MARK Fabrics & Fashion and Momith Fashion. Traveling is her hobby. She traveled many countries viz. United Kingdom, Singapore, KSA, India, Thailand, Nepal, Malaysia and Indonesia etc. and gathered a vast knowledge from her traveling. She is 31 years old and is a Bangladeshi Nation.

Al-haj Md. Abdul Halim, Director

Al-haj Md. Abdul Halim is a successful Businessman. He is the proprietor of Abdul Halim & Brothers. He is a Sponsor Director of Shahjalal Islami Bank Ltd. He is also Director of Islami Insurance Bangladesh Limited. Mr. Halim hails from a respectable Muslim family of Old Dhaka. He is 61 years old and is a Bangladeshi national.

With a sound business background Mr. Halim concentrated on business in Bangladesh. He is also associated with Social Welfare activities.

Mrs. Anjumon-Ara-Begum, Director

Mrs. Anjumon-Ara-Begum, wife of Mr. Harun-or-Rashid was born in a respectable Muslim family in Chittagong. She is involved in numerous social welfare activities. She is the Director of Rubaiya Vegetables Oil Industries Ltd. and National Iron & Steel Industries Ltd., Rubaiya plastic industries Ltd., Rubaiya Banaspoti Ghee Ltd. She visited many countries viz. India, Thailand, Nepal, Singapore, KSA etc.

Mr. Gazi Belayet Hossain, Director

Mr. Gazi Belayet Hossain is a dignified member of respectable Muslim family of Dohar Upazila under Dhaka district. He is 45 years old.

Mr. Hossain, just after completion of his higher education as Mechanical Engineer, started business in the year 1986 under the name and style of Belayet Navigation of which he is the Chief Executive Officer. Mr. Gazi Belayet is the General Secretary of Bangladesh Cargo Vessel Owners Associations. He is a general Body Member of FBCCI. With a sound business background Mr. Belayet concentrated on shipping business.

Mr. Hossain is the major donor of Old Homes (Mohammadpur), a charitable organization established to help the helpless elders of the society. He is a Life Member and permanent donor of Anjuman-e-Mofidul Islam. He is also very actively associated with many other diversified philanthropic organizations throughout the country and is equally prominent in the Socio-cultural fields.

Mr. Hossain has extensively visited many countries of the world including USA, UK, Germany, France, Kingdom of Saudi Arabia, Kuwait, UAE, Philippines, Brunei, Indonesia, Hong Kong, Malaysia, Singapore, Thailand, India, Pakistan etc.

Mr. Nur Mohammad Mamun, Director

Mr. Nur Mohammad Mamun is a leading personality in the field of Paper & Printing Products. He is the Sponsors Director of Islami Insurance Bangladesh Limited . He is a successful businessman.

Mr. Mamun hails from a respectable Muslim family of Dhaka. He is 49 years old and is a Bangladeshi National. He is the Director of Ideal Products (Pvt.) Ltd. and also proprietor of Ideal Printers. He traveled many countries viz. USA, Canada, England, Germany, Belgium, France, Netherlands, Indonesia, Singapore, Hong Kong, Malaysia, Thailand, China, India.

Al-haj Mohammad Abdul Hannan, Director

Al-haj Mohammad Abdul Hannan is a successful businessman in the field of Dying and Printing. He is the Proprietor of M/s. Abdul Hannan Mia and Tamanna Dying & Printing. Mr. Hannan is a Distributor of BCIC (Fertilizer). He is a member of Jamea Kashemia Trusty. He is also Vice President of Narsingdi Nooria Islamia Madrasa.

He hails from a reputed Muslim family of Narsingdi. He is 55 years old and is a Bangladeshi national. He is a Director of Islami Insurance Bangladesh Limited.

Mrs. Ashma Nur, Director

Mrs. Ashma Nur, daughter of Mr. Belayet Hossain was born in a respectable Muslim Family in Begumgonj, Noakhali. She has completed her Graduation Degree under Dhaka University. She is a Director of Islami Insurance Bangladesh Limited. Mrs. Ashma Nur is 37 years old and is a Bangladeshi national.

Mr. Mohammad Murtaza Kamal, Director

Mr. Mohammad Murtaza Kamal son of Mr. Abul Kalam was born in 22nd December, 1985 in a respectable Muslim family in Chittagong. He is a renowned businessman. He has started his business after completion of his education. Mr. Murtaza Kamal is the Proprietor of M/s. Victory Associates. He visited many countries viz. Singapore, Thailand, K.S.A, U.A.E, China etc. for business purpose.

Mrs. Nostaren Jamila, Director

Mrs. Nostaren Jamila daughter of Hajee Mohammad Osman was born on 20th October 1967 in a respectable Muslim family in Chittagong. She is involved in social welfare activities. She is a Director of Islami Insurance Bangladesh Limited. Her husband is Janab Noor Mohammed who is a successful businessman in the field of Trading, Export and Import.

CIB STATUS:

Neither Islami Insurance Bangladesh Limited nor any of its Sponsors or Directors or associates is defaulter with any Bank or Financial institution in terms of the report of Credit Information Bureau (CIB) of the Bangladesh Bank.

Description of Top Executives and Officers:

Sl.	Name	Educational Qualification	Position	Date of Joining in Company	Last 5 years experience
1	Mr. Md. Abdul Matin	M. Com.	Managing Director (CC)	01.04.2000	IIBL
2	Mr. Md. Mujibur Rahman	B.S.S	Additional Managing Director	01.07.2008	IIBL & Northern Insurance
3	Mr. Shamsul Huda	M.A	Executive Vice President	22.11.1999	IIBL
4	Mr. Muhammad Nurul Alam Chowdhury	B.Com. (Hons) M.Com.	Sr. Vice President & Company Secretary	22.11.1999	IIBL
5	Mr. Nazim Uddin	B.Com. (Hons) M.Com.	Sr. Vice President (U/W)	22.11.1999	IIBL
6	Mr. Syed Mohammad Emdad Ullah	B.Com. (Hons) M.Com.	Sr. Vice President (F & A)	15.09.2005	IIBL & Dhaka Ins.
7	Mr. M.A. Hakim	B.Com. (Hons) M.Com.	Sr. Vice President (Audit & Recovery)	01.06.2004	IIBL & Central Ins.
8	Mr. Md. Zillur Rahman	B.Com. (Hons) M.Com.	Vice President (Re-Insurance)	18.11.1999	IIBL
9	Mr. Mohammad Alamgir Kabir	B.Sc	Assistant Vice President (Claims)	16.04.2005	IIBL & Karnafuli Ins.

INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

No Officer or Director of the company was involved in any of the following types of legal proceedings in the past ten years:

1) Any bankruptcy petition filed by or against any company of which any Officer or Director or Nominee of the company filling the prospectus was a Director, Officer or general partner at the time of the bankruptcy or within two years prior to that time;

2) Any conviction of an Officer, Director or Nominee in the criminal proceedings or any criminal proceedings pending against him;

3) Any order, judgment or decree of any Court of competent jurisdiction against Officer, Director or Nominee permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any Officer or Director or Nominee in any type of business, securities or banking activities.

4) Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any Officer or Director or Nominee in any type of business securities or banking activities.

CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

The Company does not have any special arrangement/commitment with its directors and there was no such transaction during the last 3 (three) years. Neither proposed any transaction nor had any transaction during the last two years with following related parties:

(a) Any Director or Executive officer of the company.
(b) Any nominee for director or officer.
(c) Any person owning 5% or more of the outstanding share capital of the company.
(d) Any member of the immediate family (including spouse, parents, brother, sister, children and in laws) of any of the above person.
(e) No transaction or arrangement entered into by the company for a person who is currently a director or in any way connected with a director of either the company or who was a director or connected in any way with a director at any time during the last three years prior to the publication of the prospectus.

Loan status
The Company did not take or give any loan from any Director or any person connected with any Director nor did any Director or any person connected with any Director.

Directors holding any position apart from the company
The information is already included in directors and officers part of the prospectus.

Directors' Facilities during Prospectus Publication
Facilities whether pecuniary or non-pecuniary enjoyed by the Directors will remain unchanged during the publication period of the Prospectus. Interest and facility is already disclosed in Executive Compensation of the Prospectus.

EXECUTIVE COMPENSATION

1. Remuneration paid to top five Executives in the last accounting year

(Amount in Taka)

Sl. No.	Name	Position	Remuneration in Tk. for the year 2008
1.	**Mr. Md. Abdul Matin**	Managing Director (CC)	827,400.00
2.	**Mr. Md. Mujibur Rahman**	Additional Managing Director	300,000.00
3.	**Mr. Shamsul Huda**	Executive Vice President	378,300.00
4.	**Mr. Nazim Uddin**	Senior Vice President (U/W)	481,340.00
5.	**Mr. Muhammad Nurul Alam Chowdhury**	Sr. Vice President & Company Secretary	445,590.00

2. Aggregate Amount of Remuneration paid to Directors & Officers

(Amount in Taka)

SL.	Name	31.12.2008
01.	Director's fee	1,604,250.00
02.	Chief Executive's Salary and fees	8,27,400.00
03.	Salaries, wages and allowances	36,006,617.00

- No remuneration was paid to any director who was not an officer during the last accounting year.
- There is no contract with any director, officer for future compensation.

Pay Increase Intention
Besides normal increment, there is no additional increment facility in the company.

Option Granted To Officers, Directors and Employees

The Company has not granted any option to officers, directors and employees. The Company has also no intention to substantially increase the remuneration paid to its officers and directors in the current year except normal increment.

Transactions with the Directors and Subscribers to the Memorandum

(a) The directors and subscribers of the Company have not received any benefits other than Dividend and Meeting attendance fees, and the Company also has not received anything from its director's and subscribers except fund against allotment of Shares.

(b) Promoters have not transferred any asset to the Company but deposited share money as required. The Company acquired assets by investing its own funds.

TANGIBLE ASSETS PER SHARE

(Amount in Taka)

Particulars	31.12.2008
Investments (at Cost)	13,770,000
Interest, Dividend & Rent Outstanding	10,127,379
Amount Due From Other Persons or Bodies Carrying on Insurance Business	8,955,077
Sundry Debtors	5,860,221
Cash and Bank Balances	170,661,709
Fixed Asset	25,469,810
Land	900,000
Security Deposit	505,000
Stamps in Hand	993,641
Stock of Printing & Stationery Materials	585,498
Total Tangible Assets (A)	**237,828,335**
Proposed Dividend	6,000,000
Balance of Funds and Accounts	55,264,901
Deposit Premium	2,149,668
Liabilities & Provisions	69,984,489
Provision for Taxation	7,470,864
Sundry Creditors	9,885,266
Total Liabilities (B)	**150,755,188**
Net Tangible Assets (A-B)	**87,073,147**
Number of shares (C)	**600,000**
Tangible Asset Per Share (A-B)/C	**145.12**

The Net Tangible Asset baking per unit of share is Taka **145.12.**

Sd/-
Mahfel Haq & Co.
Chartered Accountants
Dated: May 26, 2009

OWNERSHIP OF THE COMPANY'S SECURITIES

Sl No.	Name	Status	Nos. of Shares	Amount of Shares	Percentage
1.	**Al-haj Mohammad Sayeed**	**Chairman**	20,000	2,000,000	3.34%
2.	**Al-haj M. Tajul Islam**	**Vice-Chairman**	20,000	2,000,000	3.34%
3.	**Al-haj Md. Ismail Nawab**	**Director**	20,000	2,000,000	3.33%
4.	**Mr. Tofazzal Hossain**	**Director**	30,000	3,000,000	5.00%
5.	**Mrs. Shayla Parbin**	**Director**	20,000	2,000,000	3.33%
6.	**Mrs. Samira Azim**	**Director**	20,000	2,000,000	3.33%
7.	**Al-haj Md. Abul Halim**	**Director**	20,000	2,000,000	3.33%
8.	**Mr. Nur Mohammad Mamun**	**Director**	30,000	3,000,000	5.00%
9.	**Mrs. Ashma Nur**	**Director**	20,000	2,000,000	3.33%
10.	**Mrs. Anzumon Ara Begum**	**Director**	65,000	6,500,000	10.83%
11.	**Al-haj Mohammad Abdul Hannan**	**Director**	20,000	2,000,000	3.33%
12.	**Mr. Gazi Belayet Hossain**	**Director**	30,000	3,000,000	5.00%
13.	**Mr. Mohammad Murtaza Kamal**	**Director**	30,000	3,000,000	5.00%
14.	**Mrs. Nostaren Jamila**	**Director**	20,000	2,000,000	3.33%
15.	**Mr. Shabbir Ahmed**	**Shareholder**	20,000	2,000,000	3.33%
16.	**Mr. Talha Ahmed**	**Shareholder**	20,000	2,000,000	3.33%
17.	**Mr. Farhadul Islam Shabbir**	**Shareholder**	20,000	2,000,000	3.33%
18.	**Al-haj Mohiuddin Ahmed**	**Shareholder**	20,000	2,000,000	3.34%
19.	**Mrs. Farhana Alam**	**Shareholder**	100,000	10,000,000	16.67%
20.	**Mrs. Mahmuda Nasim**	**Shareholder**	20,000	2,000,000	3.34%
21.	**Mrs. Imrana Harun**	**Shareholder**	20,000	2,000,000	3.34%
22.	**Mrs.Afroza Parveen**	**Shareholder**	5,000	500,000	0.83%
23.	**Mr. Saleh Johur Mia**	**Shareholder**	10,000	1,000,000	1.67%
Total			**600,000**	**60,000,000**	**100%**

- **Top ten officers of the company hold no share.**

SHAREHOLDERS SHAREHOLDING 5% OR MORE

Sl No	Name	Status	Nos. of Shares	Amount of Shares	Percentage
1.	Mr. Tofazzal Hossain	Director	30,000	3,000,000	5%
2.	Mr. Nur Mohammad Mamun	Director	30,000	3,000,000	5%
3.	Mrs. Anjumon Ara Begum	Director	65,000	6,500,000	10.83%
4.	Mr. Gazi Belayet Hossain	Director	30,000	3.000,000	5%
5.	Mr. Mohammad Murtaza Kamal	Director	30,000	3,000,000	5%
6.	Mrs. Farhana Alam	Shareholder	100,000	10,000,000	16.67%

DETERMINATION OF OFFERING PRICE

The offering price of ordinary share of Islami Insurance Bangladesh Ltd. has been determined by assessing the book value per share as of December 31, 2008. Based on the financial statement for the year ended December 31, 2008. The calculation is as follows:

Shareholder's Equity	31.12.2008
Share Capital	60,000,000.00
Reserve for Exceptional losses.	23,000,000.00
General Reserve	3,500,000.00
Balance of profit & loss appropriation A/C	573,146.87
Total Shareholders Equity	**87,073,146.87**
No. of Shares of Taka 100.00 each	600,000
Book Value per share of Taka 100.00 each	145.12

Sd/-
Mahfel Haq & Co.
Chartered Accountants
Dated: March 25, 2009

Net asset Value per share of Tk. 100.00 each is Tk. 145.12 that is higher than the face value, but the company is offering its issue price at Tk. 100.00 each share at par.

MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to all the stock exchanges in Bangladesh within seven working days from the date of consent accorded by the Commission to issue prospectus.

Dhaka Stock Exchange Limited (DSE)
9/F, Motijheel C/A, Dhaka-1000
And
Chittagong Stock Exchange Limited (CSE)
CSE Building, 1080 Sk. Mujib Road,
Agrabad C/A, Chittagong

"Declaration about Listing of Shares with the stock exchange (s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money."

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the share of the company.

DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

Dividend, Voting, Preemption Right:

The share capital of the Company is divided into ordinary shares carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the Company. Shareholders shall have the usual voting right in person or by proxy in connection with, among others, selection of Directors& Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand every shareholder present and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him/her.
In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

Conversion & Liquidation Right:

If the company at any time issues convertible preference shares or Debenture with the consent of SEC, such holders of Securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.
Subject to the provisions of the Companies Act, 1994, Articles of Association of the Company and other relevant Rules in force, the Shares, if any, of the Company are freely transferable, the Company shall not change any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mental health.

Dividend Policy

a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the Shares held by them respectively.

b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net Profit of the Company shall be conclusive.

c) No dividend shall be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.

d) The Directors may, from time to time, pay the members such interim dividend as in their Judgment the financial position of the Company may justify.

e) A transfer of Shares shall not pass the right to any dividend declared thereon before the registration of transfer.

f) There is no limitation on the payment of dividend.

OTHER RIGHTS OF STOCK HOLDERS

The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the company from time to time. The Directors shall present the financial statements as required under the Law and International Accounting standards. Financial Statements will be prepared in accordance with International Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the Financial and operational position of the Company.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it in proportion to their shareholdings on the date of book closure for the purpose.

The shareholders holding not less than 10% of the issued/fully paid up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the Company as provided under Section 84 of the Companies Act, 1994.

DEBT SECURITIES

Islami Insurance Bangladesh Limited has not issued any Debt Securities and has no plan to issue within next six months.

FINANCIAL STRUCTURE

Particular	Capital in Taka
Authorized Capital 2,500,000 Shares @ Taka 100/- per share	250,000,000
Issued & Fully Paid up Capital	
600,000 ordinary Shares @ Taka 100/- per share	60,000,000
IPO (Initial Public Offering)	
900,000 ordinary Shares @ Taka 100/- each at par	90,000,000
After IPO	**150,000,000**

LOCK-IN ON SPONSOR'S CAPITAL

All issued shares of the issuer at the time of according consent to the public offering shall be subject to a lock- in of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who has subscribed to the shares of the Company within immediatepreceeding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

Sl.	Name of the Directors/Shareholders	Position	Folio No.	Shareholding	Percentage
01	Al-haj Mohammad Sayeed	Chairman	21	20,000	3.34%
02	Al-haj M. Tajul Islam	Vice Chairman	24	20,000	3.34%
03	Al-haj Md. Ismail Nawab	Director	18	20,000	3.33%
04	Mr. Tofazzal Hossain	Director	22	30,000	5.00%
05	Mrs. Shayla Parbin	Director	10	20,000	3.33%
06	Mrs. Samira Azim	Director	25	20,000	3.33%
07	Al-haj Md. Abdul Halim	Director	12	20,000	3.33%
08	Mr. Nur Mohammad Mamun	Director	09	30,000	5.00%
09	Mrs. Ashma Nur	Director	14	20,000	3.33%
10	Mrs. Anjumon Ara Begum	Director	13	65,000	10.83%
11	Al-haj Mohammad Abdul Hannan	Director	07	20,000	3.33%
12	Mr. Gazi Belayet Hossain	Director	03	30,000	5.00%
13	Mr. Mohammad Murtaza Kamal	Director	27	30,000	5.00%
14	Mrs. Nostaren Jamila	Director	28	20,000	3.33%
15	Mr. Shabbir Ahmed	Shareholder	16	20,000	3.33%
16	Mr. Talha Ahmed	Shareholder	17	20,000	3.33%
17	Mr. Farhadul Islam Shabbir	Shareholder	20	20,000	3.33%
18	Al-haj Mohiuddin Ahmed	Shareholder	23	20,000	3.34%
19	Mrs. Farhana Alam	Shareholder	01	100,000	16.67%
20	Mrs. Mahmuda Nasim	Shareholder	15	20,000	3.34%
21	Mrs. Imrana Harun	Shareholder	19	20,000	3.34%

22	Mrs. Afroza Parveen	Shareholder	08	5,000	0.83%
23	Mr. Saleh Johur Mia	Shareholder	26	10,000	1.67%
Total				**600,000**	**100.00%**

As per condition of the 2CC of the consent letter above shares will be locked-in from 9th July 2009 to 8th July 2012

Refund of subscription money

In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

The City Bank Limited
Southeast Bank Limited
Dhaka Bank Limited
National Bank Limited
Investment Corporation Of Bangladesh
One Bank Limited,
Standard Bank Limited
Bank Asia Limited
Social Islami Bank Ltd.
National Credit & Commerce Bank Ltd.

Otherwise, refund will be made only through "Account Payee" cheque(s) with Bank account number name of Bank and branch as mentioned in the application payable at Dhaka, Chittagong and all over the country, as the case may be.

For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

Subscription by and refund to non-resident Bangladeshi (NRB):

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only".

2. The value of securities applied for by such person may be paid in Taka or US dollar or UK pound sterling or EURO at the rate of exchange mentioned in the securities application form.

3. Refund against oversubscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue and other banks as mentioned below, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms.

ALLOTMENT

The company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be. A compliance report in this regard shall be submitted to the Commission within 6(six) weeks from the date of closure of subscription.

AVAILABILITY OF SECURITIES

a)	10% of the Issue i.e 90,000 ordinary Shares @ Taka 100/- each shall be reserved for Non-resident Bangladeshis.	Tk. 9,000,000.00
b)	10% of the Issue i.e 90,000 ordinary Shares @ Taka 100/- each shall be reserved for Mutual Funds and collective investment schemes registered with the Commission.	Tk. 9,000,000.00
c)	The remaining 80% i.e. 720,000 Ordinary Shares @ Taka 100/- each shall be open for subscription by the general public.	Tk. 72,000,000.00
Total		**Tk.90,000,000.00**

(1) 10% of total public offering shall be reserved for non-resident Bangladeshi **(NRB)** and 10% for **mutual funds** and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public.

(2) All securities as stated in sub-rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the Securities and Exchange Commission.

(3) In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.

(4) In case of under-subscription under any of the 10% categories mentioned in sub-rule (1), the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.

(5) In case of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).

(6) The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

APPLICATION FOR SUBSCRIPTION

01. Application for shares may be made for a minimum lot of 50 (Fifty) ordinary shares to the value of **Tk. 5,000.00** and should be made on the Company's Printed Application forms. Application forms and the Prospectus May be obtained from the Registered Office of the Company, members of the Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants May use photocopied/cyclostyled/ handwritten/ typed copies of the forms. Application must not be for less than 50 shares. Any application not meeting the criterion will not be considered for allotment purpose.
02. Joint application form for more than two persons will not be accepted. In the case of a joint application each party must sign the application form.
03. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and Limited Companies must be accompanied by Memorandum and Articles of Association.
04. **An applicant can NOT submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the Commission.**
05. Bangladeshi nationals (including non resident Bangladeshis residing/working aboard) and Foreign nationals shall be entitled to apply for shares.
06. Payment for subscription by investor other than Non-Resident Bangladeshi may be made to the said branches/office of the bank mentioned below in cash /cheque/pay order /Bank Draft.

The Cheque or Pay order or Bank Draft shall be made payable to the bank to which it is sent and be marked "**Islami Insurance Bangladesh Limited"** and shall bear the crossing " **Accounting Payee only**" and must be drawn on a Bank the same town of the bank to which application from is deposited.

08. All completed Application forms, together with remittance for the full amount payable on Application, shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.

09. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a Bank payable at Dhaka, or through a nominee (including a bank or a company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of Securities applied for. The value of Securities applied for may be paid in Taka, US Dollar or UK Pound Sterling at the rate of exchange mentioned in the Share Application Form. Refund against over subscription of Shares shall be made in the currency in which the value of Shares applied for was paid by the applicant. Share Application Form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its Registered Office. Copies of Application Form and Prospectus shall be available with Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the company, Issue Manager, DSE, CSE and the SEC.

10. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis) by the Bankers to the Issue will be remitted to the Company's STD Account No. 13100000874 with Southeast Bank Ltd, Motijheel Branch (Islamic Banking), Dhaka-1000, for the purpose.

11. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling shall be deposited to " FC Account(s) for IPO. In case of over subscription, refund shall be made by the Company out of the " FC Account(s) for IPO". The Company has open only one **FC Account for IPO" in US Dollar A/C no. 15100000198, in UK Pound Sterling A/C no. 16200000021, in Euro A/C no. 15100000209 with a Bank** on approval of Prospectus by SEC and these Accounts will be closed after refund of oversubscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

UNDERWRITERS OBLIGATION

As per Securities and Exchange Commission's guideline 50% of the **Public Offer of 9,00,000** ordinary share i.e., 450,000 ordinary shares of TK. 100.00 each at par i.e., for TK. 450,00,000.00 will be Underwritten at a rate of 0.50% (underwriting commission) by the following Underwriters for the IPO of **Islami Insurance Bangladesh Limited.** No additional commission will be paid on the amount of shares required to be subscribed by the underwriter.

SL. No.	Name of Underwriter	Number of Share	Amount@Tk.100 per share
1.	Social Islami Bank Limited	100,000	10,000,000
2.	Southeast Bank Limited	100,000	10,000,000
3.	Bay Leasing & Investment Ltd.	100,000	10,000,000
4.	Bangladesh General Insurance Com. Ltd.	75,000	7,500,000
5.	Fidelity Assets & Securities Co. Ltd.	50,000	5,000,000
6.	Banco Trans World (BD) Ltd.	25,000	2,500,000
	Total	**450,000**	**45,000,000**

If and to the extent that the Shares offered to the public through a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not so subscribed within the closing date and to pay for in cash in full, inclusive of any premium, if applicable, for such unsubscribed Shares within 15 (fifteen) days after being called upon to do so. If payment is made by Cheque/Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards underwriting commitment under this agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited. In any case within 7 (seven) days after expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters, to the Commission. In the case of failure by the underwriter to pay for the Shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any Issue, until such time as he fulfills his underwriting commitment under this Agreement and also other penalties as may be determined by the Commission.

CORPORATE INFORMATION

MANAGERS TO THE ISSUE	**AAA Consultants & Financial Advisers Limited** Amin Court, 4th Floor (Suit#404), 31,Bir Uttam Shahid Ashfaqueus Samad Road (Previous 62-63, Motijheel C/A) Dhaka-1000 **Bay Leasing and Investment Limited** Printers building (7th floor), 5, Rajuk Avenue, Motijheel C/A., Dhaka-1000.
AUDITOR	**Mahfel Haq & Co.** Chartered Accountants
TAX ADVISOR	**Mahfel Haq & Co.**
BANKER	**Southeast Bank Limited**
COMPANY'S COMPLIANCE OFFICER	**Muhammad Nurul Alam Chowdhury** Senior Vice President & Company Secretary
COMPLIANCE OFFICER OF MANAGER TO THE ISSUE	**Mohammad Hamdul Islam** Assistant Manager AAA Consultants & Financial Advisers Limited

All investors are hereby informed by the Company that it has appointed a Compliance Officer who may be contacted in case of any Pre-Issue / Post Issue related problems such as, non-receipt of letters of allotment /Share Certificates/Refund warrants/Cancelled Stock Investors, etc.

MATERIAL CONTRACTS

The following are material contracts in the ordinary course of business, which have been entered into by the Company.

a) Underwriting Agreement between the Company and the Underwriters.

b) Issue Management Agreement between the Company and the Managers to the Issue, AAA Consultants & Financial Advisers Limited and Bay Leasing and Investment Limited.

c) Contract between the company and the Central Depository Bangladesh Ltd. (CDBL).

Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

BANKERS TO THE ISSUE

Southeast Bank Limited

1. Principal Br, Dhaka
2. Corporate Br., Dhaka
3. Imamgonj Br., Dhaka
4. Dhanmondi Br., Dhaka
5. Uttara Br., Dhaka
6. New Elephant Rd. Br, Dhaka
7. Gulshan Br., Dhaka-1212.
8. Kakrail Br., Dhaka
9. Banani Branch, Banani, Dhaka
10. Bangshal Br, North South Rd, Dhaka
11. New Eskaton Br. Dhaka.
12. Agargaon Br. Dhaka. ,
13. Motijheel Br., Motijheel C/A, Dhaka
14. Shymoli Br., Dhaka
15. Aganagar Br., Dhaka
16. Kawran Bazar Br., Dhaka
17. Madhabdi Br. (Rural), Dhaka
18. Ashulia Br.(Rural), Dhaka
19. Narayanganj Br., Narayanganj
20. Joypara Br. (Rural), Dohar, Dhaka
21. Savar Br. Dhaka
22. Mouchak Br., Dhaka
23. Konabari Br.(Rural), Dhaka
24. Bandar Bazar Br. Sylhet
25. Moulivi Bazar Br., Sylhet
26. Hetimganj Br., Sylhet
27. Chouhatta br. Choutatta, Sylhet
28. Laldighirpar Br., Sylhet
29. Shahjahaj Upashahar Br. Sylhet
30. Kulaura Br.(Rural), Sylhet
31. Pathantula Br., Sylhet
32. Agrabad Br., Chittagong
33. Khatungonj Br., Chittagong
34. Jubilee Road Br., Chittagong
35. Halishahar Br, Chittagong
36. Chowmuhani Br, Chittagong
37. CDA Avenue Br., Chittagong
38. Cox's Bazar Br., Cox Bazar.
39. Chagalnaya Br. (Islami Banking), Feni
40. Feni Branch, Feni,
41. Pahartali Br, Chittagong
42. Bashurhat Br.(Rural), Noakhali
43. Momin Road Br., Chittagong
44. Rangpur Br., Rangpur
45. Bogra Br., Bogra
46. Khulna Br., Khulna

Social Islami Bank Limited

1. Principal Branch, Dhaka
2. Agrabad Branch, Chittagong
3. Khulna Branch, Khulna
4. Sylhet Branch, Ambarkhana, Sylhet
5. Rajshahi Branch, Rajshahi
6. Gulshan Branch, Gulshan, Dhaka
7. Babu Bazar Branch, Dhaka
8. Moulvi Bazar Branch, Dhaka
9. Bogra Branch, Boragola, Bogra
10. IDB Bhaban Branch, Dhaka
11. Sonargaon Branch, Sonargaon
12. Foreign Exchange Branch, Dhaka
13. Dhanmondi Branch, Dhaka
14. Jubilee Road Branch, Chittagong
15. Uttara Branch, Dhaka
16. Mirpur Branch, Dhaka
17. Banani Branch Dhaka
18. Savar Br. Savar

National Credit and Commerce Bank Ltd.

1. Motijheel Br., Motijheel C/A, Dhaka
2. Moghbazar Br., Dhaka
3. Dilkusa Br., Dilkusa C/A, Dhaka
4. Mirpur Br. Dhaka
5. Dhanmondi Br., Dhaka
6. Gulshan Br., Dhaka
7. Bogra Br., Jhawtola, Bogra
8. Malibagh Br., Dhaka
9. Uttara Br., Dhaka
10. Nawabpur Br., Dhaka
11. Khatungonj Br., Chittagong
12. O.R. Nijam Road Br., Chittagong
13. Jubilee Road Branch, Chittagong
14. ChowmuhuniBr.,Noakhai
15. Agrabad Road. Chittagong
16. Laldighirpar Br., Sylhet
17. Elephant Road Br. Dhaka
18. Rangpur Br, Rangpur
19. Rajshahi Br, Rajshshi
20. Khulna Br, Khulna
21. Jessore Br. ,Jessore

National Bank Ltd.

1. Agrabad BR. Chittagong
2. Anderkillah Br. Chittagong
3. Babubazar Br, Dhaka
4. Banani Branch, Dhaka
5. Bangsal Road Br., Dhaka
6. Barishal Br, Barashal
7. Bogra Br, Bogra
8. Chawk Bazar Br.,Chittagong
9. Comilla Br. Comilla
10. Cox' Bazar Br. Cox' Bazar
11. Dhanmondi Br., Dhaka
12. Dilkusha Br. , Dhaka
13. Elephant Road Br. Dhaka
14. Faridpur Br., Faridpur
15. Feni Br., Feni
16. Foreign Exchange Br.Dhaka
17. Gazipur Br., Gazipur
18. Gulshan Br. Dhaka
19. Imamgonj Br, Dhaka
20. Islampur Br., Dhaka
21. Jatrabari Br. Dhaka
22. Jubilee Road Br.Chittagong
23. Kawran Bazar Br., Dhaka
24. Katunganj BR. Chittagong
25. Khulna Br, Khulna
26. Lake Circus Br. Dhaka
27. Malibagh Br. Dhaka
28. Mirpur Br. Dhaka
29. Mohakhali Br. DHAKA
30. Mohammadpur Br. Dhaka
31. Motijheel Br., Dhaka
32. Narayangonj Br. N'gonj
33. Narsingdi Br, Narsingdi
34. North brook Hall Br. Dhaka
35. Pahartoli BR. Chittagong
36. Pragati Sarani Br. Dhaka
37. Rajshahi Br, Rajshshi
38. Rangpur Br, Rangpur
39. Savar Bazar Br. Savar
40. Sheikh Muzib Road Br. Chittagong
41. Sylhet Br. Sylhet
42. Tangail Br, Tangail
43. Uttara Br. Dhaka
44. Z.H .Sikder M.C.Br. Dhaka

Standard Bank Limited

1. Principal Branch, Dhaka
2. Foreign Exchange Br. Dhaka
3. Topkhana Road Dhaka
4. Imamgong br, Dhaka
5. Gulshan Br. Dhaka
6. Dhanmondi Br, Dhaka
7. Mirpur Br. Dhaka
8. Uttara Br. Dhaka
9. Gulshan -1 Br. Dhaka
10. Panthapath Dhaka
11. Banani Branch Dhaka
12. Narayangong Br,
13. Munshikhula Br, Dhaka
14. Jubilee Road Br. Dhaka
15. Agrabad Road. Chittagong
16. Khatungong Br, Chittagong
17. CDA Avenue Br.Chittagong
18. EPZ Br. Chittagong
19. Bahaddar Hat Br.Chittagong
20. Sylhet Br, Sylhet
21. Khulna Br, Khulna
22. Rajshahi BR. Rajshahi
23. Jessore Br, Jessore
24. Barisal Br. Barisal

Bank Asia Limited

1. Principal Office Br., Dhaka
2. MCB Dilkusha Br., Dhaka
3. Corporate Br., Dhaka
4. Scotia Br., Dhaka
5. Gulshan Br., Dhaka
6. MCB Banani Br., Dhaka
7. Uttara Br., Dhaka
8. Mitford Br., Dhaka
9. North South Rd. Br.,Dhaka
10. Dhanmondi Br., Dhaka
11. Bashundhara Br., Dhaka
12. Sylhet Main Br., Sylhet
13. Sylhet Upashahar Br., Sylhet
14. Agrabad Br., Chittagong
15. KhatungonjBr.,Chittagong
16. MCB Sk. Mujib Road Br., Chittagong
17. CDA Avenue Br., Chittagong
18. Station Road Br., Chittagong
19. Rajshahi Br. Rajshahi
20. Khulna Br., Khulna
21. Mohakhali Br., Dhaka
22. Mirpur Br. Dhaka
23. Bogra Br, Bogra
24. Jessore Br. Jessore
25. Anderkilla Br.Chittagong
26. Shantinagar Br. Dhaka

One Bank Limited

1. Principal Br., Dhaka
2. Karwanbazar Br, Dhaka
3. Mirpur Br., Dhaka
4. Dhanmondi Br., Dhaka
5. Ganakbari EPZ Br. Savar
6. Progati SharoniBr.,Dhaka
7. Motijheel Br., Dhaka
8. Gulshan Br., Dhaka
9. Uttara Br., Dhaka
10. Banani Branch, Dhaka
11. Kakrail Br., Dhaka
12. Imamganj Br., Dhaka
13. Elephant Road Br., Dhaka
14. Nababganj Br., Dhaka
15. Joypara Br., Dohar
16. Agrabad Br., Chittagong
17. Cox's Bazar Br
18. Feni Branch, Feni
19. Raipur Br., Laxmipur
20. Jatrabari Br., Dhaka
21. Bangsal Br., Dhaka
22. Narayangonj Br., N'Ganj
23. Khatungonj Br., Chittagong
24. Jubilee Road Br. Chittagong
25. Chandragonj Br,Laxmipur
26. Dagonbhuiyan Br., Feni
27. Sylhet Br., Sylhet
28. Bogra Br., Boghra
29. ChowmuhuniBr.,Noakhai
30. Sherpur Br.,MoulviBazar
31. Jessore Branch, Jessore
32. Sirajgonj Br., Sirajgonj

The City Bank Limited

1. Principal, Br. Dhaka
2. B.B. Avenue Br. Dhaka
3. Dhaka Chamber Br Dhaka
4. Dhanmondi Br. Dhaka
5. Foreign Ex. Br. Dhaka
6. Gulshan Br. Dhaka
7. Imamganj Br. Dhaka
8. Islami Banking Br. Dhaka
9. Johnson Road Br. Dhaka
10. Kawran Bazar Br. Dhaka
11. Mirpur Br. Dhaka
12. Mouchak Br. Dhaka
13. New Market Br. Dhaka
14. Shaymoli Br. Dhaka
15. Uttara Br. Dhaka
16. VIP Road Br. Dhaka
17. Islampur Br., Dhaka
18. Barishal Br. Barishal
19. Tongi Br. Gazipur
20. Tanbazar Br. N'gonj
21. Comilla Br. Comilla
22. Agrabad Br. Chittagong
23. Jubilee Road Br. Chittagong
24. Khatungonj Br.Chittagong
25. O.R. Nizam Road Br. Chittagong
26. Bandar Bazar Br. Sylhet
27. Zinda Bazar Br. Sylhet
28. Bogra Br. Bogra
29. Rajshahi Br. Rajshahi
30. Khulna Br. Khulna

Investment Corporation of Bangladesh (ICB)

1. Head Office, Dhaka.
2. Chittagong Br. Agrabad C/A, Chittagong
3. Rajshahi Br., Rajshahi
4. Khulna Br., Shilpa Bank Bhaban, Khulna
5. Barishal Br., Barishal.
6. Sylhet Br., Chamber Building, l Sylhet
7. Bogra Br.,Baragola, Bogra
8. Local Office, Nayapaltan, VIP Road, Dhaka.

Dhaka Bank Limited

1. Local office, Motijheel, Dhaka
2. Bangshal Br. Dhaka
3. Uttara Br. Dhaka
4. Narayangong Br. N'gong
5. Agrabad Br. Chittagong
6. Foreign Exchange Br. Motijheel, Dhaka
7. Amin Bazar Br. Savar, Dhaka
8. Jubilee Road Br. Chittagong
9. Imamgong Br. Dhaka
10. Dhanmondi Br. Dhaka
11. Islami Banking Br.Dhaka
12. Khatungong Br. Chittagong
13. Islampur Br. Dhaka
14. Karwanbazar Br. Dhaka
15. Laldighirpar Br. Sylhet
16. Cox' Bazar Br. Cox'Bazar

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGERS"

ISLAMI INSURANCE BANGLADESH LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHIS

WARNING: Please read the instructions on the back of the form. Incorrectly filled applications may be rejected.

Bankers Sl No.

The Managing Director
Islami Insurance Bangladesh Limited.
BIWTA- Bhaban (6^{TH} floor), 141-143, Motijheel C/A, Dhaka.

Dear Sir,

I/we apply for and request you to allot me/us the .... number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said shares to my/our Depository (BO) Account and/or a crossed (A/C Payee Only) cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Ordinary Shares ....of Tk. 100.00 each at par
2. Amount Tk. (in figure) ...., Taka (in words) .... only deposited vide Cash/ Cheque/Draft/Pay Order No..................Date.................... on.................... Bank.................…Branch
3. Depository (BO) Account Number

   {If you do not mention your valid Depository (BO) Account, your application will be treated invalid.}
4. I/we agree to fully abide by the instructions given herein.

   Particulars of Applicant(s) :

Sole/First Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Telephone (if any):	
Occupation :	Nationality :
For Refund Warrant: Applicant's Bank A/C No. :	
Name of the Bank :	Branch :

Second Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Postal Address :	
Occupation :	Nationality:

5. I/we hereby declare that I/we have read the Prospectus of **Islami Insurance Bangladesh Limited.,** and have willingly subscribed for .... No. of Shares of Tk. 100.00 each at par.
6. Specimen Signature(s) :

Name in Block Letters	Signature
(i)	
(ii)	

....

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk......................... (in word..) only from Mr./Mrs./Ms. .... being the Application money for .... Nos. of Ordinary Shares of **Islami Insurance Bangladesh Limited.**

Banker's SL. No.

Seal & Date

Authorized Signature
(Name & Designation)

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must NOT be abbreviated.
3. Application must be made on the Company's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/Cheque/Bank Draft/Pay Order payable to one of the Bankers to the Issue A/C **"Islami Insurance Bangladesh Limited"** and crossed **"A/C Payee only"** and must be drawn on a Bank in the same town as the Bank to which the Application form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application form for more than two persons will not be accepted. In case of joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **An applicant can not submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the commission.**
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment to the Issue for Application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money. The said forfeited Application money will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall NOT be considered for allotment purpose.
15. The Banker's to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription of the IPO.
16. **No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 (twenty five) days after the prospectus has been published.**

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGERS"

ISLAMI INSURANCE BANGLADESH LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHIS
(To be sent to the Company's Head Office)

WARNING: Please read the instructions at the back of this form. Incorrectly filled Applications or failing to comply with any instruction therein, application may be rejected.

The Managing Director

Islami Insurance Bangladesh Limited.
BIWTA- Bhaban (6TH floor), 141-143, Motijheel C/A, Dhaka.

Dear Sir,
I/We apply for and request you to allot me/us the …………………..number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my/our Depository (BO) Account and/or a crossed (A/C Payee only) Cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of Shares .... of Tk. 100.00 each at par
2. Amount of Tk. (in figure) .... Tk. (in words) .... only convertible into US Dollar 1.00 = Tk.................. /UK Pound Sterling 1.00 = Tk............../Euro 1.00 = Tk………..…
3. Payment by Draft/pay order Cheque No......................... date...................... for US Dollar/UK Pound Sterling/ Euro/Tk……………………….. drawn on.......................... Bank..............................branch
4. Depository (BO) Account Number

(If you do not mention your valid Depository (BO) Account, your application will be treated invalid.)

5. I/we agree to fully abide by the instructions given herein.
6. Particulars of Applicant(s)

Sole/First Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address :	
Occupation :	Nationality :
Telephone (if any):	Date of Birth :
Passport No. :	Valid up to:
For refund warrant (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch. Applicant's Bank A/C No. :	
For Refund Warrant: Applicant's Bank A/C No. :	
Name of the Bank :	Branch :

Second Applicant : Mr./Mrs./Ms.	
Father's/Husband's Name :	
Mother's Name:	
Mailing Address :	
Occupation :	Nationality :
Passport No. :	Valid up to :
Date of Birth :	

Nominee

Name :
Mailing Address:

Specimen Signature(s):

	Name in Block Letters	Signature
Sole/First Applicant :		
Second Applicant :		
Nominee :		

INSTRUCTIONS:

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated invalid.

2. All information must be written or typed in Block Letters in English and must NOT be abbreviated.

3. Application must not be for less than 50 Ordinary Shares and must be for a multiple of 50 Ordinary Shares. Any Application not meeting this criterion will not be considered for allotment purpose.

4. Application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of Shares favoring **"Islami Insurance Bangladesh Limited"** and crossed **"ACCOUNT PAYEE ONLY".**

5. Application shall be sent by the applicant directly to the Company within 20/08/2009 so as to reach the Company within 29/08/2009. No Application sent after 20/08/2009 or received by the Company after 29/08/2009 will be considered for allotment purpose.

6. Refund against over-subscription shall be made in the currency in which the value of Shares was paid for by the applicant through Account Payee Cheque payable at Dhaka with bank account number, Bank's name and Branch.

7. All the applicants shall first be treated as applied for one minimum lot. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. On the other hand, if there is under subscription, then all the applicants shall first be distributed with a single lot and thereafter, for the balance amount, lottery, shall be held for the applicants who have applied for multiple lots on the basis of dividing the application money by amount of a market lot separately for both NRB and General Public.

8. Money receipt of clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.

9. Joint Application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.

10. Application must be made by an individual, a corporation or Company, a trust or a society and not by a firm, minor or persons of unsound mind.

11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.

12. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money.

13. The intending NRB applicants shall deposit share money by US $/UK Pound Sterling/Euro draft drawn on and payable in Dhaka, Bangladesh, or though a nominee by paying out of foreign currency deposit account or in Taka, supported by foreign currency encashment certificate issued by the concerned Bank, so that the Issuer's collecting Bank can clear that proceeds and deposit the same into Issuer's Bank account in time.

14. Spot buying rate (TT Clean) in US Dollars, Euro and UK Pound Sterling of Sonali Bank as prevalent on the date of opening of subscription will be applicable for the Non-Resident Bangladeshi (NRB) applicants.

15. The applicant shall furnish photocopies of relevant pages of valid passport(s) in support of his being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.

16. In case of joint NRB application joint applicant shall also submit supporting papers/ documents in support of their being an NRB as mentioned in para-15 above.

17. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, whole or part of application money may be forfeited by the commission.

19. No sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until 25 days after the prospectus has been published.

THE NRB APPLICATION ALONG WITH THE DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

AUDITOR'S REPORT TO THE SHARE HOLDERS OF ISLAMI INSURANCE BANGLADESH LIMITED

We have audited the accompanying Balance sheet of Islami Insurance Bangladesh Limited as at December 31.2008 and the related Revenue Accounts as well as the Profit and Loss Account, Profit and Loss Appropriation Account and statement of Cash Flows for the year ended together with notes thereto. Preparation of these Financial Statements are the responsibility of the Company's management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standard (BAS) give a true and fair view of the state of the Company's affairs as at December 31,2008, and of the results of its operations and its cash flow comply with the Companies Act, 1994, Securities and Exchange Rules 1987 the Insurance Act 1938, the Insurance Rules 1958 and other applicable laws and regulations.

We also report that

(i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit made the verification thereof;

(ii)In our opinion, proper books of accounts as required by law have been kept by the company so for as it appeared from our examination of those books and (where applicable) proper returns related to financial statement adequate for the purposes of our audit report have been received from branches not visited by us;

(iii)The company's balance sheet and profit and loss account and it's cash flow dealt with by the report are in agreement with the books of accounts and returns.

(iv)The expenditure incurred was for the purposes of the company's business;

(v)As pre section 40-C (2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us all expenses of management, wherever incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business of the Company transacted in Bangladesh have been fully debited to the Revenue Accounts and those which do not relate to any particular business have been debited to the Profit and Loss Account; and

(vi)As per regulation 11 of part 1 of the Third Schedule of the Insurance Act, 1938 as amended, we further certify that according to the best of our information and explanations furnished by the management and as shown by the books of the Company, the Company has not paid to any person any commission in any form to outside Bangladesh in respect of Insurance Business transacted in Bangladesh and that the Company has not received from any person any commission in any form, from outside Bangladesh in respect of any business re-insurance abroad during the year ended December 31,2008.

Sd/-

Dated, Dhaka

Mahfel Huq & Co.
Chartered Accountants

ISLAMI INSURANCE BANGLADESH LIMITED
BALANCE SHEET AS ON 31ST DECEMBER,2008

CAPITAL & LIABILITIES:	Notes	2008 Taka	2007 Taka
Share Capital			
Authorised Capital			
25,00,000 Ordinary Shares of Tk. 100 each		**250,000,000.00**	**250,000,000.00**
Issued, Subscribed & Paid-up Capital			
6,00,000 Ordinary Shares of Tk. 100 each	**3.01**	60,000,000.00	60,000,000.00
Reserve or Contingency Account:			
Reserve for Exceptional losses	**4.01**	23,000,000.00	22,000,000.00
General Reserve	**4.02**	3,500,000.00	-
Profit and Loss Appropriation Account	**4.03**	573,146.87	273,859.24
Proposed dividend	**5.00**	**6,000,000.00**	**3,000,000.00**
Balance of Funds & Accounts	**6.00**	**55,264,900.60**	**58,920,082.40**
Fire Insurance Business		10,029,635.60	14,273,606.00
Marine Insurance Business		37,240,479.40	34,391,102.80
Motor Insurance Business		6,197,778.80	9,482,105.20
Miscellaneous Insurance Business		1,797,006.80	773,268.40
Premium Deposit	**7.00**	**2,149,668.15**	**5,943,200.72**
Liabilities & Provision		**69,984,489.26**	**63,364,093.00**
Estimated liabilities in respect of outstanding			
Claims whether due or intimated	**8.00**	56,890,890.00	40,693,581.00
Amount due to other persons or bodies			
Carrying on insurance business	**9.00**	13,093,599.26	22,670,512.00
Provision for Income tax	**10.00**	**7,470,863.89**	**7,455,390.87**
Sundry Creditors(Including provision for expense	**11.00**	**9,885,266.00**	**13,108,335.00**
Total Taka		**237,828,334.77**	**234,064,961.23**
EPS	**2.12**	**18.00**	**30.93**

PROPERTY & ASSETS	Notes	2008 Taka	2007 Taka
INVESTMENTS (at cost) :		**13,770,000.00**	**13,140,000.00**
i) Statutory deposit with Bangladesh bank (National Investment Bond)	**12.01**	9,000,000.00	9,000,000.00
ii) In shares	**12.02**	630,000.00	-
iii) In Debentures (IBBL Mudaraba Perpetual Bond)	**12.03**	4,140,000.00	4,140,000.00
Interest, Dividends & Rent outstanding (interest/profit Accrued but not due)	**13.00**	10,127,378.47	8,046,156.05
Amount due from other persons or bodies carrying on insurance business	**14.00**	8,955,077.00	7,080,514.00
Sundry Debtors	**15.00**	5,860,221.34	29,942,617.09
Cash and Bank Balances	**16.00**	**170,661,709.07**	**151,410,094.25**
Fixed Deposit Receipts (F.D.R's)		151,190,000.00	132,470,000.00
STD & CD Accounts with Banks		15,098,792.82	15,696,604.95
Cash,Cheques in hand		4,372,916.25	3,243,489.30
Other Accounts		**28,453,948.89**	**24,445,579.84**
Fixed Assets at cost less Accumulated depreciation	**17.01**	25,469,809.89	23,250,122.84
Land purchase in process	**17.02**	900,000.00	-
Security Deposit	**17.03**	505,000.00	505,000.00
Stamps in hand	**17.04**	993,641.00	144,949.00
Stock of Printing & Stationery Materials (At cost)	**17.05**	585,498.00	545,508.00
Total Taka		**237,828,334.77**	**234,064,961.23**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED

PROFIT & LOSS APPROPRIATION ACCOUNT

For the year ended 31st December, 2008

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
Balance brought forward from last year :		**-**	6,284,794.12	**Balance brought forward from last year**		273,859.24	-
Reserve for Exceptional losses		1,000,000.00	9,000,000.00	**Net Profit for the year brought down**		18,849,287.63	26,380,653.35
Provision for Income tax		8,050,000.00	7,822,000.00				
General Reserve		3,500,000.00	-				
Proposed cash Dividend		6,000,000.00	3,000,000.00				
Balance transferred to Balance Sheet		**573,146.87**	**273,859.24**				
Total Taka		**19,123,146.87**	**26,380,653.35**	**Total Taka**		**19,123,146.87**	**26,380,653.35**

<u>Certificate Under Section 40c of the Insurance Act,193</u>

All expenses of management wherever incurred, whether directly or indirectly in respect of fire marine, motor and miscellaneous insurance business transacted in Bangladesh have been fully charged to the respective revenue accounts as expenses.

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED
PROFIT & LOSS ACCOUNT
For the year ended 31st December, 2008

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
EXPENSES OF MANAGEMENT				**INTEREST,DIVIDEND AND RENT**			
(Not applicable to any fund or Account)		**4,577,059.00**	**4,598,542.04**	(Not applicable to any fund or Account)			
Advertisement & Publicity		1,356,711.00	1,476,837.04	Interest/Profit received & accrued	18	14,769,359.26	13,276,200.13
Director Fees		1,604,250.00	1,236,250.00	Miscellaneous Income	19	8,880.00	47,364.60
Shariah Council Expenses		108,523.00	111,933.00	Profit on sale of Motor Vehicle	20	(280,000.00)	1,359,854.00
Donation & Subscription		375,000.00	500,000.00				
Audit Fees		100,000.00	100,000.00	**Profit/(Loss) Transfered From:**		**13,967,416.32**	**19,754,039.88**
Legal,Registration& Profissional fees		1,032,575.00	1,173,522.00	Fire Revenue Account		15,921,582.28	(12,256,531.79)
			-	Marine Revenue Account		36,692,248.45	40,195,205.78
Depreciation		5,039,308.95	3,458,263.22	Motor Revenue Account		(3,688,967.52)	(7,250,349.74)
				Misc. Revenue Account		(34,957,446.90)	(934,284.36)
Net Profit/(Loss) Transferred to							
Profit & Loss Appropriation Accounts		**18,849,287.63**	**26,380,653.35**				
Total Taka		**28,465,655.58**	**34,437,458.61**	**Total Taka**		**28,465,655.58**	**34,437,458.61**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

Islami Insurance Bangladesh Limited

Statement of Changes in Equity for the year ended 31 st December, 2008

Particulars	Share Capital	General Reserve	Reserve for Exceptional Losses	Retained Profit	Total Taka
Balance as on 31 st December 2007	60,000,000.00		22,000,000.00	273,859.23	82,273,859.23
Net Profit	-		-	18,849,287.64	18,849,287.64
Reserve for Exceptional Losses	-		1,000,000.00	(1,000,000.00)	-
Provision for Income tax	-			(8,050,000.00)	(8,050,000.00)
General Reserve	-	3,500,000.00		(3,500,000.00)	-
Proposed cash Dividend				(6,000,000.00)	(6,000,000.00)
Retained Profit for the period 31 st December 2008	**60,000,000.00**	**3,500,000.00**	**23,000,000.00**	**573,146.87**	**87,073,146.87**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed
report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED

CONSOLIDATED REVENUE ACCOUNT

For the year ended 31st December, 2008

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE				**Balance of Account at the beginning of the year :**		58,920,082.40	52,719,835.60
Paid during the year		8,101,505.41	15,935,776.48	Premium Less Re-insurance		136,880,362.00	146,736,041.00
Add : Total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated		56,890,890.00	40,693,581.00	Commission on Re-insurance Ceded		15,926,124.00	16,342,991.00
		64,992,395.41	56,629,357.48				
Less: Outstanding at the end of the previous year		(40,693,581.00)	(16,868,435.00)				
		24,298,814.41	39,760,922.48				
Agency Commission		51,045,666.00	41,504,342.41				
Expenses of Management (with stamp used)	**21**	67,149,771.07	55,859,480.43				
Balance of Account at the end of the Year :							
Reserve for Unexpired risks being @ 40% of Fire,Marine Cargo,Motor,& Misc.Premium Income and @ 100% of Marine Hull Premium Income		55,264,900.60	58,920,082.40				
Profit(Loss) transferred to Profit & Loss Account		**13,967,416.32**	**19,754,039.88**				
Total Taka		**211,726,568.40**	**215,798,867.60**	**Total Taka**		**211,726,568.40**	**215,798,867.60**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED
FIRE INSURANCE REVENUE ACCOUNT
For the year ended 31st December, 2008.

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE				**Balance of Account at the beginning of the year :**		14,273,606.00	15,209,856.40
				Premium Less Re-insurance		25,074,089.00	35,684,015.00
Paid during the year		3,638,645.94	7,554,295.48				
Add : Total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated		8,240,027.00	27,427,140.00	Commission on Re-insurance Ceded		10,161,195.00	10,533,464.00
		11,878,672.94	34,981,435.48				
Less: Outstanding at the end of the previous year		(27,427,140.00)	(8,209,891.00)				
		(15,548,467.06)	26,771,544.48				
Agency Commission		17,326,846.00	13,984,667.41				
Expenses of Management (with stamp used)	**21**	21,779,293.18	18,654,049.30				
Balance of Account at the end of the Year :							
Reserve for Unexpired risks being @ 40% of Premium income of the year		10,029,635.60	14,273,606.00				
Profit/ (Loss) transferred to Profit & Loss Account		**15,921,582.28**	**(12,256,531.79)**				
Total Taka		**49,508,890.00**	**61,427,335.40**	**Total Taka**		**49,508,890.00**	**61,427,335.40**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED
MARINE INSURANCE REVENUE ACCOUNT
For the year ended 31st December, 2008

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE				**Balance of Account at the beginning of the year :**		34,391,102.80	31,656,915.20
Paid during the year		666608.47	1,258,181.00	Premium Less Re-insurance		91,819,309.00	85,413,592.00
Add : Total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated		1,729,626.00	2,037,282.00	Commission on Re-insurance Ceded		1,833,294.00	2,987,753.00
		2,396,234.47	3,295,463.00				
Less: Outstanding at the end of the previous year		(2,037,282.00)	(1,869,443.00)				
		358,952.47	1,426,020.00				
Agency commission		22,554,479.00	18,583,830.00				
Expenses of Management	**21**	31,197,546.48	25,462,101.62				
Balance of Account at the end of the Year:							
Reserve for Unexpired risks being @ 40% Marine Cargo & 100% of Marine Hull Premium income of the year		37,240,479.40	34,391,102.80				
Profit/ (Loss) transferred to Profit & Loss Account		**36,692,248.45**	**40,195,205.78**				
Total Taka		**128,043,705.80**	**120,058,260.20**	**Total Taka**		**128,043,705.80**	**120,058,260.20**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**	**Sd/-**
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED
MISCELLANEOUS INSURANCE REVENUE ACCOUNT
For the year ended 31st December, 2008

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE				**Balance of Account at the beginning of the year :**		773,268.40	1,559,625.60
Paid during the year		6,861.00	184,905.00	Premium Less Re-insurance		4,492,517.00	1,933,171.00
Add : Total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated		37,637,035.00	2,084,640.00	Commission on Re-insurance Ceded		757,641.00	1,021,432.00
		37,643,896.00	2,269,545.00				
Less: Outstanding at the end of the previous year		(2,084,640.00)	(2,163,970.00)				
		35,559,256.00	**105,575.00**				
Agency Commission		843,721.00	761,336.00				
Expenses of Management (with stamp used)	**21**	2,780,889.50	3,808,333.56				
Balance of Account at the end of the Year:							
Reserve for Unexpired risks being @ 40% of Premium income of the year		1,797,006.80	773,268.40				
Profit/ (Loss) transferred to Profit & Loss Account		**(34,957,446.90)**	**(934,284.36)**				
Total Taka		**6,023,426.40**	**4,514,228.60**	**Total Taka**		**6,023,426.40**	**4,514,228.60**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**	**Sd/-**
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED
MOTOR INSURANCE REVENUE ACCOUNT
For the year ended 31st December, 2008

Particulars	Notes	2008 Taka	2007 Taka	Particulars	Notes	2008 Taka	2007 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE				**Balance of Account at the beginning of the year :**		9,482,105.20	4,293,438.40
Paid during the year		3,789,390.00	6,938,395.00	Premium Less Re-insurance		15,494,447.00	23,705,263.00
Add : Total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated		9,284,202.00	9,144,519.00	Commission on Re-Insurance Ceded		3,173,994.00	1,800,342.00
		13,073,592.00	16,082,914.00				
Less: Outstanding at the end of the previous year		(9,144,519.00)	(4,625,131.00)				
		3,929,073.00	11,457,783.00				
Agency Commission		10,320,620.00	8,174,509.00				
Expenses of Management (with stamp used)	**21**	11,392,041.92	7,934,995.94				
Balance of Account at the end of the Year:							
Reserve for Unexpired risks being @ 40% of Premium income of the year		6,197,778.80	9,482,105.20				
Profit/ (Loss) transferred to Profit & Loss Account		**(3,688,967.52)**	**(7,250,349.74)**				
Total Taka		**28,150,546.20**	**29,799,043.40**	**Total Taka**		**28,150,546.20**	**29,799,043.40**

The annexed notes form an integral part of the Financial Statements

Signed as per annexed report of even date

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (C.C)	**Director**	**Director**	**Chairman**	**Mahfel Huq & Co.**
Date: 25.03.2009				**Chartered Accountants**

ISLAMI INSURANCE BANGLADESH LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER ,2008

	Particulars	2008	2007
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Collection from Premium & Other Income	266,587,933.00	227,293,762.00
	Payment for Management Expenses, Re-Insurance & Claims	(227,512,795.00)	(183,823,211.00)
	Income Tax Paid	(8,034,527.00)	(10,124,318.00)
		31,040,611.00	**33,346,233.00**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Acquisition of Fixed Assets	(9,118,996.00)	(6,745,075.00)
	Disposal of Fixed Assets	1,860,000.00	681,148.00
	Building/Land in Progress	(900,000.00)	
	Investment Made in Share/Bond	(630,000.00)	(4,140,000.00)
	Disposal of Investment		
		(8,788,996.00)	**(10,203,927.00)**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Issuance of Share Capital		
	Share Premium received		
	Bonus Share/ Dividend Paid	(3,000,000.00)	
	Increase /Decrease in Loan from Bank		
		(3,000,000.00)	**-**
	Increase/Decrease in cash and Bank Balances	**19,251,615.00**	**23,142,306.00**
	Cash and Bank Balance at Opening Balance	151,410,094.00	128,267,788.00
	Cash and Bank Balance at Closing Balance	170,661,709.00	151,410,094.00

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
Managing Director (c.c)	Director	Director	Chairman	Mahfel Huq & Co Chartered Account

ISLAMI INSURANCE BANGLADESH LIMITED

Notes to the Accounts for the year ended 31December, 2008

1. BACKGROUND AND ACTIVITIES:

Islami Insurance Bangladesh Limited was incorporated as Public Limited Company on 25th day of October, 1999 under the Companies Act, 1994 having registered office in Bangladesh. IIBL obtained permission to commence Insurance business from Chief Controller of Insurance, Directorate of Insurance, and Government of the Peoples Republic of Bangladesh on 29th day of December, 1999. The principal place of business of the Company is at BIWTA Bhaban (6th floor) 141-143 Motijheel C/A, Dhaka-1000, Bangladesh which is also the registered office of the Company. IIBL is engaged in General Insurance business within the meaning of Insurance Act, 1938.

2. SIGNIFICANT ACCOUNTING POLICIES & RELEVANT INFORMATION:

2.00 Basis of presenting Financial Statements

The following underlying assumptions, measurement base, laws, rules, regulations and accounting pronouncements have been consider in preparing and presenting the financial statements:

Going concern
Accrual
Historical cost convention
Generally accepted accounting principles and practices in Bangladesh
The Companies Act, 1994
The Securities and Exchange Rules, 1987
The Accounting standards Issued by the Institute of Chartered Accountants of Bangladesh (ICAB)

The Board of Directors are responsible for preparing and presenting the financial statements, who have approved and authorized the issue of the these financial statements on

The preparation of financial statement in conformity with the International Accounting Standards requires management to make estimate and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the year reported. Actual results could differ from those estimates, Estimates are used for accounting of certain Items such as long-term contracts, provision for doubtful accounts, deprecation and amortization taxes, reserve and contingencies.

2.01 Adoption of International Accounting Standards (IASs)

In Preparing and presenting these financial statements, considering relevant for the significant accounting issues of the company, following IASs have been adopted by the company, which were issued by the ICAB formulated in the light of the IASs originally issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

IAS 1 Presentation of Financial Statements
IAS 2 Inventories
IAS 7 Cash Flow statements
IAS 10 Events after the Balance sheet Date
IAS 12 Income taxes
IAS 14 Segment Reporting
IAS 16 Property, Plant and Equipment
IAS 17 Leases
IAS 18 Revenue
IAS 24 Related party disclosure
IAS 33 Earnings per Share
IAS 37 Provision, contingent liabilities and contingent Assets.

Impact of Recently Issued Accounting standards

There was no such impact on these financial statements as no new accounting standard was issued by the ICAB during the year under review.

Critical Corporate Accounting Policies in respect of Recognition and Valuation of Key Accounting Issues

Following are the accounting policies relating to recognition and valuation items in financial statements which are material and critical in determining the company's results of operations for the year and financial position as on the balance sheet date and are consistent with those adopted in the financial statements for the previous year:

(a) **Revenue Recognition**

Revenue represents invoiced value of polices, Revenue is recognized when policies are made, Invoices were made after satisfying the following conditions as prescribed by IAS 18 " Revenue Recognition"

(i) the significant risks and rewards of ownership of the policies has been transferred to the policyholder;
(ii) the amount of revenue was measured reliably;
(iii) it was probable that the economic benefits relating to the transaction will flow to the enterprise;
(iv) neither continuing managerial involvement nor effective control usually associated with ownership of the policy was retained by the Company; and
(v) cost relating to the transactions was measured reliably.

(b) Recognition of the Tangible fixed Assets

These are capitalized at the cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of IAS 16 "Property, Plant and Equipment" The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use and other related incidental charges. Expenditure incurred after the assets have been put into operation, such as repairs & maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as and additional cost of the assets.

Fixed Assets do not include any assets held under lease.

(C) Depreciation of Tangible Fixed Assets

In respect of all fixed assets, depreciation is provided to amortize the cost of the assets after commissioning, over their expected useful economic lives in accordance with the provision of IAS 16 "Property, Plant and Equipment."

Depreciation on fixed assets has been charged on a reducing balance method. at the rates varying from 10% to 25% depending on the estimated useful life of the assets and as are consistently applied in relation to previous year. The annual depreciation rates applicable to the principal categories are:

	Category of Assets	**Rate of Depreciation**
1.	Furniture & Fixture	10%
2.	Office & Electrical Equipments	15%
3.	Office Decoration	10%

4.	Air Cooler	15%
5.	Motor & Other vehicles	20%
6.	Computer & Software	20%
7.	Telephone installation & Fax	15%
8.	Crookeries & Cutleries	25%

2.02 Cash Flow Statement
Cash Flow Statement is prepared principally in accordance with IAS 7 "Cash Flow Statement" and the Cash Flow from the operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions of paragraph 19 of IAS 7 which provides that "Enterprises are Encouraged to Report Cash Flow from Operating Activities Using the Direct Method"

2.03 Last years figures have been rearranged wherever necessary for comparison purposes.

2.04 Public Sector Insurance Business:
Insurance premium relating to the public sector business have been incorporated into Accounts for the 3rd and 24th quarters of 2007 only.

2.05 Re-Insurance Accounts:
While preparing the Revenue Accounts necessary adjustments in respect of re-insurance ceded in Bangladesh have been duly given.

2.06 Reporting Currency:
The financial statements are presented in Bangladesh currency (Taka)

2.07 Investment:
Investment is stated at their acquisition cost and interest accrued at Balance Sheet date have been Accounted for.

2.08 Inventories:
In compliance with the requirement of **IAS 2** " Inventories", inventories are stated at the lower of cost and net realizable value,
Net realizable value is based on estimated selling price less any further cost expected to be incurred to make the sale.

2.09. Taxation:
Income Tax assessment of the company has been completed up to assessment year 2006-2007. The return for the assessment 2008-2009 has been filed in due time. Details break up have been shown in the note 23

2.10. Current Tax:
Provision for current Income Tax has been made@45% as prescribed in Finance Ordinance 2008 on the taxable income for the year.

2.11. Deferred Tax.
As per normal practice prevailing in our country, income tax officer some times disallows some expenses based on estimates only. As a result, the difference in between the prevision for income tax and the assessed tax becomes unavoidable because of timing difference rate of depreciation in between tax depreciation and the accounting deprecation and other reasons arising from unpredictable disallowed expenses. As such the deferred tax could not be worked out and given in these financial Statements. However, the same will be given in the next financial Statements.

2.12 Earning per share (EPS)

The Company calculates Earning per Share (EPS) in accordance with the " International Accounting Standard"(IAS-33). Calculation of EPS is shown below;

$$EPS = \frac{\text{Earning attributable to ordinary shareholders}}{\text{Number of weighted average ordinary share during the year}}$$

	2008 Taka	2007 Taka
Net Profit After Tax = Number of weighted average ordinary share during the year	10,799,287.64 600,000	18,558,653.35 600,000
	=18.00	=30.93

2.13 Reserves for Exceptional Losses:
Provision for exceptional losses has been made@ 10% of net premium during the year to cover the liabilities for Insurance claims and other unforeseen losses.

2.14 Employees Benefit plan:
The company has not introduced any Employees Benefit plan till the time of our audit period.

2.15 Employees Details:
During the year under review 295 employees are employed for the full time. Information of the employees is given below:

293 Nos of employees received salary more than Tk.= 3000 per month
2 Nos of employees received salary less then Tk.= 3000 per month

No part time employees are employed in the company.

2.16 Deposit Premium Account:
Premium deposit account represents amount of premium deposited with the company against cover notes for which policies are yet to be issued.

2.17 Consolidation procedure:
Accounts of all branches have been consolidated at the Central Accounts of the Head Office at Dhaka.

2.18 Cash & Cash Equivalent:
Cash comprises cash in hand, demand deposit, cash equivalents on short term, highly liquid investments that are readily convertible to know amounts of cash and those which are subject to an insignificant risk of changes in value. Cash & cash equivalents are not restricted in use and accordingly cash in hand and bank balances have been considered as cash and cash equivalents.

2.19 Reporting period:
Financial statements of the Company cover one calendar year from 01 January 2008 to December 31,2008.

3.00 Share Capital:	**2008** **Taka**	**2007** **Taka**
3.01 Authorised Capital : 25,00,000.00 Ordinary share of Tk.100.00 each	250,000,000	250,000,000
Issued, Subscribed and Paid up Capital consist of Issued, Subscribed and Paid up Capital consist of 600,000 Ordinary share of Tk. 100/- each fully paid	60,000,000	60,000,000

3.02 Share Holding:

The following table shows the shares holding of the Company.

SL. No.	Name of Sponsor Shareholders	Position	Numbers of Share	% Of total share holding
1	Al-Haj Mohammad Sayeed	Chairman	20000	3.34%
2	Al-Haj M. Tajul Islam	Vice Chairman	20000	3.34%
3	Al-Haj Md. Ismail Nawab	Director	20000	3.33%
4	Janab Tofazzal Hossain	Director	30000	5.00%
5	Mrs. Shayla Parbin	Director	20000	3.33%
6	Mrs. Samira Azim	Director	20000	3.33%
7	Al-Haj Md. Abdul Halim	Director	20000	3.33%
8	Janab Nur Mohammad Mamun	Director	30000	5.00%
9	Mrs Ashma Nur	Director	20000	3.33%
10	Mrs. Anjumon Ara Begum	Director	65000	10.83%
11	Al-Haj Md.Abdul Hannan	Director	20000	3.33%
12	Janab Gazi Belayet Hossain	Director	30000	5.00%
13	Janab Mohammad Murtaza Kamal	Director	30000	5.00%
14	Mrs. Nostaren Jamila	Director	20000	3.33%
15	Janab Shabbir Ahmed	Shareholder	20000	3.33%
16	Janab Talha Ahmed	Shareholder	20000	3.33%
17	Janab Farhadul Islam Shabbir	Shareholder	20000	3.33%
18	Al- Haj Mohiuddin Ahmed	Shareholder	20000	3.34%
19	Mrs. Farhana Alam	Shareholder	100000	16.67%
20	Mrs. Mahmuda Nasim	Shareholder	20000	3.34%
21	Mrs. Imrana Harun	Shareholder	20000	3.34%
22	Mrs. Afroza Perveen	Shareholder	5000	0.83%
23	Janab Saleh Johur Mia	Shareholder	10000	1.67%
		Total	**600000**	**100%**

3.3 Directors Involvement / Interest in other Companies in accordance with BAS-24

The follow table shows the details list of directors and their involvement and interest in other Companies.

SL No	Name of Sponsor Shareholders	Name of the Organization	Position Holds	% Of Interest
1	Al-Haj Mohammad Sayeed	Mili & Associates S & S Corporation	Proprietor Proprietor	100% 100%
2	Al-Haj M. Tajul Islam	Fareast Islami Life Ins. Co. Ltd Southeast University S & F Knit Composite Ltd	Chairman-EC Vice-Chairman Chairman	8.33% Non profit org. 30%
3	Al-Haj Md. Ismail Nawab	Southeast University M/s New Steel Bitan	Director Proprietor	Non profit org. 100%
4	Tofazzal Hossain	National Credit & Commerce Bank Ltd. T.H Fashion New Generation Trading. Agro Equipments Ltd.	Chairman Proprietor Proprietor Chairman	101567 Share 100% 100% 40%
5	Shayla Parbin	Shayla Enterprise	Proprietor	100%
6	Samira Azim	MARK Fabrics and Fashion Momith Fashion	Proprietor Proprietor	100% 100%
7	Al-Haj Md. Abdul Halim	Abdul Halim & Brothers Shahjalal Islami Bank Ltd	Proprietor Director	100% 4.88%
8	Nur Mohammad Mamun	Ideal Products (Pvt) Ltd. Ideal Printers	Director Proprietor	75% 100%
9	Anjumon Ara Begum	National Iron & Steel Industries Ltd. Rubiya Vegetables Oil Industries Ltd. Rubiya Plastic Industries Ltd. Rubiya Banaspati Ghee Ltd.	Director Director Director Director	20% 15% 25% 25%
10	Gazi Belayet Hossain	M/S. Belayet Navigation	Proprietor	100%
11	Ashma Nur	----	---	---
12	Al-Haj. Mohammad Abdul Hannan	M/S. Abdul Hannan Mia Tamanna Dying & Printing	Proprietor Proprietor	100% 100%
13	Mohammad Murtaza Kamal	Victory Associates	Proprietor	100%
14	Nostaren Jamila	---	---	---

4.0 Reserve or Contingency Account:-
This has been made as follows:

4.01 Reserve for exceptional losses:

The amount is arrived at as under :-

	31.12.2008	31.12.2007
	Taka	Taka
Opening Balance	22,000,000.00	13,000,000.00
Add : - Reserve made during the year	1,000,000.00	9,000,000.00
	23,000,000.00	22,000,000.00

Reserve for exceptional losses is appropriated out of current year profit about 10% of premium earned during the year. The above amount is eligible for tax relief under the 4th schedule of the Income tax ordinance, 1984.

4.02 General Reserve:

	31.12.2008	31.12.2007
	Taka	Taka
Transferred from Net profit.	**3,500,000.00**	**Nil**

4.03 Profit & loss Appropriation Account:

	31.12.2008 Taka	31.12.2007 Taka
Undistributed profit.	573,146.88	273,859.23

5.0 Proposed dividend:

	31.12.2008 Taka	31.12.2007 Taka
	6,000,000.00	**3,000,000.00**

The amount has been recommended by the board of Directors for payment of dividend @ 10% on paid up capital to the sponsor's shareholders of Tk. 6,000,000.00 (Tk. sixty lac) only out of surplus available at the end of year 2008 which is subject to the approval of the sponsors shareholders in the annual general meeting.

6.0 Balance of Funds & Accounts:

Reserve for un- expired risks on premium have been made including public share business @ 40 % for Fire, Marine Cargo, Misc. and 100% Premium made for Marine Hull. The balance has been arrived at as under**:**

Particulars	**31.12.2008**	**31.12.2007**
	Taka	**Taka**
Fire Insurance Business Account	10,029,635.60	14,273,606.00
Marine Insurance Business Account	37,240,479.40	34,391,102.80
Motor Insurance Business Account	6,197,778.80	9,482,105.20
Miscellaneous Insurance Business Account	1,797,006.80	773,268.40
Total	**55,264,900.60**	**58,920,082.40**

7.0 Premium Deposit:

	31.12.2008 Taka	31.12.2007 Taka
Balance	**2,149,668.15**	**5,943,200.73**

The balance represents the amount received against cover notes for which risks have not been initiated within 31st December 2008.

8.0 Estimated Liability In Respect Of Outstanding Claim Whether Due Or Intimated:

Nature Of Claims	**31.12.2008**	**31.12.2007**
	Taka	**Taka**
Fire Insurance	8,240,027.00	27,427,140.00
Marine Insurance	1,729,626.00	2,037,282.00
Motor Insurance	9,284,202.00	9,144,519.00
Miscellaneous Insurance	37,637,035.00	2,084,640.00
Total	**56,890,890.00** ==========	**40,693,581.00** ==========

9.0 Amount Due To Other Persons Or Bodies Carrying On Insurance Business:

The balance has been arrived at as under:

Particulars	31.12.2008	31.12.2007
	Taka	Taka
Sadharan Bima Corporation	10,315,986.26	17,907,715.00
Other Insurance Companies	2,777,613.00	4,762,797.00
Total	**13,093,599.26**	**22,670,512.00**

10.0 Provision For Income Tax:

The amount is arrived at as under:-

Nature Of Claims	31.12.2008	31.12.2007
	Taka	Taka
Balance as on 01.01.2008	Tk. 7,455,390.87	9,757,706.00
Add: Provision during the year (Note-10.01)	Tk. 8,050,000.00	7,822,000.00
	Tk.15,505,390.87	17,579,706.00
Less: Adjustment during the year	Tk. 8,034,526.98	10,124,315.13
Balance as on 31.12.2008.	**Tk. 7,470,863.89**	**7,455,390.87**

10.1 Computation of provision for Income Tax:

Particulars	31.12.2008
	Taka
Net Profit	18,849,287.64
Less: Exceptional Losses	1,000,000.00
Net Profit after Exceptional Losses	**17,849,287.64**

Provision = 45% of Tk. 17,849,287.64 = 8,032,179.00, Say Tk. 8,050,000.00

11.0 Sundry Creditors:

Sundry Creditors consist of the followings:

Particulars:	31.12.2008	31.12.2007
	Taka	Taka
Value added Tax (VAT)	3,101,130.00	3,110,890.00
Audit Fees	100,025.00	172,025.00
Salary & Allowances	1,861,828.00	1,641,048.00
Earnest Money	30,000.00	25,200.00
Office Rent	811,847.00	1,107,047.00
Income tax payable	1,811,436.00	237,125.00
Prime Bank Limited (Car purchase)	2,169,000.00	3,615,000.00
Ideal Product	--	3,200,000.00
Total	**9,885,266.00** =========	**13,108,335.00** ==========

12.1 Statutory Deposit:	31.12.2008	31.12.2007
	Taka	Taka
National Investment Bond	**9,000,000.00**	**9,000,000.00**

The amount of TK. 9,000,000.00 has been kept in the Bangladesh Bank as statutory deposit as required under Section 7(1) of the Insurance Act, 1938, such deposit was invested in 3 years National Investment Bonds. Interest accrued upto 31st December, 2008 has been provided in the accounts.

12.2 Investment in Shares:	31.12.2008	31.12.2007
	Taka	Taka
ICB Islami Bank Ltd.	**630,000.00**	**-**

The above amount represents the total cost price of ICB Islami Bank Ltd in 630 no's shares @ Tk. 1,000.00 each as on 31st December 2008.

12.3 Investment in Bond :	31.12.2008	31.12.2007
	Taka	Taka
Mudaraba Perpetual Bond of Islami Bank Bangladesh Ltd.	**4,140,000.00**	**4,140,000.00**

The above amount represents the total cost price of Mudaraba Perpetual Bond of Islami Bank Bangladesh Ltd. in 4140 no's bond @ Tk 1,000.00 each as on 31st December 2008.

13.0 Interest, Dividend And Rents Outstanding:

The balance has been arrived at as under:

Particulars	31.12.2008	31.122007
	Taka	**Taka**
Interest on National Investment Bond	2,295,000.00	1,550,958.00
Interest on FDR	5,101,220.14	3,897,118.83
Profit on TDR	2,731,156.33	2,598,079.22
Total	**10,127,378.47** ==========	**8,046,156.05** =========

14.0 Amount Due From Other Persons Or Bodies Carrying On Insurance Business:

The balance has been arrived at as under:

Particulars	31.12.2008	31.12.2007
	Taka	**Taka**
Sadharan Bima Corporation	1,217,399.00	-
Others Insurance Companies	7,737,678.00	7,080,514.00
Total	**8,955,077.00**	**7,080,514.00**

15.0 Sundry Debtors:

The comprises of the following:

Particulars	31.12.2008	31.12.2007
	Taka	**Taka**
Advance against salary	16,000.00	358,104.00
Advance against Office Rent	2,426,676.00	2,077,058.00
NIB, FDR & SND	3,417,545.34	2,257,612.23
Deposit Clearance	--	25,249,842.86
Total	**5,860,221.34** ==========	**29,942,617.09** ==========

16.0 Cash & Bank Balances:

Particulars:		**31.12.2008**	**31.12.2007**
		Taka	**Taka**
16.1	Fixed Deposit with Banks	151,190,000.00	132,470,000.00
16.2	CD & Short Term Deposit with Banks	15,098,792.82	15,696,604.95
16.3	Cash in hand	4,372,916.25	3,243,489.30
	Total	**170,661,709.07**	**151,410,094.25**

16.1 FDRs have been verified and found in order. The detailed bank wise position of term Deposits Receipts (TDRs)/ Fixed Deposits receipts (FDRs) are as under.

SL No	Name of the Bank	**31.12. 2008**	**31.12. 2007**
		Taka	**Taka**
01	Agrani Bank	2,000,000.00	2,000,000.00
02	A.B Bank	3,450,000.00	2,650,000.00
03	I C B Islamic Bank	5,620,000.00	6,250,000.00
04	Al-Arafah Islami Bank Ltd	5,650,000,00	3,750,000.00
05	BASIC Bank Ltd.	1,700,000,00	1,700,000.00
06	B.K.B	500,000.00	500,000.00
07	Dhaka Bank Ltd	8,900,000.00	7,100,000.00
08	Eastern Bank Ltd	1,000,000.00	1,000,000.00
09	Premier Bank Ltd	3,550,000.00	3,050,000.00
10	IFIC Bank Ltd	4,750,000.00	3,750,000.00
11	Islami Bank Bangladesh Ltd.,	23,820,000.00	22,820,000.00
12	Janata Bank Ltd	2,100,000.00	2,000,000.00
13	National Bank Ltd	5,950,000.00	6,250,000.00
14	Mercantile Bank Ltd	2,700,000.00	2,500,000.00
15	NCCBL	10,700,000.00	9,500,000.00
16	Prime Bank Ltd	7,500,000.00	6,200,000.00
17	Pubali Bank Ltd	1,600,000.00	1,000,000.00
18	RKUB	1,000,000.00	1,000,000.00
19	Social Investment Bank Limited,	5,900,000.00	5,550,000.00
20	Sonali Bank Ltd	2,500,000.00	2,500,000.00
21	Southeast Bank Ltd	6,150,000.00	5,500,000.00
22	Standard Bank Ltd	600,000.00	100,000.00
23	Uttara Bank Ltd	1,300,000.00	1,200,000.00
24	United Commercial Bank Ltd	1,150,000.00	-
25	First Security Bank Ltd	600,000.00	200,000.00
26	Mutual Trust Bank Ltd	1,200,000.00	800,000.00
27	Dutch Bangla Bank Ltd	1,800,000.00	1,600,000.00
28	EXIM Bank Ltd	11,700,000.00	11,600,000.00
29	BD. Shilpa Bank LTd	2,000,000.00	2,000,000.00
30	BD. Commerce Bank Ltd.	800,000,00	800,000.00
31	Shahjalal Bank Ltd	6,700,000,00	6,000,000.00
32	Jamuna Bank Ltd	1,500,000.00	800,000.00
33	Islami Finance & Investment Ltd	900,000.00	900,000.00
34	One Bank Ltd	4,300,000.00	4,300,000.00
35	Bank Asia	3,000,000.00	1,900,000.00
36	The Trust Bank Ltd	300,000.00	300,000.00
37	State Bank of India	3,400,000.00	3,400,000.00
38	Aziz Co-operative Bank Ltd	800,000.00	800,000.00
39	Bank AL-Falah Ltd	200,000.00	200,000.00

40	Ind. & Infrastructure Dev. Fin. co. Ltd.	200,000.00	-
41	United Leasing Co. Ltd	1,000,000.00	-
42	National Bank of Pakistan	200,000.00	-
43	HSBC LTD	500,000.00	-
		151,190,000.00	**132,470,000.00**

16.2 CD & Short Term Deposit With Banks as at 31.12.2008.

This is made up as follows:

Bank Name	SND/STD A/C	CD A/C	Total
	2008 Taka	2008 Taka	2008 Taka
Agrani Bank Ltd	35,159.00		35,159.00
AB Bank Ltd	442,172.74		442,172.74
ICB Islami Bank Ltd	281,118.11		281,118.11
AL-Arafah Islami Bank Ltd	360,797.83	15,300.90	376,098.73
Bangladesh Krishi Bank	31,114.00		31,114.00
Basic Bank Ltd	5,995.25		5,995.25
Bangladesh Commerce Bank Ltd	25,542.00		25,542.00
Bank Asia Ltd	161,812.68		161,812.68
Brac Bank Ltd	2,500.00		2,500.00
Dhaka Bank Ltd	273,177.30		273,177.30
Dutch Bangla Bank Ltd.	191,981.99	1,436.00	193,417.99
Eastern Bank Ltd	2,663.81		2,663.81
EXIM Bank Ltd.	240,665.48	35,645.00	276,310.48
First Security Bank Ltd.	3,314.33		3,314.33
IFIC Bank Ltd.	95,622.54		95,622.54
Islami Bank Bangladesh Ltd.	4,230,964.10	350,285.92	4,581,250.02
Jamuna Bank Ltd.	46,060.00	17,106.00	63,166.00
Mercantile Bank Ltd.	900,180.02	2,672.00	902,852.02
National Credit & Commerce Bank Ltd.	1,897,898.79	197,419.01	2,095,317.80
National Bank Ltd	341,563.43		341,563.43
One Bank Ltd	24,616.18		24,616.18
Premier Bank Ltd	440,312.14	89.00	440,401.14
Prime Bank Ltd	1,701,062.87	978.40	1,702,041.27
Pubali Bank Ltd	1,018,434.94	1,742.00	1,020,176.94
RKUB	10,650.00		10,650.00
Rupali Bank Ltd	6,538.00		6,538.00
Shahjalal Islami Bank Ltd	193,158.65	53,688.06	246,846.71
Social Investment Bank Ltd	260,271.28	303,598.51	563,869.79
Sonali Bank Ltd	80,614.26	5,660.00	86,274.26
Southeast Bank Ltd	266,946.25	4,985.00	271,931.25
Standard Bank Ltd	90,803.49		90,803.49
United Commercial Bank Ltd	26,486.18		26,486.18
Uttara Bank Ltd	52,954.00		52,954.00
Shamil Bank Ltd	4,785.50		4,785.50
State Bank of India	123,047.88		123,047.88
Aziz Co-Operative Commerce & Fin. Ltd	237,202.00		237,202.00
Total	**14,108,187.02**	**990,605.80**	**15,098,792.82**

16.3 Cash in hand as at 31.12.2008

This is made up as follows:

Name of Branches	2008 Taka
Head Office	1,293,926.00
Agrabad	94,993.00
B.B. Avenue	6,116.00
Bangshal	20,381.00
Barisal	33,014.00
Bogra	127,818.00
Chowmuhani	56,811.00
Dilkusha	93,335.00
Dinajpur	73,462.00
Elephant Road	50,735.00
Faridpur	20,035.00
Gabtali	41,152.00
Imamganj	134,914.00
Jamalpur	31,513.00
Jhenidah	36,940.00
Jubilee Road	1,988.00
Kawran Bazar	7,949.00
Khatungonj	13,025.00
Khulna	80,322.63
Kushtia	1,118.00
Local Office	106,326.00
Malibagh	383,786.00
Moghbazar	295,636.00
Mohakhali	10,172.00
Motijheel	319,230.00
Mymensingh	922.00
Narayanganj	5,365.00
Narsingdi	3,347.00
Nawabpur	177,142.62
Paltan	3,392.00
Rajshahi	28,217.00
Rajuk	43,320.00
Rangpur	129.00
Thakurgaon	85,464.00
Toyenbee	337,244.00
VIP Rd.	227,088.00
Feni	20.00
Gulshan	21,893.00
Hatkhola	104,675.00
Total	**4,372,916.25**

17.0 Other Accounts:

This is made up as follows

	Particulars	31.12.2008	31.12.2007
		Taka	**Taka**
17.01	Fixed Assets at cost less Deprecation	25,469,809.89	23,250,122.84
17.02	Land purchase in process	900,000.00	-
17.03	Security Deposit	505,000.00	505,000.00
17.04	Stamp in hand	936,419.00	144,949.00
17.05	Stock of Printing Materials	585,498.00	545,508.00
Total		**28,453,948.89**	**24,445,579.84**

17.01 Fixed Assets:-

At cost less depreciation (Schedule-A/I)

Particulars	31.12.2008	31.12.2007
	Taka	**Taka**
Opening Cost	43,240,648.00	39,099,573.00
Add Addition during the year	9,118,996.00	6,745,075.00
Less: Disposal during the year	1,860,000.00	26,040,007.00
A. Total	**50,499,644.00**	**43,240,648.00**
Depreciation	199,920,525.16	18,455,116.77
Add: Depreciation Charge during the year	5,039,308.95	3,458,263.22
Less: Adjustment during the year-08	-	1,922,854.83
B. Total	**25,029,834.11**	**19,990,525.16**
Closing Balance (A-B)	**25,469,809.89**	**23,250,122.84**

17.02 Land Purchase in process:

RAJUK has allotted 2 (two) bigahs land at Rajuk Extension uttara 3rd phase. We have already paid at Tk. 900,000.00 (nine lac) only for this purpose. Payments made as follows:-

Date	Mode of payment	Amount in Tk.
15.03.2005	P.O. No.-346189	300,000.00
31.10.2008	P.O. No.-5890868	600,000.00
Total		**900,000.00**

17.03 Security Deposit:

This is made up as follows:-

	Particulars	31.12.2008	31.12.2007
		Taka	**Taka**
1	Security Deposit against H.O.	100,000.00	100,000.00
2	Security Deposit against B.B. Avenue Branch	100,000.00	100,000.00
3	Security Deposit for RAJUK land	300,000.00	300,000.00
4	Security Deposit against Mobile Bill	5,000.00	5,000.00
	Total Security Deposit	**505,000.00**	**505,000.00**

17.04 Stock of Insurance Stamp:

This is made up as follows:-

Particulars	31.12.2008	31.12.2007
	Taka	Taka
Opening Balance	144,949.00	389,698.00
Add: Purchase During the Year	16,460,397.00	11,784,676.00
Less: Consumption during the year	15,611,705.00	12,029,425.00
Closing Balance	**993,641.00**	**144,949.00**

17.05 Stock of Printing & Stationery materials:

This is made up as follows:-

Particulars	31.12.2008	31.12.2007
	Taka	Taka
Opening Balance	545,508.00	385,102.00
Add: Purchase During the Year	1,061,498.00	818,643.00
Less: Consumption during the year	1,021,508.00	658,237.00
Closing Balance	**585,498.00**	**545,508.00**

18.0 Interest , Profit, Dividend and Rent:-

This is made up as follows:-

Particulars	31.12.2008	31.12.2007
	Taka	Taka
Profit on TDR	5,104,402.58	5,383,708.51
Profit on SND	317,882.64	251,115.23
Interest on TDR	8,148,476.67	6,534,641.63
Interest on STD	406,810.41	341,734.76
Interest accrued on NIB	744,042.00	765,000.00
Profit on MPB of IBBL	47,744.96	-
Total	**14,769,359.26**	**13,276,200.13**

19.0 Miscellaneous Income:-

This is made up as follows:-

Particulars	31.12.2008	31.12.2007
	Taka	Taka
Sale of old paper, scrap parts etc.	8,880.00	47,364.60
Total	**8,880.00**	**47,364.60**

20.0 Profit on sale of Motor Vehicles::	31.12.2008 Taka	31.12.2007 Taka
Profit/ loss on sale of motor vehicles	(280,000.00)	1,359,854.00

21.0 Schedule of allocated Management Expenses For the year 2008

Class of Business	Gross Premium Taka	Allocation of Mgt Expenses Taka	Insurance Stamp Expense Taka	Total Expenses Taka
Fire	75,024,288.00	21,492,674.18	286,619.00	21,779,293.18
M.Cargo	107,458,347.00	30,784,260.69	-	30,784,260.69
M.Hall	1,442,653.00	413,285.77	-	413,285.77
Motor	39,030,615.00	11,181,342.92	210,699.00	11,392,041.92
Misc	9,674,571.00	2,771,534.50	9,355.00	2,780,889.50
Total	**232,630,474.00**	**66,643,098.06**	**506,673.00**	**67,149,771.06**

21.01 Details of allocated Management Expenses are given as follows:-

Head of Account	31.12.2008	31.12.2007
	Taka	Taka
Salary	36,006,617.00	30,634,477.04
Festival bonus	3,605,024.00	2,781,122.00
Office rent	6,873,768.00	5,631,593.00
Office maintenance	411,063.12	447,965.00
Meeting expense	277,512.00	218,903.00
Gas, Water & electricity	1,067,868.37	877,085.36
Printing & stationary	1,061,498.00	974,414.00
Repairs & maintenance	376,315.00	281,123.26
Car & Motor Cycle Main.	2,073,008.00	1,863,845.00
Fuel & Lubricant (car & motorcycle)	1,488,985.00	1,439,853.00
Entertainment expense	439,646.00	357,593.00
Traveling	1,415,637.00	209,112.00
Conveyance	652,636.00	1,423,357.00
Uniform & liveries	48,400.00	44,055.00
Photocopy charges	180,470.00	148,809.00
Medical expenses	46,596.00	10,890.00
Postage & stamp	362,464.00	285,670.00
Motor Insurance Premium (Car & Motor cycle)	101,668.00	2,640.00
Bank Charge	417,285.73	283,329.05
Papers & periodicals	133,446.00	128,672.00
Service charge	172,636.00	310,112.00
Business conveyance	257,504.00	33,381.00
Electrical Expenses	60,254.00	35,775.00
Business Expenses	2,947,385.50	602,167.59
Conference Expenses	214,070.00	229,564.00
Picnic Expenses	379,742.00	-
Telephone Bill (office)	1,320,636.00	1,798,573.00
Telephone Bill (Res)	206,326.00	277,278.00
Telephone Bill (Mobile)	926,137.34	1,534,531.00
Internet, Telex & Fax Bill	2,603.00	6,740.00
Miscellaneous Expenses	68,318.00	59,535.00
AGM	26,590.00	26,098.00
Staff tea & Refreshment	376,575.00	386,683.00
Rates & Taxes	-	150.00
Registration & Renewals (Car & Cycle)	239,699.00	86,859.00
Penalty	1,110,400.00	490,100.00
Gift A/C	40,000.00	93,890.00
Office Cleaning & Up Keep	143,107.00	99,731.00
Fees & Charges	114,950.00	213,011.00
Tips	83,100.00	29,800.00
Computer expenses	181,577.00	112,550.00
C.N.Gas	265,676.00	111,888.00
Training expenses	11,000.00	5,000.00

Extra work expense	336,576.00	116,850.00
Pre Insurance risk survey fee	92,925.00	124,593.00
Shariah Expenses	26,845.00	-
Insurance Stamp expense	506,673.00	495,091.00
Satellite Charge	-	1500.00
Pre Insurance Risk Survey fee	-	124,593.00
Total	**67,149,771.06**	**55,859,480.43**

21.02 Compliance of Section 40, 40C of the Insurance Act, 1938 and rule 40 of the Insurance rules, 1958

Section 40 relates to life Insurance business which does not come under the purview of our comment.

Section 40C deals with the limitation of Expenses of Management of General Insurance business and in the light of the section 40C and Rule 40 the Insurance rule, 1958. The comparative figure of Management expenses is given below:

Class	Level of Premium (Taka)	Rate	Allowable expenses (Taka)	Actual expenses (Taka)	Variance (Taka)	Remarks
Marine						
First	10,000,000.00	18%	1,800,000.00			
Next	10,000,000.00	15%	1,500,000.00			
Next	10,000,000.00	15%	1,500,000.00			
Next	10,000,000.00	13%	1,300,000.00			
Next	10,000,000.00	13%	1,300,000.00			
Next	10,000,000.00	13%	1,300,000.00			
Next	12,500,000.00	11%	1,375,000.00			
Balance	36,401,000.00	10%	3,640,100.00			
	108,901,000.00		**13,715,100.00**	**31,197,546.46**	**(17,482,446.47)**	**Adverse**
Non Marine						
First	10,000,000.00	30%	3,000,000.00			
Next	10,000,000.00	25%	2,500,000.00			
Next	10,000,000.00	24%	2,400,000.00			
Next	10,000,000.00	24%	2,400,000.00			
Next	10,000,000.00	23%	2,300,000.00			
Next	10,000,000.00	22%	2,200,000.00			
Next	12,500,000.00	18%	2,250,000.00			
Balance	51,229,474.00	16%	8,196,716.00			
Total	**123,729,474.00**		**25,246,716.00**	**35,952,224.60**	**(10,705,508.60)**	**Adverse**
Add: Additional allowance as per rule 40(2)(iii) Interest earned on paid up capital =1,47,69,359.26 or 2.5% on gross premium (23,26,30,475.00 X 2.5%) = 5,81,57,618.50 which ever is less			5,815,761.85			
Grand Total	**232,630,474.00**		**44,777,577.85**	**67,149,771.06**	**(22,372,193.21)**	**Adverse**

22.0 Compliance of Section 27A of the Insurance Act. 1938

The section 27deals with the provision for Assets invested in Bangladesh and accordingly the **Optimum Investment** for the year ended 31st December 2008 as per section 27 A of the Insurance Act is given below:

Particulars		Amount (Tk)
Liabilities (as per section-2)		
A	Net claim outstanding	56,890,890.00
B	40% of Net Premium (Fire, marine cargo, Motor & Misc.)	54,410,307.60
C	100% Net premium (Marine Hull)	854,593.00
D	Due to other persons or Bodies Carrying on Insurance Business	13,093,599.26
E	Proposed Cash dividend	6,000,000.00
F	Provision for Income Tax	7,470,863.89
G	Sundry Creditors (Excluding Share Capital, General reserve, Investment reserve, Reserve for Bad & Doubtful debts, depreciation fund)	9,885,266.00
	Total	**148,605,519.15**
	10% of the net premium	**13,688,036.00**
	HIGHER ONE IS OPTIMUM INVESTMENT AS PER SECTION 27 A OF INSURANCE ACT, 1938(A)	**148,605,519.15**
Actual investment as at 31ST December 2008 as per section 27A, 3		
	National Investment Bond	9,000,000.00
	Investment in Share	630,000.00
	Investment in Debenture	4,140,000.00
	TDRs / FDR's	151,190,000.00
TOTAL ACTUAL INVESTMENT (b)		**164,960,000.00**
Excess in investment (a-b)		**16,354,480.85**

22.1 Section 27B of the Insurance Act. 1938

The Section 27b deals with the provision of restriction on certain investments and as per provision of the section we look into matter and we have found that there in no investment by the Islami Insurance Bangladesh Ltd. or hold any shares of debentures of any company, firm or other business concern in which any of its directors, or any member of the family of such director, has any interest as proprietor, partner, manager or managing Agent.

22.2 Section 29 of the Insurance Act. 1938

The section 29 of the Insurance Act, 1938 deals with provision of giving loan in certain as per provision of this section we look in to the matter and we have found thereon that no loan or temporary advance was granted to any member of the family of any director, manager, actuary, auditor or officer of the either on hypothecation of property or personal security or otherwise or on loan or temporary advance was granted to any firm, or company in which any director, manager, actuary, auditor or officer of the company, or member of the family of such directors, manager, actuary, auditor or officer has any interest as proprietor, partner, Director, Manager or Managing Agent.

22.3 Compliance of Section 3C of the Insurance Act, 1938 and Rule 44 of the Insurance Rules, 1958

Provision of section 3C of " the Insurance Act, 1938" with regard to collection of premium as well as refund of premium and the collections of premium where the premium can be ascertained in advance under rule 44 of " The insurance rule, 1958" have been complied by the company. The break up of the class-wise premium is shown below:

Premium Income	Amount (Tk)
Fire Premium Income	75,024,288.00
Marine Cargo Premium Income	107,458,347.00
Marine Hull Premium Income	1,442,653.00
Motor Premium Income	39,030,615.00
Miscellaneous Premium Income	
Total	**232,630,474.00**

23.0 Related Transaction with tax authority

Accounting Year	Assessment Year	Balance as per net profit (Taka)	As per Final Asstt. Order(Taka)	Tax paid (Taka)	Remarks
2000	2001-2002	(24,836,447.87)	(18,754,965.0)	Nil	Asstt. Finalized
2001	2002-2003	(19,579,652.36)	(8,255,454.00)	Nil	-Do-
2002	2003-2004	(7,230,450.92)	3,128,335.00	1,407,751.00	-Do-
2003	2004-2005	1,001,883.45	8,927,183.00	383,129.00	-Do-
2004	2005-2006	15,664,935.29	16,053,940.00	(368,511.00)	-Do-
2005	2006-2007	30,373,466.68	9,034,282.00	4,065,427.00	-Do-
2006	2007-2008	24,738,568.64	77,953,207.00	9,824,812.00	Appealed
2007	2008-2009	26,380,653.35	-	7,525,665.00	Return submitted but not assessed
2008	2009-2010	18,849,287.64	-	8,050,000.00 (Provision)	Return is to be submitted in due time
Total		**65,362,243.90**	**8,808,6528.00**	**30,888,273.11**	

24.0 Contingent Liabilities:

An additional amount of vat Tk. 434,112.00 for the period from 2007-2008 was demanded by the vat authority which has not been accepted by the company and appeal is pending against the demand.

25.0 Events after the Balance Sheet date (BAS-10)

Cash Dividend

Recommendation of dividend by the Directors in its meeting held on 25/03/2009 was made at the rate Tk.10 per share of Tk. 100 each.

Sd/-
Managing Director (C.C)

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
Mahfel Huq & Co.
Chartered Accountants

Date: 25.03.2009

Form- "AA"
Classified Summary of Assets of
Islami Insurance Bangladesh Limited
31st December, 2008

<u>**Class of Assets**</u>	**Book** <u>**Value**</u>	**Market** <u>**Value**</u>	**Remarks** <u>**if any**</u>
Investment as statutory deposit	9,000,000.00	9,000,000.00	Realizable Value
Share (ICB)	630,000.00	767,970.00	Realizable Value
Debenture (MPB)	4,140,000.00	3,813,975.00	Realizable Value
Interest Accrued but not due	10,127,378.47	10,127,378.47	Realizable Value
Amount due from other persons or bodies carrying on insurance business	8,955,077.00	8,955,077.00	-do-
Sundry Debtors including Advance deposit & prepayments	5,860,221.34	5,860,221.34	All Considered good
Fixed Deposit with banks	151,190,000.00	151,190,000.00	-do-
STD & CD Account with banks	15,098,792.82	15,098,792.82	-do-
Cash Cheque & Stamps in hand	5,366,557.25	5,366,557.25	-do-
Fixed Assets at cost less depreciation	25,469,809.89	25,469,809.89	Cost less depreciation
Stock of Printing Materials	585,498.00	545,508.00	Cost
Land Purchase in process	900,000.00	900,000.00	Cost
Security Deposit	505,000.00	505,000.00	Realizable Value
Total Tk.	**2,378,28,334.77** ===========	**237,600,289.77** ===========	

Signed as per annexed
report of even date

Sd/-
Managing Director (C.C)
Date: 25.03.2009

Sd/-
Director

Sd/-
Director

Sd/-
Chairman

Sd/-
Mahfel Huq & Co.
Chartered Accountants

Islami Insurance Bangladesh Limited

Head Office, Dhaka-1000.

Schedule-A/1

Schedule of Fixed Assets as at 31st December, 2008.

Sl. No.	Particulars	Cost Price: As at 01.01.2008	Addition / Adjustm: Adjustment	Addition / Adjustm: during the year	Total as at 31.12.2008	Rate of Depreciatior	Depreciation: As at 01.01.2008	Charged / Adjustm: djustmen	Charged / Adjustm: during the year	Total as at 31.12.2008	Written Down Value as at 31.12.08
1	2	3		4	5=3+4	6	7		8	9=7+8	10=5-9
1	Furniture & Fixture	4,049,274.00		365,209.00	4,414,483.00	10%	1,786,940.65		262,754.23	2,049,694.88	2,364,788.12
2	Office & Electrical Equi	1,874,389.00		238,600.00	2,112,989.00	15%	997,097.46		167,383.73	1,164,481.19	948,507.81
3	Office Decoration	11,488,876.00		150,351.00	11,639,227.00	10%	5,113,105.59		652,612.14	5,765,717.73	5,873,509.27
4	Air-Cooler	1,659,563.00		64,500.00	1,724,063.00	15%	838,461.01		132,840.29	971,301.30	752,761.70
5	Motor & Other vehicles	20,870,956.00	1,860,000.00	8,198,040.00	27,208,996.00	20%	9,265,974.88		3,588,604.22	12,854,579.10	14,354,416.90
6	Computer & Software	839,414.00		82,656.00	922,070.00	20%	506,465.95		83,120.81	589,586.76	332,483.24
7	Telephone installation	2,343,239.00		15,150.00	2,358,389.00	15%	1,389,983.39		145,260.84	1,535,244.23	823,144.77
8	Crookeries & Cutleries	114,937.00		4,490.00	119,427.00	25%	92,496.23		6,732.69	99,228.92	20,198.08
	Total Taka	**43,240,648.00**	**1,860,000.00**	**9,118,996.00**	**50,499,644.00**		**19,990,525.16**	**-**	**5,039,308.95**	**25,029,834.11**	**25,469,809.89**

ISLAMI INSURANCE BANGLADESH LIMITED

Head Office,Dhaka

(XL-Form)

Statement of Showing Details of Re-Insurance Ceded and Accepted by the

Islami Insurance Bangladesh Ltd. During the Year Ended December 31,2008

	Premium						Commission						Claims					
Classes of Business	Received on			Paid on		Net	Received on			Paid on		Net	Received on			Paid on		Net
		Re-Insurance Accepted		Re- Insurance Ceded				Re-Insurance Accepted		Re- Insurance Ceded				Re-Insurance Accepted		Re- Insurance Ceded		
	Direct Business	In Bangladesh	Outside BD	In Bangladesh	Outside BD		Direct Business	In Bangladesh	Outside BD	In Bangladesh	Outside BD		Direct Business	In Bangladesh	From abroad	In Bangladesh	From abroad	
	1			2		3=1-2	4			5		6=4-5	7			8		9=7-8
FIRE	74,337,067.00			49,301,070.00	-	25,035,997.00	17,326,846.00			10,093,809.00	-	7,233,037.00	25,399,597.94			21,768,450.00	-	3,631,147.94
MARINE CARGO	105,260,558.00			15,069,948.00	-	90,190,610.00	22,528,207.00			1,536,684.00	-	20,991,523.00	1,417,829.47			952,939.00	-	464,890.47
MARINE HULL	1,054,700.00			204,700.00	-	850,000.00	26,272.00			25,588.00	-	684.00	-			-	-	-
MOTOR	38,705,481.00			23,536,168.00	-	15,169,313.00	10,320,620.00			3,173,994.00	-	7,146,626.00	6,883,603.00			3,127,596.00	-	3,756,007.00
MISC.	6,032,910.00			1,193,044.00	-	4,839,866.00	843,721.00			424,919.00	-	418,802.00	3,208.00			-	-	3,208.00
Sub Total TK	225,390,716.00	-	-	89,304,930.00	-	136,085,786.00	51,045,666.00	-	-	15,254,994.00	-	35,790,672.00	33,704,238.41	-	-	25,848,985.00	-	7,855,253.41
Public Sector Business																		
	1			2		3=1-2	4			5		6=4-5	7			8		9=7-8
FIRE	687,221.00			649,129.00	-	38,092.00				67,386.00	-	(67,386.00)	7,543.00			45.00	-	7,498.00
MARINE CARGO	2,197,789.00			1,423,683.00	-	774,106.00				259,521.00	-	(259,521.00)	27,970.00			7,582.00	-	20,388.00
MARINE HULL	387,953.00			383,360.00	-	4,593.00				11,501.00	-	(11,501.00)	295,271.00			113,941.00	-	181,330.00
MOTOR	325,134.00			-	-	325,134.00				-	-	-	33,383.00			-	-	33,383.00
MISC.	3,641,661.00			3,989,010.00	-	(347,349.00)				332,722.00	-	(332,722.00)	3,653.00			-	-	3,653.00
Sub Total TK	7,239,758.00	-	-	6,445,182.00	-	794,576.00	-	-	-	671,130.00	-	(671,130.00)	367,820.00	-	-	121,568.00	-	246,252.00
Grand Total	232,630,474.00	-	-	95,750,112.00	-	136,880,362.00	51,045,666.00	-	-	15,926,124.00	-	35,119,542.00	34,072,058.41	-	-	25,970,553.00	-	8,101,505.41

Islami Insurance Bangladesh Limited

Auditors' Report in pursuance of Section 135(1) under para 24(1) of Part-ll of the Third Schedule of the Companies Act 1994

We have examined the financial statement of Islami Insurance Bangladesh Limited for the years ended December 31, 2004 to December 31, 2008 audited by us in pursuance of Section 135 (1) under para 24(1) of Part-ll of the Third Schedule of the Companies Act 1994 and We report that:

1. The Company was incorporated on 25th day of October, 1999 as a public limited company under the Companies Act-1994 with the object of carrying out all kinds of Insurance business other than life Insurance.
2. The statement of operating result of the years ended December 31st 2004 to December, 31st 2008 has been duly certified by us.
3. We also certify that statement of Assets and Liabilities of the Company as of December, 31st 2004, 2005, 2006, 2007 and December, 31st 2008.
4. The cash Flow statement of the Company for years ended December 31, 2004 to December 31, 2008 as enclosed herewith duly certified by us.
5. The Company has declared dividend for the year 2007 & 2008 at the rate of 5% & 10% respectively.
6. The Company has no subsidiaries; and
7. No proceeds or parts of proceeds of the issue of shares were applied directly by the Company in the purchase of any other business.

Sd/-
Mahfel Huq & Co.
Chartered Accountants

Dated, Dhaka
25.03.2009

ISLAMI INSURANCE BANGLADESH LIMITED
BALANCE SHEET AS AT 2004, 2005, 2006, 2007 & 2008 (FIVE YEARS)

CAPITAL & LIABILITIES:	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
Share Capital					
Authorised Capital					
25,00,000 Ordinary Shares of Tk. 100 e	250,000,000.00	250,000,000.00	250,000,000.00	250,000,000.00	250,000,000.00
Issued, Subscribed & Paid-up Capital					
6,00,000 Ordinary Shares of Tk. 100 ea	60,000,000.00	60,000,000.00	60,000,000.00	60,000,000.00	60,000,000.00
Reserve or Contingency Account:					
Reserve for Exceptional losses	23,000,000.00	22,000,000.00	13,000,000.00	10,000,000.00	-
General Reserve	3,500,000.00	-	-	-	-
Profit and Loss Appropriation Account	573,146.87	273,859.23	(6,284,794.12)	(18,223,362.76)	(35,096,829.41)
Proposed Dividend	6,000,000.00	3,000,000.00	-	-	-
Balance of Fund & Account	**55,264,900.60**	**58,920,082.40**	**52,719,835.60**	**55,768,129.00**	**49,557,669.60**
Fire Insurance Business	10,029,635.60	14,273,606.00	15,209,856.40	13,704,744.80	11,958,785.03
Marine Insurance Business	37,240,479.40	34,391,102.80	31,656,915.20	31,738,303.40	28,973,764.44
Motor Insurance Business	6,197,778.80	9,482,105.20	4,293,438.40	9,147,104.80	7,736,834.32
Miscellaneous Insurance Business	1,797,006.80	773,268.40	1,559,625.60	1,177,976.00	888,285.81
Premium Deposit	**2,149,668.15**	**5,943,200.73**	**9,034,639.76**	**10,357,753.21**	**12,899,029.32**
Liabilities & Provision	**69,984,489.26**	**63,364,093.00**	**33,268,243.28**	**25,409,906.00**	**22,586,245.98**
Estimated liabilities in respect of outstanding					
Claims whether due or intimated	56,890,890.00	40,693,581.00	16,868,435.00	20,786,620.00	14,728,333.00
Amount due to other persons or bodies					
Carrying on insurance business	13,093,599.26	22,670,512.00	16,399,808.28	4,623,286.00	7,857,912.98
Provision for taxation	7,470,863.89	7,455,390.87	9,757,706.00	3,500,000.00	-
Sundry Creditors (Including provision fo	9,885,266.00	13,108,335.00	16,421,877.44	16,920,167.58	20,948,943.94
Total Taka	**237,828,334.77**	**234,064,961.23**	**187,917,507.96**	**163,732,593.03**	**130,895,059.43**

PROPERTY & ASSETS:	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
INVESTMENT(at cost)					
Statutory deposit with Bangladesh bank					
as National Investment Bond	9,000,000.00	9,000,000.00	9,000,000.00	9,000,000.00	9,000,000.00
Share	630,000.00	-	-	-	-
Debenture (IBBL Mudaraba Perpetual	4,140,000.00	4,140,000.00	-	-	-
Interest, Dividends & Rent outstanding					
(interest/profit Accrued but not due)	10,127,378.47	8,046,156.05	5,982,837.49	4,770,271.09	4,533,412.00
Sundry Debtors	5,860,221.34	29,942,617.09	8,914,853.89	9,591,148.62	8,466,686.49
Amount due from other persons or bodies					
carrying on insurance business	8,955,077.00	7,080,514.00	13,827,772.93	11,168,417.93	7,186,113.91
Cash and Bank Balance	**170,661,709.07**	**151,410,094.25**	**128,267,787.42**	**105,075,444.39**	**74,654,372.07**
Fixed Deposit Receipt (F.D.R)	151,190,000.00	132,470,000.00	108,220,000.00	84,570,000.00	64,320,000.00
STD & CD Accounts With Bank	15,098,792.82	15,696,604.95	14,422,659.08	15,242,618.94	10,285,421.68
Cash,Cheques in hand	4,372,916.25	3,243,489.30	5,625,128.34	5,262,825.45	4,301,141.05
Bank Overdraft	-	-	-	-	(4,252,190.66)
Other Accounts	**28,453,948.89**	**24,445,579.84**	**21,924,256.23**	**24,127,311.00**	**27,054,474.96**
Fixed Assets less Accumulated depr	25,469,809.89	23,250,122.84	20,644,456.23	22,240,247.50	22,241,402.46
Land purchase in proces	900,000.00	-	-	-	-
Security Deposit	505,000.00	505,000.00	505,000.00	805,000.00	4,205,000.00
Stamps in hand	993,641.00	144,949.00	389,698.00	461,787.00	-
Stock of Printing Materials (At cost)	585,498.00	545,508.00	385,102.00	381,077.00	368,873.00
Preliminary Expenses	-	-	-	239,199.50	239,199.50
Total Tak	**237,828,334.77**	**234,064,961.23**	**187,917,507.96**	**163,732,593.03**	**130,895,059.43**

Date: 25.03.2009

Sd/-
Mahfel Huq & Co.
Chartered Accountants

ISLAMI INSURANCE BANGLADESH LIMITED
PROFIT & LOSS APPROPRIATION ACCOUNT
FOR THE YEAR 2004, 2005, 2006, 2007 & 2008 (FIVE YEARS)

Particulars	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
Balance brought forward from last year :	-	6,284,794.12	18,223,362.76	35,096,829.41	50,644,667.70
Reserve for Exceptional losses	1,000,000.00	9,000,000.00	3,000,000.00	10,000,000.00	
Provision for taxation	8,050,000.00	7,822,000.00	9,800,000.00	3,500,000.00	
Provision for proposed dividend	6,000,000.00	3,000,000.00			
General Reserve	3,500,000.00				
Net loss for the year	-				
Balance transferred to Balance Sheet	**573,146.87**	**273,859.23**			
Total Taka	**19,123,146.87**	**26,380,653.35**	**31,023,362.76**	**48,596,829.41**	**50,644,667.70**

Particulars	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
Balance brought forward from last year :	273,859.23	-	-	-	-
Net Profit For the Year brough down	18,849,287.64	26,380,653.35	24,738,568.64	30,373,466.65	15,664,935.29
Income tax for the year 2002	-	-	-	-	(117,097.00)
Balance transferred to Balance Sheet			**6,284,794.12**	**18,223,362.76**	**35,096,829.41**
Total Taka	**19,123,146.87**	**26,380,653.35**	**31,023,362.76**	**48,596,829.41**	**50,644,667.70**

Certificate Under Section 40c of the I

All expenses of management wherever incurred, whether directly of indirectly in respect of fire marine, motor and miscellaneous insurance business transacted in Bangladesh have been fully charged to the respective revenue accounts as expenses.

Date: 25.03.2009

Sd/-
Mahfel Huq & Co.
Chartered Accountants

ISLAMI INSURANCE BANGLADESH LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR 2004, 2005, 2006, 2007 & 2008 (FIVE YEARS)

Particulars	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
EXPENSES OF MANAGEMENT					
(Not applicable to any particular fund or	**4,577,059.00**	**4,598,542.04**	**4,290,329.50**	**4,687,456.44**	**6,122,063.66**
Advertisement & Publicity	1,356,711.00	1,476,837.04	1,241,032.00	2,146,938.00	1,780,734.00
Director Fees	1,604,250.00	1,236,250.00	1,561,125.00	1,201,250.00	2,573,954.00
Shariah Council Expenses	108,523.00	111,933.00	71,875.00	120,866.00	144,103.00
Donation & Subscription	375,000.00	500,000.00	212,000.00	188,334.00	150,663.00
Audit Fees	100,000.00	100,000.00	80,000.00	117,425.00	117,200.00
Interest / Profit				127,388.44	568,121.66
Preliminary Expenses Written Off			239,199.50		-
Islami Insurance Foundation	-	-	14,000.00	21,000.00	213,079.00
Legal,Registration & Professional fees	1,032,575.00	1,173,522.00	871,098.00	764,255.00	574,209.00
Loss on Sale of Fixed Assets					
Depreciation	5,039,308.95	3,458,263.22	3,595,827.44	3,695,268.96	3,697,727.34
Net Profit/(Loss) Transferred to					
Profit & Loss Appropriation Accounts	**18,849,287.63**	**26,380,653.36**	**24,738,568.64**	**30,373,466.65**	**15,664,935.29**
Total Taka	**28,465,655.58**	**34,437,458.62**	**32,624,725.58**	**38,756,192.05**	**25,484,726.29**

Particulars	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
INTEREST,DIVIDEND AND RENT					
(Not applicable to any particular fund or Account)					
Interest/Profit received & accrued	14,769,359.26	13,276,200.13	9,304,597.33	7,106,078.55	5,491,962.30
Miscellaneous Income	8,880.00	47,364.60	10,770.00	8,500.00	25,650.00
Profit on sale of Motor Vehicle	(280,000.00)	1,359,854.00	-	48,468.00	78,043.00
Profit/(Loss) Transfered From:	**13,967,416.32**	**19,754,039.89**	**23,309,358.25**	**31,593,145.50**	**19,889,070.99**
Fire Revenue Account	15,921,582.28	(12,256,531.79)	5,623,037.30	23,600,031.23	12,376,128.93
Marine Revenue Account	36,692,248.45	40,195,205.78	25,262,181.30	13,352,674.05	10,732,380.42
Motor Revenue Account	(3,688,967.52)	(7,250,349.74)	(1,012,434.75)	(1,460,115.59)	(306,498.77)
Misc. Revenue Account	(34,957,446.90)	(934,284.36)	(6,563,425.60)	(3,899,444.19)	(2,912,939.59)
Total Tak	**28,465,655.58**	**34,437,458.62**	**32,624,725.58**	**38,756,192.05**	**25,484,726.29**

Date: 25.03.2009

Sd/-

Mahfel Huq & Co.

Chartered Accountants

ISLAMI INSURANCE BANGLADESH LIMITED
CONSOLIDATED REVENUE ACCOUNT
FOR THE YEAR 2004, 2005, 2006, 2007 & 2008 (FIVE YEARS)

	2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka		2008 Taka	2007 Taka	2006 Taka	2005 Taka	2004 Taka
CLAIMS UNDER POLICIES LESS RE-INSURANCE											
Paid during the year	8,101,505.41	15,935,776.48	6,247,684.00	(16,966,918.01)	242,775.30	**Balance of Account at the beginnin**	58,920,082.40	52,719,835.60	55,768,129.00	49,557,669.60	33,892,632.39
Add : Total estimated liabilities in respect of						**of the year :**					
outstanding claims at the end of the						Premium Less Re-insurance	136,880,362.00	146,736,041.00	130,978,765.00	137,759,200.00	119,403,034.80
year whether due or intimated	56,890,890.00	40,693,581.00	16,868,435.00	20,786,620.00	14,728,333.00						
	64,992,395.41	56,629,357.48	23,116,119.00	3,819,701.99	14,971,108.30						
Less: Outstanding at the end of the prev	(40,693,581.00)	(16,868,435.00)	(20,786,620.00)	(14,728,333.00)	(5,884,490.00)	Commission on Re-insurance Ceded	15,926,124.00	16,342,991.00	16,539,801.00	14,576,588.00	10,474,895.14
	24,298,814.41	39,760,922.48	2,329,499.00	(10,908,631.01)	9,086,618.30						
Agency Commission	51,045,666.00	41,504,342.41	31,821,893.25	31,791,823.00	-						
Expenses of Management	67,149,771.07	55,859,480.43	93,106,108.90	93,648,991.11	85,237,203.44						
Balance of Account at the end of the Year :											
Reserve for Unexpired risks being @ 40% of											
Fire,Marine Cargo,Motor,& Misc.Premium Income											
and @ 100% of Marine Hull Premium Inc	55,264,900.60	58,920,082.40	52,719,835.60	55,768,129.00	49,557,669.60						
Profit(Loss) transferred to Profit & Loss A	**13,967,416.32**	**19,754,039.88**	**23,309,358.25**	**31,593,145.50**	**19,889,070.99**						
Total Taka	**211,726,568.40**	**215,798,867.60**	**203,286,695.00**	**201,893,457.60**	**163,770,562.33**	**Total Tak**	**211,726,568.40**	**215,798,867.60**	**203,286,695.00**	**201,893,457.60**	**163,770,562.33**

Date: 25.03.2009

Sd/-
Mahfel Huq & Co.
Chartered Accountants

ISLAMI INSURANCE BANGLADESH LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER ,2008

Particulars	2008	2007	2006	2005	2004
A **CASH FLOW FROM OPERATING ACTIVITIES:**					
Collection from Premium & Other Income	266,587,933.00	227,293,762.00	230,716,551.00	203,760,405.00	155,727,563.00
Payment for Management Exp, Re-Insur & Cla	(227,512,795.00)	(183,823,211.00)	(202,521,076.00)	(173,045,219.00)	(137,226,331.00)
Income Tax Paid	(8,034,527.00)	(10,124,318.00)	(3,542,294.00)	-	(117,097.00)
	31,040,611.00	**33,346,233.00**	**24,653,181.00**	**30,715,186.00**	**18,384,135.00**
B **CASH FLOW FROM INVESTING ACTIVITIES:**					
Acquisition of Fixed Assets	(9,118,996.00)	(6,745,075.00)	(2,034,377.00)	(4,097,444.00)	(6,705,345.00)
Disposal of Fixed Assets	1,860,000.00	681,148.00	34,340.00	403,330.00	444,700.00
Building/Land in Process	(900,000.00)				
Investment Made in Share/Bond	(630,000.00)	(4,140,000.00)			
Disposal of Investment					
Security Deposit			300,000.00	3,400,000.00	(4,100,000.00)
Prelimenery Exp			239,199.00		
	(8,788,996.00)	**(10,203,927.00)**	**(1,460,838.00)**	**(294,114.00)**	**(10,360,645.00)**
C **CASH FLOW FROM FINANCING ACTIVITIES:**					
Issuance of Share Capital					
Share Premium received					
Bonus Share/ Dividend Paid	(3,000,000.00)	-	-	-	-
Increase /Decrease in Loan from Bank					
	(3,000,000.00)	**-**	**-**	**-**	**-**
Increase/Decrease in cash and Bank Bala	**19,251,615.00**	**23,142,306.00**	**23,192,343.00**	**30,421,072.00**	**8,023,490.00**
Cash and Bank Balance at Opening Balance	151,410,094.00	128,267,788.00	105,075,444.00	74,654,372.00	66,630,882.00
Cash and Bank Balance at Closing Balance	170,661,709.00	151,410,094.00	128,267,787.00	105,075,444.00	74,654,372.00

Sd/-

Date: 25.03.2009

Mahfel Huq & Co
Chartered Accountants

Form- "AA"
Classified Summary of Assets of
Islami Insurance Bangladesh Limited
As at 31st December 2008, 2007, 2006, 2005 & 2004

Class of Assets	Book Value 2008	Book Value 2007	Book Value 2006	Book Value 2005	Book Value 2004
Investment as statutory deposit	9,000,000.00	9,000,000.00	9,000,000.00	9,000,000.00	9,000,000.00
Share	630,000.00	-	-	-	-
Debenture (MPB)	4,140,000.00	4,140,000.00	-	-	-
Interest Accrued but not due	10,127,378.47	8,046,156.05	5,982,837.49	4,770,271.09	4,533,412.00
Amount due from other persons or bodies carrying on insurance business	8,955,077.00	7,080,514.00	13,827,772.93	11,168,417.93	7,186,113.91
Sundry Debtors including Advance deposit & prepayments	5,860,221.34	29,942,617.09	8,914,853.89	9,591,148.62	8,466,686.49
Fixed Deposit with banks	151,190,000.00	132,470,000.00	108,220,000.00	84,570,000.00	64,320,000.00
STD & CD Account with banks	15,098,792.82	15,696,604.95	14,422,659.08	15,242,618.94	10,285,421.68
Cash Cheque & Stamps in hand	5,366,557.25	3,388,438.30	6,014,826.34	5,262,825.45	4,301,141.05
Fixed Assets at cost less depreciation	25,469,809.89	23,250,122.84	20,644,456.23	22,240,247.50	22,241,402.46
Stock of Printing Materials	585,498.00	545,508.00	385,102.00	381,077.00	368,873.00
Land Purchase in process	900,000.00	-	-	-	-
Security Deposit	505,000.00	505,000.00	505,000.00	805,000.00	4,205,000.00
Total Tk.	**237,828,334.77** ==========	**234,064,961.23** ==========	**187,917,507.96** ==========	**163,031,606.53** ==========	**134,908,050.59** ==========

Sd/-
Mahfel Huq & Co.
Chartered Accountants

Dated, Dhaka
25.03.2009

Statement of Ratio Analysis
for the year ended December 31,2008,2007, 2006, 2005, 2004

Particular		2008		2007		2006		2005		2004	
		Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Liquidity Ratio											
1 Current Ratio	Current Assets	46,498,523	0.53	65,204,837	0.78	50,053,049	0.84	47,922,342	1.05	35,333,655	0.81
	Current Liability	87,340,618		83,927,818		59,447,826		45,830,073		43,535,188	
2 Quick Ratio	Current Assets- Inventory	45,913,025	0.53	64,659,329	0.77	49,667,947	0.84	47,541,265	1.04	34,964,782	0.80
	Current Liability	87,340,618		83,927,818		59,447,826		45,830,073		43,535,188	
Operating Ratio											
1 Accounts Receivable Turnover Ratio	Gross Premium	232,630,474	15.70	212,745,454	5.75	198,101,891	8.71	197,169,074	9.50	165,031,727	10.54
	Receivable	14,815,298		37,023,131		22,742,625		20,759,565		15,652,799	
2 Assets Turnover Ratio	Gross Premium	232,630,474	0.98	212,745,454	0.91	198,101,891	1.05	197,169,074	1.20	165,031,727	1.26
	Total Assets	237,828,334		234,064,961		187,917,507		163,732,593		130,895,059	
Profitability Ratio											
1 Gross Margin Ratio	Gross profit	13,967,416	0.06	19,754,039	0.09	23,309,358	0.12	31,593,145	0.16	19,889,070	0.12
	Gross premium	232,630,474		212,745,454		198,101,891		197,169,074		165,031,727	
2 Operating Income Rati	Operating Profit	13,967,416	0.10	19,754,039	0.13	23,309,358	0.18	31,593,145	0.23	19,889,070	0.17
	Total Operating Revenue	136,880,362		146,736,041		130,978,765		137,759,200		119,403,034	
3 Net Income Ratio	Profit after Tax	10,799,287	0.08	18,558,653	0.13	14,938,568	0.11	26,873,466	0.20	15,547,838	0.13
	Total Operating Revenue	136,880,362		146,736,041		130,978,765		137,759,200		119,403,034	
4 Return on Assets Ratio	Profit after Tax	10,799,287	0.05	18,558,653	0.08	14,938,568	0.08	26,873,466	0.16	15,547,838	0.12
	Total Assets	237,828,334		234,064,961		187,917,507		163,732,593		130,895,059	
5 Return on Equity Ratio	Profit after Tax	10,799,287	0.12	18,558,653	0.23	14,938,568	0.22	26,873,466	0.52	15,547,838	0.62
	Share Holders Equity	87,073,146		82,273,859		66,715,206		51,776,638		24,903,171	
6 Earning per Share Rati	Profit after Tax	10,799,287	18.00	18,558,653	30.93	14,938,568	24.90	26,873,466	44.79	15,547,838	25.91
	No of shares	600,000		600,000		600,000		600,000		600,000	

Date: 25.03.2009

Sd/-

Mahfel Huq & CO.

Chartered Accountants

CREDIT RATING REPORT
ON
Islami Insurance Bangladesh Limited

REPORT: RR/257/09

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's Claim Paying Ability Rating is valid for only one year. After the above period, the rating will not carry any validity unless the company goes for rating surveillance.

Address:
CRISL
Nakshi Homes
(4th & 5th Floor),
6/1A, Segunbagicha,
Dhaka-1000
Tel: 7173700-1
Fax: 88-02-9565783
Email:
crisl@bdonline.com

Analyst:
Md. Nazrul Husain
nazrul@crislbd.org

Md. Asiful Huq
asif@crislbd.org

Surveillance Rating: BBB+
(triple be plus)

Outlook: Stable

Rating Base: Financials upto 2008

ISLAMI INSURANCE BANGLADESH LIMITED

ACTIVITY
General Insurance

INCORPORATED ON
October 25,1999

CHAIRMAN
Al-haj Mohammad Sayeed

MANAGING DIRECTOR
Mr. Abdul Matin(C.C)

GROSS PREMIUM
TK. 232.63 million

	Claim Paying Ability
Surveillance Rating-2008	BBB+
Initial Rating-2006	BBB
Outlook	Stable
Date of Rating	April 30, 2009

1.0 RATIONALE

Credit Rating Information and Services Limited (CRISL) has upgraded the Claim Paying Ability (CPA) rating of Islami Insurance Bangladesh Limited (hereinafter called IIBL) to BBB + (pronounced as 'triple B plus') from previous rating of BBB (pronounced as 'triple B') based on the audited financials upto December 31, 2008 and other relevant qualitative and quantitative information up-to the date of rating. The above rating has been assigned in consideration of its good solvency position, above average liquidity, good branch network, diversified investment portfolio, good market share etc. The above factors are, however, moderated to some extent by moderate financial performance, moderate underwriting performance, static & low retention limit, high management expense, weak shariah compliance etc.

The gross premium of the company increased to TK. 232.63 million in 2008 against TK. 212.75 million in 2007 registering a growth of 9.34%. IIBL earned 60.01% of its premium from new business while the rest 39.99 % from renewal business in 2008.The Company increased its concentration in low risky marine business from which it made an underwriting profit of Tk. 36.69 million. However, absence of in-house business in its premium earnings may create adverse impact on long –run sustainability of the company.

Total underwriting profit of IIBL declined to Tk. 13.97 million in 2008 as the company suffered a significant underwriting loss of Tk. 34.96 million in miscellaneous business. Financial performance of IIBL in 2008 was appeared to be moderate. Return on average assets (ROAA) fell to 7.99% in 2008 from 12.50% in 2007 while return on average equity (ROAE) declined to 12.75% in 2008 from 24.91% in 2007.

Overall solvency position of the company improved in 2008 and was found good in comparison to third generation insurance companies. External liabilities to equity ratio of IIBL improved to 0.44 times in 2008 from 0.63 times in 2007. Though existing equity base of the company is poor, it is likely to improve with the floatation of IPO. The liquidity position of IIBL was found above average as all the liquidity parameters improved in 2008. Current ratio of IIBL rose to 1.41 times in 2008 from 1.39 times in 2007 while liquid asset to total asset ratio increased to 78.02% in 2008 from 69.89% in 2007.

Technical performance of the company was average as retention ratio came down to 58.84% in 2008 from 68.97% in 2007 while expense ratio increased to 77.35% in 2008 from 59.66% in 2007 and claim ratio declined to 15.90% in 2008 from 24.38% in 2007.

CPA rating in this category is adjudged to offer good claim paying ability with good protection factor. However, Changes in underwriting and/or economic conditions are likely to have impact on capacity to meet policyholder obligations than insurers in higher rated categories.

CRISL also viewed the company with 'Stable outlook' for its steady business growth, consistent fundamentals and traditional management structure.

2.0 RECENT DEVELOPMENTS

- Decrease in underwriting profit
- Increase of risk retention limit in fire business
- Actual investment more than optimum investment (21.77%)
- Decrease in profitability indicators
- Decline in underwriting leverage
- Concentration towards less risky marine business

3.0 CORPORATE PROFILE

3.1 The Genesis

A third generation insurance company

Islami Insurance Bangladesh Limited (hereinafter called as IIBL), a third generation general insurance company, was incorporated and registered with the Registrar of Joint Stock Companies & Firms, Bangladesh on 25 October, 1999 under the Insurance Act 1938 and obtained Certificate of Commencement of Business from the Chief Controller of Insurance, Govt. of the people's Republic of Bangladesh on 29 December, 1999 with the objective of meeting the demand of insurance in the country. The paid-up capital of the company was TK.60.00 million as on December 31, 2008 subscribed by 23 shareholders including 14 directors. The company made a substantial profit of Tk 26.38 million and wiped out the entire loss in 2007.IIBL has the plan to go for initial public offerings (IPO) during 2009. The company earned a gross premium of Tk. 232.63 million and underwriting profit of Tk.13.97 million during the year 2008. The company has been operating business from its Head Office, BIWTA Bhaban (6 th Floor) 141-143 Motijheel C/A , Dhaka- 1000.

3.2 Ownership Pattern

Concentrated ownership

At present Islami Insurance Bangladesh Limited has 23 (twenty three) sponsor shareholders and among them 14 (fourteen) are in the Board. The Authorized Capital of the company was TK.250.00 million having 2.50 million ordinary shares of TK. 100 each and Paid up Capital was TK. 60.00 million with 0.60 million ordinary Shares of TK. 100 each as on December 31, 2008. Out of the above shares 14 Sponsor Directors are holding 0.365 million shares (TK. 36.50 million) i.e. 60.83% and the remaining 0.235 million shares (TK. 23.50 million) i.e. 39.17% are being held by the other 9 Sponsor Shareholders. Out of the total outstanding shares, one of the Directors is holding 10.83% and one sponsor shareholder is holding 16.67% shares as on December 31, 2008. However, the above shareholding pattern of the company is expected to be diluted as IBBL is going to offload IPO during the year 2009 to raise the capital of TK. 90.00 million from general public.

3.3 Market Share

Good market share

The general insurance industry of Bangladesh reported a gross premium of Tk 10.00 billion and TK. 7.98 billion respectively in 2007 and 2006 which was shared by 43 companies excluding the state-owned Sadharan Bima Corporation (SBC). The gross premium of IIBL increased to TK. 232.63 million in 2008 against TK. 212.75 million in 2007 showing a growth of only 9.35%. It held 2.47% of the market share of gross premium of private sector general insurance companies in 2007 excluding Sadharan Bima Corporation, which is considered good in comparison to third generation insurance company.

3.4 Branch Network

Wide branch network

IIBL has been operating its business through 38 branches (including Head Office) at different strategically important areas of the country during last few years. No new branch was opened during 2007 and 2008.However, the existing branch network of the company is still good compared to third generation general insurance company. The zonal break down of 39 branches are: Dhaka Zone 23 branches, Chittagong Zone 5 , Khulna Zone 3 , Rajshahi Zone 5 and Barishal Zone 2 branches. The company does not have any plan to open any new branch in near future.

4.0 INSURANCE INDUSTRY

Insurance industry of Bangladesh has a long history of evolution. About a century back, couple of insurance companies started both general and life insurance business during the

Insurance industry has long history of evolution

British regime in India. However, insurance business got the momentum during the East Pakistan regime. In the pre-liberation period, there were as many as 49 privately owned insurance companies underwriting general insurance business along with one central Govt. run-organization, namely, Pakistan Insurance Corporation. After liberation, the insurance industry was nationalized vide Presidential Order No. 95 of 1972. By virtue of nationalization order, 5 Corporations were set up to manage the insurance industry of which four were subsidiary corporation, two each for life and General and an apex body ,viz., Jatiya Bima corporation as a controlling corporation. At a later stage, the above five corporations were replaced by two state owned corporations namely, Sadharan Bima Corporation for general business and Jiban Bima Corporation for life business under a restructuring plan made in 1973 in order to curtail excessive administrative expenses of the aforementioned corporations. Again, in the process of denationalization, the Insurance Corporations Act was amended in 1984 to allow insurance companies to operate in the private sector subject to certain restrictions regarding business operation and reinsurance. Subsequent to that, the Act was further amended for the relaxation of the existing regulation to promote the private sector insurance companies. Presently, 62 insurance companies are operating in the country, of which 44 are in general business and the remaining 18 are in life business, even though the two state-owned corporations, along with some private sector companies, are dominating the market.

Moderate growth in the industry

The gross premium of general and life insurance business stood respectively at TK. 9.02 billion and TK. 26.83 billion during 2006 with a combined growth rate of 26.10% compared to that of the previous year. On the other hand, claim settlement during the same period stood at TK. 4.20 billion for general and TK. 6.24 billion for life with an aggregate growth rate of 42.04% over the previous year. However, presence of large number of companies in a small market leads to tough market competition and unethical practices which has already created a significant number of sick insurance companies in the industry. Understanding the importance of revitalizing the sector in line with the international norms, the regulatory authorities have decided to introduce mandatory credit rating requirement in the industry. Under the above directives, all general insurance companies are directed to get credit rating with effect from 2007 with mandatory surveillance at the end of each year. However, the life insurance companies were directed to have the surveillance rating biannually.

Out of 62 companies, 51 companies have so far been rated constituting 82.26% of the total industry. Of the above, 90.91% are in general insurance industry and 61.11% are in life insurance industry. Credit Rating Information and Services Limited (CRISL), the premier credit rating company of Bangladesh, rated 35 insurance companies (including 9 life insurances) which constitutes 68.63% of the total rated entities. Again, among the rated companies, CRISL awarded rating of 65% general insurances and 81.81% life insurances. Over and above, 66.67% companies achieved investment grade (‘BBB-’ and above) while rest 33.33% obtained non-investment grade (‘BB+’ and below). While analyzing the industry-wise strength of rating, it was found that 81.81% life insurances and 62.60% general insurances achieved investment grade rating. Rating distribution of general insurance companies revealed that 35% companies were in ‘BBB’ category, followed by 32.50% in ‘BB’ category, 22.50% in ‘A’ category and 5% each in ‘AA’ and ‘B’ category. On the other hand, 54.55% of the life insurances achieved ‘A’, 9.09% ‘AA’ and 18.18% each in ‘BBB’ and ‘BB’ category.

Industry is at final stage of transition

The insurance industry is now at the final stage of transition. The age old insurance law is going to be replaced by Insurance Ordinance (IO) 2008. The Department of Insurance will also be abolished by the five-member Insurance Regulatory Authority under Insurance Regulatory Authority (IRA) Ordinance 2008. The ordinances have already been made effective and will now lead to formulation of detailed rules and regulations in the light of their provisions. Under new Ordinance, the paid up capital for general and life insurance companies have been raised to TK. 400 million and TK. 300 million respectively for which the companies will be given five years time frame. The number of directors in the company has also been reduced to 15 from 20 with the participation from the policyholder directors. The new law also introduced mandatory solvency margin for the insurance companies. Besides, the insurance companies will be required to ensure international accounting standard, separate Islamic insurance from conventional ones and put a limit on commission expenses. Moreover, the life insurance companies will be required to make the valuation of liabilities on yearly basis to reveal the real strength of the company. The law also allowed foreign investment in general insurance sector. With the promulgation of the ordinances, the insurance industry will be under the Ministry of Finance from the Ministry of Commerce. With the above changes, CRISL anticipates a paradigm shift in the operation of the insurance companies in the regulatory regime.

5.0 CORPORATE GOVERNANCE

Corporate governance is the set of processes, customs, policies, laws and regulations affecting the way a corporation is directed, administered or controlled to perform efficiently and generates long term economic value for its shareholders while respecting the interest of its stakeholders and the society as a whole. The specific areas covered are transparency in disclosure of relevant reliable financial and operational information, information on ownership and control, information on internal processing of management. In pursuit of the above, CRISL evaluates the corporate governance of IIBL in the following areas:

5.1 Board of Directors

Fourteen- member Board

Among the twenty three sponsor shareholders, IIBL Board consists of fourteen Directors. Al-haj Mohammad Sayeed, a reputed businessman, is the Chairman of the Board. The Board held 12 meetings in 2008 and 12 meetings in 2007. The Board mainly deals with policy matters and strategic aspects of the company. The Board formed 4 committees viz. Executive Committee, Claims Committee, Finance& Accounts sub- Committee and Shariah Council to evaluate and monitor the overall business functions of the company. The Board also reviews the operational and business performance of the company and gives directives to the respective committees as well as management for the smooth operation of business.

5.2 SEC Best Practice Guideline

IIBL is a closely held public limited company. But the composition of the Board, formation of management structure, style of management, disclosures etc are all based on ownership criterion as the company has not yet gone for public offering. However, after floating of IPO, the company will be required to follow the minimum requirements of Securities & Exchange Commission (SEC) corporate governance guidelines. There should be at least one Independent Director in the Board and three directors including one Independent Director in the Board Audit Committee. In addition, the company will be required to have a Chief Finance officer and Company Secretary. And Company Secretary is to work as compliance officer.Since IIBL is going for public offering of shares, these minimum corporate governance guidelines, along with others, will be required to be followed by “comply or explain” basis.

5.3 Shariah Council

Weak Shariah Compliance

There is a Shariah Council in IIBL consisting of 10 members with Islamic scholars, economic researcher and academician. Principal Kamaluddin Jafree is the Chairman of the Council. Council is to review the affairs of the company and give decisions on the basis of shariah principles and submits its report to the Board and the Executive Committee for implementation. It appears that IIBL could not follow the shariah principle and has become virtually ineffective in absence of separate Takaful Act for Islamic insurance companies. IIBL’s deposits in the non- Islami banks stood at TK. 85.05 million as on December 31, 2008. Interest earned through FDR from interest-based banks are strictly prohibited (haram) as per Islamic Shariah. But the present scenario is that Islami insurance company like IIBL are compelled to deposit their money with non-islami banks to be enlisted for getting business. The Council conducted 3 meetings in 2008 and 2 meetings in 2007.

5.4 Management

Experienced Management

Insurance is basically a technical business dependent to a great extent on the quality of techno-human resources available to form a management team. The IIBL is not an exception. The day to day operation of the company is being managed by an experienced management team with wide exposure in insurance business. The team is headed by the Managing Director (C.C), Mr. Md. Abdul Matin who joined the company on April 2000. Before joining IIBL he was Vice President in Northern General Insurance Co. Ltd. In his management team, Mr. Matin is assisted by one Additional Managing Director, one Executive Vice President, four Sr. Vice Presidents, one Vice President and one Asstt. Vice President. The functions of the of the company are carried out by seven departments namely, Administration & Establishment, Underwriting, Board Affairs, Audit &Recovery, Finance & Accounts, Re-Insurance and Claims. The Board has formed four committees namely (i)Executive Committee,(ii) Claims Committee (iii) Finance & Accounts Sub - Committee and (iv) Shariah Council.

5.5 IT Infrastructure

IT at primary stage

Application of information technology in every phase of the insurance operation is vital for the general insurance companies. Integrated insurance software provides real time information to the management and technical personnel. It provides quick service to the related parties and also extends support for the analysis of risk, trend of accident, claim behavior, which help management to take judicious decision. The IT infrastructure of ICI has been found poor and still at initial stage. IIBL Head Office is equipped with only 9 computers which are connected through LAN. Out of 38 branches only 5 branches are using computers while the rest branches are carrying out its functions manually, which are later sent to Head Office. The company has no separate Department exclusively dedicated for IT. However, it has 9 computer operators under the supervision of a Deputy Manager of Administration Department in Head Office. IIBL is presently using one accounting software "Mohi" to carry out its day to day accounting related tasks. However, as Underwriting, Claim and Administration Departments are using no software, integration is needed for keeping and updating the accounting records.

5.6 Human Resources Management

Low HR Turnover

IIBL has long working experience management team in the respective areas of insurance business. The company has its employees' service rules 2000 effective from July 2000 and pay scales effective from July 2004 and both are approved by the Board. Total staff strength of the company as on 31 December 2008 was 295 of which 93 were in marketing and 202 were working in desk. IIBL recruited 33 employees in 2008 among them 1AMD, 1 DMD 1 AVP, 2 Asstt. Manager, 1 Sr. Officer, 4 0ther officers and 23 staffs and promoted 37 officers and 1 staff during the year 2008. 9 employees left the organization in 2008 of which 1 MD, 1 DMD, 2 officers and 5 staff. The staff turnover of the company during the year 2008 reduced to 3.05% against 7.5% in 2007. Only one executive attended short training course on fire insurance underwriting in 2008.

5.7 Marketing Strategy

No in-house business support

IIBL has been operating in a small market competing with as many as 43 general insurance companies (except the state-owned SBC) signifying stiff competition in the market through its traditional product lines. The company does not have any separate department exclusively for marketing. However, marketing related functions of the company are presently being carried out by marketing executives under the direct supervision of branch in-charges. The company has been dealing with all the traditional product lines of general insurance business. Total number of marketing officers of the company stood at 41 as on December 31, 2008. The above marketing professionals get the compensation based on their performance. Major business of the company comes from Banks & Financial Institutions, Garments, Textile, Pharmaceuticals, Chemical, Manufacturing concern and others. IIBL earned around 3.11% of its gross premium from the government business during 2008, which was 8.83 % in 2007. The general insurance company did not get any in-house business (business support from the directors) during the year 2008. Out of gross premium (private) of Tk.225.39 million in 2008 IIBL earned 60.01% of its premium from new business while the rest 39.99 % from renewal business.

5.8 Financial Disclosure

IIBL is a closely held public limited company. The disclosure followed by the company is at minimal and only to the extent required to comply with the regulatory requirement. However all the general insurance companies in the industry, by and large, follow uniform reporting structure, thus results to almost similar disclosures in the financial statements. CRISL believes that the additional disclosures like, business class-wise breakdown of gross and net premium, business class-wise sum insured and re-insurance coverage, terms and condition of re-insurance treaty with SBC and other re-insurers, detailed disclosure of high valued risk assignments, major claims settled and intimated during the accounting period, in-house business support etc. would ensure more accountability in the business operation and transparency which may benefit the stakeholders in deciding on risk exposures.

6.0 BUSINESS PROFILE

6.1 Business Mix

Good product line

Islami Insurance Bangladesh Limited carries out general insurance business such as fire, marine, motor, engineering and miscellaneous as per Insurance Act. Fire insurance business covers the policy to indemnify the loss or damage caused by accidental fire and/ or lightening. Fire insurance may also cover, on payment of extra premium, the additional risk of riot and strike damage, riot fire damage, earthquake fire and shock, aircraft damage, malicious damage, cyclone including tidal bore, flood, rain water damage etc. Marine insurance include marine cargo and marine hull while motor insurance covers comprehensive insurance, loss or damage to the insured vehicles-private cars, commercial vehicles, motor cycles caused by (i) fire, external explosion, self-ignition, lighting or frost or burglary, house breaking or theft, (ii) malicious act, (iii) accidental external means, whilst in transit by road, rail and inland water way. Engineering insurance policies cover contractor's all risks, erection all risks, machinery break-down, deterioration of stock(spoilage), boiler and pressure vessels etc. while miscellaneous insurance covers indemnity for loss damage by burglary or house breaking, goods in transit or on commission, stock-in-trade, business plant and appliances, trade fixtures, fittings and utensils, cash in transit and in locked safe.

IIBL underwrote risk i.e total sum insured of TK.51.16 billion during 2008 of which fire insurance was TK.24.57 billion, marine TK.24.87 billion, motor 0.42 billion and miscellaneous TK.1.30 billion. The above underwriting portfolio reveals company's risk appetite towards marine (cargo) business which is considered to be less risky compared to other business category. While analyzing the composition of income from the business mix, it has been revealed that marine business contribute 46.81% of the total gross premium followed by 32.25% of fire, 16.78% of motor and 4.16% of miscellaneous business during 2008.

6.2 Reinsurance

100% reinsurance with SBC

In accordance with the present rule (section 23A of Insurance Corporation Act, 1973), 50% of the re-insurable general insurance business shall be reinsured with Sadharan Bima Corporation (SBC) and the remaining 50% of such business may be reinsured either with the corporation or with any other insurer whether in or outside Bangladesh. IIBL, in line with the existing regulation, takes its 100% reinsurance coverage from SBC which is made for one year and renewed every year. SBC, as mentioned earlier, is the only government owned company with authorization to do reinsurance business. The company does not carry any credit rating. The government of Bangladesh does not provide any claim paying guarantee to the policy holders of SBC. However, the financial strength of SBC was found good with substantial asset base. IIBL has both surplus share treaty and facultative reinsurance policy for all business classes other than Motor business, where the company has excess of loss treaty. In addition, the retention of the company is protected by CAT XL treaty to minimize the retained loss in fire business. IIBL underwrote TK. 51.16 billion risk during 2008 against which gross reinsurance coverage was TK. 12.36 billion representing gross retained risk of TK. 38.80 billion.

6.3 Claim Settlement

Limited delegation of Management for claim settlement

An insurance company, as per law, is supposed to settle a claim within 90 days from the date of receipt of full documents; however, no explicit idea of 'full document' is given in law which gives rise to mystification between the insurer and the insured. The claims deptt. of the company after receiving the claim intimation from the clients appoints the govt. licensed surveyor for the assessment of actual quantum of loss to submit report after physical investigation. In case of need a responsible officer visits the site and gathers first hand knowledge about the incident and damage of materials. Meanwhile the insured is advised to submit the documents to substantiate the claim. After getting the final survey report and requisite papers and documents the Claims Deptt. examines the related papers and if the claim is found payable, the file is submitted to the Managing Director for taking decisions. Managing Director has a business delegation of Tk. 5000 only for according final approval related to settlement of claim. If the claim amount exceeds Tk. 5000, then MD sends the file to the claims committee with his comments for approval as per delegation of power of the company. After receiving approval the loss voucher is sent to the insured and on receipt of signed loss voucher the claim is settled by issuing cheque to the client. The claims committee consists of 8 members including MD. Among them 7 are the board members. Mrs. Samira Azim was the Chairman and Al- haj Md. Abdul Halim was the Vice Chairman of the Claims Committee. The claim committee of IIBL is enjoining full power to approve any claims. However, the file is to be placed to the Board for information only. IIBL paid 14 insurance claims of more than Taka five lac each total amounting to TK.21.58 million during 2008. Out of the above total claims TK.20.89 million was for fire and TK.0.69 million for marine during 2008.The company paid claims to top twenty insured TK.24.02 million of which Fire Claims Tk 22.11 million, Motor Claims Tk. 1.22 million, Marine Claims Tk. 0.69 million against which recovery was made TK.16.82 million (Fire Tk. 16.17 million and Marine Tk. 0.65 million) and the retained loss of TK.7.20 million (Fire Tk. 5.94 million, Motor Tk. 1.12 million and Marine Tk. 0.04 million). Total outstanding claims of IIBL under different business categories stood at TK. 102.85 million as on December 31, 2008. Out of the above outstanding claims IIBL portion stood at 55.31% while SBC's portion stood at 44.69% as on December 31, 2008.While analyzing the above outstanding claims, CRISL observed that there are various reasons such as waiting approval from SBC, lack of sufficient papers and documents, waiting for approval from leader insurer etc. However, IIBL does not have any litigation with any insured regarding claim settlement.

6.4 Underwriting Quality and Expertise

Moderate underwriting performance

Insurance industry in Bangladesh operates under the structured underwriting and tariff guidelines which limit the rivalry and unethical practices among the companies to some extent to raise the base of the policyholders. The Central Rating Committee modifies tariff rates after every specified period and adjust the tariff rates according to the performance of the specific sectors and the clients. In view of the fixed tariff policy, most of the insurance companies were allowing high rate of commission on competitive basis to attract the customers. In order to control the above situation and to stop the underhand transactions between the agents and policy buyers, the Chief Controller of Insurance (CCI) abolished the agency commission system few years back. The above move however, could not bring fruitful results to eradicate the unethical practices and as such the commission system was again introduced in the sector. The overall underwriting quality as well as underwriting performance of IIBL has been found moderate among the companies in the insurance industry. Mr. Nazim Uddin, Senior Vice President having 23 years working experience in General Insurance business joined the company in Novemver 1999 and is now holding the charge of the Underwriting Department. Mr. Nazim is assisted by 15 more underwriters at Head Office to carry out the functions of underwriting smoothly and prudently. The company underwrote three high valued risk (more than one billion) assignments upto 2008 amounting to total Tk.5.98 billion.

6.5 Expenditure Pattern of Management

High management expense

Management expenditure pattern in insurance business plays an imperative role to evaluate the overall management efficiency of the company. Expense ratio depicts the efficiency of the management to run the business efficiently and effectively. Under the above backdrop, the regulator (CCI) imposed some restrictions on the above expenses in order to keep the same at certain level. Expense ratio of IIBL rose to 77.35% in 2008 from 59.70% in 2007. The allowable limit of the management expense was TK. 95.82 million in 2008 as per Insurance Rule 40, 1958 while the actual management expenses of IIBL stood at TK. 122.77 million during 2008 which was 28.12 % higher than the allowable limit.

6.6 Sectoral Business Review

IIBL as mentioned earlier carries out all types of general insurance business. While analyzing the performance in terms of business class, CRISL reviews the following dimensions:

6.6.1 Fire Business

Underwriting performance of IIBL in fire business, in terms of underwriting profit improved in 2008 compared to previous year. The gross premium from fire insurance business of the company has increased to Tk. 75.02 million in 2008 from TK. 70.59 million in 2007 indicating a growth rate of 6.28%, while the sum insured in this segment rose to Tk. 24.57 billion in 2008 from Tk. 20.48 billion in 2007 indicating a growth of 19.97%. As against the above, the reinsurance coverage was Tk. 10.04 billion and Tk. 8.19 billion in 2008 and 2007 respectively. The retention ratio in fire business of IIBL fell to 33.42% in 2008 from 50.55% in 2007 while claim ratio of the company improved to (44.13%) in 2008 from 57.93% in 2007 as IIBL's estimated liability for outstanding claim and paid claim significantly fell during 2008. IIBL made an underwriting profit of Tk. 15.92 million in fire business during 2008 due to huge decrease of claim ratio. Agency commission to adjusted net premium ratio and management expenses to adjusted net premium ratio of IIBL stood at 49.17% and 61.81% respectively in 2008. Though expenses ratio of the company jumped to 110.99% in 2008 from 70.62% in 2007, combine ratio of IIBL fell to 66.86% in 2008 from 128.55% in 2007.

Tk. 15.92 million underwriting profit in fire business

6.6.2 Marine Business

Underwriting performance in marine business of IIBL fell slightly during 2008 among the business segments in terms of underwriting profit. Underwriting profit in marine business fell to Tk. 36.69 million in 2008 from Tk. 40.19 million in 2007. Fall in IIBL's underwriting profit in marine business has mainly been contributed by comparative increases of expense ratio. Retention ratio of the company declined to 84.31% in 2008 from 87.30% in 2007 where as Claim ratio of IIBL in marine business went down to 0.38% in 2008 from 1.61% in 2007.Expense ratio of IIBL, on the other hand, increased to 57.40% in 2008 from 49.82% in 2007 while Combine ratio in the segment rose to 57.78% in 2008 from 51.44% in 2007. Management expenses to adjusted net premium ratio of IIBL went up to 33.31% in 2008 from 28.80% in 2007 while agency commission to adjusted net premium of the company rose to 24.08% in 2008 from 21.02% in 2007.

Concentration in low risky marine business

6.6.3 Motor Business

IIBL's underwriting performance in motor business was found poor as the company suffered an underwriting loss of Tk. 3.69 million in 2008. Underwriting loss in this business segment has mainly been contributed by huge management expenses and agency commission. IIBL's risk exposure in motor business declined in 2008 in terms of retained risk. Moreover, risk of the segment is protected by excess of loss treaty with SBC. Though gross premium as earned by IIBL from motor business rose to Tk.39.03 million in 2008 from TK. 29.72 million in 2007, retention ratio in motor business drastically fell to 39.70% in 2008 from 79.77% in 2007. Expense ratio of IIBL jumped to 116.31% in 2008 from 63.16% in 2007 while Combine ratio of the company also consequently rose to 137.35% in 2008 from 108.08% in 2007. Claim ratio in motor business declined to 21.05% in 2008 from 44.92% in 2008. Management expenses to adjusted net premium ratio of IIBL increased to 61.02% in 2008 from 31.11% in 2007 while agency commission to adjusted net premium of the company rose to 55.28% in 2008 from 32.05% in 2007.

Tk. 3.69 million underwriting loss in motor business

6.6.4 Miscellaneous Business

Underwriting performance of IIBL in miscellaneous business was poor in 2008 as the company suffered from an underwriting loss of Tk. 34.96 million. IIBL's loss in miscellaneous business was mainly contributed by increases of huge claim expenses during 2008. Net claim expenses in this business segment went up immensely to Tk. 35.56 million in 2008 from Tk. 0.11 million in 2007. Claim ratio consequently jumped to 677.30% in 2008 from 3.57% in 2007. Retention ratio of the company increased to 46.44% in 2008 from 13.25% in 2007 while Expense ratio of IIBL fell to 69.04% in 2008 from 154.66% in 2007. Management expenses to adjusted net premium ratio of IIBL fell to 52.97% in 2008 from 128.89% in 2007 while agency commission to adjusted net premium of the company declined to 16.07% in 2008 from 25.77% in 2007.

Tk. 34.96 million underwriting loss in miscellaneous business

6.7 Retention Capacity

SBC revises the retention limit of private sector general insurance companies from time to time depending on the financial strength, underwriting expertise etc. Retention limit of IIBL in all the business class other than fire business has almost remained static during the last five years. According to revised latest proportional treaty with SBC retention limit of IIBL in fire business stood at Tk. 6.0 million for textile and Tk. 3.0 million for non-textile. Retention

Low retention limit

limit of IIBL as per treaty with SBC stood at Tk 2.0 million in marine hull, Tk. 2.0 million in marine cargo, Tk 1.00 million in engineering business and Tk. 1.0 million in miscellaneous business (for all business) while maximum amount of loss as protected by SBC under motor business stood at Tk. 1.0 million in excess of Tk. 0.50 million. While analyzing the retention limit of different business class, the retention limit of many leading general insurance companies has been found higher than that of IIBL.

6.8 Investment portfolio

Diversified FDR portfolio

Islami Insurance Bangladesh Limited is yet to formulate any documented policy guideline regarding investment. However, investment decisions are taken by management in consultation with the Board. Board instruction regarding investment are as follows i) Interest/ Profit on FDR must be converted into FDR, ii) balance of STD account after disbursing all expenses must be transferred to Fixed deposit account. Moreover, the Board recently gave its consent regarding investment in capital market if it has surplus fund. IIBL Board also recently approved to invest in real estate.The investment portfolio of the company stood at TK. 180.96 million as on December 31, 2008.Out of the above investment, the highest Tk. 151.19 million has been invested in FDR, Tk. 15.09 million in STD & Current account, Tk 9.0 million in National Investment Bond, Tk. 4.14 million in Islami Bank Mudaraba Perpetual Bond and Tk. 0.63 million in purchasing share of ICB Islami Bank Ltd. As per Section 27A of the Insurance Act 1938 the optimum investment of IIBL stood at Tk. 148.61 million while actual investment made by the company stood at Tk. 180.96 million (including interest bearing STD account and land purchase in process) as on December 31, 2008. Thus IIBL's actual investment is higher than optimum investment by 21.77% in 2008.Though IIBL's investment in stock market is negligible, the company has limited equity risk as the bank share is being trade lower than cost price.IIBL maintains a diversified FDR/TDR portfolio with as many as 43 banks and financial institutions. While analyzing the performance of investment portfolio, it has been revealed that the return from investment portfolio stood at TK. 14.77 million during 2008 of which Tk.13.25 million was earned as interest /profit from FDR/TDR while Tk. 0.74 million as interest income from NIB, Tk. 0.72 million as interest/profit on Short Notice Deposit and Tk. 0.05 million as profit on Islami Bank Mudaraba Perpetual Bond.

7.0 RISK MANAGEMENT

An insurance company, by virtue of its business nature, undertakes the risks of the policyholders. Management of risks is very crucial as the same is highly correlated with the long run sustainability and operating efficiency of the insurer. Principally, the higher the risk management practice, the lower the risk and the protection for the stakeholders is evident. The risk management primarily deals with the fortuitous events and their impacts which basically come from the core business activities of the insurance company. In addition, some operational risks are also associated with, which are also needed to be addressed. CRISL has reviewed the risk management of the company as delineated below:

7.1 Industry Risk

High industry risk

Too many insurance companies in a small market pose significant risk for all the companies. Finally the two Insurance Ordinances have been approved by the President and waiting for the gazette notification. The above will likely to bring significant changes in the regulation of the industry and thus will raise the risk of merger or acquisition. The new Ordinances also allowed foreign investment in general insurance business which will further press on a new challenge for the survival of the existing companies. Moreover, mandatory credit rating for the insurance companies creates a positive vibration in the industry as the institutional insured ask for good credit rating to safeguard their interest. The same will pose threat to the underperforming (non investment grade) insurance companies to retain their market share.

7.2 Business Risk

Though IIBL has no separate documented underwriting manual for business risk management, it follows common practice, rules and guidelines as framed by the regulatory authority. Moreover, underwriting professionals at branch level are given specific instruction and guidelines from Head office regarding underwriting of different types of policies. IIBL

Moderate risk management

has decentralized its underwriting functions and delegated powers to employees of its different branches for rendering prompt, efficient and effective services to the clients. Branch can only issue the cover note while policy note for a particular risk is issued from Head Office. Risks involved with policies are assessed by underwriting officer of the respective branch for underwriting policies up-to a specific limit of sum insured, beyond which risk assessment of different policies are done by senior underwriters from Head office. IIBL has 3 member risk inspection team at Head Office to carry out risk inspection for policy involving sum-insured of Tk. 50.0 million and above. Moreover, in case of higher value at risk, the company arranges inspection by the licensed surveyor in order to ascertain and assess the real picture of the risk. Findings of survey reports are placed to SBC (reinsurer) along with other necessary documents to get final nod in case of underwriting of a high valued policy.

7.3 Internal Control Risk

Internal control procedure is an integral part of financial and business processes which acts as the safeguard of the assets, promotes operating efficiency, ensures compliance with applicable policies and regulations and adherence to the prescribed managerial policies. The company does not have Board Audit Committee. Audit & Recovery Department having three members headed by Sr. VP, inspects all the activities of the branches and head office and to checks whether instructions of the Insurance Act, directives of the Board and the Managing Director and the instructions, advices and guidelines given by the underwriting department are properly followed by the branches. Sr.VP, Audit & Recovery is responsible to the Managing Director. First of all he submits reports to the Managing Director and also inform the respective branches about their irregularities. There after the audit reports are submitted to the Executive Committee and the decisions of the committee are sent to the branches for taking appropriate actions and rectifying the irregularities. The Audit & Recovery Department audited 36 branches out of 38 during 2008 and 23 branches in 2007. There is no separate branch control department of IIBL. Underwriting Department scrutinizes all the documents in details at head office and gives advices to the branches for taking appropriate actions.

7.4 Catastrophic Risk Management

CAT XL treaty in fire business

Islami Insurance Bangladesh Limited did not face any catastrophic loss during 2008. However, its has CAT excess of loss treaty with SBC to protect the retained risk in fire business where it can recover loss of TK. 7.0 million in excess of TK. 3.0 million for fire business .If the company requires protection in excess of the amount protected by SBC the re-insurer shall consider such additional protection on facultative reinsurance basis on specific approach by the company at terms to be mutually agreed upon.

8.0 PERFORMANCE

8.1 Financial Performance

Moderate financial performance

The overall financial performance of IIBL has been moderate in 2008 as all the performance indicators showed a downward trend. Consolidated gross premium of IIBL increased to TK. 232.63 million in 2008 from Tk. 212.75 million in 2007 registering an increase of 9.34%, while consolidated net premium fell to Tk. 136.88 million in 2008 from Tk. 146.74 million in 2007. Both the gross underwriting margin and net underwriting margin of the company registered declining trend. Gross underwriting margin of IIBL fell to 45.31% in 2008 from 48.24% in 2007 while net underwriting margin of the company declined to 9.14% in 2008 from 12.11% in 2007 due to comparative decreases of underwriting profit. IIBL's underwriting profit in 2008 came down to Tk. 13.97 million from Tk. 19.75 million in 2007. Pre tax operating margin of the company went down to 12.34% in 2008 from 16.18% in 2007. Return on average assets (ROAA) of IIBL decreased to 7.99% in 2008 from 12.50% in 2007 while return on average equity (ROAE) of the company fell to 12.75% in 2008 from 24.91% in 2007. Return on average investment (ROAI) of IIBL also consequently fell to 8.65% in 2008 from 9.06% in 2006.

8.2 Technical analysis

The overall technical performance of the company has been found average. Retention ratio

Average technical performance

of the company decreased to 58.84% in 2008 from 68.97% in 2007 against 66.12% in 2006. Expense ratio of IIBL rose to 77.35% in 2008 from 59.70% in 2007 due to increase of agency commission and management expense. Agency commission of the company rose to Tk. 51.05 million in 2008 from Tk. 41.50 million in 2007 with an increase of 23.01%.Claim ratio of the company, however, decreased to 15.90% in 2008 from 24.38% in 2007 as IBBL's net claim expenses declined to Tk. 24.29 million in 2008 from Tk. 39.76 million in 2007.

9.0 BALANCE SHEET STRENGTH

9.1 Solvency Analysis

Good solvency position

The equity base of IIBL has been found moderate among the companies to its contemporary. The equity base of the company increased to stand at Tk. 87.07 million as on December 31, 2008 which was TK. 82.27 million as on December 31, 2007. Increase of equity (5.83%) in 2008 has mainly been contributed by creation of general and exceptional loss reserve along with retained profit after mopping up cumulative losses. Exceptional loss reserve of IIBL rose to Tk. 23.0 million in 2008 from Tk. 22.0 million with an increase of 4.55% while the company created a general reserve amounting to Tk. 3.50 million in 2008 which helped to boost up the equity strength of the company. While reviewing the solvency aspects of the company in relative measurement overall solvency position of the company improved in 2008 and has been found good in comparison to third generation insurance company. External liabilities to equity ratio of IIBL improved to 0.44 times in 2008 from 0.63 times in 2007. Unexpired risk reserve to net claim ratio rose to 2.27 times in 2008 from 1.48 times in 2007. Net worth to total assets of the company rose to 36.61% in 2008 from 35.15% in 2007. Internal capital generation ratio of IIBL, however, fell to 11.62% in 2008 from 25.53% in 2007 as the company declared a cash dividend amounting to Tk. 6.0 million in 2008. Exceptional loss reserve to net premium of the company stood at 0.73% in 2008 against 6.13% in 2007 as reserve created by IIBL for exceptional loss came down to Tk. 1.0 million in 2008 from Tk. 9.0 million in 2007. Technical reserve ratio of IIBL, however, increased to 48.21% in 2008 from 46.82 % in 2007. However, the underwriting leverage of the company slightly fell to 24.55% in 2008 against 26.0% in 2007 indicating reduced back up against the risk underwritten.

9.2 Liquidity and Funding

Above average liquidity

Liquidity position of IIBL was found above average in 2008 as maximum liquidity indicators of the company registered an upward trend. Liquid assets to insurance fund of the company increased to 3.36 times in 2008 from 2.78 times in 2007. Liquid assets to total assets of the company increased to 78.02% in 2008 from 69.89% in 2007. Current ratio of the company also consequently rose to 1.41 times in 2008 from 1.39 times in 2007.Liquid assets to net claim ratio of the company went up to 7.64 times in 2008 from 4.11 times in 2007.

10.0 OBSERVATION SUMMARY

Comforts:	Concerns:
• Actual investment is higher than optimum investment • Good solvency position • Above average liquidity • Good branch network • Ensuing IPO floatation • Diversified FDR/MTDR portfolio • Good market share	• Weak shariah compliance • High management expense • Moderate financial performance • IT at primary stage • Moderate underwriting performance • Static & low retention limit • Need HRD program
Prospects:	**Challenges:**
▪ Expansion of branch network ▪ Further product diversification ▪ Deregulation may increase the business of private sector companies	• Too many companies in small market • Emergence of foreign companies • Compliance with new Ordinance • Recent global financial turmoil

11.0 PROSPECTS

The business prospects of the general insurance companies particularly depend on smooth and sound operation of trade and commerce which is positively correlated with the stable macroeconomic fundamentals of the country. Macro economic performance of the country has negatively been affected in there last fiscal (2007-08) due to internal and external shocks such as price hike of many imported commodities (doubled, in some cases trebled) in international market as well as damages caused by two successive devastating floods and the cataclysmic cyclone 'sidr'. Despite the above setback in the economy the country registered a 6.2 percent growth of GDP in the last fiscal, which is expected to be 6.5 percent in the current fiscal (2008-09). Inflationary pressures will persist, as monetary policy is set to remain broadly accommodative so as to support strong credit demand and economic expansion. Although the trade deficit will widen, pressures on the balance of payments are expected to remain at a manageable level, aided by strong remittance inflows. Major development challenges need to be tackled if investment is to be stepped up to move the country onto the higher growth path required for rapid poverty reduction including substantial improvements to infrastructure, public policy, and governance. Recent change in insurance industry (Insurance Regulatory Authority (IRA) Ordinance 2008 and Insurance Ordinance (IO) 2008) is likely to bring positive changes in the insurance sector as well as successful implementation of the new ordinances will make the sector vibrant and operationally sound. Based on the overall macroeconomic outlook, it is presumed to have strong growth potential of industry and service sectors which will offer IIBL to explore potential business opportunities along with other insurance companies. However, existence of too many insurance companies operating in the industry will lead to tough and unhealthy competition that ultimately will press on a new challenge for IIBL to retain its market share.

END

12.0 CORPORATE INFORMATION:

Date of Incorporation: 25 October 1999
Date of Commencement of Business: 29 December 1999

Auditors: Mahfel Huq & Co. Chartered Accountants

Board of Directors:

Al- haj Mohammad Sayeed	Chairman
Al-haj M. Tajul Islam	Vice Chairman
Janab Tofazzal Hossain	Director
Mrs.Samira Azim	Director
Al-haj Md. Ismail Nawab	Director
Mrs. Shayla Parbin	Director
Al-haj Md. Abdul Halim	Director
Janab Nur Mohammad Mamun	Director
Mrs. Anjumon Ara Begum	Director
Janab Gazi Belayet Hossain	Director
Mrs. Ashma Nur	Director
Al-haj Mohammad Abdul Hannan	Director
Janab Mohammad Murtaza Kamal	Director
Mrs. Nostaren Jamila	Director

Management:

Mr,Md. Abdul Matin	Managing Director(c.c.)
Mr. Md. Mujibur Raman	Additional Managing Director
Mr. Shamsul Huda	EVP, Admin & Estt. Department
Mr. Md. Nazim Uddin	SVP, Underwriting Department
Mr. Md. Nurul Alam Chowdhury	SVP & Co. Secy., Board Affairs
Mr. M. A. Hakim	SVP, Audit & Recovery Department
Mr. Syed Md. Emdad Ullah	SVP, Finance & Accounts Department
Mr. Md. Zillur Raman	VP, Re- Insurance Department
Mr. Md. Alamgir Kabir	AVP, Claims Department

FINANCIALS:

Balance Sheets as on December 31

Figures in million Tk.

Particulars	2008Y	2007Y	2006Y
Cash in Hand	4.37	3.24	5.63
Cash with Banks	166.29	148.17	122.64
Cash and Bank Balance	170.66	151.41	128.27
Stamps in Hand	0.99	0.14	0.39
Amount Due from other person/bodies carrying insurance business	8.96	7.08	13.83
Sundry Debtors	5.86	29.94	8.91
Outstanding Interest./Dividend/Rent	10.13	8.05	5.98
Investment in Securities (ST)	4.77	4.14	0
Investment in Securities(LT)	9.00	9.00	9.00
Fixed Assets	25.47	23.25	20.64
Stock of Stationary	0.59	0.55	0.39
Land and Property	0.90	0	0
Other Assets	0.51	0.51	0.51
Total Assets	**237.83**	**234.06**	**187.92**
Paid Up Capital	60.00	60.00	60.00
Reserve for Exceptional Loss	23.00	22.00	13.00
General Reserve	3.50	0	0
Retained Earning	0.57	0.27	-6.28
Fund Balance			
Fire Insurance	10.03	14.27	15.21
Marine Insurance	37.24	34.39	31.66
Motor Insurance	6.20	9.48	4.29
Miscellaneous Insurance	1.80	0.77	1.56
Estimated Liabilities. for Outstanding Claims	56.89	40.69	16.87
Premium Deposit	2.15	5.94	9.03
Amount Due to other person/bodies carrying insurance business	13.09	22.67	16.40
Sundry Creditors	9.89	13.11	16.42
Proposed Dividend	6.00	3.00	0
Provision for Income Tax	7.47	7.46	9.76
Total Liabilities and Shareholders' Equity	**237.83**	**234.06**	**187.92**

Profit & Loss Accounts for the year ended on December 31

Figures in million Tk.

Particulars	2008Y	2007Y	2006Y
Net Underwriting P/L	13.97	19.75	23.31
Interest on FDR & STD	14.77	13.28	9.3
Other Income	-0.27	1.41	0.01
Total Income	28.47	34.44	32.62
Management Expenses (P/L A/c)	4.58	4.60	4.29
Depreciation Expenses	5.04	3.46	3.6
Total Management Expenses	9.62	8.06	7.89
Profit before Tax	18.85	26.38	24.74

Consolidated Revenue Accounts for the year ended on December 31

Figures in Million Tk.

Particulars	2008Y	2007Y	2006Y
Premium less Re-insurance	136.88	146.74	130.98
Commission on Re-Insurance ceded	15.93	16.34	16.54
Opening Balance	58.92	52.72	55.77
Total	211.73	215.8	203.29
Net Claims Paid	24.30	39.76	2.33
Agency Commission paid	51.05	41.50	31.82
Expenses of Management	67.15	55.86	93.11
Reserve for Unexpired risk	55.26	58.92	52.72
Profit Transferred to P/L A/C	13.97	19.75	23.31

CRISL RATING SCALES AND DEFINITIONS
INSURANCE CLAIM PAYING ABILITY RATING

RATING	DEFINITION
AAA Triple A	Highest claims paying ability. Risk factors are negligible and almost risk free.
AA+, AA, AA- Double A	Very high claims paying ability. Protection factors are strong. Risk is modest, but may vary slightly over time due to underwriting and/or economic condition.
A+, A, A- Single A	High claims paying ability. Protection factors are good and there is an expectation of variability in risk over time due to economic and/or underwriting conditions.
BBB+, BBB, BBB- Triple B	Good claims paying ability. Protection factors are good. Changes in underwriting and/or economic conditions are likely to have impact on capacity to meet policyholder obligations than insurers in higher rated categories.
BB+, BB, BB- Double B	Average claim paying ability. Protection factors are average. The companies are deemed likely to meet these obligations when due. But changes in underwriting and/or economic conditions are more likely to weaken the capacity to meet policyholder obligations than insurers in higher rated categories.
B+, B, B- Single B	Inadequate Claim paying ability. Protection factors are weak. Changes in underwriting and/or economic conditions are very likely to further weaken the capacity to meet policyholder obligations than insurers in higher rated categories.
CCC+ CCC, CCC-	Uncertain claims paying ability. The companies may not meet these obligations when due. Protection factors are very weak and vary widely with changes in economic and/or underwriting conditions.
CC+, CC, CC-	Poor claims paying ability. Adverse underwriting or economic conditions would lead to lack of ability on part of insurer to meet policyholder obligations.
C+, C, C-	Very high risk that policyholders obligations will not be paid when due. Present factors cause claim paying ability to be vulnerable to default or very likely to be default. Timely payment of policyholder obligations possible only if favorable economic and underwriting conditions emerge.
D	Insurance companies rated in this category are adjudged to be currently in default.