

SOCIAL ISLAMI BANK LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)
AS AT 30 SEPTEMBER 2014

	30.09.2014	31.12.2013
	<u>Taka</u>	<u>Taka</u>
PROPERTY AND ASSETS		
Cash		
Cash in hand (Including Foreign Currencies)	1,260,499,779	1,267,213,967
Balance with Bangladesh Bank & Sonali Bank as agent bank (Including Foreign Currencies)	8,682,754,286	7,627,790,250
	9,943,254,065	8,895,004,217
Balance with other Banks and Financial Institutions		
Inside Bangladesh	1,615,314,469	1,899,243,196
Outside Bangladesh	757,795,910	1,178,527,956
	2,373,110,378	3,077,771,152
Placement with other Banks & Financial Institutions		
	9,984,249,214	9,064,879,564
Investments in Shares & Securities		
Government	4,866,000,000	5,500,000,000
Others	1,553,812,634	1,558,185,070
	6,419,812,634	7,058,185,070
Investments		
General Investment etc.	90,323,932,064	76,348,581,962
Bills Purchased and Discounted	10,101,506,215	9,523,749,964
	100,425,438,279	85,872,331,926
Fixed Assets Including Premises		
	2,708,475,153	2,662,660,343
Other Assets		
	14,334,818,024	9,770,561,641
Non Banking Assets		
	-	-
Total Assets	146,189,157,748	126,401,393,912
LIABILITIES AND CAPITAL		
Liabilities		
Placement from other Banks & Financial Institutions		
	5,450,000,000	4,700,000,000
Deposits and Other Accounts		
Al-Wadeeah Current & Other Deposit Accounts	15,542,420,130	11,936,321,181
Mudaraba Savings Deposits	9,959,237,927	6,468,729,754
Mudaraba Term Deposits	69,052,308,852	62,746,867,195
Other Mudaraba Deposits	22,578,241,541	19,288,768,828
Bills Payable	1,662,111,027	1,316,909,958
Cash Waqf	89,609,021	84,577,685
	118,883,928,498	101,842,174,601
Other Liabilities		
	10,875,413,784	8,765,394,391
Deffered Tax Liabilities/ (Assets)		
	3,155,294	1,577,248
Total Liabilities	135,212,497,577	115,309,146,240
Capital/Shareholders' Equity		
Paid-up Capital	7,031,415,640	7,031,415,640
Statutory Reserve	2,483,974,340	2,122,994,344
General Reserve for margin investment	12,714,842	6,666,534
Revaluation Reserve	1,082,485,102	1,082,485,102
Retained Earnings	366,068,631	848,684,454
Shareholders' Equity for Parent Company SIBL	10,976,658,555	11,092,246,074
Non Controlling Interest		
	1,616	1,597
Shareholders' Equity for SIBL and its Subsidiaries	10,976,660,171	11,092,247,671
Total Liabilities & Shareholders' Equity	146,189,157,748	126,401,393,912

Walid Mahmud Sobhani
Chief Financial Officer

Md. Shafiqur Rahman
Managing Director

OFF- BALANCE SHEET ITEMS (UN -AUDITED)

	30.09.2014	31.12.2013
	<u>Taka</u>	<u>Taka</u>
CONTINGENT LIABILITIES		
Acceptances and Endorsements	15,666,212,497	14,986,882,397
Irrevocable Letters of Credit (including Back to Back Bills)	9,972,665,712	9,854,239,886
Letters of Guarantee	5,199,429,138	3,246,076,013
Bills for Collection	4,724,945,536	2,383,031,491
Other Contingent Liabilities	-	-
Total	<u>35,563,252,884</u>	<u>30,470,229,787</u>
OTHER COMMITMENTS		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
Total	-	-
TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES	<u>35,563,252,884</u>	<u>30,470,229,787</u>

Walid Mahmud Sobhani
Chief Financial Officer

Md. Shafiqur Rahman
Managing Director

SOCIAL ISLAMI BANK LIMITED
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	Jan-Sept.'14	Jan-Sept.'13	July- Sept.'14	July- Sept.'13
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Investment Income	10,148,016,729	10,023,587,264	3,522,794,514	3,349,197,895
Less: Profit paid on Deposits	7,008,142,609	7,246,423,715	2,353,211,406	2,333,222,951
Net Investment Income	3,139,874,119	2,777,163,548	1,169,583,107	1,015,974,943
Income from Investment in Shares/securities	226,314,702	212,388,321	79,568,261	52,450,773
Commission, Exchange and Brokerage	999,960,930	773,055,943	330,514,604	286,251,126
Other Operating Income	176,269,842	142,649,163	53,204,060	29,425,641
	1,402,545,474	1,128,093,427	463,286,925	368,127,540
Total Operating Income	4,542,419,593	3,905,256,975	1,632,870,032	1,384,102,483
Salaries and Allowances	1,194,229,457	1,072,721,372	476,201,509	440,406,693
Rent, Taxes, Insurances, Electricity etc.	168,458,476	153,563,076	52,694,457	46,924,933
Legal Expenses	6,605,271	4,886,280	2,397,587	1,459,979
Postage, Stamps, Telecommunication etc.	23,294,562	24,855,614	7,441,257	8,463,832
Stationery, Printings, Advertisements etc.	64,527,801	74,735,244	23,696,318	22,600,203
Chief Executive's Salary & Fees	6,290,000	6,455,485	3,230,000	2,150,000
Directors' Fees & Expenses	4,817,834	3,430,840	1,577,404	1,936,309
Shariah Supervisory Committee's Fees & Expenses	192,167	254,362	-	98,142
Auditors Fees	28,750	57,500	-	(253,000)
Depreciation & Repairs of Bank's Assets	122,485,329	124,431,822	16,200,584	37,456,675
Other Expenses	387,750,336	481,073,679	92,096,111	196,822,189
Total Operating Expenses	1,978,679,984	1,946,465,274	675,535,228	758,065,955
Profit before Provision & Income Tax	2,563,739,610	1,958,791,701	957,334,805	626,036,528
Specific Provisions for Classified Investment	385,292,092	660,424,149	315,667,192	207,020,183
General Provisions for Unclassified Investment	284,004,044	71,338,251	222,343,156	73,205,780
General Provisions for Off-Balance Sheet exposure	53,611,676	77,988,030	(35,488,385)	(21,408,415)
General Provisions for Margin Investment	6,048,308	488,866	1,548,433	76,535
General Provisions for other Assets	-	414,000	-	-
Total Provision	728,956,120	810,653,296	504,070,396	258,894,083
Profit before Taxation	1,834,783,490	1,148,138,405	453,264,409	367,142,445
Current Tax Expenses	1,112,649,422	809,916,887	348,011,014	269,881,986
Provision for Income Tax	1,112,649,422	809,916,887	348,011,014	269,881,986
Net Profit after Taxation	722,134,067	338,221,518	105,253,394	97,260,459
Appropriations				
Statutory Reserve	360,979,997	224,612,661	87,987,216	70,836,561
Minority Interest	17	20	4	11
Retained Earnings	361,154,054	113,608,837	17,266,175	26,423,887
	722,134,067	338,221,518	105,253,394	97,260,459

Earning Per Share (EPS)	1.03	0.48	0.15	0.14
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Walid Mahmud Sobhani
Chief Financial Officer

Md. Shafiqur Rahman
Managing Director

SOCIAL ISLAMI BANK LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

	30.09.2014	30.09.2013
	<u>Taka</u>	<u>Taka</u>
Cash Flow from Operating Activities		
Investment Income receipt in cash	10,148,016,729	10,023,587,264
Profit Paid on Deposits	(7,008,142,609)	(7,246,423,715)
Dividend Receipts	226,314,702	212,388,321
Fees & Commission receipt in cash	451,803,715	434,807,948
Cash Payments to Employees	(1,200,519,457)	(1,079,176,857)
Cash Payments to Suppliers	(87,822,363)	(99,590,858)
Income Tax Paid	(547,580,610)	(1,175,942,051)
Receipts from other Operating activities	724,427,057	480,897,158
Payments for other Operating activities	(589,407,808)	(561,971,120)
Operating Profit before changes in Operating Assets	2,117,089,355	988,576,089
Changes in Operating Assets and Liabilities		
Statutory Deposits	-	-
Net Trading Securities	638,372,436	(681,458,872)
Investments to other Banks	-	-
Investment to Customers	(14,553,106,353)	(8,587,463,012)
Other Assets	(4,016,675,773)	(1,468,215,023)
Deposits from other Banks	4,093,492,673	(5,244,019,186)
Deposits received from Customers	12,948,261,222	13,268,104,072
Other liabilities on account of customers	-	-
Trading Liabilities	-	-
Other Liabilities	276,040,207	363,050,848
Sub Total	(613,615,588)	(2,350,001,173)
A Net Cash flow from Operating Activities	1,503,473,767	(1,361,425,084)
Cash flows from Investing Activities		
Proceeds from sale of Securities	-	-
Payment for purchases of securities	-	-
Proceeds from Sale of fixed assets	-	-
Purchases of Property, Plant & Equipments	(146,745,166)	(228,336,031)
Purchase/Sale of subsidiaries	-	-
B Net Cash flow from Investing Activities	(146,745,166)	(228,336,031)
Cash flows from Financing Activities		
Receipts from issue of Debt Instruments	750,000,000	900,000,000
Payments for redemption of Debt Instruments	-	-
Receipts from issue of Right shares	-	-
Increase in Revaluation Reserve	-	-
Dividend Paid in cash	(843,769,877)	(318,744,971)
C Net Cash flow from Financing Activities	(93,769,877)	581,255,029
D Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	1,262,958,724	(1,008,506,086)
Effect of Exchange rate changes of cash & cash equivalents	-	-
E Cash and cash equivalents at the beginning of the year	21,037,654,933	23,717,711,242
F Cash and cash equivalents at the end of the year (D+E)	22,300,613,657	22,709,205,156

Net Operating Cash Flow per Share (NOCFPS)

2.14

(1.94)

Walid Mahmud Sobhani
Chief Financial Officer

Md. Shafiqur Rahman
Managing Director

SOCIAL ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Particulars	Paid-up capital	Share Money Deposit	Statutory Reserve	General / Other Reserves	Asset Revaluation Reserve	Retained Earnings	Minority Interest	Total
1	2	3	4	5	6	7		8=(2 to 7)
Balance as at 01 January 2014	7,031,415,640	-	2,122,994,344	6,666,534	1,082,485,102	848,684,454	1,597	11,092,247,671
Changes in Accounting Policy	-	-	-	-	-	-		-
Resatated Balance	-	-	-	-	-	-		-
Surplus / (deficit) on account of Revaluation of Properties	-	-	-	-	-	-		-
Surplus / (deficit) on account of Revaluation of Investment	-	-	-	-	-	-		-
Currency translation Difference	-	-	-	-	-	-		-
Net Gain and losses not recognized in the Income Statement	-	-	-	-	-	-		-
Net Profit for the period	-	-	-	-	-	722,134,051		722,134,051
Transfer	-	-	360,979,997	6,048,308		(360,979,996)		6,048,308
Dividend	-	-	-	-	-	(843,769,877)		(843,769,877)
Issue of Share Capital	-	-	-	-	-	-	-	-
Shareholders' Equity as on 30 September 2014	7,031,415,640	-	2,483,974,341	12,714,842	1,082,485,102	366,068,632	1,597	10,976,660,154
Non-controlling interest							17	17
Shareholders' Equity of the group as on 30 September 2014	7,031,415,640	-	2,483,974,341	12,714,842	1,082,485,102	366,068,632	1,614	10,976,660,171
Add: General Provision for unclassified Investment								1,418,947,607
Less: 50% of Assets Revaluation Reserve						541,242,551		541,242,551
Total regulatory capital as on 30 September 2014								11,854,365,210
Total Equity as on 30 September 2013	7,031,415,640	-	1,942,675,116	1,231,298	1,096,402,451	101,173,511	1,590	10,172,899,606

Walid Mahmud Sobhani
Chief Financial Officer

Md. Shafiqur Rahman
Managing Director

SOCIAL ISLAMI BANK LIMITED
SELECTED NOTES TO THE FINANCIAL STATEMENTS
AS AT AND FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

1 The Bank and its activities

1.1 Status of the Bank

The Bank was incorporated as a Public Limited Company in Bangladesh in the year 1995 under Companies Act, 1994. The Bank is one of the interest-free Shariah based banks in the country and its modus- operandi are substantially different from other conventional Banks. The Bank within the stipulations laid down by Bank Companies Act, 1991 and directives as received from time to time from Bangladesh Bank, provides all types of commercial Banking services. Besides as a matter of policy the Bank conducts its business on the principles of Mudaraba, Musharaka, Murabaha, Bai-Muazzal & Hire Purchase transaction approved by Bangladesh Bank. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded company. The Bank carries its Banking activities through Ninety four (94) branches operating as per Islamic Shariah prevailing in the country.

The Registered Office of the bank was located at 15, Dilkusha C/A, Dhaka-1000. But from November 2011 SIBL has shifted its Corporate and Registered head office to a new location situated at 'City Center', 90/1 Motijheel Commercial

1.2 Enlistment with the Stock Exchanges

The bank subscribed for IPO (Initial Public Offer) in the year 2000 and initially listed with Dhaka Stock Exchange (DSE) Ltd. and later on in the year 2005 with Chittagong Stock Exchange (CSE) Ltd.

Subsidiaries of SIBL:

1.3 SIBL Securities Limited

SIBL Securities Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public Limited Company under the Companies Act, 1994 vide certification of incorporation no. C - 85876/10 dated 20 July 2010 and obtained its certificate of commencement of business on the same day. The company has already got its license for trading with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The company started its commercial operation in the month of January 2012.

The principal place of business is the Registered Office at 3rd floor, 15 Dilkusha C/A, Dhaka-1000.

The principal objectives of the company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the company.

1.4 SIBL Investment Limited

SIBL Investment Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public Limited Company under the Companies Act, 1994 vide certification of incorporation no. C - 86726/10 dated 30 August 2010 and obtained its certificate of commencement of business on the same day.

The principal objectives of the company for which it was established are to carry on the business of stock brokers, dealers in relation to shares and securities dealings, to underwrite, manage and distribute the issue of stocks etc. and other services as mentioned in the Memorandum and Articles of Association of the company.

Name of the Company	Paid up Capital (Taka)	Percentage of Share Holding	
		SIBL	Others
1 SIBL Securities Limited	1,230,000,000	99.9999187%	0.0000813%
2 SIBL Investment Limited	250,000,000	99.9997600%	0.0002400%
Total Capital		1,480,000,000	

1.5 Off-Shore Banking Unit (OBU)

Bangladesh bank approved operation of Off-Shore Banking Unit (OBU) of Social Islami Bank Limited located at Banani Branch, through their letter no. BRPD(P-3)744(119)/2010-4652, Dated: 11.11.2010. The bank has commenced the operation of its Off-Shore Banking Unit (OBU) from 02.05.2012.

2 Basis of Presentation of Financial Statements and Significant Accounting Policies

2.1 Investment in Shares and Securities

The Bank investment in different securities has been valued on 30.09.2014 as under:

Quoted Bond & Shares	At cost or Market Value whichever is lower
Unquoted Shares	At cost
Bangladesh Govt. Islamic Bond	At cost
CDBL Share & Preference Share	At cost

All investment in securities are initially recognized at cost, including acquisition charges associated with the investment. Premiums are amortised and discounts are accreted.

As per BRPD circular no. 15 (09 November 2009), investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment. As such the company measures and recognizes investment in quoted and unquoted shares at cost if the year-end market value (for quoted shares) and book value (for unquoted shares) are higher than the cost. However as per requirements of **Bangladesh Accounting Standard (BAS)- 39**, investment in shares falls either under “**at fair value through profit and loss account**” or under “available for sale” where any change in the fair value at the year-end is taken to profit and loss account or revaluation reserve respectively. SIBL recognises its 'Investment in Shares and Securities' as per BAS-39 and accounted for the required profit/(loss) after adjustment of the value of shares and securities through profit and loss account.

2.2 Revaluation gains/losses on Government securities

SIBL is a bank running on Islamic Shariah principle. Hence, we do not participate in buying interest bearing Government securities.

2.3 Recognition of profit suspense

Profit / Rent / Compensation Suspense account and Doubtful Income

Profit / Rent / compensation accrued on classified investments are suspended and accounted for as per BRPD Circular no: 15 (09 November 2009) issued by the Bangladesh Bank. Moreover, incomes that are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank.

Income on unclassified overdue investment of Murabaha and Bai-Muazzal is charged under compensation account instead of showing as income of the Bank.

Interest received from NOSTRO accounts are not credited to the income as per Islamic Shariah.

2.4 Financial instruments-presentation and disclosure

Financial instruments-presentation and disclosures are made in several cases as per guidelines and instructions of Bangladesh Bank in particular and respective cases. Requirements of BAS-32 and BFRS-7 can not be followed due to the presentation and disclosure obligations of Bangladesh Bank.

2.5 Cash and cash equivalent

As per BRPD circular no 15 (09 November 2009), cash and cash equivalents include notes and coins in hand, balances lying with ATM, unrestricted balances held with Bangladesh Bank and its agent Bank, balance with other Banks and financial institutions, placement with Banks and other financial institutions.

As per BAS 7, cash and cash and cash equivalents should be reported as cash item and reconciliation of the amounts of the items in its cash flow statement should be presented also. However, presentation and reconciliation is done in line with BRPD circular 15 and BAS 7.

2.6 Cash Flow Statement

Bangladesh Accounting Standard (BAS)-7 " Cash Flow Statement" requires SIBL to prepare cash flow statement under direct method. However, Cash Flow Statement has been prepared under a adopted method of direct and indirect in accordance with the BRPD Circular No. 15, (09 November 2009) issued by the Banking Regulation and Policy Department of Bangladesh Bank.

2.7 Off-balance sheet items

Contingent Liabilities

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

Any present obligation that arises from past events but is not recognised because:

- * it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- * the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised. However, the amount of cash margin is recognised as liability.

As per BRPD circular 15, contingent liabilities are recognised as off balance sheet items in absence of any

recommendation in BFRS.

2.8 Investments net off provisions

Investments are presented at its actual value without netting off as per BRPD circular 15 though it is to be presented at net off value as per related BFRS.

2.9 Consolidation Procedures (BAS-27)

The consolidated financial statements include the financial statements of Social Islami Bank Limited and its subsidiaries SIBL Securities Limited and SIBL Investment Limited, made up to the end of the financial year.

The consolidated financial statements have been prepared in accordance with **Bangladesh Accounting Standard (BAS) 27: Consolidated and Separate Financial Statements**, Bangladesh Financial Reporting Standards (BFRS):3- Business Combinations and Bangladesh Financial Reporting Standards (BFRS):10- Consolidated Financial Statements. The consolidated financial statements are prepared to a common financial period ended 30 September 2014.

2.10 Reporting Period

These financial statements cover nine months from 01 January to 30 September 2014.

2.11 Statement of Changes in Equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

2.12 Earning Per Share (BAS-33)

Basic Earnings Per Share has been calculated in accordance with **Bangladesh Accounting Standard (BAS)-33: Earnings Per Share (EPS)**, which has been shown on the face of profit and loss account. This has been calculated by dividing the basic earnings by the number of ordinary shares outstanding during the period.