

*Strictly Private & Confidential*

# INFORMATION MEMORANDUM

## SIBL 4<sup>th</sup> Non-Convertible, Unsecured, Mudaraba Subordinated Floating Rate Bond of BDT 6,000 million



**Issuer:** Social Islami Bank Limited

**Head Office:** City Center, 90/1 Motijheel C/A, Dhaka-1000

**Trustee:** DBH Finance PLC.

**Type of Security:** Mudaraba Subordinated Unsecured Floating Rate Bond

**Total Face Value:** Up to BDT 6,000 million

**Face Value of Each Bond is:** BDT 10,000,000.00

**Issue Price of Each Bond is:** BDT 10,000,000.00

**Number of Securities:** 600

**Total Issue Amount:** BDT 6,000,000,000.00

**Coupon Rate/discount rate and YTM:** Floating

**Issue Date of IM:** \_\_\_\_\_

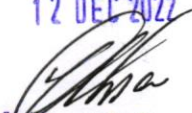
**Credit Rating status of the issue:**

**Long Term Rating:** AA- **Outlook:** Stable

*"If you have any query about this document, you may consult the issuer and the trustee."*

**Mandated Lead Arranger**  
**Standard Chartered Bank**

12 DEC 2022

  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
Mohammad Shoeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

17 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



## ARRANGER'S DISCLAIMER

Social Islami Bank Limited (the "**Issuer**") has authorized Standard Chartered Bank ("**Standard Chartered**" or the "**Arranger**") to distribute this Information Memorandum in connection with the proposed transaction outlined in it (the "**Transaction**") and the bond proposed to be issued in the Transaction (the "**Bond**").


"**Standard Chartered Bank**" means Standard Chartered and any group, subsidiary, associate or affiliate of Standard Chartered and their respective directors, representatives or employees and/or any persons connected with them.

Nothing in this Information Memorandum constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approvals for the issuance of the Bond. All the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions there from. By accepting this Information Memorandum, you agree that the Arranger will not have any such liability.

You should carefully read and retain this Information Memorandum. However, you are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and you should consult with your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Bond.

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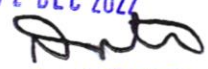
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## ISSUER'S DISCLAIMER

This Information Memorandum is neither a prospectus nor a statement in lieu of prospectus. The issue of Unsecured Subordinated Floating Rate Bond is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. It does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the bond issue to the public in general. Apart from this Information Memorandum, no information memorandum or prospectus has been prepared in connection with the offering of this issue.

This Information Memorandum has been prepared to provide general information about the issuer to potential investors to whom it is addressed and who are willing and eligible to subscribe to the bond issue. This Information Memorandum does not purport to contain all the information that any potential investor may require. Neither does this Information Memorandum nor any other information supplied in connection with the bond issue is intended to provide the basis of any credit or other evaluation and any recipient of this Information Memorandum should not consider such receipt a recommendation to purchase any bonds. Each potential investor contemplating the purchase of any bonds should make his/her own independent investigation of the financial condition and affairs of the issuer and his/her own appraisal of the creditworthiness of the issuer.

Potential investors should consult their own financial, legal, tax, and other professional advisors as to the risks and investment considerations arising from an investment in the bonds and should possess the appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances.

The information relating to the company contained in this Information Memorandum is believed by the issuing company to be accurate in all respects as to the date hereof.

It is the responsibility of potential investors to also ensure that they will sell/transfer these Bonds in strict accordance with this Information Memorandum and other applicable laws. None of the intermediaries or their agents or advisors associated with this issue undertake to review the financial condition or affairs of the issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the bonds of any information available with or subsequently coming to the attention of the intermediaries, agents or advisors.

No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Information Memorandum or in any material made available by the issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the issuer.

The contents of this Information Memorandum are intended to be used only by those potential investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient.

The person who is in receipt of this Information Memorandum shall maintain utmost confidentiality regarding the contents of this Information Memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written consent of the issuer till the time the Information Memorandum comes within public domain. Notwithstanding the foregoing, a bondholder may provide this Information Memorandum to a potential investor for the sole purpose of transferring the bonds.

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Each person receiving this Information Memorandum acknowledges that:

- Such person has been afforded an opportunity to request and to review and has reviewed and received this Information Memorandum and all additional information considered by an individual to be necessary to verify the accuracy or to supplement the information herein; and
- Such person has not relied on any intermediary that may be associated with the issuance of the bonds in connection with his/her investigation of the accuracy of such information or his/her investment decision.


The issuer does not undertake to update the Information Memorandum to reflect subsequent events after the date of the Information Memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the issuer. Neither the delivery of this Information Memorandum nor any sale of bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the issuer since the date hereof.

This Information Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the bonds or the distribution of this Information Memorandum in any jurisdiction where such action is required. The distribution of this Information Memorandum and the offering and sale of the bonds may be restricted by law in certain jurisdiction. Persons into whose possession this Information Memorandum comes are required to inform themselves about and to observe any such restrictions.

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## CONTACT LIST

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Executive Director & Head of Capital Markets, Bangladesh

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**Nasreen Rehman**  
Executive Director & Head, Banks, Financial Institutions, Bangladesh

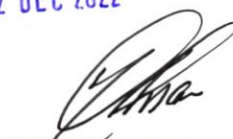
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### TRUSTEE: DBH FINANCE PLC.

**Mr. Jashim Uddin FCS**  
Company Secretary, Head of Corporate Affairs & Compliance Officer (Trustee)  
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Email: [jashim@dbhfinance.com](mailto:jashim@dbhfinance.com)

**Registered Office:**  
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**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.



## LETTER OF AUTHORITY

15 June 2022

**Mr. Md. Maroof ur Rahman Mazumder**  
Executive Director & Head of Capital Markets  
Standard Chartered Bank  
67, Gulshan Avenue  
Gulshan, Dhaka-1212

## LETTER OF AUTHORITY

Dear Sir,

We refer to the Mudaraba Subordinated Floating Rate Bond Issue of BDT 6,000 million (the "Bonds") which, you (the Arranger) is arranging at our request, the principal terms and conditions of which are set forth in the attached Information Memorandum (the "Information Memorandum"):

Social Islami Bank Limited (the "Issuer"), the undersigned, confirms that:

- Except as otherwise provided in the Information Memorandum, all the information contained therein relating to the company and its business has been provided to you by us;
- We confirm that we are fully responsible for all material statements, facts and opinions in the Information Memorandum.
- To the best of our knowledge the Information Memorandum does not omit any fact in the context of the proposed facility although the Information Memorandum does not purport to be all the information which investors may require in order to evaluate the issuer's business.
- The forecasts contained in the Information Memorandum were made after due and careful consideration on our part based on the best information available to us and we consider them fair and reasonable on the circumstances now prevailing; and
- The information (including forecast) in the Information Memorandum fairly represents the basis on which the Issuer and its shareholders are proceeding with the business.

The Issuer does not however make any express or implied representation of warranty as to the fairness, accuracy; or completeness of the information (including statements of opinion) or forecasts. Appropriate warranties or other undertakings in relation to the information and forecasts will be given on the bond documents and no representations or warranties other than those specially set forth on the bond documents shall be deemed to be given to any party.

We hereby request and authorize you to distribute this Information Memorandum to prospective investors who may subscribe the Bonds. We understand that as per local practice, no confidentiality agreement will be signed between the Arranger and the prospective participants (including their relevant staff members and board of directors) to whom the Information Memorandum shall be placed and we confirm our consent to the distribution of "Information Memorandum" and other relevant documents to prospective investors distributed in this manner.

Yours sincerely,  
Sd/-

**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited

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### 3. RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

The following matters should be considered carefully before making any investment decision with respect to the Issuer or the Bonds. This Section contains a list of risks usually associated with the Issuer and the Bonds that It is issuing. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences. This list of risk factors is not meant to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. It does not take into consideration an investor's specific knowledge and/or understanding about the risks typically associated with the Issuer and the purchase and ownership of the Bonds. You are advised to review the risks below, if necessary, with the assistance of your own professional advisors, prior to making any investment decisions. If any of the risks described materialize, they could have a serious effect on the Issuer's financial results, and the ability of the Issuer to fulfil its obligations under the Bonds to be issued.

#### a. Interest Rate Risks

Interest Rate Risk can be defined as the risk of change in the value of an asset due to volatility in interest rates rendering the security in question non-competitive or increasing its value. Though the risk is said to arise due to an unexpected move, generally, investors are concerned with downside risk. This risk directly affects the fixed-rate security holder. Whenever the interest rate rises, the price of the fixed-income bearing security falls and vice-a-versa. For a bank, this risk arises from differences in the repricing profile, interest rate basis, and optionality of banking book assets, liabilities, and off-balance sheet items. Interest Rate Risk represents an economic and commercial risk to the Bank and its capital adequacy.

##### Management Perception:

Although the consequences of unusual and abrupt increase in the borrowing rate cannot be avoided, Social Islami Bank Ltd. (SIBL) takes all the appropriate measures to minimize the negative consequences. For instance, the Bank currently pursues a policy with emphasis on maintaining an appropriate blend of fixed and floating rates in the loan portfolio of the bank. Moreover, the bank revises both its lending and borrowing rates regularly based on current market scenario and future outlook.

#### b. Exchange Rate Risks

Foreign exchange risk is the risk that a business' financial performance or financial position will be impacted by fluctuations in the exchange rates between currencies. The risk can manifest itself through a bank's holdings of assets (or liabilities) with net payment streams denominated in a foreign currency. Foreign exchange rate fluctuations alter the domestic currency values of such assets. Foreign exchange risk is not confined to proprietary positions taken by a bank and client driven transactions but can also arise from known profit flows in foreign currency, and provisions for bad debts denominated in foreign currency. It is important that these exposures are identified and, where necessary, hedged, on a timely basis with the proper mitigants at place.

##### Management Perception:

Exchange rate risk arises from exchange rate movements, which may affect the earnings of the Bank from its foreign exchange open position taken from time to time. This risk is mainly managed by determined limits on open foreign exchange position, monitoring open position against these limits & setting and monitoring of stop loss mechanism. SIBL foreign exchange risk remains at minimum level as all of its foreign trade & remittance transactions are carried out on behalf of the customers. All nostro accounts are reconciled on monthly basis and outstanding entries are escalated to concerned departments and reported to higher management for immediate settlement. Treasury departments are vested with the responsibility to measure and minimize the risk associated with Bank's assets and liabilities, which includes foreign exchange risk. Treasury continuously monitors price movements of foreign exchange and uses various hedging techniques to manage its open position in such a way that minimizes risk and maximizes return.

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### c. Non-Repayment Risks (Credit Risks)

Non-repayment risk is defined as the potential risk that a bank's borrower or counterparty may fail to meet its obligations in accordance with agreed terms, resulting into an adverse impact on the quality of bank's assets and profitability. Non-repayment risk also refers to the bank's risk of having its cash flows interrupted when a borrower fails to make their repayment. Such a scenario results into having the loan classified in separate categories, the extreme one being Non-Performing Loans (NPL) which adversely impacts the bank's profitability due to higher required provisioning.

In the case of an unpaid loan, non-repayment risk can result in the loss of both interest on the debt and unpaid principal, whereas in the case of an unpaid account receivable, there is no loss of interest. In both cases, the party granting the credit may also incur incremental collection costs.

#### Management Perception:

This kind of risk is impossible for the organization like SIBL. SIBL is well reputed commercial bank in Bangladesh. Furthermore, in case of any event of default or non-repayment, the Trustee would give notice period to the Issuer in protecting the event of default and take further steps to ensure the interest of the investors.

### d. Prepayment, Call or Refunding Risks

Call risk is the risk that the bond an investor has invested in will be redeemed by the issuer before its maturity date, thereby raising the risk for the investor as they would have to reinvest the redeemed amount at a much lower rate or in an unfavourable investing market scenario. If the bond is called at or close to par value, as is usually the case, investors who paid premium for their bond also risk a loss of principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

#### Management Perception:

SIBL is issuing Mudaraba Subordinated Non-Convertible Bond. 20% of the Total Bond Value to be redeemed at its face value at the end of each year starting from year 2 (Two). That's why there is no option of refunding the bond value before maturity. But the bond is easily transferable. So if a bond holder wishes to transfer the ownership of the bond he/she can transfer the instrument.

### e. Security Risks

The risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction with credit risk. Institutions that actively accept and deliver collateral and are unable to manage the process accurately are susceptible to loss.

#### Management Perception:

Though the bond is unsecured, it is backed by the credit worthiness and reputation of the Bank. The issuing bond has been rated as Long Term: A+, Outlook: Stable by a prominent Credit Rating Company of the Country. Besides, DBH Finance PLC. is appointed as Trustee to the issue by SIBL. DBH Finance PLC. is empowered to regulate the terms and conditions and that applied to the bond. The Trustee is responsible for several key functions that benefits both the Issuer and the bond holder.

### f. Liquidity Risks

Liquidity is a bank's ability to meet its cash and collateral obligations without sustaining unacceptable losses. Liquidity risk refers to how a bank's inability to meet its obligations (whether real or perceived) threatens its financial position or existence. Institutions manage their liquidity risk through effective asset liability management (ALM).

#### Management Perception:

The management of SIBL is aware of the magnitude of this risk and it has always intended to diversifying sources of funds and to develop good mix of deposit structure. In this direction the bank has already

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launched several deposit schemes to attract deposits from various customer groups, including Retail and Corporate Cash Management clients. The Bank is opening branches all across the Country to diversify its business portfolio.

#### g. Management Risks

The risk associated with the management in charge of running the company. Ineffective, myopic, or inadequate strategies undertaken by the management hurt the shareholders and in turn, expose the company to management risk. Lack of proper succession planning and experience of the management are also some key variables in considering the said risk.

##### Management Perception:

The management of SIBL comprises a group of highly professional individuals with considerable experience and reputation in the country's financial industry. Therefore, it is very unlikely that the management will conduct in such an unprofessional manner. Moreover, the management of the bank is constantly supervised by a board of directors consisting of seasoned professionals and entrepreneurs who work hard to ensure that the interest of all the stakeholders are served by the management. Being operated in the highly regulated banking industry is also a safeguard against this risk as Bangladesh Bank monitors the management to ensure best practice in the industry.

#### h. Operational Risks

Operational risk is the risk of loss due to failed internal processes or external events at an organization. Operational risk involves the legal and compliance risks in response to the disruption of day-to-day business operations. It also involves risk of losses suffered by the institutions stemming from the operational errors or mismatches in the process flows inherent in the lines of businesses.

Due to rising customer expectations, increasing regulatory requirements, proliferating financial engineering, uprising technological innovation, and mounting competition, banks and financial institutions are undergoing changes. This has increased the probability of failure or mistakes from the operational point of view that can result in increased focus on managing operational risks.

##### Management Perception:

The Management through internal control and compliance division controls operational procedure of the Bank. Internal Control and compliance division undertakes periodical and special audit of the Branches and departments at the Head Office to review the operation and compliance of statutory requirements. The Audit Committee of the Board subsequently reviews the reports of the internal control and compliance division.

#### i. Business Risks

Business risk is the possibility that an organization's operations or competitive environment will cause it to generate financial results that are worse than expected. An entity with high business risk should be operated in a more conservative manner, keeping the debt level as low as possible. Business risk is influenced by a lot of factors, including revenue, costs, competition, and overall economic climate and government regulations.

##### Management Perception:

SIBL has a very good profitability record through its business life. The management is well aware about this risk. The Bank is operating in a highly competitive market as modern banking industry has brought greater business diversification. The Bank has a dedicated team to find new scope to expand its business. The risk management team to identify and manage different types of risk including business risk.

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## j. Industry Risks

Industry risk is the systematic risk inherent in a particular industry affecting all the entities. The risk can manifest itself through increased competition in the industry, threats of substitutes, bargaining power of supply chain entities etc. Macro-economic conditions also impact the ecosystem of the industry a particular company is a part of. Specially for the financial sector, there can be certain economic events or anomalies that adversely affect the industry sending it on a decline.

### Management Perception:

Banking is a fast-growing industry. There is a good potential for a well-established and growing financial institution like SIBL to increase its market share.

SIBL Securities Limited and SIBL Investment Limited are the subsidiaries of SIBL. SIBL Securities Limited was incorporated as a public limited company on 20th July 2010 registered office of which is situated at 15, Dilkusha, C/A, Dhaka-1000, with the objective to carry on the business of stockbroker and stock dealer in the capital market and accordingly started its operation on 4th January 2012.

SIBL Investment Limited was incorporated as a public limited company on 30th August 2010. The registered office of which is situated at 15, Dilkusha, C/A, Dhaka-1000, with the objective to carry on the business of stockbrokers, dealers in relation to shares and securities dealings, to underwrite, manage and distribute the issue of stocks etc. Thus, SIBL reduces the industry risk by making versatile opportunity of business in the financial sector.

## k. Market and Technology-related Risks

Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. Market risk stems from all the positions included in the Bank's trading book, foreign exchange risk as well as from commodity positions.

Technology risk, or information technology risk, is the potential for any technology failure to disrupt the flow of a Bank's business. Banks face many types of technology risks, such as information security incidents, cyberattacks, password theft, service outages, and more. Every type of technology risk has the potential to cause financial, reputational, regulatory, and/or strategic risk. As such, it's critical to have an effective technology risk management strategy in place to anticipate potential problems.

### Management Perception:

SIBL focuses on pursuing unexplored market niches in the Small and Medium Enterprise Business which hitherto remained largely untapped within the Country. The Bank has incorporated double bottom approach in its operation, first is making profit by mobilizing fund from urban to rural areas and second is performing social responsibility by creating an entrepreneurial class. The bottom-line approach taken by the Bank makes them the market leader in the banking industry.

Technology is the nerve center of SIBL's rapid growth. SIBL has implemented one of the best world class Information Technology platforms in the Bank to ensure faster yet safer delivery of services to the customers on 24/7 basis. The bank has built up its alternative delivery channel infrastructure to offer the full suite of ATMs, POS, Internet Banking, Call Center and SMS banking for its customers. In order to support its aggressive growth strategies in future, the bank has made a strategic decision to change its core banking software to a more robust and internationally tested system. As its unique contribution to a truly broad-based and participatory electronic banking system in Bangladesh, SIBL currently has a wide coverage of 138 Branches as December 31, 2017.

## l. Risks related to potential or existing government regulations

Excessive growth of risk weighted assets against the growth of eligible regulatory capital of Social Islami Bank Limited might breach the Bangladesh Bank's criteria of minimum capital requirement. Also, the Bank might fail to comply with the laws, regulations, or codes applicable to the financial services industry.

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Managing Director & CEO  
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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

**Management Perception:**

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


**m. Risks related to potential changes in global or national policies**

Risk associated with any potential global issues (i.e., a global financial crisis or a massive volatility in an international currency) or a national policy change (i.e., regulatory changes made by the Bangladesh Bank or the Bangladesh Securities and Exchange Commission).

**Management Perception:**

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

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#### 4. DETAILED DESCRIPTION AND INFORMATION OF ISSUER'S APPLICATION

##### 1. Particulars of the Issuer, Social Islami Bank Limited

1.	Name of the Issuer	:	Social Islami Bank Limited
2.	Legal status of the issuer	:	Public Limited Company
3.	Details of Contact Information	:	Registered Office City Centre, Level-19 90/1, Motijheel C/A, Dhaka-1000
4.	Date of incorporation	:	1995
5.	Date of commencement of business	:	1995
6.	Authorized capital	:	BDT 30,000 million as of September 30, 2022
7.	Paid-up capital	:	BDT 10,342 million as of September 30, 2022
8.	Total equity	:	BDT 19,796 million as of September 30, 2022
9.	Total liabilities	:	BDT 411,740 million as of September 30, 2022
10.	Total financial obligations	:	BDT 431,537 million as of September 30, 2022
11.	Total debt including the proposed issue along with redeemable preference share, if any, does not exceed 70% of its total tangible assets	:	N/A
12.	Total assets	:	BDT 431,537 million as of September 30, 2022
13.	Total tangible assets	:	Not Applicable
14.	Net worth	:	BDT 19,796 million as of September 30, 2022
15.	Others	:	Not Applicable

##### 2. Particulars of Issue Manager: Not applicable

##### 3. Particulars of the Issue:

16.	Name of the issue	:	SIBL 4 <sup>th</sup> Mudaraba Subordinated Bond
17.	Type of instruments to be issued	:	Mudaraba Subordinated Unsecured Floating Rate Bond
18.	Purpose of the issue	:	To strengthen Tier II Capital Base
19.	Number of securities and total size of the issue to be offered	:	600 securities totaling BDT 6,000 million
20.	Face value and issue price of securities mentioning discount or premium thereof	:	Face Value: BDT 10,000,000 Issue Price: BDT 10,000,000
21.	Coupon rate /discount rate and YTM	:	Floating- Investors will get an additional profit rate of 2.00% per annum to be paid semi-annually along with

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			the benchmark profit by the issuer for the respective investments in the Mudaraba Subordinated Bonds.
22.	<b>Tenor or maturity</b>	:	Up to 7 years from the Issue Date
23.	<b>Details of conversion/ exchange option features</b>	:	Not applicable as the bond is non-convertible
24.	<b>Mode of redemption or conversion/ exchange</b>	:	To be redeemed in 5 equal yearly instalments, starting from the end of 3rd year from the Issue Date, subject to regulatory approvals and as defined in the agreements.
25.	<b>Mode of option (call or put), if any, in case of redemption or conversion/exchange and discount or premium thereof</b>	:	N/A (Bond is not callable and not convertible in nature)
26.	<b>Rate of return</b>	:	Benchmark Rate plus an additional 2.00% p.a. to be paid semi-annually.
27.	<b>Applicable tax rate</b>	:	As per applicable Tax Laws of Bangladesh
28.	<b>Default protection mechanism (details of credit enhancement arrangement/ agreement, redemption reserve, sinking fund etc.), if Any</b>	:	Not applicable (This bond is unsecured in nature. No credit enhancement is applicable)
29.	<b>Type of collateral securities being offered, if any</b>	:	Unsecured
30.	<b>Status of securities holders in case of priority of payment</b>	:	<p>The Claims of the Investors/Bondholders shall:</p> <ul style="list-style-type: none"> <li>(i) be superior to the claims of investors in equity shares;</li> <li>(ii) be subordinated to the claims of depositors and general creditors of the bank;</li> <li>(iii) be subordinated to the claims of Bank's existing non-convertible, listed, debt instrument Mudaraba Perpetual Bond (MPB);</li> <li>(iv) pari passu without preference amongst themselves and other unsecured debt instruments classifying as Additional Tier 1 (AT1) Capital and Tier 2 in terms of Basel III Guidelines whether currently outstanding or issued at any time in the future.; and</li> <li>(v) neither be secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.</li> </ul> <p>Tier 1 Capital and Tier 2 Capital shall have the meaning ascribed to such terms in the Basel III Guidelines.</p>
31.	<b>Period within which securities to be issued</b>	:	Within 6 (six) months of regulatory approval in Single or Multiple Tranches as per the guidance of BSEC

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32.	Nature of tradability or listing in the stock exchange(s) (Main Board / ATB /any other platform, mentioning the name of the stock exchange)	:	As per regulatory approval as per the guidance of BSEC
33.	Others	:	Not Applicable

4. Particulars of the Trustee:

34.	Name of the trustee	:	DBH Finance PLC.
35.	Paid-up capital of the trustee	:	BDT 1,772.64 Million (As on 31 December 2021)
36.	Net worth of the trustee	:	BDT 7,244.13 Million (as of 31 December 2021)
37.	Name of the issue(s) where performing as trustee	:	SIBL 4 <sup>th</sup> Mudaraba Subordinated Bond
38.	Others	:	N/A

5. Particulars of the Credit Rating Company:

39.	Name of credit rating company	:	Alpha Credit Rating Limited
40.	Credit rating status of the issuer or originator	:	Long term rating: AA+ Short term rating: ST-2 Outlook: Stable
41.	Credit rating status of the issue	:	Bond rating: AA- Outlook: Stable
42.	Periodical surveillance rating shall be done by the said rating company in line with the provisions of the Credit Rating Companies Rules, 1996	:	Complied
43.	The issue shall not be rated below the minimum investment grade of triple 'BBB' or equivalent rating in the long term and "ST-3" or equivalent rating in the short term	:	Complied
44.	Date and validity of rating along with surveillance rating for the issuer or originator and for the issue	:	Issuer Date of Declaration: Issuer Rating Validity: 15 May 2023 Issue Date of Declaration: 1 June 2022 Issue Rating Validity: 31 May 2023
45.	Latest default rate of the credit rating company	:	0.00%
46.	Average time to default of the rated category	:	Not Applicable
47.	Rating trigger, if any	:	Not Applicable
48.	Others	:	Not Applicable

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6. Particulars of originators, if any: Not applicable


7. Particulars of other contractual parties:

49.	<b>Name of the Mandated Lead Arranger</b>	:	Standard Chartered Bank acting through its Bangladesh Branch
50.	<b>Legal status of the Mandated Lead Arranger</b>	:	Foreign Commercial Bank
51.	<b>Details of contact information of the Mandated Lead Arranger</b>	:	Md. Maroof Ur Rahman Mazumder Executive Director & Head of Capital Markets, Bangladesh Address: Level 3, 67 Gulshan Avenue, Dhaka – 1212
52.	<b>Legal Advisor</b>	:	Mr. Md. Mydul Haque Khan, Barrister-at-Law & Advocate, Supreme Court of Bangladesh and Partner – Lex Juris
53.	<b>Others</b>	:	Not Applicable

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## 5. DETAILS OF THE UTILIZATION OF PROCEEDS

The proposed bond will qualify as part of SIBL's Tier-II capital and will help maintain healthy capital adequacy ratios in the next few years. Besides, the BDT 6.00 (six) billion fund will be used for undertaking general business activities of the bank including strengthening of the investment portfolio and other securities.

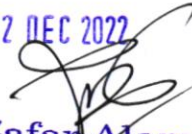
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## 6. FEATURES OF THE DEBT SECURITY TO BE ISSUED

### a. Basic Features of the Instrument

<b>Issuer:</b>	<b>Social Islami Bank Limited (SIBL)</b>
<b>The Issue:</b>	SIBL 4 <sup>th</sup> Mudaraba Subordinated Bond
<b>Issue Type:</b>	BASEL III compliant Tier 2 Debt instruments for inclusion in Tier 2 Capital for capital adequacy purposes.
<b>Mandated Lead Arranger:</b>	Standard Chartered Bank ("SCB") and also referred to as the "Mandated Lead Arranger" or the "MLA".
<b>Trustee:</b>	DBH Finance PLC.
<b>Arrangement Basis:</b>	Best Efforts / Strictly Non-Underwritten
<b>Purpose:</b>	To strengthen Tier II Capital Base
<b>Investors:</b>	Local Financial Institutions, Insurance Companies, Funds, Corporate etc. and any other eligible investors
<b>Currency:</b>	Bangladeshi Taka (BDT)
<b>Issue Size:</b>	BDT 6,000 Million
<b>Denomination:</b>	Denomination of each Bond is indicated at BDT 10,000,000 Face Value
<b>Number of Issuing Unit</b>	600 Nos.
<b>Market Lot</b>	05 (five) units/bonds and in multiples
<b>Minimum Application</b>	BDT 50,000,000
<b>Minimum Application</b>	1 (one) lot
<b>Mode of Placement:</b>	Private Placement
<b>Issue Price:</b>	100% at Par
<b>Maturity:</b>	End of 7 years from the Issue Date
<b>Nature of Debt instrument</b>	Mudaraba Subordinated Bond
<b>Expected Issue Date:</b>	Post BSEC approval or any other mutually agreeable date
<b>Status of Debt:</b>	Subordinated Non-Convertible
<b>Security:</b>	Unsecured
<b>Form:</b>	Registered
<b>Listing:</b>	Unlisted
<b>Credit Rating of the Issue:</b>	AA- Issue Date of Declaration: 1 June 2022 Issue Rating Validity: 31 May 2023 Rating Company: Alpha Credit Rating Ltd.
<b>Mudaraba Profit Rate:</b>	The total profit on the Bonds will be calculated by Benchmark Mudaraba Term Deposit profit rate of the issuer plus a predetermined additional profit rate as described in below mechanism:  <b>Benchmark Mudaraba Term Deposit Profit:</b> The average of most recent month's published highest Mudaraba Term Deposit profit rates in 6 months tenor of all Islami Banks(excluding any foreign Islami Bank and "Z" category Islami Bank listed with stock exchanges) to be applied semi-annually. The highest prevailing published Mudaraba Term Deposit profit rate in 6 months tenor (as reported to Bangladesh Bank) of the Issuer to be included in the semi-annual profit rate fixation. The first rate will be fixed at the date

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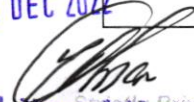


	of the issuance of the Mudaraba Subordinated Bonds as per above. From thereon, the rate will be re-fixed semi-annually. After each financial year end, the issuer will give adjustment to the Mudaraba Subordinated Bondholders, if there is any additional profit reported in the respective financial year for applied Mudaraba Term Deposit profit.																					
	The Benchmark rate will be calculated by the Trustee and notified to the Issuer and all Investors on every Profit Reset Date.																					
Margin with Rate of Return	<b>Additional Profit Rate:</b> Investors will get an additional profit rate of 2.00% per annum to be paid semiannually along with the benchmark profit by the issuer for the respective investments in the Mudaraba Subordinated Bonds.																					
Range of Coupon Rate	Floor: 6.00% - Ceiling 9.00% p.a. at all times																					
Payment of Profit	Semi-annually not later than 60 days from expiry of 6 months and 12 months of each year from the issuance of the Bond																					
	To be redeemed at par in 5 equal annual instalments starting from end of 3rd year from the subscription closing date/deemed date of allotment and each 12 months from thereafter as per following table:																					
Redemption Schedule:	<table><tr><th><u>No. of Installment</u></th><th><u>Installment due (In Months)</u></th><th><u>Percentage Redemption (%)</u></th></tr><tr><td>1</td><td>36</td><td>20%</td></tr><tr><td>2</td><td>48</td><td>20%</td></tr><tr><td>3</td><td>60</td><td>20%</td></tr><tr><td>4</td><td>72</td><td>20%</td></tr><tr><td>5</td><td>84</td><td>20%</td></tr><tr><td colspan="2"><b>Total</b></td><td><b>100%</b></td></tr></table>	<u>No. of Installment</u>	<u>Installment due (In Months)</u>	<u>Percentage Redemption (%)</u>	1	36	20%	2	48	20%	3	60	20%	4	72	20%	5	84	20%	<b>Total</b>		<b>100%</b>
<u>No. of Installment</u>	<u>Installment due (In Months)</u>	<u>Percentage Redemption (%)</u>																				
1	36	20%																				
2	48	20%																				
3	60	20%																				
4	72	20%																				
5	84	20%																				
<b>Total</b>		<b>100%</b>																				
Late Redemption:	Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.																					
Over Subscription:	In event of this issue of the bond being oversubscribed, the allotment will be a first come first serve basis																					
Under Subscription:	Any under-subscribed portion will be re-offered for fresh subscription depending on prevailing market conditions.																					
Documentation:	Will include but not limited to the followings: <ul style="list-style-type: none"><li>• Term Sheet</li><li>• Bond Subscription Agreement</li><li>• Trust Deed</li><li>• Any other documentation related to the transaction</li><li>• Customary documentation including force majeure, negative pledge, cross default and indemnity provisions.</li></ul>																					
Governing Law:	The Laws of The People's Republic of Bangladesh																					
	The Bonds are governed by and shall be construed in accordance with the Bangladesh Securities and Exchange Commission (Debt																					

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	Securities) Rules, 2021. Any dispute arising thereof shall be subject to the jurisdiction of the competent courts of Bangladesh.
<b>Applicable Bangladesh Bank Guidelines:</b>	The Bonds are being made in pursuance of "Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" on Basel III capital regulations issued by Bangladesh Bank vide BRPD Circular No- 18 dated December 21, 2014 ( herein after Basel III Regulations/ Basel III Guidelines/ Bangladesh Bank RBCA Guidelines-2014) covering criteria for inclusion of instruments in Regulatory Capital (Specific Eligibility Criteria for Subordinated Debt to Qualify as Tier 2 Capital stated in ANNEX-4 of Bangladesh Bank RBCA Guidelines-2014). The issue of Bonds and terms and conditions of the Bonds will be subject to the applicable guidelines/orders /rules/circulars issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission from time to time.
<b>Regulatory Approval</b>	Upon approval from the Bangladesh Securities and Exchange Commission and No-Objection Certificate from Bangladesh Bank, the Issuer will issue the Bonds.
<b>Validity of the Consent (to be issued by BSEC)</b>	The consent for issuance of securities under private offer shall remain valid for 06 (six) months from the date of consent or for such a period as determined by the BSEC in the consent letter.
<b>Transferability:</b>	Freely transferable subject to the terms and conditions of the Bond documents.
<b>Liquidity:</b>	Freely transferable subject to the terms and conditions of the Bond documents.
<b>Prepayment:</b>	No Prepayment option.
<b>Call:</b>	Bond is non-callable
<b>Refunding:</b>	Not applicable
<b>Conversion features:</b>	Bond is non-convertible
<b>Exchange options:</b>	Not applicable
<b>Early Redemption:</b>	Not applicable
<b>Compliance</b>	The bond indenture to be aligned, where applicable, for compliance with "Guideline of Risk Based Capital Adequacy" issued by Bangladesh Bank (BB).  Rules & Regulations of Bangladesh Securities & Exchange Commission (BSEC) and applicable Laws of the land.
<b>Tax Features:</b>	All payments made by the Issuer or under or in respect of the Trust Deed or the Bonds will be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Bangladesh or any political subdivision thereof or any authority thereof or therein having power to tax. The Issuer will not be Obligated pay any additional amounts in respect of such taxes, duties, assessments or governmental charges that may from time to time be deducted or withheld from such payments but will provide or procure the provision of original or authenticated tax receipts relating to any such deductions or withholdings to Bondholders.

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<b>Cost Related to the Issue:</b>	<b>Arrangement Fee:</b> Total of 0.50% of the Face Value Amount of the Bonds + VAT <b>Trustee Fee:</b> <ul style="list-style-type: none"> <li>• BDT 400,000 per annum + VAT</li> </ul> <b>Credit Rating Fee:</b> <ul style="list-style-type: none"> <li>• BDT 1.00 Lac per rating</li> <li>• BDT 1.20 Lac per rating</li> </ul> <b>Application Fee to BSEC:</b> BDT 10,000 <b>Consent Fee to BSEC:</b> 0.10% on the Face Value <b>Other/Legal/Regulatory Cost (if any):</b> At Actual
<b>Credit enhancement or guarantee, if any:</b>	Not Applicable
<b>Enforcement of charges over securities:</b>	Not Applicable
<b>Conditions Precedent:</b>	In form and substance satisfactory to the MLA including without limitation: (i) due diligence having been conducted and completed, (ii) documentation for Financing and appropriate business description disclosure in the offering circular, (iii) receipt by the MLA of appropriate legal opinions from external counsel, (iv) the Issuer having obtained all relevant approvals for Financing.
<b>Shariah Approval</b>	The structure and Documentation to be approved by the Shariah board of the Issuer.
<b>Enforcement of Charges over securities:</b>	At any time after the Bonds have become due and repayable, the Trustee may, and without further notice in writing, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 66 <sup>2</sup> / <sub>3</sub> per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.
<b>Basel Accords</b>	Global minimum standards for the prudential regulation of banks set by the Basel Committee on Bank Supervision, housed with the Bank for International Settlements. The Basel Accords do not have legal force. The standards need to be incorporated into local legal frameworks through each jurisdiction's rule-making process within the predefined time frame established by the Basel Committee on Bank Supervision. There are three main sets of these agreements, which are commonly known as Basel I, II, and III.
12 DEC 2022  <b>Nasimul Baten</b> Managing Director & CEO DBH Finance PLC.	Means the Basel III International regulatory framework for banks. Basel III framework was drafted by the Basel Committee on Banking Supervision, which is a Committee of Bank of International Settlements. It is the risk-based capital framework to be followed by banks across countries and it has been designed to be risk sensitive across various types of banking assets, including securitization exposure. Basel III is based on the following three mutually reinforcing pillars that allow banks and supervisors to evaluate properly the various risks that banks face:

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	<p>(i) minimum capital requirements, which seek to refine the present measurement framework;</p> <p>(ii) supervisory review of an institution's capital adequacy and internal assessment process; and</p> <p>market discipline through effective disclosure to encourage safe and sound banking practices.</p>
<b>Additional Tier 1 (AT1) capital</b>	Capital instruments that meet the criteria for inclusion in the additional tier 1 capital as defined by the Bangladesh Bank, the Central Bank of Bangladesh.
<b>Tier 2 capital</b>	Sum of Capital instruments that meet the criteria for inclusion in the tier 2 capital (gone-concern capital) as defined by the Bangladesh Bank, the Central Bank of Bangladesh.
<b>Basel III Regulations/ Basel III Guidelines/ Bangladesh Bank RBCA Guidelines- 2014</b>	BRPD Circular No.-18 dated December 21, 2014 issued by the Bangladesh Bank (the central Bank of Bangladesh) on Basel III Capital Regulations (Guidelines on Risk Based Capital Adequacy, Revised Regulatory Capital Framework for banks in line with Basel III), as amended from time to time covering terms and conditions for issue of debt instruments for inclusion in regulatory capital (Annex 4 of the Guidelines on Risk Based Capital Adequacy, Revised Regulatory Capital Framework for banks in line with Basel III). In the case of any discrepancy or inconsistency between the terms of the Bonds or any other Transaction Document and the Basel III Guidelines, the provisions of the Basel III Guidelines as per Bangladesh Bank shall prevail. The issue of Bonds and the terms and conditions of the Bonds will primarily be subject to and govern by the applicable guidelines issued by the Bangladesh Bank from time to time and the Rules and Regulations of Bangladesh Securities and Exchange Commission as amended from time to time.


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 Chief Financial Officer  
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 Head Office, Dhaka

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**Zafar Alam**  
 Managing Director & CEO  
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 Head Office, Dhaka

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**Nasimul Baten**  
 Managing Director & CEO  
 DBH Finance PLC.



#### **6(b) Rate of Return, Yield to Maturity, Coupon/Discount Rate:**

Floating Rate and total profit on the Bonds will be calculated by Benchmark Mudaraba profit rate/coupon rate plus a predetermined additional profit rate/margin @2.00% per annum on the outstanding balance of the Bonds to be paid semi-annually. The Benchmark rate will be calculated and duly notified by the Trustee on every Profit Rate/Coupon Rate Determination Date throughout tenor of the bond.

#### **6(c) Transferability/Liquidity:**

Transfer and transmission of the Bonds shall be subject to the Depositories Act, 1999, the rules made thereunder, the byelaws, rules and regulations of the Depositories as amended from time to time.

#### **6(d) Prepayment, Call, Refunding, Conversion Feature:**

Not applicable

#### **6(e) Early redemption or late redemption:**

Early redemption-Not applicable but Penalty rate on delay repayment (as fixed by the Regulator@ 2% (two percent) per annum above the usual rate of return of the debt instrument As per rule 14(1-h) of Bangladesh Securities and Exchange (Debt Securities) Rules, 2021.

#### **6(f) Tax Features:**

Deduction of tax at source at the rates prevailing from time to time under the provisions of the Income-tax Ordinance, 1984, or any other statutory modification or re-enactment thereof

#### **6(f) Cost related to the issue**

Particulars	Basis of Calculation	Amount in BDT
<b>BSEC fees:</b>		
Application Fee to BSEC	Fixed	BDT 10,000
Consent Fee to BSEC	@ 0.10% of total Issue size	BDT 60,00,000
<b>The estimated other cost(fees, commissions &amp; misc. expenses):</b>		
Trustee Fee (yearly)	BDT 400,000 per annum only per year excluding VAT and trust management fee (at actual).	
Arranger fees	@0.50% (excluding VAT) on total Issue size	
Rating Agency fee with periodic review	BDT 1.00 Lac per rating BDT 1.20 Lac per rating	
Legal Consultant fee	BDT 1,50,000 only (excluding VAT). Besides Professional Fee, all ancillary cost (i.e. notarization, registration, filing, non-judicial stamp, cartridge paper, printing, etc.) to be borne by the Bank At actual.	

#### **6(h) Repayment Schedule**

20% of the total bond value to be redeemed at the end of each year starting from 3rd year and the repayment schedule is depicted below:

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Issue Size (BDT)	6,000,000,000	
Years	Repayment (BDT)	Balance
End of 1 <sup>st</sup> year	-	6,000,000,000
End of 2 <sup>nd</sup> year	-	6,000,000,000
End of 3 <sup>rd</sup> year	1,200,000,000	4,800,000,000
End of 4 <sup>th</sup> year	1,200,000,000	3,600,000,000
End of 5 <sup>th</sup> year	1,200,000,000	2,400,000,000
End of 6 <sup>th</sup> year	1,200,000,000	1,200,000,000
End of 7 <sup>th</sup> year	1,200,000,000	0

**5(i) Call or put option, and premium or discount thereof, if any:**

Not applicable

**5(j) Credit enhancement or guarantee, if any:**

Not applicable


**5(k) Enforcement of Charges over securities**

At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice in writing, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 66<sup>2</sup>/<sub>3</sub> per cent in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

**5(l) Force Majeure:**

Notwithstanding anything contained in this Letter, SCB may by notice in writing to the Issuer terminate this Letter at any time before the time on the Closing Date when payment would otherwise be due under this Letter to the Issuer in respect of the Bond if, in the opinion of the MLA, there is a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Bond and, upon notice being given, the parties to this Letter shall (except for the liability of the Issuer in relation to expenses related to the Transaction and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Letter.

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## 7. DESCRIPTION OF COLLATERAL SECURITY AND TYPE OF CHARGES TO BE CREATED AGAINST ISSUE

The issue is an unsecured corporate bond hence no charge on assets is to be created. The issuer only owes the bondholders an indebtedness which is secured by claims over all present and future assets of the issuer subsequent to all secured lenders.

The issue is unsecured subordinated bond hence no charge on Assets to be created. The Claims of the Bondholders shall:

- be superior to the claims of investors in equity shares;
- be subordinated to the claims of depositors and general creditors of the bank;
- be subordinated to the claims of Bank's existing non-convertible, listed, debt instrument Mudaraba Perpetual Bond (MPB);
- pari passu without preference amongst themselves and other unsecured debt instruments classifying as Additional Tier 1 (AT1) Capital and Tier 2 in terms of Basel III Guidelines whether currently outstanding or issued at any time in the future.; and
- neither be secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.

Tier 1 Capital and Tier 2 Capital shall have the meaning ascribed to such terms in the Basel III Guidelines.

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## 8. RIGHTS & OBLIGATIONS OF THE ISSUER

- **Issue of the Bonds:** Upon receipt of amount in accordance with the Subscription Agreement to be entered with each investor the Issuer shall issue Bonds subject to and in accordance with the provisions of the Trust Deed, Agency Agreement and the Subscription Agreement and to seal, sign and issue the Bonds and deliver the Bond Certificates on the Closing Date to be fixed by the Issuer and the Trustee.
- **Covenant to Repay** - The Issuer has obligation that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in accordance with the terms and conditions of the Bond in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the terms and conditions of the Bond) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee on the relevant dates provided for in the terms and conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:
  - (i) every payment of principal or interest in respect of the Bonds or any of them made to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions.
  - (ii) if any payment of principal or interest in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the seventh day after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Paying Agent or the Trustee except, in the case of payment to the Paying Agent, to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
  - (iii) in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused upon due presentation of a Bond Certificate, interest shall accrue at applicable interest rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the terms and conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.
- **Observe instruction of the Trustee** - At any time after any Event of Default shall have occurred, the Issuer shall comply with the instruction of the Trustee subject to provision of the terms and conditions of the Bond.
- **Observe Bond Documents** - The Issuer shall have obligation to comply with, perform and observe all those provisions of this Trust Deed, the Agency Agreement, the terms and conditions of the Bond which are expressed to be binding on it and to perform and observe the same. The Bonds are subject

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to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively.

- **Observe Applicable Law** - The Issuer shall have obligation to comply with, perform and observe all those provisions of the applicable law including but is not limited to The Securities and Exchange Commission (Private Placement of Debt Securities) Rules 2012. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all of the provisions of the applicable law applicable to them.
- **Books of Account** – The Issuer shall at all times keep and procure that all its Subsidiaries keep such books of account as may be necessary to comply with all applicable laws and so as to enable the financial statements of the Issuer to be prepared and allow, subject to confidentiality obligations under applicable law, the Trustee and any person appointed by it free access to the same at all reasonable times and to discuss the same with responsible officers of the Issuer;
- **Notice of Event of Default** – The Issuer shall give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action.
- **Corporate Governance** – The Issuer shall ensure that it and each member of its Group comply in all material respects with the corporate governance guidelines set out by the Bangladesh Bank and the Securities and Exchange Commission.
- **Information** - So far as permitted by applicable law, the Issuer shall at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and, in such form, as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents.
- **Execution of further Documents** - So far as permitted by applicable law, the Issuer shall at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed.
- **Notices to Bondholders** – The Issuer shall send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;
- **Notification of non-payment** – The Issuer shall notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds.
- **Notification of late payment** - In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made.
- **Notification of redemption or repayment** – The Issuer shall within 14 (Fourteen) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the

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amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly.

- **Obligation of Agents** – The Issuer shall Observe and ensure agents comply with its obligations under the Agency Agreement; maintain the Register; and notify the Trustee immediately it becomes aware of any material breach of such obligations, or failure by any Agent to comply with such obligations, in relation to the Bonds;
- **Authorised Signatories** – The Issuer shall upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee a list of the Authorised Signatories of the Issuer, together with certified specimen signatures of the same.
- **Payments** – The Issuer shall Pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder; and
- **Audited Financials and Annual General Meeting** - The Issuer shall complete audit of its financial statements and hold its annual general meeting within such period as may be specific by the SEC. If no such period is prescribed, Issuer shall complete audit of its financial statements and hold its general meeting in accordance with law of its jurisdiction of incorporation. The Issuer shall submit copy of its audited financial statements along with its annual report and the minutes of its annual general meeting with the SEC with a copy to the Bondholders within 14 days (or such other period agreed by SEC) of the completion of audit or, as the case may be, holding of the annual general meeting.

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## 9. RIGHTS & OBLIGATIONS OF THE TRUSTEE

Rights of the Trustee of Non-Convertible Floating Rate Subordinated Bond are, inter alia:

- **Trustee's determination:** The Trustee may determine whether a default in the performance or observance by the Issuer of any Obligation under the provisions of the Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders.
- **Determination of questions:** The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of the Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders.
- **Trustee's discretion:** The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by the Trust Deed or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any Liability that may result from the exercise or non-exercise thereof (save as otherwise provided by applicable law) but whenever the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- **Trustee's consent:** Any consent given by the Trustee for the purposes of the Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.
- **Conversion of currency:** Where it is necessary or desirable for any purpose in connection with the Trust Deed to convert any sum from one currency to another it shall (unless otherwise provided by the Trust Deed or required by law) be converted at such rate or rates available to the Trustee on the relevant date, in accordance with such method and as at such date for the determination of such rate of exchange, as may be specified by the Trustee in its absolute discretion as relevant and any rate, method and date so specified shall be binding on the Issuer and the Bondholders.
- **Application of proceeds:** The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds or the delivery of any Bond Certificate to the persons entitled to it.
- **Error of judgment:** The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters.
- **Agents:** The Trustee may, in the conduct of the trusts of the Trust Deed instead of acting personally, employ and pay an agent on any terms, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money) and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person.

**Delegation:** The Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed and having exercised reasonable care in so

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doing, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons (whether being a joint trustee of the Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in it by the Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub - delegate with the consent of the Trustee) as the Trustee may think fit in the interests of the Bondholders and the Trustee shall not be bound to supervise the proceedings or acts of and shall not in any way or to any extent be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of such delegate or sub-delegate provided that the Trustee had exercised reasonable care in the appointment of such delegate.

- **Custodians and nominees:** The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian the Trust Deed or any document relating to the trust created hereunder and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person; the Trustee is not Obligated to appoint a custodian if the Trustee invests in securities payable to bearer.
- **Confidential information:** The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with the Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.

Obligations of the Trustee of Non-Convertible Floating Rate Subordinated Bond are, inter alia:

- to hold the benefit of the covenants made by the Issuer in the Trust Deed and the Conditions on trust for the Bondholders.
- to open such accounts as the Trustee deems necessary for discharging the functions of Trustee.
- to keep the money and assets representing the Trust Assets (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time and in accordance with the terms of the Trust Deed.
- to undertake all such actions for the recoveries of any outstanding payments in accordance with the provisions of the Trust Deed and to execute all such documents, deeds and papers and to do all acts in relation thereto.
- to manage and administer the Bonds in accordance with the terms of the Trust Deed and to execute, acknowledge, confirm or endorse any agreements, documents, deeds, instruments and papers in connection therewith.
- to convene any meeting of the Bondholders in accordance with the provisions of the Trust Deed and the Conditions, and to facilitate the proceedings of such meeting as it deems appropriate in accordance with the terms of the Trust Deed.
- to implement, give effect to and facilitate the Conditions and such other documents, deeds and agreements in contemplation thereof or in connection therewith.

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- upon receipt of the instructions of such requisite majority of the Bondholders in accordance with the terms of the Trust Deed, to sell or otherwise dispose of the Trust Assets and close any bank accounts that may have been opened in pursuance of the Trust Deed after the distribution of amounts standing to their credit; and
- to do all such other acts, deeds and things as may be necessary and incidental to the above provisions unless such acts require the prior consent of the Bondholders in accordance with the terms of the Trust Deed.

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## 10. RIGHTS & OBLIGATIONS OF THE ARRANGER

The Issuer has appointed Standard Chartered Bank acting through its Bangladesh Branch as the Mandated Lead Arranger of the proposed Bonds.

Rights and Obligations of the Arranger of the Non-Convertible Floating Rate Subordinated Bond include:

- Due diligence of the issue prior to submission of the proposed bonds to external parties.
- Coordinate and provide integral support for preparation of Information Memorandum and appointment of relevant parties.
- Ensure proper documentation completion and compliance with regulatory requirements, prior to submission to regulators.
- Engage with regulators and Issuer for approval of the bonds.
- Support due diligence of prospective investors for investing in the bonds.
- Complete documentation of the bonds prior to subscription of the bonds.
- Monitor compliance with conditions precedent prior to issuance of the bonds.

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## 11. RIGHTS & OBLIGATIONS OF ELIGIBLE INVESTORS


Rights and Obligations of the eligible Investors of Non-Convertible Floating Rate Subordinated Bond are, inter alia:

- **Ownership of the Bond:** Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.
- **Right to receive payment** – Subject to terms and conditions of the Bond, each Bondholder shall have a right to receive payment of principal amount of the Bond on the redemption date and interest amount of the Bond on each Interest Payment Date.
- **Transfer of Bonds** – Subject to terms and conditions of the Bond Documents each Bondholder shall have the right to transfer the Bonds freely
- **Basic Rights:** Basic rights of the Bondholders/Investors include but is not limited to: (i) secure methods of ownership registration; (ii) obtain relevant information on the company on a timely and regular basis; (iv) participate and vote in bondholders' meetings.

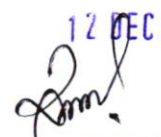
The rights of the Eligible Investors are ensured through the "Trust Deed".

- **Rights Subordinated:** The rights of the holders of Bonds against the Issuer (including for principal and interest) are subordinated and junior in right of payment to its Obligations (a) to its depositors, (b) under bankers' acceptances and letters of credit issued by the Issuer, (c) to Senior Creditors (including the Bangladesh Bank and the Deposit Insurance Trust Fund). In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such Obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds. In the event of any such proceedings, after payment in full of all sums owing on such prior Obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari passu with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer, the unpaid principal thereof and any unpaid premium, if any, and interest before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any Obligations of the Issuer ranking junior to the Bonds.

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Head Office, Dhaka.

12 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



## 12. DESCRIPTION OF THE ISSUER: SOCIAL ISLAMI BANK LIMITED

Social Islami Bank Limited (SIBL) is a second-generation commercial bank operating since 22 November 1995 based on Shariah' Principles. The bank, at present, has 138 branches across the country with two subsidiary companies - SIBL Securities Ltd. & SIBL Investment Ltd. Targeting poverty alleviation, SIBL has been modeled as participatory three sector banking model. 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 has a non-formal banking sector too with informal finance and investment package that empowers and humanizes real poor family and create local income opportunities and discourages internal migration. The bank has another sector to monetize the voluntary sector and management of Waqf, Mosque properties and has introduced cash Waqf system for the first time in the history of banking. The bank is listed on both the Dhaka Stock Exchange and Chittagong Stock Exchange.

### A. CAPITAL STRUCTURE

- **Authorized capital:** BDT 30,000 million (as of 30 September 2022)
- **Paid-up capital:** BDT 10,342 million (as of 30 September 2022)

#### Shareholding Structure

Sl.	Shareholder Type	30 Sep 2022	31 Dec 2021
		Shareholding %	Shareholding %
1.	Sponsors & Placement	9.52%	11.52%
2.	Sponsors Foreign	1.31%	1.32%
4.	Sponsors and Placement Company	22.55%	22.55%
5.	General Public	18.67%	17.01%
6.	Institutions (Bank & Insurance)	3.43%	3.56%
7.	Institution (Others)	41.90%	41.63%
8.	ICB Account Holders	0.01%	0.01%
9.	ICB	1.28%	1.24%
10.	ICB Unit Fund	1.08%	0.92%
11.	Employee	0.24%	0.22%
12.	Non-Resident Bangladeshi	0.02%	0.02%
<b>Total</b>		<b>100.00%</b>	<b>100.00%</b>

#### Issuer's Source of Capital

Particulars	As of 30 September 2022	
	Amount	% of Total Assets
<b>Liabilities</b>		
Placement from Banks & other Financial Institutions	1,000,000,000	0.23%
Mudaraba savings deposits	44,105,360,711	10.22%
Mudaraba term deposits	182,631,617,276	42.32%
Other mudaraba deposits	83,276,811,397	19.30%
Al-wadeeah current & other deposit accounts	44,542,298,026	10.32%
Bills payable	5,735,232,705	1.33%

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 Chief Financial Officer  
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Cash waqf fund	405,473,364	0.09%
SIBL mudaraba subordinated bond	4,800,000,000	1.11%
SIBL mudaraba perpetual bond	5,000,000,000	1.16%
Other liabilities	39,772,252,830	9.22%
Deferred tax liabilities/ (assets)	471,804,151	0.11%
<b>Total Liabilities</b>	<b>411,740,850,460</b>	<b>95.41%</b>
<b>Capital/Shareholders' Equity</b>		
Paid-up capital	10,341,542,860	2.40%
Statutory reserve	8,071,324,956	1.87%
General Reserve	13,938,397	0.00%
Other Reserve	11,903,615	0.00%
Revaluation reserve on fixed assets	557,024,130	0.13%
Retained earnings	801,257,559	0.19%
<b>Total Shareholders' Equity</b>	<b>19,796,991,516</b>	<b>4.59%</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>431,537,843,945</b>	<b>100.00%</b>

**Total Regulatory Capital of SIBL as of 30 September 2022**

Particulars	30.09.2022	31.12.2021
	BDT	BDT
Common Equity Tier I (CET-1) Capital		
i) Paid-up Capital	10,341,542,860	9,849,088,440
ii) Statutory Reserve (Note: 17)	8,071,324,956	7,605,264,974
iii) General Reserve	13,938,397	13,938,397
iv) General Reserve	-	-
iv) Retained Earnings (Note: 18(a))	801,257,559	1,363,252,358
v) Non-controlling interest	-	-
	<b>19,228,065,739</b>	<b>18,831,544,169</b>
Adjustment in CET-1 (Intangible Assets i.e Software)	192,447,033	194,557,589
Eligible Common Equity Tier I Capital	<b>19,035,618,706</b>	<b>18,636,986,580</b>
Additional Tier I (AT-1) Capital		
i) SIBL Mudaraba Perpetual Bonds	5,000,000,000	5,000,000,000
Available Additional Tier I (AT-1) Capital	<b>5,000,000,000</b>	<b>5,000,000,000</b>
Limit for Additional Tier I Capital	<b>4,437,586,014</b>	<b>4,201,942,382</b>
Total Eligible Tier I Capital	<b>23,473,204,722</b>	<b>22,838,928,961</b>
b) Gone Concern Capital (Tier-II)		
i) General Provision (Note 14.1(b+c))	6,354,309,288	5,965,478,813
ii) SIBL Mudaraba Subordinated Bonds	3,000,000,000	3,800,000,000
iii) Others (approved by BB)	562,413,986	-
Available Tier II Capital	<b>9,916,723,274</b>	<b>9,765,478,813</b>
Limit for Eligible Tier II Capital	<b>11,833,562,705</b>	<b>11,205,179,684</b>
Total Eligible Tier II Capital	<b>9,916,723,274</b>	<b>9,765,478,813</b>
c) Total eligible capital (a +b)	<b>33,389,927,995</b>	<b>32,604,407,775</b>
d) Total Risk Weighted Assets	<b>295,839,067,630</b>	<b>280,129,492,100</b>
e) Minimum Required Capital (10% of Risk Weighted Assets)	<b>29,583,906,763</b>	<b>28,012,949,210</b>
f) Minimum Required Capital including conservation buffer (12.5% of Risk Weighted Assets)	<b>36,979,883,454</b>	<b>35,016,186,513</b>
g) Total Capital Surplus (c-e)	<b>3,806,021,232</b>	<b>4,591,458,565</b>

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### Capital Adequacy Ratio (Consolidated Basis)

Particulars	30.09.2022		31.12.2021	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	7.93%	6.00%	8.15%
Common Equity Tier I Capital: (CET-1)	4.50%	6.43%	4.50%	6.65%
CET-1 Plus Conservation Buffer	7.00%	6.43%	7.00%	6.65%
Going Concern Capital: (Tier-II)	0.00%	3.35%	0.00%	3.49%
Minimum CRAR	10.00%	11.29%	10.00%	11.64%
<b>Minimum CRAR Plus Conservation Buffer</b>	<b>12.50%</b>	<b>11.29%</b>	<b>12.50%</b>	<b>11.64%</b>

## B. BUSINESS

Social Islami Bank Limited (SIBL) was established in the year 1995 as a public limited company, engaged in Islami Shariah based commercial banking under the Banking Companies Act 1991, Bangladesh and thus its modus-operandi is substantially different from conventional banks. SIBL is a second-generation Islamic Bank in the country providing online banking facilities to its customers. In the formal corporate sector, SIBL offers various types of deposit and investment accounts, trade finance, letters of guarantee, 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 other facilities.

The products and services offered by SIBL is given below.

### Deposit Products

01 Al-Wadeeah Current Account	14 Mudaraba Savings Account
02 Mudaraba Notice Deposit Account	15 Mudaraba Term Deposit Account
03 Mudaraba Monthly Profit Deposit Scheme	16 Mudaraba Millionaire Savings Scheme
04 Mudaraba Education Deposit Scheme	17 Sonali Din Special Deposit Scheme
05 Mudaraba Special Deposit Pension Scheme	18 Mudaraba Bashsthan Savings Scheme
06 Mudaraba Hajj Savings Deposit (Kafela)	19 Cash Waqf
07 Mudaraba Lakhopati Deposit Scheme	20 Mudaraba Double Benefit Deposit Scheme
08 Shamridhir Shopan Special Deposit Scheme	21 Mudaraba Marriage Savings Scheme
09 Mudaraba Mohorana Savings A/c (10 Years)	22 Mudaraba Mohorana Savings A/c (5 Years)
10 Shanchita Special Deposit Scheme	23 Subarnalata Special Deposit scheme
11 SubarnaRekha Special Deposit Scheme	24 Sabuj Chaya Special Deposit scheme

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12	Sabuj Shayannaya Scheme	Special Deposit	25	Shukher Thikana Special Deposit Scheme
13	Shachanda Protidin Scheme	Special Deposit	26	SIBL Young Star Account

#### INVESTMENT PRODUCTS

01	Bai-Murabaha	08	Bai-Muajjal
02	Hire Purchase under Shirkatul Melk	09	Mudaraba
03	Musharaka	10	Bai-Salam
04	Documentary Bill Purchase	11	Quard
05	SIBL Employees' House Building Investment Scheme	12	SME & Agricultural Finance
06	Women Enterprise Finance	13	Retail Finance
07	Family Empowerment Islamic Micro Finance		

#### SERVICE PRODUCTS

01	Online Banking	10	ATM 24/ 7
02	CARD (Local & Foreign)	11	Automated Clearing
03	Electronic Fund Transfer	12	Mobile Banking
04	Offshore Banking	13	Centralized Trade Processing Services
05	Remittance	14	Locker
06	Student File	15	SWIFT
07	Capital Market Services through SIBL	16	ADC (Alternate Delivery Channel)
08	School Banking	17	Agent Banking
09	RTGS (Real time gross settlement)		

The bank has two subsidiaries as given below:

❖ **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 it 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 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.

❖ **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 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.

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## C. MANAGEMENT

### Board of Directors

The existing Board Members are 12 (twelve) including 2 (two) Independent Directors. As per Corporate Governance Code of BSEC and Bank Companies Act, 1991(amended up to 2018), 2(two) Independent Directors were appointed in the Board under different law and their tenure is fixed thereon. The devoted Board Members are highly committed towards achievement of the bank. They ensure superior achievement through the sound financial results and stewards its leadership position in the industry. Moreover, the board is engaged in major activities such as addressing major policy, regulatory and strategic issues and providing proper guidelines, monitoring financial performance, monitoring operations of internal control, approval of annual budget, major capital expenditure. Evaluation of financial performance, approval of audit report, aware to maintain Shariah Principals. Appointment and evaluation of Managing Director & CEO and Senior Management team are the key decisions maker where the board of directors plays a good part to carry on a sound banking operation. In addition, the board of directors is responsible body to make timely reporting to shareholder about the affairs and performance of the Bank. The Board also responsible to comply all types of Rules, Regulations, Notifications and Orders issued by the Regulatory Authorities in time.

### Executive Committee (EC)

The Executive Committee of the Board has 4 members and is headed by Mr. Belal Ahmed as Chairman. The Executive Committee reviews all the credit proposals beyond the delegation of management and approve loans, other than large loans (10% or above of regularly capital). Large loans are recommended by the EC for approval by the Board. It is also responsible for administration, investment aspect, expansion of business etc. The Board confirms the decision of all Executive Committee meetings and assesses the operational results. The EC is responsible for developing policy & strategy for smooth operation of the bank and for business development of the bank to ensure maximization of shareholders' wealth while protecting other stakeholders' interest.

### Audit Committee

The Audit Committee of the Board was duly constituted by the Bank comprising of 3 members of the Board of Directors. The Committee is headed by Prof. Dr. AJM Shafiul Alam Bhuiyan, Independent Director as Chairman as per the revised corporate governance guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC). The committee reviews and monitors regulatory compliance, financial reporting, internal control & internal audit functions, and other operational activities. SIBL conducts internal audit of the branches and head office divisions on a periodical basis. The internal audit is supervised under Internal Control & Compliance Division (ICCD) and a separate division named 'Board Audit Cell (BAC)' also conducts internal audit supervised by Board Audit Committee. This BAC directly reports to the Chairman of Board Audit Committee. The committee reviews the financial reporting process, the system of Internal Control, Management Information System, Management of Risks, the Bangladesh Bank and Internal Audit reports, Audit process and compliance with laws and regulations and bank own code of conduct.

### Risk Management Committee

The Risk Management Committee of the Board has 3 members and is headed by Mr. Mr. Md. Kamal Uddin as Chairman. The Committee reviews stress testing as per Bangladesh Bank guideline for examining the bank's capacity for managing future shocks as well as deals with all potential risks that might occur in future. The Committee also reviews the risk appetite capacity of the Bank commensurate with its capital base, stress test results and implementation of Bank's ICAAP etc. The decisions/resolutions of the Committee are submitted to Bangladesh Bank for regulatory compliance. The resolutions were also disseminated to all concerned of the Bank for ensuring compliance and implementation.

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*[Signature]*  
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*[Signature]*  
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Chief Financial Officer  
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*[Signature]*  
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*[Signature]*  
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#### Shariah Supervisory Committee

SIBL has formed a Shariah Supervisory Committee (SSC) consisting of 9 (nine) prominent Islamic Scholars and is headed by Mufti Sayeed Ahmed as chairman. SIBL always tries to follow the teachings of Islam in activities as well as to strengthen the trust of the clients. The Committee primarily oversees the Islamic banking undertakings and Shariah compliance of the Bank.

**Management Team:** The strategic management activities and overall business operations of SIBL are supervised and directed by the core management team of the bank. The Managing Director & CEO, Zafar Alam with 31 years of extensive and immense experience in banking leads the core management team. The core management team of the bank also consists of one Additional Managing Director and three Deputy Managing Directors and all of whom are experienced in banking ranging from 25 to 35 years. The members of the team have also attended numerous training and development programs both at home and abroad which enabled them to build an enormous knowledge base in banking. The top management team of the bank (Senior Vice President and above), including the core management team, consists of qualified and experienced professionals.

#### D. DESCRIPTION OF ENCUMBERED AND UNENCUMBERED ASSETS WITH VALUE THEREOF

Social Islami Bank Limited (SIBL) did not hold any encumbered assets/ securities as on 30 September 2022. The value of the assets of SIBL (consolidated) comprises of Cash, Investments, Placements, Fixed Assets including premises, etc. and is BDT 431,537,843,945 as on 30 September 2022. The total value of the asset is unencumbered.

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## E. BRIEF PROFILE OF THE DIRECTORS/OWNERS OF THE ISSUER

### Dr. Md. Mahbub Ul Alam Chairman

A seasoned banker and a dynamic leader, Dr. Md. Mahbub Ul Alam is an advocate of sustainable growth. He started his career at Islami Bank Bangladesh Limited as Probationary Officer in 1984 and reached the top rank of the Bank as MD & CEO. He achieved numerous accolades and milestones in his long 37 years illustrious banking career. Dr. Md. Mahbub Ul Alam achieved 'Best Emerging CEO in Islamic Banking-2018' and 'CEO of the Year-2019' award in World Islamic Banking conferred by UK-based Cambridge International Financial Advisory. Prior to join SIBL as Chairman, he served First Security Islami Bank Ltd. (FSIBL) as advisor.

He completed B.Com. (Hons) and M.Com. in Marketing from the University of Dhaka. He is a graduate in Finance of International Trade (FIT) from Business School of Ireland and member of ICC Standing Committee for Banking Technique and Practice, ICC, Paris, Bangladesh Chapter. He also obtained Professional Doctoral Certificate in Banking from European International University, Paris.

He is a regular resource person of various universities and training institutes in Islamic Banking, International Trade and Management. On the occasion of professional training and remittance marketing, he traveled different countries including USA, UK, Canada, Australia, Germany, Singapore, Malaysia and many more.

### Mr. Belal Ahmed Vice Chairmen

Mr. Belal Ahmed is the Vice Chairman of the Board of Directors of Social Islami Bank Limited and Chairman of the Executive Committee (EC) of SIBL. Mr. Belal Ahmed started business in Bangladesh as Proprietor of Unitex Group after completion of his higher education from University of Toronto, Canada. He is the Managing Director of Unitex Spinning Limited, Unitex Composite Mills Limited, Unitex Cylinder Ltd, UNI Paint Industries Ltd, Shahella Spinning Mills Ltd, Unitex Power Plant Ltd, Omnibus Logistics Ltd of Unitex Group. He is also a Shareholder of Unitex LP Gas Limited, Unitex Steel Mills Limited. Mr. Belal Ahmed was one of the Directors of Chittagong Chamber of Commerce and Industries during the period from 2013 to 2015. He has been representing Social Islami Bank Limited to Bangladesh Association of Banks (BAB) since long. He is also the Director of SIBL Securities Ltd. and SIBL Investment Ltd.

### Mr. Md. Sayedur Rahman Vice Chairman

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

### Mr. M. Kamal Uddin Director

Mr. Md. Kamal Uddin is one of the renowned and successful Industrialists and well experienced international Businessman of the country. As a multitasking businessman he engaged himself with various types of National and international business along with well reputed organizations which makes him a forward looking and progressive businessman which already reached him an enviable height. Currently he is the proprietor of CBM Consortium. He is the Managing Director of Chittagong Builders & Machinery Ltd., Merchant Securities Limited and Sifang Securities Limited. He is also the Director of Human Resources Development Co. Ltd., Central Hospital (PVT) Ltd., ASM Chemical Industries Ltd. and Universal Health Services & Research Ltd. He is also a Veteran in Stock Market Business. He is a well-known Social Organizer and a man of Islamic Personality. Mr. Uddin has widely traveled in several countries in connection with business and participated in different trade fairs. He is the Chairman of Risk Management Committee and Member of the Audit Committee of the Bank. He is also the Chairman of SIBL Securities Ltd. and SIBL Investment Ltd.

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Zafar Alam  
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Nasimul Baten  
Managing Director & CEO  
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**Mrs. Nargis Mannan**  
**Director**

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

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

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

**DR. MD. JAHANGIR HOSSAIN**  
**Director**

Dr. Md. Jahangir Hossain is a Director of Social Islami Bank Limited. He completed his M.B.B.S from Sylhet MAG Osmani Medical College, Bangladesh. He also completed "Advanced Diploma in Ultrasound" from Institute of Ultrasound Techniques, Toronto, Ontario, Canada in 2008 and "Diploma in Medical Ultrasound" from Shristy Institute for Health Sciences, Dhaka in the year 2007. He has more than 44 years of professional experience in his medical career. He started his career in the year 1975 as Lecturer of Sir Salimullah Medical College & Hospital, Dhaka. After that he left for Kingdom of Saudi Arabia and served Ministry of Health of KSA for 25 years and voluntarily retired in the year 2003 as Senior Medical Officer. He is discharging his responsibilities competently in the affairs of the Board of Directors of the Bank. Mr. Jahangir is also the member of Audit Committee of the Bank.

**MRS. JEBUNNESSA AKBAR**  
**Director**

Mrs. Jebunnessa Akbar is a Director of Social Islami Bank Limited. She completed her Graduation from Chattagram College. She also completed a professional course on "Fashions and Jewelry Designing" from the Institute of Fashions and Jewelry Designing, New Delhi, India. Mrs. Akbar achieved a Diploma in Computer Science from APTECH, Uttara, Dhaka. She bears 27 years of experience in different field of welfare organization. She was a Director of BIFC from June 2016 to December 2017. She was the president of National Defense College (NDC) Ladies Club (Welfare Organization of Ladies and Children of NDC's Officers, Course Members & Employees) from June 2011 to February 2015 and DGFI (Directorate General of Forces Intelligence) Ladies Club (Welfare Organization of DGFI's Civil and Military Officers and Military and Civil Employees's wives and Children) from Feb 2009 to June 2011. She was the Vice President of Sena Paribar Kalyan Samity Central Committee, Dhaka (Welfare Organization of Soldiers Wives and Children all over the Bangladesh Army) from Feb-2001 to Dec 2002 and the Secretary of Ladies Club, Bangladesh High Commission, New Delhi (Welfare Organization of Wives and Children of Diplomate & Employees posted at New Delhi High Commission) from Dec 1995 to Oct 1999.

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

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**MR. ALI HASAN MD. MAHMUD RIBON**  
Director

Mr. Ali Hasan Md. Mahmud Ribon appointed as a Director of Social Islami Bank Limited on 13th November, 2017. He bears almost 41 years of business Experience in different fields. He is holding the degree of Bachelor of Arts under the University of Rajshahi. He is a knowledgeable individual in field of fish export. He also bears a vast knowledge as Contractor. He is the Chairman of M/S. Mahmud Ribon. He is discharging his responsibilities competently in the affairs of the Board of Directors of the Bank. He is also discharging his responsibilities as a member of the Risk Management Committee of the Bank.

**MR. ARSHADUL ALAM**  
Director

Mr. Arshadul Alam is an industrialist of the Country and also a Director of Social Islami Bank Limited. He completed his MBA from American International University- Bangladesh (AIUB), Dhaka, Bangladesh. He started his business after completion of his under graduation in Business Communication from University of Queensland, Brisbane, Australia. He bears more than 15 years of experience in different fields of business. He is the Proprietor of Uni-Trade International & Nishat Traders and he is also the Managing Director of Jesco Capital Management Ltd. He is discharging his responsibilities competently in the affairs of the Board of Directors of the Bank. He is also discharging his responsibilities as a member of the Executive Committee (EC) of the Bank.

**MR. MAHMUDUL ALAM**  
Director

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

**PROFESSOR A J M SHAFIUL ALAM BHUIYAN, PH. D**  
Independent Director

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

**PROFESSOR MOHAMMED MIZANUR RAHMAN**  
Independent Director

Professor Mohammed Mizanur Rahman, PH. D has been associated as an Independent Director of Social Islami Bank Limited since long. He completed his BSE & MSE in Applied Chemistry and Chemical Engineering from the University of Dhaka in the year-1995 and 1996 respectively. Having an immense knowledge and experience in diversified fields, he discharged his responsibilities as a Member and CEO (from July 2015 to

12 DEC 2022  
*[Signature]*  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
*[Signature]*  
Mohammad Shabbir, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
*[Signature]*  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022  
*[Signature]*  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



date) of different Institutions under Ministry of Textile and Jute. He is serving as standing committee and project implementation of the Skill for Employment investment project (SEIP-BTMA) from July 2015 to continue financed by ADB and Ministry of Finance Govt. Dr. Rahman is a member of the National Science and Technology Fellowship Committee since January 2014 under the Ministry of Science and Technology GoB. He also augmented his qualifications from the different International Universities of Japan and Germany. He is vastly known Professor of Department of Applied Chemistry and Chemical Engineering, University of Dhaka. He is also discharging his duty as a Syndicate Member and Academic Council Member of the University of Dhaka, Member of the Governing body of the Enam Medical College, Savar, Dhaka and Shymoli Textile Engineering College.

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

#### **MR. ZAFAR ALAM** **Managing Director & CEO**


Mr. Zafar Alam, a seasoned banker, has a glorious professional banking career spanning over three decades. He was appointed Social Islami Bank Limited (SIBL) as the Managing Director & CEO on December 13, 2021. Prior to joining SIBL, Mr. Zafar served Bangladesh Commerce Bank Limited as the Additional Managing Director. There he also played the role of Managing Director (Current Charge) for 14 months. He started his banking career at Islami Bank Bangladesh Limited (IBBL) as a Probationary Officer in 1992. He served IBBL for long 26 years in various leadership capacities. During his tenure there, he was Head of Branch at 06 (Six) large Branches of Dhaka city and Manager Operation at 02 (Two) Branches. At IBBL lastly, he was promoted to the position of the Senior Executive Vice President in recognition of his sincerity, dedication and performance and played the roles of Head of Human Resources Wing and 1st of Bank's Chief Human Resources Officer. In 2017 he joined SIBL as the Deputy Managing Director.

During his long and colorful 31 years of banking career, he gained extensive banking experience and developed a wide range of expertise as he worked in different capacities in almost all the areas of banking viz. Strategic Planning, Managing Investment Portfolio, Foreign Trade, Treasury Operation, General Banking, Asset Liability Oversight, Leadership Development, Risk Mitigation, Regulatory Compliance, Customer Engagement, Branch Management, etc.


Mr. Zafar attended numerous seminars, workshops and training programs both at home and abroad. A widely travelled person, Mr. Zafar visited many countries including Nepal, Malaysia, Singapore, Thailand, the United Arab Emirates (UAE), The Kingdom of Saudi Arabia (KSA) to enrich his professional knowledge.

Mr. Zafar obtained his BSS (Hons) and MSS in Public Administration from the University of Chittagong. He obtained Diploma in Islamic Banking (DIB) in 2002 from Islami Bank Training and Research Academy, Bangladesh

12 DEC 2022

  
**Md. Nazmul Ahsan, FCS**  
Company Secretary  
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Head Office, Dhaka.

12 DEC 2022

  
**Mohammad Sheeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.



## F. DESCRIPTION OF ASSETS AND LIABILITIES

### Assets (as of 30 September 2022)

Particulars	30.09.2022
	<u>BDT</u>
Cash in hand (including foreign currencies)	3,697,266,046
Balance with Bangladesh Bank & its Agent Banks (Including foreign currencies)	18,255,109,917
<b>Total</b>	<b>21,952,375,963</b>
In Bangladesh	3,558,259,028
Outside Bangladesh	4,094,284,205
<b>Total Balance with other Banks and Financial Institutions</b>	<b>7,652,543,234</b>
Placement with Banks and other Financial Institutions	7,744,133,489
Government	15,039,330,000
Others	9,350,587,535
<b>Total Investments in Shares and Securities</b>	<b>24,389,917,535</b>
General investment etc.	321,885,778,106
Bills purchased and discounted	18,723,075,278
<b>Total Investments</b>	<b>340,608,853,384</b>
Fixed assets including premises	4,436,285,797
Other assets	24,753,734,543
Non-Banking assets	
<b>Total assets</b>	<b>431,537,843,945</b>

12 DEC 2022

**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022

**Confidential**  
**Shoeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

**Liabilities (as of 30 September 2022)**

Particulars	30.09.2022
	BDT
Placement from Banks & other Financial Institutions	1,000,000,000
Mudaraba savings deposits	44,105,360,711
Mudaraba term deposits	182,631,617,276
Other mudaraba deposits	83,276,811,397
Al-wadeeah current and other deposit accounts	44,542,298,026
Bills payable	5,735,232,705
Cash waqf fund	405,473,364
<b>Total Deposits and Other Accounts</b>	<b>360,696,793,479</b>
SIBL mudaraba subordinated bond	4,800,000,000
SIBL mudaraba perpetual bond	5,000,000,000
Other liabilities	39,772,252,830
Deferred tax liabilities/ (assets)	471,804,151
<b>Total liabilities</b>	<b>411,740,850,460</b>
Paid-up capital	10,341,542,860
Statutory reserve	8,071,324,956
General reserve	13,938,397
Other reserve	11,903,615
Revaluation reserve on fixed assets	557,024,130
Retained earnings	801,257,559
<b>Total shareholders' equity of parent Company, SIBL</b>	<b>19,796,991,516</b>
Non-controlling interest	1968
Total shareholders' equity of parent Company, SIBL with non-controlling interest	19,796,993,485
<b>Total liabilities and shareholders' equity of the group</b>	<b>431,537,843,945</b>

12 DEC 2022

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12 DEC 2022

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**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.



## G. DESCRIPTION OF PREVIOUSLY ISSUED DEBT OR SECURITIES

SIBL started its business operation since 1995 and completed 20 years of successful business operation. During this period SIBL issued Debt or Equity Securities. Brief overview is as follows:

Years	Declaration	No. of Share	Face Value per Share (Tk.)	Cumulative no. of Shares	Value of issued Capital year (Tk.)	Cumulative value of Capital (Tk.)
1995	Initial Capital	118,380	1,000	118,380	118,380,000	118,380,000
1996	No Dividend	-	-	118,380	-	118,380,000
1997	6.43% Bonus issue for the year 1996	7,620	1,000	126,000	7,620,000	126,000,000
1998	No Dividend	-	-	126,000	-	126,000,000
1999	Rights Share Issued	74,000	1,000	200,000	74,000,000	200,000,000
2000	Placement	50,000	1,000	250,000	50,000,000	250,000,000
	Initial Public Offer	10,000	1,000	260,000	10,000,000	260,000,000
2001	20% Bonus Issue (Declared in the year 2004)	-	-	260,000	-	260,000,000
2002	25% Bonus Issue (Declared in the year 2004)	-	-	260,000	-	260,000,000
2003	50% Bonus Issue (Declared in the year 2004)	-	-	260,000	-	260,000,000
2004	Bonus Issue (For the years 2001, 2002, 2003)	325,000	1,000	585,000	325,000,000	585,000,000
2005	No Dividend	-	-	585,000	-	585,000,000
2006	No Dividend	-	-	585,000	-	585,000,000
2007	1:1 Right Share	5,345,550	100	11,195,550	534,555,000	1,119,555,000
2008	17% Bonus Issue for the year 2007	1,903,243	100	13,098,793	190,324,300	1,309,879,300
2009	17% Bonus Issue for the year 2008	1,309,879	100	14,408,672	130,987,900	1,440,867,200
	1:1 Right Share	12,508,587	100	26,917,259	1,250,858,700	2,691,725,900
2010	11% Bonus Issue for the year 2009	2,960,899	100	29,878,158	296,089,850	2,987,815,750
2011	14% Bonus Issue for the year 2010	41,829,420	10	340,610,995	418,294,200	3,406,109,950
	1:1 Right Share	298,781,575	10	639,392,570	2,987,815,750	6,393,925,700
2013	10% Bonus Issue for the year 2012	63,748,994	10	703,141,564	637,489,940	7,031,415,640
2014	12% Cash dividend for the year 2013	-	10	703,141,564	-	7,031,415,640
2015	12% Cash dividend for the year 2014	-	10	703,141,564	-	7,031,415,640
2016	15% Cash dividend for the year 2015	-	10	703,141,564	-	7,031,415,640
	5% Bonus Issue for the year 2015	351,570,78	10	351,570,78	351,570,782	7,382,986,420
2017	20% Cash Dividend for the year 2016	-	10	-	-	7,382,986,420
2018	10% Bonus Share for the year 2017	73,829,864	10	812,128,506	738,298,640	8,121,285,060
2019	10% Bonus Share for the year 2018	81,212,850	10	893,341,356	812,128,500	8,933,43,560



2020	5% and 5% Bonus Share for 2019	44,667,067	10	938,008,423	446,670,670	9,380,084,230
2021	5% and 5% Bonus Share for 2020	46,900,421	10	984,908,844	469,004,210	9,849,088,440

SL	Name of the Issuer	Name of the Issue	Maturity Period	IM issue Date	Date of Completion of the Subscription	Value of Debt	Repayment Amount	Outstanding	Defaults (if Any)	Remarks
1	SIBL	SIBL Mudaraba Subordinated Bond	3/31/2021	8/16/2014	3/31/2015	300.00	300.00	-	no	Fully Redeemed
2	SIBL	SIBL 2nd Mudaraba Subordinated Bond	6/20/2023	1/17/2017	6/20/2017	400.00	320.00	80.00	no	
3	SIBL	SIBL 3rd Mudaraba Subordinated Bond	12/27/2025	9/27/2018	12/27/2018	500.00	100.00	400.00	no	
4	SIBL	SIBL Mudaraba Perpetual Bond	N/A	11/25/2020	10/13/2021	500.00	-	500.00	no	

#### SIBL Mudaraba Subordinated Bond

SIBL has three subordinated bonds namely "SIBL Mudaraba Subordinated Bond of Tk. 300 crore", SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 crore and SIBL 3rd Mudaraba Subordinated Bond of Taka-500.00 crore to support and strengthen Tier-II capital base of the Bank under Basel-III capital regulation of Bangladesh Bank.

#### SIBL Mudaraba Subordinated Bond of Tk. 300 Crore:

Social Islami Bank Limited issued 'SIBL Mudaraba Subordinated Bond of Tk. 300 Crore' in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/598 & BRPD (BFIS) 661/14 B(P)/2014-6027, Dated: 26 August 2014 & 16 September 2014 respectively. The bond was fully subscribed by 14 nos of investors and the subscription of the bond closed on 31.03.2015.


#### SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 Crore:

Social Islami Bank Limited issued 'SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 Crore' in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/28 & BRPD (BFIS) 661/14 B(P)/2017-1252, Dated: 17 January 2017 & 01 March 2017 respectively. The bond was fully subscribed by 12 nos of investors and the subscription of the bond closed on 20.06.2017.

#### SIBL 3rd Mudaraba Subordinated Bond of Tk.500 Crore:

Social Islami Bank Limited issued 'SIBL 3rd Mudaraba Subordinated Bond of Tk. 500 Crore' in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/670 & BRPD(BFIS)661/14B(P)/2018-7647, Dated: 27 September 2018 & 11 October 2018 respectively. The bond was fully subscribed by 3 nos of investors and the subscription of the bond closed on 27.12.2018.

12 DEC 2022

  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022

  
Mohammad Shoeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022


  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



### 13. AUDITOR'S REPORT ALONG WITH AUDITED FINANCIAL STATEMENTS OF THE ISSUER, SOCIAL ISLAMI BANK LIMITED

For the detailed Audited Financials as of 30 September 2022, please see Annexure-3.

12 DEC 2022

  
**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022

  
**Mohammad Shoeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.



## 14. COMPARATIVE FINANCIAL STATEMENTS

Comparative Financial Statement for last three years of Social Islami Bank Limited is presented below.

### a. Consolidated Statement of Financial Position

Particulars	30.09.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
	BDT	BDT	BDT	BDT	BDT
Cash in hand (including foreign currencies)	3,697,266,046	3,416,614,856	2,973,262,850	2,949,359,808	2,344,325,541
Balance with Bangladesh Bank & its Agent Banks (Including foreign currencies)	18,255,109,917	20,075,647,654	30,400,773,390	28,949,172,602	23,735,810,359
<b>Total</b>	<b>21,952,375,963</b>	<b>23,492,262,510</b>	<b>33,374,036,240</b>	<b>31,898,532,410</b>	<b>26,080,135,900</b>
In Bangladesh	3,558,259,028	7,030,447,503	3,889,054,019	2,288,375,533	1,159,076,554
Outside Bangladesh	4,094,284,205	2,540,793,342	611,795,207	1,084,292,499	323,695,854
<b>Total Balance with other Banks and Financial Institutions</b>	<b>7,652,543,234</b>	<b>9,571,240,845</b>	<b>4,500,849,226</b>	<b>3,372,668,032</b>	<b>1,482,772,408</b>
Placement with Banks and other Financial Institutions	7,744,133,489	9,662,743,194	6,200,795,494	6,826,069,299	5,911,619,899
Government	15,039,330,000	20,165,050,000	14,462,160,000	13,692,300,000	9,200,000,000
Others	9,350,587,535	9,223,905,847	4,275,574,273	4,170,415,304	2,549,022,367
<b>Total Investments in Shares and Securities</b>	<b>24,389,917,535</b>	<b>29,388,955,847</b>	<b>18,737,734,273</b>	<b>17,862,715,304</b>	<b>11,749,022,367</b>
General investment etc.	321,885,778,106	296,821,586,727	287,594,854,278	251,238,985,230	229,634,994,597
Bills purchased and discounted	18,723,075,278	15,162,233,802	12,123,089,288	12,229,604,419	8,219,176,356

12 DEC 2022

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Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022

Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC





<b>Total Investments</b>	<b>340,608,853,384</b>	<b>311,983,820,529</b>	<b>299,717,943,566</b>	<b>263,468,589,649</b>	<b>237,854,170,953</b>
Fixed assets including premises	4,436,285,797	4,261,357,069	4,446,983,032	3,613,716,895	3,572,253,103
Other assets	24,753,734,543	20,232,831,433	18,231,614,894	18,143,066,838	20,752,880,683
Non-Banking assets		-	-	-	-
<b>Total assets</b>	<b>431,537,843,945</b>	<b>408,593,211,428</b>	<b>385,209,956,725</b>	<b>345,185,358,427</b>	<b>307,402,855,312</b>
Placement from Banks & other Financial Institutions	<b>1,000,000,000</b>	-	-	-	<b>8,000,000,000</b>
Mudaraba savings deposits	44,105,360,711	37,308,169,943	33,622,114,210	25,739,179,658	19,621,561,549
Mudaraba term deposits	182,631,617,276	176,256,112,820	175,364,565,456	165,687,514,476	156,095,697,702
Other mudaraba deposits	83,276,811,397	80,399,200,511	72,789,409,014	64,112,318,321	43,569,089,182
Al-wadeeah current and other deposit accounts	44,542,298,026	40,988,703,603	34,819,969,171	25,608,307,719	23,962,556,672
Bills payable	5,735,232,705	5,064,269,305	4,909,336,453	5,982,863,785	4,384,822,493
Cash waqf fund	405,473,364	382,356,998	377,056,255	342,710,311	317,048,976
<b>Total Deposits and Other Accounts</b>	<b>360,696,793,479</b>	<b>340,398,813,180</b>	<b>321,882,450,559</b>	<b>287,472,894,270</b>	<b>247,950,776,574</b>
SIBL mudaraba subordinated bond	4,800,000,000	5,600,000,000	8,000,000,000	9,400,000,000	10,800,000,000
SIBL mudaraba perpetual bond	5,000,000,000	5,000,000,000	1,500,000,000	-	-
Other liabilities	39,772,252,830	37,731,786,286	35,292,055,497	30,905,629,453	24,789,270,400
Deferred tax liabilities/ (assets)	471,804,151	465,541,725	439,019,598	94,704,927	75,437,019
<b>Total liabilities</b>	<b>411,740,850,460</b>	<b>389,196,141,192</b>	<b>367,113,525,654</b>	<b>327,873,228,650</b>	<b>291,615,483,993</b>
Paid-up capital	10,341,542,860	9,849,088,440	9,380,084,230	8,933,413,560	8,121,285,060
Statutory reserve	8,071,324,956	7,605,264,974	7,030,390,821	6,422,261,269	5,795,455,397
General reserve	13,938,397	13,938,397	11,314,058	9,843,356	10,764,250
Other reserve	11,903,615	8,500,000			
Revaluation reserve on fixed assets	557,024,130	557,024,130	571,142,055	931,379,261	954,998,771
Retained earnings	801,257,559	1,363,252,358	1,103,498,067	1,015,230,517	904,866,027
<b>Total shareholders' equity of parent Company, SIBL</b>	<b>19,796,991,516</b>	<b>19,397,068,299</b>	<b>18,096,429,231</b>	<b>17,312,127,963</b>	<b>15,787,369,506</b>
Non-controlling interest	<b>1968</b>	<b>1937</b>	<b>1840</b>	1,814	1,812
Total shareholders' equity of parent Company, SIBL with non-controlling interest	19,796,993,485	19,397,070,236	18,096,431,071	17,312,129,777	15,787,371,318

12 DEC 2022  
  
**Md. Nazmul Ahsan, FCS**  
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 Chief Financial Officer  
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**Zafar Alam**  
 Managing Director & CEO  
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 Head Office, Dhaka.

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**Nasimul Baten**  
 Managing Director & CEO  
 DBH Finance PLC.



Total liabilities and shareholders' equity of the group	431,537,843,945	408,593,211,428	385,209,956,725	345,185,358,427	307,402,855,312
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**b. Consolidated Statement of Profit, Loss and Other Comprehensive Income**

Particulars	30.09.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
	BDT	BDT	BDT	BDT	BDT
Investment income	15,877,812,375	24,102,157,455	27,114,836,024	27,872,037,075	25,073,045,000
Profit paid on deposits	12,145,451,790	16,217,759,192	19,557,578,597	18,500,646,256	16,137,704,994
<b>Net investment income</b>	<b>3,732,360,585</b>	<b>7,884,398,263</b>	<b>7,557,257,427</b>	<b>9,371,390,819</b>	<b>8,935,340,006</b>
Income from investment in shares/securities	929,471,779	825,534,629	778,358,729	773,998,540	477,908,519
Commission, exchange and brokerage	3,331,411,371	1,635,295,855	1,486,658,285	1,526,240,435	1,687,365,606
Other operating income	552,185,391	683,375,632	632,784,502	689,079,020	597,139,413
	<b>4,813,068,541</b>	<b>3,144,206,117</b>	<b>2,897,801,516</b>	<b>2,989,317,995</b>	<b>2,762,413,539</b>
<b>Total operating income</b>	<b>8,545,429,126</b>	<b>11,028,604,380</b>	<b>10,455,058,943</b>	<b>12,360,708,815</b>	<b>11,697,753,545</b>
Salaries and allowances	3,164,048,735	3,623,403,593	3,584,686,809	3,413,882,572	3,167,969,465
Rent, taxes, insurances, electricity etc.	401,483,381	505,610,267	390,764,845	579,209,966	530,631,708
Legal expenses	5,589,965	7,483,586	9,374,270	11,268,775	10,586,493
Postage, stamps, telecommunication etc.	5,670,789	8,665,023	7,333,769	8,776,440	10,088,853
Stationery, printings, advertisements etc.	91,104,273	105,278,351	122,909,565	161,473,808	132,965,876
Managing Director's salary and allowances	13,359,169	14,254,517	13,621,826	12,712,000	11,920,000
Directors' fees & expenses	2,168,362	2,800,818	5,322,836	9,918,184	4,872,901
Shariah supervisory committee's fees & expenses	208,036	144,284	74,629	446,507	245,903
Auditors' fees	733,125	985,750	977,500	977,500	621,000
Charges on investment losses	-	-	-	-	-
Depreciation & repair of Bank's assets	440,930,877	640,211,037	591,191,793	379,910,822	323,083,166
Zakat expenses	147,161,877	181,384,083	165,694,341	149,522,749	129,665,548
Other expenses	1,061,250,873	1,202,686,945	1,181,269,234	1,265,616,824	1,147,959,281
<b>Total operating expenses</b>	<b>5,333,709,462</b>	<b>6,292,908,253</b>	<b>6,073,221,416</b>	<b>5,993,716,149</b>	<b>5,470,610,193</b>
<b>Profit/(Loss) before provision</b>	<b>3,211,719,664</b>	<b>4,735,696,127</b>	<b>4,381,837,527</b>	<b>6,366,992,666</b>	<b>6,227,143,351</b>
Provision for investments	676,157,237	1,635,265,599	1,272,053,993	3,184,444,138	2,261,500,825
Other provisions	151,999,427	99,855,498	36,011,634	31,542,301	82,035,292

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Total provision	828,156,664	1,735,121,097	1,308,065,627	3,215,986,439	2,343,536,116
Total profit/(loss) before income taxes	2,383,563,000	3,000,575,030	3,073,771,900	3,151,006,227	3,883,607,235
Provision for taxation	<b>1,188,682,398</b>	1,250,391,364	1,506,500,770	1,625,326,874	2,282,097,630
<b>Net profit/(loss) after taxation</b>	<b>1,194,880,602</b>	<b>1,750,183,666</b>	<b>1,567,271,131</b>	<b>1,525,679,354</b>	<b>1,601,509,605</b>

### c. Consolidated Statement of Cash Flows

	30.09.2022	30.12.2021	31.12.2020	31.12.2019	31.12.2018
<b>Particulars</b>	<b>BDT</b>	<b>BDT</b>	<b>BDT</b>	<b>BDT</b>	<b>BDT</b>
Investment Income receipt	14,478,314,796	24,179,585,553	27,251,621,057	27,679,327,604	24,945,765,635
Profit paid on deposits	-10,221,367,625	-15,098,234,761	-18,550,348,689	-16,756,600,941	-14,559,686,156
Dividend receipts	929,471,779	825,534,629	778,358,729	773,998,540	477,908,519
Fees & commission receipt	643,121,541	858,095,827	711,813,684	742,845,087	766,440,458
Recovery from written off investment	56,134,672				
Cash payments to employees	-3,177,407,904	-3,637,658,110	-3,598,308,635	-3,426,594,572	-3,179,889,465
Cash payments to suppliers	-96,775,062	-113,943,374	-130,243,334	-170,250,248	-143,054,728
Income tax paid	-962,616,463	-1,970,235,272	-1,312,378,550	-1,326,270,037	-1,285,952,527
Receipts from other operating activities	2,759,325,339	1,402,834,855	1,370,377,559	1,418,028,758	1,452,298,275
Payments for other operating activities	-1,705,298,484	-2,243,180,999	-2,042,307,306	-2,084,247,716	-1,861,615,882
<b>Operating profit before changes in operating assets and liabilities</b>	<b>2,702,902,589</b>	<b>4,202,798,348</b>	<b>4,478,584,514</b>	<b>6,850,236,475</b>	<b>6,612,214,127</b>
<b>Increase/Decrease in operating assets and liabilities</b>					
Statutory deposits		-	-	-	-
Net trading securities	4,999,038,311	-10,651,221,574	-875,018,969	-6,113,692,937	-4,026,922
Investments to other Banks		-	-	-	-
Investment to customers	-28,625,032,855	-12,265,876,963	-36,249,353,918	-25,614,418,696	-28,558,661,868
Other assets	-2,214,923,740	-108,409,362	1,087,045,459	4,128,793,353	-3,042,338,602
Placements from Banks & other Financial Institutions	1,000,000,000				
Deposits from other Banks	20,377,585,618	-20,767,172,886	2,771,192,536	-3,876,630,345	-1,687,502,441
Deposits received from customers	-2,003,689,484	38,164,011,076	30,631,133,845	41,654,702,726	19,652,534,404
Other liabilities on account of customers		-	-	-	-
Trading liabilities		-	-	-	-
Other liabilities	21,703,419	-272,665,868	1,783,834,704	1,293,392,753	-2,057,815,487

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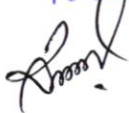


<b>Sub Total</b>	-6,445,318,731	-5,901,335,577	-851,166,342	11,472,146,853	-15,697,810,916
<b>Net Cash flow from operating activities</b>	<b>-3,742,416,142</b>	<b>-1,698,537,229</b>	<b>3,627,418,172</b>	<b>18,322,383,329</b>	<b>-9,085,596,789</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of securities		-	-	-	-
Payment for purchases of securities		-	-	-	-
Proceeds from sale of fixed assets		-	-	-	-
Purchases of property, plant & equipment's	-529,156,739	-339,633,776	-1,339,587,820	-354,087,403	-367,282,428
Purchase/Sale of subsidiaries		-	-	-	-
<b>Net Cash flows from investing activities</b>	<b>-529,156,739</b>	<b>-339,633,776</b>	<b>-1,339,587,820</b>	<b>-354,087,403</b>	<b>-367,282,428</b>
<b>Cash flows from financing activities</b>					
Receipts from issue of debt instruments				-8,000,000,000	3,000,000,000
SIBL Mudaraba Subordinated Bond	-800,000,000	-2,400,000,000	-1,400,000,000	-1,400,000,000	4,400,000,000
SIBL mudaraba perpetual bond		3,500,000,000	1,500,000,000		
Coupon/Dividend on Perpetual Bond	-294,316,446				
Dividend paid in cash	-492,454,422	-469,004,212	-446,670,678	-	-
Net Cash flow from financing activities	-1,586,770,868	630,995,788	-346,670,678	-9,400,000,000	7,400,000,000
<b>Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>-5,858,343,747</b>	<b>-1,407,175,217</b>	<b>1,941,159,675</b>	<b>8,568,295,925</b>	<b>-2,052,879,217</b>
Effects of exchange rate changes on cash & cash equivalents	481,149,882	57,740,805	37,251,544	54,445,609	65,766,286
Cash and cash equivalents at the beginning of the year	42,726,246,549	44,075,680,961	42,097,269,741	33,474,528,207	35,461,641,135
<b>Cash and cash equivalents at the end of the year (D+E+F)</b>	<b>37,349,052,686</b>	<b>42,726,246,549</b>	<b>44,075,680,961</b>	<b>42,097,269,741</b>	<b>33,474,528,207</b>

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## 15. RATIOS FOR THE LAST THREE ACCOUNTING YEARS


Key Ratios for Social Islami Bank Limited for last five years has been presented below.

Ratios (Consolidated)	Sept 2022	2021	2020	2019	2018
Net Investment Margin (NIM)	1.42%	2.4%	2.5%	3.5%	3.8%
Net Operating Cash Flow to Net Income	-3.23	-0.97	2.31	12.01	-5.67
Investment Deposit Ratio	92.28%	87.2%	89.3%	87.4%	92.6%
Cost Income Ratio	62.89%	57.1%	58.1%	48.5%	46.8%
Return Avg. Assets	0.37%	0.44%	0.43%	0.47%	0.55%
Non-performing Investment Ratio	4.89%	5.22%	6.05%	6.63%	7.69%
Return on Avg. Equity	7.96%	9.30%	8.78%	9.21%	10.05%
Earnings Per Share	0.84	1.78	1.65	1.7	1.95
NAV per Share	18.95	19.69	19.23	19.38	19.44
Capital Adequacy Ratio	11.27%	11.60%	13.50%	13.78%	12.03%
Tier I Capital Ratio %	7.90%	8.11%	8.43%	8.07%	7.60%
Tier II Capital Ratio %	3.37%	3.49%	5.07%	5.71%	4.44%
Common Equity Tire 1 Ratio	6.40%	6.65%	7.81%	8.13%	8.15%
Capital to Risk Weighted Asset Ratio	11.27%	11.64%	13.57%	13.88%	14.37%
NPL Ratio	4.89%	5.18%	6.05%	6.63%	7.69%
P/E Ratio	10.98%	8.78%	7.86%	8.10%	7.90%

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## 16. CREDIT RATING SUMMARY OF THE ISSUE AND THE ISSUER

### Credit Rating of Issuer: Social Islami Bank Limited

Date of Declaration	Valid Till	Rating Action	Long Term	Short Term	Rated By	Outlook
16 May 2022	15 May 2023	Surveillance	AA+	ST-2	Alpha Credit Rating	Stable

\*Alpha Credit Rating

#### Rationale:

Alpha Rating affirms long-term rating of "AA+" (pronounced as "Double A Plus") and short-term rating "ST-2" in favor of Social Islami Bank Limited (herein after referred to as "SIBL" or "the bank"). This rating has been assigned by considering the financial performance for the last three years of the bank from 31 December 2019 to 31 December 2021 and other qualitative information till rating publication date.

The rating has considered improvement in assets base, higher loan portfolio, fair earnings & profitability, lower non-performing investment, lower rescheduled loan, sufficient provision, lower large loan exposure and moderate liquidity management capability. In addition to the financial performances, SIBL has also performed well in non-financial sectors such as recruiting experienced and well qualified management team, satisfactory compliance level, undertaking corporate social activities, geographic and business line diversification and maintaining green banking policy, which further boosted the qualitative aspects of SIBL.

Despite performing well in the last three financial years, SIBL was unable to meet capital conversion buffer in 2021, also suffered lower pre-tax profit, which deferred Alpha Rating from assigning higher ratings from the assigned one. Nevertheless, SIBL still has scope to improve its performance in future years.

### Credit Rating of the Issue: Non-Convertible Privately Placed SIBL 4th Mudaraba Subordinated Bond

Valid From	Valid Till	Rating Action	Long Term	Rated By	Outlook
01 June, 2022	31 May, 2023	Initial	AA-	Alpha Credit Rating	Stable

Credit Rating Report of Social Islami Bank Limited Non-Convertible Privately Placed 4<sup>th</sup> Mudaraba Subordinated Bond has been done by Alpha Credit Rating Ltd. based on Audited Financial Statements up to 30 September 2022 and other relevant quantitative as well as qualitative information up to the date of rating declaration. The Date of Declaration of the rating is 12 December 2022.

#### Rationale:

Alpha Rating assigns Bond Rating of AA- (pronounced as 'Double A Minus') in favor of SIBL 4th Mudaraba Subordinated Bond. For instrument rating of Social Islami Bank Limited (herein after referred as 'the bank or SIBL') Alpha Rating mainly emphasizes on issue specific risk, and Transaction Dimension which covers priority, security & covenants of the bond. Moreover, audited financial statements for the year end of 31

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December, 2019 to 2021; related business risks and management quality of the entity have also been considered for the rating.

Issue specific risk analysis revealed that the risk of late payment will be compensated by charging 2% default charge on top of the coupon rate. The issuer is expecting to generate good profitability as well as positive CFO when the installments of the bond will fall due reducing the redemption risk to some extent. All these issues have impacted the rating positively and encouraged us to confirm the Stable outlook in favor of instrument rating.


Analysis of Bond Transaction Dimension has revealed that the covenant to the Bondholders is very liberal and not quite stringent securing the rights of the bondholders at a maximum level. It was also observed that being an unsecured bond, it eliminates the requirement of the bond to be secured against collateral, which has hindered the priority of the bondholders below secured debt holders and all other obligators upon liquidation or winding up. Moreover, no Bondholder will be entitled to proceed against Issuer directly when the repayment of bond falls due, if trustee fails to do so within a 'reasonable time period' and the trust deed did not include any obvious duration of this 'reasonable time period' giving a scope of depriving the enforcement right of bondholders which proved limitation of bond covenants. Above limitations of these two components of transaction dimension have resisted the progress of rating to a great extent.

Financial analysis of SIBL can be explained by improvement in assets base, higher loan portfolio, fair earnings & profitability, lower non-performing investment, lower rescheduled loan, sufficient provision, lower large loan exposure, ADR ratio lower the regulatory requirement and moderate liquidity management capability. In addition to the financial performances, SIBL has also performed well in non-financial sectors such as recruiting experienced and well qualified management team, satisfactory compliance level, undertaking corporate social activities, geographic and business line diversification and maintaining green banking policy, which further boosted the qualitative aspects of SIBL. On the other hand, inability to meet capital conversion buffer in 2021, as well as lower pre-tax profit of the issuing entity have adversely affected the overall rating of the instrument. Nevertheless, with the proper guidelines and support from government SIBL still has scope to improve its performance in future years.


As the risk exposure of the investment in proposed Bond is extensively related to the risk exposure of the issuer of the Bond, considering the size and importance of the bank to the country economy, SIBL 4th Mudaraba Subordinated Bond was assigned bond rating of AA-.

**For Detailed Credit Rating Report of the Issue, please see Annexure-4.**

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## 17. LATEST DEFAULT MATRIX AND TRANSITION STATISTICS OF CRC

### Rating's Default Matrix:

	2018	2019	2020	2021	Number of defaults derived from other rating	Default Rate
AAA	4	6	6	9	0	0.00%
AA	24	34	38	50	0	0.00%
A	162	210	205	261	0	0.00%
BBB	425	413	371	450	0	0.06%
BB	23	19	22	18	0	00.00%
B	0	0	0	0	0	0.00%
C	0	0	1	0	0	0.00%
D	2	0	1	0	0	0.00%
						0.00%

### Rating's Transition Matrix (2019-2020)

Corporate

	AAA	AA	A	BBB	BB	B	CCC	CC	C	D
AAA	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AA	7%	93%	0%	0%	0%	0%	0%	0%	0%	0%
A	0%	0%	96%	2%	0%	0%	0%	0%	0%	0%
BBB	0%	0%	14%	80%	6%	0%	0%	0%	0%	0%
BB	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
B	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
CCC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
CC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
C	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
D	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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## 18. DESCRIPTION OF THE TRUSTEE: DBH FINANCE PLC.

DBH Finance PLC. is the pioneer, largest and specialist Housing Finance Institution in the private sector of the country. After commencing operation in 1996 the company has registered commendable growth in creating home ownership in Dhaka and other major cities of the country. At the same time, the company has been playing an active role in promoting the real estate sector to the large cross sections of prospective clients who had yet unfulfilled dreams of owning a home.

Among all Banks and Financial Institutions of Bangladesh, only DBH has been rated the highest 'AAA' credit rating for 16 consecutive years. The level of credit rating provides a very important indication of the financial safety, security and strength of the concerned Bank or Financial Institution and is particularly relevant to its depositors and other investors such as shareholders and lenders.

- Incorporated as public ltd. Company: May 11, 1996
- Date of certificate of commencement of business: May 11, 1996
- License from Bangladesh Bank: July 15, 1996
- Initial public offering (IPO): March 2008
- Stock exchange listings: 24th April, 2008

• Business lines:

i) The principal activities of the Company during the year were providing loans for the construction of houses, purchases of flats or houses, extension and improvement of existing houses or flats and purchase of housing plots.

ii) The Company also has various investment and financing products like term deposit scheme, cumulative deposit, triple money deposit, double money deposit, annual income deposit, quarterly income deposit, monthly income deposit, easy way deposit, profit first deposit etc. for its individual and corporate clients.

- Authorized Capital: BDT. 2,000,000,000/- (as of 31 December 2021)
- Paid up Capital: BDT 1,772,639,680/- (as of 31 December 2021)
- Institutional Sponsor of: DBH 1st Mutual Fund (Inception date 4th February, 2010)
- Net Worth: BDT 7,244,131,090/-

### A. Vision, Mission and Core Values

#### Vision:

To be the leading financial institution in the country with satisfied customers and employees and to generate value for our shareholders while contributing to the wellbeing of the society

#### Mission:

To strengthen the society of the country by continually expanding home ownership

#### Core Values:

- Honesty, integrity and ethics in all aspects of business
- Outstanding service to the customer, above all else
- Individual opportunity, responsibility and reward based on merit
- Hard work and continuous self-improvement, never being satisfied
- Respect and concern for the individual employee

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**Strategic Objective:**

- Focus on building deep and long-standing relationships with our clients, customers as well as real-estate developers, and constantly look to improve the quality of our products and services.
- Focus on developing our human resource talents.
- Ensure balanced growth with a disciplined approach to the management of risks and costs.
- Ensure adequate capital and liquidity to sustain our business over the long term.

**B. Board of Directors:**

Name of the Directors	Designation
Mr. Nasir A. Choudhury	Chairman
Dr. A M R Chowdhury	Vice Chairman
Ms. Mehreen Hassan, Bar- at- Law	Director
Mr. Md. Mujibur Rahman	Director
Mr. Syed Moinuddin Ahmed	Director
Mr. M. Anisul Haque, FCMA	Director
Mr. Mohammad Anisur Rahman	Director
Ms. Rasheda K. Choudhury	Independent Director
Major General Syeed Ahmed, BP (Retd.)	Independent Director

**C. Shareholding Position**

Group Name	No. of Share holders	No. of Shares	Percent (%)
Sponsors/ Directors	5	90,973,942	51.32
General Public	8,405	19,874,009	11.21
Financial Institutions & other Companies	242	32,158,162	18.14
Foreign Investors	15	34,257,855	19.33
<b>Total:</b>	<b>8,667</b>	<b>177,263,968</b>	<b>100.00</b>

**D. Operational & Financial Highlights**

Operational Highlights	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Loan approvals	15,198	8,632	8,934	7,527	10,896
Loan disbursement	14,711	10,273	10,112	7,028	10,803
Cumulative disbursement	93,001	103,274	113,386	120,414	131,217
Cumulative sanction	97,148	105,780	114,714	122,241	133,137

Financial Highlights	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Profit before tax	1,492	1,607	1,555	1,498	1,721
Profit after tax	949	1,048	1,073	891	1,044
Shareholders' fund	4,358	5,040	5,809	6,431	7,244
Total deposit	41,188	43,319	43,411	43,827	43,978

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12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022



Long term borrowing	2,610	2,219	1,954	1,709	2,223
Loan portfolio	42,243	43,848	44,522	42,750	43,831
Total balance sheet size	54,581	57,499	59,280	58,607	60,279
NPL ratio (%)	0.27%	0.30%	0.45%	0.41%	0.63%
Return on equity (average equity)	23.88%	22.30%	19.79%	14.56%	15.27%
Earnings per share	7.79	8.60	8.04	5.78	5.89
Earnings per share (restated)	5.35	5.91	6.05	5.03	5.89
Book value per share	35.76	41.36	43.36	41.72	40.87
Dividend cover ratio	2.60	2.46	2.30	1.93	2.36

#### E. Business Activities

DBH Finance PLC. is the pioneer, largest and specialist in Housing Finance Institution in the private sector of the country.


DBH is the major player in the housing finance sector in Bangladesh since 1997 and remains one of the leading non-bank financial institutions. Today, we are an acclaimed brand for a high level of customer service; and respected for ethics, values and corporate governance. We have developed an attractive suite of products that cater to all customer segments, with our primary focus to strengthen the society by expanding home ownership. By leveraging our understanding of customers from different economic segments, we are today in a position to extend a range of products and services in loans through our specialized team members.

DBH is the only Financial institution with exclusive focus in housing finance. DBH provides loans for Flat Purchase, Construction, Extension, Renovation, Group construction, Home equity loan.

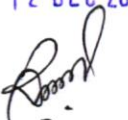
Besides, DBH has kept its focus on deposit collection as its main source of funding mechanism. As a result, DBH has managed to fund over 80% of its home loan operation through deposit. At present the Company offers a diverse deposit product line including Annual Income Deposit, Monthly Income Deposit, Quarterly Income Deposit, Cumulative Deposit, DBH Platinum Deposit and Day-wise Deposit.

*For Due Diligence Certificate of the Trustee, please refer to Annexure 2.*

12 DEC 2022

  
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 Head Office, Dhaka

12 DEC 2022

  
**Mohammad Shueb, FCA**  
 Chief Financial Officer  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

12 DEC 2022

  
**Zafar Alam**  
 Managing Director & CEO  
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 Head Office, Dhaka.

12 DEC 2022

  
**Nasimul Baten**  
 Managing Director & CEO  
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## 19. MODUS OPERANDI OF THE ISSUE

Any Schedule Banks, Corporate, Financial Institutions and/or Insurance Companies duly registered in Bangladesh and operating its business under the license or approval duly issued by the respective competent authority or institution of the Government of Bangladesh.

### a. Application Procedure:

The Bonds shall be distributed through private placement.

Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the investors.

### Undertaking to Issue

The Issuer will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, duly execute and deliver to the Bondholder a Bond Certificate attached with the Conditions, representing the allocation amount of Bonds subscribed.

### Undertaking to Subscribe

The investor will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, subscribe and pay the aggregate purchase price for the allocation, in Bangladesh Taka for same day value to such account as the Issuer designates.

### Closing

#### Subscription and Closing:

Subject to the conditions precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Closing Date.

**Investor Representation Letter:** On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer.

**Payment of net issue proceeds:** On each Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka.

#### Bond Certificates:

**Registration:** On each Closing Date, the Issuer shall procure that the principal amount of Bonds subscribed for by the Bondholders for which payment has been received in accordance with the Subscription Agreement and are registered in name of the Bondholders (with a notation on the Register and on each Bond Certificate identifying the Issue Date of such Bond Certificate).

**Issue:** On the Closing Date, the Issuer shall duly execute and deliver the Bond Certificates to the Trustee for authentication. Promptly following the Closing Date, the Issuer will deliver to each Bondholder Bond Certificates, duly authenticated by the Trustee and representing such Investor's entire holding of Bonds.

### b. Allotment:

On the closing date, to be determined, the Issuer shall allot and issue the Bonds, in registered form in a minimum denomination of BDT 1,000,000 and integral multiples thereof. A bond certificate (each a "Bond

12 DEC 2022

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Head Office, Dhaka.

*Nasimul Baten*  
Managing Director & CEO  
DBH Finance PLC.





**Certificate**") will be issued to each Bondholder in respect of its registered holding of each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "**Register**"), which will be kept by Registrar on behalf of the Issuer.

Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.

**c. Refund:**

Not applicable at the time of Issuance. However, subject to receiving proper consent from the regulatory authorities Refund in relation to the subscription may be possible upon mutual agreement between the Issuer and each Bondholder.

**d. Transfer:**

Subject to the terms and conditions as to be implemented in the Trust Deed, a Bond may be transferred to another person in Bangladesh (a "**Transferee**") upon surrender of the Bond Certificate issued in respect of that Bond, together with a duly completed and executed instrument of transfer (a "**Instrument of Transfer**") by the registered holder of the Bond, as transferor (the "**Transferor**") or the proposed Transferee.

A valid Instrument of Transfer shall be duly stamped, completed and executed by both the Transferor and the Transferee. If the Transferor or the Transferee is a body corporate, such Instrument of Transfer shall be executed by the authorized persons of the Transferor or the Transferee, as the case may be.

Upon receipt of the Bond Certificate issued in respect of the Bond to be transferred along with the duly completed and executed Instrument of Transfer at the specified office of the Transfer Agent, together with such evidence as such Transfer Agent may reasonably require to prove (i) the title of the Transferor and (ii) the signature and authority of each of the individuals who have executed the Instrument of Transfer on behalf of the Transferor and the Transferee.

Upon receipt of the Bond Certificate, the Instrument of Transfer and the other supporting documents named above, the Transfer Agent, as the duly authorized delegate of the Issuer's Board of Directors, shall approve and certify the transfer on behalf of the Board of Directors of the Issuer. If the Transfer Agent refuses to register the transfer of any Bond it shall immediately provide notice of such refusal to the Issuer. If the Issuer does not agree with the Transfer Agent's refusal to approve and certify such transfer, it shall within 3 (three) Business Days of receipt of such notice from the Transfer Agent, direct the Transfer Agent to approve and certify the transfer as requested in the relevant Instrument of Transfer. If the Issuer agrees with Transfer Agent that the requested transfer should be refused, the Issuer shall, within 30 (thirty) days from the date on which the relevant Instrument of Transfer was lodged with the Transfer Agent, send or cause to be sent notice of such refusal to both the Transferor and the Transferee.

Where it is proved to the satisfaction of the Issuer that a duly completed and executed Instrument of Transfer has been lost, the Issuer may, in its discretion, on application in writing made by the Transferee and bearing

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Zafar Alam  
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12 DEC 2022  
Nasimul Baten  
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DBH Finance PLC.



such stamp as is required by an Instrument of Transfer, register such transfer on such terms as to indemnity as the Issuer may think fit. Where not all the Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Bonds will be issued to the transferor.

#### e. Trading or Listing with Stock Exchange

The Bonds will be issued on private placement basis among the Eligible Investors. It will not be issued publicly and hence will not be listed on the Stock Exchange. Subject to regulatory approval for trading on the Alternative Trading Board, the Bonds may be traded after issuance as per trading guidelines of the relevant exchange.

#### f. Repayment and Coupon Payment:

Unless previously redeemed or purchased and cancelled, the principal on the Bonds will be amortized and paid annually on a pro rata basis to the Bondholder in instalments of 20% per year commencing at the third anniversary of the Bonds from the Issue Date. The final maturity of the Bonds will be at the end of seventh year of the Bonds from the Issue Date. Payments on the Bonds shall be made without deduction for or on account of taxes in Bangladesh.

To be redeemed in 5 equal annual Instalments starting from end of 3<sup>rd</sup> year and each 12 months from there after as per following table for the Bond: -

**Redemption Schedule**

Issue Size (BDT)	6,000,000,000	
Years	Repayment (BDT)	Balance
End of 1 <sup>st</sup> year	-	6,000,000,000
End of 2 <sup>nd</sup> year	-	6,000,000,000
End of 3 <sup>rd</sup> year	1,200,000,000	4,800,000,000
End of 4 <sup>th</sup> year	1,200,000,000	3,600,000,000
End of 5 <sup>th</sup> year	1,200,000,000	2,400,000,000
End of 6 <sup>th</sup> year	1,200,000,000	1,200,000,000
End of 7 <sup>th</sup> year	1,200,000,000	0

Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.

Interest on the "Bond" is to be paid semi-annual basis on the interest payment dates. The interest payment dates shall be determined depending upon bond issue date. Interest payment will be payable semi-annually calculated on the actual number of days over a 365-day basis in the relevant period which shall be 366 in the event of a leap year.

#### g. Redemption or conversion or exchange:

The bond will be fully redeemed. There is no option of convertibility or exchange of the bond. The bond is to be redeemed in 5 equal annual Instalments starting from the end of the 3<sup>rd</sup> year and each 12 months thereafter as per the table given above.

12 DEC 2022  
  
**Md. Nazmul Ahsan, FCS**  
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2 DEC 2022  
  
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12 DEC 2022  
  
**Zafar Alam**  
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12 DEC 2022  
  
**Nasimul Baten**  
 Managing Director & CEO  
 DBH Finance PLC.




**h. Details of conversion or exchange option exercise procedures, if applicable:**

The bond is non-convertible and fully redeemable, hence conversion or exchange options are not applicable for this issue.

**i. Termination and final settlement of the proposed bond:**

- a. Date of Commencement of the Trust: The Trust hereby created shall be established from the date of the Trust Deed.
- b. Date of Termination and final settlement of the Trust (Bond): The Trust shall continue to exist until all liabilities including the principal, premium (if any) and profit are repaid in full in accordance with the terms and conditions of the Bonds and the Trust Deed.

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## 20. DETAILS OF FEE STRUCTURE AND EXPENSES

The issuance of this bond will incur following fees and expenses:


Fee Type	Party to be Paid	Fee Structure/Amount
Regulatory Fees	Bangladesh Securities and Exchange Commission	<ul style="list-style-type: none"> <li>Application Fee to BSEC: BDT 10,000</li> <li>Consent Fee to BSEC: 0.10% on the Face Value</li> </ul>
Arrangement Fee	Standard Chartered Bank	Total of 0.50% of the Face Value Amount of the Bonds + VAT
Trustee Fee	DBH Finance PLC.	BDT 400,000 per annum + VAT
Credit Rating Fee	Alpha Credit Rating Ltd.	BDT 1,00,000 per annum + VAT
Legal Expenses	Lex Juris	BDT 1,50,000 per annum + VAT
Miscellaneous	Other Expenses	As required related to the issuance of the Bond. e.g., Application fee, Bond Registration fee, Trustee Registration fee, ATB Expenditure, Listing Expenditure etc.

All fees are quoted net of applicable VAT.

12 DEC 2022

  
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**Mohammad Shoaib, FCA**  
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12 DEC 2022

  
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 Head Office, Dhaka.


12 DEC 2022

  
**Nasimul Baten**  
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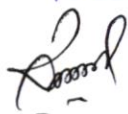


**ANNEXURE 1: DECLARATION ABOUT THE RESPONSIBILITY OF THE  
DIRECTORS, INCLUDING THE CEO OF THE ISSUER OR ORIGINATOR IN  
RESPECT OF THE INFORMATION MEMORANDUM**


12 DEC 2022

  
**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022

  
**Mohammad Shueb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
**Zafar Alam**  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

Annexure- I**Declaration about the responsibility of the directors, including the CEO of the issuer or originator in respect of the information memorandum**

[See rule 4(2)(a)]

This information memorandum has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity, accuracy and adequacy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents, the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative actions against any or all of us as it may deem fit.

We also confirm that full and fair disclosures have been made in this information memorandum to enable the investors to make a well-informed decision for investment.

**Walid Mahmud Sobhani**  
Chief Financial Officer & SEVP

**Zafar Alam**  
Managing Director & CEO

12 DEC 2022

Social Islami Bank Limited, Head Office: City Center, 90/1 Motijheel C/A, Dhaka-1000  
Phone: +88 02 95612301 Fax: +88 02 9568095, E-mail: info@sib-bd.com

www.sibbd.com

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Company Secretary  
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Strictly Private &amp; Confidential

**Mohammad Shueb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.


**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC

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## ANNEXURE 2: DUE DILIGENCE CERTIFICATE OF TRUSTEE

12 DEC 2022

  
**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022

  
**Mohammad Sheeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
**Zafar Alam**  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.


12 DEC 2022

  
**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.




**ANNEXURE 3: AUDITED FINANCIAL STATEMENTS OF SOCIAL ISLAMI  
BANK FOR THE PERIOD ENDED SEPTEMBER 30, 2022**


12 DEC 2022

  
**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.


12 DEC 2022

  
**Mohammad Shoeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
**Zafar Alam**  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.



## ANNEXURE 4: CREDIT RATING REPORT OF THE ISSUE

12 DEC 2022

A handwritten signature in blue ink, appearing to be "Shueb", written over a blue circular stamp.

Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

A handwritten signature in blue ink, appearing to be "Zafar", written over a blue circular stamp.

Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

A handwritten signature in blue ink, appearing to be "Nasimul", written over a blue circular stamp.

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

A handwritten signature in blue ink, appearing to be "Nasimul", written over a blue circular stamp.

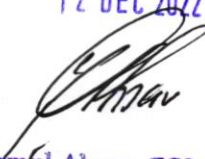
**AUDITORS' REPORT AND  
CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS  
OF  
SOCIAL ISLAMI BANK LIMITED (SIBL) AND ITS  
SUBSIDIARIES  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

12 DEC 2022



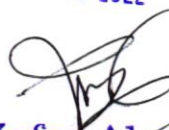
**Mohammad Shoeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022



**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka.

12 DEC 2022



**Zafar Alam**  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022



**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

# Khan Wahab Shafique Rahman & Co.

CHARTERED ACCOUNTANTS

SINCE 1968



A member of  
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A Top 20 ranked international network and association  
of independent audit, tax, accounting and consulting firms

## Independent Auditor's Report To the Shareholders of Social Islami Bank Limited

### Report on the Audit of the Condensed consolidated and Condensed separate Financial Statements

#### Opinion

We have audited the condensed consolidated financial statements of Social Islami Bank Limited and its subsidiaries (the "Group") as well as the condensed separate financial statements of Social Islami Bank Limited (the "Bank"), which comprise the condensed consolidated and condensed separate balance sheets as at 30 September 2022 and the condensed consolidated and condensed separate profit and loss accounts, condensed consolidated and condensed separate cash flow statements, and condensed consolidated and condensed separate statements of changes in equity for the period then ended, and notes to the condensed consolidated and condensed separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying condensed consolidated financial statements of the Group and condensed separate financial statements of the Bank give a true and fair view of the condensed consolidated financial position of the Group and the condensed separate financial position of the Bank as at 30 September 2022 and of its condensed consolidated and condensed separate financial performance and its condensed consolidated and condensed separate cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2 and comply with the Bank Company Act, 1991 (as amended up to date), the Companies Act 1994, the Rules and Regulations issued by the Bangladesh Bank, the Rules and Regulations issued by the Bangladesh Securities & Exchange Commission (BSEC) and other applicable Laws and Regulations.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Condensed consolidated and Condensed separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with

12 DEC 2022  
  
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Company Secretary  
Social Islami Bank Ltd  
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12 DEC 2022  
  
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Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022  
  
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Managing Director & CEO  
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12 DEC 2022  
  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



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BRANCH OFFICE : FARUK CHAMBER (9TH FLOOR), 1403 SK. MUJIB ROAD, AGRABAD C/A, DOUBLE MOORING, CHATTOGRAM, BANGLADESH,  
Tel : 02333320056, E-mail: kwsrctg@gmail.com

the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention note 16.5 of notes to the condensed financial statements, which describes that the Bank is required to maintain minimum capital to risk weighted assets (CRAR) as 10% and 12.5% with conservation buffer as per Basel III guidelines where the Bank has maintained CRAR of 11.27%. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the condensed consolidated and condensed separate financial statements for the period ended 30 September 2022. These matters were addressed in the context of the audit of the condensed consolidated and condensed separate financial statements, and in forming the Auditors' opinion thereon, and we do not provide a condensed separate opinion on these matters. For each matter below our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the condensed consolidated and condensed separate financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the condensed consolidated and condensed separate financial statements. These results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying condensed consolidated and condensed separate financial statements.

Description of key audit matters	Our response to key audit matters
<b>Measurement of provision for Investments</b>	
The process for estimating the provision for Investments portfolio associated with credit risk is judgmental and complex. While estimating such provision certain judgmental factors need to be considered including: <ul style="list-style-type: none"> <li>Future business performance of the borrower;</li> <li>Key assumptions relating to further business performance of the borrower;</li> </ul>	We tested the design and operating effectiveness of key controls focusing on the following: <ul style="list-style-type: none"> <li>Credit monitoring and provisioning process;</li> <li>Identification of loss events, including early warning and default warning indicators; and</li> </ul>

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
Social Islami Bank Ltd.

12 DEC 2022

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

Description of key audit matters	Our response to key audit matters
<ul style="list-style-type: none"> <li>Market value of the collateral;</li> <li>Ability to repossess collateral; and</li> <li>Recovery rates etc.</li> </ul> <p>Furthermore, these provisions are processed manually using the voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank (the central bank of Bangladesh) issued from time to time.</p> <p>Due to high level of judgement involved and using some manual process in estimating the provision for Investments, we considered this to be a key audit matter.</p> <p>For individually assessed provisions, the measurement of the provision may be dependent on the valuation of collateral, estimates of exit values and the timing of cash flows.</p> <p>Provision measurement is primarily dependent upon key assumptions relating to probability of default, ability to repossess collateral and recovery rates.</p> <p>At the period end the Bank reported total gross Investments of BDT 341,398.85 million (2021: BDT 312,773.82 million) and total provision for Investments BDT 14,226.78 million (2021: BDT 13,564.16 million). We have focused on the following significant judgments and estimates which could give rise to material misstatement or management bias:</p> <ul style="list-style-type: none"> <li>Completeness and timing of recognition of loss events in accordance with criteria set out in BRPD circular no 14, dated 23 September 2012, BRPD circular no. 03 dated 21 April 2019, BRPD circular no. 17 dated 28 September 2020 and BRPD circular no. 56 dated 10 December 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Review of quarterly Classification of Loans (CL).</li> <li>Follow Bangladesh Bank's circular and guidelines;</li> </ul> <p>Our substantive procedures in relation to the provision for Investments portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>Reviewed general and specific provisions kept by the bank;</li> <li>Assessed the methodologies on which the provision amounts based, checked the calculations of the provisions and tested the completeness and accuracy of the underlying information</li> <li>Assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> <li>Finally, compared the amount of provision requirement as determined by Bangladesh Bank to the actual amount of provision maintained.</li> </ul>

12 DEC 2022

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12 DEC 2022

Md. Nazmul Hossain, FCS  
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Head Office, Dhaka.

Description of key audit matters	Our response to key audit matters
Bangladesh Bank has taken into consideration the further negative impact on business and economy due to the subsequent waves of Covid-19 and issued BRPD Circulars no. 3 dated 31 January, 2021, no. 5 dated 24 March, 2021 and no. 51 dated 29 December 2021 and BRPD Circular letter No. 53 dated 30 December 2021 and BRPD Circular No. 14 dated 22 June 2022 respectively through which the Banks are allowed to continue moratorium on further downgrading of the classification of Investments subject to certain conditions. One of such conditions is to receive by 31 December 2021, at least 15% of the total instalment amounts due on 2021 from the concerned Client as per the Banker and Client relationship and by 30 September 2022, at least 50% of the total instalment due for the quarter April-June 2022 and 60% of the total instalment due for the quarter July-September 2022.	

See note no 7 and 14 to the condensed financial statements

#### Recognition of investment income from Investments

Recognition of investment income has significant and wide influence on financial statements. Recognition and measurement of investment income has involvement of complex IT environment. We identify recognition of investment income from Investments as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of investment income by management to meet specific targets or expectations.

Moreover, as per Bangladesh Bank BRPD circular no 53 dated 30 December 2021 and circular no 14 dated 22 June 2022, considering future risk banks were allowed to recognize outstanding/ arrear investment income on investment where deferral facilities were given upon receiving at least 15% of the total receivable amount of 31

We tested the design and operating effectiveness of key controls over recognition and measurement of investment income on Investments. We performed test of operating effectiveness on automated control in place to measure and recognise investment income. We have also performed substantive procedure to check whether investment income is recognised completely and accurately. We assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.

Finally, we also conducted substantive analytical procedures to assess reasonableness of investment income recognized during the period with reference to the product wise outstanding investment balances.

12 DEC 2022

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Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022  
Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka



12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Description of key audit matters	Our response to key audit matters
<p>December 2021 and 50% of the total instalment due for the quarter April-June 2022 and 60% of the total instalment due for the quarter July-September 2022.</p> <p>The bank has reported investment income of BDT 15,770.98 million, which is 7.94% lower than the previous period (2021: BDT 17,130.94 million).</p> <p>Accordingly, this has been considered as key audit matter.</p>	<p>We performed several analytical and substantive procedures to check whether the calculations relating to the investment income, cost of deposits and borrowings and the EPS are accurate or not.</p>
See note no 19 to the condensed financial statements	
<b>Investments</b>	
<p>Investments are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of Investments. Management performance is highly dependent on the target achievement of Investments. Investment disbursement requires robust documentation followed by approval from appropriate level of authority. We have identified Investments as key audit matter because there is an inherent risk of fraud in disbursement of Investments by management to meet specific targets or expectations.</p> <p>In addition, the bank reported non-performing investment of BDT 16,693.41 million, 3.08% higher than the previous period (2021: BDT 16194.08 Million), which is 4.89% of the total Investments.</p>	<p>We tested the design and operating effectiveness of key controls focusing on credit appraisal, investment disbursement procedures and monitoring process as well as the percentage of non-performing investment of Investments. We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of Investments. In addition, we have performed procedure to check whether the Investments is recorded completely and accurately and that are existed at the reporting date. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.</p>
See note no 7 to the condensed financial statements	
<b>Valuation of treasury bill and treasury bond</b>	
<p>The classification and measurement of treasury bill and treasury bond require judgment and complex estimates.</p> <p>In the absence of a quoted price in an active market, the fair value of treasury bill and treasury bond is determined using complex valuation techniques which may take into consideration direct or indirect unobservable</p>	<p>We assessed the processes and controls put in place by the Group to identify and confirm the existence of financial instruments.</p> <p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the financial instrument valuation processes.</p>

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Description of key audit matters	Our response to key audit matters
market data and complex pricing models which require an elevated level of judgment.	including controls over market data inputs into valuation models, model governance, and valuation adjustments.  Finally, we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

See note no 6 to the condensed financial statements

#### Measurement of deferred tax liabilities (DTL)

At the period end of 30 September 2022, the Bank reported total deferred tax liabilities of BDT 471.69 million (31 December 2021: BDT 465.13 million) and deferred tax expenses of BDT 6.26 million (30 September 2021: BDT 5.67 million of deferred tax expense).

Significant judgment is required in relation to deferred tax assets, as their recoverability is dependent on forecasts of future profitability over a number of periods.

Accordingly, this area has been considered as key audit matter.

We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the recognition and measurement of DTLs and the assumptions used.

We also assessed the completeness and accuracy of the data used. We involved tax specialists to assess key assumptions, controls, recognition and measurement of DTL's. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.

See note no 15, 32 to the condensed financial statements

#### IT Systems and controls

Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring IT dependent and application-based controls are operating effectively.

We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting.

We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.


We tested the Bank's periodic review of access rights and reviewed requests of changes to systems for appropriate approval and authorization.

We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit

12 DEC 2022

  
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Managing Director & CEO  
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12 DEC 2022

  
Mohammed Shabb, FCA  
Chief Financial Officer  
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Head Office, Dhaka

12 DEC 2022

  
Md. Nazmul Ansan, FCS  
Company Secretary  
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Zafar Alam  
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12 DEC 2022

## Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the condensed consolidated and condensed separate financial statements and our Auditors' report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's report.

Our opinion on the condensed consolidated and condensed separate financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the condensed consolidated and condensed separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the condensed consolidated and condensed separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Condensed consolidated and Condensed separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the condensed consolidated financial statements of the group and also condensed separate financial statements of the Bank in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated and condensed separate financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991, and the Bangladesh Bank regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the condensed consolidated and condensed separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

12 DEC 2022  
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Chief Financial Officer  
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Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.  
Chartered Accountants

12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

## Auditor's Responsibilities for the Audit of the Condensed consolidated and Condensed separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed consolidated and condensed separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed consolidated and condensed separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed consolidated and condensed separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the condensed consolidated and condensed separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed consolidated and condensed separate financial statements, including the disclosures, and whether the condensed consolidated and condensed separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the

12 DEC 2022

  
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Company Secretary  
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condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the condensed consolidated and condensed separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public investment income benefits of such communication.

#### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Securities and Exchange Rules, 1987, the Bank Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

- (ii) To the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the Condensed consolidated and Condensed separate Financial Statements section in forming the above opinion on the condensed consolidated financial statements of the Group and the condensed separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the condensed financial statements and internal control:

(a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in the financial statements appeared to be materially adequate;

- (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental to the

12 DEC 2022

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022

Mohammad Shoaib, FCA  
Chief Financial Officer  
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Head Office, Dhaka

Zafar Alam  
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Social Islami Bank Limited  
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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

committed by employees of the Group and its related entities {other than matters disclosed in these condensed financial statements};


- (iii) Condensed consolidated financial statements of the Bank's subsidiaries namely, SIBL Securities Limited and SIBL Investment Limited was unaudited and has been consolidated in the condensed consolidated financial statements of the group.
- (iv) In our opinion, proper books of account as required by law have been kept by the Group and Bank so far as it appeared from our examination of those books;
- (v) The records and statements submitted by the branches have been properly maintained and condensed consolidated in the financial statements;
- (vi) The condensed consolidated balance sheet and condensed consolidated profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vii) The expenditures incurred were for the purpose of the Bank's business for the period;
- (viii) The condensed consolidated financial statements of the Group and the condensed separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (ix) Provisions have been made for Investment and other assets as disclosed in note 14 of notes to condensed financial statements.
- (x) The information and explanations required by us have been received and found satisfactory;
- (xi) We have reviewed over 80% of the risk weighted assets of the Bank and spent over 3,200-person hours; and
- (xii) The Bank is required to maintain minimum Capital to Risk-weighted Asset Ratio (CRAR) 10% and 12.5% with conservation buffer, where the bank has maintained CRAR 11.27%.

Dhaka, Bangladesh.


Date: 12 DEC 2022

12 DEC 2022


  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

  
Mohammad Shaheed FCA, FCMA  
Senior Partner  
Enrolment No.: 1016  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

12 DEC 2022

  
Mohammad Shoeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
Md. Nazmul Ahsan, FCS  
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12 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
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**SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2022**

	Note(s)	30.09.2022 Taka	31.12.2021 Taka
<b>PROPERTY AND ASSETS</b>			
Cash in hand			
Cash in hand (Including Foreign Currencies)	3(a)	3,697,266,046	3,416,614,856
Balance with Bangladesh Bank & its Agent Banks (Including Foreign Currencies)	3.1	18,255,109,917	20,075,647,654
		<b>21,952,375,963</b>	<b>23,492,262,510</b>
Balance with other Banks and Financial Institutions	4(a)		
In Bangladesh		3,558,259,028	7,030,447,503
Outside Bangladesh		4,094,284,205	2,540,793,342
		<b>7,652,543,234</b>	<b>9,571,240,845</b>
Placement with Banks & other Financial Institutions	5	7,744,133,489	9,662,743,194
Investments in Shares & Securities	6(a)		
Government		15,039,330,000	20,165,050,000
Others		9,350,587,535	9,223,905,847
		<b>24,389,917,535</b>	<b>29,388,955,847</b>
Investments	7(a)		
General Investment etc.		321,885,778,106	296,821,586,727
Bills Purchased and Discounted		18,723,075,278	15,162,233,807
		<b>340,608,853,384</b>	<b>311,983,820,529</b>
Fixed Assets including Premises, Furnitures and Fixtures	8(a)	4,436,285,797	4,261,357,069
Other Assets	9(a)	24,753,734,543	20,232,831,433
Non Banking Assets		-	-
<b>Total Assets</b>		<b>431,537,843,945</b>	<b>408,593,211,428</b>
<b>LIABILITIES AND CAPITAL</b>			
Liabilities			
Placement from Banks & other Financial Institutions	10	1,000,000,000	-
Deposits and Other Accounts	11		
Mudaraba Savings Deposits		44,105,360,711	37,308,169,943
Mudaraba Term Deposits		182,631,617,276	176,256,112,820
Other Mudaraba Deposits		83,276,811,397	80,399,200,511
Al-Wadeeah Current & Other Deposit Accounts	11.2(a)	44,542,298,026	40,988,703,603
Bills Payable		5,735,232,705	5,064,269,305
Cash Waqf Fund		405,473,364	382,356,998
		<b>360,696,793,479</b>	<b>340,398,813,180</b>
Bond			
SIBL Mudaraba Subordinated Bond	12	4,800,000,000	5,600,000,000
SIBL Mudaraba Perpetual Bond	13	5,000,000,000	5,000,000,000
		<b>9,800,000,000</b>	<b>10,600,000,000</b>
Other Liabilities	14(a)	39,772,252,830	37,731,786,286
Deferred Tax Liabilities/ (Assets)	15(a)	471,804,151	465,541,725
<b>Total Liabilities</b>		<b>411,740,850,460</b>	<b>389,196,141,192</b>
Shareholders' Equity			
Paid-up Capital	16.2	10,341,542,860	9,849,088,440
Statutory Reserve	17	8,071,324,956	7,605,264,974
General reserve		13,938,397	13,938,397
Others reserve		11,903,615	8,500,000
Revaluation reserve on Fixed Assets		557,024,130	557,024,130
Retained Earnings	18	801,257,559	1,363,252,358
<b>Total Shareholders' Equity</b>		<b>19,796,991,516</b>	<b>19,397,068,299</b>
Non controlling Interest		1,968	1,937
<b>Total Shareholders' Equity with non controlling interest</b>		<b>19,796,993,485</b>	<b>19,397,070,236</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>431,537,843,945</b>	<b>408,593,211,428</b>

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
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12 DEC 2022

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12 DEC 2022

Md. Nazmul Ahsan, FCA  
Company Secretary  
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12 DEC 2022

Mohammad Shoeb, FCA  
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Head Office, Dhaka.



Off-balance Sheet Items

CONTINGENT LIABILITIES

	30.09.2022 Taka	31.12.2021 Taka
Acceptances and Endorsements	32,441,495,400	21,739,997,400
Irrevocable Letters of Credit (including Back to Back Bills)	27,629,384,923	21,109,424,352
Letters of Guarantee	9,376,433,716	9,340,583,965
Bills for Collection	8,545,589,169	7,273,898,617
Other Contingent Liabilities	-	-
<b>Total</b>	<b>77,992,903,208</b>	<b>59,463,904,333</b>

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**

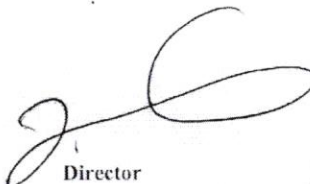
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**Total Off Balance Sheet Items including  
Contingent Liabilities**

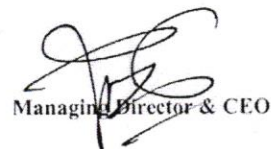
<b>77,992,903,208</b>	<b>59,463,904,333</b>
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Annexed notes (1 to 43) form an integral part of these financial statements

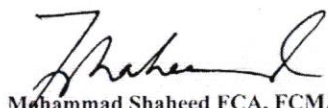
  
Chairman

  
Director

  
Director

  
Managing Director & CEO

Signed as per our report of same date


  
Mohammad Shaheed FCA, FCMA  
Enrollment no. 1016  
Senior Partner  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

12 DEC 2022




Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

Dhaka, Bangladesh  
Date: 12 DEC 2022

12 DEC 2022  
  
Mohammad Shooeb, FCA  
Chief Financial Officer  
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12 DEC 2022

  
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Head Office, Dhaka

12 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.



**SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	Note(s)	30.09.2022 Taka	30.09.2021 Taka
Investment Income	19(a)	15,877,812,375	17,215,599,788
Less: Profit paid on Deposits	20(a)	12,145,451,790	12,085,962,960
<b>Net Investment Income</b>		<b>3,732,360,585</b>	<b>5,129,636,828</b>
Income from Investment in Shares/securities	21(a)	929,471,779	591,539,080
Commission, Exchange and Brokerage	22(a)	3,331,411,371	1,184,268,342
Other Operating Income	23(a)	552,185,391	407,347,047
		<b>4,813,068,541</b>	<b>2,183,154,469</b>
<b>Total Operating Income</b>		<b>8,545,429,126</b>	<b>7,312,791,297</b>
Salaries and Allowances	24(a)	3,164,048,735	2,699,845,995
Rent, Taxes, Insurances, Electricity etc.	25(a)	401,483,381	373,641,807
Legal Expenses	26(a)	5,589,965	5,756,015
Postage, Stamps, Telecommunication etc.	27(a)	5,670,789	6,445,858
Stationery, Printings, Advertisements etc.	28(a)	91,104,273	74,527,821
Managing Director's Salary and Allowances	24.1	13,359,169	11,290,000
Directors' Fees & Expenses		2,168,362	2,023,765
Shariah Supervisory Committee's Fees & Expenses		208,036	-
Auditors' Fees		733,125	733,125
Charges on Investment Loss		-	-
Depreciation & Repair of Bank's Assets	29(a)	440,930,877	411,836,170
Zakat Expenses		147,161,877	136,038,062
Other Expenses	30(a)	1,061,250,873	878,612,454
<b>Total Operating Expenses</b>		<b>5,333,709,462</b>	<b>4,600,751,072</b>
<b>Profit/(Loss) before Provision</b>		<b>3,211,719,664</b>	<b>2,712,040,225</b>
Provisions for Investments & off B/S items		676,157,237	958,027,588
Other Provisions		151,999,427	85,236,254
<b>Total Provision</b>	31(a)	<b>828,156,664</b>	<b>1,043,263,842</b>
<b>Total Profit/(Loss) before Tax</b>		<b>2,383,563,000</b>	<b>1,668,776,383</b>
<b>Provision for Income Tax</b>	32(a)	<b>1,188,682,398</b>	<b>875,030,809</b>
Current tax		1,182,419,972	869,361,426
Deferred tax		6,262,426	5,669,383
<b>Net Profit/(Loss) after Tax</b>		<b>1,194,880,602</b>	<b>793,745,574</b>
<b>Appropriations</b>			
Statutory Reserve		466,059,982	320,645,361
Start up Fund		11,590,100	-
Coupon/dividend on perpetual bond		294,316,446	-
		<b>771,966,528</b>	<b>320,645,361</b>
<b>Retained surplus</b>		<b>422,914,074</b>	<b>473,100,213</b>
<b>Attributable to:</b>			
Equity holders' of the Bank		422,914,043	473,100,154
Non controlling Interest		31	59
		<b>422,914,074</b>	<b>473,100,213</b>
		<b>1,194,880,602</b>	<b>793,745,574</b>

12 DEC 2022

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

Consolidated Earnings Per Share (Prior period EPS restated)

Annexed notes (1 to 43) form an integral part of these financial statements

**Mohammad Shaheed FCA, FCMA**  
Enrollment no. 1016  
Senior Partner  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

**Mohammad Shueb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Dhaka, Bangladesh  
Date: **12 DEC 2022**

**SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

		30.09.2022	30.09.2021
		<u>Taka</u>	<u>Taka</u>
<b>Cash Flow from operating activities</b>			
Investment Income receipt	33	14,478,314,796	16,708,188,508
Profit paid on deposits		(10,221,367,625)	(10,818,985,210)
Income /dividend receipt from Investments in Shares and Securities		929,471,779	591,539,080
Fees & commission receipt		643,121,541	636,776,912
Recovery from written off investment		56,134,672	2,385,400
Cash payments to employees		(3,177,407,904)	(2,711,135,995)
Cash payments to suppliers		(96,775,062)	(80,973,679)
Income tax paid		(962,616,463)	(1,468,751,224)
Receipts from other operating activities		2,759,325,339	921,413,582
Payments for other operating activities		(1,705,298,484)	(1,487,229,513)
<b>Operating profit before changes in operating assets and liabilities</b>	38	<b>2,702,902,589</b>	<b>2,293,227,861</b>
<b>Changes in operating assets and liabilities</b>			
Statutory deposits		-	-
Net trading securities		4,999,038,311	(3,978,669,745)
Investments to other banks		-	-
Investment to customers		(28,625,032,855)	(8,183,948,092)
Other assets		(2,214,923,740)	(297,499,701)
Placement from Banks & other Financial Institutions		1,000,000,000	-
Deposits from other banks		20,377,585,618	(18,518,749,672)
Deposits received from customers		(2,003,689,484)	28,070,437,446
Other liabilities on account of customers		-	-
Trading liabilities		-	-
Other liabilities		21,703,419	668,810,838
<b>Sub Total</b>		<b>(6,445,318,731)</b>	<b>(2,239,618,926)</b>
<b>A. Net Cash flow from operating activities</b>		<b>(3,742,416,142)</b>	<b>53,608,936</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of securities		-	-
Payment for purchases of securities		-	-
Proceeds from sale of fixed assets		-	-
Purchases of property, plant & equipments		(529,156,739)	(189,944,449)
Purchase/Sale of subsidiaries		-	-
<b>B. Net Cash flows from investing activities</b>		<b>(529,156,739)</b>	<b>(189,944,449)</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of debt instruments		(800,000,000)	1,100,000,000
SIBL Mudaraba Subordinated & Perpetual Bond		-	307,500,000
Share Money Deposit		-	-
Receipts from issue of right shares/ordinary share		(294,316,446)	-
Coupon/ dividend on perpetual bond		(492,454,422)	(469,004,212)
Dividend paid in cash		(1,586,770,868)	938,495,789
<b>C. Net Cash flow from financing activities</b>		<b>(5,858,343,747)</b>	<b>802,160,275</b>
<b>D. Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>481,149,882</b>	<b>33,424,894</b>
<b>E. Effects of exchange rate changes on cash &amp; cash equivalents</b>		<b>42,726,246,549</b>	<b>44,075,680,960</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>		<b>37,349,052,686</b>	<b>44,911,266,129</b>
<b>G. Cash and cash equivalents at the end of the period (D+E+F)</b>			

Net Operating Cash Flow per Share (CNOCFPS) (Prior period figure restated)

37

(3.62)

0.05

12 DEC 2022

**Md. Nazmul Ahsan, FCS**  
**Company Secretary**  
**Social Islami Bank Ltd**  
**Head Office, Dhaka**

Chairman

Director

Director

Managing Director & CEO

12 DEC 2022

Dhaka, Bangladesh

Date: 12 DEC 2022

**Mohammad Shoeb, FCA**  
**Chief Financial Officer**  
**Social Islami Bank Ltd.**  
**Head Office, Dhaka.**



12 DEC 2022

**Zafar Alam**  
**Managing Director & CEO**  
**Social Islami Bank Limited**  
**Head Office, Dhaka.**

**SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CONDENSED CONSOLIDATED CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

Particulars	Paid-up Capital 2	Share Premium Account 3	Statutory Reserve 4	General Reserves 5	Other Reserves 6	Asset Revaluation Reserve 7	Retained Earnings 8	Non- Controlling Interest 9	(amount in Taka)	
									10=(2 to 9)	Total
<b>Balance as at 01 January 2022</b>	9,849,088,440	-	7,605,264,974	13,938,397	8,500,000	557,024,130	1,363,252,358	1,937	19,397,070,236	
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) on account of Revaluation of Properties	-	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) on account of Revaluation of Investment	-	-	-	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-	-	-	-
Net gain and losses not recognized in the Income Statement	-	-	-	-	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-	-	-	-	-
Start-up Fund for the period	-	-	-	-	-	-	-	-	-	-
Coupon/ dividend on perpetual bond	-	-	-	-	-	-	1,194,880,571	31	1,194,880,602	
Appropriation made during the year	-	-	-	-	-	-	(11,590,100)	-	(11,590,100)	
Issue of Cash Dividend	-	-	-	-	-	-	(294,316,446)	-	(294,316,446)	
Issue of Share Capital	492,454,420	-	-	-	-	-	(466,059,982)	-	3,403,615	
Transferred to retained earnings	-	-	-	-	-	-	(492,454,422)	-	(492,454,422)	
<b>Total group shareholders' equity as on 30 Sept. 2022</b>	10,341,542,860	-	8,071,324,956	13,938,397	11,903,615	557,024,130	801,257,559	1,968	19,796,993,485	
<b>CET I Capital under Basel III:</b>	10,341,542,860	-	8,071,324,956	13,938,397	-	-	801,257,559	1,968	19,228,065,739	
Less: Adjustment in CET-I Capital	-	-	-	-	-	-	-	-	-	
Add: SIBL Mudaraba Perpetual bond (AT-I Capital)	-	-	-	-	-	-	-	-	-	
<b>Total Eligible Tier I Capital</b>	-	-	-	-	-	-	-	-	-	
General provision for unclassified investment	-	-	-	-	-	-	-	-	-	
SIBL Mudaraba Subordinated Bond	-	-	-	-	-	-	-	-	-	
Add: Others (approved by BB)	-	-	-	-	-	-	-	-	-	
<b>Total Tier II Capital</b>	-	-	-	-	-	-	-	-	-	
<b>Total Eligible Tier II Capital (as per RBCA guideline)</b>	-	-	-	-	-	-	-	-	-	
<b>Total eligible capital as on 30 September 2022</b>	-	-	-	-	-	-	-	-	-	

FOR THE YEAR ENDED 31 DECEMBER 2021

<b>Total Shareholders' Equity as on 31 December 2021</b>	9,849,088,440	-	7,605,264,974	13,938,397	8,500,000	557,024,130	1,363,252,358	1,937	19,397,070,236	
<b>CET-I Capital under Basel III:</b>	9,849,088,440	-	7,605,264,974	13,938,397	-	-	1,363,252,358	-	18,831,544,169	
Less: Adjustment in CET-I Capital	-	-	-	-	-	-	-	-	194,557,589	
Add: SIBL Mudaraba Perpetual bond (AT-I Capital)	-	-	-	-	-	-	-	-	4,201,942,382	
<b>Total Eligible Tier I Capital</b>	-	-	-	-	-	-	-	-	22,838,928,961	
Add: General provision for unclassified investment	-	-	-	-	-	-	-	-	5,965,478,813	
Add: SIBL Mudaraba Subordinated Bond	-	-	-	-	-	-	-	-	3,800,000,000	
<b>Total Tier II Capital</b>	-	-	-	-	-	-	-	-	9,765,478,813	
<b>Total Eligible Tier II Capital (as per RBCA guideline)</b>	-	-	-	-	-	-	-	-	9,765,478,813	
<b>Total eligible capital as on 31 December 2021</b>	-	-	-	-	-	-	-	-	33,604,407,775	



Managing Director & CEO

Director

Chairman

SOCIAL ISLAMI BANK LIMITED  
CONDENSED BALANCE SHEET  
AS AT 30 SEPTEMBER 2022

	Note(s)	30.09.2022 Taka	31.12.2021 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash in hand</b>			
Cash in hand (Including Foreign Currencies)	3	3,695,976,900	3,415,594,063
Balance with Bangladesh Bank & its Agent Banks (Including Foreign Currencies)	3.1	18,255,109,917	20,075,647,654
		<b>21,951,086,817</b>	<b>23,491,241,717</b>
<b>Balance with other Banks and Financial Institutions</b>	4		
In Bangladesh		3,558,243,473	7,030,431,948
Outside Bangladesh		4,094,284,205	2,540,793,342
		<b>7,652,527,678</b>	<b>9,571,225,290</b>
<b>Placement with Banks &amp; other Financial Institutions</b>	5	7,744,133,489	9,662,743,194
<b>Investments in Shares &amp; Securities</b>	6		
Government		15,039,330,000	20,165,050,000
Others		8,966,415,563	8,992,484,206
		<b>24,005,745,563</b>	<b>29,157,534,206</b>
<b>Investments</b>	7		
General Investment etc.		322,675,778,106	297,611,586,727
Bills Purchased and Discounted		18,723,075,278	15,162,233,802
		<b>341,398,853,384</b>	<b>312,773,820,529</b>
<b>Fixed Assets including Premises, Furnitures and Fixtures</b>	8	4,422,292,067	4,247,797,726
<b>Other Assets</b>	9	23,963,335,665	19,298,793,002
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		<b>431,137,974,663</b>	<b>408,203,155,663</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Placement from Banks &amp; other Financial Institutions</b>	10	1,000,000,000	-
<b>Deposits and Other Accounts</b>	11		
Mudaraba Savings Deposits		44,105,360,711	37,308,169,943
Mudaraba Term Deposits		182,631,617,276	176,256,112,820
Other Mudaraba Deposits		83,276,811,397	80,399,200,511
Al-Wadeeah Current & Other Deposit Accounts		45,268,188,102	42,250,954,675
Bills Payable		5,735,232,705	5,064,269,305
Cash Waqf Fund		405,473,364	382,356,998
		<b>361,422,683,555</b>	<b>341,661,064,252</b>
<b>Bond</b>			
SIBL Mudaraba Subordinated Bond	12	4,800,000,000	5,600,000,000
SIBL Mudaraba Perpetual Bond	13	5,000,000,000	5,000,000,000
		<b>9,800,000,000</b>	<b>10,600,000,000</b>
<b>Other Liabilities</b>	14	38,845,525,782	36,239,237,582
<b>Deferred Tax Liabilities/ (Assets)</b>	15	471,692,420	465,429,994
<b>Total Liabilities</b>		<b>411,539,901,757</b>	<b>388,965,731,828</b>
<b>Capital/Shareholders' Equity</b>			
Paid-up Capital	16.2	10,341,542,860	9,849,088,440
Statutory Reserve	17	8,071,324,956	7,605,264,974
Revaluation reserve on Fixed Assets		557,024,130	557,024,130
Retained Earnings	18	628,180,960	1,226,046,292
<b>Total Shareholders' Equity</b>		<b>19,598,072,906</b>	<b>19,237,423,836</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		<b>431,137,974,663</b>	<b>408,203,155,663</b>

12 DEC 2022

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

12 DEC 2022  
**Mohammad Shueb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd  
Head Office, Dhaka.

**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka.



12 DEC 2022  
**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Off-balance Sheet Items

CONTINGENT LIABILITIES

Acceptances and Endorsements
Irrevocable Letters of Credit (including Back to Back Bills)
Letters of Guarantee
Bills for Collection
Other Contingent Liabilities
<b>Total</b>

30.09.2022  
Taka

31.12.2021  
Taka

32,441,495,400	21,739,997,400
27,629,384,923	21,109,424,352
9,376,433,716	9,340,583,965
8,545,589,169	7,273,898,617
-	-
<b>77,992,903,208</b>	<b>59,463,904,333</b>

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
<b>Total</b>

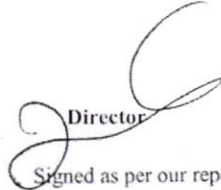
-	-
-	-
-	-
-	-
-	-
-	-

Total Off Balance Sheet Items including  
Contingent Liabilities

<b>77,992,903,208</b>	<b>59,463,904,333</b>
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Annexed notes (1 to 43) form an integral part of these financial statements

  
Chairman

  
Director

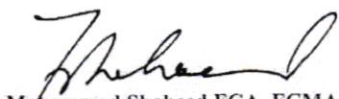
  
Director

  
Managing Director & CEO

Signed as per our report of same date

12 DEC 2022

  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

  
Mohammad Shaheed FCA, FCMA  
Enrollment no. 1016  
Senior Partner  
Khan Wahab Shafique Rahman & Co.  
Chartered Accountants

12 DEC 2022  
  
Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022  
  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Dhaka, Bangladesh

Date: 12 DEC 2022



**SOCIAL ISLAMI BANK LIMITED**  
**CONDENSED PROFIT AND LOSS ACCOUNT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	<u>Note(s)</u>	<u>30.09.2022</u>	<u>30.09.2021</u>
		<u>Taka</u>	<u>Taka</u>
Investment Income	19	15,770,983,282	17,130,942,220
Less: Profit paid on Deposits	20	12,091,914,774	12,033,209,081
<b>Net Investment Income</b>		<b>3,679,068,508</b>	<b>5,097,733,139</b>
Income from Investment in Shares and Securities	21	924,353,269	563,217,994
Commission Exchange and Brokerage	22	3,239,681,919	1,048,181,360
Other Operating Income	23	551,271,374	405,586,109
		<b>4,715,306,562</b>	<b>2,016,985,464</b>
<b>Total Operating Income</b>		<b>8,394,375,070</b>	<b>7,114,718,603</b>
Salaries and Allowances	24	3,130,751,684	2,674,488,763
Rent Taxes Insurances Electricity etc.	25	401,483,381	369,190,913
Legal Expenses	26	5,589,965	5,756,015
Postage Stamps Telecommunication etc.	27	4,493,305	5,110,942
Stationery Printings Advertisements etc.	28	91,020,735	74,163,780
Managing Director's Salary and Allowances	24.1	13,359,169	11,290,000
Directors' Fees & Expenses		1,943,362	1,699,765
Shariah Supervisory Committee's Fees & Expenses		208,036	-
Auditors' Fees		690,000	690,000
Charges on Investment Loss		-	-
Depreciation & Repair of Bank's Assets	29	435,128,754	409,592,229
Zakat Expenses		147,161,877	136,038,062
Other Expenses	30	1,047,491,842	857,891,588
<b>Total Operating Expenses</b>		<b>5,279,322,110</b>	<b>4,545,912,057</b>
<b>Profit/(Loss) before Provision</b>		<b>3,115,052,960</b>	<b>2,568,806,546</b>
Provisions for Investments & off B/S items		676,157,237	958,027,588
Other Provisions		108,595,812	7,552,151
<b>Total Provision</b>	31	<b>784,753,049</b>	<b>965,579,739</b>
<b>Total Profit/(Loss) before Tax</b>		<b>2,330,299,911</b>	<b>1,603,226,807</b>
<b>Provision for Income Tax</b>	32	<b>1,171,289,874</b>	<b>848,011,705</b>
Current tax		1,165,027,448	842,342,322
Deferred tax		6,262,426	5,669,383
<b>Net Profit/(Loss) after Tax</b>		<b>1,159,010,037</b>	<b>755,215,102</b>
<b>Appropriation</b>			
Statutory Reserve		466,059,982	320,645,361
Start up Fund		11,590,100	-
Coupon/dividend on perpetual bond		294,316,446	-
		<b>771,966,528</b>	<b>320,645,361</b>
<b>Retained earnings for the period</b>		<b>387,043,509</b>	<b>434,569,741</b>
		<b>1,159,010,037</b>	<b>755,215,102</b>
<b>Earnings Per Share (Prior period EPS restated)</b>	35	<b>0.84</b>	<b>0.73</b>

Annexed notes (1 to 43) form an integral part of these financial statements

12 DEC 2022

Chairman

Director

Director

Managing Director & CEO

Mohammad Shaheed FCA, FCMA  
 Enrollment no. 1016

Senior Partner

Ahmed Wahab Shafique Rahman & Co.

Chartered Accountants

Dhaka, Bangladesh

Date: 12 DEC 2022

Mohammad Shabb, FCA  
 Chief Financial Officer  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.



12 DEC 2022  
 Zafar Alam  
 Managing Director & CEO  
 Social Islami Bank Limited  
 Head Office, Dhaka.

**SOCIAL ISLAMI BANK LIMITED**  
**CONDENSED CASH FLOW STATEMENT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

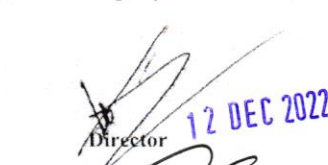
	Note(s)	30.09.2022 Taka	30.09.2021 Taka
<b>Cash Flow from operating activities</b>			
Investment Income receipt	33	14,371,485,702	16,623,530,939
Profit paid on deposits		(10,167,830,609)	(10,766,231,331)
Income /dividend receipt from Investments in Shares and Securities		924,353,269	563,217,994
Fees & commission receipt		551,392,089	500,689,931
Recovery from written off investment		56,134,672	2,385,400
Cash payments to employees		(3,144,110,853)	(2,685,778,763)
Cash payments to suppliers		(95,514,040)	(79,274,722)
Income tax paid		(939,846,470)	(1,435,720,573)
Receipts from other operating activities		2,758,411,322	919,652,645
Payments for other operating activities		(1,690,574,485)	(1,460,817,056)
<b>Operating profit before changes in operating assets and liabilities</b>	38	<b>2,623,900,597</b>	<b>2,181,654,465</b>
<b>Changes in operating assets and liabilities</b>			
Statutory deposits		-	-
Net trading securities		5,151,788,642	(4,034,996,106)
Investments to other banks		-	-
Investment to customers		(28,625,032,855)	(8,113,948,092)
Other assets		(2,381,333,285)	(227,209,799)
Placement from Banks & other Financial Institutions		1,000,000,000	-
Deposits from other banks		20,377,585,618	(18,518,749,672)
Deposits received from customers		(2,540,050,481)	28,951,843,848
Other liabilities on account of customers		-	-
Trading liabilities		-	-
Other liabilities		644,917,604	121,210,260
<b>Sub Total</b>		<b>(6,372,124,757)</b>	<b>(1,821,849,561)</b>
<b>A. Net Cash flow from operating activities</b>		<b>(3,748,224,160)</b>	<b>359,804,904</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of securities		-	-
Payment for purchases of securities		-	-
Proceeds from sale of fixed assets		-	-
Purchases of property plant & equipments		(523,617,073)	(189,217,415)
Purchase/Sale of subsidiaries		-	-
<b>B. Net Cash flows from investing activities</b>		<b>(523,617,073)</b>	<b>(189,217,415)</b>
<b>Cash flows from financing activities</b>			
Receipts from issue of debt instruments		-	-
SIBL Mudaraba Subordinated & Perpetual Bond		(800,000,000)	1,100,000,000
Receipts from issue of right shares/ordinary share		-	-
Coupon/ dividend on perpetual bond		(294,316,446)	-
Dividend paid in cash		(492,454,422)	(469,004,212)
<b>C. Net Cash flow from financing activities</b>		<b>(1,586,770,868)</b>	<b>630,995,789</b>
<b>D. Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>		<b>(5,858,612,099)</b>	<b>801,583,280</b>
<b>E. Effects of exchange rate changes on cash &amp; cash equivalents</b>		<b>481,149,882</b>	<b>33,424,894</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>		<b>42,725,210,201</b>	<b>44,075,111,604</b>
<b>G. Cash and cash equivalents at the end of the period (D+E+F)</b>		<b>37,347,747,984</b>	<b>44,910,119,778</b>

Net Operating Cash Flow per Share (NOCFPS) (Prior period figure restated) 37 (3.62) 0.35

Annexed notes (1 to 43) form an integral part of these financial statements

  
Chairman

  
Director  
12 DEC 2022  
Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

  
Director  
12 DEC 2022  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

  
Managing Director & CEO  
12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Dhaka, Bangladesh  
Date:

**SOCIAL ISLAMI BANK LIMITED**  
STATEMENT OF CONDENSED CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

(amount in Taka)

Particulars	1	2	3	4	5	6	7	Total
<b>Balance as at 01 January 2022</b>		9,849,088,440	-	7,605,264,974	-	557,024,130	1,226,046,292	19,237,423,835
Changes in Accounting Policy		-	-	-	-	-	-	-
Restated Balance		-	-	-	-	-	-	-
Surplus / (Deficit) on account of Revaluation of Properties		-	-	-	-	-	-	-
Surplus / (Deficit) on account of Revaluation of Investment		-	-	-	-	-	-	-
Currency translation Difference		-	-	-	-	-	-	-
Net gain and losses not recognized in the Income Statement		-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	-	-	-
Start-up Fund for the period		-	-	-	-	-	-	-
Coupon/ dividend on perpetual bond		-	-	-	-	-	-	-
Appropriation made during the period		-	-	466,059,982	-	-	-	-
Issue of cash dividend		-	-	-	-	-	-	-
Issue of Share Capital		492,454,420	-	-	-	-	-	-
Transferred to retained earnings		-	-	-	-	-	-	-
<b>Total shareholders' equity as on 30 September 2022</b>		10,341,542,860	-	8,071,324,956	-	557,024,130	1,226,046,292	19,598,072,906
<b>CET I Capital under Basel III:</b>		10,341,542,860	-	8,071,324,956	-	-	-	18,412,873,816
Less: Adjustment in CET-I Capital		-	-	-	-	-	-	-
Add: SIBL Mudaraba Perpetual bond (AT-I Capital)		-	-	-	-	-	-	-
<b>Total Eligible Tier I Capital</b>		-	-	-	-	-	-	-
General provision for unclassified investment		-	-	-	-	-	-	-
SIBL Mudaraba Subordinated Bond		-	-	-	-	-	-	-
Add: Others (approved by BB)		-	-	-	-	-	-	-
<b>Total Tier II Capital</b>		-	-	-	-	-	-	-
<b>Total Eligible Tier II Capital (as per RBCA guideline)</b>		-	-	-	-	-	-	-
<b>Total eligible capital as on 30 September 2022</b>		-	-	-	-	-	-	-

FOR THE YEAR ENDED 31 DECEMBER 2021

<b>Total Shareholders' Equity as on 31 December 2021</b>	9,849,088,440	7,605,264,974	557,024,130	1,226,046,292	19,237,423,835
<b>CET I Capital Under Basel III:</b>	9,849,088,440	7,605,264,974	-	1,226,046,292	18,680,399,705
Less: Adjustment in CET-I Capital	-	-	-	-	194,557,589
Add: SIBL Mudaraba Perpetual bond (AT-I Capital)	-	-	-	-	4,196,627,222
<b>Total Eligible Tier I Capital</b>	-	-	-	-	22,682,469,338
Add: General provision for unclassified investment	-	-	-	-	5,965,478,813
Add: SIBL Mudaraba Subordinated Bond	-	-	-	-	3,800,000,000
<b>Total Tier II Capital</b>	-	-	-	-	9,765,478,813
<b>Total Eligible Tier II Capital (as per RBCA guideline)</b>	-	-	-	-	9,765,478,813
<b>Total eligible capital as on 31 December 2021</b>	-	-	-	-	32,447,948,152



Managing Director & CEO

Director

Director

Chairman

Date:

**SOCIAL ISLAMI BANK LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

**1 The Bank and its activities**

**1.1 Status of the Bank**

The Bank was incorporated as a Public Limited Company in Bangladesh on 22nd November 1995 under Companies Act, 1994. The Bank is one of the interest-free Shariah based Banks in the country and its modus- operandi are substantially different from other conventional Banks. The Bank within the stipulations laid down by Bank Company Act, 1991 (as amended in 2018) and directives as received from time to time from Bangladesh Bank, provides all types of commercial Banking services. Besides as a matter of policy the Bank conducts its business on the principles of Mudaraba, Musharaka, Murabaha, Bai-Muazzal and Hire Purchase transaction approved by Bangladesh Bank. The Bank is listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited as a publicly traded Company. The Bank carries its Banking activities through one hundred seventy two (172) branches operating as per Islamic Shariah prevailing in the country.

The Registered Office of the Bank is located at its own premises at 'City Center', 90/1 Motijheel Commercial Area, Dhaka-1000.

**1.2 Internet Banking services**

SIBL has been providing anytime anywhere Banking service (24/7/365) through internet Banking since 2013. Recently, SIBL reshaped its internet Banking service with user friendly features like with a wide range of features as balance inquiry, fund transfer, credit card bill payment, bill payment, and statement view options. SIBL has introduced "SIBL NOW" mobile app to facilitate i-Banking services in the palm of hand. "SIBL NOW" internet Banking and mobile app comes up with various features including fund transfer (same Bank, other Bank, bKash), utility bill payment, mobile recharge, credit card bill payment, viewing transaction history, location view of branches/booths etc over the internet.

**1.3 Agent Banking services**

The Bank started operation of Agent Banking Services in 2015.

The principal activities of the Agent Banking Services are to provide Banking services to the Bank customers through engagement of agents who conducts Banking Transaction on behalf of the Bank under a valid agency agreements rather than Bank's own Tellers/Cashiers to deliver the services within the applicable rules & regulations and guidelines of Bangladesh Bank.

**1.4 Enlistment with the stock exchanges**

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

**Subsidiaries of SIBL:**

**1.5 SIBL Securities Limited**

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

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

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

**1.6 SIBL Investment Limited**

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

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

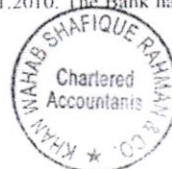
Name of the Company	Paid up Capital (Taka)	Percentage of Share Holding	
		SIBL	Others
1. SIBL Securities Limited	1,537,500,000	99.999922%	0.000078%
2. SIBL Investment Limited	250,000,000	99.99968%	0.000320%
Total capital		1,787,500,000	

**1.7 Off-shore Banking unit (OBU)**

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

**Md. Nazmul Ahsan, FCS**  
**Company Secretary**  
**Social Islami Bank Ltd**  
**Head Office, Dhaka**

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**Zafar Alam**  
**Managing Director & CEO**  
**Social Islami Bank Limited**  
**Head Office, Dhaka.**

**Nasimul Baten**  
**Managing Director & CFO**  
**Social Islami Bank PLC.**

**Mohammad Shabb, FCS**  
**Chief Financial Officer**  
**Social Islami Bank Ltd**  
**Head Office, Dhaka.**

12 DEC 2022

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The principal activities of the OBUs are to provide commercial banking services through its Units within the rules & regulations and guidelines of Bangladesh Bank applicable for the Off-shore Banking Units.

#### 1.8 Compliance of International Accounting Standards (IAS) and International Financial Reporting standards (IFRS):

In compliance with	IAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	N/A
Statement of Cash Flows	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events After the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	Applied
Accounting and Reporting by Retirement Benefit Plans	26	N/A
Consolidated and Separate Financial Statements	27	Applied with in compliance with related BRPD Circular
Investments in Associates	28	N/A
Financial Instruments: Presentation	32	Applied with in compliance with related BRPD Circular
Earnings Per Share	33	Applied
Interim Financial Reporting*	34	Applied
Impairment of Assets	36	Applied
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Investment Property	40	N/A
Agriculture	41	N/A
In compliance with	IFRS No.	Status
First-time Adoption of International Financial Reporting Standards	1	N/A
Share-based Payment	2	N/A
Business Combinations	3	Applied
Insurance Contracts	4	N/A
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Assets	6	N/A
Financial Instruments: Disclosures	7	Applied to the extent of compliance with core risk management guideline of Bangladesh Bank.
Operating Segments	8	N/A
Financial Instruments	9	Applied to the extent of compliance with (Financial Instruments) which is mandatorily effective for periods beginning on or after 1 January 2019 with early adoption permitted (subject to local endorsement requirements. Applied to the context of compliance with BRPD circular no. 15, Dated: 09.11.2009, DOS circular no. 5, Dated: 26.05.2008 and DOS circular no. 5, Dated:28.01.2009.
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interests in other Entities	12	Applied
Fair Value Measurement	13	Applied
Regulatory Deferral Accounts	14	N/A
Revenue from Contracts with customers	15	Applied
Leases IFRS -16	16	Applied

(\*) Complied while the quarterly and half-yearly interim financial reports were prepared during the year as per regulations of Bangladesh Securities and Exchange Commission (BSEC).

12 DEC 2022  
Mohammad Shabb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022  
Md. Nazmul Ansari, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.



DEC 2022  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

## 2 Basis of presentation of financial statements and significant accounting policies

### 2.1 Changes in significant accounting policies

Except for the changes below, the Bank has consistently applied the accounting policies to all periods presented in these financial statements.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Bank has initially adopted IFRS 16 Leases from 1 January 2020. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Bank as a lessee, has recognised right-of-use assets representing its' rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies. The Bank has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at 1 January 2020.

### 2.2 Basis of preparation of the financial statements

#### 2.2.1 Basis of accounting

The financial statements of the Bank have been prepared under historical cost convention except investments which are measured at present value and in accordance with "First Schedule" of the Bank Company Act, 1991 as amended under sub-section 38(4) of the Act, relevant Bangladesh Bank Circulars and International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), Bangladesh Financial Reporting Council (FRC), the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other rules and regulations applicable for Banks in Bangladesh.

In cases, any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions & circulars issued by Bangladesh Bank prevailed.

#### 2.2.2 Going concern estimation

The Condensed Financial Statements, namely, Balance Sheet, Profit and Loss Account, Cash Flow Statements, Statement of Changes in Equity, Statement of Liquidity Analysis and relevant notes to the financial statements and disclosures thereto, of the Bank are prepared under historical cost convention on a going concern basis. Management of the Bank has made an estimation that there are no possibility to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

#### 2.2.3 Statement of compliance

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is formed and it is yet to issue financial reporting standards for public interest entities such as Banks. The Bank Company Act 1991 obliges Banks to prepare their financial statements under such financial reporting standards. Due to unavailability of any financial reporting standards by FRC, International Financial Reporting Standards (IFRS) as approved by the Institute of Chartered Accountants of Bangladesh (ICAB) are still applicable.

Accordingly, the financial statements of the Bank continue to be prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Bank Company Act 1991, the rules and regulations issued by Bangladesh Bank (BB), the Companies Act 1994, Securities and Exchange Rules 1987. In case any requirement of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Bank Company Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

According to BRPD circular no 2 dated 25 February 2019 financial statements for the Bank is prepared on a solo basis from 2019 where OBU information is included in equivalent BDT denomination. However key financial informations of OBU is provided as "Annexure G" the solo financial statements of the Bank. Material deviations from the requirements of IFRS in preparing the financial statements are as follows:

#### i Presentation of financial statements

IFRS: As per IAS 1, a complete set of financial statements comprises a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information and comparative information. IAS 1 has also stated the entity to disclose assets and liabilities under current and non-current classification separately in its statement of financial position.

12 DEC 2022  
Mohammad Shoaib, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
Md. Nazmul-Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

13  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC

**Bangladesh Bank:** The financial statements and certain disclosures therein are presented in a prescribed format (i.e. balance sheet, profit and loss account, cash flows statement, statement of changes in equity, liquidity statement) in accordance with the guidelines of the 'First Schedule' (section 38) of the Bank Companies Act 1991 as amended and BRPD circular no. 15 dated 09 November, 2009 and other subsequent guidelines of BB. In the prescribed format of BB there is no component of other comprehensive income and accordingly the elements of other comprehensive income and the tax thereon (if any) is recognized directly in the statement of changes in equity. The assets and liabilities are presented in accordance with the prescribed format of BB and accordingly not classified as current and non-current classification as required by IAS-1.

## ii Investment in shares and securities

**IFRS:** As per requirements of IFRS-9 "Financial Instruments", investment in shares and securities are generally classified either at fair value through profit or loss or at fair value through other comprehensive income and measured initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. However in the case of financial assets classified and measured at fair value through profit or loss, transactions costs are immediately recognised in profit or loss. Change in the fair value of shares and securities measured at fair value through profit or loss is recognised in the statement of profit or loss and changes in the fair value of shares (as measured in accordance with IFRS-13) and securities measured at fair value through other comprehensive income is recognised in the other comprehensive income and are never reclassified to profit or loss.

**Bangladesh Bank:** As per Banking Regulation and Policy Department (BRPD) circular no. 15 dated 09 November 2009 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

## iii Provision on investments and off balance sheet

**IFRS:** As per IFRS 9 an entity shall recognise an impairment allowance on advances based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for advances at an amount equal to the lifetime expected credit losses if the credit risk on these advances has increased significantly since initial recognition whether assessed on an individual or collective basis considering all reasonable information, including that which is forward-looking. For those advances for which the credit risk has not increased significantly since initial recognition, at each reporting date, an entity shall measure the impairment allowance at an amount equal to 12 month expected credit losses that may result from default events on such advances that are possible within 12 months after reporting date.

**Bangladesh Bank:** As per BRPD circular No.24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No.4 (16 May 2019), BRPD circular No.3 (21 April 2019), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD circular No.1 (20 February 2018) and BRPD circular No. 14 (22 June 2022) a general provision at 0.25% to 5% under different categories of unclassified advances (good/standard) has to be maintained regardless of objective evidence of impairment. Also specific provision for sub-standard advances, doubtful advances and bad losses has to be provided at 5%, 20%, 50% and 100% respectively for advances depending on time past due. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

## iv Recognition of profit in suspense and compensation

**IFRS:** Advances to customers are generally classified at amortised cost as per IFRS 9 and profit on advance is calculated by using the effective profit rate method to the gross carrying amount over the term of the advance. Once an advance subsequently become credit-impaired, the entity shall apply the effective profit rate to the amortised cost of these advances.

**Bangladesh Bank:** As per BRPD circular no. 15 dated 09 November 2009, once an advance is classified as impaired, profit on such advance are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an profit in suspense account, which is presented as a liability in the balance sheet.

## v Other comprehensive income

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single other comprehensive income statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements which will strictly be followed by all Banks. The templates of financial statements issued by Bangladesh Bank neither include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement. However, elements of OCI, if any, are shown in the statement of changes in equity.

## vi Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 and IAS 32 cannot be made in the financial statements.

12 DEC 2022

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

**Mohammad Shueb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022



**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

vii **Financial guarantees**

**IFRS:** As per IFRS 9, financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value plus transaction costs that are directly attributable to the issue of the financial liabilities. The financial guarantee liability is subsequently measured at the higher of the amount of loss allowance for expected credit losses as per impairment requirement and the amount initially recognised less, income recognised in accordance with the principles of IFRS 15. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD 15, financial guarantees such as letter of credit and letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin. As per BRPD Circular No.01 dated 03 January 2018 and BRPD Circular No.14 dated 23 September 2012, the Bank is required to maintain provision at 1% against gross off-balance sheet exposures (which includes undrawn investment commitments).

viii **Cash and cash equivalents**

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.

**Bangladesh Bank:** Some cash and cash equivalent items such as money at call on short notice, treasury bills with maturity of more than three months and prize bond are not shown as cash and cash equivalents. Money at call on short notice is shown separately in the balance sheet. Treasury bills with maturity of more than three months and prize bond are shown under investment in the balance sheet.

ix **Non-Banking assets**

**IFRS:** No indication of Non-Banking assets is found in any IFRS.

**Bangladesh Bank:** As per BRPD 15, there is a separate balance sheet item named Non-Banking assets existed in the standard format.

x **Cash flow statement**

**IFRS:** The cash flow statement can be prepared using either the direct method or the indirect method as per IAS 7. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD 15, the cash flow statement is a mixture of both the direct and the indirect methods.

xi **Balance with Bangladesh Bank: (Cash Reserve Ratio - CRR)**

**IFRS:** CRR maintained with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

**Bangladesh Bank:** Balance with Bangladesh Bank including CRR is treated as cash and cash equivalents.

xii **Presentation of intangible assets**

**IFRS:** Intangible assets must be identified and recognised, and the disclosure must be given as per IAS 38.

**Bangladesh Bank:** There is no regulation for intangible assets in BRPD 15.

xiii **Off-balance sheet items**

**IFRS:** As per IFRS, there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

**Bangladesh Bank:** As per BRPD circular no. 15 dated 09 November 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv **As per IFRS 9 Investments net off provision**

**IFRS:** Investments should be presented net of provision.

**Bangladesh Bank:** As per BRPD 15, provision on investments are presented separately as a liability and cannot be netted off against investments.

xv **Charges on tax on retained earnings as per income tax ordinance (ITO) 1984**

As per section 16(G) of the income tax ordinance 1984, proposed dividend of Listed companies should be disclosed in the Balance sheet as "amount to be distributed as dividend." However there is no such provision in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009 and IFRS restrict such presentation in the balance sheet.

xvi **Comparative information of changes in equity**

**IFRS:** As per IAS 1, Comparative information in to be provided with the financial statements.

**Bangladesh Bank:** As per BRPD 15, no comparative is suggested for statements changes in equity.

xvii **Revaluation gains/losses on government securities**

As per requirement of IFRS 9 "Financial Instruments: where securities will fall under the category of fair value through profit or loss account and any change in fair value of the asset is recognized through profit or loss account.

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

xviii **Disclosure of appropriation of profit**

**IFRS:** There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular no. 15 dated 09 November 2009 an appropriation of profit should be disclosed in the face of profit and loss account.

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

Mohammad Shoaib, FCA  
Chief Financial Officer  
Social Islami Bank Ltd  
Head Office, Dhaka

Md. Nazmul Ahsan, FCA  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka



12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

xix **Recognition of Profit in Suspense**

IFRSs: Investment to customers are generally classified as "Loans and receivables" as per IFRS 9 and profit income is recognised through effective profit rate method over the term of the Investment. Once an investment is impaired, investment income is recognised in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per BRPD Circular No. 15 dated 09 November 2009, once an investment is classified, profit on such investment are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an profit in suspense account, which is presented as liability in balance sheet.

2.2.4 **Investments and provisions**

In accordance with IFRS 9, Financial Instruments, with the exception of purchased or originated credit (investment) impaired financial assets, expected credit (investment) losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit (investment) losses (expected credit (investment) losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date; or full lifetime expected credit (investment) losses (expected credit /investment losses that result from all possible default events over the life of the financial instrument).

A loss allowance for full lifetime expected credit (investment) losses is required for a financial instrument if the credit (investment) risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with IFRS 15. Additionally, entities can elect an accounting policy to recognise full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with IFRS 15. The same election is also separately permitted for lease receivables. For all other financial instruments, expected credit (investment) losses are measured at an amount equal to the 12-month expected credit (investment) losses.

However, Provision for classified and unclassified investment is made on the basis of year end review by the management and of instructions contained in Bangladesh Bank BRPD circular No. 24 (17 November 2019), BRPD circular No.6 (19 May 2019), BRPD circular No. 4 (16 May 2019), BRPD circular No.3 (21 April 2019), BRPD circular No.1 (20 February 2018), BRPD circular No.15 (27 September 2017), BRPD circular No.16 (18 November 2014), BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2013), BRPD circular No.16 (21 July 2020), BRPD circular No. 52 (20 October 2020) and BRPD circular No. 56 (10 December 2020) is specified at the following rates:

Particulars	Rate
General Provision on Contingent Liability/ Non Funded Business	1%
General Provision on Unclassified Investment	1%
General Provision on Investment for Small and Medium Enterprise	0.25%
General Provision on Investment for Professionals	2%
General Provision on Investment for Share	2%
General Provision on Investment for House Financing	1%
General Provision on Investment for Consumer Financing	2%
General Provision on Investment for Short term Agri/ Micro credit	1%
General Provision on Special Mention Account	0.25%-2%
Specific Provision on Substandard Investment	5%, 20%
Specific Provision on Doubtful Investment	20%, 50%
Specific Provision on Bad or Loss Investment	100%
Specific Provision on Substandard Investment for Short term Agri/ Micro credit	5%
Specific Provision on Doubtful Investment for Short term Agri/ Micro credit	5%
Specific Provision on Bad or loss Investment for Short term Agri/ Micro credit	100%
Special General Provision-Covid 19 for all deferred facility investments	1%-2%

As per same circulars mentioned above SIBL has to maintain provision @ 20%, 50% and 100% for investments classified as sub-standard, doubtful and bad & loss category respectively depending on the duration of overdue.

As per BRPD Circular No.: 10 (18 September 2007) and BRPD Circular No.: 14 (23 September 2012), a general provision of 1% is required to be provided for all off-balance sheet risk exposures.

However, such general provision on general investment & off-balance sheet exposures and specific provision on classified investments cannot satisfy the conditions of provision as per relevant IFRS or IAS.

2.2.5. **Off-balance sheet items**

**Contingent liabilities**

In accordance with IFRS, there is no requirement to disclose off-balance sheet items on the face of the balance sheet.

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

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

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

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Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated. Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised. However, the amount of cash margin is recognised as liability. As per BRPD Circular No.: 15, contingent liabilities are recognised as off balance sheet items in absence of any recommendation in IFRS.

## 2.3 Consolidation procedures (IAS-27)

Condensed consolidated financial statements include the financial statements of Social Islami Bank Limited and its two (2) subsidiaries SIBL Securities Limited and SIBL Investment Limited, made up to the end of the financial year.

The consolidated financial statements have been prepared in accordance with **International Accounting Standard (IAS) 27: Separate Financial Statements**, International Financial Reporting Standards (IFRS):3- Business Combinations and International Financial Reporting Standards (IFRS):10- Consolidated Financial Statements. The consolidated financial statements are prepared to a common financial period ended 30 September 2022.

## 2.4 Measurement of elements in the financial statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the financial statements. The measurement basis adopted by the Bank is historical cost except for land, building and few of the financial assets which are stated in accordance with the policies mentioned in the respective notes.

## 2.5 Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise from the date that control commences until the date that control ceases. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that the control effectively ceases. Subsidiary Company is consolidated using the purchase method of accounting.

### 2.5.1 Investment in subsidiaries in the Bank separate financial statements

When the Bank prepares separate financial statements, it accounts for investments in subsidiaries at cost.

## 2.6 Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Tk) which is the Bank's functional currency. Except as indicated, figures have been rounded off to the nearest Taka. The functional currency of Off-shore Banking Unit (OBU) is United States Dollar and its financial statements have been translated to the presentation currency, i.e Bangladesh Taka following the guidelines of IAS 21, Changes in foreign Exchange Rates.

## 2.7 Accounting policies, changes in accounting estimates and errors: (IAS-8)

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 2.8 Foreign currency transactions /translation

Foreign currency transactions are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transaction(s).

Assets and liabilities in foreign currencies as on 30 September 2022 have been converted into Taka currency at the weighted average of the prevailing buying and selling rate of inter-Bank market as determined by Bangladesh Bank on the closing date of every month. Balances held in foreign currencies other than US dollar are translated into equivalent US dollar at buying rates of New York closing of the previous day. Differences arising through buying and selling transactions of foreign currencies on different dates during the period from January to September 2022 have been adjusted by debiting or crediting to the Profit and Loss Account.

## 2.9 Comparative information and rearrangement thereof

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period

without causing any impact on the profit and value of assets and liabilities as reported in the financial statements. **Nasimul Baten**  
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## 2.10 Adoption of new accounting standards

The Bank has consistently applied the accounting policies as set out above to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2019 have been considered. A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted. However, the Bank has not early applied these new standards and yet assess potential impact on its financial statements.

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## 2.10.1. IFRS 16: Leases

In January 2016, the International Accounting Standards Board (IASB) issued IFRS-16. IFRS-16 replaces IAS-17, IFRIC 4, SIC 15 and SIC 27 which sets out the principles for recognition, measurement, presentation and disclosure of leases which is effective from annual reporting periods beginning on or after 01 January 2019. Social Islami Bank Limited has applied IFRS 16: "xs" for the first time with the date of initial application of 01 January 2020 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis. As IFRS-16 supersedes IAS-17 Lease, the bank has made recognition, measurement and disclosure in the financial statements-2020 both as Lessee and Lessor as per IFRS-16.

### Bank as lessee:

"The bank assesses at initiation of a contract whether the contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration, then the bank consider the contract as a lease contract. The bank as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases, or, and lease of low value of assets. The bank recognizes lease liabilities to make lease payment and right-of-use assets representing the right to use the underlying assets. If tenor of a lease contract does not exceed twelve months from the date of initiation/application, the bank considers the lease period as short term in line with the recognition threshold of ROU assets as per FA policy of the bank. The Bank determine incremental borrowing rate to calculate the ROU assets and depreciate the asset over the useful life by straight line method. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is premeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included other liabilities.

### Right-of-use assets (ROU):

The bank recognises the right-of-use (ROU) assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The Right of use (ROU) are initially measured at the present value of unavoidable lease payments. The depreciation of the lease asset (ROU) is recognized in the profit or loss account over the lease term.

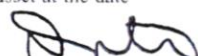
The bank assessed all lease contracts live in 2020 and recognised as ROU of assets of all leases, except short term and low value of assets as guided by Banks' own policy set as per IAS-16 and IFRS-16. The ROU assets are presented in the Note 8.00 of these financial statements "

### Lease Liabilities (Bank as a lessee):

"At the commencement of the lease, the bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed and variable lease payment (less any adjustment for initial payment), and amount is expected to be paid under residual value of guarantees. The lease liabilities are presented in the Note 14.00 of these financial statements.

Social Islami Bank Limited has applied IFRS 16 in 01 January 2020 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

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## 2.11 Measurement of property, plant & equipment after recognition (IAS-16)

### Cost model

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

### Revaluation model

The revaluation model requires an asset, after initial recognition, to be measured at a revalued amount, which is its fair value less subsequent accumulated depreciation and impairment accumulated losses.

Where an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in equity under the heading of revaluation surplus. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.


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Where an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in equity reduces the amount accumulated under the heading of revaluation surplus.

The revaluation surplus included in equity in respect of an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognized. However, some of the surplus is transferred as the asset is used by the Bank. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

The Bank revalued its fixed assets on 20.03.2011 by two separate valuers, namely- 'Commodity Inspection Services (BD) Ltd.' and 'Royal Inspection International Ltd.' But the effects on assets have been accounted for as on 30.03.2011.

#### **Derecognition of property, plant and equipment**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included as other income in profit or loss when the item is derecognized.

#### **Depreciation**

The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset. Depreciation of an asset begins when it is installed and available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate.

Depreciation is calculated based on the cost/revalued amount of items of fixed assets [property, plant & equipment] less their estimated residual values using either of straight-line method (SLM) or reducing balance method (RBM) over their estimated useful lives and recognized in profit and loss. Land is not depreciated. Rates of depreciation considering the useful life of respective assets are as follows:

<b>Particulars</b>	<b>Rate (%)</b>	<b>Estimated life(Years)</b>
Building	2.5	40
Furniture & Fixtures	10	10
Office Equipment	20	5
Software	10	10
Vehicles	20	5
Books	10	10

#### **2.12 Off-balance sheet exposures**

In compliance with the instruction contained in BRPD Circular No. 10 dated 18 September 2007 issued by Bangladesh Bank, provision against the off-balance sheet exposures of the Bank as at reporting date has been made as under:

<b>Category / status of Off-balance sheet exposures</b>	<b>Rates</b>	
	<b>Bangladesh Bank's requirement</b>	<b>Maintained by the Bank</b>
<b>General provision for Off-balance sheet exposures</b>		
All types of Off-balance sheet exposures	1.00%	1.00%

#### **2.13 Impairment of assets (IAS-36)**

The policy for all assets or cash-generating units for the purpose of assessing such assets for impairment is as follows:

The Bank assesses at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of an asset may be impaired, whether there is any indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Bank makes an estimate of the assets recoverable amount. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount by debiting to profit & loss account. Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired. However no changes have arisen during the year against impairment.

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## 2.14 Revenue recognition (IFRS-15)

### (i) Investment income & revenue recognition

Profit on investments and deposits are recognized against the investment of fund under Mudaraba, Musharaka, Murabaha, Bai-Muazzal and Hire Purchase etc. in line with related approved policy of the Board. Profit on investment ceases to be taken into income when such investment accounts are classified. It is then kept in compensation/rent suspense account and the same is accounted for on cash basis as and when recovered or de-classified as per related BRPD circular.

Fees and commission income are recognized when it is earned.

Income from investment in shares and securities is recognized on actual basis except Bangladesh Govt. Mudaraba Bond income which is recognized on accrual basis.

### Sharing of investment income

In case of Investment, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of

Mudaraba Fund is shared by Bank and the Mudaraba Depositors at the predetermined ratio fixed by the Bank.

### (ii) Profit paid on deposits and other expenses

Profit paid on deposits and other expenses are recognized on accrual basis.

As per Mudaraba principle of Islamic Shari'ah, the Mudaraba Depositors are entitled to get minimum 65% of the investment income earned through deployment of Mudaraba Fund as per weightage assigned to each type of Mudaraba Deposit. Moreover, in some Mudaraba deposits, additional rate was allowed over the rate as per weightage. Mudaraba Depositors do not share any income derived from various Banking services where the use of fund is not involved and any income derived from Investing Bank's Equity and other Cost Free Fund. Al-Wadeeah Depositors do not share any income of the Bank.

Profit is paid/provided to Mudaraba Deposit accounts at provisional rate on half yearly/anniversary basis considering overall growth, performance, and profitability of the Bank during the year. Final rates of profit of any accounting year are declared after finalization of Shari'ah Inspection Report and certifying the Investment Income of the Bank by the Statutory Auditors.

## 2.15 Provision for taxation (IAS-12)

### (a) Current tax

Provision for income tax has been calculated as per Income Tax Ordinance, 1984 as amended by the Finance Act 2022 considering all applicable allowances and disallowances.

### (b) Deferred tax

#### Recognition of deferred tax liabilities

The general principle in IAS 12 is that a deferred tax liability is recognised for all taxable temporary differences. There are three exceptions to the requirement to recognise a deferred tax liability, as follows:

liabilities arising from initial recognition of goodwill, liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit, liabilities arising from temporary differences associated with investments in subsidiaries, branches, and associates, and interests in joint arrangements, but only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

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### Recognition of deferred tax asset

A deferred tax asset is recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from: the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit.

Deferred tax assets for deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A deferred tax asset is recognised for an unused tax loss carryforward or unused tax credit if, and only if, it is considered probable that there will be sufficient future taxable profit against which the loss or credit carryforward can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

The Bank has accounted for deferred tax as per International Accounting Standard (IAS)-12, "Income Taxes".

### 2.16 Zakat fund

The Bank has created a Zakat Fund @ 2.58% for the period ended 30 September 2022 on reserve retained through out the year. Hizri Calendar has been considered to calculate 2.5% of Zakat Fund. Since Hizri Calendar counts 11 days less than the English Calendar, the percentage 2.5% represents equivalent to 2.58% of English Calendar. It is to be noted here that shareholders should pay their individual Zakat based on face value (Taka- 10.00 per share) of their individual shareholding along with their other zakatable assets.

### 2.17 Risk management

Today's most risky nature of Banking business has caused the Central Banks of every country much concerned about the risk factors affecting the financial position of the Banks. In this connection every Central Banks have come forward to establish a general framework to defeat the risk factors considering the laws of the land. Bangladesh Bank has also undertaken an overall core-risk management project under which every Bank shall be bounded to the authoritative covenants to install risk management system. Social Islami Bank Ltd. has established approved policies covering major areas such as (a) Investment Risk Management, (b) Foreign Exchange Risk Management, (c) Asset Liability Management Risk (d) Money Laundering Risk (e) Internal Control & Compliance Risk and (f) Information & Communication Technology Security Risk (g) Internal Audit (h) Fraud and Forgeries according to the DOS circular no: 04 (08 October 2018) regarding 'Risk Management Guidelines' for Banks, Bank Companies Act 1991 and other guidelines. of Bangladesh Bank.

In addition, the Bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, stress testing and managing the Banking risks in other core risk areas.

The Bank has established an independent Risk Management Division (RMD) as per DOS circular no:04 (08 October 2018). RMD consists of five desk i.e i) Investment Risk Related Desk; ii) Market Risk Related Desk; iii) Operational Risk Related Desk; iv) Liquidity Risk Related Desk; v) Risk Research and Policy Desk and vi) Capital Adequacy Reporting Desk. Risk Management Division also conducts stress testing as per DOS circular no: 01 (23 February 2011), for examining the Bank's capacity of handling future shocks, as well as deals with all potential risks that might occur in future.

The prime objective of the risk management is that the Bank takes well calculative business risks while safeguarding the Bank's capital, its financial resources and profitability from various risks. In this context, the Bank took steps to implement the guidelines of Bangladesh Bank as under:

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(a) **Investment risk management**

Investment risk is one of the major risks faced by the Bank. This can be described as potential loss arising from the failure of a counter party to perform as per contractual agreement with the Bank. The failure may result from unwillingness of the counter party or decline of financial condition. Therefore, the Bank's investment risk management activities have been designed to address all these issues.

The Bank has segregated duties of the Officers / Executives involved in investment related activities. A separate Corporate Division has been formed at Head Office, which is entrusted with the duties of maintaining effective relationship with the customer, marketing of credit products, exploring new business opportunities etc. Moreover, investment approval, administration, monitoring and recovery functions have been segregated. For this purpose, three separate units have been formed within the Credit Division. These are (a) Investment Risk Management Unit, (b) Investment Administration Unit and (c) Investment Monitoring & Recovery Unit. Investment Risk Management Unit is entrusted with the duties of maintaining asset quality, assessing risk in lending to a particular customer, sanctioning credit, formulating policy / strategy for lending operation etc.

A thorough assessment is done before sanctioning of investment facility at Investment Risk Management Unit. The risk assessment includes borrower risk analysis, financial analysis, industry analysis, historical performance of the customer, security of the proposed credit facility etc. The assessment process starts at Corporate Division by the Relationship Manager/ Officer and ends at Investment Risk Management Unit when individual executives. Proposal beyond their delegation are approved / declined by the Executive Committee and / or the Management.

In determining single borrower / large investment limit, the Bangladesh Bank instructions are strictly followed. Internal audit is conducted on periodical interval to ensure compliance of Bank's and regulatory policies. Investments are classified as per Bangladesh Bank's guidelines.

(b) **Foreign exchange risk management**

Foreign Exchange risk is defined as the potential change in earnings arising due to change in market prices. The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying L/C commitments and other remittance of single borrower limit shown in note.

International Department independently conducts the transactions relating to foreign exchange and is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-market rate as determined by Bangladesh Bank at the month end. All NOSTRO Accounts are reconciled on monthly basis and the management for its settlement reviews outstanding entry beyond 30 days.

(c) **Asset liability management risk**

Asset Liability Management (ALM) has been defined as a planned, structured and systematic process of managing the asset and liability with a view to lead the Bank to a balanced and sustainable growth through minimizing various business risk factors - market risk and liquidity risk. According to the Bangladesh Bank guidelines and considering the most practical aspects of the Bank, an approved policy manual on ALM has been prepared so that it could be followed consistently every sphere of the management. To support the ALM process, the Bank has established a committee called "Asset Liability Committee (ALCO)" headed by the Managing Director and holds meeting at least one in every month. ALM Desk, an exclusive functional and operational desk for the asset liability management, is embodied herewith the ALCO to function under the direct control of Financial Administration Division (FAD).

ALCO reviews the liquidity requirement of the Bank, the maturity of assets and liabilities, deposit and lending, pricing strategy and the liquidity contingency plan at the threshold of stress liquidity situation. Besides that monitoring and analyzing of significant volatility in net investment income, investment value and exchange earnings etc. are the common and regular job of the ALM desk.

(d) **Money laundering risk**

Social Islami Bank Limited (SIBL) has framed an approved Money Laundering Prevention Policy Guideline so that it is sufficient enough to protect the Bank from tribulations of money laundering.

As per Money Laundering Prevention Act, 2012 and Money Laundering Prevention circular, a Central Compliance Unit (CCU) has been formed at Head Office in SIBL and a designated person has been nominated to supply any information if required and report any abnormal and suspicious transactions to Bangladesh Bank through CCU. Chief Anti Money Laundering Compliance Officer (CAMALCO) has been designated at head office and Branch Anti Money Laundering Compliance Officers (BAMALCO) has been nominated at branches. The second man of the sixty-four branches of SIBL has been complying the responsibility for their respective branches as Branch Anti Money Laundering Compliance Officers (BAMALCO) as per the direction of Bangladesh Bank.

Know Your Customer (KYC) profile, Risk Rating and Assessment (RRA) profile and Transaction Profile (TP) have been introduced as per the direction of Bangladesh Bank. These profiles facilitate and ease the KYC procedures, risk categorization transaction monitoring process, suspicious activity reporting process, self-assessment process, independent procedures testing system etc. Proper record keeping procedure has been established also.

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The action plan regarding the KYC procedures of those accounts, which opened before 30-04-2002 already has been sent to the Bangladesh Bank. The branches, which are liable to act in accordance with this action plan, has been complying it properly and vigorously.

Various types of statements such as Quarterly STR, Quarterly KYC statement for legacy accounts, Bi-monthly statements etc has been sent to the Bangladesh Bank properly. " FIU Reporting System " Version-1.0.3 Software has been installed all of the branches as per the direction of central Bank. As a result, the soft copy of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) has been sent to Bangladesh Bank properly in due time.

The training procedure has been conforming as per the action plan, which was given to Bangladesh Bank. It provides significant role to develop and to aware the staffs of SIBL about Anti Money Laundering. The management of the Bank is committed to train all of its workforces regarding anti money laundering.

**(e) Internal control and compliance risk**

Internal controls ensure systematic and orderly flow of various operational activities within the organization. Now a day in the biggest and complex business environment, compliance becomes one of the major concern to the corporate being major risk involved in non-compliance of statutory requirements and operational procedures. To protect and safeguard the Bank 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 Department (ICCD)" at Head Office staffed with some experienced senior Banker rest with the power and duties to train the employees of the Bank, give direction, monitor, audit and establish control on day to day operational procedures and statutory and non-statutory compliances.

ICCD collects different periodical reports, departmental control function check list etc. for documentation and also undertakes periodical and special audit of the branches and departments at Head Office for review of the operation and compliance of statutory requirements and the Board Audit Committee reviews the reports.

**(f) Operational risk**

Operational risk can be defined as the possibilities of losses resulting from inadequacy or failed internal processes, systems and people or from external events.

Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches, technology failure, financial crime and environmental risk. It exists in some form in every Bank business and function. Operational risk can not only result in financial loss, but also regulatory sanctions and damage to the Bank's reputation. SIBL is successful at managing operational risk with a view to safeguarding client assets and preserving shareholder value.

SIBL manages operational risks in the following manner:

- I. Risks are identified with reference to the relevant policy manuals, processes, and practices;
- II. Departmental Control Function Check List (DCFCL) is in place for evaluation of control;
- III. Review of safety and control measures of premises and equipments;
- IV Management of technological and information security risks; and
- V. Ensuring the maintenance of the Bank's business continuity plan (BCP) and crisis management policy.

**(g) Legal risks**

In SIBL, legal risks are covered by recognizing potential losses from litigation or possible litigation at an early stage and by formulating solutions for reducing, restricting and avoiding such risks and creating adequate provision there- against.

**(h) Business risk**

Business risk covers the risk of losses arising from lower non-interest income and higher expenses from the budgeted amount. The business risk is resulted from the market condition, greater customer expectation and or technological development that may change compared to the assumptions made at the time of planning.

Business risk in SIBL is managed by setting clear targets for specific business units, in terms of business volume, income, cost, cost-income ratio, quality of assets etc. with an ongoing process of continuous improvement.

**(i) Reputational risk**

Reputational risk is defined as the risk of losses, falling business volume or income as well as reduced value of the Company arising from business events that may reduce the confidence of the customers & clients, shareholders, investors, counterparties, business partners, credit rating agencies, regulators and general public in SIBL.

The branches and operational divisions are directly responsible for reputational risks arising from their business operations. Reputational risks may also arise from a deficiency in managing other risks. All risk must therefore be managed effectively in order to uphold the Bank's reputation. The management ensures that SIBL is aware of any changes in market perceptions as soon as possible. Accordingly, all business policies and transactions are subjected to careful consideration. SIBL takes necessary precautions to avoid business policies and transactions that may result in significant tax, legal or environmental risks. Reputational risk is also factored into major credit decisions that may lead to credit proposal being declined.

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Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

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Nasimul Baten  
Managing Director & CEO  
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(j) **Compliance risk**

The success of SIBL is largely dependent on the trust and confidence of our existing and potential customers, our shareholders, our staff, our regulators and the general public in our integrity and ethical standard. The confidence largely depends on meticulous compliance with applicable legal and regulatory requirements and internal policies of SIBL. The confidence also depends on conformity with generally accepted market norms and standards in our business operations. The Board of Directors is primarily responsible for compliance with all applicable norms and regulations. The Board discharges its responsibilities itself and through delegation of authorities to Executive Committee, Audit Committee and Risk Management Committee of the Board. The objective is to identify any compliance risks at an early stage that may undermine the integrity and the success of SIBL and to mitigate the risks in most appropriate way.

(k) **Information and communication technology security risk**

According to the latest requirement of the Bangladesh Bank on Core Risk Management, ICT policy guideline has been newly introduced at Social Islami Bank. The prime objective of such guideline is to protect data properties of the Banks from any means of loss, unauthorized use, forgery and destruction as well as documentation of all ICT related tasks to reduce man dependency and increase process dependency. According to this guideline, ICT department responses, monitors, trains and co-ordinates the total IT matter with other departments and branches so that man and machine could effectively co-opt on timely fashion. The ICT department ensures necessary guidelines / instructions to the Departments / Branches and monitors status of implementation strictly.

(l) **Internal audit**

The Bank initiates internal audit of the branches and head office divisions on a periodical basis, concurrent basis and surprise inspection is also done to check the compliance status of the cost centers of the Bank. The internal audit is supervised under ICCD and a separate division named 'Board Audit Cell (BAC)' also conducts internal audit under supervision and direct authority of Board Audit Committee. This BAC directly reports to the Chairman of Board Audit Committee. This way a strong internal audit of the cost centers as well as of Head Office Divisions are conducted to ensure all related compliance.

(m) **Fraud and forgeries**

Fraud and Forgeries are a critical dimension, the Banking industry is facing now a days. In order to safeguard the Bank from all probable fraud and forgeries that may occur in any respect, the Bank has taken all possible safety security measures that are undertaken under direct supervision of ICCD. Concurrent audit, internal audit, Board audit etc. are done periodically along with surprise audit from time to time. Moreover, there are a lot of safety measures initiated at the branch level also. The core Banking solution Ababil is designed to prevent IT related fraud and forgeries.

Additional risks required to be addressed under new regulatory requirements

(n) **Environmental & social risk**

As one of the shariah based Banks of Bangladesh, Social Islami Bank Limited (SIBL) have adopted Environmental & Social Risk Management (ESRM) System as one of its integral parts of Investment Risk Assessment to compute environmental & social risks from our financial footprints. SIBL is one of the Banks operating in Bangladesh to add "Environmental & Social Management System (ESMS)" within its framework, a global standard to minimize environmental & social risks from the organisational activities. Risks associated with E&S Risk in Credit/Investment Management includes 1. Credit Risk, 2. Legal Risk, 3. Operational Risk, 4. Liquidity Risk, 5. Reputational Risk etc. Applicability of the guideline includes for investments disbursed to the sectors Agriculture, SME, Corporate Finance, Project Finance and Trade, Retail & Microfinance. All national regulations pertaining to E&S governance is applicable while carrying out E&S due diligence of a particular transaction. This means all relevant E&S permits, consents, licenses, and monitoring of E&S parameters as per the national regulations are to be considered as mandatory compliance requirements for evaluation of a investment application. If clients have management systems in place as per international frameworks such as ISO 14001 for environmental management, OHSAS 18001 for occupational health and safety, SA8000 for socially acceptable practices in the workplace then it is considered as good practices. Adherence to IFC Performance Standards is considered in case of large project financing as a good practice and optional requirement.

2.18 **Earnings per share (IAS-33)**

Earning Per Share (EPS) has been computed by dividing the basic earning by the weighted average number of ordinary shares outstanding at the end of the year as per IAS 33 Earning Per Share


**Basic earnings**

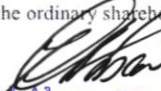
This represents earnings for the year attributable to ordinary shareholders. Net profit after tax less preference dividend has been considered as fully attributable to the ordinary shareholders.

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
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### Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of ordinary shares issued during the year multiplied by a time weighted factor. The time weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

The basis of computation of number of shares is in line with the provision of IAS 33 Earning Per Share. The logic behind this basis is that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resources generating new earnings. In contrast, other shares were issued against consideration in cash or in kind, and accordingly there is an increase in resource generating new earnings. Therefore, the total number of shares issued in 2022 has been multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

### 2.19 Regulatory and legal compliance

Among others, the Bank complied with the requirements of the following circular, rules and regulations:

- a) The Bank Companies Act, 1991 as amended
- b) The Companies Act, 1994
- c) BRPD Circular No. 14 dated 25.06.2003 and "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009
- d) Other circulars, rules and regulations issued by Bangladesh Bank from time to time
- e) The Securities and Exchange Rules, 2020 as amended
- f) The Securities and Exchange Ordinance, 1969
- g) The Securities and Exchange Commission Act, 1993
- h) Income Tax Ordinance, 1984 as amended
- j) Value Added Tax and Supplementary Duty Act, 2012, Value Added Tax Rules, 2016 as amended
- j) Standards issued by AAOIFI
- k) The Stamp Act-1899
- l) The Customs Act-1969
- m) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations
- n) The Money Laundering Prevention Act, 2012
- o) The Anti Terrorism (Amendment) Act, 2012 etc.

The Bank identifies segment based on its business segment as well as its subsidiaries. Business segment comprises SME, Retail, Corporate and Treasury under Islamic Banking.

The Bank reviews the segments at the end of each reporting period to identify which of its segments are reportable and disclose the related information for those reportable segments accordingly.

### 2.20 Workers profit participation fund and welfare fund

SRO-336-AIN/2010 dated 5-10-2010 issued by the 'Ministry of Labour and Employment' declares the status of business of certain institutions and companies along with Bank & insurance companies as "Industrial Undertakings" for the purposes of Chapter-XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) which deals with the workers' participation in Company's profit by way of 'Workers Participation Fund' and 'Welfare Fund'. This Act requires the "Industrial Undertakings" to maintain provision for workers' profit participation fund @ 5% on net profit. Since this requirement contradicts with the 'Section 11' of the 'Bank Company Act 1991 (as amended up to 2018)', Banks in Bangladesh took up the issue collectively and sought opinion from 'Association of Bankers Bangladesh Limited (ABB)' on the same. ABB wrote a letter to the 'Ministry of Finance' of Government of People's Republic of Bangladesh on 09.03.2016 to draw attention of the honorable Finance Minister regarding relevance and applicability of Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) for Bank Companies and to obtain a direction on the issue. The 'Ministry of Finance' revealed their opinion that WPPF should not be relevant for Bank Companies and therefore, it should not be applied there. They also sought for an opinion on this issue from Bangladesh Bank. Subsequently, Bangladesh Bank agreed on all the logics and legal opinion collected by the ABB and expressed their consensus with them on 29.11.2016. In this backdrop, the 'Ministry of Finance' has given their instruction, vide letter no. 53.00.0000.311.22.002.17.130 dated 14.02.2017, for not applying Chapter XV of the Bangladesh Labour Act, 2006 (as amended up to 2013) in Bank Companies. Therefore, no provision in this regard has been made in the financial statements for the period ended on September 30, 2022.

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## 2.21 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged as per IAS 24 "Related Party Disclosures", Bangladesh Bank & BSEC guidelines. Details of the related party transactions have been disclosed in Note - 41.

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12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.



		30.09.2022	31.12.2021
		Taka	Taka
3	<b>Cash in hand:</b>		
	In Local Currency	3,265,567,023	2,689,606,676
	In Foreign Currencies	17,740,277	36,952,461
	ATM balance	412,669,600	689,034,927
		<u>3,695,976,900</u>	<u>3,415,594,063</u>
3(a)	<b>Consolidated balance of cash in hand</b>		
	<b>Social Islami Bank Limited</b>	<b>3,695,976,900</b>	<b>3,415,594,063</b>
	<b>Cash in hand of Subsidiary companies</b>	<b>1,289,146</b>	<b>1,020,793</b>
	SIBL Securities Limited	846,445	734,863
	SIBL Investment Limited	442,701	285,930
		<u>3,697,266,046</u>	<u>3,416,614,856</u>
3.1	<b>Balance with Bangladesh Bank and its agent bank (Sonali Bank)</b>		
	Balance with Bangladesh Bank (Note-3.1.1)	18,171,133,086	19,784,191,100
	Balance with Sonali Bank (as agent of BB)	83,976,831	291,456,554
		<u>18,255,109,917</u>	<u>20,075,647,654</u>
3.1.1	<b>Balance with Bangladesh Bank (Including foreign currencies)</b>		
	In local currency	16,406,342,446	17,916,790,090
	In foreign currencies	1,764,790,639	1,867,401,010
		<u>18,171,133,086</u>	<u>19,784,191,100</u>
3.2	<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)</b>		
	Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the clause (1) of Article 36 of Bangladesh Bank Order, 1972 (as amended upto 2003) and clause (1) of Section 33 of the Bank Companies Act, 1991 (as amended upto 2013) respectively and subsequent DOS circular no: 05/2008, DOS circular letter no.05/2009, DOS circular letter no.21/2009 DOS circular letter no.01, dated: 19/01/2014, MPD Circular no. 01, dated 23/06/2014 and MPD Circular no. 01, dated 03/04/2018.		
	According to latest MPD Circular no. 03, dated 09/04/2020, the statutory cash reserve requirement (CRR) on Bank's time and demand liabilities @3.50% on daily basis and @4.00% on Bi-weekly average basis has been calculated and maintained with Bangladesh Bank (BB) in current account and @5.5% statutory liquidity ratio (SLR) on the same liabilities has also been maintained in the form of BD Govt. Islamic Bond including FC (Foreign Currency) balances with Bangladesh Bank used in BDT, Cash in hand, balance with Sonali Bank as agent of BB, balance with Islamic Refinance Fund A/C and daily excess reserve of CRR maintained on a Bi-weekly average requirement. Both the reserves are maintained by the Bank in excess of the statutory requirements, as shown below:		
3.3	<b>Cash Reserve Requirement (CRR): 3.50% for DBO and 1.5% for OBO(on daily basis) of average Demand and Time Liabilities</b>		
	Required Reserve	11,485,301,000	11,639,111,000
	Actual Reserve held as per GL balance (in local currency)	16,406,342,446	17,916,790,090
	Excess Reserve	<u>4,921,041,446</u>	<u>6,277,679,090</u>
3.4	<b>Cash Reserve Requirement (CRR): 4.00% for DBO and 2.00% for OBO (on bi-weekly average basis) of average Demand and Time Liabilities</b>		
	Required Reserve	13,143,074,000	13,314,424,000
	Actual Reserve held as per GL balance (in local currency)	16,406,342,446	17,916,790,090
	Excess Reserve	<u>3,263,268,446</u>	<u>4,602,366,090</u>
3.5	<b>Statutory Liquidity Ratio (SLR)</b>		
	Required Reserve	18,235,507,000	18,428,438,000
	Actual Reserve held as per GL balance (Note- 3.6)	22,082,552,177	28,474,466,708
	Surplus	<u>3,847,045,177</u>	<u>10,046,028,708</u>
3.6	<b>Held for Statutory Liquidity Ratio</b>		
	Cash in hand (Note- 3)	3,695,976,900	3,415,594,063
	Balance with Bangladesh Bank and its Agent Banks (Note-3.1)	-	-
	Balance with Sonali Bank (as an agent of BB) (Note-3.1)	83,976,831	291,456,554
	Excess reserve of CRR (Note-3.4)	3,263,268,446	4,602,366,090
	Balance with Islamic Refinance Fund (Note-6)	250,000,000	250,000,000
	Bangladesh Govt. Islamic Bond (Note- 6)	14,789,330,000	19,915,050,000
		<u>22,082,552,177</u>	<u>28,474,466,708</u>
	<b>Balance with Other Banks and Financial Institutions</b>		
	In Bangladesh	3,558,243,473	7,030,431,948
	Outside Bangladesh	4,094,284,205	2,540,793,342
		<u>7,652,527,678</u>	<u>9,571,225,290</u>

12 DEC 2022

*Nasimul Baten*  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.  
12 DEC 2022

*Zafar Alam*  
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Managing Director & CEO  
Social Islami Bank Limited  
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*Md. Nazmul Ahsan, FCS*  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022

*Mohammad Shueb, FCA*  
Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

	30.09.2022	31.12.2021
	<u>Taka</u>	<u>Taka</u>
4(a) Consolidated balance of other Banks and Financial Institutions In Bangladesh		
Social Islami Bank Limited	3,558,243,473	7,030,431,948
Add: Account Balance of subsidiaries of SIBL with SIBL Principal Branch	725,890,075	1,262,251,073
SIBL Securities Limited (Current account and MTDR)	619,253,431	1,155,890,554
SIBL Investment Limited	106,636,644	106,360,519
	4,284,133,548	8,292,683,022
Less: Inter company balance eliminated	725,890,075	1,262,251,073
SIBL Securities Limited (Current account and MTDR)	619,253,431	1,155,890,554
SIBL Investment Limited	106,636,644	106,360,519
Add: Account Balance of subsidiaries of SIBL with other banks and financial institutions	15,555	15,555
SIBL Securities Limited	15,555	15,555
SIBL Investment Limited	-	-
Consolidated balance with Banks and Financial Institutions	3,558,259,028	7,030,447,503

#### 4.1 In Bangladesh

Islami Bank Bangladesh Limited	98,757	53,654
Sonali Bank Limited	7,489,441	44,940,487
Agrani Bank Limited	1,478,625	1,425,930
Pubali Bank Limited	102,694	2,261
Rupali Bank Limited	19,295,996	70,658,115
Trust Bank Limited (ATM settlement Account)	71,956,370	37,643,899
Standard Chartered Bank (ATM settlement Account)	23,366,484	21,239,152
	<b>123,788,366</b>	<b>175,963,498</b>

Bank Name	2022	2021
AI- Arafah Islami Bank Limited	23,557,312	806,212,944
ICB Islami Bank Limited	8,575	8,805
Shahjalal Islami Bank Limited	20,561,472	515,504,860
Prime Bank Limited (Islami Banking Branch)	1,262,141	7,539
Bank Asia Limited (Islami Banking Branch)	598,743	591,058
Islami Bank Bangladesh Limited	86,406,605	292,756,041
Jamuna Bank Limited (Islami Banking Branch)	565,376	561,966
Pubali Bank Limited (Islami Banking Branch)	326,669,282	1,749,386,613
Exim Bank Ltd.	209,117,940	38,257,175
Janata Bank Limited	18,050	18,713
Southeast Bank Ltd.	3,385,622	3,359,067
AB Bank Ltd.	1,018,128	23,569,964
The City Bank Ltd.	10,808	11,316
Agrani Bank Ltd.	172,310,375	702,751,461
First Security Islami Bank Ltd.	11,213,841	30,907,601
NRB Global Banl Ltd.	773,300,040	748,373,127
Union Bank Ltd.	1,804,450,796	1,942,190,207

Total

#### 4.2 (NOSTRO Account)

	<u>Current Account with</u>	<u>Currency</u>	<u>F.C. Amount</u>	<u>Rate</u>	<u>Taka</u>
1	SCB, MUMBAI	ACUD	(150)	103.0867	(15,416)
2	SUMMIT Bank, KARACHI	ACUD	23,785	103.0867	2,451,899
3	SONALI Bank, KOLKATA	ACUD	111,729	103.0867	11,517,784
4	MASHREQ Bank, MUMBAI	ACUD	141,372	103.0867	14,573,622
5	NEPAL BANGLADESH Bank	ACUD	276,510	103.0867	28,504,541
6	Bank OF BHUTAN, PHUENTSHOLING	ACUD	64,365	103.0867	6,635,146
7	UNITED Bank OF INDIA	ACUD	48,616	103.0867	5,011,673
8	AB Bank, MUMBAI	ACUD	2,659,161	103.0867	274,124,147
9	MEEZAN Bank LIMITED	ACUD	139,326	103.0867	14,362,652
10	MCB Bank, KARACHI, PAKISTAN	ACUD	395	103.0867	40,668
11	AXIS Bank LIMITED	ACUD	142,442	103.0867	14,683,898
12	HDFC Bank LTD., MUMBAI	ACUD	536,427	103.0867	55,298,447
13	MASHREQ Bank, NEW YORK, (OBU)	USD	399,004	103.6901	41,372,752
			balance carried forward		468,561,811

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30.09.2022

Current Account with	Currency	F.C. Amount	Rate	Taka
		balance brought forward		468,561,813
14 MASHREQ Bank PSC, NEW YORK, USA	USD	6,618,431	103.0867	682,272,163
15 SCB, NY, USA	USD	21,790,217	103.0867	2,246,281,611
16 KOREA EXCH. Bank, KOREA	USD	13,061	103.0867	1,346,422
17 HABIB AMERICAN Bank	USD	629,856	103.0867	64,929,798
18 COMMERZ Bank AG, FRANKFURT	USD	420,757	103.0867	43,374,467
19 Zhejiang Commercial Bank, China	USD	577,219	103.0867	59,503,618
20 COMMERZ Bank AG, CHF	CHF	2,320	105.2120	244,081
21 ABU DHABI ISLAMI BANK, UAE	AED	71,616	28.0615	2,009,652
22 Zhejiang Commercial Bank, China	CNY	1,703,432	14.3387	24,425,005
23 MASHREQ Bank, PSC MUMBAI	ACU EURO	498	99.8085	49,697
24 SCB, FRANKFURT	EURO	1,115,700	99.8085	111,356,376
25 COMMERZ Bank AG, FRANKFURT	EURO	3,077,723	99.8085	307,182,876
26 SCB, LONDON, UK	GBP	43,584	111.2718	4,849,673
27 SCB, TOKYO	JPY	298,104	0.7136	212,727
28 RIYAD BANK	RIYAL	2,837,789	27.3585	77,637,646
29 Bank AL JAZIRA	RIYAL	1,703	27.3585	46,578
				<b>4,094,284,205</b>

## Currency wise Distribution:

Foreign Currency	30.09.2022 Composition	31.12.2021 Composition	30.09.2022 Taka	31.12.2021 Taka
USD/ACU	87.10%	97.75%	3,566,269,892	2,483,499,381
CHF	0.01%	0.03%	244,081	781,282
AED	0.05%	-	2,009,652	-
CNY	0.60%	-	24,425,005	-
GBP	0.12%	0.07%	4,849,673	1,881,905
EUR	10.22%	1.90%	418,588,949	48,228,046
YEN	0.01%	0.09%	212,727	2,379,524
RIYAL	1.90%	0.16%	77,684,224	4,023,206
	<b>100.00%</b>	<b>100.00%</b>	<b>4,094,284,205</b>	<b>2,540,793,342</b>

## 5 Placement with Banks &amp; other Financial Institutions

Placement with Banks (Note-5.1)	2,986,293,194	3,636,293,194
Placement with other Financial Institutions (Note-5.2)	4,350,000,295	3,710,000,000
FC Placement with other Financial Institutions (note: 5.3)	407,840,000	2,316,450,000
	<b>7,744,133,489</b>	<b>9,662,743,194</b>

## 5.1 Mudaraba Term Deposits with Banks

ICB Islamic Bank Limited	186,293,194	186,293,194
Union Bank Limited	1,800,000,000	1,800,000,000
Al-Arafah Islami Bank Limited	-	150,000,000
EXIM Bank Limited	-	1,500,000,000
Bangladesh Commerce Bank Limited	1,000,000,000	-
	<b>2,986,293,194</b>	<b>3,636,293,194</b>

## 5.2 Mudaraba Term Deposits with Other Financial Institutions

IPDC Finance Ltd.	400,000,000	-
International Leasing & Financial Services Ltd.	355,000,295	355,000,000
Union Capital Limited	200,000,000	200,000,000
Bay Leasing & Investment Ltd.	15,000,000	50,000,000
Fas Finance and Investment Limited	300,000,000	300,000,000
First Finance Limited	100,000,000	100,000,000
Islamic Finance & Investment Ltd.	400,000,000	25,000,000
AVIVA Finance Limited/Realiance	1,680,000,000	1,680,000,000
Investment Corporation of BD Ltd. (ICB)	900,000,000	1,000,000,000
	<b>4,350,000,295</b>	<b>3,710,000,000</b>

## 5.3 FC Placement with Banks &amp; other Financial Institutions

Al-Arafah Islami Bank Limited	-	343,200,000
First Securities Islami Bank Limited	-	257,250,000
Islami Bank Limited	407,840,000	1,287,000,000
Shahjalal Islami Bank Ltd.	-	429,000,000
	<b>407,840,000</b>	<b>2,316,450,000</b>

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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

Mohammad Shoaib, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

	30.09.2022 Taka	31.12.2021 Taka
<b>6 Government:</b>		
Government Bond (Islamic Investment Bond)	1,250,000,000	11,100,000,000
BD. Govt. Islamic Refinance Fund	250,000,000	250,000,000
7 Years Treasury BOND (5%)	319,300,000	319,300,000
7 Years Treasury BOND (0%)	123,000,000	123,000,000
Investment in BD Govt. Investment Sukuk bond	13,097,030,000	8,372,750,000
	<b>15,039,330,000</b>	<b>20,165,050,000</b>
<b>Others:</b>		
Investment in Share, Quoted	1,585,687,812	428,947,081
Investment in Share, Unquoted/bond (Note: 6.1 & 6.2)	7,380,727,751	8,580,727,751
	<b>8,966,415,563</b>	<b>9,009,674,832</b>
<b>Fair value adjustment through profit or loss (FVTPL)</b>	-	(17,190,627)
<b>Value of Investment in Shares and securities, others</b>	<b>8,966,415,563</b>	<b>8,992,484,206</b>
<b>Grand Total</b>	<b>24,005,745,563</b>	<b>29,157,534,206</b>
<b>6 (a) Consolidated investments in shares &amp; securities</b>		
Social Islami Bank Limited Other sectors	8,966,415,563	8,992,484,206
Add: Investment in shares & securities by subsidiary companies	384,171,972	231,421,642
SIBL Securities Limited	242,509,196	191,318,687
SIBL Investment Limited	141,662,776	40,102,955
<b>Total consolidated balance of investments in shares &amp; securities others</b>	<b>9,350,587,535</b>	<b>9,223,905,847</b>
<b>6.1 Investment (Cost) in Shares (Unquoted)</b>		
CDBL Share	1,569,450	1,569,450
Orion Infrastructure Ltd. (Cumulative)	500,000,000	500,000,000
Orion Infrastructure Ltd. (Redeemable)	169,900,000	169,900,000
Awqaf Properties Investment fund (APIF)	166,968,945	166,968,945
Central Counterparty Bangladesh Ltd.(CCBL)	37,500,000	37,500,000
Investment in SWIFT (Foreign Share)	4,789,356	4,789,356
Invest. in Beximco Green Sukuk (Special)	-	800,000,000
	<b>880,727,751</b>	<b>1,680,727,751</b>
<b>6.2 Subordinated Bond</b>		
FSIBL Mudaraba Subordinate Bond (2nd & 3rd Bond)	1,100,000,000	1,300,000,000
UBL Mudaraba Subordinate Bond	800,000,000	1,000,000,000
Investment in FSIBL Mud. Per. Bond	1,600,000,000	1,600,000,000
Investment in STBL Mud. Per. Bond	1,500,000,000	1,500,000,000
Investment in SJIBL Mud. Per. Bond	1,500,000,000	1,500,000,000
	<b>6,500,000,000</b>	<b>6,900,000,000</b>
<b>Total Investment (Cost) in Shares (Unquoted)/Bond</b>	<b>7,380,727,751</b>	<b>8,580,727,751</b>
<b>7 Mode-Wise Investment (General)</b>		
<b>a) In Bangladesh</b>		
Musharaka	195,609,328	247,948,307
Murabaha	9,678,129,880	9,783,345,114
Mudaraba	15,484,152,902	5,071,054,090
Bai-Muazzal	216,473,946,687	204,476,232,728
Hire-Purchase Sirkatul Meelk	60,805,435,071	60,528,283,545
Quard	15,453,709,514	13,511,828,373
Bai-Salam	1,136,502,365	569,928,680
Staff Loan	2,097,215,069	2,156,635,896
Ijarah	379,323,393	412,031,312
Visa Card	971,753,897	854,298,684
	<b>322,675,778,106</b>	<b>297,611,586,727</b>
<b>Mode-Wise Investment (General)</b>		
<b>b) Outside Bangladesh</b>		
Musharaka	-	-
Murabaha	-	-
Bai-Muazzal	-	-
Hire-Purchase Sirkatul Meelk	-	-
Installment Investment Scheme	-	-
Quard	-	-
Bai-Salam	-	-
Others	-	-

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

Mohammad Shooeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

	30.09.2022 Taka	31.12.2021 Taka
<b>Bills Purchased and discounted</b>		
<b>Inside Bangladesh</b>		
In land Bill Purchase	4,635,916,235	3,469,088,561
<b>Bills Purchased and discounted</b>		
<b>Outside Bangladesh</b>		
Foreign Bill Purchased	104,980,994	79,202,046
Murabaha Bill of Exchange	1,661,975,690	1,722,350,710
Baim-Wes bills	12,320,202,360	9,891,592,484
	14,087,159,044	11,693,145,240
<b>Grand total of net Bills Purchased and Discounted</b>	18,723,075,278	15,162,233,802
<b>Total Investment</b>	341,398,853,384	312,773,820,529
7(a) Consolidated Investment Social Islami Bank Ltd.	341,398,853,384	312,773,820,529
Less: Intercompany balance eliminated		
SIBL Securities Ltd.		
Quard Investment with SIBL-Principal Branch	790,000,000	790,000,000
SIBL Investment Ltd.	-	-
	340,608,853,384	311,983,820,529
7.1 <b>Investments (Classification wise)</b>		
<u>Unclassified</u>		
Standard	307,521,202,125	279,421,381,293
Special Mentioned Account	13,037,304,928	13,232,379,120
<u>Classified</u>		
Substandard	936,123,041	697,785,173
Doubtful	212,841,747	134,017,193
Bad or Loss	15,448,839,834	15,298,187,291
	337,156,311,675	308,783,750,070
Standard (short term agri / micro inv.)	1,947,114,652	1,758,134,358
Special Mentioned Account (short term agri/ micro inv.)	-	-
Substandard (short term agri / micro inv.)	989,341	958,949
Doubtful (short term agri / micro inv.)	25,508,463	11,968,211
Bad or Loss (short term agri/micro inv.)	69,106,320	51,159,815
	2,042,718,776	1,822,221,333
Staff Investment	2,199,822,933	2,167,849,126
	341,398,853,384	312,773,820,529
7.2 <b>Particulars of provision required for general investment</b>		
Unclassified (Excluding Off-balance sheet exposures)	5,659,836,148	5,443,543,536
Classified	7,872,471,338	7,598,676,652
Unclassified- Off-balance sheet exposures	694,473,140	521,935,277
	14,226,780,625	13,564,155,465
7.2.1 <b>Detail Particulars of Provision for Investment</b>		
<b>Unclassified</b>	<b>Rate</b>	<b>Provision Required</b>
Standard	1%	2,394,375,486
Special General Provision-COVID-19		
(As per BRPD Circular letter No.56 dt. 10.12.2020)	1%	597,373,154
Special General Provision-COVID-19		
(As per BRPD Circular letter No.52 dt 29.12.2021.)	1.5 & 2%	768,946,219
Staff Investment	0%	-
Consumer Finance (Other than HF and LP)	2%	23,262,253
Small and Medium Enterprise	0%	153,528,718
Housing Finance (HF)	1%	22,863,804
Loan for Professionals (LP)	2%	17,186,885
Share	2%	47,266,577
SMA Investment (Same as UC i.e 0.25%, 1%, 2%)	2%	1,615,561,904
Unclassified Off Balance Sheet Items	1%	694,473,140
<b>Classified</b>		
Substandard	20%	112,837,970
Substandard (CMSME)	5%	-
Doubtful (CMSME)	50%	4,190,659
Doubtful	100%	57,656,049
Bad or Loss		7,682,222,482
		14,191,745,301
		13,536,321,933

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*Nasimul Baten*  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

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*Mohammad Shabbir*  
Mohammad Shabbir, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

*Md. Nazmul Ahsan*  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

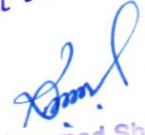
*Zafar Alam*  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

		30.09.2022 Taka	31.12.2021 Taka
<b>Provision Required (Short term Agricultural &amp; Micro Credit)</b>			
<u><b>Unclassified</b></u>			
Standard (short term agri /micro credit)	1%	19,471,147	17,581,344
<u><b>Classified</b></u>			
Substandard (short term agri ,micro credit & CMSME)	5%	2,270,897	1,464,513
Doubtful (short term agri /micro credit)	5%	617,355	151,920
Bad or Loss (Short term agri /micro credit)	100%	12,675,926	8,635,756
		<b>35,035,325</b>	<b>27,833,532</b>
<b>Required provision for Investments (Grand Total)</b>		<b>14,226,780,625</b>	<b>13,564,155,465</b>
<b>Total provision maintained</b>		<b>14,226,780,626</b>	<b>13,564,155,465</b>
<b>Provision Surplus/(Shortfall)</b>		-	-
<b>Provision Made: (Other than Short term Agricultural &amp; Micro Credit)</b>			
<u><b>Unclassified</b></u>			
Standard		4,719,276,237	4,330,281,314
SMA		1,615,561,904	1,617,616,156
<u><b>Classified</b></u>			
Substandard		112,837,970	91,695,040
Doubtful		61,846,708	16,805,364
Bad or Loss		7,682,222,482	7,479,924,058
		<b>14,191,745,301</b>	<b>13,536,321,933</b>
<b>Provision Made: (Short term Agricultural &amp; Micro Credit)</b>			
Standard (short term agri credit)		19,471,147	17,581,344
Substandard (short term agri credit)		2,270,897	1,464,513
Doubtful (short term agri credit)		617,355	151,920
Bad or Loss (Short term agri credit)		12,675,926	8,635,756
		<b>35,035,325</b>	<b>27,833,532</b>
<b>Grand Total</b>		<b>14,226,780,625</b>	<b>13,564,155,465</b>
<b>Required provision - Provision made = Surplus/ (Shortfall)</b>		-	-
7.2.2 <b>Particulars of provision for Off-Balance Sheet items</b>			
<u><b>Status</b></u>			
Off-Balance Sheet Items		694,473,140	521,935,277
Required provision for Investments		694,473,140	521,935,277
Provision maintained {note # 14.1(c)}		<b>694,473,140</b>	<b>521,935,277</b>
<b>Surplus Provision</b>		-	-
8 <b>Fixed Assets:</b>			
Land		12,330,000	12,330,000
Building		1,799,744,280	1,822,210,090
Furniture & Fixture		1,043,928,987	821,159,834
Mechanical Appliance		843,936,482	710,224,598
Computer Software		191,510,882	194,557,589
Motor Vehicle		5,544,800	7,591,421
Right of use Assets(ROU) *		524,717,640	679,127,820
Books		578,995	596,375
<b>Carrying Value</b>		<b>4,422,292,067</b>	<b>4,247,797,726</b>
Because of no new assets under lease has been added upto quarter ended 30 September 2022. There is no material change has been occurred. Therefore, depreciation on ROU asset has been charged three forth of the previous year charged amount with corresponding effect in lease liability.			
8(a) <b>Consolidated written down value of fixed assets including intangible assets</b>			
<b>Social Islami Bank Limited</b>		<b>4,422,292,067</b>	<b>4,247,797,726</b>
<b>Add: Fixed assets of subsidiary companies</b>		<b>13,993,730</b>	<b>13,559,344</b>
SIBL Securities Limited		13,993,730	13,559,344
SIBL Investment Limited		-	-
<b>Carrying value of Fixed assets of the Group</b>		<b>4,436,285,797</b>	<b>4,261,357,069</b>
9 <b>Others Assets:</b>			
Stock of stationery Stamps and printing materials etc.		45,532,563	41,842,032
Advance Rent		47,574,356	82,826,821
Advance Deposit		3,412,744	3,433,149
Branch Adjustments (SIBG)		3,209,229,612	824,507,472
Suspense Account:		944,748,962	287,840,919
Other Prepayments		99,077,940	86,608,018
Share Trading Receivable A/c		859,426,431	624,820,743
Advance Income Tax		14,848,111,068	13,908,264,598
Investment in subsidiary SIBL Securities Limited		1,537,499,000	1,537,499,000
Investment in subsidiary SIBL Investment Limited		249,999,400	249,999,400
Receivable from SIBL Securities		124,072,842	70,747,842
Receivable from SIBL Investment		1,903,690	1,903,690
<b>balance carried forward</b>		<b>21,970,588,607</b>	<b>17,720,293,684</b>

12 DEC 2022  
  
**Nasimul Baten**  
 Managing Director & CEO  
 DBH Finance PLC.

12 DEC 2022  
  
**Zafar Alam**  
 Managing Director & CEO  
 Social Islami Bank Limited  
 Head Office, Dhaka.

12 DEC 2022  
  
**Md. Nazmul Hossain, FCS**  
 Company Secretary  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

12 DEC 2022  
  
**Mohammad Shueb, FCA**  
 Chief Financial Officer  
 Social Islami Bank Ltd  
 Head Office, Dhaka.

	30.09.2022	31.12.2021
	Taka	Taka
balance brought forward	21,970,588,607	17,720,293,684
Protested bills against Investment	325,014,570	325,014,570
Profit receivable from Banks NBFIs and BD Govt.	409,364,014	254,088,308
Investment with off-shore Banking Unit	5,949,264,944	551,722,606
Due from off-shore Banking Unit	103,341,658	43,694,699
Dividend Receivable Account	702,536,619	702,536,619
Profit Receivable from Mudaraba Subordinated Bond	35,152,055	52,926,027
Profit Receivable from Mudaraba Perpetual Bond	266,642,476	94,477,398
Profit Receivable for SME Stimulus fund	80,414,394	80,385,089
Profit Receivable from Beximco Green Sukuk	20,120,547	3,164,835
Others (note: 9.1)	50,160,724	22,211,772
<b>Total</b>	<b>29,912,600,609</b>	<b>19,850,515,608</b>
<b>Less: Balance with OBU for elimination</b>		
Investment with off-shore Banking Unit	5,949,264,944	551,722,606
<b>Grand total after elimination of balance with OBU</b>	<b>23,963,335,665</b>	<b>19,298,793,002</b>
<b>9(a) Consolidated other Assets</b>	<b>23,963,335,665</b>	<b>19,298,793,002</b>
<b>Social Islami Bank Limited</b>	<b>2,703,873,811</b>	<b>2,794,188,363</b>
<b>Add: Other assets of subsidiary companies</b>		
SIBL Securities Limited	2,676,776,035	2,666,365,438
SIBL Investment Limited	27,097,777	127,822,925
<b>Less: Inter Company transactions eliminated:</b>	<b>125,976,532</b>	<b>72,651,532</b>
Receivable from SIBL Securities	124,072,842	70,747,842
Receivable from SIBL Investment	1,903,690	1,903,690
<b>Less: Inter company balance eliminated investment in subsidiaries</b>	<b>1,787,498,400</b>	<b>1,787,498,400</b>
Investment in SIBL Securities Ltd	1,537,499,000	1,537,499,000
Investment in SIBL Investment Ltd	249,999,400	249,999,400
<b>Grand total Other assets of subsidiary companies</b>	<b>24,753,734,543</b>	<b>20,232,831,433</b>
<b>9.1 Others</b>		
Clearing Adjustment	(1,415,587)	-
D.D. Paid without advice	650	650
Adjusting A/C debit balance	-	10,004,610
Advance Vat	3,840,570	3,833,285
BFETN Adjustment Accounts	(24,692,590)	-
Card Accrued Income	734,493	666,993
Incentive disbursement Fund	71,693,188	7,706,233
	<b>50,160,724</b>	<b>22,211,772</b>
<b>10 Placement from Banks &amp; Other Financial Institutions</b>		
Bangladesh Govt. Islamic Bond.	<b>1,000,000,000</b>	-
<b>11 Deposits and Other Accounts</b>		
Mudaraba Savings Deposits (MSD)	44,105,360,711	37,308,169,943
Mudaraba Term Deposits (MTDR)	182,631,617,276	176,256,112,820
<b>Other Mudaraba Deposit</b>	<b>83,276,811,397</b>	<b>80,399,200,511</b>
Mudaraba Short Notice Deposits (MSND)	22,486,578,082	19,970,707,175
Mudaraba Scheme Deposits (Note-11.1)	60,790,233,315	60,428,493,336
Al-Wadeeah Current Deposit and other accounts (Note-11.2)	45,268,188,102	42,250,954,675
Bills payable	5,735,232,705	5,064,269,305
Cash Waqf Fund	405,473,364	382,356,998
	<b>361,422,683,555</b>	<b>341,661,064,252</b>
<b>11.1 Mudaraba Scheme Deposits</b>		
Mudaraba Hajj Savings Deposit	161,890,107	159,658,362
Mudaraba Pension Savings Deposit	961,111,632	1,165,116,800
Mudaraba Education Deposit Scheme	32,315,611	33,494,517
Mudaraba Monthly Savings Deposit	57,697,440	55,192,581
Mudaraba Monthly Profit Deposit	1,694,141,734	2,088,726,027
Mudaraba Bashasthan Savings Scheme	341,390,243	428,520,446
Mudaraba Millionaire Savings Scheme	725,930,339	855,154,998
Mudaraba Lakhopoti Deposit Scheme	13,938,704	15,267,899
Mudaraba Double Benefit Deposit Scheme	292,891,786	562,870,200
Mudaraba Marriage Savings Scheme	72,849,535	70,623,288
Mudaraba MMohorana Savings Scheme	20,178,644	22,143,873
Subarnalata Special Scheme (Woman)	13,551,142	21,954,222
	<b>4,387,886,914</b>	<b>5,478,723,213</b>

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

12 DEC 2022

Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

Md. Nazmul Hossain, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

	30.09.2022 Taka	31.12.2021 Taka
Subarna Rekha Special Deposit (Woman)	4,387,886,914	5,478,723,213
Shabuj Shayanna Special Deposit	1,171,419,074	1,592,916,210
Shabuj Chaya Pension Scheme	253,442,018	23,255,492
Sanchita Special Deposit scheme	21,156,706	489,573,074
Sanali Din Pension Deposit Scheme	206,383,523	279,694,378
Sukher Thikana Saving Scheme	12,653,911,957	14,522,654,792
Sacchandeey Protidin Monthly Profit Deposit	21,888,256	19,673,857
Samrididir Sopan Scheme Deposit	914,588,655	1,110,359,351
Sopner Siri Deposit Scheme	70,705,986	111,407,856
Sharner Shikhar (mudaraba Billinior Deposit)	71,724,769	71,146,047
Proshanti (Mudaraba Zakat Saving Deposits)	1,245,143,908	1,269,931,771
SIBL Astha (Mudaraba Monthly Profit Deposit)	22,649,847	27,246,698
SIBL Super DPS (Mudaraba Pension Deposit)	31,349,217,322	28,998,139,447
SIBL Digun Prottasha(Double Benefit Deposit)	6,173,966,257	4,499,511,474
Al-Wasiah bill Waqf	1,825,619,804	1,927,222,165
SIBL Education Savings Scheme	8,593,316	7,037,511
SIBL Medical Savings Scheme	105,734,000	-
SIBL Marriage Savings Scheme	248,391,000	-
Internet Banking Deposit Scheme (IB DPS)	37,621,000	-
	189,000	-
	<b>60,790,233,315</b>	<b>60,428,493,336</b>
<b>11.2 Al-Wadeeah Current Deposit &amp; other A/c</b>		
Al Wadeeah current deposit	12,849,901,271	12,102,949,908
Un-claimed dividend	162,597,317	79,312,047
Sundry deposit	11,061,589,523	8,162,678,626
Social fund deposit	17,075	17,075
Supervision charge	843,161	847,161
Risk fund deposit	8,092,346	2,920,921
FC deposit	11,161,945,328	11,415,547,205
Convertible Taka A/c	156,899,984	188,928,019
F. C. held against B.B. L/C	4,041,636,686	4,400,834,559
Bangladesh Bank Fund for COVID	1,777,478,359	3,937,061,938
Profit payable A/c	4,013,625,626	1,941,229,633
Compensation Realized	33,561,428	18,627,587
	<b>45,268,188,102</b>	<b>42,250,954,675</b>
<b>11.2 (a) Consolidated balance of Al-Wadeeah Current Deposit &amp; Other A/c</b>		
Social Islami Bank Limited	45,268,188,102	42,250,954,675
<i>Less: Intercompany balance eliminated</i>	<b>725,890,075</b>	<b>1,262,251,073</b>
SIBL Securities Limited	619,253,431	1,155,890,554
SIBL Investment Limited	106,636,644	106,360,519
<b>Consolidated balance of Current deposit and other accounts</b>	<b>44,542,298,026</b>	<b>40,988,703,603</b>
The balances are held with the 'Principal Branch' of SIBL bearing current account no: 0002-13300056882 and 0002-13300057058 respectively. For consolidation purpose the balances have been eliminated.		
<b>11.3 Bills Payable</b>		
Payment Order (PO)	4,462,493,053	5,062,059,023
Demand Draft (DD)	1,725,611	1,725,611
B/P awaiting remittance	1,271,014,041	484,671
	<b>5,735,232,705</b>	<b>5,064,269,305</b>
<b>11.4 Segregation of deposits &amp; other accounts</b>		
<b>i) Client Deposit</b>		
Al-Wadeeah Current deposit & other accounts	45,267,523,872	42,250,641,808
Bills Payable	5,735,232,705	5,064,269,305
Mudaraba Savings Deposits	43,363,001,900	36,892,529,213
Mudaraba Short Notice Deposits	14,834,917,305	19,884,562,571
Mudaraba Term Deposit	168,536,617,276	174,646,112,820
Mudaraba Scheme Deposits	60,790,233,315	60,428,493,336
Cash Waqf Fund	405,473,364	382,356,998
	<b>338,932,999,736</b>	<b>339,548,966,052</b>
<b>ii) Bank Deposit</b>		
Mudaraba Term Deposit Receipt (MTDR)	14,095,000,000	1,610,000,000
Mudaraba Short Notice Deposit (MSND)	7,651,660,778	86,144,603
Al-Wadeeah Current deposit (AWCD)	664,230	312,868
Mudaraba Savings Deposit (MSD)	742,358,812	415,640,730
	<b>22,489,683,819</b>	<b>2,112,098,201</b>
<b>Grand Total of deposits and other accounts</b>	<b>361,422,683,555</b>	<b>341,661,064,252</b>

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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

M. Nazimul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

Mohammad Shabb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.



12 **SIBL Mudaraba Subordinated Bond**

SIBL issued three mudaraba subordinated bonds namely SIBL 1st Mudaraba Subordinated Bond of Tk. 300 crore, SIBL 2nd Mudaraba Subordinated Bond of Tk. 400 crore and SIBL 3rd Mudaraba Subordinated Bond of Taka-500.00 crore to support and strengthen Tier-II capital base of the bank under Basel-III capital regulation of Bangladesh Bank. The details of SIBL Mudaraba Subordinated Bonds are presented Below:

Name of the Bond	Issue Date	Issued Amount	Outstanding as on 30.09.2022	Outstanding as on 31.12.2021
SIBL 1st Mudaraba Subordinated Bond	3/31/2015	3,000,000,000	-	-
SIBL 2nd Mudaraba Subordinated Bond	6/20/2017	4,000,000,000	800,000,000	1,600,000,000
SIBL 3rd Mudaraba Subordinated Bond	12/27/2018	5,000,000,000	4,000,000,000	4,000,000,000
<b>Total</b>		<b>12,000,000,000</b>	<b>4,800,000,000</b>	<b>5,600,000,000</b>

13 **SIBL Mudaraba Perpetual Bond of Tk.500 Crore**

Social Islami Bank Limited issued 'SIBL Mudaraba Perpetual Bond of Tk. 500 Crore in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-07/2014/272 & BRPD(BFIS)661/14B(P)/2020-8946, Dated: 25 November 2020 & 22 October 2020 respectively. The bond is fully subscribed on 13/10/2021 by the following investors:

Islami Bank Bangladesh	1,500,000,000	1,500,000,000
Exim Bank Limited	1,500,000,000	1,500,000,000
AIBL Employees' Provident Fund	500,000,000	500,000,000
AIBL Employees' Gratuity Fund	500,000,000	500,000,000
Al-Arafah Islami Bank Limited	1,000,000,000	1,000,000,000
	<b>5,000,000,000</b>	<b>5,000,000,000</b>

14 **Other Liabilities**

FC Charge	2,000	-
Adjusting A/C (Cr.) Balance	65,254,363	14,015,512
Other Payable	6,116,897	9,330,154
BEFTN Adjustment Account	61,500,949	20,301,508
Parking Account	512,679	3,182,591
ATM & Others Settlement for Q-Cash	(45,262,212)	6,908,947
Share Trading Payable A/c	542,690,757	-
Provision for Investments (note-14.1)	14,226,780,626	13,564,155,465
Provision for other Assets	525,027,557	425,027,557
Compensation and Rent Suspense	3,968,967,645	3,762,471,567
Provision for Taxation (note-14.2)	18,838,257,281	17,618,044,129
Zakat Fund	91,976,173	113,365,052
Lease liabilities as per IFRS-16 *	481,408,744	615,828,689
Mudaraba profit distribution	-	24,500,000
Provision for good borrower	10,000,000	10,000,000
Provision for Climate Risk Fund	20,000,000	20,000,000
Provision for Start-Up Fund (note-14.3)	43,696,511	32,106,411
Provision for diminution in value of shares and securities	8,595,812	-
	<b>38,845,525,782</b>	<b>36,239,237,582</b>

\* The bank recognised lease liability which is present value of lease payments to be made over the lease terms from the date of commencement or 01 January 2020 (initial recognition). The lease payments has been discounted @ 6.00%.

14(a) **Consolidated Other Liabilities**

<b>Social Islami Bank Limited</b>	<b>38,845,525,782</b>	<b>36,239,237,582</b>
<b>Add: Other Liabilities of subsidiaries</b>	<b>1,716,727,048</b>	<b>2,282,548,705</b>
SIBL Securities Limited	1,713,007,784	2,279,026,419
SIBL Investment Limited	3,719,264	3,522,286
	<b>40,562,252,830</b>	<b>38,521,786,286</b>
<b>Less: Intercompany balance eliminated</b>		
SIBL Securities Limited (Payable to SIBL- Term loan)	790,000,000	790,000,000
<b>Grand Total</b>	<b>39,772,252,830</b>	<b>37,731,786,286</b>

14.1 **Provision for Investment**

<b>(a) Specific Provision on Investment</b>		
Provision held at the beginning of the year	7,598,676,652	7,812,088,173
Fully provided Investment written off/Waiver	(79,488)	(1,331,928,908)
Transferred from doubtful income/compensation realized/recovery	-	7,075,700
Provision made during this year	273,874,175	1,111,441,687
<b>Provision held at the end of the year</b>	<b>7,872,471,338</b>	<b>7,598,676,652</b>
<b>(b) General Provision on Investment</b>		
Provision held at the beginning of the year	4,077,224,163	4,971,204,865
Fully provided Investment written off/Waiver	(13,452,588)	-
Addition during the year	229,745,199	(893,980,701)
Special General Provision-COVID-19 (As per BRPD Circular letter No.56 dt. 10.12.2020)	597,373,154	597,373,154
Special General Provision-COVID-19 (As per BRPD Circular letter No.52 dt. 29.12.2021)	768,946,219	768,946,219
<b>Balance at the end of the year</b>	<b>5,659,836,148</b>	<b>5,443,543,536</b>
<b>Total Provision on Investments</b>	<b>13,532,307,486</b>	<b>13,042,220,188</b>

12 DEC 2022

*Nasimul Baten*

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

*Zafar Alam*  
**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

12 DEC 2022

**Mohammad Shabb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

*Md. Nazmul Hossain*  
**Md. Nazmul Hossain**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka



(c) General Provision on Off-Balance Sheet items

Provision held at the beginning of the year

Addition during the year

Balance at the end of the year

Total Provision for Investments & Off-Balance Sheet items (a+b+c)

30.09.2022 Taka	31.12.2021 Taka
521,935,277	470,450,037
172,537,863	51,485,240
<b>694,473,140</b>	<b>521,935,277</b>
<b>14,226,780,626</b>	<b>13,564,155,465</b>

Adequate provision has been made in accordance with BRPD circulars and there has been no shortfall of provision following related BRPD circulars.

14.2 Provision for Taxation

Provision for Current tax

Balance at the beginning of the year

Add: Provision made during the year (Zakat Fund)

Add: Provision made during the year (Note:14.2.1)

17,618,044,129	16,370,918,424
55,185,704	68,019,031
1,165,027,448	1,179,106,673
<b>18,838,257,281</b>	<b>17,618,044,129</b>

14.2.1 Provision made during the year

Operating Profit before provision & tax

Add: Inadmissible expense

Less: Inadmissible expense and for separate consideration

Total Taxable Income

3,115,052,960	4,526,233,418
224,712,552	434,006,856
252,687,499	2,017,100,131
<b>3,087,078,013</b>	<b>2,943,140,143</b>

Total Tax liability for current year

Business Tax @ 37.50% for year 30.09.2022 and @37.50% for year 2021

Dividend Tax @ 20%

Tax on gain on shares & securities @ 10%

Provision required

Provision made

1,157,654,255	1,103,677,554
3,617,140	57,007,236
3,756,053	18,421,884
<b>1,165,027,448</b>	<b>1,179,106,674</b>
<b>1,165,027,448</b>	<b>1,179,106,674</b>

14.2.2 Reconciliation of effective tax rate of the Bank

Particulars

Effective Rate

Profit before income tax as per profit and loss account

Income tax as per applicable tax rate

Factors affecting the tax charge for current year:

Inadmissible

Admissible Expenses in the current year (i.e. write-off etc.)

Tax savings from reduced tax rates for dividend

Tax loss/(savings) from reduced tax rates for capital gain

Total Income Tax Expenses

3,115,052,960	4,526,233,418
37.50%	1,168,144,860
2.71%	84,267,207
-2.37%	(73,890,475)
-0.10%	(3,164,997)
-0.33%	(10,329,147)
<b>37.40%</b>	<b>1,165,027,448</b>
	<b>1,179,106,674</b>

14.3 Provision for Start-Up Fund

Opening balance

Addition during the year

Paid during the year

Closing Balance at the end of the period

32,106,411	15,509,355
11,590,100	16,597,056
-	-
<b>43,696,511</b>	<b>32,106,411</b>

15 Deferred Tax Liability/(Asset)

Balance at the beginning of the year

Add: Provision made during the year

Less: Transferred to Retained earnings

Closing balance at the end of the year

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

465,429,994	438,206,855
6,262,426	35,558,510
-	8,335,371
<b>471,692,420</b>	<b>465,429,994</b>

15 (a) Consolidated Deferred Tax Liability/(Asset)

Social Islami Bank Limited

SIBL Securities Limited

Balance at the beginning of the year

Add: Provision made during the year

Closing balance at the end of the year

Grand total

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

471,692,420	465,429,994
111,731	812,743
-	(701,012)
<b>111,731</b>	<b>111,731</b>
<b>471,804,151</b>	<b>465,541,725</b>

Capital

Authorized Capital

3,000,000,000 ordinary shares of Tk. 10 each


30,000,000,000	30,000,000,000
----------------	----------------

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

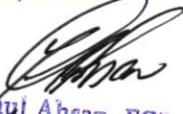
12 DEC 2022

Mohammad Shoeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

  
Mohammad Shoeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022

  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022

  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

## 16.2 Issued, Subscribed and Paid up Capital

The Paid-up Capital of the Bank is currently Tk. 10,341,542,860 divided into 1034,154,286 Ordinary Shares of Tk 10 each

Break up of paid up capital is as follows

	30.09.2022 Taka	31.12.2021 Taka
26,000,000 no. Ordinary shares of Tk.10 issued for cash	260,000,000	260,000,000
477,322,945 no. Ordinary shares of Tk. 10 each for cash as right share	4,773,229,450	4,773,229,450
234,975,697 no.ordinary shares of Tk 10 each issued as bonus shares	2,349,756,970	2,349,756,970
73,829,864 no.ordinary shares of Tk 10 each issued as bonus shares	738,298,640	738,298,640
81,212,850 no.ordinary shares of Tk 10 each issued as bonus shares	812,128,500	812,128,500
44,667,067 no.ordinary shares of Tk 10 each issued as bonus shares	446,670,670	446,670,670
46,900,421 no.ordinary shares of Tk 10 each issued as bonus shares	469,004,210	469,004,210
49,245,442 no.ordinary shares of Tk 10 each issued as bonus shares	492,454,420	-
	<b>10,341,542,860</b>	<b>9,849,088,440</b>

## 16.3 Classification of Shareholders by holding

### Period 30.09.2022

	No. of Shareholders	No. of shares	Percentage of holding of shares
Less than 500 shares	10,960	1,783,429	0.17%
501 to 5,000 shares	11,322	21,053,479	2.04%
5,001 to 10,000 shares	1,622	11,275,237	1.09%
10,001 to 20,000 shares	823	11,345,639	1.10%
20,001 to 50,000 shares	428	13,181,894	1.27%
50,001 to 99,999 shares	402	975,514,608	94.33%
Total	<b>25,557</b>	<b>1,034,154,286</b>	<b>100.00%</b>

### Year 2021

#### Shareholding range

	No. of Shareholders	No. of shares	Percentage of holding of shares
Less than 500 shares	11,566	1,884,625	0.19%
501 to 5,000 shares	11,957	21,959,127	2.23%
5,001 to 10,000 shares	1,629	11,936,915	1.21%
10,001 to 20,000 shares	772	11,144,462	1.13%
20,001 to 50,000 shares	441	14,038,776	1.43%
50,001 to 99,999 shares	378	923,944,939	93.81%
Total	<b>26,743</b>	<b>984,908,844</b>	<b>100.00%</b>

## 16.4 Particulars of shareholding and Percentage Analysis

### Particulars of shareholding:

	30.09.2022 Number of Share holders	30.09.2022 Number of Shares	31.12.2021 Number of Shares	31.12.2021 Number of Shares
Sponsors & Placement	21	98,445,496	98,445,496	1,134,757,820
Sponsors Foreign	11	13,566,554	135,665,540	130,277,700
Sponsors & Placement Company	11	233,154,225	2,331,542,250	2,220,516,470
General Public	24,994	193,121,056	1,931,210,560	1,675,508,420
Institutions (Bank & Insurance)	44	35,456,445	354,564,450	350,504,980
Institution (Others)	443	433,262,673	4,332,626,730	4,100,106,500
ICB Account Holders	22	61,308	613,080	826,240
ICB	1	13,285,046	132,850,460	121,961,540
ICB Unit Fund	1	11,159,155	111,591,550	90,676,310
Employee	2	2,442,045	24,420,450	21,907,580
Non-Resident Bangladeshi	7	200,283	2,002,830	2,044,880
	<b>25,557</b>	<b>1,034,154,286</b>	<b>10,341,542,860</b>	<b>9,849,088,440</b>

### Percentage of shareholding Analysis:

	Percentage	Percentage
Sponsors & Placement	9.52%	11.52%
Sponsors Foreign	1.31%	1.32%
Sponsors & Placement Company	22.55%	22.55%
General Public	18.67%	17.01%
Institutions (Bank & Insurance)	3.43%	3.56%
Institution (Others)	41.90%	41.63%
ICB Account Holders	0.01%	0.01%
ICB	1.28%	1.24%
ICB Unit Fund	1.08%	0.92%
Employee	0.24%	0.22%
Non-Resident Bangladeshi	0.02%	0.02%
	<b>100.00%</b>	<b>100.00%</b>

12 DEC 2022  
Mohammad Shoaib, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.



# 16.5 Capital Adequacy (Solo Basis)

Position of capital adequacy are given below:-

## a) Going Concern Capital (Tier-I)

### Common Equity Tier I (CET-I) Capital

- i) Paid-up Capital
- ii) Statutory Reserve (Note: 17)
- iii) Retained Earnings (Note: 18)

Adjustment in CET-I (Intangible Assets i.e Software)

### Eligible Common Equity Tier I Capital

### Additional Tier I (AT-I) Capital

- i) SIBLMudaraba Perpetual Bonds

### Available Additional Tier I Capital

### Limit for Additional Tier I Capital

### Total Eligible Tier I Capital

## b) Gone Concern Capital (Tier-II)

- i) General Provision {Note 14.1(b+c)}
- ii) SIBLMudaraba Subordinated Bonds
- iii) Others (approved by BB)

### Available Tier II Capital

### Limit for Tier II Capital

### Total Eligible Tier II Capital

### c) Total eligible capital (a + b)

### d) Total Risk Weighted Assets

### e) Minimum Required Capital (10% of Risk Weighted Assets)

### f) Minimum Required Capital including conservation buffer (12.5% of Risk weighted assets)

### g) Total Capital Surplus (c-e)

## Capital Adequacy (Consolidated basis)

Position of capital adequacy are given below:-

## a) Going Concern Capital (Tier-I)

### Common Equity Tier I (CET-I) Capital

- i) Paid-up Capital
- ii) Statutory Reserve (Note: 17)
- iii) General Reserve
- iv) Retained Earnings {Note: 18(a)}
- v) Non controlling interest

Adjustment in CET-I (Intangible Assets i.e Software)

### Eligible Common Equity Tier I Capital

### Additional Tier I (AT-I) Capital

- i) SIBLMudaraba Perpetual Bonds

### Available Additional Tier I (AT-I) Capital

### Limit for Additional Tier I Capital

### Total Eligible Tier I Capital

## b) Gone Concern Capital (Tier-II)

- i) General Provision {Note 14.1(b+c)}
- ii) SIBLMudaraba Subordinated Bonds
- iii) Others (approved by BB)

### Available Tier II Capital

### Limit for Eligible Tier II Capital

### Total Eligible Tier II Capital

### c) Total eligible capital (a + b)

### d) Total Risk Weighted Assets

### e) Minimum Required Capital (10% of Risk Weighted Assets)

### f) Minimum Required Capital including conservation buffer (12.5% of Risk Weighted Assets)

### g) Total Capital Surplus (c-e)

30.09.2022 Taka	31.12.2021 Taka
10,341,542,860	9,849,088,440
8,071,324,956	7,605,264,974
628,180,960	1,226,046,292
19,041,048,775	18,680,399,705
191,510,882	194,557,589
18,849,537,893	18,485,842,117
5,000,000,000	5,000,000,000
5,000,000,000	5,000,000,000
4,419,448,922	4,196,627,222
23,268,986,815	22,682,469,338
6,354,309,288	5,965,478,813
3,000,000,000	3,800,000,000
580,551,078	-
9,934,860,366	9,765,478,813
11,785,197,126	11,191,005,924
9,934,860,366	9,765,478,813
33,203,847,181	32,447,948,152
294,629,928,142	279,775,148,100
29,462,992,814	27,977,514,810
36,828,741,018	34,971,893,513
3,740,854,367	4,470,433,342
10,341,542,860	9,849,088,440
8,071,324,956	7,605,264,974
13,938,397	13,938,397
801,257,559	1,363,252,358
1,968	-
19,228,065,739	18,831,544,169
192,447,033	194,557,589
19,035,618,706	18,636,986,580
5,000,000,000	5,000,000,000
5,000,000,000	5,000,000,000
4,437,586,014	4,201,942,382
4,437,586,014	4,201,942,382
23,473,204,722	22,838,928,961
6,354,309,288	5,965,478,813
3,000,000,000	3,800,000,000
562,413,986	-
9,916,723,274	9,765,478,813
11,833,562,705	11,205,179,684
9,916,723,274	9,765,478,813
33,389,927,995	32,604,467,775
295,839,067,630	280,129,492,100
29,583,906,763	28,012,949,210
36,979,883,454	35,016,186,513
3,806,021,232	4,591,458,565

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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

Mohammad Shooeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka



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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

Capital to Risk Weighted Asset Ratio (Solo basis)

Particulars	30.09.2022		31.12.2021	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	7.90%	6.00%	8.11%
Common Equity Tier I Capital: (CET-I)	4.50%	6.40%	4.50%	6.61%
CET-I Plus Conservation Buffer	7.00%	6.40%	7.00%	6.61%
Gone Concern Capital: (Tier-II)	0.00%	3.36%	0.00%	3.49%
Minimum CRAR	10.00%	11.27%	10.00%	11.60%
Minimum CRAR Plus Conservation Buffer	12.50%	11.27%	12.50%	11.60%

Capital Adequacy Ratio (Consolidated basis)

Particulars	30.09.2022		31.12.2021	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	7.93%	6.00%	8.15%
Common Equity Tier I Capital: (CET-I)	4.50%	6.43%	4.50%	6.65%
CET-I Plus Conservation Buffer	7.00%	6.43%	7.00%	6.65%
Gone Concern Capital: (Tier-II)	0.00%	3.35%	0.00%	3.49%
Minimum CRAR	10.00%	11.29%	10.00%	11.64%
Minimum CRAR Plus Conservation Buffer	12.50%	11.29%	12.50%	11.64%

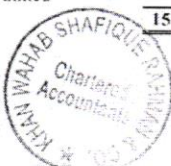
		30.09.2022 Taka	31.12.2021 Taka
17	<b>Statutory Reserve</b>		
	Opening balance	7,605,264,974	7,030,390,821
	Add: Addition during the year	466,059,982	574,874,153
		<b>8,071,324,956</b>	<b>7,605,264,974</b>
18	<b>Retained Earnings</b>		
	Opening balance	1,226,046,292	1,056,769,989
	Less: Issue of cash dividend 5%	(492,454,422)	(469,004,212)
	Less: Issue of Stock dividend 5%	(492,454,420)	(469,004,210)
	Add: Transferred from Profit & Loss Account	387,043,509	1,084,831,428
	Add: Transferred from Revaluation Reserve for Fixed Assets	-	22,453,297
		<b>628,180,960</b>	<b>1,226,046,292</b>
18 (a)	<b>Consolidated retained earnings</b>		
	Opening Balance	1,363,252,358	1,103,498,067
	Less: Issue of cash dividend for SIBL shareholders 5%	(492,454,422)	(469,004,212)
	Less: Issue of Stock dividend 5%	(492,454,420)	(469,004,210)
	Add: Transferred from current year retained earnings of SIBL & its subsidiaries {note 19.1(a)}	422,914,043	1,175,309,416
	Add: Transferred from Revaluation Reserve for Fixed Assets of SIBL	-	22,453,297
		<b>801,257,559</b>	<b>1,363,252,358</b>

SIBL has invested amount of Taka- 1,537,498,800 and Taka- 249,999,200 in two of its subsidiaries 'SIBL Securities Ltd. (SIBL SL)' and 'SIBL Investment Ltd. (SIBL IL)' respectively. SIBL holds 99.999922% and 99.99968% of total shares of its subsidiaries 'SIBL SL' and 'SIBL IL' respectively while the other shareholders of the subsidiaries hold 0.000078% and 0.00032% of total shares respectively.

Details of the shareholding position is as under:

Sl no.	Shareholders	no. shares		Value of shares		Percentage of holding of shares	
		SIBL SL	SIBL IL	SIBL SL	SIBL IL	SIBL SL	SIBL IL
1	Social Islami Bank Limited	15,374,988	2,499,992	1,537,498,800	249,999,200	99.999922%	99.99968%
2	Alhaj Nasiruddin	1	1	100	100	0.000007%	0.00004%
3	Mr. Md. Sayedur Rahman	1	-	100	-	0.000007%	0.00000%
4	Major (Retd.) Dr. Md. Rezaul Haque	1		100	100	0.000007%	0.00004%
5	Alhaj Sultan Mahmood Chowdhury	1	1	100	100	0.000007%	0.00004%
6	Mr. Abdul Awal Patwary	1		100	100	0.000007%	0.00004%
7	Hamdard Laboratories (Waqf) Bangladesh, Represented by: Mr. Anisul Hoque	1		100	-	0.000007%	0.00000%
8	Mrs. Nargis Mannan	1		100		0.000007%	0.00000%
9	Mr. Kamaluddin Ahmed	1		100	100	0.000007%	0.00004%
	Alhaj Sk. Mohammad Rabban Ali	1	1	100	100	0.000007%	0.00004%
11	Mr. A. Jabbar Mollah	1		100		0.000007%	0.00000%
12	Mr. Md. Kamal Uddin	1		100		0.000007%	0.00004%
13	Mr. Belal Ahmed	1	1	100	100	0.000007%	0.00004%
		<b>15,375,000</b>	<b>2,500,000</b>	<b>1,537,500,000</b>	<b>250,000,000</b>	<b>100.00%</b>	<b>100.00%</b>

12 DEC 2022  
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Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka



12 DEC 2022  
Md. Nazimul Hossain, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

12 DEC 2022  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

		30.09.2022	30.09.2021
		Taka	Taka
19	<b>Income from Investment</b>		
	Profit on Murabaha	160,855,241	67,406,200
	Profit on Bai-Muazzal	10,085,707,588	11,855,717,015
	Profit on Hire-Purchase	3,041,438,191	3,236,833,563
	Profit on Musharka	11,513,663	11,644,490
	Profit on Bai-Salam	50,559,551	48,475,888
	Profit on Quard against MTDR Scheme and others	556,109,439	493,242,315
	Profit on Inland Document Bill Purchased	280,195,355	195,398,359
	Profit on Foreign Document Bill Purchased	2,242,544	1,252,600
	Profit on Ijarah	25,380,585	33,822,746
	Profit on Investment against Mudaraba Deposit with other banks and NBFIs	433,873,957	387,178,952
	Profit on other investments (Card Wakalat fee etc.)	1,058,661,800	799,970,091
	Profit on Mudaraba	64,445,368	-
		<b>15,770,983,282</b>	<b>17,130,942,220</b>
19(a)	<b>Consolidated income from investment</b>		
	<b>Social Islami Bank Ltd.</b>	<b>15,770,983,282</b>	<b>17,130,942,220</b>
	<i>Add: Income from investment of subsidiaries of SIBL</i>	<b>106,829,094</b>	<b>84,657,569</b>
	SIBL Securities Ltd.	106,829,094	84,657,569
	SIBL Investment Ltd.	-	-
	<b>Grand total of consolidated investment income</b>	<b>15,877,812,375</b>	<b>17,215,599,788</b>
20	<b>Profit paid on Deposits</b>		
	Mudaraba Savings Deposits (MSD)	692,900,798	611,835,392
	Mudaraba short notice deposit (MSND)	425,201,207	350,658,479
	Mudaraba term deposit (MTDR)	7,857,479,425	7,589,961,335
	Cash waqf fund deposit	16,032,819	15,184,214
	Profit paid on Scheme Deposits & others	2,711,814,451	2,879,126,772
		<b>11,703,428,701</b>	<b>11,446,766,192</b>
	Profit paid on borrowings	82,623,066	58,356,694
	Profit paid on SIBL Mudaraba Subordinate Bond	305,863,007	528,086,195
	Profit paid on SIBL Mudaraba Perpetual Bond	-	110,055,615
	<b>Total profit paid on deposits and borrowings</b>	<b>12,091,914,774</b>	<b>12,033,209,081</b>
20(a)	<b>Consolidated Profit paid on deposits and borrowings</b>		
	<b>Social Islami Bank Ltd.</b>	<b>12,091,914,774</b>	<b>12,033,209,081</b>
	<i>Add: Income from investment of subsidiaries of SIBL</i>	<b>53,537,016</b>	<b>52,753,879</b>
	SIBL Securities Ltd.	53,537,016	52,753,879
	SIBL Investment Ltd.	-	-
	<b>Grand total of consolidated Profit paid on deposits and borrowings</b>	<b>12,145,451,790</b>	<b>12,085,962,960</b>
21	<b>Income from Investment in shares &amp; securities</b>		
	Income from Investment in islamic bond	415,943,324	177,938,129
	Income from Investment in shares	37,560,534	207,023,637
	Income from Mudaraba Subordinate Bond	114,003,250	132,175,679
	Income from Mudaraba Perpetual Bond	274,824,749	28,773,973
	Income from Beximco Green Sukuk	63,935,712	-
	Dividend income	18,085,699	17,306,577
		<b>924,353,269</b>	<b>563,217,994</b>
21(a)	<b>Consolidated Income from Investment in shares &amp; securities</b>		
	<b>Social Islami Bank Ltd.</b>	<b>924,353,269</b>	<b>563,217,994</b>
	<i>Add: Income from investment of subsidiaries of SIBL</i>	<b>5,118,511</b>	<b>28,321,085</b>
	SIBL Securities Ltd.	3,849,674	17,362,992
	SIBL Investment Ltd.	1,268,836	10,958,094
	<b>Grand total of consolidated Income from investment in shares &amp; securities</b>	<b>929,471,779</b>	<b>591,539,080</b>
22	<b>Commission Exchange &amp; Brokerage</b>		
	Commission	551,392,089	500,689,931
	Exchange Income	2,688,289,830	547,491,430
		<b>3,239,681,919</b>	<b>1,048,181,360</b>
22(a)	<b>Consolidated income from commission exchange &amp; brokerage</b>		
	<b>Social Islami Bank Ltd.</b>	<b>3,239,681,919</b>	<b>1,048,181,360</b>
	<i>Add: Income from commission exchange &amp; brokerage of subsidiaries of SIBL</i>		
	SIBL Securities Ltd.	91,729,452	136,086,981
	SIBL Investment Ltd.	-	-
	<b>Grand total of consolidated Income from commission exchange &amp; brokerage</b>	<b>3,331,411,371</b>	<b>1,184,268,342</b>

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

**Md. Nazmul Hossain**  
Company Secretary  
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Managing Director & CEO  
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Head Office, Dhaka.

**Mohammad Shooeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd  
Head Office, Dhaka

	30.09.2022	30.09.2021
	<u>Taka</u>	<u>Taka</u>
<b>23 Other Operating Income</b>		
P & T charge recovered	457,664	1,704,786
Courier Charges Recovery & Others	5,330,339	5,261,473
Services & charges	231,227,324	191,468,063
SWIFT/ Return charge recovered	37,651,414	26,850,068
Rent receipts	2,735,502	2,077,374
Income from sale of forms	133,615	134,400
Service charge on SIBL Cards	112,750,388	88,268,330
Notice pay earnings	5,237,967	3,373,140
Miscellaneous income	155,747,162	86,448,474
	<b>551,271,374</b>	<b>405,586,109</b>
<b>23(a) Consolidated Other operating income</b>		
<b>Social Islami Bank Ltd.</b>	<b>551,271,374</b>	<b>405,586,109</b>
<b>Add: Other operating income of subsidiaries of SIBL</b>		
SIBL Securities Ltd.	914,017	1,760,938
SIBL Investment Ltd.	-	-
<b>Grand total of consolidated Other operating income</b>	<b>552,185,391</b>	<b>407,347,047</b>
<b>24 Salary &amp; Allowances</b>		
Basic Salary	1,307,947,994	1,099,285,280
Allowance	1,371,743,827	1,107,316,787
Bonus	293,514,770	326,140,868
L/E Salary & Allowances	28,800,192	26,379,490
Bank's Contribution to Provident fund	117,015,058	104,884,912
Bank's Contribution to Superannuation fund	11,729,844	10,481,426
	<b>3,130,751,684</b>	<b>2,674,488,763</b>
<b>24.1 Managing Director's Salary and Allowances</b>		
Basic Salary	5,850,000	6,300,000
Allowance	5,329,169	2,700,000
Festival & other bonus	2,180,000	2,290,000
	<b>13,359,169</b>	<b>11,290,000</b>
<b>24(a) Consolidated expenses for Salary and Allowance</b>		
<b>Social Islami Bank Ltd.</b>	<b>3,130,751,684</b>	<b>2,674,488,763</b>
<b>Add: Salary and Allowance of subsidiaries of SIBL</b>		
SIBL Securities Ltd.	33,297,051	25,357,232
SIBL Investment Ltd.	-	-
<b>Grand total of consolidated expenses Salary &amp; Allowance</b>	<b>3,164,048,735</b>	<b>2,699,845,995</b>
<b>25 Rent Taxes Insurance &amp; Electricity etc.</b>		
Rent Rates & Taxes	162,132,705	153,530,078
Insurance	154,124,029	143,507,760
Electricity Lighting & Water	85,226,647	72,153,075
	<b>401,483,381</b>	<b>369,190,913</b>
<b>25.1 Rent, Rates &amp; Taxes</b>		
Rent, Rates & Taxes	332,483,181	306,499,735
Less: rent expenses under IFRS-16	170,350,477	152,969,657
	<b>162,132,705</b>	<b>153,530,078</b>

\*While implementing IFRS 16 (leases), the bank recorded interest expenses on lease liability and depreciation on right of use assets (ROU) instead of charging rental expenses of Taka 170,350,477 (excluding VAT) in 30.09.2022 against those rental premises that have been treated as right of use assets (ROU) (lease assets) however VAT on those rent has been charged as rent.

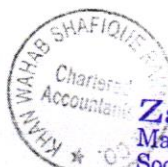
<b>25(a) Consolidated expenses for Rent Taxes Insurance &amp; Electricity etc.</b>		
<b>Social Islami Bank Ltd.</b>	<b>401,483,381</b>	<b>369,190,913</b>
<b>Add: Rent Taxes Insurance &amp; Electricity of subsidiaries of SIBL</b>		
SIBL Securities Ltd.	-	4,450,894
SIBL Investment Ltd.	-	-
<b>Grand total of consolidated expenses for Rent Taxes Insurance &amp; Electricity etc.</b>	<b>401,483,381</b>	<b>373,641,807</b>

<b>26 Legal Expenses</b>		
Legal Fees & Charge	2,805,021	2,810,411
Stamp Duties other Legal Expenses	48,129	35,776
Other Legal Expenses	2,736,815	2,909,828
	<b>5,589,965</b>	<b>5,756,015</b>

12 DEC 2022  
  
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 Chief Financial Officer  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

12 DEC 2022  
  
**Md. Nazmul Hossain, FCS**  
 Company Secretary  
 Social Islami Bank Ltd  
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12 DEC 2022  
  
**Zafar Alam**  
 Managing Director & CEO  
 Social Islami Bank Limited  
 Head Office, Dhaka.


		30.09.2022 Taka	30.09.2021 Taka
26(a)	<b>Consolidated Legal expenses</b> <b>Social Islami Bank Ltd.</b>	5,589,965	5,756,015
	<b>Add: Legal expenses of subsidiaries of SIBL</b>		
	SIBL Securities Ltd.	-	-
	SIBL Investment Ltd.	-	-
	<b>Grand total of consolidated Legal expenses</b>	<b>5,589,965</b>	<b>5,756,015</b>
27	<b>Postage Stamps Telecommunication etc.</b>		
	Cable Network rent	164,724	201,608
	Telephone charges	1,235,122	1,672,246
	Mobile phone charges	3,093,459	3,237,087
		<b>4,493,305</b>	<b>5,110,942</b>
27(a)	<b>Consolidated Postage Stamps &amp; Telecommunication etc.</b> <b>Social Islami Bank Ltd.</b>	4,493,305	5,110,942
	<b>Add: Postage Stamps &amp; Telecom. of subsidiaries of SIBL</b>		
	SIBL Securities Ltd.	1,177,484	1,334,916
	SIBL Investment Ltd.	-	-
	<b>Grand total of Consolidated Postage Stamps &amp; Telecommunication etc.</b>	<b>5,670,789</b>	<b>6,445,858</b>
28	<b>Stationery, Printing, Advertisements etc.</b>		
	Table Stationery	14,385,612	8,244,779
	Printing & Stationery	32,938,126	28,478,535
	News Paper & Magazine	6,224,188	9,195,024
	Television & Radio	26,818,000	21,237,000
	Neon Sign, Banner etc.	465,759	585,631
	Other Publicity	10,189,050	6,422,811
		<b>91,020,735</b>	<b>74,163,780</b>
28(a)	<b>Consolidated expense of Stationery, Printing, Advertisement etc.</b> <b>Social Islami Bank Ltd.</b>	91,020,735	74,163,780
	<b>Stationery, Printing, Advertisement expense of Subsidiaries of SIBL</b>	<b>83,538</b>	<b>364,041</b>
	SIBL Securities Limited.	83,538	364,041
	SIBL Investment Limited.	-	-
		<b>91,104,273</b>	<b>74,527,821</b>
29	<b>Depreciation and Repair of Bank's Assets</b>		
	<b>a) Depreciation of Bank's Assets</b>		
	Land	-	-
	Building	22,473,322	23,169,256
	Furniture & Fixtures	62,220,517	53,906,713
	Office Appliance & Equipment	98,376,526	96,900,027
	Computer Software	9,540,274	10,020,093
	Vehicles	2,072,328	5,145,870
	Right of use Assets (RoU)	154,410,180	130,864,789
	Books	29,584	34,768
		<b>349,122,732</b>	<b>320,041,517</b>
	<b>b) Repair on Bank's Assets</b>		
	Building	78,760	3,700
	Motor Car/ Vehicle	12,868,880	12,971,723
	Furniture Fixture	3,339,818	2,386,981
	Mechanical Appliances	13,900,264	17,304,118
	Hardware Maintenance fee	2,610	200
	IT Enable Service Charges	55,815,690	56,883,991
		<b>86,006,022</b>	<b>89,550,713</b>
	<b>Total of Depreciation and</b>	<b>435,128,754</b>	<b>409,592,229</b>
29(a)	<b>Consolidated balance of</b> <b>Social Islami Bank Ltd.</b>	435,128,754	409,592,229
	<b>Add: Depreciation on</b>	<b>5,105,280</b>	<b>1,370,370</b>
	SIBL Securities Ltd.	5,105,280	1,370,370
	SIBL Investment Ltd.	-	-
	<b>Add: Repairs &amp; Maintenance on assets of subsidiaries</b>	<b>696,843</b>	<b>873,571</b>
	SIBL Securities Ltd.	696,843	873,571
	SIBL Investment Ltd.	-	-
	<b>Total Consolidated Depreciation and repair of Bank's Assets</b>	<b>440,930,877</b>	<b>411,836,170</b>

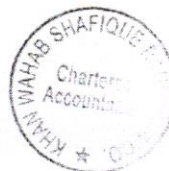
12 DEC 2022

  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

  
Md. Nazmul Hossain  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka



12 DEC 2022

  
Mohammad Shoaib, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

		30.09.2022	30.09.2021
		Taka	Taka
30	<b>Other Expenses</b>		
	Local conveyance	13,674,922	8,922,932
	Petroleum, oil & lubricants	15,747,090	11,016,631
	Entertainment expenses	32,865,045	26,818,128
	Traveling allowances	17,142,358	5,171,800
	Travelling Foreign	32,000	-
	Bank charges	8,649,564	4,221,033
	Uniform charges	2,451,251	1,496,000
	Subscriptions to Institutions & Others	14,782,351	5,997,162
	Banks' clearing house charges	135,486	6,630
	CIB Charges	1,164,580	1,070,508
	Transportation charges	3,701,756	4,856,030
	News paper, Journal & periodicals	133,365	100,831
	Washing charges	916,906	726,158
	Training expenses Academy/ Internal	5,500	500
	Training expenses at outside Banks	626,100	488,500
	Meeting expenses	-	105,000
	Direct expenses on investment	(12,387)	(449,069)
	Up keep of branches/office premises	5,219,317	4,364,470
	Excise duty	1,618,000	1,349,000
	Computer charges	9,793,551	11,664,527
	Security Services	196,644,892	172,710,401
	Cleaner Services	5,994,494	6,208,955
	Others wages	201,257,050	181,084,021
	Photocopy expenses	477,668	308,729
	Photography expenses	132,079	55,820
	Cash & Bank remittance charges	5,487,302	4,602,169
	Honorarium	5,185,700	1,119,900
	On-Line Expenses	27,792,649	27,195,180
	ATM Rent Hardware	5,968,830	5,534,799
	Professional & Rating Fees	11,232,555	44,806,967
	Other Utility	32,718,347	26,783,995
	Bond issue related Expense	2,350,500	-
	Donation to Government	100,111,000	20,038,000
	Donation to Others	188,117	84,430
	CSR Related Expenditure	24,467,594	29,407,214
	Finance cost on lease liabilities as per IFRS-16	35,930,532	33,254,714
	Gratuity expense	119,023,267	100,034,960
	Miscellaneous expenses	143,882,509	116,734,562
		<b>1,047,491,842</b>	<b>857,891,588</b>
30(a)	<b>Social Islami Bank Limited</b>	<b>1,047,491,842</b>	<b>857,891,588</b>
	<b>Consolidated Other Expenses</b>	<b>13,759,031</b>	<b>20,720,866</b>
	SIBL Securities Ltd.	13,757,766	20,616,601
	SIBL Investment Ltd.	1,265	104,265
		<b>1,061,250,873</b>	<b>878,612,454</b>
31	<b>Provision against Investment, Off-Balance Sheet items &amp; Others</b>		
	Provision on classified investment	273,874,175	764,431,515
	Provision on unclassified investment	229,745,199	177,058,017
	Provision on Off-Balance Sheet items	172,537,863	16,538,056
	Other Provision (Start-up Fund)	-	7,552,151
	Other Provisions	100,000,000	-
	Provision for diminution in value of shares and securities	8,595,812	-
		<b>784,753,049</b>	<b>965,579,739</b>
31(a)	<b>Consolidated Provision against Investment, Off-Balance Sheet items &amp; Others</b>		
	<b>Social Islami Bank Ltd.</b>	<b>784,753,049</b>	<b>965,579,739</b>
	<b>Add: Provision for subsidiaries</b>	<b>43,403,615</b>	<b>77,684,103</b>
	SIBL Securities Ltd.	43,403,615	77,684,103
	SIBL Investment Ltd.	-	-
		<b>828,156,664</b>	<b>1,043,263,842</b>
32	<b>Provision for Income Tax</b>		
	Current year provision	1,165,027,448	842,342,322
	Deferred Tax expense/(income)	6,262,426	5,669,383
		<b>1,171,289,874</b>	<b>848,011,705</b>
32(a)	<b>Consolidated Provision for Income Tax</b>		
	<b>Social Islami Bank Limited</b>	<b>1,171,289,874</b>	<b>848,011,705</b>
	<b>SIBL Securities Limited</b>	<b>17,212,796</b>	<b>25,657,846</b>
	Current year provision	17,212,796	25,657,846
	Deferred Tax expense/(income)	-	-
	<b>SIBL Investment Limited</b>	<b>179,728</b>	<b>1,361,258</b>
		<b>1,188,682,398</b>	<b>875,030,809</b>

12 DEC 2022

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Head Office, Dhaka



	30.09.2022	30.09.2021
	<u>Taka</u>	<u>Taka</u>
<b>32.1 Current Year Tax Provision</b>		
Provision on tax has been calculated based on Income Tax Ordinance, 1984 as amended upto 2022 by the Finance Act, considering the allowances and disallowances.		
<b>32.2 Expenses/(Income)</b>		
Deferred tax expense/(income) for liability/(asset) has been calculated as per Bangladesh Accounting Standard 12.		
<b>33 Income from Investment</b>		
Investment profit receipt	15,770,983,282	17,130,942,220
Recoveries of written off investment	(56,134,672)	(2,385,400)
Add: Opening profit receivable	254,088,308	528,810,265
Less: Closing profit receivable	(1,597,451,216)	(1,033,836,145)
	<u>14,371,485,702</u>	<u>16,623,530,939</u>
<b>33(a) Consolidated income from investment</b>		
Social Islami Bank Ltd.	14,371,485,702	16,623,530,939
Add: Income from investment of subsidiaries of SIBL	106,829,094	84,657,569
SIBL Securities Ltd.	106,829,094	84,657,569
SIBL Investment Ltd.	-	-
<b>Grand total of consolidated investment income</b>	<u>14,478,314,796</u>	<u>16,708,188,508</u>
<b>34 Shareholders' Equity</b>		
Paid up Capital (1034,154,286 and 984,908,844 ordinary shares respectively with a face value of Taka-10 each issued on various dates)	10,341,542,860	9,849,088,440
Statutory Reserve	8,071,324,956	7,351,036,182
Revaluation reserve on Fixed Assets	557,024,130	571,142,055
Retained Earnings	628,180,960	553,331,309
	<u>19,598,072,906</u>	<u>18,324,597,986</u>

The following notes are particularly in compliance with BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81, Dated: 20 June 2018.

<b>35 Earnings per share (EPS) (IAS-33, note-2.12)</b>	30.09.2022	30.09.2021
	<u>Taka</u>	<u>Taka</u>
Profit after tax for the period (Consolidated)	1,194,880,602	793,745,574
Less: Coupon/dividend on perpetual bond	294,316,446	-
<b>Net profit distributable to ordinary shareholders</b>	<u>900,564,156</u>	<u>793,745,574</u>
Profit after tax for the period (Bank)	1,159,010,037	755,215,102
Less: Coupon/dividend on perpetual bond	294,316,446	-
<b>Net profit distributable to ordinary shareholders</b>	<u>864,693,591</u>	<u>755,215,102</u>
<b>Weighted Average number of shares outstanding</b>	<u>1,034,154,286</u>	<u>1,034,154,286</u>

EPS Calculation=

Net profit distributable to ordinary shareholders  
Weighted Average number of shares outstanding

Basic Earning per Share (EPS)-Consolidated (Prior period EPS restated) 0.87 0.77

Basic Earning per Share (EPS)-Bank (Prior period EPS restated) 0.84 0.73

Diluted Earning per share (DEPS)

There is no scope for dilution of shares for the reporting period and thus no DEPS is required to be calculated.

<b>36 Net Asset Value per share (NAVPS) (Prior period figure restated)</b>		
Net Asset Value-Consolidated	19,796,991,516	18,421,720,533
Net Asset Value-Bank	19,598,072,906	18,324,597,986
<b>Weighted Average number of shares outstanding</b>	<u>1,034,154,286</u>	<u>1,034,154,286</u>

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

Net Asset Value per share calculation=

Net Asset Value  
Weighted Average number of shares outstanding

Net Asset Value per share (NAVPS)-Consolidated 19.14 17.81  
Net Asset Value per share (NAVPS)-Bank 18.95 17.72

**Md. Nazmul Hasan, FCS**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka



**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

**Mohammad Shooeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

	30.09.2022	30.09.2021
	<u>Taka</u>	<u>Taka</u>
37 Net Operating Cash Flow per Share (NOCFPS) (Prior period figure restated)		
Net Operating Cash Flow-Consolidated	(3,742,416,142)	53,608,936
Net Operating Cash Flow-Bank	(3,748,224,160)	359,804,904
Weighted Average number of shares outstanding	1,034,154,286	1,034,154,286

NOCFPS calculation=	Net Operating Cash Flow	
	Weighted Average number of shares outstanding	
Net Operating Cash Flow per Share-Consolidated	(3.62)	0.05
Net Operating Cash Flow per Share-Bank	(3.62)	0.35

Net Operating Cash Flow per share decreased mainly due to higher cash outflow in respect of deposit & investment compare to previous third quarter 2021.

38 Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities

	30.09.2022	30.09.2021
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Net Profit after Taxation	1,159,010,037	755,215,102
(Increase)/Decrease Profit Receivable	(1,343,362,908)	(505,025,880)
(Increase)/Decrease Profit Payable on Deposit	1,924,084,165	1,266,977,750
Effects of exchange rate changes on cash & cash equivalents	(481,149,882)	(33,424,894)
Provision for Tax	1,171,289,874	848,011,705
Provision for Investment, Share & Contingent Liability	784,753,049	965,579,739
Depreciation & Amortization of Fixed Assets	349,122,732	320,041,517
Income tax paid	(939,846,470)	(1,435,720,573)
Operating Profit before changes in operating	2,623,900,597	2,181,654,465

12 DEC 2022

  
Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

39 Number of Employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a or above were 3890.

40 Audit Committee

The Board of Directors in its 390th meeting (Emergency) held on 30.03.2017 reconstituted the Board Audit Committee comprising with the following:


Name	Status with the Bank	Status with the Committee
Professor A J M Shafiul Alam Bhuiyan Ph.D	Independent Director	Chairman
Mr. Md. Kamal Uddin	Director	Member
Dr. Md. Jahangir Hossain	Director	Member

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

Meetings of the Audit Committee:

The Board Audit Committee had 155 nos. (One hundred fifty five) Meetings in the previous years since inception in the year 2003, out of which 06 Meetings were conducted in the Year 2022 up to 30.09.2022 and the attendance of the members was as follows:

Name	Tenure of Membership	No. of Meetings Held	No. of Meetings Attended
Professor A J M Shafiul Alam Bhuiyan Ph.D	21.03.2018 to till date	6	6
Mr. Md. Kamal Uddin	21.03.2018 to till date	6	6
Dr. Md. Jahangir Hossain	21.03.2018 to till date	6	6

12 DEC 2022  
  
Mohammad Shueb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022  
  
Md. Nazimul Hossain, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka

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12 DEC 2022  
  
Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

41 Related Party Disclosures

41.1 Name of the Firms / Business Organizations where the Directors of the Social Islami Bank Limited have got interest as on 30 September 2022:

SL No	Name	Name of Firms/ Business Organizations Where the Directors of SIBL have got interest
1	<b>Dr. Md. Mahbub Ul Alam</b> Chairman (Representative of Hasan Abasan (Pvt.) Ltd.)	NIL
	<b>Mr. Belal Ahmed</b> Vice Chairman (Representative of Unitex Steel Mills Limited)	<b>Managing Director</b> Unitex Spinning Limited Unitex Composite Mills Limited Unitex LP Gas Limited Unitex Petroleum Limited Unitex Cement Limited Unitex Steel Mills Limited
	<b>Md. Sayedur Rahman</b> Vice Chairman (Representative of Prasad Paradise Resorts Limited)	<b>Managing Director</b> Lodestar Fashions Limited Mid Asia Fashions Limited
	<b>Md. Kamal Uddin</b> Director (Representative of Lion Securities and Investment Limited)	<b>Managing Director</b> Chittagong Builders & Machinery Ltd. Merchant Securities Limited Sifang Machine House Limited Merchant Auto Limited CBM Housing Limited South Green Limited <b>Director</b> ASM Chemical Industries Ltd. Central Hospital (Pvt.) Ltd. Sifang Securities Limited Hurdco International School Universal Health Services & Research Ltd. <b>Advisor</b> Mercantile Insurance Company Ltd. Mercantile Islami Life Insurance Ltd. <b>Proprietor</b> CBM Parts House CBM Consortium
	<b>Mrs. Nargis Mannan</b> Director	Nil
	<b>Dr. Md. Jahangir Hossain</b> Director (Representative of Reliable Entrepreneurs Limited)	Nil
	<b>Mr. Arshadul Alam</b> Director (Representative of Leader Business Enterprise Limited)	<b>Managing Director</b> Jesco Capital Management Ltd.  <b>Chairman</b> Jaba and Brothers C&F (Pvt.) Ltd. Jesco Bangladesh Ltd.  <b>Proprietor</b> Uni-Trade International Ltd. Nishat Traders
	<b>Mr. Ali Hasan Md. Mahmud Ribon</b> Director (Representative of Dynamic Venture Limited)	<b>Chairman</b> M/S. Mahmud Ribon
	<b>Mrs. Jebunnesa Akbar</b> Director (Representative of Unitex Cement Limited)	Nil
	<b>Mr. Mahmudul Alam</b> Director (Representative of Global Trading Corporation Limited)	<b>Proprietor</b> Paragon Transport
	<b>Professor A J M Shafiqul Alam Bhuiyan</b> Independent Director	Nil
	<b>Professor Mohammed Mizanur Rahman</b> Independent Director	Nil

12 DEC 2022

*Nasimul Baten*

**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

12 DEC 2022

12 DEC 2022

**Mohammad Shabb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd  
Head Office, Dhaka.

**Md. Mansur Ansan, FCS**  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.



41.2 Significant contracts where Bank is a party and where in Directors have interest: Nil

41.3 **Lending Policies to Related Parties:**

Lending to related parties is effected as per requirements of Section 27(1) of the Bank Companies Act, 1991.

**A Related Party Transaction**

Name of the Party	Name of the Director	Relationship	Nature of Investment	Outstanding Amount (Taka)	Status
<b>Funded Liability</b>					
SIBL Securities	N/A	Subsidiary	Quard	7900.00 lac	UC
SIBL Foundation Hospital & Diagnostic Center	N/A	A Concern of SIBL Foundation	Quard-E-Hasana	10980.07 lac	UC

**B Investment Policies to Related Parties**

Lending to related parties is effected as per requirements of section 27 (1) of Bank Companies Act, 1991

C Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Companies Act, 1991: Nil

D Investments in the securities of Directors and their related concern: Nil

E Shares issued to Directors and Executives without consideration or exercisable at discount: Nil

42 **Post Balance Sheet events (IAS-10)**

No material events occurring after balance sheet date came to our notice, which could affect the values reported in the financial statements significantly.

43 **General**

(i) Figures appearing in these financial statements have been rounded off to the nearest Taka.

(ii) The expenses, irrespective of capital or revenue nature, accrued/due but not paid have been provided for in the books of the Bank.

(iii) Figures of previous year have been rearranged wherever necessary to conform the current year's presentation.

(iv) All types of financing made to the clients have been shown under the head 'Investment' whereas investment made in different shares and securities of Government and others companies are shown as investment shares and securities.

(V) The Bank incurs expenditure in relation to its Corporate Social Responsibility (CSR) throughout the year. The budget for the CSR expenditures are met up from various source including zakat and other sources. The Climate Risk Fund is also a part of this CSR expenditures.

(VI) As per FRC letter no.178/FRC/APR/2021/27(47), dated: 09 December 2021 and BRPD Circular no-04 and 35 of 2021, at the time of investment approval or renewal, bank collects latest audited Financial Statements of the Investment Client as available and preserve the same in the particular investment account. Currently we are collecting the audited financial statements as per the Bangladesh Bank circulars in all the relevant investment cases.



12 DEC 2022

12 DEC 2022

Mohammad Shooab, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022

Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022

Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

**SOCIAL ISLAMI BANK LIMITED**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**  
**CONDENSED SCHEDULE OF FIXED ASSETS INCLUDING PREMISES**

(Amounts in Taka)

Particulars	C O S T / R E V A L U E D *			Rate of Depreciation	D E P R E C I A T I O N				Written down value as at 30 September 2022
	Balance as on 01 January 2022	Additions during the year	Disposal/ Transfer during the year		Balance as on 01 January 2022	Transfer/ Adjustment during the year	Charged during the period	Balance at 30 September 2022	
Land	12,330,000	-	-		-	-	-	-	12,330,000
Building	2,320,220,714	7,513	-	2.50%	498,010,625	-	22,473,322	520,483,947	1,799,744,280
Furniture & Fixtures	1,452,020,200	284,989,670	-	10%	1,737,009,870	-	62,220,517	693,080,883	1,043,928,987
Office Equipment	1,944,935,278	232,088,409	-	20%	2,177,023,687	-	98,376,526	1,333,087,205	843,936,482
Software	305,954,860	6,493,568	-	10%	312,448,428	-	9,540,274	120,937,545	191,510,882
Vehicles	150,656,690	25,708	-	20%	150,682,398	-	2,072,328	145,137,598	5,544,800
Right of use Assets (RoU)	1,076,018,197	-	-		1,076,018,197	-	154,410,180	551,300,557	524,717,640
Books	1,768,620	12,205	-	10%	1,780,825	-	29,584	1,201,830	578,995
30 September 2022	7,263,904,558	523,617,073	-		7,787,521,632	-	349,122,732	3,365,229,566	4,422,292,067
31 December 2021	6,927,420,540	336,484,018	-		7,263,904,558	-	519,696,469	3,016,106,833	4,247,797,726

12 DEC 2022

12 DEC 2022



12 DEC 2022

*[Signature]*

**Ad. Nazmul Ahsan, FCS**  
 Company Secretary  
 Social Islami Bank Ltd  
 Head Office, Dhaka

12 DEC 2022

12 DEC 2022

*[Signature]*

**Nasimul Baten**  
 Managing Director & CEO  
 DBH Finance PLC.

**SOCIAL ISLAMI BANK LIMITED**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**  
**CONDENSED CONSOLIDATED SCHEDULE OF FIXED ASSETS**

Particulars	C O S T / R E V A L U E D				Rate of Depreciation	D E P R E C I A T I O N				Written down value as at September 2022
	Balance as on 01 January 2022	Additions during the year	Disposal/ Transfer during the year	Balance at September 2022		Balance as on 01 January 2022	Transfer/ Adjustment during the year	Charged during the period	Balance at September 2022	
Land	12,330,000	-	-	12,330,000		-	-	-	-	12,330,000
Building	2,320,220,714	7,513	-	2,320,228,227	2.50%	498,010,625	-	22,473,322	520,483,947	1,799,744,280
Furniture & Fixtures	1,459,473,711	285,419,369	-	1,744,893,080	10%	634,407,326	-	62,556,082	696,963,408	1,047,929,672
Office Equipment	1,957,716,079	236,186,322	-	2,193,902,401	20%	1,245,252,463	-	99,529,907	1,344,782,370	849,120,031
Software	309,128,500	7,505,622	-	316,634,122	10%	114,570,911	-	9,616,178	124,187,089	192,447,033
Vehicles	150,656,691	25,708	-	150,682,399	20%	143,065,270	-	2,072,328	145,137,598	5,544,801
Right of use Assets (RoU)	1,091,420,043	-	-	1,091,420,043		404,878,449	-	157,950,611	562,829,060	528,590,984
Books	1,768,621	12,205	-	1,780,826	10%	1,172,247	-	29,584	1,201,831	578,995
30 September 2022	7,302,714,359	529,156,739	-	7,831,871,098		3,041,357,289	-	354,228,012	3,395,585,303	4,436,285,797
31 December 2021	6,963,080,582	339,633,776	-	7,302,714,358		2,516,097,550	-	525,259,739	3,041,357,289	4,261,357,069

12 DEC 2022



**Mohammad Shoaib, FCA**  
**Chief Financial Officer**  
**Social Islami Bank Ltd.**  
**Head Office, Dhaka.**

12 DEC 2022



**Md. Nazmul Ahsan, FCS**  
**Company Secretary**  
**Social Islami Bank Ltd**  
**Head Office, Dhaka**

12 DEC 2022



**Safar Alam**  
**Managing Director & CEO**  
**Social Islami Bank Limited**  
**Head Office, Dhaka.**

12 DEC 2022



**Nasimul Baten**  
**Managing Director & CEO**  
**DBH Finance PLC.**



# AlphaRating

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## SIBL 4<sup>th</sup> MUDARABA SUBORDINATED BOND

*Issued By: Social Islami Bank Limited*

(CITY CENTER, 90/1, MOTIJHEEL C/A, DHAKA-1000)

12 DEC 2022



Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022



Mohammad Shoeb, FCA  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022



Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022



Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 December, 2022

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

**Subject: Credit Rating of SIBL 4<sup>th</sup> Mudaraba Subordinated Bond**

Dear Sir,

We are pleased to inform you that Alpha Credit Rating Limited (Alpha Rating) has assigned the following rating to **SIBL 4<sup>th</sup> Mudaraba Subordinated Bond**.

Date of Declaration	Valid From	Valid Till	Bond Rating	Outlook
12 December, 2022	01 June, 2022	31 May, 2023	AA-	Stable

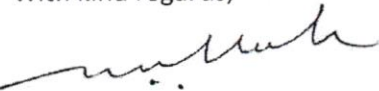
The rating may be changed or revised prior to expiry, if warranted by extraordinary circumstances in the management, operations and/or performance of the entity rated.

We, Alpha Credit Rating Limited, while assigning this rating to **SIBL 4<sup>th</sup> Mudaraba Subordinated Bond**, hereby solemnly declare that:

- We, Alpha Credit Rating Limited as well as the analysts of the rating have examined, prepared, finalized and issued this report without compromising with the matters of our conflict of interest, if there be any; and
- We have complied with all the requirements, policy and procedures of these rules as prescribed by the Bangladesh Securities and Exchange Commission in respect of this rating.

We hope the rating will serve the intended purpose of your organization.

With kind regards,

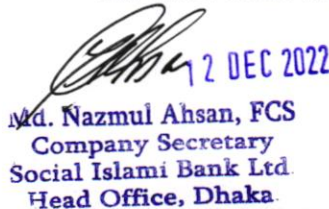


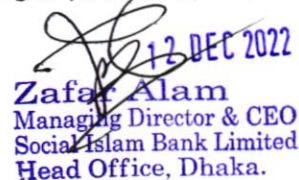
**Muhammed Asadullah**  
Managing Director & CEO

This letter forms an integral part of the credit rating report

  
12 DEC 2022

**Mohammad Shoeb, FCA**  
Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

  
12 DEC 2022  
**Md. Nazmul Ahsan, FCS**  
Company Secretary  
Social Islami Bank Ltd.  
Head Office, Dhaka.

  
12 DEC 2022  
**Zafar Alam**  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

  
12 DEC 2022  
**Nasimul Baten**  
Managing Director & CEO  
DBH Finance PLC.

**SIBL 4<sup>th</sup> MUDARABA SUBORDINATED BOND****Date of Declaration:** 12 December, 2022**Valid From:** 01 June, 2022**Valid Till:** 31 May, 2023**AA-** Bond Rating**Stable** Outlook**Rating Action** InitialBusiness Risk  
ModerateCapital Adequacy  
ModerateSolvency Score  
GoodAsset Quality  
FairProfitability  
FairManagement Quality  
Experienced

Social Islami Bank Limited is one of the Private commercial banks in Bangladesh

**Contact Analysts**

Rafi Al Kavi  
[rafi@alpharating.com.bd](mailto:rafi@alpharating.com.bd)  
 Jahannoor Khan  
[jahannur@alpharating.com.bd](mailto:jahannur@alpharating.com.bd)

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**Date of Incorporation:**

22 November, 1995

**Chairman:**

Dr. Md. Mahub ul Alam

**Managing Director & CEO:**

Mr. Zafar Alam

**Issue:** SIBL 4<sup>th</sup> Mudaraba  
Subordinated Bond

**Issue Size:** BDT 6,000 million**Lead Arranger:**

Standard Chartered Bank

**Trustee:**

DBH Finance PLC

**Rationale**

AlphaRating assigns Bond Rating of **AA-** (pronounced as 'Double A Minus') in favor of SIBL 4<sup>th</sup> Mudaraba Subordinated Bond. For instrument rating of Social Islami Bank Limited (herein after referred as 'the bank or SIBL') AlphaRating mainly emphasizes on issue specific risk, and Transaction Dimension which covers priority, security & covenants of the bond. Moreover, audited financial statements for the year end of 31 December, 2019 to 2021; related business risks and management quality of the entity have also been considered for the rating.

Issue specific risk analysis revealed that the risk of late payment will be compensated by charging 2% default charge on top of the coupon rate. The issuer is expecting to generate good profitability as well as positive CFO when the installments of the bond will fall due reducing the redemption risk to some extent. All these issues has impacted the rating positively and encouraged us to confirm the Stable outlook in favor of instrument rating.

Analysis of Bond Transaction Dimension has revealed that the covenant to the Bondholders is very liberal and not quite stringent securing the rights of the bondholders at a maximum level. It was also observed that being an unsecured bond, it eliminates the requirement of the bond to be secured against collateral, which has hindered the priority of the bondholders below secured debt holders and all other obligators upon liquidation or winding up. Moreover, no Bondholder will be entitled to proceed against Issuer directly when the repayment of bond falls due, if trustee fails to do so within a 'reasonable time period' and the trust deed did not include any obvious duration of this 'reasonable time period' giving a scope of depriving the enforcement right of bondholders which proved limitation of bond covenants. Above limitations of these two components of transaction dimension have resisted the progress of rating to a great extent.

Financial analysis of SIBL can be explained by improvement in assets base, higher loan portfolio, fair earnings & profitability, lower non-performing investment, lower rescheduled loan, sufficient provision, lower large loan exposure, ADR ratio lower the regulatory requirement and moderate liquidity management capability. In addition to the financial performances, SIBL has also performed well in non-financial sectors such as recruiting experienced and well qualified management team, satisfactory compliance level, undertaking corporate social activities, geographic and business line diversification and maintaining green banking policy, which further boosted the qualitative aspects of SIBL. On the other hand, inability to meet capital conversion buffer in 2021, as well as lower pre-tax profit of the issuing entity have adversely affected the overall rating of the instrument. Nevertheless, with the proper guidelines and support from government SIBL still has scope to improve its performance in future years.

As the risk exposure of the investment in proposed Bond is extensively related to the risk exposure of the issuer of the Bond, considering the size and importance of the bank to the country economy, SIBL 4<sup>th</sup> Mudaraba Subordinated Bond was assigned bond rating of AA-.

Muhammed Asadullah  
 Managing Director & CEO  
 Alpha Credit Rating Limited

Mohammed Shueb, FCA  
 Chief Financial Officer  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

Md. Nazmul Ahsan, FCS  
 Company Secretary  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

Zafar Alam  
 Managing Director & CEO  
 Social Islami Bank Limited  
 Head Office, Dhaka.

Nasimul Baten  
 Managing Director & CEO  
 DBH Finance PLC.

## Company Profile

## Industry Overview

## Issue Overview

## Business Risk

## Financial Risk

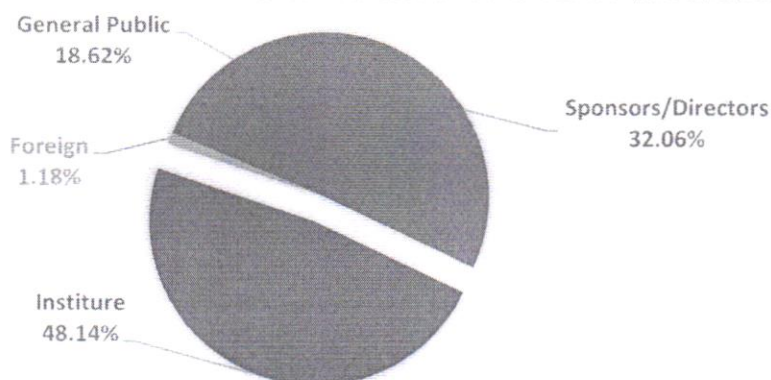
## Management Quality

## Company Information

## Company Profile

Social Islami Bank limited (SIBL) was incorporated as a Public Limited Company in Bangladesh on 22nd November, 1995 under Companies Act, 1994. The Bank is one of the interest-free Shariah based banks in the country and its modus- operandi are substantially different from other conventional banks. SIBL is one of the 61 scheduled banks in Bangladesh. The bank was listed with DSE in 2000 and with CSE in 2005. SIBL is operating with well-diversified network spread throughout rural and urban areas of Bangladesh. The principal activities of the bank are banking & related activities such as accepting deposits, personal banking, trade financing, SME, trade & services, cash management, treasury etc. Market capitalization of SIBL amounts to BDT 12,720.10 million as on 27 December, 2022.

### OWNERSHIP PATTERN (as on 30/11/2022)



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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

### Subsidiaries of the Bank

Company Name	Nature Of Business
SIBL Securities Limited	<p>SIBL Securities Limited (SIBLSL) is a wholly owned subsidiary company of Social Islami Bank Ltd. (SIBL) commenced stock broking activities in January 2012 after obtaining license from Bangladesh Securities and Exchange Commission (BSEC) as Stock Broker &amp; Stock Dealer. The company holds the TREC of Dhaka Stock Exchange Limited (TREC No. 094) and Chittagong Stock Exchange Limited (TREC No. 142). It provides investors with a platform to trade both in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). The company also holds the Depository Participant (DP) license.</p> <p>At present the company has two branches located in Dhaka &amp; Chittagong and one Extension Office at Motijheel, Dhaka. SIBLSL has implemented the most updated software "Blue-chip" that can be maneuvered for all services needed to be provided by a brokerage house.</p> <p>SIBL Securities Ltd. is committed to being a preferred brokerage house providing comprehensive services to achieve the financial goals of the investors through the guidance of its highly qualified and experienced human resources. SIBLSL handles some prestigious and renowned corporate clients, individual investors and financial institutions by providing a wide range of services.</p>
SIBL Investment Limited	<p>SIBL Investment Limited: SIBL Investment Limited, a wholly owned subsidiary of SIBL, was incorporated as a Public under companies act 1994 On 30 August 2010. The company was established 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.</p>

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Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

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Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
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## Company Profile

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## Products &amp; Services

## Deposit Products

01 Al-Wadeeah Current Account	14 Mudaraba Savings Account
02 Mudaraba Notice Deposit Account	15 Mudaraba Term Deposit Account
03 Mudaraba Monthly Profit Deposit Scheme	16 Mudaraba Millionaire Savings Scheme
04 Mudaraba Education Deposit Scheme	17 Sonali Din Special Deposit Scheme
05 Mudaraba Special Deposit Pension Scheme	18 Mudaraba Bashsthan Savings Scheme
06 Mudaraba Hajj Savings Deposit (Kafela)	19 Cash Waqf
07 Mudaraba Lakhopati Deposit Scheme	20 Mudaraba Double Benefit Deposit Scheme
08 Shamridhir Shopan Special Deposit Scheme	21 Mudaraba Marriage Savings Scheme
09 Mudaraba Mohorana Savings A/c (10 Years)	22 Mudaraba Mohorana Savings A/c (5 Years)
10 Shanchita Special Deposit Scheme	23 Subarnalata Special Deposit scheme
11 SubarnaRekha Special Deposit Scheme	24 Sabuj Chaya Special Deposit scheme
12 Sabuj Shayannaya Special Deposit Scheme	25 Shukher Thikana Special Deposit Scheme
13 Shachanda Protidin Special Deposit Scheme	26 SIBL Young Star Account

## Investment Products

01 Bai-Murabaha	08 Bai-Muajjal
02 Hire Purchase under Shirkatul Melk	09 Mudaraba
03 Musharaka	10 Bai-Salam
04 Documentary Bill Purchase	11 Quard
05 SIBL Employees' House Building Investment Scheme	12 SME & Agricultural Finance
06 Women Enterprise Finance	13 Retail Finance
07 Family Empowerment Islamic Micro Finance	

## Service Products

01 Online Banking	10 ATM 24/ 7
02 CARD (Local & Foreign)	11 Automated Clearing
03 Electronic Fund Transfer	12 Mobile Banking
04 Offshore Banking	13 Centralized Trade Processing Services
05 Remittance	14 Locker
06 Student File	15 SWIFT
07 Capital Market Services through SIBL	16 ADC (Alternate Delivery Channel)
08 School Banking	17 Agent Banking
09 RTGS (Real time gross settlement)	

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Rating Report – SIBL 4<sup>th</sup> Mudaraba Subordinated Bond

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## Branch Network

SIBL's registered office is located at City Center, 90/1, Motijheel C/A, Dhaka-1000. However, SIBL has got a countrywide reach through a larger network of branches, ATMs, SME channels, agricultural outreach. With a large geographical coverage SIBL has a well distributed network of branches in rural and urban areas of Bangladesh. It has 172 branches across the country. It has 224 Agent Banking outlets to cater financial services to the remotest parts of the Land. Also the bank has 109 Sub-branches throughout the country.

No. of branches district wise:

District	No. of Branches	District	No. of Branches	District	No. of Branches
Bagerhat	2	Habigonj	1	Narsingdi	3
Barishal	2	Jamalpur	2	Natore	1
Bhola	1	Jashore	5	Netrokona	1
Bogura	2	Jhalakati	1	Nilphamari	1
Brahmanbaria	3	Khulna	4	Noakhali	7
Chandpur	4	Kishoreganj	2	Pabna	1
Chattogram	31	Kushtia	1	Pirojpur	1
Cox's Bazar	2	Laxmipur	2	Rajshahi	1
Cumilla	8	Madaripur	1	Rangpur	1
Dhaka	44	Moulvibazar	2	Satkhira	3
Dinajpur	2	Munshiganj	1	Shariatpur	1
Faridpur	1	Mymensingh	1	Sherpur	1
Feni	2	Naogaon	1	Sirajgonj	3
Gaibandha	1	Narail	1	Sylhet	7
Gazipur	3	Narayanganj	5	Tangail	1
Gopalganj	1				

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## Industry Analysis

The financial system of Bangladesh consists of scheduled and non-scheduled banks, non-bank financial institutions, microfinance institutions, insurance companies, co-operative banks, credit rating companies, merchant banks, brokerage houses and stock exchanges. Broadly, the Bangladesh financial system is bank-based financed via financial intermediaries and remains dominated by the banking sector. At the recent date, the total number of scheduled banks increased to 61 due to opening of new domestic private commercial banks (PCBs) during the year. Bangladesh Bank (BB) implemented a number of policy measures to emphasize risk management and corporate governance in the banks, periodic review of stability of the individual bank as well as the whole banking system, stress testing, monitoring of large borrowers, fraud-forgeries and strengthening internal control and compliance through self-assessment of anti-fraud internal controls etc. Throughout the period the balance sheet size grew to a notable extent. All of the portions of asset composition have increased other than Govt. Bill and Bond. Total assets of the banking industry increased by 11.45% and stood at BDT 18,406.00 billion. During the same period, the banking sector indicators showed some improvements compared to that of the preceding year led by the good performance of Private Commercial Banks (PCBs). Asset quality, measured by non-performing investments to aggregate investment portfolio, & NPL to regulatory capital showed mixed performance over the preceding year. The ratio of gross NPL to the total outstanding investments of the banking sector has been decreased to 8.20% as of June, 2021 compared to 7.70% in FY 2020. Moreover, the ratio of net NPL to the total outstanding investments of the banking sector reduced to (0.50) percent as on June 2021. Capital to Risk Weighted Assets Ratio (CRAR) has decreased than that of December 2020 & stood at 11.60 percent in as on June, 2021. The provision shortfall increased significantly. Higher shortfall in provision and lower CRAR shows that position of the banking sector has decreased in Q2 FY 2021.

The provision maintenance ratio at end of Q2 FY 2021, reached 92.10% as opposed to 99.80% recorded at end December 2020.

Key profitability indicators i.e. ROA & ROE increased significantly in last quarter. Return on Asset (ROA) risen up at 0.50 percent at the end of Q2FY2021 from 0.25 percent at the end of December 2020. In addition, Return on Equity (ROE) also increased to 8.26 percent at the end of Q2FY2021 from 4.28 percent at the end of December 2020. In June 2021, banking sector has been able to maintain a significant leverage ratio compared to the maintained satisfactory liquidity position throughout the year. In Q2FY2021, banking sector as a whole has been able to maintain a leverage ratio of 4.40% on solo basis; 50 out of 61 banks have successfully maintained leverage ratio of 3.00%. At the end of December 2020, the growth rate (year-on-year) of deposits was higher than that of advances (less than 1 percentage point). The Advance-Deposit Ratio (ADR) stood at 71.60 percent at the end of Q2FY2021. The prudential limits of ADR for Conventional and Islamic Shariah based banks were 87.0 percent and 92.0 percent respectively. The liquidity position in the banking sector as a whole was comfortable at the end of Q2FY2021; leading to a further easing of money market conditions. Net Interest Margin (NIM) of the banking industry stood at 2.48 percent in Q2FY2021, which was 2.67 percent in FY 2020. The NIM of all banking sectors has decreased in Q2FY2021 compared to FY 2020. Analysis of the indicator reveals that NIM for PCBs and FCBs was higher than the industry average. Furthermore, banking sector, as a whole, had no shortfall in Cash Reserve Ratio (CRR). Along with this, the banking sector was found to be fairly resilient in the face of various market risk shocks. Moreover, the individual banks & the banking system as a whole were found to be well resilient against various liquidity stress scenarios as of end Q2 FY 2021.

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According to Bangladesh Bank's quarterly stability reports State-owned commercial banks are facing difficulty to continue business. The problems are poor capitalization, weak asset quality and substandard management quality etc. However, government has taken several steps to reform the sector, according to a recent analysis. The report (Source BMI Research a London based research firm) said Bangladesh's banking sector is one of the weakest in emerging Asia, as factors, such as low capital adequacy and poor asset and management quality, continue to challenge solvency and profitability. But in recent days this situation is changing. Under the Basel III framework, Bangladeshi banks are legally required to maintain a capital to risk-weighted asset ratio (CRAR) of at least 10 percent and a tier 1 capital ratio of at least 5.5 percent. The banking sector as a whole was able to maintain its CRAR above the minimum requisite. However, it is observed that the CRAR of SCBs, PCBs and FCBs were 6.80, 13.30 and 28.50 percent respectively as on 30 June 2021. Both the SBs failed to maintain MCR on risk weighted assets basis. Besides, 2 SBs, 5 SCBs and 4 PCBs could not maintain the minimum required CRAR. The CRAR of the banking industry as a whole was 11.60 percent at the end of June 2021.


Bank Types	(In percent)									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	End June 2021
SCBs	8.1	10.8	8.3	6.4	5.9	7.0	10.3	5.0	9.6	6.8
SBs	-7.8	-9.7	-17.3	-32.0	-33.7	-32.8	-31.7	-32.0	-32.9	-32.2
PCBs	11.4	12.6	12.5	12.4	12.4	12.2	12.8	13.6	13.7	13.3
FCBs	20.6	20.2	22.6	25.6	25.4	23.3	25.9	24.5	28.4	28.5
Total	10.5	11.5	11.3	10.8	10.8	10.8	12.1	11.6	12.5	11.6

Source: Department of Off-site Supervision, Bangladesh Bank.

Fig: Capital to Risk Weighted Assets Ratio by Type of Banks

However, Bangladesh Bank has taken a number of initiatives throughout 2021 having implications for financial stability. For instance Bangladesh bank has amended guidelines on internal control & compliance risk management, credit risk management etc. Besides Bangladesh Bank has issued integrated risk management guidelines for financial institutions to strengthen the overall risk management framework & introduces techniques of managing all possible risk under formal organizational set up with standard policies & procedure.

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## Bond Market

In recent years, banks in Bangladesh have raised a sizable amount of funds by issuing bonds chiefly to comply with regulatory standards to raise capital by issuing subordinated debt in order to meet the Basel-III requirement. Corporates have also borrowed using the tool to cut their cost of funds and as a hedge against any future interest rate spike. Currently government debt instruments dominate the market. The slow growth of the bond market in Bangladesh has been recognized due to limited numbers of investors, attraction to capital gain, high return from risk free government bond. The amount of funds raised through issuance of bonds rose 13 per cent year-on-year to BDT 99,670.00 crore in fiscal 2020-21. This was 13 times the BDT 6,860.00 crore raised in fiscal 2010-11, according to data of the Bangladesh Securities and Exchange Commission (BSEC). So far, BRAC Bank, IBBL, Dutch-Bangla Bank, Janata Bank, United Commercial, SIBL, Southeast Bank, Shahjalal Islami Bank, One Bank, Al-Arafah Islami Bank, Trust Bank, The City Bank, Mercantile Bank, Rupali Bank, NCC Bank, Prime Bank, National Bank, Pubali Bank, Premier Bank, Jamuna Bank, EXIM Bank, Standard Bank, Mutual Trust Bank, AB Bank, Eastern Bank, Bank Asia, Dhaka Bank have already issued several bond. Issuance of such bond makes other commercials banks interested to issue bond as an alternative source of fund. At the same time, many NBFIs have already issued several type of bonds to strengthen their fund base. Other than commercials banks & NBFIs, several companies have been increased capital base through issuing bond, which are Bangla Trac, BSRM, Best Holdings, Impress-Newtex Composite Textiles, Doreen Power Generation and Systems, Flamingo Fashion, Generation Next Fashions, Golden Harvest Agro Industries, H. Akbarali & Co., Orion Infrastructure, Rahimafrooz Energy Services, Rakeen Development Company (BD), Rangs, Regent Spinning Mills, Shanta Holdings, Tarasima Apparels, United Airways Bangladesh.

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## Issue Overview

### Issue Objective

Social Islami Limited (SIBL) has decided to raise Additional Tier-II Capital through issuance of SIBL 4<sup>th</sup> Mudaraba Subordinated Bond in order to strengthen its capital base in accordance with Bangladesh Bank's Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework in line with Basel III).

### Sponsors' Status

The following class of investors are eligible to participate in the offer:

- Local Financial Institutions
- Insurance Companies
- Funds
- Corporate

This being a private placement Issue, the eligible investors who have been addressed through this communication directly, are only eligible to apply.

### Profit

The total profit on the Bonds will be calculated by Benchmark Mudaraba Term Deposit profit rate of the issuer plus a predetermined additional profit rate as described in below mechanism:

**Benchmark Mudaraba Term Deposit Profit Rate:** The average of half yearly Mudaraba Term Deposit profit rate of scheduled Islamic Banks of Bangladesh as per published rate in Bangladesh Bank website excluding foreign Islamic banks and any Z-category Islamic banks in capital market will be applicable in profit rate fixation & to be applied semiannually. The first rate will be fixed at the date of the issuance of the Mudaraba Subordinated Bonds as per above. From thereon, the rate will be re-fixed semiannually. After each financial year-end, the issuer will give adjustment to the Mudaraba Subordinated Bondholders if there is any additional profit reported in the respective financial year for applied Mudaraba Term Deposit profit.

**Additional Profit Rate:** Investors will get an additional profit rate of 2.00% per annum to be paid semiannually along with the benchmark profit by the issuer for the respective investments in the Mudaraba Subordinated Bonds.

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Managing Director & CEO  
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## Feature of the Bonds

Particulars	Details
Issuer	Social Islamic Bank Limited
The Issue	SIBL 4 <sup>th</sup> Mudaraba Subordinated Bond
Trustee	DBH Finance PLC
Mandated Lead Arranger	Standard Chartered Bank
Facility Size	BDT 6,000 million
Face Value Per Lot	BDT 10.00 million
No. of Issuing Units	600 units
Tenure	End of 7 years from the Issue Date
Coupon Rate	<p>The total profit on the Bonds will be calculated by Benchmark Mudaraba Term Deposit profit rate of the issuer plus a predetermined additional profit rate as described in below mechanism: -</p> <p><b>Benchmark Mudaraba Term Deposit Profit Rate:</b> The average of half yearly Mudaraba Term Deposit profit rate of scheduled Islamic Banks of Bangladesh as per published rate in Bangladesh Bank website excluding foreign Islamic banks and any Z-category Islamic banks in capital market will be applicable in profit rate fixation &amp; to be applied semiannually. The first rate will be fixed at the date of the issuance of the Mudaraba Subordinated Bonds as per above. From thereon, the rate will be re-fixed semiannually. After each financial year-end, the issuer will give adjustment to the Mudaraba Subordinated Bondholders if there is any additional profit reported in the respective financial year for applied Mudaraba Term Deposit profit.</p> <p><b>Additional Profit Rate:</b> Investors will get an additional profit rate of 2.00% per annum to be paid semiannually along with the benchmark profit by the issuer for the respective investments in the Mudaraba Subordinated Bonds.</p>
Nature of Instrument	Subordinated Non-Convertible
Mode of Issue	Private Placement
Transferability/Liquidity	Freely transferable subject to the terms and conditions of the Bond documents
Late Redemption	Incremental charge at the rate of 2% per annum payable by the Issuer to the Bondholders above the amount to be paid by the Issuer to the Bondholders on the Redemption Date for failure of the Issuer to make payment to the Bondholders on the Redemption Date.

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**Redemption Schedule**

20% of the total bond value to be redeemed at the end of each year starting from 3<sup>rd</sup> year and the repayment schedule is depicted below:

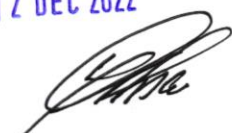
Payment No.	Month	Redemption (%)	Redemption (BDT in million)	Principal Balance BDT in million)
1	12 <sup>th</sup>	0.00%	0	6,000
2	24 <sup>th</sup>	0.00%	0	6,000
3	36 <sup>th</sup>	20.00%	1,200	4,800
4	48 <sup>th</sup>	20.00%	1,200	3,600
5	60 <sup>th</sup>	20.00%	1,200	2,400
6	72 <sup>nd</sup>	20.00%	1,200	1,200
7	84 <sup>th</sup>	20.00%	1,200	0

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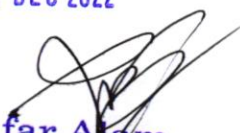
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**SIBL Mudaraba Subordinated Bonds:**

SIBL has three subordinated bonds namely "SIBL Mudaraba Subordinated Bond of BDT 3,000.0 million", SIBL 2nd Mudaraba Subordinated Bond of BDT 4,000.00 million and SIBL 3rd Mudaraba Subordinated Bond of BDT 5,000.00 million to support and strengthen Tier-II capital base of the Bank under Basel-III capital regulation of Bangladesh Bank.

**SIBL Mudaraba Subordinated Bond of BDT 3,000.00 million:**

Social Islami Bank Limited issued 'SIBL Mudaraba Subordinated Bond of BDT 3,000.00 million in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/598 & BRPD (BFIS) 661/14 B(P)/2014-6027, Dated: 26 August 2014 & 16 September 2014 respectively. The bond was fully subscribed by 14 nos of investors and the subscription of the bond closed on 31.03.2015. As on 31.12.2021 the bond has been fully redeemed.

**SIBL 2nd Mudaraba Subordinated Bond of BDT 4,000.00 million:**

Social Islami Bank Limited issued 'SIBL 2nd Mudaraba Subordinated Bond of BDT 4,000.00 million in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/28 & BRPD (BFIS) 661/14 B(P)/2017-1252, Dated: 17 January 2017 & 01 March 2017 respectively. The bond was fully subscribed by 12 nos of investors and the subscription of the bond closed on 20.06.2017.

The list of investor with present outstanding is as follows:

Investors of SIBL 2 <sup>nd</sup> Mudaraba Subordinated Bond	As on 30.09.2022
Bank Asia Limited	20,000,000
Central Depository Bangladesh Ltd	40,000,000
Dhaka Stock Exchange Limited	80,000,000
Eastern Bank Limited	50,000,000
Mercantile Bank Limited	50,000,000
Midland Bank Limited	40,000,000
National Life Insurance Co. Ltd	20,000,000
Pubali Bank Limited	100,000,000
Rupali Bank Limited	100,000,000
Shahjalal Islami Bank Limited	100,000,000
Trust Bank Limited	100,000,000
Uttara Bank Limited	100,000,000
<b>Total</b>	<b>800,000,000</b>

**SIBL 3rd Mudaraba Subordinated Bond of BDT 5,000.00 million:**

Social Islami Bank Limited issued 'SIBL 3rd Mudaraba Subordinated Bond of BDT 5,000.00 million in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-13/2014/670 & BRPD(BFIS)661/14B(P)/2018-7647, Dated: 27 September 2018 & 11 October 2018 respectively. The bond was fully subscribed by 3 nos of investors and the subscription of the bond closed on 27.12.2018.

The list of investor with present outstanding is as follows:

Investors of SIBL 3 <sup>rd</sup> Mudaraba Subordinated Bond	As on 31.12.2021
Agrani Bank Limited	2,000,000,000
EXIM Bank Limited	400,000,000
Islami Bank Bangladesh Limited	1,600,000,000
<b>Total</b>	<b>4,000,000,000</b>

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**SIBL Mudaraba Perpetual Bond of BDT 5,000.00 million**

Social Islami Bank Limited issued SIBL 4th Mudaraba Subordinated Bond of BDT 5,000 million in accordance with the regulatory approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank (BB) vide their letter ref no. BSEC/CI/DS-07/2014/272 & BRPD(BFIS)661/14B(P)/2020-8946, Dated: 25 November 2020 & 22 October 2020 respectively. The bond is fully subscribed on 13/10/2021 by the following investors:

**Investors of SIBL Mudaraba Perpetual Bond**

Islami Bank Bangladesh Limited	1,500,000,000
EXIM Bank Limited	1,500,000,000
AIBL Employee's Provident Fund	500,000,000
AIBL Employee's Gratuity Fund	500,000,000
Al-Arafah Islami Bank Limited	1,000,000,000
<b>Total</b>	<b>5,000,000,000</b>

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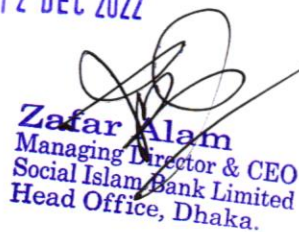
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## Issue Specific Risk

### Non Payment Risk

Non-repayment risk is defined as the potential risk that a bank's borrower or counterparty may fail to meet its obligations in accordance with agreed terms, resulting into an adverse impact on the quality of bank's assets and profitability. Non-repayment risk also refers to the bank's risk of having its cash flows interrupted when a borrower fails to make their repayment. Such a scenario results into having the loan classified in separate categories, the extreme one being Non-performing Loans (NPL) which adversely impacts the bank's profitability due to higher required provisioning. In the case of an unpaid loan, non-repayment risk can result in the loss of both interest on the debt and unpaid principal, whereas in the case of an unpaid account receivable, there is no loss of interest. In both cases, the party granting the credit may also incur incremental collection costs. This kind of risk is impossible for the organization like SIBL. SIBL is well reputed commercial bank in Bangladesh. Furthermore, in case of any event of default or non-repayment, the Trustee would give notice period to the Issuer in protecting the event of default and take further steps to ensure the interest of the investors.

### Profit/Interest Rate Risk

Interest Rate Risk can be defined as the risk of change in the value of an asset due to volatility in interest rates rendering the security in question non-competitive or increasing its value. Though the risk is said to arise due to an unexpected move, generally, investors are concerned with downside risk. This risk directly affects the fixed-rate security holder. Whenever the interest rate rises, the price of the fixed-income bearing security falls and vice-a-versa. For a bank, this risk arises from differences in the repricing profile, interest rate basis, and optionality of banking book assets, liabilities, and off-balance sheet items. Interest Rate Risk represents an economic and commercial risk to the Bank and its capital adequacy. Although the consequences of unusual and abrupt increase in the borrowing rate cannot be avoided, Social Islami Bank Ltd. (SIBL) takes all the appropriate measures to minimize the negative consequences. For instance, the Bank currently pursues a policy with emphasis on maintaining an appropriate blend of fixed and floating rates in the loan portfolio of the bank. Moreover, the bank revises both its lending and borrowing rates regularly based on current market scenario and future outlook.

### Liquidity Risk

Liquidity is a bank's ability to meet its cash and collateral obligations without sustaining unacceptable losses. Liquidity risk refers to how a bank's inability to meet its obligations (whether real or perceived) threatens its financial position or existence. Institutions manage their liquidity risk through effective asset liability management (ALM). The management of SIBL is aware of the magnitude of this risk and it has always intended to diversifying sources of funds and to develop good mix of deposit structure. In this direction the bank has already launched several deposit schemes to attract deposits from various customer groups, including Retail and Corporate Cash Management clients. The Bank is opening branches all across the Country to diversify its business portfolio.

### Security Risk

The risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction with credit risk. Institutions that actively accept and deliver collateral and are unable to manage the process accurately are susceptible to loss. Though the bond is unsecured, it is backed by the credit worthiness and reputation of the Bank. The issuing bond has been rated as Long Term: A+, Outlook: Stable by a prominent Credit Rating Company of the Country. Besides, IDLC Finance Limited is appointed as Trustee to the issue by SIBL. IDLC is empowered to regulate the terms and conditions and that applied to the bond. The Trustee is responsible for several key functions that benefits both the Issuer and the bond holder.

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## Impact of Bond

(amount in crore)

Particulars	31.12.22 (Projected)	31.12.23 (Projected)	31.12.24 (Projected)	30.12.2025 (Projected)	31.12.2026 (Projected)
<b>Tire-1(Going Concern Capital)</b>					
<b>Common Equity Tier I Capital (CET I)</b>					
Paid up Capital	1,034.15	1,602.94	1,683.09	1,851.39	2,036.53
Statutory Reserve	822.03	909.53	1,004.03	1,105.53	1,216.03
General Reserve	0.00	0.00	0.00	1.00	2.00
Retained Earnings	115.31	164.06	177.19	190.31	207.19
<b>Total CET I</b>	<b>1,971.49</b>	<b>2,676.53</b>	<b>2,864.30</b>	<b>3,148.23</b>	<b>3,461.75</b>
<b>Adjustment: Intangible Assets (Software)</b>	<b>19.40</b>	<b>19.00</b>	<b>18.50</b>	<b>19.50</b>	<b>20.50</b>
<b>Eligible CET 1 Capital</b>	<b>1,952.09</b>	<b>2,657.53</b>	<b>2,845.80</b>	<b>3,128.73</b>	<b>3,441.25</b>
<b>Additional Tier I Capital (AT I)</b>					
SIBL Mudaraba Perpetual Bond	500.00	500.00	500.00	500.00	500.00
<b>Total Additional Tier 1 capital</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>
Maximum Limit of Additional Tier-1 Capital as per RBCA Guideline	450.11	603.05	632.16	696.06	771.09
<b>Total Admissible AT I Capital</b>	<b>450.11</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>	<b>500.00</b>
<b>Total Tier I Capital</b>	<b>2,402.21</b>	<b>3,157.53</b>	<b>3,345.80</b>	<b>3,628.73</b>	<b>3,941.25</b>
<b>Tire-2 (Gone Concern Capital):</b>					
General Provision	665.95	754.51	835.49	913.61	990.75
Mudaraba Subordinated Bond	200.00	100.00	0.00	0.00	0.00
Proposed SIBL 4th Mudaraba Subordinated Bond (7 year Bond)	600.00	600.00	480.00	360.00	240.00
Sukuk Subordinated Sukuk Bond (75 Million USD equivalent to BDT 638 Crore)	-	638.00	638.00	510.40	382.80
SIBL 5th Mudaraba Subordinated Bond					700.00
<b>Total Tier II Capital</b>	<b>1,465.95</b>	<b>2,092.51</b>	<b>1,953.49</b>	<b>1,784.01</b>	<b>2,313.55</b>
Maximum Limit of Tier-2 Capital as per RBCA Guideline	1,200.31	1,608.15	1,685.77	1,856.17	2,056.28
Scope of (Excess Tier II Capital)	(265.65)	(484.36)	(267.72)	72.16	(257.27)
<b>Total Admissible AT I Capital</b>	<b>1,200.31</b>	<b>1,608.15</b>	<b>1,685.77</b>	<b>1,784.01</b>	<b>2,056.28</b>
<b>Total Eligible Capital</b>	<b>3,602.51</b>	<b>4,765.68</b>	<b>5,031.57</b>	<b>5,412.74</b>	<b>5,997.52</b>
<b>Estimated Risk Weighted Assets</b>	<b>30,008</b>	<b>34,695</b>	<b>38,713</b>	<b>42,402</b>	<b>45,938</b>
Minimum capital Requirement (10%)	3,000.77	3,469.46	3,871.26	4,240.20	4,593.76
<b>Projected Capital to Risk Weighted Asset Ratio</b>	<b>12.01%</b>	<b>13.74%</b>	<b>13.00%</b>	<b>12.77%</b>	<b>13.06%</b>
<b>Projected CET-1 Ratio</b>	<b>6.57%</b>	<b>7.71%</b>	<b>7.40%</b>	<b>7.42%</b>	<b>7.54%</b>
<b>Projected Tier-1 Ratio</b>	<b>8.01%</b>	<b>9.10%</b>	<b>8.64%</b>	<b>8.56%</b>	<b>8.58%</b>
<b>Projected Tier-2 Ratio</b>	<b>4.00%</b>	<b>4.64%</b>	<b>4.35%</b>	<b>4.21%</b>	<b>4.48%</b>
<b>Projected Capital Conservation Buffer Maintained</b>	<b>2.01%</b>	<b>3.10%</b>	<b>2.64%</b>	<b>2.56%</b>	<b>2.58%</b>

SIBL's capital growth plan reflects that, the institution has long term plan to strengthen it's capital base through issuance of bond. Projected capital deficit of capital conservation buffer is expected to decrease significantly after receiving the proceeds of subordinated bond. However, SIBL has already issued it's three subordinated bond to enrich supplementary capital base, which will be matured within FY 2023. Repayment of the subordinated bond will have negative impact on the capital gap scenario. Therefore, it will not be possible to reduce the capital shortfall in longer term without issuing more bond instrument. Management has already planned to issue Sukuk Subordinated Sukuk Bond of BDT 6380.00 million in the year of 2023 and SIBL 5th Mudaraba Subordinated Bond of BDT 7,000.00 million in the year of 2026, which might reduce the capital shortfall to some extent. But the projection will only come in to reality if SIBL can properly manage the issue implementation timetable.

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## Bond Transaction Dimension

### Priority

The Bonds shall constitute direct, subordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank pari-passu and without any preference or priority among themselves. The payment obligations of the Issuer in respect of the Bonds (whether on account of principal, profit or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank pari-passu with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations of the Issuer under the Bonds and in priority to all claims of shareholders of the Issuer. The rights of the holders of Bonds against the Issuer (including for principal and profits accumulated) are subordinated and junior in right of payment to its obligations (a) to its depositors, (b) under bankers' acceptances and letters of credit issued by the Issuer, (c) to Senior Creditors (including the Bangladesh Bank and the Deposit Insurance Trust Fund). In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of debt or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds. In the event of any such proceedings, after payment in full of all sums owing on such prior obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank pari-passu with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer, the unpaid principal thereof and any unpaid premium (if any) and profit before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Issuer ranking junior to the Bonds. Nothing herein shall impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and profit on the Bonds according to these Conditions. For this purpose, "Senior Creditors" shall mean creditors of the Issuer (including depositors) other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank pari-passu with, or junior to, the claims of the Bondholders.

The Bonds are not a deposit and are not insured by the Deposit Insurance Scheme established under the Deposit Insurance Ordinance 1984. The Bonds are ineligible for as collateral for a credit facility by the Issuer. Each Bondholder unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Bond. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the Issuer shall not secure the payment obligations under the Bonds.

### Security

Security can be in the form of specific collateral or a lien on all assets. For an issue secured with specific collateral to be rated above the "nature" or "stand alone". If the security is separated from the estate of the company in the event of bankruptcy and the security will maintain value regardless of the company's fortunes, then the risk of the bond might be minimized.

SIBL 4<sup>th</sup> Mudaraba Subordinated Bond is unsecured bond hence no charge on assets to be created. No collateral is or will be given for the payment obligations under the Bonds and any collateral that may have been or may in the future be given in connection with other indebtedness of the issuer shall not secure the payment obligations under the Bonds.

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## Covenants

The Issuer covenants with the Trustee that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid in accordance with the Conditions, unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in Dhaka in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the provisions of the Conditions) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions profit on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:

- every payment of principal or profit in respect of the Bonds or any of them made to or to the account of the Bondholders shall satisfy, to the extent of such payment;
- if any payment of principal or profit in respect of the Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the Bondholders or, if earlier, the [seventh day] after notice has been given to the Bondholders in accordance with the Conditions that the full amount has been received by the Trustee to the extent that there is failure in the subsequent payment to the Bondholders under the Conditions; and
- in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused penalty shall accrue at applicable rate of 2% p.a. for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the Conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.

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## Business Risk Analysis

### Credit Risk

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. The risk is primarily that of the lender and includes loss of principal and profit, disruption of cash flows and increased collection costs. Credit risk management, meanwhile, is the practice of mitigating those losses by understanding the adequacy of both an institution's capital and investment loss reserves at any given time – a process that has long been a challenge for the Bank.

According to the Bangladesh Bank credit risk management policies, a manual of credit risk management (CRM) has been formulated & approved by SIBL's Board of Directors. The credit risk management in the bank aims at ensuring sustained growth of healthy investment portfolio while identifying and managing the credit risk both at the transaction and portfolio level. SIBL's strategies to manage the credit risk includes Board approved credit policy of the bank, industry wise segment ceilings on aggregate lending individual borrower wise ceilings on lending, regular review of all credit sanctioning powers etc. Credit risk policy covers corporate, retail, small and medium enterprise exposure. SIBL emphasizes to manage credit risk in the entire range as well as the risk in individual credits or transactions. The effective management of credit risk is a critical component of a comprehensive approach to risk management & essential to the long term success of SIBL.

### Foreign Exchange Risk

Foreign exchange risk is the chance that an investment's value will decrease due to changes in currency exchange rates. Foreign exchange rate fluctuations affect banks both directly and indirectly. Treasury Department of the bank plays important role in this regard. The division is responsible for verification of the deals. As per management information, all foreign exchange transactions are revalued at Mark-to-Market rate determined by Bangladesh Bank at the month-end. In compliance with the Bangladesh Bank Guidelines, SIBL has prepared foreign exchange risk management manual. Treasury front office, back office and mid office have been established and are functioning through an independent organizational chain in accordance with the terms and conditions of the manual.

### Liquidity Risk

Liquidity risk is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Usually it occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

SIBL estimates liquidity risk by comparing liquid assets to short term liabilities. It has contingency plans approved by the Board for handling potential liquidity crisis. To control liquidity risk, bank shapes the structure of its assets and liabilities. SIBL is managing their liquidity risk quite well.

### Operational Risk

Operational risk is the risk that is not inherent in financial, systematic or market-wide risk. It is the risk remaining after determining financing and systematic risk, and includes risks resulting from breakdowns in internal procedures, people and systems. It is a form of risk that summarizes the risks a company or firm undertakes when it attempts to operate within a given field or industry.

To control operational risk SIBL emphasizes HR development & proper distribution of HR to ensure placement of right man at the right place. SIBL has established an effective operational risk management framework by strengthening internal control, setting rules and procedures with change in scenario, maintaining adequate clarification & documentation and establishing anti-fraud mechanism.

### Equity Price Risk

Equity risk is defined as losses due to change in market price of equity held. Risk arises through the purchase of stocks. Typically used measure of risk in the equity markets is standard deviation of securities price over a number of periods.

In case of SIBL, the company has investment in both quoted and unquoted securities. The bank certainly faces high equity price risk due to extremely volatile nature of the capital market. However, the risk is monitored by the risk management committee. To minimize the risk diversification is enforced as per bank's own policy.

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### Asset Liability Management

Asset/liability management is the process of managing the use of assets and cash flows to meet company obligations, which reduces the firm's risk of loss due to not paying a liability on time. If assets and liabilities are properly handled, the business can increase profits. This management process is widely used for bank investment portfolios and pension plans.

One of the key essentials of managing a bank's balance sheet efficiently is Asset & liability management. SIBL has its own guideline for asset liability management which is approved by SIBL'S Board of Directors. Considering all risk factors the bank has established an effective ALM process for assessing, analyzing and reviewing various kinds of risk exposure and ALCO regularly reviews these risk exposures. Total liability structure of SIBL is mostly consisted of deposits from customers. And it is observed that SIBL has very minimal interbank liabilities, which make SIBL safer and consequently reduce cost of fund for the company.

### Information Technology Risk

Information Technology risk management can be considered a wide enterprise risk. Financial information are mostly processed and delivered through technological platform. This inherently contains the risk of security breach, disaster and data contamination. Continuity of bank's operation and service completely depend on strong, reliable and secured technology.

SIBL has its IT policy prepared in line with the ICT guidelines of Bangladesh Bank. SIBL ensures environmental safeguards as well as controlling physical access to equipment & data depending on IT set up. The data center of SIBL as well as automation is on the process.

### Risk management by banks in post-Covid-19 situation

Banks in Bangladesh are facing huge uncertainties about repayments of investments by their clients when their business are in disarray during this Covid-19 situation. The current situation might bring huge burden of non-performing investments for the banking industry if the growing credit risk in this Covid-19 environment is not addressed effectively. There are claims that some banks in different countries are identifying spurious discrepancies in the LCs to escape payment liabilities which might be the source of fraud and reputational risks for banks. If not handled properly, back-to-back LC might be a source of credit risk for the country's banks in the coming months. With the advent of the defaulted investment in the post-covid-19 stage, banks with inadequate capital might be in huge trouble.

### Portfolio Management Risk

Portfolio management is the art and science of making decisions about investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance. Portfolio management is all about determining strengths, weaknesses, opportunities and threats in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and many other trades-offs encountered in the attempt to maximize return at a given appetite for risk. For any financial institution, portfolio management is the crucial issue as any slackness in management of portfolio risk may cause serious setback.

The gross non-performing investment to total investments of the bank has decreased in FY 2018 and remained under the industry average of SCBs. However, SIBL has to improve its CRM process and needs to diversify funding achieving into thrust sectors of the economy.

### Risk of Being Money Laundered

Money laundering is the process of transforming the proceeds of crime and corruption into ostensibly legitimate assets. All financial institutions, both banks and non-banks, are susceptible to money laundering activities. Banks and other Financial Institutions conducting relevant financial business in liquid products are clearly most vulnerable to use by money launderers, particularly where they are of high value.

SIBL has its own guideline, approved by the board of directors, for prevention of money laundering in line with Anti Money Laundering (AML) law and Bangladesh Bank guidelines. Anti-money laundering division of SIBL is responsible for Money Laundering Risk Management of SIBL. SIBL has Central Compliance Unit (CCU) headed by the CAMLCO (General Manager) and Money Laundering Prevention Committee (MLPC) headed by Deputy Managing Director to supervise the overall AML and CFT activities. As per information provided by the management, there was a few suspicious case detected during the last two reporting year.

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Rating Report – SIBL 4<sup>th</sup> Mudaraba Subordinated Bond

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## Financial Risk Analysis

Financial analysis is built on the bank's policies in relation with the operating strategies, asset quality, asset composition & trend, fund management, capital adequacy, liquidity management, risk management and ultimate financial goals of the bank based on both quantitative and qualitative aspects of the institution. Detailed analysis is presented below:

### Asset Composition

During FY 2021, total asset size of SIBL was BDT 408,203.16 million. Total asset base of SIBL is showing an increasing trend since FY 2019. However, the current growth rate in FY 2021 was lower by 5.55 percentile points than the growth rate of FY 2020. While analyzing the fund application of SIBL, it has been observed that, maximum proportion of total asset base is composed of investment, investment in shares & securities, cash and balance with other banks & FIs. Balance with other banks & FIs, investment in shares & securities and investment have increased by 79.73%, 57.72% and 4.04% respectively in FY 2021 whereas cash has decreased by 70.22%.

Comparative analysis of asset composition revealed that nearly 76.62% of total asset base was invested in investment in 2021, which was about 78.08% in 2020. Investment in shares & securities holds 7.14% in FY 2021; it was 4.80% in FY 2020 and Cash holds 5.75% in FY 2021 and it was 8.67% in FY 2020.

Detailed analysis of fund source revealed that 83.70% (83.74% in FY 2020) of total asset is financed by deposits and the remaining portion is funded by capital & shareholders' equity, subordinated bond and other liability.

At the end of 30 September 2022, composition of assets remained almost similar as 2021. Likewise 2021, the asset base is largely comprised of investment, investment in shares & securities, other assets and cash. All portions of assets like investment, cash, fixed assets & non-banking assets have increased than that of FY 2021.

FYE	2022 (Sep)	2021 (Dec)	2020 (Dec)	2019 (Dec)
Total Asset (Million)	431,137.97	408,203.16	384,999.71	345,056.23
Asset Growth %	5.62	6.03	11.58	12.28
Gross Investment (Million)	341,398.85	312,773.82	300,617.94	264,268.59
Investment Growth %	9.15	4.04	13.75	10.73
Gross NPL (Million)	16,693.41	16,194.08	16,301.16	17,533.30
Gross NPL Ratio	4.89	5.18	5.42	6.63
Net NPL (Million)	14,887.08	2,529.91	2,922.91	5,404.39
Net NPL Ratio	4.36	0.81	0.97	2.05
Investment Loss Reserves/Gross NPLs	81.25	83.76	81.31	68.43
General Reserves/Net NPLs	40.07	235.80	186.17	81.45
Specific Reserves/Gross NPLs	45.52	46.92	47.92	43.32
Gross NPL/(Equity + Investment Loss Reserve)	50.34	49.37	52.09	59.90

Data obtained from audited financial statements of FY 2019-2021 & 30 September, 2022

Asset Composition			
Particulars	2022 (Sep)	2021 (Dec)	2020 (Dec)
Cash	5.09%	5.75%	8.67%
Balance with other Banks and FI	3.57%	4.71%	2.78%
Investments in Shares & Securities	5.57%	7.14%	4.80%
Investments	79.19%	76.62%	78.08%
Fixed Assets	1.03%	1.04%	1.15%
Other Assets	5.56%	4.73%	4.52%

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### Asset Quality

The total asset of SIBL's Financial Statement mainly comprise of Investment amounting to BDT 312,773.82 million which is 76.62% of the total asset base. High dependency of investment increases the vulnerability of assets to credit risk. It can be observed that total investment has increased by 4.04% in 2021, whereas there was 13.75% growth in FY 2020. It appears that the bank has concentrated on its core operation throughout FY 2021 and increased investment. Total investment portfolio comprise of 95.15% general investment and 4.85% bill purchased.

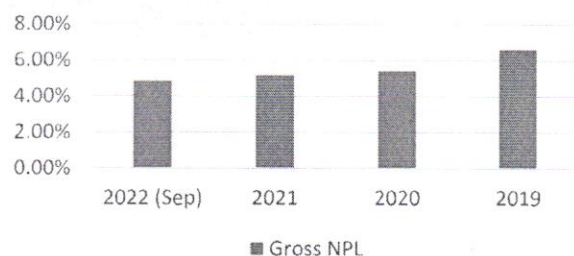
It appears that, total Non-Performing Loan (NPL) of the same period has been decreased and reached to BDT 16,194.08 million, which was 0.66% lower than previous year. Out of the total loan portfolio, BDT 296,579.74 million is unclassified, which makes up 94.82% of the total loan portfolio and NPL makes up 5.18%. It is quite usual for gross NPL to increase in line with gross loan. However, in FY 2021 even though investment has increased, there was 0.66% fall in gross NPL, which shows improvement in asset quality. Moreover, the decrease of Gross NPL has resulted in 0.24 percentile points of fall in Gross NPL Ratio of the same period.

Net NPL ratio of the bank has decreased over the year and stood at 0.81% and without considering General Provision it was 2.72%. The Gross NPL ratio of 5.18% is lower than the industry average of 5.40% (June 2021).

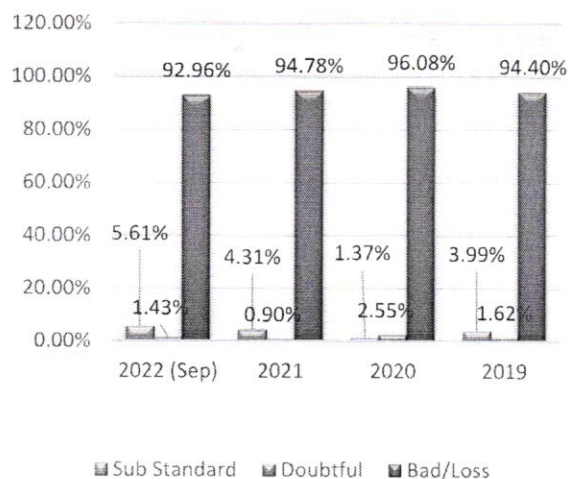
In FY 2020, 96.08% of total NPL was composed of Bad or Loss, whereas Sub Standard and Doubtful was 1.37% and 2.55% of total NPL respectively. However, in FY 2021, Doubtful and Bad/Loss portion has decreased and reached to 0.90% and 94.78% respectively, whereas Sub-Standard had increased to 4.31%. This explains that SIBL was able to undertake proper measures to recover the loans. If SIBL does not become more careful it would be really difficult for them to carry out the business maintaining quality of asset and will expose to higher credit risk. Thus, to mitigate default risk it is highly recommended to give particular attention for recovery from such clients by forming special recovery team.

At the end of 30 September 2022, the bank's total investment portfolio increased to BDT 341,398.85 million similarly, classified investment has also increased to 16,693.41 million. Though investment has increased but NPL ratio has been improved and reported to 4.89% from 5.18%. Investment in shares & securities stood at BDT 24,005.75 million.

#### Gross NPL



#### NPI Composition



As per Central Bank's guideline, SIBL was required to maintain General Provision of BDT 13,564.16 in FY 2021. SIBL has satisfied this requirement and maintained exact required amount as provision.

At the end of 30 September 2022, SIBL reported Sub stand, Doubtful & Loss investment of BDT 937.11 million, BDT 238.35 million & BDT 15,517.95 million respectfully.

12 DEC 2022

Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

12 DEC 2022

Zafar Alam  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022

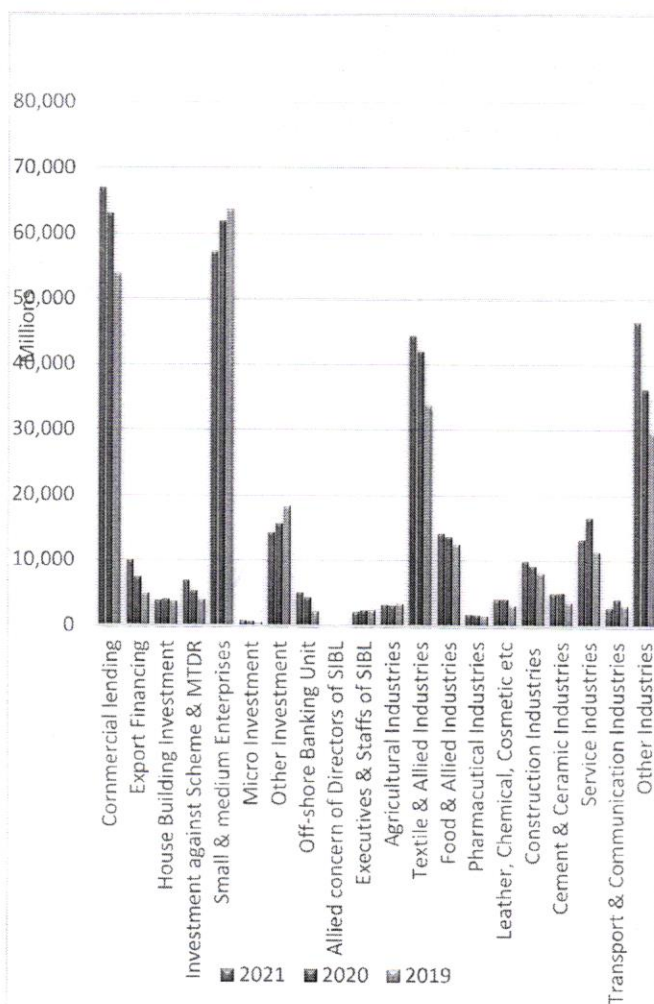
Md. Nazmul Ahsan, FCS  
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12 DEC 2022

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Chief Financial Officer  
Social Islam Bank Limited  
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Rating Report - SIBL 4<sup>th</sup> Mudaraba Subordinate Debt

## Investment Diversification &amp; Concentration



Portfolio diversification in an optimal way by which SIBL can steer away from any unpredictable downturn and protect itself from any economic storm. AlphaRating analyzes the investment portfolio of the SIBL by considering the sector wise investment concentration and geographical location-wise investment concentration.

SIBL has BDT 312,773.82 million of investments at the end of FY 2021. Since diversification of asset allocation is important to reduce the level of unsystematic risk, SIBL has maintained well diversified investment portfolio through the years and covers funding to a wide spectrum of business and industries; thus unsystematic risk related to industry seems lower.

However, during 2021, the investment portfolio is heavily concentrated on Small and Medium Enterprises, Commercial lending, textile & allied industry, and other industry. The aggregated investment in Small and Medium Enterprises is 18.31%, commercial lending is 21.42%, textile & allied industry is 14.17%, and other industry is 14.89% of the total investment portfolio. Other than these, SIBL has also invested in food & allied Industries, service industries and other investments etc. SIBL has significantly increased investment on commercial lending, export financing, textile & allied concern and other industries in FY 2021 compared to that of prior year. Whereas, in small & medium enterprises and service investments, SIBL has reduced its investment by BDT 4,657.47 million & BDT 3,371.83 million respectively in FY 2021.

The region wise investment concentration of the bank reflects that, the bank spread its concentration almost in all regions of the country i.e. Dhaka, Chittagong, Khulna, Barisal, Comilla, Rajshahi, Rangpur, Mymensingh and Sylhet. Though concentration of investment in Dhaka region is high, it is compatible with the economic activities of the Country as country's economic activities are also highly concentrated to this region. Following to this, Chittagong in second position capturing 20.62% of total investment portfolio. Further analysis reflects that, the bank mainly concentrated in Urban Side and urban area has grabbed 90.80% of total outstanding.

## Performance of Rescheduled Investment

Throughout FY 2021 SIBL has rescheduled total 17 accounts amounting BDT 809.95 million, whereas during the FY 2020, SIBL rescheduled BDT 1,325.70 million of classified investments with 13 investment accounts. Out of 17 accounts in FY 2021, M. A. Salam alone captures almost 55.19% and Onib Textile Mills (Pvt) Limited is at second position capturing 13.22% of total rescheduled loan. Total reschedule amount at FY 2021 is almost 0.26% of total investment.

12 DEC 2022

Mohammad Shoaib, FCA  
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Rating Report – SIBL 4<sup>th</sup> Mudaraba Subordinated Bond

12 DEC 2022

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12 DEC 2022

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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.  
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### Large Investment Exposure

As per BRPD Circular No. 5 issued by Bangladesh bank, disclosure on large investment, borrowers who have investment amount more than 15% of bank's total capital will be recognized as large investment exposure. According to management representation, SIBL has total 2 customers in FY 2021 & 3 customer in FY 2020 with such types of investment exposure. SIBL reported a total large investment of BDT 12,268.40 million which represents 3.92% of total investment in FY 2021. In FY 2020 amount of large investment was BDT 12,771.00 million, which represented 4.25% of total investment at that time. There is no classified investments among these large investments.

As per BRPD circular no. 2, dated: 16 January 2014, single party exposure limit 15% is not applicable for the client doing business in power sector. The principal amount limit for such client is 25% of total capital, i.e BDT 8,112.00 million as on 31.12.2021.

Year	Large Investment Exposure (in Million)	% of Total Investment
Dec, 2019	8,099.00	3.39
Dec, 2020	12,771.00	4.25
Dec, 2021	12,268.40	3.92

This portion indicates low level of dependency on a single group of borrowers and exposure to comparatively lower risk.

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Managing Director & CEO  
DBH Finance PLC.

### Capital Adequacy

	2022 (Sep)	2021 (Dec)	2020 (Dec)	2019 (Dec)	2018 (Dec)
Regulatory Requirement (%)*	12.50	12.50	12.50	12.50	11.875
Common Equity Tier-I Capital	23,268.99	22,682.47	18,967.25	16,339.95	14,832.37
Tier-II Capital	9,934.86	9,765.48	11,401.65	11,561.85	11,316.63
Total Regulatory Capital	33,203.85	32,447.95	30,368.90	27,901.80	26,111.51
Required Capital*	36,828.74	34,971.89	28,217.58	25,310.74	21,731.37
Capital Surplus	(3,624.89)	(2,523.95)	2,241.32	2,591.06	4,380.15
Capital to Risk Weighted Assets Ratio (CRAR)	11.27	11.60	13.50	13.78	14.27
Tier-I capital to RWA	7.90	8.11	8.43	8.07	8.08
Tier-2 capital to RWA	3.37	3.49	5.07	5.71	6.18

In FY 2021, total equity of SIBL is BDT 32,447.95 million, which has been increased by 6.85% from that of the previous year. This slight increase in equity is mainly attributable to accumulated to statutory reserve, retained earnings and addition of perpetual bond in this period.

All commercial bank needs to fulfill or satisfy the requirement of Basel III guidelines regarding risk based capital adequacy. It has been observed that, though SIBL's has been maintaining surplus capital in all of the four years, the surplus amount has been decreasing since FY 2018. In FY 2021, the bank had reported a surplus capital of BDT 4,470.3 million, which is 43.17% lower than the surplus amount of FY 2021. However, the bank was able to maintain required capital conversion buffer of 2.50% in FY 2021.

Capital adequacy focuses on the total position of bank's capital and it is the protection of depositors and other creditors from the potential tremors of losses that the bank might incur. In FY 2021 Social Islami Bank Limited increased its Tier I capital by 19.59% and it has been observed that there was significant increment in statutory reserve and perpetual bond. However, total risk weighted assets experienced an upgrade of 24.33% in the current year compared to previous financial year, 2020. Even though In the FY 2021 Tier-1 capital decreased to 8.11%, the percentage is still well above the required level 6.00% mentioned by Bangladesh bank.

At the end of 30 September 2022, the bank was unable to maintain the capital adequacy of 12.50% and CRAR stood at 11.27%.

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Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

## Funding &amp; Liquidity

## Fund Management

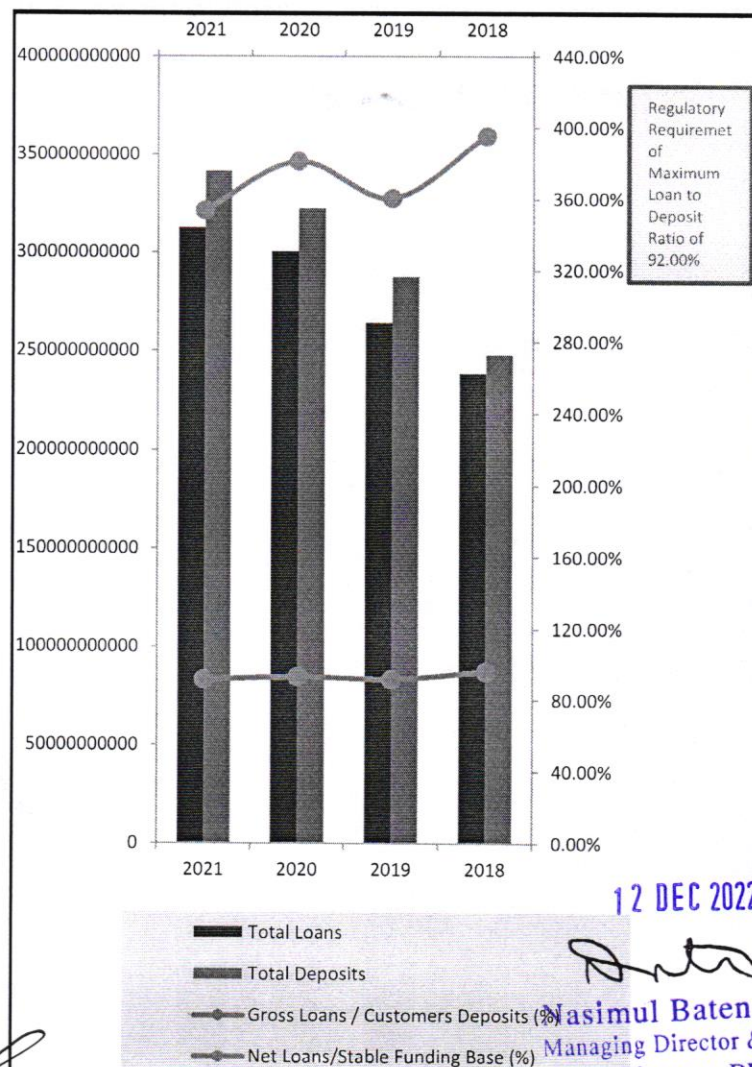
The fund and liquidity management showed that, deposit from customers is the key source of fund for bank. In FY 2021, SIBL has financed almost 83.70% of its total asset through deposits, which is slightly lower than that of last year. At the end of FY 2021, total deposits of SIBL stood at BDT 341,661.06 million, which includes Current & Other deposit Accounts, Bills Payable, Saving Deposits, term deposit and Fixed Deposits. BDT 7,609.79 million increase in other mudaraba deposits and BDT 6,929.92 million increased in current & other deposit accounts are mainly contributable to the growth of deposit.

The relation between investments to customer deposit depends on the structure of the domestic financial system. The lower ratio means that, the bank is not using its deposits to disburse investment to earn profit and the higher ratio means the bank could be in liquidity crisis. To avoid those situations the bank should balance the ratio efficiently. According to directive issued by Central Bank all conventional banks have to maintain their ADR at 92.00%. It is observed that Investment to Deposit Ratio of the bank stood at 91.55% which is lower than the regulatory requirement in FY 2021. On the other hand, at the end of 30 September 2022, investment to deposit ratio of the bank stood at 94.46% which is higher than the regulatory requirement. It states that the bank is exposed to high liquidity risk. The strategy to keep the Investment to Deposit ratio under 92.00% exposes minimal risk to the organization.

Net Investment to Stable Funding base of the bank has been decreased and reached to 353.60% in FY 2021 as the amount of investment has been raised at a lower rate than that of stable funding base. The ratio suggests that the bank is less reliant on short term funding than long term funds.

SIBL's total deposit to total liabilities ratio has been decreased slightly in FY 2021 as other liabilities and shareholder's equity has increased by 6.00% and 6.65% respectively, whereas total deposit has increased by 5.98%.

FYE	2022 (Sep)	2021 (Dec)	2020 (Dec)	2019 (Dec)
Investments / Customers Deposits (%)	94.46	91.55	93.25	91.78
Total Customer Deposit Growth (%)	5.78	5.98	11.96	15.95
Net Investments / Stable Funding Base (%)	-	353.60	381.28	360.36
Net Investments / Customer Deposits (%)	90.71	87.57	89.14	87.61
Deposit & Interbank Liability/ Total Liability &	84.06	83.70	83.74	83.45



12 DEC 2022

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## Liquidity Management

## Liquidity Profile (As on 31 December 2021)

(BDT in millions)	Up to 1 Month	Up to 1-3 Months	Up to 3-12 Months	1-5 Years	Above 5 Years	Total
Assets	63,269.36	77,800.14	142,223.11	80,195.76	44,714.78	408,203.16
Liabilities	61,888.81	76,424.25	139,903.32	72,902.29	37,847.06	388,965.73
Net Excess/(Shortage)	1,380.56	1,375.89	2,319.79	7,293.47	6,867.72	19,237.42

## Liquidity Profile (As on 31 December 2020)

(BDT in millions)	Up to 1 Month	Up to 1-3 Months	Up to 3-12 Months	1-5 Years	Above 5 Years	Total
Assets	66,569.26	70,858.27	134,841.91	75,223.36	37,506.90	384,999.71
Liabilities	65,165.26	69,517.54	132,268.41	67,687.42	32,322.69	366,961.32
Net Excess/(Shortage)	1,404.00	1,340.74	2,573.50	7,535.94	5,184.21	18,038.39

To stand against liquidity pressure banks hold liquid assets as buffer. The liquid assets of SIBL comprises of cash in hand, balance with other banks and financial institutes, investment in shares & securities, investment, fixed assets and other assets. The overall liquidity management of FY 2021 has been improved with Positive Liquidity gap of BDT 19,237.42 million, which has been increased by 6.65% compared to prior year. Liquidity Statement of SIBL reflects that, the bank has maintained positive balance in all buckets in FY 2021, which is same as previous year. The bank has enough asset base to meet the liabilities at any point of time. In maximum cases the deposit in short term gets renewed further at maturity. If SIBL is unable to realize the expected assets on time then the liquidity shortage might occur in short term making it difficult for SIBL to realize the assets. Assets such as investments in Banks and other FI's can be realized on time upon maturity; however, investments are risky assets which need to be followed up on a regular basis despite the maturity time.

According to latest MPD Circular no. 03, dated 09/04/2020, the statutory cash reserve requirement (CRR) on Bank's time and demand liabilities @3.50% on daily basis and @4.00% on Bi-weekly average basis has been calculated and maintained with Bangladesh Bank (BB) in current account and @5.5% statutory liquidity ratio (SLR) on the same liabilities has also been maintained in the form of BD Govt. Islamic Bond including FC (Foreign Currency) balances with Bangladesh Bank used in BDT, Cash in hand, balance with Sonali Bank as agent of BB, balance with Islamic Refinance Fund A/C and daily excess reserve of CRR maintained on a Bi-weekly average requirement. SIBL was able to fulfill all of these requirements and has maintained surplus CRR & SLR of BDT 4,602.37 million (on bi-weekly average basis) and BDT 10,046.03 million respectively. Moreover, the bank was able to maintain surplus CRR & SLR at the end of third quarter of 2022.

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Mohammad Shoeb, FCA  
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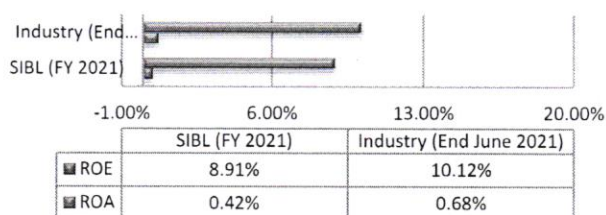
## Earning Trend &amp; Profitability

FY	2022 (Sep)	2021 (Dec)	2020 (Dec)	2019 (Dec)
Net Investment Income (BDT Million)	3,679.07	7,814.41	7,551.47	9,368.87
Non-Investment Income (BDT Million)	4,715.31	2,932.42	2,814.60	2,913.70
Pre-Tax Profit (BDT Million)	2,330.30	2,874.37	3,040.65	3,134.03
Post - Tax ROA (%)	0.28	0.42	0.42	0.47
Post - Tax ROE (%)	5.97	8.91	8.78	9.21
Net Profit Margin (%)	1.06	2.26	2.43	3.19
Cost Income Ratio (%)	62.89	57.88	58.10	48.36
Average Earning Asset (BDT in Millions)	-	345,486.13	310,656.62	293,586.30
Cost of Fund (%)	4.59	7.06	8.86	9.21
Profit Spread (%)	2.29	2.92	3.10	3.63

Data obtained from audited financial statements of FY 2019-2021 & 30 September, 2022

Despite significant fall of Net Investment Income (NII) in FY 2020, the bank was able to generate higher NII in FY 2021. It has reported amounting to BDT 7,814.41 million in FY 2021, which is 3.48% higher than that of FY 2020. However, total investment income has fallen in FY 2021 mainly due to decrease income from Bai-Muazzal, Hire-Purchase, FDBP and investment against Mudaraba Deposit with other Banks and NBFIs. However, the reason behind for NII improvement was mainly because of decreasing profit paid on deposit and borrowing i.e. Mudaraba term deposit & Scheme Deposits & others. In addition of this, average deposit rate in FY 2020 was 5.11% and 4.80% in FY 2021.

On the other hand, SIBL has reported 4.19% of higher non-investment income in FY 2021 compared to last financial year. This raise of non-investment income was mainly attributable to growth in income from investment income & commission, exchange and brokerage income as well as other operating income. At the end of 30 September 2022, non-investment income has also been increased due to increase income from investment in shares and securities and commission exchange and brokerage income. SIBL's Pre-Tax Profit has been decreased by BDT 166.28 million in FY 2021 due to higher operating expenses and provision.



Return on assets is a measure used for evaluating the ability of an entity to generate profit by utilizing its assets whereas return on equity measures profitability as a percentage of the organization's total equity base. It has been observed that ROA remained same over the last two year and ROE has been increased in FY 2021 than that of FY 2020. However, both ROA & ROE in FY 2021 and at the end of 30 September, 2022 were below the industry average of 0.68% and 10.12% respectively.

Net Profit Margin (NIM) is a measure of the difference between the investment income generated by banks and the amount of profit paid out to their lenders (for example, depositors), relative to the amount of their (profit-earning) assets. In FY 2021, SIBL has experienced slightly lower net profit margin than that of FY 2020 and it was lower than industry average of 2.92% as net profit income has increased at a lower rate than average profit earning asset.

The cost of fund is regarded as the profit paid to the depositors added with administrative cost on the financial products offered by SIBL. In FY 2021, the cost of fund has declined to 7.06%, which marks a positive movement as it refers that the SIBL is incurring lower costs to collect and administrate the fund. At the end of 30 September 2022, the cost of fund ratio is stood at 4.59%,

On the other hand, cost-to-income ratio is important for determining the profitability of a bank. The ratio gives clear view of how efficiently the bank is being operated. In FY 2021, this indicator has gone down by 0.22 percentile point, which means that cost efficiency comparing to the level of income generated during this period has increased for the SIBL. However, at the end of 30 September 2022, this ratio was increased to 62.89% compared to FY 2021.

Moreover, SIBL has shown a trend of increasing profit earning assets over the years, which suggests that the chance of increasing profit income. However, the bank should focus on controlling operating expense to improve their net profit.

In FY 2021, SIBL reported profit Spread of 2.92%, which was lower than the industry average of 3.31% which means that SIBL is able to offer competitive profit rate than the industry average and Bank is very cautious about its quality of assets and extending credit to the quality clients without concentrating merely on short term profitability.

12 DEC 2022

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Chief Financial Officer  
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Zafar Alam  
Managing Director & CEO  
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Nasimul Baten  
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12 DEC 2022

## Management & Other Qualitative Factors

### Corporate Governance

Corporate governance broadly refers to the mechanisms, processes and relations by which corporations are controlled and directed. Corporate governance includes the processes through which corporations' objectives are set and pursued in the context of the social, regulatory and market environment. Governance mechanisms include monitoring the actions, policies, practices, and decisions of corporations, their agents, and affected stakeholders. Corporate governance practices are affected by attempts to align the profits of stakeholders.

Social Islami Bank Limited is dedicated to comply with the every standards of corporate governance. According to the compliance report of Bangladesh Bank, SIBL is complied with the guidelines of corporate governance.

### Board of Directors

The Board of SIBL consists of 12 (twelve) members including the Managing Director and 2 independent director. The number of board members is within the limit compiled with the persisting Bank Company Act. The Chairman of the Board and the Managing Director are different individuals. Appointment of new director is made with the consent of all senior directors. The Board handles bank's affairs and helps ensuring smooth operation. Three Statutory Committees namely Executive Committee, Audit Committee and Risk Management Committee of the Board extend co-operation and help the Board to discharge its responsibility. During FY 2021, total 15 board meetings were held.

### Chairman

Chairman of the Board of the Bank is a different person with different roles and responsibilities. The chairman of a bank physically visit any project financed by the bank. He gives directives to investigate any matter of the bank. He usually raises the matter in the executive meeting and as per board decision about the report he then takes necessary action through the managing director of the bank.

### Sub-committee of the Board

In line with Bangladesh Bank Guidelines the Board has following sub-committees. All of them are in operation.

#### i) Executive Committee

The Executive Committee of the board of SIBL consists of 04 (four) members. Chairman of the Board is the convener of the committee. As per Bangladesh Bank guidelines the members of the Executive Committee, as entrusted by the board is responsible for formulating policy, planning strategies and taking important decisions. During FY 2021, total 13 meetings were held by the committee.

#### ii) Audit Committee

The Audit Committee comprises of 03 (three) directors. The convener of the Audit Committee is an Independent Director. The Committee has unrestricted access to all accounts and records to ensure that the bank's activities are conducted properly. During FY 2021, total 06 meetings were held by the committee.

#### iii) Risk Management Committee

The bank has formed a 3 (three) members committee on risk management formally as per requirement of regulatory authority. The committee identify & mitigate the risks exposed to banks regular operation & it's going concern, The committee also develops a risk aware culture within the organization, review & approve risk management strategies, supervise & monitor the capital management, examine market conditions, ensure adequate resources etc. During FY 2021, total 04 meetings were held by the committee.

#### iv) Shariah Supervisory Committee

SIBL has formed a Shari'ah Supervisory Committee (SSC) consisting of 9 (nine) prominent Islamic Scholars. SIBL always tries to follow the teachings of Islam in activities as well as to strengthen the trust of the clients. During the year 2021, total 03 (three) Shariah Supervisory Committee (SSC) Meetings were held.

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Md. Nazmul Ahsan, FCS  
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Mohammad Shueb, FCA  
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Rating Report – SIBL 4<sup>th</sup> Mudaraba Subordinated Bond

12 DEC 2022

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Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

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## Management

Mr. Zafar Alam is the Managing Director of the bank. The management of the Bank is headed by Managing Director who is being assisted by other senior members of the team. The team is responsible for running day to day operation & formulating line of action towards increasing profitability of the Bank. Managing Director takes management decisions and also measures related to unusual or extra-ordinary matters pursuant to special authorization from the Board of Director. The management functions through several committees headed by managing Directors himself.

### Management Committee (MANCOM)

This highest level policy making Committee of the senior members of the management team is headed by the Managing Director & CEO. The senior members of Management including Deputy Managing Director & all divisional heads are its members. The Committee sits regularly and takes decision on issues concerning smooth running of the Bank and ensures proper implementation of those decisions.

### Assets Liability Management Committee (ALCO)

The Assets Liability Management Committee (ALCO) meets regularly on monthly basis & reviews various aspects relating to the Bank's assets quality & liability position. It is the responsibility of the committee to determine price of Assets and Liability products of the Bank in line with the prevailing market and also to enhance profitability.

### Human Resources Management

SIBL continuously takes several initiatives to enhance the level of employee motivation, commitment and productivity. As part of HR development programs during the year 2021, Bank's Training Institute has arranged 3,376 in-house training and 372 training from outside the institute. As on 30.09.2022, SIBL has total 4,007 employees.

## Corporate Social Responsibility

Sustainable development is a state of development that meets the needs of the present without compromising the ability of future generation to meet their own need. As an Islamic Bank, Social Islami Bank Limited is quite conscious of its social responsibility and always trying to participate in social cause of the country. The bank has a dedicated CSR Desk with the aim to serve humanity through different philanthropic activities giving emphasis on health, education, disaster management, rehabilitation, poverty eradication and so on. The bank believes that any kinds of social & philanthropic activities would improve the quality of the lives of the under privileged of the country. SIBL pioneers CSR activities in the country. The extent of its activities ranges from individual distressed people to institutional welfare, SIBL has contributed a sum of BDT 120.53 million.

Sl. No.	Sector	Amount Contributed (BDT in million)
1	Health	52.30
2	Education	4.19
3	Disaster Management	9.78
4	Sports	0.50
5	Eco-friendly social enterprise	53.77
	<b>Total</b>	<b>120.53</b>

12 DEC 2022



Mohammad Shoeb, FCA  
Chief Financial Officer  
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12 DEC 2022

Md. Nazmul Ahsan, FCS  
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Social Islami Bank Ltd  
Head Office, Dhaka

Rating Report – SIBL 4<sup>th</sup> Mudaraba Subordinated Bond

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12 DEC 2022

Zafar Alam  
Managing Director & CEO  
Social Islami Bank Limited  
Head Office, Dhaka.

12 DEC 2022



Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

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**Company Information:****Board of Directors**


Dr. Md. Mahbub ul Alam	Chairman
Belal Ahmed	Vice Chairman
Md. Sayedur Rahman	Vice Chairman
Md. Kamal Uddin	Director
Dr. Md. Jahangir Hossain	Director
Mrs. Jebunnessa Akbar	Director
Ali Hasan Md. Mahmud Ribon	Director
Arshadul Alam	Director
Mahmudul Alam	Director
Professor A J M Shafiul Alam Bhuiyan, PH.D	Independent Director
Professor Mohammed Mizanur Rahman, PH.D	Independent Director
Zafar Alam	Managing Director & CEO

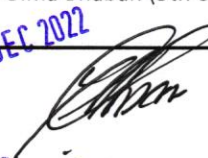
**Shareholders (As on 30 November, 2022)**

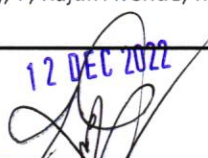
Sponsor/Director, Institute and Foreign	81.38%
General Public	18.62%

**Auditor**

<b>FY 2021</b>	<b>Hoda Vasi Chowdhury &amp; Co</b> Chartered Accountants. Bangladesh Textile Mills Corporation Bhaban, 7-9 Kawran Bazar Rd, Dhaka 1217	<b>Shafiq Basak &amp; Co.</b> Chartered Accountants Shatabdi Centre (6th Floor) 292, Inner Circular Road, Fakirapool, Motijheel, Dhaka
<b>FY 30.09.2022</b>	<b>Khan Wahab Shafique Rahman &amp; Co.</b> Chartered Accountants Rupali Bima Bhaban (5th & 6th Floor), 7, Rajuk Avenue, Motijheel, Dhaka-1000.	

12 DEC 2022  
  
**Mohammad Shoeb, FCA**  
 Chief Financial Officer  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

12 DEC 2022  
  
**Md. Nazmul Ahsan, FCS**  
 Company Secretary  
 Social Islami Bank Ltd.  
 Head Office, Dhaka.

12 DEC 2022  
  
**Zafar Alam**  
 Managing Director & CEO  
 Social Islami Bank Limited  
 Head Office, Dhaka.

12 DEC 2022  
  
**Nasimul Baten**  
 Managing Director & CEO  
 DBH Finance PLC.

**Head Office**

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Social Islami Bank Limited  
City Center, Level: 19-23, 28 and 29  
90/1, Motijheel Commercial Area  
Dhaka-1000  
**SWIFT Code:** SOIVBDDH  
**Phone :** +88-09612001122  
**Email :** info@sibl-bd.com

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12 DEC 2022



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Chief Financial Officer  
Social Islami Bank Ltd.  
Head Office, Dhaka.

12 DEC 2022



Md. Nazmul Ahsan, FCS  
Company Secretary  
Social Islami Bank Ltd  
Head Office, Dhaka

12 DEC 2022



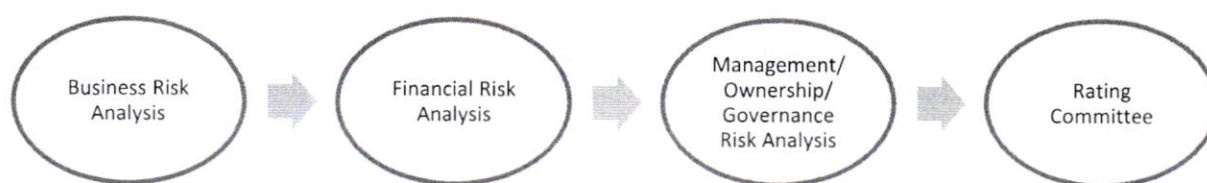
Zafar Alam  
Managing Director & CEO  
Social Islam Bank Limited  
Head Office, Dhaka.

12 DEC 2022



Nasimul Baten  
Managing Director & CEO  
DBH Finance PLC.

## AlphaRating's Research Methodology for Determining Rating of Financial Institutions



Analysis is segmented into two or three sub sectors:

- ▶ Industry Outlook
- ▶ Competitive Position
- ▶ Operational Analysis

Analysis is segmented into four sub sectors:

- ▶ Earnings
- ▶ Cash Flow Generating Ability & Debt Servicing Capacity
- ▶ Capital Adequacy
- ▶ Financial Flexibility

It is one of the key elements of the rating methodology since management decides what businesses to be in, what strategies should be pursued and how these activities should be financed.

Senior personnel review each company to determine the appropriate final credit rating.

- ▶ Review Modeling Assumption
- ▶ Approve Company-Specific Adjustments

Rating Outlook

ST-4	ST-5
ST-1	ST-2
ST-6	ST-3

BB	A	BBB
CC	AAA	D
B	AA	CCC

POSITIVE	Rating may be raised
NEGATIVE	Rating may be lowered
STABLE	Rating is likely to remain unchanged
DEVELOPING	Rating may be raised, lowered or remain unchanged.

ST-1	Superior Capacity	AAA	Exceptionally Strong Capacity
ST-2	Strong Capacity	AA	Very Strong Capacity
ST-3	Adequate Capacity	A	Strong Capacity
ST-4	Inadequate Capacity	BBB	Adequate Capacity
ST-5	High Likelihood of Default, with little Capacity to Address Further Adverse Changes in Financial Circumstances	BB	Some Obvious Weakness in Operating Practices & Key Financial Indicators
ST-6	Payment in Default	B	Fundamental Weakness in Operating Practices & Key Financial Indicators
		C	Several Immediate Problems of a Serious Nature
		D	Requires Sustained External Support without which its Continued Viability is in Doubt

12 DEC 2022

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12 DEC 2022

Notes: Ratings from AA to B may be modified by the addition of a plus (+) or minus (-) suffix to show relative standing within the major rating categories.

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