

# PROSPECTUS

## SOCIAL INVESTMENT BANK LIMITED

### A THREE SECTOR UNIQUE MODEL JOINT VENTURE BANK

#### WORKING TOGETHER FOR A CARING SOCIETY

### A Public Company Limited By Shares

ISSUE OF 60,000 ORDINARY SHARES OF TK. 1000 EACH AT PAR TOTALING TK. 60,000,000 OF WHICH 50,000 SHARES OF TK. 1000 EACH HAVE BEEN SUBSCRIBED BY DIFFERENT PERSONS, INSTITUTIONS AND OTHERS UNDER PRE-IPO PLACEMENT ARRANGEMENT. THE INSTITUTIONS ARE: SOCIAL FUND TRUST, AMONG THE OTHERS 57 PERCENT OF THE TOTAL PLACEMENT AMOUNT HAVE BEEN SUBSCRIBED BY INVESTORS, DIRECTORS RELATIVES OF EXISTING DIRECTORS AND SHAREHOLDERS OF THE COMPANY. AND PUBLIC OFFER OF 10000 ORDINARY SHARES OF TK. 1000 EACH AT PAR TOTALING TK. 10,000,000 IS BEING MADE.

### Subscription

Opens :

Monday, 10 July, 2000

### AUTHORISED CAPITAL

Tk. 1,000,000,000 Divided into 1,000,000 Ordinary Shares of Tk. 1000/- each.

### UNDERWRITTEN BY:

Al-Arafah Islami Bank Limited  
The City Bank Limited  
Export Import Bank Limited  
Bangladesh Industrial Finance Company Ltd.  
Bay Leasing & Investment Company Ltd.  
Satcom Securities and Management Ltd.  
First Securities Services Ltd.

### MANAGER TO THE ISSUE:

SATCOM SECURITIES AND

MANAGEMENT LIMITED

18/1, Bokshi Bazar, (1st-3rd Floor) Dhaka.

### REGISTERED/ HEAD OFFICE

15, Dilkusha C/A

Dhaka-1000.

### Subscription

Closes :

Monday, 24 July, 2000

If you have any query about this document, you may consult your stockbroker or dealer, bank manager, lawyer, professional accountant or other professional advisor

### SOCIAL INVESTMENT BANK LIMITED

15, Dilkusha C/A, Dhaka-1000.

A PUBLIC COMPANY LIMITED BY SHARES

### PROSPECTUS

FOR  
ISSUE OF 60,000 ORDINARY SHARES OF TK. 1000 EACH AT PAR TOTALING TK. 60,000,000 OF WHICH 50,000 SHARES OF TK. 1000 EACH HAVE BEEN SUBSCRIBED BY DIFFERENT PERSONS, INSTITUTIONS AND OTHERS UNDER PRE-IPO PLACEMENT ARRANGEMENT. THE INSTITUTIONS ARE: SOCIAL FUND TRUST, AMONG THE OTHERS 57 PERCENT OF THE TOTAL PLACEMENT AMOUNT HAVE BEEN SUBSCRIBED BY INVESTORS, DIRECTORS RELATIVES OF EXISTING DIRECTORS AND SHAREHOLDERS OF THE COMPANY. AND PUBLIC OFFER OF 10000 ORDINARY SHARES OF TK. 1000 EACH AT PAR TOTALING TK. 10,000,000 IS BEING MADE.

Break up of issue amount are:

Total amount of IPO	Tk. 10,000 Million
Total amount of Pre IPO Placement	Tk. 50,000 Million
Total Public Issue	Tk. 60,000 Million

Break up of Placement:

Social Fund Trust	Tk. 21.30 Million
Directors, relatives, placement holders	Tk. 28.70 Million (Details given on page 35)
Total Placement	Tk. 50,000 Million

UNDERWRITING COMMISSION @ 1.00% ON TK. 10,000,000 AGGREGATING TK. 1,00,00,000

SUBSCRIPTION CLOSES: 10 July, Monday 2000

SUBSCRIPTION OFFENS: 24 July, Monday 2000

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE 1969, AND PUBLIC ISSUE RULES, 1988. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SHARE OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. RESPONSIBILITY FOR WHICH LIES WITH THE ISSUER, ITS DIRECTORS, INVESTMENT ADVISOR, ISSUE MANAGER AND AUDITOR."

IT IS, HOWEVER, THE SECURITIES AND EXCHANGE COMMISSION'S RESPONSIBILITY TO ENSURE THAT FULL AND FAIR DISCLOSURES ARE MADE IN THE PROSPECTUS IN TERMS OF THE PUBLIC ISSUE RULES, 1988, SO THAT THE INVESTORS CAN MAKE INFORMED INVESTMENT DECISIONS."

AL-ARAFAH ISLAMI BANK LIMITED  
THE CITY BANK LIMITED  
EXPORT IMPORT BANK LIMITED  
BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED  
BAY LEASING & INVESTMENT COMPANY LIMITED  
SATCOM SECURITIES AND MANAGEMENT LTD.  
FIRST SECURITIES SERVICES LTD.

DATE OF PUBLICATION OF PROSPECTUS:  
June 27 Tuesday, 2000 in The Daily Star  
MANAGER TO THE ISSUE  
Satcom Securities And Management Limited  
18/1, Bokshi Bazar, (1st & 2nd Floor), Dhaka.

### CONDITION UNDER SECTION 2CC OF SECURITIES AND EXCHANGE ORDINANCE 1969

- The Company shall account for any upward revaluation of its fixed assets creating reserve without clearance from Securities and Exchange Commission.
- Directors from "Sponsor Group" shall be proportionate to their actual shareholding in the paid up capital of the Company. Directors shall be elected from amongst the institutional investors proportionate to their holding of shares. If holding is more than 5% but less than 10% it will have at least one Director in the Board. Representative of the general investors who do not fall under above categories shall elect their Director in the Annual General Meeting proportionate to their share holdings.
- Jumbo Share Certificate of the sponsors/Directors shall be in the custody of a scheduled bank. No splitting of share shall be made without prior intimation to the Commission.
- Private placement of shares shall be subject to a lock-in for one year (excepting mutual fund, portfolio manager and other financial institutions). Shares in private placement if falls under the category of sponsors shall be locked-in for (3) three years.
- Allotment letters shall not be traded and endorsement/renunciation shall not be permissible.
- Share Certificate shall be issued within 90 (ninety) days from the date of subscription.
- The Account of the Company shall be audited within 120 (one hundred twenty) days of the close of the financial year of the Company Annual General Meeting (AGM) shall be held within 6 (six) months from the close of the financial year.
- Dividend if declared shall be payable within 60 (sixty) days of its declaration, failing which interest shall be payable @ 18% from the date of declaration. Dividend provision will also attract under the Securities and Exchange Ordinance 1969. No dividend is proposed by a Company with profit an agenda shall be placed in the Annual General Meeting (AGM) requiring a special resolution.
- If the Company fails to make any profit for two consecutive years, Securities and Exchange Commission (SEC) may appoint Auditors for special audit/the investigation for the affairs of the Company. The Company shall bear the cost of the audit.
- This Prospectus has been prepared by Satcom Securities And Management Limited from information supplied by SOCIAL INVESTMENT BANK LIMITED (the Company) and which is publicly available and also several discussion with Chairman, Managing Director and related executives of the Bank. The Directors of both Social Investment Bank Ltd. and Satcom Securities and Management Ltd. collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading.
- No person is authorised to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company or Satcom Securities And Management Limited.
- The issue as contemplated in this document, is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.
- A copy of this prospectus can be obtained from the Head Office of SOCIAL INVESTMENT BANK LIMITED, the underwriters that are named on the front page of this prospectus and the stock exchanges where the securities will be traded.

### DEFINITIONS

In this Prospectus the following DEFINITIONS apply throughout where the context is abbreviated.

Bank Companies Act	: Bank Companies Act, 1991 (Act No. XIV of 1991)
BB	: Bangladesh Bank
SIBL	: Social Investment Bank Ltd.
The Commission	: Securities and Exchange Commission
Companies Act	: Companies Act, 1994 (Act No. XVIII of 1994)
The Company/Issuer/The Bank	: SOCIAL INVESTMENT BANK LIMITED
CSE	: Chittagong Stock Exchange
DSE	: Dhaka Stock Exchange
RISC	: Registrar, Joint Stock Companies and Firms
NRB	: Non-Resident Bangladeshis
SEC/ the Commission	: Securities and Exchange Commission
IPO	: Initial Public Offer
Shares	: Ordinary Shares of SOCIAL INVESTMENT BANK LIMITED, at par value of Tk. 1000 each.

Head Office of the Company  
Issue of 60,000 Ordinary Shares of SOCIAL INVESTMENT BANK LIMITED of Tk.1000 each at par totaling Tk.60,000,000 of which 50,000 Ordinary Shares of Tk.1000 each at par have been subscribed by local investors under Pre-IPO placement arrangement and Public Offer of 10,000 Ordinary Shares of Tk.1000 at par totaling Tk. 10,000,000 is being made.

### DECLARATION about RESPONSIBILITY OF THE DIRECTORS AND OFFICERS OF THE SOCIAL INVESTMENT BANK LIMITED IN RESPECT OF PROSPECTUS.

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

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make an informed decision for investment.

Sd/-	Sd/-	Sd/-
Prof. Dr. M. A. Mannan	H. E. Dr. Abdullatif Omar Nasheed	H. E. Dr. Hamid Al-Gabid
Chairman	Director	Director
Sd/-	Sd/-	Sd/-
H. E. Ahmed M. Salah Jampoon	Md. Rafiq Alam	Ahmed Sultan Mahmood Chowdhury
Director	Director	Director
Sd/-	Sd/-	Sd/-
Ahmed Mohammed Nazeeruddin	Abdul Aziz Pathan	Abdul Wahid Siddiqui
Director	Director	Director
Sd/-	Sd/-	Sd/-
Ahmed Nazeeruddin	Kamrul Alam	Ahmed Sultan Mahmood Chowdhury
Director	Director	Director
Sd/-	Sd/-	Sd/-
Mohammad Alam	M/S Fountain Pvt. Ltd.	Nargis Mannan
Director	Director	Director
Sd/-	Sd/-	Sd/-

Hamdard Laboratories (Waz) Bangladesh	Major (Retd) Dr. Md. Razul Haque	Md. Aminuddin
Director	Director	Director
Sd/-	Sd/-	Sd/-
Zahra Alam	Sadid Siddiqui	Bangladesh Social Peace Foundation
Director	Director	Director
Sd/-	Sd/-	Sd/-
Md. Humayun Kabir Khan	Munshi Akbaruzzaman	Ahmed Mohammed Alza Hassan
Director	Director	Director
Sd/-	Sd/-	Sd/-
Nor-Aalam Chowdhury	Mohammed Shamsuzzaman	Saydur Rahman
Director	Director	Director
Sd/-	Sd/-	Sd/-
M. M. Nurul Haque	M. Shafiqul Manto	M. Abdur Rahman Chisty
Managing Director	Deputy Managing Director & Secretary to the Board	Executive Vice President
Sd/-	Sd/-	Sd/-
M. A. Mannan	Abdul Moin Shayan	Executive Vice President
Executive Vice President and Chief Financial Officer	Executive Vice President	

DECLARATION ON FILING OF PROSPECTUS WITH THE REGISTRAR, JOINT STOCK COMPANIES  
A dated and signed copy of this prospectus has been filed for registration to the Registrar of Joint Stock Companies and Firms, Bangladesh, as required by Section 138(1) of the Companies Act, 1994 vide RISC's Receipt No. \_\_\_\_\_ dated \_\_\_\_\_.

declaration by the issuer about the approval from securities and Exchange Commission for any material changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Issuer  
Sd/-  
M.M. Nurul Haque  
Managing Director

declaration by the issue manager about the approval from securities and Exchange Commission for any material changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

For Issuer  
Sd/-  
Swadish Rajan Sahu ACA/AICS  
Managing Director

### DUE DILIGENCE CERTIFICATE BY THE ISSUE MANAGER

The Chairman  
Securities and Exchange Commission  
DHAKA  
PUBLIC OFFER OF 10,000 ORDINARY SHARES OF TK. 1000 EACH AT PAR BY SOCIAL INVESTMENT BANK LIMITED  
Dear Sir,

- We the under-noted Issue Manager to the above mentioned forthcoming issue state as follows:
- We, while finalising the draft prospectus pertaining to the said issue, examined various documents and other material as relevant for adequate disclosures to the investor.
  - On the basis of such examination; and the discussions with the Company, its directors and other officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other material furnished by the Company;
- We confirm that:
- the draft prospectus forwarded to the Commission is in conformity with the documents, materials, and papers to the issue;
  - all the legal requirements connected with the said issue have been duly complied with;
  - the disclosures made in the draft prospectus are true, fair, and adequate to enable the investors to make a well informed decision with regard to investment in the proposed issue.

Sd/-  
For Satcom Securities And Management Limited  
Swadish Rajan Sahu ACA, AICS  
Managing Director

### DUE DILIGENCE CERTIFICATE BY THE UNDERWRITERS

The Chairman  
Securities and Exchange Commission  
DHAKA  
PUBLIC OFFER OF 10,000 ORDINARY SHARES OF TK. 1000 EACH AT PAR BY SOCIAL INVESTMENT BANK LIMITED  
Dear Sir,

- We the under-noted underwriter(s) to the above mentioned forthcoming issue state as follows:
- We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant for our underwriting decision.
  - On the basis of such examination; and discussion with the Company, its directors and other officers, and other agencies; and the contents of the documents and other materials furnished by the company; and our underwriting agreement dated 12 March, 2000;

We confirm that:

- all information as are relevant for our underwriting decision has been received by us and that the draft prospectus forwarded to the Commission has been approved by us;
- we shall take up on payment any under-subscribed securities against the above mentioned public issue within fifteen (15) days of calling up thereof by the Issuer;
- this underwriting commitment is unequivocal and irrevocable.

FOR AL-ARAFAH ISLAMI BANK LIMITED  
FOR BANGLADESH INDUSTRIAL FINANCE COMPANY LIMITED  
FOR BAY LEASING & INVESTMENT COMPANY LIMITED  
FOR SATCOM SECURITIES AND MANAGEMENT LTD.  
FOR FIRST SECURITIES SERVICES LTD.

### AVAILABILITY OF PROSPECTUS

The investors or any other person, if they are interested to know more information, can contact the issuer, the issue manager, the underwriters and the Stock Exchanges. The addresses, telephone numbers and the names of appropriate contact persons of the issuer, issue manager, underwriters and Stock Exchanges are given below:

ISSUER : Mr. M. Shahjahan Mantu  
Deputy Managing Director & Company Secretary  
SOCIAL INVESTMENT BANK LIMITED  
Head Office: 15 Dilkusha C/A,  
Dhaka-1000. Phone: 9559014, 9557499

ISSUE MANAGER : Mr. Swadish Rajan Sahu ACA, AICS  
Managing Director  
Satcom Securities And Management Limited  
18/1, Bokshi Bazar, (1st & 2nd Floor)  
Dhaka. Phone: 9664703, 9664703

UNDERWRITERS : 1. Mr. Md. Uddin Ahmed  
Managing Director (Current Charge)  
Al Arafah Islami Bank Ltd.  
Rahman Maner  
161, Motijheel C/A, Dhaka  
Phone: 9566118, 9568599

2. Mr. Md. Mubarak Hossain  
Executive Vice President & Secretary  
Export Import Bank Limited  
Printers Building,  
5 Rajuk Avenue, Dhaka  
Phone: 9566118, 9568599

3. Mr. Md. Khalilur Rahman  
Managing Director  
Bangladesh Industrial Finance Company Ltd.  
15, Dilkusha C/A, (7th Floor), Dhaka  
Phone: 9566118, 9568599

4. Mr. Md. Mubarak Hossain  
Executive Vice President & Secretary  
Export Import Bank Limited  
Printers Building,  
5 Rajuk Avenue, Dhaka  
Phone: 9566118, 9568599

5. Mr. Md. Mubarak Hossain  
Executive Vice President & Secretary  
Export Import Bank Limited  
Printers Building,  
5 Rajuk Avenue, Dhaka  
Phone: 9566118, 9568599

6. Mr. Swadish Rajan Sahu ACA, AICS  
Managing Director  
Satcom Securities & Management Ltd.  
18/1, Bokshi Bazar, Dhaka  
Phone: 9612466, 9664703

7. Mr. Md. Moniruzzaman Chowdhury  
Managing Director  
First Securities Services Ltd.  
15, Dilkusha C/A (7th Floor)  
Dhaka-1000.

8. Mr. Md. Mubarak Hossain  
Executive Vice President & Secretary  
Export Import Bank Limited  
Printers Building,  
5 Rajuk Avenue, Dhaka  
Phone: 9566118, 9568599

Prospectus is also available on the web site (www.secd.org) of the Securities and Exchange Commission (SEC).

### RISK FACTORS

The following situations and circumstances may tell upon the Company's performance.

- Unforeseen situations and circumstances leading to bad investment.
  - Sudden change in socio economic environment.
  - Continued political unrest leading to disruption in banking business.
  - Loans provided to the parties may turn to some extent leading to reduction of profit which may require the Bank to make higher provision. This will result in lower profits.
  - Social Investment Bank Ltd. follows Islamic Shariah in allowing investment. Its investment under mudaraba and musharaka which may carry risk.
  - Contingent Liabilities
  - If contingent liability turn into real liability shown in Balance Sheet as at 31st December, 1999 in such situation net profit will be adversely affected. It will also adversely affect the Cash flow of the Bank.
  - Industry risk
  - Banking sector is particularly nationalised commercial bank have 40% bad loan but in private sector bank this figure is comparatively lower and in SIBL it is only 2.10% at present. In the event if investment turns bad this percentage might go up therefore bear risk.
  - Currency risk
  - SIBL as usual handle foreign exchange business like all other bank which carries exchange risk.
  - If contingent liability turn into real liability shown in Balance Sheet as at 31st December, 1999 in such situation net profit will be adversely affected. It will also adversely affect the Cash flow of the Bank.
  - Regulatory risk
  - In the event of introduction of any new laws/regulations by the regulatory body of the country may lead to risk.
  - Potential changes in global or national policy may pose risk.
- MANAGEMENT PERCEPTION ABOUT RISK  
The Management of Social Investment Bank Limited pursues the policy of designing and maintaining very high quality assets in its portfolio which will reduce the risk of bad investment arising out of unforeseen situations and circumstances. This is manifested by the fact that the percentage of classified loans to total loans of the Bank is 2.10% as against average of 33% in the Private sector banks. Besides, the Bank is a three sector unique model joint venture bank containing formal banking, voluntary sector banking based on Islamic Shariah. The Bank has already introduced completely new and innovative financial products and is in the process of launching other new products. New products will meet diversified need of the clients and thereby expand the base of clientele and strengthen the position of the Bank.
- The Bank could not make profit during the last 4 years due to low turn of business, particularly low volume of deposits and low volume of investment and related business. Those problems have been over and in 1998 we made a net profit of Tk.33.93 crore, last year the profit increased to Tk. 6.16 crore. Eventually, the income of the Bank is increasing over the years and thereby the position of the Bank is getting consolidated. Given the growth trend, there will be minimal any risk that the Bank may face. The initial problems being over, the Bank has now been put on a clear track and we are confident it will be able to continue on its road to progress in the face of national economic and political difficulties. A view of our performance as shown under will support our expectation.

The proceeds will be utilized for expanding our banking business over a period of two years.

### DESCRIPTION OF THE BANK :

The Bank

Social Investment Bank Limited was incorporated on 5th July, 1999, as a result of dedicated efforts of a group of established Bangladeshi entrepreneurs and internationally important personalities like Prof. Dr. M. A. Mannan, a state authority and a pioneer in Islamic Economics, Banking & Finance, H. E. Dr. Hamid Al-Gabid, Ex-Secretary General, Organization of Islamic Conference (OIC) and former Finance and Prime Minister, Niger, H. E. Dr. Abdullatif Omar Nasheed, Deputy Secretary General, Saudi Arabia, ex-Secretary General, World Muslim League and Ex-president, King Abdul Aziz University, Jeddah and H. E. Ahmed M. Salah Jampoon, former Commerce Minister, Saudi Arabia. The bank started commercial operation on 22nd November, 1999 declared interest rate of 16% to its shareholders for the year 1999 and also declared final dividend @ 13.25% for the same year.

### 1. Social Financing Lines of Social Investment Bank: Linking Credit to Social Values and Culture

Targeting poverty, Social Investment Bank Limited is indeed a concept of 21st Century participatory three sector banking model in one: in the formal sector, it works as an Islamic Participatory Commercial Bank with human face approach to credit and banking on the basis of profit and loss sharing; in the non-formal banking with the poor in non-corporate sector dealing with informal finance and credit package that empowers and humanizes real poor family and creates local income opportunities and encourages internal migration; it is a Development Bank intended to monetize the voluntary sector, committed basically to financing development and management of over 1,55,000 Waqf, Mosque properties in Bangladesh as well as Non-Muslim Trust properties. SIBL is indeed committed to implement the principle of participatory economy with human face approach to credit and banking on interest free basis with a view to empowering the family as the basic unit.

### 2. Three Sector Operations of SIBL

In the formal corporate sector, this Bank would, among others, offer the most upto date banking services through opening of various types of deposit and investment accounts, providing trade credit, providing letters of guarantee, opening letters of credit, collection of bills, effecting domestic and international transfer, leasing of equipment and consumer durable, hire purchase and installment sale for capital goods, investment in low-cost housing and management of real estates, participatory investment in various industries, agricultural, industrial, educational and health projects.

In the non-formal non-corporate sector, it would, among others, involve in opening and introducing various savings and micro-credit investment and custom-tailored group programs, designed for small entrepreneurs, marginal farmers, land less laborers, unemployed educated youth/semi-skilled people etc.

In the voluntary/third sector, it would, among others, involve in the development and management of WAQF and MOSQUE properties, management of inheritance properties, joint venture projects for management of Hajj affairs, development and management of non-profit foundations, charitable trusts and organizations, development and management of funds involving welfare of women and non-Muslim minorities and so on.

In addition, SIBL offers special services for the Bangladesh expatriates which include managing their foreign currency accounts, providing education loan, home remittance services, introducing Co-operative Investment Schemes, Foreign Wage Earners' Rehabilitation Scheme etc.

### 3. Linking Micro-credit and Micro-enterprises to Family Empowerment

Credit can transfer power to powerless and help alleviation of poverty. It can reinforce power of the powerful and help concentration and inequitable distribution of income and thus aggravating the poverty. Seen from this perspective, it can empower a family or disintegrate it. The family is basic foundation of human society. The foundation of a family is laid through marriage and the relationship between husband and wife is viewed in Islam as that of garment and its weaver. It is a civil contract, imparting mutual rights and duties. This is true in Christianity also. In Hinduism it is a sacrament. The fact is that the family remains a bedrock of a society. So the management of Micro-credit and Micro-enterprise financing have profound impact on society, involving the family involving the individual in the family, organization and activity within the family and the relationship among family members consisting mainly of husband, wife and children as well as a Macro economic society of the family involving interdependence and transactions between the family and society in which it operates. Because families are linked together with other social structure in extended family, neighborhood, villages, communities, kinship groups, the family performs a vital part of the function essential to the individual and group life.

The following table shows the on-going micro-credit and micro-enterprises program of Social Investment Bank is indeed fundamentally different and deeply rooted in Shariah compared to Non-Banking Financial Institutions and other NGO approaches, operating in Bangladesh.

SIBL Approach	Non-Banking Financial Institutions & NGO Approach
1. Micro-credit for empowering family: ensuring joint liability of wife and husband in case of lending to family, or groups of families without collaterals.	1. Micro-credit for decomposing and eventual disintegration of the family. For example: Grameen Bank's credit empowers women as opposed to men (i.e. over 95% of its clients are women).
2. No ceiling and floor: Micro-credit covers hard core poor also (i.e. street children in the urban areas).	2. Main criterion for membership in many NGOs's disbursing loans is a ceiling on land holding of no more than half an acre and no less real in practice and a floor on the level of income.
3. Credit linked to culture as rooted in Islamic values provisioning for perpetual social capital accumulation.	3. Credit is interest based and not in conformity with Shariah.
4. Credit provisioning on a nominal profit or non-profit basis (i.e. flat rate 0% and public health credit @ 6% per annum. At present formal Banking expected profit/return rate varies from 16% to 18%.	4. Interest rate 25% to 35% for the poor. In many cases defaulters are forced to sell their meagre assets or to go to local money lenders who could charge up to 120% interest.
5. In the event of loss (due to factors beyond control) there is a provision for sharing the loss and Social subsidy out of "Social Fund".	5. There is no such provision of sharing of loss rather there are reports of ruthless force to defaulters.
6. Providing Deposit saving and Investment services and schemes to up scale their operations.	6. This facility is limited in scope and coverage.
7. Assisting Micro - credit/enterprise with provision for credit access to the Formal Banking of SIBL thereby allowing the poor to cross the frontier of Non-formal Banking.	7. Working on the threshold and does not provide credit access to formal Banking.
8. Credit based on Deposits fund and no external grant/loan.	8. 75-100% based on external grant.
9. Recovery of loan about 97% (confirmed by External Auditor).	9. Recovery reported to be 95-97%.
10. Financial Accountability subject to security by Statutory External Auditors and Central Bank.	10. They are not subject to such control.

The above comparative analysis shows that there is a built in provision for vertical social mobility with provisioning for social subsidy.

### 2. Different products under Family Empowerment Micro Credit and Micro Enterprises Program of Social Investment Bank Ltd.

Our Small but well designed family empowerment integrated micro credit and micro enterprises are gaining ground at least for four reasons:  
Firstly, it empowers family as a basic unit of the society and links credit package to culture. Secondly, it involves both men and women, rich and poor in poverty alleviation programs from the grass root level. This is based on assumptions of social class harmony, participatory finance with provisioning for sharing loss and social subsidy.

Thirdly, it makes provision for both horizontal and vertical mobility of successful entrepreneurs with eventual linkage to the market.

Finally, our credit provisioning with a flat rate of 5% profit rate and public health credit of 6% profit rate per annum is certainly attractive over interest rates ranging from 25-35% per annum charged by other by non-banking financial organizations and NGOs operating in Bangladesh. Our approach to poverty alleviation is, therefore, fundamentally different in its depth understanding of the cultural issues and social philosophy.

Currently, SIBL is investing a maximum amount of Tk. 25000/- equivalent to US \$ 500 per family without collateral security under Micro-Credit program as permissible by the central Bank of the country.

It has flexibility in managing the fund, if received. The Bank can make direct investment in Micro credit and Micro Enterprise; it can supervise investment through NGOs or it can undertake such projects on co-financing basis or any other basis mutually agreed.

On-going SIBL's Special Credit Lines for Small Entrepreneurs and Businessmen, Educated Unemployed, Senior Citizens and Quality Health Care Services

The Programs of Social Investment Bank Ltd. cover all sections of the society. At the grassroots village and local level, the Bank's program is directed towards landless laborers, marginal farmers, fishermen, small traders, small and rural industries. This Bank's participatory finance tend to be different both in their form and substance as their motivational properties are fundamentally different. In an important sense, it is also an investment option for the relatively richer section of Bangladesh society. There is a built-in provision in Islam for obligatory transfer of funds from rich to poor.

### 4. Proposed Rural Branch Model for Micro Enterprises (Sabuj Haat) of Social Investment Bank Ltd.

The Proposed Rural Branch for micro enterprises (Sabuj Haat i.e. Village mini mall) of Social Investment Bank Ltd. consisting of a cluster of micro enterprise shops, community center, health care unit attached with a Rural bank branch subject to approval of Bangladesh Bank for instant credit, marketing and non-formal education and training support in one package will provide a powerful "Push and Pull" effect. It will also generate and humanize local economic activities, reduce internal migration and diffuse the benefits of development. It would be a rural struggle of the invisible poor, not covered by the market, for regaining their lost social power. It will provide a local challenge at the same time offer global opportunities.

At the operational level, all three sectors' activities will be mutually interdependent and collectively reinforcing, through Social Fund, Social Assignment Schemes to be linked with Social Entitlements, thereby making all these activities economically, socially and ethically transparent and revealed, once they are operationalized. The operational thrust of these activities will be to develop a New School of Negotiated and New Participatory Economics of 21st Century and beyond.

To the best of our knowledge, this is the only Commercial Bank in this country, which operated on the basis of integrated three sector model: Formal, In-formal and Voluntary sector of the economy. This is the only bank in the country which starts with the very phrase, "Targeting Poverty", while stating its objects in Memorandum of Association for achieving a goal of participatory economy for a caring society. Clearly, this Bank intends to operate much beyond the scope of market economics. Where Market Economy ends, Participatory Economy begins. SIBL is committed to implement the principles of participatory economy with human face approach to credit and banking on interest free basis with a view to empowering the family as the basic social unit.

### Special Features of the Bank :

- The main target of the Bank is to alleviate poverty through operationalising a three sector unique model banking system based on the principles of Shariah.
- The Bank aims at empowering the family as a basic unit of our society and to build a caring society by (a) attaching a human face approach to formal banking, (b) introducing a central banking i.e. banking with the rural and urban poor at the grassroots level and (c) bringing the voluntary activities' sector of Islam i.e. Zakat, Sadaqah, Waqf etc. under the fold of banking operations.
- The Bank aims at operationalising Islamic Banking in its true sense through making social investments based on the principles of sharing profit and loss and other modes of Islamic financing with the objectives of eliminating social discrimination and promoting social peace and harmony.

The Bank has been conducting its affairs strictly in accordance with the Islamic Shariah. A Shariah Council looks after this operational aspect, which comprises of the following members:

- |                                 |          |
|---------------------------------|----------|
| 1. Professor M. Azhar-ud-Din    | Chairman |
| 2. Professor Md. Abdul Hamid    | Member   |
| 3. Masud Abd. Kader, Masud Azad | Member   |
| 4. Mufti Abdur Rahman           | Member   |
| 5. Masud Abd. Kader             | Member   |

### Honorary Foreign Members of International Advisory Council

An International Advisory Council comprising of the following honorary foreign members advises the Bank on policy and operational aspects from time to time:

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|--------------------------------------|--------------|
| 1. H. E. Dr. Hamid Al-Gabid          | Niger        |
| 2. H. E. Dr. Abdullatif Omar Nasheed | Saudi Arabia |
| 3. H. E. Ahmed M. Salah Jamp         |              |