

IPO Details

Trust Islami Life Insurance Limited (TILIL) will raise BDT 160.0 Mn through Initial Public Offering (IPO) under fixed price method. The fund will be used for investment in FDR, government treasury bonds, capital market and meeting IPO expenses. The IPO plan will be implemented six months following the receiving of the IPO fund.

General Public (GP) would be allowed to subscribe BDT 10,000 in a single application, while the Eligible Investors (EI) has been asked to pay the full subscription amount of BDT 680,000. GPs must maintain minimum capital market investment of BDT 50,000 at market price in listed securities as on the end of March 23, 2023, while for EIs, it is BDT 15.0 Mn for approved funds (pension, provident, gratuity) and BDT 30.0 Mn for other EIs as on day-end March 23, 2023.

The breakdown of the IPO proceeds is shown below:

Use of IPO	Mn BDT	% of Proceed
Investment in FDR	85.12	53.20%
Government Treasury Bonds	36.48	22.80%
Investment in the Capital Market	30.40	19.00%
IPO Expenses	8.00	5.00%
Total	160.0	100.0%

Company Brief

Trust Islami Life insurance Limited (TILIL) which is a 4th generation company, offers Life Insurance, Group Insurance and Micro Insurance services. The insurance company was incorporated as a public company and also started commercial operation on the same day, on February 05, 2014. In addition to its head office, the company also has a nation-wide network of 45 branches, enabling it to reach customers across the nation.

Competitive landscape

Currently, there are 35 life insurance companies in Bangladesh. The life insurance market in Bangladesh is concentrated, as 10 companies hold 85% of the entire market share. In 2022, MetLife was the market leader with a 28.59% market share, followed by National Life Insurance and Delta Life Insurance, which boasted 13.43% and 7.44% market shares, respectively. The first-generation insurers, having greater experience, a more diversified network, and a better-established consumer base, than the subsequent generations' insurance companies, have been able to maintain such dominance in terms of market share. But Guardian Life Insurance, despite being a fourth-generation company, has held a 3.39% market share.

Industry Outlook

Life insurance business makes up ~73.5% of the total insurance business. The industry is suffering from a low penetration rate (gross premium-to-GDP ratio of 0.5%), and it is lagging behind the average penetration rate of 3.3% in the emerging market. Such stagnancy in life insurance penetration is engendering from the cancelling of existing policies, lack of product diversification and lack of awareness among the population. In addition, poor life fund management and moderate claim settlement rate (68.79%) also make a case against taking a life insurance policy. Although the number of insurance policy holders has remained around the 1.75 crore mark for the last few years, life insurance premiums witnessed an 8% growth and maintained more than two-thirds of total gross premium in the insurance sector. Micro-insurance and Islamic insurance are two of the latest additions to the insurance sector. Despite the dwindling insurance penetration rate, the average per capita spending on total insurance premiums rose by 47.5% in 2021 from 2013 and in 2021, ~1.61 million new life insurance policies were issued, indicating future growth potential.

IPO Summary

DSE Ticker		TILIL
IPO Proceeds	(BDT Mn)	160.0
New Shares Issued	(Mn)	16.0
Pre- IPO No. of Shares	(Mn)	24.0
Post IPO No. of Shares	(Mn)	40.0
Pre-IPO Paid-up Capital	(BDT Mn)	240.0
Post-IPO Paid-up Capital	(BDT Mn)	400.0
Face Value (BDT)		10.0
Accounting Year End		December
Auditor		Kazi Zahir Khan & Co. Chartered Accountants
Issue Manager		BMSL Investment Limited
Underwriters		BMSL Investment Limited AFC Capital Limited
Sector		Insurance
GICS Mapping		40301020

Life Revenue Account

Mn BDT	2017A	2018A	2019A	2020A	2021A
Beginning balance of fund	-23	-4	4	31	70
Gross Premium	187	228	262	280	300
Reinsurance premium	2	2	0	2	5
Net Premium	185	226	262	279	295
Profit, Dividend and Rents	9	13	20	15	12
Other Income	1	1	0	0	1
Total Revenue	173	236	286	325	378
Net Claims	36	70	68	57	54
Commissions	30	33	43	67	45
Salary and Allowance	56	54	63	71	63
Other Expenditures:	55	75	80	59	93
Total Expenses	177	232	255	254	255
Closing Balance of Fund	-4	4	31	70	123

Balance Sheet

Mn BDT	2017A	2018A	2019A	2020A	2021A
ASSETS	254	258	286	343	441
Statutory deposit	15	15	15	15	15
Other Investment	0	0	0	1	2
Sundry Debtor's	0	1	1	4	1
Income accrued	7	9	10	9	7
Advances	10	11	15	14	19
FDR with Banks Institutes	140	140	145	150	220
Cash	19	27	30	115	136
Fixed Assets	30	18	9	16	25
Other assets	32	36	61	18	17
Liabilities & Equity	254	258	286	343	441
Paid-up Capital	180	180	180	180	240
Statutory Deposit	15	15	15	15	15
Life Insurance Fund	-4	4	31	70	123
Sundry Creditors	4	7	8	13	21
Other liabilities	59	53	52	64	41

Cash Flow Statement

Mn BDT	2017A	2018A	2019A	2020A	2021A
Operating Activities	30	23	37	35	61
Investing Activities	-9	-9	-8	2	-8
Financing Activities	12	-3	3	-5	38
Net Cash Flow	33	11	32	32	91

Ownership Structure

Sponsors and Directors currently own 100.0% of the pre-IPO shares, which in post-IPO would stand at 60.0%. 15% of the issue will be reserved for employees.

Product details & Brand Identity

Trust Islami Life insurance Company offers 18 insurance products classified under life insurance, group and Micro Insurance businesses. Some insurance products offer ordinary savings, micro savings, pension scheme, child protection, investment plan & Sariah Plans.

Financial Performance

The company has experienced an upwards growth in gross Premium at a 4-yr CAGR of 12.6% during 2021. Conversely, the combined ratio witnessed a decrease of 4-yr CAGR of 2.5%, indicating increasing profitability of the company. The rising profitability of the company has resulted in steady growth of revenue and fall of expenses.

Net premium grew at 4-yr CAGR of 12.4% during 2021, while total revenue expanded to 4-yr CAGR of 21.7%. From the expense front, Net Claims to Net Premium fell by a 4-yr CAGR of 1.5%, Commissions to Net Premium fell by 1.4% and Management expense to Net Premium fell by 3.1%. In the last 4 years, TILIL has also generated on an average 21.9% yield from its investment, while expanding its cash Balance held against total assets by a 4-yr CAGR of 41.9%.

Lock-in requirements

The lock-in period is 03-year for all the current shareholders. The current Chairman, Vice-Chairman, other sponsors and directors, and shareholders, all have a lock in period of 03 years.

Listing Conditions

As per requirement of Bangladesh Securities and Exchange Commission (BSEC), the company shall not declare stock dividend for the next four years from the date of listing with stock exchanges.

ESG Footprints:

Environment Footprints:

To minimize the environmental impact, the company focuses on deterring unnecessary consumption of energy and resource wastage.

Social Footprints

Prioritizing social development, the company constantly strives to practice ethical business practices and refrain from corruptions. And to alleviate the persisting unemployment problem in the country and to stimulate social advancement, TILIL not only ensures competency-based, transparent recruitment, but also offers a quality work environment for its employees. The insurance company is also making a significant contribution to the national treasury by paying corporate income tax, withholding tax, stamp-duty and VAT etc.

Corporate Governance

The board of Trust Life Insurance consists of 14 directors, of which 13 are non-executive directors. And the only executive director is the Chief Executive Director. The Chairman and CEO designations have different responsibilities and therefore are held by two different personnel. The board also comprises of 3 completely unrelated independent directors. Moreover, maintaining compliance with 'The Company Act, 1994', the current directors will be subject to retirement by rotation. Moreover, none of the directors have had no directorship in any issuer of other listed securities in the last three years and also have no association with the stock market. The Chairman Mohd. Ataur Rahman, who is also recognized as a Commercial Important Person, has 36 years' professional experience of Construction and Real Estate business, and is the managing director of Toma Construction & Co. Ltd. Iqbal Chowdhury, who is the vice chairman, is also a director of Bangladesh Taiwan Ceramic Industry Limited.

Ratios

	2017A	2018A	2019A	2020A	2021A
Net Claims to Net premium	19.5%	31.1%	26.0%	20.4%	18.3%
Commission to Net Premium	16.2%	14.4%	16.5%	24.1%	15.3%
Management expense to Net Premium	60.0%	57.0%	54.7%	46.8%	52.9%
Combined Ratio	95.7%	102.5%	97.2%	91.3%	86.5%

DSE Ticker	Market Cap (BDT Mn)	YTD Life Fund (BDT Mn)	Dividend 2021 BDT/Share
PRAGATILIF	3,551	6,091	1.1
RUPALILIFE	2,830	5,310	1.8
SANDHANINS	2,951	6,795	1.2
SONALILIFE	3,125	4,714	1.5
CLICL	2,370	352	

Shareholding Details

Name	Position	No. of shares (Mn)	Pre-IPO share-holding	Post-IPO share-holding
Mohd. Ataur Rahman Bhuiyan	Chairman	2.4	10.0%	6.0%
Iqbal Haider Chowdhury	Vice Chairman	2.4	10.0%	6.0%
Md. Zillur Rahman Mridha	Sponsor Director	2.4	10.0%	6.0%
Md. Jahangir Hossain Mollah	Sponsor Director	2.4	10.0%	6.0%
Ayaz Waris Khan Warsi	Sponsor Director	2.4	10.0%	6.0%
Md. Abdul Wadud	Sponsor Shareholder	1.0	4.2%	2.5%
Rafia Nusrat Khan Broti	Sponsor Director	1.0	4.2%	2.5%
Rassad Abedin	Director	1.6	6.5%	3.9%
Kasfia Nusrat Purna	Director	1.0	4.2%	2.5%
Rahad Abedin	Director	1.6	6.5%	3.9%
Maniruzzaman Molla	Director	2.4	10.0%	6.0%
Fahana Akhter	Shareholder	0.8	3.4%	2.0%
Rubina Parvin	Shareholder	0.0	0.1%	0.1%
Shammi Akhter	Shareholder	0.0	0.1%	0.1%
Shanaz Parveen	Shareholder	0.0	0.1%	0.1%
Mukitur Rahman	Shareholder	0.0	0.1%	0.1%
Abdullah Al-Mamun	Shareholder	1	3.6%	2.2%
Saifun Nahar Kakuly	Shareholder	0	0.3%	0.2%
Laila Arjuman Banu	Shareholder	0	1.3%	0.8%
Abdullah Al Fahad	Shareholder	1	3.5%	2.1%
Rehana Arjuman Hye	Shareholder	0	1.8%	1.1%

IMPORTANT DISCLOSURES

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