ANNUAL REPORT | 2018

UNFOLDING OPPORTUNITIES

Shahjalal Islami Bank
LIMITED

Committed to Cordial Service

Messages from the

HOLY QUR'AN

Those who take Riba (usury) will not stand (on the day of Resurrection) except like the standing of a person beaten by Shaitan (Satan) leading him to insanity. That is because they say: "Trading is only like Riba (usury)," whereas Allah has permitted trading and forbidden Riba (usury). So, whosoever receives an admonition from his Lord and stops eating Riba (usury) shall not be punished for the past; his case is for Allah (to judge); but, whoever returns [to Riba (usury)], such are the dwellers of the Fire they will abide therein forever.

Surah Al-Baqarah, verse-275

Allah will destroy Riba (usury) and will give increase for Sadaqaat (deeds of charity, alms, etc.) And Allah likes not the disbelievers, sinners.

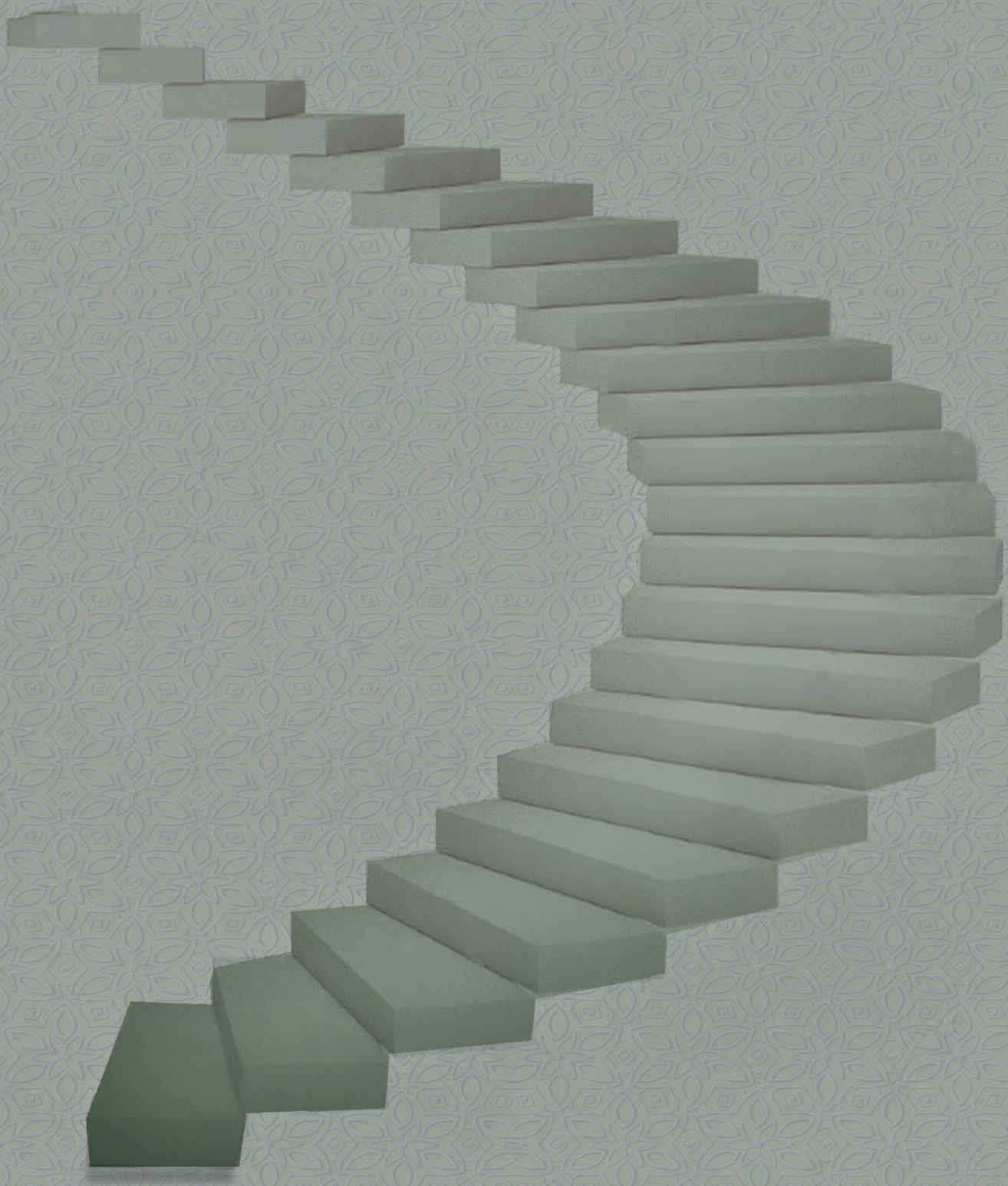
Surah Al-Baqarah, verse-276

O you who believe! Be afraid of Allah and give up what remains (due to you) from Riba [(usury) (from now onward)], if you are (really) believers.

Surah Al-Baqarah, verse-278

And if you do not do it then take a notice of war from Allah and His Messenger; but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums).

Surah Al-Baqarah, verse-279



UNFOLDING OPPORTUNITIES

At Shahjalal Islami Bank Limited, we do not believe one approach works for every business. Instead, we believe in learning about each Customer's goals and challenges to deliver the right solutions that may help you to discover new opportunities along the way. We are offering new customized products that allows us to serve wide range of Customers from different sector. As a modern Islamic Bank, we continually strive to improve our products and delivery systems to meet the needs of our business partners and search diligently for a better way of doing things. Whether it's a faster way to grant you finance or a more personalized and affordable service. We are always grab new business opportunities, unfolding them, breaking them down and coming up with innovative solutions to today's financing challenges. At Shahjalal Islami Bank Limited, we ensure that whatever opportunity arises, we have the tools, skills and eagerness to unfold it for you.

Recognition

LEED GOLD

LEADERSHIP IN ENERGY & ENVIRONMENTAL DESIGN

SHAHJALAL ISLAMI BANK
CORPORATE HEAD OFFICE

Dhaka, Bangladesh

HAS FULFILLED THE REQUIREMENTS OF THE LEED GREEN BUILDING RATING SYSTEM CERTIFICATION ESTABLISHED BY THE U.S. GREEN BUILDING COUNCIL AND VERIFIED BY GREEN BUSINESS CERTIFICATION INC.

LEED 2009
NEW CONSTRUCTION AND MAJOR RENOVATIONS

GOLD

February 2019

Mahesh Ramanujam

MAHESH RAMANUJAM, PRESIDENT & CEO, U.S. GREEN BUILDING COUNCIL,
PRESIDENT & CEO, GREEN BUSINESS CERTIFICATION INC.

'Shahjalal Islami Bank Tower' Corporate Head Office of Shahjalal Islami Bank Limited has fulfilled the requirements of the **LEED Green Building Rating System Certification** established by the U.S. Green Building Council and verified by Green Business Certification Inc.

Letter of Transmittal

All Shareholders, Shahjalal Islami Bank Limited

Bangladesh Bank

Bangladesh Securities & Exchange Commission

Registrar of Joint Stock Companies & Firms

Dhaka Stock Exchange Limited

Chittagong Stock Exchange Limited

National Board of Revenue & other Stakeholders

Dear Sir(s)/Madam(s),

We are pleased to enclose a copy of the Annual Report 2018 of Shahjalal Islami Bank Limited including Audit Report and Audited Financial Statements for the year ended 31 December 2018 along with Notes thereon for your kind information and record.

Thanking you,

Yours Truly,

Sd/-

Md. Abul Bashar

SVP & Company Secretary

بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

Shahjalal Islami Bank Limited

Registered Office: Shahjalal Islami Bank Tower
Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of Shahjalal Islami Bank Limited that the **18th Annual General Meeting** of the Company will be held on **Thursday, the 25th July 2019 at 10.00 a.m. at the RAOWA Convention Hall (HELMET), VIP Road, Mohakhali, Dhaka-1206** to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2018 along with the Auditor's Report and the Directors' Report thereon.
2. To approve Dividend for the year ended 31 December 2018 as recommended by the Board of Directors.
3. To appoint Statutory Auditors for the next term and to fix their remuneration.
4. To appoint Compliance Auditors for compliance certification on Corporate Governance Code and to fix their remuneration.
5. To elect/re-elect Directors.
6. To approve the appointment of Independent Director(s).

Members are requested to kindly make it convenient to attend the AGM in time.

Dated: Dhaka
19 May 2019

By order of the Board of Directors
Sd/-
Md. Abul Bashar
SVP & Company Secretary

Notes:

- The Record Date of the Company has been fixed on Thursday, 30 May 2019. Trading of the Company's Share will remain suspended on the Record Date.
- The Members whose names would appear in the Register of Members and/or Depository Register of the company on the Record Date i.e. 30 May 2019 will be eligible to attend the AGM and entitled to the dividend.
- A Member eligible to attend and vote at the AGM may appoint a proxy to attend and vote on his/her behalf. The instrument appointing a proxy duly signed by the Member with revenue stamped of Tk.20.00 (Taka Twenty) and must be submitted at the Company's Registered Office at least 72 (Seventy two) hours before the AGM.
- The existing Auditors, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, completed their three year's term as Auditors of the Bank are not eligible for re-appointment.
- Election/Re-election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/circulars in force.
- Annual Report 2018, Notice of the AGM, Proxy Form and Attendance Slip will be duly sent in soft form to the shareholders e-mail address available in their BO Accounts maintained with Depository Participants (DP). Soft copy of the Annual Report 2018, Notice of the AGM, Proxy Form and Attendance Slip will be available in the Bank's website: www.sjiblbd.com. Members may also collect the same from the Bank's Registered Office and from the AGM Venue.
- Members are requested to update their BO accounts with detailed information including e-mail address before the Record Date i.e. 30 May 2019 for e-mailing soft copy of the Annual Report 2018, Notice of the AGM, Proxy Form and Attendance Slip.
- No gift or benefit in cash or kind shall be paid/offered to the Hon'ble Members in the AGM, in compliance with the BSEC's Circular No. SEC/CMRRCD/2009-193/154, dated 24 October 2013 and Listing Regulations of Stock Exchanges.

Standard Disclosure Index

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Financial Highlights 2018

Total Capital
Tk. 25,106m
2017: Tk. 19,376m
2016: Tk. 14,386m

Total Assets
Tk. 243,660m
2017: Tk. 207,886m
2016: Tk. 167,245m

Total Deposit
Tk. 176,862m
2017: Tk. 146,348m
2016: Tk. 124,410m

Total Investment
Tk. 186,090m
2017: Tk. 158,668m
2016: Tk. 122,998m

Import Business
Tk. 140,382m
2017: Tk. 129,244m
2016: Tk. 100,419m

Export Business
Tk. 125,402m
2017: Tk. 97,437m
2016: Tk. 84,769m

Cost of Fund
8.31%
2017: 7.83%
2016: 8.08%

Profit Earnings Assets
Tk. 202,397m
2017: Tk. 173,187m
2016: Tk. 138,949m

Classified Investment
6.84%
2017: 3.97%
2016: 4.70%

Capital to Risk Weighted Assets Ratio
14.50%
2017: 12.19%
2016: 11.54%

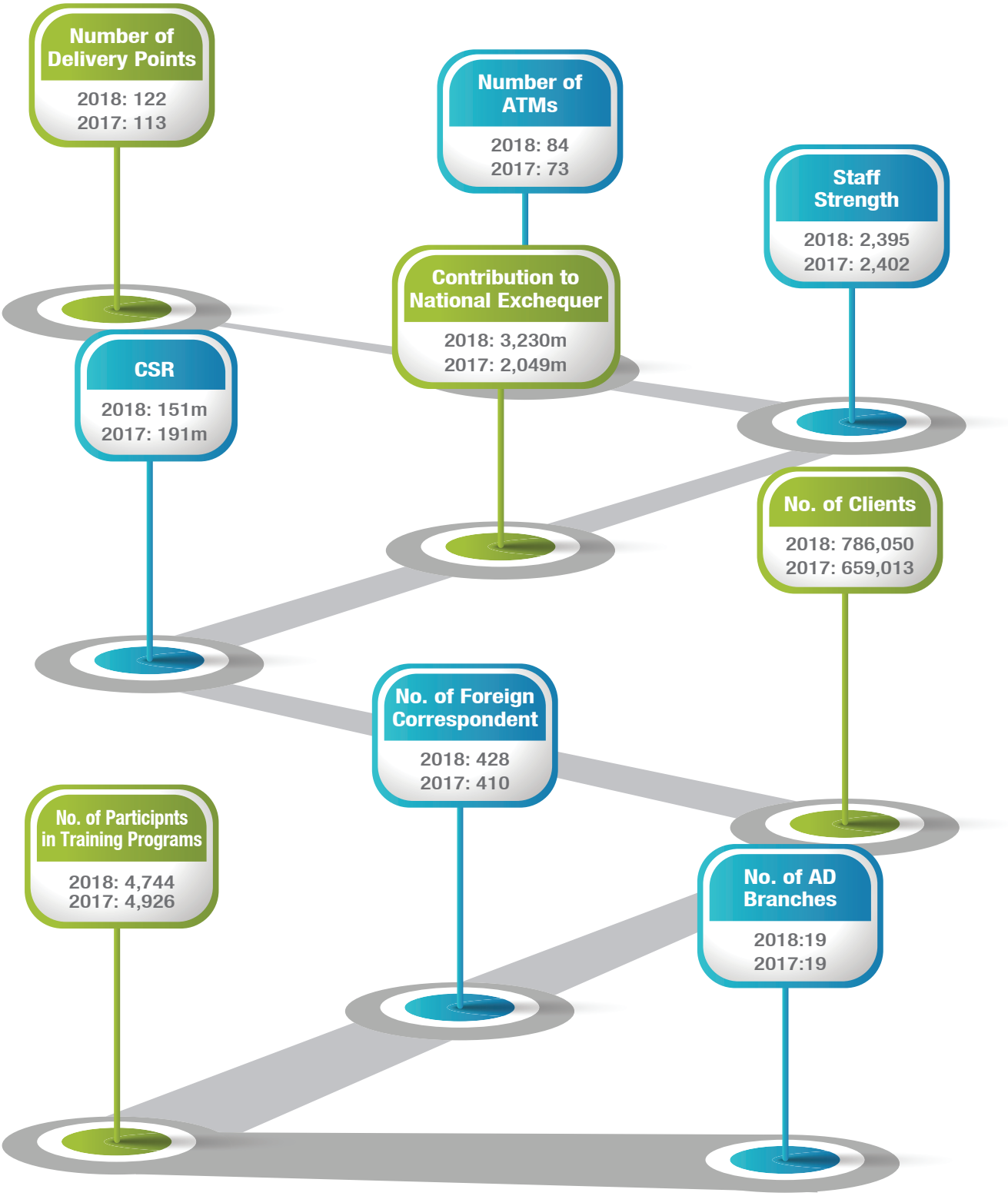
Operating Profit
Tk. 4,576m
2017: Tk. 3,328m
2016: Tk. 2,979m

Profit Before Tax
Tk. 3,165 m
2017: Tk. 2,079m
2016: Tk. 2,306m

Earnings Per Share (EPS)
Tk. 1.73
2017: Tk. 1.41
2016: Tk. 2.02

Net Assets value Per Share (NAV)
Tk. Tk. 17.43
2017: Tk. 15.69
2016: Tk. 16.67

Operating Highlights 2018



Islamic banking-
A form of banking that is
harmonious with
the goodness of humanity on Earth

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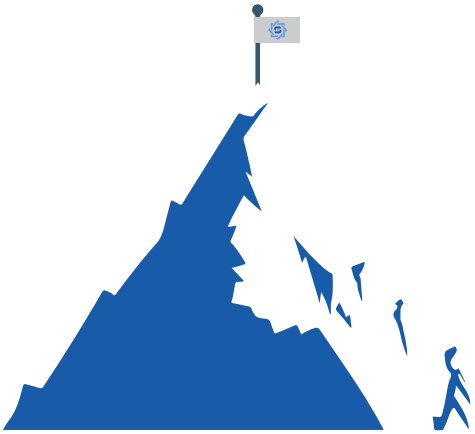


Our Vision

Where we want to be…

Most admirable brand of shariah banking & investment in Bangladesh ensuring sustainable value for all our stakeholders embodied with human development based on morality and ethics.

Our Motto

Ethical bondage to aim…

Cordial Service and Welfare Banking

Our Mission

What we want to achieve…

- Uncompromised quality service and customer care
- Setting high standards of integrity
- Inclusive and innovative banking
- Sustainable value for all stakeholders
- Continuous development of professionals and system upgradation to face the challenges and drive for excellence
- System Automation and digitization adopting the state-of-art technology with full proof security to ensure fast and accurate customer service
- Human Resources Development based on morality and ethics

Our Core Values

- **Unique Bank**
  Our Banking Products are the Benchmark
  Our commitment is to contribute in building and expanding Islamic banking industry

- **Dynamic**
  Progressive and Innovative
  We are constantly moving ahead as we ofer new and technologically advanced products and services

- **Professional**
  Fast, Efficient and Responsive Service
  Our constant strive is to equip the team of professionals to face the challenges and drive for excellence

- **Caring**
  Approachable and Supportive Partner
  We are always attentive to customers' needs & satisfations

- **Trustworthy**
  Dependable and Reliable
  We believe in both way communications and always care and share the views and knowledge with all stakeholders

Our Strategy

Our strategy is to perform towards sustainable growth achievement

Our strategic intent

To be the unique shariah based Bank in Bangladesh

A very caring bank to:

- facilitate trade across the markets
- enable customers of all walks of life to conduct business transactions happily
- provide easy solution of complex business situation
- capture the unbanked population of the country

Our brand promises

DYNAMIC; PROFESSIONAL; CARING AND TRUSTWORTHY

Our commitment to three core pillars:

- people – we believe in long-last relationships and possess great value for the customers and people around us
- progress – the way we conduct ourselves
- prosperity – our passion for sustainable value addition to our all stakeholders

How we deliver: Our Strategic Pillars

Our presence

We have modest presence across the country and want to have an unequivocal focus all over the country with deep local relationships. We are trying to expand our horizon and service network by opening more branches especially in unbanked areas of the country.

Strict Observance of Shariah

We are committed to provide banking services purely based on Shariah.

Diversified deposit and investment product: Emphasis both Wholesale Banking and Retail Banking

We operate as a Bank in diversified areas of banking and always focus on both Wholesale Banking and Retail Banking.

Client relationship rather than a product driven approach

We focus our capabilities around customers' needs, rather than seeking a rapid return on products or building product silos.

Distinctive culture and values

Our unique culture and values are the source of significant advantage.

Conservative and disciplined on risk, capital and liquidity

We regard balance sheet quality as a cornerstone of our business model & strategy. We are more cautious about capital adequacy, liquidity & risk mitigation rather than running after profit only.

Organic growth, the primary driver of our strategy and value creation

We believe that organic growth drives the greatest value creation for our shareholders. Where we cannot grow organically, or cannot do so within a reasonable time frame, we will explore acquisitions that will reinforce our core strategy.

Our delivery

We are committed to Cordial Service and with this commitment we constantly try to pull on sustainable business practices, upholding high standards of corporate governance, social responsibility, environmental protection and human resource development.

Code of Conduct...

Ethical Principles of SJIBL

The Bank has achieved a remarkable reputation since its inception. This reputation is our most important asset, source of inspiration & pride. Bank's continued success depends heavily on all member staffs of SJIBL family doing their best to maintain and enhance our tradition of honesty, integrity, fairness, excellence, respect and concern for others.

The ethical conduct of SJIBL is followed by its directors, officials and all the member staffs from their respective positions. The ethical conduct includes, but not limited to, the following:

1. Adhering to the Shariah and implementing its principles.
2. Maintain honesty and integrity, avoiding actual or apparent conflicts of interest in personal and professional relationships.
3. Provide customers with accurate, complete, objective, relevant, timely, and understandable information.
4. Comply with all applicable rules and regulations of the country.
5. Act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
6. Respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose. Confidential information acquired in the course of one's work will not be used for personal advantage.
7. Share knowledge and maintain skills important and relevant to customer's needs.
8. Proactively promote ethical behavior as a responsible partner among peers, in the work environment and the community.
9. Achieve responsible use of and control over all assets and resources employed or entrusted.
10. Any violation of this Code is strictly dealt with appropriate administrative measures.

Shahjalal Islami Bank
LIMITED
Committed to Cordial Service

Forward Looking Statement

Forward Looking Statement estimates certain conditions & changes that might effect on business based on some factoral assumptions, future plans, strategies & expectations of the Bank. It is not always certain to predict results or the actual effect of future plans or strategies of a business concern. Changes in profit rates; changes in domestic/global economic trend; legislative/regulatory changes; changes in monetary and fiscal policies of the Government including policies of Bangladesh Bank; changes take place in quality or composition of general investment and other investment portfolios; demand for investment products; deposit flows; business competition; demand for financial services in the Company's market area and accounting principles and guidelines are the factors included but not limited to, that might have material effect on operation of Bank's business and subsequent profitability/growth. The coherent risks and uncertainties should be considered while setting of the goals & targets of the Bank. The Bank does not undertake and specifically disclaims any obligation to publicly release the result of any revisions which may be made to any forward looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

The Forward Looking Statement that the Bank recognizes may be as follows:

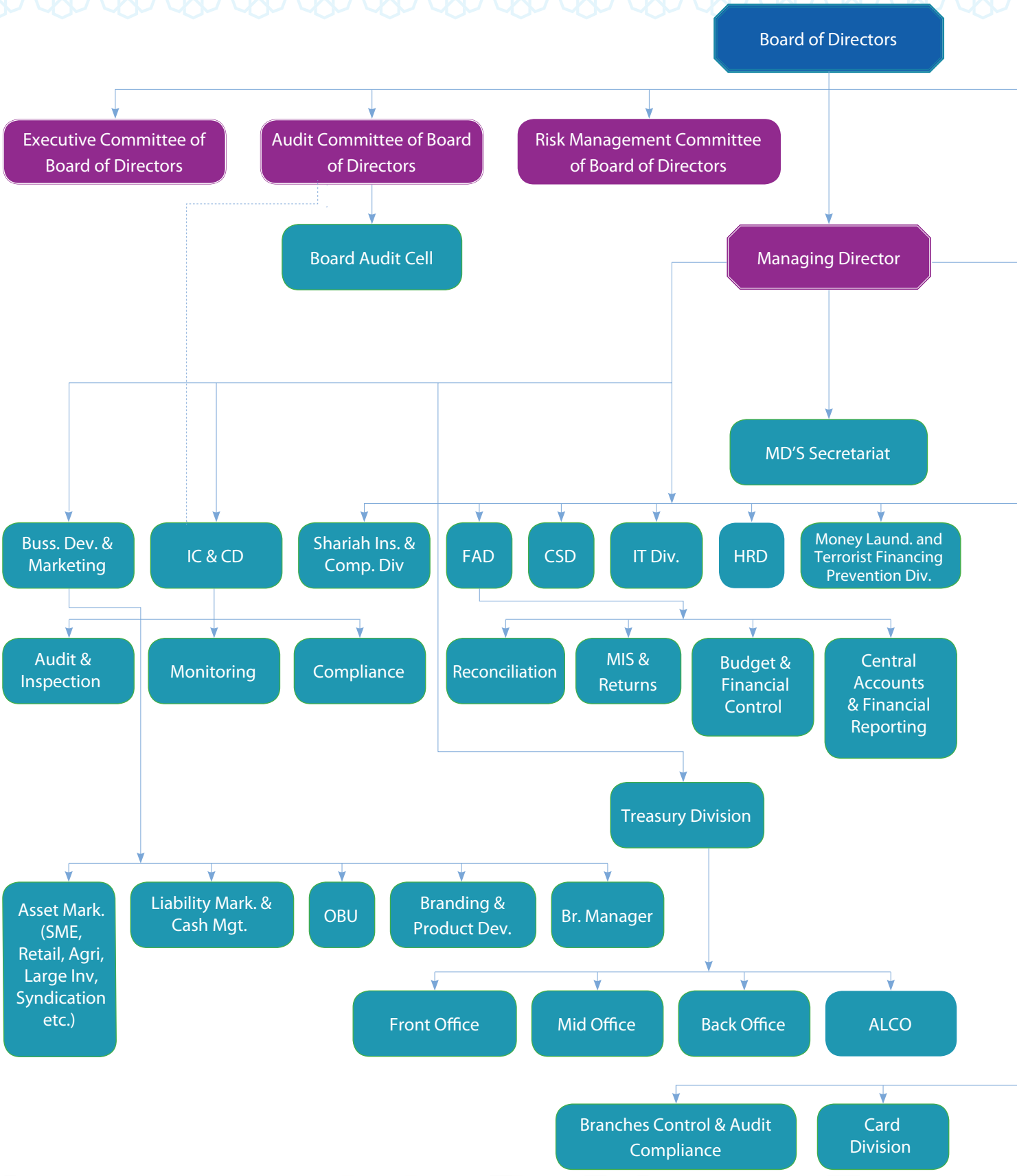
- Adverse credit and capital market conditions may signiicantly affect the ability to meet liquidity needs and increase cost of funding;
- Declining market value of assets could adversely affect the operations or profitability;
- An increase in defaults under our investment portfolio could adversely affect our results of operations, liquidity, capital resources and financial condition;
- There can be no assurance that actions of Bangladesh government and other governmental and regulatory bodies to stabilize financial markets will achieve the intended efect;
- Banking businesses in Bangladesh are highly regulated and we could be adversely affected by changes in regulations and regulatory policy;
- Reputational damage could harm our business and prospects;
- Failure to maintain our credit ratings could adversely affect our cost of funds, liquidity, competitive position and access to capital markets;
- Introduction of compliance issues strictly raised by the international forums likely to affect the export growth;
- Rise in international prices of essentials may resulting to volatility in FX market;
- International embargo/unrest in Middle-East countries may affect remittances and trade;
- We may fail to realise the business growth opportunities, cost savings and other benefits anticipated from, or may incur unanticipated costs associated with the operations & financial condition.

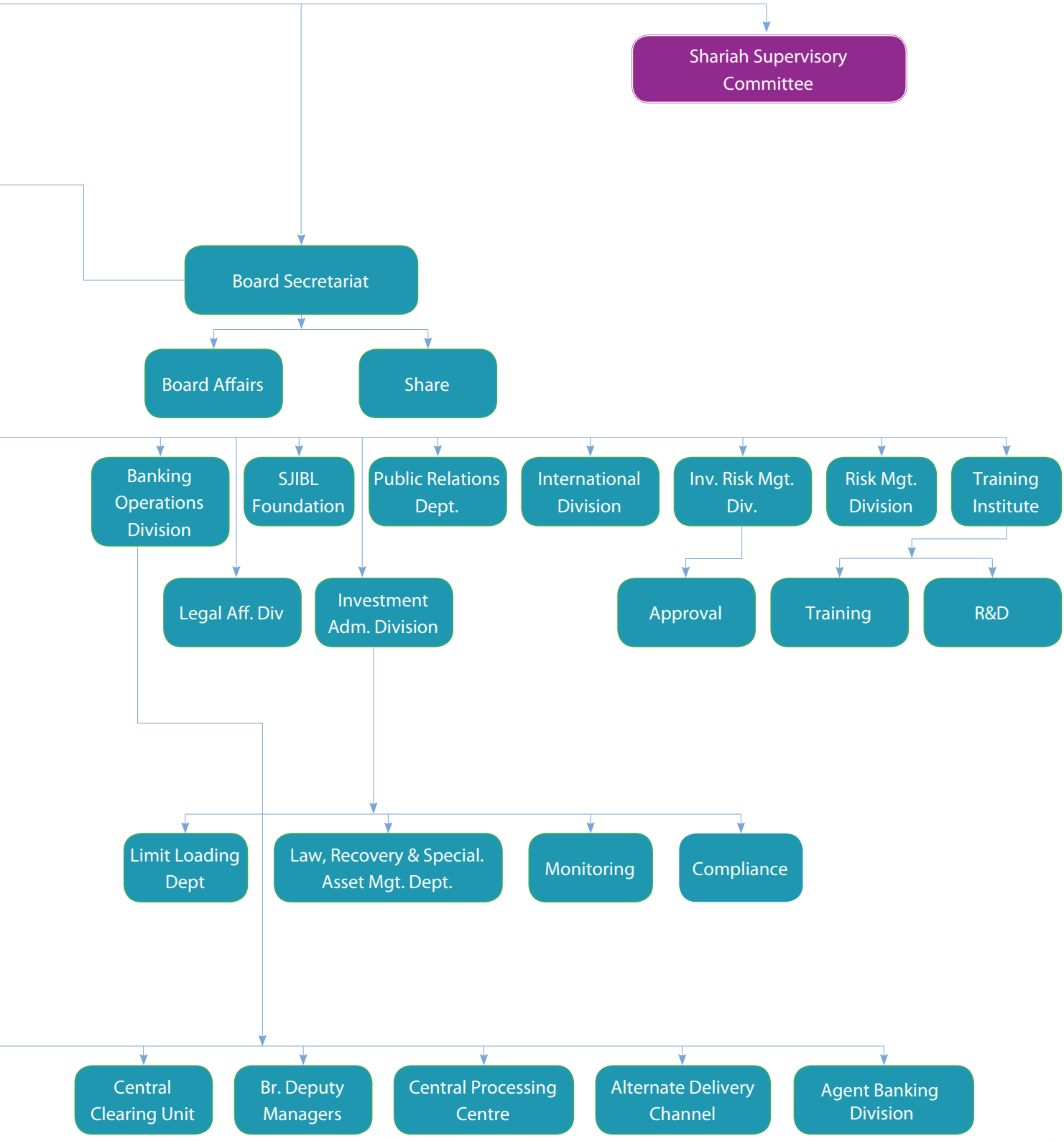
Corporate Information

Name of the Company	:	Shahjalal Islami Bank Limited
Legal Form	:	A public limited company incorporated in Bangladesh on 1st April 2001 under the companies Act 1994 and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Commencement of Business	:	10th May 2001
Registered Office	:	Shahjalal Islami Bank Tower Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212
Telephone No.	:	88-02-9845457 (Hunting)
Fax No.	:	88-02-9847607
Website	:	www.sjiblbd.com
SWIFT	:	SJBLBDDH
E-mail	:	sjiblho@sjiblbd.com
Chairman	:	Akkas Uddin Mollah
Managing Director	:	M Shahidul Islam
Auditors	:	M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants BTMC Bhaban (7th & 8th floor) 7-9 Kawran Bazar Commercial Area, Dhaka-1215 Phone: +880-02-9120090
Tax Advisor	:	M/s. K.M Hasan & Co., Chartered Accountants 87, New Eskaton Road, Dhaka. Phone: +88-02-9351457, 9351564
Credit Rating Agency	:	Credit Rating Agency of Bangladesh Limited D H Tower, 6 Panthapath, Level 15, Dhaka-1215 Phone: 88-02-55013678, 55013681-84
No. of Branches	:	123
No. of ATM Booth	:	87
Subsidiary Company	:	Shahjalal Islami Bank Securities Limited Jiban Bima Bhaban (4th Floor), 10 Dilkusha C/A, Dhaka 1000
Off-Shore banking Unit	:	1
No. of Employees	:	2,395
Authorized Capital	:	Tk. 10,000 million
Paid up Capital	:	Tk. 8,486 million

Shahjalal Islami Bank Tower, Corporate Head Office
Gulshan Avenue, Dhaka-1212

Organogram of Shahjalal Islami Bank Limited




Shariah Supervisory Committee
Board Secretariat
Board Affairs
Share
Banking Operations Division
SJIBL Foundation
Public Relations Dept.
International Division
Inv. Risk Mgt. Div.
Risk Mgt. Division
Training Institute
Legal Aff. Div
Investment Adm. Division
Approval
Training
R&D
Limit Loading Dept
Law, Recovery & Special. Asset Mgt. Dept.
Monitoring
Compliance
Central Clearing Unit
Br. Deputy Managers
Central Processing Centre
Alternate Delivery Channel
Agent Banking Division

Milestones

2001

- Incorporation of the Company
- Obtained License from Bangladesh Bank
- Formal launching & Commencement of Banking Business

2007

- Initial Public Offerings (IPO)
- Enlisted with Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited
- First trading of shares on Dhaka Stock Exchange Limited & Chittagong Stock Exchange Limited
- Launching of 1st ATM

2008

- Opening of Off-shore Banking Unit

2010

- Incorporation and commencement of Subsidiary Company, Shahjalal Islami Bank Securities Limited

2011

- Started operation of Shahjalal Islami Bank Securities Limited

2013

- Full-fledged operation with BankUltimus, the Core Banking Soluation

Milestones

2014

- Construction of Head Office Buiding on own plot started
- Introduction of Central Limit Loading System

2015

- Establishment of full-fledged Shahjalal Islami Bank Training Academy

2016

- 100th Branch Opened at Hat Gopalpur, Jhenaidah

2017

- Bank's Head Office shifted to permanent address at "Shahjalal Islami Bank Tower" (the iconic building of the country)
- Implemented Layer-7 security in our ICT management system & infrastructure to combat cyber threats
- Issued 7 years redeemable 1st Mudaraba Subordinated Bond of BDT 4,000 M.
- Introduced Unique Dress Code for all Executives/Officers in order to maintain the sense of proper attirement and positive appearance

2018

- 'Shahjalal Islami Bank Tower' Corporate Head Office of Shahjalal Islami Bank Limited has fulfilled the requirements of the **LEED Green Building Rating System Certification** established by the U.S. Green Building Council and verified by Green Business Certification Inc.
- Issued 7 years redeemable 2nd Mudaraba Subordinated Bond of BDT 6,000 M.
- Soft Launched of Credit Card

Products and Services

Deposit Schemes
Mudaraba Millionaire Scheme
Mudaraba Monthly Income Scheme
Mudaraba Double/Triple Benefit Scheme
Mudaraba Monthly Deposit Scheme
Mudaraba Hajj Scheme
Mudaraba Cash waqf Deposit Scheme

Deposit Accounts
Al-Wadiah Current Deposit
Mudaraba Savings Deposit
Mudaraba Special Notice Deposit
Mudaraba Term Deposit Receipt
Mudaraba Foreign Currency Deposit
Mudaraba SJIBL School Banking
Mudaraba Money Spinning
Mudaraba Savings Payroll Account

SJIBL Cards
VISA Debit Card
VISA Prepaid Card (Local)
VISA Prepaid Card (International)
VISA Prepaid Card (Dual)
VISA Souvenir Card (Gift Card - Local)

Other Banking Services
ATM Services
Remittance Services
Locker Services
Online Banking
SMS Push-Pull
SWIFT
REUTERS
SJIBL Student File
Evening Banking Services
Internet Banking Services
Utility Bill Payment Services
Priority Banking Services
e-GP Services

Investment Products
Corporate (Mode)
Murabaha
Bai-Muazzal
Hire Purchase under Shirkatul Meelk
Ijara
Bai-Salam
Quard-e-Hasana

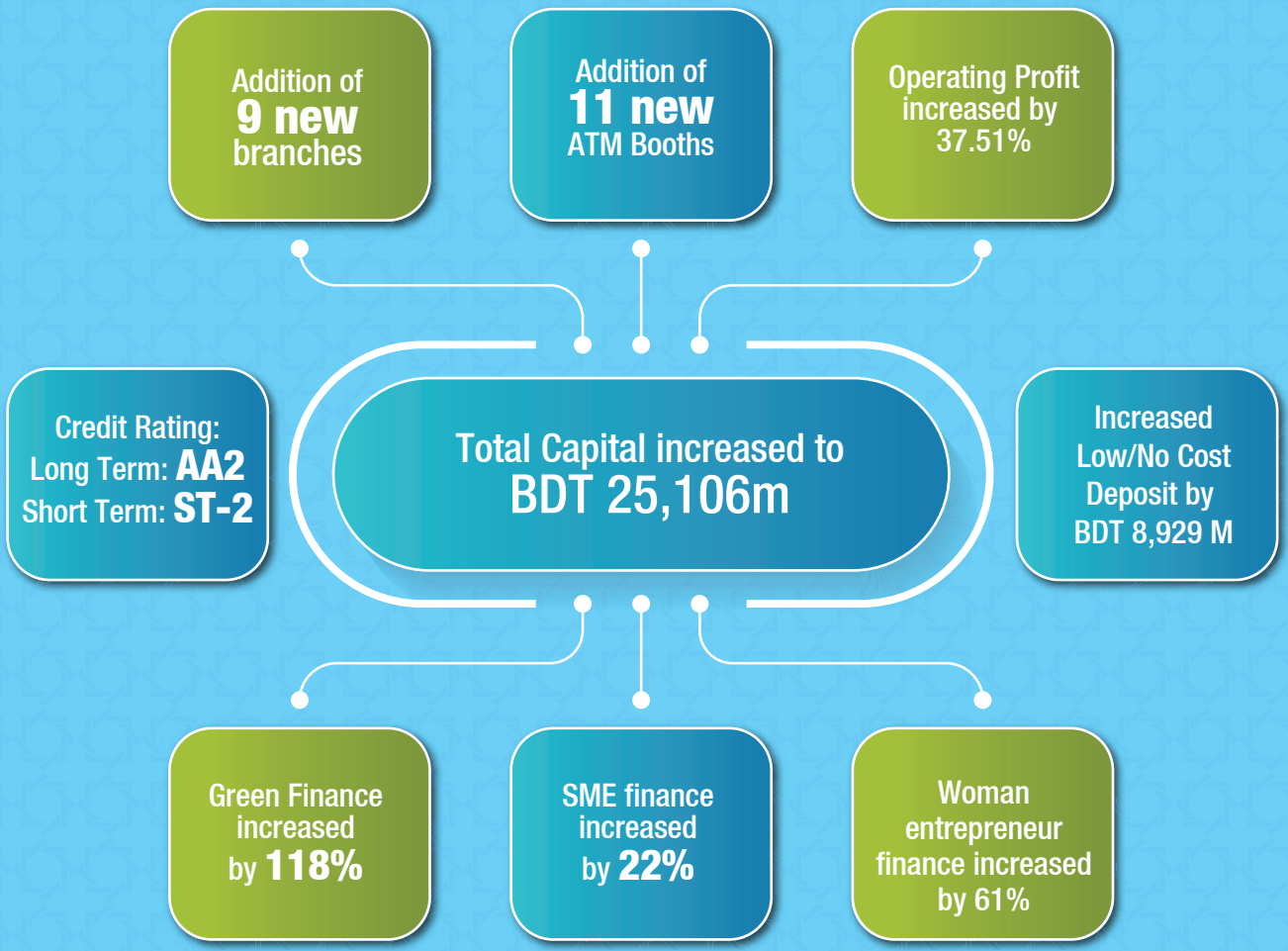
Retail Investment Products
Household Durable Scheme
Housing Investment Programme
Car Investment Scheme
Semi Pucca Housing Investment Scheme
Investment for Self-employment
Investment Scheme for Executives
Investment Scheme for Doctors
Investment Scheme for Marriage
Investment Scheme for Overseas Employment
Investment Scheme for Education

SME Investment Products
Cottage & Micro Enterprise Investment Programme
Small Business Investment Programme
Medium Enterprise Investment Programme
Women Entrepreneur Investment Programme

Agri Investment Programme
Own Network & NGO linkage

Sustainable Investment Products
ETP/Waste Treatment Plant
Solar Panel/Solar Irrigation Pump
Bio Gas/Bio Fertilizer/Vermicompost
Green factory/Green office
Waste paper/plastic recycle plant
Compressed Block Brick/HHK/Tunnel Kiln
LED bulb manufacturing/assembly plant
PET Bottle/Plastic Waste Recycling Plant

Highlights 2018



BOARD OF **DIRECTORS**

Shahjalal Islami Bank
LIMITED
Committed to Cordial Service

Chairman

Akkas Uddin Mollah

Vice Chairmen

Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)
Khandaker Sakib Ahmed

Directors

Dr. Anwer Hossain Khan
Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)
Md. Sanaullah Shahid (Rep. of Electra International Ltd.)
Md. Abdul Barek
Abdul Halim
Mohiuddin Ahmed
Engr. Md. Towhidur Rahman
A. K. Azad
Mohammed Younus
Fakir Akhtaruzzaman
Khorshed Alam Khan (Rep. of Daffodils Trading International)
Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)
Shahan Ara Begum
Tahera Faruque

Independent Directors

Ekramul Hoque
Farida Parvin Nuru

Managing Director & CEO

M Shahidul Islam

BOARD OF DIRECTORS

Sitting from Left to Right:

Mohammed Golam Quddus, Mohiuddin Ahmed, Mohammed Younus, Engr. Md. Towhidur Rahman, Akkas Uddin Mollah, Dr. Anwer Hossain Khan, Fakir Akhtaruzzaman and Abdul Halim

Standing from Left to Right:

Md. Harun Miah, Khandaker Sakib Ahmed, M Shahidul Islam, Md. Moshiur Rahman Chamak, Khorshed Alam Khan, Md. Sanaullah Shahid and Company Secretary Md. Abul Bashar

Directors not seen in the photo:

Md. Abdul Barek, A. K. Azad, Shahan Ara Begum, Tahera Faruque, Ekramul Hoque and Farida Parvin Nuru.

DIRECTORS' PROFILE

Akkas Uddin Mollah
Chairman

Mr. Akkas Uddin Mollah is one of the Sponsors of Shahjalal Islami Bank Ltd. Presently, he is the Chairman of the Board of Directors of the Bank. He has long and creditable business experience for more than three decades and established himself as a prominent figure of RMG Manufacturing & exporting sector.

Mr. Mollah is the Chairman and Managing Director of Russel Spinning Mills Limited, PNR Industries Ltd., Tania Cotton Mills Ltd., Russel Garments, Russel Apperals, Russel Washing Plant, Ekram Sweaters Limited and Goodman Pharmaceuticals Ltd. He is also the Director of Shahjalal Islami Bank Securities Ltd.

In addition to his success in trade and business, Mr. Mollah is immensely reputed for his contribution in the field of education and health services. He is the Founder of Osmania Madrasa and Osmania Memorial Hospital.

Mr. Mollah has also affiliation with different trade bodies and social organizations. Presently he is a member of BGMEA and BTMEA. He is also a member of Narayangonj Club.

His pleasant personality and amiable disposition is commendable.

Mohammed Golam Quddus
Vice Chairman

Mr. Mohammed Golam Quddus is the Representative Director of Anwer Khan Modern Hospital Ltd. Presently, he is the Vice Chairman of the Board of Directors of the Bank. He has completed Masters in Economics from the University of Dhaka.

Mr. Quddus started his career as Assistant Commissioner at the Ministry of Public Administration of the Government of People's Republic of Bangladesh in 1983 and has extensive contribution to the administration sector of our country.

He served as Secretary to the Government under the various Ministries and as a Member at Privatization Commission from 25-01-2011 to 31-12-2014. Moreover, he worked as Joint Secretary, Additional Secretary, Additional Divisional Commissioner and Additional Deputy Commissioner etc. He retired from his service on 01-01-2015.

Mr. Quddus is widely experienced in general administration, office management, hospital management, field management & crisis management etc.

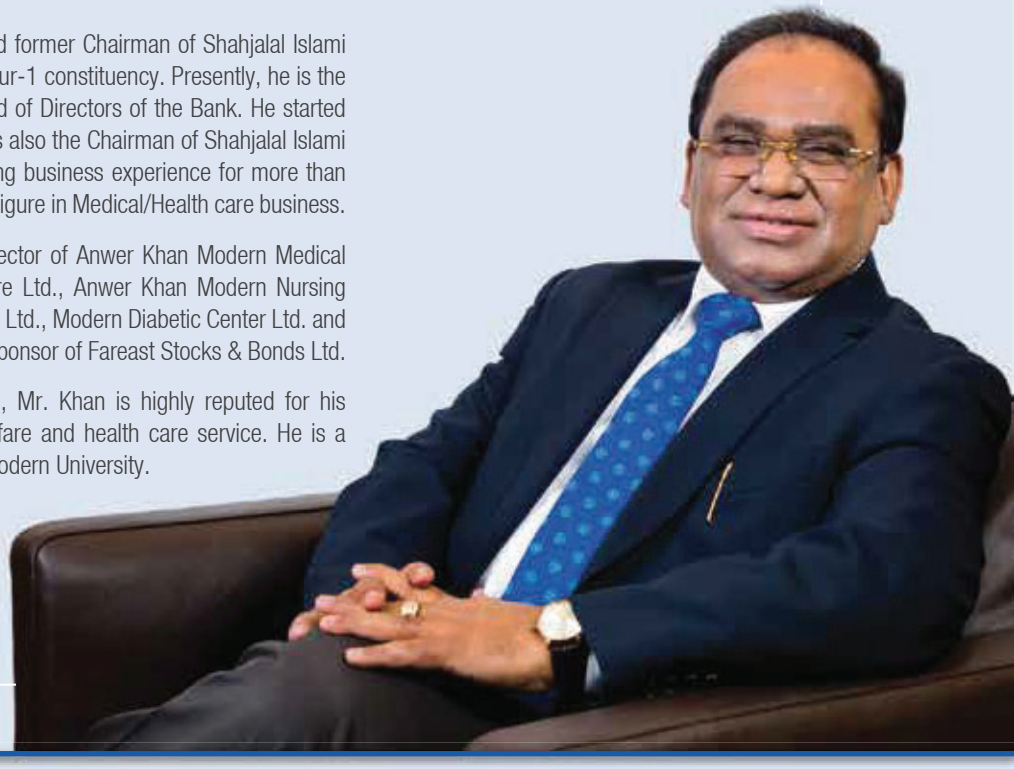
Khandaker Sakib Ahmed
Vice Chairman

Mr. Khandaker Sakib Ahmed is one of the Sponsors of Shahjalal Islami Bank Ltd. Presently, he is the Vice Chairman of the Board of Directors of the Bank. He started business after completion of his MBA Degree. He has long and creditable business experience for more than one decade.

Mr. Sakib is the proprietor of Khandaker Poultry & Fisheries. He is also one of the Directors of Al-Arafah Islami Bank Securities Ltd. and sponsors of Shahjalal Islami Bank Securities Limited. By dint of his talent, diligent and amiable personality he is emerging as an eminent business figure.

He has traveled different parts of the world in connection with business.

Dr. Anwer Hossain Khan
Director



Mr. Anwer Hossain Khan, one of the sponsors and former Chairman of Shahjalal Islami Bank Ltd., is a Member of Parliament from Laxmipur-1 constituency. Presently, he is the Chairman of the Executive Committee of the Board of Directors of the Bank. He started business after completion of M.Com. Degree. He is also the Chairman of Shahjalal Islami Bank Securities Ltd. He has a long and outstanding business experience for more than two decades and emerged himself as a prominent figure in Medical/Health care business.

Mr. Khan is also the Chairman and Managing Director of Anwer Khan Modern Medical College & Hospital Ltd., Modern Diagnostic Centre Ltd., Anwer Khan Modern Nursing College, Hazi Sakawat Anwara Modern Eye Hospital Ltd., Modern Diabetic Center Ltd. and Chairman of Takaful Islamic Insurance Ltd. and a Sponsor of Fareast Stocks & Bonds Ltd.

In addition to his success in trade and business, Mr. Khan is highly reputed for his contribution to the fields of education, social welfare and health care service. He is a Chairman of the Governing Body of Anwer Khan Modern University.

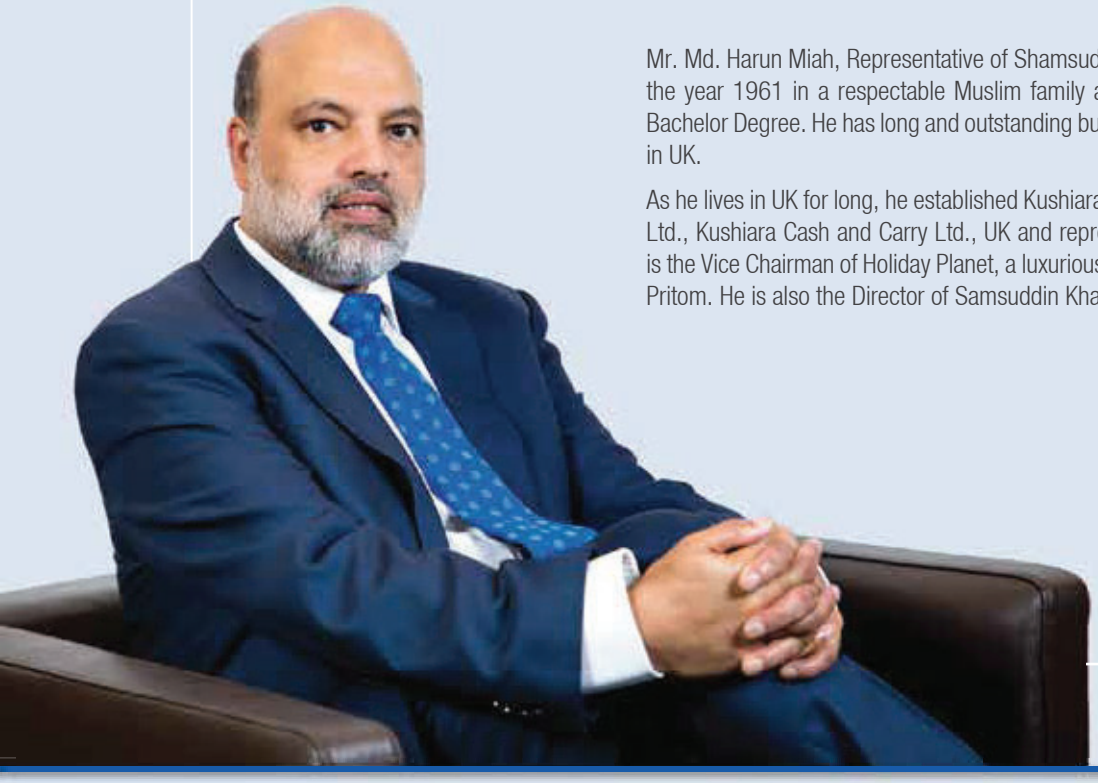
Md. Sanaullah Shahid
Director

Mr. Md. Sanaullah Shahid, Representative of Electra International Ltd., started business after completion of Bachelor Degree. He is the Vice Chairman of Shahjalal Islami Bank Securities Ltd.

Mr. Sanaullah has long and creditable business experience for more than two decades. He is the Chairman of Electra International Ltd, Director of Electra Consumer Electronics Ltd. and Federal Securities & Investment Ltd. He is also a Partner of Kashmir Chemical Co., Sazawa Brothers and Electra Furniture.

He is a man of pleasant personality and amiable disposition. He has traveled different parts of the world in connection with business.

Md. Harun Miah
Director



Mr. Md. Harun Miah, Representative of Shamsuddin Khan & Harun Miah Ltd., was born in the year 1961 in a respectable Muslim family and started business after completion of Bachelor Degree. He has long and outstanding business experience for more than 25 years in UK.

As he lives in UK for long, he established Kushiara Travels Ltd., Kushiara Financial Services Ltd., Kushiara Cash and Carry Ltd., UK and representing those as Managing Director. He is the Vice Chairman of Holiday Planet, a luxurious guest house situated in Dhaka and Hotel Pritom. He is also the Director of Samsuddin Khan & Harun Miah Ltd. (UK).

Md. Abdul Barek
Director

Mr. Md. Abdul Barek, one of the sponsors of Shahjalal Islami Bank Ltd., was born in the year 1960 in a respectable Muslim family and started business after completion of his education.

Mr. Barek has long and creditable business experience for more than three decades. He is the Proprietor of Arju Electronics, Jony Electronics and Rony Electronics. At Present, he is the Vice Chairman of Shahjalal Islami Bank Securities Ltd. He is also a member of FBCCI.

He is a man of pleasant personality and amiable disposition. He has traveled different parts of the world in connection with business.

Abdul Halim
Director

Mr. Abdul Halim, was born in the year 1948 in a respectable Muslim family and started business after completion of his education.

Mr. Halim is one of the sponsors and Director of the Bank and he is also a sponsor of Shahjalal Islami Bank Securities Ltd. He has long and successful business experience for more than three decades.

Mr. Halim is also the Chairman of Halim Group, Excellent Ceramic Industries Ltd. and Excellent Motors Ltd. He is also the Proprietor of Abdul Halim & Brothers and one of the sponsors of Islami Insurance Bangladesh Ltd.

He is a man of pleasant personality and amiable disposition. He has traveled different parts of the world in connection with business.

Mohiuddin Ahmed
Director

Mr. Mohiuddin Ahmed was born in the year 1955 in a respectable Muslim family and started business after completion of his education.

Mr. Ahmed is one of the Sponsors and Director of Shahjalal Islami Bank Ltd. He has long and successful business experience for more than two decades. He is the proprietor of Rupsha Trading Corporation, Mohiuddin Auto House and Pacific Automobile and a sponsor of Shahjalal Islami Bank Securities Ltd.

He is also a Director of Bangladesh Chamber of Industries (BCI).

He is a man of pleasant personality and amiable disposition. He has traveled different parts of the world in connection with business.

Engr. Md. Towhidur Rahman
Director

Engr. Md. Towhidur Rahman, one of the sponsors of Shahjalal Islami Bank Ltd., started business after completion of B.Sc. Engineering Degree from Europe. Mr. Rahman, Former Chairman of the Bank, has long and outstanding business experience for more than three decades and established himself as an icon of Sea Food business.

He is the Chairman and Managing Director of Fresh Foods Ltd. (one of the largest sea food exporters of the country), Sea Fresh Ltd., Libas Textiles Ltd, Fresh Knitwear Ltd, Fresh Properties Ltd. and Hettich Bangladesh Ltd. (a joint venture company with Germany). He is also the Chairman of Shahjalal Islami Bank Foundation and Director of Shahjalal Islami Bank Securities Ltd.

He has been awarded with National Export Trophy (Gold, Silver) several times and also selected as C.I.P. by the Government of Bangladesh for the last 15 years for his contribution to national economy.

In addition to his success in trade and business, he is immensely reputed for his contribution in the field of education. He is the founder Chairman of Alhaj Jalaluddin College and Chairman of Dhulasar High School. He has also been awarded with Mother Terresa Gold Medal and other awards for his contribution in social activities of the country.

A. K. Azad
Director

Mr. A. K. Azad, one of the sponsors and former Chairman of Shahjalal Islami Bank Ltd., completed his B.Sc. Honors in Applied Physics from University of Dhaka. After completion of graduation he got involved with business.

He is one of those who have been playing a pivotal role to make an industrialized Bangladesh. A very energetic and sincere industrialist, Mr. Azad is the Managing Director of Ha-Meem Group of Companies, one of the leading business conglomerates of the country. Under the dynamic leadership of Mr. A.K. Azad, this group has been contributing significantly in a bid to expand RMG sector to a great extent. This Group has a vast contribution behind the economic growth of Bangladesh. He is also one of the sponsors of Shahjalal Islami Bank Securities Ltd.

Mr. Azad has affiliation with different trade bodies and social organizations. He is the Former President of FBCCI & Bangladesh Chamber of Industries (BCI). At present, he is the President of Dhaka University Alumni Association.

Alongside trade, commerce and industry, Mr. Azad is also involved in print & electronic media. He is the founder and publisher of the Daily Samakal, a leading Bengali daily newspaper of the country. He is also founder of Channel 24, a popular TV Channel of the country. His contribution in education sector is also commendable.

Mr. Azad is a man of pleasant personality and amiable disposition. He has been honored by many socio-cultural organizations for his philanthropic activities and outstanding contributions to the growth of the national economy of the country.

Mohammed Younus
Director

Mr. Mohammed Younus is one of the sponsors and Chairman of the Risk Management Committee of Shahjalal Islami Bank Ltd. He started business after completion of his education.

Mr. Younus has long and creditable business experience for about three decades. He is the Managing Director of Younus Group which is a well-known and fast growing conglomerate in the industrial arena of Bangladesh. The group has been operating at present with 30 business units.

He is also engaged in a online newspaper Sonalinews.com. He is a Director of Shahjalal Islami Bank Securities Ltd. and sponsor of Express Insurance Ltd.

In addition to his success in trade and business, Mr. Younus is immensely reputed for his contribution to the field of education. He is a member of the board of Trustee of Fareast International University and Wordbridge School. He is the Managing Director of Galaxy Flying Academy Ltd.

He is a man of pleasant personality and amiable disposition. He has also traveled different parts of the world in connection with business.

Fakir Akhtaruzzaman
Director

Mr. Fakir Akhtaruzzaman was born in the year 1956 in a respectable Muslim family and started business after completion of his education.

Mr. Akhtaruzzaman is a Director and Vice Chairman of the Executive Committee of the Board of Directors of Shahjalal Islami Bank Ltd. He has long and creditable business experience for more than three decades and established himself as an icon of Knit Garments industries.

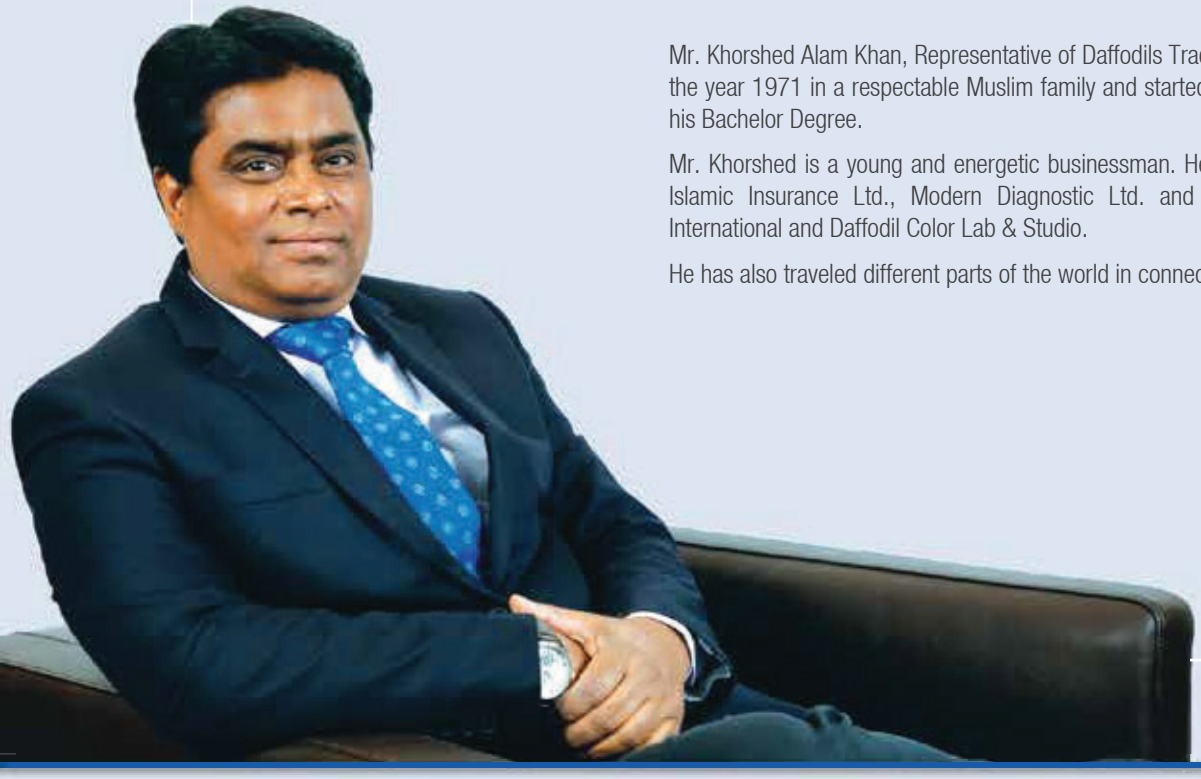
He is the Managing Director of Fakir Knitwear's Limited which is an export oriented Knit Composite Factory. He has been awarded with National Export Trophy (Gold, Silver) several times and also selected as C.I.P. by the Government of Bangladesh for his contribution to national economy.

In addition to the success in trade and business, Mr. Akhtaruzzaman is immensely reputed for his contribution to the field of education. He is the Founder of Shaheb Ali High School, Begum Anowara College and Madrasa Darul Hadih Salafih at Araihazar of the Narayanganj District.

Mr. Akhtaruzzaman has also affiliation with different trade bodies and social organizations. Presently he is the member of BGMEA and BTMEA. He is also a member of Narayangonj Club.

He has also traveled different parts of the world in connection with business.

Khorshed Alam Khan
Director



Mr. Khorshed Alam Khan, Representative of Daffodils Trading International, was born in the year 1971 in a respectable Muslim family and started business after completion of his Bachelor Degree.

Mr. Khorshed is a young and energetic businessman. He is also a Director of Takaful Islamic Insurance Ltd., Modern Diagnostic Ltd. and owner of Daffodils Trading International and Daffodil Color Lab & Studio.

He has also traveled different parts of the world in connection with business.

Md. Moshiur Rahman Chamak
Director

Mr. Md. Moshiur Rahman Chamak, Representative of Fresh Export Import Ltd., was born in the year 1989 in a respectable Muslim family and started business after completion of his MBA Degree.

Mr. Chamak is a very young and energetic business entrepreneur of the country. He is the Managing Director of Fresh Export Import Ltd. and Director of Libas Textile Ltd., Fresh Knitwear Ltd., Moshiur Infrastructure Ltd. and Sponsor of Takaful Islami Insurance Ltd. By dint of his talent, diligent and affable personality he is emerging as an eminent business figure.

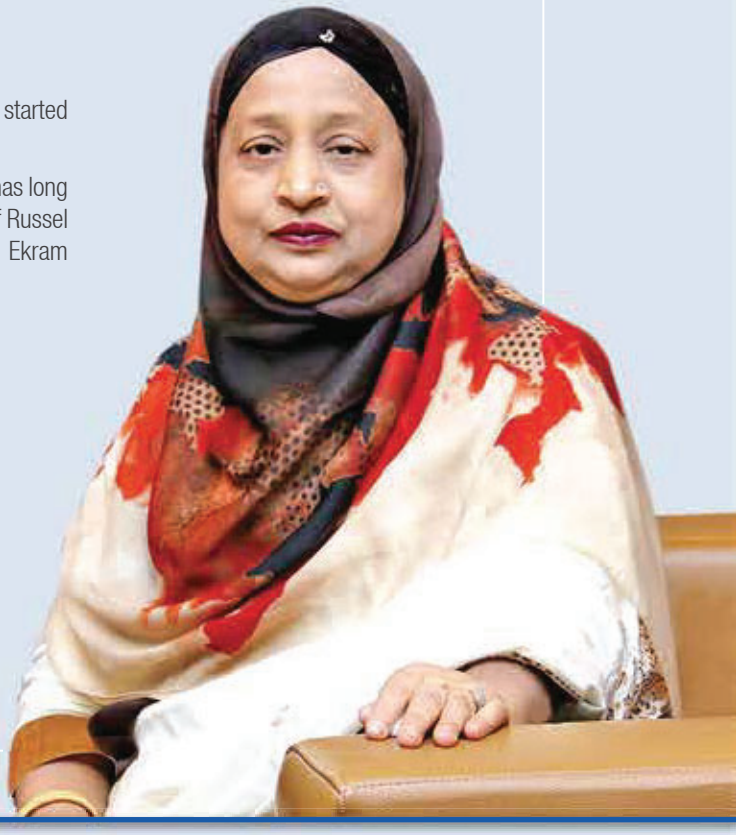
He has also traveled different parts of the world in connection with business.

Shahan Ara Begum
Director

Mrs. Shahan Ara Begum was born in 1962 in a respectable Muslim family and started business after her Marriage.

Mrs. Shahan Ara became the Director of the Bank on 12th February, 2018. She has long and creditable business experience for more than 19 years. She is the Director of Russel Spinning Mills Limited, PNR Industries Limited, Tania Cotton Mills Limited, Ekram Sweaters Limited & Goodman Pharmaceuticals Limited.

She has traveled different parts of the world in connection with business.



Tahera Faruque
Director

Mrs. Tahera Faruque was born in the year 1960 in a respectable Muslim family and started business after completion of her education.

Mrs. Faruque is the Director of the Bank and she has long and successful business experience for more than 15 years in the UK.

She is the Director of Star of India Restaurant and Partner of F&T Property Management Company of the UK. She is also one of the Sponsors of Shahjalal Islami Bank Securities Ltd.

Ekramul Hoque
Independent Director

Mr. Ekramul Hoque, having brilliant academic and banking background, has joined in our bank as Independent Director. He hails from a respectable muslim family of Noakhali and got MA degree in Economics from the University of Dhaka. He also got DAIBB degree from IBB and won Rupali Bank's prize for standing First in Finance of Foreign Trade and Foreign Exchange subject. He was a guest speaker at BIBM for consecutive 03 years.

Mr. Ekram has contributed a lot for the banking sector and economy of our beloved country. At the final stage of his 43 years professional career, he was the Managing Director of Al-Arafah Islami Bank Ltd. from 2010 to 2013 and he succeeded to bring out AIBL from the problem Bank area to normal banking channel in 2012 by providing most dynamic leadership there.

He had golden touch in Uttara Bank Ltd., NBL and EXIM Bank also. After attainment of 65 years age he retired from banking services.

Farida Parvin Nuru
Independent Director

Mrs. Farida Parvin Nuru was born in the year 1967 in a respectable Muslim family and started business after completion of Masters Degree.

Mrs. Nuru is the Independent Director of the Bank, in her second term, since October 30, 2016 and has long and successful business experience for more than 16 years in the UK.

She is the Proprietor of Viceroy Group of Restaurant and Director of Property Management Ltd. of UK. She is also the Independent Director of Shahjalal Islami Bank Securities Ltd.

M Shahidul Islam
Managing Director & CEO

Mr. M Shahidul Islam is serving as Managing Director and Chief Executive Officer of Shahjalal Islami Bank Limited (SJIBL) with effect from 1st October 2018. He is seasoned professional with over 34 years of diverse banking experience. Prior to his new assignment, he worked as Additional Managing Director and Chief Business Officer of the Bank.

Before joining SJIBL, Mr. Islam served United Commercial Bank Limited as Additional Managing Director and provided the Bank with the strategic leadership and was instrumental in strengthening and building the Bank into leading market players.

A post graduate in Management from Chittagong University, Mr. Shahidul Islam started his banking career with National Bank Limited as Probationary Officer in 1984. After serving National Bank Limited for 14 years in different capacities, he joined at Prime Bank Limited in 1997 and served there 11 years in different senior management positions including Branch Manager & Head of CRM with his strong leadership and dignity. He joined United Commercial Bank Limited as Deputy Managing Director in 2008 and elevated to the rank of Additional Managing Director on 01st March 2011.

During his long 34 years of experience, he has gathered vast experience in almost every key areas of banking like Corporate, SME, Foreign Trade, Consumer Banking, Credit Risk Management, Syndicated Finance, Foreign Investment, Finance as well as Treasury.

Mr. Islam has participated in various capacity building training courses, seminars and workshops on different areas of banking both at home and abroad.

Executive Committee

Dr. Anwer Hossain Khan	Chairman
Fakir Akhtaruzzaman	Vice Chairman
Khandaker Sakib Ahmed	Member
Mohammed Younus	Member
Engr. Md. Towhidur Rahman	Member
Md. Sanaullah Shahid	Member
Mohiuddin Ahmed	Member

Audit Committee

Ekramul Hoque	Chairman
Farida Parvin Nuru	Member
Khorshed Alam Khan	Member
Md. Moshiur Rahman Chamak	Member
Abdul Halim	Member

Risk Management Committee

Mohammed Younus	Chairman
Dr. Anwer Hossain Khan	Member
Md. Abdul Barek	Member
Khorshed Alam Khan	Member
Md. Moshiur Rahman Chamak	Member

Shariah Supervisory Committee

Allama Sheikh Abdul Halim Bukharee	Chairman
MaulanaYousuf Abdul Majid	Member
Mufti Shahed Rahmani	Member
Prof. Dr. Muhammad Abdur Rashid	Member
Prof. Hamidur Rahman	Member
M. Azizul Huq	Member
Barrister Md. Arifur Rahman	Member
M. Kamaluddin Chowdhury	Member
Mr. Akkas Uddin Mollah	Ex-Officio Member
Muhammed Shahidul Islam	Ex-Officio Member
Md. Farid Uddin	Member Secretary

Management & Executives

Managing Director & CEO
M Shahidul Islam

Additional Managing Director
Abdul Aziz

Deputy Managing Directors
Md. Shahjahan Shiraj
M Akhter Hossain
Mian Quamrul Hasan Chowdhury
Imtiaz Uddin Ahmed

Senior Executive Vice Presidents
Md. Mahmudul Haque
Md. Nasir Uddin
Nasim Sekander
Khondkar Rafiq-Uz-Zaman

Executive Vice Presidents
Mahmud Hussain
Md. Monzurul Alam Chowdhury
Md. Saidur Rahman
Rashed Sarwar
Mohammed Ashfaqul Hoque FCA
Md. Habibul Islam
Md. Mahbubur Rasheed
Mahmudul Shamim Talukder
F. M. Nawaz Ali

Senior Vice Presidents
Md. Tufael Yakub
Rumana Kutubuddin
Tariqul Islam
Md. Bahar Mahmud
Md. Shamsuddoha
Md. Naquibul Islam
Jashim Uddin Ahmed
M. Imam Hossain Gazi
Md. Khalid Hussain
Md. Ashraful Azim FCA
Fazle Kader Ahmed
Jahangir Javed
Md. Abul Bashar
Md. Nawshad Abbas
Mohammed Eskander Alam
Chowdhury Golam Rahman
Md. Wahidur Rahman
Mohammad Towfiqul Islam
A. T. M. Qumruddin Chowdhury
Md. Asadul Islam Khan
S. M. Rashedul Karim
Md. Enamul Haque
Md. Jafar Sadeq FCA
(Chief Financial Officer)
Md. Marufur Rahman Khan
Md. Firoz Kabir
A.K.M. Iquebal
Mohammed Abu Shayem

Vice Presidents
Md. Mokter Hossain
Amir Uddin Chowdhury
Md. Abdur Rahim
Ms. Sultana Parvin
Md. Abdulla Al Mahmud Siddiqui
Muhammad Asiful Haque
Md. Iftekhar Shahid
Md. Moshiur Rahman
Shaikh Wahidul Hossain
Mohammad Nuruddin
Engr. Md. Zahidul Islam
Abul Bashar Md. Zafry
Md. Noor-A-Alam Hossain
Chowdhury Firoz Hasan
Mohammad Shajedul Alam
Mohammed Sahab Uddin
Md. Masudur Rahman
Jyotirmaya Goswami
Shamsul Arifin Ferdose
Md. Shanoor Siddique
Md. Abdul Quddus
Md. Abdul Khaleque
Nazir Ahmed
Md. Soyeb Islam Chowdhury
Md. Elias
Tofayal Ahmed
Md. Arifur Rahman
Mosleh Uddin Ahmed
Mohammad Hasib Uddin
A.H.M. Shahrier
Abu Naser Ahmed
Mohammad Mahbubur Rahman
Md. Masum Basunia
Md. Khurshid Alam
Md. Humayun Kabir Mia
Md. Aktaruzzaman Sarker
Mohammad Abdul Majid
Ashique Iqbal

MANAGEMENT

Senior Management Team (SMT)

M Shahidul Islam, Abdul Aziz, Md. Shahjahan Shiraj, M Akhter Hossain, Md. Giasuddin Ahmed, Mian Quamrul Hasan Chowdhury, Imtiaz Uddin Ahmed, Md. Mahmudul Haque, Engr. Md. Rafiqul Islam, Khondkar Rafiq-UZ-Zaman, Mohammed Ashfaqul Hoque FCA, Md. Naquibul Islam and Md. Jafar Sadeq FCA.

ALCO

Sitting (From Left to right): Abdul Aziz, M Shahidul Islam and Md. Shahjahan Shiraj

Standing (From Left to right): Md. Chaliqur Rahman, Mohammed Ashfaqul Hoque FCA, Md. Bahar Mahmud, M Akhter Hossain, Md. Jafar Sadeq FCA, Mian Quamrul Hasan Chowdhury, Imtiaz Uddin Ahmed, Jahangir Javed, Md. Monzurul Alam Chowdhury and Mohammad Nuruddin.

Risk Management Committee (RMC)

Sitting (From Left to right): Abdul Aziz, M Shahidul Islam and Md. Shahjahan Shiraj

Standing (From Left to right): Md. Bahar Mahmud, Mohammad Abdul Majid, Jahangir Javed, Engr. Md. Rafiqul Islam, Md. Naquibul Islam, M Akhter Hossain, Md. Monzurul Alam Chowdhury, Md. Mahmudul Haque, Mian Quamrul Hasan Chowdhury, Imtiaz Uddin Ahmed, Md. Jafar Sadeq FCA, Mohammed Ashfaqul Hoque FCA, Mohammad Nuruddin and Jashim Uddin Ahmed.

Supervisory Review Process (SRP) Committee

Front Row (From Left to Right): Mohammed Ashfaqul Hoque FCA, Md. Mahmudul Haque, Imtiaz Uddin Ahmed, Md. Shahjahan Shiraj, M Shahidul Islam, Abdul Aziz, M Akhter Hossain, Mian Quamrul Hasan Chowdhury, Jahangir Javed and Jashim Uddin Ahmed

Back Row (From Left to Right): Mohammad Nuruddin, Engr. Md. Rafiqul Islam, Md. Naquibul Islam, Md. Jafar Sadeq FCA, Md. Monzurul Alam Chowdhury, Mohammad Abdul Majid and Md. Bahar Mahmud.

Sustainable Finance Committee (SFC)

Md. Shahjahan Shiraj, Mian Quamrul Hasan Chowdhury, Md. Mahmudul Haque, Engr. Md. Rafiqul Islam, Md. Monzurul Alam Chowdhury, Mohammed Ashfaqul Hoque FCA, Md. Mahbubur Rasheed Md. Bahar Mahmud, Md. Jafar Sadeq FCA, Md. Marufur Rahman Khan, Amir Uddin Chowdhury and Mohammad Nuruddin.

Central Compliance Committee (CCC)

Sitting (From Left to right); Mian Quamrul Hasan Chowdhury, M Akhter Hossain and Engr. Md. Rafiqul Islam
Standing (From Left to right); Md. Naquibul Islam, Mohammad Abdul Majid, Md. Khalid Hussain, Md. Mahmudul Haque and Md. Marufur Rahman Khan.

Procurement Committee (PC)

From Left to right: Engr. Md. Rafiqul Islam, Md. Jafar Sadeq FCA, M Akhter Hossain, Md. Mahbubur Rasheed and Md. Mahmudul Haque

Investment Committee (IC)

Sitting (From Left to right): M Akhter Hossain, Md. Shahjahan Shiraj and Imtiaz Uddin Ahmed

Standing (From Left to right): Abu Naser Ahmed, Md. Mokter Hossain, Md. Noor-A-Alam Hossain, S.M. Mohiuddin, Sabeth Bin Zamir, Md. Bahar Mahmud, Md. Mahmudul Haque, Md. Monzurul Alam Chowdhury, Jyotirmaya Goswami, Tofayal Ahmed, Md. Tazibar Rahman, Abul Bashar Md. Zafry and Mohammad Nuruddin.

Shariah Inspections' and Report Review Committee (SIRRC)

A snap shot of ongoing meeting of Shariah Inpections' and Report Review Committee of the Bank. The Committee consists of officers of Shariah Inspections' and Compliance Division and Top Management of the Bank.

O you
who believe! Be afraid of Allah
and give up what remains (due to you)
from Riba [(usury) (from now onward)],
if you are (really) believers.

Surah Al-Baqarah, verse-278

Five Years' FINANCIAL SUMMARY

Figures in million Taka unless otherwise specified

SL	Items	2018	2017	2016	2015	2014
A. Financial Position						
1	Authorized Capital	10,000	10,000	10,000	10,000	10,000
2	Paid up Capital	8,486	7,714	7,347	7,347	7,347
3	Reserve and Surplus	6,303	5,604	5,510	4,907	4,352
4	Total Shareholders' Equity	14,789	13,318	12,857	12,254	11,698
5	Total Deposits	176,862	146,348	124,410	109,259	98,601
6	Total Investment	186,090	158,668	122,998	96,835	84,062
7	Investment in Share and Securities	12,321	10,526	7,593	6,184	7,309
8	Fixed Assets	3,995	3,957	3,433	3,299	3,165
9	Total Assets (excluding off-balance sheet items)	243,660	207,886	167,245	137,870	126,758
10	Total Contingent Liabilities and Commitment	100,787	89,226	63,326	43,526	40,229
11	Profit Earning Assets	202,397	173,187	138,949	108,012	97,873
12	Non-profit Earning Assets	41,263	34,699	28,296	29,858	28,885
B. Operating Result						
1	Investment Income	17,122	12,996	11,154	10,510	11,364
2	Profit Paid on Deposit	11,295	8,419	6,986	6,943	8,209
3	Net Investment Income	5,827	4,577	4,168	3,567	3,156
4	Total Income	19,948	15,289	12,965	12,098	13,225
5	Total Expenditure	15,372	11,961	9,985	9,721	10,892
6	Operating Profit	4,576	3,328	2,979	2,377	2,333
7	Profit before Tax	3,165	2,079	2,306	1,758	776
8	Profit after Tax	1,471	1,196	1,557	1,290	747
C. Capital Adequacy						
1	Risk Weighted Assets	173,161	158,937	124,704	98,790	93,820
2	Capital Requirement	17,316	15,894	12,470	9,879	9,382
3	Tier 1 Capital	12,893	13,318	12,857	12,254	11,698
4	Tier 2 Capital	12,213	6,058	1,529	1,101	1,075
5	Total Equity (Tier 1 & Tier 2)	25,106	19,376	14,386	13,355	12,773
6	Capital Surplus	7,790	3,482	1,916	3,476	3,391
7	Tier 1 Capital Ratio (%)	7.45	8.38	10.31	12.40	12.47
8	Tier 2 Capital Ratio (%)	7.05	3.81	1.23	1.12	1.14
9	Total Capital Adequacy Ratio (Basel-III/II) (%)	14.50	12.19	11.54	13.52	13.61
D. Investment Quality						
1	Volume of Non-performing Investment	12,723	6,301	5,782	6,261	6,612
2	Amount of Provision against classified Investment	2,445	1,415	1,431	1,850	2,379
3	Amount of Provision against unclassified Investment	1,375	1,166	896	781	670
4	Amount of Provision against Off Balance Sheets Exposures	837	892	633	435	404
5	Classified Investment as % of Total Investment	6.84	3.97	4.70	6.47	7.87

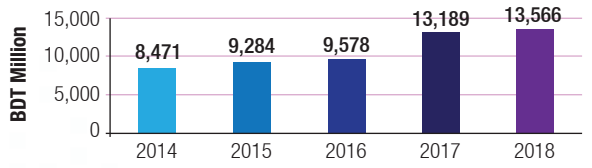
Figures in million Taka unless otherwise specified

SL	Items	2018	2017	2016	2015	2014
E. Foreign Exchange Business						
1	Import Business	140,382	129,244	100,419	85,959	83,731
2	Export Business	125,402	97,437	84,769	82,571	76,734
3	Inward Foreign Remittance	6,129	3,576	3,361	3,544	3,209
F. Profitability, Performance and Liquidity Ratio						
1	Net Asset Value per Share (Taka)	17.43	15.69	16.67	16.68	15.92
2	Investment to Total Deposit Ratio (%)	90.32	90.17	85.98	82.77	80.82
3	Return on Equity (%)	10.47	9.14	12.40	10.78	6.60
4	Return on Assets (ROA) (%)	0.65	0.64	1.02	0.98	0.59
5	Operating Income Ratio (%)	22.94	21.77	22.98	19.65	17.64
6	Gross Income Ratio (%)	43.38	44.93	46.11	42.61	37.93
7	Net Income Ratio (%)	7.38	7.82	12.01	10.67	5.65
8	Cost of Deposit (%)	6.05	5.60	5.78	6.78	7.96
9	Cost of Fund (%)	8.31	7.83	8.08	9.53	10.34
10	Return on General Investment (%)	9.81	9.12	10.06	11.74	12.77
11	Net operating Cash flow per Share (Taka)	(3.38)	2.96	5.02	(7.50)	3.81
12	Profit Per Employee	1.91	1.39	1.36	1.10	1.09
G. Dividend						
1	Cash Dividend	-	-	10%	13%	10%
2	Stock Dividend	10%*	10%	5%	-	-
3	Dividend Cover Ratio (Times)	1.73	1.55	1.41	1.35	1.02
4	Market capitalization	23,420	25,457	11,020	9,918	8,449
		*Proposed by the Board of Directors				
H. Shareholders Information						
1	No. of Share Outstanding (million share)	848.56	771.42	734.69	734.69	734.69
2	Earnings Per Share (Taka)	1.73	1.41	2.02	1.76	1.02
3	Number of Shareholders	34,229	38,782	52,614	63,480	82,713
4	Market Value Per Share (Taka)	27.60	33.00	15.00	13.50	11.50
5	Price Earning Ratio	15.95	21.29	7.43	7.67	11.27
I. Other Information						
1	Number of Branches	122	113	103	93	93
2	Number of Brokerage House	8	8	8	8	8
3	Number of Employees	2,395	2,402	2,191	2,156	2,145
4	Number of foreign Correspondents	428	410	430	436	419

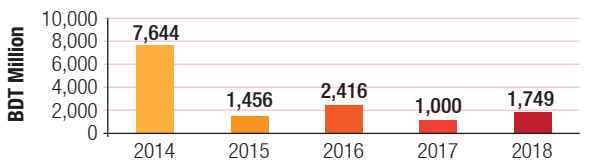
Graphical Presentation

Financial Position and Financial Performance

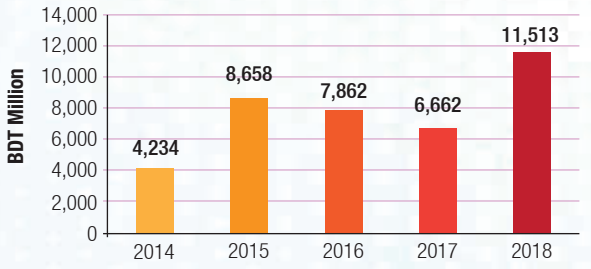
Cash in hand & Balance with BB



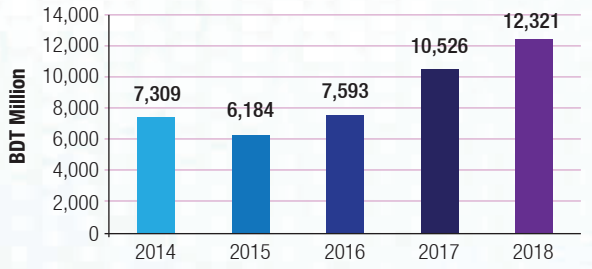
Balance with other Banks and Financial Institutions



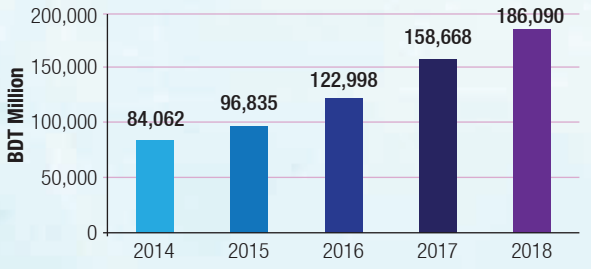
Placement with other Banks & Financial Institutions



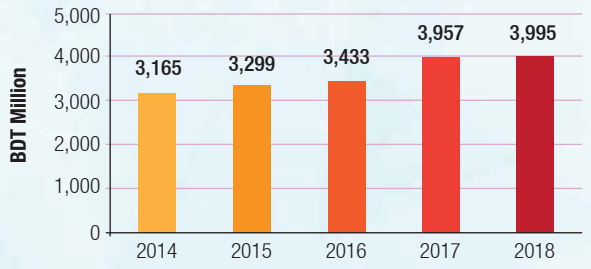
Investments in Shares & Securities



Investments

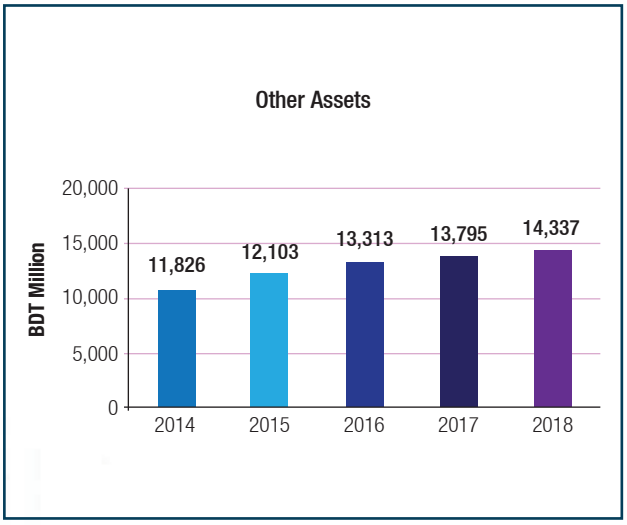


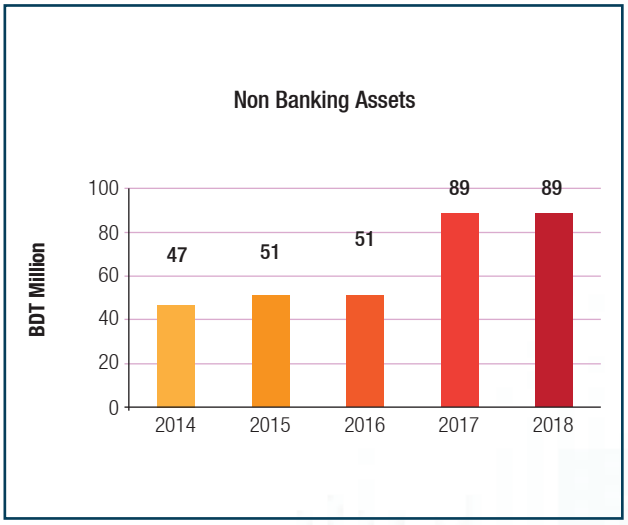
Fixed Assets Including Premises

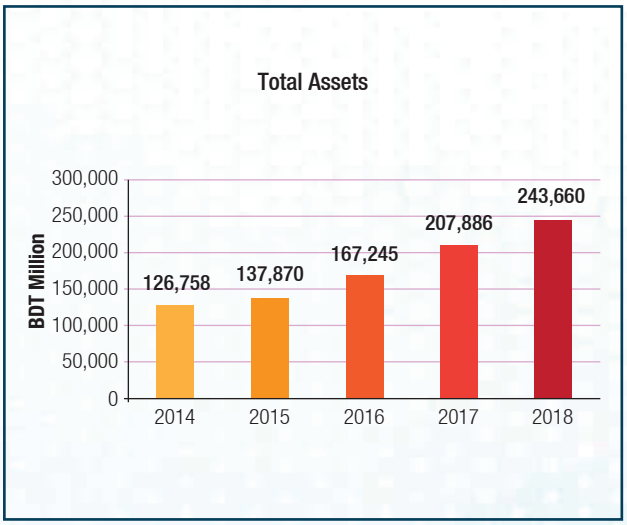


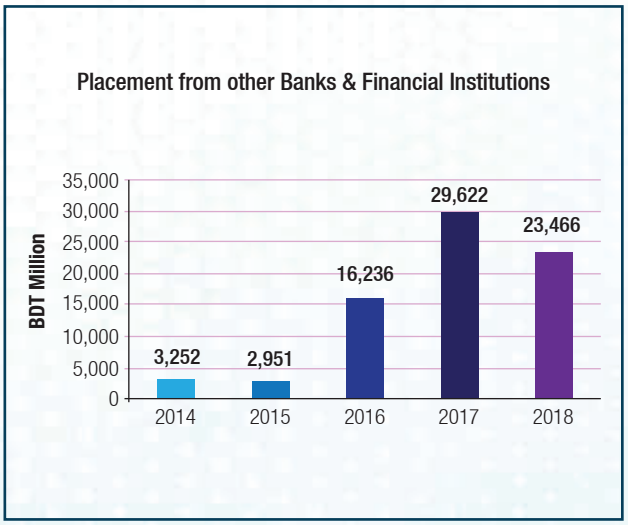
Graphical Presentation

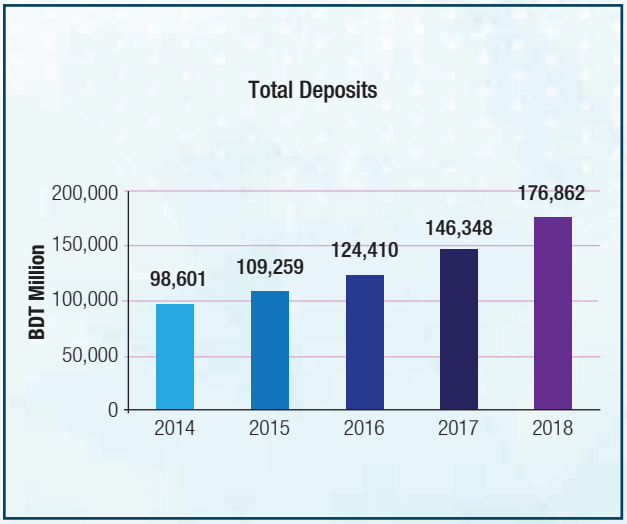
Financial Position and Financial Performance

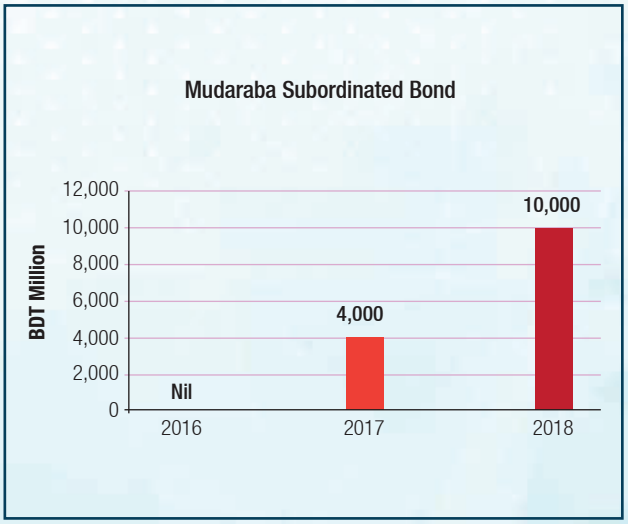






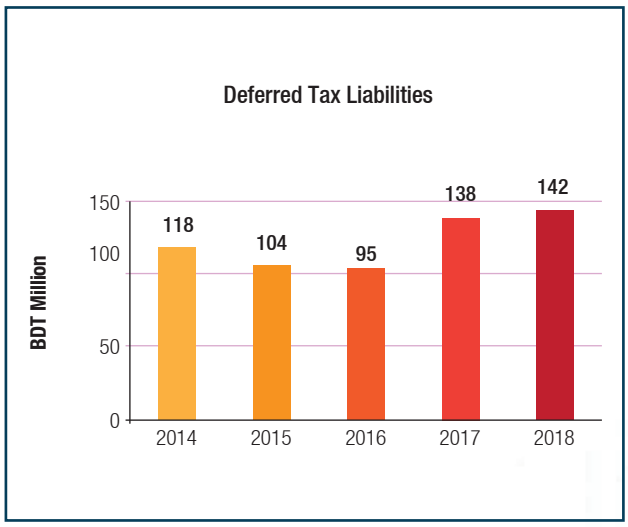


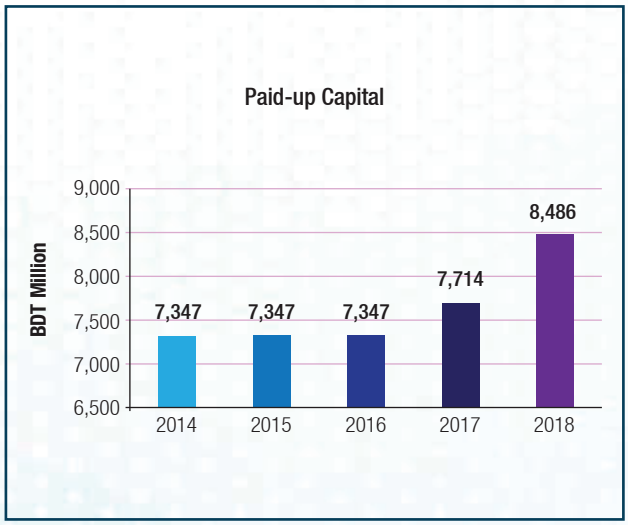


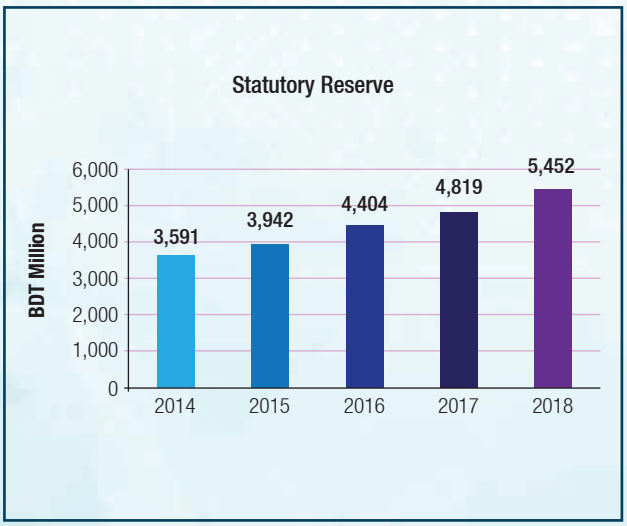


Graphical Presentation

Financial Position and Financial Performance

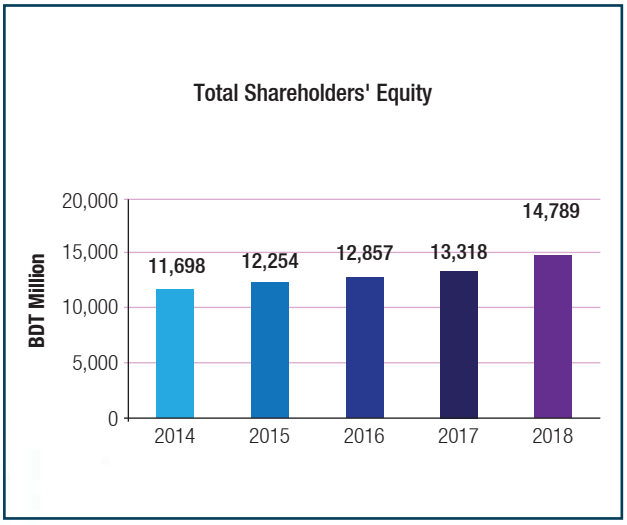


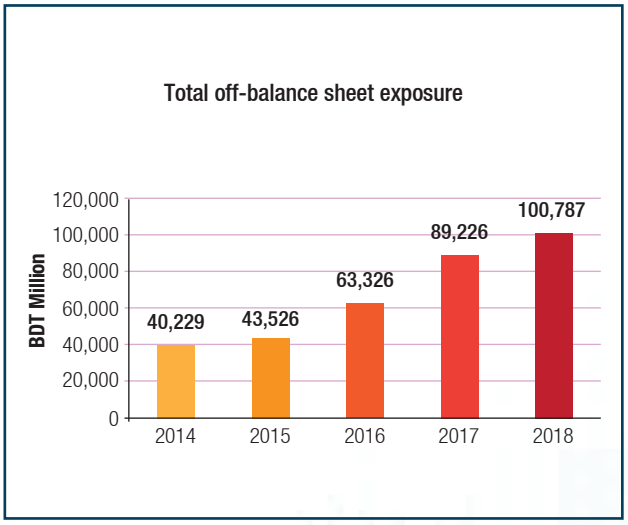


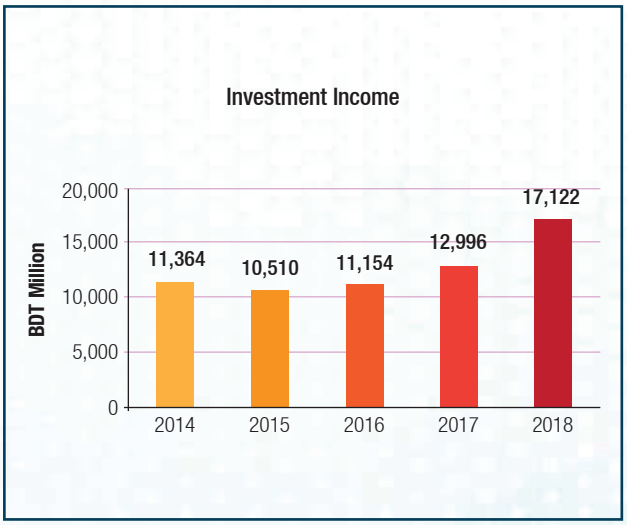


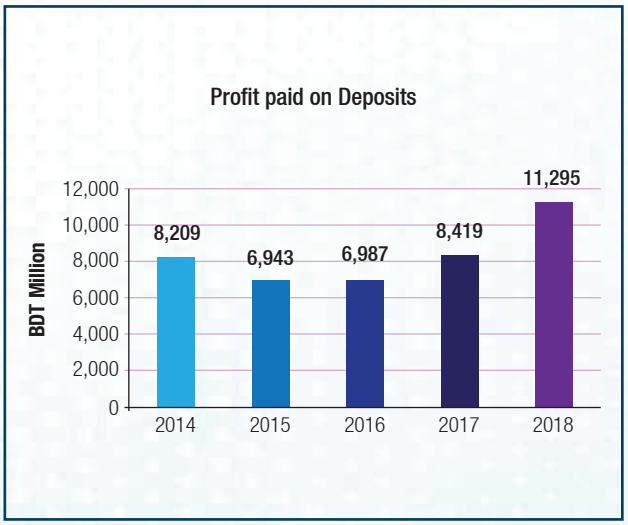
Graphical Presentation

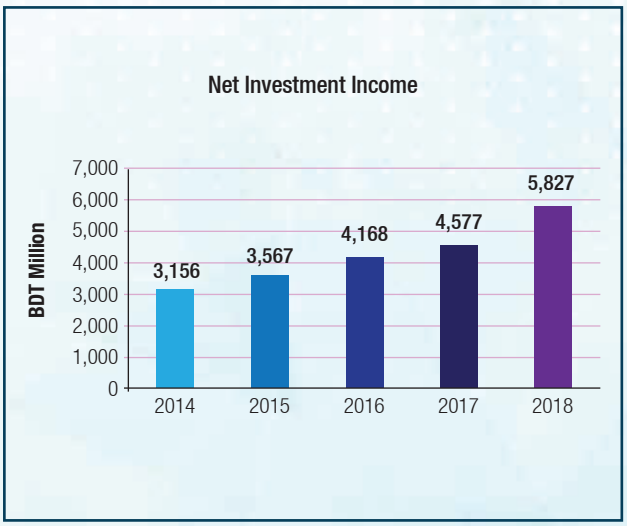
Financial Position and Financial Performance

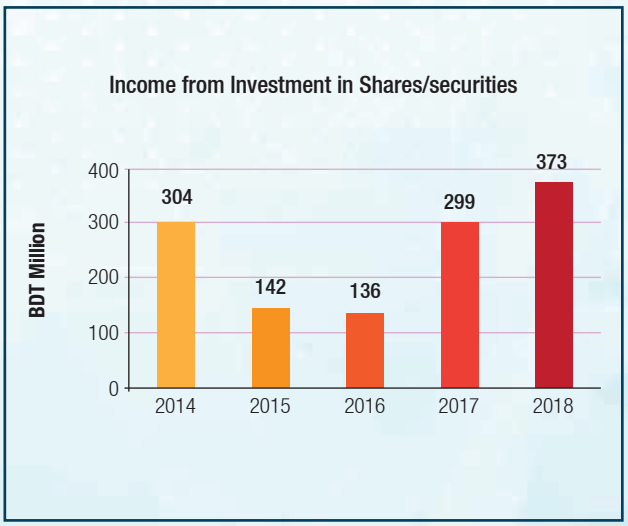






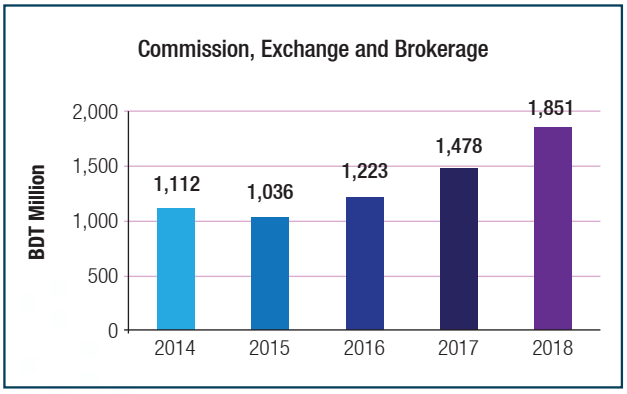


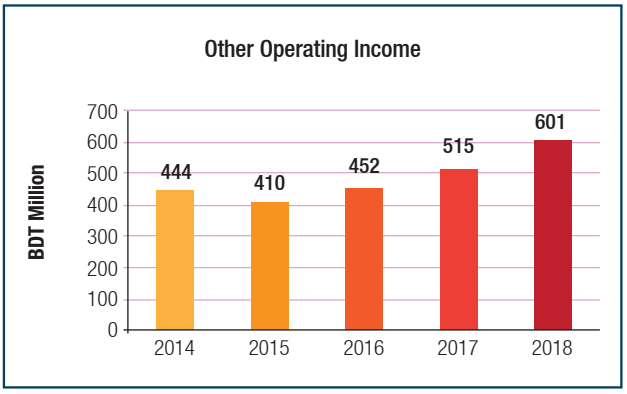


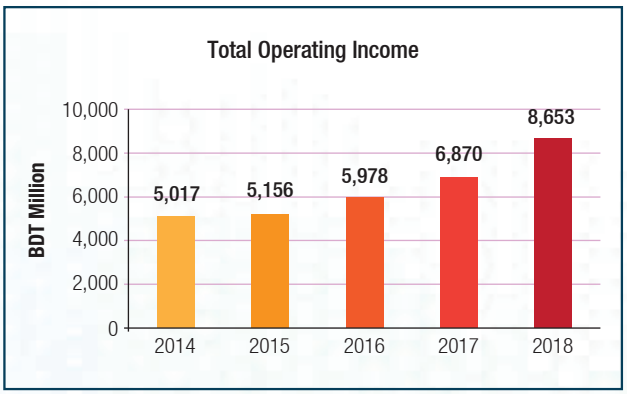


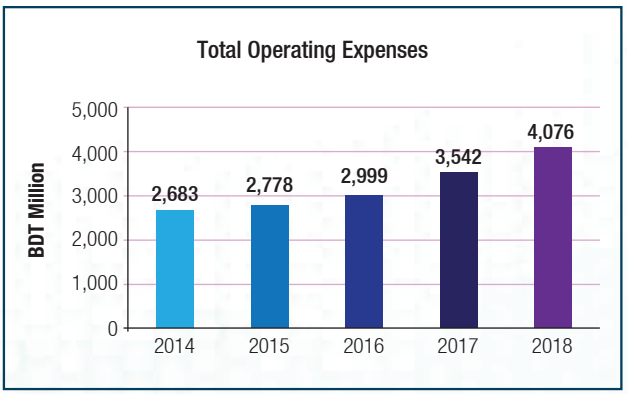
Graphical Presentation

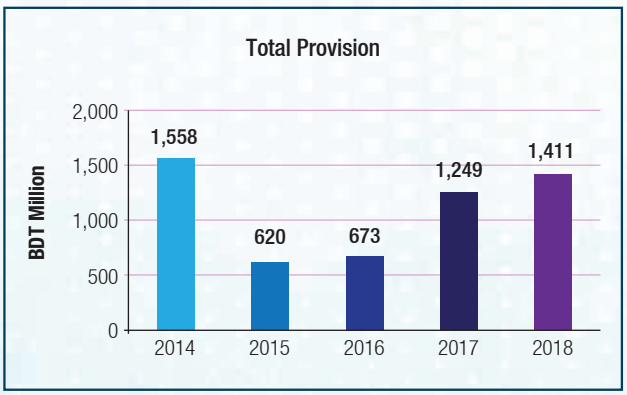
Financial Position and Financial Performance

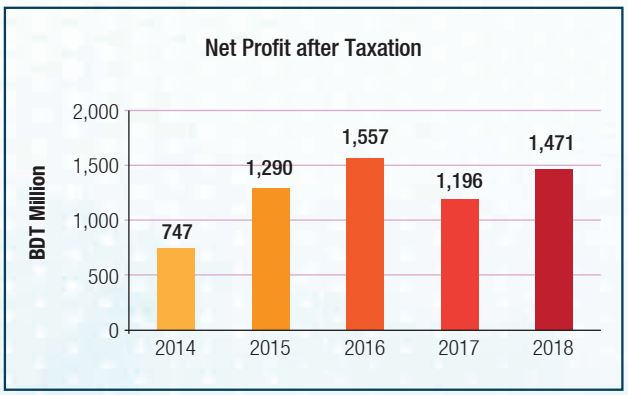


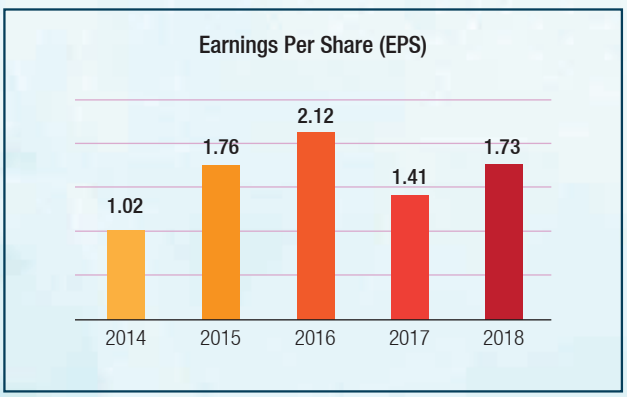


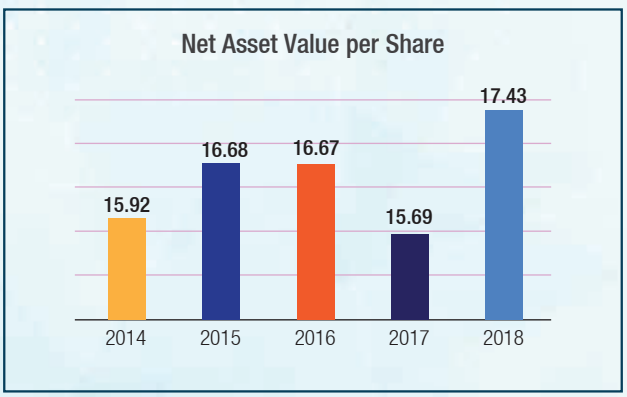












HORIZONTAL ANALYSIS
FOR THE LAST FIVE YEARS
Balance Sheet

	2018	2017	2016	2015	2014
PROPERTY AND ASSETS					
Cash	**103%**	**138%**	**103%**	**110%**	**100%**
Cash in hand (Including Foreign Currencies)	128%	130%	107%	99%	100%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	100%	139%	103%	111%	100%
Balance with other Banks and Financial Institutions	**175%**	**41%**	**166%**	**19%**	**100%**
Inside Bangladesh	240%	29%	246%	11%	100%
Outside Bangladesh	87%	90%	71%	102%	100%
Placement with other Banks & Financial Institutions	**173%**	**85%**	**91%**	**204%**	**100%**
Investments in Shares & Securities	**117%**	**139%**	**123%**	**85%**	**100%**
Government	125%	131%	131%	77%	100%
Others	100%	159%	106%	108%	100%
Investments	**117%**	**129%**	**127%**	**115%**	**100%**
General Investment etc.	118%	132%	125%	116%	100%
Bills Purchased and Discounted	112%	98%	146%	104%	100%
Fixed Assets Including Premises	**101%**	**115%**	**104%**	**104%**	**100%**
Other Assets	**104%**	**104%**	**110%**	**102%**	**100%**
Non Banking Assets	**100%**	**174%**	**100%**	**109%**	**100%**
Total Assets	**117%**	**124%**	**121%**	**109%**	**100%**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	**79%**	**182%**	**550%**	**91%**	**100%**
Deposits and Other Accounts	**121%**	**118%**	**114%**	**111%**	**100%**
Mudaraba Savings Deposits	114%	99%	117%	155%	100%
Mudaraba Term Deposits	124%	143%	107%	92%	100%
Other Mudaraba Deposits	122%	94%	120%	122%	100%
Al-Wadeeah Current & Other Deposit Accounts	116%	133%	111%	117%	100%
Bills Payable	114%	146%	149%	109%	100%
Mudaraba Subordinated Bond	**250%**	**100%**	**0%**	**0%**	**0%**
Other Liabilities	**127%**	**106%**	**103%**	**102%**	**100%**
Deferred Tax Liabilities	**103%**	**145%**	**92%**	**89%**	**100%**
Total Liabilities	**118%**	**126%**	**123%**	**109%**	**100%**
Capital/Shareholders' Equity					
Paid-up Capital	110%	105%	100%	100%	100%
Statutory Reserve	113%	109%	112%	110%	100%
Retained Earnings	109%	71%	115%	127%	100%
Total Shareholders' Equity	**111%**	**104%**	**105%**	**105%**	**100%**
Total Liabilities & Shareholders' Equity	**117%**	**124%**	**121%**	**109%**	**100%**

HORIZONTAL ANALYSIS
FOR THE LAST FIVE YEARS
Profit & Loss Account

	2018	2017	2016	2015	2014
Investment Income	132%	117%	106%	92%	100%
Less: Profit paid on Deposits	134%	121%	101%	85%	100%
Net Investment Income	**127%**	**110%**	**117%**	**113%**	**100%**
Income from Investment in Shares/securities	125%	220%	96%	47%	100%
Commission, Exchange and Brokerage	125%	121%	118%	93%	100%
Other Operating Income	117%	114%	110%	92%	100%
	123%	127%	114%	85%	100%
Total Operating Income	**126%**	**115%**	**116%**	**103%**	**100%**
Salaries and Allowances	119%	118%	107%	104%	100%
Rent, Taxes, Insurances, Electricity etc.	101%	107%	113%	109%	100%
Legal Expenses	103%	198%	47%	55%	100%
Postage, Stamps, Telecommunication etc.	110%	111%	98%	89%	100%
Stationery, Printings, Advertisements etc.	122%	107%	122%	107%	100%
Chief Executive's Salary & Fees	112%	106%	101%	116%	100%
Directors' Fees & Expenses	85%	116%	104%	94%	100%
Shariah Supervisory Committee's Fees & Expenses	62%	148%	121%	222%	100%
Auditors' Fees	111%	75%	150%	114%	100%
Depreciation & Repairs of Bank's Assets	130%	109%	100%	99%	100%
Zakat Expenses	110%	112%	109%	100%	100%
Other Expenses	105%	144%	106%	101%	100%
Total Operating Expenses	**115%**	**118%**	**108%**	**104%**	**100%**
Profit before Provision	**138%**	**112%**	**125%**	**102%**	**100%**
Specific provision for Classified Investment	164%	186%	111%	21%	100%
General Provision for Unclassified Investment	87%	234%	104%	100%	0%
General Provision for Off-Balance Sheet Items	0%	131%	637%	100%	0%
Provision for deminution in value of Investments in Shares	232%	100%	0%	468%	100%
Provision for Other Assets	0%	525%	69%	100%	0%
Total Provision	**113%**	**186%**	**109%**	**40%**	**100%**
Profit before Provisions for Taxation	**152%**	**90%**	**131%**	**227%**	**100%**
Deferred Tax Expenses	10%	486%	-65%	-67%	100%
Current Tax Expenses	201%	111%	158%	985%	100%
Net Profit after Taxation	**123%**	**77%**	**121%**	**173%**	**100%**

VERTICAL ANALYSIS
FOR THE LAST FIVE YEARS
Balance Sheet

	2018	2017	2016	2015	2014
PROPERTY AND ASSETS					
Cash	**5.57%**	**6.34%**	**5.73%**	**6.73%**	**6.68%**
Cash in hand (Including Foreign Currencies)	14.42%	11.60%	12.32%	11.92%	13.24%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	85.58%	88.40%	87.68%	88.08%	86.76%
Balance with other Banks and Financial Institutions	**0.72%**	**0.48%**	**1.44%**	**1.06%**	**6.03%**
Inside Bangladesh	78.74%	57.28%	80.42%	54.18%	91.41%
Outside Bangladesh	21.26%	42.72%	19.58%	45.82%	8.59%
Placement with other Banks & Financial Institutions	**4.73%**	**3.20%**	**4.70%**	**6.28%**	**3.34%**
Investments in Shares & Securities	**5.06%**	**5.06%**	**4.54%**	**4.49%**	**5.77%**
Government	73.05%	68.40%	72.43%	67.92%	74.84%
Others	26.95%	31.60%	27.57%	32.08%	25.16%
Investments	**76.37%**	**76.32%**	**73.54%**	**70.24%**	**66.32%**
General Investment etc.	93.79%	93.51%	91.48%	92.60%	91.78%
Bills Purchased and Discounted	6.21%	6.49%	8.52%	7.40%	8.22%
Fixed Assets Including Premises	**1.64%**	**1.90%**	**2.05%**	**2.39%**	**2.50%**
Other Assets	**5.88%**	**6.64%**	**7.96%**	**8.78%**	**9.33%**
Non Banking Assets	**0.04%**	**0.04%**	**0.03%**	**0.04%**	**0.04%**
Total Assets	**100%**	**100%**	**100%**	**100%**	**100%**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	**9.63%**	**14.25%**	**9.71%**	**2.14%**	**2.57%**
Deposits and Other Accounts	**72.59%**	**70.40%**	**74.39%**	**79.25%**	**77.79%**
Mudaraba Savings Deposits	11.76%	12.49%	14.88%	14.53%	10.39%
Mudaraba Term Deposits	44.90%	43.90%	36.11%	38.30%	46.22%
Other Mudaraba Deposits	29.08%	28.75%	35.99%	34.11%	30.94%
Al-Wadeeah Current & Other Deposit Accounts	12.65%	13.15%	11.65%	12.00%	11.38%
Bills Payable	1.61%	1.70%	1.38%	1.06%	1.07%
Mudaraba Subordinated Bond	**4.10%**	**1.92%**	**0.00%**	**0.00%**	**0.00%**
Other Liabilities	**7.55%**	**6.96%**	**8.16%**	**9.65%**	**10.33%**
Deferred Tax Liabilities	**0.06%**	**0.07%**	**0.06%**	**0.08%**	**0.09%**
Total Liabilities	**93.93%**	**93.59%**	**92.31%**	**91.11%**	**90.77%**
Capital/Shareholders' Equity					
Paid-up Capital	57.38%	57.92%	57.14%	59.95%	62.80%
Statutory Reserve	36.87%	36.19%	34.25%	32.17%	30.69%
Retained Earnings	5.75%	5.89%	8.60%	7.88%	6.50%
Total Shareholders' Equity	**6.07%**	**6.41%**	**7.69%**	**8.89%**	**9.23%**
Total Liabilities & Shareholders' Equity	**100%**	**100%**	**100%**	**100%**	**100%**

VERTICAL ANALYSIS
FOR THE LAST FIVE YEARS
Profit & Loss Account

	2018	2017	2016	2015	2014
Investment Income	85.83%	85.00%	86.04%	86.87%	85.93%
Less: Profit paid on Deposits	56.59%	55.05%	53.85%	57.39%	62.07%
Net Investment Income	**29.25%**	**29.95%**	**32.19%**	**29.49%**	**23.86%**
Income from Investment in Shares/securities	1.87%	1.96%	1.05%	1.17%	2.30%
Commission, Exchange and Brokerage	9.28%	9.67%	9.43%	8.56%	8.41%
Other Operating Income	3.01%	3.37%	3.48%	3.39%	3.36%
	14.17%	15.00%	13.96%	13.13%	14.07%
Total Operating Income	**43.41%**	**44.95%**	**46.15%**	**42.61%**	**37.93%**
Salaries and Allowances	13.23%	14.46%	14.48%	14.44%	12.74%
Rent, Taxes, Insurances, Electricity etc.	2.29%	2.97%	3.26%	3.09%	2.59%
Legal Expenses	0.01%	0.01%	0.01%	0.01%	0.02%
Postage, Stamps, Telecommunication etc.	0.21%	0.25%	0.27%	0.29%	0.30%
Stationery, Printings, Advertisements etc.	0.52%	0.55%	0.61%	0.53%	0.45%
Chief Executive's Salary & Fees	0.08%	0.09%	0.10%	0.11%	0.09%
Directors' Fees & Expenses	0.03%	0.05%	0.05%	0.05%	0.05%
Shariah Supervisory Committee's Fees & Expenses	0.00%	0.01%	0.00%	0.00%	0.00%
Auditors' Fees	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation & Repairs of Bank's Assets	0.98%	0.99%	1.07%	1.15%	1.06%
Zakat Expenses	0.62%	0.74%	0.79%	0.77%	0.70%
Other Expenses	2.45%	3.03%	2.48%	2.51%	2.27%
Total Operating Expenses	**20.42%**	**23.16%**	**23.11%**	**22.96%**	**20.29%**
Profit before Provision	**22.99%**	**21.79%**	**23.04%**	**19.65%**	**17.64%**
Specific provision for Classified Investment	77.22%	53.21%	52.96%	51.79%	97.91%
General Provision for Unclassified Investment	16.64%	21.59%	17.11%	17.84%	0.00%
General Provision for Off-Balance Sheet Items	0.00%	20.73%	29.40%	5.01%	0.00%
Provision for deminution in value of Investments in Shares	6.15%	2.99%	0.00%	24.53%	2.09%
Provision for Other Assets	0.00%	1.48%	0.52%	0.83%	0.00%
Total Provision	**7.07%**	**8.17%**	**5.19%**	**5.12%**	**11.78%**
Profit before Provisions for Taxation	**15.92%**	**13.62%**	**17.85%**	**14.53%**	**5.87%**
Less.Income Tax Expenses	**8.49%**	**5.77%**	**5.77%**	**3.86%**	**0.22%**
Deferred Tax Expenses	0.26%	4.82%	-1.17%	-2.89%	-69.60%
Current Tax Expenses	99.74%	95.18%	101.17%	102.89%	169.60%
Net Profit after Taxation	**7.43%**	**7.85%**	**12.08%**	**10.67%**	**5.65%**

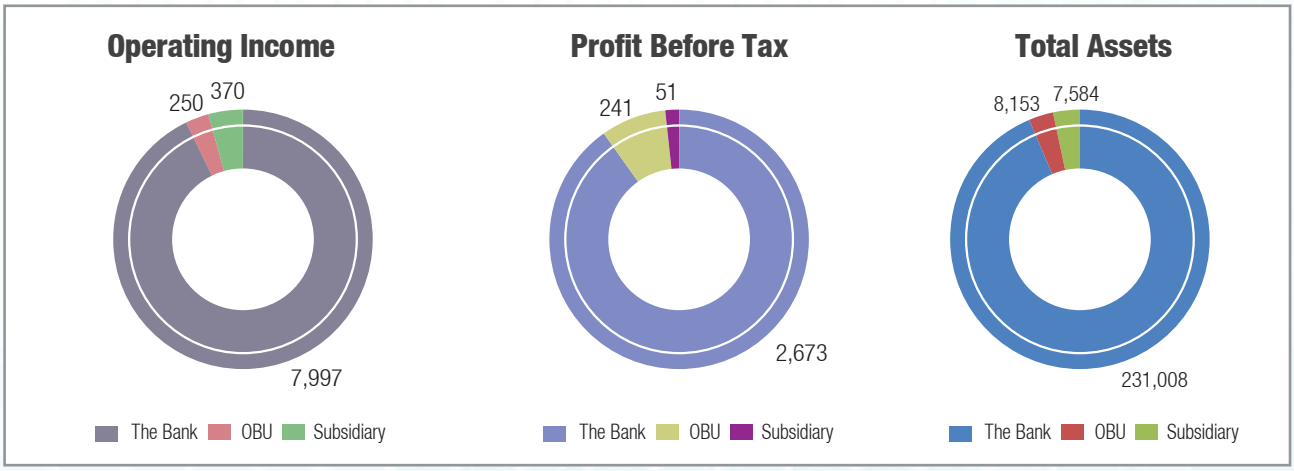
Segment Analysis

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

Retail Banking	This includes retail investments and deposits, banking services and card business.
Corporate Banking	This comprises of investments, deposits, project financing, trade financing, investment banking and other banking activities/ with Bank's corporate and public sector customers.
SME Banking	This segment primarily constitutes Small and Medium Enterprise financing activities with individual customers of the Bank.
Treasury	This includes fixed income, equity, foreign exchange, funding, own position securities and placement with/from others.

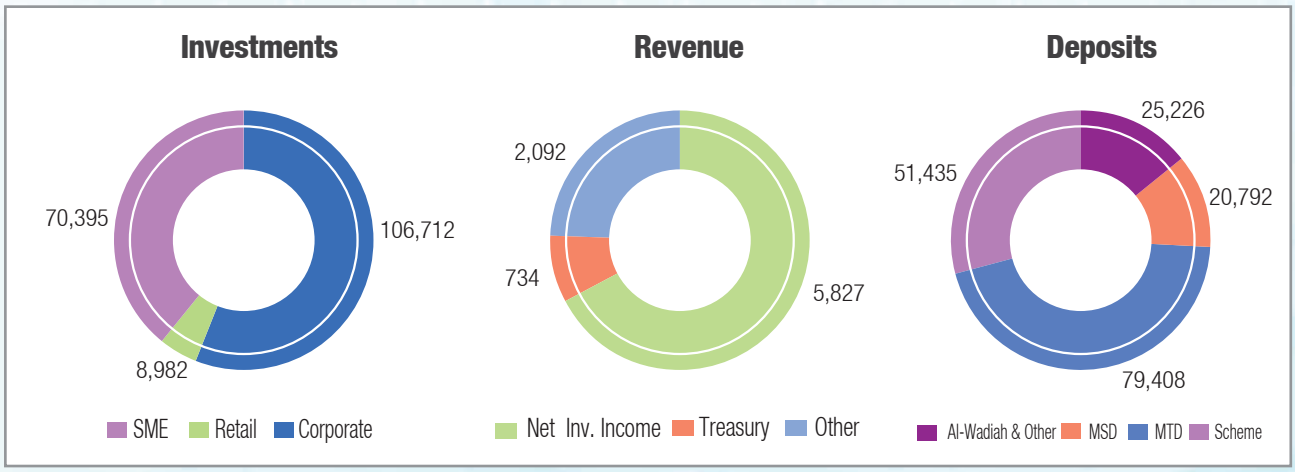
Consolidated

Figures in Million Taka



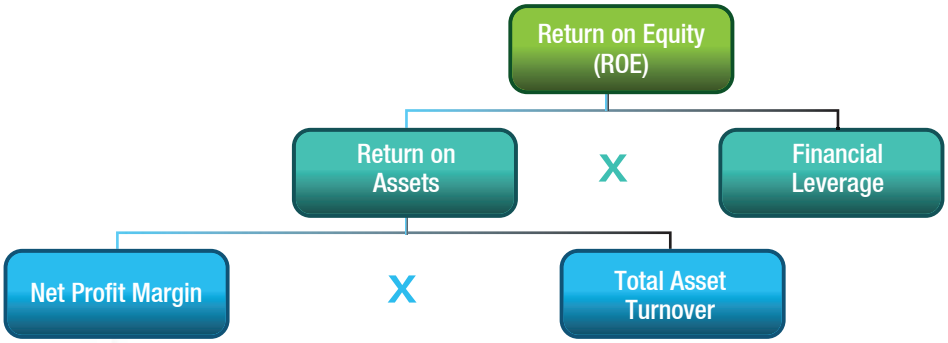
Standalone

Figures in Million Taka



DuPont Analysis

DuPont analysis is an approach that consists of a detailed examination of Return on Equity (ROE) of a company which analyses Net Profit Margin, Asset Turnover, and Financial Leverage. DuPont Analysis gives a broader view of the Return the company is earning on its Equity. This analysis, in turn, helps management to take various strategic and operational decisions.



Particulars	2018	2017
Net Profit Margin (PAT/Total Income)	7.38%	7.82%
Total Asset Turnover (Total Income/Average Assets)	8.84%	8.15%
Return on Asset (PAT/ Average Assets)	0.65%	0.64%
Financial Leverage (Average Assets/Average Equity) (Times)	16.07	14.33
Return on Equity (PAT/Average Equity)	10.47%	9.14%

The higher the value of all components of DuPont analysis indicates the higher positive impact on Return on Equity. Main Highlights of DuPont analysis:

1. Net Profit Margin has slightly been deteriorating due to higher growth of investment income as well as higher retention of provision for Income Tax over previous year.
2. Asset Turnover in terms of total income shows improvement due to increase of Yield on Investments.
3. Financial Leverage shows increasing trends due to higher growth of assets.

Shareholders' Information

Financial Calendar

2018

1st Quarter Results issued on	: 06th May 2018
2nd Quarter Results issued on	: 30th July 2018
3rd Quarter Results issued on	: 29th October 2018
Annual Results issued on	: 30th April 2019
18th Annual General Meeting	: 25th July 2019

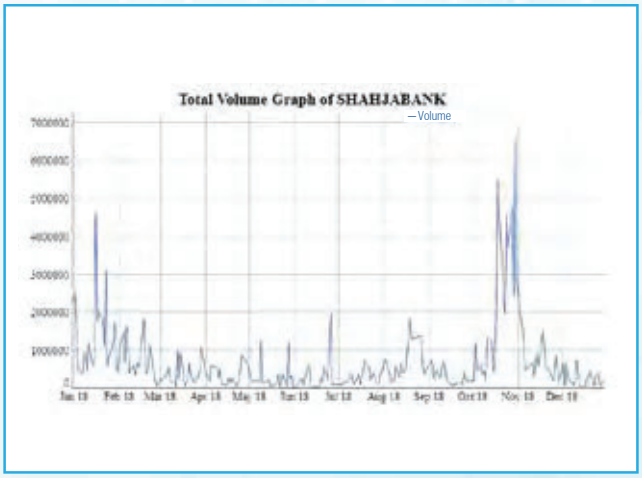
2017

1st Quarter Results issued on	: 03rd May 2017
2nd Quarter Results issued on	: 26th July 2017
3rd Quarter Results issued on	: 30th October 2017
Annual Results issued on	: 25th April 2018
17th Annual General Meeting	: 08th July 2018

Dividend Information

Distribution of Dividend- 2017	
Dividend Rate	: 10% (Stock)
Declaration Date	: 25th April 2018
Record Date	: 31st May 2018
AGM Date	: 08th July 2018
Distribution Date	: 18th July 2018

Trade Volume last 12 Months at DSE



Closing Price last 12 Months at DSE

EVENTS OF
2018

17th AGM

17th AGM of the Bank was held on 8 July 2018 at RAOWA Convention Hall, Mohakhali. Board of Directors of the Bank are seen on the occasion.

Shareholders are seen on the 17th AGM of the Bank.

Meetings of the Committees of the Board

A Board Meeting in Progess

A meeting of the Executive Committee of the Board in progress.

Meetings of the Committees of the Board

An Audit Committee meeting is seen in progress.

A meeting of Risk Management Committee of the Board is seen in progress.

A meeting of the Shariah Supervisory Committee is seen in progress.

Conferences

Partial view of Annual Business Conference-2019 is seen in the session.

View of a discussion meeting with Deputy Managers of the Bank for accelerating business growth and operational excellence.

Agreements

Shahjalal Islami Bank Ltd. signed an agreement with BRAC Saajan Exchange Ltd. to facilitate remittance services which enables Bangladeshi expatriates living in United Kingdom to send their money safely and quickly to their beneficiaries by Electronic Fund Transfer through all of the branches of Shahjalal Islami Bank Ltd. The Managing Director & CEO of Shahjalal Islami Bank Ltd. Mr. M. Shahidul Islam and the Managing Director & CEO of BRAC Saajan Exchange Limited Mr. Abdus Salam signed on the agreement on behalf of their respective organizations.

Shahjalal Islami Bank Ltd. signed an agreement with Capital and Credit Risk Manger Pte. Ltd. (CCR Manger), a wholly owned subsidiary of Tin Hill Capital Pte Ltd. Singapore, at SJIBL Corporate Head Office. This agreement will enable customers of Shahjalal Islami Bank Ltd. to buy and sell trade assets faster and in a more secured manner at competitive price using the CCR Manager platform. In presence of the Managing Director & CEO of Shahjalal Islami Bank Ltd. Mr. M. Shahidul Islam, the Deputy Managing Director of the Bank Mr. M. Akhter Hossain and the Executive Chairman & CEO of CCR Manager Mr. TAN Kah Chye exchanged the documents after signing on behalf of their respective organizations.

Shahjalal Islami Bank Limited signed an agreement with West Zone Power Distribution Co. Ltd.. The Customers of West Zone Power Distribution Co. Ltd. can pay their electricity bills through on-line from any branches of Shahjalal Islami Bank Limited. The Deputy Managing Director of Shahjalal Islami Bank Ltd. Mr. M. Akhter Hossain and the Managing Director of West Zone Power Distribution Co. Ltd. Eng. Md. Shafique Uddin has signed the agreement on behalf of their respective organizations.

Workshops & Trainings

A day long Executive Development Program (EDP) on 'Time and Stress Management'' for the Officials of the Bank.

Shahjalal Islami Bank Training Academy organized a five day long Training Course on 'Managerial Functions and Leadership' for the Officers of the Bank.

CSR Activities

Anwer Hossain Khan, the Chairman of the Executive Committee of the Board of Directors of Bank handed over the Cheque to the Hon'ble Prime Minister Sheikh Hasina at Ganabhaban as a part of the Bank's CSR activities.

Fazle Kabir, Governor of Bangladesh Bank and Akkas Uddin Mollah, Chairman of Shahjalal Islami Bank Limited awarded scholarship among the brilliant but under previlleged students of the country.

CSR Activities

Shahjalal Islami Bank Limited distributed medicines among the Rohingya People those whom are sheltered in Bangladesh.

Branch Opening

Shahjalal Islami Bank Limited inaugurated its 114th Branch at Rajapur in Feni.

Shahjalal Islami Bank Limited inaugurated its 115th Branch at Baraikhali Bazar, Shreenagar in Munshiganj.

Shahjalal Islami Bank Limited inaugurated its 116th Branch at Vararia in Manikganj.

Branch Opening

Shahjalal Islami Bank Limited inaugurated its 117th Branch at Sheikhpur Bazar, Shibchar in Madaripur.

Shahjalal Islami Bank Limited inaugurated its 118th Branch at Samitir Bazar, Ramganj in Lakshmipur.

Shahjalal Islami Bank Limited inaugurated its 119th Branch at Takterchala Bazar in Tangail.

Branch Opening

Shahjalal Islami Bank Limited inaugurated its 120th Branch at Sadarpur in Faridpur.

Shahjalal Islami Bank Limited inaugurated its 121st Branch at Bangla Bazar, Daulatkhan in Bhola.

Shahjalal Islami Bank Limited inaugurated its 122nd Branch at Bashail in Tangail.

Branch Relocation

To provide better services to the clients, Shahjalal Islami Bank Limited WASA Moor Branch relocated to Moss-Rose Heights, CDA Avenue,

Shahjalal Islami Bank Limited Motijheel Branch relocated to 1/C Rajuk Avenue, Dainik Bangla Moor, Motijheel, Dhaka. The Branch has been shifted at new Place extendedly to provide better services to it's Clients.

Branch Relocation

Shahjalal Islami Bank Limited Mawna Branch relocated at Bhai Bhai City Complex, Sreepur Road, Mawna, Gazipur to provide better services for the Clients.

Shahjalal Islami Bank Limited Gulshan Branch relocated at Baro Bhuiyan, Plot No-3/A, Block-CWN(A), Road No.-49, Kamal Ataturk Avenue, Gulshan-2, Dhaka-1212. In order to provide better services to Clients the branch has been shifted to a spacious place.

Shahjalal Islami Bank Limited Chawkbazar Branch relocated at Ridma Tower, 13 Kapasgola Road, Chawkbazar, Chattogram. The Branch has been shifted in a spacious place to provide better services to the Clients.

ATM Booth Opening

Shahjalal Islami Bank Limited inaugurated an ATM Booth at the Baraikhali Bazar Branch premises.

Shahjalal Islami Bank Limited inaugurated an ATM Booth at Q-Pail Bhaban premises at BSCIC Industrial Area,Tongi, Gazipur.

ATM Booth Opening

Shahjalal Islami Bank Limited inaugurated an ATM Booth at Dainik Bangla Moor, Bank's Motijheel Branch Premises, Dhaka.

Shahjalal Islami Bank Limited inaugurated an ATM Booth at Sadarpur Branch premises.

Shahjalal Islami Bank Limited inaugurated an ATM Booth at Rajapur Branch premises.

Collection Booth Inauguration

Shahjalal Islami Bank Limited inaugurated a Collection Booth at Jashore Municipality Premises.

INVESTMENT PROJECTS OF THE BANK

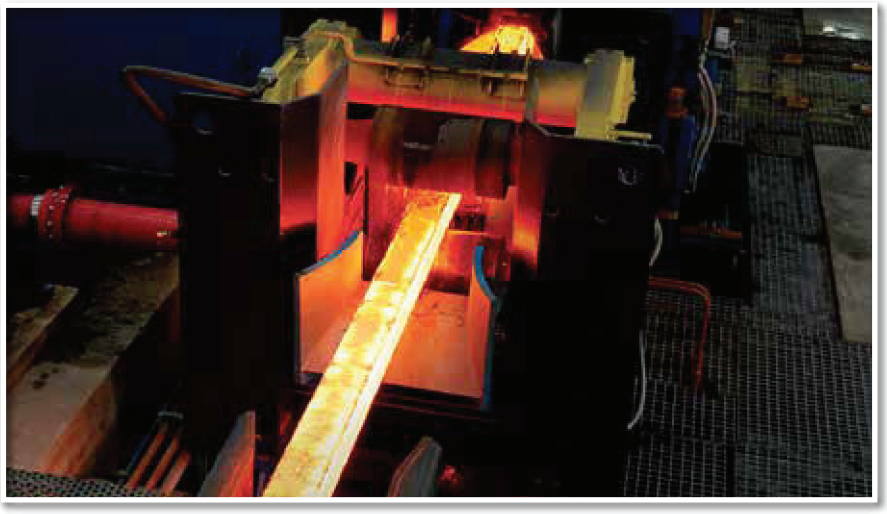
CORPORATE INVESTMENTS

Production site of a cement sheet production factory. This factory has been financed by SJIBL Dhaka Main Branch.

Workers piling up the finished plastic products. This plastic utensil production factory financed by SJIBL Motijheel Branch.

SJIBL Malibagh Chowdhurypara Branch financed a transport company.

CORPORATE INVESTMENTS



Forging machines turning billets to rods. This steel re-rolling mill has been financed by SJIBL Kawranbazar Branch.

SJIBL Dhaka Main Branch has financed this composite knit factory.

Tyres are piled after production. This tyre production factory has been financed by SJIBL Sylhet Branch.

AGRO & GREEN INVESTMENTS

A display of Agricultural Machineries. This Agricultural Machineries Manufacturer financed by SJIBL Sylhet Branch.

Workers sewing jute bags. SJIBL Elephant Road Branch financed to this Jute Based Products Manufacturer.

Partial view of a solar powered electricity generation company financed by SJIBL Eskaton Branch.

WOMEN
ENTERPRISE PROJECTS

Managing Director & CEO of Shahjalal Islami Bank Limited handed over a cheque of Tk. 50 Lac to the Proprietor of Sama Bricks, A successful Women Entrepreneur. Dr. Dipu Moni, MP Hon'ble Education Minister, the People's Republic of Bangladesh was present as chief guest and Mr. Fazle Kabir, Governor of Bangladesh Bank was present as special guest in the occasion.

Workers are sewing dresses. This is a woman enterprise financed by Satmasjid Road Branch.

Dresses are displayed after making by a women enterprise financed by Shahjalal Islami Bank Tower Branch.

MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim

Dear shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

It is a great pleasure and honor to welcome you at the 18th Annual General Meeting of Shahjalal Islami Bank Limited. On behalf of the Board of Directors and myself, I would like to express sincere thanks and gratitude for your continuous support, co-operation and confidence reposed on us.

Bangladesh has come a long way in its economic growth. From a meagre US$ 5.70 billion in 1972, the gross domestic product (GDP) increased to US$ 285.82 billion in 2018. In FY 2017-18 the economic expansion has been quite impressive from the perspective of GDP growth rate, which was 7.86% riding on the agriculture sector, according to figures from government and other sources. Recently, Bangladesh graduated from least developed country (LDC) status to a lower middle income country, and hopes to become a developed country by 2041. This is a positive sign for the country and banking prospects.

Banking industry of Bangladesh has achieved remarkable momentum over the years. It has brought several positive changes in terms of expansion, modernisation, application of international standards, technology adaptation, capacity development efforts, corporate governance, and improved regulatory and supervisory environment. The development is not, however, uniform in all banks. Like other global

economies, the industry is becoming exposed to newer challenges, financial crimes, and competitions. In order to address the changing needs, all banks are required to develop their customised paths to sustain on a continuous process through the effective tools of leadership, sound governance framework and emotional intelligence.

You will be happy to learn that Shahjalal Islami Bank Limited has completed another successful year of business in 2018 having registered with the commendable and steady growth in all key areas of performance than previous year. It was the uphill task for bank's Board and Management to steer the bank in right direction toward growth and stability. By the grace of almighty Allah we have been maintaining steady growth of business in all areas of operational activities like deposit mobilization, investment, foreign trade etc. and maintaining sustainable position in terms of liquidity, capital adequacy, asset quality, management, earnings and profitability. The bank has been able to secure an indispensable position in the banking sector of the country because of its commitment and cordial services. Enormous support of our valued customers, prudent guidance & bold leadership of Bank's Board of Directors and relentless efforts of bank Management have made our journey a success.

In 2018, the growth of deposit and investment of your bank were 21% and 17% respectively. Total deposit of the Bank as on 31 December 2018 stood at Tk. 176,862 million, while total amount of investment of the Bank stood at Tk. 186,090 million. During the year import volume stood at Tk. 140,380 million and export business was Tk. 125,402 million. Foreign Remittance of equivalent Tk. 6,129 million received during 2018. The Bank made the operating income of Tk. 8,653 million registering the growth of 26% compared to that of the previous year, while the net profit after tax of the Bank stood at Tk. 1,471 million in 2018. Net asset value (NAV) stood at Tk. 14,789 million in 2018 whereas it was Tk 13,318 million in 2017. In 2018, our earnings per share (EPS) stood at Tk. 1.73.

The Regulatory Capital of the Bank as of 31 December 2018 stood at Tk. 25,106 million including paid up capital of Tk. 8,486 million. Capital to Risk-weighted Assets Ratio (CRAR) as of 31 December 2018 stood at 14.50% (Tier-1 capital 7.45% and Tier-2 capital 7.05%) that was adequate as against Minimum Capital Requirements (MCR) of 10% set by Bangladesh Bank under revised regulatory capital framework for banks in line with Basel III.

The new headquarters "Shahjalal Islami Bank Tower", country's first ever LEED GOLD Certified Building in Banking Sector, has fulfilled the requirements of the LEED Green Building Rating System Certification established by the US Green Building Council and verified by Green Business Certification Inc. The headquarters building was designed, constructed and equipped in its own premises incorporating a new way of environmentally responsible work practices and technologies, and truly sustainable architecture which have translated our corporate identity into a different level. The environmentally-friendly new building has added another dimension of the Bank for offering better customer services with fresh zeal and courage.

We have introduced unique Dress Codes for all Executives/Officers in order to maintain the sense of proper attirement and positive appearance of all our officials/staffs. Introduction of this unique dress code will inspire our officials to provide cordial services to our customers and this help us to build a very good corporate image.

The very slogan of your Bank is ''Cordial Service & Welfare Banking'' which is not only an utterance, but we literally mean it. We pay the utmost attention and sincere care to our customers. We have a wide range of products and services and continuously redesigning our products to meet the customers' demands and satisfaction with competitive price. We provide a full range of banking & financial services to different segments of clients including individuals, small and medium sized companies/entrepreneurs and corporate bodies etc. The Bank recognizes the small and medium enterprises (SMEs) as an important sector in its business strategy. In view of this, it is imperative to operate with the ideal mix of corporate and retail banking in the portfolio composition with optimum size to maximize the returns to scale from these two key areas of core business activities of the Bank. We are always keen to present with our products & services in different fairs & campaigns arranged from time to time.

Corporate Governance is inevitable for sustainable development of an organization. Operational activities at all levels of Shahjalal Islami Bank Limited have been designed in such a manner that transparency and accountability can be ensured. The duties and responsibilities are appropriately segregated between the Board and the management to provide sufficient check and balance and flexibility for smooth business operations. The Board provides policy guidelines & directions to the management, approves strategic and major policy decisions and oversees the higher management to attain business goals. Audit Committee reviews the internal control & compliance process, the internal audit reports and related compliances of Bangladesh Bank, while the Risk Management Committee reviews the risk areas and overall risk management process/systems of the Bank. The Statutory Auditors were given absolute freedom in the process of audit and verification of the compliance, risk management and the Financial Statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). So, we are following the best practices of Corporate Governance in our Bank and committed to be the role model in the corporate industry.

The Bank has also stressed the need to the compliance with all the rules, regulations and guidelines of Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

Shahjalal Islami Bank Limited is always committed to serve the causes of humanities. We stand besides the distressed people affected in natural and other calamities across the country and extend financial support. We also promote different events of games & sports under our CSR activities. The bank also awards Scholarship to poor but meritorious students with outstanding result in Secondary School Certificate (SSC) and Higher Secondary Certificate (HSC) Examinations for pursuing their higher studies every year on regular basis. We also undertake various philanthropic activities/efforts throughout the year at ongoing basis. We are committed to remain responsible for carrying out our CSR activities within the organization, society and across the country.

Looking ahead, Shahjalal Islami Bank Limited is mindful of the challenges that prevail on many fronts like changing socio-economic condition, industry competitive environment, regulatory compliances and international business situation etc. We must be striving for creating opportunities out of challenges. We will strengthen our position in the industry in terms of keeping good asset quality, innovative banking products & services, steady growth of profitability, strong footing on compliance culture and more presence in CSR activities. We will explore our all activities by means of ensuring better risk management, develop the quality of human resources and improve the corporate governance system. Insha-Allah we will maximize the value for all stakeholders in coming days.

Honorable Shareholders are the source of inspiration of the Bank. I would like to express my heartfelt gratitude to all our honorable shareholders for their immense confidence on us. I also express thanks and gratitude to the valued customers of Shahjalal Islami Bank Limited for their patronization and continued support. Special thanks to the Statutory Auditors for their very professional cooperation. We are indebted and grateful to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission (BSEC), Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms and National Board of Revenue for their very effective guidance, support & role. We are also looking forward to get their continuous support and co-operation in future and we renew our promise to remain disciplined and compliant.

May Almighty Allah bestow His unbound favors upon all of us.

Allah Hafez

With warmest regards,

Akkas Uddin Mollah
Chairman

PERFORMANCE REVIEW FROM THE DESK OF MANAGING DIRECTOR & CEO

Bismillahir Rahmanir Rahim,

Having assumed the office of Managing Director and CEO in October, 2018 with a responsibility to lead SJIBL to the next level of sustainable growth, it is my privilege to present the performance report of Shahjalal Islami Bank Limited before you. I am truly honored to have this opportunity to share my thoughts on overall activities of Shahjalal Islami Bank Limited. At the outset, I would like to express my heartfelt thanks and gratitude to our respectable shareholders, valued clients, distinguished patrons and well-wishers whose cooperation and continuous support has helped us to move forward.

Shahjalal Islami Bank passed another eventful and successful year in terms of its financial and operational development in the midst of financial, economic and environmental challenges like round-the-year pressure on liquidity, narrowing spread, sudden profit rate cap, rapid policy changes, keeping Investment-Deposit Ratio (IDR) within permissible limit, increased global fuel prices, foreign exchange volatility, weaker remittance and moderate export growth against growing import growth etc.

Despite numerous challenges, SJIBL achieved planned growth in business and operations during 2018. We have produced impressive results in 2018. Our judicious ALM practices and effective balance sheet management helped us to grow the core banking income (net investment income) by 27.31% while overall investment grew by 17.28% with an improved sharing among corporate, retail and SME. Investment portfolio stood at Tk. 186,090.03 million at the end of 2018 from Tk. 158,668.16 million in 2017 having growth of 17.28%

whereas profit earning assets registered growth of 16.87% over its preceding year. Our efficiency of cost management has also been reflected in the reduction of cost to income ratio to 47.11% from around 51.56%. Operating profit increased by 37.51% while profit after tax reached to Tk. 1,471.18 million. During the year 2018, performance of import, export and foreign remittance business of the bank was satisfactory. In 2018, import business stood at Tk. 140,382 million as compared to the volume of Tk. 129,244 million in 2017 which is increased by 8.62%, export business amounted to Tk. 125,402 million as against Tk. 97,437 million of the preceding year which is increased by 28.70% and foreign remittance stood at Tk. 6,129 million as compared to Tk. 3,576 million of 2017 which is increase by 71.39%. However, guarantee business amounted to Tk. 19,777.10 million as against Tk. 21,795.60 million of the preceding year which declined by 9.26%. At the same time non-funded income rose to Tk 2,452.35 million from Tk1,993.70 million of previous year, registered significant YoY growth of 23% due to increase of total off Balance Sheet exposure. As a whole our balance sheet grew by 17.21% than 2017 and reached to Tk. 243,659.89 million in 2018. Our position has also improved in the most important ratio. The feat was achieved through promoting and effectively expanding the RMG business of the bank. All front-ranking large-to-medium RMG groups in the country are banking with us with full confidence& satisfaction.

Small and Medium Enterprises (SME) play an important role in the economy in terms of balanced and sustainable growth, employment generation and contribution to GDP. SJIBL strongly believes that SME sector is one of the main driving forces of economic growth having huge potential of socio-economic development. The outstanding SME investment as on 31 December 2018 stood at Tk. 70,395 million which was 38% of total investment of the bank with registered YoY growth of 22%. The bank is also taking required measures to increase the SME portfolio to a remarkable extent within next two/three years. Shahjalal Islami Bank Limited believes in technology based modern banking and already introduced chip based Visa Credit Card in addition to Debit Card to ensure convenient and superior service to its customers.

SJIBL continued with the cautious and selective approach while taking investment exposures and remained focused on risk management and portfolio diversification. The Bank also preferred financing against collaterals which improved our capital adequacy in compliance with Basel III requirements. In 2018, all our efforts were continued to progress in business aiming at improving the deposit mix, growing and diversifying the portfolio and maintaining a steady growth in profit.

During the year, the Bank's efforts remained focused on improving the core deposits. For this purpose, a deposit mobilization campaign was launched for Banks employees that yielded excellent results and contributed to overall improvement in core deposits. The deposit stood at Tk. 176,861.51 million at the end of 2018 from Tk. 146,348.23 million of 2017 having growth of 20.85%. SJIBL renewed its focus on rebalancing the deposit base to increase the portion of the CASA transaction-based deposit portfolio. The deposit type and mix remained almost consistent with last year.

Improvement in Asset Quality, Early Recognition of Problematic Accounts and Reduction of NPA has been the major focus of SJIBL during the year. The year 2018 was a challenging year for the banking industry to maintain the asset quality due to various reason. Bank has given maximum emphasis to arrest transformation of regular investments to non-performing investments through regular monitoring and on recovery of stuck up investments to improve quality of assets. SJIBL has taken rigorous follow-up mechanism to explore recovery prospects of NPA accounts. In this respect Investment Administration Division has been strengthened.

SJIBL's eligible capital as on 31December 2018 stood at Tk. 25,106 million. At the end of 2018, Capital to Risk Weighted Assets ratio (CRAR) was 14.50% against regulatory requirement of 11.875% including conversion buffer. It indicates that we maintained significantly higher capital during this year than what was required by the regulators. Hence our Surplus capital stood at Tk. 7,790 million, which was 123.72% higher than 2017.

Credit Rating Agency of Bangladesh Limited (CRAB) has reaffirmed the long term rating of Shahjalal Islami Bank Limited at AA2 and the short term rating at ST-2 based on financial statements for the year ended 31 December 2018 and other relevant qualitative and quantitative information. The rating indicates sound investment profile, modest risk, strong repayment capacity, stability of fund, profitability, good business growth of SJIBL.

The Bank expanded its operation through opening 9 (nine) new branches at different rural areas across the country and total number of branches of the bank as on 31 December 2018 stood at 122.This is probable the first instance that having option of opening Branches at urban area, Bank rather take initiative to open rural branch to provide banking services for the unbanked people. It is a strong reflection of our Board and Management's strong commitment to serve the underserved community of the country. Moreover, a number of branches were relocated in more suitable places to cater the growing needs of our customers.

To reach out the population segments that are either overlooked or disregarded from a creditworthiness point of view, SJIBL is going to start agent banking operations from the first half of 2019. Our franchisee-based operating model is expected to create low-cost, high-impact and scalable banking ecosystem.

Today's business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from the customers. Banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate. Information Technology is at the center of this change curve. Bank has given top priority to upgrade the existing platform of Information Technology. A state-of-the art Data Center (DC) was established at its Corporate Head Office along with Disaster Recovery Site (DRS) to make sure that bank will not lose any data in the event of any disaster. Furthermore, the Bank also implemented Layer-7 security to protect cyber-attacks on its ICT infrastructure. Mentioned here that EPI (Enterprise Products Integration) certifies that the design documents for the data center of Shahjalal Islami bank Limited has been found to conform to the requirement of ''ANSI/TIA-B:2017" and Rated -3 after independent assessment.

While providing people with cutting-edge modern banking services, SJIBL ensures compliances with the Shariah principles in all its operational activities. The Bank has a Shariah Council consisting of prominent Fuquaha, Economist and reputed Bankers to advise and guide the Bank for operating strictly on Shariah principles. Beside Shariah Council, a strong Shariah Inspection team conducts inspection regularly so as to ensure that the Shariah principles are implemented and complied with meticulously by the branches of the Bank.

Shahjalal Islami Bank Limited recognizes its employees as the prime asset and the key contributors to the performance of the Bank and places great emphasis on the attraction, development, motivation and retention of its employees. Competent and quality workforce is a pre-condition for continuous growth and success of a bank and the bank took the endeavors to keep improving the skills, knowledge and productivity of the employees. Employees professional development remains one of our key elements of human resource strategy. During the year the training academy of the Bank arranged various courses, workshops and seminars on different aspects of banking for the executives and officers of the bank in which as many as 4,319 officers and executives participated. At the same time 150 executives and officers received trainings from BIBM, 29 executives and officers received training from Bangladesh Bank, 63 executives and officers received training from other training institutes and 16 executives received training from abroad. We remain committed to provide ample opportunities for in-house and external trainings that will enable our employees to improve their skills and professional competence.

The management of the Bank operates with a philosophy of serving the customer with the highest standards of service quality. We value our customers and are committed to offer best-its-class banking experience for them. We believe in relationship banking and relationship grows deep with time. Our focus has always been to understand customers' perspective and develop service and products accordingly. In this respect, SJIBL has given importance to enhance its operational and technical capabilities so that service quality will be ensured.

During the year under review, the Bank remained focused on improving risk management in line with the risk management guidelines issued by Bangladesh Bank. A risk management strategy has been developed for identifying, assessing, controlling and monitoring risks. Our risk management processes comprise of detailed risk reviews, application of analytical tools and techniques.

SJIBL is not only for profit rather it believes in 3P philosophy i.e. "People – Planet – Profit". With that understanding, SJIBL, through its Foundation always extends cooperation and generously comes forward for serving humanity through different welfare activities giving due emphasize on health, habitat and education. Being a socially responsible corporate body, SJIBL continued its CSR activities throughout the year. During the year 2018, Bank spent an amount of Tk, 151.286 million as CSR which covers involvement in charities, scholarship program and different events for overall betterment of the nation. Insha-Allah, more welfare activities and institutional development programs will be taken in future to the cause of serving the communities and the country as a whole.

The year 2018, despite the global economic challenges showed both growth and profit. The near and medium term outlook for Bangladesh economy remains moderately positive, driven by stable political situation, a few favorable domestic and external factors. However, there exists some downside risks. The present year and times ahead are expected to offer some financial pressures on the banking sector. In the light of the above challenges and opportunities, we set our strategy giving highest priority on organic business growth and in accordance with that, we believe 2019 shall be a year of moderate growth and consolidation again for the bank. We shall strive for innovation and diversification of products and services for continuous growth and sustainability of our business.

Acknowledgement

My sincere appreciation to the Board of Directors for their unstinted cooperation over the year. They have taken keen interest in the affairs of the bank and in formulation of policies and had been immense source of support and guidance to me during the year. I thank them for the wise guidance and counsel extended to me in managing the affairs of the Bank.

I would like to take this opportunity to thank the shareholders for the trust they have reposed in the Bank. I am also grateful to Bangladesh Bank and Securities and Exchange Commission for their continued support and guidance on policy and operational matters which in fact enhanced the professional capabilities of the Bank. The loyalty of the customers has been very encouraging despite intense competition during the year. I thank them for the confidence they continue to place in us. I would also like to express sincere appreciation to the employees of the bank for their dedication and hard work.

In the end, on behalf of senior management team, I most humbly submit to the greatness of almighty Allah soliciting His mercy to pave the journey towards glorious success of the bank in the coming days.

M Shahidul Islam
Managing Director & CEO

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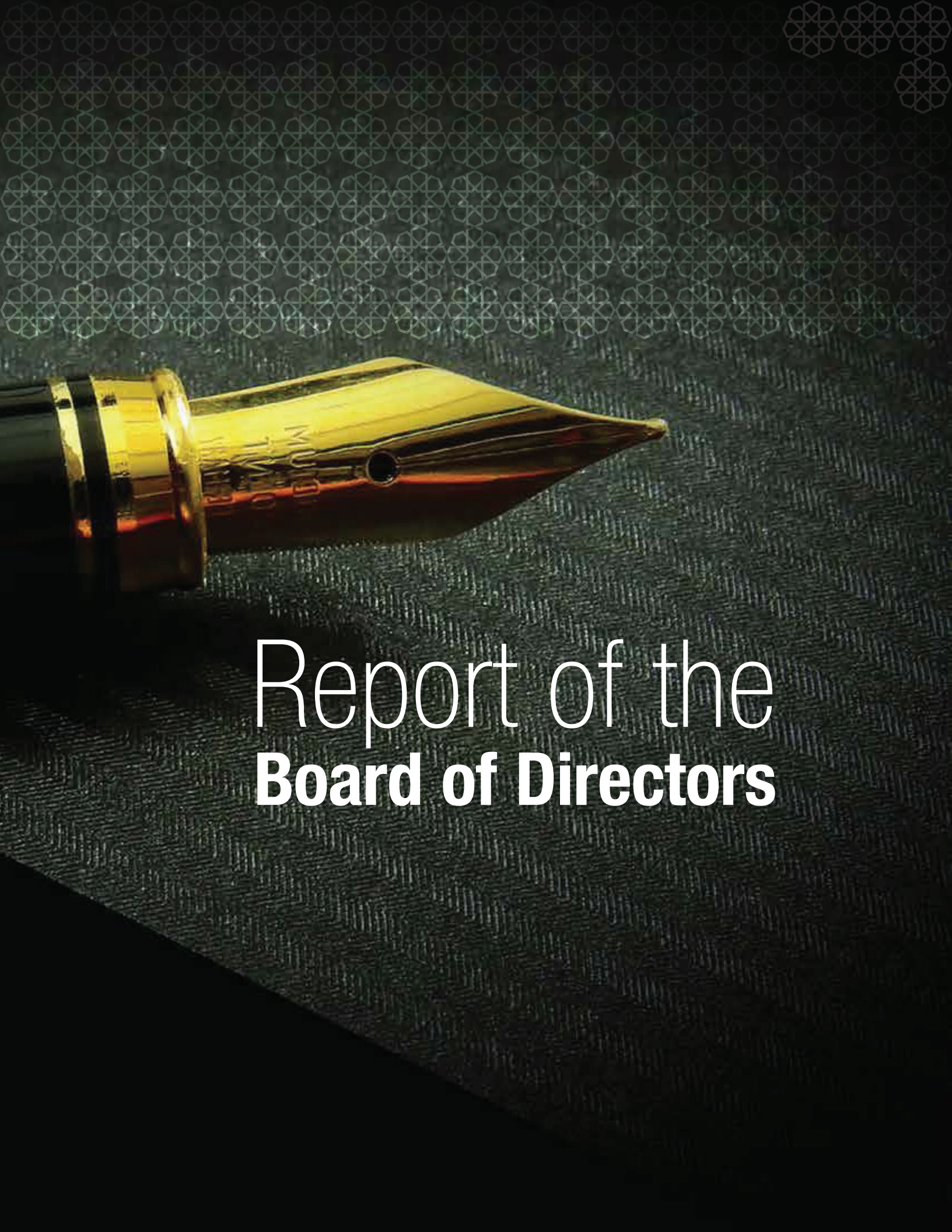


Report of the **Board of Directors**

Report of the Board of Directors

In the name of Allah

The Most Gracious, the Most Merciful

Dear Shareholders,

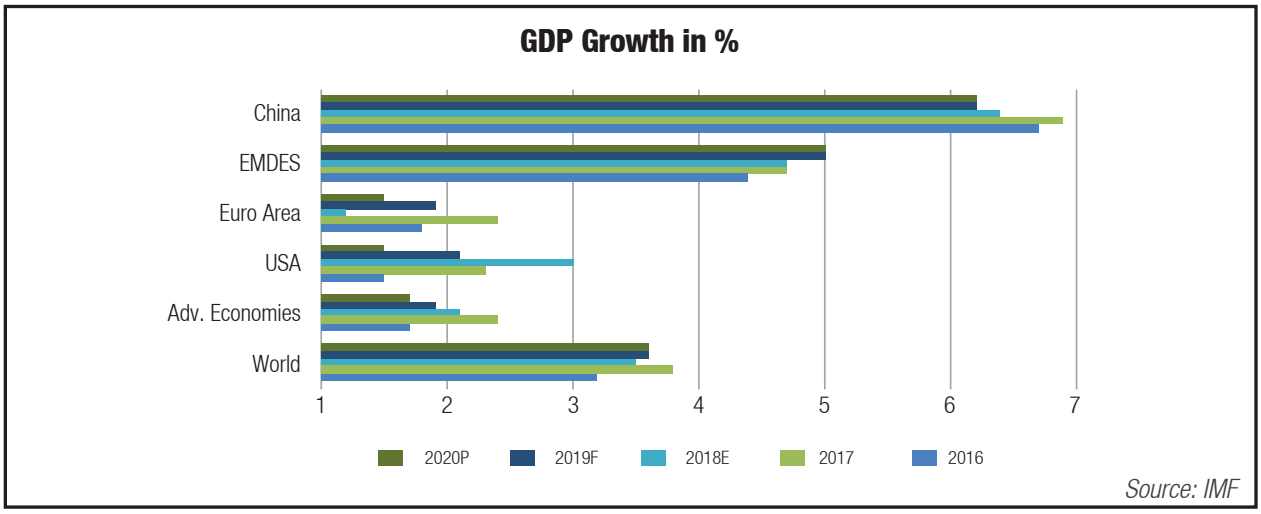
Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

We are delighted to present before you the Directors' Report and Audited Financial Statements together with Auditors' Report of the Bank for the year ended 31 December 2018. We have also provided a brief description of the performance and financial position of the Bank for the same year as well as various aspects of the world economy and Bangladesh economy.

World Economy

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and external demand, especially from emerging Asia, softened. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand.

Economic activity at the global level is expected to expand at a solid pace of 3 per cent in 2019, but there are increasing signs that growth may have peaked. The growth in global industrial production and merchandise trade volumes has been tapering since the beginning of 2018, especially in trade-intensive capital and intermediate goods sectors. Leading indicators point to some softening in economic momentum in many countries in 2019, amid escalating trade disputes, risks of financial stress and volatility, and an undercurrent of geopolitical tensions. At the same time, several developed economies are facing capacity constraints, which may weigh on growth in the short term.



Source: IMF

Over the course of 2018, there was a significant rise in trade tensions among the world's largest economies, with a steep rise in the number of disputes raised under the dispute settlement mechanism of the World Trade Organization. Moves by the United States to in-crease import tariffs have sparked retaliations and counter-retaliations. Global trade growth has lost momentum, although stimulus measures and direct subsidies have so far offset much of the direct negative impacts on China and in the United States. A prolonged episode of heightened tensions and spiral of additional tariffs among the world's largest economies poses considerable risk to the global trade outlook. The impact on the world economy could be significant: a slowdown in investment, higher consumer prices and a decline in business confidence. This would create severe disruptions to global value chains, particularly for exporters in East Asian economies that are deeply embedded into the supply chains of trade between China and the United States. Slower growth in China and/or the United States could also reduce demand for commodities, affecting commodity-exporters from Africa and Latin America. There is a risk that the trade disputes could aggravate financial fragilities, especially in some emerging economies. Rising import prices, coupled with tighter financial conditions and high debt-servicing costs, could squeeze prof-its and cause debt distress in certain industries.

Rising policy uncertainties and deepening country-specific vulnerabilities generated bouts of heightened financial market volatility in 2018. Investor sentiments were affected by escalating trade tensions, high levels of debt, elevated geopolitical risks, oil market developments, and shifting expectations over the monetary policy path of the United States. Against this backdrop, global financial conditions experienced some tightening during the year. In the current uncertain environment, any unexpected developments or sudden shift in sentiment could trigger sharp market corrections and a disorderly reallocation of capital. A rapid rise in interest rates and a significant strengthening of the dollar could exacerbate domestic fragilities and financial difficulties in some countries, leading to higher risk of debt distress.

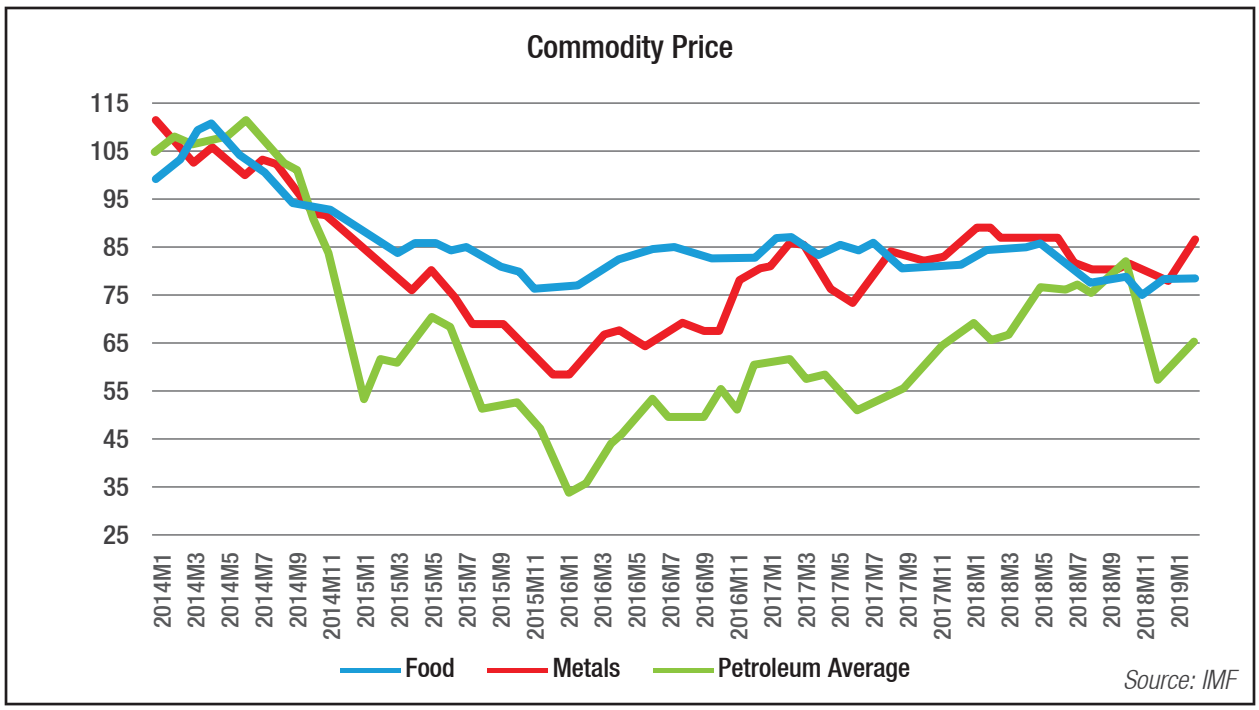
Global Trade

Citing widespread "tensions" and economic uncertainty, The WTO estimated Global trade growth to be lower in 2019 than it was last year. A year ago, the WTO projected that trade growth for 2018 would be 4.4 percent. The fact that the final number was 3 percent. In its main annual forecast, the 164 member WTO renewed its concerns about systemic threats that could continue to disrupt the world's economy, notably retaliatory tariffs between China and the United States.

Global Commodity Market

Commodity prices in the third quarter of 2018 were buffeted by geopolitical and macroeconomic events. Energy prices gained 3 percent in 2018 Q3 (q/q), partly in response to the impending re-imposition of sanctions on Iran by the United States along with continuing declines in production in Venezuela. As a result, crude oil prices are expected to average $74 per barrel (bbl) in 2019. Moreover, risks to the oil price forecast are to the upside in the short-term, given the recent decline in spare capacity. In contrast, metal and agricultural prices declined 10 and 7 percent, respectively, in the third quarter of 2018 amid robust supplies and trade disputes. Metal prices are expected to stabilize in 2019 whereas agricultural prices are expected to gain almost 2 percent. It shows that China has been the main driver of commodity demand growth, particularly for coal and metals, but that its demand is likely to slow while other emerging market economies are unlikely to emulate China.

Commodity prices have been driven by a number of factors this year, including commodity-specific supply disruptions, rising U.S. interest rates, an appreciation of the U.S. dollar, growing trade tensions between major economies, and financial market pressures in some emerging market and developing economies (EMDEs).



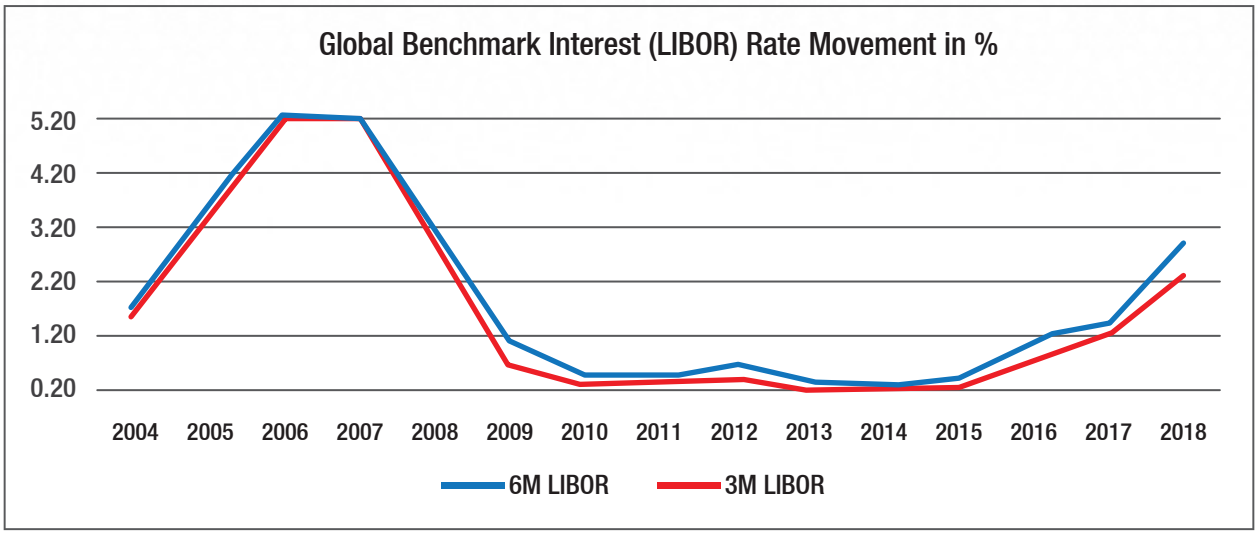
Source: IMF

The global economy continues to expand, but third-quarter growth has disappointed in some economies. But these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty, and concerns about China's outlook. While the December 1 announcement that tariff hikes have been put on hold for 90 days in the US-China trade dispute is welcome, the possibility of tensions resurfacing in the spring casts a shadow over global economic prospects.

High-frequency data signal subdued momentum in the fourth quarter. Outside the United States, industrial production has decelerated, particularly of capital goods. Global trade growth has slowed to well below 2017 averages. The true underlying impetus could be even weaker than the data indicate, as the headline numbers may have been lifted by import front-loading ahead of tariff hikes, as well as by an uptick in tech exports with the launch of new products. Consistent with this interpretation, purchasing managers' indices, notably in the category of new orders, point to less buoyant expectations of future activity.

Global Liquidity Tightening

The US continued their rate hike in 2018. Moreover, the US Federal Reserve is expected to hike rates in 2019, as well as optimize the balance sheet by selling bonds and pulling off money from the market. This will cause liquidity tightening and transfer from emerging markets. The below chart shows how LIBOR rates over 3 and 6 months have sharply moved up from 2004 to 2018.



Bangladesh Economy

Bangladesh's economy continues to grow at an impressive rate. Bangladesh's economy expanded by a remarkable 7.86% to USD 275.8 billion in 2018 , recording the highest growth rate in the country's history. 2018 marked a 5-year run of continuous increase in the country's GDP growth rate. Resilient domestic demand has led to growth in manufacturing and construction industries on the supply side. On the demand side, growth is led by private consumption and exports. . Bangladesh has averaged more than 6% over the last decade, significantly lifting per capita income. Throughout this process, the country has diversified away from an agrarian to a more manufacturing-based economy with rapid growth in the ready-made garment industry. Economic activities remained buoyant in H1FY19, aided by strong domestic demand, growth in remittance inflows at over 8.0 percent in December 2018 and a pick-up in exports (14.4 percent in December 2018). Government expenditure also supported domestic consumption and investment. Buyers' confidence in the RMG industry underpinned by improving workplace safety conditions, and external demand, including from the strong US growth momentum and the diversification of RMG orders away from China aided exports. Improved energy supply and political calmness also supported economic activities.

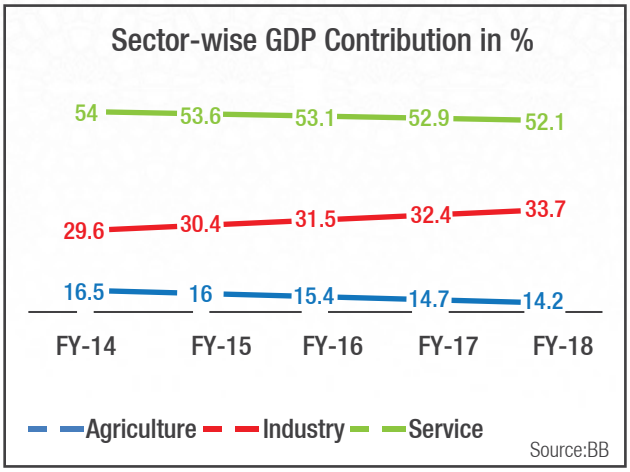
According to the final estimates of Bangladesh Bureau of Statistics, GPD grew by 7.86 percent in FY18, up from 7.28 percent in FY17, driven by strong domestic demand with support from robust credit growth, exports, and remittance inflows Growth in Tax revenues in Bangladesh are currently low at 9.00% of GDP, and the country needs more revenues to finance infrastructure investment and social spending. The average tax revenue to GDP ratio for non-resource rich, low-income countries is around 15.00%.

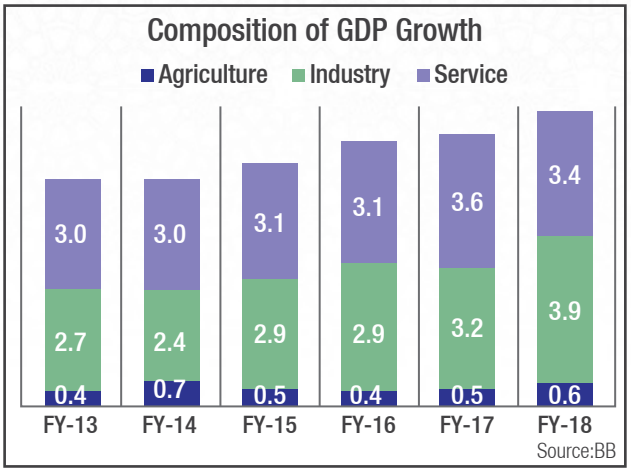
In order to become an upper middle-income country by 2031 and achieve high income country status by 2041, Bangladesh will require huge investments in physical capital, human capital, and innovation enabled by reforms in areas such as financial sector, business regulation, and addressing the infrastructure gap.

Agricultural sector

Though the contribution of agriculture to GDP has shrunk over the decade sharply, still the agriculture sector continues to be the

important sector in the Bangladesh economy. Ensuring food security for the vast population of Bangladesh is directly associated with the agricultural development in the country. The governments of Bangladesh have therefore been giving priorities to agricultural development with a view to ensuring food and nutritional security, poverty alleviation, and increased generation of employment. However, there is enough evidence – both direct and indirect – to show that, employing about 40.6 per cent of the country's present labor force and accounting for about 14.23 per cent of GDP in the immediate past fiscal come from Agriculture. Due to favorable natural factors and strong government support in terms of timely availability of inputs, the sector achieved a considerably high growth of 4.19 per cent in FY18 compared to a modest 2.97 per cent growth in FY17. Rice import data corroborate bumper harvests. Imports of rice and wheat were 24.87 lakh metric tons during July-November 2018, a reduction of 42 percent from the same period of the previous year.





Industrial sector

Industrial growth has been driven mainly by the manufacturing sector, which increased its share of GDP from 16.89% to 18.99% between FY10 and FY18, and grew by 18.23% in FY18. This underlines the steady process of industrialization of the Bangladesh economy. As public sector projects in power and transport infrastructure start to come online, we expect them to facilitate increased private sector investments in the manufacturing sector, leading to continued growth in the future. Consequently, manufacturing is set to continue to drive GDP growth going forward. Construction has also seen stellar growth, taking its share of GDP from 6.50% in FY10 to 7.98% in FY18. The construction sector grew by 16.25% in FY18 and is similarly expected to show robust growth in coming years driven by increasing private sector investments, remittance and per-capita incomes.

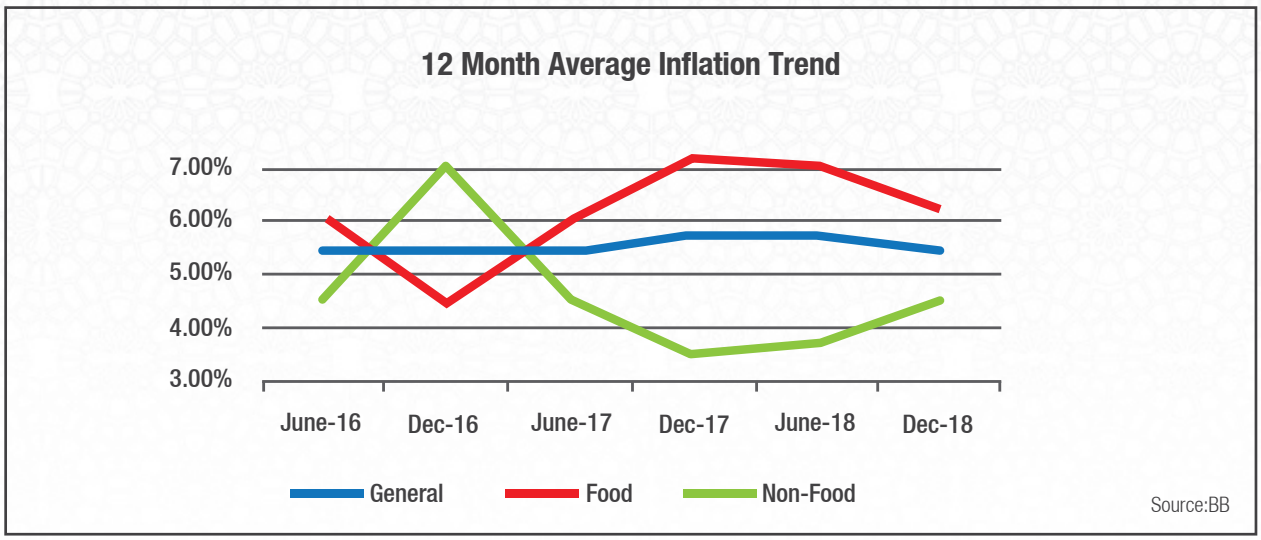
Service sector

The service sector has grown at the same rate of the overall economy. Its share of GDP has changed slightly from 56.04% in FY10 to 56.00% in FY18. Public Administration increased its share of GDP from 3.34% to 4.24%between FY10 and FY18, and grew 15.3% in FY18. Due to the stable political environment, public administration is set to continue growing at high rates for the future. Likewise, Education has increased its share of GDP from 2.4% to 3.03% in the FY10-FY18 period. Education grew at 13.41% in FY18 and is set to continue to grow at high rates due to demographic factors and higher per-capita incomes. Real Estate and Financial Intermediation are also expected to grow at high rates due to urbanization and rising per-capita incomes.

Inflation

Aided by moderating food inflation from lower rice prices, headline CPI inflation (point-to-point) continued its declining trend, although non-food inflation, rising since early 2018, reached 5.45 percent in December 2018. Headline CPI inflation declined gradually to 5.35 percent in December 2018 from 5.54 percent in June 2018. Consequently, 12-month average inflation edged down to 5.54 percent in December from 5.78 percent in June 2018.

There are mixed forces on the inflation dynamics. Global food and energy prices and favorable domestic production reduce inflation risks over the short to medium term. But core inflation, a traditional measure of gauging inflation pressure, steadily increased since December 2017 and reached 4.5 percent in December 2018, partly reflecting the base effects.



Money Supply and Credit Growth

In December 2018, broad money (M2), domestic credit (DC), and reserve money, the key aggregates of monetary policy framework, grew by 9.4, 13.3, and 8.2 percent, respectively, remaining below or close to the program targets (10.2, 15.9, and 8.0 percent, respectively). M3, a broader measure of monetary aggregate that includes resources procured through NSCs, ranges around 11.5 percent, suggesting continued financial deepening. Put together, these outcomes of the aggregate anchors of the monetary policy helped moderate inflationary pressures, while supporting growth. The moderating but still sizeable current account deficit also continued to exert a contractionary impact on the growth of monetary variables through net foreign assets, which shrank by 0.2 percent, less than the H1FY19 programmed target. Although private sector credit growth moderated to 13.3 percent in December 2018, down from a five-year high of over 18 percent in addition to the base effects, the moderation likely reflected some impact of the interest rate rigidity, and the phased investment demand and expectation of higher uncertainties in the run-up to the national election.

Public Sector Credit Growth

During H1FY19, as in the recent years, domestic financing of fiscal deficit has been met primarily through NSCs available on tap. But public sector credit growth picked up in H1FY19 and exceeded 13 percent in December, 2018 as the Government increased the pace of expenditure, with the emphasis on improving project implementation. Heavy reliance on the non-market instruments like NSCs significantly reduces the two-way flexibility of interest rates and complicates the monetary policy transmission channels. Market-rate linked rationalization of NSCs pricing accompanied by enhanced monitoring to ensure that NSCs reach the target groups and within the approved limits remains a high priority for market development and fiscal discipline.

Foreign Direct Investment

Foreign Direct Investment (FDI) remains low at less than 1 percent of GDP. Net FDI inflow amounted to $910 million in the first half of FY19, compared with $823 million in the first half of FY18. The rise in production costs in China and other emerging economies could induce some industrial relocation if the domestic investment environment is hospitable enough For Bangladesh to be an attractive destination for these industries, it is imperative that land, electricity and gas and skilled human resource be available. Foreign firms also consider changes in energy prices, limitations in the governance framework, risks of cyber-attacks, skills shortages as the key impediments to investment in Bangladesh

Import

Imports registered 31.75% growth in FY18, driven by increased public investment in megaprojects and massive food imports to make up for a shortfall in rice production. That has caused the current account deficit to balloon to a record USD 9.78 bn in FY18. We forecast the government to scale back on its investments in new megaprojects and focus on finishing the ones under construction. We also forecast that rice imports will be greatly diminished in FY19 due to adequate stocks of food grains in the country. LNG imports have started from 2018 and will add to the fuel import bill.

The price of oil in international markets has seen a sudden fall from USD 86/bbl at the start of October to the USD 50/bbl level

by December 20. The sudden moderation of oil prices will be countered by an expected depreciation of the BDT. As a result of these factors, we forecast import growth to be 15% in FY19.

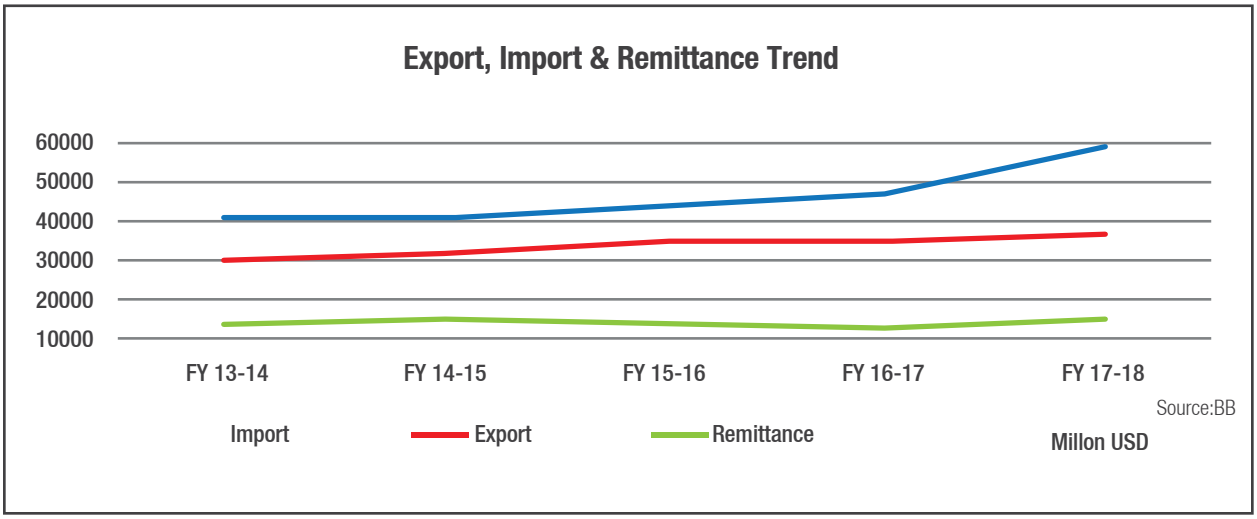
Export

Export growth has picked up. After a modest 5.3 percent expansion in FY18, cumulative export earnings in the first seven months of FY19 surged to $24.2 billion, an impressive 13.4 percent increase from the same period of the previous year. This reflects 14.5 percent growth in ready-made garments (RMG) and 8 percent growth in non-RMG exports, rebounding from a 9.5 percent decline in FY18. Strong US economic growth and the US-China trade dispute have played a role in this growth. Export to US markets rose by 17.4 percent, compared with only 1.4 percent growth during the same period last fiscal year. Exports to China grew by 30.3 percent, compared 27.2 percent decline during the same period last year. Growth was led by exports of agricultural products, pharmaceuticals, plastic products and home textile. However, leather and leather goods, the second largest source of export earnings, declined 5.4 percent.

The RMG sector currently accounts for 83.5 percent of total exports. Exports of leather and leather goods have been above the $1 billion mark for the past five years but stagnated. The shifting of tanneries from Hazaribagh in Dhaka to Savar on the outskirts, the delay in the construction of the Central Effluent Treatment Plant (CETP) and other administrative complications have hampered competitiveness of the sector. Given the availability of raw leather in Bangladesh, however, the potential in this sector remains substantial. Raw jute and jute goods, another major contributor to non-RMG export earnings, also failed to perform well recently, declining by double digits in the first five months of FY19. Decline in demand for jute and jute goods from Turkey, USA, China, India and some African countries due to increased tariffs and the real appreciation of the taka contributed to decline in jute exports.

Remittance

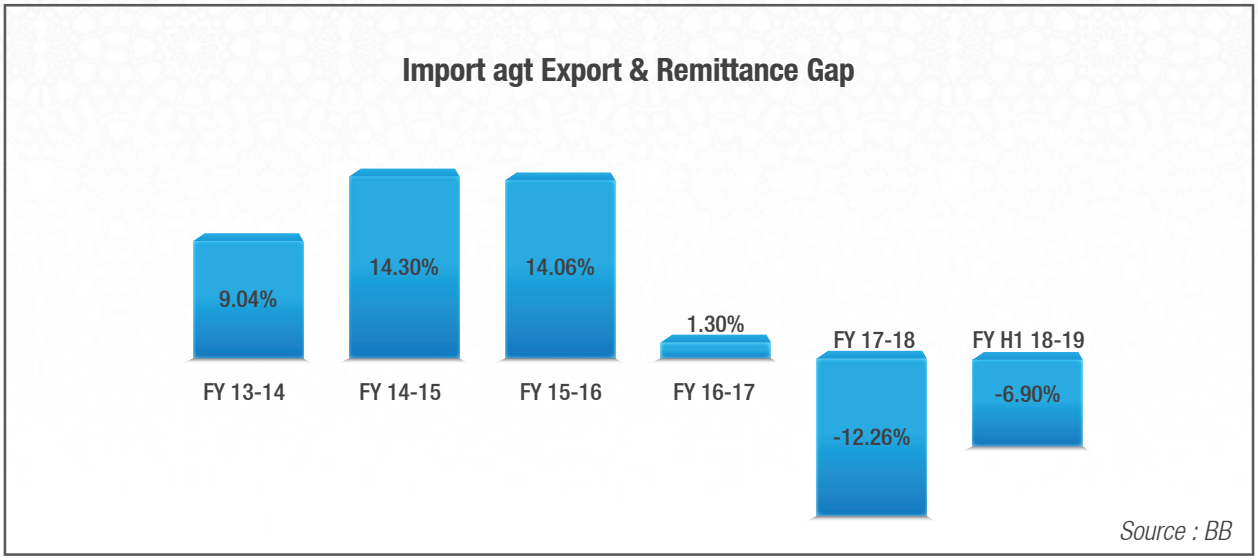
Remittances are expected to rise around 15% in FY19. A record number of workers left abroad in FY17 and FY18 (905.32 and 880.38 thousand respectively) and this is expected to cause a lagged effect as they start sending remittance back to the country. Depreciation of the BDT will also encourage the use of official channels to send back remittances which were previously sent through informal channels (hundi). However, long-term risks are evident which will limit the growth of remittances in the medium to long term. The Gulf countries, especially Saudi Arabia, the single largest source of remittances to Bangladesh, are increasingly cracking down on foreign workers to curb unemployment among their citizens.



Balance of Payments

Current Account deficit was driven mainly by the trade deficit of 18.25 bn. Imports grew by 25.23% in FY18, while export growth lagged behind, registering a meagre 5.81% growth. Bangladesh has experienced healthy balance of payments surpluses over the years, as exports and remittance have compensated for the trade deficit to keep the current account in surplus. The financial account also recorded surpluses owing to foreign direct and portfolio investments and loans. The result has been positive overall balance surpluses leading to a steady build-up of foreign exchange reserves, which hit a record high of USD 33.5 billion in June 2017. The government subsequently undertook a number of massive infrastructure projects to build up desperately needed power and transport infrastructure around the country. These projects were financed in part by foreign partners like China and Japan. This has resulted in the current account balance steadily deteriorating due to imports of capital machinery and construction materials,

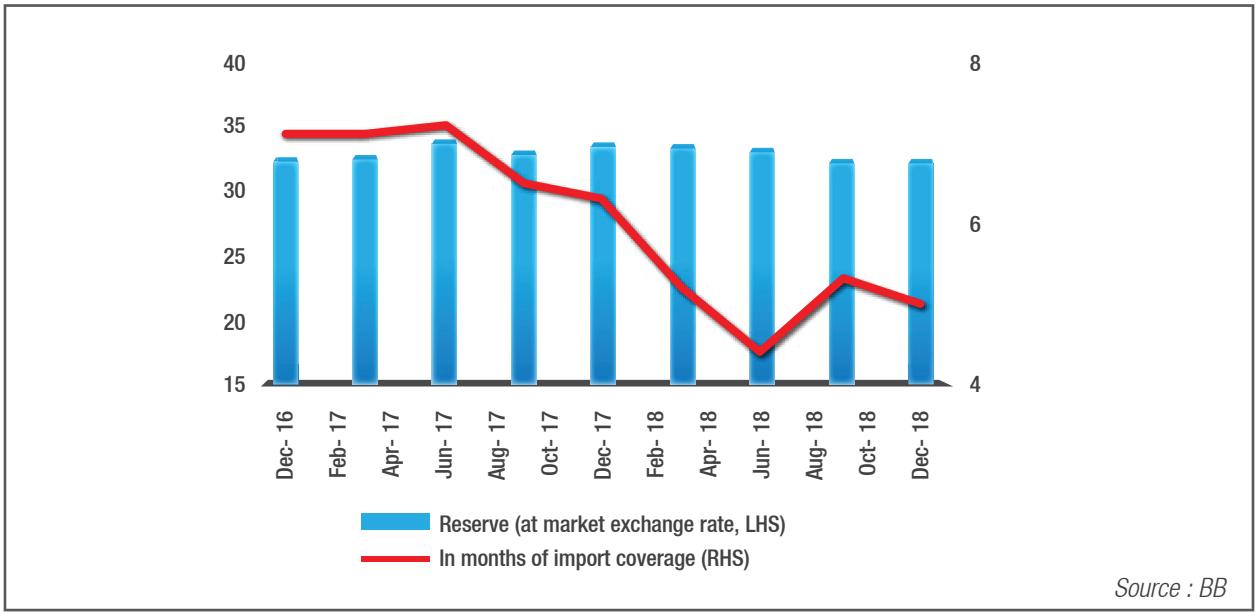
sending the current account balance into deficit. In addition, widespread floods at the start of 2017 forced the government to import huge quantities of rice from the international market which further deteriorated the current account balance, which hit a record deficit of USD 9.78 billion in FY18. Unlike previous years, the financial account surplus of USD 9.08 billion was not enough to overcome the deficit, and overall balance recorded a deficit of USD 885 million. Medium and Long Term (MLT) loans recorded a large rise, reflecting the financing of investments with foreign funds.



Looking forward, we expect robust growth in remittance and exports, while food grain imports are expected to remain muted due to good harvests. As a result, we expect that the current account deficit shall moderate in FY19. The extent to which financial account inflows are able to make up for the current account deficit shall depend on the ability to attract foreign fund flows. Consequently there is a risk that the overall balance of payments may record a deficit in FY19.

Foreign Exchange Reserve

Foreign exchange reserves have stayed largely stable in FY18 at the USD 32 bn level, equivalent to 5.9 months of import payments. However, the growth of foreign exchange reserves experienced in FY15 to FY17 has largely come to a standstill due to the balance of payments. Although we may witness large outflows of foreign exchange due to the large number of infrastructure projects being implemented by the government, reserves are expected to stay at a comfortable level in 2019 adequate for 4.5-5 months of import payments.



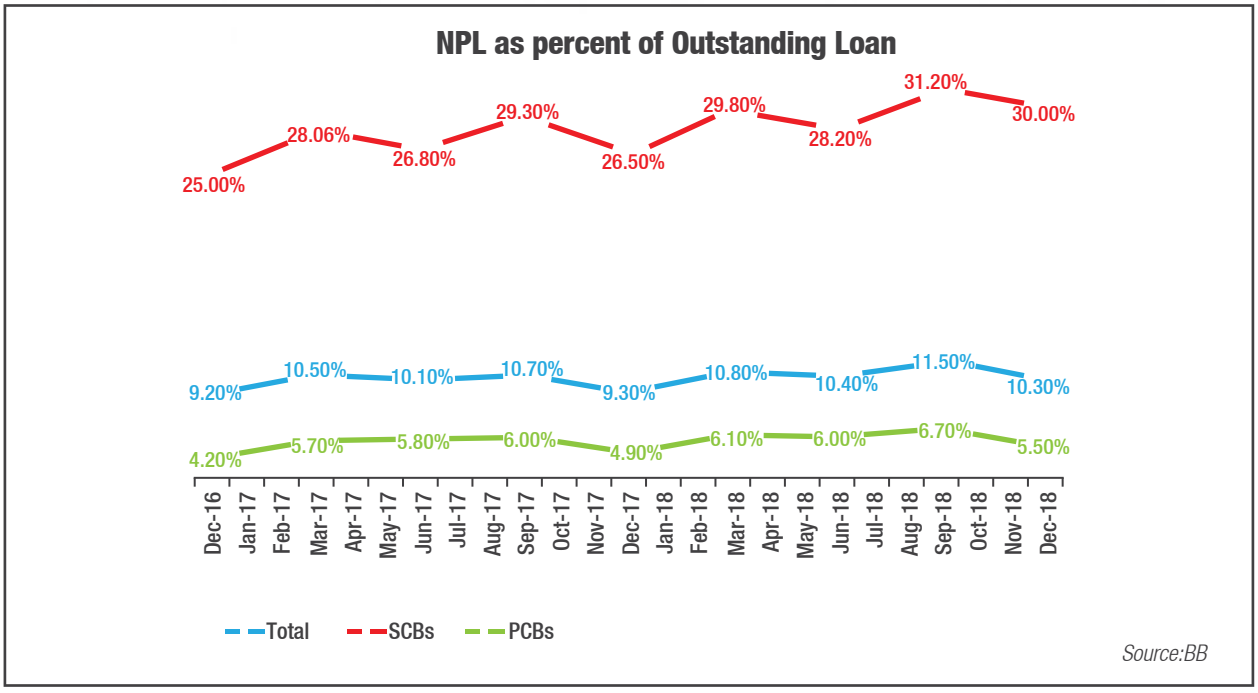
Banking Sector

Though the banking sector of Bangladesh has been facing a number of serious challenge, the industry has achieved remarkable momentum over the years. It has brought several positive changes in terms of expansion, modernization, application of international standards, technology adaptation, capacity development efforts etc. This industry has evolved by leaps and bounds over the past decade, when it comes to operations and service delivery.

However, the sector has been facing a number of serious challenges due to malpractices, scams and heists. These have affected the overall performance of the sector which is reflected through various efficiency and soundness indicators. Repeated concerns have been expressed by relevant stakeholders regarding the constant deterioration of banking performances and its potential implications for the sustainability of the sector. Given that the financial sector of the country is mainly bank based, poor health of the banking sector will also impact on economic growth. Therefore, rectifying the problems is critically important.

Rise of non-performing loans (NPLs)

The gross NPLs accounted for 10.3 percent of the outstanding loans from the banking sector at the end of 2018 which was 9.3 percent in December 2017. NPL's are not evenly distributed among banks. Five banks are responsible for almost half of the total NPLs. NPLs of State-owned Commercial Banks (SCBs) is 31 percent and State-owned Development Banks (SDBs) 22 percent. The practice of loan rescheduling and write-offs also increased, creating further stress on banks. BB approved loan rescheduling of BDT 191 billion in 2017 and BDT 200 billion in 2018. Notably, the NPLs are increasing despite these wholesale approvals of loan rescheduling. Directed lending, poor risk management, and weak corporate governance lead to the rise in NPL.

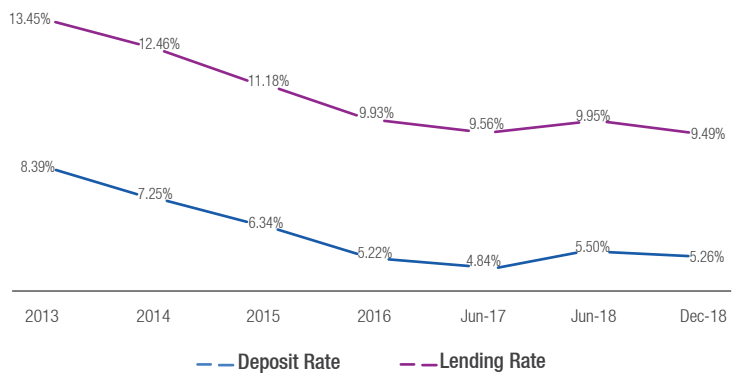


Source:BB

Interest (Profit) Rate Outlook

Interest(Profit) rates are likely to increase in 2019 on back of increased public and private sector credit from banking system. Bank interest rates has been on a declining trend for the past 6 years, with lending rates coming down from13.75% in June 2012 to 9.49% in December 2018. The decline can be attributed to two main factors. Inflation rates have been tamed over the past five years due to tighter monetary targets adopted by the central bank, resulting in lower nominal interest rates. A poor private investment environment due to lack of infrastructure also caused a huge amount of excess liquidity to build up in the banking sector. Competition between banks forced the interest rates to come down as a result and the spread has also steadily come down, reaching 4.15% in January 2019.

Weighted Avg. Deposit & Lending Rate

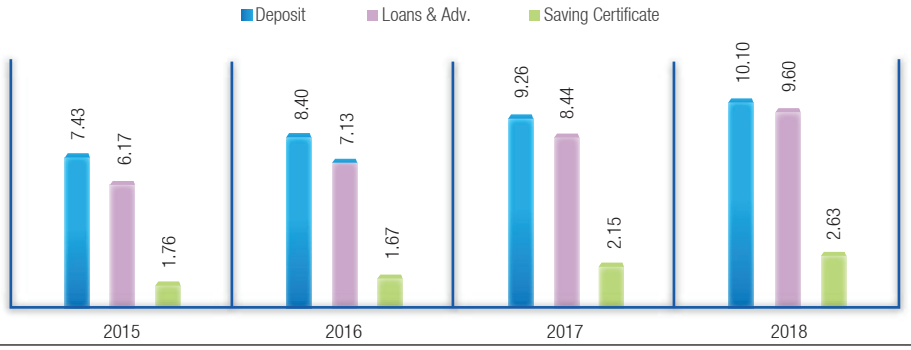


Source: BB

Deposit growth has been on a downtrend from the start of 2017, reaching a low of 5.40% in March 2018 before starting to rise again due to increased interest rates on deposits.

Deposit, Loan & Advance and NSC Outstanding

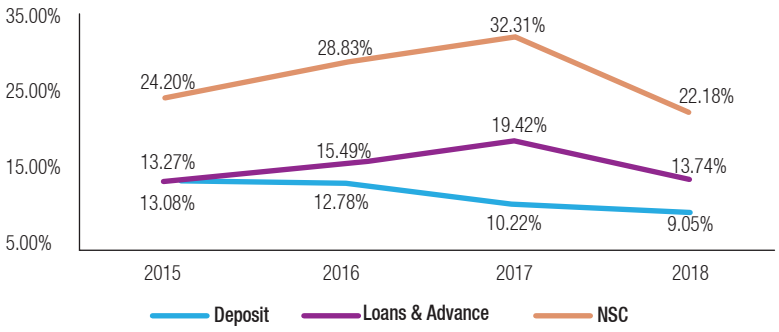
BDT Lac Crore



Source: BB

Improvement in infrastructure and low interest rates caused the investment situation to improve, and private sector credit growth started to spike up, reaching 19.06% in November 2017, which exceeded the monetary policy target of 16.3%. This spurred the central bank to reduce the advance to deposit ratio of banks from 85.0% to 83.50% for conventional banks and 90% to 89% for Islamic banks . Along with diminished excess liquidity and reduced NFA growth due to the current account deficit, this caused some tightening in the domestic liquidity condition, leading the central bank to cut the cash reserve ratio (CRR) from 6.50% to 5.50%, lower the repo rate from 6.75% to 6.00% and increase the limit of government deposits in private banks from 25% to 50%. These moves addressed the liquidity shortage with the call money rate came down from 4.0% in March 2018 to 2.96% in May 2018. The private sector credit growth was brought down to 13.74% in December 2018, far below the central bank target of 16.80%.

Deposit, Loans & Advance and NSC Growth



Source: BB

During H1FY19, as in the recent years, domestic financing of fiscal deficit has been met primarily through NSCs available on tap. But public sector credit growth picked up in H1FY19 and exceeded 13 percent in December, 2018 as the Government increased the pace of expenditure, with the emphasis on improving project implementation. Heavy reliance on the non-market instruments like NSCs significantly reduces the two-way flexibility of interest rates and complicates the monetary policy transmission channels. Market-rate linked rationalization of NSCs pricing accompanied by enhanced monitoring to ensure that NSCs reach the target groups and within the approved limits remains a high priority for market development and fiscal discipline.

All of the factors point towards a greater likelihood of demand for investable funds outpacing supply, leading to our forecast of a 100-300 bps rise in interest (Profit) rates in 2019.

BD Economic outlook 2019

Bangladesh is among the five fastest-growing economies of the world, despite insufficient private sector investment. Bangladesh's growth outlook remains strong and stable due to sound macroeconomic fundamentals and resilient domestic demands in the near term. The Asian Development Bank (ADB) has dubbed Bangladesh the fastest-growing economy in the Asia-Pacific region, while forecasting 8% gross domestic product (GDP) growth for the current fiscal year based on the continuing positive trend in exports and public investments.

Profile of Shahjalal Islami Bank Limited

Shahjalal Islami Bank Limited, a Shariah Based Commercial Bank in Bangladesh, was incorporated as a public limited company on 1st April, 2001 under Companies Act 1994. The Bank commenced commercial operation on 10th May 2001 by opening its 1st branch, i.e. Dhaka Main Branch at 58, Dilkusha, Dhaka obtaining the license from Bangladesh Bank, the Central Bank of Bangladesh. The Bank went for public issue of its shares in 2007 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Now its Head Office is situated at Shahjalal Islami Bank Tower, Plot # 4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212. The bank has 123 branches across the country with diversified deposits and investment products.

During the course of its successful journey, the bank has rooted out in all areas of Bangladeshi people's/enterprise's economic activities by means of introducing Shariah compliant contemporary and diversified product and service range through it's strong branch network in country's commercially crucial locations hiring people of all economic classes have the flavor of personalized banking service.

Off-shore Banking Unit

Off-shore Banking Unit (OBU) is a separate business unit of Shahjalal Islami Bank Limited, governed under the Rules and Guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter no. BRPD (P-3)744(99)/2008-2800 dated 24 July 2008. The Bank opened its Off-shore Banking Unit on 21 December 2008. The unit is located at Shahjalal Islami Bank Tower, Plot#4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.

Subsidiary

Shahjalal Islami Bank Securities Limited is a subsidiary company of Shahjalal Islami Bank Limited incorporated as a public limited company under the Companies Act 1994 and commenced its operation on the 25th day of May 2011. The main objective of the company is to carry on business of stock broker/dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Shahjalal Islami Bank Limited holds 91.79% shares of Shahjalal Islami Bank Securities Limited.

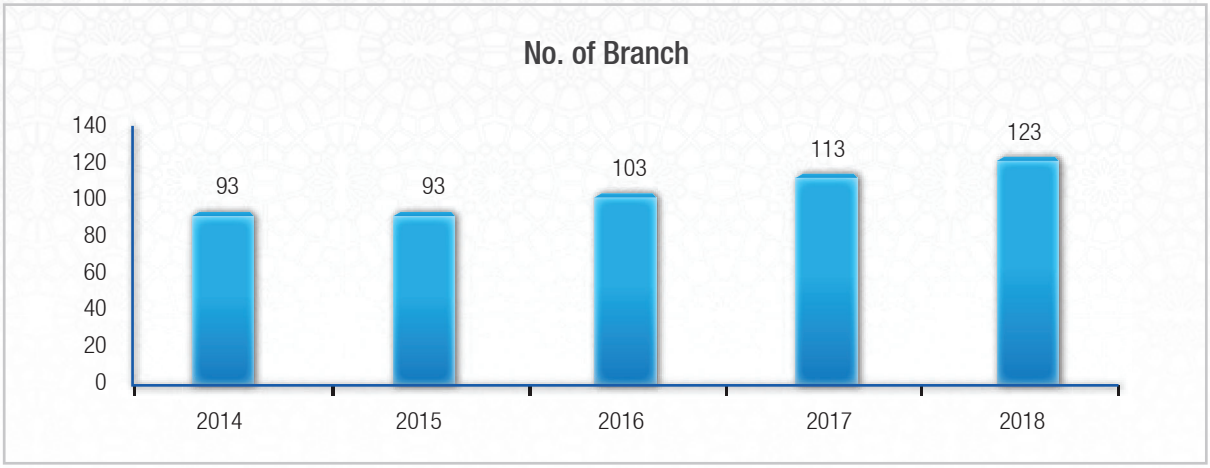
Principal Activities of the bank

The principal activities of the Bank is to provide all kinds of commercial banking products and services to the customers including mobilization of deposit, cash withdrawal, extending investments to corporate, retail and small & medium enterprises, trade financing, project finance, working capital finance, lease and hire purchase financing, issuance of Debit Card. Its vision is to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability.

Branch Network

The Bank has been operating with a network of 123 branches around the country. In the year 2018 the Bank has opened 9 new branches. The bank is planing to expand its business by opening 10 more branches in Dhaka and some other important business location of the country in the year 2019 upon approval of Bangladesh Bank. The growth of branch network of last five years is:

Growth of Branch Network for last five years is given below:



Correspondent Relationship

Shahjalal Islami Bank has established correspondent relationship across the world with major foreign banks. The number of correspondent banks stood at 428 as on 31December 2018 across 57 countries. The Bank is successfully maintaining such relationships around the world to facilitate international trade transactions. The bank maintains 27 Nostro accounts in 7 major currencies with reputed international banks around the world in all of the important global financial centers. The Bank is also enjoying sufficient credit lines from correspondent banks for add confirmation to Letter of Credits to facilitate international trade.

Relationship with other Bodies

Shahjalal Islami Bank Limited has established relationship with the following organizations/institutions:

a) Bangladesh Institute of Bank Management (BIBM);
b) The Institute of Bankers, Bangladesh (IBB);
c) Bangladesh Foreign Exchange Dealers' Association (BAFEDA);
d) Bangladesh Association of Banks (BAB)s;
e) Central Shariah Board for Islamic Banks of Bangladesh;
f) Islamic Banks Consultative Forum (IBCF);
g) Dhaka Chamber of Commerce & Industry (DCCI);
h) Bangladesh Chamber of Industries (BCI); and
i) Association of Bankers, Bangladesh (ABB).

Priorities in 2019

Deposit Mobilization

With a view of acute competition in deposit hunting due to entrance of new players in the market, deposit mobilization will continue to be our top priority. In order to reduce cost of deposit through optimum deposit mix, our priority will be on hunting of low cost no cost deposits through various deposit campaign throughout the year 2019.

Maintainance of Net Investment Income

Considering possibility of continuous pressure on Net Investment Income due to bring down the profit rate on investment in a single digit, our priority will continue to be on maintaining spread by efficient management of cost of deposit as well as maintain profitability by increase fee base income through further enhancement of trade business (import and export).

Management and Recovery of Non Performing Investment (NPI)

Management and Recovery of Non Performing Investment (NPI) will continue to be a critical success factor given recent trend of NPI in the overall banking sector. Allocation of resources as well as best practices for management of vulnerable investments will be our top priority to build a stronger balance sheet and healthy Profit & Loss Account.

Asset Liability Management

Considering possible Profit rate risk, Foreign Exchange rate risk, Liquidity risk and other market risks, our priority will be on proper Asset - Liability management i.e. Balance Sheet management in the coming year.

Product Diversification

We shall continue our priority on growing investment in SME and retail business sectors to create a balanced portfolio of Corporate, SME and Retail investment. As part of diversification of our investment portfolio and boost our retail business we have already introduced Shariah based Credit Card. Exploration of retail business through Islamic Credit Card will be our major focus in the coming year.

Capital Management

The bank will give priority on retention of profit and investing in rated customers to further strengthen its capital adequacy position.

Information Technology

Introduction of up to date Information Technology will be the key success factor in the days ahead so the bank will also give priority to introduce latest technology in SJIBL.

Shariah Compliance

As a full-fledged Shariah based Islami bank our priority will continued to be on compliance of the rules and regulations of Islami Shariah in all the operations of our bank.

Research and Development

Considering innovation as one of our proior area we have already established a Research and Development Unit for innovation and development of diversified products and services for continuous growth and sustainability. Introduction of new innovative and popular products will be our focus in 2019.

Financial Inclusion

Financial Inclusion will be our top priority in the years ahead. As part of inclusive banking, social integration, rural uplift and inclusion of un-banked people in the banking system SJIBL will introduce Agent Banking in 2019.

Future Risk and Action Plan

Risk means future uncertainty of deviation from expected result. Risk is inherent in all our business activities. Risk management is the deliberate acceptance of risk for maximizing the value of an organization. If risk is not managed well it can result in financial loss, regulatory penalties and loss of reputation. In our bank we identify the future risks and formulate action plan to mitigate such risks.The future risks and action plan for mitigating such risks are:

Future Risk	Action Plan
Asset Quality: Quality of assets may be deteriorated due to nature of business, political uncertainty or other external reasons.	**Reduce concentration:** We are reducing concentration of investment in a single group, industry or a geographic location to reduce concentration risk. **Diversify product:** We are continuously diversifying our products and making investment in SME and retail products. **Monitoring:** We are monitoring our investments regorusly to maintain quality of our assets.
High competition in the market: Entrance of new players in the market may increase competition and reduce our market share and growth.	**Improved customer service:** Our improved and value added customer service will help us to attract new customes and retain existing customers. **Brand image:** Our brand image will help us to boost our asset and liability growth. **New Technology:** Introduction of new technology will help us attract new customers.
Reduction of profit income: Due to pressure from government, Bangladesh Bank and investment clients to reduce profit rate on investment, profit income from investment may reduce significantly.	**Alternative income source:** We are emphasising on increasing fee and commission base income to reduce dependency on profit income on investment, moreover we are increasing our efeciency to control administrative cost.
Higher capital adequacy under Basel-III: Under Basel – III capital requirement will increase till 2019 and higher proportion of equity capital.	**Retention of profit:** In order to strengthen core capital a certain part of business profit will be retained. **Credit rating of investment clients:** To reduce risk weighted assets and capital requirements investment clients will be brought under credit rating. **Issueing Mudaraba Subordinated Bond:** We will strengthen our Tire –II Capital by issuing Mudaraba Subordinated Bond if required.
Maintaining Investment Deposit (ID) Ratio: Bangladesh Bank reduced Investment Deposit Ratio so it will be difficult to maintain ID ratio.	**Emphasis to collect deposit:** Importenc will be given to collect deposit. **Profit rate on deposit:** Competitive profit rate will be offered to collect more deposit.
Liquidity Risk: Volatile money market may increase liquidity risk.	**Prudent Asset Liability Management:** We will manage our asset liability in such a way that we can manage our liquidity effenciently. **Keep Surplus Liquidity:** We will keep surplus liquidity by maintaining ID ratio within limit and collecting stable deposit.
Cyber security: Cyber hacking may disrupt our online business.	**Maintaining adequate Cyber security:** We are upgrading our online security system continuously to ensure cyber security.

SJIBL automation

With advancement of technology along with the rapid growth of business, need for capturing value from customer gives birth to eventual requirement of handling bulk data volume and created scopes to offer a wide variety of services accurately and rapidly by adopting secured technology. This is why our motto is automation through state of the art technology.

The bank built an International Standard EPI certified Data Center in its own building for securing the infrastructure from all kinds of structural level failure as per the latest recommendation. To extend its capability of recovering from a known and predicted disaster, bank never stays on back foot to invest. It always pays utmost concentration on upgradation of Core Banking Software (CBS) by adding or customizing the modules for better customer service. In this consequence procurement of new Data Storage or extension of existing one

is done in every periodical term as anticipated to enhance capacity for accommodation of large extended business data. Our arrangement of dual connectivity through ensuring economies of scale assures business continuity by adjusting and substituting network connectivity among the service providers. This requires extreme level of monitoring which we do by a group of very active, efficient and responsible officials through their dedicated support round the clock.

The bank pays top most priority to establish and maintain automation in transaction through Bangladesh Automated Cheque Processing System (BACPS), Bangladesh Electronic Fund Transfer Network (BEFTN), Real Time Gross Settlement (RTGS) and Sanction Screening Software as per Bangladesh Bank Guideline.

The bank had been collecting bills of WASA, DPDC, DESCO, BTCL and Titas through our CBS since long which we gradually added within our customer services. We will be able to add more modules for bill collection such as BRTA, PDB, BTCL and Titas integrated with CBS. This is a visual reflection of automation to our valued clients.

As we know all the banks are now very much concern in ensuring the SWIFT security, SJIBL remains continuously active in a process of enhancement of SWIFT security as guided by Bangladesh Bank and SWIFT authority.

User of internet banking service is growing faster, considering the growing demand of internet banking we have already launched the service in our bank. Cyber security is crutial for banking sector, considering the importance of online security the bank has already introduced Layer-7 security features as per compliance requirement of regulatory body.

Development in customer service through ATM, POS, Mobile and other delivery channels are consistently acquired. Chip based cards have been distributed among the clients. Upgradations of machines are also in our priority list.

Brand Positioning

Shahjalal Islami Bank Limited was established on 01 April 2001 under Companies Act 1994 as Islamic Shariah based commercial bank. SJIBL has established itself as a different shahiah based islami bank from all others banks by providing unique customer services, introducing innovative products and services, creating shareholders' value, extending help to the under previllaged people by CSR and Zakath. From the very beginning of its operation the bank differentiated itself as one of the best bank among the third generation islami banks for its asset quality, shariah compliance, social welfare, CSR activities and technology based automated banking solutions. With its 18 years of going forward the bank has established 123 branches, 87 ATMs, introduced a number of unique and innovative products and services, thus, the bank created itself a unique brand in the banking industry.

Customer Right

Shahjalal Islami Bank Limited considers its customers' right with high priority. The bank does not judge its performance by looking its profit figures; rather, the bank considers that it is the right of customers to get high quality modern services. The bank thinks that, customers' perception & satisfaction ultimately determines the success or failure of an organization. Such the bank is always protecting its customers' right in all of its business activities.

Corporate Governance

The Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank have issued notifications /circulars on corporate governance for listed companies/banks from time to time. Shahjalal Islami Bank Limited has established a set of good corporate governance practices in line with industry best practices and regulatory requirements of The Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank. The bank is ensuring transparency, accountability and good governance at every step of its business operations.

Health and safety of employees

A healthy, talented, committed, skilled and fully motivated team of human resources is the main driving force for providing better, faster and coordinated services to the clients and for contributing at the highest level to the organization. Considering the the fact, SJIBL is giving high priority to the health and safety of its employees. Accordingly, the bank extended high priority to mainten health and safety of its employees both at office and at home. The bank is paying medical allowance to its employees at a certain percent of their basic salary. In addition to this bank will bear medical expenses of its employees as per bank's rule in case of hospitalization. Female employees will get six months maternity leave with medical allowance for first two issues.

Staff welfare

The Bank's strategy is to attract, retain and motivate the most talented people and providing them with healthy, safe and progressive working environment and competitive compensation package. The Bank's policy is to look after people who want to make a long-term career with the Bank because trust and relationship are built over time; as such the bank offers its employees the following long term benefits:

i) Provident Fund (Defined Contribution Plan)

A "Defined Contribution Plan" is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Provident fund benefit is given to the eligible staffs of the Bank in accordance with the rules of the provident fund duly recognized by the National Board of Revenue of Bangladesh. The Fund is administered by the Board of Trustees and is funded by fixed contributions equally from the employees and the bank. The fund is managed separately from the bank's assets, as per rules of the fund & section 399 of the Companies Act 1994.

ii) Gratuity Fund (Defined Benefit Plan)

Gratuity benefits are given to the staff of the Bank in accordance with the bank's approved Gratuity Fund Rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund and the fund is operated by a separate Board of Trustees. Employees are entitled to get the benefit after completion of minimum 05 (five) years of service in the Bank. The gratuity is calculated on the basis of last basic pay of every employee in service as per IAS-19 "Employee Benefits". Gratuity fund is a "Defined Benefit Plan" and payable as per the modalities of the rules. Gratuity is calculated and transferred to the fund and charged to expenses of the Bank.

iii) Superannuation Fund

"Shahjalal Islami Bank Limited Employees' Social Security- Superannuation Fund" commenced with effect from 1 January 2008. The purpose of the fund is to provide medical and death cum survival benefit in lieu of group insurance (death cum endowment). The fund shall be subscribed by the employees on monthly basis and with the contribution of the Bank.

iv) Benevolent Fund

The Benevolent Fund for the regular and confirmed employee's of Shahjalal Islami Bank Limited was established in the year 2007. This fund is mainly used for payment of scholarship to the meritorious students of the children of SJIBL's officers and sub-staffs, to allow short-term quard/grant for the unexpected and certain needs of the staff of SJIBL and their family like accident, death benefit, funeral cost, clinical treatment, marriage ceremony, etc.

v) Incentive Bonus

A high quality and competent human resource is crucial to continued growth and success of any business entity which can be achieved by improving skill, knowledge and productivity of employees. In order to increase productivity of employees the Bank usually paid incentive bonus to its employees every year. The payment of incentive Bonus does not exceed 10% of disclosed net profit of the bank as per section 30(j) of Income tax Ordinance 1984. This bonus amount is distributed among the employees as per banks rule.

Career prospect and training program

A resourceful training program can develop the efeciency and productivity of employees. The bank arranges various training and development program in its own training center alover the year. Furthermore, the bank arranges training for its employees in renound training institutions at home and abroad.

Corporate Social Responsibility (CSR)

Shahjalal Islami Bank Limited has been expensing a substantial amount from its annual profit each year to conduct its CSR activities in different areas such as education, health care, disaster management, environment, empowerment, human resources development etc. with a view to develop the backward sectors of Bangladesh and ensuring its sustainable development. The bank has been paying respect to social and public welfare, rather to profit maximization strategy. During the year 2018 the CSR expenses was BDT151.29 milliom which was BDT191.18 million in 2017.

Zakat

Shahjalal Islami Bank Limited as a shariah based islami Bank is paying zakat from its inception as per rules of Islami Shariah. Zakat is one of the five pillars of Islam and it purifies our wealth from the evil. Zakat is not a charity but a compulsory payment by the rich to poor. The main purpose of zakat is to discourage accumulation of wealth by a group of people in the socity and impair the tendency of uneven distribution of wealth in socity. Islam has made a system for helping poor people and an effective method to maintain balance between luxury and poverty. Zakat is paid by the bank at a rate of 2.58% of the closing balance of Statutory Reserve, General Reserve and Retained earnings of previous year. Zakat is charged in the Profit & Loss Account of the Bank as per "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09 November 2009. Zakat is paid to underprevillaged people as per shariah principle. During the year 2018 the bank paid BDT124.67 million as Zakat which was BDT113.72 million in 2017.

Green Banking

Shahjalal Islami Bank Limited has set examples by pioneering green banking initiatives while the Bank has been proactively taking steps for diverse sustainable banking initiatives. In such aspect, green banking initiatives of the bank broadly categorised into formulation of policy, Green Finance, Environmental Risk Management (ERM), Online Banking and Energy Efficiency, monitoring the green banking activities of the bank.

i) Formulation of Policy

Shahjalal Islami Bank Limited has formulated a policy of Green Banking in light with the policy guideline of Bangladesh Bank. The bank is following its green banking policy throughout the year.

ii) Green Finance

A total amount of BDT 349.00 million was disbursed during the year 2018 by the bank in green finance. The total maount of outstanding green finance as on 31 December 2018 was BDT787.64 million. The Bank has been gradually increasing its green financing year to year.

iii) Online Banking and Energy Efficiency

As on 31 December 2018 the bank had 122 branches across the country with diversified deposits and some green investment products. The bank is operating under full online banking. The bank constructed a very modern head office using latest technology of energy efficiency. The latest technology enables the bank to use maximum daylight and save electricity. Moreover, the bank is using solar panel in its new branches to save certain level of electricity.

Financial Inclusion

Financial inclusion emerges as one of the most effective tools among policy makers around the globe to ensure inclusive and sustainable economic development. Realizing the importance of financial inclusion, Shahjalal Islami Bank Limited has been exploring and promoting innovative and successful initiatives to bring the financially excluded people under the umbrella of financial inclusion. It has been working rigorously to ensure formal banking services to the poor and the under-privileged portion of the society through low cost digital financial services.

i) No Frill Accounts (NFAs) for Farmers and Under-privileged Group of the Society

To ensure banking services for the poor marginal farmers, Shahjalal Islami Bank Limited started to open No-Frill Accounts (NFAs) for farmers. Bangladesh Bank has gradually issued instructions for opening different categories of NFAs other than farmers. The bank also started to open NFAs for readymade garment workers, workers of small footwear & leather product industries and physically challenged persons. Due to continuous initiatives from the bank, the number of farmer's accounts increased significantly at the end of December 2018. As on 31 December 2018 total number of all categories of NFAs reached at 1,348 and the balance there of reached at BDT 2.00 million.

ii) School Banking

As a part of financial inclusion drive, Shahjalal Islami Bank Limited introduced school banking facilities. According to the banks policy any student up to 18 years of age can open school banking account through parents or legal guardian by depositing minimum BDT 100. The bank has taken a number of initiatives and awareness programs to create awareness among the students of school and college for openining bank account. As on 31 December 2018, number of school banking accounts reached at 12,365 with a balance of BDT 77.48 million.

iii) Banking for Working/Street Children

Shahjalal Islami Bank Limited has started to open BDT 10 special accounts for the street and working children to make them financially independent, safeguard their hard earned money, and secure their future. Branches are instructed to open BDT 10 special accounts of working/street children.

iv) Agent Banking

Shahjalal Islami Bank Limited is planning to start Agent banking Operations within Q2 2019 targeting the vision to serve unbanked community. Agent banking, among various initiatives of Shahjalal Islami Bank Limited will be an emerging financial inclusion tool that will provide unhindered access to the tailor-made financial products to the underprivileged, underserved and poor segment of the population especially from geographically remote locations which will facilitate meeting their financial needs at affordable cost within their vicinity. Agents will offer a number of banking services, including cash deposit and withdrawal, fund transfer, utility bill payment and disbursement of salaries. To deepen inclusive growth the bank will open rural and urban outlets as per Bangladesh Bank guideline

Review of the Performance

The year 2018 was a year of achievement and growth. During the year the bank maintained the progress of business through its 122 branches and achieved significant growth in almost all the indicators. The operating profit stood at Tk.4,576.33 million, net profit attributable to shareholders reached to Tk. 1,471.18 million, return on average equity was 10.47 percent, Earnings per Share (EPS) stood at Tk.1.73. Non- performing investments (NPI) ratio was 6.84 percent. Capital to Risk Weighted Assets Ratio of the Bank was 14.50 percent comprising maximum under Common Equity Tier-I Capital which was much higher than the required rate of 11.875 percent (including conservation buffer). The total deposit was Tk. 176,861.51 million and the bank could deploy Tk. 186,090.03 million

in investment as on 31 December 2018. Export increased to Tk.125,400.00 milion and import increased to Tk.140,380.00 million in the year 2018.

Regulatory Capital

The bank maintained sound regulatory capital throughout the year 2018. The regulatory capital maintained was 14.50%, much higher than the required capital of 11.875% (including conservation buffer). The regulatory capital requirement will continue to increase under the Basel III regime till 2019. As a result, the bank will also keep focusing on retention of profit by issuing bonus share and raising further Tier-II capital by issuing Mudaraba Subordinated Bond to further strengthen its capital adequacy position. The Authorized Capital of the Bank is Tk. 10,000 million and paid-up capital of the Bank is Tk. 8,485.65 million as on 31 December 2018. Total Regulatory Capital was Tk 25,105.87 million as on 31 December 2018. Comparative position of Capital for the year 2018 & 2017 is given below:-

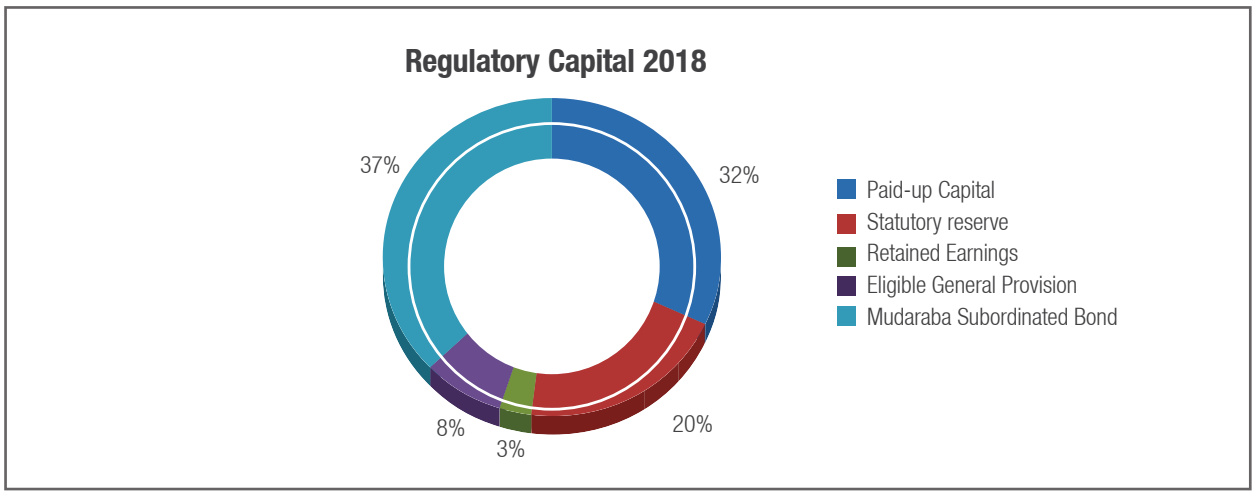
Tier-I Capital (Going-Concern Capital): (Amount in million Taka)

SL. No	Particulars	2018	2017
a)	Paid-up capital	8,485.65	7,714.22
b)	Statutory Reserve	5,452.36	4,819.26
c)	Retained Earnings	850.96	784.29
Total		14,788.97	13,317.78
Less: Provision Shortfall		1,895.60	-
Sub total		**12,893.37**	**13,317.78**

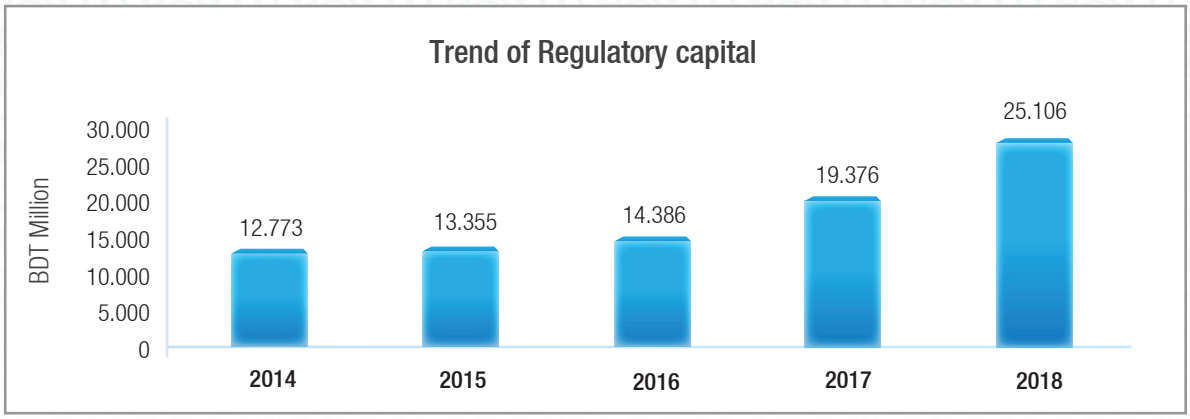
Tier-II Capital (Gone-Concern Capital): (Amount in million Taka)

SL. No	Particulars	2018	2017
a)	Eligible General Provision	2,212.50	2,058.20
b)	Mudaraba Subordinated Bond	10,000.00	4,000.00
Sub total		**12,212.50**	**6,058.20**
Total Capital		**25,105.87**	**19,375.98**

Composition of Regulatory Capital as on 31 December 2018 is given below:



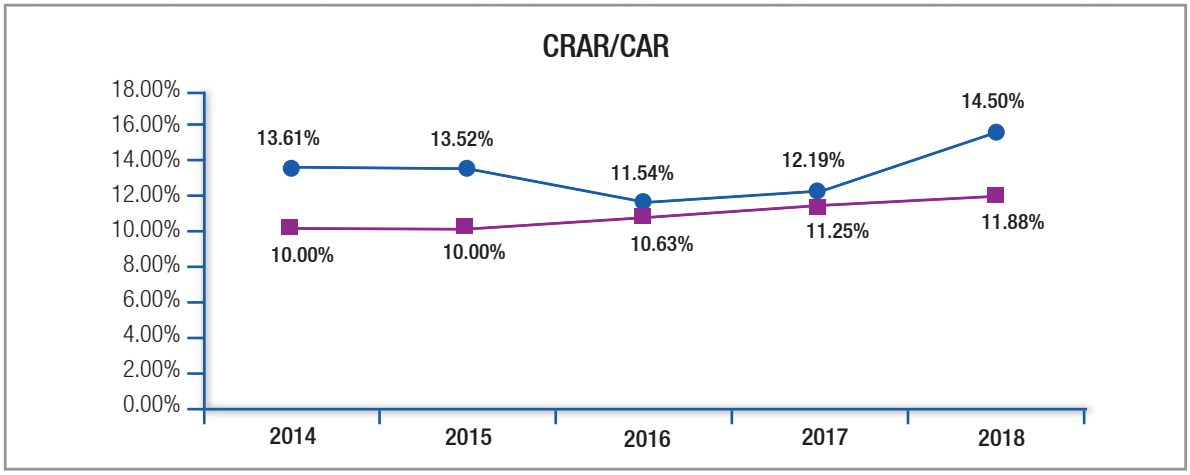
Five years trend of regulatory capital is given below:



Total Regulatory Capital of the Bank as on 31 December 2018 stood at Tk. 25,106 million which was Tk. 19,375.98 million as on 31 December 2017 registering 14.50% of the Risk weighted Assets as against the requirement of 11.875% (including conservation buffer).

The Tier-I capital was 7.45% of Risk weighted Assets as on 31st December 2018 as against requirement of 7.875% (including conservation buffer).

Five years trend of CRAR is given below:



A comparative quantitative feature of Risk Weighted Assets (RWA) and Minimum Capital Requirement (MCR) for December quarter ended 2018 & 2017 under Basel-III is furnished hereunder:

Particulars	2018 Tk. In Million	2017 Tk. In Million
Regulatory Capital:		
1. Tier-1 (Going-Concern Capital)	12,893.37	13,317.78
2. Tier-2 (Gone-Concern Capital)	12,212.50	6,058.20
Total Regulatory Capital (1+2)	**25,105.87**	**19,375.98**
Total Risk Weighted Assets (RWA)	**173,161.45**	**158,936.53**
Capital to Risk Weighted Assets Ratio (CRAR)	**14.50%**	**12.19%**
Tier-I Capital to RWA	7.45%	8.38%
Tier-II Capital to RWA	7.05%	3.81%
Minimum Capital Requirement (MCR)	**17,316.14**	**17,880.36**

Number of Shareholders

A large number of shareholders reposed their trust on our Bank's Shares. In the year 2018, total number of Shareholders stood 34,229. The position of shareholders for last three years is shown below:

Year	Shareholders
2018	34,229
2017	38,782
2016	52,614

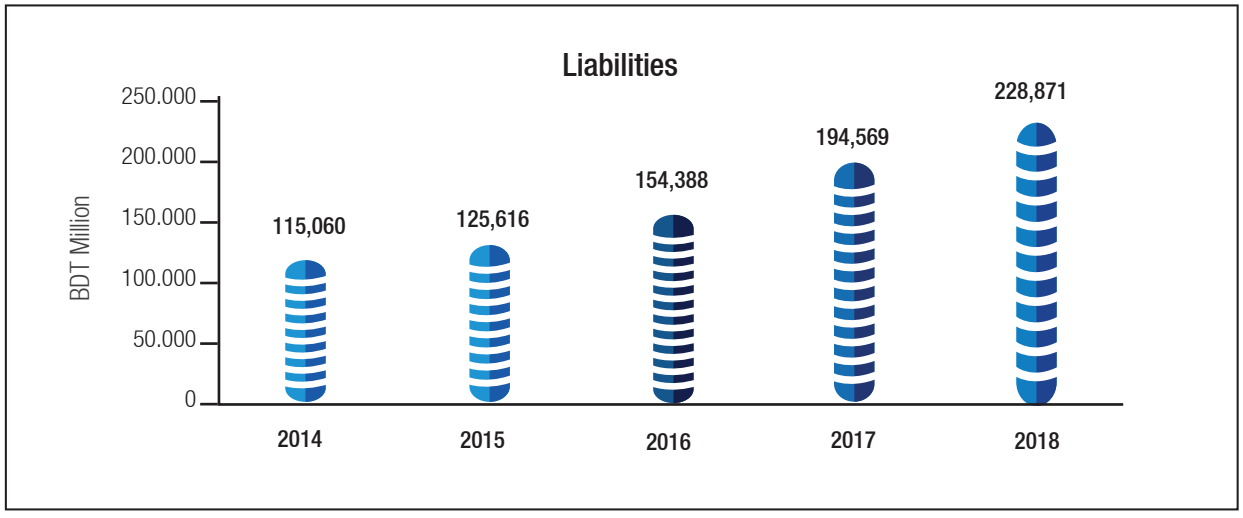
Net Asset Value (NAV)

The Net Asset Value per Share is always higher than the face value of share. This indicates that the bank has created more value for its shareholders. As a result, the investor's confidence is increasing day by day and they are investing more to the Bank's share. The trend of NAV for last five years is given below:

Year	Net Asset Value (NAV)
2018	17.43
2017	15.69
2016	16.67
2015	16.68
2014	15.92

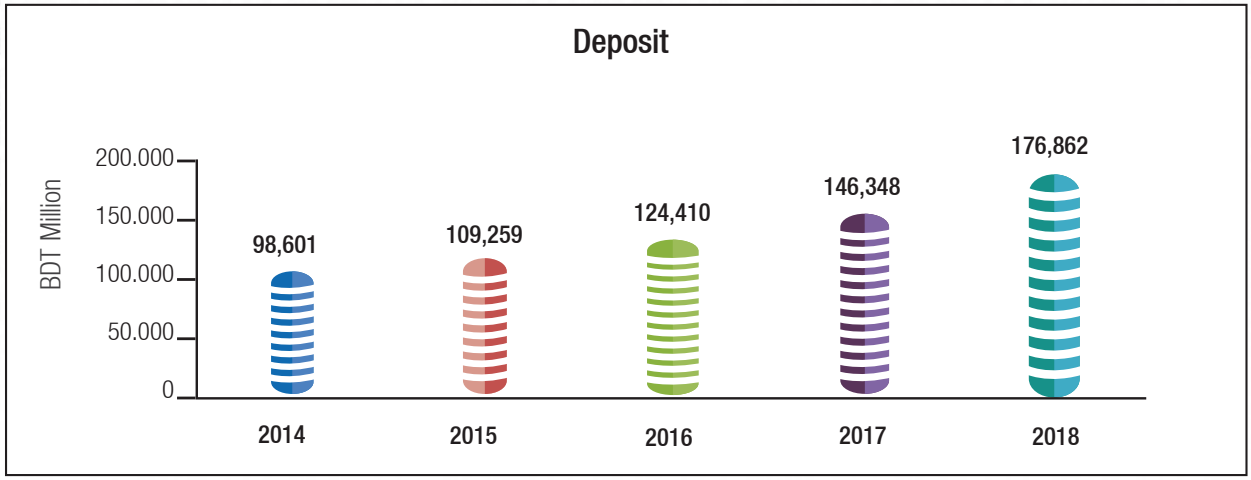
Liabilities

Total liabilities stood at Tk. 228,870.93 million at the end of 2018, which was 17.63% higher than that of previous year. Liabilities increased mainly due to increase of deposits, Mudaraba Subordinated Bond and other liabilities. Liability growth of last five years is shown below in bar diagram:



Deposit

Total deposit of Shahjalal Islami Bank Limited stood at Tk. 176,861.51 million as on 31 December 2018 which was Tk. 146,348.23 million as on 31 December 2017. Deposit is the 'life-blood' of a Bank. Bank puts utmost importance in mobilization of deposits introducing popular and innovative products. The bank always tries to give the highest return on the deposits of the customers. The mobilized deposits are ploughed back in economic activities through profitable and safe investments. The growth of deposit is:

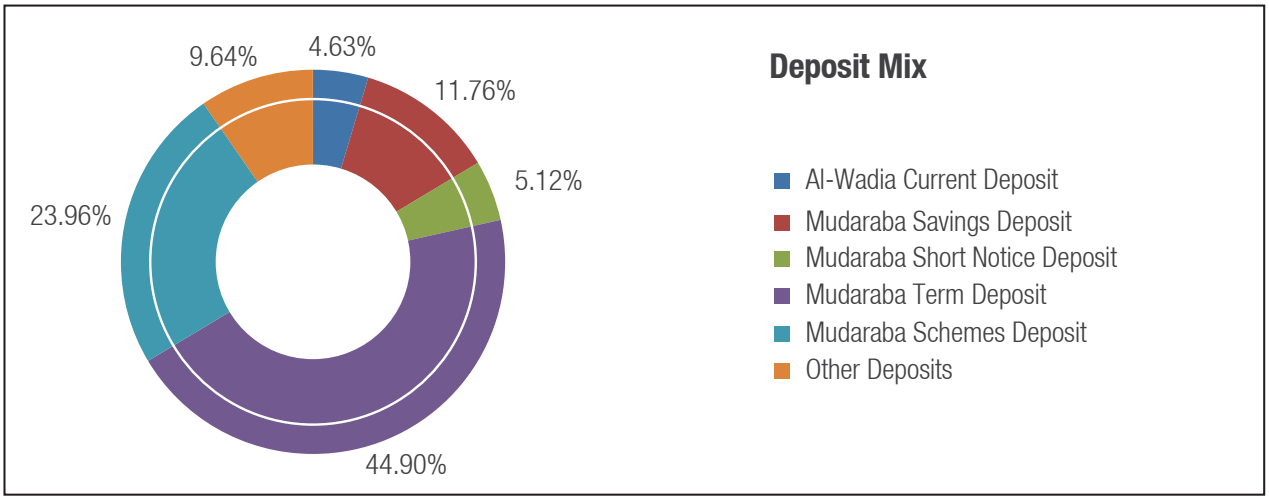


Deposit Mix

Outmost emphasis is given for optimum deposit mix, as a result low cost no cost deposit increased to Tk.55,078.99 million in 2018 from Tk.44,978.51 million in 2017 exhibiting a growth of 22.46% during the year. The percentage of low cost no cost deposit increased to 31.14% of total deposit during the year 2018 from 30.73% in 2017. SJIBL renewed its focus on rebalancing the deposit base to increase the portion of the low-cost transaction-based deposit portfolio. As a result, the bank succeeded in trimming down high-cost deposit base from 69.27% in 2017 to 68.86% in 2018, thereby consolidating the deposit mix in a beneficial preferred way.

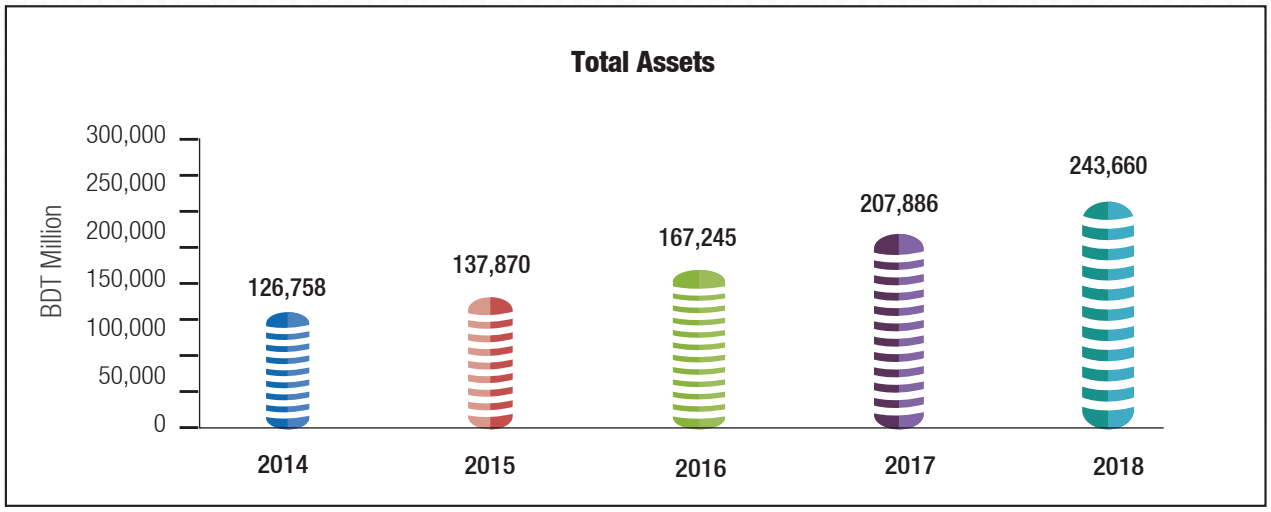
The Deposit-mix of the Bank as on 31 December 2018:

Sl.No	Nature of Deposit	Taka in million	Percentage of Total Deposit
1	Al-Wadia Current Deposit	8,182.56	4.63%
2	Mudaraba Savings Deposit	20,792.17	11.76%
3	Mudaraba Short Notice Deposit	9,060.35	5.12%
4	Mudaraba Term Deposit	79,408.03	44.90%
5	Mudaraba Schemes Deposit	42,374.50	23.96%
6	Other Deposits	17,043.90	9.64%
	Total	**176,861.51**	**100.00%**



Total Assets

Bank's total asset as on 31 December 2018 stood at Tk. 243,659.89 million which was Tk. 207,886.37 million as on 31 December 2017. A major impact to this growth was the increase in Investments by 17.28% i.e. from Tk. 158,668.16 million to Tk. 186,090.03 million. Investments in Shares & Securities as well as Balance with other Banks and Financial Institutions also increased by 17.05% and 74.91% respectively. The growth of total assets is shown below:



Asset quality and non-performing investments

Non-performing investment increased during the year under review. The non-performing investment increased to Tk.12,723.30 Million in 2018 from Tk.6,300.50 million in 2017. The reason behind this increased classification is the Bank has classified some investment customers based on objective criteria, rather, qualitative judgement because of some strategic reasons. Further, Bangladesh Bank has also classified some investment customers based on objective criteria as well. However, the bank has taken various initiatives to realize and regularize non-performing investments.

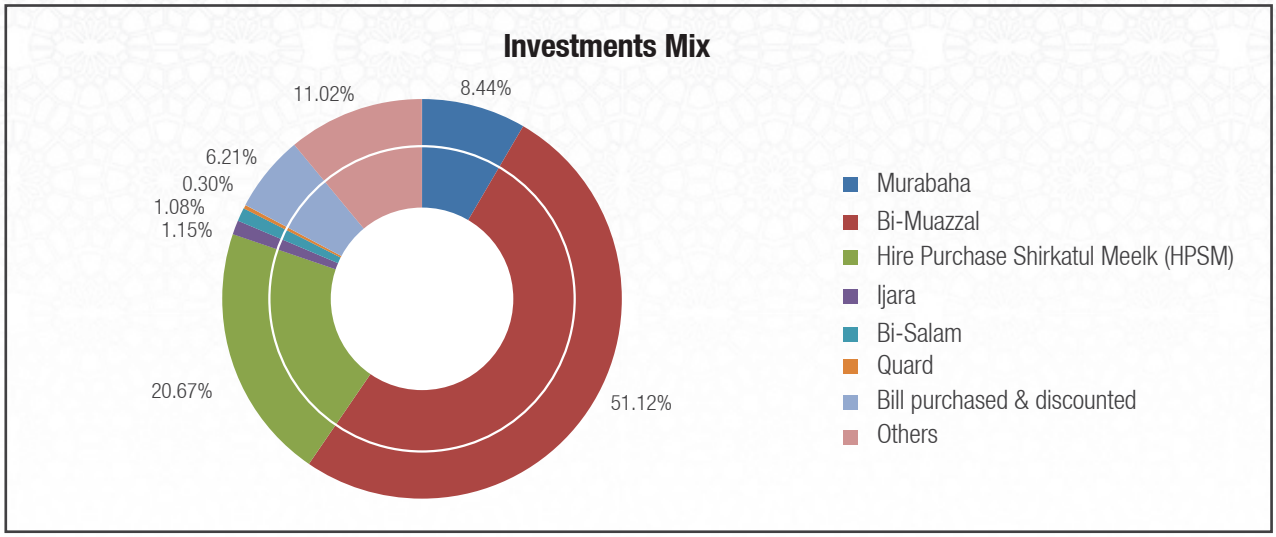
Investment

Total investment of the Bank stood at Tk. 186,090.03 million as on 31 December 2018 as against Tk. 158,668.16 million as on 31 December 2017 registering an increase of Tk. 27,421.88 million, i.e. 17.28% growth. The Bank was very conscious & careful in deployment of fund. Mode wise investment portfolio as on 31 December 2018 is given below:

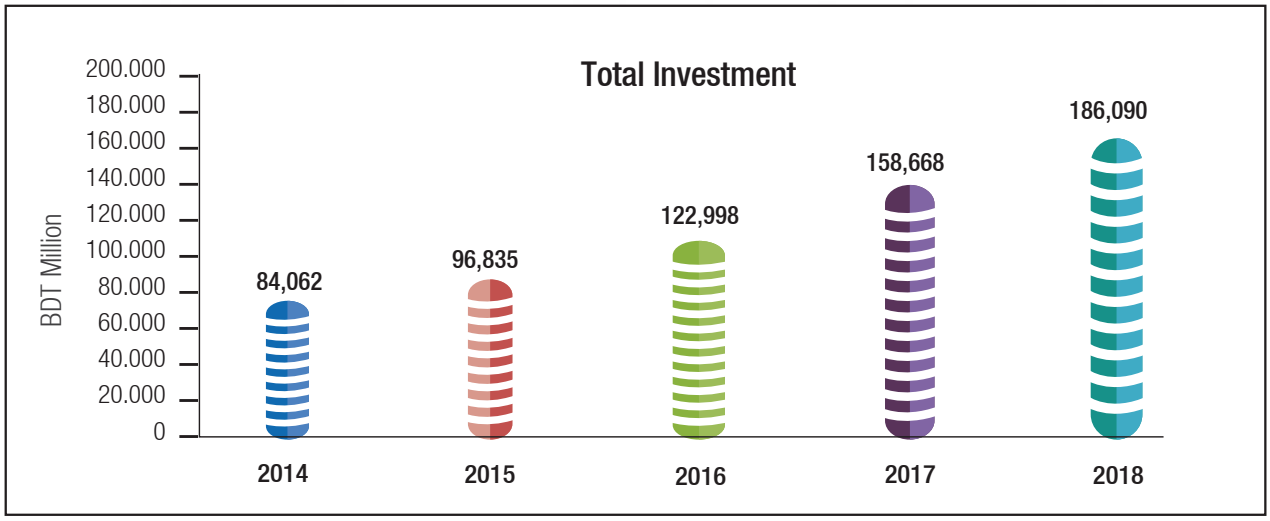
Sl. No	Modes of Investments	Taka in million	Percentage of Total Investment
1	Murabaha	15,710.42	8.44%
2	Bi-Muazzal	95,133.81	51.12%
3	Hire Purchase Shirkatul Meelk (HPSM)	38,473.52	20.67%
4	Ijara	2,134.05	1.15%
5	Bi-Salam	2,011.21	1.08%
6	Quard	566.93	0.30%
7	Bill purchased & discounted	11,547.79	6.21%
8	Others	20,512.29	11.02%
	Total	**186,090.03**	**100.00%**

The Bank always entertains quality investment proposals having sound creditworthiness and good track record of customers. The Bank has also introduced some Investment Schemes to provide financial assistance to comparatively less advantaged group of people.

Mix of investment as on 31 December 2018:



Last Five years trend of investment:

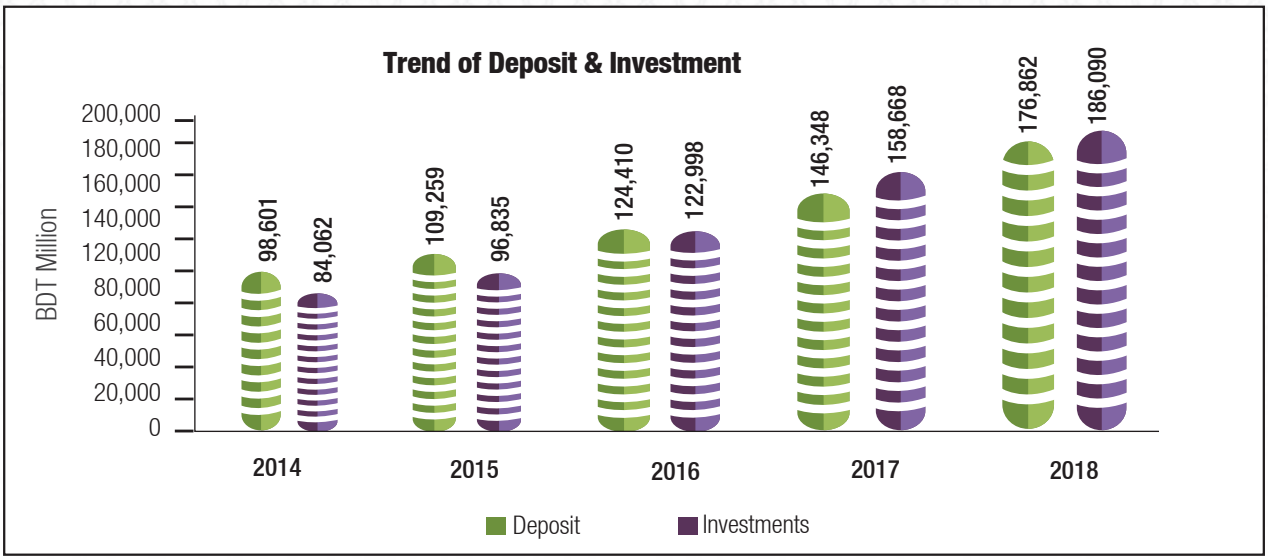


Divisions	Horizontal Analysis				Vertical Analysis			
	Taka in Millions		Variance		Taka in Millions		Composition	
	2018	2017	2018/2017	2017/2016	2018	2017	2018	2017
Dhaka	140,389	116,606	20.40%	26.41%	140,389	116,606	75.44%	73.49%
Chattogram	29,438	26,889	9.48%	34.36%	29,438	26,889	15.82%	16.95%
Sylhet	2,042	2,002	1.99%	37.65%	2,042	2,002	1.10%	1.26%
Rajshahi	5,312	4,739	12.11%	72.10%	5,312	4,739	2.85%	2.99%
Rangpur	1,283	1,251	2.56%	11.81%	1,283	1,251	0.69%	0.79%
Khulna	5,753	5,417	6.20%	33.35%	5,753	5,417	3.09%	3.41%
Barishal	660	572	15.29%	60.77%	660	572	0.35%	0.36%
Mymensingh	1212.1	1191.5	1.73%	19.43%	1212.1	1191.5	0.65%	0.75%
Total	**186,090**	**158,668**	**17.28%**	**29.00%**	**186,090**	**158,668**	**100.00%**	**100.00%**

Sector-wise Investment

Sectors	Horizontal Analysis				Vertical Analysis			
	Taka in Millions		Variance		Taka in Millions		Composition	
	2018	2017	2018/2017	2017/2016	2018	2017	2018	2017
Agriculture & Fishing	4,741	5,234	-9%	-12%	4,741	5,234	3%	4%
Cotton & Textile	19,149	13,742	39%	43%	19,149	13,742	10%	11%
Garments	26,280	19,129	37%	32%	26,280	19,129	14%	16%
Cement	1,736	1,293	34%	0%	1,736	1,293	1%	1%
Pharmaceuticals & Chemicals	3,735	2,170	72%	-7%	3,735	2,170	2%	2%
Real Estate	6,923	8,075	-14%	-3%	6,923	8,075	4%	7%
Transport	3,245	2,581	26%	-2%	3,245	2,581	2%	2%
Information Technology	1,162	399.68	191%	17%	1,162	399.68	1%	0%
Non Banking Financial Institutions	1,954	2,404	-19%	-6%	1,954	2,404	1%	2%
Steel & Engineering	8,392	9,085	-8%	57%	8,392	9,085	5%	7%
Food Processing & Beverage	12,748	11,230	14%	20%	12,748	11,230	7%	9%
Power & Energy	5,904	4,350	36%	44%	5,904	4,350	3%	4%
Paper & Paper Products	1,907	1,928	-1%	26%	1,907	1,928	1%	2%
Plastic & Plastic Product	4,869	3,690	32%	26%	4,869	3,690	3%	3%
Electronics	5,185	4,023	29%	44%	5,185	4,023	3%	3%
Services Industries	5,898	5,415	9%	58%	5,898	5,415	3%	4%
Trading	28,819	26,669	8%	31%	28,819	26,669	15%	22%
Import Financing	5,630	7,061	-20%	85%	5,630	7,061	3%	6%
Consumer Financing	438	420.5	4%	131%	438	420.5	0%	0%
Share business	1,606	1,042	54%	-28%	1,606	1,042	1%	1%
Staff Investment	1,497	1,460	3%	13%	1,497	1,460	1%	1%
Others	34,272	27,267	26%	39%	34,272	27,267	18%	22%
Total	**186,090**	**158,668**	**17%**	**29%**	**186,090**	**158,668**	**100%**	**100%**

Five years trend of deposit and investment:

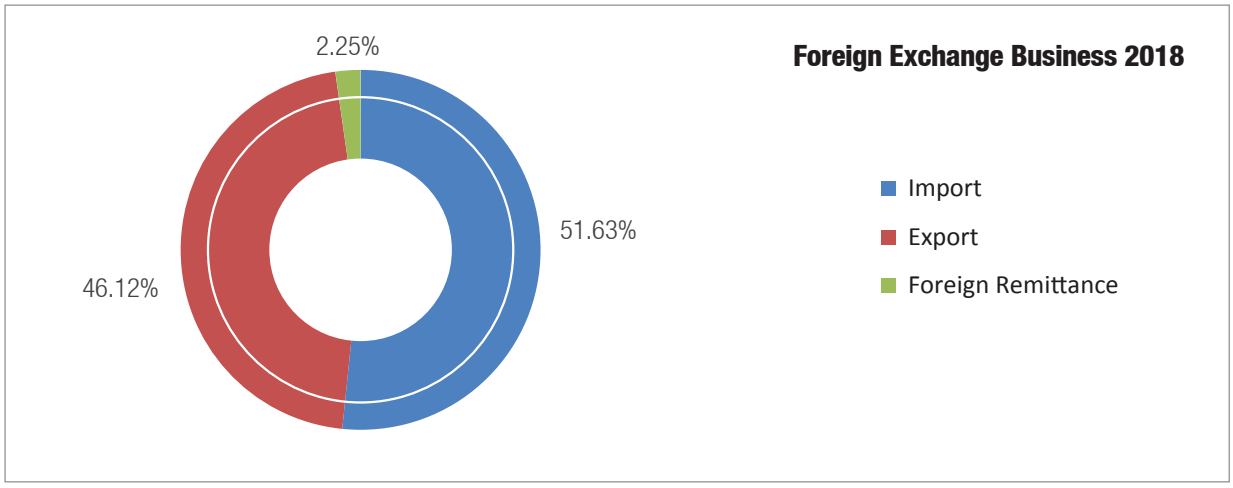


Foreign Exchange Business

Total Foreign Exchange Business handled during the year 2018 was Tk. 230,257 million as against Tk. 188,549 million of 2017 registering an increase of Tk. 41,708 million, i.e. 22.12% growth. The particulars of Foreign Exchange Business are given below:-

Particulars	Amount in Million Taka		Growth		Composition	
	2018	2017	2018	2017	2018	2017
Import	140,382	129,244	8.62%	28.70%	51.63%	56.13%
Export	125,402	97,437	28.70%	14.94%	46.12%	42.32%
Foreign Remittance	6,129	3,576	71.37%	6.40%	2.25%	1.55%
Total	**271,913**	**188,549**	**44.21%**	**9.57%**	**100.00%**	**100.00%**

Mix of Foreign Exchange Business of 2018

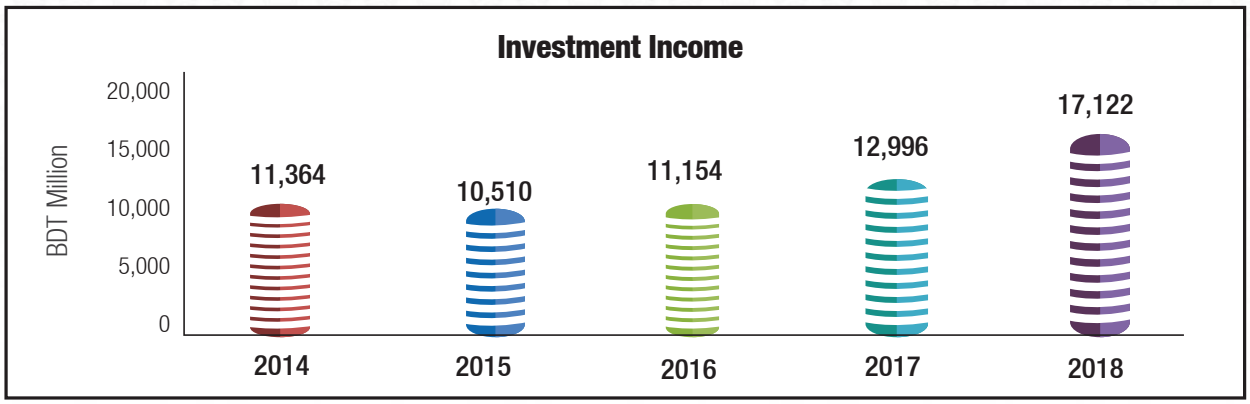


Operating Result

Income:

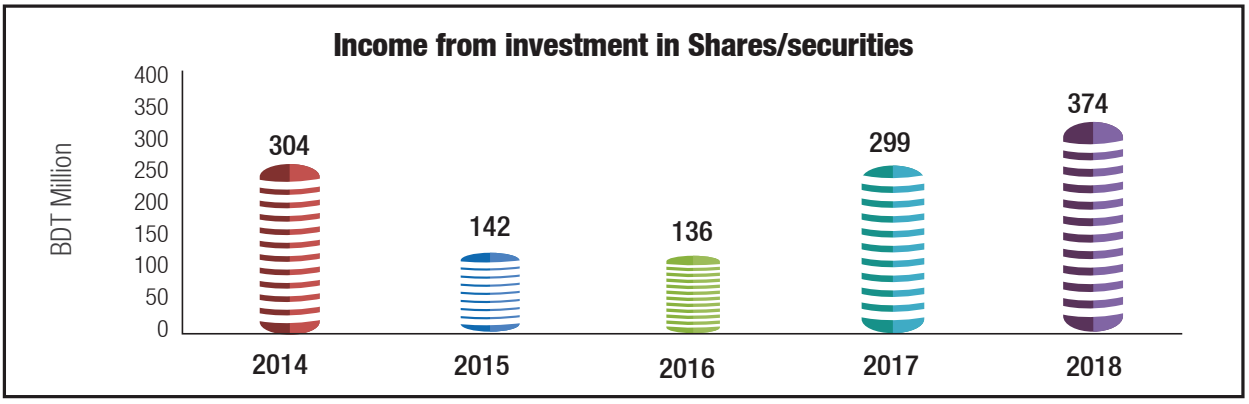
Investment Income:

Total Investment Income of the Bank stood at Tk. 17,121.99 million as on 31 December 2018 as against Tk. 12,995.78 million of 2017. The amount of Investment Income represents 85.83% of the total income of the year 2018 as against 84.11% of the total income of the year 2017. The growth of investment income is given below:



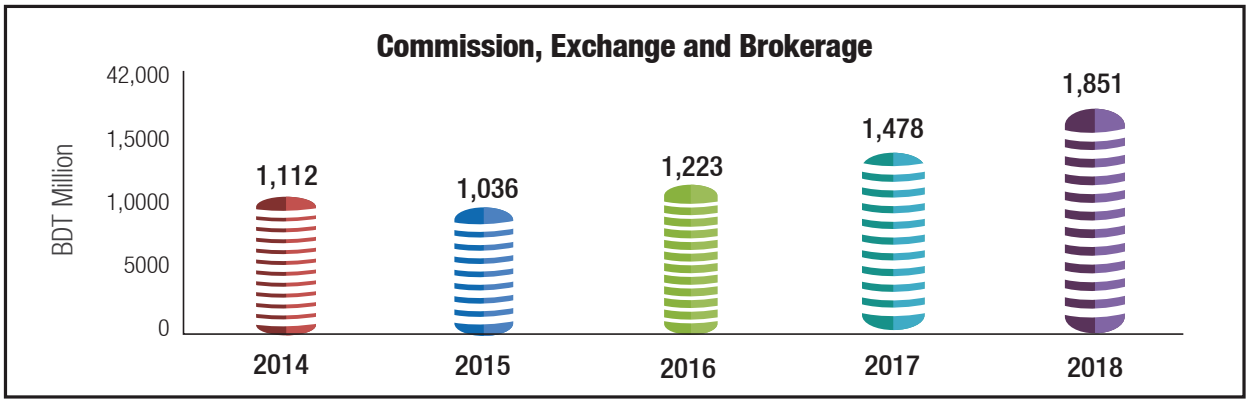
Income from investment in Shares/securities

Income from investment in Shares/securities increased to Tk.373.50 million in 2018 from Tk.299.30 million in 2017 showing a growth of 24.79% over last year. The progress of Income from investment in Shares/securities is given below:



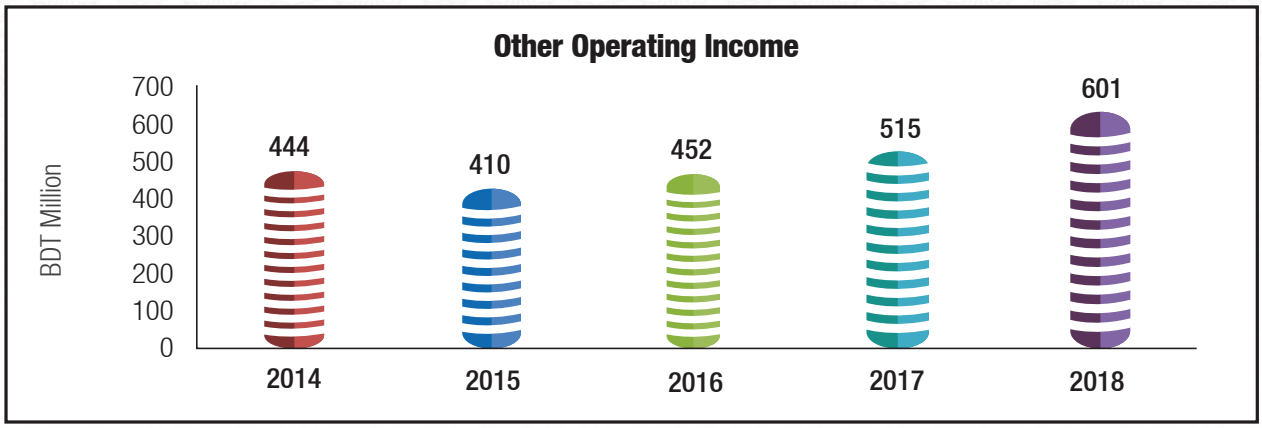
Commission, Exchange and Brokerage

Commission, Exchange and Brokerage income increased to Tk.1,851.26 million in 2018 from Tk. 1,478.43 million in 2017 exhibiting a growth of 25.22% over previous year. The increase in foreign exchange business is the key reason for the increase in this income. The growth of Commission, Exchange and Brokerage income is given below:



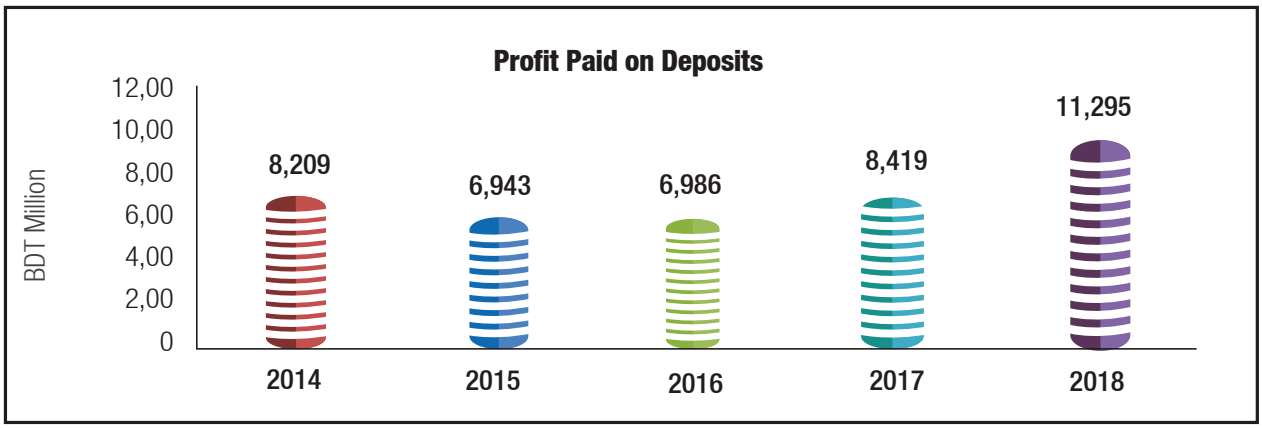
Other Operating Income

Other Operating Income stood at Tk.601.09 million for the year 2018 as against Tk.515.26 million of 2017 representing a growth of 16.66% over 2017. The trend of Other Operating Income is given below:



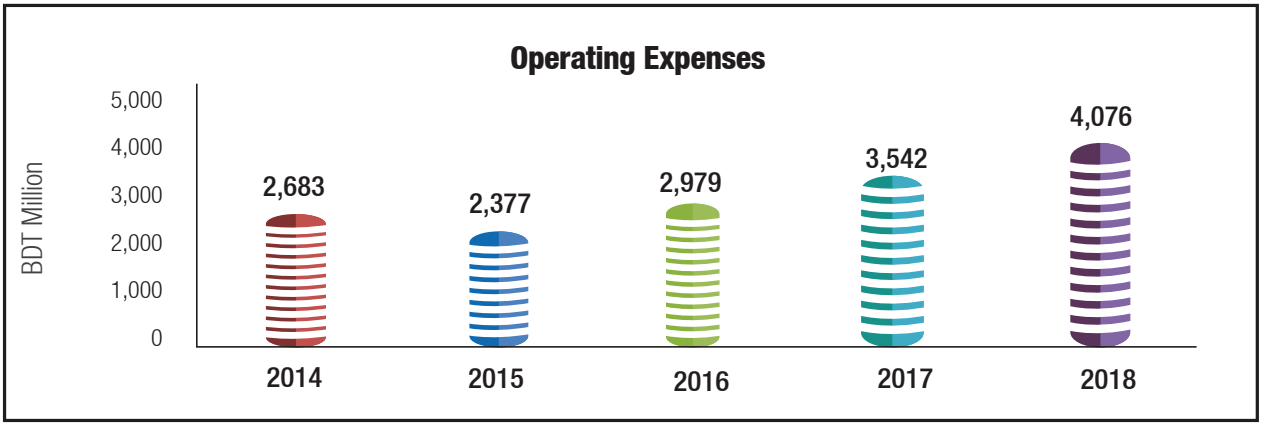
Profit Paid on Deposits:

Bank distributed Profit of Tk. 11,295.07 million among the Mudaraba Depositors in the year 2018 against Tk. 8,418.98 million in the year 2017 which being 65.97% of the Investment income earned from deployment of Mudaraba Fund and 73.48% of the total expenditure of 2018 as against 70.39% of the total expenditure of 2017. Profit Paid on Deposits for last five years is given below:



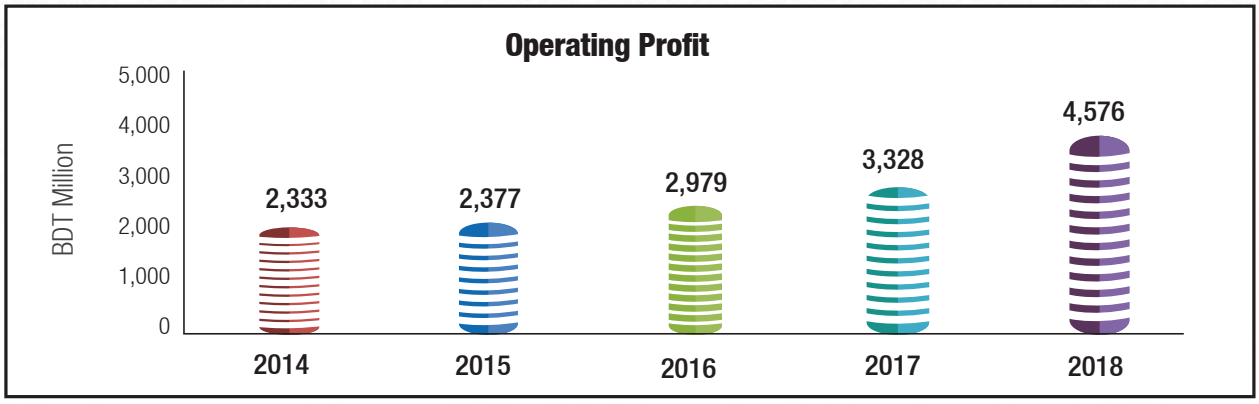
Operating Expenses:

Total operating expenses for the year 2018 was Tk. 4,076.44 million whereas it was Tk. 3,541.88 million for the year 2017. Total operating expenses was 26.52% of the total expenditure for the year 2018 as against 29.61% of 2017. Graphical presentation of operating expenses is given below:



Operating Profit:

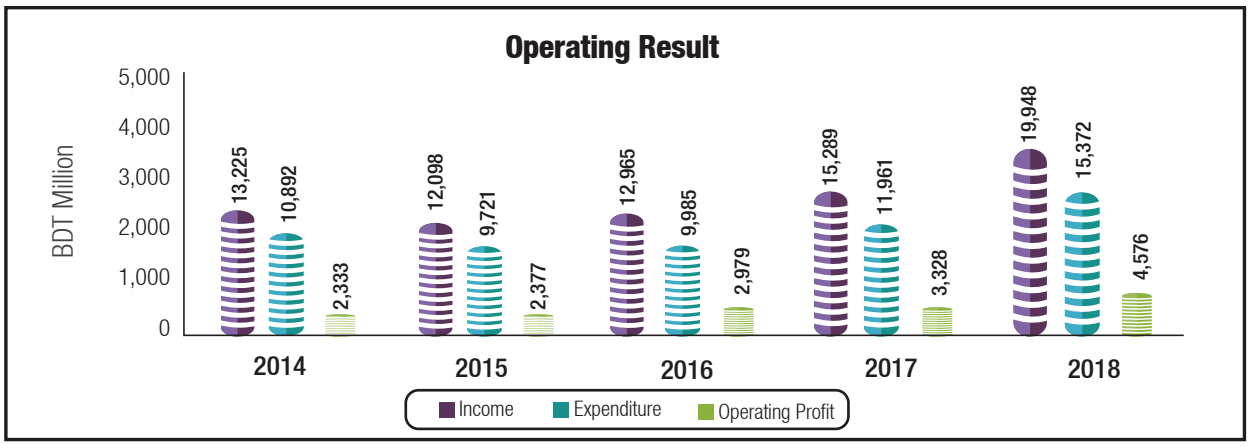
During the year 2018, the Bank earned an amount of Tk. 19,947.84 million and spent an amount of Tk. 15,371.50 million resulting a total Operating Profit of Tk. 4,576.33 million which is Tk. 1,248.41 million higher than that of last year. From the operating profit, Tk. 1,324.10 million was kept as provision for investment and Tk. 86.76 million was kept as provision for investment in Share and then profit before tax stood at Tk. 3,165.47 million. After deduction of income taxes of Tk. 1,694.29 million, net profit after taxation stood at Tk. 1,471.18 million. As appropriation of net profit Tk. 633.09 million was transferred to statutory reserve as per Bank Company Act and remaining Tk. 838.09 million was transferred to retained earnings. Trend of operating profit is given below:



A summary of operating result of the bank as on December 2018 vis-a-vis the position of December 2017 is shown below:-

Particulars	2018	2017
Total Income	19,947.84	15,288.77
Less: Total Expenditure	15,371.50	11,960.85
Net Profit before Provision & Taxation	**4,576.33**	**3,327.92**
Less: Provision for Investment, Off Balance Sheets, Shares & others	1,410.86	1,249.40
Net profit before Taxation	**3,165.47**	**2,078.52**
Less: Provision for Taxation	1,694.29	882.62
Net Profit after Tax	**1,471.18**	**1,195.90**
Appropriation:		
Statutory Reserve	633.09	415.70
Retained Earnings	838.09	780.19

The operating result of last five years is shown in the diagram below:



Contribution to National Exchequer

The Bank has made provision of Tk. 1,694.29 million for corporate tax in 2018 against 882.62 million in 2017. The bank has also contributed to the economy by generating employment of 2,395 full time officials. In the year 2018, Bank has paid Tk. 3,229.88 million to Government exchequer as source tax, salary tax, VAT, excise duty and other tax & VAT realized against various services. In the intermediation process, the Bank mobilized resources of Tk. 176,861.51 million from the surplus economic unit and deployed Tk. 186,090.03 million.

The Bank has generated direct and indirect employment for a large number of people over the years. With the payment of taxes and the investment in the network, the Bank is making a significant contribution to the development and growth of the nation.

Dividend

The Board of Directors of the Bank has recommended stock dividend @ 10% i.e. Tk.1.00 for each share for the year 2018. Over the last years, Board of Directors declared dividends out of profit to shareholders at an attractive rates. The rates of dividend declared by Bank since 2014 are shown below:

Year	Dividend
2018	10% Stock
2017	10% Stock
2016	10% Cash & 5% Stock
2015	13% Cash
2014	10% Cash

The Banking sector will have to increase their capital base to comply with the capital requirement under Basel – III regime till 2019. In order to strengthen Common Equity Tire – I capital base of the Bank and comply with the capital requirements of Bangladesh Bank, The Board of Directors of the Bank recommend 10% (ten) stock dividend for the year ended on 31 December 2018. The retained amount will be used for expansion and growth of business of the Bank.

Preparation of Financial Statements

The financial statements of the Bank prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity under the historical cost convention and in accordance with the First Schedule (Section-38) of the Bank Companies (amendment) Act 2013, related Bangladesh Bank circulars, International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the listing regulations of the Stock Exchanges, the Securities and Exchange Rules 1987 and other laws and rules applicable in Bangladesh.

The financial statements of 2018 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditor, M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2018.

Maintaining Proper Books of Account

Shahjalal Islamic Bank Limited maintained proper books of account for its financial transactions occurred during 2018. The books of account have also been reviewed by the external auditor, M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants with an opinion that proper books of account as required by the law have been properly maintained.

Appropriate Accounting Policies

Appropriate accounting policies have been selected and applied consistently in preparation of financial statements and the accounting estimates are made based on reasonable and prudent judgement. Bank records financial transaction on accrual basis with required disclosures and also prepares the financial statements accordingly.

Internal Control and Compliance

Internal Control refers to the tools that provide a reasonable assurance regarding the achievement of Bank's goal with respect to:

- Effectiveness and efficiency of operation.
- Safeguarding the assets of the bank.
- Compliance of applicable laws and regulations, policy & procedures issued by both Bank and the regulators

The above issues show significance of effective internal control of a bank in the light of traditional activities. But in the context of residual risk under SRP, internal control has now become much more significant.

Keeping such significance in view, Shahjalal Islami Bank Limited has strengthened and segregated its Internal Control and Compliance Division into three separate units based on the relative guidelines framed by Bangladesh Bank:

1. Audit and Inspection
2. Compliance
3. Monitoring

Shahjalal Islami Bank Limited has an Internal Control and Compliance Manual which has been lastly updated and approved by the competent authority on December 18, 2016. This manual contains Risk Assessment Methodology which has been designed to conduct Risk Based Internal Audit among some other significant issues.

Statement of Directors' Responsibility to establish appropriate system of internal control

The Directors acknowledge their overall responsibilities for the Bank's system of internal control for establishing efficiency, effectiveness, reliability, timeliness, completeness and compliance with applicable laws and regulations. This process involved a conformation that a system of internal control in accordance with best financial reporting practice was in place throughout the year and up to the date of the signing of these financial statements.

Going Concern

After reviewing the Bank's present and potential business growth, annual budget, performance, liquidity position, financing arrangement, the Directors are satisfied that the Bank has adequate resources to continue to operate in the foreseeable future and confirm that there is no material issue threatening to the going concern of the Bank. For this reason Directors continue to adopt the going concern basis in preparing these financial statements. There are no significant doubts upon the Bank's ability to continue as a going concern.

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has made a rating on Shahjalal Islami Bank Limited. The report was issued on 29 May 2019, they rated the Bank as AA-2 for long term and ST-2 for short term. CRAB performed the rating surveillance based on audited financial statement of 31st December 2018 and other relevant information. The long-term rating is valid for only one year and short-term rating is for six months.

Auditor's Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor M/s Hoda Vasi Chowdhury & Co, Chartered Accountants based on their audit of financial statements for the year ended 31 December 2018. The auditor issued an unqualified audit report which means no material misstatements exist in the financial Statements or no disagreement with management regarding selection and application of accounting policies. The Board also reviewed the auditors' suggestion which they provided through a separate management report and gives the strategic guidelines to the management for improvement.

Appointment of Auditors

As per BSEC notification no. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June 2018 and as per Dhaka Stock Exchange (Listing) Regulation, 2015 dated 30 June 2015, an auditor of a listed company cannot be appointed for more than three consecutive years. M/s Hoda Vasi Chowdhury & Co, Chartered Accountants was the auditor of the Bank for the year 2018. As 2018 was the third year of audit and the firm is not eligible for reappointment. A good number of reputed audit firms have expressed their willingness to be appointed as auditor of the bank for the year 2019.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to appoint the auditor and fix their remuneration. Hense, the board recommends appointing M/s ACNABIN, Chartered Accountants as the auditor of the bank for the year 2019 subject to the approval of the shareholders in the upcoming Annual General Meeting.

Future Outlook of the Bank:

Going towards 2019, there are considerable challenges surrounding Bangladesh.

Considering the overall macroeconomic and geo-political outlook, significant pressure is expected on banking sector margins in the

wake of low benchmark rates and limited financing opportunities. Accordingly, our Bank intends to focus on building and maintaining quality investment portfolio and to enhance its focus on customer service quality and major cost rationalization initiatives through continuous improvement in automation and product innovations.

Similarly, our Bank intends to focus on low cost core deposit mix in future by effectively utilizing our extensive branch network and new upcoming initiatives like the launch of Agent Banking. Our Bank is confident that the above initiatives shall enable it to maintain a stable performance trend going forward.

From the Bank's perspective the focus will be provision of value added services via operational expansion and technological improvements. Effectiveness of the Bank's risk management systems, capitalisation on low cost liability franchise, disciplined expense growth, expansion of our capital base and strengthened compliance culture are primary factors in depicting continued strong financial soundness. Effective leadership with a clear vision is the key element of long term sustainability leading to highest levels of employee satisfaction and our aim is to build cohesive teams and strong ethical standards. We will strive to enhance our domestic as well as global image to take the Bank from strong to stronger.

Vote of Thanks

The Board of Directors expresses its profound gratitude to Almighty Allah (SWT) for enabling the Bank to achieve growth in operation during the year 2018. The Board extends thanks to the Ministry of Finance, Bangladesh Bank, Bangladesh Securities & Exchange Commission and the Government Agencies for providing assistance, guidance, support and cooperation at various stages of operation of the Bank. The Board appreciates the support and cooperation received from foreign correspondents of the Bank all over the world.

The members of the Board of Shahjalal Islami Bank Limited take this opportunity to express gratitude and extend sincere thanks to its valued shareholders, customers, depositors, investment clients and well-wishers for their valuable support and confidence on the Bank.

Finally and more importantly, the Board would like to express its great appreciation and thanks to all of the officials of the Bank for rendering untiring efforts.

May Allah grant us courage, dedication, patience and fortitude to run the bank to the best of our abilities.

Ameen.

On behalf of the Board of Directors

Akkas Uddin Mollah
Chairman

CORPORATE **GOVERNANCE** REPORT

Corporate Governance Report

Corporate Governance is the set of processes, customs, policies, laws, and institutions affecting the way a company is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the company is governed. In contemporary business company, the main external stakeholder groups are shareholders, debtholders, trade creditors, suppliers, customers and communities affected by the company's activities. Internal stakeholders are the board of directors, executives, and other employees. Corporate Governance should be ensured in the Banks, as it deals with huge public money and interests of the depositors.

Shahjalal Islami Bank Limited (SJIBL) is committed to integrity and fair dealing in all its activities and upholds the highest standards of corporate governance. The board has adopted a comprehensive framework of Corporate Governance Code which has been designed to assure the stakeholders that the business of the Bank are built on, and grow from the firmest foundation. With a view to ensure Corporate Governance, responsibilities and authorities among the Board of Directors including its Chairman, the Management including the Managing Director has been demarcated in respect of its overall financial, operational and administrative policy making and executive affairs including overall business activities, internal control, human resources management, etc.

Corporate Governance Practices

Shahjalal Islami Bank Limited (SJIBL) is guided in its corporate governance practices mainly by two regulatory bodies: Bangladesh Bank (Central Bank of Bangladesh) and Bangladesh Securities and Exchange Commission (BSEC). However, the Bank's corporate governance philosophy encompasses not only regulatory and legal requirements but also various internal rules, policies, procedures and practices based on the best practices of local and global banks.

Board of Directors, Chairman and Managing Director

Board Size

The Board consists of nineteen non-executive members including two Independent Directors excluding the ex-officio Managing Director. The number of Board members is within the limit set by the Banking Companies Act 1991 (amended up to 2018) and BSEC notification on Corporate Governance Code.

Appointment of Directors

Directors are appointed following relevant provision/clause of the Companies Act 1994, the Banking Companies Act 1991 (amended up to 2018), Corporate Governance Code of BSEC and Guidelines of Bangladesh Bank as well as Articles of Association of the Bank. The Board of Directors is consisted of noted entrepreneurs and business professionals having experience and acumen in diverse range of businesses and operations.

Rotation of Directors

As per provisions of section 91 of the Companies Act 1994 and section 79-87 of schedule 1 of the Act and clause 20.12 & 20.13 of Articles of Association of the Bank in the Annual General Meeting in every subsequent year one third of the Directors or if their number is not multiple of three then the number nearest to shall retire from office and shall be eligible for re-election. Accordingly, the respective Directors of Shahjalal Islami Bank Ltd. will retire and eligible for reappointment in the 18th Annual General Meeting.

Non-Executive Director

All the Directors of SJIBL including the Chairman are Non-Executive Directors except the Managing Director.

Independent Directors

In compliance with the Corporate Governance Code issued by BSEC, the Banking Companies Act 1991 (amended up to 2018) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 2 (two) independent directors in its Board. The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities.

Board meetings and attendance

The Board of Directors holds meetings on a regular basis: usually once in a month but emergency meetings are called when required. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the Board of Directors meeting for consideration. In the meeting, the Chairman of the Board of Directors allocates sufficient

time for the Directors to consider each item of the agenda and allow them to discuss, inquire, and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 2018, 15 numbers of Board Meetings were held; the status along with the attendance is separately discussed in the report.

Chief Financial Officer (CFO), Head of Internal Control & Compliance and Company Secretary (CS)

The Bank appointed a Chief Financial Officer (CFO), a Head of Internal Control & Compliance and a Company Secretary (CS) as per the policy of the Bank and other regulatory laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

The Board of Directors of SJIBL clearly defined and approved the respective roles, responsibilities and duties of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance. Chief Financial Officer (CFO), Company Secretary (CS) and Head of ICC of the Bank attend the meetings of the Board of Directors, provided that Chief Financial Officer (CFO), Company Secretary (CS) and Head of ICC do not attend such part of a meeting which involves consideration of an agenda item relating to their personal matters.

Directors' Shareholding Status

In compliance with BSEC Notifications dated 22 November 2011 and dated 07 December 2011, all the eligible directors (other than independent directors) of SJIBL have been holding required percentage of shares individually (minimum 2%) as well as jointly (minimum 30%).

Shareholding of MD, CS, CFO, Head of ICC & their Spouses and top 5 Salaried Executives

No shares held by MD, CS, CFO, Head of ICC & their Spouses and top 5 Salaried Executives as on 31 December 2018.

Separation of Roles of Chairman and Chief Executive Officer

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1(4) of BSEC Guidelines on Corporate Governance Code dated 03 June 2018, the functional responsibilities of the Chairman of the Board and the Chief Executive Officer are kept separate and independent of each other.

Roles and Responsibilities of the Board of Directors

The main roles of the Board of Directors are to define the Company's strategic objectives, to provide entrepreneurial leadership for the company, to create value for shareholders, to protect the interests of all Stakeholders including Depositors and to ensure that the necessary financial and other resources are available to enable the company and the Board to meet these objectives. The specific responsibilities of the Board are to determine the objective and goals of the Bank, annual business plan of the Bank, key performance indicators for the Managing Director, Human resource development, efficiency of operational activities of the Bank, set internal control procedure, capital plan, comply the regulatory laws & regulations, Corporate governance, financial transparency, CSR activities and appointment of auditor etc.

Responsibilities of the Chairman of the Board

The responsibilities of the Chairman as defined in the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 03 June 2018 is fully complied with. The Chairman of the Board of Directors does not personally possess the jurisdiction to apply policy making or executive authority. He does not participate in or interfere into the administrative or operational and routine affairs of the Bank.

The Chairman leads the Board in determination of its strategy and achievement of its objectives. The Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman also ensures all key and appropriate issues are discussed by the Board of Directors in a timely and constructive manner. The chairman signs minutes of Board meeting.

Roles and Responsibilities of the Managing Director & CEO

The Managing Director & CEO is responsible for running the business and for formulating and implementing Board strategy and policy. He is also responsible for overall control of the company on a day to day basis and is accountable to the Board for the financial and operational performance of the company.

Independence of Non-Executive Directors

All the Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board meetings regularly and

participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Annual Appraisal of the Board's Performance

At Annual General Meeting (AGM) shareholders critically appraise the performance of the Board freely through evaluation of financial position and performance of the bank, its adequacy and effectiveness of internal control system and overall governance mechanisms. The shareholders also ask questions and make queries to the Board of Directors during AGM and the Chairman of Board of Directors gives a patient hearing and responds to all their queries. The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share etc. of the bank. The attendance of Directors and their active participation in the meeting on various agenda is ensured in every Board meeting. The Board approves annual budget at the beginning of each year and monitors the status of the same on monthly basis to ensure achievement of the target. The Board's performance is greatly dependent on the achievement (under or over) of budgeted target. Besides, the performance reports of supporting committees of the Board are also placed in the Board meeting through which the performances of the Board members are regularly assessed.

Annual Evaluation of the Managing Director & CEO by the Board

The Board of Directors of SJIBL clearly defined and approved the roles, responsibilities and duties of Managing Director & CEO. Based on these assigned responsibilities, Board of Directors make annual evaluation of Managing Director. Furthermore, the performance evaluation of Managing Director is done by the Board through various reports like financial position and performance report of the Bank, knowing update of various assignments given by the Board to the Managing Director and the Management from time to time and doing variance analysis of Budget with Actual result and steps taken by Managing Director & CEO to achieve the Budgeted target. Among the financial parameters, NPI ratio, Growth of Investment & Deposit, Cost to Income Ratio, Investment write off and its recovery, Capital to Risk Weighted Assets Ratio, Investment to Deposit Ratio etc. are the common ones.

Directors' Report on Compliance with Best Practices on Corporate Governance

The status of compliance of corporate governance code issued by Bangladesh Bank has been presented in page no. 159-169 and the guidelines issued by BSEC have been presented in page no.142-154. M/s. Mak & Co, Chartered Accountants, duly certified the compliance status of corporate governance code and issued a report which is presented in page no. 155.

Accountability, Audit and Financial Reporting

The Board undertakes responsibilities for preparing and presenting a balanced and comprehensive assessment of the Bank's operations at the end of each financial year through annual Financial Statements and Annual Report and quarterly and half yearly announcement of financial performance of the Bank to shareholders. The Audit Committee of the Board assists in this respect by scrutinizing the information to be disclosed, and to ensure accuracy, adequacy, transparency and completeness of the disclosed information.

Board Committees

The Board formed an Executive Committee, an Audit Committee and a Risk Management Committee complying Central Bank's guidelines. There is no committee or sub-committee of the Board other than the above mentioned Committees. However, it has a Shari'ah Supervisory Committee to look after the Shari'ah matters and gives suggestions to the management on Shari'ah issues.

Board's Executive Committee (EC)

The Board has an Executive Committee (EC) which carries out its functions which are beyond delegated power of the Management. The Executive Committee (EC) of the Board reviews the policies and guidelines issued by Bangladesh Bank regarding Investment and other operations of the banking industry. The committee ensures the implementation of policies and guidelines through the management.

During the year 2018 total 25 no. of Executive Committee meetings were held. The status of the member along with the attendance is separately discussed in the report.

Audit Committee of the Board

Audit Committee is one of the sub-committee of the Board which plays very vital role in assisting the Board to perform its responsibilities. Audit Committee plays its role according to its Charter, approved by the Board of Directors in line with the direction of Bangladesh Bank & Bangladesh Securities & Exchange Commission. The Chairman of the Audit Committee is an independent director who performs his duties with full freedom; the Company Secretary acts as the secretary of the committee. The role of the Audit Committee of SJIBL includes:

- Review the financial and other systems including internal control and its reporting procedure;
- Oversee the work of external auditors, internal auditors including matters of disagreement between management and the auditors;
- Require management to implement and maintain adequate/appropriate systems of internal control and discuss with the management to assess the adequacy and effectiveness of those systems;
- Discuss with management major issues concerning accounting principles and disclosures in the financial statements;
- Conduct audit concerning violation, if any, by the management in carrying out operation of the Company;
- Recommend to the Board regarding appointment of the external auditors and their terms of appointment;
- Meet the Management to discuss any matters if deem appropriate.

During the year 2018, total 12 numbers of meeting of the Audit Committee of SJIBL were held. The Report of the Board Audit Committee is disclosed separately in the Annual Report.

Risk Management Committee (RMC) of the Board

Apart from the Executive Committee and Audit Committee of the Board, a Risk Management Committee (RMC) has been formed which is responsible for planning and guiding on overall risk management of the Bank. Key areas of responsibilities of the committee are as under:

- The Committee reviews the risk management process to ensure effective prevention and control measures;
- To ensure an adequate organizational structure for managing risk of the bank and supervise formation of management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines;
- The committee reviews risk management policies & guidelines annually;
- Approve adequate record keeping & reporting system of the bank;
- Monitor proper implementation of overall risk management policies to mitigate all risks including lending risk, market risk and management risk.

Detailed role and responsibilities of the Committee is available in the "Report of the Risk Management Committee". During the year 2018, total 6 meetings of the Risk Management Committee were held; the attendance records are as follows:

From 01-01-2018 to 31-12-2018

Sl No.	Name of the Director	Meeting Held	Number of Attendance
1.	Mohammed Younus, Chairman	6	6
2.	Dr. Anwer Hossain Khan, Member		0
3.	Md. Abdul Barek, Member		1
4.	Khorshed Alam Khan, Member		5
5.	Moshiur Rahman Chamak, Member		6

Shariah Supervisory Committee of the Bank

As per section 30 of the Articles of Association of the Bank, Shariah Supervisory Committee of the Bank has been constituted. The Shariah Supervisory Committee of the Bank consists of prominent Ulema, Bankers, Lawyers and Economists to advise and guide on the implementation of Islamic Shariah in business activities. The Committee enjoys a special status in the structure of the Bank and playing a vital role to make the bank as Shariah compliant. In the year 2018, 5 meetings of the Shariah Supervisory Committee of the Bank were held, while 01 meetings of the Sub-Committee were held in the same period.

Benefits provided to Directors and Managing Director

The Directors does not receive any type of remuneration and incentive. They are only paid board meeting attendance fees, travelling and living expenses incurred for attending in the board meeting and other committee meeting as per Article of Association of the Bank and within the Guidelines of Bangladesh Bank instruction. Information regarding expenses relating to directors is separately disclosed in the financial statements. The remuneration package of the Managing Director is determined by the Board and is approved by Bangladesh Bank. The Managing Director has been appointed on contractual basis and his remuneration is also disclosed separately in the financial statements.

Nomination and Remuneration Committee (NRC)

There is no Nomination and Remuneration Committee in the Bank, as the Bank is restricted by Central Bank to have more than three sub-committees of the Board. Meanwhile, the Bank applied to the Central Bank for their guidance in this regard. Moreover, the Board oversees the recruitment and remuneration process of the employees by reviewing/ approving various policies like HR policies, recruitment & promotion policies and pay scale etc.

Establishment and Review of Internal Control System

Shahjalal Islami Bank Limited has a sound system of internal control to safeguard the stakeholder's interest. To ensure appropriate level of internal control system, an Internal Control and Compliance Manual has been introduced in line with global practices and Regulatory Guidelines. The Board of Directors time to time reviews the Internal Control System of the Bank and necessary guideline are provided to improve the system.

SJIBL has also strengthened and segregated its Internal Control and Compliance Division into three separate unit based on the relative guidelines framed by Bangladesh Bank; (1) Audit and Inspection Unit (2) Compliance Unit (3) Monitoring Unit. The division is independent and carries out its assignment independently with objectivity and impartiality.

External Audits

The external auditors are appointed by the shareholders with the recommendation of the Board of Director. External auditors covered sufficient number of branches and Head Office as part to the annual audit program. Auditors covered 80% of the risk weighted assets of the Bank. They have also discussed with the Management and Audit Committee of the Board on various issues including Internal Control and Compliance issues. Suggestions of the auditors (if any) are given due consideration and are implemented by the Management. Before presenting to the shareholders, the report is reviewed by the Audit Committee and the Board. Before recommending to the shareholders for appointment as auditors, Board considers the level of independence and integrity of the external auditors.

Services not provided by External Auditors

Complying with provision 9 of BSEC guidelines, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2018:

- Appraisal or valuation services or fairness opinions.
- Financial information system design and implementation.
- Bookkeeping or other services related to accounting records or financial statements.
- Broker-dealer service.
- Actuarial services.
- Internal audit services.
- Audit/ certification services on compliance of corporate governance code issued by BSEC.
- Any other service that the Audit Committee determines.

Audit by the Central Bank

Bangladesh Bank also conducts comprehensive inspection of the Bank every year. The reports are reviewed by the Board and its Audit Committee. The Bank gives utmost importance to the inspection report and actions are taken regarding the inadequacies or lapses mentioned in the report.

Risk Management

The Risk Management Division (RMD) of SJIBL is responsible for management, integration and monitoring of all risks within the risk appetite set by the Risk Management Committee (RMC). The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. The roles and responsibilities of RMC and major areas focused by RMC in 2018 have been presented in the annual report.

Ethics and Compliance

Code of Ethics for company employees

For eminence corporate culture, all the employees should believe in same Code of Ethics. SJIBL has a standard Code of Ethical practices for its Employees which are followed by them with the strictest compliance. By any means, no employee will play a role detrimental to the interest of the business, society and the country as a whole as set in the Code of Ethics. The basic premise of the code of conduct is that each employee, while on the payroll of SJIBL, shall place SJIBL ahead of his/her personal interest.

Human Capital

Human Capital has been considered as the most valuable component for SJIBL to achieve its Strategic Corporate Goals. SJIBL's HR policy is being constantly reviewed to align with business goals.

SJIBL considers its employees as its core strength and is proud of its performance oriented and meritocratic culture. It cares for the aspirations of its staff members by constantly trying to enrich their lives and job experiences. SJIBL believes that challenges of the future can be overcome only by a committed and dedicated work force. The Bank strives for continuous development of its human resources and considers any expenditure incurred on human resource development as investment with potential future benefits.

Distribution of Manpower

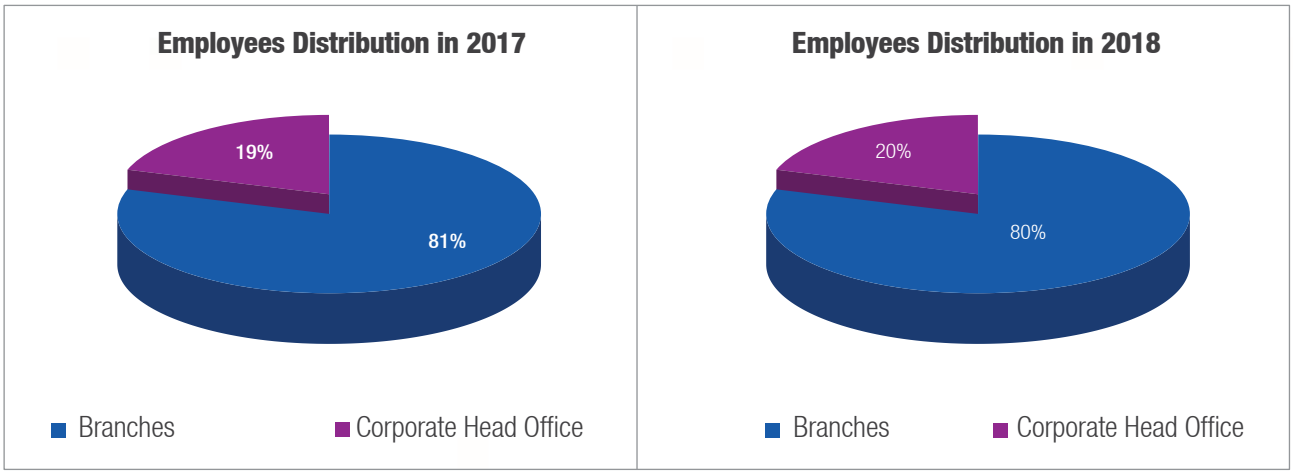
It includes placement, location, arrangement or disposition of employees in different workplaces, grades and in different management levels. SJIBL gives emphasis on putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of our Bank.

Manpower	2018 (Number)	2017 (Number)
Officers	1,927	1,934
Sub-staffs	468	468
Total	**2,395**	**2,402**

Level of Manpower	2018 (Number)	2017 (Number)
Top Level Management	47	46
Mid Level Management	389	319
Junior Level Management	1,491	1,569
Supporting Staff	468	468
Total	**2,395**	**2,402**

Employees Distribution in Branches & Corporate Head Office:

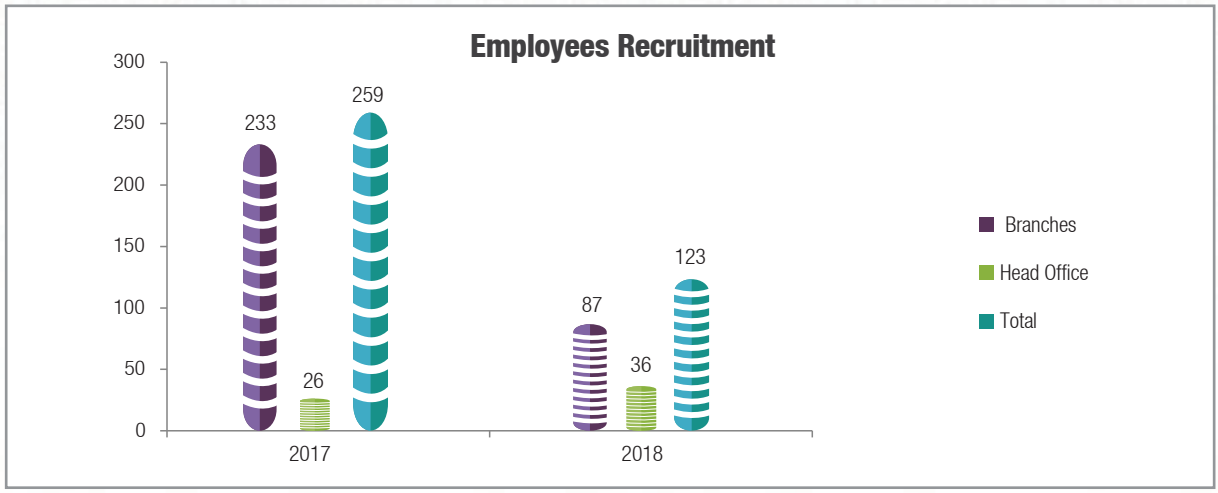
In 2018, number of employees at Corporate Head Office increased by 1% in the overall pie



Recruitment, Selection & Hiring

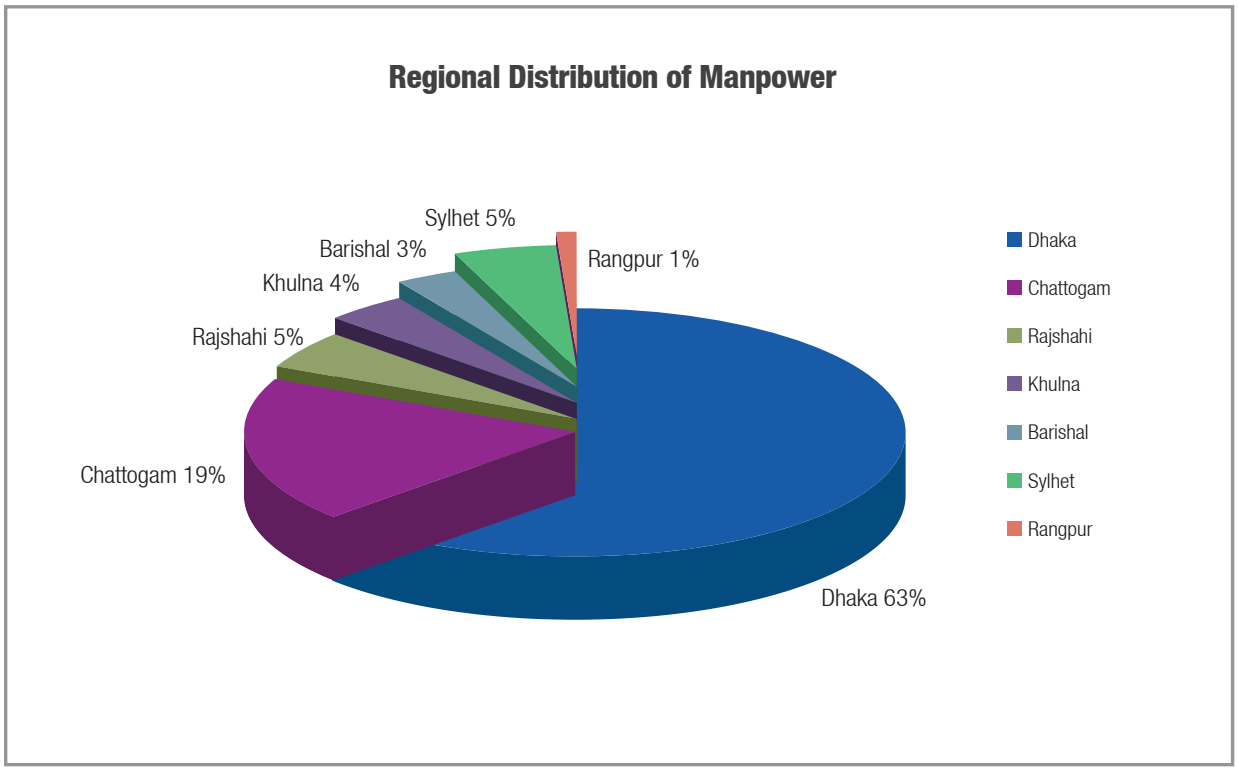
SJIBL has a well reputation in pulling efficient professionals in the Banking arena in Bangladesh. We constantly seek innovative ways to attract talented young people to our Bank, provide opportunities for the fresh and talented graduates from different reputed Universities. Through different communication channels, SJIBL arranges talent hunts to include best caliber within its workforce. It invites best talents, experts to work in an excellent environment where they can flourish their knowledge, skills and abilities. In 2018, we have recruited a total number of 123 employees in different grades considering the expansion requirements of the bank.

In the year 2018, a total number of 123 employees vis-a-vis 259 in 2017 were recruited to strengthen the human capital of SJIBL.



Regional Distribution of Employees:

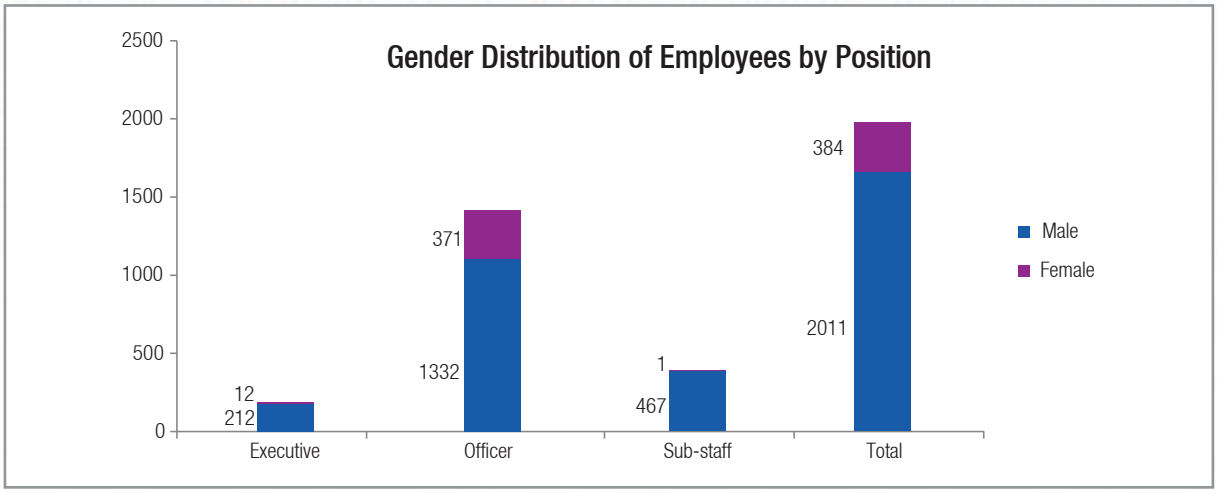
Employees of SJIBL is deployed in all over the country depending on the business potentiality as well as banking service scarcity. High concentration has been given to Dhaka and Chattogram area as both the region is considered as major business area where service scarcity still exists. Other regions were also considered as important and new workforces were deployed based on need.



Gender Distribution by Position:

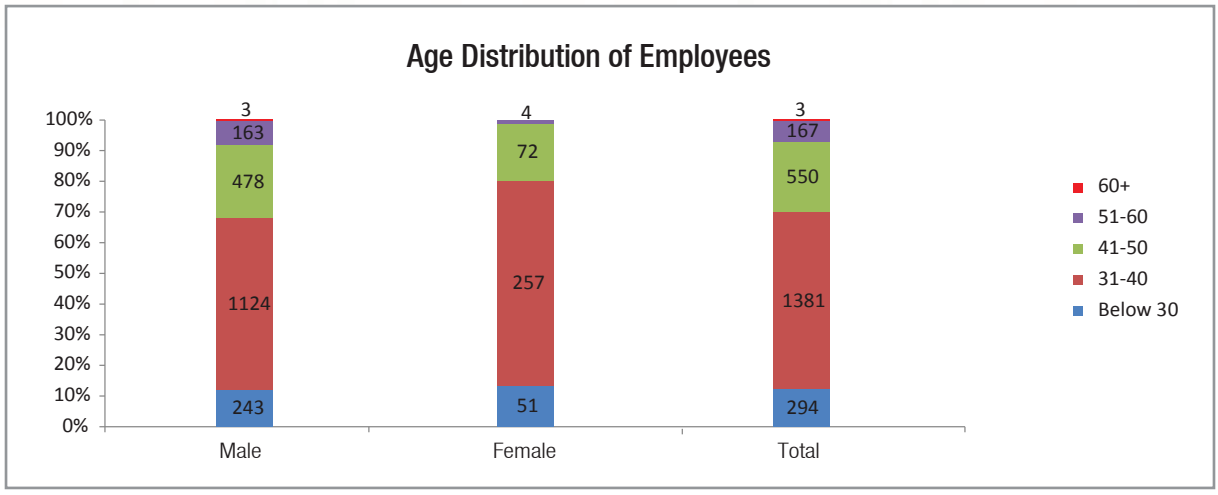
Gender sensitivity and inclusiveness have always been the corner stone of SJIBL's HR policy. Female employees are spread across all levels of hierarchy, as well as geographical spread. SJIBL offers equal opportunity in employing people irrespective of his/her gender identity. Both male and female employees are equally treated without any biasness. They get equal opportunity based on his/her level. Out of total number of 2395 employees, 384 are females and the rest 2011 are males.

In a total of 2395 employees, overall male female ratio stands at 84:16 with non-executive segment having the highest concentration of female employees.



Age Distribution:

SJIBL has a relatively younger segment in it's overall employee pool. 58% of the employees falls in the 30-40 year age bracket.



HR Strategy

- ✓ As an employer, our aim is to attract the most talented personnel.
- ✓ We retain competent employees by recognizing them properly so that they can work effectively in a team.
- ✓ Provide new employees with appropriate training.
- ✓ Create a strong management team.
- ✓ Ensure equal opportunities with regards to employment, work facilities, assignment, training, career development and benefits.
- ✓ Ensure congenial & comfortable working environment for all categories of employees and to create opportunities to show their talents for enrichment of professional career.

Work Environment & Culture

The bank is committed to maintain a congenial & comfortable working environment free from discrimination of race, religion, gender and age. The bank ensures a positive, friendly and respectful environment where all employee are getting opportunities to show their talents and we believe in working as part of a team. The bank tries to train up its employees with utmost professional outlook. The employees are recognized and rewarded for good jobs done. Our remuneration package, welfare policies, service benefits, timely promotion, increment, incentives are very lucrative compared to peer banks which ensure to retain the existing workforce as well as to attract the aspirant professionals of the industry to explore opportunities in SJIBL.

Learning and Development

SJIBL believes that giving employees the ability to develop and build current skill sets is a great way to improve employee morale. It makes employee feel competent and empowered in their work both in the day-to-day and long term. Development of employee skill is a continuous process. We consider training as a planned effort to facilitate employee's learning of job related competencies. We see training as to teach or develop skills & knowledge that relate to specific useful competencies. In this connection, we have established a state-of-the-art Training Academy at Motijheel for imparting world class training to all employees and aims at ensuring that appropriate training is imparted to enable individuals to reach satisfactory performance level.

SJIBL has introduced E-learning in recent years by which a significant number of employees are learning utilizing electronic technologies to access educational curriculum outside of a traditional classroom in every calendar year.

Summary of training, workshops and seminars where the employees of the Bank have attended in the year 2018 is given bellow:

Sl. No.	Course Type	Trainer	No. of Courses	No. of Participants
1	SJIBL (in house) Training Program	SJIBTA & Head Office	94	4486
2	External Training Programs (Local)	Bangladesh Bank & BBTA	18	29
3	External Training Programs (Local)	BIBM	81	150
4	External Training Programs (Local)	FinExcel, BAB, IBCF, Fintelekt Advisory Pvt Ltd, India, ICCB, CIBAFI, IBCFRTA, BAFEDA, MSS, Wells Fargo Bank N.A., Dun & Bradstreet South Asia Middle East Ltd., TMSS, F5 Networks, CSBIBB, IBB,, DSETA, Dhaka Bank Limited, Experts Academy, INTIMATE, BICM, Prime Bank Limited., BABRTC, United Commercial Bank Limited	41	63
5	External Training Programs (Foreign)	Dun & Bradstreet South Asia, London, UK, Fintelekt Advisory Services Pvt Ltd, Pune, India, Eastern Bank Limited, Phuket and Bangkok, Thailand, MAY International Trade Services Limited, China, BAFEDA, Mumbai, India, BAFEDA, Singapore, ICICI Bank Ltd., Goa in India, SILVERLAKE SPRINTS SDN BHD, Malaysia. COMMERZBANK AG, Frankfurt, Germany, Asia Development Bank, Intercontinental Hotel, Singapore, Dun & Bradstreet South Asia Middle East Ltd., Dubai (UAE), Mashreq Bank, Dubai, UAE.	12	16
Total			**246**	**4,744**

Communication to Shareholders and Other Stakeholders

Policy on Communication with Shareholders and Other Stakeholders

The Share Department (which is under the Board Secretariat of the Bank) plays an instrumental role to make effective communication with its shareholders and other stakeholders of the Bank. Shareholders and other stakeholders may contact to this Department during office hour for any sort of information and queries. SJIBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank.

Policy on Ensuring Participation of Shareholders at AGM

In order to make the AGM more participatory, SJIBL declares the AGM well ahead of time, circulate Annual Reports and other documents in time, arrange AGM in a well-known place and & convenient time. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions.

Redressal of Shareholders Complaints

Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports and dividends timely and other share related matters is resolved lawfully in time.

Management Review & Responsibility

Management Committees

In an effective Corporate Governance structure, Bank management has a collective mandate under the leadership of Managing Director & CEO to carry out daily operations to the best interest of the shareholders. Besides conventional segregation of functional departments, SJIBL formed a number of committees with a view to support the management in carrying out banking operation smoothly. Senior Management Team (SMT), Asset liability Committee (ALCO), Risk Management Committee, Supervisory Review Process (SRP) Team, Purchase Committee are supporting the Bank's management in discharging its duties efficiently and effectively.

Compliance Status on BSEC Notification
on Corporate Governance

The Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance (CG) Code in 2018 which is being followed by banks on 'Comply' basis. Status of compliance by Shahjalal Islami Bank Limited with the said CG code issued by BSEC through Notification no.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

(Report under Condition No. 9.00)

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.	**Board of Directors**			
1(1)	**Size of the Board of Directors**:The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	√		-
1(2)	**Independent Directors**			
1(2) (a)	At least one fifth (1/5) of the total number of directors in the Company's board of director shalll be independent directors.	√		The Board of Directors consists of 19 (Nineteen) members including 2 (Two) independent Directors which is in compliance with Section-15(9) of the Banking Companies Act, 1991 (Amended upto 2018)
1(2) (b)	'Independent director' means a director-			
1(2) (b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		-
1(2) (b) (ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	√		-
1(2) (b) (iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2) (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		-
1(2) (b) (v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange.	√		-
1(2) (b) (vi)	Who is not a share holder, director expecting independent director or officer of any menmber or TREC holder of stock exchange or an intermediary of the capital market.	√		-
1(2) (b) (vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		-
1(2) (b) (viii)	Who is not independent director in more than 5 (five) listed companies.	√		-
1(2) (b) (ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); and	√		-
1(2) (b) (x)	Who has not been convicted for a criminal offence involving moral turpitude.	√		-
1(2) (c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		-
1(2) (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days and	√		-
1(2) (e)	The tenure of office of an Independent Director shall be for a period of 3 (three) years which may be extended for 1 (one) tenure only.	√		-
1(3)	**Qualification of Independent Director :-**			
1(3) (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	√		-
1(3) (b)	Independent Director shall have following Qualification.			
1(3) (b) (i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	√		-
1(3) (b) (ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(3) (b) (iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or	N/A		-
1(3) (b) (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	N/A		-
1(3) (b) (v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	N/A		-
1(3) (c)	The Independent Director(s) shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		-
1(3) (d)	In special cases, the above qualification or experiences may be relaxed subject to prior approval of the commission.	-		No such deviation occured
1(4)	**Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-**			
1(4) (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		-
1(4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		-
1(4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		-
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		-
1(4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		-
1(5)	**Directors' Report to Shareholders:-**			
1(5) (i)	An industry outlook and possible future developments in the industry;	√		-
1(5) (ii)	The segment-wise or product-wise performance;	√		-
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		-
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		Cost of Fund, Operating & Net Profit and related ratios are provided.

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			SJIBL does not have such gain or loss
1(5) (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		-
1(5) (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		-
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	N/A		-
1(5) (ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	√		
1(5) (x)	A statement of remuneration paid to the directors including independent directors;	√		-
1(5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		-
1(5) (xii)	A statement that proper books of account of the issuer company have been maintained;	√		-
1(5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		-
1(5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		-
1(5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	√		-
1(5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		-
1(5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		-
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		-
1(5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		-
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	N/A		-
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	N/A		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (xxii)	The total number of Board meetings held during the year and attendance by each director;	√		-
1(5) (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1(5) (xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name wise details);	√		-
1(5) (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		-
1(5) (xxiii)(c)	Executives; and	√		-
1(5) (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		-
1(5) (xxiv)	In case of the appointment or re-appointment of a Director a disclosure on the following information to the Shareholders:			
1(5) (xxiv) (a)	a brief resume of the Director;	√		-
1(5) (xxiv)(b)	Nature of his/her expertise in specific functional areas; and	√		-
1(5) (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		-
1(5) (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5) (xxv) (a)	accounting policies and estimation for preparation of financial statements;	√		-
1(5) (xxv) (b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	N/A		-
1(5) (xxv) (c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		-
1(5) (xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		-
1(5) (xxv) (e)	briefly explain the financial and economic scenario of the country and the globe;	√		-
1(5) (xxv) (f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		-
1(5) (xxv) (g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		-
1(5) (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		-
1(6)	**Meetings of the Board of Directors**			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		-
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7) (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	N/A		-
1.7. (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	N/A		-
2	**Governance of Board of Directors of Subsidiary Company**			
2 (a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company;	√		-
2 (b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company;	√		-
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		-
2 (d)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also;	√		-
2 (e)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the Subsidiary Company.	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.0	**Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)**			
3 (1)	**Appointment**			
3 (1) (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		-
3 (1) (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		-
3 (1) (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		-
3 (1) (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		-
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		-
3(2)	**Requirement to attend Board of Directors' Meetings**			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board.	√		-
3(3)	**Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)**			
3(3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		-
3(3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		-
3(3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		-
3 (3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		-
4	**Board of Directors' Committee**			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee; and	√		-
4 (ii)	Nomination and Remuneration Committee.	N/A		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5	**Audit Committee**			
5 (i)	**Responsibility to the Board of Directors.**			
5(i) (a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		-
5(i) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		-
5(i) (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		-
5 (2)	**Constitution of the Audit Committee**			
5 (2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		-
5 (2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		-
5 (2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		-
5 (2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee	√		-
5 (2)(e)	The company secretary shall act as the secretary of the Committee;	√		-
5 (2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		-
5(3)	**Chairperson of the Audit Committee**			
5(3) (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		-
5(3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		-
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		-
5(4)	**Meeting of the Audit Committee**			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		-
5(5)	**Role of Audit Committee**			
	The audit committee shall:-			
5(5) (a)	Oversee the financial reporting process;	√		-
5(5) (b)	Monitor choice of accounting policies and principles;	√		-
5(5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		-
5(5) (d)	Oversee hiring and performance of external auditors;	√		-
5(5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		-
5(5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		-
5(5) (g)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval;	√		-
5(5) (h)	Review the adequacy of internal audit function;	√		-
5(5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		-
5(5) (j)	review statement of all related party transactions submitted by the management;	√		-
5(5) (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	√		-
5(5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	√		-
5(5) (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	N/A		-
5(6)	**Reporting of the Audit Committee**			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a) (i)	The Audit Committee shall report on its activities to the Board of Directors.			
5(6)(a) (ii)	**The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-**			
5(6)(a)(ii)(a)	Report on conflicts of Interests;	-		No such event arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	-		No such event arose
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	-		No such event arose

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(6)(a)(ii) (d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	-		No such event arose
5(6)(b)	**Reporting to the Authorities:** If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	-		No such event arose
5.(7)	**Reporting to the Shareholders and General Investors:-** Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		-
6	**Nomination and Remuneration Committee (NRC)**	The Bank appllied to the Central Bank for their guidance in this regard.		
6(1)	Responsibility to the Board of Directors			
6 (1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	-		The Bank is waiting for BB reply.
6 (1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	-		-
6 (1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	-		-
6(2)	**Constitution of the NRC**			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	-		-
6(2)(b)	All members of the Committee shall be non-executive directors;	-		-
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	-		-
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	-		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	-		-
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	-		-
6(2)(g)	The company secretary shall act as the secretary of the Committee;	-		-
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	-		-
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	-		-
6(3)	**Chairperson of the NRC**			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	-		-
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes	-		-
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:	-		-
6(4)	**Meeting of the NRC**			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year;	-		-
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	-		-
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	-		-
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	-		-
6(5)	**Role of the NRC**			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	-		-
6(5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	-		-
6(5) (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	-		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(5) (b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	-		-
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	-		-
6(5) (b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	-		-
6(5) (b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	-		-
6(5) (b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	-		-
6(5) (b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	-		-
6(5) (b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	-		-
6(5) (b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	-		-
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	-		-
7	**External or Statutory Auditors**			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		-
7(1)(ii)	financial information systems design and implementation;	√		-
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		-
7(1)(iv)	broker-dealer services;	√		-
7(1)(v)	actuarial services;	√		-
7(1)(vi)	internal audit services or special audit services;	√		-
7(1)(vii)	any service that the Audit Committee determines;	√		-
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		-
7(1)(ix)	any other service that creates conflict of interest.	√		-
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		-
8	**Maintaining a website by the Company**			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		-
8(2)	The Company shall keep the website functional from the date of listing.	√		-
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		-
9	**9. Reporting and Compliance of Corporate Governance**			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		-
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		-
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	√		-

Mak & Co.
Chartered Accountants

Certificate on Compliance on the Corporate Governance Code
[Issued under condition # 1(5) (xxvii) of Corporate Governance Code of BSEC vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018]

We have examined the compliance status to the Corporate Governance Code by **Shahjalal Islami Bank Limited** for the year ended on 31 Dec, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 Of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the Procedures and implementation thereof as adopted by the Management in Ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the Provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted By Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this code;
c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
d) The Governance of the company is Satisfactory.

Place: Dhaka
Dated: 20 May, 2019

Md. Mostain Billah
Partner
Mak & Co. Chartered Accountants
ICAB Enrollment # 1028

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SFAI
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Narrated Al-Miqdam
May Allah be pleased with him.
The Prophet (s.a.w.) said:
Nobody has ever eaten a better meal than that which one has earned by working with one's own hands. The Prophet of Allah, David (upon him prayer and peace) used to eat from the earnings of his manual labour.

Sahih Al-Bukhari

Compliance Report on BSEC Notification

The authorized Capital of Shahjalal Islami Bank Limited is Tk. 10,000,000,000 divided into 1,000,000,000 ordinary shares of Tk. 10 each. The paid-up Capital of the Bank is Tk. 8485,647,930 divided into 848,564,793 ordinary shares. As per Section 1.4(k) of BSEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 the pattern of shareholding is given below:

i) Parent/Subsidiary/Associated companies and other related parties: N/A

a) Shares held by the Directors and their Spouses:

Annexure-I

Sl	Name of Directors	Position	No of Shares	% of Share
1	Akkas Uddin Mollah	Chairman	16,972,214	2.00%
2	Anwer Khan Modern Hospital Ltd. (rep. by Mohammed Golam Quddus)	Vice-Chairman	17,015,000	2.01%
3	Khandaker Sakib Ahmed	Vice-Chairman	16,972,038	2.00%
4	Dr. Anwer Hossain Khan	Director	25,366,489	2.99%
5	Shamsuddin Khan & Harun Miah Ltd. (rep. by Md. Harun Miah)	Director	16,971,353	2.00%
6	Electra International Ltd (rep. by Md. Sanaullah Shahid)	Director	21,715,634	2.56%
7	Md. Abdul Barek	Director	16,971,427	2.00%
8	Abdul Halim	Director	20,642,322	2.43%
9	Mohiuddin Ahmed	Director	16,980,232	2.00%
10	Engr. Md. Towhidur Rahman	Director	19,067,785	2.25%
11	A.K.Azad	Director	32,350,793	3.81%
12	Mohammed Younus	Director	20,978,960	2.47%
13	Fakir Akhtaruzzaman	Director	16,971,296	2.00%
14	Daffodils Trading International (rep. by Khorshed Alam Khan)	Director	17,387,700	2.05%
15	Fresh Export Import Ltd. (rep. by Md. Moshiur Rahman Chamak)	Director	17,132,765	2.02%
16	Shahan Ara Begum	Director	17,013,212	2.00%
17	Mrs. Tahera Faruque	Director	28,051,205	3.31%
18	Ekramul Hoque	Independent Director	Nil	-
19	Farida Parvin Nuru	Independent Director	Nil	-
20	M Shahidul Islam	Managing Director	Nil	-

b) Shares held by the Chief Executive Officer, Company Secretary, Head of Internal Audit and Chief Financial Officer: Nil

c) Shares held by top five salaried employees other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit: NIL

d) Shareholders holding ten percent (10%) or more voting interest in the company as at 31 December 2018 : Nil

Number of Board Meeting held in 2018 and the attendance of Directors:
From 01-01-2018 to 31-12-2018

Annexure-II

Sl	Name of Directors	Position	Meeting Held	Attended	Remarks
1	Akkas Uddin Mollah	Chairman	15	15	
2	Khandaker Sakib Ahmed	Vice-Chairman		14	
3	Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Vice-Chairman		15	
4	Dr. Anwer Hossain Khan	Director		12	
5	Md. Shams Uddin Khan (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Director		2	Resides at UK
6	Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Director		12	
7	Md. Abdul Barek	Director		5	
8	Abdul Halim	Director		12	
9	Mohiuddin Ahmed	Director		11	
10	Engr. Md. Towhidur Rahman	Director		12	
11	A. K. Azad	Director		8	
12	Mohammed Younus	Director		11	
13	Fakir Akhtaruzzaman	Director		13	
14	Mosharraf Hossain Chowdhury	Independent Director		13	
15	Farida Parvin Nuru	Independent Director		3	Resides at UK
16	Khorshed Alam Khan (Rep.of Daffodils Trading International)	Director		9	
17	Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director		12	
18	Shahan Ara Begum	Director		6	
19	Mrs. Tahera Faruque	Director		3	Resides at UK

Number of Executive Committee Meeting held in 2018 was 25 and the attendance of Directors:
From 01-01-2018 to 31-12-2018

Sl	Name of Directors	Position	Meeting Held	Attended
1	Dr. Anwer Hossain Khan	Chairman	25	21
2	Fakir Akhtaruzzaman	Vice Chairman		16
3	Khandaker Sakib Ahmed	Member		24
4	Mohammed Younus	Member		10
5	Engr. Md. Towhidur Rahman	Member		21
6	Md. Sanaullah Shahid	Member		17
7	Mohiuddin Ahmed	Member		17

Compliance Status of Bangladesh Bank Guidelines
on Corporate Governance

To ensure good governance i.e. corporate governance in bank management, Bangladesh Bank (BB) issued three circulars in 2013 covering three broad areas as follows:

1. BRPD Circular No.11 dated 27 October 2013: Formation and responsibilities of Board of Directors (BoD).
2. BRPD Circular Letter No. 18 dated 27 October 2013: Appointment and responsibilities of Chief Executive Officer (CEO).
3. BRPD Circular Letter No. 19 dated 27 October 2013: Contractual appointment of Advisor and Consultant.

The summary of the BB guidelines and SJIBL's compliance thereto are presented below:

1. Formation and responsibilities of Board of Directors (BoD)

Sl. No.	Particulars	Compliance Status
1.0	**Formation of Board of Directors:** Prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 2(two) members from a family as director.	Complied
1.1	**Appointment of New Directors:** Every banking company, other than specialized banks, at the time of taking prior approval from Bangladesh Bank for appointing/reappointing directors should furnish the following documents along with the application:	
	a. Personal information of the nominated person	Complied
	b. Nominated person's declaration	Complied
	c. 'Declaration for confidentiality' by the nominated person	Complied
	d. In case of independent director, the approval letter from BSEC	Complied
	e. In case of Independent director, a declaration of the directors concern	Complied
	f. CIB report of the nominated person	Complied
	g. Updated list of Directors	Complied
1.2	**Vacation of office of Director:**	
	(a) The office of director shall be vacated according to the instructions specified in section 108(1) of the Companies Act, 1994. Besides, when a bank director becomes defaulter and does not repay the loan within two months after getting a notice under the section 17 of the Bank Company Act, 1991; provides false statement at the time of appointment; or fails to fulfil the minimum eligibility criteria, the office of the director will be vacated.	No such case
	(b) If the office of a director is vacated by a notice under the section 17 of BCA, the person will not be eligible to become a director of the bank or any other bank or any financial institution for one year from the date of repayment of the total amount due to the bank. It is mentionable here that the dues can be adjusted with the shares held by the director in that bank. When a director receives a notice under section 17 of BCA, 1991, he/she can't transfer his/her shares of that bank until he/she repays all the liabilities of the noticed bank or financial institution.	No such case
	(c) Bangladesh Bank can remove a director or chairman of a bank, except state owned banks, for conducting any kind of activities that is detrimental to the interest of the banks depositors or against the public interest under Section 46 and can supersede the board of a banking company under Section 47 of Bank Company Act, 1991.	No such case
1.3	**Removal of Directors from office:** With the prior approval of Bangladesh Bank, a bank director other than specialized banks can be removed from his office for the reason specified in its Articles of Association. For this purpose, the reason and grounds of the dismissal/removal and copy of the decision of the board and list of directors should be submitted to Bangladesh Bank. In this case, the removal will be effective from the date of Bangladesh Bank's approval.	No such case

Sl. No.	Particulars	Compliance Status
1.4	**Appointment of Alternate Director:** An alternate director can be appointed to act for a director during his absence for a continuous period of not less than three months from Bangladesh. In this context, the following instructions should be followed:	No such Director in SJIBL
	(a) Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.	N/A
	(b) The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.	N/A
	(c) Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.	N/A
	(d) As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.	N/A
	(e) While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.	N/A
2	**Depositor Director:** As per appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended up to 2018) bank can consider the tenure of existing depositor director or may appoint them as independent director.	Complied, No Depositor Director in SJIBL
3	**Information regarding Directors:** Banks are advised to take the following steps regarding directors information:	
	(a) Every bank should keep an updated list of bank directors.	Complied
	(b) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
	(c) Banks should display a list of directors on the website and update it on a regular basis.	Complied
4	**Responsibilities of the Board of Directors (Board)**	
4.1	**Responsibilities and Authorities of the Board:**	
(a)	**Work planning and strategic management**	
	(i) The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans.	Complied
	(ii) The board shall have its analytical review incorporated in the Annual Report as regards to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.	
(b)	**Credit and risk management**	
	(i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.	Complied

Sl. No.	Particulars	Compliance Status
	(ii) The board shall frame policies for risk management and get them complied with and shall monitor the compliance at quarterly rests and review the concerned report of the risk management team and shall compile in the minutes of the board meeting. The board shall monitor the compliance of the guidelines of Bangladesh Bank regarding key risk management.	Complied
(c)	**Internal Control Management**	
	The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
(d)	**Human Resources (HR) Management and Development**	
	(i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied SJIBL BoD approves HR Policy time to time.
	(ii) The board shall focus its special attention to the development of skills of bank's staff in different fields of its business activities including prudent appraisal of loan/investment proposals, and to the adoption of modern electronic and information technologies and the introduction of effective Management Information System (MIS). The board shall get these programmes incorporated in its annual work plan.	
	(iii) The board will compose Code of Ethics for every tier and they will follow it properly. The board will promote healthy code of conducts for developing a compliance culture.	
(e)	**Financial Management**	
	(i) The annual budget and the statutory financial statements shall be finalized with the approval of the board. It shall at quarterly rests review/monitor the positions in respect of bank's income, expenditure, liquidity, non-performing asset, capital base and adequacy, maintenance of loan loss provision and steps taken for recovery of defaulted loans including legal measures.	Complied
	(ii) The board shall frame the policies and procedures for bank's purchase and procurement activities and shall accordingly approve the distribution of power for making such expenditures. The maximum possible delegation of such power of expenditures shall rest on the CEO and his subordinates. The decision on matters relating to infrastructure development and purchase of land, building, vehicles etc. for the purpose of bank's business shall, however, be adopted with the approval of the board.	
	iii) The board will review whether an Asset-Liability Committee (ALCO) has been formed and it is working according to Bangladesh Bank guidelines.	
(f)	**Appointment of Chief Executive Officer (CEO):** In order to strengthen the financial base of the bank and obtain confidence of the depositors, one of the major responsibilities of the board of directors is to appoint an honest, efficient, experienced and suitable CEO or Managing Director. The Board of directors will appoint a suitable CEO with the approval of the Bangladesh Bank.	Complied
(g)	**Other responsibilities of the Board:** The Board should follow and comply with the responsibilities assigned by Bangladesh Bank.	Complied. The BoD will do so as and when required by Bangladesh Bank.

Sl. No.	Particulars	Compliance Status
4.2	**Meetings of the Board of Directors:** Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied. Usually SJIBL holds one Board Meetings in a month.
4.3	**Responsibilities of the Chairman of the Board:**	
	(a) As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
	(b) The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	
	(c) The chairman may be offered an office-room, a personal secretary/assistant, one peon/MLSS, one telephone at the office, one mobile phone to use inside the country and a vehicle in the business-interest of the bank subject to the approval of the board.	
5	**Formation of Supportive Committees of the Board:** Each bank company can form 1(one) executive committee, 1(one) audit committee and 1(one) risk management committee with the directors. Board can't form any other permanent, temporary or sub- committee except the above mentioned three committees.	Complied
5.1	**Executive Committee (EC):** Executive committee should be formed with the members of the board to continue the urgent and daily or routine works between the intervals of two board meetings. Executive committee will perform according to their terms of reference determined by the board of directors.	Complied
	a) Organizational structure:	
	i. Members of the committee will be nominated by the board of directors from themselves;	Complied
	ii. The executive committee will comprise of maximum 07 (seven) members;	
	iii. Members may be appointed for a 03 (three)-year term of office;	
	iv. Chairman of the Board of Directors can be the chairman of executive committee;	
	v. Company secretary of the bank will be the secretary of the executive committee.	
	b) Qualifications of the Members:	
	i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;	Complied
	ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	
	iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	
	c) Roles and Responsibilities of the Executive Committee:	
	i. The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations.	Complied
	ii. The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors.	
	iii. All decisions taken in the executive committee should be ratified in the next board meeting.	

Sl. No.	Particulars	Compliance Status
	d) Meetings	
	i. The executive committee can sit any time as it may deem fit.	Complied
	ii. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	
	iii. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	
	iv. All decisions/observations of the committee should be noted in minutes.	
5.2	**Audit Committee:** The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	Complied
	a) Organizational structure:	
	i. Members of the committee will be nominated by the board of directors from the directors;	Complied
	ii. The audit committee will comprise of maximum 05 (five) members, with minimum 2(two) independent director;	
	iii. Audit committee will comprise with directors who are not executive committee members;	
	iv. Members may be appointed for a 03 (three) year term of office;	
	v. Company secretary of the bank will be the secretary of the audit committee.	
	b) Qualifications of the Member:	
	i. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ;	Complied
	ii. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	
	iii. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	
	iv. Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.	
	c) Roles and Responsibilities of the Audit Committee	
	i) Internal Control:	
	1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;	Complied
	2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);	
	3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;	
	4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	
	(ii) Financial Reporting:	
	1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules &	

Sl. No.	Particulars	Compliance Status
	regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;	Complied
	2. Discuss with management and the external auditors to review the financial statements before its finalization.	
	(iii) Internal Audit:	
	1. Audit committee will monitor whether internal audit working independently from the management.	Complied
	2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;	
	3. Examine the efficiency and effectiveness of internal audit function;	
	4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.	
	(iv) External Audit	
	1. Review the performance of the external auditors and their audit reports;	Complied
	2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.	
	3. Make recommendations to the board regarding the appointment of the external auditors.	
	(v) Compliance with existing laws and Regulations:	
	Review whether the laws and regulations framed by the regulatory authorities (central bank and other Bodies) and internal regulations approved by the board are being complied with.	Complied
	(vi) Other Responsibilities:	
	1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;	Complied
	2. External and internal auditors will submit their related assessment report, if the committee solicit;	
	3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	
	d) Meetings:	
	1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	Complied
	2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	
	3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	
	4. All decisions/observations of the committee should be noted in minutes.	
5.3	**Risk Management Committee:** To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	Complied
	a) Organizational Structure:	
	1. Members of the committee will be nominated by the board of directors from themselves;	Complied

Sl. No.	Particulars	Compliance Status
	2. The Risk Management Committee will comprise of maximum 05 (five) members;	Complied
	3. Members may be appointed for a 03 (three) year term of office;	
	4. Company secretary of the bank will be the secretary of the Risk Management Committee.	
	b) Qualifications of the Member:	
	1. Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee;	Complied
	2. Each member should be capable of making valuable and effective contributions in the functioning of the committee;	
	3. To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	
	c) Roles and Responsibilities of the Risk Management Committee:	
	i) Risk identification & control policy : Formulation and implementation of appropriate strategies for risk assessment and its control is the responsibility of Risk Management Committee. Risk Management Committee will monitor risk management policies & methods and amend it if necessary. The committee will review the risk management process to ensure effective prevention and control measures.	Complied
	ii) Construction of organizational structure:	
	The responsibility of Risk Management Committee is to ensure an adequate organizational structure for managing risk within the bank. The Risk Management Committee will supervise formation of separate management level committees and monitor their activities for the compliance of instructions of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication risk including other risk related guidelines.	Complied
	iii) Analysis and approval of Risk Management policy:	
	Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	Complied
	iv) Storage of data & Reporting system:	
	Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	Complied
	v) Monitoring the implementation of overall Risk Management Policy:	
	Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.	Complied
	vi) Other responsibilities:	
	1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;	Complied
	2. Comply instructions issued time to time by the controlling Boardy;	
	3. Internal & external auditor will submit respective evaluation report whenever required by the committee.	Complied
	d) Meetings:	
	1. The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	Complied

Sl. No.	Particulars	Compliance Status
	2. The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;	Complied
	3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	
	4. All decisions/observations of the committee should be noted in minutes.	
6	**Training of the Directors:** The Directors of the Board will acquire appropriate knowledge of the Banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the bank.	Complied
7	**Intimation of the Circular to the Board and related persons by CEO:** The CEO will inform about this Circular to the directors and other related persons.	Complied

2. Appointment and responsibilities of Chief Executive Officer (CEO)

Sl. No.	Particulars	Compliance Status
A	**Rules and regulations for appointment of the CEO**	
1	**Moral Integrity:** In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:	
	a) He has not been convicted by any Criminal Court of Law.	Complied
	b) He has not been punished for violating any rules, regulations or procedures/ norms set by any regulatory authority.	
	c) He was not associated with any such company/organization; registration or license of which has been cancelled.	
2	**Experience and Suitability:**	
	a) For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the CEO of a bank.	Complied
	b) He must have a Master's degree at minimum from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.	
	c) In respect of service, the concerned person should have excellent track record of performance.	
	d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/director/official of any company.	
	e) Any director of any bank or financial institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of the CEO.	
3	**Transparency and financial integrity:** Before making appointment as a CEO, satisfaction should be ensured to the effects that:	
	a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.	Complied
	b. He has not deferred payment to creditors or has not compromised with his creditors to be relieved from debts or he is not a loan defaulter.	
	c. He is not a tax defaulter.	
	d. He has never been adjudicated a bankrupt by the Court.	
4	**Age Limit:** No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5	**Tenure:** The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period	Complied
6	**Guidelines in fixing the salary and allowances:** Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:	Complied

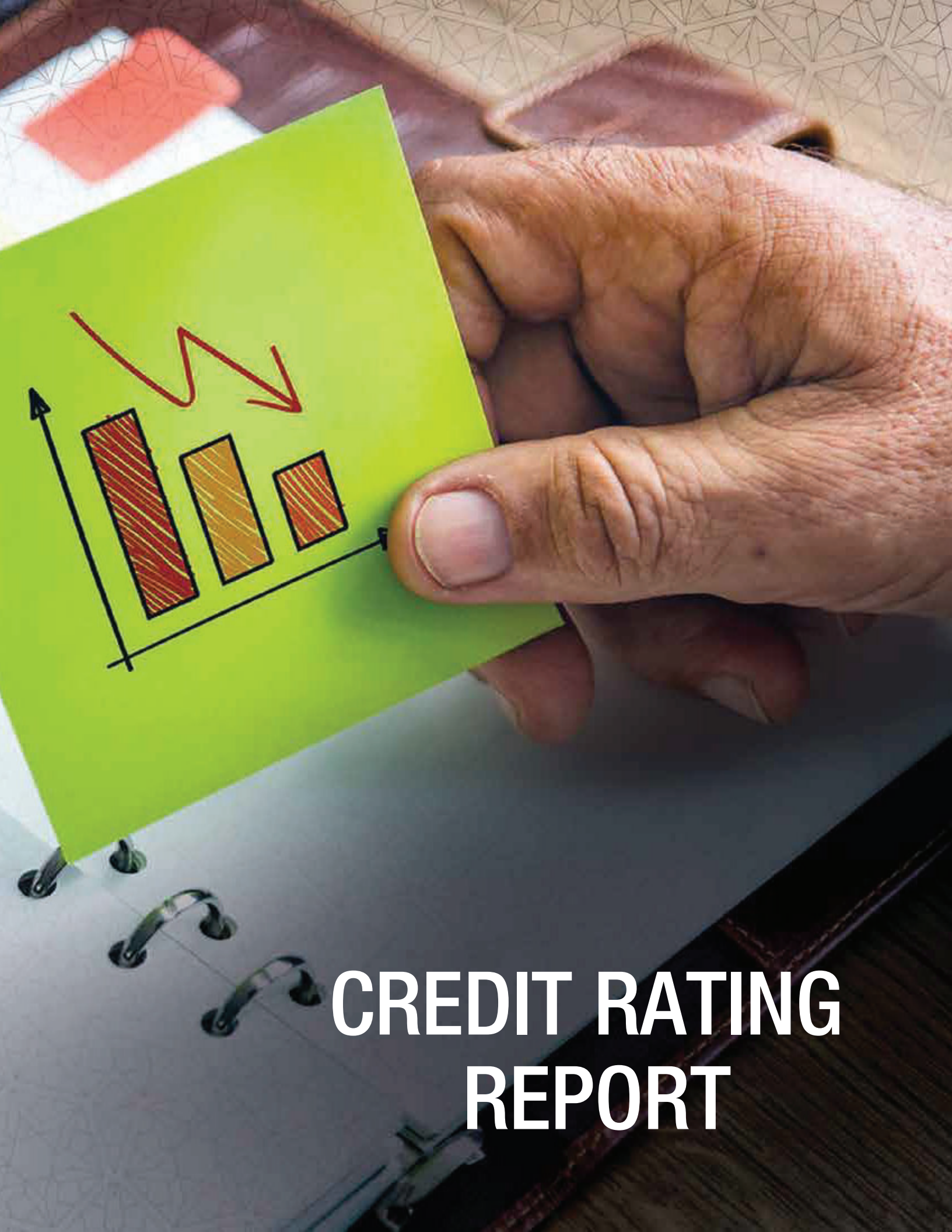
Sl. No.	Particulars	Compliance Status
	a. In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.	Complied
	b. Total salary shall be comprised of direct salary covering 'Basic Salary' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to Bangladesh Bank. In the proposal, Basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.	
	c. Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable.	
	d. Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.	
	e. The CEO so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.	
	f. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.	
7	**Incentive Bonus:** The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1,000,000 in a year.	Complied
8	**Honorarium for attending the Board Meeting:** Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	**Evaluation Report:** For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to Bangladesh Bank.	Complied
10	**Prior Approval from Bangladesh Bank:** Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the Board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure Ka & Annexure Kha to Bangladesh Bank.	Complied
11	**Decision of Bangladesh Bank is final:** The decision of Bangladesh Bank regarding appointment of the CEO will be treated as final and such appointed CEO cannot be dismissed, released or removed from his/her office without prior approval from Bangladesh Bank.	Complied
B	**Responsibilities and Authorities of the CEO:** The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	
	a. In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
	b. The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
	c. The CEO shall include clearly any violation from Bank Company Act 1991 and/or other relevant laws and regulations in the "Memo" presented to the meeting of the Board or any other Committee (s) engaged by the Board.	Complied
	d. The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.	Complied

Sl. No.	Particulars	Compliance Status
	e. The recruitment and promotion of all staffs of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the Board.	Complied
	f. The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he/she shall nominate officers for training etc.	Complied

3. Contractual appointment of Advisor and Consultant

Sl. No.	Particulars	Compliance Status
A	**Rules and regulations for appointment of an Advisor**	
1	**Experience and Suitability:** For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:	
	a. Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities.	N/A
	b. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.	
	c. Satisfaction should be ensured that the concerned person was not dismissed from his service when he was Chairman/ Director/ Executive of any company.	
	d. The person who is working in any bank or financial institution or who has business interest in that bank will not be eligible for appointment to the post of Advisor.	
	e. Satisfaction should be ensured that the concerned person is not a loan defaulter or tax defaulter and has never been adjudicated a bankrupt by the Court.	
2	**Responsibilities of the Advisor:** The roles and responsibilities of the Advisor should be defined specifically. The Advisor can advise the Board of Directors or CEO only on those matters specified in the appointment letter. The routine and general activities of the bank will not be included in his terms of reference. He will not be entitled to exercise any power or involved himself in the decision making process of financial, administrative, operations or other activities of the bank.	N/A
3	**Prior approval from Bangladesh Bank:** Prior approval from Bangladesh Bank is mandatory before appointing an Advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of Board's approval shall be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure A. This declaration shall also be submitted to Bangladesh Bank.	N/A
4	**Remuneration and other facilities of Advisor:** The post of Advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with the terms of reference of the advisor will not be considered as acceptable to Bangladesh Bank.	N/A
5	**Tenure of Advisor:** The tenure of the Advisor shall be maximum 01(one) year, which is renewable. An evaluation report (by the Chairman that is approved by the Board) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.	N/A
6	**Appointment of Ex-officials:** For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to become an Advisor in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/she will be eligible for appointment as Advisor.	N/A

Sl. No.	Particulars	Compliance Status
B	**Rules and regulations for appointment of a Consultant**	
1	**Terms of reference of Consultant:** Consultant can be appointed for specialized tasks like tax, law and legal procedures, engineering and technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	Complied
2	**Responsibilities of a Consultant:** The responsibilities or terms of reference of a Consultant should be specified. He/she should not be involved in any activities beyond his/her terms of references and he/she cannot exercise any kind of power in bank operation or cannot participate in the decision making process.	Complied
3	**Appointment of a Consultant:** A Consultant can be appointed with the approval of the Board. After such appointment the bank shall send the Consultant's complete resume, terms of reference and details of remuneration to Bangladesh Bank immediately.	Complied
4	**Tenure of a Consultant:** The tenure of a Consultant should be consistent with the terms of reference, but would not exceed 02 (two) years. Generally the Consultant will not be eligible for re-appointment. But to complete the unfinished tasks, his contract may be extended for maximum period of 01 (one) year with the approval of Bangladesh Bank. The Chairman of the bank upon approval of the Board shall have to submit the extension proposal to Bangladesh Bank with the evaluation report of his previous tenure.	Complied
5	**Remuneration/Honorarium of a Consultant:** The Consultant's remuneration should be in the form of monthly or single lump-sum payment and he is not entitled to any other facilities.	Complied
6	**Appointment of Ex-officials:** For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible for appointment as a Consultant in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/ she will be eligible for appointment as a Consultant.	Complied



CREDIT RATING REPORT

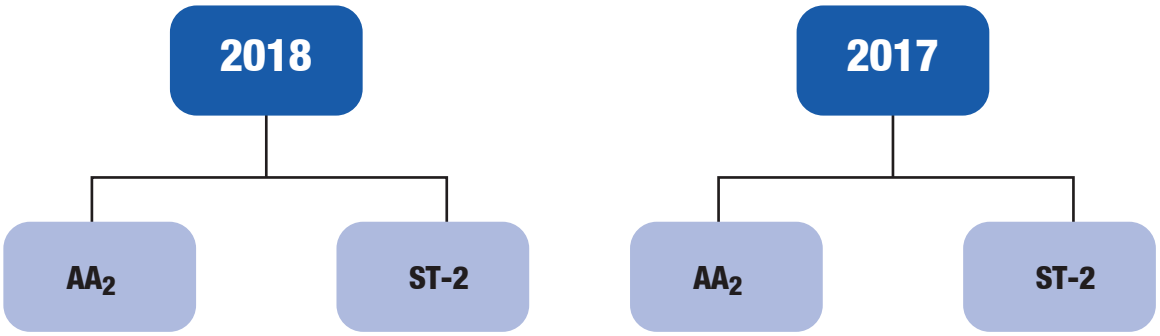
Credit Rating Report

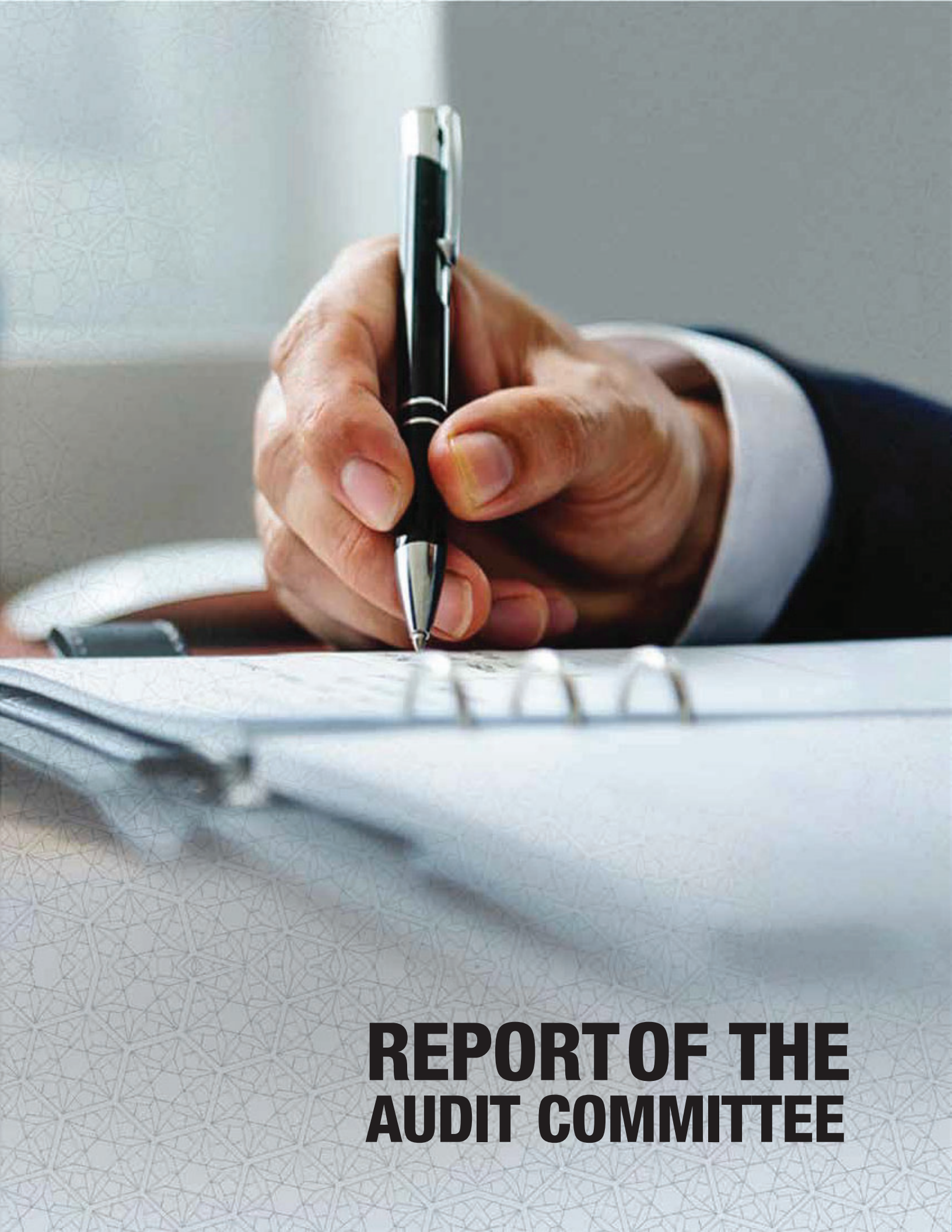
	Long Term		Short Term
Surveillance Rating-2018	AA2		ST- 2
Outlook	Stable		
Date of Rating-2018	29 May 2019		

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned **"AA2"** (pronounced Double A Two) rating in the long term and **"ST-2"** rating in the short term to Shahjalal Islami Bank Limited. CRAB performed the rating surveillance based on audited financial statements up to 31st December 2018 and other relevant information.

Commercial Banks rated in Long Term **"AA2"** have very strong capacity to meet their financial commitments. They differ from the highest-rated Commercial Banks only to a small degree. **"AA2"** is judged to be of very high quality and is subject to very low credit risk. Commercial Banks rated in Short Term **"ST-2"** category are considered to have strong capacity for timely repayment. Commercial Banks rated in this category are characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of funds.

Year-wise Credit Rating





REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee

The Audit Committee performs the oversight responsibilities of the Board of Directors of Shahjalal Islami Bank Limited by reviewing the financial reporting process, the system of internal controls, the audit process, the management of financial risks and the Bank's process for monitoring compliance with the laws and regulations in force, including its own code of business conduct. In so doing, it is guided by the rules and regulations issued by Bangladesh Bank (BB), the Bangladesh Securities and Exchange Commission (BSEC) and the Banking Companies Act, 1991.

Constitution of Audit Committee:

In compliance with BRPD Circular no.11 dated 27 October 2013 and Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 on Corporate Governance; the Board of Directors of the Bank has reconstituted Board Audit Committee in its Meeting no. 262 held on 28-03-2018 consisting of the following five members:

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mr. Mosharraf Hossain Chowdhury	Independent Director	Chairman	Masters
Mrs. Farida Parvin Nuru	Independent Director	Member	Masters
Mr. Khorshed Alam Khan	Director	Member	B.Com.
Mr. Md. Moshiur Rahman Chamak	Director	Member	MBA
Mr. Abdul Halim	Director	Member	BA

As on 31 December 2018 the above mentioned directors were the member of Board Audit Committee. Subsequently, the tenure of Mr. Mosharraf Hossain Chowdhury became end on 22 March 2019 and the Board appointed Mrs. Farida Parvin Nuru as chairman of the committee in its 277th meeting held on 10 April 2019. The status of all other members remains same.

All the members are knowledgeable and have the ability to ensure compliance with the financial, regulatory and corporate laws. They have professional experience due to their long engagement with corporate & financial management in addition to having the relevant academic background. The Company Secretary acts as the Secretary of the Audit Committee of the Board.

Roles and responsibilities of the Audit Committee:

Besides any other responsibilities which may assign from time to time by the Board, the audit Committee is responsible for the following matters:

Internal Control

- Evaluate whether the management has set the appropriate compliance culture by communicating the importance of the internal control and clearly define the duties and responsibilities of the bank officials, and whether the management has full control on their activities.
- Review the arrangements made by the management for building a suitable Management Information System (MIS) including computerized system and its applications.
- Consider whether the internal control strategies/structure recommended by internal and external auditors time to time have been implemented by the management.
- Review the corrective measures taken by the management as regards the incidents relating to fraud-forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities and inform the Board on a regular basis.

Financial Reporting

- Review along with the management the annual, half yearly and quarterly financial statements before submission to the Board for approval and determine whether they are complete and consistent with the accounting standards set by the regulatory authorities, including full and precise disclosure.
- Meet the management and the external auditors to exchange views before finalization of the financial statements.

Internal Audit

- Evaluate whether internal audit functions operate independently of the management.
- Review the internal audit function and organizational structure in order to ensure that unjustified restrictions or limitations do not create a hindrance to audit functions.

- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of internal audit functions.
- Review whether the findings and recommendations made by the internal auditors for removing the irregularities are duly complied by the management in running the affairs of the bank.

External Audit

- Review the audit performance of the external auditors and audit report.
- Review whether the findings and recommendations made by the external auditors for removing the irregularities are duly complied by the management in running the affairs of the bank.
- Make recommendation to the Board regarding the appointment of the external auditors for conducting audit works of the bank.

Compliance with Existing Laws, Rules and Regulations

- Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal regulations approved by the Board are being complied with.

Other Responsibilities

- Place compliance report before the Board on quarterly basis regarding regularization of the errors & omissions, frauds and forgeries and other irregularities as detected by the internal and external auditors and inspectors of the regulatory authorities.
- Perform other oversight functions as requested by the Board and evaluated the committee's own performance on a regular basis.

Meeting of the Committee:

The Audit Committee of the Board of Directors conducted 12 (Twelve) meeting in 2018. Managing Director, Head of IC & CD, Head of Investment and Chief Financial Officer (CFO) were invited to attend the meeting as and when the committee deemed their presence necessary. The Committee had another meeting dated 24 April 2019 to deal with the Auditors' Report and Financial Statements of 2018, wherein external auditors of the Bank were also present.

Activities in 2018:

During the year under review, the committee, inter alia, focused on the following activities:

- Review the internal audit plan for the year 2018 along with its implementation.
- Review of significant internal audit report of different branches and divisions/departments of head office and compliance thereof by management.
- Review the status of classified investment of the bank and monitor the status of top defaulters.
- Review the external auditors' report and their Management letter and compliance thereof by Management.
- Review of the quarterly & half-yearly financial statements for the year 2018 before submission to the Board for approval.
- Review of Anti Money Laundering Rating of all branches for the year 2018.
- Review of the Half Yearly Self-Assessment of Anti-Fraud Internal Controls.
- Review of the Bangladesh Bank Comprehensive Inspection Report on Bank.

Review of Financial Statements of 2018:

The Audit Committee reviewed and examined the Financial Statements for the year ended 31 Decmber, 2018 prepared by management and audited by the external auditors, M/s Hoda Vasi Chowdhury & Co, Chartered Accountants, and recommended it to place the same before the Board for approval and the Board on its 278th meeting held on 24 April 2019 approved the same.

Acknowledgement

The members of the Audit Committee express their gratitude and thaks to the Board of Directors, Management and Auditors for their cooperation while performing its duties and responsibilities.

On behalf of the Audit Committee

Mrs. Farida Parvin Nuru
Chairman
Board Audit Committee

REPORT
OF THE
BOARD
RISK
MANAGEMENT
COMMITTEE

Report of the Board Risk Management Committee

Risk management is a part of internal governance involving all areas of Bank. There is strong link between good corporate governance and sound risk management. Without proper risk management, the various functions in a banking institution cannot work together to achieve the bank's objectives. It is an essential part of helping the Bank grow and promote sustainability and resilience. In compliance with the sub-section (3) of Section of 15Kha of Bank company Act, 1991 (as amended upto (2018) and subsequent BRPD circular no.11 dated October 27, 2013 issued by Bangladesh Bank, the Board of Directors (BOD) formed a committee named as "Board Risk Management Committee (BRMC)" to play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the assigned roles and responsibilities efficiently. The committee oversee whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the different risk factors such as Investment Risk, Foreign Exchange Risk, Internal Control and Compliance Risk, Money Laundering Risk, Information and Communication Technology Risk, Profit Rate Risk, Liquidity Risk etc. after being identified and assessed by the Bank Management properly and competently.

Terms of Reference

The Terms of Reference (ToR) of the BRMC are defined as per the Guidelines/Circulars of Bangladesh Bank issued and in-force from time to time. According to the ToR, the committee has a specified role to ensure effective prevention and control measures for the different risks of the Bank.

Composition and Status

The Board of Directors of Shahjalal Islami Bank Limited (SJIBL) has nominated (5) five person as member of the BRMC. The composition and status of the member of BRMC are mentioned below:

Sl.	Name	Status with the Bank	Status with the Committee
1.	Mr. Mohammed Younus	Director	Chairman
2.	Mr. Anwer Hossain Khan	Director	Member
3.	Mr. Md. Abdul Barek	Director	Member
4.	Mr. Khorshed Alam Khan	Director	Member
5.	Mr. Md. Moshiur Rahman Chamak	Director	Member

The company Secretary acts as Secretary of the Board Risk Management Committee.

Role of Board Risk Management Committee (BRMC)

The role of Board Risk Management Committee (BRMC) has been framed in line with the provisions of latest Risk Management Guidelines for Banks dated October 08, 2018 issued by Bangladesh Bank. The BRMC plays a significant role in proper functioning of the Bank, some of which are as follows:

- Formulating and reviewing (at least annually) risk management policies and strategies for sound risk management;
- Monitoring implementation of risk management policies & process to ensure effective prevention and control measures;
- Ensuring construction of adequate organizational structure for managing risks;
- Supervising the activities of Executive Risk Management Committee (ERMC);
- Ensuring compliance of BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to Board of Directors for their review and approval;
- Approving adequate record keeping & reporting system and ensuring its proper use;
- Analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow-up of the decisions for proper implementation;
- Assessing overall effectiveness of risk management functions on yearly basis.

Meeting of the Board Risk Management Committee (BRMC)

Bangladesh Bank advised to hold at least 4 (four) meetings in a year. The Board Risk Management Committee of SJIBL held 6(six) meetings and 48 (forty-eight) memos were placed before the committee in the year 2018.

Agenda of Board Risk Management Committee in the year 2018

The following major agenda discussed in the meeting of Board Risk Management Committee (BRMC).

Sl	Name of the Memo
1.	Internal Capital Adequacy Assessment Process (ICAAP) Report of the Bank
2.	Review of Process Document (Manual) on ICAAP of the Bank
3.	Review of Green Banking Activities of the Bank
4.	Review of Capital to Risk Weighted Assets Ratio (CRAR) of the Bank from time to time.
5.	Review of Risk Appetite Statement (RAS) of the Bank as per new format
6.	Evaluation of Stress Testing Result as per requirement of Pillar-2 under Basel-III periodically
7.	Evaluation of Risk Based Capital Adequacy (Basel-III) Report as per Pillar-1 of Basel-III periodically
8.	Evaluation of Monthly Risk Management Report (MRMR), Half-yearly and Yearly Comprehensive Risk Management Reports (CRMR) of the Bank
9.	Implementation status of the decisions taken in the Executive Risk Management Committee (ERMC) meeting time to time
10.	Review of Management Action Triggers (MAT) as Supplementary Documents of ICAAP under Pillar-2 of Basel-III.
11.	Review of Self-Assessment of Core Risk Management Methodology as Supplementary Documents of ICAAP
12.	Review of the status of Bank's Recovery, Classification, Legal position and Written off accounts periodically
13.	Review of Bank's overall collateral securities and advised the management to obtain additional securities from the large borrowers
14.	Review of Bank's overall rated investment clients and advised the management to improve the number of rated investment clients by pursuing the existing Corporate and SME investment clients to reduce the Risk Weighted Assets (RWA) as well as to reduce additional capital charge on the Bank.
15.	Review of Bank's Top-100 defaulter Clients and the status thereof
16.	Review of the status of AML/CFT activities of Bank
17.	Review of all Core Risk Management Guidelines of the Bank
18.	Review of Comprehensive Risk Management Rating of the Bank and advised the management to follow the instructions of Bangladesh Bank

The Minutes of BRMC meeting with suggestions were placed for implementation and to the Board of Directors for subsequent approval.

Reporting to the Board

The decisions and recommendations of the Board Risk Management Committee were submitted before the Board of Directors for reviewing and the Board closely reviewed and approved the same as placed.

Acknowledgement

The members of the Board Risk Management Committee (BRMC) express their gratitude and thanks to the Board of Directors, Management and Risk Management Team of the Bank for their cooperation while performing its duties and responsibilities.

Mohammed Younus
Chairman
Board Risk Management Committee

Declaration by CEO and CFO

24 April 2019

The Board of Directors
Shahjalal Islami Bank Limited
Corporate Head Office
Shahjalal Islami Bank Tower
Plot – 4, Block – CWN (C)
Gulshan Avenue, Dhaka – 1212.

Subject: **Declaration on Financial Statements for the year ended on 31 December 2018**

Dear Sirs,

Pursuant to the condition no. 1(5)(xxvi) imposed vide the commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

(1) The Financial Statements of Shahjalal Islami Bank Limited for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
(5) Our Internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
(6) The management's use of the going concern basis of accounting in preparing the financial Statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

(i) We have review the financial statements for the year ended on 31 December 2018 and that to the best of our knowledge and belief:
  (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  (b) These statements collectively present true and fair view of the Company's affair and are in compliance with existing accounting standards and applicable laws.
(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,

Md. Jafar Sadeq, FCA
Chief Financial Officer

M. Shahidul Islam
Managing Director & CEO

Evaluation of Quarterly Financials by the Audit Committee and Board

Every listed company is required to prepare and publish quarterly financial statements for the first quarter (Q-1), first half-year (Q-2) and third quarter (Q-3) as per requirement of Bangladesh Securities and Exchange Commission (BSEC). SJIBL prepares quarterly financial statements as per requirement of Bangladesh Securities and Exchange Commission (BSEC) and in accordance with Bangladesh Accounting Standard (BAS)-34: "Interim Financial Reporting".

Key highlights of interim results of the bank is stated below:

(Amount in million)

Balance Sheet	31 Dec 18	31 Dec 17	30 Sep 18	30 Sep 17	30 Jun 18	30 Jun 17	31 Mar 18	31 Mar 17
Placement with other Banks & FI's	11,513.30	6,661.71	7,511.60	6,661.71	6,811.71	7,781.71	5,461.71	7,381.71
Inv in Shares & Securities	12,320.53	10,526.26	11,314.99	10,066.94	11,455.02	8,006.00	10,627.17	7,561.20
Investment	186,090.03	158,668.16	175,128.98	146,654.78	174,329.42	140,160.13	168,324.60	129,309.84
Placement from other Banks & FI's	23,465.60	29,621.69	26,890.07	23,545.03	27,633.41	20,521.86	28,768.52	14,510.51
Deposit & Other accounts	176,861.51	146,348.23	164,759.78	136,353.17	164,850.62	135,307.78	154,207.96	132,431.91
Paid up Capital	8,485.65	7,714.23	8,485.65	7,714.23	7,714.23	7,346.88	7,714.23	7,346.88
Total Shareholder's equity	14,788.97	13,317.78	14,409.27	13,031.61	14,077.04	13,497.04	13,615.23	13,153.21
Total Assets	243,659.89	207,886.37	228,931.68	193,228.32	228,188.72	188,422.34	217,170.95	174,368.20
Off Balance Sheet Items	100,786.63	89,225.56	99,054.00	83,060.72	98,415.64	76,020.77	99,681.41	69,490.36

Profit and Loss Account	01 Jan 18 to 31 Dec 18	01 Jan 17 to 31 Dec 17	01 Jan 18 to 30 Sep 18	01 Jan 17 to 30 Sep 17	01 Jan 18 to 30 Jun 18	01 Jan 17 to 30 Jun 17	01 Jan 18 to 31 Mar 18	01 Jan 17 to 31 Mar 17
Net Investment Income	5,826.92	4,576.80	4,078.49	3,216.03	2,489.41	2,108.40	1,092.59	967.89
Non Investment Income	2,825.85	2,292.99	2,035.06	1,710.09	1,371.70	1034.49	598.33	456.70
Operating Expenses	4,076.44	3,541.88	2,744.95	2,357.49	1,753.06	1,449.61	765.00	648.55
Operating Profit	4,576.33	3,327.92	3,368.59	2,568.63	2,108.05	1,693.27	925.92	776.05
Net Profit After Taxation	1,471.18	1,195.90	1,091.48	909.72	759.26	640.46	297.44	296.63
Earnings per share(EPS)	1.73	1.41	1.29	1.07	0.98	0.83	0.39	0.38

Other Information	31 Dec 18	31 Dec 17	30 Sep 18	30 Sep 17	30 Jun 18	30 Jun 17	31 Mar 18	31 Mar 17
Net Asset Value (NAV) per share	17.43	15.69	16.98	15.36	18.25	17.50	17.65	17.05
NOCFPS	-3.38	2.96	4.23	-0.34	5.49	-0.32	1.16	1.55

The interim result is reviewed by the Audit Committee of the Board before publishing and then referred it to the Board of Directors for its approval. After being approved by the Board of Directors, the interim financial statements are submitted to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) and then published in two daily newspapers (Bangla and English). The report is also available in the Bank's official website at www.sjiblbd.com.

SUSTAINABILITY REPORT

Sustainability Report

Sustainability for Shahjalal Islami Bank Limited (SJIBL) means carrying out its business continuously to contribute in economic and social wellbeing of the community in which we operate. In order to meet expectation of stakeholders we must make our business sustainable.

The work we are doing on sustainability is an integral part of the business, contributing to the long-term performance of the Bank and the return to ongoing profitability, steering the Bank towards its corporate targets with a direction of growth that meets expectations of shareholders, customers, employees, investors, international financial institutions, regulators, business partners, above all the community we operate in. Our stakeholder engagement approach allows us to understand the issues that matter most to those who have an interest in our business: treating customers fairly, being good employer, keeping customers' money and data safe.

It is necessary to have a solid business model capable of generating recurring and stable revenue, delighted customers, disciplined use of capital, rationalization of cost, prudent risk management, and strength of Brand to become sustainable corporate house. Sustainable also means taking responsible decisions in context of ethical, social and environmental issues as well as long term welfare of the community.

Approach to Sustainability

SJIBL is firmly committed to being good corporate citizen and to helping clients and other key stakeholders to achieve sustainable success. Our approach to sustainability lies on:

- Adaptability with our long term vision challenging the changes in natural and economic environment.
- Integration of ethical, social and environmental criteria into the business decision making process.
- Adherence to compliance, transparency, and corporate governance.
- Contribution to social and economic progress in the communities where the bank is doing business.
- Continuation of stable and lasting relationships with all related stakeholders including employees of the bank.

Sustainable Activities

Customer Satisfaction

A satisfied customer is the key driver/core element to the success of any organization. SJIBL truly respects its business partners, thereby ensuring that it exceeds the expectation of its customers. To encourage people from all economic categories for becoming bank's customer, to ensure improved customer service, to help them run business efficiently, to encourage them in following Islamic principles in their business entities and to make them real partners of the Bank, the Bank takes various initiatives:

- Every branch of the Bank keeps a 'Complaint Box ' to facilitate the customers, lodging complaints against services of the Bank or against particular employee(s). A "Customers Complaint Cell" has been formed. All the complaints since received duly verified and resolved meticulously.
- Regular meetings are held with the selected customers in different level of Management to discuss on their business issues and to suggest them for further improvement.
- The Bank observes "Service week/fortnight month" every year. During the period, several customer-gatherings are organized in the branches which bring a cluster of customers face to face with the Bank Management. These meetings make the Management experienced with customers' views, aspirations and suggestions for improvement of Bank's services. Bank employees also pay visit to the customers' establishments. This program strengthens the bond of relationship between the Bank and Customers.

Products and Services of SJIBL

SJIBL offers cost effective and sustainable products and services to meet customers' need. These products and Services are not offered solely on financial considerations but also to incorporate ethical, social and environmental aspects.

Environmental and Social Risk Management

SJIBL takes into account and assesses social and environmental aspects in the credit risk analysis and decision-making processes for its financing operations. SJIBL also follows the minimum regulatory requirement for assessment of Environmental Risk Rating.

SJIBL also recognizes its responsibility to carry out procurement activities in an environmentally and socially responsible manner. In accordance with Bank's 'Corporate Procurement Strategy', it strives to incorporate environmental and social considerations into the procurement process to minimize negative environmental and social effects associated with the products and services procured from suppliers.

Promoting Sustainable Finance

Our main impact on people and the environment stems from the business activities we finance. We work closely with our clients and customers to manage potential environmental and social risks associated with our financing decisions and to identify opportunities to finance cleaner technologies.

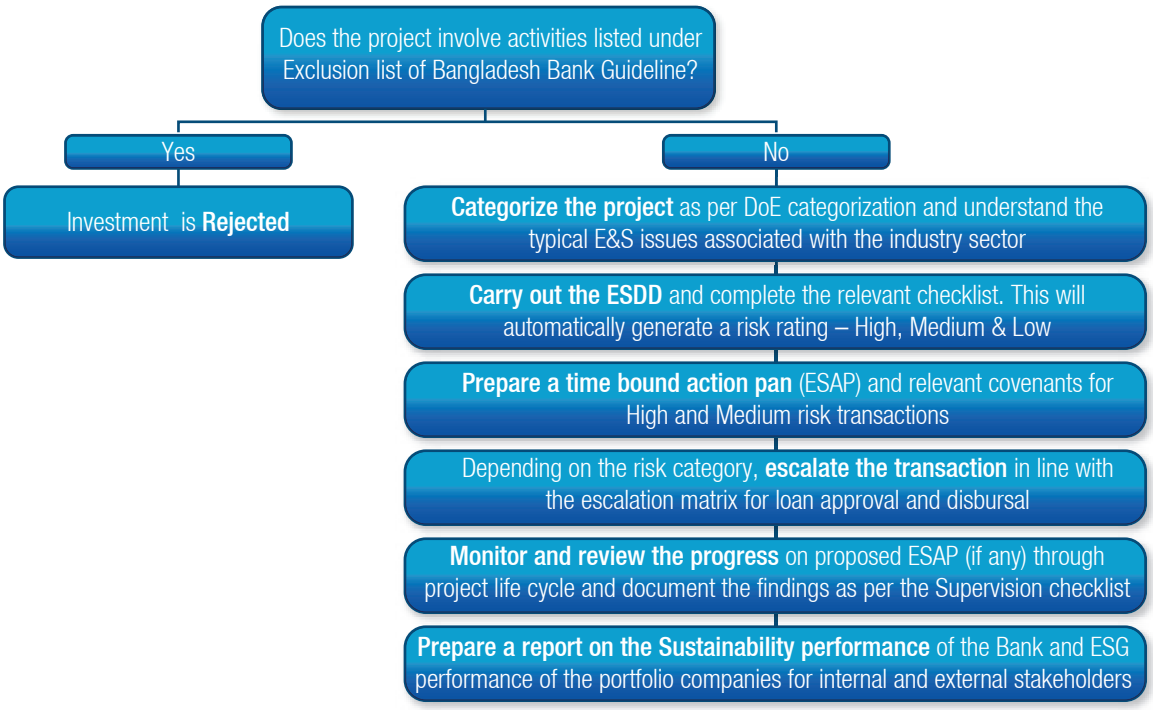
The Sustainable Finance Unit of Shahjalal Islami Bank Ltd. is responsible for ensuring the integration of Environmental and Social Risk Management (ESRM) into Investment Risk Management. The operational responsibility lies with the Head of Sustainable Finance Unit nominated by the Managing Director. The work process of Sustainable Finance Unit (SFU) is as follows:
consisting of the following five members:

- **Step-1** Sustainable Finance Unit (Sustainable Finance Unit will report to Sustainable Finance Committee)
- **Step-2** Sustainable Finance Committee (Sustainable Finance Committee will report to Risk Management Committee of the Board of Directors)
- **Step-3 or Final Step** Risk Management Committee /RMC of the Board of Directors (RMC will submit it before the Board meeting in case of final approval)

ESRM Rating Process:

Wherever the ESRM is "High", the investment approval decision is to be taken by the Executive Committee / Board. For all other ratings of the ESRM, there is no separate requirement for approval decision. If the ESRM rating is other than Red, the investment proposal will be dealt with the competent authority as per Business Discretionary Power of the management delegated by the Board of Directors and if the facility amount is more than that (Business Discretionary Power of Management) the proposals will be considered. All investment agreements should include the standard condition /covenant about meeting the regulatory requirements. At the time of approving the investment, it needs to be ensured that the appropriate, additional condition / covenant has been included wherever Environmental and Social Risk is "High". Prior to the disbursement where ESRM is "High", Shahjalal Islami Bank management have to verify that the conditions/ covenants (e.g. obtaining environmental clearance certificate) is met prior to disbursement. Documented evidence of adhering to the conditions/covenants should be provided. The ESDD checklist of the Bank has relevant guidance for the employees in collecting proof points.

Typical steps of conducting ESDD



ESRM Agenda:

Agenda of Shahjalal Islami Bank in light with ESRM Guide of Bangladesh Bank is as follows:

1) Ensure Environment Friendly Banking
2) Preparing and implementing Green Office Guide
3) Compliance in Corporate Social Responsibility (C.S.R.)
4) Preparing & implementing Green Strategic Planning
5) Ensure Gender Parity/Equality
6) Introduce Carbon Footprint Measurement
7) Allocation and utilization of Climate Risk Fund
8) Doing Green Marketing and organizing employees Training
9) Setting up Green Branch
10) Preparation of Sustainability Reporting for bank
11) Implementation of Sustainable Development Goals of the United Nations Organization (U.N.O.)
12) Adequate Sustainable Finance Budget
13) More Green Finance and Refinance
14) Timely Reporting and Correspondence on Environment Friendly Banking , CSR and Sustainable Finance.

ESRM Compliance:

Steps already taken to ensure Green Banking, Environmental & Social Compliance:

- E-salary system
- E-management HRM software
- E Training
- E Tendering
- Mobile/SMS Banking
- E-Statement sending via email, SMS instead of hard copy sent to client
- Massive use of email instead of hard copy letter sending.
- Video conferencing from Head Office to Branches and to clients instead of physical visit.

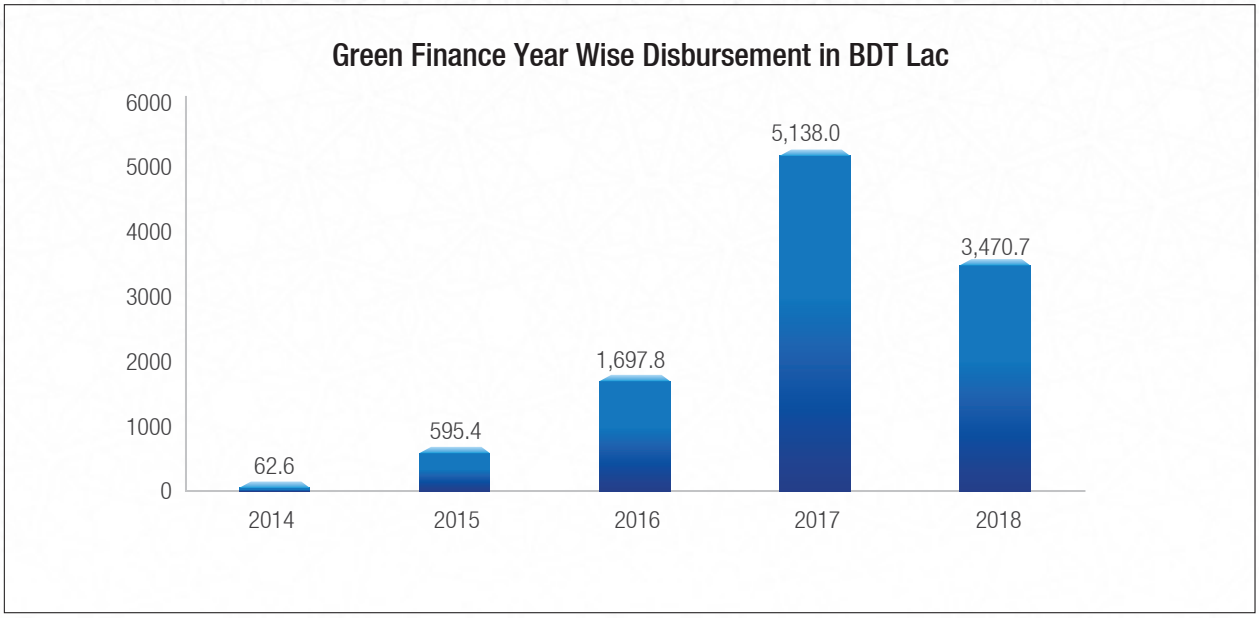
Green Finance Status:

At present Shahjalal Islami Bank Ltd has green finance in following sectors:

- Solar Panel & other Solar Equipments
- Fire extinguisher, Fire Door & other Fire Equipment
- Green Factory
- Effluent Treatment Plant (ETP)
- Zigzag Bricks
- LED Bulb

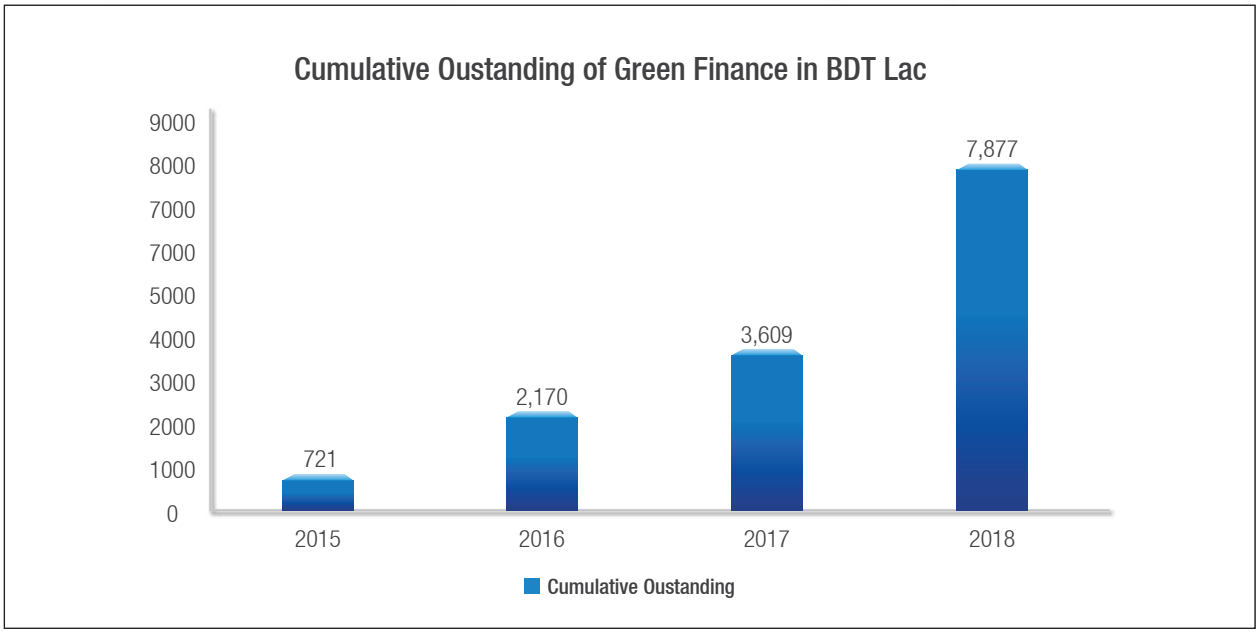
Chronologically progress in investment in Green Finance is as follows:

Year	Disbursement Target (in BDT Lac)	Year Wise Disbursement of Green Finance	% of Achievement against Target of Green Finance
2014	--	62.60	--
2015	--	595.40	--
2016	16,000	1,697.80	10.54%
2017	16,200	5,138.00	31.72%
2018	20,650	3,470.70	16.85%

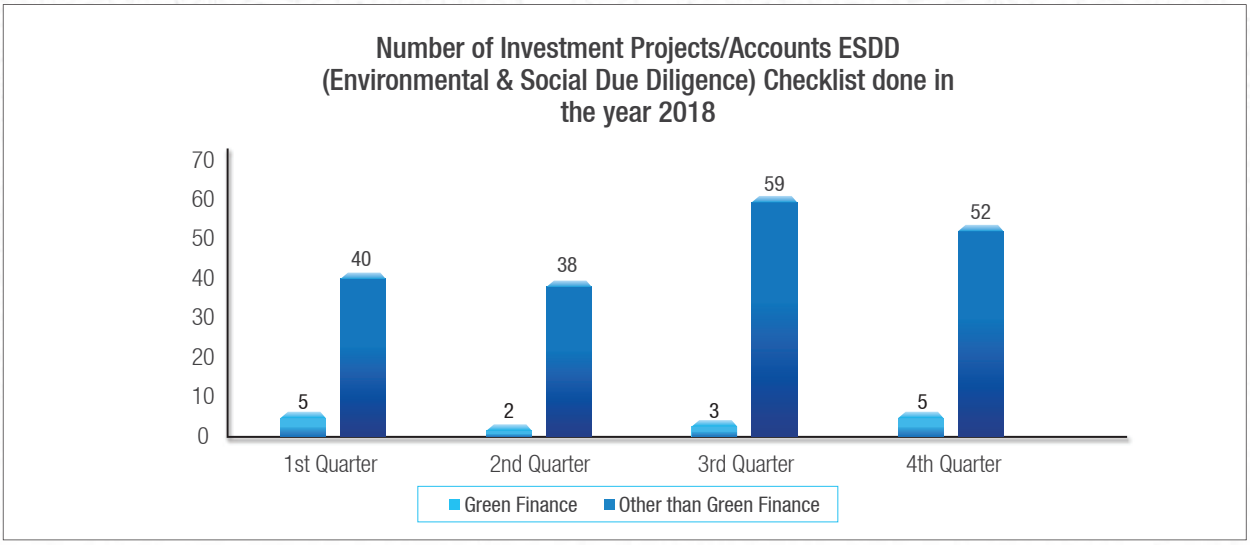


From the above , it can be said that though in 2018 the growth of Green Finance is on the decrease, in the last three years it has increased compared to the previous period when there was no target and as such cumulative outstanding of Green Finance of Shahjalal Islami Bank stood to Tk.787.64 million or Tk.7876.44 Lac as on 31.12.2018.

Year wise break up of is as follows:



Besides, Shahjalal Islami Bank Ltd has started Environmental & Social Risk Grading through ESDD Checklist in its investment proposals, where applicable, as per Bangladesh Bank requirement. In 2018, ESDD checklist was done for 204 investment proposals or projects for investment approval purpose. Mentionable that among these 204 projects, there is no high risk project or account financed in 2018 by SJIBL management.



Shahjalal Islami Bank Ltd has, so far, brought Agrabad, Barishal, Vararia, Chapainawabgonj, Feni, Hajigonj, Mawna, Kushtia, Nimtola, Pahartoli and Tower Branch under solar power. In addition, Rainwater Harvesting has been introduced in Shahjalal Islami Bank Tower Branch.

In House Sustainability Status:

	Sustainability Status	
Number of Solar Powered Branches	Number of Branches with Rainwater Harvesting	Number of Branches with Solid Waste Management System
12	01	01

In addition, SJIBL Training center has organized training and workshop on Green Banking as well as environmental awareness on routine basis:

Number of Workshop Organized in 2018	Number of Employees Trained
12	360
Out of 12 workshop, SJIBL Training Academy has organized 01 ESRM Workshop exclusively for executives of the Bank in July 2018 which was conducted by Bangladesh Bank.	

As per regulatory requirement status of Shahjalal Islami Bank Ltd in formulation of below Policies are as follows:

SL #	Name of Environmental Policies	Status
1.	Green Banking Policy	Yes
2.	ESRM Policy	Yes
3.	Sector Specific ESRM Policy	No (Guideline to be provided by Bangladesh Bank)
4.	Green Office Guide	Yes
5.	Green Strategic Planning	Under Process
6.	Climate Risk Fund policy	Under Process
7.	Green Marketing	Under Process
8.	Carbon Footprint Measurement policy	No (Guideline to be provided by Bangladesh Bank)
9.	Policy on environmental Conservation in Business Centers (Branch, Booth, Outlet)	Under Process
10.	Policy on Financial Instrument & Product Development for Green Finance/Sustainable Finance	Under Process

Employee Engagement

SJIBL has succeeded to develop a team of highly motivated professionals, working for the benefit of the people, based upon accountability, transparency and integrity. The Bank always aware of continuous development of knowledge, competencies and attitude of the employees; comfortable and modern working environment as well as justified and competitive compensation packages for them.

Bank premises are taken with adequate space and interior decorations are made to keep the office environment healthy and congenial for smooth working. Female employees are also provided with comfortable working environment along with other required facilities. Safe drinking water is supplied to the employees in the office premises. Fire fighting equipments are also available in all offices.

To develop professional knowledge, skill and attitude of the employees, the employees of the Bank attended training program/seminar, workshop both at home and abroad. The Training Academy of the bank arranged various courses, workshops and seminars on important aspects of Banking throughout the year on regular interval. We invite experts of Banking Sector for imparting training to our employees to meet the above challenges. To keep the employees motivated, incentives, performance reward, promotion and accelerated promotion etc. are given on a regular basis.

The Bank has developed a complete pay-scale for the employees, which is upgraded and adjusted with the prevailing market on regular intervals. Giving due attention to the lower level employees, the ratio of the pay between highest and lowest level in the pay-scale has been maintained.

Financial Inclusion

Lending activities are done to support job creation and economic development of the country. We are also committed to extending access to finance for more individuals small and corporate businesses.

We are committed to microfinance as a means of poverty alleviation. We have partnered with a good numbers of MFIs to disburse small investments to primary agriculture, solar home systems, and other rural economic activities.

Shariah Compliance

SJIBL has been operated as the Shariah compliant Bank in the country. Shariah Council of the Bank has been contributing their best towards invention of the ways and means to overcome the problems being faced by the bank in complying shariah principles time to time and to introduce new products which is based on Shariah principles. The Bank is also complied all the laws/regulations and instructions of the regulatory authorities of the country.

Corporate Governance

Good governance contributes to the long-term success of a company, creating trust and engagement between the company and its stakeholders. The right culture, behavior and values have been established and promoted at all levels of the bank.

The Bank is committed to ensure the highest standard of corporate governance and effective application of its principles as well as upholding the best banking practices as a part of discharging its responsibilities to safeguard the interest of shareholders.

Corporate Social Responsibility

At SJIBL, we believe that the most rewarding investment is investing for the society. We are driven by our purpose to sustain and ensure growth by making profit for people and not over them. We believe in creating lasting value for our clientele, shareholders, and employees and above all for the community we operate in.

We recognize that we have some definite responsibilities to our customers, employees, government, environment, and to the communities at large. A detail report on CSR has been presented separately in the Annual Report.

Environmental and Social Obligations

Shahjalal Islami Bank Ltd. (SJIBL) undertakes its responsibility to be recognized as an organization that is aware of both its social and environmental obligation. SJIBL has engaged itself to influence its customers to operate responsibly and minimize impacts on climate change issues, hazardous waste disposal, and depletion of non-renewable natural resources. The key areas that the Bank focuses upon are to provide a safe and healthy workplace, protect the environment and conserve energy through use of appropriate technology and

management practices.

SJIBL believes in nurturing the talent of the individuals of the communities in which it operates. By initiating numerous projects and services that facilitate in a socially responsible way, SJIBL ensures sustainability of the greater environment and social well-being.

Environmental and Social Initiatives

SJIBL strives to meet and exceed the social and environmental expectations beyond the minimum regulatory requirements. Integration of ethical, social and environmental criteria in business decision making process was our core initiatives in 2018. Some notable initiatives are given below:

- Educating the employees in 'Green Banking' and encouraging them to ingrain the practices in their daily activities. With the initiatives for creation of a paperless office, all the officials of the bank are given computer with e-mail facilities to reduce dependencies on paper and table stationeries.
- Employees are encouraged to minimize the environmental impact of business operations, by working to reduce the wastage of all resources.
- SJIBL is especially concerned about the impact of bank's financed projects on environment. An environmental policy has been formulated in accordance with guideline issued by the government. As per policy, environmental impacts are duly considered during new project investment appraisal and also during the continuation of the projects..
- To ensure green industrialization, clearance is taken from the department of environment of the government before giving sanction to any new project. All possible cares are taken to protect environmental pollution by bank's sanctioned projects. In this regard, clients are encouraged to establish E.T.P to the projects like dyeing, printing, 120 feet chimney for the brick fields etc. NOC from various authorities such as, Explosive Department, Fire Services Department, Rupantorito Prakritic Gas (CNG) Company etc. are also obtained for setting up gasoline/CNG filling station.
- SJIBL extended investments to different industrial customers for establishing effluent treatment plant (ETP).
- Due to quick urbanization in the country, forest and agricultural land is becoming squeeze which hampers ecological balance severely. In view to improve ecological harmony, the bank takes a campaign program of "one man one plant" among the employees and the customers. It observes 'plantation week' during the rainy season every year.
- Respect for people by honoring the culture, customs, history and laws of Bangladesh. Constantly search for safer, cleaner and superior practices that satisfy the evolving needs of the society.
- Promote and engage in social welfare activities that help strengthen communities and contribute to the enrichment of society.

Ecology and Green Banking

Green Bank is simply with social awareness. SJIBL insists on going green to help the environment that promote its online banking, Mobile Banking or the idea of socially responsible investment funds for sustainable project finance activities. An important and easy aspect of green banking is online and investment in eco-friendly business projects. A truly green bank will reduce its carbon footprint by building more efficient premises, branches, implementing more efficient operational procedures promoting sustainable banking and increasing their investments in environment-sensitive industries.

Green Banking practices in SJIBL are connected with both internal operation and product ecology. Product ecology is concerned with the impacts of the bank's on the environment used by the clients. Green banking engaged in creating socially responsible investment funds and sustainable project finance activities.

SJIBL is concerned with the well-being of its employees and customers satisfaction, benefits, wages and the banks environmental standing. The bank is putting a combined effort on switching to more environment –friendly practices i.e. online banking, reducing wastage of paper and electricity, using solar power and energy saving light bulbs, saving day light during office hours and being more conscious about employee travel policies. Benefits of online banking include less paperwork, less mail etc., which all have a positive impact on the environment. The environment and the banking industry both are benefited when bank customers start using the online banking, SMS banking and mobile banking services.

SJIBL aims at introducing changes in operational areas in future to adopt more environment–friendly procedures. The progression of our current banking system towards a fully electronic and online banking will further reduce cost and will be beneficial for our customers.

Ethical Banking

Banks and the policies they pursue have an impact on the community around them. Their impact has two dimensions: the way they

operate i.e. internal operations and the types of companies they help finance. SJIBL takes care of both the dimensions in its operation.

Many ethical issues such as the environmental conduct of business customers are now part of standard risk assessment and prudent banking. It is becoming increasingly common practice for banks to have established guidelines for their staff on the major ethical issues covered. SJIBL has been trying to follow the Equator Principles, a set of guidelines developed by the banks for managing social and environmental issues related to the financing of development projects.

Our investment is based on Islamic values as defined by the principles of Shariah (Islamic law). The Islamic Shariah attempts to maximize social welfare. Consequently Islamic investment involves the screening out of those companies whose primary business does not conform with the shari'ah principles.

Our Approach to Integrated Report

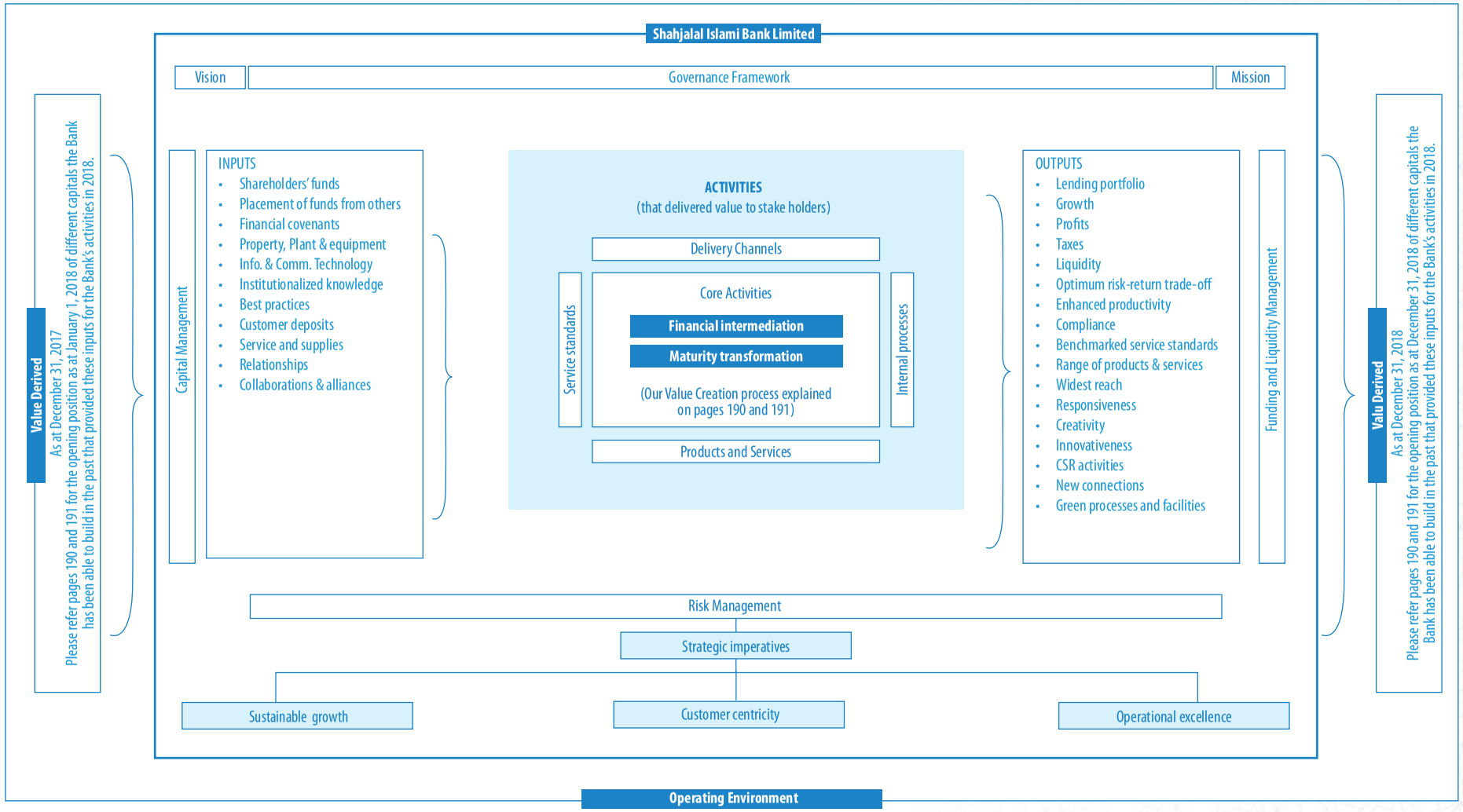
An integrated report aims to provide insight about the resources and relationships used and affected by an organization- collectively referred to as 'the capitals'. It seeks to explain how the organization interacts with the external environment and the capitals to create value over the short, medium and long term. The capitals are categorized in the international framework as financial, manufactured, intellectual, human, social & relationship and natural capital.

The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. However, an integrated report benefits all stakeholders Integrated Report in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policymakers.

Shahjalal Islami Bank Limited prepares integrated report with the aim to how the Bank, as a financial institution, has excellently managed its business to deliver consistent value to its stakeholders. Our Integited gives a clear indication of our business model, strategic focus, resource allocation and future outlook to help the stakeholders evaluate the Bank's intrinsic value creation capability. In our Integrated Report we also focused the key factors that are material to its present and future value creation.

We acknowledge the responsibility to ensure the integrity of this integrated report, which addresses all material issues, presents fairly SJIBL's integrated performance. The integrated report, incorporated in this annual report has been prepared in line with the key guidelines of The International Integrated Reporting Council (IIRC).

Business Model of Shahjalal Islami Bank Limited that delivers Value to and derives Value from its Stakeholders



Shahjalal Islami Bank Limited has enriched its capitals in every form whether financial capital, human capital, manufacturing capital, intellectual capital and natural capital to ensure future growth and prospects.

Financial Capital

Indicator of value derived	Value derived as at December 31, 2017	Activities undertaken to create Financial Capital	Value derived as at December 31, 2018
Shareholders' funds	13,318m	Grew the business volumes prudently through robust and efficient financial intermediation and maturity transformation, thereby strenthening the leadership position.	14,789m
Mudaraba Subordinated Bond	4,000m		10,000m
Deposits from customers	1,46,348m		1,76862m
Placement from other Banks & Financial Institutions	29,622m		23,466m
Market capitalisation	25,457m		23,420m
DSE & CSE ranking in market cap	A		A
Price Earning Ratio	21.29		15.95

Manufactured Capital

Indicator of value derived	Value derived as at December 31, 2017	Activities undertaken to create Manufactured Capital	Value derived as at December 31, 2018
Branch Network	113	1. Maintained profitable mix of owned and rented buildings. 2. Expanding business by setting up new branches and ATMs. 3. Expansion of operational area 4. Well maintained data storage capacity to support smooth functioning.	122
Number of ATMs	74		84
Number of districts in which bank operates	41		43
Investment in technology	488m		541m
Data storage capacity	Core Banking 5 TB Disc based Data Backup 10 TB		Core Banking 5 TB Disc based Data Backup 10 TB

Intellectual Capital

Indicator of value derived	Value derived as at December 31, 2017	Activities undertaken to create Intellectual Capital	Value derived as at December 31, 2018
Value of intangible assets	57m	1. Invested in centralization. 2. Improved processes and procedures. 3. Developed new product and services. 4. Expanded network, conducted research and development. 5. Deepened technological expertise. 6. Supported knowledge sharing initiatives. 7. Retaining strong credit rating.	46m
Number of training courses	227		246
Training expenses	6m		7m
Credit rating (Long & Short Term)	AA2 & ST-2		AA2 & ST-2
Employees serving for > 10 years	374		593
Development of new technology	Installation of any branch cheque requisition, upgradation of core banking software		Introduction of Individual Performance Monitoring System and Online Provident Fund Module

Human Capital

Indicator of value derived	Value derived as at December 31, 2017	Activities undertaken to create Human Capital	Value derived as at December 31, 2018
Number of employees	2,402	1. Revised selection criteria for new recruits to match current demands.	2,395
Number of new recruits	259	2. Conducted employee surveys.	123
Retention ratio	100:68	3. Invested in training and development.	100:66
Return to work from maternity	28	4. Enrich career development.	37
Profit per employee	1.39m	5. Reinforced performance management and appraisals.	1.91m
Average service period	6.23 years		7.00 years

Social and Network Capital

Indicator of value derived	Value derived as at December 31, 2017	Activities undertaken to create Social and Network Capital	Value derived as at December 31, 2018
Number of customers	6,59,013	1. Promoted financial inclusion	786,050
Ethical investment	1,58,668 m	2. Co-created products and services	1,86,090 m
Contribution to National Exchequer	2,049 m	3. Collaborated with business partners	3,230m
Number of individuals helped	More than 92,465	4. Improved capacity of SMEs	More than 1,42,062
Number of SMEs supported	3,624	5. Expanded Bank's footprint	4,200
Number of of Foreign Correspondent	410	6. Supported the community	428
CSR Trust investment in society	191 m	7. Enhanced CSR activities	151 m

Natural Capital

Indicator of value derived	Value derived as at December 31, 2017	Activities undertaken to create Natural Capital	Value derived as at December 31, 2018
Engergy consumption	64 m	1. Emphasized on green investment.	75 m
Number of Solar panel installed ATM Booth	8	2. Promoted paper reduction	8
Petrol, Oil and Lubricants consumption	6 m	3. Increased usage of renewable energy	6 m
Green investment	361 m	4. Switched to energy-efficient appliances	788 m

Value Added Statement

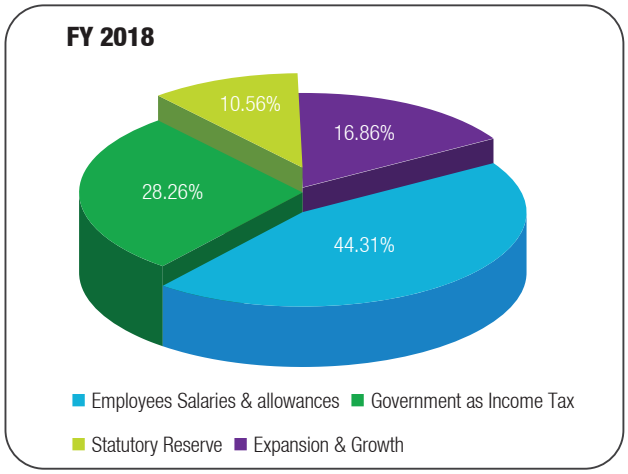
The value added statement for the Bank shows how the value is created and distributed among different stakeholders of the Bank..

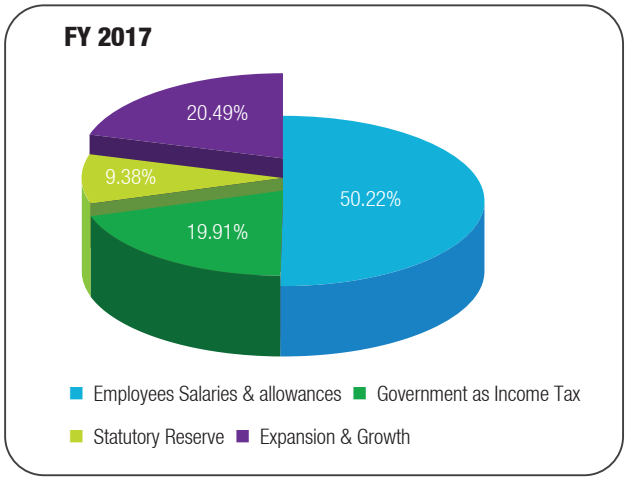
Value Added Statement

for the year ended 31 December 2018

Particulars		2018 Taka	%	2017 Taka	%
Income From Banking Services		19,947,835,696		15,288,772,460	
Less: Cost of services & supplies		12,542,263,044		9,606,461,787	
Value added by the Banking services		7,405,572,652		5,682,310,673	
Non-banking income		-		-	
Loan & Other Provisions		(1,410,860,000)		(1,249,400,000)	
Total value added		**5,994,712,652**		**4,432,910,673**	
Distribution of added value					
To Employees as salaries & allowances		2,656,435,045	44.31%	2,226,323,444	50.22%
To Government as Income Tax		1,694,286,514	28.26%	882,620,568	19.91%
To Statutory Reserve		633,093,689	10.56%	415,703,308	9.38%
To Expansion & growth		1,010,897,405	16.86%	908,263,352	20.49%
Retained earnings		838,088,241		780,192,665	
Depreciation		172,809,164		128,070,687	
		5,994,712,652	**100%**	**4,432,910,673**	**100%**

Distribution of Added Value





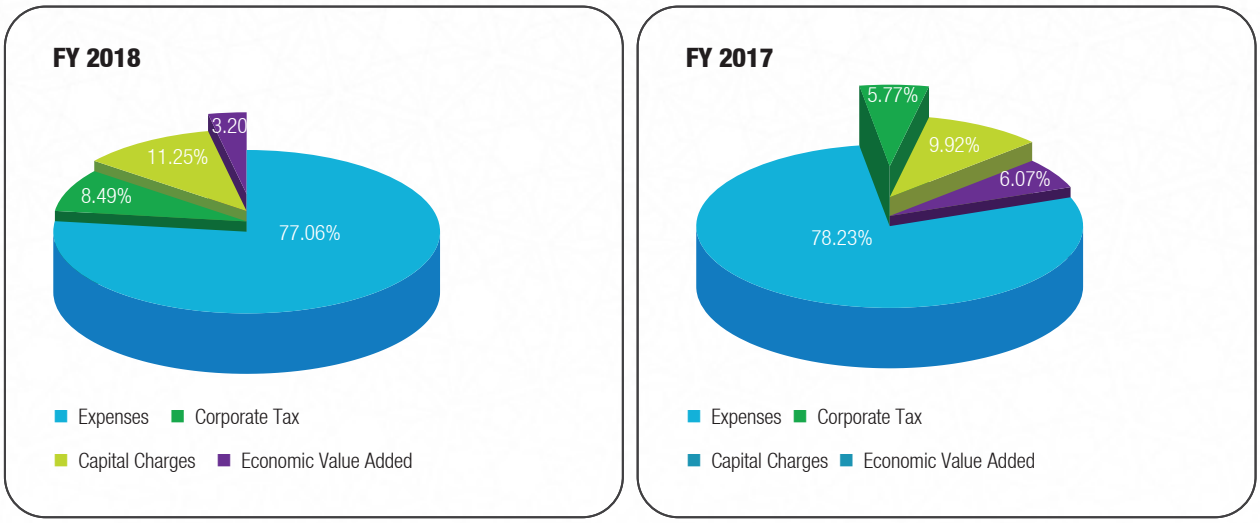
Economic Value Added Statement

Economic Value Addition (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks.

Taka in Million

Particulars	2018	2017
Total Revenue	19,947.84	15,288.77
Expenses	15,371.51	11,960.86
Corporate Tax	1,694.29	882.62
Capital Charges	2,243.78	1,517.14
Economic Value Added	**638.26**	**928.15**

Economic Value Addition

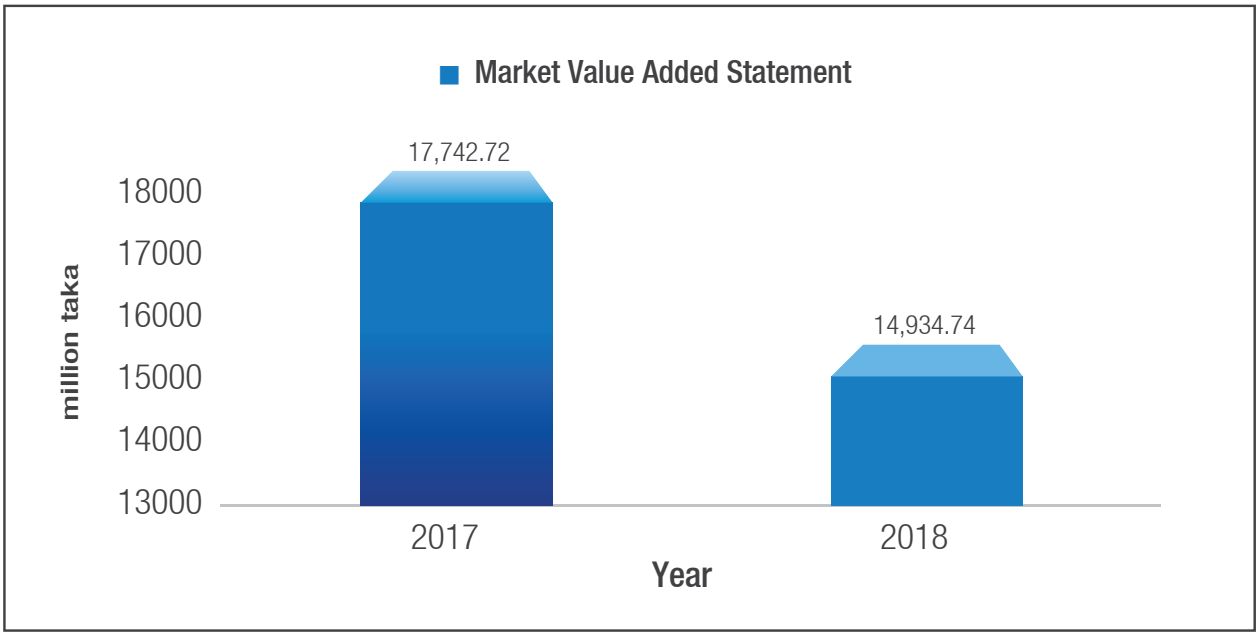


Market Value Added Statement

Market Value Added Statement reflects the company's performance evaluated by the market through the share price. This amount is derived from the difference between market capitalization and book value of the shares outstanding. It signifies the enhancement of financial solvency as perceived by the market.

Taka in Million

Particulars	2018	2017
Face value per share (Tk.)	10.00	10.00
Market Value per Share (Tk.)	27.60	33.00
Number of Shares outstanding	848,564,793	771,422,539
Total market capitalization	23,420.39	25,456.94
Book value of paid up capital	8,485.65	7,714.22
Market Value Addition	**14,934.74**	**17,742.72**



Contribution to Sustainable Development Goals

Shahjalal Islami Bank Limited operates with a Vision to 'Most admirable brand of shariah banking & investment in Bangladesh ensuring sustainable value for all our stakeholders embodied with human development based on morality and ethics'. As a result, our focus on sustainability is embedded deep in our business model.

In September 2015, the United Nations (UN) introduced a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda that has been adopted by 195 countries across the world. During 2018, Shahjalal Islami Bank Limited focused on the following Sustainable Development Goals (SDGs), which it believes are in line with its sustainability strategy.

Shahjalal Islami Bank Limited has long been practicing CSR in education i.e. awarding scholarship to meritorious students in need of financial aid, helping development of educational infrastructural facilities, providing essential educational equipment etc. The Bank is also making a contribution in increasing the relevant skills for employment and entrepreneurship of youth in the country.

Shahjalal Islami Bank Limited provides equal opportunities for employment, learning & development and career advancement for both genders. Out of the total number of 2,395 employees, 384 employees are female and rest 2,011 employees are male.

For the purpose of creating opportunities for modern, sustainable energy services and promoting investment in clean energy technology and energy infrastructure; the Bank is financing in the projects of Renewable and Solar Energy.

The Bank is not only promoting a healthy work environment but is also strengthening the country's economy by expanding its network across the country.

The Bank is consistently promoting the industry, innovation and infrastructure in order to strengthening the country's economy by providing its products and services.

By adopting Green Banking Policy, the Bank has put in a conscious effort for environmental conservation, by making improvements in energy efficiency and use of alternative energy sources for the protection of the environment. It includes financing to alternative energy sources and environmental friendly businesses. The policy not only helps in compliance to relevant laws on environmental protection but also provides openings to emerging businesses.

The Bank is strengthening domestic resource mobilization as well as mobilizing financial resources for SMEs in the country. The outstanding SME investment as on 31 December 2018 stood at Tk. 70,395 million which was 38% of total investment of the bank. The bank is also contributing to increase the SME portfolio to a remarkable extent within next two/three years.

Strategy and Resource Allocation

Our strategy broadly covers what we want to achieve in the short and long run duly addressing the macroeconomic challenges. Execution of a well-defined strategy has been the key pillar for our growth momentum. With well execution of the strategy during 2018, Shahjalal Islami Bank Limited has successfully completed the year having registered with the commendable and steady growth in all key areas of performance.

Strategic Objectives

Our strategic objectives are based on the driving forces that are rapidly changing the financial industry. Macroeconomic conditions such as profit rates, changing customer expectations, growing competition and rapid digitalization are some of the factors upon which the Bank has formulated its strategic agenda. Short, medium and long term objectives of the Bank are as follows:

Short Term	Technology based modern banking to ensure convenient and superior service to its customers
	Enhance efficiency, cost rationalization strategy and improve customer satisfaction
	Ensure quality assets retention with measures to constantly decrease the NPIs
Medium Term	To be a top stakeholder value generator
	Increase market share in both deposit and investment
	Maintain a strong capital base
Long Term	Delivering remarkable returns to stakeholders
	Providing value added services through operational expansion, geography and upgraded system
	Building a corporate culture of equality, trust and team spirit as we remain dedicated to being socially responsible organization

Our Priorities

- Supporting sustainable business growth in all key areas of banking;
- Focusing on building strength and stability of the bank;
- Technology based modern banking to ensure convenient and superior service to our customers;
- Financial inclusion by reaching out the population segments that are either overlooked or disregarded; and
- Understanding and meeting stakeholders expectations.

Resource Allocation

Capitals including financial capital, human capital as well as intellectual capital are key considerations while developing the Bank's strategic objectives as well as its risk appetite. The Bank ensures its capital position is such that it is adequate to support its business activities. Resource allocation and capital management are therefore integrated in the Bank's Risk Management and Governance processes.

For effective resources allocation and to maximize cross-functional congruence towards Bank's objectives in line with its strategic plan, several policies have also been prepared with performance driven measures, timelines, and specified targets.

Moreover, several strategy sessions for different groups, department heads and managers have also been arranged with the MD & CEO and AMD in order to ensure that their KPIs are relevant towards realization of Bank's corporate strategy, with optimum levels of capital and resources.

Stakeholders Relationship and Engagement

The development of sustained stakeholders relationships is paramount to the performance of any institution. The Bank regards its stakeholders as partners and make every effort to use all possible mediums to ensure that they are abreast with disclosures, aware of forums to provide valuable input and feedback that can help the bank to grow, strengthen relations and meet expectations to serve better.

In achieving and entrenching its integrated approach to sustainability, Shahjalal Islami Bank takes a highly collaborative approach towards ensuing maximum interaction with, and input by all stakeholders.

The following tables provide an overview of stakeholder's engagements at Shahjalal Islami Bank:

Stakeholders	Stakeholders worthiness and reasons of engagement	Engagement Frequency	Mode of consultation/interaction
Institutional Investors/ shareholders/ Analysis	• To deliver relevant and timely information to existing and potential shareholders • To keep shareholders posted to ensure that our shares are traded • To ensure that the image of the bank and the trust placed in by our valuable shareholders, continues to improve, thereby minimizing the potential for reputational risks.	Quarterly, semi-annually and annually When the need arises	• Quarter, semi-annual and annual financial statements • Annual General Meeting (AGM) • Press releases / media announcements
Employees	• Integral to deliver strategic objectives • Our most important and values ambassador • To ensure that we remain an employer of choice by providing a safe , positive and inspiring working environment • To understand and respond the needs and concerns of our staff members • To educate our staff regarding strategic direction and to communicate the pertinent information relating to bank activities	Semi-Annual and Annual When the need arises	In addition to the regular communication that takes place with direct managers and teams through a range of integrative channels, specific employees engagement include: • Compliance letters • Semi-Annual and Annual Business Conference • Business Strategy sessions
Customers	• To win and maintain customers by developing and providing products and services to improve the brand • To understand the growing financial services needs of our customers • To provide better solution and advice to our customers financial requirements • Integral to achieve strategic objectives	Regular interaction of customers through branch staff Dependent on customers' specific requirements	Interaction through our branches, relationship managers, social media and various advertising activities.
Suppliers / Service providers	• Adhere to proper procurement regulations while maintaining a good business relationship with service providers	Routine basis/when the need arises	Rigorously following internal procurement policy and upgrading the policy regularly to ensure strong control and fair treatment of suppliers

Stakeholders	Stakeholders worthiness and reasons of engagement	Engagement Frequency	Mode of consultation/interaction
Regulator	• To maintain open, honest and transparent relationships with regulator • To ensure meticulous compliance with legal and regulatory requirements • Develop legislation and policies that impact the environment in which we operate.	Daily, weekly, quarterly When the need arises	• Active engagement with regulator improves level of compliance. These include meetings with representative of regulator and written communications on need basis. • One-on-one Meeting • Submission of applicable statutory returns responding /enquiring various queries /information
Communities	• To have best collaboration with our community for delivering our social responsibilities • To obtain input from communities regarding key focus areas • To create awareness of our integrated sustainability commitments and initiatives	When the need arises	The bank actively participates in various social work initiatives as part of its corporate social responsibility. Being a conscientious member of the corporate community, the bank contributes to various social and charitable causes including health, education and social sectors.
Government	• To build strong and constructive relationship with government, both as a partner in the development of our country and as a current/ potential client • To contribute in legislative development for evolution in our activities and operations. • To endorse our commitments for public sector business development	When the need arieses or on requirement by either side	• Understanding and ensuring all legal and regulatory requirements are complied with • Engaging with the government to address matters impacting business
Media	• To acknowledge the role of media as a channel to communicates with relevant stakeholders and public at large	When the need arises	Advertisements through print, electronic, social media and website

CORPORATE SOCIAL **RESPONSIBILITY**

Corporate Social Responsibility

Corporate Social Responsibility is a strategic and social perception for managing a business while creating economic, social and environmental value. CSR is seen as a concept in which companies voluntarily integrate social and environmental concerns into their business operations and into the interaction with their stakeholders. As a matter of fact, over the last few decades, corporations in the developed economics have moved to 'Social Responsibility Approach' from classical 'Profit Maximizing Approach' where businesses are not only responsible to its stakeholders but also to the society as a whole in a broader inclusive sense. The idea of being a socially responsible company means doing more than complying with the legal and regulatory requirments.

Shahjalal Islami Bank Ltd. (SJIBL) being one of the best corporate citizen of the country, has been discharging its responsibilities for the well-being of the community where the bank is doing its business directly through its banking activities and through Shahjalal Islami Bank Foundation, since its inception. During the year 2018 the Bank has spent Tk. 151.29 million as CSR.

SHAHJALAL ISLAMI BANK FOUNDATION

The Bank has established Shahjalal Islami Bank Foundation in 2006 in order to perform CSR activities in a systematic manner. Since inception, the Foundation is working for improving the living standards of underprevillaged segment of the socity. Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

The main objectives of SJIBL foundation are:

- To provide health-care to poor and distressed peoples.
- To provide education support to meritorious but poor students through scholarship, award.
- To provide financial assistance to people afected by flood, cyclone or disaster.
- To support humanitarian.
- To provide financial assistance to develop culture and sports of the country.
- To participate in social and environmental activities.

RESPONSIBILITY TOWARDS COMMUNITY

The Bank is very much conscious regarding its responsibility towards the communities within which it operates its business. The most important contribution of the Bank in this regard is the creation of employment opportunities in its financed projects as well as in its own organization. At present about 2,395 employees are working in the bank.

Apart from this, it takes several programs in view to improve the lives of the people especially to the under previllaged segments of the community. Bank's strategy to discharging responsibility towards community focuses on: (1) Health, (2) Education, (3) Sports, arts & culture, (4) Women empowerment and (5) Humanitarian Assistance etc.

Health

The bank has given priority on health sector of Bangladesh. Health is one of the prime parameters to achieve Millennium Development Goal (MDG). The need for health care is increasing everyday due to rapid growth of population. SJIBL has been donating to different health care institutions to fasilitate health care facilities for poor people, fianancial assistance to underprivileged people, health & well being of the women and children and adoption and maintenance of healthy lifestyle etc. The bank has expensed a substantial amount of its CSR budget for the health care of under previllaged group of the country. The bank has spent Tk. 6.62 million for health care of under previllaged people of the country.

Education

Education is the backbone of any nation. It is a pre-requisite for the overall development of the country. Keeping this view in mind, Shahjalal Islami Bank Limited has long been practicing CSR in education. Awarding scholarship to meritorious students, helping development of educational infrastructue, providing essential educational equipment etc. are some of the aspects included in the program.

The Bank has distributed Tk.35.82 million for education during the year. Among the amount distribution of scholarship amounting to

Tk. 21.5 million in the year 2018 to poor but meritorious student with outstanding result in secondary school and higher secondary examinations. In order to facilitate the higher education of poor but meritorious students the bank has started this scholorship program and it will be continued in future.

Sports, arts & culture

Sports, arts and culture are the source of entertainment and part of our daily life. For balanced development of society, sports, arts and culture are essential. Shahjalal Islami Bank Limited has been contributing for the development of sports, arts and culture in Bangladesh which includes donation to different cultural institutions, promoting cultural activities etc.

Women Empowerment

Inclusion of women in main economic stream is essential for development of any nation. Considering this Shahjalal Islami Bank Limited is very much conscious about the inclusion and empowerment of the women in main economic flow of the country. It takes various programs for empowering the women such as awareness building, training, financing etc.

Humanitarian Assistance

One of the vital areas where Bank placed outmost importance is helping people to fight against natural disuster and poverty. The bank has expensed Tk.108.85 million as Humanitarian Assistance to the poor/disterssed people during the year under review. Shahjalal Islami Bank Limited seeks to demonstrate firm commitment towards the community by being vigilant towards identifying and supporting causes that will facilitate the uplift of under previllaged people of the society. The primary focus of the Bank is towards communities where public and private sector services are inadequate as a result of geographical or social isolation or because of insufficient demand levels. In the year 2018, SJIBL took different initiatives to create effective intervention and mitigation of disaster in Bangladesh. The bank distributed 117,960 pcs Blanket to cold striken people throughout the country during the year 2018.

RESPONSIBILITY TOWARDS ENVIRONMENT

The main theme of environmental responsibility is to create 'No Harm' to the environment in view to remain it healthy for future generation. Recently, the issue of climatic change is being addressed seriously all over the world. It is identified that Bangladesh being a southern delta is under serious threat of natural disaster. In view of the above, the corporations are recommended to pay due attention to the followings:

- To reduce the use of non-renewable energy & materials (electricity, gas, fuel, paper, stationeries etc.) and to increase use of renewable or recyclable energy & materials (solar power, bio-gas, electronic media of communication etc.)
- Reduction of the emission of industrial carbon.
- Scrutiny of negative impacts of the corporations on environment and taking necessary mitigating measures there against.

SJIBL, being a responsible Bank, has taken numerous initiatives in this regard.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Bank is contributing huge amount to nationl exchequre through corporate tax, withholding tax, VAT and exise duty throughout the year. Being a responsible corporate citizen, Shahjalal Islami Bank Limited pays corporate tax on time. We also deposit excise duty, withholding tax and VAT to government exchequer on time.

FUTURE PLAN

Shahjalal Islami Bank Limited is committed to undertake more welfare activities for the society and people of Bangladesh in the days ahead. In order to facilitate education and health care of the people of Bangladesh, Shahjalal Islami Bank Foundation is planning to establish the following projects in future:

- Shahjalal Islami Bank International School & College.
- Shahjalal Islami Bank Hospital.

The Bank is planning to introduce Shahjalal Islami Bank Award from the year 2019. The award will be given to a person or any organization for their outstanding contributions in 03 (three) different areas such as 1) Industry & Economics 2) Science & Technology and 03) Sports & Culture. Shahjalal Islami Bank's Award winner will be given BDT 1.00 Lac, a gold medal and a certificate in each category. A selection committee will be formed consisting of the Scholars of respective sectors. The selection committee will select the incumbent as winner of award.

RISK MANAGEMENT

Report on Risk Management

RISK MANAGEMENT FRAMEWORK

Risks in Bank

Risks are the potential that an uncertainty, event, action or inaction will adversely impact the ability of a Bank to achieve its organizational objectives. In this context, uncertainties include events which may or may not happen as well as uncertainties caused by ambiguity or a lack of information.

Taking risk is an integral part of banking business. Failure to assess and manage risks adequately may lead to losses the Bank and affect the stability of its overall financial system.

Risk Management

Risk management is a discipline at the core of every banking company and encompasses all activities that affect its risk profile. Bank has given considerable importance to improve the ability to identify, measure, monitor and control the overall risks assumed. Shahjalal Islami Bank Limited (SJIBL) operates a strong and independent, business oriented risk management system. Its main objective is to promote better risk culture, develop the standards for risk management practices, improve internal financial soundness and stability, adopt and implement a sound risk management framework and introduce important risk management tools and techniques for assessment and necessary treatment of different risks.

Framework and Dimensions of Risk Management

The risk management framework is combination of different global and national rules, regulation and practices and risk management standards which are applicable for overall risk management of the Bank. In this regard, the dimensions of risk management have been adopted by Shahjalal Islami Bank Limited to enable the accomplishment of major objectives:

Risk Culture

Risk culture is about understanding risks, the Bank faces and how they are managed. A sound and consistant risk culture throughout the Bank is a key element of effective risk management. Risk culture and its impact on effective risk management is a major concern for the Board and Senior Management of the Bank.

Risk Strategy and Risk Appetite

A Bank's strategy details the long-term and in some cases, short-term goals and objectives, as well as how progress towards their achievement is measured. Along with business goals, the Bank should have risk goals and risk strategies which enable them to achieve the desired risk profile. The Board of Directors set the strategies and the senior management is responsible for implementing those strategies and communicating them throughout the Bank.

Bank's Risk Appetite Framework consists of risk capacity, risk appetite statement and key risk appetite measures. Application of the risk appetite statement and monitoring of the key risk appetite measures help to ensure the Bank stay within appropriate risk bounderies. Risk appetite statement plays an important role in cascading the risk strategy down through the Bank.

Risk Governance and Organization

Risk governance refers to the structure, rules, processes and mechanisms by which decisions about risks are taken and implemented. It covers the questions about what risk management responsibilities lie at what levels and the ways the Board influences risk-related decisions and the role, structure and staffing of risk organization. Risk governance follows a three-lines of defense model.

Risk Assessment and Treatment Process

The ultimate responsibility for risk assessment lies solely with a Bank, it should evaluate its risks critically and not rely on external assessments. Risk management process is the systematic application of management policies, procedures and practices to the assessment, treatment, controlling and monitoring of risk. It is an iterative process that, with each cycle, can contribute progressively to organizational improvement by providing management with a greater insight into risks and their impact. It is a series of multi-steps that, when undertaken in sequence, enable continual improvement in decision-making.

Steps of Risk Management Process in a Banking Organization:

Step 1 – Communicate and Consult: This is preparatory step that aims to identify the responsible persons involved in risk assessment and also the persons engaged in the treatment, monitoring and review of risk.

Step 2 – Establish the Context: This is another preparatory stage that closes to starting the formal risk management process.

Step 3 – Identify the Risks: The next step is to identify possible risks that may affect, either negatively or positively, the objectives of the business and the activity under analysis.

Step 4 – Analyze the Risks: The risk analysis step assists in determining which risks have a greater consequence or impact than others.

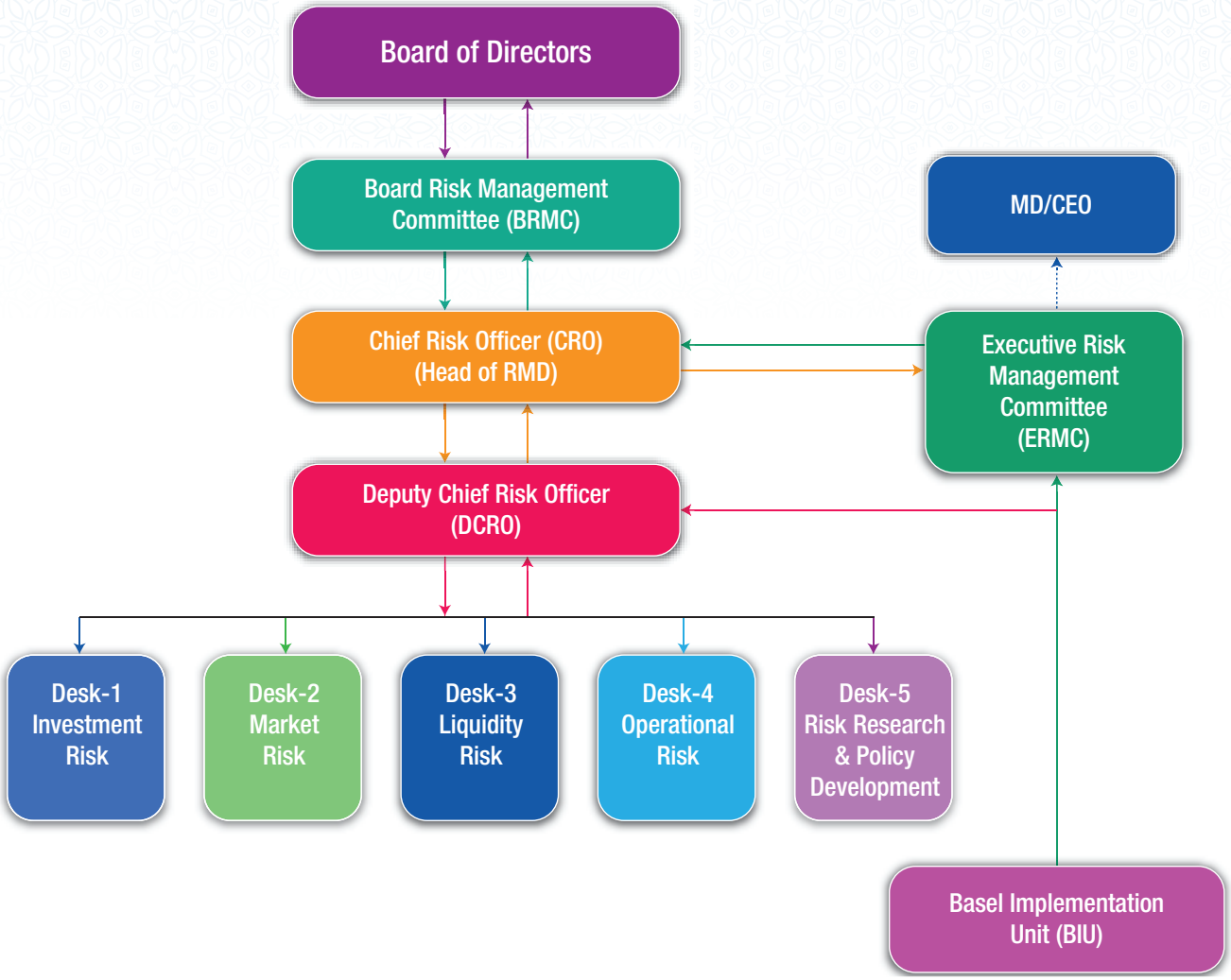
Step 5 – Evaluate the Risks: Risk evaluation involves comparing the level of risk found during the analysis process with previously established risk criteria and deciding whether these risks require treatment.

Step 6 – Treat the Risks: Risk treatment is about considering options for treating risks, evaluating those options, preparing the risk treatment plans and implementing those plans to achieve the desired outcome.

Step 7 – Monitor the Risks: Risks need to be monitored periodically to cope with changing circumstances. The risk management process needs to be regulary repeated so that new risks are captured in the process and effectively managed.

Risk Management Organogram and Structure

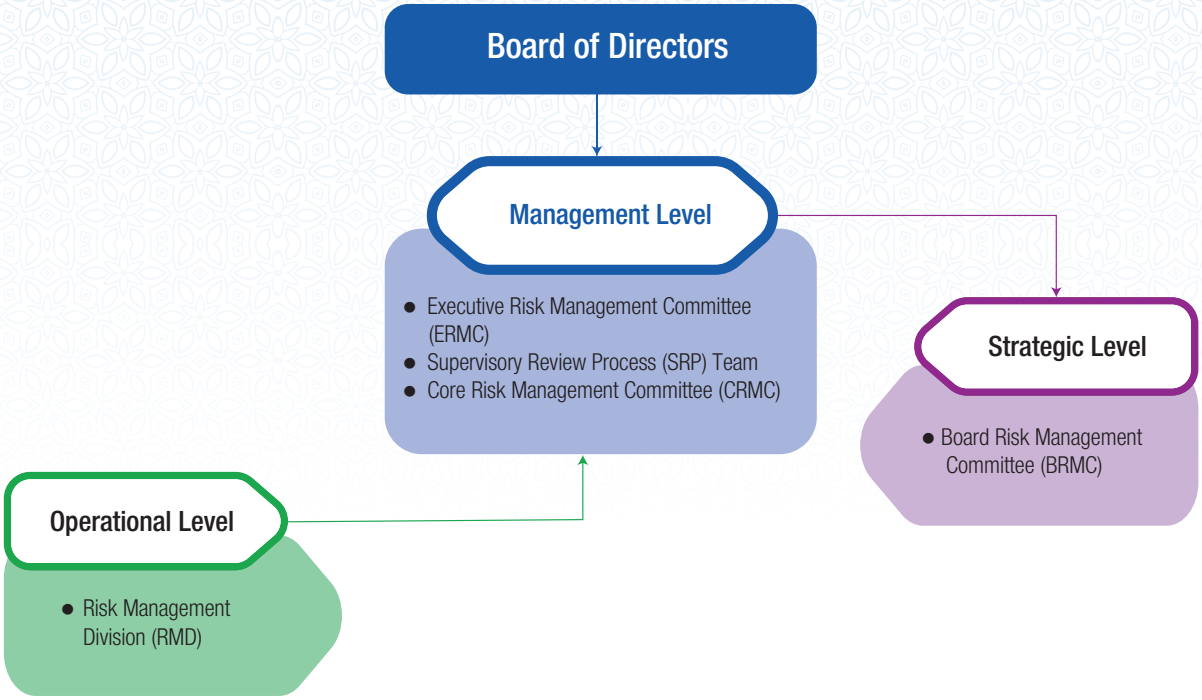
Risk Management procedures are approved, monitored and mitigated at different stages of the Bank with a combination of Board and its Committee, Management Level Committee, Risk Management Division and Basel Implementation Unit (BIU). The risk management organogram and structure of SJIBL is as follows:



Board of Directors

The Board of Directors of the Bank gives utmost importance on sound risk management practices. The following duties are performed by the Board of Directors.

- Establish organizational structure to manage risk within the Bank;
- Assign sufficient authority and responsibility to risk management officials;
- Ensure uninterrupted information flow to RMD for sound risk management;
- Continuously monitor the Bank's performance and overall risk profile;
- Ensure the formulation, review (at least annually) and implementation of policies, plans and procedures;
- Define and review the risk appetite, risk tolerance, limit etc.
- Make sure maintenance of adequate capital and provision to absorb losses;
- Ensure that internal audit reviews the investment, foreign exchange and securities portfolio management functions etc.;
- Monitor the function of Board Risk Management Committee.



Board Risk Management Committee (BRMC)

Board Risk Management Committee plays vital role on the following aspects.

- Formulate and review the risk management strategies and policy at least annually;
- Monitor and implement the risk management policy & process;
- Ensure the construction of adequate organizational structure;
- Supervising the activities of ERMC, SRP Team and CRMC;
- Ensuring formulate, review and recommend risk appetite, limit and tolerance level;
- Ensuring compliance of BB instructions regarding core risk management;
- Holding at least four (4) meetings in a year;
- Submit proposals, suggestions & summary of BRMC meetings to Board of Directors at least quarterly basis;
- Ensure sufficient & efficient staff resources for RMD;
- Assess overall effectiveness of risk management functions on yearly basis.

Executive Risk Management Committee (ERMC)

SJIBL has formed ERMC comprising of Chief Risk Officer (as the Chairman), Head of ICC, IRM/IAD, Treasury, AML, ICT, ID, Operation, Business, Finance, Recovery and other Division related to risk. The following resposibilites are performed by the ERMC.

- Identify, measure and manage the Bank's existing and potential risks;
- Holding at least one (1) meeting in a month based on the findings of risk report;
- Ensuring incorporation of all the decisions in the meeting minutes;
- Controlling risks through proper implementation of the decesions of ERMC, BRMC and Board meetings;
- Submit proposals, suggestions & summary of ERMC meetings to CEO and BRMC;
- Assessing requirement of adequate capital and ensuring maintenance of the same;
- Determine the risk appetite, limits in line with strategic planning;
- Contributing to formulation of risk policies for business units;
- Following up reviews and reports from Bangladesh Bank (BB) and informing BRMC the issues affecting the Bank's operations.

Supervisory Review Process (SRP) Team

SJIBL has a SRP Team headed by Managing Director as the Chairman. The following resposibilites are performed by the SRP Team.

- Ensuring that the Bank has implemented the Pillar 2 of RBCA framework according to Bangladesh Bank instructions;
- Developing an internal process document called Internal Capital Adequacy Assessment Process (ICAAP) for assessing Bank's overall risk profile;
- Ensuring that the Bank has overall capital adequacy in relation to its risk profile and followed a strategy for maintaining its capital at an adequate level;
- Timely reporting the Bank's quantitative information regarding ICAAP along with the supplementary documents to BRMC, Board and Bangladesh Bank.

Core Risk Management Committee (CRMC)

- Adoption of in-house core risk assessment methodology;
- Performing periodic assessment of Core Risk Guidelines implementation status;
- Reviewing and approval of core risk rating and recommendation for improvement;
- Extend supervisory support for implementation of committee's meeting minutes;
- Submit proposals, suggestions & summary of CRMC meetings to RMD, Senior Management and BRMC.

Risk Management Division (RMD)

- Bank has an independent full-fledged Risk Management Division (RMD) which is headed by the Chief Risk Officer (CRO);
- Bank has separate desks within the RMD to oversee each key risk area;
- RMD deals the following major functions:
  - ✓ Managing the process for developing risk policies and procedures;
  - ✓ Coordinating with business units to prepare functional specifications;
  - ✓ Preparing and forwording risk reports; and
  - ✓ Assisting in the implementation of all aspects of the risk functions
- RMD has a close relationship with BIU for better communication.

Risk Management Tools and Models

In managing investment, market, liquidity and operational risks, Bank follows the latest six (6) Core Risk Management Guidelines, RBCA Guidelines, ICAAP Guidelines, Stress Testing Guidelines and related circulars issued by Bangladesh Bank. Effective risk management includes different tools and models that are guided by the Bank's risk appetite framework and integrated with the Bank's strategies and business planning process.

Policies and Limits

Industry best practices and regulatory requirements are also factored into the policies. Policies are guided by the Bank's risk appetite and set the limits and controls within which the Bank and its subsidiaries can operate.

- Key risk policies are approved by the Board of Directors.
- Management level risk policies manuals associated with processes such as Investment Policy Manual and new products initiation are approved by Senior Management and/or key risk committees.

Control risk-taking activities within the tolerances established by the Board and Senior Management. Limits also establish accountability for key tasks in the risk-taking process and establish the level or conditions under which transactions may be approved or executed.

Pillar 1 & 2 under Basel III and Stress Testing

Pillar 1 & 2 under Basel III and stress testing programs at enterprise level allow the Bank to estimate the potential impact on income, capital and liquidity of significant changes in market conditions, investment environment, operational condition, liquidity demands, or other risk factors. The development, approval and on-going review of the Bank's Pillar 1 & 2 under Basel III and stress testing programs are subject to Bangladesh Bank's updated guidelines and instructions. Pillar 1 under Basel III and stress testing report are prepared on quarterly basis and Pillar 2 under Basel III is prepared on yearly basis and presented to the ERMC, BRMC and Board.

Guidelines, Processes and Standards

Guidelines ensure the Bank has the appropriate knowledge of clients, products and markets and that it fully understands the risks associated with business it underwrites. Guidelines may be changed from time to time, due to market or other circumstances. The activities are associated with identifying, evaluating, documenting, reporting and controlling risk. Standards are developed on an enterprise-wide basis and documented in a series of policies, manuals and handbooks under the purview of RMD.

Key Risk Indicator (KRI)/Risk Register

The KRI is one of the effective tools for comprehensive risk management that maintained by the Bank to identify the key business and financial risks, to define and implement respective controls/mitigating factors to reduce the risks faced by the Bank and its subsidiaries. RMD reviews the KRI based on the reports provided by the business line managers, suggests the mitigation measures to concerned units and also submits the effectiveness of the mitigation measures to BRMC on quarterly basis.

Minimum components of risk register are as follows:

Date	Risk Number	Risk Description	Existing Controls	Consequence	Likelihood	Overall risk score	Risk Ranking	Trigger	Management Action	Risk Owners

Measurement, Monitoring and Reporting

The Bank uses model for different puposes including estimating the value of transactions, measuring risk exposures, determining investment risk ratings and parameters, calculating economic and regulatory capital. The use of quantitative risk methodologies and models is balanced by a strong governance framework and includes the application of sound and experienced judgement.

Ensures that business activities are within approved limits or guidelines and are aligned with the Bank's strategies and risk appetite. Breaches, if any of these limits or guidelines are reported to senior management, risk committees and/or the Board depending on the limit of guideline.

RISK MITIGATION METHODOLOGY

Overview

Risks, by their very nature, constantly change. Therefore, risk mitigation strategies need to be dynamic to successfully establish sound risk management practice. However, there are certain types of risks that are more likely to occur and impede business goals. Hence, effective policy or action plans need to be in place to ensure highly effective risk management.

In the banking business, risk is inherent. As a result, risk management can have a significant impact on financials. To mitigate risks, the Central Bank of Bangladesh has identified key risks that are central to the functioning of the banking industry. The risk types are as following:

i. Investment (Credit) Risk
ii. Asset-Liability Risk
iii. Foreign Exchange Risk
iv. Internal Control and Compliance Risk
v. Money Laundering Risk
vi. Information and Communication Technology Risk

Bangladesh Bank has issued policy guidelines for sound management of core risks. Accordingly, Shahjalal Islami Bank Limited also formulates its own strategies to manage particular core risks.

Investment (Credit) Risk

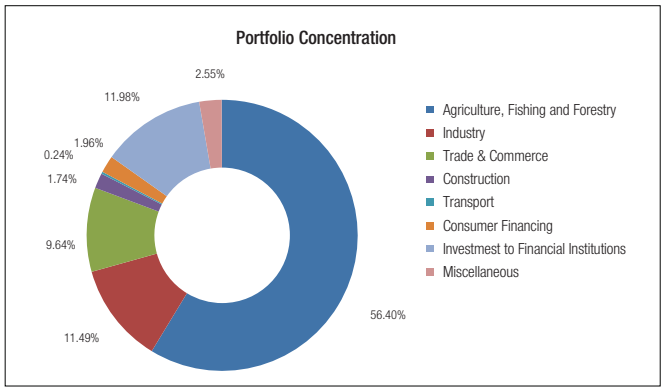
Investment (Credit) risk arises from the potential that a Bank's borrower will fail to meet its obligations in accordance with agreed terms, resulting in a negative effect on the profitability and capital of the Bank.

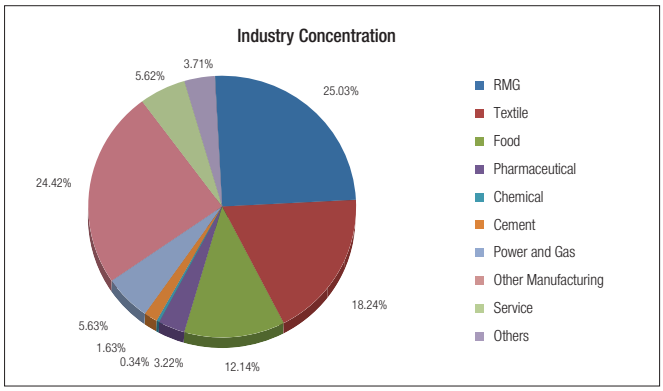
Investment Portfolio Risk Analysis of the Bank

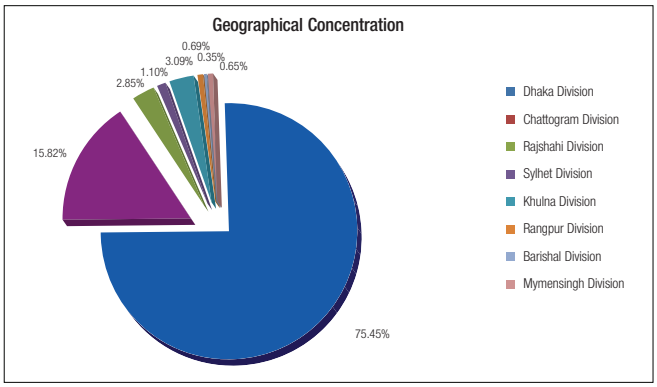
Major investment portfolio risk come from the Bank's dealing with corporate, small or medium-sized enterprises (SMEs), Retail enterprises, household clients, other Banks and financial institutions or a sovereign. Investment portfolio risk could stem from both on Balance Sheet exposures such as Investments, Inland Documentary Bill Purchases etc. and Off-Balance Sheet items such as Letters of Guarantee, Letters of Credit, Acceptance, Bills for Collection etc.

The following graphical presentations depict the analysis of the Bank's overall investment risk exposure as at December 31, 2018.

Industry and Sector Concentration Senario of the Investment Portfolio

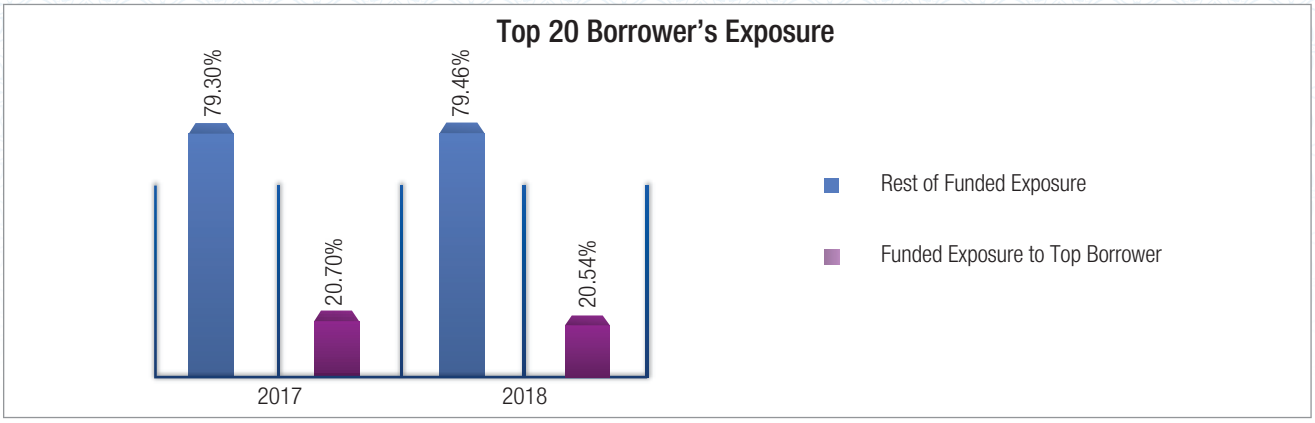






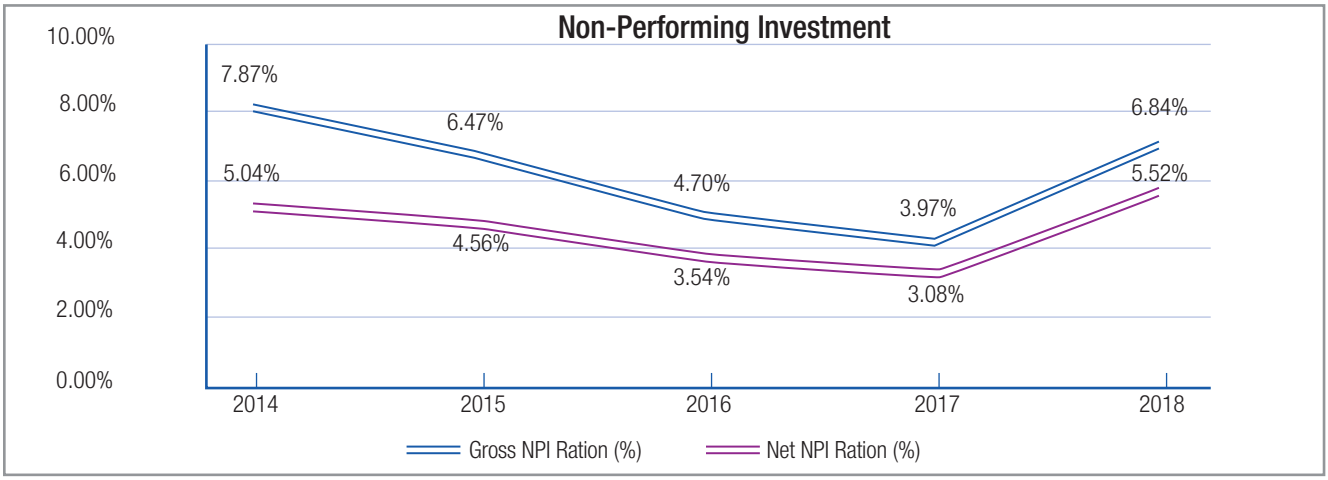
Concentration in Top Borrowers

The Bank is always careful to diversify its business for keeping a nominal position of top borrowers to avoid the concentration risk. The Bank's funded exposure of top 20 borrowers and rest of funded exposure are graphically presented below:



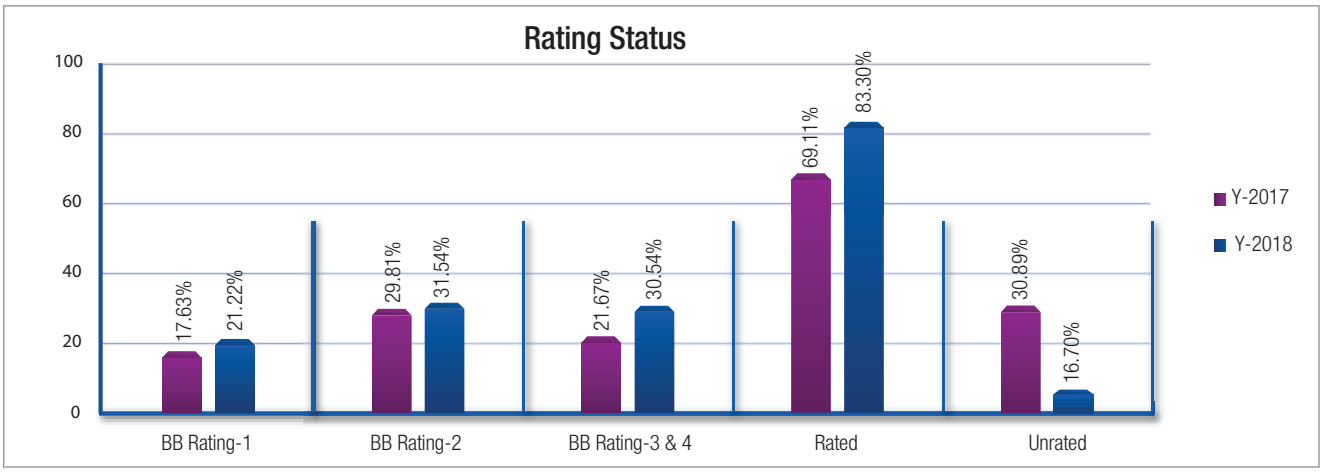
Non Performing Investments (NPI)

The Bank is more careful to improve the Non Performing Investment (NPI) position and deploy to take all out efforts to decrease the classified investment on persuasion as well as tight follow up and monitoring on investment clients. Last 05 (five) years data of Gross NPI and Net NPI are graphically presented below:



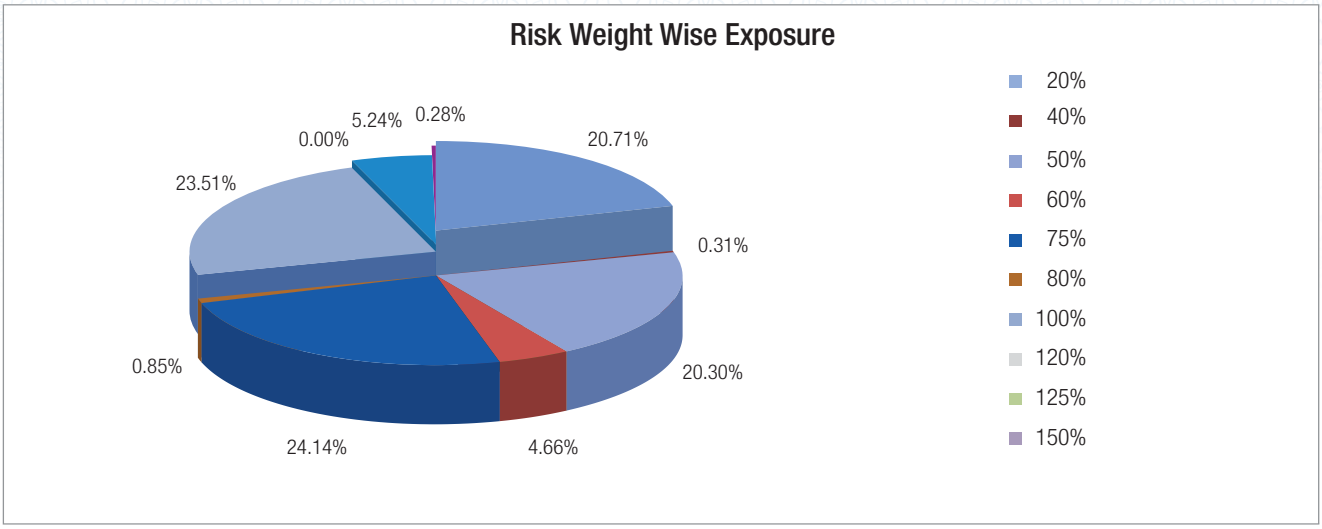
Investment (Credit) Rating Status

The Bank gives more attention to its Branches to increase the rated investment clients for reducing Risk Weighted Assets (RWA). The rating growth are graphically presented below:



Approach for Calculating Risk Weighted Assets for Investment Risk

The Bank follows the standardized approach for assessing the investment risk as per Risk Based Capital Adequeacy Guidelines issued by Bangladesh Bank. According to the aforesaid guideline, the risk weight categories are 20%, 40%, 50%, 60%, 75%, 80%, 100%, 120%, 125% and 150%. Risk weight wise investment exposure of the Bank is as under:



The Risk Weighted Assets of Investment risk is as under:

Particulars	(Amount in Crore)	
	31.12.2018	31.12.2017
Investment Risk:		
On-Balance sheet	13,007.65	12,040.49
Off-Balance sheet	2,779.80	2,597.87
Total	**15,787.45**	**14,638.36**

Investment Portfolio under Stressed Scenario

Particulars	2018			2017		
	Minor	Moderate	Major	Minor	Moderate	Major
Performing Investment Directly Downgraded to BL: Sectoral Concent.1	14.42%	14.27%	14.12%	11.82%	11.07%	10.30%
Performing Investment Directly Downgraded to BL: Sectoral Concent.2	14.41%	14.24%	14.07%	12.14%	12.03%	11.93%
Increase in NPIs Due to Default of Top Large Investment Borrowers	12.68%	10.31%	7.75%	10.25%	6.53%	4.38%
Negative Shift in NPIs Categories	14.10%	12.73%	11.90%	11.84%	11.51%	10.86%
Decrease in the FSV of Collateral	14.11%	13.71%	12.91%	11.87%	11.56%	10.91%
Increase in NPIs	13.82%	11.80%	7.63%	10.89%	7.78%	3.11%
Combined Investment Risk Result (after Shock)						
CRAR after Combined Investment Shock	13.03%	9.24%	3.44%	10.22%	6.47%	0.51%

The goal of investment risk management is to maximize the Bank's risk adjusted rate of return by maintaining investment risk exposure within acceptable limits. The effective management of investment risk is a critical component of a comprehensive approach to risk management and essential to the long-term success of any banking organization. That is why a risk based asset review framework has also been put in place wherein the frequency of asset review would be higher for high exposure cases and/or poor investment (credit) rating.

Sound practices that the Bank is trying to ensure are:

- Establishing an appropriate investment risk environment;
- Operating under a sound investment granting process;
- Maintaining an appropriate investment administration;
- Measurement and monitoring process;
- Ensuring adequate controls over investment risk.

Investment Risk Mitigation Measure

The Bank uses a number of techniques to reduce its investment risk to which it is exposed to. This framework considers that effect in calculating risk based capital requirement by the Bank. These effects consider in the following aggregate heads:

i. **Collateral for Invesment Risk Mitigation:** Where a transaction is secured by eligible financial collateral (cash, gold, rated securities, debt securities, equities, transferable securities and mutual funds) and meet the eligibility criteria and minimum requirements, the Bank is allowed to reduce its investment exposure or potential investment exposure to cover exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital charge.

ii. **Guarantee for Investment Risk Mitigation:** To reduce investment risk transactions are secured by Guarantees. Where guarantees are direct, explicit, irrevocable and unconditional the Bank considers such investment protections in calculating capital requirements through a substitution approach.

Asset Liability Risk

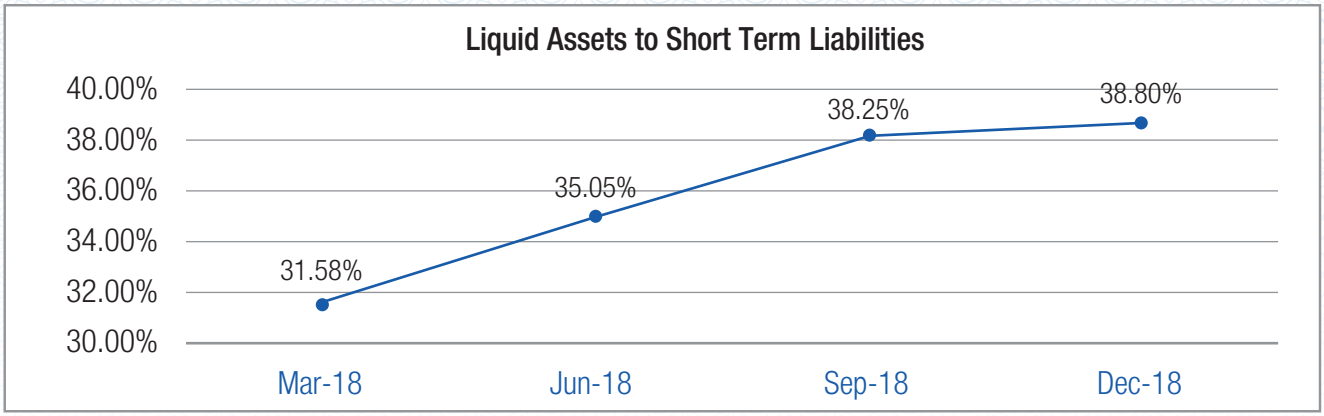
Asset Liability Risk Management (ALM) is a key Balance Sheet Risk Management discipline which mainly plays a critical role in uniting the different business lines within a Bank. Besides, managing liquidity and the balance sheet are crucial to the on-going existence of a Bank. It is also essential in terms of the profitable and sustainable growth of the balance sheet.

Liquidity risk is the risk that the Bank cannot promptly fulfill its payment obligations due to unforeseen factors or be forced to placement funds on unfavorable terms. In-addition to the more traditional Static Liquidity Gap Report (prepared with certain assumptions to classify non maturing assets and non maturing liabilities). Dynamic Liquidity Gap Reports which incorporate all contacted as well as anticipated inflows and outflows are regularly discussed at ALCO to ascertain real cash flow mismatches. Appropriate measures are then initiated to ensure that the Bank's overall liquidity risk is maintained at a moderate level.

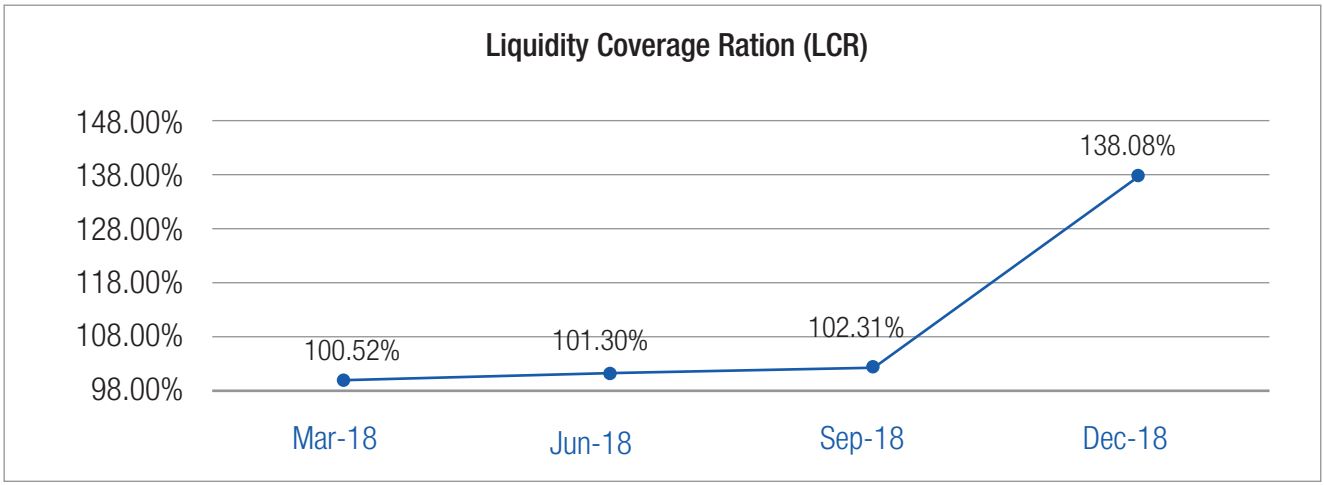
An important aspect of measuring liquidity is making assumptions about future funding needs. One important factor to consider is critical role a Bank's reputation plays in its ability to access funds readily and at reasonable terms.

The Bank identified the following key liquidity risk indicators which are monitored on regular basis to ensure healthy liquidity position as on 31 December, 2018.

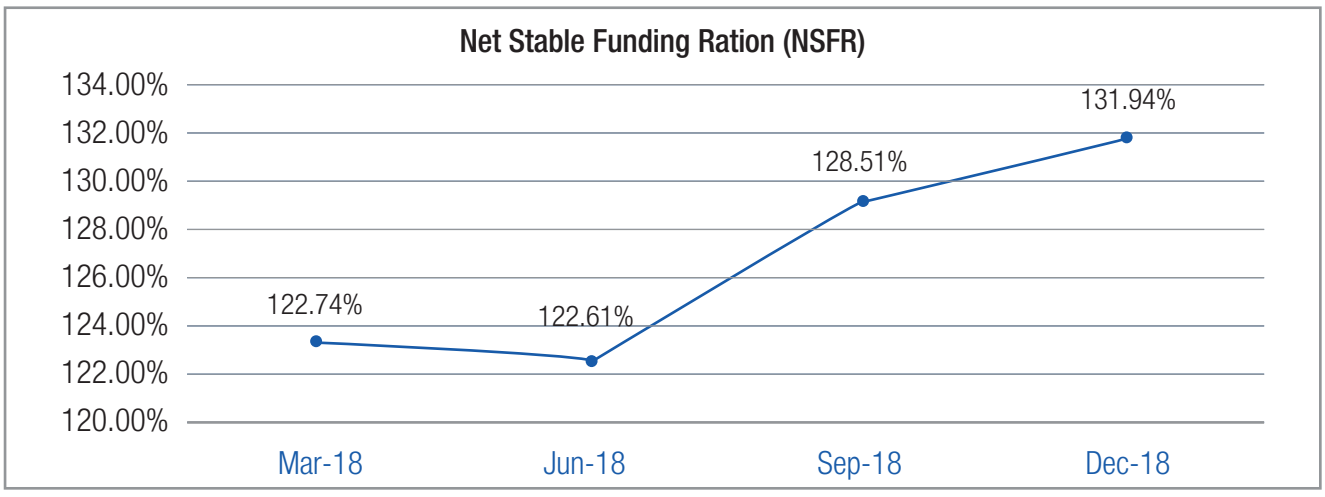
Sl	Name of Indicator	Requirement / Limit (%)	Maintained (%)
1	Investment Deposit Ratio (IDR)	90.00	90.32
2	Cash Reserve Ratio (CRR)	5.50	6.92
3	Statutory Liquidity Requirement (SLR)	5.50	7.21
4	Liquid Assets to Total Deposit	(10 to 30)	22.31
5	Liquid Assets to Short Term Liabilities	(10 to 30)	38.80
6	Liquidity Coverage Ratio (LCR)	≥100	138.08
7	Net Stable Funding Ratio (NSFR)	>100	131.94



To compute liquid assets to short term liabilities, cash in hand, balance with Bangladesh Bank and other Banks & financial institutions, placement with Banks & financial institutions and investment in share and securities are considered as liquid assets. To compute short term liabilities those which will be maturing within 3 months are considered.



LCR aims to ensure that a Bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days. SJIBL management is more careful to maintain the strong liquidity position around the year.



NSFR aims to limit over-reliance on short term wholesale funding during times of abundant market liquidity and encourage better assessment of liquidity risk across all on-balance sheet and off-balance sheet items. This ratio is part of Basel-III liquidity parameters and computed on Bangladesh Bank's guidelines and methodologies. SJIBL management has been able to maintain strong NSFR position around the year.

Asset Liability Risk Mitigation Measure

Liquidity contingency plan along with the guidelines of Bangladesh Bank on CRR, SLR and capital adequacy acts as guidance. The Asset Liability Committee (ALCO) is responsible for the overall balance sheet (Asset Liability) risk management. The Tresury Division is accountable for managing the balance sheet as per recommendations of the ALCO to minimize risk and maximize returns. ALCO arranges a meeting at least once a month to set and review ALM strategies. The meeting reviews the ALCO paper along with the prescribed agenda. The Head of Tresury Division puts forth views on whether:

- Profit rates need to be re-priced
- The Bank needs deposits or investments to grow
- The growth in deposits and investments should before the short or long-term
- The transfer price of funds among the divisions needs to be increased or decreased
- The kind of interbank dependencies the bank has still suitable.

Based on the analysis, the committee takes decisions to reduce balance sheet risks while maximizing profits.

SJIBL also places adequate emphasis on minimizing balance sheet risks. Appropriate policies and procedures are established as per the guidelines of the Board, including relevant guidelines specified by the Bangladesh Bank, to control and limit these risks. In the mean time, suitable resources are ensured for the evaluation and control of these risks.

Foreign Exchange Risk

Foreign Exchange Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. The foreign exchange position arises from the following activities:

- ✓ Trading in foreign currencies through spot, forward and option transactions as a market maker or position taker, including the unheeded positions arising from customer-driven foreign exchange transactions;
- ✓ Holding foreign currency positions in the banking book; or
- ✓ Engaging in derivative transactions that are denominated in foreign currency for trading or hedging purposes.

Bank's exposure to Foreign Exchange risk is managed by computing foreign exchange transaction and translation risks and their impact to the Profit and Loss of the Bank. The impact of the foreign exchange transaction risk is identified by providing exchange rate shocks to the net open position of the Bank.

Foreign Exchange Risk under Stressed Scenario

Particulars	2018			2017		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock Applied by the Bank	5%	10%	15%	5%	10%	15%
Currency (Appreciation)/Depreciation	0.04%	0.08%	0.12%	0.02%	0.04%	0.05%
CRAR after Exchange Rate Shock	14.46%	14.42%	14.38%	12.17%	12.15%	12.13%

Foreign Exchange Risk Mitigation Measure

SJIBL's Treasury Division deals with risks associated with Foreign Exchange (FX) movements. Different risk elements are considered when dealing with FX transactions. While the Divisional responsibilities is duly maintained, strict restrictions also exist for dealers under which a stop-loss limit is given to contain their intuition. Moreover, they are restricted when it comes to dealing in processing and generating revaluation rates, regulatory reporting, setting up counterparty limits, setting up market risk limits and own account trading. Similar restrictions are also in place for the back-office team. Net open positions are directed by Bangladesh Bank and strictly followed.

As per Foreign Exchange Risk Management Guidelines of Bangladesh Bank, SJIBL has Board approved different risk tolerance limits for foreign exchange dealing operations and generally, all the deals are done meticulously within Board approved tolerance limits in order to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are managed within acceptable parameters. SJIBL has a well-defined internal approval and reporting procedures to report on foreign exchange business activities on a regular basis to the Senior Management.

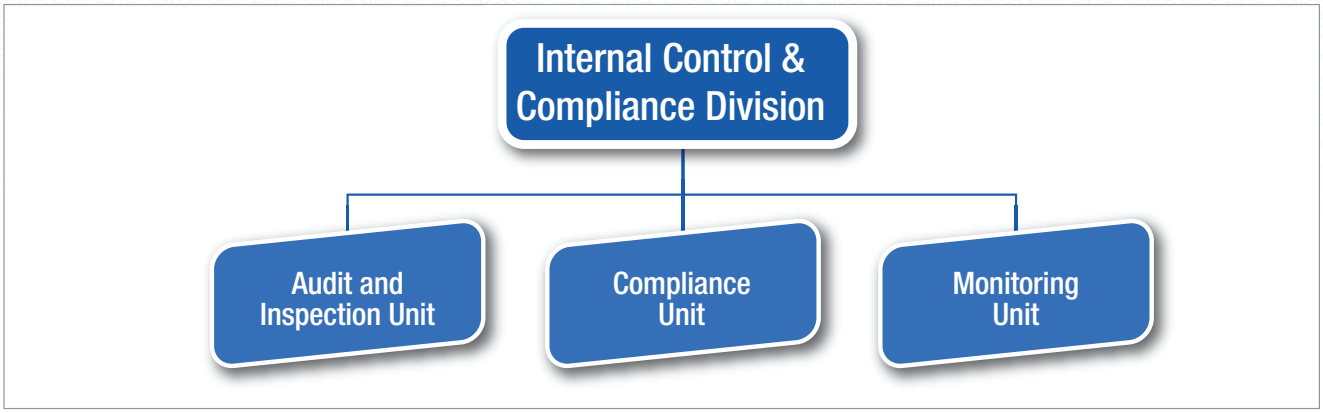
Internal Control and Compliance Risk

Internal Control and Compliance risk refers to the gap in the internal system that fails to detect a breach either because of non-inclusion in sampling or due to a detection failure within the sample. Losses arising out of lapses in internal compliance are considered to fall under

operational risk. Internal control and compliance is a management process designed to acheieve effectiveness and efficiency of operations, reliable financial reporting and compliance with laws and regulations. Internal controls entail policies or procedures established and implemented alone or in coordination with other policies or procedures. The purpose here is to control a particular risk or business activity or a combination of risks or business activities to which the company is exposed or in which it is engaged. A sound internal control function plays an important role in contributing to the effectiveness of the internal control system.

Internal Control and Compliance Risk Mitigation Measure

SJIBL has a robust organizational structure to enable the prudent management of Internal Control & Compliance risk. It has also a structured Internal Control & Compliance Division (IC&CD) with three following distinct units headed by a senior level executive.



Audit & Inspection Unit conducts internal audit in all Branches/Divisions of SJIBL to identify lapses/irregularities related to general banking, investment, foreign exchange and other related issues and to build up the knowledge about AML issues/matters and forwards those to concerned Unit for compliance and monitoring purpose.

The Board has established a Board Audit committee to monitor the effectiveness of the internal control system. The Board Audit Committee meets the senior management periodically to discuss the effectiveness of the internal control system. This is to ensure that the management has taken appropriate actions as per the recommendations of the auditors and Internal Control & Compliance Division (IC&CD). An Internal Control & Compliance Policy has approved by the Board to independently perform the day to day operations of Internal Control & Compliance Division.

Money Laundering Risk

Money laundering is the process of transforming the proceeds of crime into legitimate money or other assets. The prevention of laundering the proceeds of crime has become a priority for all jurisdictions from which financial activities are carried out. Both money laundering and terrorist financing can weaken individual financial institution and they are also threats to a country's overall financial sector reputation. Combating money laundering and terrorist financing is, therefore, a key element in promoting a strong, sound and stable financial sector. SJIBL is committed to prevent money laundering and combating financing of terrorism at all stages of our banking activities.

SJIBL treats the Money Laundering and Terrorist Financing issues as vital part of its Core Risk Management strategies. The Bank complies meticulously with the Money Laundering Prevention (Amendment) Act, 2015 and Anti Terrorism (Amendment) Act, 2013 to prevent money laundering and combating terrorist financing.

Money Laundering Risk Mitigation Measure

In order to mitigate Money Laundering Risk as well as Regulatory Compliance, SJIBL has taken the following measures:

- A Central Compliance Committee (CCC) has been formed which is headed by a DMD who is the Chief Anti Money Laundering Compliance Officer (CAMLCO).
- "Guidelines on Prevention of Money Laundering and Terrorist Financing" has been reviewed & updated and disseminated to all branches of the Bank in the year 2018 which was duly approved by the Board of Directors of the Bank.
- Inclusion of Trade Based Money Laundering in the AML/CFT Guidelines;
- Updating Customer Acceptance Policy (CAP) of the Bank.
- Formation of the Risk Register and circulated it to all Branches of the Bank.
- goAML software has been implemented to monitor account activities and for auto reporting of Cash Transaction Reports (CTR) and Suspicious Transaction Report (STR)/ Suspicious Activity Report (SAR).

- Introduction of automated sanction screening software.
- Extensive training on AML/CFT issues is being arranged for new entrant and the refreshers in 2018.
- Conducting Special Inspection on AML/CFT issues in all Branches of the Bank.
- Arranging zone-wise AML Awareness Development Programs for creating awareness and to be vigilant about Money Laundering & Terrorist Financing.
- SJIBL has direct access to Election Commission (EC) database, so that the authenticity of the NID card of the account holder can be checked.

Information and Communication Technology (ICT) Risk

In a very short space of time, Banks have become more dependent on information and communication technology such as internet, computer and other electronic data to run their daily operations. There are certain risks involved in the use of information and communication technology. This risk may arise from malfunction of system, failure of network, lack of knowledge about the use of technology, virus attack, hacking, cyber attacks etc. In this regard, SJIBL has continued to develop technology risk management capabilities and is ready to handle ICT security incidents and system failures.

ICT Risk Mitigation Measure

An integral part of SJIBL's risk management endeavor is its strong "ICT Security Policy" and its adeherence to these principles. These policies define responsibilities and requirements for protecting information and information systems.

- **Cyber Security Management**

Constant change, unpredictability and uncertainty have made cyber security everyone's responsibility. Therefore, continuous awareness program for everyone, employees and clients about cyber security goes round the years in SJIBL. The Bank reminds the employees about security in every possible ways as a continuous process. Cyber security has become imperative to our business process. Practice in building walls in an attempt to block out all malware and making organization cyber-resilient is going on side by side. In practice, a handful of initiatives including firewalls, perimeter security, vulnerability testing and intrusion-prevention are in place to check and strengthen the preventive measures against cyber-attacks.

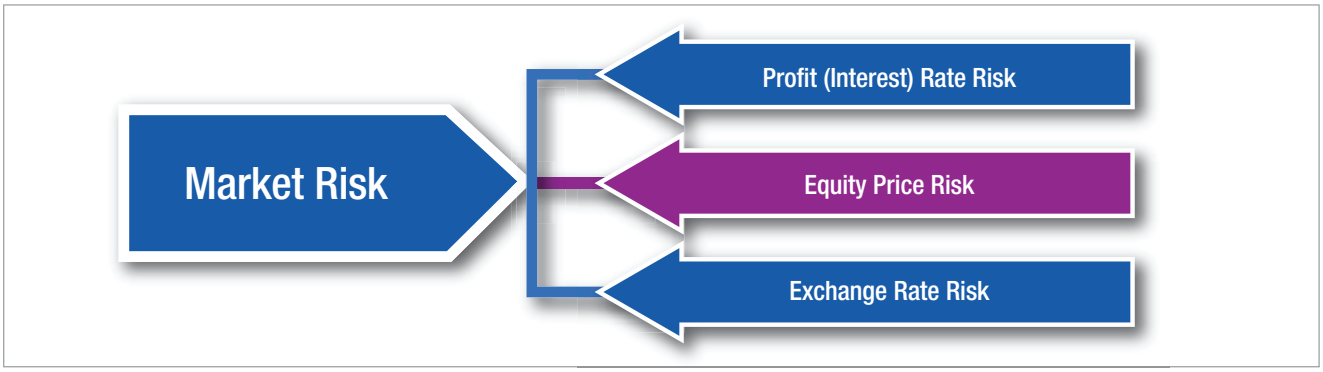
- **IT Audit Team**

An IT Audit Team has been formed as per the Central Bank's guideline. The Team members audit the Branches and Divisions. They follow the prescribed guideline, solve the unsettled issue and also suggests to the higher Management for needful action.

Market Risk

Market Risk is the risk of potential losses in the on balance sheet and off-balance sheet positions arising from adverse movements in market rates or prices. Market Risk of the Bank arises from deposit received from the depositors and granting investment as well as from trading activities.

The primary objective of Market Risk Management is to ensure that Bank's activities which are exposed to different market risks are generating optimum return and downside risks are in control and within the the limit of agreed appetite.



Profit (Interest) Rate Risk

Profit Rate Risk is the risk to earnings or capital of Bank arising from movement of profit rates. It arises from differences between the timing of rate changes and the timing of cash flows (Re-pricing Risk), from changing rate relationships among yield curves that affect Bank activities, from changing rate relationships across the range of maturities (Yield curve Risk) and from profit-rate-related options embedded in Bank products.

■ **Rate Sensitive (RS) Gap Analysis**

Maturity/re-pricing schedules are used to generate simple indicators of the profit rate risk sensitivity of both earnings and economic value to changing profit rates. This approach is known as Gap analysis.

To evaluate earnings on exposure, profit Rate Sensitive Liabilities (RSL) in each time bucket are subtracted from the corresponding profit Rate Sensitive Assets (RSA) to produce a re-pricing "gap" for that time bucket. A negative or liability sensitive gap occurs when RSL exceed RSA in a given time bucket. This gap implies that an increase in market profit rates could cause a decline in net profit income.

Conversely, a positive or asset-sensitive gap occurs when RSA exceeds RSL in a given time bucket.This gap implies that a decrease in market rates could cause a decline in net profit income. In this situation, a decline in profit rates should lower or eliminate the net profit rate spread in the short term, as assets are rolled over at lower rates before the equivalent liabilities. An increase in profit rates should increase the net spread. According to the Gap analysis, SJIBL computes the following two ratios to know the relative exposure on profit rate:

1. Relative RS Gap for a respective time band = RS Gap/Bank's Total Asset
2. Profit Sensitive ratio for a respective time band = RSA/RSL of that band

From Gap schedules mentioned above, the Bank also computes an estimate of changes in Bank's Net Income (NI) given changes in profit rates. The gap for particular time band can be multiplied by a hypothetical change in profit rate to obtain an approximate change in net income. Result of Gap analysis as on December 31, 2018 is presented below:

Particular	Below 3 Months	3-6 Months	6-12 Months
	Amount in Crore		
Rate Sensitive Assets (A)	11,196.02	3,042.69	6,085.38
Rate Sensitive Liabilities (B)	7,789.90	2,168.06	4,336.12
GAP (C=A-B)	3,406.12	874.63	1,749.26
Cumulative Gap (D)	3,406.12	4,280.75	6,030.01
Assumed 1% Change in Profit Rate (E)	1%	1%	1%
Impact on Net Income (F=C*E)	34.06	8.75	17.49
Cumulative Impact on Net Income (G)	34.06	42.81	60.30

Equity Price Risk

Equity Price Risk is defined as losses due to changes in market price of equity held by the Bank. To measure and identify the risk, mark to market valuations of the share investment portfolios are done. Mark to market valuation is done against a predetermined limit.

Equity Price Risk of the Bank is also monitored through analysis of own investment on shares by subsidiaries, margin investment against investment in share by subsidiaries and investment statement against shares.

From an accounting perspective, equity risk in Bangladesh is one sided, it must be held at the lower of cost or market value. If market value falls below the cost, Bank is required to maintain provision against unrealized loses. However, if market value rise above cost, there is no corresponding income recorded unless the security is sold. SJIBL has been maintained sufficient proviosions against its investment in share market un-realized losses.

Profit Rate Risk and Equity Risk under Stressed Scenario

Particulars	2018			2017		
	Minor	Moderate	Major	Minor	Moderate	Major
Shock Applied by the Bank	1%	2%	3%	1%	2%	3%
Profit (Interest) Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CRAR after Profit Rate Shock	14.50%	14.50%	14.50%	12.19%	12.19%	12.19%
Shock Applied by the Bank	10%	20%	40%	10%	20%	40%
Equity Shock	0.14%	0.27%	0.54%	0.16%	0.32%	0.64%
CRAR after Equity Shock	14.36%	14.23%	13.95%	12.03%	11.87%	11.55%

Approach for Calculating Capital Charge against Market Risk

- The Bank adopted the standardized approach and follows the Risk Based Capital Adequacy Guidelines issued by Bangladesh Bank for calculating capital charge against Market Risk.

The capital charge against Market risk is mentioned below:

Particulars	(Amount in Crore)	
	31.12.2018	31.12.2017
Market Risk	39.51	31.11

Market Risk Mitigation Measure

Trading-related market risk mitigation is mainly through policies, limits and control measures which seek to reduce risk within or across the desks. ALM Policy and the FX Policy of the Bank set out the guidelines and limits pertaining to Market Risk-related activities in detail.

The objective of a limit is to ensure that the negative earnings and impact of price risks are within the market risk appetite of the Bank.

The nature of limits could typically include position limits, gap limits, tenor and duration limits, stop loss limits etc. These limits are appropriately selected for the relevant portfolios.

Operational Risk

Operational Risk is the potential loss arising from breakdown in Bank's Systems & procedures and corporate governance practices that results in human error, fraud, failure, damage of reputation, delay to perform or compromise of the Bank's interest by employees.

Operational Risks result from inadequate or failed internal process, people and system or from external events. Within the Bank, Operational Risk may arise from negligence and dishonesty of the employees, lack of management supervision, inadequate operational control, lack of physical security, poor technology, lack of automation, non-compliance of regularity requirements, internal and external fraud etc.

Approach for Calculating Capital Charge for Operational Risk

- The Bank maintains 15% capital allocation under Basic Indicator Approach of Risk Based Capital Adequacy Guidelines (Basel-III) of average gross income for the last three years of the Bank.
- The Bank use Basic Indicator Approach for calculating capital charge against Operational Risk.

The capital charge against operational risk is mentioned below:

Particulars	(Amount in Crore)	
	31.12.2018	31.12.2017
Operational Risk	113.35	94.42

Operational Risk Mitigating Measure

Operational Risk Management Framework has been designed to provide a sound and well controlled operational environment and thereby mitigate the degree of operational risk. SJIBL mitigates operational risks in the following manner:

- Risks are identified with reference to the relevant policy manuals, processes and practices.
- Departmental/Divisional Control Function Check List (DCFCL) is in Place for evaluation of control.
- Review of safety and control measures of premises and equipments.
- Management of technological and information security risks and
- Ensuring the maintainence of the Bank's Business Continuity Plan (BCP).

Other Risks

Reputation Risk

Reputation Risk is the current or prospective indirect risk to earnings and capital arising from adverse perception of the image of the financial institution on the part of Customers, Shareholders, Investors, Counterparties, Business Partners, Credit Rating Agencies, Regulators and General Public. Reputation risk may originate from the lack of compliance with industry service standards, failure to deliver on commitments, lack of customer-friendly service and fair market practices, low or inferior service quality, unreasonably high costs, a service style that does not harmonize with market benchmarks or customer expectations, inappropriate business conduct or unfavorable authority opinion and actions.

Residual Risk

Residual Risk arises mainly from error in Documentation and Error in valuation of collateral, lack of required and duly filled-up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of Investment portfolio and the reduction in the strength of legal Shield that slacks the ownership of the Bank on collateral and consequently hinders the recovery of investment. On the other hand, as institutions mitigate risks by way of collaterals, the collaterals can pose additional risks (legal and documentation risks), which may deteriorate the impact of risk mitigation. For example: The liquidation procedure of the collateral is difficult & time consuming and the valuation of the collateral is inappropriate (e.g. over valuation).

Settlement Risk

Settlement Risk arises when an executed transaction is not settled as the standard settlement system. Settlement risk addresses to the investment (credit) risk and liquidity risk elements. Treasury transactions, trading book items (deals) and capital market dealings concluded as part of investment services convey a settlement risk that is a specific mix of investment (credit) and liquidity risk. The Bank poses to the risk when it fulfills its contractual obligations (payment or delivery), but the counterparty fails or defaults to do the same.

Strategic Risk

Strategic risk means the current or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base.

Environmental & Social Risk (ESR)

Environmental & Social Risk may be defined as an actual or potential threat of adverse effects on living organisms and environment as well as in society by effluents, emissions, wastes, resource depletion, anti social activities etc. arising out of an organization's activities. These affects increase the risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

Environmental & Social Risk Management (ESRM) is the process of identification, analysis, assessment, control and avoidance, minimization or elimination of unacceptable environmental and social risks. SJIBL has incorporated Environmental & Social Risk Management guidelines into Investment Risk Management (IRM) guidelines as instructed by the Bangladesh Bank. If the ESR is high, then the proposal for investment will have to be approved by the Board or its Executive Committee. Time-bound action plan to mitigate Environmental & Social Risks will form part of approval conditions or will be mentioned as special condition of Sanction Advice. If there are any conditions to be fulfilled as part of approval, Investment Committee (IC) will check for the same before disbursing. If the ESR is moderate, then the financing decision can be undertaken on the basis of the usual investment (credit) risk management guidelines. However, Time-bound action plan to mitigate Environmental & Social Risks will form part of approval conditions. But if the ESR is low, no Time-bound action plan to mitigate Environmental & Social Risks is required. ESDD Checklist is to be completed by Relationship Officer, approved by concerned official(s) in Head Office/Branch and processed as per normal investment process for both existing and new clients.

In short, decision making process on investment approval of the Bank will go through the Escalation Matrix as recommended by ESRM Guideline of Bangladesh Bank.

Implementation of Basel-III in line with Bangladesh Bank Guidelines

Basel-III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. "Basel-III: A global regulatory framework for more resilient Banks and Banking systems" (known as Basel-III capital regulations) in December 2010. Basel-III reforms strengthen the Bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the procyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure Banks are better able to absorb losses on both a going concern and a gone concern basis;
- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar-2); and
- Public disclosures (Pillar-3) etc.

The macro prudential aspects of Basel-III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from periods of excess credit growth.To ensure smooth transition to Basel -III, appropriate transitional arrangements have been provided for meeting the minimum Basel-III capital ratios, full regulatory adjustments to the components of capital etc.

SJIBL maintained the following CRAR against Minimum Capital Requirement of 10.00% plus capital conservation buffer under Pillar-1 of RBCA Guidelines (Basel-III).

Particulars	(Amount in Crore)	
	31.12.2018	31.12.2017
Total Regulatory Capital	2,510.59	1,937.60
Total Risk Weighted Assets (RWA)	17,316.14	15,893.65
Capital to Risk Weighted Assets Ratio (CRAR)	14.50%	12.19%

Basel-III: SRP–SREP Dialogue on Capital Adequacy

Under Pillar-2 of Basel-III, all Banks are required to design their own Supervisory Review Process (SRP) to ensure maintenance of sufficient capital to fully cover all risk exposures. As per BB Guidelines, the level of Capital Adequacy will be determined after evaluation and dialogue between Bangladesh Bank and the Supervisory Review Process Team of the Bank. The assessment of capital adequacy to be the outcome of a dialogue between the Bank's own SRP Team and Bangladesh Bank's Supervisory Review Evaluation Process (SREP) Team. In this context, SJIBL has a separate SRP team to review Internal Capital Adequacy Assessment Process (ICAAP) for determining capital requirement against all risks including those risks not captured in the process of determining Minimum Capital Requirement (MCR) under Pillar-1 of Basel-III. SJIBL has been completed the process to determine additional capital requirement against residual risk which is the first step towards implementation of Pillar-2 of Basel-III. Besides this, a representative team of Bank's SRP Team takes part on dialogue with Bangladesh Bank's SREP Team in each year.

The objective of the dialogue is to determine the adequate level of capital needed for a Bank beyond minimum capital by reviewing the ICAAP. In other words, the dialogue target to review the process by which a Bank assesses its level of risk management and capital adequacy and quality of capital held.

Under the SRP, adequate capital is determined on the basis of comprehensive risk management of the Bank. SJIBL has an exclusive Supervisory Review Proces (SRP) Team comprising of the following personnel.

SL No.	Name	Designation	Status with the Committee
1	Mr. M Shahidul Islam	MD	Chairman / Head of SRP Team
2	Mr. Abdul Aziz	AMD	Member
3	Mr. Md. Shahjahan Shiraj	DMD & CRO	Member
4	Mr. M Akhter Hossain	DMD	Member
5	Mr. Mian Quamrul Hasan Chowdhury	DMD	Member
6	Mr. Imtiaz Uddin Ahmed	DMD	Member
7	Mr. Md. Mahmudul Haque	SEVP	Member
8	Mr. Md. Rafiqul Islam	SEVP	Member
9	Mr. Md. Monzurul Alam Chowdhury	EVP	Member
10	Mr. Mohammed Ashfaqul Hoque FCA, FCS	EVP	Member Secretary
11	Mr. Md. Bahar Mahmud	SVP	Member
12	Mr. Md. Naquibul Islam	SVP	Member
13	Mr. Jashim Uddin Ahmed	SVP	Member
14	Mr. Jahangir Javed	SVP	Member
15	Mr. Md. Jafar Sadeq FCA	SVP & CFO	Member
16	Mr. Md. Abdur Rahim	VP	Member
17	Mr. Mohammad Nuruddin	VP	Member
18	Mr. Mohammad Abdul Majid	VP	Member

The Bank has also a process document which approved by the Board of Directors called as ICAAP.The areas that covered by the process document are reviewed of risk management and planning for adequate capital against comprehensive risk profile including investment, market, operational and all other risks which are not captured in the process of determining Minimum Capital Requirement (MCR).

That is along with Investment, Market, Operational risks; Bank is maintained capital against to their risks which are not captured in calculating Minimum Capital Requirement (MCR). Some of these risks are namely residual risk, concentration risk, profit rate risk, liquidity risk, reputation risk, strategic risk, settlement risk etc.

Meeting of Executive Risk Management Committee (ERMC)

For practicing sound risk management in the Bank, SJIBL followed the prescribed formats of Risk Management Report for monthly (MRMR) and half-yearly (CRMR) which are provided by the Bangladesh Bank as per DOS Circular letter no. 04 dated 08 October, 2018 are preparing on monthly and half yearly basis and regularly placed to the Executive Risk Management Committee of the Bank.

SJIBL has formed a well designated Executive Risk Management Committee (ERMC). The Composition and Status of the ERMC of Bank are as follows:

Sl No.	Name	Designation	Status with the Committee
1	Mr. Md. Shahjahan Shiraj	DMD & CRO	Chairman
2	Mr. M Akhter Hossain	DMD	Member
3	Mr. Mian Quamrul Hasan Chowdhury	DMD	Member
4	Mr. Imtiaz Uddin Ahmed	DMD	Member
5	Mr. Md. Mahmudul Haque	SEVP	Member
6	Mr. Md. Rafiqul Islam	SEVP	Member
7	Mr. Md. Monzurul Alam Chowdhury	EVP	Member
8	Mr. Mohammed Ashfaqul Hoque FCA, FCS	EVP	Member Secretary
9	Mr. Md. Bahar Mahmud	SVP	Member
10	Mr. Md. Naquibul Islam	SVP	Member
11	Mr. Jashim Uddin Ahmed	SVP	Member
12	Mr. Jahangir Javed	SVP	Member
13	Mr. Md. Jafar Sadeq FCA	SVP & CFO	Member
14	Mr. Md. Abdur Rahim	VP	Member
15	Mr. Mohammad Nuruddin	VP	Member
16	Mr. Mohammad Abdul Majid	VP	Member

The ERMC invites the top management (CEO, AMD or senior most executives) to attend the meetings so that they are well aware of risk management process. RMD acts as the secretary of the committee. It had regular monthly meeting to discuss the identified different risk issued and risk management status of the Bank as per guidelines of Bangladesh Bank. The Risk Management Division (RMD) coordinated various risk management activities of the Bank and provided guidelines to concerned Divisions in this respect. The activities, observations and recommendations of Executive Risk Management Committee (ERMC) are being regularly reported to the Board Risk Management Committee, Board of Directors and Bangladesh Bank.

Stress Testing for Risk Management

Stress testing, as defined by BIS, is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific events and/or movement in a set of financial variables. It refers to the process to cover multiple risk measures across categories and complements traditional risk models. It is also an integral part of the BIS Capital Adequecy framework. In general framework, Stress testing process includes-

i. Identification of specific vulnerabilities or areas of concern;
ii. Construction of a scenario;
iii. Performing the numerical analysis;
iv. Considering the numerical analysis and
v. Summarizing and interpreting the results.

This process finally produces a numarical estimate of the change in value of risk exposed positions. Stress testing framework as provided by Bangladesh Bank assesses the impact on Capital to Risk Weighted Assets Ratio (CRAR) due to minor, moderate and major level of shock in terms of investment (credit) risk, exchange rate risk, liquidity risk, equity price risk and profit (interest) rate risk. Stress testing for investment (credit) risk assesses the impact of increase in the level of Non-Performing Investments (NPIs) of the Banks.

The Bank conducts periodic reviews of its risk management process to ensure its integrity, accuracy and reasonableness through stress testing. Stress testing as tool of forward looking risk management is an integral part of SRP. On the basis of findings of stress test, Bank maintains some provision proactively in addition to adequate capital. Bangladesh Bank evaluates all these issues through the methods of SRP-SREP dialogue.

Stress testing is done on a Quarterly basis

Stress testing has been carried out as per Bangladesh Bank guidelines regularly during 2018 on quarterly intervals. The findings were reported to Bangladesh Bank, Board Risk Management Committee and Board of Directors of the Bank for compliance and guidance. Findings of stress testing and guidance from Bangladesh Bank, Board Risk Management Committee and Board of Directors are taken into account for assessing potential risks, mitigation of such risks as well as current and future capital requirement of the Bank.

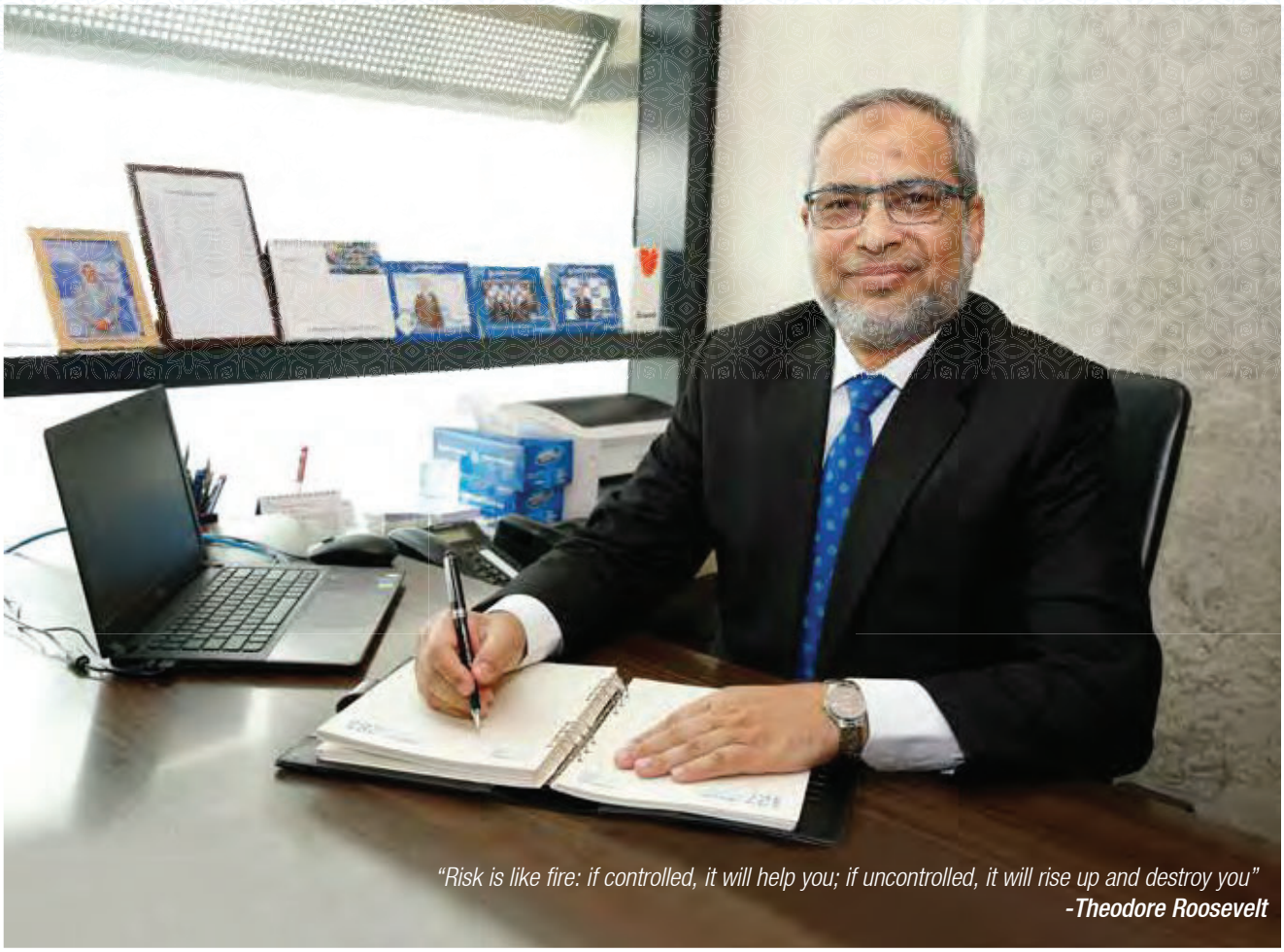
Chief Risk Officer's Report

And he said, "'O' my sons, do not enter (the city) all of you from the same gate, rather, enter from different gates. And I can not help you in any way against (the will of) Allah. Sovereignty belongs to none but Allah. On Him I place my trust and on Him should trust those who trust".

(Surah Yusuf: Verse 67)

Prophet (s.a.w) once asked a Bedouin who had left his camel untied, "Why do you not tie your camel?" The Bedouin answered, "I put my trust on God." The Prophet (s.a.w) then said, "tie up your camel first then put your trust on God."

(Zami'At-Tirmizi)



The last couple of years has phased as a period of economic transformation for Bangladesh. During the year, the country has achieved the highest-ever 7.86% economic growth (FY 2017-2018), widely surpassing the estimated growth of 7.65%.The result was mainly driven by different achievements and challenges. Being a backbone of national economy, the banking industry also shared identical experiences. In addition to that the financial service offering of Bangladeshi Bank is becoming complex to sustain in an intense competitive environment. Altogether the competitiveness along with the complexity of banking industry is triggering different uncertainties result to multidimensional quantifiable risks. Bangladesh Bank has continued its effort for upgrading the initiatives taken to manage different risks of banks in a prudent manner. As part of this endeavor, the previous risk management guidelines for banks has been revised to ensure sound risk management culture effectively in the banks and over all to maintain financial stability in the banking industry.

Being an active part of country's banking industry, Shahjalal Islami Bank Limited has developed a sound risk management system according to Bangladesh Bank guidelines to identify, measure, evaluate, monitor, report and control or mitigate all material risks in time and to assess the adequacy of its capital and liquidity in relation to its risk profile and market and macroeconomic conditions.

CONCEPT OF RISK IN BANK

Risks are future events that could adversely influence the achievement of the Bank objectives, including strategic, operational, financial and compliance.

Adverse Future Events may include but not limited to:

- Failure of an investment client to repay a financing in time
- Fluctuation of foreign exchange rates
- Failure of Information Technology on compliance, operational and financial issues
- Failure or less effectiveness of Internal Control and Compliance
- Possibility of mismatches between the assets and liabilities of the Bank
- Money Laundering and Terrorist Financing
- Incomplete documentations and insufficient collateral security
- Non-compliance with Shariah law and principles
- Fraud & Forgery both internal & external
- Any other events that may result in a loss of money or reputation of the Bank

UNIQUE RISK FOR ISLAMI BANKS

A Bank is to take calculated risks for its business. As such, SJIBL always try to optimize the risk reward equation. As an Islamic Bank, SJIBL has to face the following specific risks:

Types of Risks	When and how it arises
Shariah Non-compliance Risk	Risk arises from the failure of compliance with the Shariah rules and principles
Rate of Return Risk	The potential impact on the returns caused by unexpected change in the rate of returns
Displaced Commercial Risk	The risk that the Bank may confront commercial pressure to pay returns that exceeds the rate that has been earned on its assets. The Bank foregoes part or its entire share of profit in order to retain its fund providers and dissuade them from withdrawing their funds.
Equity Investment Risk	The risk arising from entering into a partnership for the purpose of undertaking or participating in a particular financing or general business activity as described in the contract and in which the provider of finance shares in the business risk. This risk is relevant under Mudarabah and Musharakah contracts.

RISK MANAGEMENT IN BANK

Risk Management is a discipline at the core of each Bank that encompasses all the activities which affect its risk profile. It includes the system of identification, measurement, monitoring and controlling the risks which threaten the assets or earning capacity of the Bank.

RISK MANAGEMENT SYSTEM

The risk management system of Shahjalal Islami Bank Limited has duly included policies, procedures, limit and controls in its foundation providing adequate, timely and continuous identification, assessment, measurement, monitoring, mitigation and reporting of risks posed by its activities at the business line and different levels of the Bank.

To effective business operations, Bank has put in place a sound risk management system, which encompasses of following key elements:

1. **Board and Senior Management Overview**

   The Board of Directors define the risk appetite, risk tolerance and risk limit and set risk strategies for ensuring that the management is taking necessary steps to manage accompanying risk. Senior Management of the Bank also aware of the Bank's risk profile on an ongoing basis and regularly to the Board or the Board Risk Management Committee for review.

2. **Adequate organization, Policies and Procedures**

   The Bank's policies and more detailed procedures provide guidance for the day-to-day implementation of broad risk strategies and generally include limits designed to protect the Bank from imprudent and unwarranted risks.

3. **Appropriate Management Information System (MIS)**

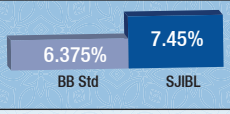
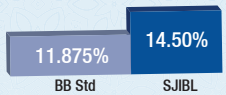
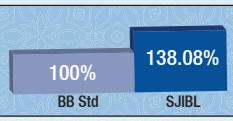
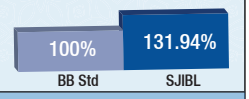
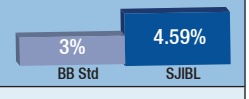
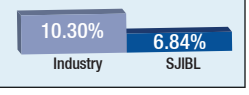
   The Bank assess the effectiveness of the risk measurement, monitoring and management reporting systems considering the adequacy of the risk monitoring practices and reports addressing all material risks; appropriateness of the key assumptions, data sources etc. to the Board and Senior Management.

4. **Comprehensive Internal Controls and Limits**

   The Bank's internal control system adequately tested and reviewed by its internal audit. The coverage, procedures and findings of the audit regarding the internal controls adequately reviewed by the Audit Committee and any material weakness found addressed promptly and appropriately.

KEY RISK INDICATORS OF THE BANK

The performance against key risk standards set by Bangladesh Bank was strong throughout the year of 2018. The comparative analysis of the leading risk indicators with supporting commentary are outlined below in the table:

SI	Key Indicators	Regulatory Requirement	SJIBL Maintained	Comments	Graph
1.	CET-1 Ratio plus CCB (%)	6.375%	7.45%	1.075% surplus	
2.	CRAR plus CCB (%)	11.875%	14.50%	2.625% surplus	
3.	LCR (%)	100%	138.08%	38.08% surplus	
4.	NSFR (%)	100%	131.94%	31.94% surplus	
5.	Leverage Ratio (%)	3%	4.59%	1.59% higher	
6.	NPI (%)	Industry Average 10.30%	SJIBL 6.84%	Below from Industry Average	

HIGHLIGHTS OF RISK PORTFOLIO

Shahjalal Islami Bank Limited is committed to its stakeholders to attain a sustainable business growth commensurate with appropriate risk strategies through implementation of a robust risk management framework across the organization and its subsidiaries.

1. **Capital Adequacy**
   SJIBL has maintained the Capital to Risk Weighted Assets Ratio (CRAR) 14.50% under Basel-III against the regulatory requirements of 11.875% at the end of December 2018.
2. **Recovery**
   SJIBL has recovered and regularized 93.21% of its target during the year against the Recovery Target during the year.
3. **Investment Concentration**
   Total large Investment exposure of SJIBL was 37.25% of total Investment as of December 31, 2018 against the ceiling of 52% as per Bangladesh Bank Guidelines.
4. **Collateral Coverage**
   SJIBL always try to take highest amount of collateral against the Investments.The Investments Portfolio of SJIBL covered by eligible collateral security was 87.60% as at December 31, 2018.
5. **Market Risk**
   Market Risk in the SJIBL includes the equity price movement of Investment of Shares and Securities and exchange rate fluctuation of foreign currency transaction. SJIBL is managing the market risk as per instruction of Board of Directors.
6. **Liquidity Risk**
   During the year 2018, SJIBL properly maintains all regulatory requirements related to Liquidity of the Bank like CRR, SLR, ID Ratio, LCR, NSFR and MCO etc.
7. **Operational Risk**
   SJIBL was not incurred any losses due to internal & external frauds, employment practices, clients, products and business, disaster and ICT failures during the last year.

8. Compliance Risk

SJIBL is strongly committed to compliance of internal, external regulatory compliances including AML and TF.

9. Reputational Risk

The reputation of SJIBL is being increased due to its cordial service, strong regulatory compliance and maintaining its commitment.

VARIOUS INITIATIVES ROUND THE YEAR-2018

A. Risk Management

- The Bank has formulated Risk Management Guidelines as per Bangladesh Bank's latest Risk Management Guidelines-2018.
- Re-arranged RMD organogram as per the latest circular of Bangladesh Bank
- Improved the accuracy of Collateral reporting against investment.
- Introduced Interim Report compare with Board approved risk appetite/limit for Management.
- Reviewed 06 (six) Core Risk Management Guidelines and included self-assessment of core risk methodology in respective guidelines of the Bank.
- Improved each Core Risk evaluation methodology for self-assessment.
- Improved the Management Action Trigger (MATs) in various risk level with designated key responsible persons/levels.
- Prepared risk appetite statement (RAS) in collaboration with respective Divisions such as IRMD, IAD, BOD, Treasury Division etc. and obtained approval from Board of Directors.
- Enhanced coordination with senior management in formulating strategic planning considering Bank's risk exposures and industry as a whole.
- Reviewed the Bank's OBS, Commitment, ID Ratio etc. to maintain these at the optimal level.
- Initiated process of developing automated resources for calculating different risk indicators.

B. Capital Management

- Updated the database of client's credit rating in different categories such as rated, unrated & expired etc. to follow up the Branches.
- Established direct communication desk at different level such as ECAIs, Branches & Clients.
- Issued Second Mudaraba Subordinated Bond of BDT 600 crore to maintain CRAR adequately.
- Prepared Capital & RWAs growth planning for efficient Capital Management of Bank.
- Formulated the deliberate plan for maintaining Tier-1 Capital, CRAR & Capital Conservation Buffer (CCB).
- Strengthening the follow up to reduce documentation lapses.
- Additional capital requirement under Residual Risk is maintained at minimum level.

COMPLIANCE OF REGULATORY REPORTING

In connection to the regular activities, RMD also complied with the risk management reporting as per Bangladesh Bank Guidelines and directives vide DOS circular letter no. 13 dated 09 September 2015 and recent DOS Circular No. 04 dated 08 October, 2018.

Sl	Name of The Reports/Papers	Frequency	Submitted to	Compliance Status
A.	**Risk Management Reporting**			
1.	Monthly Risk Management Reporting (MRMR)	Quarterly	ERMC/BRMC/BB	Yes
2.	Minutes of the Monthly Risk Management Committee Meeting	Quarterly	ERMC/BRMC/BB	Yes
3.	Implementation Report of RMC Meeting Minutes	Quarterly	ERMC/BRMC/BB	Yes
4.	Comprehensive Risk Management Report (CRMR)	Half Yearly	ERMC/BRMC/BB	Yes
5.	Compliance Report on Risk Rating	Half Yearly	ERMC/BRMC/BB	Yes
6.	Risk Appetite Statements	Annually	ERMC/BRMC/BB	Yes
B.	**Basel III reporting and Capital Management**			
8.	Risk Based Capital Adequacy Reporting (Pillar-1)	Quarterly	ERMC/BRMC/BB	Yes
9.	ICAAP Report (Pillar- 2)	Annually	ERMC/BRMC/BB	Yes
10.	Disclosure on Risk Based Capital: Market Discipline (Pillar- 3)	Annually	Uploading Bank's website/BB	Yes
C.	**Stress Testing Report**	Quarterly	ERMC/BRMC/BB	Yes

FUTURE PLAN FOR RISK MANAGEMENT

- ✓ To conduct 100% rating of eligible investment clients with an acceptable grade.
- ✓ To emphasis on proper capital management & reducing RWAs of the Bank.
- ✓ Calculating Residual Risk on Branch level & reduction of documentation lapses.
- ✓ To organize a day-long Annual Risk Conference with the participation of all the Branch Managers/Deputy Managers and related Divisional/Departmental Heads/In-Chage of Corporate Head Office.
- ✓ To establish sophisticated risk management infrastructure with a robust data-base with the help of ICT Division
- ✓ To prepare a comparative analysis report on bank's gain/loss due to lack of proper risk management activities and its impact on capital.
- ✓ To focus on implementing risk based audit functions & conducting inspection on Core Risk Divisions.
- ✓ To create risk awareness among the employees and maintained sound risk culture of the Bank.

STRATEGIES FOR SOUND RISK MANAGEMENT

Shahjalal Islami Bank Limited has grown in different sectors with good quality assets, however, it has experienced that due to some large delinquency of investments contributed to increase in Bank's overall non-performing investment.

In this view, SJIBL has established the following strategy to control and minimize the risk:

- ✓ Proper evaluation and due diligence to arrest the non-performing investment.
- ✓ More emphasis on collateral based investment.
- ✓ Increased the rated investment clients for better asset quality.
- ✓ Minimize RWAs to lessen the pressure on capital.
- ✓ Initiative for installation of anti-skimming device for preventing card frauds.
- ✓ Adaption of ESDD checklist for Environmental and Social Risk Management.
- ✓ Focus on ICT Security as per to the Bangladesh Bank ICT Security Guidelines.
- ✓ Implement Risk based audit functions.
- ✓ Conduct all Core Risk Audits.
- ✓ E-learning Training Program, surprise audits & Independent testing on AML/CFT compliance.

In fine, Shahjalal Islami Bank Limited always strives for excellence in all its endeavors to manage risks effectively. Identifying and addressing various kinds of risks is a continuous process. The Bank has established an effective framework to revise its Risk Management System as and when required. The combination of all risk factors may pose imperative challenges for risk management in coming years.

Our commitment is to be a fully Shariah compliant, transparent, resilient and sustainable Bank.

Md. Shahjahan Shiraj
Deputy Managing Director &
Chief Risk Officer

Allah will destroy Riba (usury)
and will give increase for Sadaqaat
(deeds of charity, alms, etc.)
And Allah likes
not the disbelievers, sinners.

Surah Al-Baqarah, verse -276

Market Discipline

Disclosures on Risk Based Capital (Pillar 3 of Basel-III)

For the year ended 31 December 2018

Background

The disclosure of prudential information is a most important component of Basel Committee on Banking Supervision (BCBS)'s framework of capital measurement and capital adequacy, known as Basel-III. Bangladesh Bank has specified the standard of disclosures through Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel-III) on December 2014 with effect from January 01, 2015. The capital and liquidity standards have been focused in the RBCA Guidelines to greater business implications for Banks.

Purpose

- To complement the Minimum Capital Requirement (MCR) under Pillar 1 and the Supervisory Review Process (SRP) under Pillar 2 of Basel-III;
- To establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and
- To identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

Disclosure Policy

- Bank should have a formal disclosure framework approved by the Board of Directors/Chief Executive Officer.
- The disclosure framework does not conflict with requirements under accounting standards as set by Bangladesh Bank from time to time.
- Under MCR, Bank will use specified approaches/methodologies to measure the various risks its face and the resulting capital requirements.
- The disclosures should be subject to adequate validation. Since information in the annual financial statements would generally be audited, the additionally published with such statements must be consistent with the audited statements.
- Bank should decide which disclosures are relevant for it based on the materiality concept.
- Bank has to submit a copy of all required disclosures in both qualitative and quantitative form to Department of Off-site Supervision of Bangladesh Bank and upload on the Bank's website page as titled "Disclosure on Risk Based Capital (Basel-III) within end March of each year.

Components of Disclosure Framework

Bangladesh Bank set out the following componenets in the disclosures under Pillar 3 of Basel framework.

1. Scope of Application
2. Capital Structure
3. Capital Adequacy
4. Investment (Credit) Risk
5. Equities: Disclosures for Banking Book Positions
6. Profit (Interest) Rate Risk in the Banking Book (PRRBB)
7. Market Risk
8. Operational Risk
9. Liquidity Ratio
10. Leverage Ratio
11. Remuneration.

Consistency and Validation

The quantitative disclosures on Risk Based Capital (Basel-III) are made on the basis of audited consolidated financial statements of Shahjalal Islami Bank Limited (SJIBL) and its subsidiaries for the year ended 31 December 2018 and prepared in accordance with the "First Schedule (Sec-38)" of the Bank Compaines Act 1991 (as amended upto 2018), related International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) adopted by the Institue of Chartered Accountats of Bangladesh (ICAB) and related circulars/instructions issued by Bangladesh Bank from time to time. The Bank complied with the requirements of laws and regulations from various regulatory bodies.

Therefore, information presented in the 'Quantitative Disclosures' section can easily be verified and validated with with corresponding information presented in the audited consolidated financial statements 2018 of SJIBL and its subsidiary available on the website of the Bank (www.sjiblbd.com). The following disclosures are prepared once a year and is available in the website.

1. Scope of Application

Qualitative Disclosures

a) The name of the top corporate entity in the group to which this guidelines applies:	Shahjalal Islami Bank Limited (SJIBL)
b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk - weighted).	The Consolidated Financial Statements of the Bank include the financial statements of (i) Shahjalal Islami Bank Limited including Off-Shore Banking Unit (OBU) and (ii) Shahjalal Islami Bank Securities Limited. Shahjalal Islami Bank Limited holds 91.79% shares of Shahjalal Islami Bank Securities Limited. A brief description of the Bank including OBU and its subsidiary are given below: **Shahjalal Islami Bank Limited** Shahjalal Islami Bank Limited (hereinafter called 'the Bank' or 'SJIBL') was established as a Public Limited Company (Banking Company) as on the April 01, 2001 under the Companies Act 1994 as interest free Islamic Shari'ah based commercial bank and commenced its operation on the May 10, 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through Head Office having 123 branches, Central Processing Center (CPC), Off-shore Banking Unit (OBU), 87 ATM booths and 2,395 employees all over Bangladesh. The Bank is listed with both the Stock Exchanges of the country, i.e. Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The Bank offers all kinds of Islamic Shari'ah based commercial banking products and services to its customers through its branches following the provisions of the Bank Companies Act 1991 (as amended up to 2018), Bangladesh Bank's Directives and directives of other regulatory authorities and the principles of the Islamic Shari'ah.The registered office of the Bank is located at Shahjalal Islami Bank Tower, Plot-4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212. **Off-shore Banking Unit (OBU)** Off-shore Banking Unit is a separate business unit governed under the rules and guidelines of Bangladesh Bank. The Bank obtained the permission for conducting the operations of OBU from Bangladesh Bank vide letter no. BRPD (P-3)744(99)/2008-2800 dated July 24, 2008. The Bank commenced the operation of its Off-shore Banking Unit on December 21, 2008 and the unit is located at Shahjalal Islami Bank Tower(Level-6), Plot-4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212. **Shahjalal Islami Bank Securities Limited (SJIBSL)** Shahjalal Islami Bank Securities Limited is a subsidiary company of Shahjalal Islami Bank Limited incorporated as a public limited company under the Companies Act 1994 vides certification of incorporation no. C - 86917/10 dated September 06, 2010 and commenced its operation on the May 25, 2011. Presently the company is operating its business through Head Office with 02 extention office and 08 branches with 82 employees all over Bangladesh. The principal objectives of the company are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other objectives of the company are to buy, sell, hold shares, stock and fixed income securities or otherwise acquire or invest the capital of the company in the same and other services as mentioned in the Memorandum and Articles of Association of the Company. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.Its corporate Head office and Principal place of business is at Jiban Bima Bhaban (4th floor), 10 Dilkusha C/A, Dhaka-1000.

c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	The rules and regulations of BRPD of Bangladesh Bank that govern 'Single Borrower Exposure Limit' for the customers are equally applicable for the Bank in financing its own subsidiaries. Bank is following latest Bangladesh Bank circular in determining maximum amount of finance to the subsidiaries of the Bank.
Quantitative Disclosures	
d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and name(s) of such subsidiaries.	Not applicable

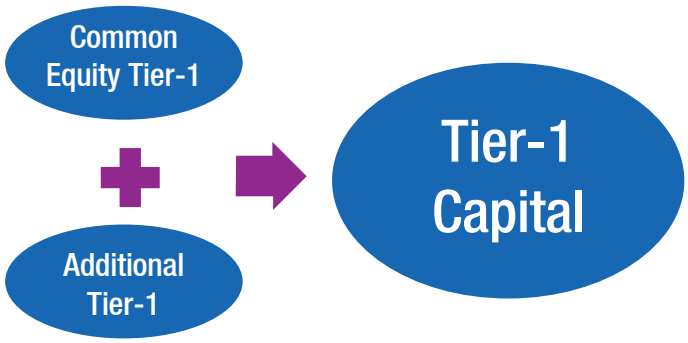
2. Capital Structure

Qualitative Disclosures

a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Common Equity Tier-1, Additional Tier-1 or Tier -2.

As per the Guidelines on Risk Based Capital Adequacy of Bangladesh Bank, the regulatory capital of Bank is classified into two tiers which will consist of sum of the following categories:

i. Tier-1 Capital (going-concern capital)



a) Common Equity Tier-1 capital of SJIBL consists of Paid-up Capital, Statutory Reserve, Retained Earnings and Minority Interest in Subsidiaries.

b) Additional Tier-1 capital (There are no such capital components in the capital portfolio of SJIBL since the Bank did not issue any instruments that meets the qualifying criteria for Additional Tier-1 Capital).

ii. Tier-2 Capital (gone-concern capital) of SJIBL consists of General Provisions and Mudaraba Subordinated Bond/Debt issued by the Bank that meets the qualifying criteria for Tier-2 Capital.

Quantitative Disclosures

b) The Amount of Tier 1 Capital with break-up		Taka in Million	
Particulars		Solo	Consolidated
A.	**Common Equity Tier (CET1) Capital:**		
i.	Fully paid-up capital	8,485.65	8,485.65
ii.	Statutory reserve	5,452.36	5,452.36
iii.	Non-repayable share premium account	-	-
iv.	General reserve	-	-
v.	Retained earnings	850.96	921.46
vi.	Dividend equalization reserve	-	-
vii.	Minority interest in subsidiaries	-	231.31
viii.	Others (if any item approved by Bangladesh Bank)	-	-
ix.	Sub-Total (i to viii)	**14,788.97**	**15,090.78**

Regulatory Adjustments:			
x.	Shortfall in provision against NPIs and Investments	1,895.60	1,895.60
xi.	Deferred tax assets (DTA)	-	-
xii.	Others	-	-
xiii.	Sub-Total (x to xii)	**1,895.60**	**1,895.60**
	Sub-Total of CET1 Capital (ix - xiii)	**12,893.37**	**13,195.18**
B.	**Additional Tier 1 (AT1) Capital**	**-**	**-**
i.	Instruments issued by the bank that meet the qualifying criteria for AT1	-	-
ii.	Minority interest i.e. AT1 issued by the consolidated subsidiaries to third parties (for consolidated reporting only)	-	-
iii.	Others (if any item approved by Bangladesh Bank)	-	-
	Sub-Total of AT1 Capital (i to iii)	**-**	**-**
C.	**Total Tier 1 Capital (Going-Concern Capital) (A+B)**	**12,893.37**	**13,195.18**
D.	**Tier 2 Capital (Gone-Concern Capital)**		
i.	General provision against unclassified investments/loans and off balance sheet exposures (including OBU)	2,212.50	2,563.62
ii.	Subordinated debt/instruments issued by the banks that meet the qualifying criteria for Tier 2 capital	10,000.00	10,000.00
iii.	Others (if any item approved by Bangladesh Bank)	-	-
	Sub-Total of Tier 2 Capital (i to iii)	**12,212.50**	**12,563.62**
E.	**Total Regulatory Capital (C+D)**	**25,105.87**	**25,758.80**

3. Capital Adequacy

Qualitative Disclosures

a) A summary discussion of the bank's approach to assess the adequacy of its capital to support current and future activities.

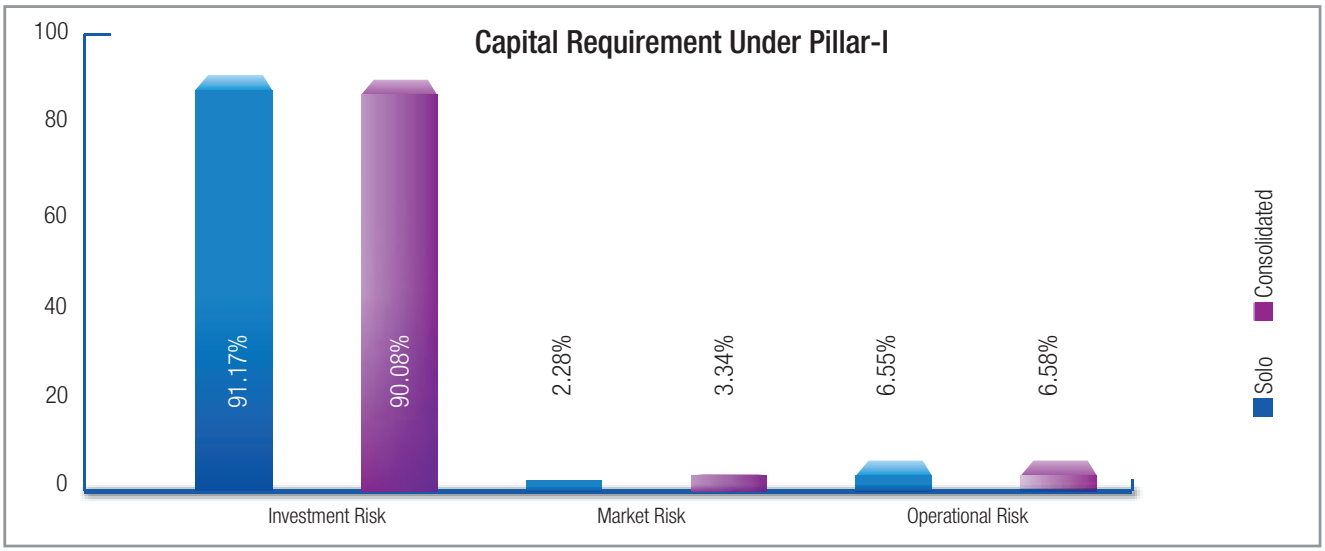
Shahjalal Islami Bank Limited with its focused strategy on risk management has always been consistent in maintaining Capital to Risk Weighted Assets Ratio above the regulatory requirements. The Bank has been successfully managing the incremental growth of Risk Weighted Assets (RWA) by ensuring diversification of the portfolio in SME, Agricuture, Retail and Corporate segments. However, RWA is also managed by taking collaterals against investments. The Bank Management strives to ensure external credit rating is duly done by the investment clients.

The Bank has adopted Standardized Approach (SA) for computation of capital charge for investment risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank

	The Bank has maintained Capital to Risk Weighted Assets (RWA) Ratio at 14.51% &14.50% on the basis of "Consolidated" and "Solo" respectively as against the minimum regulatory requirement of 10% plus capital conservation buffer of 1.875% totaling of 11.875%.The Bank's policy is to manage and maintain strong Capital to RWA Ratio with high rating grade of investment clients. The Bank maintains adequate capital that is sufficient to absorb all material risks associated with the Bank. The Bank also ensures that the levels of capital comply with regulatory requirements and satisfy the external rating agencies and all other stakeholders including depositors. The main objective of the capital management process in the Bank is to ensure that Bank has adequate capital to meet up its losses.

Quantitative Disclosures	Taka in Million	
Particulars	**Solo**	**Consolidated**
b) Capital requirements for Investment (Credit) Risk:	15,787.45	15,994.71
c) Capital requirements for Market Risk	395.15	592.86
d) Capital requirements for Operational Risk	1,133.55	1,168.34
Minimum Capital Requirement (b+c+d)	17,316.15	17,755.91
Total Regulatory Capital	25,105.87	25,758.80
Total Risk Weighted Assets (RWA)	173,161.45	177,559.14
e) Capital to Risk-weighted Asset Ratio (CRAR) (iii to iv)	14.50%	14.51%
i. CET 1 capital ratio	7.45%	7.43%
ii. AT 1 capital ratio	-	-
iii. Total Tier 1 capital ratio (i to ii)	7.45%	7.43%
iv. Tier-2 capital ratio	7.05%	7.08%
f) Capital Conservation Buffer (1.875%)	3,246.78	3,329.23
g) Available Capital under Pillar 2 Requirement*	4,542.94	4,673.66

*After deduction of Minimum Capital Requirement and Capital Conservation Buffer from Total Regulatory Capital.



4. Investment (Credit) Risk

Qualitative Disclosures

a) The general qualitative disclosure requirement with respect to credit risk, including:	
i) Definitions of past due and impaired (for accounting purposes)	**Past Due:** As per Bangladesh Bank guidelines, any Investment if not repaid with in the fixed expiry date will be treated as Past Due. **Impaired:** An Investment where profit and/or installment of principal remain for more than 90 days in respect of a Continuous Investment, Demand Investment or a Term Investment etc. except Term Investment below Tk.1 million will be treated as Impaired (NPI).
	Bangladesh Bank issued Circulars from time to time for strengthening Investment (Credit) discipline and brings provisioning. All Investments/Loans & Advances will be grouped in to four (4) categories for the purpose of classification, namely **(a) Continuous Investment (Loan):** The Investment accounts in which transactions may be made within certain limit and have an expiry date for full adjustment will be treated as Continuous Investment. Examples are: Cash Credit, Overdraft, etc. **(b) Demand Investment (Loan):** The Investments that become repayable on demand by the bank will be treated as Demand Investment. If any contingent or any other liabilities are turned to forced investment (i.e. without any prior approval as regular investment) those too will be treated as Demand Investment. Such as: Forced Investment against Imported Merchandise, Payment against Document, FBP and IBP etc. **(c) Fixed Term Investment (Loan):** The Investments, which are repayable within a specific time period under a specific repayment schedule, will be treated as Fixed Term Investment. **(d) Short Term Agricultural & Micro Investment (Loan):** Short-term Agricultural Investment will include the short-term investments as listed under the Annual Credit Programme issued by the Agricultural Credit and Financial Inclusion Department (ACFID) of Bangladesh Bank. Investments in the agricultural sector repayable within 12 (twelve) months will also be included herein. Short-term Micro-Credit will include any micro-credit not exceeding an amount determined by the ACFID of Bangladesh Bank from time to time and repayable within 12 (twelve) months, be those termed in any names such as Non-agricultural credit, Self-reliant Credit, Weaver's Credit or Bank's individual project credit. The above Investments (Loans) are classified as follows:

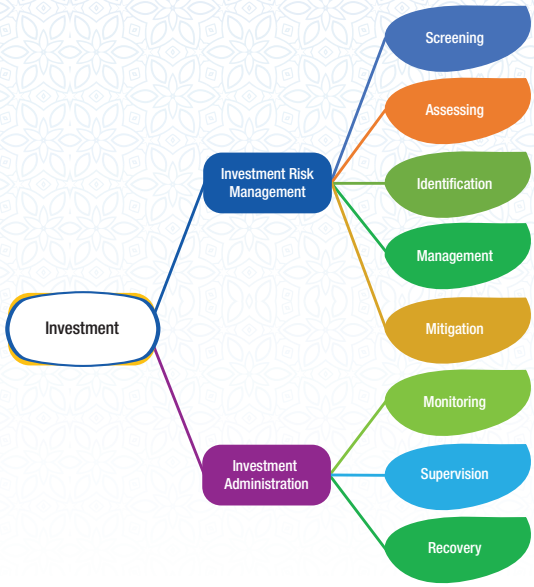
Types of Facility		Investment (Loan) Classification		
		Sub Standard (SS)	Doubtful (DF)	Bad & Loss (BL)
		Overdue Period	Overdue Period	Overdue Period
Continuous Investment & Demand Investment		3 Months or more but less than 6 months	6 Monthsor more but less than 9 months	9 Months or more
Fixed Term Investment	More than Tk.1 million	3 Months or more but less than 6 months	6 Months or more but less than 9 months	9 Months or more
	Up to Tk.1 million	6 Months or more but less than 9 months	9 Months or more but less than 12 months	12 Months or more
Short - term Agricultural & Micro Credit		12 Months or more but less than 36 months	36 Months or more but less than 60 months	60 Months or more

A Continuous Investment, Demand or a Term Investment which will remain overdue for a period of 02 (two) months or more will be put into the "Special Mention Account (SMA)".

ii) Description of approaches followed for specific and general allowances and statistical methods;	Provision for Investments is created for covering the Bank from possible investment losses in the future. General provision is made on the outstanding amount of investments without considering the classified status following the prescribed rate of Bangladesh Bank. Classified investments of the Bank are categorized as Sub-standard, Doubtful and Bad & Loss as per Bangladesh Bank circulars. For investments which are classified, specific provision is created netting off eligible security value and profit suspense from the outstanding amount. Provision for off balance sheet items is made as per BRPD circular no. 14 of September 2012 for covering the Bank for possible losses in the future. Profit accrued on Sub-standard, Doubtful and Bad & Loss investments is transferred to profit suspense account and not consider as profit income. This profit is recognized as profit income when it realized in cash by the Bank as per latest circular of Bangladesh Bank. Investment are written off to the extent that (i) there is no realistic prospect of recovery, and (ii) against which legal cases are filled and classified as bad & loss as per BRPD circular no. 01 dated 13 January 2003 and 13 dated 07 November 2013. However, these write off will not undermine/affect the claim amount against the Investments client. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up. The Bank is required to maintain the following general and specific provision in respect of un-classified and classified investments on the basis of Bangladesh Bank guidelines issued from time to time. Rates of provision are noted below:

Types of Investments		Rates of Provision				
		Un-classified (UC)		Classified		
		STD	SMA	SS	DF	BL
Consumer Financing	House Finance	1%	1%	20%	50%	100%
	Investment for professionals	2%	2%	20%	50%	100%
	Other than Housing Finance and Professionals to set up Business	5%	5%	20%	50%	100%
Investments (Loans) to Broker House, Merchant Banks, Stock Dealers etc.		2%	2%	20%	50%	100%
Small and Medium Enterprise Finance		0.25%	0.25%	20%	50%	100%
Short - term Agricultural Credit and Micro Credit		1%	1%	5%	5%	100%
Credit Card		2%	2%	20%	50%	100%
All Other Credit		1%	1%	20%	50%	100%
Off Balance Sheet		1%	-	-	-	-

iii) Discussion of the Bank's investment risk management policy	The Board of SJIBL approves the Investment Risk Manual (IRM) keeping in view relevant Bangladesh Bank guidelines to ensure best practice in investment risk management and maintain quality of assets. Authorities are properly delegated ensuring check and balance in investment operation at every stage i.e. screening, assessing, identification, management and mitigation of investment risk as well as monitoring, supervision and recovery of investments with provision for Early Warning System (EWS).



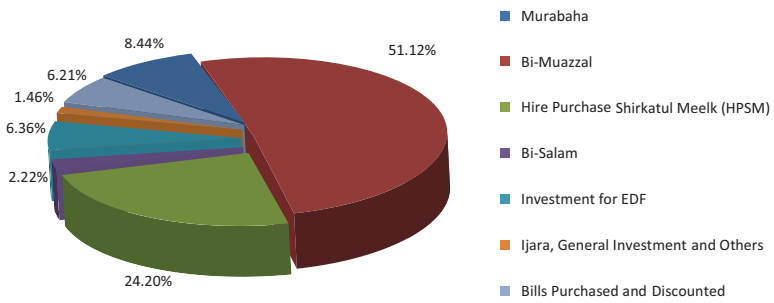
There is a separate Investment Risk Management (IRM) Division for mitigation of investment risk, separate Investment Administration Division (IAD) for ensuring perfection of securities and Recovery Unit for monitoring and recovery of irregular investments. Internal Control & Compliance Division(IC&CD) independently assess quality of investments and compliance status of investments during their audit at least once in a year. Adequate provision is maintained against classified investments as per Bangladesh Bank Guidelines. Status of investments is reported periodically to the Board Risk Management Committee (BRMC)/Board by the concerned Division.

Quantitative Disclosures

a) Total gross investment risk exposures broken down by major types of investment exposures.

Total gross Investment risk exposures broken down by major types of Investment exposure of the Bank are as under:

Particulars	Taka in Million
Murabaha	15,710.42
Bi-Muazzal	95,133.81
Hire Purchase Shirkatul Meelk (HPSM)	45,029.32
Bi-Salam	4,126.26
Investment for EDF	11,826.43
Ijara, General Investment and Others	2,716.01
Bills Purchased and Discounted	11,547.79
Total	**186,090.03**

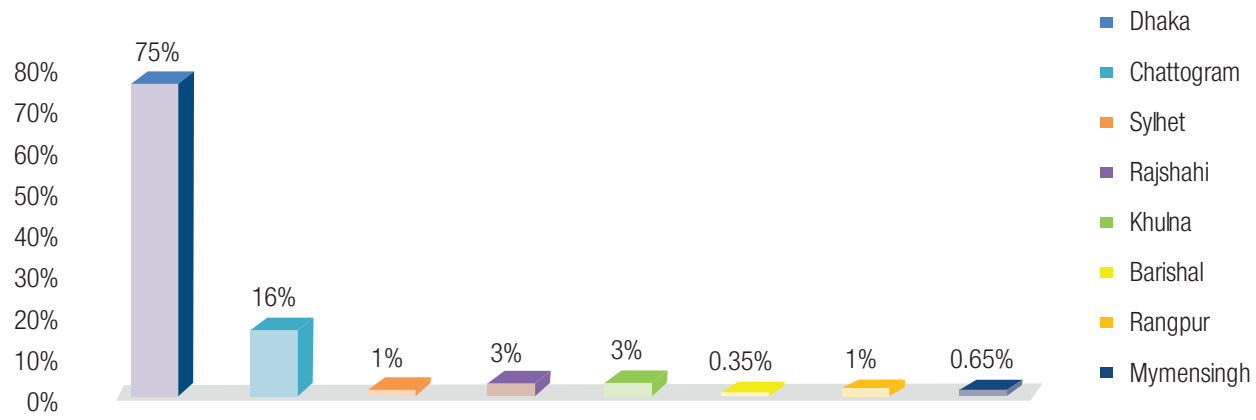


b) Geographical distribution of exposures, broken down in significant areas by major types of investment exposure.

Geographical distribution of exposures, broken down in significant areas by major types of investment exposure of the Bank are as under:

Particulars	Taka in million
i. Area-wise:	
Urban	176,138.57
Rural	9,951.47
Outside Bangladesh	0.00
Total	**186,090.03**
ii. Division-wise:	
Dhaka	140,389.31
Chattogram	29,438.34
Sylhet	2,042.35
Rajshahi	5,312.20
Khulna	5,753.21
Barishal	659.70
Rangpur	1,282.79
Mymensingh	1,212.13
Total	**186,090.03**

Geographical Distribution of Exposures (Division- Wise)



c) Industry or counterparty type distribution of exposures, broken down by major types of investment exposure.

Industry or counterparty type distribution of exposures, broken down by major types of investment exposure of the Bank are as under:

Particulars	Taka in million
i. Industry-wise:	
Agriculture & Fishing	4,741.30
Cotton & Textile	19,149.37
Garments	26,279.87
Cement	1,735.80
Pharmaceuticals & Chemicals	3,734.83
Real Estate	6,922.90
Transport	3,244.94
Information Technology	1,161.68
Non Banking Financial Institutions	1,954.09
Steel & Engineering	8,391.97

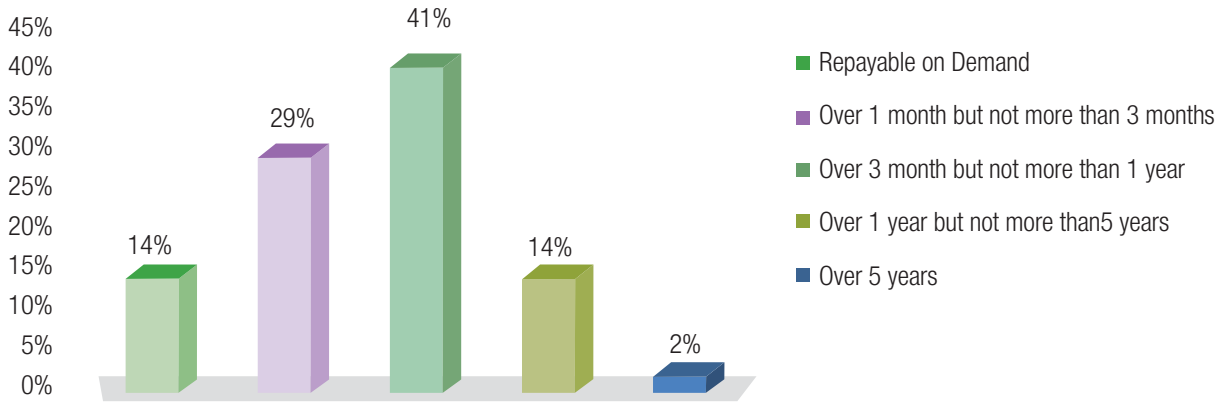
	Food Processing & Beverage	12,748.30
	Power & Energy	5,904.19
	Paper & Paper Products	1,906.92
	Plastic & Plastic Products	4,868.70
	Electronics	5,184.65
	Services Industries	5,897.78
	Trading	28,819.40
	Import Financing	5,629.77
	Consumer Financing	437.90
	Share business	1,606.04
	Staff Investment	1,497.30
	Others	34,272.33
	Total	**186,090.03**
	Particulars	**Taka in million**
	ii. Counterparty-wise:	
	Investments to allied concern of Directors	1,313.31
	Investments to Executive/Officers	1,497.30
	Investments to Customer Groups	81,441.12
	Industrial Investment	99,611.90
	Others	2,226.40
	Total	**186,090.03**

d) Residual contractual maturity breakdown of the whole portfolio, broken down by major types of investment exposure

Residual contractual maturity break down of the whole portfolios, broken down by major types of investment exposure of the Bank are as under:

Particulars	**Taka in million**
Repayable on Demand	26,703.92
Over 1 month but not more than 3 months	54,673.25
Over 3 month but not more than 1 year	75,589.77
Over 1 year but not more than5 years	25,792.08
Over 5 years	3,331.01
Total	**186,090.03**

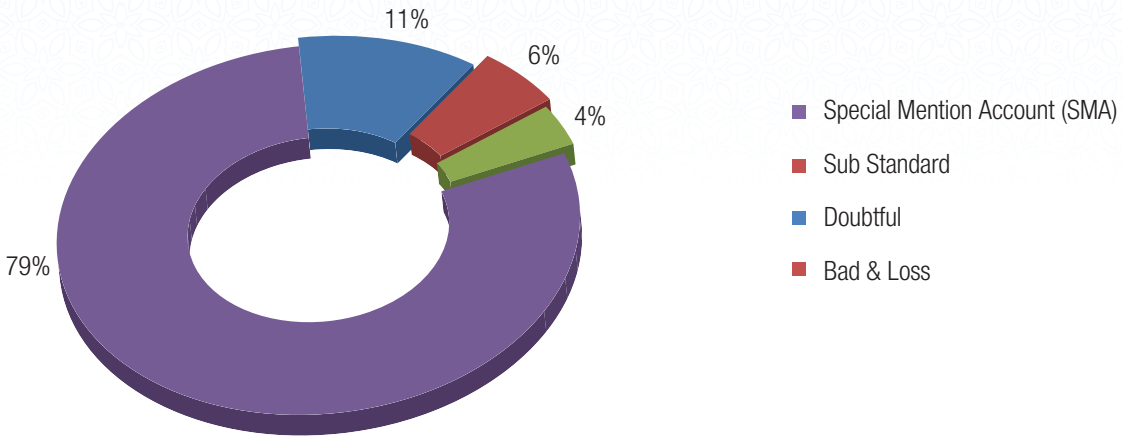
Residual Contractual Maturity Breakdown of the Whole Potfolio



e) By major industry or counterparty type:

i. Amount of impaired investments and if available, past due investments provided separately

Particulars	Taka in million
Past Due	
Special Mention Account (SMA)	1,627.63
Sub Standard	796.80
Doubtful	533.42
Bad & Loss	11,393.08
Total	**14,350.93**



ii. Specific and general provisions	
Unclassified Investment	1,375.40
Classified Investment	2,444.97
Off-Balance Sheet Exposure	837.10
Total	**4,657.47**
iii. Chargesfor specific allowances during the period	
Provision on Unclassified Investment	209.50
Provision on Classified Investment	1,114.60
Provision on Off-Balance Sheet Exposure	0.00
Total	**1,324.10**

f) Gross Non Performing Assets (NPAs)

i. Non Performing Assets (NPAs) to outstanding Investments	6.84%
ii. Movement of Non Performing Assets (NPAs)	
Particulars	**Taka in million**
Opening Balance	6,300.50
Additions	6,422.79
Reductions	0.00
Closing Balance	12,723.29
iii. Movement of specific provisions for NPAs	
Opening Balance	1,415.06
Recovery amount previously written-off	10.37
Provisions made during the period	1,114.60
Fully provided Investment write-off	0.00
Adjustment and Provision transferred	(95.06)
Closing Balance	**2,444.97**

5. Equities: Disclosures for Banking Book Position

Qualitative Disclosures

a) The general qualitative disclosures requirement with respect to equity risk, including:

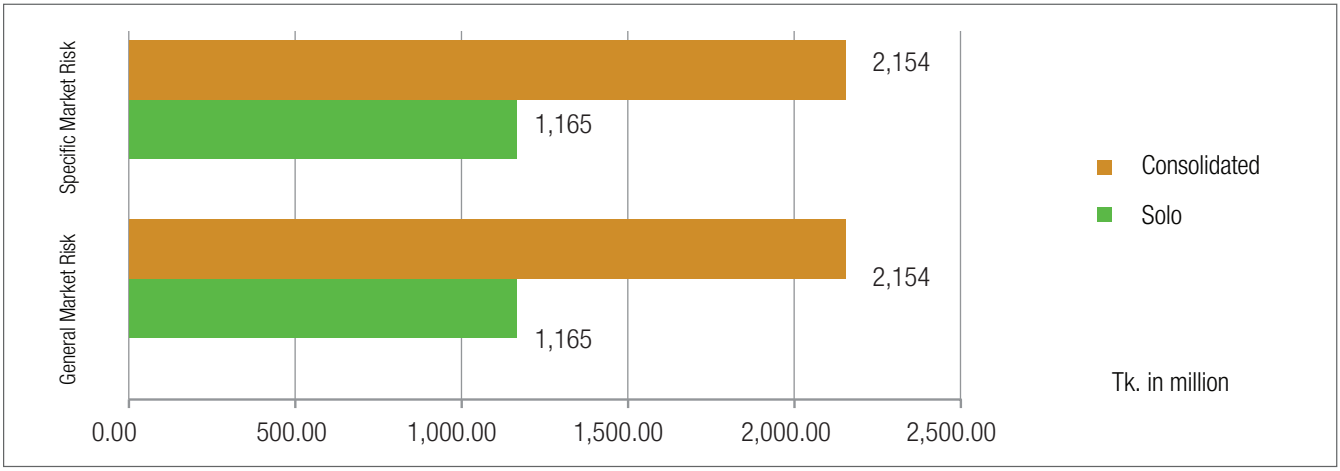
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity securities are broadly categorized into two parts: i) Quoted Securities that are traded in the secondary market (Trading Book Assets). ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. Held to Maturity (HTM). And securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Unquoted securities are valued at cost.
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	The primary objective is to invest in equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received and right to receive when established. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained time to time as per instruction of Bangladesh Bank if the prices fall below the cost price.

Quantitative Disclosures

Particulars	Solo	Consolidated
	Taka in million	
a) Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	1,165.24	2,153.79
c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	(82.86)	(59.50)
d) Total un-realised gains (losses)	(549.21)	(686.36)
Total latent revaluation gains (losses)	-	-
Any amounts of the above included in Tier-2 capital.	-	-

e) Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Particulars	Solo	Consolidated
	Taka in million	
• Specific Market Risk	1,165.24	2,153.79
• General Market Risk	1,165.24	2,153.79



6. Profit (Interest) Rate Risk in the Banking Book (PRRBB)

Qualitative Disclosures

a) The general qualitative disclosure requirement including the nature of PRRBB and key assumptions, including assumptions regarding investment prepayments and behavior of non-maturity deposits, and frequency of PRRBB measurement

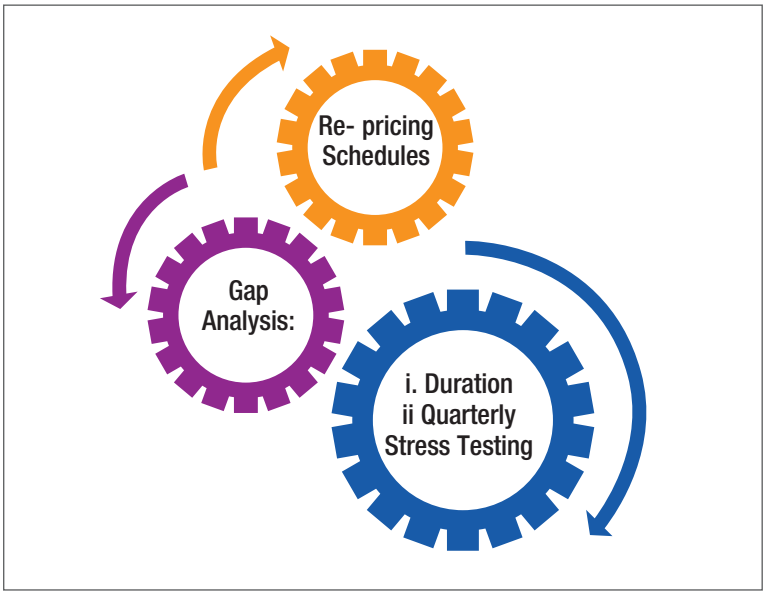
Profit rate risk is the risk where changes in market profit rates might adversely affect bank's financial condition. Changes in profit rates have two following types of affect:

i. **Earning Perspective (Current Earnings):** It affects a bank's earnings by changing its net profit income and the level of other profit (interest) sensitive income and operating expenses.The short term impact of changes in profit rates is on the bank's Net Profit (Interest) Income (NII).

ii. **Economic Value Perspective (Net Worth of the Bank):** The economic value of future cash flows changes when profit rate changes.In a longer term, changes in profit rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other profit rate sensitive position.

In Shahjalal Islami Bank Limited, the Treasury Division under the supervision of the Asset & Liability Committee (ALCO) is responsible for managing market risk arising from banking book activities of Bank.

Tecniques of Addressing PRRBB: Shahjalal Islami Bank Limited are applied the following techniques to manage the Profit Rate Risk in the Banking Book.



Re-pricing Schedules: It is the simplest techniques for measuring a Bank's profit rate risk exposure and that is generating a maturity/re-pricing schedule that distributes profit sensitive assets, liabilities, and OBS positions into a certain number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floting-rate). Those assets and liabilities lacking definitive re-pricing intervals (e.g. sight deposits or savings accounts) or actual maturities that could fluctuate from contractual maturities are assigned to re-pricing time bands according to judgement and past experience of the Bank.

Gap Analysis: It helps to assess the profit rate risk of current earnings. To evaluate earnings exposure, profit rate-sensitive liabilities in each time band are subtracted from the corresponding profit rate sensitive asstes to produce a re-pricing "gap" for that time band. This gap is then multiplited by an assumed changed in profit rates to yield an approximation of the change in net profit income that would result from such a profit rate movement.

	i. **Duration:** A maturity/re-pricing schedule is also used to evaluate the effects of changing profit rates on a bank's economic value by applying sensitivity weights to each time band. Typically, such weights are based on estimates of the duration of assets and liabilities that fall into each time band. ii. **Quarterly Stress Testing**: It is conducted on quarterly basis as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of PRRBB.

Quantitative Disclosures

b) The increase (decrease) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring PRRBB, broken down by currency (as relevant).

Quantitative Disclosures

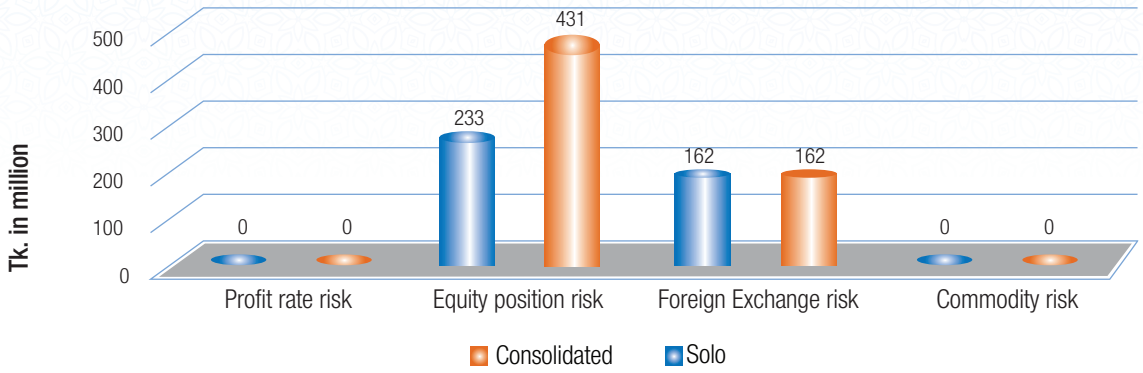
Particulars	**Taka in million**		
Market Value of Assets			243,070.40
Market Value of Liabilites			228,226.50
Weighted Average of Duration of Assets (DA)			0.69%
Weighted Average of Duration of Liabilites (DL)			1.04%
Duration GAP (DA-DL)			0.29%
Yield to Maturity (YTM-Assets)			7.57%
Yield to Maturity (YTM-Liability)			5.11%
Magnitude of Profit Rate Change	1%	2%	3%
Change in Market Value of Equity due to an Increased in Profit Rate	666.35	1,332.70	1,999.05
Stress Testing	**Minor**	**Moderate**	**Major**
Regulatory Capital (After Shock)	24,439.60	23,773.20	23,106.90
RWA (After Shock)	173,141.50	173,141.50	173,141.50
CRAR (After Shock)	14.12%	13.73%	13.35%

7. Market risk

Qualitative Disclosures	**Particulars**
a) i) Views of BOD on trading / investment activities	The Board approves all policies related to market risk, setting of limits and review on Core Risk compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transactions.
ii) Methods used to measure Market risk	Standardized approach has been used to measure the Market risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for "specific risk" and "general market risk".
iii) Market Risk Management system	The Treasury Division manage market risk covering liquidity, profit rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
iv) Policies and processes for mitigating market risk	There are approved limits for Investment (credit) to deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to protect the loss aganist market risks. The exchange rate of the Bank is monitored regularly and reviews the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.

Quantitative Disclosures

b) The capital requirements for	Solo	Consolidated
Particulars	**Taka in million**	
Profit rate risk	-	-
Equity position risk	233.05	430.76
Foreign Exchange risk and	162.10	162.10
Commodity risk	-	-
Total Capital Requirement	**395.15**	**592.86**



8. Operational Risk

Qualitative Disclosures

i) Views of BOD on system to reduce Operational Risk	Operational risk is the risk of loss or harm resulting from inadequate or failed internal processes, people and systems or from external events. Capability to carry out a large number of transactions effectively and accurately while complying with applicable laws and regulations constitute operational risk management activities of the bank. The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Internal Control & Compliance to protect against all operational risk.
ii) Performance gap of executives and staffs	Performance of employees is the most important factor to achieve organizational goals. Bank has put in place a well defined performance management process which aims to clarify what is expected from its different level of employees as well as how it is to be achieved. At the beginning of a year's objectivesis communicated to the employees who includes what are expected from him/her during the ensuring period through their direct reporting heads. A yearly performance appraisal practice is in place to review achievements based on which rewards and recognition decisions are made. Bank has a special focus on: • Ensuring a balanced diversity, • Promoting human capital development, • Providing competitive compensation and benefits • Protecting human rights, • Ensuring workplace health and safety, • Ensuring equal opportunity. SJIBL's strong brand image also plays an important role in employee motivation.

iii) Potential external events	By its nature, Operational Risk cannot be totally eliminated. Like other banks, SJIBL also operates its business with few potential external events that may significantly affect the bank into operational risks are as follows: • General business and political condition, • Inflation, • Changes in taxation rules, • The risk of litigation process, • Changes in credit quality of borrowers, • Damage of physical asset, • Volatility in equity market, • Information security, • External fraud, • Business disruption and system failure etc.
iv) Policies and processes for mitigating operational risk	To mitigate the day to day Operations Manual including internal control & compliance risk Mannual is approved by the Board taking into account relevant guidelines of Bangladesh Bank. On the basis of routine audit, branches are rated according to their risk grading/ scoring audit procedure and required frequent audit to the Branches are operating by Audit & Inspection Unit of IC & CD. Bank's Anti - Money laundering activities are headed by CAMLCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check &balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.
v) Approach for calculating capital charge for operational risk	Basic Indicator Approach (BIA) was used for calculating of capital charge for operational risk as per Guidelines on Risk Based Capital Adequacy of Bangladesh Bank. Under BIA, the capital charge for operational risk is a fixed percentage, denoted by a (alpha) of average positive annual gross income of the bank over past three years. Figures for any year in which annual gross income is negative or Zero, should be excluded from both the numerator and denominator when calculating the average.

Quantitative Disclosures

Particulars	Solo	Consolidated
	Taka in million	
b) The capital requirements for :		
Operational risk	1,133.55	1,168.34

9. Liquidity Ratio

Qualitative Disclosures	
Liquidity Risk	Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments. Thus, liquidity risk can be of two types: (i) Funding liquidity risk and (ii) Market liquidity risk.
Views of Board of Directors on system to reduce liquidity Risk	The Bank's Board of Directors already approved the strategy and significant policies related to the management of liquidity. According to the strategy and policies, SJIBL maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquiduty risk. The responsibility of managing the liquidity risk of the bank lies with Treasury Front Office. Different key ratios including LCR and NSFR are regularly discussed in monthly meeting of ALCO.

	The committee meets at least once in a month to review Asset-Liability and Liquidity position of the Bank. Treasury Division maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs and ALCO monitors present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.
Methods used to measure Liquidity Risk	A sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank. The measurement tools those are used to assess liquidity risks are: i. Cash Reserve Requirement (CRR); ii. Statutory Liquidity Ratio (SLR); iii. Investment to Deposit Ratio (IDR); iv. Structural Liquidity Profile (SLP); v. Maximum Cumulative Outflow (MCO); vi. Liquidity Coverage Ratio (LCR); vii. Net Stable Funding Ratio (NSFR) etc.
Liquidity risk management system	The Asset Liability Committee (ALCO) meets at least once in a month to discuss and monitor overall position of the Bank including liquidity. Treasury Division closely monitors liquidity requirements on daily basis by appropriate coordination among funding activities. Besides, monthly fund flow projection is reviewed in ALCO meeting regularly in order to manage liquidity risk of the bank.
Policies and processes for mitigating liquidity risk	In order to develop comprehensive liquidity risk management framework, the Bank has Board approved Contingency Funding Plan (CFP), a set of policies and procedures that serves as a blueprint for the bank, to meet its funding needs in a planned manner at reasonable cost. Thus, CFP is an extension of ongoing liquidity management that formalizes the objectives of liquidity management by ensuring: a) Reasonable liquid assets being maintained; b) Measurement and projection of funding requirements during various scenarios; and c) Management of access to sources of find. Maturity ladder of cash inflows and outflows are effective tool to determine the bank's cash position. A maturity ladder estimates a bank's cash inflows and outflows and thus net deficit or surplus (GAP) on a day to day basis in different time buckets (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years).

Quantitative Disclosures

Particulars	Taka in million
Liquidity Coverage Ratio (LCR)	138.08%
Net Stable Funding Ratio (NSFR)	131.94%
Stock of High Quality Liquidity Assets	24,008.71
Total Net Cash Outflows Over the Next 30 Calender Days	17,387.54
Available Amount of Stable Funding	186,153.20
Required Amount of Stable Funding	141,086.55

10. Leverage Ratio

Qualitative Disclosures	
Views of Board of Directors on system to reduce excessive leverage	The responsibility of monitoring excessive leverage of the Bank lies with the concerned divisions under the guidance of the Board of Directors of the bank. The Board delivers policies and processes from time to time for managing the Bank's leverage ratio up to the mark.

Policies and processes for managing excessive on and off –balance sheet leverage	The leverage ratio was introduced into the Basel III framework as a non-risk based backstop limit, to supplement risk-based capital requirements. In order to avoid building-up excessive on and off-balance sheet leverage in the banking system, a simple, transparent, non-risk based leverage ratio has been introduced by the Bangladesh Bank. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The leverage ratio is intended to achieve the following objectives: • Constrain the build-up of leverage in the banking sector for broader financial system and the economy; and • Reinforce the risk based requirements with an easy to understand and a non-risk based measure.
Approaches for calculating exposure	The exposure mesure for the leverage ratio generally follows the accounting measure of exposure. In order to measure the exposure consistently with financial accounts, the following approaches are applied by the bank: i. On balance sheet, non-derivative exposures are being net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for Sale (AFS)/ Held-for-Trading (HFT) positions). ii. Physical or financial collateral, guarantee or investment risk mitigation purchased is not allowed to reduce on-balance sheet exposure. iii. Netting of investments and deposits is not allowed. The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure is calculated using the new definition of Common Equity Tier 1 capital applicable from January 01, 2015.

Quantitative Disclosures

Leverage Ratio	A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated basis. The bank measures and maintains leverage ratio on quarterly basis. The status of leverage ratio at the end of each calendar quarter is submitted to Bangladesh Bank. The formula of Leverage Ratio is as under: $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

Particulars	Solo	Consolidated
	Taka in million	
Common Equity Tier 1 Capital (A)*	12,893.37	13,195.18
Exposure Measure:		
On Balance Sheet Exposure*	241,240.12	244,325.53
Off-Balance Sheet Exposure*	39,845.10	39,845.10
Less: Regulatory adjustment made to Tier 1 Capital	0.00	0.00
Total Exposure (B)	281,085.22	284,170.63
Leverage Ratio (A/B)	4.59%	4.64%
* Considering all regulatory adjustments		

11. Remuneration

Qualitative Disclosures

a) Information relating to the bodies that oversee remuneration.

i. Name, composition and mandate of the main body overseeing remuneration	Human Resources Division of the Bank deals with the remuneration related issues of employees with the assistance of Financial Administration Division as per specific provisions laid down in the Employees' Service Rules of the Bank and Pay structure duly approved by the Board of Directors, while the same is governed and oversight by the Managing Director, Management Committee and Head of Human Resourse Division.

<table>
<tr><td></td><td>The Bank has a well defined Employees' Service Rules approved by the Board of Directors, which includes remuneration/compensation packages, retirement benefits of regular employees and incentive schemes etc. The Board has also approved a very competitive and rewarding scale of pay for the Employees. The Service Rules and Remuneration policies/Pay Structure is reviewed and revised from time to time by the management constituting high powered committee and got approved by the Board. While reshuffling the pay structure/compensation packages, the inflation & price hike of commodities, industry best practices and peer banks' status etc. are taken into consideration.</td></tr>
<tr><td>ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.</td><td>Bank does not seek advice from any external consultant in any step of remuneration process and therefore, no commission is paid to this effect.</td></tr>
<tr><td>iii. A description of the scope of the bank's remuneration policy (e.g. by regions, business lines) including the extent to which it is applicable to foreign subsidiaries and branches</td><td>SJIBL follows the uniform remuneration policy. However, management ensures extremely fair and performance based compensation to all employees. Further, the remuneration of higher management, consultants and contractual appointments are determined and oversight by the Board of Directors on case to case basis and as per requirement.
As on December 31, 2018, the Bank had no foreign subsidiaries and branches outside Bangladesh.</td></tr>
<tr><td>iv. A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.</td><td>The bank has not categorized any group or grade of employees as material risk taker. The risks in different operational events of the bank are borne by the concerned employees of those particular areas as a team. However, the members of senior management, senior most branch managers and Head of the functional division at Head Office are considered as senior managers. As such, a number of 77 Executives of the Bank up to the rank of Vice President as on December 31,2018 has been considered as senior managers as follows:
<table>
<tr><th>Designation</th><th>Number</th></tr>
<tr><td>Managing Director</td><td>1</td></tr>
<tr><td>Deputy Managing Director</td><td>6</td></tr>
<tr><td>Senior Executive Vice President</td><td>6</td></tr>
<tr><td>Executive Vice President</td><td>9</td></tr>
<tr><td>Senior Vice President</td><td>25</td></tr>
<tr><td>Vice President</td><td>30</td></tr>
<tr><td>Total</td><td>77</td></tr>
</table></td></tr>
<tr><td colspan="2">b) Information relating to design and structure of remuneration process.</td></tr>
<tr><td>i. An overview of the key features and objectives of remuneration policy</td><td>The bank has a well structured, competitive and rewarding scale of pay for the regular employees of the bank duly approved by the Board of Directors. The pay package of all employees other than Managing Director and Contractual Employees are determined by the management in accordance with the approved scale of pay. The compensation package of Managing Director is determined by the Board of Directors and subject to the subsequent approval of the Central Bank, i.e. Bangladesh Bank. Remuneration Package of Contractual Employees, as and when required, are determined and approved by Board of Directors on case to case basis prior to appointment. The annual increment and incentive bonuses for the eligible employees are paid on the basis of performances under the purview of Board approved policies in this regard.
The main objective of the remuneration policy of the bank is to retain the existing human resources, attract/hire the talented & experienced professionals and to motivate the workforce to put their best efforts for sustainable growth of the Bank.</td></tr>
</table>

	The remuneration includes basic pay, house rent, medical allowance, enoveyance allowance etc. The basic pay & other allowances like house rent, medical allowance are increased at a fixed rate annually subject to satisfactory performance of past year. The employees are also rewarded by way of special promotion, increment for their outstanding performance. Other than monthly remuneration bank offers a number of facilities/benefits like Leave Fare Assistance (LFA); Executive Car Facility; Corporate Mobile Phone facility, Maternity benefits for female employees; Employees' House Building Investment Facility; Employees' House building Safety Scheme; House Furnishing Allowance, Super Annuation& Disability & Death benefits etc. Besides, a very attractive retirement/separation benefit is paid in the form of Gratuity; Contributory Provident Fund; Leave encashment, Social Security fund etc. The employees are paid two festival bonus and boishaki bonus per year. Incentive bonus is also paid on the basis of performance for annual profit of the bank.
ii. Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.	The remuneration policy and pay structure for the employees of the Bank is reviewed and revised/reshuffled from time to time by management and subsequently got approved by the Board of Directors.
iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee	The officials working in the Risk and Compliance areas have got their specific job descriptions & job allocations like professionals of other functional areas and performing their responsibilities independently as per standing guidelines of the regulators as well as the bank management. Their service and remuneration are governed under the approved Employees' Service Rules of the Bank and pay structure of the Bank.
c) Description of the ways in which current and future risks are taken into account in the remuneration process.	
i. An overview of the key risks that the bank takes into account when implementing remuneration measures.	The remuneration is measured taking into consideration of the following two risk factors: • Financial risks and • Compliance risk. If the financial losses is made for non-compliance of any of that rules & regulations by any employee the bonus, increment etc. are held.
ii. An overview of the nature and type of the key measures used to take account of these risks including risks difficult to measure.	SJIBL follows financial capacity of the bank to measure remuneration packages. Besides, it considers operational impacts, cost of living adjustments, relevants compliances, industry-competitives remuneration in relation to the market reputation and other effective risk-adjusted measures in determing remuneration.
iii. A discussion of the ways in which these measures affect remuneration	SJIBL approaches the employee's remuneration arrangements, especially periodic fixed remuneration enhancements and variable compensation through an integrated risk, finance, compensation and performance management framework. Annual salary increment and potential variable benefits are rewarded at the end of each year.
iv. A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	The realistic grounds has considered by the Bank's management to revise and measure the remuneration arrangement from time to time in order to ensure risk adjusted business operations and employee satisfaction simultaneously.
d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	
i. An overview of main performance metrics for bank, top-level business lines and individuals	• Net Profit (Income) Margin (NIM) • Return on Investment (ROI) • Return on Assets (ROA) • Return on Equity (ROE) • RAROC (Risk adjusted Return on Capital) • Classified Investment Ratio • Earning Per Share (EPS) • Capital to Risk-weighted Asset Ratio (CRAR) • Operating Efficiency (cost control

ii. A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	Annual performance bonus, salary increment and promotion are directly linked with employee's individual performance.
iii. A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Not Applicable
e) Description of the ways in which the Bank seeks to adjust remuneration to take account of longer-term performance.	
i. A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative impotance.	Currently SJIBL does not offer any variable remuneration that may be deferred or vested either in the form of cash, shares or share-linked instruments. However, employees are eligible for variable remuneration arrangement in the form of Incentive Bonus (non-deferred cash awards), applicable to their positions.
ii. A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	Not Applicable
f) Description of the different forms variable remuneration that the bank utilizes and the rationale for using these different forms.	
i. An overview of the forms of variable remuneration offered (i.e. cash, share and share-linked instrument and other forms.	The structure of remuneration arrangements for all employees primarily consists of a fixed remuneration component, which is made up of basic salary, allowances and other benefits. Employees are also eligible for variable remuneration arrangements applicable to their position. Variable remuneration consists of Incentive Bonus (cash awards) for most of SJIBL's employees.
ii. A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that dermine the mix and their relative importance.	The following variable remunerations are provided by the Bank on the basis of employee's individual performance. • Annual performance bonus and • Salary increment
Quantitative Disclosures	
g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member	Not Applicable
h) i. Number of employees having received a variable remuneration award during the financial year.	Not Applicable
h) ii. Number and total amount of guaranteed bonuses awarded during the financial year.	No. of Guaranteed Bonus: 3 festival bonuses; Total Amount (Tk. in million): 192.94
h) iii. Number and total amount of sign-on awards made during the financial year.	Not Applicable
h) iv. Number and total amount of severance payments made during the financial year.	Not Applicable
i) i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not Applicable

<table>
<tr><td>i) ii. Total amount of deferred remuneration paid out in the financial year.</td><td>Not Applicable</td></tr>
<tr><td>j) Breakdown of amount of remuneration awards for the financial year to show:
i. Fixed and variable;
ii. Deferred and non-deferred;
iii. Different forms used (cash, shares and share linked instruments, other forms).</td><td><table>
<tr><th>Sl.</th><th>Particulars</th><th>Total Amount (Tk. in million)</th></tr>
<tr><td>i.</td><td>Fixed and variable</td><td>2,463.49</td></tr>
<tr><td>ii.</td><td>Deferred and non-deferred</td><td>Nil</td></tr>
<tr><td>iii.</td><td>Different forms used</td><td>Cash</td></tr>
</table></td></tr>
<tr><td>k) i. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.</td><td>Not Applicable</td></tr>
<tr><td>k) ii. Total amount of reductions during the financial year due to ex post explicit adjustments.</td><td>Not Applicable</td></tr>
<tr><td>k) iii. Total amount of reductions during the financial year due to ex post implicit adjustments.</td><td>Not Applicable</td></tr>
</table>

بسم الله الرحمن الرحيم

Annual Report of Shariah Supervisory Committee-2018

الحمد الله رب العلمين والصلوة والسلام على سيدنا محمد واله واصحابه اجمعين

All praises be to Almighty Allah, the Lord of the Universe and peace and blessings of Allah be upon the Prophet Mohammad (s.a.w.) and his all other descendants and companions.

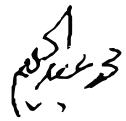
The Honorable Members of Shariah Supervisory Committee met in 05 (five) Supervisory Committee Meetings and 1 (one) Sub Committee Meeting in the year-2018 to review and confer decision on the matters referred by the Board of Directors and the Management of the Bank. The Shariah Supervisory Committee gave necessary instructions and guidelines to the management from time to time to operate the Banking transactions according to the principles of Islamic Shariah. Members of Shariah Supervisory Committee delivered valuable speech and suggestions at the Shariah workshops and seminars arranged by the Management of the Bank for the Bank officials. Shariah Inspection reports of the Branches are submitted to Shariah Supervisory Committee Secretariat by Shariah Inspection and Compliance Division to review.

After reviewing the reports and the performance of transactions of Shahjalal Islami Bank Limited, the Shariah Supervisory Committee gives their opinions and suggests as following:

1. Shariah awareness has been developed during the year compared to previous ones due to motivation and other measures taken;
2. Distribution of profit among the various Mudarabah depositors have been made as far as possible in accordance with the principles of Islamic Shariah;
3. The Management of the Bank should remain more careful to operate all its Banking transactions as per Shariah principles by implementing suggestions given by Shariah Supervisory Committee from time to time;
4. Besides existing investment schemes, some new small investment schemes specially for the development of agriculture sector are to be introduced to uplift socio-economic condition and welfare of the distressed humanities;
5. The Management has to be more cautious to ensure buy-sale with supporting necessary documents in all cases, especially in case of Bai-Muajjal and Bai-Murabaha investment. Also pro-active initiatives should be taken for implementation of Mudaraba and Musharaka mode of investment in its operations gradually;
6. Shariah audit should be conducted in all Branches more frequently to verify/rectify Banking transactions to comply with Shariah;
7. To ensure effective compliance of Shariah principles; Bank Management should be more vigilant to continue implementation of suggestions given from Shariah Supervisory Committee time to time;
8. "More meetings, seminars, workshop, symposiums and get-together" should be organized centrally and at branch level to develop awareness among the valued clients as well as employees of the Bank about Islamic Banking and its benefits.

May Allah (swt), the Lord of the Universe, grant us the strength and courage to participate in the endeavor of establishing a welfare and balanced economic system throughout the world eliminating interest based harmful & discriminatory economic system. Aa-meen!

وآخردعوانا ان الحمد لله رب العالمين



Mufti Abdul Halim Bukharee
Chairman, Shariah Supervisory Committee

بسم الله الرحمن الرحيم

শরীয়াহ্ সুপারভাইজারী কমিটির বার্ষিক প্রতিবেদন-২০১৮

الحمد الله رب العلمين والصلوة والسلام على سيدنا محمد واله واصحابه اجمعين

সকল প্রশংসা মহান আল্লাহ্ রাব্বুল আলামীনের, যিনি গোটা বিশ্ব জাহানের প্রতিপালক। অসংখ্য দরূদ ও সালাম রাহ্মাতুল্লিল আলামীন প্রিয় নবী হযরত মুহাম্মদ মুস্তফা সাল্লাল্লাহু আলাইহি ওয়াসাল্লাম, তাঁর পরিবারের সদস্যবর্গ ও সঙ্গী-সাথী সকল সাহাবায়ে কেরাম, তাবেয়ীন, তাবে' তাবেয়ীন, আইম্মায়ে মুজতাহেদীন এবং ক্বিয়ামত পর্যন্ত অনাগত অনুসারীদের প্রতি।

শাহ্জালাল ইসলামী ব্যাংক লিমিটেড শরীয়াহ্ সুপারভাইজারী কমিটির সম্মানিত সদস্যবৃন্দ ব্যাংকের পরিচালনা পর্ষদ ও ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক উপস্থাপিত বিষয়াদির উপর দিক-নির্দেশনামূলক সিদ্ধান্ত প্রদানের জন্য ২০১৮ ইং সনে সুপারভাইজারী কমিটির ৫ (পাঁচ) টি সভা এবং সাব কমিটির ১ (এক) টি সভায় মিলিত হন। তা ছাড়া শরীয়াহ্ নীতিমালার আলোকে ব্যাংকিং কার্যক্রম পরিচালনার জন্য শরীয়াহ্ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় পরামর্শ ও দিক-নির্দেশনা প্রদান করা হয়। ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক ব্যাংকের নির্বাহী ও কর্মকর্তাবৃন্দের জন্য আয়োজিত শরীয়াহ্ ওয়ার্কশপ ও কর্মশালায় শরীয়াহ্ সুপারভাইজারী কমিটির একাধিক সদস্য উপস্থিত থেকে তাঁদের দিক-নির্দেশনামূলক বক্তব্য প্রদান করেন। শরীয়াহ্ ইন্সপেকশন বিভাগের মাধ্যমে ব্যাংকের শাখাগুলোতে শরীয়াহ্ নিরীক্ষা কার্যক্রম পরিচালনা করে নিরীক্ষা প্রতিবেদনগুলো শরীয়াহ্ সচিবালয়ে জমা দেয়া হয়।

শরীয়াহ্ সুপারভাইজারী কমিটি শাহ্জালাল ইসলামী ব্যাংক লিমিটেডের শরীয়াহ্ নিরীক্ষা প্রতিবেদনসমূহ পর্যালোচনা ও যাবতীয় কার্যাবলী পর্যবেক্ষণ ও মূল্যায়ন করার পর নিম্নোক্ত মতামত ও পরামর্শ প্রদান করেন ঃ

১. সচেতনতা বৃদ্ধির লক্ষ্যে গৃহীত বিভিন্ন পদক্ষেপের কারণে বিগত বছরগুলোর তুলনায় শরীয়াহ্ সম্পর্কে আরও অধিক সচেতনতা বৃদ্ধি পেয়েছে।

২. বিভিন্ন প্রকার মুদারাবাহ্ জমার বিপরীতে যে মুনাফা বন্টন করা হয়েছে, তা যথাসম্ভব শরীয়াহ্ নীতিমালার আলোকেই করা হয়েছে।

৩. শরীয়াহ্ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় ব্যবস্থাপনা কর্তৃপক্ষকে যেসব দিক-নির্দেশনা প্রদান করা হয়েছে, ব্যাংকের যাবতীয় কর্মকাণ্ডে সে সবের পরিপূর্ণ বাস্তবায়নের প্রতি ব্যবস্থাপনা কর্তৃপক্ষকে আরও সচেষ্ট থাকতে পরামর্শ দেয়া হয়।

৪. দেশের আর্থ-সামাজিক অবস্থার উন্নয়নে ও অপেক্ষাকৃত সুবিধাবঞ্চিত মানুষের দারিদ্র বিমোচনে বিদ্যমান বিনিয়োগ প্রকল্পসমূহের পাশাপাশি আরও নতুন নতুন ক্ষুদ্র বিনিয়োগ বিশেষভাবে কৃষি খাতের উন্নয়নে কার্যকর বিনিয়োগ প্রকল্প গ্রহণ করা একান্ত প্রয়োজন, যাতে পল্লী অঞ্চলের জনগণের মধ্যে শরীয়াহ্ভিত্তিক অর্থনীতির সুফল আরও ব্যাপক আকারে প্রসার লাভ করতে পারে।

৫. বাই'য়ে মুয়াজ্জাল ও বাই'য়ে মুরাবাহা বিনিয়োগসহ সকল ক্ষেত্রে ব্যবস্থাপনা কর্তৃপক্ষকে ব্যাংক কর্তৃক মালামাল ক্রয়-বিক্রয় নিশ্চিত করার জন্য অপরিহার্য ডক্যুমেন্টস সম্পর্কে আরও সজাগ থাকতে হবে। পাশাপাশি, ধাপে ধাপে মুদারাবা ও মুশারাকা বিনিয়োগ পদ্ধতির অনুশীলনেও বাস্তব পদক্ষেপ গ্রহণ করতে হবে।

৬. শাখা পর্যায়ে শরীয়াহ্ নিরীক্ষা কার্যক্রম আরও ব্যাপকভাবে পরিচালনা করে ব্যাংকিং সেবায় শরীয়াহ্র নীতিমালা সম্পূর্ণরূপে বাস্তবায়ন করার সার্বিক ব্যবস্থা গ্রহণ করতে হবে।

৭. শরীয়াহ্ নীতিমালা পরিপালনের লক্ষ্যে শরীয়াহ্ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় প্রদত্ত পরামর্শসমূহ বাস্তবায়নে ব্যাংক কর্তৃপক্ষকে আরও বেশী সচেষ্ট হতে হবে।

৮. ইসলামী ব্যাংকিং-এর সাফল্য ও অগ্রযাত্রা সম্পর্কে সচেতনতা বৃদ্ধির লক্ষ্যে ব্যাংকের গ্রাহক ও কর্মকর্তাবৃন্দকে এ বিষয়ে আরও বেশী উদ্বুদ্ধ করার জন্য কেন্দ্রীয় ও শাখা পর্যায়ে "সেমিনার, সিম্পোজিয়াম, ওয়ার্কশপ, গ্রাহক সমাবেশ ও প্রীতিসম্মেলন" আয়োজনের উপর অত্যধিক গুরুত্বারোপ করা প্রয়োজন।

পরিশেষে মহান আল্লাহ্ রাব্বুল আলামীনের দরবারে প্রার্থনা, তিনি যেন অকল্যাণকর ও সমাজে বৈষম্য সৃষ্টিকারী সুদী ধারার মূলোৎপাটন করে গোটা বিশ্বে কল্যাণমুখী সুষম অর্থ ব্যবস্থা প্রতিষ্ঠার প্রয়াসে অংশগ্রহণের দৃঢ় প্রত্যয় ও শক্তি আমাদের দান করেন। আমীন!

وآخر دعوانا ان الحمد لله رب العالمين

মুফতী আব্দুল হালীম বুখারী
চেয়ারম্যান, শরীয়াহ্ সুপারভাইজারী কমিটি

FROM THE DESK OF CFO

Bismillahir Rahmanir Rahim

By the grace of Almighty Allah, Shahjalal Islami Bank Limited (SJIBL) has completed another successful year where we continued our journey towards sustainable growth. During the year 2018, SJIBL experienced notable improvements in key fundamentals with our countrywide network of 122 branches & 84 ATMs and diversified products & services. The bank also maintained a comfortable liquidity and capital position throughout the year.

Bangladesh economy continued to grow rapidly and achieved a record growth of 7.86 percent in FY18, over-performing the Government's FY18 growth target of 7.4 percent. The growth momentum was supported by strong domestic and external demand. A surge in remittance inflows at 17.3 percent, along with strong private sector credit growth boosted consumption demand. At the same time, higher growth in investment–related imports reflected robust investment demand. Export growth also maintained its momentum during this period. On the supply side, the growth impulse largely came from the industry and agricultural sectors. Annual average CPI inflation increased to 5.8 percent in June 2018, marginally higher than the 5.5 percent target ceiling for FY18. This increase in average CPI inflation was broadly tracking the food inflation dynamics and higher global commodity prices, while non-food inflation witnessed a decreasing trend.

The banking sector faced a number of challenges in 2018 such as uncertainty due to 11th National Election, liquidity crisis, volatile foreign exchange rate, investors' demand to decrease profit rate on investment to single digit as well as depositors' demand to increase profit rate

on deposit etc. Though the banking sector of Bangladesh has been facing a number of serious challenges, the industry has achieved remarkable momentum over the years. It has brought several positive changes in terms of expansion, modernization, application of international standards, technology adaptation, capacity development efforts etc.

2018 was an eventful year for SJIBL I am pleased to highlight a few of them here:

Budget and achievement

Planning is essential for achievement of desired goal. Without a pragmatic and participative plan, organizational goal can hardly be achieved. Budget, the numerical expression of a plan, plays an important role to specify the position to be reached by a stipulated time period. So, we have prepared our business budgets for helping us to achieve our ultimate goal. In order to make the budget realistic, participation of both the branches and Head Office management is essential. Accordingly, we have prepared our budget with the participation of both branches and management of head office. In the year 2018 we have achieved a substantial percentage of almost all the targets set in our annual budget. The important targets and their achievements of 2018 were as follows:

Taka in million

Sl. No.	Particulars	Budget	Actual	Achievement
1	Deposit	198,850	176,862	89%
2	Investment	200,430	186,090	93%
3	Operating profit	4,500	4,576	102%
4	Export	131,570	125,400	95%
5	Import	178,410	140,380	79%

Compliance

All the reports, returns, statements required to submit different regulatory authorities during 2018 has been submitted within stipulated time in a complete and correct manner. During the year 2018 the bank complied with all regulatory requirements of primary regulator Bangladesh Bank and all other regulators. Despite the stress liquidity situation in some part of 2018 the bank maintained its liquidity very efficiently and there was no shortfall of CRR and SLR during the year under review.

Deposit

With the strategy of sustainable growth, the bank had a moderate deposit growth of 20.85% which was much higher than the national deposit growth rate of 10.78%. Deposit increased to Tk.176,861.51 million in 2018 from Tk.146,348.23 million in 2017. Outmost emphasis is given for favorable deposit mix, as a result low cost no cost deposit increased to Tk.55,078.99 million in 2018 from Tk.44,978.51 million in 2017 exhibiting a growth of 22.46% during the year. The percentage of low cost no cost deposit increased to 31.14% of total deposit during the year 2018 from 30.73% in 2017. SJIBL renewed its focus on rebalancing the deposit base to increase the portion of the low-cost transaction-based deposit portfolio. As a result, the bank succeeded in trimming down high-cost deposit base from 69.27% in 2017 to 68.86% in 2018, thereby consolidating the deposit mix in a beneficial preferred way.

Investment

With a view to strengthen the asset quality of the bank our focus was creating quality entrepreneur in the country. Investment increased to Tk.186,090.03 million in 2018 from Tk.158,668.16 million in 2017. The bank had an investment growth of 17.28% in 2018 which was higher than the national credit growth rate of 16.46%. In order to fulfill the ongoing demand of our valued customers and banks aspiration to create new entrepreneur, the expected investment growth were in progress. SJIBL placed focus on Retail & SME segments of businesses as not only these segments are becoming more important for the growth of the economy but also the competition in Corporate Banking is becoming ever more intense.

Non Performing Investments (NPI)

The Non-Performing Investments of the banking sector increased to 10.30% at the end of 2018 from 9.30% at the end of 2017. NPI is the inherent nature of banking business. The NPI of Shahjalal Islami Bank Limited has also been increased to 6.84%. The main reason of increase in NPI of our bank is some stress investment clients put into respective Classification Zone as part of Bank's strategy based on objective criteria. Some of our borrowers obtained stay orders from High Court earlier and for that reason they were not categorized as defaulters. But during the year, Bank takes initiatives to vacate the stay orders through court which increased the Bank's classification. However, we have taken various initiatives to realize and regularize NPI.

Export and import Business

Due to focus on increase trade business of the bank, Export and Import businesses of the Bank increased significantly. Export business increased to Tk.125,400 million in 2018 from Tk.97.440 million in 2017, Import business increased to Tk.140,380 million in 2018 from Tk.129,240 million in 2017, denoting a growth of 29% and 9% respectively.

Regulatory Capital

The bank maintained sound regulatory capital throughout the year 2018. The regulatory capital maintained was 14.50%, much higher than the required capital of 11.875%. The regulatory capital requirement will continue to increase under the Basel III regime till 2019. As a result, the bank will also keep focusing on quality of assets consistently in order to reduce the risk weighted assets as well as retention of profit and raising further Tier-II capital by issuing Mudaraba Subordinated Bond to further strengthen our capital adequacy position.

Operating Profit

The bank's Operating profit increased significantly to Tk.4,576.33 million in the year 2018 from Tk. 3,327.92 million of previous year, representing a growth of 37.51%. Net investment income increased to Tk. 5,826.92 million in 2018 from Tk. 4,576.80 million in 2017 this was happened due to achievement of optimum deposit mix and maintenance of high quality general investment. Fee base income increased to Tk. 1,851.26 million in 2018 from Tk.1,478.44 million in 2017 as a consequence of increased foreign exchange business. By dint of control over operating expenses (operating expenses not increased in line with business growth) it was possible to achieve the desired result of Tk. 4,576.33 million operating profit.

Branch and ATM Network

For social integration, rural uplift and inclusive banking we were able to increase our distribution network by opening 9 (Nine) new branches and 11 (Eleven) ATMs in 2018, thereby increasing Bank's coverage from 113 branches and 73 ATMs in 2017 to 122 branches and 84 ATMs in 2018.

Financial Reporting

The Financial Statements for the year ended on 31 December 2018 have been prepared in compliance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as applicable in Bangladesh and where there are any departures from the Standards, adequate disclosures have been made in the notes to the Financial Statements.

Accounting estimates and judgments related to Financial Statements were made on a prudent, reasonable and consistent basis. The Financial Statements are prepared on going concern assumption.

Applicable circulars and Guidelines of Bangladesh Bank, Companies Act 1994, Bank Companies Act 1991, Securities & Exchange Commission Rules and other applicable laws, Rules and Guidelines are complied with in preparing Financial Statements.

Adequate disclosure is made to the Financial Statements by taking care of the needs and requirements of all types of stakeholders. SJIBL focuses on transparent and appropriate disclosures through financial reporting.

Focus on 2019

Our expectation is giving highest priority on sustainable persistent business growth and in accordance with that, we believe 2019 shall be a year of high growth and compliance for the Bank. Keeping bank's strategy in mind along with the economic scenario, we set out following priorities and initiatives for the coming year:

- With a view of acute competition in deposit hunting due to entrance of new banks in the market, deposit mobilization will continue to be our area of focus.
- In order to reduce cost of deposit through optimum deposit mix, our focus will be on hunting of low cost no cost deposits through various deposit campaign throughout the year 2019.
- Considering possibility of continuous pressure on Net Investment Income due to bring down the profit rate on investment in a single digit, our focus will continue to be on maintaining spread by efficient management of cost of deposit as well as on fee base income through further enhancement of trade business (import and export).

- Management and Recovery of Non Performing Investment (NPI) will continue to be a critical success factor given recent trend of NPI in the overall banking sector. Allocation of resources as well as best practices for management of vulnerable investments will be our focus to build a stronger balance sheet and healthy Profit & Loss Account.
- Considering possible Profit rate risk, Foreign Exchange rate risk, Liquidity risk and other market risk, our focus will be on proper Asset - Liability management i.e. Balance Sheet management in the coming year.
- We shall continue our focus on growing investment in SME and retail business sectors to create a balanced portfolio of Corporate, SME and Retail investment.
- The bank will also keep focusing on retention of profit and investing in rated customers to further strengthen its capital adequacy position.
- Introduction of up to date Information Technology will be the key success factor in the days ahead so the bank will also keep focusing on introduction of latest technology in SJIBL.
- As a full-fledged Shariah based Islami bank our focus will continue to be on compliance of the rules and regulations of Islami Shariah in all the operations of our bank.
- As part of diversification of our investment portfolio and boost our retail business we have already introduced Shariah based Credit Card. Exploration of retail business through Islamic Credit Card will be our major focus in the coming year.
- We have already established a Research and Development Unit for innovation and development of diversified products and services for continuous growth and sustainability. Introduction of new innovative and popular products will be our focus in 2019.
- As part of inclusive banking, social integration, rural uplift and inclusion of un-banked people in the banking system SJIBL will introduce Agent Banking in 2019.

I would like to take opportunity to thank the Board of Directors of the Bank, the Managing Director, the strategic leader of the Business, my colleagues at all stages, the customers, the regulators and the stakeholders at large. I am positive that, we will continue to take the bank forward and deliver more value to our shareholders in the coming days; I look forward to another successful and eventful year 2019.

Ameen,

Md. Jafar Sadeq, FCA
Chief Financial Officer

The truthful merchant
(is rewarded by being ranked)
on the Day of Resurrection with
prophets, veracious souls, martyrs.

Jame' Tirmidhi

AUDITOR'S REPORT & FINANCIAL STATEMENTS

Independent Auditor's Report

to the Shareholders of Shahjalal Islami Bank Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Shahjalal Islami Bank Limited and its subsidiary (the "Group") as well as the separate financial statements of Shahjalal Islami Bank Limited (the "Bank"), which comprise the consolidated and separate balance sheets as at 31 December 2018 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
Measurement of provision for investments	
The process for estimating the provision for customer investments associated with credit risk is significant and complex. For the individual analysis for large exposure, provisions calculation consider the estimates of future business performance and the market value of collateral provided for availing investment facilities. For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates. At year end the Group and the Bank reported total gross loans and advances of BDT 188,284 million (2017: BDT 161,687 million) and BDT 186,090 million (2017: BDT 158,668 million) respectively and the Bank reported provision for investments of BDT 3,820 million (2017: BDT 2,581 million).	We tested the design and operating effectiveness of key controls focusing on the following: • Investment appraisal, disbursement and monitoring procedures, and provisioning process; • Identification of loss events, including early warning and default warning indicators; • Reviewed quarterly Classification of Investments (Loans-CL) submitted to Bangladesh Bank; Our substantive procedures in relation to the provision for investment portfolio comprised the following: • Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines and; • Assessed the methodologies on which the provision amounts are based, recalculated the provisions and tested the completeness and accuracy of the underlying information; • Evaluated the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines. • Finally, compared the amount of provision requirement as determined by Bangladesh Bank Department of Banking Inspection (DBI) team to the actual amount of provision maintained.
See note no 8 and 15 to the financial statements	

Impairment assessment of unquoted investments	
In the absence of a quoted price in an active market, the fair value of unquoted shares and bonds, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence require an elevated level of judgment	We have assessed the processes and controls put in place by the Bank to ensure all major investment decisions are undertaken through a proper due diligence process We tested a sample of investments valuation as at 31 December 2018 and compared our results to the recorded value. Finally we assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
See note no 7 to the 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.

Legal and regulatory matters	
We focused on this area because the Bank and its subsidiaries (the "Group") operates in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict. These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities. Furthermore, the Bank operate under Islamic Shariah principles and its activities are supervised by a Shariah Council. Overall, the legal provision represents the Group's and the Bank's best estimate for existing legal matters that have a probable and estimable impact on the Group's financial position.	We obtained an understanding, evaluated the design and tested the operational effectiveness of the Bank's key controls over the legal provision and contingencies process. We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the Bank's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information. We read minutes of various Shariah committee meetings and checked compliance of various directives. We also assessed the Bank's provisions and contingent liabilities disclosure.

Carrying value of investments in subsidiary by the Bank	
The Bank has invested in equity shares of its subsidiary, namely Shahjalal Islami Bank Securities Limited and as at 31 December 2018 the carrying value of this investment is BDT 2,515 million. At the time of conducting our audit of the separate financial statements of the Bank we have considered the recoverable value of the Bank's investments in all the above subsidiaries stated at cost. Management has conducted impairment assessment and calculated recoverable value of its individual subsidiaries in accordance with IAS 36.	We have reviewed Management's analysis of impairment assessment and recoverable value calculation of subsidiaries in accordance with IAS 36. In particular, our discussions with the Management were focused on the continued appropriateness of the value in use model, the key assumptions used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation. We also checked mathematical accuracy of the model, recalculated discount rate used within the model, inputs used in the determination of assumptions within the model were challenged and corroborating information was obtained with reference to external market information, third-party sources.

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information in the annual report other than the consolidated and 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 consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we 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 Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Group and also 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 consolidated and 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 consolidated and 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.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated and separate financial statements

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

- Identify and assess the risks of material misstatement of the consolidated and 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 auditor's report to the related disclosures in the consolidated and 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 auditor's 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 consolidated and separate financial statements, including the disclosures, and whether the consolidated and 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 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 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 interest 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 Company Act, 1991 as amended 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 Responsibility section in forming the above opinion on the consolidated financial statements 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 financial statements and internal control:

  (a) internal audit, internal control and risk management arrangements of the Group 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 committed by employees of the Group and its related entities other than matters disclosed in these financial statements;

(iii) Consolidated financial statements of the Bank include its subsidiary, namely Shahjalal Islami Bank Securities Limited, reflecting total assets of BDT.7,584,246,006 as at 31 December 2018 and total revenue of Tk. 372,438,774 for the year ended 31 December 2018, which has been audited by another auditor who has expressed an unqualified audit opinion. The results of this subsidiary has been properly reflected in the Group's consolidated financial statements;

(iv) in our opinion, proper books of account as required by law have been kept by the Group and the 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 consolidated in the financial statements;

(vi) the consolidated balance sheet and 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 year;

(viii) the consolidated financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(ix) subject to the time extension from Bangladesh Bank as stated in note 8a.8 adequate provisions have been made for investments and other assets which are in our opinion, doubtful of recovery;

(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 2,500 person hours; and

(xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, 24 April 2019

Hoda Vasi Chowdhury & Co
Chartered Accountants

Shahjalal Islami Bank Limited
and its Subsidiary
Consolidated Balance Sheet
As at 31 December 2018

Property and Assets	Note	2018 Taka	2017 Taka
Cash			
Cash in hand (Including Foreign Currencies)	3	1,955,895,120	1,529,754,123
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4	11,609,938,400	11,659,462,711
		13,565,833,520	**13,189,216,833**
Balance with other Banks and Financial Institutions			
Inside Bangladesh		1,381,266,881	592,284,487
Outside Bangladesh		371,705,561	427,070,723
	5	**1,752,972,443**	**1,019,355,210**
Placement with other Banks & Financial Institutions	6	**11,513,296,316**	**6,661,710,616**
Investments in Shares & Securities			
Government		9,000,000,000	7,200,000,000
Others		4,878,361,617	4,759,206,718
	7	**13,878,361,617**	**11,959,206,718**
Investments			
General Investment etc.		176,736,158,738	151,382,986,852
Bills Purchased and Discounted		11,547,790,733	10,303,967,071
	8	**188,283,949,471**	**161,686,953,924**
Fixed Assets Including Premises	9	**4,054,102,126**	**4,008,163,873**
Other Assets	10	**13,607,875,505**	**12,383,173,681**
Non Banking Assets	11	**88,909,355**	**88,909,355**
Total Property and Assets		**246,745,300,353**	**210,996,690,210**
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12	**24,265,601,827**	**30,176,688,291**
Deposits and Other Accounts			
Mudaraba Savings Deposits		20,792,172,031	18,280,590,909
Mudaraba Term Deposits		79,408,029,450	64,248,150,845
Other Mudaraba Deposits		51,125,329,700	41,684,900,658
Al-Wadeeah Current & Other Deposit Accounts		22,376,070,686	19,247,731,405
Bills Payable		2,850,398,551	2,493,444,313
	13	**176,552,000,417**	**145,954,818,129**
Mudaraba Subordinated Bond	14	**10,000,000,000**	**4,000,000,000**
Other Liabilities	15	**20,695,486,737**	**16,862,380,052**
Deferred Tax Liabilities	16	**141,435,352**	**137,999,259**
Total Liabilities		**231,654,524,333**	**197,131,885,731**
Capital/Shareholders' Equity			
Paid-up Capital	17	8,485,647,930	7,714,225,390
Statutory Reserve	18	5,452,358,676	4,819,264,987
Retained Earnings	19	921,461,996	1,079,870,794
Total Shareholders' Equity		**14,859,468,602**	**13,613,361,171**
Non-controlling Interest	17.7	**231,307,418**	**251,443,308**
Total Liabilities & Shareholders' Equity		**246,745,300,353**	**210,996,690,210**

Shahjalal Islami Bank Limited
and its Subsidiary
Consolidated Off-balance Sheet Items
As at 31 December 2018

	Note	2018 Taka	2017 Taka
Contingent Liabilities			
Acceptances & endorsements		34,199,576,512	28,368,741,403
Letters of guarantee	20	23,976,960,264	19,322,482,514
Irrevocable letters of credit	21	25,478,400,567	27,569,640,596
Bills for collection		17,131,691,539	13,964,695,831
Other contingent liabilities		-	-
Total		**100,786,628,882**	**89,225,560,344**
Other Commitments			
Documentary credits, short term and trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance, revolving and underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		**100,786,628,882**	**89,225,560,344**

The annexed notes form an integral part of these consolidated financial statements

Chairman | Director | Director | Managing Director

This is the consolidated balance sheet referred to in our separate report of even date

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited
and its Subsidiary
Consolidated Profit and Loss Account
For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Operating Income			
Investment Income	23	17,247,610,757	13,232,591,610
Less: Profit paid on Deposits	24	11,368,758,954	8,472,962,487
Net Investment Income		**5,878,851,803**	**4,759,629,123**
Income from Investment in Shares/Securities	25	168,179,671	340,261,100
Commission, Exchange and Brokerage	26	1,962,408,286	1,683,767,982
Other Operating Income	27	607,585,770	522,154,261
		2,738,173,727	**2,546,183,343**
Total Operating Income		**8,617,025,530**	**7,305,812,466**
Operating Expenses			
Salaries and Allowances	28	2,694,894,981	2,261,600,628
Rent, Taxes, Insurances, Electricity etc.	29	479,324,582	471,706,816
Legal Expenses	30	1,495,946	1,447,687
Postage, Stamps, Telecommunication etc.	31	44,847,904	41,123,776
Stationery, Printings, Advertisements etc.	32	105,568,088	85,955,155
Chief Executive's Salary & Fees	33	15,974,100	14,217,000
Directors' Fees & Expenses	34	6,229,915	7,287,728
Shariah Supervisory Committee's Fees & Expenses	35	518,180	830,543
Auditors' Fees	36	535,250	489,500
Depreciation & Repairs of Bank's Assets	37	203,967,846	158,135,282
Zakat Expenses	38	124,669,104	113,717,689
Other Expenses	39	563,274,413	567,458,210
Total Operating Expenses		**4,241,300,309**	**3,723,970,014**
Profit / (Loss) before Provision	22	**4,375,725,221**	**3,581,842,451**
Specific provision for Classified Investment		1,114,600,000	664,800,000
General Provision for Unclassified Investment		209,500,000	269,700,000
General Provision for Off-Balance Sheet Items		-	259,000,000
Provision for diminution in value of Investments in Shares		86,760,000	37,400,000
Provision for Other Assets		-	18,500,000
Total Provision	40	**1,410,860,000**	**1,249,400,000**
Total Profit / (Loss) before taxes		**2,964,865,221**	**2,332,442,451**
Provision for taxation			
Deferred tax	41	3,436,093	42,534,296
Current tax	41b	1,712,957,586	922,873,710
		1,716,393,679	**965,408,006**
Net Profit / (Loss) after Tax		**1,248,471,542**	**1,367,034,446**
Net profit after tax attributable to:			
Equity holders of SJIBL		1,246,107,431	1,342,654,918
Non-controlling interest		2,364,110	24,379,528
		1,248,471,542	**1,367,034,446**

Shahjalal Islami Bank Limited
and its Subsidiary
Consolidated Profit and Loss Account
For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Retained earnings from previous year		1,079,870,794	1,254,951,378
Add: Net profit after tax (attributable to equity holders of SJIBL)		1,246,107,431	1,342,654,918
Profit available for appropriation		**2,325,978,225**	**2,597,606,295**
Appropriation:			
Statutory reserve	18	633,093,689	415,703,308
Dividend		771,422,540	1,102,032,193
Retained earnings	19	921,461,996	1,079,870,794
		2,325,978,225	**2,597,606,295**
Consolidated earnings per share [previous year's figure restated]	**42**	**1.47**	**1.58**

The annexed notes form an integral part of these consolidated financial statements.

Chairman | Director | Director | Managing Director

This is the consolidated profit and loss account referred to in our separate report of even date.

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited
and its Subsidiary
Consolidated Cash Flow Statement
For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Cash flows from operating activities			
Investment income receipt in cash	43	17,462,277,290	13,602,420,584
Profit paid on deposits	44	(11,081,422,859)	(8,472,585,885)
Dividend receipts		44,871,643	57,924,937
Fees & commission receipt in cash		1,962,408,286	1,683,767,982
Recoveries on investment previously written off		10,373,603	18,605,000
Cash payments to employees		(2,710,869,081)	(2,275,817,628)
Cash payments to suppliers		(105,568,088)	(85,955,155)
Income tax paid		(1,146,087,585)	(955,522,789)
Receipts from other operating activities	45	609,729,021	525,868,709
Payment for other operating activities	46	(1,244,438,815)	(1,227,432,624)
(i) Operating profit before changes in operating assets & liabilities		**3,801,273,415**	**2,871,273,131**
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(26,596,995,548)	(36,457,754,995)
(Increase)/decrease in other assets	47	40,873,991	837,296,311
(Increase)/decrease of placement with other banks & financial institutions		(4,851,585,700)	1,200,070,950
Increase/(decrease) in deposits from other banks		68,090,000	(1,351,082,714)
Increase/(decrease) of placement from other banks & financial institutions		(5,911,086,464)	12,936,808,831
Increase/(decrease) in deposits received from customers		30,102,493,245	22,306,381,510
Increase/(decrease) in other liabilities on account of customers		478,813,628	(172,989,703)
Increase/(decrease) in other liabilities	48	146,374,830	(51,136,631)
(ii) Cash flows from operating assets and liabilities		**(6,523,022,017)**	**(752,406,441)**
Net cash flows from operating activities (A)=(i+ii)		**(2,721,748,603)**	**2,118,866,689**
Cash flows from investing activities			
Proceeds from sale of securities		217,882,266	1,998,232,027
Payment for purchases of securities		(2,137,037,164)	(4,493,125,853)
Proceeds from sale of fixed assets		315,475,220	594,784,543
Payment for purchases of property, plant & equipments		(541,837,799)	(1,263,309,130)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		**(2,145,517,477)**	**(3,163,418,412)**
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts from issuance of Mudaraba Subordinated Bond		6,000,000,000	4,000,000,000
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary share holder		(22,500,000)	(745,938,133)
Net cash used in financing activities (C)		**5,977,500,000**	**3,254,061,867**
Net increase/(decrease) in cash & cash equivalents (A+B+C)		**1,110,233,920**	**2,209,510,144**
Add: Effect of exchange rate changes on cash & cash equivalents		-	-
Add: Cash and cash equivalents at the beginning of the year		14,208,572,043	11,999,061,899
Cash & cash equivalents at the end of the year	49	**15,318,805,963**	**14,208,572,043**

The annexed notes form an integral part of these consolidated financial statements

Chairman | Director | Director | Managing Director

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited
and its Subsidiary
Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total
Balance as at 01 January 2018	7,714,225,390	4,819,264,987	-	1,079,870,794	13,613,361,171
10 % Stock Dividend issued for the year 2017	771,422,540	-	-	(771,422,540)	-
Net profit during the year	-	633,093,689	-	613,013,742	1,246,107,431
Total Shareholders' Equity as at 31 December 2018	**8,485,647,930**	**5,452,358,676**	**-**	**921,461,996**	**14,859,468,602**
Non-controlling interest	**-**	**-**	**231,307,418**	**-**	**231,307,418**
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items					2,563,620,900
Add: Mudaraba Subordinated Bond					10,000,000,000
Total Eligible Regulatory Capital as at 31 December 2018					**27,654,396,920**

For the year ended 31 December 2017

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total
Balance as at 01 January 2017	7,346,881,330	4,403,561,679	-	1,254,951,378	13,005,394,387
15 % Dividend paid (10% Cash & 5% Stock) for the year 2016	367,344,060	-	-	(1,102,032,193)	(734,688,133)
Net profit during the year	-	415,703,308	-	926,951,610	1,342,654,918
Total Shareholders' Equity as at 31 December 2017	**7,714,225,390**	**4,819,264,987**	**-**	**1,079,870,794**	**13,613,361,171**
Non-controlling interest	**-**	**-**	**251,443,308**	**-**	**251,443,308**
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items					2,481,820,900
Add: Mudaraba Subordinated Bond					4,000,000,000
Total Eligible Regulatory Capital as at 31 December 2017					**20,346,625,379**

Chairman

Director

Director

Managing Director

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited
Balance Sheet
As at 31 December 2018

	Note	2018 Taka	2017 Taka
Property and Assets			
Cash			
Cash in hand (Including Foreign Currencies)	3a	1,955,895,120	1,529,754,123
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4a	11,609,938,400	11,659,462,711
		13,565,833,520	**13,189,216,833**
Balance with other Banks and Financial Institutions			
Inside Bangladesh		1,376,996,941	572,698,313
Outside Bangladesh		371,705,561	427,070,723
	5a	**1,748,702,503**	**999,769,036**
Placement with other Banks & Financial Institutions	6a	**11,513,296,316**	**6,661,710,616**
Investments in Shares & Securities			
Government		9,000,000,000	7,200,000,000
Others		3,320,531,197	3,326,258,238
	7a	**12,320,531,197**	**10,526,258,238**
Investments			
General Investment etc.		174,542,243,558	148,364,190,304
Bills Purchased and Discounted		11,547,790,733	10,303,967,071
	8a	**186,090,034,291**	**158,668,157,376**
Fixed Assets Including Premises	9a	**3,995,466,335**	**3,957,117,768**
Other Assets	10a	**14,337,119,704**	**13,795,235,456**
Non Banking Assets	11	**88,909,355**	**88,909,355**
Total Property and Assets		**243,659,893,222**	**207,886,374,678**
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12a	**23,465,601,827**	**29,621,688,291**
Deposits and Other Accounts			
Mudaraba Savings Deposits		20,792,172,031	18,280,590,909
Mudaraba Term Deposits		79,408,029,450	64,248,150,845
Other Mudaraba Deposits		51,434,842,290	42,078,308,773
Al-Wadeeah Current & Other Deposit Accounts		22,376,070,686	19,247,731,405
Bills Payable		2,850,398,551	2,493,444,313
	13a	**176,861,513,007**	**146,348,226,244**
Mudaraba Subordinated Bond	14	**10,000,000,000**	**4,000,000,000**
Other Liabilities	15a	**18,401,348,233**	**14,460,677,132**
Deferred Tax Liabilities	16a	**142,464,474**	**137,999,259**
Total Liabilities		**228,870,927,542**	**194,568,590,927**
Capital/Shareholders' Equity			
Paid-up Capital	17	8,485,647,930	7,714,225,390
Statutory Reserve	18	5,452,358,676	4,819,264,987
Retained Earnings	19a	850,959,074	784,293,374
Total Shareholders' Equity		**14,788,965,680**	**13,317,783,751**
Total Liabilities & Shareholders' Equity		**243,659,893,222**	**207,886,374,678**

Shahjalal Islami Bank Limited

Off-balance Sheet Items

As at 31 December 2018

	Note	2018 Taka	2017 Taka
Contingent Liabilities			
Acceptances & endorsements		34,199,576,512	28,368,741,403
Letters of guarantee	20	23,976,960,264	19,322,482,514
Irrevocable letters of credit	21	25,478,400,567	27,569,640,596
Bills for collection		17,131,691,539	13,964,695,831
Other contingent liabilities		-	-
Total		**100,786,628,882**	**89,225,560,344**
Other Commitments			
Documentary credits, short term and trade related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance, revolving and underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total off-balance sheet items including contingent liabilities		**100,786,628,882**	**89,225,560,344**

The annexed notes form an integral part of these financial statements

Chairman | Director | Director | Managing Director

This is the balance sheet referred to in our separate report of even date

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Operating income			
Investment Income	23a	17,121,990,674	12,995,777,088
Less: Profit paid on Deposits	24a	11,295,069,465	8,418,975,877
Net Investment Income		**5,826,921,209**	**4,576,801,211**
Income from Investment in Shares/securities	25a	373,496,035	299,298,822
Commission, Exchange and Brokerage	26a	1,851,255,492	1,478,435,767
Other Operating Income	27a	601,093,495	515,260,783
		2,825,845,022	**2,292,995,372**
Total Operating Income		**8,652,766,231**	**6,869,796,583**
Operating expenses			
Salaries and Allowances	28a	2,640,460,945	2,212,106,444
Rent, Taxes, Insurances, Electricity etc.	29a	457,654,841	454,172,110
Legal Expenses	30a	1,484,446	1,440,212
Postage, Stamps, Telecommunication etc.	31a	42,261,215	38,552,845
Stationery, Printings, Advertisements etc.	32a	103,185,519	84,545,709
Chief Executive's Salary & Fees	33	15,974,100	14,217,000
Directors' Fees & Expenses	34	6,229,915	7,287,728
Shariah Supervisory Committee's Fees & Expenses	35	518,180	830,543
Auditors' Fees	36a	500,000	450,000
Depreciation & Repairs of Bank's Assets	37a	195,450,231	150,876,935
Zakat Expenses	38	124,669,104	113,717,689
Other Expenses	39a	488,049,292	463,682,826
Total Operating Expenses		**4,076,437,788**	**3,541,880,041**
Profit / (Loss) before Provision	22a	**4,576,328,443**	**3,327,916,541**
Specific provision for Classified Investment		1,114,600,000	664,800,000
General Provision for Unclassified Investment		209,500,000	269,700,000
General Provision for Off-Balance Sheet Items		-	259,000,000
Provision for diminution in value of Investments in Shares		86,760,000	37,400,000
Provision for Other Assets		-	18,500,000
Total Provision	40a	**1,410,860,000**	**1,249,400,000**
Total Profit / (Loss) before taxes		**3,165,468,443**	**2,078,516,541**
Provision for taxation			
Deferred tax	41a	4,465,215	42,534,296
Current tax	41c	1,689,821,298	840,086,272
		1,694,286,514	**882,620,568**
Net Profit after Taxation		**1,471,181,929**	**1,195,895,973**
Retained Earnings from previous year		784,293,374	1,106,132,902
Add: Net Profit after Tax		1,471,181,929	1,195,895,973
Profit available for appropriation		**2,255,475,303**	**2,302,028,876**

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Appropriation			
Statutory Reserve	18	633,093,689	415,703,308
Dividend		771,422,540	1,102,032,193
Retained Earnings	19a	850,959,075	784,293,374
		2,255,475,303	**2,302,028,876**
Earnings Per Share (EPS) [previous year's figure restated]	42a	**1.73**	**1.41**

The annexed notes form an integral part of these financial statements.

Chairman | Director | Director | Managing Director

This is the profit and loss account referred to in our separate report of even date.

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited

Cash Flow Statement

For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Cash flows from operating activities			
Investment income receipt	43a	17,209,626,836	13,152,349,757
Profit paid on deposits	44a	(10,868,470,422)	(8,057,875,297)
Dividend receipts		296,371,643	183,674,937
Fees & commission receipt		1,851,255,492	1,478,435,767
Recoveries on investment previously written off		10,373,603	18,605,000
Cash payments to employees		(2,656,435,045)	(2,226,323,444)
Cash payments to suppliers		(103,185,519)	(84,545,709)
Income tax paid		(1,077,042,266)	(911,423,624)
Receipts from other operating activities	45a	601,093,495	514,868,613
Payments for other operating activities	46a	(1,144,008,060)	(1,102,940,201)
(i) Operating Profit before changes in operating assets & liabilities		**4,119,579,757**	**2,964,825,799**
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(27,421,876,916)	(36,537,415,888)
(Increase)/decrease of other assets	47a	524,646,247	388,687,904
(Increase)/decrease of Placement with other Banks & Financial Institutions		(4,851,585,700)	1,200,070,950
Increase/(decrease) of deposits from other banks		68,090,000	(1,351,082,714)
Increase/(decrease) of Placement from other Banks & Financial Institutions		(6,156,086,464)	13,386,145,492
Increase/(decrease) of deposits received from customers		30,018,597,720	22,323,727,200
Increase/(decrease) of other liabilities on account of customers		478,813,628	(172,989,703)
Increase/(decrease) of other liabilities	48a	350,802,572	312,685,286
(ii) Cash flows from operating assets and liabilities		**(6,988,598,912)**	**(450,171,473)**
Net cash flows from operating activities (A)=(i+ii)		**(2,869,019,156)**	**2,514,654,325**
Cash flows from investing activities			
Proceeds from sale of securities		46,069,208	880,752,031
Payment for purchases of securities		(1,840,342,166)	(3,813,878,271)
Proceeds from sale of fixed assets		315,475,220	594,784,543
Payment for purchases of property, plant & equipments		(526,632,952)	(1,246,541,785)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		**(2,005,430,690)**	**(3,584,883,481)**
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts from issuance of Mudaraba Subordinated Bond		6,000,000,000	4,000,000,000
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary shareholders		-	(734,688,133)
Net cash used in financing activities (C)		**6,000,000,000**	**3,265,311,867**
Net Increase/(decrease) in cash & cash equivalents (A+B+C)		**1,125,550,154**	**2,195,082,711**
Add: Effect of exchange rate changes on cash & cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		14,188,985,869	11,993,903,158
Cash and cash equivalents at the end of the year	49a	**15,314,536,023**	**14,188,985,869**

The annexed notes form an integral part of these financial statements.

Chairman | Director | Director | Managing Director

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited
Statement of Changes in Equity

For the year ended 31 December 2018 (Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at 01 January 2018	7,714,225,390	4,819,264,987	784,293,374	13,317,783,751
10 % Stock Dividend issued for the year 2017	771,422,540	-	(771,422,540)	-
Net profit during the year	-	633,093,689	838,088,240	1,471,181,929
Total Shareholders' Equity as at 31 December 2018	**8,485,647,930**	**5,452,358,676**	**850,959,074**	**14,788,965,680**

Total Equity for the purpose of Capital Adequacy				
Equity as per above				**14,788,965,680**
Add: General Provision for Unclassified Investment & Off-Balance Sheet items				2,212,500,000
Add: Mudaraba Subordinated Bond				10,000,000,000
Total Eligible Regulatory Capital as at 31 December 2018				**27,001,465,680**

For the year ended 31 December 2017 (Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at 01 January 2017	7,346,881,330	4,403,561,679	1,106,132,902	12,856,575,911
15 % Dividend paid (10% Cash & 5% Stock) for the year 2016	367,344,060	-	(1,102,032,193)	(734,688,133)
Net profit during the year	-	415,703,308	780,192,665	1,195,895,973
Total Shareholders' Equity as at 31 December 2017	**7,714,225,390**	**4,819,264,987**	**784,293,374**	**13,317,783,751**

Total Equity for the purpose of Capital Adequacy				
Equity as per above				**13,317,783,751**
Add: General Provision for Unclassified Investment & Off-Balance Sheet items				2,058,200,000
Add: Mudaraba Subordinated Bond				4,000,000,000
Total Eligible Regulatory Capital as at 31 December 2017				**19,375,983,751**

The annexed notes form an integral part of these financial statements.

Chairman | Director | Director | Managing Director

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited

Liquidity Statement, Assets and Liabilities Maturity Analysis

As at 31 December 2018

(Amount in taka)

Particulars	Upto 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets						
Cash in hand	1,955,895,120	-	-	-	-	1,955,895,120
Balance with other Banks and Financial Institutions	2,335,131,440	1,675,981,355	-	-	9,347,528,108	13,358,640,903
Placement with other Banks & Financial Institutions	3,101,700,000	7,200,000,000	900,000,000	311,596,316	-	11,513,296,316
Investment in Shares & Securities	4,560,531,197	1,720,000,000	4,600,000,000	1,240,000,000	200,000,000	12,320,531,197
Investments	26,703,919,921	54,673,252,075	75,589,771,929	25,792,078,753	3,331,011,614	186,090,034,291
Fixed Assets including premises	12,925,902	25,851,804	116,333,116	338,157,204	3,502,198,309	3,995,466,335
Other Assets	363,421,732	309,340,781	1,553,716,858	9,554,148,867	2,556,491,466	14,337,119,704
Non-banking Assets					88,909,355	88,909,355
Total assets (i)	**39,033,525,311**	**65,604,426,015**	**82,759,821,903**	**37,235,981,140**	**19,026,138,852**	**243,659,893,222**
Liabilities						
Placement from other Banks & Financial Institutions	7,254,290,131	8,757,405,713	7,453,905,983	-	-	23,465,601,827
Deposits and other accounts	29,198,548,031	53,548,255,054	66,974,960,522	23,181,817,354	3,957,932,048	176,861,513,007
Mudaraba Subordinated Bond	-	-	-	7,600,000,000	2,400,000,000	10,000,000,000
Other liabilities	1,680,043,094	2,268,886,237	5,792,744,424	5,347,431,797	3,312,242,682	18,401,348,233
Deferred tax Liabilities	-	-	-	-	142,464,474	142,464,474
Total Liabilities (ii)	**38,132,881,255**	**64,574,547,004**	**80,221,610,929**	**36,129,249,150**	**9,812,639,204**	**228,870,927,542**
Net Liquidity Gap (i-ii)	**900,644,056**	**1,029,879,011**	**2,538,210,975**	**1,106,731,990**	**9,213,499,648**	**14,788,965,680**

The annexed notes form an integral part of these financial statements.

Chairman

Director

Director

Managing Director

Dhaka, 24 April 2019

1. Status of the Bank

1.1. Legal Form of the Bank

Shahjalal Islami Bank Limited (hereinafter called 'the Bank' or 'SJIBL') was established as a Public Limited Company (Banking Company) as on the 1 April 2001 under the Companies Act 1994 as interest free Islamic Shariah based commercial Bank and commenced its operation on 10 May 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through head office having 122 branches, 84 (Eighty Four) ATM booths and 2,395 employees all over Bangladesh. The Bank has also a subsidiary Company named 'Shahjalal Islami Bank Securities Limited' and an Off-shore Banking Unit. The Bank is listed with both the Stock Exchanges of the country, i.e. Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The registered office of the Bank is located at Shahjalal Islami Bank Tower, Plot#4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.

1.2. Nature of Business

The Bank offers all kinds of Islamic Shari'ah based commercial Banking services to its customers through its branches following the provisions of the Bank Companies Act 1991 (as amended up to 2018), Bangladesh Bank's Directives and directives of other regulatory authorities and the principles of the Islamic Shari'ah.

1.3. Shahjalal Islami Bank Securities Limited

Shahjalal Islami Bank Securities Limited is a subsidiary Company of Shahjalal Islami Bank Limited incorporated as a public limited Company under the Companies Act 1994 vide certificate of incorporation no. C - 86917/10 dated 06 September 2010 and commenced its operation on 25 May 2011. The main objective of the Company is to carry on business of stock broker/dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Shahjalal Islami Bank Limited holds 91.79% shares of Shahjalal Islami Bank Securities Limited.

1.4. Off-shore Banking Unit

Off-shore Banking Unit (OBU) is a separate business unit of Shahjalal Islami Bank Limited, governed under the rules and Guidelines of Bangladesh Bank. The Bank commenced the operation of its Off-shore Banking Unit on 21 December 2008 with the permission from Bangladesh Bank vide letter no. BRPD (P-3)744(99)/2008-2800 dated 24 July 2008. The unit is located at Shahjalal Islami Bank Tower, Plot#4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212. Separate Financial Statements of Off-shore Banking Unit are also presented.

2. Significant Accounting Policies

2.1. Basis of preparation of the Financial Statements

The Bank and its subsidiary (the "Group") are being operated in strict compliance with the rules of Islamic Shari'ah. The consolidated and separate financial statements of the Group and the Bank have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as per provisions of the "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09 November 2009 with reference to the provisions of the Bank Companies Act, 1991 (as amended upto 2018), BRPD Circular No.14 dated 25 June 2003 and other circulars/instructions of Bangladesh Bank, the Companies Act 1994, the Securities and Exchange Rules 1987 and Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as a member of that organization.

In case any requirement of the Bank Companies Act 1991 (as amended upto 2018) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs & IASs as adopted, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

Material departures from the requirements of IFRS are as follows:

i) Investment in shares and securities

IFRS: As per requirements of IFRS 9, classification and measurement of investment in shares and securities will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Based on these factors it would generally fall either under "at fair value through profit or loss account" or under "at fair value through other comprehensive income" where any change in the fair value (as measured in accordance with IFRS 13) at the year-end is taken to profit and loss account or other comprehensive income respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 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.

ii) Revaluation gains/losses on Government securities

IFRS: As per requirement of IFRS 9 "Financia Instruments": where securities will fall under the category of fiar value through profit or loss account and any change in fair value of the asset is recognised through profit and loss account. Held for Trading (HFT), any change in the fair value of Held for Trading assets is recognised through profit and loss account. Securities designated as amortized cost are measured at effectve interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on investments and off-balance sheet items

IFRS: As per IFRS 9 an entity shall recognise an impairment allowance on investments (loan) based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for investment (loan) at an amount equal to the lifetime expected credit losses if the credit risk on these investments 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 investments (loans) 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 investments that are possible within 12 months after reporting date.

Bangladesh Bank: As per 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 (18 November 2014), BRPD Circular No. 15 (27 September 2017) and BRPD Circular No. 01 (20 February 2018) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) for loans and advances depending on the duration of overdue. 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 (except LC issued against Fast Track Electricity Project & Bills for Collection according to BRPD circular letter no. 01 dated 03 January 2018 & BRPD circular no. 07 dated 21 June 2018 respectively). Such provision policies are not specifically in line with those prescribed by IFRS 9 "Financial Instruments".

iv) Recognition of investment income in suspense

IFRS: Investments (Loans) to customers are generally classified at amortised cost as per IFRS 9 and interest income is recognised by using the effective interest rate method to the gross carrying amount over the term of the loan. Once a loan subsequently become credit-impaired, the entity shall apply the effective interest rate to the amortised cost of these Investments (Loans).

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment (loan) is classified, investment income on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as 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 do not 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 statements 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.

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 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

viii) Cash and cash equivalent

IFRS: Cash and cash equivalent items should be reported as cash items as per IAS 7 "Statement of Cash Flows".

Bangladesh Bank: Some cash and cash equivalent items such as 'money at call on short notice', treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) Non-Banking assets

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, there must exists a face items named Non-Banking asset.

x) Cash flow statement

IFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. 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 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.

xi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

IFRS: Balance 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 "Statement of Cash Flows".

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

xii) Presentation of intangible asset

IFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per IAS 38 "Intangible Assets".

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009.

xiii) Off-balance sheet items

IFRS: There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 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) Investments net off provision

IFRS: Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, provision on loans and investments are presented separately as liability and cannot be net-off against loans and advances.

xv) Revenue

Revenue should be recognized on accrual basis but due to the unique nature of Islamic Banks, income from investment under Murabaha, Bi-Muazzal, HPSM, Ijarah, Bi-Salam, Quard, IDBP and FDBP modes is accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

2.2. The Bank's compliance with related pronouncement of Bangladesh Bank:

i. Risk Management

Department of Off-site Supervision (DOS) of Bangladesh Bank issued Circular No.-02 dated 15 February 2012 under section 45 of the Bank Companies Act 1991 on Risk Management Guidelines for Banks and instructed all scheduled Banks operating in Bangladesh to follow this Guidelines for managing various risks which have been compiled by the Bank. In addition, the Bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, supervisory review process, stress testing and managing the Banking risks in other core risk areas.

The risk of a Bank is defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 6 (six) Core Risk Areas of Banking industry i.e. i) Internal Control and Compliance Risk; ii) Foreign Exchange Risk; iii) Investment (Credit) Risk; iv) Asset Liability Management Risk; v) Money Laundering Risk; and vi) Information & Communication Technology Security Risk. The risk management procedures in the core risk areas have been devised in line with the core risk management guidelines of Bangladesh Bank. Core Risk Management Guidelines are periodically reviewed by the Bank and Bangladesh Bank periodically inspects the implementation status of these guidelines and as per the reports of Bangladesh Bank and Shahjalal Islami Bank Ltd. is well compliant in Core Risk Management activities.

In line with instruction of Bangladesh Bank, SJIBL formed a Risk Management Division (RMD) to formulate risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, deciding acceptable level of risk and risk controlling by taking mitigating steps, Comprehensive Risk Management Report (CRMP), conducting monthly risk management meeting, stress testing and reporting the competent authority from time to time. It also reports to Bangladesh Bank on quarterly basis along with the CRMR, minutes of the monthly meeting and all other required supporting papers. Moreover, in compliance with the "Bank Company Act 1991 as amended up to 2018", Section 15 (Kha) and BRPD Circular No. 11 dated 27 October, 2013 of Bangladesh Bank, the Bank has constituted a Risk Management Committee comprising of 5 (five) directors from the Board to formulate risk management policies, procedures and oversee the risk management activities of the Bank.

The prime objective of the Risk Management is that the Bank takes well calculative Business Risk Policy for safeguarding the Bank's capital, its financial resources and profitability from various risks. In this context, the Bank implemented all the guidelines of Bangladesh Bank as under:

a) Investment (Credit) Risk Management

The Management of specific investment risk is developed according to associated risk with individual business units. The investment risk management function ensures that appropriate policies are established and ensures compliance with the related sanction, monitoring procedures and controls at the business unit level. Investment exposures are aggregated from individual business units and are monitored on a regular basis.

Investment risks may be summarized as under:

- Difficulty in choosing core business.
- Failure in business of the customer.
- Encompassing a blend of Banking and non-Banking service.
- Investment either too liquid or of questionable quality.
- Competition from other commercial Banks.

- Security Control Risk.
- Market volatility both local and global.

Portfolio monitoring is carried out by asset quality, background of the customer, soundness and viability of his/her business and cash flow etc, sector of the economy, cost of long-term financing to match with the return on long-term investment.

The Bank pays adequate emphasis on business risk than analysis of security risk because the security reduces the risk but does not always improve the quality of investment. Besides, the Bank addresses the Investment (Credit) risk guideline cited by the Bangladesh Bank.

As regards to other parts of the Banking business, the control staffs follow a pragmatic program of regular monitoring and follow-up.

b) Foreign Exchange Risk Management

The Financial Institutions' performance is directly related to Foreign Exchange Market. To ensure effective Foreign Exchange Risk Management, the Bank has wide scope in establishing organizational structure and formulating Manual as per Guidelines of Bangladesh Bank. However, the Bank has already formulated a comprehensive manual. Bank maintains various NOSTRO accounts in order to conduct operations in different currencies including BDT. The senior management of the Bank set limits for handling NOSTRO accounts transactions that include time and amount limits. As per guidelines of Bangladesh Bank the Foreign Exchange business should be audited internally to review the key control issues such as various limits, compliance requirements and statutory management.

c) Asset Liability Risk Management

The Asset Liability Management Committee (ALCO) that is formed with the senior executives headed by Managing Director conducted 12 meetings during the year 2018. The key agenda of the meetings were liquidity position, pricing, risk related to the Balance Sheet, maintaining CRR & SLR, Economic outlook & Market Status and rate of profit (interest). For managing Balance Sheet risk properly, the Bank has already prepared a Manual of The Asset Liability Management according to the guidelines of Bangladesh Bank.

d) Money Laundering Risk Management

Shahjalal Islami Bank limited is taking preventive measures against money laundering and terrorist financing in line with the amended Money Laundering Prevention Act 2012, amended Anti Terrorism Act 2013 and guidelines issued by the Bangladesh Bank from time to time. Shahjalal Islami Bank applies risk sensitive customer due diligence measures, monitor business relationship and record in line with regulations. The Bank regularly collects the correct and full documentation of Know Your Customer (KYC) which enables the prudential prevention of money laundering. Shahjalal Islami Bank has formed a committee of Anti Money Laundering headed by the Deputy Managing Director as Chief Anti-Money Laundering Compliance Officer & the committee regularly monitors and ensures the compliance of issues relating to Money Laundering through the trained personnel of head office & branches.

e) Internal Control & Compliance Risk Management

Internal control is the process, effected by a Company's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies.

Banking has a diversified and complex financial activity, which involves high risk in different modes. Consequently, the issues of internal control system have become most significant in Banking industry through which Bank identifies its weakness and takes appropriate measures to overcome the same.

In order to have efficient and effective internal control system, Shahjalal Islami Bank Limited has strengthened and segregated its Internal Control and Compliance Division into three separate units based on the relative guidelines framed by Bangladesh Bank:

1. Audit and Inspection;
2. Compliance; and
3. Monitoring.

Shahjalal Islami Bank Limited has an Internal Control and Compliance Manual, which, among others, includes the following:

- Objective of Internal Control
- Authorities of the Internal Control and Compliance Environment
- Organizational Structure of the Division and
- Policy Guidelines for Internal Control Risk Recognition & Assessment and mitigation there against as per Regulatory Guidelines.

f) Information and Communication Technology Security Risk Management

According to BRPD Circular No. 14 dated 23 October 2005 regarding "Guideline on Information and Communication Technology for Scheduled Banks", BRPD Circular No. 21 dated 20 May 2010 and BRPD Circular No. 09 dated 17 September 2015, the Bank

has followed IT Manual which deals operational risk, physical security control, potential for wide area disaster, data center disaster, recovery plan and backup/restore plan. The customers of SJIBL are enjoying 24 hours remote Banking facilities through using SWIFT, REUTERS, SJIBL Visa Debit Card, Push-Pull Services & SMS Banking facilities. The Bank joined Q-Cash consortium under which ATM and POS services are being offered to its customers to meet the demand of time. Moreover, the Bank is running on technology-based total Banking solution module, i.e. core banking software.

ii. Internal Audit

The internal audit function, which is centrally controlled, monitors compliance with policies and standards and the effectiveness of internal control structure of the Bank. Internal control & Compliance Division of the Bank carried out Internal Audit with a view to enrich the compliance culture and full control on the exertion of the Banking Operations. The division directly report simultaneously to the Board Audit Committee and Managing Director. Sometimes internal audit team conducts surprise visit to the branches. Monitoring is being done on a regular basis to ensure the effectiveness of policies, rules and regulations (internal and external), other directives etc. from controlling authority.

iii. Fraud and Forgeries

The Bank is operating its business by dealing with the public money. As a custodian of such money, Bank have to set up strong internal control structure, introduced corporate governance, practicing ethical standards in the Bank for safeguard & interest of the Stakeholders. Public confidence has been shaken when different types of malpractice, fraud and forgeries occurred in the Bank. Shahjalal Islami Bank Limited is fully aware of its responsibility towards stakeholders specially depositors.

Shahjalal Islami Bank Limited follows a stringent screening process while recruiting officers and staff. The prospective employee's family background/employment history/ association are checked/cross checked in terms of integrity, attitude and behavioral pattern. The Bank has started to collect Police Clearance to know if the candidate had ever engaged in anti-social or anti state or detrimental/subversive activities. Check with Bangladesh Bank's Corporate Memory Management Systems for background check of experienced Bankers, Financial Institution`s employees and verify National ID on-line. As a result, the Bank since its inception has seen comparatively very few cases of fraud and forgeries. Moreover, the Internal Control and Compliance Division (IC & CD) have been strengthened to remain ever vigilant. These have reduced the chances of fraudulent activities in Shahjalal Islami Bank Limited.

Further, the number of fraud cases in Shahjalal Islami Bank Limited is at a minimal level. However, in the year 2018, 3 (three) case of fraud and forgery was identified. Total embezzled/irregular amount involved in the fraud case was Tk. 66,01,403/= (Taka sixty six lac one thousand four hundred three) only and the embezzled amounts have been realized/settled in full. Alleged delinquent Officer was dismissed for his gross misconduct. Other related Officials, considering the gravity of misdeed and depth of involvement, have been punished as per Bank's Employees' Service Rules-2007.

IC & CD of Head Office has also reported the same to Bangladesh Bank in compliance with the Department of Banking Inspection Instruction No. DBI-1 (Nothi)/1025/2012-41 dated February 07, 2012 and the Department of Off-site Supervision (DOS) Circular Letter No. 17 dated November 07, 2012 of Bangladesh Bank.

2.3. Consolidation

The consolidated Financial Statements include the Financial Statements of Shahjalal Islami Bank Limited including Off-shore Banking Unit and the Financial Statements of its subsidiary named Shahjalal Islami Bank Securities Limited made up to the end of the financial year.

The consolidated Financial Statements have been prepared in accordance with IFRS 10. 'Consolidated Financial Statements'. The consolidated Financial Statements are prepared to a common financial year ending 31 December 2018.

2.4. 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 to obtain benefits from its activities 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 the control effectively ceases.

2.5. Transactions Eliminated on Consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit & Loss resulting from transaction between groups are also eliminated on consolidation.

2.6. Use of estimates and judgments

The preparation of Financial Statements requires the Bank to make certain estimates and to form judgments about the application

of accounting policies which may affects the reported amounts of assets, liabilities, income and expenses; due to that actual results may differ to reasonable extent.

Estimates and underlying assumptions are reviewed on an ongoing basis and recognized its effects on present and future financial positions. The most significant areas where estimates and judgments have been made are on provision for investments, Income Taxes, Deferred Taxation & liquidity Statement.

2.7. Revenue Recognition

The revenue is recognized as follows complying the conditions of revenue recognition as provided in IFRS 15.

i. Income from investments has been accounted for on accrual basis.

ii. Income from investment in Securities is recognized at the time of sale.

iii. Dividend income is accounted for when the right to receive payment is established.

iv. Profit on investment in Bangladesh Government Islamic Investment Bond (Islamic Bond) is recognized on accrual basis.

v. Income from bills purchased and discounted is recognized at the time of realization.

vi. Fees and commission income are recognized when earned.

vii. Profit paid to mudaraba depositors is recognized on accrual basis as per provisional rate. The final profit is determined and to be paid to the depositors.

2.8. Profit Suspense /Compensation Account & Shari'ah non-compliance Income

Profit/Compensation accrued on classified investments is suspended and accounted for as per Circulars issued by the Bangladesh Bank.

Moreover, incomes which are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue investments. Such compensation is not permissible as regular income of the Bank as per Shariah.

Interest received from the balances held with Foreign Banks abroad and from Foreign Currency Clearing Account with the Bangladesh Bank and also other interest based Banks are also not credited to regular income since it is not permissible as per Shariah. Such doubtful income is being appropriated for charitable purpose through Shahjalal Islami Bank Foundation (a separate organization).

2.9. Investment and Provisions

Investments are stated in the Balance Sheet net-off unearned income. Provision on Investment (Loans & Advances) is made on the basis of period end review by the management and as per instructions contained in Bangladesh Bank BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012, BRPD Circular No. 5 dated 29 May 2014, BRPD Circular No. 15 dated 27 September 2017 and BRPD Circular No. 01 dated 20 February 2018. Provision against Off-Balance Sheet exposures in addition to existing provisioning arrangement is made as per BRPD Circular No.10 dated 18 September 2007. Provision for Short-term Agricultural and Micro-Credits: BRPD Circular No- 15 dated 27 September, 2017.

The rates of provision are given below:

Particulars		Percentage (%) of provision requirement				
		Un - classified		Classified		
		Standard	SMA	SS	DF	BL
Small and Medium Enterprise (SME) Financing		0.25%	0.25%	20%	50%	100%
Consumer	Investment to Professional	2%	2%	20%	50%	100%
	Investment for House Building	1%	1%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%
Short-term Agricultural and Micro-Credits		1%	1%	5%	5%	100%
Investment to Stock Dealers & Stock Broker		2%	2%	20%	50%	100%
Credit Card		2%	2%	20%	50%	100%
All Other Investments		1%	1%	20%	50%	100%
Off -Balance Sheet exposures		1%	N/A	N/A	N/A	N/A

2.10. Provision for Nostro Accounts

According to Foreign Exchange Policy Department of Bangladesh Bank vide the circular letter No. (FEPD)/01/2005-677 dated 13 September 2005, Bank is not required to make provision regarding the unreconciled debit balance of nostro account as on the reporting date in these financials as there are no unreconciled outstanding entries for more than three months.

2.11. Sharing of Investment Income

The Investment income earned through deployment of Mudaraba Fund is shared among the Mudaraba Depositors at the ratio as determined by the Bank, but not less than 65% of the total shared investment income. In 2018, the sharing ratio among the Mudaraba fund providing were 77.91% which is more than the committed ratio of 65%.

2.12. Investment in Securities

Islamic Investment Bond (Islami Bond)

Investment in Bangladesh Government Islamic Investment Bond (Islami bond) is reported at cost price.

Investment in Shares and Securities

These Shares and Securities are brought and held primarily for the purpose of selling them in future or held for dividend income. These are reported at cost. Provisions are made for any loss arising from diminution in value of investments.

Derivative Investments

The Bank has no investments during the year in any derivative investments.

Investment in Subsidiary

Investment in Subsidiary is accounted for under cost method of accounting in the Bank's Financial Statements in accordance with Bangladesh Accounting Standard 27.' Consolidated and Separate Financial Statements'.

2.13. Fixed Assets and Depreciation

i. All Fixed Assets are stated at cost less accumulated depreciation as per IAS-16 "Property, Plant and Equipment".
ii. Depreciation has been charged at the following rates:

Name of the Assets	2018	
	Rates of Dep.	Method of Dep.
Building	2.25	Reducing balance
Furniture & Fixtures other than residence	10	Reducing balance
Furniture & Fixtures- residence	20	Straight line
Office Equipment	20	Reducing balance
Computer & Network Equipment	20	Straight line
Vehicles	20	Straight line
Books	20	Straight line

iii. For addition during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.
iv. Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account.

2.14. Intangible Assets

Intangible asset is an identifiable monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with IAS 38 "Intangible Assets".

Subsequent expenditure on intangible asset is capitalized only when it increase the future economic benefits embodied in the specific assets to which it relates. All other been expensed as incurred.

The software used by Shahjalal Islami Bank Ltd. represents the value of computer application software licensed for the use of the Bank. Software is carried at cost less accumulated amortization and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are carried in customizing the software for its intended use. Software is amortized using the straight line method @ 20% per annum.

2.15. Impairment of Assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per IAS 36 "Impairment of Assets". The Bank

assesses at the end of each reporting period whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets is guided by the relevant Bangladesh Bank Circulars/Instructions and IAS 39.

2.16. Foreign Currency Translations

The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions. At the Balance Sheet date related assets and liabilities are converted to Taka using exchange rates prevailing on that date.

2.17. Earnings Per Share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period as per IAS - 33 "Earnings Per Share". Diluted Earnings per Share is not required to be calculated for the year, as there exist no dilution possibilities during the year.

2.18. Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per following basis:

a) Balance and placement with other Banks and Financial Institutions are on the basis of their maturity term.
b) Investment in share and securities are on the basis of their residual maturity term.
c) Investments are on the basis of their repayment/ maturity schedule.
d) Fixed assets are on the basis of their useful life.
e) Other assets are on the basis of their adjustment.
f) Placement from other Banks & FI as per their maturity/repayment term.
g) Deposit and other accounts are on the basis of their maturity term, demand & time liability related guidelines of Bangladesh Bank and behavioral trend of encashment.
h) Other long-term liability on the basis of their maturity term.
i) Provisions and other liabilities are on the basis of their expected settlement.

2.19. Cash Flow Statement

Cash flow statement is prepared principally in accordance with IAS 7 "Cash Flow Statement"; and as prescribed by BRPD Circular No. 14 dated 25 June 2003 & guideline for Islamic Banking issued by Bangladesh Bank vide BRPD Circular No.15 dated November 2009.

2.20. Off Balance Sheet Items

Under general Banking transactions, liabilities against acceptance, endorsement and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as Off Balance Sheet items.

2.21. Taxation

Current Tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act, 2018 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure & provisions as per Income Tax Ordinance 1984 in compliance with IAS-12 " Income Taxes".

Deferred tax

The Bank has adopted deferred tax accounting policy as per International Accounting Standards (IAS) 12. Accordingly deferred tax liability/asset is accounted for all temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purpose. Deferred tax is computed at the prevailing tax rate as per Finance Act 2018.

2.22. Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2018.

2.23. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.24. Statutory Reserve

The statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of Bank Companies Act 1991 until such reserve equal to its paid up capital together with amount in the share premium account.

2.25. Zakat

Zakat is paid by the Bank at the rate of 2.58% (instead of 2.50% as the Bank maintains its Accounts following Gregorian Year) on the closing balances of Statutory Reserve, General Reserve (Retained Earning).

Zakat is chargeable in the profit & Loss account of the Bank as per " Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No.15 dated 09 November 2009.

2.26. Employee benefits

Provident Fund (Defined Contribution Plan)

A "Defined Contribution Plan" is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefit is given to the eligible staffs of the Bank in accordance with the rules of the provident fund duly recognized by the National Board of Revenue of Bangladesh. The Fund is administered by the Board of Trustees and is funded by fixed contributions equally from the employees and the Bank. The fund is managed separately from the Bank's assets, as per rules of the fund & section 399 of the Companies Act 1994.

Gratuity Fund (Defined Benefit Plan)

Gratuity benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund Rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund and the fund is operated by a separate Board of Trustees. Employees are entitled to get the benefit after completion of minimum 05 (five) years of service in the Bank. The gratuity is calculated on the basis of last basic pay of every employee in service as per IAS-19 "Employee Benefits". Gratuity fund is a "Defined Benefit Plan" and payable as per the modalities of the rules. Gratuity so calculated is transferred to the fund and charged to expenses of the Bank.

Other Employee Benefits

Superannuation Fund

"Shahjalal Islami Bank Limited Employees' Social Security- Superannuation Fund" commenced with effect from 1st January 2008. The purpose of the fund is to provide medical and death cum survival benefit in lieu of group insurance (death cum endowment). The fund shall be subscribed by the employees on monthly basis and with the contribution of the Bank.

Benevolent Fund

The Benevolent Fund for the regular and confirmed employee's of Shahjalal Islami Bank Limited was established in the year 2007. This fund is mainly used for payment of scholarship to the meritorious students among the children of SJIBL's officers and sub-staff, to allow short-term quard/grant for the unexpected and certain needs of the staff of SJIBL and their family like accident, clinical treatment, marriage ceremony, etc.

Incentive Bonus

The Bank usually paid incentive bonus among its employees. The Payment of incentive Bonus does not exceed 10% of disclosed net profit of the Bank as per section 30(j) of Income tax Ordinance, 1984. This bonus amount is distributed among the employees on annual basis considering specific terms & regulations.

2.27. Reconciliation of Books of Account

Books of account in regard to inter-Bank are reconciled and un-reconciled entries in case of inter-branch transactions on the reporting date are not mentionable, which are, due to the time-gap before finalizing the same. Inter-branch outstanding entries are less than 03 month, detail of which are disclosed in Note 15a.3

2.28. Related Party Transactions

The Bank entered into transactions with the related parties complying with the requirements of Section 27(1) of the Bank Companies Act 1991 (as amended up to 2018). All the related party transactions have been accounted for, the detail of which are disclosed in **Note 53**.

2.29. Corporate Governance

The Bank has given the priority to the compliance of the rules, regulations and guidelines of Bangladesh Bank, National Board of Revenue & Bangladesh Securities and Exchange Commission (BSEC). The Bank has also complied with all related accounting standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.30. General Information

i.Figures appearing in these Financial Statements have been rounded off to the nearest Taka.

ii.Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

2.31. Compliance with Financial Reporting Standards as applicable in Bangladesh

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as Banks. The Bank Companies Act 1991 has been amended to require Banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence International Financial Reporting Standards (IFRS) as issued 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, the Companies Act 1994. 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. Material deviations from the requirements of IFRS are mentioned above under note 2.1.

Sl. No.	IAS No.	IAS Title	Compliance Status
1	1	Presentation of Financial Statements	Complied *
2	2	Inventories	Not Applicable
3	7	Statement of Cash Flows	Complied *
4	8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
5	10	Events after the Reporting Period	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Replaced by IFRS 15
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Complied
14	23	Borrowing Costs	Not Applicable
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	27	Consolidated and Separate Financial Statements	Complied
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied *
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied *
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Complied *
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl. No.	IFRS No.	IFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance contracts	Not Applicable
5	5	Non-Current Assets Held for Sale and Discontinued Operations	Not Applicable
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Complied
9	9	Financial Instruments	Complied *
10	10	Consolidated Financial Statements	Complied
11	11	Joint Arrangements	Not Applicable
12	12	Disclosure of Interest in other Entities	Not Applicable
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	Not Applicable
15	15	Revenue from Contract with Customers	Complied

* Subject to departure disclosed in note no. 2.1.

New accounting standards not yet adopted

The Bank has consistently applied the accounting policies as set out in Note 2 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 2018 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

a. IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

b. IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions

				31.12.2018 Taka	31.12.2017 Taka
3	**Consolidated Cash in hand (Including foreign currencies)**				
	Shahjalal Islami Bank Ltd		(Note-3a)	1,955,895,120	1,529,754,123
	Shahjalal Islami Bank Securities Ltd			-	-
				1,955,895,120	**1,529,754,123**
3a	**Cash in hand of the Bank (Including foreign currencies)**				
	In local currency			1,939,765,439	1,519,009,461
	In foreign currencies		(Note-3a.1)	16,129,681	10,744,661
				1,955,895,120	**1,529,754,123**
3a.1	**In Foreign Currency**				
	Foreign Currency	**Amount in FC**	**Exchange Rate**		
	US Dollar	184,843.50	83.9000	15,508,370	10,744,661
	Great Britain Pound	2,969.38	106.4943	316,222	-
	Euro	3,199.88	95.3440	305,089	-
				16,129,681	**10,744,661**
4	**Consolidated Balance with Bangladesh Bank and it's agent bank(s)**				
	Shahjalal Islami Bank Ltd		(Note-4a)	11,609,938,400	11,659,462,711
	Shahjalal Islami Bank Securities Ltd			-	-
				11,609,938,400	**11,659,462,711**
4a	**Balance with Bangladesh Bank and it's agent bank(s) (Including foreign currencies)**				
	In local currency			9,960,954,722	11,429,273,893
	In foreign currencies			1,448,882,480	76,951,616
				11,409,837,202	**11,506,225,509**
	Balance with Sonali Bank Ltd. as agent of Bangladesh Bank				
	In local currency			200,101,198	153,237,202
	In foreign currencies			-	-
				200,101,198	**153,237,202**
				11,609,938,400	**11,659,462,711**

4a.1 Cash Reserve Requirements (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Requirements (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Company Act, 1991 (as amended up to 2018) and subsequent MPD Circular No. 01 dated 03 April 2018 and Circular No. 02 dated 10 December 2013.

4a.2 Cash Reserve Requirements (CRR): 5.5% (2017: 6%) of Average Demand and Time Liabilities

Required Reserve	9,347,528,108	9,185,141,030
Actual Reserve held with Bangladesh Bank (In local currency)*	9,945,734,260	11,428,484,990
CRR Surplus	**598,206,153**	**2,243,343,960**
Maintained (%)	6.92%	8.09%

* Actual Reserve held with Bangladesh Bank (In local currency) reported as per Statement of Bangladesh Bank.

4a.3 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities

Required Reserve		9,347,528,108	7,772,042,410
Actual Reserve held	(Note-4a.4)	12,254,202,471	11,626,335,284
SLR Surplus		**2,906,674,364**	**3,854,292,874**
Maintained (%)		7.21%	8.23%

			31.12.2018 Taka	31.12.2017 Taka
4a.4	**Components of Statutory Liquidity Ratio**			
	Cash in hand	(Note-3a)	1,955,895,120	1,529,754,123
	Balance with Bangladesh Bank FC Clearing Account and Sonali Bank Ltd. as agent of Bangladesh Bank	(Note-4a)	200,101,198	153,237,202
	Excess CRR	(Note-4a.2)	598,206,153	2,243,343,960
	Bangladesh Bank Islami Investment Bond	(Note-7a)	9,000,000,000	7,200,000,000
	Refinance Fund (with Bangladesh Bank)	(Note-6a.1)	500,000,000	500,000,000
			12,254,202,471	**11,626,335,284**
5	**Consolidated Balance with Other Banks and Financial Institutions**			
	Inside Bangladesh			
	Shahjalal Islami Bank Ltd	(Note-5a.1)	1,376,996,941	572,698,313
	Shahjalal Islami Bank Securities Ltd		313,782,530	412,994,289
			1,690,779,471	985,692,602
	Less: Inter Company Transaction		309,512,590	393,408,115
			1,381,266,881	**592,284,487**
	Outside Bangladesh			
	Shahjalal Islami Bank Ltd	(Note-5a.2)	371,705,561	427,070,723
	Shahjalal Islami Bank Securities Ltd		-	-
			371,705,561	**427,070,723**
			1,752,972,443	**1,019,355,210**
5a	**Balance with Other Banks and Financial Institutions of the Bank**			
	(Other than mudaraba Fund)			
	Inside Bangladesh	(Note-5a.1)	1,376,996,941	572,698,313
	Outside Bangladesh	(Note-5a.2)	371,705,561	427,070,723
			1,748,702,503	**999,769,036**
5a.1	**Inside Bangladesh**			
	Current Account			
	Sonali Bank Limited (Other than as agent of Bangladesh Bank)		43,631,237	55,411
	National Bank Limited, Narayangonj Branch		6,054	6,629
	Standard Chartered Bank, Motijheel Branch		4,774,856	8,516,092
	Islami Bank Bangladesh Limited		140,613	141,613
	Agrani Bank Limited (Islami Banking Wing)		24,133,348	19,433,760
	Janata Bank Limited, Dinajpur Branch		3,832	3,832
	Off-Shore Banking Unit		1,102,746,727	675,807,255
			1,175,436,667	703,964,592
	Less: Off-Shore Banking Unit		1,102,746,727	675,807,255
			72,689,940	**28,157,338**
	Mudaraba Special Notice Deposit			
	Export Import Bank of Bangladesh Limited		13,470,226	10,742,745
	Trust Bank Limited, Dilkusha Corporate Branch		6,823,907	3,912,191
	Prime Bank Limited, Islami Banking Branch		494,133	478,798
	Social Islami Bank Limited		1,638,432	11,896,798
	Agrani Bank-Corporate Branch (Islami Banking Wing)		60,922,824	135,577,152
	AB Bank Limited, Islami Banking Branch		7,759,660	4,987,513
	Jamuna Bank Limited, Naya Bazar Islami Banking Branch		328,939	322,940
	Bank Al Falah, Islami Banking Branch		3,079,913	2,350,244
	Al-Arafah Islami Bank Limited		1,200,003,380	372,205,092
	Southeast Bank Limited, Islami Banking Branch		447,284	438,532
	The City Bank - Islamic Banking Branch		1,183,288	1,172,370
	Islami Bank Bangladesh Limited		7,808,266	-
			1,303,960,253	**544,084,373**

	31.12.2018 Taka	31.12.2017 Taka
Mudaraba Saving Deposit		
Social Islami Bank Limited	314,290	244,727
Al-Arafah Islami Bank Limited	20,107	20,008
Islami Bank Bangladesh Limited	12,352	98,485
Export Import Bank of Bangladesh Limited	-	93,381
	346,749	456,602
	1,376,996,941	**572,698,313**

5a.2 Outside Bangladesh (NOSTRO Account) [as on 31 December 2018]

Current Account	Currency	F.C. Amount	Rate	Taka
Standard Chartered Bank NY	USD	397,389.60	83.9000	33,340,987
Mashreq Bank psc, NY	USD	144,390.38	83.9000	12,114,353
Standard Chartered Bank, Mumbai	USD	222,198.53	83.9000	18,642,457
Habib American Bank, USA	USD	55,412.07	83.9000	4,649,073
ICICI Bank, Hong Kong	USD	48,933.69	83.9000	4,105,537
WACHOVIA BANK, NY, USA	USD	390,194.69	83.9000	32,737,334
Commerzbank AG Frankfrut	USD	10,989.66	83.9000	922,032
Bank Aljazira	USD	1,274,864.47	83.9000	106,961,129
AB Bank Ltd. Mumbai	ACUD	47,221.70	83.9000	3,961,901
Standard Chartered Bank, Mumbai	ACUD	281,145.37	83.9000	23,588,097
Nepal Bangladesh Bank, Nepal	ACUD	6,904.52	83.9000	579,289
Standard Chartered Bank, Colombo	ACUD	1,077.80	83.9000	90,427
ICICI Bank, Mumbai	ACUD	116,024.83	83.9000	9,734,483
Habib Metropoliton Bank Ltd.	ACUD	61,875.51	83.9000	5,191,355
United Bank of India, Kolkata	ACUD	108,020.15	83.9000	9,062,891
Sonali Bank Ltd ACU, Kolkata	ACUD	36,128.00	83.9000	3,031,139
Bank of Bhutan Ltd. Main Branch	ACUD	10,596.44	83.9000	889,041
AXIS Bank Ltd. India	ACUD	214,668.84	83.9000	18,010,716
MCB Bank Limited	ACUD	8,641.29	83.9000	725,004
Standard Chartered Bank, Frankfurt (EUR)	EURO	56,470.26	95.3440	5,384,100
Mashreq Bank, London	EURO	1,023.41	95.3440	97,576
COMMERZBANK AG	EURO	195,602.67	95.3440	18,649,541
Wells Fargo Bank, N. A. London, UK	EURO	45,542.96	95.3440	4,342,248
Standard Chartered Bank,Tokyo	YEN	193,694.00	0.7611	147,421
Habib Bank AG Zurich	CHF	2,447.11	85.2989	208,736
Bank Aljazira, KSA	SAR	46,080.89	22.3626	1,030,489
Standard Chartered Bank London	GBP	501,378.83	106.4943	53,393,988
MASHREQBANK PSC. UAE	AED	5,000.00	22.8436	114,218
				371,705,561

Currency wise Distribution:

Foreign Currency	BDT	Composition
USD	213,472,902	57.43%
ACUD	74,864,343	20.14%
EURO	28,473,465	7.66%
GBP	53,393,988	14.36%
SAR	1,030,489	0.28%
CHF	208,736	0.06%
YEN	147,421	0.04%
AED	114,218	0.03%
	371,705,561	**100%**

For details comparative statement of 2018 & 2017 of foreign currency amount and rate thereof please see **"Annexure-C"**

5a.3 In accordance with Bangladesh Bank Foreign Exchange Policy Department, Circular FEPD/FEMO/18/2007-265 dated 17 December 2007, the quarterly review of NOSTRO Accounts for the quarter ended 31 December 2018 reflect the true state of the NOSTRO Account entries recorded correctly and after review a separate audit certificate have also been given by the auditor. The status of all outstanding unmatched entries are given below:

As on 31 December 2018

Amount in US$

Particulars	As per Bank's Book				As per Correspondents' Book			
	Debit entries		Credit entries		Debit entries		Credit entries	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 3 months	7	11,339,875.98	163	7,365,591.87	15	1,036,588.14	421	19,256,004.08
More than 03 months but		-		-		-		-
less than 06 months								
More than 06 months but		-		-		-		-
less than 09 months								
More than 09 months but		-		-		-		-
less than 12 months								
More than 12 months		-		-		-		-
Total	**7**	**11,339,875.98**	**163**	**7,365,591.87**	**15**	**1,036,588.14**	**421**	**19,256,004.08**

As on 31 December 2017

Amount in US$

Particulars	As per Bank's Book				As per Correspondents' Book			
	Debit entries		Credit entries		Debit entries		Credit entries	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 3 months	16	1,791,340.06	201	6,604,564.27	63	1,713,703.15	242	4,698,437.64
More than 03 months but		-		-		-		-
less than 06 months								
More than 06 months but		-		-		-		-
less than 09 months								
More than 09 months but		-		-		-		-
less than 12 months								
More than 12 months		-		-		-		-
Total	**16**	**1,791,340.06**	**201**	**6,604,564.27**	**63**	**1,713,703.15**	**242**	**4,698,437.64**

		31.12.2018 Taka	31.12.2017 Taka
5a.4	**Maturity-wise groupings of balance with other banks and financial institutions**		
	On Demand	72,721,148	28,198,432
	Not more than 3 months	1,675,981,355	971,570,604
	More than 3 months but less than 1 year	-	-
	More than 1 year but less than 5 years	-	-
	More than 5 years	-	-
		1,748,702,503	**999,769,036**
6	**Consolidated Placement with other Banks & Financial Institutions**		
	Shahjalal Islami Bank Ltd (Note-6a)	11,513,296,316	6,661,710,616
	Shahjalal Islami Bank Securities Ltd	-	-
		11,513,296,316	**6,661,710,616**
	Less: Inter Company Transaction	-	-
		11,513,296,316	**6,661,710,616**

			31.12.2018 Taka	31.12.2017 Taka
6a	**Placement with other Banks & Financial Institutions of the Bank**			
	Placement with other Banks	(Note-6a.1)	3,813,296,316	811,710,616
	Placement with Financial Institutions	(Note-6a.2)	7,700,000,000	5,850,000,000
			11,513,296,316	**6,661,710,616**
6a.1	**Placement with other Banks**			
	Mudaraba Term Deposits-other Banks			
	ICB Islamic Bank Limited		311,596,316	311,710,616
	Export Import Bank of Bangladesh Limited		1,001,700,000	-
	Al-Arafah Islami Bank Limited		1,000,000,000	-
	Prime Bank Ltd, Islami Banking Branch		1,000,000,000	-
	Bangladesh Bank (Refinance Fund)		500,000,000	500,000,000
			3,813,296,316	**811,710,616**
6a.2	**Placement with Financial Institutions**			
	Mudaraba Term Deposits-Financial Institutions			
	Lanka Bangla Finance Limited		2,000,000,000	1,500,000,000
	Industrial and Infrastructure Development Finance Company Ltd		2,000,000,000	1,200,000,000
	Union Capital Limited		250,000,000	200,000,000
	Phoenix Finance & Investments Limited		400,000,000	400,000,000
	Premier Leasing International Limited		300,000,000	300,000,000
	United Finance Limited		500,000,000	500,000,000
	National Housing Finance and Investment Limited		400,000,000	100,000,000
	Industrial Promotion and Development Company of Bangladesh Limited		1,200,000,000	800,000,000
	Uttara Finance and Investments Limited		500,000,000	-
	Islamic Finance and Investment Limited		150,000,000	-
	Hajj Finance Company Limited		-	250,000,000
	National Finance Limited		-	100,000,000
	Midas Financing Limited		-	300,000,000
	GSP Finance Limited		-	200,000,000
			7,700,000,000	**5,850,000,000**
			11,513,296,316	**6,661,710,616**
6a.3	**Maturity-wise groupings of placement with other Banks and Financial Institutions**			
	On Demand		-	-
	Not more than 3 months		10,301,700,000	5,650,000,000
	More than 3 months but not more than 1 year		900,000,000	700,000,000
	More than 1 year but not more than 5 years		311,596,316	311,710,616
	More than 5 years		-	-
			11,513,296,316	**6,661,710,616**
7	**Consolidated Investment in Shares & Securities**			
	Government			
	Shahjalal Islami Bank Ltd	(Note-7a)	9,000,000,000	7,200,000,000
	Shahjalal Islami Bank Securities Ltd		-	-
			9,000,000,000	7,200,000,000

			31.12.2018 Taka	31.12.2017 Taka
	Others			
	Shahjalal Islami Bank Ltd	(Note-7a)	3,320,531,197	3,326,258,238
	Shahjalal Islami Bank Securities Ltd		1,557,830,420	1,432,948,480
			4,878,361,617	4,759,206,718
			13,878,361,617	**11,959,206,718**
7a	**Investment in Shares & Securities of the Bank**			
	Government			
	Bangladesh Government Islami Investment Bond (BGIIB)	(Note-7a.2)	9,000,000,000	7,200,000,000
			9,000,000,000	**7,200,000,000**
	Others			
	Mudaraba Perpetual Bond, Islami Bank Bangladesh Ltd.		47,550,542	47,550,542
	Mudaraba Subordinated Bond		1,560,000,000	1,580,000,000
	Investment in Shares	(Note-7a.3)	1,712,980,655	1,698,707,696
			3,320,531,197	**3,326,258,238**
			12,320,531,197	**10,526,258,238**
7a.1	**Maturity-wise Grouping of Investment in Securities:**			
	On demand		-	-
	Not more than 3 months		6,280,531,197	5,946,258,238
	More than 3 months but less than 1 year		4,600,000,000	3,020,000,000
	More than 1 year but less than 5 years		1,240,000,000	1,560,000,000
	More than 5 years		200,000,000	-
			12,320,531,197	**10,526,258,238**

7a.2 Bangladesh Bank has introduced Mudaraba Bond named "Bangladesh Government Islamic Investment Bond (Islamic Bond)" in September 2004 on behalf of the Government to facilitate Islamic Banks and Financial Institutions, investment in this funds is considered as a component of Statutory Liquidity Ratio (SLR).

The mobilized fund from Islamic Bond is invested by Bangladesh Bank and a portion of realized profit distributes among the bond holders as per mudaraba principle of Islamic Shariah on the basis of the tenor of the bond. So the rate of return from Islamic Bond is depended on fund deployment of Bangladesh Bank which is not prefixed.

7a.3 Investment in shares (at cost)

Quoted		
The ACME Laboratories Limited	79,725,940	59,175,008
Active Fine Chemicals Ltd.	35,487,579	39,430,643
Aftab Automobiles Limited	61,605,088	61,605,088
Agricultural Marketing Company Ltd – AMCL (PRAN)	9,958,704	9,958,704
AIBL 1st Islamic Mutual Fund	67,402,716	67,402,716
Apex Footwear Limited	10,953,975	10,953,975
Beacon Pharmaceuticals Limited	87,734,854	87,734,854
Beximco Limited	83,745,911	85,339,733
Dhaka Electric Supply Company Ltd.	69,126,961	69,126,961
Eastern Housing Limited	166,063,283	166,063,283
Envoy Textiles Ltd.	42,402,697	42,402,697
Export Import Bank of Bangladesh Limited	65,369,186	56,153,581
Familytex (BD) Ltd.	2,259,675	47,453,468
Fareast Islami Life Insurance Co. Ltd.	65,297,780	65,297,780
Generation Next Fashions Limited	25,741,813	25,741,813
LafargeHolcim Bangladesh Limited	42,489,421	42,489,421

		31.12.2018 Taka	31.12.2017 Taka
M.I. Cement Factory Ltd		41,501,769	41,501,769
Meghna Petroleum Limited		75,607,343	75,607,343
Metro Spinning Mills Limited		65,855,505	65,855,505
Orion Pharma Ltd.		62,359,551	62,359,551
RAK Ceramics (Bangladesh) Limited		46,803,776	34,139,452
Square Textile Ltd		34,785,789	34,785,789
The Dacca Dyeing & Mfg. Co. Limited		156,023,958	160,115,520
Titas Gas Transmission And Distribution Co. Ltd		78,349,510	78,349,510
Unique Hotel and Resorts Ltd		31,110,235	31,110,235
Bangladesh Steel Re-Rolling Mills Limited		9,744,380	9,744,380
Prime Islami Life Insurance Ltd.		5,165,436	3,720,371
Bangladesh Submarine Cable Company Limited		4,314,941	2,342,003
Premier Cement Mills Limited		18,441,295	18,441,295
Shahjibazar Power Co. Ltd.		16,117,113	8,890,774
Singer Bangladesh Limited		60,778,950	60,778,950
Olympic Industries Ltd.		21,845,687	-
Power Grid Company of Bangladesh Ltd.		9,624,374	-
Square Pharmaceuticals Ltd.		44,791,917	-
M.L. Dyeing Limited		11,744	-
Padma Islami Life Insurance Limited		2,957,909	-
Silva Pharmaceuticals Limited		45,960	-
VFS Thread Dyeing Limited		6,392	-
Makson Spinning Mills Limited		-	63,955,630
Nahee Aluminum Composite Panel Ltd.		-	63,882
Oimex Electrode Limited		-	66,310
Un-Quoted			
Lanka Bangla Securiries Ltd		5,000,000	5,000,000
Market Stabilization Fund, Asset Management Co. Ltd		2,000,000	2,000,000
Aman Cotton Fibrous Limited		315,090	1,260,400
SK Trims & Industries Limited		51,170	-
VFS Thread Dyeing Limited		35,951	-
Esquire Knit Composite Limited		1,885,100	-
M.L. Dyeing Limited		30,960	-
Silva Pharmaceuticals Limited		45,683	-
Kattali Textile Limited		102,130	-
S S Steel Limited		137,920	-
ADN Telecom Limited		574,040	-
Genex Infosys Limited		107,670	-
Runner Automobiles Limited		1,085,825	-
Aamra Networks Limited		-	2,289,302
		1,712,980,655	**1,698,707,696**

See **Annexure-A** for details regarding unrealised gain/(loss) & provision.

8 Consolidated Investments

Shahjalal Islami Bank Ltd	(Note-8a)	174,542,243,558	148,364,190,304
Shahjalal Islami Bank Securities Ltd		3,452,297,680	3,269,416,687
		177,994,541,238	151,633,606,991
Less: Inter Company Transaction		1,258,382,500	250,620,139
		176,736,158,738	151,382,986,852

			31.12.2018 Taka	31.12.2017 Taka
	Bills Purchased and Discounted :			
	Shahjalal Islami Bank Ltd	(Note-8a)	11,547,790,733	10,303,967,071
	Shahjalal Islami Bank Securities Ltd		-	-
			11,547,790,733	10,303,967,071
			188,283,949,471	**161,686,953,924**
8a	**Investments of the Bank**			
	Country-wise Classification of Investments:			
	Inside Bangladesh			
	Gross Murabaha, Bai-Muajjal etc		184,824,649,587	157,680,334,330
	Less: Profit receivable on Murabaha, Bai-Muajjal etc (Mark-up profit on unearned income)		10,282,406,029	9,316,144,025
	Net Murabaha, Bai-Muajjal etc		174,542,243,558	148,364,190,304
	Bills purchased and discounted-net	(Note-8a.2)	11,547,790,733	10,303,967,071
	Outside Bangladesh		-	-
			186,090,034,291	**158,668,157,376**
8a.1	**Maturity wise Classification of Investments:**			
	With a residual maturity of			
	Re-payable on Demand		26,703,919,921	32,876,042,208
	Not more than 3 months		54,673,252,075	42,983,203,833
	Over 3 months but not more than 1 year		75,589,771,929	37,763,021,455
	Over 1 year but not more than 5 years		25,792,078,753	35,192,597,306
	Over 5 years		3,331,011,614	9,853,292,573
			186,090,034,291	**158,668,157,376**
8a.2	**Bills Purchased and Discounted :**			
	Payable inside Bangladesh		5,919,250,215	3,792,715,364
	Payable outside Bangladesh		6,058,642,581	6,743,135,868
	Gross Bills Purchased and Discounted		11,977,892,796	10,535,851,231
	Less: Profit receivable on Bills Purchased and Discounted		430,102,062	231,884,160
	Net Bills Purchased and Discounted		**11,547,790,733**	**10,303,967,071**
8a.3	**Maturity wise Classification of Bills Purchased and Discounted:**			
	Re-payable:-			
	Within 1 month		1,657,107,970	2,988,150,451
	Over 1 month but less than 3 months		3,392,740,917	2,395,672,344
	Over 3 months but less than 6 months		2,345,356,298	960,329,731
	6 months or more		4,152,585,548	3,959,814,546
			11,547,790,733	**10,303,967,071**
8a.4	**Investments on the basis of significant concentration:**			
	Investments to allied concern of Directors	(Note-53.5)	1,313,309,232	343,104,090
	Investments to Executives/Officers		1,497,300,000	1,460,297,464
	Investments to Customer Groups		81,441,122,849	97,186,422,645
	Industrial Investment		99,611,902,210	57,764,626,705
	Others		2,226,400,000	1,913,706,472
			186,090,034,291	**158,668,157,376**

		31.12.2018 Taka	31.12.2017 Taka
Investments allowed to individual customer exceeding 10% of Bank's total capital:			
Total outstanding amount to such customers at end of the year	:	59,651.02 million	63,128.38 million
Number of such types of customers	:	17	23
Amount of Classified Investments thereon	:	Nil	Nil
Measures taken for recovery	:	Not applicable	Not applicable

The amount represents the sum of total Investments (both Funded and Non-Funded) to each customer exceeding Tk. 2,700.15 million which is computed @ 10% of total capital of the bank i.e. Tk.27,001.47 million (Note # 17.5.c) as at 31 December 2018.

For details please refer to **Annexure-D**

8a.5 Sector-wise Classification of Investments:

Sector	As at 31 December 2018		As at 31 December 2017	
	Amount	Composition	Amount	Composition
Agriculture & Fishing	4,741,300,000	2.55%	5,234,400,000	3.30%
Cotton & Textile	19,149,374,394	10.29%	13,742,251,934	8.66%
Garments	26,279,870,452	14.12%	19,129,243,625	12.06%
Cement	1,735,806,107	0.93%	1,292,695,437	0.81%
Pharmaceuticals & Chemicals	3,734,835,445	2.01%	2,169,869,073	1.37%
Real Estate	6,922,895,463	3.72%	8,074,515,859	5.09%
Transport	3,244,937,565	1.74%	2,581,481,659	1.63%
Information Technology	1,161,685,974	0.62%	399,684,889	0.25%
Non Banking Financial Institutions	1,954,093,058	1.05%	2,404,260,444	1.52%
Steel & Engineering	8,391,965,104	4.51%	9,085,343,269	5.73%
Food Processing & Beverage	12,748,298,686	6.85%	11,229,536,145	7.08%
Power & Energy	5,904,186,571	3.17%	4,349,746,142	2.74%
Paper & Paper Products	1,906,918,415	1.02%	1,927,725,308	1.21%
Plastic & Plastic Product	4,868,703,451	2.62%	3,690,074,916	2.33%
Electronics	5,184,655,971	2.79%	4,022,935,777	2.54%
Services Industries	5,897,775,363	3.17%	5,414,797,241	3.41%
Trading	28,819,400,000	15.49%	26,668,700,000	16.81%
Import Financing	5,629,768,824	3.03%	7,060,700,000	4.45%
Consumer Financing	437,900,000	0.24%	420,500,000	0.27%
Share business	1,606,036,109	0.86%	1,042,005,526	0.66%
Staff Investment	1,497,300,000	0.80%	1,460,297,464	0.92%
Others	34,272,327,340	18.42%	27,267,392,670	17.19%
Total	**186,090,034,291**	**100.00%**	**158,668,157,376**	**100.00%**

8a.6 Geographical Location-wise Investments:

Area	As at 31 December 2018		As at 31 December 2017	
i) Inside Bangladesh (note-8a.6.1)	**Amount**	**Composition**	**Amount**	**Composition**
a) In Rural Areas	9,951,468,201	5.35%	10,462,731,660	6.59%
b) In Urban Areas	176,138,566,090	94.65%	148,205,425,716	93.41%
Sub-total	**186,090,034,291**	**100%**	**158,668,157,376**	**100%**
ii) Outside Bangladesh	-	-	-	-
Total	**186,090,034,291**	**100%**	**158,668,157,376**	**100%**

8a.6.1 Inside Bangladesh

Division	As at 31 December 2018		As at 31 December 2017	
	Amount	Composition	Amount	Composition
Dhaka	140,389,314,831	75.44%	116,606,296,091	73.49%
Chattogram	29,438,343,113	15.82%	26,888,848,733	16.95%
Sylhet	2,042,348,390	1.10%	2,002,443,636	1.26%
Rajshahi	5,312,198,540	2.85%	4,738,580,804	2.99%
Rangpur	1,282,789,912	0.69%	1,250,781,893	0.79%
Khulna	5,753,205,826	3.09%	5,417,489,836	3.41%
Barishal	659,697,924	0.35%	572,196,377	0.36%
Mymensingh	1,212,135,755	0.65%	1,191,520,006	0.75%
Total	**186,090,034,291**	**100.00%**	**158,668,157,376**	**100.00%**

8a.7 Grouping of Investments as per Classification Rules of Bangladesh Bank:

Status	As at 31 December 2018		As at 31 December 2017	
	Amount	Composition	Amount	Composition
Unclassified:				
Standard (including staff Investment)	171,739,106,658	92.29%	150,799,767,001	95.04%
Special Mention Account (SMA)	1,627,632,344	0.87%	1,567,888,214	0.99%
Sub-total	**173,366,739,002**		**152,367,655,215**	
Classified:				
Substandard	796,796,511	0.43%	549,660,286	0.35%
Doubtful	533,421,327	0.29%	211,763,683	0.13%
Bad or loss	11,393,077,451	6.12%	5,539,078,192	3.49%
Sub-total	**12,723,295,289**		**6,300,502,160**	
Grand Total	**186,090,034,291**	**100.00%**	**158,668,157,376**	**100.00%**

8a.8 Particulars of provision for Investments:

Status	Rate	Basis for Provision	31.12.2018 Taka	31.12.2017 Taka
Standard				
Unclassified (excluding staff Investments)	1%	101,686,049,761	1,134,174,039	947,509,244
Staff Investments	0%	1,497,298,426	-	-
Consumer Financing (Other than HF & LP)	5%	426,691,335	21,334,567	17,856,107
Small & Medium Enterprise	0.25%	64,669,181,559	161,672,954	138,845,551
Housing Finance(HF)	1%	2,067,350,197	20,673,502	27,536,193
Loan for professionals (LP)	2%	13,539,061	270,781	554,874
Share Business	2%	1,373,623,051	27,472,461	13,122,698
Short Term Agri Credit	1%	5,373,268	53,733	57,048
SMA		1,622,626,999	9,735,156	11,972,146
			1,375,387,192	1,157,453,862
Substandard	20% & 5% (Agri)	238,612,820	47,716,863	64,805,599
Doubtful	50% & 5% (Agri)	118,074,442	58,326,195	17,704,624
Bad or loss	100%	3,926,352,116	3,926,352,116	1,332,348,478
			4,032,395,175	1,414,858,701
Required provision for Investments			5,407,782,367	2,572,312,562
Less: Deferred provision by Bangladesh Bank			1,587,412,291	-
Total provision required			3,820,370,076	2,572,312,562
Total provision maintained {note # 15a.1(a) & (b)}			3,820,370,076	2,580,964,133
Surplus/(Shortfall) Provision			**0.0**	**8,651,571**

As at 31 December 2018, the Bank has maintained provision for unclassified Investment amounting to Tk. 1,375,400,000 and for classified Investment Tk. 2,444,970,076 totaling Tk. 3,820,370,076 against total provision requirement of Tk 5,407,782,366 as determined by Bangladesh Bank. The Bank has received approval from Bangladesh Bank vide letter DBI-4.42(3)/2019-649 dated 18 April 2019 allowing the Bank to build-up the remaining required provision as deferral of Tk 1,587,412,291 and another amount of Tk. 308,200,000 against other assets (Note 15a.1) during the next Three years (i.e. 2019, 2020 and 2021) on equal installment.

8a.9 Particulars of provision for Off-Balance Sheet

Status	Basis for Provision	Rate 1%	Rate 1%
Acceptances & endorsements	34,199,576,512	341,995,765	283,687,414
Letters of Guarantees	23,976,960,264	239,769,603	193,224,825
Irrevocable Letters of Credit	25,478,400,567	254,784,006	275,696,406
Bills for collection	17,131,691,539	518,242	139,646,958
Required provision for Off Balance Sheet Items	100,786,628,882	837,067,616	892,255,603
Provision maintained {note # 15a.1(c)}		837,100,000	892,300,000
Surplus Provision		**32,384**	**44,397**

8a.10 Particulars of Investments:

(i)	Investments considered good in respect of which the banking company is fully secured	154,164,303,809	131,261,253,856
(ii)	Investments considered good for which the banking company holds no other security than the debtor's personal security	29,699,969,473	25,323,437,917
(iii)	Investments considered good and secured by personal security of one or more parties in addition to the personal security of the debtors	2,225,761,009	2,083,465,603
(iv)	Investments considered bad or doubtful not provided for	-	-
		186,090,034,291	**158,668,157,376**

		31.12.2018 Taka	31.12.2017 Taka
(v)	Investments due by directors or officers of the banking company or any of them either severally or jointly with any other person	1,497,300,000	1,460,297,464
(vi)	Investments due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies as members (Note 53.5).	1,313,309,232	343,104,090
(vii)	Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.	1,497,300,000	1,460,297,464
(viii)	Maximum total amount of advances including temporary advances granted during the period to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies as members	1,313,309,232	343,104,090
(ix)	"Investments due from other Banks"	-	-
(x)	Classified Investment on which profit has not been charged	12,723,295,289	6,300,502,160
a.	Movement of Classified Investments:		
	Opening Balance	6,300,502,160	5,781,699,039
	Increase/ (Decrease) during the year	6,422,793,129	518,803,121
		12,723,295,289	**6,300,502,160**
i)	(Decrease)/Increase of specific provision	1,029,905,943	(16,403,469)
ii)	Amount of written off investment during the year against which fully provided	-	982,130,507
iii)	Amount recovered against the investment which was previously written off	10,373,603	18,605,000
b.	Amount of provision kept against classified Investment as bad or Loss on the reporting day of Balance Sheet	2,444,970,076	1,415,064,133
c.	Amount of Profit charged in suspense Account	1,046,769,343	519,917,285
(xi)	Cumulative amount of written off Investments		
	Opening Balance	4,463,670,712	3,481,540,205
	Amount written off during the year	-	982,130,507
	Total amount of written off investment	**4,463,670,712**	**4,463,670,712**

9 Consolidated Fixed Assets including Premises, Furnitures & Fixtures

Cost			
Shahjalal Islami Bank Ltd	(Note-9a)	5,062,780,011	4,855,255,914
Shahjalal Islami Bank Securities Ltd		108,762,136	93,557,289
		5,171,542,147	4,948,813,203
Accumulated Depreciation			
Shahjalal Islami Bank Ltd	(Note-9a)	1,067,313,676	898,138,146
Shahjalal Islami Bank Securities Ltd		50,126,345	42,511,184
		1,117,440,021	940,649,330
Written Down Value		**4,054,102,126**	**4,008,163,873**

			31.12.2018 Taka	31.12.2017 Taka
9a	**Fixed Assets including Premises, Furnitures & Fixtures of the Bank**			
	Cost			
	Opening balance		4,716,700,471	4,169,882,223
	Addition during the year		523,018,512	1,237,886,785
			5,239,718,983	5,407,769,008
	Less: Disposal during the year		319,108,855	691,068,537
			4,920,610,128	4,716,700,471
	Accumulated Depreciation			
	Opening balance		816,776,320	799,152,843
	Addition during the year		158,239,745	114,299,641
			975,016,066	913,452,484
	Less: Adjustment on disposal during the year		3,633,634	96,676,164
			971,382,431	816,776,320
	Written Down Value		**3,949,227,697**	**3,899,924,150**
	Intangible assets			
	Cost			
	Opening balance		138,555,443	129,900,443
	Addition during the year		3,614,440	8,655,000
			142,169,883	138,555,443
	Less: Disposal during the year		-	-
			142,169,883	138,555,443
	Amortization			
	Opening balance		81,361,826	67,590,780
	Addition during the year		14,569,419	13,771,046
			95,931,244	81,361,826
	Less: Adjustment on disposal during the year		-	-
			95,931,244	81,361,826
	Written Down Value		**46,238,638**	**57,193,617**
	Total Written Down Value		**3,995,466,335**	**3,957,117,768**
	For details please refer to **Annexure-B**			
10	**Consolidated Others Assets**			
	Shahjalal Islami Bank Ltd	(Note-10a)	14,337,119,704	13,795,235,456
	Shahjalal Islami Bank Securities Ltd		2,200,670,463	2,166,544,118
			16,537,790,167	15,961,779,574
	Less: Inter Company transaction		2,929,914,662	3,578,605,893
			13,607,875,505	**12,383,173,681**
10.1	**Consolidated advance tax**			
	Shahjalal Islami Bank Ltd	(Note-10a.4)	10,688,849,451	9,611,807,185
	Shahjalal Islami Bank Securities Ltd		296,704,265	227,658,946
			10,985,553,716	**9,839,466,131**
10a	**Others Assets of the Bank**			
	Income Generating:			
	Shahjalal Islami Bank Securities Ltd	(Note-10a.3)	2,515,000,000	2,515,000,000
			2,515,000,000	**2,515,000,000**

		31.12.2018 Taka	31.12.2017 Taka
Non Income Generating:			
Stock of Stationery, Stamps and printing materials etc. (valued at cost)		20,278,978	18,814,345
Advance rent and security deposit		193,656,661	165,849,238
Suspense Account	(Note-10a.1)	84,097,361	101,552,665
Profit receivable	(Note-10a.2)	226,858,642	237,370,413
Other Prepayments		115,693,170	39,944,523
Receivable from Shahjalal Islami Bank Securities Limited		414,914,662	1,063,059,276
Advance Insurance premium		61,329,750	21,700,000
Advance for new Branches		13,353,800	16,820,000
Advance tax paid	(Note-10a.4)	10,688,849,451	9,611,807,185
Other Receivables		3,087,227	3,317,812
Sub total		**11,822,119,704**	**11,280,235,456**
		14,337,119,704	**13,795,235,456**

10a.1 Suspense Account

Sundry Debtors	17,024,531	59,091,692
Excise duty on MTDR	20,680,811	1,001,347
Advance against TA/DA	204,000	269,338
Advance against Petty Cash	626,000	497,000
Law charges	43,254,910	36,612,627
Stamp	224,540	113,045
Others	2,082,569	3,967,616
	84,097,361	**101,552,665**

The detail breakup of unadjusted suspense accounts are given below:

(Amount in '000)

Sl	Breakup	Less than 03 months	03 months to less than 06 months	06 months to less than 09 months	09 months to less than 12 months	12 months and above
1	Sundry Debtors	10,465	6,498	4	47	11
2	Advance against TA/DA	179		25		
3	Advance against Petty Cash	626				
4	Legal expenses	5,864	2,014	1,058	1,533	32,786
5	Others	20,759	1,143	374	528	183
	Grand Total	**37,893**	**9,655**	**1,461**	**2,108**	**32,980**

10a.2 Profit Receivable

Placement to Other Bank-MTDR	32,980,535	17,727,063
Placement to Financial Institutions-MTDR	91,919,236	49,230,069
Placement to Islamic Investment Bond	24,712,749	102,388,221
Profit on Investment against MSD	22,788,288	19,243,161
On Investments	54,457,835	48,781,899
	226,858,642	**237,370,413**

10a.3 Shahjalal Islami Bank Limited invested Tk. 251.50 crore in its Subsidiary Company named 'Shahjalal Islami Bank Securities Limited' as per approval of competent authority. The subsidiary commenced its operation from 25th May 2011. The total Paid-up Capital of the subsidiary company is Tk. 274.00 crore divided into 27,40,00,000 ordinary shares @ Tk. 10 each and bank hold 91.79% of its paid-up capital.

		31.12.2018 Taka	31.12.2017 Taka
10a.4	**Advance tax paid**		
	Balance at the beginning of the year	9,611,807,185	8,700,383,562
	Paid during the year	1,077,042,266	911,423,624
		10,688,849,451	**9,611,807,185**
11	**Non-Banking Assets**		
	Shahjalal Islami Bank Ltd	**88,909,355**	**88,909,355**

The Bank was awarded absolute ownership on few mortgaged properties through the verdict of Honorable court under section 33(7) of the Artharin Adalat Act 2003. These were recorded as non banking assets as per valuation report submitted by professional surveyor. Value of the assets was recorded in equivalent to the client's adjustable outstanding.

Following are the details:

SL#	Name of Parties	Assets details	31.12.2018	31.12.2017
i)	Haque Steel & Re-Rolling Industries Pvt. Ltd.	i) 26 (twenty six) decimals land situated at Savar, Mouza: Boroboreshi ii) 160.50 decimals land together with building structures standing and / or existing therein and appurtenance thereto situated at Narayangonj, Mouza: Dapa Idrakpur. Carrying value of which was **BDT 1741.59 Lac (Market Value).** Entitlement Date: 12.10.14	47,064,331	47,064,331
ii)	M/S Noor Mohammad Iron Store	6.25 (six point two five) decimals land situated at Bashundhara River View Project at Block - A, Plot # 532, Keranigonj, Dhaka, Mouza - Naiyatola. Carrying value of which was **BDT 47.34 Lac (Market Value).** Entitlement Date: 14.05.15	4,014,637	4,014,637
iii)	M/s Khizir Trading	13.83 (thirteen point eight three) decimals land situated at Khulshi, Mouza: Pahatali. Carrying value of which was **BDT 356.81 Lac (Market Value).** Entitlement Date: 05.11.17	31,468,345	31,468,345
iv)	Md. Mehedul Islam	i) 4 (four) decimals land situated at Dinajpur, Kotwali, Mouza: Majipara ii) 13 (thirteen) decimals land situated at Dinajpur, Fulbari, Mouza: Rashidpur. Carrying value of which was **BDT 48.50 Lac (Market Value).** Entitlement Date: 04.04.17	3,380,238	3,380,238
v)	Sohel Enterprise	i) 8 (eight) decimals land situated at Rangpur, Kotwali, Mouza: Taluk Dharmadash ii) 4 (four) decimals land situated at Rangpur, Kotwali, Mouza: Alamnagar iii) 3 (three) decimals land situated at Rangpur, Kotwali, Mouza: Taluk Dharmadash. Carrying value of which was **BDT 34.50 Lac (Market Value).** Entitlement Date: 29.11.17	2,981,804	2,981,804
		Total	**88,909,355**	**88,909,355**

			31.12.2018 Taka	31.12.2017 Taka
12	**Consolidated Placement from other Banks & Financial Institutions**			
	Shahjalal Islami Bank Ltd	(Note-12a)	23,465,601,827	29,621,688,291
	Shahjalal Islami Bank Securities Ltd		2,000,000,000	805,000,000
			25,465,601,827	30,426,688,291
	Less: Inter Company transaction		1,200,000,000	250,000,000
			24,265,601,827	**30,176,688,291**
12a	**Placement from other Banks & Financial Institutions of the Bank**			
	Islami Investment Bond from Bangladesh Bank		7,500,000,000	7,000,000,000
	Islamic Refinance Fund - Bangladesh Bank		30,440,000	158,129,367
	Mudaraba FC A/C-Bangladesh Bank (EDF)		9,840,098,202	7,341,588,824
	Mudaraba Term Deposit from other Banks	(Note-12a.1)	6,095,063,625	15,121,970,100
	Borrowing from Offshore Banking Unit (OBU)		1,097,559,484	663,175,441
			24,563,161,311	**30,284,863,732**
	Less: Off-Shore Banking Units		1,097,559,484	663,175,441
			23,465,601,827	**29,621,688,291**
12a.1	**Mudaraba Term Deposit from other Banks**			
	In Bangladesh:			
	Islami Bank Bangladesh Limited		500,000,000	2,950,000,000
	United Commercial Bank Limited		500,000,000	1,490,000,000
	Sonali Bank Limited		79,422,625	1,305,000,000
	Agrani Bank Limited		2,070,000,000	1,950,000,000
	Prime Bank Limited, Islami Banking Branch		1,000,000,000	-
	Bank Asia Limited, Islami Banking Branch		-	1,750,000,000
	Al-Arafah Islami Bank Limited		-	500,000,000
	Export Import Bank of Bangladesh Limited		-	500,000,000
	AB Bank Limited		-	400,000,000
	Pubali Bank Limited		-	600,000,000
	Bank Alfalah Limited		-	290,000,000
	Janata Bank Limited		-	1,000,000,000
	Sub total		**4,149,422,625**	**12,735,000,000**
	Outside Bangladesh:			
	Bank Muscat SAOG		755,100,000	825,594,100
	United Bank UK		576,728,600	292,344,500
	JS Bank Ltd., Bahrain		110,412,400	16,540,000
	National Bank of Ras Al-Khaimah (P.S.C.)		503,400,000	-
	United Bank Ltd., UAE		-	94,691,500
	Fund Placement Received from ICD		-	827,000,000
	Agrani Bank Limited		-	165,400,000
	Southeast Bank Limited		-	165,400,000
	Sub total		**1,945,641,000**	**2,386,970,100**
	Grand Total		**6,095,063,625**	**15,121,970,100**
13	**Consolidated Deposits and Other Accounts**			
	Al-Wadiah Current Deposit & Other Accounts			
	Shahjalal Islami Bank Ltd	(Note-13a)	22,376,070,686	19,247,731,405
	Shahjalal Islami Bank Securities Ltd		-	-
			22,376,070,686	**19,247,731,405**

			31.12.2018 Taka	31.12.2017 Taka
	Bills Payable			
	Shahjalal Islami Bank Ltd	(Note-13a)	2,850,398,551	2,493,444,313
	Shahjalal Islami Bank Securities Ltd		-	-
			2,850,398,551	**2,493,444,313**
	Mudaraba Savings Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	20,792,172,031	18,280,590,909
	Shahjalal Islami Bank Securities Ltd		-	-
			20,792,172,031	**18,280,590,909**
	Mudaraba Term Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	79,408,029,450	64,248,150,845
	Shahjalal Islami Bank Securities Ltd		-	-
			79,408,029,450	**64,248,150,845**
	Other Mudaraba Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	51,434,842,290	42,078,308,773
	Shahjalal Islami Bank Securities Ltd		-	-
			51,434,842,290	42,078,308,773
	Less: Inter Company transaction		309,512,590	393,408,115
			51,125,329,700	**41,684,900,658**
	Total		**176,552,000,417**	**145,954,818,129**
13a	**Deposits and Other Accounts of the Bank**			
	Al-Wadiah Current Deposit & Other Accounts:			
	Al-Wadiah Current Deposit		8,182,558,429	7,416,177,866
	Foreign Currency Deposits		2,443,456,504	1,504,968,625
	Non-Resident Taka Account		10,952,308	42,683,935
	Profit Payable		1,392,350,100	965,751,057
	Sundry Deposits		10,351,940,588	9,330,781,735
			22,381,257,929	**19,260,363,218**
	Less: Off-Shore Banking Units		5,187,243	12,631,814
			22,376,070,686	**19,247,731,405**
	Bills Payable:			
	Payable inside Bangladesh			
	Payment Order Issued		2,845,561,265	2,475,250,322
	Demand Draft Payable		4,074,749	16,664,720
	Instant Cash Payable		-	20,000
	Bank Cheque Issued		-	215
	Turbo Cash Payable		54,405	64,405
	Electronic Fund Transfer		708,132	1,444,651
			2,850,398,551	**2,493,444,313**
	Payable outside Bangladesh		-	-
			2,850,398,551	**2,493,444,313**
	Mudaraba Savings Deposits:			
	General Deposits		20,781,937,525	18,180,901,845
	Deposit from Other Banks		10,234,506	99,689,065
			20,792,172,031	**18,280,590,909**
	Mudaraba Term Deposits:			
	General Deposits		79,408,029,450	64,248,150,845
			79,408,029,450	**64,248,150,845**

		31.12.2018 Taka	31.12.2017 Taka
Other Mudaraba Deposits:			
Mudaraba Short Notice Deposits		7,801,734,516	4,521,719,478
Mudaraba Scheme Deposit	(Note-13a.1)	42,374,495,095	37,121,568,499
Deposit from Other Banks (SND)		1,258,612,680	435,020,796
		51,434,842,290	**42,078,308,773**
		176,861,513,007	**146,348,226,244**

13a.1 Mudaraba Scheme Deposits:

Millionaire Scheme		7,833,384,775	7,449,249,554
Multiple Benefit Scheme		8,611,387,508	10,078,713,634
Monthly Income Scheme		11,339,541,867	6,216,900,665
Monthly Deposit Scheme		14,211,578,481	13,006,388,879
Hajj Deposit Scheme		233,841,632	196,577,715
Cash Waqf		4,485,950	4,096,213
Housing Deposit Scheme		5,923,919	6,330,790
Lakhpoti Deposit Scheme		7,406,236	11,685,869
Mohor Deposit Scheme		3,025,219	16,377,257
Education Deposit Scheme		70,371,615	72,483,174
Marriage Deposit Scheme		53,547,893	62,764,749
		42,374,495,095	**37,121,568,499**

13a.2 Deposits and Other Accounts:

General Deposits		176,258,713,147	145,813,516,384
Deposits from Other Banks	(Note- 13a.3)	602,799,861	534,709,861
		176,861,513,007	**146,348,226,244**

13a.3 Deposit from Other Banks

Mudaraba Special Notice Deposit:		
Export Import Bank of Bangladesh Limited	61,378,246	3,288,246
AB Bank Limited	431,470	431,470
Jamuna Bank Limited	7,817,227	17,817,227
Al -Arafah Islami Bank Ltd	514,769,982	404,769,982
Social Islami Bank Limited	8,104,069	8,104,069
National Credit and Commerce Bank Ltd	599,069	599,069
ICB Islami Bank Limited	10,732	10,732
	593,110,796	**435,020,796**
Mudaraba Savings Deposit:		
ICB Islami Bank Limited	-	-
Export Import Bank of Bangladesh Ltd	7,427,931	7,427,931
Al -Arafah Islami Bank Ltd	124	124
Islami Bank Bangladesh Limited	2,261,009	92,261,009
	9,689,065	**99,689,065**
	602,799,861	**534,709,861**

13a.4 Maturity wise classification of Deposits are as under

With a residual maturity of		
Repayable on demand	15,917,536,171	14,026,186,659
Within 1 month	13,264,613,476	18,447,108,728
Over 1 months but not more than 6 months	53,553,666,139	47,990,885,243
Over 6 months but not more than 1 year	66,977,454,976	17,683,726,496
Over 1 year but not more than 5 years	23,186,544,355	22,162,933,854
Over 5 years	3,961,697,891	25,602,364,468
	176,861,513,007	**145,913,205,448**

		31.12.2018 Taka	31.12.2017 Taka
14	**Mudaraba Subordinated Bond**		
	Mudaraba Subordinated Bond	**10,000,000,000**	**4,000,000,000**

The Bank issued floating rate non-convertible Mudaraba Subordinated Bond of BDT 400 crore & BDT 600 crore after obtaining approval from Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank. Mudaraba Subordinated Bonds were mainly issued to support and strengthen the capital base of the bank under Tier-II, supplementary capital of Basel-III. The features of the bonds are enumerated below:

Features of SJIBL Mudaraba Sub-Ordinated Bonds:

Particulars	1st Mudaraba Subordinated Bond	2nd Mudaraba Subordinated Bond
Issuer	Shahjalal Islami Bank Limited	Shahjalal Islami Bank Limited
Lead Arranger	Standard Chartered Bank	Standard Chartered Bank
Trustee	Green Delta Insurance Company Limited	Green Delta Insurance Company Limited
Tenure of Bond	7 (Seven) Years	7 (Seven) Years
Total Face Value	BDT 400 Crore (Four Hundred Crore)	BDT 600 Crore (Six Hundred Crore)
Number of Bonds	4,000 (Four Thousand)	6,000 (Six Thousand)
Profit Rate	Prevailing highest Mudaraba Term Deposit profit rate in 6-12 months tenor plus an additional profit rate of 2%	Weighted average of prevailing provisional profit rate of 6 months MTDR plus an additional profit rate of 2%
Date of Issue	15-Jun-2017	19-Dec-2018
Repayment / Redemption	20% of the Total Bond Value to be Redeemed at the end of each year Starting from year 3 (Three) at Face Value.	20% of the Total Bond Value to be Redeemed at the end of each year Starting from year 3 (Three) at Face Value.

List of Investors:

Name of the Investor	1st Mudaraba Subordinated Bond		2nd Mudaraba Subordinated Bond	
	Bond Issued (Taka)	Outstanding (as on 31 December 2018)	Bond Issued (Taka)	Outstanding (as on 31 December 2018)
EXIM Bank Limited	1,750,000,000	1,750,000,000	1,000,000,000	1,000,000,000
Pubali Bank Limited	700,000,000	700,000,000	-	-
Rupali Bank Limited	700,000,000	700,000,000	750,000,000	750,000,000
Uttara Bank Limited	500,000,000	500,000,000	-	-
Southeast Bank Limited	350,000,000	350,000,000	500,000,000	500,000,000
Agrani Bank Limited	-	-	2,500,000,000	2,500,000,000
Sonali Bank Limited	-	-	750,000,000	750,000,000
Dhaka Bank Limited	-	-	500,000,000	500,000,000
Total	**4,000,000,000**	**4,000,000,000**	**6,000,000,000**	**6,000,000,000**

15	**Consolidated Other Liabilities**			
	Shahjalal Islami Bank Ltd	(Note-15a)	18,401,348,233	14,460,677,132
	Shahjalal Islami Bank Securities Limited		2,767,435,666	3,465,928,951
			21,168,783,899	17,926,606,083
	Less: Inter Company transaction		473,297,162	1,064,226,032
			20,695,486,737	**16,862,380,052**

		31.12.2018 Taka	31.12.2017 Taka
15.1 Consolidated Provision for Current Tax			
Shahjalal Islami Bank Ltd	(Note-15a.2)	11,094,509,817	9,404,688,518
Shahjalal Islami Bank Securities Ltd		316,970,214	293,833,926
		11,411,480,031	**9,698,522,444**
15.2 Consolidated current tax expenses			
Shahjalal Islami Bank Ltd	(Note-15a.2)	1,689,821,298	840,086,272
Shahjalal Islami Bank Securities Ltd		23,136,288	82,787,438
		1,712,957,586	**922,873,710**

15.3 Provision against entries of NOSTRO Account

No provision is required as per Circular Letter No. FEPD(FEMO)/01/2005-677 dated 13 September 2005 for un-reconciled NOSTRO debit entries as there is no outstanding entry over 3 months (note:5a.3).

15a Other Liabilities of the Bank			
Profit Payable		167,351,958	22,582,680
Provision for Investment	{note 15a.1 (a) & (b)}	3,820,370,076	2,580,964,133
Provision for Off-Balance Sheet items	{note 15a.1 (c)}	837,100,000	892,300,000
Provision for other Assets	{note 15a.1(d)}	37,765,000	37,765,000
Provisions for Investment in Securities	{note 15a.1(e)}	545,160,000	458,400,000
Provision for Taxation	(Note 15a.2)	11,094,509,817	9,404,688,518
Profit Suspense Account	{note 15(a).1 (f)}	741,880,059	297,822,172
Compensation Realisable & Suspense Account	{note 15(a).1 (g)}	461,276,123	329,821,760
Compensation Realised Account	{note 15(a).1 (h)}	98,358,398	44,789,360
Other Payable		285,259,916	232,216,169
Outstanding Expenses		234,331,379	60,072,420
Unearned Income on Quard		4,197,196	1,125,051
SJIBL General Account		73,788,313	98,129,869
		18,401,348,233	**14,460,677,132**

15a.1 Provision for Investment:

(a) Provision on Classified Investment:		
Provision held at the beginning of the year	1,415,064,133	1,431,467,602
Provision transferred from Provision for Investment in Securities	-	180,000,000
Provision transferred from Provision for Off-Balance Sheet items	55,200,000	-
Amount transferred to Compensation Realised A/C	(150,267,660)	(50,000,000)
Written Off Recovery	10,373,603	18,605,000
Net charge to Profit & Loss Account	1,114,600,000	664,800,000
Adjustment of Reactivated Accounts	-	(56,668,714)
Fully provided investment written off during the year	-	(773,139,755)
Provision held at the end of the year	**2,444,970,076**	**1,415,064,133**
(b) General Provision on Unclassified Investment:		
Provision held at the beginning of the year	1,165,900,000	896,200,000
Addition during the year	209,500,000	269,700,000
Balance at the end of the year	**1,375,400,000**	**1,165,900,000**
Total Provision for Investments (a+b)	**3,820,370,076**	**2,580,964,133**
(c) General Provision on Off-Balance Sheet items:		
Provision held at the beginning of the year	892,300,000	633,300,000
Provision transferred to provision on Classified Investment	(55,200,000)	-
Addition during the year	-	259,000,000
Balance at the end of the year	**837,100,000**	**892,300,000**
Total Provision for Investments & Off-Balance Sheet (a+b+c)	**4,657,470,076**	**3,473,264,133**

	31.12.2018 Taka	31.12.2017 Taka
(d) Provision for other Assets:		
Provision held at the beginning of the year	37,765,000	19,265,000
Addition during the year	-	18,500,000
Balance at the end of the year	**37,765,000**	**37,765,000**

Bangladesh Bank has instructed the Bank to maintain an additional provision of Tk 308,200,000 against other assets. However, the Bank has obtained permission from Bangladesh Bank to build-up this additional provision in next three years (i.e. 2019, 2020 and 2021) on equal instalment.

(e) Provision for Investment in Securities:		
Provision held at the beginning of the year	458,400,000	601,000,000
Provision transferred to provision on Classified Investment	-	(180,000,000)
Addition during the year	86,760,000	37,400,000
Balance at the end of the year	**545,160,000**	**458,400,000**
(f) Profit Suspense Account:		
Balance at the beginning of the year	297,822,172	374,952,054
Amount transferred to suspense account during the year	901,949,847	853,599,741
Amount recovered from suspense account during the year	(457,807,123)	(915,533,383)
Amount written off/ waived during the year	(84,837)	(15,196,241)
Balance at the end of the year	**741,880,059**	**297,822,172**
(g) Compensation Realisable & Suspense Account:		
Balance at the beginning of the year	329,821,760	363,730,920
Addition during the year	187,208,777	214,084,337
Amount recovered during the year	(53,301,378)	(38,049,340)
Amount written off/ waived during the year	(2,453,036)	(209,944,157)
Balance at the end of the year	**461,276,123**	**329,821,760**
(h) Compensation Realised Account:		
Balance at the beginning of the year	44,789,360	56,740,020
Addition during the year	53,301,378	38,049,340
Fund transfer to expended for charitable activities	(150,000,000)	(100,000,000)
Amount transferred from provision for Classified Investment	150,267,660	50,000,000
Balance at the end of the year	**98,358,398**	**44,789,360**

15a.2 Provision for Taxation

Provision for Current tax		
Balance at the beginning of the year	9,404,688,518	8,564,602,247
Add: Provision made during the year	1,689,821,298	840,086,272
Add: Adjustment for previous year	-	-
Add: Provision made on other income during the year	-	-
Balance at the end of the year	**11,094,509,817**	**9,404,688,518**

The Bank has challenged some disputed income tax assessments which are pending at various appeal stages (i.e. appellate tribunal, High Court Division). The Bank is confident that once these appeals are finally disposed of, there should not be any additional tax demand against the Bank and hence no further provision is required.

15a.2(a) Provision for Current Tax made during the year

Income tax @ 37.50% on estimated taxable Business Profit	1,630,546,970	797,268,571
Income tax @ 20.00% on Dividend Income	59,274,329	36,734,987
Income tax @ 10% on Capital Gain on sale of Shares	-	6,082,713
Estimated total provision required	1,689,821,298	840,086,272
Computation of Taxable Business Profit		
Profit before Tax	3,165,468,443	2,078,516,541
Add: Inadmissible expenditures	1,625,356,878	1,209,445,816
Less: Allowable Expenditure & Separate consideration	442,700,068	1,294,790,930
Estimated Taxable Business Profit for the year	**4,348,125,252**	**1,993,171,428**

15a.3 SJIBL General Account represents outstanding Inter-Branch and Head Office transactions (Net) originated but yet to be responded at the Balance Sheet date. The break-up of SJIBL general account are given below:

	Debit		Credit	
	No. of entry	Amount	No. of entry	Amount
Up to 3 months	358	75,874,480.26	658	149,662,793.47
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	358	75,874,480.26	658	149,662,793.47
Net unreconcile amount				(73,788,313.21)

There are no outstanding un-reconciled entries more than 1 month. However, outstanding entries on Balance Sheet date are subsequently reconciled.

		31.12.2018 Taka	31.12.2017 Taka
16 Consolidated Deferred Tax Liability			
Shahjalal Islami Bank Ltd	(Note-16a)	142,464,474	137,999,259
Shahjalal Islami Bank Securities Limited		(1,029,122)	-
		141,435,352	**137,999,259**
16a Deferred Tax Liability of the Bank			
Balance at the beginning of the year		137,999,259	95,464,963
Add: Provision made during the year		4,465,215	42,534,296
		142,464,474	**137,999,259**
17 Capital			
17.1 Authorized Capital:			
100,00,00,000 ordinary shares of Tk. 10 each		**10,000,000,000**	**10,000,000,000**

The shareholders of the Bank in its 11th Extra Ordinary General Meeting (EGM) held on 4 June 2013 approved to increase the Authorised capital of the Bank to Tk. 1000,00,00,000 from Tk. 600,00,00,000.

17.2 Issued, Subscribed and Paid up Capital			
84,85,64,793 Ordinary Shares of Tk 10 each		**8,485,647,930**	**7,714,225,390**
Issued for cash: 18,46,02,500 shares of Tk. 10 each		1,846,025,000	1,846,025,000
Issued other than cash: 66,39,62,293 bonus shares of Tk 10 each		6,639,622,930	5,868,200,390
		8,485,647,930	**7,714,225,390**
	Holding		
Sponsor & Director Group	In year 2018: 45.62%; 2017: 44.34%	3,871,081,280	3,420,670,510
Institutes Group	In year 2018: 14.21%; 2017: 19.14%	1,206,165,460	1,476,171,100
General Shareholders Group	In year 2018: 39.75%; 2017: 36.29%	3,373,115,880	2,799,383,830
Foreign Group	In year 2018: 0.42%; 2017: 0.23%	35,285,310	17,999,950
		8,485,647,930	**7,714,225,390**

Classification of Shareholders by number of holding:
As at 31 December 2018

Range of Share Holding	No. of Shareholders	No. of shares	Percentage of holding shares
Upto 500	17,041	2,378,401	0.28%
501-5,000	14,742	27,842,763	3.28%
5,001-10,000	1,071	7,815,705	0.92%
10,001-20,000	751	7,955,999	0.94%
20,001-30,000	196	4,786,089	0.56%
30,001-40,000	68	2,397,703	0.28%
40,001-50,000	71	3,266,570	0.39%
50,001-1,00,000	89	6,281,109	0.74%
1,00,001-10,00,000	126	40,280,088	4.75%
Over 10,00,000	74	745,560,366	87.86%
Total	**34,229**	**848,564,793**	**100.00%**

As at 31 December 2017

Range of Share Holding	No. of Shareholders	No. of shares	Percentage of holding shares
Upto 500	18,970	2,580,622	0.33%
501-5,000	16,911	30,261,311	3.92%
5,001-10,000	1,358	9,699,175	1.26%
10,001-20,000	732	10,180,603	1.32%
20,001-30,000	241	5,741,515	0.74%
30,001-40,000	90	3,150,861	0.41%
40,001-50,000	78	3,563,722	0.46%
50,001-1,00,000	153	11,612,744	1.51%
1,00,001-10,00,000	164	52,573,018	6.82%
Over 10,00,000	85	642,058,968	83.23%
Total	**38,782**	**771,422,539**	**100.00%**

History of paid-up capital:

Year	Description	Face Value Per Share (Taka)	No. of shares	Value of issued Capital for the year (Taka)
2001	Sponsor Share	100	2,050,000	205,000,000
2003	12.5% Stock Dividend for the year 2002	100	256,250	25,625,000
2004	New Share Issued	100	2,362,000	236,200,000
2005	New Share Issued	100	4,690,000	469,000,000
2007	Initial Public Offer (IPO)	100	9,358,250	935,825,000
2008	20% Stock Dividend for the year 2007	100	3,743,300	374,330,000
2009	22% Stock Dividend for the year 2008	100	4,941,156	494,115,600
2010	25% Stock Dividend for the year 2009	100	6,850,239	685,023,900
	Split-off	**10**	**342,511,950**	**3,425,119,500**
2011	30% Stock Dividend for the year 2010	10	102,753,585	1,027,535,850
2012	25% Stock Dividend for the year 2011	10	111,316,383	1,113,163,830
2013	20% Stock Dividend for the year 2012	10	111,316,384	1,113,163,840
2014	10% Stock Dividend for the year 2013	10	66,789,831	667,898,310
2017	5% Stock Dividend for the year 2016	10	36,734,406	367,344,060
2018	10% Stock Dividend for the year 2017	10	77,142,254	771,422,540
Total			**848,564,793**	**8,485,647,930**

17.3 Consolidated Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III:

a) Going Concern Capital (Tier-1):			
Common Equity Tire-1 Capital (CET-1)			
i) Paid-up Capital		8,485,647,930	7,714,225,390
ii) Statutory Reserve	(Note -18)	5,452,358,676	4,819,264,987
iii) Retained Earnings	(Note -19)	921,461,996	1,079,870,794
iv) Non-controlling Interest		231,307,418	251,443,308
		15,090,776,020	**13,864,804,479**
Additional Tire-1 Capital (AT-1)		-	-
		15,090,776,020	**13,864,804,479**
b) Gone Concern Capital (Tier-2):			
i) General Provision		2,563,620,900	2,481,820,900
ii) Mudaraba Subordinated Bond		10,000,000,000	4,000,000,000
		12,563,620,900	**6,481,820,900**
c) Total Eligible Regulatory Capital (a +b)		**27,654,396,920**	**20,346,625,379**
d) Consolidated Total Risk Weighted Assets		**176,940,564,305**	**163,575,511,374**
e) Minimum Required Capital (10% of risk weighted assets)		**17,694,056,431**	**16,357,551,137**

		31.12.2018 Taka	31.12.2017 Taka
f) Minimum Required Capital (in 2018: 11.875%; in 2017: 11.25% of risk weighted assets) including conservation buffer		21,011,692,011	18,402,245,030
g) Total Capital Surplus (c-e)		9,960,340,490	3,989,074,242
h) Total Capital Surplus considering conservation buffer (c-f)		6,642,704,909	1,944,380,349

Consolidated Capital to Risk Weighted Assets Ratio:

Particulars	2018		2017	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-1)	6.00%	8.53%	6.00%	8.48%
Common Equity Tier-1 Capital: (CET-1)	4.50%	8.53%	4.50%	8.48%
Tier-1 Plus Conservation Buffer	7.875%	8.53%	7.25%	8.48%
CET-1 Plus Conservation Buffer	6.375%	8.53%	5.75%	8.48%
Gone Concern Capital: (Tier-2)	-	7.10%	-	3.96%
CRAR	10.00%	15.63%	10.00%	12.44%
CRAR including Conservation Buffer	**11.875%**	**15.63%**	**11.25%**	**12.44%**

17.4 Consolidated Risk Weighted Assets (RWA) for

1. Investment (Credit) Risk			
On-Balance Sheet		132,485,498,458	122,820,442,470
Off-Balance Sheet		27,797,953,852	25,978,679,141
2. Market Risk		5,928,556,016	4,911,905,746
3. Operational Risk		10,728,555,980	9,864,484,018
Consolidated Total Risk Weighted Assets (1+2+3)		**176,940,564,305**	**163,575,511,374**

17.5 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III of the Bank:

a) Going Concern Capital (Tier-1):			
Common Equity Tire-1 Capital (CET-1)			
i) Paid-up Capital		8,485,647,930	7,714,225,390
ii) Statutory Reserve	(Note-18)	5,452,358,676	4,819,264,987
iii) Retained Earnings	{Note-19(a)}	850,959,074	784,293,374
		14,788,965,680	**13,317,783,751**
Additional Tire-1 Capital (AT-1)		-	-
		14,788,965,680	**13,317,783,751**
b) Gone Concern Capital (Tier-2):			
i) General Provision	{Note 15.1(b+c)}	2,212,500,000	2,058,200,000
ii) Mudaraba Subordinated Bond	(Note-14)	10,000,000,000	4,000,000,000
		12,212,500,000	**6,058,200,000**
c) Total Eligible Regulatory Capital (a +b)		**27,001,465,680**	**19,375,983,751**
d) Total Risk Weighted Assets		**173,525,220,677**	**158,936,534,268**
e) Minimum Required Capital (10% of risk weighted assets)		**17,352,522,068**	**15,893,653,427**
f) Minimum Required Capital (in 2018: 11.875%; in 2017: 11.25% of risk weighted assets) including conservation buffer		**20,606,119,955**	**17,880,360,105**
g) Total Capital Surplus (c-e)		**9,648,943,612**	**3,482,330,324**
h) Total Capital Surplus considering conservation buffer (c-f)		**6,395,345,724**	**1,495,623,646**

Capital Adequacy Ratio:

Particulars	2018		2017	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-1)	6.00%	8.52%	6.00%	8.38%
Common Equity Tier-1 Capital: (CET-1)	4.50%	8.52%	4.50%	8.38%
Tier-1 Plus Conservation Buffer	7.875%	8.52%	7.25%	8.38%
CET-1 Plus Conservation Buffer	6.375%	8.52%	5.75%	8.38%
Gone Concern Capital: (Tier-2)	-	7.04%	-	3.81%
CRAR	10.00%	15.56%	10.00%	12.19%
CRAR including Conservation Buffer	**11.875%**	**15.56%**	**11.25%**	**12.19%**

Bangladesh Bank has instructed to build up an amount of Tk. 1,895,612,291.00 as deferral provision in three equal installments in next three years i.e. 2019, 2020 and 2021. Considering the deduction of the said provision from regulatory capital, total regulatory capital would stood at Tk. 25,105,853,389.00 which is 14,47% comprising Tier-1 at 7.37% and Tier-2 at 7.10% of total Risk Weighted Assets of the bank.

			31.12.2018 Taka	31.12.2017 Taka
17.6	**Risk Weighted Assets (RWA) for**			
	1. Investment (Credit) Risk			
	On-Balance Sheet		130,412,858,903	120,404,876,160
	Off-Balance Sheet		27,797,953,852	25,978,679,141
	2. Market Risk		3,951,460,519	3,110,633,156
	3. Operational Risk		11,362,947,404	9,442,345,812
	Total Risk Weighted Assets (1+2+3)		**173,525,220,677**	**158,936,534,268**
17.7	**Non-controlling Interest**			
	Opening balance		251,443,308	238,313,780
	Dividend paid to non-controlling shareholder		(22,500,000)	(11,250,000)
	Adjustment for changing of holding position		-	-
	Share of current year's profit		2,364,110	24,379,528
			231,307,418	**251,443,308**
18	**Statutory Reserve**			
	Opening balance		4,819,264,987	4,403,561,679
	Add: Addition during the year		633,093,689	415,703,308
			5,452,358,676	**4,819,264,987**
19	**Consolidated Retained Earnings**			
	Shahjalal Islami Bank Ltd	(Note-19a)	850,959,074	784,293,374
	Shahjalal Islami Bank Securities Ltd		76,810,340	322,020,728
			927,769,415	1,106,314,102
	Less: Non-controlling Interest		6,307,418	26,443,308
			921,461,996	**1,079,870,794**
19.1	**Consolidated Current year Retained Earnings**			
	Current Year			
	Shahjalal Islami Bank Ltd	(Note-19a)	838,088,240	780,192,665
	Shahjalal Islami Bank Securities Ltd		28,789,612	296,888,472
			866,877,853	1,077,081,137
	Less: Non-Controlling Interest		2,364,110	24,379,528
			864,513,742	**1,052,701,610**
19a	**Retained Earnings of the Bank**			
	Opening balance		784,293,374	1,106,132,902
	Less: Payment of Dividend		771,422,540	1,102,032,193
	Add: Transfer from Profit & Loss Account		838,088,240	780,192,665
			850,959,074	**784,293,374**

			31.12.2018 Taka	31.12.2017 Taka
20	**Letters of Guarantees**			
	Letters of Guarantees (Local)		23,145,794,386	19,013,732,296
	Letters of Guarantees (Foreign)		831,022,076	308,606,416
	Back to Back		143,802	143,802
			23,976,960,264	**19,322,482,514**
	a) Claims against the Bank not acknowledged as debts			
	b) Money for which the Bank is contingently liable in respect of guarantees given favoring: Directors or Officers		-	-
	Government		-	-
	Banks and other financial institutions		-	-
	Others		23,976,960,264	19,322,482,514
			23,976,960,264	**19,322,482,514**
21	**Irrevocable Letters of Credit**			
	Letter of credit		25,478,400,567	27,569,640,596
			25,478,400,567	**27,569,640,596**

			2018 Taka	2017 Taka
22	**Consolidated Income Statement**			
	Income:			
	Profit on Investment	(Note-23)	17,247,610,757	13,232,591,610
	Income from Investment in securities	(Note-25)	(45,328,391)	95,759,031
	Dividend income	(Note-25)	296,371,643	183,674,937
	Commission, Exchange and Brokerage	(Note-26)	1,962,408,286	1,683,767,982
	Gains less losses arising from investment securities		(82,863,581)	60,827,132
	Other operating income	(Note-27)	607,585,770	522,154,261
			19,985,784,484	**15,778,774,953**
	Expenses:			
	Profit paid on Deposits	(Note-24)	11,368,758,954	8,472,962,487
	Administrative expenses		3,496,699,117	3,021,182,770
	Other operating expenses		563,274,413	567,458,210
	Depreciation on banking assets		181,326,779	135,329,034
			15,610,059,263	**12,196,932,501**
	Income over expenditure		**4,375,725,221**	**3,581,842,451**
22a	**Income Statement of the Bank**			
	Income:			
	Profit on Investment	(Note-23a)	17,121,990,674	12,995,777,088
	Income from Investment in securities	(Note-25a)	159,987,973	54,796,753
	Dividend income	(Note-25a)	296,371,643	183,674,937
	Commission, Exchange and Brokerage	(Note-26a)	1,851,255,492	1,478,435,767
	Gains less losses arising from investment securities	(Note-25a)	(82,863,581)	60,827,132
	Other operating income	(Note-27a)	601,093,495	515,260,783
			19,947,835,696	**15,288,772,460**
	Expenses:			
	Profit paid on Deposits	(Note-24a)	11,295,069,465	8,418,975,877
	Administrative expenses		3,415,579,332	2,950,126,528
	Other operating expenses		488,049,292	463,682,826
	Depreciation on banking assets		172,809,164	128,070,687
			15,371,507,253	**11,960,855,918**
	Income over expenditure		**4,576,328,443**	**3,327,916,541**
23	**Consolidated Profit on Investment**			
	Shahjalal Islami Bank Ltd	(Note-23a)	17,121,990,674	12,995,777,088
	Shahjalal Islami Bank Securities Ltd		206,466,818	283,358,549
			17,328,457,492	13,279,135,637
	Less: Intercompany Transaction		80,846,735	46,544,027
			17,247,610,757	**13,232,591,610**

			2018 Taka	2017 Taka
23a	**Profit on Investment of the Bank**			
	Profit on Investment	(Note-23a.1)	16,450,913,985	12,461,232,665
	Profit on placement with other Banks & FIs		671,076,688	534,544,423
			17,121,990,674	**12,995,777,088**
23a.1	**Profit on Investment**			
	Profit on Murabaha		1,692,156,591	982,426,414
	Profit on Bi-Muazzal		9,442,493,928	7,608,932,964
	Profit on Hire-Purchase		3,614,398,980	2,437,497,668
	Profit on Ijara		182,159,257	71,303,018
	Profit on Bi-Salam		174,907,735	118,409,507
	Profit on Inland Document Bill Purchased		395,227,721	304,768,699
	Profit on Foreign Document Bill Purchased		20,694,771	7,782,813
	Profit on Investment against Scheme Deposit		-	15,830
	Profit on Investment against Mudaraba Term Deposit		59,935	13,766
	Profit on Investment against Mudaraba Savings Deposit		11,129	6,884
	Profit on Investment against Mudaraba Deposit Scheme		19,369	9,136
	Profit on Investment against EDF		170,855,933	154,532,464
	Profit on Mudaraba		483,932,001	439,337,410
	Profit on Istisnaa		-	3,775
	Profit Received From Resheduled Investment - Rent Mode		195,074,738	280,917,317
	Profit on Murabaha Import Bill (UPAS)		72,508,916	55,275,002
	Profit Received From HPSM		5,493,695	-
	Income From Islamic Credit Card		919,286	-
			16,450,913,985	**12,461,232,665**
23a.2	**Investment income derived from the fund deployed**			
	Inside Bangladesh			
	i) Mudaraba deposits		12,186,837,080	9,397,015,552
	ii) Other deposits/Fund		4,264,076,905	3,064,217,112
			16,450,913,985	12,461,232,665
	Outside Bangladesh		-	-
			16,450,913,985	**12,461,232,665**

23a.3 Geographical Location-wise Profit on Investments

Area	2018		2017	
i) Inside Bangladesh (note-22a.3.1)	**Amount**	**Composition**	**Amount**	**Composition**
a) In Rural Areas	1,079,749,637	6.56%	955,689,396	7.67%
b) In Urban Areas	15,371,164,349	93.44%	11,505,543,268	92.33%
Sub-total	**16,450,913,985**	**100.00%**	**12,461,232,665**	**100.00%**
ii) Outside Bangladesh	-	-	-	-
Total	**16,450,913,985**	**100.00%**	**12,461,232,665**	**100.00%**

23a.3.1 Inside Bangladesh

Division	2018		2017	
	Amount	**Composition**	**Amount**	**Composition**
Dhaka	12,277,576,895	74.63%	9,106,105,421	73.08%
Chattogram	2,532,531,019	15.39%	2,027,282,242	16.27%
Sylhet	139,101,170	0.85%	155,990,971	1.25%
Rajshahi	554,487,887	3.37%	386,993,432	3.11%
Rangpur	128,206,644	0.78%	109,121,519	0.88%
Khulna	625,201,274	3.80%	507,162,659	4.07%
Barishal	69,340,392	0.42%	49,570,425	0.40%
Mymensingh	124,468,705	0.76%	119,005,997	0.96%
Total	**16,450,913,985**	**100.00%**	**12,461,232,665**	**100.00%**

			2018 Taka	2017 Taka
24	**Consolidated Profit paid on Deposits**			
	Shahjalal Islami Bank Ltd	(Note-24a)	11,295,069,465	8,418,975,877
	Shahjalal Islami Bank Securities Ltd		156,679,475	104,637,255
			11,451,748,940	8,523,613,132
	Less: Inter Company Transaction		82,989,986	50,650,645
			11,368,758,954	**8,472,962,487**
24a	**Profit paid on Deposits of the Bank**			
	Profit on deposits		9,550,674,606	7,438,541,488
	Profit paid on borrowings		1,744,394,859	980,434,388
			11,295,069,465	**8,418,975,877**
25	**Consolidated Income from Investment in Shares/Securities**			
	Shahjalal Islami Bank Ltd	(Note-25a)	373,496,035	299,298,822
	Shahjalal Islami Bank Securities Ltd		46,183,636	166,712,278
			419,679,671	466,011,100
	Less: Dividend from Subsidiary		251,500,000	125,750,000
			168,179,671	**340,261,100**
25a	**Income from Investment in Shares/Securities of the Bank**			
	Income from Investment in Islami Bond		10,000,000	-
	Income/(Loss) from Investment in Shares	(Note-25a.1)	(82,863,581)	60,827,132
	Dividend Income		296,371,643	183,674,937
	Income from Investment in Mudaraba Perpetual Bond (MPB)		4,330,000	4,470,000
	Income from Investment in Sub-Ordinated Bond		145,657,973	50,326,753
			373,496,035	**299,298,822**
25a.1	**Income from investment in Shares arises through sale of listed shares in the Stock Exchanges.**			
26	**Consolidated Commission, Exchange & Brokerage**			
	Shahjalal Islami Bank Ltd	(Note-26a)	1,851,255,492	1,478,435,767
	Shahjalal Islami Bank Securities Ltd		111,152,794	205,332,215
			1,962,408,286	**1,683,767,982**
26a	**Commission, Exchange & Brokerage of the Bank**			
	Other commission		917,217,232	763,153,837
	Exchange earnings	(Note-26a.1)	934,038,259	715,281,930
			1,851,255,492	**1,478,435,767**
26a.1	**Exchange earnings**			
	Gross exchange gain		1,482,231,064	1,371,938,961
	Less: Exchange loss		548,192,805	656,657,031
	Net Exchange Gain		**934,038,259**	**715,281,930**
27	**Consolidated Other Operating Income**			
	Shahjalal Islami Bank Ltd	(Note-27a)	601,093,495	515,260,783
	Shahjalal Islami Bank Securities Ltd		8,635,526	11,000,096
			609,729,021	526,260,879
	Less: Inter Company Transaction		2,143,251	4,106,618
			607,585,770	**522,154,261**
27a	**Other Operating Income of the Bank**			
	Postage, Telex, SWIFT & REUTERS		105,170,246	91,680,468
	Incidental Charge		2,975	1,731
	Supervision & Monitoring Charge		4,271,227	2,017,114
	Other charges	Note-27a.1)	491,649,047	421,561,470
			601,093,495	**515,260,783**

			2018 Taka	2017 Taka
27a.1	**Other Charges**			
	Rent receipts		4,139,893	3,343,991
	Charges on A/C closing		369,248	478,683
	Charges on clearing returned		2,805,759	2,595,845
	Cheque processing charge		2,670,398	2,358,238
	Service charges on Ijara		27,000	43,160
	Service charges on scheme investment		1,629,170	3,275,540
	Service charges on Quard		23,707,848	4,891,847
	Passport endorsement charge		38,100	31,845
	PO/DD Cancellation charge		107,540	86,915
	Branch banking services		18,115,375	17,311,381
	Account maintenance fee		83,625,536	74,059,854
	Recoveries from cheque issue		5,072,105	4,943,841
	Income from sale of forms		5,118,452	4,207,397
	Service charge on SJIBL VISA Card		32,752,869	26,977,655
	Other Income From Islamic Credit Card		526,698	-
	Management Fees		946,600	890,749
	Banker to the Issue Commission		1,500	63,977
	Notice pay earnings		1,331,930	3,034,765
	Rebate on Trade Finance		68,381,411	65,209,464
	Discrepancy Fee		135,895,709	108,820,463
	Profit on sale of Bank's Assets		-	392,170
	Miscellaneous income		104,385,906	98,543,692
			491,649,047	**421,561,470**
28	**Consolidated Salary & Allowances**			
	Shahjalal Islami Bank Ltd	(Note- 28a)	2,640,460,945	2,212,106,444
	Shahjalal Islami Bank Securities Ltd		54,434,036	49,494,184
			2,694,894,981	**2,261,600,628**
28a	**Salary & Allowances of the Bank**			
	Basic Salary		1,108,132,774	917,303,697
	Allowances		930,405,470	803,782,013
	Bonus		483,988,344	395,060,241
	Bank's Contribution to Provident fund		99,945,281	83,437,386
	Leave Encashment		17,989,075	12,523,107
			2,640,460,945	**2,212,106,444**
29	**Consolidated Rent, Taxes, Insurance, Electricity etc.**			
	Shahjalal Islami Bank Ltd	(Note- 29a)	457,654,841	454,172,110
	Shahjalal Islami Bank Securities Ltd		21,669,741	17,534,706
			479,324,582	**471,706,816**
29a	**Rent, Taxes, Insurance, Electricity etc of the Bank**			
	Rent, Rates & Taxes		257,939,690	283,621,744
	Insurance		124,358,963	106,686,438
	Electricity & Lighting		75,356,188	63,863,927
			457,654,841	**454,172,110**
30	**Consolidated legal Expenses**			
	Shahjalal Islami Bank Ltd	(Note- 30a)	1,484,446	1,440,212
	Shahjalal Islami Bank Securities Ltd		11,500	7,475
			1,495,946	**1,447,687**
30a	**Legal Expenses of the Bank**			
	Legal Fees & Charge		258,531	116,507
	Other Legal Expenses		1,225,915	1,323,705
			1,484,446	**1,440,212**
31	**Consolidated Postage, Stamps, Telecommunication etc**			
	Shahjalal Islami Bank Ltd	(Note- 31a)	42,261,215	38,552,845
	Shahjalal Islami Bank Securities Ltd		2,586,689	2,570,931
			44,847,904	**41,123,776**

			2018 Taka	2017 Taka
31a	**Postage, Stamps, Telecommunication etc of the Bank**			
	Postage		1,941,725	1,254,632
	Leased line		25,677,312	22,039,505
	Telegram, Fax, Telex & Internet charge		4,501,356	4,557,474
	Telephone charges		4,331,391	4,931,990
	Mobile phone charges		5,809,431	5,769,244
			42,261,215	**38,552,845**
32	**Consolidated Stationery, Printing, Advertisements etc**			
	Shahjalal Islami Bank Ltd	(Note- 32a)	103,185,519	84,545,709
	Shahjalal Islami Bank Securities Ltd		2,382,569	1,409,446
			105,568,088	**85,955,155**
32a	**Stationery, Printing, Advertisements etc of the Bank**			
	Table Stationery		9,811,931	10,055,295
	Printing Stationery		12,030,765	7,059,616
	Security Stationery		5,249,052	2,830,249
	Computer Stationery		31,230,648	29,456,215
	Advertisement		44,863,123	35,144,334
			103,185,519	**84,545,709**
33	**Chief Executive's Salary & Fees of the Bank**			
	Basic Salary		8,750,000	7,260,000
	Allowances		3,885,000	3,900,000
	Bonus		2,464,100	2,331,000
	Bank's Contribution to Provident Fund		875,000	726,000
			15,974,100	**14,217,000**
34	**Directors' Fees & Expenses of the Bank**			
	Directors Fee		4,274,200	4,730,000
	Meeting Expenses		1,955,715	2,557,728
			6,229,915	**7,287,728**
35	**Shariah Supervisory Committee's Fees & Expenses of the Bank**			
	Shariah Council Meeting Expenses		518,180	830,543
			518,180	**830,543**
36	**Consolidated auditors' Fees**			
	Shahjalal Islami Bank Ltd	(Note-36a)	500,000	450,000
	Shahjalal Islami Bank Securities Ltd		35,250	39,500
			535,250	**489,500**
36a	**Auditors' Fees of the Bank**			
	Auditors Fees		**500,000**	**450,000**
37	**Consolidated depreciation and Repair of Assets**			
	Shahjalal Islami Bank Ltd	(Note-37a)	195,450,231	150,876,935
	Shahjalal Islami Bank Securities Ltd		8,517,615	7,258,347
			203,967,846	**158,135,282**
37a	**Depreciation and Repair of Bank's Assets**			
	a) Depreciation of Bank's Assets (Annexure B)			
	Land & Building		18,125,779	8,374,980
	Furniture & Fixtures		43,192,698	44,097,127
	Office Equipment		45,507,267	28,611,941
	Computer & Network Equipment		40,302,789	23,426,097
	Vehicles		11,020,490	9,710,172
	Books		90,723	79,325

			2018 Taka	2017 Taka
	b) Amortization of Bank's Assets (Annexure B)			
	Software-Core Banking		5,150,818	5,150,818
	Software-Others		9,418,601	8,620,228
			172,809,164	**128,070,687**
	c) Repair on Bank's Assets			
	Office Premises		1,952,189	4,490,707
	Office Equipment		10,022,015	8,824,112
	Office Furniture & Fixtures		1,049,442	863,734
	Vehicles		3,016,739	2,108,359
	Procurement of Parts, Spares & Others		6,600,683	6,519,335
			22,641,067	**22,806,248**
			195,450,231	**150,876,935**
38	**Zakat Expenses of the Bank**			
	Zakat Expenses		124,669,104	113,717,689
			124,669,104	**113,717,689**
39	**Consolidated Other Expenses**			
	Shahjalal Islami Bank Ltd	(Note-39a)	488,049,292	463,682,826
	Shahjalal Islami Bank Securities Ltd		75,225,121	103,775,384
			563,274,413	**567,458,210**
39a	**Other Expenses of the Bank**			
	Petrol, Oil and Lubricants		6,173,904	5,973,006
	Entertainment		52,839,072	44,882,020
	Donation and Subscription		5,204,703	4,448,626
	Traveling and Conveyance		28,916,520	25,884,336
	Training Expenses		6,929,566	5,719,138
	Car expenses		147,571,553	129,856,541
	Gratuity expenses		31,000,000	31,000,000
	Papers & Periodicals		595,183	685,605
	Utility		5,950,758	4,844,886
	Uniform & Liveries		2,068,225	3,974,787
	Bank Charges		903,671	723,069
	Business development & Promotion		21,949,233	18,893,106
	Upkeep and cleaning of office premises		13,561,017	10,486,196
	Security Service- Out-sourcing		62,395,389	52,730,847
	Branch Opening Expenses		3,425,334	2,858,427
	Credit Rating fee		355,000	200,285
	SJIBL Card expenses		13,165,036	9,829,068
	Islamic Credit Card Expenses		430,208	-
	AGM & Meeting expenses		13,800,718	6,520,016
	Capital Enhancement Fees		49,254,657	32,706,475
	Contribution to Social Security Super Annuation Fund		2,000,000	1,000,000
	Laundry and Washing		279,443	222,148
	Crockeries, Kettle and others		852,693	417,417
	Photograph and Photocopy		510,271	473,947
	Award Expenses		2,121,401	770,058
	Maintenance of Head Office (New Premises) Building		666,748	9,968,810
	Loss on Disposal of Fixed Assets		1,687,714	50,975,129
	Miscellaneous Expenses		13,441,275	7,638,882
			488,049,292	**463,682,826**

			2018 Taka	2017 Taka
40	**Consolidated Provision against Investment, Off-Balance Sheet & Others**			
	Shahjalal Islami Bank Ltd	(Note-40a)	1,410,860,000	1,249,400,000
	Shahjalal Islami Bank Securities Ltd		-	-
			1,410,860,000	**1,249,400,000**
40a	**Provision against Investment, Off-Balance Sheet & Others of the Bank**			
	Provision on unclassified investment		209,500,000	269,700,000
	Provision on classified investment		1,114,600,000	664,800,000
	Provision on Off-Balance Sheet		-	259,000,000
	Provisions on Investment in Securities		86,760,000	37,400,000
	Provision on Other Assets		-	18,500,000
			1,410,860,000	**1,249,400,000**
41	**Consolidated Deferred Tax Expenses/(Income)**			
	Shahjalal Islami Bank Ltd	(Note-41a)	4,465,215	42,534,296
	Shahjalal Islami Bank Securities Ltd		(1,029,122)	-
			3,436,093	**42,534,296**
41a	**Deferred Tax Expenses/(Income) of the Bank**			
	Closing deferred tax liability		142,464,474	137,999,259
	Opening deferred tax liability		137,999,259	95,464,963
	Deferred tax expense/(Income)		**4,465,215**	**42,534,296**
41b	**Consolidated Tax Expenses of the Bank**			
	Current tax		1,712,957,586	922,873,710
	Deferred tax		3,436,093	42,534,296
			1,716,393,679	**965,408,006**
41c	**Tax Expenses of the Bank**			
	Current tax		1,689,821,298	840,086,272
	Deferred tax		4,465,215	42,534,296
			1,694,286,514	**882,620,568**
42	**Consolidated Earnings Per Share (EPS)**			
	Calculation of Earnings Per Share	(Note- 2.17)		
	Net Profit after Tax		1,246,107,431	1,342,654,918
	Number of Ordinary Shares outstanding (Denominator)		848,564,793	848,564,793
			1.47	**1.58**
42a	**Earnings Per Share (EPS) of the Bank**			
	Calculation of Earnings Per Share	(Note- 2.17)		
	Net Profit after Tax		1,471,181,929	1,195,895,973
	Number of Ordinary Shares outstanding (Denominator)		848,564,793	848,564,793
			1.73	**1.41**
	Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".			
42(i)	**Net Asset Value (NAV) Per Share:**			
	Net Assets Value (Consolidated)		14,859,468,602	13,613,361,171
	Net Assets Value (Banks')		14,788,965,680	13,317,783,751
	No. of Outstanding Share		848,564,793	848,564,793
	Net Asset Value (NAV) Per Share (Consolidated) [previous year's figure restated]		**17.51**	**16.04**
	Net Asset Value (NAV) Per Share (Banks') [previous year's figure restated]		**17.43**	**15.69**
42(ii)	**Net Operating Cash Flows per Share (NOCFPS):**			
	Net cash flows from operating activities (Consolidated)		(2,721,748,603)	2,118,866,689
	Net cash flows from operating activities (Banks')		(2,869,019,156)	2,514,654,325
	No. of Outstanding Share		848,564,793	848,564,793

			2018 Taka	2017 Taka
	Net Operating Cash Flow per Share (NOCFPS) (Consolidated) [previous year's figure restated]		**(3.21)**	**2.50**
	Net Operating Cash Flow per Share (NOCFPS) (Banks') [previous year's figure restated]		**(3.38)**	**2.96**
43	**Consolidated investment income receipt in cash**			
	Shahjalal Islami Bank Ltd	(Note-43a)	17,209,626,836	13,152,349,757
	Shahjalal Islami Bank Securities Ltd		252,650,454	450,070,827
			17,462,277,290	**13,602,420,584**
43a	**Investment income receipt of the Bank**			
	Investment income receipt (Excluding Dividend Income)	(Note 23a & 25a)	17,199,115,066	13,111,400,973
	Add: Opening profit Receivable	(Note-10a.2)	237,370,413	278,319,197
	Less: Closing profit receivable	(Note-10a.2)	226,858,642	237,370,413
			17,209,626,836	**13,152,349,757**
44	**Consolidated Profit Paid on Deposits**			
	Shahjalal Islami Bank Ltd	(Note-44a)	10,868,470,422	8,057,875,297
	Shahjalal Islami Bank Securities Ltd		212,952,437	414,710,588
			11,081,422,859	**8,472,585,885**
44a	**Profit Paid on Deposits of the Bank**			
	Profit Paid on Deposits	(Note-24a)	11,295,069,465	8,418,975,877
	Add: Opening profit payable on deposit	(Note-15a)	965,751,057	604,650,477
	Less: Closing profit payable on deposit	(Note-15a)	1,392,350,100	965,751,057
			10,868,470,422	**8,057,875,297**
45	**Consolidated Cash Receipt from other Operating activities (Note-26)**			
	Shahjalal Islami Bank Ltd	(Note-45a)	601,093,495	514,868,613
	Shahjalal Islami Bank Securities Ltd		8,635,526	11,000,096
			609,729,021	**525,868,709**
45a	**Cash Receipt from other Operating activities of the Bank(Note-26a)**			
	Postage & Telex Charge Recovery		105,170,246	91,680,468
	Incidental Charge		2,975	1,731
	Supervision & Monitoring Charge		4,271,227	2,017,114
	Other charges (except income from sale of fixed assets)		491,649,047	421,169,300
			601,093,495	**514,868,613**
46	**Consolidated Cash Payment for other Operating activities**			
	Shahjalal Islami Bank Ltd	(Note-46a)	1,144,008,060	1,102,940,201
	Shahjalal Islami Bank Securities Ltd		100,430,755	124,492,423
			1,244,438,815	**1,227,432,624**
46a	**Cash Payment for other Operating activities of the Bank**			
	Rent, Taxes, Insurance, Lighting etc.	(Note-29a)	457,654,841	454,172,110
	Legal Expenses	(Note-30a)	1,484,446	1,440,212
	Postage, Stamp, Telegram & Telephone	(Note-31a)	42,261,215	38,552,845
	Directors' Fee & Expenses	(Note-34)	6,229,915	7,287,728
	Shariah Supervisory Committee's Fees & Expenses	(Note-35)	518,180	830,543
	Auditors' Fee	(Note-36a)	500,000	450,000
	Repair, Maintenance of Bank's Assets	(Note-37a.c)	22,641,067	22,806,248
	Zakat Expenses	(Note-38)	124,669,104	113,717,689
	Other Expenses	(Note-39a)	488,049,292	463,682,826
			1,144,008,060	**1,102,940,201**
47	**Cash Increase/ Decrease in Consolidated Other Assets (Note-10)**			
	Shahjalal Islami Bank Ltd	(Note-47a)	3,421,411,610	3,946,057,858
	Shahjalal Islami Bank Securities Ltd		1,903,966,198	1,938,885,172
			5,325,377,808	5,884,943,030
	Less: Cash Increase/ (Decrease) through Inter Company transaction		2,881,982,674	3,400,673,904
			2,443,395,134	**2,484,269,126**
	Cash (Increase)/ Decrease in Other Assets		**40,873,991**	**837,296,311**

			2018 Taka	2017 Taka
47a	**Cash Increase/ Decrease in Other Assets of the Bank (Note-10a)**			
	Stock of Stationery and Stamps		20,278,978	18,814,345
	Advance deposits and rent		193,656,661	165,849,238
	Suspense Account		84,097,361	101,552,665
	Other Prepayments		115,693,170	39,944,523
	Receivable from Shahjalal Islami Bank Securities Limited		414,914,662	1,063,059,276
	Shahjalal Islami Bank Securities Ltd	(Note 10a.3)	2,515,000,000	2,515,000,000
	Advance for new Branches		13,353,800	16,820,000
	Advance Insurance premium		61,329,750	21,700,000
	Other Receivables		3,087,227	3,317,812
	SJIBL General Account-Net		-	-
			3,421,411,610	**3,946,057,858**
	Cash (Increase)/ Decrease in Other Assets		**524,646,247**	**388,687,904**
48	**Cash Increase/ Decrease in Consolidated Other Liabilities (Note-14)**			
	Shahjalal Islami Bank Ltd	(Note- 48a)	963,332,189	612,529,617
	Shahjalal Islami Bank Securities Ltd		1,810,169,668	2,475,526,279
			2,773,501,857	3,088,055,896
	Less: Cash Increase/ (Decrease) through Inter Company transaction		425,365,174	886,294,043
			2,348,136,683	**2,201,761,853**
	Cash Increase/ (Decrease) in Other Liabilities		**146,374,830**	**(51,136,631)**
48a	**Cash Increase/ Decrease in Other Liabilities of the Bank (Note-14a)**			
	Other Payable		452,611,874	254,798,849
	Taxation on other income & prior years		198,403,428	198,403,428
	Outstanding Expenses		234,331,379	60,072,420
	Unearned Income on Quard		4,197,196	1,125,051
	SJIBL General Account		73,788,313	98,129,869
			963,332,189	**612,529,617**
	Cash Increase/ (Decrease) in Other Liabilities		**350,802,572**	**312,685,286**
49	**Consolidated Cash and Cash Equivalent**			
	Shahjalal Islami Bank Ltd	(Note-49a)	15,314,536,023	14,188,985,869
	Shahjalal Islami Bank Securities Ltd		313,782,530	412,994,289
			15,628,318,553	14,601,980,158
	Less: Cash Increase/ (Decrease) through Inter Company transaction		309,512,590	393,408,115
			15,318,805,963	**14,208,572,043**
49a	**Cash and Cash Equivalent of the Bank**			
	Cash in Hand		1,955,895,120	1,529,754,123
	Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)		11,609,938,400	11,659,462,711
	Balance with Other Banks & Financial Institutions		1,748,702,503	999,769,036
			15,314,536,023	**14,188,985,869**
50	**Reconciliation Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities**			
	Cash flows from operating activities			
	Net Profit after Taxation		1,471,181,929	1,195,895,973
	Provision for Tax		1,694,286,514	882,620,568
	Provision for Invstment, Share & Contingent Liability		1,410,860,000	1,249,400,000
	(Increase)/Decrease profit receivable		10,511,771	40,948,784
	Increase/(Decrease) Profit Payable on Deposits		426,599,043	361,100,580
	Depreciation & Amortization of Fixed Assets		172,809,164	128,070,687
	Recoveries on investment previously written off		10,373,603	18,605,000
	Income tax paid		(1,077,042,266)	(911,423,624)
	Profit on sale of Bank's Assets		-	(392,170)
	Operating Profit before changes in operating assets & liabilities		**4,119,579,757**	**2,964,825,799**

51 Number of Employees of the Bank

The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 or above were 2,395.

52 Audit Committee of the Bank

a) Particulars of Audit Committee

Pursuant to the BRPD Circular no. 11 dated 27 October, 2013 the Board of Director's of the Bank formed a five members [including 2 (two) independent Director] Audit Committee called "Board Audit Committee". The Board of Directors in its Meeting No. 262 held on 28-03-2018 reconstituted the Committee by the following members:-

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mosharraf Hossain Chowdhury	Independent Director	Chairman	Masters
Farida Parvin Nuru	Independent Director	Member	Masters
Khorshed Alam Khan (Rep. of Daffodils Trading International)	Director	Member	B.Com.
Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	Member	MBA
Abdul Halim	Director	Member	BA

The members of the Board Audit Committee are all having good exposure in the banking business. They are all playing active role in the Board Meeting.

b) Meeting of Audit Committee

During 1 January to 31 December 2018, the Audit Committee of the Board conducted 13 (Thirteen) meetings in which among others, the following issues were discussed:-

i) The duties and responsibilities of the Committee as stated in BRPD Circular no. 11 dated 27 October 2013.

ii) Regular review of the Internal and External (including Bangladesh Bank) Inspection & Audit Report with a view to implementing the suggestion of Internal and External Auditors in respect of Internal Control structure and techniques.

iii) Minimization of expenditure in all operational activities where possible.

iv) Reviewing the Accounting procedure with a view to ascertain that the International Financial Reporting Standard (IFRS) has been applied in maintaining books and records of the Bank.

53 Related Party Disclosures of the Bank

53.1 Name of the Directors and their interest in different entities:

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
Akkas Uddin Mollah	Chairman	i) Russel Garments ii) Russel Apperals iii) Ekram Sweaters Ltd. iv) PNR Industries Ltd. v) Tania Cotton Mills Ltd. vi) Russel Washing Plant vii) Russel Spinning Mills Ltd. viii) Nurul Islam Spinning Mills Ltd. ix) Helal Textile Industries Ltd. x) Goodman Pharmaceuticals Ltd. xi) Shahjalal Islami Bank Securities Ltd.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Vice Chairman	N/A
Khandaker Sakib Ahmed	Vice Chairman	i) Khandaker Poultry & Fisheries ii) AIBL Securities Ltd. iii) Shahjalal Islami Bank Securities Ltd.
Anwer Hossain Khan, MP	Director	i) Anwer Khan Modern Medical College & Hospital ii) Modern Diagnostic Center Ltd. iii) Anwer Khan Modern Nursing College iv) Hazi Sakawat Anwara Modern Eye Hospital Ltd. v) Modern Diabetic Centre Ltd. vi) Fareast Stocks & Bonds Ltd. vii) Takaful Insurance Co. Ltd. viii) Shahjalal Islami Bank Securities Ltd. ix) Anwer Khan Modern University
Shams Uddin Khan (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Director	i) Shamsuddin Harun Miah Ltd.) (UK) ii) Taj Tea & Trading Co. Ltd. iii) Mathiura Tea Co. Ltd. iv) Shahjalal Islami Bank Securities Ltd.
Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Director	i) Electra International Ltd. ii) Electra Consumer Electroics & Investment Ltd. iii) Federal Securities & Invst. Ltd. iv) Electra International v) Kashmir Chemical Co. vi) Sazawa Brothers vii) Electra Furniture viii) Shahjalal Islami Bank Securities Ltd.
Md. Abdul Barek	Director	i) Arju Electronics ii) Jony Electronics iii) Rony Electronics iv) Shahjalal Islami Bank Securities Ltd.
Abdul Halim	Director	i) Abdul Halim & Brothers ii) Excellent Ceramic Industries Ltd. iii) Excellent Motors Ltd. iv) Islamic Insurance Bangladesh Ltd. v) Shahjalal Islami Bank Securities Ltd.
Mohiuddin Ahmed	Director	i) Rupsha Trading Corporation ii) Mohiuddin Auto House iii) Pacific Automobile iv) Shahjalal Islami Bank Securities Ltd.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
Engr. Md. Towhidur Rahman	Director	i) Fresh Foods Ltd. ii) Sea Fresh Ltd. iii) Libas Textiles Ltd iv) Fresh Knitwear Ltd. v) Fresh Properties Ltd. vi) Hettich Bangladesh Ltd. (Joint Venture Co. with Germany) vii) Shahjalal Islami Bank Securities Ltd. viii) Prime University
A. K. Azad .	Director	i) Ha-Meem Denim Mills Ltd. ii) Ha-Meem Apparels Ltd. iii) Ha-Meem Spinning Mills Ltd. iv) Ha-Meem Design Ltd. v) That's It Sweater Ltd. vi) That's It Sportswear Ltd. vii) That's It Garments Ltd. viii) That's It Knit Ltd. ix) Sajid Washing & Dyeing Ltd. x) Nishat Jute Mills Ltd. xi) Refat Garments ltd. xii) Refat Packaging & Printing Industries Ltd xiii) Sakib Poly Industries Ltd. xiv) Apparels Galary Ltd. xv) Artistic Design Ltd. xvi) Creative Collections Ltd. xvii) Creative Wash Ltd. xviii) Express Washing & Dyeing Ltd. xix) Times Media Ltd. [Channel 24 & The Daily Samakal] xx) Bright Wash Ltd. xxi) Shahjalal Islami Bank Securities Ltd.
Mohammed Younus	Director	i) Sonali Papers and Board Mills Ltd. ii) Galaxy Flying Academy Ltd. iii) Younus Newsprint Mills Ltd. iv) Younus Offset Paper Mills Ltd. v) Younus Fine Paper Mills Ltd. vi) Younus Paper Mills Ltd. vii) Ananta Paper Mills Ltd. viii) Younus Spinning Mills Ltd. ix) Sobhan Ice & Cold Storage Ltd. x) Younus Specialized Cold Storage Ltd. xi) Younus Cold Storage Ltd. xii) Sharif Cold Storage Ltd. xiii) Nowpara Cold Storage (Pvt.) Ltd. xiv) Garib-E-Newaj Cold Storage Ltd.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
		xv) Siddheswari Cold Storage Ltd. xvi) Europa Cold Storage Ltd. xvii) Akco Industries & Cold Storage Ltd. xviii) Combined Food & Cold Storage Ltd. xix) A. Kader & Sons Himagar Ltd. xx) Wadud & Aysha Cold Store Ltd. xxi) Bikrampur Potato Flakes Inds. Ltd. xxii) United Traders xxiii) Sonali Dredger Ltd. xxiv) Sonali Rubber Garden xxv) Sonali Abason Ltd. xxvi) Sonali News.Com xxvii) Wordbridge School xxviii) Express Insurance Ltd. xxix) Shahjalal Islami Bank Securities Ltd. xxx) Fareast International University
Fakir Akhtaruzzaman	Director	Fakir Knitwears Ltd.
Khorshed Alam Khan (Rep. of Daffodils Trading International)	Director	i) Daffodils Trading International ii) Daffodil Color Lab & Studio iii) Takaful Insurance Co. Ltd.
Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	i) Fresh Export Import Ltd. ii) Libas Textiles Ltd. iii) Fresh Knitwear Ltd. iv) Moshiur Infrastructure Ltd.
Shahan Ara Begum	Director	i) Russel Spinning Mills Ltd. ii) PNR Industries Ltd. iii) Ekram Sweaters Ltd. iv) Tania Cotton Mills Ltd. v) Goodman Pharmaceuticals Ltd.
Tahera Faruque	Director	i) F & T Property Management Company ii) Star of India Restaurant
Mosharraf Hossain Chowdhury	Independent Director	N/A
Farida Parvin Nuru	Independent Director	i) Viceroy of Windsor (UK) ii) Next Bomd Spices (UK) ii) Lotus (Windsor) Ltd. (UK)

53.2 **Significant Contracts where Bank is a party and wherein Directors have interest:** Nil

53.3 **Shares issued to Directors & Executives without consideration or exercise at discount:** Nil

53.4 Lending Policies to related parties:

Lending to related parties are effected as per requirements of Section 27(1) of the Bank Companies (Amendment) Act, 2013 (as amended up to 2018)

53.5 Investment (Loan and Advances) to Directors and their related Concern (Note # 8(a).4):

Name of the Party	Related By	Nature of Investment	Amount in Tk.	Status
i) M/s. Rony Electronics	Md. Abdul Barek	Bai-Muajjal/ Murabaha LC/MPI-TR	3,133,958	Regular
ii) M/s. Rupsha Trading Corporation	Alhaj Md. Mohiuddin Ahmed	L/C /MPI-TR/ Bai-Muajjal	30,000,000	Regular
iii) Excellent Ceramic Ind. Ltd.	Alhaj Abdul Halim	Murabaha local/L/C / MPI-TR/Bai-Muajjal	3,233,306	Regular
iv) M/s. Exclusive Motors	Alhaj Abdul Halim	Murabaha local/L/C / MPI-TR/Bai-Muajjal	16,200,000	Regular
v) Shahjalal Islami Bank Securities Ltd.	Subsidiary	Bai-Muajjal	1,260,741,968	Regular
			1,313,309,232	

53.6 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Companies Act 1991 (as amended up to 2018) NIL

53.7 Investments in Securities of Directors and their related concern: NIL

54 Events After Reporting Period

The Board of Directors of the Bank at it's 278th meeting held on 24 April 2019 has recommended 10% stock dividend for the year 2018. This dividend is subject to the final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank.

Chairman | Director | Director | Managing Director

Dhaka, 24 April 2019

Shahjalal Islami Bank Limited

Investment in Shares & Securities (listed with Stock Exchanges)

As at December 31, 2018

Annexure-A

Sl No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 December, 2018	Cost price 31 December, 2018	Unrealised Gain/(loss)
	Quoted					
1	The ACME Laboratories Limited	746,790	86	64,149,261	79,725,940	(15,576,679)
2	Active Fine Chemicals Ltd.	1,080,000	28	30,456,000	35,487,579	(5,031,579)
3	Aftab Automobiles Limited	816,854	46	37,493,599	61,605,088	(24,111,489)
4	Agricultural Marketing Company Ltd – AMCL (PRAN)	50,000	241	12,030,000	9,958,704	2,071,296
5	AIBL 1st Islamic Mutual Fund	7,500,000	8	60,750,000	67,402,716	(6,652,716)
6	Apex Footwear Limited	30,000	296	8,865,000	10,953,975	(2,088,975)
7	Beacon Pharmaceuticals Limited	2,988,625	16	48,415,725	87,734,854	(39,319,129)
8	Beximco Limited	3,029,346	24	71,189,631	83,745,911	(12,556,280)
9	Dhaka Electric Supply Company Ltd.	1,200,000	40	48,480,000	69,126,961	(20,646,961)
10	Eastern Housing Limited	2,145,258	47	99,969,023	166,063,283	(66,094,260)
11	Envoy Textiles Ltd.	1,103,130	36	40,043,619	42,402,697	(2,359,078)
12	Export Import Bank of Bangladesh Limited	3,848,655	12	45,414,129	65,369,186	(19,955,057)
13	Familytex (BD) Ltd.	103,083	5	494,798	2,259,675	(1,764,876)
14	Fareast Islami Life Insurance Co. Ltd.	958,000	63	60,545,600	65,297,780	(4,752,180)
15	Generation Next Fashions Limited	1,989,845	6	12,536,024	25,741,813	(13,205,790)
16	LafargeHolcim Bangladesh Limited	500,000	44	21,750,000	42,489,421	(20,739,421)
17	M.I. Cement Factory Ltd	500,000	69	34,700,000	41,501,769	(6,801,769)
18	Meghna Petroleum Limited	350,000	189	66,010,000	75,607,343	(9,597,343)
19	Metro Spinning Mills Limited	1,212,470	8	9,699,760	65,855,505	(56,155,745)
20	Orion Pharma Ltd.	1,082,759	37	39,845,531	62,359,551	(22,514,020)
21	RAK Ceramics (Bangladesh) Limited	900,000	39	35,100,000	46,803,776	(11,703,776)
22	Square Textile Ltd	551,250	47	25,963,875	34,785,789	(8,821,914)
23	The Dacca Dyeing & Mfg. Co. Limited	4,924,869	6	27,086,780	156,023,958	(128,937,178)
24	Titas Gas Transmission And Distribution Co. Ltd	1,000,000	36	36,400,000	78,349,510	(41,949,510)
25	Unique Hotel and Resorts Ltd	504,300	53	26,627,040	31,110,235	(4,483,195)
26	Bangladesh Steel Re-Rolling Mills Limited	110,000	60	6,589,000	9,744,380	(3,155,380)
27	Prime Islami Life Insurance Ltd.	100,000	58	5,790,000	5,165,436	624,565
28	Bangladesh Submarine Cable Company Limited	40,000	94	3,740,000	4,314,941	(574,941)
29	Premier Cement Mills Limited	200,000	72	14,340,000	18,441,295	(4,101,295)
30	Shahjibazar Power Co. Ltd.	150,000	95	14,220,000	16,117,113	(1,897,113)
31	Singer Bangladesh Limited	290,000	221	64,148,000	60,778,950	3,369,050
32	Olympic Industries Ltd.	100,000	216	21,620,000	21,845,687	(225,687)
33	Power Grid Company of Bangladesh Ltd.	200,000	48	9,600,000	9,624,374	(24,374)
34	Square Pharmaceuticals Ltd.	178,259	254	45,313,438	44,791,917	521,521
35	M.L. Dyeing Limited	1,208	30	35,878	11,744	24,133
36	Padma Islami Life Insurance Limited	112,302	25	2,807,550	2,957,909	(150,359)
37	Silva Pharmaceuticals Limited	4,596	30	138,340	45,960	92,380
38	VFS Thread Dyeing Limited	703	58	40,633	6,392	34,242

Shahjalal Islami Bank Limited

Investment in Shares & Securities (listed with Stock Exchanges)

As at December 31, 2018

Annexure-A

Sl No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 December, 2018	Cost price 31 December, 2018	Unrealised Gain/(loss)
	Un-Quoted					
1	Lanka Bangla Securiries Ltd	-	-	5,000,000	5,000,000	-
2	Market Stabilization Fund, Asset Management Co. Ltd	-	-	2,000,000	2,000,000	-
3	Aman Cotton Fibrous Limited	-	-	315,090	315,090	-
4	SK Trims & Industries Limited	-	-	51,170	51,170	-
5	VFS Thread Dyeing Limited	-	-	35,951	35,951	-
6	Esquire Knit Composite Limited	-	-	1,885,100	1,885,100	-
7	M.L. Dyeing Limited	-	-	30,960	30,960	-
8	Silva Pharmaceuticals Limited	-	-	45,683	45,683	-
9	Kattali Textile Limited	-	-	102,130	102,130	-
10	S S Steel Limited	-	-	137,920	137,920	-
11	ADN Telecom Limited	-	-	574,040	574,040	-
12	Genex Infosys Limited	-	-	107,670	107,670	-
13	Runner Automobiles Limited	-	-	1,085,825	1,085,825	-
	Total			**1,163,769,772**	**1,712,980,655**	**(549,210,883)**

As per DOS Circular Letter no. 3; dated 12 March 2015, no provision is required for investment in AIBL 1st Mutual Fund. As a result required provision for investment in shares stood at Taka 5,451.54 Lac instead of 5,492.11 Lac.

Shahjalal Islami Bank Limited

Schedule of Fixed Assets

As on 31 December 2018

Annexure-B

(Amount in Taka)

Particulars	Cost				Depreciation					Written Down Value	
	Balance as on 01.01.2018	Additions during the year	Adjustment during the year	Balance as on 31.12.2018	Rate	Balance as on 01.01.2018	Adjustment during the year	Charged during the year	Balance as on 31.12.2018	As on 31.12.2018	As on 31.12.2017
Land	1,876,724,350	-	-	1,876,724,350	-	-	-	-	-	1,876,724,350	1,876,724,350
Building	905,233,317	-	24,012,856	881,220,460	2.25%	75,632,142	-	18,125,779	93,757,921	787,462,539	829,601,174
Head Office Building under construction	488,687,809	39,347,876	289,312,875	238,722,811		-	-	-	-	238,722,811	488,687,809
Furniture & Fixtures	619,570,868	335,580,613	3,835,609	951,315,873	10%-20%	276,144,962	2,026,842	43,192,698	317,310,817	634,005,056	343,425,907
Office Equipment	395,394,337	75,379,696	1,619,671	469,154,361	20%	213,631,691	1,317,840	45,507,267	257,821,118	211,333,243	181,762,646
Computer & Network Equipment	349,338,876	49,910,546	327,844	398,921,578	20%	197,420,237	288,952	40,302,789	237,434,074	161,487,504	151,918,638
Vehicles	80,708,248	22,799,780	-	103,508,028	20%	53,316,290	-	11,020,490	64,336,780	39,171,248	27,391,958
Books	1,042,667	-	-	1,042,667	20%	630,998	-	90,723	721,720	320,947	411,669
Sub-total	**4,716,700,471**	**523,018,512**	**319,108,855**	**4,920,610,128**		**816,776,320**	**3,633,634**	**158,239,745**	**971,382,431**	**3,949,227,697**	**3,899,924,150**
Software-Amortization											
Software-Core Banking	62,615,430	-	-	62,615,430	20%	41,983,934	-	5,150,818	47,134,752	15,480,678	20,631,496
Software-Others	75,940,013	3,614,440	-	79,554,453	20%	39,377,891	-	9,418,601	48,796,492	30,757,960	36,562,121
Sub-total	**138,555,443**	**3,614,440**	**-**	**142,169,883**		**81,361,826**	**-**	**14,569,419**	**95,931,244**	**46,238,638**	**57,193,617**
Grand-total	**4,855,255,914**	**526,632,952**	**319,108,855**	**5,062,780,011**		**898,138,146**	**3,633,634**	**172,809,164**	**1,067,313,676**	**3,995,466,335**	**3,957,117,768**

Shahjalal Islami Bank Limited

As at 31 December 2018

Annexure-C

[Referred to Note 5a.2 of these financial statements]

Sl No.	Name of the Banks	2018				2017		
		Currency Name	Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT.	Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT.
1	Standard Chartered Bank NY	USD	397,389.60	83.9000	33,340,987.44	555,995.45	82.7000	45,980,823.72
2	Mashreq Bank psc, NY	USD	144,390.38	83.9000	12,114,352.88	944,028.96	82.7000	78,071,194.99
3	Standard Chartered Bank, Mumbai	USD	222,198.53	83.9000	18,642,456.67	222,198.53	82.7000	18,375,818.43
4	Habib American Bank, USA	USD	55,412.07	83.9000	4,649,072.67	307,016.90	82.7000	25,390,297.63
5	ICICI Bank, Hong Kong	USD	48,933.69	83.9000	4,105,536.59	152,133.52	82.7000	12,581,442.10
6	WACHOVIA BANK, NY, USA	USD	390,194.69	83.9000	32,737,334.49	1,028,893.30	82.7000	85,089,475.91
7	Commerzbank AG Frankfrut	USD	10,989.66	83.9000	922,032.47	151,518.47	82.7000	12,530,577.47
8	Bank Aljazira	USD	1,274,864.47	83.9000	106,961,129.03	563,077.06	82.7000	46,566,472.86
9	UBAF Hong Kong Limited	USD	-	-	-	2.73	82.7000	226.11
10	AB Bank Ltd. Mumbai	ACUD	47,221.70	83.9000	3,961,900.63	161,598.53	82.7000	13,364,198.43
11	Standard Chartered Bank, Mumbai	ACUD	281,145.37	83.9000	23,588,096.54	21,725.07	82.7000	1,796,663.29
12	Nepal Bangladesh Bank, Nepal	ACUD	6,904.52	83.9000	579,289.23	27,454.25	82.7000	2,270,466.48
13	Standard Chartered Bank, Colombo	ACUD	1,077.80	83.9000	90,427.42	5,154.98	82.7000	426,316.85
14	ICICI Bank, Mumbai	ACUD	116,024.83	83.9000	9,734,483.24	6,797.78	82.7000	562,176.41
15	Habib Metropoliton Bank Ltd.	ACUD	61,875.51	83.9000	5,191,355.29	105,782.76	82.7000	8,748,234.25
16	United Bank of India, Kolkata	ACUD	108,020.15	83.9000	9,062,890.59	156,937.46	82.7000	12,978,727.94
17	Sonali Bank Ltd ACU, Kolkata	ACUD	36,128.00	83.9000	3,031,139.20	4,057.73	82.7000	335,574.62
18	Bank of Bhutan Ltd. Main Branch	ACUD	10,596.44	83.9000	889,041.32	47,816.83	82.7000	3,954,451.84
19	AXIS Bank Ltd. India	ACUD	214,668.84	83.9000	18,010,715.68	176,952.33	82.7000	14,633,957.69
20	MCB Bank Limited	ACUD	8,641.29	83.9000	725,004.23	-	-	-
21	IFIC Bank Ltd., Karachi	ACUD	-	-	-	8,641.29	82.7000	714,634.68
22	Standard Chartered Bank, Frankfurt	EURO	56,470.26	95.3440	5,384,100.47	12,511.37	98.7521	1,235,524.06
23	Mashreq Bank, London	EURO	1,023.41	95.3440	97,576.00	8,697.01	98.7521	858,848.00
24	COMMERZBANK AG	EURO	195,602.67	95.3440	18,649,540.97	86,164.24	98.7521	8,508,899.64
25	Wells Fargo Bank, N. A. London, UK	EURO	45,542.96	95.3440	4,342,247.98	207,746.19	98.7521	20,515,372.53
26	Standard Chartered Bank,Tokyo	YEN	193,694.00	0.7611	147,420.50	869,483.99	0.7326	636,983.97
27	Habib Bank AG Zurich	CHF	2,447.11	85.2989	208,735.79	2,466.85	84.4826	208,405.90
28	BCP - Geneva, Switzerland	CHF	-	-	-	6,395.43	84.4826	540,302.55
29	Bank Aljazira, KSA	SAR	46,080.89	22.3626	1,030,488.51	203,786.81	22.0533	4,494,171.66
30	Standard Chartered Bank London	GBP	501,378.83	106.4943	53,393,987.54	51,271.68	111.1819	5,700,482.80
31	MASHREQBANK PSC. UAE	AED	5,000.00	22.8436	114,218.00	-	-	-
		Total			**371,705,561.37**			**427,070,722.81**

DETAILS OF INFORMATION ON INVESTMENTS EXCEEDING 10% OF BANKS TOTAL REGULATORY CAPITAL (FUNDED & NON-FUNDED)

As at December 31, 2018

Annexure-D

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
1	Moonlight Garments Ltd.	383	4,362	4,744			
	Ehsan Garments Ltd.	679	3,242	3,921			
	Nourish Poultry & Hatchery Ltd.	8,889	7,345	16,234			
	Nourish Agro Ltd.	7,978	363	8,342			
	Telnet Communication Ltd.	55	4	59			
	Ehsan Packaging & Printing Ltd.	28	-	28			
	Group-total	**18,012**	**15,316**	**33,328**	6.67%	5.67%	12.34%
2	Anwar Silk Mills Ltd.	836	12	848			
	A-One Polymer Ltd.	657	26	683			
	Anwar Jute Spinning Mills Ltd.	1,790	-	1,790			
	A.G. Automobiles Ltd.	1,428	628	2,056			
	A.G. Motors Ltd.	887	84	971			
	Anwar Ispat Ltd.	4,656	2,921	7,577			
	Hossain Dyeing & Printing Mills Ltd.	1,700	1,870	3,571			
	Mehmud Ind (Pvt.) Ltd.	384	-	384			
	Anwar Cement Sheet	10,862	5,340	16,202			
	Anwar Cement Ltd	78	-	78			
	Group-total	**23,278**	**10,882**	**34,160**	8.62%	4.03%	12.65%
3	Nassa Basics Ltd.	9,708	13,192	22,901			
	Nassa Spinning Ltd.	6,522	-	6,522			
	Nassa Basic Wash Ltd.	602	-	602			
	NASSA HI TECH WASH LTD	193	9	203			
	Nassa Taipei Textile Mills ltd.	12,235	8,473	20,708			
	Group-total	**29,261**	**21,674**	**50,935**	10.84%	8.03%	18.86%
4	Sinha Dyeing & Finishing Ltd.	2,569	312	2,881			
	Sinha Yarn Dyeing & Fabrics Ltd.	6,859	3,595	10,453			
	Pritha Fashions Ltd.	-	188	188			
	Sinha Washing Plant Ltd.	-	-	-			
	Opex Industries Ltd.	2,934	11,085	14,019			
	Sinha Apparels Accessories Ltd.	-	-	-			
	Shikharaa Developments Ltd.	3,010	-	3,010			
	Best Fried Chicken	-	-	-			
	Group-total	**15,372**	**15,180**	**30,552**	5.69%	5.62%	11.31%
5	Chittagong Denim Mills Ltd	2,654	5,151	7,805			
	Smart Jeans Ltd	9,390	2,723	12,113			
	Smart Jacket Ltd.	602	3,401	4,002			
	Shehan Textile Ltd.	-	213	213			
	Smart Bio-Inception Ltd	-	186	186			
	Apparel Promoters Limited	1,328	3,469	4,797			
	BM Cotainer (BD)Ltd.	507	-	507			
	BM Energy (BD) Ltd.	3,480	22,823	26,304			
	Group-total	**17,962**	**37,967**	**55,929**	6.65%	14.06%	20.71%
6	Super Oil Refinery Ltd.	-	10,349	10,349			
	Multi Oil Refibnery Ltd	-	11	11			
	Super Board Mills Limited	-	50	50			
	Super Formica & Lamination Ltd.	7,774	1,621	9,395			
	T.K. Chemical Complex Ltd	6,829	2,904	9,733			
	Group-total	**14,603**	**14,934**	**29,537**	5.41%	5.53%	10.94%

DETAILS OF INFORMATION ON INVESTMENTS EXCEEDING 10% OF BANKS TOTAL REGULATORY CAPITAL (FUNDED & NON-FUNDED)

As at December 31, 2018

Annexure-D

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
7	Amber Denim Ltd.	3,459	1,078	4,536			
	Amber Rotor Spinning Mills Ltd.	1,391	102	1,493			
	Amber Rotor Mills Ltd.	4,900	147	5,046			
	Amber Cotton Mills Ltd.	8,743	4,034	12,778			
	Amber Super Yarn Ltd.	4,415	-	4,415			
	Group-total	**22,908**	**5,360**	**28,269**	8.48%	1.99%	10.47%
8	Alim Knit (BD) Ltd.	7,869	8,822	16,691			
	Mondol Intimates Ltd.	2,435	2,890	5,325			
	Mondol Knit Tex Ltd.	1,386	6,359	7,745			
	Appollo Knitwear BD Ltd	2	218	220			
	Appollo Fashions Ltd	235	1,060	1,296			
	Group-total	**11,927**	**19,349**	**31,276**	4.42%	7.17%	11.58%
9	Incepta Pharmaceuticals Ltd.	10,315	9,839	20,153			
	Impress Aviation Limited	-	48	48			
	Next Spaces Ltd	5,318	3,052	8,370			
	Infratrade Limited	528	290	818			
	Group-total	**16,161**	**13,228**	**29,389**	5.99%	4.90%	10.88%
10	Abdul Monem Ltd.	16,044	16,372	32,416			
	Group-total	**16,044**	**16,372**	**32,416**	5.94%	6.06%	12.01%
11	Mir Akter Hossain Ltd.	175	504	679			
	Mir Cement Ltd	384	678	1,062			
	Mir Akhter Hossain Ltd	12,759	14,995	27,754			
	Group-total	**13,318**	**16,176**	**29,495**	4.93%	5.99%	10.92%
12	Dhaly Construction Ltd.	28,242	15,166	43,408			
	Group-total	**28,242**	**15,166**	**43,408**	10.46%	5.62%	16.08%
13	Energypac Engyneering Ltd.	12,380	10,102	22,482			
	Energypac Fashions Limited	13,652	2,234	15,886			
	Group-total	**26,032**	**12,336**	**38,367**	9.64%	4.57%	14.21%
14	Max Infrastructure Ltd	1,194	8,691	9,885			
	Kushiara Power company ltd	18,590	584	19,175			
	Group-total	**19,784**	**9,276**	**29,060**	7.33%	3.44%	10.76%
15	Navana Ltd.	9	371	380			
	Navana Food Ltd.	320	-	320			
	Navana Batteries Ltd.	1,581	474	2,055			
	Aftab Automobiles Ltd.	54	-	54			
	Navana CNG Limited	750	2,529	3,279			
	Navana Engineering Ltd.	1,644	282	1,926			
	NAVANA LPG LIMITED	11,485	6,144	17,629			
	Navana Welding Electrode Ltd	676	411	1,087			
	Navana Ltd.	120	-	120			
	Navana Electronics Ltd	506	-	506			
	Group-total	**17,146**	**10,211**	**27,357**	6.35%	3.78%	10.13%
16	MSA Textiles Limited	26,197	6,750	32,947			
	A A Coarse	2,360	5,561	7,921			
	Group-total	**28,558**	**12,311**	**40,869**	10.58%	4.56%	15.14%
17	Sinha Peoples Energy Ltd.	7,854	9,612	17,466			
	Venture Energy Limited	5,596	-	5,596			
	Sinha Power Generation Com. Ltd	5,971	3,131	9,102			
	Group-total	**19,421**	**12,743**	**32,164**	7.19%	4.72%	11.91%
	Total	**338,029**	**258,482**	**596,510**			

Bank's total Capital as on 31 December 2018 is Tk. 270,014.66 lac

Highlights of Performance of Bank

As at December 31, 2018

Annexure-E

SL	Particulars	2018	2017
1	Paid up Capital	8,485,647,930	7,714,225,390
2	Total Capital (Tier-1 + Tier-2)	27,001,465,680	19,375,983,751
3	Capital Surplus	9,648,943,612	3,482,330,324
4	Total Assets	243,659,893,222	207,886,374,678
5	Total Deposit	176,861,513,007	146,348,226,244
6	Total Investment (Loans & Advance)	186,090,034,291	158,668,157,376
7	Total Contingent Liabilities and Commitment	100,786,628,882	89,225,560,344
8	Investment Deposit Ratio (%)	90.32%	90.17%
9	Percentage of Classified Investment against total Investments	6.84%	3.97%
10	Profit after Tax and Provision	1,471,181,929	1,195,895,973
11	Amount of Classified Investment	12,723,295,289	6,300,502,160
12	Provisions kept against classified Investment	2,444,970,076	1,415,064,133
13	Provisions surplus	0	8,651,571
14	Cost of Fund	8.31%	7.83%
15	Profit Earning Assets	202,396,523,710	173,187,406,756
16	Non-Profit Earning Assets	41,263,369,512	34,698,967,922
17	Return on Investment in Securities (ROI)	2.68%	2.59%
18	Return on Assets (ROA)	0.65%	0.64%
19	Income from Investment in Securities	373,496,035	299,298,822
20	Earnings Per Share	1.73	1.41
21	Net Income Per Share	1.73	1.41
22	Price Earning Ratio (Times)	15.92	23.42

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Balance Sheet

As at 31 December 2018

Annexure-F

	Note	2018		2017	
		USD	Taka	USD	Taka
Property and Assets					
Cash					
Cash in hand (Including Foreign Currencies)		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank Ltd. (Including Foreign Currencies)		-	-	-	-
		-	-	-	-
Placement with other Banks & Financial Institutions		-	-	-	-
Balance with other Banks and Financial Institutions					
Inside Bangladesh		13,143,584.35	1,102,746,727	8,171,792.68	675,807,255
Outside Bangladesh		-	-	-	-
	3	**13,143,584.35**	**1,102,746,727**	**8,171,792.68**	**675,807,255**
Investments					
General Investment etc.		17,067,101.23	1,431,929,793	12,145,385.52	1,004,423,383
Bills Purchased and Discounted		66,958,992.94	5,617,859,508	79,265,666.60	6,555,270,628
	4	**84,026,094.17**	**7,049,789,301**	**91,411,052.12**	**7,559,694,010**
Fixed Assets Including Premises	5	**3,331.22**	**279,489**	**3,207.11**	**265,228**
Other Assets		-	-	-	-
Non Banking Assets		-	-	-	-
Total Assets		**97,173,009.74**	**8,152,815,517**	**99,586,051.91**	**8,235,766,493**
Liabilities and Capital					
Liabilities					
Placement from other Banks & Financial Institutions	6	**95,915,000.00**	**8,047,268,500**	**98,784,700.00**	**8,169,494,690**
Deposits and Other Accounts					
Mudaraba Savings Deposits		126,431.03	10,607,563	100,592.75	8,319,020
Mudaraba Term Deposits		-	-	-	-
Other Mudaraba Deposits		-	-	-	-
Al-Wadeeah Current & Other Deposit Accounts		9,552.40	801,446	-	-
Bills Payable		-	-	-	-
	7	**135,983.43**	**11,409,010**	**100,592.75**	**8,319,020**
Other Liabilities	8	**1,122,026.31**	**94,138,007**	**700,759.16**	**57,952,783**
Total Liabilities		**97,173,009.74**	**8,152,815,517**	**99,586,051.91**	**8,235,766,493**
Capital/Shareholders' Equity					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Retained Earnings		-	-	-	-
Total Shareholders' Equity		-	-	-	-
Total Liabilities & Shareholders' Equity		**97,173,009.74**	**8,152,815,517**	**99,586,051.91**	**8,235,766,493**

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Off-balance Sheet Items

As at 31 December 2018

Annexure-F

	Note	2018		2017	
		USD	Taka	USD	Taka
Contingent liabilities					
Acceptances & endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit (including back to back bills)		-	-	-	-
Bills for collection		20,482.45	1,718,477.56	-	-
Other contingent liabilities		-	-	-	-
Total		**20,482.45**	**1,718,477.56**	**-**	**-**
Other commitments					
Documentary credits, short term and trade related transactions		-	-	-	-
Forward assets purchased and forward deposits placed		-	-	-	-
Undrawn note issuance, revolving and underwriting facilities		-	-	-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-	-	-
Total		-	-	-	-
Total off-balance sheet items including contingent liabilities		**20,482.45**	**1,718,477.56**	-	-

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Profit and Loss Account

For the year ended 31 December 2018

Annexure-F

	Note	2018		2017	
		USD	Taka	USD	Taka
Investment Income	9	5,528,786.55	463,865,192	4,334,658.74	358,476,278
Less: Profit paid on Deposits & Borrowing	10	2,686,170.77	225,369,728	1,892,691.54	156,525,590
Net Investment Income		**2,842,615.78**	**238,495,464**	**2,441,967.20**	**201,950,687**
Commission, Exchange and Brokerage	11	350.00	29,365	10.00	827
Other Operating Income	12	134,619.18	11,294,549	108,810.66	8,998,642
		134,969.18	**11,323,914**	**108,820.66**	**8,999,469**
Total Operating Income		**2,977,584.96**	**249,819,378**	**2,550,787.86**	**210,950,156**
Salaries and Allowances	13	93,200.44	7,819,517	69,107.94	5,715,227
Rent, Taxes, Insurances, Electricity etc.	14	394.48	33,097	19,967.18	1,651,286
Legal Expenses		-	-	-	-
Postage, Stamps, Telecommunication etc.	15	7,757.47	650,852	6,905.75	571,106
Stationery, Printings, Advertisements etc.	16	502.78	42,183	906.08	74,933
Auditors' Fees		-	-	-	-
Depreciation & Repairs of Bank's Assets	17	993.08	83,319	662.99	54,829
Other Expenses	18	6,790.84	569,751	822.37	68,010
Total Operating Expenses		**109,639.09**	**9,198,720**	**98,372.31**	**8,135,390**
Profit before Provision		**2,867,945.87**	**240,620,658**	**2,452,415.55**	**202,814,766**
Specific provisions for Classified Investment		-	-	-	-
General Provisions for Unclassified Investment		-	-	-	-
Provisions for Other Assets		-	-	-	-
Total Provision		-	-	-	-
Total Profit before Provisions for Taxation		2,867,945.87	240,620,658	2,452,415.55	202,814,766
Deferred Tax Expenses		-	-	-	-
Current Tax Expenses		-	-	-	-
		-	-	-	-
Net Profit after Taxation		**2,867,945.87**	**240,620,658**	**2,452,415.55**	**202,814,766**
Retained Earnings from previous year		-	-	-	-
Add: Retained Earnings of Current year		2,867,945.87	240,620,658	2,452,415.55	202,814,766
Retained Earnings carried forward		**2,867,945.87**	**240,620,658**	**2,452,415.55**	**202,814,766**
Less: Retained earnings transferred to central operation		2,867,945.87	240,620,658	2,452,415.55	202,814,766
		-	-	-	-

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Cash Flow Statement

For the year ended 31 December 2018

Annexure-F

	2018		2017	
	USD	Taka	USD	Taka
Cash Flow from Operating Activities				
Investment Income receipt in cash	5,528,786.55	463,865,192	4,334,658.74	358,476,278
Profit Paid on Borrowing	(2,686,170.77)	(225,369,728)	(1,892,691.54)	(156,525,590)
Fees & Commission receipt in cash	350.00	29,365	10.00	827
Cash Payments to Employees	(93,200.44)	(7,819,517)	(69,107.94)	(5,715,227)
Cash Payments to Suppliers	(502.78)	(42,183)	(906.08)	(74,933)
Receipts from other Operating activities	134,619.18	11,294,549	108,810.66	8,998,642
Payments for other Operating activities	(14,828.24)	(1,247,938)	(27,695.30)	(2,297,999)
(i) Operating Profit before changes in Operating Assets	**2,869,053.50**	**240,709,740**	**2,453,078.54**	**202,861,997**
Changes in Operating Assets and Liabilities				
Increase/decrease of Investment to Customers	7,384,957.95	509,904,709	(4,851,453.75)	(747,453,619)
Increase/decrease of Deposits received from Customers	35,390.68	3,089,989	84,465.07	7,049,772
Increase/decrease of Other Liabilities	421,267.15	36,185,225	112,917.50	11,689,644
(ii) Cash flows from operating assets and liabilities	**7,841,615.78**	**549,179,924**	**(4,654,071.18)**	**(728,714,203)**
Net cash flows from operating activities (A)=(i+ii)	**10,710,669.28**	**789,889,664**	**(2,200,992.64)**	**(525,852,205)**
Cash flows from Investing Activities				
Proceeds from Sale of fixed assets	-	-	-	-
Purchases of Property, Plant & Equipments	(1,231.74)	(103,343)	(1,970.57)	(162,965)
Net cash used in investing activities (B)	**(1,231.74)**	**(103,343)**	**(1,970.57)**	**(162,965)**
Cash flows from Financing Activities				
Borrowing from Banks & Financial Institutions	(2,869,700.00)	(122,226,190)	8,007,900.00	1,025,360,530
Profit transferred to Shahjalal Islami Bank Ltd	(2,867,945.87)	(240,620,658)	(2,452,415.55)	(202,814,766)
Net cash flows from financing activities (C)	**(5,737,645.87)**	**(362,846,848)**	**5,555,484.45**	**822,545,764**
Net Increase/(Decrease) in Cash (A+B+C)	**4,971,791.67**	**426,939,472**	**3,352,521.24**	**296,530,593**
Add: Cash and cash equivalents at the beginning of the year	8,171,792.68	675,807,255	4,819,271.44	379,276,662
Cash & cash equivalents at the end of the year	**13,143,584.35**	**1,102,746,727**	**8,171,792.68**	**675,807,255**

Off-shore Banking Unit

Notes to the Financial Statements

For the year ended 31 December 2018

1. Status of the Unit

Off-shore Banking Unit (OBU) is a separate business unit of Shahjalal Islami Bank Limited, governed under the rules and Guidelines of Bangladesh Bank. The Bank commenced the operation of its Off-shore Banking Unit on 21 December 2008 with the permission from Bangladesh Bank vide letter no. BRPD (P-3)744(99)/2008-2800 dated 24 July 2008. The unit is located at Shahjalal Islami Bank Tower, Plot#4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.

1.1 Nature of Business/Principal Activities

The principal activities of the OBU are to provide all kind of shariah based commercial banking services to its customers complying the applicable rules & regulations.

2. Significant Accounting Policies

2.1 Basis of accounting

The accounting records of the unit are maintained in USD forms and the financial statements are prepared on a going concern basis under the historical cost convention and in accordance with first schedule of Bank Companies Act 1991 as amended up to 2018 by Bangladesh Bank BRPD Circular No.14 dated 25 June 2003, other Bangladesh Bank circulars, International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, the listing Regulations of the Stock Exchanges, the Securities and Exchange Rule 1987 and other laws and rules applicable in Bangladesh.

2.2 Common expense

a. Expenditure for audit fees has not been separately accounted for in the Financial Statements of OBU.

b. Provision for taxation, loans & advances and off-Balance Sheet items have not been accounted for in the separate Financial Statements of the OBU. However all provisions have been accounted for in the Financial Statement of Shahjalal Islami Bank Limited instead of OBU.

2.3 General

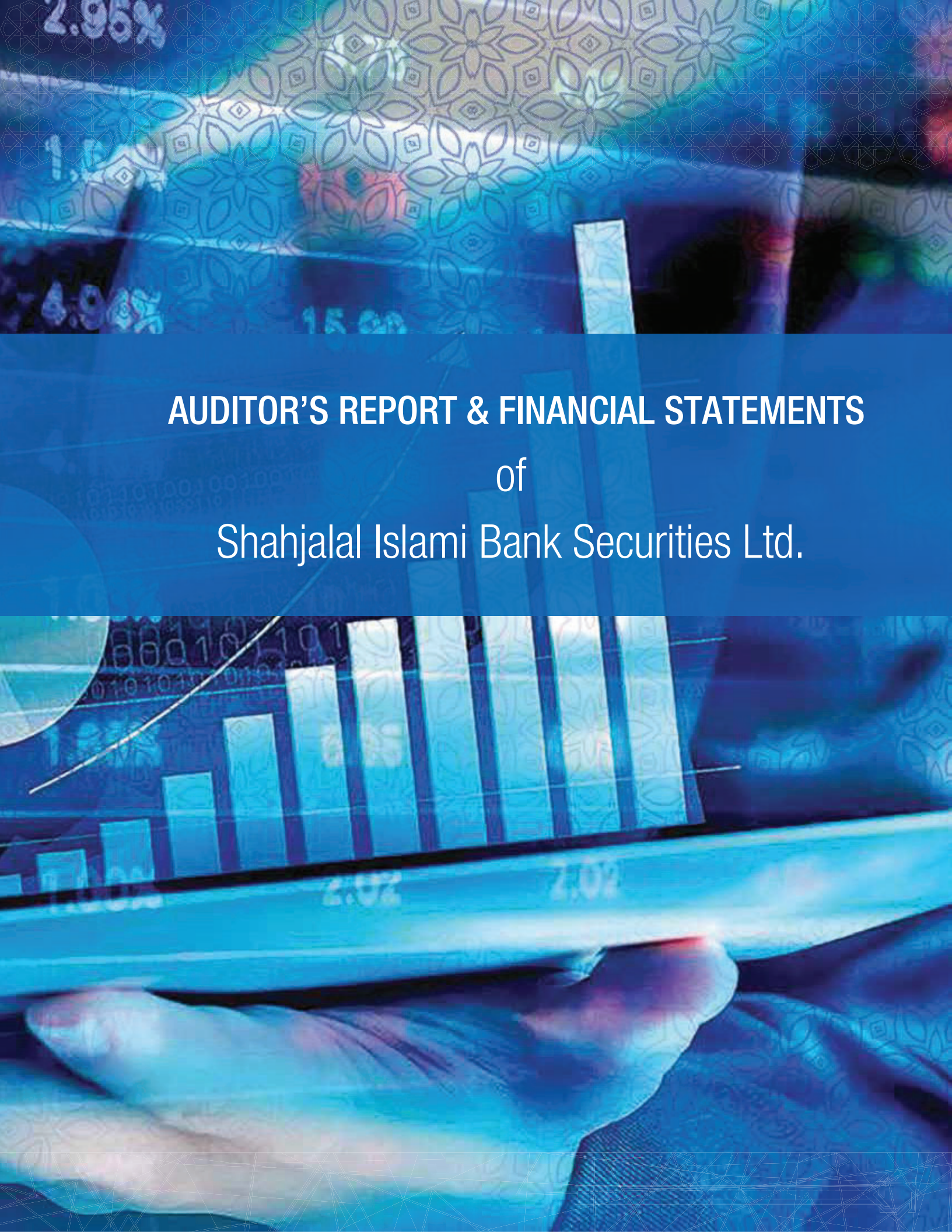
a. These Financial Statements are presented in Taka, which is the Bank's functional currency. Figures appearing in these financial statements have been rounded off to the nearest Taka.

b. Assets, liabilities, income & expenses have been converted to BDT currency @ US$1= Taka 83.90 (weighted average rate as at 31st December 2018)

		31.12.2018		31.12.2017	
		USD	Taka	USD	Taka
3	**Balance with Other Banks and Financial Institutions (Other than Mudaraba Term Fund)**				
	Inside Bangladesh (Note - 3.1)	13,143,584.35	1,102,746,727	8,171,792.68	675,807,255
	Outside Bangladesh	-	-	-	-
		13,143,584.35	**1,102,746,727**	**8,171,792.68**	**675,807,255**
3.1	**Inside Bangladesh**				
	Shahjalal Islami Bank Ltd	13,143,584.35	1,102,746,727	8,171,792.68	675,807,255
		13,143,584.35	**1,102,746,727**	**8,171,792.68**	**675,807,255**
4	**Investments (Loans and Advances)**				
	Country-wise Classification of Investments				
	Inside Bangladesh				
	Gross Murabaha, Bai-Muajjal etc	17,067,101.23	1,431,929,793	12,145,385.52	1,004,423,383
	Less: Profit receivable on Murabaha, Bai-Muajjal etc	-	-	-	-
	Net Murabaha, Bai-Muajjal etc	**17,067,101.23**	**1,431,929,793**	**12,145,385.52**	**1,004,423,383**
	Bills purchased and discounted-net (Note- 4.1)	66,958,992.94	5,617,859,508	79,265,666.60	6,555,270,628
	Out side Bangladesh	-	-	-	-
		84,026,094.17	**7,049,789,301**	**91,411,052.12**	**7,559,694,010**
4.1	**Bills Purchased and Discounted**				
	Payable inside Bangladesh	-	-	-	-
	Payable outside Bangladesh	66,958,992.94	5,617,859,508	79,274,939.60	6,556,037,505
	Gross Bills Purchased and Discounted	**66,958,992.94**	**5,617,859,508**	**79,274,939.60**	**6,556,037,505**
	Less: Profit receivable on Bills Purchased and Discounted	-	-	9,273.00	766,877
	Net Bills Purchased and Discounted	**66,958,992.94**	**5,617,859,508**	**79,265,666.60**	**6,555,270,628**
5	**Fixed Assets including Premises, Furniture & Fixtures**				
	Furniture & Fixture	116.89	9,807	246.30	20,369
	Office Equipment	3214.33	269,682	2,960.81	244,859
	Carrying value	**3,331.22**	**279,489**	**3,207.11**	**265,228**
6	**Placement from other Banks & Financial Institutions**				
	Mudaraba Term Deposit from other Banks	23,190,000	1,945,641,000	28,863,000.00	2,386,970,100
	Borrowing from Shahjalal Islami Bank Ltd	72,725,000.00	6,101,627,500	69,921,700.00	5,782,524,590
		95,915,000.00	**8,047,268,500**	**98,784,700.00**	**8,169,494,690**
7	**Deposits and Other Accounts**				
	Al-Wadiah Current Deposit	9,552.40	801,446	-	-
		9,552.40	**801,446**	**-**	**-**
	Mudaraba Savings Deposit	126,431.03	10,607,563	100,592.75	8,319,020
		126,431.03	**10,607,563**	**100,592.75**	**8,319,020**
	Mudaraba Term Deposit	-	-	-	-
		-	-	-	-
		135,983.43	**11,409,010**	**100,592.75**	**8,319,020**
8	**Other Liabilities**				
	Profit Payable	1,121,608.81	94,102,979	699,976.56	57,888,062
	Others Payable	-	-	-	-
	Outstanding Expenses	417.50	35,028	782.60	64,721
		1,122,026.31	**94,138,007**	**700,759.16**	**57,952,783**

		2018		2017	
		USD	Taka	USD	Taka
9	**Profit on Investment**				
	Profit received from Mudaraba Import Bills (UPAS)	4,801,660.55	402,859,320	3,954,625.44	327,047,524
	Profit received from Hire Purchase	727,126.00	61,005,871	380,033.30	31,428,754
		5,528,786.55	**463,865,192**	**4,334,658.74**	**358,476,278**
10	**Profit paid on Deposits & Borrowing**				
	Profit paid on borrowings	**2,686,170.77**	**225,369,728**	**1,892,691.54**	**156,525,590**
11	**Commission, Exchange & Brokerage**				
	Commission from LC	**350.00**	**29,365**	**10.00**	**827**
12	**Other Operating Income**				
	SWIFT & REUTERS	27,697.39	2,323,811	24,581.39	2,032,881
	Miscellaneous Earnings	106,921.79	8,970,738	84,229.27	6,965,761
	Service & Charges Receipts	-	-	-	-
		134,619.18	**11,294,549**	**108,810.66**	**8,998,642**
13	**Salary & Allowances**				
	Basic Salary	40,461.39	3,394,711	27,150.17	2,245,319
	Allowances	31,843.02	2,671,629	25,636.86	2,120,168
	Bonus	17,285.25	1,450,232	13,687.22	1,131,933
	Bank's Contribution to Provident fund	3,610.78	302,944	2,633.69	217,806
		93,200.44	**7,819,517**	**69,107.94**	**5,715,227**
14	**Rent, Taxes, Insurance, Electricity etc.**				
	Rent, Rates & Taxes	-	-	19,727.43	1,631,458
	Insurance	394.48	33,097		
	Electricity & Lighting	-	-	239.75	19,827
		394.48	**33,097**	**19,967.18**	**1,651,285.79**
15	**Postage, Stamps, Telecommunication etc**				
	Telephone charges	7,757.47	650,852	6,905.75	571,106
		7,757.47	**650,852**	**6,905.75**	**571,106**
16	**Stationery, Printing, Advertisement etc**				
	Computer Stationery	365.00	30,624	775.56	64,139
	Advertisement	137.78	11,560	130.52	10,794
		502.78	**42,183**	**906.08**	**74,933**
17	**Depreciation and Repair of Fixed Assets**				
	Depreciation of Fixed Assets				
	Furniture & Fixtures	14.86	1,247	27.38	2,264
	Office Appliance & Equipment	978.22	82,073	635.61	52,565
		993.08	83,319	662.99	54,829
	Repair's & Maintainance	-	-	-	-
		-	-	-	-
		993.08	**83,319**	**662.99**	**54,829**
18	**Other Expenses**				
	Utility	-	-	18.29	1,513
	Entertainment Exp.	664.41	55,744	783.40	64,787
	Travelling Expense	229.20	19,230	20.68	1,710
	Car expenses	5,764.47	483,639	-	-
	Uniform and Liveries	18.21	1,528	-	-
	Losses	114.55	9,611	-	-
		6,790.84	**569,751**	**822.37**	**68,010**

+0.20
+3.42%
+3.77%



AUDITOR'S REPORT & FINANCIAL STATEMENTS

of

Shahjalal Islami Bank Securities Ltd.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHAHJALAL ISLAMI BANK SECURITIES LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SHAHJALAL ISLAMI BANK SECURITIES LTD.**, which comprise the statement of financial position as at December 31, 2018, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account and returns; and

d) the expenditure incurred was for the purposes of the Company's business.

K. M. HASAN & CO.
Chartered Accountants

Place : Dhaka
Dated : 27 March 2019

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Statement of Financial Position

As at 31 December 2018

Assets	Note	2018 Taka	2017 Taka
Non-current assets			
Property, plant and equipment	4	58,635,791	51,046,105
Investment in shares of stock exchanges	5	428,000,000	518,500,000
Deferred tax assets	6	1,029,122	-
		487,664,913	569,546,105
Current assets			
Margin investment	7	3,451,070,680	3,267,905,887
Investment in marketable securities	8	1,129,830,420	914,448,480
Investment to executive car finance scheme		1,227,000	1,510,800
Trade and other receivables	9	2,200,670,463	2,166,544,118
Cash and cash equivalents	10	313,782,530	412,994,289
		7,096,581,093	6,763,403,574
Total assets		**7,584,246,006**	**7,332,949,679**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	2,740,000,000	2,740,000,000
Retained earnings		76,810,340	322,020,728
		2,816,810,340	3,062,020,728
Current liabilities			
Short term borrowings	12	2,000,000,000	805,000,000
Trade and other payables	13	1,961,844,552	2,683,474,125
Provision for income tax	14	316,970,214	293,833,926
Provision for investment in marketable securities	15	137,500,000	65,000,000
Provision for margin investment	16	351,120,900	423,620,900
		4,767,435,666	4,270,928,951
Total equity and liabilities		**7,584,246,006**	**7,332,949,679**
Net asset value per share of Tk. 10 each		**10.28**	**11.18**

The financial statements should be read in conjunction with the annexed notes
and approved by the Board of Directors on 27 March 2019
and singed on its behalf by:

Chief Executive Officer | **Vice Chairman** | **Chairman**

Signed in terms of our separate report of even date annexed.

Place : Dhaka
Dated : 27 March 2019

K. M. HASAN & CO.
Chartered Accountants

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
Brokerage commission	17	111,152,794	205,332,215
Income from margin investment		206,466,818	283,358,549
Income from investment in shares	18	46,183,636	166,712,278
Other operating income	19	6,108,411	6,507,362
Total operating income		**369,911,659**	**661,910,404**
Operating expenses	20	(12,280,163)	(27,560,826)
Income from operation		**357,631,496**	**634,349,578**
Other income	21	2,527,115	4,492,734
Administrative and general expenses	22	(152,582,358)	(154,529,147)
Financial expenses	23	(156,679,475)	(104,637,255)
Net profit before income tax		**50,896,778**	**379,675,910**
Provision for taxation			
Current tax		(23,136,288)	(82,787,438)
Deferred tax		1,029,122	-
		(22,107,166)	(82,787,438)
Net profit after income tax		**28,789,612**	**296,888,472**
Other comprehensive income		-	-
Total comprehensive income		**28,789,612**	**296,888,472**
Earnings Per Share (EPS)	**24**	**0.11**	**1.08**

The financial statements should be read in conjunction with the annexed notes
and approved by the Board of Directors on 27 March 2019
and singed on its behalf by:

Chief Executive Officer | **Vice Chairman** | **Chairman**

Signed in terms of our separate report of even date annexed.

Place : Dhaka
Dated : 27 March 2019

K. M. HASAN & CO.
Chartered Accountants

SHAHJALAL ISLAMI BANK SECURITIES LTD.
Statement of Changes in Equity

For the year ended 31 December 2018

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Balance as at 01 January 2018	2,740,000,000	322,020,728	3,062,020,728
Cash dividend paid for 2017	-	(274,000,000)	(274,000,000)
Net profit for the year	-	28,789,612	28,789,612
Balance as at 31 December 2018	**2,740,000,000**	**76,810,340**	**2,816,810,340**

For the year ended 31 December 2017

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Balance as at 01 January 2017	2,740,000,000	162,132,256	2,902,132,256
Cash dividend paid for 2016	-	(137,000,000)	(137,000,000)
Net profit for the year	-	296,888,472	296,888,472
Balance as at 31 December 2017	**2,740,000,000**	**322,020,728**	**3,062,020,728**

The financial statements should be read in conjunction with the annexed notes
and approved by the Board of Directors on 27 March 2019
and singed on its behalf by:

Chief Executive Officer | **Vice Chairman** | **Chairman**

Signed in terms of our separate report of even date annexed.

Place : Dhaka
Dated : 27 March 2019

K. M. HASAN & CO.
Chartered Accountants

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018 Taka	2017 Taka
A. Cash flows from operating activities			
Cash received from commission and others		417,605,502	1,119,402,974
Payment for operating expenses & others		(1,391,730,212)	(38,915,880)
Income tax paid		(69,045,319)	(44,099,165)
Net Cash flow from/(used) in operating activities	25	**(1,043,170,029)**	**1,036,387,929**
B. Cash flow from investing activities			
Investment to executive car finance scheme		283,800	(1,510,800)
Cash receipt by sales of DSE share		37,879,317	-
Purchase of property plant and equipment		(15,204,847)	(16,767,345)
Net Cash flow from/(used) in investing activities		**22,958,270**	**(18,278,145)**
C. Cash flow from financing activities			
Short term borrowings		1,195,000,000	(849,336,661)
Dividend paid during the year		(274,000,000)	(137,000,000)
Net cash flow from/ (used) in financing activities		**921,000,000**	**(986,336,661)**
Net Increase/(decrease) in cash and cash equivalents (A+B+C)		(99,211,759)	31,773,123
Opening cash and cash equivalents		**412,994,289**	**381,221,166**
Closing cash and cash equivalents		**313,782,530**	**412,994,289**

The financial statements should be read in conjunction with the annexed notes
and approved by the Board of Directors on 27 March 2019
and singed on its behalf by:

Chief Executive Officer **Vice Chairman** **Chairman**

Place : Dhaka
Dated : 27 March 2019

1. Introduction

1.1 Legal status of the company

SHAHJALAL ISLAMI BANK SECURITIES LTD. has been incorporated as a public company limited by shares under the Companies Act, 1994 vide certificate of incorporation no. C - 86917/10 dated September 06, 2010 and commenced its operation on the 25th day of May 2011. Presently the company is operating its business through Head Office with 02 (Two) extension office and 08 (Eight) branches with 82 employees all over Bangladesh. It has corporate membership of Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.2 Address of registered office and principal place of business

Its Corporate Head Office and Principal place of business is at Jiban Bima Bhaban (4th floor), 10 Dilkusha C/A, Dhaka-1000.

2. Nature of business activities

The principal objectives of the company are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other objectives of the company are to buy, sell, hold shares, stocks and fixed income securities or otherwise acquire or invest the capital of the company in the same and other services as mentioned in the Memorandum and Articles of Association of the Company.

3. Significant accounting policies

3.1 Basis for preparation of financial statements

The financial statements have been prepared on a going concern concept basis under historical cost convention in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), Companies Act, 1994, the Securities and Exchange Rules, 1987, rules and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

The disclosures of information have been made in accordance with the requirements of the above mentioned standards and in compliance with Companies Act 1994 and the statement of financial position and statement of profit or loss and other comprehensive income have been prepared according to IAS-1 (Presentation of Financial Statements) based on accrual basis except utility bills and other applicable laws and regulations.

3.2 Components of the financial statements

The financial statements of the Company include the following components:-

a. Statement of Financial Position as at 31 December 2018.
b. Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018.
c. Statement of Changes in Equity for the year ended 31 December 2018.
d. Statement of Cash Flows for the year ended 31 December 2018.
e. Notes, Comprising a Summary of Significant Accounting Policies and Other Explanatory Information.

3.3 Property, plant and equipment

i) All property, plant and equipment are stated at cost less accumulated depreciation as per IAS -16 “Property, plant and equipment”.

ii) For addition the depreciation has been charged for the remaining months of the accounting year and for disposal depreciation charged up to the date of disposal.

iii) Depreciation has been charged under reducing balance method at the following rates:

Asset Category	Rate (%)
Furniture and fixtures	10
Office equipment	20

3.4 Investments

a. Margin investment

Investments to clients include investment to margin customers and receivable there from .

b. Investment in marketable securities

Investment in marketable securities are recognized at cost. In case of diminution of market value compared to cost, provision is made on portfolio basis but no unrealized gain is booked when market value exceeds cost.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank which are available for use by the Company without any restriction. There is an insignificant risk of changes in value of these current assets.

3.6 Liabilities, provisions and disclosures

There are no other material liabilities or gains or loss contingencies that are required to be accrued or disclosed, other than those accrued or disclosed in the financial statements, nor there are any accruals for loss contingencies included in the statement of financial position that are not in conformity with the Company's existing practices.

The company follows shariah based rules, so the income from non shariah based Banking & financial institutions has not been recognized as income. Hence, this income has been mention as income suspense account in other liability.

3.7 Corporate income tax

Income tax withheld from the transactions of traded securities @ 0.05% as per section 53BBB is the final tax liability of the company under section 82C of Income Tax Ordinance 1984. Income tax provision is made on capital gains on sale of shares of listed securities @ 10% as per SRO No. 269/Law/Income Tax/2010 dated 1 July 2010 whereas it is payable @35% on other income as per income tax law.

3.8 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

Revenue recognition policy on specific item is described as under:

(i) Brokerage commission is recognized as income when selling or buying order is executed.
(ii) Profit from margin investment is recognized on accrual basis.
(iii) Income from profit bearing Bank Account is recognized on accrual basis.
(iv) Capital gains on sale of marketable securities are recognized when these are realized.
(v) Dividend income against investment in marketable securities is recognized when received.

3.9 Earnings per share (EPS)

The Company calculates Earnings per Share (EPS) in accordance with IAS 33: Earnings per Share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income, and the computation of EPS is stated in related note.

3.10 Statement of cash flows

Statement of cash flows is prepared principally in accordance with IAS -7 " Statement of Cash Flows" and cash flows from operating activities have been presented under direct method.

3.11 General

(i) The figures in the financial statements represent Bangladesh currency (Taka), which have been rounded off to the nearest Taka.

(ii) Previous year's figures have been rearranged/ reclassified/ regrouped, where necessary, to confirm to current year's financial presentation.

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Fixed Assests Schedule

As at 31 December 2018

4. Property, plant and equipment

Amount in Taka

Particulars	COST				DEPRECIATION					Written Down value as at 31.12.2018
	Balance as at 01.01.2018	Addition during the year	Adjustments / disposal during the year	Balance as at 31.12.2018	Rate (%)	Balance as at 01.01.2018	Charged during the year	Adjustments / disposal during the year	Balance as at 31.12.2018	
Furniture and fixtures	52,268,612	11,899,781	-	64,168,393	10%	17,211,554	4,113,812	-	21,325,366	42,843,027
Office equipment	41,288,677	3,305,066	-	44,593,743	20%	25,299,630	3,501,349	-	28,800,979	15,792,764
Total as at 31 December 2018	**93,557,289**	**15,204,847**	**-**	**108,762,136**		**42,511,184**	**7,615,161**	**-**	**50,126,345**	**58,635,791**
Total as at 31 December 2017	**76,789,944**	**16,767,345**	**-**	**93,557,289**		**35,817,264**	**6,693,920**	**-**	**42,511,184**	**51,046,105**

		2018 Taka	2017 Taka
5.	**Investment in shares of stock exchanges**		
	Investment in DSE shares (Note-5.1)	271,500,000	362,000,000
	Investment in CSE shares (Note-5.2)	156,500,000	156,500,000
		428,000,000	**518,500,000**
5.1	**Investment in DSE shares (5.1.1)**		
	Opening balance	362,000,000	362,000,000
	Less: cost of 25% shares sold by DSE as per demutualization scheme	90,500,000	-
	Closing balance	**271,500,000**	**362,000,000**

5.1.1 As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange allotted 7,215,106 no. of ordinary Shares of Taka 10 each and Trading Right Entitlement Certificate (TREC) in favour of the company against the membership of DSE. Out of the total 7,215,106 no. of Shares DSE transferred and credited 2,886,042 no. of shares directly to Company's Beneficiary Owners' (BO) Account and rest 4,329,064 no. of shares were credited to the "Demutualization Blocked Account" maintained by the DSE and sold 25% of 7,215,106 no. of shares i.e. 1,803,777 no. of shares to Shenzhen Stock Exchange and Shanghai Stock Exchange during the year.

5.2 As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Chittagong Stock Exchange allotted 4,287,330 no. of ordinary Shares of Taka 10 each and Trading Right Entitlement Certificate (TREC) in favour of the company against the membership of CSE. Out of the total 4,287,330 no. of Shares CSE transferred and credited 1,714,932 no. of shares directly to Company's Beneficiary Owners' (BO) Account and rest 2,572,398 no. of shares were credited to the "Demutualization Blocked Account" maintained by the CSE.

6.	**Deferred tax assets**		
	Deferred tax on tangible assets		
	Accounting base written down value	58,635,791	
	Tax base written down value	61,576,140	
	Deductible Temporary difference on written down value	**(2,940,349)**	**-**
	Closing deferred tax (assets)/liabilities	(1,029,122)	-
	Opening deferred tax (assets)/liabilities	-	
	Deferred tax (income)/expenses	**(1,029,122)**	**-**
7.	**Margin investment**		
	Investment to clients	3,451,070,680	3,267,905,887
		3,451,070,680	**3,267,905,887**
8.	**Investment in marketable securities (Dealer account)**		
	Investment in securities at cost (annexure-A)	1,125,701,001	913,056,491
	Deposit for application of right shares/ IPO	4,129,419	1,391,989
		1,129,830,420	**914,448,480**
	Investment in shares at cost	1,125,701,001	913,056,491
	Investment in shares at market value	988,547,749	900,636,295
	Diminution in value of investment in shares	**137,153,252**	**12,420,196**

An amount of Tk. 137,500,000 has been maintained as provision for investment in marketable securities as mentioned under note -15.

Details of investment in marketable securities are shown in "Annexure-A".

		2018 Taka	2017 Taka
9.	**Trade and other receivables**		
	Advance, deposit and prepayments (Note-9.1)	317,800,157	238,507,084
	Accounts receivable (Note-9.2)	1,882,870,306	1,928,037,034
		2,200,670,463	**2,166,544,118**
9.1	**Advance, deposit and prepayments**		
	Advance office rent	19,909,225	7,300,810
	Advance commission for bank guarantee	421,667	1,150,000
	Prepaid expenses	765,000	2,166,928
	Security deposit	-	230,400
	Advance income tax (Note-9.1 .1)	296,704,265	227,658,946
		317,800,157	**238,507,084**
9.1.1	**Advance income tax (Note- 9.1.1.1)**		
	Opening balance	227,658,946	183,559,781
	Add: Paid during the year	69,045,319	44,099,165
	Closing balance	**296,704,265**	**227,658,946**
9.1.1.1	**Year wise payment for advance income tax are as follows:**		
	Up to year 2012	30,250,963	30,250,963
	Year 2013	18,566,238	18,566,238
	Year 2014	26,606,796	26,606,796
	Year 2015	50,181,066	50,181,066
	Year 2016	57,954,718	57,954,718
	Year 2017	44,099,165	44,099,165
	Year 2018	69,045,319	-
		296,704,265	**227,658,946**
9.2	**Accounts receivable**		
	Profit receivable on margin investment	1,862,411,401	1,891,570,122
	Receivable from Shahjalal Islami Bank Limited	-	546,617
	Receivable from DSE	10,455,425	35,797,273
	Receivable from CSE	10,003,480	123,022
		1,882,870,306	**1,928,037,034**
10.	**Cash at banks**		
	Shahjalal Islami Bank Limited (10.1)	309,512,591	393,408,115
	One Bank Limited (10.2)	4,217	14,251
	Social Islami Bank Limited (10.3)	3,615,940	19,182,364
	Al-Arafah Islami Bank Ltd., Motijheel Branch	13,720	15,790
	Prime Bank Limited- Dilkusha Branch	539,823	277,529
	Commercial Bank of Ceylon- Panthapath Branch	96,240	96,240
		313,782,530	**412,994,289**
10.1	**Shahjalal Islami Bank Limited**		
	SJIBSL Uttara Branch A/C, Uttara Branch.	5,834	11,204
	SJIBSL Sylhet Branch A/C, Sylhet Branch.	5,450	7,145
	SJIBSL Eskaton Branch A/C, Eskaton Branch.	2,078	3,283
	SJIBSL Chawkbazar Branch A/C,Chawkbazar Branch	14,128	961
	SJIBSL Savar Branch A/C, Savar Branch.	5,648	2,055
	SJIBSL Gulshan Branch A/C, Gulshan Branch.	1,693	4,308
	SJIBSL Agrabad Branch A/C, Agrabad Branch	806	1,240
	SJIBSL Customers A/C (DSE) A/C, Motijheel Branch.	299,170,079	385,427,744
	SJIBSL Revenue A/C (DSE) A/C, Motijheel Branch.	7,674,800	4,833,533
	SJIBSL Customers (CSE) A/C, Motijheel Branch.	2,416,227	2,782,142
	Shahjalal Islami Bank Securities Ltd. A/C, GSA Branch.	1,570	1,528
	Shahjalal Islami Bank Securities Ltd. A/C, Motijheel Branch..	32,113	183,151

		2018 Taka	2017 Taka
	SJIBSL IPO Process A/C, Motijheel Branch.	119,332	102,397
	SJIBSL Dealer A/C (DSE) A/C, Motijheel Branch.	29,303	23,782
	SJIBSL Dealer A/C (CSE) A/C, Motijheel Branch.	33,529	23,641
		309,512,591	**393,408,115**
10.2.	**One Bank Limited**		
	SJIBSL Customer (DSE) A/C, Principal Branch	-	7,735
	SJIBSL Customer (CSE) A/C, Principal Branch	2,569	3,719
	SJIBSL Dealer A/C, Principal Branch.	1,647	2,797
		4,217	**14,251**
10.3.	**Social Islami Bank Limited**		
	Shahjalal Islami Bank Securities Ltd. A/C, Principal Branch	295,162	313,351
	SJIBSL Customer (DSE) A/C, principal Branch.	2,397,272	18,081,989
	SJIBSL Dealer A/C,Principal Branch.	923,506	787,024
		3,615,940	**19,182,364**
	The above bank balances are supported by respective bank statement with reconciliation where necessary.		
11.	**Share capital**		
	Authorized:		
	500,000,000 ordinary shares of Tk. 10 each	**5,000,000,000**	**5,000,000,000**
	Issued, Subscribed and Paid up:		
	274,000,000 ordinary shares of Tk. 10 each	**2,740,000,000**	**2,740,000,000**

Shareholding Position:

Sl. No.	Name of Shareholders	No. of Shares 2018		
1	Shahjalal Islami Bank Limited	251,500,000	2,515,000,000	2,515,000,000
2	Alhaj Sajjatuz Jumma	1,250,000	12,500,000	12,500,000
3	Alhaj Anwer Hossain Khan	1,250,000	12,500,000	12,500,000
4	Alhaj Mohammed Faruque	1,250,000	12,500,000	12,500,000
5	Alhaj Tofazzal Hossain	1,250,000	12,500,000	12,500,000
6	Electra International Ltd. (Represented by : Alhaj Md. Sanaullah Shahid)	1,250,000	12,500,000	12,500,000
7	Shams Uddin Khan And Harun Miah Ltd. (Represented by : Alhaj Shams Uddin Khan)	1,250,000	12,500,000	12,500,000
8	Alhaj Mohammed Farooq	1,250,000	12,500,000	12,500,000
9	Alhaj Mohammed Hasan	1,250,000	12,500,000	12,500,000
10	Alhaj Md. Abdul Barek	1,250,000	12,500,000	12,500,000
11	Mrs. Shahan Ara Begum	1,250,000	12,500,000	12,500,000
12	Anwer Khan Modern Hospital Ltd. (Represented by: Mr. M. Shamsul Huq)	1,250,000	12,500,000	12,500,000
13	Alhaj Abdul Halim	1,250,000	12,500,000	12,500,000
14	Alhaj Mohiuddin Ahmed	1,250,000	12,500,000	12,500,000
15	Alhaj Akkas Uddin Mollah	1,250,000	12,500,000	12,500,000
16	Alhaj Khandoker Sakib Ahmed	1,250,000	12,500,000	12,500,000
17	Alhaj Engr.Md.Towhidur Rahman	1,250,000	12,500,000	12,500,000
18	Alhaj A. K. Azad	1,250,000	12,500,000	12,500,000
19	Alhaj Mohammed Younus	1,250,000	12,500,000	12,500,000
		274,000,000	**2,740,000,000**	**2,740,000,000**

		2018 Taka	2017 Taka
12.	**Short term borrowings**		
	SJIBL, Bai-muazzal (Commercial) investment (12.1)	1,200,000,000	250,000,000
	Social Islami Bank Ltd., Bai- Muazzal (Revolving) investment (12.2)	250,000,000	255,000,000
	Prime Bank Ltd., Bai- Muazzal (Revolving) investment(12.3)	550,000,000	300,000,000
		2,000,000,000	**805,000,000**

12.1 **SJIBL, Bai-muazzal (Comm.)-** investment limit of Tk.125.00 crore. Rate of return 11.00%. Validity up to 30.06.2019.

12.2 **Social Islami Bank Ltd., Bai- Muazzal (Revolving)-** investment limit of Tk. 25.00 crore. Rate of return 13.00%. Validity up to 31.01.2019. Security covered by Corporate Guarantee.

12.3 **PBL, Bai-muazzal (Rev.)-** investment limit of Tk. 60.00 crore. Rate of return 12.50%-14.00%. Validity up to 28.12.2019. Security covered by Bank Guarantee.

13.	**Trade and other payables**		
	Accounts payable (Note-13.1)	802,272,204	1,466,789,084
	Other liabilities (Note-13.2)	1,159,572,348	1,216,685,041
		1,961,844,552	**2,683,474,125**
13.1	**Accounts payable**		
	Payable to client	259,218,450	365,832,381
	Payable to DSE	18,332,192	720,133
	Payable to CSE	-	1,097,433
	Payable to Shahjalal Islami Bank Limited (Note-13.1.1)	414,914,661	1,063,059,276
	Profit payable for borrowing (Note-13.1.2)	109,806,901	36,079,861
		802,272,204	**1,466,789,084**
13.1.1	**Payable to Shahjalal Islami Bank Limited**		
	Payable for others (Note-13.1.1.1)	366,982,674	885,127,287
	Profit Payable for margin investment	47,931,987	177,931,989
		414,914,661	**1,063,059,276**
13.1.1.1	**Payable for others**		
	Furniture & fixture	20,922,248	20,922,248
	Office equipment	12,146,207	12,146,207
	Profit prior to separation from bank	331784174	331,784,174
	Membership purchase (DSE & CSE)	-	518,500,000
	Incentive bonus -2012	1,379,100	1,379,100
	Other expenditure	395,558	395,558
	Calender-2018	355,387	-
		366,982,674	**885,127,287**
13.1.2	**Profit payable for borrowing**		
	Profit payable to SJIBL Bai- Muazzal (Commercial) investment	58,382,500	620,139
	Profit payable to SIBL Bai- Muazzal (Revolving) investment	9,831,250	7,834,722
	Profit payable to PBL Bai- Muazzal (Revolving) investment	41,593,151	27,625,000
		109,806,901	**36,079,861**
13.2	**Other liabilities**		
	Accrued expenses	424,088	901,705
	VAT payable	356,351	288,258
	Office rent payable	1,700,792	1,403,890
	Withholding tax payable	248,426	209,463
	Leave fare assistance payable	1,241,680	1,349,530
	Income suspense account	14,549,008	16,651,626
	Profit suspense account	1,139,942,575	1,194,759,678
	Security deposit	25,128	25,128

		2018 Taka	2017 Taka
	Payable for Initial Public Issue (IPO) process	35,000	9,017
	Cash dividend received on margin account	1,049,300	1,086,746
		1,159,572,348	**1,216,685,041**
14.	**Provision for income tax (14.1)**		
	Opening balance	293,833,926	211,046,488
	Add: Provision made during the year	23,136,288	82,787,438
	Closing balance	**316,970,214**	**293,833,926**
14.1	**Year wise provision for income tax:**		
	Up to year 2012	52,993,240	52,993,240
	Year 2013	22,983,299	22,983,299
	Year 2014	36,384,865	36,384,865
	Year 2015	64,277,748	64,277,748
	Year 2016	34,407,336	34,407,336
	Year 2017	82,787,438	82,787,438
	Year 2018	23,136,288	-
		316,970,214	**293,833,926**
	Income tax assessment status is shown in **"Annexure-B"**		
15.	**Provision for investment in marketable securities**		
	Opening balance	65,000,000	65,000,000
	Transferred from provision for margin investment	72,500,000	-
	Closing balance	**137,500,000**	**65,000,000**
16.	**Provision for margin investment**		
	Opening balance	423,620,900	423,620,900
	Transferred to provision for investment in marketable securities	(72,500,000)	-
	Closing balance	**351,120,900**	**423,620,900**

The market value of shares of the client account having negative equity stood at Tk. 2,271,705,220.00 as on December 31, 2018 against margin investment Tk. 2,289,431649.00 leaving a shortfall of Tk.1,451,481,311.00. If the market price of the shares go up in future this equity erosion will be reduced. The company has also maintained provision for margin investment Tk. 351,120,900.00 as mentioned above and profit suspense Tk. 1,139,942,575.00 under note-12.2. The amount of provision made in the books of account stood at Tk. 351,120,900.00 as on December 31, 2018 against the required provision of Tk.311,538,736.00. leaving surplus of Tk.39,582,164.00.

17.	**Brokerage commission**		
	Commission income through DSE	107,138,618	200,714,329
	Commission income through CSE	4,014,176	4,617,886
		111,152,794	**205,332,215**
18.	**Income from investment in shares**		
	Capital gain on sale of shares	23,367,730	109,739,471
	Dividend income (Note-18.1)	22,815,906	56,972,807
		46,183,636	**166,712,278**
18.1	**Dividend income**		
	Cash dividend from DSE & CSE	7,215,106	9,273,024
	Cash dividend from investment in shares	15,600,800	47,185,303
		22,815,906	**56,458,327**
19.	**Other operating income**		
	Margin documentation fee	34,000	21,000
	BO account opening fee	520,000	458,000
	Income from CDBL	1,315,953	1,527,036
	BO account maintenance charge	4,009,050	4,371,000
	BO account closing fee	51,658	50,571
	Income from IPO process	177,750	79,755
		6,108,411	**6,507,362**

		2018 Taka	2017 Taka
20.	**Operating expenses**		
	Howla charge	13,748	67,448
	Laga charge	7,900,256	15,372,948
	BO A/C maintenance fee	267,750	3,386,000
	CDBL transaction fee	3,948,116	8,614,430
	Service charge	150,293	120,000
		12,280,163	**27,560,826**
21.	**Other income**		
	Cheque dishonour fee	41,000	62,000
	Profit on special notice deposit	2,323,106	4,150,684
	Notice pay earning	159,900	280,050
	Miscellaneous income	3,109	-
		2,527,115	**4,492,734**
22.	**Administrative and general expenses**		
	Rent, taxes, insurance, electricity etc. (Note- 22.1)	21,669,741	17,534,706
	Salaries and allowances (Note- 22.2)	54,434,036	49,494,184
	Legal and professional expenses	11,500	7,475
	Postage, stamp, telecommunication etc. (Note- 22.3)	2,586,689	2,570,931
	Stationery, printing & advertisement (Note- 22.4)	2,382,569	1,409,446
	Depreciation, repairs & maintenance (Note- 22.5)	8,517,615	7,258,347
	Other expenses (Note- 22.6)	62,980,208	76,254,058
		152,582,358	**154,529,147**
22.1	**Rent, taxes, insurance, electricity etc.**		
	Office rent	18,944,503	14,897,880
	Electricity and generator	2,436,726	2,409,667
	Insurance for motor vehicle	45,349	61,815
	Fuel	243,163	165,344
		21,669,741	**17,534,706**
22.2	**Salaries and allowances**		
	Basic salary	17,988,381	17,828,330
	Allowances	26,448,647	22,843,672
	Bonus	8,381,075	7,020,927
	Contribution to provident fund	1,615,933	1,651,255
	Other allowance	-	150,000
		54,434,036	**49,494,184**
22.3	**Postage, stamp, telecommunication etc.**		
	Revenue stamp	25,351	26,045
	Telephone & mobile	721,015	817,173
	Networking	1,790,035	1,691,800
	Postage and courier	50,288	35,913
		2,586,689	**2,570,931**
22.4	**Stationery, printing & advertisement**		
	Office stationery	218,691	153,923
	Other stationery	118,956	118,318
	Paper expenses	281,125	325,628
	Advertisement	615,642	336,130
	Printing	1,049,088	427,088
	Computer accessories	99,067	48,359
		2,382,569	**1,409,446**
22.5	**Depreciation, repairs & maintenance**		
	Depreciation	7,615,161	6,693,920
	Repair & maintenance	902,454	564,427
		8,517,615	**7,258,347**

		2018 Taka	2017 Taka
22.6	**Other expenses**		
	Commission expenses	2,568,333	2,333,386
	Conveyance	240,793	167,364
	Travelling and conveyance	46,018	98,279
	Uniform	154,200	51,452
	Water bill	439,767	504,008
	Trade license renewal fee	561,008	546,110
	Training expense	24,710	29,000
	Bank charge	47,257	58,741
	Excise duty	513,000	161,950
	Entertainment	1,780,866	1,712,969
	Audit fee	35,250	39,500
	Utility bill	17,640	17,015
	Directors fee	218,500	310,500
	Software expenses	731,745	126,000
	Car maintenance	67,130	21,862
	Office maintenance	1,022,205	1,662,402
	Picnic expenses	788,675	-
	Business promotional expenses	663,130	-
	Miscellaneous expenses	439,298	695,515
	Loss for written off margin investment	-	67,718,005
	Loss on sales of DSE share (Note- 22.6.1)	52,620,683	-
		62,980,208	**76,254,058**
22.6.1	**Loss on sale of DSE share**		
	Cost of 1,803,777.00 no. of DSE shares (25%)	90,500,000	-
	Sales proceeds received	37,879,317	-
	Loss on sales of DSE share	**52,620,683**	**-**
23.	**Financial expenses**		
	Profit paid on Bai-muazzal (Commercial) TR investment, SIBL	31,942,220	22,633,606
	Profit paid on Bai-muazzal (Commercial) TR investment, SJIBL	80,846,735	46,544,027
	Profit paid to ICB	-	26,984
	Profit paid on Bai-muazzal TR investment, Prime Bank Ltd.	43,890,520	35,432,638
		156,679,475	**104,637,255**
24.	**Earnings per share**		
	Net profit attributable to ordinary shareholders	28,789,612	296,888,472
	Number of ordinary shares outstanding	274,000,000	274,000,000
		0.11	**1.08**
25.	**Cash flow from operating activities (indirect method)**		
	Net profit before tax	50,896,778	379,675,910
	Adjustment for non-cash items:		
	Depreciation	7,615,161	6,693,920
	Loss on sales of DSE share	52,620,683	-
		111,132,622	**386,369,830**
	Adjustment for changes in working capital:		
	Decrease in accounts receivables	45,166,728	452,999,836
	(Increase) in advance deposits and prepayments	(10,247,754)	(4,627,882)
	Increase in provision for investment in marketable securities	72,500,000	-
	(Increase)/Decrease in margin investment	(183,164,793)	487,589,471
	(Increase)/Decrease in investment in marketable securities	(215,381,940)	438,232,414
	(Decrease) in provision for margin investment	(72,500,000)	-
	(Decrease) in trade and other payables	(721,629,573)	(680,076,575)
		(1,085,257,332)	**694,117,264**
		(974,124,710)	1,080,487,094
	Less: Income tax paid	(69,045,319)	(44,099,165)
	Net cash flows used in operating activities	**(1,043,170,029)**	**1,036,387,929**

26. Transactions with related parties (IAS-24)

The Company has carried out following transactions with related parties in the normal course of business.

Name of related parties	Relationship	Nature	Balance as at 01 January 2018		Transaction during the year		Balance as at 31 December 2018	
			Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Shahjalal Islami Bank Ltd.	Parent company	Short-term borrowing	-	250,000,000	-	950,000,000	-	1,200,000,000
Shahjalal Islami Bank Ltd.	Parent company	Payable for others	-	1,063,059,276	648,144,615	-	-	414,914,661
Shahjalal Islami Bank Ltd.	Parent company	Profit payable	-	620,139	-	57,762,361	-	58,382,500

27. Financial risk management

The risk of an organization is defined as the possibility of losses, financial or otherwise. The prime objective of the Risk Management is that the Organization takes well calculative Business Risk Policy for safeguarding the Organization's capital, its financial resources and profitability from various risks.

a) Investment (credit) risk

The Management of specific investment risk is developed according to associated risk with individual business units. The investment risk management function ensures that appropriate policies are established and ensures compliance with the related sanction, monitoring procedures and controls at the business unit level. Investment exposures are aggregated from individual business units and are monitored on a regular basis.

The Company pays adequate emphasis on managing the business risk following a pragmatic program of regular monitoring and follow-up.

b) Liquidity risk

Liquidity Risk is the risk that the organization cannot promptly fulfil its payment obligations due to unforeseen factors or be forced to placement funds on unfavourable terms.

The organization is carefully maintaining it Asset and Liability to mitigate the liquidity risk.

c) Market risk

Market risk is the risk that either the fair value or future cash flows from financial assets or financial liabilities will fluctuate due to changes in market prices.

There are approved limits for Investment (credit) to equity ratio, liquid assets to total assets ratio, maturity mismatch and borrowing from money market . The limits are monitored and enforced on a regular basis to protect the market risks.

28. Risk and uncertainties for the use of estimates in preparing financial statements

Preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

29. Event after the reporting period

The Board of Directors in its meeting held on 27 March 2019 approved the financial statements of the company for the year ended 31 December 2018 and authorized the same for issue.

Chief Executive Officer | Vice Chairman | Chairman

Place : Dhaka
Dated : 27 March 2019

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Investment in marketable securities

As at 31 December 2018

Annexure-A

Amount in Taka

Sl. No.	Name of the company	No of shares	Cost value	Market value
1	The ACME Laboratories Limited	282,736	32,360,302	24,287,022
2	Bangladesh Steel Re-Rolling Mills Limited	145,695	14,006,952	11,393,349
3	Beximco Pharmaceuticals Ltd	1,001,000	97,981,601	79,179,100
4	Desco	1,200,000	56,700,120	48,480,000
5	Envoy Textiles Limited	1,178,116	49,502,891	42,765,611
6	Fareast Islami Life Insurance Company Limited	679,800	55,898,739	42,963,360
7	Heidelberg Cement Bangladesh Limited	2,300	968,898	769,810
8	MJL Bangladesh Limited	420,000	43,920,819	41,664,000
9	Orion Pharma Limited	1,057,403	54,309,616	38,912,430
10	Padma Islami Life Insurance Ltd.	898,177	35,640,685	22,454,425
11	Power Grid Company of Bangladesh Ltd	350,000	19,249,782	16,800,000
12	Prime Islami Life Insurance Ltd.	607,889	44,796,956	35,196,773
13	RAK Ceramics (Bangladesh) Ltd.	640,200	37,532,283	24,967,800
14	Shasha Denims Ltd.	5,581,276	189,494,078	337,667,198
15	Summit Alliance Port Limited.	1,000,000	44,240,392	25,300,000
16	Takaful Islami Insurance Limited.	1,917,759	44,144,598	49,669,958
17	The Dacca Dyeing & Manufacturing Co.Ltd.	4,537,500	112,370,346	24,956,250
18	Titas Gas Transmission & Dist. Co. Ltd.	3,150,000	186,836,702	114,660,000
19	Aman Cotton Fibrous Limited	7,846	313,840	330,317
20	Indo-Bangla Pharmaceuticals Limited	3,239	29,443	100,732.90
21	Intraco Refuelling Station Limited	5,600	53,340	150,080.00
22	Kattali Textile Limited	12,076	109,779	305,522.80
23	M.L. Dyeing Ltd	7,248	60,400	215,265.60
24	Silva Pharmaceuticals Limited.	4,596	45,960	138,339.60
25	SK Trims & Industries Ltd.	103,088	5,062,111	4,772,974.40
26	VFS Thread Dyeing Limited.	7,741	70,367	447,429.80
	Total	**24,801,285**	**1,125,701,001**	**988,547,749**

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Income Tax Assessment Report

As at 31 December 2018

Annexure-B

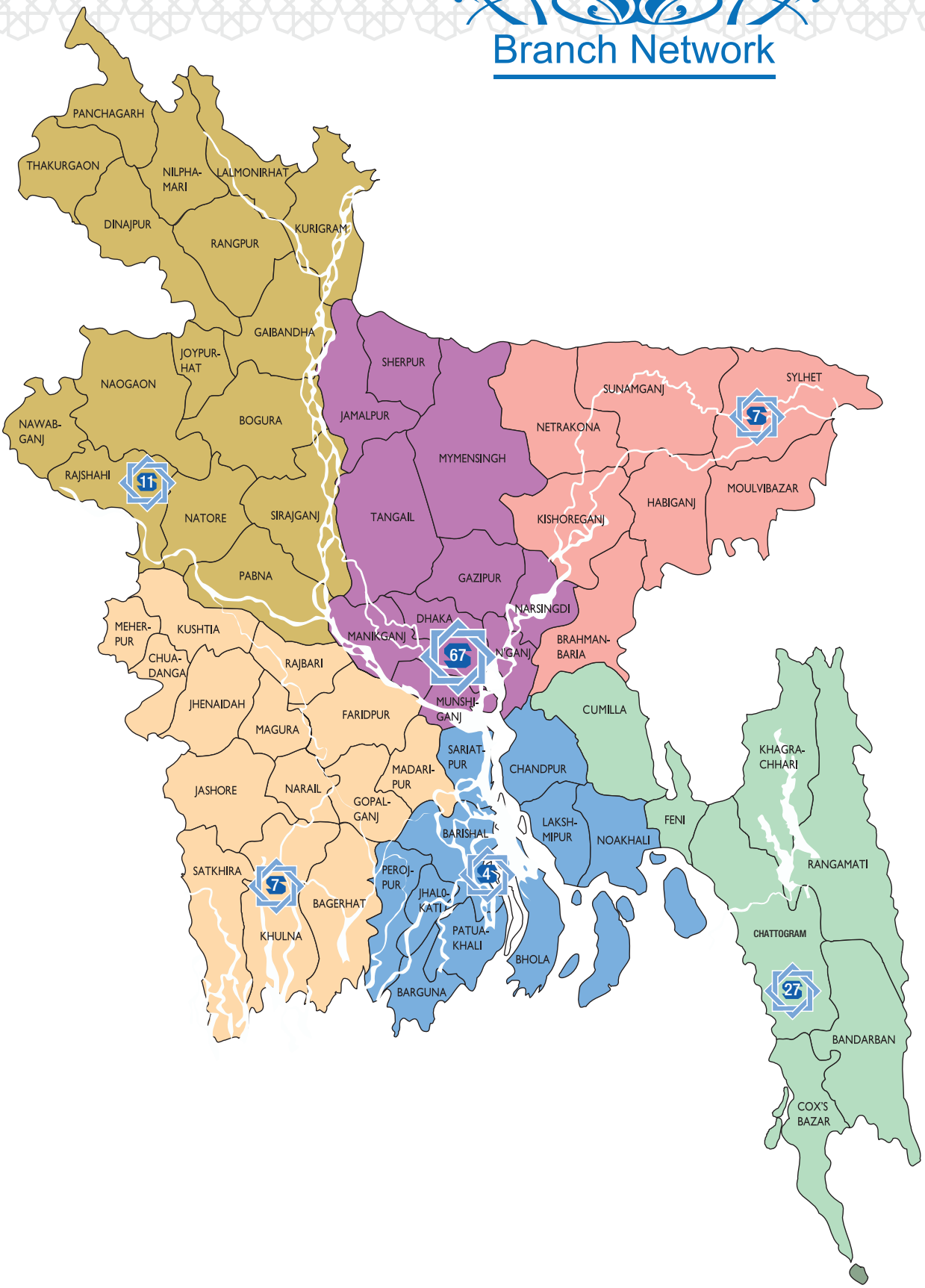
Amount in Taka

Assessment year(s)	Provision made as per accounts	Tax liability as per return	Total payment	Remarks
2012-2013	52,993,240	39,058,553	62,441,553	Appeal pending with High Court.
2013-2014	22,983,299	21,260,860	30,246,003	Appeal pending with Appellate Tribunal.
2014-2015	36,384,865	22,983,982	26,443,282	Appeal pending with Appellate Tribunal.
2015-2016	64,277,748	34,041,972	26,611,785	Return filed U/S- 82BB
2016-2017	34,407,336	49,295,197	49,295,197	Return filed U/S- 82BB
2017-2018	82,787,438	26,457,738	30,451,832	Return filed U/S- 82BB
2018-2019	23,136,288	82,786,711	82,786,711	Return filed U/S- 82BB
Total	**316,970,214**	**275,885,013**	**308,276,363**	

BRANCH NETWORK

Dhaka Zone	:	67 Branches
Chattogram Zone	:	27 Branches
Khulna Zone	:	07 Branches
Sylhet Zone	:	07 Branches
Rajshahi Zone	:	11 Branches
Barishal Zone	:	04 Branches

Branch Network



BRANCHES

Dhaka Zone

Dhaka Main Branch
58 Dilkusha C/A, Dhaka-1000
Phone: 02-9570795-8, 9570804, 9570805
Fax: 02-9556011
e-mail: dhakamain@sjiblbd.com

Dhanmondi Branch
Momtaz Plaza (1st Floor), House # 07, Road # 04
Dhanmondi R/A, Dhaka-1205
Phone: 02-9665766-7, Fax: 02-57315534
e-mail: dhanmondi@sjiblbd.com

Foreign Exchange Branch
Modern Mansion (1st & 2nd Foor)
53 Motijheel C/A, Dhaka-1000
Phone: 02-9574726-28, Fax: 02-9574729
e-mail: fex@sjiblbd.com

Kawran Bazar Branch
T K Bhaban, 13 Kazi Nazrul Islam Avenue, Kawran Bazar, Dhaka
Phone: 02-9114044, 9122396, Fax: 02-9126604
e-mail: kawran@sjiblbd.com

Bangshal Branch
215/1 Bangshal Road, Dhaka-1100
Phone: 02-9552922, Fax: 02-7172910
e-mail: bangshal@sjiblbd.com

Narayanganj Branch
Osman Tower, 56/1 S. M. Maleh Road, Narayanganj
Phone: 02-7635172, Fax: 02-7635173
e-mail: narayanganj@sjiblbd.com

Banani Branch
Ataturk Tower (1st Floor), 22 Kamal Ataturk Avenue
Road # 17, Banani, Dhaka-1213
Phone: 02-9820627-8, 9820625 Fax: 02-9820626
e-mail: banani@sjiblbd.com

Motijheel Branch
Address: 1/C, Rajuk Avenue, Dainik Bangla Moor, Motijheel C/A, Dhaka – 1000. Phone: 01755556122, 01755556222, 02 9563156, 9562763,Fax: 88-02-9564029
e-mail: motijheel@sjiblbd.com

Savar Branch
Bismillah Super Market (1st Floor)
B-71/1 & B-72/1 Bazar Road, Savar, Dhaka
Phone: 02-7742894-5, Fax: 02-7742893
e-mail: savar@sjiblbd.com

Progati Sarani Branch
Confidence Center (1st Floor), Kha-9,
Progati Sarani Gulshan, Dhaka-1229
Phone: 02- 9852248-9, Fax: 02- 9852247
e-mail: progati@sjiblbd.com

Maulvi Bazar Branch (Former Mitford Branch)
Address: Moulvi Bazar Tower, 69,70, Moulvi Bazar, Dhaka
Phone: 01755556102, 01755556202, 02-7313788, 7315533
Fax: 02-7315534
e-mail: mitford@sjiblvbd.com

Gulshan Branch
Address: plot No-3,/A, Block- CWN (A), Road No- 49
Kamal Ataturk Avenue, Gulshan – 2, Dhaka -1212.
Phone: 01755556108, 01755556208, 02-9890520, 9893454
Fax: 02-9890008, e-mail: gulshan @sjiblbd.com

Joydevpur Chowrasta Branch
Khaleque Complex (1st Foor)
Joydevpur Chowrasta, Gazipur
Phone: 02-9262393-4, Fax: 02-9262393
e-mail: jcb@sjiblbd.com

Uttara Branch
Anwar Complex (1st Foor), House # 12
Road # 14/C, Sector # 4, Uttara Model Town Dhaka-1230
Phone: 02-8932084, Fax: 02-8953586
e-mail: uttara@sjiblbd.com

Baipail (Dhaka EPZ) Branch
Swapneel Tower (1st Floor), Baipail, DEPZ, Savar, Dhaka
Phone: 02-7788292, Fax: 02-7790517
e-mail: baipail@sjiblbd.com

Satmasjid Road Branch
Khuda Buksh Foundation (1st Floor)
Road # 11/A, House # 99, Dhanmondi, Dhaka-1209
Phone: 02-9127931, 9129848, Fax: 02-9129848
e-mail: satmasjid@sjiblbd.com

Joypara Branch
Monowara Mansion (1st Floor), Joypara, Dohar, Dhaka
Phone: 02-7768155, Fax: 02-7768155
e-mail: joypara@sjiblbd.com

Mirpur Branch
Address: Saleha Complex (1st & 2nd Floor), Holding # 142/1,
Begum Rokeya Sarani, Ward #14, Thana: Mirpur 10
Phone: 01755556123, 01755556223, 58051943-4, 58051942
Fax; 88-02-58051941, e-mail: mirpur@sjiblbd.com

Bijoynagar Branch
MCT Ally's Center (1st Floor)
40 Bijoynagar, Kakrail, Dhaka-1000
Phone: 02-9335771, 9344867, Fax: 02-9344867
e-mail: bijoy@sjiblbd.com

Keranigonj Branch
Ma Plaza (1st Floor), Shahid Nagar, Keranigonj, Dhaka
Phone:02-7762293, 7762291, Fax: 02-7762292
e-mail: keranigonj@sjiblbd.com

Mymensingh Branch
Noor Fatema Tower (1st Floor), 25 Shawdeshi Bazar, Mymensingh
Phone: 091-64397, Fax: 091-62370
e-mail: mymensingh@sjiblbd.com

College Gate Branch
Union Center (1st Floor)
1/5 Mohammadpur Housing Estate, Mirpur Road, Dhaka
Phone : 02-9136291, 8150232, Fax: 02-9136197
e-mail: collegegate@sjiblbd.com

Madhabdi Branch
M. B. Tower (1st floor), Holding no.-256, Par Kashipur Road,
Madhabdi Bazar, Madhabdi, Narsingdi
Phone: 01755556137, 01755556237, 9446166 (PABX), 9446017
Fax: 9446167, e-mail: madhabdi@sjiblbd.com

Barachowna Bazar Branch
Barachowna Bazar, P.S.: Shakhipur, Tangail
Phone: 0755556145
e-mail: barachowna@sjiblbd.com

Gulshan South Avenue Branch
Nasa Heights, Holding No-47, Gulshan Avenue, Gulshan-1,
Dhaka-1212
Phone: 01755556152, 01755556252
Fax: 02-9847406, e-mail: gsa@sjiblbd.com

Bhaluka SME/Agri Branch
Masud Market (1st Floor), Holding No. 58
Bhaluka, Mymensingh
Phone: 09022-56175, Fax- 09022-56237
e-mail: bhaluka@sjiblbd.com

Mawna Branch
Bhai Bhai City Complex, Sreepur Road, Mawna, Gazipur
Phone: 01755556156, 01755556256, 06825-52906-7
Fax: 06825-52908, e-mail : mawna@sjiblbd.com

Tangail Branch
Nirala Complex (1st & 2nd Floor)
Nirala More, Main Road, Tangail
Phone: 0921-62434, Fax- 0921-62435
e-mail: tangail@sjiblbd.com

Mohakhali Branch
Venture Tower (1st & 2nd Floor), Plot-03,
Bir Uttam A.K. Khandaker Road; Mohakhali C/A, Dhaka-1213
Phone: 01755556169, 01755556269, 9888586, 9884782
9884784, Fax: 02 9881103
e-mail: mohakhali@sjiblbd.com

Uttara Ladies Branch
Solar Trade Center (1st & 2nd Floor), Plot #16, Sector #11
Garib-E-Newaz Avenue, Uttara, Dhaka-1230
Phone: 02-8991901-2, Fax: 02-8991902
e-mail: uttaraladies@sjiblbd.com

Panthapath Branch
ENA Tower, Di-Olie (1st Floor), 57/3, 57/4 Lake Circus Road
Kolabagan, Dhanmondi, Dhaka-1212
Phone: 02-9137723, 9133746 Fax: 02-9133745
e-mail: panthapath@sjiblbd.com

Baruakhali Branch
Baruakhali High School Market (1st Floor)
P.S.: Nababganj, P.O.: Baruakhali, Dhaka
Mobile: 01755556136
e-mail: baruakhali@sjiblbd.com

Ashkona Branch
City Port, 398 Ashkona Bazar Road, (Haji Camp), Dhaka
Phone: 02-8956762, Fax: 02-7911606
e-mail: ashkona@sjiblbd.com

Shafipur Branch
A-62 Haji Osman Market, Shafipur Bazar, Kaliakair, Gazipur
Phone: 06822-51864-6, Fax- 06822-51867
e-mail: shafipur@sjiblbd.com

Tongi SME/Agri Branch
Rupali Plaza (1st Floor), Holding No. 24
Anarkoli Road, Tongi Bazar, Tongi, Gazipur
Phone: 02-9817393, PABX: 9817391-2
Fax: 02-9817394
e-mail: tongi@sjiblbd.com

Eskaton Branch
Eskaton Fantasia (1st Floor)
122 & 123 New Eskaton, Dhaka
Phone: 02-9355681, 8316973, Fax: 02-9355672
e-mail: eskaton@sjiblbd.com

Faridpur Branch
110 Thana Road (1st & 2nd Floor), Faridpur
Phone: 0631-67156, 0631-67155, Fax: 0631-67154
e-mail: faridpur@sjiblbd.com

Shikarpur Nimtola Branch
Eajuddin Mollah Super Market (1st Floor)
573 Shirajdikhan, Keyan, Munshigonj
Cell: 01755556165
e-mail: nimtola@sjiblbd.com

Nawabpur Road Branch
Fazlur Rahman Plaza (1st Floor),218 Nawabpur Road, Dhaka
Phone: 02-7125943, 7125947, Fax: 02-7125982
e-mail: nawabpur@sjiblbd.com

Ati Bazar Branch
Shah Alam Tower, 65 Ati Bazar Main Road, Keraniganj, Dhaka,
Phone: 01755556405, 01755556455
e-mail: atibazar@sjiblbd.com

Malibagh Chowdhurypara Branch
Holding # 34-B (1st Floor), DIT Road
Malibagh Chowdhurypara, Khilgaon, Dhaka-1219
Phone: 02-9357317, 02-8319725, Fax: 02-9334356
e-mail: malibagh@sjiblbd.com

Karatia Branch
Karatia Bazar (Karatia Bus Stand), Karatia, Tangail
Mob: 01755556178
e-mail: karatia@sjiblbd.com

Haluaghat Branch
Uttar Bazar, Haluaghat Sadar, Haluaghat, Mymensingh
Phone: 0902656136, Mob: 01755556177
e-mail: haluaghat@sjiblbd.com

Sarulia Branch
Khandaker Super Market (1st & 2nd floor) Khandaker Moor,
Tengra Road, Sarulia Bazar, Demra, Dhaka
Phone: 02-7500669 (Dir.), 02-7501002 (PABX)
Fax: 88-02-7500654, e-mail: sarulia@sjiblbd.com

Nawabgonj Branch
Isamoti Plaza (1st Floor), Baghmara Bazar, Kolakopa
Nawabgonj, Dhaka
Phone: 02-7765286, 7765289, Fax: 02-7765287
e-mail: nawabgonj@sjiblbd.com

Jamalpur Branch
Haji Market (1st floor), 84-85 Jam-e-Masjid Road
Jamalpur Sadar, Jamalpur
Phone: 09816-4990, 09816-4978
Fax: 09816-5022, e-mail: jamalpur@sjiblbd.com

Donia Branch
Fatema Monjil (1st Floor),436 Donia, Zia Sarani Moor
Kadamtoli, Dhaka
Phone: 02-7549878, 02-7549873,Fax: 02-7549878
e-mail: donia@sjiblbd.com

Bandura Branch
Roksana Shopping Complex and Pawl & Elizabeth
Holy Garden (1st Floor), 592 Old Bandura Bazar
Bandura, Nawabgonj, Dhaka
Phone: 01755-556187, e-mail: bandura@sjiblbd.com

Nagarpur Branch
Refaz Uddin Plaza (1st Floor), 369 Sadar Road
Nagarpur, Tangail
Phone: 09233-73212, 09233-73214
Mobile: 01755556186, Fax: 09233-73213
e-mail: nagarpur@sjiblbd.com

Manikgonj Branch
Salam Tower (1st Floor), 168 Shaheed Rafique Road
Manikgonj Sadar, Manikgonj
Phone: 7711211, 7711620
Fax: 7711783, Mobile: 01755556192
e-mail: manikgonj@sjiblbd.com

Elephant Road Branch
Fahim Mansion (1st Floor), 23 Elephant Road
New Market, Dhaka-1205
Phone: 02-967710, 9673176, Mobile: 01755-556190
Fax: 02-9663236, e-mail: elephantrd@sjiblbd.com

Charbhadrasan Branch
Charbhadrasan Bazar, Charbhadrasan, Faridpur
Phone: 01755556196, 06325-56012 (Direct),
06325-56013 (PABX), Fax: 06325-56014
e-mail: charbhadrasan@sjiblbd.com

Dighirpar Branch
Dighirpar Bus Stand, Mulchor, Tongibari, Munshigonj
Mobile: 01755556193
e-mail: dighirpar@sjiblbd.com

Chalakchar Branch
Chalakchar Bus Stand, Chalakchar, Monohardi, Narsingdi
Phone: 01755556402
e-mail: chalakchar@sjiblbd.com

Jurain Branch
Rezia Alam Shopping Complex (1st Floor), Holding No.-414/2,
New Jurain, Alambagh Road, Kadamtoli Dhaka-1204
Phone: +88 01755556199
e-mail: jurain@sjiblbd.com

Shahjalal Islami Bank Tower Branch
Shahjalal Islami Bank Tower, Plot No: 4, Block-CWN(C)
Gulshan Avenue, Dhaka-1212.
Phone: 01755556404
e-mail: towerbranch@sjiblbd.com

Chinishpur Branch
Kafil Uddin Mansion (1st Floor), Nandipara
Velanagar, Narsingdi Sadar, Narsingdi
Phone: 01755556403, 029451960(PABX), 029451957(Direct)
Fax: 029451959
e-mail: chinishpur@sjiblbd.com

Panchabati Branch
Mirbaksh Plaza, Panchabati, Fatulla, Narayanganj, Bangladesh
Phone: 01755556406
e-mail: panchabati@sjiblbd.com

Kalihati Branch
Haji Samad Shopping Complex
116 Kalihati Bus Stand, Kalihati, Tangail
Phone: 01755556408, 09227-74625, 09227-74016
e-mail: kalihati@sjiblbd.com

Baraikhali Branch
Islam Super Market, Baraikhali Bazar, Srinagar, Munsigonj
Phone: 01755556415
e-mail: baraikhali@sjiblbd.com

Sheikhpur Bazar Branch
Sheikhpur Bazar, Shibchor, Madaripur
Phone: 01755556417
sheikhpur@sjiblbd.com

Sadarpur Branch
Jomjom Tower, Sadarpur Main Road
Hospital Moor, Sadapur, Faridpur
Phone: 01755556420
e-mail: sadarpur@sjiblbd.com

Uttarkhan Branch
Shah Tower, 2294/A, Uttarkhan, Dhaka-1230
Phone: 01755556423
e-mail: uttarkhan@sjiblbd.com

Sherpur Branch
Bhasha Sainik Shafiuddin Bhaban, 187 C&B Road, Sherpur
Phone: 01755556409
e-mail: sherpur@sjiblbd.com

Vararia Bazar Branch
Vararia Bazar, Vararia, Manikgonj
Phone: 01755556416
e-mail: vararia@sjiblbd.com

Takterchala Bazar Branch
Takterchala Bazar, Takterchala, Shokhipur, Tangail
Phone: 01755556419
e-mail: taktarchala@sjiblbd.com

Basail Branch
Doctor Wazed Ali Super Market, 901 Upazilla Road, Basail, Tangail
Phone: 01755556422
e-mail: basail@sjiblbd.com

Chattogram Zone

Agrabad Branch
Delwar Building, 104 Agrabad C/A, Chattogram.
Phone: 031-2523050-3, Fax: 031-716960
e-mail: agra@sjiblbd.com

Jubilee Road Branch
Haque Tower (1st Floor), 610/11 Jubilee Road, Chattogram.
Phone: 031-2853151-2, Fax: 031-2853153
e-mail: jubilee@sjiblbd.com

Cumilla Branch
Salahuddin Complex (1st & 2nd Floor)
Monohorpur Chowmuhoni, Laksam Road, Cumilla
Phone: 081-61655, Fax: 081-61545
e-mail: comilla@sjiblbd.com

Nazirhat Branch
B. A. Center (1st Floor), Nazirhat, Fatikchhari, Chattogram.
Mobile: 01755556147
e-mail: nazirhat@sjiblbd.com

Ramgonj Branch
Islam Plaza (1st Floor), 85 Sonapur Bazar, Ramgonj, Laksmipur
Phone: 0382-475405, Fax: 0382-475072
e-mail: ramgonj@sjiblbd.com

Brahmanbaria Branch
City Center Shopping Complex (2nd Floor)
1072 Court Road, Brahmanbaria. Mobile : 01755556159, 01755556259
Phone: 0851-61170, Fax: 0851-61370
e-mail: bbaria@sjiblbd.com

Chowmuhani Branch
Ali Bhaban (1st & 2nd Floor), 1523 Karimpur Road
Chowmuhani, Begumganj, Noakhali. Mobile : 01755556163, 01755556263
Phone: 0321-56646, Fax: 0321-56645
e-mail: chowmuhani@sjiblbd.com

Khatungonj Branch
398/A Khatungonj (1st & 2nd Floor), Chattogram.
Phone: 031-637256, 637275, 637257
Mobile : 01755556107, 01755556207, Fax: 031-637281
e-mail: khatungonj@sjiblbd.com

Muradpur Branch
Shiraj Shopping Complex (1st Floor), 85 Muradpur, Chattogram.
Phone: 031-2552589-91, Fax: 031-2552592
Mobile : 01755556126, 01755556226
e-mail: muradpur@sjiblbd.com

Ashugonj Branch
Doctor Plaza (1st Floor), Kachari Road, Ashugonj
Phone: 08528-74103, Mobile : 01755556144, 01755556244
Fax- 08528-74104
e-mail: ashugonj@sjiblbd.com

Chawkbazar Branch
Ridma Tower (1st floor), 13, Kapashgola Road, Chawkbazar,
Chattogram - 4203, Phone: 01755556146, 01755556246,
0312-8652812,2865283,Fax: 0312-865284
e-mail: chawkbazar@sjiblbd.com

Cox's Bazar Branch
A. B. Super Market (1st Floor), 145 Laldighirpar, Cox's Bazar
Phone: 0341-52031, Fax: 0341-52032
Mobile : 01755556150, 01755556250
e-mail: coxsbazar@sjiblbd.com

Bandartila Branch
Zalal Plaza (1st Floor), 311 Bandartila, Sailor's Colony, Chattogram.
Phone: 031-741174, 031-741203, Fax: 031-741195
Mobile : 01755556162, 01755556262
e-mail: bandartila@sjiblbd.com

Hajigonj Branch
Maa Mansion (1st & 2nd Floor), 622 Hajigonj, Chandpur
Phone: 08424-75138, Fax: 08424-75139
Mobile : 01755556164, 01755556264
e-mail: hajigonj@sjiblbd.com

Laxmipur Branch
Haider Shopping Complex (2nd Floor)
339 Hospital Road, Laxmipur Sadar, Laxmipur
Phone: 0381-62306-8, Mobile : 01755556168, 01755556268
Fax: 0381-61360, e-mail: laxmipur@sjiblbd.com

Madunaghat Branch
Abul Farah Market (1st Floor), Madunaghat Bazar Road
Madarsha, Hathazari, Chattogram.
Phone: 031-2573261-2, Mobile : 01755556172, 01755556272
Fax: 031-2573264, e-mail: modunaghat@sjiblbd.com

Anderkilla Branch
Pubali Art Press Bhaban (1st Floor), 320 Anderkilla, Chattogram.
Phone: 031-2869703, 031-2869701-2
Mobile : 01755556180, 01755556280
Fax: 031-2869704, e-mail: anderkilla@sjiblbd.com

Gunabati Branch
Faraiji Shopping Complex (1st Floor), College Road
Gunabati, Chouddagram, Cumilla
Mobile: 01755556189
e-mail: gunabati@sjiblbd.com

Samitir Bazar Branch
Samitir Bazar, Ramgonj, Laxmipur
Phone: 01755556418
e-mail: samitir@sjiblbd.com

Dashgharia Branch
Nur Shopping Complex, Paniwala
Road, Dashgharia Bazar, Chatkhil, Noakhali, Bangladesh
Mobile : 01755556410, 01755556460
e-mail: dashgharia@sjiblbd.com

Halishahar Branch
Shahidullah Bhaban, 1764/1/2221
North Agrabad, Doublemuring, Chattogram.
Phone: 01755556412
e-mail: halishahar@sjiblbd.com

Feni Branch
295-2 & 202 S. S. K. Road (1st & 2nd Floor), Feni Sadar, Feni
Phone: 0331-69021-2, Fax: 0331-73372
Mobile : 01755556171, 01755556271
e-mail: feni@sjiblbd.com

WASA Moor Branch
MOJ-Rose Heights, Holding-521/522, Road-42, M. M. Ali Road
(CDA Avenue), ward-14, Lal Khan Bazar, Khulshi
Phone: 01755556173,031-633063(Dir), 031-633060-1(PABX)
Fax: 031-633062, e-mail: wmoor@sjiblbd.com

Dattapara Branch
Chowdhury Bhaban (1st Floor), 549 Dattapara Road
Dattapara Bazar, Laxmipur Sadar, Laxmipur
Mobile: 01755556188
e-mail: dattapara@sjiblbd.com

Pahartoli Branch
Nazir Saleh Complex (1st Floor)
612/544 D. T. Road, Pahartoli, Chattogram.
Phone: 03127-73872-3, FAX- 03127-73875
e-mail: pahartoli@sjiblbd.com

Mainamati Branch
A.M. Haji Market, Nishchintapur, Mainamati Cantonment, Cumilla
Phone: 01755556411
e-mail: mainamati@sjiblbd.com

Rajapur Branch
Shenu Member Market, Dhagonbhuiya Road RajapurBazar,
Dhagonbhuiya, Feni
Phone: 01755556414
e-mail: rajapur@sjiblbd.com

Khulna Zone

Khulna Branch
4 KDA Avenue, Khulna
Phone: 041-2830458-60, Fax: 041-2830457
Mobile : 01755556124, 01755556224
e-mail: khulna@sjiblbd.com

Kaligonj Branch
Munsur Plaza (1st Floor)
162 Madhugonj Bazar, Kaligonj, Jhenaidah
Phone: 04523-56677, Mobile : 01755556149, 01755556249
Fax: 04523-56678, e-mail: kaligonj@sjiblbd.com

Kushtia Branch
7 N. S. Road (1st & 2nd Floor), Kushtia Sadar, Kushtia
Phone: 071-63094, 071-63103, Fax: 071-63095
Mobile : 01755556166, 01755556266
e-mail: kustia@sjiblbd.com

Hat Gopalpur Branch
Shahjalal Shopping Complex, Padmakar,
Jhenaidah Sadar, Jhenaidah
Phone: +88 01755556400
e-mail: hatgopalpur@sjiblbd.com

Chuadanga Branch
Malik Tower (1st & 2nd Floor)
43 & 107 Shaheed AK Road, Chuadanga
Phone: 0761-81015, 0761-81013-4, Mobile : 01755556176, 01755556276
Fax: 0761-81016, e-mail: chuadanga@sjiblbd.com

Jashore Branch
Sadhinata Castle (1st & 2nd Floor)
91 M.K. Road, Kotowali, Jashore
Phone: 0421-64641, 0421-65385, Mobile : 01755556131, 01755556231
Fax: 0421-65386, e-mail: jessore@sjiblbd.com

Chuknagar Branch
Azad Plaza (1st floor), Chuknagar Bazar, Atlia, Dumuria, Khulna
Phone: 01973-772727, 01755556197
e-mail: chuknagar@sjiblbd.com

Sylhet Zone

Beani Bazar Branch
City Centre Bhaban (1st Floor)
Beani Bazar Market, Beani Bazar, Sylhet
Phone: 08223-56134, Mobile : 01755556104, 01755556204
Fax: 08223-56133, e-mail: beani@sjiblbd.com

Sylhet Branch
Al-Falah Tower (1st Floor)
Dhupadighir Purbopar, Kotowali, Sylhet
Phone: 0821-725115, Mobile : 01755556106, 01755556206
Fax: 0821-725225, e-mail: sylhet@sjiblbd.com

Dargah Gate Branch
297 Amberkhana, Dargah Gate, Airport Road, Sylhet
Phone: 0821-727234, Mobile: 01755556112
Fax: 0821-814277
e-mail: dargah@sjiblbd.com

Habiganj Branch
Harun Tower, 3679-01 B Zaman
Khan Road, Habiganj, Bangladesh
Phone: 01755556413
e-mail: habiganj@sjiblbd.com

Moulvibazar Branch
286/300 Ahmed Mansion (1st Floor)
Saifur Rahman Road, Moulvibazar-3200
Phone: 0861-62874-6, Mobile : 01755556119, 01755556219
Fax- 0861-62875, e-mail: moulvi@sjiblbd.com

Goalabazar Branch
Afzal Mansion (1st Floor), Goala Bazar
P.O.: Goala Bazar, P.S.: Osmani Nagor, Sylhet
Phone: 08242-56307, Mobile : 01755556141, 01755556241
Fax: 08242-56238, e-mail: goalabazar@sjiblbd.com

Subidbazar Branch
Merlin Tower, Holding No: 7746, Sunamganj Road, Sylhet
Phone: 880 821 727407-8 (PABX), 880 821 727462
Mobile: 01755556194
e-mail: subidbazar@sjiblbd.com

Rajshahi Zone

Saidpur Branch
Saidpur Plaza(1st Floor), Sher-e-Bangla Road
Saidpur, Nilphamari
Phone: 05526-73025, Mobile : 01755556128, 01755556228
Fax: 05526-73027, e-mail: saidpur@sjiblbd.com

Rajshahi Branch
Habib Plaza (1st Floor), 111 Shaheb Bazar
Zero Point, Rajshahi
Phone: 0721-772402, Mobile : 01755556132, 01755556232
Fax: 0721-772427, e-mail: rajshahi@sjiblbd.com

Bogura Branch
Nurul Hoque Tower (1st Floor)
357/395, Boro Gola More, Bogura
Phone: 051-67206, 051-67646, Mobile : 01755556162, 01755556262
Fax: 051-67205, e-mail: bogra@sjiblbd.com

Sirajgonj Branch
Siddique Plaza (1st Floor), 122 S. S. Road, Sirajgonj
Phone: 0751-64722 (Dir.), 0751-64720 (PABX)
Mobile : 01755556181, 01755556281, Fax: 0751-64733
e-mail: sirajgonj@sjiblbd.com

Chapainawabganj Branch
G. R. Bhaban (1st Floor), 62 Godagari Road
Baro Indara Moor, Chapainawabganj Sadar, Chapainawabganj
Phone: 0781-51571, 0781-51572
Mobile: 01755556185, Fax: 0781-51573
e-mail: chapainganj@sjiblbd.com

Joypurhat Branch
Tofayel Complex, 173/1 & 203
Sadar Road, Joypurhat, Bangladesh
Mobile : 01755556407, 01755556457
e-mail: joypurhat@sjiblbd.com

Naogaon Branch
Holding# 33/66 (1st Floor)
Naogaon Main Road, Chawkdev, Naogaon
Phone: 0741-62174, Mobile : 01755556139, 01755556239
Fax: 0741-61496, e-mail: naogaon@sjiblbd.com

Dinajpur Branch
Holding No. 887/848 (1st Floor)
Gonesh Tola, Kotowali, Dinajpur
Phone: 0531-52052-3, Mobile : 01755556157, 01755556257
Fax: 0531-52054, e-mail: dinajpur@sjiblbd.com

Rangpur Branch
Motahar Commercial Complex, Holding-8, Road-1, G.L. Rai Road, Ward-24, Rangpur, Phone: 0521-63012 (PBX), 0521-67901(Dir)
Mobile: 01755556158, 01755556258
Fax: 0521-63082, e-mail: rangpur@sjiblbd.com

Thakurgaon Branch
Galary Complex, 722 Bangabandhu Road, Thakurgaon, Bangladesh
Phone: +88 01755556195
e-mail: thakurgaon@sjiblbd.com

Pabna Branch
J. P. Super Market (1st floor), 985 M. M. Ali Road, Delalpur, Pabna
Phone: 01874-799051, 01755556198
e-mail: pabna@sjiblbd.com

Barishal Zone

Khepupara Branch
116 Oil Mill Road, Khepupara, Patuakhali
Phone: 04425-56507, Mobile : 01755556143, 01755556243
Fax: 04425-56508,
e-mail: khepupara@sjiblbd.com

Barishal Branch
Hawladar Plaza (1st & 2nd Floor)
475 K. B. Hemayet Uddin Road, Barishal
Phone: 0431-2177505, 62138, Mobile : 01755556167, 01755556267
Fax: 0431-62262, e-mail: barisal@sjiblbd.com

Amtali Branch
N Islam Mansion, Holding No-189/1, New Bazar Hospital Road, Amtali, Barguna
Phone: 01755556401, 04452-56116, 56117 (PABX)
04452-56114 (Direct)
Fax: 0445256115, e-mail: amtali@sjiblbd.com

Bangla Bazar Branch
S. Alam Super Market, Bangla Bazar, Doulatkhan, Bhola
Phone: 01755556421
e-mail: banglabazar@sjiblbd.com

Off-Shore Banking Unit

Shahjalal Islami Bank Tower (6th Floor) Plot # 04, Block # CWN (C),
Gulshan Avenue Gulshan, Dhaka-1212, Bangladesh
Phone: +88-02-58816369, +88-017-5555-6092
Fax: +88-02-9845124
e-mail: sblobu@sjiblbd.com

Shahjalal Islami Bank Securities Limited

Main Office
Jiban Bima Bhaban, Front Block (4th Floor)
10 Dilkusha Commercial Area, Dhaka-1000
Phone : 02-9577564, Fax: 02-7161877

Extension of Main Office
DSE Annex Building, (1st Floor) 9/E, Motijheel C/A, Dhaka1000
Phone: 9513967, 47113059

Dhaka Zone

Gulshan Unit
Jabbar Tower (4th Floor), 42 Gulshan Avenue
Road No. 135, Gulshan-1, Dhaka-1212
Phone: 02-9861338, 9860950, Fax: 02-9860423

College Gate Unit
Union Center (1st Floor), 1/5 Mohammadpur
Housing Estate, Mirpur Road, Dhaka
Phone: 02-8156267, 9110323

Savar Unit
Sk. Purnima View, House No. 87/A (1st Floor)
Bazar Road, Savar, Dhaka
Phone: 02-7744108, 7744109, Fax: 02-7744107

Uttara Unit
Anwar Complex (1st Foor), House # 12
Road # 14/C, Sector # 4, Uttara Model Town Dhaka-1230
Phone: 02-8963046, 8963276, Fax: 02-8960376

Chattogram Zone

Agrabad Unit
Delwar Building, 104 Agrabad C/A, Chattogram
Tel: 031-2528353,
Fax: 031-2528352

Chawkbazar Unit
2 No. Chawkbazar (3rd Floor) Kapasgola Road, Chattogram
Phone: 031-626403(PABX), 031-626402,626404

Sylhet Zone

Sylhet Unit
Al-Falah Tower (1st Floor), East Dhopa Dighir Paar, Sylhet
Phone: 0821-720966, Fax: 0821-720711

ATM Location

Dhaka Zone	
Gulshan ATM	Plot No- 3/A Block CWN(A), Road No. 49, Kamal Ataturk Avenue Gulshan-2, Dhaka-1212
Dhanmondi ATM	Momtaz Plaza, House # 07, Road # 04, Dhanmondi R/A, Dhaka
Dilkhusha ATM	58 Dilkusha C/A, Dhaka-1000
Motijheel ATM	1/C Rajuk Avenue, Dainik Bangla Moor, Motijheel C/A, Dhaka-1000
Anwer Khan Mordern Hospital & College ATM	Road No.-08, Dhanmondi, Near Mirpur Road, Dhaka
Gulshan South Avenue ATM	Nasa Heights, Holding No-47, Gulshan Avenue, Gulshan-1, Dhaka-1212
Tangail ATM	Nirala Complex, Par Dihgulia, Tangail
Savar ATM	Bismillah Super Market, Holding no.:71/1&72/1, Savar
Shafipur ATM	A-62 Haji Osman Market,Shafipur Bazar,Kaliakair, Gazipur
Uttara ATM	Anwer Complex, House#12,Road#14/C, Sec#04, Ward#01, Uttara Model Town, Dhaka
Uttara (Ladies Branch) ATM	Solar Trade Center, Plot No.:16, Sector:11, Gorobi Nayoaz Avenue, Uttara Residential Area ,Uttara, Dhaka
Malibag Chowdhury Para ATM	34/B, DIT Road, Malibag Chowdhury Para, Dhaka
Karatia ATM	Plot-584/587,Karatia Bazar, Tangail
Sarulia ATM	Khandaker Super Market, Khandar Moor, Tanra Road, Ward-05, Union- Sarulia, PO- Sarulia Bazar, Demra, Dhaka
Joypara ATM	Monowara Mansion, Joypara, Dohar, Dhaka
Haluaghat ATM	Kamar Potti, Haluaghat, Haluaghat Sadar, Mymensingh
Baruakhali ATM	Baruakhali high school market, Baruakahli, Nobabgong, Dhaka
Shikarpur Nimtola ATM	Eajuddin Mollah Super Market (Ground floor floor), 573 Shirajdikhan, Keyan, Munshigonj
Mymensingh ATM	Mymensingh College Super Market, Holding: 42/2, Rambabu Road, Mymensingh Sadar, Mymensingh
Nagarpur ATM	Refaz Uddin Plaza (1st Floor), 369 Sadar Road, Nagarpur, Tangail
Baipail ATM	Swapneel Tower, Baipail, Ashulia, Dhaka EPZ, Savar, Dhaka
Ha-Meem Group ATM 01	407 Tejgoan Industrial Area, Dhaka-1208
Ha-Meem Group ATM 02	407 Tejgoan Industrial Area, Dhaka-1208
Banani ATM	Ataturk Tower (1st floor) 22 Kamal Ataturk Avenue, Banani Dhaka-1213
Narayangonj ATM	Osman Tower, 56/1 SM Maleh Road, Narayangonj
Incepta HO ATM	Incepta Pharmaceuticals Ltd. Head Office, 40, Shahid Tajuddin Ahmed Sarani, Tejgaon, I/A, Dhaka
Aswad Mawna 1 ATM	Aswad Composit Mills, 1317, Beraider Chala, Sreepur, Gazipur
Aswad Mawna 2 ATM	Aswad Composit Mills, 1317, Beraider Chala, Sreepur, Gazipur
Incepta Manikgonj ATM	Incepta Pharmaceuticals Ltd. Factory: Krishnapura, Shahabelishwar, Dhanrai, Dhaka
Al-Razzak Bangshal ATM	Hotel Al-Razzak (Pvt) Ltd, 29/1, North South Road, Bangshal, Dhaka
Charbhadrasan ATM	Charbhadrasan Bazar, Charbhadrasan, Faridpur
Joydevpur Chowrasta Branch ATM	Khaleque Complex (1st floor), Joydevpur Chowrasta, Gazipur

Incepta Savar 01 ATM	Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati, Jirabo, Savar, Dhaka
Incepta Savar 02 ATM	Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati, Jirabo, Savar, Dhaka
SJIBL Tower ATM	Shahjalal Islami Bank Tower, Plot No: 4, CWN(C), Gulshan Avenue, Dhaka-1212.
Elephant Road Branch ATM	Fahim Mansion (1st Floor), 23 Elephant Road, New Market, Dhaka-1205
Ati Bazar Branch ATM	Shah Alam Tower, 65 Ati Bazar Main Road, Keraniganj, Dhaka
Kalihati Branch ATM	Haji Samad Shopping Complex, 116 Kalihati Bus Stand, Kalihati, Tangail
Anowara ATM 01	Anowara Knit Composite Limited, Mulayed, Mawna, Sreepur, Gazipur
Anowara ATM 02	Anowara Knit Composite Limited, Mulayed, Mawna, Sreepur, Gazipur
Jurain Branch ATM	Rezia Alam Shopping Complex (1st Floor), Holding No.-414/2, New Jurain, Alambagh Road, Kadamtoli, Dhaka-1204
Dighirpar Branch ATM	Dighirpar (Bus Stand), Union: Mulchor, PS: Tongibari, District: Munshiganj
Mondol Mawna 1 ATM	Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur
Mondol Mawna 2 ATM	Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur
Tangail Sristy ATM	Sristy Complex, 3109, Mymensigh Road, Tangail Sadar, Tangail-1900
Baraikhali Branch ATM	Islam Super Market, Baraikhali Bazar, Srinagar, Munshigonj
Taktarchala Bazar Branch ATM	Taktarchala Bazar, Taktarchala, Shokhipur, Tangail
Sadarpur Branch ATM	Jamjam Tower, Sadarpur Main Road, Hospital Mor, Sadarpur, Faridpur
Libas Textile Shafipur ATM 01	Libas Textile Ltd. Nishchintapur, Mouchak, Kaliakoir Gazipur
Libas Textile Shafipur ATM 02	Libas Textile Ltd. Nishchintapur, Mouchak, Kaliakoir Gazipur
Q Pail Limited Tongi ATM	Plot # B 196, BSCIC Industrial Area, Tongi, Gazipur

Chattogram Zone

Agrabad ATM	104, Agrabad C/A, Chattogram
Chawkbazar ATM	2 Chawkbazar, Kapashgola Road, Chattogram
Bandartila ATM	Zalal Plaza, 311 Bandartila, Sailor's Colony, Chattogram
Laxmipur ATM	Ali-Haidar Shopping Complex, Holding No.#339, Hospital Road, P.O+P.S: Laxmipur, Ward No#07, Dist-Laxmipur
Hajigong ATM	Holding No.-622,P.O+P.S-Hajigong, Ward No.-06, Chadpur
Brahmanbaria ATM	City Center Shopping Complex, 1072 Court Road
Chowmuhuni ATM	Ali Bhaban, 1523 katimpur Road, Chowmuhuni, Begumganj, Noakhali
Cumilla ATM	Cumilla Tower, Lakxam Road, Cumilla
Gunabati ATM	Faraiji Shopping Complex (1st Floor), College Road, Gunabati, Chouddagram, Cumilla
Feni Branch ATM	Star Line Complex, 314/1, S.S.K Road, Feni
Dashgharia Branch ATM	Nur Shopping Complex, Paniwala Road, Dashgharia Bazar, Chatkhil, Noakhali
Rajapur Branch ATM	Shenu Member Market, Dhagonbhuiya Road, RajapurBazar, Dhagonbhuiya, Feni
Samitir Bazar Branch ATM	Samitir Bazar, Ramganj, Lazmipur

Sylhet Zone

Sylhet ATM	Star view Tower, Sylhet
Al-Falah ATM	Dhopa Dighirpar Purbapara, Sylhet
Darghagate Branch ATM	Amin Complex, 80/A-1, Waves, Airport Road, Amberkhana, Sylhet
Habiganj Branch ATM	Harun Tower, 3679-01 B Zaman Khan Road, Habiganj
Moulvibazar Branch ATM	286/300 Ahmed Mansion (1st floor), Saifur Rahman Road, Moulvibazar-3200

Khulna Zone

Khulna ATM	Moon Mansion, 10 KDA Avenue Moylapota More, Khulna
Jashore ATM	Sadhinata Bhaban, Holding no:91, M.K. Road. Kotawaly, Jashore
Kushtia ATM	Shop No.#09, Chowdhury Super Market, 1-Sir Sayed Ahammed Road, Panch Raster more/ Sapla more, Thana para, Kushtia
Chuadanga ATM	Malik Tower, Holding No-43 & 107, Chuadanga
Chuknagar ATM	Azad Plaza (1st floor), Chuknagar Bazar, Atlia, Dumuria, Khulna
Hat Gopalpur Branch ATM	Shahjalal Shopping Complex, Padmakar, Jhenaidah Sadar, Jhenaidah
Jashore Pouroshova ATM	Jashore Pouroshova Bhaban, Munshi Meherullah Road, Ward no.- 5, P.S.- Kotowali, Pouroshova- Jashore

Rajshahi Zone

Bogura ATM	Nurul Haque Tower, 357/395, Boro Gola Mor, Bogura
Rajshahi ATM	Al-Helal Super Market (Ground Floor) shop No.-02, Sahebbazar, P.S- Blia, Rajshahi
Naogoan ATM	3366 Chawkdeb, Naogaon, Dist: Naogaon
Saidpur ATM	Saidpur Plaza(1st Floor), Sere Bangla Road Saidpur, Nilphamari
Dinajpur ATM	T&T Road, South Munshi para, Bahadur Bazar, Dinajpur
Chapainawabgonj ATM	Monsur Mansion, Boro Indra Mor, Chapinawabgonj sador, Chapinawabgonj-6300
Rangpur ATM	Shalek Pump, Station Road, Rangpur
Thakurgaon ATM	Galary Complex, Bango Bando Road, Thakurgaon
Pabna ATM	J. P. Super Market (1st floor), 985 M. M. Ali Road, Delalpur, Pabna
Bogura ATM 2	House No. 511/579, Khandar Mor, Carmichael Road, Ward No. 9, Bogura Sadar, Bogura

Barishal Zone

Amtali Branch ATM	N Islam Mansion, Holding No-189/1, New Bazar Hospital Road, Amtali, Barguna

Shahjalal Islami Bank Limited

Registered Office: Shahjalal Islami Bank Tower, Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212

PROXY FORM

I/We.....of (address).....
.....being the Member of Shahjalal Islami Bnak Limited do hereby appoint Mr./Mrs.....of (address) .....as my/our proxy on my/our behalf to attend and vote for me/us at the 18th Annual General Meeting to be held on Thursday the 25th July 2019 at 10.00 am at the RAOWA Convention Hall (HELMET), VIP Road, Mohakhali, Dhaka-1206 at any adjournment thereof.

Signed this …….....……day of ….....…….. 2019.

(Signature of the Member)

(Signature of the Proxy)

BO ID No. of Member																

Affix Revenue Stamp of Tk.20.00

Signature Verified by

(Signature of the Member)

Authorized Signatory of the Bank

Note:

- *This Proxy Form, duly filled and stamped, must be deposited at least 72 (seventy two) hours before scheduled time of the meeting at the Company's share Department.*
- *Signature of the Shareholders should match with the specimen signature registered with the Company/Depository Participant(s).*

Shahjalal Islami Bank Limited

Registered Office: Shahjalal Islami Bank Tower, Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212

ATTENDANCE SLIP

I do hereby record my attendance at the 18th Annual General Meeting to be held on Thursday the 25th July 2019 at 10.00 am at the RAOWA Convention Hall (HELMET), VIP Road, Mohakhali, Dhaka-1206

Name of the Member/Proxy (in Block Letter)																
BO ID No. of Member																

Signature Verified by

(Signature of the Member/Proxy)

Authorized Signatory of the Bank

Note:

- *Any friend or children accompanying with the shareholder/Proxy will not be allowed to attend the meeting.*

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারদের জন্য কোন ধররনের উপহার/খাবার/কুপন প্রদানের ব্যবস্থা থাকবে না।

Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

Corporate Head Office:
Shahjalal Islami Bank Tower, Plot-4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212
Phone:+ 88-02-9845457 (Hunting), Fax:+88-02-9847607
E-mail : sjiblho@sjiblbd.com