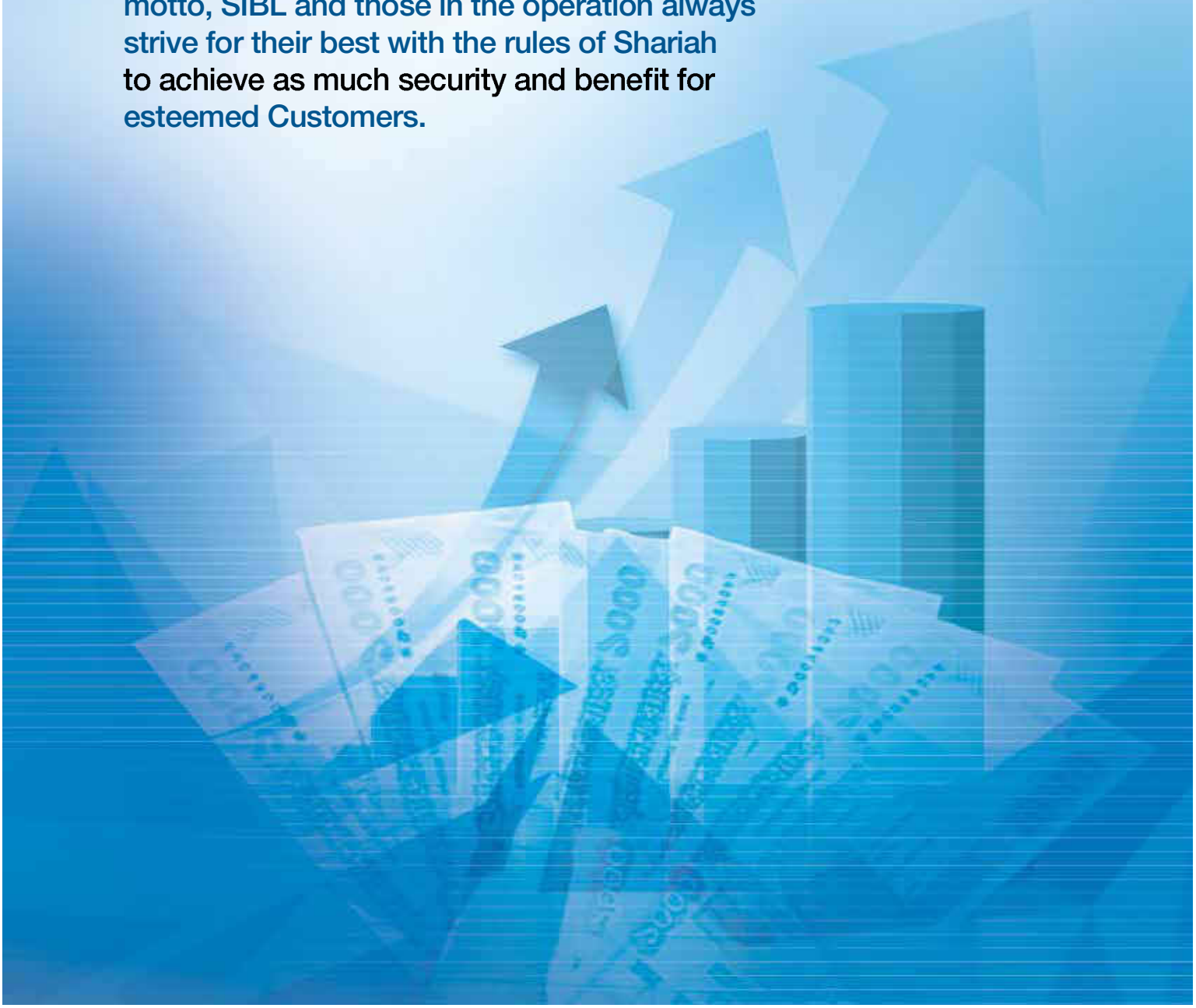
Report of the Board of Directors

Act good and do good to serve better being the motto, SIBL and those in the operation always strive for their best with the rules of Shariah to achieve as much security and benefit for esteemed Customers.



Dear Respected Shareholders,

It is my great pleasure to welcome you all on behalf of the Board of Directors to the 21st 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 2015 for your kind consideration. I put on record my thanks and gratitude to you for your presence on this big shareholders' day. It is worthwhile to place before you the financial position of the bank on the backdrop of global economic scenario- the changes that taken place around the world and how Bangladesh experienced the same and various functional and administrative aspects during the year 2015 including Bangladesh economy.

Global Economic Outlook

According to the IMF's latest World Economic Outlook update January 2016, Global growth currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The pickup in global activity is projected to be more gradual than in the October 2015 World Economic Outlook (WEO), especially in emerging market and developing economies. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. The picture for emerging market and developing economies is diverse but in many cases challenging. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to influence the growth prospects in 2016–17. Despite the ongoing slowdown in China, the projected pickup in growth in the next two years primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress- notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political shocks.

Growth in emerging market and developing economies is projected to increase from 4 percent in 2015—the lowest since the 2008–09 financial crisis—to 4.3 and 4.7 percent in 2016 and 2017, respectively. Growth in China is expected to slow to 6.3 percent in 2016 and 6.0 percent in 2017, primarily reflecting weaker investment growth as the economy continues to rebalance. India and the rest of emerging Asia are generally projected to continue growing at a robust pace, although with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness.

Growth in advanced economies is projected to rise by 0.2 percentage point in 2016 to 2.1 percent, and hold steady in 2017. Overall activity remains resilient in the United States, supported by still-easy financial conditions and strengthening housing and labor markets, but with dollar strength weighing on manufacturing activity and lower oil prices curtailing investment in mining structures and equipment. In the euro area, stronger private consumption supported by lower oil prices and easy financial conditions is outweighing a weakening in net exports. Growth in Japan is also expected to firm in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Oil prices have declined markedly since September 2015, reflecting expectations of sustained increases in production by Organization of the Petroleum Exporting Countries' (OPEC) members amid continued global oil production in excess of oil consumption. Future markets are currently suggesting only modest increases in prices in 2016 and 2017. Prices of other commodities, especially metals, have fallen as well.

Overall, forecasts for global growth have been revised downward by 0.2 percentage point for both 2016 and 2017. These revisions reflect to a substantial degree, but not exclusively, a weaker pickup in emerging economies than was forecast in October 2015. In terms of the country composition, the revisions are largely accounted for by Brazil, where the recession caused by political uncertainty amid continued fallout from the Petrobras investigation is proving to be deeper and more protracted than previously expected: the Middle East, where prospects are hurt by lower oil prices; and the United States, where growth momentum is now expected to hold steady rather than gather further steam. Prospects for global trade growth have also been marked down by

more than ½ percentage point for 2016 and 2017, reflecting developments in China as well as distressed economies.

Bangladesh Economy Review

According to World Bank's development update, Bangladesh's economy is on a stable path with a positive near-term macroeconomic outlook. The latest Bangladesh Development Update notes declining inflation, rising reserves, contained fiscal deficit and stable public debt. Downside risk persists for the economy regarding both domestic and external factors.

International competitiveness on both demand and supply sides show a declining trend. Headcount poverty based on PPP US$ 1.25 per day is projected to have declined from 43.5 percent in 2010 to 38.4 percent in 2015. Bangladesh needs to sustain Gross Domestic Product (GDP) and remittances growth, create jobs, contain inflation, and improve the quality of public service delivery to reduce extreme poverty and boost shared prosperity.

FY15 GDP growth is estimated at 6.5 percent. This could not have accounted for losses due to political disruptions and there is some disconnect with proxy indicators like private credit, NBR revenue growth and imports. Export growth declined to 3.4 percent. However, remittance growth recovered to 7.7 percent. Rise in industrial growth to 9.6 percent in FY15 from 8.2 percent in FY14 propelled growth. Though, growth in consumption dominated, the real private investment growth declined. Agriculture growth was slower and the private investment rate stagnant.

Inflation declined to 6.4 percent in FY15 from 7.3 percent in FY14, thanks to declining food inflation. The rural-urban gap in food inflation also reduced. But, non-food inflation increased as political unrest caused supply disruptions. Aggregate demand management limited inflation volatility while declining international commodity prices helped reduce inflation.

Despite current account deficit, balance of payment surplus amounted to about $4.4 billion in FY15 compared to $5.5 billion in FY14, thus sustaining the appreciation pressure on the nominal exchange rate. Foreign exchange reserve growth continues. Increased trade deficit from $6.8 billion in FY14 to $9.9 billion in FY15 reflects eroding external competitiveness. The period witnessed weak export growth and strong import growth. Despite remittance recovery, the current account went into a deficit of $1.65 billion, compared to $1.4 billion surplus in FY14. The Bangladesh Bank interventions perpetuated foreign exchange reserve build up, exceeding $25 billion by end-June 2015.

Declining inflation, reduced lending rates, stable exchange rate and reserve build up show the central bank's monetary policy worked well. 12.4 percent broad money growth in FY15 languished below the Monetary Policy Statement target of 16.5 percent, primarily due to a 10% domestic credit growth shortfall compared to 20.2% target. It reflects weak credit demand from private sector and the government. Net foreign assets grew by 18.2%, compared with FY15's 3.6% target. The banking sector faced challenges with estimated average earning decline by 7 percent in FY15 vis-à-vis 7.5 percent growth in FY14.

Overall fiscal deficit was contained at 3.6 percent of GDP, despite low tax collections due to political disruptions, and a shift towards low duty commodity import. NBR revenue collection fell short, at Tk. 1208.2 billion in FY15 compared to Tk. 1497.2 billion target. The Annual Development Program (ADP) implementation lags behind with an outturn of Tk 685 billion, though improved from last year. Domestic financing of budget deficit increased to 1.4 percent of GDP in FY15 from 1.1 percent in FY14. This came entirely from 93 percent increase in non-bank borrowing.

Growth in FY16 is projected at 6.5 percent backed by stronger consumption and export growth. Public sector wage increase may add 0.9 percentage point to the measured growth. Macroeconomic stability expected to sustain in FY16. However, reducing inflation to 6.2 percent during FY16 will be challenging but achievable given a cautious 15.6% broad money growth and stable international prices. External current account deficit is projected at 0.4% of GDP, but reserve increase may continue. Budget deficit in FY16

is likely to increase to 4.6 percent of GDP as revenue collections fall short of the ambitious revenue targets and exceed expenditure shortfall. Debt is currently at a low risk of distress.

Bangladesh Banking Sector Review

The banking sector of Bangladesh comprises four categories of scheduled banks- State-owned Commercial Banks (SCBs), State-owned Development Financial Institutions (DFIs), Private Commercial Banks (PCBs) and Foreign Commercial Banks (FCBs). Recently, BASIC bank has become an SCB instead of DFI. The scheduled banks had a total number of 9040 branches as of December 2014 which increased from 8685 of 2013 mainly due to opening of new branches during the year. At the end of June 2015, the total number of bank branches increased further to 9131 while total number of banks remained unchanged at 56.

Outstanding bank credit (excluding foreign bills and interbank items) during FY 2015 rose by Taka 681.49 billion or 13.50 percent to Taka 5,728.98 billion as against an increase of 12.61 percent in FY 2014. The rise in the bank credit during FY 2015 was driven by both the increase in bills and advances. Advances increased by Taka 674.69 billion or 13.90 percent in FY 2015 as against an increase of 13.33 percent during FY 2014. Bills purchased and discounted increased by Taka 6.81 billion or 3.52 percent in FY 2015 as compared to the decrease of 2.77 percent in FY 2014.

Bank deposits (excluding inter-bank items) increased by Taka 837.61 billion or 12.64 percent to Taka 7463.01 billion during FY 2015 against 15.65 percent increase in FY 2014. The rise in total bank deposits was contributed by all kinds of deposits. Time deposits increased by Taka 678.22 billion or 12.13 percent and stood at Taka 6,268.00 billion in FY 2015 against growth of 16.48 percent during FY 2014. Demand deposits increased by Taka 80.4 billion or 12.50 percent in FY 2015 to Taka 723.84 billion against 15.44 percent decrease in FY 2014. Government deposits increased by Taka 78.99 billion or 20.14 percent to Taka 471.17 billion in FY 2015 against 5.28 percent increase in FY 2014.

In the second quarter of FY2015,the SCBs, DFIs, PCBs and FCBs maintained CAR of 8.3, -17.3, 12.5 and 22.6 percent respectively as a group. But individually, two SCBs (Sonali, BASIC), two PCBs (BCBL, ICB) and two DFIs (BKB, RAKUB) did not maintain the minimum required CAR due to the increase in classified loans. The CAR of the banking industry as a whole was 11.3 percent at end of December 2014 and was 10.3 percent at end of June 2015.

The ratio of NPL to total loans of all the banks showed an overall declining trend from its peak (34.9 percent) in 2000 up to 2011 (6.1 percent). But the ratio increased in 2012 (10.0 percent), decreased again in 2013 (8.9 percent), then increased again (9.7 percent) in 2014. The decline in NPLs to total loans ratio in recent years till 2011 can be attributed partly to some progress in recovery of long outstanding loans and partly to write-off of loans classified as 'bad' or 'loss'. But it went up again in 2012 and 2014 due to new loan classification policy and some scams in the banking industry. In 2014, the ratio of net NPLs (net of provisions and interest suspense) to net total loans (net of provisions and interest suspense) was 2.7 percent for the banking sector. But it was 25.5 percent for DFIs. DFIs' nonperforming portfolios were still high after adjustment of actual provision and interest suspense, whereas SCBs, FCBs, and PCBs had excess provision against their NPLs. The net NPLs to net total loan ratios were 6.1, 0.8, and -0.9 percent for the SCBs, PCBs and FCBs respectively at the end of December 2014. The ratios were 9.4, 9.2, 1.1 and -0.4 percent for SCBs, DFIs, PCBs and FCBs respectively at the end of June 2015.

The bank rate remained unchanged at 5.0 percent in FY15. This rate has been effective from 6 November 2003.

In June 2015, CAMELS rating accomplished under the revised guidelines of Bangladesh Bank and no banks were qualified for CAMELS "1" or "Strong" in 2014; the rating of 39 banks was "2" or "Satisfactory"; rating of 10 banks was "3" or "Fair"; five banks were rated "4" or "Marginal" and two banks received "5" or "Unsatisfactory" rating.

Islamic banking system has been introduced in Bangladesh since 1983. In FY15, out of 56 banks in Bangladesh, eight PCBs operated as full-fledged

Islamic banks and 16 conventional banks (including three FCBs) were involved in Islamic banking through Islamic banking branches. The Islamic banks have continued to show strong growth since its inception, as reflected by the increased market share of the Islamic banking in terms of assets, financing and deposits of the total banking system.. Total deposits of the Islamic banks and Islamic banking branches of the conventional banks stood at Taka 1417.3 billion at the end of December 2014 which accounted for 20.3 percent of total deposits. Total credit of the Islamic banks and the Islamic banking branches of the conventional banks stood at Taka 1195.4 billion at the end of December 2014 which accounted for 22.2 percent of total credit of the banking system of the country.

Capital Market Performance

The DSE broad index and the market capitalization of Dhaka Stock Exchange Limited (DSE) were quite stable during July 2014 to February 2015. The market behaviour was hampered during the second and third quarter of FY15 for a short period of time due to political unrest in the country. The DSEX and the market capitalisation declined to Taka 4047.29 billion and Taka 2973.47 billion respectively at the end of April 2015 from Taka 4864.96 billion and Taka 3259.25 billion in December 2014. However, the market became stable at the end of FY15 as a result of some effective measures taken on the capital market. Bangladesh Bank proactively played a role to stabilise the capital market since the major debacle of 2010.

DSE launched the new trading system X-stream INET Matching Engine and DSE FlexTP Order Management System (OMS) on 11 December 2014. It inaugurated the Demonstration Programme of New Book Building Software and Data Transmission Software for New Public Issue Application Processes on 12 March 2015. DSE became an Affiliated Member of the World Federation of Exchanges (WFE) on 3 March 2015. Dhaka Stock Exchange (Listing) Regulations, 2015 was approved by the Bangladesh Securities and Exchange Commission on 30 June 2015 and the gazette was published on 12 July 2015. Market lot of shares have been converted to same number, 1 (one) for all listed companies in DSE from various market lots on 11 December 2014. So, now investors can buy or sell any number of shares in the secondary market of DSE & CSE.

21 companies raised new equity of Taka 7.3 billion in the capital market in FY15, higher than Taka of 6.6 billion raised by 12 companies in FY14. Of the new equity issued, Taka 1.7 billion rose through private placements and Taka 5.6 billion raised through public placements. In FY14, equity issued through private and public placements were Taka 2.4 billion and Taka 4.2 billion respectively. The volume of public offerings in FY15 was oversubscribed more than two times indicating a shortage of new securities in the primary market. Bonus shares worth of Taka 26.6 billion were issued by 130 companies against retained profits in FY15. This was lower than Taka 31.1 billion issued by 137 companies in FY14. On the other hand, right shares worth of Taka 6.0 billion were issued by five companies in FY15 which was higher than Taka 4.3 billion issued by six companies in FY14.
As a percent of total market capitalization, the manufacturing sector dominated the secondary market with 40.70 percent share, followed by the services and miscellaneous sector (36.08 percent), financial sector (23.0 percent) and corporate bonds (0.02 percent) at the end of FY15. In the DSE, market capitalization inclusive of new issues increased by 10.3 percent to Taka 3247.3 billion or 21.5 percent of GDP (at current market price) at the end of FY15 from Taka 2943.2 billion at the end of FY14 (Chart 8.3). In the CSE, it increased by 13.2 percent to Taka 2588.1 billion or 17.1 percent of GDP at the end of FY15. However, the amount of turnovers in the secondary market decreased by 0.2 and 5.6 percent respectively in DSE and CSE in FY14. DSE broad index (DSEX) and CSE all-share price index also increased by 2.3 and 2.4 percent to 4583.1 and 14097.2 respectively in FY15.

Monetary Policy

As on date of report, Monetary Policy Statement (MPS) January-June 2016 (for the the second half of FY 2016) has been declared by Bangladesh Bank. Highlights of the MPS are:

- Broad money (M2) is projected to grow at 15.0 percent in June 2016 from 14.2 percent in

December 2015. M2 is adequate to support the growth and inflation targets. It has also taken the growth rates of both public and private credit into account.

- Domestic credit is projected to grow at 15.5 percent at the end of the fiscal year 2016 from 10.9 percent in December 2015. Private sector credit is projected to grow at 14.8 percent in June 2016 from 13.8 percent in December 2015. Public sector credit is expected to grow at 18.7 percent from a negative number of 1.7 percent in December 2015.

- Inflation is expected to land in 6.07 percent in June 2016 from 6.20 percent in December 2015. Some effects of pay rise in the government sector are likely to be canceled out by the dampening fuel and commodity prices.

- After keeping a static set of policy rates: repo and reverse repo rates for a while, Bangladesh Bank now decides to lower the repo rate and reverse repo rate by 50 basis points, sending the repo to 6.75 percent and reverse repo to 4.75 percent from the current rates. This move will attempt to dampen other interest rates in the market and thus will help investment stimulate. Necessary market alignments warranted this change.

- This is an investment stimulating monetary policy that will focus on quality credit expansion through an inclusivity approach. Selective easing for agricultural and other productive sectors will draw enhanced attention.

- The falling fuel and commodity prices have globally created a low-inflation environment, paving the way for a considerable reduction in policy rates and thus signaling the market to raise investment when macro stability is commendable.

- Bangladesh Bank made a strategic shift in loan disbursement policy. All banks will be encouraged to substantially increase advances for micro, small, and medium enterprises.

- Bangladesh Bank's supervisory vigilance on banking governance will be straightened further to clamp down on loan delinquencies.

Islamic Banking Around the World

The twentieth century has witnessed a major shift of thinking in devising banking policy and framework on the basis of Islamic Shariah. This new thought was institutionalized at the end of the third quarter of the century and emerged as a new system of banking called Islamic banking. The establishment of the Islamic Development Bank (IDB) in 1975 gave momentum to the Islamic Banking movement. Since the establishment of IDB, a number of Islamic Banking and financial institutions have been established all over the world irrespective of Muslim and non-Muslim countries. Over the past few decades, the Islamic financial industry has rapidly expanded worldwide. Currently about more than 300 Islamic financial institutions (IFIs) have total combined assets exceeding $250 billion in more than 57 countries. It is projected that this will be a $trillion. The Islamic financial market is estimated to grow at annual rates averaging 15% in a year. Their rapid growth has gained considerable attention in international financial circles where various market participants have recognized promising potentials. Kuala Lumpur and Bahrain are the world's leading Islamic capital markets while Dubai and other players in the Middle-East are fast catching up. In the UK, the first Islamic bank has already opened its doors and Singapore has expressed its interest to be a leading Islamic financial centre, while China and India have expressed interest in Islamic banking.

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

Islamic Banking and its Development in Bangladesh

Genesis of Islamic Banking in Bangladesh

Bangladesh is the third largest Muslim country in the world with around 160 million populations of which 90 percent is Muslim. The hope and aspiration

of the people to run banking system on the basis of Islamic principle came into reality after the OIC recommendation at its Foreign Ministers meeting in 1978 in Senegal to develop a separate banking system of their own. After 5 years of that declaration, in 1983, Bangladesh established its first Islamic bank. At present, out of 56 banks in Bangladesh, 8 full fledged Islamic Banks and 20 Islamic Banking branches of 10 conventional banks are working in the private sector on the basis of Islamic Shariah. Islamic banks in Bangladesh since their inception have been gaining popularity in spite of some problems in their operation. An important development in Islamic banking in the last few years has been the entry of some conventional banks in the market and their use of Islamic modes of financing through their Islamic branches, windows, or units. It necessitates and encourages the mobilization of Islamic banking, which includes some of the giants in the banking and insurance industry. Bangladesh was not indifferent to this turning move. Presently, 10 conventional banks have opened 20 Islamic banking branches alongside their interest-based branches. These conventional banks should focus on the safeguards that ensure the Islamic nature of these branches such as separation and compliance with Shariah. Separation of Islamic banking branches includes separation of capital, accounts, staff employed and office. However, the most important thing is compliance with Shariah. There should be strong Shariah supervisory boards in order to prepare the model agreement, to approve the structure of every new operation, and lay down the basic guidelines for each and every mode of financing.

Formation of IBCF

For effective interaction, communication and exchanges the ideas & views of Shariah banking development and its practices in Bangladesh among the Islamic banking and Islami Banking Branches of the conventional Banks, a forum called "Islamic Bank Consultative forum (IBCF)" was formed in 1995. IBCF may be called first ever organizational development in establishing Islamic Banking in Bangladesh where the member banks discuss together the problems and issues relating to the growth and development of Islamic Banking in Bangladesh and common strategy and policies are formulated for implementation through this common Forum. The immediate goals of the IBCF were to establish Central Shariah Board for all Islamic Banks in Bangladesh, Islamic Money Market, Islamic Insurance Company(s), innovation of new financial products. Among them, Central Shariah Board is now functioning successfully. Bangladesh Government Islamic Investment Bond (BGIIB) and Islamic Money Market are the development of IBCF and Bangladesh Bank, which are being enjoyed by almost all the Member-Banks. At present, 7 (seven) 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 while 5 (five) numbers of Conventional banks having Islami Banking Branches, like (i) Prime Bank Limited (ii) Dhaka Bank Limited (iii) Southeast Bank Limited (iv) AB Bank Limited and (v) 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 observing uniform policies and practices of Islamic banking among the member banks. Currently 7 (seven) full fledged Islamic Banks and 10 (ten) conventional banks with Islamic Banking Branches are the members of CSBIBB. CSBIBB is mainly does the functions of (i) collection, translation & publication of Journals and References on Islamic Banking (ii) to arranges and undertakes research programs, training, workshop, seminar, symposiums (iii) gives award for contribution in Islamic Banking.

Bangladesh Government Islamic Investment Bond

In principle, the method of treasury functions and its management of an Islami bank are quite different from other conventional banks. To support the daily treasury functions of Islami banks, Ministry of Finance, Government of the People's 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 at 1,00,000/-(Taka one lac). As per the rules, Bangladeshi institutions and individuals, and non-resident Bangladeshis, 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 31.12.2015 total outstanding buying amount (principal amount) of this bond stood at Taka 5.79 billion against Tk. 4.87 billion in 2014. Re-investment facility featured has been tagged with the bond and any Bangladeshi Institutions and Individuals, and non-resident Bangladeshis 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 manage for day to day liquidity, 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 other with 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. At present, Islamic banks are holding more than Tk 4000 crore as excess liquidity, which now remains 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 given 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 fulfill the Statutory Liquidity Requirement (SLR) of Islamic banks and NBFIs.

As on 31 December 2015 total outstanding investment amount was tk. 250.00 million in the Bangladesh Bank Refinance Scheme

An Overview of the Bank

SIBL started its operation on the 22nd November, 1995 as a Second Generation Islamic Bank in close co-operation and assistance of some renowned personalities of the Islamic world. H.E. Dr. Hamid Al Gabid, Former Secretary General of OIC & Prime Minister of Niger, H.E. Dr. Abdullah Omar Nasseef, Deputy Speaker of Saudi Shura Council & Ex-Secretary General of Rabeta Al-Islami, H.E. Ahmed M. Salah Jamjoom, Former Commerce Minister of Saudi Government, H.E. Prof. Dr. Ahmad El-Naggar (Egypt) participated in this noble endeavor as sponsor shareholders. Targeting poverty, SOCIAL ISLAMI BANK LTD. is indeed a concept of 21st century participatory three sector banking model in one in the formal sector, it works as an Islamic participatory Commercial Bank with human face approach to credit and banking on the profit and loss sharing. It is a Non-formal banking with informal finance and credit package that empowers and humanizes real poor family and creates local income opportunities and discourages internal migration; it is a Development Bank intended to monetize the voluntary sector and management of Waqf, Mosque properties and introducing cash Waqf system for the first time in the history. In the formal corporate sector, this Bank would, among others, offer the most up-to date banking services through opening of various types of deposit and investment accounts, financing trade, providing letters of guarantee, opening letters of credit, collection of bills, leasing of equipment and consumers' durable, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industrial, agricultural, transport, educational and health projects and so on.

To enhance the performance of the bank our management adopted strategic plan that includes increase in efficiency, establishment of transparency, efficiency and accountability in all spheres of banking practices as a logical consequence of reform. Establishing Central Trade Processing Unit (CTPU), Central Remittance Processing Unit (CRPU), Central Clearing Unit (CCU), ADC (Alternate Delivery Channel), Offshore Banking, Agent Banking, above all customized Products and Services, are the reform processes that we had undertaken from 2010 to 2015 to be compliant on one hand and to serve our client more efficiently and effectively on the other.

Internal Control and Compliance

The network of activities of banking have so diversified and widened that without proper internal control, smooth functioning of banking cannot even thought of. Effectiveness of the Bank's Internal Control System is being monitored on an ongoing basis. Social Islami Bank established and maintained an adequate system of Internal Control, which can effectively control of all the key functions of the Bank, so that objectives of the bank's are achieved and shareholders, depositors & other beneficiaries are sharply benefitted. To protect and safeguard the Bank form any means of fraud and error as well as loss,

Social Islami Bank has introduced the "Internal Control and Compliance guideline" and also established a separate department called "Internal Control and Compliance Division (ICCD)" at Head Office staffed with some experienced Senior Bankers rest with the power and duties to train the employees of the bank, give direction, monitor, audit and establish control on day to day operational procedures and statutory and non-statutory compliances. Still, it is important to recognize the existence of inherent limitations of internal control.

During the year 2015, Internal Control & Compliance Division conducted audit in 102 Branches as per Annual Audit plan 2015 duly approved by Board Audit Committee. The Division conducted surprise Inspection on 15 branches in 2015 compared to 21 branches in 2014. The Division also conducted audit on 10 Divisions/Departments of Head Office in 2015. Key/high risk items are being reported to the Management in the form of Executive Summary. Keynotes were also placed before the Board Audit Committee for information.

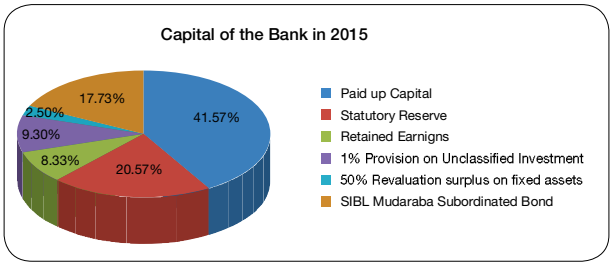
Capital Management of the Bank

The bank started its journey in the year 1995 with a paid up capital of Taka 118.36 million and thereafter within 20 years, it has built a total Capital of Taka 16916.08 million using the external and internal sources. Given below the table is the last 5 years history of SIBL towards its capital journey efforts :

Fig in million Taka

Year	Paid up Capital	Total Capital	Growth (over the previous year)	Source of Capital
2010	2,987.81	4,678.56	19.52%	Internal & external (right issue) generation
2011	6,393.93	9,534.52	103.79%	Internal generation
2012	6,393.93	10,596.51	11.13%	Internal & external (right issue) generation.
2013	7,031.42	11,623.52	9.69%	Internal generation
2014	7,031.42	13,078.26	12.51%	Internal generation
2015	7,031.42	16,916.08	29.34%	Internal 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 have been introduced i.e. Liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR). Capital conservation buffer has to be maintained @ 0.625% in every year starting from year 2016. Counter Cyclical Buffer will be up to 2.50% which needs to be maintained from year 2018. 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 w.e.f 2015. 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 detail after capital impact study. As per Basel III capital at the year end 2015 stood at (a) paid-up capital Taka 7031.41 million (b) total capital (as per BASEL-III) Taka 16,916.08 million against Taka 13,078.26 million of 2014.



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 is initiated. For the year 2015 all bank operating in Bangladesh are required to maintain the minimum risk weighted capital to 10% dividing the total capital of Tire-I & II. In Basel III guideline, the definition of Capital has been changed from Basel II. Tier-I capital is also known as going concern capital consisting i) Common Equity Tier I (CET-1) and ii) Additional Tier I (AT-1) capital. At SIBL, CET-1 are composed of (a) paid up capital (b) statutory reserves (c) retained earnings and there is no AT-1 capital in the balance sheet yet.

Tire-II capital which is known as gone concern capital consisting of (a) general provision on unclassified Investments (up to 1.25% of total credit risk weighted asset) (b) eligible balance of 50% of revaluation surplus on Fixed Assets as per the Basel III phase out program . As per requirements of the guideline, it is mandatory to maintain the CET-1 @ 4.50% whereas Tier I capital will be maintained minimum @ 5.50%. Capital conservation buffer and counter cyclical buffer is to be maintained from CET-1 capital. Capital base consisting of tire I & II of the Bank as on 31st December 2015 stood at Tk 16,916.08 million as against Tk. 13,078.26 million as on 31st December 2014. As per BASEL-III, the Comparative position of Capital Base of the year 2015 and 2014 is given as under:

Fig in million Taka

Particulars	Yr-2015	Yr-2014
Tier-I		
CET-1		
1. Paid up capital	7,031.42	7,031.42
2. Statutory Reserve	3,480.33	2,784.50
3. Retained Earnings	1,409.03	1,271.79
Sub-total	**11,920.78**	**11,087.70**
AT-1	**0.00**	**0.00**
Total Tier I	**11,920.78**	**11,087.70**
Tire-II		
1. 1% provision on unclassified investment	1,573.04	1,462.72
2. 50% of Revaluation surplus on Fixed Assets [In 2015, 20% eliminated]	422.27	527.84
3. SIBL Mudaraba Subordinated Bond	3,000.00	-
Sub-total	**4,995.31**	**1,990.56**
Total	**16,916.08**	**13,078.26**
Capital Adequacy Ratios	**Yr-2015**	**Yr-2014**
i.CET-1 Capital Adequacy Ratio	8.69%	9.63%
ii.Tier –I Capital Adequacy Ratio	8.69%	9.63%
iii. Capital to Risk Weighted Asset Ratio (CRAR)	12.33%	11.36%

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.

Stress (solo) Result of the Bank as on December 2015

Required CAR 10.00%
CAR Maintained 12.33%

Individual Shocks	Required CAR 10%		
	CAR after Minor Shock (%)	CAR after Moderate Shock (%)	CAR after Major Shock (%
Performing loan directly downgraded to B/L Sectoral Concentration 1	12.31	12.25	12.2
Performing loan directly downgraded to B/L Sectoral Concentration 2	12.22	11.98	11.74
Increase in NPLs due to default of Top large loan borrowers	9.02	5.80	4.71
Negative Shift in NPLs categories	11.98	11.68	11.09
Decrease in the FSV of the Collateral	12.05	11.76	11.18
Interest Rate	12.26	12.19	12.12
FEX Currency Appreciation	12.32	12.30	12.28
Equity Shock	12.29	12.24	12.15

Combined Shock	Required CAR 10%		
	Minor	Moderate	Major
	Changes in CAR	Changes in CAR	Changes in CAR
Decrease in the FSV of the Collateral	-0.29	-0.58	-1.16
Increase in NPLs due to default of Top large loan borrowers	-0.99	-3.52	-7.77
Negative Shift in NPLs categories	-0.36	-0.65	-1.25
Interest Rate	0.07	-0.14	-0.21
FEX Currency Appreciation	-0.02	-0.03	-0.05
Equity Shock	-0.05	-0.09	-0.18
Total Change	-1.77	-5.02	-10.62
CAR after combined shock applied (%)	10.56	7.32	1.72

The bank has a continuous plan on its capital structure to defeat any unforeseen minor or moderate shocks at any time. The shock results of the 4th quarter of 2015 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. To strengthen the capital base of the bank, it issued 6 years' redeemable Mudaraba Subordinated Bond for Taka 3000 million on 31 March 2015.

SIBL Mudaraba Subordinated Bond Related Information

Bangladesh Securities and Exchange Commission (BSEC) had approved the "SIBL Mudaraba Sub-ordinated bond" for Taka 3000 million on 26 August, 2014. Subscription of the bond was completed on 31.03.2015 by the following 14 nos of subscribers for the full amount of Tk 3,000 million:

Sl.	Name of the Investor	Registered Address of the Investor	Amount (in Taka)
1	Al-Arafah Islami Bank Limited	36 Dilkusha C/A (6th-9th floor) Dhaka-1000	500,000,000
2	Bank Asia Limited	Rangs Tower, 2nd to 6th floor, 68 Purana Paltan, Dhaka-1000	200,000,000
3	Bank Asia Limited	Employees' Gratuity Fund Rangs Tower, 2nd to 6th floor, 68 Purana Paltan, Dhaka-1000	70,000,000
4	Islami Bank Bangladesh Limited	Islami Bank Tower, 40 Dilkusha C/A, Dhaka-1000	500,000,000
5	Padma Islami Life Insurance Limited	Padma Life Tower, 115 kazi Nazrul Islam Avenue. Bangla Motor, Dhaka	50,000,000
6	Prime Islami Life Insurance Limited	Raj Bhaban, 6th floor, 29 Dilkusha C/A, Dhaka-1000	50,000,000
7	Pubali Bank Limited	26 , Dilkusha Commercial Area, Dhaka - 1000,	200,000,000
8	Reliance Insurance Limited	Shanta Western Tower, Level;-5, Space-503 & 504, 186 Tejgaon Industrial Area, Dhaka-1208	50,000,000
9	Rupali Bank Limited	34 Dilkusha C/A, Dhaka-1000	500,000,000
10	Shahjalal Islami Bank Limited	Uday Sanz, Plot No: SE(A), 2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212	100,000,000
11	Sonali Bank Limited	35-44 Motijheel C/A, Dhaka-1000	500,000,000
12	Square Pharmaceuticals Workers Profit Participation Fund	Square Pharmaceuticals Limited, Salgoria, Pabna	50,000,000
13	United Finance Limited	Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka	130,000,000
14	Uttara Bank Limited	90 Motijheel C/A, Dhaka-1000	100,000,000
Total			**3,000,000,000**

Disclosure on Rating of SIBL Mudaraba Subordinated Bond

Date of Declaration	Valid Till	Rating Action	Long Term Rating	Short Term Rating	Outlook
April 22, 2014	April 21, 2015	Initial	A+ID	-	Stable
April 22, 2016	April 21, 2017	Surveillance	A+ID	-	Stable

Emerging Credit Rating Limited (ECRL) has assigned A+ID (Pronounced as Single A Plus) long term credit rating to the Social Islami Bank Limited's Mudaraba Subordinated Bond (hereinafter referred to as "The Subordinated Bond" or "The Issue") issuance of BDT 3,000 million in face value. The outlook on the rating is Stable. The rating is consistent with ECRL's methodology for this type of financial institutions and bond ratings. ECRL considered financial performance, capital base, asset quality, management experience and

prospect of the industry while assigning the standalone rating and the possibility of likely default of the bond while assigning the bond rating. The Subordinated Bond, which qualifies as Tier-2 Capital for Social Islami Bank Limited (hereinafter referred to as "SIBL" or "The Bank" or "The Issuer"), is rated lower than SIBL's standalone rating, because of the Subordinated position of the bond relative to the SIBL's depositors and other liabilities (borrowings). The assigned rating reflects the strengths of the company which is backed by the growth in earnings, deposits and investments, adequate capital coverage with high tier 1 capital, and controlled liquidity position. However, ECRL is concerned about non-compliance of core risk related issues as directed by Bangladesh Bank, devolved asset quality, high growth rate of risk weighted assets compared to core capital growth, negative growth of non-investment income in FY2013 and high concentration of bad/ loss investments in total gross NPI. Besides, turmoil in the banking industry emanating from revised regulatory requirements along with stiff competition to secure deposits among the exiting & potential market players also causing concerns for the bank. The rating consideration has also included the unsecured position of the bond in discussion.

The rating was assigned on the basis of draft agreements between the issuer, trustee & mandated lead arranger provided by the entity in discussion and the rating may significantly change if the covenants in those agreements are altered.

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 put 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 13 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 in 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 liquidly 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.

Liquidity in the form of Balance with Bangladesh Bank, Sonali Bank (as the agent of Bangladesh Bank) and cash in hand including Foreign Currency stood at Tk. 14,681.25 million as at 31 December 2015 as against Tk. 12,120.69 million in last year to maintain cash & statutory liquidity. 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 most famous and widely used techniques in the banking industry at home 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, its surplus funds placement and borrowings are usually initiated in the following way :

(a) Placement of fund with other Banks and Financial Institutions in the form of Savings, Notice and Term deposit since the funding of Shariah banks are restricted to some extend, the bank always keeps room in its ID ratios maximum to 89.50% and as such the surplus funds are kept with other Islami Banks or with the Islami banking branches / windows of conventional banks. Usually, Savings & Notice deposit account with other banks are used to manage the temporary or short term surplus for income generation purpose on one side and to withdraw money instantly to support the total liquidity system of the bank on the other. Total placement with other Banks and Financial Institutions at the year end 2015 was Taka 6,586.72 million compared to Taka 9,474.25 million of 2014.

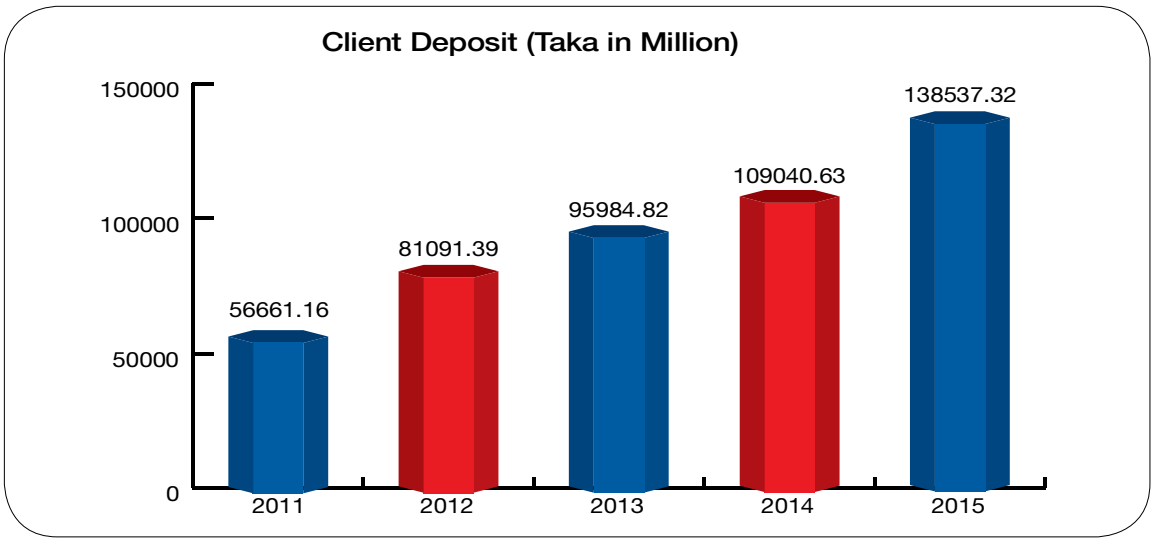
(b) Borrowings of fund from Bangladesh Govt. Mudaraba Bond: SIBL borrows fund from Bangladesh Govt. Mudaraba Bond against the lien marking of

(i) Instruments of Investment in Bangladesh Govt. Mudaraba Bond
(ii) IBP Instruments
(iii) MTDR receipts with other Bank's for Investment

SIBL has a borrowing of Taka. 1,000.00 million as on 31.12.2015 compared to Tk. 6,150.00 million compared to the year 2014. The cost of such borrowings is equivalent to savings deposit rate.

Deposits

During the year 2015, 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 February-April 2015. As a result of continuous evaluation and monitoring, we could significantly improve the liquidity position as well as deposit mix in 2015. The following graph shows the deposit trend of the Bank :



Comparative Deposit Mix

Fig in million Taka

Particulars	Year-2015	Year-2014	Growth
Al-Wadeeah Current & Other Deposit	15,468.71	13,059.52	18.45%
Mudaraba Savings deposit	14,273.5	9,818.28	45.38%
Mudaraba Term deposit	88,616.74	75,356.41	17.60%
Other Mudaraba deposit	31,235.83	26,201.53	19.21%
Cash Wqf.	178.83	99.28	80.13%
Total	**149,773.61**	**124,535.02**	**20.26%**

The bank has specially focused on liability marketing and accordingly a special division named "Marketing & Business Development Department-MBDD" has been formed to concentrate the deposit products. To support for the total efforts and activities of the MBDD, another division called "Brand & Communication Division- BCD" has also been formed in the year 2010 headed by a Deputy Managing Director which is mainly engaged in image building activities using all modern concepts & tools so that the messages of our bank easily reach to the grassroots level of the nation and abroad. BCD has made the MBDD confident in deposit procurement programs of the bank and is accordingly trying to introduce new and timeliness deposit product.

In The year under review, banking sector faced excess liquidity crisis and as a result of that cost of deposit in the industry decresed significantly. SIBL overcame the excess liquidity situation successfully and posted a remarkable growth in the year 2015. Cost of deposit for the year under review is 6.42 % compared to 7.66% of the year 2014 and effective planning and utilization of deposits ensured a growth in revenue earning.

Profit Paid to Depositors

The bank has distributed Tk. 9,055.72 million among the Mudaraba Depositors as profit in 2015 as against Tk. 9,007.20 million in 2014. Profit paid in 2015 among the various types of Mudaraba depositors at the following rate:

Sl. No.	Mode of Deposits	Profit rates for the year 2015	Profit rates for the year 2014
1	Mudaraba Savings Account	3.00%	4.00%
2	Mudaraba Notice Deposit Account	3%-4.5%	4%-6%
3	Mudaraba Term Deposit Account		
	a. 1 month	4.00%	6.00%
	b.3 months	7.50%	9.50%
	c.6 months	7.75%	9.50%
	d.12 months	8.00%	9.50%
4	Mudaraba Scheme Deposit Accounts		
a.	Mudaraba Monthly Profit Deposit Scheme	9.50%	10.00%
b.	Mudaraba Millionaire Savings Scheme	9.50%	10.00%
c.	Mudaraba Education Deposit Scheme	9.50%	10.00%
d.	Sonali Din Special Deposit Scheme	9.50%	10.00%
e.	Mudaraba Special Deposit Pension Scheme	9.50%	10.00%
f.	Mudaraba Bashsthan Savings Scheme	9.50%	10.00%
g.	Mudaraba Hajj Savings Deposit (Kafela)	9.75%	10.25%
h.	Cash Waqf	9.75%	10.25%
i.	Mudaraba Lakhopati Deposit Scheme	9.50%	10.00%
j.	Mudaraba Double Bene t Deposit Scheme	9.50%	10.00%
k.	Shamridhir Shopan Special Deposit Scheme	9.50%	10.00%
l.	Mudaraba Marriage Savings Scheme	9.50%	10.00%
m.	Mudaraba Mohorana Savings A/c (10 Years)	9.50%	10.00%
n.	Mudaraba Mohorana Savings A/c (5 Years)	9.50%	10.00%
o.	Shanchita Special Deposit Scheme	5.00%	6.00%
p.	Subarnalata Special Deposit scheme	9.50%	10.00%
q.	SubarnaRekha Special Deposit Scheme	9.50%	10.00%
r.	Sabuj Chaya Special Deposit scheme	9.50%	10.00%
s.	Sabuj Shayannaya Special Deposit Scheme	9.50%	10.00%
t.	Shukher Thikana Special Deposit Scheme	9.50%	10.00%
u.	Shachanda Protidin Special Deposit Scheme	9.50%	10.00%
v.	SIBL Young Star Account	7.00%	8.00%

Investment

Risk is an integral part of banking business and Social Islami Bank Ltd. (SIBL) aims at delivering superior shareholder value by achieving an appropriate trade-off between risks and returns. The risk may arise from either inability or from unwillingness of the customers. Investment risk comes from a bank's dealing with individuals, corporate, banks and financial institutions or a sovereign. So policies and procedures established for this purpose are continuously reviewed in our quest to benefit from a blend of local and international practices.

Success depends on our ability to consistently satisfy the ever-changing choices of customers. 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.

Our main challenge is to maintain and manage the notable growth of the investment portfolio which is expected to achieve a significant growth in 2016 from the current position of Tk. 134116.85 million by 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 sector. We have already restructured the organizational structure of the bank for smooth/efficient operation, better management and segregation of the Investment Approval function from Investment Administration functions to build our capacity further and develop the overall discipline to cope with the notable growth of investment portfolio and to meet the challenges of banking business. Our continuous effort is going on to attract new investment customers and cross selling of investment products to our deposit customers in line with the Shariah principles.

The bank has exerted its best efforts towards implementation of Core Risk Management Guidelines in Investment Risk Management. The bank has ensured the disposal of investment proposals and disbursement of the sanctioned investment facility within the quickest possible time and by complying documentation formalities and all related rules, regulations and investment norms of regulatory bodies.

Investment Risk Management Division is 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 gradually preparing to implement BASEL-III phase by phase so that regulatory bindings can be implemented. Meanwhile some of our investment clients have been rated by leading rating agencies and many others are in process. We therefore hope that in coming days we would be more successful in mitigating risk factors and presenting quality assets.

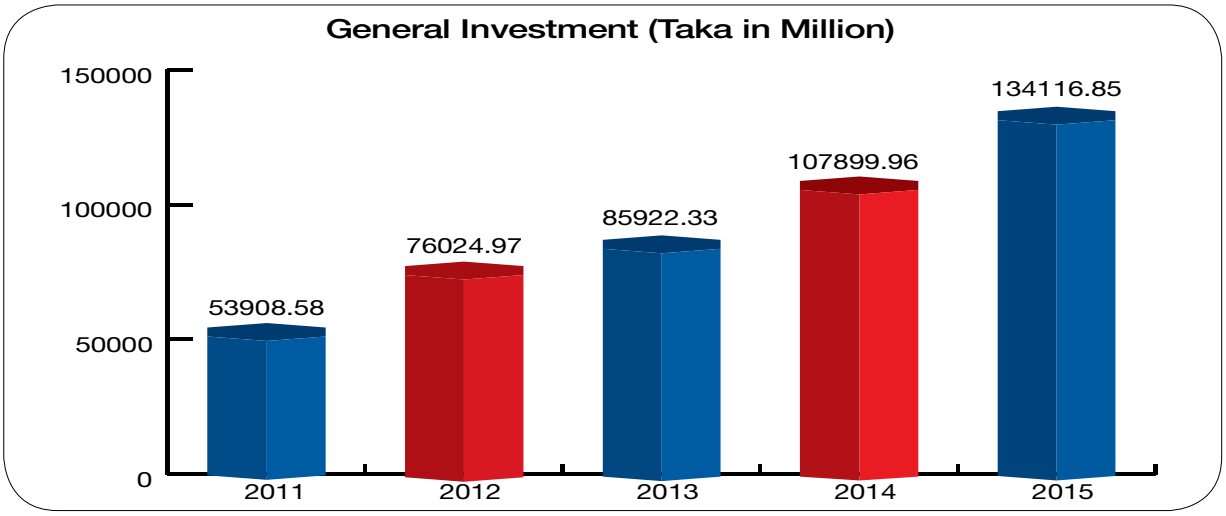
Global investment of SIBL in the year 2015 showed a favorable growth. The total investments of the Bank stood at Tk. 134116.85 million in various sectors as at 31st December 2015 against Tk. 107899.95 million as on 31st December 2014 registering a growth 24.30% that is the sign of the confidence of the clients on the Bank. The net increase in investment by Tk. 26216.89 million as compared to 2014. 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 Top Ten, Badsha Textile, Butterfly Marketing Ltd. and sister concerns, Meghna Group, Partex Group, Base Group, ACME, Pran Group, NASA Group, City Group, ACI, Mir Akhter Ltd., S.A Group, 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 credit investment tools.

SIBL has established Retail Investment Department under Investment Risk Management Division to focus more on retail investment with a view to diversify investment portfolio to meet credit need for procuring consumable items of a developing society and to take a significant market share of retail investment in the industry.

To contribute in the society and serve as a nation SIBL

has introduced Islamic micro-financing under Family Empowerment Islamic Micro-Finance Program in the year 2015. At present 11 (Eleven) Branches of SIBL (1. Chandaikona Branch, 2. Shahjadpur Branch, 3. Dupchachia Branch, 4. Gobindagonj Branch, 5. Homna Branch, Comilla, 6. Laksam Road Branch, Comilla, 7. College Road Branch, Comilla, 8. Kachua Branch, Chandpur, 9. Angaria Bazar Branch, 10. Shariatpur, Koyrabazar Branch, Jamalpur & 11. Saidpur Branch Nilphamari) are in operation. In the year 2016, SIBL is expecting to extend this service available to around 50 (Fifty) Branches. Gradually this service may be available in all branches of SIBL based on the demand.

The following chart depicts the year wise position of investment since year 2011:



Despite stringent circulars of Loan Classification & Provisioning by Bangladesh Bank, SIBL played a crucial role for keeping Non-Performing Investment (NPI) at 3.84%, through vigorous drive towards recovery of NPI and quality disbursement for fresh investments taken seriously by the management. Non performing asset (NPA) of SIBL has decresed to 3.84% compared to 4.56% in 2014. Drive towards recovery of NPA and quality disbursement of fresh investments have been taken seriously by the management. Our External Auditor and Credit Rating Agency have also appreciated our policy and endeavor towards new investment and recovery of the NPAs. Out of Investment of Tk 134,116.85 million, Tk 5,149.58 million has become classified.

Provision composition against funded investment for the year 2014 and 2015 is furnished hereunder:

Status	Provision Rate	2015		2014	
		Amount	Composition	Amount	Composition
Unclassified investment	0.25%, 1% & 2%	1,803.84	51.62%	1,462.44	48.09%
Special Mention Account	5%	17.14	0.49%	0.27	0.01%
Su-Standard investment	20%	69.01	1.97%	25.18	0.83%
Doubtful Investment	50%	25.72	0.74%	567.15	18.65%
Bad /Loss Investment	100%	1,578.69	45.18%	986.26	32.43%
Total		**3,494.40**	**100.00%**	**3,041.30**	**100.00%**

Investment Plan for 2016

SIBL has planned to reach investment portfolio to Tk. 167500.00 Million starting from Taka 134116.85 million only. To achieve the target SIBL is looking for the country's top business tiers to boost the growth of the bank. Segment of these groups are Ready Made Garments (RMG), Textiles, Footwear, other wearing apparel & made up Textiles, Pharmaceuticals, NBFI, MNCs, Trading Businesses. Besides, SIBL is more focusing on investment to Retail & SME Sectors. Investment Risk Management Division (IRMD), Trade Finance & RMG Division, SME & Agricultural Finance Division, Retail Investment Department under IRMD and Investment Administration Division (IAD) are ready to give a big push to boost up to such companies and individuals to support the branches.

The plan has been formulated keeping in view with the national economic priorities and aiming at diversification of the investment portfolio by size, sector, geographical area, economic purpose and securities to bring in phases all sectors of the economy and all types of economic activities and different economic strata of the society within the fold of Bank's investment operations.

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, Retail Investment Department under IRMD and Investment Administration Division (IAD) are always ready to take the challenge of expected growth of the investment portfolio. 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.

Green Banking

Green Banking is an emerging issue in the present banking arena. Green Banking is a holistic approach, which encourages environmental protection, sustainability, resource-savings and economic attitude in personal and professional life among others. Bangladesh Bank is emphasizing much on environment and environment-friendly project.

Green Banking issues are properly addressed at SIBL as per guidelines of Bangladesh Bank. Bangladesh Bank vide BRPD Circular no. 02 dated 27.02.2011 advised all banks to start Green Banking activities comprising a set of initiatives in 03 (three) phases with specific time frame.

Strategy Framework of Green Banking

Phase 01	1.1	Policy formulation and governance
	1.2	Incorporation of environmental risk in CRM
	1.3	Initiating in-house environment management
	1.4	Introducing green house finance
	1.5	Creation of climate risk fund
	1.6	Introducing green marketing
	1.7	Online banking
	1.8	Supporting employee training, consumer awareness and green event
	1.9	Disclosure and reporting of green banking activities
Phase 02	2.1	Sector specific environmental policies
	2.2	Green strategic planning
	2.3	Setting up green branches
	2.4	Improved in-house environment management
	2.5	Formation of bank specific environmental risk management plan and guidelines
	2.6	Rigorous programs to educate clients
	2.7	Disclosure and reporting of green banking activities
Phase 03	3.1	Designing and introducing innovative products
	3.2	Reporting in standard format with external verification

Green banking is fast gaining momentum in Bangladesh since its official inception in the second-half of 2011. During short span of time, several policy interventions were taken by Bangladesh Bank (BB) for accelerating green growth of the country. Green Development and Inclusive Growth – are at the focal points in Green Banking.

Recently, Bangladesh Bank has widened the number of green products under several refinance schemes to

widen their outreach in green financing. Now, 50 green products are being offered in 11 categories, namely - (i) Renewable Energy, (ii) Energy Efficient Technology, (iii) Solid Waste Management, (iv) Liquid Waste Management, (v) Alternative Energy Plant, (vi) Non-Fire Block Brick Manufacturing Project, (vii) Recycling Plant and Recyclable Product Manufacturing Plant, (viii) Improvement of Brick Kiln Efficiency (ix) Green Industry, (x) Factory Work-Environment and Security Ensuring, (xi) Miscellaneous (Vermi-compost, Palm Oil Plant 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 Green Banking Unit	Green Banking Unit has been restructured for smooth functioning of Green Banking activities
02.	Circulation of Environment Due Diligence (EDD)	Environment Due Diligence (EDD) checklist is being incorporated in Investment Risk Management vide instruction Circular no. 2011/23 dated May 23, 2011
03.	Circulation of Environment Risk Rating (ERR)	Environment Risk Rating (ERR) is being done as per instruction Circular no. 2011/23 dated May 23, 2011
04.	Circulation of Green Office Guide	Green Office Guide checklist is being monitored as instruction circular no. 2011/29 dated December 29, 2011
05.	Formation of Green Banking Policy Board of Directors of the Bank in its 267th meeting	Green Banking Policy of SIBL has been approved by the (emergency) held on 29.12.2011
06.	Some Green Event	• Green Banking has been focused in the Annual Calendar, 2013. Such endeavor has widely been a ccepted and applauded.
		• SIBL has made donation for Tk.2.00 lac for making a Guava Garden of Public Order Management (POM) Unit of Dhaka Metropolitan Police (DMP) at Mirpur, Dhaka.
		• e-Circular system has been introduced.
		• e-Newsletter has been introduced replacing paper book.
		• Solar panel installed in some branches.

Fig in million Taka

Particulars	2015		2014	
	Disbursement	Outstanding	Disbursement	Outstanding
ETP				
Finance for installation of ETP	180.29	87.87	0.00	0.00
Projects financed having ETP	5,568.09	495.07	5,452.98	938.22
Bio-gas Plant	0.40	0.49	0.00	0.00
Solar Panel/Renewable Energy Plant	28.57	0.00	265.88	1,095.54
Hybrid Hoffman Klin (HHK)	82.42	43.23	168.50	192.25
Projects financed in Brick fields having Zigzag & Improved technology	2,936.75	893.99	742.73	1,139.25
Hazardous waste treatment facility	103.06	9.54	55.01	61.58
Plastic Waste Recycling Plant (PVC, PP, LDPE, HDPE,PS)	77.76	6.80	25.83	28.53
Others	0.00	0.00	7.05	8.25
Total	8,977.34	1,536.99	6,717.98	3,463.62

Green Banking Initiatives	Yr-2015	Yr-2014
ATM (Number)	1,199	1,185
No. of Own ATM	34	20
No. of Shared ATM	Under NPSB	1,165
Online Banking		
No. of Total Branches	111	100
No. of Branches with online coverage	111	100
Internet Banking		
No. of Accounts facilitated with Internet Banking	2,382	1,636
% of Accounts facilitated with Internet Banking	0.29%	0.24%
No. of Accounts facilitated with Mobile Banking/SMS Alert Banking	68,464	42,732
% of Accounts facilitated with Mobile Banking/SMS Alert Banking	8.32%	6.32%
No. of Training Programs/Seminars/ Workshops/Awareness Programs Exclusively conducted for Green Banking	5	5
Employees	80	150
Customer	-	-

Activities towards Green Events	A book titled "সবুজ দেশ - সবুজ অর্থনীতি" has been re-published by ARTHOPROBAHO on February' 2015, where an article of Mr. Md. Shafiqur Rahman, Managing Director of the Bank has been included titled "পরিবেশবান্ধব সবুজ অর্থনীতি পৃথিবীকে বাঁচানোর জন্যই প্রয়োজন". And an article titled "বাংলাদেশে গ্রীন ব্যাংকিং-এর শুভ সূচনা ঃ কিছু স্মৃতি ও আমাদের করণীয়" of Mr. Shawket-Ul-Amin, Head of GBU, SIBL has been published.	Participated in BTV talk show on Green Banking as part of awareness and capacity building

Our future plan:

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

- To popularize Online Banking
- To increase Internet, SMS & Mobile Banking activities
- To popularize Video Conferencing
- To increase Efforts towards near paperless banking
- To promote Tree Plantation Campaign
- To promote Green Initiatives through advertisement in print/electronic media
- To rationalize use of consumption of paper, water, electricity and utilities
- To reduce Emission of Carbon
- To conserve Environment
- To protect Air/Water Pollution

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

Recovery Performance

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

By adoption of different effective measures by the SAMD, the classified investment comes down at 3.84% in the 2015 year end from 4.56% in the 2014 year end, which is a remarkable milestone for the Bank while the average classification is about 10% in aggregate in the banking sector of the country. Up to the year 2014, recovery from written-off investment was Taka 174.30

million while in the year 2015 it reached at Taka 273.99 million with good trend.

Up to the year 2015, total 628 cases/suits are decreed in favor of the Bank with involvement of Taka 5124.90 million. The total such cases/suits of the Bank is 1012 in number with involvement of Taka 19107.60 million, filed by the Bank against different clients under NI Act and under Artha Rin Adalat Ain 2003. This depicts also a good trend.

Different management tools like formation of different committees/ teams/ task forces also have been completed to implement the recovery policies of the bank as well as to monitor the recovery of investment. For maintaining continuous and vigorous contact and strong monitoring, committees have been formed at branch level giving particular targets of recovery from bad/ written-off investments. To maintain contacts with clients as well with the engaged officials for recovery, particulars assignments have already been given to Head Office executives/ officials to see the progress of recovery on off-site basis.

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

To improve asset quality and to get good economic health of the Bank, the SAMD is working continuously with different techniques. It is expected that above all measures taken by the SAMD will put effective impact towards recovery of bad/written-off investments and expected to have good result in the 2015 year end.

Investment Income

The bank has registered an income from investment of Taka 15,288.87 million under different mode of investment accounts in the year under review compared to Taka 13,943.27 million of 2014 which is an increase of 9.65% from the previous year. A comparative position on income received from different mode of investment in the year 2015 and 2014 is given below

Fig in million Taka

Mode	Year 2015	Year 2014	Growth
Mudaraba	195.23	252.39	-22.65%
Bai-Muzzal	8,828.93	7,576.06	16.54%
Hire Purchase Sirkatul Meelk	2,692.87	2,211.55	21.76%
Musharak	51.15	49.03	4.31%
Bai-Salam	13.63	3.79	259.32%
Quard against MTDR, Scheme & Others	766.35	886.72	-13.57%
Inland Document Bill Purchased	288.05	417.37	-30.98%
Foreign Document Bill Purchased	1,306.43	1,059.87	23.26%
Profit on Ijarah	16.34	18.58	-12.05%
Other Banks and NBFI's	737.63	928.13	-20.52%
Other Investment (Card, Wakalat Fees etc)	153.28	273.31	-43.92%
Profit on Mudaraba	238.98	266.46	-10.31%
Total	**15,288.87**	**13,943.27**	**9.65%**

Capital Expenditure

During the year under review, the total capital expenditure on acquisition of fixed assets was Taka 589.89 million which includes Taka 354.97 million for Building, Taka 71.55 million towards Furniture & Fixtures, Taka 153.02 million for Office Equipments & Computers and Taka 10.34 million towards purchase of vehicles.

Non Funded Investment

The year under review, the bank had a collective effort in non funded business from the first day of 2015.

The Bank undertook a target on foreign exchange business for the year 2015 for Taka 2,20,000.00 million and accordingly achieved 149,192.40 million which is 67.81%of global target. The bank successfully managed to earn a commission & exchange income of Tk.1,255.97 million in 2015 against Tk. 1,188.38 million of 2014. The growth rate of commission and exchange earning is 5.68% over the previous years. Despite of the volatility of foreign currency throughout the year 2015, the bank accumulated an exchange gain of Taka 595.24 million against Taka 620.83 million of 2014.

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 9,222.39 million in Quoted & Unquoted Shares, Preference Share, Bond & Government Security against 7,823.73 million of 2014. This year earnings from this segment has been recorded Taka 362.24 million against Taka 296.95 million in 2014. Despite of massive fall of capital market, the bank saved its portfolios successfully however an amount of Taka 21.70 million has been decreased in fair value which was adjusted through profit & loss account for the period 2015.

Significant variance in operating results between Quarterly and Annually

SIBL was able to maintain a positive growth in Deposits, Investment and Foreign Exchange. The operating profit of the year 2015 was Taka 4849.82 against Taka 3964.27 million which is a growth of 22.34%. While analyzing the operating results by month to month and quarter to quarter, no significant deviation was found. The operating results for the 4 quarters of the year 2015 are given below with remarks:

		(un-audited & published)			Audited	
Sl	**Accounting Head**	**31.03.15**	**30.06.15**	**30.09.15**	**31.12.15**	**Remarks**
1	Investment Income	3,551.56	7,359.06	11,153.87	15,288.87	4 quarters trend of the year 2015 shows no significant deviation in results.
2	Profit Paid on deposits	2,380.76	4,843.30	7,217.17	9,055.72	4 quarters trend of the year 2015 shows no significant deviation in results.
3	Net Investment Income	1,170.80	2,515.75	3,936.69	6,233.16	There is no deviation in the result of operation until 3rd Quarter. In 4th Quarter, result is slightly higher due to increase in fresh investment disbursement.
4	Income from Investment in Shares & Securities	28,13	127.56	199.74	362.24	Quarters trend of the year shows deviation in results due to efficient dealing from capital market operation.
5	Commission, Exchange & Brokerage	300,64	634.99	946.60	1,255.97	4 quarters trend of the year 2015 shows no significant deviation in results.
6	Other Operating Income	47.36	212.34	257.61	398.53	Last 3 quarters trend of the year 2015 shows no significant deviation in results. However, signification deviation in 2nd qurter compared to first quarter was due to recovery of service charges from client accounts.
7	Total Operating Income	1,546.93	3,490.64	5,340.64	8,249.90	4 quarters trend of the year 2015 shows a significant deviation in results due to increase in business volume.
8	Operating Expenses	684.56	1,509.85	2,460.89	3,400.08	4 quarters trend of the year 2015 shows no significant deviation in results.
9	Salaries & Allowances	421.59	954.98	1,570.88	2,212.23	4 quarters trend of the year 2015 shows no significant deviation in results.
10	Other Operating Expenses	262.87	554.87	890.01	1,187.85	4 quarters trend of the year 2015 shows no significant deviation in results.
11	Operating Profit before provisions & taxes	862.48	1,980.79	2,879.75	4,849.82	4 quarters trend of the year 2015 shows no significant deviation in results.

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 transastions, 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 2015, the company has made a profit after tax 35.29 million Taka as against Taka 24.78 million in 2014. 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-

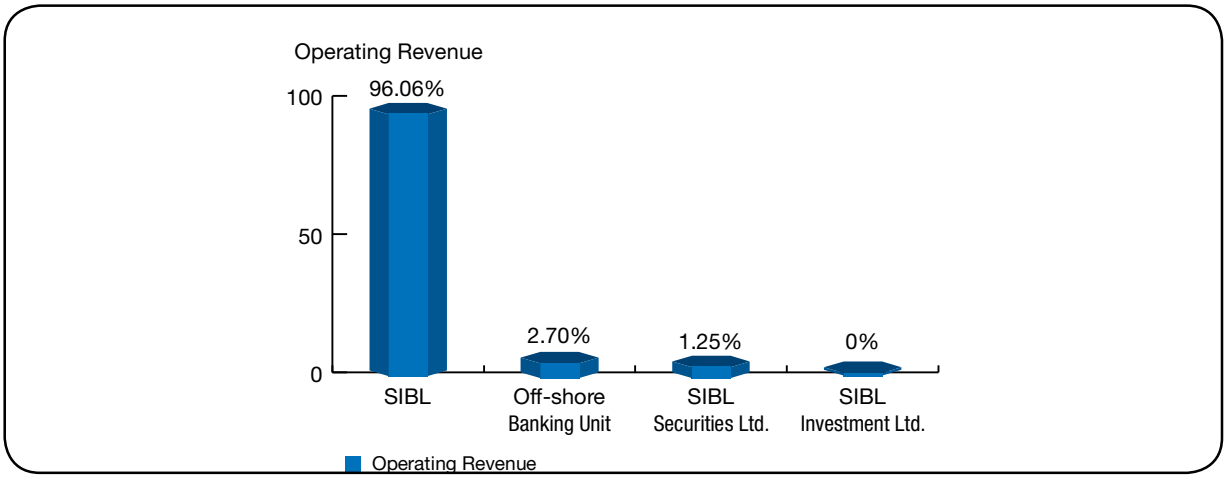
Sl. No.	Name of Subsidiary Companies	% of holding of shares by the Bank
1.	SIBL Securities Ltd.	99.99%
2.	SIBL Investment Ltd.	99.99%

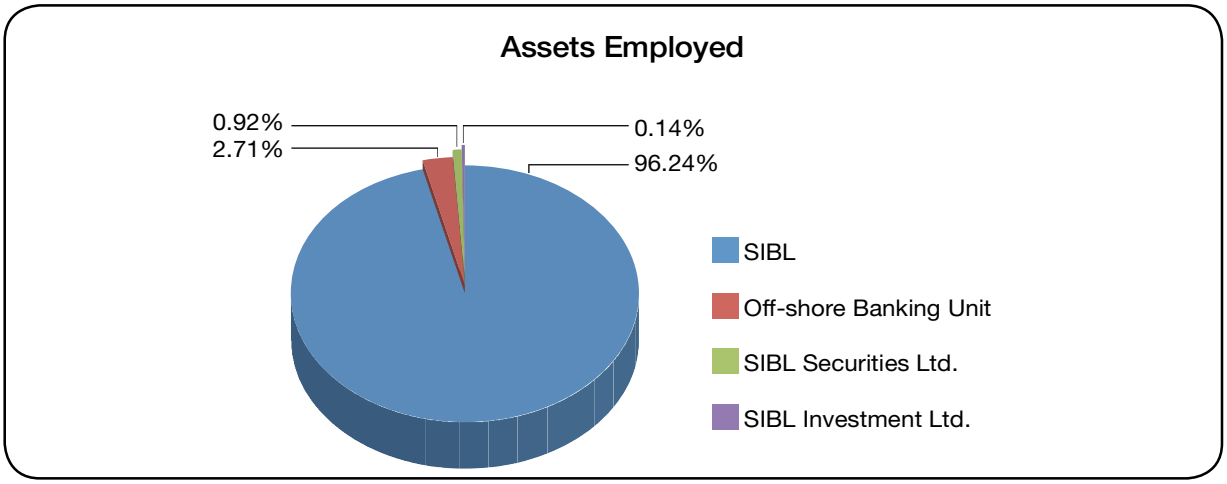
Segment Analysis - Business Segment

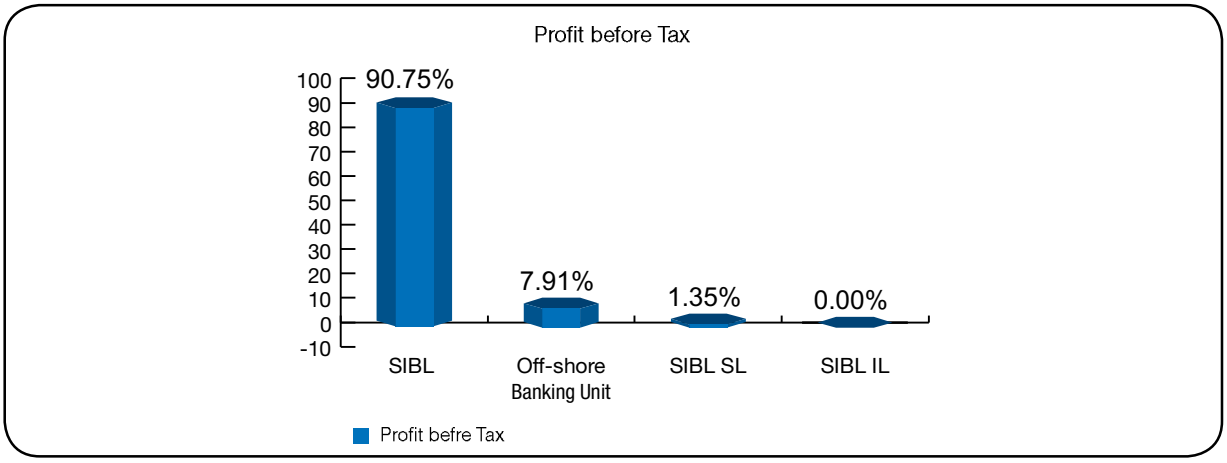
Fig in million Taka

Particulars	SIBL	Off-shore Banking Unit	SIBL Securities Ltd.	SIBL Investment Ltd.	Total
Income	7,964.89	223.51	103.52	-	8,291.92
Less: Inter-segmental Income	-	-	-	-	0.00
Total Income	7,964.89	223.51	103.52	-	8,291.92
Operating profit (Profit before	7,964.89	223.51	103.52	-	8,291.92
Unallocated expenses and tax) Allocated expenses	3,397.39	2.84	47.15	-0.08	3,447.30
Provision against loans and advances, others	1370.64	-	14.82	-	1,385.46
Profit / (loss) before tax	3,197.04	220.67	41.57	-0.08	3,459.20
Income tax including deferred tax	1,406.58	-	6.28	-	1,412.86
Net profit	1,790.42	220.67	35.29	-0.08	2,046.30
Segment assets	173,234.03	4,873.28	1,651.42	249.92	180,008.65
Segment liabilities	173,234.03	4,873.28	1,651.42	249.92	180,008.65

Segment Analysis-Graphical Presentation







Contribution to the National Exchequer

During the year under report, an amount of Taka 3,023.39 million has been contributed to the national exchequer against Taka 2,857.14 million in the year 2014 which is an increase of 5.81% over the previous years.

Particulars	Year 2015	Year 2014
Corporate Income Tax	1406.58	1403.79
VAT Collection at Sources	184.13	169.00
Tax Collection at Source	1305.75	1203.83
Excise Duty	126.88	80.52
Total	**3,023.39**	**2,857.14**

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 during the year 2015. A Risk Management Committee (RMC) was formed consisting of 5 (five) members of the Board of Directors in 2013. Main objectives of the RMC are to ensure proper and timely risk management in every sphere of the bank. The Board has been made responsible for Identifying the risks and formulation of appropriate strategies to control inherent banking risks. The Committee submits decisions and recommendations to the Board on quarterly basis for further reviews and guidance in the interest of the stakeholders. To streamline the risk management system of the bank, a separate division called "Risk Management Division" has been formed where a Deputy Managing Director is working as Chief Risk Officer (CRO). The Division is staffed with some brilliant and young professionals for consolidated risk management. Besides that, a Management level Risk Management Committee is actively working to focus the entire risk management system of the bank. We are much concerned about the business risk and its proper management so that the risk and return could be optimized. Our policy envisages that the management would pay special attention to reduce the risk to an acceptable level apart from prudent controls over the Bank's assets.

Business Risk Analysis

Risk is an integral part of financing business and thus every financial institution is exposed to risk of different types and magnitudes. So, the prime responsibility of every financial institution is to manage its risk such 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 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 unit (IRMU), Investment Administration Division (IAD) and Investment Monitoring & Recovery Unit (IM&RU). IRMU is entrusted with the duties of maintaining assets quality, assessing risk to lending, sanctioning investment, formulating policy and strategy for lending operation etc.

Operational Risk

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

Internal Control and Compliance

Internal control facilitates systematic and orderly flow of various operational activities within the organization. To confront operational risk, SIBL follows "Internal Control and Compliance guidelines" which is approved by Bangladesh Bank. To ensure that sound monitoring system is placed inside the organization, Audit committee has been formed. Moreover, has introduced the "Internal Department (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 enough to protect the bank from tribulations of money laundering. Besides that, a Central Compliance Unit (CCU) has been formed at Head Office in SIBL and a designated person has been nominated to supply any information if required 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 flactuations in market prices. It arises due to change in different market variables like profit (interest) rate, exchange rate, availability of liquidity with the lenders/ depositors, prices of securities in the stock exchange. The risk arising from market risk factors such as interest rates, foreign exchange rates, and equity prices have been discussed below:

Risk on Rate of Return

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

Equity Financing Risk

Equity financing risk is defined as loss due to change

in market price of equity held by the bank. SIBL has significant amount of investment in equity portfolio. To measure, identify and reduce this kind of risk, the bank practicing mark to market valuation of the share investment portfolios which was reflected through the bank's balance sheet as provisions for diminution in value of investment in shares. In FY 2015 the bank has made fair value adjustment of BDT 21.70 million on its quoted and unquoted equity investment.

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 is 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.

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 affluent Correspondent Banking Relationship with almost all the major and renowned banks at home and abroad. International Division comes forward to play its role and not only felicitates 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 Drawing and Telegraphic Transfer (TT) arrangements in all major currencies in the locations of international business concentration. The bank maintains 22 NOSTRO accounts in major international currencies with reputed international banks for the settlement of all the 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 though 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

To provide advanced and enhanced banking facilities to our valued customers SIBL has introduced both Debit & Credit cards of VISA brand. At present, we have the following categories of cards

- VISA Islamic Debit Cards
- VISA Islamic Credit cards (Local Card, Dual Currency Card)
- VISA Islamic Prepaid Cards
- Gift Card, Hajj Card, Travel Card

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

We have already setup and installed 50 ATMs of our own in different locations of Bangladesh. Besides, our cardholders also have access to more than 1000 ATMs all over the country as a member bank of Q-cash. We are working to introduce POS at different Merchant Outlets of the country for the satisfaction of our valued customers.

Our continuous endeavor is to enhance service quality and product diversification for ensuring customer satisfaction all the times.

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)

Social Islami Bank is in continuous effort to encourage expatriate Bangladeshis living abroad for remitting funds through banking channel. In this regard the bank has established remittance drawing arrangements with reputed exchange houses/ money transfer companies around the world. At present the bank is providing remittance service channeled through Western Union, commonly known as the money transfer giant having its presence in 240 countries with 3,50,000 agents around the world. SIBL has a very dedicated and efficient team to source remittance business as well as to ensure prompt & efficient services to the Customers offering best competitive price for their hard earning Foreign Currencies. Consequences upon different initiatives taken by last one year, SIBL's Foreign Remittance business volume has triggered to Taka 10,162.70 milion in 2015 compared to Taka 7839.90 million in the year 2014.

SIBL handles both inward & outward Remittance products. The outward Remittance includes FC Cash. FDD. FTT & wire Transfer through SWIFT, The Inward Remittance products are Over the Counter Payment (OTC), Account Credit to all bank all branches. FTT. wire Transfer through SWIFT etc. We have a strong Remittance Settlement Network with different associate Banks, BEFTN & NGOs which cover more than 9.000 remote locations besides our 94 strategic Branch locations throughout the Country. We have an admirable Remittance Tie-up with a good number of world's renowned Exchange Houses namely Western Union Money Transfer. Xpress Money Services, MoneyGram. Placid NK Corporation USA. UAE Exchange SDN BHD, NEC Money Transfer, Purushottam Kanji Exchange, KMB International Money Transfer, Aussie Forex. Lotus Forex, Asia Express Exchange, Doha Exchange, United Bank Ltd., Zen) Exchange Co. etc and different Banks

throughout the World to facilitate the Remittance services to the beneficiaries. The bank is continuously endeavoring to increase its remittance network and to connect new destinations in places of concentration of expatriate Bangladeshis. In this regard the bank shall give due emphasis to Gulf Cooperation Countries (GCC) in the Middle East and Saudi Arabia The bank has also established a special arrangement with Bangladesh Post Office in order to increase its delivery channel and for the distribution of foreign remittance taking the advantage of their wide network spread across the country. The devoted and enthusiastic personnel of 111 branches of the bank have ensured a privileged service for its customers. Besides, a Centralized Remittance Processing Unit (CRPU) has been set up to improvise and monitor the remittance service. The centre is equipped with skilled and experienced work team along with modern and sophisticated software.

Off Shore Banking

Social Islami Bank Limited is operating off-shore Banking Units as a separate business unit under the rules and guidelines of Bangladesh Bank Defying the probability in the global financial market, SIBL OBU has scored a sizeable profit in the first year of its operation. We hope these units will play a vital role in the foreign trade business and facilitate the valued customers by maximizing their benefit. In the year 2015, the OBU has accumulated a Net Profit after Tax Taka 220.67 million against Taka 265.22 million in 2014.

Centralized Clearing Unit (CCU)

Bangladesh Automated Clearing House (BACH) started its LIVE Operation on the 7th October ' 2010 for Bangladesh Automated Cheques Processing System (BACPS) and 28th February, 2011 for Bangladesh Electronic Fund Tranfer Network (BEFTN) in order to make quick remittances in the whole Bangladesh. Since its inception SIBL participated in BACH successfully with the cooperation of Bangladesh Bank. For more efficient and smooth functioning of the activities of BACH, SIBL formed an independent unit in November 2011 under the control of Head Office named as Centralized Clearing Unit (CCU) where some dedicated, sincere and efficient officers are working with an organizational zeal.

At present, all the 111 branches of SIBL have participated in BACH by which the remote branches now collect their cheques within 1 day and can make payment to the customers very quickly. All branches of SIBL are remitting the funds of customers by originating credit entries to other banks through BEFTN and received inward credit entries from other banks which are crediting in the accounts of the customers in the same day by the CCU through Online. Constant efforts are continuing by the CCU, SIBL to boost all the financial transactions under BACH.

Related Party Transaction

Related party refers to the controlling entity (either directly or commonly) or controlling individual or close group/family member of such entity or individuals who have substantial influencing power in management of a particular organization. Whereas related party transactions refer to those transactions with the entity / person as stated by way of transfer of resources, services regardless of whether a price is charged. Disclosure on related party transactions with the Social Islami Bank Limited have been provided in the audited accounts part in note no 46 A. During the year under review, four numbers of Investment accounts were recorded under 'related party transaction' category of whose total outstanding as on 31.12.2015 was Taka 585.46 million copared to Taka 284.88 million in 2014. Out of 6 (six) transactions, 5 (five) were related to Director's concern of whose value was Taka 134.79 million and rest of the amount of Taka 260.00 million was related to SIBL subsidiary company called SIBL Securities Limited and of Taka 190.67 million was related to SIBL Foundation Hospital & Diagnostic Center.

Credit Rating

Emerging Credit Rating Limited (ECRL) has affirmed AA- (Pronounced as double A minus) long term credit rating and ECRL- 2 short term credit rating to the Social Islami Bank Limited based on audited financials of 2015 and other available information up to the date of rating declaration. The outlook on the rating is Stable. The ratings are consistent with ECRL's methodology for this type of company. ECRL considered financial performance, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating. The assigned rating reflects the strengths of the Bank which is backed by significant growth in earnings, deposits and investments, adequate capital coverage with high tier 1 capital, improved asset quality and well controlled liquidity position.

Credit Rating Summary

Date of Declaration	Valid till	Rating Action	Long Term Rating	Short Term Rating	Outlook
May 29, 2013	May 28, 2014	Initial	AA-	ECRL-2	Stable
April 22, 2014	April 21, 2015	Surveillance	AA-	ECRL-2	Stable
March 16, 2015	March 15, 2016	Surveillance	AA-	ECRL-2	Stable
March 16, 2016	March 15, 2017	Surveillance	AA-	ECRL-2	Stable

Foreign Exchange Business

Foreign Exchange Business stood at Tk. 149,192.40 million in 2015 against Tk. 139,910.00 million in 2014, which is sharp increase of 24.30%. The break-up of this foreign exchange business is as under

(Fig in million Taka)

Particulars	2007	2008	2009	2010	2011	2012	2013	2014	2015
Import	13,482.30	18,343.80	22,753.30	39,459.50	68,198.50	76,985.60	73,859.40	79,024.20	84,906.70
Export	9,961.60	12,674.30	14,433.20	21,372.20	34,975.00	42,712.20	51,775.30	53,044.90	54,121.20
Remittance	459.90	2,341.10	1,923.50	1,099.40	5,134.90	6,822.10	6,740.00	7,839.90	10,164.50
Total	23,903.80	33,363.20	39,110.00	61,931.00	108,308.30	126,519.90	132,374.70	139,910.00	149,192.40

International Trade Financing (Export & Import)

One of the core activities of the bank is to facilitate International Trade through export and import financing. Over the last few years, the foreign trade financing of the bank has gained a stable expansion. The bank has been achieving significant growth in both export and import financing despite/since global financial turmoil and worldwide economic slowdown since 2008. During the year, the foreign trade business of the bank has recorded a significant growth of 24.30%. Import business Increased by 7.44% percent of which real value was Taka 84906.70 million in 2015 from 79024.20 million in 2014. On the other hand export business grew to Taka 54121.20 million in 2014 which is 2.03% percent higher than the export of Taka 53044.90 million in 2014. The bank has 19 Authorized Dealer Branches well equipped with highly trained professionals to meet different requirements of import and export based clients. The bank was involved in financing import business in the field of capital machineries, industrial raw materials, food grains (rice, wheat, sugar, dal, garlic, onion, spices), oil (soya bean, palm, lubricant), motor vehicles, spare parts, garment accessories, sports items, perfumery items, chemicals, milk food etc. whereas the export was conspicuous in the field of ready made garments. The bank has been endeavoring to diversify its export financing in other fields like leather, agricultural products, dry fish, PET Flakes, spare parts of ships etc.

In order to facilitate trade finance, establishing of 'Central Trade processing Unit (CTPU)' was a timeliness decision and has changed the total process of foreign exchange business through speed up the service and business potential of SIBL. We have CTPU facilities based in Dhaka and Chittagong.

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 for continuous development of the organization. Superior human resources are an important source of competitive advantage. To attract talented human resources team

and to create brand image bank have formulating and executing HR systems—HR policies and activities—that produce the employee competencies and behaviors which the Bank needs to achieve. The Bank has been trying to ensure maximum output with minimum resources. So quality manpower with good academic background is being recruited in all levels of the Bank every year for rendering quality services to its customers.

SIBL has opened 11(eleven) new branches in the year 2015 and become the Bank of 111 Branches. For this reason a good time was spent on recruitment of experienced Bankers. Besides that, the recruitment process of Probationary & Trainee Officer for the Bank has been initiated. The total manpower strength of the Bank was 2130 as on 31.12.2015.

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 1270 employees last year. Eminent Bankers, scholars, and other resource persons were invited to deliver lectures. Besides, 431 nos/ 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 against 510 nos of employees in 2014. Subsequently, it is observed that the employees who were trained, render good performance. Besides that, during the year under review, Social Islam Bank Training Institute itself had conducted 4(four) foundation training courses for total 102 nos. of fresh Officers and 27 Training, workshops and Seminar on different contemporary issues related to banking industries where 839 nos. different Officers and executives had participated.

Training/Workshop of Staff conducted by Social Islami Bank Training Institute from 1st January, 2015 to 31st December, 2015

Sl No.	Title	Number	Total Participants
01	Training on "Islamic Banking Operation : Procedure in view of Shari'ah Perspective"	1	30
02	Training on "Foundation Course in Banking for Software development Engineer"	1	10
03	Training Course on "Documentation and Mortgage Procedures of Investments"	2	60
05	Training Course on "Operational procedure of Family Empowerment Islamic Micro Finance Program (FEIMP) in core banking solution."	2	33
06	Training on "Integrated Supervision System (ISS) Reporting"	2	62
08	Training on "Foundation Course in Banking for Assistant Officers (cash)"	1	30
09	Training on "CIB Online Operation (New System)"	1	70
10	Training on Branch Management & Business Development Course	2	60
12	Training on Agent Banking	1	21
13	Training on "Foundation Course in Banking for Probationary Officers"	2	62
	Total		**438**

Sl No.	Title	Number	Total Participants
1	Workshop on "Prevention of Money Laundering & Combating the Financing of Terrorism For Internal Auditors	1	30
2	Workshop on "Motor Vehicle Taxes & Fees online Banking System for BRTA"	1	24
3	Workshop on "Retail Investment Products "	3	103
6	Workshop on "Integrated Supervision System (ISS) reporting"	6	217
12	Workshop on " ICT Security and Risk Management"	1	27
	Total		438
	Grand Total		839

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.

Age range	Gender	2015	2014	2013	2012	2011
< 30 years	Male	413	384	393	328	246
	Female	104	95	97	71	51
30-50 years	Male	1275	1142	1043	992	860
	Female	251	218	196	173	152
> 50 years	Male	84	81	71	60	65
	Female	03	02	02	01	01
Total		2130	1922	1802	1625	1375

Employee Category	Gender	2015	2014	2013	2012	2011
Entry level	Male	965	915	901	951	727
	Female	214	189	177	166	122
Mid level	Male	695	581	506	359	361
	Female	138	121	114	77	80
Senior Management	Male	112	111	100	70	83
	Female	06	05	04	02	2
Total		2130	1922	1802	1625	1375

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-2015	Yr-2014	Yr-2013	Yr-2012	Yr-2011	Yr-2010	Yr-2009	Yr-2008
Total number of employee	2130	1922	1802	1625	1375	1252	950	750
Total number of Branches	111	100	94	86	76	64	52	28
Employee per branch (nos)	19	19	19	19	18	20	18	27
Deposit per employee (million Tk)	65.70	64.76	56.52	57.60	48.52	35.82	33.25	32.13
Investment per employee (million Tk)	61.36	56.11	47.65	46.78	39.21	29.30	27.98	26.60
Operating profit per employee (million Tk)	2.28	2.10	1.62	2.23	2.01	1.31	1.12	1.05
Salaries & Allowances per employee (million Tk)	1.03	0.87	0.83	0.67	0.66	0.51	0.43	0.44
Salaries & Allowances as percentage of Operating profit	45.61%	41.27%	51.47%	30.09%	32.66%	38.90%	37.39%	41.96%

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. As on 31.12.2015, 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 Employyes' Supperannuity Fund' has been maintaining solely for the purpose of welfare of the employees of the bank and alos approved by NBR. All these funds are governed and maintained by separate trustee board and funds are investing in very safe mode. Given below is the position of the employee's benefit funds:

Fig in million Taka

Particulars	2015	2014
Social Islami Bank Profit Dependent Employee's Provident Fund	819.17	646.88
Social Islami Bank Employee's Gratuity Fund	364.57	281.58
SIBL Employyes' Supperannuity Fund	74.19	60.59
Total	**1,257.93**	**989.05**

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 equipments and machines and well structured office building facilitate 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 equipments 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 emplyees of the bank. 40% discount rates have been allowed to all employees of SIBL including the family members in all type of tratement and diagnostics at SIBL Foundation Hospital & Diagnostic Center. Morover, SIBL has corporate agreement with United Hospital Limited to allow facilities to the employees of the bank.

Information and Communication Technology

The Bank is pioneer amongst the Islami Banks to introduce online banking facilities for its customers. Now a day, ICT plays an important role towards processing and management of bulk amount of data, facts and figures. Upon introduction of Islamic Banking Version of Integrated 'Ababil' software, SIBL has been providing IT oriented finest service to its valued clients. Ababil is a core and centralized banking software to provide the clients easy and readymade service as and when required. This software has enabled the bank to reach to our clients to their doorsteps by smooth and easy online banking service like E-Banking. Our customers are able to bank through internet and do their banking activities faster and efficiently. Our accountability to our clients are fair enough to build a relationship of trust.

Any Branch Banking

Online transaction facilitates 'Any Branch Banking' to all customers meaning, customer is able to deposit or withdraw money from any Branch of SIBL nationwide. Any Branch Banking is a facility for our customers to operate their accounts from any of our network branches.

Internet Banking

Internet banking is a success for Social Islami Bank Limited. Internet banking refers to banking operations carried out between banks and their clients through Internet. Internet banking helps in expediting banking operations, reducing the cost and ensuring that customer can utilize various banking services from their living room or even while traveling thousands of miles away from their home. The process of Internet banking begins with every customer being given a unique user name and password by the bank. The customer can log on to the bank's web site with the user name and password to access to his or her bank account sibl@ibank with a view to provide web-based Internet Banking services to its customer from anywhere anytime. Under this service, customers can check their A/c balance, print A/c statement, place cheque book request, inquire cheque status, transfer fund with allied accounts and also pay utility bills. SIBL has stepped forward in boundary less banking services, any where, any time in which specially valued expatriate Bangladeshi wage earners living and working in different countries can now check their accounts with SIBL and perform various transactions which shall ease their anxieties. SIBL is promising to become the best technology friendly bank in the country and shall use all modern banking channels to deliver most wonderful and satisfying services to its valued customers.

SMS Banking

SMS Banking is a mobile technology that allows customer to request and receive banking information from bank on customer mobile phone via Short Message Service (SMS). Individuals or corporate bodies can manage their Bank Accounts, check their account balances and last few transactions (Mini Statement) using their mobile phones. Customers can also have SMS alert/ notification for any financial transaction done on their account as well as activate their Debit / Credit Card through SMS. The Bank has recently signed Memorandum of Understanding (MOU) with Semicon Private Limited to provide SMS Banking services to its customers.

IP Phone

"Connecting People with a Single Click"
SIBL believes that modern communication devices are the best option to minimize the communication cost and allow the bank to build effective relationship with its clients and staffs. The bank has recently installed IP PHONE solution which simplifies voice & video communications at branches and at head office level for all. These solutions have minimized the communication cost in one hand and surprisingly enhanced the means of effective communication system of the bank on the other hand.

ATM Network

SIBL's customers have been enjoying 24/7 service through ATMs located around the country. The Bank has undertaken some programs to expand its ATM network through procurement of more proprietary ATMs and joining hands with the common platforms of ATM network.

Online Data Centre (DC) & Disaster recovery (DR)

SIBL has the largest Data centre running with secured AIX operating system. All data are stored in this data centre and branches get uploaded with this data center automatically from remote site. The bank has established a separate Disaster Recovery (DR) Center following the Bangladesh Bank guideline to protect the bank's information properties.

Data Security

A 24 hours dedicated surveillance team is working to ensure the data security of the bank. Maximum security layers are in place while transacting in Core banking System, Internet Banking (IB) transactions, SMS banking etc.

Managing Information Technology Risk

IT risk is the business risk associated with the use, ownership, operation, involvement, influence and adoption of IT within an enterprise. Risks surrounding Information Technology, such as network failure, lack of skills, hacking and viruses and poor system integration have the potential to have a negative impact on an organization. To retrieve data in any crucial moment, the bank has established a Disaster Recovery Center (DR Center) at Uttara, Dhaka as per Bangladesh Bank guidelines. SIBL has the largest Data centre in banking sector running with secured AIX operating system. All the data are stored in this data centre & branches are also uploaded the data automatically. Here another replica of live system, located in distant premises, with same capacity like Production system, is running 365 x 24 continuously without any pause. SIBL, always endeavors to improve the service quality all of its departments and branches to excel the optimum output by ensuring customer satisfaction.

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 OF SOCIAL ISLAMI BANK LIMITED

Social Islami Bank Limited (SIBL) has been successfully operating Small and Medium Enterprise (SME) Investment 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. Likely, SME is considered as one of the focus areas of operation in SIBL. SMEs clients are being entertained by all 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, MIS & Reporting Unit and Monitoring & Recovery Unit. In line with Bangladesh Bank's guidelines, Women Entrepreneur Development Unit (WEDU) has recently been started functioning to deal with the affairs

of women entrepreneurs. These Units have been performing with specific Terms of Reference (TOR). SME Division is also intending to start Islamic Refinance operations soon by forming another Unit titled, 'Islamic Refinance & Special Program Unit (IRSPU)'. Administration function (including Disbursement, Documentation, Compliance etc) is performed under separate Investment Administration Division at Head Office.

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 SME portfolio over the last several years. As of 31st December 2015, SME portfolio holds 22% share of the global investment portfolio of the Bank amounting to Tk. 2,9198.70 million against Taka 21,399.80 million in 2014 whereas the outstanding balance in the year 2009 was only 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.

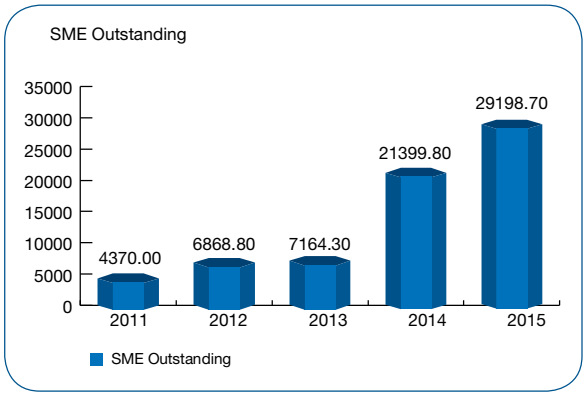
SME portfolio of the bank has been increasing significantly, which is shown in the following table and graph.

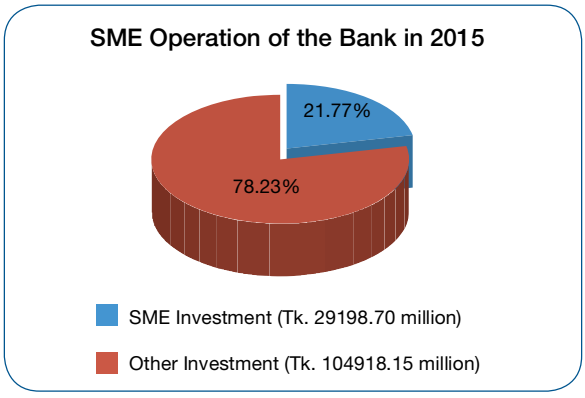
Particulars	SME Outstanding
31/12/2010	1703.50
31/12/2011	4370.00
31/12/2012	6868.80
31/12/2013	7164.30
31/12/2014	21399.80
31/12/2015	29198.70

SIBL has been able to create job opportunities among the significant Micro and SME borrowers. Many of them have been able to establish them as successful entrepreneurs. Graduate of Micro-Enterprise program and successful SME graduates have opportunity to get investment facilities from formal sector as Corporate clients. It will keep on continuing the efforts of diversification of SME portfolio focusing on clients' need while giving emphasize on green initiatives.

SIBL has been offering both Revolving & Term Investment facilities to the SME clients. Small Entrepreneurs, Agri. clients and Women Entrepreneurs are properly addressed by the diversified products designed for this purpose.

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





Non-Formal Sector

Family Empowerment Islamic Micro-finance Program (FEIMP)

Social Islami Bank Ltd. (SIBL) operates under the premise of a three-tier banking model (formal, non-formal, and voluntary) as enshrined in its Memorandum and Articles of Association. Since Inception in 1995, SIBL is working in Voluntary and Non-Formal sectors of the country in addition to Formal Banking for achieving the goal of participatory economy for a caring society. The three-tier banking model of SIBL is an innovation which brings a new dynamism in welfare banking targeting poverty alleviation of the poor and marginal people of the country with a motto of "Working Together for a Caring Society".

Formal Sector banking encompasses commercial banking activities as a scheduled bank, while Non-formal Sector banking aims at empowering the family by creating investment opportunities for the mass community through its micro-finance and micro-enterprise programs. Voluntary Sector banking deals with Cash Waqf Certificate Scheme, Waqf Properties Development Program, and CSR activities.

With a view to intensify the Bank's micro-finance activities, the Management of the Bank has restructured and launched the program in the name and title "Family Empowerment Islamic Micro-finance Program (FEIMP)" on 12th March 2015. The FEIMP is a group-based financing scheme for the poor segment of the society who are not able to provide collateral security. The maximum ceiling of investment in SIBL's Islamic micro-finance program ranges from Tk. 20,000 to Tk. 80,000 repayable on bi-weekly basis. Besides, group savings among the members are mobilized through this program.

The objective of FEIMP is to empower 'Family' as a whole, not merely man or woman, individually. SIBL has been offering investment opportunities at a lower rate of profit (presently @10% p.a., including 1% risk fund) under the program. This program attempts towards an 'Inclusive Growth' by increasing outreach in rural areas. It has been geared towards reaching a large number of the poor groups who have not been served earlier by other MFIs/NGOs. The program intends to include everyone below the poverty line assuming that the poorest would be provided by the same package of services as in the case of the moderately poor.

The major objectives of SIBL's Family Empowerment Islamic Micro-finance Program are as follows:

- To extend financing facilities for agricultural investment (farm activities like crop, fishery, and poultry) and off-farm income-generating activities (such as production of tools and handicrafts, running grocery shop, serving as technicians, etc.).
- To upgrade micro-finance graduates to micro-enterprise and small and medium enterprises where successful graduates may have the opportunity to receive investment facilities from formal sector as corporate clients.
- To increase permanent access to financing facilities to poor and marginal households for investing in income-generating activities.
- To encourage the poor population to save for accumulation of capital to invest in productive activities leading to self-sufficiency.
- To provide opportunities to poor people, particularly with disabilities and impairments to meet their specific needs.

Initially, the program started in 4 branches, namely Chandikona, Gobindogonj, Dupchanchia, and Shahjadpur. Later on, the operation was extended to 7 more branches in 2015. These are: (i) Homna Branch, (ii) Laksham Road Branch, (iii) College Road Branch, (iv) Kachua branch, (v) Angaria Bazar Branch, (vi) Koyrabazar Branch, and (vii) Syedpur Branch. In order to widen the outreach of the program, SIBL is going to start activities in another 10 branches soon. The Bank has a plan to start the program in all its branches gradually.

To implement Islamic micro-finance activities effectively and efficiently, a separate unit titled "Family Empowerment Islamic Micro-finance Unit" has been established at the Head Office of the Bank under Voluntary and Non-Formal Banking Division, equipped with adequate manpower having expertise in this field. At present, 22 Islamic Micro-finance Social Officers (IMSO), 2 in each branch, have been working in 11 branches under the supervision of the Branch Manager.

FEIMP is being considered as one of the focus areas of operation of the Bank. SIBL intends to bring this micro-finance operation into the mainstream activities of the Bank. The micro-finance activities of the Bank since its inception in March 2015 until the year-end are shown in the following table.

Particulars	Number / Amount
No. Family Clusters formed	72
No. of FC Members	839
Total Savings (BDT in million)	1.41
No. of Borrowers	506
Total Disbursement (BDT in million)	17.85
Average Investment Size (BDT in million)	0.04
Total Recovery (BDT in million)	5.16
Investment Outstanding (BDT in million)	14.53

Voluntary Sector (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. Meanwhile, the Cash Waqf Program has been replicated by some local banks including Islami Bank Bangladesh Limited, Jamuna Bank Limited, Shahjalal Islami Bank Limited & EXIM Islami Bank Limited. 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

- 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.
- The 32 purposes under 4 major fields like (1) Family Rehabilitation (2) Education & Culture (3) Health & Sanitation (4) Social Utility and (5) Others are considered as General Guidelines for distribution of profit of Cash waqf A/Cs. In the case, where only fields(s) for distribution of profit are mentioned without specifying the name of the beneficiary(s) whether individual(s) or institution(s), those Cash Waqf will be treated as General Cash Waqf and the profit of those A/Cs will be spent for welfare of mankind in the field of (1) Family Rehabilitation (2) Education & Culture (3) Health & Sanitation (4) Social Utility and (5) Others. On the other hand, 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 specified by him/her.
- Waqif has the opportunity to create cash waqf at a time. Otherwise he/she may declare the amount he/she intends to build up and may start with a minimum deposit of Tk. 1,000/= (one thousand) only (or equivalent foreign currency). The subsequent deposits shall also be made in hundred or in multiple of hundred Takas. However, General Cash Waqf A/Cs (where name of beneficiary whether Individual(s) or Institution(s) are not mentioned) may be opened by depositing a minimum sum of Tk. 1,000/= only. Specific Cash Waqf A/Cs (where name of beneficiary whether Individual(s) or Institution(s) are mentioned) by depositing a minimum sum of Tk. 5,000/= & 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.

Mentionable, we have recorded an amount of Tk.178.83 million as on 31st December, 2015 in Cash Waqf Fund which was Tk. 99.28 million in the previous year, registering a growth of 80.06% than the preceding year.

Voluntary Sector 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 and (4) Zakat Fund.

SIBL is a pioneer of Cash Waqf Program which

has meanwhile achieved both local & international accreditation for its unique welfare approach. Cash Waqf Program of the Bank paved the way of doing welfare of mankind in various sectors such as (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, madrashas, 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:

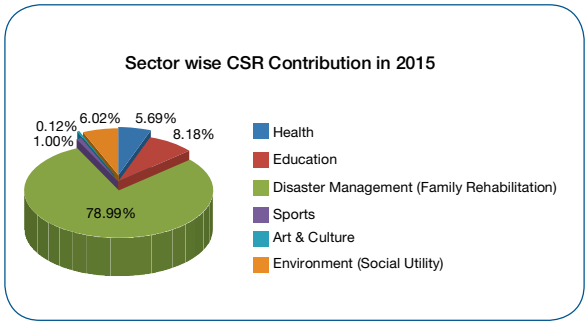
(i) Financial Inclusion: In the form of financing to Agriculture, SME, Women Entrepreneur, Renewable Energy, Solar Irrigation etc.

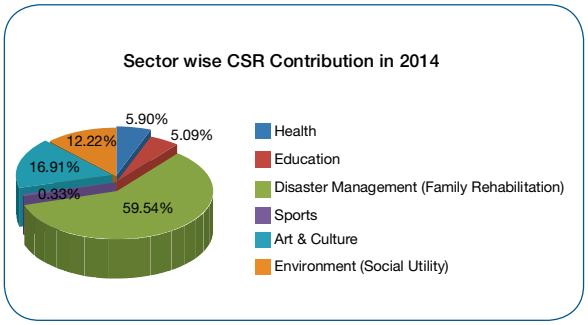
(ii) Donation to the individuals, covering : Education, Health, Disaster Management (Family Rehabilitation), Environment (Social Utility), Sports, Art & Culture, Others etc.

(iii) Donation to NGO's : For supporting such welfare activities

(Figure in Taka)

	Sectors	(Jan – Jun' 15)	(Jul – Dec'15)	Contribution in 2015	Contribution in 2014
CSR Activities of SIBL	Health	2,010,000	1,270,000	3,280,000	3,840,000
	Education	2,747,180	1,972,893	4,720,073	3,315,610
	Disaster Management (Family Rehabilitation)	11,448,824	34,111,000	45,559,824	38,748,052
	Sports	500,000	74,200	574,200	215,000
	Art & Culture	25,000	45,000	75,798	11,005,798
	Environment (Social Utility)	1,124,793	2,350,127	3,474,920	7,951,900
	Others	-	-	-	-
	Total	**17,855,797**	**39,823,220**	**57,679,017**	**65,076,360**





CSR Activities of the Bank During 2015 at a glance :

Sl. No.	Events	Particulars
1.	Donation Laptop	To accelerate government education policy to compulsory ICT education (specially for female student), the Bank donated Tk.50,000/- only favoring "Ummul Mumineen Ayesha (R) Mohila Aleem Madrasha", Silonea, Dagonbhuiyan, Feni for purchasing Laptop.
2.	Multi-media classroom	To accelerate government education policy to compulsory ICT education, the Bank donated Tk.72,713/- only favoring "Jirtoli Union High School, Jirtoli Bazar, Begumgonj, Noakhali for purchasing Laptop & Projector to make a Multi-Media Classroom.
3.	Construction of School Building	The Board of Directors of the Bank, approved an amount of Tk.3,50,000/- only favoring Khalshi Bazar High School, Pashapole, Chowgacha, Jessore to build their School Building & Radhanagar High School, Debiddar, Comilla to build a classroom.
4.	Contribute teacher's salary of Anjuman Protibondhi Shishu Kolyan School, Khulna	The Bank has donated Tk.1,80,000/- only favoring Anjuman Protibondhi Shishu Kolyan School, Khulna (a school of physically & mentally disabled children) for paying salary of 3 teachers @Tk.5,000/- each for 01 (one) year.
5.	Scholarship to meritorious student of Bank Employees	The Bank has paid scholarship to 24 brilliant result holders in SSC & HSC examination among the family members of SIBL employees for Tk.3,60,000/-.
6.	Donation of Books for a Library	The Bank has donated Tk.50,000/- only favoring Bir Shreshta Mostafa Kamal Library, Lalmohon, Bhola for purchasing Books for the Library.
7.	Donation for treatment to poor & distressed people	SIBL has donated financial assistance to the poor & distressed people for treatment. In the year 2015, we have donated Tk.23.25 lac favoring 47 (forty seven) poor and distressed around the country.
8.	Donated SIBL Foundation & Diagnosis Center, Dhaka	SIBL has donated Tk.1,00,000.00 favoring SIBL Foundation Hospital and Diagnosis Center for the purpose of treatment of the poor & distressed people.
9.	Donate for establishing Child Day Care Center at Motijheel	SIBL has donated Tk.14,00,000/- for establishing Child Day Care Center at Motijheel, Dhaka.
10.	Donate an Infant Incubator for the Child Unit of DMCH	The Board of Directors has approved donation of Tk.3.70 lac (excluding AIT & VAT) for buying an Infant Incubator for the Child Unit of Dhaka Medical College Hospital (DMCH).
11.	Donation of 45 emergency patient beds for Burn Unit of DMCH	The Board of Directors has approved donation of 45 emergency patient beds favoring National Institute of Burn and Plastic Unit of Dhaka Medical College Hospital (DMCH) costing Tk.4.50 lac.
12.	Donation of a Power Tiller to a poor & distress farmer in response to a news published in Daily Prothom Alo	Daily Prothom Alo published a photo news on 22.12.2014 at its front page captioned "Jibon Sangram". In the news, a veteran poor farmer namely Mr. Azizar Rahman of Gabtali Upzilla of Bogra District was seen cultivating land along with his 02 nephews Hamid and Abdullah using as plough without having bull/power tiller, being suffered from severe financial crisis. The Bank has donated a new Power Tiller at a cost of Tk.1,18,459/- only.
13.	Sponsor bags of ACM-ICPC Asia Regional Dhaka Site Event 2015 organized by BUBT	SIBL has sponsored bags of ACM-ICPC Asia Regional Dhaka Site Event organized by Bangladesh University of Business and Technology (BUBT) at a cost of Tk.2.50 lac only.
14.	Re-construction of a Reception Building of Kailakuri Health Care Project of Madhupur, Tangail	The Board of Directors accorded post-facto approval for Tk.1.00 lac only favoring Kailakuri Health Care Project situated at Madhupur, Tangail for re-construction of a Reception Building at Thanarbari Village Outpatient Center.
15.	Donate to Major (Rtd.) Md. Waliur Rahman BIR PROTIK	The Board of Directors of the Bank approved the Financial Assistance favoring Major (Rtd.) Md. Waliur Rahman BIR PROTIK for bearing medical expenses of his elder daughter namely Mrs. Sadia Binte Wali who has been suffering from Cancer.

Sl. No.	Events	Particulars
16.	Distributed Blankets during Winter 2015	SIBL has donated 45,000 pieces of Blanket for distribution among the poor and distressed in different places of the country during Winter' 2015 costing Tk.129.80 lac.
17.	Distributed Sharee & Lungi during Holy Ramadan 2015	SIBL has donated 45,000 Sharee & 22,000 Lungi for distribution among the poor and distressed in different places of the country during Holy Ramadan' 2015 costing Tk.271.21 lac.
18.	Donation to a family of martyred Army Officer killed in BDR carnage for financial support for the year 2015	SIBL has donated check for Tk.4.80 lac favoring Mrs. Shahapar Khan Shampa W/O: Major Mostofa Mahmood to a family of martyred Army Officer killed in BDR carnage for financial support for the year 2015 at the Prime Minister's Office.
19.	Donation to attend Los Angeles Special Olympic 2015	SIBL has donated Tk.5.00 lac favoring Los Angeles Special Olympic 2015 Team for their Air Ticket & Others. The team perform a very good result.
20.	Sponsoring Fantasy Premier League (FPL) [Online Competition]	SIBL has donated Tk.35,000/- as sponsorship for promoting youth football favoring Patwary & Associates to conduct Fantasy Premier League (FPL) [Online Competition] organized by Battle of the Champions & YFW Events.
21.	Sponsoring FIFA'15 Tournament (Season 2) [Online Competition]	SIBL has donated Tk.25,000/- as sponsorship for promoting youth football favoring Patwary & Associates to conduct FIFA 15 Tournament (Season 2) organized by Battle of the Champions & YFW Events.
22.	Donation to 69 Bir Mata of 1971	SIBL has donated Tk.1,04,000/- to 23 Bir Mata of 1971 located at Sirajgonj district & locality @ Tk.4,000/- each before the Holy Eid-ul-Fitr through our Sirajgonj Branch.
23.	Donation to DNCC for installation of Surveillance Camera in road side of Gulshan Area, Dhaka	SIBL has donated Tk.10,00,000/- to Mr. Annisul Huq, Hon'ble Mayor, Dhaka North City Corporation for installation of Surveilance Camera in road side of Gulshan Area, Dhaka for security purpose.

Ongoing CSR activities of the Bank

Sl. No.	Events	Particulars
1.	Banglar Pathshala (school for underprivileged children supported by SIBL)	SIBL is sponsoring the education program of Banglar Pathshala (school for underprivileged children). It is mentionable that 04 (four) schools of Banglar Pathshala situated at Mirpur, Mohammadpur, Karail & Doyagonj are being sponsored by SIBL involving total Tk.8.90 lac being paid on monthly and yearly basis.
2.	URECA (school for underprivileged children supported by SIBL)	SIBL is sponsoring the education program of URECA (school for underprivileged children). It is mentionable that 03 (three) schools of URECA situated at Uttara, Sector - 8 & 9 are being sponsored by SIBL involving total Tk.9.00 lac being paid on monthly and yearly basis.
3.	Stipend to poor & meritorious student	SIBL is sponsoring financial support to the poor & meritorious student. In the year 2015, we have donated Tk.14.44 lac favoring 57 (fifty seven) students of different college & university around the country.

A short list of our stakeholders:

- Muktijuddha Jadughar
- Bangabandu Memorial 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
- Dhaka University, Dhaka
- Khulna Shishu Hospital, Khulna
- Prothom Alo

SIBL intends to continue with its welfare activities as part of its Corporate Social Responsibility (CSR).

This Report also States

The financial statements prepared as on 31.12.2015 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 on31.12.2015 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 2015;
c) During the year 2015, an amount of Taka 2.98 million has been paid to the Directors of Social Islami Bank Limited as director's remuneration including Independent Director;
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.

Operating Result & Profit:

Total Operating Income of the Bank as on 31st December 2015 stood at Tk. 8249.90 million against Tk. 6710.88 million of the preceding year. The Bank made an operating profit of Tk. 4849.82 million in 2015 against Tk. 3964.27 million of 2014.

A summary of operating result of the Bank as on 31st December 2015 vis-à-vis the position as on 31st December 2014 is shown below:

(Taka in Million)

Particulars	2015	2014	Growth Rate
Income on Investment	15,288.87	13,943.26	9.65%
Profit paid to the Depositors	9,055.72	9,017.20	0.43%
Net Investment Income	6,233.16	4,936.06	26.28%
Commission, Exchange & Other Income	2,016.74	1,774.82	13.63%
Total Operating Income	8,249.90	6,710.88	22.59%
Operating Expenses	3,400.08	2,746.61	23.79%
Profit before Provision	4,849.82	3,964.27	22.34%
Provision against Investment & Others	1,370.65	656.76	108.70%
Profit before Tax	3,479.17	3,307.51	5.19%

Particulars	2015	2014
Net Investment Income Margin (NIIM)	4.05%	3.86%
Return on Assets (ROA)	2.08%	2.36%
Return on Equity (ROE)	16.00%	15.68%
Earning per Share	Tk. 2.95	Tk. 2.71

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. Besides that, Classified along with Block (rescheduled) Investment leads the bank in income blocking that resulted investment earnings in the year 2015 not up to the mark. 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. This purpose, management has undertaken some programs to protect the banks assets / investment from any future deflect.

(a) During the period under report, there was no extra ordinary gain or loss has recorded.

(b)The Board of Directors has recommended 15% cash dividend & 5% stock dividend for the year 2015 in its 364 th Board meeting held on 09.04.2016.

Corporate Governance

In recent times, corporate governance 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. 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 evaluates the activities of the Bank as per guidelines laid down in the BRPD Circular Number 12 dated December 23, 2002 of Bangladesh Bank. As per directives of Bangladesh Securities & Exchange Commission (BSEC) on 7th August 2012, to strengthen the corporate governance practice, one of the most important and interesting part of the corporate governance is inclusion of at least 1/5th Independent Director of the total number of Board of Directors in the listed companies who will be knowledgeable individual with integrity and is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. SIBL is always keen to comply with and focus highly the corporate governance issues and accordingly included 1/5'h number of Independent Directors of its total number of Board of Directors.

Compliance Status of Corporate Governance Guidelines issued by Bangladesh Securities & Exchange Commission (BSEC) under notification no: SEC/CMRRCD/2006 158/134/Admin/44 dated 7th August 2012 under condition no: 1.5 (xviii), (xx), (xxi a), (xxi b), (xxi c) & (xxi d):

Compliance of condition 1.5 (xviii): Key operating and financial data for the last five years are summarized in the preface of this report.

Compliance of condition 1.5 (xx): Board Meeting held during the year 2015 and attended by each Director.

Sl. No.	Name of Directors	Board Meetings in 2015		
		Held	Attended	Fees (BDT)
01.	Major Dr. Md. Rezaul Haque(Retd.), Chairman;	29	29	1,58000
02.	Mr. Md. Sayedur Rahman, Vice Chairman;	29	29	1,58000
03.	Mr. Abdul Jabbar Mollah, Vice Chairman;	29	29	1,58000
04.	Mr. Abdul Awal Patwary, Director;	29	29	1,58000
05.	Mr. Md. Anisu lHoque, Director; [Representative of Hamdard Laboratories (Waqf) Bangladesh]	29	28	1,50000
06.	Alhaj Sk. Mohammad Rabban Ali, Director;	29	25	1,38000
07.	Mr. Md. Abdur Razzaque, Director;	29	29	1,58000
08.	Mr. Md. Kamal Uddin, Director; [Representative of SifangSecurities(Pvt.) Ltd.]	29	28	1,53000

Sl. No.	Name of Directors	Board Meetings in 2015		
		Held	Attended	Fees (BDT)
09.	Mr. Mohammad Amin Uddin, Director Mr. Abul Bashar Bhuiyan (Alternate Director of Mr. Mohammad Amin Uddin)	29	29	1,58000
10.	Hakim Md. Yousuf Harun Bhuiyan, Director (Representative of Hamdard Foundation, Bangladesh) (Elected as Director on 30th March, 2015)	29	21	1,18000
11.	Mrs. Afia Begum, Director (Appointed as Director on 16.06.2015) Dr. Lily Amin (Alternate Director of Mrs. Afia Begum)	29	6	31,000
12.	Mr. Mohammad Nabi Ullah, Director (Representative of Chittagong Builders & Machinery Ltd.) (Appointed as Director on 27.10.2015)	29	4	24,000
13.	Mr. Md. Abdur Rahman, Independent Director;	29	29	1,58000
14.	Mr. Abdul Mohit, Independent Director;	29	26	1,40000
15.	Mr. Muinul Hasan, Independent Director; (Appointed as Director on 16.06.2015)	29	15	88,000
16.	Mr. Md. Shafiqur Rahman, Managing Director & CEO	29	29	N/A

Compliance of condition 1.5 (xxi): Pattern of shareholding

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

Statement in compliance with Condition 1.5(xxi)

b (i):Shareholding Position of Directors of SIBL with their Spouse and Minor Children as on 31.12.2015

SL	Name	Position & Relationship	Number of Share	Total Shareholding	Percentage of Shareholding
1	Major (Retd.) Dr. Md. Rezaul Haque Mrs. Dr. Lily Amin	Chairman Wife	14,067,491 290,799	14,358,290	2.04
2	Mr. Md. Sayedur Rahman	Vice Chairman	14,067,554	14,067,554	2.00
3	Mr. Abdul Jabbar Mollah	Vice Chairman	14,208,452	14,208,452	2.02
4	Mr. Abdul Awal Patwary Mrs. Fatema Begum	Director Wife	14,073,417 1,234,813	15,308,230	2.18
5	Mr. Md. Anisul Hoque Representative of Hamdard Laboratories (Waqf) BD.	Director	14,066,727	14,066,727	2.00
6	Alhaj Sk. Mohammad Rabban Ali Mrs. Shama Rabbani	Director Wife	14,101,998 8,705	14,110,703	2.01
7	Mr. Md. Abdur Razzaque	Director	578,338	578,338	0.08
8	Mr. M. Kamal Uddin Representative of Sifang Securities Ltd. Mr. M. Kamal Uddin (Own)	Director	14,100,000 14,066,704	28,166,704	4.01

SL	Name	Position & Relationship	Number of Share	Total Shareholding	Percentage of Shareholding
9	Mr. Mohammad Amin Uddin	Director	14,062,949	14,062,949	2.00
10	Hakim Md. Yousuf Harun Bhuiyan Representative of Hamdard Foundation Bangladesh	Director	14,100,000	14,100,000	2.01
11	Mrs. Afia Begum	Director	14,100,000	14,100,000	2.01
12	Mr. Mohammad Nabi Ullah Representative of Chittagong Builders & Machinery	Director	14,069,676	14,069,676	2.00
13	Mr. Md. Abdur Rahman	Independent Director	-	-	-
14	Mr. Abdul Mohit	Independent Director	-	-	-
15	Mr. Muinul Hasan	Independent Director	-	-	-

1.5 (xxi 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 Detailes)

Sl. No.	Name & Designation	Nos. of Share(s) held
01.	Mr. Md. Shafiqur Rahman Managing Director and CEO	NIL
02.	Mr. Md. Humayun Kabir, ACS Company Secretary	NIL
03.	Mr. Walid Mahmud Sobhani, FCMA Chief Financial Officer	NIL
04.	Mr. Zahurul Islam Khondker SVP & Head of Internal Audit	NIL

1.5 (xxi c) Shares held by top five salaried Executive of the Bank and their spouse and minor children

Sl. No.	Name & Designation	Nos. of Share(s) held
01.	Mr. Ihsanual Aziz Additional Managing Director	NIL
02.	Mr. A.M.M. Farhad Deputy Managing Director	NIL
03.	Mr. Yunus Ali Deputy Managing Director	NIL
04.	Mr. Md. Tarik Morshed Deputy Managing Director	NIL
05.	Mr. Md. Shafiqul Islam Senior Executive Vice President	NIL

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

Declaration by the Chief Executive Officer & Chief Financial Officer

In accordance with the notification of Bangladesh Securities and Exchange Commission (BSEC) no SEC/CMRRCD/2006-158/129/Admin/44 dated 7 August 2012, we declare that for the financial year ended 31st December 2015

i) We have reviewed the financial statements for the year and that to the best of our knowledge and belief

   a) These statements do not contain any materially untrue statement or do not omit any material factor contain statements that might be misleading;

   b) These financial statements together present a true and fair view of the bank's affairs and are in compliance with existing accounting standards and applicable laws;

ii) There are, to the best of our knowledge and belief, no transactions (carried out or recorded) into by the bank during the year are fraudulent, illegal or violation of the bank's code of conduct.

Walid Mahmud Sobhani, FCMA
Chief Financial Officer

Md. Shafiqur Rahman
Managing Director & CEO

S. Abdur Rashid FCS
BCom (Hons), MBS (Finance & Banking), MBA (Finance), PGDHRM, LLB, **AIPM**
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(Chartered Secretaries)
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E-mail : sarashidnasso@gmail.com

Certificate on Compliance of Corporate Governance Guidelines

[Issued under Condition # 7(i) of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Social Islami Bank Limited** ("the Company") for the year ended 31 December 2015. Such Compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.

S. Abdur Rashid FCS

Dhaka, 25 April 2016

Board of Directors

Social Islami Bank Limited does not have its own policy on appointment of Directors rather it follows the directions and guidelines of regulatory authorities like Bangladesh Bank, Bangladesh Securities & Exchange Commission's (BSEC) Notification, Bank Companies Act and Companies Act. All directors of the Board are non-executive directors and at least one-fifth is Independent Directors. There are three independent directors appointed by the Board one of them has been appointed as the Chairman of the Board Audit Committee 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. During the year under report, no casual vacancy was occurred. Total number of Directors of Social Islami Bank Limited is 15 (fifteen) including 3 (three) Independent Directors as on 31.12.2015 which is within the compliance limit of the provision of Bank Companies Act, 1991 (amended upto 2013) and all the Directors have their sufficient shareholdings i.e. minimum 2% of the total paid-up capital of the Bank as per Bangladesh Securities & Exchange Commission's (BSEC's) Notification Dated 22.11.2011 published in the Bangladesh Gazette on December 14, 2011. The Board members of SIBL are highly competent and professional in the arena of Banking, Business and Industry. The board approves and reviews different policies and business plans in line with six core risk management guidelines with the ultimate objective to achieve the goals whereas the administrative and execution powers lie with the management team of the bank which is headed by the Managing Director & CEO. Managing Director & CEO of the Bank is paid salaries and allowances as per approval of the Board of Directors of the Bank subject to approval of Bangladesh Bank as per Bangladesh Bank's BRPD Circular no 9 dated 19/09/1996. 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, Board Audit Committee Meeting and Risk Management Committee Meeting @ Taka 8,000/- per attendance.

During the year 2015, the total expenditure related to the Board meeting was Taka 6.83 million against Taka 6.40 million in 2014.

Board Meetings & Minutes

The Board meets 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 357 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

At least one third of the total number of Directors retire every year in the Annual General Meeting (AGM) in compliance with the provision of Companies Act, 1994 and Articles of Association of the Bank. However, retiring Directors are also eligible for re-election in the same AGM they retire. In the last Annual General Meeting (AGM) following 5(five) Directors were retired by rotation and they were also re-elected as per provision of the Articles of Association of the Bank except Alhaj Nasiruddin:

01.	Mr. Md. Sayedur Rahman	--	Director
02.	Alhaj Nasiruddin	--	Director
03.	Mr. Abdul Jabbar Mollah	--	Director
04.	Mr. Mohammad Amin Uddin	--	Director
05.	Mr. Md. Kamal Uddin	--	Director

As per Section 91(2) of the Companies Act, 1994 and as per provision of Articles of Association of the Bank the following 6(six) Directors will retire from office of the Director among which Mr. Mohammad Nabi Ullah and Mrs. Afia Begum will compulsorily retire from the office as per provision of Schedule 86 of Schedule-I of the Companies Act, 1994 as they were appointed as Additional Director. The other 4(four) Directors will retire from the office as they are holding the office for the longest period.

1. Mr. Mohammad Nabi Ullah, Director;
2. Mrs. Afia Begum, Director;
3. Major Dr. Md. Rezaul Haque (Retd.), Director;
4. Mr. Abdul Awal Patwary, Director;
5. Mr. Md. Anisul Hoque, Director;
6. Alhaj Sk. Mohammad Rabban Ali, Director;

As per provision of Article 84 of the Articles of Association of the Bank the retiring 6(six) Directors as mentioned above are eligible for re-election in the same meeting they retire.

Director's Responsibility Statements

The major responsibilities of the Directors of the board are-

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

Code of Conduct for the Board of Directors

Board of Directors of Social Islami Bank Limited has adopted the Code of Conducts for the all members of the Board 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 security. The appearance of conflict of interest as well as the conflict itself must be avoided.

Accepting Gifts

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

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

Reporting of Questionable or Fraudulent Actions
The Board Member shall report to the Board or to the Audit Committee about their awareness of any situation which might adversely affect the reputation of the company. This would include any questionable, fraudulent or illegal events or material actions in violation of company policy which comes to their attention.

Cooperation with Auditors

Every Board Member is expected to comply promptly with any request from internal and/or external auditors for assistance and to provide full disclosure of any situation under investigation.

Acceptance of this code

All members of the Board of Directors shall sign this Code of Conduct, including any new members who may assume office as from this date.

These signed copies shall be held by the Company Secretary.

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; and
- The Board shall have the authority to make amendment to this document at any time.
- The Company Secretary of the bank has submitted a declaration before the Board of Directors and affairmed that all the member of the Board of Directors have complied with the code of conducts as were determined by the Board.

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

Terms of Reference (TOR) of the Chairman

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

The Chairman as per the Articles of Association

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

Roles & Responsibilities of the Chairman

As per BRPD Circular No.11 dated 27.10.2013

1. As the Chairman of the Board of Directors (or Chairman of any Committee formed by the Board of Directors) does not personally possess the jurisdiction to apply policy making or executive authority, he shall not participate in or interfere into the administration or operational and routine affairs of the bank.

2. The Chairman may conduct on-site inspection of any branch or financing activities under the purview of the oversight responsibilities of the Board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the Board or the Executive Committee and if deemed necessary, with the approval of the Board, he shall take necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised by the Bangladesh Bank through the Board along with the statement of the CEO.
3. Chairman of the Board of Directors may be provided with a car, telephone, office and private secretary.

Roles & Responsibilities of the Chairman as per usual practices

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

A. While working with the Board, the Chairman shall

(i) ensure that the Board has full governance of the Company's business and affairs and that the Board is alert to its obligations to the Company, shareholders, Management and other stakeholders under the law;

(ii) set the agenda for discussion at Board Meetings and General Meetings and ensure that adequate time is available for discussion of agenda items;

(iii) set the frequency of the Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board;

(iv) chair all Board meetings and manage the business of the Board ensuring that the Board adopts a prompt and constructive approach to make decisions;

(v) provide strong leadership of the Board and assist it in reviewing and monitoring the aims, strategy, policy and directions of the Company;

(vi) 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;

(vii) 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;

(viii) ensure that Board and committee meetings are conducted in an efficient, effective and focused manner;

(ix) ensure that the corporate governance of the company is maintained in line with appropriate practice policies agreed by the Board;

(x) 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);

(xi) be the contact person for the expression of individual director concerns;

(xii) 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;

(xiii) 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

(xiv) be available to assist committee chairs in carrying out their responsibilities and in addressing their concerns.

B. While working with the Management, the Chairman shall

(i) act as the principal of the board and counselor for the MD/CEO, including helping to define problems, review strategy, maintain accountability, build relationships, and ensure the MD/CEO is aware of concerns of the Board, shareholders and other stakeholders;

(ii) keep under review with the Board the general

progress and long-term development of the company and ensuring that effective strategic planning for the company is undertaken by the MD/CEO and endorsed by the Board after discussion, consistent with creating shareholder value and promoting the long term success of the company for the benefit of its members as a whole;

(iii) ensure the submission to the Board by the MD/CEO of objectives, policies and strategies for the company, including the company business plan and the annual budget;

(iv) monitor progress towards timely and effective achievement and implementation of the objectives, policies and strategies set by the Board and ensure that appropriate decisions are taken promptly by or on behalf of the Board;

(v) lead the Board in

(a) formally appraising, monitoring and evaluating the performance of the MD/CEO and make appropriate recommendations to the Remuneration Committee;

(b) ensuring accountability of the MD/CEO;

(c) ensuring the implementation of the succession and development plans by the MD/CEO; and

(d) as appropriate, review with the MD/CEO his recommendations on performance and remuneration of senior executives;

(vi) work with the MD/CEO and Company Secretary to co-ordinate the agenda, information packages and related events for Board meetings.

(vi) ensure that there is appropriate delegation of authority from the Board to Executive Management;

(vii) 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

(i) chair all meetings of shareholders;

(ii) undertake public service as agreed with the MD/CEO in connection with the Company's charitable, educational and cultural activities;

(iii) participate with MD/CEO, as appropriate, in corporate relations, including relations with the shareholders, customers, government, other companies, the media and stakeholders generally; and

(i) 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 CEO are independent

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

Role, Responsibilities & Power of the Managing Director

Roles, responsibilities and powers conferred of the Managing Director of Social Islami Bank Limited has been conferred by the BRPD Circular No. 18 dated 27.10.2013. Apart from that, Managing Director or 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 ["MD"] means the Chief Executive Officer ["CEO"] of the company appointed by the Board and approved by Bangladesh Bank;
- The MD/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 MD/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.

Independent Director

Pursuant to Condition # 1.2 (i) of the Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) vide its Notification No. SEC/CMRRCD/2006158/134/Admin/44 dated 07 August 2012, Social Islami Bank Limited appointed 1/5 Independent Directors to the Board of Directors of the Bank. There are 3 (three) Independent Directors are namely: Mr. Abdur Rahman who was appointed on March 12, 2013 and further re-appointed on 06.03.2016, Mr. Abdul Mohit was appointed on June 20, 2013 and Mr. Muinul Hasan was also appointed on June 16, 2015. As per compliance of condition 3.2 (i) of the said Notification Mr. Abdur Rahman discharging his responsibilities as the Chairman of the Audit Committee of the Bank. He 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 5 (ii) 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 guidelines, 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.

Executive Committee

This is the subordinate committee to the Board. Members of the Executive Committee are elected by the Board of Directors of the Bank. As per Bangladesh Bank BRPD Circular No. 06 dated February 04, 2010, every bank shall form an Executive Committee. Duties and responsibilities of the Executive Committee are determined by the Board of Directors. The Executive Committee lies with the duties and responsibilities to ensure an efficient, competent, complied and secured structural approving system of Investment proposal and business decision. The number of members of Executive Committee of Social Islami Bank Limited is 7 (seven) during the year under review, total 14 (fourteen) number of Executive Committee meetings were held.

Audit Committee

In order to establish good corporate governance and a culture of adequate internal control system inside the bank and to evaluate the activities of the bank as per guidelines of Bangladesh Bank, the Audit Committee of the Board was duly constituted by the Board of Directors of Social Islami Bank Limited as per BRPD Circular Number 12 dated December 23, 2002. As per BSEC notification no. SEC/ CMRRC/ 2006-158/ 129/ Admin/ 44 dated 7th August 2012 on Corporate Governance; the current Audit Committee is consisted of 5 members. The Audit Committee is constituted with 2 Directors and 3 Independent Directors. All members of the Audit Committee are non-executive directors and are literate. The head of internal audit always has direct access to the audit committee as well, and can express his issues in front of the committee. The Audit Committee has a term of reference and is empowered to investigate/question employees and retain external counsel as required. During the year 2015, total 12 nos. of meetings were held. Audit Committee plays the following role in the bank

- Oversee the financial reporting process.
- Monitor choice of accounting policies and principles.
- Monitor internal control risk management process.
- Oversee hiring and performance of external auditors.
- Review along with the management, the annual financial statements before submission to the board for approval.
- Review along with the management, the quarterly financial statements before submission to the board for approval.
- Review the adequacy of internal audit function.
- Review statement of significant related party transactions submitted by the management.
- Review Management Letters / Letter of Internal control weakness issued by the statutory auditors.

Risk Management Committee

As per revised Bangladesh Bank guidelines 2012 dated 15th February 2012 (DOS Circular No 02) and subsequent BRPD Circular No 11 dated 27/10/2013 under paragraph 5(3), Social Islami Bank Limited has formed a Board Committee under the name and style "Risk Management Committee" by adopting a resolution in 299th Board of Directors Meeting held on 16th November 2013. At present the Risk Management Committee is comprising the following 5 (five) Board members:

Mr. Abdul Awal Patwary	:	Chairman
Mr. Mohammad Nabi Ullah	:	Co-Chairman
Major (Retd) Dr. Md. Rezaul Haque	:	Member
Ajhaj S.K. Mohammad Rabban Ali	:	Member
Mr. Md. Anisul Hoque	:	Member

In view of the revised Risk Management Guidelines 2012 and BRPD Circular no 11, functions of the Risk Management Committee shall comprise an effort to ensure proper risk management in bank. A brief on the function of the members of the Risk Management Committee may be given as under

- to acquire clear understanding of the type of risk inherent in Business line and to take appropriate steps to ensure different risk management issue of the bank.
- to define the risk appetite. (Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events and outcomes. It should be stated in terms the potential impact on profitability, capital and liquidity)
- to design the organization structure to manage risk within the bank.
- reviewing and approving risk management policies and re-viewing at least annually to limit the risks, consistent with the bank's risk appetite.
- to ensure adequate record keeping and proper

reporting system.

- to review and approve risk limits and re-reviewing at least annually.
- to ensure monitoring and compliance with overall risk management policies.
- to be knowledgeable about the methods available to measure risks for various activities.
- Supervising day to day activities of senior managers and head of business line.
- establishing committee and sub-committee to be in charge of ongoing risk management.
- to carefully evaluate all the risks associated with new activities and ensure that proper infrastructure and internal control are in place.
- to provide adequate staffing for activity and designated staff with appropriate credentials to supervise the activity.
- to ensure that all Senior Management including line managers have sufficient knowledge on risk management.

Shariah Supervisory Committee

SIBL is a fully shariah based bank and always adhere to compliance of Shariah principles. The bank has a Shariah Supervisory Committee consisting of prominent Islamic Scholars, Economists and lawyers to advise the Management on Shariah matters relating to business operation. Branches are being regularly audited by the Shariah Inspection Teams; and necessary guidance with required rules and procedures based on shariah principles are being adopted as per Bangladesh Bank guidelines and advice of the Bank's Shariah Supervisory Committee.

As per Article 104 of the Articles of Association of the Bank the board of Directors of the Bank has determined the terms and references as under

Powers and Functions

a) The function of the Shari'ah Supervisory Committee is to offer views on matters related to the Bank from time to time. The Shari'ah Supervisory Committee may require any papers from the Bank and examine the same in order to ensure that all activities of the Bank are being carried out in accordance with the Islamic principles.

b) The SSC will assist the Board of Directors (BOD) by way of advice on matters relating to Shari'ah. Their recommendations on Shari'ah principles must be respected by the BOD as it is committed to run the Bank strictly in accordance with Shari'ah.

c) The opinions of the majority of the members shall be taken to be the opinion of the SSC provided that the said opinion is supported by the majority of Fakihs/Muftis/Islamic Scholars present in the meeting.

d) The SSC shall have a Secretariat. There will be a Member-Secretary, who will see whether the functions of the Bank are being carried out in accordance with the principles of Islamic Shari'ah. The Member-Secretary shall remain responsible to the Shari'ah Supervisory Committee.

e) Salaried Officer(s) designated as "Mudaqqiq" also called "Muraquib" with sufficient knowledge about all schools of Islamic thoughts may be appointed by the Bank on the recommendation of the SSC to ensure compliance of the Shari'ah principles in each and every case of the Bank and will be responsible to the SSC. He (they) would be employee(s) of the Bank.

f) The status of the SSC shall be advisory to the BOD and Supervisory in respect of operational activities of the Bank.

g) The Annual report of the bank should be certified by the Shari'ah SSC

Remuneration Committee

Employees' remuneration along with fringe benefit is reviewed by the Board of Directors of the bank based on inflation, market trend, employee satisfaction etc. Salaries and allowances of Social Islami Bank Limited are very competitive in comparison with other banks operating in the market. There is no provision or instruction for formation of Remuneration Committee as per Bangladesh Bank, however, Board of Directors of the bank time to time reviews and enhances the remuneration packages of the employees.

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 MD/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

Duties and Responsibilities 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.

Duties and Responsibilities 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.

Duties and Responsibilities 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.

Duties and Responsibilities: 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.

Duties and Responsibilities: 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.

Duties and Responsibilities: 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.

Duties and Responsibilities: 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.

Duties and Responsibilities: 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 fulfillment 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.

Duties and Responsibilities 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 modeling/utilization;

- 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

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

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

Terms of Reference (TOR) for the Head of Internal Audit (HOIA)

1. Appointment, Reporting Relationships and Accountability

The HOIA is an employee of the Bank who-

Reports administratively to the Chief Executive Officer (CEO) and operationally to the Chairman of the Audit Committee;

Is also accountable to the Audit Committee;

Is responsible primarily for giving assurance on the internal control arrangements in the Company and playing a key role in promoting good corporate governance;

Must have a broad understanding of the organization and its operations to effectively carry out his/her responsibilities.

2. Roles, Duties and Responsibilities

Roles, Duties and Responsibilities of the HOIA shall include-

(i) Audit Planning/Design

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

(ii) Conducting Audits

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

(iii) Reporting

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

(iv) People Management & Development

- To manage and oversee team performance through performance planning, coaching and performance appraisals;
- To hold direct reports accountable for managing and developing their assignments to ensure the department's goals are achieved;
- To provide ongoing feedback to the team to ensure they develop the skills and competencies required for effective planning and individual professional and personal career growth;

- To motivate and inspire the team by providing them with the information and tools they need to do their jobs well and meet customer expectations;
- To deal with performance issues, discipline as necessary and address poor standards, ensuring department targets and customer satisfaction is not compromised;
- To manage the head count, recruiting and deploying resources as required, to ensure the department budget is balanced and the right mix of skills and strengths are being leveraged as effectively as possible.

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

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

(vi) General

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

Appointment of Auditors

M/S Kazi Zahir Khan & Co., Chartered Accountants, Dhaka was appointed as External Auditors of Social Islami Bank Limited by the Shareholders in its 20th Annual General Meeting at a fees of Taka 4,00,000/-. for the year 2015 as per Companies Act 1994. M/S Kazi Zahir Khan & Co., Chartered Accountants, Dhaka will retire in the 21st Annual General Meeting of the Bank and are not eligible for re-appointment for the year 2016.

Publication

The full text of the Annual Report 2015 is available in the company's website www.sibl-bd.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, Securities & Exchange Commission (SEC), Stock Exchanges, 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

Major Dr. Md. Rezaul Haque (Retd)

Chairman