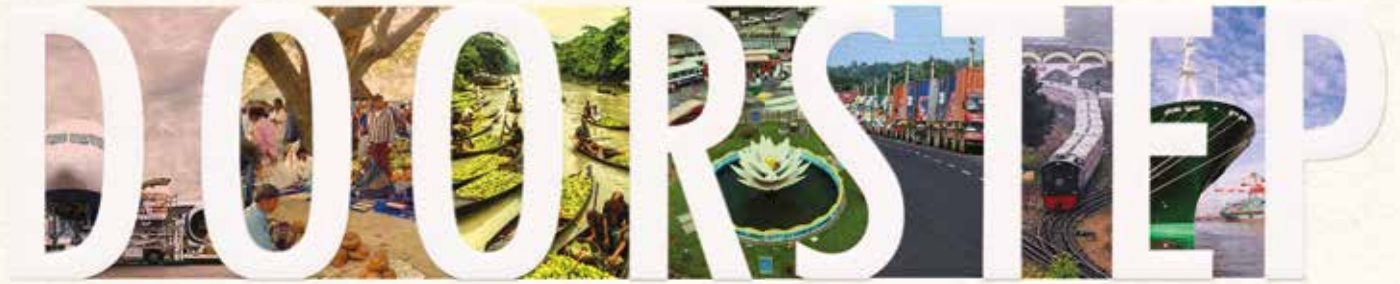


TO EVERYONE'S



ANNUAL REPORT 2019



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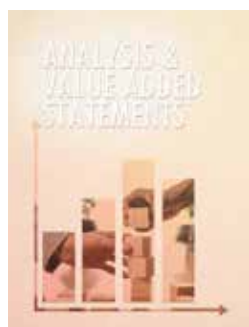
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সুদ, Interest বা Usury ইসলাম ধর্মে নিষিদ্ধ (হারাম)। সুদ, Interest বা Usury সবই সমার্থক শব্দ।
এই মর্মে পবিত্র কুরআনে যে শব্দ ব্যবহার করা হয়েছে তা হচ্ছে রিবা। রিবা আরবী শব্দ।
এর অর্থ হলো বৃদ্ধি, আধিক্য, অতিরিক্ত, স্ফীতি, সম্প্রসারণ ইত্যাদি। অর্থ, সম্পদের বিপরীতে সময়ের সাথে
যে কোন বৃদ্ধিই হচ্ছে 'রিবা'। কুরআন মজীদে এ অর্থেই 'রিবা' শব্দটি ব্যবহার করা হয়েছে।
এর পারিভাষিক অর্থ হচ্ছে সুদ।

ইবনুল আরাবী 'আহকামুল কুরআন'- এর প্রথম খন্ডে বলেছেন: “রিবা হচ্ছে সে বাড়তির দাম, যা কোন মালের বিনিময়ে নয়।”

সুদ-ভিত্তিক ব্যাংকের মূল কাজ টাকার কেনা বেচা করা। সুদ-ভিত্তিক ব্যাংক জনগণের কাছ থেকে পূর্ব নির্ধারিত সুদের ভিত্তিতে কম দামে
টাকা কিনে অর্থাৎ টাকা জমা গ্রহণ করে পুনরায় পূর্বনির্ধারিত সুদের ভিত্তিতে সেই টাকা
ঋণগ্রহীতাদের কাছে বেশী দামে লগ্নি (বিক্রয়) করে।

অন্যদিকে ইসলামী ব্যাংকিং টাকাকে কেনা বেচার পণ্য গণ্য করে না। টাকা নিজে কোন পণ্য নয়। টাকার ভূমিকা হলো বিনিময়ের মাধ্যম।
ইসলামী ব্যাংকিং জনগণের কাছ থেকে প্রধানত: অংশীদারীত্ব নীতির ভিত্তিতে মুদারাবা পদ্ধতিতে জমা গ্রহণ করে। ইসলামী ব্যাংকিং এ
মুনাফার সম্পর্ক ক্রয়-বিক্রয়ের সাথে।

ইসলামী ব্যাংকিং টাকা জমাদানকারীদের ব্যবস্থাপক বা মুদারিব হিসেবে কাজ করে। একদিকে ইসলামী ব্যাংকিং এ ব্যাংক মুদারিব বা
ব্যবস্থাপক হিসেবে সাহিব আল মাল (এক্ষেত্রে টাকা জমাদানকারী) হতে ব্যাংকের বিভিন্ন জমা হিসাবে অর্থ জমা গ্রহণ করে এবং সে অর্থ
নিজে আবার সাহিব আল মাল (অর্থের যোগান দাতা) হিসেবে ব্যাংকের বিনিয়োগ গ্রহীতাদের কাছে বিভিন্ন পণ্য বা সেবা ক্রয়/বিক্রয় করে।
পণ্য বা সেবা ক্রয়-বিক্রয় হতে যে লাভ হয় তা থেকে ব্যাংকের ব্যবস্থাপনা খরচ (Management Cost) বাদ দিয়ে ব্যাংকের বিভিন্ন জমা/
সঞ্চয় হিসাবে জমাকারীদের প্রদান করে। জমার উপর লাভ বা মুনাফার যে হার ঘোষণা করা হয় তা প্রাক্কলিত, অর্থাৎ চূড়ান্ত হিসাবে তা
লাভ/ক্ষতির অনুপাতে সমন্বয় করা হয়।

ইসলামী ব্যাংকিং এ জমা গ্রহণ বা বিনিয়োগ প্রদান উভয় ক্ষেত্রেই পণ্য বা সেবা ক্রয়-বিক্রয়ের সঙ্গে সম্পর্কযুক্ত। অর্থাৎ ইসলামী ব্যাংকিং
এ টাকাকে কখনো পণ্য হিসেবে বিবেচনা করা হয় না। ফলে ইসলামী ব্যাংকিং মূলত: ক্রয়-বিক্রয় ভিত্তিক লেনদেনের মাধ্যমে ব্যাংকিং
কার্যক্রম পরিচালনা করে।

কুরআন মজীদে আল্লাহ তা'আলা বলেন:

“যারা সুদ খায়, তারা সেই ব্যক্তিরই মত দাঁড়াবে যাকে শয়তান তার স্পর্শ দ্বারা পাগল করে। এটা এ জন্য যে, তারা বলে: ক্রয়-বিক্রয় তো
সুদের মতোই। অথচ আল্লাহ ক্রয়-বিক্রয়কে হালাল ও সুদকে হারাম করেছেন। যার কাছে তার রবের এ নির্দেশ এসেছে এবং সে বিরত
হয়েছে, তবে অতীতে যা হয়েছে তা তারই; এবং তার ব্যাপার আল্লাহর এখতিয়ারে। আর যারা আবার আরম্ভ করবে, তারাই জাহান্নামী।
সেখানে তারা স্থায়ী হবে।”

সূরা আল বাকারা ২৭৫

“হে মুমিনগণ, তোমরা আল্লাহকে ভয় কর এবং সুদের যা বকেয়া আছে, তা মাফ করে দাও, যদি তোমরা মুমিন হও।”

সূরা আল বাকারা-২৭৮



Verses from the Holy Quran and Hadith



In the Name of Allah Most Gracious, Most Merciful!

“..... That is because they say Trade is just like usury whereas, Allah permitteth trading and forbideth usury.....”

-Surah Al-Baqarah,verse : 275

“.....Allah will destroy Riba (usuary) and will give increase for Sadaqaat and Allah likes not the disbelievers, sinners.....”

-Surah Al-Baqarah,verse : 276

“..... O you who believe! Be afraid of Allah and give up what remains from Riba, if you are really believers.....”

-Surah Al-Baqarah,verse : 278

“..... If you do not do it, then take a notice of war from Allah and his messenger; but if repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums).....”

-Surah Al-Baqarah,verse : 279

“..... Verily never will Allah change the condition of a people until they change it themselves (with their own souls).....”

-Surah Ar-ra'ad, verse : 11

“A man's work ends upon his death except for three things
(a) on-going charity (b) contribution to knowledge and (c) faithful child”

- Al Hadith (Muslim)

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LETTER OF TRANSMITTAL

All Shareholders of SIBL
Bangladesh Securities and Exchange Commission
Bangladesh Bank
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.
Registrar of Joint Stock Companies & Firms

Subject: Annual Report 2019 of Social Islami Bank Limited.

Muhtaram

As-salamu Alikum Wa Rahmatullah

Reference to the above, we enclose herewith the copy of Annual Report 2019 of Social Islami Bank Limited along with audited consolidated and solo Financial Statements as at 31st December 2019. This report includes Income Statements, Balance Sheet, Cash Flow Statements, Liquidity Statements, Statements of Changes in Equity and Notes to the Accounts thereon of Social Islami Bank Limited as well as its subsidiaries namely SIBL Securities Limited and SIBL Investment Limited.

This is for your kind information and record, please.


Abdul Hannan Khan
Company Secretary

NOTICE OF THE 25TH ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting (AGM) of the Shareholders of Social Islami Bank Limited will be held virtually by using digital platform through link <https://sibl.bdvirtualagm.com> (in pursuant with BSEC order SEC/SRMIC/94-231/25 dated July 08, 2020) on Tuesday, the 15th September, 2020 at 11:00 a.m. to transact the following business and adopt necessary resolutions:

AGENDA

- To receive, consider and adopt the Directors' Report and Audited Financial Statements of the Bank for the year ended December 31, 2019 together with the reports of the Auditors thereon;
- To declare dividend for the year 2019 as recommended by the Board of Directors;
- To elect Directors in accordance with the provision of law and Articles of Association of the Company;
- To appoint Auditors and fix their remuneration for the term until the next AGM; and
- To appoint Compliance Auditors as per Corporate Governance Code (CGC) for the year 2020 and fix their remuneration.

By Order of the Board


(Abdul Hannan Khan)
Company Secretary

Date: 1st September, 2020

Notes:

- a. The 'Record Date' was on Sunday, the 26th July, 2020;
- b. Shareholders whose names appeared in the Members Register of the Company or in the Depository Register on the 'Record Date' will be eligible to join, vote in the 25th AGM and receive entitled dividend;
- c. The 25th AGM of the Company would be conducted through Digital Platform in line with the order SEC/SRMIC/94-231/25 dated July 08, 2020 of Bangladesh Securities and Exchange Commission (BSEC);
- d. Details login process for the meeting will be available in the Company's Website at www.siblb.com and the Link has already mailed to the respective members e-mail address available in the Register as per record Date.
- e. A Member who is entitled to join and Vote at the Annual General Meeting (AGM) can appoint a Proxy to join and vote on his/her behalf through Digital Platform. Forms of Proxy, duly stamped of Tk. 20/- (Taka twenty) only must be submitted at the Registered Office of the Company at least 48 hours before the time fixed for the meeting;
- f. The soft copy of the Annual Report-2019 of the Bank has already sent through e-mail address of the Members available in their Owner (BO) accounts maintained with the Depository as per BSEC Notification No. BSEC/CMRRC/2006-158/208/Admin/81 dated 20th June, 2018.
- g. Depository Participant (DP)/ Stock brokers are requested to send the list of Margin loan holders having details information of the Shareholders as per record date within 10th September, 2020; and
- h. Annual Report along with Directors Report, Balance Sheet, Audited Financial Statements and Proxy Forms shall be available at the Bank's website (www.siblb.com).

(N.B: No gift or benefit in cash or kind other than in the form of Cash or Stock dividend shall be paid / offered to the holders of equity securities at the time of AGM as per BSEC Circular No.SEC/CMMRCD/2009-193/154 dated 24.10.2013).

OUR VISION

Working together for a caring society.



OUR MISSION

Establishing three sector banking model
Transformation to a service oriented technology driven profit-earning bank.
Fast, accurate and satisfactory customer service.
Balanced & sustainable growth strategy.
Optimum return on shareholders' equity.
Introducing innovation islamic banking products.
Attract and retain high quality human resources.
Empowering real poor families and creating local income opportunities.
Providing support for social benefit organizations by way of mobilizing funds and social services.

OUR COMMITMENTS

To the shariah
To the regulators
To the shareholders
To the nation
To the customers
To the employees
To the other stakeholders
To the environment.



OUR STRATEGIC OBJECTIVES



SIBL CORE VALUES



Honest to its customers, employees, regulators, shareholders and others.

HONESTY



Gaining efficiency through best use of man and machine.

EFFICIENCY



Accountable to the stakeholders and to the society at large.

ACCOUNTABILITY



Transparent in each and every banking transaction.

TRANSPARENCY



Continuous innovative idea generations and designing of banking products and services.

INNOVATION



Gaining efficiency through best use of man and machine.

SECURITY



Service flexibility is one of the most important features.

FLEXIBILITY



SIBL enhances economic well being with the bliss of religious ethics.

RELIGIOUSNESS



Providing of upgraded technological banking services.

TECHNOLOGY

CODE OF CONDUCT & ETHICAL PRINCIPLES

ETHICAL PRINCIPLES OF SIBL

Objectivity – the bank shall possess strict principle of objectivity in its day to day banking operations in relation to its customers, employees, shareholders, other banks, other organizations by maintaining and protecting the stability and trust in the banking sector.

Just and Equitable – the bank shall have no discrimination and avoid all forms of bias in its attitudes towards employees as well as to its customers.

Honesty – the bank during its operations shall stick to the honesty principle in relation to customers, employees, shareholders, other banks, regulators and the stakeholders.

Impartiality – the bank is impartial towards its customers irrespective of their nationality, religion, financial and social standing, and gender during banking service.

Reliability – the bank shall offer clear, comprehensible and correct information to its customers within the principle of reciprocal trust during services and transactions; and provide the customer services in a timely and complete manner.

Transparency – the bank shall inform its customers in an open, easily understandable and clear way regarding the underlying rights and responsibilities, benefits and risks attached to the products and services offered to them.

Observing Social Benefit and Respect to Environment – the bank shall show due diligence to support all kinds of social and cultural activities in the light of the principle of observing, aside from the profitability, the social benefit and respect to the environment.

Fighting against money laundering – the bank has a policy to fight against corruption and money laundering etc. as a significant principle as stipulated by international norms and the provisions of national laws and regulations. The bank shall take appropriate measures to discharge duties by the employees with utmost due care and caution to fight against accumulation of crime originated assets.

Insider Trading – the bank has a clear policy and takes all measures in order to prevent the use of insider information for the trading purposes.

Relations with public organizations, regulators and other institutions – the bank, during its relations with the public organizations, regulators and other institutions, should act in observance of the principles of honesty, accountability and transparency, and should show the utmost care for the correct, complete and timely communication of the information, documents and records in accordance with the laws and regulations of the country.

Personnel Behaviors – the bank shall avoid all kinds of practices and applications that may cause unfair competition on the employment of the personnel.

Competition – the bank shall take appropriate measures to take the challenges of industrial competition in compliance with the laws and regulations. During the SIBL's actions to defeat the competitive forces- all of its activities within the free market economy shall avoid any unfair means which may cause indiscipline in the economy or industry or may be termed as immoral or unjustified behavior or is against the principles of integrity. All actions against competition shall rather aim to (i) overall development of the financial sectors (ii) develop public trust on overall banking operations (iii) observe the common interest of banks.

Advertisements and Announcements – SIBL shall act honestly, realistically, and in compliance with legal regulations and with the general moral principles during its announcements, advertisements and notices under the publicity and advertising activities regarding products and services as well as its financial structures. The bank shall avoid all acts and behaviours that may damage the reputation of the banking as a profession. The bank shall also ensure that the announcements, advertisements and notices do not contain any statements or expressions degrading or humiliating other banks, or the products and services of other banks.

Customer Complaints – SIBL shall establish a system in order to respond all and any kinds of questions of their customers stemming from the services offered and shall accordingly inform to customers about this system.

Security - SIBL shall recognize the concept of "Security" that includes all measures towards the protection of all and any service mediums of the bank in banking sector including technical hazards in the services offered to the customers.

General Employee Qualities - the bank shall be aware that it shows due diligence in order to ensure that the employees of the bank possess knowledge, background and a sense of responsibility required by jobs.

Employment and Career Development - the bank shall in line with the principle of managing the human resources in the best possible way, offer trainings, courses, seminars and similar opportunities to their employees in order to ensure that they reach to the level necessitated by the time and by the banking profession.

Working Environment - The bank shall introduce internal regulations requiring that its employees look neat and clean in conformity with the reputation of the banking profession and are also provided with a good congenial working environment.

Job Descriptions - The bank shall maintain and update a detailed job description to distribute its jobs among the employees so that the bank can show due diligence for the employment of sufficient number of personnel required by the workload, organize the employees in a way that they yield maximum productivity during the working hours, and show utmost efforts for preventing overtime work and that the employees use their annual leaves regularly.

CODE OF CONDUCT FOR THE EMPLOYEES

- Adhere to the shariah principles.
- Adhere to the disciplinary measures of the bank.
- Adhere to applicable laws and regulations during performance of duties, Inform the customers about the benefits and risks of the products and services offered to them,
- Offer unbiased and fair service to the customers receiving the same services,
- Not to disclose the secrets of their customers and the banks which they come to learn by virtue of their positions and titles to anyone other than those persons and authorities who are explicitly authorized under laws,
- Not to cause any loss of reputation of the bank during works and attitudes,
- Not to be engaged in any activity that can be classified as personal business.
- Not to behave in contradiction to the principles of justice, integrity, honesty, reliability and social responsibility,
- To cooperate with other employees for common purposes through building a courteous and diligent communication during their fulfilment of duties,
- Not to use the bank's assets and resources unproductively and outside the designated purpose,
- Not to derive any personal benefits both from their own job potentials and from potentials of their customers by using their positions and titles,
- To refuse all such benefit offers immediately and to inform such offers to the competent authorities and to their superiors,
- Not to be involved in relations with the customers such as borrowing-lending, being guarantor and opening common accounts with the customers which do not correspond with ethical principles,
- Not to accept presents from the current or potential customers, other than those presents accepted by the bank personnel under the established practices in the bank,
- To be aware of one's accountability regarding the duties assumed during the performance of the services,
- Not to assume any position in any private and public organization other than associations, foundations, cooperatives, and similar organizations without the approval of the bank.

CORPORATE PROFILE

Social Islami Bank Limited (SIBL) was established in the year 1995 as a public limited company which is engaged in Shariah based commercial banking in the country and its modus-operandi are substantially different from other conventional banks. This is the second-generation pioneer Islamic Bank in this country to introduce online banking facilities to its customers.

Name of the Company
Social Islami Bank Limited

Registered Office
City Center, Level 19, 20, 21, 22, 28 & 29
90/1 Motijheel C/A, Dhaka-1000
Phone : +88-09612001122 (PABX)
FAX : 88-02-9568098
Email : info@sibl-bd.com
Website : www.siblbk.com
SWIFT : SOIVBDDH

Chairman
Prof. Md. Anwarul Azim Arif

Managing Director & CEO
Mr. Quazi Osman Ali

Company Secretary
Mr. Abdul Hannan Khan

Chief Risk Officer
Mr. Kazi Obaidul Al-Faruk

Chief Financial Officer
Mr. Walid Mahmud Sobhani, FCMA

Chief Compliance Officer
Mr. Giash Uddin Bhuiyan

Auditors
Hoda Vasi Chowdhury & Co
Chartered Accountants
Bangladesh Textile Mills Corporation Bhaban
7-9 Kawran Bazar Rd, Dhaka 1217

Shafiq Basak & Co.
Chartered Accountants
Shatabdi Centre (6th Floor) 292
Inner Circular Road, Fakirapool
Motijheel, Dhaka

Credit Rating Agency
Emerging Credit Rating Ltd.

Legal Form
Public Limited Company

Company Registration No.
C-28763(44)/95

Authorized Capital
Taka 10,000,000,000

Paid up Capital
Taka 8,933,413,560

Bank's License No.
DBOD(D):200/60-943/95

Tax Payer Identification No.
144050147394

Business Identification No.
000302065

Number of Employees:
2947 (two thousand nine hundred forty seven)

Number of Branches:
161 (One Hundred Sixty One)

Number of Shares:
893,341,356

Investors' Inquiry:
Share Department
City Center, Mezzanine-2
90/1 Motijheel C/A, Dhaka-1000
PABX: 88 02 09612001122 (50431)
Phone: 9571852

For Offshore Banking:
Off Shore Banking Department
City Center, Level-19
90/1 Motijheel C/A, Dhaka-1000

For SIBL Securities Limited (a subsidiary of SIBL):
Chief Executive Officer
3rd floor, 15 Dilkusha C/A, Dhaka-1000

For SIBL Investment Limited (a subsidiary of SIBL):
City Center, 90/1 Motijheel C/A, Dhaka-1000

Listing Status:
DSE (Dhaka Stock Exchange)
Symbol: SIBL | Listing Date: 18.11.2000

CSE (Chittagong Stock Exchange)
Symbol: SIBL | Listing Date: 04.10.2005

Market Price as on 31.12.2019
DSE: Taka 13.80, Category A
CSE: Taka 13.70, Category A

MILESTONE

1995

- Incorporation Date
- Certificate of Commencement of Business
- Formal Inauguration
- Starting of 1st Branch

2004

- Online Banking Facilities Introduced

2005

- Listing with Chittagong Stock Exchange

2010

- Opening of 50th Branch
- Formation of Subsidiary Companies
 - a) SIBL Securities Ltd
 - b) SIBL Investment Ltd.
- Agreement with VISA
- Introducing Core Banking Software

2000

- Initial Public Offering (IPO)
- Listing with Dhaka Stock Exchange

2007

- 1st Right Share

2008

- Launching of remittance service

2009

- 2nd Right Share

2011

- Introducing Concurrent Audit System
- 3rd Right Share
- Opening of 75th branch (Bashundhara)
- Introducing Green Banking Window
- Introduction of School Banking

2012

- Own Corporate Head Office at City Centre
- Launching of Offshore Banking Unit
- Launching of Internet Banking

2015

- Issuance of Mudaraba Subordinated Bond
- Introduction of Agent Banking

2018

- Launching Internet Banking (SIBL Now)
- International Rating from Moodys
- Opening of 155th Branch

2014

- 6,25,000 nos. of Deposit Accounts
- 49,000 nos. of Investment Accounts
- Opening of 100th Branch (Kankirhat)

2016

- Opening of 125th Branch (Corporate Branch)

2017

- Opening of 138th Branch

2019

- Introduction of Sub Branches
- Opening of 161st Branch

SPONSORS OF THE COMPANY

1. Prof.Dr. M. A. Mannan, MA (Econ) (Michigan), Ph.D. Michigan) (USA) Certificate in Economic Dev (USA)
2. Major Dr. Md. Rezaul Haque (Retd.)
3. Dr. Md. Jahangir Hossain
4. Late Mohammad Ibrahim Miyan
5. Late Md. Abdul Malek
6. Fountain (Pvt.) Ltd.
7. Bangladesh Social Peace Foundation
8. Dr. J. H. Gazi.
9. Mr. M. Nurul Amin
10. Mr. Md. Shah Alam
11. Alhaj Sultan Mahmood Chowdhury
12. Alhaj Mohammad Nesaruddin
13. Mr. Abdul Awal Patwary
14. Mr. Md. Anisul Hoque, Representing Hamdard Laboratories (Waqf) Bangladesh
15. Mrs. Nargis Mannan, B.A.(Hons), M.A.(DU)
16. Mrs. Fatema Begum
17. Mrs. Shamsun Nahar Begum
18. Mrs. Zohra Alam
19. Islam Import & Export Associate Ltd.
20. Al-Haj Nasiruddin
21. Mr. Kamal Uddin Ahmed
22. Mr. Ahmed Akbar Sobhan
23. Mrs. Hasina Iqbal
24. Al-Haj Sk. Mohammad Rabban Ali
25. Alhaj Mohammad Aynul Haque
26. Mr. Mohammad Azam
27. Mr. Md. Aminuddin
28. Dr. Reshmi Mannan Siddique, B.Sc. (Econ.), (LSE), U.KM.Sc. (Oxon.), M.S. (NY), Ph.D. (Ohio) (U.S.A.)
29. Dr. Ghalib Mannan, M.B.B.Ch. (Wales) (U.K.),.M.D.(U.S.A.)
30. Mr. Sadat Sobhan
31. Alhaj S.N. Haque

FUNCTIONS OF SOCIAL ISLAMI BANK LIMITED



PRODUCTS & SERVICES



Deposit Products

- Al-Wadeeah Current Deposit (Awcd) Account
- Mudaraba Savings Deposit Account
- Mudaraba Super Savings Account
- Mudaraba. Notice Deposit Account
- Mudaraba Term Deposit Account
 - 1 Month
 - 3 Month
 - 100 Days
 - 6 Month
 - 200 Days
 - 12 Month
 - 2 Years
 - 3 Years
- Mudaraba Monthly Profit Deposit Scheme (SIBL Astha)
- Mudaraba Education Savings Scheme
 - 7 Years
 - 10 Years
 - 15 Years
 - 20 Years
- Sonali Din Special Deposit Scheme
- Mudaraba Special Deposit Pension Scheme
- Mudaraba Bashastan Deposit Scheme
- Mudaraba Hajj/Umrah Savings Deposit (Kafela)
- Cash Waqf
 - Cash Waqf Deposit Scheme
 - Cash Waqf Savings Scheme
 - Cash Waqf Mudaraba Monthly Profit Deposit Scheme
- Mudaraba Marriage Deposit Scheme
- Mudaraba Muhorana Savings Scheme
 - 5 Years
 - 10 Years
- Sanchita Special Deposit Scheme
- Subarnalata Special Deposit Scheme
- Subarna Rekha Special Deposit Scheme
- Shabuj Chaya Special Deposit Scheme
- Shabuj Shayanna Special Deposit Scheme
- Sukher Thikana Special Deposit Scheme
- Mudaraba Savings Deposit-Student Account
- SIBL Youngster Account
- Mudaraba Zakat Savings Deposit Scheme (Proshanti)
- SIBL Super DPS Special Savings Scheme



Investment Products

- Bai- Murabaha
- Bai-Muajjal
- Hire Purchase Under Shirkatul Melk (Hpsm)
- Musharaka
- Bai- Salam
- Documentary Bill Purchase
- Quard
- SIBL Employees' House Building Investment Scheme
- SME & Agricultural Finance
- Women Enterprise Finance
- Retail Finance
- Family Empowerment Islamic Micro Finance

Card Products

- VISA Islami Credit Card Products:
 - Domestic Classic
 - International Classic
 - Domestic Gold
 - International Gold
 - International Platinum
- VISA Islami Prepaid Card Products:
 - Hajj Card
 - Travel Card
 - Student Card
 - Pre-paid Card
- VISA Islami Debit Card Products:
 - VISA Islami Zameel Card

Service Products

- Online Banking
- ATM 24/7
- Automated Clearing
- Electronic Fund Transfer
- Internet Banking (SIBL Now)
- Offshore Banking
- Centralized Trade Processing Services
- Remittance
- Locker
- Students File
- SWIFT
- Capital Market Services Through SIBL Subsidiaries
- ADC (Alternate Delivery Channel)
- School Banking
- Agent Banking
- RTGS (Real Time Gross Settlement)

RTGS
Real Time Gross Settlement

SIBL এর যে কোন শাখা থেকে RTGS এর ব্যবহারীয় ব্যবসায়ের আর্থিক সে কোন ব্যাংকের শাখায় আনুষ্ঠানিক করে প্রেরণের বিশেষ অর্থ প্রেরণ করা হয়।

RTGS পদ্ধতি ব্যবহারের জন্য প্রয়োজন যুক্তি:

- SIBL এর যে কোন শাখা থেকে একটি দিনের মধ্যে করে।
- কোন Al-Wadiah Current Deposit A/c (AWCD), Mudarabah Savings Deposit A/c (MSD) এবং Mudarabah Notice Deposit A/c (MND) ইত্যাদি।
- স্থানীয় পরিমাণ, কেন্দ্রীয় উদ্দেশ্য এবং প্রাপ্যের জন্য কোন নম্বর, প্রাপ্যের নম্বর, শাখার নম্বর, ০৯ (৯৯) Digit এর পাশে Routing নম্বর, সঠিক হিসাব নম্বর ইত্যাদি সঠিক করে RTGS প্রেরণের জন্য যুক্তি প্রেরণ করে প্রেরণ প্রেরণ করে।
- সর্বমোট ১,০০,০০০.০০ (এক লক্ষ) টাকার পরিমাণ RTGS করা যাবে।
- যাকে স্থানীয় কেন্দ্রের জন্য সর্বোচ্চ ১০০ টাকার বেশি চুক্তি প্রেরণ করতে পারবে।

RTGS পদ্ধতি ব্যবহারের সুবিধা:

- প্রাপ্যের ব্যয় হিসেবে আনুষ্ঠানিক অর্থ (Credit) করা হয়।
- প্রাপ্যের সময় কেন্দ্রের নিশ্চিত করা হয়।
- কেন্দ্রীয় অর্থ প্রেরণের সুবিধা প্রেরণ।
- RTGS এর ব্যবহারীয় ব্যবসায়ের সে কোন ব্যাংকের শাখায় অর্থ প্রেরণ করা হয়।
- RTGS শেষ সম্পূর্ণ বিশেষ ৯ ছাড়া স্থানীয় করা হয়।
- Custom Duty & VAT online এর উপর শিথিল করা হয়।
- প্রাপ্যের কারণে আনুষ্ঠানিক করা হয়।

BEFTN
Bangladesh Electronic Fund Transfer System

SIBL এর যে কোন শাখা থেকে BEFTN এর মাধ্যমে প্রাপ্যের আর্থিক সে কোন ব্যাংকের শাখায় ২৪ ঘণ্টা বা তার কম প্রাপ্যের মধ্যে প্রাপ্যের বিশেষ অর্থ প্রেরণ (Credit) করা হয়।

BEFTN পদ্ধতি ব্যবহারের জন্য প্রয়োজন যুক্তি:

- SIBL এর যে কোন শাখা থেকে একটি দিনের মধ্যে করে।
- কোন Al-Wadiah Current Deposit A/c (AWCD), Mudarabah Savings Deposit A/c (MSD) এবং Mudarabah Notice Deposit A/c (MND) ইত্যাদি।
- স্থানীয় পরিমাণ, কেন্দ্রীয় উদ্দেশ্য এবং প্রাপ্যের জন্য কোন নম্বর, প্রাপ্যের নম্বর, শাখার নম্বর, ০৯ (৯৯) Digit এর পাশে Routing নম্বর, সঠিক হিসাব নম্বর ইত্যাদি সঠিক করে BEFTN প্রেরণের জন্য যুক্তি প্রেরণ করে প্রেরণ প্রেরণ করে।
- সর্বমোট ০.০১ (এক) পয়সা থেকে সর্বোচ্চ পরিমাণ টাকার BEFTN করা যাবে।

BEFTN পদ্ধতি ব্যবহারের সুবিধা:

- BEFTN শেষের জন্য কোন ২৪ ঘণ্টার মধ্যে করা হয় না।
- কেন্দ্রীয় অর্থ প্রেরণের সুবিধা প্রেরণ।
- কেন্দ্রীয় অর্থ প্রেরণের সে কোন ব্যাংকের শাখায় প্রাপ্যের হিসেবে ২৪ ঘণ্টার মধ্যে অর্থ প্রেরণ (Credit) করা হয়।
- BACH-এ যুক্তি প্রেরণ প্রেরণের বিশেষ বিশেষ দিন (Same Day) অর্থ প্রেরণ করা (Credit) এবং সে কোন যুক্তির বিশেষ যুক্তি BEFTN করা হয়।

DUAL PREPAID CARD
BREAK YOUR PAYMENT BARRIERS

PRELIMINARY Approval of Bangladesh Bank and Bangladesh Open Banking Authority

STANDARD Features
- Multi-currency
- Multi-merchant
- Multi-merchant
- Multi-merchant
- Multi-merchant

ONLINE TRANSFER
- Multi-merchant
- Multi-merchant
- Multi-merchant
- Multi-merchant
- Multi-merchant

ডিজিটাল রেমিটেন্স গ্রহণ করুন
পুণ সফরে

বিশ্বের যে কোন দেশ থেকে ডিজিটাল রেমিটেন্স সেবা গ্রহণ করুন।

আসুন আমরা সে কোন দেশ থেকে ডিজিটাল রেমিটেন্স সেবা গ্রহণ করুন।

হাজ্জ কার্ড

আজকে দিনের পুণি

- এ কার্ড সম্পূর্ণ পরিমাণ ফিল্ড।
- কার্ড কার্ডের মাধ্যমে ট্রানজেক্ট এনেকি এর মাধ্যমে প্রেরণের সুবিধা।
- কার্ড কার্ডের মাধ্যমে ট্রানজেক্ট এনেকি এর মাধ্যমে প্রেরণের সুবিধা।
- কার্ডের মাধ্যমে ট্রানজেক্ট এনেকি এর মাধ্যমে প্রেরণের সুবিধা।
- কার্ডের মাধ্যমে ট্রানজেক্ট এনেকি এর মাধ্যমে প্রেরণের সুবিধা।

ব্যাংকিংয়ের হোবার ঘরে বসেই

আসুন আমরা ডিজিটাল রেমিটেন্স গ্রহণ করুন।

SIBL NOW

- ২৪/৭
- ২৪/৭
- ২৪/৭
- ২৪/৭

ব্যাংকিংয়ের হোবার ঘরে বসেই

আসুন আমরা ডিজিটাল রেমিটেন্স গ্রহণ করুন।

SIBL NOW

- ২৪/৭
- ২৪/৭
- ২৪/৭
- ২৪/৭

ইসলামিক ফাইন্যান্স

আসুন আমরা ডিজিটাল রেমিটেন্স গ্রহণ করুন।

ইসলামিক ফাইন্যান্স

BOARD
&
COMMITTEES

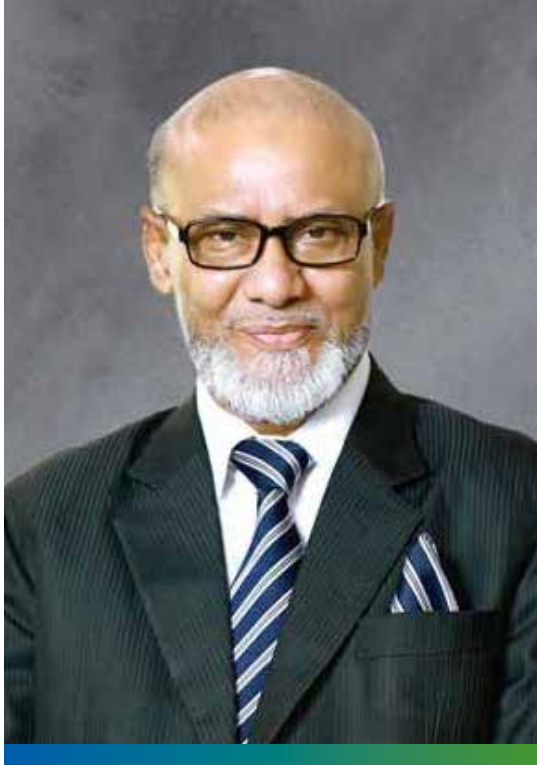


BOARD OF DIRECTORS

In compliance with the Corporate Governance Code-2018 of BSEC Social Islami Bank Limited constituted with twelve well devoted Members including 2 (two) Independent Directors who are highly dedicated towards the bank. The board ensures that the company achieves superior financial results and stewards its leadership position in the industry. Moreover, the board is engaged in major activities such as addressing major policy, regulatory and strategic issues and providing proper guidelines, monitoring financial performance, monitoring operations of internal control, approval of annual budget, major capital expenditure. Evaluation of financial performance, approval of audit report, aware to maintain Shariah Principals. Appointment and evaluation of Managing Director & CEO and Senior Management team are the key decisions maker where the board of directors plays a good part to carry on a sound banking system. In addition, the board of directors is the responsible body to make timely reporting to shareholder about the affairs and performance of the company. The Board also responsible to comply all types of Rules, Regulations, Notifications and Orders issued by the Regulatory Authorities in time to time. They also ensure to implement the good Corporate Governance in the Bank. During the year 2019, total 17 numbers of Board meetings were held compared to 19 meetings in the year 2018.

BoD

- 01. Prof. Md. Anwarul Azim Arif**
Chairman
- 02. Mr. Belal Ahmed**
Vice Chairman
- 03. Mr. Md. Sayedur Rahman**
Vice Chairman
- 04. Mr. Md. Kamal Uddin**
Director
- 05. Mrs. Nargis Mannan**
Director
- 06. Dr. Md. Jahangir Hossain**
Director
- 07. Mrs. Jebunnesa Akbar**
Director
- 08. Mr. Ali Hasan Md. Mahmud Ribon**
Director
- 09. Mr. Arshadul Alam**
Director
- 10. Mr. Mahmudul Alam**
Director
- 11. Professor A J M Shafiul Alam Bhuiyan, Ph.D**
Independent Director
- 12. Professor Mohammed Mizanur Rahman, Ph.D**
Independent Director
- 13. Mr. Quazi Osman Ali**
Managing Director & CEO
- 14. Mr. Abdul Hannan Khan**
SEVP & Company Secretary



PROF. MD. ANWARUL AZIM ARIF CHAIRMAN

Prof. Md. Anwarul Azim Arif, the Chairman of the Board of Directors of Social Islami Bank Limited was the Vice Chancellor of University of Chittagong from June 15, 2011 to June 14, 2015. He completed B.Com (Hons) and M.Com from the University of Chittagong. Later, in 1982, he completed MBA from the University of the Philippines. In January 1976, Prof. Arif started his career as lecturer in the University of Chittagong and ended up as Vice-Chancellor of the same University. During his career in the University of Chittagong, Prof. Arif served as the Chairman of the Department of Management from 1992-95. He also served as the Vice Chancellor of Premier University from 2002 to 2006 and as Pro-Vice Chancellor of Chittagong University from July 2001 to November 2001. He was also the Dean of Faculty of Commerce, University of Chittagong from 1994-96. Prof. Arif was elected as President of Chittagong University Teachers' Association from 1995-97 and as Secretary General, Bangladesh University Teachers' Association Federation from 1996-97. He was a member of Executive Committee of Association of Management Development Institutions in South Asia (AMDISA), Hyderabad, India, a regional organization of management institutions of SAARC countries from 1994 to 96. Prof. Arif was also elected as a Member of Chittagong University Syndicate from 1997 to 98. Prof. Anwarul Azim Arif has discharged his responsibilities as a member of Chittagong University Senate from 1986 to 2015. Prof. Arif was a responsible member of Chittagong Education Board and also a member of Bangladesh Plantation Employees' Provident Fund Trustee Board nominated by the Ministry of Labor and Employment, Government of Bangladesh. He also participated in different trainings, seminars and workshops both in home and abroad. Prof. Md. Anwarul Azim Arif visited different countries across the world including United States of America (USA), Netherlands, Germany, France, Belgium, Norway, Australia, Japan, South Korea, Thailand, Taiwan, Singapore, Malaysia, Srilanka and India. Prof. Md. Anwarul Azim Arif was nominated for the "Best B School Award 2012" of Asia by "The World Education Congress". He was also awarded United Nations Human Rights Award, 2004 for extraordinary performance in the field of human rights & social works. Prof. Arif received A/D/C Fellowship in 1980, CBC Fellowship in 1996, US International Visitors Award in 1989 and received such others awards & scholarships for his excellent academic performances.



MR. BELAL AHMED

VICE CHAIRMAN

Mr. Belal Ahmed is the Vice Chairman of the Board of Directors of Social Islami Bank Limited and Chairman of the Executive Committee (EC) of SIBL. Mr. Belal Ahmed started business in Bangladesh as Proprietor of Unitex Proprietorship after completion of his higher education from Canada. He is the Managing Director of Unitex Spinning Limited, Unitex Composite Mills Limited, Unitex LP Gas Limited, Unitex Petroleum Limited, Unitex Cement Limited, Unitex Steel Mills Limited of Unitex Group. He is also the Managing Director of Padma Wears Limited. Mr. Belal was one of the Directors of Chittagong Chamber of Commerce and Industries during the period from 2013 to 2015. He is also the Director of SIBL Securities Ltd. and SIBL Investment Ltd.



MR. MD. SAYEDUR RAHMAN

VICE CHAIRMAN

Mr. Md. Sayedur Rahman is a Vice Chairman of Social Islami Bank Limited and one of the renowned successful businessmen of high stature of the country. He is a prominent figure in Garments industry. Currently, he is the Managing Director of M/S. Lodestar Garments Ltd., M/S. Mid-Asia Fashions Ltd. He is also a Philanthropist engaged in various social activities in the Country. He is also discharging his responsibilities as a member of Risk Management Committee of the Bank.



MR. MD. KAMAL UDDIN

DIRECTOR

Mr. Md. Kamal Uddin is one of the renowned and successful Industrialists and well experienced international Businessman of the country. Currently he is the proprietor of CBM Consortium. He is the Chairman of Mercantile Insurance Company Ltd. He is also the Managing Director of Chittagong Builders & Machinery Ltd., Merchant Securities Limited and Sifang Securities Limited. He is also the Director of Human Resources Development Co. Ltd., Central Hospital (PVT) Ltd., ASM Chemical Industries Ltd. and Universal Health Services & Research Ltd. He is also a Veteran in Stock Market Business. He is a well known Social Organizer and a man of Islamic Personality. Mr. Uddin has widely traveled in several countries in connection with business and participated in different trade fairs. He is the Chairman of Risk Management Committee and Member of the Audit Committee of the Bank. He is also the Chairman of SIBL Securities Ltd. and SIBL Investment Ltd.



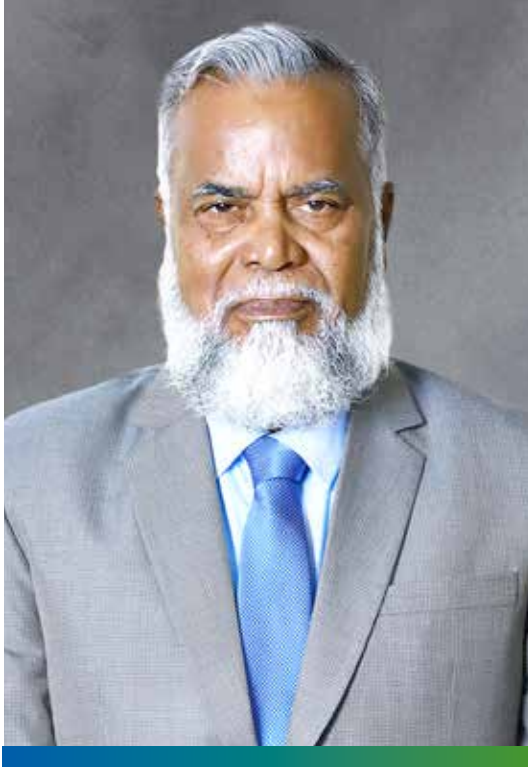
MRS. NARGIS MANNAN

DIRECTOR

Mrs. Nargis Mannan is a Sponsor Director of Social Islami Bank Limited: received her B.A (Hons) & M.A Degree in Political Science from University of Dhaka in 1964; served as lecturer in Pakistan Council, Islamabad Pakistan (1967-69). She is an international recognized copper artist: held a number of solo exhibitions in various countries around the world that includes Lae, Papua New Guinea (1976); Jeddah Fine Arts Society (1979 to 1995) in Jeddah, Saudi Arabia; Shilpa Kala Academy in Dhaka, Bangladesh (1987); Soviet Culture Centre in Dhaka, Bangladesh (1987), Frunge, Kirghizia, former U.S.S.R (1988); Nairobi, Kenya (1994); Academy of Fine Arts in Calcutta, India (1995); The National Museum in Dhaka, Bangladesh (1998).

She also received a number of Awards that includes: Moonis Raza Memorial Award at the Indian Institute of Technology (IIT), New Delhi, given by Global Association of NRI in 1996; Sher-e-Bangla National Award given by National Personality Research Centre in 2004; Begum Rokeya Shining Personality Award-2006, given by Narikantho Foundation. She has been involved in many social and cultural activities. She was the President of Padakkhep-64 during the period from 2006 to 2008, An Association of Dhaka University Graduates-64. She was also the Treasurer of Soroptimist International Club of Dhaka during the period from 2007 to 2015.

She is the Founder Trustee and Vice-Chairman of House of Mannan Charitable Trust (HMCT). She is the wife of Prof. Dr. M.A.Mannan, Founder Chairman of Social Islami Bank Limited.



DR. MD. JAHANGIR HOSSAIN

DIRECTOR

Dr. Md. Jahangir Hossain is a Director of Social Islami Bank Limited. He completed his M.B.B.S from Sylhet MAG Osmani Medical College, Bangladesh. He also completed “Advanced Diploma in Ultrasound” from Institute of Ultrasound Techniques, Toronto, Ontario, Canada in 2008 and “Diploma in Medical Ultrasound” from Shristy Institute for Health Sciences, Dhaka in the year 2007. He has more than 42 years of professional experience in his medical career. He started his career in the year 1975 as Lecturer of Sir Salimullah Medical College & Hospital, Dhaka. After that he left for Kingdom of Saudi Arabia and served Ministry of Health of KSA for 25 years and voluntarily retired in the year 2003 as Senior Medical Officer. He is discharging his responsibilities competently in the affairs of the Board of Directors of the Bank. Mr. Jahangir is also the member of Audit Committee of the Bank.



MRS. JEBUNNESSA AKBAR

DIRECTOR

Mrs. Jebunnessa Akbar is a Director of Social Islami Bank Limited. She completed her Graduation from Chattagram College. She also completed a professional course on “Fashions and Jewelry Designing” from the Institute of Fashions and Jewelry Designing, New Delhi, India. Mrs. Akbar achieved a Diploma in Computer Science from APTECH, Uttara, Dhaka. She bears 24 (twenty four) years of experience in different field of welfare organization. She was a Director of BIFC from June 2016 to December 2017. She was the president of National Defence College (NDC) Ladies Club (Welfare Organization of Ladies and Children of NDC’s Officers, Course Members & Employees) from June 2011 to February 2015 and DGFI (Directorate General of Forces Intelligence) Ladies Club (Welfare Organization of DGFI’s Civil and Military Officers and Military and Civil Employees’s wives and Children) from Feb 2009 to June 2011. She was the Vice President of Sena Paribar Kalyan Samity Central Committee, Dhaka (Welfare Organization of Soldiers Wives and Children all over the Bangladesh Army) from Feb-2001 to Dec 2002 and the Secretary of Ladies Club, Bangladesh High Commission, New Delhi (Welfare Organization of Wives and Children of Diplomate & Employees posted at New Delhi High Commission) from Dec 1995 to Oct 1999.

She is discharging her responsibilities competently in the affairs of the Board of Directors and Executive Committee (EC) of the Bank.



MR. ALI HASAN MD. MAHMUD RIBON DIRECTOR

Mr. Ali Hasan Md. Mahmud Ribon, a Director of Social Islami Bank Limited bears almost 39 years of business Experience in different fields. He is holding the degree of Bachelor of Arts under the University of Rajshahi. He is a knowledgeable individual in exporting fish. He also bears a vast knowledge as Contractor. He is the Chairman of M/S. Mahmud Ribon. He is discharging his responsibilities competently in the affairs of the Board of Directors of the Bank. He is also discharging his responsibilities as a member of the Risk Management Committee of the Bank.



MR. ARSHADUL ALAM DIRECTOR

Mr. Arshadul Alam a industrialist of the Country and also a Director of Social Islami Bank Limited. He completed his MBA from American International University-Bangladesh (AIUB), Dhaka, Bangladesh. He started his business after completion of his Under graduation in Business Communication from University of Queensland, Brisbane, Australia. He bears more than 13 (thirteen) years of experience in different fields of business. He is the Proprietor of Uni-Trade International & Nishat Traders and he is also the Managing Director of Jesco Capital Management Ltd. He is discharging his responsibilities competently in the affairs of the Board of Directors of the Bank. He is also discharging his responsibilities as a member of the Executive Committee (EC) of the Bank.



MR. MAHMUDUL ALAM

DIRECTOR

Mr. Mahmudul Alam, a young emerging entrepreneur of Bangladesh is a member of the Board of Directors of Social Islami Bank Limited. He is from a renowned business family of Chittagong. Mr. Mahmudul Alam strives for personal and business excellence. Therefore, he attained MA with Honors in Economics and Accounting from The University of Edinburgh and achieved success in the business sector by establishing Paragon Transport and Amir Traders. He has experience in managing large companies with dynamic leadership, transparency, honesty and outmost dedication. He is one of the promising young emerging businessmen of our country. He is well traveled around the world.



PROFESSOR A J M SHAFIUL ALAM

BHUIYAN, PH.D

DIRECTOR

Professor A J M Shafiu Alam Bhuiyan, Ph.D appointed as an Independent Director of Social Islami Bank Limited on 13th November, 2017. He is an well known Professor of the University of Dhaka Having an immense knowledge and experience in Mass Media Communication and Journalism, Dr. Bhuiyan was ranked First Class First both in B A (Hons.) and M. A in the said discipline. He did Ph. D. in Media and Communication from a renowned North American University. He also bears a vast professional experience as Professor and Chairman of Department of Television, Film and Photography, University of Dhaka. He is also the advisor of the Department of Media and Mass Communication, American International University, Bangladesh. Dr. Bhuiyan worked as researcher and team leader of different projects of Bangladesh and other international organizations like UNESCO and UNDP Bangladesh. Mr. Bhuiyan is also prominent media personnel. Mr. Bhuiyan is also the Chairman of Board Audit Committee of the Bank. He is also an Independent Director of SIBL Investment Ltd. (a subsidiary company of the bank)



PROFESSOR MOHAMMED MIZANUR RAHMAN, PH.D

DIRECTOR

Professor Mohammed Mizanur Rahman, Ph.D was appointed as an Independent Director of Social Islami Bank Limited on 13th November, 2017. He completed his BSE & MSE in Applied Chemistry and Chemical Engineering from the University of Dhaka in the year-1995 and 1996 respectively. Having an immense knowledge and experience in diversified fields, he discharged his responsibilities as a Member and CEO (from July 2015 to date) of different Institutions under Ministry of Textile and Jute. He is serving as standing committee and project implementation of the Skill for Employment investment project (SEIP-BTMA) from July 2015 to continue financed by ADB and Ministry of Finance Govt. Dr. Rahman is a member of the National Science and Technology fellowship Committee since January 2014 under the Ministry of Science and Technology GoB. He also augmented his qualifications from the different International Universities of Japan and Germany. He is vastly known Professor of Department of Applied Chemistry and Chemical Engineering, University of Dhaka. He is also discharging his duty as a Syndicate Member and Academic Council Member of the University of Dhaka, Member of the Governing body of the Enam Medical College, Savar, Dhaka and Shymoli Textile Engineering College.

Dr. Rahman is a Gold Medalist Recipient in Physical Science awarded by the Bangladesh Academy of Science in the year of 2009 and Young Scientist Award Winner of Third World Academy of Science (TWAS), Triste, Italy. He is also awarded with, Primary Scholarship Award of Ministry of Education, Bangladesh, Younger Researcher Award-2005, Kumamoto University, Dr. Rahman is Japan Society for the promotion of Science (JSPS), Japan and Alexander von Humboldt (Germany) fellow these are the two prestigious fellowships in the World. He is also discharging his responsibilities as a member of the Executive Committee (EC) of the Bank. He is also an Independent Director of SIBL Securities Ltd. (a subsidiary company of the bank).



MR. QUAZI OSMAN ALI

MANAGING DIRECTOR & CEO

Mr. Quazi Osman Ali, a seasoned banker, has a glorious professional banking career spanning over three decades. Mr. Ali was born on 15th December, 1956. He completed Bachelor of Commerce (Honours) and Masters of Commerce in Management from the University of Chittagong in 1977 and 1978 respectively. He started his banking career as Trainee Officer at National Bank Limited (NBL) in 1984 and served the Bank up to the year 2000 in different capacities.

He joined First Security Islami Bank Limited (FSIBL) in the year 2000 as Assistant Vice President and served there up to 30th October, 2017. During his long tenure at FSIBL he served as the Head of different Branches and Divisions at Head Office. He also served as the Zonal Head of Chittagong Zone of FSIBL. As the acknowledgment of his sincerity, dedication and performance, he was promoted to the ranks of Executive Vice President, Senior Executive Vice President, Deputy Managing Director and Additional Managing Director in FSIBL.

Mr. Ali joined Social Islami Bank Limited (SIBL) as its Managing Director & CEO with effect from 31st October, 2017. During his long and colourful 35 years of banking career, he gained extensive banking experience and developed a wide range of expertise as he worked in different capacities in almost all the areas of banking viz. Strategic Planning, Managing Investment Portfolio, Foreign Trade, Treasury Operation, General Banking, Asset Liability Oversight, Leadership Development, Risk Mitigation, Regulatory Compliance, Customer Engagement, Branch Management, etc.

Mr. Quazi Osman Ali attended numerous seminars, workshops and training programs at home and abroad. A widely traveled person, Mr. Ali visited many countries including the United States of America (USA), Canada, the United Arab Emirates (UAE), Malaysia, Myanmar, Indonesia, Singapore and India to enrich his professional knowledge.

EXECUTIVE COMMITTEE

| Name of the Members | Designation |
|---|-------------|
| Mr. Belal Ahmed | Chairman |
| Mr. Arshadul Alam | Member |
| Mrs. Jebunnesa Akbar | Member |
| Professor Mohammed Mizanur Rahman, Ph.D | Member |

As per Bangladesh Bank BRPD Circular No. 06 dated February 04, 2010, every bank shall form an Executive Committee. SIBL has constituted a four members Executive Committee of the board as per Bangladesh Bank guidelines to ensure good corporate governance in the business. This is the subordinate committee of the Board of Directors of the Bank. The Committee is responsible for developing policy and strategy for smooth operation of the business. Moreover, the committee is also responsible for business development of the bank to ensure maximization of shareholders' wealth protecting other stakeholders' interest too in the company. During the year 2019, total 7 Executive Committee Meetings were held against 14 nos of meeting in the year 2018.

- The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations;
- The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors;
- All decisions taken in the executive committee shall be ratified in the next board meeting;
- The executive committee can sit any time as it may deem fit;
- The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary.

AUDIT COMMITTEE

| Name of the Members | Designation |
|--|-------------|
| Professor A J M Shafiul Alam Bhuiyan, Ph.D | Chairman |
| Mr. Md. Kamal Uddin | Member |
| Dr. Md. Jahangir Hossain | Member |

In order to establish a good corporate governance and a culture of adequate internal control system inside the bank and to evaluate the activities of the Bank as per guidelines of the Bangladesh Bank and Corporate Governance Code (CCG) of Bangladesh Securities and Exchange Commission (BSEC), SIBL has constituted an Audit Committee that plays an effective role in devising an efficient and secured banking system. The Audit Committee has been formed comprising three members

of the Board of Directors. Professor A J M Shafiul Alam Bhuiyan, Ph.D, Independent Director of the bank acted as the Chairman of the Board Audit Committee who possesses sound knowledge of different field in the industry. He is a prominent media personnel having a vast professional experience as a renowned Professor of University of Dhaka. The internal audit is supervised under Internal Control & Compliance Division (ICCD). The committee reviews the financial reporting process, the system of Internal Control, Management Information System, Management of Risks, the Bangladesh Bank and Internal Audit reports, Audit process and Compliance with laws and regulations and banks' own code of conduct. During the year 2019, total 4 nos. of Audit Committee Meetings were held against 5 nos. of meetings of 2018. Audit Committee also plays the following role in the bank-

- Oversee the financial reporting process;
- monitor choice of accounting policies and principles;
- monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;
- oversee hiring and performance of external auditors;
- hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;
- review along with the management, the annual financial statements before submission to the Board for approval;
- review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;
- review the adequacy of internal audit function;
- review the Management's Discussion and Analysis before disclosing in the Annual Report;
- review statement of all related party transactions submitted by the management;
- review Management Letters or Letter of Internal Control weakness issued by statutory auditors;
- oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;
- The Audit Committee reported on its activities to the Board.

RISK MANAGEMENT COMMITTEE

| Name of the Members | Designation |
|--------------------------------|-------------|
| Mr. Md. Kamal Uddin | Chairman |
| Mr. Md. Sayedur Rahman | Member |
| Mr. Ali Hasan Md. Mahmud Ribon | Member |

Under the stipulated instructions of Bangladesh Bank, the bank has formed a separate Risk Management Committee (RMC) consisting of 3 (three) members of the Board of Directors. In view of BRPD Circular no 11, revised Risk Management Guidelines 2012 and subsequent DOS Circular No.4 dated 8th October, 2018, functions of the Risk Management Committee shall comprise an effort to ensure proper risk management in bank. The RMC reviewed stress testing as per Bangladesh Bank guideline for examining the bank's capacity of managing future shocks as well as deals with all potential risks that might occur in future. During the year 2019 total 4 (four) Risk Management Committee Meetings were held against 4 meetings in 2018. A brief on the function of the members of the Risk Management Committee may be given as under-

- to acquire clear understanding of the type of risk inherent in Business line and to take appropriate steps to ensure different risk management issue of the bank;
- to define the risk appetite.(Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. It should be stated in terms the potential impact on profitability, capital and liquidity);
- to design the organization structure to manage risk within the bank;
- reviewing and approving risk management policies and re-viewing at least annually to limit the risks, consistent with the bank's risk appetite;
- to ensure adequate record keeping and proper reporting system;
- to review and approve risk limits and re-reviewing at least annually;
- to ensure monitoring and compliance with overall risk management policies;
- to be knowledgeable about the methods available to measure risks for various activities;
- Supervising day to day activities of senior managers and head of business line;
- establishing committee and sub-committee to be in charge of ongoing risk management;
- to carefully evaluate all the risks associated with new activities and ensure that proper infrastructure and internal control are in place;
- to provide adequate staffing for activity and designated staff with appropriate credentials to supervise the activity;
- to ensure that all Senior Management including line managers have sufficient knowledge on risk management.

SHARIAH SUPERVISORY COMMITTEE

| Name of the Members | Designation |
|----------------------------------|------------------|
| Janab Mufti Sayeed Ahmed | Chairman |
| Dr. Mohammad Monzur-E-Elahi | Member-Secretary |
| Prof. Dr. Mohammad Abdus Samad | Member |
| Janab Shah Mohammad Wali Ullah | Member |
| Dr. Hasan Mohammed Moinuddin | Member |
| Dr. Md Nasir Uddin Mizy | Member |
| Professor Ahmed Ali | Member |
| Janab Moulana Obaid Ullah Hamzah | Member |
| Janab Afeef Furqan | Member |

SIBL has re-formed its Shari'ah Supervisory Committee (SSC) constituting of 9 (nine) prominent Islamic Scholars. SIBL always tries to follow the teachings of Islam in activities as well as to strengthen the trust of the clients. During the year 2019, total 4 (four) Shariah Supervisory Committee (SSC) Meetings were held. As per Article 104 of the Articles of Association of the Bank, the board of Directors of the Bank has determined the terms and references as under-

- The function of the Shari'ah Supervisory Committee is to offer views on matters related to the Bank from time to time. The Shari'ah Supervisory Committee may require any papers from the Bank and examine the same in order to ensure that all activities of the Bank are being carried out in accordance with the Islamic principles;
- The SSC will assist the Board of Directors (BOD) by way of advice on matters relating to Shari'ah. Their recommendations on Shari'ah principles must be respected by the BOD as it is committed to run the Bank strictly in accordance with Shari'ah;
- The opinions of the majority of the members shall be taken to be the opinion of the SSC provided that the said opinion is supported by the majority of Fakihs/Muftis/Islamic Scholars present in the meeting;
- The SSC shall have a Secretariat. There will be a Member-Secretary, who will see whether the functions of the Bank are being carried out in accordance with the principles of Islamic Shari'ah. The Member-Secretary shall remain responsible to the Shari'ah Supervisory Committee;
- Salaried Officer(s) designated as "Mudaqqiq" also called "Muraqib" with sufficient knowledge about all schools of Islamic thoughts may be appointed by the Bank on the recommendation of the SSC to ensure compliance of the Shari'ah principles in each and every case of the Bank and will be responsible to the SSC. He (they) would be employee(s) of the Bank;
- The status of the SSC shall be advisory to the BOD and Supervisory in respect of operational activities of the Bank;
- The Annual report of the bank should be certified by the Shari'ah Supervisory Committee.



MANAGEMENT & COMMITTEES

MANAGEMENT COMMITTEE (MANCOM)

| Sl. No | Name | Designation | Position |
|--------|-----------------------------|-------------------------------------|------------------|
| 1 | Mr. Quazi Osman Ali | Managing Director & CEO | Chairman |
| 2 | Mr. Kazi Towhidul Alam | Additional Managing Director | Member |
| 3 | Mr. Md. Sirajul Hoque | Deputy Managing Director | Member |
| 4 | Mr. Walid Mahmud Sobhani | SEVP & CFO, FAD, HO, Dhaka | Member |
| 5 | Mr. Kazi Obaidul Al-Faruk | SEVP, HRD, HO, Dhaka | Member Secretary |
| 6 | Mr. Abdul Hannan Khan | SEVP & Company Secretary, HO, Dhaka | Member |
| 7 | Mr. Md. Giash Uddin Bhuiyan | EVP, ICCD, HO, Dhaka | Member |

MANAGEMENT TEAM

The strategic management activities and overall business operations of SIBL are supervised and directed by the core management team of the bank. The Managing Director & CEO Mr. Quazi Osman Ali leads the core management team as well as the whole bank. The core management team of the bank consists of one Additional Managing Director and two Deputy Managing Directors and all of whom have vast experience in banking. The members of the team have also attended numerous training and development programs both at home and abroad which enabled them to build enormous knowledge base in banking.

MANAGING DIRECTOR & CEO

Mr. Quazi Osman Ali

ADDITIONAL MANAGING DIRECTOR

Mr. Kazi Towhidul Alam

DEPUTY MANAGING DIRECTOR

Mr. S T M Abu Naser Chowdhury
Mr. Md. Sirajul Hoque

SENIOR EXECUTIVE VICE PRESIDENT

- Mr. Walid Mahmud Sobhani
- Mr. Ziauddin Sawlet Ghani
- Mr. Mohammad Forkanullah
- Kazi Obaidul Al-Faruk
- Mr. Abdul Hannan Khan
- Mr. Md. Shamsul Hoque
- Mr. Joynal Abedin

EXECUTIVE VICE PRESIDENT

- Mr. Md. Nazmus Saadat
- Mr. Mohammad Shoeb
- Mr. Md. Sultan Badsha
- Mr. Abu Rushd Iftekharul Haque
- Mr. Md. Abdul Hamid
- Mr. Md. Giash Uddin Bhuiyan
- Mr. Md. Akmal Hossain
- Mr. Md. Shahriar Khan
- Mr. Md. Abdul Mottaleb

SENIOR VICE PRESIDENT

- Mr. Md. Khorsed Alam
- Mr. Mahbub Hossain
- Mr. Muhammed Zubair
- Mr. Mohammad Mosle Uddin
- Mr. Md. Wali Ullah
- Ms. Shamima Nargis
- Mr. Shawket-Ul-Amin
- Mr. Md. Towhid Hossain
- Mr. Md. Mozharul Haque
- Mr. Muhammed Mizanul Kabir
- Mr. Sayed Mohammed Sohel
- Mr. Mohammad Eleash Khan
- Mr. Md. Shafiqul Islam
- Mr. Md. Mohibul Kadir
- Mr. Md. Aminur Rahman
- Mr. A.M. Saleh Uddin Kutubi
- Mr. Md. Abdus Salam
- Mr. Shyam Sundar Roy
- Mr. Md. Nasir Uddin Chowdhury
- Mr. Md. Nurul Alam
- Mr. Chowdhury Nazmul Ahsan
- Mr. Sadat Ahmad Khan
- Mr. Md. Sharif Al Kashem
- Mr. Md. Moniruzzaman
- Mr. Saif-Ul-Alam Md. Al-Amin

ASSET LIABILITY COMMITTEE (ALCO)

| Sl. No | Name | Designation | Position |
|--------|---------------------------|---------------------------------|------------------|
| 1 | Mr. Quazi Osman Ali | Managing Director & CEO | Chairman |
| 2 | Mr. Kazi Towhidul Alam | Additional Managing Director | Member |
| 3 | Mr. Md. Sirajul Hoque | Deputy Managing Director | Member |
| 4 | Mr. Walid Mahmud Sobhani | SEVP & CFO | Member Secretary |
| 5 | Mr. Mohammad Forkanullah | SEVP & Head of Principal Branch | Member |
| 6 | Mr. Kazi Obaidul Al-Faruk | SEVP & Head of RMD | Member |
| 7 | Mr. Abdul Hannan Khan | SEVP & CS | Member |
| 8 | Mr. Joynal Abedin | SEVP & Head of TF & RMGD | Member |
| 9 | Mr. Md. Sultan Badsha | EVP & Head of ICTD | Member |
| 10 | Mr. Md. Abdul Hamid | EVP & Head of IAD | Member |
| 11 | Mr. Md. Akmal Hossain | EVP & Head of ID | Member |
| 12 | Mr. M.A. Mottaleb | EVP & Head of BCGBD | Member |
| 13 | Mr. Md. Towhid Hossain | SVP & Head of IRMD | Member |
| 14 | Mr. Mohammad Eleash Khan | SVP & Head of Marketing Unit | Member |
| 15 | Mr. Sadat Ahmad Khan | SVP & Head of SME | Member |
| 16 | Mr. Mohammad Ahsan Habib | VP & Head of TFO | Member |

INVESTMENT COMMITTEE

| Sl. No | Name | Designation | Position |
|--------|------------------------|---------------------------------|------------------|
| 1 | Mr. Kazi Towhidul Alam | Additional Managing Director | Chairman |
| 2 | Mr. Md. Sirajul Hoque | Deputy Managing Director | Member |
| 3 | Mr. Joynal Abedin | Senior Executive Vice President | Member |
| 4 | Mr. Md. Akmal Hossain | Executive Vice President | Member |
| 5 | Mr. Md. Towhid Hossain | Senior Vice President | Member Secretary |
| 6 | Mr. Sadat Ahmad Khan | Senior Vice President | Member |
| 7 | Mr. Md. Shafiqul Islam | Senior Vice President | Member |

SIBL INTEGRITY COMMITTEE

| Sl. No | Name | Designation | Position |
|--------|--------------------------------------|---------------------------------------|--------------------------------|
| 1 | Mr. Kazi Towhidul Alam | Additional Managing Director | Chairman |
| 2 | Mr. Walid Mahmud Sobhani | Senior Executive Vice President & CFO | Member |
| 3 | Mr. Kazi Obaidul Al-Faruk | Senior Executive Vice President | Member Secretary & Focal Point |
| 4 | Mr. Md. Sultan Badsha | Executive Vice President & CITO | Member |
| 5 | Mr. Abdul Mottaleb | Senior Vice President | Member |
| 6 | Mr. Muhammad Mahfuzur Rahman Bhuiyan | Senior Assistant Vice President | Member |

STATUS OF COMPLIANCE REGARDING APPOINTMENT OF CHIEF FINANCIAL OFFICER & CHIEF INFORMATION TECHNOLOGY OFFICER IN RELATION TO BRPD CIRCULAR LETTER NO-03, DATED: 25 MARCH 2018

A) CHIEF FINANCIAL OFFICER (CFO)

Mr. Walid Mahmud Sobhani, FCMA, Senior Executive Vice President is performing the duties as Chief Financial Officer (CFO) of the bank since 10 May 2007 and joined Financial Administration Division on April 2002, i.e he has experience working with the accounts & Tax department of the bank for 17years. He has been serving with the banking sector since April 1988 till to date i.e for 31 years. In addition to his M.Com in Accountancy (Year1986), he has qualified as graduate in Law from Chittagong University in year 1989. He also completed one year Post-Graduation in Bank Management from Bangladesh Institute of Bank Management in year 1987. He qualified as a Cost and Management Accountant in the year 1991 from The Institute of Cost and Management Accountant (ICMAB) and became a Fellow member in the year 1996.

B) CHIEF INFORMATION TECHNOLOGY OFFICER (CITO)

Mr. Md. Sultan Badsha, Executive Vice President has been appointed as Chief Information Technology Officer (CITO) for SIBL since 2017. He has been serving as Head of ICT Division in SIBL Head Office since year 2008. He has been working with the Engineering and Information Technology sector almost for 33 years since year 1986. He has a total of 17 years working experience in Banks. He has graduated in Engineering (EEE) from Rajshahi Engineering University. Later, he completed Post Graduation in Computer Science from Bangladesh Institute of Management (former BMDC). He also obtained professional certification for Oracle Certified "Database Administrator" course and Sun Certified Sun Solaris 9 "System Administration" course. He is a Fellow Member of the Institution of Engineers Bangladesh, Associate Member of Bangladesh Computer Society and EC Member of CTO Forum Bangladesh.

SHAREHOLDERS' WEALTH

CAPITAL (PAID-UP) PATTERN OF SIBL

| Year | Declaration | No. of Shares | Face Value per Share (Taka) | Cumulative no. of Shares | Value of issued Capital for the year (Taka) | Cumulative value of Capital (Taka) |
|------|---|---------------|-----------------------------|--------------------------|---|------------------------------------|
| 1995 | Initial Capital | 118,380 | 1,000 | 118,380 | 118,380,000 | 118,380,000 |
| 1996 | | - | - | 118,380 | - | 118,380,000 |
| 1997 | 6.43% Bonus issue for the year 1996 | 7,620 | 1,000 | 126,000 | 7,620,000 | 126,000,000 |
| 1998 | | - | - | 126,000 | - | 126,000,000 |
| 1999 | Right Share Issued | 74,000 | 1,000 | 200,000 | 74,000,000 | 200,000,000 |
| 2000 | Placement | 50,000 | 1,000 | 250,000 | 50,000,000 | 250,000,000 |
| | Initial Public Offer | 10,000 | 1,000 | 260,000 | 10,000,000 | 260,000,000 |
| 2001 | 20% Bonus Issue (Declared in the year 2004) | - | - | 260,000 | - | 260,000,000 |
| 2002 | 25% Bonus Issue (Declared in the year 2004) | - | - | 260,000 | - | 260,000,000 |
| 2003 | 50% Bonus Issue (Declared in the year 2004) | - | - | 260,000 | - | 260,000,000 |
| 2004 | Bonus Issue (For the years 2001, 2002, 2003) | 325,000 | 1,000 | 585,000 | 325,000,000 | 585,000,000 |
| 2005 | | - | - | 585,000 | - | 585,000,000 |
| 2006 | | - | - | 585,000 | - | 585,000,000 |
| 2007 | 1:1 Right Share | 5,345,550 | 100 | 11,195,550 | 534,555,000 | 1,119,555,000 |
| 2008 | 17% Bonus Issue for the year 2007 | 1,903,243 | 100 | 13,098,793 | 190,324,300 | 1,309,879,300 |
| 2009 | 10% Bonus Issue for the year 2008 | 1,309,879 | 100 | 14,408,672 | 130,987,900 | 1,440,867,200 |
| | 1:1 Right Share | 12,508,587 | 100 | 26,917,259 | 1,250,858,700 | 2,691,725,900 |
| 2010 | 1:1 Bonus Issue for the year 2009 | 2,960,899 | 100 | 29,878,158 | 296,089,850 | 2,987,815,750 |
| 2011 | 14% Bonus Issue for the year 2010 | 41,829,420 | 10 | 340,610,995 | 418,294,200 | 3,406,109,950 |
| | 1:1 Right Share | 298,781,575 | 10 | 39,392,570 | 2,987,815,750 | 6,393,925,700 |
| 2012 | 10.50% Cash Dividend for the year 2011 | - | 10 | - | - | 6,393,925,700 |
| 2013 | 10% Stock and 5% Cash Dividend for the year 2012 | 63,748,994 | 10 | - | 637,489,940 | 7,031,415,640 |
| 2014 | 12% Cash Dividend for the year 2013 | - | 10 | - | - | 7,031,415,640 |
| 2015 | 18% Cash Dividend for the year 2014 | - | 10 | - | - | 7,031,415,640 |
| 2016 | 15% Cash Dividend & 5% Stock Dividend for the Year 2015 | 35,157,078 | 10 | 738,298,642 | 351,570,780 | 7,382,986,420 |
| 2017 | 20% Cash Dividend for the year-2016 | - | 10 | 738,298,642 | - | 7,382,986,420 |
| 2018 | 10% Stock Dividend for the year-2017 | 7,38,29,864 | 10 | 812,128,506 | 73,82,98,640 | 812,12,85,060 |
| 2019 | 10% Stock Dividend for the year-2018 | 81,212,850 | 10 | 893,341,356 | 812,128,500 | 8,933,413,560 |

PATTERN OF SHAREHOLDINGS

(INVESTORS GROUP WISE)

| Sl no | Investor Group | No. of Shareholders as on | No. of Shares as on | Percentage as on | No. of Shareholders as on | No. of Shares as on | Percentage as on |
|-------|-----------------------------------|---------------------------|---------------------|------------------|---------------------------|---------------------|------------------|
| | | 31.12.2019 | 31.12.2019 | 31.12.2019 | 31.12.2018 | 31.12.2018 | 31.12.2018 |
| 1 | Sponsors & Directors (Individual) | 21 | 84,949,096 | 9.5093 | 21 | 78,771,913 | 9.70 |
| 2 | Sponsor & Directors (Company) | 11 | 183,441,866 | 20.5307 | 11 | 166,765,335 | 20.53 |
| 3 | Foreign Investors | 13 | 12,306,920 | 1.3800 | 11 | 11,025,178 | 1.3600 |
| 4 | General Public | 29,008 | 173,459,424 | 19.4100 | 31,312 | | 20.21 |
| 5 | Institutions (Bank & Insurance) | 36 | 24,535,859 | 2.7500 | 43 | 22,863,461 | 2.82 |
| 6 | Institutions (Others) | 512 | 397,223,790 | 44.4600 | 586 | 356,596,373 | 43.91 |
| 7 | ICB Accounts Holders | 27 | 60,895 | 0.0100 | 28 | 59,069 | 0.01 |
| 8 | ICB | 1 | 10,148,204 | 1.1400 | 1 | 8,386,293 | 1.03 |
| 9 | ICB Unit Fund | 1 | 5,321,737 | 0.6000 | 3 | 45,586 | 0.01 |
| 10 | Employee | 2 | 1,598,195 | 0.1800 | 2 | 3,191,616 | 0.39 |
| 11 | Non-Resident Bangladeshi | 9 | 283,228 | 0.0300 | 11 | 267,173 | 0.03 |
| | Total | 29,647 | 893,341,356 | 100.00 | 32,035 | 812,128,506 | 100.00 |

HOLDINGS IN 2019

| Share holding range | No. of Shareholders as on | No. of Shares as on | Percentage as on | No. of Shareholders as on | No. of Shares as on | Percentage as on |
|----------------------|---------------------------|---------------------|------------------|---------------------------|---------------------|------------------|
| | 31.12.2019 | 31.12.2019 | 31.12.2019 | 31.12.2018 | 31.12.2018 | 31.12.2018 |
| Less than 500 shares | 13,072 | 2,095,017 | 0.23 | 14,285 | 2,206,781 | 0.27 |
| 501-5000 | 13,336 | 23,417,108 | 2.62 | 14,429 | 24,190,887 | 2.98 |
| 5001-10000 | 1,697 | 11,698,548 | 1.31 | 1,738 | 11,723,180 | 1.44 |
| 10001-20000 | 787 | 10,933,635 | 1.22 | 809 | 11,002,187 | 1.35 |
| 20001-50000 | 409 | 12,580,029 | 1.41 | 411 | 12,459,070 | 1.53 |
| 50001-9999999999 | 346 | 832,617,019 | 93.20 | 363 | 750,546,401 | 92.42 |
| Total | 29,647 | 893,341,356 | 100.00 | 32,035 | 812,128,506 | 100.00 |

SHARES HELD BY THE DIRECTORS AS ON 31.12. 2019

| Sl No. | Name of the Directors | Position held in the Bank as on 31.12.2019 | Number of Shares held on 31.12.2019 | Percentage of total holding | Total number of Shares as on 31.12.2019 |
|--------|---|--|-------------------------------------|-----------------------------|---|
| 01. | Prof. Md. Anwarul Azim Arif [Representative of Hasan Abasan (Pvt.) Ltd] | Chairman | 18,410,150 | 2.0608 | 893,341,356 |
| 02. | Mr. Belal Ahmed (Representative of Unitex Steel Mills Ltd.) | Vice- Chairman | 18,404,100 | 2.0601 | |
| 03. | Mr. Md. Sayedur Rahman (Representative of Prasad Paradise Resorts Ltd.) | Vice- Chairman | 18,410,150 | 2.0608 | |
| 04. | Mrs. Nargis Mannan | Director | 17,867,314 | 2.0001 | |
| 05. | Dr. Md. Jahangir Hossain (Representative of Reliable Entrepreneurs Ltd.) | Director | 18,403,233 | 2.0600 | |
| 06. | Mr. Md. Kamal Uddin (Representative of Lion Securities & Investment Ltd.) | Director | 18,402,841 | 2.0600 | |
| 07. | Mr. Arshadul Alam (Representative of Leader Business Enterprise Ltd.) | Director | 18,410,150 | 2.0608 | |
| 08. | Mr. Ali Hasan Md. Mahmud Ribon (Representative of Dynamic Ventures Ltd.) | Director | 18,408,940 | 2.0607 | |
| 09. | Mr. Md. Faysal Ahmed Patwary (Representative of Global Trading Corporation Ltd.) | Director | 18,314,227 | 2.0501 | |
| 10. | Mrs. Jebunnesa Akber (Representative of Unitex Cement Ltd.) | Director | 18,404,100 | 2.0601 | |
| 11. | Professor A J M Shafiul Alam Bhuiyan, Ph.D | Independent Director | - | - | |
| 12. | Professor Mohammed Mizanur Rahman, Ph.D | Independent Director | - | - | |

Financial Calendar

For the Year 2019

| | |
|---|--------------|
| Un-audited Consolidated results for the 1 st Quarter announced on | : 30.04.2019 |
| Un-audited Consolidated results for the 2 nd Quarter announced on | : 24.07.2019 |
| Un-audited Consolidated results for the 3 rd Quarter announced on | : 28.10.2019 |
| Audited Consolidated Financial Statements for the year ended 31 st December 2019 approved on | : 25.06.2020 |
| Dividend for the year 2019 declared on | : 25.06.2020 |
| Declaration of 'Record Date' for holding of 25 th Annual General Meeting | : 26.06.2020 |
| Notice of 25 th Annual General Meeting expected to be served on | : 25.08.2020 |
| 25 th Annual General Meeting scheduled to be held on | : 15.09.2020 |
| Dividend for the year 2019 expected to be paid on | : 01.10.2020 |

For the Year 2020

| | |
|--|--------------|
| Un-audited Consolidated results for the 1 st Quarter announced on | : 25.06.2020 |
| Un-audited Consolidated results for the 2 nd Quarter announced on | : 26.07.2020 |
| Un-audited Consolidated results for the 3 rd Quarter expected to be announced on | : 27.10.2020 |
| Audited Consolidated Financial Statements for the year ended 31 st December 2020 expected to be approved on | : 25.03.2021 |
| Dividend for the year 2020 expected to be declared on | : 25.03.2021 |
| Expected Date of declaration of 'Record Date' for holding of 26 th Annual General Meeting | : 25.04.2021 |
| Notice of 26 th Annual General Meeting expected to be served on | : 13.05.2021 |
| 26 th Annual General Meeting Expected to be held on | : 10.06.2020 |

ANALYSIS & VALUE ADDED STATEMENTS



PERFORMANCE OF THE BANK

Performance of the year 2019 has been conspicuous with a growth over the previous year recording achievements in different segments of –

- Client deposit 19.39%
- Investment 10.73%
- Foreign Exchange Business -10.64%
- Operating Profit 3.24%

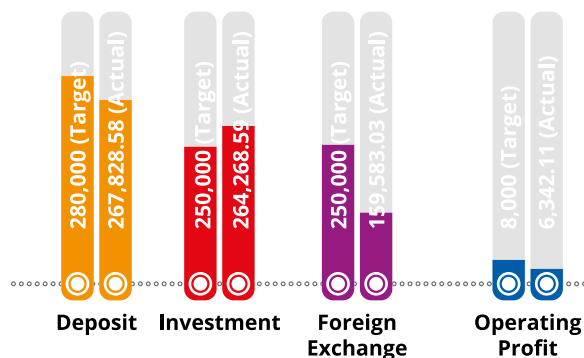
SIBL believes that the efforts of the year 2019 will inspire & stimulate the employees of the bank to accept the challenge of the year 2020 and accordingly the bank is in the process to explore every potentiality of each individual employee to deploy their sincere endeavor in the days ahead. In the year 2019, the bank has focused specially on the concepts of (i) Service Excellence (ii) Quality & Secured Investment (iii) Non Funded Business (iv) Recovery from both regular and non-performing Investment (iv) Exploration of Low Cost & no Cost deposits, Retail & Stable deposits particularly Scheme based deposit & (v) Maintenance of an Ideal Deposit Mix with a view to constraining the cost on one side and to establish a safe & stable deposit management system on the other. The results of the year 2019 are given as under:

Figure in Million Taka

| Indicators | Target 2019 | Actual- 2019 | Actual- 2018 | Achievement % | Growth % |
|---------------------------|-------------|--------------|--------------|---------------|----------|
| Deposit (Client) | 280,000.00 | 267,828.58 | 224,339.78 | 78.13% | 19.39% |
| Investment | 250,000.00 | 264,268.59 | 238,654.17 | 225.76% | 10.73% |
| Foreign Exchange Business | 250,000.00 | 159,583.03 | 178,590.50 | 63.83% | -10.64% |
| Operating Profit | 8,000.00 | 6,342.11 | 6,143.12 | 79.28% | 3.24% |

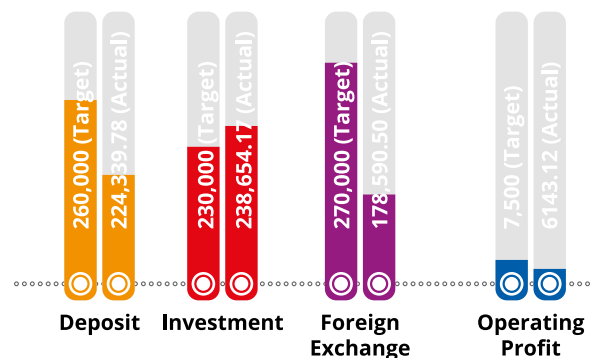
Performance of the Bank 2019

(Taka in Million)



Performance of the Bank 2018

(Taka in Million)



SIBL AT A GLANCE

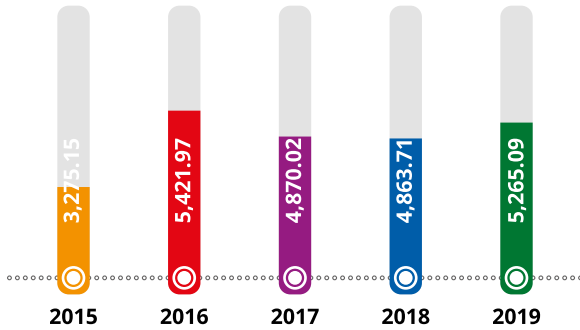
Figure in Million Taka

| SL | Particulars | 2015 | 2016 | 2017 | 2018 | 2019 |
|----|--|-----------|-----------|------------|------------|------------|
| 1 | Authorized Capital | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 | 10,000.00 |
| 2 | Paid-up Capital | 7,031.42 | 7,382.99 | 7,382.99 | 8,121.29 | 8,933.41 |
| 3 | Total Shareholders Equity | 12,950.32 | 14,187.8 | 14,166.45 | 15,749.88 | 17,271.33 |
| 4 | Capital Base (Tier I & II) | 16,916.08 | 19,195.04 | 21,725.08 | 26,111.51 | 27,901.80 |
| 5 | Total Deposits | 149,773.6 | 190,564.5 | 228,798.90 | 248,324.49 | 287,936.65 |
| 6 | Client Deposits | 138,537.3 | 178,846.1 | 203,126.69 | 224,339.78 | 267,828.58 |
| 7 | Investments (General) | 134,116.9 | 174,196.1 | 210,045.51 | 238,654.17 | 264,268.59 |
| 8 | Investments (Shares & Securities) | 9,222.39 | 12,310.58 | 13,082.52 | 13,086.55 | 19,118.98 |
| 9 | Foreign Exchange Business | 149,192.4 | 167,382.3 | 202,037.00 | 178,590.50 | 159,583.03 |
| 10 | Operating Profit | 4,849.82 | 5,698.08 | 6,166.21 | 6,143.12 | 6,342.11 |
| 11 | Profit before Tax | 3,479.17 | 4,192.19 | 3,535.13 | 3,848.29 | 3,134.03 |
| 12 | Fixed Assets | 3,072.04 | 3,257.52 | 3,480.82 | 3,563.53 | 3,606.05 |
| 13 | Total Assets | 180,112.1 | 227,704.2 | 276,348.95 | 307,305.32 | 345,056.23 |
| 14 | Stock Dividend | 5.00% | - | 10% | 10% | 5% |
| | Cash Dividend | 15.00% | 20.00% | - | - | 5% |
| 15 | Investments as a % of total deposits | 89.54% | 91.41% | 91.80% | 96.11% | 91.78% |
| 16 | Investments as a % of Client deposits | 88.52% | 89.86% | 89.30% | 91.54% | 89.47% |
| 17 | Capital to Risk Weighted Asset Ratio | 12.33% | 11.55% | 11.57% | 14.27% | 13.78% |
| 18 | Ratio of Classified Investments to Total Investments | 3.84% | 4.44% | 8.20% | 7.69% | 6.63% |
| 19 | No. of Foreign Correspondents | 443 | 591 | 406 | 411 | 420 |
| 20 | Number of Employees | 2130 | 2363 | 2599 | 2844 | 2947 |
| 21 | Number of Branches | 111 | 125 | 138 | 155 | 161 |
| 22 | Book Value per Share | 10 | 10 | 10 | 10 | 10 |
| 23 | Earning per Share (Restated) | 2.81 | 3.1 | 1.79 | 1.77 | 1.70 |
| 24 | Credit Rating by | ECRL | ECRL | ECRL | ECRL | ECRL |
| | Long Term | AA- | AA- | AA- | AA- | AA |
| | Short Term | ECRL-2 | ST-2 | ST-2 | ST-2 | ST-2 |

GRAPHICAL PRESENTATION

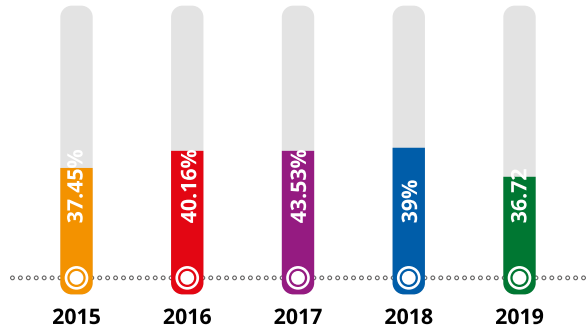
Net Current Assets

(BDT in Million)



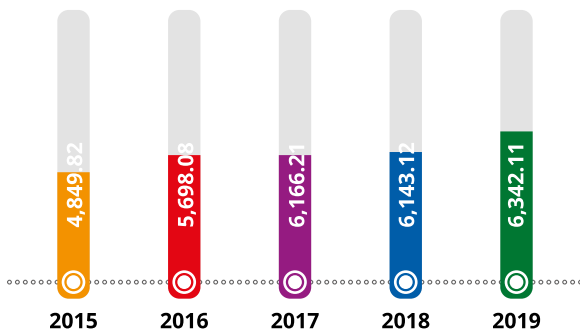
Operating Profit as a Percentage of Working Funds

(%)



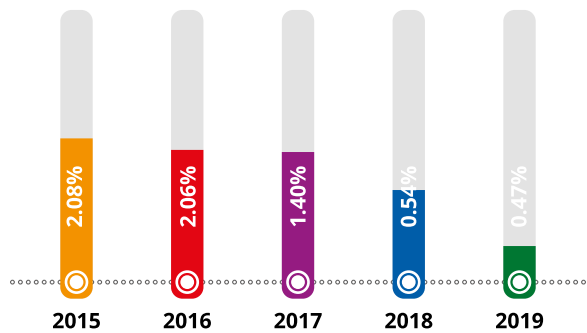
Operating Profit

(BDT in Million)



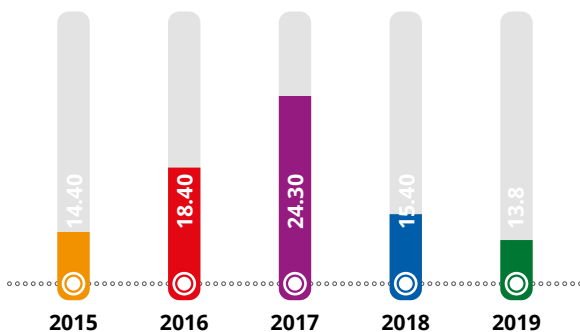
Return on Assets

(%)



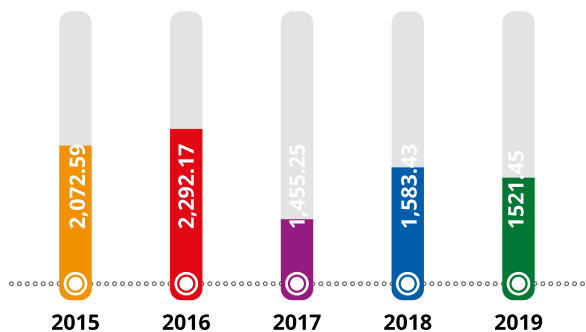
Stock Performance

(Stock Price)



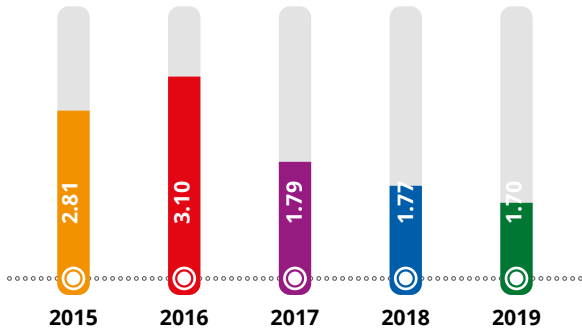
Profit after Tax

(Taka in Million)



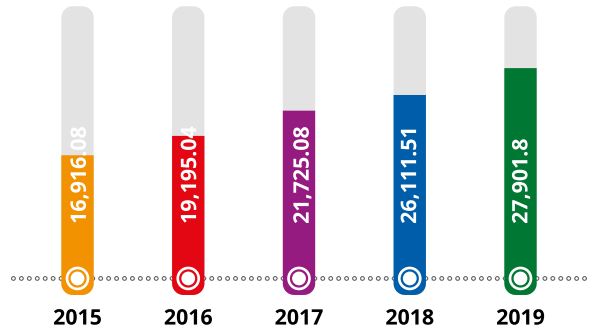
Earning per Share

(Taka)



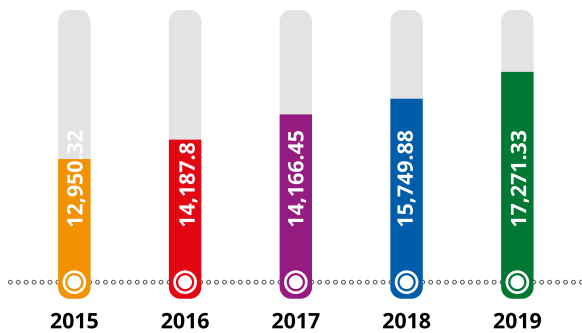
Total Eligible Capital

(Taka in Million)



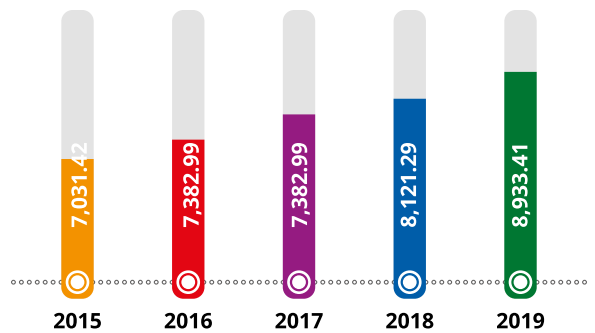
Net Asset (worth)

(Taka in Million)



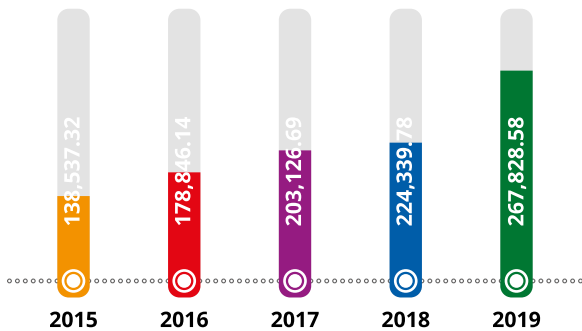
Total Paid-up Capital

(Taka in Million)



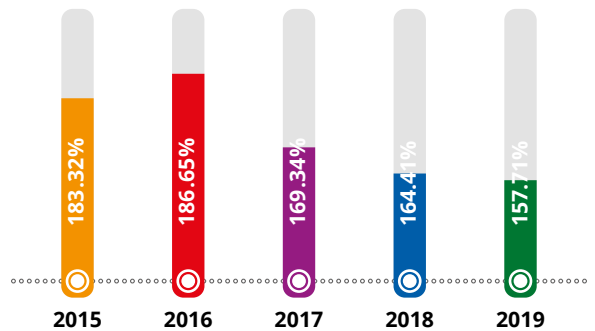
Client Deposit

(BDT in Million)



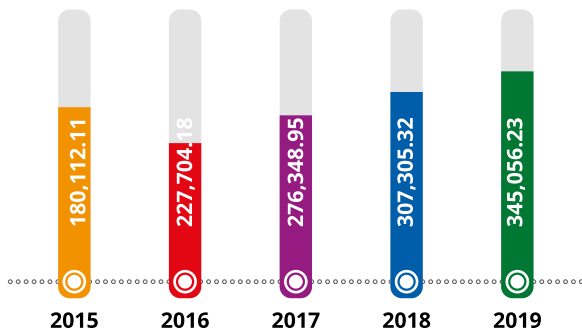
Net Investment Income as a percentage of Operating Cost

(%)



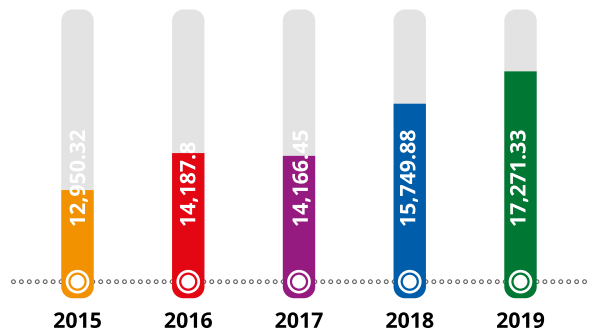
Total Assets

(Taka in Million)



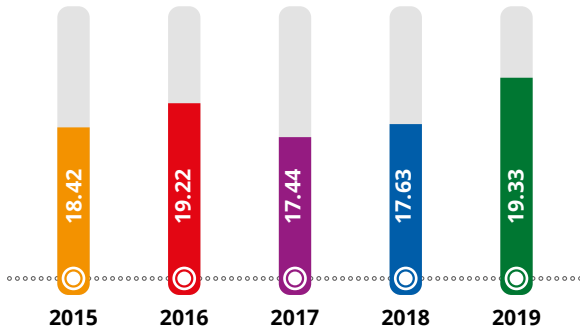
Total Share Holders' Equity

(Taka in Million)



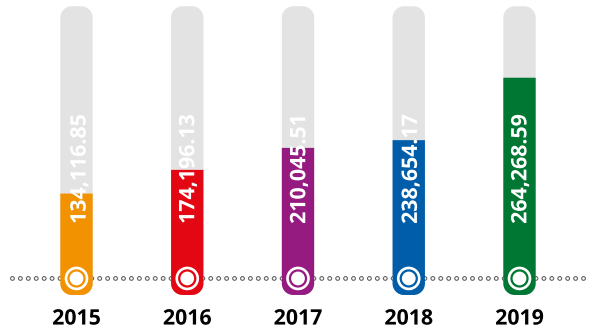
Net Asset Value per Share

(Taka)



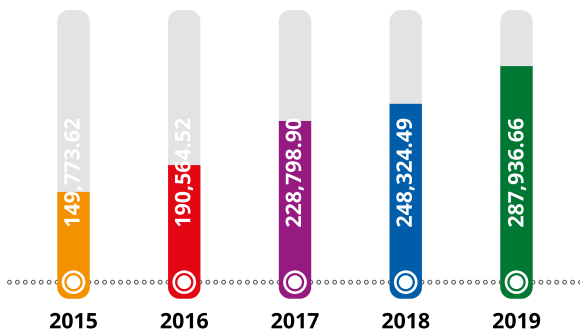
General Investment

(BDT in Million)



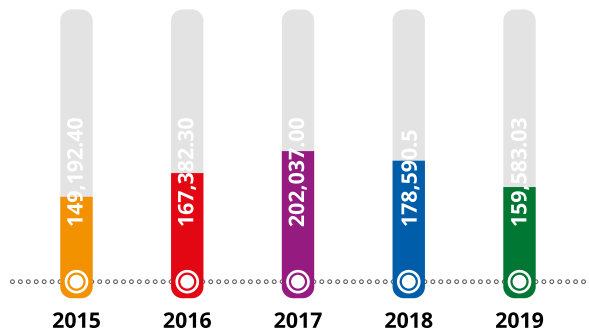
Total Deposit

(BDT in Million)



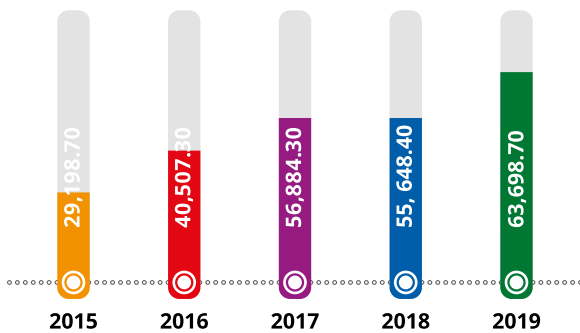
Foreign Exchange Business

(BDT in Million)



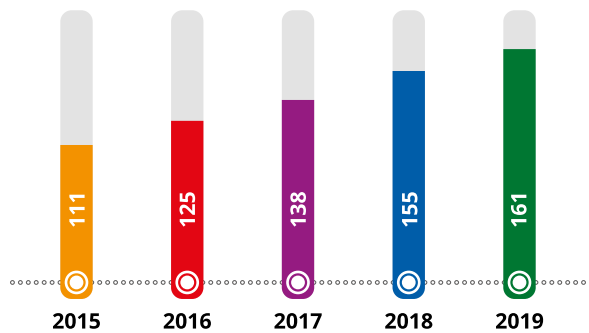
SME Outstanding

(BDT in Million)



Branch Network

(Number)



REPORTS & STATEMENTS OF VALUE ADDITION AND ITS DISTRIBUTIONS

Value Added Report indicates exactly how a company accumulates total value from its area of operation during a particular period and accordingly shows how the added value has been distributed to the society in the backdrop of the general economy of a country.

Now days the most complex and modern business environment does not earn profit for itself only rather it cares to the society and thus is committed to contribute to the economic growth. Such value is being added due to spill over economic impact due to operation of the business houses.

SIBL as a commercial bank has a large scale of spill over economic impact side by side its financial impact through creating values for distributions to the society year to year.

Value addition is a measure of wealth as created by the bank through its banking activities. The Statement shows how the total wealth has been created and distributed among the stakeholders of the Bank in the year.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

Figure in Million Taka

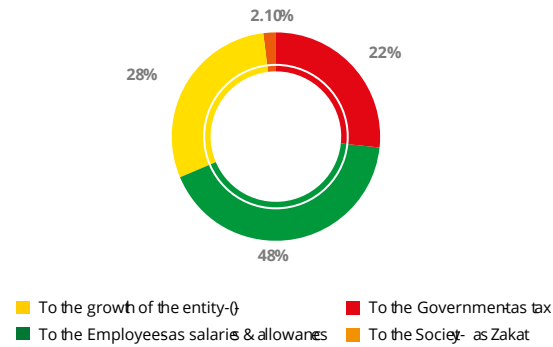
| Particulars | 2019 | 2018 |
|--|------------------|------------------|
| Investment Income | 27797.43 | 24,955.87 |
| Income from Investment in Shares and Securities | 760.57 | 462.80 |
| Commission, Exchange and Brokerage | 1465.83 | 1,600.66 |
| Other Operating Income | 687.30 | 596.19 |
| Sub-Total (A) | 30711.13 | 27,615.52 |
| Less Cost of Services & Supplies | | |
| Profit paid on Deposits | 18428.55 | 16,063.98 |
| Rent, Taxes, Insurances, Electricity etc. | 573.01 | 524.59 |
| Legal Expenses | 11.27 | 10.59 |
| Postage, Stamps, Telecommunication etc. | 6.75 | 8.47 |
| Stationery, Printings, Advertisements etc. | 161.00 | 132.58 |
| Directors' Fees & Expenses | 9.50 | 4.54 |
| Shariah Supervisory Committee's Fees & Expenses | 0.45 | 0.25 |
| Auditors' Fees | 0.92 | 0.58 |
| Repair of Bank's Assets | 66.48 | 36.19 |
| Other Expenses | 1129.72 | 1,009.72 |
| Sub-Total (B) | 20,387.65 | 17,791.49 |
| Value added by Banking Services (A-B) = C | 10,323.48 | 9,824.03 |
| Less Provisions related to Investment | | |
| Specific provisions for Investment | 1073.66 | 2,825.06 |
| General Provisions for Investment | 2085.45 | (349.20) |
| General Provisions for off-Balance Sheet exposure | 25.33 | (214.35) |
| Provision for other assets | 23.64 | 33.32 |
| Provision for diminution in value of shares | - | - |
| Sub-Total (D) | 3,208.08 | 2,294.83 |
| Total Value Addition (C-D) | 7,115.40 | 7,529.20 |

DISTRIBUTIONS OF VALUE ADDITION

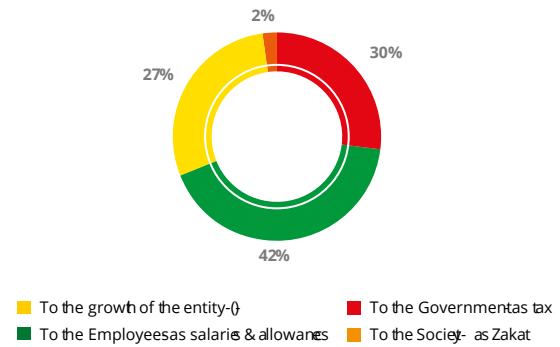
FOR THE YEAR ENDED 31ST DECEMBER 2019

| Distribution of Value Addition | Year 2019 | Percentage | Year 2018 | Percentage |
|--|----------------|----------------|----------------|----------------|
| To the Employees- as salaries & allowances | 3395.57 | 47.72% | 3,145.85 | 41.78% |
| To the Government- as tax | 1593.09 | 22.39% | 2,227.74 | 29.59% |
| To the Society- as Zakat | 149.52 | 2.10% | 129.67 | 1.72% |
| To the growth of the entity-(-) | 1977.22 | 27.79% | 2,025.94 | 26.91% |
| as Statutory Reserve (-) | 626.81 | 8.81% | 769.66 | 10.22% |
| as Retained Earnings (-) | 894.64 | 12.57% | 813.77 | 10.81% |
| as Deferred Tax (-) | 19.49 | 0.27% | 37.12 | 0.49% |
| as Depreciation (-) | 311.22 | 4.37% | 284.47 | 3.78% |
| as Gratuity Fund | 125.06 | 1.76% | 120.92 | 1.61% |
| | 7115.40 | 100.00% | 7529.20 | 100.00% |

Distribution of Value Added (%) - 2019



Distribution of Value Added (%) - 2018



DISTRIBUTION OF DIVIDEND AND RETAINED BY THE ENTITY

Figure in Million Taka

| Particulars | Year 2019 | Year 2018 |
|--|--------------|--------------|
| Retained earnings (Balance Sheet) for payment as dividend and retain by the entity | 984.28 | 878.14 |
| Paid as dividend to the share holders | - | - |
| Dividend to be paid to the share holders | 893.34 | 812.13 |
| Retained by the entity | 90.94 | 66.01 |

ECONOMIC VALUE ADDED (EVA) STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

EVA indicates the true economic profit of a company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risk. Shareholders are always conscious about their return on capital invested. As a commercial banking company, SIBL is deeply concern for distribution of value to all of its Shareholders.

Figure in Million Taka

| Particulars | Year-2019 | Year-2018 |
|---|------------------|------------------|
| Total Revenue from Banking Services | 30,711.13 | 27,615.52 |
| Less Total expenses related to revenue | 24,369.01 | 21,472.40 |
| Operating profit | 6,342.12 | 6,143.12 |
| Less Corporate Tax | (1,612.58) | (2,264.86) |
| Net operating profit after tax | 4,729.54 | 3,878.26 |
| Shareholders' Equity | 17,271.33 | 15,749.88 |
| Add Accumulated provision for investment (Inclg. Off B/S items) | 11,997.40 | 8,689.07 |
| Sub Total | 29,268.73 | 24,438.95 |
| Average Shareholders' Equity | 16,510.61 | 14,958.17 |
| Return of Equity | 9.21% | 10.05% |
| Capital Charges | 1,520.63 | 1,503.30 |
| Economic Value Added | 3,208.91 | 2,374.96 |

MARKET VALUE ADDED (MVA) STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

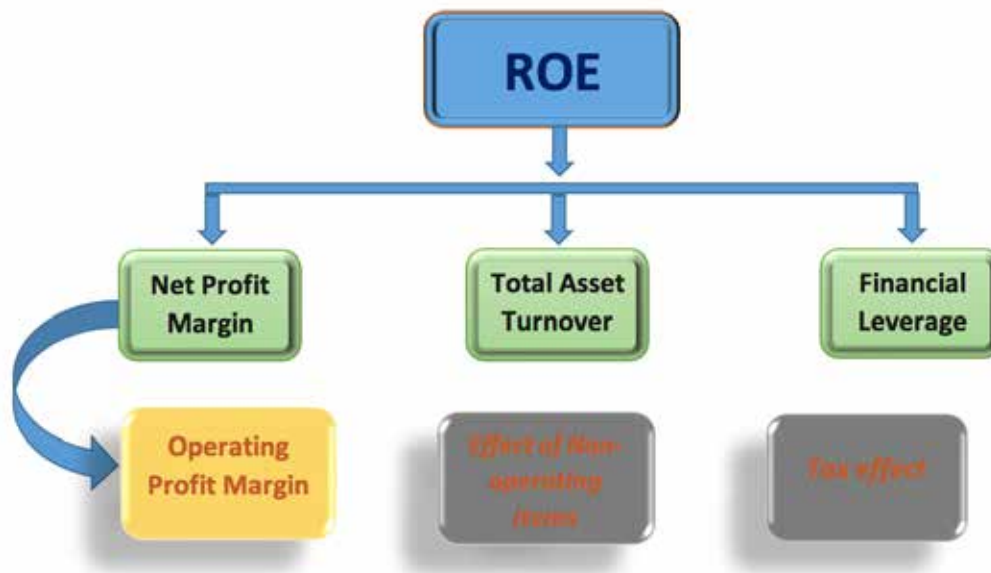
Market Value Added (MVA) is the difference between the equity market value of a company and the book value of equity invested in the company. A hgn MVA indicates that the company has created substantial wealth for the Shareholders. MVA is equivalent to present value of all future expected economic value (EVA).

Figure in Million Taka

| Particulars | Year-2019 | Year-2018 |
|-----------------------------------|-------------|-------------|
| Market Value of Total Equity | 12,328.11 | 12,506.78 |
| Less: Book Value of Total equity | (8,933.41) | (8,121.29) |
| Market Value Addition | 3,394.70 | 4,385.49 |
| Total number of Share outstanding | 893,341,356 | 812,128,506 |
| Book Value per share | 10.00 | 10.00 |
| Market value per share | 13.80 | 15.40 |

FIVE-STEP DUPONT ANALYSIS

DuPont analysis is a useful technique used to decompose the different drivers of return on equity (ROE): net profit margin, total asset turnover and financial leverage that will help us to avoid misleading conclusions regarding a company's profitability. In order to isolate operations and financial impacts on ROE, Net Profit margin is further broken down to Operating profit margin, Effect of Non-operating items and Tax effect.



| Particulars | Year-2019 | Year-2018 |
|---|-----------|-----------|
| ROE | 09.21% | 10.05% |
| Net Profit Margin | 5% | 6% |
| Contribution on Net Profit Margin: | | |
| a) Operating Profit Margin | 21% | 22% |
| b) Effect of Non-operating Items | 10% | 8% |
| c) Tax effect | 5% | 8% |
| Total Asset Turnover (times) | 0.1 | 0.1 |
| Financial Leverage (times) | 19.76 | 18.53 |

Profit margin is a measure of profitability. It is an indicator of a company's pricing strategies and how well the company controls costs. Operating Profit Margin has been decreased in 2019 due to growth of operating expenditure exceeded slightly the growth of Operating income in 2019. Negative shift in operating profit margin is mainly responsible for lower ROE in 2019 compared to the previous year. Effect of Non-operating Items has been raised while Tax effect has been declined in 2019. The combined effect of these three factors shifted down the Net profit margin of the bank in 2019 by 1%. However, Total Asset Turnover and Financial Leverage got an insignificant change in 2019. Having all the factors Return on Equity of the bank stood 09.21% in 2019 which is slightly lower than 10.05% in the year 2018.

MESSAGE FROM THE CHAIRMAN

Prof. Md. Anwarul Azim Arif



We are steadfast to ensure a caring society by establishing long-term value of the company. In the year 2019 our focus was mainly to improve asset quality, sustainability of profit growth, recovering classified and written off loans. SIBL is happy to announce that we closed the year with 6.63% classified loan which is well below than the industry average of 9.32%.

Bismillahir Rahmanir Rahim.

All praises be to Allah, the Most Gracious and the Most Merciful, and peace and blessings be upon the Prophet Muhammad (Sallallahu alaihi wasallam) and his descendants and companions. We all know, the world is now chained up by one of the greatest disasters of the world's history and Bangladesh is not out of the pandemic. May Allah forgive us and set the earth free from the pandemic of COVID-19. We pray to the Almighty Allah for the salvation of the departed souls and let them rest in Heaven.

Honourable Shareholders, respected Members of the Board and my beloved Members of Team SIBL,

Assalamu alaikum wa rahmatullahi wa barakatuhu.

It is indeed a privilege and honour for me to appear before you for the third time and my salutation to all of you. I welcome you all at the 25th Annual General Meeting through Digital Platform. Alhamdulillah! SIBL has completed its 25th years of journey with utmost dedication for the stakeholders and Allah Subhanahu wa ta'la has blessed us with His grace for this tremendous journey. SIBL reshaped the landscape of Shariah based Banking in Bangladesh with its innovation, integrity and commitment for a caring society and continue to grow with value creation for a bigger and better future.

Your Bank has achieved an incredible growth like the past through its realistic performance in 2019 and I express my heartfelt and sincere gratitude to our respected shareholders, clients, regulators and well-wishers for their relentless support and confidence they have reposed on us.

DEAR SHAREHOLDERS,

In light of Annual Report 2019, I would like to point out few indicators of your beloved bank in the backdrop of Bangladesh Economy and the entire banking sector scenario prevailing throughout the year.

Being dragged by the hostility between US-China, uncertainty of Brexit in Europe and different barriers created by the world politics, the world has

experienced its slowest pace in economic growth for the year 2019 comparing last decades.

It was expected that the world economy will have a significant growth rebound in the year 2020. However, due to Pandemic Covid-19 across the globe, the economic growth remains jammed and uncertainty climbs on the shoulder of world economy. The adverse effect of this pandemic is so high that the world economy may show a new face full of fragility. The growth of World Economy is going to be grizzled by the pandemic of Covid-19 for sure.

However, despite hazy growth of world economy Bangladesh economy has registered a commendable growth of 8.15% in FY 2019 and is striding boldly to become a middle income country with per capita GDP reaching almost 1,909 USD.

In 2019, foreign exchange reserve reached \$32.69 billion compared to last year's \$32.02 billion implying the country is able to pay 6 month's import payment. Exports increased by 10.1% to \$39.94 billion while imports grew by only 1.79% to \$55.44 billion. Remittance flow also experienced significant growth in FY 2019 reaching \$16.91 billion while it was \$12.06 billion in FY 2018.

Our Banking industry has experienced an increase of Non-Performing Loan in 2019 due to downward trend in private sector compared to previous year of 2018. It has become a dilemma for the banking industry to maintain the capital shortfall of Tk.236.12 billion in 2019. Moreover Bangladesh Bank directives for fixing the interest rate bracket known as '9-6' which would further decrease the profitability of the Bank. 2019 was a challenging year for banking industry in terms of governance, solvency, liquidity, profitability and asset quality. Absence of good governance in certain Banks and FIs affected the overall financial health of the industry. Despite several challenges, SIBL efficiently managed to secure a commendable amount of profit amounting to Tk.634 crore which is satisfactory compared to industry scenario. The Net Asset Value (NAV) of the Bank also reflects the strong foundation of the bank in the industry calculated as 19.38 at the end of the year 2019.

DEAR STAKEHOLDERS,

We are steadfast to ensure a caring society by establishing long-term value of the company. In the year 2019 our focus was mainly to improve asset quality, sustainability of profit growth, recovering classified and written off loans. SIBL is happy to announce that we closed the year with 6.63% classified loan which is well below than the industry average of 9.32%.

Our Bank's capital asset is fundamentally strong and is one of the highest in the banking industry. In 2019, total deposit increased to Tk.28,747.30 crore from Tk.24,795.10 crore back in 2018, having a growth of 15.93%. The capital adequacy ratio of the Bank was 13.78% against regulatory requirement of 12.50% in 2019. SIBL stands upper row in the tally of Credit Ratings of the Banks.

DEAR WELL-WISHERS,

The bank is committed to ensure sustainable and consistent growth and SIBL has developed sound risk management policies and framework as per Bangladesh Bank guidelines. All the risk management policies and frameworks were reviewed by the Board of Directors of SIBL during the year 2019. Presently, a Risk Management Committee (RMC) is working consisting of 3 (three) members of the Board of Directors. Main objective of the RMC is to ensure proper and timely risk management in every sphere of the bank. The Board has been made responsible for identifying the risks and formulation of appropriate strategies to control inherent banking risks. The Committee submits decisions and recommendations to the Board on quarterly basis for further reviews and guidance in the interest of the stakeholders. To streamline the risk management of the Bank, a separate division called "Risk Management Division" has been formed where a Senior Executive Vice President is working as Chief Risk Officer (CRO). The Division is staffed with some brilliant and young professionals for consolidated risk management. Beside that, a Management level Risk Management Committee is actively working to focus the entire risk management of the Bank.

You are aware that the Bank is abided by a strong Shariah Supervisory Committee consisted of 07(seven) renowned Islamic scholars of the country. The committee is playing a vital role in framing and exerting policy for strict adherence to Shari'ah principles in all activities of the Bank. The Shari'ah Supervisory Committee, which enjoys a high status in the structure of the Bank meet frequently and deliberate on different issues confronting the Bank on Shariah matters.

SIBL also embedded the value of Corporate Social Responsibility (CSR) in its business philosophy. Since the beginning, the Bank has been contributing to the underprivileged segment of the society so that they can be included in the mainstream. SIBL maintains a systematic, structured and sustainable manner in its CSR activities. As a part of its greater view of CSR, SIBL already established a full-fledged hospital under SIBL Foundation wherein all sorts of services are provided at a discount for all the people. The diagnostic centre established under SIBL Foundation ensures the best diagnosis through latest equipment and technologies. The Bank contributed significantly by donating to the Prime Ministers' Relief/Welfare fund on several times as part of it's CSR activities.

SIBL has earned and maintained public trust by ensuring constant adherence to corporate governance Code. Your Bank is strict to maintain good corporate governance, which promotes long-term interests of shareholders, strengthens the Board and management accountability and helps building public trust in the Bank. SIBL has separate code of conduct for its Chairman, Board Members, Managing Director & CEO and other high Officials as per guidelines of CGC of BSEC. SIBL also maintain a Code of Conduct as imposed by the Bangladesh Securities & Exchange Commission which is described in the Directors' Report of the Annual Report. Bank's holistic approach to value creation is also reflected in its corporate reporting and the Bank has continued to enhance the quality and readability of its Integrated Annual Report. Bank's commitment towards transparent reporting was always commended by its stakeholders and different Regulatory Authorities in several times. Therefore, during the year under report, SIBL closely observed all compliance issues including Shariah and ensured all regulatory compliances timely.

DEAR SHAREHOLDERS,

We have taken the year 2020 as a challenge with the promise to increase the stakeholders' value and be valued as a compliant Islamic organization. By adopting new strategic business policy, your Bank will leave no stone unturned to boost business in all areas of operation to achieve our corporate goal in the years ahead. SIBL emphasises on employment generation and environment friendly green banking for equitable distribution of resources over geographical territory for sustainable growth of macro economy of the country. The pro-active management team of SIBL is deploying their talents, experiences & skills continuously to achieve success in the performance of the Bank.

At the end, I would like to thank you all for your relentless support during the year 2019. I would further recall and express my deep sense of gratitude on behalf of the Board to Bangladesh Bank, Bangladesh Securities and Exchange Commission, other regulators, Well-wishers, Shareholders and Stakeholders for their sincere support, cooperation and guidance in our quest for excellence.

May Allah Subhanahu wa ta'ala bless us all with peace, progress and prosperity. Stay home, Stay Safe.

Aameen.



Prof. Md. Anwarul Azim Arif

Chairman

Board of Directors

MESSAGE FROM THE DESK OF THE MANAGING DIRECTOR & CEO

Quazi Osman Ali



“Digital Transformation in banking is a vital change in how banks learn about, interact with and satisfy customers. An efficacious Digital Transformation begins with an understanding of digital customer behavior, preferences, choices, likes, dislikes, stated as well as unstated needs, aspirations etc. And this transformation leads to the major changes in the organizations, from product-centric to customer-centric view. Keeping all this in mind we have undertaken a robust strategic plan to transform our Bank as a digital technology driven bank.”

Bismillahir Rahmanir Rahim

Honorable Shareholders and Members of the Board of Directors,

Assalamu Alaikum.

We are ever grateful to the Almighty Allah for enabling us to pass another successful business year for our Bank. Despite headwinds that may arise from time to time, over the last decade we have built a strong, stable platform, with significant liquidity and capital, and we will remain resilient as we maintain disciplined focus on what we can control, which is embedded in delivering Responsible Growth. As we look ahead to 2020 and beyond, we will maintain our focus on delivering Responsible Growth through disciplined adherence to the tenets of serving our clients, managing risk well and ensuring those results are sustainable through operational excellence, being a great place to work for our teammates, and sharing our success.

Global Outlook: Pandemic, Recession: The Global Economy in Crisis:

COVID-19 has triggered a global crisis like no other—a global health crisis that, in addition to an enormous human toll, is leading to the deepest global recession since the Second World War. While the ultimate growth outcome is still uncertain, and an even worse scenario is possible if it takes longer to bring the health crisis under control, the pandemic will result in output contractions across the vast majority of emerging market and developing economies (EMDEs). Moreover, the pandemic is likely to exert lasting damage to fundamental determinants of long-term growth prospects, further eroding living standards for years to come. The immediate policy priorities are to alleviate the ongoing health and human costs and attenuate the near-term economic losses, while addressing challenges such as informality and weak social safety nets that have heightened the impact on vulnerable populations. Once the crisis abates, it will be necessary to reaffirm credible commitment to sustainable policies—including medium-term fiscal frameworks in energy-exporting EMDEs suffering from the large plunge in oil prices—and undertake the necessary reforms to buttress long-term growth prospects. For these actions, global coordination and cooperation will be critical.

Growth Prospect of Bangladesh Economy

On June 8 the World Bank (WB) released a hard-hitting forecast in its June 2020 Global Economic Prospects, that projected Bangladesh's GDP growth to come down to 1.6 percent in the current fiscal year ending on June 30. Moreover, it may also witness drastic declines to 1 percent in the coming fiscal year. The coronavirus pandemic is set to bring down the country's GDP growth from an all-time high 8.15 percent recorded in the last fiscal year to straight 1.6 percent this fiscal year. Earlier, the Economist Intelligence Unit (EIU) had also predicted GDP growth of 1.6 percent for Bangladesh. If the GDP growth comes down to 1.6 percent as per World Bank's projections, it will be the lowest figure in 37 years in Bangladesh.

Bangladesh will be the third fastest growing economy in the world in terms of achieving high Gross Domestic Product (GDP) in 2019, according to a United Nations report. Highlighting the economies of Bangladesh and India, it said economic growth is expected to be supported by private consumption and, in some cases, investment demand, even as monetary policy stances tighten in some economies. Despite the increase observed for inflation figures throughout 2018 due to the depreciation of domestic currencies and higher oil prices, inflation is expected to accelerate only moderately or to remain stable in most economies in the near term. To sustain this momentum in the medium to long-term, Bangladesh requires expanded industrial base, diversified export basket, improved business environment for vibrant private sector development, expanded tax base, better revenue collection for increased resource allocation, and human capital development.

Our Performance at a Glance

Our investment portfolio grew by 10.73% during the year in the environment of rising liquidity crisis in the industry. We prudently grew our portfolio with an emphasis on lending to good borrower as well as reducing concentration risk. We continued to focus on asset quality and exposure reduction in identified areas to get better returns. However, in spite of fierce competition over deposits, our deposit growth also grew by 15.95%. We have been able to post a healthy profit portfolio last year. SIBL registered an operating profit of Tk.6,342 million in the year 2019. Import

business of the Bank stood at Tk. 88,912 million in 2019 while export business stood at Tk. 60,080 million in 2019. Total foreign remittance was Tk. 10,592 million in 2019. Bank's capital position also continues to be very satisfactory. Capital of the Bank in the year under report stood at Tk. 27,901.80 million which was Tk. 26111.51 million in 2018. We ended up the year with ROA 0.47%, ROE 9.21% and EPS of Tk. 1.70 that signifies SIBL's consistent performance and commitment to the stakeholders. We have shifted our attention to commission and fee-based incomes. Our comprehensive effort and hard work made our asset quality better. We could be able to rein our NPL trend and it is moderate in the industry.

Our Financial Inclusion for Rural Economic Growth:

The ongoing pandemic, no doubt, has been a sucker punch to both the lives and livelihoods of people like no other thing in our recent memory. But, amidst the catastrophe, there are a few bright spots. And one such bright spot has been the Agent Banking window, which has been in operation since 2014 in our country. If harnessed well, the agent banking can make it an important mechanism in the wheels of the economic locomotive that would pull the country out of the ongoing crisis, where banks have not set their footsteps yet. It can help mobilize deposits and we can disburse investments in the days ahead. Agent banking can reach many people with the government subsidies under the social safety net programs and farm and small & medium-sized enterprises loans. Besides, rural people now get banking services at their doorsteps, which has encouraged them to park their liquid assets with the formal financial sector. As a result, we are observing following significant growth in the SIBL Agent Banking portfolio. In 2019 total deposit of our 107 Agent Outlets stood at 1159.80 million and they distributed remittance totaling Tk. 498 million and collected REB bill totaling Tk. 85.25 million. We encourage women to take up entrepreneurship as an occupation. Out of our 78 individual Agents, we have 10 agents as woman entrepreneurs. At agent outlet account opening facility is available to both the literate and illiterate people facilitated by our fingerprint registration process. Fifty percent of our agent banking customers are availing banking services for the first time in their

life. One of the national benefits which we have noticed after starting this project is the increase in cash flow from rural to urban areas and urban to rural areas. They are using tech based services i.e. Internet Banking, Mobile Apps, ATM services. Financial literacy is the area we are working on extensively at present through our Agent Banking Outlets.

Fintech for Better Client Experience

Digital Transformation in banking is a vital change in how banks learn about, interact with and satisfy customers. An efficacious Digital Transformation begins with an understanding of digital customer behavior, preferences, choices, likes, dislikes, stated as well as unstated needs, aspirations etc. And this transformation leads to the major changes in the organizations, from product-centric to customer-centric view. Keeping all this in mind we have undertaken a robust strategic plan to transform our Bank as a digital technology driven bank. In our strategic plan we accommodated Fintech to ensure best of quality clients' services. Harnessing technology for good, we have introduced SIBL NOW, a mobile app, to make our internet banking services user-friendly. Surely, it will give our clients a great experience in terms of their fund transfer, utility bill payment, credit card bill payment, mobile recharge etc. We are well aware of the impact and importance of technology in the banking industry. To cope with the pace of modern banking services here we adopt the latest technological innovation. We are always committed to provide fresh experiences to our clients and keeping that in mind we are going to establish a call center for providing better client services. We adopted the state-of-the-art cyber security solution to protect the data of our valued clients and prevent fraud and forgery. With the aim of digital transformation and fostering a cashless society we are concentrating more on policy development and budget allocation.

Our Societal Responsibility

CSR is a noble opportunity to give back to the society we operate in. The extent of our CSR activities ranges from individual distressed people to institutional welfare. SIBL has contributed a sum of Tk. 297.33 million in the field of Health, Education, Disaster Management (Family Rehabilitation), Sports, Art

& Culture, Environment (Social Utility) & others during year 2019. As education is the key to social and economic development it has got its due importance in Sustainable Development Goals (SDGs). So when it comes the issue of CSR activities from our Bank we focus on education so that people can experience a qualitative change in their life. In this regard we participated in constructing school building, sponsoring school program for the underprivileged students, paying teachers' salary and giving scholarship to meritorious but disadvantaged students. During the period the Bank contributed Tk. 4.70 million as donation to the poor but meritorious students and different academic institutions of the country to bear their different kinds of expenses. The bank believes that any kinds of social & philanthropic activities would improve the quality of the lives of the underprivileged of the country. The Bank donated total Tk. 15.75 million to the Prime Minister's Relief Fund as a part of its CSR activities. In 2019 the Bank donated total Tk. 2.97 million to different individuals to bear their medical cost, Tk.10 million for Disaster Management (Family Rehabilitation), Tk. 0.48 million for Sports, Art & Culture and Tk. 263.43 million for Environment (Social Utility).

Our Approach During the Time of COVID-19

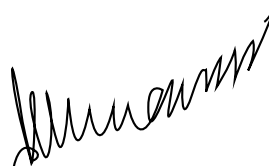
Looking ahead to 2020 I hope you'll enjoy reading about your company in the following pages, where you can look at how we're helping make financial lives better through every connection. Our performance and recognition took place against a backdrop of a growing Bangladesh and global economy, driven by solid consumer spending. While geopolitical and trade uncertainty remains, we saw some of it clear up as trade agreements with Canada, Mexico and China were concluded in 2019. There are factors beyond our control that impact the markets and economies in which we operate. As this report is being completed, we are experiencing volatility because of uncertainties around the impacts of the coronavirus. We are taking the necessary measures to look after our employees and serve them as this situation develops.

A Note of Gratitude

I would like to express my deep sense of gratitude to the members of the Board of Directors for their continued support and guidance. 2019 was a remarkable year in our journey towards excellence. I take this opportunity to thank our shareholders for their continued support. A special note of appreciation goes to the outstanding people I work with at SIBL, who remain both resolute in their commitment, yet responsive to embrace the shifting environment in which we now operate. I would also like to thank our valued clients for their continued loyalty, and for placing their trust in SIBL. May Allah bless us with another sustainable and successful journey in 2020.

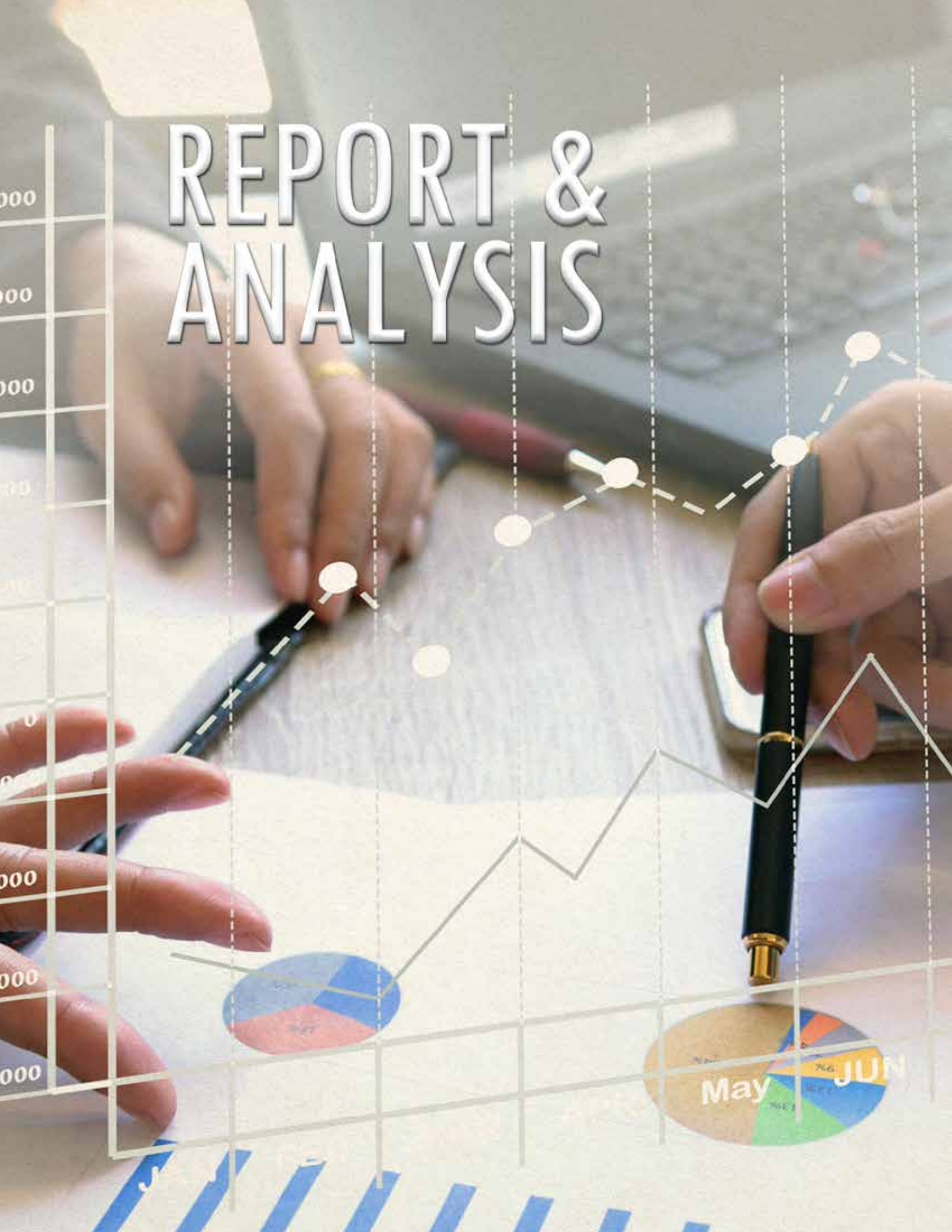
May the blessings of Allah shower upon you.

MaAssalam



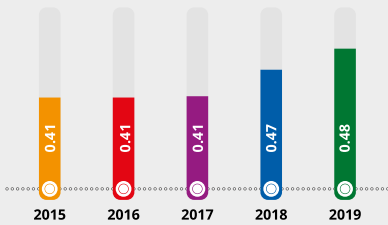
Quazi Osman Ali
Managing Director & CEO

REPORT & ANALYSIS

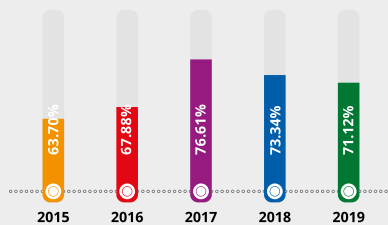


MANAGEMENT REPORT & ANALYSIS

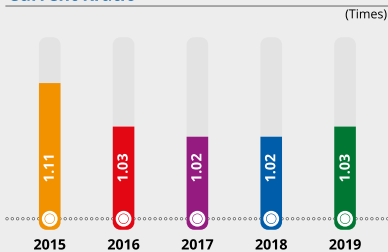
Cost-Income Ratio



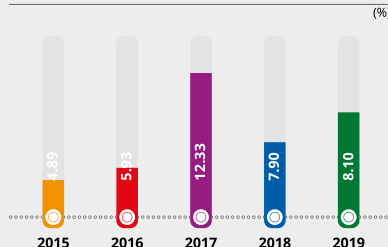
Gross Profit Ratio



Current Ratio



PE Ratio



BismillahirRahmanir Rahim.

I accept the chance to offer my true thanks to every Shareholder, esteemed clients, distinguished Patrons and Well-wishers. It involves amazing privilege to exhibit before you the Management Report and Analysis on the different aspects and exercises of Social Islami Bank Ltd. in the year 2019.

VISION

Vision of this Bank is to minimize the poverty level in Bangladesh. In this regard, the inherent concept and credence of "Working Together for a Caring Society" is always held high. To carry forward this commitment, the personnel of SIBL are imbued with the highest degree of enthusiasm, zeal and vigor to serve the society.

CUSTOMERS SERVICE

The Bank has focused on dignified, prompt and personalized services to the customers. SIBL believes in developing strong interpersonal relationship. As such, the Bank is morally bound to provide high quality banking services supported by the latest technology to obtain optimum return on shareholder's equity ensuring safety of depositor's money and making all out efforts to introduce innovative Islamic Banking products to the existing and prospective customers. We are happy that SIBL could give enough emphasis on empowering poor families by creating income opportunity and providing financial support to make them self-reliant. The Bank considers that services to be of utmost importance to improve the fate of deserving people in our society. Now, SIBL has been able to extend more comfortable services to the valued clients such as any branch banking, 24/7 services ATM services, VISA Debit and Credit Card, SMS Banking, Internet Banking, Agent Banking, Electronic Fund Transfer, Central Clearing facilities, and the like. These services have surely added new dimensions and have offered new and advanced means of banking to the clients.

SIBL is looking forward to expand its area of operation from urban to rural by introducing new customized products and services that are tailored to different economic class of people of the society in order to bring the un-banked people into banking channels.

BRANDING

SIBL is undoubtedly gaining momentum in its day-to-day activities to implement the slogan "Journey towards continuous excellence" by strengthening the Bank's financial capability to an international standard, increasing the brand image, and by practicing high degree of planned corporate good governance. Change of "Logo" of the Bank has brought in new team spirit among the members of the SIBL family. During the year under report, 06 new Branches have been opened to offer better banking services to the existing and prospective clients.

INFORMATION TECHNOLOGY

The Bank has given due emphasis on the continuous development of Information Technology (IT). In this regard, some young and experienced professionals are working to explore the ideas of the cutting-edge, new IT products and services so that our IT-based banking service can reach to the "banked and un-banked" people around the country.

GREEN BANKING

The Bank has specially focused on green banking to safeguard the mother planet. The concept of Green Banking has been adopted by reducing paper work to a great extent. More and more Green Banking activities have successfully been done in 2019.

AGENT BANKING

To provide the unbanked people of remote area with banking facilities (viz. cash deposit, cash withdrawal, foreign remittance disbursement, fund transfer, balance inquiry, mini statement, MTDR, DPS, etc.) SIBL started its Agent Banking activities in the year 2015. By signing an agreement with Rural Services Foundation (RSF) initially we started Agent Banking through 7 (seven) outlets. As on 31st December, 2019 the number of our Agent Banking outlets was increased to 107. Through these outlets total no. of 44,114 accounts were opened, total amount of Tk. 11,598 Lac was procured as deposit and total amount of Tk. 4105.43 was disbursed against Remittance as on 31st December, 2019. We have targeted to open 50 new outlets of Agent Banking in the year 2020 in sha Allah."

HUMAN RESOURCES DEVELOPMENT

The Bank has regularly arranged in-house and outside training programs for the professional development (PD) of the employees so that they can acquire the current, advanced level banking knowledge and face the challenges of the modern banking. The role of our Human Resources Division (HRD) is praiseworthy and it is truly the core strength of the Bank.

SIBL always recognize its personnel by awarding most competitive pay scale and incentives including different types of long-term benefits. Depending on the market and growth of the Bank, the Bank reviews the pay structure on a regular interval basis. Performance of the employee is determined through annual employee rating i.e. Annual Confidential Report (ACR) and Key Performance Indicator (KPI) systems. Deserving employees are rewarded under a performance-linked award system with accelerated promotion.

COMPLIANCE

Management of the Bank very closely observes the issues related to regulatory compliances including Islamic Shariah. To guide the Shariah matters of the Bank, there is a Shariah Supervisory Committee Secretariat (SSCS). The SSCS members are highly qualified and competent people in Islamic Laws, Islamic Economics, Islamic Banking and Finance. Shariah Supervisory Committee Secretariat is very active and vigilant over the day-to-day activities of the Bank being conducted strictly in line with the Islamic Principles. SIBL is committed to be one of the leading banks with the development and practices of compliance culture in every sphere. During the year, the Bank put its all-out efforts to be compliant in all aspects of banking operation and controlled all the major financial indicators.

The Key Financial Indicators Limit and Utilization as on 31st December 2019 are given below:

| Particulars | Limits | Name of the Month | Utilization/ Maintain | Unused/ (Excess) |
|--|---|-------------------|--|--|
| Investment and Deposits Ratio (ID Ratio) | Standard ID ratio for Islami Bank is 90%. Social Islami Bank is always optimistic to maintain 90% throughout the year. | Mar | 96.07% | -06.07% |
| | | June | 93.30% | -03.30% |
| | | Sep | 89.98% | 0.02% |
| | | Dec | 89.47% | 0.53% |
| MTF Ratio (Liability mature > 1 year / Assets mature > 1 year) | On the basis of historical trend analysis and considering the short term liability matching and profitability as well, standard Medium Term Funding (MTF) ratio has set from 50% to 90% | Mar | 88.75% | 1.25% |
| | | June | 89.87% | 0.13% |
| | | Sep | 88.87% | 1.13% |
| | | Dec | 89.51% | 0.49% |
| Maximum Cum. Outflow (Net outflow up to 1 Month bucket) | 19% of the Balance Sheet Amounts | Mar | 14.26% | 4.74% |
| | | June | 14.51% | 4.49% |
| | | Sep | 14.10% | 4.90% |
| | | Dec | 13.92% | 5.08% |
| Wholesale Borrowing | 80% of bank's eligible capital | Mar | 85.32% | 4.68% |
| | | June | 84.51% | 5.49% |
| | | Sep | 73.62% | 16.38% |
| | | Dec | 66.31% | 23.69% |
| Statutory Liquidity Ratio (SLR) & Cash Reserve Requirement (CRR) | The Bank is required to maintain 5.50 % SLR on Time and Demand Liability and to maintain a minimum credit balance with the Bangladesh Bank (including BB TT in transit) @ 5.50 % CRR on Time and Demand Liability on fortnight basis and 5.00% on daily basis | Mar | Throughout the month, SLR & CRR were maintained above 05.50 %. Required SLR & CRR were 1257.48 Crore respectively. | Surplus of SLR + CRR was Tk. 102.68 Crore |
| | | June | Throughout the month, SLR & CRR were maintained above 05.50 %. Required SLR & CRR were 1251.24 Crore respectively. | Surplus of SLR+CRR was Tk. 962.50 Crore |
| | | Sep | Throughout the month, SLR & CRR were maintained above 05.50 %. Required SLR & CRR were 1343.65 Crore respectively. | Surplus of SLR + CRR was Tk. 1378.27 Crore |
| | | Dec | Throughout the month, SLR & CRR were maintained above 05.50 %. Required SLR & CRR were 1412.94 Crore respectively. | Surplus of SLR + CRR was Tk. 1336.80 Crore |
| Liquidity Coverage Ratio (LCR) | The minimum standard for LRC shall be greater than 100. | Mar | 126.62% | 26.62% |
| | | June | 142.38% | 42.38% |
| | | Sep | 173.08% | 73.08% |
| | | Dec | 186.24% | 86.24% |
| Net Stable Funding Ratio (NSFR) | The minimum standard for NSFR shall be greater than 100. | Mar | 126.36% | N/A |
| | | June | 130.24% | N/A |
| | | Sep | 128.19% | N/A |
| | | Dec | 129.44% | N/A |
| Leverage Ratio | The minimum standard for Leverage ratio shall be greater than 3.00%. | Mar | 4.73% | 1.73% |
| | | June | 4.50% | 1.50% |
| | | Sep | 4.48% | 1.48% |
| | | Dec | 4.56% | 1.56% |
| Capital to Risk Weighted Asset Ratio (CRAR) | The Bank is required to maintain a minimum Capital of Tk 400 Crore or equivalent to 12.50% of total risk weighted assets (including conservation buffer) whichever is higher | Mar | 14.15% | N/A |
| | | June | 13.03% | N/A |
| | | Sep | 12.82% | N/A |
| | | Dec | 13.78% | N/A |

CAPITAL MANAGEMENT

Revised Risk Based Capital Adequacy (RBCA) guideline in line with Basel III implementation phase was started in 2015. During the year under review, Management of the Bank was even more cautious in proper risk management of the Bank. The Bank has successfully maintained the Capital to Risk Weighted Asset Ratio (CRAR) of 13.78% as against the required CRAR of 12.50% including conservation buffer under BASEL-III capital accord.

01. Maintaining minimum capital requirement against major risks under Pillar I of Basel III:

Minimum capital requirement is calculated considering credit risk, market risk and operational risk on which the bank is exposed to. The required and maintained capital of SIBL against these risks for the year 2019 is summarized below:

Figure in Million Tk

| Risk Weighted Assets (RWA) for | RWA | Capital Requirement |
|--------------------------------|------------|---------------------|
| A. Credit Risk | 182,677.18 | 182,67.72 |
| B. Market Risk | 1,584.00 | 158.40 |
| C. Operational Risk | 18,224.70 | 1,822.47 |
| Total: RWA (A+B+C) | 202,485.89 | 20,248.59 |
| Capital Maintained | - | 27,901.80 |
| Capital Surplus | - | 7,653.21 |

02. Maintaining adequate capital requirement against all risks (risk profile) under Pillar II of Basel III:

Adequate capital is needed to be maintained considering the risk profile of the bank under Pillar II of Basel III. In case of Bangladesh, generally the following risks are considered for maintaining additional capital requirement under supervisory review process (SRP):

- Residual Risk
- Concentration Risk
- Liquidity Risk
- Reputation Risk
- Strategic Risk
- Settlement Risk
- Evaluation of Core Risk Management
- Environmental & Climate Change Risk
- Other material risks

To assess the capital charge for the above risks Bangladesh Bank has given a guideline and instructs the banks to develop and Internal Capital Adequacy Assessment Process (ICAAP). Adequate capital has been maintained considering overall risk profile of the bank.

ASSETS LIABILITY MANAGEMENT

Activities of the Assets Liability Management of the Bank are mostly visible in proper liquidity planning and in matching of assets liability-gap despite the existence of volatile money market. To mitigate the investment risks, the Bank has adopted some massive changes in the investment processing, sanctioning, approval and monitoring system as per core risk guidelines of the Bangladesh Bank. Some well-known corporate business houses and individuals of the country have joined with us as our business partners.

CORPORATE SOCIAL RESPONSIBILITY

This year, under Corporate Social Responsibility (CSR) activities of the Bank Taka 297.33 million was spent under Health, Education, Sports, Disaster Management and Environmental programs which was Taka 154.50 million in 2018. This is a reaffirmation of the commitment of SIBL towards the society.

SME & AGRICULTURAL INVESTMENT

Due emphasis was given on SME and Agricultural Financing that stood at Taka 63,698.70 million in 2019 as compared to Taka 55,648.40 million in 2018.

PERFORMANCE OF THE BANK

The Banking sector has achieved a slow growth and was under pressure due to different adverse issues throughout the year 2019. Despite manifold challenges, the year 2019 was quite eventful at home and abroad for SIBL and alhamdulillah our Bank maintained and achieved a stable position in all key areas of its operations. This year SIBL has joined the "161 Branches Club". Out of the 161 Branches, Performance in 2019 of some branches may be mentioned as under:

- 67 (Sixty Seven) Branches achieved 100% and above Deposit Target
- 64 (Sixty Four) Branches achieved 100% and above Investment Target
- 23 (Twenty Three) Branches achieved 100% and above Foreign Exchange Business Target and
- 61 (Sixty One) Branches achieved 100% and above Profit Target as set out for the year 2019

SIBL INTERNET BANKING (SIBL NOW)

Internet Banking facilitates managing money anytime and anywhere. Presently provide following features through our Internet Banking for our clients which will be enhanced gradually:

Features

- Fund transfer - intra-bank & interbank via (RTGS, EFTN, NPSB).
- Utility Bill Payment - WASA, DESA, DESCO, DPDC, TITAS etc.
- Credit Card - outstanding, limit view, PIN change, Bill payment.
- Mobile top-up.
- Account Summary - mini statement, balance inquiry, transaction history.
- Positive Pay instruction.
- Standing instruction for own account.
- Cheque Requisition, Cancellation & Status tracking.
- Loan account outstanding, EMI Calculator.
- Two factor Authentication.
- SIBL product list.
- ATM & Branch Locator.
- Notification - SMS.

- The scheme holders shall be provided annual charge free Debit card of the bank
- The account holders shall be given attractive gift hampers at the time of opening the account.
- With the help of school authority and the bank, the students can save money at the institutions in presence of bank's executives.
- After opening SIBL Student Account, the students can pay school-fees through balance transferring from their account.
- SIBL Student Account holders desiring to achieve higher education in future would get investment facility from the bank.

SECURITY ISSUES OF SIBL INTERNET BANKING

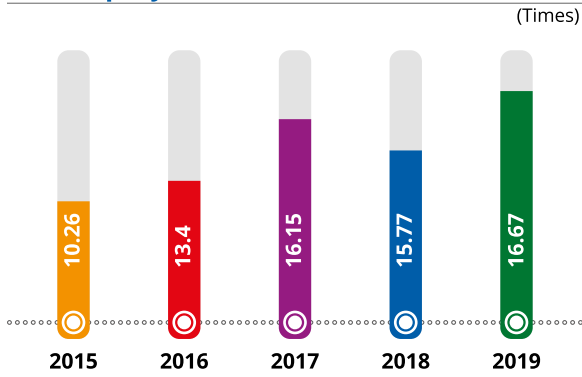
To secure against Internet fraudsters there should be continuous effort and awareness practice. We have implemented SSL security certificate for ensuring secured transaction over Internet and secured our environment. Personal awareness of Internet banking users can reduce many of Internet banking threats. We want to help our customers to better protect themselves against potential Internet threats.

SIBL STUDENT ACCOUNT

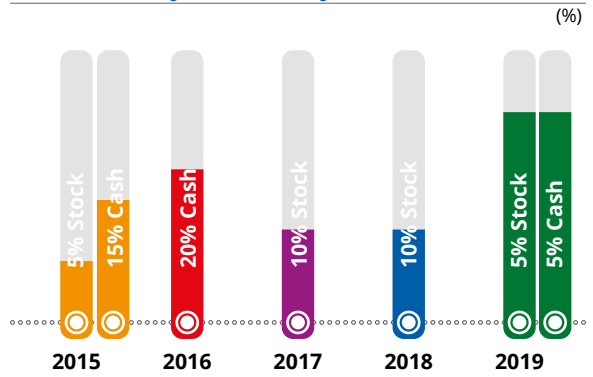
Today's youngsters are going to be the future business personalities of the country. That's why SIBL Student Account has been introduced with a view to raising savings tendency among school-going children from childhood.

- The beneficiaries are entitled to daily profit on daily balance, which directly adds to the account.
- There is no need to keep minimum balance to run the scheme.

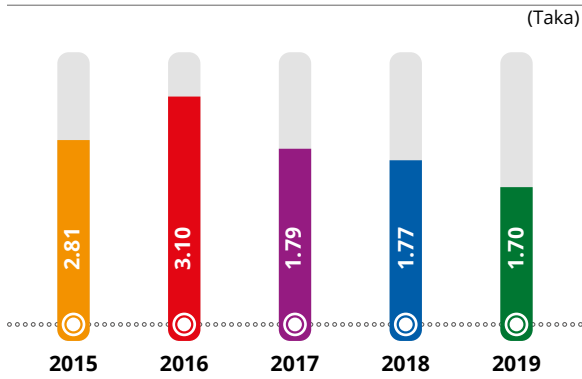
Debt Equity Ratio



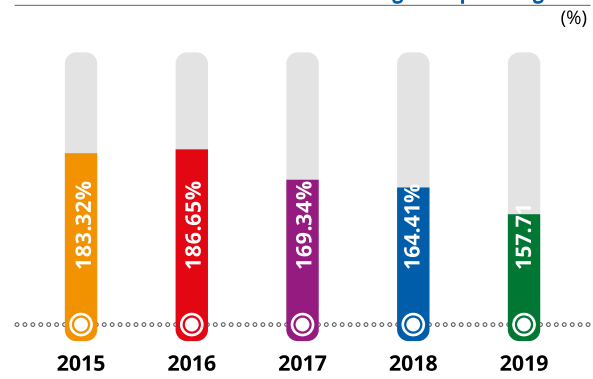
Dividend Payout History



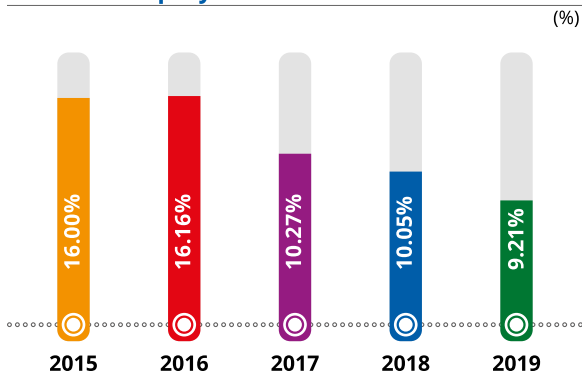
Dividend Cover Ratio



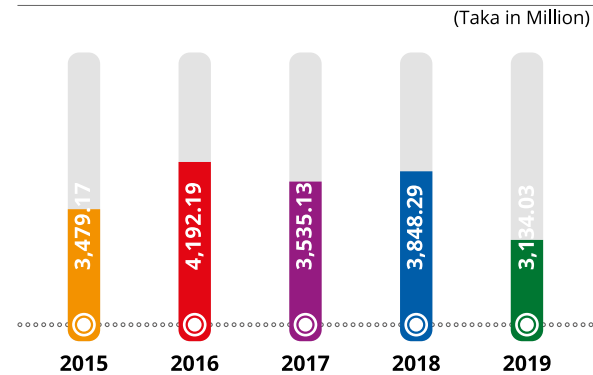
Net Investment Income as a Percentage of Operating Cost



Return on Equity/Return on Shareholder's Fund



Profit Before Tax



BUSINESS ANALYSIS

Cost of Fund of the Bank for the year 2019 was 8.65 % while total overhead cost was 2.09 %. Earning Yield was 10.41% and finally accumulated a spread was 1.76 %.

HORIZONTAL/ VERTICAL ANALYSIS

Operating performance (Income Statement) Analysis

Figure in Million Taka

| Sl. | Particulars | Year 2019 | | Year 2018 | |
|-----------|---|------------------|----------------|------------------|----------------|
| | | Amount | % of total | Amount | % of total |
| 1 | Total Revenue / Operating Income: | | | | |
| i) | Investment Income | 27,138.72 | 88.37% | 24,204.27 | 87.65% |
| iii) | Profit from Bank Deposit | 658.71 | 2.14% | 751.60 | 2.72% |
| ii) | Investment Income shares & securities | 760.57 | 2.48% | 462.80 | 1.68% |
| a) | Sub-total : Funded Income (i+ii) | 28,558.00 | 92.99% | 25,418.67 | 92.04% |
| iii) | Commission | 682.43 | 2.22% | 679.73 | 2.46% |
| iv) | Exchange Gain | 783.4 | 2.55% | 920.93 | 3.33% |
| v) | Other Income | 687.3 | 2.24% | 596.19 | 2.16% |
| b) | Sub-total: Non-Funded Income (iii+iv+v) | 2,153.13 | 7.01% | 2,196.85 | 7.96% |
| c) | Total: Operating Income {1(a) + 1(b)}/ Total Revenue | 30,711.13 | 100.00% | 27,615.52 | 100.00% |
| 2 | Operating Expenditure: | | | | |
| i) | Exp. against Customers' Deposit | 16,601.17 | 68.12% | 14,012.32 | 65.26% |
| ii) | Exp. for Bank Deposit | 1,827.38 | 7.50% | 2,051.66 | 9.55% |
| a) | Sub-total: Profit Expenses (i+ii) | 18,428.55 | 75.62% | 16,063.98 | 74.81% |
| iii) | Salary & Allowances | 3,395.57 | 13.93% | 3,145.85 | 14.65% |
| iv) | Other Operating Expenses | 2,544.89 | 10.44% | 2,262.57 | 10.54% |
| b) | Sub-total: Administrative Expenses (iii+iv) | 5,940.46 | 24.38% | 5,408.42 | 25.19% |
| c) | Total: Operating Expenditure {2(a) + 2(b)} | 24,369.01 | 100.00% | 21,472.40 | 100.00% |
| 3 | Operating Profit/ (Loss) {1(c) - 2(c)} | 6,342.12 | - | 6,143.12 | - |
| 4 | Profit before tax | 3,134.03 | - | 3,848.29 | - |
| 5 | Profit after tax | 1,521.45 | - | 1,583.43 | - |
| 6 | EPS (Taka) Restated | 1.70 | - | 1.77 | - |

BALANCE SHEET ANALYSIS

Figure in million Taka

| Sl. | Particulars | Year 2019 | Year 2018 | Year 2017 | Year 2016 | Year 2015 |
|-----|---|-----------|-----------|-----------|-----------|-----------|
| 1 | Shareholders Fund | 17,271.33 | 15,749.88 | 14,166.45 | 14,187.80 | 12,950.32 |
| 2 | Property, Plant & Equipment | 3,606.05 | 3,563.53 | 3,480.82 | 3,257.52 | 3,072.04 |
| 3 | Net Current assets | 5,265.09 | 4,863.71 | 4,870.20 | 5,421.97 | 3,275.15 |
| 4 | Long Term Liabilities/Current Liabilities | 0.394 | 0.364 | 0.345 | 0.325 | 0.259 |

SOME IMPORTANT RATIO ANALYSIS

To understand the bank's trend, some important ratio analyses are tabulated below:

| Analysis | Quarterly (%) | | | |
|--|---------------|---------|---------|---------|
| | Mar-19 | Jun-19 | Sep-19 | Dec-19 |
| Profitability Ratios: | | | | |
| Return on Average Assets*(Net Profit after tax/Average Assets)*100 | 0.33% | 0.21% | 0.27% | 0.47% |
| Return on Average Equity *(Net profit after tax/Average Equity)*100 | 6.34% | 4.24% | 5.43% | 9.21% |
| Earning per share (EPS) (Taka) * | 0.31 | 0.38 | 0.73 | 1.70 |
| Efficiency/Activity Ratios: (Rate of Return Risk) | | | | |
| Net Investment Income = Total Profit income - Total Profit expenses | 196.77 | 406.79 | 569.47 | 936.88 |
| Net Investment Margin (NIM)= (Net Invest. Income/Avera. Earning Assets)*100 | 3.00% | 3.05% | 2.82% | 3.40% |
| Earning Assets/Total Asset | 86.97% | 84.86% | 84.31% | 84.77% |
| Efficiency Ratio(Total Overhead cost/ Total operating income)*100 | 50.39% | 50.53% | 55.99% | 48.36% |
| Overhead Ratio*(Total Overhead cost/Total Assets*100) | 1.66% | 1.69% | 1.72% | 1.72% |
| Effective Average Cost of Deposit | 6.55% | 6.53% | 6.71% | 6.56% |
| Cost of Fund | 8.45% | 8.58% | 8.75% | 8.65% |
| Effective Average Earning Yield | 9.88% | 9.94% | 9.91% | 10.41% |
| Liquidity Ratios: (Liquidity Risk) | | | | |
| Investment Deposit(client) Ratio (ID Ratio)(Investment/Client Depo.*100 | 96.07% | 93.30% | 89.98% | 89.47% |
| Liquid Assets Ratio (Liquid Assets/Total Assets)*100 | 9.10% | 11.38% | 12.30% | 12.20% |
| LCR | 126.62% | 142.38% | 173.08% | 186.24% |
| NSFR | 126.36% | 130.24% | 128.19% | 129.44% |
| Maximum Cumulative Outflow (MCO) | 14.26% | 14.51% | 14.10% | 13.92% |
| Stable Fund Ratio(Saving Deposit/Total Client Deposit)*100 | 9.44% | 9.44% | 9.71% | 9.61% |
| Dependency Ratio(Bank Deposit& Borrowings/T.Deposit& borrowing)*100 | 11.98% | 12.13% | 9.37% | 6.98% |
| Snap Liquidity Ratio (Liquid Assets/ Total External Liabilities) | 9.61% | 11.98% | 12.94% | 12.84% |
| Liquid Assets/ Short term liabilities | 29.06% | 34.85% | 40.32% | 40.00% |
| Liquid Assets/ Total Deposit | 11.40% | 14.13% | 14.82% | 14.62% |
| Short Term Borrowings/ Liquid Assets | 32.32% | 27.16% | 6.13% | 0.00% |
| Volatile Deposits/ Total Assets | 4.24% | 4.63% | 4.37% | 4.25% |
| Capital Adequacy Ratios: | | | | |
| Tire I Ratio | 8.09% | 8.02% | 7.91% | 8.07% |
| Tire II Ratio | 6.06% | 5.02% | 4.91% | 5.71% |
| Risk Weighted Capital Adequacy Ratio (RWCAR) | 14.15% | 13.03% | 12.82% | 13.78% |
| Shareholders Equity to Total Deposit & Borrowings (Equity/Deposit & borrowings)*100 | 6.32% | 5.95% | 5.90% | 6.00% |
| Internal Capital Generation Ratio (Net profit afterTax/Equity)*100 | 6.29% | 4.19% | 5.32% | 8.81% |
| Asset Quality Ratio: | | | | |
| Ratio of Classified Investment(Classified Investment/Net Investment)*100 | 6.83% | 8.75% | 7.82% | 6.63% |
| Ratio of SMA Investment(SMA Investment/ Net Investment)*100 | 0.29% | 0.24% | 1.34% | 2.63% |
| Gross NPI Ratio(Classified Invest.-Profit Suspense/Investment-F. Provision)*100 | 6.19% | 8.18% | 7.15% | 5.80% |
| Net NPI Ratio(Classified Invest.-Profit Suspense-CL Provision/Investment-F. Provision-Profit Suspense)*100 | 2.58% | 3.56% | 2.91% | 2.83% |
| Gross NPI Coverage Ratio(Total CL Provision/Classified Invest.-P. Suspense)*100 | 58.67% | 56.96% | 59.74% | 51.80% |
| Investment (Shares & Securities) Risk: | | | | |
| Market Value Vs Cost Price of quoted Investment | 82.55% | 97.86% | 88.68% | 83.41% |
| Investment Portfolio (Shares & Securities) /Total Equity Capital | 83.30% | 98.10% | 101.63% | 110.70% |

PROFITABILITY / DIVIDENDS/PERFORMANCE AND LIQUIDITY RATIOS

| Particulars | Year 2019 | Year 2018 |
|---|-----------|-----------|
| Gross Profit Ratio (%) | 71.12 | 73.34 |
| Earnings before Interest, Depreciation and Tax (Million Taka) | 6,719.80 | 6,463.79 |
| Price earnings Ratio (%) | 8.10 | 7.90 |
| Current Ratios (%) | 1.03 | 1.02 |
| Return on Capital Employed (%) | 9.21 | 10.05 |
| Debt Equity Ratio (%) | 16.67 | 15.77 |

LIQUIDITY POSITION ANALYSIS

During the year under review, net cash inflow as stated in the Cash Flow Statements as on 31st December, 2019 which is noted below:

Figure in million Taka

| Particulars | Year 2019 | Year 2018 | Year 2017 | Year 2016 | Year 2015 |
|--|------------|------------|-----------|-----------|------------|
| Net Cash flow from Operating activities | 18,322.04 | (9085.34) | 5,780.21 | 751.34 | (4,631.69) |
| Net Cash flow from Investing activities | (353.73) | (367.19) | (485.68) | (414.30) | (593.32) |
| Net Cash flow from Financing activities | (9,400.00) | 7,400.00 | 3,923.40 | 945.29 | (3,415.65) |
| Net Increase / decrease in Cash & Cash equivalents | 8,622.76 | (1,986.77) | 9,217.93 | 1282.33 | (622.72) |
| Opening Cash & Cash Equivalents | 33,474.41 | 35,461.18 | 26,243.24 | 25,128.64 | 24,505.92 |
| Closing Cash & Cash Equivalents | 42,097.16 | 33,474.41 | 35,461.17 | 26,410.97 | 25,128.64 |

The major components of net cash flows from operating activities are operating profit by eliminating the effect of depreciation and provisions. Net cash flow was positive due to increase in Deposit procurement, rescheduling of some major investments as well as recovery.

The liquidity statements of the Bank show that the bank has been maintaining an effective maturity profile of its total assets and liabilities in short term and long term in a structured way. The liquidity gap maintained by the Bank is satisfactory.

OUTLOOK 2020

To make the year 2020 another success, SIBL is ready to accept the challenges of 2020 with new visionary zeal to achieve the common objectives of the Bank and hence the year 2020 will definitely be a challenge for every individual of SIBL. Considering the stands and commitments towards stakeholders, SIBL has prepared financial budget for the year 2020, which is realistic and challenging.

The Business Target for the year 2020 is featured by setting of-

- Client Deposit Tk. 338,000.00 million
- Investment Taka 293,450.00 million
- Foreign Exchange Business Taka 207,250.00 million
- Operating Profit Taka 8,000.00 million

To achieve success in the year, SIBL has undertaken the following short-term strategies side by side mid-term and long-term strategies:

- Strengthening the automation procedures of the Bank
- Increasing ATM facilities
- Opening new Branches in important urban/rural areas of Bangladesh
- Increasing new AD Branches
- Enhancing the CSR activities in line with the Bank's CSR policy
- Conducting special recovery drive
- Conducting special programs for business like 'Seba-Mash'
- Exploring business opportunities in SME sector
- Presenting innovative and new deposit & investment products to the customers

Some factors may cause actual results to differ and some may significantly deviate from the outlook 2020. Some of the factors that may affect the business environment are given below:

- Changes in the general economic condition resulting from natural calamities and political disturbances
- Changes in government policy issues
- Increase in corporate tax rate
- Increase in CRR and SLR of the banks
- Withdrawal of incentive given to some thrust sectors which may make the projects slow moving
- Directives to reduce the lending rates to finance essential items
- Increase in provisioning requirement may reduce the ROA and ROE
- Reduction of the margin ratio for investment accounts
- Volatility in profit rate
- Volatility in capital market arising from speculations
- Compliance issues raised by the international forums which are likely to affect the export growth
- Rise in international prices of essentials which may result to volatility in Foreign Exchange Market
- International embargo/unrest may affect remittances and trade
- Adverse media reporting.

Nevertheless, the success of SIBL in 2019 clearly affirms that this Bank is ready to accept challenges of the future. In sha Allah, SIBL's momentum of growth of business and profitability will be maintained definitely in 2020 and the years to come.

REPORT ON INTERNAL CONTROL SYSTEM

The Board of Directors of Social Islami Bank Limited is very keen to establish and maintain a sound and effective Internal Control System and good governance in every sphere of the Bank. Accordingly, they have established broad business strategies, adopted significant policies for internal control and risk management and implemented risk based internal audits as per Section 15 kha of Bank Company (amended) Act 2013 for ensuring that the Bank is appropriately and effectively managed and controlled.

During the year under review, the Board has reviewed the policies and procedures of various aspects of businesses in order to establish an effective internal control system which, the Board thinks, is adequate and appropriate for achieving sustainable growth.

The Board of Directors monitors the adequacy and effectiveness of Internal Control systems through the establishment of Audit Committee and the Committee has regularly reviewed and assessed the arrangement adequacy made by management and corrective measures taken by Management relating to fraud-forgery and deficiencies in internal controls. Internal Control & Compliance Division (ICCD) of the Bank continuously inspects the operational aspect of the Bank and report deviations and all such findings along with compliance status were placed by the Management before the Board of Directors and regulators on a timely basis and have performed all other functions relating to Internal Control Systems of the Bank.

The Board of Directors have established whistle blowing policy and reviewed the control procedures for ensuring – (i) safeguarding the Bank’s asset (ii) prevention and detection of fraud and error (iii) adequacy and completeness of accounting records (iv) timely preparation of financial information and (v) the efficient management of core risk.

The Audit Committee has ensured that all the conditions of the Bank Company Act, Bangladesh Bank guidelines, Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) have been properly addressed. Internal control system, managing of core risks and Bank’s process for monitoring compliance with laws and regulations and codes of business conduct were adequate.

The Board of Directors of the Bank declares that they have actively and diligently discharged their duties and responsibilities to establish a sound internal control system and to ensure good corporate governance.

DIRECTORS' REPORT





Dear respected Shareholders,

It is my great pleasure to welcome you all on behalf of the Board of Directors to the 25th Annual General Meeting of Social Islami Bank Limited and to present before you the Directors' Report along with the audited financial statements as on 31st December 2019 for your kind consideration. I put on record my thanks and gratitude to you for your presence on this big shareholders' day. It is worthwhile to place before you the financial position of the bank on the backdrop of global economic scenario- the changes that taken place around the world and how Bangladesh experienced the same and various functional and administrative aspects during the year 2019 including Bangladesh economy.

GLOBAL ECONOMIC OUTLOOK

World Economy

According to IMF's World Economic Outlook April 2020, The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3 percent in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate.

Global growth is forecast at 3.0 percent for 2019, its lowest level since 2008–09 and a 0.3 percentage point downgrade from the April 2019 World Economic Outlook. Growth is projected to pick up to 3.4 percent in 2020 (a 0.2 percentage point downward revision compared with April), reflecting primarily a projected improvement in economic performance in a number of emerging markets in Latin America, the Middle East, and emerging and developing Europe that are under macroeconomic strain. Yet, with uncertainty about prospects for several of these countries, a projected slowdown in China and the United States, and prominent downside risks, a much more subdued pace of global activity could well materialize. To forestall such an outcome, policies should decisively aim at defusing trade tensions, reinvigorating multilateral cooperation, and providing timely support to economic activity where needed. To

strengthen resilience, policymakers should address financial vulnerabilities that pose risks to growth in the medium term. Making growth more inclusive, which is essential for securing better economic prospects for all, should remain an overarching goal.

After a sharp slowdown during the last three quarters of 2018, global growth stabilized at a weak pace in the first half of 2019. Trade tensions, which had abated earlier in the year, have risen again sharply, resulting in significant tariff increases between the United States and China and hurting business sentiment and confidence globally. While financial market sentiment has been undermined by these developments, a shift toward increased monetary policy accommodation in the United States and many other advanced and emerging market economies has been a counterbalancing force. As a result, financial conditions remain generally accommodative and, in the case of advanced economies, more so than in the spring.

The world economy is projected to grow at 3.0 percent in 2019—a significant drop from 2017–18 for emerging market and developing economies as well as advanced economies—before recovering to 3.4 percent in 2020. A slightly higher growth rate is projected for 2021–24. This global growth pattern reflects a major downturn and projected recovery in a group of emerging market economies. By contrast, growth is expected to moderate into 2020 and beyond for a group of systemic economies comprising the United States, euro area, China, and Japan—which together account for close to half of global GDP.

The growth forecast is marked down by more than 6 percentage points relative to the October 2019 WEO and January 2020 WEO Update projections—an extraordinary revision over such a short period of time. Growth in the advanced economy group—where several economies are experiencing widespread outbreaks and deploying containment measures—is projected at –6.1 percent in 2020. Most economies in the group are forecast to contract this year, including the United States (–5.9 percent), Japan (–5.2 percent), the United Kingdom (–6.5 percent), Germany (–7.0 percent), France (–7.2 percent), Italy (–9.1 percent), and Spain (–8.0 percent). In parts of Europe, the outbreak has been as severe as in China's Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects. The markets seem to face some hard times in 2020, largely due to the global

uncertainties and economic slowdown resulted from the ongoing COVID-19 pandemic. Since financial markets are inter-linked, this may pose substantial spillover risks for the emerging economies including Bangladesh.

BANGLADESH ECONOMIC REVIEW

Economic growth

Bangladesh sustained a well-paced GDP growth, ending up with 8.15 percent in FY19 on the back of strong domestic demand. Domestic demand, comprising of consumption and investment, increased by 11 percent, and export and remittance rose by 10.5 percent and 9.6 percent respectively in FY19. During the period, agriculture, industry and service sectors grew by 3.9 percent, 12.7 percent, and 6.8 percent respectively on an individual basis. The corresponding figures in FY18 were 4.2 percent, 12.1 percent, and 6.4 percent respectively. In terms of sector-wise performance, the contribution of service and industry sectors remained the key drivers of the Gross Value Added (GVA). Pertinently, the significant contribution of the industry sector in the GVA was mainly attributed to manufacturing, energy, and construction sub-sectors. Besides, it reveals that the real GDP growth of Bangladesh remained the highest among the peer countries.

The domestic macroeconomic situation was mostly stable. The credit-to-GDP gap narrowed further signifying no excessive credit growth and thus no apparent threat to the stability of the financial system emanating there from. At end-December-2019, though food inflation declined, the annual average inflation increased marginally due to rise in non-food inflation. Export and wage-earners' remittance also recorded a notable increase while import growth declined in FY19, helping to improve the country's current account balance as well as the balance of payments (BOP) situation moderately. Net FDI inflow maintained the uptrend, which reflects increasing confidence of foreign investors towards Bangladesh. Accordingly, gross foreign exchange reserves stood at a sizeable amount of USD 32.7 billion at end-December 2019. The reserve appeared to be adequate to cover short-term foreign debt with ease while majority of the country's external debt was long-term in nature and considered to be of low risk. Pertinently, external debt to GDP ratio of 20 percent in December 2019 seems to be low

both in comparison with major SAARC countries and international standard. Nevertheless, the economy may face some challenges due to implementation of mega projects, emergence of 4th industrial revolution globally and the country's graduation to middle income country. Moreover, the shattering effects of COVID-19 pandemic across the globe are likely to affect the domestic economy considerably in the coming days.

Savings and Investment

During FY2017-19, domestic savings increased to 23.93 percent of GDP, which was 22.83 percent in the previous year. Likewise, national savings as percent of GDP increased to 28.41 percent from 27.42 percent. Both public and private investment increased as percent of GDP in FY2018-19 from previous fiscal year. The total investment rose to 31.56 percent in FY2018-19, which was 31.23 percent of GDP in FY2017-18. Public sector and private sector investment increased to 8.17 percent and 23.40 percent of GDP respectively in FY2018-19; which were 7.97 percent and 23.26 percent of GDP respectively in preceding fiscal year.

Inflation

The annual average CPI inflation (base: FY06=100) in Bangladesh posted at 5.59 percent, increasing by 0.05 percentage point from 5.54 percent of end-CY18, largely attributed to rise in non-food inflation. During the period, the annual average food inflation declined to 5.56 percent from 6.21 percent of end-CY18 driven by a good harvest of boro-rice and waning in the prices of vegetables and fish. However, annual average non-food inflation rose to 5.64 percent at end-CY19 from 4.51 percent of end-CY18 largely due to strong domestic demand. When the monthly scenario is taken into account, food inflation recorded a slight decline in the second half of the year 2019 compared to the first half. The reverse was observed in the case of non-food inflation while general inflation remained mostly stable throughout the year. In sum, no stability risk was observed in CY19 from an inflationary point of view.

Policy Interest Rates

The weighted average lending rate of commercial banks was 9.77 percent at the end of February 2017, decreased to 9.55 percent at end of February 2018 and further decreased to 9.40 percent at the end of February 2019. On the other hand, the deposit rate was 5.08 percent at the end of February 2017 which

increased to 5.18 percent at the end of February 2018 and further increased to 5.34 percent at the end of February 2019. The interest rate spread decreased to 4.06 percent at the end of February 2019 from 4.37 percent of February 2018 as well.

Revenue Mobilisation

In FY2018-19, revised target for revenue receipt was set at Tk.3,16,599.00 crore (12.48% of GDP), of which tax revenue from NBR sources was marked at Tk.2,80,000.00 crore (11.04% of GDP), tax revenue from non-NBR sources at Tk.9,600.00 crore (0.38% of GDP) and non-tax revenue at Tk.27,000.00 crore (1.06% of GDP). Against these targets as per the provisional estimates of Integrated Budget and Accounting System (iBAS++), tax revenues received during the concerned year amounted to Tk.1,38,275.00 crore, up by 8.88 percent from the previous year. At the same time, the amount of non-tax revenue raised to Tk.17,861.00 crore, which is 20.15 percent more than the same period of last fiscal year. In the first eight months of the current fiscal (July-February 2019) total revenue receipt stood at Tk.1,56,136.00 crore, which is 49.32 percent of the revised target of total revenue receipt and 10.06 percent more than the same period in the preceding fiscal year. During July-February in FY2018-19, tax revenue receipts from NBR sources amounted to Tk1,33,371.00 crore which was 9.36 percent higher than the same period in previous year. Among the NBR sources of revenue, taxes on income and profit stood at 12.43 percent, Value Added Tax (VAT) at 15.29 percent, supplementary duties at 0.67 percent and import duties at (-)1.88 percent. During this period the tax revenues from Non-NBR sources decelerated to 3.3 percent amounting Tk.4,871 crore.

External Sector Developments

Country's export earnings stood at US\$30,903 million during July-March of FY2018-19, which is 12.57 percent higher than the export earnings in the same period of FY2017-18. Significant contribution of ready-made garments and knitwear made for the country's total export earnings continued during FY2018-19. Export earnings from petroleum products, agricultural product and chemical products, handicraft products, ready-made garments and knitwear have increased over the same period of last fiscal year. On the other hand, export earnings from jute goods, raw jute, and leather have decreased during the same period. USA is the main destination of our export. In FY2018-19, USA secured the top position in respect of importing commodities from Bangladesh. Export earnings from USA stood at US\$4,593.72 million in FY2017-18 (July-

February), which is 16.67 percent of country's total export earnings. The major commodities exported to USA are woven garments, knitwear, home textile, cap, frozen food etc. The other major destinations of our exports are Germany, UK and France.

Country's total import payments (c&f) stood at US\$40,895 million in FY2018-19 (July-February), which is 5.63 percent higher than the import payments of the same period of the preceding year. China secured the first position for our import up to February 2019. During this period 29.43 percent of the total imported commodities came from China. India (13.49%) was the second largest source of import while Singapore (3.62%) held the third position.

Capital Market Developments

The capital market in Bangladesh was bearish in CY19 as has been evident from movements in major market indicators like index value, market capitalization, daily average turnover, number of companies that declared dividends, and foreign portfolio investment in the Dhaka Stock Exchange (DSE), the prime bourse in Bangladesh. The DSE Broad Index (DSEX) decreased by 17.3 percent in 2019. Likewise, the market capitalization of DSE declined by 12.3 percent. The turnover velocity ratio also decreased to 33.5 percent in 2019, from 34.4 percent in 2018. Though dividend yield has improved considerably, the number of companies that did not declare dividends has increased. Further, the net foreign portfolio investment became negative. Low confidence of the investors in the market might have been a key reason behind this bearish development of the stock market in 2019.

DSEX stood at 4452.9 in end-December 2019 from 5385.6 in end-December 2018; and thereby, lost 932.7 index points during this year. The market capitalization of DSE also decreased gradually throughout the review year and reached to BDT 3,395.5 billion at the end of 2019 from BDT 3,872.9 billion at the end of 2018. The falling index coupled with the decreased market capitalization indicates the bearish capital market during the review year. The DSEX Index which reveals the investors' sentiments and behaviors from the different patterns of the opening index, highest index, lowest index and closing index. Lower market confidence of the investors is reflected in the consecutive second long red candle since CY18. Notably, the difference between the highest and lowest index was highest in 2019 since the starting year of the DSEX index (2013) and the yearly closing index was the lowest in the last five years.

Total market capitalization as a percentage of GDP is a vital indicator that indicates the extent of deepening of a country's stock market. Chart 6.9 shows that the market capitalization-to-GDP ratio is gradually falling and plunged at 14.1 percent in 2019. The divergence in the growth direction of market capitalization and the GDP is the reason behind this scenario. The declining ratio also refers to the diminishing contribution of the stock market towards the economic growth in Bangladesh. More high-quality stocks should be promoted and listed to provide additional depth into this market so that it could not only facilitate the long-term financing demand but also ensure a strong footing for the financial stability of Bangladesh.

Traded turnover to market capitalization, also known as turnover velocity ratio, is an indication of liquidity available in the stock market. Higher the turnover velocity ratio, the more the liquidity available for the investors. The turnover velocity ratio slightly decreased to 33.5 percent in 2019 from 34.4 percent in 2018 which implies that liquidity got further tighter in 2019. Consequently, cost and price volatility were adversely impacted. The daily average turnover decreased to BDT 4.8 billion in 2019 from BDT 5.5 billion in 2018; reflecting a slight diminution in liquidity in the market. Turnover to market capitalization ratio in chart 6.12 exhibits that market liquidity was gradually deteriorating from January to April and remained low thereafter throughout the review year. The highest and the lowest value of the turnover to market capitalization ratio in 2019 was 0.29 percent and 0.07 percent respectively.

Money and Credit Market Developments

Bangladesh Bank (BB) issued 7-days BB bills worth BDT 4.75 billion in 2019. Notably, bills with maturities of 07, 14 and 30-days amounting a total of BDT 4,573.18 billion were issued in 2018.⁷⁶ The government issued treasury bills (T-bills) with different maturities worth BDT 1036.57 billion in 2019 for better matching of the public financing, which was 94.77 percent higher than that of the previous year. T-bills with maturities of 14, 91, 182, and 364 days' worth BDT 143.98 billion, BDT 432.69 billion, BDT 218.18 billion and BDT 241.71 billion respectively were issued in 2019. A decline in sales of the National Savings Certificate (NSC), due largely to stringent regulations, might be a possible reason for such rapid growth in T-bills issuance. A small amount of BB bills was issued during the CY19. The issuance of T-bills was increased mostly from June, it was at the highest level in July, finally waned in increasing trend in the last quarter of CY19.

The volume of interbank repo transactions in 2019 was BDT 4349.18 billion which was 183 percent higher than the amount of BDT 1537.80 billion in 2018. Moreover, the interbank repo rate showed moderate fluctuation throughout the year and reached to 4.28 percent in December 2019. The rate was 5.2 percent in December 2018. In terms of total transaction volume, the call money borrowing was BDT 845.65 billion in 2019 which was 2.4 percent higher than that of 2018 (BDT 826.2 billion). The contribution of the banks stood at BDT 703.70 billion from BDT 664.7 billion of 2018, recording an increase of 5.9 percent. The increased demand for the fund in 2019 can be attributed to a number of factors.

In CY19, the private sector credit growth edged down considerably, while the growth in the public sector⁴ was prominent. The public sector credit rose by 54.3 percent as opposed to 9.8 percent growth recorded in private sector credit. The ratio of private sector credit to public sector credit came down to 5.6 in 2019 from 7.9 in 2018. A slowdown in the revenue collection and a fall in the sale of national saving certificates may have prompted the government to take increased credit support from the domestic banking system. On the other hand, the slowdown in private investment as indicated by reduced import, especially of capital machinery and major intermediate goods of the apparel sector, explained much of the reason for sluggish demand of credit by the private sector. On the supply-side, the higher perceived risk among banks might have discouraged banks to expand credit to the private sector.

The credit-to-GDP gap has been estimated using the Hodrick-Prescott filter approach following the guidance of the Basel Committee on Banking Supervision (BCBS). The estimated credit-to-GDP gap data implies that there had been no significant excessive credit growth in the financial system of Bangladesh during the period of FY1980-2018⁶. In most of the estimation period, the credit-to-GDP gap remained well below 5 percent except the period of FY2010-2011 when it crossed the level of 5 percentage points. Moreover, compared to FY17, the credit-to-GDP gap narrowed further in FY18, signifying no apparent sign of stability threat to the financial system stability emanating from domestic credit flow to the private sector.

Sustainable Finance

As per Sustainable Finance Department of Bangladesh Bank circular no.01/2019, all the investment of banks and FIs in impact fund registered under Bangladesh Securities and Exchange Commission (Alternative Investment) Rules, 2015 and has been established for Specific sectors/purposes such as resource efficiency, air emission and quality efficiency, resource recycling, waste management, renewable energy, land contamination prevention/mitigation, energy efficiency, land acquisition etc will get the treatment of Green Finance. To overcome the effect of the flood and dengue fever, Bangladesh Bank has instructed banks and financial institutions to provide necessary assistance (financial & non-financial) to the flood and dengue affected people under their corporate social responsibility (CSR) program.

Green banking is a genre of banking practices which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as ethical banking or sustainable banking. The banking sector is one of the major sources of financing industrial projects such as steel, paper, cement, chemicals, fertilizers, power, textiles, etc., which cause maximum carbon emission. Therefore, the banking sector can play an intermediary role between economic & social development and environmental protection, for promoting environmentally sustainable and socially responsible investment. Green banking refers to the banking business conducted in such areas and in such a manner that help the overall reduction of external carbon emission and internal carbon footprint.

'Go-green' approach in banking sector has basically two forms. Firstly, through adoption of environmental and social responsibility in bank's day to day operations like wise use of paper, energy conservation etc. and secondly, by including sustainability in to banks' products and strategies like green lending, etc. Bangladesh Bank (BB) has set examples for others by pioneering green banking initiatives by guiding proactively the banks and NBFIs since 2011. In such aspect, green banking initiatives of BB broadly categorized into the following aspects: policy initiatives, monitoring of green banking activities of banks and NBFIs, refinance support from BB in diverse green products/ sectors, and BB's own initiatives for environmental management.

To broaden the financing avenue for green products like solar energy, bio-gas plant and effluent treatment plant, etc., BB established a revolving refinance

scheme amounting to Taka 2 billion (200 crore) from its own fund for solar energy, Bio-gas and Effluent Treatment Plant (ETP) in 2009. The product line has been enhanced to 51 under 08 categories. Since inception, total amount of Tk. 4,149.10 million has been disbursed as refinance facility from the fund till September 30, 2019. The facility is extended to the participating Banks and Financial Institutions (PFIs)³, those who have signed agreement with Bangladesh Bank to avail the fund.

NBR Tax Revenue

Tax is the principal source of government revenue. The rest of the revenue comes from non-tax sources like fees, charges, tolls etc. The tax-GDP ratio is one of the recognized criteria for judging the level of development of a country. In FY2010-11, revenue-GDP ratio was 10.39 percent, which rose to 11.66 percent in FY2013-14. But there was decreasing trends from FY2014-15 to FY2016-17. Again increasing trends is shown from FY2017-18 and rose to 12.48 percent in FY2018-19. The lion share (more than 90 percent) of revenue comes from tax revenue which consists of mainly two types of tax such as direct tax and indirect tax. Rest of the revenue is collected from different non-tax sources.

REVIEW OF BANGLADESH BANKING SECTOR

The banking system in Bangladesh appeared to be mostly resilient in 2019. A modest asset growth, primarily supported by considerable growth in deposit, was observed during the review year. The deposit growth, aided by accelerated remittance inflow and various other policy initiatives, outpaced loan growth, which eased the liquidity scenario and provided the required stability to the banking sector's deposit base. The asset quality of the banking sector improved during the latter part of CY19 primarily due to the restructuring of loans under a new policy aimed at reducing debt servicing burden of good borrowers. Despite the recent improvement, the proper monitoring of rescheduled loans amid the COVID-19 pandemic remains a critical challenge for the banking industry. The banking sector also demonstrated a moderate increase in net profit after taxes during the review year. Both capital to risk-weighted assets ratio (CRAR) and Tier-1 capital ratio of the banking industry increased in CY19. However, though the CRAR was still inadequate to totally cover

the Capital Conservation Buffer (CCB) requirement, it remained well above the regulatory minimum requirement. The banking industry also maintained Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) well above the regulatory benchmarks. In CY20, most of the banking sector indicators might be affected due to the impact of COVID-19 pandemic. However, the bulk amount of government's stimulus credit package augmented by Central bank's refinancing schemes should help the banking sector in combating the COVID-19 pandemic.

The banking sector assets reached BDT 16,288.7 billion in CY19, registering a moderate growth of 11.8 percent from that of CY18. Indeed, the asset growth showed uptrend in CY19, after recording a steady deceleration in recent years. The primary reason for this growth can be attributed to elevated deposit growth. Among the different banking clusters, PCBs and SDBs had higher asset growth compared to CY18 while the rate of growth slowed down in SCBs and FCBs. Since PCBs accounted for major portion of the banking sector assets (67.8 percent in CY19), the higher growth in PCBs (13.2 percent in CY19 compared to 11.5 percent in CY18) boosted the growth of industry asset at a faster rate than that of CY18.

Considering the asset structure in CY19, loans and advances constituted the highest share of banking sector assets followed by investment. Loans and advances accounted for 66.5 percent (same in CY18) of total assets while investment constituted 15.4 percent (13.4 percent in CY18) and it shows that growth of loans and advances moderated in CY19. Following high double-digit growths in recent years, loans and advances grew by a moderate 11.9 percent in CY19 (14.1 percent in CY18). Demand-side constraints from the higher rate on lending, lower import-based loan demand due to lower private sector investment, prevailing higher ADR in many PCBs and the need to adjust the imbalance between deposit and loan growth in recent years, among others, might have slowed down the loan growth in CY19. Nevertheless, steps have been taken to rationalize the lending rate which might boost up loan growth in near future. Though loans and advances remained the dominant asset type, the banking industry increased its exposure to investment in Government and other securities, which registered an extensive growth of 28.1 percent in CY19 (2.0 percent in CY18). Particularly, investment in Government securities increased by around 44.3 percent compared to the previous year. The Government's higher reliance on

bank-based budget financing, safety and security offered by the instruments along with rising yield in the Government securities might have induced banks to invest heavily in these instruments. However, if these investments continue to soar in the future, there might be a possibility of crowding out of credit for the private sector. Banks should aim to increase their deposit base so that such a situation does not materialize.

The gross nonperforming loan (NPL) ratio in the banking sector showed an upward trend during the earlier quarters of CY19 followed by a considerable improvement in December quarter. The ratio reached 9.3 percent in CY19 from 10.3 percent in CY18. The amount of gross NPL increased by BDT 4.2 billion to reach BDT 943.3 billion in CY19. High cost of debt servicing, and moral hazard problem of some borrowers anticipating potential benefits from the expected special loan restructuring policy could have been some of the key reasons behind the elevated NPLs till September 2019. However, the significant decline in NPL ratio in December quarter could partially be attributed to stringent supervision by BB, improved monitoring from banks, and restructuring of loans under a new policy aimed at reducing debt servicing burden of good borrowers. Despite the recent improvement, the proper monitoring of rescheduled loans amid the COVID-19 pandemic will be a critical challenge for the banking industry. The expected sluggish business condition due to the Corona virus outbreak could severely affect the debt-servicing capacity of the borrowers and future non-performance of the rescheduled as well as regular loans could increase the industry NPL. BB has already extended necessary policy supports to help the borrowers/banks and minimize the impact of the ongoing virus outbreak.

Deposits constituted the largest share of funds in the banking sector. At end-December 2019, total deposits increased by 11.3 percent (10.5 percent in CY18). However, after netting off interbank deposit, deposit growth stood at 12.4 percent. This non-interbank deposit growth picked up in CY19 after a continuous deceleration since CY15. Policy supports for remittance inflow, rationalization of yield on National Savings Certificates (NSCs), decline in NSC sale, channelizing investment in NSCs through banking channel and reduction in service charges on deposit products, among others, were some of the key reasons behind the rise in deposits. Higher deposit growth supported a higher asset growth and also provided banks with enough cushion to manage

their liquidity. The deposit growth in the banking sector, however, might decline in near future due to the impact of COVID-19 outbreak. This might happen because weaker economic activities accompanied by lower demand for labor force in remittance originating countries might induce slowdown in foreign remittance inflow and demand for holding excess cash may also increase due to uncertainty associated with the pandemic. However, both BB and government have declared a bulk amount of stimulus credit package to maintain current growth momentum and also to boost up liquidity in the banking system, which should help the banks to overcome the difficulties caused by COVID-19 pandemic.

Banking sector's operating profit increased to BDT 284.5 billion in CY19 from BDT 266.4 billion in CY18, recording an increase of 6.8 percent. Net profit increased by 87.6 percent from BDT 40.4 billion in CY18 to BDT 75.8 billion in CY19. It is noteworthy that the total maintained provisions decreased to BDT 114.8 billion in CY19 compared to BDT 146.2 billion in CY18, registering a decrease of 21.5 percent during the review year. The rise in net profit during CY19 could be attributed to lower provision requirements due to rescheduling and restructuring of non-performing loans.

Return on Asset (ROA) increased to 0.5 percent at end-December 2019 from 0.3 percent at end-December 2018. In addition to that, the return on equity (ROE) increased by 3.0 percentage points and reached to 7.4 percent in CY19 from 4.4 percent in CY18. In the review year, ROA of 20 banks increased, the position of 19 banks remained unchanged while the same of 18 banks declined. Similarly, ROE of 27 banks increased, the position of 9 banks registered no change and 21 banks' ROE declined slightly. Notably, 93.1 percent of the banks had ROA of up to 2 percent and 51.7 percent of the banks had ROE higher than 10 percent. Total interest income and interest expense increased by 15.2 and 17.7 percent respectively in CY19 from those of CY18. On the other hand, non-interest income increased by 7.4 percent in the review year, compared to the preceding year, indicating rising investment income due to higher yields on the government securities.

The weighted average interest rate spread for the banks decreased from 4.2 percent in December 2018 to 4.0 percent in December 2019. However, the weighted average lending rate increased from 9.5 percent in December 2018 to 9.7 percent in December 2019. The weighted average deposit

rate also recorded an increase from 5.3 percent to 5.7 percent during the same period. The weighted average interest rate spread of the banking sector was hovering around 4.0 percent throughout the CY19. Spreads of SCBs and SDBs were well below 3.0 percent and they were compliant in bringing down lending rate within 9 percent during the review year, while the spread of PCBs remained just over 4.0 percent. On the other hand, for FCBs, the spread continued to remain higher than other bank clusters as they were extending consumer finance and credit card operation with an interest rate higher than the market rates.

Both capital to risk-weighted assets ratio (CRAR) and Tier-1 capital ratio of the banking industry increased at end-December 2019 over the previous period largely due to improved capital position of SCBs and PCBs. Specially, reduction in provision requirement and some recovery made against defaulted loan led to the increased capital base of SCBs and PCBs. CRAR of the banking industry stood at 11.6 percent at end-December 2019, which was 10.5 percent at end-December 2018. It was well above the minimum regulatory requirement of 10.0 percent in line with the Basel III capital framework issued by Bangladesh Bank in December 2014. The rising CRAR provides further resilience to banking sector of the country to withstand any endogenous or exogenous shock. Out of 58 scheduled banks, 48 banks maintained a CRAR of 10.0 percent or higher as of end-December 2019. Though the number of CRAR compliant banks remained the same as of end-December 2018, the aggregate asset share of the CRAR compliant banks decreased marginally from 73.2 percent to 73.0 percent at end-December 2019.

In line with the Basel III framework, banks are required to maintain a Capital Conservation Buffer (CCB) above the regulatory MCR of 10.0 percent. Against the CCB requirement of 2.5 percent for CY19, the banking industry maintained a CCB of 1.6 percent as of end-December 2019. It was 0.5 percent at end-December 2018 against the regulatory requirement of 1.875 percent for CY18. During the review period, 38 out of 58 banks were able to maintain the minimum required CCB. PCBs and FCBs maintained CCB above the minimum requirement as of end-December 2019. PCBs' CCB increased at end-December 2019 while FCBs' CCB recorded a decrease. SCBs and SDBs could not maintain CCB as they even failed to meet MCR of 10.0 percent. However, it is a good sign that one SCB was able to maintain the CCB requirement at the end of the review year.

The banking sector maintained a leverage ratio well above the regulatory minimum requirement level led mainly by high leverage ratios of PCBs and FCBs. This indicates the financial strength of the banking sector to withstand probable systemic risks in future. However, over-leveraged position of SCBs in relation to their weak capital base remains a concern for financial stability. In order to restrict the build-up of excessive on- and off-balance sheet leverage in the banking system, the Basel III framework introduced a simple, transparent, non-risk based leverage ratio to act as a credible supplementary measure to the risk-based capital framework. Against the regulatory minimum requirement of 3.0 percent, banking sector maintained a leverage ratio of 4.6 percent at end-December 2019, which is higher than 4.1 percent maintained at end-December 2018. FCBs maintained the highest leverage ratio of 13.1 percent followed by PCBs' 5.7 percent in the review year. SCBs' leverage ratio, though turned positive during the period, remained below the minimum requirement. Since SCBs accounted for substantial banking sector exposures, their weaker leverage ratio raises concern for financial stability. However, the number of non-compliant banks in terms of leverage ratio decreased in the review period.

In order to implement the Pillar 2 of Basel III framework, BB has been conducting supervisory review of scheduled banks' capital adequacy for covering all material risks through evaluating their Internal Capital Adequacy Assessment Process (ICAAP). Banks usually prepare ICAAP reports annually and submit the same to BB along with supplementary documents to be reviewed by BB. Under ICAAP, banks need to calculate capital charges against various risks, e.g. residual risk, concentration risk, liquidity risk, reputation risk, strategic risk, settlement risk, appraisal of core risk management practice, environmental and climate change risk and other material risks, which are generally not covered under pillar 1. Based on the findings of the ICAAP reports as of December 2018, the majority of the banks were found to maintain the capital charges required for Pillar 2 risks based on their banks' own estimation. It was observed that the estimated additional capital requirement for residual risk mainly due to error in documentation was the highest among the Pillar 2 risks. Besides, strategic risks and appraisal of core risk management practices were the other major concerns for banks. Building up additional capital against such major risks under Pillar 2 would help further strengthen the capital position of the banking sector and in turn, bolster financial stability.

The banking sector liquidity demonstrated a mixed trend in CY19 compared to the preceding year as evident from the movement in the advance-to-deposit ratio (ADR) and call money borrowing rate. The aggregate ADR of the banking industry slightly decreased to 77.3 percent at end-December 2019 from 77.6 percent at end-December 2018 as the growth of deposits (excluding interbank deposits) outpaced the growth of loans and advances during the review year. Accordingly, the ADR of the banking industry remained below the allowable limit set by BB.

Among the seven overseas bank branches, one SCB with its four branches has been operating in the United Arab Emirates (UAE). Another SCB with its two branches and one PCB with a single branch have been operating in India. These overseas branches are focusing mostly on facilitating businesses and wage-earners' remittances. They also collect deposits and provide lending along with other banking services e.g., funds transfer, buying or selling foreign exchange, investment in securities and ancillary services. The Exchange houses and other subsidiary companies are permitted by BB to serve the Bangladeshi migrant workers having account with any bank in Bangladesh to repatriate remittances. Moreover, these institutions are significantly contributing in providing trade benefits to Bangladeshi importers and exporters and also non-resident Bangladeshis (NRBs).

Monetary Policy

As on date of report, Monetary Policy Statement (MPS) Fiscal Year 2019-20 (for the second half of FY 2019) has been declared by Bangladesh Bank and the highlights of MPS are:

- The monetary policy pursued during FY2018-19 aimed at attaining expected economic growth and limiting inflation within tolerable level through emphasis on inclusive, investment and employment supportive and environment-friendly green initiatives. The monetary policy strategy for FY2018-19 was targeted to maintain an annual average inflation rate below 5.6 percent. To keep inflation within desired level the Monetary Policy Statement (MPS) for FY2018-19 set targets for broad money and reserve money growth at 12.0 percent and 7.0 percent respectively. However, at the end of February 2019, broad money and reserve money growth stood at 10.37 percent and 7.69 percent against 9.78 percent and 10.09 percent

increase in the same month of the previous fiscal year respectively. At the end of February 2019, the growth of internal debt and private sector credit growth stood at 13.74 percent and 12.54 percent, respectively, against 14.22 percent and 18.49 percent at the same time of the previous year respectively.

- The interest rate spread slid down to 4.06 percent at the end of February 2019 from 4.37 percent of February 2018 due to the continuous rise in deposit rate and the continuous reduction in lending rate. The volume of the broad money is increasing gradually in the ratio of GDP, which stood at 51.57 percent at the end of FY2017-18. Besides emphasizing on financial inclusion a broad range of activities to bring a large number of financially excluded people under the umbrella of conventional financial services have been undertaken by the Government. In the FY2018-19, both stock markets (Dhaka Stock Exchange and Chattogram Stock Exchange) noticed some unrest, but overall both the price index and market capitalisation increased. For ensuring stable and smooth operation of the capital market and restoring the confidence of general investors several restructuring activities were carried out during this period.
- The two key monetary policy objectives (inflation containment within targeted ceiling and supporting attainment of targeted real GDP growth) were well achieved in FY19 (July 2018-June 2019); with end June 2019 CPI inflation at 5.47 percent (below the targeted 5.60 percent ceiling), and strong 8.13 percent real GDP growth (against target of 7.80 percent). The urgency of narrowing the sudden spiking (3.2 percent of GDP) in FY18 bop current account deficit was also handled successfully (1.7 percent of GDP in FY19). Policy actions in FY19 also eased off lingering stresses from the FY18 liquidity crunch in private sector banks, restoring full normalcy in interbank Taka and USD money markets.
- FY19 growth in broad money, domestic credit and its private sector component moved along programmed directions but with significantly lower trajectories, in close alignment with those in other fast growing East Asian and South Asian economies. Attainment of high real GDP growth with moderating broad money and domestic credit growth indicates a welcome decline in frothiness of unproductive dubious quality lending in the domestic credit market,

signifying turn towards maturation of the credit market in its role more typical of middle income economies.

- Even as headline 12-month average CPI inflation was declining in FY19, its 'core' (non-food, non-energy) component crept up to 5.48 percent by June 2019; BB's in-house projections and public perception revealed in quarterly inflation expectation surveys signify persistence of inflationary pressure, leaving no room for complacency.
- In this context, BB's FY20 monetary policy stance and monetary program will as always cautiously accommodate monetary and credit expansion needs of all productive pursuits for attaining the FY20 real GDP growth target of 8.2 percent while also keeping CPI inflation contained within the targeted ceiling of 5.5 percent.
- As always, BB will in FY20 be closely monitoring both magnitude and direction of credit flows to diverse sectors and subsectors of the economy, and continues promotion and support for inclusive, adequate credit flows to under-served sectors/niches promising for job creation in productive pursuits. Priority of green transition of output practices for environmental sustainability will also continue to be in focus. BB's refinance support lines for promotion of these priorities in lending will be replenished and expanded as necessary, within the monetary and credit expansion envelope of FY20 monetary program.
- Risk factors to attainment of FY20 monetary program objectives will be closely monitored and addressed if and when the need arises.

Islamic Banking around the world

The twentieth century has witnessed a major shift of thinking in devising banking policy and framework based on Islamic Shariah. This new thought was institutionalized at the end of the third quarter of the century and emerged as a new system of banking called Islamic banking. The establishment of the Islamic Development Bank (IDB) in 1975 gave momentum to the Islamic Banking movement. Since the establishment of IDB, a number of Islamic Banking and financial institutions have been established all over the world irrespective of Muslim and non-Muslim countries. Their rapid growth has gained considerable attention in international financial circles where various market participants

have recognized promising potentials. Kuala Lumpur and Bahrain are the world's leading Islamic capital markets while Dubai and other players in the Middle-East are fast catching up. In the UK, the first Islamic bank has already opened its doors and Singapore has expressed its interest to be a leading Islamic financial centre, while China and India has expressed interest in Islamic banking.

The Islamic finance market has become extremely sophisticated as well as increasingly competitive. Today, virtually all large western financial institutions are involved in Islamic finance whether through Islamic subsidiaries, "Islamic windows", or the marketing of Islamic products. In recent years, a range of new Islamic products have appeared, such as Islamic bonds (or sukuk) and Islamic derivatives. While some of those products are widely accepted, others are still controversial.

ISLAMIC BANKING AND ITS DEVELOPMENT IN BANGLADESH

Genesis of Islamic Banking in Bangladesh

Bangladesh is the third largest Muslim country in the world with around 160 million populations of which 90 percent are Muslim. The hope and aspiration of the people to run banking system because of Islamic principle came into reality after the OIC recommendation at its Foreign Ministers meeting in 1978 at Senegal to develop a separate banking system of their own. After 5 years of that declaration, in 1983, Bangladesh established its first Islamic bank. At present, out of 60 banks in Bangladesh, 8 full fledged Islamic Banks and 19 Islamic Banking branches of 9 conventional banks 25 Islamic banking windows of 7 conventional commercial banks are also providing Islamic financial services in Bangladesh. Islamic banks in Bangladesh since their inception have been gaining popularity in spite of some problems in their operation. An important development in Islamic banking in the last few years has been the entry of some conventional banks in the market and their use of Islamic modes of financing through their Islamic branches, windows, or units. It necessitates and encourages the mobilized ion of Islamic banking, which includes some of the giants in the banking and finance industry. Bangladesh was not indifferent to this turning move. These conventional banks should focus on the safeguards that ensure the Islamic nature of these branches such as separation

and compliance with Shariah. Separation of Islamic banking branches includes separation of capital, accounts, staff employed and office. However, the most important thing is compliance with Shariah. There should be strong Shariah supervisory boards in order to prepare the model agreement, to approve the structure of every new operation, and lay down the basic guidelines for each and every mode of financing.

Formation of IBCF

For effective interaction, communication and exchanges the ideas & views of Shariah banking development and its practices in Bangladesh among the Islamic banking and Islami Banking Branches of the conventional Banks, a forum called "Islamic Bank Consultative forum (IBCF)" was formed in 1995. IBCF may be called first ever organizational development in establishing Islamic Banking in Bangladesh where the member banks discuss together the problems and issues relating to the growth and development of Islamic Banking in Bangladesh and common strategy and policies are formulated for implementation through this common Forum. The immediate goals of the IBCF were to establish Central Shariah Board for all Islamic Banks in Bangladesh, Islamic Money Market, Islamic Insurance Company(s), innovation of new financial products. Among them, Central Shariah Board is now functioning successfully. Bangladesh Government Islamic Investment Bond (BGIIIB) and Islamic Money Market are the development of IBCF and Bangladesh Bank which are being enjoyed by almost all the Member-Banks. At present, 8 (eight) full fledged Islamic Banks like (i) Islami Bank Bangladesh Limited (ii) EXIM Bank Limited (iii) Shahjalal Islami Bank Limited (iv) Social Islami Bank Limited (v) ICB Islamic Bank Limited (vi) Al-Arafah Islami Bank Limited and (vii) First Security Islami Bank a (viii) Union Bank Limited and 6 (six) numbers of Conventional banks having Islami Banking Branches like (i) Prime Bank Limited (ii) Dhaka Bank Limited (iii) Southeast Bank Limited and (iv) AB Bank Limited (v) Bank Asia Limited and (vi) Pubali Bank Limited are the members of IBCF.

Formation of CSBIBB (Central Shariah Board for Islami Banks of Bangladesh)

CSBIBB was formed in 2001 with the view to observance of uniform policies and practices of Islamic banking among the member banks. Currently 8 (Eight) full edged Islamic Banks and 06 (six) conventional banks of Islamic banking Branches are the member of CSBIB. CSBIBB is manly rest with the

functions of (i) collections, translations & publications of Journals and References on Islamic Banking (ii) to arrange and undertake research programs, Training, workshop, seminar, symposiums (iii) gives award for contribution in Islamic Banking.

Bangladesh Government Islamic Investment Bond

In principal, the method of treasury functions and its management of an Islami bank are quite different from other conventional bank. To support the daily treasury functions of Islami banks, Ministry of Finance, Government of the Peoples' Republic of Bangladesh in the year 2004 introduced a very special type of Shariah based bond called "Bangladesh Government Islami Investment Bond." which is treated as a component of Statutory Liquidity Ratio (SLR).

The operation of 6-month, 1-year and 2- year Bangladesh Government Islamic Investment Bond introduced in Financial Year 2005 in accordance with the rules of Islamic Shariah where per unit bond price has been determined Taka 1,00,000/-(Taka one lac). As per the rules, Bangladeshi institutions and individuals, and non-resident Bangladeshi, who agree to share profit or loss in accordance with Islamic Shariah, may buy this bond. Social Islami Bank Limited has been actively involved in buying this bond and as on 31.12.2019 total outstanding buy amount (principal amount) of this bond stood at Taka 13 billion. Re-investment facility featured has been tagged with the bond and any Bangladeshi Institutions and Individuals, and non-resident Bangladeshi, who agrees to share profit or loss in accordance with Islamic Shariah, can accept borrowing from the fund.

Islami Bank's Fund Market

Temporary arrangement of funds through MSD (Mudaraba Savings Deposit) and MND (Mudaraba Notice Deposit) accounts:

In order to day to day liquidity management, Islami banks cannot take part in call money Market operation and other activities like REPO and Reverse REPO which are very common techniques widely used by the conventional banks. Besides that, the Islamic Money Market of Bangladesh is not well structured. To mitigate the immediate/short liquidity crisis and management of surplus funds overnight, Banks running under Shariah principles have an arrangement between themselves to maintain MSD (Mudaraba Savings Deposit) Accounts or MND (Mudaraba Notice Deposit) Accounts for temporary

transactions. Excess funds are placed to others banks and shortage of funds are replenished by calling other Islamic Banks or Islamic Banking Branches to deposit in these accounts. This technique is very popular among the Islamic Banks/Islamic Banking Branches.

Introduction of Islamic Inter Bank Fund Market (IIFM)

Bangladesh Bank has introduced Islami Inter Bank Fund Market (IIFM) with a view to facilitating liquidity management of the Shariah-based Islamic banks. Islami Banks cannot borrow fund from the conventional call money market due to non-compliance of Shariah. Moreover, absence of a Shariah-based money market refrain the banks to borrow fund from each other. Therefore, Islamic money market is integral to the functioning of the Islamic banking system in providing the Islamic financial institutions with the facility for funding and adjusting portfolios over the short-term. Financial instruments and inter-bank investment would allow surplus banks to channel funds to deficit banks, thereby maintaining the funding and liquidity mechanism necessary to promote stability in the system. Although the Islamic Shariah-based banks have about 20 percent market share of the total asset and liability in the country's banking industry, they did not have any inter-bank money market (call money market) before. As a result, the banks were facing problems in managing excess liquidity, and on the other hand, if a bank needed fund to overcome sudden liquidity shortage, Islamic Banks had no option to manage fund except internal arrangement in between Shariah banks through MSD and MND accounts operations. Sometimes, Islamic banks are in the excess liquidity position, which remain idle due to absence of a formal money market for them. Introduction of IIFM has solved the problems of the Islamic banks and from now they are able to collect fund from inter-bank money market. Shariah-based banks transact with each other through a separate fund called IIFM and the central bank is the custodian of this fund. According to the rules, if any bank has excess fund, it will invest the amount in the IIFM for one day. Besides, another Islamic bank requiring fund can borrow funds from it from the IIFM for one day. The rate of profit in the Islamic bank money market is determined on the basis of the profit rates of the bank gives to its depositors on a three months' deposit. The contract will be based on Mudaraba principle of Islamic banking law and the new system would open a new window of investment for the Islami banks having excess liquidity.

BANGLADESH BANK REFINANCE SCHEME

Bangladesh bank vide its letter no-GBCSRD Circular no-01, Dt-18.01.2015 has created an Islamic refinance Fund comprising of Tk-1000.00 million allowing Islamic Banks and Non Bank Financial Institutions (NBFIs) to finance in eco-friendly projects like agro-processor, small enterprises, renewable energy and environment friendly initiatives on the basis of Islamic Shariah.

This is to accelerate the involvement of excess liquidity of Islamic banks And NBFIs in economic activities and add value to the economy of the rural areas across the country.

According to the circular, interested Islamic banks and NBFIs have to sign an agreement with 'Green Banking & CSR Department' of Bangladesh Bank. This covenant will empower Participating Financial institutions (PFIs) to disburse fund only in the projects including 47 products selected by Bangladesh Bank.

Under this Refinance Scheme PFIs will lend on a 3 months renewable basis at the rate of their Mudaraba Savings a/c rate or bank rate (5%), whichever is lower. Profit generated from this fund will be distributed among the PFIs according to their investment ratio.

Investment in Refinance Scheme will be taken into account to fulfil the Statutory Liquidity Requirement (SLR) of Islamic banks and NBFIs.

AN OVERVIEW OF THE BANK

SIBL started its operation on the 22nd November, 1995 as a Second Generation Islamic Bank in close co-operation and assistance of some renowned personalities of the Islamic world. H.E. Dr. Hamid Al Gabid, Former Secretary General of OIC & Prime Minister of Niger, H.E. Dr. Abdullah Omar Nasseef, Deputy Speaker of Saudi Shura Council & Ex-Secretary General of Rabeta Al-Islami, H.E. Ahmed M. Salah Jamjoom, Former Commerce Minister of Saudi Government, H.E. Prof. Dr. Ahmad El-Naggar (Egypt) participated to this noble endeavor as sponsor shareholders. Targeting poverty, SOCIAL ISLAMIC BANK LTD. is indeed a concept of 21st century participatory three sector banking model in one in the formal sector, it works as an Islamic participatory Commercial Bank with human face approach to credit and banking on the profit and loss sharing it is a Non-formal banking with informal finance and credit package that empowers and humanizes real poor

family and create local income opportunities and discourages internal migration; it is a Development Bank intended to monetize the voluntary sector and management of Waqf, Mosque properties and introducing cash Waqf system for the first time in the history. In the formal corporate sector, this Bank would, among others, offer the most up-to date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills, leasing of equipment and consumers' durable, hire purchase and instalment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industrial, agricultural, transport, educational and health projects and so on.

To enhance the performance of the bank our management adopted strategic plan that include increase in efficiency, establishment of transparency, efficiency and accountability in all spheres of banking practices and as a logical consequence of reform. Establishing Central Trade Processing Unit (CTPU), Central Remittance Processing Unit (CRPU), Central Clearing Unit (CCU), ADC (Alternate Delivery Channel), Offshore Banking, Agent Banking above all customized Products and Services are the reform processes that we had undertaken from 2010 to 2018 to be the compliant in one hand and to serve our client more efficiently and effectively on the other.

INTERNAL CONTROL AND COMPLIANCE

The network of activities of banking have so diversified and widened that without proper internal control, smooth functioning of banking cannot even thought of. Effectiveness of the Bank's Internal Control System is being monitored on an ongoing basis. Social Islami Bank to establish and maintain an adequate system of Internal Control, which can effectively control of all the key functions of the Bank, so that objectives of the bank's are achieved and shareholders, depositors & other beneficiaries are sharply benefitted. To protect and safeguard the Bank form any means of fraud and error as well as loss-Social Islami Bank has introduced the "Internal Control and Compliance guideline" and also established a separate department called "Internal Control and Compliance Division (ICCD)" at Head Office staffed with some experienced Senior Banker rest with the power and duties to train the employees of the bank, give direction, monitor, audit and establish control on day by day operational procedures and statutory

and non-statutory compliances. Still, it is important to recognize the existence of inherent limitations of internal control. An individual Report on Internal Control System is Annexed with this report in the page no. 73.

CAPITAL MANAGEMENT OF THE BANK

The bank started its journey in the year 1995 with a paid up capital of Taka 118.36 million and thereafter as on 31st December 2019, it has built a total Capital of Taka 27,901.80 million using the external and internal sources.

Given below table is the last 5 years history of SIBL towards its capital journey efforts:

Fig in million Taka

| Year | Paid up Capital | Total Capital | Growth (Over the previous year) | Source of Capital |
|------|-----------------|---------------|---------------------------------|---------------------|
| 2015 | 7,031.42 | 16,916.08 | 29.34% | Internal generation |
| 2016 | 7,385.99 | 19,195.04 | 13.47% | Internal generation |
| 2017 | 7,385.99 | 21,725.08 | 13.18% | Internal generation |
| 2018 | 8,121.29 | 26,111.51 | 20.19% | Internal generation |
| 2019 | 8,933.41 | 27,901.80 | 6.86% | Internal generation |

To comply with the international practices and to make

CAPITAL BASE (TIER-I & TIER-II)

As per directives of Bangladesh Bank, all commercial banks are in the process of implementing the new risk based capital adequacy guideline in line with Basel III. From 1st January of the year 2015, implementation of Basel III has been initiated. From the year 2019 all bank operating in Bangladesh are required to maintain the minimum capital to risk weighted assets ratio (CRAR) @ 12.50% including conservation buffer. In Basel III guideline, the definition of Capital has been changed from Basel II. Tier-I capital which is also known as going concern capital consisting i) Common Equity Tier I (CET-1) and ii) Additional Tier I (AT-1) capital. At SIBL, CET-1 are composed of (a) paid up capital (b) statutory reserves (c) retained earnings and there is no AT-1 capital in the balance sheet yet.

Tier-II capital which is known as gone concern capital consisting of (a) general provision on unclassified Investments (b) Subordinated Bond. As per requirements of the guideline, it is mandatory to maintain the CET-1 @ 7.00% including conservation buffer whereas Tier I capital will be maintained minimum @ 6.00%. Capital base consisting of Tier I & II of the Bank as on 31st December 2019 stood at Tk. 27,901.80 million as against Tk. 26,111.52 million as on 31st December 2018. As per BASEL-III, the Comparative position of Capital Base of the year 2019 and 2018 is given as under:

the bank's capital more shock absorbent, Bangladesh Bank has issued new guideline in line with Basel III guideline where two new liquidity ratios has been introduced i.e. Liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR). Capital conservation buffer has to be maintained @ of 0.625% in every year starting from year 2016. SIBL is the compliant of risk based capital adequacy framework- BASEL-III. As per regulatory requirements, the bank uses standardized approach for assessing, evaluating and calculation of risk weighted assets. SIBL is always concerned about its capital and its due maintenance and accordingly while forecasting the business growth and regulatory capital requirements, internal and external sources of capital are considered in detailed after capital impact study. As per Basel III capital at the year end 2019 stood at (a) paid-up capital Taka 8,933.41 million (b) total capital (as per BASEL-III) Taka 27,901.80 million.

Total Eligible Capital

(Taka in Million)

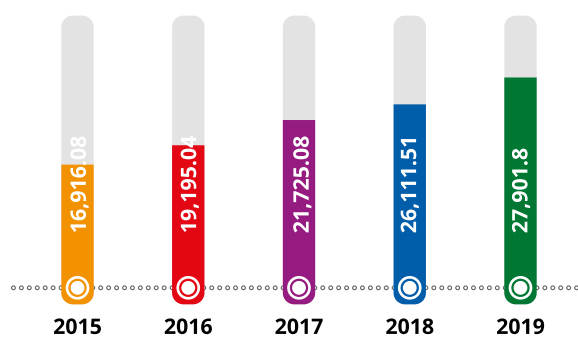


Fig in million Taka

| Particulars | 2019 | 2018 |
|---|------------------|------------------|
| Tier-I Capital | | |
| CET-1 Capital | | |
| 1. Paid up Capital | 8,933.41 | 8,121.29 |
| 2. Statutory Reserve | 6,422.26 | 5,795.46 |
| 3. Retained Earnings | 984.28 | 878.14 |
| Sub-total | 16,339.95 | 14,794.88 |
| AT-1 | - | - |
| Total Tier I Capital | 16,339.95 | 14,794.88 |
| Tier-II Capital | | |
| 1. 1% provision on unclassified investment | 4,401.85 | 2,291.06 |
| 2. 50% of Revaluation surplus on Fixed Assets (as per phaseout program) | - | 105.57 |
| 3. SIBL Mudaraba Subordinated Bond | 7,160.00 | 8920.00 |
| Sub-total | 11,561.85 | 11,316.63 |
| Total | 27,901.80 | 26,111.51 |
| Capital Adequacy Ratios | | |
| i. CET-1 Capital Adequacy Ratio | 8.07% | 8.08% |
| ii. Tier -II Capital Adequacy Ratio | 5.71% | 6.18% |
| iii. Capital to Risk Weighted Asset Ratio (CRAR) | 13.78% | 14.27% |

STRESS TESTING

To analyze the soundness of capital impact / capital's shock resilient of the bank more elaborately in the backdrop of 5 major risk factors of bank i.e. (a) Profit rates (b) Forced sale value of collateral (c) Non Performing Investment (d) Share price & (e) Foreign exchange rate based on minor, moderate and major levels of shocks consideration, Bangladesh Bank vide its circular no DOS Circular No 1 dated 21st April 2010 and revised guideline on 23 February 2011 has directed all the commercial banks for stress testing on the basis of 'Simple Sensitivity and Scenario Analysis' w.e.f. June 2010 on half yearly basis and thereafter quarterly basis w.e.f 1st quarter of 2011. Stress testing simply provide information on strengthens of a bank to absorb the level of shocks against all the risk factors.

The bank has a continuous plan on its capital structure to defeat any unforeseen minor or moderate shocks at any time. The shock results of the 4th quarter of 2019 shows that the capital structure of the bank is well defined and also indicative that the bank will be able to maintain the capital adequacy ratio at the standard level as set by the regulator.

SIBL MUDARABA SUBORDINATED BOND RELATED INFORMATION

Social Islami Bank Limited issued three subordinated bond to support and strengthen Tier-II capital base of the bank under Basel-III capital regulation of Bangladesh Bank. The details of SIBL Mudaraba Subordinated Bonds are presented below:

Figure in Million Taka

| SL | Name of the Bond | Issue Date | Issued Amount | Outstanding Amount as on 31.12.2019 |
|----|-------------------------------------|------------|---------------|-------------------------------------|
| 1 | SIBL Mudaraba Subordinated Bond | 31/03/2015 | 3,000 | 1,200 |
| 2 | SIBL 2nd Mudaraba Subordinated Bond | 20/06/2016 | 4,000 | 3,200 |
| 3 | SIBL 3rd Mudaraba Subordinated Bond | 27/12/2018 | 5,000 | 5,000 |
| | Total | | 12,000 | 9,400 |

LIQUIDITY

The bank has been following an approved ALM (Asset Liability Management) guideline, duly approved by the Board of Directors of the bank, in managing the day to day liquidity since 2005. Senior management of the bank is involved in the total process of liquidity management and discharges decision through ALCO (Asset Liability Committee) meeting. Management of the bank puts much stress on the bank's liquidity on regular basis rather than casual. Members of the ALCO sit minimum once in a month and instantly in case of any emergency to determine the strategy to defeat any unusual market liquidity situation. The bank has a clear guideline to face the stress liquidity situation to protect the bank at anytime from any means of liquidity mismatch. During the year under report, the bank conducted 12 numbers of ALCO meetings. To support the ALM and ALCO, the bank has a special desk under the name and style 'ALM Desk' which is (a) primarily responsible for scanning the liquid market place along with national, continental and international economy and economic factors every second (b) secondly, communication-monitoring-follow up of ALCO decision and (c) thirdly, closely monitoring of structured liquidity profile of the bank through in-depth analysis of Asset & Liability position of the balance sheet and tracking the different liquidity parameter whether all these factors are moving within the controlled environment/tolerable limit or nor and report to the CEO. Some young and brilliant professionals are assigned to perform the ALM jobs and highly concerned to assist the bank in proper liquidity management under the close supervision of senior management.

The Bank is committed to maintain the CRR and SLR through effective management of assets & liabilities of the Bank in order to maximize the profit. During the year under report, the bank effectively maintained required CRR and SLR throughout the year without fail as per Bangladesh Bank's norm.

PLACEMENT & FUNDING

Style and method of placement & funding of Shariah compliant banks are quite different from conventional banking style. Shariah banks operate their placement & funding under restricted environment and keep them apart from participation in 'Call Money Market Operation' and from 'Treasury Bill' purchasing programs like other contemporary banks- which are the mostly famous and widely used techniques in the banking industry in house and abroad. However, for the Islami banks, borrowing from Bangladesh Govt.

Mudaraba Bond—a recognized external fund, provides liquidity to the Islami banks under some restricted environment. Borrowings from Bangladesh Govt. Mudaraba Bond mostly depend on the availability of the fund and availability of securities.

SIBL as a Shariah based bank, surplus funds placement and borrowings are usually initiated in the following way :

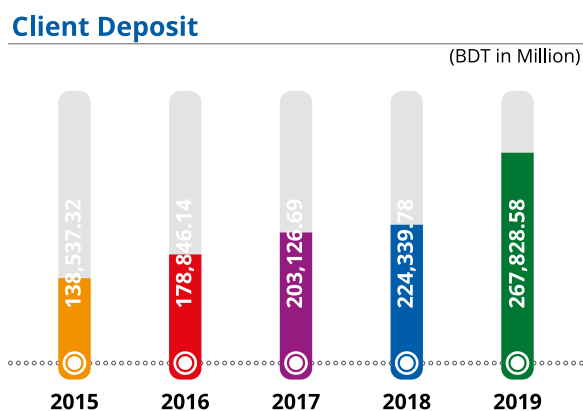
Placement of fund with the other Banks and Financial Institutions in the form of Savings, Notice and Term deposit Since the funding of Shariah banks are restricted to some extent, the bank always keep room in its ID ratios maximum to 90.00% and such the surplus funds keep with other Islami Banks or with the Islami banking branch / windows of conventional banks. Usually, Savings & Notice deposits accounts with other banks are used to manage the temporary or short term surplus for income generation purpose in one side and to withdraw money instantly to support the total liquidity system of the bank on the other side.

Borrowings of fund from Bangladesh Govt. Mudaraba Bond SIBL borrows fund from Bangladesh Govt. Mudaraba Bond against the lien marking of

- Instruments of Investment in Bangladesh Govt. Mudaraba Bond
- IBP Instruments
- MTDR receipts with other Bank's Investment

DEPOSITS

During the year 2019, the bank drew-up a series of action plan both short term and long term to raise the deposit base of the Bank in line with the Directives of the Bangladesh Bank. The short-term action plan included launching of special drives like deposit mobilization months during 2019. The following graph shows the deposit trend of the Bank :



COMPARATIVE DEPOSIT MIX

Fig in million Taka

| Deposit mix | Year-2019 | Year-2018 | Growth |
|------------------------------------|-------------------|-------------------|---------------|
| Al-Wadeeah Current & Other Deposit | 32,054.93 | 28,721.09 | 11.61% |
| Mudaraba Savings deposit | 25,739.18 | 19,621.56 | 31.18% |
| Mudaraba Term deposit | 165,687.51 | 156,095.70 | 6.14% |
| Other Mudaraba deposit | 64,112.32 | 43,569.09 | 47.15% |
| Cash Wqf. | 342.71 | 317.05 | 8.09% |
| Total | 287,936.65 | 248,324.49 | 15.95% |

Profit Paid to Depositors

The bank has distributed Tk. 18,428.55 million among the Mudaraba Depositors as profit in 2019 as against Tk. 16,063.98 million in 2018.

Profit paid in 2019 among the various types of mudaraba depositors at the following rate:

Mudaraba Term Deposit

| Sl | Particulars | 2019 | 2018 |
|----|----------------|-------|-------|
| 1 | 1 Month | 5.00% | 5.00% |
| 2 | 3 Month | 7.00% | 6.00% |
| 3 | 6 Month | 8.50% | 7.00% |
| 4 | 1 Year & Above | 9.50% | 8.00% |

Mudaraba Savings Deposit

| Sl | Particulars | 2019 | 2018 |
|----|--|--------|-------|
| 1 | Mudaraba Savings Deposit | 4.00% | 4.00% |
| 2 | SIBL Youngster Account | 6.50% | 6.50% |
| 3 | Super Savings Account | 5.00% | 5.00% |
| 4 | Sanchita Special Deposit Scheme | 4.50% | 4.50% |
| 5 | Proshanti (Mudaraba Zakat Savings Account) | 9.00% | 9.00% |
| 6 | Mudaraba Cash Waqf Savings Account | 10.50% | 9.00% |

Mudaraba Special Notice Deposit

| Sl | Particulars | 2019 | 2018 |
|----|--|-------|-------|
| 1 | Less than 1 crore | 3.50% | 3.50% |
| 2 | Equal to or more than 1 crore but less than 25 crore | 4.00% | 4.00% |
| 3 | Equal to or more than 25 crore but less than 50 crore | 4.50% | 4.50% |
| 4 | Equal to or more than 50 crore but less than 100 crore | 5.00% | 5.00% |
| 5 | Equal to or more than 100 crore | 6.00% | 5.50% |

Mudaraba Scheme Deposits:

| No. | Particulars | 2019 | 2018 |
|--|---|--------------|-------------|
| Group A: mudaraba monthly profit scheme | | | |
| 1. | Mudaraba Monthly Profit Deposit Scheme(3 Year) | 8.50% | 8.50% |
| 2. | Shachanda Protidin | 8.50% | 8.50% |
| 3. | Shuborno Lata | 8.50% | 8.50% |
| 4. | Shobuj Chaya | 8.50% | 8.50% |
| 5. | Mudaraba Monthly Profit Deposit Scheme (1 Year) | 8.00% | 8.00% |
| 6. | SIBL Astha(one year) | 10.50% | - |
| Group B: Mudaraba Deposit Pension Scheme | | | |
| 1. | Mudaraba Special Deposit Pension Scheme | 8.50%-9.00% | 8.50%-9.00% |
| 2. | Sonali Din | 8.50%-9.00% | 8.50%-9.00% |
| 3. | Shukher Thikana | 8.50%-9.00% | 8.50%-9.00% |
| 4. | Suborno Rekha | 8.50%-9.00% | 8.50%-9.00% |
| 5. | Shobuj Shayanho | 8.50%-9.00% | 8.50%-9.00% |
| 6. | SIBL Super DPS | 9.25%-10.00% | |
| Group C: Mudaraba Hajj Scheme | | | |
| 1. | Kafela | 9.00% | 9.00% |
| Group D: Mudaraba Lakhopoti, Millionaire & Billionaire Scheme | | | |
| 1. | Shopner Shiri (Lakhopoti) | 8.25%-9.00% | 8.25%-9.00% |
| 2. | Suborno Digonto (Millionaire) | 8.25%-9.00% | 8.25%-9.00% |
| 3. | Shorno Shikhor (Billinior) | 8.25%-9.00% | 8.25%-9.00% |
| Group E: Other Schemes | | | |
| 1. | Cash Waqf Deposit Scheme | 10.50% | 9.00% |
| 2. | Cash Waqf Monthly Profit Scheme | 10.50% | 8.50% |
| 3. | Mudaraba Marriage Savings Scheme | 8.50% | 8.50% |
| 4. | Mudaraba Mohorana Savings A/C | 8.75%-9.00% | 8.75%-9.00% |
| 5. | Mudaraba Education Deposit Scheme | 8.50%-9.00% | 8.50%-9.00% |
| 6. | Mudaraba Bashsthan Savings Scheme | 8.50%-9.00% | 8.50%-9.00% |
| 7. | Mudaraba Double Benefit Scheme | 11.25% | 8.00% |

INVESTMENT

Risk is an integral part of banking business and Social Islami Bank Ltd. (SIBL) aims at delivering superior shareholder value by achieving an appropriate trade-off between risks and returns. Investment risk arises from the probability that a bank's investment client will fail to meet its obligations in accordance with agreed terms, resulting in a negative effect on the profitability and capital of the bank. Investment risk can arise from default risk, concentration of counterparties, industry sectors and geographical regions. Generally, investments are the largest and most obvious source of investment risk. However, investment risk could stem from both on-balance sheet and off-balance sheet activities such as guarantees, Documentary Credits etc. It may arise from either an inability or an unwillingness to perform in the pre-committed/contracted manner. Investment risk comes from a bank's dealing with households, small or medium-sized enterprises (SMEs), corporate clients, other banks and financial institutions, or a sovereign.

Success depends on some one's ability to satisfy the ever-changing choices of customers constantly. We are committed to be innovative and responsive, while offering high quality tailored products and services at competitive prices. We are devoted to be one of the best financial service providers in Bangladesh delivering superior products to our valued customers within a framework of shared integrity. Social Islami Bank Ltd.'s Investment Risk Management Division (IRMD) and Investment Administration Division (IAD) are relentlessly working keeping these values and commitments in mind.

In order to excel in investment risk management, SIBL has devised, nurse and ensured compliance on core investment values to cultivate and drive behavior towards highly efficient and quality investment functions. Here, our main challenge is to maintain, manage and ensuring asset quality and to distribute investment to the target group offering competitive price, smooth banking services, inducting best of the best clients and diversification of investment-portfolio focusing on retail and SME and Agricultural sector. Our continuous effort will be to ensure asset quality and cross selling of investment as well as deposit products in line with the Shariah principles.

The bank has exerted its best efforts towards implementation of Core Risk Management Guidelines

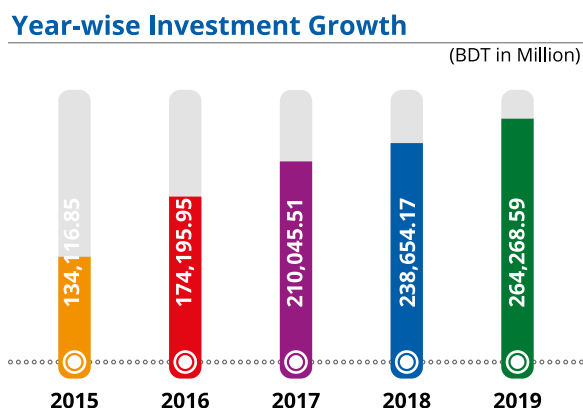
in Investment Risk Management. Investment Risk Management Division, Trade Finance & RMG Division, SME & Agricultural Finance Division are also very much aware about the upcoming risk factors involved in banking industry. As a result, we are now more cautious about implementing various risk mitigating factors in line with the directives of Bangladesh Bank and GoB. We are following BASEL-III guidelines and subsequent developments in this regard and other regulatory guidelines meticulously. Our strong persuasion and initiatives are going to rate the unrated investment clients. Meanwhile, a notable amount of our ratable investment clients have been rated by leading rating agencies and rest are in process. We therefore hope that in coming days we would be more successful in mitigating risk factors and presenting quality assets.

Investment of SIBL in the year 2019 showed a favorable growth. The total investments of the Bank stood at Tk. 264268.59 million in various sectors as at 31st December 2019 against Tk. 238654.17 million as on 31st December 2018 registering a growth 10.73% (Net increase by Tk. 25614.42 million as compared to 2018) that is the sign of the confidence of the clients on the Bank. We are now concentrating our efforts to increase quality investments to facilitate the investment earnings. The Bank has extended financial support towards some of the largest business conglomerates like Badsha Textile, Butterfly Marketing Ltd. and sister concerns, Meghna Group, Partex Group, Bashundhara Group, Runner Automobiles Ltd., Runner Motors Ltd., NZ Group, Base Group, ACME, Pran RFL Group, Abul Khair Group, Nitol Motors, AMBAR Group, Shikder Group, Rahimafroz, NASA Group, ACI, Mir Akhter Ltd., Aman Spinning, Megnum Steel, Bangladesh Development Group, BSRM, KDS Group, Noman Group, United Group etc. We also integrated our collaborative efforts vigorously and successfully during this time for helping various small and medium enterprises for supplying their capitals through our different micro-investment tools.

Consumer Investment Division of our business is focusing more on retail and card investment with a view to diversify investment portfolio to meet investment need for procuring consumable items of a developing society and to take a significant market share of retail and card investment in the industry.

To contribute in the society, serve the nation and to grab the market share SIBL has introduced Islamic micro-financing under Family Empowerment under Islamic Micro-Finance Program in the year 2015. At present 68 (Sixty Eight) Branches of SIBL are in operation of this program and the management of our bank also selected and approved another 12 (Twelve) branches for this service. Gradually this service would be available in all branches of SIBL based on the demand.

The following chart depicts the year wise position of investment since year 2015:



Percentage of Non-performing assets (NPA) of SIBL has decreased from 7.69% (in the year 2018) to 6.63% (in the year 2019). To keep the Non-Performing Investment (NPI) at a reasonable level SIBL has taken vigorous drives towards recovery of NPI and ensuring quality disbursement of fresh investments. Out of Investment of Tk. 264268.59 million, Tk. 17533.30 million has become classified as on 31.12.2019.

Provision composition against funded investment for the year 2019 and 2018 is furnished hereunder:

(Figure in million Tk.)

| Status | Provision Rate | 2019 | | 2018 | |
|-------------------------------|---|------------------|------------------|-----------------|------------------|
| | | Amount | Composition in % | Amount | Composition in % |
| Unclassified investment | 0.25%, 1%, 2%, 5% & General Provision against RSDL under BRPD Circular No. 05, dt. 16.05.2019 | 3,855.38 | 20.53% | 1,813.43 | 22.05% |
| Special Mention Account (SMA) | | 56.17 | 0.58% | 12.67 | 0.15% |
| Su-Standard investment (SS) | 20% | 101.86 | 1.06% | 82.31 | 1.00% |
| Doubtful Investment (DF) | 50% | 39.46 | 0.41% | 272.20 | 3.31% |
| Bad /Loss Investment (BL) | 100% | 7,454.24 | 77.42% | 6043.50 | 73.49% |
| Total | | 11,507.11 | 100.00% | 8,224.11 | 100.00% |

INVESTMENT PLAN FOR 2020

SIBL has set investment target to Tk. 293,450.00 million Starting from Tk. 264,268.59 million with the focus of service excellence and diversifying the portfolio.

SIBL is looking forward to finance in Power sector, Ship building industry, Pharmaceuticals, RMG & Textiles, Made-up textiles, Food manufacturing,

Chemical manufacturing, Paper and Paper processing industries to ensure the industrial growth of the country along with growth in profitability of the bank. SIBL is also increasing focus on investment in Retail, Card, SME and micro investment sectors and cottage industries.

With high quality resources equipped with both operational and product expertise under a

competent management team, Investment Risk Management Division (IRMD), Trade Finance & RMG Division, SME & Agricultural Finance Division, Consumer Investment Division (CID) and Investment Administration Division (IAD) are always ready to take the challenge of expected growth of the investment portfolio ensuring the quality of the asset. But, under any circumstances, quality of the investment portfolio or related risks like market risk, liquidity risk and operational risk will be analyzed and subsequently mitigated before investment approval.

In achieving the target we plan to diversify our portfolio to cover the marginal & peripheral enterprise. In doing so the effect of the investment will be multiplied in development of the economy of the country. We set priorities to labor intensive industries and medium & small enterprise to create employment so the national GDP growth will be accompanied with the growth of UN Human Development Index. Also SIBL always welcome investment in construction sector to ensure continuous infrastructural development in the country.

SUSTAINABLE FINANCE AND GREEN BANKING ACTIVITIES

Sustainable Banking refers to adopting environmentally responsible financing, weighing up environmental risks of projects before making financial decisions, financing spontaneously to various social development activities and supporting & fostering growth of upcoming green initiatives & projects. Sustainable Banking can also promote environmental friendly in-house practices within the Bank to reduce carbon footprint from its banking activities which is an ethical approach in banking practice as well.

Sustainable Development Goals (SDGs) which are declared by United Nations for the period of 2016-2030 refers to a range of social needs including education, health, social protection and job opportunities, while tackling climate change and environmental protection. Bangladesh Bank through its guidelines on Green Banking & CSR and newly introduced Sustainable Banking approach has been supporting the Banks for accelerating sustainable development activities in the country.

The main purpose of Sustainable Banking is to make the earth a safe habitat for the human being, animals, plants and other organisms in the ecosystem by upholding the ethical standards, promoting social

welfare activities and taking appropriate measures for environmental protection & action plans on climate change related issues. This is an effort from banks' part to ensure peace & justice in the society, tackle the future incidents which may take place due to climate change and restore the environment on the earth as well.

In order to achieve Sustainable Development Goals (SDGs) collectively, Bangladesh Bank vide SFD circular no. 02 dated 1st December, 2016 has given instructions to all scheduled Banks of the country to form (1) a separate "Sustainable Finance Division/ Department/Unit" headed by Head of Investment Risk Management Division to carry out CSR activities and Green Banking activities of the Bank, (2) a "Sustainable Finance Committee" headed by the most senior Deputy Managing Director of the Bank. Bangladesh Bank also instructed that the overall activities of the "Sustainable Finance Department" and "Sustainable Finance Committee" shall be supervised by the Risk Management Committee (RMC) of the Board of Directors of the Bank.

As per Bangladesh Bank guideline, the existing CSR Unit and Green Banking Unit (working under SME & Agricultural Finance Division) already abolished. The separate "Sustainable Finance Department" already established and headed by the Head of Investment Risk Management Division. Initially, at least 05 (five) regular employees posted in the Department excluding the Head of the Department.

As such, Mr. Abdul Mamun Bhuiyan, FAVP & In-charge of existing CSR Unit and Green Banking Unit along with one dealing officer namely Mr. Md. Nazmul Hasan, SEO has started working under the "Sustainable Finance Department" headed by Head of Investment Risk Management Division (IRMD) to carry out the CSR activities and Green Banking activities of the Bank in line with the Bangladesh Bank guidelines and Bank's Policy in this regard.

Bangladesh Bank has given the organizational structure along with the specific Terms of References (ToRs) of (1) Sustainable Finance Department, (2) Sustainable Finance Committee. Bangladesh Bank also instructed that Risk Management Committee (RMC) of the Board of Directors of the Bank shall guide & oversee the overall activities of Sustainable Finance Department and Sustainable Finance Committee. Accordingly a Term of Reference (ToR) of "Sustainable Finance Department" and "Sustainable Finance Committee" have been proposed as under:

Terms of Reference (ToR) of “Sustainable Finance Department”:

1. To perform the following activities of the Bank related to policy formulations, revisions, amendments, renewals & ensuring implementation:

- 1.1 Green Banking
- 1.2 Corporate Social Responsibility (CSR)
- 1.3 Environmental & Social Risk Management Guideline and Sector-wise Environmental & Social Risk Management (to be developed in collaboration with IRMD)
- 1.4 Green Office Guide
- 1.5 Green Strategic Planning
- 1.6 Gender Parity

2. To perform the following activities of the Bank related to policy formulations, revisions, amendments, renewals & ensuring implementation:

- 2.1 Carbon Footprint Measurement (to be done annually)
- 2.2 Creating Climate Risk Fund and Management of the Fund
- 2.3 Green Marketing (to be done in collaboration with Branding & Communication Department)

3. To implement collaborative CSR activities in Financial Sector (e.g. Common Child Day Care Center),

4. To take initiatives regarding approval of Green Branch from Bangladesh Bank and perform all other activities related to establishment of Green Branch,

5. To integrate activities related to Sustainability Reporting [to be done in collaboration with Financial Administration Division (FAD)],

6. To ensure implementation of SFD circular no. 01/2016 of Bangladesh Bank,

7. To comply with the guidelines given time to time by Bangladesh Government and Bangladesh Bank regarding Sustainable Development Goals declared by United Nations (UN),

8. To implement the instructions given time to time by Bangladesh Government and Bangladesh Bank regarding Green Banking, CSR, Sustainable Banking & Sustainable Finance,

9. To submit all the prescribed statements regularly to Bangladesh Bank regarding Green Banking and CSR activities of the Bank and coordinate all activities of Sustainable Finance Department & maintain liaison with Bangladesh Bank,

10. To apply for signing participation agreement for all kinds of On-Lending/On-Blending (Refinance/Pre-finance/Reimbursement) Scheme/Fund/Facility/Project and all other activities in this regard,

11. To develop new product & financial instrument related to Sustainable Finance & Green Finance and take necessary initiatives for Bangladesh Bank approval related functions,

12. To submit progress report on the activities of Sustainable Finance Department at least monthly basis to the Sustainable Finance Committee of the Bank and implement the recommendations of the aforesaid Committee,

13. To prepare the budgets for Green Finance, CSR, Climate Risk Fund and Green Marketing of the Bank and take necessary steps to accord approval of those budgets from the Risk Management Committee of the Bank,

14. To submit progress report on the activities of Sustainable Finance Department at least quarterly basis to the Risk Management Committee of the Bank and implement the recommendations of the aforesaid Committee,

15. To arrange necessary training on Green Banking, CSR, Sustainable Banking & Sustainable Finance for the Officials/Staffs of the Bank,

16. To conduct planning & strategic decision making and to take necessary initiatives for extending the coverage, utilization and amount of Green Finance, Climate Risk Fund, CSR respectively and accord approval of those expansion activities from the Hon'ble Board of Directors through the Sustainable Finance Committee.

17. To provide necessary assistance to Bangladesh Bank Inspection Team and Bank's Internal Control & Compliance Division for conducting audit on Green Banking, CSR, Sustainable Banking & Sustainable Finance activities.

7. Terms of Reference (ToR) of “Sustainable Finance Committee”:

1. To provide approval of regular activities done by Sustainable Finance Department as well as conduct monitoring & evaluation of the activities of Department at Management level.
2. To set yearly budgets of Sustainable Finance Department and to evaluate the achievements against the set budgets.
3. To ensure coordination and cooperation of all concerned Departments for implementing the activities of Sustainable Finance Department.

8. Terms of Reference (ToR) of “Risk Management Committee” of the Board of Directors:

1. To formulate policy, provide guidance & approval and monitor & evaluate the activities of Sustainable Finance Department and Sustainable Finance Committee.
2. To approve budgets proposed by Sustainable Finance Department.
3. To approve the formation of Sustainable Finance Department and Sustainable Finance Committee.

9. Formation of Sustainable Finance Committee:

Bangladesh Bank has given guideline to form a Committee headed by the most senior Deputy Managing Director. Other members include: Head of Investment Risk Management Division, Head of Investment Administration Division, Head of Special Asset Management Division, Head of Corporate Banking Division, Head of Retail Banking Division, Head of International Division, Head of Risk Management Division, Head of Human Resources Division, Head of Financial Administration Division, Head of Internal Control & Compliance, Head of Card Division, Head of Logistic Support & Services Division, Head of Branches & Establishment Division, Head of Marketing & Communications, Head of Information & Communication Technology Division and One Official from Sustainable Finance Department.

GREEN BANKING

Bangladesh Bank has recognized SIBL as one of the Top Ten Private Commercial Banks for their contribution to Green Banking activities across the country. We have unified our sustainable operations under the “Green Banking Unit” equipped with permanent employees. The Audit Committee of the Board is selected as the High Powered Committee of our Green Banking Unit for reviewing the Green Banking activities. Our Green Banking Policy Guidelines and Green Office Guide have been circulated to all our employees for creating awareness on Green Banking activities & providing instructions about conserving energy, water, saving paper, etc. Our Green Strategic Plan is enhanced to define our strategy in the coming years. SIBL developed its own Environmental Policies, which proves our commitment to the Environment for a sustainable future. As a Bank we play an intermediary role between economic development and conservation of the environment. Our Green Banking activities are on multidimensional areas which include both in-house Green activities and external green activities towards supporting Green Economy. In 2019, as part of our Green Banking initiative SIBL has spent significant amount for Green establishment, installation of solar panels, environment friendly brick plant based on HHK (Hybrid Hoffman Klin) technology etc.

Green Banking initiatives are multi-stake holder approach and are never ending process, the implementation is possible only when collective efforts of all are being made.

| Sl. | Name | Achievement |
|-----|--|---|
| 01. | Formation of Sustainable Finance Department | Sustainable Finance Department has been restructured on 15.01.2017 for smooth functioning of Green activities. |
| 02. | Circulation of Environment & Social Due Diligence (ESDD) | Environment Due Diligence (EDD) checklist is being Circulated and practiced. |
| 03. | Circulation of Environment & Social Risk Rating (ESRR) | Environment Risk Rating (ERR) is being circulated and practiced. |
| 04. | Circulation of Green Office Guide | Green Office Guide checklist is being monitored regularly. |
| 05. | Formation of Green Banking Policy | Green Banking Policy of SIBL has been approved by the Board of Directors of the Bank. |
| 06. | Circulation of Environment and Social Risk Management (ESRM) | Environment and Social Risk Management (ESRM) is being circulated and practiced. |
| 07. | Some Green Event | <ul style="list-style-type: none"> e-Circular system has been introduced. e-Newsletter has been introduced replacing paper book. Solar panel installed in some branches. Green Banking has been focused in the Annual Calendar. Such endeavor has widely been accepted and applauded. |

(Figure in Million)

| Status | Year 2019 | | Year 2018 | |
|---|------------------|------------------|-----------------|-----------------|
| | Disbursement | Outstanding | Disbursement | Outstanding |
| ETP | | | | |
| Finance for installation of ETP | - | - | - | - |
| Projects financed having ETP | 1,842.05 | 2,842.59 | 21,687.24 | 10,712.43 |
| Bio-gas Plant | 47.00 | 67.18 | 159.75 | 50.65 |
| Solar Panel/Renewable Energy Plant | 11.44 | 17.24 | 902.65 | 2,732.01 |
| Hybrid Hoffman Klin (HHK) | - | - | 870.78 | 249.77 |
| Projects financed in Brick fields having Zigzag & Improved technology | 3,099.54 | 1,937.19 | 3,853.06 | 937.19 |
| Hazardous waste treatment facility | - | - | - | - |
| Waste Water Treatment Plant | 3,667.49 | 1,819.68 | - | - |
| Plastic Waste Recycling Plant (PVC, PP, LDPE, HDPE,PS) | 27.00 | 47.52 | 7,399.82 | 3,816.65 |
| Green Establishment | 1,076.5 | 3,409.07 | - | - |
| Others | 2,869.44 | - | - | - |
| Total | 12,640.46 | 10,140.47 | 34,873.3 | 18,498.7 |

GREEN BANKING INITIATIVES OF THE BANK

| Green Banking Initiatives | Yr-2019 | Yr-2018 |
|---|------------|------------|
| ATM (Number) | 108 | 77 |
| No. of Own ATM | 108 | 77 |
| No. of Shared ATM | Under NPSB | Under NPSB |
| Online Banking | | |
| No. of Total Branches | 161 | 155 |
| No. of Branches with online coverage | 161 | 155 |
| Internet Banking | | |
| No. of Accounts facilitated with Internet Banking | 8,116 | 4,906 |
| % of Accounts facilitated with Internet Banking | 2.42% | 0.38% |
| No. of Accounts facilitated with Mobile Banking/SMS Alert Banking | 114807 | 217941 |
| % of Accounts facilitated with Mobile Banking/SMS Alert Banking | 34.18% | 17.00% |
| No. of Training Programs/Seminars/ Workshops/Awareness Programs Exclusively conducted for Green Banking | 14 | 9 |
| Employees | 584 | 305 |
| Customer | - | - |

PROGRESS OF GREEN FINANCE:

(Figure in Million)

| Green Banking Initiatives | Year-2019 | Year-2018 |
|--|------------|------------|
| Total Loan Disbursed (Funded) | 292,376.79 | 481,911.63 |
| Direct Green Finance (Disbursed) | 12640.46 | 13186.06 |
| Indirect Green Finance (Disbursed) | 0.00 | 21,687.24 |
| Total Green Finance (Disbursed) | 12,640.46 | 34,873.30 |
| Direct Green Finance as % of Total Loan Disbursement | 4.32% | 2.74% |

Online Banking

SIBL has been one of the pioneers in introducing Online Banking. SIBL is the 1st Islami Bank, who introduced Online Banking Service to our clients and it covers all our 161 branches, 108 own ATMs, 2295 shared ATMs. Clients can also have access to their accounts through Internet & Mobile Banking. Online banking system is a great way to reduce wastage of paper.

Our future plan:

SIBL has the plan to focus on the following areas of operation for promoting Green Initiatives:

- To popularize Online Banking,
- To increase Internet, SMS & Mobile Banking
- To introduce Video Conferencing
- To increase Efforts towards near paperless banking

- To promote Tree Plantation Campaign
- To promote green initiatives through advertisement in print/electronic media
- To rationalize use of consumption of paper, water, electricity and utilities
- To reduce Emission of Carbon
- To conserve environment
- To protect air/water pollution.
- To establish green building/project.

Saving our 'Mother Planet' has become the crucial issue now-a-days. To save our beloved abode (the earth) from all types of erosion and pollution we, as global citizens, have some obvious responsibilities to keep our mother planet green remaining in our individual position we belong to.

RECOVERY PERFORMANCE

Special Asset Management Division (SAMD) renamed from the previously 'Law and Recovery Division' (LRD). SAMD started its activities from November 2010 for better functioning and for maintaining the continuous process for recovery and regularization of bad/ written-off/stuck up investments portfolio of the Bank throughout the year. This division also undertakes different recovery drives for recovery of bad/ written-off investments of the Bank, works for settlement of bad/ written-off investments under the legal framework of the country and settles matters measures outside the court. SAMD is also engaged in handling all legal matters of the Bank. On-site, Off-site, legal affairs, reporting and execution of decision desks are continuously working for recovery and regularization of bad assets.

Up to 2019 recovery from written-off investment was Taka 256 million compared to Taka 503 million during the year 2018. Till 2019 total 1225 cases/suits are decreed/disposed of favor of the Bank against investments of Taka 12251.94 million. In 2019 total amount of Taka 904 million recovered from classified investments.

Different management tools like formation of different committees/teams/task forces also have been completed to implement the recovery polices of the bank as well as to monitor the recovery of investment. For maintaining continuous and vigorous contact and strong monitoring, committees have been formed at branch level giving

particular targets of recovery from bad/ written-off investments. To maintain contacts with clients as well with the engaged officials for recovery, particulars assignments have already been given to Head Office executives/ officials to see the progress of recovery on off-site basis.

SAMD arranges meeting with clients both at Head Office and at branches frequently as and when required. In these meetings, progresses also are being evaluated regarding recovery of the bad/ written-off investments in the light of the previous commitments given by clients to the Bank. Besides, assigned executive/ officials have been brought under accountability to get progress towards recovery.

Non-performing assets/investments are like cancer for any Bank. The branch-wise target for recovery of classified and written-off investments are set every year. In all cases SAMD approves rescheduling/ restructuring only in accordance with Bangladesh Bank directives from time to time.

To decrease NPL of our Bank we have formed 03 (three) Special Assignment Committees (SAC), two for Dhaka Region and 01 (one) for Chattogram Region to find out untraceable clients, realizable assets of the defaulter clients for attachment of those in the suit already filed against the clients. The works of SAC is being monitored from Head Office for better results. Debt Collection Unit (DCU) has also been formed to look after and strengthen recovery from NPL.

INVESTMENT INCOME

The bank has registered an income from investment of Taka 27,797.43 million under different mode of investment accounts in the year. A comparative position on income received from different mode of investment in the year 2019 and 2018 is given below-

(Figure in Million Tk.)

| Mode | Year 2019 | Year 2018 | Growth |
|--|------------------|------------------|---------------|
| Profit on Murabaha | 206.04 | 195.44 | 5.42% |
| Profit on Bai-Muazzal | 18,263.67 | 15,878.29 | 15.02% |
| Profit on Hire-Purchase | 6,379.69 | 6,275.72 | 1.66% |
| Profit on Musharka | 32.44 | 38.16 | -15.01% |
| Profit on Bai-Salam | 83.03 | 69.78 | 18.99% |
| Profit on Quard against MTDR, Scheme and others | 532.99 | 533.59 | -0.11% |
| Profit on Inland Document Bill Purchased | 392.54 | 381.91 | 2.78% |
| Profit on Foreign Document Bill Purchased | 931.36 | 442.94 | 110.27% |
| Profit on Ijarah | 79.42 | 55.32 | 43.55% |
| Profit on Investment against Mudaraba Deposit with other banks and NBFIs | 658.71 | 751.60 | -12.36% |
| Profit on other investments (Card, Wakalat fee etc.) | 213.65 | 235.66 | -9.34% |
| Profit on Mudaraba | 23.88 | 97.46 | -75.50% |
| Total | 27,797.43 | 24,955.87 | 11.39% |

CAPITAL EXPENDITURE

During the year under review, the total capital expenditure on acquisition of fixed assets was Taka 3,606.50 million which includes Taka 791.06 million towards Furniture & Fixtures, Taka 865.11 million for Office Equipment & Computers Software and Taka 20.67 million towards purchase of vehicles and Taka 0.71 million towards purchase of Books and References.

NON FUNDED INVESTMENT

The year under review, the bank had a collective effort in non-funded business from the first day of 2019. The Bank undertook a target on foreign exchange business for the year 2019 for Taka 250,000.00 million and accordingly achieved 159,583.03 million. The bank successfully managed to earn a commission & exchange income of Tk. 1,465.83 million in 2019 against Tk. 1,600.66 million of 2018. Despite the volatility of foreign currency throughout the year 2019, the bank accumulated an exchange gain of Taka 783.40 million against Taka 920.93 million of 2018.

INCOME FROM INVESTMENT IN SHARES & SECURITIES

Throughout the year, the country observed the capital market as unsupported, fade and confidence less of the investors irrespective of corporate and individual. SIBL had an Investment outstanding of Taka 19,118.98 million in Quoted & Unquoted Shares, Preference Share, Bond & Government Security. This year earnings from this segment has been recorded Taka 760.57 million against Taka 462.80 million in 2018.

Significant variance in operating results between Quarterly and Annually

While analyzing the operating results by month to month and quarter to quarter, no significant deviation was found. The operating results for the 4 quarter of the year 2019 are given below with remarks:

(Figure in Million Tk.)

| SI | Accounting Head | (Un-audited & published) | | | Audited |
|----|---|--------------------------|----------|----------|-----------|
| | | 31.03.19 | 30.06.19 | 30.09.19 | 31.12.19 |
| 1 | Investment Income | 6351.05 | 12930.51 | 19563.99 | 27,797.43 |
| 2 | Profit Paid on deposits | 4383.34 | 8862.59 | 13869.28 | 18,428.55 |
| 3 | Net Investment Income | 1,967.71 | 4,067.92 | 5,694.71 | 9,368.88 |
| 4 | Income from Investment in Shares & Securities | 29.93 | 211.33 | 408.25 | 760.57 |
| 5 | Commission, Exchange & Brokerage | 415.82 | 784.21 | 1,088.49 | 1,465.83 |
| 6 | Other Operating Income | 104.56 | 346.30 | 442.01 | 687.30 |
| 7 | Total Operating Income | 2,518.02 | 5,409.76 | 7,633.46 | 12,282.58 |
| 8 | Operating Expenses | 499.18 | 1,057.81 | 1,691.06 | 2,544.89 |
| 9 | Salaries & Allowances | 769.61 | 1,675.57 | 2,583.23 | 3,395.57 |
| 10 | Other Operating Expenses | 1,268.79 | 2,733.38 | 4,274.29 | 5,940.46 |
| 11 | Operating Profit before provisions & taxes | 1,249.23 | 2,676.38 | 3,359.17 | 6,342.12 |

SIBL SUBSIDIARIES

SIBL Securities Limited: SIBL Securities Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public Limited Company under the Companies Act, 1994 vide certification of incorporation no. C - 85876/10 dated 20 July 2010 and obtained its certificate of commencement of business on the same day. SIBL Securities Ltd. is corporate TREC holder of Dhaka & Chittagong Stock Exchange Ltd. The company started its commercial operation in the month of January 2012. The principal place of business is the Registered Office at 15 Dilkusha C/A, Dhaka-1000. The principal objectives of the company for which it was established are to carry on the business as stockbroker and stock dealer in relation to shares and securities transactions, other services related to the Capital Market and other activities as mentioned in the Memorandum and Articles of Association of the company.

As on 31st December 2019, the company has made a profit after tax 5.10 million Taka as against Taka 18.15 million in 2018. Total paid up capital of this company is Taka 1230 million.

SIBL Investment Limited: SIBL Investment Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public Limited Company under the Companies Act, 1994 vide certification of incorporation no. C - 86726/10 dated 30 August 2010 and obtained its certificate of commencement of business on the same day. The principal place of business is the Registered Office at 15 Dilkusha C/A, Dhaka-1000. The principal objectives of the company for which it was established are to carry on the business in relation to shares and securities transactions, to underwrite, manage and distribute the issue of stocks etc. and other services as mentioned in the Memorandum and Articles of Association of the company. Total paid up capital of this company is Taka 250 million.

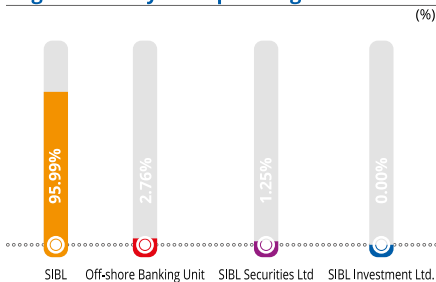
| Sl | Name of Subsidiary Companies | % of holding of shares by the Bank |
|----|------------------------------|------------------------------------|
| 1. | SIBL Securities Ltd. | 99.99% |
| 2. | SIBL Investment Ltd. | 99.99% |

SEGMENT ANALYSIS - BUSINESS SEGMENT

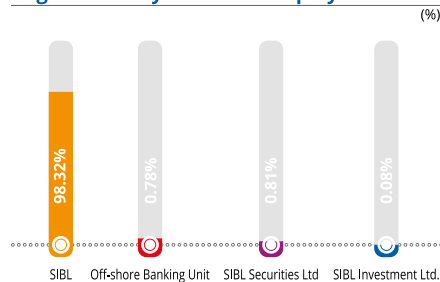
(Figure in Million Tk.)

| Particulars | SIBL | Off-shore Banking Unit | SIBL Securities Ltd. | SIBL Investment Ltd. | Total |
|---|------------|------------------------|----------------------|----------------------|------------|
| Income | 12,176.34 | 106.29 | 75.57 | 2.51 | 12,360.71 |
| Less: Inter-segmental Income | - | - | - | 0 | - |
| Total Income | 12,176.34 | 106.29 | 75.57 | 2.51 | 12,360.71 |
| Operating profit (Profit before Unallocated expenses and tax) | 12,176.34 | 106.29 | 75.57 | 2.51 | 12,360.71 |
| Allocated expenses | 5,934.87 | 5.66 | 53.13 | 0.06 | 5,993.72 |
| Provision against loans and | 3,208.09 | 0 | 5.24 | 2.66 | 3,215.99 |
| Profit / (loss) before tax | 3,033.38 | 100.63 | 17.2 | -0.21 | 3,151.00 |
| Income tax including deferred tax | 1,612.58 | 0 | 12.09 | 0.66 | 1,625.33 |
| Net profit | 1,420.80 | 100.63 | 5.11 | -0.87 | 1,525.67 |
| Segment assets | 339,878.56 | 2,360.03 | 2,694.41 | 252.36 | 345,185.36 |
| Segment liabilities | 339,878.56 | 2,360.03 | 2,694.41 | 252.36 | 345,185.36 |

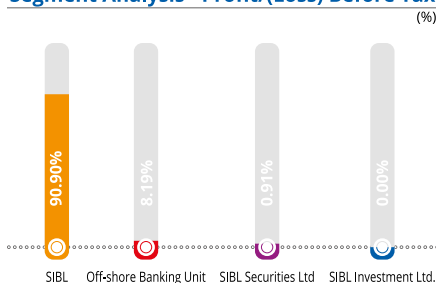
Segment Analysis - Operating Revenue



Segment Analysis - Asset Employed



Segment Analysis - Profit/(Loss) Before Tax



CONTRIBUTION TO THE NATIONAL EXCHEQUER

During the year under report, an amount of Taka 4,373.38 million was contributed to the national exchequer against Taka 4,622.74 million in the year 2018.

(Figure in Million Tk.)

| Particulars | Year 2019 | Year 2018 |
|---------------------------|-----------------|-----------------|
| Corporate Income Tax | 1612.58 | 2,264.86 |
| VAT Collection at Sources | 300.75 | 282.27 |
| Tax Collection at Source | 2187.02 | 1831.63 |
| Excise Duty | 273.03 | 243.98 |
| Total | 4,373.38 | 4,622.74 |

RISK MANAGEMENT

The risk management of the Bank covers a wide spectrum of risk issues and the 6 (six) core risk areas of banking i.e. investment risk, foreign exchange risk, internal control & compliance risk, money laundering risk, ICT risk and asset liability management risks. To ensure sustainable and consistent growth, SIBL has developed sound risk management policies and framework as per Bangladesh Bank guidelines. The Board of Directors of SIBL reviewed all the risk management policies and frameworks regularly. A Risk Management Committee (RMC) was formed to ensure proper and timely risk management in every sphere of the bank. The Board has been made responsible for identifying the risks and formulation of appropriate strategies to control inherent banking risks. The Committee submits decisions and recommendations to the Board on quarterly basis for further reviews and guidance in the interest of the stakeholders. To streamline the risk management system of the bank, a separate division called "Risk Management Division" has been formed. The Division is staffed with some brilliant and young professionals for consolidated risk management. Besides that, a Management level Risk Management Committee is actively working to focus the entire risk management system of the bank. We are much concerned about the business risk and its proper management so that the risk and return could be optimized. Our policy envisages that the management would pay special attention to reduce the risk to an acceptable level apart from prudent controls over the Bank's assets.

Business Risk Analysis

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different types and magnitudes. So, the prime responsibility of every financial institution is to manage its risk so that its return from business can be maximized. As a prudent and responsible financial institution, the

bank attaches top priority to ensuring safety and security of the finances that are being extended. Risk Management for SIBL is performed at various levels of the bank. By formulating policy regarding profit rate, market, liquidity, currency, operational as well as investment risk, SIBL manages its business risks and aims to mitigate them.

Credit/Investment Risk

Investment risk is one of the major risks faced by the bank which arises from the potential of failure of a counter party to perform according to contractual agreement with the bank. The factors involved here may be the unwillingness of the counterparty as well as adverse economic condition. To address the risks, SIBL follows a guideline on Investment Risk Management, which has been prepared in the light of broad guidelines provided by Bangladesh Bank for the banking industry. The bank's formulated investment policies in compliance with regulatory requirement covers investment assessment, collateral requirements, risk grading and reporting, documentation and legal formalities and procedures along with up to date clean CIB report of the client.

The bank has incorporated a segregation of duty among the officers/ executives who are involved in investment activities to mitigate the risk to an acceptable level. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of investment products, exploring new business opportunities etc. Moreover, investment approval, administration, monitoring and recovery function has been segregated. For this three separate units have been formed within the credit division namely Investment Risk Management Division (IRMD), Investment Administration Division (IAD) and Special Asset Management Division (SAMD).

Operational Risk

Bangladesh Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This operational risk also includes legal risks but not strategic and reputational risks. This can also arise from unexpected losses due to physical catastrophe, technical failure and human error in the operation of a bank, including fraud, failure of management, internal process errors and unforeseeable external events.

Internal Control and Compliance

Internal control facilitates systematic and orderly flow of various operational activities within the organization. To confront operational risk, SIBL follows “Internal Control and Compliance guidelines” which is approved by Bangladesh Bank. To ensure that sound monitoring system is placed inside the organization, Audit committee has been formed. Moreover, SIBL has introduced the “Internal Control and Compliance Division (ICCD)” at Head Office staffed with some experienced senior Bankers rest with the power and duties to train the employees of the bank, give direction, minor, audit and establish control on day to day operational procedures and statutory and non-statutory compliances.

Money Laundering

Money laundering refers to a financial transaction scheme that aims to conceal the identity, source, and destination of illicitly obtained money. To fight with money laundering SIBL has framed an appropriate Money Laundering Prevention Policy Guideline so that it could be sufficient to protect the bank from tribulations of money laundering. Besides that, a central compliance unit has been formed at Head Office in SIBL and a designated person has been nominated to supply any information if required as per Money Laundering Prevention Act 2002 and Money Laundering Prevention circulars. Chief Anti Money Laundering Compliance Officer (CAMALCO) has been designated at Head Office and Branch Anti Money Laundering Compliance Officers (BAMALCO) has been nominated at branches. The second man of the ninety four branches of SIBL have been complying the responsibility for their respective branches as Branch Anti Money Laundering Compliance Officers (BAMALCO) as per the direction of Bangladesh Bank.

Market Risk

Market risk refers to the risk of losses in on and off-balance sheet positions arising from fluctuations in market prices. It arises due to change in different market variables like profit (interest) rate, exchange rate, availability of liquidity with the lenders/ depositors, prices of securities in the stock exchange.

The risk arising from market risk factors such as interest rates, foreign exchange rates, and equity prices have been discussed below:

Risk on Rate of Return

Investment profit rate risk is the potential impact on the bank's earnings and net asset values due to changes in market interest rates. This can arise due to mismatches between maturities of investment and funds, imbalance between supply and demand of fund for investment etc. Besides that, increase in profit rate results in subsequent adjustment on the deposit rates whereas the pricing of investments cannot be done instantaneously giving rise to such risk. Early repayment of investment, early deposit encashment/withdrawals are additional factors of such risk. The Asset Liability Committee (ALCO) of SIBL is the primary body which looks after and monitors investment profit rate structure. The committee also evaluates any market risk that arises from the regulatory pressure thus reducing the profit rate. Moreover, ALCO committee is always watchful to adverse movement of the different market variables.

Equity Financing Risk

Equity financing risk is defined as loss due to change in market price of equity held by the bank. SIBL has significant amount of investment in equity portfolio. To measure, identify and reduce this kind of risk, the bank practicing mark to market valuation of the share investment portfolios which was reflected through the bank's balance sheet as provisions for diminution in value of investment in shares.

Foreign Exchange Risk

Foreign-exchange risk refers to the potential for loss from exposure to foreign exchange rate fluctuations. This can be the current or prospective risk to earnings and capital resulting from adverse movements in currency exchange rates. Managing foreign exchange risk involves prudently managing foreign currency positions in order to control, within set

parameters, the impact of changes in exchange rates on the financial position of the bank. Introduction of market based exchange rate of Taka has resulted in both trading opportunities and associated foreign exchange volatility risk. SIBL adopted foreign exchange risk manual and investment guideline of Bangladesh Bank to identify and combat the foreign exchange risk. International department of the bank independently conducts the transactions relating to foreign exchange and responsible for verification of deals and passing entries. Besides that, the bank's Internal Control and Compliance Division performs internal audit to supervise the activities of the foreign exchange departments which measures the effectiveness and efficiency of the division.

Liquidity Risk

Liquidity risk is the probability of loss arising from a situation where there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, thus sale of illiquid assets will yield less than their fair value. This also arises when the cushion provided by the liquid assets are not sufficient enough to meet maturing obligations. Liquidity risk is often triggered by the consequences of other financial risks such as credit risk, interest rate risk, foreign exchange risk, etc. For instance, a large loan default or changes in interest rate can adversely impact a bank's liquidity position. SIBL's Asset Liability Committee (ALCO) is entrusted with the responsibility of managing short-term and long-term liquidity and ensuring adequate liquidity at optimal funding cost. ALCO also reviews liquidity requirement of the bank, the maturity of assets and liabilities, deposit and lending pricing strategy and the liquidity contingency plan.

Reputation Risk

Reputation risk may arise from the possibility that negative publicity regarding the bank and its business practices, in the territory or elsewhere through related entities, whether accurate or not, will adversely impact the operations and position of the bank. Reputation risk may also arise from an institution, or an affiliate, being domiciled in a jurisdiction where the legal and organizational framework for the regulation and supervision of financial institutions is generally viewed as failing to meet international standards for the protection of consumers of financial services

and for the prevention of sheltering the proceeds of organized crime. Reputation risks are very difficult to measure but significantly important to manage since many new banks have created the market more competitive ever before.

Various Risks and approaches

Risk Management has become the most challenging job for any Bank operating now a day. SIBL has broadened its risk management coverage and enhanced its risk management function. Similar to regulatory reforms, the bank revised its risk management approach, and we are already in the process of restructuring the RMD's operational components to comply with Bangladesh Bank's guidelines. By prioritizing risk management effectiveness, new staffs were appointed to boost capacity. Looking at strategic boundaries, the bounds of our risk appetite are defined with all stakeholders in mind. The bank's wide-ranging risk management expertise enables it to delegate responsibility regularly. Moreover, the bank can delegate authority to suitably handle all aspects of risk. The matters in relation to risks associated with banking business are placed to before the Board of Risk Management on a regular basis.

PREPARING THE ANNUAL FINANCIAL STATEMENTS

SIBL emphasizes mostly on the integrity and quality of its financial statements. Suitable accounting policies have been consistently followed for all financial statements, while the accounting estimates are founded upon reasonable and prudent assessment. International financial reporting standards (IFRSs) applicable in Bangladesh are adhered to in the preparation of financial statements, unless otherwise stated.

Going Concern Estimation

The preparation of financial statements has been undertaken on the understanding that the bank operates on a going concern basis. Looking at the bank's financial performance, business portfolio and operational process, the bank can clearly be considered a going concern. An individual report on Going Concern is Annexed with this report in the page no. 161.

CORRESPONDENT BANKING RELATIONSHIP

In order to facilitate the Foreign Exchange (FX), Foreign Trade and Other Foreign Currency (FCY) Business and Transactions, International Division of the bank maintains proper and adequate corresponding channel with banks all over the world. International Division comes forward to play its role and not only facilitates foreign trade but also works for the development and enhancement of foreign correspondence relationship. The well experienced and dedicated team of the division has established Standard Settlement Instructions (SSI) including arrangements in all major currencies in the locations of international business concentration. The bank maintains 24 Nostro accounts in major countries and with reputed international banks for the settlement of all foreign currency transactions of our customers. As a part of its growth, International Division has been constantly developing and improving the affiliation with foreign correspondent banks on reciprocal basis.

ALTERNATIVE DELIVERY CHANNEL (ADC)

Social Islami Bank Limited believes in keeping abreast with latest technology in order to provide our customers with convenient and time saving solutions which ensure banking transactions anytime and anywhere.

The Alternative Delivery Channel (ADC) Department of the bank is relentlessly working hard for the development and integration of all technology based delivery channels for the banking products and services. The department also plans and ensures smooth operation of service delivery through ATM's, CDMs, Web systems, SMS and mobile phones etc. and enhance areas of delivery of customized services through these channels. The Department ensures the operation of inland remittance service using all delivery channels and also ensures quick and secure delivery of foreign remittance as well using as much delivery channels as necessary to make local and foreign remittance payments attractive, useful and popular.

SIBL Cards

In today's modern world Credit Card is a very extensively used mode of financial transaction and it is widely known as "Plastic Money". It has created an immense impact in the life of the people all over the world. The same trend is being followed in Bangladesh too. Nowadays the popularity of Islamic Credit Cards in Bangladesh is growing by leaps and bounds as domestic and foreign banks are earning substantial profit through this product. An increased use of both local Dual Currency Islamic Credit Card is taking place side by side with the expansion of personal banking service. Cross-border business and travels are also helping the expansion. To provide advanced and technology based banking service, SIBL has issued below mentioned Card products for its customer:

VISA Islami Credit Card Products:

- Domestic Classic
- International Classic
- Domestic Gold
- International Gold
- International Platinum

VISA Islami Prepaid Card Products:

- Hajj Card
- Travel Card
- Student Card
- Prepaid Card

VISA Islami Debit Card Products:

- VISA Islami Zameel Card

Our dual credit cards are now accepted worldwide and cardholders have access to all ATMs & POS all over the world having VISA Logo.

SIBL is always willing to offer new and Islami Shariah compliant financial products to its clients. Though SIBL is making late entrance in the card market, still we are the market leader (holding 52% of total Islami credit card) for issuance of Islami Credit Card in the Islami banking arena. Our Achievement, Planning, Requirement and Challenges for issuance of SIBL VISA Islami Card are furnished below:

Achievement for the year 2019

| | | |
|-----|---|--|
| 1. | Credit Card issued in 2019 | 2,852 Cards |
| 2. | Number of issued Credit Card as on 31.12.2019 | 16,327 Cards |
| 3. | Debit Card issued in 2019 | 24,435 Cards |
| 4. | Number of issued Debit Card as on 31.12.2019 | 97,515 Cards |
| 5. | Number of Prepaid Card issued as on 31.12.2019 | 1,391 Cards |
| 6. | Profit from Jan'19 to Dec'19 | 4.40 crore |
| 7. | Sanction Credit limit as on 31.12.2019 (BDT 183.74crore + USD 0.34 crore) | Tk.212.18 crore |
| 8. | Outstanding as on 31.12.2019 | Tk.72.00 crore |
| 9. | Discount Partners in 2019 | 39 Merchants |
| 10. | Total Discount Partners as on 31.12.2019 | 152 Merchants |
| 11. | EMI Partners in 2019 | 37 Merchants |
| 12. | Total EMI Partners as on 31.12.2019 | 71 Merchants |
| 13. | Deposit Mobilization | i. Target: 20 crore ii. Achievement: 23 crore |
| 14. | Campaign (Discount facility & Buy one get one offer) | i. Pohela Boishakh ii. Ramadan iii. EID ul Fitr iv. EID ul Azha |
| 15. | Prepaid Dual Card Issuance | i. Hajj Card ii. Student Card iii. Travel Card |

Plan of Card Department for the year 2020

| | | | |
|-----|---|---|--------------|
| 1. | Credit Card will be issue | : | 3,000 Cards |
| 2. | Debit Card will be issue | : | 50,000 Cards |
| 3. | Profit Target | : | 8 crore |
| 4. | Total Sanction Credit limit | : | Tk.220 crore |
| 5. | Total Outstanding | : | Tk.80 crore |
| 6. | Discount Partner | : | 40 Merchants |
| 7. | EMI Partner | : | 30 Merchants |
| 8. | Reward Redemption Program for Credit Card | | |
| 9. | Implementation of Fund Transfer process through ATM | | |
| 10. | Issuance of Dual Debit Card | | |

Requirements

- Credit Card Background Skilled manpower
- New Sales Executives
- Transport facility for roster duty officers

Challenges

- Fraud Control: Fraud Control & Monitoring Software Setup
- Technological Advancement: Card Management Software Accusation
- Smooth Customer Service: Call Center Setup

Year wise summary

| Particulars | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------|--------|--------|--------|--------|--------|
| Number of Debit Card | 19868 | 40280 | 50151 | 74090 | 97,515 |
| Number of Credit Card | 6273 | 11417 | 14236 | 14567 | 16,327 |
| Sanction Limit (crore) | 114.55 | 162.35 | 195.95 | 199.65 | 212.18 |
| Outstanding (crore) | 27.58 | 48.15 | 70.99 | 93.95 | 72.00 |
| Income (crore) | 4.75 | 11.35 | 15.91 | 18.94 | 17.03 |
| Expenditure (crore) | 3.61 | 8.24 | 10.85 | 10.93 | 12.63 |
| Net Profit (crore) | 1.28 | 3.11 | 5.06 | 8.01 | 4.40 |

CENTRALIZED REMITTANCE PROCESSING UNIT (CRPU)

SIBL's Foreign Remittance service caters the customer needs for fast, secure & easy money transfers to an extensive range of destinations. Standing by our commitment, we go all the lengths to remit your hard earned money safely to your loved ones. With us not only you get a range of high-class modern remittance solutions but also you will get peace of mind which we believe counts to most.

Social Islami Bank Limited established its Centralized Remittance Processing unit on March 2008. The main purpose to establish this specialized unit was to encourage wage earner's remittance through banking channel and to facilitate the distribution of such remittance to the ultimate beneficiary throughout the country within shortest possible time. Social Islami Bank Limited is now maintaining agency agreement with various Exchange houses in USA, UK, Qatar, Oman, SPAIN, Australia, Bahrain, Malaysia, and with Money gram, Western Union, Xpress Money, Ria who has network throughout the world. Bangladeshi Nationals working abroad can easily remit their hard earned money to the intended beneficiary in Bangladesh. SIBL is committed to provide best and hassle free service in this regard. Inward remittance drawing agreement with Paypal Inc, USA (Xoom) and other emerging Fintech companies like WorldRemit

ltd, Freelancers of ICT industry and other Service Exporters can easily receive their hard earned money from SIBL in CASH instantly or in their Bank account. Consequences upon different initiatives taken by last one year, SIBL's Foreign Remittance business volume was 10,591.90 million BDT in the year 2019

OFF SHORE BANKING

Social Islami Bank Limited is operating off-shore Banking Units as a separate business unit under the rules and guidelines of Bangladesh Bank. Defying the probability in the global financial market, SIBL OBU has scored a sizeable profit in the first year of its operation. We hope these units will play a vital role in the foreign trade business and facilitate the valued customers by maximizing their benefit. In the year 2019, the OBU has accumulated a Profit after Tax of Taka 100.63 million against Taka 318.09 million in 2018.

PAYMENT SYSTEMS DEPARTMENT (PSD)

Payment Systems Department (PSD) is the overall system and facility that supports the Exchange and settlement of payment between Participating Banks and Bangladesh Bank. PSD endeavors for promoting new payments, clearing and settlement systems to ease financial transactions ensuring circulation of

money in the economy. At present PSD, SIBL has provided the following services-

- BACPS- Bangladesh Automated Cheque Processing System (BACPS).
- BEFTN- Bangladesh Electronic Funds Transfer Network (BEFTN).
- RTGS- Real Time Gross Settlement (RTGS).

BACH is the first ever electronic clearing house which has started live operation in Dhaka from October 7th, 2010 for Bangladesh Automated Cheque Processing System (BACPS). Later Bangladesh Electronic Funds Transfer Network (BEFTN) is introduced in order to make charge free quick remittances in the whole Bangladesh on 28th February, 2011. Gradually Bangladesh Bank introduced Real Time Gross Settlement (RTGS) system on 29th October 2015 for transferring funds from one account of a bank to other bank account on real-time basis.

Since its inauguration, Social Islami Bank Limited participated in BACH successfully with the cooperation of Bangladesh Bank. SIBL formed an independent unit on November 2011 under the control of Head Office named as Centralized Clearing Unit (CCU). Later CCU formed as an individual Department of Head Office as Payment Systems Department (PSD) in 2016 where some sincere and dedicated officials are working efficiently to uphold the better service.

At present all the 161 branches of SIBL under BACPS, BEFTN & RTGS network. PSD will start BACH-II Live operation with Bangladesh Bank soon. Clearing & BEFTN of BACH-II also facilitated with foreign currency transactions i.e. USD, CAD, JPY, GBP, and EURO along with BDT. Multi session of BEFTN transaction can happen under BACH-II for smoother & faster financial transactions.

Mentionable here, all the transactions of BACPS, BEFTN & RTGS are process centrally and settled & monitored by PSD. Constant efforts are continuing by the PSD, SIBL to boost up all the financial transactions under BACH.

RELATED PARTY TRANSACTION

Related party refers to the controlling entity (either directly or commonly) or controlling individual or close group/family members of such entity or individuals who have substantial influencing power in management of a particular organization. Whereas related party transaction refers to those transaction

with the entity/person as stated by way of transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

IAS 24 Related Party Disclosures requires disclosures about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel. For the above purposes Social Islami Bank Ltd has provided following disclosures in the financial statements:

Relationships between Parents And Subsidiaries

Disclosure between the transaction between SIBL and subsidiaries is mention in note 48.3 of audited accounts whereas it is mentioned that Tk. 800.00 million was related to SIBL subsidiary company called SIBL Securities Ltd and of Tk. 1004.58 million was related to SIBL Foundation Hospital and Diagnostic center.

MANAGEMENT COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9] For this purpose relevant disclosures are given in note 30 and 31 of financial statements and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9] For this purpose relevant disclosures are given in note 30 and 31 of financial statements.

CREDIT RATING OF SIBL

Rating Conducted by Emerging Credit Rating Limited (ECRL)

Emerging Credit Rating Limited (ECRL) has affirmed AA (Pronounced as double A) long term credit rating and ST- 2 short term credit rating to the Social Islami Bank Limited based on audited financials of 2019 and other available information up to the date of rating declaration. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the

rating. The assigned rating reflects the strengths of the Bank which is backed by significant growth in earnings, deposits and investments, adequate capital coverage with high tier 1 capital, improved asset quality and well controlled liquidity position.

| Date of Declaration | Valid till | Rating Action | Long Term Rating | Short Term Rating |
|---------------------|-------------|---------------|------------------|-------------------|
| 22-Apr-14 | 21-Apr-2015 | Surveillance | AA- | ST-2 |
| 16-Mar-15 | 15-Mar-2016 | Surveillance | AA- | ST-2 |
| 16-Mar-16 | 15-Mar-2017 | Surveillance | AA- | ST-2 |
| 08-Mar-17 | 07-Mar-2018 | Surveillance | AA- | ST-2 |
| 08-Mar-18 | 07-Mar-2019 | Surveillance | AA- | ST-2 |
| 08-Mar-19 | 07-Mar-2020 | Surveillance | AA | ST-2 |
| 08-Mar-2020 | 07-Mar-2021 | Surveillance | AA | ST-2 |

RATING CONDUCTED BY MOODY'S

On 21 November, 2019, SIBL was assigned b2 long-term local and foreign currency deposit and issuer ratings by Moody's. The rating action follows the downgrade of Bangladesh's Macro Profile to Weak- from Weak. The b3 Baseline Credit Assessment (BCA) reflects the bank's (1) weak asset quality, with risks arising from credit concentration and elevated level of rescheduled investments (loans); (2) modest capital, which improved after the bank slowed growth and froze cash dividends; (3) weak profitability, because of its poor asset quality and reliance on expensive time deposits for funding; and (4) tight funding and liquidity, as Islamic banks are subject to less stringent liquidity requirements than conventional banks.

| Category | Moody's Rating |
|-------------------------------------|----------------|
| Counterparty Risk Rating | B1/NP |
| Bank Deposits | B2/NP |
| Baseline Credit Assessment | b3 |
| Adjusted Baseline Credit Assessment | b3 |
| Counterparty Risk Assessment | B1(cr)/NP(cr) |
| Issuer Rating | B2 |
| ST Issuer Rating | NP |

Disclosure of ratings given by various rating agencies for instruments issued by the bank:

SIBL issued the following subordinated bond to support and strengthen Tier-II capital base of the bank under Basel-III capital regulation of Bangladesh Bank. The present credit rating of the Bank and the Instruments issued by the Bank are as follows:

| Rating of | Date of Declaration | Valid till | Rating Action | Long Term Rating | Short Term Rating |
|-------------------------------------|---------------------|-------------|---------------|------------------|-------------------|
| Entity | 08-Mar-2020 | 07-Mar-2021 | Surveillance | AA | ST-2 |
| SIBL Mudaraba Subordinated Bond | 22-Apr-2020 | 21-Apr-2021 | Surveillance | AA- | N/A |
| SIBL 2nd Mudaraba Subordinated Bond | 06-Sep-2019 | 05-Sep-2020 | Surveillance | AA- | N/A |
| SIBL 3rd Mudaraba Subordinated Bond | 30-Apr-2020 | 29-Apr-2021 | Surveillance | AA- | N/A |

FOREIGN EXCHANGE BUSINESS

Foreign Exchange Business stood at Tk. 159,583.03 million in 2019 against Tk. 178,590.50 million in 2018. The break-up of this foreign exchange business is as under-

(Fig in million Taka)

| Particulars | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|------------|------------|------------|------------|------------|
| Import | 84,906.70 | 104,270.60 | 121,809.50 | 93,002.80 | 88,911.60 |
| Export | 54,121.20 | 49,766.00 | 58,315.90 | 63,065.90 | 60,079.50 |
| Remittance | 10,164.50 | 13,345.70 | 21,911.60 | 22,521.80 | 10,591.90 |
| Total | 149,192.40 | 167,382.30 | 202,037.00 | 178,590.50 | 159,583.03 |

INTERNATIONAL TRADE FINANCING (EXPORT & IMPORT)

In order to facilitate the Foreign Exchange (FX), Foreign Trade and Other Foreign Currency (FCY) Business and Transactions, International Division of the bank maintains proper and adequate corresponding channel with banks all over the world. International Division comes forward to play its role and not only facilitates foreign trade but also works for the development and enhancement of foreign correspondence relationship. The well experienced and dedicated team of the division has established Standard Settlement Instructions (SSI) including arrangements in all major currencies in the locations of international business concentration. The bank maintains 24 Nostro accounts in major countries and with reputed international banks for the settlement of all foreign currency transactions of our customers. As a part of its growth, International Division has been constantly developing and improving the affiliation with foreign correspondent banks on reciprocal basis.

SIBL is highly committed to ensure compliance in the foreign exchange regime. Therefore quick responses to regulatory queries have been made and compliance of guidelines, policies, procedures and other instructions of the Central Bank have been ensured in conducting foreign exchange businesses. Besides, continuous relationship with regulatory bodies have been maintained for obtaining earliest disposal for special kind of foreign exchange transactions, so that the bank can address special kind of foreign exchange business requirement of the clients.

International Division is in continuous effort to encourage expatriate Bangladeshis living abroad for remitting funds through banking channel and has established remittance drawing arrangements

with reputed exchange houses/money transfer companies around the world. At present the bank has remittance drawing arrangements with 31 internationally reputed exchange houses spread all over the world for this service. The Division is continuously endeavoring to increase its remittance network and to connect new destinations of concentration of expatriate Bangladeshis. Besides, a Centralized Remittance Processing Unit (CRPU), equipped with skilled and experienced work team along with modern and sophisticated software, has been working relentlessly to improvise and monitor the remittance service.

Foreign Exchange Business Of SIBL:

One of the core activities of the bank is to facilitate International Trade through export and import financing. Besides, International Division is in continuous effort to encourage expatriate Bangladeshis living abroad for remitting funds through banking channel and has established remittance drawing arrangements with reputed exchange houses/money transfer companies around the world. At present the bank has remittance drawing arrangements with 31 internationally reputed exchange houses spread all over the world for this service. The Division is continuously endeavoring to increase its remittance network and to connect new destinations of concentration of expatriate Bangladeshis. A Centralized Remittance Processing Unit (CRPU), equipped with skilled and experienced work team along with modern and sophisticated software, has been working relentlessly to improvise and monitor the remittance service.

Over the last few years, the foreign trade business of the bank has gained a stable expansion. However, strategically the bank is concentrating on minimizing the trade gap by careful selection of import business and stimulation of diversified export businesses. Presently, SIBL has 22 AD branches and two Centralized Trade Processing Units, through which

the bank has handled total foreign trade of Tk. 159,583.00 million during the year 2019 as against Tk. 178,590 million in the previous year. The sluggish trend in the foreign Exchange business in 2019 is due to bank's strategically reduction of its import portfolio. Target for foreign exchange business for the year 2020 has been fixed at Tk. 207,250 million with 30% growth from 2019 achievement.

SIBL is highly committed to conduct its foreign exchange business by ensuring compliance in the foreign exchange regime. Therefore compliance of guidelines, policies, procedures and other instructions of the Central Bank have been ensured in conducting foreign exchange businesses. Besides, continuous relationship with regulatory bodies have been maintained for obtaining earliest disposal for special kind of foreign exchange transactions, so that the bank can address special kind of foreign exchange business requirement of the clients.

Import Business:

Total Import business of the bank stood at Tk. 88,912 million during the year 2019 as against Tk. 93,003 million and Tk. 121,810 million in the year 2018 and 2017 respectively. Bank has substantially reduced facilitating import business based on deferred payment to improve its asset quality. Besides, the bank's strategic decision to reduce its import business is mainly driven by its aim to reduce trade gap and achieve ability to support its foreign currency demand from own source. Therefore to achieve this goal, target of import business of the bank for 2020 is set at Tk. 115,250 million.

Export Business:

Total Export Business of the bank stood at Tk. 60,080 million during the year 2019 as against 63,066 million and Tk. 58,316 million in the previous year 2018 and 2017 respectively. Achievement of our export business was 73% in 2019 compared to that of 71% in 2018. Our target for export business during the year 2020 has been fixed at 30% higher to Tk. 78,000 million.

Remittance Business:

Total remittance of the bank stood at Tk. 10,592 million during the year 2019 as against Tk. 22,522 million In the previous year 2018. The Target for our remittance business during the year 2020 has been fixed at Tk. 14,000 million with an anticipated growth of 32%.

HUMAN RESOURCE DEVELOPMENT

Human Resource is the corner stone for accelerated and sustained development of any organization. The Bank recognizes the importance of skilled Human Resources for overall growth of the Bank. The meritorious and talented human resources team is the key to continuous development of the organization. Qualified human resources are an important source of competitive advantage. To attract talented human resources team and to create brand image the Bank has formulating and executing HR systems—HR policies and activities—that produce the employee competencies and behaviours which the Bank needs to achieve. The Bank has been trying to ensure maximum output with minimum resources. So quality manpower with good academic background is being recruited in all levels of the Bank every year for rendering quality services to its customers.

SIBL has opened 20 (twenty) sub branches and 06 (six) new branches in the year 2019. Now SIBL has become a Bank of 161 Branches. For this reason a good time was spent upon the recruitment of experienced bankers and entry level employees like Probationary Officers, Trainee Officers & Junior Level Officers. The total manpower strength of the Bank was 2947 as on 31st December 2019.

SIBL is an employee welfare-oriented organization. For this reason, the management of the Bank always tries to sort out all possible ways it deems beneficial to promote its employees' professional skill and efficiency. It has its own Training Institute, which rendered useful training to 2604 employees last year. Eminent Bankers, scholars, and other resource persons were invited to deliver lectures. Besides, a good number of employees were sent to Bangladesh Bank Training Academy, Bangladesh Institute of Bank Management, Bangladesh Association of Banks, Bangladesh Foreign Exchange Dealers Association, the Central Shariah Board for Islamic Banks of Bangladesh and many other reputed institutions of the country for training in 2019. Subsequently, it is observed that the employees who were trained, render good performance. Besides that, during the year under review, Social Islami Bank Training Institute itself had conducted 04 (Four) foundation training courses for 160 fresh Officers and 44 Training, workshops and Seminar on different contemporary issues related to banking industries where 2444 different Officers and Executives had participated.

Training of Staff conducted by Social Islami Bank Training Institute from 01st January, 2019 to 31st December, 2019:

| SL | Name of the Training | Number | Participant Number |
|----|---|-----------|--------------------|
| 01 | Training on " Foundation Course in Banking for Assistant Officers (Cash)" | 01 | 40 |
| 02 | Training on " Foundation Course in Banking for Juniors Officers and Assistant Officers" | 01 | 40 |
| 03 | Training on " Investment Management" | 02 | 80 |
| 04 | Training on " Branch Management & Leadership Development" | 02 | 80 |
| 05 | Training on "Enhancing services quality and product marketing in Bank" | 01 | 40 |
| 06 | Training on" Foreign Exchange and Foreign Trade" | 01 | 40 |
| 07 | Training on " Foundation Course in Banking for Probationary Officers" | 01 | 40 |
| 08 | Training on " Foundation Course in Banking for Assistant Officers" | 01 | 40 |
| 09 | Training on "Risk Management in Bank" | 01 | 40 |
| | Total | 11 | 440 |

Workshop of Staff conducted by Social Islami Bank Training Institute from 01st January, 2019 to 31st December, 2019:

| SL | Name of the Training | Number | Participant Number |
|----|---|-----------|--------------------|
| 01 | Workshop on " ISS Reporting" | 02 | 155 |
| 02 | Workshop on " Integration of New Ababil (Software in BEFTN) | 02 | 138 |
| 03 | Workshop on "AML & CFT with special session on Trade Based ML Prevention Procedures" | 10 | 594 |
| 04 | Workshop on "Recovery of Overdue, Classified, Written off Investments & Provisioning" | 03 | 120 |
| 05 | Workshop on " ICRR System" | 03 | 224 |
| 06 | Refresher programme on "Operational procedure of FEIMP and its Application " (Khulna) | 01 | 35 |
| 07 | Workshop on "Banking services under Shariah" | 04 | 244 |
| 08 | Workshop on "BAMLCO open discussion Meeting" | 01 | 54 |
| 09 | Workshop on "Sanction, documentation and disbursement of Investment" | 01 | 40 |
| 10 | Workshop on "Internal Audit and Inspection" | 01 | 40 |
| 11 | Workshop on "Internet Mobile Application, SIBL NOW and ICT awareness issues" | 01 | 54 |
| 12 | Workshop on " Foreign Exchange Transaction Reporting to B Bank" | 02 | 98 |
| 13 | Workshop on " Agent Banking Operation" | 01 | 43 |
| 14 | Workshop on " SBS2 and ISS reporting" | 02 | 165 |
| 15 | Workshop on " SBS3 and ISS reporting" | 02 | 160 |
| | Total | 36 | 2164 |

Management of the bank has emphasized and specially focused on the development of employees and to bring out the persons' insider instinct into light, SIBL Training Institute (SIBL TI) has restructured aiming to create leaders.

SIBL is sincere to address its employee's health problem. The bank has appointed one full time doctor for the employees of Head Office and Dhaka city branches. SIBL placed First Aid Box in its premises to provide instant medical facility for all employees as and when needed. We have help desk, who are always besides to their ailing colleagues and their family members for proving all kinds of supports including pecuniary facility under SIBL Employees' Superannuation Fund and CSR.

In order to evaluate the level of efficiency, improve the healthy competition among the employees and in a way to generate motivation for the employees, Employees' Performance Evaluation and Key Performance Indicator (KPI) have been introduced from time to time. Upon the evaluation, the employees are motivated and awarded with promotion, accelerated promotion and other benefits. In addition to that, various types of drives are taken to keep and upgrade the standard of the Bank.

Demographic distribution of manpower of SIBL:

Breakdown by age group for permanent employees

| Age range | Gender | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------|--------|--------------|--------------|--------------|--------------|--------------|
| < 30 years | Male | 502 | 502 | 380 | 382 | 413 |
| | Female | 169 | 163 | 135 | 115 | 104 |
| 30-50 years | Male | 1734 | 1687 | 1640 | 1464 | 1275 |
| | Female | 394 | 363 | 336 | 293 | 251 |
| > 50 years | Male | 137 | 119 | 101 | 103 | 84 |
| | Female | 11 | 10 | 07 | 6 | 3 |
| Total | | 2,947 | 2,844 | 2,599 | 2,363 | 2,130 |

Gender diversity among permanent employees:

| Employee Category | Gender | 2019 | 2018 | 2017 | 2016 | 2015 |
|-------------------|--------|--------------|--------------|--------------|--------------|--------------|
| Entry level | Male | 1374 | 1352 | 1151 | 984 | 965 |
| | Female | 396 | 363 | 309 | 248 | 214 |
| Mid-level | Male | 961 | 921 | 824 | 804 | 695 |
| | Female | 176 | 171 | 158 | 157 | 138 |
| Senior Management | Male | 38 | 35 | 146 | 161 | 112 |
| | Female | 02 | 02 | 11 | 9 | 6 |
| Total | | 2,947 | 2,844 | 2,599 | 2,363 | 2,130 |

HUMAN RESOURCE ACCOUNTING

Human resource Accounting is the process of identifying and reporting the Investments made in the Human Resources of an organization that are presently not accounted for in the conventional accounting practices. Social Islami Bank Limited formally does not practice Human Resources Accounting but regularly works out and looks into some important areas for mathematical and co-relational understanding on the main business factors. Given below is the considerable index to the management on which human related decisions are taken:

| Description | Yr-2019 | Yr-2018 | Yr-2017 | Yr-2016 | Yr-2015 |
|---|---------|---------|---------|---------|---------|
| Total number of employees | 2,947 | 2,844 | 2,599 | 2,363 | 2,130 |
| Total number of Branches | 161 | 155 | 138 | 125 | 111 |
| Employee Per Branch (nos) | 18 | 18 | 19 | 19 | 19 |
| Deposit per employee (million Tk) | 97.71 | 87.32 | 88.03 | 80.64 | 65.7 |
| Investment per employee (millionTk) | 89.67 | 83.91 | 80.82 | 73.72 | 61.36 |
| Operating profit per employee (million Tk) | 2.15 | 2.16 | 2.37 | 2.41 | 2.28 |
| Salaries & Allowances per employee (million Tk) | 1.15 | 1.11 | 1.12 | 1.03 | 1.03 |
| Salaries & Allowances as percentage of Operating profit | 53.54% | 51.21% | 47.02% | 42.82% | 45.61% |

Employee Benefits

Social Islami Bank Limited is very keen to establish and retain a very congenial working atmosphere. The bank has a competitive & unique pay structure for its employees and always keep track on the necessity of revision on the passage of time that matches with the living standards of the employees in one hand and competitive with other banks on the other hand. At present, SIBL offering three types of long term employee benefits of which Provident Fund and Gratuity Fund are approved by the Revenue Board and are funded liability for the bank. Sufficient provisions have been provided in the financial statements of the bank for these two employee benefit funds as per International Accounting Standard 19 Accounting for Employee Benefit. Apart from these two, another welfare fund called "SIBL Employees' Superannuation Fund' has been maintaining solely for the purpose of welfare of the employees of the bank and also approved by NBR. All these funds are governed and maintained by separate trustee board and funds are investing in very safe mode. Given below is the position of the employee's benefit funds:

(Figure in Million Tk.)

| Particulars | 2019 | 2018 |
|---|-----------------|-----------------|
| Social Islami Bank Profit Dependent Employee's Provident Fund | 2,095.99 | 1,749.09 |
| Social Islami Bank Employee's Gratuity Fund | 1,105.37 | 953.30 |
| SIBL employees' Superannuation Fund | 208.12 | 173.89 |
| Total | 3,409.48 | 2,876.28 |

The nature of the Provident fund is 10% contributory from the both side of the employee and employer. The eligibility of such Provident fund is 5 years whereas the eligibility of the gratuity fund to the employee is equivalent to 1 basic pay for 5 years services & equivalent to 2 basic pay for 7 years services..

Safety Measures

Social Islami Bank Limited provides world class office environment to its employees. Every branch of SIBL is homogenously decorated with the provisions of air condition, most modern safety office equipment and machines and well structured office building facilitated by sewerage and electricity connection and security measures like 24/7 close circuit TV camera, well trained security and gunmen, fire extinguishers etc. Design of Office / Branch is considered on the basis of sufficient free space, safe sewerage gas and electricity connections etc. SIBL has the finest corporate Head Office at its own Office premises of 90/1 Motijheel Commercial Area, Dhaka, City

Center level 19, 20, 21, 22, 28 & 29 measuring areas of 69,765 sft. featured by most modern equipment and facilities. Fire drill programs are organized by the bank at different location time to time. The bank has appointed one full time doctor for the employees of Head Office and Dhaka city area. The Board of Directors has already approved an Insurance policy including hospitalization benefit for the general employees of the bank. 40% discount rates have been allowed to all employees of SIBL including the family members in all type of treatment and diagnostics at SIBL Foundation Hospital & Diagnostic Center. Moreover, SIBL has corporate agreement with United Hospital Limited to allow facilities to the employees of the bank.

ICT SERVICES

SIBL always strives to provide quality of service towards valued clients with state of the art digital technology. Centralized Core Banking (CBS) solution based on Islamic Shariah principle has been implemented to provide modern Islamic Banking with online service. Customers gets any-branch banking service in all branches of SIBL under online banking and they can deposit/withdraw money to/from any SIBL branch without additional transaction fees per transaction for the online service. Agent banking, BACH, BEFTN, RTGS etc services are introduced for allowing smooth and easy banking to meet user requirements at current age. The bank is providing 24/7 round the clock banking facility through Internet banking, Mobile App, ATM network.

The bank has secured client information by implementing modern cyber defense system. Our accountability to the clients is strong enough to build a relationship of trust. Customers get SMS notification for any transaction in SIBL accounts. The ICT operation of the bank is always adopting latest technology for providing quality of service and reaching banking facility at customer doorstep. Centralized core banking (CBS) solution has been implemented based on Islamic shariah principle which allows 24/7 online banking support through internet banking, Mobile App, e-commerce, ATM network. Clients can make banking from any branch for deposit/withdraw, interbank transaction through BACH, BEFTN, RTGS services over the centralized system. The bank has secured client information by implementing modern cyber defence system. The bank has implemented centralized Document Management System for reducing paper work as a green banking initiative by digitizing internal

activities. Proposals being approved in digital workflow process with eliminating a lot of paper works. Machine readable account opening forms are being implemented for ensuring transparency.

EXTENDING BANKING SERVICES

Customers gets online banking service from any SIBL branch including deposit/withdrawal facility without per transaction service fees. Sub-branches are established to extend branch support at remote areas around the country which are operated by the Bank officials under the controlling branches cost effectively. SIBL provides Agent Banking service to facilitate banking service to unbanked people in remote areas. There exists 107 agent banking outlets of SIBL at the moment and it has plan for opening many new outlets at several corner of the country in new future.

ANYTIME ANY WHERE BANKING

Internet Banking and "SIBL NOW" mobile app of SIBL brings anytime anywhere banking facility over internet. This supports fund transfer (same bank & inter bank), utility bill payment, mobile bill payment, credit card bill payment, account statement view, location view of branches/booths etc services for clients.

SIBL cards provide e-commerce/online shopping facilities to purchase goods and services over Internet. Customers can withdraw cash and pay bill of cell phone operators using SIBL cards through own 108 ATM booths of SIBL and more than two thousand shared ATM booths of Q-cash members. SIBL is working for enhancement of ATM service for allowing fund transfer, utility bill payment etc features from ATM booths.

AGENT BANKING

SIBL provides Agent Banking service in remote areas to facilitate banking service to unbanked people. There are 107 agent banking outlets at several corner of the country at present and the number of outlets are increasing day by day.

REMITTANCE PAYMENT AND UTILITY BILL COLLECTION

SIBL is connected with XOOM, Western Union, World Remit, Placid Express, MoneyGram, Ria, Instant Cash and many other international exchange houses to allow remittance payment service. Moreover, SIBL has developed integrated system with several organizations/institutes like WASA, DESCO, DPDC, PDB, Titas Gas, Bakhrabad Gas, Karnaphuli Gas, Dept of Shipping, BAR Council, Asisan University, Wills Little Flower School, Pran-RFL, e-tendering etc for collecting fees/bills in favor of them and customers can easily pay their bills at SIBL branches. In 2019 SIBL able to collect funds of two thousand crore taka approximately through these systems.

PAYMENT CARDS AND ATM SYSTEM

SIBL cards provide e-commerce/online shopping facilities to purchase goods and services over Internet. Customers can withdraw cash and pay bill of cell phone operators using SIBL cards through 108 ATM booths of SIBL and thousands of ATM booths of other banks under Q-cash network. SIBL is working for enhancement of ATM service for allowing fund transfer, utility bill payment etc features from ATM booths.

MODERN TECHNOLOGY FOR CORPORATE COMMUNICATION

SIBL implemented modern communication systems for developing effective communication. The bank installed IP Telephony solutions to establish lowcost and easy communication system around the bank. Microsoft Exchange Mail Server has been implemented for efficient usage of corporate email system. Smart phone devices are provided for all branch managers and divisional heads in head office/regional office with dedicated corporate SIM for keeping them connected.

INTER BANK TRANSACTION

Inter bank transaction facility is available in all SIBL branches using BEFTN (Bangladesh Electronic Fund Transfer Network), BACH (Bangladesh Automated Cheque Clearing) and RTGS (Real Time Gross Settlement) systems.

Inter bank transaction facility is available in all SIBL branches using BEFTN (Bangladesh Electronic Fund Transfer Network), BACH (Bangladesh Automated Cheque Clearing) and RTGS (Real Time Gross Settlement) systems.

BUSINESS CONTINUITY PLAN

SIBL established three layer Data Center (DC) structure for ensuring business continuation and resilience of critical services on unexpected disaster. The CBS system in primary Data Center (DC) is synchronized at Near DC and Far DC through Real Application Cluster (RAC) and Active Data Guard is implemented for high availability, data protection, and disaster recovery for enterprise data. The Far DC is established at different seismic zone at Khulna.

MANAGING CYBER SECURITY AND ICT RISK

State of art security solutions has been implemented for protecting the information assets of SIBL. SIBL has a continuous efforts for preventing cyber security threats. SIBL has implemented world class screening solution for scrutinising SWIFT messages and clients information automatically. Barracuda Email Security Gateway has been implemented for protecting against inbound malware, spam, phishing, and Denial of Service attacks and ensuring that business productivity isn't impacted by attacks through the email system. Our accountability to the clients is strong enough to build a relationship of trust. SIBL introduced SMS Banking for sending transaction notification alerts, account balance and dynamic password (OTP) for internet banking access.

GREEN BANKING SUPPORT

SIBL is concerned to implement the concept of Green Banking in its day to day banking business. The bank has introduced e statement which has remarkably reduced the usage of hard copy. This statement is generated by the system and sent to the customer automatically at specified interval with full authentication and security. Launching of E-statement is a process to support the concept of Go-Green to save the natural environment. SIBL is using the most energy efficient IT equipments like IBM Rack Server which consumes less power, less space with maximum capacity. Most of the documents of the banks are converted into softcopy.

SME PROGRAM

Social Islami Bank Limited (SIBL) has been operating Small and Medium Enterprise (SME) Investment successfully with a view to unlock the potentials of the missing middle, who are not properly addressed by the Corporate Banking sector. SME has emerged as the “Engine of Growth” in the economy of Bangladesh. It contributed manifold including industrial growth, resource generation, poverty alleviation, employment generation and value addition. SME & the Nation are now growing together.

SME is considered as one of the focus areas of operation in SIBL. SME’s clients are being served in all of SIBL’s branches situated both in rural and urban areas. Total investment portfolio of the bank has been segregated into 3 major aspects e.g. Corporate, SME & Retail. Such segregation has been made in line with the definition and guidelines of Bangladesh Bank.

SME operation of the Bank is in progress in a structured manner. SME & Agricultural Finance Division has been functioning in three separate Units e.g. Approval Unit, Policy & MIS Unit and Monitoring & Recovery Unit. In line with Bangladesh Bank’s guidelines, Women Entrepreneur Development Unit (WEDU) has also been functioning to deal with the affairs of women entrepreneurs. These Units have been performing with specific Terms of References (TORs). Administration function (including Disbursement, Documentation, Compliance etc) is performed under separate Investment Administration Division (IAD) at Head Office of the Bank.

In line with the Prudential Guidelines on SME Financing of Bangladesh Bank, SIBL has designed an array of SME products for both small and medium segments. SIBL offers both revolving and term investment facilities to the SME clients. Small entrepreneurs, agricultural clients and women entrepreneurs are properly addressed by SIBL with the diversified products designed for this purpose.

SIBL has been achieving a continuous and upward growth in its SME portfolio. As of December 2019, SME portfolio holds 24% share of the total investment portfolio of the Bank amounting to Tk.63,698.70 million whereas the outstanding balance in the year 2009 was only Tk.515.40 million. Such tremendous growth has been possible due to proper and timely guidance of prudent members of the Board of Directors of SIBL and initiatives of the Management along with team effort.

SME portfolio of the Bank has been increasing significantly, which is shown in the following table and graph.

| Particulars | SME Outstanding (Fig. in millions) |
|-------------|------------------------------------|
| 31/12/2015 | 29,198.70 |
| 31/12/2016 | 40,507.30 |
| 31/12/2017 | 56,884.30 |
| 31/12/2018 | 55,648.40 |
| 31/12/2019 | 63,698.70 |

SME Outstanding

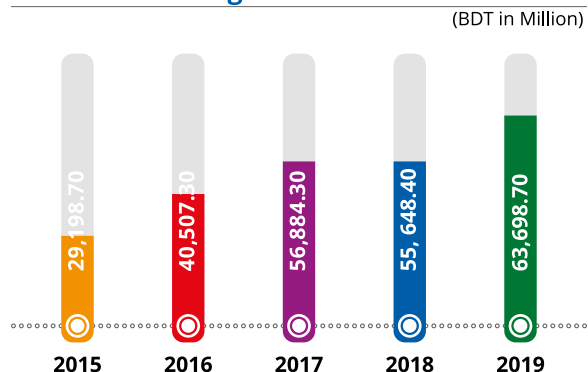


Figure 1: SME Investment Outstanding of the Bank (2015-2019)

The present SME investment outstanding is Tk.63,698.70 million (24%) in comparison with total investment outstanding of the Bank which is BDT.264,268.50 million. The composition of Investment portfolio of the Bank is shown in Figure 2 below:

Composition of SME Investment Outstanding of the Bank (December, 2019)

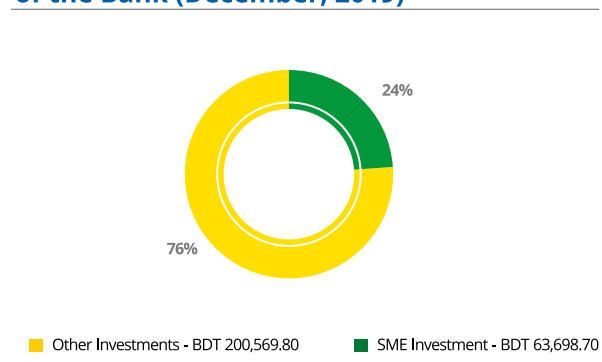


Figure 2: Composition of SME Investment Outstanding of the Bank (December, 2019)

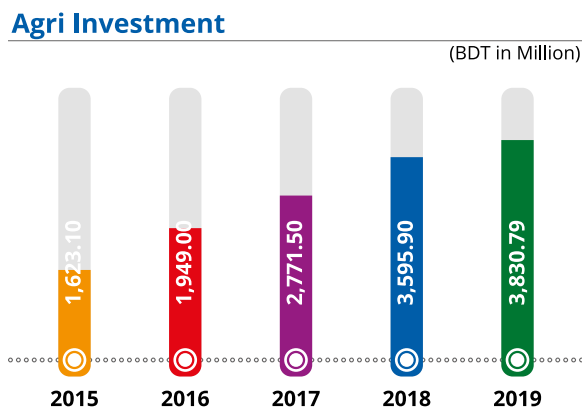
SIBL has been able to create job opportunities among the significant Micro and SME borrowers. Many of them have been able to establish themselves as successful entrepreneurs. Graduate of Micro-Enterprise program and successful SME graduates

have the opportunity to get investment facilities from formal sector as Corporate clients. The Bank will keep continuing its efforts of diversification of SME portfolio focusing on clients' need while giving emphasize on green initiatives and sustainable development within a framework of Bangladesh Bank's guidelines.

AGRI INVESTMENT

SIBL has been continuously financing in different agricultural businesses & projects in addition to provide financing to the farmers through its entire branch network spread over the country. Earlier, the Bank has received 'Letter of Appreciation' from Bangladesh Bank for achieving agricultural Investment disbursement target of FY 2011-12 & FY 2014-15. In the FY 2018-2019, SIBL has disbursed Tk.3,830.79 million Agri Investments outstanding of which is Tk.2,016.20 million. In 2019-2020, we have a target to disburse Tk.4,430.00 million Agri Investments set by Bangladesh Bank.

The trend in Agricultural Investment disbursement of the Bank since FY 2014-15 is shown below:



SIBL as a part of its social commitment will keep on patronizing the SME & Agri. clients to fulfill their diversified needs.

NON-FORMAL SECTOR

Background:

Since inception in 1995, SIBL has been working in Voluntary and Non-Formal sectors in addition to Formal Banking for achieving a goal of participatory economy for a caring society. "Targeting poverty" is one of the main focus of SIBL with a view to uplift the socio-economic condition of the poor and marginal people through family empowerment. SIBL has restructured its micro-finance operations in the name "Family Empowerment Islamic Micro-finance Program (FEIMP)". In line with the Board of Directors

approval in its 321st meeting held on 29th September 2014, we have initially started Family Empowerment Islamic Microfinance Program (FEIMP) in 4 designated Branches and gradually which is successfully expanded to 68 branches all over country till now.

Policies and Objectives:

The goal of "Family Empowerment Islamic Micro-finance Program (FEIMP)" is to empower the family as a basic unit and involve both man and woman participatory basis in poverty alleviation program. With this view, the bank has designed Islamic Micro-finance Program with the following specific objectives:

- Financial inclusion through financing facilities to poor and marginal households.
- Extend financing facilities for Agricultural investment.
- Upgrade Microfinance graduates to Micro-enterprise and SME.
- To encourage poor population to save for accumulation of capital to invest in productive activities leading to self-sufficiency.
- To improve Socio-economic situation of poor and marginal people.

Salient Features:

The key features of FEIMP which make it distinct from other micro-finance providers in the country are as follows:

- Empowers the family as a whole, rather than man or woman individually;
- Group-based lending program for the poor segment of the society who are not able to provide collateral security;
- Investment ceiling ranges from Tk. 20,000 to Tk. 2,00,000;
- Offers investment opportunities at a lower rate of profit
- Equal bi-weekly installment;
- Facility to migrate Bank's SME/Corporate investment sectors.

Organization:

To implement the program effectively and efficiently, a separate unit has been set up at the Head Office under Non-Formal and Voluntary Banking Division of SIBL. It is equipped with adequate manpower having practical working expertise in field. Social Officers (the key manpower of the program) are monitored and supervised by the dedicated officers/ investment In-charge of the branches under overall guidance of Branch Managers.

Program operations:

At present, we are operating the program in 68 SIBL branches through 109 Islamic Microfinance Social Officers. They have collected a total savings deposit of Tk. 26.41 crore from 29,648 members (including 10,661 numbers of members who are maintaining DPS A/Cs amounting to Tk. 15.30 crore). Meanwhile, we have disbursed a sum of Tk.145.16 crore among 28,945 clients with a total outstanding of Tk. 39.53 crore among 9,978 borrowers having Risk Fund Tk. 2.84 crore against the investment portfolio. The recovery rate for the invested amount was 99% during the reporting year. The summary of the FEIMP portfolio as on 31st December 2019 is presented in Table 1 below, while investment outstanding, group savings and sectoral distribution of disbursed amount are portrayed in Figure 1, 2 & 3 respectively:

The summary of the program as on December 31, 2019 is furnished hereunder:

| Amount in Taka | | | | |
|----------------|---|---------------|-------------|----------------|
| SI | Particulars | Year 2019 | Year 2018 | Rate of Growth |
| 01 | No. of branches having Microfinance Program | 68 | 62 | 9.68% |
| 02 | No. of Social Officers | 109 | 125 | -12.80% |
| 03 | No. of Family Clusters | 1,835 | 1,619 | 13.34% |
| 04 | No. of Members enrolled | 29,648 | 23,074 | 28.49% |
| 05 | No. of Savings A/Cs | 56,841 | 41,136 | 38.18% |
| 06 | Amount of deposited savings | 264,107,402 | 126,155,716 | 109.35% |
| 07 | Amount of Risk Fund balance | 28,477,950 | 14,916,057 | 90.92% |
| 08 | No. of disbursement (cumulative) | 28,945 | 19,889 | 45.53% |
| 09 | Disbursed amount(cumulative) | 1,451,628,000 | 929,558,000 | 56.16% |
| 10 | No. of borrowers | 9,978 | 7,709 | 29.43% |
| 11 | Investment outstanding | 395,304,362 | 285,510,434 | 38.46% |

Savings Mobilization of Microfinance Clients as on December 2019

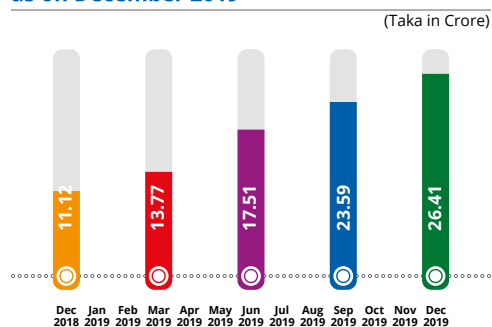


Figure-1: Savings Mobilization of Microfinance Clients as on December 2019

Investment Outstanding

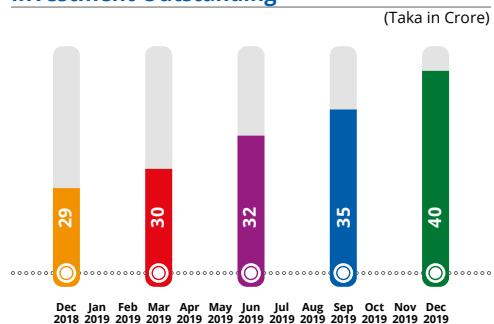


Figure 2: Trend of Investment Outstanding as on December 2019

Sector wise Disbursement Amount Under FEIMP in the Year-2019

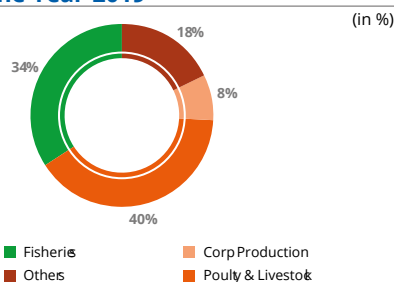


Figure 3: Sectoral Distribution of Disbursed Amount as on December 2019

Expanding Outreach:

Initially, FEIMP started in 04 (four) SIBL branches in the northern part of the country. In order to widen its outreach, the program was introduced in another 20 branches in 2016. Thus total number of branches offering micro-finance facilities reached at 68 as end of 2019. SIBL has a strong rural branch network to provide micro-finance products/services to the rural poor. It is in the process of expanding micro-finance activities through its 80 rural branches and ultimately through all SIBL branches (both rural and urban) spread over the country.

Future Plans:

SIBL will continue its efforts towards family empowerment by adopting innovative products and services for its micro-finance clients, focusing on increase client's need and identifying unbanked areas over the country. The Board of Directors (BOD) of SIBL has approved expansion of microfinance program in its 445th meeting held on 26th December, 2019 through its sub-branches and Agent Banking outlets over the country.

CASH WAQF PROGRAM

In the Voluntary Sector, SIBL has introduced Cash Waqf Program, a new product for the first time in the history of Banking.

This scheme has been well received by the public in general for its unique features. SIBL as a pioneer of this innovative financial product has received both Local & International accreditation. As a result of successful replication, many people are being benefited by the beauty of Cash Waqf Program.

By opening a Cash Waqf Deposit A/C some one can get an opportunity to do welfare to the mankind through Sadake-Jariah. SIBL urges to all religious & affluent persons of the society to come forward to mobilize Cash Waqf Deposit so that the profit may be utilized for the well being of mankind.

Modus Operandi of Cash Waqfs program are given below-

- Cash waqfs shall be accepted as endowment in conformity with the Shariah. Bank will manage the waqf on behalf of the waqif.
- Waqfs are done in perpetuity and the account shall be opened in the title given by the waqif.
- Purposes of Cash Waqfs program can be break under some major fields like –
 1. Family Rehabilitation
 2. Education & Culture

3. Health & Sanitation
4. Social Utility
5. Others

- Waqif may choose distribution of the profit to any specific individual(s)/ institution(s). Those A/ Cs will be treated as Specific Cash Waqf, the profit of those A/Cs will be sent to the beneficiary(s) as specified by the Waqif.
- The amount deposited in the Cash Waqf A/ Cs will be invested as per Bank's own decision in conformity with the Shariah and the Cash Waqf amount will earn profit at the highest rate offered by the Bank from time to time.
- The waqf amount will remain intact and only the profit amount will be spent for the purpose(s) specified by the Waqif. Unspent profit amount will automatically be added to waqf amount and earn profit to be grown over the time. No cheque book will be issued in this account.
- Waqif may also instruct the Bank to spend the entire profit for the purpose of Cash Waqf.
- Waqif has the opportunity to create cash waqf at a time. Otherwise he/she may declare the amount he/she intends to build up and may start with a minimum deposit of Tk. 1,000/= (one thousand) only (or equivalent foreign currency). The subsequent deposits shall also be made in hundred or in multiple of hundred Takas. However, General Cash Waqf A/Cs (where name of beneficiary whether Individual(s) or Institution(s) are not mentioned) may be opened by depositing a minimum sum of Tk. 1,000/= only. Specific Cash Waqf A/Cs (where name of beneficiary whether Individual(s) or Institution(s) are mentioned) by depositing a minimum sum of Tk. 1,00,000/= (One Lac) & above.
- Waqif shall also have the right to give standing instruction to the bank for regular realization of cash waqf at a rate specified by him/her from any other A/C maintained with SIBL.
- Cash waqf shall be accepted in specified endowment Receipt Voucher and a Certificate for the entire amount shall be issued as and when the declared amount is built.
- Accounts of Cash Waqfs are maintained in a separate ledger and necessary charges as per rules may be deducted therefrom.
- In case of any change of address of the Waqif or beneficiary, must be informed by the Waqif to the Bank immediately.
- Bank however reserves the right to regret to open any Cash Waqf Account.
- The rules of Cash Waqf Account are subject to amendment in conformity with the Shariah at any time by the Bank.

CORPORATE SOCIAL RESPONSIBILITY

SIBL has been responding spontaneously to its social commitment. As part of Corporate Social Responsibility (CSR), welfare activities of Social Islami Bank Limited (SIBL) are being carried out mainly from (1) Profit of Cash Waqf Fund (2) Compensation Fund (3) Doubtful Income (4) Zakat Fund and (5) Others

SIBL is a pioneer of Cash Waqf Program which has meanwhile achieved both local & international accreditation for its unique welfare approach. Cash Waqf Program of the Bank paved the way of doing welfare of mankind in various sectors such as (i) Family Rehabilitation (ii) Education & Culture (iii) Health & Sanitation and (iv) Social Utility and others in conformity with Shariah. Cash Waqf is broadly categorized as a) General Cash Waqf & b) Specific Cash Waqf. Where the Waqif (Donor) doesn't mention the name of beneficiary (may be individual or organization) for receiving the profit of Cash Waqf fund, we call those General Cash Waqf. In case of Specific Cash Waqf, the Waqif (Donor) specify the name of specific beneficiary (may be individual or organization). Profit of General Cash Waqf A/C are being sent to FAD, HO annually & profit of Specific Cash Waqf A/C are being sent to the specific

beneficiary as per instruction of the Waqif once annually.

Social Islami Bank Ltd. is extending financial help to different orphanages, schools, madrasahs, social organizations & individuals who are suffering from fatal diseases like cancer, kidney failure, heart diseases etc. from the fund which are being accumulated from the profit of Cash Waqf Fund, Compensation Fund, Doubtful Income and Zakat Fund.

Bangladesh Bank vide DOS Circular No. 01 dated 1 June, 2008 titled "Mainstreaming Corporate Social Responsibility (CSR) in banks and financial institutions" gave a comprehensive guideline on CSR. We have been submitting quarterly CSR report to Bangladesh Bank as per format provided by them. The format has following dimensions:

(i) Financial Inclusion:

(In the form of Agriculture, SME, Women Entrepreneur, Renewable Energy Finance, Solar Irrigation etc.)

(ii) Donation to the individuals, covering:

Education, Health, Disaster Management (Family Rehabilitation), Environment (Social Utility), Sports, Art & Culture, Others etc.

(iii) Donation to NGO's :

for supporting such welfare activities

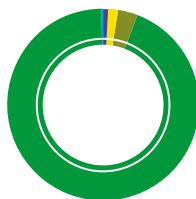
CSR activities undertaken during 2019

SIBL has contributed a sum of total Tk. 297.33 million in the field of Health, Education, Disaster Management (Family Rehabilitation), Sports, Art & Culture, Environment (Social Utility) & Others during year 2019, which are furnished hereunder:

| Sectors | (Jan – Jun' 19) | (Jul – Dec'19) | Total Contribution |
|---|-----------------|-----------------|--------------------|
| Health | 6,51,900.00 | 23,17,970.00 | 29,69,871.00 |
| Education | 19,34,300.00 | 2,767,000.00 | 47,01,300.00 |
| Disaster Management (Family Rehabilitation) | - | 1,00,00,000.00 | 1,00,00,000.00 |
| Sports | 1,57,500.00 | - | 1,57,500.00 |
| Art & Culture | 2,76,750.00 | - | 2,76,750.00 |
| Environment (Social Utility) | 14,916,057.00 | 28,477,950.00 | 90.92% |
| Others | 1,92,34,950.00 | 25,99,45,000.00 | 27,91,79,950.00 |
| Others | 47,250.00 | - | 47,250.00 |
| Total | 2,23,02,650.00 | 27,50,29,970.00 | 29,73,32,621.00 |

Sector-wise CSR Contribution (Year 2019)

(Taka)



| | |
|---|---------------------|
| Environment (Social Utility) | Tk. 27,91,79,950.00 |
| Disaster Management (Family Rehabilitation) | Tk. 1,00,00,000.00 |
| Education | Tk. 47,01,300.00 |
| Health | Tk. 29,69,870.50 |
| Art & Culture | Tk. 2,76,750.00 |
| Sports | Tk. 1,57,500.00 |
| Others | Tk. 47,250.00 |

Sector-wise CSR Contribution (Year 2019) CSR Activities of the Bank during 2019 at a glance:

| Sl | Events | Particulars |
|----|---|---|
| 1. | Donation to the Prime Minister's relief fund | During the period the Board of Directors of the Bank approved Tk. 157.50 lac as donation to the Prime Minister's Relief Fund for distributing winter blanket among poor and distressed people suffering from severe cold to be paid from Compensation Fund. |
| 2. | Donation to Biddya Niketon high school, 2 (new) West Deobogh ,Narayanganj-1400. | During the period the Board of Directors of the Bank approved Tk. 5.00 lac as donation to Biddya Niketon high school, 2 (new) West Deobogh, Narayanganj-1400 for construction and salary and study exp. to be paid from Compensation Fund. |
| 3. | Donation to "Desh akti Sommlito Uchcharan | During the period the Board of Directors of the Bank approved Tk. 5.00 lac as donation to "Desh akti sommlito Uchcharan for publishing a book named " Bangla theke Bangladesh" to be paid from Compensation Fund. |
| 4. | Donation to Little Flower School and College, Dhaka | During the period the Board of Directors of the Bank approved Tk. 18.00 lac as donation to Little flower school and college, Dhaka for purchasing a 01 unit lift for their new 10 storied school building to be paid from Compensation Fund. |
| 5. | Donation to the Nurkazi halimia Mohila Dakhil Madrasha | During the period the Board of Directors of the Bank approved Tk. 3.00 lac as donation to the Nurkazi halimia Mohila Dakhil Madrasha for construction Works to be paid Profit On Cash Waqf . |
| 6. | Donation to Begum Anowra nurani hafezia madrasha | During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation to Begum Anowra nurani hafezia madrasha for construction work to be paid from Profit On Cash Waqf . |
| 7. | Donation to Muhammadpur Abashik Alaka Jame Masjid | During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation to Muhammadpur Abashik Alaka jame masjid for financial support for development activities and purchasing 04 air conditioners for the masjid Profit On Cash Waqf . |
| 8. | Donation to Mr. Imam Mohammed Sadid | During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation to Imam Mohammed Sadid for his Pancreatitis Dysfunction disease to be paid from Compensation Fund. |

| Sl | Events | Particulars |
|-----|--|--|
| 9. | Donation to Mr.Md. Abdul MunnaF | During the period the Board of Directors of the Bank approved Tk. 1.35 lac as donation for the Nerve System damage treatment of Md. Abdul MunnaF to be paid from Compensation Fund. |
| 10 | Donation to Cantonment Board Jame Masjid | During the period the Board of Directors of the Bank approved Tk. 50.00 lac as donation to Cantonment Board Jame Masjid for reconstruction work” to be paid from CSR Fund. |
| 11. | Donation toMd. Soyed Nur | During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation for the complex lungs treatment of Md. Soyed Nur to be paid from Compensation Fund. |
| 12. | Donation toMokhlesur Rahman Moukul (Driver, Foreman Bangladesh Bank) | During the period the Board of Directors of the Bank approved Tk.5.00 Lac as donation to Mokhlesur Rahman Moukul (Driver, Foreman Bangladesh Bank) for his Brain Tumour Treatment to be paid from Compensation Fund. |
| 13. | Donation to Law and Order Co-Ordination Committee | During the period the Board of Directors of the Bank approved Tk. 30.00 Lac- as donation to Law and Order Co-Ordination Committee (CCTV-Camera Surveillance Project) as decision of BAB to be paid from Compensation Fund. |
| 14. | Donation to Bangladesh Muktijuddah Jadughar | During the period the Board of Directors of the Bank approved Tk 2500.00 Lac for development of Muktijuddah Jadughar from Other Expenditure Fund as part of Corporate Social Responsibility (CSR). |
| 15. | Donation to Child Day Care Center Motijheel | During the period the Board of Directors of the Bank approved Tk.12.00 Lac as donation to Child Day Care Center Motijheel (leading by Private Banks) to be paid from Compensation Fund. |
| 16. | Donation to ‘Prime Ministers Relief Fund” | During the period the Board of Directors of the Bank approved Tk. 100.00 Lac as donation to ‘Prime Ministers Relief Fund for the purpose of ‘Fire Victims of Churihatta” to be paid from Compensation Fund. |
| 17. | Donation to Cure and Smile Bangladesh Foundation” | During the period the Board of Directors of the Bank approved Tk. 40.00 Lac as donation to Cure and Smile Bangladesh Foundation” to be paid from CSR Expenditure. |

ON GOING CSR ACTIVITIES OF THE BANK

| Sl | Events | Particulars |
|----|---------------------------------------|---|
| 1. | UCEP Bangladesh (Supported by SIBL) | Implementation of UCEP & SIBL Skills Training Project at UCEP Jatrabari Technical School, Dhaka & UCEP Ambagan Technical School, Chattogram. SIBL involving total Tk. 50.00 lac (Per quarter installment @Tk. 12.50 lac) for 01 (One) year. |
| 2. | Stipend to poor & meritorious student | SIBL is sponsoring financial support to the poor & meritorious student. In the year 2019, we have donated Tk. 47.01 lac favoring 55 (Fifty Five) students of different college & university around the country. |

A short list of our stakeholders:

- Muktijuddha Jadughar
- Jatir Janak Bangabandu Sheikh Mujib Memorial Assistance Trust
- Center for Rehabilitation of the Paralyzed (CRP)
- Bangladesh Association of Banks (BAB)
- Association of Bankers of Bangladesh (ABB)
- Federation of Bangladesh Chamber of Commerce & Industries (FBCCI)
- Dhaka Chamber of Commerce & Industries (DCCI)
- Metropolitan Chamber of Commerce & Industries (MCCI)
- Bangladesh Cricket Board (BCB)
- Sight Savers International
- Kidney Foundation
- Bangladesh Cancer Foundation Hospital
- Jatiya Ando Kalyan Samity, Comilla
- Mosabbir Cancer Care Centre
- Dhaka Community Hospital
- EastWest Medical College Hospital, Dhaka
- Banglar Pathshala (School for the slum children)
- URECA (School for under privileged children supported by SIBL)
- Bishyabidyalaya CAMPUS
- Chandpur Diabetic Samity
- Kailakuri Healthcare Project, Modhupur, Tangail
- Writer's Foundation
- Hamdard Laboratories (Waqf) Bangladesh
- Bangladesh University of Business and Technology (BUBT)
- Dhaka Medical College Hospital (DMCH)
- Khulna Shishu Hospital, Khulna
- Bangladesh University of Business and Technology (BUBT)
- Khulna Shishu Hospital, Khulna
- Prime Minister's Education Assistance Trust Fund.
- Dhaka University, Dhaka
- UCEP Bangladesh
- Apex Foundation
- Bidda Niketon High School, Narayanganj.
- Prothom Alo
- Upokul Foundation
- Taragonj H N High School
- Sirajgonj Collectorate School & University

THIS REPORT ALSO STATES

The financial statements prepared as on 31.12.2019 by the Bank, presented fairly its state of affairs, the results of its operation, cash flows and changes in equity;

- a. The financial statements prepared as on 31.12.2019 by the Bank, presented fairly its state of affairs, the results of its operation, cash flows and changes in equity;
- b. There is no significant variance occurred between quarterly financial performances and Annual Financial Performances of 2019;
- c. Director's remuneration including Independent Director of Social Islami Bank Limited during the year 2019;
- d. The Bank has been maintained proper books of accounts;
- e. Appropriate accounting policies have been consistently applied in preparation and presentation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;

- f. International Accounting Standards (IAS) Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed;
- g. The system of internal control is sound in design and has been effectively implemented and monitored; and
- h. Management has reasonable ground to believe that there are no significant doubts upon the Bank's ability to continue as a going concern.
- i. No Changes in Accounting policies and estimates have been applied for preparation of financial statements.
- j. The appointment or reappointment of Directors including their resume and expertise has been described in separate sections of this Annual Report.
- k. As per provision of Companies Act and guidelines of other Regulatory Authorities, the Bank holds its Annual General Meeting every year wherein shareholders can express their opinion and also approve the decisions taken for the interest of the shareholders by the controlling shareholders (Board of Directors). On the other hand, all sorts of information is been disclosed in the Annual Report of the Bank published in every year which is also available in the website of the Bank. The minutes of decision taken by the controlling shareholders in the Board Meeting are being communicated with the Bangladesh Bank within seven days of holding the meeting. As such, there is no scope for the controlling shareholders to take abusive actions against the interest of the minority shareholders.
- l. The Board has not declared any interim dividend for its shareholders in the form of stock dividend and there is no scope to declare such dividend in future as per guidelines of Regulatory bodies.

OPERATING RESULT & PROFIT

Total Operating Income of the Bank as on 31st December 2019 stood at Tk. 12,282.58 million against Tk. 11,551.54 million of the preceding year. The Bank made an operating profit of Tk. 6342.12 million in 2019 against Tk. 6,143.12 million of 2018.

A summary of operating result of the Bank is shown below

(Taka in Million)

| Particulars | 2019 | 2018 | Growth Rate |
|--|-----------|-----------|-------------|
| Income on Investment | 27,797.43 | 24,955.87 | 11.39% |
| Profit paid to the Depositors | 18,428.55 | 16,063.98 | 14.72% |
| Net Investment Income | 9,368.88 | 8,891.89 | 5.36% |
| Commission, Exchange, Shares & Securities and Other Income | 2,913.70 | 2,659.65 | 9.55% |
| Total Operating Income | 12,282.58 | 11,551.54 | 6.33% |
| Operating Expenses | 5,940.46 | 5,408.42 | 9.84% |
| Profit before Provision | 6,342.12 | 6,143.12 | 3.24% |
| Provision against Investment & Others | 3,208.08 | 2,294.82 | 39.80% |
| Profit before Tax | 3,134.04 | 3,848.30 | -18.56% |

PROFITABILITY RATIO

During the year under review- high deposit cost, increase in salary and allowances and depreciation on fixed assets and other operating expenses affected the overall performance of the Bank. To bring the banking operation in streamline, management paying extra attention in recovery of bad investments and all investments has brought under the close monitoring system. For this purpose, management has undertaken some programs to protect the banks assets / investment from any future deflect.

| Particulars | 2019 | 2018 |
|-------------------------------------|----------|----------|
| Net Investment Income Margin (NIIM) | 3.40% | 3.60% |
| Return on Assets (ROA) | 0.47% | 0.54% |
| Return on Equity (ROE) | 9.21% | 10.05% |
| Earning per Share (Restated) | Tk. 1.70 | Tk. 1.77 |

CORPORATE GOVERNANCE

Corporate Governance means a structure for transparent, fair, timely and decisive decision making by companies with due attention to the needs and perspectives of shareholders as well as Stakeholders. SIBL has been considered as most essential aspect for efficient management of a business house. It is considered to be a set of internal rules and procedures that ensure the accountability of the Directors and Top Management towards the stakeholders. SIBL gives much emphasis on the corporate governance in promoting a sound management. The objective of the Bank is to comply with all regulatory requirements, ensure equitable treatment of all stakeholders. It confirms full and fair disclosure of financial and other material information and show respect for norms of business ethics and social responsibility. The Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, MANCOM and other Committees of the management perform their respective tasks with accountability and transparency. SIBL has been complied all corporate issues As per guidelines laid down in the BRPD Circular Number 12 dated December 23, 2002 of Bangladesh Bank. On the other hand, Bangladesh

Securities and Exchange Commission (BSEC) has revised the Corporate Governance Guideline and established 'Corporate Governance Code' vide its notification dated June 03, 2018. To comply the said Code SIBL has been maintained the Board size consisting of 12 (twelve) members including 2 (two) Independent Directors. The qualification and experience of the Independent Directors are more sophisticated who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. Besides, to support and enhance the practice of corporate governance, the Audit Committee of the bank was duly constituted by the Board of Directors with a view to evaluating the activities of the Bank.

Compliance Status of Corporate Governance Code issued by Bangladesh Securities & Exchange Commission (BSEC) vide its Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June, 2018 under condition no: 1.5 (xxii) and (xxiii):

Compliance of another conditions of 1.5 are summarized in the preface of this report.

Compliance of condition 1.5 (xxii)

Board Meeting Held During the Year 2019 and Attended by Each Director:

| SI | Name of Director | Board Meetings in 2019 | | Remarks |
|-----|---|------------------------|----------|---------|
| | | Held | Attended | |
| 01. | Professor Md. Anwarul Azim Arif, Chairman (Representative of Hasan Abasan (Pvt.) Ltd.) | 17 | 16 | |
| 02. | Mr. Belal Ahmed, Vice Chairman (Representative of Unitex Steel Mills Ltd.) | 17 | 11 | |
| 03. | Mr. Md. Sayedur Rahman, Vice Chairman (Representative of Prasad Paradise Resorts Ltd.) | 17 | 17 | |
| 04. | Mr. Md. Kamal Uddin, Director (Representative of Lion Securities and Investment Ltd.) | 17 | 17 | |
| 05. | Mrs. Nargis Mannan, Director | 17 | 07 | |
| 06. | Dr. Md. Jahangir Hossain, Director (Representative of Reliable Entrepreneurs Limited) | 17 | 17 | |
| 07. | Mrs. Jebunnesa Akbar, Director (Representative of Unitex Cement Limited) | 17 | 14 | |
| 08. | Mr. Arshadul Alam, Director (Representative of Leader Business Enterprise Ltd.) | 17 | 15 | |
| 09. | Mr. Ali Hasan Md. Mahmud Ribon, Director (Representative of Dynamic Ventures Ltd.) | 17 | 15 | |
| 10. | Mr. Md. Faysal Ahmed Patwary, Director (Representative of Global Trading Corporation Ltd.) | 17 | 16 | |
| 11. | Professor A J M Shafiul Alam Bhuiyan, Ph.D Independent Director | 17 | 17 | |
| 12. | Professor Mohammed Mizanur Rahman, Ph.D Independent Director | 17 | 17 | |

Compliance of condition 1.5 (xxiii): Pattern of shareholding

Statement in compliance with condition 1.5 (xxiii a): Parent / Subsidiary/Associated Companies and other related parties: NIL

Statement in compliance with Condition 1.5(xxiii b)

b (i):Shareholding Position of Directors of SIBL with their Spouse and Minor Children as on 31.12.2019

| SI | Name of the Directors | Position & Relationship | No. of Shares | Total Shares with spouse | Percentage of Shares |
|----|---|-------------------------|--------------------------|--------------------------|----------------------|
| 1 | Prof. Md. Anwarul Azim Arif Representative of Hasan Abasan (Pvt.) Limited | Chairman | 1,84,10,150 | 1,84,10,150 | 2.0608 |
| 2 | Mr. Belal Ahmed Representative of Unitex Steel Mills Ltd | Vice Chairman | 18,404,100 | 1,84,04,100 | 2.0601 |
| 3 | Mr. Md. Sayedur Rahman Representative of Prasad Paradise Resorts Ltd. | Vice Chairman | 18,410,150 | 36,282,975 | 4.0615 |
| | Mr. Md. Sayedur Rahman | (Own) | 1,78,72,825 | | |
| 4 | Mrs. Nargis Mannan Prof. Dr. M. A. Mannan | Director Husband | 1,78,67,314 15,51,900 | 1,94,19,214 | 2.1738 |
| 5 | Dr. Md. Jahangir Hossain Representative of Reliable Entrepreneurs Ltd. | Director | 1,84,03,233 | 1,86,39,158 | 2.0865 |
| | Dr. Md. Jahangir Hossain | (Own) | 2,35,925 | | |
| 6 | Mr. M. Kamal Uddin Representative of Sifang Securities Ltd. | Director | 1,84,02,841 | 1,84,06,652 | 2.0604 |
| | Mr. M. Kamal Uddin | (Own) | 3811 | | |
| 7 | Mr. Arshadul Alam Representative of Leader Business Enterprise Ltd. | Director | 1,84,10,150 | 1,84,18,535 | 2.0618 |
| | Mr. Arshadul Alam | (Own) | 8385 | | |
| 8 | Mr. Ali Hasan Md. Mahmud Ribon Representative of Dynamic Ventures Ltd. | Director | 1,84,08,940 | 1,84,08,940 | 2.0607 |
| 9 | Mr. Md. Faysal Ahmed Patwary Representative of Global Trading Corporation Ltd. | Director | 1,83,14,227 | 1,83,14,227 | 2.0501 |
| 10 | Mrs. Jebunnesa Akbar Representative of Global Trading Corporation Ltd. | Director | 1,84,04,100 | 1,84,04,100 | 2.0601 |

1.5 (xxiii b) (ii) Shares held by the Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and other top Executives of the Bank and their spouse and minor children(Name wise Details).

| SI | Name | Nos. of Share(s) held |
|-----|---|-----------------------|
| 01. | Mr. Quazi Osman Ali Managing Director and CEO | NIL |
| 02. | Mr. Abdul Hannan Khan Company Secretary | NIL |
| 03. | Mr. Walid Mahmud Sobhani, FCMA Chief Financial Officer | NIL |
| 04. | Mr. Md. Giash Uddin Bhuiyan EVP & Head of Internal Audit | NIL |

1.5 (xxiii c) Shares held by top five salaried Executive of the Bank:

| SI | Name | Nos. of Share(s) held |
|-----|--|-----------------------|
| 01. | Mr. Kazi Towhidul Alam, Additional Managing Director | NIL |
| 02. | Mr Abu Naser Chowdhury, Deputy Managing Director | NIL |
| 03. | Mr. Md. Sirajul Hoque, Deputy Managing Director | NIL |
| 04. | Mr. Ziauddin Sawlet Ghani, Senior Executive Vice President | NIL |
| 05. | Mr. Mohammad Forkanullah, Senior Executive Vice President | NIL |

1.5 (xxiii d) Shareholders holding ten percent or more voting interest in the Company: NIL

DECLARATION BY THE CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER TO THE BOARD

June 25, 2020

The Board of Directors

Social Islami Bank Limited
City Center, 90/1 Motijheel C/A
Dhaka-1000

Sub: Certification by Managing Director & CEO and Chief Financial Officer (CFO) regarding Financial Statements for the year ended on 31st December, 2019

Pursuant to Condition # 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/ 80 dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

1. The Financial Statements of Social Islami Bank Limited for the year ended on December 31, 2019 have been prepared in compliance with International Accounting Standards (ISA) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there has been adequately disclosed;
2. The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order to the financial statements to reveal a true and fair view;
3. The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
4. To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
5. Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed; and
6. The management's use of the going concerns basis of accounting in preparing the financial statements is appropriate and there exists no materials uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regards, we also certify that:

- i. We have reviewed the financial statements for the year ended on 31st December, 2019 and and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements collectively present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii. There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the code of conduct for the company's Board of Directors or its members.


(Quazi Osman Ali)
Managing Director & CEO


(Walid Mahmud Sobhani, FCMA)
Chief Financial Officer



Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

Report to the Shareholders of Social Islami Bank Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Social Islami Bank Limited for the year ended on 31st December 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Dhaka, Dated
August 17, 2020

For Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chief Executive Officer

Razzak Plaza (5th Floor), Suite , 6C, 01, New Eskaton Road, Ramna, Dhaka- 1000
Phone : 48321398 (Off), Mob : 01735-835482
E-mail : musfiquefcs@gmail.com, info@suraiyaparveenandassociates@gmail.com
Web: www.suraiyaparveenandassociates.com

INFORMATION RELATED TO BOARD & ITS DIRECTORS

BOARD OF DIRECTORS

Several initiatives have been taken by the Board of Directors of the Bank for institutionalizing Corporate Governance in the Bank for safeguarding the interests of the Stakeholders. As a listed Banking Company Social Islami Bank Limited has been complied all types of Orders/ Directives/ Circulars/ Notifications/ Rules issued by the Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC) from time to time. Social Islami bank Limited does not have its own policy on appointment of Directors rather it follows the provision of Companies Act, 1994 and Bank Companies Act, 1991(Amendment upto- 2013). All Directors except Independent Directors of the Board are non-executive directors holding more than 2% Shares of the Paid-up Capital of the Bank. At the time of appointment of new directors, the existing Board of Directors frequently assess the size and structure of the Board, evaluate the knowledge, skills, experience and perceptions that may be necessary to allow the Board to perform its functions. The directors are appointed by the shareholders in the Annual General Meeting. Casual vacancy, if any, is filled up by the Board in accordance with the provisions of the Companies Act and Articles of Association of the Company. Total number of Directors of Social Islami Bank Limited is 12 (twelve) including 2 (two) Independent Directors which is within the compliance limit of the provision of Bank Companies Act, 1991 (amended upto 2013) and all the Directors have their sufficient shareholdings i.e. minimum 2% of the total paid-up capital of the Bank as per Bangladesh Securities & Exchange Commission's (BSEC's) Notification Dated 22.11.2011 published in the Bangladesh Gazette on December 14, 2011. The Board members of SIBL are highly competent and professional in the arena of Banking, Business and Industry. The board approves and reviews different policies and business plans in line with six core risk management guidelines with the ultimate objective to achieve the goals whereas the administrative and execution powers lie with the management team of the bank which is headed by the Managing Director & CEO. Managing Director & CEO of the Bank is

paid salaries and allowances as per approval of the Board of Directors of the Bank subject to approval of Bangladesh Bank.

The bank provides only the following facilities/benefits to the members of the Board:

- Chairman of the Board of Directors is provided with a car, telephone, office and private secretary.
- Directors are entitled and paid Meeting Attendance fees including actual travelling, fooding and lodging expenses for attending the Board of Directors Meeting, Executive Committee Meeting, Audit Committee Meeting, Risk Management Committee Meeting and Shariah Supervisory Committee meeting.

As per BRPD Circular No. 11 dated 4th October 2015, the highest slab of Honorarium for the Board member to attend the Board meeting of any bank operating in Bangladesh has been limited to Taka 8,000/- per attendance and accordingly Social Islami Bank Limited has been paying Honorarium to the Hon'ble Director for attending Board Meeting including attending to the Executive Committee Meeting, Audit Committee Meeting and Risk Management Committee Meeting @ Taka 8,000/- per attendance.

BOARD MEETINGS & MINUTES

In every month, minimum one or more Board of Directors meeting is held where to discuss and review business strategy, financial performance, compliance and governance, risk management issues etc. as well as reports on matters deliberated by the respective committees. Meetings of the Board are scheduled in advance for the Directors to plan their schedules. In addition, Special Board meetings are held when necessary, to deliberate on major transactions and ad-hoc matters that require the Board's urgent attention and decisions. Meeting papers on the proposals and reports are delivered to the Directors prior to the meetings, giving them sufficient time to evaluate the proposals and if necessary, request additional information. This enables the Board to function and discharge their responsibilities effectively. The minimum information required for the Board to make an informed and effective decision includes background, objective, key issues, rationale, financial and non-financial impact of the proposal. Directors who are unable to attend a meeting due to unavoidable circumstances are encouraged to provide feedback to the Chairman on matters to be deliberated for their views to be given

due consideration at the meetings. Proceedings and resolutions are taken by the board are recorded as minutes of the meeting signed by the Chairman of the meeting and send to Bangladesh Bank. The decisions taken by the board are disseminated by the Company Secretary to whom such decision relates. Upon request of any member of the Board of Directors, copy of minutes of AGM is provided by the Company Secretary upon receipts of fees as per Articles of Association of the Bank. As per Companies Act 1994, every company is required to hold minimum 4 (four) Board of Directors meeting in a year. Since inception total 445 numbers of Board meetings were held all such meeting related papers, documents, memo, attendance & honorarium registers, minutes etc. are being maintained in good condition by the Board Secretariat of the Bank.

RETIREMENT OF DIRECTORS

The Article 83 of the Articles of Association of the Bank provides a provision of Retirement by Rotation of the Directors in accordance with the provision of Section 91(2) of the Companies Act, 1994. In accordance with the said provision of the Companies Act, 1994 and Articles of Association of the Bank the following Director shall retire from the office in the next 25th Annual General meeting as they have been holding the office for the longest period.

1. Mr. Arshadul Alam
(Representative of Leader Business Enterprise Ltd.)
2. Dr. Md. Jahangir Hossain, Director
(Representative of Reliable Entrepreneurs Ltd.)
3. Mrs. Jebunnesa Akbar, Director
(Representative of Unitex Cement Ltd.)
4. Mr. Mahmudul Alam, Director;
(Representative of Global Trading Corporation Ltd.)

It is mentionable that Mr. Mahmudul Alam (Representative of Global Trading Corporation Ltd.) was appointed as Casual Vacancy in place of Mr. Md. Faysal Ahmed Patwary who shall also retire in the upcoming AGM as per provision of Companies Act, 1994.

As per provision of Article 84 of the Articles of Association of the Bank the retiring (four) Directors as mentioned above are eligible for re-election in the same meeting they retire.

DIRECTOR'S RESPONSIBILITY STATEMENTS

The major responsibilities of the Directors of the board are-

- Developing and implementing corporate strategies.
- Exercising of business judgment in good faith using general prudence for the best interest of the bank in line with bank's Articles of Association and complying with the prevailing applicable laws and regulations.
- To set the direction, vision and policies of the bank and to determine objective and strategies to ensure the effective discharge of the bank's functions.
- Most efficient use of the bank's resources.
- Monitoring and reviewing corporate governance framework of BSEC.
- Monitoring and reviewing risk management process of the bank.
- Fixation of Business targets, reviewing business results and monitoring budgetary control.
- To evaluate the key performance indicators of the Top Executives of the bank.
- To establish and maintain effective communication system with the different regulatory bodies.
- Setting up standards and monitoring compliances with the bank's social responsibility policies and practices.
- Recommendation of appointment and re-appointment of statutory auditors of the bank along with their fees.
- To prepare and submit Directors' Report before the shareholders' in Annual General Meeting in accordance with the BSEC notification and Listing Regulations of DSE & CSE.
- Recommending shareholders to approve Financial Statements, dividend and appointment of external auditors.

COMMITTEES OF THE BOARD

Along with the board, SIBL has some other committees to assist the board in taking proper decision to run the bank efficiently. The committees are mentioned below

1. Executive Committee
2. Audit Committee
3. Risk Management Committee
4. Remuneration Committee (Unresolved Issue)

CODE OF CONDUCT FOR THE BOARD OF DIRECTORS

Social Islami Bank Limited has adopted a Code of Conducts for the all members of the Board of Directors of the Bank who shall individually be liable to sign and follow this Code of Conduct including any new members who may assume office as from this date. The Code of conduct includes all instructions /circulars/ guidelines issued by Bangladesh Bank related to the Directors and their interested group/ organization. However, followings are the general code of conducts approved and adopted by the Board of Directors.

Fiduciary Duties:

The duties imposed on Board Members are fiduciary duties, similar to those that the law imposes on those in similar positions of trust, agents and trustees;

Powers vs Duties:

The duties apply to each Board Member separately, while the powers apply to the Board jointly;

Contribution in Meetings/Debates:

The Board Members are expected to contribute to the debates in the Board without any personal biases or other prejudices with the conviction and belief that the outcome of every debate would be towards the advancement of the company.

Unfettered discretion:

Board Members cannot without the consent of the company, fetter their discretion in relation to the exercise of their powers, and cannot bind themselves to vote in a particular way at future Board Meeting.

Use of corporate property, opportunity or information

A Board Member must not, without the consent of A Board Member must not, without the consent of the company, use company's assets, opportunities, or information for his/her own profit.

Confidentiality:

Each Board Member must use utmost care and discretion in the handling of confidential information and other information not normally available to the public, generally coming to them by reason of their directorship, office or employment. Such information shall, subject to certain limited circumstances, not be disclosed to third parties and shall not be used for personal benefit or for the benefit of family, friends, or associates.

Transactions with the company:

A Board Member shall not enter into a transaction where there is a conflict between his interest and duty without the knowledge of the Board; and it is a statutory duty of the director(s) to declare interests in relation to any transactions, and to make proper disclosure thereof.

Competing with the company:

A Board Member must not compete directly with the company without arising a conflict or interest.

A Board Member should not act as a director of any competing companies, as his/her duties to each company would conflict with each other.

Conflict of duty and interest

As fiduciaries, the Board Members must not put themselves in a position where their interests and duties conflict with the duties that owe to the company;

Each and every Board Member has an obligation of loyalty to the company and should subordinate his/her personal interest when they conflict with or threaten to conflict with the best interests of the company;

Each and every Board Member shall declare all actual or potential material conflicts that may arise between their duty to (i) the company and (ii) their personal obligations, other fiduciary duties or financial

interests (direct or indirect) and these conflicts shall be reported to the Chair;

A Board Member should not engage directly or indirectly, as a director, officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with, does business with or seeks to do business with the company;

With respect to restricted party transactions, full disclosure of material transactions shall be recorded in the board's minutes and will be transacted in accordance with legislated restrictions; and

To avoid conflicts of interest, the Board Members must do more than merely act within the law. They must conduct their affairs in such a manner that their performance will at all times bear public security. The appearance of conflict of interest as well as the conflict itself must be avoided.

Accepting Gifts

No Board Member shall accept any gift, hospitality or favour offered or tendered by virtue of the position with the company;

When dealing with public officials whose responsibilities include the business of the company, acts of hospitality should be of such a scale and nature so as to avoid compromising the integrity or reputation of either the public official or the company. Such acts of hospitality should be undertaken in the expectation that they could well become a matter of general knowledge and public record.

AFFIRMATION & COMPLIANCE OF THE CODE

- All Board Members shall read this Code at least annually, and shall certify in writing that they have done so and that they understand the Code;
- Annual compliance of the code by all Board Members shall be recorded in a meeting of the Board of Directors;
- This document is applicable with immediate effect;
- The Board shall have the authority to make amendment to this document at any time; and

- The Company Secretary of the bank has submitted a declaration before the Board of Directors and affirmed that all the member of the Board of Directors have complied with the code of conducts as were determined by the Board.

The following Terms of Reference (TOR) (defining the roles, responsibilities and duties) for the Chairman may be framed in line with the provisions of the Articles of Association of the Bank, BRPD Circular No.11 dated 27.10.2013 and other usual practices:

TERMS OF REFERENCE (TOR) OF THE CHAIRMAN

The following Terms of Reference (TOR) (defining the roles, responsibilities and duties) for the Chairman may be framed in line with the provisions of the Articles of Association of the Bank, BRPD Circular No.11 dated 27.10.2013 and other usual practices:

The Chairman as per the Articles of Association

- The Directors shall select a Chairman from amongst themselves;
- If at any meeting of the Board, the Chairman be not present at the time appointed for holding the same, such meeting shall be presided over by Vice-Chairman, if any, and if none be present the Directors present shall elect Chairman to preside over that meeting;
- All meetings of the Board and Shareholders shall be presided over by the Chairman;
- The Chairman may call a meeting of the Board of Directors of the Company;
- The Chairman may call a meeting of the Board of Directors on shorter notice than seven clear days as he may deem fit;
- In case of equality of votes in a Meeting of the Board of Directors, the Chairman shall have a second or casting vote;
- The minutes of a Meeting of the Board of Directors or of the Shareholders shall be signed by the Chairman of the meeting to which it relate or by the Chairman of the succeeding meeting.

ROLES & RESPONSIBILITIES OF THE CHAIRMAN

As per BRPD Circular No.11 dated 27.10.2013

1. As the Chairman of the Board of Directors (or Chairman of any Committee formed by the Board of Directors) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administration or operational and routine affairs of the bank.
2. The Chairman may conduct on-site inspection of any branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed necessary, with the approval of the Board, he shall take necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised by the Bangladesh Bank through the Board along with the statement of the CEO.
3. Chairman of the Board of Directors may be provided with a car, telephone, office and private secretary.

ROLES & RESPONSIBILITIES OF THE CHAIRMAN AS PER USUAL PRACTICES

The duties of the Chairman, which is a non-executive role, arise from his senior most position in the Company and his responsibility for presiding over the official business of the Company and the Board.

A. WHILE WORKING WITH THE BOARD, THE CHAIRMAN SHALL

- i. ensure that the Board has full governance of the Company's business and affairs and that the Board is alert to its obligations to the Company, shareholders, Management and
- ii. other stakeholders under the law;
- iii. set the agenda for discussion at Board Meetings and General Meetings and ensure that adequate time is available for discussion of agenda items;
- iv. set the frequency of the Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board;
- v. chair all Board meetings and manage the business of the Board ensuring that the Board adopts a prompt and constructive approach to make decisions;
- vi. provide strong leadership of the Board and assist it in reviewing and monitoring the aims, strategy, policy and directions of the Company;
- vii. communicate with the Board to keep it up-to-date on all major developments, including avoiding surprises through timely discussion of potential developments and ensuring the Board has sufficient knowledge to permit it to comfortably and properly make major decisions when such decisions are required;
- viii. recommend the committees of the Board and their composition, review the need for and the performance and suitability of those committees, and make such adjustments as are deemed necessary from time to time;
- ix. ensure that Board and committee meetings are conducted in an efficient, effective and focused manner;
- x. ensure that the corporate governance of the company is maintained in line with appropriate practice policies agreed by the Board;
- xi. annually review Board Governance and performance of the Board (leading the process for the Board's annual performance evaluation and the evaluation of its committees and individual directors and acting on the results of such evaluation by recognizing the strengths and weaknesses of the Board);
- xii. be the contact person for the expression of individual director concerns;
- xiii. foster a culture of openness and engagement by facilitating the effective contribution of all directors, in particular non-executive directors and ensuring constructive relations between executive and non-executive directors;
- xiv. ensure that new directors participate in a full, formal and tailored induction program and that the development needs of the directors and the Board as a whole are identified and are met to enhance the effectiveness of the Board; and

- xv. be available to assist committee chairs in carrying out their responsibilities and in addressing their concerns.

B. WHILE WORKING WITH THE MANAGEMENT, THE CHAIRMAN SHALL

- i. act as the principal of the board and counsellor for the MD/CEO, including helping to define problems, review strategy, maintain accountability, build relationships, and ensure the MD/CEO is aware of concerns of the Board, shareholders and other stakeholders;
- ii. keep under review with the Board the general progress and long-term development of the company and ensuring that effective strategic planning for the company is undertaken by the MD/CEO and endorsed by the Board after discussion, consistent with creating shareholder value and promoting the long term success of the company for the benefit of its members as a whole;
- iii. ensure the submission to the Board by the MD/CEO of objectives, policies and strategies for the company, including the company business plan and the annual budget;
- iv. monitor progress towards timely and effective achievement and implementation of the objectives, policies and strategies set by the Board and ensure that appropriate decisions are taken promptly by or on behalf of the Board;
- v. lead the Board in
 - a. formally appraising, monitoring and evaluating the performance of the MD/CEO and make appropriate recommendations to the Remuneration Committee;
 - b. ensuring accountability of the MD/CEO;
 - c. ensuring the implementation of the succession and development plans by the MD/CEO; and
 - d. as appropriate, review with the MD/CEO his recommendations on performance and remuneration of senior executives;
- vi. work with the MD/CEO and Company Secretary to co-ordinate the agenda, information packages and related events for Board meetings.

- vii. ensure that there is appropriate delegation of authority from the Board to Executive Management;
- viii. provide advice to the MD/CEO on the allocation of duties to individual directors and assignment of adhoc responsibilities or special tasks to directors or groups of directors;

C. RECOGNIZING THE MD/CEO AS THE PRIMARY SPOKESPERSON, THE CHAIRMAN SHALL

- 1. chair all meetings of shareholders;
- 2. undertake public service as agreed with the MD/CEO in connection with the Company's charitable, educational and cultural activities;
- 3. participate with MD/CEO, as appropriate, in corporate relations, including relations with the shareholders, customers, government, other companies, the media and stakeholders generally; and hold meetings with the non-executive directors.
 - This document is applicable with immediate effect.
 - The Board shall have the authority to make amendment to this document at any time.

ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR & CEO ARE INDEPENDENT

The Chairman of the Board is not the Managing Director & CEO of the Company. The role of Chairman and the Managing Director & CEO are independent and detached from each other.

ROLE, RESPONSIBILITIES & POWER OF THE MANAGING DIRECTOR & CEO

Roles, responsibilities and powers conferred of the Managing Director & CEO of Social Islami Bank Limited has been conferred by the BRPD Circular No. 18 dated 27.10.2013. Apart from that, Managing Director & CEO of SIBL shall discharge the following roles, responsibilities and duties as per Articles of Association of the Social Islmai Bank Limited and usual practices-

The MD/CEO as per the Articles of The Association

- The Managing Director & CEO of the company appointed by the Board and approved by Bangladesh Bank;
- The Managing Director & CEO of the Company shall be accountable to the Board and shall discharge his functions and duties subject to supervision of the Board of Directors; and
- The MD will be an Ex-officio Member of the Board without having any voting power and he shall not need to have any qualification share.

GENERAL ROLES & RESPONSIBILITIES

- The General Roles and Responsibilities of the Managing Director & CEO shall be-
- To act as the Chief Executive Officer reporting to the Board of Directors;
- To remain accountable to the Board for the overall performance of the company and for the day-to-day operation and management of the company's business, under the authority delegated by the Board from time to time;
- To develop and present strategic and annual business plans, rules, regulations and systems for legal functioning of the organization to the Board for approval;
- To implement the Board's policies and strategies and deliver the strategic plan in the most effective and efficient manner;
- To report to the Board on progress against the strategic and annual business plans on a regular basis. Typically, reporting against the annual plan will be monthly, while reporting against the strategic plan will be less frequent, although it should be at least two or three times a year;
- To coordinate the overall management, administration, corporate planning and business development;
- To ensure the compliances of Laws, Rules and Regulations and for Good Corporate Governance;
- To supervise all technical, financial and welfare aspects of the organization, negotiations with sources of credit/fund, and listing in the stock exchange(s);

- To manage the day-to-day operations of the company Manage, motivate, develop and lead members of the Management Team;
- To manage resources efficiently and effectively to achieve the company's

OBJECTIVES

- To lead the Local Management Team of the Company and chair Management Team meetings;
- To take a leadership role in establishing the company's culture and values;
- To ensure that there is a fit between strategy and culture, and the company's processes and structure;
- To ensure that appropriate internal audit and internal control processes and procedures are in place (in liaison with Head of Internal Audit, External Auditors and Board Audit Committee);
- To develop and implement a risk management plan; and
- To ensure that there is a succession plan in place.

The Board has the authority to make amendment to the above rules, responsibilities and document at any time.

TERMS OF REFERENCE (TOR) FOR THE COMPANY SECRETARY

1. Appointment, reporting relationships and accountability

- The Company Secretary is an employee of the Company who;
- reports administratively to the Managing Director & CEO and operationally to the Chairman of the Board;
- is also accountable to the Board of Directors;
- acts in the capacity of Secretary to the Board and its Committees;
- is responsible for providing strategic and operational support to the Board by providing resources and information links among the Board, Management and the Shareholder, with particular emphasis on facilitating the flow of information;

- is also responsible for maintaining effective working relationships with the Board Chairman, Committee Chairs, individual Directors and Management;
- must have a broad understanding of the organization and its operations to effectively carry out his/her responsibilities.

2. Duties and responsibilities

Regarding Management of Board and Committee Meetings

The Company Secretary shall –

- Initiate the development of agenda for Board and Committee Meetings in consultation with the Board Chair, Committee Chairs and Management;
- Facilitate in consultation with Chairman, Committee Chairs or MD/CEO, Notification of meetings, preparation and distribution of agenda items etc. and ensure that;
- Facilitate the practical arrangements for a Board meeting or Committee meeting, such as meeting room, transports, lunch/dinner/tea etc. as required;
- Attend Board and Committee meetings, and provide advice to the Chairman to support effective functioning of the Board or Committee and adherence to proper meeting procedure;
- Prepare accurate, complete minutes of meetings;
- Where required, prepare and submit to the Directors accurate and complete proposal for written resolutions;
- Arrange for signatures of minutes and written resolutions;
- In conjunction with management, clearly communicate directives from the Board and Committees to the person responsible for carrying out the directives;
- Retain and safeguard the official Minute books and Corporate documents;
- Verify and Authorize Director's expenses for performance of Board-related duties;
- Review all minutes for consistency, appropriateness of recorded decisions and issues with broader implications;
- Ensure that the record of minutes is at all times up to date;
- Act as a Secretary for all Board and Committee meetings.

Corporate Governance Services

The Company Secretary shall –

- Provide expertise and work with the Board Chairman to implement best practices in corporate governance by the Board and its Committees;
- Provide advice and guidance to Directors and management regarding policies, directives and processes regarding corporate governance and tax issues related to the Board and Directors;
- Be responsible for promoting strong corporate governance practices within the organization;
- Draft and maintain all governance documentation including the Governance Manual in collaboration with the Board Chair;
- Work with the Board Chair to ensure continuous improvement of the Board of Directors;
- Keep up to date on evolving corporate governance practices and trends;
- Promote the role and responsibility of the Company Secretary both within the organization and externally, building networks to share ideas, discussing new trends in corporate governance and best practice;
- Refer issues for legal review and opinions as required and may be directed to obtain advice on behalf of the Board;
- Act as custodian for Company's corporate and historical records, meeting minutes and related Board information;
- Maintain a record of consolidated Board motions.

Board Evaluation & Succession Planning Processes

The Company Secretary shall assist the Board and/ or Committees-

- In evaluating and reporting on corporate governance commitments and the mandates of the various Committees;
- In implementing and reporting on the annual processes to assess the performance of the Board, Committees, Chairs and individual Directors;
- In implementing and reporting on the annual performance evaluation of the CEO;
- Facilitating Board appointment and renewal processes, and addressing Committee

- structures, composition and mandates;
- In identifying and communicating any skill requirements for making recommendations to fill Board vacancies;
- Identifying and communicating the professional development needs of Directors.

Policy Framework

The Company Secretary is responsible for-

- Overseeing the organization's Policy Framework as approved by the Board;
- Providing advice and guidance to the Board, the MD/CEO and management on compliance with that framework.

Duties and Responsibilities: Board Budget

The Company Secretary shall manage the Board budget and review and ensure the effective administration of Board expenditures including compliance with entitlements.

Transparency

The Company Secretary supports the Board's commitment to transparency by-

- Ensuring continuous disclosure of the governance framework;
- Ensuring all external reporting requirements are met including in relation to the disclosure of Board meeting attendance, Board remuneration and expenses;
- Ensuring that the appropriate controls are in place in relation to access to board information;
- Ensuring the preparation of governance related materials for the Service Plan and Annual Service Plan Report in collaboration with the Board Chair.

COMMUNICATION

The Company Secretary shall –

- Be the liaison between the Board and the MD/CEO and Management and is the main contact for Directors;
- Promote a strong and effective working relationship between the Board and management;

- At the direction of the Board Chair, provide Directors with timely information between Board Meetings;
- Ensure that all Directors have all the necessary information to discharge their responsibilities;
- Ensure that all Directors receive the same information to support the cohesive working relationship of the Board;
- Develop templates and guidelines to support the preparation of appropriate briefing material;
- Ensure that the appropriate tools and mechanisms are in place to manage Board information and communication to ensure that Directors are able to properly discharge their responsibilities;
- Ensure that the appropriate technical support is available to the Board in relation to any online or paperless communication platforms;
- Support the MD/CEO in ensuring that all decisions made by the Board, or the Board Chair, are clearly communicated to management in a timely manner and that all consequential actions are taken by the organization;
- Additionally ensure the confidentiality of Board materials, records and deliberations as appropriate, or as directed by the Board Chair.

Code of Conduct & Conflict of Interest

- The Company Secretary shall administer the Code of Conduct of the Board Members and advise the Board Chair in respect of any matters where conflict, potential or real, may occur between the Board and its Members;
- If there is a conflict of interest, actual or potential, on any particular matter, between the Company Secretary's administrative or managerial responsibilities within the Company and his/her responsibilities as a secretary to the Board, it is his responsibility to draw it to the attention of the Board.

Statutory & Legal Matters

The Company Secretary shall -

- Keep under close review all legislative, regulatory and corporate governance developments that might affect the Company's operations, and ensure the Board is fully briefed on these and that it has regard to them when taking decisions;
- Ensure proper and timely documentary filings and fulfilment of disclosure requirements to

statutory authorities under applicable legislation and policy;

- Ensure that the standards and disclosures required by the different statutes are observed and, where required, reflected in the annual report of the directors;
- Make arrangements for and manage the process of the General Meetings;
- Maintain the Company's books and records and ensure the security and application of the Company's Common Seal;
- Perform such other duties which usually pertain to the Company Secretary or which may be from time to time be prescribed by the Board or be required by law.

Special Projects

As directed and approved by the Board and its committees, the Company Secretary will undertake special projects ensure that the Board have sufficient information on the resources required to complete any proposed special projects.

TERMS OF REFERENCE (TOR) FOR THE CHIEF FINANCIAL OFFICER (CFO)

1. Appointment, Reporting Relationships and Accountability

The CFO is a Senior Executive of the Company who

- Reports to the Chief Executive Officer (CEO);
- Is also accountable to the Audit Committee;
- Must have a broad understanding of the organization and its operations to effectively carry out his/her responsibilities.

2. Roles, Responsibilities and Duties of the CFO

The CFO, on behalf of the Board of Directors, is responsible for

- Following applicable Accounting Standards and Financial Reporting Standards like IAS, BAS, IFRS and BFRS, and adequate disclosure for any departure there-from, if any;
- Compliance with application of appropriate accounting policies, and ensuring that accounting estimates are reasonable and prudent;

- Providing close cooperation in establishing effective internal financial control environment.
- As a Senior Executive, the CFO is responsible for leadership and management of the Company's finance and accounting functions and is responsible for
 - i. The Company's business planning, budgeting and forecasting processes, including coordination and integration of strategic and business plans for business segments, departmental cost centers and capital budgets;
 - ii. The integrity of the Company's accounting systems, sub-systems, internal controls, fund management, and managing the relationship with the external auditors;
 - iii. The Company's financial and business reporting, tax planning, estimating and reporting, and regulatory reporting (corporate and securities);
 - iv. Management relationships with the Company's bankers and investors, and leasing companies. Responsibility for capital planning and structure and the raising of equity or debt to fund the Company's operations, investment analysis/presentations, and tracking of the Company's market valuation;
 - v. The financial analysis function which addresses product contribution and pricing/margins, the vetting of business cases and post reviews of completed/implemented initiatives, business analysis, operational efficiency and organizational and system capacity modelling/utilization;

3. As a member of the senior management of the Company, the CFO shall

- i. Assist the CEO in
 - a. Representing the Company in dealings with government and regulatory bodies;
 - b. Maintaining relationships with outside agencies and strategic partners;
 - c. Maintaining a policy of on-going communication with investors and representatives of the investment community.
- ii. Meet regularly and as required with the CEO to review material issues and to take reasonable steps to ensure that the CEO is provided in a

timely manner with all the information he/she requires to fulfill his/her statutory and other obligations;

- iii. Carry out analysis of assets and liability and submit recommendations to the management on a quarterly basis;
- iv. Recommend to the Management on how to match assets and liabilities according to short term and long term plan.
 - The CFO shall have the following Responsibilities towards the Board of Directors
 - i. To attend the board meetings and be part of the discussion having financial implication on relevant issues
 - ii. To present to the board of directors information on the following in order to strengthen and formalize corporate decision- making process
 - a. Annual business plans, cash flow projection, forecasts and long term plans
 - b. Budget including capital, manpower and overhead budgets along with variance analysis
 - c. Quarterly operating results of the Company as a whole and in terms of its business segments

4. The CFO shall have Responsibilities Towards

Shareholders to provide all the necessary data to be presented in the "Director's Report" and for this purpose CFO must ensure the following

- a. The financial statement, prepared by the management of Company, present fairly its states of affairs, the result of its operations, cash flows and changes in equities
- b. Proper books of accounts of the Company have been maintained by the relevant units and that operation & computer controls are in place
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- d. International accounting standards, as applicable in the country, have been followed in preparation of financial statements and any departure there from has been adequately disclosed
- e. There has been no material departure from the best practice of corporate governance as detailed in the listing regulations or applicable guidelines
- f. Internal and External Reporting

5. As a part of routine work, the CFO shall responsible for overseeing

- i. Coordination with the internal auditors for statutory auditing
- ii. Asset Liability Management
- iii. Treasury division
- iv. Monitoring Cash Flows
- v. Consulting with other departments, businesses units and or affiliated companies to improve financial performance
- vi. Strategic financial planning/ capital budgeting
- vii. Cash forecasting
- viii. Financial risk management
- ix. Cash Management
- x. Short term investing
- xi. Short term borrowing
- xii. Budgeting and Accounting
- xiii. Designing a proper financial Model for the Business Plan
- xiv. Based on data received from respective departments, carrying out analysis on
- xv. Cost of fund
- xvi. Interest rates (both for deposits and lending)
- xvii. Identifying major profit and cost centers
- xviii. Maintenance of Investment in shares and securities
- xix. Preparation of Financial Statements

6. The CFO has extensive responsibilities for internal and external reporting, particularly

- a. All the financial information required for decision-making by the Board of Directors and Chief Executive Officer is processed and furnished by the CFO.
- b. External reporting requirement is fulfilled by CFO, the accounts and financial statements are signed by the CFO before they are sent to concerned authorities.

TERMS OF REFERENCE (TOR) FOR THE HEAD OF INTERNAL AUDIT (HOIA)

1. Appointment, Reporting Relationships and Accountability

The HOIA is an employee of the Bank who-

- Reports administratively to the Chief Executive Officer (CEO) and operationally to the Chairman of the Audit Committee;
- Is also accountable to the Audit Committee;
- Is responsible primarily for giving assurance on the internal control arrangements in the Company and playing a key role in promoting good corporate governance;
- Must have a broad understanding of the organization and its operations to effectively carry out his/her responsibilities.

2. Roles, Duties and Responsibilities

Roles, Duties and Responsibilities of the HOIA shall include-

(i) Audit Planning/Design

- To develop an annual audit plan using input from the team and stakeholders to identify priorities and resource requirements for the year to cover audit of all the activities of the Company;
- To meet with Directors and Managers to discuss needs and propose audits, to build stakeholder requirements into department plans;
- To ensure plan is developed to meet the Audit Committee's expectations;
- To schedule and assign audits to team members, ensuring effective and efficient use of resources;
- To ensure quality control of the team's audit plans on an ongoing basis by reviewing and approving plans as they are developed and communicated to clients;
- To ensure annual audit plans have contingency built in, to provide unexpected audits to clients as they may surface;
- To report to the Audit Committee at the required intervals on Internal Audit assignments including planned reviews, investigations, risk advisory work and any other ad-hoc activity as required.

(ii) Conducting Audits

- To oversee and provide quality control for the internal audits, to ensure departmental mandate and business goals are met and that professional standards are maintained at all times.
- To ensure completion of audit assignments to provide independent, objective assurance to the Audit Committee.
- To develop the team's engagement with and support of major business change programs thus ensuring that appropriate consideration of risk and control is given to all change.

(iii) Reporting

- To ensure that internal audit reports are prepared and finalized in a timely manner and the same are submitted before the Audit Committee;
- To ensure that internal audit reports are issued with all recommendations agreed and accepted by the audited individual/unit.

(iv) People Management & Development

- To manage and oversee team performance through performance planning, coaching and performance appraisals;
- To hold direct reports accountable for managing and developing their assignments to ensure the department's goals are achieved;
- To provide ongoing feedback to the team to ensure they develop the skills and competencies required for effective planning and individual professional and personal career growth;
- To motivate and inspire the team by providing them with the information and tools they need to do their jobs well and meet customer expectations;
- To deal with performance issues, discipline as necessary and address poor standards, ensuring department targets and customer satisfaction is not compromised;
- To manage the head count, recruiting and deploying resources as required, to ensure the department budget is balanced and the right mix of skills and strengths are being leveraged as effectively as possible.

(v) Improving the Practice of Audits/ Championing Risk Management

- To build relationships with leaders across the organization to understand issues and identify areas for improvement for the organization as a whole;
- To support and encourage team members to be proactive in identifying opportunities to share best practice with Directors and Managers to improve the control environment;
- To develop new methodologies to improve the audit process, making it easier for the organization to request audits and implement recommendations;
- To provide assistance to the business in meeting regulatory requirements;
- To keep abreast of developments in Corporate Governance practices and advise the business accordingly.

(vi) General

To perform any other duties as are within the scope, spirit and purpose of the job, the title of the post and its grading as requested by the line manager or Head of Unit/ Section/ Department/ Division.

INDEPENDENT DIRECTOR

Pursuant to Condition # 1.2 (i) of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission (BSEC) vide its Notification No. BSEC/CMRRCD /2006-158/207/Admin/80 dated 03 June, 2018, as on 31st December, 2019 and as per section 15(9) of the Bank Companies Act, 1991 (amendment upto-2013) Social Islami Bank Limited appointed required numbers of Independent Directors to the Board of Directors of the Bank. The Board of Directors of the Bank in its 405th meeting held on 13th November, 2017 appointed 2 (two) Independent Directors namely: Professor A J M Shafiul Alam Bhuiyan, Ph.D and Professor Mohammed Mizanur Rahman, Ph.D who has been working as Professor at the renowned University of Dhaka. As per compliance of condition 5.3 (a) of the said Notification Professor A J M Shafiul Alam Bhuiyan, Ph.D discharging his responsibilities as the Chairman of the Audit Committee of the Bank. He is also an Independent Director of SIBL Investment Limited (a subsidiary company of SIBL). Professor Mohammed Mizanur Rahman, Ph.D discharging his

responsibilities as a member of Executive Committee of the Bank. He is also nominated as an Independent Director of the SIBL Securities Limited (a subsidiary company of SIBL) as per compliance of the condition 2 (b) of the said Notification. The Independent Directors in the Board exerts independent views on the policy decisions and ensures that all decisions are unbiased and for the best interest of the bank. As per above corporate governance Code, no independent director of Social Islami Bank Limited:

- holds more than one percent shares of the total paid-up capital.
- is not a sponsor of SIBL and is connected with the Bank's any sponsor or director or shareholder who holds one percent (1%) or more share of the total paid-up capital on the basis of family relationship.
- does not have any other relationship, whether pecuniary or otherwise, with the Bank or its Subsidiaries namely SIBL Securities Limited and SIBL Investment Limited.
- is not a member, director or officer of any stock exchange.
- is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.
- is not a partner or an executive or was not a partner or an executive during preceding 3 (three) years of the SIBL's statutory audit firm.
- is not an Independent Director more than 3(three) listed companies.
- has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a Bank or Non-Bank Financial Institute.
- has not been convicted for a criminal offence involving moral turpitude.

APPOINTMENT OF AUDITORS

M/s Hoda Vasi Chowdhury & Co and M/s Shafiq Basak & Co. both are appointed as external Auditors by the Shareholders in the 24th Annual General Meeting held on 2nd July, 2019 at a fees of Taka 4,00,000/- each for the year 2019. As per provision of Companies Act, 1994, Notification/Directive of BSEC and regulation of Dhaka and Chittagong Stock Exchange (Listing) Regulations-2015 they are also eligible for re-appointment by the Shareholders in the up-coming AGM for the year-2020.

APPOINTMENT OF COMPLIANCE AUDITORS

Suraiya Parveen & Associates, a Practicing Chartered Secretaries Firm was appointed as Compliance Auditor of the Bank for the year-2019 as per condition 9(2) of the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018 of Bangladesh Securities and Exchange Commission at an annual fee of Tk.35,000/-(Taka thirty five thousand) only excluding VAT. They are also eligible for re-appointment for the year- 2020.

INFORMATION AVAILABILITY ON WEBSITE

The full text of the Annual Report 2019 including other financial reports are available in the company's website www.siblbld.com

INVESTORS' COMPLAIN DESK

The bank has an Investors' Complain Desk to investigate any matters related to the Investors. Any aggrieved investor may submit his complain or query to the following address.

Company Secretary & Head of Investors' Complain Desk

City Center, Level-20
90/1 Motijheel C/A, Dhaka-1000
Phone : 88 02 09612001122
Fax : 88 02 9568098
email : board@sibl-bd.com

GRATITUDE

The member of the Board of Directors of Social Islami Bank Ltd. would like to place on record their gratitude to all the valued Shareholders, Clients, Patrons and Well- Wishers for their continued support and cooperation. We are also indebted to the Government of Bangladesh, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Stock Exchanges, Central Depository Bangladesh Ltd. (CDBL), Other Banks & Financial institutions, Office of the Registrar of Joint Stock Companies & Firms and all other concerned for their continued and kind support. Finally, the Board would like to place on record their deepest appreciation for the dedicated services rendered by all the employees of the Bank.

Ma-assalam

On behalf of the Board of Directors



(Prof. Md. Anwarul Azim Arif)
Chairman
Board of Directors

COMPLIANCE REPORT UNDER CONDITION NO 9.00 OF BSEC

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.00 | Board of Directors | | | |
| 1.1 | Size of the Board of Directors: The total number of members of a company's Board of Directors (herein after referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty) | ✓ | | |
| 1.2 | Independent Director | | | |
| 1.2(a) | At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors | ✓ | | |
| 1.2(b)(i) | Do not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company | ✓ | | |
| 1.2(b)(ii) | Do not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company | ✓ | | |
| 1.2(b)(iii) | Who has not been an executive of the company in immediately preceding 2 (two) financial years | ✓ | | |
| 1.2(b)(iv) | Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies | ✓ | | |
| 1.2(b)(v) | Independent directors are not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.2(b)(vi) | Independent director is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market | ✓ | | |
| 1.2(b)(vii) | Independent director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code | ✓ | | |
| 1.2(b)(viii) | They are not the Independent directors in more than 5 (five) listed companies | ✓ | | |
| 1.2(b)(ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI) | ✓ | | |
| 1.2(b)(x) | Who has not been convicted for a criminal offence involving moral turpitude; | ✓ | | |
| 1.2(c) | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM) | ✓ | | |
| 1.2(d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days | ✓ | | |
| 1.2(e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. A former independent director may be considered for re appointment for tenure after a time gap of one tenure. The independent director shall not be subject to retirement by rotation as the Companies Act, 1994. | ✓ | | |
| 1.3 | Qualification of Independent Director (ID) | | | |
| 1.3(a) | Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business. | ✓ | | |
| 1.3(b) | Independent director shall have following qualifications: | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.3(b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association | ✓ | | |
| 1.3(b)(ii) | Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company | ✓ | | |
| 1.3(b)(iii) | Former official of government or statutory or autonomous regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law | ✓ | | |
| 1.3(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law | ✓ | | |
| 1.3(b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification | ✓ | | |
| 1.3(c) | The independent director have at least 10 (ten) years of experiences in any field mentioned in clause (b) | ✓ | | |
| 1.3(d) | In special cases, above qualifications or experiences may be relaxed subject to prior approval of the Commission. | ✓ | | |
| 1.4 | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer | | | |
| 1.4 (a) | The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.4 (b) | The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company | ✓ | | |
| 1.4 (c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company | ✓ | | |
| 1.4 (d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer | ✓ | | |
| 1.4 (e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |
| 1.5 | Directors report to shareholders | | | |
| 1.5(i) | Industry outlook and possible future developments in the industry | ✓ | | |
| 1.5(ii) | Segment-wise or product-wise performance | ✓ | | |
| 1.5(iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any | ✓ | | |
| 1.5(iv) | Discussion on cost of goods sold, gross profit margin and net profit margin | ✓ | | |
| 1.5(v) | Discussion on continuity of any Extra-Ordinary gain or loss | | | No such event arose |
| 1.5(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions | ✓ | | |
| 1.5(vii) | Utilization of proceeds from public issues, right issues and/ or through any others instruments | ✓ | | |
| 1.5(viii) | An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc. | | | No such event arose |
| 1.5(ix) | Explanation on significant variance occurs between Quarterly Financial performance and Annual Financial Statements | ✓ | | |
| 1.5(x) | Remuneration to directors including independent directors | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.5(xi) | The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity | ✓ | | |
| 1.5(xii) | Proper books of account of the issuer company have been maintained | ✓ | | |
| 1.5(xiii) | Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment | ✓ | | |
| 1.5(xiv) | International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed | ✓ | | |
| 1.5(xv) | The system of internal control is sound in design and has been effectively implemented and monitored | ✓ | | |
| 1.5(xvi) | Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress | ✓ | | |
| 1.5(xvii) | There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed | ✓ | | |
| 1.5(xviii) | Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained | ✓ | | |
| 1.5(xix) | Key operating and financial data of at least preceding 5 (five) years shall be summarized | ✓ | | |
| 1.5(xx) | If the issuer company has not declared dividend (cash or stock) for the year | ✓ | | |
| 1.5(xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend | ✓ | | |
| 1.5(xxii) | The total number of Board meetings held during the year and attendance by each director | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|--------------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.5 (xxiii) | Report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: | | | |
| 1.5(xxiii)(a) | Parent or Subsidiary or Associated Companies and other related parties (name-wise details) | √ | | |
| 1.5(xxiii)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details) | √ | | |
| 1.5(xxiii)(c) | Executives | √ | | |
| 1.5(xxiii)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details) | √ | | |
| 1.5(xxiv) | In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: | | | |
| 1.5(xxiv)(a) | A brief resume of the director | √ | | |
| 1.5(xxiv)(b) | Nature of his or her expertise in specific functional areas | √ | | |
| 1.5(xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the Board | √ | | |
| 1.5(xxv) | A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on | | | |
| 1.5(xxv)(a) | Accounting policies and estimation for preparation of financial statements | √ | | |
| 1.5(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes | √ | | |
| 1.5(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof | √ | | |
| 1.5(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario | √ | | |
| 1.5(xxv)(e) | Briefly explain the financial and economic scenario of the country and the globe; | √ | | |
| 1.5(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company | √ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.5(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explain to the shareholders in the next AGM | ✓ | | |
| 1.5(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A | ✓ | | |
| 1.5(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C | ✓ | | |
| 1.6 | Meetings of the Board of Directors | | | |
| 1.6 | The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | ✓ | | |
| 1.7 | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer | | | |
| 1.7(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the chairperson of the Board, other board members and Chief Executive Officer of the company; | ✓ | | |
| 1.7(b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency | ✓ | | |
| 2.00 | Governance of Board of Directors of Subsidiary Company | | | |
| 2 (a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company | ✓ | | |
| 2 (b) | At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 2 (c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company | ✓ | | |
| 2 (d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also | ✓ | | |
| 2 (e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | ✓ | | |
| 3.00 | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS) | | | |
| 3.1 | Appointment | | | |
| 3.1 (a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | ✓ | | |
| 3.1 (b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals | ✓ | | |
| 3.1 (c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time | ✓ | | |
| 3.1 (d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS | ✓ | | |
| 3.1 (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s) | ✓ | | |
| 3.2 | Requirement to attend Board of Directors' Meetings | | | |
| 3.2 | The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: | ✓ | | |
| 3.3 | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) | | | |
| 3.3(a) | The MD or CEO and CFO shall certify to the board that they have reviewed financial statements for the year and that to the best of their knowledge and belief | | | |
| 3.3(a)(i) | These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 3.3(a)(ii) | These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; | ✓ | | |
| 3.3(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members | ✓ | | |
| 3.3(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4 | Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following sub-committees: | | | |
| 4 (i) | Audit Committee | ✓ | | |
| 4 (ii) | Nomination and Remuneration Committee. | | | Unresolved Issue |
| 5 | Audit Committee | | | |
| 5.1 | Responsibility to the Board of Directors | ✓ | | |
| 5.1 (a) | The company shall have an Audit Committee as a subcommittee of the Board | ✓ | | |
| 5.1 (b) | The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business | ✓ | | |
| 5.1 (c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing | ✓ | | |
| 5.2 | Constitution of the Audit Committee | | | |
| 5.2 (a) | The Audit Committee shall be composed of at least 3 (three)members; | ✓ | | |
| 5.2 (b) | The Board shall appoint members of the Audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least1 (one) independent director; | ✓ | | |
| 5.2 (c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) yearsof such experience; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 5.2 (d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee | √ | | |
| 5.2 (e) | The company secretary shall act as the secretary of the Committee | √ | | |
| 5.2 (f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | √ | | |
| 5.3 | Chairperson of the Audit Committee | | | |
| 5.3 (a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director; | √ | | |
| 5.3 (b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b). And the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | √ | | |
| 5.3 (c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. | √ | | |
| 5.4 | Meeting of the Audit Committee | | | |
| 5.4 (a) | The Audit Committee shall conduct at least its four meetings in a financial year. | √ | | |
| 5.4 (b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | √ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 5.5 | Role of Audit Committee | | | |
| 5.5 (a) | Oversee the financial reporting process; | ✓ | | |
| 5.5 (b) | Monitor choice of accounting policies and principles | ✓ | | |
| 5.5 (c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report | ✓ | | |
| 5.5 (d) | Oversee hiring and performance of external auditors; | ✓ | | |
| 5.5 (e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption | ✓ | | |
| 5.5 (f) | Review along with the management, the annual financial statements before submission to the Board for approval | ✓ | | |
| 5.5 (g) | Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval | ✓ | | |
| 5.5 (h) | Review the adequacy of internal audit function | ✓ | | |
| 5.5 (i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report | ✓ | | |
| 5.5 (j) | Review statement of all related party transactions submitted by the management | ✓ | | |
| 5.5 (k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | ✓ | | |
| 5.5 (l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors | ✓ | | |
| 5.5 (m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission | | | N/A |
| 5.6 | Reporting of the Audit Committee | | | |
| 5.6(a) | Reporting of the Board of Directors | | | |
| 5.6 (a)(i) | The Audit Committee shall report on its activities to the Board. | ✓ | | |
| 5.6 (a)(ii)(a) | The Audit Committee shall immediately report to the Board on the following findings report on conflicts of interests | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|--|--|--------------|------------------------|
| | | Complied | Not complied | |
| 5.6 (a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | No Such incident arose |
| 5.6 (a)(ii)(c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations | | | No Such incident arose |
| 5.6 (a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately | | | No Such incident arose |
| 5.6 (b) | Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier | | | No Such incident arose |
| 5.7 | Reporting to the shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6) (a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company | | | No Such incident arose |
| 6 | Nomination and Remuneration Committee (NRC) | | | |
| 6.1 (a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board | | | Unresolved Issue |
| 6.1 (b) | The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | | | |
| 6.1 (c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b). | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 6.2 | Constitution of the NRC | | | |
| 6.2 (a) | The Committee shall comprise of at least three members including an independent director; | | | |
| 6.2 (b) | All members of the Committee shall be non-executive directors; | | | |
| 6.2 (c) | Members of the Committee shall be nominated and appointed by the Board; | | | |
| 6.2 (d) | The Board shall have authority to remove and appoint any member of the Committee; | | | |
| 6.2 (e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | | | |
| 6.2 (f) | The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | | | |
| 6.2 (g) | The company secretary shall act as the secretary of the Committee; | | | |
| 6.2 (h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | | | |
| 6.2 (i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company | | | |
| 6.3 | Chairperson of the NRC | | | |
| 6.3 (a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director | | | |
| 6.3 (b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|------------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 6.3 (c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: in absence of chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholders queries and reason for absence of the chairperson of the NRC shall be recorded in the minutes of the AGM | | | |
| 6.4 | Meeting of the NRC | | | |
| 6.4 (a) | The NRC shall conduct at least one meeting in a financial year; | | | |
| 6.4 (b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | | | |
| 6.4 (c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | | | |
| 6.4 (d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | | | |
| 6.5 | Role of the NRC | | | |
| 6.5(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | | | |
| 6.5 (b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |
| 6.5(b)(i) | formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | |
| 6.5(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract retain and motivate suitable directors to run the company successfully | | | |
| 6.5(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks | | | |
| 6.5(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 6.5(b)(ii) | Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality | | | |
| 6.5(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board | | | |
| 6.5(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board | | | |
| 6.5(b)(v) | Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria | | | |
| 6.5(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies; | | | |
| 6.5(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | | | |
| 7. | External or Statutory Auditors | | | |
| 7.1 | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | | | |
| 7.1 (i) | Appraisal or valuation services or fairness opinions; | ✓ | | |
| 7.1 (ii) | Financial information systems design and implementation; | ✓ | | |
| 7.1 (iii) | Book-keeping or other services related to the accounting records or financial statements; | ✓ | | |
| 7.1 (iv) | Broker-dealer services; | ✓ | | |
| 7.1 (v) | Actuarial services; | ✓ | | |
| 7.1 (vi) | Internal audit services or special audit services; | ✓ | | |
| 7.1 (vii) | Any service that the Audit Committee determines; | ✓ | | |
| 7.1 (viii) | Audit or certification services on compliance of corporate governance as required under condition No. 9(1) | ✓ | | |
| 7.1 (ix) | Any other service that creates conflict of interest. | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 7.2 | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: | | | |
| 7.3 | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | ✓ | | |
| 8 | Maintaining a website by the Company. | | | |
| 8.1 | The company shall have an official website linked with the website of the stock exchange | ✓ | | |
| 8.2 | The company shall keep the website functional from the date of listing | ✓ | | |
| 8.3 | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | ✓ | | |
| 9 | Reporting and Compliance of Corporate Governance. | | | |
| 9.1 | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report. | ✓ | | |
| 9.2 | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting | ✓ | | |
| 9.3 | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | ✓ | | |

REPORT ON GOING CONCERN

The board of Directors of the bank has made an annual assessment whether there exists a material uncertainty which may be an indicative of significant doubt about SIBL's ability to continue as going concern. In this regard, the Board of Directors of the bank has made appropriate inquiries, analysis, review and estimation in the backdrop of existing and future financial and operational strength of the bank. The Board of Directors are convinced and provide a reasonable assurance to the stakeholders as to SIBL's continuity as a going concern for the foreseeable future and accordingly the bank has been adopting the 'going concern' basis for preparing financial statements.

The financial performance of the bank was good and improving steadily over the years. While analyzing the 5 years comparative financial position of the bank, we find that all the basic indicators of the bank is positive and the bank is moving towards its way of 'Journey towards continuous excellence' leaving a growth curve.

- Gaining public confidence day by day. Both deposits and investment are maintaining upward trend over the previous years.
- Built an excellent regulatory compliance culture.
- Practicing best Corporate Governance.
- Introducing state-of-the-art Information & Technology.
- Invented IT-based diversified products and services that are tailored to different economic class of people of the society in order to bring the un-banked people into banking channels.
- Motivated employees, excellent working work force & team spirit, competitive pay scale & long term benefits.
- Outstanding Assets Liability Management for proper liquidity planning & management.
- Expanded area of operation from urban to rural.

- Effective Risk management system.
- Outstanding asset quality.
- Outstanding Credit Rating both in short term and long term.
- Excellent public communication, branding and media image.
- Paying dividend consistently.
- Positive key financial indicators.

Banking business involves a high degree of risk and SIBL is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the financial position. Here, the Board of Directors of the Bank has carefully analyzed the financial position of the bank and estimated the issue of continuity of the bank as going concern considering some risk factors that may seriously effects. If any of the following risks actually occur, business, results of operations and financial condition could suffer.

A. PROFIT RATE & FOREIGN CURRENCY RISKS

Volatility in money market both in local and foreign, increase in Investment demand, Increase Import and decrease exports, slow remittance etc. may raise the rate of profit on deposit & borrowings including foreign currency. The Bank's financing in different sectors is generally structured at fixed and variable rates for specified terms. A change in the Government's monetary policy also tends to increase the rates. Increase in profit rates or non-availability of Foreign Currency could adversely affect the bank's operations.

Perception

Although the consequences of unusual and abrupt increase in the deposit and borrowing rate cannot be avoided, Social Islami Bank Ltd. (SIBL) takes all the appropriate measures to minimize the negative consequences. For profit rate risks, the Bank currently pursues a policy under which profit rates can be revised for any unusual and abrupt change at its own discretion as and when required. Moreover, SIBL foreign exchange risk remains at minimum level as all of its foreign trade & remittance transactions are carried out on behalf of the customers and there is no direct selling or buying of foreign currency i.e. dealing room operation. The demand of foreign currency payment is mostly backed by Exports earnings and remittance. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return.

B. NON-PAYMENT RISK

Non-payment risk can arise if the Bank becomes unable to repay to its depositors over the counter or on time due to the impacts of (i) global financial crisis (ii) pre-matures encashment (iii) economic recession (iv) natural calamity (v) international sanctions (vi) adverse classification of investments (vii) serious liquidity crunch (viii) assets liability mismatch (ix) limit less ID ratio etc. may have a direct negative impact on cash flow and profitability of the bank. The situation would fell the bank into serious trouble.

Perception

The management of SIBL is always concerned about the prevailing and upcoming future changes

in the global financial policies and shall response appropriately and timely to safeguard its interest. The Bank has a very strong financial background as well as cash flow along with diversified business package, that's why the risk is very negligible. Moreover, the bank has a clear policy to maintain its ID Ratio (Investment Deposit Ratio) to 89.00% and an ideal deposit mix. Structured liquidity profile of the bank shows that all assets and liabilities are being well managed and shaped. The bank has specific policy guidelines on 'stress liquidity management'. Besides that, ALCO (Asset Liability Committee) of the bank is a powerful committee entrusted with the overall liquidity management. So the bank believe that if for some unwanted situation excessive premature encashment occurs over the counter, capable to shape up things. In the history of operation, SIBL has not recorded a single case of 'Non-Payment'.

C. MANAGERMENTS RISK

There may arise Management Risk in the Bank, which associates ineffectiveness, conflict of interest, destructive, or under-performing management that may hamper the smooth operation of the Bank and fell the organization in a question of going concern.

Perception

Social Islami Bank Limited (SIBL) has a very effective and competent management, which consistently makes effective policy decision. Since inception up to 31.12.2019, the Board of Directors of the Bank has discharged their duties and responsibilities through 445 number of board meeting. The Board of Detectors has formulated code of conducts including role and responsibilities for its Chairman, Board Member, Managing Director, Company Secretary, Chief Financial Officer & Head of Internal Control & Compliance Division of the Bank. The bank is a compliant of corporate governance system imposed by Bangladesh Securities and Exchange Commission (BSEC) and there is no such evidence recorded so far which amounts to- management risk.

D. OPERATIONAL RISK

Operational risk is the risk of potential losses from a breakdown in internal processes and systems, deficiencies in people and management or operational failure arising from external events which may seriously shake the entity towards its continuation as going concern.

Perception

The internal control and compliance division of the bank controls the operational procedure of the Bank. Internal Control and compliance division undertakes periodical and special audit of the Branches and departments at the Head Office to review the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the internal control and compliance division. So, the bank is aware about its operational risk and accordingly policies and procedures are regularly been reviewed by the Board of Directors of the bank to ensure risk free operation.

E. BUSINESS RISK

The bank may face business risk while doing their banking business. Business risk implies uncertainty in profit or danger of loss and the events that could pose a risk due to some unforeseen events in future, which causes business of SIBL to fail. Moreover, strong competitor in the industry may compel SIBL to squeeze its operations or may invite hard competitions

Perception

SIBL has a very good profitability record and the management is well aware about business risk. The Bank is operating in a highly competitive market as modern banking industry has brought greater business diversification. The Bank has a dedicated team to find new scope to expand its business. The risk management team is working to identify and manage different types of risk including business risk. SIBL Securities Limited and SIBL Investment Limited are the subsidiaries of SIBL incorporated with the objective to carry on the business of stock brokers, dealers in relation to shares and securities dealings, to underwrite, manage and distribute the issue of stocks etc. Thus, SIBL also reduces the industry risk by making versatile opportunity of business in the financial sector. Moreover, to make the operation competitive, the bank has implemented one of the best world class Information Technology platform in the bank to ensure faster and safer delivery of services to the customers on 24/7 basis. The bank has built up its alternative delivery channel infrastructure to offer the full suite of ATMs, POS, Internet Banking, and SMS banking for its customers. In order to support its growth strategies in future, the bank has made a strategic decision to change its core banking software to a more robust and internationally tested

system. As its unique contribution to a truly broad-based and participatory electronic banking system in Bangladesh, SIBL currently has a wide coverage of 161 Branches, as on December 31, 2019. So, the board of directors estimated that there is no sign that the bank fall in trouble on the ground of business risk and hard competitions.

F. POTENTIAL OR EXISTING GOVERNMENT REGULATIONS

The Bank operates under the specific guidelines laid down by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities. The Bank also operates under Companies Act 1994 and other related regulations, Bank Companies Act 1991, Income Tax Ordinance 1984, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt change of the policies made by the regulatory authorities may adversely affect the business of the Company.

Perception

Unless any policy change negatively and materially affects the industry as a whole, the business of the Bank is expected not to be affected significantly. Like all Scheduled Banks in Bangladesh, SIBL's asset growth and cost of CRR and SLR are adjustable as per requirement.

G.POTENTIAL CHANGES IN GLOBAL/NATIONAL POLICIES

A financial institution's ability to operate a profitable business is directly related to the monetary and fiscal policy of the country at any given time. Imposition of restrictive monetary and/or fiscal policy by the government at any time may affect a company's profitability. Again, change in the existing global or national policies can have either positive or negative impacts for the Bank.

Perception

The management of SIBL is always concerned about the prevailing and upcoming future changes in the global or national policy and responds appropriately and timely to safeguard its interest.

H. HISTORY OF NON-OPERATION

Is there any history for the Bank to become non-operative from its commercial operation.

Perception

The Social Islami Bank Limited (SIBL), a second-generation bank, was incorporated on November 05, 1995. SIBL started its commercial operation on November 22, 1995 and completed 25 (Twenty five) year successful banking operation based on Shariah Principles without having any history of non-operation. SIBL has now 161 branches all over the Country with two subsidiary companies - SIBL Securities Ltd. & SIBL Investment Ltd. Targeting poverty, The Social Islami Bank Limited is indeed a concept of 21st century participatory three sector banking model in one. In the formal sector, it works as an Islamic participatory Commercial Bank with human face approach to credit and banking on the profit and loss sharing. The Bank is an independent body that is operated by its Memorandum & Articles of Association and other applicable laws implemented by the Government of Bangladesh. Besides, the Bank's financial strength is satisfactory. It has highly experienced Directors and Management team which makes the Bank more efficient and stronger for any commercial operations. So, the chance of becoming non-operative for the risk Bank is minimum.

I. PORTFOLIO MANAGEMENT RISK

Poor quality of project appraisal, slack monitoring of outstanding debts, inadequate/inappropriate documentation and other forms of management efficiencies may affect the quality of SIBL portfolio.

Perception

Under the close supervision of SIBL's prudent shareholders and the Board of Directors, the management of SIBL has developed skills and ability to appraise a project efficiently, ascertain the risk factors, address them and monitor performance closely.

J. CREDIT/INVESTMENT RISK

Some of the customers or obligators may fail to meet the terms of any contract or otherwise fail to perform as agreed which will in turn reduce the profit of the Bank, decreasing shareholders' earning.

MANAGEMENT PERCEPTION

Considering the key elements of credit risk, the Bank has segregated duties of the officers/executives involved in credit related activities. Separate division for Corporate, SME and retail has been formed which are entrusted with the duties of maintaining effective relationship with the customers, marketing of credit products, exploring new business opportunities etc. for transparency in the operation during the entire credit period-i) Investment Approval Committee, ii) Investment Administration Department, iii) Recovery Unit and iv) Impaired Asset management have been set up.

Based on the above discussion, Board of Directors of the bank anticipated that it is appropriate to adopt going concern assumptions and there is no material uncertainty in preparing financial statements.

REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank and reconstituted in the 412th Board of Directors Meeting held on 21.03.2018 in compliance with the Bangladesh Bank and Bangladesh Securities Exchange Commission Corporate Governance Guidelines (Now, Corporate Governance Code). The Audit Committee assists the Board in fulfilling its oversight responsibilities where accountability stands for financial reporting process, Internal Control System, Internal and External audit process, management of the risks of the Bank. The Committee review, monitor and assess the activities & performance of the Bank and establish the policies and procedures which comply with the existing laws & regulations.

Following Directors were the members of the Audit Committee for the Year 2019:

| SL | Name | Status in the Bank | Status in the Committee |
|----|--|----------------------|-------------------------|
| 01 | Professor A J M Shafiul Alam Bhuiyan, Ph.D | Independent Director | Chairman |
| 02 | Mr. Md. Kamal Uddin | Director | Member |
| 03 | Dr. Md. Jahangir Hossain | Director | Member |

MEETINGS OF THE AUDIT COMMITTEE:

The Board Audit Committee had 138 nos. (One hundred thirty eight) Meetings in the previous years since inception in the year 2003, out of which 04 Meetings were conducted in the Year 2019 and the attendance of the members was as follows:

| Name | No. of Meetings Held | No. of Meetings Attended |
|--|----------------------|--------------------------|
| Professor A J M Shafiul Alam Bhuiyan, Ph.D | 04 | 04 |
| Mr. Md. Kamal Uddin | 04 | 04 |
| Dr. Md. Jahangir Hossain | 04 | 04 |

DISCLOSURE BY AUDIT COMMITTEE:

- The Committee reviewed the Quarterly Financial Statements as well as the yearly financial statements for the year 2019 of the Bank and subsequently recommended to the Board for consideration and approval.
- The Committee reviewed the integrity of the financial statements of the Bank to ensure that these reflect a true and fair view of the Bank's state of affairs.
- The Committee while reviewing the financial statements ensured that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable for business.
- The Committee discussed with the statutory auditors about the nature and scope of audit as well as had post-audit discussions to address areas of concern.
- The Committee reviewed the Management Report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation.
- The Committee also reviewed the financial statements/investments of the subsidiaries: SIBL Securities Limited and SIBL Investment Limited.
- Pursuant to Condition No. 5 (6) (a) (i) of the Corporate Governance Code issued by BSEC, the Committee reviewed the Internal Control System and Financial Statements. The Committee observed that there was no conflict of interest or material defect in the internal control system of the Bank.
- The Committee reviewed the report on Management Information System (MIS) and management action in building effective computerized MIS in SIBL and advised the Management to implement all instructions given by the Bangladesh Bank and other regulators for establishing a global standard MIS environment in the whole banking arena of SIBL.
- The Committee approved the internal audit plan and gave direction to the internal auditors where appropriate for carrying out in depth audit to

ensure that the company or its assets are not exposed to undue risk.

- The Committee reviewed the Internal Auditors Reports and suggested appropriate actions where needed. The Internal Auditors were advised to carry out audit of all the branches of the Bank.
- The Committee reviewed ICCD Manual regular basis and suggested appropriate actions where needed. The Internal Auditors were advised to carry out the instruction of the ICCD Manual.
- The Committee discuss the draft copy of "Instruction Manual to Protect Fraud and Forgeries and Stealing Bank's Money" and onward submission to the Board for approval.
- The Committee recognized the observations of the Internal Audit Division regarding internal control, activities and suggestions made to improve operational systems and procedures and their implementation.
- The Committee reviewed the compliance position, policies, regulations and applicable law in general.
- The Committee observed that risk management associated with the banking business was adequately controlled.

On behalf of the Board Audit Committee



Professor A J M Shafiul Alam Bhuiyan, Ph.D.
Chairman
Board Audit Committee

REPORT ON NATIONAL INTEGRITY STRATEGY

Integrity means behavioral excellence influenced by morality and honesty and adherence to time-tested norms, values, customs and principles of a society. At the individual level, it means being dutiful and honest. National Integrity Strategy (NIS) is a living document of Bangladesh Government with the hope that this NIS will play its desired role in building Bangladesh a self-sufficient “Shonar Bangla”.

Bangladesh government approved the National Integrity Strategy (NIS) in October, 2012 and has undertaken programs through NIS to establish a system of governance that creates trust among citizens. For this reason, the strategy targets a broad audience like government owned and Non Government Organizations with the vision to build this country a “Shonar Bangla” where the mission is to establish good governance in the state institutions and society.

The integrity system comprises both government and non government institutions. In facilitating application of the NIS, the government wishes to engage not only the state institutions such as Executive Organ and Public Administration, Parliament, Judiciary, Election Commission, Attorney-General, Public Service Commission, Comptroller and Auditor-General, Ombudsman, Anti Corruption Commission, Local Government Organizations but also the non government institutions including financial institutes, political parties, Industrial and Commercial Organizations in the Private Sector, NGOs and Civil Society, Family, Educational Institutions, Media. Furthermore, Government and Non Government educational and religious institutions will also be key players of NIS.

Challenges of NIS:

- Promulgation of Civil Service Act;
- Increased functional freedom of public service with stronger accountability;
- Enhanced efficiency and effectiveness in administrative activities;
- Establishing links between promotion, transfer, pay and emoluments with appraised performance;
- Introduction of a competitive pay and incentive structure;
- Overall reform by ensuring equitable opportunities for different cadre services;
- Making citizens friendly with law enforcing agencies;
- Fair, neutral and visible decision making capability in public administration.

National Integrity Strategy: Commercial Organizations in the Private Sector

Private sector is playing an increasingly important role in the socio-economic development and contributing to wealth creation and value addition to meet the demand of the population. Integrity of this sector has paramount importance. The culture of investment-default needs to be eliminated. Besides that ‘Protection of Consumer Rights Act’ has to be implemented properly. The main challenges in this regard are:

- Addressing the investment (loan) default problem,
- Promotion of corporate governance,
- Awarding performance-based fair salary and wages to the employees,
- Proper enforcement of the law on consumer rights,

- Prevention of collusive practices in business by enforcing law of land,
- Promotion of a culture of self-control by Chambers and Associations.

SIBL Integrity Strategy

Social Islami Bank Ltd (SIBL), a second-generation private sector Bank, operating since 22 November 1995 based on Shariah Principles, has now 161 branches and 39 sub-branches all over the country with two subsidiary companies named SIBL Securities Ltd. & SIBL Investment Ltd. It is a prime goal and responsibility of SIBL to secure employee rights, and to ensure equality of opportunity and dispensation of economic and social justice. SIBL is dedicated to ensure employee’s welfare.

To support the total activities of the Government of Bangladesh in establishing NIS, SIBL has formed a Committee called “SIBL Integrity Committee” as per BRPD Circular No 21 dated 12 November 2013 headed by the Additional Managing Director of the bank assisted by a Focal Point Officer. The committee has taken responsibilities to implement NIS activities throughout the bank. The prime objective of this committee is to prevent corruption and to establish integrity in every sphere of the Bank to eradicate corruption from the society and state.

We believe that the issue of integrity should not be confined at the top level of institutions. Rather, each institution is expected to find mechanisms to implement institutional strategies at different level to implement National Integrity Strategy. In 2019, a total of 04 (four) numbers of SIBL Integrity Committee meeting were held. Several steps were taken to promote integrity within the institution, these are-

- Ensuring the attainment of an egalitarian society which would be free from exploitation,
- Guaranteeing employees’ rights and freedom as per rules of the Bank,
- Respecting self dignity and commitment to the institution,
- Creating a justified opportunity for all employees of the institution,
- Ensuring participation of women in all spheres of the institution,
- Paying everyone for work on the basis of the principle of ability and work done,
- Providing integrity training to 480 employees,
- Presenting SIBL Integrity Award 2018-2019,
- Auditing on regular basis and promoting ethical practice,
- Formulating branch level integrity committee for better moral exercise.

A person with integrity demonstrates sound moral and ethical principles and does the right thing, no matter who’s watching. Integrity is the foundation on which coworkers build relationships and trust, and it is one of the fundamental values that employers seek in the employees that they hire. To have integrity means that a person is self-aware, accountable, responsible, and truthful and that their actions are internally consistent. By sowing integrity awareness in individual level, our bank aims to grow a banyan tree of ethical greatness to promote institution’s reputation as well as to perform social responsibility.

RISK MANAGEMENT



REPORT ON RISK MANAGEMENT

Risk is defined as uncertainties resulting in adverse outcome, adverse in relation to planned objective or expectations. In the financial arena, enterprise risks can be broadly categorized as Investment risk, operational risk, market risk and other risk. Risk management is the deliberate acceptance of risk for profit-making. It requires informed decisions on the tradeoff between risk and reward, and uses various financial and other tools to maximize risk-adjusted returns within pre-established limits. Risk-taking is an inherent element of the banking business and, indeed, profits are in part the reward for successful risk taking in business. On the other hand, excessive and poorly managed risk can lead to losses and thus endanger the safety of a bank's depositors. The objective of risk management system is to identify, assess, record and actively manage any internal or external risks that could pose a threat to the attainment of the Bank's corporate goals.

In this section we shall summarize the risk management framework, risk mitigation methodology and disclosure on risk reporting of Social Islami Bank Limited practiced internally and for regulatory purpose.

RISK MANAGEMENT FRAMEWORK

A risk management framework is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

1. ORGANIZATIONAL STRUCTURE:

1.1 Board of Directors

The board of directors of the bank gives utmost importance on sound risk management practices. They take every possible initiative to keep various risks (Investment, market, liquidity, operational risks etc.) within tolerable level. For this purpose the board plays the following role:-

Establish organizational structure for enterprise risk management within the bank and ensure that top management as well as staffs responsible for risk management possess sound expertise and knowledge to accomplish the risk management function properly;

Assign sufficient authority and responsibility to risk management related officials;

Ensure uninterrupted information flow to RMD for sound risk management;

Continuously monitor the bank's performance and overall risk profile through reviewing various reports;

Ensure the formulation, review (at least annually) and implementation of appropriate policies, plans and procedures for risk management;

Define and reviewing the risk appetite, risk tolerance, limit etc. in line with strategic planning;

Make sure maintenance of adequate capital and provision to absorb losses resulting from risk;

Ensure that internal audit reviews the Investment operations, foreign exchange operations and securities portfolio management functions etc. to assess the effectiveness of internal control system;

Monitor the function of Board Risk Management Committee.

1.2 Board Risk Management Committee (BRMC)

In compliance with the Sub-section (3) of Section 15Kha of the Bank Company (Amended) Act, 2013 and the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank, "Board Risk Management Committee" has been formed. The Terms of Reference (ToR) of the Committee is determined as per the guidelines/ circulars of Bangladesh Bank issued and in-force from time to time. As per the Terms of Reference (ToR), four (4) meetings of Risk Management Committee of the Board were held during 2019.

Role of Board Risk Management Committee is as follows:

- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Ensuring construction of adequate organizational structure for managing risks within the bank;
- Supervising the activities of Executive Risk Management Committee (ERMC);
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of

Directors for their review and approval;

- Approving adequate record keeping & reporting system and ensuring its proper use;
- Holding at least 4 meetings in a year (preferably one meeting in every quarter) and more if deemed necessary;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow up of the decisions for proper implementation;
- Submitting proposal, suggestions & summary of BRMC meetings to board of directors at least on quarterly basis;
- Complying with instructions issued from time to time by the regulatory body;
- Ensuring appropriate knowledge, experience, and expertise of lower-level managers and staff involved in risk management;
- Ensuring sufficient & efficient staff resources for RMD;
- Establishing standards of ethics and integrity for staff and enforcing these standards;
- Assessing overall effectiveness of risk management functions on yearly basis

1.3 Executive Risk Management Committee (ERMC):

For smooth functioning of risk management activities of the Bank, a Board level and a Management level Risk Management Committee are parallelly working in the Bank. The Management level Risk Management Committee is headed by the Chief Risk Officer of the Bank and formed as per the TOR of Bangladesh Bank and conduct minimum one monthly meeting to discuss the main agenda of the meeting- 'Monthly Risk Management Report (MRMR)' which is specially designed by Bangladesh Bank and contains various analysis and information that covers a wide areas of the Bank's Investment risk, market risk, operation risk including 'six core risks'. As per regulations of Bangladesh Bank, this committee analyses all the information contained in MRMR and submit it to BRMC for approval to submit the report to Bangladesh Bank and Bangladesh Bank monitors and instructs the bank on any particular risk issue of the report. Apart from MRMP, Comprehensive

Risk Management Report (CRMR) is prepared and placed to this committee on half yearly basis. Both MRMR and CRMP are also submitted to the board risk management committee for their review and necessary guidance.

Functions of the committee are as under:

- i. Identifying, measuring and managing bank's existing and potential risks through detailed risk analysis;
- ii. Holding meeting at least once in a month based on the findings of risk reports and taking appropriate decisions to minimize/control risks;
- iii. Ensuring incorporation of all the decisions in the meeting minutes with proper dissemination of responsibilities to concerned divisions/ departments;
- iv. Minimizing/controlling risks through ensuring proper implementation of the decisions;
- v. Reviewing risks involved in new products and activities and ensuring that the risks can be measured, monitored, and controlled adequately;
- vi. Submitting proposals, suggestions & summary of ERM meetings to CEO, BRMC on regular basis;
- vii. Implementing the decisions of BRMC and board meetings regarding risk issues;
- viii. Assessing requirement of adequate capital in line with the risk exposures and ensuring maintenance of the same through persuading senior management and board;
- ix. Determining risk appetite, limits in line with strategic planning through threadbare discussions among the members;
- x. Contributing to formulation of risk policies for business units;
- xi. Handling "critical risks" (risks that require follow-up and further reporting);
- xii. Following up reviews and reports from BB and informing BRMC the issues affecting the bank's operation.
- xiii. Ensuring arrangement of Annual Risk Conference in the bank.

1.4 Risk Management Division:

As per instruction of Bangladesh Bank "Risk Management Unit" of the Bank was restructured as a fully functional division named as "Risk Management Division" duly approved by the board of directors of the bank in 285th board meeting held on 12.03.2013 for smooth operation of management risk issues. The division has been staffed with some experienced officials headed by the Chief Risk Officer (CRO). The division works with the capital management issues and risk management activities of the bank as per the guideline of Bangladesh Bank, Executive Risk Management Committee and Board Risk Management Committee. As per Risk Management Guideline for Banks of Bangladesh Bank, 6 desk/unit have been formed within Risk Management Division as follows -

- 1) Investment Risk Related Desk
- 2) Market Risk Related Desk
- 3) Liquidity Risk Related Desk
- 4) Operational Risk Related Desk
- 5) Risk Research and policy development Desk and
- 6) Basel Implementation Unit

The Risk Management Division manages and measure risks on the basis of the bank's approved risk parameters independently in line with regulatory requirements. The role of RMD is described as follows:

- Collecting and analyzing data/information for identifying risks and making appropriate recommendations for risk mitigation;
- Preparing risk management reports, arranging monthly meeting of ERM and preparing meeting minutes, disseminating the decisions to the concerned department/divisions, monitoring and follow up of implementation status;
- Ensuring timely submission of risk management reports, meeting minutes, compliance report and other documents to BB;
- Assisting BRMC/ERM by providing risk issues that are needed to be addressed;
- Designing bank's overall risk management strategy;
- Ensuring significant contribution in establishing sophisticated risk management infrastructure with a sufficiently robust data-base, data architecture and information technology;

- Conducting, developing and overseeing Stress Testing activity;
- Utilizing the Stress Test result and scenario analysis to better understand potential risk exposures under a variety of adverse circumstances;
- Developing and testing different models (such as VaR, HHI index, Collection scoring, Vintage curve etc.), and observe their use for measuring and monitoring risks;
- Assisting senior management in formulating strategic planning considering bank's risk exposures and industry as a whole;
- Supporting the board, BRMC and ERM in formulation, review and approval of the enterprise wide risk governance framework which includes the bank's risk culture, risk appetite, risk limits, and MAT;
- Monitoring on ongoing basis the risk-taking activities and risk exposures in line with the board approved risk appetite, risk limit and corresponding capital or liquidity needs (i.e. capital planning)
- Taking initiatives for interim review of risk appetites on request of other related departments and informing the board of directors and BRMC time to time about the status of risk exposures as compared to appetite;
- Establishing an early warning or trigger system for breaches of the bank's risk appetite or limits;
- Communicating views of the board and senior management throughout the bank;
- Taking initiatives for establishing enterprise/comprehensive risk management policies and procedures with the approval of the board;
- Monitoring concerned departments in formulating and reviewing related risk management policies and procedures;
- Monitoring compliance of irregularities found in core risk inspection reports of BB;
- Adopting proper financial protection measures through risk transfer, risk avoidance, and risk retention programs;
- Taking appropriate steps to control or mitigate risk exposures and ensure reporting the same to senior management and BRMC.

2. Risk Management Process:

Risk Management is an iterative process that, with each cycle, can contribute progressively to organizational improvement by providing management with a greater insight into risks and their impact. It is a series of multi-steps that, when undertaken in sequence, enable continual improvement in decision-making.

Steps of Risk Management Process in a Banking Organization:

Step 1 – Communicate and Consult

Step 2 – Establish the context

Step 3 – Identify the risks

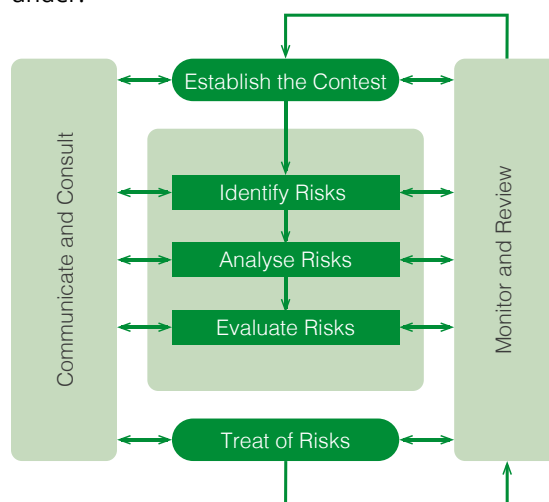
Step 4 – Analyze the risks

Step 5 – Evaluate the risks

Step 6 – Treat the risks

Step 7 – Monitor the risks

The relation among the steps can be visualized as under:



Social Islami Bank Limited also follows the Three (3) Lines of Defense (LoD) approach of modern risk management for the Bank-wide comprehensive risk management. Three (3) LoD of SIBL is as under:

First Line of defense – Business and Operational Segment/Units: includes those functional divisions/branches/units/segments who own the risks associated with their operational area/portfolio and primarily responsible for managing risks under the respective regulatory directives for day-to-day affairs of operations/ business of banks. Adequate managerial and supervisory controls have been in place to ensure compliance and to highlight control breakdown, inadequate processes, and unexpected events.

Second Line of defense-Risk Management division and other Back-Offices: includes those divisions/units/ segments of the operations who are responsible for managing risk and ensuring the compliance functions to help build and/or monitor the first line-of-defense controls. Top of the all functional divisions/units, Risk Management Division (RMD) is entrusted to play a pivotal role for bank-wide risk management in coordination with all concerned of the Bank.

Third Line of defense - Internal Control & Compliance:

Internal auditors provide the Board/Senior Management with comprehensive assurance based on the highest level of independence and objectivity within the organization. Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defense achieve risk management and control objectives.

RISK MITIGATION METHODOLOGY

Risk Mitigation is the process by which an organization introduces specific measures to minimize or eliminate unacceptable risks associated with its operations. Risk mitigation measures can be directed towards reducing the severity of risk consequences, reducing the probability of the risk materializing, or reducing the organizations exposure to the risk. The risk mitigation step involves development of mitigation plans designed to manage, eliminate, or reduce risk to an acceptable level. Once a plan is implemented, it is continually monitored to assess its efficacy with the intent of revising the course-of-action if needed.

General guidelines for applying risk mitigation handling options are shown in Figure below.



Fig: High Level Risk Management Strategy of SIBL

These options are based on the assessed combination of the probability of occurrence and severity of the consequence for an identified risk. These guidelines are appropriate for many, but not all, projects and programs.

Risk Wise Mitigation Methodology is described as under:

1. Investment Risk:

Investment risk arises from the potential that a bank's borrower will fail to meet its obligations in accordance with agreed terms. Investment risk also refers the risk of negative effects on the financial result and capital of the bank caused by borrower's default on its obligations to the bank or downgrade in the investment rating of the borrower.

Mitigation measures of investment risk:

- Bank strictly follows specific policies, standard for granting investment by way of evaluating borrower.
- The bank has divided the responsibilities of its officers or executives involved in investment-related activities. To ensure operational transparency during the investment appraisal process, the following teams have been established
 - ◊ Investment Approval
 - ◊ Investment Administration Department
 - ◊ Recovery Unit and Special Asset Management
 - ◊ Internal investment rating assessment
 - ◊ External investment rating assessment by ECAI
- Analysis of specific borrower repayment capacity- review of financial statements by way of analysis five key financial indicators- Balance Sheet, Income Statement, Net worth and Fixed Assets reconciliation, Key ratios and Cash flows statements
- Investment facilities are allowed after consideration of absolute due diligence
- Inherent risk in investment proposal are being identified and mitigation steps are taken
- Collateral is properly valued and verified by concerned officer in periodically basis
- Risk grading is being done in line with the Bangladesh Bank guideline and bank's own policy
- Investment delegations are specified for new/ fresh limit, renewal or enhancement of limit, consumer/ retail loan, personal loan etc.
- Adequate provision against investment has been maintained
- Adequate capital has been maintained for investment risk under Basel III framework.

2. Market Risk:

Market risk is the risk of losses in positions arising from movements in market prices. It is the risk of potential losses in the on-balance sheet and off-balance sheet positions of a bank, stems from adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, investment spreads and/or commodity prices.

2.1 Foreign Exchange Risk is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company.

2.2 Equity Price Risk is the risk that arises from security price volatility – the risk of a decline in the value of a security or a portfolio. Equity price risk can be either systematic or unsystematic risk.

2.3 Profit Rate Risk is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates.

Mitigation measures of market risk:

- Limits -Foreign exchange dealing is done within the limits authorized by the Board to the CEO or Head of Treasury. Dealing limits are set according to the bank's own requirements, market conditions, and the counterparty. The CEO usually delegates the setting of limits to the Head of Treasury who, in turn, allocates limits to individual dealers.
- Stop-loss Limit- Every dealer is assigned a stop-loss limit to restrict intuition-driven trades. This is in line with the organization's portfolio and risk appetite. Limits are also set for individual deals and dealer portfolio positions. Stop-loss limits to the Head of Business or CEO and the Head of Treasury are set by the Board and in turn, the Head of Treasury allocates individual limits to the dealers.
- After-hours and Off-premises Dealings- After-hours and off-premises dealings are strictly prohibited. The Head of Treasury, with the approval of the Head of Business or CEO, might engage in after-hours and/or off-premises dealings for taking or covering positions on a case-by-case basis.
- Valuation- The Treasury back-office evaluates all outstanding positions at current market rates (mark-to-market) to determine their market value on a daily basis. The back-office also gathers market rates from independent sources, i.e. other than the dealers of the same organization(s) to avoid any conflict of interest with reporting to the line manager. This exercise provides information regarding the profitability or loss of outstanding contracts.

- Market trend of profit rate is analyzed to make proper decision about profit rate determination of various deposits and investment product of the bank which is monthly discussed in the ALCO meeting.
- Adequate capital is maintained against market risk under RBCA guideline of Bangladesh Bank.
- Scenario analysis for profit rate risk is carried on through simple gap analysis and duration gap analysis.
- Risk appetite is outlined on different indicator of market risk.

3. Operational Risk

Operational Risk refers to the risk of loss resulting from inadequate or failed internal process, people and system or from external events. This definition includes legal risk but excludes strategic and reputational risk. Unlike other risk as faced by the bank, the operational risk is inherent in most of the process and operations of the bank and cannot be separated from other risks.

Mitigation measures of operational risk:

- Standard operating procedure is followed to conduct day to day activities of the bank. Bank has well articulated operation manual, internal control and compliance manual, anti money laundering and terrorist financing manual, accounting manual and ICT manual etc. to describe the standard operating procedure.
- Internal audit is conducted on different business and non-business on periodic basis. Risk based audit has been established.
- Adequate capital is maintained against operational risk under RBCA guideline of Bangladesh Bank.
- Risk appetite is outlined on different indicator of operation risk.
- External auditors regularly provide unbiased recommendations on the strengths or weaknesses of the bank's internal control system. They examine records and transactions and evaluate the accounting policy, disclosure policy and methods of financial estimation. This allows the Board and the management to independently view the bank's overall control system. Along with the periodic Bangladesh Bank audit, other external auditors conduct regular audits to ascertain control lapses within the system.

4. Liquidity Risk

Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable cost or losses. An institution short of liquidity may have to undertake transaction at heavy cost resulting in a loss of earning or in worst case scenario; the liquidity risk could result in bankruptcy. Liquidity risk may be categorized as follows:

- a) Funding liquidity risk: risk generates when bank will be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition.
- b) Market liquidity risk: risk generate when bank cannot easily offset or sell a position without incurring a loss because of inadequate

Mitigation measures of liquidity risk:

- Bank's have following liquidity monitoring tools
 - Wholesale Borrowing and Funding Guidelines
 - Liquidity Contingency Plan
 - Management Action Trigger
- Bank follows Bangladesh Bank's guideline on CRR, SLR, LCR and NSFR
- Risk appetite is outlined on different indicator of liquidity risk.
- Liquidity position is reviewed in the monthly ALCO and ERM meeting and appropriate decision is taken based on the market trend. Following liquidity indicators are used:
 - Advance-deposit ratio
 - Wholesale borrowing limit utilization
 - Maximum cumulative outflow (MCO)
 - Liquidity coverage ratio (LCR)
 - Net stable funding ratio (NSFR)
 - Structural liquidity gap analysis
 - Liquid asset to short-term deposit
 - Liquid asset to short-term liability
 - Cash Reserve Ration
 - Statutory Liquidity Ration

DISCLOSURE OF RISK REPORTING

Risk reporting is an essential part of Risk Management System of any organization. In previous section of Risk Management Framework, we have depicted Communication as the integral part of risk management process. Communication part is facilitated by the reporting system. Social Islami Bank Limited established a strong risk reporting in line with regulatory requirement and for internal analysis.

At SIBL, risk management reports include disclosure requirements under Basel-III and reporting regulations adhering to risk management guidelines. Risk reporting aids the bank considerably by increasing the quality of the decisions made, and by ensuring the timely implementation thereof.

Risk Reporting

Following risk reporting is performed by Social Islami Bank Limited. All reporting has been sent to Bangladesh Bank and other stakeholders on timely basis. The summary is presented in presented in the table:

| SL | Name of the reporting | Description of the Reporting | Frequency of the Report | Compliance Status |
|----|--|---|-------------------------|-------------------|
| 1 | Risk Appetite, Risk Limit and Risk Tolerance Statement | Risk appetite is the level and type of risk a bank is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders (depositors, creditors, shareholders, borrowers, regulators). Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events, and outcomes. It is stated in terms of the potential impact on profitability, capital and liquidity. | Yearly | Complied |
| 2 | Monthly Risk Management Report | Monthly risk management report (MRMR) is prepared on monthly basis for Bangladesh Bank and internal management. Following issues are included in the monthly risk management report: a. Capital adequacy b. Investment risk c. Off-shore banking operations d. Market risk e. Information about profitability f. Liquidity risk g. Operational risk h. Audit compliance i. Reputational risk j. Money laundering risk k. Compliance of risk management l. Performance of Board of Directors | Monthly | Complied |
| 3 | Comprehensive Risk Management Report | Comprehensive risk management report (CRM) is prepared on half yearly basis for Bangladesh Bank and internal management. In comprehensive risk management report, a large amount of data is captured for identification and analysis of risks. Following issues are included in the half yearly comprehensive risk management report: a. Global Economic Outlook b. Bangladesh Economy c. Summary of the activities of Risk Management Committee at the board level d. Investment Risks Analysis e. Market Risk f. Liquidity Risk g. Operational Risk h. Reputational Risk i. Core Risk Management j. Compliance Risk k. Environmental Risk Management and Other information l. Money Laundering Risk | Half Yearly | Complied |
| 4 | Capital to Risk-Weighted Asset Ratio | This metric represents an assessment to measure the adequacy of the bank's capital against its risk exposure. This ratio is calculated and reported in accordance with the risk based capital adequacy guidelines of Bangladesh Bank. For calculating risk weighted asset following risks are considered: a. Investment risk: Standardized method is used to measure investment risk b. Market risk: Standardized method is used to measure investment risk c. Operational risk: Basic indicator method is used to measure operational risk. | Quarterly | Complied |

| SL | Name of the reporting | Description of the Reporting | Frequency of the Report | Compliance Status |
|----|--|--|-------------------------|-------------------|
| 5 | ICAAP reporting | <p>Internal Capital Adequacy Assessment Process (ICAAP) reporting provides a measure of the bank's adequate capital requirement against its entire risk profile. Apart from investment risk, market risk and operational risk additional 10 risk is considered for calculating adequate capital:</p> <ol style="list-style-type: none"> Residual risk Concentration risk Profit Risk Rate in Banking Book Liquidity risk Reputation risk Strategic risk Settlement risk Appraisal of core risk management Environment and climate change risk Other material risks. | Yearly | Complied |
| 6 | Market Discipline (Disclosure requirement under Pillar III of Basel III) | <p>The aim of introducing Market discipline is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets.</p> <p>For this purpose, banks disclose a set of information both quantitative and qualitative form on its assets, risk exposures, risk assessment processes. Following issues are disclosed both qualitative and quantitative form in the report:</p> <ul style="list-style-type: none"> ➤ Scope of application ➤ Capital structure ➤ Capital adequacy ➤ Investment Risk ➤ Equities: disclosures for banking book positions ➤ Interest rate risk in the banking book (IRRBB) ➤ Market risk ➤ Operational risk ➤ Leverage Ratio ➤ Liquidity Ratio ➤ Remuneration | Yearly | Complied |
| 7 | Stress testing | <p>Stress testing presents the effects of several assumptions applied to measure the capital base level in stressed scenarios. SIBL carries out stress testing on a regular basis in order to judge the sensitivity and stability of its capital base. Following issues are considered for minor, moderate and major level shock while conducting stress testing:</p> <ul style="list-style-type: none"> ➤ Increase in NPLs in two particular sectors ➤ Negative shift in NPL categories ➤ Increase in NPLs due to default of a large borrower ➤ Increase in NPLs ➤ Equity price fluctuation ➤ Foreign exchange rate fluctuation ➤ Decrease in FSV in collateral ➤ Changes in interest rates | Quarterly | Complied |

MARKET DISCIPLINE DISCLOSURE ON RISK BASED CAPITAL ADEQUACY UNDER PILLAR-III OF BASEL III FOR THE YEAR 2019

A) SCOPE OF APPLICATION

Qualitative Disclosure

| | |
|--|---|
| (a) The name of the top corporate entity in the group to which this guidelines applies | Social Islami Bank Limited |
| (b) An outline of difference in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (i) that are fully consolidated;(ii) that are given a deduction treatment; and (iii) that are neither consolidated nor deducted (e.g. where the investment is risk-weighted). | The quantitative disclosures are made on the basis of both solo & consolidated basis. SIBL has two subsidiaries and an offshore banking unit; i) SIBL Securities Ltd & ii) SIBL Investment Ltd. Both solo & consolidated financial statements have been prepared under applicable financial reporting standard & related instructions/ circulars issued by Bangladesh Bank from time to time. The assets, liabilities, revenues & expenses of the Subsidiaries are combined with the parent company (SIBL) on consolidated basis. So assets of the subsidiaries & offshore banking unit are risk weighted and equities of the subsidiaries are crossed out with the investment of SIBL while consolidating. |
| c) Any restrictions, or other major impediment, on transfer of funds or regulatory capital within the group. | Not applicable |

Quantitative Disclosures

| | |
|---|----------------|
| d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation that are deducted and name(s) of such subsidiaries. | Not applicable |
|---|----------------|

B) CAPITAL STRUCTURE

Qualitative Disclosures

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Tier I (CET-1, AT-1) and Tier 2.

As per Bangladesh Bank BASEL-III guidelines; Tier I capital is divided into:

- a. Common Equity Tier I (CET-1) Capital
- b. Additional Tier I (AT-1) Capital

Common Equity Tier-I capital of the Bank consist of -

Paid up capital: Issued, subscribed and fully paid up share capital of the Bank.

Statutory reserve: As per Section 24 of the Bank Company Act, 1991, an amount equivalent to 20% of the profit before taxes for each year of the Bank has been transferred to the Statutory Reserve Fund.

Retained earnings: Amount of profit retained with the banking company after meeting up all expenses, provisions and appropriations.

Additional Tier-I capital:

Instruments issued by the banks that meet the qualifying criteria for AT1: Issued, subscribed and fully paid perpetual subordinated debt/ bond, or other instrument if any which meet the qualifying criteria for AT1 as stipulated in guidelines on Risk Based Capital Adequacy.

Tier-II capital consists of -

General Provisions: As per Bangladesh Bank directive, amount of provision maintained against unclassified loans and off-balance sheet exposures as of the reporting date has been considered.

Subordinated debt / Instruments issued by the banks that meet the qualifying criteria for Tier 2 capital: Outstanding amount of subordinated debt as of the reporting date.

Assets revaluation reserves: As per Bangladesh Bank's instruction, until 31 December 2014, 50% of incremental value of Bank's assets has been considered. Revaluation Reserve (RR) based on the position as of 31 December 2014 will be deducted @ 20% on yearly basis from 2015 to 2019 under Basel III guideline.

Quantitative Disclosures

| | As on December 31, 2019 (in million taka) | |
|--|---|------------------|
| | Solo | Consolidated |
| Tier-1 Capital (Going Concern Capital): | | |
| Common Equity Tier-1 (CET-1) | | |
| Fully Paid-up Capital | 8,933.41 | 8,933.41 |
| Statutory Reserve | 6,422.26 | 6,422.26 |
| General Reserve | 0.00 | 9.84 |
| Retained Earnings | 984.28 | 1,015.23 |
| Total CET-1 | 16,339.95 | 16,380.75 |
| Additional Tier-1 Capital (AT-1) | 0.00 | 0.00 |
| Total Admissible Tier-1 Capital | 16,339.95 | 16,380.75 |
| | | |
| Tier-2 Capital (Gone Concern Capital): | | |
| General Provision | 4,401.85 | 4,401.85 |
| Subordinated debt | 7,160.00 | 7,160.00 |
| Revaluation Reserves | 0.00 | 0.00 |
| Total Tier-2 Capital | 11,561.85 | 11,561.85 |
| Total Admissible Tier-2 Capital | 11,561.85 | 11,561.85 |
| Total Capital | 27,901.80 | 27,942.59 |
| Regulatory Adjustments: | 0.00 | 0.00 |
| Total Eligible Capital | 27,901.80 | 27,942.59 |

C) CAPITAL ADEQUACY

Qualitative Disclosures

(a) A summary discussion of the bank's approach to assess the adequacy of its capital to support current and future activities.

SIBL has adopted standardized approach for computing capital charge for investment (credit) risk & market risk and basic indicator approach for operational risk. Assessment for capital adequacy is carried out in conjunction with the guidelines and regulations by Bangladesh Bank from time to time. Assessing regulatory capital in relation to overall risk exposures of a bank is an integrated and comprehensive process. SIBL, through its SRP team, is taking active measures to identify, quantify, manage and monitor all risks to which the Bank is exposed to. Assessment of Regulatory Capital will be in alignment with the findings of these exercises.

Quantitative Disclosures

| Particulars | | As on December 31, 2019 (in million taka) | | |
|-------------|--|---|---------------------|---------------------|
| | | Solo | Consolidated | |
| b) | Capital requirements for Investment (Credit) Risk | 18,267.72 | 18,113.94 | |
| c) | Capital requirements for Market Risk | 158.40 | 184.04 | |
| d) | Capital requirements for Operational Risk | 1,822.47 | 1,840.40 | |
| | Total capital requirement | 20,248.59 | 20,138.58 | |
| e) | Capital to Risk Weighted Asset Ratio | 13.78% | 13.88% | |
| | CET-1 Capital Ratio | 8.07% | 8.13% | |
| | Tier-I Capital Ratio | 8.07% | 8.13% | |
| | Tier-II Capital Ratio | 5.71% | 5.74% | |
| f) | Capital Conservation Buffer | As per BB roadmap for implementation of Basel III, creation of Capital Conservation Buffer (CCB) has been made effective from January, 2016. As on 31.12.2019 SIBL maintained the capital conservation buffer @2.50%. | | |
| | | Particulars | Solo | Consolidated |
| | | Required CCB | 2.50% | 2.50% |
| | | Required CET-1 Ratio including CCB | 7.00% | 7.00% |
| | | Maintained CET-1 Ratio | 8.07% | 8.13% |
| | | Required CRAR Ratio including CCB | 12.50% | 12.50% |
| | | Maintained CRAR Ratio | 13.78% | 13.88% |
| g) | Available Capital under Pillar 2 Requirement | Solo | Consolidated | |
| | Total Eligible Regulatory Capital [A] | 27,901.80 | 27,942.59 | |
| | Minimum Capital Requirement under Pillar 1 [B] | 20,248.59 | 20,138.58 | |
| | Capital Conservation Buffer [C]* | 5,062.15 | 5,034.65 | |
| | Minimum Capital Requirement including Capital Conservation Buffer [D=B+C] | 25,310.74 | 25,173.23 | |
| | Available Capital for Pillar 2 [E=A-D] | 2,573.61 | 2,751.93 | |

D) INVESTMENT RISK

Qualitative Disclosures

a) The General Qualitative disclosures requirement with respect to investment (credit) Risk, including:

As per Bangladesh Bank guidelines, any investment if not paid within the fixed expiry date will be treated as Past due/ Overdue.

Bangladesh Bank issued circulars from time to time for strengthening Investment discipline. All Investments are categorized into four for the purpose of classification namely (i) Continuous Investment (ii) Demand Investment (iii) Fixed Term Investment and (iv) Short-term Agriculture & Micro Investment.

Classification rules for the above 4 categorized Investments are as under:

Continuous and Demand Investments are classified as:

'Sub-Standard'- if it is past due / overdue for 3 months or beyond but less than 6 months.

'Doubtful'- if it is past due / overdue for 6 months or beyond but less than 9 months.

'Bad/Loss'- if it is past due / overdue for 9 months or beyond from the date of expiry or claim by the bank or from the date of creation of forced investment.

Fixed Term Investments are classified as:

(a) In case of any Installment(s) or part of a Fixed Term Investment amounting up-to Taka 10 lac is not repaid within the due date, the amount of unpaid installment(s) will be termed as past due / overdue investment In such a case following classification rules will be applied:

'Sub-Standard'- if the amount of past due/overdue installment(s) is equal or more than the amount of installment(s) due within 6 months; the entire Investment amount will be classified as 'Sub-Standard'.

'Doubtful'- if the amount of past due/overdue installment(s) is equal or more than the amount of installment(s) due within 9 months, the entire Investment amount will be classified as 'Doubtful'.

'Bad/Loss'- if the amount of past due/overdue installment(s) is equal or more than the amount of installment(s) due within 12 months, the entire Investment amount will be classified as 'Bad/loss'.

| | |
|--|--|
| | <p>(b) In case of any Installment(s) or part of a Fixed Term Investment amounting more than Taka 10 lac is not repaid within the due date, the amount of unpaid installment(s) will be termed as past due / overdue investment In such a case following classification rules will be applied:</p> <p>'Sub-Standard'- if the amount of past due/overdue installment(s) is equal or more than the amount of installment(s) due within 3 months; the entire Investment amount will be classified as 'Sub-Standard'.</p> <p>'Doubtful'- if the amount of past due/overdue installment(s) is equal or more than the amount of installment(s) due within 6 months; the entire Investment amount will be classified as 'Doubtful'.</p> <p>'Bad/Loss'- if the amount of past due/overdue installment(s) is equal or more than the amount of installment(s) due within 9 months, the entire Investment amount will be classified as 'Bad/Loss'.</p> |
| | <p>Short-term Agricultural and Micro-Investment are classified as under:</p> <p>'Sub-Standard'-If the investment not repaid within the due date as stipulated in the agreement and if such irregular continues, the investment will be classified as 'Sub-Standard' after a period of 12 month, as 'Doubtful' after the period of 36 months and as "Bad/loss" after a period of 60 months from due date.</p> |
| | <p>Continuous Investment, Demand Investment or Term Investment which will remain overdue for a period of 2 month or more will be put into 'Special Mention Account'.</p> |
| | <p>The rates of provisions are as under:</p> <p>a) General Provisions-will be maintained:</p> <p>i) @ 0.25% against all unclassified investments of SME (Small and Medium Enterprise) as defined by Bangladesh Bank, @ 1.00% against all unclassified investments except Consumer Financing, Investment to Brokerage House-Merchant Banks-Stock Dealer.</p> <p>ii) @ 1% on the Off Balance Sheet exposure.</p> <p>iii) @5% on unclassified investment amount of consumer financing, @ 1% on unclassified investment amount of House building finance, @ 2% on unclassified investment amount of Investment to professionals under consumer financing for setting up business, Investment to Brokerage House-Merchant Banks-Stock Dealer.</p> <p>iv) @ 5% on the outstanding amount of 'Special Mention Account'.</p> |
| | <p>b) Specific Provisions-will be maintained:</p> <p>i) Sub-standard: @ 20%</p> <p>ii) Doubtful: @ 50%</p> <p>iii) Bad /Loss: @ 100%</p> <p>c) Provision for Short-term Agricultural and Micro Investment:</p> <p>i) All Investment except bad/loss: 5%</p> <p>ii) Bad/Loss: @ 100%</p> |

ii) Description of approaches followed for specific and general allowances and statistical method;

Social Islami Bank Limited has a well defined Investment Risk Management Manual duly approved its Board of Directors which is reviewed annually. Investment risk is one of the major risks faced by the bank and such investment risk management of the bank has been designed to address all risks associated with investments.

The Bank has segregated duties of the Officers / Executives involved in investment related activities. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of Investment products, exploring new business opportunities etc. Moreover, investment approval, administration, monitoring and recovery functions have been segregated. For this purpose, two separate units have been formed. These are (a) Investment Risk Management Division, (b) Investment Administration Division. Investment Administration Division includes investment monitoring unit. Investment Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning investment (credit), formulating policy / strategy for lending operation etc.

A thorough assessment is done before sanctioning of investment facility at Investment Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed Investment facility etc. The assessment process starts at Corporate Division by the Relationship Manager/Officer and ends at Investment Risk Management Unit. Proposal beyond their delegation are approved / declined by the Executive Committee and / or the Management.

In determining single borrower / large investment limit, the Bangladesh Bank instructions are strictly followed. Internal audit is conducted on periodical interval to ensure compliance of Bank's and regulatory policies. Investments are classified as per Bangladesh Bank's guidelines.

Quantitative Disclosures

b) Total gross Investment/ Credit Risk exposures broken down by major types of Investment exposures.

In million Tk.

| Type of Investment | As on 31.12.2019 |
|------------------------------|--------------------|
| Musharaka | 285.83 |
| Murabaha | 4,110.91 |
| Mudaraba | 2,213.48 |
| Bai-Muazzal | 1,75,173.24 |
| Hire-Purchase Sirkatul Meelk | 56,906.64 |
| Quard | 8,648.71 |
| Bai-Salam | 931.35 |
| Staff Loan | 2,431.33 |
| Ijarah | 609.61 |
| Visa Card | 727.90 |
| In land Bill Purchase | 3,134.65 |
| Foreign Bill Purchased | 85.75 |
| Murabaha Bill of Exchange | 1,455.67 |
| Baim-Wes bills | 7,553.53 |
| Total | 2,64,268.59 |

Geographical Distribution of exposures, broken down in significant areas by major types of investment (credit) exposure.

In million Tk.

| Type of Investment | As on 31.12.2019 |
|--------------------|--------------------|
| Dhaka | 1,94,694.68 |
| Chittagong | 50,488.36 |
| Sylhet | 596.44 |
| Rajshahi | 6,474.48 |
| Khulna | 6,245.77 |
| Rangpur | 2,267.26 |
| Barisal | 1,403.47 |
| Mymensingh | 2,098.14 |
| Total | 2,64,268.59 |

d) Industry or counterparty type distribution of exposures, broken down by major types of Investment/credit exposure.

In million Tk.

| Mode of Investment | As on 31.12.2019 |
|--|-------------------------|
| Commercial lending | 53,900.72 |
| Export Financing | 4,921.02 |
| House Building Investment | 3,743.14 |
| Investment against Scheme & MTDR | 3,991.98 |
| Small and Medium Enterprises | 63,698.72 |
| Micro Investment | 528.10 |
| Other Investments | 18,368.36 |
| Off-shore Banking Unit | 2,213.48 |
| Executives & Staffs of SIBL | 2,460.43 |
| Agricultural Industries | 3,368.26 |
| Textile & Allied Industries | 33,741.19 |
| Food & Allied Industries | 12,615.24 |
| Pharmaceutical Industries | 1,568.32 |
| Leather, Chemical, Cosmetic etc. | 3,197.24 |
| Construction Industries | 8,177.39 |
| Cement and Ceramic Industries | 3,611.67 |
| Service Industries | 11,368.85 |
| Transport and Communication Industries | 3,192.32 |
| Other Industries | 29,602.14 |
| Total | 2,64,268.59 |

e) Residual contractual maturity break down of the whole portfolio, broken down by major types of investment/credit exposure.

In million Tk.

| Particulars | As on 31.12.2019 |
|--|-------------------------|
| Re-payable on Demand | 27,035.63 |
| Not more than 3 months | 55,622.29 |
| Over 3 months but not more than 1 year | 1,16,074.19 |
| Over 1 year but not more than 5 years | 54,543.54 |
| Over 5 years | 10,992.94 |
| Total | 2,64,268.59 |

| f) By major industry or counterparty type | <p>Amount of impaired investments and if available, past due investments</p> <table border="1"> <thead> <tr> <th data-bbox="691 285 1179 323">Particulars</th> <th data-bbox="1179 285 1414 323">As on 31.12.2019</th> </tr> </thead> <tbody> <tr> <td data-bbox="691 323 1179 361">Past Due</td> <td data-bbox="1179 323 1414 361">-</td> </tr> <tr> <td data-bbox="691 361 1179 399">Special Mentioned Account</td> <td data-bbox="1179 361 1414 399">6,954.59</td> </tr> <tr> <td data-bbox="691 399 1179 436">Substandard</td> <td data-bbox="1179 399 1414 436">699.25</td> </tr> <tr> <td data-bbox="691 436 1179 474">Doubtful</td> <td data-bbox="1179 436 1414 474">283.28</td> </tr> <tr> <td data-bbox="691 474 1179 512">Bad or Loss</td> <td data-bbox="1179 474 1414 512">16,550.77</td> </tr> <tr> <td data-bbox="691 512 1179 550">Total</td> <td data-bbox="1179 512 1414 550">24,487.90</td> </tr> </tbody> </table> <p>Specific and general provisions:</p> <table border="1"> <tbody> <tr> <td data-bbox="691 642 1179 680">Specific Provisions</td> <td data-bbox="1179 642 1414 680">7,595.56</td> </tr> <tr> <td data-bbox="691 680 1179 718">General Provision</td> <td data-bbox="1179 680 1414 718">4,401.85</td> </tr> <tr> <td data-bbox="691 718 1179 756">Total</td> <td data-bbox="1179 718 1414 756">11,997.40</td> </tr> </tbody> </table> <p>Charges for specific allowances and charge-offs during the period</p> <table border="1"> <tbody> <tr> <td data-bbox="691 873 1179 911">Provision on classified investment</td> <td data-bbox="1179 873 1414 911">1,073.66</td> </tr> <tr> <td data-bbox="691 911 1179 949">Provision on unclassified investment</td> <td data-bbox="1179 911 1414 949">2,085.45</td> </tr> <tr> <td data-bbox="691 949 1179 987">Provision on Off-Balance Sheet items</td> <td data-bbox="1179 949 1414 987">25.33</td> </tr> <tr> <td data-bbox="691 987 1179 1024">Other provisions</td> <td data-bbox="1179 987 1414 1024">23.64</td> </tr> <tr> <td data-bbox="691 1024 1179 1062">Total</td> <td data-bbox="1179 1024 1414 1062">3,208.08</td> </tr> </tbody> </table> | Particulars | As on 31.12.2019 | Past Due | - | Special Mentioned Account | 6,954.59 | Substandard | 699.25 | Doubtful | 283.28 | Bad or Loss | 16,550.77 | Total | 24,487.90 | Specific Provisions | 7,595.56 | General Provision | 4,401.85 | Total | 11,997.40 | Provision on classified investment | 1,073.66 | Provision on unclassified investment | 2,085.45 | Provision on Off-Balance Sheet items | 25.33 | Other provisions | 23.64 | Total | 3,208.08 |
|---|---|-----------------|------------------|-------------------------------------|----------|---------------------------|----------|-------------------------------------|------------------|------------------------|-----------------|-------------|-----------|--------------|------------------|---------------------|----------|-------------------|----------|--------------|------------------|------------------------------------|----------|--------------------------------------|----------|--------------------------------------|-------|------------------|-------|--------------|-----------------|
| Particulars | As on 31.12.2019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Past Due | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Special Mentioned Account | 6,954.59 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Substandard | 699.25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Doubtful | 283.28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bad or Loss | 16,550.77 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 24,487.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specific Provisions | 7,595.56 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Provision | 4,401.85 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 11,997.40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision on classified investment | 1,073.66 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision on unclassified investment | 2,085.45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Provision on Off-Balance Sheet items | 25.33 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other provisions | 23.64 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3,208.08 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| g) Gross Non Performing Assets (NPAs) | Gross Non Performing Assets of the bank is 17,533.30 Million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non Performing assets to outstanding investment | Non Performing assets to outstanding investment is 6.63% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Movement of non performing assets | <table border="1"> <tbody> <tr> <td data-bbox="691 1318 1179 1356">Opening balance</td> <td data-bbox="1179 1318 1414 1356">18,351.00</td> </tr> <tr> <td data-bbox="691 1356 1179 1394">Addition</td> <td data-bbox="1179 1356 1414 1394">0.00</td> </tr> <tr> <td data-bbox="691 1394 1179 1432">Reduction</td> <td data-bbox="1179 1394 1414 1432">817.7</td> </tr> <tr> <td data-bbox="691 1432 1179 1470">Closing Balance</td> <td data-bbox="1179 1432 1414 1470">17,533.30</td> </tr> </tbody> </table> | Opening balance | 18,351.00 | Addition | 0.00 | Reduction | 817.7 | Closing Balance | 17,533.30 | | | | | | | | | | | | | | | | | | | | | | |
| Opening balance | 18,351.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Addition | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reduction | 817.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Balance | 17,533.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Movement of Specific provisions for Non performing assets | <table border="1"> <tbody> <tr> <td data-bbox="691 1549 1179 1587">Opening Balance</td> <td data-bbox="1179 1549 1414 1587">6,398.01</td> </tr> <tr> <td data-bbox="691 1587 1179 1625">Add: Provision made during the year</td> <td data-bbox="1179 1587 1414 1625">1,229.28</td> </tr> <tr> <td data-bbox="691 1625 1179 1663">Less: Write-off</td> <td data-bbox="1179 1625 1414 1663">-</td> </tr> <tr> <td data-bbox="691 1663 1179 1701">Add: Write back of excess provision</td> <td data-bbox="1179 1663 1414 1701">-31.73</td> </tr> <tr> <td data-bbox="691 1701 1179 1738">Closing Balance</td> <td data-bbox="1179 1701 1414 1738">7,595.56</td> </tr> </tbody> </table> | Opening Balance | 6,398.01 | Add: Provision made during the year | 1,229.28 | Less: Write-off | - | Add: Write back of excess provision | -31.73 | Closing Balance | 7,595.56 | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 6,398.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Add: Provision made during the year | 1,229.28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less: Write-off | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Add: Write back of excess provision | -31.73 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Balance | 7,595.56 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

E. EQUITIES: DISCLOSURES FOR BANKING BOOK POSITIONS

Qualitative Disclosures

a) The general Qualitative Disclosures requirement with respect to equity risk, including:

| | |
|---|---|
| <p>a) Differences between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons ;and</p> | <p>Social Islami Bank limited has two categories of equity investments namely (i) Quoted Shares- traded in the secondary market of DSE & CSE like common stock, mutual fund, bond etc. and (ii) Unquoted Shares- currently not tradable in the secondary market.</p> <p>Unquoted shares include shares and securities which are characterized and categorized as (i) Held to maturity (ii) long term investment i.e. the Bank does not have any intention to sell securities immediately or in the near future (iii) Securities acquired under private placement which will be traded in the secondary market only after completion of required legal formalities with the BSEC (Bangladesh Securities & Exchange Commission), DSE, CSE as per prevailing laws etc.</p> |
| <p>b) Discussion of important policies covering the valuation and accounting of equity holdings in the banking book, This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices.</p> | <p>Investment in Shares and Securities are for gaining dividend income or capital gain. Dividend income are recognized in the books of accounts of the bank as and when such dividend is received or right to receive such dividend is established.</p> <p>Both Quoted shares and unquoted shares are valued at cost and necessary provisions are maintained if the price falls below the cost. At the time of calculation of unrealized gain or loss of quoted shares, sufficient provisions on shares & securities are made in the books of accounts after netting off the values of the portfolios but however unrealized gains are not accounted for. As per Bangladesh bank guidelines, HTF (Held for Trading) securities are revalued once in a week using marking to market concept and all such securities are revalued once in a year according to the Bangladesh bank guidelines.</p> |

Quantitative Disclosures

| Particulars | | As on December 31,2019 (In million taka) | |
|-------------|--|---|--------------|
| | | Solo | Consolidated |
| a) | Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities a comparison to publicly quoted share values where the share price is materially different from fair value. | 641.20 | 765.60 |
| b) | The cumulative realized gains (losses) arising from sales & liquidations in the reporting period. | - | - |
| c) | Total unrealized gains (losses) | (122.50) | (117.50) |
| d) | Total latent revaluation gains (losses) | - | - |
| | Any amounts of the above included in tier-2 capital | - | - |
| e) | Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements. | | |
| | Specific Market Risk | 518.70 | 648.10 |
| | General Market Risk | 518.70 | 648.10 |

F. PROFIT RATE RISK IN THE BANKING BOOK

Qualitative Discloser

a) The general qualitative discloser requirement including the nature of Profit Rate Risk in the Banking Book (PRRBB) and key assumptions, including assumptions regarding Investment prepayments and behavior of non-maturity deposits, and frequency of PRRBB measurement

Profit rate risks in the banking book are taken into account as one of the most potential risk. Sources and types of profit rate risks in banking book are (i) Gap or mismatch risk (ii) basic risk (iii) Net position risk (iv) embedded option risk etc. Changes in Profit rate in the market may adversely affect the financial matters of a bank such as Current Earnings, Net Investment Income, Net Worth etc. In the long run, impact on cash flows of the earning assets is mostly visible which may lead to asset liability mismatch.

Quantitative Discloser

(b) The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant)

| Figure in Million | | | |
|-------------------------------------|-------------|-----------------------------|------------------------------|
| Particulars | 1-90 Days | Over 3 Month-Up to 6 Months | Over 6 Months - Up to 1 Year |
| RSA | 1,22,796.60 | 42,805.40 | 27,887.10 |
| RSL | 1,27,882.00 | 50,560.80 | 46,679.60 |
| Gap | -5,085.40 | -7,755.40 | -18,792.50 |
| Cumulative Gap | -5,085.40 | -12,840.80 | -31,633.30 |
| Adjusted Profit Rate Change (PRC) | 1.00% | 1.00% | 1.00% |
| Earnings Impact (Cum. Gap*PRC) | -50.854 | -128.408 | -316.333 |
| Accumulated Earnings Impact to Date | -50.854 | -179.262 | -495.595 |

G. MARKET RISK

Qualitative Discloser

| | |
|---|--|
| a) i) Views of BOD on trading / investment activities | The board of Directors of Social Islami bank Limited approves policies related to market risks by setting up limits and reviews of compliance status regularly. |
| ii) Method used to measure market risk | Standardized approach is being used to measure the market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for "specific risk" and "general market risk". |
| iii) Market risk management system | The Treasury Division manages market risk covering liquidity, profit rate and foreign exchange risks with oversight from asset-liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once a month. |
| iv) Policies and processes for mitigating market risk | There are approved limits for Investment deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market and foreign exchange position. The limits are monitored and enforced regularly to protect the market risks. The exchange rate of the Bank is monitored regularly and the prevailing market condition, exchange rate, foreign exchange position and transactions are reviewed to mitigate foreign exchange risks. |

Quantitative Disclosure

| | Figure in Million | |
|---------------------------------|-------------------------|--------------|
| | As on December 31, 2019 | |
| b) The capital requirements for | Solo | Consolidated |
| Profit rate risk | - | - |
| Equity position risk | 103.74 | 129.62 |
| Foreign exchange risk | 54.43 | 54.43 |
| Commodity risk | - | - |
| Total Capital Requirement | 158.39 | 184.05 |

H. OPERATIONAL RISK

Qualitative Disclosures

| | |
|---|--|
| i) Views of BOD on system to reduce operational risk | Operational risk implies the risk of loss of harm resulting from inadequate or failure of internal processes, people and systems or from external events. Capability to carry out a large number of transactions effectively and accurately while complying with applicable laws and rules constitutes operational risk management activities of the bank. The policy for operational risks including internal control & compliance risk is approved by the board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of internal control & Compliance to protect against all operational risk. |
| ii) Performance gap of executive and staffs | SIBL has a policy to provide competitive package and best working environment to attract and retain the most talented people available in the industry. SIBL's strong brand image plays an important role in employee motivation. As a result, there is no significant performance gap. |
| iii) Potential external events | No potential external events are expected to expose the Bank to significant operational risk. |
| iv) Policies and process for mitigating operational risk | The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Policy guidelines on Risk Based Internal Audit (RBIA) system is in operation. As per RBIA branches are rated according to their risk grading/ scoring audit procedure and required frequent audit to the Branches are operated by the Audit Division. In addition, there is a Vigilance Cell established in the Bank to reinforce operational risk management of the Bank and to minimize the same. Bank's anti-money laundering activities are headed by (Chief Anti Money Laundering Compliance Officer) CAMLCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk. |
| v) Approach to calculating capital charges for operational risk | Basic indicator Approach is used for calculating capital charge for operational risk as of the reporting date. |

Quantitative Disclosures

As per risk based capital adequacy guidelines, capital charge for operational risk is equivalent to 15% of average annual gross income of three previous years where negative figures are excluded.

As per risk based capital adequacy guidelines Social Islami bank Limited follows the Basic Indicator Approach for computing capital charge for operational risk.

| As on 31.12.2019 | Amount in million Taka | |
|--|------------------------|--------------|
| | Solo | Consolidated |
| Capital Requirement for Operational Risk | 1,822.47 | 1,840.61 |

I. LIQUIDITY RATIO

In line with the provisions of liquidity risk management under Basel III, Bangladesh Bank on the basis of the relevant guideline of Bank for International Settlements (BIS) has identified the (i) Liquidity Coverage Ratio (LCR); (ii) Net Stable Funding Ratio (NSFR); and (iii) Leverage under the purview of 'Liquidity' ratio vide BRPD Circular No. 18 dated 21 December 2014 and DOS Circular No. 1 dated 1 January 2015.

Qualitative Disclosures

| | | |
|----|---|--|
| a) | i) Views of Board of Directors (BOD) on system to reduce Liquidity Risk | <p>The Board of Directors reviews the liquidity risk of the Bank on quarterly rest while reviewing the Quarterly Financial Statements, Stress Testing Report etc. Besides, the EC of the Board also reviews the liquidity position while reviewing the management information system (MIS) report on monthly basis.</p> <p>Upon reviewing the overall liquidity position along with the outlook of SIBL funding need, investment opportunity, market/industry trend, the Board takes its strategic decision regarding deposits, funding, investments, loans as well as interest rates polices etc.</p> <p>The Board of SIBL always strives to maintain adequate liquidity to meet up Bank's overall funding need for the huge retail depositors, borrowers' requirements as well as maintain regulatory requirements comfortably.</p> |
| | ii) Methods used to measure Liquidity Risk | <p>The maintenance of Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) are considered as the fundamental methods/tools to measure the liquidity position/risk of SIBL.</p> <p>However, under Basel III, the following methods and tools are mandated for measuring the liquidity risk.</p> <p>a) Liquidity coverage ratio (LCR): Liquidity Coverage Ratio ensures to maintain an adequate level of stock of high quality liquid assets that can be converted into cash to meet its liquidity needs (i.e. total net cash outflows) over the next 30 calendar days.</p> <p>b) Net Stable Funding ratio (NSFR): Net Stable Funding Ratio aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items. The minimum acceptable value of this ratio is 100 percent, indicating that, available stable funding (ASF) should be at least equal to required stable funding (RSF).</p> <p>ASF consists of various kinds of liabilities and capital with percentage weights attached given their perceived stability.</p> <p>RSF consists of assets and off-balance sheet items, also with percentage weights attached given the degree to which they are illiquid or "long-term" and therefore requires stable funding.</p> <p>In addition to the above, the following measures have been put in place to monitor the liquidity risk management position of the Bank on a continued manner:</p> <p>Asset-Liability Maturity Analysis (Liquidity profile);</p> <p>b) Whole sale borrowing capacity;</p> <p>c) Maximum Cumulative Outflow (MCO);</p> <p>Besides the above, the following tools are also used for measuring liquidity risk:</p> <p>a) Stress Testing (Liquidity Stress);</p> <p>b) Net open position limit - to monitor the FX funding liquidity risk;</p> |

| | |
|--|--|
| iii) Liquidity risk management system | <p>In SIBL, at the management level, the liquidity risk is primarily managed by the Treasury Division (Front Office) under oversight of ALCO which is headed by the Managing Director & CEO along with other senior management.</p> <p>Treasury Division (Front Office) upon reviewing the overall funding requirements on daily basis sets their strategy to maintain a comfortable/adequate liquidity position taking into consideration of Bank's approved investment (credit) deposit ratio, liquid assets to total assets ratio, asset-liability maturity profile, Bank's earning/profitability as well as overall market behavior and sentiment etc.</p> <p>Apart from the above, Risk Management Division also monitors & measures the liquidity risk in line with the Basel III liquidity measurement tools, namely, LCR, NSFR, Leverage Ratio. RMD addresses the key issues and strategies to maintain the Basel III liquidity ratios to the respective division (s) on regular interval.</p> |
| iv) Policies and processes for mitigating Liquidity Risk | <p>The Asset-Liability (ALCO) policy leads the process & procedures for mitigation of liquidity risk of SIBL.</p> <p>ALCO works under specific Terms of References (functions) approved by the Board.</p> <p>Treasury Division (Front Office) and ALM desk under regular supervision of Top Management reviews the overall liquidity position of SIBL and takes appropriate strategy, process in line with the industry position for managing liquidity risk of the Bank.</p> |

Quantitative Disclosures

| i) Liquidity Coverage Ratio (LCR) | <p>The Liquidity Coverage Ratio (LCR) under Liquidity Ratios of Basel III of Social Islami Bank Limited as of 31 December 2019 was as under:</p> <p>Liquidity Coverage Ratio (LCR) = Stock of High quality liquid assets / Net cash outflows over the next 30 calendar days</p> <table border="1" data-bbox="703 1024 1419 1150"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Ratio (%)</th> </tr> <tr> <th>BB requirement</th> <th>SIBL's position</th> </tr> </thead> <tbody> <tr> <td>Liquidity Coverage Ratio (LCR)</td> <td>≥ 100%</td> <td>186.24%</td> </tr> </tbody> </table> | Particulars | Ratio (%) | | BB requirement | SIBL's position | Liquidity Coverage Ratio (LCR) | ≥ 100% | 186.24% |
|--|--|-----------------|---------------------|--|----------------|-----------------|---------------------------------|--------|---------|
| Particulars | Ratio (%) | | | | | | | | |
| | BB requirement | SIBL's position | | | | | | | |
| Liquidity Coverage Ratio (LCR) | ≥ 100% | 186.24% | | | | | | | |
| ii) Net Stable Funding Ratio (NSFR) | <p>The Net Stable Funding Ratio (NSFR) under Liquidity Ratios of Basel III of Social Islami Bank Limited as of 31 December 2019 was as under:</p> <p>Net Stable Funding Ratio (NSFR) = Available amount of stable funding (ASF) / Required amount of stable funding (RSF)</p> <table border="1" data-bbox="703 1266 1419 1413"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Ratio (%)</th> </tr> <tr> <th>BB requirement</th> <th>SIBL's position</th> </tr> </thead> <tbody> <tr> <td>Net Stable Funding Ratio (NSFR)</td> <td>≥ 100%</td> <td>129.44%</td> </tr> </tbody> </table> | Particulars | Ratio (%) | | BB requirement | SIBL's position | Net Stable Funding Ratio (NSFR) | ≥ 100% | 129.44% |
| Particulars | Ratio (%) | | | | | | | | |
| | BB requirement | SIBL's position | | | | | | | |
| Net Stable Funding Ratio (NSFR) | ≥ 100% | 129.44% | | | | | | | |
| iii) Stock of High Quality Liquid Assets (SHQLA) | <p>As stipulated by BB vide DOS Circular Letter No. 1 dated 1 January 2015, the Stock of High Quality Liquid Assets (SHQLA) of Social Islami Bank Limited as of 31 December 2019 is Tk. 45,147.90 million.</p> | | | | | | | | |
| iv) Total net cash outflows over the next 30 calendar days | <p>As stipulated by BB vide DOS Circular Letter No. 1 dated 1 January 2015, total net cash outflows over the next 30 calendar days of Social Islami Bank Limited based on the position as of 31 December 2019 is Tk. 24,242.40 million.</p> | | | | | | | | |
| v) Available amount of stable funding | <p>As stipulated by BB vide DOS Circular Letter No. 1 dated 1 January 2015, the available amount of stable funding (ASF) of Social Islami Bank Limited as of 31 December 2019 was as under:</p> <table border="1" data-bbox="703 1686 1419 1770"> <thead> <tr> <th>Particulars</th> <th>Amount (in million)</th> </tr> </thead> <tbody> <tr> <td>Available amount of Stable Funding (ASF)</td> <td>2,90,350.90</td> </tr> <tr> <td>Total</td> <td>2,90,350.90</td> </tr> </tbody> </table> | Particulars | Amount (in million) | Available amount of Stable Funding (ASF) | 2,90,350.90 | Total | 2,90,350.90 | | |
| Particulars | Amount (in million) | | | | | | | | |
| Available amount of Stable Funding (ASF) | 2,90,350.90 | | | | | | | | |
| Total | 2,90,350.90 | | | | | | | | |
| vi) Required amount of stable funding | <p>As stipulated by BB vide DOS Circular Letter No. 1 dated 1 January 2015, the required amount of stable funding (RSF) of Social Islami Bank Limited as of 31 December 2019 was as under:</p> <table border="1" data-bbox="703 1854 1419 1938"> <thead> <tr> <th>Particulars</th> <th>Amount (in million)</th> </tr> </thead> <tbody> <tr> <td>Required amount of Stable Funding (RSF)</td> <td>2,25,595.70</td> </tr> <tr> <td>Total</td> <td>2,25,595.70</td> </tr> </tbody> </table> | Particulars | Amount (in million) | Required amount of Stable Funding (RSF) | 2,25,595.70 | Total | 2,25,595.70 | | |
| Particulars | Amount (in million) | | | | | | | | |
| Required amount of Stable Funding (RSF) | 2,25,595.70 | | | | | | | | |
| Total | 2,25,595.70 | | | | | | | | |

J. LEVERAGE RATIO

Qualitative Disclosures

| | |
|---|---|
| <p>i) Views of BOD on system to reduce excessive leverage</p> | <p>The Board of Directors of SIBL primarily views on the growth of On and Off balance sheet exposures commensurate with its expected capital growth so that the excessive leverage is reduced. Within the On-balance components, again, the Board emphasizes on the growth of the prime component i.e. the loans and advances and maintaining good asset quality so as to maximize the revenue as well as the capacity to generate capital internally (in the form of retained earnings) to trade-off the excessive leverage supposed to be caused by asset growth.</p> <p>At the outset of asset growth, the Board also views the growth of its sources of fund i.e. deposit growth taking into consideration of projected business growth so that the investment (credit)-deposit ratio is maintained at a sustainable basis as well as to reduce the mismatches of asset- liability gap within the tolerable limit to manage the liquidity risk.</p> |
| <p>ii) Policies and processes for managing excessive on and off- balance sheet leverage</p> | <p>First and foremost, Bank's policy is to maintain the Leverage Ratio (Tier 1 capital as proportion to total adjusted On and Off balance sheet asset) well above the regulatory requirement. To this end, the striking components of balance sheet, namely, the deposits & borrowing, loans & advances, other liquid assets (treasury bills, bonds, fund placements) are analyzed on monthly basis.</p> <p>Measures are taken to contain the growth of overall size of balance sheet (On and Off balance sheet exposures aggregately) considering short term outlook of the industry indicators as well as possible growth of equity (Tier 1 capital) of the Bank on quarterly rest.</p> <p>With regard to managing the excessive leverage, the regulatory stance through the monetary policy initiatives i.e. the scope of expected business potential (growth), estimated money supply, inflation, resulting the estimated overall liquidity of the industry as well as the Bank in particular is also considered.</p> |
| <p>iii) Approach for calculating exposure/ Leverage</p> | <p>The exposures of balance sheet representing the overall position of the Bank as of the reporting date are calculated and presented in terms of applicable relevant accounting standards, i.e., IASs (BASs), IFRSs (BFRSs), etc.</p> <p>The accounting values of assets and liabilities are also presented and measured at gross. Netting of assets and liabilities are also made where permitted in compliance with the respective accounting standards and the regulatory instruction.</p> <p>For calculating "leverage", SIBL follows the 'Leverage Ratio' approach/method as suggested by Bangladesh Bank</p> |

Quantitative Disclosures

| i) Leverage Ratio | <p>Leverage Ratio (LR) under Basel III of Social Islami Bank Limited as of 31 December 2019 was as under:</p> <p>Leverage Ratio (LR) = Tier 1 Capital (after related adjustment) / Total Exposure (after related deductions)</p> <table border="1" data-bbox="683 472 1414 590"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Ratio (%)</th> </tr> <tr> <th>BB requirement</th> <th>SIBL's position</th> </tr> </thead> <tbody> <tr> <td>Leverage Ratio (LR)</td> <td>> 3%</td> <td>4.56%</td> </tr> </tbody> </table> | Particulars | Ratio (%) | | BB requirement | SIBL's position | Leverage Ratio (LR) | > 3% | 4.56% |
|---------------------------------|--|-----------------|-----------|--|----------------|-----------------|---------------------|------|-------|
| Particulars | Ratio (%) | | | | | | | | |
| | BB requirement | SIBL's position | | | | | | | |
| Leverage Ratio (LR) | > 3% | 4.56% | | | | | | | |
| ii) On balance sheet exposure | Total On-balance Sheet exposure for calculating Leverage Ratio under Basel III of Social Islami Bank Limited as of 31 December 2019 is Tk. 3,37,664.44 million. | | | | | | | | |
| iii) Off balance sheet exposure | Total Off-balance Sheet exposure for calculating Leverage Ratio under Basel III of Social Islami Bank Limited as of 31 December 2019 is Tk 21,041.78 million. | | | | | | | | |
| iv) Total exposure | Total Exposures for calculating Leverage Ratio under Basel III of Social Islami Bank Limited as of 31 December 2019 is Tk. 3,58,706.22 million. | | | | | | | | |

K. REMUNERATION

Qualitative Disclosures

| a | Information relating to the bodies that oversee remuneration | |
|---|---|--|
| | i) Name of the bodies that oversee remuneration | <p>Board of Directors of the Bank is actually the main body to oversee the remuneration. The Board, however, generally suggest the management to place proposal for revision of remuneration from time to time.</p> <p>At the management level, primarily the Human Resources Division oversees the 'remuneration' in line with its HR management strategy/policy under direct supervision and guidance of the Board of Directors.</p> |
| | ii) Composition of the main body overseeing remuneration | <p>Board of Directors of the Bank form a special committee consisting of competent directors for reviewing the proposal of the MANCOM regarding remuneration.</p> <p>The MANCOM is headed and chaired by the Managing Director& CEO of the Bank; along with other members of top executives and the Heads of different functional divisions of Head Office.</p> |
| | iii) Mandate of the main body overseeing remuneration | <p>The mandate of MANCOM as the main body for overseeing the Bank's remuneration is to review the position of remuneration and associated matters and recommend to the Board of Directors for approval of its restructuring, rearrangement and modification commensurate with the industry best practices as per requirement.</p> |
| | iv) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process. | <p>The Bank has no External Consultant permanently regarding 'remuneration' and its process. However, experts' opinion may have been sought in case to case basis regarding income tax matter, lawyers' opinion for settlement of employees' dues in case of death, penalty etc. if required, by the management.</p> |
| | v) A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches. | <p>The Bank does not differentiate the 'Pay Structure' and 'employee benefits' by regions.</p> |
| | vi) A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group. | <p>We consider the members of the senior management, branch managers and the employees engaged in different functional divisions at Head Office (except the employees involved in internal control, risk management and compliance) as the material risk takers.</p> |

| | | |
|----------|--|--|
| b | Information relating to the design and structure of remuneration processes. | |
| | i) An overview of the key features and objectives of remuneration policy. | Remuneration and other associated matters are guided by the Bank's Service Rule as well as instruction, guidance from the Board from time to time in line with the industry practice with the objectives of retention/hiring of experienced, talented workforce focusing on sustainable growth of the Bank. |
| | ii) Whether the remuneration committee reviewed the bank's remuneration policy during the past year, and if so, an overview of any changes that were made. | Yes. A committee was formed to review the bank's remuneration policy under supervision of board of directors to revise the pay scale in line with the industry practice and accordingly bank allowed a revised pay scale to the employee of SIBL with effect from 01.02.2017. |
| | iii) A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee. | <p>The risk and compliance employees are carrying out the activities independently as per specific terms of references, job allocated to them.</p> <p>Regarding remuneration of the risk and compliance employees, Human Resources Division does not make any difference with other mainstream/ regular employees and sets the remuneration as per the prevailing rule of the Bank primarily governed by the employees' service rule of the Bank.</p> |
| c | Description of the ways in which current and future risks are taken into account in the remuneration processes. | |
| | i) An overview of the key risks that the bank takes into account when implementing remuneration measures. | The business risk including investment (credit)/default risk, compliance & reputational risk are mostly considered when implementing the remuneration measures for each employee/group of employee. Financial and liquidity risk are also considered. |
| | ii) An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure. | <p>Different set of measures are in practice based on the nature & type of business lines/segments etc. These measures are primarily focused on the business target/goals set for each area of operation, branch vis-à-vis the actual results achieved as of the reporting date. The most vital tools & indicators used for measuring the risks are the asset quality (NPL ratio), Net Interest Margin (NIM), provision coverage ratio, credit- deposit ratio, cost-income ratio, growth of net profit, as well the non-financial indicators, namely, the compliance status with the regulatory norms, instructions has been brought to all concerned of the Bank from time to time.</p> <p>While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well.</p> |

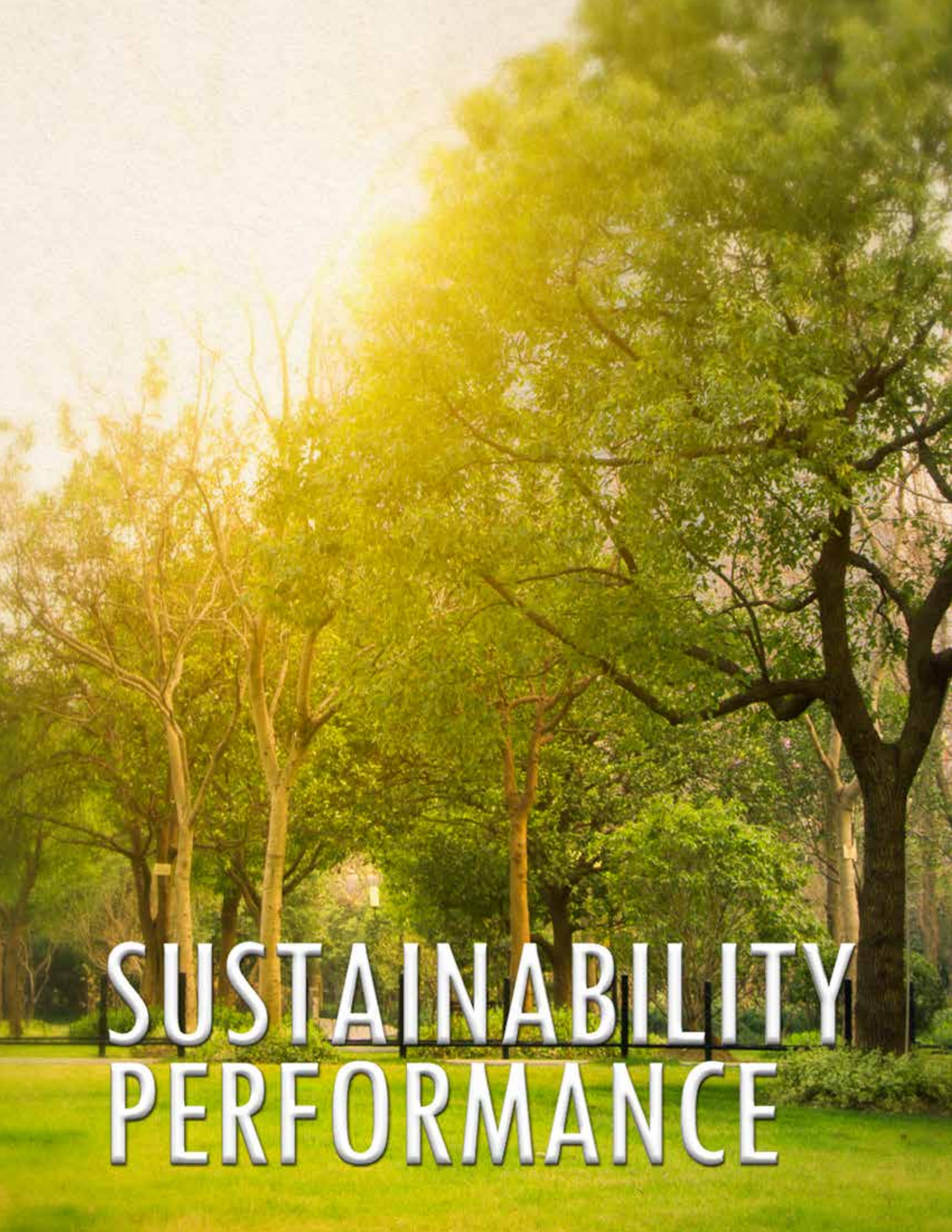
| | | |
|----------|---|--|
| | iii) A discussion of the ways in which these measures affect remuneration. | While evaluating the performance of each employee annually, all the financial and non-financial indicators as per pre-determined set criteria are considered; and accordingly the result of the performance varies from one to another and thus affect the remuneration as well. |
| | iv) A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration | Considering industry practice and competitiveness the Board of Directors of the bank revised pay scale to the employee of SIBL with effect from 01.02.2017. |
| d | Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. | |
| | i) An overview of main performance metrics for bank, top-level business lines and individuals. | The Board sets the Key Performance Indicators (KPIs) while approving the business target/budget for each year for the Bank and business lines/segments. The management sets the appropriate tools, techniques and strategic planning (with due concurrence/approval of the Board) towards achieving those targets. The most common KPIs are the achievement of loan, deposit and profit target with the threshold of NPL ratio, cost-income ratio, cost of fund, yield on loans, provision coverage ratio, capital to risk weighted asset ratio (CRAR), ROE, ROA, liquidity position (maintenance of CRR and SLR) etc. |
| | ii) A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance. | The remuneration of each employee is paid based on her/his individual performance evaluated as per set criteria. And, accordingly, the aggregate amount of remuneration of the Bank as a whole is linked/ impacted to the same extent. |
| | iii) A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining "weak" performance metrics. | The Bank follows remuneration process as per set criteria with no in general adjustment in the event of weak performance metrics/scorecard. |
| e | Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. | |
| | i) A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance. | The Bank pays variable remuneration i.e. annual increment based on the yearly performance rating on cash basis with the monthly pay. While the value of longer term variable part of remuneration i.e. the amount of provident fund, gratuity fund are made provision on aggregate/individual employee basis; actual payment is made upon retirement, resignation etc. as the case may be, as per rule. |

| | | |
|----------|---|--|
| | ii) A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements | Not Applicable |
| f | Description of the different forms of variable remuneration that the bank utilizes and the rationale for using these different forms. | |
| | i) An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms. A description of the elements corresponding to other forms of variable remuneration (if any) should be provided. | The Bank pays variable remuneration on cash basis (i.e. direct credit to the employee Bank account and/or Payment Order/ Cheque), as the case may be, as per rule/practice. |
| | ii) A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance. | The following variable remuneration has been offered by SIBL to its employees: Annual Increment Bank provides annual increments based on performance to the employees with the view of medium to long term strategy and adherence to SIBL values. |

Quantitative Disclosures

| g | Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member. | There were 4 (Four) meetings of the MANCOM held during the year 2019. All the members of MANCOM are from the core banking area/operation of the Bank. No additional remuneration was paid to the members of the MANCOM for attending the meeting except their regular remuneration. | | | | |
|--|---|---|-------------|--------|--|----------------|
| h | i) Number of employees having received a variable remuneration award during the financial year. | The following Number of Employees were received a variable remuneration during the year 2019: <table border="1" data-bbox="776 1465 1425 1644"> <thead> <tr> <th>Particulars</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Number of employees having received a variable remuneration award during the year 2019</td> <td>Not Applicable</td> </tr> </tbody> </table> | Particulars | Number | Number of employees having received a variable remuneration award during the year 2019 | Not Applicable |
| Particulars | Number | | | | | |
| Number of employees having received a variable remuneration award during the year 2019 | Not Applicable | | | | | |
| | ii) Number and total amount of guaranteed bonuses awarded during the financial year. | The following number and total amount of Guaranteed bonuses awarded during the year 2019: All employee of SIBL get two festival bonuses. | | | | |
| | iii) Number and total amount of sign-on awards made during the financial year. | There was no sign-on awards made in 2019. | | | | |

| | | | | | | |
|------------------------------|---|---|-----------|----------|--------------|---|
| | iv) Number and total amount of severance payments made during the financial year. | There was no severance payment made during the year 2019. | | | | |
| i | i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. | Not Applicable | | | | |
| | ii) Total amount of deferred remuneration paid out in the financial year. | Not Applicable | | | | |
| J | Breakdown of amount of remuneration awards for the financial year to show: | i) Fixed and variable remuneration paid in 2019 are as follows: Amount in Million Taka | | | | |
| | | <table border="1"> <tr> <td>Fixed pay</td> <td>3,395.57</td> </tr> <tr> <td>Variable pay</td> <td>-</td> </tr> <tr> <td>Total fixed and variable pay</td> <td>3,395.57</td> </tr> </table> | Fixed pay | 3,395.57 | Variable pay | - |
| Fixed pay | 3,395.57 | | | | | |
| Variable pay | - | | | | | |
| Total fixed and variable pay | 3,395.57 | | | | | |
| | | ii) Deferred and non-deferred (paid during the year). Not Applicable | | | | |
| | | iii) Different forms used (cash, shares and share linked instruments, other forms). Remuneration is paid on cash basis (i.e. direct credit to the employee Bank account and/ or Payment Order/ Cheque), as the case may be, as per rule/practice. | | | | |
| k | Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration: | | | | | |
| | i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. | Not Applicable | | | | |
| | ii) Total amount of reductions during the financial year due to ex post explicit adjustments. | Not Applicable | | | | |
| | iii) Total amount of reductions during the financial year due to ex post implicit adjustments. | Not Applicable | | | | |



SUSTAINABILITY PERFORMANCE

SUSTAINABILITY PERFORMANCE

“With our diverse portfolio of products, we practically touch every life in the country some way or the other and this is a responsibility we take very seriously. Sustainability is therefore woven into our culture, practices, processes and the products we offer. The Sustainability Report covers our sustainability strategy, Key Performance Indicators, our annual and long-term targets and the work we have done so far.”

About the Report

We began voluntary reporting on sustainability for the first time in 2015 with the first report published along with the Annual Report covering the period 1 January 2015 to 31 December 2015. Now it starts as a regular effort on presenting a Sustainability Report.

Report Boundary

This report covers only banking operation run by Social Islami Bank office, its branches, SME service centers and other direct networks in Bangladesh.

Employee data includes management and non-management staff. All monetary amounts in this Report are in BDT, unless otherwise indicated.

Reporting Period

The report for 2019 has been prepared for a year basis for the period of January to December 2019. Text and statistics in the Report cover sites owned and operated wholly by Social Islami Bank during the period 1 January 2019 to 31 December 2019.

Data has mainly been obtained from our financial management reporting systems, corporate HR information management system etc.

Report Content

The content of this report has been decided upon by the Sustainability Council and has been developed in accordance with our Sustainability framework based on the line of economic, social and environmental parameters.

Data Collection

All our data is derived from our central database. A quarterly reporting cycle is in practice and all related information is gathered and entered by respective businesses and functions while the top level management reviews and manages the data for Social Islami Bank as a whole. Data pertaining to integrity management, employment practices, sourcing and community investment is compiled and monitored by the Sustainability Council members responsible for each area.

Contact Us

We encourage feedback on our Sustainability Report. If you would like to comment on the report or find out more about our Sustainability strategy and program, please e-mail us at: sustainability@sibl-bd.com

A soft copy of this report and additional information on our business units and products is available on our website at www.sibl-bd.com. If you are unable to access these resources or need further information, please contact: 90/1 Motijheel C/A, City Center Dhaka-1000.

STAKEHOLDERS' ENGAGEMENT

"Proactive engagement with our stakeholders is an essential part of being a responsible company. Sustainability is a shared journey and to move forward we need to involve our stakeholders in every step of the way. We try to engage our key stakeholders such as our shareholders, regulators, suppliers, customers, employees and the community on a regular basis by listening to their ideas, concerns and advice."

ENGAGING OUR STAKEHOLDERS

We intend to form tangible relations with our stakeholders. This is why our reporting perception has transitioned from an operation- oriented approach to a stakeholder-focused one. Such a focus is one of the purposes why we have mapped the possible effect that we have on various stakeholder groups before conclusions are made.

We engage with our stakeholders in many ways and at many levels, from the queries that reach us via our website to face-to-face meetings with government officials and regulators, customers, employees, community groups and others. Whilst focus on certain issues such as access to finance and customer satisfaction have increased over the years, most of the topics that stakeholders view as significant have remained consistent.

Moving forward, we expect to have better coordinated discussions with our stakeholders. While the concerns of our various stakeholder groups do not always overlap with each other or with the business objectives of the company, dealing with such dilemmas is an everyday part of doing business.

| Stakeholder Group | Their Concern | Our Responsibilities |
|--------------------------------------|--|---|
| Shareholders and Analysts | <ul style="list-style-type: none"> Dividends and share value Performance and integrity of the Board and management Public goodwill and reputation of the Bank | <ul style="list-style-type: none"> Generate profits and ensure optimal return on investment Proper oversight and control of the Board and management Bank's Code of Conduct, management oversight and response Public affairs management |
| Bangladesh Bank and other regulators | <ul style="list-style-type: none"> Good corporate governance and business ethics Legal compliance Support for government policy | <ul style="list-style-type: none"> Develop and communicate a framework that promotes good governance and ethical behavior at all levels Ensure compliance at all times Providing timely and accurate information Immediate response to queries made by authorities Comply with rules and regulations |

| Stakeholder Group | Their Concern | Our Responsibilities |
|-------------------|--|---|
| Customers | <ul style="list-style-type: none"> • Dealing with SIBL is a positive experience • Information provided by the Bank is accurate and reliable • Customers' privacy is assured • Promises to customers are kept | <ul style="list-style-type: none"> • Protect the privacy of our customers, including data protection and confidentiality • Provide a positive customer experience • Comply with company values and Code of Conduct |
| Employees | <ul style="list-style-type: none"> • Health, • safety and • well being | <ul style="list-style-type: none"> • Ensure that we properly safeguard those who work for us and those who may be affected by our operations • Promoting and maintaining an amicable relationship with all employees • Shape future leaders Recognize exceptional performers • Ensuring all employees have a proper work life balance • Investment on Human Resource Information Systems |
| Society | <ul style="list-style-type: none"> • Social Investment | <ul style="list-style-type: none"> • Do our part to improve the quality of life for all members of society • Investment on citizens • Investing in entrepreneurs • Addressing rural youth • Empowering women • Encourage people for saving |
| Suppliers | <ul style="list-style-type: none"> • Supply chain functions well • Supply chain is sustainable | <ul style="list-style-type: none"> • Work with suppliers to address issues in the supply chain |

SOCIAL RESPONSIBILITY INITIATIVES (CSR)

INITIATIVES (CSR)

Corporate Social Responsibility is an integral part of Social Islami Bank. Through different projects we hope to contribute to the community, but our main focus is to help the underprivileged community in Bangladesh. SIBL has always been active in social responsibility projects since the beginning. SIBL always prioritizes the Bangladesh Bank CSR Guideline and focus on long-term programs rather than the short-term ones that have sustainable impact on the people and society of the country."

Corporate Social Responsibility of SIBL

As part of Corporate Social Responsibility (CSR), welfare activities of Social Islami Bank Limited (SIBL) are being carried out mainly from-

- Profit of Cash Waqf Fund
- Compensation Fund
- Doubtful Income and
- Zakat Fund.

SIBL is a pioneer of Cash Waqf Program which has meanwhile achieved both local & international accreditation for its unique welfare approach. Cash Waqf Program of the Bank paved the way of doing welfare of mankind in various sectors such as-

- Family Rehabilitation,
- Education & Culture,
- Health & Sanitation and
- Social Utility and others in conformity with Shariah.

Cash Waqf is broadly categorized as-

- a. General Cash Waqf : Where the Waqif (Donor) doesn't mention the name of beneficiary (may be individual or organization) for receiving the profit of Cash Waqf fund, we call those General Cash Waqf.
- b. Specific Cash Waqf: In case of Specific Cash Waqf, the Waqif (Donor) specify the name of specific beneficiary (may be individual or organization). Profit of General Cash Waqf A/C are being sent to FAD, HO annually & profit of Specific Cash Waqf A/C are being sent to the specific beneficiary as per instruction of the Waqif once annually.

Social Islami Bank Ltd. is extending financial help to different orphanages, schools, madrasahs, social organizations & individuals who are suffering from fatal diseases like cancer, kidney failure, and heart diseases etc. from the fund which are being accumulated from the profit of Cash Waqf Fund, Compensation Fund, Doubtful Income and Zakat Fund.

Bangladesh Bank vide DOS Circular No. 01 dated 1 June, 2008 titled "Mainstreaming Corporate Social Responsibility (CSR) in banks and financial institutions" gave a comprehensive guideline on CSR.

We have been submitting quarterly CSR report to Bangladesh Bank as per format provided by them. The format has following dimensions:

- Financial Inclusion: In the form of financing to Agriculture, SME, Women Entrepreneur, Renewable Energy, Solar Irrigation etc.
- Donation to the individuals, covering: Education, Health, Disaster Management (Family Rehabilitation), Environment (Social Utility), Sports, Art & Culture, Others etc.
- Donation to NGO's: For supporting such welfare activities.

CSR ACTIVITIES UNDER-TAKEN DURING THE YEAR

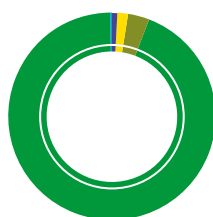
SIBL has contributed a sum of total Tk. 297.33 million in the field of Health, Education, Disaster Management (Family Rehabilitation), Sports, Art & Culture, Environment (Social Utility) & Others during year 2019, which are furnished hereunder:

(Figure in Tk.)

| Sectors | Contribution | |
|--|------------------------|-----------------------|
| | in 2019 | in 2018 |
| Health | 29,69,870.50 | 22,53,425.00 |
| Education | 47,01,300.00 | 33,87,790.00 |
| Disaster Management(Family Rehabilitation) | 1,00,00,000.00 | 11,97,42,500.00 |
| Sports | 1,57,500.00 | 2,03,00,000.00 |
| Art & Culture | 2,76,750.00 | 1,20,750.00 |
| Environment (Social Utility) | 27,91,79,950.00 | 86,98,132.00 |
| Others | 47,250.00 | - |
| Total | 29,73,32,620.50 | 154,502,597.00 |

Sector-wise CSR Contribution (Year 2019)

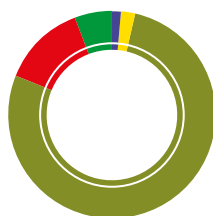
(Taka)



- Environment (Social Utility)- Tk.27,91,79,950.00
- Disaster Management (Family Rehabilitation) Tk. 1,00,00,000.00
- Education - Tk. 47,01,300.00
- Health - Tk.29,69,870.50
- Art & Culture- Tk. 2,76,750.00
- Sports- Tk. 1,57,500.00
- Others - Tk. 47,250.00

Sector-wise CSR Contribution (Year 2018)


(Taka)



- Disaster Management (Family Rehabilitation) Tk.11,97,42,500.00
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- Health - Tk.22,53,425.00
- Education - Tk. 33,87,790.00
- Art & Culture- Tk. 1,20,750.00
- Others - Tk. 0



ENVIRONMENT RELATED INITIATIVES



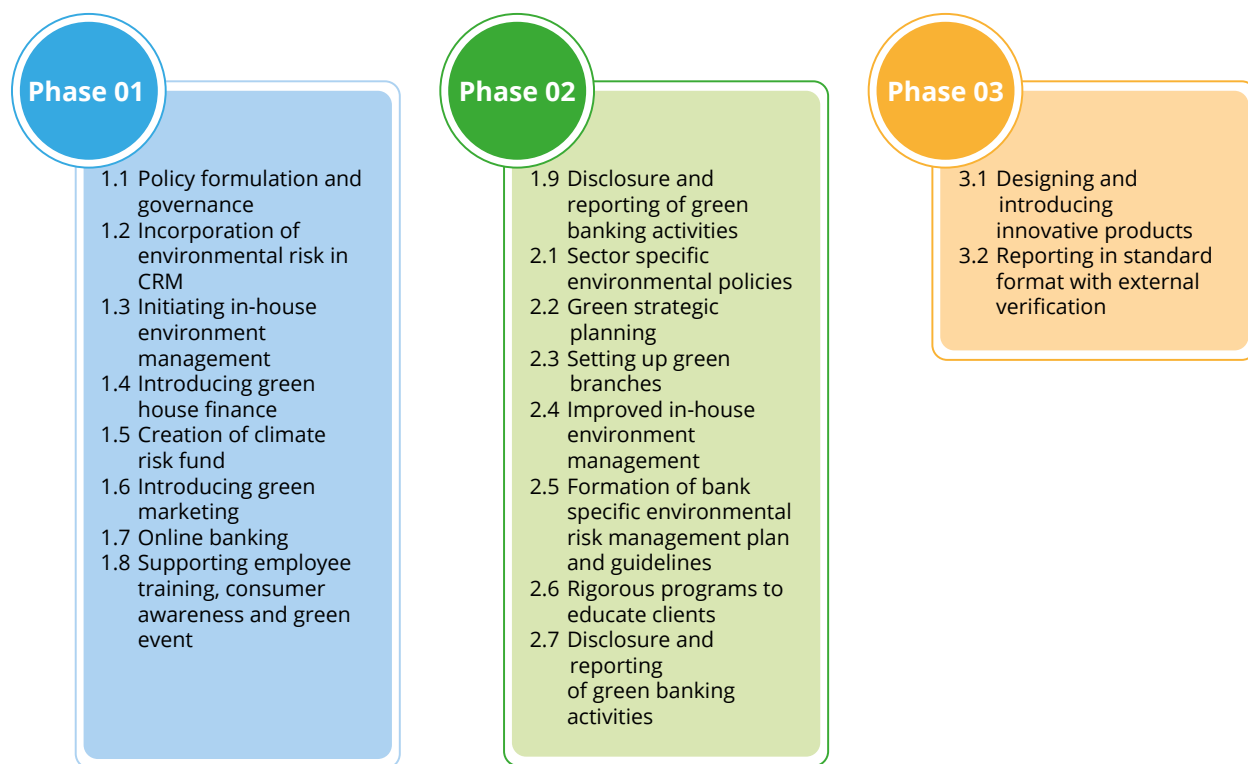
“Social Islami Bank Limited believes it is important to promote environment-friendliness in society as a whole through the financial products and services it offers as part of its core business based on the knowledge and insight of a global financial group. From this perspective, SIBL is developing businesses that contribute to the environment according to the nature of their own operations.”

GREEN BANKING

Green Banking is an emerging issue in the present banking arena. Green Banking is a holistic approach, which encourages environmental protection, sustainability, resource-savings and economic attitude in personal and professional life among others. Bangladesh Bank is emphasizing much on environment and environment-friendly project.

Green Banking issues are properly addressed at SIBL as per guidelines of Bangladesh Bank. Bangladesh Bank vide BRPD Circular no. 02 dated 27.02.2011 advised all banks to start Green Banking activities comprising a set of initiatives in 03 (three) phases with specific time frame.

STRATEGY FRAMEWORK OF GREEN BANKING



Social Islami Bank Limited takes environmental stewardship ahead of each year realizing the present generation's responsibility to the future. By adopting Environmental Risk Management (ERM) Guidelines for Banks and Financial Institutions in Bangladesh, Social Islami Bank Limited closely monitors the environmental impact of every steps and effectively mitigates any risks arise thereon. With more emphasis on environmental risk management programs, at Social Islami Bank Limited, a noticeable increase has occurred in the amount of screening and due diligence efforts to gather information on potential environmental risks. We take every effort to delight our clients being the growth partner in financing environment friendly products or initiatives.

Green Banking initiatives are multi-stake holder approach and are never ending process; the implementation is possible only when collective efforts of all are being made.

- Formation of Green Banking Unit
- Circulation of Environment Due Diligence (EDD)
- Circulation of Environment Risk Rating (ERR)
- Circulation of Green Office Guide
- Formation of Green Banking Policy
- Some Green Event

OUR FUTURE PLAN:

SIBL has the plan to focus on the following areas of operation for promoting Green Initiatives:

- To popularize Online Banking
- To increase Internet, SMS & Mobile Banking activities
- To popularize Video Conferencing
- To increase Efforts towards near paperless banking
- To promote Tree Plantation Campaign
- To promote Green Initiatives through advertisement in print/electronic media
- To rationalize use of consumption of paper, water, electricity and utilities
- To reduce Emission of Carbon
- To conserve Environment
- To protect Air/Water Pollution

Saving our 'Mother Planet' has become the crucial issue now-a-days. To save our beloved abode (the earth) from all types of erosion and pollution we, as global citizens, obviously have some responsibilities to keep our mother planet green remaining in our individual position we belong to.

ENVIRONMENTAL & SOCIAL OBLIGATIONS



"We are well aware of the social and environmental obligations we have to our customers, our staff and our planet. We take these responsibilities seriously and have implemented a program of ongoing assessment of working practices, adapting our operations to meet the following commitments."

SOCIAL OBLIGATIONS

SIBL actively participate in Corporate Social Responsibility (CSR) activities of the Bank. During the year SIBL spend Taka 297.33 million under Health, Education, Sports, Disaster Management and Environmental programs which was Taka 154.50 million in 2018. This is a reaffirmation of the commitment of SIBL towards the society.

ENVIRONMENTAL OBLIGATIONS

Environmental Performance

Energy

Energy Savings

Our new Corporate Office, where we have moved during the year 2011 has been designed to utilize maximum usage of natural lights, which reduces energy consumption substantially compared to other conventional building. Around a third of the bulbs being used in this office are of energy savings type. We are saving around 40% electricity (used for lighting purpose) by using the day light in our Corporate Office. Our electronic mail system has been operational since 2005, which is being extensively used for internal as well as external communication. Electronic communication substantially reduces paper consumption thereby reduce deforestation.

Energy Consumption

| Energy Type | Million Taka |
|-------------|--------------|
| Electricity | 88.55 |
| Gas | - |
| Fuel | 17.07 |

Financing Renewable Energy and Carbon Offset Projects

We have installed Solar panels in our 17 branches located at Patherhat, Patkelghata, Akhaura, Dewanhat, Bibirhat, Shahzadpur, Gobindagonj, Naogaon, Dhamrai, Fenchugonj, Atorar Dipo, Hajigonj, Chowgacha, Chandaikona, Fakirhat, Shayedpur and Dupchachia branches. During 2019 we have disbursed Tk. 481.86 million to 17 business entities, which helps sequestration of Carbon.

REDUCING ENERGY & RESOURCE CONSUMPTION

Instruments of Green Banking offered by Cards Division include E-Statement, SMS Banking, SMS Alert, Net Banking, E Fund Transfer and Digital Attendance and Paperless Board of Directors meeting, E Mail corresponding, Video Conference, Tele Conference, which help reducing printing paper.

| | |
|------------------------|---|
| 1 E-Statement | 8 Video Conference |
| 2 SMS Banking | 9 Tele Conference |
| 3 SMS Alert | 10 Paperless Board of Directors Meeting |
| 4 Net Banking | |
| 5 E Fund Transfer | 11 SIBL NOW Instant Banking |
| 6 Digital Attendance | |
| 7 E Mail corresponding | |

Water

Reducing Carbon Footprint & Water Usage

As part of our commitment for our Green Economy we have refinance in Solar Energy, Bio- Gas, LED and Effluent Treatment Plant & Hybrid Hoffman Kiln (HHK).

During 2019, SIBL provided Tk. 1076.50 million to Green Establishment and Tk. 481.86 million to Bricks which envisages of setting of a modern, environment friendly & energy efficient Brick Manufactu

INTEGRATED REPORTING



Social Islami bank limited aims to clearly and concisely tell the story of the SIBL, how it creates value, its strategy, opportunities and risks, its business model and governance, and the performance against its strategic objectives in a way that gives stakeholders a holistic view of the company and its future.”

Integrated reporting aims to give a holistic view of the organization by putting all the information related to Our Vision, Mission, Commitments, and Strategic Objectives. It also includes SIBL Brand Values, Code of Conducts and ethical principles.

SIBL offers clear, comprehensible and correct information to its customers within the principle of reciprocal trust during services and transactions; and provide the customer services in a timely and complete manner. The bank always shows due diligence to support all kinds of social and cultural activities in the light of the principle of observing, aside from the profitability, the social benefit and respect environment.

SIBL runs with a vision to minimize the poverty level in Bangladesh. In this regard, the inherent concept and credence of “Working together for a Caring Society” is always held high. to carry forward this commitment, the personnel of SIBL are imbued with the highest degree of enthusiasm, zeal and vigor to serve the society.

Mission of the bank is comprehended of-

- Establishing three sector banking model
- Transformation to a service oriented technology driven profit-earning bank.
- Fast, accurate and satisfactory customer service.
- Balanced & sustainable growth strategy.
- Optimum return on shareholders' equity.
- Introducing innovation islamic banking products.
- Attract and retain high quality human resources.
- Empowering real poor families and creating localincome opportunities.
- Providing support for social benefit organizations by way of mobilizing funds and social services.

SIBL is committed to shariah, regulators, shareholders, nation, customers, employees, other stakeholder and environment.

CORE VALUES



OUR STRATEGIC OBJECTIVES

- Transformation into a service-oriented technology-driven profit earning bank.
- Ensure fast, accurate and best-in-class customer services with customers' satisfaction.
- Balanced and sustainable growth strategy. Optimum return on shareholders' equity.
- Introducing innovative Islamic Banking Products.
- Attract, motivate and retain high quality human resources.
- Empowering real poor families and create local income opportunities.
- Providing support for social benefit organizations-by way of mobilizing funds and social services
- To achieve global standards in Islamic Banking
- To invest in the priority sector for the overall economic development
- Ensure best CSR (Corporate Social Responsibilities) practices
- Ensure Green Banking

SUSTAINABLE HR DEVELOPMENT

“Human Resource Is The Corner Stone For Accelerated And Sustained Development Of Any Organization. The Bank Recognizes The Importance Of Skilled Human Resources For Overall Growth Of The Bank. The Meritorious And Talented Human Resources Team Is The Key For Continuous Development Of The Organization. Superior Human Resources Are An Important Source Of Competitive Advantage. To Attract Talented Human Resources Team And To Create Brand Image Bank Have Formulating And Executing HR Systems—HR Policies And Activities—That Produce The Employee Competencies And Behaviors Which The Bank Needs To Achieve. The Bank Has Been Trying To Ensure Maximum Output With Minimum Resources. So Quality Manpower With Good Academic Background Is Being Recruited In All Levels Of The Bank Every Year For Rendering Quality Services To Its Customers.”

HUMAN RESOURCE ACCOUNTING

Human resource accounting is the process of identifying and reporting the Investments made in the Human Resources of an organization that are presently not accounted for in the conventional accounting practices. Social Islami Bank Limited formally does not practice Human Resources Accounting but regularly works out and looks into some important areas for mathematical and co-relational understanding on the main business factors. Given below is the considerable index to the management on which human related decisions are taken:

| Description | Yr-2019 | Yr-2018 | Yr-2017 | Yr-2016 | Yr-2015 |
|---|---------|---------|---------|---------|---------|
| Total number of employees | 2,947 | 2,844 | 2,599 | 2,363 | 2,130 |
| Total number of Branches | 161 | 155 | 138 | 125 | 111 |
| Employee Per Branch (nos) | 18 | 18 | 19 | 19 | 19 |
| Deposit per employee (million Tk) | 97.71 | 87.32 | 88.03 | 80.64 | 65.7 |
| Investment per employee (millionTk) | 89.67 | 83.91 | 80.82 | 73.72 | 61.36 |
| Operating profit per employee (million Tk) | 2.15 | 2.16 | 2.37 | 2.41 | 2.28 |
| Salaries & Allowances per employee (million Tk) | 1.15 | 1.11 | 1.12 | 1.03 | 1.03 |
| Salaries & Allowances as percentage of Operating profit | 53.54% | 51.21% | 47.02% | 42.82% | 45.61% |

EMPLOYEE BENEFITS

Social Islami Bank Limited is very keen to establish and retain a very congenial working atmosphere. The bank has a competitive & unique pay structure for its employees and always keep track on the necessity of revision on the passage of time that matches with the living standards of the employees in one hand and competitive with other banks on the other hand.

At present, SIBL is offering three types of long term employee benefits of which Provident Fund and Gratuity Fund is approved by the Revenue Board and are funded liability for the bank. Sufficient provisions have been provided in the financial statements of the bank for these two employee benefit funds as per International Accounting Standard 19 Accounting for Employee Benefit. Apart from these two, another welfare fund called "SIBL Employees' Superannuation Fund" has been maintaining solely for the purpose of welfare of the employees of the bank and also approved by NBR. All these funds are governed and maintained by separate trustee board and funds are investing in very safe mode. The nature of the Provident fund is 10% contributory from the both side of the employee and employer. The eligibility of such Provident fund is 5 years whereas the eligibility of the gratuity fund to the employee is equivalent to 1 basic pay for 5 years services & equivalent to 2 basic pay for 7 years services.

Given below is the position of the employee's benefit funds:

| Particulars | 2019 | 2018 | 2017 | 2016 |
|---|-----------------|-----------------|-----------------|--------------|
| Social Islami Bank Profit Dependent Employee's Provident Fund | 2,095.99 | 1,749.09 | 1,389.98 | 962.69 |
| Social Islami Bank Employee's Gratuity Fund | 1,105.37 | 953.30 | 781.77 | 447.14 |
| SIBL employees' Superannuation Fund | 208.12 | 173.89 | 133.20 | 90.14 |
| Total | 3,409.48 | 2,876.28 | 2,304.95 | 80.64 |

SIBL is an employee welfare-oriented organization. For this reason, the management of the Bank always tries to sort out all possible ways it deems beneficial to promote its employees' professional skill and efficiency. It is observed that the employees who were trained, render good performance. Social Islam Bank Training Institute always conduct foundation training courses for the fresh Officers and Training, workshops and Seminar on different contemporary issues related to banking industries where different Officers and executives have participated.

Training of Staff conducted by Social Islami Bank Training Institute from 01st January, 2019 to 31st December, 2019:

| Name of the Training | Number | Participant Number |
|---|-----------|--------------------|
| Training on " Foundation Course in Banking for Assistant Officers (Cash)" | 01 | 40 |
| Training on " Foundation Course in Banking for Juniors Officers and Assistant Officers" | 01 | 40 |
| Training on " Investment Management" | 02 | 80 |
| Training on " Branch Management & Leadership Development" | 02 | 80 |
| Training on "Enhancing services quality and product marketing in Bank" | 01 | 40 |
| Training on" Foreign Exchange and Foreign Trade" | 01 | 40 |
| Training on " Foundation Course in Banking for Probationary Officers" | 01 | 40 |
| Training on " Foundation Course in Banking for Assistant Officers" | 01 | 40 |
| Training on "Risk Management in Bank" | 01 | 40 |
| Total | 11 | 440 |

Workshop of Staff conducted by Social Islami Bank Training Institute from 01st January, 2019 to 31st December, 2019:

| Name of the Training | Number | Participant Number |
|---|-----------|--------------------|
| Workshop on "ISS Reporting" | 02 | 155 |
| Workshop on "Integration of New Ababil (Software in BEFTN)" | 02 | 138 |
| Workshop on "AML & CFT with special session on Trade Based ML Prevention Procedures" | 10 | 594 |
| Workshop on "Recovery of Overdue, Classified, Written off Investments & Provisioning" | 03 | 120 |
| Workshop on "ICRR System" | 03 | 224 |
| Refresher programme on "Operational procedure of FEIMP and its Application" (Khulna) | 01 | 35 |
| Workshop on "Banking services under Shariah" | 04 | 244 |
| Workshop on "BAMLCO open discussion Meeting" | 01 | 54 |
| Workshop on "Sanction, documentation and disbursement of Investment" | 01 | 40 |
| Workshop on "Internal Audit and Inspection" | 01 | 40 |
| Workshop on "Internet Mobile Application, SIBL NOW and ICT awareness issues" | 01 | 54 |
| Workshop on "Foreign Exchange Transaction Reporting to B Bank" | 02 | 98 |
| Workshop on "Agent Banking Operation" | 01 | 43 |
| Workshop on "SBS2 and ISS reporting" | 02 | 165 |
| Workshop on "SBS3 and ISS reporting" | 02 | 160 |
| Total | 36 | 2,164 |

Management of the bank has emphasized and specially focused on the development of employees and to bring out the persons' insider instinct into light, SIBL Training Institute (SIBL TI) has restructured aiming to create leaders.

SIBL is sincere to address its employee's health problem. The bank has appointed one full time doctor for the employees of Head Office and Dhaka city branches. SIBL placed First Aid Box in its premises to provide instant medical facility for all employees as and when needed. We have help desk, who are always besides to their ailing colleagues and their family members for proving all kinds of supports including pecuniary facility under SIBL Employees' Superannuation Fund and CSR.

In order to evaluate the level of efficiency, improve the healthy competition among the employees and in a way to generate motivation for the employees, Employees' Performance Evaluation and Key Performance Indicator (KPI) have been introduced from time to time. Upon the evaluation, the employees are motivated and awarded with promotion, accelerated promotion and other benefits. In addition to that, various types of drives are taken to keep and upgrade the standard of the Bank.

DEMOGRAPHIC DISTRIBUTION OF MANPOWER OF SIBL:

| Gender | Age Range | | | | | | Total |
|--------|------------|--------|-------------|--------|------------|--------|-------|
| | < 30 years | | 30-50 years | | > 50 years | | |
| | Male | Female | Male | Female | Male | Female | |
| 2019 | 502 | 169 | 1734 | 394 | 137 | 11 | 2947 |
| 2018 | 502 | 163 | 1687 | 363 | 119 | 10 | 2844 |
| 2017 | 380 | 135 | 1640 | 336 | 101 | 7 | 2599 |
| 2016 | 382 | 115 | 1464 | 293 | 103 | 6 | 2363 |
| 2015 | 413 | 104 | 1275 | 251 | 84 | 3 | 2130 |

Breakdown by age group for permanent employees

| Gender | Employee Category | | | | | | Total |
|--------|-------------------|--------|-----------|--------|-------------------|--------|-------|
| | Entry Level | | Mid-Level | | Senior Management | | |
| | Male | Female | Male | Female | Male | Female | |
| 2019 | 1374 | 396 | 961 | 176 | 38 | 02 | 2947 |
| 2018 | 1352 | 363 | 921 | 171 | 35 | 2 | 2844 |
| 2017 | 1151 | 309 | 824 | 158 | 146 | 11 | 2599 |
| 2016 | 984 | 248 | 804 | 157 | 161 | 9 | 2363 |
| 2015 | 965 | 214 | 695 | 138 | 112 | 6 | 2130 |

শরী'আহ সুপারভাইজরী কমিটির বার্ষিক প্রতিবেদন-২০১৯ইং

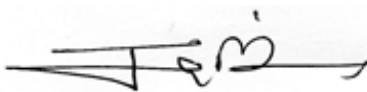
الْحَمْدُ لِلَّهِ دَائِمِ الْإِحْسَانِ ، جَزِيلِ الْخَيْرِ وَالْإِمْتِنَانِ ، حَكِيمِ الْخَلْقِ وَالْإِتْقَانِ ، إِلَيْهِ يَلْجَأُ النَّقْلَانِ ، وَعَلَيْهِ يَتَوَكَّلُ الْإِنْسَانُ وَالْجَانُّ ، وَهُوَ يُطْعِمُ الْإِنْسَانَ وَالْحَيَوَانَ ، وَالصَّلَاةَ وَالسَّلَامَ عَلَى خَيْرِ وُلْدِ عَدْنَانَ الْمُصْطَفَى الْكَرِيمِ وَعَلَى آلِهِ وَصَحْبِهِ وَمَنْ صَارَ عَلَى نَهْجِهِ إِلَى يَوْمِ الدِّينِ . أَمَّا بَعْدُ :

ব্যাংকের শরী'আহ সুপারভাইজরী কমিটি ২০১৯ ইং সালে কয়েকটি সভায় মিলিত হয়ে পরিচালনা পর্ষদ ও ব্যবস্থাপনা কর্তৃপক্ষের প্রেরিত বিষয়াদি বিশ্লেষণ ও ব্যাংকের সার্বিক কার্যক্রম পর্যালোচনাপূর্বক শরী'আহ বিষয়ক মতামত ও সিদ্ধান্ত প্রদান করে। ২০১৯ ইং সালের বার্ষিক পরিকল্পনার আলোকে ব্যাংকের ১৫৫টি শাখার মধ্যে ১৫৫টি শাখায়ই শরী'আহ সেক্রেটারীয়েটের মুরাকীবদের মাধ্যমে শরী'আহ অডিট এন্ড ইনস্পেকশন সম্পন্ন করা হয়েছে, আল-হামদুলিল্লাহ। শরী'আহ অডিট এন্ড ইনস্পেকশন রিপোর্ট পর্যালোচনা করে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় দিক নির্দেশনা প্রদান করা হয়েছে। শরী'আহ সুপারভাইজরী কমিটির পরামর্শের প্রেক্ষিতে ব্যবস্থাপনা কর্তৃপক্ষ ব্যাংকে কর্মরত কর্মকর্তাদের শরী'আহ পরিপালনের কমিটমেন্ট ও আন্তরিকতা বৃদ্ধির লক্ষ্যে স্পেশাল ওয়ার্কশপ ও ট্রেনিং প্রদান করেছে, যার ফলশ্রুতিতে ব্যাংকিং কার্যক্রমে শরী'আহ সংক্রান্ত অনিয়ম অনেকাংশে কমেছে। উল্লেখ্য, শরী'আহ সুপারভাইজরী কমিটির দায়িত্ব হলো ব্যাংকের সামগ্রিক কার্যাবলী পর্যবেক্ষণ ও মূল্যায়ন করে তার ভিত্তিতে শরী'আহ মতামত এবং প্রয়োজনীয় দিক নির্দেশনা প্রদান করা। অপরদিকে ব্যাংকের ব্যবস্থাপনা কর্তৃপক্ষের দায়িত্ব হলো দৈনন্দিন ব্যাংকিং কার্যক্রমে ইসলামী শরী'আহ যথাযথভাবে পরিপালন নিশ্চিত করা।

২০১৯ ইং সালের ব্যাংকের শরী'আহ অডিট এন্ড ইনস্পেকশন রিপোর্ট এবং আর্থিক প্রতিবেদন তথা ব্যালান্স শীট, লাভ-ক্ষতি হিসাব ও অন্যান্য আয়-ব্যয় হিসাব (নিরীক্ষিত) পর্যালোচনাপূর্বক শরী'আহ সুপারভাইজরী কমিটি নিম্নরূপ অভিমত ও পরামর্শ প্রদান করছে:

অভিমতঃ

- ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক পেশকৃত রিপোর্টে প্রতীয়মান হয়েছে যে, মুদারাবা ডিপোজিটের বিপরীতে যে মুনাফা বন্টন করা হয়েছে, তা ইসলামী শরী'আহর মুদারাবা নীতিমালা ও সাহিবুল মাল তথা ডিপোজিটরদের সাথে ব্যাংকের চুক্তি অনুযায়ী করা হয়েছে।
- সোশ্যাল ইসলামী ব্যাংক লিমিটেড সংশ্লিষ্ট বছরের বিনিয়োগের ক্ষেত্রে সম্পাদিত চুক্তিপত্রসমূহ ইসলামী শরী'আহ অনুযায়ী সম্পন্ন করেছে বলে প্রতীয়মান হয়েছে।
- ব্যাংকের যাকাতযোগ্য সম্পদের ওপর প্রদেয় যাকাতের হিসাব ইসলামী শরী'আহর নির্ধারিত বিধি-বিধান অনুযায়ী সম্পাদন করা হয়েছে। উল্লেখ্য, ডিপোজিটর ও শেয়ার হোল্ডারদের হিসাব থেকে ব্যাংক যাকাত বাবদ কোন অর্থ কর্তন করে না। ডিপোজিট ও শেয়ারের বিপরীতে যাকাত প্রদান করা যথাক্রমে ডিপোজিটর ও শেয়ার হোল্ডারদের স্ব-স্ব দায়িত্ব।
- শরী'আহ অডিট এন্ড ইনস্পেকশন রিপোর্টে চিহ্নিত সন্দেহজনক আয় ব্যাংকের বন্টনযোগ্য আয় থেকে পৃথক করা হয়েছে।
- নিম্ন আয়ের মানুষের জীবনযাত্রার মান উন্নয়নে ব্যাংকের গ্রামাঞ্চলের শাখাসমূহে চালুকৃত “পারিবারিক ক্ষমতায়নে ইসলামী মাইক্রো-ফিন্যান্স কর্মসূচী” নিঃসন্দেহে একটি প্রসংশনীয় উদ্যোগ বলে কমিটি মনে করে, যা দেশের আর্থ-সামাজিক উন্নয়নে ইতিবাচক ভূমিকা রাখবে।



ড. মোহাম্মদ গিয়াস উদ্দীন তালুকদার
সদস্য-সচিব
শরী'আহ সুপারভাইজরী কমিটি

পরামর্শঃ

- ব্যাংক ও গ্রাহকদের সামগ্রিক কল্যাণ ও যুগোপযোগী চাহিদা পূরণের লক্ষ্যে লাভ-লোকসানের অংশীদারিত্বমূলক মুদারাবা ও মুশারাকা বিনিয়োগ চালু করার কার্যকরী পদক্ষেপ গ্রহণ করা প্রয়োজন।
- বাই' বা ক্রয়-বিক্রয় পদ্ধতির বিনিয়োগের ক্ষেত্রে ব্যাংক কর্তৃক সরাসরি পণ্য ক্রয়পূর্বক পণ্যের ওপর ব্যাংকের মালিকানা ও দখল নিশ্চিত করে গ্রাহকের নিকট হস্তান্তরে আরো সতর্কতা অবলম্বন করতে হবে। সরাসরি পণ্য ক্রয়ে একান্ত অপারগতার ক্ষেত্রে ব্যাংক তৃতীয়পক্ষ বা বিনিয়োগ গ্রাহককে ক্রয় প্রতিনিধি নিয়োগ করতে পারে, সেক্ষেত্রে ক্রয় প্রতিনিধি কর্তৃক ক্রয়কৃত পণ্যের ওপর ব্যাংকের মালিকানা ও দখল নিশ্চিতকরণে অধিক সতর্ক হওয়া দরকার।
- ব্যাংকের সর্বস্তরের জনশক্তিকে ইসলামী ব্যাংকিং বিষয়ক জ্ঞানে সমৃদ্ধ করা, দক্ষ জনশক্তি তৈরী এবং সকলের মধ্যে তাকুওয়া ও জবাবদিহিতার অনুভূতি বৃদ্ধির লক্ষ্যে ইসলামী ব্যাংকিং ও শরী'আহ বিষয়ে নিয়মিত প্রশিক্ষণ আরো বৃদ্ধি করা জরুরী।
- ইসলামী ব্যাংক ব্যবস্থার শ্রেষ্ঠত্ব ও কল্যাণকারিতা সম্পর্কে সর্বসাধারণকে অবহিত করা, বিশেষ করে ব্যাংকের সম্মানিত গ্রাহকদের মধ্যে শরী'আহ বিষয়ে সচেতনতা ও আন্তরিকতা সৃষ্টি করার লক্ষ্যে প্রধান কার্যালয়, জোন ও শাখা পর্যায়ে অধিক হারে গ্রাহক সমাবেশ, সেমিনার ও সিম্পোজিয়ামের আয়োজন করা দরকার।
- ‘মাকাসিদে শরী'আহ’ বা শরী'আহর উদ্দেশ্য ও লক্ষ্য বাস্তবায়নের লক্ষ্যে ব্যাংকের বিনিয়োগ খাতকে এমনভাবে বিন্যাস করতে হবে যাতে সমাজের মৌলিক চাহিদাগুলো অগ্রাধিকার ভিত্তিতে পূরণ হতে পারে।
- নিম্ন আয়ের মানুষের জীবনযাত্রার মান উন্নয়নে ব্যাংকের বিনিয়োগ খাতকে বহুমুখীকরণের লক্ষ্যে এসএমই ও কৃষি বিনিয়োগ এর পাশাপাশি বিদ্যমান “পারিবারিক ক্ষমতায়নে ইসলামী মাইক্রো-ফিন্যান্স কর্মসূচী” সকল শাখায় চালু করা।
- সিএসআর কার্যক্রমের আওতায় সোশ্যাল ইসলামী ব্যাংক ফাউন্ডেশন এর অধীনে স্কুল, কলেজ, মাদ্রাসা ও মেডিকেল কলেজ প্রতিষ্ঠার মাধ্যমে অপেক্ষাকৃত গরীব, মেধাবী, দুঃস্থ ও রোগগ্রস্থদের বিনামূল্যে বা কম খরচে শিক্ষা ও চিকিৎসা সেবা প্রদান এবং অসহায় ও বেকার মানুষদের কর্মসংস্থান সৃষ্টি করার কর্মসূচি গ্রহণ ও বাস্তবায়ন করা প্রয়োজন বলে শরী'আহ সুপারভাইজরী কমিটি মনে করে।

আল্লাহ রাব্বুল আলামীন আমাদের জীবনের সর্বক্ষেত্রে ইসলামী শরী'আহ পরিপালনের মাধ্যমে তাঁর সন্তুষ্টি অর্জনে সচেষ্ট হওয়ার তাওফীক দান করুন। আমীন।



মুফতি মুহাম্মদ মুহিব্বুল্লাহি বাকী
চেয়ারম্যান (চলতি দায়িত্ব)
শরী'আহ সুপারভাইজরী কমিটি

NEWS & EVENTS





Donation to Support the Victims of Churihatta Fire Tragedy

As a part of CSR, the Chairman of the Board of Directors of Social Islami Bank Limited and former Vice Chancellor of University of Chittagong Professor Md. Anwarul Azim Arif handed over a donation cheque to Honourable Prime Minister Sheikh Hasina at Ganobhabon to support the victims of Churihatta fire tragedy.



Blankets Donation to PM Relief Fund

Social Islami Bank Limited (SIBL) handed over blankets in favor of Prime Minister Relief fund for underprivileged people of the country as a part of Corporate Social Responsibility (CSR). The Chairman of the Board of Directors of Social Islami Bank Limited Professor Md. Anwarul Azim Arif handed over the sample to Honorable Prime Minister Sheikh Hasina at Ganobhabon. Chairman of Bangladesh Association of Bankers (BAB) along with Chairman, Directors and Managing Directors of different Banks were present at the program.



24th AGM of Social Islami Bank Limited

The 24th Annual General Meeting of Social Islami Bank Limited (SIBL) was held on July 02, 2019 at Kurmitola Golf Club, Dhaka attended by large number of shareholders. The meeting approved 10% stock dividend for the financial year 2018. The Chairman of the Board of Directors of the Bank Professor Md. Anwarul Azim Arif presided over the meeting. Board of Directors of the Bank were present in the meeting. Among others Managing Director & CEO Mr. Quazi Osman Ali, Additional Managing Director, Deputy Managing Directors, Company Secretary and other Senior Executives of the Bank were present in the program. The shareholders expressed their satisfaction for the performance of the Bank.



SIBL Holds Annual Business Conference- 2019

Social Islami Bank Limited (SIBL) arranged two-day long Annual Business Conference for the year 2019 at the hotel Le Meridien Dhaka during 25-26 January 2019. Professor Md. Anwarul Azim Arif, Chairman of the Bank and former Vice Chancellor of the University of the Chattogram inaugurated the Business Conference as the Chief Guest. Dr. Md. Jahangir Hossain, Mrs. Jebunnessa Akbar and Professor Mohammed Mizanur Rahman, PhD, honourable Directors of the Bank were present as Special Guests. The program was presided over by Mr. Quazi Osman Ali, Managing Director & CEO of Social Islami Bank Limited, Additional Managing Director, Deputy Managing Directors, Divisional Heads, Senior Executives and all Branch Managers of the Bank attended the program.



SIBL holds Half-Yearly Business Conference 2019

Social Islami Bank Limited arranged Half-Yearly Business Conference for the year 2019 at hotel Le Meridien, Dhaka on 12-13 July 2019. Professor Md. Anwarul Azim Arif, Hon'ble Chairman of the Bank and former Vice Chancellor of Chattagram University inaugurated the conference as Chief Guest. The program was chaired by the Managing Director & CEO of the Bank Mr. Quazi Osman Ali. Honourable Vice Chairman of the Bank Mr. Md. Sayedur Rahman and Honourable Director Mr. M. Kamal Uddin were present as guests of honour.



Social Islami Bank Limited arranged Quarterly Business and Agent Banking Conferences throughout the year 2019.



Celebrating 24th Anniversary

Social Islami Bank Limited celebrated its 24th Anniversary at the Corporate Office of the Bank by cutting an anniversary cake on 24 November 2019. Professor Md. Anwarul Azim Arif, Hon'ble Chairman of the Board of Directors of the Bank and former Vice Chancellor of University of Chittagong, was present in the program as the chief guest. Mr. Md. Sayedur Rahman, Vice Chairman of the Bank, was present as special guest. Mr. M. Kamal Uddin and Dr. Md. Jahangir Hossain, Directors of the Bank and Mr. Quazi Osman Ali, Managing Director and CEO of the Bank were present in the occasion. Additional Managing Director, Deputy Managing Director and all the executives of SIBL Head Office were also present in the program.



Scholarship Awarding Ceremony

Social Islami Bank Limited (SIBL) awarded scholarship to the meritorious students of the country. The Bank arranged a Scholarship Awarding Ceremony in recognition of their brilliant results in SSC and HSC level on 19 January 2019 at the Hotel Purbani International, Dhaka. Mr. Quazi Osman Ali, Managing Director & CEO of Social Islami Bank distributed the scholarships along with crests and certificates among the meritorious students. Mr. Kazi Towhidul Alam, Additional Managing Director, Mr. Abu Naser Chowdhury, Deputy Managing Director, Mr. Md. Sirajul Hoque, Deputy Managing Director and other Senior Executives of the Bank were present in the program.



Social Islami Bank Limited Arranged School Banking Conference 2019

Social Islami Bank Limited arranged School Banking Conference 2019 as a lead bank at Cox's Bazar on 02 March 2019. The Conference were attended by the Branch Managers and other representatives of 37 Banks of the Cox's Bazar region. Managing Director & CEO of SIBL Mr. Qauzi Osman Ali presided over the conference. Deputy Governor of Bangladesh Bank Mr. S M Moniruzzaman was present as chief guest in the conference. Executive Officer of Bangladesh Bank, Chattogram Office Mr. S M Robiul Hasan, General Manager of Bangladesh Bank Financial Inclusion Department Mr. Md. Abul Boshor, Cox's Bazar District Police Super Mr. Md. A B M Masud Hossain (BPM) and Additional District Commissioner of Cox's Bazar District Mr. Md. Ashraf Hossain were present as special guest at the event. Parents, dignitaries, teachers and students of different schools were also present.



Agreement Signing Ceremony with UCEP Bangladesh

Social Islami Bank Limited and UCEP Bangladesh took a project named “UCEP-SIBL Skills Training Project” for providing skill development training to the underprivileged youth of the society. The Bank signed an MoU with UCEP Bangladesh in this regard on 13 October 2019 at the Head Office of the Bank. In the presence of Mr. Belal Ahmed, Vice Chairman of the Bank, Mr. Quazi Osman Ali, Managing Director & CEO of SIBL and Tahsinah Ahmed, Executive Director of UCEP Bangladesh signed the MoU on behalf of the respective organizations. Among others, Mr. M. Kamal Uddin, Mrs. Jebunnessa Akbar, Professor Dr. Mohammed Mizanur Rahman and Mr. Arshadul Alam, Directors of SIBL, Mr. Kazi Towhidul Alam, Additional Managing Director, Nazmun Nahar, Director Finance & Compliance of UCEP Bangladesh, and other Senior Executives of both the organizations were present in the program. Under this project, SIBL will provide financial support and UCEP will provide all technical and logistic supports. Initially the training program will be started in Dhaka and Chattogram and gradually it will be extended other divisions of the country. The participants will also get job placement opportunity.



Agreement Signing Ceremony with Padma Islami Life Insurance Ltd.

Social Islami Bank Limited signed Memorandum of Understanding with Padma Islami Life Insurance Ltd regarding life insurance facilities for the clients of the Bank as well as the employees of the Bank. In this regard five deals were signed at the Head Office of SIBL, Dhaka on 13.03.2019.



SIBL Attended the 17th Meeting of the Participating Committee of APIF

SIBL became the first Bank of the country to invest in Awqaf Properties Investment Fund (APIF) of Islamic Development Bank (IsDB). The Managing Director & CEO of Social Islami Bank Limited, Mr. Quazi Osman Ali attended the 17th Meeting of the Participating Committee of the Awqaf Properties Investment Fund (APIF) held at the Head Quarters of Islamic Development Bank (IsDB) in Jeddah, Kingdom of Saudi Arabia. Among others, H.E. Ambassador Nasser Bin Abdallah Hamdan Al-Zaabi, Chairman of the Council of OIC-Islamic Solidarity Fund, Mr. Wasim Abdulwahab, Director IFSD Department, Mr. Syed Muhammad Asim Raza, Senior Urban Development Specialist, IFSD Department, APIF and also Mr. Md. Akmal Hossain, SVP & Head of International Division, Social Islami Bank Limited were present in the meeting. Members of the Participating Committee from other countries including Saudi Arabia, Kuwait, Egypt, Iran, Bahrain, Jordan, Palestine and Malaysia also attended the meeting



Business discussion with Islamic Corporation for the Development (ICD)

For discussion on mutual business related issues with Islamic Corporation for the Development of the Private Sector (ICD), the Managing Director & CEO of Social Islami Bank Limited, Mr. Quazi Osman Ali visited the Headquarters of Islamic Development Bank (IsDB) in Jeddah, Kingdom of Saudi Arabia.



Launching of Mobile App

Social Islami Bank Limited introduced mobile app SIBL NOW. Prof. Md. Anwarul Azim Arif, Honorable Chairman of the Bank launched the mobile app at a ceremony held at SIBL Head Office on 29 January 2019. Mr. Belal Ahmed, Vice Chairman of the Bank was present during the time. The program was presided over by Mr. Quazi Osman Ali, Managing Director & CEO of the Bank. Honorable Directors of the Bank were also present in the program.



BAMLCO Conference-2019

Social Islami Bank Limited arranged "Branch Anti Money Laundering Compliance Officers' (BAMLCO) Conference-2019" at CIRDAP Auditorium, Dhaka on 15.06.2019. Head of Bangladesh Financial Intelligence Unit Mr. Abu Hena Mohd. Razeen Hassan was present in the conference as the Chief Guest. Managing Director & CEO of Social Islami Bank Limited Mr. Quazi Osman Ali and General Manager & Operational Head of BFIU, Bangladesh Bank Mr. Md. Zakir Hossain Chowdhury were present in the program as the Special Guests.



Distribution of agricultural finance among 143 Soybean cultivators

Social Islami Bank Limited (SIBL) distributed agricultural finance among 143 Soybean cultivators of the Subornochor of Noakhali District at 4% profit rate. In this regard a discussion meeting with local Soybean cultivators was held on 11.12.2019 at upazila complex of Subornochor. Mr. Tonmoy Das, Deputy Commissioner of Noakhali District was present as chief guest and distributed the sanction letters to the cultivators. Mr. Md. Sirajul Hoque, Deputy Managing Director of SIBL presided over the program.



Participation in the '31st Jeddah International Trade Fair (JITF)'

Social Islami Bank Limited (SIBL) participated in the '31st Jeddah International Trade Fair (JITF)' during 18-20 December, 2019 at Jeddah Centre for Forums & Events, Saudi Arabia as a part of their attempt to expand the Banking Services in Saudi Arabia. Mr. Kazi Tawhidul Alam, Additional Managing Director of SIBL received a crest from Mr. Iftaqhar, Project Director of Al Harithy Company of KSA.



Social Islami Bank participated in an SME Women Entrepreneur Fair on 08 March 2019 at Bangladesh Shishu Academy, Dhaka



SIBL ARRANGES PHOTOGRAPHY EXHIBITION

Managing Director and CEO of SIBL Mr. Quazi Osman Ali inaugurated a two-day photo exhibition on 'Nature of Bangladesh' arranged by Social Islami Bank Limited (SIBL) at its Head Office as the chief guest while Mr. Kazi Towhidul Alam, Additional Managing Director, Mr. Abu Naser Chowdhury, Deputy Managing Director, Mr. Md. Sirajul Hoque, Deputy Managing Director were present as special guests. Professor Md. Anwarul Azim Arif, Hon'ble Chairman of the Board of Directors of the Bank visited the gallery later.

Social Islami Bank Limited inaugurated six branches throughout the year 2019 at different places of the country



Rangunia Branch - 27th June 2019



Sheikh Mujib Road Branch - 30th June 2019



Fulgazi Branch - 17th October 2019



Eidgaon Branch - on 21st November 2019



Dhanmondi Model Branch - 25th November 2019



Patiya Branch - 27th November 2019

CORPORATE FINANCE



Project Name:
Lub-rref (Bangladesh) Ltd.
Financed By:
Agrabad Branch, Chottagram



Project Name:
Trust Knitwear Industries Ltd
Financed By:
Principal Branch, Dhaka



Project Name:
Focus Auto Bricks
Financed By:
Rampura Branch, Dhaka



Project Name:
Sadma Fashion Ware Ltd.
Financed By:
Foreign Exchange Branch, Dhaka



Project Name:
Skylux Apperals Ltd
Financed By:
Foreign Exchange Branch, Dhaka



Project Name:
Vertex Paper Board Mills Ltd
Financed By:
Nawabpur Road Branch, Dhaka

SME AND AGRI FINANCE



Project Name:
M/S Fish Zone Agro Fisheries
Financed By:
Islampur Branch, Dhaka



Project Name:
M/S Friends Agro Farm
Financed By:
Islampur Branch, Dhaka



Project Name:
M/S Nahar Koel Pakhi Farm
Financed By:
Baluchara Branch, Chattogram



Project Name:
Cauliflower land of of Md. Kabir Hossainm
Financed By:
Monirampur Branch, Jessore



Project Name:
Cow rearing project of Abdul Ali
Financed By:
Tongi Branch, Gazipur



Project Name:
Poultry Rearing Unit of Habubur Rahman
Financed By:
Homna Branch, Cumilla



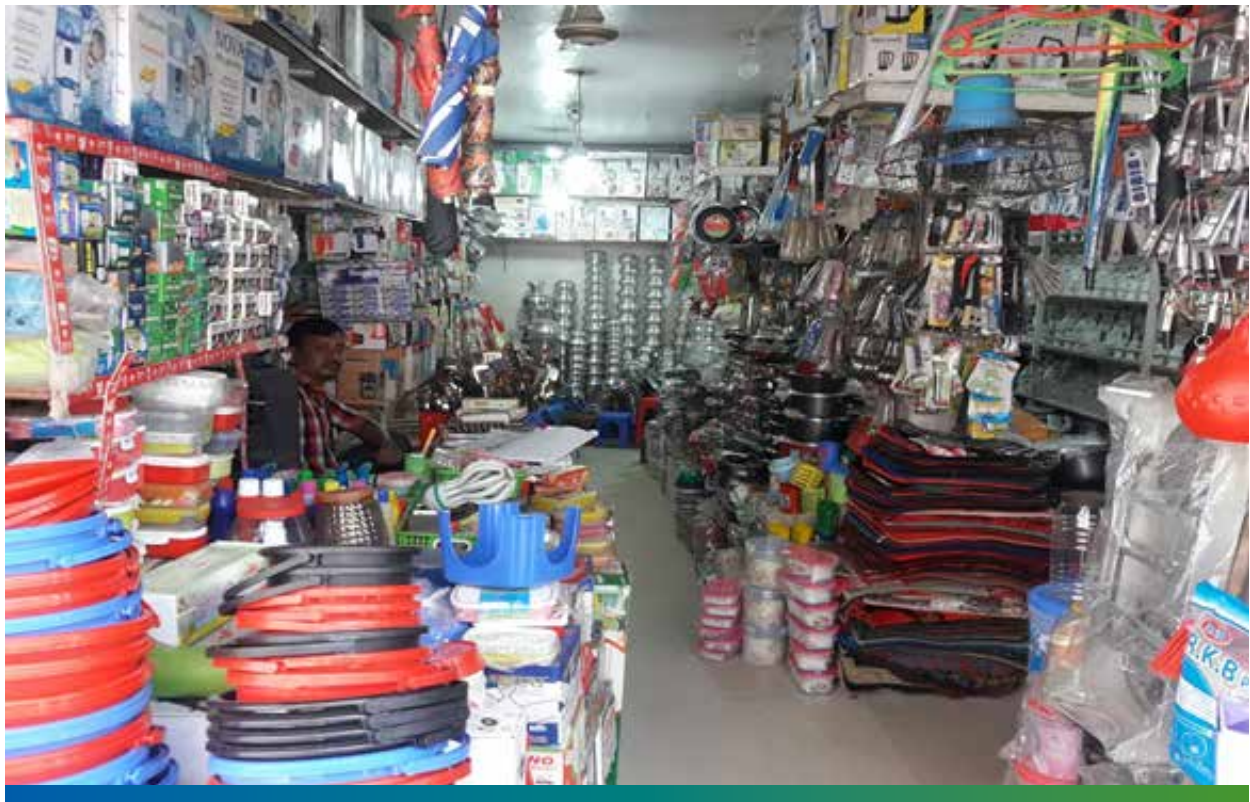
Project Name:
Nursery – plant of Abdul Karim

Financed By:
Chowgacha Branch



Project Name:
Papaya Garden of Zakir Hossain

Financed By:
Chowgacha Branch



Project Name:
Crockeries Shop of Mozammel Hossein

Financed By:
Tongi Branch, Gazipur

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOCIAL ISLAMI BANK LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Social Islami Bank Limited and its subsidiaries (the "Group") as well as the separate financial statements of Social Islami Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2019 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and comply with the Bank Company Act, 1991 (as amended up to date), the Companies Act, 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated and separate financial statements for 2019. These matters were addressed in the context of the audit of the consolidated and separate financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the consolidated and separate financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

| Description of key audit matters | Our response to key audit matters |
|---|--|
| Measurement of provision for investments | |
| <p>The process for estimating the provision for investments portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year end the Group reported total gross Investments of BDT 263,469 million (2018: BDT 237,854 million) and provision for investments of BDT 11,507 million (2018: BDT 8,224 million).</p> | <p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <p>Credit appraisal, investments disbursement procedures, monitoring and provisioning process;</p> <p>Identification of loss events, including early warning and default warning indicators; and</p> <p>Reviewed quarterly Classification of Investments(CL);</p> <p>Our substantive procedures in relation to the provision for investments portfolio comprised the following:</p> <p>Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</p> <p>Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</p> <p>Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p> <p>Finally, compared the amount of provision requirement as determined by Bangladesh Bank inspection team to the actual amount of provision maintained.</p> |
| See note no 7 and 13 to the financial statements | |

| Valuation of Government bond for Islamic Shariah and treasury bond | |
|---|---|
| <p>The classification and measurement of Government Bond for Islamic Shariah and T-Bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of Government Bond and T-Bonds is determined using complex valuation techniques which may take into consideration direct or indirect unobservable market data and complex pricing models which require an elevated level of judgment.</p> | <p>We assessed the processes and controls put in place by the Bank to identify and confirm the existence of Government Bond for Islamic Shariah and T-Bond.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the Government Bond for Islamic Shariah and T-Bond valuation processes, including controls over market data inputs into valuation models, model governance, and valuation adjustments.</p> <p>We tested a sample of the valuation models and the inputs used in those models, using a variety of techniques, including comparing inputs to available market data.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p> |
| See note no 6 to the financial statements | |

| Impairment assessment of unquoted investments | |
|--|---|
| In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment. | <p>We have assessed the processes and controls put in place by the Company to ensure all major investment decisions are undertaken through a proper due diligence process.</p> <p>We tested a sample of investments valuation as at 31 December 2019 and compared our results to the recorded value.</p> <p>Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</p> |
| See note no 6 to the financial statements | |

| IT systems and controls | |
|--|--|
| <p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p> <p>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application based controls are operating effectively.</p> | <p>We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.</p> <p>We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p> |

| Legal and regulatory matters | |
|---|---|
| <p>We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.</p> | <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters.</p> <p>We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the Bank's provisions and contingent liabilities disclosure.</p> |

| Carrying value of investments in subsidiaries by the Bank | |
|---|--|
| <p>The Bank has invested in equity shares of its two subsidiaries, namely SIBL Securities Limited and SIBL Investment Limited. As at 31 December 2019 the carrying value of this investment is BDT 1,480 million.</p> <p>At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost.</p> <p>Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.</p> | <p>We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36.</p> <p>In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.</p> <p>We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.</p> |

Emphasis of matter

We draw attention to note 2.8.1 of the financial statements, which describes matters related to implementation of 'IFRS 16 Leases' including preliminary assessment of its impact as assessed by management. Our opinion is not modified in respect of this matter.

Other matters

The financial statements of the Group and the Bank for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 April 2019.

Other information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated and separate financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements and internal controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, 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 and made due verification thereof;
- ii. to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control:
 - a. internal audit, internal control and risk management arrangements of the Group as disclosed in the financial statements appeared to be materially adequate;
 - b. nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Group and its related entities {other than matters disclosed in these financial statements};
- iii. Consolidated financial statements of the Bank include two subsidiaries, namely SIBL Securities Limited and SIBL Investment Limited reflect total assets of BDT 345,185 million as at 31 December 2019 and total revenue of BDT 30,861 for the year ended 31 December 2019. The results of these subsidiaries have been properly reflected in the Group's consolidated financial statements;
- iv. in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- v. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- vi. the consolidated balance sheet and consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- vii. the expenditures incurred were for the purpose of the Bank's business for the year;
- viii. the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- ix. adequate provisions have been made for advance and other assets as per DBI-4/42(2)/2020-327 dated 17 June 2020, which are in our opinion, doubtful of recovery;
- x. the information and explanations required by us have been received and found satisfactory;
- xi. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 9,380 person hours; and
- xii. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

The engagement partners on the audit resulting in this independent auditor's report are Shaikh Hasibur Rahman FCA from Hoda Vasi Chowdhury & Co and Md.Shafiqul Islam FCA from ShafiqBasak & Co.

Dhaka,
25 June 2020


Hoda Vasi Chowdhury & Co
Chartered Accountants


ShafiqBasak & Co.
Chartered Accountants

SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

| Particulars | Note(s) | 31.12.2019 | 31.12.2018 |
|---|---------|------------------------|------------------------|
| | | Taka | Taka |
| PROPERTY AND ASSETS | | | |
| Cash in hand | | | |
| Cash in hand (including foreign currencies) | 3(a) | 2,949,359,808 | 2,344,325,541 |
| Balance with Bangladesh Bank & its Agent Banks (including foreign currencies) | 3.1 | 28,949,172,602 | 23,735,810,359 |
| | | 31,898,532,410 | 26,080,135,900 |
| Balance with other Banks and Financial Institutions | | | |
| In Bangladesh | 4(a) | 2,288,375,533 | 1,159,076,554 |
| Outside Bangladesh | 4.2 | 1,084,292,499 | 323,695,854 |
| | | 3,372,668,032 | 1,482,772,408 |
| Placement with Banks and other Financial Institutions | | | |
| | 5 | 6,826,069,299 | 5,911,619,899 |
| Investments in shares and securities | | | |
| Government | 6(a) | 13,692,300,000 | 9,200,000,000 |
| Others | | 4,170,415,304 | 2,549,022,367 |
| | | 17,862,715,304 | 11,749,022,367 |
| Investments | | | |
| General investment etc. | 7 (a) | 251,238,985,230 | 229,634,994,597 |
| Bills purchased and discounted | | 12,229,604,419 | 8,219,176,356 |
| | | 263,468,589,649 | 237,854,170,953 |
| Fixed assets including premises | | | |
| | 8(a) | 3,613,716,895 | 3,572,253,103 |
| Other assets | | | |
| | 9(a) | 18,143,066,838 | 20,752,880,683 |
| Non Banking assets | | | |
| | | - | - |
| Total assets | | 345,185,358,427 | 307,402,855,312 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Placement from Banks & other Financial Institutions | 10 | - | 8,000,000,000 |
| Deposits and other accounts | 11 | | |
| Mudaraba savings deposits | | 25,739,179,658 | 19,621,561,549 |
| Mudaraba term deposits | | 165,687,514,476 | 156,095,697,702 |
| Other mudaraba deposits | | 64,112,318,321 | 43,569,089,182 |
| Al-wadeeah current and other deposit accounts | 11.2(a) | 25,608,307,719 | 23,962,556,672 |
| Bills payable | 11.3 | 5,982,863,785 | 4,384,822,493 |
| Cash waqf fund | | 342,710,311 | 317,048,976 |
| | | 287,472,894,270 | 247,950,776,574 |
| SIBL mudaraba subordinated bond | 12 | 9,400,000,000 | 10,800,000,000 |
| Other liabilities | 13(a) | 30,905,629,453 | 24,789,270,400 |
| Deferred tax liabilities/ (assets) | 14 (a) | 94,704,927 | 75,437,019 |
| Total liabilities | | 327,873,228,650 | 291,615,483,993 |
| Capital/shareholders' equity | | | |
| Paid-up capital | 15.2 | 8,933,413,560 | 8,121,285,060 |
| Statutory reserve | 16 | 6,422,261,269 | 5,795,455,397 |
| General reserve | 16(a) | 9,843,356 | 10,764,250 |
| Revaluation reserve on fixed assets | 17 | 931,379,261 | 954,998,771 |
| Retained earnings | 18(a) | 1,015,230,517 | 904,866,027 |
| Total shareholders' equity of parent Company, SIBL | | 17,312,127,963 | 15,787,369,506 |
| Non controlling interest | 18(b) | 1,814 | 1,812 |
| Total shareholders' equity of parent Company, SIBL with non controlling interest | | 17,312,129,777 | 15,787,371,318 |
| Total liabilities and shareholders' equity of the group | | 345,185,358,427 | 307,402,855,312 |

| Particulars | Note(s) | 31.12.2019 | 31.12.2018 |
|--|---------|-----------------------|-----------------------|
| | | Taka | Taka |
| OFF-BALANCE SHEET ITEMS | | | |
| CONTINGENT LIABILITIES | | | |
| Acceptances and endorsements | 19.1 | 21,931,661,800 | 20,129,420,463 |
| Irrevocable letters of credit (including back to back bills) | 19.2 | 15,775,047,149 | 15,834,150,200 |
| Letters of guarantee | 19.3 | 11,322,648,716 | 10,532,813,165 |
| Bills for collection | 19.4 | 4,565,448,355 | 4,189,581,976 |
| Other contingent liabilities | 19.5 | - | - |
| Total | | 53,594,806,020 | 50,685,965,804 |
| OTHER COMMITMENTS | | | |
| Documentary credits and short term trade related transactions | | - | - |
| Forward assets purchased and forward deposits placed | | - | - |
| Undrawn note issuance and revolving underwriting facilities | | - | - |
| Undrawn formal standby facilities, credit lines and other commitments | | - | - |
| Total | | - | - |
| Total off balance sheet items including Contingent liabilities | | 53,594,806,020 | 50,685,965,804 |
| Consolidated Net Asset Value per share (CNAV/share) (Prior year restated) | 38(i) | 19.38 | 17.67 |

Annexed notes (1 to 50) form an integral part of these financial statements




Director



Director



Director



Managing Director & CEO

Signed as per our report of same date



Hoda Vasi Chowdhury & Co.
Chartered Accountants



SHAFIQ BASAK & CO.
Chartered Accountants

Dhaka, Bangladesh
Date: 25.06.2020

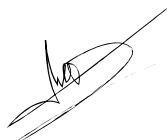
SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

| Particulars | Note(s) | 31.12.2019 Taka | 31.12.2018 Taka |
|--|---------|-----------------------|-----------------------|
| Investment income | 20(a) | 27,872,037,075 | 25,073,045,000 |
| Profit paid on deposits | 21(a) | 18,500,646,256 | 16,137,704,994 |
| Net investment income | | 9,371,390,819 | 8,935,340,006 |
| Income from investment in shares/securities | 22(a) | 773,998,540 | 477,908,519 |
| Commission, exchange and brokerage | 23(a) | 1,526,240,435 | 1,687,365,606 |
| Other operating income | 24(a) | 689,079,020 | 597,139,413 |
| | | 2,989,317,995 | 2,762,413,539 |
| Total operating income | | 12,360,708,815 | 11,697,753,545 |
| Salaries and allowances | 25(a) | 3,413,882,572 | 3,167,969,465 |
| Rent, taxes, insurances, electricity etc. | 26(a) | 579,209,966 | 530,631,708 |
| Legal expenses | 27 | 11,268,775 | 10,586,493 |
| Postage, stamps, telecommunication etc. | 28(a) | 8,776,440 | 10,088,853 |
| Stationery, printings, advertisements etc. | 29(a) | 161,473,808 | 132,965,876 |
| Managing Director's salary and allowances | 30 | 12,712,000 | 11,920,000 |
| Directors' fees & expenses | 31(a) | 9,918,184 | 4,872,901 |
| Shariah supervisory committee's fees & expenses | 32 | 446,507 | 245,903 |
| Auditors' fees | | 977,500 | 621,000 |
| Charges on investment losses | | - | - |
| Depreciation & repair of Bank's assets | 33(a) | 379,910,822 | 323,083,166 |
| Zakat expenses | | 149,522,749 | 129,665,548 |
| Other expenses | 34(a) | 1,265,616,824 | 1,147,959,281 |
| Total operating expenses | | 5,993,716,149 | 5,470,610,193 |
| Profit/(Loss) before provision | | 6,366,992,666 | 6,227,143,351 |
| Provision for investments | | 3,184,444,138 | 2,261,500,825 |
| Other provisions | 35(a) | 31,542,301 | 82,035,292 |
| Total provision | 36(a) | 3,215,986,439 | 2,343,536,116 |
| Total profit/(loss) before income taxes | | 3,151,006,227 | 3,883,607,235 |
| Provision for taxation | 37(a) | 1,625,326,874 | 2,282,097,630 |
| Net profit/(loss) after taxation | | 1,525,679,354 | 1,601,509,605 |
| Appropriations | | | |
| Statutory reserve | | 626,805,871 | 769,658,950 |
| Retained surplus | | 898,873,482 | 831,850,655 |
| Attributable to: | | | |
| Equity holders' of the Bank | | 898,873,480 | 831,850,640 |
| Non controlling interest | | 2 | 15 |
| | | 898,873,482 | 831,850,655 |
| Consolidated Earning Per Share (CEPS) (Prior year restated) | 38(a) | 1.71 | 1.79 |

Annexed notes (1 to 50) form an integral part of these financial statements



Director



Director



Director



Managing Director & CEO

Signed as per our report of same date



Hoda Vasi Chowdhury & Co.
Chartered Accountants



SHAFIQ BASAK & CO.
Chartered Accountants

SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| Particulars | Note(s) | 31.12.2019 Taka | 31.12.2018 Taka |
|---|---------|------------------------|-------------------------|
| Cash Flow from operating activities | | | |
| Investment Income receipt | 39(a) | 27,679,327,604 | 24,945,765,635 |
| Profit paid on deposits | | (16,756,600,941) | (14,559,686,156) |
| Dividend receipts | | 773,998,540 | 477,908,519 |
| Fees & commission receipt | | 742,845,087 | 766,440,458 |
| Cash payments to employees | | (3,426,594,572) | (3,179,889,465) |
| Cash payments to suppliers | | (170,250,248) | (143,054,728) |
| Income tax paid | | (1,326,270,037) | (1,285,952,527) |
| Receipts from other operating activities | 40(a) | 1,418,028,758 | 1,452,298,275 |
| Payments for other operating activities | 41(a) | (2,084,247,716) | (1,861,615,882) |
| Operating profit before changes in operating assets and liabilities | 42(a) | 6,850,236,475 | 6,612,214,127 |
| Increase/Decrease in operating assets and liabilities | | | |
| Statutory deposits | | - | - |
| Net trading securities | | (6,113,692,937) | (4,026,922) |
| Investments to other Banks | | - | - |
| Investment to customers | | (25,614,418,696) | (28,558,661,868) |
| Other assets | 43(a) | 4,128,793,353 | (3,042,338,602) |
| Deposits from other Banks | | (3,876,630,345) | (1,687,502,441) |
| Deposits received from customers | | 41,654,702,726 | 19,652,534,404 |
| Other liabilities on account of customers | | - | - |
| Trading liabilities | | - | - |
| Other liabilities | 44(a) | 1,293,392,753 | (2,057,815,487) |
| Sub Total | | 11,472,146,853 | (15,697,810,916) |
| A. Net Cash flow from operating activities | | 18,322,383,329 | (9,085,596,789) |
| Cash flows from investing activities | | | |
| Proceeds from sale of securities | | - | - |
| Payment for purchases of securities | | - | - |
| Proceeds from sale of fixed assets | | - | - |
| Purchases of property, plant & equipment's | | (354,087,403) | (367,282,428) |
| Purchase/Sale of subsidiaries | | - | - |
| B. Net Cash flows from investing activities | | (354,087,403) | (367,282,428) |
| Cash flows from financing activities | | | |
| Receipts from issue of debt instruments | | (8,000,000,000) | 3,000,000,000 |
| SIBL Mudaraba Subordinated Bond | | (1,400,000,000) | 4,400,000,000 |
| Receipts from issue of right shares/ordinary share | | - | - |
| Dividend paid in cash | | - | - |
| C. Net Cash flow from financing activities | | (9,400,000,000) | 7,400,000,000 |
| D. Net increase/(decrease) in cash & cash equivalents (A+B+C) | | 8,568,295,925 | (2,052,879,217) |
| E. Effects of exchange rate changes on cash & cash equivalents | | 54,445,609 | 65,766,286 |
| F. Cash and cash equivalents at the beginning of the year | | 33,474,528,207 | 35,461,641,135 |
| G. Cash and cash equivalents at the end of the year (D+E+F) | 45(a) | 42,097,269,741 | 33,474,528,207 |
| Consolidated Net Operating Cash Flow Per Share (NOCFPS) (prior year restated) | 38(ii) | 20.51 | (10.17) |

Annexed notes (1 to 50) form an integral part of these financial statements


Director


Director


Director


Managing Director & CEO

Signed as per our report of same date

Dhaka, Bangladesh
Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| Particulars | (Amount in Taka) | | | | | | | | |
|--|----------------------|-----------------------|----------------------|--------------------------|---------------------------|----------------------|--------------------------|-----------------------|------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9=(2 to 8) |
| | Paid-up Capital | Share Premium Account | Statutory Reserve | General / Other Reserves | Asset Revaluation Reserve | Retained Earnings | Non Controlling Interest | Total | |
| Balance as at 01 January 2019 | 8,121,285,060 | - | 5,795,455,397 | 10,764,250 | 954,998,771 | 904,866,027 | 1,812 | 15,787,371,318 | |
| Changes in Accounting Policy | - | - | - | - | - | - | - | - | |
| Restated Balance | - | - | - | - | - | - | - | - | |
| Surplus / (Defi-t) on account of Revaluation of Properties | - | - | - | - | - | - | - | - | |
| Surplus / (Defi-t) on account of Revaluation of Investment | - | - | - | - | - | - | - | - | |
| Currency translation difference | - | - | - | - | - | - | - | - | |
| Net gain and losses not recognized in the Income Statement | - | - | - | - | - | - | - | - | |
| Net profit for the year | - | - | - | - | - | 1,525,679,352 | - | 1,525,679,352 | |
| Appropriation made during the year | - | - | 626,805,871 | (920,894) | - | (626,805,871) | - | (920,894) | |
| Dividend: | | | | | | | | | |
| Cash Dividend | - | - | - | - | - | - | - | - | |
| Bonus shares | 812,128,500 | - | - | - | - | (812,128,500) | - | - | |
| Transferred to retained earnings | - | - | - | (23,619,510) | - | 23,619,510 | - | - | |
| Non-controlling interest | - | - | - | - | - | - | 2 | 2 | |
| Total group shareholders' equity as on 31 December 2019 | 8,933,413,560 | - | 6,422,261,269 | 9,843,356 | 931,379,261 | 1,015,230,517 | 1,814 | 17,312,129,777 | |
| Eligible Capital Under Basel III: | | | | | | | | | |
| Add: General provision for unclassified investment | | | | | | | | 16,380,748,701 | |
| Add: SIBL Mudaraba Subordinated Bond | | | | | | | | 4,401,846,015 | |
| Total eligible capital as on 31 December 2019 | | | | | | | | 27,942,594,716 | |
| Total group shareholders' equity as on 31 December 2018 | 8,121,285,060 | - | 5,795,455,397 | 10,764,250 | 954,998,771 | 904,866,028 | 1,812 | 15,787,371,318 | |
| Eligible Capital Under Basel III: | | | | | | | | | |
| Add: General provision for unclassified investment | | | | | | | | 14,937,938,708 | |
| Add: SIBL Mudaraba Subordinated Bond | | | | | | | | 2,291,063,372 | |
| Total eligible capital as on 31 December 2018 | | | | | | | | 26,149,002,080 | |

Annexed notes (1 to 50) form an integral part of these financial statements



Director



Director

Managing Director & CEO

Signed as per our report of same date

Dhaka, Bangladesh
Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2019

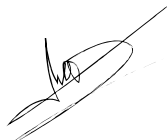
| Particulars | Note(s) | 31.12.2019 Taka | 31.12.2018 Taka |
|--|---------|------------------------|------------------------|
| PROPERTY AND ASSETS | | | |
| Cash in hand | | | |
| Cash in hand (Including foreign currencies) | 3 | 2,949,269,520 | 2,344,258,315 |
| Balance with Bangladesh Bank & its Agent Banks (Including foreign currencies) | 3.1 | 28,949,172,602 | 23,735,810,359 |
| | | 31,898,442,122 | 26,080,068,674 |
| Balance with other Banks and Financial Institutions | | | |
| In Bangladesh | 4 | 2,288,360,101 | 1,159,022,085 |
| Outside Bangladesh | | 1,084,292,499 | 323,695,854 |
| | | 3,372,652,600 | 1,482,717,939 |
| Placement with Banks & other Financial Institutions | | | |
| | 5 | 6,826,069,299 | 5,911,619,899 |
| Investments in shares & securities | | | |
| Government | 6 | 13,692,300,000 | 9,200,000,000 |
| Others | | 5,426,683,481 | 3,886,550,839 |
| | | 19,118,983,481 | 13,086,550,839 |
| Investments | | | |
| General investments etc. | 7 | 252,038,985,230 | 230,434,994,597 |
| Bills purchased and discounted | | 12,229,604,419 | 8,219,176,356 |
| | | 264,268,589,649 | 238,654,170,953 |
| Fixed assets including premises | | | |
| | 8 | 3,606,049,743 | 3,563,534,717 |
| Other assets | | | |
| | 9 | 15,965,444,733 | 18,526,658,424 |
| Non Banking assets | | | |
| | | - | - |
| Total assets | | | |
| | | 345,056,231,627 | 307,305,321,444 |
| LIABILITIES AND CAPITAL | | | |
| Liabilities | | | |
| Placement from Banks & other Financial Institutions | | | |
| | 10 | - | 8,000,000,000 |
| Deposits and Other accounts | | | |
| Mudaraba savings deposits | 11 | 25,739,179,658 | 19,621,561,549 |
| Mudaraba term deposits | | 165,687,514,476 | 156,095,697,702 |
| Other mudaraba deposits | | 64,112,318,321 | 43,569,089,182 |
| Al-wadeeah current & other deposit accounts | 11.2 | 26,072,068,558 | 24,336,269,747 |
| Bills payable | 11.3 | 5,982,863,785 | 4,384,822,493 |
| Cash waqf fund | | 342,710,311 | 317,048,976 |
| | | 287,936,655,109 | 248,324,489,649 |
| SIBL mudaraba subordinated bond | | | |
| | 12 | 9,400,000,000 | 10,800,000,000 |
| Other liabilities | | | |
| | 13 | 30,354,428,531 | 24,356,621,156 |
| Deferred tax liabilities/ (assets) | | | |
| | 14 | 93,817,514 | 74,330,843 |
| Total liabilities | | | |
| | | 327,784,901,154 | 291,555,441,648 |
| Capital/Shareholders' equity | | | |
| Paid-up capital | 15.2 | 8,933,413,560 | 8,121,285,060 |
| Statutory reserve | 16 | 6,422,261,269 | 5,795,455,397 |
| Revaluation reserve on fixed assets | 17 | 931,379,261 | 954,998,771 |
| Retained earnings | 18 | 984,276,383 | 878,140,568 |
| | | 17,271,330,473 | 15,749,879,796 |
| Total shareholders' equity | | | |
| | | 17,271,330,473 | 15,749,879,796 |
| Total liabilities & shareholders' equity | | | |
| | | 345,056,231,627 | 307,305,321,444 |

| Particulars | Note(s) | 31.12.2019 | 31.12.2018 |
|---|---------|-----------------------|-----------------------|
| | | Taka | Taka |
| CONTINGENT LIABILITIES | | | |
| Acceptances and Endorsements | 19.1 | 21,931,661,800 | 20,129,420,463 |
| Irrevocable Letters of Credit (including Back to Back Bills) | 19.2 | 15,775,047,149 | 15,834,150,200 |
| Letters of Guarantee | 19.3 | 11,322,648,716 | 10,532,813,165 |
| Bills for Collection | 19.4 | 4,565,448,355 | 4,189,581,976 |
| Other Contingent Liabilities | 19.5 | - | - |
| Total | | 53,594,806,020 | 50,685,965,804 |
| OTHER COMMITMENTS | | | |
| Documentary credits and short term trade related transactions | | - | - |
| Forward assets purchased and forward deposits placed | | - | - |
| Undrawn note issuance and revolving underwriting facilities | | - | - |
| Undrawn formal standby facilities, credit lines and other commitments | | - | - |
| Total | | - | - |
| Total Off Balance Sheet Items including Contingent liabilities | | 53,594,806,020 | 50,685,965,804 |
| Net Asset Value per share (NAV/share) (Prior year restated) | 38(i) | 19.33 | 17.63 |

Annexed notes (1 to 50) form an integral part of these financial statements




Director



Director



Director



Managing Director & CEO

Signed as per our report of same date



Hoda Vasi Chowdhury & Co.
Chartered Accountants



SHAFIQ BASAK & CO.
Chartered Accountants

Dhaka, Bangladesh
Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

| Particulars | Note(s) | 31.12.2019 Taka | 31.12.2018 Taka |
|--|---------|-----------------------|-----------------------|
| Investment income | 20 | 27,797,425,826 | 24,955,867,159 |
| Profit paid on deposits | 21 | 18,428,552,565 | 16,063,978,530 |
| Net investment income | | 9,368,873,261 | 8,891,888,629 |
| Income from investment in shares and securities | 22 | 760,574,012 | 462,796,394 |
| Commission, Exchange and Brokerage | 23 | 1,465,828,639 | 1,600,655,718 |
| Other operating income | 24 | 687,299,082 | 596,194,180 |
| | | 2,913,701,732 | 2,659,646,292 |
| Total operating income | | 12,282,574,994 | 11,551,534,921 |
| Operating expenses | | | |
| Salaries and allowances | 25 | 3,382,863,890 | 3,133,934,129 |
| Rent, taxes, insurances, electricity etc. | 26 | 573,011,660 | 524,589,668 |
| Legal expenses | 27 | 11,268,775 | 10,586,493 |
| Postage, stamps, telecommunication etc. | 28 | 6,750,345 | 8,472,436 |
| Stationery, printings, advertisements etc. | 29 | 160,996,133 | 132,578,322 |
| Managing Director's salary and allowances | 30 | 12,712,000 | 11,920,000 |
| Directors' fees & expenses | 31 | 9,498,684 | 4,539,401 |
| Shariah supervisory committee's fees & expenses | 32 | 446,507 | 245,903 |
| Auditors' fees | | 920,000 | 575,000 |
| Charges on investment losses | | - | - |
| Depreciation & repair to Bank's assets | 33 | 377,693,254 | 320,667,613 |
| Zakat expenses | | 149,522,749 | 129,665,548 |
| Other expenses | 34 | 1,254,780,502 | 1,130,642,835 |
| Total operating expenses | | 5,940,464,499 | 5,408,417,348 |
| Profit/(loss) before provision | | 6,342,110,494 | 6,143,117,574 |
| Provision for investments | | 3,184,444,138 | 2,261,500,825 |
| Other provisions | 35 | 23,637,000 | 33,322,000 |
| Total provision | 36 | 3,208,081,138 | 2,294,822,825 |
| Total profit/(loss) before income taxes | | 3,134,029,357 | 3,848,294,749 |
| Provision for taxation | 37 | 1,612,578,681 | 2,264,863,993 |
| Net profit/(loss) after taxation | | 1,521,450,676 | 1,583,430,756 |
| Appropriations: | | | |
| Statutory reserve | | 626,805,871 | 769,658,950 |
| Retained surplus | | 894,644,805 | 813,771,806 |
| | | 1,521,450,676 | 1,583,430,756 |
| Earning per share (EPS) (prior year restated) | 38 | 1.70 | 1.77 |

Annexed notes (1 to 50) form an integral part of these financial statements




Director



Director



Director



Managing Director & CEO

Signed as per our report of same date



Hoda Vasi Chowdhury & Co.
Chartered Accountants



SHAFIQ BASAK & CO.
Chartered Accountants

Dhaka, Bangladesh
Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

| Particulars | Note(s) | 31.12.2019 Taka | 31.12.2018 Taka |
|--|---------|------------------------|-------------------------|
| Cash Flow from operating activities | | | |
| Investment Income receipt | 39 | 27,604,716,354 | 24,828,587,795 |
| Profit paid on deposits | | (16,684,507,250) | (14,485,959,692) |
| Dividend receipts | | 760,574,012 | 462,796,394 |
| Fees & commission receipt | | 682,433,291 | 679,730,570 |
| Cash payments to employees | | (3,395,575,890) | (3,145,854,129) |
| Cash payments to suppliers | | (167,746,478) | (141,050,757) |
| Income tax paid | | (1,313,745,832) | (1,268,621,662) |
| Receipts from other operating activities | 40 | 1,416,248,821 | 1,451,353,042 |
| Payments for other operating activities | 41 | (2,065,925,283) | (1,837,038,555) |
| Operating profit before changes in operating assets and liabilities | 42 | 6,836,471,745 | 6,543,943,005 |
| Increase/Decrease in operating assets and liabilities | | | |
| Statutory deposits | | - | - |
| Net trading securities | | (6,032,432,643) | (4,026,921) |
| Investments to other Banks | | - | - |
| Investment to customers | | (25,614,418,696) | (28,608,661,868) |
| Other assets | 43 | 4,067,668,995 | (2,851,827,148) |
| Deposits from other Banks | | (3,876,630,345) | (1,687,502,441) |
| Deposits received from customers | | 41,744,750,489 | 19,635,073,072 |
| Other liabilities on account of customers | | - | - |
| Trading liabilities | | - | - |
| Other liabilities | 44 | 1,196,634,229 | (2,112,340,545) |
| Sub Total | | 11,485,572,030 | (15,629,285,850) |
| A. Net Cash flow from operating activities | | 18,322,043,775 | (9,085,342,845) |
| Cash flows from investing activities | | | |
| Proceeds from sale of securities | | - | - |
| Payment for purchases of securities | | - | - |
| Proceeds from sale of fixed assets | | - | - |
| Purchases of property, plant & equipment's | | (353,731,874) | (367,190,468) |
| Purchase/Sale of subsidiaries | | - | - |
| B. Net Cash flows from investing activities | | (353,731,874) | (367,190,468) |
| Cash flows from financing activities | | | |
| Receipts from issue of debt instruments | | (8,000,000,000) | 3,000,000,000 |
| SIBL Mudaraba Subordinated Bond | | (1,400,000,000) | 4,400,000,000 |
| Receipts from issue of right shares/ordinary share | | - | - |
| Dividend paid in cash | | - | - |
| C. Net Cash flow from financing activities | | (9,400,000,000) | 7,400,000,000 |
| D. Net increase/(decrease) in cash & cash equivalents (A+B+C) | | 8,568,311,900 | (2,052,533,313) |
| E. Effects of exchange rate changes on cash & cash equivalents | | 54,445,609 | 65,766,286 |
| F. Cash and cash equivalents at the beginning of the year | | 33,474,406,512 | 35,461,173,538 |
| G. Cash and cash equivalents at the end of the year (D+E+F) | 45 | 42,097,164,021 | 33,474,406,512 |
| Net Operating Cash Flow Per Share (NOCFPS) (prior year restated) | 38(ii) | 20.51 | (10.17) |

Annexed notes (1 to 50) form an integral part of these financial statements



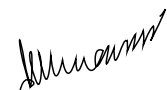
Director



Director



Director



Managing Director & CEO

Signed as per our report of same date

Dhaka, Bangladesh

Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

| Particulars | (Amount in Taka) | | | | | | | |
|---|------------------|----------------------|---|----------------------|---|--------------------|--------------------|-----------------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8=(2+3+4 +5+6+7) |
| Balance as at 01 January 2019 | | 8,121,285,060 | - | 5,795,455,397 | - | 954,998,771 | 878,140,568 | 15,749,879,796 |
| Changes in Accounting Policy | | - | - | - | - | - | - | - |
| Restated Balance | | - | - | - | - | - | - | - |
| Surplus / (Deficit) on account of Revaluation of Properties | | - | - | - | - | - | - | - |
| Surplus / (Deficit) on account of Revaluation of Investment | | - | - | - | - | - | - | - |
| Currency translation Difference | | - | - | - | - | - | - | - |
| Net gain and losses not recognized in the Income Statement | | - | - | - | - | - | - | - |
| Net profit for the year | | - | - | - | - | - | 1,521,450,676 | 1,521,450,676 |
| Appropriation made during the year | | - | - | 626,805,871 | - | - | (626,805,871) | - |
| Dividend: | | | | | | | | |
| Cash dividend | | - | - | - | - | - | - | - |
| Bonus Shares | | 812,128,500 | - | - | - | - | (812,128,500) | - |
| Transferred to retained earnings | | - | - | - | - | (23,619,510) | 23,619,510 | - |
| Total shareholders' equity as on 31 December 2019 | | 8,933,413,560 | - | 6,422,261,269 | - | 931,379,261 | 984,276,383 | 17,271,330,473 |
| Eligible Capital Under Basel III: | | 8,933,413,560 | | 6,422,261,269 | | - | 984,276,383 | 16,339,951,211 |
| Add: General provision for unclassified investment | | | | | | | | 4,401,846,015 |
| Add: SIBL Mudaraba Subordinated Bond | | | | | | | | 7,160,000,000 |
| Total eligible capital as on 31 December 2019 | | | | | | | | 27,901,797,226 |
| Total shareholders' equity as on 31 December 2018 | | 8,121,285,060 | - | 5,795,455,397 | - | 954,998,773 | 878,140,568 | 15,749,879,796 |
| Eligible Capital Under Basel III: | | 8,121,285,060 | | 5,795,455,397 | | 105,567,973 | 878,140,568 | 14,900,448,997 |
| Add: General provision for unclassified investment | | | | | | | | 2,291,063,372 |
| Add: SIBL Mudaraba Subordinated Bond | | | | | | | | 8,920,000,000 |
| Total eligible capital as on 31 December 2018 | | | | | | | | 26,111,512,369 |

Annexed notes (1 to 50) form an integral part of these financial statements



Director



Director

Signed as per our report of same date



Managing Director & CEO

Dhaka, Bangladesh
Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED
LIQUIDITY STATEMENT
ASSETS AND LIABILITIES ANALYSIS
AS AT 31 DECEMBER 2019

| Particulars | (amount in Taka) | | | | | | |
|--|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
| | Upto 01 Month | 01-03 Months | 03-12 Months | 01-05 Years | More than 05 years | Total Current Year | Total Previous Year |
| 1 | 2 | 3 | 4 | 5 | 6 | 7=(2+3+4+5+6) | 8 |
| Assets | | | | | | | |
| Cash in hand | 17,769,034,122 | - | - | - | - | 14,129,408,000 | 26,080,068,674 |
| Balance with other Banks and Financial Institutions | 1,847,950,863 | 1,524,701,738 | - | - | - | 3,372,652,600 | 1,482,717,939 |
| Placement with Banks & other Financial Institutions | 4,314,600,000 | 2,300,000,000 | 211,469,299 | - | - | 6,826,069,299 | 5,911,619,899 |
| Investment (in Shares & Securities) | 4,568,746,686 | 2,250,000,000 | 6,950,000,000 | 3,609,000,000 | 1,741,236,795 | 19,118,983,481 | 13,086,550,839 |
| Investments | 27,035,631,139 | 55,622,290,351 | 116,074,187,159 | 54,543,539,000 | 10,992,942,000 | 264,268,589,649 | 238,654,170,953 |
| Fixed Assets including premises, furniture & fixtures etc. | - | - | - | 1,803,024,871 | 1,803,024,871 | 3,606,049,743 | 3,563,534,717 |
| Other Assets | - | - | - | 7,982,722,366 | 7,982,722,366 | 15,965,444,733 | 18,526,658,424 |
| Non-Banking Assets | - | - | - | - | - | - | - |
| Total Assets | 55,535,962,809 | 61,696,992,089 | 123,235,656,458 | 67,938,286,238 | 36,649,334,033 | 345,056,231,627 | 307,305,321,444 |
| Liabilities | | | | | | | |
| Placement from Banks & other financial institutions | - | - | - | - | - | - | 8,000,000,000 |
| Deposits and other accounts | 53,999,117,231 | 60,329,049,180 | 120,875,352,765 | 41,448,001,171 | 11,285,134,762 | 287,936,655,109 | 248,324,489,649 |
| Provision and other liabilities | - | - | - | 19,429,840,441 | 20,324,588,090 | 39,754,428,531 | 35,156,621,156 |
| Deferred tax liability | - | - | - | 93,817,514 | - | 93,817,514 | 74,330,843 |
| Total Liabilities | 53,999,117,231 | 60,329,049,180 | 120,875,352,765 | 60,971,659,126 | 31,609,722,852 | 327,784,901,154 | 291,555,441,648 |
| Net Liquidity Gap | 1,536,845,579 | 1,367,942,908 | 2,360,303,693 | 6,966,627,111 | 5,039,611,181 | 17,271,330,473 | 15,749,879,796 |

Annexed notes (1 to 50) form an integral part of these financial statements


Director

Director


Director

Director


Managing Director & CEO

Managing Director & CEO

Signed as per our report of same date

Dhaka, Bangladesh
Date: 25.06.2020

SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2019

1 THE BANK AND ITS ACTIVITIES

1.1 Status of the Bank

The Bank was incorporated as a Public Limited Company in Bangladesh on 22nd November 1995 under Companies Act, 1994. The Bank is one of the interest-free Shariah based Banks in the country and its modus- operandi are substantially different from other conventional Banks. The Bank within the stipulations laid down by Bank Company Act, 1991 (as amended in 2018) and directives as received from time to time from Bangladesh Bank, provides all types of commercial Banking services. Besides as a matter of policy the Bank conducts its business on the principles of Mudaraba, Musharaka, Murabaha, Bai-Muazzal and Hire Purchase transaction approved by Bangladesh Bank. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company. The Bank carries its Banking activities through one hundred sixty one (161) branches operating as per Islamic Shariah prevailing in the country.

The Registered Office of the Bank is located at its own premises at 'City Center', 90/1 Motijheel Commercial Area, Dhaka-1000.

1.2 Internet Banking services

SIBL has been providing anytime anywhere Banking service (24/7/365) through internet Banking since 2013. Recently, SIBL reshaped its internet Banking service with user friendly features like with a wide range of features as balance inquiry, fund transfer, credit card bill payment, bill payment, and statement view options. SIBL has introduced "SIBL NOW" mobile app to facilitate i-Banking services in the palm of hand. "SIBL NOW" internet Banking and mobile app comes up with various features including fund transfer (same Bank, other Bank, bKash), utility bill payment, mobile recharge, credit card bill payment, viewing transaction history, location view of branches/booths etc over the internet.

1.3 Agent Banking services

The Bank started operation of Agent Banking Services in 2015.

The principal activities of the Agent Banking Services are to provide Banking services to the Bank customers through engagement of agents who conducts Banking Transaction on behalf of the Bank under a valid agency agreements rather than Bank's own Tellers/Cashiers to deliver the services within the applicable rules & regulations and guidelines of Bangladesh Bank.

1.4 Enlistment with the stock exchanges

The Bank subscribed for IPO (Initial Public Offering) in the year 2000 and initially listed with Dhaka Stock Exchange (DSE) Ltd. and later on in the year 2005 with Chittagong Stock Exchange (CSE) Ltd.

Subsidiaries of SIBL:

1.5 SIBL Securities Limited

SIBL Securities Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public Limited Company under the Companies Act, 1994 vide certification of incorporation no. C - 85876/10 dated 20 July 2010 and obtained its certificate of commencement of business on the same day. The Company has already got its license for trading with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The Company started its commercial operation in the month of January 2012.

The principal place of business is the Registered Office at 3rd floor, 15 Dilkusha C/A, Dhaka-1000.

The principal objectives of the Company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company.

1.6 SIBL Investment Limited

SIBL Investment Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public Limited Company under the Companies Act, 1994 vide certification of incorporation no. C - 86726/10 dated 30 August 2010 and obtained its certificate of commencement of business on the same day.

The principal objectives of the Company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealings, to underwrite, manage and distribute the issue of stocks etc. and other services as mentioned in the Memorandum and Articles of Association of the Company.

| Name of the Company | | Paid up Capital (Taka) | Percentage of Share Holding | |
|----------------------|-------------------------|------------------------|-----------------------------|-----------|
| | | | SIBL | Others |
| 1 | SIBL Securities Limited | 1,230,000,000 | 99.999902% | 0.000098% |
| 2 | SIBL Investment Limited | 250,000,000 | 99.99968% | 0.000320% |
| Total capital | | 1,480,000,000 | | |

1.7 Off-shore Banking unit (OBU)

Bangladesh Bank approved operation of Off-Shore Banking Unit (OBU) of Social Islami Bank Limited located at head office, through their letter no. BRPD(P-3)744(119)/2010-4652, Dated: 11.11.2010. The Bank has commenced the operation of its Off-Shore Banking Unit (OBU) from 02.05.2012.

1.8 Compliance of International Accounting Standards (IAS) and International Financial Reporting standards (IFRS):

| In compliance with | IAS No. | Status |
|--|---------|--|
| Presentation of Financial Statements | 1 | Applied |
| Inventories | 2 | N/A |
| Statement of Cash Flows | 7 | Applied |
| Accounting Policies, Changes in Accounting Estimates and Errors | 8 | Applied |
| Events After the Reporting Period | 10 | Applied |
| Income Taxes | 12 | Applied |
| Property, Plant and Equipment | 16 | Applied |
| Leases | 17 | Applied |
| Employee Benefits | 19 | Applied |
| Accounting for Government Grants and Disclosure of Government Assistance | 20 | N/A |
| The Effects of Changes in Foreign Exchange Rates | 21 | Applied |
| Borrowing Costs | 23 | N/A |
| Related Party Disclosures | 24 | Applied |
| Accounting and Reporting by Retirement Benefit Plans | 26 | N/A |
| Consolidated and Separate Financial Statements | 27 | Applied with compliance of related BRPD Circular |
| Investments in Associates | 28 | N/A |
| Financial Instruments: Presentation | 32 | Applied with compliance of related BRPD Circular |
| Earnings Per Share | 33 | Applied |
| Interim Financial Reporting* | 34 | Applied |
| Impairment of Assets | 36 | Applied |
| Provisions, Contingent Liabilities and Contingent Assets | 37 | Applied |
| Intangible Assets | 38 | Applied |
| Investment Property | 40 | N/A |
| Agriculture | 41 | N/A |

| In compliance with | IFRS No. | Status |
|--|----------|---|
| First-time Adoption of International Financial Reporting Standards | 1 | N/A |
| Share-based Payment | 2 | N/A |
| Business Combinations | 3 | Applied |
| Insurance Contracts | 4 | N/A |
| Non-current Assets Held for Sale and Discontinued Operations | 5 | N/A |
| Exploration for and Evaluation of Mineral Assets | 6 | N/A |
| Financial Instruments: Disclosures | 7 | Applied to the extent of compliance with core risk management guideline of Bangladesh Bank. |
| Operating Segments | 8 | N/A |
| Financial Instruments | 9 | Applied to the extent of compliance with (Financial Instruments) which is mandatorily effective for periods beginning on or after 1 January 2019 with early adoption permitted (subject to local endorsement requirements. Applied to the context of compliance with BRPD Circular no. 15, Dated: 09.11.2009, DOS Circular no. 5, Dated: 26.05.2008 and DOS Circular no. 5, Dated:28.01.2009. |
| Consolidated Financial Statements | 10 | Applied |
| Joint Arrangements | 11 | N/A |
| Disclosure of Interests in other Entities | 12 | Applied |
| Fair Value Measurement | 13 | Applied |
| Regulatory Deferral Accounts | 14 | N/A |
| Revenue from Contracts with customers | 15 | Applied |
| Leases | 16 | Not Applied |

(*) Complied while the quarterly and half-yearly interim financial reports were prepared during the year as per regulations of Bangladesh Securities and Exchange Commission (BSEC).

2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

Basis of accounting

2.1.1 The financial statements of the Bank have been prepared under historical cost convention except investments which are measured at present value and in accordance with "First Schedule" of the Bank Company Act, 1991 as amended under sub-section 38(4) of the Act, relevant Bangladesh Bank Circulars and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other rules and regulations applicable for Banks in Bangladesh.

In cases, any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions & circulars issued by Bangladesh Bank prevailed.

2.1.2 Going concern estimation

The Financial Statements, namely, Balance Sheet, Profit and Loss Account, Cash Flow Statements, Statement of Changes in Equity, Statement of Liquidity Analysis and relevant notes to the financial statements and disclosures thereto, of the Bank are prepared under historical cost convention on a going concern basis. Management of the Bank has made an estimation that there are no possibility to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

2.1.3 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as Banks. The Bank Company Act 1991 obliges Banks to prepare their financial statements under such financial reporting standards. Due to unavailability of any financial reporting standards by FRC, International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Company Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994, Securities and Exchange Rules 1987. In case any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

According to BRPD circular no 2 dated 25 February 2019 financial statements for the Bank is prepared on a solo basis from 2019 where OBU information is included in equivalent BDT denomination. However key financial informations of OBU is provided as "Annexure G" the solo financial statements of the Bank. Material deviations from the requirements of IFRS in preparing the financial statements are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per Banking Regulation and Policy Department (BRPD) circular no. 15 dated 09 November 2009 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

ii) Revaluation gains/losses on government securities

IFRS: As per requirement of IFRS 9 where securities will fall under the category of fair value through profit or loss account, any change in the fair value of assets is recognised through the profit and loss account. Securities designated as amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: Held for Trading (HFT) securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised in other reserves as a part of equity. Any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Held to maturity (HTM) securities which have not matured as at the balance sheet date are amortised at year end and gains or losses on amortisation are recognised in other reserve as part of equity.

iii) Provision on investments and off balance sheet

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for advances at an amount equal to the lifetime expected credit losses if the credit risk on these advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such advances that are possible within 12 months after reporting date.

Bangladesh Bank: As per BRPD Circular No.24 (17 November 2019), BRPD Circular No.6 (19 May 2019), BRPD Circular No.4 (16 May 2019), BRPD Circular No.3 (21 April 2019), BRPD Circular No.15 (27 September 2017), BRPD Circular No.16 (18 November 2014), BRPD Circular No.14 (23 September 2012), BRPD Circular No. 19 (27 December 2012), BRPD Circular No. 05 (29 May 2013) and BRPD Circular No.1 (20 February 2018) a general provision at 0.25% to 5% under different categories of unclassified advances (good/standard) has to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard advances, doubtful advances and bad losses has to be provided at 5%, 20%, 50% and 100% respectively for advances depending on time past due. Again as per BRPD Circular no. 10 dated 18 September 2007 and BRPD Circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

iv) Recognition of profit in suspense and compensation

IFRS: Advances to customers are generally classified at amortised cost as per IFRS 9 and profit on advance is calculated by using the effective profit rate method to the gross carrying amount over the term of the advance. Once an advance subsequently become credit-impaired, the entity shall apply the effective profit rate to the amortised cost of these advances.

Bangladesh Bank: As per BRPD Circular no. 15 dated 09 November 2009, once an advance is classified as impaired, profit on such advance are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an profit in suspense account, which is presented as a liability in the balance sheet.

v) Other comprehensive income

IFRS: As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statement of changes in equity.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

vii) Financial guarantees

IFRS: As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 15, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn investment commitments).

viii) Cash and cash equivalents

IFRS: Cash and cash equivalent items should be reported as cash item as per IAS 7.

Bangladesh Bank: Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

ix) Non-Banking assets

IFRS: No indication of Non-Banking assets is found in any IFRS.

Bangladesh Bank: As per BRPD 15, there is a separate balance sheet item named Non-Banking assets existed in the standard format.

x) Cash flow statement

IFRS: The cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

Bangladesh Bank: As per BRPD 15, the cash flow statement is a mixture of both the direct and the indirect methods.

xi) Balance with Bangladesh Bank: (Cash Reserve Ratio - CRR)

IFRS: CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

Bangladesh Bank: Balance with Bangladesh Bank including CRR is treated as cash and cash equivalents.

xii) Presentation of intangible assets

IFRS: Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38.

Bangladesh Bank: There is no regulation for intangible assets in BRPD 15.

xiii) Off-balance sheet items

IFRS: As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Investments net off provision

IFRS: Investments should be presented net of provision.

Bangladesh Bank: As per BRPD 15, provision on investments are presented separately as a liability and cannot be netted off against advances.

xv) Name of financial statements

IFRS : As per IAS 1 : Presentation of financial of financial statements, Components of financial statements are defined as statement of financial position and statement of profit or loss and other comprehensive income.

Bangladesh Bank: As per BRPD 15, statement of financial position is defined as "Balance Sheet" whilst statement of profit or loss and other comprehensive income is defined as "Profit and Loss Account"

xvi) Charges on tax on retained earnings as per income tax ordinance (ITO) 1984

As per section 16(G) of the income tax ordinance 1984, proposed dividend of Listed companies should be disclosed in the Balance sheet as "amount to be distributed as dividend." However there is no such provision in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009 and IFRS restrict such presentation in the balance sheet.

xvii) Comparative information of changes in equity

IFRS : As per IAS 1, Comparative information in to be provided with the financial statements.

Bangladesh Bank: As per BRPD 15, no comparative is suggested for statements changes in equity.

xviii) Revaluation gains/losses on government securities

SIBL is a Bank running on Islamic Shariah principle. Hence, we do not participate in buying interest bearing Government securities.

2.1.4 Investment in shares and securities

The Bank investment in different securities has been valued on 31.12.2019 as under:

| | |
|-------------------------------|--|
| Quoted Bond & Shares | At cost or Market Value whichever is lower |
| Unquoted Shares | At cost |
| Bangladesh Govt. Islamic Bond | At cost |
| CDBL Share & Preference Share | At cost |

All investment in securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accredited.

As per BRPD Circular no. 15 (09 November 2009), investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the Company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. However as per requirements of International Financial reporting Standards (IFRS)- 9, classification and measurement of investment in equity investments (shares and securities) depends on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors, it would generally fall either under 'at fair value through profit and loss account (FVTPL)' or under 'at fair value through other comprehensive income (FVTOCI)' (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively. SIBL recognises its 'Investment in Shares and Securities' as per IFRS-9 and accounted for the required profit/(loss) after adjustment of the value of shares and securities through profit and loss account.

Derivatives

A derivative is an investment instrument that consists of a contract between parties whose value derives from and depends on the value of an underlying financial asset. In short, these are the instruments whose value depends on underlying asset. The underlying asset can be equity, index, commodity, bond or currency. Some of the examples of Derivatives are Forwards, Futures, Options and Swaps. As a shariah based Islami Bank, SIBL can not take part in issuing or purchasing any derivatives. Typical examples of derivatives are futures and forward, swap and option contracts. As a shariah based Islami Bank, SIBL can not take part in issuing or purchasing any derivatives.

2.1.5 Investments and provisions

In accordance with IFRS 9, Financial Instruments, with the exception of purchased or originated credit (investment) impaired financial assets, expected credit (investment) losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit (investment) losses (expected credit (investment) losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date; or full lifetime expected credit (investment) losses (expected credit /investment losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit (investment) losses is required for a financial instrument if the credit (investment) risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15. Additionally, entities can elect an accounting policy to recognise full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with IFRS 15. The same election is also separately permitted for lease receivables. For all other financial instruments, expected credit (investment) losses are measured at an amount equal to the 12-month expected credit (investment) losses.

However, Provision for classified and unclassified investment is made on the basis of year end review by the management and of instructions contained in Bangladesh Bank BRPD Circular No. 24 (17 November 2019), BRPD Circular No.6 (19 May 2019), BRPD Circular No. 4 (16 May 2019), BRPD Circular No.3 (21 April 2019), BRPD Circular No.1 (20 February 2018), BRPD Circular No.15 (27 September 2017), BRPD Circular No.16 (18 November 2014), BRPD Circular No.14 (23 September 2012), BRPD Circular No. 19 (27 December 2012) and BRPD Circular No. 05 (29 May 2013). is specified at the following rates:

| Particulars | Rate |
|---|----------|
| General Provision on Contingent Liability/ Non Funded Business | 1% |
| General Provision on Unclassified Investment | 1% |
| General Provision on Investment for Small and Medium Enterprise | 0.25% |
| General Provision on Investment for Professionals | 2% |
| General Provision on Investment for House Financing | 1% |
| General Provision on Investment for Consumer Financing | 5% |
| General Provision on Investment for Short term Agri/ Micro credit | 1% |
| General Provision on Special Mention Account | 0.25%-5% |
| Specific Provision on Substandard Investment | 20% |
| Specific Provision on Doubtful Investment | 50% |
| Specific Provision on Bad / Loss Investment | 100% |

As per same circulars mentioned above SIBL has to maintain provision @ 20%, 50% and 100% for investments classified as sub-standard, doubtful and bad & loss category respectively depending on the duration of overdue.

As per BRPD Circular No.: 10 (18 September 2007) and BRPD Circular No.: 14 (23 September 2012), a general provision at 1% is required to be provided for all off-balance sheet risk exposures.

However, such general provision on general investment & off-balance sheet exposures and specific provisions on classified investments cannot satisfy the conditions of provision as per relevant IFRS or IAS.

2.1.6. Off-balance sheet items

Contingent liabilities

In accordance with IFRS, there is no requirement to disclose off-balance sheet items on the face of the balance sheet.

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

Any present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised. However, the amount of cash margin is recognised as liability.

As per BRPD Circular No.: 15, contingent liabilities are recognised as off balance sheet items in absence of any recommendation in IFRS.

2.2 Consolidation procedures (IAS-27)

The consolidated financial statements include the financial statements of Social Islami Bank Limited and its two (2) subsidiaries SIBL Securities Limited and SIBL Investment Limited, made up to the end of the financial year.

The consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 27: Separate Financial Statements, International Financial Reporting Standards (IFRS):3- Business Combinations and International Financial Reporting Standards (IFRS):10- Consolidated Financial Statements. The consolidated financial statements are prepared to a common financial period ended 31 December 2018.

2.3 Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise from the date that control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. Subsidiary Company is consolidated using the purchase method of accounting.

2.4 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Tk) which is the Bank's functional currency. Except as indicated, figures have been rounded off to the nearest Taka. The functional currency of Off-shore Banking Unit (OBU) is United States Dollar and its financial statements have been translated to the presentation currency, i.e. Bangladesh Taka following the guidelines of IAS 21, Changes in foreign Exchange Rates.

2.5 Accounting policies, changes in accounting estimates and errors: (IAS-8)

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6 Foreign currency transactions /translation

Foreign currency transactions are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transaction(s).

Assets and liabilities in foreign currencies as on 31 December 2019 have been converted into Taka currency at the weighted average of the prevailing buying and selling rate of inter-Bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US dollar are translated into equivalent US dollar at buying rates of New York closing of the previous day. Differences arising through buying and selling transactions of foreign currencies on different dates during the period from January to December 2019 have been adjusted by debiting or crediting to the Profit and Loss Account.

2.7 Reporting period

These financial statements cover twelve months from 01 January to 31 December 2019.

2.8 Adoption of new accounting standards

The Bank has consistently applied the accounting policies as set out above to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied these new standards and yet assess potential impact on its financial statements.

2.8.1 IFRS 16: Leases

IFRS 16 Leases is effective for the annual reporting periods beginning on or after 1 January 2019. IFRS 16 defines that a contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

While implementing IFRS 16, the Bank observed that IFRS 16 is expected to have impact on various regulatory capital and liquidity ratios as well as other statutory requirements issued by various regulators. In addition, there are no direction from National Board of Revenue (NBR) regarding treatment of lease rent, depreciation on ROU assets and interest on lease liability for income tax purposes and applicability of VAT on such items. Finally, paragraph 5 of IFRS 16 provide the recognition exemptions to short-term leases and leases for which the underlying asset is of low value. Although, paragraphs B3 to B8 of the Application Guidance (Appendix B) of IFRS 16 provide some qualitative guidance on low value asset, but these guidance is focused towards moveable asset. Immovable asset like rental of premises (i.e. real estate) is not covered on those guidance, nor any benchmark on quantification guidance on low value items have been agreed locally in Bangladesh. However, the Bank would continue to liaison with regulators and related stakeholders and observe the market practice for uniformity and comparability, and take necessary actions in line with regulatory guidelines and market practice.

2.8.2. IFRS 17: Insurance contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

2.9 Approval of the financial statements

The Board of Directors of the Bank in its 451th meeting held on 25 June 2020 approved the financial statements of the Bank for the year ended 31 December 2019.

2.10. Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.11 Liquidity statement

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term which has been given in the statement.

2.12 Fixed assets, depreciation and revaluation (IAS-16)

Assets have been shown at cost less depreciation as per paragraph 43 of International Accounting Standard (IAS)-16 “**Property, Plant & Equipments**”. Depreciation has been charged on reducing balance method except motor vehicle; which has been charged on straight-line method. Depreciation on addition of assets has been charged from the date of purchase. Rate of depreciation are as under:

| Particulars | Rate (%) | Estimated life (Years) |
|----------------------|----------|------------------------|
| Building | 2.5 | 40 |
| Furniture & Fixtures | 10 | 10 |
| Office Equipment | 20 | 5 |
| Software | 10 | 10 |
| Vehicles | 20 | 5 |
| Books | 10 | 10 |

Revaluation

Land and building are revalued as per International Accounting Standard (IAS)-16, ‘Property, Plant and Equipment’ as well as Bangladesh Bank BCD Circular letter no. 12 & 18, dated: 20 April 1993 & 15 June 1993, respectively and BRPD Circular no. 10 and 09, Dated: 25 November 2002 and 31 December 2008.

The Bank revalued its fixed assets on 20.03.2011 by two separate valuers, namely- ‘Commodity Inspection Services (BD) Ltd.’ and ‘Royal Inspection International Ltd.’ But the effects on assets have been accounted for as on 30.03.2011.

Reserve is created by the sum of revaluation surplus and depreciation is charged on the revalued assets except land as per the respective rate of depreciation.

2.13 Off-balance sheet exposures

In compliance with the instruction contained in BRPD Circular No. 10 dated 18 September 2007 issued by Bangladesh Bank, provision against the off-balance sheet exposures of the Bank as at reporting date has been made as under:

| Category / status of Off-balance sheet exposures | Rates | |
|---|-------------------------------|------------------------|
| | Bangladesh Bank's requirement | Maintained by the Bank |
| General provision for Off-balance sheet exposures | | |
| All types of Off-balance sheet exposures | 1.00% | 1.00% |

2.14 Impairment of assets (IAS-36)

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Bank makes an estimate of the assets recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount by debiting to profit & loss account. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. However no changes have arisen during the year against impairment.

2.15 Capital/shareholders' equity

Authorised capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

Paid up capital

Paid up capital represents total amount of shareholder capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation. Details are shown in Note-15.2.

Statutory reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of the Bank Company Act, 1991 (as amended 2018) until such reserve equal to its paid up capital together with the share premium.

2.16 Revenue recognition (IFRS-15)

(i) Investment income & revenue recognition

Profit on investments and deposits are recognized against the investment of fund under Mudaraba, Musharaka, Murabaha, Bai-Muazzal and Hire Purchase etc. in line with related approved policy of the Board. Profit on investment ceases to be taken into income when such investment accounts are classified. It is then kept in compensation/rent suspense account and the same is accounted for on cash basis as and when recovered or de-classified as per related BRPD circular.

Fees and commission income are recognized when it is earned.

Income from investment in shares and securities is recognized on actual basis except Bangladesh Govt. Mudaraba Bond income which is recognized on accrual basis.

Sharing of investment income

In case of Investment, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba Fund is shared by Bank and the Mudaraba Depositors at the predetermined ratio fixed by the Bank.

(ii) Profit paid on deposits and other expenses

Profit paid on deposits and other expenses are recognized on accrual basis.

As per Mudaraba principle of Islamic Shari'ah, the Mudaraba Depositors are entitled to get minimum 75% of the investment income earned through deployment of Mudaraba Fund as per weightage assigned to each type of Mudaraba Deposit. Moreover, in some Mudaraba deposits, additional rate was allowed over the rate as per weightage. Mudaraba Depositors do not share any income derived from various Banking services where the use of fund is not involved and any income derived from Investing Bank's Equity and other Cost Free Fund. Al-Wadeeah Depositors do not share any income of the Bank.

Profit is paid/provided to Mudaraba Deposit accounts at provisional rate on half yearly/anniversary basis considering overall growth, performance, and profitability of the Bank during the year. Final rates of profit of any accounting year are declared after finalization of Shari'ah Inspection Report and certifying the Investment Income of the Bank by the Statutory Auditors.

2.17 Provision for taxation (IAS-12)

(a) Current tax

Provision for income tax has been calculated as per Income Tax Ordinance, 1984 as amended by the Finance Act 2019 considering all applicable allowances and disallowances.

(b) Deferred tax**Recognition of deferred tax liabilities**

The general principle in IAS 12 is that a deferred tax liability is recognised for all taxable temporary differences. There are three exceptions to the requirement to recognise a deferred tax liability, as follows:

liabilities arising from initial recognition of goodwill, liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit, liabilities arising from temporary differences associated with investments in subsidiaries, branches, and associates, and interests in joint arrangements, but only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Recognition of deferred tax asset

A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from: the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit.

Deferred tax assets for deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A deferred tax asset is recognised for an unused tax loss carryforward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carryforward can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period

The Bank has accounted for deferred tax as per International Accounting Standard (IAS)-12, "Income Taxes".

2.18 Zakat fund

The Bank has created a Zakat Fund @ 2.58% for the period ended 31 December 2019 on reserve retained through out the year. Hizri Calendar has been considered to calculate 2.5% of Zakat Fund. Since Hizri Calendar counts 11 days less than the English Calendar, the percentage 2.5% represents equivalent to 2.58% of English Calendar. It is to be noted here that shareholders should pay their individual Zakat based on face value (Taka- 10.00 per share) of their individual shareholding along with their other zakatable assets.

2.19 Retirement benefits (IAS-19)**Defined contribution plans:****(a) Provident fund**

The Bank operates a contributory provident fund duly approved by the Income Tax Authority. Both the employer and all eligible employees contribute @ 10% of basic salary to this fund. Trustee board administers this fund.

b) Superannuation fund

The fund under the caption "So-al Islami Bank Limited (SIBL) Employees' Superannuation Fund" came into force from 01 July 1999. It was established to benefit the employees in several ways which includes death benefit, scholarship etc. All employees contribute @1% of basic salary every month along with the same amount contribution by the Bank.

Defined benefit plans:**(a) Gratuity**

As per service rules of the Bank, employee who has completed five years regular service, are eligible for yearly gratuity @ 1 (one) month basic salary for every full year of regular service and employee who has completed seven years regular service are eligible for yearly gratuity @ 2 months basic salary for full year regular service. The Bank has complied with International Accounting Standard (IAS) -19, "Employee Benefits" and necessary provision i.e @ 9.5% of basic salary of the regular employees have been made as per actuary valuation of Z. Halim & Associates, Actuarial & Pension Consultants for the period ended 31 December 2019.

2.20 Reconciliation of inter Bank / branch transactions

Books of accounts with regard to inter Bank/branch transactions (In Bangladesh and outside Bangladesh) are reconciled and there are no material differences that may affect the financial statements significantly.

2.21 Risk management

Today's most risky nature of Banking business has caused the Central Banks of every country much concerned about the risk factors affecting the financial position of the Banks. In this connection every Central Banks have come forward to establish a general framework to defeat the risk factors considering the laws of the land. Bangladesh Bank has also undertaken an overall core-risk management project under which every Bank shall be bounded to the authoritative covenants to install risk management system. Social Islami Bank Ltd. has established approved policies covering major areas such as (a) Investment Risk Management, (b) Foreign Exchange Risk Management, (c) Asset Liability Management Risk (d) Money Laundering Risk (e) Internal Control & Compliance Risk and (f) Information & Communication Technology Security Risk (g) Internal Audit (h) Fraud and Forgeries to the DOS Circular no: 02 (15 February 2012) regarding 'Risk Management Guidelines' for Banks, Bank Companies Act 1991 (as amended upto 2013) and other guidelines of Bangladesh Bank.

In addition, the Bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, stress testing and managing the Banking risks in other core risk areas.

The Bank has established an independent Risk Management Unit (RMU) as per DOS Circular no:02 (15 February 2012). The RMU conducts stress testing as per DOS Circular no: 01 (23 February 2011), for examining the Bank's capacity of handling future shocks, as well as deals with all potential risks that might occur in future.

The prime objective of the risk management is that the Bank takes well calculative business risks while safeguarding the Bank's capital, its financial resources and profitability from various risks. In this context, the Bank took steps to implement the guidelines of Bangladesh Bank as under:

(a) Investment risk management

Investment risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may results from unwillingness of the counter party or decline of financial condition. Therefore, the Bank's investment risk management activities have been designed to address all these issues.

The Bank has segregated duties of the Officers / Executives involved in investment related activities. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, investment approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Division. These are (a) Investment Risk Management Unit, (b) Investment Administration Unit and (c) Investment Monitoring & Recovery Unit. Investment Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy / strategy for lending operation etc.

A thorough assessment is done before sanctioning of investment facility at Investment Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility etc. The assessment process starts at Corporate Division by the Relationship Manager/ Officer and ends at Investment Risk Management Unit when individual executives. Proposal beyond their delegation are approved / declined by the Executive Committee and / or the Management.

In determining single borrower / large investment limit, the Bangladesh Bank instructions are strictly followed. Internal audit is conducted on periodical interval to ensure compliance of Bank's and regulatory policies. Investments are classified as per Bangladesh Bank's guidelines.

(b) Foreign exchange risk management

Foreign Exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance of single borrower limit shown in note.

International Department independently conducts the transactions relating to foreign exchange and is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-market rate as determined by Bangladesh Bank at the month end. All NOSTRO Accounts are reconciled on monthly basis and the management for its settlement reviews outstanding entry beyond 30 days.

(c) Asset liability management risk

Asset Liability Management (ALM) has been defined as a planned, structured and systematic process of managing the asset and liability with a view to lead the Bank to a balanced and sustainable growth through minimizing various business risk factors - market risk and liquidity risk. According to the Bangladesh Bank guidelines and considering the most practical aspects of the Bank, an approved policy manual on ALM has been prepared so that it could be followed consistently every sphere of the management. To support the ALM process, the Bank has established a committee called "Asset Liability Committee (ALCO)" headed by the Managing Director and holds meeting at least one in every month. ALM Desk, an exclusive functional and operational desk for the asset liability management, is embodied herewith the ALCO to function under the direct control of Financial Administration Division (FAD).

ALCO reviews the liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategy and the liquidity contingency plan at the threshold of stress liquidity situation. Besides that monitoring and analyzing of significant volatility in net investment income, investment value and exchange earnings etc. are the common and regular job of the ALM desk.

(d) Money laundering risk

Social Islami Bank Limited (SIBL) has framed an approved Money Laundering Prevention Policy Guideline so that it could be sufficient enough to protect the Bank from tribulations of money laundering.

As per Money Laundering Prevention Act, 2012 and Money Laundering Prevention Circular, a Central Compliance Unit (CCU) has been formed at Head Office in SIBL and a designated person has been nominated to supply any information if required and report any abnormal and suspicious transactions to Bangladesh Bank through CCU. Chief Anti Money Laundering Compliance Officer (CAMALCO) has been designated at head office and Branch Anti Money Laundering Compliance Officers (BAMALCO) has been nominated at branches. The second man of the sixty-four branches of SIBL has been complying the responsibility for their respective branches as Branch Anti Money Laundering Compliance Officers (BAMALCO) as per the direction of Bangladesh Bank.

Know Your Customer (KYC) profile, Risk Rating and Assessment (RRA) profile and Transaction Profile (TP) have been introduced as per the direction of Bangladesh Bank. These profiles facilitate and ease the KYC procedures, risk categorization, transaction monitoring process, suspicious activity reporting process, self-assessment process, independent procedures testing system etc. Proper record keeping procedure has been established also.

The action plan regarding the KYC procedures of those accounts, which opened before 30-04-2002 already has been sent to the Bangladesh Bank. The branches, which are liable to act in accordance with this action plan, has been complying it properly and vigorously.

Various types of statements such as Quarterly STR, Quarterly KYC statement for legacy accounts, Bi-monthly statements etc has been sent to the Bangladesh Bank properly. "FIU Reporting System" Version-1.0.3 Software has been installed all of the branches as per the direction of central Bank. As a result, the soft copy of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) has been sent to Bangladesh Bank properly in due time.

The training procedure has been conforming as per the action plan, which was given to Bangladesh Bank. It provides significant role to develop and to aware the staffs of SIBL about Anti Money Laundering. The management of the Bank is committed to train all of its workforces regarding anti money laundering.

(e) Internal control and compliance risk

Internal controls ensure systematic and orderly flow of various operational activities within the organization. Now a day in the biggest and complex business environment, compliance becomes one of the major concern to the corporate being major risk involved in non-compliance of statutory requirements and operational procedures. To protect and safeguard the Bank from any means of fraud and error as well as loss - Social Islami Bank has introduced the "Internal control and Compliance guideline and also established a separate department called "Internal Control and Compliance Department (ICCD)" at Head Office staffed with some experienced senior Banker rest with the power and duties to train the employees of the Bank, give direction, monitor, audit and establish control on day to day operational procedures and statutory and non-statutory compliances.

ICCD collects different periodical reports, departmental control function check list etc. for documentation and also undertakes periodical and special audit of the branches and departments at Head Office for review of the operation and compliance of statutory requirements and the Board Audit Committee reviews the reports.

(f) Operational risk

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events.

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. SIBL is successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

SIBL manages operational risks in the following manner:

- I. Risks are identified with reference to the relevant policy manuals, processes, and practices;
- II. Departmental Control Function Check List (DCFCL) is in place for evaluation of control;
- III. Review of safety and control measures of premises and equipments;
- IV. Management of technological and information security risks; and
- V. Ensuring the maintenance of the Bank's business continuity plan (BCP) and crisis management policy.

(g) Legal risks

In SIBL, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there-against.

(h) Business risk

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and or technological development that may change compared to the assumptions made at the time of planning.

Business risk in SIBL is managed by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.

(i) Reputational risk

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the Company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public in SIBL.

The branches and operational divisions are directly responsible for reputational risks arising from their business operations. Reputational risks may also arise from a deficiency in managing other risks. All risk must therefore be managed effectively in order to uphold the Bank's reputation. The management ensures that SIBL is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. SIBL takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

(j) Compliance risk

The success of SIBL is largely dependent on the trust and confidence of our existing and potential customers, our shareholders, our staff, our regulators and the general public in our integrity and ethical standard. The confidence largely depends on meticulous compliance with applicable legal and regulatory requirements and internal policies of SIBL. The confidence also depends on conformity with generally accepted market norms and standards in our business operations. The Board of Directors is primarily responsible for compliance with all applicable norms and regulations. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of SIBL and to mitigate the risks in most appropriate way.

(k) Information and communication technology security risk

According to the latest requirement of the Bangladesh Bank on Core Risk Management, ICT policy guideline has been newly introduced at Social Islami Bank. The prime objective of such guideline is to protect data properties of the Banks from any means of loss, unauthorized use, forgery and destruction as well as documentation of all ICT related tasks to reduce man dependency and increase process dependency. According to this guideline, ICT department responses, monitors, trains and co-ordinates the total IT matter with other departments and branches so that man and machine could effectively co-opt on timely fashion. The ICT department ensures necessary guidelines / instructions to the Departments / Branches and monitors status of implementation strictly.

(l) Internal audit

The Bank initiates internal audit of the branches and head office divisions on a periodical basis, concurrent basis and surprise inspection is also done to check the compliance status of the cost centers of the Bank. The internal audit is supervised under ICCD and a separate division named 'Board Audit Cell (BAC)' also conducts internal audit under supervision and direct authority of Board Audit Committee. This BAC directly reports to the Chairman of Board Audit Committee. This way a strong internal audit of the cost centers as well as of Head Office Divisions are conducted to ensure all related compliance.

(m) Fraud and forgeries

Fraud and Forgeries are a critical dimension, the Banking industry is facing now a days. In order to safeguard the Bank from all probable fraud and forgeries that may occur in any respect, the Bank has taken all possible safety security measures that are undertaken under direct supervision of ICCD. Concurrent audit, internal audit, Board audit etc. are done periodically along with surprise audit from time to time. Moreover, there are a lot of safety measures initiated at the branch level also. The core Banking solution Aabil is designed to prevent IT related fraud and forgeries.

Additional risks required to be addressed under new regulatory requirements**(n) Environmental & social risk**

As one of the shariah based Banks of Bangladesh, Social Islami Bank Limited (SIBL) have adopted Environmental & Social Risk Management (ESRM) System as one of its integral parts of Investment Risk Assessment to compute environmental & social risks from our financial footprints. SIBL is one of the Banks operating in Bangladesh to add "Environmental & Social Management System (ESMS)" within its framework, a global standard to minimize environmental & social risks from the organisational activities. Risks associated with E&S Risk in Credit/Investment Management includes 1. Credit Risk, 2. Legal Risk, 3. Operational Risk, 4. Liquidity Risk, 5. Reputational Risk etc. Applicability of the guideline includes for investments disbursed to the sectors Agriculture, SME, Corporate Finance, Project Finance and Trade, Retail & Microfinance. All national regulations pertaining to E&S governance is applicable while carrying out E&S due diligence of a particular transaction. This means all relevant E&S permits, consents, licenses, and monitoring of E&S parameters as per the national regulations are to be considered as mandatory compliance requirements for evaluation of a investment application. If clients have management systems in place as per international frameworks such as ISO 14001 for environmental management, OHSAS 18001 for occupational health and safety, SA8000 for socially acceptable practices in the workplace then it is considered as good practices. Adherence to IFC Performance Standards is considered in case of large project financing as a good practice and optional requirement.

2.22 Earnings per share (IAS-33)

Earning Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary shares outstanding at the end of the year as per IAS 33 Earning Per Share

Basic earnings

This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares is in line with the provision of IAS 33 Earning Per Share. The logic behind this basis is that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resource generating new earnings. Therefore, the total number of shares issued in 2018 has been multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

2.23 Events after reporting period

As per IAS - 10 "Events after the Reporting Period" events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of event can be identified:

(a) Adjusting events after the reporting period which provide evidence of conditions which existed at the end of the reporting period; and

(b) Non adjusting events after the reporting period, are those that are indicative of conditions that arose after the reporting period.

The details about the events after reporting period is shown at note - 49.

2.24 Segment reporting

As per IFRS 8 "Operating Segments", an operating segment is a component of an entity:

(i) That engages in business activities from which it may earn revenues and incur expenses (include revenues and expenses relating to transactions with other components of the same entity);

(ii) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performances, and

(iii) For which discrete financial information is available.

The Bank identifies segment based on its business segment as well as its subsidiaries. Business segment comprises SME, Retail, Corporate and Treasury under Islamic Banking.

The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly.

2.25 Workers profit participation fund and welfare fund

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in Company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Company Act 1991 (as amended up to 2018)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the year ended on December 31, 2019.

| | | | | 2019 | 2018 |
|--------------|---|-------------------------|---------------------|-----------------------|-----------------------|
| | | | | Taka | Taka |
| 3 | Cash | | | | |
| | In hand: | | | | |
| | In local currency | | | 2,662,912,406 | 2,154,793,722 |
| | In foreign currencies | | | 27,328,950 | 25,833,892 |
| | ATM balance | | | 259,028,164 | 163,630,700 |
| | | | | 2,949,269,520 | 2,344,258,315 |
| | In Foreign Currencies | | | | |
| | | Foreign Currency | Amount in FC | Exchange Rate | |
| | | USD | 245,545 | 84.90 | 20,846,750 |
| | | EURO | 68,165 | 95.06 | 6,479,937 |
| | | S. Riyal | 100 | 22.63 | 2,263 |
| | | | | 27,328,950 | 25,833,892 |
| 3(a) | Consolidated balance of cash in hand | | | | |
| | Social Islami Bank Limited | | | 2,949,269,520 | 2,344,258,315 |
| | Cash in hand of Subsidiary companies | | | 90,288 | 67,226 |
| | SIBL Securities Limited | | | 85,087 | 62,025 |
| | SIBL Investment Limited | | | 5,201 | 5,201 |
| | | | | 2,949,359,808 | 2,344,325,541 |
| 3.1 | Balance with Bangladesh Bank and its agent Bank (Sonali Bank) | | | | |
| | Balance with Bangladesh Bank (Note-3.1.1) | | | 28,481,818,448 | 23,400,872,133 |
| | Balance with Sonali Bank (as an agent of BB) (Note-3.1.2) | | | 467,354,154 | 334,938,226 |
| | | | | 28,949,172,602 | 23,735,810,359 |
| 3.1.1 | Balance with Bangladesh Bank (Including foreign currencies) | | | | |
| | In local currency | | | 27,497,425,366 | 22,980,763,770 |
| | In foreign currencies | | | 984,393,082 | 420,108,363 |
| | | | | 28,481,818,448 | 23,400,872,133 |
| 3.1.2 | Balance with Sonali Bank (as an agent of Bangladesh Bank) | | | | |
| | In local currency | | | 467,354,154 | 334,938,226 |
| 3.2 | Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) | | | | |

Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the clause (1) of Article 36 of Bangladesh Bank Order, 1972 (as amended upto 2003) and clause (1) of Section 33 of the Bank Companies Act, 1991 (as amended upto 2013) respectively and subsequent DOS Circular no: 05/2008, DOS Circular letter no.05/2009, DOS Circular letter no.21/2009, DOS Circular letter no.01, dated: 19/01/2014, MPD Circular no. 01, dated 23/06/2014 and MPD Circular no. 01, dated 03/04/2018.

According to latest DOS Circular no.01/2014, dated:19/01/2014 and MPD Circular no. 01, dated 03/04/2018, the statutory cash reserve requirement (CRR) on Bank's time and demand liabilities @5.00% on daily basis and @5.50% on Bi-weekly average basis has been calculated and maintained with Bangladesh Bank (BB) in current account and @5.5% statutory liquidity ratio (SLR) on the same liabilities has also been maintained in the form of BD Govt. Islamic Bond including FC (Foreign Currency) balances with Bangladesh Bank used in BDT, Cash in hand, balance with Sonali Bank as agent of BB, balance with Islamic Refinance Fund A/C and daily excess reserve of CRR maintained on a Bi-weekly average requirement. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:

| | | 2019 | 2018 |
|-------------|--|-----------------------|-----------------------|
| | | Taka | Taka |
| 3.3 | Cash Reserve Requirement (CRR): 5.00% (on daily basis) of average Demand and Time Liabilities | | |
| | Required Reserve | 12,844,916,000 | 10,781,757,000 |
| | Actual Reserve held as per GL balance (in local currency) | 27,497,425,366 | 22,980,763,770 |
| | Excess Reserve | 14,652,509,366 | 12,199,006,770 |
| 3.4 | Cash Reserve Requirement (CRR): 5.50% (on bi-weekly average basis) of average Demand and Time Liabilities | | |
| | Required Reserve | 14,129,408,000 | 11,859,933,000 |
| | Actual Reserve held as per GL balance (in local currency) | 27,497,425,366 | 22,980,763,770 |
| | Excess Reserve | 13,368,017,366 | 11,120,830,770 |
| 3.5 | Statutory Liquidity Ratio (SLR) | | |
| | Required Reserve | 14,129,408,000 | 11,859,933,000 |
| | Actual Reserve held as per GL balance (Note- 3.6) | 30,476,941,040 | 23,000,027,311 |
| | Surplus | 16,347,533,040 | 11,140,094,311 |
| 3.6 | Held for Statutory Liquidity Ratio | | |
| | Cash in hand (Note- 3) | 2,949,269,520 | 2,344,258,315 |
| | Balance with Bangladesh Bank and its Agent Banks (Note-3.1) | - | - |
| | Balance with Sonali Bank (as an agent of BB) (Note-3.1.2) | 467,354,154 | 334,938,226 |
| | Excess reserve of CRR (Note-3.4) | 13,368,017,366 | 11,120,830,770 |
| | Balance with Islamic Refinance Fund (Note-6) | 250,000,000 | 250,000,000 |
| | Bangladesh Govt. Islamic Bond (Note- 6) | 13,442,300,000 | 8,950,000,000 |
| | | 30,476,941,040 | 23,000,027,311 |
| 4 | Balance with Other Banks and Financial Institutions | | |
| | (Other than Mudaraba Term Deposit) | | |
| | In Bangladesh (Note - 4.1) | 2,288,360,101 | 1,159,022,085 |
| | Outside Bangladesh (Note- 4.2) | 1,084,292,499 | 323,695,854 |
| | | 3,372,652,600 | 1,482,717,939 |
| 4(a) | Consolidated balance of other Banks and Financial Institutions | | |
| | In Bangladesh | | |
| | Social Islami Bank Limited | 2,288,360,101 | 1,159,022,085 |
| | Add: Account Balance of subsidiaries of SIBL with SIBL Principal Branch | 463,760,840 | 373,713,075 |
| | SIBL Securities Limited (Current account and MTDR) | 362,309,451 | 123,864,138 |
| | SIBL Investment Limited | 101,451,389 | 249,848,937 |
| | | 2,752,120,941 | 1,532,735,160 |
| | Less: Inter Company balance eliminated | 463,760,840 | 373,713,075 |
| | SIBL Securities Limited (Current account and MTDR) | 362,309,451 | 123,864,138 |
| | SIBL Investment Limited | 101,451,389 | 249,848,937 |
| | Add: Account Balance of subsidiaries of SIBL with other Banks and financial institutions | 15,432 | 54,469 |
| | SIBL Securities Limited | 15,432 | 54,469 |
| | SIBL Investment Limited | - | - |
| | Consolidated balance with Banks and Financial Institutions | 2,288,375,533 | 1,159,076,554 |

The balances are held with the 'Principal Branch' of SIBL bearing current account no: 0002-13300056882 and 0002-13300057058 respectively.

| | | 2019 | 2018 |
|------------|--|----------------------|----------------------|
| | | Taka | Taka |
| 4.1 | In Bangladesh | | |
| a) | Current Account | | |
| | Islami Bank Bangladesh Limited | 18,634,159 | 4,026,312 |
| | Sonali Bank Limited | 2,088,071 | 62,993,496 |
| | Agrani Bank Limited | 15,004,080 | 3,004,425 |
| | Pubali Bank Limited | 2,261 | 2,261 |
| | Rupali Bank Limited | 17,967,529 | - |
| | NRB Global Bank Limited | 702,092,443 | 502,092,500 |
| | Trust Bank Limited (ATM settlement Account) | 3,726,896 | 13,281,579 |
| | Standard Chartered Bank (ATM settlement Account) | 4,142,926 | 4,915,378 |
| | | 763,658,364 | 590,315,951 |
| b) | Mudaraba Short Notice Deposits | | |
| | Al- Arafah Islami Bank Limited | 1,362,705,870 | 29,825,538 |
| | ICB Islami Bank Limited | 9,532 | 9,992 |
| | Shahjalal Islami Bank Limited | 9,045,702 | 8,465,917 |
| | Prime Bank Limited (Islami Banking Branch) | 7,290 | 7,129 |
| | Bank Asia Limited (Islami Banking Branch) | 572,257 | 560,633 |
| | Islami Bank Bangladesh Limited | 71,741,699 | 74,084,064 |
| | Jamuna Bank Limited (Islami Banking Branch) | 546,155 | 535,697 |
| | Pubali Bank Limited (Islami Banking Branch) | 4,833,279 | 7,144,105 |
| | Exim Bank Ltd. | 8,631,760 | 12,116,484 |
| | Janata Bank Limited | 19,716 | 10,986 |
| | Southeast Bank Ltd. | 332,435 | 326,258 |
| | AB Bank Ltd. | 3,596,021 | 3,450,804 |
| | The City Bank Ltd. | 11,891 | 11,955 |
| | Agrani Bank Ltd. | 41,192,183 | 15,342,671 |
| | First Security Islami Bank Ltd. | 12,249,692 | 16,813,902 |
| | Union Bank Ltd. | 9,206,257 | 400,000,000 |
| | | 1,524,701,738 | 568,706,134 |
| c) | Mudaraba Savings Deposits | | |
| | | - | - |
| | Total | 2,288,360,101 | 1,159,022,085 |

| | | 31.12.2019 | | | |
|------------|--|-------------------|--------------------|--------------|----------------------|
| 4.2 | Outside Bangladesh (NOSTRO Account) | | | | |
| | Current Account with | Currency | F.C. Amount | Rate | Taka |
| 1 | SCB, MUMBAI | ACUD | 437,019.61 | 84.90 | 37,102,965 |
| 2 | SUMMIT Bank, KARACHI | ACUD | 75,458.64 | 84.90 | 6,406,439 |
| 3 | SONALI Bank, KOLKATA | ACUD | 171,578.79 | 84.90 | 14,567,039 |
| 4 | MASHREQ Bank, MUMBAI | ACUD | 569,235.68 | 84.90 | 48,328,109 |
| 5 | NEPAL BANGLADESH Bank | ACUD | 8,567.36 | 84.90 | 727,369 |
| 6 | Bank OF BHUTAN, PHUENTSHOLING | ACUD | 80,809.10 | 84.90 | 6,860,693 |
| 7 | UNITED Bank OF INDIA | ACUD | 189,437.33 | 84.90 | 16,083,229 |
| 8 | AB Bank, MUMBAI | ACUD | 341,814.61 | 84.90 | 29,020,060 |
| 9 | MEEZAN Bank LIMITED | ACUD | 48,309.53 | 84.90 | 4,101,479 |
| 10 | MCB Bank,KARACHI,PAKISTAN | ACUD | 1,805.78 | 84.90 | 153,311 |
| 11 | AXIS Bank LIMITED | ACUD | (72,599.71) | 84.90 | (6,163,715) |
| 12 | HDFC Bank LTD., MUMBAI | ACUD | 99,050.35 | 84.90 | 8,409,375 |
| 13 | MASHREQ Bank , NEW YORK, (OBU) | USD | 474,032.05 | 84.90 | 40,245,321 |
| 14 | MASHREQ Bank PSC, NEW YORK, USA | USD | 3,195,038.56 | 84.90 | 271,258,774 |
| 15 | SCB, NY, USA | USD | 6,029,595.94 | 84.90 | 511,920,528 |
| 16 | KOREA EXCH. Bank,KOREA | USD | 948.76 | 84.90 | 80,550 |
| 17 | HABIB AMERICAN Bank | USD | 123,497.51 | 84.90 | 10,484,939 |
| 18 | COMMERZ Bank AG, FRANKFURT | USD | 9,715.50 | 84.90 | 824,846 |
| 19 | MASHREQ Bank, PSC MUMBAI | ACU EURO | 437.92 | 95.06 | 41,630 |
| 20 | SCB, FRANKFURT | EURO | 471,972.69 | 95.06 | 44,869,295 |
| 21 | COMMERZ Bank AG, FRANKFURT | EURO | 162,491.89 | 95.06 | 15,446,890 |
| 22 | SCB, LONDON, UK | GBP | 135,975.79 | 111.34 | 15,139,253 |
| 23 | SCB, TOKYO | JPY | 288,603.00 | 0.78 | 224,443 |
| 24 | Bank AL JAZIRA | RIYAL | 360,500.00 | 22.63 | 8,159,680 |
| | | | | Total | 1,084,292,499 |

| Currency wise Distribution: | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
|------------------------------------|--------------------|--------------------|----------------------|--------------------|
| Foreign Currency | Composition | Composition | Taka | Taka |
| USD/ACU | 92.19% | 98.76% | 999,586,463 | 319,676,305 |
| GBP | 1.40% | 0.00% | 15,139,253 | 9,649 |
| EUR | 5.64% | 1.20% | 61,182,660 | 3,897,094 |
| YEN | 0.02% | 0.01% | 224,443 | 25,081 |
| RIYAL | 0.75% | 0.03% | 8,159,680 | 87,725 |
| | 100% | 100% | 1,084,292,499 | 323,695,854 |

Please see 'Annexure-C' for details comparative statement of 31.12.2019 & 31.12.2018 of foreign currency amount and rate.

| | | 2019 | 2018 |
|------------|---|----------------------|----------------------|
| | | Taka | Taka |
| 4.3 | Maturity-wise groupings of balance with other Banks and Financial Institutions (Both in Bangladesh and outside Bangladesh) | | |
| | On Demand | 1,847,950,863 | 914,011,805 |
| | Not more than 3 months | 1,524,701,738 | 568,706,134 |
| | Over 3 months but not more than 1 year | - | - |
| | Over 1 year but not more than 5 years | - | - |
| | More than 5 years | - | - |
| | | 3,372,652,600 | 1,482,717,939 |
| 5 | Placement with Banks & other Financial Institutions | | |
| | Placement with Banks (Note-5.1) | 1,986,469,299 | 486,619,899 |
| | Placement with other Financial Institutions (Note-5.2 & 5.3) | 4,839,600,000 | 5,425,000,000 |
| | | 6,826,069,299 | 5,911,619,899 |
| 5.1 | Mudaraba Term Deposits with Banks | | |
| | ICB Islamic Bank Limited | 186,469,299 | 186,619,899 |
| | Union Bank Limited | 1,800,000,000 | 300,000,000 |
| | | 1,986,469,299 | 486,619,899 |
| 5.2 | Mudaraba Term Deposits with Other Financial Institutions | | |
| | IPDC Finance Ltd. | 250,000,000 | 250,000,000 |
| | International Leasing & Financial Services Ltd. | 355,000,000 | 355,000,000 |
| | Prime Finance & Investment Limited | - | 200,000,000 |
| | IDLC Finance Limited | - | 500,000,000 |
| | Union Capital Limited | 200,000,000 | 900,000,000 |
| | Bay Leasing & Investment Ltd. | 50,000,000 | - |
| | Hajj Finance Company Limited | - | 200,000,000 |
| | Fas Finance and Investment Limited | 300,000,000 | 300,000,000 |
| | First Finance Limited | 100,000,000 | 100,000,000 |
| | Islamic Finance & Investment Ltd. | 25,000,000 | - |
| | Reliance Finance Limited | 1,880,000,000 | 1,620,000,000 |
| | Investment Corporation of BD Ltd. (ICB) | 1,000,000,000 | 1,000,000,000 |
| | | 4,160,000,000 | 5,425,000,000 |
| 5.3 | FC Placement with Banks & other Financial Institutions | | |
| | National Bank Limited | 169,900,000 | - |
| | NCC Bank Limited | 509,700,000 | - |
| | | 679,600,000 | - |
| 5.4 | Maturity-wise groupings of placement with Banks and other Financial Institutions | | |
| | On Demand | 4,314,600,000 | 3,120,000,000 |
| | Not more than 3 months | 2,300,000,000 | 1,750,000,000 |
| | More than 3 months but less than 1 year | 25,000,000 | 855,000,000 |
| | More than 1 year but less than 5 years | 186,469,299 | 186,619,899 |
| | More than 5 years | - | - |
| | | 6,826,069,299 | 5,911,619,899 |

| | | 2019 | 2018 |
|-------------|--|-----------------------|-----------------------|
| | | Taka | Taka |
| 6 | Investment in Shares & Securities | | |
| | Government | | |
| | Government Bond (Islamic Investment Bond) (Note 6.1) | 13,000,000,000 | 8,950,000,000 |
| | 7 Years Treasury BOND (5%) | 319,300,000 | - |
| | 7 Years Treasury BOND (0%) | 123,000,000 | - |
| | | 13,442,300,000 | 8,950,000,000 |
| | BD Government Islamic Refinance Fund | 250,000,000 | 250,000,000 |
| | | 13,692,300,000 | 9,200,000,000 |
| | Others | | |
| | Investment in Shares, Quoted (Note 6.2) | 641,262,505 | 706,935,936 |
| | Investment in Shares, Unquoted/bond (Note 6.3 & 6.4) | 4,907,936,795 | 3,292,513,507 |
| | | 5,549,199,300 | 3,999,449,443 |
| | Fair value adjustment through profit or loss (FVTPL) (note: 6.5) | (122,515,819) | (112,898,604) |
| | Value of Investment in Shares and securities, Others | 5,426,683,481 | 3,886,550,839 |
| | Grand Total | 19,118,983,481 | 13,086,550,839 |
| | Maturity-wise Grouping of Investment in Securities: | | |
| | Upto one month | 4,568,746,686 | 4,144,037,331 |
| | Not more than 3 months | 2,250,000,000 | 3,050,000,000 |
| | Over 3 months but not more than 1 year | 6,950,000,000 | 2,600,000,000 |
| | Over 1 year but not more than 5 years | 3,609,000,000 | 1,282,515,107 |
| | More than 5 years | 1,741,236,795 | 2,009,998,400 |
| | | 19,118,983,481 | 13,086,550,839 |
| 6(a) | Consolidated Investment in Shares and Securities | | |
| | Social Islami Bank Limited | | |
| | Government | | |
| | Investment in Government Islamic Bond | 13,000,000,000 | 8,950,000,000 |
| | BD Government Islamic Refinance Fund | 250,000,000 | 250,000,000 |
| | 7 Years Treasury BOND (5%) | 319,300,000 | - |
| | 7 Years Treasury BOND (0%) | 123,000,000 | - |
| | | 13,692,300,000 | 9,200,000,000 |
| | Others sectors | 5,426,683,481 | 3,886,550,839 |
| | Add: Investment in Shares and Securities by subsidiary companies | 223,730,222 | 142,469,928 |
| | SIBL Securities Limited | 154,433,823 | 142,469,928 |
| | SIBL Investment Limited | 69,296,400 | - |
| | Less: InterCompany balance eliminated | | |
| | Investments in Subsidiaries | 1,479,998,400 | 1,479,998,400 |
| | Investment in SIBL Securities Limited | 1,229,999,000 | 1,229,999,000 |
| | Investment in SIBL Investment Limited | 249,999,400 | 249,999,400 |
| | Consolidated Investment in others sectors | 4,170,415,304 | 2,549,022,367 |
| | Total consolidated balance of Investment in shares and securities | 17,862,715,304 | 11,749,022,367 |

| | | 2019 | 2018 |
|------------|---|--------------------|--------------------|
| | | Taka | Taka |
| 6.1 | Bangladesh Bank introduced a new type of investment opportunity solely for the purpose of Shariah Banks in the year 2005 being inherent limitation on the part of Shariah Compliant Banks to take part in buying and selling of treasury bill etc as a very common form of treasury management. The fund has been operated under Mudaraba Principle and are being used as a part of SLR (Statutory Liquidity Requirement) vide Bangladesh Bank Circular Letter ref. no: AMA/AUSOBI/SANCHAY/S-03/2004/262 dated September 2, 2004. | | |
| | The mobilized fund from Islamic Bond is invested by Bangladesh Bank and a portion of realized profit is distributed amongst the bond holders as per mudaraba principle of Islamic Shariah on the basis of the tenure of the bond. So, the rate of return from Islamic Bond is not prefixed rather dependent on fund deployment by Bangladesh Bank. | | |
| 6.2 | Investment (Cost) in Shares (Quoted) | | |
| | National Life Insurance Ist Mutual Fund | - | 3,103,399 |
| | BD Com | - | 3,756,097 |
| | ICB Sonali Mutual Fund | - | 1,765,607 |
| | Aamra Net | 9,984,573 | 10,663,324 |
| | ICB AMCL 2nd Mutual Fund | - | 881,150 |
| | Aamra Tech | 68,249,577 | 20,106,190 |
| | SEBL 1st Mutual Fund | 1,850,435 | 1,393,658 |
| | IFIC 1ST Mutual Fund | 7,099,672 | 10,985,834 |
| | Trust Bank 1ST Mutual Fund | 7,043,696 | 10,537,366 |
| | 1ST Janata Mutual Fund | 2,315,482 | 3,408,500 |
| | AB 1st Mutual Fund | 4,693,330 | 6,927,168 |
| | Al-Arafah Islami Bank Limited | 1,990,000 | 2,039,011 |
| | Exim Bank Limited | 15,198,513 | 24,354,909 |
| | Islami Bank Limited | - | 13,885,373 |
| | Titas Gas Limited | 72,998,131 | 78,823,665 |
| | MJL Bangladesh | 15,559,985 | 13,356,873 |
| | Desco | 6,072,928 | 7,867,490 |
| | Padma Oil | 8,162,374 | 12,846,915 |
| | BSRM Steel | 13,361,414 | 19,589,363 |
| | Bashundhara Paper Mills Ltd. | - | 864,560 |
| | Jamuna Oil | 45,292,538 | 44,165,292 |
| | Grameen Phone | - | 3,776,488 |
| | Orion Pharma Limited | 169,498,371 | 210,976,327 |
| | Square Pharmaceuticals | 27,678,105 | 21,943,252 |
| | Linde Bangladesh Ltd. | - | 9,045,421 |
| | RAK Ceramics Limited | 7,800,000 | 11,574,347 |
| | BSRM Ltd. | 12,512,000 | 20,568,475 |
| | Beximco Pharmaceutical | 15,820,000 | 21,541,687 |
| | Apex Foot Wear Limited | 4,995,428 | 10,989,811 |
| | Square Textile | 2,358,439 | - |
| | Bata Shoe Company | 2,510,231 | - |
| | Summit Power Limited | 72,841,854 | 65,956,243 |
| | BBS Cables | 12,499,901 | - |
| | Powergrid Company Limited | 2,880,000 | 18,244,575 |
| | Agni Systems Ltd | 2,277,572 | - |
| | Intraco Refueling Station Ltd. | 243,640 | 6,951,645 |
| | KPCL | - | 11,152,648 |
| | M Petroleum | 27,474,316 | 2,893,275 |
| | | 641,262,505 | 706,935,936 |

| | | 2019 | 2018 |
|------------|--|----------------------|----------------------|
| | | Taka | Taka |
| 6.3 | Investment (Cost) in Shares (Unquoted) | | |
| | CDBL Share | 1,569,450 | 1,569,450 |
| | Orion Infrastructure Ltd. (Cumulative) | 500,000,000 | 500,000,000 |
| | Orion Infrastructure Ltd. (Redeemable) | 169,900,000 | 561,976,712 |
| | Lub-RREF (BD) Limited. Pre-IPO | 52,000,000 | 52,000,000 |
| | Investment in subsidiary: SIBL Securities Limited | 1,229,999,000 | 1,229,999,000 |
| | Investment in subsidiary: SIBL Investment Limited | 249,999,400 | 249,999,400 |
| | Awqaf Properties Investment fund (APIF) | 166,968,945 | 166,968,945 |
| | Central Counterparty Bangladesh Ltd.(CCBL) | 37,500,000 | - |
| | | 2,407,936,795 | 2,762,513,507 |
| 6.4 | Subordinated Bond | | |
| | FSIBL Mudaraba Subordinate Bond (2nd & 3rd Bond) | 1,500,000,000 | 530,000,000 |
| | UBL Mudaraba Subordinate Bond | 1,000,000,000 | - |
| | | 2,500,000,000 | 530,000,000 |
| | Total Investment (Cost) in Shares (Unquoted)/Bond | 4,907,936,795 | 3,292,513,507 |

Investment in Subsidiaries represents the amount invested in 'SIBL Securities Limited' and 'SIBL Investment Limited' that were incorporated on 20 July 2010 and 30 August 2010 respectively vide certificate of incorporation no: C-85876/10 and C-86726/10. SIBL holds 12,299,990 and 2,499,994 nos. shares of 'SIBL Securities Limited' and 'SIBL Investment Limited' respectively with a face value of Tk. 100 each and also representing holding of 99.99% shares in both the subsidiaries.

Awqaf Properties Investment fund (APIF) is operated by Islamic Development Bank (IDB). APIF provides financing for the development of Awqaf properties both in member countries and Islamic communities in non-member countries. The objective of APIF is to develop and invest in accordance with the principles of Islamic Shariah, in Awqaf real estate properties that are socially, economically, and financially viable, in member countries of IDB and Islamic communities in non-member countries. Its main activities are poverty alleviation programmes, disaster relief, free health services, imparting religious and contemporary education, heritage, culture, and environment.

| 6.5 Details of Shares & Securities in quoted and unquoted other than in subsidiaries | | | | 31.12.2019 | |
|--|---------------------------|-------------------------|---|-----------------------------|-----------------------|
| | | | | Taka | |
| Particulars | No. of Shares/ Securities | Market price per Shares | Fair value/ Market value as on 31-12-2019 | Cost price as on 31-12-2019 | Fair value adjustment |
| Quoted Shares | | | | | |
| Aamra Net | 204,731 | 37.60 | 7,697,886 | 9,984,573 | (2,286,688) |
| Aamra Tech | 2,679,456 | 23.20 | 62,163,379 | 68,249,577 | (6,086,198) |
| SEBL 1st Mutual Fund | 151,675 | 10.00 | 1,516,750 | 1,850,435 | (333,685) |
| IFIC 1ST Mutual Fund | 1,690,398 | 4.60 | 7,775,831 | 7,099,672 | 676,159 |
| Trust Bank 1ST Mutual Fund | 1,600,840 | 4.80 | 7,684,032 | 7,043,696 | 640,336 |
| 1ST Janata Mutual Fund | 526,246 | 4.30 | 2,262,858 | 2,315,482 | (52,624) |
| AB 1st Mutual Fund | 1,066,666 | 4.10 | 4,373,331 | 4,693,330 | (319,999) |
| Al-Arafah Islami Bank Limited | 102,000 | 17.20 | 1,754,400 | 1,990,000 | (235,600) |
| Exim Bank Limited | 1,300,000 | 10.10 | 13,130,000 | 15,198,513 | (2,068,513) |
| Titas Gas Limited | 2,010,000 | 30.90 | 62,109,000 | 72,998,131 | (10,889,131) |
| MJL Bangladesh | 155,714 | 63.30 | 9,856,696 | 15,559,985 | (5,703,289) |
| Descoco | 150,320 | 37.00 | 5,561,840 | 6,072,928 | (511,088) |
| Padma Oil | 36,245 | 192.20 | 6,966,289 | 8,162,374 | (1,196,085) |
| BSRM Steel | 223,062 | 39.20 | 8,744,030 | 13,361,414 | (4,617,384) |
| Jamuna Oil | 237,671 | 141.90 | 33,725,515 | 45,292,538 | (11,567,023) |
| Orion Pharma Limited | 4,605,934 | 26.90 | 123,899,625 | 169,498,371 | (45,598,746) |
| Square Pharmaceuticals | 117,700 | 190.00 | 22,363,000 | 27,678,105 | (5,315,105) |
| RAK Ceramics Limited | 220,000 | 28.70 | 6,314,000 | 7,800,000 | (1,486,000) |
| BSRM Ltd. | 160,000 | 48.80 | 7,808,000 | 12,512,000 | (4,704,000) |
| Beximco Pharmaceutical | 200,000 | 69.40 | 13,880,000 | 15,820,000 | (1,940,000) |
| Apex Foot Wear Limited | 16,905 | 223.10 | 3,771,506 | 4,995,428 | (1,223,923) |
| Square Textile | 50,000 | 31.00 | 1,550,000 | 2,358,439 | (808,439) |
| Bata Shoe Company | 2,000 | 696.10 | 1,392,200 | 2,510,231 | (1,118,031) |
| Summit Power Limited | 1,848,692 | 36.30 | 67,107,520 | 72,841,854 | (5,734,334) |
| BBS Cables | 137,500 | 58.80 | 8,085,000 | 12,499,901 | (4,414,901) |
| Powergrid Company Limited | 60,000 | 44.60 | 2,676,000 | 2,880,000 | (204,000) |
| Agni Systems Ltd | 100,000 | 15.10 | 1,510,000 | 2,277,572 | (767,572) |
| Intraco Refueling Station Ltd. | 10,000 | 13.60 | 136,000 | 243,640 | (107,640) |
| M Petroleum | 140,000 | 163.80 | 22,932,000 | 27,474,316 | (4,542,316) |
| | | | 518,746,686 | 641,262,505 | (122,515,819) |
| Preference Shares | | | | | |
| Orion Infrastructure Ltd. (Cumulative) | 50,000,000 | - | 500,000,000 | 500,000,000 | - |
| Orion Infrastructure Ltd. (Redeemable) | | | 169,900,000 | 169,900,000 | - |
| | | | 669,900,000 | 669,900,000 | - |
| Unquoted Shares/ Bond | | | | | |
| CDBL Share | 571,181 | - | 1,569,450 | 1,569,450 | - |
| Lub-RREF (BD) Limited. Pre-IPO | | | 52,000,000 | 52,000,000 | - |
| Awqaf Properties Investment fund (APIF) | | | 166,968,945 | 166,968,945 | - |
| UBL Mudaraba Subordinate Bond | | | 1,000,000,000 | 1,000,000,000 | - |
| Central Counterparty Bangladesh Ltd.(CCBL) | | | 37,500,000 | 37,500,000 | - |
| FSIBL Mudaraba Subordinate Bond (2nd & 3rd Bond) | | - | 1,500,000,000 | 1,500,000,000 | - |
| | | | 2,758,038,395 | 2,758,038,395 | - |
| Grand Total | | | 3,946,685,081 | 4,069,200,900 | (122,515,819) |

| | | 2019 | 2018 |
|--|--|------------------------|------------------------|
| | | Taka | Taka |
| 6.6 | Industry wise classification of shares at market price | | |
| | Quoted shares | | |
| | Banks | 27,596,716 | 40,279,292 |
| | Mutual Funds | 129,318,663 | 39,002,681 |
| | Others | 484,347,125 | 627,653,963 |
| | | 641,262,505 | 706,935,936 |
| 6.7 | Cost of shares and securities of quoted and unquoted, other than investment in subsidiaries | 4,069,200,900 | 2,519,451,043 |
| | Fair value adjustment {Profit/(Loss)} to be made through profit and loss account | (122,515,819) | (112,898,604) |
| | Value of shares and securities, Quoted and Unquoted other than investment in subsidiaries | 3,946,685,081 | 2,406,552,439 |
| <p>Investments in Shares and Securities' other than investments in subsidiaries under the category 'Financial Assets at fair value through profit or loss (FVTPL)' has been recognised at fair value and the unrealized profit or loss i.e. difference between fair value and cost has been charged to profit and loss account and value of the investment has been reduced by the same amount as per requirements of International Financial reporting Standards (IFRS)-9, Financial Instruments.</p> | | | |
| 7 | Investments | | |
| | In Bangladesh | | |
| | General Investments etc. (Note-7.1) | 252,038,985,230 | 230,434,994,597 |
| | Bills purchased and discounted-net (Note- 7.2) | 3,134,654,364 | 2,718,264,390 |
| | Outside Bangladesh | | |
| | Bills purchased and discounted-net (Note- 7.2) | 9,094,950,055 | 5,500,911,966 |
| | | 264,268,589,650 | 238,654,170,953 |
| 7 (a) | Consolidated Investment | | |
| | General Investments etc. | 252,038,985,230 | 230,434,994,597 |
| | Less: InterCompany balance eliminated | | |
| | SIBL Securities Limited | | |
| | Quard Investment with SIBL- Prinçpal branch | 800,000,000 | 800,000,000 |
| | SIBL Investment Limited | - | - |
| | Total consolidated general investment | 251,238,985,230 | 229,634,994,597 |
| | Bills purchased and discounted-net | 12,229,604,419 | 8,219,176,356 |
| | Grand total | 263,468,589,649 | 237,854,170,953 |
| | Maturity wise Classification of Investments: | | |
| | With a residual maturity of | | |
| | Re-payable on Demand | 27,035,631,139 | 29,139,622,930 |
| | Not more than 3 months | 55,622,290,351 | 48,896,931,116 |
| | Over 3 months but not more than 1 year | 116,074,187,159 | 109,233,662,907 |
| | Over 1 year but not more than 5 years | 54,543,539,000 | 45,674,626,000 |
| | Over 5 years | 10,992,942,000 | 5,709,328,000 |
| | | 264,268,589,649 | 238,654,170,953 |

| | | 2019 | 2018 |
|--------------|--|------------------------|------------------------|
| | | Taka | Taka |
| 7.1 | Mode-Wise Investment (General) | | |
| | a) In Bangladesh | | |
| | Musharaka | 285,826,612 | 347,714,917 |
| | Murabaha | 4,110,909,296 | 3,889,304,111 |
| | Mudaraba | 2,213,479,499 | 2,061,861,392 |
| | Bai-Muazzal | 175,173,237,666 | 157,973,557,142 |
| | Hire-Purchase Sirkatul Meelk | 56,906,637,122 | 54,779,810,323 |
| | Quard | 8,648,705,103 | 6,850,181,947 |
| | Bai-Salam | 931,350,622 | 775,677,519 |
| | Staff Loan | 2,431,330,908 | 2,385,978,089 |
| | Ijarah | 609,610,142 | 660,073,348 |
| | Visa Card | 727,898,260 | 710,835,809 |
| | | 252,038,985,230 | 230,434,994,597 |
| | Mode-Wise Investment (General) | | |
| | b) Outside Bangladesh | | |
| | Musharaka | - | - |
| | Murabaha | - | - |
| | Bai-Muazzal | - | - |
| | Hire-Purchase Sirkatul Meelk | - | - |
| | Installment Investment Scheme | - | - |
| | Quard | - | - |
| | Bai-Salam | - | - |
| | Others | - | - |
| | | - | - |
| 7.2 | Bills Purchased and discounted | | |
| | In land Bill Purchase | 3,134,654,364 | 2,718,264,390 |
| | Outside Bangladesh | | |
| | Foreign Bill Purchased | 85,750,964 | 158,660,057 |
| | Murabaha Bill of Exchange | 1,455,670,105 | 1,655,274,938 |
| | Baim-Wes bills | 7,553,528,986 | 3,686,976,971 |
| | | 9,094,950,055 | 5,500,911,966 |
| | Grand total of net Bills Purchased and Discounted | 12,229,604,419 | 8,219,176,356 |
| 7.2.1 | Bills Purchased and Discounted | | |
| | Payable in Bangladesh | 4,698,133,914 | 4,511,086,108 |
| | Payable outside Bangladesh | 8,137,099,405 | 4,041,308,510 |
| | Gross Bills Purchased and Discounted | 12,835,233,319 | 8,552,394,618 |
| | Less: Profit receivable on Bills Purchased and Discounted | 605,628,901 | 333,218,262 |
| | Net Bills Purchased and Discounted | 12,229,604,419 | 8,219,176,356 |
| | Maturity wise Classification of Bills Purchased and Discounted: | | |
| | On demand | 2,445,920,884 | 1,643,835,271 |
| | Over 1 month but less than 3 months | 6,114,802,210 | 4,109,588,178 |
| | Over 3 months but less than 1 year | 3,668,881,326 | 2,465,752,907 |
| | 1 year or more | - | - |
| | | 12,229,604,419 | 8,219,176,356 |

| | | | | 2019 | 2018 |
|------------|--|-------------------|-------------------|------------------------|------------------------|
| | | | | Taka | Taka |
| 7.3 | Investments on the basis of significant concentration | 31.12.2019 | 31.12.2018 | | |
| | Investments to allied concern of Directors | 0.00% | 0.00% | - | - |
| | Investments to Executives & Staffs | 0.93% | 1.09% | 2,460,432,039 | 2,602,680,866 |
| | Investments to Customer Groups | 57.28% | 58.62% | 151,365,526,851 | 139,892,562,262 |
| | Industrial Investment | 41.79% | 40.29% | 110,442,630,759 | 96,158,927,825 |
| | Others | 0.00% | 0.00% | - | - |
| | | 100.00% | 100.00% | 264,268,589,649 | 238,654,170,953 |

Investments allowed to individual customer exceeding 15% of Bank's total capital:

Number of Client with amount of outstanding Investment to whom Investments sanctioned exceeds 15% of total capital of the Bank is reported hereunder. Total capital of the Bank was Tk. 2,790.18 Crore as on 31.12.2019 and was used as base figure to calculate the single party exposure limit-funded liability; and such limit was fixed at Tk. 418.53 crore (2,790.18 crore x 15%) till 31.12.2019. It is mentioned here that as per Bank Companies Act, 1991, single party exposure limit has been fixed at 15% for funded and 20% non-funded investment based on capital maintained for non export oriented clients whereas 15% funded and 35% non-funded limit for 100% export oriented clients.

| | | |
|--|----------------|----------------|
| Total Principal outstanding amount to such customers at end of the year (Funded) | 809.90 crore* | 438.58 crore |
| Number of such types of customers | 02 | 01 |
| Amount of Classified Investments thereon | Nil | Nil |
| Measures taken for recovery | Not applicable | Not applicable |

* As per BRPD Circular no. 2, dated: 16 January 2014, single party exposure limit 15% is not applicable for the client doing business in power sector. The principal amount limit for such client is 25% of total capital, i.e Taka-697.55 crore as on 31.12.2019.

7.4 Customer group and industry wise classification of Investment

(Amount in Taka)

| Sector | 2019 | | 2018 | |
|--|------------------------|----------------|------------------------|----------------|
| | Amount | Composition | Amount | Composition |
| Commercial lending | 53,900,724,832 | 20.40% | 61,034,903,616 | 25.57% |
| Export Financing | 4,921,018,590 | 1.86% | 3,976,655,381 | 1.67% |
| House Building Investment | 3,743,143,723 | 1.42% | 3,830,220,008 | 1.60% |
| Investment against Scheme & MTDR | 3,991,981,577 | 1.51% | 2,699,896,506 | 1.13% |
| Small and Medium Enterprises | 63,698,717,346 | 24.10% | 55,648,160,786 | 23.32% |
| Micro Investment | 528,101,236 | 0.20% | 366,423,793 | 0.15% |
| Other Investments | 18,368,360,048 | 6.95% | 10,274,440,780 | 4.31% |
| Off-shore Banking Unit | 2,213,479,499 | 0.84% | 2,061,861,392 | 0.86% |
| Executives & Staffs of SIBL | 2,460,432,039 | 0.93% | 2,602,680,866 | 1.09% |
| Agricultural Industries | 3,368,258,174 | 1.27% | 4,689,228,940 | 1.96% |
| Textile & Allied Industries | 33,741,188,311 | 12.77% | 33,873,073,993 | 14.19% |
| Food & Allied Industries | 12,615,242,920 | 4.77% | 9,664,899,008 | 4.05% |
| Pharmaceutical Industries | 1,568,322,953 | 0.59% | 1,606,821,774 | 0.67% |
| Leather, Chemical, Cosmetic etc. | 3,197,244,220 | 1.21% | 1,128,961,210 | 0.47% |
| Construction Industries | 8,177,394,150 | 3.09% | 8,743,033,841 | 3.66% |
| Cement and Ceramic Industries | 3,611,668,991 | 1.37% | 4,725,947,827 | 1.98% |
| Service Industries | 11,368,846,621 | 4.30% | 9,414,501,196 | 3.94% |
| Transport and Communication Industries | 3,192,320,500 | 1.21% | 3,179,499,691 | 1.33% |
| Other Industries | 29,602,143,917 | 11.20% | 19,132,960,345 | 8.02% |
| Total | 264,268,589,649 | 100.00% | 238,654,170,953 | 100.00% |

| | | 2019 | 2018 |
|--|--|------|------|
| | | Taka | Taka |

7.5 Geographical Location-wise Classification of Investments

(Amount in Taka)

| Sector | 2019 | | 2018 | |
|-------------------------------|------------------------|----------------|------------------------|----------------|
| | Amount | Composition | Amount | Composition |
| i) Within Bangladesh | | | | |
| a) In Rural Areas | 26,431,716,557 | 10.00% | 23,908,519,462 | 10.02% |
| b) In Urban Areas | 237,836,873,092 | 90.00% | 214,745,651,490 | 89.98% |
| Sub-total (a+b) | 264,268,589,649 | 100.00% | 238,654,170,953 | 100.00% |
| ii) Outside Bangladesh | - | - | - | - |
| Total (i+ii) | 264,268,589,649 | 100.00% | 238,654,170,953 | 100.00% |

7.6 Division-wise Investments

(Amount in Taka)

| Division | As at 31 December 2019 | | As at 31 December 2018 | |
|--------------|------------------------|----------------|------------------------|----------------|
| | Amount | Composition | Amount | Composition |
| Dhaka | 194,694,679,083 | 73.67% | 177,487,375,863 | 74.37% |
| Chittagong | 50,488,355,028 | 19.10% | 42,056,600,930 | 17.62% |
| Sylhet | 596,444,575 | 0.23% | 831,657,965 | 0.35% |
| Rajshahi | 6,474,479,583 | 2.45% | 6,600,817,273 | 2.77% |
| Khulna | 6,245,768,176 | 2.36% | 6,665,377,569 | 2.79% |
| Rangpur | 2,267,255,928 | 0.86% | 2,182,685,785 | 0.91% |
| Barisal | 1,403,466,160 | 0.53% | 1,067,115,469 | 0.45% |
| Mymensingh | 2,098,141,116 | 0.79% | 1,762,540,098 | 0.74% |
| Total | 264,268,589,649 | 100.00% | 238,654,170,953 | 100.00% |

7.7 Investments (Classification wise)

Unclassified

Standard

Special Mentioned Account

Classified

Substandard

Doubtful

Bad or Loss

Standard (short term agri / micro inv.)

Special Mentioned Account (short term agri/ micro inv.)

Substandard (short term agri / micro inv.)

Doubtful (short term agri / micro inv.)

Bad or Loss (short term agri/micro inv.)

Staff Investment

| | | |
|--|------------------------|------------------------|
| | | |
| | 235,404,417,478 | 215,123,635,967 |
| | 6,951,113,350 | 567,950,276 |
| | 658,469,819 | 645,937,405 |
| | 282,521,464 | 738,768,136 |
| | 16,493,952,059 | 16,914,420,889 |
| | 259,790,474,170 | 233,990,712,673 |
| | | |
| | 1,915,841,760 | 2,008,913,844 |
| | 3,481,184 | - |
| | 40,782,857 | 10,546,595 |
| | 759,771 | 1,109,864 |
| | 56,817,868 | 40,207,111 |
| | 2,017,683,440 | 2,060,777,414 |
| | 2,460,432,039 | 2,602,680,866 |
| | 264,268,589,649 | 238,654,170,953 |

| | | 2019 | 2018 |
|------------|---|-----------------------|----------------------|
| | | Taka | Taka |
| 7.8 | Particulars of provision required for general investment | | |
| | Unclassified (Excluding Off-balance sheet exposures) | 3,911,552,438 | 1,826,099,534 |
| | Classified | 7,595,557,186 | 6,398,009,498 |
| | Unclassified- Off-balance sheet exposures | 490,293,577 | 464,963,838 |
| | | 11,997,403,200 | 8,689,072,870 |

7.8.1 Detail Particulars of Provision for Investment

| Unclassified | Rate | Base for Provision | Provision Required | |
|--|-------|--------------------|-----------------------|----------------------|
| Standard | 1% | 359,030,636,660 | 3,590,306,367 | 1,506,496,405 |
| Staff Investment | 0% | - | - | - |
| Consumer Finance (Other than HF and LP) | 5% | 658,112,116 | 32,905,606 | 50,748,671 |
| Small and Medium Enterprise | 0.25% | 58,809,433,728 | 147,023,584 | 132,271,330 |
| Housing Finance (HF) | 1% | 2,041,606,809 | 20,416,068 | 28,727,868 |
| Loan for Professionals (LP) | 2% | 9,893,256 | 197,865 | 28,165,361 |
| Share | 2% | 2,268,580,046 | 45,371,601 | 46,935,696 |
| SMA Investment (Same as UC i.e 0.25%, 1%, 2%, to 5%) | 5% | 56,172,929 | 56,172,929 | 12,665,065 |
| Unclassified Off Balance Sheet Items | 1% | 49,029,357,700 | 490,293,577 | 464,963,838 |
| Classified | | | | |
| Substandard | 20% | 505,621,649 | 101,124,330 | 82,221,577 |
| Doubtful | 50% | 78,908,724 | 39,454,362 | 272,191,051 |
| Bad or Loss | 100% | 7,454,232,680 | 7,454,232,680 | 6,043,499,953 |
| | | | 11,977,498,969 | 8,668,886,815 |

| Provision Required (Short term Agricultural & Micro Credit) | Rate | Base for Provision | Provision Required | |
|---|------|--------------------|-----------------------|----------------------|
| Unclassified | | | | |
| Standard (short term agri /micro credit) | 1.0% | 1,915,841,760 | 19,158,418 | 20,089,138 |
| Classified | | | | |
| Substandard (short term agri /micro credit) | 5% | 14,802,317 | 740,116 | 88,593 |
| Doubtful (short term agri /micro credit) | 5% | 113,966 | 5,698 | 8,324 |
| Bad or Loss (Short term agri /micro credit) | 100% | | - | - |
| | | | 19,904,232 | 20,186,056 |
| Required provision for Investments (Grand Total) | | | 11,997,403,200 | 8,689,072,870 |
| Total provision maintained | | | 11,997,403,200 | 8,689,072,870 |
| Provision Surplus/(Shortfall) | | | - | - |

Bangladesh Bank vide its letter ref: DBI-4/42(2)/2019-761, dated: 29.04.2019, accorded their permission to defer provision for investment amounting to Taka-444.00 crore and provide this amount equally during next three years from year 2019 to year 2021. Again Bangladesh Bank vide its letter ref DBI4/42(2)2020-327, dated: 17.06.2020, suggested to provide Taka 187.83 crore as additional provision during the year 2019, and the Bank has maintained that provision. Moreover time has been extended up to 31st December 2020 to regularize the corresponding non performing loan .

| | | 2019 | 2018 |
|--|--|-----------------------|----------------------------|
| | | Taka | Taka |
| Provision Made for funded exposures only: (Other than Short term Agricultural & Micro Credit) | | | |
| Unclassified | | | |
| Standard | | 4,326,514,668 | 2,258,309,169 |
| SMA | | 56,172,929 | 12,665,065 |
| Classified | | | |
| Substandard | | 101,124,330 | 82,221,577 |
| Doubtful | | 39,454,362 | 272,191,051 |
| Bad or Loss | | 7,454,232,680 | 6,043,499,953 |
| | | 11,977,498,969 | 8,668,886,815 |
| Provision Made: (Short term Agricultural & Micro Credit) | | | |
| Standard (short term agri credit) | | 19,158,418 | 20,089,138 |
| Substandard (short term agri credit) | | 740,116 | 88,593 |
| Doubtful (short term agri credit) | | 5,698 | 8,324 |
| Bad or Loss (Short term agri credit) | | - | - |
| | | 19,904,232 | 20,186,056 |
| Grand Total | | 11,997,403,200 | 8,689,072,870 |
| 7.8.2 | Particulars of provision for Off-Balance Sheet items | | |
| | Status | Rate | Basis for Provision |
| | Off-Balance Sheet Items | 1% | 53,594,806,020 |
| | Required provision for Investments | | 490,293,577 |
| | Provision maintained {note # 13.1(c)} | | 490,293,577 |
| | Surplus Provision | | - |
| 7.9 | Particulars of Investments: | | |
| (i) | Investment considered good in respect of which the Banking Company is fully secured | | 181,408,014,364 |
| (ii) | Investment considered good for which the Banking Company holds no other security other than the debtor's personal security | | 76,561,437,854 |
| (iii) | Investment considered good and secured by personal security of one or more parties in addition to the personal security of the debtors | | 6,299,137,431 |
| (iv) | Investment considered bad or doubtful not provided for | | - |
| | Total | | 264,268,589,649 |
| (v) | Investment due by directors or officers of the Banking Company or any of them either severally or jointly with any other person | | 2,460,432,039 |
| (vi) | Investment due by companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or, in the case of private companies as members. | | - |
| (vii) | Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the Banking Company or any of them either severally or jointly with any other persons. | | 9,851,600 |
| (viii) | Maximum total amount of Investments including temporary Investment granted during the period to the companies or firms in which the directors of the Banking Company are interested as directors, partners or managing agents or in the case of private companies as members | | Nil |
| (ix) | Investment due from other Banks | | Nil |
| (x) | Classified Investment on which profit has not been charged | | 16,550,769,927 |
| (xi) | Particulars of written off investments | | |
| | a) Cumulative amount of written off Investments since inception to 31 December last year | | 5,958,111,345 |
| | b) Amount of written off / waiver of Investment during the year | | 31,734,980 |
| | Total amount of written off (a+b) | | 5,989,846,325 |
| | c) Amount recovered against debts which are previously written off (cumulative balance) | | 454,000,207 |
| | d) Amount of Investments written off against which cases have been filed for recovery | | 5,989,846,325 |

| | | 2019 | 2018 |
|------|--|---------------|---------------|
| | | Taka | Taka |
| xii) | e) Amount of compensation suspense as at year end. | 2,870,657,332 | 1,874,740,496 |

7.10 Large Investment Restructuring

Large Investment Restructuring is made as per BRPD Circular no: 04, Dated: 29 January 2015, of the investments having minimum outstanding amount of Taka-500 crore and above in aggregate. The Eligibility criteria as per the circular are:

- Investments of a particular borrower or group in a Bank, singly or in clubbed together form, shall be eligible for restructuring. Borrower having exposure in multiple Banks may also approach by forming a consortium.
- Minimum outstanding investment amount for restructuring shall be Taka-500.00 crore or above in aggregate.
- Restructuring facility will be provided to a particular investment only once.

Total outstanding amount of such restructured investment for the year 2019 amounts to Taka- 47.42 crore.

8 Fixed Assets including Premises (Including Intangible Assets)

A. Cost

| | | |
|----------------------|----------------------|----------------------|
| Land | 12,330,000 | 12,330,000 |
| Building | 2,320,220,714 | 2,320,220,714 |
| Furniture & Fixtures | 1,257,167,455 | 1,091,686,941 |
| Office Equipment | 1,621,292,105 | 1,457,031,670 |
| Software | 247,489,817 | 223,604,251 |
| Vehicles | 141,721,354 | 141,721,354 |
| Books | 1,739,549 | 1,634,189 |
| | 5,601,960,993 | 5,248,229,118 |

B. Accumulated Depreciation

| | | |
|----------------------|----------------------|----------------------|
| Land | - | - |
| Building | 404,038,934 | 354,947,928 |
| Furniture & Fixtures | 466,111,881 | 386,135,984 |
| Office Equipment | 930,956,342 | 781,526,250 |
| Software | 72,722,101 | 54,586,568 |
| Vehicles | 121,051,952 | 106,546,049 |
| Books | 1,030,039 | 951,623 |
| | 1,995,911,251 | 1,684,694,401 |

Carrying value

| | | |
|--|----------------------|----------------------|
| | 3,606,049,743 | 3,563,534,717 |
|--|----------------------|----------------------|

8.1 Intangible assets

Core Banking solution 'ABABIL' is used in SIBL which was incorporated in the year 2010. The value of all the softwares under the head 'Intangible Assets' is Taka-247,489,817.00 and being amortized @ 10% following the same method of reducing balancing method as applied for fixed assets. Written down value of the software as on 31.12.2019 is Taka -174,767,715.00.

For details please refer to Annexure-A

8(a) Consolidated written down value of Fixed Assets including intangible assets

Social Islami Bank Ltd.

| | | |
|--|----------------------|----------------------|
| | 3,606,049,743 | 3,563,534,717 |
|--|----------------------|----------------------|

Fixed assets of subsidiaries

| | | |
|--|------------------|------------------|
| | 7,667,152 | 8,718,386 |
|--|------------------|------------------|

SIBL Securities Ltd.

| | | |
|--|-----------|-----------|
| | 7,667,152 | 8,718,386 |
|--|-----------|-----------|

SIBL Investment Ltd.

| | | |
|--|---|---|
| | - | - |
|--|---|---|

Carrying value of Fixed assets of the Group

| | | |
|--|----------------------|----------------------|
| | 3,613,716,895 | 3,572,253,103 |
|--|----------------------|----------------------|

| | | 2019 | 2018 |
|-------------|--|-----------------------|-----------------------|
| | | Taka | Taka |
| 9 | Others Assets | | |
| | Stock of stationery, stamps and printing materials etc. (valued at cost) | 36,651,315 | 38,940,292 |
| | Advance rent | 236,783,450 | 240,368,398 |
| | Security Deposit | 3,441,126 | 3,156,556 |
| | Branch Adjustments (SIBG) (Note: 9.1) | 2,950,929,983 | 7,101,009,106 |
| | Suspense Accounts (Note: 9.2) | 192,702,080 | 219,594,442 |
| | Other Prepayments | 64,210,064 | 64,216,511 |
| | Receivable from M/S. Stock & Bond and SIBL Securities Ltd. | 21,482,142 | 122,074,364 |
| | Advance Income Tax | 10,685,152,854 | 9,371,407,022 |
| | Receivable from SIBL Securities Limited | 72,000,000 | - |
| | Receivable from SIBL Investment Limited | 1,883,690 | 1,820,060 |
| | Protested Bills against Investment | 325,014,570 | 319,377,570 |
| | Profit Receivable from Banks, NBFi and BD Govt. | 665,595,298 | 472,885,826 |
| | Investment with Off-shore Banking Unit | 1,487,890,290 | 1,734,602,875 |
| | Receivable from Off-shore Banking Unit | 36,882,278 | 62,481,496 |
| | Dividend Receivable Account | 562,130,020 | 458,442,289 |
| | Profit Receivable from Mudaraba Subordinated Bond | 99,616,438 | 19,428,082 |
| | Others (Note: 9.3) | 10,969,426 | 31,456,411 |
| | | 17,453,335,023 | 20,261,261,299 |
| | Less: Balance with OBU for elimination | | |
| | Investment with Off-shore Banking Unit | 1,487,890,290 | 1,734,602,875 |
| | Grand total after elimination of balance with OBU | 15,965,444,733 | 18,526,658,424 |
| 9(a) | Consolidated other Assets | | |
| | Social Islami Bank Limited | 15,965,444,733 | 18,526,658,424 |
| | Add: Other assets of subsidiary companies | | |
| | SIBL Securities Limited | 2,169,894,251 | 2,228,042,318 |
| | Membership of Chittagong Stock Exchange | 307,000,000 | 307,000,000 |
| | Membership of Dhaka Stock Exchange | 682,770,683 | 682,770,683 |
| | Advance Income Tax | 89,184,152 | 76,872,356 |
| | Advance Office Rent | 1,168,865 | 848,148 |
| | Advance for floor space at nikunjo, DSE Tower | 850,000 | 850,000 |
| | Receivable from Regulators | 1,637,167 | 1,941,390 |
| | Receivable from client | 984,335,485 | 1,075,824,864 |
| | Receivable from Bai-Muajjal & Dividend Income | 102,733,901 | 81,729,877 |
| | Security Deposit to CDBL, DSE | 200,000 | 200,000 |
| | Security Deposit to BTCL & Duncan Products | 14,000 | 5,000 |
| | SIBL Investment Limited | 81,611,544 | - |
| | Advance Income Tax | 212,409 | - |
| | Accounts receivable | 81,399,135 | - |
| | Less: Inter Company transactions eliminated: | 73,883,690 | 1,820,060 |
| | Receivable from SIBL Securities Limited | 72,000,000 | - |
| | Receivable from SIBL Investment Limited | 1,883,690 | 1,820,060 |
| | | 18,143,066,838 | 20,752,880,683 |

| | 2019 | 2018 |
|--|------|------|
| | Taka | Taka |

9.1 The balance of Branch adjustment (SIBG) represents unresponded Inter branch and head office transactions at balance sheet date. The balance of Debit and Credit unresponded entries as on 15 June 2020 were Taka-488,869,484.00 Details of which are as follows:

| | Number of | | Amount (in Tk) of | |
|-----------------------------------|---------------------|------------|---------------------|----------------------|
| | Unresponded entries | | Unresponded entries | |
| | 31.12.2019 | 31.12.2018 | 31.12.2019 | 31.12.2018 |
| Upto 3 months | 19 | 199 | 488,869,484 | 1,634,861,265 |
| Over 3 months but within 6 months | - | 118 | - | 1,019,176,876 |
| Over 6 months but within 9 months | - | 45 | - | 648,729,770 |
| Over 9 months | - | 3 | - | 45,251,538 |
| | 19 | 365 | 488,869,484 | 3,348,019,449 |

9.2 Suspense Account represents advance against TA/DA, Entertainment Expenses, Advertisement Expenses, Branch Decoration Expenses, Legal Charges and suspense -others. Necessary provision on others assets has been made in the accounts according to the BRPD Circular no: 14 dated June 25, 2001 para Kha (1) & (2).

9.3 **Others**

| | | |
|-----------------------------|-------------------|-------------------|
| D.D. Paid without advice | 650 | - |
| Wes fund purchased | 1,089 | 1,089 |
| Adjusting A/c debit balance | 5,500,000 | 27,632,312 |
| Advance VAT paid | 3,815,178 | 3,815,178 |
| BEFTN adjustment A/c | (88,956) | 7,832 |
| Incentive disbursement Fund | 1,741,465 | - |
| | 10,969,426 | 31,456,411 |

10 **Placement from Banks & Other Financial Institutions
Bangladesh Govt. Islamic Bond.**

The Bank has no outstanding balance of borrowing as on 31.12.2019. The Bank had an outstanding balance of borrowing amounting Tk. 800 crore as on 31.12.2018 taken from Bangladesh Govt. Islamic Bond Fund having different maturity dates. Profit rate of such borrowings is determined under Mudaraba Prin-ple. A demand promissory note favoring Bnagladesh Bank has been kept as security to Bangladesh Bank against the borrowings.

Maturity Grouping of Borrowings

| | | |
|---|---|----------------------|
| Up to 1 month | - | 3,000,000,000 |
| More than 1 month but less than 3 months | - | 2,000,000,000 |
| More than 3 months but less than 6 months | - | 3,000,000,000 |
| 6 months and above | - | - |
| | - | 8,000,000,000 |

11 **Deposits and Other Accounts**

| | | |
|--|------------------------|------------------------|
| Mudaraba Savings Deposits (MSD) | 25,739,179,658 | 19,621,561,549 |
| Mudaraba Term Deposits (MTDR) | 165,687,514,476 | 156,095,697,702 |
| Other Mudaraba Deposit | 64,112,318,321 | 43,569,089,182 |
| Mudaraba Short Notice Deposits (MSND) | 17,218,665,421 | 13,348,172,630 |
| Mudaraba Scheme Deposits (Note-11.1) | 46,893,652,900 | 30,220,916,552 |
| Al- Wadeeah Current Deposit and other accounts (AWCD) (Note- 11.2) | 26,072,068,558 | 24,336,269,747 |
| Bills payable (Note-11.3) | 5,982,863,785 | 4,384,822,493 |
| Cash Waqf Fund | 342,710,311 | 317,048,976 |
| | 287,936,655,109 | 248,324,489,649 |

| | | 2019 | 2018 |
|-------------|--|-----------------------|-----------------------|
| | | Taka | Taka |
| 11.1 | Mudaraba Scheme Deposits | | |
| | Mud. Hajj/ Umrah Savings Scheme | 126,594,292 | 92,887,786 |
| | Mud. Pension Savings Scheme | 2,617,368,700 | 2,614,730,097 |
| | Mud. Education Savings Scheme | 34,374,390 | 40,826,600 |
| | Mud. Monthly Sav. Deposit Sche | 49,064,610 | 53,206,304 |
| | Mud. Monthly Profit Deposit | 3,408,450,904 | 3,807,749,887 |
| | Mud. Bashstan Savings Scheme | 584,971,007 | 676,210,468 |
| | Mud. Millionaire Scheme | 1,016,936,541 | 997,704,486 |
| | M.Lakhopoti Deposit Scheme | 38,201,939 | 50,266,479 |
| | M. Double Benefit Deposit Scheme | 1,518,882,641 | 1,536,732,091 |
| | M.Marriage Savings Scheme | 99,456,576 | 103,830,523 |
| | M.Mohorana Savings Scheme | 20,546,614 | 21,329,046 |
| | Subarnalata Special Scheme(Women) | 23,087,165 | 21,915,847 |
| | Subarna Rekha Special Deposit(Women) | 1,767,726,041 | 1,526,890,662 |
| | Shabug Chya Special Deposit | 32,260,353 | 58,224,337 |
| | Shabuj Shayanna Special Deposit | 647,011,293 | 585,316,856 |
| | Sanchita Special Deposit scheme | 223,441,473 | 210,053,345 |
| | Sonali Din Pension Deposit Scheme | 14,179,920,337 | 11,909,821,418 |
| | Sukher Thikana Savings Scheme | 14,118,626 | 12,362,173 |
| | Sacchandey Protidin Monthly Profit Deposit | 2,002,551,186 | 2,659,743,247 |
| | Samriddir Sopan Scheme Deposit | 755,470,981 | 2,155,087,725 |
| | Sopner Siri Deposit Scheme | 101,568,075 | 113,311,490 |
| | Sharna Shikhar (Mudaraba Billinior Deposit S | 1,109,118,024 | 961,651,456 |
| | Proshanti (Mudaraba Zakat Savings Deposit S | 17,811,220 | 11,064,229 |
| | SIBL ASTHA (MUDARABA MONTHLY P | 14,373,382,413 | - |
| | SIBL SUPER DPS (MUDARABA PENSION | 390,957,789 | - |
| | SIBL DIGUN PROTASHA(DOUBLE BE | 1,740,379,712 | - |
| | | 46,893,652,900 | 30,220,916,552 |

Amount of Mudaraba Scheme Deposit mentioned above are inclusive of Profit payable on the scheme deposits.

| | | | |
|-------------|---|-----------------------|-----------------------|
| 11.2 | Al-Wadeeah Current Deposit & other A/c | | |
| | Al Wadeeah current deposit | 9,853,744,246 | 10,154,634,562 |
| | Sundry deposit | 6,218,150,977 | 5,592,646,354 |
| | Social fund deposit | 17,075 | 17,075 |
| | Supervision charge | 861,490 | 861,490 |
| | Risk fund deposit | 3,079,314 | 2,410,066 |
| | FC deposit | 4,096,848,487 | 3,400,548,930 |
| | Convertible Taka A/c* | 80,270,645 | 75,938,142 |
| | F. C. held against B.B. L/C | 2,427,891,287 | 2,137,402,151 |
| | Profit payable A/c | 3,385,663,078 | 2,902,148,436 |
| | Compensation Realized | 5,541,961 | 69,662,542 |
| | | 26,072,068,558 | 24,336,269,747 |

*Balance of Convertible Taka A/c represents the portion of unsettled balance.

| | | 2019 | 2018 |
|----------------|---|-----------------------|-----------------------|
| | | Taka | Taka |
| 11.2(a) | Consolidated balance of Al-Wadeeah Current Deposit & Other A/c | | |
| | Social Islami Bank Limited | 26,072,068,558 | 24,336,269,747 |
| | Less: InterCompany balance eliminated | 463,760,839 | 373,713,075 |
| | SIBL Securities Limited | 362,309,451 | 123,864,138 |
| | SIBL Investment Limited | 101,451,389 | 249,848,937 |
| | Consolidated balance of Current deposit and other accounts | 25,608,307,719 | 23,962,556,672 |

The balances are held with the 'Principal Branch' of SIBL bearing current account no: 0002-13300056882 and 0002-13300057058 respectively. For consolidation purpose the balances have been eliminated.

| | | | |
|-------------|-------------------------|----------------------|----------------------|
| 11.3 | Bills Payable | | |
| | Payment Order (PO) | 4,737,716,525 | 3,217,864,158 |
| | Demand Draft (DD) | 1,940,911 | 2,118,694 |
| | B/P awaiting remittance | 1,243,206,349 | 1,164,839,640 |
| | | 5,982,863,785 | 4,384,822,493 |

| | | | |
|-------------|---|------------------------|------------------------|
| 11.4 | Maturity wise classification of Deposits | | |
| | Payable on demand | 17,955,008,461 | 12,498,722,336 |
| | Up to 1 month | 36,044,108,770 | 34,798,828,690 |
| | More than 1 month but up to 6 months | 100,548,415,301 | 82,195,120,270 |
| | More than 6 months but up to 1 year | 80,655,986,645 | 76,322,340,318 |
| | More than 1 year but up to 5 years | 41,448,001,171 | 27,833,137,109 |
| | More than 5 years but up to 10 years | 11,285,134,762 | 14,676,340,925 |
| | | 287,936,655,109 | 248,324,489,649 |

| | | | |
|-------------|---|------------------------|------------------------|
| 11.5 | Segregation of deposits & other accounts | | |
| | i) Client Deposit | | |
| | Al-Wadeeah Current deposit & other accounts | 26,056,267,878 | 24,334,072,694 |
| | Bills Payable | 5,982,863,785 | 4,384,822,493 |
| | Mudaraba Savings Deposits | 23,456,665,950 | 19,563,597,522 |
| | Mudaraba Short Notice Deposits | 12,878,901,258 | 13,160,624,813 |
| | Mudaraba Term Deposit | 152,217,514,476 | 132,358,697,702 |
| | Mudaraba Scheme Deposits | 46,893,652,900 | 30,220,916,552 |
| | Cash Waqf Fund | 342,710,311 | 317,048,976 |
| | | 267,828,576,558 | 224,339,780,753 |
| | ii) Bank Deposit | | |
| | Mudaraba Term Deposit Receipt (MTDR) | 13,470,000,000 | 23,737,000,000 |
| | Mudaraba Short Notice Deposit (MSND) | 4,339,764,163 | 187,547,817 |
| | Al-Wadeeah Current deposit (AWCD) | 15,800,680 | 2,197,053 |
| | Mudaraba Savings Deposit (MSD) | 2,282,513,708 | 57,964,027 |
| | | 20,108,078,551 | 23,984,708,896 |
| | Grand Total of deposits and other accounts | 287,936,655,109 | 248,324,489,649 |

| | | 2019 | 2018 |
|----|--|----------------------|-----------------------|
| | | Taka | Taka |
| 12 | SIBL Mudaraba Subordinated Bond | 9,400,000,000 | 10,800,000,000 |

SIBL has three subordinated bonds namely "SIBL Mudaraba Subordinated Bond of Tk. 300 crore", SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 crore and SIBL 3rd Mudaraba Subordinated Bond of Taka-500.00 crore to support and strengthen Tier-II capital base of the Bank under Basel-III capital regulation of Bangladesh Bank.

SIBL Mudaraba Subordinated Bond of Tk. 300 Crore

Social Islami Bank Limited issued 'SIBL Mudaraba Subordinated Bond of Tk. 300 Crore' in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/598 & BRPD (BFIS) 661/14 B(P)/2014-6027, Dated: 26 August 2014 & 16 September 2014 respectively. The bond was fully subscribed by 14 nos of investors and the subscription of the bond closed on 31.03.2015. The list of investor with present outstanding balance is as follows:

Investors of SIBL Mudaraba Subordinated Bond

| | | |
|--|----------------------|----------------------|
| Al-Arafah Islami Bank Limited | 200,000,000 | 300,000,000 |
| Bank Asia Limited | 80,000,000 | 120,000,000 |
| Bank Asia Limited Employees' Gratuity Fund | 28,000,000 | 42,000,000 |
| Islami Bank Bangladesh Limited | 200,000,000 | 300,000,000 |
| Padma Islami Life Insurance Limited | 20,000,000 | 30,000,000 |
| Prime Islami Life Insurance Limited | 20,000,000 | 30,000,000 |
| Pubali Bank Limited | 80,000,000 | 120,000,000 |
| Reliance Insurance Limited | 20,000,000 | 30,000,000 |
| Rupali Bank Limited | 200,000,000 | 300,000,000 |
| Shahjalal Islami Bank Limited | 40,000,000 | 60,000,000 |
| Sonali Bank Limited | 200,000,000 | 300,000,000 |
| Square Pharmaceuticals Workers Profit Participation Fund | 20,000,000 | 30,000,000 |
| United Finance Limited | 52,000,000 | 78,000,000 |
| Uttara Bank Limited | 40,000,000 | 60,000,000 |
| | 1,200,000,000 | 1,800,000,000 |

SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 Crore

Social Islami Bank Limited issued 'SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 Crore' in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/28 & BRPD (BFIS) 661/14 B(P)/2017-1252, Dated: 17 January 2017 & 01 March 2017 respectively. The bond was fully subscribed by 12 nos of investors and the subscription of the bond closed on 20.06.2017. The list of investor with present outstanding balance is as follows:

Investors of SIBL 2nd Mudaraba Subordinated Bond

| | | |
|-----------------------------------|----------------------|----------------------|
| Bank Asia Limited | 80,000,000 | 100,000,000 |
| Central Depository Bangladesh Ltd | 160,000,000 | 200,000,000 |
| Dhaka Stock Exchange Limited | 320,000,000 | 400,000,000 |
| Eastern Bank Limited | 200,000,000 | 250,000,000 |
| Mercantile Bank Limited | 200,000,000 | 250,000,000 |
| Midland Bank Limited | 160,000,000 | 200,000,000 |
| National Life Insurance Co. Ltd | 80,000,000 | 100,000,000 |
| Pubali Bank Limited | 400,000,000 | 500,000,000 |
| Rupali Bank Limited | 400,000,000 | 500,000,000 |
| Shahjalal Islami Bank Limited | 400,000,000 | 500,000,000 |
| Trust Bank Limited | 400,000,000 | 500,000,000 |
| Uttara Bank Limited | 400,000,000 | 500,000,000 |
| | 3,200,000,000 | 4,000,000,000 |

| | | 2019 | 2018 |
|---|---|-----------------------|-----------------------|
| | | Taka | Taka |
| SIBL 3rd Mudaraba Subordinated Bond of Tk.500 Crore | | | |
| Social Islami Bank Limited issued 'SIBL 3rd Mudaraba Subordinated Bond of Tk. 500 Crore in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/670 & BRPD(BFIS)661/14B(P)/2018-7647, Dated: 27 September 2018 & 11 October 2018 respectively. The bond was fully subscribed by 3 nos of investors and the subscription of the bond closed on 27.12.2018. The list of investor with present outstanding balance is as follows: | | | |
| Investors of SIBL 3rd Mudaraba Subordinated Bond | | | |
| Agrani Bank Limited | | 2,500,000,000 | 2,500,000,000 |
| EXIM Bank Limited | | 500,000,000 | 500,000,000 |
| Islami Bank Bangladesh Limited | | 2,000,000,000 | 2,000,000,000 |
| | | 5,000,000,000 | 5,000,000,000 |
| 13 | Other Liabilities | | |
| | Adjusting A/C (Cr.) Balance | 10,231,405 | 12,030,804 |
| | Other Payable | 12,263,717 | 3,079,086 |
| | BEFTN Adjustment Account | 35,998,977 | 24,672,552 |
| | Parking Account | - | 51 |
| | ATM Settlement for Q-Cash | 23,642,698 | 34,004,885 |
| | Provision for Investments (note: 13.1) | 11,997,403,200 | 8,689,072,870 |
| | Provision for other Assets (note: 13.2) | 456,527,557 | 450,890,557 |
| | Compensation and Rent Suspense (note: 13.3) | 2,870,657,332 | 1,874,740,496 |
| | Provision for Taxation (note: 13.4) | 14,826,251,926 | 13,177,088,886 |
| | Zakat Fund (note: 13.5) | 93,451,718 | 81,040,968 |
| | Mudaraba Profit Distribution (note: 13.6) | 15,000,000 | - |
| | Provision for good borrower (note: 13.7) | 10,000,000 | 8,000,000 |
| | Provision for Climate Risk Fund (note: 13.8) | 3,000,000 | 2,000,000 |
| | | 30,354,428,531 | 24,356,621,156 |
| 13(a) | Consolidated Other Liabilities | | |
| | Social Islami Bank Limited | 30,354,428,531 | 24,356,621,156 |
| | Add: Other Liabilities of subsidiaries | | |
| | SIBL Securities Limited | 1,347,839,259 | 1,232,603,243 |
| | Payable to SIBL-Term loan | 800,000,000 | 800,000,000 |
| | Payable to regulators | 6,655,006 | 15,458,814 |
| | Payable to clients | 305,701,236 | 203,361,043 |
| | Other provisions | 146,322,314 | 136,934,479 |
| | Provision for Income Tax | 89,160,703 | 76,848,906 |
| | | 3,361,661 | 46,000 |
| | SIBL Investment Limited | | |
| | Accrued Expenses | 46,000 | 46,000 |
| | Other provisions | 2,660,502 | - |
| | Provision for Income Tax | 655,159 | - |
| | | 31,705,629,453 | 25,589,270,400 |
| | Less: InterCompany balance eliminated | | |
| | SIBL Securities Limited | | |
| | Payable to SIBL-Term loan | 800,000,000 | 800,000,000 |
| | Grand total | 30,905,629,453 | 24,789,270,400 |

| | | 2019 | 2018 |
|---------------|--|-----------------------|----------------------|
| | | Taka | Taka |
| 13.1 | Provision for Investment | | |
| | (a) Specific Provision on Investment | | |
| | Provision held at the beginning of the year | 6,398,009,498 | 3,473,741,378 |
| | Fully provided Investment written off /Waiver | (31,734,980) | (50,969,558) |
| | Transferred from doubtful income/compensation realized/recovery | 155,621,173 | 150,182,617 |
| | Provision made during this year | 1,073,661,495 | 2,825,055,062 |
| | Provision held at the end of the year | 7,595,557,186 | 6,398,009,498 |
| | (b) General Provision on Investment | | |
| | Provision held at the beginning of the year | 1,826,099,534 | 2,207,398,797 |
| | Fully provided Investment written off /Waiver | - | (32,098,000) |
| | Addition during the year | 2,085,452,904 | (349,201,263) |
| | Balance at the end of the year | 3,911,552,438 | 1,826,099,534 |
| | Total Provision on Investments | 11,507,109,623 | 8,224,109,032 |
| | (c) General Provision on Off-Balance Sheet items | | |
| | Provision held at the beginning of the year | 464,963,838 | 679,316,812 |
| | Addition during the year | 25,329,739 | (214,352,974) |
| | Balance at the end of the year | 490,293,577 | 464,963,838 |
| | Total Provision for Investments & Off-Balance Sheet items (a+b+c) | 11,997,403,200 | 8,689,072,870 |
| 13.2 | Provision for other Assets | | |
| | Provision held at the beginning of the year | 450,890,557 | 420,790,557 |
| | Addition during the year | 5,637,000 | 30,100,000 |
| | Balance at the end of the year | 456,527,557 | 450,890,557 |
| 13.2.1 | Provision for protested bills | | |
| | Provision held at the beginning of the year | 319,377,570 | 313,407,280 |
| | Provision during the year | 5,637,000 | 5,970,290 |
| | | 325,014,570 | 319,377,570 |
| 13.2.2 | Provision for suspense account | | |
| | Provision held at the beginning of the year | 131,512,987 | 107,383,277 |
| | Addition during the year | - | 24,129,710 |
| | | 131,512,987 | 131,512,987 |
| 13.3 | Compensation & Rent Suspense A/C | | |
| | Compensation Receivable A/C | | |
| | Murabaha (General) | 124,210,725 | 111,340,146 |
| | Murabaha (Post Import) | 726,953 | 690,559 |
| | Musharaka (Preshipment) | 33,656,265 | 290,783 |
| | Bai-Muazzal | 279,495,170 | 269,513,707 |
| | Bai-Muazzal Trust Receipt | 290,986,238 | 207,589,090 |
| | Baim Wes bills | 115,209 | 38,751,657 |
| | Bai-Muazzal (ME) | 534,086,612 | 257,020,083 |
| | | 1,263,277,170 | 885,196,026 |

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| | Taka | Taka |
| Compensation Suspense A/C | | |
| Murabaha (General) | 8,016,152 | 8,771,511 |
| Murabaha (Post Import) | 16,582,644 | 18,701,747 |
| Bai-Muazzal | 281,444,010 | 233,484,888 |
| Bai-Muazzal- House hold | 7,856 | 7,856 |
| Bai-Muazzal Trust Receipt | 48,681,849 | 45,060,552 |
| Musharaka (Preshipment) | 455,592 | 455,592 |
| Others | 67,335,270 | 69,925,099 |
| | 422,523,374 | 376,407,247 |
| Rent Suspense A/C | 1,184,856,788 | 613,137,223 |
| Total Compensation & Rent Suspense | 2,870,657,332 | 1,874,740,496 |
| 13.3.1 Movement of Compensation and Rent Suspense A/C | | |
| Balance at the beginning of the year | 1,874,740,496 | 1,665,037,246 |
| Add: Amount transferred to suspense account during the year | 1,131,458,797 | 269,365,792 |
| Less: Amount recovered from suspense account during the year | (135,541,961) | (59,662,542) |
| Less: Amount written off/waived during the year | - | - |
| Balance at the end of the year | 2,870,657,332 | 1,874,740,496 |
| 13.4 Provision for Taxation | | |
| Provision for Current tax | | |
| Balance at the beginning of the year | 13,177,088,886 | 10,900,720,339 |
| Add: Provision made during the year (Zakat Fund) (Note:13.5) | 56,071,031 | 48,624,581 |
| Add: Provision made during the year (Note:13.4.1) | 1,593,092,009 | 2,227,743,967 |
| | 14,826,251,926 | 13,177,088,886 |
| Advance tax | | |
| Balance at the beginning of the year | 9,371,407,022 | 8,102,785,360 |
| Paid during the year | 1,313,745,832 | 1,268,621,662 |
| | 10,685,152,854 | 9,371,407,022 |
| Balance at the end of the year | 4,141,099,073 | 3,757,057,284 |
| 13.4.1 Provision made during the year | | |
| Operating Profit before provision & tax | 6,342,110,494 | 6,143,117,574 |
| Add: Inadmissible expense | 528,732,667 | 467,372,510 |
| Less: Inadmissible expense and for separate consideration | 3,026,350,909 | 912,869,768 |
| Total Taxable Income | 3,844,492,253 | 5,697,620,315 |
| Total Tax liability for current year | | |
| Business Tax @ 37.50% for year 2019 and @37.50% for year 2018 | 1,441,684,595 | 2,136,607,618 |
| Dividend Tax @ 20% | 150,700,027 | 89,713,418 |
| Tax on gain on shares & securities @ 10% | 707,388 | 1,422,930 |
| Provision required | 1,593,092,009 | 2,227,743,967 |
| Provision made | 1,593,092,009 | 2,227,743,967 |

Provision for income tax has been calculated as per Income Tax Ordinance, 1984 as amended by the Finance Act 2019 considering all applicable allowances and disallowances, the Banks experience from cutoms and practices of the income tax office. Expert opinion has also been obtained in this regard.

| | | 2019 | 2018 |
|---------------|--|--------------------|--------------------|
| | | Taka | Taka |
| 13.5 | Zakat fund | | |
| | Opening Balance | 129,665,548 | 92,567,800 |
| | Addition this year | 149,522,749 | 129,665,548 |
| | To sadaka fund | 93,451,718 | 81,040,968 |
| | To provision for tax | 56,071,031 | 48,624,581 |
| | Less: Paid during the year | (161,000) | (90,745,822) |
| | Less: Transferred to Provision for Taxation | (48,624,581) | - |
| | Less: Transferred to Sadaka fund (Balance of Zakat Fund) | (80,879,968) | (1,821,978) |
| | Closing Balance at the end of the year | 149,522,749 | 129,665,548 |
| 13.6 | Mudaraba Profit Distribution | | |
| | Opening Balance | - | - |
| | Addition the year | 15,000,000 | - |
| | Less: Paid during the year | - | - |
| | Closing Balance at the end of the year | 15,000,000 | - |
| 13.7 | Provision for good borrower | | |
| | Opening balance | 8,000,000 | 6,778,000 |
| | Addition during the year | 2,000,000 | 1,222,000 |
| | Paid during the year | - | - |
| | Closing Balance at the end of the year | 10,000,000 | 8,000,000 |
| 13.8 | Provision for Climate Risk Fund | | |
| | Opening balance | 2,000,000 | - |
| | Addition during the year | 1,000,000 | 2,000,000 |
| | Paid during the year | - | - |
| | Closing Balance at the end of the year | 3,000,000 | 2,000,000 |
| | Provision for Climate Risk Fund has been maintained in accordance with GBSRD circular no: 04, dated: 09 July 2015 and SFD circular no: 01, dated: 11 May 2016. | | |
| 14 | Deferred Tax Liability/(Asset) | | |
| | Balance at the beginning of the year | 74,330,843 | 37,210,816 |
| | Add: Provision made during the year | 19,486,671 | 37,120,027 |
| | Closing balance at the end of the year | 93,817,514 | 74,330,843 |
| 14 (a) | Consolidated Deferred Tax Liability/(Asset) | | |
| | Social Islami Bank Limited | 93,817,514 | 74,330,843 |
| | SIBL Securities Limited | | |
| | Balance at the beginning of the year | 1,106,176 | 1,181,686 |
| | Add: Provision made during the year | (218,763) | (75,510) |
| | Closing balance at the end of the year | 887,413 | 1,106,176 |
| | Grand total | 94,704,927 | 75,437,019 |

| | | 2019 | 2018 |
|-------------|---|-----------------------|-----------------------|
| | | Taka | Taka |
| 15 | Capital | | |
| 15.1 | Authorized Capital | | |
| | 1,000,000,000 ordinary shares of Tk. 10 each | 10,000,000,000 | 10,000,000,000 |
| 15.2 | Issued, Subscribed and Paid up Capital | | |
| | The Paid-up Capital of the Bank is currently Tk. 8,933,413,560 divided into 893,341,356 Ordinary Shares of Tk 10 each | 8,933,413,560 | 8,121,285,060 |
| | Break up of paid up capital is as follows | | |
| | 26,000,000 no. Ordinary shares of Tk.10 issued for cash | 260,000,000 | 260,000,000 |
| | 477,322,945 no. Ordinary shares of Tk. 10 each for cash as right share | 4,773,229,450 | 4,773,229,450 |
| | 234,975,697 no.ordinary shares of Tk 10 each issued as bonus shares | 2,349,756,970 | 2,349,756,970 |
| | 73,829,864 no.ordinary shares of Tk 10 each issued as bonus shares | 738,298,640 | 738,298,640 |
| | 81,212,850 no.ordinary shares of Tk 10 each issued as bonus shares | 812,128,500 | - |
| | | 8,933,413,560 | 8,121,285,060 |
| | Sponsor Shareholders Group | 2,985,828,490 | 2,565,624,260 |
| | General Shareholders Group | 5,947,585,070 | 5,555,660,800 |
| | | 8,933,413,560 | 8,121,285,060 |

31.12.2019

15.3 Classification of Shareholders by holding

| Year 2019 | No. of Shareholders | No. of shares | Percentage of holding of shares |
|-------------------------|---------------------|--------------------|---------------------------------|
| Less than 500 shares | 13,072 | 2,095,017 | 0.23% |
| 501 to 5,000 shares | 13,336 | 23,417,108 | 2.62% |
| 5,001 to 10,000 shares | 1,697 | 11,698,548 | 1.31% |
| 10,001 to 20,000 shares | 787 | 10,933,635 | 1.22% |
| 20,001 to 50,000 shares | 409 | 12,580,029 | 1.41% |
| 50,001 to 99,999 shares | 346 | 832,617,019 | 93.20% |
| Total | 29,647 | 893,341,356 | 100.00% |

31.12.2018

| Year 2018 | No. of Shareholders | No. of shares | Percentage of holding of shares |
|-------------------------|---------------------|--------------------|---------------------------------|
| Less than 500 shares | 14,285 | 2,206,781 | 0.27% |
| 501 to 5,000 shares | 14,429 | 24,190,887 | 2.98% |
| 5,001 to 10,000 shares | 1,738 | 11,723,180 | 1.44% |
| 10,001 to 20,000 shares | 809 | 11,002,187 | 1.35% |
| 20,001 to 50,000 shares | 411 | 12,459,070 | 1.53% |
| 50,001 to 99,999 shares | 363 | 750,546,401 | 92.42% |
| Total | 32,035 | 812,128,506 | 100.00% |

| | | | 2019 | 2018 |
|-------------|--|--------------------------------|-------------------------|----------------------|
| | | | Taka | Taka |
| 15.4 | Particulars of shareholding and Percentage Analysis | | | |
| | | Year 2019 | | |
| | Particulars of shareholding: | Number of Share holders | Number of Shares | |
| | Sponsors & Placement | 26 | 102,834,063 | 1,028,340,630 |
| | Sponsors Foreign | 13 | 12,306,920 | 123,069,200 |
| | Sponsors & Placement Company | 12 | 183,441,866 | 1,834,418,660 |
| | General Public | 29,008 | 155,586,599 | 1,555,865,990 |
| | Institutions (Bank & Insurance) | 36 | 24,535,859 | 245,358,590 |
| | Institution (Others) | 512 | 397,223,790 | 3,972,237,900 |
| | ICB Account Holders | 27 | 60,895 | 608,950 |
| | ICB | 1 | 10,148,204 | 101,482,040 |
| | ICB Unit Fund | 1 | 5,321,737 | 53,217,370 |
| | ICB Mutual Fund | - | - | - |
| | Employee | 2 | 1,598,195 | 15,981,950 |
| | Non-Resident Bangladeshi | 9 | 283,228 | 2,832,280 |
| | | 29,647 | 893,341,356 | 8,933,413,560 |
| | | | | 8,121,285,060 |

| Percentage of shareholding Analysis: | Percentage | Percentage |
|---|-------------------|-------------------|
| Sponsors & Placement | 11.51% | 9.70% |
| Sponsors Foreign | 1.38% | 1.36% |
| Sponsors & Placement Company | 20.53% | 20.53% |
| General Public | 17.42% | 20.24% |
| Institutions (Bank & Insurance) | 2.75% | 2.82% |
| Institution (Others) | 44.46% | 43.88% |
| ICB Account Holders | 0.01% | 0.01% |
| ICB | 1.14% | 1.03% |
| ICB Unit Fund | 0.60% | 0.01% |
| Employee | 0.18% | 0.39% |
| Non-Resident Bangladeshi | 0.03% | 0.03% |
| | 100% | 100% |

15.5 Capital Adequacy (Solo Basis)
Position of capital adequacy are given below:-

a) Going Concern Capital (Tier -I)

Common Equity Tier I (CET-1) Capital

| | | |
|---|-----------------------|-----------------------|
| i) Paid-up Capital | 8,933,413,560 | 8,121,285,060 |
| ii) Statutory Reserve (Note: 16) | 6,422,261,269 | 5,795,455,397 |
| iii) Retained Earnings (Note: 17) | 984,276,383 | 878,140,568 |
| | 16,339,951,211 | 14,794,881,025 |
| Additional Tier I (AT-1) Capital | - | - |
| | 16,339,951,211 | 14,794,881,025 |

| | 2019 | 2018 |
|--|------------------------|------------------------|
| | Taka | Taka |
| b) Gone Concern Capital (Tier-II) | | |
| i) General Provision (Note 13.2(b+c)) | 4,401,846,015 | 2,291,063,372 |
| ii) Assets Revaluation Reserve (eligible) | - | 105,567,973 |
| (As per Basel-III Guideline of Bangladesh Bank 80% & 100% Revaluation Reserve is Adjusted in 2018 and 2019 respectively) | | |
| iii) SIBLMudaraba Subordinated Bonds | 7,160,000,000 | 8,920,000,000 |
| | 11,561,846,015 | 11,316,631,345 |
| c) Total eligible capital (a +b) | 27,901,797,226 | 26,111,512,369 |
| d) Total Risk Weighted Assets | 202,485,885,000 | 183,000,985,000 |
| e) Minimum Required Capital (10% of Risk Weighted Assets) | 20,248,588,500 | 18,300,098,500 |
| f) Minimum Required Capital including conservation buffer (12.5% of Risk weighted assets) | 25,310,735,625 | 21,731,366,969 |
| g) Total Capital Surplus (c-e) | 7,653,208,726 | 7,811,413,869 |
| h) Total Capital Surplus considering conservation buffer(c-f) | 2,591,061,601 | 4,380,145,401 |
| Capital Adequacy (Consolidated basis) | | |
| Position of capital adequacy are given below:- | | |
| a) Going Concern Capital (Tier -I) | | |
| Common Equity Tier I (CET-1) Capital | | |
| i) Paid-up Capital | 8,933,413,560 | 8,121,285,060 |
| ii) Statutory Reserve (Note: 16) | 6,422,261,269 | 5,795,455,397 |
| iii) General Reserve | 9,843,356 | 10,764,250 |
| iv) Retained Earnings (Note: 18(a)) | 1,015,230,517 | 904,866,028 |
| | 16,380,748,701 | 14,832,370,735 |
| Additional Tier I (AT-1) Capital | - | - |
| | 16,380,748,701 | 14,832,370,735 |
| b) Gone Concern Capital (Tier-II) | | |
| i) General Provision (Note 13.1(b+c)) | 4,401,846,015 | 2,291,063,372 |
| ii) Assets Revaluation Reserve (eligible) | - | 105,567,973 |
| (As per Basel-III Guideline of Bangladesh Bank 80% & 100% Revaluation Reserve is Adjusted in 2018 and 2019 respectively) | | |
| iii) SIBLMudaraba Subordinated Bonds | 7,160,000,000 | 8,920,000,000 |
| | 11,561,846,015 | 11,316,631,345 |
| c) Total eligible capital (a +b) | 27,942,594,716 | 26,149,002,080 |
| d) Total Risk Weighted Assets | 201,385,860,000 | 181,993,065,000 |
| e) Minimum Required Capital (10% of Risk Weighted Assets) | 20,138,586,000 | 18,199,306,500 |
| f) Minimum Required Capital including conservation buffer (12.5% of Risk Weighted Assets) | 25,173,232,500 | 21,611,676,469 |
| g) Total Capital Surplus (c-e) | 7,804,008,716 | 7,949,695,580 |
| h) Total Capital Surplus considering conservation buffer(c-f) | 2,769,362,216 | 4,537,325,611 |

Capital to Risk Weighted Asset Ratio (Solo basis)

| Particulars | 31.12.2019 | | 31.12.2018 | |
|--|---------------|--------------------|----------------|--------------------|
| | Requirement | Capital Maintained | Requirement | Capital Maintained |
| Going Concern Capital: (Tier-I) | 6.00% | 8.07% | 6.00% | 8.08% |
| Common Equity Tier I Capital: (CET-1) | 4.50% | 8.07% | 4.50% | 8.08% |
| CET-1 Plus Conservation Buffer | 7.00% | 8.07% | 6.375% | 8.08% |
| Going Concern Capital: (Tier-II) | 0.00% | 5.71% | 0.00% | 6.18% |
| Minimum CRAR | 10.00% | 13.78% | 10.00% | 14.27% |
| Minimum CRAR Plus Conservation Buffer | 12.50% | 13.78% | 11.875% | 14.27% |

Capital Adequacy Ratio (Consolidated basis)

| Particulars | 31.12.2019 | | 31.12.2018 | |
|--|---------------|--------------------|----------------|--------------------|
| | Requirement | Capital Maintained | Requirement | Capital Maintained |
| Going Concern Capital: (Tier-I) | 6.00% | 8.13% | 6.00% | 8.15% |
| Common Equity Tier I Capital: (CET-1) | 4.50% | 8.13% | 4.50% | 8.15% |
| CET-1 Plus Conservation Buffer | 7.00% | 8.13% | 6.375% | 8.15% |
| Going Concern Capital: (Tier-II) | 0.00% | 5.74% | 0.00% | 6.22% |
| Minimum CRAR | 10.00% | 13.88% | 10.00% | 14.37% |
| Minimum CRAR Plus Conservation Buffer | 12.50% | 13.88% | 11.875% | 14.37% |

Bangladesh Bank vide its letter ref: BRPD(P-1)/661/13/2019-1525, dated: 17.02.2019, has accorded their permission to calculate total capital without adjusting the deferred provision as approved by Bangladesh Bank till the year 2021.

15.6

Breakdown of gross Risk-Weighted Assets (RWA) in the various categories of risk-weights**Solo Basis****a) Risk Weights for Credit Risk****(Amount in Taka)**

| Risk Weights (Both B/S & Off-B/S) | 31.12.2019 | | 31.12.2018 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | Principal amount | Risk Weighted Assets | Principal amount | Risk Weighted Assets |
| 0% | 56,275,400,000 | - | 44,650,700,000 | - |
| 20% | 30,841,900,000 | 6,168,380,000 | 25,553,500,000 | 5,110,700,000 |
| 40% | 3,024,900,000 | 1,209,960,000 | 1,874,400,000 | 749,760,000 |
| 50% | 109,584,900,000 | 54,792,450,000 | 89,391,200,000 | 44,695,600,000 |
| 60% | 24,077,500,000 | 14,446,500,000 | 23,108,200,000 | 13,864,920,000 |
| 75% | 24,691,400,000 | 18,518,550,000 | 24,714,800,000 | 18,536,100,000 |
| 80% | 9,215,900,000 | 7,372,720,000 | 11,080,600,000 | 8,864,480,000 |
| 100% | 55,324,400,000 | 55,324,400,000 | 58,130,100,000 | 58,130,100,000 |
| 120% | - | - | - | - |
| 125% | 14,388,900,000 | 16,356,025,000 | 14,001,300,000 | 13,604,275,000 |
| 150% | 5,658,800,000 | 8,488,200,000 | 745,300,000 | 1,117,950,000 |
| Total | 333,084,000,000 | 182,677,185,000 | 293,250,100,000 | 164,673,885,000 |
| b) Risk Weights for Operational Risk | 1,822,470,000 | 18,224,700,000 | 1,627,410,000 | 16,274,100,000 |
| c) Risk Weights for Market Risk | 158,400,000 | 1,584,000,000 | 205,300,000 | 2,053,000,000 |
| Total Risk Weighted Assets | | 202,485,885,000 | | 183,000,985,000 |

| | 2019 | 2018 |
|--|------|------|
| | Taka | Taka |

Consolidate basis

a) Risk Weights for Credit Risk

(Amount in Taka)

| Risk Weights (Both B/S & Off-B/S) | 31.12.2019 | | 31.12.2018 | |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | Principal amount | Risk Weighted Assets | Principal amount | Risk Weighted Assets |
| 0% | 56,365,200,000 | - | 44,727,600,000 | - |
| 20% | 30,841,900,000 | 6,168,380,000 | 25,553,400,000 | 5,110,680,000 |
| 40% | 3,024,900,000 | 1,209,960,000 | 1,874,400,000 | 749,760,000 |
| 50% | 109,584,900,000 | 54,792,450,000 | 89,391,200,000 | 44,695,600,000 |
| 60% | 24,077,500,000 | 14,446,500,000 | 23,108,200,000 | 13,864,920,000 |
| 75% | 24,691,400,000 | 18,518,550,000 | 24,714,800,000 | 18,536,100,000 |
| 80% | 9,215,900,000 | 7,372,720,000 | 11,080,600,000 | 8,864,480,000 |
| 100% | 55,369,000,000 | 55,369,000,000 | 58,281,400,000 | 58,281,400,000 |
| 120% | - | - | - | - |
| 125% | 13,123,000,000 | 14,773,650,000 | 12,797,700,000 | 12,099,775,000 |
| 150% | 5,658,800,000 | 8,488,200,000 | 745,300,000 | 1,117,950,000 |
| Total | 331,952,500,000 | 181,139,410,000 | 292,274,600,000 | 163,320,665,000 |

| | | | | |
|---|---------------|------------------------|---------------|------------------------|
| b) Risk Weights for Operational Risk | 1,840,605,000 | 18,406,050,000 | 1,640,340,000 | 16,403,400,000 |
| c) Risk Weights for Market Risk | 184,040,000 | 1,840,400,000 | 226,900,000 | 2,269,000,000 |
| Total Risk Weighted Assets | | 201,385,860,000 | | 181,993,065,000 |

16 Statutory Reserve

| | | |
|-------------------------------|----------------------|----------------------|
| Opening balance | 5,795,455,397 | 5,025,796,447 |
| Add: Addition during the year | 626,805,871 | 769,658,950 |
| | 6,422,261,269 | 5,795,455,397 |

16(a) General Reserve

| | | |
|----------------------------------|------------------|-------------------|
| Opening balance | 10,764,250 | 8,570,541 |
| Add: Addition during the year | - | 2,193,709 |
| Less: Adjustment during the year | (920,894) | - |
| | 9,843,356 | 10,764,250 |

The Board of SIBL Securities Ltd. has decided to create a general reserve @1% on total receivable from clients at the end of each year and add or adjustment with general reserve will depend on size of unrealized loss against outstanding margin loan and realization for the respective year. During the year, the adjustment made for creating provisions separately for impairment of margin loan and diminution in value of investment in shares.

17 Revaluation Reserve on fixed assets

| | | |
|--|--------------------|--------------------|
| Carrying (Revalued) amount of fixed assets (Land and Building) | 1,436,649,786 | 1,473,168,241 |
| Cost of fixed assets (land and building) less depreciation | 481,651,015 | 493,946,896 |
| Balance of revaluation reserve | 954,998,771 | 979,221,345 |
| Less: Adjustment made based on difference amount of depreciation | 23,619,510 | 24,222,574 |
| Remaining balance of revaluation reserve | 931,379,261 | 954,998,771 |

Property class under the head 'Land and Building' have been revalued in the year 2011, in accordance with the applicable rules and regulations as per IAS-16, 'Property, Plant and Equipment' and as per Bangladesh Bank BCD circular letter no: 12 & 18, dated: 20 April 1993 & 15 June 1993 and BRPD circular no: 10, dated: 25 November 2002. The valuation firms have used the fair value model to revalue the class of property. The valuation was not reviewed after year 2011.

| | 2019 | 2018 |
|--|------|------|
| | Taka | Taka |

a. The effective date of revaluation:

The revaluation was completed by the valuers on 20.03.2011. And The revaluation effect on the assets have been accounted for on 30.03.2011.

b. Valuer:

Two separate independent valuer firm 'Commodity Inspection Services (BD) Ltd.' and 'Royal Inspection International Ltd.' have been assigned to carry on the valuation job.

c. Method used for determination of fair value:

The valuer firms have used the market-based evidence to appraise the class of property 'Land and Building'. They have used current market prices as reference that has recently been observed for selling the land and buildings of same class of the same locality for appraising the fair value. Using the appraisal they have determined the amount of revaluation of the assets.

(Amounts in Taka)

| Location | Class of property | Cost less depreciation | Revaluation Surplus as on 31.01.2019 | Depreciation on revalued amount | Depreciation on cost | Amount of adjustment for the year 2019 |
|--------------------------|-------------------|------------------------|--------------------------------------|---------------------------------|----------------------|--|
| City Center, Head Office | Building | 328,491,538 | 784,500,172 | 27,824,793 | 8,212,288 | 19,612,505 |
| Chandaikona Branch | Land | 2,111,623 | 10,218,377 | | - | - |
| | Building | 967,572 | 1,080,698 | 51,207 | 24,189 | 27,018 |
| Savar Branch | Building | 26,374,204 | 23,914,447 | 1,257,216 | 659,355 | 597,861 |
| Panthapath Branch | Building | 21,944,055 | 44,313,673 | 1,656,443 | 548,601 | 1,107,842 |
| Rampura Branch | Building | 32,663,087 | 31,079,709 | 1,593,570 | 816,577 | 776,993 |
| Khulna Branch | Building | 15,388,812 | 12,125,185 | 687,850 | 384,720 | 303,130 |
| Nawabpur Road Branch | Building | 53,710,123 | 47,766,511 | 2,536,916 | 1,342,753 | 1,194,163 |
| | | 481,651,015 | 954,998,771 | 35,607,995 | 11,988,485 | 23,619,510 |

18 Retained Earnings

| | | |
|--|--------------------|--------------------|
| Opening balance | 878,140,568 | 778,444,828 |
| Less: Issue of cash dividend | - | - |
| Less: Issue of Stock dividend 10% | (812,128,500) | (738,298,640) |
| Add: Transferred from Profit & Loss Account | 894,644,805 | 813,771,806 |
| Add: Transferred from Revaluation Reserve for Fixed Assets | 23,619,510 | 24,222,574 |
| | 984,276,383 | 878,140,568 |

18(a) Consolidated retained earnings

| | | |
|--|----------------------|--------------------|
| Opening Balance | 904,866,027 | 787,091,456 |
| Less: Issue of cash dividend for SIBL shareholders | - | - |
| Less: Issue of Stock dividend 10% | (812,128,500) | (738,298,640) |
| Add: Transferred from current year retained earnings of SIBL & its subsidiaries (note 18.1(a)) | 898,873,480 | 831,850,638 |
| Add: Transferred from Revaluation Reserve for Fixed Assets of SIBL | 23,619,510 | 24,222,574 |
| | 1,015,230,517 | 904,866,027 |

SIBL has invested amount of Taka- 1,229,998,800 and Taka- 249,999,200 in two of its subsidiaries 'SIBL Securities Ltd. (SIBL SL)' and 'SIBL Investment Ltd. (SIBL IL)' respectively. SIBL holds 99.999902% and 99.99968% of total shares of its subsidiaries 'SIBL SL.' and 'SIBL IL.' respectively while the other shareholders of the subsidiaries hold 0.000098% and 0.00032% of total shares respectively.

| | | 2019 | 2018 |
|--|--|------|------|
| | | Taka | Taka |

Details of the shareholding position is as under:

| SI no. | Shareholders | No. Shares | | Value of shares | | Percentage of holding of shares | |
|--------|--|-------------------|------------------|----------------------|--------------------|---------------------------------|----------------|
| | | SIBL SL | SIBL IL | SIBL SL | SIBL IL | SIBL SL | SIBL IL |
| 1 | Social Islami Bank Limited | 2,299,988 | 2,499,992 | 1,229,998,800 | 249,999,200 | 100.000% | 100.000% |
| 2 | Alhaj Nasiruddin | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 3 | Mr. Md. Sayedur Rahman | 1 | - | 100 | - | 0.000% | - |
| 4 | Major (Retd.) Dr. Md. Rezaul Haque | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 5 | Alhaj Sultan Mahmood Chowdhury | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 6 | Mr. Abdul Awal Patwary | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 7 | Hamdard Laboratories (Waqf) Bangladesh, Represented by: Mr. Anisul Hoque | 1 | - | 100 | - | 0.000% | - |
| 8 | Mrs. Nargis Mannan | 1 | - | 100 | - | 0.000% | - |
| 9 | Mr. Kamaluddin Ahmed | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 10 | Alhaj Sk. Mohammad Rabban Ali | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 11 | Mr. A. Jabbar Mollah | 1 | - | 100 | - | 0.000% | - |
| 12 | Mr. Md. Kamal Uddin | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| 13 | Mr. Belal Ahmed | 1 | 1 | 100 | 100 | 0.000% | 0.000% |
| | | 12,300,000 | 2,500,000 | 1,230,000,000 | 250,000,000 | 100.00% | 100.00% |

18.1 Current year retained earnings

Social Islami Bank Limited

Profit after tax

1,521,450,676

1,583,430,756

Less : Statutory Reserve

626,805,871

769,658,950

894,644,805

813,771,806

| | | 2019 | 2018 |
|-----------------|---|-----------------------|-----------------------|
| | | Taka | Taka |
| 18.1.(a) | Consolidated Current year retained earnings | | |
| | Profit after tax of SIBL | 1,521,450,676 | 1,583,430,756 |
| | Less :Statutory Reserve | 626,805,871 | 769,658,950 |
| | Profit/(Loss) attributable to Group | 894,644,805 | 813,771,806 |
| | Add: Profit/(loss) of subsidiaries | | |
| | Add: Current year profit/(loss) of subsidiaries | | |
| | SIBL Securities Limited | 5,097,574 | 18,146,387 |
| | SIBL Investment Limited | (868,896) | (67,540) |
| | | 4,228,677 | 18,078,846 |
| | Less: Non controlling interests of profit/(loss) attributable for current year | | |
| | SIBL Securities Limited | 4 | 15 |
| | SIBL Investment Limited | (2) | - |
| | | 2 | 15 |
| | Less: Common income (Dividend) for elimination | | |
| | SIBL Securities Limited | - | - |
| | Profit/(Loss) attributable to parent | 898,873,480 | 831,850,638 |
| 18(b) | Non-controlling interest | | |
| | SIBL Securities Limited | | |
| | Paid up capital | 1,230,000,000 | 1,230,000,000 |
| | Retained earnings | 33,835,172 | 28,737,598 |
| | Net Assets | 1,263,835,172 | 1,258,737,598 |
| | SIBL Investment Limited | | |
| | Paid up capital | 250,000,000 | 250,000,000 |
| | Retained earnings | (2,880,818) | (2,011,922) |
| | Net Assets | 247,119,182 | 247,988,078 |
| | Non-controlling interests | | |
| | SIBL Securities Limited, @ 0.000098% of net assets | 1,219 | 1,215 |
| | SIBL Investment Limited, @0.00032% of net assets | 594 | 596 |
| | Total non-controlling interest | 1,814 | 1,812 |
| 19 | Contingent liabilities | | |
| 19.1 | Acceptances and Endorsements | | |
| | Bill Bankers' liabilities (DP) | 16,354,279,800 | 14,272,414,226 |
| | Bill Bankers' liabilities (BB/FO) | 966,841,000 | 914,702,237 |
| | Bill Bankers' liabilities (BB/LO) | 3,870,411,000 | 4,090,617,000 |
| | Bill Bankers' liabilities (EPZ) | 539,231,000 | 317,571,000 |
| | Bill Bankers' liabilities Others | 200,899,000 | 534,116,000 |
| | | 21,931,661,800 | 20,129,420,463 |
| 19.2 | Letter of Credit | | |
| | L/C Bankers' liabilities (DP) | 5,581,415,000 | 5,284,059,000 |
| | L/C Bankers' liabilities (BB/FO) | 1,070,742,000 | 796,931,000 |
| | L/C Bankers' liabilities (BB/LO) | 1,974,818,000 | 1,954,426,000 |
| | L/C Bankers' liabilities (Cash) | 6,115,576,805 | 6,530,138,200 |
| | L/C Bankers' liabilities (EPZ) | 502,530,000 | 647,014,000 |
| | L/C Bankers' liabilities (Others) | 529,965,344 | 621,582,000 |
| | | 15,775,047,149 | 15,834,150,200 |

| | | 2019 | 2018 |
|-------------|--|-----------------------|-----------------------|
| | | Taka | Taka |
| 19.3 | Letters of guarantees | | |
| | Letters of guarantee | 11,322,648,716 | 10,532,813,165 |
| 19.4 | Bills for collection | | |
| | In-ward bills for collection | - | - |
| | Out-ward Bills for Collection | 4,565,448,355 | 4,189,581,976 |
| | | 4,565,448,355 | 4,189,581,976 |
| 19.5 | Other Contingent Liabilities | - | - |
| 19.6 | Other Commitments | - | - |
| | Total Off-balance sheet items | 53,594,806,020 | 50,685,965,804 |
| | Income Statement (Note-20 to Note-38) | | |
| | Income: | | |
| | Income from Investment (Note-20) | 27,797,425,826 | 24,955,867,159 |
| | Income from Investment in Shares & Securities (Note-22) | 760,574,012 | 462,796,394 |
| | Commission, Exchange and Brokerage Income (Note-23) | 1,465,828,639 | 1,600,655,718 |
| | Other operating income (Note-24) | 687,299,082 | 596,194,180 |
| | | 30,711,127,559 | 27,615,513,451 |
| | Expenses: | | |
| | Profit paid on Deposits (Note-21) | 18,428,552,565 | 16,063,978,530 |
| | Administrative expenses | 3,395,575,890 | 3,145,854,129 |
| | Other operating expenses | 2,167,195,355 | 1,941,895,605 |
| | Depreciation on Banking assets | 377,693,254 | 320,667,613 |
| | | 24,369,017,064 | 21,472,395,877 |
| | Income over expenditure | 6,342,110,494 | 6,143,117,574 |
| 20 | Income from Investment | | |
| | Profit on Murabaha | 206,043,784 | 195,442,335 |
| | Profit on Bai-Muazzal | 18,263,667,034 | 15,878,285,646 |
| | Profit on Hire-Purchase | 6,379,691,766 | 6,275,719,215 |
| | Profit on Musharka | 32,436,760 | 38,163,397 |
| | Profit on Bai-Salam | 83,033,729 | 69,779,431 |
| | Profit on Quard against MTDR, Scheme and others | 532,992,282 | 533,590,475 |
| | Profit on Inland Document Bill Purchased | 392,535,775 | 381,907,836 |
| | Profit on Foreign Document Bill Purchased | 931,364,498 | 442,936,981 |
| | Profit on Ijarah | 79,419,586 | 55,324,304 |
| | Profit on Investment against Mudaraba Deposit with other Banks and NBFIs | 658,706,127 | 751,602,249 |
| | Profit on other investments (Card, Wakalat fee etc.) | 213,653,686 | 235,655,240 |
| | Profit on Mudaraba | 23,880,802 | 97,460,050 |
| | | 27,797,425,826 | 24,955,867,159 |

| | | 2019 | 2018 |
|-------|--|-----------------------|-----------------------|
| | | Taka | Taka |
| 20(a) | Consolidated income from investment | | |
| | Social Islami Bank Ltd. | 27,797,425,826 | 24,955,867,159 |
| | Add: Income from investment of subsidiaries of SIBL | 74,611,249 | 117,177,840 |
| | SIBL Securities Ltd. | 73,001,249 | 117,177,840 |
| | SIBL Investment Ltd. | 1,610,000 | - |
| | Grand total of consolidated investment income | 27,872,037,075 | 25,073,045,000 |
| 21 | Profit paid on Deposits | | |
| | Profit paid on deposits | | |
| | Mudaraba Savings Deposits (MSD) | 647,757,594 | 503,706,574 |
| | Mudaraba short notice deposit (MSND) | 448,010,965 | 347,633,513 |
| | Mudaraba term deposit (MTDR) | 12,719,545,830 | 11,631,716,648 |
| | Cash waqf fund deposit | 31,173,914 | 24,754,575 |
| | Profit paid on Scheme Deposits & others | 3,128,872,205 | 2,423,419,118 |
| | | 16,975,360,508 | 14,931,230,427 |
| | Profit paid on borrowings & SIBL Mudaraba Subordinate Bond | 1,453,192,057 | 1,132,748,103 |
| | Total profit paid on deposits and borrowings | 18,428,552,565 | 16,063,978,530 |
| 21(a) | Consolidated Profit paid on Deposits | | |
| | Social Islami Bank Ltd. | 18,428,552,565 | 16,063,978,530 |
| | Add: Income from investment of subsidiaries of SIBL | 72,093,691 | 73,726,464 |
| | SIBL Securities Ltd. | 72,093,691 | 73,726,464 |
| | SIBL Investment Ltd. | - | - |
| | Grand total of consolidated Profit paid on Deposits | 18,500,646,256 | 16,137,704,994 |
| 22 | Income from Investment in Shares & Securities | | |
| | Income from Investment in Islamic Bond | 389,846,554 | 251,076,251 |
| | Income from Investment in Shares | 7,073,878 | 14,229,302 |
| | Income from Mudaraba Subordinate Bond | 142,991,669 | 44,856,842 |
| | Dividend Income | 220,661,911 | 152,633,999 |
| | | 760,574,012 | 462,796,394 |
| | | | |
| | So-cal Islami Bank Ltd. has investment of Tk. 1325.00 crore in Bangladesh Govt. Islamic Investment Bond for which 3.00%, average rate of income has been provided for January-December 2019. The nature of the Fund is to generate profit according to Mudaraba Principle. | | |
| 22(a) | Consolidated income from Investment in Shares & Securities | | |
| | Social Islami Bank Ltd. | 760,574,012 | 462,796,394 |
| | Add: Income from Investment in Shares & Securities of subsidiaries of SIBL | 13,424,528 | 15,112,125 |
| | SIBL Securities Ltd. | 12,470,948 | 15,112,125 |
| | SIBL Investment Ltd. | 953,580 | - |
| | Less: Common income for elimination | | |
| | SIBL Securities Ltd. | - | - |
| | Grand total of consolidated income from Investment in Shares & Securities | 773,998,540 | 477,908,519 |

| | | 2019 | 2018 |
|--------------|--|----------------------|----------------------|
| | | Taka | Taka |
| 23 | Commission, Exchange & Brokerage | | |
| | Commission | 682,433,291 | 679,730,570 |
| | Exchange income | 783,395,348 | 920,925,148 |
| | | 1,465,828,639 | 1,600,655,718 |
| 23(a) | Consolidated income from commission, exchange & brokerage | | |
| | Social Islami Bank Ltd. | 1,465,828,639 | 1,600,655,718 |
| | Add: Income from commission, exchange & brokerage of subsidiaries of SIBL | 60,411,796 | 86,709,888 |
| | SIBL Securities Ltd. | 60,411,796 | 86,709,888 |
| | SIBL Investment Ltd. | - | - |
| | | | |
| | Grand total of consolidated income from commission, exchange & brokerage | 1,526,240,435 | 1,687,365,606 |
| 24 | Other Operating Income | | |
| | P & T charge recovered | 1,476,629 | 1,946,494 |
| | Courier Charges Recovery & Others | 7,903,186 | 8,836,676 |
| | Services & charges | 336,380,402 | 356,948,450 |
| | SWIFT/ Return charge recovered | 51,928,649 | 47,207,878 |
| | Other charges (Note: 24.1) | 289,610,215 | 181,254,682 |
| | | 687,299,082 | 596,194,180 |
| 24(a) | Consolidated other operating income | | |
| | Social Islami Bank Ltd. | 687,299,082 | 596,194,180 |
| | Add: Other operating Income of subsidiaries of SIBL | 1,779,938 | 945,233 |
| | SIBL Securities Ltd. | 1,779,938 | 945,233 |
| | SIBL Investment Ltd. | - | - |
| | | | |
| | Grand total of consolidated income from other operating income | 689,079,020 | 597,139,413 |
| 24.1 | Other Charges | | |
| | Rent receipts | 3,335,931 | 2,540,779 |
| | Income from sale of forms | 96,420 | 172,070 |
| | Service charge on SIBL Cards | 77,915,128 | 72,274,818 |
| | Notice pay earnings | 5,972,795 | 4,572,650 |
| | Miscellaneous income | 202,289,941 | 101,694,364 |
| | | 289,610,215 | 181,254,682 |
| 25 | Salary & Allowances | | |
| | Basic Salary | 1,316,385,514 | 1,272,868,382 |
| | Allowances | 1,234,183,389 | 1,211,751,483 |
| | Bonus | 544,200,196 | 495,617,232 |
| | L/E Salary & Allowances | 144,104,421 | 26,608,143 |
| | Bank's Contribution to Provident fund | 127,084,546 | 115,464,033 |
| | Bank's Contribution to So-al Insurance fund | 12,694,694 | 11,624,857 |
| | SIBL Group life Insurance Premium | 4,211,130 | - |
| | | 3,382,863,890 | 3,133,934,129 |

| | | 2019 | 2018 |
|--------------|---|----------------------|----------------------|
| | | Taka | Taka |
| 25(a) | Consolidated expenses for Salary and Allowance | | |
| | Social Islami Bank Ltd. | 3,382,863,890 | 3,133,934,129 |
| | Add: Salary and Allowance for subsidiaries | 31,018,682 | 34,035,336 |
| | SIBL Securities Ltd. | 31,018,682 | 34,035,336 |
| | SIBL Investment Ltd. | - | - |
| | | 3,413,882,572 | 3,167,969,465 |
| 26 | Rent, Taxes, Insurance & Electricity etc. | | |
| | Rent, Rates & Taxes (note: 26.1) | 332,865,298 | 308,498,357 |
| | Insurance (note: 26.2) | 147,140,497 | 133,030,500 |
| | Electricity, Lighting & Water (note: 26.3) | 93,005,865 | 83,060,810 |
| | | 573,011,660 | 524,589,668 |
| 26(a) | Consolidated expenses for rent, taxes, insurance & electricity | | |
| | Social Islami Bank Ltd. | 573,011,660 | 524,589,668 |
| | Add: Rent, Taxes, Insurance & Electricity etc. of subsidiaries | 6,198,307 | 6,042,040 |
| | SIBL Securities Ltd. | 6,198,307 | 6,042,040 |
| | SIBL Investment Ltd. | - | - |
| | | 579,209,966 | 530,631,708 |
| 26.1 | Rents, Rates, Taxes, Insurance & Lighting etc. | | |
| | Rents | | |
| | Rent (Office) | 324,458,510 | 299,682,189 |
| | Rent (Garage) | 300,980 | 369,380 |
| | Rent (Godown & others) | 4,989,087 | 4,544,618 |
| | | 329,748,577 | 304,596,187 |
| | Rates and Taxes | 3,116,720 | 3,902,170 |
| | Total Rents, Rates & Taxes | 332,865,298 | 308,498,357 |
| 26.2 | Insurances | | |
| | Insurance Premium in Counter | 807,239 | 911,523 |
| | Insurance Premium in Transit | 7,237,901 | 6,575,992 |
| | Insurance Premium Safe/Vault | 6,034,278 | 7,093,585 |
| | Insurance Premium on deposit | 129,712,448 | 114,063,326 |
| | Insurance Premium on Vehicle | 1,605,403 | 1,662,332 |
| | Other Insurance | 1,743,228 | 2,723,742 |
| | | 147,140,497 | 133,030,500 |
| 26.3 | Lighting & Electricity | | |
| | Lighting & Electricity Bill (Office) | 82,788,662 | 73,956,809 |
| | Lighting & Electricity Charges (Office) | 5,760,829 | 5,092,817 |
| | Sub Total | 88,549,490 | 79,049,626 |
| | Water & Sewerage | 4,456,375 | 4,011,184 |
| | | 93,005,865 | 83,060,810 |

| | | 2019 | 2018 |
|--------------|---|--------------------|--------------------|
| | | Taka | Taka |
| 27 | Legal Expenses | | |
| | Legal Fees & Charge | 5,860,731 | 5,153,988 |
| | Stamp Duties | 155,999 | 59,823 |
| | Other Legal Expenses | 5,252,045 | 5,372,682 |
| | | 11,268,775 | 10,586,493 |
| 28 | Postage, Stamps, Telecommunication etc. | | |
| | Cable Network rent | 325,203 | 311,041 |
| | Telegram, Fax, Telex & other charges | - | 145,000 |
| | Telephone charges | 3,180,154 | 2,940,916 |
| | Mobile phone charges | 3,244,988 | 5,075,478 |
| | | 6,750,345 | 8,472,436 |
| 28(a) | Consolidated expenses for Postage, Stamps, Telecommunication etc. | | |
| | Social Islami Bank Limited | 6,750,345 | 8,472,436 |
| | Add: Postage, Stamps, Telecommunication etc. expenses for subsidiaries | 2,026,095 | 1,616,417 |
| | SIBL Securities Ltd. | 2,026,095 | 1,616,417 |
| | SIBL Investment Ltd. | - | - |
| | | 8,776,440 | 10,088,853 |
| 29 | Stationery, Printing, Advertisements etc. | | |
| | Table Stationery | 13,861,407 | 12,974,100 |
| | Printing & Stationery | 63,353,438 | 34,004,513 |
| | News Paper & Magazine | 24,510,840 | 26,636,211 |
| | Television & Radio | 44,361,750 | 42,770,403 |
| | Neon Sign, Banner etc. | 814,821 | 297,855 |
| | Other Publi·ty | 14,093,877 | 15,895,240 |
| | | 160,996,133 | 132,578,322 |
| 29(a) | Consolidated expense of Stationery, Printing, Advertisement etc. | | |
| | Social Islami Bank Ltd. | 160,996,133 | 132,578,322 |
| | Stationery, Printing, Advertisement expense of Subsidiaries of SIBL | 477,675 | 387,554 |
| | SIBL Securities Limited. | 477,675 | 387,554 |
| | SIBL Investment Limited. | - | - |
| | | 161,473,808 | 132,965,876 |
| 30 | Managing Director's salary and allowances | | |
| | Basic Salary | 7,381,000 | 6,710,000 |
| | Allowances | 3,000,000 | 3,000,000 |
| | Festival & other Bonus | 2,331,000 | 2,210,000 |
| | | 12,712,000 | 11,920,000 |
| 31 | Directors' Fees & Meeting Expenses | | |
| | Directors Fee | 2,349,881 | 2,238,800 |
| | Meeting Expenses | 7,148,803 | 2,300,601 |
| | | 9,498,684 | 4,539,401 |

| | | 2019 | 2018 |
|--------------|---|--------------------|--------------------|
| | | Taka | Taka |
| 31(a) | Consolidated Directors' fees & Meeting Expenses: | | |
| | Social Islami Bank Limited | 9,498,684 | 4,539,401 |
| | Directors' Fees & Meeting Expenses of Subsidiaries of SIBL | 419,500 | 333,500 |
| | SIBL Securities Limited | 419,500 | 333,500 |
| | SIBL Investment Limited | - | - |
| | | 9,918,184 | 4,872,901 |
| 32 | Shariah Supervisory Committee's Fees & Expenses | | |
| | Shariah Council Meeting Expenses | 446,507 | 245,903 |
| | | 446,507 | 245,903 |
| 33 | Depreciation and Repair of Bank's Assets | | |
| | a) Depreciation of Bank's Assets (Annexure A) | | |
| | Land | - | - |
| | Building | 49,091,006 | 50,359,435 |
| | Furniture & Fixtures | 79,975,897 | 64,322,198 |
| | Office Appliance & Equipment | 149,430,092 | 137,015,338 |
| | Computer Software | 18,135,533 | 16,029,023 |
| | Vehicles | 14,505,903 | 16,674,900 |
| | Books | 78,416 | 73,012 |
| | | 311,216,849 | 284,473,905 |
| | b) Repair on Bank's Assets | | |
| | Building | 180,456 | 24,081 |
| | Motor Car/ Vehicle | 3,826,584 | 3,757,189 |
| | Furniture Fixture | 3,415,073 | 1,788,138 |
| | Mechanical Appliances | 16,005,681 | 13,479,884 |
| | Software Maintenance fee | 1,261,250 | 15,471,595 |
| | Hardware Maintenance fee | 704 | 1,400 |
| | IT Enable Service Charges | 41,786,658 | 1,671,420 |
| | | 66,476,405 | 36,193,707 |
| | Total of Depreciation and repair of Bank's Assets | 377,693,254 | 320,667,613 |
| 33(a) | Consolidated balance of Depreciation | | |
| | Social Islami Bank Ltd. | 377,693,254 | 320,667,613 |
| | Add: Depreciation on assets of subsidiaries | 1,406,763 | 1,576,212 |
| | SIBL Securities Ltd. | 1,406,763 | 1,576,212 |
| | SIBL Investment Ltd. | - | - |
| | Add: Repairs & Maintenance on assets of subsidiaries | 810,805 | 839,342 |
| | SIBL Securities Ltd. | 810,805 | 839,342 |
| | SIBL Investment Ltd. | - | - |
| | | 379,910,822 | 323,083,166 |

| | | 2019 | 2018 |
|-----------|---|----------------------|----------------------|
| | | Taka | Taka |
| 34 | Other Expenses | | |
| | Local conveyance | 20,235,180 | 17,495,129 |
| | Petroleum, oil & lubricants | 17,076,671 | 16,083,257 |
| | Entertainment expenses | 47,688,493 | 48,535,108 |
| | Traveling allowances | 39,274,222 | 34,740,787 |
| | Travelling Foreign | 5,299,015 | 2,021,530 |
| | Bank charges | 10,914,576 | 2,233,574 |
| | Uniform charges | 1,845,270 | 1,342,300 |
| | Subscriptions to Institutions & Others | 7,984,120 | 4,808,067 |
| | Banks' clearing house charges | 29,568 | 41,467 |
| | CIB Charges | 1,251,930 | 963,160 |
| | Transportation charges | 6,857,724 | 5,285,938 |
| | News paper, Journal & periodicals | 190,721 | 246,395 |
| | Washing charges | 984,332 | 721,845 |
| | Training expenses Academy/ Internal | 605,358 | 467,777 |
| | Training expenses at outside Banks | 2,085,724 | 2,868,266 |
| | Meeting expenses | 34,928 | 21,650 |
| | Direct expenses on investment | 52,219 | - |
| | Up keep of branches/office premises | 6,703,808 | 6,217,444 |
| | Ex-cess duty | 1,246,150 | 2,098,500 |
| | Computer charges | 17,025,558 | 15,907,011 |
| | Security Services | 171,101,570 | 166,229,871 |
| | Cleaner Services | 6,945,812 | 6,088,807 |
| | Others wages | 186,695,326 | 149,447,266 |
| | Photocopy expenses | 1,040,015 | 1,245,383 |
| | Photography expenses | 118,429 | 45,853 |
| | Cash & Bank remittance charges | 4,687,823 | 4,410,800 |
| | Honorarium | 3,865,350 | 3,214,200 |
| | On-Line Expenses | 36,214,592 | 33,241,603 |
| | ATM Rent Hardware | 3,071,143 | 3,419,018 |
| | Professional & Rating Fees | 42,048,887 | 4,495,789 |
| | Other Utility | 6,153,839 | 4,501,510 |
| | Bond issue related Expense | 3,974,300 | 6,815,500 |
| | Donation to Government | 79,000 | 250,026,500 |
| | Donation to Others | 209,299 | 748,695 |
| | CSR Related Expenditure | 265,040,772 | 50,001,483 |
| | Fair value adjustment for shares and securities | 122,515,819 | 112,898,604 |
| | Gratuity expense | 125,056,624 | 120,922,496 |
| | Miscellaneous expenses | 88,576,335 | 50,790,252 |
| | | 1,254,780,502 | 1,130,642,835 |

| | | 2019 | 2018 |
|--------------|--|----------------------|----------------------|
| | | Taka | Taka |
| 34(a) | Consolidated Other Expenses | | |
| | Social Islami Bank Limited | 1,254,780,502 | 1,130,642,835 |
| | Add:Other Expenses for SIBL Securities Limited | 10,742,507 | 17,271,905 |
| | License, fees, renewals and incorporation expenses | 7,570,217 | 12,086,915 |
| | Entertainment | 833,903 | 579,445 |
| | Others | 2,338,387 | 4,605,545 |
| | Other Expenses for SIBL Investment Limited | 93,815 | 44,540 |
| | Incorporation and Other Regulatory expenses | 40,580 | 17,490 |
| | Bank charge and Ex-ese duty | 52,235 | 26,150 |
| | Others | 1,000 | 900 |
| | | 1,265,616,824 | 1,147,959,281 |
| 35 | Other Provision | | |
| | Provision for other assets (note: 13.2) | 5,637,000 | 30,100,000 |
| | Mudaraba Profit Distribution (note: 13.6) | 15,000,000 | - |
| | Provision for good borrower (note: 13.7) | 2,000,000 | 1,222,000 |
| | Provision for Climate Risk Fund (note:13.8) | 1,000,000 | 2,000,000 |
| | | 23,637,000 | 33,322,000 |
| 35(a) | Consolidated other provision | | |
| | Social Islami Bank Ltd. | 23,637,000 | 33,322,000 |
| | Add:Provision for subsidiaries | | |
| | SIBL Securities Ltd. | | |
| | Provision for general reserve | (920,894) | 2,193,709 |
| | Provision for impairment of margin loan | 3,090,496 | 30,877,510 |
| | Provision for diminution in value of investment | 3,075,197 | 15,642,073 |
| | | 5,244,799 | 48,713,292 |
| | SIBL Investment Ltd. (Provision for diminution in value of investment) | 2,660,502 | - |
| | | 31,542,301 | 82,035,292 |
| 36 | Provision against Investment, Off-Balance Sheet items & Others | | |
| | Provision on classified investment | 1,073,661,495 | 2,825,055,062 |
| | Provision on unclassified investment | 2,085,452,904 | (349,201,263) |
| | Provision on Off-Balance Sheet items | 25,329,739 | (214,352,974) |
| | Other provisions (note: 35) | 23,637,000 | 33,322,000 |
| | | 3,208,081,138 | 2,294,822,825 |
| 36(a) | Consolidated Provision against Investment, Off-Balance Sheet items & Others | | |
| | Social Islami Bank Ltd. | 3,208,081,138 | 2,294,822,825 |
| | Add:Provision for subsidiaries | 7,905,301 | 48,713,292 |
| | SIBL Securities Ltd. | 5,244,799 | 48,713,292 |
| | SIBL Investment Ltd. | 2,660,502 | - |
| | | 3,215,986,439 | 2,343,536,117 |
| 37 | Provision for Income Tax | | |
| | Current year provision (Note: 37.1) | 1,593,092,009 | 2,227,743,967 |
| | Deferred Tax expense/(income) (Note: 37.2) | 19,486,671 | 37,120,027 |
| | | 1,612,578,681 | 2,264,863,993 |

| | | 2019 | 2018 |
|--------------|--|----------------------|----------------------|
| | | Taka | Taka |
| 37(a) | Consolidated Provision for Income Tax | | |
| | Social Islami Bank Limited | 1,612,578,681 | 2,264,863,993 |
| | SIBL Securities Limited | 12,093,034 | 17,233,637 |
| | Current year provision | 12,311,797 | 17,309,147 |
| | Deferred Tax expense/(income) | (218,763) | (75,510) |
| | SIBL Investment Limited | 655,159 | - |
| | | 1,625,326,874 | 2,282,097,630 |

37.1 Current Year Tax Provision

Provision on tax has been calculated based on Income Tax Ordinance, 1984 as amended upto 2019 by the Finance Act, considering the allowances and disallowances.

37.2 Deferred Tax Expenses/(Income)

Deferred tax expense/(income) for liability/(asset) has been calculated as per Bangladesh Accounting Standard 12.

38 Earning Per Share (EPS)

SIBL has issued 1:1 right share for an amount of Taka- 2,987,815,750 as approved in its 242nd Board Meeting held on 02 March 2011 by the Directors of the Board. Before right issue SIBL had a total capital of Taka- 2,987,815,750 as on 31.12.2010. The paid up capital was further enhanced by an amount of Taka- 418,294,200, Taka-637,489,940, Taka-351,570,780 and Taka-738,298,640 issued as bonus share for the years ended 31 December 2010, 2012, 2015 and 2017. Now the total paid up capital after right issue and issue of bonus shares amounts to Taka- 8,933,413,560 with a total no. of 893,341,356 shares having face value @ Taka- 10/ share.

| | | | |
|----------------|---|----------------|-----------------|
| | Net Profit after Tax | 1,521,450,676 | 1,583,430,756 |
| | Number of ordinary shares outstanding | 893,341,356 | 893,341,356 |
| | Earning Per Share (EPS) (Prior year Restated) | 1.70 | 1.77 |
| 38(a) | Consolidated Earning Per Share (CEPS) | | |
| | Net Profit after Tax | 1,525,679,352 | 1,601,509,590 |
| | Number of ordinary shares outstanding | 893,341,356 | 893,341,356 |
| | Consolidated Earning Per Share (CEPS) (Prior year Restated) | 1.71 | 1.79 |
| 38 (i) | Net Asset Value (NAV) Per Share: | | |
| | Net Asset Value (Consolidated) | 17,312,127,963 | 15,787,369,506 |
| | Net Asset Value (Solo) | 17,271,330,473 | 15,749,879,796 |
| | Number of ordinary shares outstanding | 893,341,356 | 893,341,356 |
| | Net Asset Value (NAV) Per Share (Consolidated) (Prior year Restated) | 19.38 | 17.67 |
| | Net Asset Value (NAV) Per Share (Solo) (Prior year Restated) | 19.33 | 17.63 |
| 38 (ii) | Net Operating Cash Flows per share (NOCFPS): | | |
| | Net Cash flow from operating activities (Consolidated) | 18,322,383,329 | (9,085,596,789) |
| | Net Cash flow from operating activities (Solo) | 18,322,043,775 | (9,085,342,845) |
| | Number of ordinary shares outstanding | 893,341,356 | 893,341,356 |
| | Net Operating Cash Flow Per Share (NOCFPS)(Consolidated) (prior year restated) | 20.51 | (10.17) |
| | Net Operating Cash Flow Per Share (NOCFPS)(Solo) (prior year restated) | 20.51 | (10.17) |

| | | 2019 | 2018 |
|---|--|-----------------------|-----------------------|
| | | Taka | Taka |
| Notes for Cash Flow Statement (Note-39 to Note-45) | | | |
| 39 | Income from Investment | | |
| | Investment profit receipt | 27,797,425,826 | 24,955,867,159 |
| | Add: Opening profit receivable | 472,885,826 | 345,606,462 |
| | Less: Closing profit receivable | (665,595,298) | (472,885,826) |
| | | 27,604,716,354 | 24,828,587,795 |
| 39(a) | Consolidated income from investment | | |
| | Income from investment of SIBL | 27,604,716,354 | 24,828,587,795 |
| | Income from investment of Subsidiaries of SIBL | 74,611,249 | 117,177,840 |
| | SIBL Securities Ltd. | 73,001,249 | 117,177,840 |
| | SIBL Investment Ltd. | 1,610,000 | - |
| | Grand total | 27,679,327,604 | 24,945,765,635 |
| 40 | Receipts from Other Operating Activities (Other than profit on sale of fixed assets) | | |
| | Exchange income | 728,949,739 | 855,158,862 |
| | Rent receipts | 3,335,931 | 2,540,779 |
| | P & T charge recovered | 1,476,629 | 1,946,494 |
| | Courier Charges Recovery & Others | 7,903,186 | 8,836,676 |
| | Notice pay earnings | 5,972,795 | 4,572,650 |
| | Miscellaneous income | 202,289,941 | 101,694,364 |
| | Services & charges | 336,380,402 | 356,948,450 |
| | SWIFT/ Return charge recovered | 51,928,649 | 47,207,878 |
| | Service charge on SIBL Cards | 77,915,128 | 72,274,818 |
| | Income from sale of forms | 96,420 | 172,070 |
| | | 1,416,248,821 | 1,451,353,042 |
| 40(a) | Consolidated receipts from Other Operating Activities (Other than profit on sale of fixed assets) | | |
| | Receipts from Other Operating Activities of SIBL | 1,416,248,821 | 1,451,353,042 |
| | Receipts from other operating activities of Subsidiaries of SIBL | 1,779,938 | 945,233 |
| | SIBL Securities Ltd. | 1,779,938 | 945,233 |
| | SIBL Investment Ltd. | - | - |
| | | 1,418,028,758 | 1,452,298,275 |
| 41 | Payment to others | | |
| | Rent (Office) | 324,458,510 | 299,682,189 |
| | Rent (Garage) | 300,980 | 369,380 |
| | Rent (Godown) | 4,989,087 | 4,544,618 |
| | Rates and Taxes | 3,116,720 | 3,902,170 |
| | Insurance Premium for cash in counter | 807,239 | 911,523 |
| | Insurance Premium for cash in transit | 7,237,901 | 6,575,992 |
| | Insurance Premium for cash in safe/ vault | 6,034,278 | 7,093,585 |
| | Insurance Premium on deposit | 129,712,448 | 114,063,326 |
| | Insurance Premium for vehicle | 1,605,403 | 1,662,332 |
| | Other Insurance | 1,743,228 | 2,723,742 |
| | Lighting and Electricity Bill (Office) | 82,788,662 | 73,956,809 |
| | Lighting and Electricity Charges (Office) | 5,760,829 | 5,092,817 |
| | Water and Sewerage | 4,456,375 | 4,011,184 |
| | Legal Expenses | 11,268,775 | 10,586,493 |
| | Directors Fees and Meeting Expenses | 9,498,684 | 4,539,401 |
| | Shariah Supervisory Fees & Expenses | 446,507 | 245,903 |
| | Audit Fees | 920,000 | 575,000 |
| | Repairs and Maintenance | 66,476,405 | 36,193,707 |
| | Zakat expenses | 149,522,749 | 129,665,548 |
| | Other Expenses (note: 34) | 1,254,780,502 | 1,130,642,835 |
| | | 2,065,925,283 | 1,837,038,555 |

| | | 2019 | 2018 |
|--------------|--|-----------------------|------------------------|
| | | Taka | Taka |
| 41(a) | Consolidated payment to others | | |
| | Social Islami Bank Limited | 2,065,925,283 | 1,837,038,555 |
| | Payment to others- Subsidiaries | 18,322,434 | 24,577,327 |
| | SIBL Securities Limited | 18,205,619 | 24,509,787 |
| | SIBL Investment Limited | 116,815 | 67,540 |
| | | 2,084,247,716 | 1,861,615,882 |
| 42 | Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities | | |
| | Cash flows from operating activities | | |
| | Net Profit after Taxation | 1,521,450,676 | 1,583,430,756 |
| | (Increase)/Decrease Profit Receivable | (192,709,472) | (127,279,364) |
| | (Increase)/Decrease Profit Payable on Deposit | 1,744,045,315 | 1,578,018,838 |
| | Effects of exchange rate changes on cash & cash equivalents | (54,445,609) | (65,766,286) |
| | Provision for Tax | 1,612,578,681 | 2,264,863,993 |
| | Provision for Investment, Contingent Liability & Others | 3,208,081,138 | 2,294,822,825 |
| | Depreciation & Amortization of Fixed Assets | 311,216,849 | 284,473,905 |
| | Income tax paid | (1,313,745,832) | (1,268,621,662) |
| | Operating Profit before changes in operating assets & liabilities | 6,836,471,745 | 6,543,943,005 |
| 42(a) | Consolidated Cash flows from operating activities | | |
| | Net Profit after Taxation | 1,525,679,354 | 1,601,509,605 |
| | (Increase)/Decrease Profit Receivable | (192,709,472) | (127,279,364) |
| | (Increase)/Decrease Profit Payable on Deposit | 1,744,045,315 | 1,578,018,838 |
| | Effects of exchange rate changes on cash & cash equivalents | (54,445,609) | (65,766,286) |
| | Provision for Tax | 1,625,326,874 | 2,282,097,630 |
| | Provision for Investment, Contingent Liability & Others | 3,215,986,439 | 2,343,536,116 |
| | Depreciation & Amortization of Fixed Assets | 312,623,612 | 286,050,117 |
| | Income tax paid | (1,326,270,037) | (1,285,952,527) |
| | Operating Profit before changes in operating assets & liabilities | 6,850,236,475 | 6,612,214,128 |
| 43 | Cash Increase/ Decrease in Other Assets | | |
| | Stock of stationery, stamps and printing materials etc. (valued at cost) | 36,651,315 | 38,940,292 |
| | Advance rent | 236,783,450 | 240,368,398 |
| | Security Deposit | 3,441,126 | 3,156,556 |
| | Branch Adjustments (SIBG) (Note: 9.1) | 2,950,929,983 | 7,101,009,106 |
| | Suspense Accounts (Note: 9.2) | 192,702,080 | 219,594,442 |
| | Other Prepayments | 64,210,064 | 64,216,511 |
| | Receivable from M/S. Stock & Bond and SIBL Securities Ltd. | 21,482,142 | 122,074,364 |
| | Advance Income Tax | 10,685,152,854 | 9,371,407,022 |
| | Receivable from SIBL Securities Limited | 72,000,000 | - |
| | Receivable from SIBL Investment Limited | 1,883,690 | 1,820,060 |
| | Protested Bills against Investment | 325,014,570 | 319,377,570 |
| | Receivable from Off-shore Banking Unit | 36,882,278 | 62,481,496 |
| | Dividend Receivable Account | 562,130,020 | 458,442,289 |
| | Profit Receivable from Mudaraba Subordinated Bond | 99,616,438 | 19,428,082 |
| | Others (Note: 9.3) | 10,969,426 | 31,456,411 |
| | | 15,299,849,435 | 18,053,772,598 |
| | Difference between (2019, 2018) | 2,753,923,163 | (4,120,448,810) |
| | Advance Income Tax | 1,313,745,832 | 1,268,621,662 |
| | Net change in Other Assets | 4,067,668,995 | (2,851,827,148) |

| | | 2019 | 2018 |
|--------------|--|-----------------------|------------------------|
| | | Taka | Taka |
| 43(a) | Consolidated cash increase/decrease in other assets | | |
| | Social Islami Bank Limited | 15,299,849,435 | 18,053,772,598 |
| | Cash Increase/ Decrease in Other Assets of subsidiaries | 2,177,622,105 | 2,226,222,259 |
| | | 17,477,471,540 | 20,279,994,857 |
| | Difference between (2019, 2018) | 2,802,523,316 | (4,328,291,129) |
| | Advance Income Tax | 1,326,270,037 | 1,285,952,527 |
| | Consolidated net change in Other Assets | 4,128,793,353 | (3,042,338,602) |
| 44 | Cash Increase/ Decrease in Other Liabilities | | |
| | Adjusting A/C (Cr.) Balance | 10,231,405 | 12,030,804 |
| | Other Payable | 12,263,717 | 3,079,086 |
| | Compensation and Rent Suspense (note: 13.3) | 2,870,657,332 | 1,874,740,496 |
| | BEFTN Adjustment Account | 35,998,977 | 24,672,552 |
| | Parking Account | - | 51 |
| | ATM Settlement for Q-Cash | 23,642,698 | 34,004,885 |
| | | 2,952,794,130 | 1,948,527,874 |
| | Cash Increase/ (Decrease) in Other Liabilities | 1,004,266,256 | (2,216,321,248) |
| | Difference between (2019 & 2018) | 1,004,266,256 | (2,216,321,248) |
| | Add: Transfer to Provision for Investment from Compensation (In Yr. 2019) | 155,621,173 | 150,182,617 |
| | Add: Zakat expense transferred to Sadaka Fund | 149,522,749 | 129,665,548 |
| | Less: Zakat distributed during the year | 81,040,968 | 92,567,800 |
| | Less: Gratuity transferred & Paid during the year | - | 232,104 |
| | Less: Written off/ Waiver of investment during the year | 31,734,980 | 83,067,558 |
| | | 1,196,634,229 | (2,112,340,545) |
| 44(a) | Consolidated cash increase/decrease in other liabilities | | |
| | Cash Increase/ Decrease in other liabilities of So-al Islami Bank Limited | 2,952,794,130 | 1,948,527,874 |
| | Cash Increase/ Decrease in Other Liabilities of subsidiaries | 328,766,448 | 232,007,925 |
| | | 3,281,560,578 | 2,180,535,799 |
| | Difference between (2019, 2018) | 1,101,024,779 | (2,161,796,190) |
| | Other changes in other liabilities of So-al Islami Bank Limited | 192,367,974 | 104,212,807 |
| | Net change in Other Liabilities-Social Islami Bank Limited | 1,293,392,753 | (2,057,583,383) |
| 45 | Cash and Cash Equivalent | | |
| | Cash in Hand | 2,949,269,520 | 2,344,258,315 |
| | Balance with Bangladesh Bank & Sonali Bank Limited (as agent of Bangladesh Bank) | 28,949,172,602 | 23,735,810,359 |
| | Balance with Other Banks & Financial Institutions-in Bangladesh | 9,114,429,400 | 7,070,641,984 |
| | Balance with Other Banks & Financial Institutions-outside Bangladesh | 1,084,292,499 | 323,695,854 |
| | | 42,097,164,021 | 33,474,406,512 |
| 45(a) | Consolidated Cash and Cash Equivalent | | |
| | Social Islami Bank Limited | 42,097,164,021 | 33,474,406,512 |
| | Cash and Cash Equivalent of subsidiaries | 105,720 | 121,695 |
| | SIBL Securities Limited. | 100,519 | 116,494 |
| | SIBL Investment Limited. | 5,201 | 5,201 |
| | | 42,097,269,741 | 33,474,528,207 |

46 Number of Employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a or above were 2,947.

47 Audit Committee

The Board of Directors in its 390th meeting (Emergency) held on 30.03.2017 reconstituted the Board Audit Committee comprising with the following:

| Sl. No. | Name | Status with the Bank | Status with the Committee |
|---------|---|----------------------|---------------------------|
| 1 | Professor A J M Shafiul Alam Bhuiyan Ph.D | Independent Director | Chairman |
| 2 | Mr. Md. Kamal Uddin | Director | Member |
| 3 | Dr. Md. Jahangir Hossain | Director | Member |

The Audit Committee of the Board was duly constituted by the Board of Directors of the Bank and reconstituted in the 412th Board of Directors Meeting held on 21.03.2018 in compliance with the Bangladesh Bank and Bangladesh Securities Exchange Commission Guidelines. The Audit Committee assists the Board in fulfilling its oversight responsibilities where accountability stands for financial reporting process, Internal Control System, Internal and External audit process, management of the risks of the Bank. The Committee review, monitor and assess the activities & performance of the Bank and establish the policies and procedures which comply with the existing laws & regulations.

Meetings of the Audit Committee:

The Board Audit Committee had 138 nos. (One hundred thirty eight) Meetings in the previous years since inception in the year 2003, out of which 04 Meetings were conducted in the Year 2019 and the attendance of the members was as follows:

| Sl. No. | Director | No. of Meetings Held | No. of Meetings Attended |
|---------|---|----------------------|--------------------------|
| 1 | Professor A J M Shafiul Alam Bhuiyan Ph.D | 4 | 4 |
| 2 | Mr. Md. Kamal Uddin | 4 | 4 |
| 3 | Dr. Md. Jahangir Hossain | 4 | 4 |

Disclosure by Audit Committee:

The Committee reviewed the Quarterly Financial Statements 2019 of the Bank and subsequently recommended to the Board for consideration and approval.

The Committee reviewed the integrity of the financial statements of the Bank to ensure that these reflect a true and fair view of the Bank's state of affairs.

The Committee while reviewing the financial statements ensured that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable for business.

The Committee discussed with the statutory auditors about the nature and scope of audit as well as had post-audit discussions to address areas of concern.

The Committee also reviewed the financial statements/investments of the subsidiaries: SIBL Securities Limited and SIBL Investment Limited.

Pursuant to Condition No. 3.4.1 of the Corporate Governance Guidelines issued by BSEC, the Committee reviewed the Internal Control System and Financial Statements. The Committee observed that there was no conflict of interest or material defect in the internal control system of the Bank.

The Committee reviewed and ratified the Annual Health Report of SIBL for the year-2019 and recommended to the Board for consideration and approval

The Committee reviewed the Internal Auditors Reports and suggested appropriate actions where needed. The Internal Auditors were advised to carryout audit of all the branches of the Bank.

The committee specially focused on the Capital Adequacy Ratio (CAR) of the Bank and gave emphasis to increase/maintain the CAR strictly in compliance with the BASEL-III guideline. The Committee recommended to implement effectively all aspects of BASEL-III specially Risk Based Capital Adequacy (RBCA), Liquidity Coverage Ratio (LCR), Leverage Ratio (LR) and Net Stable Funding Ratio (NSFR) as per Action Plan/Roadmap of Bangladesh Bank.

The Committee reviewed the compliance position, policies, regulations and applicable law in general.

The Committee observed that risk management associated with the Banking business was adequately controlled.

48 Related Party Disclosures

48.1 Name of the Firms / Business Organizations where the Directors of the Social Islami Bank Limited have got interest as on 31 December 2019:

| SL No | Name | Name of Firms/ Business Organizations Where the Directors of SIBL have got interest |
|-------|---|---|
| 1 | Prof. Md. Anwarul Azim Arif Chairman (Representative of Hasan Abasan (Pvt.) Ltd.) | NIL |
| 2 | Mr. Belal Ahmed Vice Chairman (Representative of Unitex Steel Mills Limited) | Managing Director Unitex Spinning Limited Unitex Composite Mills Limited Unitex LP Gas Limited Unitex Petroleum Limited Unitex Cement Limited Unitex Steel Mills Limited Padma Wears Limited |
| 3 | Md. Sayedur Rahman Vice Chairman (Representative of Prasad Paradise Resorts Limited) | Managing Director Lodestar Fashions Limited Mid Asia Fashions Limited |
| 4 | Md. Kamal Uddin Director (Representative of Lion Securities and Investment Limited) | Managing Director Chittagong Builders & Machinery Ltd. Merchant Securities Limited Sifang Securities Limited Director Human Resources Development Co., Ltd. Central Hospital (Pvt.) Ltd. ASM Chemical Industries Ltd. Universal Health Services & Research Ltd. Chairman Mercantile Insurance Company Ltd. Proprietor CBM Consortium |
| 5 | Mrs. Nargis Mannan Director | Nil |
| 6 | Dr. Md. Jahangir Hossain Director (Representative of Reliable Entrepreneurs Limited) | Nil |
| 7 | Mr. Arshadul Alam Director (Representative of Leader Business Enterprise Limited) | Managing Director MK Electronics Ctg. (Yunusco) Jesco Capital Management Ltd. Uni-Trade International Ltd. Nishat Traders Ltd. Chairman Jaba and Brothers C&F (Pvt.) Ltd. Director Northern General Insurance Company Metro Diagnostic Center Ltd. Jesco Bangladesh Ltd. Bengal Corporation Ltd. Bengal Center (Topkhana) ABM Tower (Gulshan) |
| 8 | Mr. Ali Hasan Md. Mahmud Ribon Director (Representative of Dynamic Venture Limited) | Chairman M/S. Mahmud Ribon |
| 9 | Mrs. Jebunnesa Akbar Director (Representative of Unitex Cement Limited) | Nil |
| 10 | Mr. Md. Faysal Ahmed Patwary Director (Representative of Global Trading Corporation Limited) | Director M/S. Patwary Potato Flakes Limited M/S. Greentech Greenhouse Bangladesh Limited Northern General Insurance Company Limited |
| 11 | Professor A J M Shafiul Alam Bhuiyan, PH.D Independent Director | Nil |
| 12 | Professor Mohammed Mizanur Rahman, PH.D Independent Director | Nil |

48.2 Significant contracts where Bank is a party and where in Directors have interest: Nil**48.3 Lending Policies to Related Parties:**

Lending to related parties is effected as per requirements of Section 27(1) of the Bank Companies Act, 1991.

A Related Party Transaction

| Name of Party | Name of the Director | Relationship | Nature of Investment | Outstanding Amount (Taka) | Status |
|--|----------------------|------------------------------|----------------------|---------------------------|--------|
| Funded Liability | | | | | |
| SIBL Securities Ltd. | N/A | Subsidiary | Quard | 8000.00 lac | UC |
| SIBL Foundation Hospital & Diagnostic Center | N/A | A concern of SIBL Foundation | Quard- E-Hasana | 10045.84 lac | UC |

B Investment Policies to Related Parties

Lending to related parties is effected as per requirements of section 27 (1) of Bank Companies Act, 1991

C Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Companies Act, 1991: Nil

D Investments in the securities of Directors and their related concern: Nil

E Shares issued to Directors and Executives without consideration or exercisable at discount: Nil

49 Post Balance Sheet events (IAS-10)

No material events occurring after balance sheet date came to our notice, which could affect the values reported in the financial statements significantly.

1. Dividend

The Board of Director has authorized the financial statements for issue on and recommended stock dividend @ 5 % & Cash dividend @ 5% for the year ended 31 December 2019.

2. Covid 19

Subsequent to year-end, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures all business and economic activities are adversely affected which would also impact the Group and the Bank as well. Management as considered COVID 19 as subsequent event and in accordance with IAS 10 has concluded that this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition that arose after the end of the reporting period) because the significant changes in business activities and economic conditions as a result of COVID 19 events took place well after the reporting date of 31 December 2019. Although the business operation and profitability of the Group and the Bank are impacted due to COVID 19, but as the situation is constantly changing and there is no certainty at present as to how long the situation will prevail, the potential impact of COVID 19 related matters on the Group's operation and financial results cannot be reasonably assessed."

50 General

- Figures appearing in these financial statements have been rounded off to the nearest Taka.
- The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the Bank.
- Figures of previous year have been rearranged wherever necessary to conform the current year's presentation.
- All types of financing made to the clients have been shown under the head 'Investment' whereas investment made in different shares and securities of Government and others companies are shown as investment shares and securities.
- The Bank incurs expenditure in relation to its Corporate Social Responsibility (CSR) throughout the year. The budget for the CSR expenditures are met up from various source including zakat and other sources. The Climate Risk Fund is also a part of this CSR expenditures.

**SCHEDULE OF FIXED ASSETS INCLUDING PREMISES
FOR THE YEAR ENDED 31 DECEMBER 2019**

ANNEXURE - A

(Amounts in Taka)

| Particulars | COST / REVALUED* | | | Rate of Depreciation | DEPRECIATION | | | | Written down value as at 31 December 2019 |
|-------------------------|-------------------------------|---------------------------|------------------------------------|----------------------|------------------------|-------------------------------|--------------------------------------|-------------------------|---|
| | Balance as on 01 January 2019 | Additions during the year | Disposal/ Transfer during the year | | Balance at 31 Dec 2019 | Balance as on 01 January 2019 | Transfer/ Adjustment during the year | Charged during the year | |
| Land | 12,330,000 | - | - | 12,330,000 | | - | - | - | 12,330,000 |
| Building | 2,320,220,714 | - | - | 2,320,220,714 | 2.50% | - | 49,091,006 | 404,038,934 | 1,916,181,781 |
| Furniture & Fixtures | 1,091,686,941 | 165,480,514 | - | 1,257,167,455 | 10% | - | 79,975,897 | 466,111,881 | 791,055,574 |
| Office Equipment | 1,457,031,670 | 164,260,435 | - | 1,621,292,105 | 20% | - | 149,430,092 | 930,956,342 | 690,335,762 |
| Software | 223,604,251 | 23,885,566 | - | 247,489,817 | 10% | - | 18,135,533 | 72,722,101 | 174,767,715 |
| Vehicles | 141,721,354 | - | - | 141,721,354 | 20% | - | 14,505,903 | 121,051,952 | 20,669,401 |
| Books | 1,634,189 | 105,360 | - | 1,739,549 | 10% | - | 78,416 | 1,030,039 | 709,510 |
| 31 December 2019 | 5,248,229,118 | 353,731,874 | - | 5,601,960,993 | | - | 311,216,849 | 1,995,911,251 | 3,606,049,743 |
| 31 December 2018 | 4,881,038,651 | 367,190,479 | 11 | 5,248,229,118 | | - | 284,473,905 | 1,684,694,401 | 3,563,534,717 |

*Details of revaluation of fixed assets is shown in Note: 17.

**CONSOLIDATED SCHEDULE OF FIXED ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2019**

ANNEXURE - B

(Amounts in Taka)

| Particulars | COST / REVALUED | | | Rate of Depreciation | DEPRECIATION | | | | Written down value as at 31 December 2019 |
|-------------------------|-------------------------------|---------------------------|------------------------------------|----------------------|------------------------|-------------------------------|--------------------------------------|-------------------------|---|
| | Balance as on 01 January 2019 | Additions during the year | Disposal/ Transfer during the year | | Balance at 31 Dec 2019 | Balance as on 01 January 2019 | Transfer/ Adjustment during the year | Charged during the year | |
| Land | 12,330,000 | - | - | 12,330,000 | - | - | - | - | 12,330,000 |
| Building | 2,320,220,714 | - | - | 2,320,220,714 | 2.50% | - | 49,091,006 | 404,038,934 | 1,916,181,780 |
| Furniture & Fixtures | 1,098,632,727 | 165,677,473 | - | 1,264,310,200 | 10% | - | 80,082,404 | 468,411,931 | 795,898,270 |
| Office Equipment | 1,468,088,481 | 164,419,005 | - | 1,632,507,486 | 20% | - | 150,412,984 | 940,157,282 | 692,350,203 |
| Software | 226,777,891 | 23,885,566 | - | 250,663,457 | 10% | - | 18,452,897 | 75,085,726 | 175,577,730 |
| Vehicles | 141,721,355 | - | - | 141,721,355 | 20% | - | 14,505,903 | 121,051,952 | 20,669,403 |
| Books | 1,634,190 | 105,360 | - | 1,739,550 | 10% | - | 78,416 | 1,030,040 | 709,510 |
| 31 December 2019 | 5,269,405,357 | 354,087,403 | - | 5,623,492,761 | | 1,697,152,254 | 312,623,611 | 2,009,775,866 | 3,613,716,895 |
| 31 December 2018 | 4,902,122,928 | 367,282,439 | 11 | 5,269,405,357 | | 1,411,102,136 | 286,050,117 | 1,697,152,254 | 3,572,253,103 |

BALANCE WITH OTHER BANKS IN FOREIGN CURRENCIES

[Referred to Note 4.2 of these financial statements]

Annexure-C

| SL No. | Name of the Banks | Currency Name | 31.12.2019 | | | 31.12.2018 | | |
|--------|---------------------------------|---------------|----------------------------|-------------------------------|----------------------|----------------------------|-------------------------------|--------------------|
| | | | Amount in Foreign Currency | Conversion rate per unit F.C. | Amount in BDT. | Amount in Foreign Currency | Conversion rate per unit F.C. | Amount in BDT. |
| 1 | SCB, MUMBAI | ACUD | 437,019.61 | 84.90 | 37,102,965 | (69,342.45) | 83.90 | (5,818,832) |
| 2 | SUMMIT Bank, KARACHI | ACUD | 75,458.64 | 84.90 | 6,406,439 | 5,241.77 | 83.90 | 439,785 |
| 3 | SONALI Bank, KOLKATA | ACUD | 171,578.79 | 84.90 | 14,567,039 | 15,422.59 | 83.90 | 1,293,955 |
| 4 | MASHREQ Bank, MUMBAI | ACUD | 569,235.68 | 84.90 | 48,328,109 | 319,558.74 | 83.90 | 26,810,978 |
| 5 | NEPAL BANGLADESH Bank | ACUD | 8,567.36 | 84.90 | 727,369 | 3,778.36 | 83.90 | 317,004 |
| 6 | Bank OF BHUTAN, PHUENTSHOLING | ACUD | 80,809.10 | 84.90 | 6,860,693 | 29,972.63 | 83.90 | 2,514,704 |
| 7 | UNITED Bank OF INDIA | ACUD | 189,437.33 | 84.90 | 16,083,229 | 21,374.87 | 83.90 | 1,793,352 |
| 8 | AB Bank, MUMBAI | ACUD | 341,814.61 | 84.90 | 29,020,060 | 89,336.06 | 83.90 | 7,495,295 |
| 9 | MEEZAN Bank LIMITED | ACUD | 48,309.53 | 84.90 | 4,101,479 | 3,325.00 | 83.90 | 278,968 |
| 10 | MCB Bank, KARACHI, PAKISTAN | ACUD | 1,805.78 | 84.90 | 153,311 | 5,244.48 | 83.90 | 440,012 |
| 11 | AXIS Bank LIMITED | ACUD | (72,599.71) | 84.90 | (6,163,715) | 40,461.41 | 83.90 | 3,394,712 |
| 12 | HDFC Bank LTD., MUMBAI | ACUD | 99,050.35 | 84.90 | 8,409,375 | - | | |
| 13 | MASHREQ Bank, NEW YORK, (OBU) | USD | 474,032.05 | 84.90 | 40,245,321 | 173,718.15 | 83.90 | 14,574,953 |
| 14 | MASHREQ Bank PSC, NEW YORK, USA | USD | 3,195,038.56 | 84.90 | 271,258,774 | (28,046.60) | 83.90 | (2,353,110) |
| 15 | SCB, NY, USA | USD | 6,029,595.94 | 84.90 | 511,920,528 | 2,842,050.90 | 83.90 | 238,448,071 |
| 16 | KOREA EXCH. Bank, KOREA | USD | 948.76 | 84.90 | 80,550 | 642.38 | 83.90 | 53,896 |
| 17 | HABIB AMERICAN Bank | USD | 123,497.51 | 84.90 | 10,484,939 | 357,479.89 | 83.90 | 29,992,563 |
| 18 | COMMERZ Bank AG, FRANKFURT | USD | 9,715.50 | 84.90 | 824,846 | - | | |
| 19 | MASHREQ Bank, PSC MUMBAI | ACU EURO | 437.92 | 95.06 | 41,630 | 427.92 | 95.55 | 40,889 |
| 20 | SCB, FRANKFURT | EURO | 471,972.69 | 95.06 | 44,869,295 | 23,926.50 | 95.55 | 2,286,266 |
| 21 | COMMERZ Bank AG, FRANKFURT | EURO | 162,491.89 | 95.06 | 15,446,890 | 16,429.91 | 95.55 | 1,569,939 |
| 22 | SCB, LONDON, UK | GBP | 135,975.79 | 111.34 | 15,139,253 | 90.81 | 106.25 | 9,649 |
| 23 | SCB, TOKYO | JPY | 288,603.00 | 0.78 | 224,443 | 33,158.00 | 0.76 | 25,081 |
| 24 | Bank AL JAZIRA | RIYAL | 360,500.00 | 22.63 | 8,159,680 | - | - | |
| 25 | ALAWWAL BANK RIYADH SA | RIYAL | - | - | - | 3,923.43 | 22.36 | 87,725 |
| | Total | | | | 1,084,292,499 | | | 323,695,854 |

**DETAILS INFORMATION OF INVESTMENT
MORE THAN 10% OF BANK'S TOTAL CAPITAL**

ANNEXURE-D

| SI no. | Name of client | Outstanding as on 31 December 2019 | | |
|--------|---|------------------------------------|------------|--------|
| | | Funded | Non-funded | Total |
| 1 | 1. PowerPac Mutiara Keraniganj Power Plant Limited & its sister concerns, 2. PowerPac Mutiara Jamalpur Power Plant Limited, 3. PowerPac Holdings Ltd. 4. PowerPac Mutiara Khulna Power Plant Ltd. 5. Powerpac | 493.25 | 89.34 | 582.59 |
| 2 | 1. i. Bashundhara Import Export Limited 2. ii. Bashundhara Steel & Engineering Ltd. 3. iii. Bashundhara City Development Limited. | 225.13 | 69.37 | 294.50 |
| 3 | i. Bashundhara Paper Mills Ltd. & its sister concerns- ii. East West Property Development (Pvt.) Ltd. iii. Bashundhara LP Gas Ltd. iv. Bashundhara Industrial Complex Ltd. v. East West Media Group Ltd. vi. Bashundhara Multi Paper Industries Ltd. vii. Bashundhara Food & Beverage Ltd. viii. Bashundhara Infrastructure Ltd. | 366.42 | 230.64 | 597.06 |
| 4 | Bashundhara Multi Food Products Ltd & Sundarban Industrial Complex Ltd. | - | 272.82 | 272.82 |
| 5 | Infinia Spinning Mills Ltd. | 92.98 | 251.47 | 344.45 |
| 6 | i. Western Dresses Ltd. & its sister concerns- ii. MNC Apparels Ltd. iii. Kimia Washing Industries Limited iv. NASSA BASIC WASH LTD." | 356.89 | 63.99 | 420.88 |
| 7 | i. Orion Infrastructure Ltd. & its sister concerns ii. Orion Agro Products Ltd. iii. Orion Power Meghnaghat Ltd. iv. Belhasa Accom JV. Ltd. v. Panbo Bangla Mushroom Limited vi. Orion Power Unit-2 Dhaka Limited vii. Orion Pharma Ltd. | 536.61 | 2.58 | 539.19 |
| 8 | i. Amber Denim Mills Limited & its sister concerns- ii. Amber Denim LTD, iii. Amber Rotor Mills Ltd. iv. Amber Rotor Spinning Mills Ltd. v. Amber Jeans & Washing Ltd." | 197.96 | 148.29 | 346.25 |
| 9 | SQ Birichina Limited | 267.65 | 63.38 | 331.03 |
| 10 | Badsha Textile | 118.96 | 16.16 | 135.12 |
| 11 | Mir Akhter Hossain Limited, Mir Telecom Limited | 114.11 | 80.70 | 194.81 |
| 12 | i. Nasrin Agriculture Industries Limited & its sister concerns- ii. M/s. Al-Habib Enterprise and its sister concern M/s. H R Feed iii. M/s. Nutrila Feed | 263.28 | 103.73 | 367.01 |
| 13 | i. Base Paper Ltd. and its sister concerns- ii. Base Fashion Limited iii. Zayantex Limited iv. Base Technologies Limited v. Base Paper Ltd. vi. Akash CNG Filling Limited | 286.13 | 44.41 | 330.54 |

| SI no. | Name of client | Outstanding as on 31 December 2019 | | |
|--------|--|------------------------------------|------------|--------|
| | | Funded | Non-funded | Total |
| 14 | i.M/S. Islam Brothers & Co. & its sister concerns- ii.Anwara Mannan Textile Mills Ltd. iii.Juvenile Construction Ltd. iv. RS & T International v. Aman Feed Ltd. vi. Aman Shipyard Ltd. | 416.19 | 2.90 | 419.09 |
| 15 | i. NAHEE SS PIPES INDUSTRIES LTD. & sister concerns- ii. NAHEE GEO-TEXTILE INDUSTRIES LTD iii. BBS Cables Ltd iv. NAHEE ALUMINUM COMPOSITE PANEL LTD. | 156.00 | 21.28 | 177.28 |
| 16 | Dong Bang Dyeing Ltd. | 341.50 | 59.28 | 400.78 |
| 17 | i.M/S. Rabiul Islam & its sister concerns- ii.M/s. Rhythm Trading iii.A R Cement Mills Ltd. iv.Ehsan Cement Industries Ltd. v. RMR Poultry & Hatchery Ltd. vi.A.R. Specialized Auto Rice Mills Ltd. | 377.66 | 2.78 | 380.44 |
| 18 | i.M/S. Millennium Enterprise, & its sister concerns- ii.Panama Composite Textile Mills Ltd. iii.O.N Spinning Mills Ltd. | 151.31 | 92.36 | 243.67 |
| 19 | i. S. Alam Brothers Ltd. & it's sister concerns ii. S. Alam Cold Rolled Steels Limited. iii. S. Alam Steels Limited iv. S. Alam Refined Sugar Industries Limited Ruby Food Products Ltd. & Its Allied Concern, Masud & Brothers, BSM Syndicate | 360.31 | 10.20 | 370.51 |
| 20 | M/S Mars Textile Ltd. | 277.43 | 39.74 | 317.17 |
| 21 | Dong Bang Textile Ltd. | 274.34 | 51.03 | 325.37 |
| 22 | i. DADA ENGINEERING LIMITED & sister concerns- ii. DADA ACCESSORIES LTD. iii. DADA ZIPPER LTD iv. DADA BAG INDUSTRIES LTD v. JAMUNA SPINNING MILLS LTD. vi. SHAMEEM SPINNING MILLS LTD. vii. JAMUNA ELECTRONICS AND AUTOMOBILES LTD. viii. Jamuna Denims Ltd. ix. JAMUNA SPINNING MILLS LTD. (Unit 02) x. Daily Jugantor. | 78.40 | 49.50 | 127.90 |
| 23 | i. Abul Khair Steel Ltd. & its sister concerns- ii. Abul Khair Ltd. iii. A.K.CORPORATION LTD iv.Abul Khair Consumer v. Shah Cement Industries Ltd. vi. Abul Khair Ceramic Industries Ltd. vii.Abul Khair Steel Melting Ltd. viii. Abul Khair Strip Processing Ltd. ix. Abul Khair Ltd. | 0.93 | 18.12 | 19.05 |

| SI no. | Name of client | Outstanding as on 31 December 2019 | | |
|--------|---|------------------------------------|-----------------|------------------|
| | | Funded | Non-funded | Total |
| 24 | i. Thermax Textile Mills Ltd. & its sister concerns- ii. Thermax Knit Yarn Ltd. iii. Thermax Spinning Ltd. iv. Thermax Melange Spinning Mills Ltd., v. Thermax Check Fabrics Limited vi. Adury Apparels Ltd. vii. Adury knit compsite. | 225.02 | 35.28 | 260.30 |
| 25 | Ronghdhanu Builders (Pvt) Ltd., Mehedi Mart | 276.63 | - | 276.63 |
| 26 | i. Natore Agro Ltd, & sister concerns- ii. Sun Basic Chemicals Ltd. , iii. Advance Personal Care Ltd., iv. Sylvan Technologies Ltd. & v. Get Well Ltd. | 147.37 | 37.14 | 184.51 |
| 27 | i. Mahbub Brothers(Pvt.) Ltd. & sister concerns- ii. M/s. Pubali Traders, iii. Rishad Enterprise iv. ARK-MBPL JV. v. Best Golden Flour Mills Ltd" | 167.09 | 17.04 | 184.13 |
| 28 | Ruby Food Products Ltd. | 196.94 | 85.11 | 282.05 |
| 29 | i. RANCON AUTOMOBILES LTD & sister concerns- ii. Rancon Autos Ltd iii. Rangs Motors Ltd" | 220.83 | 8.00 | 228.83 |
| 30 | LUB-RREF (BANGLADESH) LIMITED | 163.04 | 241.01 | 404.05 |
| 31 | i. M/S. MOSHARAF & BROTHERS & its sister concerns- ii. M/S. NAZNEEN ENTERPRISE iii. FILOTEX LIMITED iv. M/S. M. N. ENTERPRISE v. Orange Textile" | 146.49 | 47.74 | 194.23 |
| 32 | TecTonics | 308.97 | - | 308.97 |
| 33 | Nitol Motors Ltd. | 84.39 | 8.40 | 92.79 |
| 34 | i. Rahimafrooz Batteries Limited & sister concerns- ii. Rahimafrooz Gloabatt Limited , iii. Rahim Afroz Bangladesh Ltd. iv. Rahim Afroz CIC Agro Ltd" | 235.49 | 3.63 | 239.12 |
| 35 | AFSER RESOURCES MANAGEMENT AND CONSULTANCY SERVICES LTD. | 282.53 | - | 282.53 |
| 36 | i. HF POWER LIMITED & sister concerns- ii. HOSAF METER INDUSTRY LTD iii. ENERGYPRIMA LIMITED iv. HOSAF PROFICIENT ENERGY LTD. v. M.H HOLDINGS" | 26.77 | 173.00 | 199.77 |
| | Grand Total | 8,235.00 | 2,440.42 | 10,675.42 |

HISTORY OF PAID-UP CAPITAL

Annexure-E

| Years | Declaration | No. of Share | Face Value per Share (Taka) | Cumulative no. of Shares | Value of issued Capital for the year (Taka) | Cumulative value of Capital (Taka) |
|-------|--|--------------|-----------------------------|--------------------------|---|------------------------------------|
| 1995 | Initial Capital | 118,380 | 1,000 | 118,380 | 118,380,000 | 118,380,000 |
| 1996 | No Dividend | - | - | 118,380 | - | 118,380,000 |
| 1997 | 6.43% Bonus issue for the year 1996 | 7,620 | 1,000 | 126,000 | 7,620,000 | 126,000,000 |
| 1998 | No Dividend | - | - | 126,000 | - | 126,000,000 |
| 1999 | Right Share Issued | 74,000 | 1,000 | 200,000 | 74,000,000 | 200,000,000 |
| 2000 | Placement | 50,000 | 1,000 | 250,000 | 50,000,000 | 250,000,000 |
| | Initial Public Offer | 10,000 | 1,000 | 260,000 | 10,000,000 | 260,000,000 |
| 2001 | 20% Bonus Issue (Declared in the year 2004) | - | - | 260,000 | - | 260,000,000 |
| 2002 | 25% Bonus Issue (Declared in the year 2004) | - | - | 260,000 | - | 260,000,000 |
| 2003 | 50% Bonus Issue (Declared in the year 2004) | - | - | 260,000 | - | 260,000,000 |
| 2004 | Bonus Issue (For the years 2001, 2002, 2003) | 325,000 | 1,000 | 585,000 | 325,000,000 | 585,000,000 |
| 2005 | No dividend | - | - | 585,000 | - | 585,000,000 |
| 2006 | No dividend | - | - | 585,000 | - | 585,000,000 |
| 2007 | 1:1 Right Share | 5,345,550 | 100 | 11,195,550 | 534,555,000 | 1,119,555,000 |
| 2008 | 17% Bonus Issue for the year 2007 | 1,903,243 | 100 | 13,098,793 | 190,324,300 | 1,309,879,300 |
| 2009 | 10% Bonus Issue for the year 2008 | 1,309,879 | 100 | 14,408,672 | 130,987,900 | 1,440,867,200 |
| | 1:1 Right Share | 12,508,587 | 100 | 26,917,259 | 1,250,858,700 | 2,691,725,900 |
| 2010 | 11% Bonus Issue for the year 2009 | 2,960,899 | 100 | 29,878,158 | 296,089,850 | 2,987,815,750 |
| 2011 | 14% Bonus Issue for the year 2010 | 41,829,420 | 10 | 340,610,995 | 418,294,200 | 3,406,109,950 |
| | 1:1 Right Share | 298,781,575 | 10 | 639,392,570 | 2,987,815,750 | 6,393,925,700 |
| 2013 | 10% Bonus Issue for the year 2012 | 63,748,994 | 10 | 703,141,564 | 637,489,940 | 7,031,415,640 |
| 2014 | 12% Cash dividend for the year 2013 | - | 10 | 703,141,564 | - | 7,031,415,640 |
| 2015 | 18% Cash dividend for the year 2014 | - | 10 | 703,141,564 | - | 7,031,415,640 |
| 2016 | 5% Bonus Issue for the year 2015 | 35,157,078 | 10 | 738,298,642 | 351,570,780 | 7,382,986,420 |
| 2017 | 20% Cash dividend for the year 2016 | - | 10 | 738,298,642 | - | 7,382,986,420 |
| 2018 | 10% bonus issue for the year 2017 | 73,829,864 | 10 | 812,128,506 | 73,82,98,640 | 8,121,285,060 |
| 2019 | 10% bonus issue for the year 2018 | 81,212,850 | 10 | 893,341,356 | 812,128,500 | 8,933,413,560 |

**STATEMENT OF CORPORATE INCOME TAX STATUS
AS AT 31 DECEMBER 2019**

(Amount in Taka)

| Accounting Year | Assessment Year | Tax Provision as per accounts | Advance Tax/TDS / Settlement fee/ Appeal fee | Tax as per assessment Order | Present Status |
|-----------------|-----------------|-------------------------------|--|-----------------------------|---|
| 2004 | 2005-2006 | 68,610,851 | 81,410,851 | 139,584,498 | Pending at High Court Division of Supreme Court |
| 2005 | 2006-2007 | 24,391,126 | 42,284,322 | 42,101,314 | Completed |
| 2006 | 2007-2008 | 59,825,178 | 85,135,927 | 85,135,927 | Completed |
| 2007 | 2008-2009 | 128,000,000 | 134,490,189 | 168,503,748 | Pending at High Court Division of Supreme Court |
| 2008 | 2009-2010 | 150,300,000 | 157,333,015 | 175,548,021 | Pending at High Court Division of Supreme Court |
| 2009 | 2010-2011 | 278,914,968 | 283,427,344 | 298,644,511 | Pending at High Court Division of Supreme Court |
| 2010 | 2011-2012 | 515,149,014 | 523,404,506 | 498,853,789 | Pending at High Court Division of Supreme Court |
| 2011 | 2012-2013 | 816,364,597 | 820,951,354 | 819,889,378 | Pending at High Court Division of Supreme Court |
| 2012 | 2013-2014 | 1,301,591,387 | 1,344,746,694 | 1,455,548,339 | Pending at High Court Division of Supreme Court |
| 2013 | 2014-2015 | 802,951,284 | 876,386,844 | 1,222,801,339 | Pending at High Court Division of Supreme Court |
| 2014 | 2015-2016 | 1,400,446,160 | 1,090,898,463 | 1,397,825,207 | Pending at High Court Division of Supreme Court |
| 2015 | 2016-2017 | 1,403,060,382 | 1,021,914,182 | 1,481,927,423 | Pending at High Court Division of Supreme Court |
| 2016 | 2017-2018 | 1,887,664,569 | 1,326,659,094 | 1,934,958,507 | Submitted to the Appellate Tribunal |
| 2017 | 2018-2019 | 2,063,450,826 | 1,254,415,212 | - | Assessment is under process |
| 2018 | 2019-2020 | 2,227,743,967 | 1,128,245,769 | - | Return Submitted |
| 2019 | 2020-2021 | 1,593,092,009 | 1,128,245,769 | - | Return not yet Submitted |

Off-Shore Banking Unit Financial Information

OFF-SHORE BANKING UNIT (OBU)
BALANCE SHEET
AS AT 31 DECEMBER 2019

Annexure-G

| | Note(s) | 31.12.2019 | | 31.12.2018 | |
|---|---------|-------------------|----------------------|-------------------|----------------------|
| | | USD | Taka | USD | Taka |
| PROPERTY AND ASSETS | | | | | |
| Cash | | | | | |
| Cash in hand (Including Foreign Currencies) | | - | - | - | - |
| Balance with Bangladesh Bank & its Agent Banks (Including Foreign Currencies) | | - | - | - | - |
| | | - | - | - | - |
| Balance with other Banks and Financial Institutions | | | | | |
| In Bangladesh | 3 | - | - | - | - |
| Outside Bangladesh | | 1,291,507 | 109,648,944 | 3,276,718 | 274,916,654 |
| | | 1,291,507 | 109,648,944 | 3,276,718 | 274,916,654 |
| Placement with Banks & other Financial Institutions | | | | | |
| | | - | - | - | - |
| Investments in Shares & Securities | | | | | |
| Government | | - | - | - | - |
| Others | | - | - | - | - |
| | | - | - | - | - |
| Investments | | | | | |
| General Investment etc. | 4 | 26,071,608 | 2,213,479,499 | 24,575,225 | 2,061,861,392 |
| Bills Purchased and Discounted | | - | - | - | - |
| | | 26,071,608 | 2,213,479,499 | 24,575,225 | 2,061,861,392 |
| Fixed Assets including Premises, Furnitures and Fixtures | | | | | |
| | 5 | 278 | 23,598 | 352 | 29,498 |
| Other Assets | | | | | |
| | 6 | 434,420 | 36,882,278 | 744,714 | 62,481,496 |
| Non Banking Assets | | | | | |
| | | - | - | - | - |
| Total Assets | | 27,797,813 | 2,360,034,320 | 28,597,009 | 2,399,289,039 |
| LIABILITIES AND CAPITAL | | | | | |
| Liabilities | | | | | |
| Borrowing from Banks & other Financial Institutions | | | | | |
| | 7 | 17,525,210 | 1,487,890,290 | 20,674,647 | 1,734,602,875 |
| Deposits and Other Accounts | | | | | |
| | 8 | 9,020,430 | 765,834,530 | 4,074,296 | 341,833,470 |
| Mudaraba Savings Deposits | | - | - | - | - |
| Mudaraba Term Deposits | 8.1 | 8,948,438 | 759,722,389 | 4,058,922 | 340,543,563 |
| Other Mudaraba Deposits | | - | - | - | - |
| Al-Wadeeah Current & Other Deposit Accounts | 8.2 | 71,992 | 6,112,141 | 15,374 | 1,289,906 |
| Bills Payable | | - | - | - | - |
| | | 1,252,173 | 106,309,500 | 3,848,065 | 322,852,694 |
| Other Liabilities | | | | | |
| Deffered Tax Liabilities/ (Assets) | | | | | |
| | | - | - | - | - |
| Total Liabilities | | 27,797,813 | 2,360,034,320 | 28,597,009 | 2,399,289,039 |
| Capital/Shareholders' Equity | | | | | |
| Paid-up Capital | | - | - | - | - |
| Statutory Reserve | | - | - | - | - |
| Foreign currency translation gain/(Loss) | | - | - | - | - |
| Retained Earnings | | - | - | - | - |
| | | - | - | - | - |
| Total Shareholders' Equity | | - | - | - | - |
| Total Liabilities & Shareholders' Equity | | 27,797,813 | 2,360,034,320 | 28,597,009 | 2,399,289,039 |

| | Note(s) | 31.12.2019 | | 31.12.2018 | |
|---|---------|------------|------|------------|------|
| | | USD | Taka | USD | Taka |
| Off-Balance Sheet Items | | | | | |
| CONTINGENT LIABILITIES | | | | | |
| Acceptances and Endorsements | | - | - | - | - |
| Irrevocable Letters of Credit (including Back to Back Bills) | | - | - | - | - |
| Letters of Guarantee | | - | - | - | - |
| Bills for Collection | | - | - | - | - |
| Other Contingent Liabilities | | - | - | - | - |
| Total | | - | - | - | - |
| OTHER COMMITMENTS | | | | | |
| Documentary credits and short term trade related transactions | | - | - | - | - |
| Forward assets purchased and forward deposits placed | | - | - | - | - |
| Undrawn note issuance and revolving underwriting facilities | | - | - | - | - |
| Undrawn formal standby facilities, credit lines and other commitments | | - | - | - | - |
| Total | | - | - | - | - |
| Total Off Balance Sheet Items including Contingent Liabilities | | - | - | - | - |

OFF-SHORE BANKING UNIT (OBU)
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

| | 31.12.2019 | | 31.12.2018 | |
|---|------------------|--------------------|------------------|--------------------|
| | USD | Taka | USD | Taka |
| Investment Income | 1,679,016 | 142,548,423 | 5,024,972 | 421,595,155 |
| Less: Profit paid on Deposits | (442,588) | (37,575,714) | (1,189,908) | (99,833,286) |
| Net Investment Income | 1,236,428 | 104,972,708 | 3,835,064 | 321,761,868 |
| Commission, Exchange and Brokerage | - | - | - | - |
| Other Operating Income | 15,467 | 1,313,172 | 12,650 | 1,061,327 |
| Total Operating Income | 1,251,895 | 106,285,880 | 3,847,714 | 322,823,196 |
| Salary & allowances | 66,594 | 5,653,860 | 56,371 | 4,729,489 |
| Rent & Utilities | - | - | - | - |
| Depreciation on fixed assets | 69 | 5,900 | 88 | 7,374 |
| Others | - | - | - | - |
| Total Operating Expenses | 66,664 | 5,659,760 | 56,459 | 4,736,863 |
| Profit/(Loss) before Provision | | | | |
| Specific provisions for Investment | - | - | - | - |
| General Provisions for Investment | - | - | - | - |
| General Provisions for off-Balance Sheet exposure | - | - | - | - |
| Total Provision | - | - | - | - |
| Total Profit/(Loss) before Tax | 1,185,231 | 100,626,121 | 3,791,255 | 318,086,332 |
| Provision for Income Tax | - | - | - | - |
| Net Profit/(Loss) after Tax | 1,185,231 | 100,626,121 | 3,791,255 | 318,086,332 |

OFF-SHORE BANKING UNIT (OBU)
CASH FLOW STATEMENT

Annexure-G

FOR THE YEAR ENDED 31 DECEMBER 2019

| | 31.12.2019 | | 31.12.2018 |
|--|--------------------|----------------------|----------------------|
| | USD | Taka | Taka |
| Cash Flow from operating activities | | | |
| Investment Income receipt | 1,679,016 | 142,548,423 | 421,595,155 |
| Profit paid on deposits | (442,588) | (37,575,714) | (99,833,286) |
| Dividend receipts | - | - | - |
| Fees & commission receipt | - | - | - |
| Cash payments to employees | (66,594) | (5,653,860) | (4,729,489) |
| Cash payments to suppliers | - | - | - |
| Income tax paid | - | - | - |
| Receipts from other operating activities | 15,467 | 1,313,172 | 1,061,327 |
| Payments for other operating activities | - | - | - |
| Operating profit before changes in operating assets and liabilities | 1,185,301 | 100,632,020 | 318,093,707 |
| Changes in operating assets and liabilities | | | |
| Statutory deposits | - | - | - |
| Net trading securities | - | - | - |
| Investments to other banks | - | - | - |
| Investment to customers | (1,496,383) | (151,618,107) | 4,531,608,518 |
| Other assets | 310,294 | 25,599,218 | 78,409,567 |
| Deposits from other banks | (3,149,437) | (246,712,585) | (2,769,671,154) |
| Deposits received from customers | 4,946,134 | 424,001,060 | (1,794,111,269) |
| Other liabilities on account of customers | - | - | - |
| Trading liabilities | - | - | - |
| Other liabilities | (3,781,192) | (317,175,215) | (219,957,573) |
| Sub Total | (3,170,585) | (265,905,629) | (173,721,912) |
| A. Net Cash flow from operating activities | (1,985,284) | (165,273,609) | 144,371,795 |
| Cash flows from investing activities | | | |
| Proceeds from sale of securities | - | - | - |
| Payment for purchases of securities | - | - | - |
| Proceeds from sale of fixed assets | - | - | - |
| Purchases of property, plant & equipment's | 69 | 5,900 | 7,374 |
| Purchase/Sale of subsidiaries | - | - | - |
| B. Net Cash flows from investing activities | 69 | 5,900 | 7,374 |
| Cash flows from financing activities | | | |
| Receipts from issue of debt instruments | - | - | - |
| Payments for redemption of debt instruments | - | - | - |
| Receipts from issue of right shares/ordinary share | - | - | - |
| Dividend paid in cash | - | - | - |
| C. Net Cash flow from financing activities | - | - | - |
| D. Net increase/(decrease) in cash & cash equivalents (A+B+C) | (1,985,211) | (165,267,711) | 144,379,169 |
| E. Cash and cash equivalents at the beginning of the year | 3,276,718 | 274,916,654 | 130,537,484 |
| F. Cash and cash equivalents at the end of the year (D+E) | 1,291,507 | 109,648,944 | 274,916,654 |

SOCIAL ISLAMI BANK LIMITED
OFF-SHORE BANKING UNIT (OBU)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1 STATUS OF THE UNIT

The Bank obtained the Off-shore Banking Unit ("the Unit") permission vide letter No. BRPD(P-3)744(119)/2010-4652, dated: 11 November, 2010. The Bank commenced operation of this unit from 02 May 2012. The Off-shore Banking Unit is governed under the rules and guidelines of the Bangladesh Bank. Its office is located at SIBL Head Office, City Center 90/1, Motijheel Commercial Area, Dhaka 1000.

1.1 Principal activities

The principal activities of the unit are to provide all kinds of commercial banking services to its customers through its off-shore Banking Units in Bangladesh.

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of accounting

The Off-shore Banking Unit maintains its accounting records in USD from which accounts are prepared according to the Bank Companies Act, 1991, International Accounting Standards (IAS), International Financial Reporting Standard (IFRS) and other applicable directives issued by The Bangladesh Bank, in particular, Banking Regulations and Policy Department (BRPD) Circular No. 15 (09 November 2009).

2.2 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.3 Foreign currency transaction

a) Foreign currencies translation

Foreign currency transactions are converted into equivalent Taka using the ruling exchange rates on the dates of respective transactions as per IAS-21 "The Effects of Changes in Foreign Exchange Rates". Foreign currency balances held in US Dollar are converted into Taka at weighted average rate of inter-bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US Dollar are converted into equivalent US Dollar at buying rates of New York closing of the previous day and converted into Taka equivalent.

b) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letter of credit and letter of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance date.

c) Translation gains and losses

The resulting exchange transaction gains and losses are included in the profit and loss account, except those arising on the translation of net investment in foreign subsidiary.

Cash flow statement

Cash flow statement has been prepared in accordance with the International Accounting Standard-7 "Cash Flow Statement" under direct method as recommended in the BRPD Circular No. 14, dated June 25, 2003 issued by the Banking Regulation & Policy Department of Bangladesh Bank.

2.4 Reporting period

These financial statements cover from January 01 to December 31, 2019.

2.5 A provision is recognised in the balance sheet when the unit has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

2.6 Profit income

In terms of the provisions of the IFRS-15 “Revenue from Contract with Customer”, the profit income is recognized on accrual basis.

Fees and commission income

Fees and commission income arises on services provided by the units are recognized on a cash receipt basis. Commission charged to customers on letters of credit and letters of guarantee are credited to income at the time of effecting the transactions.

2.7 Profit paid and other expenses

In terms of the provisions of the IAS - 1 “Presentation of Financial Statements” interest and other expenses are recognized on accrual basis.

2.8 Allocation of common expenses

Operating expenses in the nature of salary, rent, rates and taxes, management expenses, printing stationery, etc. are allocated as common expense rather separately accounted for in the financial statements.

3 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS

Balance with other Banks and Financial Institutions consists nostro account balance of OBU unit of SIBL which is held with Mashreq Bank, New York.

4 GENERAL INVESTMENTS

a) General investments of Off-shore Banking Units are stated in the balance sheet on net basis.

b) Profit is calculated on a daily product basis but charged and accounted for on accrual basis. Profit is not charged on bad and loss investments as per guidelines of the Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.

5 FIXED ASSETS

Fixed assets includes Furnitures and office equipments used by the employees of OBU unit.

6 OTHER ASSETS

Other assets include profit receivable from investment clients which are accounted for on accrual basis as per relative accounting standards.

7 BORROWING FROM BANKS & OTHER FINANCIAL INSTITUTIONS

Borrowing from Banks & other Financial Institutions includes amount received from SIBL as part of fund which will be returned/adjusted in due course, balance of which is eliminated in the consolidated balance sheet of SIBL to avoid improper double reflection of fund.

8 DEPOSITS AND OTHER ACCOUNTS

8.1 Mudaraba Term Deposits

Mudaraba Term Deposits includes deposits procured from various local and foreign banks/institutions which includes: among the foreign banks/institutions:

1. Noor Bank Ltd. Dubai
2. United Arab Bank Ltd. Dubai

8.2 Al-Wadeeah Current & Other Deposit Accounts

Al-Wadeeah Current & Other Deposit Accounts includes profit payable account and sundry deposits.

9 GENERAL

a) These financial statements are presented in BDT, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest BDT.

b) Assets and liabilities & income and expenses have been converted into Taka currency @ US \$1 = Taka 84.90 closing rate as at 31st December 2019.

c) Fixed assets of this unit are appearing in the books of the main operation of the bank and depreciation is also charged to Profit & loss Accounts of the main operation of the bank.

**HIGHLIGHTS OF PERFORMANCE
(ONLY BANK-SOLO BASIS)**

(Amount in Taka)

| SL NO. | PARTICULARS | 31.12.2019 | 31.12.2018 |
|--------|---|-----------------|-----------------|
| 1 | PAID UP CAPITAL | 8,933,413,560 | 8,121,285,060 |
| 2 | TOTAL CAPITAL (CORE + SUPPLEMENTARY) | 27,901,797,226 | 26,111,512,369 |
| 3 | CAPITAL SURPLUS/(DEFICIT) | 7,653,208,726 | 7,811,413,869 |
| 4 | CAPITAL TO RISK-WEIGHTED ASSET RATIO (CRAR) | 13.78% | 14.27% |
| 5 | TOTAL ASSETS | 345,056,231,627 | 307,305,321,444 |
| 6 | TOTAL DEPOSIT | 287,936,655,109 | 248,324,489,649 |
| 7 | GENERAL INVESTMENT | 264,268,589,649 | 238,654,170,953 |
| 8 | TOTAL CONTINGENT LIABILITIES AND COMMITMENTS | 53,594,806,020 | 50,685,965,804 |
| 9 | INVESTMENT-DEPOSIT (ID) RATIO (%) | 89.47% | 91.54% |
| 10 | PERCENTAGE OF CLASSIFIED INVESTMENT AGAINST TOTAL INVESTMENTS | 6.63% | 7.69% |
| 11 | PROFIT BEFORE TAX AND PROVISION | 6,342,110,494 | 6,143,117,574 |
| 12 | PROFIT AFTER TAX AND PROVISION | 1,521,450,676 | 1,583,430,756 |
| 13 | AMOUNT OF CLASSIFIED INVESTMENT | 17,533,303,838 | 18,350,990,000 |
| 14 | PROVISIONS KEPT AGAINST CLASSIFIED INVESTMENT | 7,595,557,186 | 6,398,009,498 |
| 15 | PROVISIONS SURPLUS | - | - |
| 16 | COST OF DEPOSITS | 6.56% | 6.51% |
| 17 | PROFIT EARNING ASSETS | 293,586,295,029 | 259,135,059,629 |
| 18 | NON-PROFIT EARNING ASSETS | 51,469,936,597 | 48,170,261,815 |
| 19 | RETURN ON INVESTMENT IN SECURITIES | 3.98% | 3.54% |
| 20 | RETURN (AFTER TAX) ON AVERAGE ASSETS (ROA) | 0.47% | 0.54% |
| 21 | RETURN (AFTER TAX) ON EQUITY (ROE) | 9.21% | 10.05% |
| 22 | INCOME FROM INVESTMENT IN SECURITIES | 760,574,012 | 462,796,394 |
| 23 | EARNING PER SHARE (EPS) (PRIOR YEAR RESTATED) | 1.70 | 1.77 |
| 24 | CONSOLIDATED EARNING PER SHARE (CEPS) (PRIOR YEAR RESTATED) | 1.71 | 1.79 |
| 25 | NET INCOME PER SHARE | 1.70 | 1.77 |
| 26 | PRICE EARNING RATIO (TIMES) | 8.10 | 7.90 |

SIBL Securities Limited Financial Information

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SIBL SECURITIES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **SIBL SECURITIES LIMITED** (the “company”) which comprise the financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other regulatory requirements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter of Emphasis

We draw users' attention to note # 2.07 to the financial statements regarding management's explanation with respect to recognition of right of use assets as per IFRS 16. Our report is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Control

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as explained in note #1 , and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The companies Act, 1994, require the management to ensure effective internal audit, internal control and risk management functions of the company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c. the statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Place: Dhaka
Dated: June 16, 2020



SHAFIQ BASAK & CO.
Chartered Accountants

SIBL SECURITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2019

| Particulars | Note | Amount in Taka | |
|---|------|----------------------|----------------------|
| | | 2019 | 2018 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant & equipment less acc. depre-ation | 3 | 6,857,137 | 7,591,007 |
| Intangible assets | 4 | 810,015 | 1,127,379 |
| Investment in Equity of Strategic Company | 5 | 989,770,683 | 989,770,683 |
| | | 997,437,835 | 998,489,069 |
| Current Assets | | | |
| Advances, deposits & pre-payments | 6 | 91,417,017 | 78,775,503 |
| Accounts Receivable | 7 | 1,088,706,553 | 1,159,496,132 |
| Investment in stock dealer activities | 8 | 154,433,823 | 142,469,928 |
| Cash & cash equivalents | 9 | 362,409,969 | 123,980,632 |
| | | 1,696,967,362 | 1,504,722,196 |
| Total Assets | | 2,694,405,197 | 2,503,211,265 |
| EQUITY AND LIABILITIES | | | |
| Capital & reserve | | | |
| Share capital | 10 | 1,230,000,000 | 1,230,000,000 |
| General reserve | 11 | 9,843,355 | 10,764,249 |
| Retained earnings | 12 | 33,835,172 | 28,737,598 |
| | | 1,273,678,527 | 1,269,501,848 |
| Non-current liabilities | | | |
| HPSM investment loan from SIBL | 13 | 800,000,000 | 800,000,000 |
| Deferred Tax Liability/(Asset) | 14 | 887,413 | 1,106,176 |
| | | 800,887,413 | 801,106,176 |
| Current liabilities | | | |
| Accounts Payables | 15 | 530,678,554 | 355,754,335 |
| Provision for tax | 16 | 89,160,703 | 76,848,906 |
| | | 619,839,257 | 432,603,241 |
| Total Equity & Liabilities | | 2,694,405,197 | 2,503,211,265 |


 Chief Executive Officer


 Director


 Director


 Chairman

Place: Dhaka
 Dated: June 16, 2020


SHAFIQ BASAK & CO.
 Chartered Accountants

SIBL SECURITIES LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED ON 31ST DECEMBER, 2019

| Particulars | Note | Amount in Taka | |
|--|--------|----------------------|----------------------|
| | | 2019 | 2018 |
| Operating Income: | | | |
| Brokerage commission | 17 | 60,411,796 | 86,709,888 |
| Profit earned on MTDR & bank account | 18 | 9,975,141 | 8,955,310 |
| Profit on margin facility | | 63,026,108 | 108,222,530 |
| Profit / (Loss) on sale of share | | 3,206,983 | 5,077,862 |
| Cash dividend from investment in share | | 1,708,971 | 2,819,157 |
| Dividend Income from investment in DSE & CSE Share | | 7,554,995 | 7,215,106 |
| Other income | 19 | 1,779,938 | 945,233 |
| Total operating income | | 147,663,932 | 219,945,086 |
| Expenses | | | |
| Operating expenses | 20 | (53,134,834) | (62,125,306) |
| Financial Expenses | 21 | (72,093,691) | (73,726,464) |
| | | (125,228,525) | (135,851,770) |
| Operating profit/(loss) before Provisions & Reserve | | 22,435,407 | 84,093,316 |
| Other Provisions & Reserve | | | |
| Provision for impairment of margin loan | 15.2.A | 3,090,496 | 30,877,510 |
| Provision for diminution in value of investment | 15.2.B | 3,075,197 | 15,642,073 |
| General Reserve | 11 | (920,894) | 2,193,709 |
| Total Provisions & Reserve | | (5,244,799) | (48,713,292) |
| Operating profit/(loss) before tax | | 17,190,608 | 35,380,024 |
| Current tax | | 12,311,797 | 17,309,147 |
| Deferred Tax Expenses / (Income) | | (218,763) | (75,510) |
| | | (12,093,034) | (17,233,637) |
| Operating Profit/(loss) after tax | | 5,097,574 | 18,146,387 |


 Chief Executive Officer


 Director


 Director


 Chairman

Place: Dhaka
 Dated: June 16, 2020


SHAFIQ BASAK & CO.
 Chartered Accountants

SIBL SECURITIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED ON 31ST DECEMBER, 2019

| Particulars | Amount in Taka | |
|--|---------------------|----------------------|
| | 2019 | 2018 |
| A. Cash flows from operating activities: | | |
| Net profit before tax | 17,190,608 | 35,380,024 |
| Increase/(decrease) in Advance & Prepayments | (12,641,514) | (16,081,774) |
| Increase in receivables | 70,789,579 | (229,911,889) |
| Increase/(decrease) in payables | 93,536,386 | 67,283,754 |
| Increase/(decrease) in other provisions | 81,387,833 | 33,737,886 |
| Increase/(decrease) in deferred tax liability | - | - |
| Depreciation | 1,089,399 | 1,258,848 |
| Amortization | 317,364 | 317,364 |
| General reserve | (920,894) | 2,193,710 |
| Net cash inflow/(outflow) from operating activities (A) | 250,748,761 | (105,822,077) |
| B. Cash flows from investing activities: | | |
| Investment in membership of stock exchanges | - | - |
| decrease/(Increase) in security deposit | - | - |
| Increase/(decrease) in fixed assets | (355,529) | (91,960) |
| Sale of DSE Share | - | 37,879,317 |
| Increase in investment | (11,963,895) | 253,635 |
| Net cash used in investing activities (B) | (12,319,424) | 38,040,992 |
| C. Cash flows from financing activities: | | |
| Increase in investment borrowing-SIBL | - | 50,000,000 |
| Interim cash dividend paid | - | - |
| Net cash from financing activities (C) | - | 50,000,000 |
| D. Net cash inflow for the year (A+B+C) | 238,429,337 | (17,781,085) |
| E. Opening cash & cash equivalents | 123,980,632 | 141,761,717 |
| F. Closing cash & cash equivalents (D+E) | 362,409,969 | 123,980,632 |


Chief Executive Officer


Director


Director


Chairman

SIBL SECURITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED ON 31ST DECEMBER, 2019

| Particulars | Share capital | General reserve | Retained earnings | Total |
|--|----------------------|------------------|-------------------|----------------------|
| Opening balance at 01 January, 2019 | 1,230,000,000 | 10,764,249 | 28,737,598 | 1,269,501,848 |
| Add: Net Profit/Loss during the period | - | - | 5,097,574 | 5,097,574 |
| Add: General reserve addition | - | (920,894) | - | (920,894) |
| Less: Interim cash Dividend paid | - | - | - | - |
| Balance as at 31st December, 2019 | 1,230,000,000 | 9,843,355 | 33,835,172 | 1,273,678,527 |

FOR THE PERIOD ENDED 31ST DECEMBER, 2018

| Particulars | Share capital | General reserve | Retained earnings | Total |
|--|----------------------|-------------------|-------------------|----------------------|
| Opening balance at 01 January, 2018 | 1,230,000,000 | 8,570,540 | 10,591,211 | 1,249,161,752 |
| Add: Net Profit/Loss during the year | - | - | 18,146,387 | 18,146,387 |
| Add: General reserve addition | - | 2,193,709 | - | 2,193,709 |
| Less: Interim cash Dividend paid | - | - | - | - |
| Balance as at 31st December, 2018 | 1,230,000,000 | 10,764,249 | 28,737,598 | 1,269,501,848 |


 Chief Executive Officer


 Director


 Director


 Chairman

SIBL SECURITIES LIMITED
REPORTS ON THE FINANCIAL STATEMENTS
BASED ON
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE YEAR ENDED 31ST DECEMBER, 2019

1.00 Legal status and nature of the Company-Disclosure under IAS 1 “Presentation of Financial Statement”.

1.01 Company Profile:

SIBL Securities Limited was incorporated as a public limited company under the Companies Act 1994 vide certification of incorporation no. C - 85876/10 dated 20 July, 2010 with an authorized capital at Tk. 2,500,000,000.00 divided in to 25,000,000.00 ordinary shares of Tk. 100.00 each as private limited company under companies act 1994. The company has started its operation both under DSE and CSE membership on 04 January, 2012 and 05 January, 2012 respectively.

1.02 Nature of Business Operations:

The principal objectives of the Company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the company.

1.03 Address of registered office and principal place of business:

The principal place of business is the Registered Office at 15, Dilkusha C/A, Dhaka-1000.

2.00 Specific Accounting Policies - Disclosure under IAS 1 “Presentation of Financial Statements”

2.01 Basis of preparation and presentation of the Financial Statements:

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994 and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS). The Statement of Financial Position and Statement of Profit or Loss & Other Comprehensive Income have been prepared according to IAS-1 Presentation of Financial Statements based on accrual basis of accounting following going concern assumption under Generally Accepted Accounting Principles (GAAP) and Cash Flow Statement according to IAS-7 Statement Cash Flows.

2.02 Accounting Convention and Assumption:

The Financial Statements are prepared under the “Historical Cost” convention.

2.03 Principal Accounting Policies:

The specific accounting policies have been selected and applied by the Company's management for significant transactions and events that have a material effect within the framework for the preparation and presentation of financial statements. Financial Statements have been prepared and presented in compliance with IAS-1 Preparation of Financial Statements. Financial statements of the previous year were prepared according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation policies affecting the financial position and performance of the company. However, changes made to the presentation are explained in the note for the respective item(s).

2.04 Components of Financial Statements:

1. Statement of Financial Position as at December 31, 2019
2. Statement of Profit or Loss & Other Comprehensive Income for the year ended December 31, 2019
3. Statement of Changes in Equity for the year ended December 31, 2019
4. Statement of Cash Flows for the year ended December 31, 2019
5. Accounting Policies and Explanatory Notes.

2.05 Application of International Accounting Standards (IAS's):

Following IAS's are applicable for the preparation and presentation of financial statements for the year under report.

- IAS – 1 Presentation of Financial Statements
- IAS – 7 Statements of Cash Flows
- IAS – 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS – 10 Events after the Balance Sheet date
- IAS – 12 Income Taxes
- IAS – 16 Property, Plant and Equipment
- IAS – 37 Provisions, Contingent Liabilities and Contingent Assets.

2.06 Tangible Fixed Assets: Property, Plant and Equipment (IAS-16):

Tangible fixed assets are accounted for according to IAS-16 Property, Plant and Equipment at historical cost less cumulative depreciation. Assets are depreciated according to the diminishing balance method.

2.07 Right of Use Asset:

Under IFRS 16 as effective from January 2019, an entity shall be recognizing a right-of-use (ROU) asset (i.e. the right to use the office building, branches, service center, call center, warehouse, etc.) and a corresponding lease liability. The asset and the liability shall initially be measured at the present value of unavoidable lease payments. The

depreciation of the lease asset (ROU) and the interest on the lease liability shall be recognized in the profit or loss account over the lease term replacing the previous heading 'lease rent expenses'. While implementing IFRS 16, the parent company SIBL has chosen not to apply IFRS 16 in the year 2019 considering the impact of Income Tax & VAT matters being there are no direction from National Board of Revenue (NBR) regarding accounting treatment. Being SIBL Securities Ltd., is a 100% wholly owned subsidiary company of SIBL, the company has also chosen to depart IFRS 16 until SIBL implements.

2.08 Depreciation of the fixed assets:

Depreciation is provided on diminishing method on the cost at which the asset is carried in the books of account.

Depreciation continues to be provided until such time as the written down value is reduced to Taka one.

The rates at which assets are depreciated per annum, depending on the nature and estimated useful life of assets are given below:

| Category of Assets | Rate |
|--|------|
| Furniture & Fixtures | 10 % |
| Office Decoration | 10 % |
| Office Equipment's | 20 % |
| Software | 10 % |
| Depreciation has been charged to Operational Expenses. | |

2.08 Accounts Receivable:

Accounts Receivables are recognized at cost which is the fair value of the consideration given.

2.09 Cash & Cash Equivalents:

Cash and cash equivalents include Cash in hand, Cash at banks etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.10 Creditors and Accrued Expenses:

Provision:

The preparation of financial statements in conformity with IAS-37 Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities during and at the date of financial statements.

In accordance with the guidelines as prescribed by IAS-37, provisions were recognized in the following situations:

- When the company has a present obligation as a result of past events;
- When it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

The provisions in the Statement of Financial Position at an appropriate level have been shown with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represented the best estimate of the probable expenditure required to fulfill the current obligation on the Statement of Financial Position date. Other provisions are valued in accordance with IAS-37 Provisions, Contingent Liabilities and Contingent Assets. Other provisions comprise all recognizable risks from uncertain liabilities and anticipated losses from pending transactions.

2.11 Taxation (IAS-12):

Income Tax

The company is a Private Limited Company in terms of the Income Tax Ordinance 1984 and Income Tax is applicable @ 35% on operating and 20% on dividend income.

Deferred Tax

Deferred Tax has not been considered for immateriality.

2.12 Contingent Liabilities and Assets:

Contingent liabilities are current or possible obligations, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS-37 Provisions, Contingent Liabilities and Contingent Assets they are disclosed in notes to the financial statements.

2.13 Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with IAS-7 Statement Cash Flows and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are encouraged to Report Cash Flows from Operating Activities using The Direct Method".

2.14 General

- Components of the Statement of Profit or Loss and other comprehensive income of previous year has been rearranged in order to make comparable with current years presentation.
- Figures have been rounded off to the nearest taka.

| | | Amount in Taka | |
|----------|---|--------------------|----------------------|
| | | 2019 | 2018 |
| 3 | Property, plant & equipment: | | |
| | Opening balance | 18,002,597 | 17,910,637 |
| | Add: Addition during the year (annexure-A) | 355,529 | 91,960 |
| | Less: Disposal during the year | - | - |
| | Closing balance (A) | 18,358,126 | 18,002,597 |
| | Less: Accumulated depreciation: | | |
| | Opening balance | 10,411,590 | 9,152,742 |
| | Depreciation charged during the year (annexure-A) | 1,089,399 | 1,258,848 |
| | Disposal/adjustment during the year | - | - |
| | Closing balance (B) | 11,500,989 | 10,411,590 |
| | Written down value (A-B) | 6,857,137 | 7,591,007 |
| 4 | Intangible assets: | | |
| | Opening balance | 3,173,640 | 3,173,640 |
| | Add: Addition during the year (annexure-A) | - | - |
| | Less: Disposal during the year | - | - |
| | Closing balance (A) | 3,173,640 | 3,173,640 |
| | Less: Accumulated depreciation: | | |
| | Opening balance | 2,046,261 | 1,728,897 |
| | Depreciation charged during the year (annexure-A) | 317,364 | 317,364 |
| | Disposal/adjustment during the year | - | - |
| | Closing balance (B) | 2,363,625 | 2,046,261 |
| | Written down value (A-B) | 810,015 | 1,127,379 |
| 5 | Investment in Equity of Strategic Company | | |
| | Chittagong Stock Exchange Ltd. (CSE) | 307,000,000 | 307,000,000 |
| | Dhaka Stock Exchange Ltd. (DSE) | 682,770,683 | 720,650,000 |
| | | 989,770,683 | 1,027,650,000 |
| | DSE Share sale to Strategic shareholder | - | (37,879,317) |
| | | 989,770,683 | 989,770,683 |

The company acquired a Membership of Chittagong Stock Exchange Ltd., Membership no: 142 dated 26 July, 2010 at a cost of Tk. 307,000,000 from Social Islami Bank Limited on 30 December, 2010 which was subscribed by Social Islami Bank Limited earlier in the name of SIBL Securities Ltd. Further, on 13-04-2011 the company purchased a membership of Dhaka Stock Exchange Ltd. (Membership No. 94) from Arafat Securities Ltd. at a cost of Tk.710,000,000. A transfer fees of Tk.10,650,000 was also paid to RJSC for the said membership. Later on, after demutualization of the both Stock Exchanges, the Company obtained TREC Certificates of DSE & CSE against their Membership and received 2,886,042 Shares out of total allotted 7,215,106 Shares of DSE @Tk.10/- each and also received 1,714,932 Shares of CSE @Tk.10/- each out of total allotted 4,287,330 Shares of CSE. In the year 2018, DSE has sold out 25% shares out of 40% of total share, held with DSE under block account, for which the Company has received the sale proceeds of Tk. 37,879,317 for 1,803,777 shares at Tk. 21 each against cost price of Tk. 180,162,550 including the TREC value apparently with loss a of Tk. 142,283,233, But such loss has not been considered in account as the estimated value of the TREC is understood to be much higher then the overall DSE shares cost.

| Stock Exchange | No of Shares | |
|-----------------------------------|--------------------|--------------------|
| | 31-Dec-19 | 31-Dec-18 |
| Dhaka Stock Exchange Limited | 5,411,329 | 5,411,329 |
| Chittagong Stock Exchange Limited | 4,287,330 | 4,287,330 |
| Total number of shares | 9,698,659 | 9,698,659 |
| Book value of Shares | 989,770,683 | 989,770,683 |

| | | Amount in Taka | |
|------------|---|----------------------|----------------------|
| | | 2019 | 2018 |
| 6 | Advances: | | |
| | Advance income tax | 89,184,152 | 76,872,355 |
| | Advance office rent | 1,168,865 | 848,148 |
| | Advance for floor space at Nikunja, DSE Tower | 850,000 | 850,000 |
| | Security deposit | 214,000 | 205,000 |
| | | 91,417,017 | 78,775,503 |
| 6.1 | Advance income tax: | | |
| | Advance income tax-DSE | 70,508,587 | 60,788,983 |
| | Advance income tax-CSE | 3,519,809 | 3,268,844 |
| | Advance income tax-CSE dealer | 45,663 | 44,628 |
| | Advance income tax-DSE dealer | 573,085 | 555,499 |
| | Advance income tax on profit of MTDR A/c. | 1,719,174 | 1,719,174 |
| | Advance income tax on profit of other bank A/c. | 3,056,574 | 2,045,583 |
| | Advance income tax on cash dividend-dealer | 7,683,829 | 6,372,212 |
| | Income tax paid | 2,077,431 | 2,077,431 |
| | | 89,184,152 | 76,872,355 |
| 6.2 | Advance office rent: | 1,168,865 | 848,148 |
| | Extension of head office premises Advance amount of Tk.350,000 was paid by cheque no. 9672178 on 27.06.2019 Which will be adjusted by 22 instalment of Tk.15,909. Out of which 6 instalment was completed and instalment remaining 16 | | |
| | Head Office Advance amount of Tk.905,640 was paid by cheque no. 0884847 on 17.12.2019. Which will be adjusted by 24 instalment of Tk. 37,735. Instalment remaining 24 | | |
| 6.3 | Advance for floor space at Nikunja, DSE Tower | | |
| | Advance for floor space at Nikunja, DSE Tower AMOUNT OF Tk. 850,000 was paid by cheque no. 1021884 on 12.08.2013 | | |
| 6.4 | Security deposit: | | |
| | Security deposit with CDBL | 200,000 | 200,000 |
| | Security deposit with BTCL | 5,000 | 5,000 |
| | Security deposit with Duncan Products | 9,000 | - |
| | Total | 214,000 | 205,000 |
| 7 | Accounts Receivable | | |
| | Receivable from client | 984,335,485 | 1,075,824,864 |
| | Receivables from regulators | 1,637,167 | 1,941,390 |
| | Receivable dividend income | 2,705,665 | - |
| | Profit receivable Bai-Muajjel | 100,028,236 | 81,729,877 |
| | | 1,088,706,553 | 1,159,496,132 |
| 7.1 | Receivable from clients: | | |
| | Due to CDBL Charge | 195,155 | - |
| | Receivable from Margin Clients | 984,140,330 | 1,075,824,864 |
| | | 984,335,485 | 1,075,824,864 |
| 7.2 | Receivables from regulators: | | |
| | Receivable from DSE-Broker Activities | 1,637,167 | 1,826,057 |
| | Receivable from CSE-Broker Activities | - | 115,334 |
| | | 1,637,167 | 1,941,390 |
| 8 | Investment in stock dealer Activities | | |
| | Investment in listed securities | 124,433,823 | 108,835,293 |
| | Investment in unlisted companies | 30,000,000 | 30,000,000 |
| | Investment in primary shares | - | 3,634,635 |
| | | 154,433,823 | 142,469,928 |

| | | Amount in Taka | |
|----------|--|--------------------|--------------------|
| | | 2019 | 2018 |
| 9 | Cash & bank balances: | | |
| | Cash in hand | 79,908 | 59,908 |
| | Petty cash account | 5,179 | 2,117 |
| | Cheque collection in transit | - | - |
| | Operational Prime Bank Ltd. -10831030026313 (SND) | - | 1 |
| | Consolidated Customer Al Arafa Islamic Bank Ltd -0021220003332 (SND) | 7,768 | 45,573 |
| | Operational Bank So-al Islami Bank Ltd. -02-1330056882 (Current) | 1,578,112 | 2,595,263 |
| | Operational Bank One Bank Ltd. -0013000000569 (SND) | 7,664 | 8,896 |
| | IPO Account So-al Islami Bank Ltd. -02-1360001846 (SND) | 256,825 | 2,024,262 |
| | SIBL Securities Employees PF A/C .So-al Islami Bank Ltd. - 02-1360001993 (SND) | 10,166,705 | 7,603,016 |
| | Consolidated Customer So-al Islami Bank Ltd.-0021360003049 (SND) | 347,838,915 | 102,821,729 |
| | Dealer Account So-al Islami Bank Ltd.-0021360003051 (SND) | 2,468,893 | 8,819,867 |
| | | 362,409,969 | 123,980,632 |

Payable for IPO is nil but the balance in IPO Bank A/C-02-1360001846 is Tk. 256,825 which is fully income from IPO application process of the company

| | | | |
|-----------|--|----------------------|----------------------|
| 10 | Share capital: | | |
| | Authorized capital: | | |
| | 25,000,000 shares of Tk. 100 each | 2,500,000,000 | 2,500,000,000 |
| | Issued, subscribed and paid-up capital: | | |
| | 12,300,000 shares of Tk. 100 each | 1,230,000,000 | 1,230,000,000 |

10.1 Shareholding position:

| No. | Shareholders | % of Shareholdings | No. Shares | 2019 Amount | 2018 Amount |
|-----|--|--------------------|-------------------|----------------------|----------------------|
| 1 | So-al Islami Bank Limited | 99.999902% | 12,299,988 | 1,229,998,800 | 1,229,998,800 |
| 2 | Alhaj Nasiruddin | 0.000008% | 1 | 100 | 100 |
| 3 | Mr. Md. Sayedur Rahman | 0.000008% | 1 | 100 | 100 |
| 4 | Major (Retd.) Dr. Md. Rezaul Haque | 0.000008% | 1 | 100 | 100 |
| 5 | Alhaj Sultan Mahmood Chowdhury | 0.000008% | 1 | 100 | 100 |
| 6 | Mr. Abdul Awal Patwary | 0.000008% | 1 | 100 | 100 |
| 7 | Hamdard Laboratories (Waqf) Bangladesh Represented by: Mr. Anisul Hoque | 0.000008% | 1 | 100 | 100 |
| 8 | Mrs. Nargis Mannan | 0.000008% | 1 | 100 | 100 |
| 9 | Mr. Kamaluddin Ahmed | 0.000008% | 1 | 100 | 100 |
| 10 | Alhaj Sk. Mohammad Rabban Ali | 0.000008% | 1 | 100 | 100 |
| 11 | Mr. A. Jabbar Mollah | 0.000008% | 1 | 100 | 100 |
| 12 | Mr. Md. Kamal Uddin | 0.000008% | 1 | 100 | 100 |
| 13 | Mr. Belal Ahmed | 0.000008% | 1 | 100 | 100 |
| | | 100.000000% | 12,300,000 | 1,230,000,000 | 1,230,000,000 |

| | | | |
|-----------|----------------------------------|------------------|-------------------|
| 11 | General reserve | | |
| | Opening balance | 10,764,249 | 8,570,540 |
| | Add: Addition during the year | - | 2,193,709 |
| | | 10,764,249 | 10,764,249 |
| | Less: Adjustment during the year | (920,894) | - |
| | Closing balance | 9,843,355 | 10,764,249 |

The Board of SIBL Securities Ltd. has decided to create a general reserve @1% on total receivable from clients at the end of each year and add or adjustment with general reserve will depend on size of unrealized loss against outstanding margin loan, receivables and realization for the respective year.

| | | Amount in Taka | |
|-------------|--|--------------------|--------------------|
| | | 2019 | 2018 |
| 12 | Retained Earnings | | |
| | Opening balance | 28,737,598 | 10,591,211 |
| | Add: Profit/(loss) during the year | 5,097,574 | 18,146,387 |
| | | 33,835,172 | 28,737,598 |
| | Less: interim dividend | - | - |
| | Closing balance | 33,835,172 | 28,737,598 |
| 13 | HPSM investment loan from SIBL: | | |
| | Opening balance | 800,000,000 | 750,000,000 |
| | Addition during the year | - | 50,000,000 |
| | Adjustment made during the year | - | - |
| | Closing balance | 800,000,000 | 800,000,000 |
| | The company has taken HPSM investment loan of amount tk. 800,000,000 from FAD SIBL as Quard basisinterest @9% per annum. | | |
| 14 | Deferred Tax Liability / (Assets) | | |
| | Opening Balance | 1,106,176 | 1,181,686 |
| | Add: Addition during the year | (218,763) | (75,510) |
| | | 887,413 | 1,106,176 |
| 15 | Accounts Payables | | |
| | Payable to regulators | Note - 15.1 | 6,655,006 |
| | Payable to client trading | | 305,701,236 |
| | Other provisions | Note - 15.2 | 218,322,312 |
| | | | 530,678,554 |
| | | | 355,754,335 |
| 15.1 | Payable to regulators: | | |
| | Payable to DSE-Broker activities | | 4,353,844 |
| | Payable to CSE-Broker activities | | 495,895 |
| | Payable to CSE for Dealer activities | | - |
| | Payable to DSE for Dealer activities | | - |
| | Payable to CDBL | | 1,805,267 |
| | Total | | 6,655,006 |
| | | | 15,458,814 |
| 15.2 | Others provisions: | | |
| | Provision for impairment of margin loan | Note 15.2.A | 105,672,564 |
| | Provision for diminution in value of investment in shares | Note 15.2.B | 24,280,544 |
| | Accrued expenses | Note 15.2.C | 15,179,147 |
| | Payable to service providers | | 543,518 |
| | Payable to suppliers | | 15,050 |
| | Profit payable to SIBL on Quard amount | | 72,000,000 |
| | Charges payable on Business Promotional Exp. | | - |
| | Liabilities for payment to the issuer | | - |
| | Liabilities for unidentified cash dividend receipt | | 12,824 |
| | Liabilities for EMP. PF Bank A/c. profit income | | 618,665 |
| | Total | | 218,322,312 |
| | | | 136,934,479 |

| | | Amount in Taka | |
|---------------|--|--------------------|--------------------|
| | | 2019 | 2018 |
| 15.2.A | Provision for Impairment of Margin loan | | |
| | Opening Balance | 102,582,068 | 71,704,558 |
| | Add: Addition / (Adjustment) during the year | 3,090,496 | 30,877,510 |
| | Closing Balance | 105,672,564 | 102,582,068 |
| 15.2.B | Provision for diminution in value of investment in shares | | |
| | Opening Balance | 21,205,347 | 5,563,274 |
| | Add: Addition / (Adjustment) during the year | 3,075,197 | 15,642,073 |
| | Closing Balance | 24,280,544 | 21,205,347 |

In compliance with the guidelines of the BSEC vide Circular No. SEC/CMRRCD/2009-193/196 dated 28 December, 2016 and BSEC's Directive No. BSEC/CMRCCD/2009-193/203 dated December 28, 2017 and further letter No. BSEC/SRI/Policy/3/2018/931 dated December 24, 2018 the management of the Company has decided to create provisions @100% for impairment of margin loan on negative equity balance and @ 100% for diminution in value of investment in shares through dealer account separately within next 02 (two) years. That is, end of the year 2022. In this connection, as on 31st December, 2019 the provisions have been created @ 27.05% on Impairment of Margin Loan on negative equity balance of 31st December, 2019 and @28.42% Diminution in value of investment on unrealized loss amount of 31st December 2019 separately.

15.2.C Accrued expenses:

| | | |
|---|-------------------|-------------------|
| Audit fees | 30,000 | 46,000 |
| Provision for office rent | 1,207,520 | 282,069 |
| Provision for salary & allowances | - | 707,886 |
| Provision for PF contribution by company | 4,693,625 | 3,621,018 |
| Provision for PF contribution by employee | 4,693,625 | 3,621,018 |
| Provision for employees Gratuity Fund | 4,068,550 | 4,068,550 |
| Adjustment A/c. to forfeit PF contribution by Company | 179,327 | - |
| Payable to DSE for non trading activities | 31,720 | 31,720 |
| VAT payable on Directors meeting attendance fees | 8,000 | 12,000 |
| VAT payable on suppliers | 16,663 | 924 |
| VAT payable on office rent | 205,608 | 107,982 |
| Tax payable on office rent | 8,259 | 21,891 |
| Tax payable on suppliers | 700 | - |
| Tax payable on salary | 31,050 | 24,400 |
| VAT payable on legal & professional fees | 4,500 | - |
| Total | 15,179,147 | 12,545,457 |

16 Provision for tax:

| | | |
|--|-------------------|-------------------|
| Opening balance | 76,848,906 | 59,539,759 |
| Add: Current year tax | 12,311,797 | 17,309,147 |
| Short / (excess) Provision of preceeding years Tax | - | - |
| | 12,311,797 | 17,309,147 |
| Less: Tax Paid / Adjust of preceeding years Tax | - | - |
| | 12,311,797 | 17,309,147 |
| Closing balance | 89,160,703 | 76,848,906 |

| | | Amount in Taka | |
|-------------|---|-------------------|-------------------|
| | | 2019 | 2018 |
| 17 | Brokerage commission: | | |
| | Brokerage commission-DSE | 58,981,317 | 84,261,684 |
| | Brokerage commission-CSE | 1,430,479 | 2,448,204 |
| | Total | 60,411,796 | 86,709,888 |
| 18 | Profit earned on MTDR & bank account: | | |
| | Profit on A/c.10831030026313 (Prime Bank) | - | 548 |
| | Profit on A/c.0021220003332 (Al Arafah) | 1,321 | 2,251 |
| | Profit on A/c. 13000000569 (One Bank) | 292 | 621 |
| | Profit on CCA A/c. 0021360003049 (SIBL) | 9,246,868 | 6,339,213 |
| | Profit on Dealer A/c. 0021360003051 (SIBL) | 202,983 | 2,211,783 |
| | Profit on A/c. 0021360001846 (SIBL) | 523,677 | 400,894 |
| | Total | 9,975,141 | 8,955,310 |
| 19 | Other income: | | |
| | Loan processing fees | 1,000 | 7,000 |
| | B.O. opening charges | 98,000 | 146,500 |
| | B.O. maintenance charges | 438,450 | - |
| | Income from IPO application process | 71,990 | 145,308 |
| | Other income | 1,170,498 | 646,425 |
| | Total | 1,779,938 | 945,233 |
| 20 | Operating expenses: | | |
| | Salary & allowances (Note 20.1) | 31,018,682 | 34,035,336 |
| | License, fees & renewals (Note 20.2) | 7,570,217 | 12,086,915 |
| | Directors Board meeting attendance fees (Note 20.3) | 419,500 | 333,500 |
| | Rent, rates & taxes (Note 20.4) | 6,198,307 | 6,042,040 |
| | Communications expenses (Note 20.5) | 2,026,095 | 1,616,417 |
| | Printing & stationery (Note 20.6) | 477,675 | 387,554 |
| | Entertainment & public relation | 833,903 | 579,445 |
| | Repair & maintenances (Note 20.7) | 810,805 | 839,342 |
| | Office expenses (Note 20.8) | 788,024 | 1,024,674 |
| | Legal & professional fees (Note 20.9) | 39,500 | 38,000 |
| | Business promotional expenses | 1,291,493 | 3,230,586 |
| | Branding and business development exp. | 163,370 | 335,285 |
| | Training Expenses | 90,500 | - |
| | Depreciation | 1,089,399 | 1,258,848 |
| | Amortization | 317,364 | 317,364 |
| | Total | 53,134,834 | 62,125,306 |
| 20.1 | Salary & allowances: | | |
| | Salary & allowances | 27,581,910 | 26,359,721 |
| | Contribution to employees provident fund by Company | 1,212,607 | 1,050,200 |
| | Festival bonus | 2,224,165 | 2,116,865 |
| | Special allowance to deputation executives: | - | 440,000 |
| | Contribution to employees Gratuity fund | - | 4,068,550 |
| | Total | 31,018,682 | 34,035,336 |

| | | Amount in Taka | |
|-------------|--|------------------|-------------------|
| | | 2019 | 2018 |
| 20.2 | License, fees & renewal: | | |
| | Stock broker licence renewal fees | 20,000 | 20,000 |
| | Stock dealer licence renewal fees | 20,000 | 20,000 |
| | Renewal fees | 4,000 | 4,000 |
| | TREC licence renewal fees-DSE | 50,000 | 50,000 |
| | TREC licence renewal fees-CSE | 50,000 | 50,000 |
| | Membership subscription to DBA | 12,500 | 12,500 |
| | Bidding fee paid to DSE | 15,000 | 48,000 |
| | Regulatory expenses with RJSC | - | 58,000 |
| | Other Regulatory exp. | - | 5,000 |
| | Non-Judicial stamp | 4,360 | 1,272 |
| | Trade license fees & expenses | 13,200 | 22,500 |
| | VAT on Registration & Renewal fees | 7,980 | 3,600 |
| | Tax on Registration & Renewal fees | 3,000 | - |
| | TWS fees to DSE | - | 50,000 |
| | Authorized representative license and renewal fees | 200,000 | 195,000 |
| | CDBL connection Fees | 5,500 | 5,500 |
| | CDBL settlement transfer fees | 2,201,299 | 4,089,535 |
| | Howla charges-DSE | 900 | 1,545 |
| | Howla charges-CSE | - | 19,249 |
| | Laga charges-DSE | 4,850,572 | 6,949,343 |
| | Laga charges-CSE | 102,179 | 429,832 |
| | Howla charges-CSE dealer | - | 84 |
| | Laga charges-CSE dealer | 475 | 1,250 |
| | Laga charges-DSE dealer | 8,686 | 20,473 |
| | Investor protection fund DSE | - | 29,320 |
| | Investor protection fund-CSE | 566 | 912 |
| | Total | 7,570,217 | 12,086,915 |
| 20.3 | Directors Board Meeting attendance fees: | | |
| | Directors Board meeting attendance fees | 330,000 | 290,000 |
| | VAT on Directors meeting attendance fees | 41,500 | 43,500 |
| | Tax on Directors meeting attendance fees | 48,000 | - |
| | Total | 419,500 | 333,500 |
| 20.4 | Rent, rates & taxes: | | |
| | Office rent | 3,619,832 | 3,384,828 |
| | Office rent- Extension of HO | 1,770,000 | 1,869,120 |
| | VAT on office rent | 808,475 | 788,092 |
| | Total | 6,198,307 | 6,042,040 |
| 20.5 | Communications expenses: | | |
| | Telephone & mobile bill | 150,181 | 149,504 |
| | Internet expenses | 366,758 | 326,526 |
| | Courier & postage | 4,270 | 12,040 |
| | Conveyance & travel expenses | 352,613 | 115,414 |
| | Network connectivity & installation charges | 1,152,273 | 1,004,963 |
| | SMS bill | - | 8,240 |
| | Total | 2,026,095 | 1,616,417 |

| | | Amount in Taka | |
|-------------|---------------------------------------|-------------------|-------------------|
| | | 2019 | 2018 |
| 20.6 | Printing & stationery: | | |
| | Printing | 154,523 | 120,800 |
| | Tax on printing exp. | 20,217 | - |
| | Stationery | 241,754 | 201,314 |
| | Toner/cartridge | 61,181 | 65,440 |
| | Total | 477,675 | 387,554 |
| 20.7 | Repair & maintenances: | | |
| | Repair & maintenances | 170,136 | 80,400 |
| | VAT on Repair & maintenances | 650 | - |
| | Computer maintenances | 85,123 | 30,750 |
| | Software maintenances | 306,700 | 332,550 |
| | VAT on software maintenance | 12,500 | 11,250 |
| | Office maintenances | 235,696 | 384,392 |
| | Total | 810,805 | 839,342 |
| 20.8 | Office expenses: | | |
| | Croceries | - | 2,000 |
| | VAT | 600 | - |
| | Advertisement | 40,250 | 175,250 |
| | Water & Sewerage bill | 53,153 | 59,386 |
| | Newspaper & periodicals | 22,005 | 32,165 |
| | Electrical goods | 72,975 | 37,805 |
| | Misc. Expenses | 45,000 | 60,000 |
| | Plant Bill | 20,000 | 32,500 |
| | Carrying expenses | - | 1,800 |
| | VAT on supplier payment | 10,882 | - |
| | Ex-gratia | 7,000 | - |
| | Electricity & generator bill | 516,159 | 623,768 |
| | Total | 788,024 | 1,024,674 |
| 20.9 | Legal & professional fees: | | |
| | Advisory & Consultancy | 5,000 | 15,000 |
| | Audit Fees | 30,000 | 20,000 |
| | VAT on Audit Fees | 4,500 | 3,000 |
| | Total | 39,500 | 38,000 |
| 21 | Financial expenses: | | |
| | Profit paid on loan | 72,000,000 | 73,631,527 |
| | Bank charges | 93,691 | 94,937 |
| | Total | 72,093,691 | 73,726,464 |

22 Post balance sheet event:

The company has started its operation both under DSE and CSE membership on 04 January 2012 and 05 January 2012 respectively. No material event had occurred after the Balance Sheet date, which could substantially effect the values reported in the Financial Statements.

23 Related party disclosure:

As per IAS 24 there is no related party transaction other than those with SIBL as mentioned in note no.13.

SIBL SECURITIES LIMITED
SCHEDULE OF PROPERTY, PLANT & EQUIPMENT
AS AT 31ST DECEMBER, 2019

Annexure - A

| Particulars | Cost | | | | Rate | Accumulated Depreciation | | | | Written Down Value as on 31-12-2019 |
|--------------------------|--------------------------|--------------------------|---------------------------------------|--------------------------|------|--------------------------|------------------------|---------------------------------------|--------------------------|-------------------------------------|
| | Balance as on 01.01.2019 | Addition during the year | Disposal / Adjustment during the year | Balance as on 31.12.2019 | | Balance as on 01.01.2019 | Charge during the year | Disposal / Adjustment during the year | Balance as on 31.12.2019 | |
| Office equipment | 11,056,811 | 158,570 | - | 11,215,381 | 20% | 7,933,370 | 633,554 | - | 8,566,924 | 2,648,457 |
| Office decoration | 5,582,557 | - | - | 5,582,557 | 10% | 2,089,169 | 349,339 | - | 2,438,508 | 3,144,049 |
| Furniture & fixture | 1,363,229 | 196,959 | - | 1,560,188 | 10% | 389,051 | 106,506 | - | 495,557 | 1,064,631 |
| Total: | 18,002,597 | 355,529 | - | 18,358,126 | | 10,411,590 | 1,089,399 | - | 11,500,989 | 6,857,137 |
| Intangible assets | | | | | | | | | | |
| Software | 3,173,640 | - | - | 3,173,640 | 10% | 2,046,261 | 317,364 | - | 2,363,625 | 810,015 |
| Total | 3,173,640 | - | - | 3,173,640 | | 2,046,261 | 317,364 | - | 2,363,625 | 810,015 |

SIBL Investment Limited Financial Information

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SIBL INVESTMENT LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2019

Opinion

We have audited the financial statements of SIBL Investment Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a. we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c. The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka
Dated: June 16, 2020



SHAFIQ BASAK & CO.
Chartered Accountants

SIBL INVESTMENT LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

| Particulars | Note | Taka | Taka |
|---|------|--------------------|--------------------|
| | | 2019 | 2018 |
| ASSETS | | | |
| Non-current assets | | | |
| | | - | - |
| | | - | - |
| Current assets | | | |
| Advance Deposit & Prepayments | 3 | 212,409 | - |
| Investment in Shares | 4 | 69,296,400 | - |
| Accounts receivable | 5 | 81,399,135 | - |
| Cash & cash equivalents | 6 | 101,456,590 | 249,854,138 |
| | | 252,364,533 | 249,854,138 |
| Total assets | | 252,364,533 | 249,854,138 |
| EQUITY AND LIABILITIES | | | |
| Capital & reserve | | | |
| Share capital | 7 | 250,000,000 | 250,000,000 |
| Retained earnings | | (2,880,818) | (2,011,922) |
| | | 247,119,182 | 247,988,078 |
| Current liabilities | | | |
| Payable to Social Islami Bank Limited | | 1,883,690 | 1,820,060 |
| Accrued expenses | 8 | 46,000 | 46,000 |
| Provision for diminution in value of investment | 9 | 2,660,502 | - |
| Provision for tax | 10 | 655,159 | - |
| | | 5,245,351 | 1,866,060 |
| Total equity & liabilities | | 252,364,533 | 249,854,138 |

The annexed notes 1 to 9 form an integral part of these financial statements.


Director


Director


Director

This is the Statement of Changes in Equity referred to in our report of even date.

Place: Dhaka
Dated: June 16, 2020


SHAFIQ BASAK & CO.
Chartered Accountants

SIBL INVESTMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2019

| Particulars | Note | Taka | |
|--|-----------|------------------|-----------------|
| | | 2019 | 2018 |
| Operating Income | | | |
| Brokerage commission | | - | - |
| Profit received from Bank | | 1,610,000 | - |
| Profit / (Loss) on Investment in share | | 696,535 | - |
| Dividend income | | 257,045 | - |
| Other income | | - | - |
| | | 2,563,580 | - |
| Less: Expenses | 11 | 64,580 | 41,390 |
| Less: Financial expenses | 12 | 52,235 | 26,150 |
| | | 116,815 | 67,540 |
| Profit/(loss) before provision & reseve | | 2,446,765 | (67,540) |
| Provision for dimunition in value of investment | | (2,660,502) | - |
| Profit/(loss) before tax | | (213,737) | (67,540) |
| Provision for taxation: | | | |
| Provision for tax | | 655,159 | - |
| Deferred tax | | - | - |
| | | (655,159) | - |
| Profit/(Loss) after tax | | (868,896) | (67,540) |

The annexed notes 1 to 9 form an integral part of these financial statements.


Director


Director


Director

This is the Statement of Changes in Equity referred to in our report of even date.

Place: Dhaka
Dated: June 16, 2020


SHAFIQ BASAK & CO.
Chartered Accountants

SIBL INVESTMENT LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2019

| | Taka | Taka |
|---|----------------------|--------------------|
| | 2019 | 2018 |
| A. Cash flows from operating activities: | | |
| Net profit/(loss) before tax | 2,446,765 | (18,390) |
| Increase in Advance Deposit & Prepayments | (212,409) | - |
| Increase in Accounts Receivable | (81,399,135) | - |
| Increase in payables | - | - |
| Net cash inflow/(outflow) from operating activities | (79,164,778) | (18,390) |
| B. Cash flows from investing activities: | | |
| Increase in investment | (69,296,400) | (26,150) |
| Net cash used by investing activities | (69,296,400) | (26,150) |
| C. Cash flows from financing activities: | | |
| Received from Social Islami Bank Ltd. | 63,630 | 18,390 |
| Net cash inflow from financing activities | 63,630 | 18,390 |
| D. Net cash inflow for the year (A+B+C) | (148,397,548) | (26,150) |
| E. Opening cash & cash equivalents (E) | 249,854,138 | 249,880,288 |
| F. Closing cash & cash equivalents (D+E) | 101,456,590 | 249,854,138 |


Director


Director


Director

SIBL INVESTMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31ST DECEMBER, 2019

| Particulars | Share capital | Retained earnings | Total |
|--|--------------------|--------------------|--------------------|
| Opening Balance at 01 January, 2019 | 250,000,000 | (2,011,922) | 247,988,078 |
| Add: Net profit/(loss) during the year | - | (868,896) | (868,896) |
| Balance as at 31 December, 2019 | 250,000,000 | (2,880,818) | 247,119,182 |

FOR THE YEAR ENDED 31ST DECEMBER, 2018

| Particulars | Share capital | Retained earnings | Total |
|--|--------------------|--------------------|--------------------|
| Opening Balance at 01 January, 2018 | 250,000,000 | (1,944,382) | 248,055,618 |
| Add: Net profit/(loss) during the year | - | (67,540) | (67,540) |
| Balance as at 31 December, 2018 | 250,000,000 | (2,011,922) | 247,988,078 |

The accounting policies and other notes form an integral part of the financial statements.


Director


Director


Director

SIBL INVESTMENT LIMITED
REPORTS ON THE FINANCIAL STATEMENTS
BASED ON
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
FOR THE YEAR ENDED 31 DECEMBER, 2019

1.00 LEGAL STATUS AND NATURE OF THE COMPANY-DISCLOSURE UNDER IAS 1 “PRESENTATION OF FINANCIAL STATEMENT”.

1.01 Company Profile:

SIBL Investment Limited was incorporated as a public limited company under the Companies Act, 1994 vide certification of incorporation no. C-86726/10 dated 30 August, 2010 with an authorized capital of Tk. 2,500,000,000.00 divided into 25,000,000.00 ordinary shares of Tk. 100.00 each as a private limited company under the Companies Act 1994.

1.02 Nature of Business Operations:

The principal objectives of the Company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealing, to underwrite, manage and distribute the issue of stock etc. and other services as mentioned in the Memorandum and Articles of Association of the Company.

1.03 Address of Operational Office:

The principal place of business is the Registered Office at City Center, Mezzanine-2 90/2, Motijheel C/A, Dhaka-1000.

2.00 SPECIFIC ACCOUNTING POLICIES - DISCLOSURE UNDER IAS 1 “PRESENTATION OF FINANCIAL STATEMENTS”

2.01 Basis of preparation and presentation of the Financial Statements:

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994 and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), as International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS). The Statement of Financial Position and Statement of Profit or Loss & Other Comprehensive Income have been prepared according to **IAS-1** Presentation of Financial Statements based on an accrual basis of accounting following the going concern assumption under Generally Accepted Accounting Principles (GAAP) and Cash Flow Statement according to **IAS-7** Statement of Cash Flows.

2.02 Accounting Convention and Assumption:

The Financial Statements are prepared under the “Historical Cost” convention.

2.03 Principal Accounting Policies:

The specific accounting policies have been selected and applied by the Company's management for significant transactions and events that have a material effect within the framework for the preparation and presentation of financial statements. Financial Statements have been prepared and presented in compliance with **IAS-1** Preparation of Financial Statements. Financial statements of the previous year were prepared according to the same accounting principles. Compared to the previous year, there were no significant changes in the accounting and valuation policies affecting the financial position and performance of the company. However, changes made to the presentation are explained in the note for the respective item(s).

2.04 Components of Financial Statements:

1. Statement of Financial Position as at 31 December, 2019
2. Statement of Profit or Loss & Other Comprehensive Income for the year ended 31 December, 2019
3. Statement of Changes in Equity for the year ended 31 December, 2019
4. Statement of Cash Flows for the year ended 31 December, 2019
5. Accounting Policies and Explanatory Notes.

2.05 Application of International Accounting Standards (IAS's):

Following IAS's are applicable for the preparation and presentation of financial statements for the year under report.

IAS – 1 Presentation of Financial Statements
IAS – 7 Statements of Cash Flows
IAS – 8 Accounting Policies, Changes in Accounting Estimates and Errors
IAS – 10 Events after the Balance Sheet date
IAS – 12 Income Taxes
IAS – 37 Provisions, Contingent Liabilities and Contingent Assets.

2.06 Accounts Receivable:

Accounts Receivables are recognized at cost which is the fair value of the consideration given.

2.07 Cash & Cash Equivalents:

Cash and cash equivalents include Cash in hand, Cash at banks etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.08 Creditors and Accrued Expenses:**Provision:**

The preparation of financial statements in conformity with **IAS-37** Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities during and at the date of financial statements.

In accordance with the guidelines as prescribed by **IAS-37**, provisions were recognized in the following situations:

- When the company has a present obligation as a result of past events;
- When it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

The provisions in the Statement of Financial Position at an appropriate level have been shown with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represented the best estimate of the probable expenditure required to fulfill the current obligation on the Statement of Financial Position date. Other provisions are valued in accordance with **IAS-37** Provisions, Contingent Liabilities and Contingent Assets. Other provisions comprise all recognizable risks from uncertain liabilities and anticipated losses from pending transactions.

2.09 Taxation (IAS-12):**Income Tax**

The company is a Private Limited Company in terms of the Income Tax Ordinance 1984 and Income Tax is applicable @ 35% on operating and 20% on dividend income.

Deferred Tax

Deferred Tax has not been considered for immateriality.

2.10 Contingent Liabilities and Assets:

Contingent liabilities are current or possible obligations, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with **IAS-37** Provisions, Contingent Liabilities and Contingent Assets they are disclosed in notes to the financial statements.

2.11 Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with **IAS-7** Statement Cash Flows and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that "**Enterprises are encouraged to Report Cash Flows from Operating Activities using The Direct Method**".

2.12 General

- i. Components of the Statement of Profit or Loss and other comprehensive income of previous year has been rearranged in order to make comparable with current years presentation.
- ii. Figures have been rounded off to the nearest taka.

SIBL INVESTMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019

| | Taka 2019 | Taka 2018 |
|--|----------------|--------------|
| 3 Advance Deposit & Prepayments | | |
| Advance income tax on cash dividend | 51,409 | - |
| Advance income tax on profit of Bank A/c. | 161,000 | - |
| | 212,409 | - |

4 Investment in shares

Disclosure about the investment

| Particulars | Cost Value | Market Value | Unrealized gain / (Loss) |
|----------------------------------|-------------------|-------------------|--------------------------|
| Investment in listed securities | 69,296,400 | 58,654,390 | (10,642,010) |
| Investment in unlisted companies | - | - | - |
| Investment in primary shares | - | - | - |
| Total | 69,296,400 | 58,654,390 | (10,642,010) |

5 Accounts receivable

SIBL Investment Ltd. has been maintaining a BO Account No. 1205200068012743 which trading code # 4286 and investment in capital market through the account with SIBL Securities Ltd.

Balance transfer to BO Account with SIBL Securities Ltd.

Add: Income from investment in shares

Total investment

Investment in listed securities

B.O. Opening Charge

B.O. maintenance Charge

Balance with SIBL Securities Ltd.

| | |
|--------------------|----------|
| 150,000,000 | - |
| 696,535 | - |
| 150,696,535 | - |
| (69,296,400) | - |
| (500) | - |
| (500) | - |
| (69,297,400) | - |
| 81,399,135 | - |

6 Cash & cash equivalents:

Cash in hand

Cash at bank-A/c. 002-1330057058

Cash at bank-A/c. 002-1360003826

| | |
|--------------------|--------------------|
| 5,201 | 5,201 |
| 10,028,309 | 249,848,937 |
| 91,423,080 | - |
| 101,456,590 | 249,854,138 |

SIBL Investment Limited has been maintaining 02 bank account no. 0002-1330057058 and account no. 0021360003826 with Social Islami Bank Limited, Principal Branch, Dilkusha, Dhaka.

7 Share capital:

Authorized capital:

25,000,000 shares of Tk. 100 each

Issued, subscribed & paid-up capital:

2,500,000 shares of Tk. 100 each

| | |
|----------------------|----------------------|
| 2,500,000,000 | 2,500,000,000 |
| 250,000,000 | 250,000,000 |

7.1 Shareholding position:

| | Shareholders | % of shareholdings | No. Shares | No. Shares |
|---|------------------------------------|--------------------|------------------|------------------|
| 1 | Social Islami Bank Limited | 99.99968% | 2,499,992 | 2,499,992 |
| 2 | Mr. Md. Kamal Uddin | 0.00004% | 1 | 1 |
| 3 | Mr. Belal Ahmed | 0.00004% | 1 | 1 |
| 4 | Alhaj Nasiruddin | 0.00004% | 1 | 1 |
| 5 | Major (Retd.) Dr. Md. Rezaul Haque | 0.00004% | 1 | 1 |
| 6 | Alhaj Sultan Mahmood Chowdhury | 0.00004% | 1 | 1 |
| 7 | Mr. Abdul Awal Patwary | 0.00004% | 1 | 1 |
| 8 | Mr. Kamaluddin Ahmed | 0.00004% | 1 | 1 |
| 9 | Alhaj Sk. Mohammad Rabban Ali | 0.00004% | 1 | 1 |
| | | 100.00% | 2,500,000 | 2,500,000 |

| | Taka 2019 | Taka 2018 |
|--|------------------|---------------|
| 8 Accrued expenses: | | |
| Audit fees | 46,000 | 46,000 |
| VAT on directors Meeting Attendance fees | - | - |
| | 46,000 | 46,000 |
| 9 Provision for diminution in value of investment | | |
| Opening Balance | - | - |
| Add: Addition / (Adjustment) during the year | 2,660,502 | - |
| Closing Balance | 2,660,502 | - |

In compliance with the guidelines of the BSEC vide Circular No. SEC/CMRRCD/2009-193/196 dated 28 December, 2016 and BSEC's Directive No. BSEC/CMRCCD/2009-193/203 dated December 28, 2017 and further letter No. BSEC/SRI/ Policy/3/2018/931 dated December 24, 2018 and extension of further 02 (two) years i.e. up to December 31, 2022 of the afore mentioned directive vide BSEC letter No. BSEC/SRI/Policy/3/2020/68 dated January 12, 2020, the management of the Company has decided to create provisions @100% for diminution in value of investment in shares within December 31, 2022. In this connection, as on 31st December, 2019 the provision has been created @ 25% on Diminution in value of investment on unrealized loss amount of 31st December, 2019.

| | | |
|--|----------------|---------------|
| 10 Provision for tax | | |
| Opening balance | - | - |
| Less: Paid during the year | - | - |
| | - | - |
| Add: Current year tax provision | 655,159 | - |
| Closing balance | 655,159 | - |
| 11 Expenses | | |
| Registration & renewals (Note 11.1) | 40,580 | 17,490 |
| Conveyance & other expenses | - | 900 |
| BO Account opening fee | 500 | - |
| BO maintenance fee | 500 | - |
| Audit fees | 20,000 | 20,000 |
| VAT on Audit fees | 3,000 | 3,000 |
| | 64,580 | 41,390 |
| 11.1 Registration & renewals: | | |
| RJSC fees | - | - |
| Trade license fees & Exp. | 25,610 | 11,210 |
| VAT on license fees | 3,840 | 1,680 |
| Tax on license fees | 3,500 | 500 |
| Expenses for licenses formalities | 7,630 | 4,100 |
| | 40,580 | 17,490 |
| 12 Financial expenses | | |
| Bank Charges | 2,235 | 1,150 |
| Excise duty | 50,000 | 25,000 |
| | 52,235 | 26,150 |

13 Post balance sheet event:

No material event had occurred after the Balance Sheet date, which could substantially effect the values reported in the Financial Statements.

BRANCH NETWORK

DHAKA DIVISION

1 Principal Branch

(Opening Date- 22-11-1995)
15, Dilkusha C/A, Dhaka-1000.
Phone-02-9550195,9559241, 9572303, 9564764
fax-9562002, IP Phone-70201, 70202

2 Gulshan Branch

(Opening Date-22-04-1998)
80, Gulshan Avenue, Gulshan-1, Dhaka.
Phone-02-8829137, 8813793, fax: 02-9888857
IP Phone-70801, 70802

3 Babu Bazar Branch

(Opening Date-26-04-1998)
31, Nawab Yousuf Road, Naya Bazar, Dhaka.
Phone-02-57395118, 57395119,
fax: 02-7395119, IP Phone-70901, 70902.

4 Moulvibazar Branch

(Opening Date-30-09-1998
& Shifted at present place on Date: 03/09/2018)
Moulvibazar Trade Center
Holding No.78, Moulvibazar Road
Ward # 31, Dhaka South City Corporation
PS- Chawkbazar, Dist- Dhaka.
Phone-02-7316225, 7315323, 7312911
Fax: 7312911, IP Phone-71001, 71002

5 Begum Rokeya Sarani Branch

(Opening Date-23-09-1999)
Bangladesh Lions Foundation Bhaban,
3/C, West Agargaon
Begum Rokeya Sarani, Dhaka.
Phone-02-8115789, 8141671
fax-02-8115789
IP Phone-71301,71302,71303

6 Panthapath Branch

(Opening Date-07-12-2000)
Level-2, Block-A, Bashundhara City
13/Ka/1, Panthapath, Dhaka.
Phone-02-9136819,9135229,
fax-02-9135229, IP Phone-71501,71502

7 Sonargaon Branch

(Opening Date-09-06-2001)
Haji Jalal Tower (1st floor), Mogra Para
Sonargaon, Narayangonj., IP Phone-71701,71702

8 Foreign Exchange Branch

(Opening Date-04-02-2002)
141-143, Motijheel C/A,
BIWTA Bhaban, Dhaka.
Phone-02-9571254, 9571100, fax: 02-9571100,
IP Phone-71801, 71802,

9 Hasnabad Branch

(Opening Date-17-04-2002)
Hasnabad Super Market
Suvadda, South Keranigonj
PO: Dhaka Jute Mill.1311 Dhaka.
Phone-02-7761723, fax-02-7761723
IP Phone-72001, 72002,

10 Dhanmondi Branch

(Opening Date- 14-05-2002)
House # 84, (Old-176), Road # 7/A (Old-14)
Satmasjid Road, Dhanmondi R/A, Dhaka.
Phone-02-9144682, fax: 02-9120088
IP Phone-72101, 72102

11 Nawabpur Road Branch

(Opening Date-26-07-03)
82, Nawabpur Road (1st Floor)
Nawabpur Road, Dhaka. fax: 02-9591193,
Phone-02-9591192,02-9576948, 9576949, 9576950
IP Phone-72201, 72202.

12 Uttara Branch

(Opening Date-07-12-2003)
Latif Emporium, 27 Uttara C/A
Road -7, Sector-3, Uttara, Dhaka.
Phone-02-8959731, 8959732, 8959733
IP Phone-72401, 72402.

13 Fatulla Branch

(Opening Date-23-12-2003)
Fatulla Bazar, Fatulla, Narayangonj.
Phone-02-7602144, 7670393,
fax-02-7672144, IP Phone-72501, 72502.

14 Mirpur Branch

(Opening Date-29-12-2003)
Rabeya Complex, Plot No-33, Block-Kha,
Main Road,(Goal Chakkar-10), Mirpur, Dhaka-1216.
Phone- 02-8055323,9013584, fax-02-9013584
IP Phone-72601,72602

15 Banani Branch

(Opening Date-16-10-2008)
48 Kamal Attaturk Avenue, (Ground & 1st Floor)
Banani, Dhaka-1213.
Phone-02-89820996,9820997, 9820998,
fax-02-9820995
IP Phone-72701, 72702.

16 Savar Branch

(Opening Date-27-11-2008)
Yousuf Tower (2nd Floor), 35 Tatti
Dilkusha Bagh, Savar Bus Stand, Savar, Dhaka.
Phone-02-7743707, 7745585
IP Phone-73001, 73002.

17 Mohammadpur Branch

(Opening Date-18-05-2009)
20/15, Block-C, Tajmohol Road,
Mohammadpur, Dhaka-1207. fax-02-9132253
Phone-02-8142572,02-9132398, IP Phone73101,73102

18 Dania Rasulpur Branch

(Opening Date-28-05-2009)
308, Dania Rasulpur (1st floor), Jatrabari, Dhaka.
Phone-02-7541659, 7541650
IP Phone-73201,73202

19 Gopaldi Branch

(Opening Date-11-08-2009)
Gopaldi Bazar, P.S- Araihasar,
District-Narayangonj
Phone-02-7651016,7651017
IP Phone-73601, 73602.

- 20 Rampura Branch**
(Opening Date-24.11.2009)
Modina Tower (Opposite TV Centre)
464/1, West Rampura, DIT Road,
Thana- Rampura, Dhaka
Phone-02-55128353,55128640
IP Phone-74101 ,74102,
- 21 Keranigonj Branch**
(Opening Date-13.12.2009)
Masjid Madrasa Comple, Shuvadda
PS- Keranigonj, Dhaka
Phone-02-7763253, 7763765
IP Phone-74401 ,74402
- 22 Madhabdi SME/Krishi Branch**
(Opening Date-15-07-2010)
Madhabdi Plaza,
P.O & Paurasava- Madhabdi,
P.S & Upazilla - Narsingdi, Dist.- Narsingdi.
Phone-9446883, 9446882, fax-9446884
IP Phone-74501,74502
- 23 Islampur Branch**
(Opening Date-26-08-2010)
Lions Tower(2nd floor)
108, Islampur Road, Dhaka.
Phone-7392332, 7393208, fax-7393208
IP Phone-75401 ,75402
- 24 New Eskaton Branch**
(Opening Date-31-08-2010)
27, New Eskaton Road
P.S & P.O- Ramna, Dhaka-1000.
Phone-9359620, 8311592, fax-8311591
IP Phone-75501,75502
- 25 Bhulta SME/Agri Branch**
(Opening Date-05-09-2010)
Salam Mansion Market (1st Floor)
P.O- Bhulta, P.S- Ruppogonj,
Dist.- Narayangonj.
IP Phone-75601, 75602
- 26 Galimpur SME/Krishi Branch**
(opening Date-10-10-2010)
Khan Super Market (1st Floor)
Galimpur Bazar, Nababgonj, Dhaka.
IP Phone-75901 ,75902
- 27 Dhamrai SME/Krishi Branch**
(Opening Date-09-11-2010)
Dhamrai Bazar, Gopnagar
Holding No-A/6, Ward-03, Paurasova- Dhamrai
P.S & P.O- Dhamrai,
Dist. - Dhaka.
Phone-02-7730908, 7730909
IP Phone-76101 ,76102
- 28 Narayangonj Branch**
(opening Date-27-12-2010)
3 ,No. S. M. Maleh Road (Rupsi Height)
Tanbazar, PO-Narayangonj
PS- Narayangonj Sadar
Dist.- Narayangonj.
Phone-7641621-7641623
IP Phone-76601,76602
- 29 Mohakhali Branch**
(Opening date-20.09.2011)
99, Mohakhali C/A
16 (sixteen)storied building
Dhaka.
Phone: 9888943 ,9888367
IP Phone-77001 ,77002
- 30 Tongi Branch**
(Opening date-03.10.2011)
Rabeya Sarker Tower, (1st floor North Side)
24, Anarkoli Road, Tongi, Gazipur.
Phone-9817710, 9817711
IP Phone-77401,77402
- 31 Bangshal Branch**
(Opening date-21.09.2011)
Bangshal Road
70, Shahid Syed Nazrul Islam Sarani (1st floor)
North South Road, Bangshal, Dhaka 1100.
Phone-57317175, 57317396
IP Phone-77101,77102
- 32 Banasree Branch**
(Opening date-22.09.2011)
Plot No-2, Road-13, Block-L
South Bonosree,
Eastern Housing Ltd., Khilgaon, Dhaka.
Phone:7811611,7811612,7811613
IP Phone-77201 ,77202
- 33 Basundhara Branch**
(Opening date-27.12.2011)
House # 16, Block-A,
Basundhara Avenue. Basundhara R/A,
Dhaka-1229.
Phone-8432501,8432502
IP Phone-77701 ,77702
- 34 Demra Branch**
(Opening date-07.10.2012)
Haji Hossain Plaza,Staff Quarter
P.O & P.S.-Demra
Dhaka. Phone-7502915, 7502916
IP Phone-78101,78102
- 35 Satarkul Road Branch**
(Opening date-16.10.2012)
287, North Badda (Alir Moor)
Satarkul Road, Badda Union, Dhaka.
Phone-9858072, 9858073
IP Phone-78401,78402
- 36 Garib-E-Newaz Avenue Branch**
(Opening date-26.11.2012)
Rosewood Areebah
50, Garib-E-Newaz Avenue Road
Sector-13, Uttara, Dhaka 1230.
Phone-8955884, 8955886, IP Phone-78601,78602
- 37 Kawran Bazar Branch**
(Opening date-27.11.2012)
Khan Sons Centre
37, Kawran Bazar, Dhaka,
Phone- 8180206, 8180207
IP Phone-78701,78702

- 38 Mouchak Branch**
(Opening date-18-06-2013)
Advanced Melinda Tower (1st Floor)
72, Malibagh (opposite Fortune Shopping Mall)
Mouchak Moor, Dhaka-1217
Phone- 9858072, 9858073, IP Phone-79101, 79102.
- 39 Gausia Branch**
(Opening date-12.11.2014), Yeakub Super Market
2-B, Elephant Road, New Market, Dhaka-1205
IP Phone-79801,79802
- 40 Panchdona Branch**
(Opening date-30.09.2014)
Isfar Tower, Panchdona,
Narsingdi Sadar
Narsingdi
IP Phone-79701,79702
- 41 Mawna Branch**
(Opening date-24.12.2014)
Razzak Plaza, Mawna Chowrasta,
P.O.-Mawna, P.S-Sreepur, Gazipur
IP Phone-79901,79902
- 42 Kishoregonj Branch**
(Opening Date- 10-06-2015)
Social Islami Bank Ltd.
661, Mohammadi Mansion,
Shahabuddin Masjid Road,Borobazar
P.O & P.S- Kishoregonj.
Kishoregonj, IP Phone-80701, 80702
- 43 Kakrail Branch**
(Opening Date-02.06.2015)
89/3, kakrail, Ishakha Shopping Complex
PS-Ramna, Dhaka-1000.
IP Phone-80301, 80302.
- 44 Ashulia Branch**
(Opening Date 11-06-2015)
Habib Plaza (1st Floor)
Plot no-82, 99, Bashundhara, Bogabari Bazar
Baipail, Ashulia Road, Savar, Dhaka.
IP Phone-80801, 80802.
- 45 Shariatpur Branch**
[Opening Date -14/ 06/2015]] (Shifting Date- 29/01/2017
KB Plaza, Holding no. 276, Palong Moddhobazar Road,
Ward no. 04, Paurasava –Shariatpur, PS-Sariatpur Sadar,
Dist: Shariatpur.
IP-80901, 80902.
- 46 Vatara branch**
(Opening Date - 12-11-2015)
10/1, Madani Avenue,
Natun Bazar, PS- Vatara, Dhaka-1212
IP Phone-81101, 81102.
- 47 Bangabandhu Shamadhi Soudha Branch**
(Opening Date - 15-12-2015)
Layek Biswas Plaza
Holding No-159
Bangabandhu Samadhi Saudha Sarak
Tungipara, Gopalganj ,
IP Phone-81201, 81202.
- 48 Joydebpur Chowrasta Branch**
(Opening Date - 26-06-2016)
Rafeja Bhaban, Holding No, 23/3, Block-C,
Ward No-17, Gazipur City Corporation
Joydebpur Chowrasta, PS-Joydebpur
Dist- Gazipur.
IP Phone-82301, 82302.
- 49 Narsingdi Branch**
(Opening Date: 01-12-2016)
360, Rajlaxmi Plaza, Patilbari Road,
Narsingdi Bazar, Dist- Narsingdi.
IP Phone-82501, 82502.
- 50 Sreenagar Branch**
Opening Date: 08/12/2016)
Pilot School Market (1st floor)
Sreenagar Bazar, Munshigonj.
IP Phone-82601, 82602.
- 51 Corporate Branch**
Opening Date: 29/12/2016)
City Centre
90/1, Motijheel C/A, Dhaka 1000.
IP Phone- 82701, 82702.
- 52 Tangail Branch**
(Opening date-26/04/2017).
"Shayama Tower"
Boro Kalibari Road,
Adalotpara, Dist-Tangail.
IP: 82801, 82802
- 53 Bhairab Bazar Branch**
Opening Date: 21/05/2017)
"Omar Faruq Tower"
Holding no.169, Ward no.1
Paurasava- Bhairab, PS- Bhairab
Dist.: Kishoregonj.
Mob: 01819152611 IP: 83001, 83002
- 54 Muksudpur Branch**
(Opening Date: 21/06/2017)
"Khan Market"
Fultala Bazar, Vill+PO- Muksudpur
PS- Dohar, Dist.- Dhaka
Mob: 01918790029 IP: 83601, 83602
- 55 Shyamoli Branch**
(Opening Date: 21/06/2017)
"Bridge Momtaj Heights"
Holding no.15/2, Shyamoli, Mirpur Road
Mohammadpur, Dhaka 1207.
IP: 83701, 83702
- 56 Dakkhin Khan Branch**
(Opening Date: 26/12/2017)
"Mozaffar Tower",
595, Prembagan
Dakkhinkhan Model Union Parishad Dakkhinkhan,
Dhaka 1230.
Phone: 8999279,8999280;
Mobile:01861517718, IP:83801, 83802
- 57 Darus Salam Road Branch**
(Opening Date: 15/01/2018)
Holding No. 2-A/1, (1st floor)
North East Darussalam Road, Ward -12
Dhaka North City Corporation
Mirpur Model Thana, Mirpur-1, Dhaka-1216
Mobile: 01710-012709 IP: 84101, 84102

58 Madaripur Branch
(Opening Date 30/07/2018)
Hazi Abdur Razzak Super Market
Holding no. 1634, Main Road, Puran Bazar
Ward no.03, Paursova- Madaripur, PO- Madaraba
PS- Madaripur Sadar
Dist: Madaripur.
IP: 85001; 85002

59 Kafrul Branch
(Opening Date: 25/10/2018)
Greater Mymensingh Samity Bhaban
Holding No. M/1-A, Section-14, Mirpur Road
Ward No. 4, Dhaka North City Corporation
PS – Kafrul, Dist.: Dhaka.
IP: 85201; 85202

60 Basila Road Branch
(Opening Date: 27.12.2018)
Social Islami Bank Limited
Al-Imdad Market Complex, Basila Road,
Thana-Keranigonj, Dist-Dhaka
IP Phone: 85701; 85702.

61. Dhanmondi Model Branch
(Opening Date: 25/11/2019)
Social Islami Bank Limited
“Mir Onyx Yakub Tower”
Holding No.17 (New), Road No.6, Mirpur Road
Dhanmondi R/A, Dhanmondi
Dhaka. IP: 86201, 86202

CHATTROGRAM DIVISION

1 Agrabad Branch
(Opening Date-10-04-1996)
World Trade Centre(2nd floor)
102/103 Agrabad C/A, Dist: Chattogram.
Phone-031-728342, 713947, 714041, 714504
fax-031-710084,
IP Phone-70401,70402,70403

2 Halishahar Branch
(Opening Date-09-02-2002)
Holding no.-3, Port Connecting Road
Halishahar Housing Estate, Ward No.-26
Chattogram City Corporation, PS-Halishahar
Dist.- Chattogram.
Phone-031-717201, 2525702, 815702,
fax-031-2519284; IP Phone-71901,71902

3 Chowmuhoni Branch
(Opening Date-12-11-2008)
Hossain Market, 276-284 D.B. Road,
Chowmuhani Paurosova
Begumgonj, Dist: Noakhali.
Phone-0321-56122, 0321-53622
IP Phone-72901,72902

4 Elliotgonj Branch
(Opening Date-30-10-2008)
Elliotgonj Bazar, P.O-Elliotgonj,
P.S-Dawudkandi, Dist-Cumilla.
IP Phone-72801,72802

5 Chandpur Branch
(Opening Date-16-08-2009)
Faisal Shopping Complex(1st& 2nd Floor)
Bishnudi, Chandpur Bus Stand
Thana- Chandpur, Dist- Chandpur.
Phone-0841-67932, 0841-67931,
IP Phone-73701 ,73702

6 Hathazari Branch
(Opening Date-16-08-2010)
Hazi M. Siddique Market, Block-B (2nd Floor)
Hathazari Bus Stand, Ward No-03
P.O & P.S – Hathazari, Dist.- Chattogram
Phone- 031-2601914, 031-2601915
IP Phone-75001 ,75002

7 Baryarhat Branch
(Opening Date-17-08-2010)
Al-Amin Shopping Center (1st Floor)
Holding No. 161,161/1, Paurasova- Baryarhat
Upazila & P.S- Mirsharai, Dist- Chattogram
IP Phone-75101 ,75102

8 Khatungonj Branch
(Opening Date-12-12-1999)
M. Rahman Chamber
Holding # 276-277, Main Road, Khatungonj,
Ward # 35, Chattogram City Corporation
PS- Kotowali, Dist.- Chattogram.
Phone-031-636358, 624682, 624683,
fax: 031-639014,
IP Phone-71401, 71402

9 Roazarhat Branch
(Opening date-24.11.2012)
A. Farida Shopping Complex
Kaptai Road, Roazarhat
P.O & P.S- Rangunia
Dist: Chattogram.
Phone-030-2556244, 2556245
IP Phone-78501,78502

10 Lohagara Branch
(Opening Date-18-06-2009)
Ice Park (1st Floor)
Main Road (Near Lohagara Central Masjid)
P.O & P.S- Lohagara,
Dist.- Chattogram
Phone-0303456518, 0303456517, 01815-065948
IP Phone-73301, 73302.

11 GEC Moor Branch
(Opening Date-25.11.2009)
1692,Golden Plaza, CDA Avenue(1st Floor)
East Nasirabad, GEC Moor, Dist: Chattogram
Phone-0312555891, 0312555892, fax-2555893
IP Phone-74201 ,74202

12 Nanupur Branch
(Opening Date-08.10.2009)
Nanupur Bazar, P.O-Nanupur
P.S- Fatikchari, Dist- Chattogram
Phone-044-37151939, 044-37151949
IP Phone-74001 ,74002

- 13 Hajigonj Branch**
(opening Date-19-09-2010)
"Chattogram Mansion", Holding No. 0821
Chandpur-Cumilla Highway Road
Ward-06, PO+PS- Hajigonj, Dist- Chandpur
Phone-08424-75129,08424-75130
IP Phone-75701, 75702
- 14 Jubilee Road Branch**
Opening Date-30-07-2003)
Haque Tower(1st Floor)
880/923, Jubilee Road, Dist: Chattogram
Phone-031-628288, 627155, 840897
fax-031-628288
IP Phone-72301, 72302,72303
- 15 Cumilla Branch**
(Opening Date-30-07-2009)
95/96 Chalk Bazar (2nd Floor)
PO- Chalk Bazar, P.S- Kotowali, Dist.- Cumilla.
Phone-081-61363, 081-61364
IP Phone-73501, 73502
- 16 Bibirhat Branch**
(opening Date-21-10-2010)
Fatikchari College Market
P.O+P.S+Upazila - Fatikchari,
Dist- Chattogram.
Phone-03022-56321, 03022-56318
IP Phone-76001,76002
- 17 Kachua Branch**
(Opening Date-18-07-2010)
Talukder Super Market
Holding No-111, Ward No-08
Kachua, Dist: Chandpur.
Phone- 08425-56275,
IP Phone-74601 ,74602
- 18 Alankar Moor Branch**
(Opening date-27.10.2011)
Holding No-68(A), 7, P.C. Road,
Ward-10, Chattogram City Corporation
P.O- Custom Academy, P.S- Pahartoly,
Dist.- Chattogram.
Phone-031-2773380,031-2773379, 031-2773378
IP Phone-77601,77602
- 19 Chawk Bazar Branch**
(opening Date-15-12-2010)
Mannan Tower (1st& 2nd floor)
174/A, Chatteshari Road
PO+PS- Chawkbazar, Dist.- Chattogram
Phone-031-2867367, 2867368, 2867369
IP Phone-76301, 76302
- 20 Patherhat Branch**
(Opening Date-19-08-2009)
Khayez Ahmed Shopping Center (1st Floor), Patherhat,
PO- Noapara, PS-Raozan,
Dist.- Chattogram.
Phone-031-2572315, 031-2572316
IP Phone-73801 ,73802
- 21 Cox's Bazar Branch**
(Opening Date-20.08.2009)
Evan Plaza (in front of Cox's Bazar Pourasava)
Thana Road, Dist: Cox's Bazar.
Phone- 0341-51822, 0341-51968
IP Phone-73901 ,73902
- 22 Feni Branch**
(Opening date-18.09.2011)
Grand Huq Tower (2nd& 3rd Floor)
Holding No-547 & 548, Mizan Road
Ward-9, Pourasova- Feni, P.O-Feni, P.S-Kotwali,
Dist- Feni
Phone-0331-74104,74103 Fax-0331-74117
IP Phone-76901 ,76902
- 23 Dewanhat Branch**
(Opening date-04.10.2012)
700/B, DT Road (1st Floor), Dewanhat
P.O.+P.S.-Double Mooring
Dist: Chattogram.
Phone-031-2515260, 2515261, 2515262
IP Phone-78001, 78002.
- 24 Homna Branch**
(Opening date-29.12.2011)
Faisal Plaza,
Holding No. 08, Thana Road, Ward no. 04
Paurasova- Homna, PS+Upazila- Homna
Dist.- Cumilla.
Phone-08025-54640, 54641
IP Phone-77801, 77802
- 25 Shah Mohsen Aowlia Branch**
(Opening date-03.10.2012)
Hajee Imam Shopping Complex
Building-3, Battali, Anowara,
Dist: Chattogram
Phone-01849-842400, 01967-786765
IP Phone-77901,77902
- 26 Muradpur Branch (Former Aturar Depo Br.)**
(Opening date-26-06-2013
shifted to present address on 29/10/2017)
S.N. Mim City
Holding No-83/86, Hathazari Road
P.S- Panchlaish, Dist: Chattogram .
IP- 79201, 79202
- 27 Akhaura Branch**
(Opening date-18-05-2013)
Sarker Plaza (opposite to Akhaura Poura Bhaban)
Holding No-3, Ward No-4
P.O. & P.S- Akhaura, Dist: Brahmanbaria
IP Phone-78901,78902
- 28 College Road Branch (Debidwar)**
(Opening date-04-07-2013)
Haque Plaza, College Road, Debidwar New Market
P.O & P.S- Debidwar , Dist: Cumilla
IP Phone- 79401,79402
- 29 Majidee Branch**
(Opening date-18-08-2013)
Bismillah Tower, Holding No-428/B
Main Road, Majidee Bazar
P.S- Sudaram (Sadar), Noakhali
Phone-0321-71814, 71815
IP Phone- 79501,79502

- 30 Laxmipur Branch**
(Opening Date 13-12-2014 & Shifted on 30/07/2017)
Social Islami Bank Ltd.
"Adhunik Pouro Biponi Bitan" (2nd Floor)
Holding no. 1428, Laxmipur Bazar Main Road
Word #6, Paurasava- Laxmipur
P.O & P.S- Laxmipur, Dist- Laxmipur
Mob: 01716-224206, IP- 80001, 80002
- 31 Kankirhat Branch**
(Opening date- 27-12-2014)
R.S.Tower,(1st&2nd Floor),East Namar Bazar
Vill & P.O - Kankirhat , P.S-Senbag
Dist-Noakhali.
IP Phone-80201,80202
- 32 Azadi Bazar Branch**
(Opening Date-07-06-2015)
Social Islami Bank Ltd.
Jameya Complex (1st Floor)
Dharmapur, Azadi Bazar, Fatikchari.
Dist: Chattogram
IP Phone -80401, 80402.
- 33 Laksam Road Branch**
(Opening Date- 08.06.2015)
Social Islami Bank Ltd.
Biswa Road, PO-Ahmed Nagar, P.S-Sadar (South)
Laksam Road, Poduar Bazar
Dist: Cumilla.
IP Phone-80501, 80502.
- 34 Poddar Bazar Branch**
(Opening Date-30.05.2016)
Social Islami Bank Ltd.
Bhai Bhai Shopping Complex (1st Floor)
Poddar Bazar, Ward-04, Union- 7 no.
Bashikpur, PS- Laxmipur Sadar, Dist: Laxmipur
IP Phone-81901, 81902.
- 35 Zamidarhat Branch**
(Opening Date- 12-05-2016)
Social Islami Bank Ltd.
Haque Mansion (1st floor), PO- Zamidarhat,
PS-Begumgonj, Dist.- Noakhali.
IP Phone-81701,81702
- 36 Burichong Branch**
(Opening Date-31.05.2016)
Social Islami Bank Ltd.
Haji Md. Joynal Market (1st floor)
Mirpur Road,Burichong Bazar,
PO+PS-Burichong, Dist- Cumilla.
IP Phone-82001, 82002.
- 37 Sonapur Branch**
(Opening Date:18/05/2017)
Social Islami Bank Ltd.
"Aziz Bhaban"
Holding No. 420, Sonapur Chor Jobbor Road
PS/Upazilla- Noakhali Sadar, Dist:- Noakhali
Mob: 01717192968 ; IP: 82901, 82902
- 38 Boalkhali Branch**
(Opening date: 04-06-2017)
Social Islami Bank Ltd.
"Hamim Plaza"
Holding no. BA/161, Ward no.06
Paurasava- Boalkhali , PS- Boalkhali
Dist.: Chattogram.
Mob: 01818976773 IP: 83201, 83202
- 39 Nayergaon Bazar Branch**
(Opening Date: 19/06/2017)
Social Islami Bank Ltd.
"Mahdi Tower"
Nayergaon Bazar, Matlab Dakkin, Dist: Chandpur.
Mob: 01721912102, IP: 83401, 83402
- 40 Kazirhat Branch**
(Opening Date: 27/12/2017)
"Mir A. Hossain Plaza"
Kazirhat Bazar, Bhuzpur, Fatickchari
Dist- Chattogram
- 41 Baluchara Branch**
(Opening Date: 28/12/2017)
"Noor Plaza"
Holding no. 23, Hathazari Road, Kulgaon
Ward- 02 no. Jalalabad
Chattogram City Corporation
PS- Bayezid Bostami, Dist.- Chattogram
- 42 Shantirhat Branch**
(Opening Date: 07/06/2018)
Hajee Sobhan Plaza
Shantirhat, Union- 6 no. Kusumpura
PS- Patia, Dist- Chattogram
IP Phone: 84201; 84202
- 43 Anderkilla Branch**
(Opening Date: 24/06/2018)
Arunaloy, Holding no.06, Momin Road,
Road No. 06, Ward no. 32 , Chattogram City Corporation,
PS- Kotowali, Dist.-Chattogram
IP Phone: 84401; 84402
- 44 Banskhali Branch**
(Opening Date: 02/08/2018)
RFT Saheb Miah City Center
Ward No. 01, Union: 5 no. Kalipur, PS-Banskhali
Dist: Chattogram
IP : 85101; 8510
- 45 Nazu Miah Hat Branch**
(Opening Date: 19.12.2018)
Social Islami Bank Limited
Khaled Manson
Nazu Miah Hat, 15 no. Burischar Union, Ward no.04,
PO- Nur Ali Bari-4337, PS- Hathazari, Dist: Chattogram
IP Phone: 85301; 85302.
- 46 Brahmanbaria Branch**
(Opening Date: 26.12.2018)
Shuveccha Square, Holding No-1309, Sarak Bazar,
Thana+ Dist- Brahmanbaria
IP Phone: 85601; 85602
- 47 Rangunia Branch**
(Opening Date: 27/06/2019)
Social Islami Bank Limited
Hafez Chowdhury Tower
Gochora Bazar, Rangunia, Chattogram.
Mob: 01721912102, IP: 85801; 85802
- 48. Sheikh Mujib Road Branch**
A K Tower
225/225-A, Sheikh Mujib Road, Chowmuhani Moore
Double Mooring, Chattogram
IP: 85901; 85902

49. Fulgazi Branch

(Opening Date: 17/10/2019)
Bhuiyan Tower, Fulgazi Bazar, Kapor Patti Goli
PS: Fulgazi, Feni
IP: 86001; 86002

50. Eidgaon Branch

(Opening Date: 21/11/2019)
"Nurul Huda Mansion"
Eidgaon Bus Station, Arakan Road (Highway Road)
PS: Cox's Bazar, Cox's Bazar.
IP: 86101, 86102

51. Patiya Branch

(Opening Date: 27/11/2019)
"N. Islam Tower"
Komol Munshir Hat, Arakan Road
Upa+PS: Patiya, Chattogram
IP: 86301, 86302

BARISHAL DIVISION

1 Barishal Branch

(Opening date-25.09.2011)
Mokka Bhaban
Holding No-1, Katpatty Road, Kotwali Model Thana,
Ward No-9, Barishal City Corporation
PO- Barishal, PS- Kotwali Model Thana
Upazila- Sadar, Dist.- Barishal
Phone:0431-61659, 0431-2177480
IP Phone-77301 ,77302

2 Safa Bandar Branch

(Opening Date-02.06.2016)
Social Islami Bank Ltd.
M.A. Sayeed Bhaban , Safa Bus Stand, Safa Bondor,
Mothbaria, Dist- Pirojpur.
IP Phone-82201, 82202.

3 Charfassion Branch

(Opening Date-02.06.2016)
Social Islami Bank Ltd.
Al-Haj Habibur Rahman Faraji Market
952 DC Road, Sharif Para, Charfassion Paurasova,
Charfassion, Dist.- Bhola.
IP Phone-82101, 82102

4 Bhola Branch

(Opening Date: 19/06/2017)
Social Islami Bank Ltd.
"B.T. Square"
Holding No. 899, Mahajan Patty, Sadar Road,
Ward no. 6 Paurasava – Bhola, PS- Bhola
Dist.: Bhola
IP: 83501, 83502

5 Jhalakati Branch

(Opening Date: 20.12.2018)
Social Islami Bank Limited
03, Doctorpatti Road, PS- Jhalakati Sadar,
Dist: Jhalakati
IP Phone: 85401; 85402.

RAJSHAHI DIVISION

1 Rajshahi Branch

(Opening Date-10-08-1996)
A H Tower, Holding No-328-331,333-336
Aloker Moor, New Market Road,
Dist.- Rajshahi.
Phone-0721-812317, 812452, fax-0721-812317
IP Phone-70701,70702

2 Bogura Branch

(Opening Date-25-10-1998)
Vandar Monjil
776, Rangpur Raod, Borogola, Dist.- Bogura.
Phone-051-65833, 63943, 61458, fax- 051-63943
IP Phone-71101,71102

3 Sirajgonj Branch

(Opening Date- 26-10-1998)
Zaman Complex,
S.S. Road, Sirajgonj.
Phone-0751-63203, 64360,63203,
IP Phone-71201,71202

4 Chandaikona Branch

(Opening Date-19-12-2000)
Pabna Bazar, Raigonj, Sirajgonj.
Phone-07526-56122, 01715-805435,
fax-07526-56122
IP Phone-71601,71602

5 Shahjadpur SME/Krishi Branch

(opening Date-03-10-2010)
Alhaj Rajjak Plaza (1st floor), Monirampur Bazar
Ward-03, P.S & P.O- Shahjadpur, Dist.- Sirajgonj
Phone- 07527-64049, 07527-64050
IP Phone-75801, 75802

6 Dupchanchia Branch

(opening Date-25-11-2010)
Jobeda Shopping Center (1st floor)
C.O. Office Bus Stand, Dupchanchia, Dist.- Bogura
Phone- 05024-51250, 51251
IP Phone-76201, 76202

7 Naogaon Branch

(opening date-12.09.2011)
Mahmuda Plaza,
Kapor Patti, Ward No. 4, Naogaon Pourashava
(Sonali Bank Road), PO + PS- Naogaon
Dist.- Naogaon
Phone-0741-81112, 81113
IP Phone-76701, 76702

8 Pabna Branch

(Opening date-05.10.2011)
Holding No-0118-000, Abdul Hamid Road
P.O & P.S- Pabna, Ward No-02,
Dist.- Pabna.
Phone- 0731-51980, 0731-52080
IP Phone-77501 ,77502

9 Natore Branch

(Opening Date: 23.12.2018)
Social Islami Bank Limited
Holding-288, Old Bus Stand, Kanaikhali,
PS- Natore Sadar, Dist: Natore
IP Phone: 85501; 85502

SYLHET DIVISION

- 1 Sylhet Branch**
(Opening Date-27-06-1996)
Social Islami Bank Ltd.
781, Karima Mansion, Dargah Gate, Sylhet-3100.
Phone-0821-711282, 0821-710485,
fax-0821-711282
IP Phone-70601,70602
- 2 South Surma Branch**
(Opening Date-23-07-2009)
Social Islami Bank Ltd.
Chandipool Baipass Road
(Opposite of South surma Thana),
P.O-Sylhet Sadar, P.S- South Surma, Sylhet.
Phone- 0821-2833431, 0821-2833432,
IP Phone-73401 ,73402
- 3 Moulvibazar Branch**
(Opening date-10.10.2012)
Social Islami Bank Ltd.
183 Shamsher Nagar Road
Chowmohana, Dist.- Moulvibazar
Phone- 0861-63906, 63907,
IP Phone-78201,78202
- 4 Fenchugonj Branch**
(Opening date-11.10.2012)
Social Islami Bank Ltd.
Akul Shah Shopping City
General Osmani Road (Thana road point)
P.O. & P.S.- Fenchugonj
Dist.- Sylhet
Mobile: 01711-040403
IP Phone-78301,78302
- 5 Beanibazar Branch**
(Opening Date- 24.05.2016)
Social Islami Bank Ltd.
Azir Market(1st Floor), Main Road
BeaniBazar, Dist.- Sylhet,
IP Phone-81801,818022
- 6 Barlekha Branch**
(Opening Date-20-11-2016)
Social Islami Bank Ltd.
Hazi Karim Mansion, Dakkhin Bazar, Barlekha
Ward no.-4, PO+PS- Barlekha,
Dist.- Moulvibazar.
IP Phone-82401, 82402.
- 7 Industrial Park Branch**
(Opening date: 14/06/2017)
Social Islami Bank Ltd.
"Sattar Plaza"
Olipur Bazar, 7 no. Nurpur Union Parishad
PO- Shahjibazar, PS- Sayestagonj
Dist.: Habigonj
IP: 83301, 83302
- 8 Sreemongal Branch**
(Opening Date:12/07/2018)
"Razzak Tower"
Holding no.62, Sreemongal
Dist: Moulvibazar
IP Phone: 84501; 84502

- 9 Dhakadakshin Branch**
(Opening Date: 25/07/2018)
Latif Mansion
Dhakadakshin Bazar, Dattarail, Ward no.03
Union- 06 no. Dhakadakshin Union Parishad
Upazilla/PS- Golapgonj, Dist- Sylhet.
IP:84701; 84702
- 10 Toker Bazar Branch**
(Opening Date: 26/07/2018)
Anwar Complex
Temukhi, Adjacent of 3rd Shahjalal Bridge
Sylhet – Sonamgonj Road, Ward no.- 01,
Union-06 no Toker Bazar Union Parishad,
PO- Toker Bazar, PS- Jalalabad, Dist.- Sylhet.
IP: 84801; 84802

RANGPUR DIVISION

- 1 Gobindagonj SME/Krishi Branch**
(Opening Date-22-08-2010)
Social Islami Bank Ltd.
Goleza Super Market (Rangpur-Bogura Highway Road)
Holding No-318, Ward No-6, Paurasova -Gobindagonj
P.O & P.S - Gobindagonj, Dist.- Gaibandha
Phone-05423-75396, 05423-75397
IP Phone-75201 ,75202
- 2 Dinajpur Branch**
(Opening Date-23-08-2010)
Social Islami Bank Ltd.
Holding No-1191/1150, Lilir Moor,
P.O & P.S -Dinajpur, Dist.- Dinajpur.
Phone-0531-63692, 0531-61588,
IP Phone-75301 ,75302
- 3 Rangpur Branch**
(Opening date-13.09.2011)
Social Islami Bank Ltd.
Shah Bari Tower, House-286,Station Road (Guptapara)
P.O-Rangpur, P.S- Kotwali,
Dist.- Rangpur.
Phone-0521- 55183, 55184 (Fax)
IP Phone-76801 ,76802
- 4 Sayedpur Branch**
(Opening Date-27-11-2014)
Social Islami Bank Ltd.
Altaf Tower
Holding No-07, Shahid Dr. Zikrul Haque Road,
Sayedpur, Dist.- Nilphamari
IP Phone-79901 ,79902
- 5 Ranir Bandar Branch**
(Opening Date-24/05/2017)
Social Islami Bank Ltd.
"Grameen Tower"
PO- Ranirbandar, PS-Chirirbandar
Dist: Dinajpur
Mob: 01712865829 IP: 83101, 83102

KHULNA DIVISION

- 1 Khulna Branch**
(Opening Date-20-06-1996)
Social Islami Bank Ltd.
G.M. Baksh Tower (Ground, 1st& 2nd floor)
22, Sir Iqbal Road, Khulna City Corporation
Dist.- Khulna.
Phone- & fax-041-722133, 730533
IP Phone-70501,70502
- 2 Paikgacha Branch**
(Opening Date-06.12.2009)
Social Islami Bank Ltd.
Main Road, Paikgacha, Khulna.
Phone- 04027-56678, IP Phone-74301,74302
- 3 Monirampur SME/Krishi Branch**
(Opening Date-08-08-2010)
Social Islami Bank Ltd.
Shibu Tower, Holding No-2145, Monirampur Bazar,
Ward No-03, Paurasova- Monirampur,
PS/Upazila- Monirampur, Dist.- Jashore.
Phone-0422778400, IP Phone-74701 ,74702
- 4 Noapara Branch**
(Opening Date-08-08-2010)
Social Islami Bank Ltd.
Noorbag Moor, P.O- Noapara,
P.S.-Abhoynagar, Dist.-Jashore.
Phone-04222-72300
IP Phone-74801 ,74802
- 5 Fakirhat SME/Krishi Branch**
(Opening Date-09-08-2010)
Mohammad Ali Market, Kathaltola Road, Fakirhat Bazar,
PO + PS- Fakirhat, Dist.- Bagerhat.
Phone-04655-56150
IP Phone-74901, 74902
- 6 Jashore Branch**
(opening Date-19-12-2010)
Holding no.-36 (2nd Floor), Rail Road (Chowrasta)
P.O.-Jashore, P.S.- Kotwali
Dist.-Jashore.
Phone-0421-64404,; IP Phone-76401 ,76402
- 7 Satkhira Branch**
(opening Date-20-12-2010)
London Plaza,(1st Floor) Boro Bazar Road
P.S. & P.O- Satkhira, Dist.- Satkhira.
Phone-0471-65078, 0471-65444,
fax- 0471-65444, IP Phone-76501,76502
- 8 Bagerhat Branch**
(Opening date-29.11.2012)
13, Khan Jahan Ali Road
Ward no. 06, Bagerhat Pourashava, Dist.- Bagerhat
Phone- 0468-64347, 0468-64348
IP Phone-78801, 78802
- 9 Patkelghata Branch**
(Opening date-22-05-2013)
Patkelghata Bazar, Ward No-05
P.O & P.S.- Patkelghata , Dist.- Satkhira.
Manager: 01718-610385(Mob)
IP Phone-79001,79002
- 10 Chowgacha Branch**
(Opening date-30-06-2013)
Social Islami Bank Ltd.
Dhoni Plaza, Chowgacha Bus Stand
Ward No-01
P.O & P.S.- Chougacha, Dist.- Jashore
IP Phone- 79301,79302

- 11 Dumuria Branch**
(Opening Date - 15-12-2015)
Social Islami Bank Ltd
Zakaria Super Market
Dumuria Bazar, Dumuria, Dist: Khulna
IP Phone-81301, 81302.
- 12 Kushtia Branch**
(Opening Date - 15-06-2015)
Social Islami Bank Ltd.
Holding no. 297/1, N.S. Road, Ward no.- 8
P.S- Kushtia Sadar, PO-Kushtia, Pourosova-Kushtia.
Dist.- Kushtia.
IP Phone-81001; 81002
- 13 Navaran Branch**
(Opening Date-05-05-2016)
Social Islami Bank Ltd.
Afzal Supper Market (1st Floor), Navaran Rail Bazar,
Jashore – Benapole Highway, PO- Zadabpur,
PS- Sharsha, Dist- Jashore.
IP Phone-81601,81602
- 14 Kalia Branch**
(Opening Date: 10/06/2018)
Gazi Super Market
Kalia – Khulna Road
Ward no. 02, Paurasava- Kalia, PS- Kalia
Dist: Narail
IP Phone: 84301; 84302
- 15 Boyra Branch**
(Opening Date: 29/07/2018)
Khokon Shopping Complex
Holding No. 98, Mujgunni Main Road, Ward No.16,
Khulna City Corporation, PO- GPO-9000,
PS: Sonadanga, Dist: Khulna
IP Phone: 84901; 84902

MYMENSINGH DIVISION

- 1 Mymensingh Branch**
(Opening date-09-10-2013)
Ali Plaza (2nd Floor), Muktijudda Sarani Road
64, Choto Bazar
P.S- Kotwali (Sadar), Mymensingh
IP Phone- 79601,79602
- 2 Koyra Bazar Branch**
(Opening Date- 09-06-2015)
Social Islami Bank Ltd.
Haji Market, (1st floor), Koyra Bazar
PO-Patadaha,, P.S-Madargonj
Dist.- Jamalpur.
IP Phone-80601, 80602
- 3 Jamalpur Branch**
(Opening Date -27.03.2016)
Social Islami Bank Ltd.
A. K Tower, Holding no.285, Tomal Tola Moor
Medical Road, PO- Jamalpur, PS -Jamalpur Sadar
Dist.- Jamalpur
IP Phone-81401, 81402
- 4 Netrokona Branch**
(Opening Date- 21.04.2016)
Aleya Plaza, 2nd floor, College Road, Satpai,
Dist- Netrokona.
IP Phone-81501, 81502.
- 5 Sherpur Branch**
(Opening Date: 22/07/2018)
Jamshed Mansion
Holding No.209, Munshi Bazar, Kharampur Moor
Ward No. 02, Paurasava – Sherpur
PS- Sherpur Sadar, Dist.: Sherpur
IP: 84601; 84602

LIST OF SUB-BRANCHES OF SIBL

1 Gabtoli Sub Branch

Date of Opening: 29-May-19
Name of Controlling Branch: Narayanganj Branch
District: Narayanganj

2 Brindabonhat Sub Branch

Date of Opening: 16-Jun-19
Name of Controlling Branch: Bibirhat Branch
District: Chattogram

3 Datmara Sub Branch

Date of Opening: 16-Jun-19
Name of Controlling Branch: Kazirhat Branch
District: Chattogram

4 Shiachar Sub Branch

Date of Opening: 20-Jun-19
Name of Controlling Branch: Fatulla Branch
District: Narayanganj

5 Chunati Sub Branch

Date of Opening: 29-Jul-19
Name of Controlling Branch: Lohagara Branch
District: Chattogram

6 Dhamairhat Sub Branch

Date of Opening: 25-Aug-19
Name of Controlling Branch: Roazarhat Branch
District: Chattogram

7 Kalma Sub Branch

Date of Opening: 4-Sep-19
Name of Controlling Branch: Savar Branch
District: Dhaka

8 College Gate Sub Branch

Date of Opening: 11-Sep-19
Name of Controlling Branch: Tongi Branch
District: Gazipur

9 Uttar Kutubkhali Sub Branch

Date of Opening: 23-Sep-19
Name of Controlling Branch: Dania Rasulpur Branch
District: Dhaka

10 Bakila Bazar Sub Branch

Date of Opening: 16-Oct-19
Name of Controlling Branch: Hajiganj Branch
District: Chandpur

11 EPZ Sub Branch

Date of Opening: 16-Oct-19
Name of Controlling Branch: Cumilla Branch
District: Cumilla

12 Goran Sub Branch

Date of Opening: 29-Oct-19
Name of Controlling Branch: Banasree Branch
District: Dhaka

13 Halishahar Bus Stand Sub Branch

Date of Opening: 19-Dec-19
Name of Controlling Branch: Halishahar Branch
District: Chattogram

14 S. Club Mour Sub Branch

Date of Opening: 19-Dec-19
Name of Controlling Branch: Halishahar Branch
District: Chattogram

15 Mugrabazar Sub Branch

Date of Opening: 22-Dec-19
Name of Controlling Branch: Akhaura Branch
District: Brahmanbaria

16 Amirhat Sub Branch

Date of Opening: 24-Dec-19
Name of Controlling Branch: Azadi Bazar Branch
District: Chattogram

17 Kotbari Sub Branch

Date of Opening: 24-Dec-19
Name of Controlling Branch: Laksam Road Branch
District: Cumilla

18 Lamburhat Sub Branch

Date of Opening: 26-Dec-19
Name of Controlling Branch: Patherhat Branch
District: Dhaka

19 Matikata Bazar Sub Branch

Date of Opening: 26-Dec-19
Name of Controlling Branch: Mirpur Branch
District: Dhaka

20 Maniknagar Sub Branch

Date of Opening: 29-Dec-19
Name of Controlling Branch: Principal Branch
District: Dhaka

