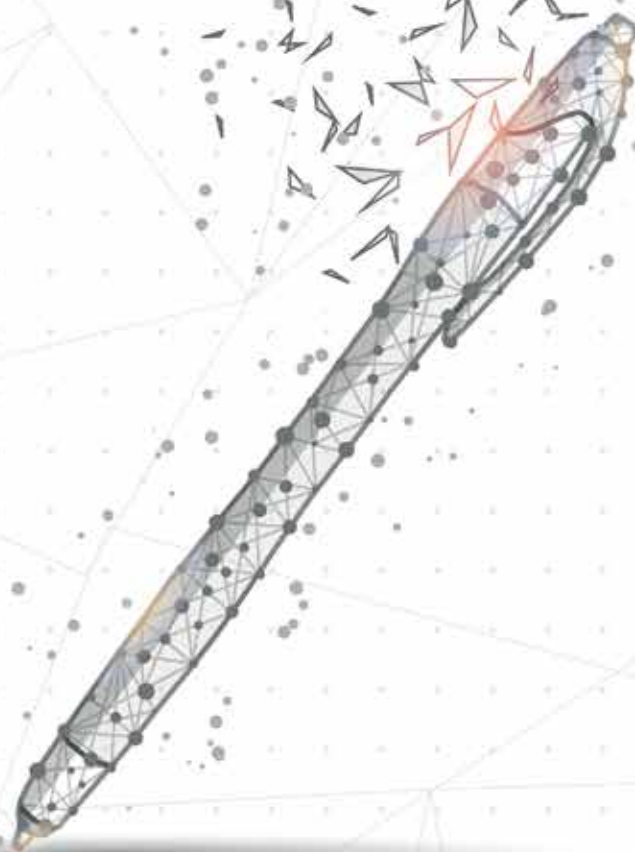


DIRECTOR'S **REPORT**





Dear respected Shareholders,

It is my great pleasure to welcome you all on behalf of the Board of Directors to the 26th 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 2020 for your kind information. The board would like to mention some of the salient performance of the Bank during the year 2020 in the backdrop of Global and Local economic, political, environmental scenario and the effects of Covid-19 on them.

Global Economic Outlook

World Economy

The global economy will be estimated to grow by 5.4% by UN and 6.0% by IMF in 2021. Additional policy support announced for 2021, mainly in the advanced economies, is expected to help in lifting economic activities with favorable spillover to trading partners. However, pace of recovery is likely to vary significantly across countries, depending on access to vaccine, effectiveness of policy support.

To protect financial system and economy, policy makers across the globe have taken unprecedented measures to bring it on track. Though recovery in China has been faster than expected, the global economy's rebound to pre-pandemic level of activity remains prone to setbacks. After ease of lockdown global trade started to pick up in June where China was a major contributor. In the second half of 2020 financial condition started to ease for advanced economies and for most emerging market and developing economies. This pandemic has increased inequality globally by pushing more people below poverty line mainly those who live on daily wage and are migrant workers.

After an estimated contraction of -3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 by World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working. The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. Global growth is expected to moderate to 3.3 percent over the medium term—reflecting projected damage to supply potential and forces that predate the pandemic, including aging-related slower labor force growth in advanced economies and some emerging market economies. Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses.

Across the globe, COVID-19 has created rapidly growing demand for digital services, accelerating ongoing digital transformation. With lockdowns and movement restrictions in place, operating digitally has been the only viable option for many firms to stay in business and government agencies to perform their functions.

Digital processes are becoming ever more embedded in production and trade as information and communication technology (ICT) services control business processes and facilitate transactions within networks and between firms and customers. New technologies, such as 3D printing and additive manufacturing, have the potential to fundamentally alter business models and redefine comparative advantage by facilitating scale-independent efficient production and bringing production systems closer to consumers. In the medium term, such developments could support restoring trends by increasing the competitiveness of previously noncompetitive production locations and by encouraging a shift from the traditional model of economies of scale of large plants serving global markets to networks of smaller, more flexible and geographically distributed plants. Moreover, digitalization and emerging technologies, including artificial intelligence and machine learning, are also transforming service delivery worldwide. They will increasingly facilitate the cross-border exchange of health, education and other services, reinforcing the growing importance of services in global trade and development.

Bangladesh Economic Review

Economic growth

The past decade Bangladesh's economic growth has steadily increased from 6 percent to 8 percent. The global novel Coronavirus (COVID-19) pandemic has adversely affected the economy of Bangladesh. According to the provisional estimates of the Bangladesh Bureau of Statistics (BBS), GDP growth in FY2019-20 stood at 5.24 percent, compared to 8.15 percent in the previous fiscal year. Growth in export and import in FY2019-20 is negative. However, remittance inflows grew by 10.87 percent has reduced the current account deficit compared to the previous fiscal year. At the same time, the increase in capital and financial account inflows has led to a surplus in the overall balance of payments. As a result, the foreign exchange reserves have increased significantly. During this period, a marginal depreciation in exchange rate of Taka with the US dollar is being observed. To keep the country's economy afloat in the face of the ongoing Coronavirus pandemic, extra spending on healthcare, emergency humanitarian assistance has been materialized. The government has already announced a financial package of about Tk. 1.2 lac crore for economic recovery. Some of the notable activities of this package are: create special funds for export oriented industries; provide working capital facilities to the affected industry and service sector organizations; provide working capital facilities to small (including cottage industries) and medium industrial enterprises; increase the benefits of the Export Development Fund; increase coverage of social security; direct cash transfer to targeted people, formulate various funds for the agricultural sector. As well as financial

incentives, various activities including policy support such as reduction of import duty on COVID-19 related products, policy support to increase liquidity in the banking sector has been provided. As a result of this initiatives and lifting of holidays the economy has started to recover and thus the Asian Development Bank (ADB) predicts that in 2021 Bangladesh will top the growth rate.

Savings and Investment

Gross Domestic Savings (GDSs) at current market price, stood at 25.3 percent of GDP in FY20, higher than 25.0 percent of GDP in the previous fiscal year. Gross National Savings (GNSs) increased to 30.1 percent of GDP in FY20 from 29.5 percent in FY19. Investment as a percent of GDP stood at 31.8 in FY20 from 31.6 in FY19. Private and public investment to GDP ratio slightly increased to 23.6 and 8.1 percent in FY20 from 23.5 and 8.0 percent respectively in FY19. Gross Domestic Savings (GDSs) and Gross National Savings (GNS) at current market prices increased by 11.2 and 12.3 percent respectively in FY20 compared to FY19. Domestic savings-investment gap as percent of GDP reduced to 6.4 percent in FY20 from 6.6 percent in FY19.

Short-term and long-term crisis

The pandemic will likely transform consumer behavior and economic structures. It is unlikely that in-person interactions will quickly return to pre-crisis levels even if millions are inoculated against COVID-19. Remote work will likely become the new norm for many service sector jobs. Meetings and conferences may remain largely digital, reducing demand for business travel related services. Consumer spending will increasingly move online. Leisure and entertainment will also become increasingly digital, replacing brick-and-mortar venues for retail and entertainment. These shifts will likely reduce local government revenues and adversely impact the delivery of basic services—health, sanitation, education, transportation and public safety—in urban centers worldwide. These shifts, already under way before the pandemic, will profoundly impact the trajectory of sustainable development in the future. Furthermore, the pace of digitalization, automation and robotization will likely accelerate during the post-pandemic period, as businesses will pursue resilience and safeguards against shocks to labor supply. Accelerated and more widespread automation and digitalization will likely make many job losses permanent. While automation and innovation typically increase the productivity of workers and firms that can embrace new technologies.

Inflation

The twelve-month point to point general inflation increased to 6.0 percent in June 2020 amid fluctuations from 5.5 percent in June 2019, driven by the increase in food inflation, emanated mostly from uncertainty

due to the COVID-19 pandemic. Point to point food inflation moderated to 4.9 percent in March 2020 with minor fluctuations from 5.4 percent of June 2019 due to adequate supply of food while there was a pickup of 6.5 percent in June 2020 caused by disruption of supply chain. On the other hand, a moderate pressure in point to point non-food is experienced in the second half of FY20 on the back of higher remittance inflows and increase in medical care along with health related expenses. However, point to point non-food inflation eased to 5.2 percent in June 2020 due to subdued demand for elastic items because of losing employment and cut of salaries. Consequently, headline twelve-month average inflation went up to 5.7 percent in June 2020, slightly higher than the target ceiling as well as actual inflation of 5.5 percent recorded in June 2019. In FY20, twelve-month average food inflation experienced broadly a stable trend with a trifling volatility ranging from 5.4 to 5.6 percent and ended up with 5.5 percent in June 2020 from 5.5 percent in June 2019. Annual point-to-point food inflation exerts a mixed trend, following uptrend till November 2019, downtrend up to March 2020 and then again takes the shape of rising trend emanating mainly from uncertainty and disruption of supply chains due to the COVID-19 led shutdown. At the end of June 2020, the annual point-to-point food inflation jumped to 6.5 percent from 5.4 percent in June 2019. On the other hand, in FY20, except a stable situation during October-December 2019, the annual average non-food inflation gradually increased and ruled headline inflation. The average non-food inflation rose to 5.9 percent in June 2020 from 5.4 percent in June 2019. In contrast, annual point to- point non-food inflation followed moderately an erratic trend in FY20. The annual point-to point non-food inflation went up to 6.5 percent in March 2020 from 5.7 percent in June 2019; then started falling, reaching 5.2 percent in June 2020, on the back of subdued demand due to two months' general holiday and lockdown.

Profit Rates Policy

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. In the end of the year 2020 the weighted average lending rate of commercial banks stood at 7.61 percent. 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. In the end of 2020 the deposit rate reached to 4.54 percent. In the beginning of the year 2020 the interest rate spread was 3.97 percent which decreased and stood at 3.07 percent at the end of the year 2020.

Revenue Mobilization

Fiscal performance resumed its pre-COVID-19 growth path in Q2FY21, because of tax collections improved, growth in expenditure moderated and budget deficit narrowed with growing economic activities. The fiscal deficit has reduced in Q2FY21 due to revenue collection increased and expenditure declined with economic recovery. Reflecting the resumption of economic activity, total revenue collections improved in Q2FY21 compared to Q2FY20. During the second quarter of FY21, the overall revenue collection has increased by 8.0 percent compared to those in Q2FY20. In Q2FY21, NBR tax revenue collection rose by 3.8 percent to BDT 604.4 billion from Q2FY20. The customs duties (4.3 percent) and income tax (6.0 percent) were the main drivers of NBR revenue collection. Total revenue collection during H1FY21 increased by 6.3 percent (y/y) to BDT 1315.4 billion which met only 34.8 percent of annual budget target (BDT 3780.0 billion) for FY21. The consolidated fiscal spending weakened with slower growth in ADP expenditure and current expenditure in Q2FY21. Total expenditure amounted to BDT 901.1 billion (2.8 percent of GDP) in Q2FY21. As a share of total expenditure, current expenditure increased by 1.8 percent to BDT 501.1 billion and ADP expenditure declined by 13.71 percent to BDT 339.7 billion in Q2FY21 compared to Q2FY20. During H1FY21, total fiscal expenditure decreased by 4.8 percent (y/y) stood at BDT 1840.4 billion which was about 32.4 percent of the annual budget target of BDT 5680.0 billion for FY21.

The total budget deficit financing relied almost equally on both domestic and foreign sources in Q2FY21. The total deficit financing of BDT 101.8 billion was met from domestic sources of which BDT 11.10 billion came from banking sources and BDT 90.70 billion came from non-bank sources. The foreign financing amounted to BDT 105.3 billion in Q2FY21 which was 18.7 percent lower than that in Q2FY20.

External Sector Developments

According to the provisional estimate of BBS, the growth of agriculture sector has slowed to 3.11 percent in the FY2019-20, from 3.92 percent in FY2018-19. During the same period, industry sector grew by 6.48 percent, which was 12.68 percent in the previous fiscal year. The service sector grew by 5.32 percent in FY2019-20 compared to 6.78 percent in the previous fiscal year. Within the broad agriculture sector, the growth rate of agriculture and forestry sector decelerated from 3.15 percent to 2.08 percent in FY2019-20. In addition, growth in fishing sector slowed slightly to 6.10 percent from 6.21 percent of previous fiscal year. The contribution of the broad agricultural sector to the GDP stood at 13.35 percent in

FY2019-20 against 13.65 percent in the previous fiscal year. Of the 4 sectors of the broad industrial sector, growth in the manufacturing (large and medium scale and small scale) has slowed down significantly. According to provisional estimate, the growth of large and medium enterprises and small scale industries in GDP stood at 5.47 and 7.78 percent respectively in FY2019-20, compared to 14.84 percent and 10.95 percent in the previous fiscal year. The growth of the construction sector stood at 9.06 percent as compared to 10.25 percent over the previous fiscal year. Overall, the contribution of the broad industry sector stood at 35.36 percent in FY2019-20, as compared to 35.00 percent in the previous fiscal year. Among the broad service sector, wholesale and retail trade; hotels and restaurants; transport, storage and communication; financial intermediations; real estate and renting and business activities; health and social works etc. have decelerated significantly (about 1 to 3.1 percent) compared to FY2018-19. The contribution of broad service sector to the GDP stood at 51.30 percent in FY2019-20, which was 51.35 percent in the previous fiscal year.

Capital Market Developments

The robust performance in the capital market which started in June 2020 continued in Q2FY21, as evidenced by strong growth in price indices, buoyant turnover, expansion in market capitalization, and issued capital. The easy monetary condition, the expectation of normalcy in the business activities as COVID-19 situation improved with the beginning of vaccination and several positive initiatives from Bangladesh Security and Exchange Commission (BSEC) helped the vibrant activities in the capital market during the H1FY21. The associations between the movements in the DSE indices and global equity market index were persistent as a result of expansionary monetary policy and restoring business confidence. The Market capitalization of DSE has risen to the highest level (BDT 3933.7 billion) in history of Capital market of Bangladesh. Market capitalization rose to 38.2 percent at the end of Q2FY21 from that of Q2FY20. This growth attributed partly because of newly listed Robi Axiata limited with DSE, the biggest ever IPO.

The DSE broad index (DSEX) and DSE-30 maintained upward trend in Q2FY21 as like Q1FY21. The DSEX index jumped by 8.8 percent in Q2FY21 from Q1FY21 and 21.3 percent from Q2FY20. The DSE-30 index grew by 15.8 percent from Q1FY21 and 29.9 percent from Q2FY20. The food and allied sector reached the highest (3058.2) while Textile sector remained at the lowest level (152.6) in Q2FY21.

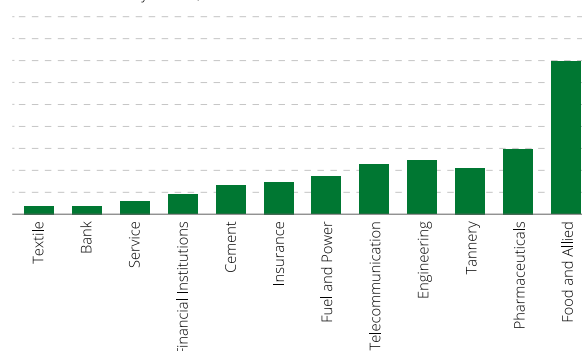
The overall price-earnings (PE) ratio of the DSE increased significantly in Q2FY21 from the level of Q1FY21. The

average price earnings ratios surged to 16.53 in Q2FY21 from 13.51 in Q1FY21. Sector-wise PE data show that banking sector's PE score occupied the lowest position while that of the engineering sector the highest position in Q2FY21.

The increasing trend in turnover and issued capital in DSE continued in Q2FY21. The value of issued equity and debt increased by 8.3 percent in Q2FY21 from Q1FY21 and four new companies were listed in the capital market and one company were re-listed from OTC market during Q2FY21. Thus the number of listed securities rose to 376 at the end of Q2FY21. Total turnover value up by 19.5 percent in Q2FY21 compared to the previous quarter. Market liquidity as measured by the Turnover Velocity Ratio (TVR)³ increased to 57.0 percent in Q2FY21 from 54.1 percent in Q1FY21.

Index of Major Sector, December 2020

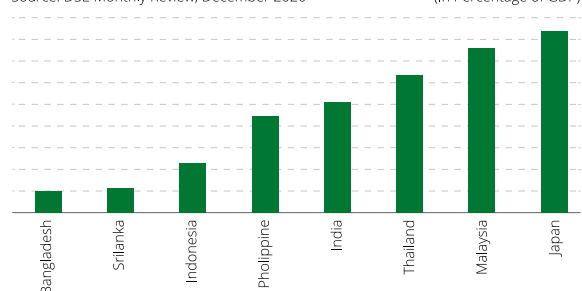
Source: DSE Monthly Review, December 2020



Selected Countries; Stock Market Capitalization, December 2020

Source: DSE Monthly Review, December 2020

(In Percentage of GDP)



Price Earnings Ratio, Dividend Yield and Market Capitalization to GDP ratio of December 2020 of some selected countries are given below;

Country	Price Earnings Ratio	Dividend Yield	M. Cap to GDP
Bangladesh	14.75	3.39	16.03
India	26.08	1.05	81.39
Sri Lanka	11.45	2.80	18.10
Thailand	28.84	3.32	102.05
Hong Kong	17.55	2.18	1728.70
China	18.37	-	44.12

Source: DSE monthly Review, December 2020

Cross-country data on price earnings (PE) ratios as of December 2020 show that Bangladesh has moderate PE ratio among the South and East Asian countries while dividend yield of Bangladesh is the highest among these countries. Market capitalization of as percent of GDP in Bangladesh rebounded sharply to 16.03 percent in Q2FY21 from 11.5 percent in Q1FY21.

The BSEC has taken several investor friendly initiatives e.g. attempt to create an investor protection fund by collecting unclaimed dividend from listed companies, faster approval process of IPO to enhance the market capitalization, to bring transparency and trust in the trading system updated surveillance software, and starting implementation holding of two percent of total capital for individual director and 30 percent of total capital for all sponsors director of the company which restored the investors' confidence in the capital market. In addition, Bangladesh Bank undertook several policy measures under the stimulus packages of the government to boost liquidity in the market which greased the uptrend activities in the capital market during H1FY21. The expectation of improving the COVID-19 situations owing to the beginning of vaccination along with easy monetary condition the uptrend performances of the market are likely continue in near future.

Money and Credit Market Developments

To limit the economic slowdown caused by the pandemic and to ensure faster recovery of economic growth, Bangladesh Bank (BB) has been pursuing an expansionary monetary policy by setting broad money (M2) growth targets of 14.00 and 15.00 percent for December 2020 and June 2021, respectively. A surge in net foreign asset (NFA) kept M2 growing closely to its program path in Q2FY21. Although BB slashed its key policy rates in July 2020, weak private credit demand continued in Q2FY21 resulting a significant rise in excess liquidity in the banking system.

Led mainly by a robust NFA growth, M2 attained at 14.23 percent (y/y) growth in December 2020, which was very close to target. The December growth rate of M2 was considerably higher than 12.04 percent growth in December 2019 and 13.92 percent in September 2020. The NFA registered a higher-than-expected growth of 30.22 percent at the end of Q2FY21 mainly because of much higher inflows in financial account by 1233.3 percent and a high growth of remittance inflows by 27.47 percent amid pandemic-ridden global economic slowdown. On the other hand, the NDA growth further declined to 9.94 percent in Q2FY21 compared with 14.56 percent growth in Q2FY20 and 11.67 percent in Q1FY21, contributed mainly by continued deceleration in credit to both public and private sectors. A growing momentum in government's revenue collection, a rise in borrowing through sales of national saving certificates, and a lower implementation of Annual Development Program (ADP) jointly contributed to reduce government's dependence on borrowing from banks

for deficit financing. Consequently, the growth of credit to the public sector moderated to 21.94 percent at the end of Q2FY21 from 59.81 percent in Q2FY20 and 35.31 percent in Q1FY21. Despite BB's various policy supports and prevailing low real lending rates, the growth of credit to private sector further decelerated to 8.37 percent at the end of December 2020, remaining far below the programmed safe limit of 14.00 percent for December 2020, reflecting subdued loan demand relating to ongoing business slowdown because of COVID-19 situation in the country. In terms of economic purpose-wise distribution of private credit, the industry sector, and trade and commerce activity, which comprise around three-fourth of total private credit, registered 8.36 and 10.69 percent growth in December 2020, noticeably lower than 9.88 percent and 14.60 percent growth in September 2020, respectively.

Driven by a large unsterilized growth in NFA, reserve money grew by 18.11 percent in Q2FY21, remaining well above the target of 15.50 percent set for December 2020. Among the components of reserve money, currency outside bank grew by 19.72 percent in December 2020, which was lower than 33.68 percent growth in July 2020 in the face of the pandemic. On the other hand, balances with the Bangladesh Bank rose significantly to 27.86 percent in December 2020, which mainly contributed to lowering the money multiplier to 4.86 in December 2020 from 5.08 in September 2020.

Bangladesh Bank's recent downward revision of policy rates, particularly the reduction of cash reserve ratio (CRR) by 1.50 percentage points led to a significant rise in liquidity in the banking system. The ratio of total liquid asset to total demand and time liabilities (TDTL) increased to 29.52 percent in Q2FY21 as compared to 27.52 percent in Q1FY21. Similarly, liquid asset in excess of SLR to TDTL rose to 14.58 percent from 12.55 percent during the same period. The impact of rise in the excess liquidity had already been resulted in a downward movement of interest rates in both wholesale and retail money markets. Moreover, prevailing low demand for private credit accentuated this pile-up of liquidity and lingered the downward movements of interest rates. Consequently, interest rate in the call money market further declined to 1.79 percent in December 2020 from 2.87 percent in September 2020 and 4.64 percent in December 2019. The weighted-average interest rate on lending declined to 7.61 percent from 7.79 percent in September 2020 and 9.68 percent in December 2019. Similarly, the weighted-average interest rate on deposit declined to 4.54 percent in December 2020 from 4.79 percent in September 2020 and 5.70 percent in December 2019.

Given the liquidity glut in the banking system, government's less dependency on bank borrowings for deficit financing in the face of a pickup in revenue collection and a rise in borrowing through selling of national saving certificates

pushed yields on government securities (except 20-year treasury bond) down. However, the fall was more pronounced in case of shorter term securities. The yields on 91-day, 182-day, and 364-day treasury bills declined by 0.53, 1.12, and 1.91 percent in December 2020 from 2.93, 3.71, and 3.86 percent in September 2020, respectively, while yield on 20-year treasury bond increased marginally to 7.01 percent from 6.98 percent during the same period.

According to the revised monetary program, the BB will continue its expansionary monetary policy stance for FY21, with some adjustments in net foreign assets and net domestic assets, while keeping the growth target of private sector credit unchanged at 14.8 percent. Looking forward, given the acceleration of vaccination programs across the country, government and Bangladesh Bank policy responses to support recovery from the pandemic are likely to boost business confidence and private credit demand in the coming months. Therefore, it is imperative that supportive monetary policy stance should be continued for strengthening private sector activities affected by the COVID-19 pandemic until the economic recovery is fully achieved.

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 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

The tax-GDP ratio represents the size of tax revenue earned by the government which is expressed as a percentage of the GDP. The tax includes income tax, payroll tax, value-added tax (VAT), product sales tax, and other GDP items.

The tax-GDP ratio is an important factor in the economy of a country. It measures the effectiveness of a country's tax policy and assesses its income inequality. Higher tax revenue indicates that available resources are being used properly to ensure sustainable economic growth. A higher tax-GDP ratio is always preferable as it induces investment opportunities and helps the government finance its expenditures, develop infrastructure and meet the budget deficit. It also reflects the robust tax buoyancy and wider tax base of an economy. On the other hand, lower tax revenue puts pressure on the government's plan in expanding investment on developmental work and meeting fiscal deficit targets. It also increases public debt.

Bangladesh Tax revenue: % of GDP was reported at 8.0 % in Dec 2020. This records a decrease from the previous number of 9.1 % for Dec 2019. Bangladesh Tax revenue: % of GDP data is updated yearly, averaging 9.3 % from Dec 2006 to 2020, with 15 observations. The data reached an all-time high of 9.6 % in 2015 and a record low of 7.3 % in 2006.

The performance of the banking sector of Bangladesh

The performance of the banking sector of Bangladesh has been largely affected by the COVID-19 pandemic situation for the last four months of FY20. Almost all the large financial markets around the world have been extremely impaired due to the lockdown aiming at hindering the escalation of pandemic. Bangladesh has also lost huge export earnings and its pace of internal production has been reduced significantly due to 66 (sixty six) days long countrywide lockdown. Both the internal and external situations of the financial market have created enormous pressure on the banking sector. Despite these, all scheduled banks of the country remained operational for specified time in every working day during the lockdown period to provide regular banking services to their customers. Moreover, to help the scheduled banks and non-bank financial institutions (NBFIs) to survive in this critical situation and to continue their contribution in revamping the country's economy, Bangladesh Bank (BB) has announced a series of policies and prudential measures from the very beginning of the pandemic situation. These include but not limited to, re-fixation of the regulatory liquidity ratios to ensure additional liquidity in the banking sector, issuance of sufficient prudential guidelines to maintain proper office environment in the banks for continuing the business activities in a limited scale as well as compensation package for the employees as frontline workers during the lock down period, easing of foreign trade and foreign currency transaction regulations, temporary relaxation in the loan classification policy, modeling and implementation of the Govt. stimulus packages for different segments of the economy and refinance schemes to provide liquidity support to those packages and introduction of special fund for capital market investment, etc. Furthermore, the preannounced ceiling of lending rate was also introduced from April 01, 2020.

Monetary Policy

Bangladesh Bank formulates monetary policy for the year-2019-2020. Some of the highlights of the policy are:

The domestic economy of Bangladesh upheld its precise path and accelerating real GDP growth supported by broad-based economic activities until February of FY20. The global economic halt due to COVID-19 outbreak along with the confirmation of the outbreak locally in March 2020 have created some serious impediments to the achievement of real GDP growth of 8.2 percent in FY20. According to provisional estimates of BBS, real GDP of Bangladesh stood at BDT 11637.4 billion, recording 5.2 percent growth in FY20. However, this growth is the highest in the South Asian region (chart 2.1). Before the pandemic, the country was enjoying a higher growth path for the last few years

and achieved a higher growth ever 8.2 percent in FY19, which topped all the countries in the Asia-Pacific region.

Though various sectors of the economy were not performing as expectation during the first three quarters, growth of remittance and industrial production index was in line with the growth target of 8.2 percent. Afterwards, the first positive case of corona virus identified on March and to contain its spread government announced a national general holiday from March 26 to May 30. As a result, economic activities drastically plummeted during the last quarter of FY20 resulting a 2.9 percentage point fall in the growth compared to FY19, which was the largest one-year fall of growth since FY91.

Provisional data of BBS showed that GDP at current market price was BDT 27963.8 billion for FY20 which was 10.0 percent higher compared to the preceding year. In FY20, per capita real GDP and GNI was estimated at tk.166,888 and Tk.174,888 respectively. However, growth rate moderated due to COVID-19 pandemic in FY20, the industry sector continued to achieve the highest growth followed by services and agriculture sector. This reflects the sustainability of growth of the economy.

The industry sector, constituting more than one-third of gross value-added (GVA) in the economy, grew by around 6.5 percent in FY20, far below from 12.7 percent in FY19. This drop in growth was mainly led by low growth in all subsectors of industry hampered by ongoing COVID-19 pandemic. Among the subsectors, mining and quarrying; manufacturing; electricity, gas and water supply; and construction registered the growth of 4.4, 5.8, 6.2 and 9.1 percent in FY20 against 5.9, 14.2, 9.6 and 10.3 percent in FY19 respectively. The large and medium scale and small scale subsectors of manufacturing sector also registered lower growth at (5.5 and 7.8 percent respectively) in FY20 compared to 14.8 and 11.0 percent growth respectively in FY19.

The growth of agriculture sector decreased slightly to 3.1 percent in FY20 from 3.9 percent in FY19. The growth rate dropped due to moderation of growth in all sub sectors of agriculture viz. crops and horticulture, animal farming, forest and related services and fishing. 2.6 Among the subsectors, fishing achieved a growth of 6.1 percent in FY20 against 6.2 percent growth in FY19. Growth in agriculture and forestry subsector fell from 3.2 percent in FY19 to 2.1 percent in FY20. Under agriculture and forestry subsector, forest and related services registered the highest growth of 6.4 percent in FY20 which was 8.3 percent in FY19. Moreover, growth in animal farming and crops and horticulture subsectors also fell from 3.5 and 2.0 percent in FY19 to 3.0 and 0.9 percent in FY20 respectively

Despite some moderation, the service sector, comprising more than half of GVA, registered a modest growth of 5.3

percent in FY20. Within the sector, larger growth impulse in FY20 primarily came from health and social work (10.0 percent) and other financial intermediation (9.5 percent). Among the subsectors of services, wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotel and restaurants; transport, storage and communication; financial intermediation; real estate, renting and business activities; public administration and defense; education; and community, social and personal services registered the growth of 5.0, 6.5, 6.2, 4.5, 4.9, 6.0, 6.2 and 3.6 percent in FY20 which was 8.1, 7.6, 7.2, 7.4, 5.2, 6.4, 7.7 and 3.7 percent in FY19 respectively.

Global and Domestic Islamic Banking Scenario

Being characterized as the finance Industry running based on Shariah principals and its finance backed by tangible assets, the Islamic Finance Industry is growing moderately after due to strong investments in the Halal Sectors, infrastructure after Sukuk bonds. The total worth of the Islamic Finance Service Institution (IFSI) has further crossed USD2 trillion on the back of significant improvement across three sectors of Islamic banking, the Islamic capital market and Takaful. Islamic Finance growth was resilient, and growth recorded 22 percent during the pandemic. There is also an improvement in the resilience of the IFSI based on satisfactory financial stability indicators and compliance with most international regulatory requirements, especially when compared to conventional banks in most jurisdiction with a significant presence of Islamic Finance as well as in the United States and the European Union. The Gulf Cooperation Council (GCC) region remained the engine of growth for the Islamic Banking Sector.

The Islamic capital markets are the second most significant component of the Islamic finance sector; where Sukuk are major contributors. First time in the history of Bangladesh, the /central Bank has invited for an investment of BDT 4,000 on Izra Sukuk- Shariah based bond. And the response was overwhelming. The participators placed demands BDT 15,153 crore against bond value which indicates its acceptance in corporate sectors as well as individuals in Bangladesh. Total deposit in the Islamic Banking Sector reached BDT 3,269,223 million at the end of December 2020 which is increased by BDT 466,944 million (16.66%) compared to the same period of the last year. Total investment of the Islamic banking sector stood at BDT 2,940,936 million at the end of December 2020, which went up by BDT 100,831 million with 8.09 percent compared to the end of the same period of the last year, respectively. At the end of December 2020, the investment- deposit ratio stood at 90 percent which was 94 percent at the end of December 2019. Total remittances mobilized by the Islamic Banking sector stood at BDT 597,481 million during 2020

which went up by 34.13 percent compared to the end of the same period of the last year. The number of branches of the Islamic banking sector, including Islamic branches/windows of conventional commercial banks reached 1528 at the end of December 2020 which was 1380 at the end of December 2019.

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 CSBIBB. CSBIBB is mainly 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 31.12.2018 total outstanding buy amount (principal amount) of this bond stood at Taka 8.95 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 per cent 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.

Agriculture Credit Department of Bangladesh Bank (BB) through their circular letter no.2 dated 20-09-2020 allowed Refinance scheme of 5000 crore taka for providing working capital in agriculture sector due to break-out of Novel Corona virus. Later on BB has launched a Refinance Scheme for the COVID-19 affected low income professionals, farmers and holders of small and marginal businesses through FID Circular Letter No. 02 dated November 09, 2020. Under this scheme, a microcredit institution is allowed to avail of financing facility from a maximum of 3 (three) different banks. In case of availing financing facility from more than one bank within the stipulated limit, the microcredit institution shall have to submit a declaration on the availed financing facility from the first, if applicable from the first and second, bank to the finally financing bank.

Internal Control and Compliance

Internal control system robust internal control system helps SIBL to ensure achieving goals and aspirations sustainably. This control system also ensures that the Bank complies with local laws and regulations as well as policies, plans, internal and external rules, guidelines and procedures, and subsequently decrease the risk of unexpected loss or damage to the Bank. The Board has delegated the responsibility of overall supervision of internal control system to Audit Committee of the Board. The key functionalities that have been established in reviewing adequacy and integrity of the system of internal control are as follows:

- Different committees have been formed consisting of relative stakeholders with expertise on the subject matter to assist the Board in guiding the Bank's operation in line with corporate mission, vision and strategies.
- The internal audit department of the Bank checks for compliance with policies and procedures and the effectiveness of the internal control system on regular basis and highlights significant findings in respect of any non-compliance.

An Overview of the Bank

Founded in 1995, Social Islami Bank Ltd is the country's leading value-added financial institution based on Shariah' Principles. SIBL comprises of SIBL Securities Ltd, SIBL Investment Ltd, SIBL Foundation Hospital. Working closely with our valued clients and stakeholders to provide them one-stop services, access to the very latest products using technology. Our unmatched customer services has made us distinctive in the industry. We build a long term business partnerships with our client helping them grow profitable.

We are always ready to serve you with 3100 employees in 168 branches and 72 sub branches across the country. It has also 162 Agent Banking outlets to cater financial services to the remotest parts of the Land.

The strong conviction to create a caring society is the cornerstone of SIBL's all activities. We feel a strong affinity to the emotions of people. We believe that only banking activities can't usher our society to a just and equitable stage. Thus we are extensively engaged in CSR activities on humanitarian grounds. We work in the fields such as from poverty eradication to family empowerment. Unlike others, the Bank's criteria for success are not only the key objective to make profit but also landmarks to become the country's most humanitarian and complete Bank.

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 2020, it has built a total Capital of Taka 30,368.90 million using the external and internal sources.

Given below table is the last 6 years history of SIBL towards its capital journey efforts:

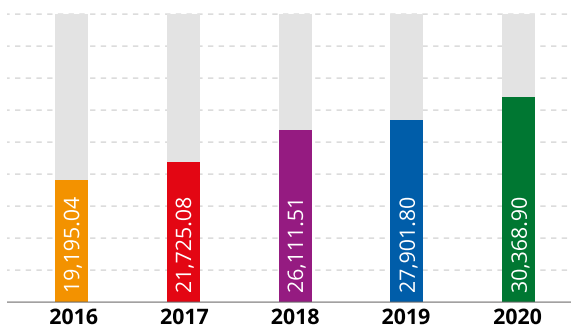
Fig in million Taka

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 & External generation
2016	7,385.99	19,195.04	13.47%	Internal generation & External generation
2017	7,385.99	21,725.08	13.18%	Internal generation & External generation
2018	8,121.29	26,111.51	20.19%	Internal generation & External generation
2019	8,933.41	27,901.80	6.86%	Internal generation & External generation
2020	9,380.08	30,368.90	8.84%	Internal generation & External generation

To comply with the international practices and to make 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 2020 stood at (a) paid-up capital Taka 9,380.08 million (b) total capital (as per BASEL-III) Taka 30,368.90 million.

Total Eligible Capital

(Taka in Million)



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 2020 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 Additional Tier I composed of SIBL Mudaraba Perpetual Bond.

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 2020 stood at Tk. 30,368.90 million as against Tk. 27,901.80 million as on 31st December 2019. As per BASEL-III, the Comparative position of Capital Base of the year 2020 and 2019 is given as under:

Fig in million Taka

Particulars	2020	2019
Tier-I Capital		
CET-1 Capital		
1. Paid up Capital	9,380.08	8,933.41
2. Statutory Reserve	7,030.39	6,422.26
3. Retained Earnings	1,056.77	984.28
Sub-total	17,467.25	16,339.95
AT-1	1,500.00	-
Total Tier I Capital	18,967.25	16,339.95
Tier-II Capital		
1. 1% provision on unclassified investment	5,441.65	4,401.85
2. 50% of Revaluation surplus on Fixed Assets (as per phaseout program)	-	-
3. SIBL Mudaraba Subordinated Bond	5,960.00	7,160.00
Sub-total	11,401.65	11,561.85
Total	30,368.90	27,901.80
Capital Adequacy Ratios		
i. CET-1 Capital Adequacy Ratio	8.43%	8.07%
ii. Tier –II Capital Adequacy Ratio	5.07%	5.71%
iii. Capital to Risk Weighted Asset Ratio (CRAR)	13.50%	13.78%

Stress Testing

To analyze the soundness of capital impact / capital's shock resilience 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 strength 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 stress test results for the year 2020 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 PERPETUAL BOND RELATED INFORMATION

Social Islami Bank Limited is in the process to issue SIBL Mudaraba Perpetual Bond for a total sum of Taka 500.00 Crore (Taka five hundred Crore). Bangladesh Securities and Exchange Commission (BSEC) vide its letter ref: BSEC/CI/DS-07/2014/272 dated: 25/11/2020 has approved the bond. Bangladesh Bank has also given their NOC for issuing the Bond vide its letter ref: BRPD(BFIS)661/14B(P)/2020-8946 dated: 22/10/2020. This bond will be treated as Additional Tier I capital which will further strengthen the capital base of the Bank in compliance with the capital adequacy requirements as per BASEL-III Capital accord. Expectedly, it will also facilitate the long term business of our Bank through the expansion of general investment portfolios resulting in profitability growth of the Bank as well as attaining sustainable growth. An amount of Tk. 1,500 million has been subscribed within 31/12/2020 and the rest amount will be subscribed within November 2021.

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 31.12.2020
1	SIBL Mudaraba Subordinated Bond	31/03/2015	3,000	600
2	SIBL 2nd Mudaraba Subordinated Bond	20/06/2016	4,000	2,400
3	SIBL 3rd Mudaraba Subordinated Bond	27/12/2018	5,000	5,000
Total			12,000	8,000

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 16 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 :

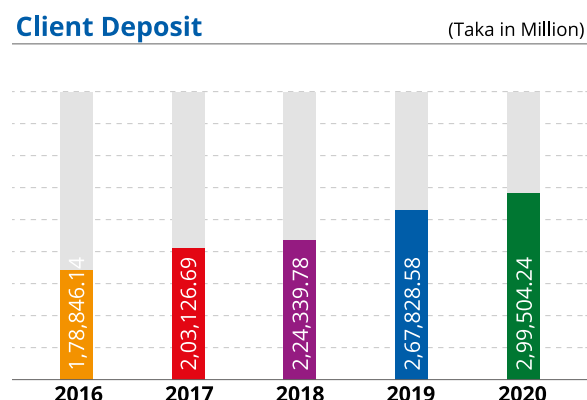
Placement of fund with the other Banks and Financial Institutions in the form of Savings, Notice and Term deposit Since the funding of Shariah banks are restricted to some extent, the bank always keep room in its ID ratios as per BB instruction time to time and the surplus funds keep with other Islami 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 2020, 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 2020. The following graph shows the deposit trend of the Bank :



Comparative Deposit Mix

Fig in million Taka

Deposit mix	2020	2019	Growth
Al-Wadeeah Current & Other Deposit	40230.37	32,054.93	25.50%
Mudaraba Savings deposit	33622.11	25,739.18	30.63%
Mudaraba Term deposit	175364.57	165,687.51	5.84%
Other Mudaraba deposit	72789.41	64,112.32	13.53%
Cash Wqf.	377.06	342.71	10.02%
Total	322,383.52	287,936.65	11.96%

Profit paid to Depositors

The bank has distributed Tk. 19,484.79 million among the Mudaraba Depositors as profit in 2020 as against Tk. 18,428.55 million in 2019.

Profit paid in 2020 among the various types of mudaraba depositors at the following rate:

Mudaraba Term Deposit

SI	Particulars	2020	2019
1	1 Month	3.50%	5.00%
2	3 Month	5.50%	7.00%
3	6 Month	5.75%	8.50%
4	1 Year & Above	6.00%	9.50%

Mudaraba Savings Deposit

SI	Particulars	2020	2019
1	Mudaraba Savings Deposit	3.50%	4.00%
2	SIBL Youngster Account	4.50%	6.50%
3	Super Savings Account	4.50%	5.00%
4	Sanchita Special Deposit Scheme	2.50%	4.50%
5	Proshanti (Mudaraba Zakat Savings Account)	7.00%	9.00%
6	Mudaraba Cash Waqf Savings Account	7.00%	10.50%

Mudaraba Special Notice Deposit

SI	Particulars	2020	2019
1	Less than 1 crore	2.50%	3.50%
2	Equal to or more than 1 crore but less than 25 crore	2.75%	4.00%
3	Equal to or more than 25 crore but less than 50 crore	3.00%	4.50%
4	Equal to or more than 50 crore but less than 100 crore	3.50%	5.00%
5	Equal to or more than 100 crore	4.50%	6.00%

Mudaraba Scheme Deposits:

No.	Particulars	2020	2019
Group A: mudaraba monthly profit scheme			
1.	Mudaraba Monthly Profit Deposit Scheme(3 Year)	6.50%	8.50%
2.	Shachanda Protidin	6.50%	8.50%
3.	Shuborno Lata	6.50%	8.50%
4.	Shobuj Chaya	6.50%	8.50%
5.	Mudaraba Monthly Profit Deposit Scheme (1 Year)	6.00%	8.00%
6.	SIBL Astha(one year)	7.20%	10.50%
7.	SIBL Astha(two year)	7.80%	
Group B: Mudaraba Deposit Pension Scheme			
1.	Mudaraba Special Deposit Pension Scheme	6.50%-7.00%	8.50%-9.00%
2.	Sonali Din	6.50%-7.00%	8.50%-9.00%
3.	Shukher Thikana	6.50%-7.00%	8.50%-9.00%
4.	Suborno Rekha	6.50%-7.00%	8.50%-9.00%
5.	Shobuj Shayanho	6.50%-7.00%	8.50%-9.00%
6.	SIBL Super DPS	7.00%-7.50%	9.25%-10.00%
Group C: Mudaraba Hajj Scheme			
1.	Kafela	7.00%	9.00%
Group D: Mudaraba Lakhopoti, Millionaire & Billionaire Scheme			
1.	Shopner Shiri (Lakhopoti)	6.25%-7.00%	8.25%-9.00%
2.	Suborno Digonto (Millionaire)	6.25%-7.00%	8.25%-9.00%
3.	Shorno Shikhor (Billinior)	6.25%-7.00%	8.25%-9.00%

Group E: Other Schemes			
1.	Cash Waqf Deposit Scheme	7.00%	10.50%
2.	Cash Waqf Monthly Profit Scheme	7.00%	10.50%
3.	Mudaraba Marriage Savings Scheme	6.50%	8.50%
4.	Mudaraba Mohorana Savings A/C	6.75%-7.00%	8.75%-9.00%
5.	Mudaraba Education Deposit Scheme	6.50%-7.00%	8.50%-9.00%
6.	Mudaraba Bashsthan Savings Scheme	6.50%-7.00%	8.50%-9.00%
7.	Mudaraba Double Benefit Scheme	11.25%	11.25%

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. Out 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.

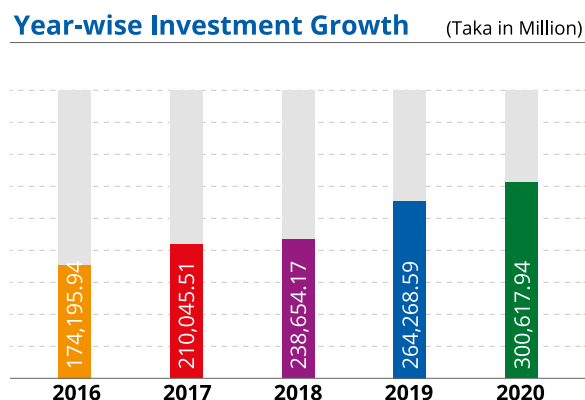
Investment of SIBL in the year 2020 showed a favorable growth. The total investments of the Bank stood at Tk. 300617.94 million in various sectors as at 31st December 2020 against Tk. 264268.59 million as on 31st December 2019 registering a growth 13.75% (Net increase by Tk. 36349.35 million as compared to 2019) 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 70 (Seventy) Branches of SIBL are in operation of this program and the management of our bank also selected and approved another 40 (Forty) 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 6.63% (in the year 2019) to 6.05% (in the year 2020). 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. 300617.94 million, Tk. 18201.16 million has become classified as on 31.12.2020.

Provision composition against funded investment for the year 2020 and 2019 is furnished hereunder:

(Figure in million Tk.)

Status	Provision Rate	2020		2019	
		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	3022.31	23.64%	3,855.38	33.50%
Special Mention Account (SMA)		1948.90	15.25%	56.17	0.49%
Su-Standard investment (SS)	5%, 20%	96.48	0.75%	101.86	0.89%
Doubtful Investment (DF)	20%, 50%	24.36	0.19%	39.46	0.34%
Bad /Loss Investment (BL)	100%	7691.25	60.17%	7,454.23	64.78%
Total		12783.30	100.00%	11507.10	100.00%

Investment Plan for 2021:

SIBL has set investment target to Tk. 326,500.00 million Starting from Tk. 300,617.94 million with the focus of minimizing concentration risk and diversifying investment portfolio.

SIBL is looking forward to enhance financing in SME, micro investment sectors and cottage industries with a vision to minimize concentration risk. SIBL is also looking for opportunity to finance investment clients in rural areas. SIBL wants to encourage new entrepreneurs to start their own business & thereby creating employment & reducing poverty rate.

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.

Moreover, to boost up the present economic condition due to Covid-19, our plan is to achieve target of disbursement against different stimulus packages set by the Bangladesh bank, declared by the government.

We also have plan to make investment as alternative investment fund and also in start-up business to diversify our investment portfolio and improve the present new normal situation

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.

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.

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.

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 Due Diligence (EDD)	Environment Due Diligence (EDD) checklist is being Circulated and practiced.
03.	Circulation of Environment Risk Rating (ERR)	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.

Particulars	Year-2019		Year-2020	
	Disbursement	Outstanding	Disbursement	Outstanding
ETP				
Finance for installation of ETP	-	-	-	-
Projects financed having ETP	1842.05	2842.59	-	5221.24
Bio-gas Plant	47	67.18	-	0
Solar Panel/Renewable Energy Plant	11.44	17.24	4.65	8.25
Hybrid Hoffman Kiln (HHK)	-	-	-	-
Projects financed in Brick fields having Zigzag & Improved technology	3099.54	1937.19	635.19	1723.63
Hazardous waste treatment facility	-	-	-	-
Waste Water Treatment Plant	3667.49	1819.68	-	0
Plastic Waste Recycling Plant (PVC, PP, LDPE, HDPE,PS)	27	47.52	-	0
Green Establishment	1076.5	3409.07	-	0
Energy Efficiency (LED)	-	-	5.59	
Others	2869.44	0	-	2698.35
Total	12640.46	10140.47	645.43	9651.47

Green Banking Initiatives of the bank

(Figure in Million)

Green Banking Initiatives	Yr-2019	Yr-2020
ATM (Number)	108	115
No. of Own ATM	108	115
No. of Shared ATM	Under NPSB	Under NPSB
Online Banking		
No. of Total Branches	161	168
No. of Branches with online coverage	161	168
Internet Banking		
No. of Accounts facilitated with Internet Banking	8,116	10,248
% of Accounts facilitated with Internet Banking	2.42%	2.93%
No. of Accounts facilitated with Mobile Banking/SMS Alert Banking	114807	130276
% of Accounts facilitated with Mobile Banking/SMS Alert Banking	34.18%	37.22%
No. of Training Programs/Seminars/ Workshops/Awareness Programs Exclusively conducted for Green Banking	14	05
Employees	584	171
Customer	-	-

Progress of Green Finance:

	Year-2019	Year-2020
Total Investment/Term Investment Disbursed (Funded)	292,376.79	60,171.90
Direct Green Finance (Disbursed)	12640.46	645.43
Indirect Green Finance (Disbursed)	0.00	0.00
Total Green Finance (Disbursed)	12,640.46	645.43
Direct Green Finance as % of Total Investment Disbursement	4.32%	1.07%

Recovery Performance

SSpecial Asset Management Division (SAMD) of SIBL has been performing to recover the overdue, classified and written-off investments of the Bank throughout all of its Branches since inception. This Division also undertakes different initiatives for recovery of overdue, classified and written-off investments in various ways such as settlement of written-off investments under the existing legal framework of the country as well as settles the matter outside the court if and when required. Special Asset Management Division (SAMD) is also engaged in handling all other 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. SAMD also approves rescheduling/ restructuring of the proposals only in accordance with Bangladesh Bank directives from time to time.

During the year 2020 recovery from written-off investment was Taka 9.65 million which was Taka 25.6 million during the year 2019 from the same. Till 2020 total 1,364 cases/ suits are decreed/ disposed in favor of the Bank against total investments of Taka 14,368.52 million. In 2020 total amount of Taka 367 million has been recovered from classified investments.

Different high-powered committees/ teams have also been formed to implement the recovery policies of the bank as well as to monitor the recovery of investment. These committees/ teams are being engaged with achievement of branch-wise recovery target from overdue, classified and written-off investments which has been set by the Head office yearly. For maintaining the strong monitoring particulars assignments have also been given to Head Office executives/ officials to see the progress of recovery on off-site basis.

SAMD use to arrange meeting with clients both at Head Office and at branch frequently as and when required. In these meetings, overall progress are being evaluated regarding recovery from the bad/ written-off investments on the basis of previous commitments given by clients. Besides, assigned executive/ officials have been brought under accountability to get progress towards the recovery.

To decrease NPL of our Bank, 03 (three) Special Assignment Committees (SAC) has been formed by SAMD to find out the untraceable clients and monitor the up-to-date condition of the legal procedures whose suit already filed in the court. Among them 02 (two) committee formed for Dhaka Region and 01 (one) committee formed for Chattogram Region. 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.

Task Force meeting have been done with concern branches to strengthen the recovery from the overdue and classified accounts. Respective Branch Manager & recovery related officers of classified based Branches has submitted all the particulars of the overdue, classified and written off (if any) investments clients through different statements before the committee. The committee discuss the same and advise the Branches how to recover their overdue, classified and written off investments. In some cases, appropriate legal action have also been taken against the default investment clients to realize Bank's dues as early as possible.

Investment Income

The bank has registered an income from investment of Taka 27,036.27 million under different mode of investment accounts in the year. A comparative position on income received from different mode of investment in the year 2020 and 2019 is given below-

(Figure in Million Tk.)

Mode	Year 2020	Year 2019	Growth
Profit on Murabaha	120.79	206.04	-41.38%
Profit on Bai-Muazzal	18174.06	18,263.67	-0.49%
Profit on Hire-Purchase	5563.99	6,379.69	-12.79%
Profit on Musharka	21.53	32.44	-33.61%
Profit on Bai-Salam	86.42	83.03	4.07%
Profit on Quard against MTDR, Scheme and others	614.42	532.99	15.28%
Profit on Inland Document Bill Purchased	339.04	392.54	-13.63%
Profit on Foreign Document Bill Purchased	1053.06	931.36	13.07%
Profit on Ijarah	62.37	79.42	-21.47%
Profit on Investment against Mudaraba Deposit with other banks and NBFIs	715.99	658.71	8.70%
Profit on other investments (Card, Wakalat fee etc.)	208.44	213.65	-2.44%
Profit on Mudaraba	76.16	23.88	218.93%
Total	27,036.27	27,797.43	-2.74%

Capital Expenditure

During the year under review, the total capital expenditure on acquisition of fixed assets was Taka 3,610.69 million which includes Taka 800.41 million towards Furniture & Fixtures, Taka 911.50 million for Office Equipment & Computers Software and Taka 17.52 million towards purchase of vehicles and Taka 0.66 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 2020. The Bank undertook a target on foreign exchange business for the year 2020 for Taka 207,250.00 million and accordingly achieved 141,287.08 million. The bank successfully managed to earn a commission & exchange income of Tk. 1,421.21 million in 2020 against Tk. 1,465.83 million of 2019. Despite the volatility of foreign currency throughout the year 2020, the bank accumulated an exchange gain of Taka 774.84 million against Taka 783.40 million of 2019.

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 18,487.37 million in Bond, Government security, Quoted & Unquoted Shares, Preference Share, Bond & Government Security. This year earnings from this segment has been recorded Taka 762.38 million against Taka 760.57 million in 2019.

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 2020 are given below with remarks:

(Figure in Million Tk.)

SI	Accounting Head	(Un-audited & published)			Audited
		31.03.20	30.06.20	30.09.20	31.12.20
1	Investment Income	7025.79	13496.1	19891.39	27036.27
2	Profit Paid on deposits	5431.33	10401.24	15063.4	19484.79
3	Net Investment Income	1594.46	3094.86	4827.99	7551.48
4	Income from Investment in Shares & Securities	129.42	212	392.98	762.38
5	Commission, Exchange & Brokerage	369.58	662.52	1005.19	1421.21
6	Other Operating Income	135.49	313.4	406.06	631.01
7	Total Operating Income	2228.95	4282.78	6632.22	10366.08
8	Operating Expenses	652.61	1096.4	1693.86	2455.26
9	Salaries & Allowances	756.37	1689.86	2724.5	3567.61
10	Other Operating Expenses	1408.98	2786.26	4418.36	6022.87
11	Operating Profit before provisions & taxes	819.97	1496.52	2213.86	4343.21

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 2020, the company has made a profit after tax 8.29 million Taka as against Taka 5.10 million in 2019. 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.

The Bank holds the major shares of the these two subsidiary companies as mentioned below-

Sl. No.	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	10,289.98	76.16	82.32	6.60	10,455.06
Less: Inter-segmental Income	-	-	-	0	-
Total Income	10,289.98	76.16	82.32	6.60	10,455.06
Operating profit (Profit before Unallocated expenses and tax)	10,289.98	76.16	82.32	6.60	10,455.06
Allocated expenses	6,015.55	7.38	50.27	0.02	6,073.22
Provision against loans and	1,297.25	0	8.16	2.66	1,308.07
Profit / (loss) before tax	2,971.86	68.78	23.89	9.24	3,073.77
Income tax including deferred tax	1,489.71	0	15.6	1.19	1,506.50
Net profit	1,482.15	68.78	8.29	8.05	1,567.27
Segment assets	377,626.29	4,418.42	2,906.27	258.98	385,209.96
Segment liabilities	377,626.29	4,418.42	2,906.27	258.98	385,209.96

Contribution to the National Exchequer

During the year under report, an amount of Taka 3,073.54 million was contributed to the national exchequer against Taka 4,373.38 million in the year 2019.

(Figure in Million Tk.)

Particulars	Year 2020	Year 2019
Corporate Income Tax	1489.71	1612.58
VAT Collection at Sources	280.81	300.75
Tax Collection at Source	2483.33	2187.02
Excise Duty	309.39	273.03
Total	3,073.54	4,373.38

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 Executive Risk Management Committee (ERMC) 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's Risk Management Committee (BRMC) and 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 Executive 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. Operational risk is measured as per Basel III guideline of Bangladesh Bank. Operational risk is measured and reviewed on quarterly basis and proper capital is maintained against the operational risk faced by the bank.

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. Market risk is measured as per Basel III guideline of Bangladesh Bank. Market risk is measured and reviewed on quarterly basis and proper capital is maintained against the operation risk faced by the bank.

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 28 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 and 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.

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 50% 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 2020

1.	Credit Card issued in 2020	: 2,012 Cards
2.	Number of issued Credit Card as on 31.12. 2020	: 17,293 Cards
3.	Debit Card issued in 2020	: 19,813 Cards
4.	Number of issued Debit Card as on 31.12. 2020	: 1,20,910 Cards
5.	Number of Prepaid Card issued as on 31.12.2020	: 2,439 Cards
6.	Profit from Jan'20 to Dec'20	: 6.10 crore
7.	Sanction Credit limit as on 31.12.2020 (BDT 194.59 crore + USD 0.32 crore)	: Tk. 221.59 crore
8.	Outstanding as on 31.12.2020	: Tk.79.00 crore
9.	Discount Partners in 2020	: 25 Merchants
10.	Total Discount Partners as on 31.12.2020	: 166 Merchants
11.	EMI Partners in 2020	: 14 Merchants
12.	Total EMI Partners as on 31.12.2020	: 82 Merchants
13.	Campaign (Discount facility & Buy one get one offer)	i) Pohela Boishakh ii) Ramadan iii) EID ul Fitr iv) EID ul Azha

Plan of Card Department for the year 2021

1.	Credit Card will be issue	: 3,500 Cards
2.	Debit Card will be issue	: 50,000 Cards
3.	Profit Target	: 6.50 crore
4.	Total Sanction Credit limit	: Tk.230 crore
5.	Total Outstanding	: Tk.82 crore
6.	Discount Partner	: 50 Merchants
7.	EMI Partner	: 30 Merchants
8.	Implementation of Fund Transfer process through ATM	
9.	Issuance of Dual Debit Card	

Requirements

- Credit Card Background Skilled manpower
- New Sales Executives

Challenges

- Fraud Control : Fraud Control & Monitoring Software Setup
- Technological Advancement : Card Management Software Accusation
- PCI DSS Certification

Year wise summary

Particulars	2015	2016	2017	2018	2019	2020
Number of Debit Card	19868	40280	50151	74090	97515	19813
Number of Credit Card	6273	11417	14236	14567	16327	2012
Sanction Limit (crore)	114.55	162.35	195.95	199.65	212.18	221.59
Outstanding (crore)	27.58	48.15	70.99	93.95	72.00	79.00
Income (crore)	4.75	11.35	15.91	18.94	17.03	17.95
Expenditure (crore)	3.61	8.24	10.85	10.93	12.63	11.85
Net Profit (crore)	1.28	3.11	5.06	8.01	4.40	6.10

Centralized Trade Processing Unit (CTPU)

SIBL has established Centralized Trade Processing Unit (CTPU) for serving customers in a more effective and efficient way. For the branches around Dhaka Division and Chittagong Division, two base stations have been established at Head Office, Dhaka and Agrabad Branch of Chittagong respectively.

All the branches under CTPU Dhaka and Chittagong are able to serve their clients through these base stations. As a result, processing becomes faster and efficient. It has established the concept of any branch banking.

Centralized Remittance Processing Unit (CRPU)

Foreign Remittance services of Social Islami Bank Limited 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 the 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. We are able to reach remittance receivers residing in the deep corners of the country through the extensive Agent Banking network. We are now able to send remittances to any MFS (ie. bKash) accounts all around Bangladesh. Consequences upon different initiatives taken by last one year, SIBL's Foreign Remittance business volume was 10433.00 million BDT in the year 2020.

Off Shore Banking UNIT

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 2020, the OBU has accumulated a Profit after Tax of Taka 68.78 million against Taka 100.63 million in 2019.

Payment Systems Department (PSD)

The payment system is a key element of the banking sector that facilitates efficient functioning of the financial system. Considering the importance of having a modern state-of-art Payment Systems Department (PSD) of SIBL has been actively working to implement a modern payment system. At present PSD, SIBL centrally process, settled and monitored of BACPS, BEFTN & RTGS services.

BACH is the first ever electronic clearing house which has started live operation in Dhaka from October 7th, 2010. Later BEFTN is introduced that provides faster, safer and a more efficient means of inter-bank transfer 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.

All the 168 branches & 68 sub branches of SIBL now under BACPS, BEFTN & RTGS network. In the last quarter of 2019, PSD, SIBL successfully implemented BACH-II (live operation), which supports multi-session and FCY (Foreign currency) transactions i.e. USD, CAD, JPY, GBP, and EURO. Multi session of BEFTN also boost up all the debit and credit payment instructions of BEFTN are exchanged among Scheduled Banks.

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 49.3 of audited accounts whereas it is mentioned that Tk. 900.00 million was related to SIBL subsidiary company called SIBL Securities Ltd and of Tk. 1090.02 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)

Alpha Credit Rating Limited (ACRL) has assigned AA+ (Pronounced as double A plus) long term credit rating and ST-2 short term credit rating to the Social Islami Bank Limited based on audited financials of 2020 and other available information up to the date of rating declaration. The outlook on the rating is stable. The ratings are consistent with ACRL's methodology for this type of company. ACRL 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. Year wise credit rating of SIBL conducted by different rating agency is presented below.

Date of Declaration	Valid till	Rating Action	Long Term Rating	Short Term Rating	Outlook	Rating Agency
08-Mar-17	07-Mar-18	Surveillance	AA-	ST-2	Stable	Emerging Credit Rating Limited
08-Mar-18	07-Mar-19	Surveillance	AA-	ST-2	Stable	Emerging Credit Rating Limited
08-Mar-19	07-Mar-20	Surveillance	AA	ST-2	Stable	Emerging Credit Rating Limited
08-Mar-2020	07-Mar-2021	Surveillance	AA	ST-2	Developing	Emerging Credit Rating Limited
29-Mar-2021	28-Mar-2022	Initial	AA+	ST-2	Stable	Alpha Credit Rating Limited

Rating Conducted by Moody's

On 14 July, 2020, 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
Issuer Rating	B2
Outlook	Negative
Counterparty Risk Rating	B1/NP
Bank Deposits	B2/NP
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	Outlook	Rating Agency
Entity	29-Mar-2021	28-Mar-2022	Surveillance	AA+	ST-2	developing	Alpha Credit Rating Limited
SIBL Mudaraba Subordinated Bond	22-Apr-2020	21-Apr-2021	Surveillance	AA-	N/A	developing	Emerging Credit Rating Limited
SIBL 2nd Mudaraba Subordinated Bond	06-Sep-2020	05-Sep-2021	Surveillance	AA-	N/A	developing	Emerging Credit Rating Limited
SIBL 3rd Mudaraba Subordinated Bond	30-Apr-2020	29-Apr-2021	Surveillance	AA-	N/A	developing	Emerging Credit Rating Limited
SIBL Mudaraba Perpetual Bond	10-Nov-2020	11-Nov-2021	Initial				Alpha Credit Rating Limited

Foreign Exchange Business

Foreign Exchange Business stood at Tk. 141,287.08 million in 2020 against Tk. 159,583.03 million in 2019. The break-up of the foreign exchange business is as under-

Fig. in million

Particulars	2016	2017	2018	2019	2020
Import	104,270.60	121,809.50	93,002.80	88,911.60	76,966.50
Export	49,766.00	58,315.90	63,065.90	60,079.50	51,144.70
Remittance	13,345.70	21,911.60	22,521.80	10,591.90	13,175.88
Total	167,382.30	202,037.00	178,590.50	159,583.03	141,287.08

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. 141,287.08 million during the year 2020. The sluggish trend in the foreign Exchange business in 2020 is due to the outbreak of the pandemic. However, target for foreign exchange business for the year 2021 has been fixed at Tk. 210,500.00 million with almost 50% growth in target to increase the market share of the bank in the industry.

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. 76,966.50 million during the year 2020 as against Tk. 88,911.60 million and Tk. 93,002.80 million in the year 2019 and 2018 respectively. Bank has carefully facilitated the import business 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. However, in order to support the import demand during the ongoing pandemic, the bank has decided to substantially increase its import target to Tk. 116,000 million in the year 2021.

Export Business:

Total Export Business of the bank stood at Tk. 51,144.70 million during the year 2020 as against 60,079.50 million and Tk. 63,065.90 million in the previous year 2019 and 2018 respectively. Achievement of our export business was 66% of that of the target in 2020 despite the negative impact of the Covid-19. However, bank has intended to increase its export market share by setting an export business target of Tk. 78,500.00 million.

Remittance Business:

Despite the adverse effect of the pandemic on the overall economy, the country has observed a record inflow of wage earner's remittance which has help the country to accumulate a record reserve and a positive current account balance. In tandem with the country, SIBL has also been able to mark high positive growth of 24% in wage earner's remittance inflow in the year 2020. Total remittance of the bank stood at Tk. 13,175.87 million during the year 2020 as against Tk. 10,591.93 million In year 2019. The Target for our remittance business during the year 2021 has been fixed at Tk. 16,000.00 million with an anticipated growth of 21%.

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 ample number of SWIFT RMA and 28 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. As a result, the bank in the year 2020, has been able to accommodate a substantial amount of credit facility for its import clients.

INTERNATIONAL TRADE

One of the core activities of the bank is to facilitate International Trade through export and import financing. To provide faster and quality services to the foreign trade clients, SIBL is operating two CTPUs, one in Dhaka and another in Chottogram in addition to 22 AD branches. These two CTPUs comprising of experienced foreign trade officers are providing trade services in an efficient manner, which is enabling the bank to ensure discipline and enhance monitoring in the foreign trade regime of the bank. Currently, SIBL has arrangement with PrimaDollar Operations Limited for providing factoring facility to its exporter clients. The respective desk officers at branch level are continuously liaising with the exporter clients for availing this effective trade settlement process.

SIBL pledges for digital centralization to ensure excellence in foreign trade business. The bank has integrated the SWIFT system with its Core Banking Software ABABIL, so that SWIFT transactions can be passed through CBS and thus greater control over foreign exchange transactions can be ensured. We have a Sanction Screening Software in place to prevent money laundering and combat terrorist financing which results in boosting the image of the bank. Payment Control Software (PCS) has been installed to escalate monitoring over cross-border transactions by identifying unusual transactions. Besides, the bank has the Global Payment Initiate (GPS) system in place which will enable the bank to trace the whereabouts about of payment, whether the payment has been received by its rightful beneficiary and above all the costs charged at different stages of the payment can be traced.

Off Shore Banking Business

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, The bank expects the unit will be able to play a vital role in the foreign trade business and facilitate the valued customers by maximizing their benefit. In the year 2020, the OBU has accumulated a Profit after Tax of Taka 68.78 million in 2020 against Taka 100.63 million in 2019. In the year 2020 OBU has borrowed USD12.00 million funds from abroad which expected to increase to USD 100 million in 2021. To facilitate this target, the bank has engaged a top UAE based financial advisory firm to procure USD 50 million overseas fund for the OBU. Besides, a number of reputed international bank has supported a substantial amount of trade loan for OBU.

WAGE EARNER'S REMITTANCE DEVELOPMENT:

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. To facilitate rehabilitation of the returning expatriates, SIBL has developed an investment product with relaxed conditions and at cheaper rate. Besides, SIBL has declared a lucrative incentive package for the wage earner remitters. To inspire the expatriates in sending remittance through legal channel, SIBL is paying 2% government incentive, paying 1% extra profit on savings account and 0.50% extra profit on term deposit opened using remittance. On the contrary, 1% less profit will be charged for any investment facility availed by the expatriates from the bank. To motivate the expatriates toward savings of their hard earned money, SIBL is awarding the expatriates with up-down air ticket for visiting the country and also providing transportation facility to village home if a minimum balance is kept in the savings account.

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 43 (forty three) sub branches and 07 (seven) new branches in the year 2020. Now SIBL has become a Bank of 168 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 3100 as on 31st December 2020.

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 2859 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 2020. 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 03 (three) foundation training courses for 146 fresh Officers and 36 Training, workshops and Seminar on different contemporary issues related to banking industries where 2713 different Officers and Executives had participated.

Training of Staff conducted by Social Islami Bank Training Institute from 01st January, 2020 to December, 2020

SI	Name of the Training	Number	Participant Number
01.	Training Course on "Export Procedure & Risk Management"	1	40
02.	Training on " Foundation Course in Banking for Probationary Officers and Assistant Officers"	1	25
03.	Training on " Foundation Course in Banking for Assistant Officers (Cash)"	2	81
04.	Training on " Foundation Course in Banking for Assistant Officers (General)"	1	40
	Total	5	186

Workshop of Staff conducted by Social Islami Bank Training Institute from 01st January, 2020 to December, 2020

SI	Name of the Training	Number	Participant Number
01	Workshop on "AML & CFT with special session on Trade Based ML Prevention Procedures "	5	290
02	Workshop on "Agent Banking Operation for officials of Link Branch "	6	142
03	Workshop on "CIB Online Reporting & data correction" and "Collateral or Security Reporting" on 07.03.2020, 04.04.2020, 11.04.2020 & 18.04.2020 accordingly	1	80
04	Workshop on "Cash Bonus: 1 e 100 Campaign through Online" from 13.07.2020 to 16.07.2020	4	161
05	Workshop on "Refund of Hajj Registration Fees from the Accounts of 19 Branches"	1	19
06	Workshop on "Compliance on AML (Anti Money Laundering) & CFT (Combating Financing of Terrorism)"	6	408
07	Workshop on "Search criteria Agent Banking Division and Fatullah Branch"	1	12
08	Workshop on "Incentives on Foreign Remittances to grow the Foreign Remittance Business" on 12.08.2020 Through "ZOOM".	1	100
09	Workshop on "Customer Service & Professional behavior" will be held on 19, August 2020 at 03.00 pm Through "ZOOM".	2	161
10	Workshop on "E-Account (KYC) will be held on 23, August 2020 at 03.00 pm Through "ZOOM".	5	644
11	Workshop on "Cyber Security in Banking Operation."	2	264
12	Workshop on "Creation of awareness on suspicious Transaction as well as STR for all BAMLCOs of our Bank"	2	161
13	Workshop on "Implementation of recommendation no. 3 of decisions taken at the CAMLCO Conference, 2020" through ZOOM on 14.11.2020	1	70
14	Workshop on " ISS Reporting"	2	161
	Total	39	2673

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	2020	2019	2018	2017	2016	2015
< 30 years	Male	567	502	502	380	382	413
	Female	138	169	163	135	115	104
30-50 years	Male	1791	1734	1687	1640	1464	1275
	Female	415	394	363	336	293	251
> 50 years	Male	174	137	119	101	103	84
	Female	15	11	10	07	6	3
Total		3100	2947	2844	2599	2363	2130

Gender diversity among permanent employees

Employee Category	Gender	2020	2019	2018	2017	2016	2015
Entry level	Male	1549	1374	1352	1151	984	965
	Female	393	396	363	309	248	214
Mid-level	Male	942	961	921	824	804	695
	Female	174	176	171	158	157	138
Senior Management	Male	41	38	35	146	161	112
	Female	01	02	02	11	9	6
Total		3100	2947	2844	2599	2363	2130

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-2020	Yr-2019	Yr-2018	Yr-2017	Yr-2016	Yr-2015
Total number of employees	3100	2947	2844	2599	2363	2130
Total number of Branches	168	161	155	138	125	111
Employee Per Branch (nos)	18	18	18	19	19	19
Deposit per employee (million Tk)	103.99	97.37	87.22	88.03	80.64	65.7
Investment per employee (millionTk)	96.97	89.37	83.83	80.82	73.72	61.36
Operating profit per employee (million Tk)	1.40	2.14	2.16	2.37	2.41	2.28
Salaries & Allowances per employee(millionTk)	1.15	1.15	1.10	1.12	1.03	1.03
Salaries & Allowances as percentage of Operating profit	82.14%	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.

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

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 119 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 & other bank), utility bill payment, mobile bill payment, credit card bill payment, Mobile Financial Services (bKash and Nagad) fund transfer services, QR Code based teller transaction, 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 115 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 162 agent banking outlets at several corner of the country at present and the number of outlets are increasing day by day.

REMITTANCE DISBURSMENT AND COLLECTION OF BILLS/PAYMENTS

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 115 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 moderated 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.

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.

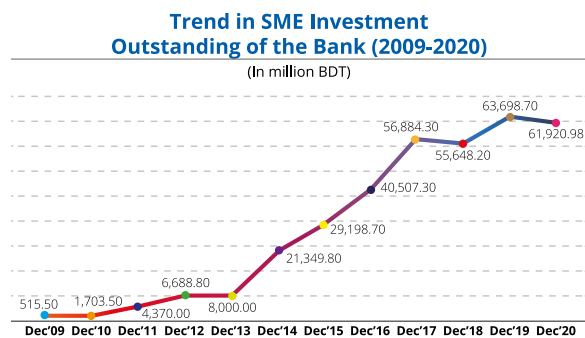
In line with the Prudential Guidelines on SME Financing of Bangladesh Bank, SIBL has designed an array of SME products for both small and medium segments. SIBL offers both revolving and term investment facilities to the SME clients. Small entrepreneurs, agricultural clients and women entrepreneurs are 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 2020, SME portfolio holds 21% share of the total investment portfolio of the Bank amounting to Tk.61,920.98 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.

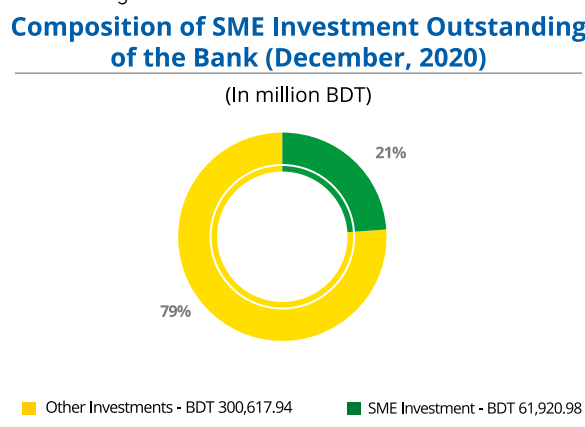
SME portfolio of the Bank has been increasing significantly, which is shown in the following table and graph.

Particulars	SME Outstanding (Fig. in millions)
31/12/2014	21399.80
31/12/2015	29198.70
31/12/2016	40507.30
31/12/2017	56884.30
31/12/2018	55648.40
31/12/2019	63698.70
31/12/2020	61920.98

The trend in SME investment outstanding of the Bank since December, 2009 is shown in Figure 1 below:



The present SME investment outstanding is Tk.61,920.98 million (21%) in comparison with total investment outstanding of the Bank which is BDT.300,617.94 million. The composition of Investment portfolio of the Bank is shown in Figure 2 below:

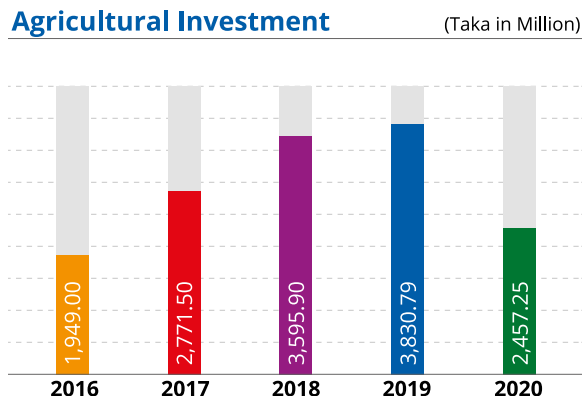


SIBL has been able to create job opportunities among the significant Micro and SME borrowers. Many of them have been able to establish themselves as successful entrepreneurs. Graduate of Micro-Enterprise program and successful SME graduates have the opportunity to get investment facilities from formal 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 2019-2020, SIBL has disbursed Tk.2,457.25 million Agri investments outstanding of which is Tk.2,073.66 million. In 2020-2021, we have a target to disburse Tk.4,960.00 million Agri investments set by Bangladesh Bank.

The trend in agricultural investment disbursement of the Bank since FY 2013-14 is shown in Figure 3 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:

Social Islami Bank Limited (SIBL) started its journey on 22nd November in 1995 with a very commitment which manifested in the Memorandum and Articles of Association to work in Non-Formal and Voluntary Sectors in addition to Commercial Banking. The three sectors of SIBL are: 1. Formal Sector, 2. Non-Formal Sector and 3. Voluntary Sector

The theme is first in the Banking arena of Bangladesh, brings a new dynamism in welfare banking targeting poverty alleviation of the poor and marginal people of the society with a motto of "Working Together for a Caring Society". To intensify the objectives of the Bank, SIBL has restructured its Islamic Microfinance operations in the name "Family Empowerment Islamic Micro-finance Program (FEIMP)" in the year of 2015. With the Board of Directors approval, we have initially started Family Empowerment Islamic Microfinance Program (FEIMP) in 4 designated Branches and gradually which is successfully expanded to 70 branches over the country.

Objectives of the program:

"Family Empowerment Islamic Micro-finance Program (FEIMP)" is a group-based financing scheme for the poor and marginal segments of the society who are not able to provide collateral security. The goal of FEIMP is to empower 'Family' as a whole, not merely man or woman, individually.

The major objectives of the program are:

1. Financial inclusion through financing facilities to poor and marginal households.
2. To extend financing facilities for mostly in Agricultural investment
3. To promote the upgrade Microfinance graduates to Micro-enterprise and SME segments.
4. To encourage poor population to save for accumulation of capital to invest in productive activities leading to self-sufficiency.
5. To improve socio-economic situation of poor and marginal people.

Features of Investments disbursement:

1. Investment disburse to one client from one family .
2. Investment ceiling from Tk. 20,000/- (twenty thousand) to Tk. 5,00,000/- (five lac)
3. Equal Bi-weekly instalments
4. Duration 12 /18/24/36 months
5. Collateral free investment for the poor and marginal people
6. Most of the investments disburse in agricultural, small trade and handicraft sectors

Program arrangement:

Social Officers are the key manpower of the program. They perform most of the activities of the program as such; Client selection (through survey method), project / business assessment (by physical visit), investment proposal prepare, deposit collection, instalments recovery other related actions. They perform their activities under the supervision of Branch incumbents. Regional coordinators of Microfinance program are also monitor and supervise program activities at field level physically. To implement the program effectively, a separate Unit has been set up at the Head Office under Non-Formal and Voluntary Banking Division of SIBL.

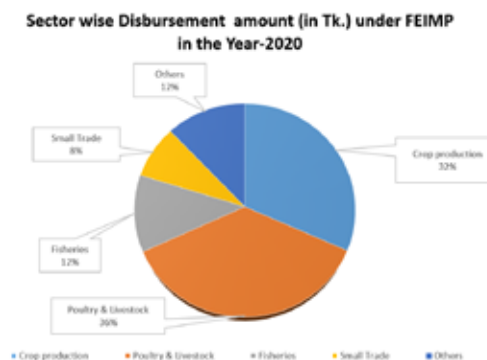
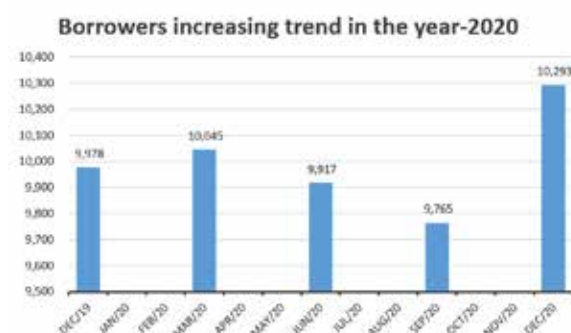
Operations of the program:

Presently, we are operating Islamic Microfinance Program at 70 branches of the Bank through 108 Social Officers. As on 31st December, 2020, client's deposit stood at Tk. 34.46 crore from 33,175 members. We have disbursed a sum of Tk. 195.42 crore among 35,578 clients with a total outstanding of Tk. 54.02 crore among 10,293 borrowers having Risk Fund Tk. 4.35 crore against the investment portfolio.

The portfolio summary of Family Empowerment Islamic Micro-finance Program (FEIMP) as on 31st December 2020 is presented in the following table:

Sl.	Particulars	Position as on 31 December, 2019	Position as on 31 December, 2020	Rate of growth
01	No. of branches having Microfinance Program	68	70	2.94%
02	No. of Social Officers	109	108	-0.92%
03	No. of Family Clusters	1835	1941	5.78%
04	No. of Members enrolled	29648	33175	11.90%
05	No. of Savings A/Cs	56841	70641	24.28%
06	Amount of deposited savings	264107402	344676544	30.51%
07	Amount of Risk Fund balance	28477950	43527497	52.85%
08	No. of disbursement (cumulative)	28945	35578	22.92%
09	Disbursed amount(cumulative)	1451628000	1954271000	34.63%
10	No. of borrowers	9978	10293	3.16%
11	Investment outstanding	395304362	540174873	36.65%

Client's savings, number of borrowers, Investment outstanding and sector wise disbursement are presented below in Graph - 1, 2, 3 & 4 respectively:



Recent development and 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. Due to sufficient scope for extending finance in different sectors, considering client's demand and recommendation from branches, the Management of the Bank has increased investment ceiling of Family Empowerment Islamic Microfinance program from Tk. 2,00,000/- to Tk. 5,00,000/- , Management has also approved to execute the program by the regular officers of branches at field level. The Board of Directors (BOD) of SIBL has approved expansion of microfinance program through it's 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 Taka. 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/= (one thousand) only. Specific Cash Waqf A/Cs (where name of beneficiary whether Individual(s) or Institution(s) are mentioned by the Waqif) by depositing a minimum sum of Tk. 1,00,000/= (One Lac)only & 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.

Al-Wasiyah Bil Cash Waqf Account:

Very recent, Social Islami Bank Ltd. (SIBL) introduced Al-Wasiyah Bil Cash Waqf Account for the first time in the country. This is a special type of Cash Waqf account. The account has been designed for the wellbeing of the waqif both in here & hereafter in conformity with the Shariah.

Any solvent person aged 40 years or above can open “Al-Wasiyah Bil Cash Waqf Account” by depositing Tk.5.00 Lac (Taka: Five Lac) and above. The account holder will enjoy the profit of the account either full or partial in his life time for his livelihood and after his death the earned profit will be spent for the wellbeing (social, religious, educational) of earthly and heavenly purposes according to the waqif's wish (instruction).

This is also a perpetual endowment like cash waqf. But for unavoidable or emergency reasons, the waqif can encash the whole amount or part of it. Waqif (account holder) can make one-third of his asset as cash waqf but if he wants to make more than one-third of his asset, he has to take written consent from his descendants.

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.

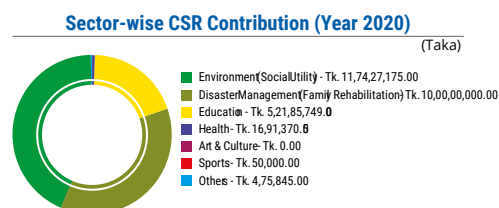
(iii) Donation to NGO's:

for supporting such welfare activities

CSR activities under-taken during 2020

SIBL has contributed a sum of total Tk. 271.83 million in the field of Health, Education, Disaster Management (Family Rehabilitation), Sports, Art & Culture, Environment (Social Utility) & Others during year 2020, which are furnished hereunder:

	Sectors	(Jan – Jun' 20)	(Jul – Dec'20)	Total Contribution
CSR Activities of SIBL	Health	5,55,000	11,36,370	16,91,370
	Education	14,55,450	5,07,30,299	5,21,85,749
	Disaster Management (Family Rehabilitation)	0	10,00,00,000	10,00,00,000
	Sports	50,000	0	50,000
	Art & Culture	0	0	0
	Environment (Social Utility)	11,09,95,175	64,32,000	11,74,27,175
	Others	4,75,845	0	4,75,845
	Total	11,35,31,470	15,82,98,669	27,18,30,139



CSR Activities of the Bank during 2020 at a glance :

Sl. No.	Events	Particulars
1	Donation to Mr. Azadul Islam	During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation to Mr. Azadul Islam for his Bicuspid Aortic Bulb and Aortic Stenosis disease to be paid from Compensation Fund.
2	Donation to Younger Brother Of Mr. Saifullah	During the period the Board of Directors of the Bank approved Tk. 1.00 lac as donation to the treatment of liver Serosis for Younger Brother of Mr. Saifullah to be paid from Compensation Fund.
3	Donation to Bangabandhu Memorial Trust	During the period the Board of Directors of the Bank approved Tk.5.00 Crore as donation to Bangabandhu Memorial Trust for celebrating "Mujib Year" to be paid from C.S.R Fund.
4	Donation to Islamic Arabic University, Bosila, Mohammadpur.	During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation for Furnishing and interior decoration of conference Hall of Islamic Arabic University to be paid from C.S.R Fund.
5	Donation to Satkania Lohagara Samity, Chattogram.	During the period the Board of Directors of the Bank approved Tk. 2.00 lac as donation to Satkania Lohagara Samity, Chattogram. for rehabilitation of the poor & distressed people to be paid from Compensation Fund.
6	Donation to Rapid Action Battalion (RAB)	During the period the Board of Directors of the Bank approved Tk.1.00 Crore as donation to Rapid Action Battalion (RAB) for celebrating Mujib Year which is organized by RAB paid from C.S.R. Fund .
7	Donation to Prime Ministers Relief Fund.	During the period the Board of Directors of the Bank approved Tk.3.00 crore as donation to Prime Ministers Relief Fund for house Construction for the poor & distressed people paid from Compensation Fund .
8	Donation to Khalsi Bazar Maddomik Biddaloy, Pashapal, Chawgacha, Jashore.	During the period the Board of Directors of the Bank approved Tk. 1.50 lac as donation to Khalsi Bazar Maddomik Biddaloy for the poor & distressed student to be paid from Compensation Fund.
9	Donation to UCEP Bangladesh	During the period the Board of Directors of the Bank approved Tk. 12.50 lac as donation UCEP Bangladesh for Implementation of UCEP & SIBL Skills Training Project to be paid from Compensation Fund.
10	Donation to Akhura Pourasova	During the period the Board of Directors of the Bank approved Tk.1.00 lac as donation to Akhura Pourasova to celebrate Mujib Year to be paid from CSR Fund.
11	Donation to Poor, helpless & Covid-19 affected People.	During the period the Board of Directors of the Bank approved Tk.7.57 lac as donation to Poor, & Covid-19 affected People paid from Compensation Fund.
12	Donation to Nurkazi Halimia Mahila Dakhil Madrasa	During the period the Board of Directors of the Bank approved Tk. 5.00 lac as donation to Nurkazi Halimia Mahila Dakhil Madrasa for construction of 2nd floor of madrasa paid from Cash Waqf Fund.
13	Donation to Suchinta Foundation	During the period the Board of Directors of the Bank approved Tk. 5.00 Crore as donation to Suchinta Foundation for "Youth development and spread of education" to be paid from C.S.R Fund.
14	Donation to Prime Ministers Relief Fund.	During the period the Board of Directors of the Bank approved Tk 10.00 Crore for "Flood affected, helpless and poor people" to be paid from C.S.R.Fund.
15	Donation to Soyed Mahub	During the period the Board of Directors of the Bank approved Tk.1.00 Lac as donation to Soyed Mahub for his treatment to be paid from C.S.R Fund.
16	Donation to Mr. Anowa Hossain	During the period the Board of Directors of the Bank approved Tk. 2.00 Lac as donation to Mr. Anowar Hossain for his treatment to be paid from CSR Fund.
17	Donation to Md. Mustak Ahmed.	During the period the Board of Directors of the Bank approved Tk. 1.00 Lac as donation to Md Mustak Ahmed for his treatment to be paid from CSR Expenditure.

On going CSR activities of the Bank

Sl. No.	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
- East West 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.
- Prime Minister's Relief & Welfare 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 31.12.2020 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 31.12.2020 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 2020;
- c. Director's remuneration including Independent Director of Social Islami Bank Limited during the year 2020;
- 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.

- I. 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 2020 stood at Tk. 10,366.08 million against Tk. 12,282.58 million of the preceding year. The Bank made an operating profit of Tk. 4,343.21.12 million in 2020 against Tk. 6,342.12 million of 2019.

A summary of operating result of the Bank is shown below

(Taka in Million)

Particulars	2020	2019	Growth Rate
Income on Investment	27,036.27	27,797.43	-2.74%
Profit paid to the Depositors	19,484.79	18,428.55	5.73%
Net Investment Income	7,551.48	9,368.88	-19.40%
Commission, Exchange, Shares & Securities and Other Income	2,814.60	2,913.70	-3.40%
Total Operating Income	10,366.08	12,282.58	-15.60%
Operating Expenses	6,022.87	5,940.46	1.39%
Profit before Provision	4,343.21	6,342.12	-31.52%
Provision against Investment & Others	1,302.56	3,208.08	-59.40%
Profit before Tax	3,040.65	3,134.04	-2.98%

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 defect.

Particulars	2020	2019
Net Investment Income Margin (NIIM)	2.43%	3.40%
Return on Assets (ROA)	0.42%	0.47%
Return on Equity (ROE)	8.78%	9.21%
Earning per Share (Restated)	Tk. 1.65	Tk. 1.62

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 2020 and Attended by Each Director:

Sl. No.	Name of Director	Board Meetings in 2020	Remarks	Remarks
		Held	Attended	
01.	Professor Md. Anwarul Azim Arif, Chairman (Representative of Hasan Abasan (Pvt.) Ltd.)	14	14	
02.	Mr. Belal Ahmed, Vice Chairman (Representative of Unitex Steel Mills Ltd.)	14	09	
03.	Mr. Md. Sayedur Rahman, Vice Chairman (Representative of Prasad Paradise Resorts Ltd.)	14	14	
04.	Mr. Md. Kamal Uddin, Director (Representative of Lion Securities and Investment Ltd.)	14	14	
05.	Mrs. Nargis Mannan, Director	14	14	
06.	Dr. Md. Jahangir Hossain, Director (Representative of Reliable Entrepreneurs Limited)	14	14	
07.	Mrs. Jebunnesa Akbar, Director (Representative of Unitex Cement Limited)	14	14	
08.	Mr. Ali Hasan Md. Mahmud Ribon, Director (Representative of Dynamic Ventures Ltd.)	14	14	
09.	Mr. Arshadul Alam, Director (Representative of Leader Business Enterprise Ltd.)	14	14	
10.	Mr. Mahmudul Alam (Representative of Global Trading Corporation Ltd.)	14	06	Appointed as Director by the Board of Directors on 12.07.2020
11.	Professor A J M Shafiul Alam Bhuiyan, Ph.D Independent Director	14	14	
12.	Professor Mohammed Mizanur Rahman, Ph.D Independent Director	14	14	

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 31.12.2020

SI No.	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	1,93,30,657	1,93,30,657	2.0608
2.	Mr. Belal Ahmed Representative of Unitex Steel Mills Ltd	Vice Chairman	1,93,24,305	1,93,24,305	2.0601
3.	Mr. Md. Sayedur Rahman Representative of Prasad Paradise Resorts Ltd.	Vice Chairman	1,93,30,657	3,80,97,123	4.0615
	Mr. Md. Sayedur Rahman	(Own)	1,87,66,466		
4.	Mr. M. Kamal Uddin Representative of Lion Securities & Investment Ltd.	Director	1,93,22,983	1,93,26,984	2.0604
	Mr. M. Kamal Uddin	(Own)	4,001		
5.	Mrs. Nargis Mannan	Director	1,87,60,679	2,03,90,174	2.1738
	Prof. Dr. M. A. Mannan	Husband	16,29,495		
6.	Dr. Md. Jahangir Hossain Representative of Reliable Entrepreneurs Ltd.	Director	1,93,23,394	1,95,71,114	2.0865
	Dr. Md. Jahangir Hossain	(Own)	2,47,720		
7.	Mrs. Jebunnesa Akbar Representative of Global Trading Corporation Ltd.	Director	1,93,24,305	1,93,24,305	2.0601
8.	Mr. Ali Hasan Md. Mahmud Ribon Representative of Dynamic Ventures Ltd.	Director	1,93,29,387	1,93,29,387	2.0607
9.	Mr. Arshadul Alam Representative of Leader Business Enterprise Ltd.	Director	1,93,30,657	1,93,39,461	2.0618
	Mr. Arshadul Alam	(Own)	8,804		
10.	Mr. Mahmudul Alam Representative of Global Trading Corporation Ltd.	Director	1,92,29,938	1,92,29,938	2.0501

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. No.	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 Executives of the Bank:

SI. No.	Name	Nos. of Share(s) held
01.	Mr S T M Abu Naser Chowdhury Deputy Managing Director	NIL
02.	Mr. Md. Sirajul Hoque Deputy Managing Director	NIL
03.	Mr. Md. Shamsul Hoque Deputy Managing Director	NIL
04.	Mr. Mohammad Forkanullah Deputy Managing Director	NIL
05.	Mr. Kazi Obaidul Al-Faruk 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

April 29, 2021

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, 2020

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, 2020 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, 2020 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 December 31 2020. 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:

- 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;
- 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;
- 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
- The Governance of the company is satisfactory.

Dhaka, Dated
June 09, 2021



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 : 01552363837, 01911421998
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 have 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- 2018). 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 2018) 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

During the year-2020, 14 Board of Directors Meeting were held through digital platform facing the World wide Pandemic Covid-19, minimum one or more Board of Directors meeting may be held in every month 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 459 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 26th Annual General meeting as they have been holding the office for the longest period.

1. Mr. Md. Sayedur Rahman
(Representative of Prasad Paradise Resorts Ltd.)
2. Mr. Md. Kamal Uddin
(Representative of Lion Securities and Investment Ltd.)
3. Mrs. Nargis Mannan
4. Mr. Ali Hasan Md. Mahmud Ribon
(Representative of Dynamic Ventures Limited)

As per compliance of Corporate Governance Code-2018 and Notification No. BSEC/CMMCD/2009-193/09/Admin/117 dated 22th March, 2021 of BSEC, the Engagement of the above mentioned Directors with other companies as Directors other than Social Islami Bank Limited are given below:

SI No.	Name of the Retiring Directors	Employment	First Appointment date	Last Re-appointment date	Engagement other than Social Islami Bank Limited including Directorship
01.	Mr. Md. Sayedur Rahman Vice Chairman (Representative of Prasad Paradise Resorts Ltd.)	Business	09-09-1999	27.06.2018	Managing Director: <ul style="list-style-type: none"> M/S Lodestar Fashions Ltd. M/S Mid Asia Fashions Ltd.
02.	Mr. Md. Kamal Uddin Director (Representative of Lion Securities and Investment Ltd.)	Business	25.10.2014	27.06.2018	Managing Director: <ul style="list-style-type: none"> Chittagong Builders & Machinery Ltd. Merchant Securities Limited. Sifang Securities Limited. Director: <ul style="list-style-type: none"> Human Resources Development Com. Ltd. Central Hospital (Pvt.) Ltd. ASM Chemical Industries Ltd. Universal Health Service & Research Ltd. Chairman: <ul style="list-style-type: none"> Mercantile Insurance Company Ltd. Proprietor: <ul style="list-style-type: none"> CBM Consortium
03.	Mrs. Nargis Mannan Director	Business	05.07.1995	02.07.2019	NIL
04.	Mr. Ali Hasan Md. Mahmud Ribon Director (Representative of Dynamic Ventures Limited)	Business	13.11.2017	02.07.2019	Chairman: <ul style="list-style-type: none"> M/s Mahmud Ribon

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.

It is also mentioned here that in the last Annual General Meeting (25th AGM), the following 4 (four) Directors were retired by rotation as per section 91(2) of the company Act 1994. They were also re-elected as per provision of the Company Act 1994 and Articles of the Bank

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 (Representative of Unitex Cement Ltd.)
4. Mr. Mahmudul Alam, Director; (Representative of Global Trading Corporation Ltd.)

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.

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 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 scrutiny. 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

- ii. 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 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

- iii. (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;
- iv. 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;
- v. 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;
- vi. 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;
- vii. 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;
- viii. work with the MD/CEO and Company Secretary to co-ordinate the agenda, information packages and related events for Board meetings.
- ix. ensure that there is appropriate delegation of authority from the Board to Executive Management;

- x. 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.

OTHER COMMITTEE 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. Nomination and Remuneration Committee (NRC) is yet to form as Bangladesh Bank has not issued any guidelines regarding this.

Policy for the employees remuneration and fringe benefits are proposed by a committee comprised with the top management of the bank. Then the proposal is reviewed and finalized by the board.

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

- vi. Coordination with the internal auditors for statutory auditing
- vii. Asset Liability Management
- viii. Treasury division
- ix. Monitoring Cash Flows
- x. Consulting with other departments, businesses units and or affiliated companies to improve financial performance
- xi. Strategic financial planning/ capital budgeting
- xii. Cash forecasting

- xiii. Financial risk management
- xiv. Cash Management
- xv. Short term investing
- xvi. Short term borrowing
- xvii. Budgeting and Accounting
- xviii. Designing a proper financial Model for the Business Plan
- xix. Based on data received from respective departments, carrying out analysis on
- xx. Cost of fund
- xxi. Interest rates (both for deposits and lending)
- xxii. Identifying major profit and cost centers
- xxiii. Maintenance of Investment in shares and securities
- xxiv. Preparation of Financial Statements

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

- g. All the financial information required for decision-making by the Board of Directors and Chief Executive Officer is processed and furnished by the CFO.
- h. 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 and 2019 and as per section 15(9) of the Bank Companies Act, 1991 (amendment upto-2018) 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 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 a Director of SIBL Investment Ltd (a subsidiary company of SIBL) Professor Mohammed Mizanur Rahman, Ph.D also nominated as an Independent Director of the SIBL Securities Limited (a subsidiary company of Social Islami Bank Limited) 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 25th Annual General Meeting held on 15th September, 2020 at a fees of Taka 4,00,000/- each for the year 2020. 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 appointing by the Shareholders in the up-coming AGM for the year-2021.

APPOINTMENT OF COMPLIANCE AUDITORS

Suraiya Parveen & Associates, a Practicing Chartered Secretaries Firm was appointed as Compliance Auditor of the Bank for the year-2020 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 appointed for the year- 2021.

INFORMATION AVAILABILITY ON WEBSITE

The full text of the Annual Report 2020 including other financial reports are available in the company's website www.siblbld.com

INVESTOR'S COMPLAIN DESK

The bank has an Investor's 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 Investor Complain Desk

City Center, Level-20
90/1 Motijheel C/A, Dhaka-1000
Phone: 88 02 09612001122
Fax: 88 02 9568098
email: info@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	✓		
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:	√		
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	√		
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	√		
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	√		

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	√		
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	√		
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	√		
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 least 1 (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) years of such experience;	√		
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.	√		

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			
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 andthe 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 setforth in writing covering the areas stated at the condition No.6(5)(b).			
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;			
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			
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.	√		

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 shall 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.

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.

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'.

MANAGEMENTS 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 31.12.2020, the Board of Directors of the Bank has discharged their duties and responsibilities through 459 number of board meeting. The Board of Directors 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.

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.

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 168 Branches, as on December 31, 2020. 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.

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.

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.

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 26 (Twenty six) year successful banking operation based on Shariah Principles without having any history of non-operation. SIBL has now 168 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.

PORTFOLIO MANAGEMENT RISK

Poor quality of project appraisal, slack monitoring of outstanding debts, inadequate/inappropriate documentation and other forms of management inefficiencies 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.

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.

Ma-assalam

On behalf of the Board of Directors



Prof. Md. Anwarul Azim Arif

Chairman

Board of Directors

REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee 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 (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 Board Audit Committee for the Year 2020:

Sl. No.	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 Board Audit Committee:

The Board Audit Committee had 143 nos. (One hundred forty three) Meetings in the previous years since inception in the year 2003, out of which 05 Meetings were conducted in the Year 2020 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	05	05
Mr. Md. Kamal Uddin	05	04
Dr. Md. Jahangir Hossain	05	05

Disclosure by Board Audit Committee:

- The Committee reviewed annual financial statement of the Bank for the year 31 December 2019 as certified by the External Auditors before submission to the Board for consideration.
- Reviewed un-audited quarterly (Q1, Q2 and Q3) financial statements of the Bank for the year 2020 before submission to the Board for consideration.
- 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 statement 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 discussed and reviewed compliance position of inspection report on "Core Risk Management" conducted by Bangladesh Bank based on 30 June 2019 and the "Management Letter on financial statements for the year ended 31 December 2019" of SIBL submitted by the external auditors for onward submission to the Board.
- 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) 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 Integrated Annual Health Report for the year 2019 and recommended to the Board for consideration and approval.

- 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 carryout audit of all the branches of the Bank.
- The Committee reviewed ICCD Manual for the year 2020 and suggested appropriate actions where needed. The Internal Auditors were advised to carry out the instruction of the ICCD Manual.
- The Committee discussed the draft copy of "Whistleblower Protection Policy" for the employees of the Bank for 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.



Professor A J M Shafiul Alam Bhuiyan, Ph.D.

Chairman
Audit Committee