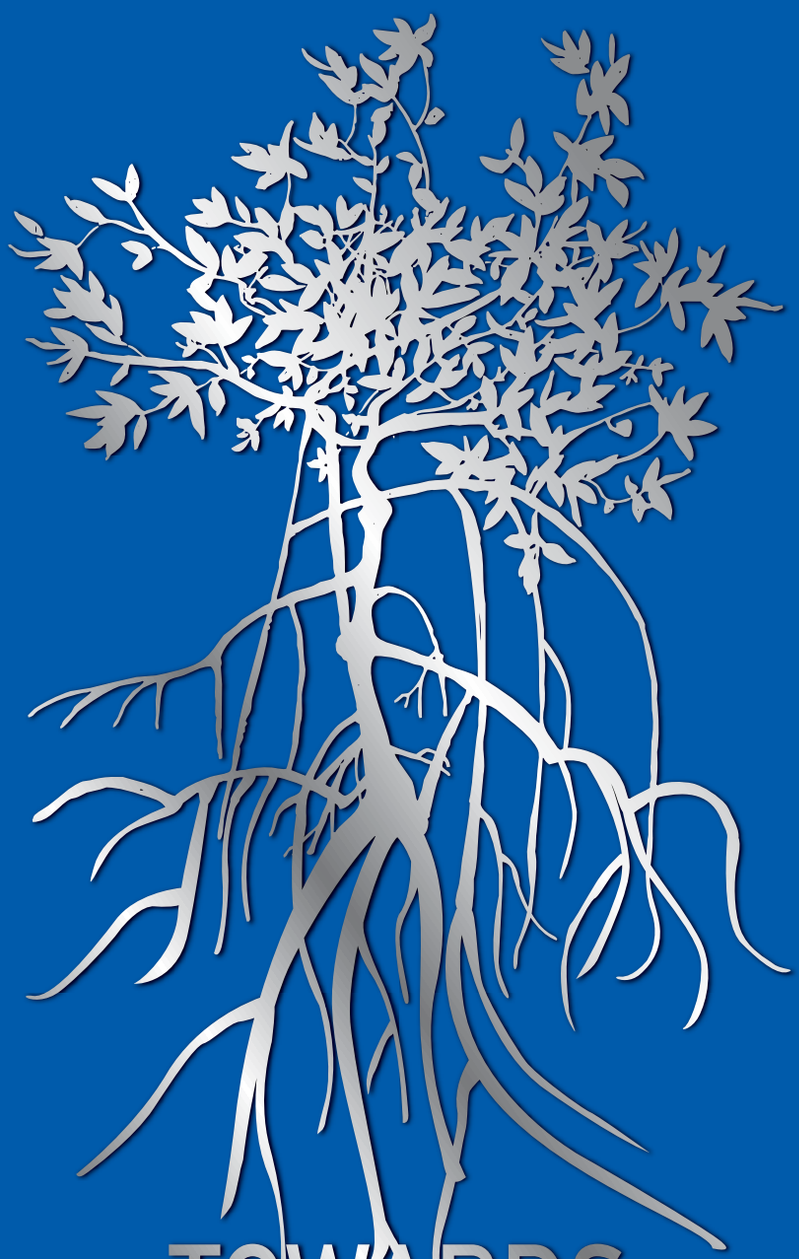
ANNUAL REPORT 2019



TOWARDS RESILIENT GROWTH

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

TOWARDS RESILIENT GROWTH

We remain firmly focused on enduring and steady growth that can fit in the times of financial and economic volatility in both domestic and international environment. As the banking industry is undergoing paradigm shift, exercising innovative approaches to manage financial resources is of paramount importance. Being a progressive Islamic Bank, SJIBL uses the right strategic tools, focusing on risk management, searching new business opportunities and crafting more personalized and affordable services for the customers which remain the core competence of SJIBL.

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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),

Subject: **Annual Report of Shahjalal Islami Bank Limited for the year - 2019**

We are pleased to enclose a copy of the **Annual Report 2019** of Shahjalal Islami Bank Limited including Audit Report and Audited Financial Statements for the year ended 31 December 2019 along with Notes thereon for your kind information and record.

Thank you,

Yours Truly,

Sd/-
Md. Abul Bashar
EVP & Company Secretary

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

Shahjalal Islami Bank Limited

Registered Office: Shahjalal Islami Bank Tower
Plot No.-4, Block- CWN(C), Gulshan Avenue, Dhaka-1212

NOTICE OF THE 19TH ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of Shahjalal Islami Bank Limited that the **19th Annual General Meeting** of the Company will be held on **Wednesday, the 12th August 2020 at 11.10 a.m. through Digital Platform** 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 2019 along with the Auditor's Report and the Directors' Report thereon.
2. To approve Dividend for the year ended 31 December 2019 as recommended by the Board of Directors.
3. To appoint Statutory Auditors for the year 2020 and to fix their remuneration.
4. To appoint Compliance Auditors for compliance certification on Corporate Governance Code for the year 2020 and to fix their remuneration.
5. To elect/re-elect Directors.
6. To approve the appointment of Independent Director(s).

Members of the Company are requested to make it convenient to attend the meeting.

Dated: Dhaka
24 June 2020

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

Notes:

- The Record Date of the Company has been fixed on Thursday, 2nd July 2020. Trading of the Company's Share will remain suspended on the Record Date.
- The Board of Directors has recommended 10% Dividend in the form of 5% Stock and 5% Cash.
- The Members whose names would appear in the Register of Members and/or Depository Register of the company on the Record Date will be eligible to attend the AGM and entitled to the dividend.
- Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04-231/932 dated 24th March 2020, the AGM will be conducted through Digital Platform. Link for joining in AGM will be notified respective Member's through email and by SMS. Login/ Participation process for the Digital Platform Meeting will also be available in the Bank's website: www.sjiblbd.com.
- A Member eligible to attend and vote at the AGM may appoint a proxy to attend and vote on his/her behalf. The Scanned Copy of the instrument appointing a proxy duly signed by the Member with revenue stamped of Tk. 20.00 (Taka Twenty) must be sent through email at board@sjiblbd.com at least 72 (Seventy two) hours before the AGM.
- Annual Report 2019, Notice of the AGM and Proxy Form 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 same will be available in the Bank's website: www.sjiblbd.com.
- Members are requested to update BO Accounts with E-mail Address, Contact Number, Details of Bank Account and 12 Digit Taxpayer's Identification Number (e-TIN) through their respective Depository Participants before the Record Date i.e. 2nd July 2020. If any member fails to update e-TIN before the Record Date, Income Tax at source will be deducted from Cash Dividend @15% (fifteen percent) instead of @10% (ten percent) as per amended Income Tax Ordinance 1984 under Section 54.
- The concerned Merchant Banks, Depository Participants and Stock Brokers are requested to email the soft copy (in MS Excel format) of their margin clients list as on "Record Date" at board@sjiblbd.com by 5th August 2020 to pay off the Cash Dividend. In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.

AWARDS AND RECOGNITIONS

Leed Green Building Rating System Certification-2019

Business Excellence Award-2019

ICMAB Best Corporate Award-2012

European Award for Best Practices-Amsterdam -2012

ICMAB Best Corporate Award-2011

The Arch of Europe Award-2012

ICMAB Best Corporate Award-2013

KEY FINANCIAL HIGHLIGHTS 2019

Total Capital 2019
Tk.29,277m

2018: Tk. 25,106m
2017: Tk. 19,376m

Total Assets 2019
Tk. 266,104m

2018: Tk. 243,660m
2017: Tk. 207,886m

Total Deposit 2019
Tk. 203,384m

2018: Tk. 176,862m
2017: Tk. 146,348m

Total Investment 2019
Tk. 197,286m

2018: Tk. 186,090m
2017: Tk. 158,668m

Import Business 2019
Tk. 157,060m

2018: Tk. 140,382m
2017: Tk. 129,244m

Export Business 2019
Tk. 147,052m

2018: Tk. 125,402m
2017: Tk. 97,437m

Cost of Fund 2019
8.42%

2018: 8.31%
2017: 7.83%

Profit Earning Assets 2019
Tk. 219,818m

2018: Tk. 202,397m
2017: Tk. 173,187m

Classified Investment 2019
4.91%

2018: Tk. 6.84%
2017: Tk. 3.97%

Capital Adequacy Ratio 2019
16.02%

2018: 14.50%
2017: 12.19%

Operating Profit 2019
Tk. 5,865m

2018: Tk. 4,576m
2017: Tk. 3,328m

Profit before Tax 2019
Tk. 3,894m

2018: Tk. 3,165 m
2017: Tk. 2,079m

Earnings Per Share (EPS) 2019
Tk. 1.84

2018: Tk. 1.58
2017: Tk. 1.41

Net Assets value Per Share 2019
Tk. 17.68

2018: Tk. 15.84
2017: Tk. 15.69

OPERATING HIGHLIGHTS

Number of Delivery Points

2019: 132 | 2018: 122

Number of Agent Banking Outlets

2019: 15 | 2018: 0

Number of ATMs

2019: 107 | 2018: 84

HR Strength

2019: 2,652 | 2018: 2,395

Contribution to National Exchequer

2019: 4,603m | 2018: 3,230 m

CSR

2019: 220m | 2018: 151m

No. of Accounts

2019: 940,026 | 2018: 786,050

No. of Foreign Correspondents

2019: 416 | 2018: 428

No. of Drawing Arrangement

2019: 14 | 2018: 10

No. of AD Branches

2019: 19 | 2018: 19

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 up gradation 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 offer 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 & satisfactions

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

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 Shari'ah

We believe and are committed to provide banking service that is purely based on Shari'ah.

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. The 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 information that is accurate, complete, objective, relevant, timely, and understandable.
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.

FORWARD LOOKING STATEMENT

Forward-looking statements are usually based on hypothesis as well as certain conditions and changes that might impact on business. Our forward-looking statement of Annual Report 2020 has involved numerous assumptions, inherent risks and uncertainties, both general and specific as well as predictions. These factors include, but are not limited to, volatility of profit rates, capital markets instability, changes for CRR and SLR norm etc. Hence forward-looking statements may not prove to be always true in course of time. Readers are cautioned, not to consider our forward looking statement as something universal or unalterable since any change of national and global scenario is beyond our control. The bank will not stand accountable to update the amended information in the Annual Report once it is already published.

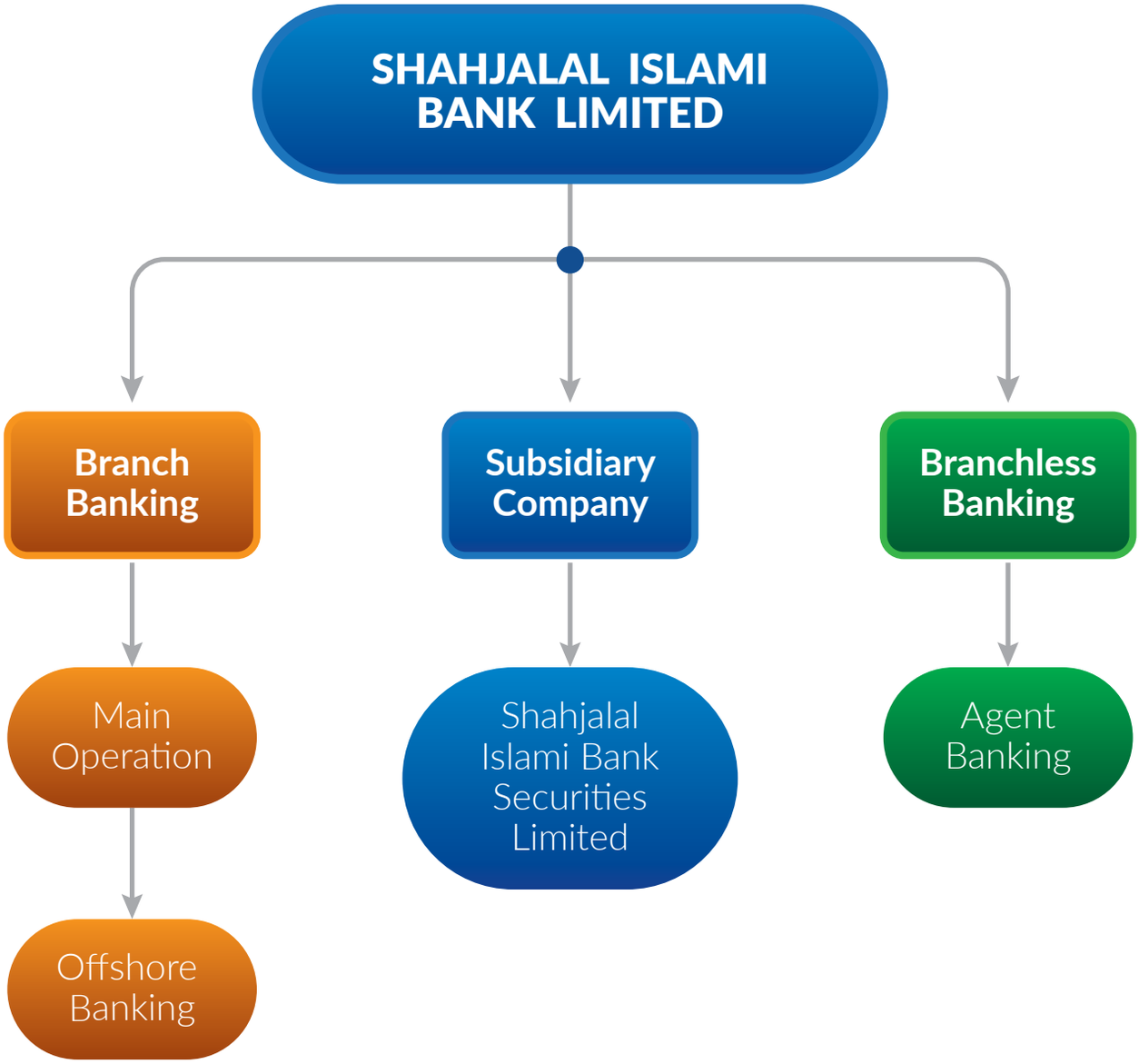
The Forward Looking Statement as the Bank recognizes may be as follows:

- Due to wide spread of COVID-19 pandemic across the world global economic recession is now all but guaranteed in 2020. The Bangladesh economy, like other economies around the world, is already facing challenges for it.
- As Bangladesh is being forced to endure lock-downs to tackle the Covid-19 pandemic, these lock-downs are having a crippling effect on workers and businesses across the country.
- COVID-19 and consequent repercussions for the Bangladesh economy are already creating added pressure on the economy both from the demand and supply sides. This will have adverse implications for revenue mobilization during the remainder of FY2019-20 and beyond. Thus, the government will increase borrowing from banking system as well as external sources.
- Two major sources of external financing, namely exports of Ready-Made Garments (RMG) and remittance inflows, are projected to decline rapidly.
- The shock absorption capacity of Bangladesh economy will critically hinge on efficacy of how this is done to stimulate demand, generate supply response and create employment opportunities.
- Even before outbreak of COVID-19 in Bangladesh, the banking sector has been back geared mainly due to mounting non-performing loans (NPLs) and lack of proper adherence of corporate governance. The already-weak banking sector could face further challenges in maintaining its asset quality and providing necessary support to the private sector in the sudden outbreak of COVID-19. Asset quality may be deteriorated in this crisis period as the repayment of the regular credits can be affected for various reasons, industry wise impact of the crisis, recession, opportunist borrowers etc.
- Besides, banks will have to implement the lion's share of the stimulus packages worth more than Tk 100,000 crore announced by the government to help the affected industries. The return on investment from the packages is only 2-2.5 per cent for banks, but the lenders have to bear 100 per cent credit risk. It is obvious that it will create a decrease in the Net Income and Profitability of banks.
- The impact of the interest (profit) rate cap on lending in banking sector is even more pronounced along with credit growth and narrowing of Bank's income.

PROFILE OF THE BANK

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	:	Mr. Md. Sanaullah Shahid
Managing Director	:	Mr. M Shahidul Islam
Auditors	:	M/s. ACNABIN, Chartered Accountants BDBL Bhaban (Level- 13 & 14) 12 Kawran Bazar Commercial Area, Dhaka-1215 Phone: +880 2-41020030-35
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	:	132
No. of ATM Booth	:	107
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	:	2,652
Authorized Capital	:	Tk. 10,000 million
Paid up Capital	:	Tk. 9,334 million

CORPORATE STRUCTURE



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

2013

Full-fledged operation with Bank Ultimus, the Core Banking Solution

2014

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 BDT4,000 million

Introduced unique dress code for all executives/officers in order to maintain the sense of proper attire 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 US Green Building Council and verified by Green Business Certification Inc.

Issued 7 years' redeemable 2nd Mudaraba Subordinated Bond of BDT6,000 million

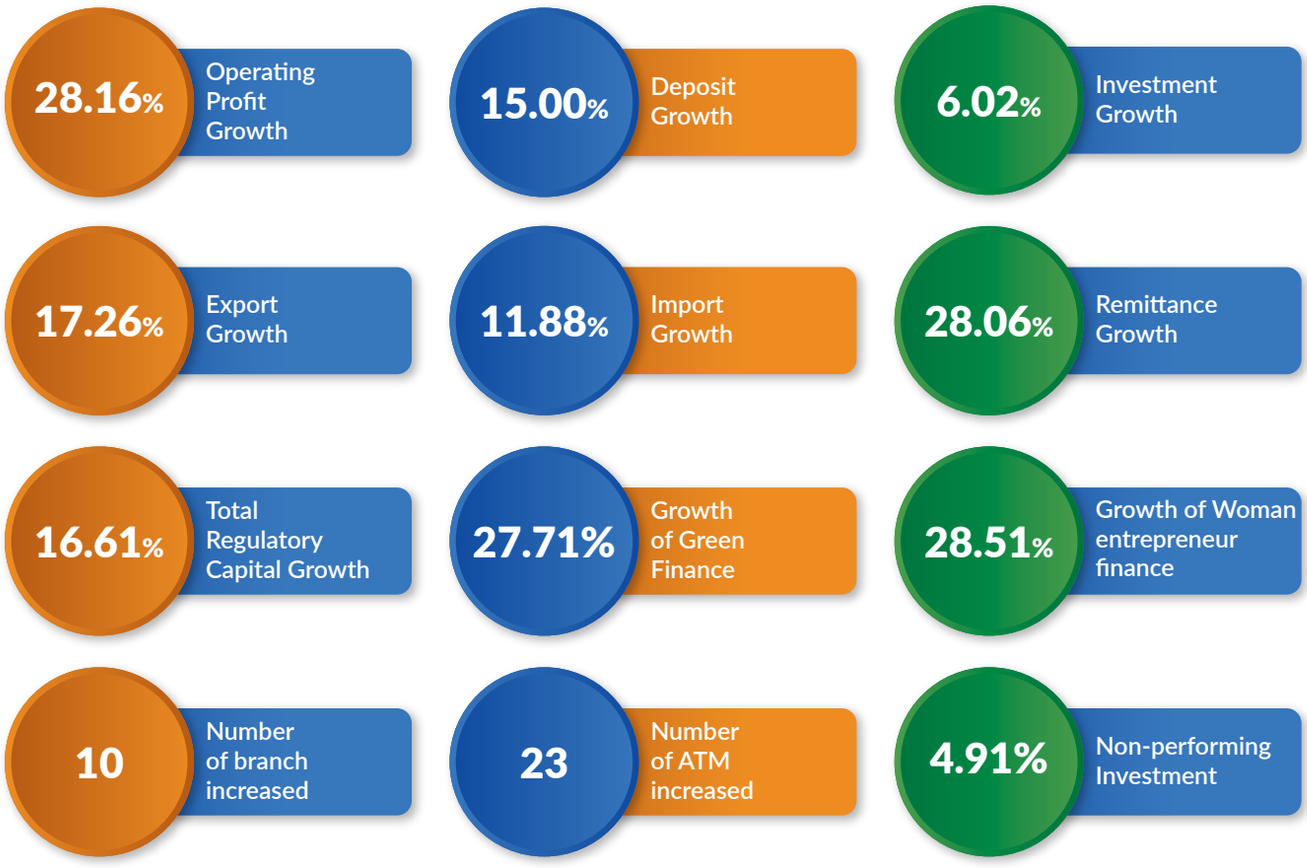
2019

Inauguration of Agent Banking operation by opening of 15 Agent Banking outlet all over Bangladesh

Opening of first Sub-Branch at Bokshirhat

Launching of Shariah compliant Credit Card

OVERVIEW 2019



Launching of Islami Credit Card

Inauguration of Agent Banking Operation by opening 15 outlets all over Bangladesh

The year 2019 was very much challenging for banking sector due to liquidity crisis, volatile foreign exchange market and raise of profit rate on deposit. In spite of multiple challenges faced by banking sector the year 2019 was the year of growth and stability for Shahjalal Islami Bank Limited. The bank achieved tremendous growth in various indicators which are as follows:

- Operating profit increased by Tk.1,288.80 million and stood at Tk.5,865.13 million in 2019 from Tk.4,576.33 million of 2018
- Deposit increased by Tk.26,522.63 million and stood at Tk.203,384.15 million in 2019 from Tk.176,861.51million of 2018
- Investment increased by Tk.11,195.65 million and stood at Tk.197,285.68 million in 2019 from Tk. 186,090.03 million of 2018
- Total Export increased by Tk.21,650 million and stood at Tk.147,050.00 million in 2019 from Tk.125,400.00 million of 2018
- Total Import increased by Tk.16,680 million and stood at Tk.157,060.00 million in 2019 from Tk.140,380.00 Million of 2018
- Total Remittance increased by Tk.1,720.64 million and stood at Tk.7,849.26 million in 2019 from Tk.6128.62 million of 2018
- The Number of Branch Increased to 132 in 2019 from 122 of 2018
- The Number of ATM Increased to 107 in 2019 from 84 of 2018

OUTLOOK OF SJIBL 2020

- Will be ahead in ensuring prudent management of investment risk to offset risk arising due to COVID-19
- Will ensure significant improvement in operational efficiency to cope with changing phenomenon
- Will ensure the acceleration of digital on board for different operational procedure and customer service
- Continuous analysis of business process in order to rationalize cost and improve profitability
- Will ensure prudent balance sheet management to tap the prevailing opportunity and offset market risk
- Will be ahead in ensuring our high standards of compliance and governance in this new era of global and local regulatory divergence
- Getting more powerful and more readily accessible by transformation of technology and Creating a symphonic enterprise with Technology
- Continue to improve business performance by balancing business growth with product rationalization and transparency
- Assessing and mitigating risk across the enterprise in evolution, digitization, automation and externalization of banking operations

BOARD OF DIRECTORS

Chairman

Mr. Md. Sanaullah Shahid
(Rep. of Electra International Ltd.)

Vice Chairmen

Mr. Md. Harun Miah
(Rep. of Shamsuddin Khan & Harun Miah Ltd.)

Mr. Md. Abdul Barek

Directors

Dr. Anwer Hossain Khan

Mr. Abdul Halim

Mr. Mohiuddin Ahmed

Mr. Akkas Uddin Mollah

Mr. Khandaker Sakib Ahmed

Engr. Md. Towhidur Rahman

Mr. A.K. Azad

Mr. Mohammed Younus

Mr. Fakir Akhtaruzzaman

Mr. Mohammed Golam Quddus
(Rep. of Anwer Khan Modern Hospital Ltd.)

Mr. Md. Moshiur Rahman Chamak
(Rep. of Fresh Export Import Ltd.)

Mrs. Shahan Ara Begum

Mrs. Tahera Faruque
(Mr. Md Masud Represented as Alternative Director)

Mrs. Jabun Nahar
(Rep. of Daffodils Trading International)

Independent Directors

Mr. Ekramul Hoque

Mr. K.A.M Majedur Rahman

Mr. Nasir Uddin Ahmed FCA, FCS

Managing Director

Mr. M Shahidul Islam

COMMITTEES OF BOARD OF DIRECTORS

Executive Committee

Dr. Anwer Hossain Khan	Chairman
Mr. Fakir Akhtaruzzaman	Vice Chairman
Mr. Mohiuddin Ahmed	Member
Mr. Akkas Uddin Mollah	Member
Mr. Khandaker Sakib Ahmed	Member
Engr. Md. Towhidur Rahman	Member
Mr. Mohammed Younus	Member

Audit Committee

Mr. Ekramul Hoque	Chairman
Mr. Abdul Halim	Member
Mr. Mohammed Golam Quddus	Member
Mr. K.A.M Majedur Rahman	Member
Mr. Nasir Uddin Ahmed FCA, FCS	Member

Risk Management Committee

Mr. Mohammed Younus	Chairman
Dr. Anwer Hossain Khan	Member
Mr. Md. Abdul Barek	Member
Mr. Mohiuddin Ahmed	Member
Mr. K.A.M Majedur Rahman	Member

Shariah Supervisory Committee

Mufti Abdul Halim Bukharee	Chairman
Mufti Shahed Rahmani	Member
Prof. Dr. Muhammad Abdur Rashid	Member
Maulana Mohammad Sadequl Islam	Member
Prof. Hamidur Rahman	Member
Mr. M. Azizul Huq	Member
Barrister Md. Arifur Rahman	Member
Mr. M. Kamaluddin Chowdhury	Member
Mr. Md. Sanaullah Shahid	Ex-officio Member
Mr. M Shahidul Islam	Ex-officio Member
Mr. Md. Farid Uddin	Member Secretary

BOARD OF DIRECTORS

Sitting from left to right

- Mr. Mohammed Younus
- Mr. Md. Abdul Barek
- Mr. Abdul Halim
- Dr. Anwer Hossain Khan

Standing from left to right

- Mr. Fakir Akhtaruzzaman
- Mr. Mohammed Golam Quddus
- Mr. K.A.M Majedur Rahman

Sitting from left to right

- Mr. M. Sanaullah Shahid
- Mr. Akkas Uddin Mollah
- Mr. Mohiuddin Ahmed
- Engr. Md. Towhidur Rahman

Standing from left to right

- Mr. M Shahidul Islam
- Mr. Khandaker Sakib Ahmed
- Mr. Ekramul Hoque
- Mr. Md. Moshiur Rahman Chamak

BRIEF PROFILE OF THE DIRECTORS

Md. Sanaullah Shahid (Representative of Electra International Limited) is one of the Sponsors of Shahjalal Islami Bank Limited Presently; he is the Chairman of the Board of Directors of the Bank. He has started business after completion of Bachelor Degree. He is also the Vice Chairman of Shahjalal Islami Bank Securities Limited.

Mr. Sanaullah has long and creditable business experience for more than two decades. He is an icon of electronic home appliance business in the country. He is the Chairman of Electra International Limited, Director of Electra Consumer Electronics Limited and Federal Securities & Investment Limited. He is also a Partner of Kashmir Chemical Company, Sazawa Brothers and Electra Furniture.

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

Mr. Md. Sanaullah Shahid
Chairman

Md. Harun Miah, Rep. of Shamsuddin Khan & Harun Miah Limited was born in the year 1961 in a respectable Muslim family and started business after completion of Bachelor Degree.

Mr. Miah is the Vice Chairman of the Board of Directors of the Bank. He has long and outstanding business experience for more than 25 years in the UK.

He has been living in the UK for long and he established Kushiara Travels Limited in UK and representing 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 Limited (UK) and Sponsor of Shahjalal Islami Bank Securities Limited.

Mr. Md. Harun Miah
Vice Chairman

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

Mr. Barek is the Vice Chairman of the Board of Directors of the Bank. He has long and creditable business experience for more than three decades. He is the Proprietor of Arju Electronics, Jony Electronics and Rony Electronics.

Mr. Barek is the Sponsor of the Shahjalal Islami Bank Securities Limited. 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.

Mr. Md. Abdul Barek
Vice Chairman

Mr. Anwer Hossain Khan, one of the sponsors and former Chairman of Shahjalal Islami Bank Limited, 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 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 Limited, Modern Diagnostic Centre Limited, Anwer Khan Modern Nursing College, Hazi Sakawat Anwara Modern Eye Hospital Limited, Modern Diabetic Center Limited, Chairman of Takaful Islamic Insurance Limited, Director of Shahjalal Islami Bank Securities Limited and a Sponsor of Fareast Stocks & Bonds Limited.

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 services. He is the Chairman of the Governing Body of Anwer Khan Modern University.

Dr. Anwer Hossain Khan
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 Limited. He has long and successful business experience for more than three decades.

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

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

Mr. Abdul Halim
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 Limited. He has long and successful business experience for more than two decades. He is the proprietor of Rupsha Trading Corporation, Mohiuddin Auto House & Pacific Automobile and a Director of Shahjalal Islami Bank Securities Limited.

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.

Mr. Mohiuddin Ahmed
Director

Mr. Akkas Uddin Mollah is one of the Sponsors of Shahjalal Islami Bank Limited. He is the immediate past 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 Limited, Tania Cotton Mills Limited, Russel Garments, Russel Apperals, Russel Washing Plant, Ekram Sweaters Limited, Nurul Islam Spinning Mills Limited, Helal Textile Industries Limited and Goodman Pharmaceuticals Limited. He is also the Director of Shahjalal Islami Bank Securities Limited.

In addition to his success in trade and business, Mr. Mollah is immensely reputed for his contribution to the field of education and health care 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 the member of BGMEA and BTMEA. He is also a member of Narayangonj Club.

His pleasant personality and amiable disposition is commendable.

Mr. Akkas Uddin Mollah
Director

Mr. Khandaker Sakib Ahmed is one of the Sponsors and Director of Shahjalal Islami Bank Limited. 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 and the Chairman of Own The World Company Limited. He is also one of the Directors of Al-Arafah Islami Bank Securities Limited, Millennium Information Solution Limited 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.

Mr. Khandaker Sakib Ahmed
Director

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

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 to 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.

Engr. Md. Towhidur Rahman
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 Limited.

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.

Mr. A. K. Azad
Director

Mr. Mohammed Younus is one of the sponsors and Chairman of the Risk Management Committee of Shahjalal Islami Bank Limited. He is also the Chairman of Shahjalal Islami Bank Securities Limited. 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 sponsor of Express Insurance Limited.

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 Limited.

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

Mr. Mohammed Younus
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.

Mr. Fakir Akhtaruzzaman
Director

Mr. Mohammed Golam Quddus is the Representative Director of Anwer Khan Modern Hospital Limited. 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 January 2011 to 31 December 2014. Moreover, he worked as Joint Secretary, Additional Secretary, Additional Divisional Commissioner and Additional Deputy Commissioner etc. He retired from his service on 01January 2015.

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

Mr. Mohammed Golam Quddus
Director

Mr. Md. Moshiur Rahman Chamak, Representative of Fresh Export Import Limited, 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 Limited and Director of Libas Textile Limited, Fresh Knitwear Limited, Moshiur Infrastructure Limited and Sponsor of Takaful Islami Insurance Limited. 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.

Mr. Md. Moshiur Rahman Chamak
Director

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

Mrs. Shahan Ara is the Director of the Bank. 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.

Mrs. Shahan Ara Begum
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 Limited.

Mrs. Tahera Faruque
Director

Mrs. Jabun Nahar, representative of Daffodils Trading International, was born in the year 1981 in a respectable Muslim family. She is the owner of Daffodils Trading International.

Mrs. Nahar is also working as an Executive Director of Anwer Khan Modern Hospital Ltd. She is a member of Trustee of Anwer Khan Modern University. She is an excellent person with good communication and time management skills.

Mrs. Jabun Nahar
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 under his dynamic leadership AIBL has become one of the successful bank in the industry.

He had golden touch in Uttara Bank Limited, National Bank Limited and Export Import Bank of Bangladesh Limited. After attainment of 65 years age he retired from banking services.

Mr. Ekramul Hoque
Independent Director

Mr. K.A.M Majedur Rahman is one of the Independent Directors of Shahjalal Islami Bank Limited.

Mr. Rahman is a seasoned professional in financial consulting, banking and capital market management with successful leadership experience over 38 years. Rahman served as the Managing Director of Dhaka Stock Exchange Limited, Premier Bank Limited and was first Country Head of Bank Alfalah Limited in Bangladesh.

He had served in key positions at ANZ Grindlays Bank, Mashreq Bank, Standard Chartered Bank, Dhaka Bank, IPDC of Bangladesh Limited, and AB Bank Limited. He has valuable experience in Risk management, Business Process Reengineering and Information Technology in the financial sector. Presently, he is engaged in financial services advisory. He had also served as Independent Director of Lanka Bangla Finance Limited.

Mr. Rahman attended Senior Management Development programs at Said Business School, Oxford; London Business School, Securities Institute at the US Securities and Exchange Commission and special training on Risk Management at the Institute of Risk Management, UK.

Mr. K.A.M Majedur Rahman
Independent Director

Mr. Nasir Uddin Ahmed was born in a respectable Muslim family in the year 1961 and completed Masters Degree in Accounting from the University of Dhaka. He is an Independent Director of Shahjalal Islami Bank Limited since 18 March, 2020.

He is a veteran professional in financial consulting and secretarial affairs with successful leadership experience over 33 years. He is the senior partner of MABS & J Partners, Chartered Accountants. He is a fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) and was the President in 2009. He is also fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He is an associate member of the Institute of Chartered Accountants in England and Wales (ICAEW) and Chartered Institute of Management Accountants (CIMA, UK). He also holds membership of various professional institutions at home and abroad. He was a Board Member of South Asian Federation of Accountants (SAFA). Currently he is representing Bangladesh in the Board of Directors of Confederation of Asian & Pacific Accountants (CAPA). He was Director in many companies and organization namely, Bangladesh Commerce Bank Ltd., Dhaka Stock Exchange Ltd., BTCL, Leads Corporation Ltd. etc. He was Independent Director of Popular Pharmaceuticals Ltd and currently is an Independent Director of Bangladesh Submarine Cable Company Limited and Color City Limited. He worked as a member of Expert Panel and Jury Board of Dhaka Stock Exchange Ltd. He was General Secretary of Dhaka University Accounting Alumni and served for a term of two years. Mr. Nasir worked for more than two decades in two British MNCs, British American Tobacco Bangladesh and Coats Bangladesh.

Mr. Nasir Uddin Ahmed FCA, FCS
Independent Director

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 35 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 35 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.

Mr. M Shahidul Islam
Managing Director & CEO

KEY EVENTS 2019

JANUARY

19-Jan-19	Shahjalal Islami Bank Ltd. organized "Annual Business Conference-2019"
27-Jan-19	Shahjalal Islami Bank Ltd. signed an agreement with BRAC Saajan Exchange Ltd. for remittance drawing arrangement.
28-Jan-19	Shahjalal Islami Bank Ltd. organized Day Long Training on "ICT Security Policy, Risk Management Practices and Prevention of IT Based Frauds and Cyber Threats" for its Officials

Shahjalal Islami Bank Ltd. organized "Annual Business Conference-2019"

Shahjalal Islami Bank Ltd. signed an agreement with BRAC Saajan Exchange Ltd. for remittance drawing arrangement.

FEBRUARY

07-Feb-19	Business Development Meeting at Cox's Bazar
07-Feb-19	Shahjalal Islami Bank's Chawkbazar Branch Relocated
13-Feb-19	Shahjalal Islami Bank Ltd. Organized Two Days Long Training on "Shariah Compliance in Islamic Banking Operations" for its Officials
20-Feb-19	Shahjalal Islami Bank Ltd. donated medicines for Rohingya People
20-Feb-19	Shahjalal Islami Bank Ltd. organized a Day Long Training on "Women Entrepreneurs and Financing for Sustainable Growth" for it's Officials
24-Feb-19	Shahjalal Islami Bank's Gulshan Branch Relocated

Gulshan Branch relocated to a new and spacious place to provide better banking services to it's Clients

MARCH

3-Mar-19	Shahjalal Islami Bank Ltd. signed an agreement with Al Zaman Exchange W.L.L for remittance drawing arrangement.
4-Mar-19	Shahjalal Islami Bank Ltd. Organized Two Days Long "Induction Training Course" for Newly Recruited Officers
23-Mar-19	Shahjalal Islami Bank awarded Scholarship to the insolvent meritorious students
24-Mar-19	Shahjalal Islami Bank Ltd. inaugurated it's 123rd Branch at Uttarkhan, Dhaka

Shahjalal Islami Bank Ltd. awarded scholarship among the insolvent meritorious students. The Hon'ble Governor of Bangladesh Bank Mr. Fazle Kabir handed over the scholarship cheque among the students as Chief Guest.

APRIL

3-Apr-19	Shahjalal Islami Bank Donated Tk. 1 Crore to Prime Minister's Relief and Welfare Fund
9-Apr-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Chattogram Zone Branches
15-Apr-19	Shahjalal Islami Bank Ltd. inaugurated an ATM Booth at BSCIC Industrial Area, Tongi, Gazipur

Shahjalal Islami Bank Ltd. donated Tk. 1 Crore to Prime Minister's Relief and Welfare Fund for helping fire victims of Churihatta in Old Dhaka's Chawkbazar area.

MAY

9-May-19	Shahjalal Islami Bank Ltd. celebrated it's 18th anniversary
21-May-19	SJIBL inked a Corporate Agreement with Gramenphone for Better Value Proposition with Lesser Cost for its Employees
23-May-19	Shahjalal Islami Bank Ltd. Organized a Day Long Training on "Internal Investment Risk Rating System (IIRRS)" for its Officials

Shahjalal Islami Bank organized khatme Quran and Doa-Mahfil at it's Corporate Head Office along with all the branches across the county on the occasion of it's 18th year anniversary.

JUNE

12-Jun-19	Shahjalal Islami Bank Ltd. signed an agreement with Hotel InterContinental Dhaka, Bangladesh to facilitate its Cardholders
15-Jun-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Rajshahi Zone Branches
20-Jun-19	Shahjalal Islami Bank Ltd. signed a Memorandum of Understanding (MoU) with Transcom Electronics Ltd. to facilitate its Cardholders
25-Jun-19	Shahjalal Islami Bank Ltd. inaugurated an ATM Booth at Bandura, Nawabganj in Dhaka District
27-Jun-19	Shahjalal Islami Bank Ltd. signed a Memorandum of Understanding (MoU) with Rangs Electronics Ltd. (Sony Rangs) to facilitate its Cardholders
29-Jun-19	Shahjalal Islami Bank Ltd. launched Islami Shariah based Credit Card

Shahjalal Islami Bank Ltd. launched Islami Shariah based Credit Card. The Managing Director & CEO of Shahjalal Islami Bank Ltd. Mr. M Shahidul Islam presented the features of the Credit Card and overall information about the Bank in a Press Conference among the Journalists from different Electronic & Print media.

Shahjalal Islami Bank Ltd. signed an agreement with Hotel InterContinental Dhaka Bangladesh. The Managing Director & CEO of Shahjalal Islami Bank Ltd. Mr. M Shahidul Islam and the General Manager of Hotel InterContinental Dhaka Bangladesh Mr. Marc Ressinger signed in the agreement on behalf of their respective organizations. This agreement enables all Platinum Credit Card Holders of Shahjalal Islami Bank Ltd to enjoy different types of facilities at the Balaka Executive Lounge at Hazrat Shahjalal International Airport Dhaka.

JULY

3-Jul-19	Shahjalal Islami Bank inaugurated Hajj Booth and Free Medical Camp at Ashkona Hajj Camp
8-Jul-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Cumilla/Noakhali Zone Branches
10-Jul-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Chattogram Zone Branches
14-Jul-19	Shahjalal Islami Bank Ltd. awarded Scholarship to the insolvent brilliant students at Ramganj, Laxmipur
15-Jul-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Barishal & Faridpur Region Branches
20-Jul-19	SJIBL recently organized a workshop on 'Reporting of FX Transactions through Bangladesh Bank Web Portal' at its Corporate Head Office
21-Jul-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Khulna & Jashore Region Branches
25-Jul-19	18th AGM of Shahjalal Islami Bank Ltd. was held at RAOWA Convention Hall, Dhaka
29-Jul-19	Shahjalal Islami Bank Ltd. inaugurated it's 124th Branch at Brahmanpara Upazila in Cumilla District
30-Jul-19	Shahjalal Islami Bank Ltd. inaugurated it's 1st Sub-Branch at Bokshirhat, Senbag in Noakhali District

A glimpse of 18th AGM held at RAOWA Convention Hall, Dhaka

Shahjalal islami Bank Ltd. inaugurated a Hajj Booth and Free Medical Camp at Ashkona Hajj Camp for Hajj guidence & free Medical services to the Pilgrims. Free Medical services have been provided to the Hajj Pilgrims on behalf of Anwer Khan Modern Medical College Hospital.

Shahjalal Islami Bank Ltd. inaugurated it's 1st Sub-Branch at Bokshirhat, Senbag in Noakhali District

AUGUST

1-Aug-19	Shahjalal Islami Bank Ltd. inaugurated it's 125th Branch at Arani Bazar, Bagha in Rajshahi District
5-Aug-19	Shahjalal Islami Bank Ltd. signed a Memorandum of Understanding (MoU) with Esquire Electronics Ltd. to facilitate its Cardholders
15-Aug-19	Shahjalal Islami Bank Ltd. organized Dua Mehfil at it's Corporate Head Office on 15th August 2019 on the occasion of 44th death anniversary of Father of The Nation Bangabandhu Sheikh Mujibur Rahman

Shahjalal Islami Bank organized Dua Mehfil at it's Corporate Head Office on 15th August 2019 on the occasion of 44th death anniversary of Father of The Nation Bangabandhu Sheikh Mujibur Rahman

SEPTEMBER

2-Sep-19	Shahjalal Islami Bank Ltd. Organized Three Days Long Training on "CMSME Financing and Agricultural Investment" for its Officials
3-Sep-19	Shahjalal Islami Bank Ltd. signed a Memorandum of Understanding (MoU) with Nadia Furniture Ltd. to facilitate its Cardholders
14-Sep-19	Shahjalal Islami Bank Ltd. Organized an Executive Development Program (EDP) on "National Integrity Strategy, Corporate Governance & Ethics in Banking: Implementation and Practice" for its Executives
15-Sep-19	Shahjalal Islami Bank Ltd. inaugurated it's 126th Branch at Gharishar Bazar in Shariatpur District
16-Sep-19	Shahjalal Islami Bank Ltd. inaugurated it's 127th Branch at Moheshpur in Jhenaidah
22-Sep-19	Shahjalal Islami Bank Ltd. inaugurated it's 128th Branch at Gafargaon in Mymensingh
29-Sep-19	The Certificate Giving & Closing Ceremony of 15 days long Foundation Training Course was held

Shahjalal Islami Bank opened Branches in different locations of the country to deliver banking services to the un-Banked populations

OCTOBER

1-Oct-19	Shahjalal Islami Bank Ltd. inaugurated 2nd Sub-Branch at DSE Annex Building, Motijheel
6-Oct-19	Shahjalal Islami Bank's Chowmuhani Branch Relocated
12-Oct-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with all officials of Dhaka City and its' Surrounding Branches
19-Oct-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with all officials of Corporate Head Office
19-Oct-19	Shahjalal Islami Bank Ltd. Organized a workshop on "New ALM Ratios: Reviewing Business Model and Pricing" for its Executives
21-Oct-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Chattogram & Cox's Bazar area Branches
22-Oct-19	Shahjalal Islami Bank Ltd. extended financial support to Parents Forum for Differently Able (PFDA)
26-Oct-19	Shahjalal Islami Bank Ltd. Organized day long workshop on "Sustainable Finance and Gender Equality" for its Executives
26-Oct-19	Shahjalal Islami Bank Ltd. organized a Business Review Meeting with the Officials of Bank's Cumilla and Noakhali area Branches
26-Oct-19	Shahjalal Islami Bank Ltd. organized Business Review Meeting with all Officials of Rangpur & adjacent area Based Branches
27-Oct-19	Shahjalal Islami Bank Ltd. inaugurated it's 129th Branch at Karimganj in Kishoreganj Distric

Shahjalal Islami Bank Ltd. inaugurated 2nd Sub-Branch at DSE Annex Building, Motijheel

NOVEMBER

2-Nov-19	Shahjalal Islami Bank Ltd. organized Business Review Meeting with all Officials of Sylhet & adjacent area Based Branches
3-Nov-19	Shahjalal Islami Bank Ltd. donated Blankets to Hon'ble Prime Minister's Relief Fund
9-Nov-19	Shahjalal Islami Bank Ltd. organized Business Review Meeting with all Officials of Jashore, Khulna & adjacent area Based Branches
11-Nov-19	Shahjalal Islami Bank's Barachowna Bazar Branch relocated
11-Nov-19	Shahjalal Islami Bank Ltd. Organized day long workshop on "NPI Prevention, Recovery and Early Alert Process" for its Officials
24-Nov-19	Shahjalal Islami Bank's Feni Branch relocated
25-Nov-19	Shahjalal Islami Bank Ltd. Distributed Blankets at Begumganj in Noakhali
28-Nov-19	Shahjalal Islami Bank Ltd. inaugurated it's 130th Branch at Pallabi, Dhaka

Shahjalal Islami Bank Ltd. donated Blankets to Hon'ble Prime Minister's Relief and Welfare Fund

DECEMBER

7-Dec-19	SJIBL organized a workshop on "Incoterms 2020"at its Corporate Head Office
12-Dec-19	Shahjalal Islami Bank Ltd. inaugurated it's 131st Branch at Mirsharai, Chattogram
14-Dec-19	Shahjalal Islami Bank Ltd. organized induction ceremony for newly recruited Management Trainee Officer (MTO) Batch-2019
18-Dec-19	Shahjalal Islami Bank Ltd. Distributed Blankets at Panchdona in Narsingdi area
23-Dec-19	Shahjalal Islami Bank Ltd. signed a Memorandum of Understanding (MoU) with US-Bangla Airlines to facilitate its Cardholders
24-Dec-19	Shahjalal Islami Bank Ltd. inaugurated it's 132nd Branch at Saturia in Manikganj District
31-Dec-19	Shahjalal Islami Bank Ltd. signed an agreement with Delta Life Insurance Company Ltd. to provide Health Insurance facility for the employees of SJIBL and their family members.

Shahjalal Islami Bank Ltd. signed a Memorandum of Understanding (MoU) with US-Bangla Airlines in presence of the Managing Director & CEO of the Bank Mr. M Shahidul Islam. This MoU enables SJIBL Credit Card Holders to enjoy discounts on base fare and avail EMI facilities.

DIRECTORS REPORT

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

And Allah has permitted trading
and forbidden Riba' (usury).

Surah Al-Baqarah, Verse-275

MESSAGE FROM THE CHAIRMAN

MD. SANAULLAH SHAHID
CHAIRMAN

Bismillahir Rahmanir Rahim

Dear shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

It is a great pleasure and honor to welcome you to the 19th 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.

Global growth in 2019 recorded its weakest pace since the global financial crisis a decade ago, which reflects the vulnerability of globalization of economies. The year was marked by many unfavorable issues like prolonged tensions, specifically USA-China Trade War, rising trade barriers and associated uncertainties weighed on business sentiments and activities. This adverse situation was further compounded by issues like fluctuations in oil price, capital outflow from the emerging economies, geopolitical tensions related to Iran. Socioeconomic unrest in the Middle East and Africa and global economic uncertainties and shocks also badly influenced the outcome of growth in 2019. All these factors contributed adversely to global economic progress and development, impacted global trade volumes, and affected job creation and employment in many areas across the globe. However, some events marked the year 2019 with optimism as well. Such events are like news of world leaders pro-active approach towards issues of climate change, North Korea-USA peace talks, and subsequent ease of tension on the Korean Peninsula. Furthermore, progress in the digitalization of countries all over the world also created a positive impact.

The outbreak of COVID 19 is going to create a significant challenge and disruption in trade and commerce locally, nationally, and internationally in the current year 2020. The effect has hitherto been observed in the 1st quarter of 2020. We are aware that, the COVID was originated in China, but rapidly spread all over the world and created havoc in the health systems of the countries. It has caused a socioeconomic crisis, there are business losses, bankruptcy, job loss, and an increase in the unemployment rate. An inevitable recession may cause a comparatively moderate growth than last year worldwide which is already predicted by the International Monetary Fund (IMF). This may consequently result in limited or negative growth of national trade and commerce. The banking sector cannot remain immune from this catastrophic situation, and it may experience a test of survival and to stay afloat will present a formidable challenge. Bangladesh has already equally affected by this contagion. Bangladesh is being forced to endure lockdowns to tackle the Covid-19 pandemic. This lockdown is having a crippling effect on workers and businesses across the country. The economy has almost come to a standstill and debilitating effects are being observed in almost all sectors.

Even the developed countries are facing medium-to-long-term recession and the oil-producing countries are enduring enormous economic pressure due to plummeting oil prices. All these have led to huge setbacks for Bangladesh, particularly in its remittance inflow, export earnings, industrial production, and service sector output. There exist differences of opinion on the possible impacts of Covid-19 on the Bangladesh economy. Both the International Institutions, the World Bank and the International Monetary Fund (IMF), have expressed their apprehension about the economic growth. They predicted that it may slide down significantly and may hover around 2.0 percent during the current fiscal year. Considering the negative growth in developed and developing nations, the prediction may become true. The government of Bangladesh remains optimistic about growth prospects. However, the extent of damage to be caused by the Covid-19 to the

economy of the country is dependent on two factors like the spread of the diseases and the effectiveness of government measures to tackle the same.

The banking sector of Bangladesh will fall into a delicate situation as the pandemic has severely affected all areas of economic activities and frontiers. The banking industry is at present on the back foot due to mounting non-performing assets (NPAs). The asset quality of banks may significantly deteriorate in this crisis period. The repayment of the performing credits/investment can be affected for various reasons like recession, nonpayment of opportunistic borrowers, and the impact of the crisis by industry. Besides, the crisis will harm the Net Income and Profitability as it affects the asset side of the financial institutions. Consequently, the growth and profitability of the banking sector of Bangladesh have had until now indicated a declining trend which may continue throughout the rest of the year.

In FY 2018-19 the economic expansion of Bangladesh has been quite impressive from the perspective of GDP growth rate, which was 8.20%. The overall national economy performed satisfactorily throughout the year 2019. Furthermore, we expect that under-construction mega projects like Padma bridge, Payra Port, Rooppur Power Plant, etc., after completion, will pay off the nation to a greater extent.

The banking industry of Bangladesh has achieved remarkable momentum over the years in terms of expansion, modernization, technology adaptation, capacity development, and improved regulatory and supervisory environment. However, the sudden spike of the loan/investment classification in 2019 was about to turn all hopes upside down. Despite the banking industry struggled with classification in 2019, Shahjalal Islami Bank Limited completed another year with resounding success in business. The bank registered commendable and steady growths in all key areas of performance, including taming down its classification of investment in the year 2019.

It was an arduous task for the Board and Management of the bank to steer it in the right direction towards growth and stability. By the grace of almighty Allah, we have been maintaining a steady growth in all areas of business like deposit, investment, trade finance, guarantee, etc. to name a few. We have also maintained a sustainable position in terms of liquidity, capital adequacy, asset quality, 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 customer-focused cordial services. There has been tremendous support from our valued customers, prudent guidance, and bold leadership from the Board of Directors, and tireless efforts of the Management team which helped to accomplish our journey.

In 2019, the growths of the deposit and investment of our bank were 15.00% and 6.02% respectively over the last year. The total deposit of the Bank as on 31 December 2019 stood at Tk. 203,384 million, while the total amount of investment of the Bank stood at Tk.197,286 million. During the year import volume stood at Tk. 157,060 million and export business was Tk. 147,052 million. Foreign Remittance of equivalent Tk. 7,849 million received during 2019. The Bank made the operating profit before tax of Tk. 3,894.15 million registering the growth of 23.02 % compared to that of the previous year, while the net profit after tax of the Bank stood at Tk. 1,718.30 million in 2019. Net asset value (NAV) stood at Tk. 16,507.27 million in 2019 whereas it was Tk.14,789 million in 2018. In 2019, our earnings per share (EPS) stood at Tk. 1.84.

The Bank renewed its focus on restructuring the deposit base to increase the portion of the low-cost transaction-based deposit portfolio. As a result, the bank succeeded in trimming down the high-cost deposit base in 2019 thereby consolidating the deposit mix in a beneficially preferred way. Growth of deposit till –December 2019 over December 2018 rose to 15%, which was higher than the national growth trend of the same period (12.57%).

The Regulatory Capital of the Bank as of 31 December 2019 stood at Tk. 29,277 million, including paid-up capital of Tk. 9,334 million. Capital to Risk-weighted Assets Ratio (CRAR) as of 31 December 2019 stood at 16.02% (Tier-1 capital 9.03% and Tier-2 capital 6.99%) that was adequate as against Minimum Capital Requirements (MCR) of 10% set by Bangladesh Bank under a revised regulatory capital framework for banks following the Basel III.

The slogan of our Bank is "Committed to Cordial Service" which is not only an expression, but a set of actions that we conscientiously follow. 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 at a competitive price. We provide a full range of banking and financial services to different segments of clients including individuals, small and medium-sized companies/ entrepreneurs, and corporate bodies. The Bank recognizes small and medium enterprises (SMEs) as an important sector in its business strategy. It is essential to have the ideal mix of corporate and retail banking investments in the portfolio composition. The optimum composition of these two key core business segments is required to maximize the returns on investments. Out of the total investment portfolio, we have 60.28% corporate and 35.28% SME portfolio and the rest is invested in retail and agriculture segments. The bank was honored with the national SME Award in 2019 in recognition of its tremendous contribution to financing new and rising

SME entrepreneurs. Our consolidated investment stood to Tk.197,286 Million in the year 2019. Due to receiving a considerable amount of export LC last year, the growth of our export in December-2019 over December-2018 climbed to 17.26%.

Shahjalal Islami Bank Limited is always committed to serve the causes of humanities. We stand beside 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 Scholarships regularly to poor but meritorious students to pursue their higher studies. The poor but meritorious students are selected based on their outstanding result in Secondary School Certificate (SSC) and Higher Secondary Certificate (HSC) Examinations. We also undertake various philanthropic activities/efforts throughout the year on an ongoing basis. We are committed to remaining responsible for carrying out our CSR activities within the organization, society, and across the country. Each year we increase the volume of investment in CSR over a year before as a socially responsible organization to stakeholders. In 2019, total CSR was Tk.220 Million that is a 45.70% growth in philanthropy compared to last year.

Our vision is to be a premier banking institution in the country and to contribute significantly to the national economy; it was adopted with remarkable foresightedness at the time of inception of the bank. We strive to achieve further excellence in our culture of corporate governance and compliance of all statutory bodies as well as promote professionalism in our workforce; we believe these are the foundations of sustainable development of our institution.

Shahjalal Islami Bank Limited is also committed to implementing sustainable development goals of the United Nations. Therefore, gradually promoting issues like financial inclusion, inclusive growth, and green finance. The bank has an in-house Green Office Guide; it is followed by each employee of the bank to reduce the carbon footprint of the bank as a responsible stakeholder of the society.

We must strive to create opportunities out of challenging conditions. We are promise bound to strengthen our position in the industry regarding asset quality, innovative banking products, and services, profitability, compliance, and CSR. We will explore all our activities through 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 the coming days.

SJIBL is one of the few banks that received the license for Agent Banking in 2019 from Bangladesh Bank. This service has opened the avenue to ensure inclusive growth by serving the un-banked and under-banked population of the country.

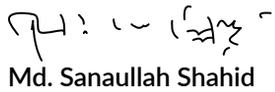
The bank is aware and prepared to take the ensuing challenges that may arise from many fronts like changing socioeconomic conditions, challenging competitive environments of the industry, increasing regulatory compliance, and evolving international business environments.

Honorable Shareholders are the source of inspiration for the Bank. I would like to express my heartfelt gratitude to all shareholders and valued customers of Shahjalal Islami Bank Limited. I also express thanks and gratitude 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 and continued support. We hope all our stakeholders will continue the same support and cooperation in the future as well.

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

Allah Hafez

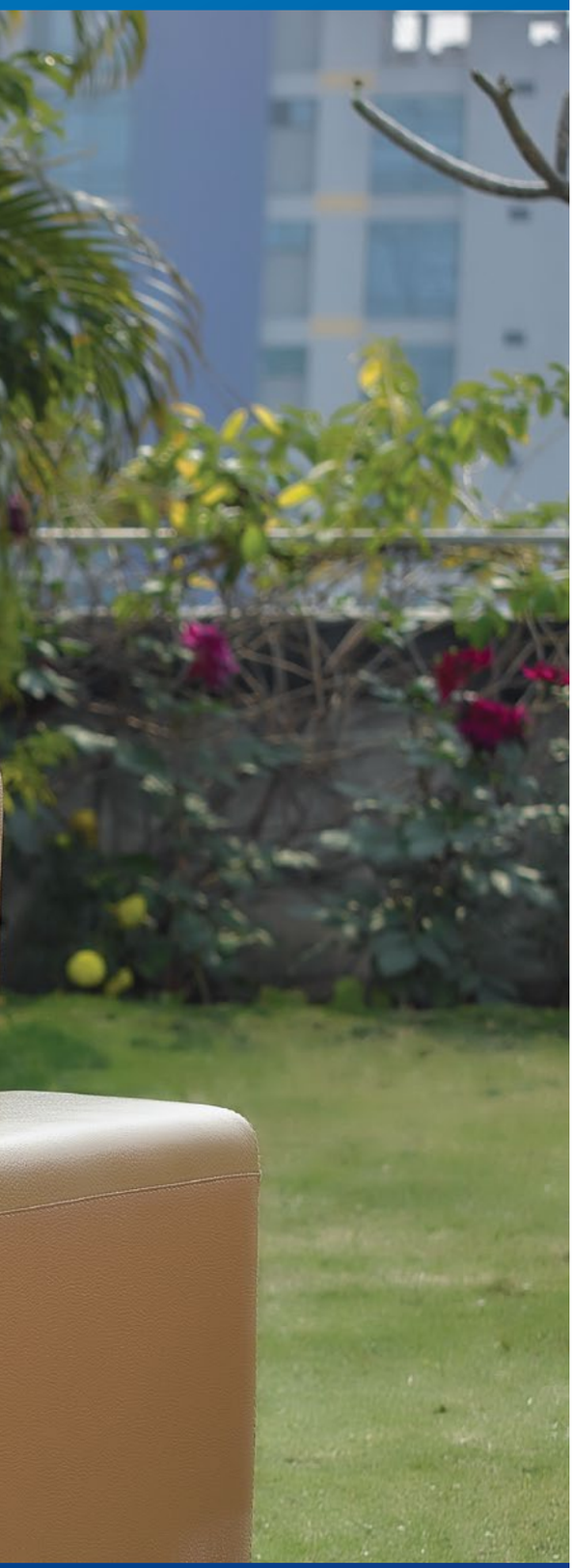
With warmest regards,



Md. Sanaullah Shahid
Chairman

REVIEW FROM THE DESK OF MANAGING DIRECTOR & CEO

M SHAHIDUL ISLAM
MANAGING DIRECTOR & CEO



Bismillahir Rahmanir Rahim,

It is my great privilege to present before you the performance of Shahjalal Islami Bank Limited (SJIBL). It has been another successful year with noteworthy accomplishments. We have focused our activities and strategies to become a more reliable, more resilient and customer-oriented institution while keeping abreast of healthy growth. Despite some uncontrollable global and local impediments, we have been able to attain our planned targets in key business areas and attain our compliance objectives thereby we have strengthened our position in the banking industry.

Shahjalal Islami Bank Limited commenced its journey with a view to providing one of the best Shariah compliant services among Islamic Banks. Our vision, to be a premier banking institution in the country and contribute significantly to the national economy complying Shariah norms was adopted by the promoters at the time of inception of the bank. It clearly demonstrates who we are, what we want to become and what we are expected to do. We strive to achieve further excellence in our culture of corporate governance and regulatory compliance. We promote professionalism in our workforce. We believe these are the foundations of sustainable development of our institution. The Bank achieved its planned growth in business and operations during the year 2019 which was mainly attributed by the team efforts as well as commitment, dedication and hard work of employees of the bank.

The bank continued to perform to the expectation of the stakeholders and achieved a remarkable growth which is evident from all indicators of performance in the year 2019. The operating profit of the bank grew by 28.16% during the 2019 which is a new milestone in business growth. The total assets of the Bank stood at Tk.266,103.71 million as on December 31, 2019 registering an increase of 9.21 percent over December 31, 2018. The gross investment increased by 6.02 percent to Tk.197,285.68 million at the end of 2019 from Tk.186,090.03 million at the end of 2018. Operating profit increased from Tk.4,576.33 million to Tk.5,865.13 million. Net Profit increased from Tk.1,471.18 million to Tk.1,718.30 million. Resultantly the EPS of SJIBL has stood at Tk.1.84 per share as compared to Tk.1.58 per share in 2018. Return on Assets (ROA) and Return on Equity (ROE) stood at 0.67% and 10.98% respectively as of December, 2019. Customers' deposits reached Tk.203,384.15 million as on December 31, 2019 an increase of 15.00 percent over December 31, 2018. Despite an increase of total deposits amounting to Tk.26,522.63 million, the deposit mix remained almost consistent and savings deposits increased by 19.04 percent. The bank continued to focus on mobilizing CASA and Retail Term deposits to improve its profitability. For this purpose, a deposit mobilization program was launched for Bank employees in September that yielded excellent results and contributed to overall improvement in deposit mix and reduced the cost of deposit. Risk weighted assets reduced significantly due to credit rating of the clients. The Capital Adequacy Ratio of the Bank calculated at 16.02%, which was above the regulatory requirements for the year.

The Bank continued with the cautious and selective approach while taking investment exposures and managed risk judiciously through portfolio diversification in the SME and Retail business. The Bank had also encouraged financing against collaterals which helped to improve capital adequacy of the bank in compliance with Basel requirements.

Risk is an inherent component of banking business, therefore, SJIBL, as a banking company is exposed to risks of various natures. The major risks the bank is exposed to are investment risk, market risk, liquidity risk and operational risk. To ensure sustainable and consistent growth, SJIBL has developed a sound Risk Management Framework (RMF) so that the risks assumed by the bank are properly assessed and monitored continuously. Under the RMF and in accordance with guidelines of Bangladesh Bank, the Risk Management Division (RMD) of the bank monitors total activities of the Bank and notifies its observations and suggestions to the Senior Management on a regular basis. Based on observations and suggestions of RMD, the bank takes necessary measures and actions to restrict and minimize risk exposures.

In order to restrict NPI to a minimum level, the Bank had applied relentless and stringent recovery drives and used legal remedies available which resulted in substantial improvement in the recovery position during the year 2019. A substantial amount of cash recovery was made during the year. In order to strengthen, to give more focus, make it more responsible, accountable and transparent, the Recovery Department has been reorganized and renamed as Special Asset Management Division. The Division is expected to bring in better results in coming years with their restructured setups and manpower.

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 2019 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.

We have given emphasis for alternate delivery channel to facilitate our customers for round the clock transactions. The bank installed 107 ATMs across the country and the number will continue to grow gradually. During the year 2019, the bank launched Shariah based EMV Complied-Chip based Secured Dual Currency Credit Card in order to provide better banking services to the clients. SJIBL Credit Card has followed the concept of Wakalah, where the bank will apply advocacy fee or commission on every transaction from the card-holder. Each card-holder can enjoy cashless transaction at a physical or digital outlet of a merchant and complete their shopping through the credit card of the bank without any hassle. The bank issues credit cards under three categories: 1. Classic, 2. Gold and 3. Platinum. Platinum card holders can enjoy Balaka Executive Lounge facility at the Hazrat Shahjalal International Airport. SJIBL Credit Card has an EMI Facility with 0% Profit rate at selective Merchants as well.

The bank is providing online any-branch service since its inception. Our Head Office, all branches and sub-branches of the bank are supported by a fully integrated, centralized system; all the components of the system are connected through an Application Programming Interface (API). We are also planning to introduce a redesigned digital platform which includes a redesigned internet banking service, a digital wallet, etc. at the earliest to serve the customers better. There is no denying fact that security is the topmost issue while providing digital services. We do take that into our considerations and created a culture of security across the bank. We understand that, security is no more only ICT issue, it is the issue of the higher management. We believe cyber security and cyber resilience are two important factors to be considered to ensure security. We have invested heavily on IT security, man, machine and process to ensure our cyber security system, and it is a continuous process. We have realized that our ability to respond, to cyber and fraud risks, is the key to retain customer trust in a rapidly evolving digital landscape.

To reach-out to our present and potential customers, we are expanding our geographical coverage throughout the country. At present the total number of branches of the bank stands at 132. During the year 2019, the Bank had extended its branch network by opening 10 new branches, out of which 6 new branches were opened in rural areas to bring more un-banked and under-banked people under the umbrella of formal banking. The bank also started its Sub-branch banking operation in 2019 by opening its first outlet in Bakshirhat, Noakhali.

The bank not only expanding its network by opening branch outlets, but also revisits existing outlets to ensure the quality of customer service in all aspects, specifically the branch ambiance and the importance of a location which changes with the passage of time. During the year, a good number of branches were relocated /shifted to convenient and best locations with the view to ensure a conducive environment to the customers. In order to keep abreast of customer needs, provide service to fulfill the needs and improve customer service SJIBL conducts customer satisfaction survey through Research & Development Division and necessary steps are taken to resolve the issues thus identified.

SJIBL success is directly linked to its employee motivation, commitment and competency. The Bank has always assigned high importance towards development of the human resources. Therefore, training and development is an integral part of the growth and enrichment for the workforce. Regular trainings are held with objectives to continuously update skill and build expertise. The Foundation Training Course ensures that new employees are trained comprehensively and equipped with the necessary know how on the Bank's vision, policies and practices as well as functional and behavioral skills required for a banker. Cross functional trainings are also arranged for all round development of the employees. To understand the internal and regulatory policies, requirements as well as to cope up with competitive changes in the banking sector, the bank provides necessary off-line and on-line training to the human resources of all stages.

The bank revised its promotion policy and performance appraisal system during the year 2019 after detailed analysis to provide opportunities of advancement and a career path to the deserved Bank Officers. The bank has challenging work environment where merit and performance help the individuals to explore their true potential. The revised promotion system provides adequate motivation which would help the officers generally to attain their aspirations for advancement in career, and those who by virtue of their demonstrated merit and performance, display potential for assumption of higher responsibilities and contributing to the Bank's progress.

The bank considers well-being of employees and their families is an important element in providing better banking service. We believe that a quality health insurance plan is one of the important aspects of employees' financial security which helps in achieving their job satisfaction. It is a preferred way to provide benefit to the majority of the employees. Health Insurance increase productivity and also boost the morale of the employees. In this context, the Board of Directors has kindly approved Family Floater Health Insurance Scheme to cover medical treatment expenses of employees and their dependents. Apart from Health Insurance scheme, the Employee House Building Policy has been revised and linked to performance so that every performing employee could avail the facility from a particular job rank. The policy will certainly boost the morale of the employees as they would get a home for their family through this policy.

As an Islami Bank, the bank is very much keen about the compliance of Shariah this matter of compliance is looked after by a department called Shariah Department. They are playing a vital role in achieving the objective of ensuring Shariah compliance by evaluating adherence to Shariah guidelines in each and every activity undertaken by the Bank. During 2019 all the branches were audited by the department. These audits do not only cover the assessment of financial transactions and operational activities of the branches, but also include an evaluation of the knowledge of employees pertaining to Islamic Investment.

We are not merely a financial intermediary; we are also a welfare-oriented bank that is portrayed through our CSR activities. CSR is an integral part of our mission and business. We promote various initiatives that encourage community growth and development through Shahjalal Islami Bank Foundation, which was established specifically for the purpose of providing CSR. Our CSR activities cover wide areas which include health care service, education support to the poor but meritorious students, provide support to distressed people by distribution of blankets in winter, contribute to cause of climate change by tree plantation, provide financial assistance to disaster affected people, and contribute in the development of socio-cultural activities of the nation. In 2019, the bank spent Tk. 220 million for its CSR activities, out of which Tk. 52.40 million had been spent for education purposes among 1223 students, Tk. 10 million had been spent for the environment and disaster-management, and rest amount had been spent for other various social causes.

We all are of the fact that since March, 2020, COVID 19 seriously affected the global economy. Economists and experts across the world believe that the sudden economic shutdown caused by coronavirus disease containment measures will lead to a global recession in the current year of 2020. Most of the businesses have suspended their business operation due to lockdown. Export oriented industries are losing their confirmed orders as the foreign counterpart's business also ceased to operate. Remittance is showing a downward trend. After the pandemic of COVID 19, banking operation will be much different than it was before. The industrial sector is likely to face prolonged economic pressure and downturn. The impact of the global coronavirus pandemic will likely take some time to overcome as it will face significant challenges. The major risks, the bank may face will be investment risk and liquidity risk. The NPL of the Bank may rise to a new level due to this pandemic. However, Government of Bangladesh has announced various stimuli to revive the economy and support the large industrial and SME sectors. SJIBL has a strong

financial base and CAR of the Bank as of December 2019 was 16.02% and ID ratio was 87.47%, which are the indicators that immediate shock of any investment risk and liquidity risk could be absorbed. The Bank has set its strategy and devised a comprehensive plan to overcome crisis arising due to COVID 19.

At this moment, I would like to convey my sincere gratitude to Bangladesh Bank and Securities and Exchange Commission for their valuable guidance and support which in fact enhanced the professional capabilities of the Bank. I am grateful to the Honorable Board of Directors, Executive Committee, Audit Committee, Shariah Supervisory Committee, Risk Management Committee for their direction and supervision in policy as well as operational matters. I thank all of our valued shareholders for reposing their confidence and faith in us. I am also highly grateful to our customers of all-strata and other stakeholders of this bank for their patronage, confidence and co-operation for which we are growing. I also like to thank my colleagues for their engagement, dedication, passion and effort as they are the main driver to our excellent results and performance.

We know our goals and roles; we have our inherent strengths, vigilant eyes, team spirit and dedication to reach to the pinnacle of prosperity in banking industry keeping the bank's vision and mission in mind. We appreciate the continued support of our stakeholders and assure them that management will take every effort to not only meet, but exceed their expectations.

At the end, on behalf of the 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

DIRECTORS' REPORT TO THE SHAREHOLDERS

In the name of Allah

The Most Gracious, the Most Merciful

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu

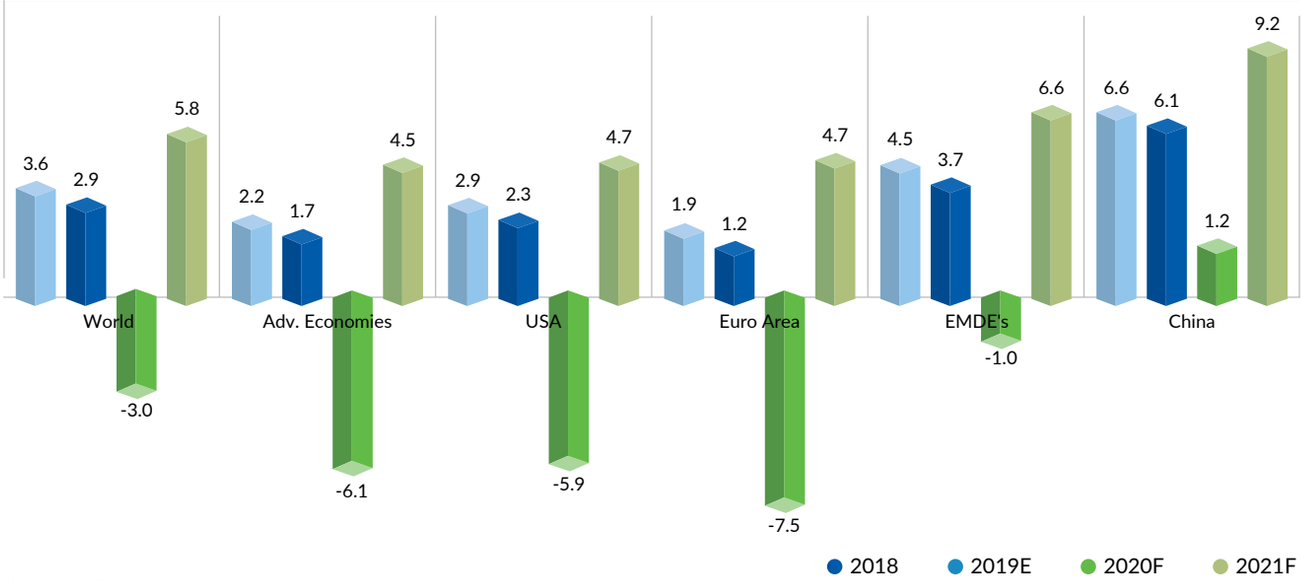
We are delighted to present before you the Directors' Report and Audited Financial Statements together with Auditors' Report of the Bank for the year ended on 31 December 2019. We have also provided a brief description of the performance and financial position of the Bank for the same year as well as various aspects of the world economy and Bangladesh economy.

WORLD ECONOMY

In 2019, the global growth trajectory reflects a sharp decline for a group of underperforming and stressed emerging market and developing economies. The growth profile also relies on relatively healthy emerging market economies maintaining their robust performance even as advanced economies and China continue to slow gradually. But the COVID-19 pandemic has radically changed the prospects of the global economy for the short-, the medium- and potentially for the long-term. In the short-term, as governments throughout the world introduce stringent measures limiting physical mobility and social activity to slow the spread of the virus and avert a health crisis, economic activity seriously contracted. This is leading to an unprecedented decline in global GDP during the first half of 2020.

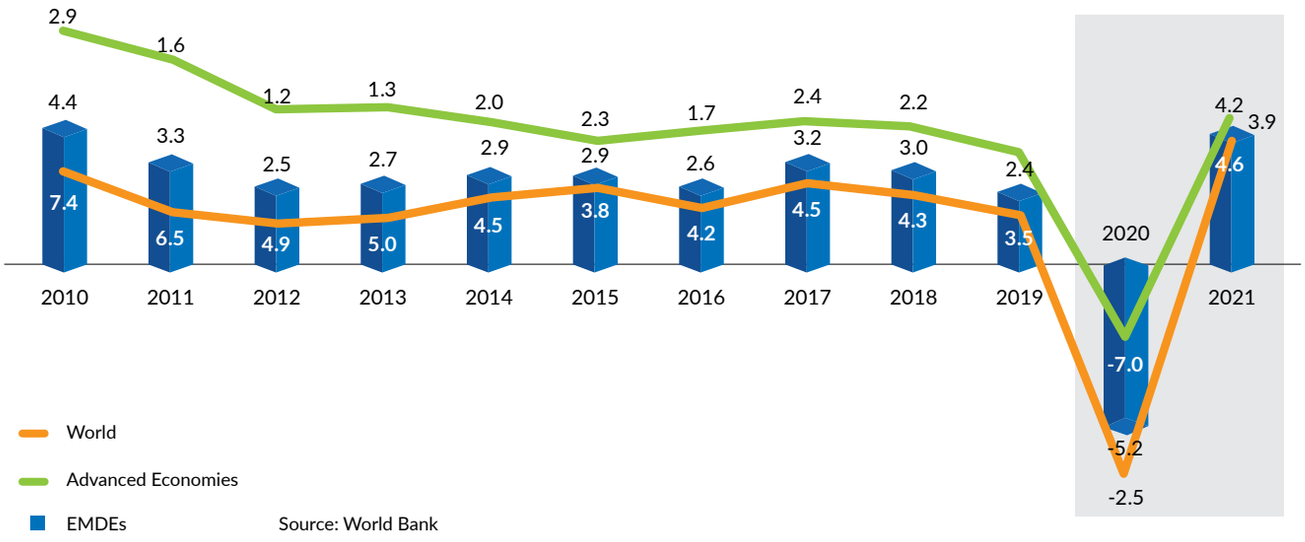
A global economic recession is now all but guaranteed in 2020, with analysts worldwide continuing to slash their already grim forecasts as the rapid spread of the corona virus pandemic across the globe results in unprecedented containment measures and a rising number of businesses in danger of bankruptcy. The moves by central banks around the world to cut their interest rates to record lows and by governments to pump huge amounts of money into their economies. The question now becomes how deep the downturn will be, and how long it will last, with worst-case scenarios seeing weak growth continuing into 2021. Analysts have already cut their Global growth forecasts for this year to between 1 to 2 per cent, attributing the certainty of a recession to the shutdown of key economies economic activity in the first half and the negative impact Covid-19 is having on "all aspects of life". The International Monetary Fund defines a recession as an annual global growth rate below 2.5 per cent where the global economy grew only 2.9 per cent last year.

Global GDP Growth in %



Source: IMF

Global GDP Growth in %



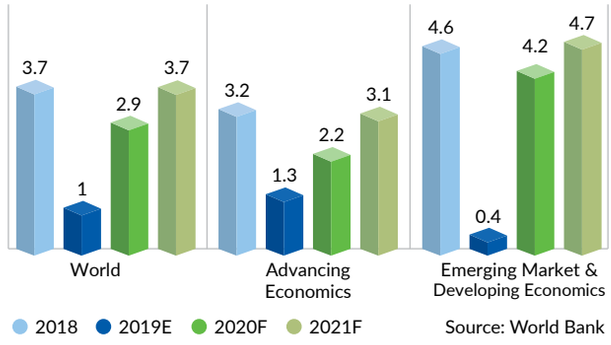
The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. As a result of the pandemic, the global economy is projected to contract sharply by –3 percent in 2020, much worse than during the 2008–09 financial crisis. In a baseline scenario--which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound—the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. The risks for even more severe outcomes, however, are substantial.

The significant actions of large central banks in recent months include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have supported confidence and contribute to limiting the amplification of the shock, thus ensuring that the economy is better placed to recover.

Global Trade:

With so much fluctuation and uncertainty around trade agreements in globally was the "The biggest trend in 2019. Recent indicators suggest that global trade is on track to fall more in 2020 than it did during the global financial crisis, primly owing to the disruptions the COVID-19 pandemic has caused to international travel and global value chains . Trade is typically more volatile than output, and tends to fall sharply in times of crisis . Investment, which is more cyclical and more trade-intensive has declined worldwide as firms face financing problems and delay expansion. Disruptions in credit markets played an important role in the contraction in global trade. Travel restrictions and concerns about COVID-19 have led to a steep fall in tourism—a sector that in recent years has accounted for about 6.5 percent of global exports of goods and services. As the pandemic has spread, stringent border controls and production delays have weighed on trade. Measures to slow the outbreak have limited or delayed the supply of critical inputs. As per World Bank latest projection, the sharp fall in activity in the first half of this year is expected to contribute to a contraction in global trade of about 13.4 percent in 2020.

World Trade Volume (Goods and Services) (Growth in %)

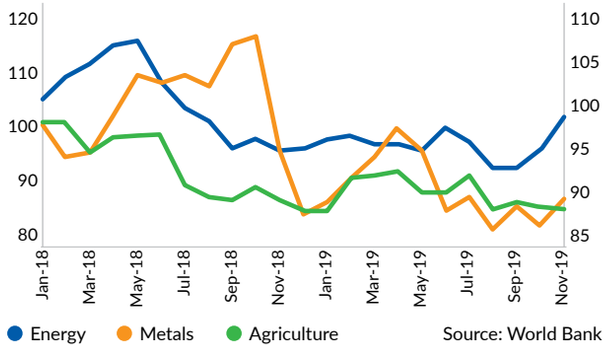


Global Commodity Market:

The prices of most commodities fell in 2019, mainly reflecting the deterioration in the growth outlook—especially that of EMDEs. But Most commodity prices declined in the first half of the year because of the sharp fall in global demand. Brent crude oil prices fell almost 70 percent from late January to mid-April, Controls to slow the spread of the pandemic has resulted in a sharp fall in travel and transport, which accounts for two-thirds of oil consumption. As per latest estimation of World Bank, Oil demand is expected to fall by 8.6 percent in 2020. Demand for metals has also fallen. Prices are anticipated to decline 16 percent in 2020 before showing a modest increase in 2021. This forecast is predicated on a recovery of Chinese demand, which accounts for around 50 percent of the consumption of base metals.

Agricultural prices, which weakened over the first half of the year, are expected to decline only marginally in 2020 as a whole, as they are less sensitive to economic activity than industrial commodities. Despite production levels and stocks for most staple foods being near all-time highs, there are growing concerns about food security due to global vulnerable supply chain.

Commodity Price



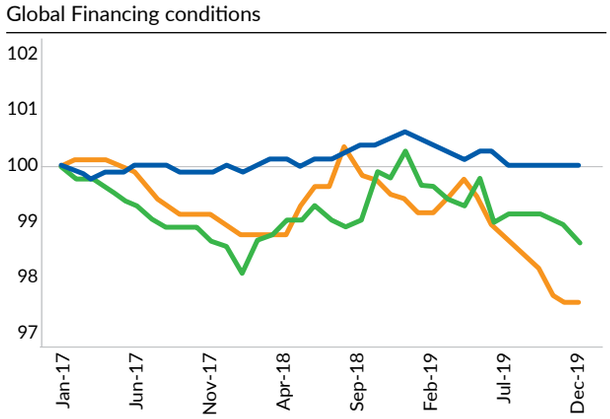
Source: World Bank

Global Financial market

Global financing conditions eased considerably in 2019. But in 2020, financial markets witnessed a historic flight to safety as the economic consequences of widespread measures to contain COVID-19 became apparent. Global equity valuations took an unprecedented plunge early in the year, while market volatility spiked to its highest level since 2008. EMDEs suffered from record capital outflows accompanied by a rise in sovereign borrowing spreads, which was especially severe for countries with high government debt . To contain financial stress, central banks injected liquidity into financial markets through a combination of direct credit provision to large investment-grade companies, expansion of the range of assets they accept as collateral, and large-scale asset purchases. Capital outflows from EMDEs have stabilized, while equity market valuations have retraced a considerable share of their earlier losses.

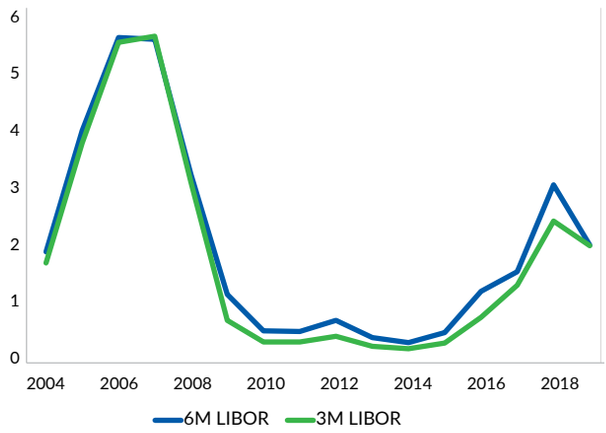
Global Financing conditions

Global Financing conditions



Source: World Bank

Global Benchmark Interest (LIBOR) rate movement in %



Risks to the Outlook

Lockdowns and other restrictions, while necessary to slow the spread of the virus, have been accompanied by a sharp reduction in economic activity . Their gradual removal is expected to pave the way for a partial recovery in the second half of the year. On this assumption, the world economy is projected by World Bank to contract by 5.2 percent in 2020. If this forecast materializes, the fall in global output would be more than double that of the 2009 global recession.

BANGLADESH ECONOMY

Growth performance of Bangladesh has witnessed stellar improvement over time. In last decade, Bangladesh economy continues to demonstrate remarkable resilience and strength amidst a significant decline and uncertainty in global economic conditions. Bangladesh's GDP growth in FY 2019, as economy expanded at an 8.15 per cent rate, was buoyant and maintained a strong growth momentum amidst subdued global growth. Its real GDP grew by 8.15 percent in FY19 up from 7.86 percent in FY18, supported largely by the pick-up in the investment demand; particularly public investment and private consumption boosted by healthy remittances have been the leading contributors. On the production side, the growth surge emerged mainly from the industry sector (13.02 percent growth) with 14.76 percent growth in manufacturing activities. Bangladesh has achieved some of its development goals based on the people's resilience and their entrepreneurial drives for bringing changes in their lives. It's true for remittance, export of garments, freelancing jobs, and farm and non-farm rural economic activities. Though Bangladesh economy shows tremendous performance in recent year, signs of widening resource gap, plight of capital, high non-performing loans, share market debacle, widespread corruption, traffic congestion and pollution are few major challenges for Bangladesh economy. Though at

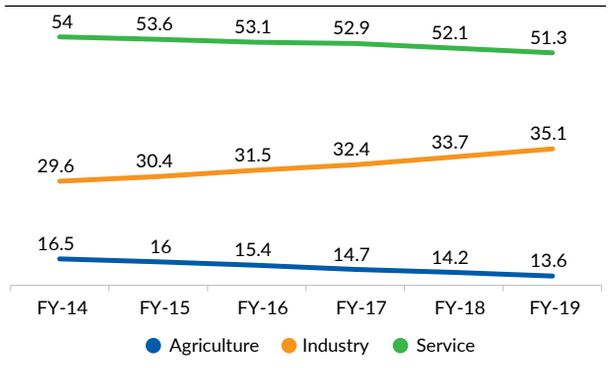
this moment, many of macroeconomic indicators of the country are experiencing rough ride, the country will need to create more and better jobs for its youth, nursing robust private sector with conducive business climate, skilled labour force, efficient infrastructure along with the right policies and quick actions will be critical for to accelerate growth and reach the next level of development.

The Bangladesh economy, like other economies around the world, is suffering from the fallouts of COVID-19 pandemic. In some sector, Bangladesh economy was already facing challenges prior to the surfacing of the corona pandemic. These include the difficulties concerning the financial sector which have now been further aggravated by corona virus outbreak. As Bangladesh is being forced to endure lockdowns to tackle the Covid-19 pandemic, these lockdowns are having a crippling effect on workers and businesses across the country. The economy has almost come to a stagnant and debilitating effects are being observed in almost all sectors.

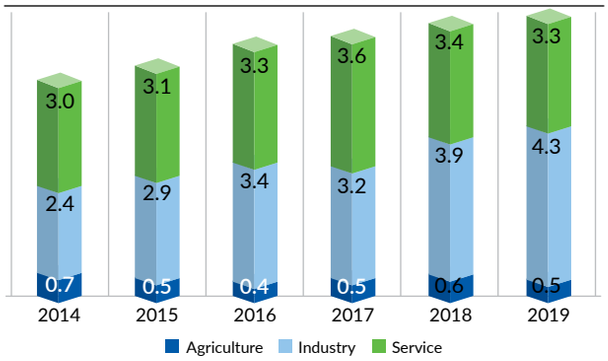
Agricultural sector

The agriculture sector grew at a lower rate of 3.51 per cent in FY19 compared to 4.19 per cent in FY18. Notwithstanding the favorable natural factors and strong government support in terms of timely availability of inputs and finance, the sector achieved a lower rate of growth of 3.51 per cent in FY19 than in FY18. The sector's share in GDP, too, declined to 13.60 per cent in FY19 from 14.23 per cent in FY18. The agricultural activities remained buoyant supported by the strong growth in fishing (6.29 percent) and forestry (5.58 percent). Animal farming, whose sectoral share to GDP is increasing subsequently, attained a moderate growth (3.47 percent). Steady growth in rice production abated rice import quite rapidly in FY19. Among the non-rice crops, production of maize increased by 20.7 percent, while wheat production declined marginally due to changing weather conditions from a long to a short winter period, reduction in the crop's acreage, and fungal disease infestation.

Sector wise GDP Contribution in %



COMPOSITION OF GDP GROWTH



Industrial sector

Industrial sector become the key driver of outstanding GDP growth in last couple of years. The share of the broad industry sector in GDP increase by 1.48 per cent point to 35.14 per cent in FY19 from 33.66 per cent in the previous fiscal year. The sector grew at 13.02 per cent in FY19 compared to 12.06 per cent in FY18. Within the broad industry sector, the manufacturing sub-sector grew by 1.33 percentage points to 14.73 per cent in FY19, compared to 13.40 per cent in the previous fiscal year. The large and medium scale industries sub-sector performed better than in the previous fiscal, growing at 15.61 per cent in FY19, compared to 14.26 per cent in FY18. The small scale manufacturing industries grew at a lower rate than other sub-sectors. This sub-sector grew at 10.26 per cent in FY19 as against 9.25 per cent in FY18.

The share of the manufacturing sub-sector in GDP increased to 24.21 per cent in FY19 from 22.85 per cent in the previous fiscal year, while the corresponding share of the large and medium scale industries sub-sector rose to 20.36 per cent in FY19 from 19.07 per cent in FY18 and that of the small scale industries sub-sector increased to 3.85 per cent in FY19 from 3.78 per cent in FY18.

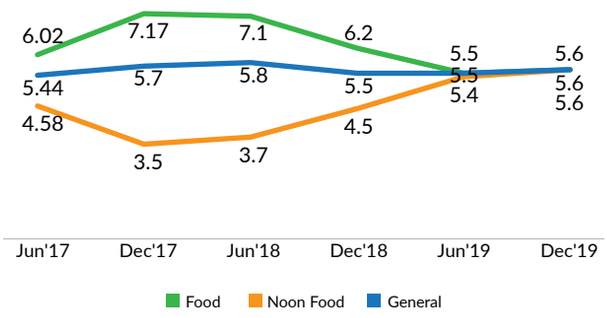
Service sector

The services sector accounts for the largest share of GDP, although the share is gradually diminishing. In FY19, 51.4 percent of GDP came from this sector which was 52.1 percent in FY18. Service sector grew by 6.8 percent, slightly up from 6.4 percent growth in FY18. The growth of major components of services sector - like, health and social works, wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods, hotel and restaurants, education and transport, storage and communication increased. On the other hand, growth of public administration, defense and financial intermediations decreased slightly in FY19.

Inflation

The average inflation rate has increased by 4 basis points for the 12 months in the just-concluded year 2019 to 5.59 per cent due to some volatility in commodity markets in the country and the point-to-point inflation rate dropped to 5.75 per cent in December from 5.35 per cent in December 2019. The inflation rates for each of the months in the last calendar year, maintained an uptrend except for the month of December. The month-on-month inflation rate was also higher than the government's target of 5.55 per cent for the current FY 2020. Food inflation declined 53 basis points to 5.88 percent, aided by fall in the prices of vegetables and spices where Non-food inflation edged up eight basis points to 5.55 percent. With import growth lagging well behind GDP growth, the increase in cost of imports due to exchange rate depreciation can also not explain why the headline inflation in most months remained above 5.5 percent and non-food inflation closer to 6 percent.

Twelve Months Average Inflation Rate In %

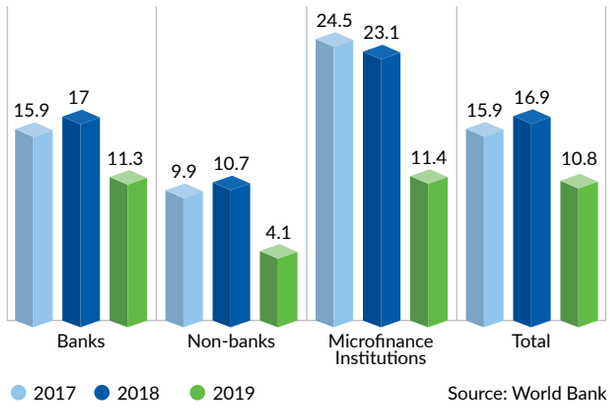


Money Supply and Credit Growth

Notwithstanding a strong growth in government borrowings from the banking system and the turnaround of the net foreign asset (NFA), broad money (M2) registered a modest growth of 12.04 percent at the end of end of December 2019 against 9.41 percent at the end of December 2018 where the programmed ceiling of 12 percent, driven mainly by a significant rise in government borrowings from the banking system. However, private credit growth continued to languish on the back of moderated import demand partly because of slow down of exports, and net foreign asset (NFA) maintained a lower positive growth despite a hefty inflow of remittances. Some respite on liquidity condition arising from growing bank deposits was cancelled out by the rising government borrowings from the banking sector, putting upward pressure on the interbank money market rates as well as interest rates on various government securities.

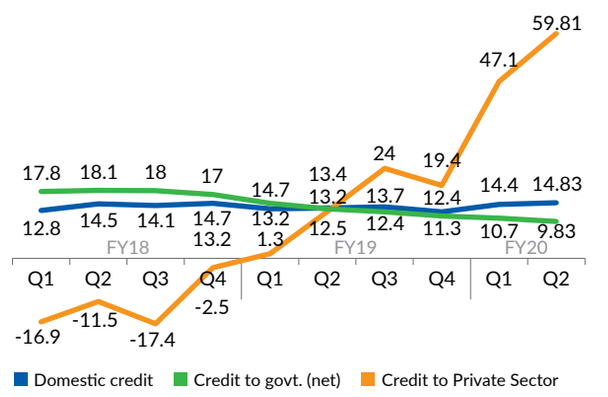
Mandatory online transactions and rise of source tax on the interest rates on national savings certificates (NSCs) siphoned bulk of the private savings to the banking system from NSCs. As a result, banks deposit growth picked up to 12.57 percent in December 2019 compared to 9.05 percent growth in December 2018. However, the rising government borrowings from the banking system offset the potential easing of liquidity condition emanated from strong deposit growth.

Private Sector Credit Growth in %



Source: World Bank

Growth of Credit in %



Foreign Direct Investment

Though the government has initiated to promote FDI, including 5-10 years' tax holiday, depreciation allowance, incentive on exports, bond facility for raw materials and machinery and 100-per cent profit repatriation, Investment in Bangladesh by overseas firms was far below their initial pledges in the past three consecutive years. The actual FDI figure was $2.2 billion, $3.6 billion and $2.9 billion in 2017, 2018 and 2019 respectively. That means FDI down by 20.46% in 2019 from 2018. According to the BB data, equity investment declined by 28.50% to $803.70 million, while reinvestment increased by 12.08% to $1.47 billion last year. In 2019, power sector received the highest investment of $942 million FDI, followed by the banking sector with $335.33 million, food with $248.51 million, the textile and weaving sector with $244.18 million and telecommunication attracting $208.35 million.

Fiscal Management

Historically, Bangladesh has an impressive track record in aggregate fiscal management. Though in the medium-term, fiscal policy poses an enormous challenge for Bangladesh; macroeconomic balance has been anchored on a fiscal deficit of no more than 5 per cent of GDP for the past 25 years or so. The primary problem stems from the lack of fiscal space caused by extremely low tax revenue collection of fewer than 10 per cent of GDP - one of the lowest in the world. Second, expenditure allocations have also been adversely affected by rising interest payments in the last two years on account of costly public borrowing through high interest savings certificates. Expenditures on subsidies and pensions have also crowded out much needed public expenditures in social sectors and vital operations and maintenance needs. Currently interest payments are the largest single expenditure item among current expenditures, exceeding expenditures on education and health. The budget for FY20 projected an increase in revenue growth of 45 per cent far higher than trend growth rates and even though the revenue outcomes in FY 2019 were one of the poorest in Bangladesh's history.

Budget deficit widen sharply in first half of FY20 compared with that in first half of FY19 owing to lower revenue collection and much higher expenditure. The deficit was predominantly financed from domestic a source which was mostly met from banking system and the rest from foreign sources.

Public Sector Credit Growth

In recent years, a strong push has been made to increase much needed public investment in infrastructure stemming from the simultaneous rollout of 10 mega infrastructure projects like the Padma Bridge, Rooppur Nuclear Power Plant, Dhaka Metro Rail, Karnafuli Tunnel, etc. Under performance of revenue collection together with increased spending on subsidies and mega projects is likely to increase the fiscal deficit in FY20. The net government borrowing posted around 60 per cent increase in Jul-Dec FY20 against 3.43 per cent in Jul-Dec FY19. Higher borrowing of the government during the first half of the fiscal year FY20 compelled the central bank to revise the growth rate of the borrowing significantly upward for the second half of FY19.

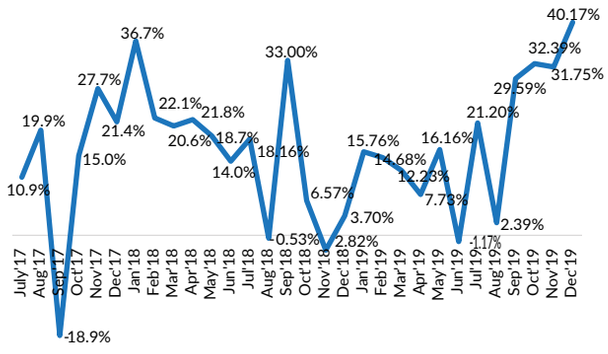
Export

A global economic downturn will have varied but wide repercussions across the Bangladesh economy. A global recession will be in the main transmitted to the Bangladesh economy through declining trade volume, investment. The transmission of the crisis will hit harder manufacturing exports that mean ready-made garment (RMG) exports which have already been facing a strong headwind as reflected in declining export earnings over the last few quarters as well as job losses in the industry. Bangladesh's apparel export has gone in the negative trajectory in last quarter of 2019. Shrinking export earnings from export registered a negative growth of 8.9 per cent in first half of FY20 compared to the same of previous FY.

Remittance

Bangladesh is the world's 6th largest manpower exporting country but it ranks 9th in terms of receiving remittances. The country has seen migration of around 12 million people with overseas jobs since the late 1970s. Remittance inflows grew by 25.46 percent in first half of FY20 compared to the same period of previous fiscal year. Strong growth in remittance inflows was due to the government policy of 2 percent cash incentives on remittance inflows through formal channel. The remittance inflows from Gulf region constituted around 59 percent of total remittance inflows with highest remittance inflows coming from Saudi Arabia.

Remittance Growth In %



Import

Import growth continued its negative trends for the last three quarters in 2019. The country's overall imports decreased by 2.73 per cent to $29.25 billion in the first half of FY20 from $30.07 billion in the same period of FY19 where most items, excepting clinker, crude petroleum, chemicals, pharmaceutical products, wheat, spices and pulses, saw a decline. Import payments as percentage of GDP decreased to 19.4 percent in FY19 from 21.5 in FY18. The negative import growth was ascribable mainly to decline in imports of consumer & intermediate goods and capital goods Moreover, the domestic demand particularly for back-to-back import of ready-made garment (RMG) accessories declined mainly due to lower export earnings recently.

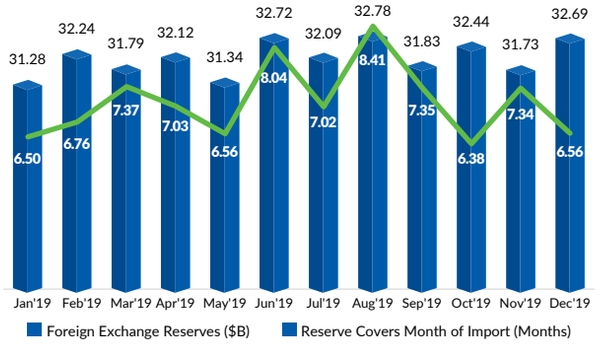
Balance of Payments

Although the country's merchandise trade gap widened, the deficit in current account balance declined significantly in the first half of FY 20. Current account deficit, however, stood at $1.34 billion in the first half of FY20. Robust remittance growth coupled with a declined in merchandise trade help keep current account deficit at modest level. The trade gap registered a 5.38 per cent increase over the same period of the FY19 when it was $7.80 billion. Workers remittance jumped by 25 per cent during the period while export and import of goods declined by 5.90 per cent and 2.72 per cent respectively. Financial account maintained a modest surplus of $1.79 billion in the July-December period where a surplus of $2.97 billion in the same period of FY19. As a result, overall balance of payments registered $27 million surplus in first half of FY20 which was in a deficit of $513 million in earlier year.

Foreign Exchange Reserve

The gross foreign exchange reserves of Bangladesh Bank stood at USD 32.69 billion as of end December 2019, which was USD 32.02 billion as of end December 2019. The current foreign exchange reserves (less ACU liability) is sufficient to pay import liability of 6.50 months; considering the average of the previous 12 months import payments. The gross foreign exchange balances held by commercial banks stood at 3.96 USD billion as of end December, 2019.

Fx Reserve of BB & Import Monthly Coverage

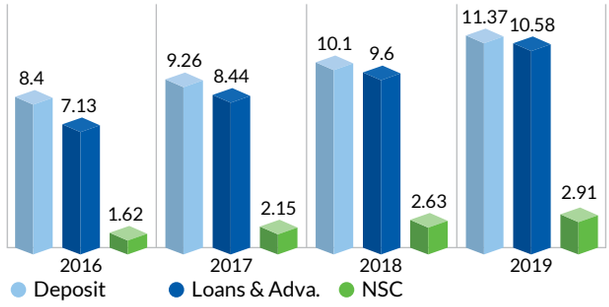


Banking Sector:

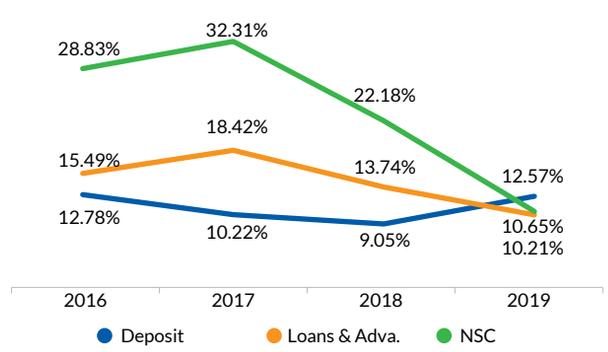
Bangladeshi banking sector's indicators show a mixed performance during 2019 compared to 2018. Reflected in rising non-performing loans (NPL), stable capital adequacy, rising liquidity condition and improving provision maintained. During 2019, overall NPL and net NPL edge up driven mainly by increasing NPL of the private commercial banks (PCBs).

Non-Performing loans and liquidity constraints in Banking Sector threaten stability and confidence in the financial system, which is the nerve center of a modern economy. The other serious factor driving liquidity shortages with concerns about the health of banks as it became clear that nonperforming loans were rising significantly. The sector is still struggling to recover from the recent setbacks caused by large financial frauds in several state-owned and private commercial banks. The problem has been compounded by recent changes in the tenure and family membership of bank boards. These weak regulation and governance in the banking sector and means that family ownership will have greater control in banks with the possibility of erosion of corporate governance. Banking supervision, which had improved significantly over the past two decades, is showing signs of deterioration. Beyond that, to reducing over burden of the banking sector to supplying long term financing, there is dire need for financial deepening through bond markets.

Deposit, Advances & NSC Outstanding (Taka in Lac Crore)



Deposit, Advance & NSC growth



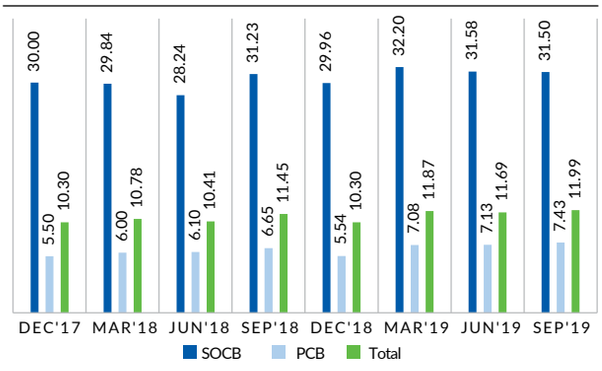
Deposit growth rose to 12.57 percent at the end of December 2019 from 9.05 percent at the end of December 2018. On the other hand, the growth of advances continued its downward trend and stood at 10.23 percent at the end December 2019 what was 13.74 percent December, 2018. At the end of 2019, deposit growth has exceeded the growth of advances as a result of slowdown the subscription of national saving certificates. Thus overall advance deposit ratio declined by almost one percentage point to 76.6 percent in September, 2019.

Non-performing loans (NPLs) status

Overall, banking sector has continued to bleed from bad loans for years now and the worsening trend has been affecting the banks' profit margins, scope of business expansion and the plan for job creation. NPLs have jumped another notch as of September 2019 at Tk.1163 billion or 12 per cent of total loans and advances, 24 per cent higher than Tk. 939 billion in December, 2018. The IMF estimates, that properly defined, distressed loans may account for as much as 20 per cent of the loan portfolio of the banking system. This problem has been most serious in the case of the state owned banks where non-performing loans accounted for nearly one-third of all loans.

Banking sector issues needs to be urgently, aggressively addressed. Urgent measures that are needed include strong corporate governance, enforcing 'fit and proper criteria' for banks' directors, enhancing banking regulations, reforming state banks, tightening criteria for loan rescheduling or restructuring and enhanced legal system to accelerate loan recovery.

NPL Movement In %



Banking Sector Liquidity Condition

Mandatory online transactions and rise of source tax on the interest rates on national savings certificates (NSCs) siphoned bulk of the private savings to the banking system from NSCs. As a result, banks deposit growth picked up to 12.6 percent in December 2019 compared to 9.9 percent growth in December 2018. Overall liquidity condition in the banking system remained well-adequate and stable at the end of 2019. Weak private credit demand along with strong deposit growth favored by the buoyant remittance inflows led to an increase in liquidity in the banking system. Consequently, interbank money market rates and interest rates on various government securities eased to some extend in late 2019. Total liquid assets of the scheduled banks stood at Taka 3.11 lac crore as of end December, 2019 against of minimum required amount of Taka 2.05 lac crore.

However, the rising government borrowings from the banking system offset the potential easing of liquidity condition emanated from strong deposit growth. Consequently, the ratio of liquid asset excess of SLR to total demand and time liabilities (TDTL) decreased to 7.2 in September 2019 from 7.6 percent in June 2019.

Interest (Profit) Rate Outlook

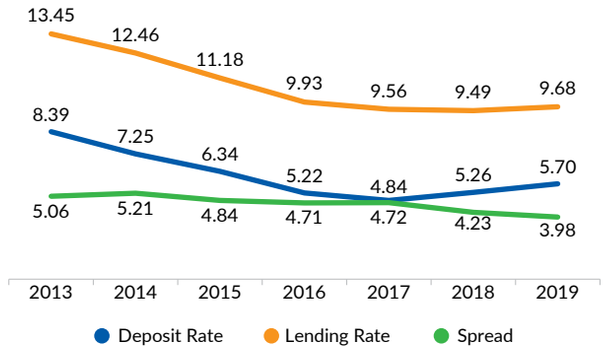
There has been a lot of hullabaloo over lowering of lending rate to single digit for quite some time. But when it came to fulfillment of the promise, the ground realities turned out to be different. Despite multi-pronged pressure, the banks have been finding it really difficult to fix a single digit lending rate. Though the recommendation of the BB-constituted committee is sector-specific, some banks may shy away from offering loans to the manufacturing sector borrowers at single-digit interest rates. For, the cost of funds does matter. It is rather high at this moment. The overall situation prevailing in the banking sector is not supportive of single-digit lending rate though it remains to be the most aspired one.

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 9.68% in December 2019. 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 3.98% in Dec, 2019.

The government has lately turned out to be a dominant borrower of funds belonging to banks. Such high borrowing is supposed to create a crowding-out effect on the private sector. But that is not happening because of the fact the demand for funds from the private sector are very much subdued at the moment.

What however remains to be the most important task for all concerned is streamlining the affairs of the banking industry. Banks do need to lend at cheaper rates to the real sectors of the economy, not coming under pressure but voluntarily. But they need to be on a sound footing to accomplish that task. The government, the central bank and relevant others should sincerely enable the banks to gain that strength.

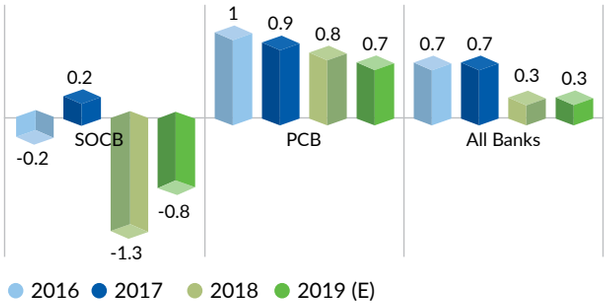
Weighted Deposit, Advance & Spread rate in %



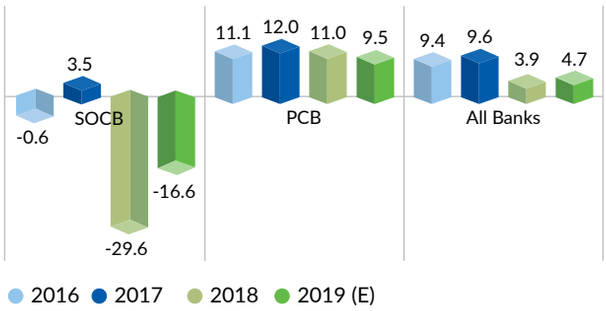
Banks Profitability

ROE is considered a measure of how effectively management is using a bank company's assets to create profits while the ROA gives a manager, investor or analyst an idea how efficient a company's management is at using its assets to generate earnings. Return on Asset (ROA) and asset of the country's banks almost same to 0.3 per sent at the end of December 2019 from that of a year ago. Besides, Return on Equity (ROE) of the banks up-ward to around 4.7 per cent at the end of December, 2019 while the rate was around 3.9 per cent in the previous year.

Return on Asset In %



Reurn on Equity In %



Banking Sector outlook

Even before outbreak of COVID-19 in Bangladesh, the banking sector has been back geared mainly due to mounting non-performing loans (NPLs) and lack of proper adherence of corporate governance. The already-weak banking sector could face further challenges in maintaining its asset quality and providing necessary support to the private sector in the sudden outbreak of COVID-19. Asset quality may be deteriorated in this crisis period as the repayment of the regular credits can be affected for various reasons, industry wise impact of the crisis, recession, opportunist borrowers etc.

Besides, banks will have to implement the lion's share of the stimulus packages worth more than Tk 100,000 crore announced by the government to help the affected industries. All sectors will face trouble if banks fail to run their operations smoothly as they are dedicated to circulating money to every part of the society. The problem is now starkly exposed as governments are trying to implement the huge stimulus packages through the banking system. The return on investment from the packages is only 2-2.5 per cent for banks, but the lenders have to bear 100 per cent credit risk. Many enterprises need to be given flexibility in loan repayment, which is to do with the immediate liquidity problem. Besides, as the crisis is going to hit the asset side of the financial institutions, it is obvious that it will create a decrease in the Net Income and Profitability. No bank or financial institution shall be immune to this fact. Besides, previously imposed regulatory bar for the interest rate will also have adverse effects on natural growth of banking sector.

Apart from the sudden damage due to COVID-19, reducing non-performing loans and minimizing risk of credit default are the key concern for stability of the banking sector. Strengthening risk management, enhancing of effective micro prudential regulation, ensuring corporate governance, and accelerating loan recovery process are needed for maintaining stability.

BD Economic outlook 2020

The unprecedented Covid-19 pandemic has caused disruptions to global trade, business, and education. Bangladesh is equally affected by this contagion.

The economic consequences of the Covid-19 outbreak are tough to handle as the entire of the global supply chain has been interrupted due to worldwide transportation shutdown. The extent of COVID-19 in front of the economic and financial losses are uncertain. While the outcome of the global efforts and the potential timeline for handling the situation is unclear, there are clear indications that the resulting economic devastation might even bring greater havoc.

COVID-19 and consequent repercussions for the Bangladesh economy are already creating added pressure on the economy both from the demand

and supply sides. This will have adverse implications for revenue mobilization during the remainder of FY2019-20, as also beyond. Two major sources of external financing, namely exports of Ready-Made Garments (RMG) and remittance inflows, are projected to decline rapidly.

The shock absorption capacity of Bangladesh economy will critically hinge on efficacy of how this is done to stimulate demand, generate supply response and create employment opportunities. To revive economy from the adverse impacts emanating from the outbreak of COVID-19, the government will need to pursue an expansionary fiscal policy and go for expanded public expenditure to help mitigate the risks and shocks originating from the pandemic, stimulate domestic demand and strengthen supply-side responses. This will lead to higher budget deficit. There must be renewed efforts for better mobilization of resources and raising efficiency of public expenditure. The fiscal space to be created due to higher budget deficit should be used efficiently and with inclusivity, so that concerns of rising inequality are not further accentuated in view of COVID-19 response.

There are differing opinions on possible impacts of Covid-19 on the Bangladesh economy. Both the World Bank and the International Monetary Fund (IMF) have expressed apprehensions about the economic growth that may slide down to just over 2.0 per cent during the current fiscal year. Their prediction appears to be realistic given the decline in or negative growth in developed and developing nations. The government still remains optimistic about growth prospect. However, damages to the Bangladesh economy will depend largely on duration and pervasiveness of Covid-19, as well as effectiveness of government measures to tackle the calamity. The government has already announced financial incentives for countering the Covid-19 impacts and is also executing various social safety measures. Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health.

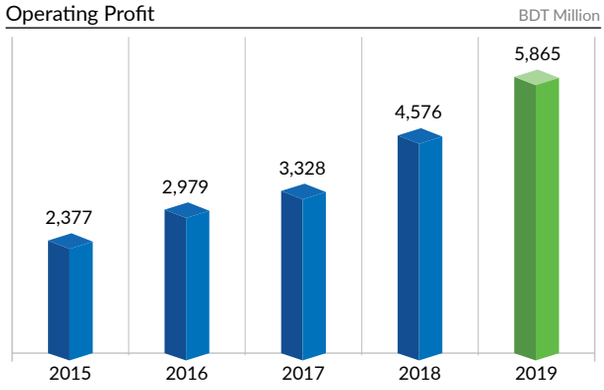
A GENERAL REVIEW OF THE PERFORMANCE OF SHAHJALAL ISLAMI BANK LIMITED

Bangladesh's economy has grown moderately during the year under review but banking industry had to pass another challenging year in respect of non-performing investment (non-performing loan), liquidity pressure, increased cost of the deposit, regulatory pressure for decreasing the rate of corporate investment and many other issues imposed upon banking sector.

Despite huge challenges faced by the Banking sector, Shahjalal Islami Bank Limited passed another successful year. During the year 2019, the bank maintained the progress of business through its 132 branches and achieved significant growth in almost all the indicators. The operating profit stood at Tk.5,865.13 million, net profit after tax reached to Tk.1,718.30 million, return on average equity was 10.98 percent, Earnings per Share (EPS) stood at Tk.1.84. Non- performing investments (NPI) ratio was 4.91 percent. Capital to Risk-Weighted Assets Ratio of the Bank was 16.02 percent comprising maximum under Common Equity Tier-I Capital, which was much higher than the required rate of 12.50 percent. The total deposit was Tk. 203,384.15 million and the bank invested Tk. 197,285.68 million as of 31 December 2019. Export increased to Tk.147,052.00 million and import increased to Tk.157,060.00 million during the year under review.

Operating Profit:

The operating profit of the Bank has increased during the year 2019 due to the appropriate strategy taken by management. The operating profit increased mainly for proper management of deposit mix, diversification of investment portfolio, utilization of surplus fund & effective management of treasury operation. Operating profit increased by 28.16% from Taka 4,576.33 million to Taka 5,865.13 million in 2019 and net profit after tax increased from Taka 1,471.18 million to Taka 1,718.30 million in 2019 showing a growth of 16.80%. The net investment income increased by 23.19% and non-investment income increased by 17.76% during the year under review. Net profit after tax increased by 16.80% mainly due to higher profit income on investment in the year 2019. Return on equity was 10.98% in 2019 compared to 10.47% in 2018. Return on assets was 0.67% in 2019 as compared to 0.65% in 2018.

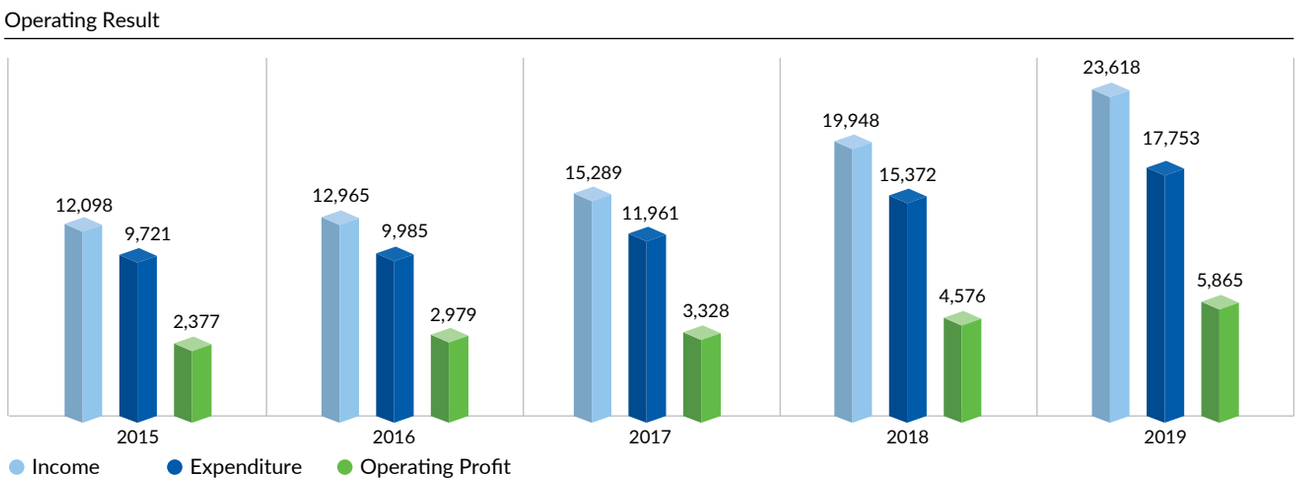


A summary of operating result of the bank as on 31December 2019 vis-a-vis the position of 31December 2018 is shown below:

Taka in million

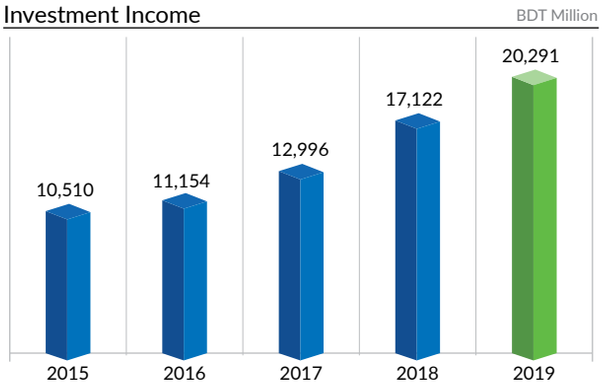
Particulars	2019	2018
Total Income	23,618.31	19,947.84
Less: Total Expenditure	17,753.18	15,371.50
Net Profit before Provision & Taxation	**5,865.13**	**4,576.33**
Less: Provision for Investment, Off Balance Sheets Items, Shares & others	1,970.98	1,410.86
Net profit before Taxation	**3,894.15**	**3,165.47**
Less: Provision for Taxation	2,175.85	1,694.29
Net Profit after Tax	**1,718.30**	**1,471.18**
Appropriation:		
Statutory Reserve	778.83	633.09
Retained Earnings	939.47	838.09

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



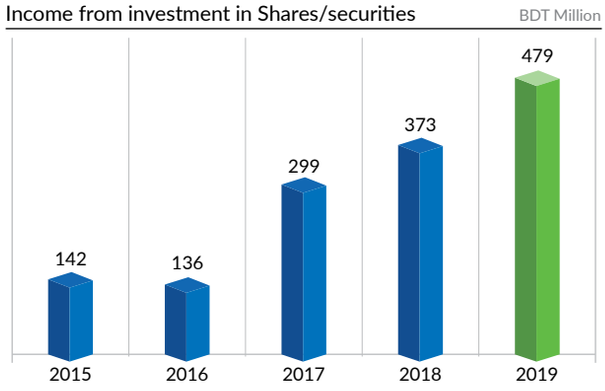
Investment Income:

Total Investment Income of the Bank stood at Tk. 20,290.69 million as of 31 December 2019 as against Tk. 17,121.99 million of 2018. The amount of Investment Income represents 85.91% of the total income of the year 2019 as against 85.83% of the total income of the year 2018. The trend of investment income is given below:



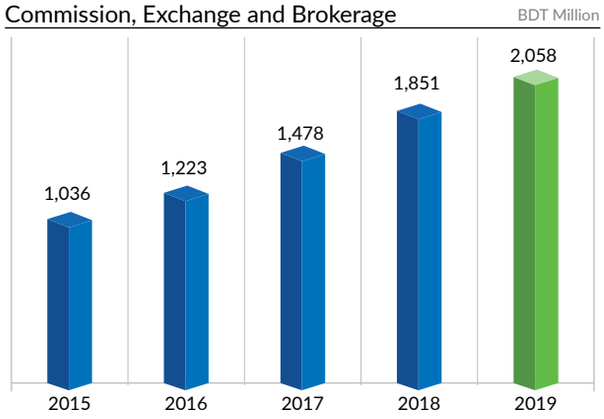
Income from investment in Shares/ Securities

Income from investment in Shares/securities increased to Tk.478.76 million in 2019 from Tk. 373.50 million in 2018 showing a growth of 28.18% over last year. The progress of Income from investment in Shares/ securities is given below:



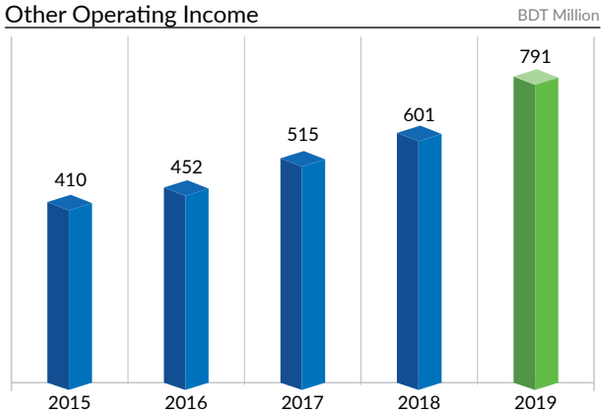
Commission, Exchange and Brokerage

Commission, Exchange and Brokerage income increased to Tk.2057.86 million in 2019 from Tk. 1,851.26 million in 2018 exhibiting a growth of 11.16% over the 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:



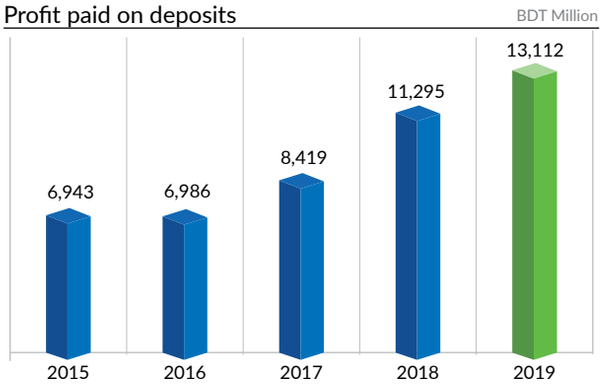
Other Operating Income

Other Operating Income stood at Tk.791.00 million for the year 2019 as against Tk. 601.09 million of 2018 representing a growth of 31.59% over 2018. The trend of Other Operating Income is given below:



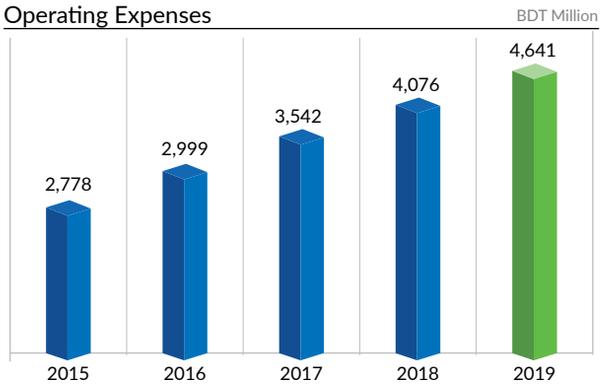
Profit Paid on Deposits:

Bank distributed Profit of Tk. 13,112.33 million among the Mudaraba Depositors in the year 2019 against Tk. 11,295.07 million in the year 2018 which being 76.47% of the Investment income earned from the deployment of Mudaraba Fund and 73.86% of the total expenditure of 2019 as against 73.48% of the total expenditure of 2018. Profit Paid on Deposits for the last five years is given below:



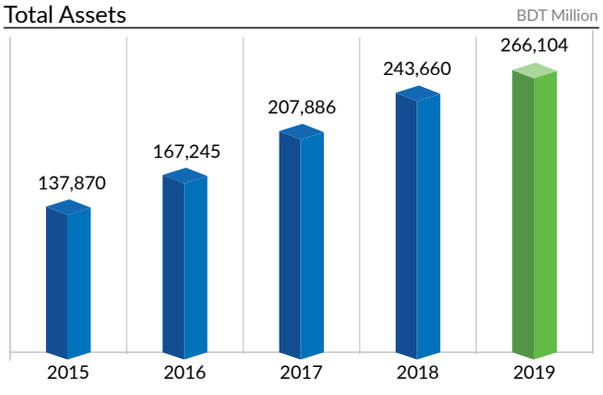
Operating Expenses

Total operating expenses for the year 2019 was Tk. 4,640.85 million whereas it was Tk. 4,076.44 million for the year 2018. Total operating expenses was 26.14% of the total expenditure for the year 2019 as against 26.52% of 2018. Graphical presentation of operating expenses is given below:



Total Assets

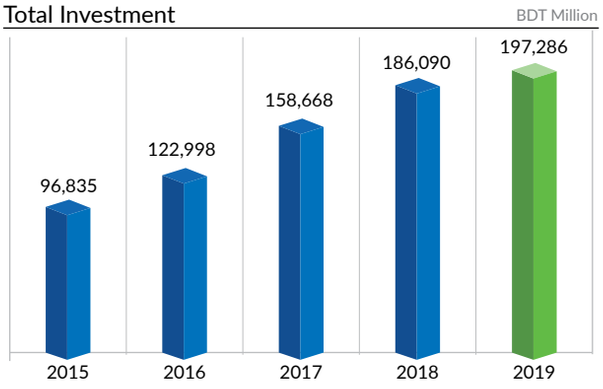
Bank's total asset as on 31 December 2019 stood at Tk. 266,103.71 million which was Tk. 243,659.89 million as of 31 December 2018. A major impact on this growth was the increase in Investments by 6.02% i.e. from Tk. 186,090.03 million to Tk. 197,285.68 million. Investments in Shares & Securities, as well as Balance with other Banks and Financial Institutions also increased by 26.94% and 36.18% respectively. The growth of total assets is shown below:



Investment

A total investment of the Bank stood at Tk. 197,285.68 million as of 31 December 2019 as against Tk. 186,090.03 million as on 31 December 2018 registering an increase of Tk. 11,195.65 million, i.e. 6.02% growth. The Bank was very conscious & careful in the deployment of funds. The trend of investment portfolio as on 31 December 2019 is given below:

Total Investment

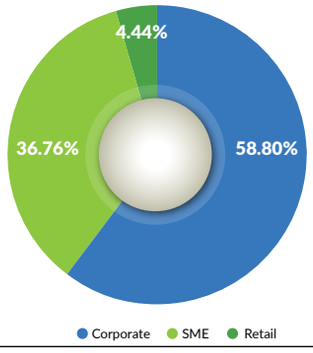


As part of the Bank's diversification strategy, the bank has been developing a balanced portfolio of corporate, retail, and SME investments. SJIBL placed focus on Retail & SME segments of businesses as not only these segments are becoming more important for the growth of the economy but also the competition in Corporate Banking is becoming ever more intense. The segment wise investment mix as on 31 December 2019 is given below:

Taka in Million

Particulars	Total	Mix
Corporate	116,010	58.80%
SME	72,517	36.76%
Retail	8,759	4.44%
Total	**197,286**	**100.00%**

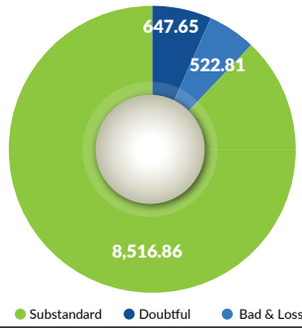
Segment wise investment Mix 2019



Non-performing Investment

Non-performing investment of the banking sector of Bangladesh stood at 9.32% as on 31 December 2019 whereas; non-performing investment of Shahjalal Islami Bank Limited (SJIBL) was 4.91% at the same period which is significantly lower than the country position. Non-performing investment of Shahjalal Islami Bank Limited decreased significantly during the year under review. The non-performing investment decreased to Tk.9,687.32 million as of 31 December 2019 from Tk.12,723.30 million as of 31 December 2018. The Bank has strengthened lending discipline and streamlined the recovery process to reduce the NPIs to an acceptable level. As a result of various initiatives taken by the Bank NPI came down to 4.91% from 6.84% of the previous year. However, we are taking more and more initiatives to realize and regularize non-performing investments and reducing it further.

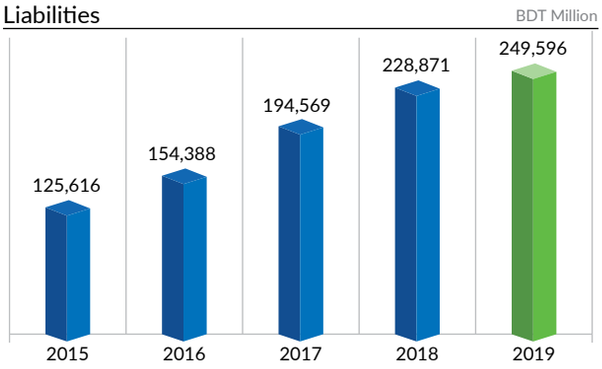
Non-performing Investment



Total Liabilities

Total liabilities stood at Tk. 249,596.44 million at the end of 2019 from Tk.228,870.93 million of 2018, which was 9.06% higher than that of the previous year. Total liabilities increased mainly due to an increase in deposits and an increase in other liabilities. Liability growth of last five years is shown below:

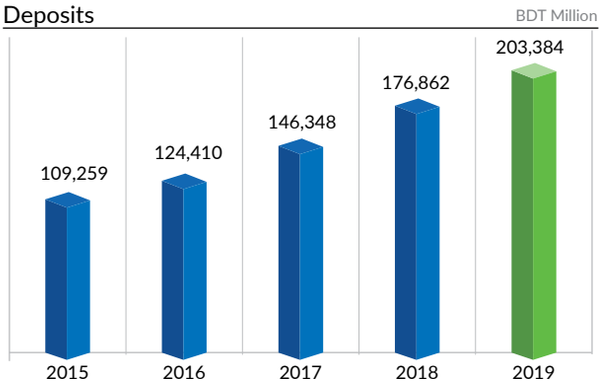
Liabilities



Deposit

Total deposit of Shahjalal Islami Bank Limited stood at Tk. 203,384.15 million as on 31 December 2019 which was Tk. 176,861.51 million as of 31 December 2018. Deposit is the 'life-blood' of a Bank. Bank puts the utmost importance in the mobilization of deposit introducing popular and innovative products. The bank always tries to give the highest return on the deposits of the customers. The mobilized deposits are plowed back in economic activities through profitable and safe investments. The growth of deposit is shown below:

Deposits



Deposit Mix

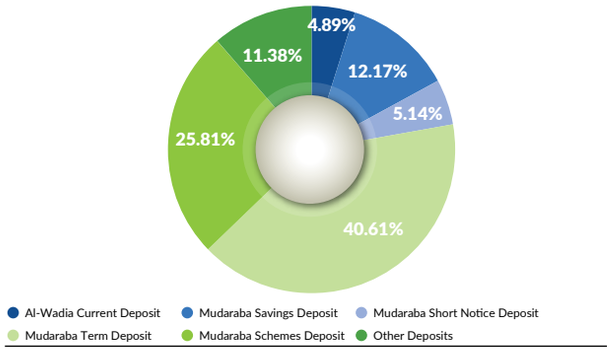
The Bank has placed utmost emphasis on the optimum deposit mix, as a result, low cost no cost deposit increased to Tk.68,302.51 million in 2019 from Tk. 55,078.99 million in 2018 exhibiting a growth of 24% during the year. The percentage of low cost no cost deposit increased to 33.58% of total deposit during the year 2019 from 31.14% in 2018. 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 a high-cost deposit base from 68.86% in 2018 to 66.42% in 2019, thereby consolidating the deposit mix in a beneficially preferred way.

The Deposit-mix of the Bank as on 31 December 2019

Nature of Deposit	Taka in million	Percentage of Total Deposit
Al-Wadia Current Deposit	9,952.29	4.89%
Mudaraba Savings Deposit	24,751.90	12.17%
Mudaraba Short Notice Deposit	10,444.27	5.14%
Mudaraba Term Deposit	82,587.97	40.61%
Mudaraba Schemes Deposit	52,493.67	25.81%
Other Deposits	23,154.05	11.38%
Total	**203,384.15**	**100.00%**

Mix of deposit as on 31 December 2019

Deposit Mix



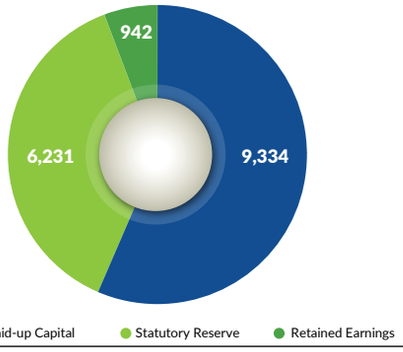
Placements from other Banks and Financial Institutions (Borrowings)

Total Placements from other Banks and Financial Institutions (Borrowings) stood at Tk.11,382.60 million as on 31 December 2019 which was Tk. 23,465.60 million as on 31 December 2018 resulting a negative growth of Tk.12,083.00 million. Bank puts importance in reducing dependency on the borrowed fund as a result of borrowing decreased by 51.49%.

Shareholders Equity

Total Shareholders Equity stood at Tk. 16,507.27 million at the end of 2019, which is 11.62% higher than that of the previous year. Shareholders Equity increased mainly due to the increase of Paid-up Capital and Statutory Reserve. Composition of Shareholders' Equity as on 31 December 2019 is given below:

Shareholders Equity



Regulatory Capital

Total Regulatory Capital of the Bank stood at Tk. 29,277.37 million as of 31 December 2019 which was Tk. 25,105.87 million as of 31 December 2018 with a growth of 16.62%. The bank maintained sound regulatory capital throughout the year 2019. The regulatory capital maintained was 16.02%, much higher than the required capital of 12.50%. The bank will keep focusing on retention of profit by issuing a bonus share and raising Tier-II capital by issuing Mudaraba Subordinated Bond to strengthen its capital adequacy position.

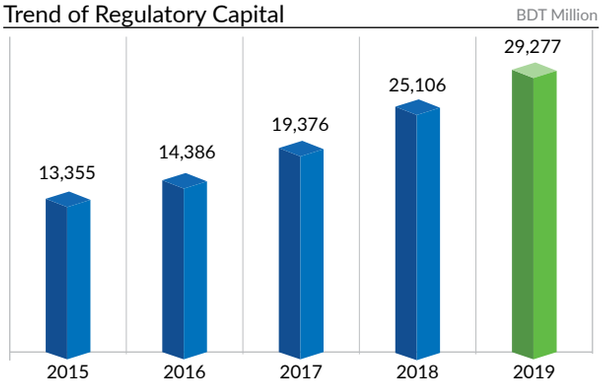
The Regulatory Capital and Risk-Weighted Asset of the bank are shown in the table below:

Taka in Million

Nature of Deposit	2019	2018
Regulatory Capital:		
1. Tier-1 (Going-Concern Capital)	16,507.27	12,893.37
2. Tier-2 (Gone-Concern Capital)	12,770.10	12,212.50
Total Regulatory Capital (1+2)	29,277.37	25,105.87

Nature of Deposit	2019	2018
Total Risk Weighted Assets (RWA)	182,775.69	173,161.45
Capital to Risk Weighted Assets Ratio (CRAR)	16.02%	14.50%
Tier-I Capital to RWA	9.03%	7.45%
Tier-II Capital to RWA	6.99%	7.05%
Minimum Capital Requirement (MCR)	18,277.57	17,316.14

Five years trend of regulatory capital is given below:



Net Asset Value (NAV) per Share

The Net Asset Value per Share of Shahjalal Islami Bank Limited is always higher than the face value of its 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 in the Bank's share. The trend of NAV for the last five years is given below:

Year	Net Asset Value (NAV)
2019	17.68
2018	15.84
2017	15.69
2016	16.67
2015	16.68

Dividend

The Board of Directors of the Bank has recommended dividend @ 10% of which 5% cash and 5% stock for the year 2019. Over the last years, the Board of Directors declared dividends out of profit to shareholders at attractive rates. The rates of dividend declared by the Bank since 2015 are shown below:

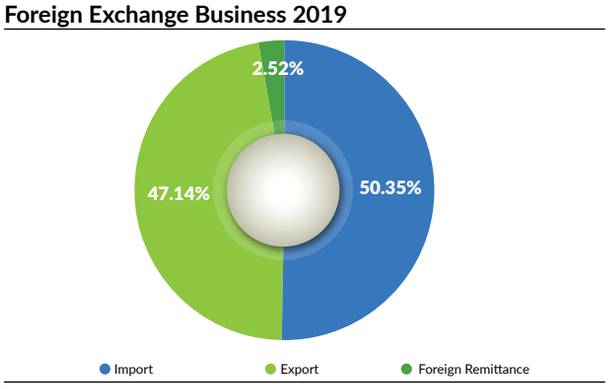
Year	Dividend (%)
2019 (Proposed)	10 (5 Cash & 5 Stock)
2018	10 Stock
2017	10 Stock
2016	15 (10 Cash & 5 Stock)
2015	13 Cash

Foreign Exchange Business

Total Foreign Exchange Business handled during the year 2019 was Tk.311,961 million as against Tk.271,913 million of 2018 registering an increase of Tk.40,048 million, i.e. 14.73% growth. The particulars of Foreign Exchange Business are given below:

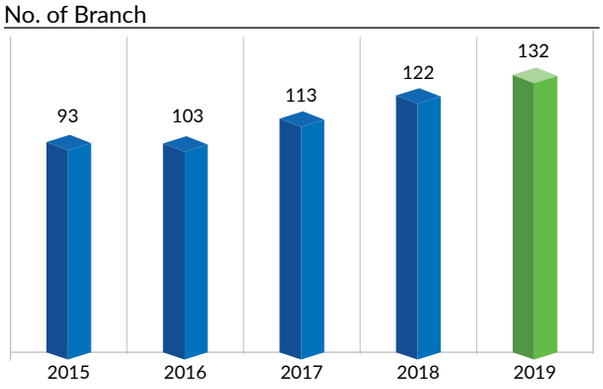
Particulars	Amount in Million Taka		Growth	Composition	
	2019	2018	2019	2019	2018
Import	157,060	140,382	11.88%	50.35%	51.63%
Export	147,052	125,402	17.26%	47.14%	46.12%
Foreign Remittance	7,849	6,129	28.06%	2.51%	2.25%
Total	311,961	271,913	14.73%	100.00%	100.00%

Mix of Foreign Exchange Business of 2019



Branch Network

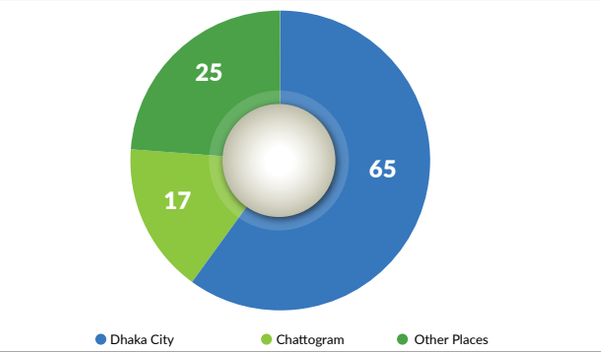
The Bank has been operating with a network of 132 branches around the country. In the year 2019, the Bank has opened 10 new branches. The Bank will not open any new branch in 2020, rather, it will relocate and reevaluate the existing branch operation if required. The growth of the branch network of the last five years is given below:



Automated Teller Machine (ATM) Network

At present, the bank has been rendering services through 107 own ATM Booths and 2,295 shared ATM Booths which was 84 own ATM Booths and 2,270 shared ATM Booths in 2018. Through our ATM, customers can access cash withdrawal, balance inquiry, mini statement, mobile recharge, and cash withdrawal from bKash. A significant amount of cash transactions of Shahjalal Islami Bank Limited have been done through its 107 own ATMs and 2,295 shared ATMs all over the country. The bank is planning to invest continuously to increase and widen its ATM network significantly. Area wise ATM Booths are shown in the graph below:

ATM Network



Correspondent Relationship

Shahjalal Islami Bank has established a correspondent relationship across the world with major foreign banks. The number of correspondent banks stood at 416 as of 31 December 2019 across 57 countries. The Bank is successfully maintaining such relationships around the world to facilitate international trade transactions. The bank maintains 31 Nostro accounts in 10 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 to add confirmation to the Letter of Credits to facilitate international trade.

REVIEW OF PERFORMANCE OF VARIOUS SEGMENTS

Corporate Banking

Corporate banking is the custom made financing services for corporate houses. It is a major source of profit earning for our Bank. SJIBL has planned its corporate business, the prime earning source, exceedingly well achieving some milestones in its way forward. SJIBL has financed in almost all major corporate business sectors that are of large scale nature such as food and beverage, construction, power plants, transports, institutions, trade services, housing, utility, etc. To cater to the dynamic corporate business needs and also to come up with tailor-made services, Corporate & Large Investment is shaped according to the need of our corporate customers. Usually, the corporate clients avail commercial investment, export finance, project finance, finance against a work order, etc.

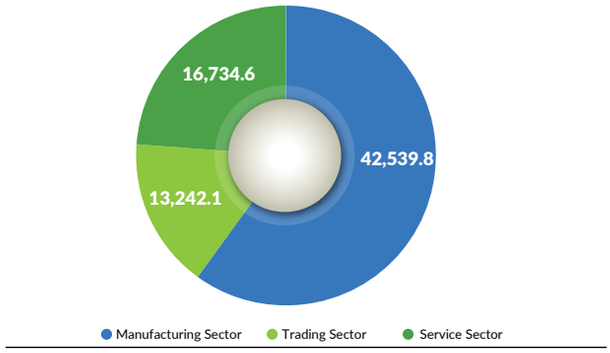
Corporate Banking covers the major part of the investment of Shahjalal Islami Bank Limited. Total outstanding corporate investment stood at Tk.118,928.78 million as of 31 December 2019 from Tk.107,193.11 million of 2018.

SME Banking

The role of Cottage, Micro, Small & Medium Enterprises (CMSME) is indispensable for the overall economic development of a country particularly for developing countries like Bangladesh. CMSME Sector has played a vital role in the economic development of Asia. Terming SME as an 'employment generating machine' they stressed on SME development for higher economic growth, narrowing the gap of income inequality and poverty alleviation. In Bangladesh, Small and Medium Enterprises (SME) account for more than 30% of GDP, 40% of total employment, and 80% of industrial employment. To achieve high and sustained economic growth, SMEs are not only concentrated in low-tech, traditional, and agro-based economic activities but also these are spread over other non-traditional manufacturing and service sectors as well.

SME investment stood at Tk. 72,516.50 million in 2019 which was Tk.70,395.40 million in 2018. with a growth of 3.01%. During the year 2019, the bank disbursed the total SME investment of Tk.46,361.70 million. Out of total outstanding Tk.42,539.80 million outstanding in the Manufacturing Sector, Tk.13,242.10 million outstanding in Trading Sector and Tk.16,734.60 million outstanding in Service Sector. The bank places the utmost importance to create women entrepreneurs as such disbursed Tk.1,310.66 million to the women entrepreneurs during the year 2019 and present outstanding from women entrepreneurs is Tk. 2,830.06 million. Sector-wise outstanding of SME investment is given below:

SME Banking



Retail Banking

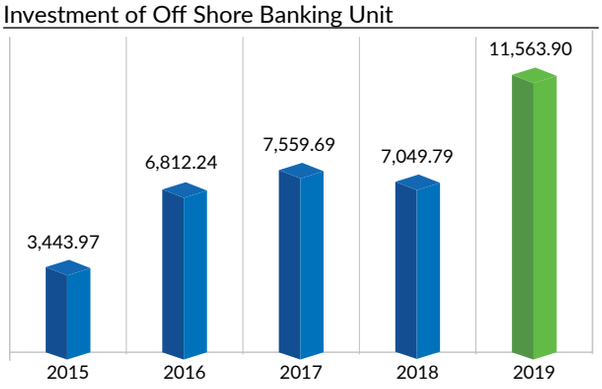
Shahjalal Islami Bank Limited is working relentlessly for the improvement of the living standard of the people as well as the society from various class & profession and to meet consumer demand in the fastest time through its Retail Investment Department having various attractive investment products. It has been investing in the private sectors- including House Building Investment for purchasing new flat, construction and renovation of a building, Household Durables Investment for purchasing household goods, Education Investment for higher study, Marriage Investment for financial assistance during the marriage, Car Investment for vehicle purchase and various other specialized investment products. Besides, we have introduced Semi-pacca Housing Investment to respond to the special arrangements for ensuring the provision of housing for middle and lower-income class people of the society. The retail Investment portfolio of the bank increased to Tk.8,758.81 million in 2019 from Tk.8,501.49 million in 2018 with a growth of 3.03%. The bank will continue its efforts to increase the retail portfolio for the betterment of middle and lower-middle-class people of Bangladesh.

Offshore Banking Unit

Offshore 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.

The total investment of the Off-shore Banking Unit stood at Tk. 11,563.90 million as of 31 December 2019 as against Tk. 7,049.79 million as on 31 December 2018 registering a tremendous increase of Tk. 4,514.11 million, i.e. 64.03% growth. The trend of the investment portfolio of OBU is given below:

Investment of Off Shore Banking Unit



Shahjalal Islami Bank Securities Limited

Shahjalal Islami Bank Securities Limited (SJIBSL) 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 25 May 2011. The main objective of the company is to carry on the business of stock broker/dealers about 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.

Bangladesh Capital Market observed a bearish trend with massive digester during the year 2019 due to the low participation of investors, currency depreciation, and instability in the money market. The total Operating income of SJIBSL stood at BDT 311.39 million as of 31 December 2019. Margin investment outstanding stood at BDT 4,796.47 million in December 2019, which was BDT 5,313.48 million in December 2018.

RISK MANAGEMENT

The risk of a Bank is defined as the possibility of losses, financial or otherwise. In line with the 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, and risk monitoring. The division is responsible for deciding the acceptable level of risk and risk control by taking mitigating steps, Comprehensive Risk Management Report (CRMP), conducting monthly risk management meetings, stress testing, and reporting the competent authority from time to time. It also reports to Bangladesh Bank every quarter 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", 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

Investment (Credit) risk can be defined as the risk of failure of the customer/counter-party of the bank to meet financial obligations. 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 regularly.

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 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 Foreign Exchange Risk arises from transactions involved in foreign currency. To ensure effective Foreign Exchange Risk Management, the Bank has wide scope in establishing organizational structure and formulating Foreign Exchange Risk Management Policy as per Guidelines of Bangladesh Bank. Bank maintains various NOSTRO accounts to conduct operations in different currencies including BDT. The management of the Bank has set limits for handling NOSTRO accounts transactions that include time and amount limits. As per the 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. The Bank has been complying with all the applicable laws, regulations, and guidelines applicable to the management of Foreign Exchange Risk.

c) Asset Liability Risk Management

Asset Liability Management is a process of addressing liquidity risk and profit rate risk which may arise due to maturity mismatch between assets and liabilities as a consequence of changes in profit rates or liquidity. The Asset Liability Management Committee (ALCO) that is formed with the senior executives headed by Managing Director is mainly responsible for managing Asset Liability Risk. The key agenda of Asset Liability Management Risk is 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 policy of The Asset Liability Management according to the guidelines of Bangladesh Bank. The Bank has been complying with all the applicable rules, regulations, and guidelines regarding Asset Liability Risk Management.

d) Money Laundering Risk Management

Money laundering risk is defined as the loss of reputation and expenses incurred as a penalty for being negligent in the prevention of money laundering. Shahjalal Islami Bank Limited has been 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, monitors business relationships and records 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 and compliance is a process introduced by the bank'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 and regulations.

The banking industry has a diversified and complex financial activity, which involves high risk in different modes. Consequently, the issues of the 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 an 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.

f) Information and Communication Technology Security Risk Management

Information and Communication Technology Security (ICT) Risk is a function of the likelihood of a given threat exercising a particular potential vulnerability and the resulting impact of that adverse event on the Bank. ICT risk is business risk specifically the business risk associated with the use, ownership, operation, involvement, influence, and adoption of information and communication technology within the Bank. It consists of IT-related events that could potentially cause a negative impact to the banking business. It might occur with both uncertain frequency and magnitude and might create challenges in meeting strategic goals and objectives. Managing ICT risk is therefore an element of sustaining a secure environment, a detailed process of identifying factors that could damage or disclose data, evaluating those factors in light of data value and countermeasure cost, and implementing cost-effective solutions for mitigating or reducing risk. For effective management of Information Communication Technology Risk Bank has already formulated a Policy Guideline. Moreover, the Bank has been arranging internal IT audits and training on IT operations regularly.

g) Liquidity Risk Management

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they become due. Liquidity risks also include the Bank's inability to liquidate any asset at a reasonable price on time. The policy of the Bank is to maintain enough liquid assets to meet its short, medium- and long-term obligations. The Bank has set various limits for its liquidity management such as liquidity coverage ratio, investment deposit ratio, maturity mismatch, commitment limit, wholesale borrowing limit, etc. SJIBL maintains a diversified and stable funding base comprising of retail, corporate and institutional deposits. The principle responsibility of the liquidity risk management of the bank rests with Treasury Division which maintains liquidity based on historical requirements, current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity, present and planned capital position.

FUTURE PROSPECT/ OUTLOOK

Considering the overall macroeconomic and geopolitical 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 a quality investment portfolio, enhancing 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 a low-cost core deposit mix by effectively utilizing our extensive branch network, Sub-branch, and Agent Banking operation. Our Bank is confident that the initiatives will enable it to maintain a stable performance trend going forward.

From the Bank's perspective, the focus will be given to value-added services via operational expansion and technological improvements. Effectiveness of the Bank's risk management systems, capitalization on low-cost liability, disciplined expense growth, expansion of our capital base, and strengthened corporate 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 the highest levels of employee satisfaction and we aim 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.

Our major steps towards managing upcoming challenges:

- Reduction of classification and strengthen recovery process in the present economic condition.
- Adoption of the latest technology to survive in a competitive market.
- Emphasis on employee productivity along with profitability and compliance.
- Continuous analysis of the business process to reduce cost and improve profitability.
- Continue to strengthen presence in SME and retail banking, the digital leadership race.
- Research and innovation of products to face cutting-edge marketing competition in existing and new markets.
- Diversification of corporate banking in line with the changing demand of customers.
- Promoting Green Finance and social integration through CSR & Financial Inclusion to achieve SDG goals of UNO.

Priorities in 2020

i) Deposit Mobilization

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

ii) Investment Monitoring

Considering the economic depression due to COVID 19 pandemic, we will place our utmost emphasis on existing investment monitoring.

iii) Maintenance of Net Investment Income

Considering the 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-based income through further enhancement of trade business (import and export).

iv) Control of operating expenses and improvement of cost to income ratio

Due to the acute competition in the days-ahead profit income and other operating income will be squeezed. To maintain the growth of operating profit the Bank will continue to be looking for ways to reduce its operating costs without sacrificing the quality of services.

v) 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 the recent trend of NPI in the overall banking sector. Allocation of resources as well as best practices for the management of vulnerable investments will be our top priority to build a stronger balance sheet and healthy Profit & Loss Account.

vi) 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.

vii) 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 the diversification of our investment portfolio and boost the retail business we have already introduced the Shariah-based Credit Card. Exploration of retail business through Islamic Credit Card will be our major focus in the coming year.

viii) Capital Management

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

ix) 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 the latest technology in SJIBL.

x) Shariah Compliance

As a full-fledged Shariah based Islami bank, our priority will continue to be compliant with the rules and regulations of Islami Shariah in all the operations of our bank.

xi) Research and Development

Considering innovation as one of our focused areas we have already established a Research and Development Unit for innovation and development of diversified products and services for continuous growth and sustainability. The introduction of new innovative and popular products will be our focus in 2020.

xii) Financial Inclusion

Financial Inclusion will be our 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 have already introduced Agent Banking in 2019.

RESPONSIBILITIES TOWARDS STAFF

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 fact, SJIBL is giving high priority to the health and safety of its employees. The bank has taken several steps for ensuring sound health and safety of its employees. The steps are given below:

- The bank is paying a medical allowance to its employees at a certain percentage of their basic salary.
- The bank has entered into an agreement with Delta Life Insurance Company Limited. Under this agreement the insurance company will bear the medical expenses of bank's employees, their spouse and children as per agreement in case of hospitalization. .
- Female employees will get six months of maternity leave with medical allowance for the first two issues.
- In order to provide a highly sophisticated and encouraging working environment, all the offices

of SJIBL including head office and branches are equipped with modern facilities with air-conditioning and generator for power back up.

- All SJIBL offices including head office and branches are equipped with fire fighting material and have multiple exit points for emergency exit.
- Corporate Head Office is Leed Certified Green Building.

Staff welfare

The Bank's strategy is to attract, retain, and motivate the most talented people and providing them with a 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 staff of the Bank under 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 following 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 a minimum of 5 (five) years of service in the Bank. The gratuity is calculated based on the 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 the 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 benefits in place of group insurance (death cum endowment). The fund shall be subscribed by the employees every month and with the contribution of the Bank.

iv) Benevolent Fund

The Benevolent Fund for the regular and confirmed employees 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 an accident, clinical treatment, marriage ceremony, etc.

v) Incentive Bonus

High quality and competent human resources are crucial to the continued growth and success of any business entity which can be achieved by improving the skill, knowledge, and productivity of employees. To increase the productivity of employees the Bank usually paid an incentive bonus to its employees every year. This bonus amount is distributed among the employees as per the bank's rule.

vi) Career prospect and training program

A resourceful training program can develop the efficiency and productivity of employees. The bank arranges various training and development programs in its training center all over the year. Furthermore, the bank arranges training for its employees in renowned training institutions at home and abroad.

Contribution to National Exchequer

The Bank has made provision of Tk. 2,175.85 million for corporate tax in 2019 against 1,694.29 million in 2018. The bank has also contributed to the economy by generating employment of 2,652 full-time officials. In the year 2019, Bank has paid Tk. 4,603 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. 203,384.15 million from the surplus economic unit and deployed Tk. 197,285.68 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.

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 shariah based Islami bank from all other banks by providing unique customer services, introducing innovative products and services complying shariah guidelines, creating shareholders' value, extending help to the underprivileged people by CSR, and Zakath. From the very beginning of its operation, the bank differentiated itself as one of the best banks among the third generation Islami banks for its asset quality, shariah compliance, social welfare, CSR activities, and technology-based automated banking solutions. With its 19 years of going forward the bank has established 132 branches, 107 ATMs, introduced several 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' rights with high priority. The bank does not judge its performance by looking at 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. As such the bank is always protecting its customers' rights in all of its business activities.

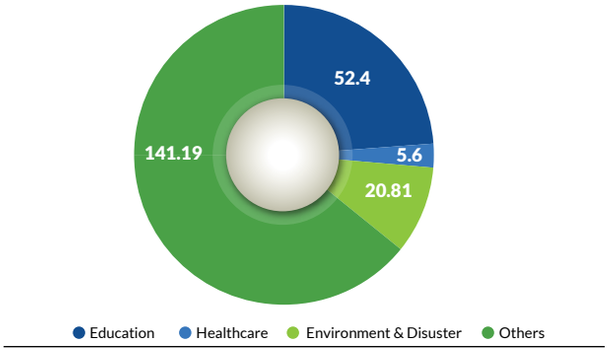
Corporate Governance

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.

Corporate Social Responsibility (CSR)

Shahjalal Islami Bank Limited has been spending 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. to develop the backward sectors of Bangladesh and ensuring its sustainable development. The bank has been paying respect to social and public welfare, rather than profit maximization strategy. During the year 2019, the CSR expenses were BDT220.19 million which was BDT151.29 million in 2018. Sector-wise CSR contribution is given below.

CSR BDT Million



Zakat

Shahjalal Islami Bank Limited as a shariah based Islami Bank is paying Zakat as per the rules of Islami Shariah. Zakat is one of the five pillars of Islam and it purifies our wealth from evil. Zakat is not a charity but a compulsory payment by the rich to the poor. The main purpose of Zakat is to discourage the accumulation of wealth by a group of people in society and impair the tendency of uneven distribution of wealth in society. Islam has made a system for helping poor people and an effective method to maintain a balance between luxury and poverty. Zakat is paid by the bank at a rate of 2.58% of the closing balance of the Statutory Reserve, General Reserve, and Retained earnings of the 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 underprivileged people as per shariah principle. During the year 2019, the bank paid BDT140.73 million as Zakat which was BDT124.67 million in 2018.

Green Banking

Shahjalal Islami Bank Limited has set examples by pioneering Green Banking initiatives while the Bank has been pro-actively taking steps for diverse sustainable banking initiatives. In such aspect, green banking initiatives of the bank broadly categorized into formulation of policy, Green Finance, Environmental & Social Risk Management (ESRM), Online Banking and Energy Efficiency, monitoring the green banking activities of the bank. Besides, the Head Office building of Shahjalal Islami Bank Limited is a LEED Certified Green Building which is a pioneering step toward environmentally friendly business not only for

the banking industry but also for the entire corporate sector of Bangladesh.

i) Formulation of Policy

Shahjalal Islami Bank Limited formulated a Policy of Green Banking in light with the Policy Guideline of Bangladesh Bank in the year 2011. The Bank has been following its Green Banking Policy since then. Also, the Environmental & Social Risk Management Guideline of Shahjalal Islami Bank Limited was formulated and approved in the Board in the 261st meeting held on 27 February 2018 in light with ESRM Guideline of Bangladesh Bank published in the year 2017.

ii) Green Finance

A total amount of Tk. 402.10 million was disbursed during the year 2019 by the bank in green finance. The total amount of outstanding Green Finance as of 31 December 2019 was Tk. 1005.85 million. The Bank has been gradually increasing its Green financing year on year basis.

iii) Online Banking and Energy Efficiency

As of 31 December 2019, the bank had 132 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 the latest technology of energy efficiency. The latest technology enables the bank to use maximum daylight and save electricity. Moreover, the bank is using a solar panel in its new branches to save a certain level of electricity.

Financial Inclusion

Financial inclusion emerges as one of the most effective tools among policymakers 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 ready made 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. As of 31 December 2019, the total number of No Frill Accounts reached at 3140 and the balance thereof reached at BDT 3.10 million.

ii) School Banking

As a part of the financial inclusion drive, Shahjalal Islami Bank Limited introduced school banking facilities. According to the bank's policy, any student up to 18 years of age can open a school banking account through parents or legal guardians by depositing minimum BDT 100. The bank has taken many initiatives and awareness programs to create awareness among the students of school and college for an opening bank account. As of 31 December 2019, the number of school banking accounts reached at 17,110 with a balance of BDT 105.0 million.

iii) Banking for Street Urchin, Working Children, Lactating & Working Mother

Shahjalal Islami Bank Limited has signed an agreement with a renowned NGO named Aparajeyo Bangla to open accounts for Street Urchin and Working Children in the year 2018. Besides, it has started opening accounts for Lactating & Working Mother in the year 2019, and the number of such accounts is 1190 as of 31 December 2019.

iv) Agent Banking

Shahjalal Islami Bank Limited has started Agent banking Operations in 2019 targeting the vision to serve the un-banked 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, under-served and poor segment of the population especially from geographically remote locations which will facilitate meeting their financial needs at an affordable cost within their vicinity. Agents will offer some banking services, including cash deposit and withdrawal, fund transfer, utility bill payment, and disbursement of salaries.

Agent Banking target customer segment at Rural-Urban Area:

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 following the First Schedule (Section-38) of the Bank Companies Act 1991 (as an amendment), 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 2019 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. ACNABIN, Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2019.

Maintaining Proper Books of Account

Shahjalal Islamic Bank Limited maintained proper books of account for its financial transactions that occurred during 2019. The books of account have also been reviewed by the external auditor, M/s. ACNABIN, 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 judgment. Bank records the financial transaction on an accrual basis with required disclosures and also prepares the financial statements accordingly.

Internal Control and Compliance

Internal Control refers to the tools that provide reasonable assurance regarding the achievement of the Bank's goal concerning 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 the 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. Shahjalal Islami Bank Limited has formulated an Internal Control and Compliance Manual which has been updated from time to time. 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 an 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 the best financial reporting practice was in place throughout the year.

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 about 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 25 June 2020, they rated the Bank as AA2 for the long term and ST-2 for the short term. Commercial Banks rated AA2 have very strong capacity to meet their financial commitments. Commercial Banks rated ST-2 are considered to have strong capacity for timely repayment. CRAB performed the rating surveillance based on the audited financial statement of 31 December 2019 and other relevant information.

Auditor's Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor M/s ACNABIN, Chartered Accountants based on their audit of financial statements for the year ended 31 December 2019. The auditor issued an unqualified audit report which means no material misstatements exist in the financial Statements or no disagreement with management regarding the selection and application of accounting policies. The Board also reviewed the auditors' suggestion which they provided through a separate management report and gave 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 ACNABIN, Chartered Accountants was the auditor of the Bank for the year 2019. As 2019 was the first year of the audit so the firm is eligible for reappointment and they have also expressed their willingness to be reappointed for the year 2020.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to appoint the auditor and fix their remuneration. Hence, the board recommends appointing M/s ACNABIN, Chartered Accountants as the auditor of the bank for the year 2020 subject to the approval of the shareholders in the upcoming Annual General Meeting.

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 2019. 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

Md. Sanaullah Shahid
Chairman

MANAGEMENT REVIEW AND ANALYSIS

SENIOR MANAGEMENT

Managing Director & CEO

M Shahidul Islam

Additional Managing Directors

Abdul Aziz
S.M Mainuddin Chowdhury

Deputy Managing Directors

Md. Shahjahan Shiraj
M Akhter Hossain
Mian Quamrul Hasan Chowdhury
Imtiaz Uddin Ahmed
Nasim Sekander

Senior Executive Vice Presidents

Md. Mahmudul Haque
Md. Nasir Uddin
Khondkar Rafiq-Uz-Zaman
Md. Monzurul Alam Chowdhury
Rashed Sarwar

Executive Vice Presidents

Mahmud Hussain
Md. Saidur Rahman
Mohammed Ashfaqul Hoque, FCA
Md. Habibul Islam
Md. Mahbubur Rasheed
Mahmudul Shamim Talukder
F. M. Nawaz Ali
Md. Shamsuddoha
Ms. Rumana Kutubuddin
Tariqul Islam
S. M. Rashedul Karim
Md. Abul Bashar
Md. Enamul Haque
Md. Jafar Sadeq, FCA

Senior Vice Presidents

Md. Tufael Yakub
Md. Bahar Mahmud
Md. Naquibul Islam
Jashim Uddin Ahmed
M. Imam Hossain Gazi
Md. Khalid Hussain
Md. Ashraful Azim, FCA
Fazle Kader Ahmed
Jahangir Javed
Md. Nawshad Abbas
Mohammed Eskander Alam
Chowdhury Golam Rahman
Md. Wahidur Rahman
Mohammad Towfiqul Islam
A. T. M. Qumruddin Chowdhury
Md. Asadul Islam Khan
Md. Marufur Rahman Khan
Md. Firoz Kabir
A.K.M. Iquebal
Mohammed Abu Shayem
Abul Hasan Muhammud Azim
Shaikh Wahidul Hossain
Engr. Md. Zahidul Islam
Md. Soyeb Islam Chowdhury
Mosleh Uddin Ahmed
Md. Mazharul Haque
Md. Iftekhar Shahid
Md. Abdul Khaleque
Md. Arifur Rahman

Vice Presidents

Abul Bashar Md. Zafry
Amir Uddin Chowdhury
Md. Abdur Rahim
Ms. Sultana Parvin
Md. Mokter Hossain
Md. Abdulla Al Mahmud Siddiqui
Muhammad Asiful Haque
Md. Moshiur Rahman
Md. Noor-A-Alam Hossain
Mohammad Nuruddin
Chowdhury Firoz Hasan
Mohammad Shajedul Alam
Mohammed Sahab Uddin
Md. Masudur Rahman
Jyotirmaya Goswami
Shamsul Arifin Ferdose
Md. Abdul Quddus
Nazir Ahammed
Md. Elias
Tofayal 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
A. K. M. Ashraful Islam
Mohammed Nizam Uddin
A. K. M. Hasan Rahim
Md. Tazuddin Mollah
Mohammad Fokhrul Islam
Md. Saidur Rahman
Pankaj Kumar Debnath
Sheikh Azmul Islam
Md. Ziaur Rahman
Munzer Rahaman
Md. Jaynul Abedin Khan Safari
Mohammad Shariful Haider
Ms. Sultana Husnoon Nada
Mokammel Hossain
G.M. Quamruzzaman
Iftekhar Husain
Md. Wahidul Islam
Sabeth Bin Zamir
Mizanur Rahman

COMMITTEES OF MANAGEMENT

Senior Management Team (SMT)

Name of the Employee	Designation
Mr. M Shahidul Islam	Managing Director & CEO
Mr. Abdul Aziz	Additional Managing Director
Mr. S. M. Mainuddin Chowdhury	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Nasim Sekander	Deputy Managing Director
Mr. Md. Nasir Uddin	Senior Executive Vice President
Mr. Md. Monzurul Alam Chowdhury	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
Mr. Md. Naquibul Islam	Senior Vice President

Asset Liability Management Committee (ALCO)

Name of the Employee	Designation
Mr. M Shahidul Islam	Managing Director & CEO
Mr. Abdul Aziz	Additional Managing Director
Mr. S. M. Mainuddin Chowdhury	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Mohammed Ashfaqul Hoque FCA	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
Mr. Md. Bahar Mahmud	Senior Vice President
Mr. Jahangir Javed	Senior Vice President
Mr. Abdur Rahim	Vice President
Mr. Mohammad Nuruddin	Vice President
Mr. Md. Chaliqur Rahaman	Assistant Vice President

Risk Management Committee (RMC)

Name of the Employee	Designation
Mr. Md. Shahjahan Shiraj	Deputy Managing Director & CRO
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Md. Nasir Uddin	Senior Executive Vice President
Mr. Md. Monzurul Alam Chowdhury	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA	Executive Vice President & Member Secretary
Mr. Tariqul Islam	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President & CFO
Mr. Md. Bahar Mahmud	Senior Vice President
Mr. Md. Naquibul Islam	Senior Vice President
Mr. Jahangir Javed	Senior Vice President
Mr. Md. Abdur Rahim	Vice President
Mr. Mohammad Nuruddin	Vice President
Mr. Mohammad Abdul Majid	Vice President

Supervisory Review Process (SRP) Committee

Name of the Employee	Designation
Mr. M Shahidul Islam	Managing Director & CEO
Mr. Abdul Aziz	Additional Managing Director
Mr. S.M. Mainuddin Chowdhury	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Md. Monzurul Alam Chowdhury	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA	Executive Vice President & Member Secretary
Mr. Tariqul Islam	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President & CFO
Mr. Md. Bahar Mahmud	Senior Vice President
Mr. Md. Naquibul Islam	Senior Vice President
Mr. Jahangir Javed	Senior Vice President
Mr. Md. Abdur Rahim	Vice President
Mr. Mohammad Nuruddin	Vice President
Mr. Mohammad Abdul Majid	Vice President

Sustainable Finance Committee (SFC)

Name of the Employee	Designation
Mr. M Shahidul Islam	Managing Director & CEO
Mr. Abdul Aziz	Additional Managing Director
Mr. S. M. Mainuddin Chowdhury	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Md. Mahmudul Haque	Senior Executive Vice President
Mr. Md. Nasir Uddin	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA	Executive Vice President
Mr. Md. Shamsuddoha	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
Mr. Md. Bahar Mahmud	Senior Vice President

Central Compliance Committee (CCC)

Name of the Employee	Designation
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Md. Khalid Hussain	Senior Vice President
Mr. Md. Naquibul Islam	Senior Vice President
Mr. Md. Marufur Rahman Khan	Senior Vice President
Mr. Md. Firoz Kabir	Senior Vice President
Mr. Mohammad Abdul Majid	Vice President
Mr. Zahid Hasan	Senior Assistant Vice President

Investment Committee (IC)

Name of the Employee	Designation
Mr. Abdul Aziz	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Miah Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Md. Bahar Mahmud	Senior Vice President
Mr. Mohammed Abu Shayem	Senior Vice President
Mr. Abul Hasan Muhammud Azim	Senior Vice President
Mr. Md. Abdur Rahim	Vice President
Mr. Md. Mokter Hossain	Vice President
Mr. Abul Bashar Md. Zafry	Vice President
Mr. Tofayal Ahmed	Vice President
Mr. Jyotirmaya Goswami	Vice President
Mr. Abu Naser Ahmed	Vice President
Mr. Sabeth Bin Zamir	Vice President
Mr. S. M. Mohiuddin	Senior Assistant Vice President
Mr. Ahamed Rashid	Senior Assistant Vice President
Mr. Mohammd Parvez Ahshan	Assistant Vice President

Shariah Inspections' and Report Review Committee (SIRRC)

Name of the Employee	Designation
Mr. M Shahidul Islam	Managing Director & CEO
Mr. Abdul Aziz	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz Uddin Ahmed	Deputy Managing Director
Mr. Md. Farid Uddin	Assistant Vice President & Member Secretary

SENIOR MANAGEMENT TEAM (SMT)

Sitting from left to right

- Mr. Nasim Sekander
- Mr. Imtiaz Uddin Ahmed
- Mr. Mian Quamrul Hasan Chowdhury
- Mr. S. M. Mainuddin Chowdhury

Standing from left to right

- Mr. Md. Naquibul Islam
- Mr. Md. Mahmudul Haque
- Mr. Md. Monzurul Alam Chowdhury

Sitting from left to right

- Mr. M Shahidul Islam
- Mr. Abdul Aziz
- Mr. M Akhter Hossain
- Mr. Md. Shahjahan Shiraj

Standing from left to right

- Mr. Md. Nasir Uddin
- Mr. Md. Jafar Sadeq FCA
- Mr. Mohammed Ashfaqul Hoque FCA

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)

Sitting from left to right

- Mr. Mian Quamrul Hasan Chowdhury
- Mr. M Akhter Hossain
- Mr. Abdul Aziz
- Mr. M Shahidul Islam
- Mr. S. M. Mainuddin Chowdhury
- Mr. Md. Shahjahan Shiraj
- Mr. Imtiaz Uddin Ahmed

Standing from left to right

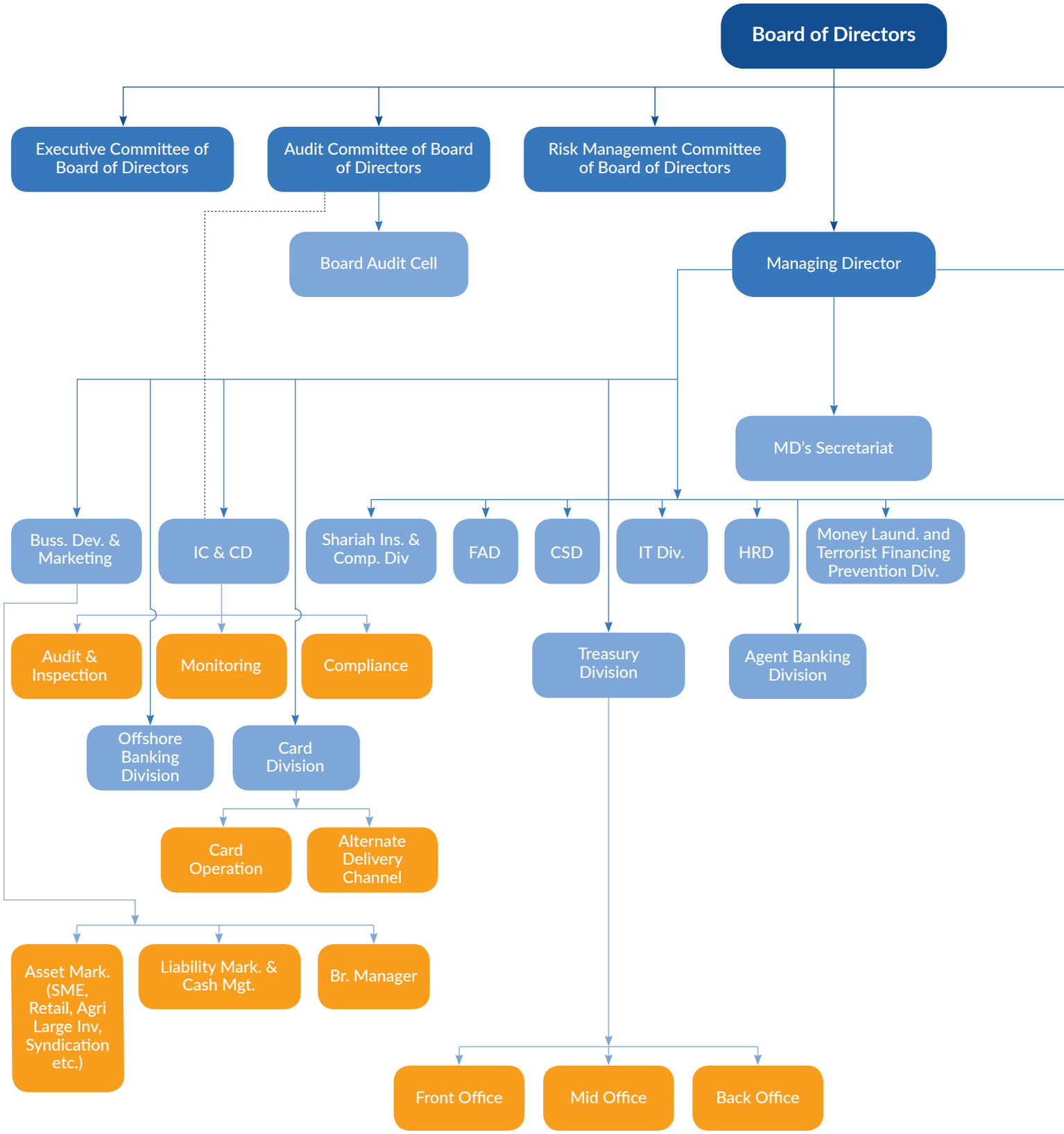
- Mr. Md. Chaliqur Rahaman
- Mr. Md. Bahar Mahmud
- Mr. Abdur Rahim
- Mr. Mohammad Nuruddin
- Mr. Md. Jafar Sadeq FCA
- Mr. Jahangir Javed
- Mr. Mohammed Ashfaqul Hoque FCA

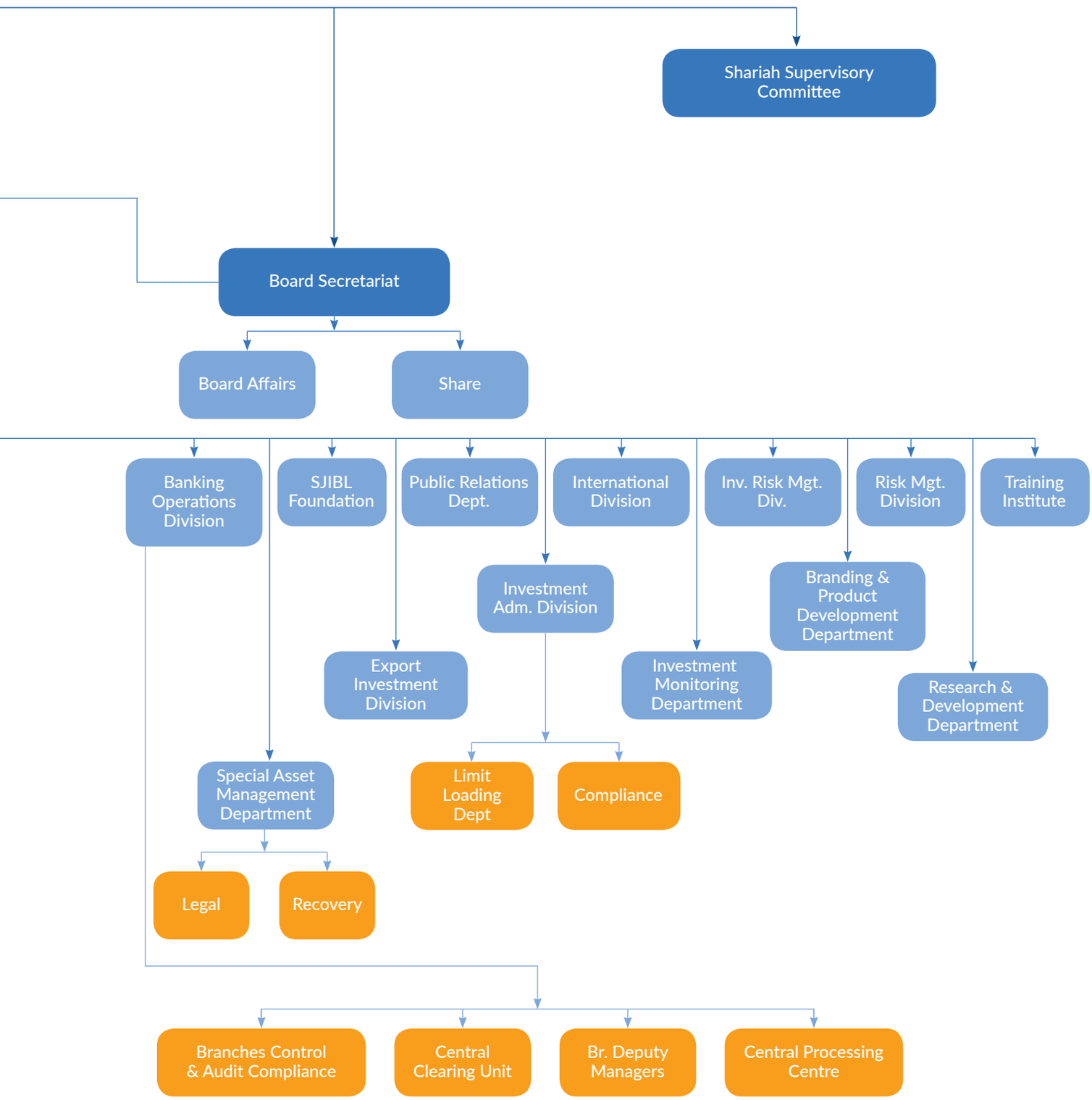
يَا أَيُّهَا الَّذِينَ آمَنُواْ اتَّقُواْ اللّهَ وَذَرُواْ مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُم مُّؤْمِنِينَ

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

ORGANOGRAM


Board of Directors
Executive Committee of Board of Directors
Audit Committee of Board of Directors
Risk Management Committee of Board of Directors
Board Audit Cell
Managing Director
MD's Secretariat
Buss. Dev. & Marketing
IC & CD
Shariah Ins. & Comp. Div
FAD
CSD
IT Div.
HRD
Money Laund. and Terrorist Financing Prevention Div.
Audit & Inspection
Monitoring
Compliance
Treasury Division
Agent Banking Division
Offshore Banking Division
Card Division
Card Operation
Alternate Delivery Channel
Asset Mark. (SME, Retail, Agri Large Inv, Syndication etc.)
Liability Mark. & Cash Mgt.
Br. Manager
Front Office
Mid Office
Back Office


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
Investment Adm. Division
Branding & Product Development Department
Export Investment Division
Investment Monitoring Department
Research & Development Department
Special Asset Management Department
Limit Loading Dept
Compliance
Legal
Recovery
Branches Control & Audit Compliance
Central Clearing Unit
Br. Deputy Managers
Central Processing Centre

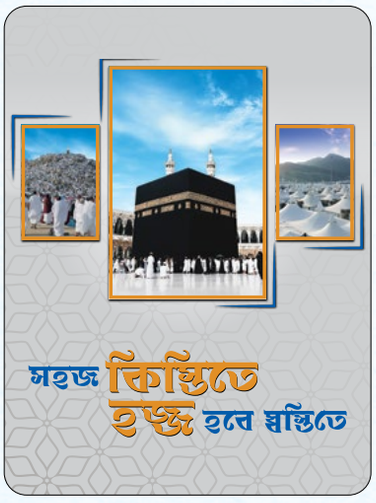
PRODUCTS AND SERVICES

Deposit Schemes

- মুদারাবা মাসিক আমানত প্রকল্প
- মুদারাবা মাসিক উপার্জন প্রকল্প
- মুদারাবা দ্বিগুণ বৃদ্ধি আমানত প্রকল্প
- মুদারাবা তিনগুণ বৃদ্ধি আমানত প্রকল্প
- মুদারাবা মিলিয়নিয়ার প্রকল্প
- মুদারাবা হজ্জ আমানত প্রকল্প

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

ATM 24/7 · e-GP · RTGS & EFT · রেমিট্যান্স · LOCKER SERVICE · এসএমএস এ্যালার্ট

Corporate Investment Products

- Murabaha
- Bai-Muazzal
- Hire Purchase under Shirkatul Meelk
- Ijara
- Bai-Salam
- Quard-e-Hasana

Retail Investment Products

বাহন

- Household Durable Scheme
- Housing Investment Program
- 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

নিবাস

SME Investment Products

প্রত্যাশা

- Cottage & Micro Enterprise Investment Program
- Small Business Investment Program
- Medium Enterprise Investment Program
- Women Entrepreneur Investment Program

Agri Investment Program

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

OVERVIEW OF DIVISIONS

INVESTMENT RISK MANAGEMENT DIVISION

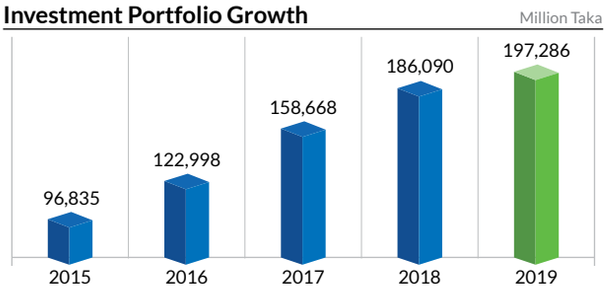
The Investment activities of Shahjalal Islami Bank Limited continues to play a pivotal role in supporting the overall development of trade & commerce of the country as well as select different investment clients to support their activities and businesses against the challenging market conditions.

SJIBL is continuously building internal infrastructure and capabilities to better support investment clients and generate optimal profit & fee-based income.

The Bank also strives to be the premier banking partner to clients, providing investment products and services with an underlying spirit of Sharia-compliance which includes ethical, environmental, community empowerment and sustainability considerations.

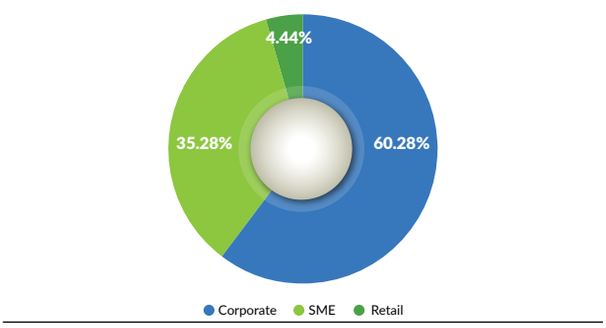
SJIBL's Investment Banking continues to achieve the result of the different initiatives executed previously with yet another strong performance in 2019. The effective execution of the strategy permitted a solid growth of the financing portfolio of 6.02% compared to previous year despite the challenging economic environment in the country.

Investment Portfolio Growth

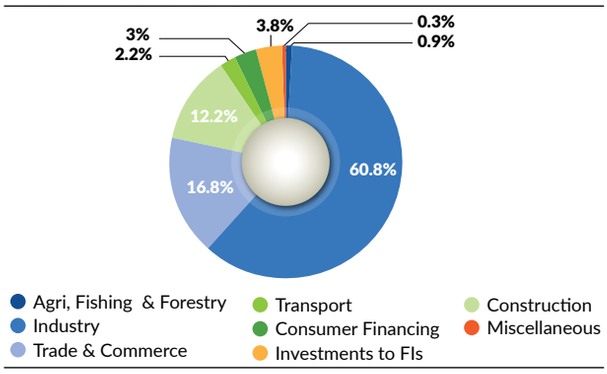


The growth in the Investment Banking has again contributed positively to the Bank's income by achieving a growth of 28.51% versus the previous year, with a continuous focus on business diversification and improving the quality of the portfolio.

Investment Mix in 2019



Investment Mix in 2019

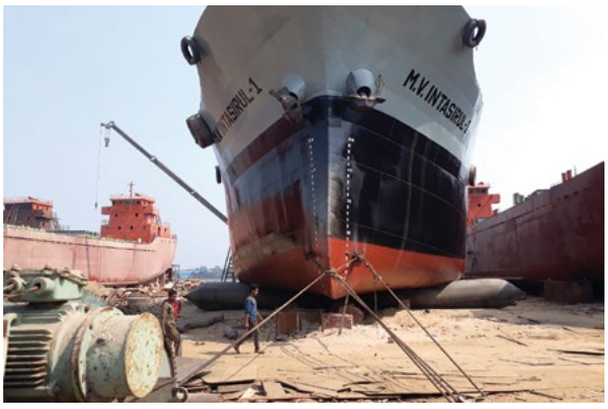


Corporate Finance

Corporate Banking continues to acquire new clients and build existing relationships with Sharia compliant offerings and innovative solutions. Despite a challenging market environment, the Bank has maintained excellent asset quality through active client management and achieved better fee income as well as net margins for the Bank.

Shah Cement industries Ltd. largest Vertical Roller Mill in the world Financed by SJIBL

The consistent efforts have resulted in successful closure of significant business deals that would provide a stable asset base to the Bank in the next several years.



Trade Finance

The Bank provides Sharia-compliant Trade Finance solutions to meet the needs of a wide range of customers. As a result of distinguished marketing efforts, Trade Finance expanded the range of customers from small enterprises focused primarily on domestic markets to large corporate operating globally. In addition to supporting our clients with tailored structured products and services, our support also extends to allow them to grow and operate efficiently. Consequently, Trade Finance business achieved sustained growth in the portfolio of trade business, while the growth in the operational income from trade finance increased. The bank will continue working towards its vision of being the best provider of trade finance services, by delivering professional services to help customers succeed in their trade and to support national economy to thrive.

The Year 2019:

- To strengthening and smoothing operational activities, restructuring Export Finance Division has restructured in 2019.
- Bank appoint 10 in hand RMG experienced commercial personnel to monitor and assess the finance requirement of RMG customer properly

Reedish Kintex Limited financed by SJIBL

- As on December 31, 2019, total RMG investment was Tk. 30,794.70 million which was 16.00% of total investment portfolio of the bank, registering a growth of 15.00% compared to Tk.26,280.00 million in 2018.
- Total cotton & textiles investment was Tk.15,250.30 million in 2019.

Project Finance

Bank provides project financing facilities on a selective basis giving due consideration to economic conditions. Different projects need different financing approaches and structures while meeting project's objectives & requirements. As financing partner, we provide innovative financing solutions and access to capital, to meet all the financing requirements irrespective of the size being large or complexity of the projects.

Our history shows a consistent growth trajectory, marked by achievements in business, social engagement, innovation and Contribution to the country's development.

Our strategic targets next year will include customer acquisition, balanced by diversification, and the achievement of greater depth of market share, as well as product and service innovation. We expect that 2020 will bring its share of challenges and provide us with opportunities to excel further.

Xclusive Can Limited , a project financed by SJIBL

CMSME, WOMEN ENTREPRENEUR AND AGRI- FINANCING

CMSME Financing:

The role of Cottage, Micro, Small and Medium Enterprises (CMSME) is indispensable for overall economic development of a country particularly a developing country like Bangladesh. The sector accounts for 35.49 percent of the total employment in Bangladesh. In a labour surplus country like Bangladesh. Micro, small and medium enterprises (MSMEs) can play a substantial role in providing the impetus to the development of a modern manufacturing sector and in job creation outside of agriculture and informal services.

Appealing the significant contribution of CMSME in the economic condition of cross section of population, Shahjalal Islami Bank Limited (SJIBL) has accorded added priority to this sector in its pursuit of expansion of investing portfolio.

Strategic Focus:

SJIBL believes that the present CMSMEs are the building blocks of the country's path to middle-income aspiration. The bank wants to be a proud partner of implementation of the nation's dream by subsidizing the CMSMEs at their early stage and remaining a trusted partner throughout their graduation to national level. SJIBL SME Investment Division under Investment Risk Management Division (IRMD) has taken strategies in its business and operations in triangulation of international, national and regulatory visions to provide a comprehensive array of Investment products and solutions to Cottage, Micro, Small and Medium enterprises (CMSMEs) across the country.

In 2019, we strongly focused on cottage & micro enterprise financing, cluster financing, new entrepreneurship development financing, promoting rural people as well as rural women entrepreneurship, creating business network for CMSE entrepreneurs and financing in untapped areas to the unbanked new entrepreneurs. As we are listing down our initiatives in the year 2019, SJIBL continued close association with different MSME activities like

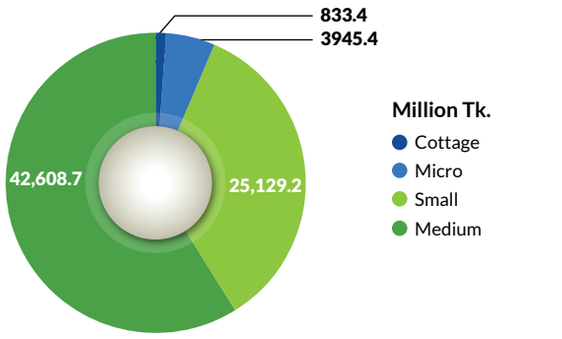
- To strengthening and smoothing Bank's CMSME operation, management of the Bank restructure SME division and split it into 3 separate units with designated branches.
- To boost up bank's optimum growth and business in CMSME, SME department has arranged a campaign program in 13 location covering 130 branches across the country among branch officials to promote SME financing.
- Rural Branches having SME Investment concentration above 80% of their portfolio size treated as SME focused Branch.
- Our existing pool of corporate clients may be persuaded to link up their suppliers of different accessories and raw materials i.e. those who maintain their supply chain as backward linkage support providers
- Disbursing 619 entrepreneurs under Bangladesh Bank Islamic Refinance Scheme from all over the country having Agro & food processing Industry, businesses in Boutiques, Mini Garments, Beautify Parlor/Fitness, Handicrafts and other sectors.
- **1st time Borrowers:** Persuading towards financial inclusion, SJIBL has always try to reach those who have not yet been financed but dire requiring financing. As on December, 2019, SJIBL have maintained Tk.7670 million of fresh or ever first time borrower comprising 10.58% of total CMSME Investment portfolio.

Financial Highlights of 2019:

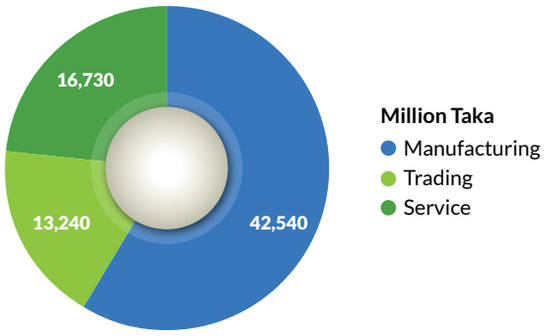
- CMSME Portfolio stood at Tk.72,517 million compared to previous year's Tk.7,0400 million with a growth of 3.01%.
- In 2019 total Tk. 46,362 million disburse with 26.81% to different CMSME client where it was Tk. 36,558 million in 2018.
- Medium Enterprise Portfolio stood at Tk. 42,609 million compared to previous year's Tk. 37,890 million with a YOY growth of 12.45%.

A chocolate factory financed by SJIBL SME Division

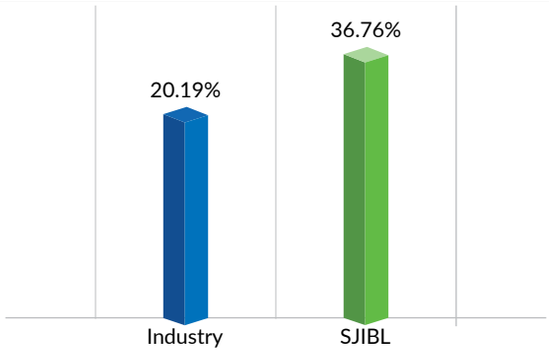
CMSME portfolio in 2019



Sector wise MSME exposure in 2019

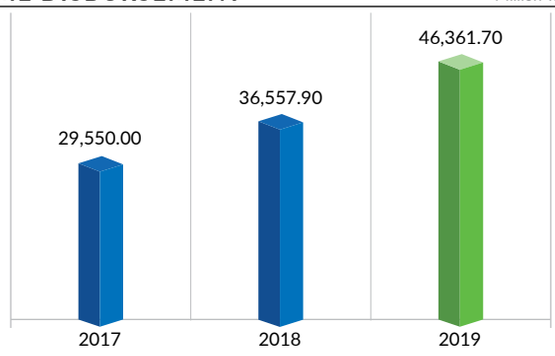


Exposure in SME



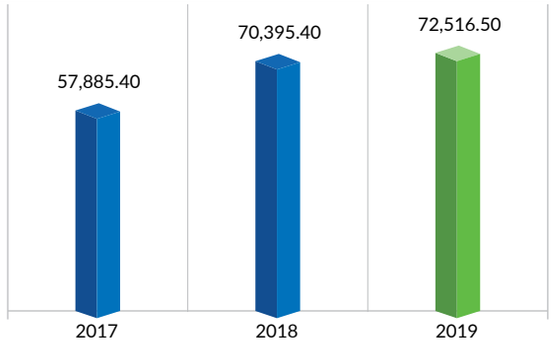
SME DISBURSEMENT

Million Taka



SME PORTFOLIO

Million Taka



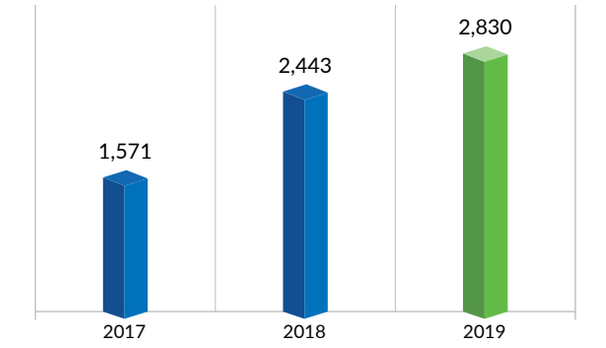
CMSME Women Entrepreneurs:

Empowering women through SME financing is an added remarkable inspiration in the development of women entrepreneurs. In the special framework of CMSME, Shahjalal Islami Bank Ltd is giving top priority in developing and exploiting women entrepreneurs. The Bank is working with women entrepreneurs to make them capable of earning by connecting with country's economic activities.

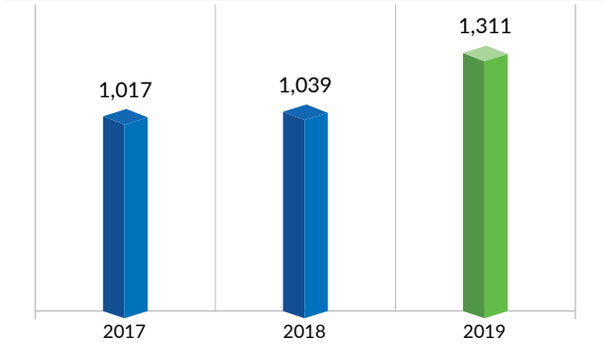
Initiative for development of Women Entrepreneur:

- For broadening the facility from metropolitan to the root level, the Bank has already established a separate Cell named "Women Entrepreneurs Development Cell" under Head Office of the Bank.
- The Bank has a separate "Woman Entrepreneur Dedicated Help Desk" which under each Branch of the Bank works to facilitate the Women Entrepreneurs and to ensure their easy access to bank finance.
- The Bank has a dedicated product named "Prottasha" for women entrepreneurs. To encourage women, the Bank provides Investment to the women entrepreneurs at much easier terms & conditions including low profit, relaxed collateral requirement etc.
- SJIBL give priority to women entrepreneurs to invest on various productive sectors. By the side of collateral secured investment, collateral security free investment is also considered for Woman Entrepreneur.
- For the improvement of entrepreneurship skill, the Bank arranges day long workshops for SME Women Entrepreneurs to listen to their opinion, requirements and to give them a way out.
- Shahjalal Islami Bank has an exclusive branch for a woman which is helping thrive women entrepreneurship.

PORTFOLI IN WOMEN ENTREPRENUERS Million Taka



DISBURSEMENT TO WOMEN ENTREPRENUERS Million Taka



A shoe factory run by a women entrepreneur financed by SJIBL

Agricultural Investment

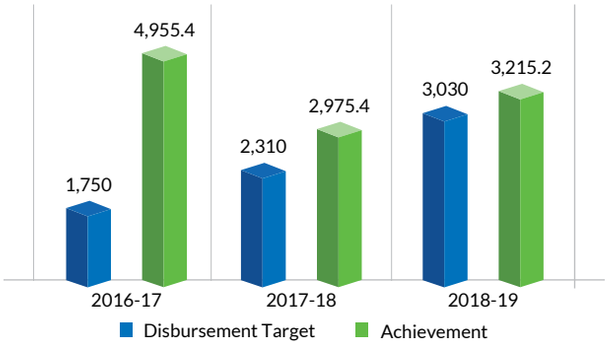
Although Agriculture sector experienced declining trend towards GDP contribution but still about 40.62 percent of the labor force are directly or indirectly dependent on this sector. Realizing the importance of Agricultural finance in creating self – employment opportunities, ensuring food security and Socio-economic development of the country, Shahjalal Islami Bank Limited has been providing agriculture investment through own network and Micro Finance Institute Linkage.

In the Financial Year 2018-19, was a good continuation of target achievement Shahjalal Islami Bank Limited disbursed Tk. 3,215 million among 69,319 beneficiaries in Agricultural sector against its target of Tk. 3,030 million which is 106.11% of total target. Shahjalal Islami Bank Limited also has been achieving the target of Bangladesh Bank in most of the years successfully and have received "Letter of appreciation" from the Governor of Bangladesh Bank for achieving Agricultural and Rural Investment Disbursement Target in several Fiscal Year.

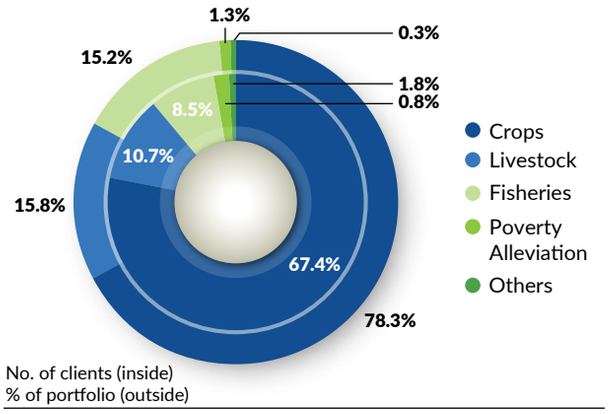
Target Vs Achievement of Shahjalal Islami Bank in the disbursement of Agricultural & Rural Investment of previous Financial Year.

A dairy firm financed by SJIBL under agriculture investment scheme

BB Target Vs Achievement of SJIBL in Agri Investment Million Taka



Agri Investment



RETAIL INVESTMENT

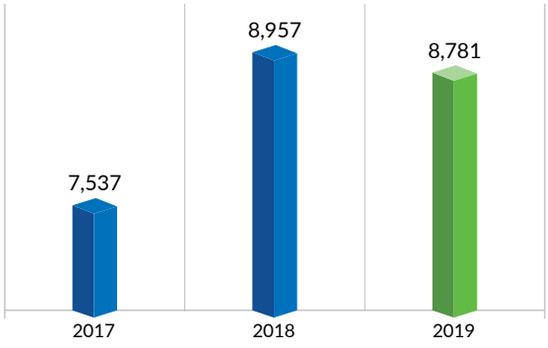
With rising income levels, Bangladesh economy is becoming an increasingly attractive market for retail financial products. SJIBL believes that retail investment is one of the vital sectors to give emphasis to strengthen entire investment portfolio as well as blending of different investment products which leads to diversification strategy. Keeping this motto in mind throughout the year 2019 we tried to enhance our retail investment portfolio which is a continuous process for the upcoming years also.

At present SJIBL are offering following retail investment products to our customers:

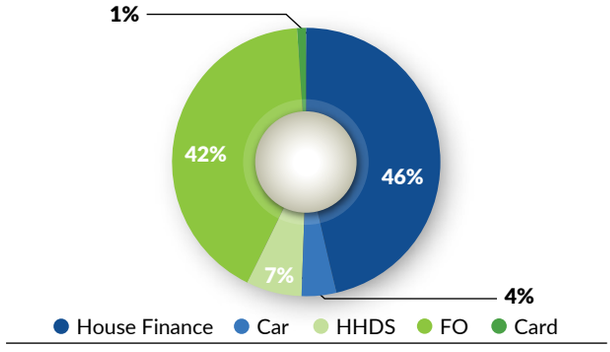
- **Housing Investment Scheme-** Purchasing new flat/ house, construction/ extension/ renovation of building;
- **Semi Pucca Housing Investment Scheme-** Construction of semi pucca house;
- **Car Purchase Investment Scheme-** Purchasing brand new/ reconditioned vehicle;

- **Investment Scheme for Doctors-** Buying medical equipment for setting up new chamber/ furnishing old ones;
- **Overseas Employment Investment Scheme-** Providing financial support for the youth wished to go abroad for wage earning

RETAIL INVESTMENT PORTOFOLIO Million Taka



Retail Segment in 2019



- **Household Durables Investment Scheme-** Purchasing different consumer durable items;
- **Investment Scheme for Executives-** Purchasing house renovation & interior decoration, hospitalization & trips to abroad;
- **Education Investment Scheme-** Pursuing higher studies both in home & abroad;
- **Marriage Investment Scheme-** Meeting up financial requirements during matrimonial ceremony;

TREASURY OPERATIONS

Key challenges in 2019 were managing market volatility-both in money market and in forex market especially regulatory policy unpredictability, excess liquidity management and some ALM ratios. SJIBL Treasury was able to utilize the excess funds which were raised during the year in a timely manner to maximize returns until such time these funds were be utilized by the relevant business units.

Usually Treasury is exposed to risk due to the uncertainty prevailing in the dynamic business world. With the ever increasing pace of changes in technology, regulation and compliance within the banking industry, Treasury has been considered as a nerve center of a bank. One of the major functions of a Treasury department is managing and controlling the bank's liquidity as well as making sure that all parts of the bank can readily have access to the fund required for continuing their operations.

In Islamic Treasury environment, it is important to note that for any product or process, Shariah Board approvals are required, before any other processes, so that the pureness of the Islamic banking remain intact.

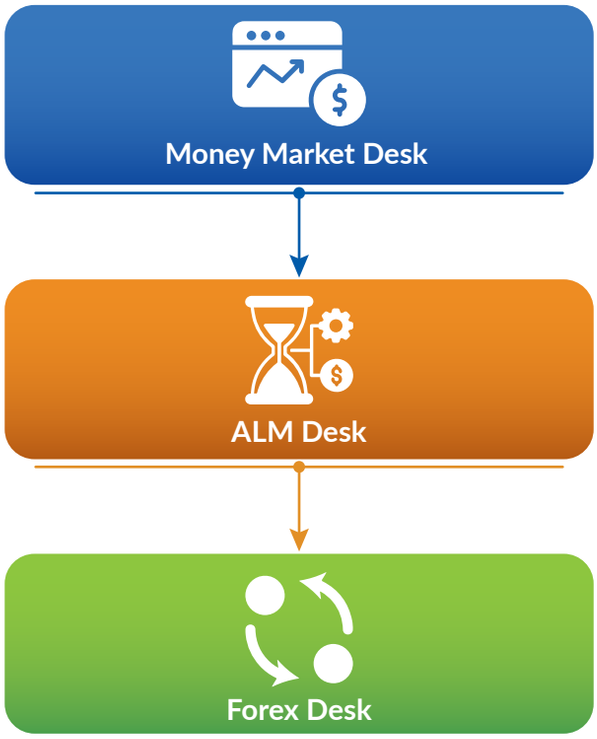
Shahjalal Islami Bank Treasury primarily focuses on the followings:

- Utilizing different market opportunities within all risk and regulatory limits.
- Strengthening ALM operations
- Creating a diversified fund management channel
- Enhancing profitability
- Minimizing market, liquidity and profit (interest) rate risks etc.

Therefore, in the process, Shahjalal Islami Bank Treasury has the following desks which operate through the integrated efforts of Money, FX, and ALM to achieve the desired goal.

Money Market Desk

Money market desk ensures that the bank remains sufficiently liquid, meeting all its financial commitments and obligations to its customers besides meeting the CRR & SLR requirement at minimum risk and cost to the bank. In stress liquidity condition the desk always manages sufficient fund to provide business needs. Money market dealers arrange short and medium term funds at most economical terms which are required by the bank aside from customer deposit mobilization efforts.



Foreign Exchange Desk

We have a separate Foreign Exchange (FX) desk where experienced dealers are engaged in foreign currency transactions. In order to settle the transactions of different foreign currencies throughout the year the desk closely monitored the exchange rate movement of USD and other currencies against BDT and accordingly set the exchange rates of major foreign currencies. The interbank foreign market was quite stable up to June 2019, but after that, due to decrease in export, made the foreign exchange market volatile till the year end. The desk successfully maintained favorable Net Open Position (NOP) throughout the year.

ALM Desk

Over the time the scope of treasury operations has significantly expanded and asset-liability management appeared as the heart of treasury function. In banking business, movement or transformation of the components in the balance sheet is an ongoing process which has a resultant effect on the profitability and overall strength of Bank. SJIBL ALM plays an important role by identifying and measuring those risks and minimizing or hedging those risks using various financial tools for stabilizing the balance sheet and maximizing profit for bank.

Throughout the year, changes in market liquidity and interest rates may expose bank to the risk of losing money. Asset Liability Management (ALM) has

therefore become a key financial and risk management discipline that manages both on/off balance sheet position to maintain a risk reward profile for creating stakeholders' value.

In addition, ALCO is a decision-making unit responsible for balance sheet planning and management from risk-return perspective and also responsible for the strategic management of interest rate and liquidity risks. In 2019, SJIBLs ALCO managed its balance sheet movement in right track to optimize changing market dynamics.

Future Strategy:

In the coming year, both local and global markets are predicted to be more volatile. Liquidity crisis, which eased after long effort of one year, is likely to intensify further in the coming year. Liquidity management will be the main challenge for the banking sector in the upcoming year amid pressure of implementing the single digit interest rate on advances and high borrowing from banks by the government. Interest rates and currency market volatility are likely to continue through 2020. The SJIBL Treasury would introduce measures to manage declining the interest (Profit) rates and volatility in the local currencies stemming from the said developments. Amidst this environment, the focus of the Treasury would be to:

- Continue to improve market responsiveness in order to strengthen core business activities
- Introduce new customer-centric products, adding value to the Treasury portfolio.

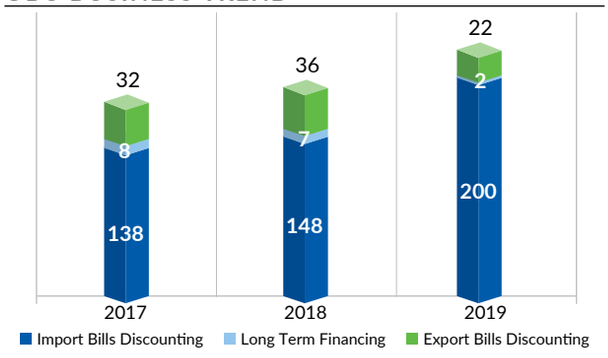
OFFSHORE BANKING

Offshore Banking is a window of a bank that is engaged to carry out the international banking business through foreign currency by borrowing, depositing and placing such currency. In 2019 Offshore Banking business faces major shifting in regulatory perspective. To properly mitigate the risks and streamline of offshore banking operations, Bangladesh Bank issued a new and complete policy guideline on February 25, 2019. Under this policy, all banks have to implement Asset Liability Management (ALM) guidelines for their offshore banking operations. Besides this, new policy offered a lot of changes and imposed restrictions on Offshore Banking business. The biggest challenge of the new policy is to use fund mobilized from own domestic banking operation not more than 20% of its total regulatory capital.

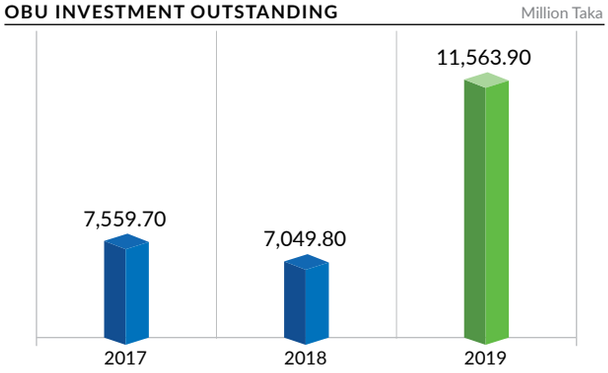
Financial Highlights of 2019:

- In 2019, OBU has started its own Authorized Dealer (AD) activities by extending export import business with wholly foreign owned enterprise in EPZs, PEPZs, and EZs & Hi-tech parks along with existing all other business activities. OBU has advised 359 L/Cs and certified 326 EXPs in 2019. It has made export USD2.13 million (Tk.180.9 million) against 318 bills and Import USD1.52 million (Tk.129.3 million) against 14 L/Cs.
- OBU has deployed total USD57.67 million from different overseas banks in 2019.
- In 2019, OBU has also discounted 3451 Import & Export Bills of different ADs for USD 221.87 million with 20.63% growth over 2018. SJIBL OBU also made 3 long term financings for USD 2.20 million.
- OBU's total exposure is USD136.45 million (Tk.11584.6 million) at the end on 2019.

OBU BUSINESS TREND



OBU INVESTMENT OUTSTANDING Million Taka



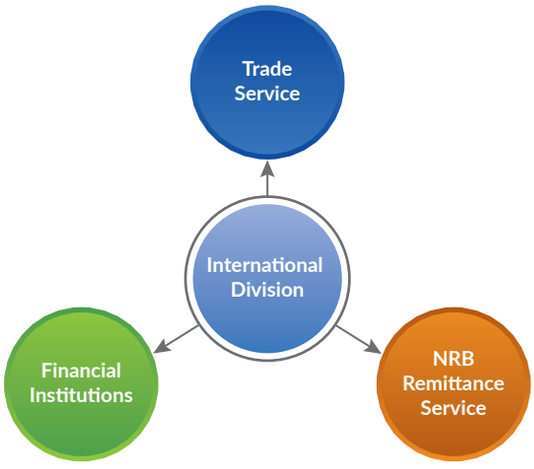
Future Strategy:

Offshore Banking has the plan to diversify the borrowing sources to avoid concentration risk and achieve cost competitiveness. It has also the plan to enhance the business with wholly foreign owned enterprise in EPZs, PEPZs, and EZs & Hi-tech parks.

INTERNATIONAL DIVISION

International division covers supervision of Shahjalal Islami Bank's foreign trade related transactions, facilitate trade payment settlement, mitigate various risks related to foreign trade, maintain and improve of correspondent relations internationally and locally.

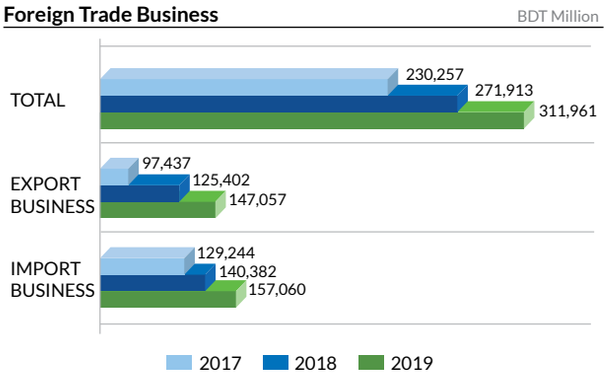
Currently, International Trade Service is provided from 19 (nineteen) AD Branches, 1 (one) Central Processing Centre, 1 (one Off-shore Banking Units (OBU) under the supervision of International Division. International Division coordinates, supervises and supports International Trade Transactions of AD branches through following units-



International Business Performance:

International Business has greater impact on profitability of the Bank. Despite of various international obstacle Foreign Trade Business through Shahjalal Islami Bank has positive growth.

Total Foreign Trade Business handled during the year 2019 was Tk. 311,961 million as against Tk. 271,913 million in 2018 registering an increase of Tk. 40,048 million, i.e. 14.73% growth. The individual section growth of Import, Export and Foreign Remittance Business were 11.88%, 17.26% & 28.06% respectively in 2019 compared to 2018.



Financial Institutions:

Due to perspective of AML/CFT compliance, correspondent relationships across the world are reducing day by day. In this tough situation, we are able to establish new relationships with 18 worlds renowned bank in 2019 as well as we are successfully maintaining the relationships with 398 banks in 57 countries around the world to make easy international trade transactions.

For better Foreign Currency (FC) fund management, we have established three Nostro accounts one in AED with Mashreq bank PSC, Dubai, also in CAD with ICICI Bank Canada, Toronto and in CNY with Standard Chartered Bank (China) Limited, Shanghaiin 2019 as well as we are maintaining 26 Nostro accounts in 7 major currencies with reputed international banks around the world in all of the important global financial centers.

To facilitate international trade through confirmation/ discounting/refinancing, we have arrangement with the following Cross Border Trade Finance Platform:

1. Fintech Innovations International DMCC, Dubai, UAE.
2. Interlinkages Consultancy Limited, Hong Kong.
3. Capital & Credit Risk Manager (CCRM), Singapore.

Shahjalal Islami Bank Ltd. recently joined with fin-tech platform CCR Manager to further strengthen trade finance capabilities. As per agreement SJIBL customers will be able to buy and sell trade assets faster and in a more secured manner at competitive price, using the platform.

By effective negotiation with our foreign counterpart, we have able to enhance our credit line facilities from USD 450 million to USD 480 million in 2019 to smooth progress of our international trade.

Trade Service:

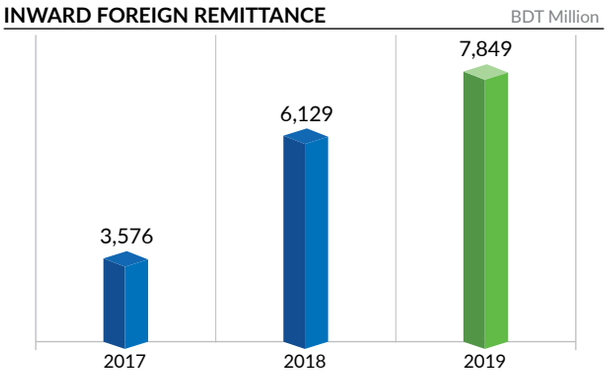
To provide better service to our AD branch/OBU/ CPC and to reply regulatory queries timely with full compliance, we have segregated trade service unit into Import trade service sub unit and export trade service sub unit.

To provide quality service in trade area with full compliance, we have conducted the following workshop in 2019 in addition to our SJIBL Training Academy program.

1. Reporting of Foreign Direct Investment [having participants from FDI clients.
2. Reporting of FX transactions under RIT of Return/ Statement.
3. Reporting of FX transactions through Bangladesh Bank web portal.
4. Incoterms®2020.

To communicate the latest update and sharing knowledge among members of SJIBL AD Forum, we have conduct three SJIBLAD forum meeting in 2019.

NRB Remittance Service:



To enhance wage earner Remittance through us, we have made agency new arrangement in 2019 with the below 5 renowned exchange companies as well as we are maintaining effective relationship with 10 exchange houses:

1. NBL Money Transfer SdnBhd, Malaysia
2. BRAC Saajan Exchange Limited, UK
3. Sajwani Exchang, UAE
4. NBL Money Transfer Pte Ltd, Singapore and
5. Kaymaks Limited, UK and Europ

We have conducted workshop on "SJIBL NRB Remittance Services" at five phases covering the all branch of our bank in 2019 for enhance the remittances inflow by providing better service to client with full compliance.

RESEARCH & DEVELOPMENT

Today the Banking industry in Bangladesh is experiencing neck-to-neck competition as 60+ Banks are operating in a small economy like us. All the Banks are trying to differentiate themselves through their product and service proposition at customers' mind space. To become the customers' 'Bank of Choice' and cope with dynamics of consistently changing Banking industry, a separate R&D department has been established in June 2018 at SJIBL. R&D follows a unique research method: finding ideas, searching beyond limits, thinking of new and repeated uses, features re-engineering, offering a solution and matching it with the business problems.

Initiatives & Achievements-2019

This year, R &D has conducted a number of research studies both pro and re-actively. Below are the few of many "Strategic Solutions" we provided.

- Introduced geo-spatial model based Branch Feasibility Study first-ever in the Banking industry. The outcome of this scientific method is all the Branches opened in 2019 outnumbered the Branches opened in earlier years as per the opening performance.
- Started publishing Bank's flagship quarterly business magazine "Mirror" and introduced a knowledge test "M-Quiz" on this publication immediately after its release.
- Designed, administrated, and evaluated the performance Deposit Mobilization Campaign "Dream it, Achieve it" in the last quarter of 2019 with target achievement of 132.26% maintaining CASA proportion of 51.64%.
- Developed a proprietary Mystery Shopping Model for the Bank and conducted mystery shopping on basis of that model initially at a few selected Branches with an objective to improve the existing Service Quality of the Bank.
- Developed No-frill Savings Account for facilitating the maternity allowance payment to the Working Lactating Mothers.

Future Plan-2020

- Market alignment of existing Schedule of Charges of the Bank.
- Development of Segment-specific products and services following STP methodology,
- Re-creation of Corporate Website of the Bank. This project is expected to complete by 2020.
- Started development of Social Media Ecosystem for the Bank to increase the digital footprint of the Bank.
- Continuous update of the already developed dynamic data (both quantitative and qualitative) archive.
- Development of Service Quality Handbook is in the preparatory stage, soon to be unveiled to ensure 'Quality Service First' in all levels of the Bank's operations.

IT DIVISION

Financial industry is experiencing a major shift in service delivery across the globe and Bangladesh is also not an exception. Banks are investing heavily in technological infrastructure to bring in changes and efficiencies in service delivery, banking operation, delivery channels and information security. At the same time customers specifically, new generation empowered tech-savvy customers are demanding anytime, anywhere banking service. This necessitate development of customer service which is innovative, robust, secure, optimized and ready to meet the expectations of customers.

Key Initiative in 2019

In the year 2019, Shahjalal Islami Bank Limited identified, initiated and implemented a number of technological projects in order to improve and secure customer service. Main objectives of IT security as envisioned were to ensure data confidentiality, integrity and availability.

SJIBL is working to strengthen following Channels and Interfaces:

- Internet Banking Service
- Utility payment service
- Tuition Fee payment service
- Payroll Account.

The Bank also took number of initiatives to strength the Core Banking System (CBS) through continuous testing and fine tuning of the followings:

- Central Limit Loading and Control,
- Centralized Trade Finance,
- Islamic Credit Card Bill Collection,
- Utility Bill Collection (DESCO, WASA, TITAS, REB etc.)
- Strong Customer Authentication System

Besides, SJIBL has taken following IT Security related measures in 2019:

- Tier-3 Data Center validated by EPI (Enterprise Product Integration),
- Layer-7 Security Solution
- Web Application and Data Firewall,
- Email Security Appliance, Sandbox Appliance, SSL Certificates.

BANKING OPERATIONS DIVISION

Banking Operations Division (BOD) has been established to guide, control, monitor & regulate the branches of the Bank and concerned Department/ Units at Head Office in managing different operational affairs/aspects having close coordination with all other Divisions/Departments. Throughout 2019 Banking Operations Division strived to equip all resources to enable the bank to serve the customers promptly.

Key Achievements 2019:

- Operations Policy and Guidelines of Shahjalal Islami Bank Ltd. reviewed & updated.
- Introducing 'Methodology of Customer Service Evaluation Policy' for conducting on sight independent survey.
- Central Circular Management System for ensuring proper communication between management & all functional entities or individuals within the bank with regard to Circulars/Circular Letters.
- Reporting Responsible Officer's Certification and Certification of Pre-existing Accounts (COPA) within the stipulated time and ensuring timely submission of Annual Reporting of FATCA to Internal Revenue Services under U.S. Government in 2019.
- Redesigned Foreign Currency (USD, GBP, EUR, CAD, JPY& CNY) deposit products for smooth operations in BACH-II (Foreign Currency Automated Clearing).
- Automated Cheque Processing Unit(ACPU) started seamless "Live Operation of BACH-II" in 2019 as per instructions of Bangladesh Bank.

Future Plans 2020:

- Introducing Cash Deposit Confirmation Slip to minimize cash fraudulent activity to zero & also increase accountability of the Tellers.
- Starting "Centralized Account Opening Management" to reduce operational risks at branch level as well as rationalize the related volume of man hour incurred.
- Digital account opening

FINANCIAL ADMINISTRATION DIVISION

Financial Administration Division has been carrying out the responsibilities of strategic planning as well as organizing, directing, supervising and controlling the financial undertakings of the bank in order to support the Bank's commitment to the stakeholders through financial accountability. The responsibility includes applying management principles to the financial assets and liabilities of the bank, while also playing an important role in fiscal management. The goals of the Division are to support the Bank in its vision by ensuring financial stability. .

Financial Administration Division ensures:

- Effective compliance and control in line with ever increasing regulatory developments
- Business supports at a strategic and operational level at minimum Turnaround Time (TAT)
- Business improvement initiatives in order to add value to the company
- Providing accurate data for effective decision making.
- Three Es (Effectiveness, Efficiency and Economy) in every amount expensed
- Develop operational & analytical query tools
- Standardize accounting & reconciliation of transactions of the bank
- Highest Combination of People, Process & Technology.

2019

Pre-Audit:

- Bills processed: 22543 nos.
- Amount: Tk. 8982.81mn

Payment Processing and Book Keeping:

- No. of Bills/Vouchers: 22092 Nos
- No. of Transactions: 88192 Nos
- Voucher Maintenance

Reconciliation:

- Reconciliation of General Account
- Reconciliation of Bangladesh Bank Taka and FC clearing Account
- Reconciliation of 62 nos. accounts with other Banks

Financial Control

Reporting:

- Monthly Reports: 17 Nos
- Quarterly Reports: 10 Nos
- Half Yearly Reports: 7 Nos
- Yearly Reports: 9 Nos

Supportive Role:

- Provide continuous guidelines & support to the branches.
- Provide required MIS to the Management

Operation

Policy and Process Development:

- Review and update Accounting Manual
- Develop accounting process of SJIBL Credit Card
- Develop accounting process of Agent Banking
- Review of systems, processes and policies to facilitate consistent delivery across the entire spectrum

Leadership

Budget & Business Plan:

- Drive budgeting and forecasting processes with inputs
- Assess the financial performance against key business metrics
- Stimulate and drive the timely execution of change in the finance function for business improvement initiatives
- Influence the future direction aligning business and finance strategy

Strategy

SHARIAH INSPECTION AND COMPLIANCE DIVISION

The Shariah compliance functions is the core differentiating factor between an Islamic Bank and a conventional Bank. Over the years, the global Islamic Banking Industry has witnessed remarkable improvement in the area of Shariah compliance mechanism with the help of Central Banks of different countries.

Shahjalal Islami Bank limited has a separate Division to ensure Shariah compliance in banking operational activities known as Shariah Inspection & Compliance Division headed by Muraquib who is well conversant about Shariah laws and principles. The Division works under the guidance and direct supervision of Shariah Supervisory Committee for the following functions:

a) Facilitating new research and product development activities

b) Refining existing products and activities

c) Providing Islamic banking trainings to new and existing staffs

d) Conducting regular Shariah audits of branches and departments

e) Coordinating with the Management & Shariah Supervisory Committee

The bank has a dedicated and independent Shariah Audit function in place to ensure that all its operations are carried out according to Shariah rules and principles as prescribed by the Shariah Supervisory Committee and Bangladesh Bank guidelines. The objective of Shariah audit is to ensure proper execution of transactions as per Shariah, evaluation and assessment of Shariah control systems that are in place and identifying of non-Shariah compliant income, if any. If an audit observation is raised on transactions of particular investment deal and found violating Shariah principles, then the income treated as doubtful income and transferred to Compensation Realized Account after review by Shariah Inspection Report Review Committee chaired by the Managing Director.

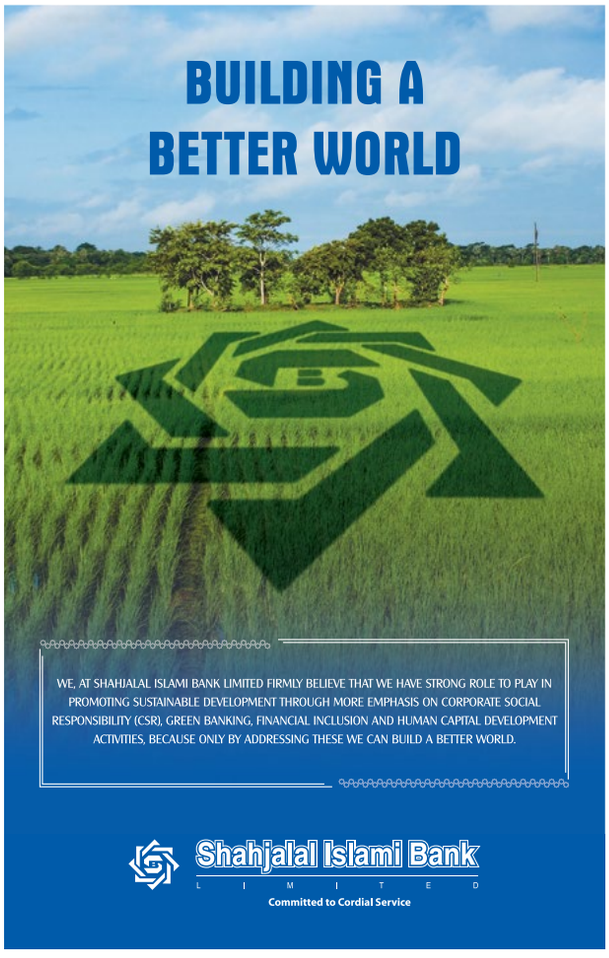
Shahjalal Islami Bank limited has put into place a rigorous training regime for its employees in order to enhance their knowledge and skills about Islamic finance. Basic course is included in foundation training course & orientation course for new employees along with specialized course at Training Academy. Above all,focused training also arranged in different locations across the country by Shariah Inspection & Compliance Division throughout the year to enhance Shariah knowledge of employees. During 2019 such training has been arranged at 4 centers where 117 employees have been trained on different aspects of Islamic finance and documentation.

During 2019, draft “Shahjalal Islami Bank Shariah Guidelines” was prepared following Bangladesh Bank directives and submitted to the Shariah Supervisory Committee for review. After detailed discussion necessary changes has been made and suggested amendment has been incorporated in the draft guidelines. The revised Shariah Guidelines was approved by the Board of Directors in its 273rd meeting held on January 7, 2019.

INITIATIVES OF MANAGEMENT

BRANDING

The commercial banking industry has undergone significant change during last decade. Today commercial banks operate in a far more dynamic and competitive market place. With growing competiveness in the banking industry, and similarity of services offered by banks, it has become increasingly important that banks identify the factors that determine the basis upon which customers choose among the banks.



It is believed that strong brand can create significant opportunities for a company in a competitive marketplace. Strong brands can be leveraged to build value to the stakeholders. In order to do so, a bank must associate with customers and works backwards in shaping the brands. The process of molding a brand requires carefully sequenced brand-building efforts and understanding why a customer prefers one brand over other.

A brand is Bank's identity – its personality, values and traits. It differentiates a bank from others bank. A strong brand gives more control over bank's future. Trust is paramount when it comes to money matters. Strong branding is no accident, it's a deliberate, strategic process, and the first step is establishing trust. Strong brands produced customers' perceived product or services to mitigate risk and increase brand value. That strengthens banks bargaining power with potential customers. It enables to establish an emotional bond with the

customers, be they individual or organizations. Strong brands win because they offer a holistic experience that inspires confidence, trust and loyalty.

Shahjalal Islami Bank was established in 2001 as a progressive Islami Bank having its main slogan "COMMITED TO CORDIAL SERVICE" is our guiding light. We always put our patrons first and their satisfaction is our goal. To live up to this promise we have invested in technology so that banking with us becomes synonymous with convenience. We have also introduced and are continuously researching for new products and services that would meet the needs & lifestyle of our growing patrons.

The Branding Department of Shahjalal Islami Bank has been evolving over the years and playing a vital role in promoting the SJIBL Brand among the customers and differentiating it from other Islami Banks operating in the country and position the Bank as a progressive Islami Bank. All the communication material prepared by the department bears the testimony of modern, creative and aesthetic sense.

The Branding Department of Shahjalal Islami Bank systematically tries to create a positive image, trust and confidence among the depositors, customers, investors and/or the community through different platforms. The interior of all branches has been rebranded and make attractive to the customers. Outlook of customer desk and cash counter of all new branches have been changed and made uniform.

Banker-SME Women Entrepreneur Fair and Product Exhibition

One of the important aspects of branding is to connect the customers and informing them who we are, what we stand for, what we say about ourselves, what we do and how our company acts. We conduct regular review of customer's expectation and our image among the community. During interaction and experience with the customers, if required, we reshape our commitment and improve our service quality to ensure our long term relationship.

We explore all the opportunities of branch opening, social gathering, school banking, award ceremony, fairs, events and Iftar party to project Shahjalal Islami Bank as one of the best Bank of the country. We also congratulate achievement of our valued customers in a manner that develop emotional bondage with our Bank.

CUSTOMER SERVICE

Achieving excellence in customer service is one of Shahjalal Islami Bank major strategic priorities. SJIBL wants to reach the top position in the industry in terms of customer service standard. In doing so, we strive to meet the aspirations and needs of all our customers. We are building a better bank for our customers ranging from individual to institutional. We continue to invest in our people, services, and products for customer service excellence. We are preferential, easy to deal with and trustworthy, with the humbleness to serve and the confidence to lead to our customers.

SJIBL customer service desk

As such, we have planned to improve following aspect further to address our customer service quality:

Customer Focus

- We consider the customer first in all our decision-making.
- We always seeing things from a customer's point of view.
- We always provide sufficient and complete information to a customer
- We recognize and serve diverse groups of customers according to their distinctive needs.
- We build and sustain relationships that are satisfying to our customers.
- We always have a genuine desire to do the right thing for customers.

Integrity First

- Integrity is at the core of all our relationships. We build trust and confidence with our customers.
- We consistently demonstrate personal integrity through honesty, trustworthiness, fairness, confidentiality and openness in everything that we do.
- We deliver accurate, reliable and customer-friendly products and services.

Respect to The Individual

- The more respect we demonstrate to one another, the higher the quality of our working relationships.
- We listen actively to one another and respond appropriately.
- Our communications with one another are open, timely and professional.
- We provide the authority, training, tools and encouragement so that each of us can do our best to serve our customers.

Professionalism

- We each take ownership and personal responsibility for all that we do.
- We continually develop ourselves to maintain leading-edge capabilities.
- We apply our extensive industry knowledge and technical competence to our competitive advantage.
- We consistently produce results of the highest quality.
- We are positive, confident and objective in all our business interactions.

Results Orientation

- We focus on achieving results that add the best possible value for all our customer.
- We continually improve on what we do to serve our customers.
- We use the power of teamwork to improve results significantly.

Time Deposit Customer AC Number
78,817

Demand Deposit Customer AC Number
621,685

Scheme Deposit Customer AC Number
176,506

WOMEN EMPOWERMENT

PORTFOLIO TARGET FOR SME INVESTMENT FOR WOMEN ENTREPRENEURS IN THE YEAR 2020 IS TK. 8,800 MILLION

Almost half of the total population of Bangladesh is female for which there is no scope for inclusive growth without women empowerment. For this, Shahjalal Islami Bank Limited has been doing the followings:

- There are sufficient number of female employees working in the bank and each year many female employees are recruited along with male employees.
- There is also Women Entrepreneurship desk in one of our large branch namely Dhaka Main branch to motivate women into business.
- Among Corporate and SME portfolio there are also many female directors and owners. Shahjalal Islami Bank want to see more and more women involved in entrepreneurship so that women enjoy more economic freedom.
- In student Scholarship program run under CSR, male to female ratio is kept in balance.
- Women are also encouraged to open 10 Taka and 100 Taka accounts under financial inclusion scheme specially to bring rural and under privileged women in formal banking network.
- SJIBL follows a zero tolerance approach to harassment of any kind to any female employee since harassment seriously weakens the working atmosphere.
- To spur banking interest among women Shahjalal Islami Bank has a ladies branch which is located at Uttara in Dhaka.
- There are sufficient school banking accounts of female students.

SME women entrepreneur award

WHISTLE BLOWING

The purpose of this whistle blowing is to provide a mechanism to Bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and reputational loss to the Bank. The major objectives of whistle blowing can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function and
- To be a source of early warning signal.

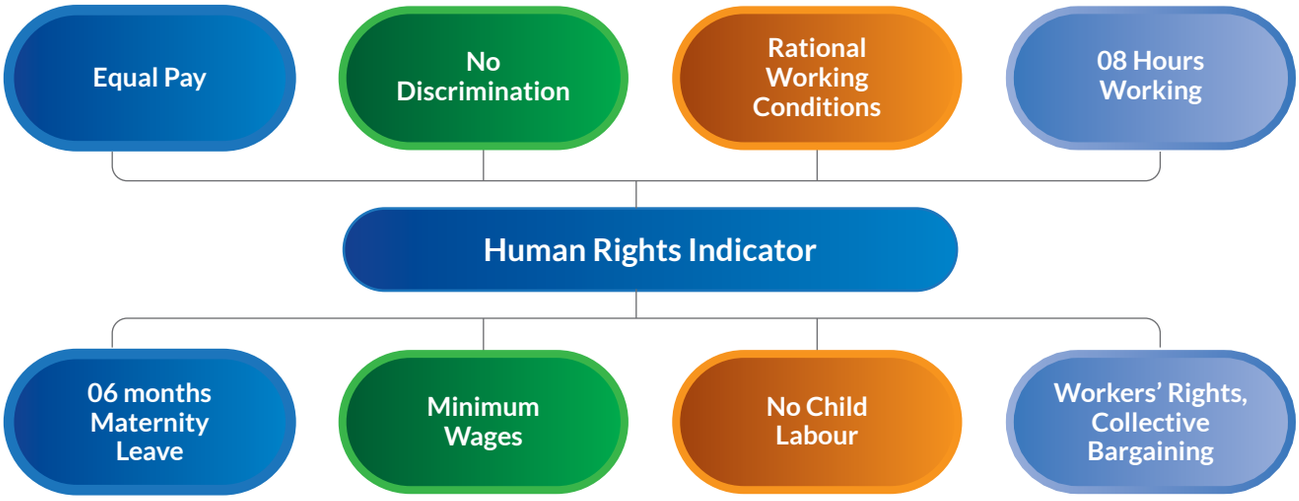
If any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the Bank or could be against the interest of the Bank, he / she must immediately report this to the Management through various modes including but not limited to Bank's website, e-mail, fax, mobile and landline.

HUMAN RIGHTS

SHAHJALAL ISLAMI BANK STRONGLY BELIEVE CORE ESSENCE OF HUMAN RIGHT WHICH EMBEDDED IN ITS ALL OPERATION AND ACTIVITIES. THE BANK ALSO DOES NOT TOLERATE ANY KIND OF DISCRIMINATION I.E. RACIAL, GENDER, RELIGION OR REGIONAL IN ITS ANY POLICY OR PRACTICE.

Regarding some social and human rights issues ShahjalalIslami Bank is very much strict like as follows:

- ShahjalalIslami Bank ensure decent and safe work environment in all branches including Head Office. The Head Office of the bank is a certified Green Building. Besides, all investment of the bank tries to ensure decent and safe work environment for factory workers through routine physical inspection.
- ShahjalalIslami Bank ensures minimum wage for all employees working in the bank. In addition, it also advocates for minimum wage for places wherever it finances.
- The Bank believes in gender equality and have sufficient female employees working in its different branches and Head Office. In addition, it encourages female recruitment wherever they have finance. SJIBL strictly ensures maternity leave for its female employees .
- Though the Bank operate as a full pledge Islamic bank, there are many non-Muslim employees work in this Islamic organization and there are also many non-Muslim clients working comfortably with this Islamic bank.
- The does not allow child labor in any of its operations nor does it finance to any organization which use child labor extensively.



ETHICAL BANKING

After Subprime Mortgage Crisis of USA and its subsequent disastrous impact on Europe in 2008 the term "Ethical Banking" was further reechoed globally. What is more important? Knowledge or Ethics? Who is to be recruited in banks- a candidate having high knowledge & skill with weaker ethics or a candidate with higher ethics with comparatively lower knowledge level & efficiency? The Sub Prime Mortgage crisis taught the whole world that a candidate with higher ethics is preferable as banker in spite of having comparatively lower knowledge level & efficiency.

For Shahjalal Islami Bank, ethics means being honest and maintain integrity both inside and outside the organization in any issue. If any ethics-centered complain is received against any employee of the bank from customers or any outsider, it is investigated and strict disciplinary action is taken in the form of dismissal, punishment posting or termination etc. As a Shariah compliant bank, Islamic values are given utmost care for defining ethics in SJIBL. Client is never deprived of getting higher deposit profit rate nor are they deprived in benefitting from lower investment profit rate. SJIBL is employee friendly and customer friendly bank at the same time. SJIBL never leaves employee in distress. If any employee is incapable for treatment to cure sickness, SJIBL Foundation extends the hand of love with adequate financial assistance. SJIBL HR policy is also employee friendly since the organization believes in reciprocity in ethical practice.

In addition, the practice of Green Banking as well as Green Finance is also SJIBLs part of conducive social ethics. SJIBL promote Green Finance to reduce environmental impact. Employees follow Green Office Guide to reduce banks internal resource consumption. Banking ethics of SJIBL also encourage branch managers to open 10 Taka ,100 Taka accounts (under No-Frill category) for poor people to ensure mass peoples participation into formal economy. Farmers, RMG workers are mainly beneficiary of these accounts. Opening school banking account with 100 Taka is not at all profitable or cost effective for bank but as a socially and ethically responsible organization, SJIBL instructed all its branches to open school banking account and distribute ATM Card to students free of

cost. Bank has also plan to disburse Green Finance at reduced rate than commercial in future to enhance eco-friendly investment. Banking ethics also inspire SJIBL to donate in the form of CSR to the lower and lower middle class people of the society. As part of ethical marketing, & business responsibility SJIBL do the followings:

- Shahjalal Islami Bank does not allow unethical marketing for its products and services. This organization does not make any commitment regarding products that it cannot fulfill.
- It promotes environmental awareness among customers so that resource waste can be discouraged.
- SJIBL does not involve in unhealthy marketing competition with competitors like offering abnormal profit rate for deposits.
- SJIBL considers its image as a shariah compliant bank during branding, digital or printed advertisement and marketing.
- In SJIBL, business policy and banking ethics comes prior to profitability.
- SJIBL believes in wealth maximization in the long term instead of profit maximization in the short term.

In a word, SJIBL promote ethics in all spheres of banking.

SUSTAINABILITY REPORTING

MESSAGE FROM THE MANAGING DIRECTOR ON SUSTAINABILITY

For the banking sector, one of the best contributions to sustainable development involves economic stability and progress, improvement of the society and quality of people's life while ensuring minimum impact towards the environment. We, at Shahjalal Islami Bank Limited firmly believe that we have strong role to play in promoting sustainable development through more emphasis on Corporate Social Responsibility (CSR), Green Banking, Financial Inclusion and Human Capital development activities. Sustainability creates value for stakeholders as well as a company to attain competitive edge that has to achieve business success. In light of the above, I am delighted to share some of the initiatives taken by Shahjalal Islami Bank Limited.

Corporate Social Responsibility

SJIBL is always active in carrying out community services which includes services in the areas of education, health care, disaster management, environment, empowerment of under privileged people, sports, social awareness, promotion of culture and welfare of charitable organizations. Bank focus has always been to contribute to the sustainable development of the society and environment and to make it a better place for future generations.

In this context, Shahjalal Islami Bank Limited has been expensing a substantial amount of money from its annual profit each year to conduct its CSR activities across the country with a view to develop the backward sectors. The bank has been paying respect to social and public welfare, rather profit maximization strategy. During the year 2019 the Bank has spent Tk.220.00 million for CSR purpose.

The Bank donated a substantial amount of money to Prime Minister's Relief Fund for different generous activities as well as distributed warm cloths among cold-hit people. The Bank supports poor meritorious students by providing Higher Study Scholarship to become emergent human capital of our country. In 2019, Bank has donated Tk.52.40 million on Education, Tk.20.81 million on Environment & Disaster Management, Tk.5.60 million on healthcare and Tk.141.19 million for warm cloth distribution, empowerment of under privileged segment of society and other social welfare activities.

Green Banking

Green Banking means the eco-friendly or environment-friendly banking and it also refers to ethical banking or sustainable banking. It is for stopping the environmental degradation and making this planet habitable. Different stakeholders can minimize the degradation of environment by "green practice." In Bangladesh, as one of the key stakeholders, banks can play a vital role in development and response to the environment through "Green Banking" practice.

We always believe in growing with a responsible manner by maintaining an eco-friendly environment across the organization. For that purpose, the Bank circulated Green Banking Policy Guideline as well as Banks Green Office Guide to all the employees for raising awareness regarding conservation of energy, water and saving paper, etc. We have taken measures to reduce the environmental impact of our own operations, which included actions aimed at efficient use of water, energy, paper and fuel. This year we have introduced paper less EC, Board and other management committee meetings. Besides, we are also reducing use of paper in our internal communications.

"Shahjalal Islami Bank Tower", Corporate Head Office of Shahjalal Islami Bank Limited is the country's first ever LEED GOLD Certified Building in Banking Sector of Bangladesh. It 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 building has been saving 30% energy by efficient use of electricity. Furthermore, rain water harvesting and water recycling system exist in the building. The environmental friendly new building has added another dimension of the Bank for offering better customer services with fresh zeal and courage.

We highly encourage our customers to use E-Statement, SMS banking, SMS Alert, and e-mail Correspondences to reduce use of paper. The Bank developed more number of green banking instruments through which the customers can save their valuable time and unnecessary paper work as well.

While selecting businesses for financing, we focus on green financing like renewable energy generation, solar home system, bio-gas, managing different waste, treatment of liquid waste and effluent treatment plant in a continuous basis. We are financing more on fire

system, ETP & WTP for garments as well as financing green building to ensure regulatory compliance. Right now, we have no environmentally high risk category investment in our bank and we have Green Finance of almost Tk.1006 million in terms of outstanding.

Financial Inclusion

Financial inclusion is defined as access to the full range of financial services at an affordable rate for everyone. It is a strategic instrument for increasing savings habit, alleviating poverty, improving household welfare and promoting micro and small businesses, particularly for women. Access to financial services for un-banked and financially excluded individuals could transform individual's conditions and also helps to attain sustainable economy.

As a part of countrywide financial inclusion of un-banked people particularly in remote areas, Shahjalal Islami Bank Limited has already started Agent Banking operation by opening 15 outlets at a time across the country. We are opening School Banking account, RMG Workers account and Farmers account. We have made agreement with a reputed NGO namely Aparajeyo Bangla to open account for Street Urchin and Working Children under their supervision. In order to ensure inclusive growth, Shahjalal Islami Bank Limited is committed to bring mass people under formal financial network.

We have successfully performed School Banking Conference and campaign throughout the year across the country specifically emphasis on Rangpur, Saidpur, Dinajpur and Sylhet zone to motivate school students for savings. SJIBL has been providing direct investment to the marginal farmers without collateral @ 4.00% profit rate for sustainable growth of the agriculture-based economy. Mainly crops, fisheries & livestock are three core sectors of agriculture where SJIBL has been given special emphasis at the time of sanctioning investment. In the Fiscal Year 2018-2019 Bank disbursed Tk 3,215.20 million of agricultural investment against Target of Tk 3,030.00 million. The outstanding agricultural investment as on 31 December 2019 was Tk.1,852.90 million. Moreover, we have given investment facility without collateral @4.00% to Tribal Group (Garo) of Maduhupur and Haluaghat through our Tangail and Haluaghat Branch.

Human Capital Development

SJIBL understands that people is the heart of the operations and the key success driver. The Bank has always assigned high importance towards development of the Human Capital. Regular trainings are held with an objective to continuously update skill sets and build expertise. In consultation with all the Divisional Heads and Senior Management, training plans are developed based on need identified for the business. Extensive training programs covering Foundation Training Course, Basic Course, Product and Process, Advanced Courses are conducted at Bank's own Training Institute, BIBM, and other reputed training centers. Among other issues training on Green Banking, Ethics in Banking, National Integrity Strategy, Financial Inclusion and Corporate Governance, etc. are also arranged by the Bank on regular basis. Besides, employees of branches visit different schools to give financial literacy to school students as part of social responsibility. For promoting financial literacy among students in different schools, the Bank arranges program at own cost. Our Sustainable Human Resource Policy motivate employees to leave the office on time to minimize resource consumption and also to ensure maximum output from banks manpower by utilizing minimum resources possible.

It is worthwhile to mention that following Bangladesh Bank's instructions, Shahjalal Islami Bank Integrity Strategy Committee was formed for implementation of National Integrity Strategy which has been designed and modeled by the Government of People's Republic of Bangladesh envisioning happy, prosperous and corruption free Bangladesh and establishing rule of law in its different organs/organizations. Furthermore, Bank also introduced Integrity Award in 2019 to motivate the employees of the Bank in order to promote integrity and to uphold the ethical standard by rewarding the outstanding achievers in five categories.

In present day business, good corporate governance is vital to the growth of a company. Likewise, an organization will be able to strive sustainability by earning trust and acceptance from the society it operates. Key ingredients for a financial institution to achieve trustworthiness of stakeholders are operational transparency and accountability, good governance and employees that possess the highest level of integrity and ethics. We always tried to ensure that appropriate process, systems and tools are in place in every part of the organization. Our strategy is to support economic growth of our country and customers, to offer products and services that improves social welfare without sacrificing our ethical banking principle, and to reduce environmental impact of our activities.

To conclude, we reaffirm our commitment to sustainable finance, good governance and corporate responsibility. Efforts will continue to take new initiatives in order to enhance Shahjalal Islami Bank's engagement and involvement in our communities towards inclusive growth of Bangladesh.

M Shahidul Islam
Managing Director & CEO

SUSTAINABILITY REPORT AT A GLANCE

SUSTAINABILITY REPORTING IS THE PRACTICE OF MEASURING, DISCLOSING AND BEING ACCOUNTABLE TO INTERNAL AND EXTERNAL STAKEHOLDERS FOR ORGANIZATIONAL PERFORMANCE TOWARDS THE GOAL OF SUSTAINABLE DEVELOPMENT. IT IS A TRIPLE BOTTOM LINE REPORTING THAT ENCOMPASS ECONOMIC, ENVIRONMENTAL AND SOCIAL ASPECTS.

Key Highlights - 2019 (Quantitative)

- Total CSR Tk. 220 Million
- 3140 Number of Total 10 Taka & 100 Taka (No Frill) Account
- 17,110 Number Of Total School Banking Account
- Taka 1005.85 Million Total Green Finance Outstanding
- Total 190 (Rural 47 & Urban 143) Financial Literacy Campaign for School Students
- 1,632,543 Number of Transaction Done Through Own ATM

Key Highlights - 2019 (Qualitative)

- No Investment on Conventional Brickfield
- No Investment on Tannery
- No Investment in Environmentally High Risk Sector
- LEED Gold Certified Corporate Head Office Building
- Equal Emphasis on Male & Female Recruitment
- E-hrms, E-salary, E-statement & E-tender

Sustainability implies that rather than competing for endless growth on a finite planet, improving quality of life without consuming more resources. Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, environmental, and social, also known informally as profits, planet, and people. As sustainable development drivers we believe that economic and ecological concerns are not necessarily in opposition.

Shahjalal Islami Bank,s sustainable environment policy advocates for reduction in the environmental impact and climate change. Although this is not a specific aspect of the financial sector, it is an issue wherein Shahjalal Islami Bank wishes to play an active role. Promotion of responsible consumption is another goal of the bank so that unexpected wastage can be minimized. The bank has been working ardently to fulfil Sustainable Development Goals (SDGs) of the United Nations which include No poverty, Good Health & Well Being, Quality Education,Gender Equality, Affordable & Clean Energy etc. CSR, Green Banking and Financial Inclusion are the three major banking tools to address Sustainable Development Goals (SDGs) for banks for which SJIBL is very caring of all three of them.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is considered as an integral part of SJIBL's core value system and culture. As an institution that has embraced a holistic approach to sustainability, it follows the '3P' concept of 'people, planet and profit' under the ambit of its CSR aspirations and goals. CSR is mainly about the awareness of and actions in support of environmentally sustainable social development. SJIBL's CSR activities have been targeted at integrating economic, environmental and social aspects.

CSR is a voluntary process of activities by businesses. It essentially reflects one of the core values and commitments to social, environmental and community objectives. As such, CSR is now widely recognized and appreciated as a positive tool to help promote sustainable development. In both developed and developing countries, the businesses are, therefore, now found to be pro-active about embracing CSR in their operational activities. There are new conceptual variants of CSR in the present times. New phrases like ethical business, socially responsible behavior, sustainability, triple-bottom line, social innovation, benefit corporations, social business etc., have been put into practice. SJIBL has its own guiding principles for CSR.

Guiding Principles for CSR Activities of Shahjalal Islami Bank Limited.

CHARITY IS ONE OF THE MOST IMPORTANT PILLARS OF A HEALTHY SOCIETY. KEEPING CHARITY AND THE ISLAMIC PRINCIPLES OF IHSAN IN MIND, SHAHJALAL ISLAMI BANK RECOGNIZES ITS RESPONSIBILITY AS A CONSCIENTIOUS CORPORATE INSTITUTION AND INTEGRATES CORPORATE SOCIAL RESPONSIBILITY AS AN INTEGRAL PART OF ITS VALUE SYSTEM.

CSR for environmentally and socially responsible practices

Shahjalal Islami Bank's focus is on the well-being and sustained development of the people of the society. SJIBL identifies some programs such as providing stipend to the meritorious students as well as promoting socially responsible activities. Bank donates for environmental promotion and for improvement of climate to address global climate change issue like reconstruction of houses in flood and cyclone affected areas, tree plantation etc. SJIBL also patronizes social activities like sports, cultural program etc. under the banner of sponsor. In 2019, 10 numbers of branches of SJIBL conducted tree plantation programs in different school premises.

Reaching out with financial services to the less well-off population segments of the community

Shahjalal Islami Bank usually undertakes the tasks of assisting poor in various forms such as helping victims of natural disasters by providing food, shelter and self-employment, arranging free eye camps and other health related assistances, etc. Besides SJIBL promotes adult schools, vocational training centers and building infrastructure etc. to ensure sustainable development of the poor. It is inclusive growth as major indicator that can truly ensure balanced economic growth for which SJIBL donates mostly for less well-off population of the country. SJIBL runs free financial literacy campaign not only as regulatory requirement but also to promote financially educated society. In 2019, free financial literacy campaign was run in 47 numbers of rural educational institutions and 143 numbers of urban educational institutions by different branches of the Bank.

Community investments by way of donations

Shahjalal Islami Bank makes community investments towards the initiatives of Civil Society Organizations (CSOs), NGOs and institutions involved in health, education and other humanitarian sectors. It also includes nutrition, health and education for the disadvantaged population segments. The Bank also actively participates in development of the rural community through rural Branches as well as Agent Banking outlets. In 2019, SJIBL has donation of Tk.127.34 million for blanket distribution.

CSR to address international issue

CSR to address international crisis is not new. SJIBL contributed to Prime Ministers (PM) fund which was

built for addressing local and international issues. To address Rohingya refugee crisis SJIBL contributed a handsome amount of donation to PM's Rehabilitation Fund.

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 underprivileged segment of the society. Corporate Social Responsibility 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.

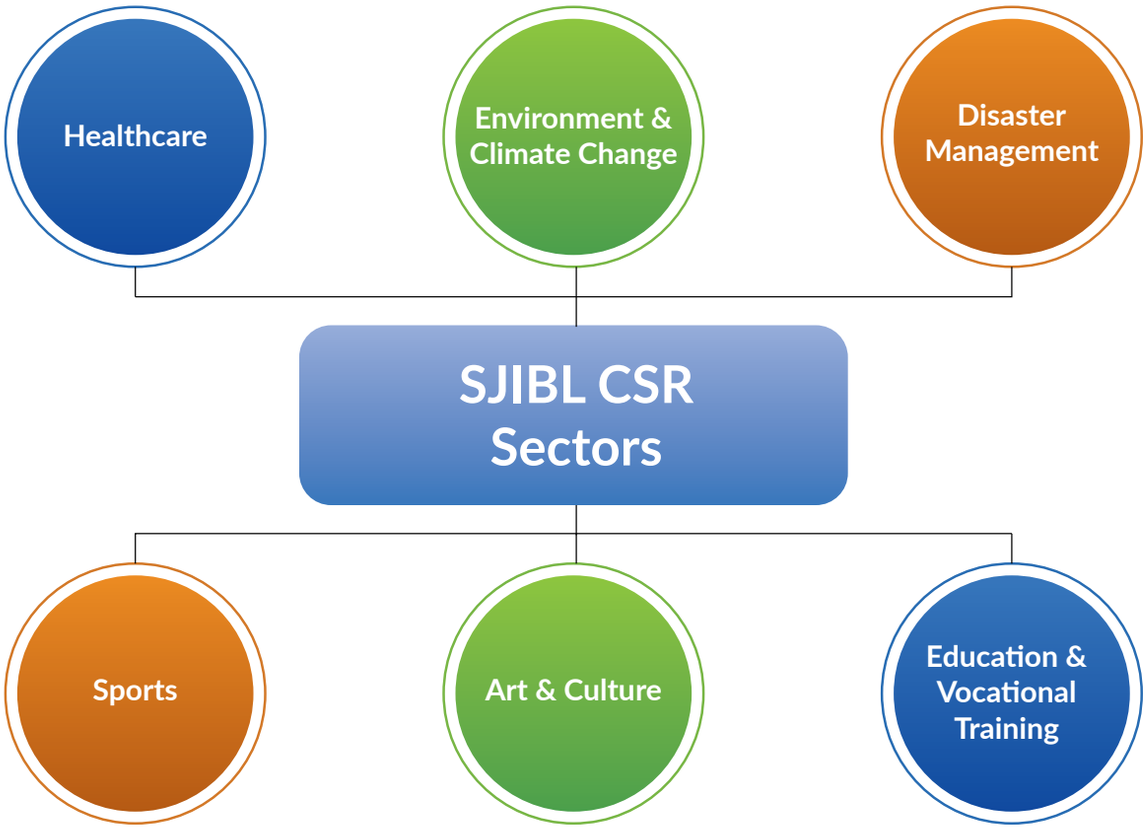
Objectives of SJIBL Foundation:

SHAHJALAL ISLAMI BANK LIMITED BELIEVES THAT CSR IS NOT ONLY A CHARITY BUT ALSO AN INSTRUMENTAL INVESTMENT TO ACHIEVE SUSTAINABLE & INCLUSIVE GROWTH. THE OBJECTIVE OF SJIBL FOUNDATION IS TO BENEFIT ALL STAKEHOLDERS RATIONALLY SO THAT WELFARE CAN BE ENSURED IN A BALANCED WAY.

SJIBL Foundation is responsible for all sorts of CSR activities of Shahjalal Islami Bank Limited. SJIBL considers all its business initiatives under the overarching ambit of the 3P philosophy called People, Planet and Profit. For SJIBL, CSR is seen as a long-term investment – in people, the community and society as a whole. To achieve greater scalability, this organization endeavor to streamline its CSR programs in line with the United Nations SDGs. Looking ahead, SJIBL wholeheartedly believes that steadfast commitment to doing business the right way and placing stakeholders' best interests at the forefront of all activities will ensure a positive and substantial contribution to support inclusive and holistic economic growth of Bangladesh. The main objectives of SJIBL foundation are as follows:

- To provide health-care to poor and distressed people.
- To provide education support to meritorious but poor students through scholarship.
- To provide financial assistance to flood, cyclone or disaster affected people.
- To support humanitarian cause like blanket distribution.
- To provide financial assistance in the development of culture, sports of the country.
- To participate in social and environmental activities to promote green economy.
- To implement Sustainable Development Goals (SDGs) of United Nations.
- Contribute towards establishment of human rights in the society.
- To extend support towards conservation, promotion and protection of environment and natural resources.
- To provide financial support for establishing religious institutions of the country.

Tree Plantation program at Basail, Tangail



Sectors for CSR

Bank's strategy to discharge responsibility towards community focuses on the major heads of (1) Education (2) Healthcare (3) Environment & Disaster Management (4) Others. The CSR expenses of SJIBL are as follows:

Particulars of CSR by SJIBL	Year-2019 (in million)	Year-2018 (in million)
Education	52.40	35.80
Healthcare	5.60	6.60
Environment & Disaster Management	20.81	7.30
Others	141.19	101.50
Total	**220.0**	**151.20**

Education

Education is a per-requisite for the overall development of the country. Keeping this view in mind, Shahjalal Islami Bank Limited has long been awarding scholarship to meritorious students, helping development of educational infrastructure and providing essential educational equipment etc. During the year 2019 the bank has incurred CSR of Tk.52.40 million for education sector.

Healthcare

Health is one of the prime parameters to achieve Sustainable Development Goals (SDGs). The need for health care is increasing everyday due to rapid growth of population. SJIBL has been donating to different health care institutions to facilitate health care for poor people. During the year 2019 the bank has incurred CSR of Tk.5.60 million for healthcare purpose.

Environment & Disaster Management

CSR made for the purpose of environmental protection or to build green economy is considered under this category. Besides, disaster management for cyclone or flood affected area is also considered under Environment related CSR. During the year 2019 the bank has incurred CSR of Tk.20.81 million for Environment & Disaster Management purpose.

Others

Shahjalal Islami Bank Limited has been contributing for the development of sports, arts and culture in Bangladesh by giving donation to different cultural & sports institutions, promoting cultural activities etc. It has also contributed for women empowerment. Besides, SJIBL gives CSR as Humanitarian Assistance during nation's emergency. During the year 2019 the bank has incurred CSR of Tk.141.19 million for other purpose.

Blanket distribution at Arpara, Gopalgonj

Reconstruction of houses in Brahmonbaria after cyclone by SJIBL Foundation

End use monitoring of CSR expenditure allocations:

SJIBL Foundation is responsible for monitoring of proper utilization of the CSR assistances for the intended purposes. End use monitoring is done by the bank in the following manner:

- In case of CSR assistances to institutions/ organizations, the Foundation of SJIBL checks Memorandums of Understanding (MOUs) of the assistance recipient organization to confirm of end use.
- In cases of assistances to individuals, the SJIBL Foundation collects and files reports/documents to ascertain of proper end use and withhold the assistance in unsatisfactory cases.
- The Board of Directors of Shahjalal Islami Bank Limited reviews reports of CSR allocation and end use monitoring regularly before approving fresh CSR allocations for subsequent years; and all end use monitoring records are kept available for inspection by internal and external audit as well as by Bangladesh Bank officials.

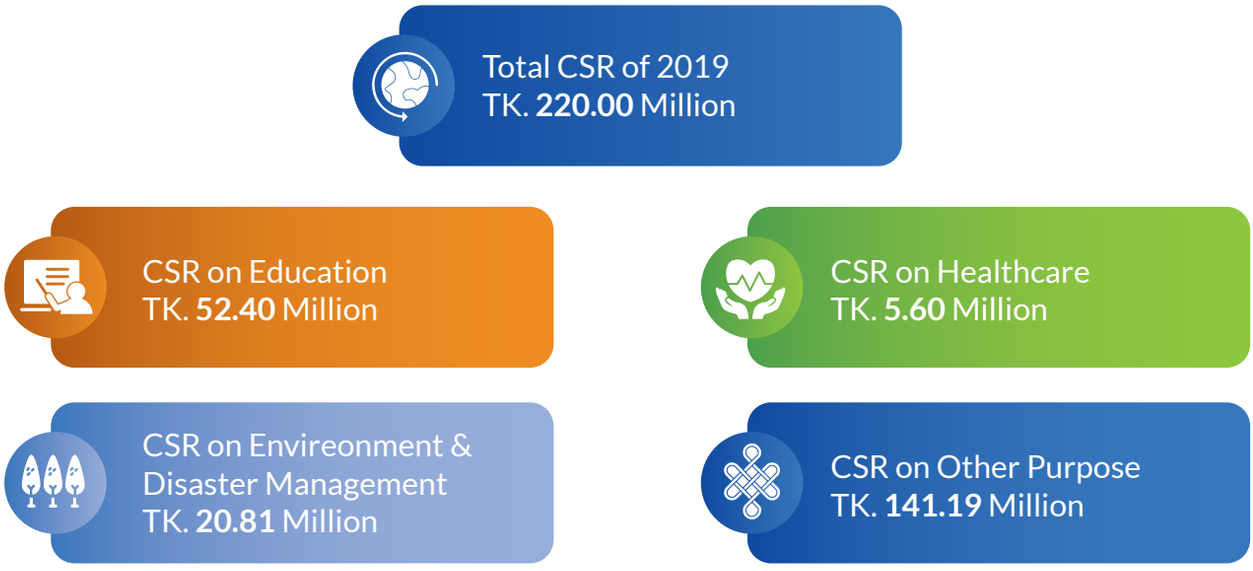
SJIBL distribute CSR both to organizations/institutions and individual. In case of donation to organizations/ institutions, it is not always possible to track the exact number of beneficiary. The number of individuals

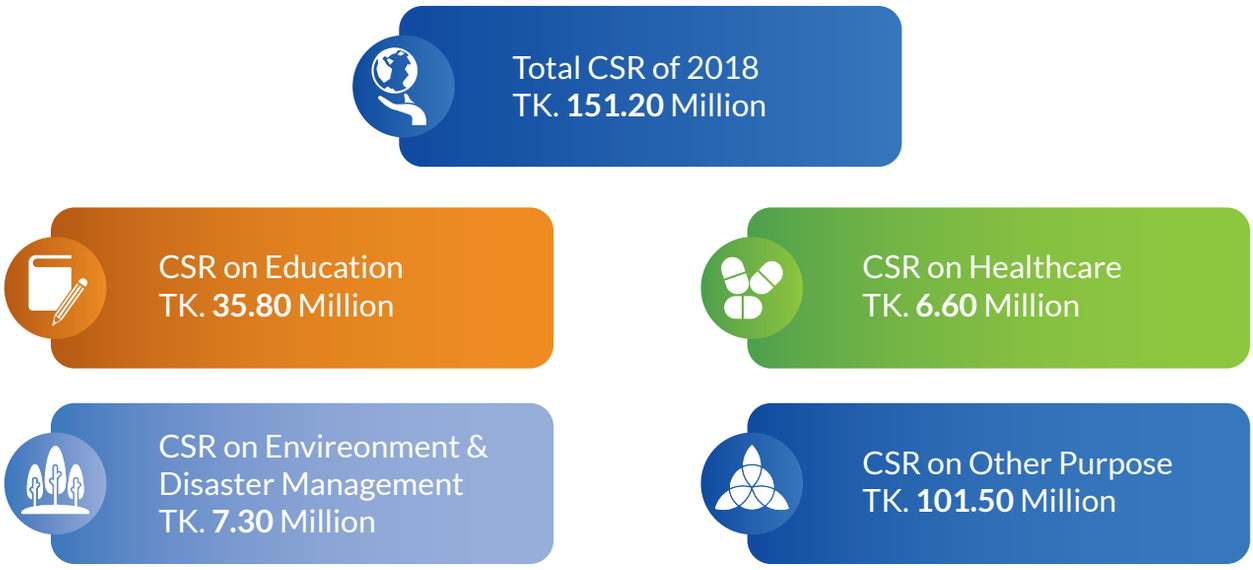
Scholarship distribution among meritorious SSC and HSC students

who have benefited by the CSR of SJIBL in 2019 is as follows:

- Number of beneficiary in Education related CSR in 2019 is 1223 students
- Number of beneficiary in Disaster Management & Environment Related CSR in 2019 is 31,667 people
- Number of beneficiary in Blanket distribution in 2019 is 1,71,872 people
- Number of individual beneficiary received donation for healthcare in 2019 is 29 people

CSR EXPENDITURE IN THE YEAR 2019 AND 2018





ENVIRONMENT RELATED INITIATIVES

"TO LIVE IN SHARED PROSPERITY WITHIN THE CAPACITY OF OUR PLANET TO SUPPORT US, WE MUST MOVE AWAY FROM CARBON AND RESOURCE-INTENSIVE INDUSTRIES, MATERIALS AND VALUE CHAINS. WE MUST INSTEAD PRIORITIZE SUSTAINABLE CONSUMPTION AND PRODUCTION—A WAY OF LIFE THAT ENABLES ECONOMIC GROWTH, WHILE ENSURING PLANETARY PROTECTION."

- António Guterres, Secretary-General of the United Nations

Bangladesh Bank has instructed vide SFD Circular No. 02 dated: 01December, 2016 to all scheduled banks to follow the circular as part of its compliance with United Nations Goal of Sustainable Development. In line with this circular, the Sustainable Finance Unit (SFU) of Shahjalal Islami Bank Limited was formed which is responsible for ensuring the integration of Environmental and Social Risk Management (ESRM) into Investment Risk Management as part of core risk of the Bank. The operational responsibility lies with the Head of Sustainable Finance Unit nominated by the Managing Director. SFU is supposed to ensure environmental compliance both inside and outside of SJIBL in all its activities. The work process of Sustainable Finance Unit (SFU) is as follows:

Compliance of Environmental & Social Risk Rating (ESRM) Process of SJIBL

Shahjalal Islami Bank Limited comply ESRM rating process of Bangladesh Bank in all applicable investment cases. Wherever the ESRM is "High", the investment approval decision is taken by the Executive Committee or Board of the Bank. For all other ratings of the ESRM, there is no separate requirement for approval decision. If the ESRM rating is other than High, the investment proposal is dealt with the competent authority as per Business Discretionary Power of the management delegated by the Board of Directors. All investment agreements are included 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 have been included wherever Environmental and Social Risk is "High". Where ESRM is "High", Management of the Bank has to verify that the conditions/ covenants (e.g. obtaining environmental clearance certificate) is met prior to disbursement.

Exclusion (Prohibition) List of Sector or projects that Shahjalal Islami Bank do not finance/ invest to comply with ESRM Guideline of Bangladesh Bank

- Illegal Production or Trade under host country laws or regulations or subject to International bans.
- Ship breaking/ trading activities which include ships with asbestos use (for e.g. passenger cruise); Ships listed on the Greenpeace blacklist; Ships not certified "gas free" for hot work.
- Drift net fishing, deep sea bottom trawling or fishing with the use of explosives or cyanide.
- Operations impacting UNESCO World Heritage Site and Ramsar site.
- Illegal Logging or conversion of land for plantation use in primary tropical moist forests.
- Production or activities involving Forced Labor or Child Labor.
- Production or trade in Weapons and munitions, Tobacco, Gambling, Casinos, etc. (goods / stores / web-based)
- Production or activities on the lands of Indigenous Peoples without their consent.

The major regulatory Guidelines that Shahjalal Islami Bank comply like all other schedule banks are as follows:

- Environment Conservation Act, 1995
- Environment Conservation Rules,1997
- Environment & Social Risk Management (ESRM) Guideline of Bangladesh Bank

SJIBL Selection criteria for Green Product Financing:

- Water use efficiency (like introducing Rain Water Harvesting System in building)
- Waste management; (like E.T.P.)
- Resource efficiency (like use of LED bulb).
- Renewable energy or any other Energy efficiency; (like Solar Panel)
- Heat and temperature management; (like Green factory or Green Office)
- Air ventilation and circulation efficiency; (like Green Factory or Green Office)
- Work environment improvement initiatives; (like installation of fire extinguisher)
- Recycling; (like waste paper recycle plant, plastic recycle plant)
- Use of natural resource (like bio gas, bio fertilizer, vermicomposting)
- Modern eco-friendly brick field (like Setting up of HHK/Tunnel Kiln/equivalent technology instead of conventional brick field)

Green Finance Improvement Status of SJIBL:

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

Progress in investment in Green Finance in the year 2019 is as follows:

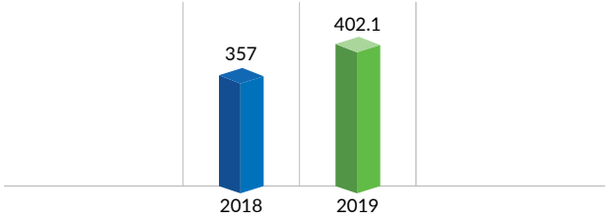
Disbursement of Green Finance in 2019 (in BDT million)	Cumulative Outstanding of Green Finance in 2019 (in BDT million)
402.1	1,005.85

In Green Finance reporting we consider fifty two (52) green products as specified by Bangladesh Bank through its circular. We have also considerable finance in importing energy efficient equipment and modern brick field.

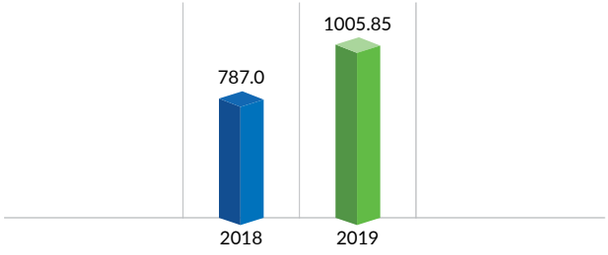
Shahjalal Islami Bank monitors and evaluates Green Finance Growth from three (03) main perspectives:

- Growth of Green Finance in Disbursement
- Growth of Green Finance in Outstanding (Cumulative)
- Growth of Green Finance in Client Number

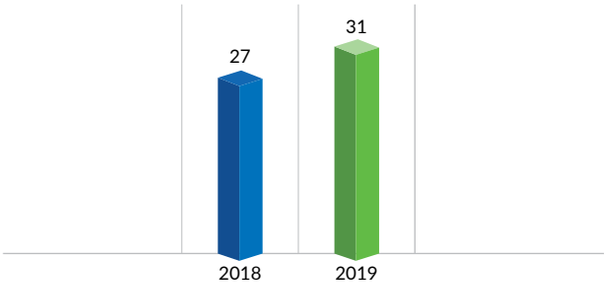
Yearly Growth of Green Finance Disbursement in Million Taka



Cumulative Oustanding of Green Finance in Million Taka



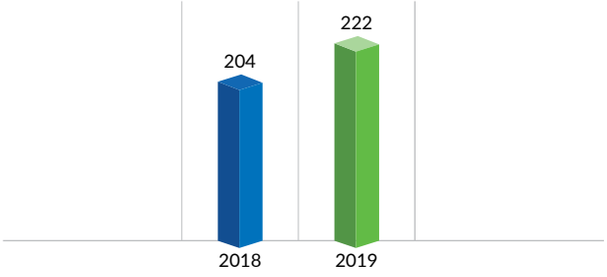
Number of Client of Green Finance



The upward growth of Green Finance (as shown above) from the year 2018 to 2019 assures that Management has been taking care of the issue sincerely. All branches are given yearly Green Finance Target at the beginning of each year which is monitored and brought to the notice of the Management through Sustainable Finance meetings.

Besides, Shahjalal Islami Bank Limited started Environmental & Social Risk Rating (ESRR) through ESRR Checklist (previously ERR Checklist of Bangladesh Bank) in its investment proposals where applicable. SJIBL confirms level of environmental and social risk related (low, moderate or high) compliance as per Bangladesh Bank Guideline.

Number of Investment Projects/Accounts where Eveironmental & Social Risk Rating (ERR/ESRR) is done



THE CHALLENGE WHICH SHAHJALAL ISLAMI BANK LIMITED FACE LIKE ALL OTHER SCHEDULE BANKS IS THAT THE IMPORTANCE OF GREEN FINANCE IS YET TO BE TRULY FELT BY OUR CUSTOMERS AND THE TOPIC BEING A RECENT ONE, MORE EMPHASIS IS REQUIRED IN THIS SECTOR TO ENSURE 5% GREEN FINANCE DISBURSEMENT EACH YEAR AS PER REGULATORY REQUIREMENT OF BANGLADESH BANK.

Shahjalal Islami Bank Limited has, brought few branches under solar power like: Agrabad, Barisal, Bhararia, Chapainawabgonj, Feni, Hajigonj, Mawna, Kushtia, Nimtola, Pahertoli and Tower Branch under solar power to some extent. In addition, Rainwater Harvesting has been introduced in Shahjalal Islami Bank Tower Branch.

In House Sustainability Status of Shahjalal Islami Bank Limited:

In House Sustainability Status

Number of Solar Powered Branches	Number of Branches with Rainwater Harvesting	Number of Branches with Solid Waste Management System
19	01	01

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

Year	Number of Workshop Organized on Green Banking	Number of Participant
2017	02	60
2018	12	360
2019	12	360

Besides, SJIBL employees regularly participate in Trainings and Workshops conducted by BIBM and BBTA on Environmental & Social Risk Management, Green Banking etc.

Shahjalal Islami Bank Limited has so far formulated the following policies as per requirement of Bangladesh Bank:

No	Name of Environmental Policies	Status
1.	Green Banking Policy	Yes
2.	ESRM Policy	Yes
3.	Sector Specific ESRM Policy	Under Process *(Guideline to be provided by Bangladesh Bank)*
4.	Green Office Guide	Yes
5.	Climate Risk Fund Policy	At present we have Board approved CSR Policy which also covers Climate Risk issue.
6.	Carbon Footprint Measurement policy	Under Process *(Guideline to be provided by Bangladesh Bank)*
7.	Policy on Financial Instrument & Product Development for Green Finance/Sustainable Finance	At present, 52 numbers of Green Products as circulated by Bangladesh Bank are considered for Green Finance by SJIBL authority.

GREEN OFFICE GUIDE OF SHAHJALAL ISLAMI BANK LIMITED

ACCORDING TO THE INSTRUCTION OF SUSTAINABLE FINANCE DEPARTMENT OF BANGLADESH BANK, SHAHJALAL ISLAMI BANK LIMITED HAS FORMULATED GREEN OFFICE GUIDE IN 2015 WHICH IS METICULOUSLY COMPLIED BY ALL BRANCHES AND HEAD OFFICE. THE GREEN OFFICE GUIDE COMPRISES FOLLOWING INSTRUCTIONS TO ENSURE REUSE, REDUCE AND RECYCLE RESOURCES OF THE BANK FOR COST MINIMIZATION.

	In place of relying on printed documents, online communication will be extensively used (where possible) for office management to reduce use of paper along-with making unnecessary duplicates of same document.
	Make sure that the printers are defaulted to duplex for double-side printing to save papers.
	Bank will apply Eco-font in printing to reduce use of ink.
	Use scrap paper as notepads and for meeting drafts.
	Avoid disposable cups/glasses to become more eco-friendly.
	Installation of energy efficient electronic equipment in all our offices.
	Installation of 'Power save Mode' of computers after 5 minutes of not using the computer and ensuring shutdown of computer while not using and leaving the office place.
	Ensuring switching-off fans, lights, air coolers etc. while not using and leaving the office place that will help reducing electricity consumption.
	Energy saving bulbs are used in branches/offices of the bank.
	Measures has been taken to save energy from corporate business travel.
	Employees are encouraged to avoid using vehicle to reduce gas and petroleum consumption while the distance could be covered by walking or riding rickshaw.

	Maximum utilization of day-light to complete the office job.
	Minimum utilization of electric bulb in day time to be ensured in Head Office and all Branches.
	Minimum use of AC during the rainy season and winter.
	Keeping the temperature level of AC preferably at 24 degree centigrade in summer.
	Encourage clients to take e-statements. Encourage clients to mention their email address in their account opening forms so that communications can be made without the help of printing any hard copy.
	Encourage the clients to use ATM cards instead of cheque books.
	Advertising through electronic media avoiding the print media.
	Tele conference and video conference are arranged to avoid travels and reduce use of fossil fuel.
	Reduce wastage of water.
	Reduce usage of tissue papers.
	Leave the office in due time in order to reduce energy consumption.
	Introduction of e-filing with consultation of I.T. Division for all types of documentation including e-filing for each investment client.
	Stop sending and preserving hard copies of any report sending from Head Office to Branches and vice versa except special purpose or need and use email instead.
	Develop the practice/ corporate culture to check emails everyday among employees.
	Start sending meeting invitation, presentation and meeting minutes etc. in e-form instead of printed form.

Digitalization & Paperless Banking

MORE THAN FIFTY PERCENT CONSUMERS NOW USE SMART PHONES AS THEIR PREFERRED METHOD FOR DIGITAL BANKING. ALREADY CUSTOMERS IN MANY DEVELOPING COUNTRIES INCLUDING BANGLADESH HAVE STARTED PAYING DIFFERENT UTILITY BILLS THROUGH MOBILE INSTEAD OF BANK BRANCHES. AS SUCH, BANKS THAT WILL NOT GO FOR RAPID DIGITALIZATION MIGHT FACE EXISTENTIAL CRISIS. SJIBL HAS BEEN CONVERTING ITSELF INTO A DIGITALLY DYNAMIC ENTITY ACCORDINGLY.

Digital Transformation is essential for boosting economic progress and delivering a more inclusive growth as well as to ensure paperless banking. To excel in this new era of technological triumph, SJIBL has successfully introduced utility & remittance payment and fees collection through Online, cutting edge ICT, state of the art network solution, 24/7 ATM service & many other e-products. Through SJIBL ATM (Automated Teller Machine) customers can access for withdrawal, balance inquiry and mini statement facility. Mobile flexi load is also facilitated through SJIBL ATMs. Major cash transactions of the bank are done through its own ATMs and shared ATMs all over the country. Our bank is planning to invest continuously in a bid to increase and widen its ATM network significantly. ATM of SJIBL helps to divert many small customers from branches to ATM Booth who come to withdraw small amounts daily. Again, it has been contributing to paperless banking. There are also options for customers to get SMS for each transaction.

SJIBL has been encouraging in adopting latest technologies under digital payment systems to encourage non-resident Bangladeshis (NRBs) to send their hard-earned money through banking channel instead of 'hundi.' At present, SJIBL has remittance agreement with thirteen exchange companies of which Western Union Financial Services Inc, MoneyGram International, Ria Financial Services and Express Money Services Ltd. are mentionable. SJIBL clients now can pay their utility bills of TITAS Gas, Wasa, DPDC, DESCO, REB etc. from different branches. SJIBL Credit card is a commitment to promote Shariah based lending system. In order to cope up with updated technology, SJIBL is going to adopt internet banking as well as digital wallet soon. SJIBL will continue to invest in digital technology and preserve its digital leadership by offering best-in-class digital products to customers. SJIBL is committed to make Islamic banking accessible to all people of Bangladesh and the best way to achieve this is financial inclusion through branchless banking and massive digitalization. How SJIBL has been saving papers through digitalization can be easily understood from below information based on 2019:

Number of total Transaction Notification sent to customers through SMS in the year 2019
6,062,508

Number of total promotional SMS sent to customers in the year 2019
2,623,632

SJIBL has been promoting paperless banking and cashless economy through motivating its customers to use Debit and Credit Card frequently. Some information related to SJIBL Debit and Credit card use by customers is as follows:

Particulars	No. of Transaction	Transaction Amount in million
Number of total ATM card punched through own ATM in 2019	1,632,543	BDT 14,898.86
Number of purchase through SJIBL Debit Card in 2019	116,652	BDT 325.16
Number of purchase through SJIBL Credit Card in 2019	19,166	BDT 80.00
	1,449	USD 0.18
Number of online transaction in 2019	3,429	BDT 8.74
	571	USD 0.06

Mentionable that the impediments on the way of doing paperless, digital banking is lack of legal framework regarding acceptability of electronic documents in all cases for which SJIBL has to maintain paper documents.

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

IT TAKES TWENTY YEARS TO BUILD A REPUTATION AND FIVE MINUTES TO RUIN IT.

Environmental & Social Risk Management:

Only a healthy enterprise can improve the lives of people and communities around where it is operating. As a healthy corporate, Shahjalal Islami Bank Limited (SJIBL) is always sincere for environmental and social obligations to protect its reputation. The following steps have already been taken by the Bank to ensure Green Banking, Environmental & Social Compliance:

- E-Salary System
- E- HRM Software
- E Training.
- E Tendering
- SMS Banking
- E-Statement sending via email, SMS instead of hard copy sent to client.
- Massive use of email instead of hard copy sending within the Bank.
- Video conferencing from Head Office to Branches and to clients instead of physical visit.
- Promoting use of ATM and Credit Card among customers.
- Addressing issues like Child Labor, Gender Parity inside and outside the Bank.
- Creation of awareness among stakeholders on social issues like work environment in factories, non-discrimination through workshop and group consultation.
- 24 hours uninterrupted IT supports to reduce manual jobs.

Environmental & Social Agenda:

Maintaining an environmentally and socially clean portfolio naturally have impact in CAMELS rating, liquidity and capital requirements, credit growth and branding image. As such, Agenda of Shahjalal Islami Bank limited in light with Environmental and Social Risk Management (ESRM) Guide of Bangladesh Bank are as follows:

- Ensure Environment Friendly Banking
- Preparing and implementing Green Office Guide
- Corporate Social Responsibility (CSR)
- Preparing & implementing Green Strategic Planning
- Ensure Gender Equality
- Introduce Carbon Footprint Measurement
- Doing Green Marketing and organizing employees Training
- Setting up Green Branch
- Preparation of Sustainability Reporting for stakeholders
- Implementation of Sustainable Development Goals of the United Nations Organization (UNO)
- Adequate Sustainable Finance Budget
- More Green Finance and Refinance

At present, some social issues which Shahjalal Islami Bank limited has been addressing for all its stakeholders including itself to comply with ESRM Guideline of Bangladesh Bank are as follows:

Future Plan for SJIBL Climate Risk Fund Utilization as part of Social Obligation

SJIBL FOUNDATION HAS PLANNED TO UTILIZE CLIMATE RISK FUND OTHER THAN CONVENTIONAL TREE PLANTATION AND BLANKET DISTRIBUTION THROUGH CSR IN FUTURE.

- SJIBL Foundation has planned to declare a limit for environmental CSR for each interested branch every year for Tree Plantation through educational institutions.
- Bank will select some rural branches each year through which it will distribute solar panel or contribute to small/medium bio-gas plant run by poultry or dairy.
- Each year SJIBL Foundation will trace some flood, cyclone affected area where it will aid to rebuild houses of affected people.
- Bank will donate some NGOs working for environment and climate risk issues to their projects.
- SJIBL Foundation will construct permanent rehabilitation center for flood and cyclone affected people where they can take shelter in times of need.
- Bank will donate for waste management system and rain water harvesting in government hospitals and non-profit based clinics and hospitals.
- Bank will donate for city/municipal Corporation's waste management and clean up requirement that safeguard environment to large extent.
- Bank will contribute to any initiatives taken by the government, international bodies or any other non-government organizations to safeguard environment from air, water and soil pollution.
- Donation or arrangement for safe and clean water, sanitation in environmentally vulnerable or affected area.
- As part of promoting self-employment financial assistance might be given for setting up nursery, solar panel trading etc. to unemployed people which will serve dual purpose of employment generation and promoting green products business in the country.

ENVIRONMENTAL AND SOCIAL(E&S) OBLIGATION IN A NUTSHELL

SAY *NO* TO FOSSIL FUEL/ CONVENTIONAL ENERGY.

SAY *NO* TO NATURAL RESOURCE WASTE.

BUT SAY *YES* TO RENEWABLE ENERGIES.

The future is Green Energy, Sustainability, renewable energy.
Arnold Schwarzenegger

SAY *NO* TO CHILD LABOR,

SAY *NO* TO FORCED LABOR,

SAY *NO* TO UNSAFE WORK ENVIRONMENT,

BUT SAY *YES* TO GENDER EQUALITY.

Children should have pens in their hands not tool
Iqbal Masih

Humans rights are women's rights and women's rights are human rights
Hilary Clinton

SAY *NO* TO REMOVAL OF CULTURAL HERITAGE

SAY *NO* TO FORCED RELOCATION OF INDIGENOUS PEOPLE

SAY *NO* TO WATER, AIR & SOUND POLLUTION

BUT SAY *YES* TO SOCIALLY RESPONSIBLE MARKETING

AND THAT'S ALL ABOUT *SUSTAINABLITY*

It is time that we protect our indigenous lands from corporate interest.
Leonardo DiCaprio

Financial Inclusion & School Banking as part of Social Obligation

AROUND ONE-THIRD OF THE POPULATION IN BANGLADESH REMAIN UN-BANKED DUE TO LOW LEVEL OF FINANCIAL LITERACY OF THE PEOPLE, COLLATERAL-BASED SYSTEM FOR INVESTMENT DISBURSEMENT AND UNWILLINGNESS TO USE FORMAL CHANNELS TO SERVE AT REMOTE AREAS. A SIGNIFICANT PART OF THE UN-BANKED POPULATION BELONGS TO WOMAN SEGMENT. SHAHJALAL ISLAMI BANK LIMITED HAS MADE A DIFFERENCE IN THIS REGARD BY OPENING SCHOOL BANKING ACCOUNT, 10 TAKA 100 TAKA ACCOUNT, AGENT BANKING, GIVING COLLATERAL FREE SME INVESTMENT AS WELL AS BY OPENING MORE RURAL BRANCHES.

Financial Inclusion is where individuals and businesses have access to useful and affordable financial products and services that meet their needs that are delivered in a responsible and sustainable way. Financial inclusion is defined as the availability and equality of opportunities to access financial services. One of its aims is to get the un-banked and under-banked to have better access to financial services.

Forty Five (45) percent tannery workers are still undocumented in Bangladesh. Twenty Eight (28) to thirty Six (36) percent apparel workers are deprived of any appointment letter. These situations have made financial inclusion more relevant in Bangladesh.

With a view to ensure mass peoples participation in formal economy Shahjalal Islami Bank Limited opens no-frill accounts with minimum balance ranging from 10 to 100 Taka. Being No Frill accounts, no service charge is deducted from such accounts. In order to ensure inclusive growth of the society as per Sustainable Development Goals (SDGs) of the United Nations Organization (UNO), our Bank is also committed to include common people into banking sector.

Besides, School Banking Account is also part of financial inclusion and SJIBL campaigns to open School Banking Account in different educational institutions on regular basis. In this connection, Shahjalal Islami Bank Limited has organized School Banking Conference as Lead Bank in different districts of the country.

School Banking Conference Brahmanbaria Year-2017 Lead Bank-Shahjalal Islami Bank Limited Brahmanbaria Branch

School Banking Conference Laxmipur Year-2018 Lead Bank-Shahjalal Islami Bank Limited Laxmipur Branch

School Banking Conference Pabna Year-2019 Lead Bank-Shahjalal Islami Bank Limited Pabna Branch

School Banking Conference in Pabna 2019 conducted by Shahjalal Islami Bank as Lead Bank.

At present No frill (10 & 100 Taka) Accounts of SJIBL are as follows:

- Mudaraba Savings School Banking Account,
- Mudaraba Savings Garments Employee Account,
- Mudaraba Savings Leather Employee Account,
- Mudaraba Street Urchin and Working Children Account,
- Mudaraba Savings Farmer's Deposit Account
- Mudaraba Savings Lactating & Working mother Account

Garment workers who never dared to enter into private banks now are welcome by SJIBL to open account with minimum 100 Taka opening balance which is called Mudaraba Savings Garments Employee Account. SJIBL rural branches now invite poor farmers to open Mudaraba Savings Farmer's Deposit Account. We have already made agreement with a reputed NGO to open Mudaraba Street Urchin and Working Children Account. Mentionable that scheduled banks cannot open account for Street Urchin and Working Children without guardianship of NGOs nominated by Bangladesh Bank.

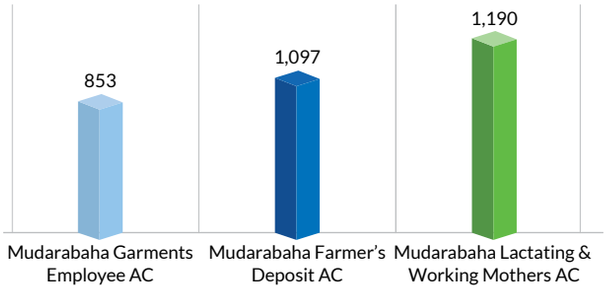
Present Government of Bangladesh is very sensitive and caring regarding autistic children and freedom

fighter issue. Though rich freedom fighters have access even to foreign banks, poor freedom fighters cannot enter into local banks. On the other hand, autistic children face problem to open account like common people. As such, SJIBL has planned to open no-frill accounts(10 & 100 Taka AC) under following category in future:

- Mudaraba Savings Account for Autistic People,
- Mudaraba Savings Account for Freedom Fighters.

The objective of opening such no frill account is to bring entire population of Bangladesh under formal financial network gradually. Since Shahjalal Islami Bank Limited is committed to ensure mass peoples participation in formal economy to expedite inclusive growth it emphasized on opening such 10 Taka& 100 Taka accounts regardless of any cost-benefit analysis:

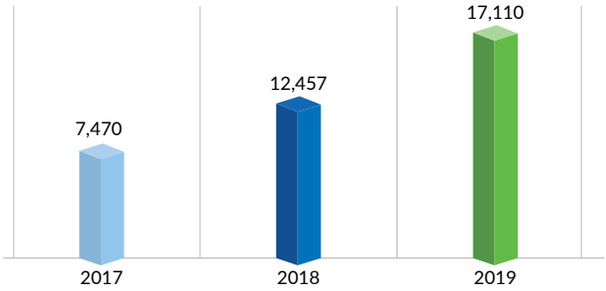
Number of 10 Taka & 100 Taka Account (Cumulative)



The upward trend of School Banking Account opening ensures SJIBL's commitment for inclusive economy of the country by inclusion of all minor student accounts:

Year	Number of School Banking AC	Amount (Cumulative)
2017	7,470	58 million
2018	12,457	77 million
2019	17,110	105 million

School Banking Account in Number



Until April 2009, there were no words like 'financial inclusion' in the Bangladesh Bank's lexicon. But the term found its pride of place in May 2009. At the onset, Bangladesh Bank (BB) made a broad commitment to inclusive, equitable and environmentally sustainable socio-economic growth, one that left no one behind. Accordingly, Bangladesh Bank (BB) became more proactive in its engagement with commercial banks. There were policy thrusts on digitization, mitigation and adaptation response to climate change threats, and opening of more bank branches in rural areas. In response, Shahjalal Islami Bank has emphasized more on opening rural branches especially in un-banked areas to ensure common people's participation in formal economy.

Shahjalal Islami Bank Limited opened separate departments for Agriculture & SME. In addition, banks Marketing Division deals with financial inclusion &Foundation deals with CSR with a view to bringing in the majority of the unbanked population under the umbrella of formal financial services. We have already obtained permission for Agent Banking from Bangladesh Bank and opened fifteen Agent Banking outlets in different places of Bangladesh. The Agent Banking outlets will help in more account opening of un-banked and under-banked people of Bangladesh.

In short, financial inclusion strategy of Shahjalal Islami Bank Limited focuses on following aspects:

- Opening of rural branches with priority.
- Opening of branches in urban areas instead of metropolitan areas which are already saturated.
- Opening of Agent Banking Booth especially in un-banked and under banked areas.
- Opening of school banking accounts all over Bangladesh to motivate students into saving.
- Opening of Street Urchin, Working Children, RMG Workers and Farmers Account who are still out of the periphery of formal banking network.
- Participation in school banking conference, fair on financial inclusion.
- Workshops on inclusive growth to motivate the agenda of inclusive growth in Bangladesh.
- 100% online transaction based SJIBL branches.
- Motivating cashless economy and digitalization through ATM and Credit Cards for customers.
- Emphasize more on Agro Finance to benefit marginal farmers instead of middle men.
- Emphasize more on SME finance to replace corporate finance portfolio so that more and more common people instead of corporate tycoons can enjoy SJIBL investment facilities.

Celebration of graduation of Bangladesh from LDC

Target of No Frill and School Banking Account for the year 2020

10 Taka & 100 Taka (No Frill) Account Opening Target Number 2,460

Fresh School Banking Account Opening Target in Number 15,400

Ensuring Inclusive Growth as Social Commitment of SJIBL

POVERTY REDUCTION, REDUCTION OF REGIONAL DISPARITY, EQUAL DISTRIBUTION OF INCOME, SOCIAL SECTOR AND AGRICULTURAL SECTOR DEVELOPMENT- ALL ARE COMPONENTS OF INCLUSIVE GROWTH. SHAHJALAL ISLAMI BANK LIMITED HAS BEEN CONTRIBUTING TO SUSTAINABLE DEVELOPMENT GOALS (SDG) OF UNITED NATIONS AND INCLUSIVE ECONOMIC PROGRESS OF THE COUNTRY BY OPENING NO-FRILL ACS, RURAL BUSINESS OUTLETS FROM LIABILITY SIDE AND THROUGH DISBURSEMENT OF SME AND RETAIL FINANCE/INVESTMENT FROM ASSET SIDE. WHILE THE OBJECTIVE OF ITS CSR IS POVERTY ALLEVIATION AND REMOVAL OF INCOME INEQUALITY, SJIBL AGRO FINANCE IS GIVEN TARGETING GROWTH OF RURAL ECONOMY.

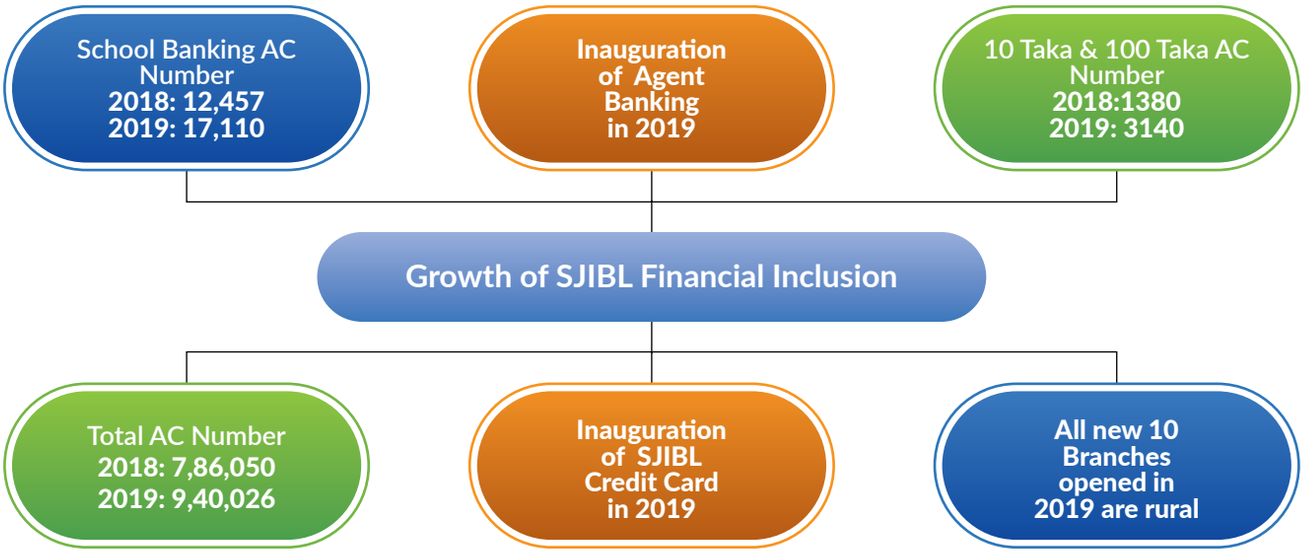
The idea of inclusive growth emerged after high rates of growth in national income had failed to generate sustained improvements in human welfare. An economy cannot grow in a sustainable manner unless the benefits of growth are shared fairly among the individuals or groups in society. Improvements in human welfare are largely shaped by non-income dimensions, e.g. health, education, and gender relations, in addition to income and wealth status. In order to ensure this inclusive growth of the society philanthropy is made in the form of CSR by Shahjalal Islami Bank Limited.

Remote and ecologically vulnerable areas are usually characterized by a higher incidence of poverty. Shahjalal Islami Bank gives CSR for disaster management to those areas.

Regional disparity emanating from the lack of income-generating activities also poses serious challenges to the effectiveness of sustained growth. Though Bangladesh has been successful in poverty reduction at the national level, there remain major challenges in terms of addressing poverty at the regional level. As such, Shahjalal Islami Bank Limited has been diversifying its investment portfolio from only Dhaka to all other parts of Bangladesh to address regional capital shortage.

Bangladesh suffers from infrastructural deficiencies, which hinder it from reaping the benefits of demographic transition that the country is currently experiencing. In order to create more economic opportunities for its large working-age population and address regional poverty, the country must prioritize specific initiatives to enhance the quality of energy, transport and urban infrastructure. Shahjalal Islami Bank Limited has investment exposure in transport, energy and infrastructure sector. Besides, we give donation to Prime Minister Fund each year for doing public welfare activities.

Financial Inclusion Growth Matrix: To cite an example, the eyes of a student swiping card at SJIBL ATM may grow into the wisdom of a financial planner ahead. With monthly savings in SJIBL, a housewife turns up a household labor; harvesting farmer becomes symbol of country's agricultural development and a woman entrepreneur turns to be a metaphor of social equality.



Besides, Shahjalal Islami Bank has been also giving retail investment in order to promote middle and lower middle class society of Bangladesh. With the increase of disposable income of the middle and lower middle class, retail finance has become crucial. To assist the society in this regard, bank has different types of retail products. The retail products help to meet urgent societal need. Retail banking of Shahjalal Islami Bank Limited aims to be the one-stop-shop for as many financial services as possible for retail clients. Consumers expect a range of basic services from retail banks, such as checking accounts, savings accounts, personal investment, lines of investment, debit cards, credit cards etc. In order to address the rising middle class people with their growing purchasing capacity Shahjalal Islami Bank has been gradually shifting to retail focus from corporate focus where Agent Banking is the recent value addition.

At present, Four(04) mandatory social issues that Shahjalal Islami Bank Limited addresses for all its investment proposals to comply with regulatory requirement are as follows:

- Is there any evidence of occupational health & safety (OHS) risk?
- Are the labor and working conditions poor and breaching local regulations/standards?
- Does the project pose a threat to Community Health, Safety and Security?
- Is there any evidence of community consultation with key stakeholders including indigenous people?

Contribution to different Social, Cultural & Sports programs as a socially responsible organization:

- "Get Together" of Dhaka University Alumni Association
- "Shahjalal Islami Bank Faraz Gold Cup Inter University Football Tournament-2019"
- Celebration of National Victory Day 2019 by Dhaka Metropolitan Police

Being patronization in nature, the concept of "sponsor" is also considered a kind of social responsibility. Corporate organizations give sponsor not always for branding but also to promote a certain sector or project. Apart from branding many national and international programs, small social, cultural and sports programs are patronized locally under the banner of "branding" only to help for greater community development.

Being a socially responsible organization some of our contribution as sponsor or co-sponsor in the year 2019 to different educational institutions, committees and organizations are as follows:

- Contribution for the purpose of "Get Together" of Dhaka University Alumni Association.
- Contribution on the occasion of "Shahjalal Islami Bank Faraz Gold Cup Inter University Football Tournament-2019".

- Contribution to celebrate National Victory Day 2019 by Dhaka Metropolitan Police.
- Contribution on the occasion of 1st Get Together of Chittagong University Alumni Association.
- Contribution for Golden Jubilee of Dhaka Mahanagar Samiti.
- Contribution to Dainik Samokol newspaper to cover 13th South Asian Games-2019 held in Kathmundu, Nepal.
- Contribution to "International Tennis Federation (ITF) Asian 12/U Team Competition-2019 South Asian Regional Qualifying Event".
- Contribution to "6th National Award for Corporate Governance Excellence – 2018 by ICSB".
- Contribution to " Tribute to War Heroes by the Spouses of Foreign Diplomats "

Community Development

Community Development is a process where community members come together to take collective action and generate solutions to common problems. Community Development involves changing the relationship between ordinary people and people in positions of power so that everyone can take part in issues that affect their lives. Community Development helps to foster social inclusion and equality. Community Development plays a special role in overcoming poverty and disadvantage, knitting society together at the grass roots and deepening Democracy.

Bank gets business sustenance from the community in which it operates and, therefore, it remains responsive to the community and the society in reciprocity. Shahjalal Islami Bank Limited believes that a stable environment and a strong economy are correlated and precondition for progress of the country. SJIBL participate in society through community activities using financial skills and expertise. Every year the Bank keeps aside a substantial amount of money from its profit for the development of the society as Corporate Social Responsibility (CSR). Tk.220 million has been donated as CSR for public welfare in year 2019.

Shahjalal Islami Bank Limited is committed to serve the society through employment creation, support community projects etc. and be a responsible corporate citizen. Every year many new employees are recruited in this organization. As a socially responsible organization, SJIBL recognizes that there is a strong need to contribute to the society and support that in need- is it on financial or non-financial basis with a view to paying back to the society. Financial literacy campaign is one of such steps. SJIBL run financial literacy campaign through all its branches.

The bank also contributes in the development of education of the community. Students who completed SSC and HSC are given scholarship based on their merit. These students complete their education with this financial assistance comfortably which would not have been possible otherwise. In Bangladesh, Islam is the main religion and core value of this religion has profound impact on community driven development. Being a Shariah compliant bank, SJIBL focus on this community development issue through donation for construction or renovation of different mosque, madrasah etc.

Shahjalal Islami Bank has also contribution to society through direct and indirect taxes. The taxation system of SJIBL as an organization is very transparent and it also monitors tax payment of all employees of the bank individually as responsible citizen of the state. Besides, huge amount of zakat is paid by the bank in every year, which is later utilized through SJIBL Foundation for benefit of greater mankind. In addition, bank interest from Nostro Account, local Bank account, foreign clearing account and compensation received from overdue investment accounts are credited to Foundation to utilize it for public welfare. The Bank always appraises to make positive impacts on the community and the environment. It is actively involved in a range of charitable activities, including blanket distributions, donation to Prime Minister's Relief Fund etc. The main objective of SJIBL SME investment is growth of entrepreneurship which in turn ensure growth of the community. SJIBL do not allow investment where interest of the minority or indigenous people might be jeopardized. Shahjalal Islami Bank has been promoting digitization like frequent use of Internet, email, SMS, ATM & Credit Card with its 100% online branches.

By promoting culture and sports locally, SJIBL contribute for collective action and generate solutions to common problems of the society. Shahjalal Islami Bank Limited has inaugurated Agent Banking Booth. The Bank has plan to recruit some unemployed persons as agent instead of existing established businessmen that will help in serving community. SJIBL banking agents will serve in rural areas where banks penetration is not yet confirmed. As such, many unbanked communities will be brought under financial network through Agent Banking. It can be relevantly mentioned that SJIBL has agreement with Rural Electrification Board called REB for which rural people can pay their utility bills through SJIBL branches.

The growth of SME investment is satisfactory for SJIBL. While the industry average growth was a bit more than 20%, SJIBL grew at more than 30%. Manufacturing sector mainly dominates SJIBL SME which is Tk.42,540 million. Side by side with medium and small sector, SJIBL has been giving investment for micro and cottage industry. SME investment exceeded 72 thousand million in 2019. SJIBL also financed women entrepreneurs through SME and disbursed Tk.1,310 million in 2019 for women entrepreneurs.

On the other hand, SJIBL agriculture finance has been contributing for community growth. Cumulative outstanding in agriculture finance was Tk.1,840 million in 2019 and achievement rate is more than 100% of the yearly target. More than 60% of agriculture investment was disbursed in crops which helped rural farmers financially a lot. Besides, disbursement was also made in livestock and fisheries. Since rural economy highly depend on crops, livestock and fisheries, SJIBL investment has been directly promoting economic backbone of rural Bangladesh. SJIBL retail investment portfolio became Tk.8,759 million which has also been

Mr. M Shahidul Islam, Managing Director & CEO of SJIBL handed over a Memento to Engr. Shafiqur Rahman, Managing Director of Hams Garments Ltd, for being achieved the prestigious award of Commercially Important Person (CIP).

Tree plantation program organized by SJIBL Chuadanga Branch

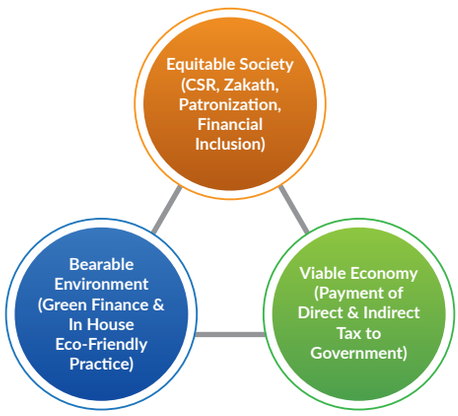
contributing for consumerism of the country. With consumption, money circulation expedites that also contribute to economic growth within community.

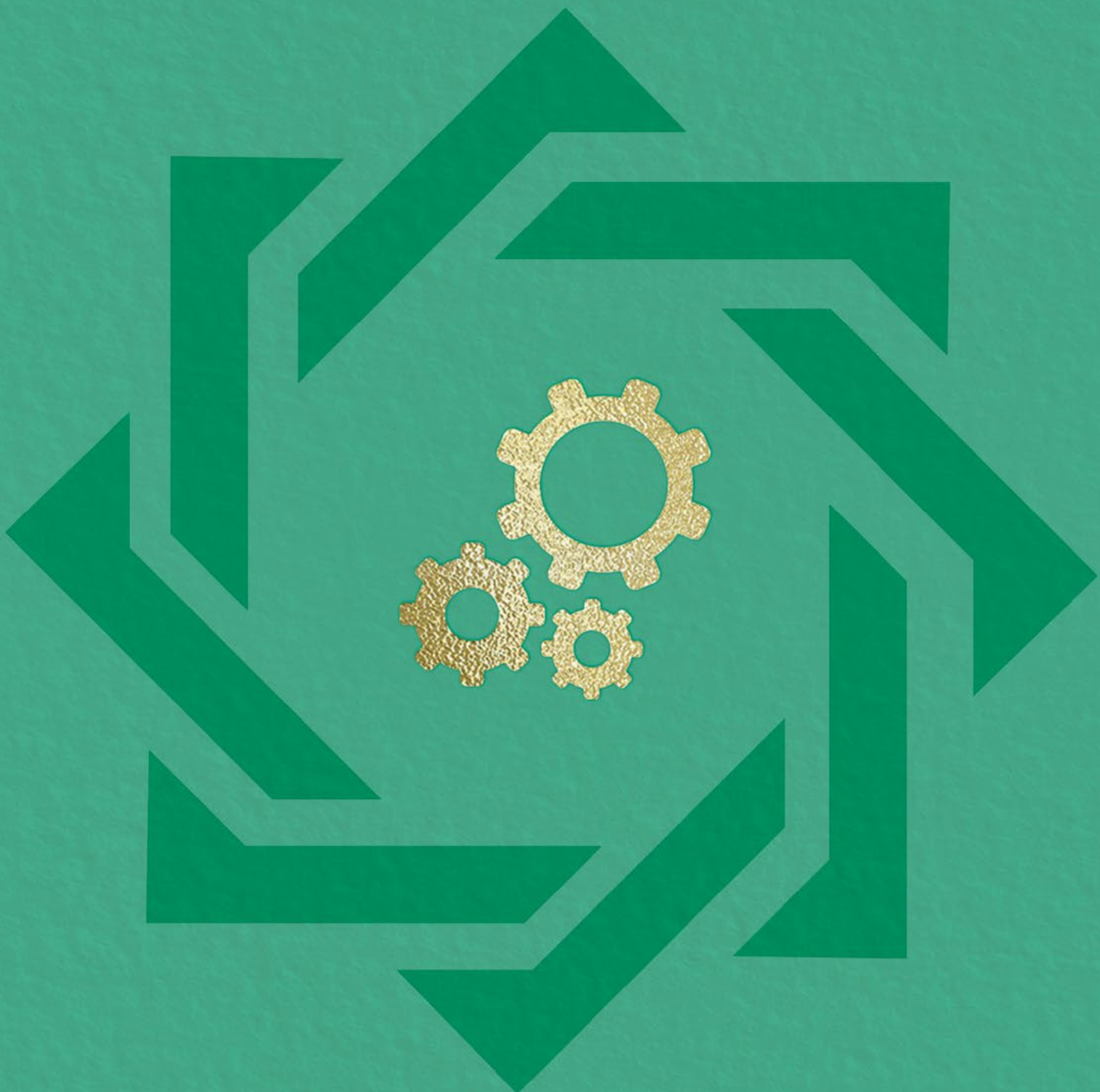
Where importers cause cash outflow, exporters of the country bring in foreign currency that help to maintain national cash inflow as well as Balance of Payment. SJIBL always acknowledges the contribution of its famous exporters who are not only valuable clients of the Bank but also they help the country to earn foreign currency.

SJIBL always promotes export industry considering it a social obligation to other stakeholders. SJIBL distributed memento in 2019 in appreciation of its 14 number of valuable exporters for receiving National Export Trophy as best exporters of Bangladesh. SJIBL supports all the public policy developed for the betterment of nation and the Management never lobbies for making any policy in favor of them. Bangladesh achieved the status of developing country under United Nations parameters. As such, the regulatory bodies have been emphasizing on further community development so that balanced growth of the society can be ensured. SJIBL has been working to promote community health to further support this tremendous growth of Bangladesh.

Environmentalists of the world are saying that every ton of paper involves at least seventeen trees. So, it is the responsibility of corporate organizations to donate for tree plantation to compensate the society and community. In the year 2019, ten number of branches of Shahjalal Islami Bank Limited organized tree plantation in different school premises of their respective areas. In addition, Shahjalal Islami Bank Limited has green finance outstanding of Tk.1,005 Million right now which confirm banks commitment for eco-friendly banking.

To cut the whole story short, it can be said that SJIBL contribute in all three aspects of sustainability. Social contribution is made through CSR and different sponsor to ensure equitable society, environmental contribution is made in the form of green finance and in-house environmental management to make climate change bearable. On the other hand, economic contribution is made by giving direct and indirect tax to the government treasury to make the economy viable. These are the basic three dimensions of sustainability where SJIBL contribute in some form or other:





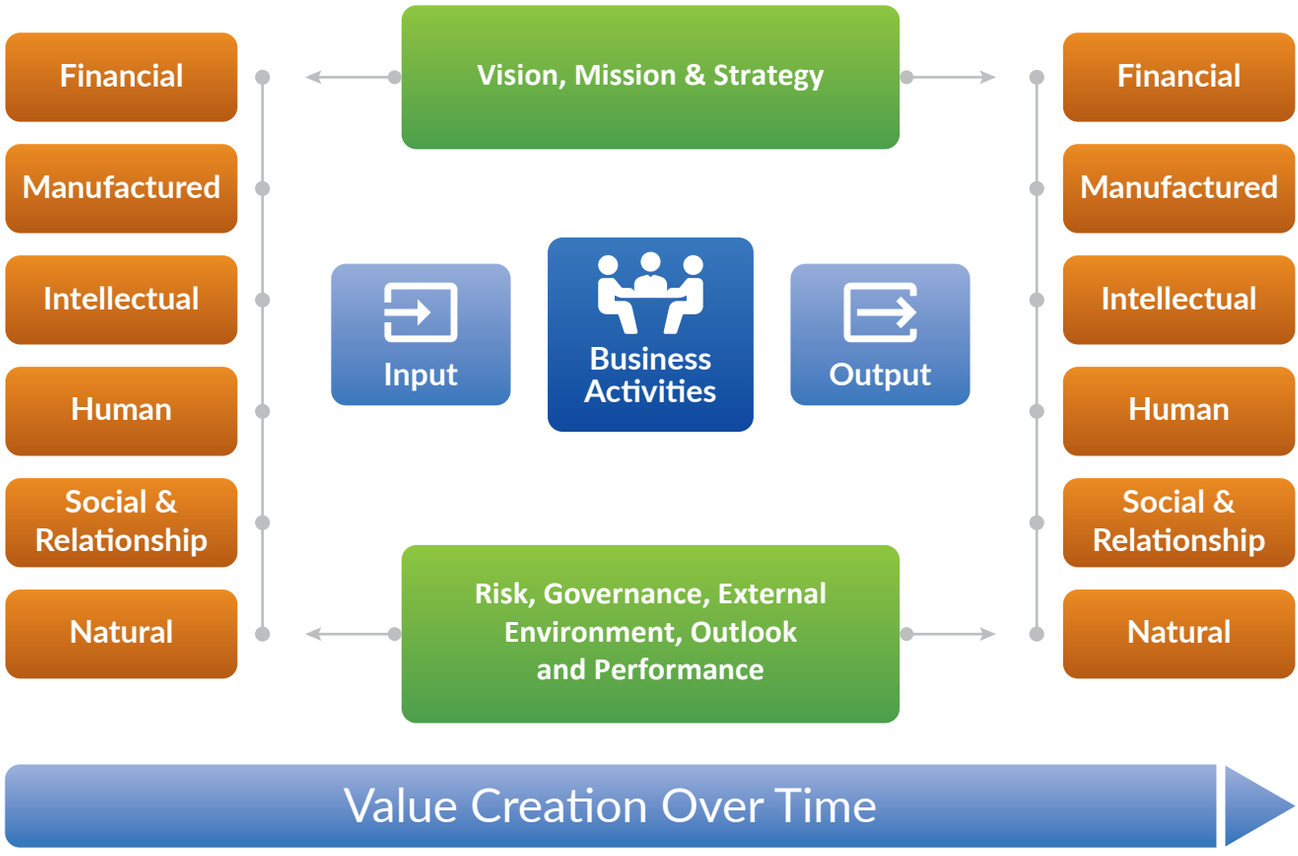
INTEGRATED REPORTING

OUR APPROACH TO INTEGRATED REPORT

THROUGH INTEGRATED REPORTING, ORGANIZATIONS CAN ADDRESS MORE CLEARLY RESOURCES THAT ARE NOT INCLUDED IN FINANCIAL STATEMENTS

Hans Hoogervorst, Chairman IASB

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term. 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. The capitals are categorized in the international framework as financial, manufactured, intellectual, human, social & relationship and natural capital. All these capitals work as input on business activities that result in output for the same in the form of value creation as depicted in below diagram:



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. Sustainable Development Goals (SDG) expert Professor Carol Adams said

"Organizations can enhance their contribution to the Sustainable Development Goals (SDGs) through integrated thinking and by using their integrated reports to communicate this - demonstrating how they have responded to the risks and opportunities of sustainable development."

Shahjalal Islami Bank Limited (SJIBL) prepares integrated report with the aim to how the Bank, has excellently managed its business to deliver consistent value to its stakeholders. Our integrated report gives a clear indication of our business model, strategic focus, resource allocation and future outlook to help the stakeholders to 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. SJIBL through its pragmatic operation and ethical banking has embedded the idea of integrated thinking in its overall strategic attributes. SJIBL has always been vigilant in addressing the material issues which have substantial impact on the strategic direction and operation of our business. To resemble with Global Reporting Initiatives (GRI) Standard Integrated Report has emphasized on following aspects:

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).

SJIBL Front Office

- Branch, Sub Branch
- ATMs , POS
- Digital Banking
- Face to Face Customer Service, Marketing
- Agent Banking, Banking Booth

SJIBL Back Office

- Administration,
- Monitoring
- Reporting

SJIBL Regulatory & Compliance

- Internal Control and Compliance
- Anti Money Laundering
- Cyber Security
- SDG Goals

SJIBL Support & Analytics

- I.T. Backup
- Research
- Branding & Product Development

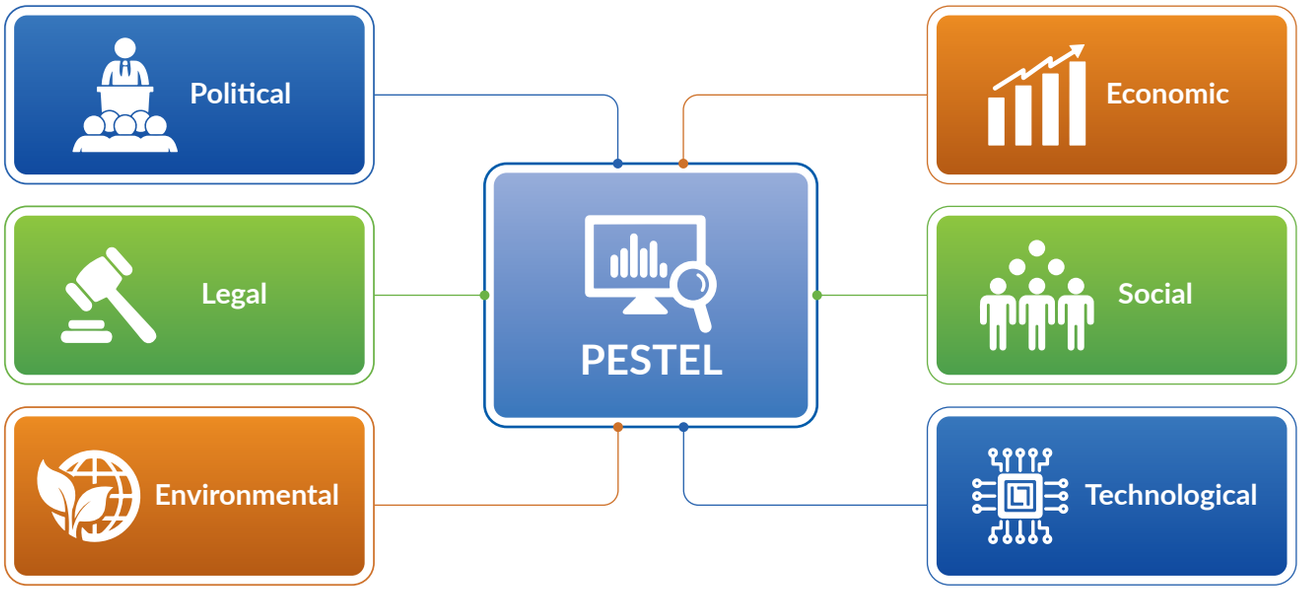
COMPETITIVE INTENSITY AND BANKS RESPONSE

In order to maintain a competitive edge, SJIBL pro-actively responses to the competitive forces identified during its normal course of business. The banking industry in Bangladesh is continuously exposed to several risks, both internally and externally. Some of these risks are too challenging to mitigate without the appropriate expertise and precautionary measures. SJIBL has adopted a risk identification and mitigation framework. This not only protects the bank from adverse conditions but also helps to enhance its operational viability and sustainability. A detailed analysis of the competitive intensity and challenging environment within which we work has been conducted. Our responses to minimize the impact of these risks have been outlined as follows:

Threat of new entrants	SJIBL's Response
New entrants cause decrease the profitability of established banks and unless the entry of new banks and financial institutions is not stopped or established banks maintain a competitive edge over the new entrants, then competition will only increase further. The government faces continuous pressure to approve new banks and financial institutions by reputed political actors. Besides, a number of foreign institutions are now providing funding facilities to local companies at lower rates of interest and with easier terms and conditions.	The retail and SME clients are more price elastic and new entrants can grab this market easily. We have already strengthened our position in the retail and SME segments and are focused in further strengthening the existing customer base. We are targeting new customers by offering new diversified products and services. We are planning to strengthen our footprint in retail and SME sector all over the country by targeting middle income segment through newly designed products and services. Our strategy is to ensure product quality, offering competitive rates, creating brand awareness and creating long term sustainable customer relationship.
Buyer power (Investment Client)	**SJIBL's Response**
Investment Clients possess stronger bargaining power in today's age of aggressive marketing. This is because of the relatively low switching cost due to the high number of banks present in the industry. Corporate clients have become more price-sensitive compared to the past. This is because they now have easier access to other banks and NBFIs that provide different facilities.	SJIBL addresses the issue of customer bargaining power primarily by extending tailor made package offers to corporate clients for catering their diversified business need (i.e. Cash L/C opening or deferred L/C opening with UPAS facility, Import Bill discounting, export bill discounting, EDF facility, Guarantee facility etc.). It also continually makes efforts to get existing clients to deliver additional facilities and sign up for additional services, which effectively increases the switching cost for consumers by making it more troublesome for them to transfer their finances to another bank.
Supplier power	**SJIBL's Response**
Depositors are the main supplier of funds for the banking industry, whose bargaining power is now strong in Bangladesh than any other time. Most banks are facing a liquidity crisis. As a result, depositors are now in a position of power as different banks approach them with high interest rates. Sources of funds, comprising customer deposits and borrowings from other financial institutions are largely based on the market which often fluctuate.	Primarily to face this threat we offer class-leading personal service to all our deposit customer as well as we offer market competitive deposit rate. Our next strategy to address this issue is to collect fund from diversified customer base. We are also improving our cash management services like different utility bill collections, which will strengthen and extended our low cost deposit base.
Threat of substitute products	**SJIBL's Response**
One of the banking industry's most significant threats regarding substitution arises not from local banks but from the non-banking financial institutions. Many of these institutions have started to offer specialized financial services that were previously only provided by banks. Thus, the threats coming from the existing non-banking financial institutions may outshine banks potentials. The threat of substitute products has increased in the banking industry, as companies outside the industry have begun to offer specialized financial services that were traditionally only available from banks. Examples of such substitute products include transfer fund through bkash, Nagad, etc.	We are constantly staying aware and remaining adaptable to changes in the market conditions and technologies. We are searching for new opportunities due to changes in technology and regulatory policies so that early mover's advantages can be achieved. As such, we are thinking of introducing digital wallet.

Competitive rivalry among existing players	SJIBL's Response
Due to high competitive rivalry, many banks are offering above the prescribed rate for collection of deposit. The government attempt to stabilize deposit rate at six percent is still most difficult, if not impossible. The competition has caused banks to experience a lower ROA (Return on Assets). Same situation caused decision of merger of many Indian banks recently for which financial experts consider it alarming also for Bangladesh.	SJIBL believes in dynamic marketing but it has not to be by lowering ROA (Return on Assets) abnormally. Rational spread between deposit and investment is usually kept. Retaining existing customers is more cost-effective than bringing in new customers. SJIBL maintain existing customers with its cordial service and through long term relationship along with attracting new customers through innovative products and services.

PESTEL ANALYSIS



Political factors

Macroeconomic Dimensions	Impact on Industry	Our Front
The banking sector is susceptible to the policies of government. Government laws affect the state of the banking sector. The present ruling government has been continuing since 30 December 2018 for another five - year term. We expect revenue collection to accelerate under this tenure while private sector investment to increase after years of stagnation. The new finance minister opts for going tough on loan defaults. We foresee reforms in banking sector to continue and overall economy to gain momentum in the first year of new political regime. The present government has taken stand against corruption as such the new stringent regulation may come into force for banking sector regarding money laundering and investment (loan) classification and provisioning.	The Banking Industry may boost up due to political stability and private sector credit growth in the newly elected government regime. On the other hand, the Industry may face challenges to collect deposit as well as they may have to maintain more provision than earlier time because of government's stand against corruption and loan defaulters.	SJIBL management is continuously scanning the political environment and formulating its strategy by assessing the current and future environment. No investment is given under political consideration. SJIBL go for litigation against any defaulter irrespective of political and social identity. Besides, SJIBL report promptly to Election Commission on demand regarding bank defaulters.

Economic factors

Macroeconomic Dimensions	Impact on Industry	Our Front
GDP growth target has been set at 8.20% in the FY20 budget. Continued political stability and increased business optimism is expected to lead to accelerated growth in domestic consumption and gross fixed investment. Infrastructure projects undertaken by government shall start to pay off, enabling the economy to embark on the next stage of economic growth. For FY 2020, we expect country's economic growth to be more than the target set in the budget. Some mega projects undertaken by the government may take more years to be completed as well as the government will take new mega projects for further development of infrastructure of the country.	The government is borrowing fund from banking sector as well as general people to facilitate the mega projects like Padma Bridge, Four Lane Highways and Metro Rail, etc. As a result, the banking sector is facing challenges to collect deposit and funding private sector. Moreover, the challenges that the sector encountered during the year was dealing with the pressure of non-performing loans.	The bank has a separate division named Business Development and Marketing Division (BDMD) as well as a new department namely Branding Department responsible for developing new and attractive products as well as collection of deposits. The Bank has already launched Agent Banking to grab the deposits from unbanked people. The management is keen to maintain high quality assets. A recovery team is employed for collection of Non-Performing Investments (NPI). Moreover, increasing the efforts of every staff member will be crucial to collect deposit and improve NPI. To strengthen recovery team, separate division has been formed namely Special Asset Management Division, Monitoring Division and Investment Administration Division. Due to COVID 19 Bangladesh Bank has instructed all scheduled banks not to classify any overdue clients up to September 2020 which SJIBL has already started to comply. Besides, SJIBL has been offering Bangladesh Bank refinance to COVID affected businessmen including RMGs.

Social factors

Macroeconomic Dimensions	Impact on Industry	Our Front
A stable political and macroeconomic environment in FY19 contributed to a broad-based pick-up in socio-economic activity. No major political or security- related disruptions occurred in FY19, suggesting that the country has gradually moved into a new regime that will be marked by greater political stability and consequently higher growth rates. The unemployment rate currently stands at 4.3%, although maintaining low levels of unemployment has emerged as a major challenge for the government, with more than 2.2 million people joining the workforce annually. Social factors affect how people see and use banking options. Although per capita income of Bangladesh is increasing gradually but the incomes of lower and lower middle class people are not increasing in the same manner. If rational distribution of income and wealth is not encouraged and ensured, the main SDG goal of United Nation of poverty reduction will remain a dream.	Changing technology, internet and social networking have all impacted the banking business. Social factors influence customer needs, tastes and preferences. Business cannot be run ignoring society. Banking industry has to consider the lives and culture as well as societal norms where banks are running. Banking business is highly influenced by social surroundings of bankers.	Rooted in our core strategy is a role beyond short-term profit maximization which is doing real things for real people to create social value in the long run. SJIBL SME products cover the growing demand of middle class and lower middle class people. SJIBL promote business through SME investment. Though not profitable, SJIBL run school banking campaign to open school banking accounts. Financial literacy program is run in different educational institutions at banks own cost. Many women entrepreneurs are given finance to ensure more female participation in the society. Corporate Social Responsibility (CSR) is given for social welfare and employment generation. Mentionable that SJIBL has donated to PMs COVID fund to help Covid affected people of the country.

Technological factors

Macroeconomic Dimensions	Impact on Industry	Our Front
Present government has been promoting digitalization under the banner of "Digital Bangladesh". Bangladesh has already introduced EVM (Electronic Voting Machine) system and digital land registration is under process. There is hardly a single village now in Bangladesh where a dozen of mobile users will not be found. This massive use of technology has changing mindset of common people and a tech-friendly nation is going to be formed probably within less than a decade.	To meet up the growing demand of changing technology means further investment in technology. Banking in Bangladesh perspective is facing new challenges constantly. The problems that we see in the Banking sector in the upcoming days are meeting customer expectation through introducing the latest technology. Cyber security might be another barrier to get benefit from this online banking era.	We have recognized the rapid changes of technology. To remain competitive in introducing new technology and providing our customer high quality services, we are investing heavily to introduce world's latest technology. Moreover, keeping in mind the cyber security issue utmost importance has been given to ensure cyber security. We are running internet banking experimentally and we have also plan to launch wallet banking, a latest technology in banking sector of Bangladesh.

Environmental

Macroeconomic Dimensions	Impact on Industry	Our Front
Bangladesh being one of the worst victims of global climate change, government signed many international treaties and protocols to reduce carbon emission in Bangladesh. With the use of technology particularly with online banking, internet banking, etc. paper use is being reduced. Additionally, the need to go directly to a branch to handle affairs is minimized as well. Many issues are taken care of through internet banking and online banking services. Thus, modern technology based banking is reducing individual environmental footprints.	Bangladesh Bank has instructed the banks for sustainable banking such as Green Banking, Corporate Social Responsibility, etc. The regulatory body has also framed Environmental and Social Risk Management Guideline for all scheduled banks of Bangladesh. The industry has adopted world class technology for online banking, internet banking etc. Thus, technology plays a crucial role in taking banks towards their sustainability goals.	In response, SJIBL has already developed Green Banking Policy, Environmental & Social Risk Management Guideline, Green Office Guide and CSR Policy with instruction to all employees for meticulous compliance. All branches and Head Office have been complying the above guides, wherever applicable in order to reduce carbon emission of the bank.

Legal factors

Macroeconomic Dimensions	Impact on Industry	Our Front
The banking industry is now following strict laws and regulations than earlier time. Banking sector of the country has guidelines for core risk management and compliance requirements for all the key areas of banking. The applications of these guidelines are considerably more stringent than earlier time.	The banking industry of Bangladesh is primarily controlled by Bank Companies Act 1991, Companies Act 1994, Rules 1987, Income Tax Ordinance and Rules 1984, Securities and Exchange Act and Value Added Tax Act and Rules 1991.	Compliance with applicable laws and regulations are our top priority. We have complied with all applicable laws and regulations. In addition, we also comply with all guidelines and circulars of Bangladesh Bank as well as our own guidelines and internal circulars.

SWOT ANALYSIS

Shahjalal Islami Bank Limited conducts SWOT analysis of the organization to capitalize its strengths and work on its weaknesses in view of the opportunities available in its environment and the threats that it need to overcome. A SWOT summary of the business as it stands today is given below:

Strengths	Strengthening Further
Good market reputation in the market as a progressive Islamic Bank in terms of Shariah compliance, banking solutions and customer service.	SJIBL is continuously redesigning it products and services by capitalizing its reputation in line with the changing environments.
Solid capital base	Bank try to strengthen further to absorb any risk shocking.
Strong compliant culture in all spheres of operations.	SJIBL has been trying to strengthen its compliant culture as so it meets regulatory requirements as well as it helps to better customer experience also.
132 Branch network across the country and has strong presence in rural areas with well-trained manpower.	Expansion will be continuing to serve the un-banked and under-banked people.
Good market share in foreign trade business.	As market grows SJIBL is continuously persuading in exploring and retaining its foreign trade market share with value maximizing.
Expertise in countries export thrust RMG sector.	We are promoting and effectively expanding the RMG business. Our expertise in RMG business solution enable us to book most of the top ranking RMG groups of the country.
Strong adherence to Corporate Governances	SJIBL is continuously trying to develop true corporate governance culture that would be model for smoothing its business operation.
Comfortable liquidity position	SJIBL shape its liquidity management to ensuring profitability with boost up customer confidence.

Weakness	Addressing our Weakness
Excessive reliance on corporate business segment for investment which is very price sensitive and could pose threat to asset conditions in adverse conditions.	SJIBL has taken steps to diversify its investment portfolio and now targeting SME and Retail business portfolio.
With the advancement of technology in banking, upgradation of CBS is essential.	Proposal of upgradation of CBS is underway.
Absence of complete solution of digitalized banking.	SJIBL already have taken some initiative to overcome its lagging in this field.
Limited exposure in fast growing retail investment segment.	SJIBL is continuously trying to develop shariah compliant retail products to seize growing market niche.

Opportunities	Capitalizing on Opportunities
Immense economic growth of Bangladesh with huge un-banked and under-banked population.	SJIBL is developing products and services keeping in mind the economic growth and un-banked and under-banked population of Bangladesh.
Increasing awareness about Islamic financial services and demand for Shariah-compliant products and services.	SJIBL has been strengthening its social relationship with the prospective customers who are showing their interest in Islamic Banking with different products explaining Shariah compliance.
Market share of Islamic Banking Sector in Bangladesh is growing being the third -largest Muslim country in the world.	Appropriate steps have been taken so that new customers will choice SJIBL as their first choice.
The Government is implementing a number of mega projects like Padma Bridge, Metro Rail, Deep Sea Port and Big Highways etc. which create huge resource mobilization in the country.	SJIBL has analyzed the role of all stakeholders in these projects and devised its strategy to be financial partner of credit worthy customers.

Threats	Countering Threat
The pandemic COVID -19 and the resulting lockdowns put a weak financial system that may be heading for even greater turbulence.	SJIBL try to ensure prudent management of credit risk, rationalizing its cost structure and optimize its balance sheet management and improve its operational efficiency to offset risk arising due to COVID-19 and cope with changing phenomenon.
Unpredictable events create serious problem to take midterm strategy for deposit & investment pricing and shaping deposit & investment mix.	SJIBL try to take cautious steps to avoid any disruptive consequence.
Unequal playground for Islamic banks particularly for regulatory liquidity threshold (for LCR & Commitment ratios) hampering non-funded business growth as Islamic banks have maintained lesser high quality liquid asset for different SLR regulation.	The matter has been discussed among the Islamic Banks operating in the country and hopefully suitable solutions would come out soon.
Due to COVID-19 NPA may increase .	Bank has taken rigorous follow-up mechanism to explore recovery prospects of NPA accounts. Bank has strengthened its Special Asset Management Division. Supervisor of branches has been assigned to review the performance of all investment accounts.
More competitor is entering into the Islamic banking.	SJIBL has already earned customer's confidence and trust by delivering caring service during last 18 years and has strong bondage with them. Relationship will grow further in the coming days.

OUR STRATEGIES

Deposit Strategy

- Hunting mostly for low cost and no cost deposit (CASA) so that cost of fund can be minimized.
- CASA campaign, Hajj deposit campaign, Student Account Campaign etc. for collection of deposit.
- Collecting large corporate deposit as term deposit which bank can utilize for long term investment.
- Develop and modify deposit products time to time as per business need.
- Emphasize upon deposit mix by not sacrificing deposit growth.
- Emphasize upon deposit growth by not avoiding importance of deposit mix.
- Employee motivation through Appreciation Letter, Cash Award, and Crest for achievement of 100% deposit target.
- Monitor deposit products, their rate and how they are advertised in media including banks own website.
- Monitor banks liability marketing related MIS for accurate deposit growth forecasting.
- Promote micro savings through opening no-frill accounts like School Banking Account, Farmers Account, RMG Workers Account, etc. and help national financial inclusion thereby.
- Ensure SJIBL motto "Committed for Cordial Service" in every phase of liability marketing.
- Ensure expected services for priority banking customers.
- Exploiting the growing rural deposit basket by setting- up smaller size low cost rural branches, Sub-branches as well as Agent Banking.
- Prudent collection of short term deposit for meeting short term investment need and long term deposit to cope up with long term investment need.

Award distribution for Deposit Mobilization Campaign – 2019

Cash Management Strategy

- Emphasis on utility bill collection like TITAS, REB, WASA, DPDC, DESCO and Western Power Zone which ensure huge deposit base at lower or no cost at all.
- Pursue Insurance companies to collect their premiums, pursue the large corporate houses to open their salary accounts, pursue the DSE members to open their accounts and try to become issuer of IPOs all of which will open up avenues for huge deposit for the Bank.
- Tapping different foreign missions, LGED and other different corporate houses for collection account as well as placement of large fund.
- Plan time to time to set up booth in different convenient places in agreement with entertainment parks, Trade Fair, etc. which might certainly enrich banks cash management condition by accumulation of such floating deposits.
- Cross sell of different deposit products.

Investment Strategy

- Develop and modify investment products time to time as per business need.
- Corporate relationship buildup with large investment clients.
- Review and update banks investment policy time to time to adjust with change in economic trend.
- Ensure profitability of the bank through maintaining of spread, bringing in new customers and enhancement of facility to existing customers.
- Increase of non-funded business like LC, BG, etc.
- Emphasize upon social marketing by declining investments that destroy environment and society.
- Encourage investment for productive sector.
- Identifying Problem investment through Early Alert System to take recovery measures.
- Backward linkage industries to be targeted which will provide a good source of SME business through availing the benefit of supply chain management.
- Disbursement of investment to high yield generating business segments commensurate with calculative risk and maintain high quality asset portfolio.
- Ensure investment diversification and investment risk minimization by investing on new and unconventional sectors.

Import & Export Strategy

- Opening LC at lower margin to encourage import for dedicated clients.
- Allowing new export- import facilities to existing and loyal clients without collateral.

- Motivating opening LCs to import Green Products like Solar Panel, ETP equipment to address climate change issue.
- Focusing on thrust sectors like Information Technology, Pharmaceuticals, etc.
- Facilitate different schemes provided by government and foreign bodies for export-import business, such as; Cash Incentive, LTFF, EDF and other Bangladesh Bank and World Bank Refinance etc.
- Export-Import services to A- category industrial units of Export Processing Zones (EPZ) and Economic Zone (EZ) through Off Shore Banking Unit.
- Ensuring 100% local and international compliance for export-import in line with UCPDC, URC, URR etc.

CHALLENGES

Banking sector of Bangladesh had gone through several reforms after 1971. The objective behind such reformations was to establish a stable money market. Since capital market of Bangladesh is yet to attain maturity to lead national economy, banking sector is the only hope for which it poses many challenges as well. The challenges faced by banking sector of Bangladesh are described below:

i) Non-performing investment (NPI)

Because of longtime lock down for Corona Virus, businesses closed all across Bangladesh. As a result, most businesses were on the verge of turning Non-Performing Investment (NPI). To save massive NPI, Bangladesh Bank instructed loan/investment profit block to all scheduled banks and FIs for the time being along with withholding investment/loan classification process up to Sep 2020. Though it might save businesses from becoming bank defaulters initially, many businesses already became totally a cashless, loosing concern and as such would be permanent bank defaulters in post-corona period. Besides, all scheduled banks and FIs started to loss profit from continuous export fall. Continuation of this may compel many private banks into drastic cost minimization. As such, overall banking sector of Bangladesh may face tougher situation in the days coming ahead.

ii) Information Technology Risk

Information Technology Risk is another major challenge for the banking sector. All private banks and their branches are equipped with IT-capable services. Our banking sector has yet to ensure cyber security and risk management techniques. The last cyber-attack on Bangladesh Bank made all scheduled banks alert on international hackers.

iii) Changing Regulation

Changing of existing laws and Bangladesh Bank circulars related to banking is a challenge for the industry. Bangladesh Bank is continuously issuing circulars for banking sector. Some provisions of these circulars create new challenges for the Banks. Time expansion to make an account classified, in other word, lengthy duration for converting a regular account into classified as per last BB circular on Loan/Investment Classification might pose threat for many scheduled banks.

iv) Lack of efficient Manpower

We have lack of skilled and efficient manpower for banking sector. With the blessings of private universities many BBA and MBA come out each year in job market. But how many of them are truly skilled for banking sector is a matter of doubt to many HR experts in Bangladesh.

v) Lack of Financial Inclusion

Banking sector has had a big role to play in the current economic upturn. Although banks have increased in number, their service has yet to reach the vast section of disadvantaged and low-income groups. Inclusion of mass people in to common umbrella of banking service is still a challenge for the sector. Many banks consider opening 10 taka and 100 taka account for unbanked people as just interruption for mainstream banking and many banks like to banking with those customers only who have already accounts in several banks.

vi) Asset Quality

Improving asset quality and showing better financial performance are the challenges for the banking sector. Reschedule and Restructure improve asset quality in the short term for banking sector but the same loan/ investment accounts become classified within short period of time demanding further reschedule. This vicious cycle of classification is continuing without any permanent solution in Bangladesh in absence of strong corporate governance.

vii) Cashless Society

Bangladesh is a cash-based society. The country is shifting towards being a cashless society by increasing use of plastic cards, mobile financial services, and internet banking. Building a cashless society would be a challenge for banking sector because many businesses in Bangladesh rely on direct cash transactions. For example: Petrol pump or CNG station, retail shops and some shopping malls in Bangladesh do not accept Credit Card.

viii) Good Governance

Good governance is another key issue that the banking sector lacks. Corporate governance may be deteriorated when one or more banks are lacking of transparency, accountability, and compliance. The quality of governance can affect the financial soundness indicators such as asset quality, capital adequacy ratio, liquidity, earning capacity, and more. The sector should keep a close eye on the operation of the bank and its branches to ensure corporate governance within the organization.

xi) Branding

With the advent of dozens of private televisions, radios, newspapers, internet as well as social media the area of branding has become very spacious and challenging than ever before. It is very tough for banks now-a-days to compete with other banks that spend more and more money on TV commercials and news advertisements for highlighting its products and services. A bank with even satisfactory CAMEL rating and strong credit rating can fail to attract better customer base for lack of sufficient branding in present banking scenario of Bangladesh.

OPPORTUNITIES

As a developing economy, Bangladesh has encouraged to develop its banking industry to promote economic growth. Over the last three decades or so the country has seen spectacular expansion of the banking industry. The banking industry in Bangladesh has even gone a step further by promoting financial inclusion of the very poor in rural areas of which micro finance and micro-credit are the policy instruments to achieve that objective. This has helped to expand the monetization of the rural economy, and as a consequence, it has become more market-oriented. Such market orientation of the rural economy also facilitated continuous resource transfer from rural areas to urban areas. The banking industry is helping sustainable economic growth of Bangladesh by financial inclusion. The major opportunities of banking sector of Bangladesh are stated below:

i) The present ruling government has won 11th parliamentary elections held on 30 December 2018 and formed government for another five - year term. The political condition is expected to remain stable up to next five years. We expect revenue collection to accelerate under this tenure while private sector investment is supposed to increase. We foresee reforms in banking sector to continue and overall economy to gain momentum throughout these five years. The banking sector will explore further in this new political and economic condition.

ii) GDP growth reached to 8.13% in FY 2020. Continued political stability and increased business optimism is expected to lead to accelerate growth in domestic consumption and gross fixed investment. We expect country's economic growth to be more than the target set in the budget. Banking sector will grow further along with this immense economic growth regime.

iii) Infrastructure projects undertaken by government shall start to pay off, enabling the economy to embark on the next stage of economic growth. This will enable banking sector to explore further.

iv) Some mega projects undertaken by the government may take more years to be completed as well as the government will take new mega projects for further development of infrastructure of the country. As a result, huge resource mobilization will take place in the next five years, which will create new horizon for the banking industry of Bangladesh.

v) Bangladesh is a huge potential market of 161 million people with substantial part of them as either unbanked or under-banked. The banking sector has the opportunity to explore by bringing this unbanked and under-banked people within formal financial network. Already many government facilities require bank account and government has planned to bring entire population of Bangladesh under formal banking channel in future. It will just create a huge market for selling banks products and services.

vi) Rapid changing technology is shaping the new dimension of banking. Availability of internet, using smart phone and technological transformation will make banking sector more attractive. SJIBL is keeping pace with the technological changes by adapting to latest technology.

vii) Agent banking, Banking Booth and Rural Branch banking will explore in the days ahead to capture the unbanked people. SJIBL has already introduced Agent banking, opening Rural Branches and Banking Booths to grab the new market.

STRATEGY AND RESOURCE ALLOCATION

SJIBL's strategy is based on the driving forces that are rapidly changing the financial landscape. Macroeconomic conditions such as interest rates, growing competition, marketing, rapid digitalization and Sustainable Development Goals (SDGs) of UNO are some of the factors upon which the Bank has formulated its strategic agenda. Customer centricity is also our strategic focus to maximize investors' wealth by running business efficiently and ethically. To protect investors' interest and interest of all other stake-holders, SJIBL constantly pursues strategies for sustainable growth and wider financial integration. Short, medium and long term strategies of SJIBL are as follows:

Business Development Meeting at Cox's Bazar

Short Term Strategy	Introduce latest Technology based modern banking for survival in the midst of cutting-edge market competition.
	Reduction of banks resource consumption through In-house environmental management for internal cost minimization.
	Reduction of Non-Performing Investment (NPI) to improve asset quality.
Medium Term Strategy	Emphasize upon CSR, Financial Inclusion and Green Finance, SME, Retail & Agriculture Finance to ensure growth resilience.
	Increase market share in four major indicators namely deposit, investment, export and import.
	Maintain a strong capital base in line with BASEL III.
Long Term Strategy	Delivering remarkable returns to all stakeholders including valuable shareholders of the bank.
	Ensure growth resilience of the bank as well as contribute to national growth resilience.

The above described short, medium and long term strategies will be achieved by means of resource allocation in following ways:

- Crafting excellent customer service by understanding customers and offering the products, services and solutions on the basis of customers need analysis.
- Continuing the investment in latest IT infrastructure to meet up the requirements of customers.
- Creating state-of-the-art workstation to ensure productivity of each employee.
- Increasing research and development to deliver innovative products and services to differentiate SJIBL products and service quality from others.
- Ensure effective risk management practice in all core risk areas of SJIBL.
- Ensure sound corporate governance mainly in terms of Bangladesh Bank and BSEC Guidelines.
- Emphasis more on branding through TV commercials, print media and public relation.
- Emphasis upon Green finance, SME finance, Retail & Agriculture finance, financial inclusion, CSR and employment generation initiatives, etc. that will ensure growth resilience both of the bank and of the country.

SJIBL gathers strength from its growing customer base, skilled workforce, sound technological & operational platform and a company-wide corporate culture that binds all together. Tailored products and services facilitated by real-time online Banking have become the right solution for SJIBLs customer need.

OUR VALUE CREATING BUSINESS MODEL

THE CAPITAL THAT CREATES OUR VALUE

Financial capital – The pool of funds that is:

- Available to the Bank for use in the investment purpose or the provision of services
- Obtained through financing, such as deposit, borrowing, equity, or generated through operations or investments

Indicator of value derived	Value derived as at 31 December 2019	Value derived as at 31 December 2018	Activities undertaken to create Financial Capital
Shareholders' funds	16,507m	14,789m	Grew the business volumes prudently through robust and efficient financial intermediation and maturity transformation, thereby strengthening the leadership position
Mudaraba Subordinated Bond	10,000m	10,000m	
Deposits from customers	203,384m	176,862m	
Placements from other Banks and Financial Institutions	11,383m	23,466m	
Market Capitalization	21,842	23,420m	
DSE & CSE ranking in market capitalization	A	A	
Price Earnings Ratio	12.71	17.51	

Manufactured capital – Manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the business or the provision of services, including:

- Buildings
- Equipment
- Infrastructure

Manufactured capital is often created by other organizations, but includes assets manufactured by the reporting organization for sale or when they are retained for its own use.

Indicator of value derived	Value derived as at 31 December 2019	Value derived as at 31 December 2018	Activities undertaken to create Manufactured capital
Branch Network	132	122	1. Maintained profitable mix of owned and rented building 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
Number of ATMs	107	84	
Number of districts where bank operates	44	43	
Investment in technology	621m	541m	
Data storage capacity	Core Banking 5 TB Disk based Data Backup 10 TB	Core Banking 5 TB Disk based Data Backup 10 TB	
Number of Agent Banking Booth	15	-	

Intellectual capital – Organizational, knowledge-based intangibles, includes:

- Intellectual property, such as patents, copyrights, software, rights and licenses
- "Organizational capital" such as tacit knowledge, systems, procedures and protocols

Indicator of value derived	Value derived as at 31 December 2019	Value derived as at 31 December 2018	Activities undertaken to create Intellectual capital
Value of intangible assets	33m	46m	1. Invested in centralization 2. Improved processes and procedures 3. Developed new products and services 4. Expanded network, conducted research and development 5. Deepened technological expertise 6. Supporting knowledge sharing initiatives 7. Retaining strong credit rating
Number of training courses	286	246	
Training expenses	7m	7m	
Credit rating (Long & Short Term)	AA2 & ST-2	AA2 & ST-2	
Employees serving for > 10years	874	593	
Development of new technology	Introduction of Credit Card Software, Agent Banking Software and Batch-2 Software	Introduction of Individual Performance Monitoring System and Online Provident Fund Module	

Human capital – People's competencies, capabilities and experience, and their motivations to innovate, including their:

- Alignment with and support for an organization's governance framework, risk management approach, and ethical values
- Ability to understand, develop and implement an organization's strategy
- Loyalties and motivations for improving processes, products and services, including their ability to lead, manage and collaborate

Indicator of value derived	Value derived as at 31 December 2019	Value derived as at 31 December 2018	Activities undertaken to create Human capital
Number of employees	2,652	2,395	1. Revised selection criteria for new recruits to match current demands 2. Conducted employee surveys 3. Invested in training and development 4. Enrich career development 5. Reinforced performance management and appraisals
Number of new recruits	422	123	
Retention ratio	100:94	100:95	
Return to work from maternity	29	37	
Profit per employee	2.22m	1.91m	
Average service period	7.48 years	7 years	

Social and relationship capital – The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes:

- Shared norms, and common values and behaviors
- Key stakeholder relationships, and the trust and willingness to engage that the Bank has developed and strives to build and protect with external stakeholders
- Intangibles associated with the brand and reputation that the Bank has developed
- The Bank's social license to operate

Indicator of value derived	Value derived as at 31 December 2019	Value derived as at 31 December 2018	Activities undertaken to create Social and relationship capital
Number of Accounts	940,026	786,050	1. Promoted financial inclusion& inclusive growth 2. Co-created products and services 3. Collaborated with business partners 4. Improved capacity of SMEs 5. Expanded Bank's footprint 6. Supported the community 7. Enhanced CSR activities
Ethical investment	197,286m	186,090m	
Contribution to National Exchequer	4,603m	3,230m	
Number of SME Clients supported	10,569	4,200	
Number of Foreign Correspondent	416	428	
CSR Trust investment in society	220m	151m	
Number of CSR beneficiaries	204,791	142,013	
10 Taka 100 Taka Account	3,140	1,380	
Number of School Banking Account	17,110	12,457	

Natural capital – All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of the Bank. It includes:

- Air, water, land, minerals and forests
- Biodiversity and eco-system health.

Not all capitals are equally relevant or applicable to the Bank. While the Bank interacts with all capitals to some extent, these interactions might be relatively minor or so indirect that they are not sufficiently important to include in this integrated report.

Indicator of value derived	Value derived as at 31 December 2019	Value derived as at 31 December 2018	Activities undertaken to create Natural capital
Energy consumption	82m	75m	1. Emphasized on green investment 2. Promoted paper reduction 3. Increased usages of renewable energy 4. Switched to energy-efficient appliances
Number of Solar panel installed Branch	19	13	
Petrol, Oil and Lubricants consumption	6m	6m	
Green Finance/ Investment	1,005m	788m	

VALUE ADDED STATEMENT

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

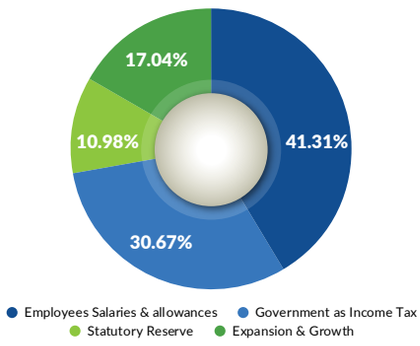
Value Added Statement

for the year ended 31 December 2019

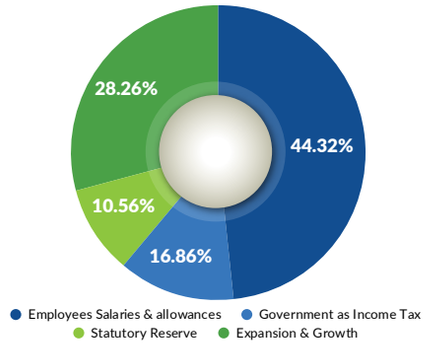
Particulars	2019 (Taka)	%	2018 (Taka)	%
Income From Banking Services	23,618,314,463		19,947,835,696	
Less: Cost of services & supplies	14,552,521,957		12,542,263,044	
Value added by the Banking services	9,065,792,506		7,405,572,652	
Non-banking income	-		-	
Loan & Other Provisions	(1,970,980,000)		(1,410,860,000)	
Total value added	**7,094,812,506**		**5,994,712,652**	
Distribution of added value				
To Employess as salaries & allowances	2,931,336,476	41.31%	2,656,435,045	44.32%
To Government as Income Tax	2,175,848,213	30.67%	1,694,286,514	28.26%
To Statutory Reserve	778,829,989	10.98%	633,093,689	10.56%
To Expansion & growth	1,208,797,829	17.04%	1,010,897,405	16.86%
Dividend & Retained earnings	939,471,743		838,088,241	
Depreciation	269,326,085		172,809,164	
	7,094,812,506	**100%**	**5,994,712,652**	**100%**

Distribution of Added Value

Value Added Statement- 2019



Value Added Statement- 2018



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.

Economic Value Added Statement

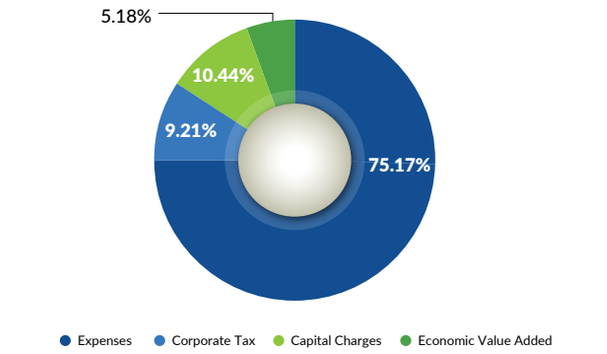
for the year ended 31 December 2019

Taka in Million

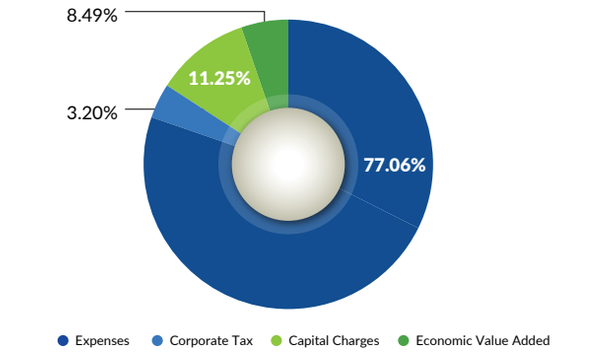
Particulars	2019	2018
Total Revenue	23,618.31	19,947.84
Expenses	17,753.18	15,371.51
Corporate Tax	2,175.85	1,694.29
Capital Charges	2,465.15	2,086.30
Economic Value Added	**1,224.13**	**795.74**

Economic Value Addition

Economic Value Added-2019



Economic Value Added-2018



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.

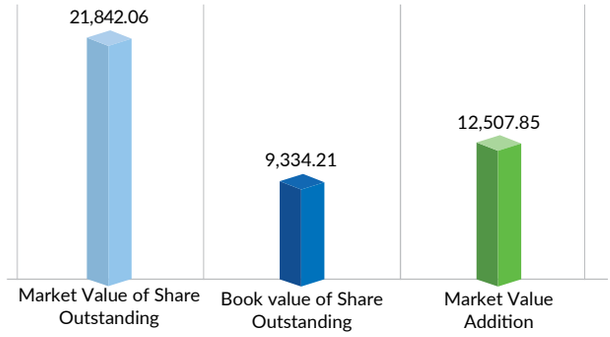
Market Value Added Statement

for the year ended 31 December 2019 — Taka in Million

Particulars	2019	2018
Face value per share (Tk.)	**10.00**	**10.00**
Market Value per Share (Tk.)	**23.40**	**27.60**
Number of Shares outstanding	933,421,272	848,564,793
Total market capitalization	21,842.06	23,420.39
Book value of paid up capital	9,334.21	8,485.65
Market Value Addition	**12,507.85**	**14,934.74**

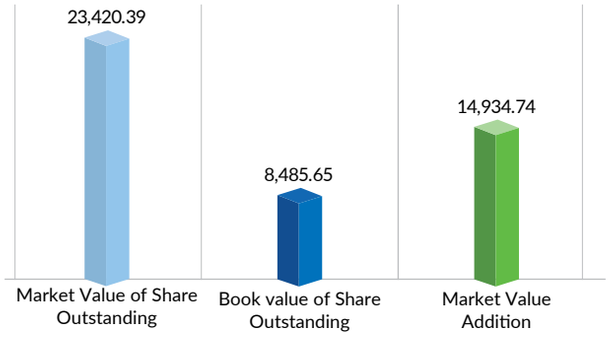
Market Value Addition 2019

BDT in Million



Market Value Addition 2018

BDT in Million



CONTRIBUTION TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

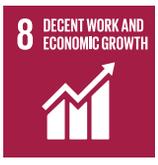
Shahjalal Islami Bank Limited operates with a Vision to 'Most admirable brand of shariah banking & investment in Bangladesh ensuring sustainable value for all our stakeholders embodied with human development based on morality and ethics'. As a result, our focus on sustainability is embedded deep in our 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 2019, Shahjalal Islami Bank Limited focused on the following Sustainable Development Goals (SDGs), which it believes are in line with its sustainability strategy.

Goal 4 | QUALITY EDUCATION: Shahjalal Islami Bank Limited has long been practicing CSR in education e.g. 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 substantial contribution in increasing the relevant skills for employment and entrepreneurship of youth in the country. SJIBL CSR on education was Tk. 52.40 million in 2019.

Goal 5 | GENDER EQUALITY: Shahjalal Islami Bank Limited provides equal opportunities for employment, learning & development and career advancement for both genders. Out of the total number of 2,652 employees, 428 employees are female and rest 2,224 employees are male.

Goal 7 | AFFORDABLE AND CLEAN ENERGY: For the purpose of creating opportunities for modern, sustainable energy services and promoting investment in clean energy technology and energy infrastructure, the Bank financed in the projects of Renewable and Solar Energy as well as LED bulb assembly plant of more than Tk. 300 million as of 31.12.2019.



Goal 8 | DECENT WORK AND ECONOMIC GROWTH: The Bank is not only promoting a healthy work environment but is also strengthening the country's economy by expanding the access of individuals to Islamic banking.

Goal 9 | INDUSTRY, INNOVATION AND INFRASTRUCTURE: The Bank is consistently promoting the industry, innovation and infrastructure in order to strengthening the country's economy by extending financial support through Islamic banking.

Goal 12 | RESPONSIBLE CONSUMPTION AND PRODUCTION: Through its issuance of 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. See also Green Office Guide from page 127-128.

Goal 17 | PARTNERSHIPS FOR THE GOAL: 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 2019 stood at Tk. 72,517 million which was 35.28% 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.

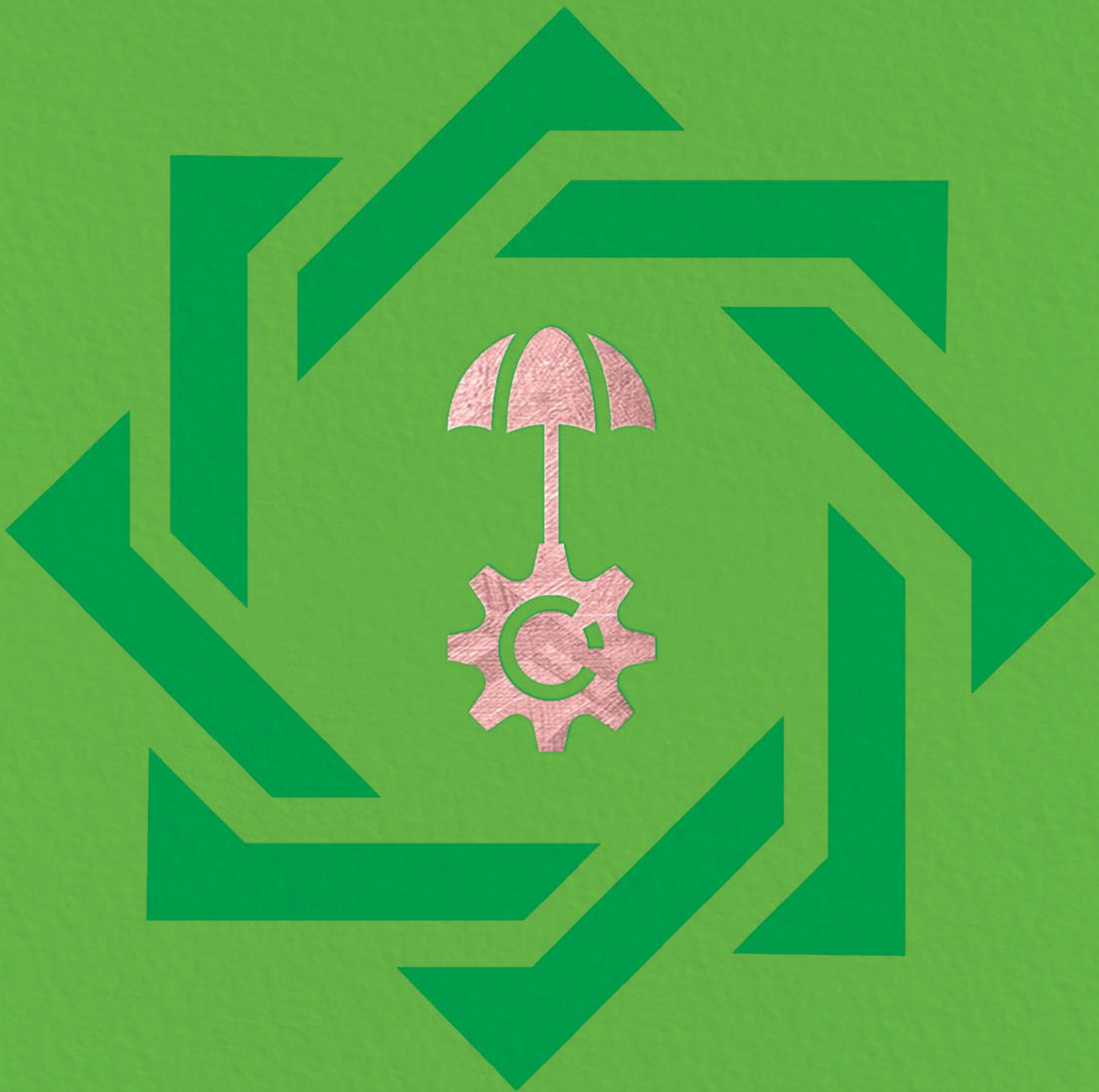
STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

The development of sustained stakeholders' relationships is paramount to the performance of any institution. The Bank regards its stakeholders as partners and makes 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 ensuring maximum interaction with, and input by all stakeholders.

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

Stakeholders	Stakeholders worthiness and reasons of engagement	Usual Engagement Frequency	Mode of Consultation/Interaction
Institutional Investors/ shareholders/ Analyst	• To deliver relevant and timely information to existing and potential shareholders • To keep shareholders informed that our shares are traded. • To ensure that the image of the Bank and the trust placed by our valuable shareholders continues to improve, thereby minimizing the potential for reputational risks.	Quarterly, semi-annually and annually when the need arises	• Website • Quarter, semi-annual and annual financial statements • Annual General Meeting (AGM) • EGM • Press releases / media announcements
Employees	• 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. • Empowering our employees to make use of their full potential.	Monthly, Semi-Annually, Annually and when required	• Regular communications with branch managers. • Training & Workshop • Semi-Annual and Annual Business Conference • Employee Get Together
Customers	• Securing customer interests. • To understand the growing financial services needs of our customers. • To provide better solution and advice to our customers financial requirements.	Regular interaction through RMs	• Building long term relationship with customers • Wish customers on special events like Eid, Poila Boishakh and New Year etc. • Branding banks products and services through TV commercials to inform customers.
Suppliers/ Service providers	• Adhere to proper procurement regulations while maintaining a good business relationship with service providers.	When the need arises	• Sincerely following internal procurement policy • Maintain business with approved list of suppliers.
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 and Whenever the need arises	• Attending all meetings of Bangladesh Bank and other regulatory bodies. • 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	• Corporate Social Responsibility (CSR) • Financial Inclusion • Patronization in the form of sponsor. • Respect for human rights and gender equity.
Government	• To build strong and constructive relationship with government. • To contribute in legislative development for evolution in our activities and operations. • To endorse our commitments for public sector business development.	When the need arises	• Understanding and ensuring all legal and regulatory requirements including Bangladesh Bank. • CSR to government and public cause.
Media	• To acknowledge the role of media as a channel to communicate with relevant stakeholders and public at large.	When the need arises	• Advertisements through print, electronic, social media and website.



RISK MANAGEMENT

REPORT OF THE BOARD RISK MANAGEMENT COMMITTEE

MOHAMMED YOUNUS
CHAIRMAN

Risk management is a part of internal governance involving all areas of the Bank. There is a 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 up to 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)". This BRMC is formed 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 oversees 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 persons as members of the Board Risk Management Committee (BRMC). The composition and status of the members of BRMC as on 31 December 2019 are mentioned below:

No.	Name	Status with the		
		Bank	Committee	Meeting Attendance
1.	Mr. Mohammed Younus	Director	Chairman	6/6
2.	Mr. Anwer Hossain Khan	Director	Member	3/6
3.	Mr. Md. Abdul Barek	Director	Member	3/6
4.	Mr. Khorshed Alam Khan	Director	Member	2/6
5.	Mr. Md. Moshiur Rahman Chamak	Director	Member	3/6

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

Role of the Board Risk Management Committee (BRMC)

The role of the 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 the Executive Risk Management Committee (ERMC);
- Ensuring compliance with BB instructions regarding implementation of core risk management;
- Ensuring formulation and review of risk appetite, limits and recommending these to the Board of Directors for their review and approval;
- Approving record-keeping and reporting system and ensuring proper use of the same;
- Analyzing all existing and probable risk issues at 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 a 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 53 (fifty-three) memos were placed before the committee in the year 2019.

Agendas of Board Risk Management Committee in the year 2019

The major agendas discussed in the Board Risk Management Committee (BRMC) meeting are as follows:

No.	Name of the Memo
1.	Review Report of Risk Management Policies and effectiveness of risk management functions with the approval of the board of directors;
2.	Evaluation of Monthly Risk Management Report (MRMR) and Half-yearly Comprehensive Risk Management Reports (CRMR) of the Bank;
3.	Review of Capital to Risk Weighted Assets Ratio (CRAR) of the Bank from time to time against Minimum Capital Requirement (MCR);
4.	Review of Risk Appetite Statement (RAS) of the Bank as per new format;

No.	Name of the Memo
5.	Internal Capital Adequacy Assessment Process (ICAAP) Report of the Bank;
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.	Review of Management Action Triggers (MAT) as Supplementary Documents of ICAAP under Pillar-2 of Basel-III;
9.	Review of Management Action Triggers (MAT) as Supplementary Documents of ICAAP under Pillar-2 of Basel-III;
10.	Review of Self-Assessment of Core Risk Management Methodology as Supplementary Documents of ICAAP;
11.	Review of the 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 (RWAs) as well as to reduce additional capital charge on the Bank;
12.	Review instructions of Bangladesh of Comprehensive Risk Management Ratings of the Bank and advised the management to follow the Bank;
13.	Review of Bank's Top-100 Defaulter Clients and the status thereof;
14.	Review of the status of AML/CFT activities of Bank;
15.	Review of all Core Risk Management Guidelines of the Bank;
16.	Implementation Status of the decisions taken in the Executive Risk Management Committee (ERMC) meeting time to time.

The Minutes of BRMC meetings 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.

Acknowledgment

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

CHIEF RISK OFFICER'S REPORT

MD. SHAHJAHAN SHIRAJ
DEPUTY MANAGING DIRECTOR & CHIEF RISK OFFICER

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 CANNOT 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)*

"RISK IS LIKE FIRE: IF CONTROLLED, IT WILL HELP YOU; IF UNCONTROLLED, IT WILL RISE UP AND DESTROY YOU". *Theodore Roosevelt*

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 8.13% economic growth (FY 2018-2019), widely surpassing the estimated growth of 8.10%. 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 in 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 overall to maintain financial stability in the banking industry.

Being an active part of the 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;
- Possibility of Money Laundering and Terrorist Financing;
- Possibility of Incomplete documentation and insufficient collateral security;
- Possibility of Non-compliance with Shariah law and principles;
- Possibility of Fraud & Forgery both internal & external and
- Possibility of occurrence of 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 changes in the rate of returns.
Displaced Commercial Risk	The risk that the Bank may confront commercial pressure to pay returns that exceed 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 where the provider of finance shares the business risk. This risk is relevant under Mudarabah and Musharakah contracts.

BANK'S APPROACH TO RISK MANAGEMENT

- Understand and manage
- Diversify
- Optimize risk return
- Protect the reputation of Bank.
- Maintain strong capital and liquidity

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 make effective and efficient risk controlled business operations, the Bank has put in place a sound risk management system, which encompasses of below listed key elements:

1. **Board and Senior Management Overview**

   The Board of Directors defines 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 assesses 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.

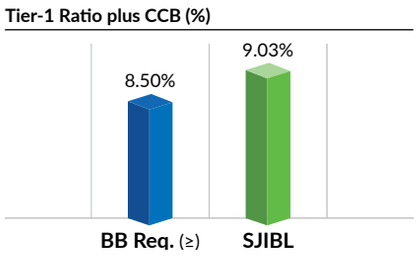
4. **Comprehensive Internal Controls and Limits**

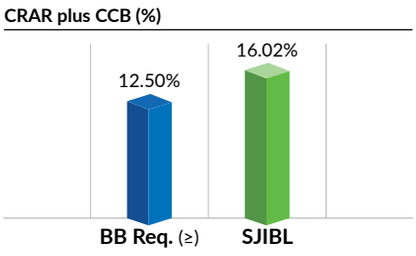
   The Bank's internal control system adequately tested and reviewed by its internal audit. The coverage, procedures and findings of the audit regarding the internal controls adequately reviewed by the Audit Committee, and any material weakness found addressed promptly and appropriately.

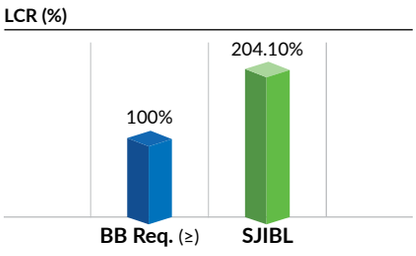
KEY RISK INDICATORS OF THE BANK-2019

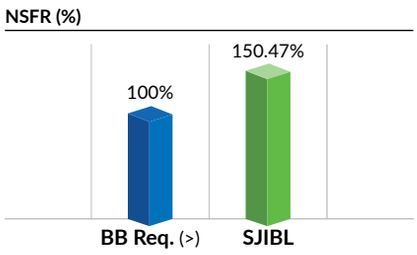
The performance against key risk standards set by Bangladesh Bank was strong throughout the year of 2019. The comparative analysis of the leading risk indicators with supporting commentary are outlined below in the table:

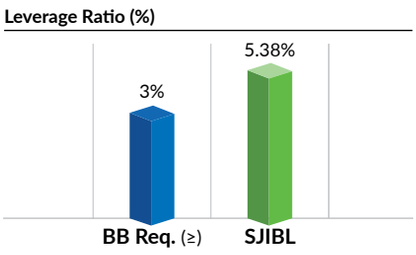
No.	Key Indicators	Regulatory Requirement	SJIBL Maintained	Comments
1.	Tier-1 Ratio plus CCB (%)	≥8.50%	9.03%	0.53% surplus
2.	CRAR plus CCB (%)	≥12.50%	16.02%	3.52% surplus
3.	LCR (%)	≥100%	204.10%	104.10% surplus
4.	NSFR (%)	>100%	150.47%	50.47% surplus
5.	Leverage Ratio (%)	≥3%	5.38%	2.38% higher
6.	NPI (%)	<5%	4.91%	0.09% lower

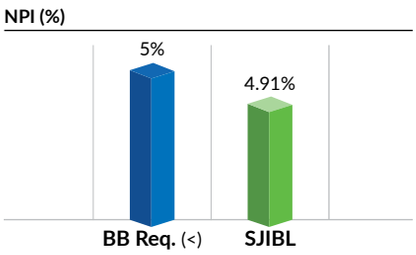












RISK MANAGEMENT INITIATIVES ROUND THE YEAR-2019

A. Risk Management

- The Bank has reviewed Risk Management Guidelines as per Bangladesh Bank's latest Risk Management Guidelines-2018.
- Rearranged RMD Organogram as per the latest circular of Bangladesh Bank.
- Improved the accuracy of Collateral reporting against investment.
- Introduced an Interim Report that compares 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 levels with designated key responsible persons/level.
- Prepared Risk Appetite Statement (RAS) in collaboration with respective Divisions such as IRM, IAD, BOD, Treasury Division etc. and obtained approval from the 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 a process to develop 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.
- Prepared Capital & RWAs growth Planning for the 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 a minimum level.

EXCLUSIVE PLAN FOR THE YEAR-2020

- To conduct 100% rating of eligible investment clients with an acceptable grade.
- To emphasis on proper capital management & reducing RWAs of the Bank.
- To calculate Residual Risk at Branch level & to reduce documentation lapses.
- To organize a day-long Annual Risk Conference with the participation of all the Branch Managers/Deputy Managers and related Head Office officials.
- To establish sophisticated risk management infrastructure with a robust database with the help of ICT.
- 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 inspections on core risk Divisions.
- To create risk awareness among the employees and maintained sound risk culture of the Bank.
- Adoption of ESDD checklist for Environmental and Social Risk Management.
- Focus on IT Security as per to the Bangladesh Bank ICT Security Guidelines.
- Implement Risk based Audit functions.
- Conduct all Core Risk Audits.

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

RISK MANAGEMENT FRAMEWORK

The banking sector throughout the world underwent a vulnerable situation due to recent global financial crisis. Developing countries like Bangladesh were also affected in the aftermath of the global financial crisis. Consequently, poverty and human inequality increased significantly around the world as well as the indicators of human resources development also deteriorated. Weak risk management, through cannot be considered as a specific trigger for the financial crisis, has been identified along with weak internal governance as an underlying factor. Where they existed, sound risk management practices helped institutions to endure financial crisis significantly better than others. However, sound risk management has also given us so many benefits like reduction of frequency and severity of losses, safe and sound banking practices and better returns to stakeholders due to lower losses.

The year 2019 was an aggregated year for risk management for the Bank. More precisely, during the year, risk management of the Bank has consistently evolved through embracing new ideas and practices in view of trending economy, increasing complexity and competitiveness in banking industry. In parallel to look only in the past and present the Bank has developed the perception toward forward-looking attitude. As a result, the risk management tools like Stress testing, Value-at-Risk are now considered more than just a regulatory report. The three-layered (i.e. operational, management and Board) joint effort has constantly helped the Bank to operate in a sustainable growth.

Risk is the potential that an uncertainty, event, action or inaction will adversely impact the ability of the 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. Risk management is a discipline at the core of every banking company and encompasses all activities that affect its risk profile. Bank should attach 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 objectives are:

- To promote better risk culture
- To develop the standards for risk management practices
- To improve internal financial soundness and stability
- To adopt and implement a sound risk management framework and
- To introduce important risk management tools and techniques for assessment and necessary treatment of different risks

1.0 Risk Management Policy of Shahjalal Islami Bank Limited

It is important not only fulfill regulatory requirements but also improve financial and operational performance of the Bank. The risk management policy has progressed as an integral part of the organizational structure. Indeed, it is now more vital for the stability of banks in the long run.

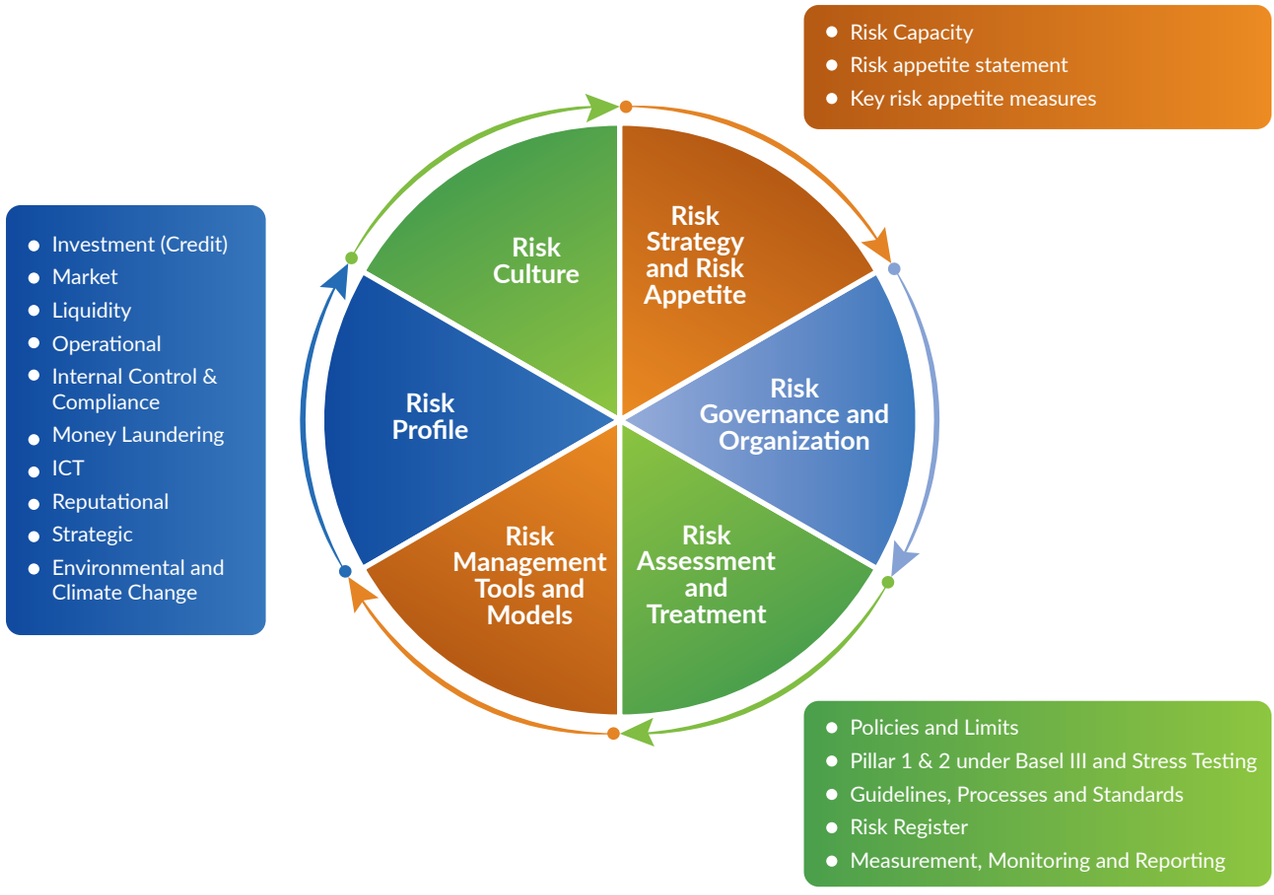
Shahjalal Islami Bank Limited has an all-inclusive outlook on risk management. As a result, all of the activities related to risk management are being driven by the bank's risk management policy, delineating a clear vision for our entire enterprise. SJIBL risk management policy covers detailed guidelines for sound risk management. We also adhere to the industry's best practices at the national and international level. To illustrate this, SJIBL risk management policy includes, but is not limited to, the following aspects:

- An outline of the dimensions of risk management
- An inclusive risk management framework
- A rigorous process for sound risk management
- Emphasis on capital management for sound risk management
- Application of disclosure requirements of risk reporting

2.0 Risk Management Framework and Dimensions of the Bank

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. The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Bank's risk strategies and risk appetite and that there is an appropriate balance between risk and reward in order to maximize shareholder returns. The Bank's enterprise-wide risk management framework provides the foundation for achieving these goals.

Sound risk management starts with sound risk governance. The Bank has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced senior management team and an independent risk management division. To enable the accomplishment of major objectives, the framework and dimensions of risk management have been adopted by Shahjalal Islami Bank Limited in line with global and national level risk management framework and dimensions.



2.1 Risk Profile

Risk profile is the amount or type of risk a bank is exposed to. Forward risk profile is a forward-looking view of how the risk profile may change both under expected and stressed economics conditions. The overall risk position of Bank, as measured by the economic capital usage calculated for investment, market and operational risk. To determine overall risk position, Bank generally considers diversification benefits across risk types.

The overall risk profile is measured by economic capital allocation by above risk type.

2.2 Risk Culture

Risk culture is about understanding risks, the Bank faces and how they are managed. A sound and consistent 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. SJIBL recognizes that a sound risk culture is the fundamental requirement of an effective risk management framework. The Bank's risk culture is well developed and the risk management framework is embedded across all operations. The Bank attaches the highest priority to develop, maintain and upgrade risk management infrastructure, systems, and procedures. Adequate resources are allocated in this regard to enhance their risk management capacity.

2.3 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. The Board of Directors set the strategies and the senior management is responsible for implementing those strategies and communicating them throughout the Bank. SJIBL sets risk appetite including tolerance and limit every year as per instruction of central bank and send a board approved copy to the Bangladesh 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 boundaries. Risk appetite statement plays an important role in cascading the risk strategy down through the Bank.

2.4 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.

1ST LINE OF DEFENSE

Business and Operation Units

- Have in place effective process to identify, assess measure, monitor, mitigate and report on their risks.
- Operates in accordance with the risk policies and delegated mandates.
- Responsible for having skills, operating procedures, systems and controls.

2ND LINE OF DEFENSE

Risk Management Division

- To put appropriate Internal Control framework for effective and efficient operations.
- Responsible for recommending and monitoring the Bank's risk appetite and policies.
- Follow-up and report on Bank's risk related issues.

3RD LINE OF DEFENSE

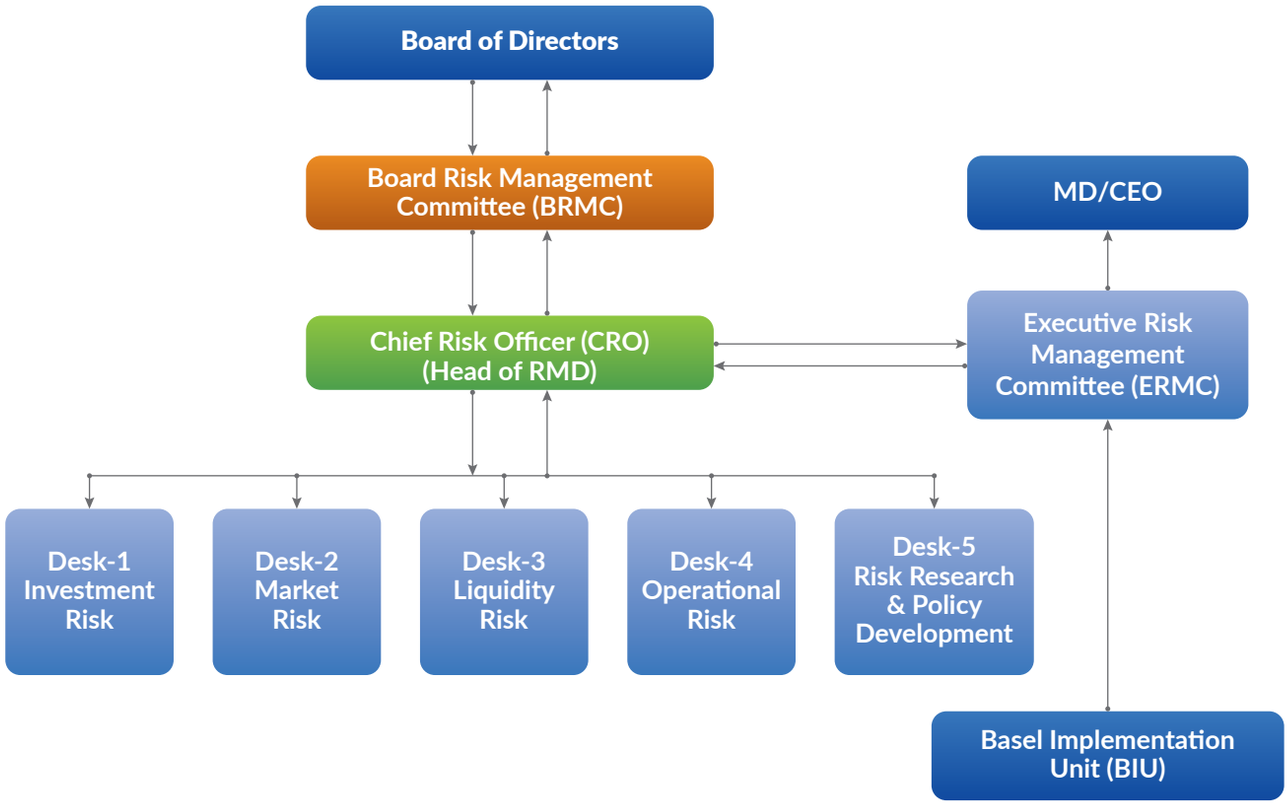
Internal Audit Unit

- To perform independent periodic reviews of first and second lines defense.
- To provide assurance and informs strength and potential weaknesses of first and second lines defense.

2.4.1 Risk Management Organogram and Structure

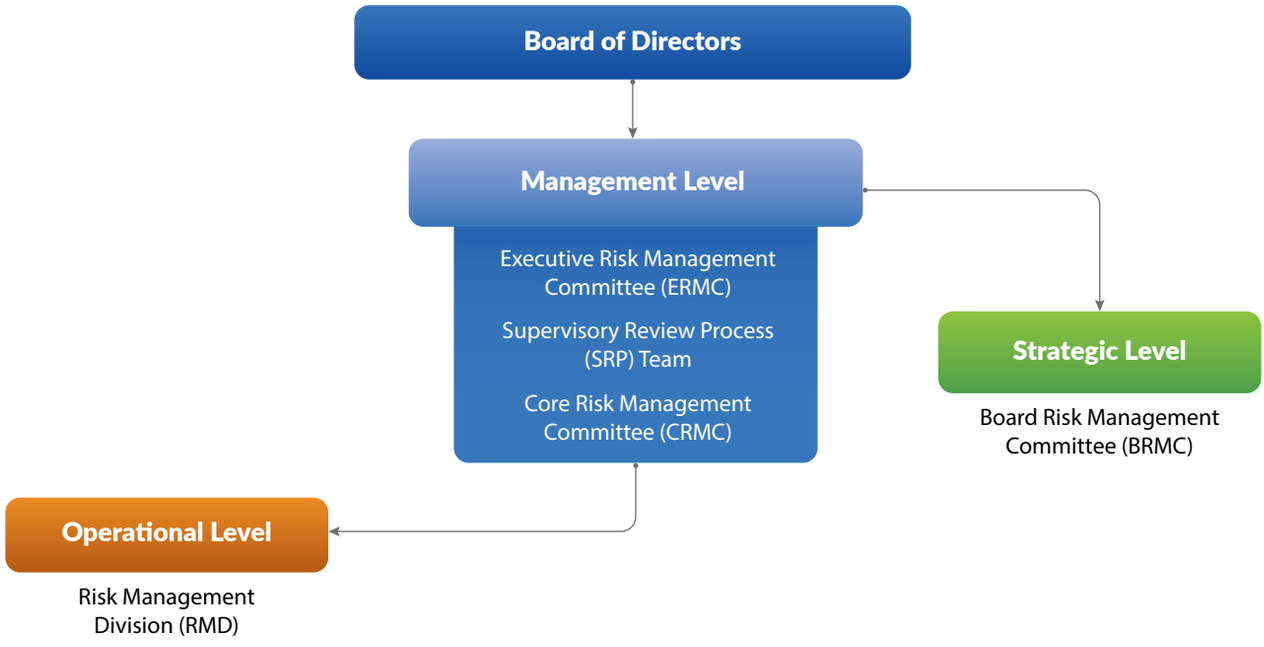
Risk Management procedures are approved, monitored and mitigated at different stages of the Bank with a combination of Board and its Committee, Management Level Committee, Risk Management Division and Basel Implementation Unit (BIU). The risk management organogram and structure of SJIBL is as follows:

Risk Management Organogram



Board of Directors

The Board of Directors of the Bank gives utmost importance on sound risk management practices. SJIBL has three layers' risk management structure as per instruction of Bangladesh Bank.



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) meeting 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 responsibilities 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 decisions 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 responsibilities 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 each Core Risk Guidelines and 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 and BRMC.

Risk Management Division (RMD)

- Bank has an independent full-fledged Risk Management Division (RMD) which 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 forwarding risk reports; and
  - Assisting in the implementation of all aspects of the risk functions
- RMD has a close relationship with BIU for better communication

2.5 Risk Assessment and Treatment Process

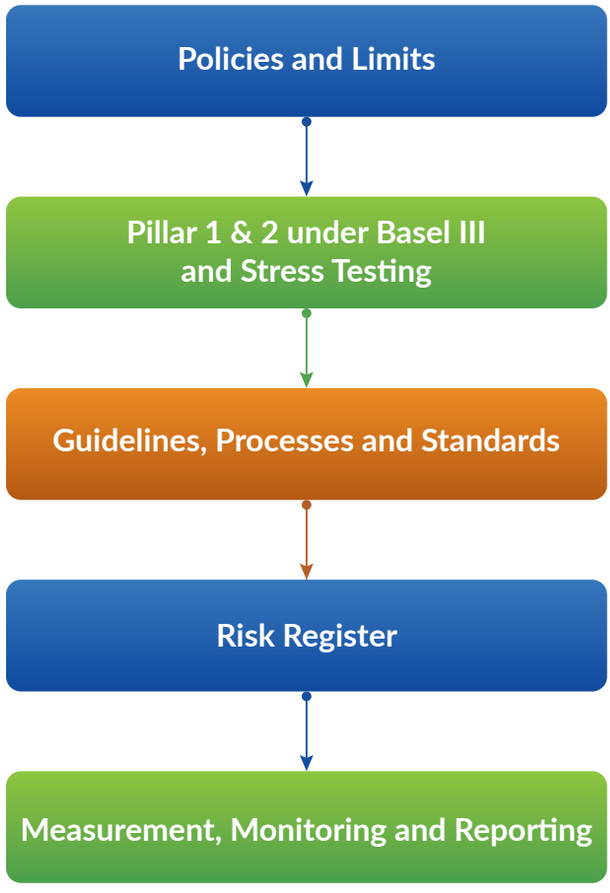
Risk management process is the systematic application of management policies, procedures and practices to

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. Risk assessment is the process of risk identification, analysis and evaluation. It is a series of multi-steps that, when undertaken in sequence, enable continual improvement in decision-making. Steps of Risk Management Process in Shahjalal Islami Bank Limited:

- **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.
- **Establish the Context:** This is another preparatory stage that closes to starting the formal risk management process.
- **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.
- **Analyze the Risks:** The risk analysis step assists in determining which risks have a greater consequence or impact than others.
- **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.
- **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.
- **Monitor the Risks:** Risks need to be monitored periodically to cope with changing circumstances. The risk management process needs to be regularly repeated so that new risks are captured in the process and effectively managed

2.6 Risk Management Tools and Models

In managing investment, market, liquidity, and operational risks, Bank follows the latest six (6) Core Risk Management Guidelines, Stress Testing Guidelines and related circulars issued by Bangladesh Bank. Sound 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.



2.6.1 Policies and Limits

Policies

The Board of Directors and Senior Management have formulated risk management policies and procedures to deal with various risks that arise from the bank's business and operational activities. The bank's policies and more detailed procedures provide guidance for the day-to-day implementation of broad risk strategies and limits designed to protect the bank from imprudent and unwarranted risks.

These policies and procedures include not only those relevant to specific risk areas like Invetment Policy, Liquidity Management Policy and Operational Risk Management Policy but also those related to the overall risk management.

The management reviews risk policies, procedures, and limits on yearly basis and update them when necessary. Policies are guided by the Bank's risk appetite that sets the limits and controls within which the bank 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 executive management and/or key risk committees.

Limits

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.

2.6.2 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 IIIis prepared on yearly basis and presented to the ERMC, BRMC, and Board.

2.6.3 Guidelines, Processes and Standards

Guidelines

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.

Processes

The activities are associated with identifying, evaluating, documenting, reporting and controlling risk.

Standards

Standards are developed covering whole enterprise and documented in a series of policies, manuals, and handbooks under the purview of Risk Management Division.

2.6.4 Risk Register

The risk register 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. RMD reviews the risk register 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:

Risk Register

Date	Identification Date	A
	Target Date	B
	Completion Date	C
Risk Number	Unique identifying number	D
Risk Description	Brief Description (Causes and impact)	E
Existing Controls	Brief description of the controls (currently in place for the risk	F
Consequence	Using Scales (e.g. 1-5 with 5 being most severe)	G
Likelihood	Using Scales (e.g. 1-5 with 5 being most likely)	H
Overall risk score	Determined by multiplying likelihood times consequence for a scale ranging from 1-25	I=G*H
Risk Ranking	Priority List	J
Trigger	Indicates that a risk is about to occur or has already occurred	K
Management Action	Action is to be taken if the risk found adverse	L
Risk Owners	Mainly Business Line personnel	M

2.6.5 Measurement, Monitoring and Reporting

Risk Measurement

The Bank uses models for different purposes including estimating the value of transactions, measuring risk exposures, determining investment risk ratings and parameters, and 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 judgment.

Regular Monitoring

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 Reports

Aggregate measures of risks, across products and businesses, are used in compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types and sensitivities of the different risks in the Bank's portfolios. Senior management and the Board use this information to comprehend the bank's risk profile as well as the performance of the portfolio.

2.7 Implementation of Basel-III in line with Bangladesh Bank RBCA 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. They have issued Basel-III, "A global regulatory framework for more resilient Banks and Banking systems" in December 2010. Bangladesh Bank has issued Risk based Capital Adequacy guideline (Revised Regulatory Capital Framework for banks in line with Basel III) in December-2014. The 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.

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.

2.8 Meeting of Executive Risk Management Committee (ERMC)

For practicing sound risk management in the Bank, SJIBL followed the prescribed formats of Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMR) 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 (ERMC) of the Bank.

SJIBL has formed a well designed Executive Risk Management Committee (ERMC) comprising 15 (fifteen) members.

The ERMC invites the top management (MD & 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.

RISK MITIGATION METHODOLOGY

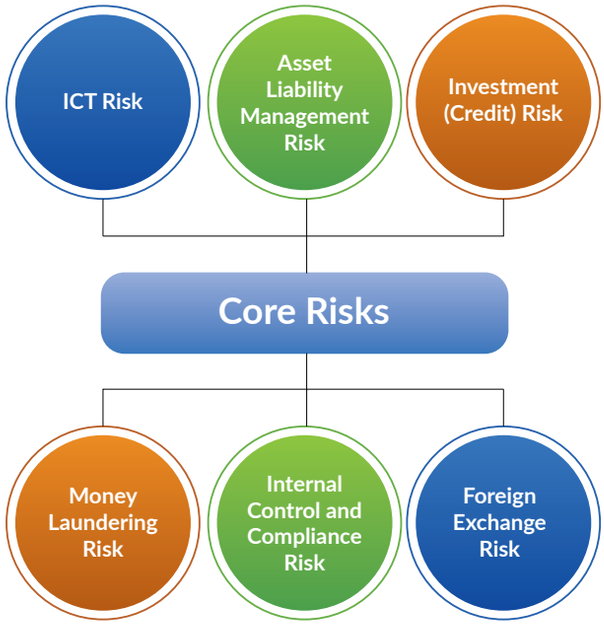
Shahjalal Islami Bank Limited develops and implements its own guidelines and different types of risk management tools inconsistent with the complexity, size and nature of business, risk strategy and Bangladesh Bank guidelines to sound risk management and risk mitigation. The Bank considers capital adequacy, expected level of profitability, market reputation, experienced personnel, logistic support, macro and microeconomic scenario, risk management practices, etc to determine its risk strategy. During the year 2019, the Bank took several initiatives to manage evolving uncertainties prudently. The Bank was also actively involved in managing and mitigating risk issues through a dedicated risk platform. In particular, the following measures were taken to strengthen the bank's risk framework:

- Re-arranged Risk Management Division's organogram as per the latest circular of Bangladesh Bank
- Revised the Collateral Valuation Policy, based on market practice and improved the accuracy of Collateral reporting against investment.
- Conducted a capacity development program for branch staffs on effective methods of risk management.
- Reviewed Core Risk Management Guidelines and included self-assessment of core risk methodology in respective guidelines of the Bank, largely in line with the changing market scenario and regulatory reform.
- Improved the MATs in various risk level with designated key responsible persons.
- Introduced Interim Risk Report to compare with Board-approved risk appetite/limit for Management.
- 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.
- Placed emphasis on rated clients with increasing portfolio and strived to bring the maximum number of borrowers who fall under the rating.
- Establish direct communication desk at different level such as ECAIs, Branches & Clients.
- Strengthening the follow up to reduce documentation lapses.
- Introduced a Risk Register.

The key risky issues were escalated to the Executive Risk Management Committee for resolution. Finally, the Bank's Board of Directors issued valuable guidance through the BRMC to deal with especially crucial issues.

1.0 Risk Outline

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 6 core risks that are central to the functioning of the banking industry. Bangladesh Bank has issued risk management guidelines for banks and core risk guidelines for sound risk management.



Accordingly, Shahjalal Islami Bank Limited also developed own strategies to manage the core risks has identified a numbers of key risks. The risk types are as following:

1. Investment (Credit) Risk
2. Market Risk
3. Liquidity Risk

4. Operational Risk
5. Internal Control and Compliance Risk
6. Money Laundering Risk
7. ICT Risk
8. Reputational Risk
9. Strategic Risk
10. Environmental and Climate Change Risk

2.1 Investment (Credit) Risk

Investment (Credit) risk arises from the potential that 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.

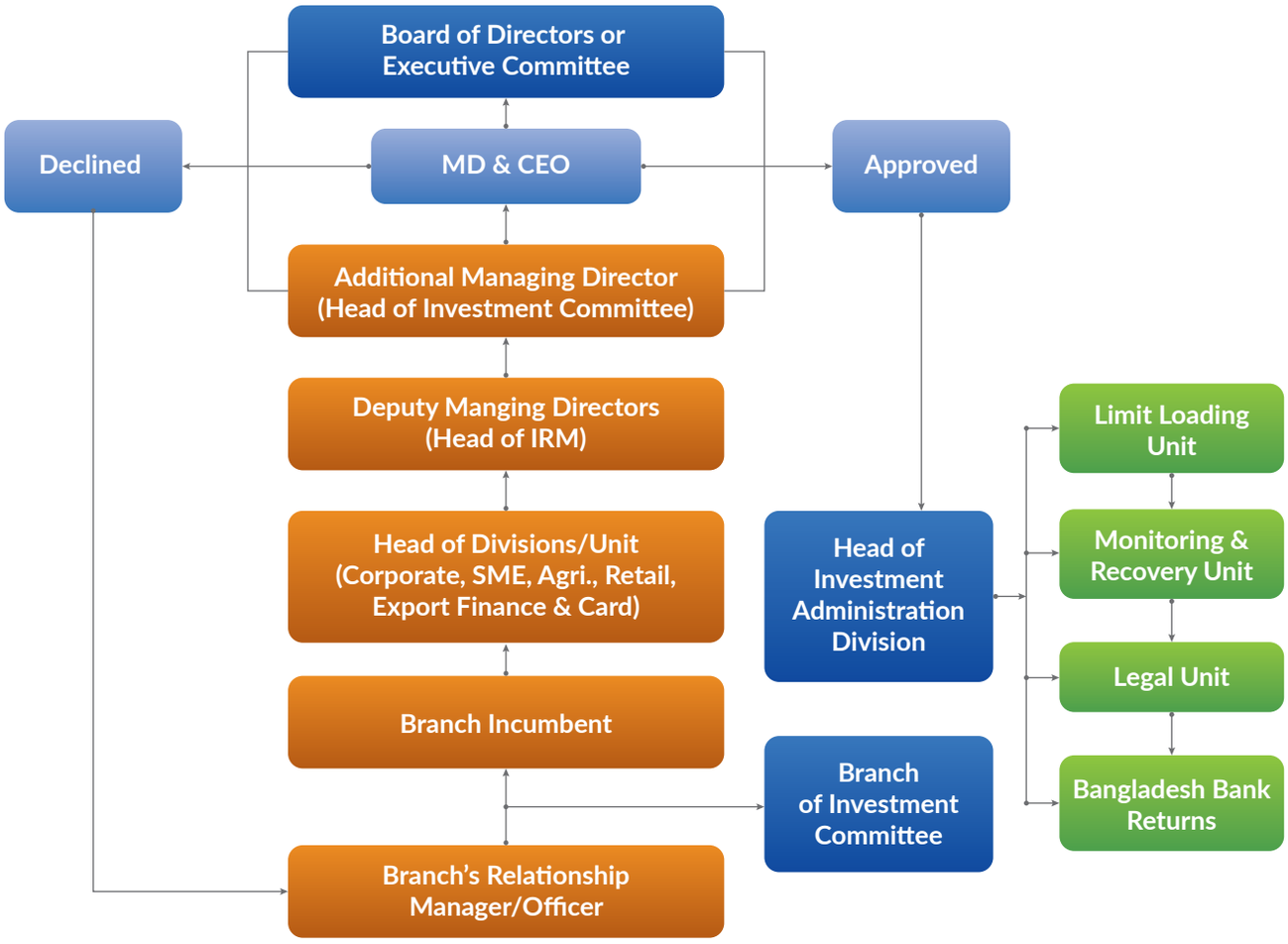
Major investment portfolio risks come from the bank's investment with corporate(industrial), small and medium-sized enterprises (SMEs), retail and consumer financing, household clients, transport, construction, real estate, and financial institutions. Investment portfolio risk could stem from both on Balance Sheet exposures and Off-Balance Sheet items. Like most of the banking institutions in Bangladesh, investments are the largest and most obvious sources of investment risk for SJIBL.

2.1.1 Approach to Managing Investment Risk

Shahjalal Islami Bank Limited adopts a holistic approach towards Investment Risk Management (IRM). In this regards, the Bank maintains the following functions of IRM:

- Ensure timely processing of investment proposal received from applicant through Corporate Banking/Branch/Relationship officer after primary level of examination with recommendation.
- Examine investment proposals in detailed vis-a-vis ascertain investment risks of a customer through CIB Report, Risk Grading Score and divisional observations for acceptance/rejection and /or forward the same as per delegation for decision.
- Set out specific terms of investment to be approved, based on the merit of the proposal upon satisfactory screening process.
- Ensure all investment facilities are properly approved in-favour of the qualified/known customers and documented in timely manner.
- Ensure approved investment facilities are structured & designed appropriately in line with the need of the customer/applicant and their repayment capacity.
- Ensure compliance of investment policy guidelines and related strategies of the bank before approval of any investment facility to any customer.
- Ensure that investment facilities allowed to the same or affiliated customers are properly identified and calculated for determining compliance to one customer/group exposure as per guidelines of Bangladesh Bank for large-investment facilities.
- Ensure customer's investment information is updated periodically and review from time to time.
- Ensure approval of exceptions like waiver/ amendments of sanction terms by the competent authority.
- Ensure prudent level of investment portfolio diversification as per policy guidelines of the Bank.
- Ensure compliance to specific regulatory requirements and decisions resolved by the Board in respect of the issues related to the division.
- Ensure delivery of annual investment plans and goals and to promote strong asset quality.
- Ensure all risk within the Investment Division is minimized and that systems are in place to monitor and as appropriate, eliminate risk in all areas of the business.
- Ensure support to attain highest standard of corporate governance.

2.1.2 Investment Management Process



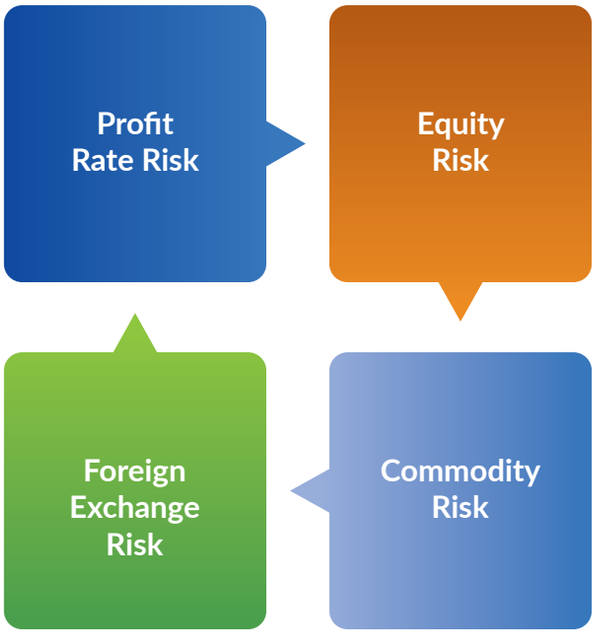
2.1.3 Investment Risk Mitigation Measure

Shahjalal Islami Bank Limited uses a number of tools and programs to control and mitigate perfectly its investment risk at operational level to which it is exposed to. The control and mitigation tools of Bank are mentioned below:

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
Portfolio Analysis	Reason for Growth	CRMR, ICAAP	Half-yearly, Yearly	Management Action Trigger, Investment Limit
Investment Concentration	HHI, Gini, SEI, SI	CRMR, ICAAP	Half-yearly, Yearly	Sectoral Investment Cap, Capital Allocation
OBS Exposure Analysis	Reason for Growth, CCF	CRMR, Leverage Ratio	Quarterly,Half-yearly	Risk Tolerance Cap
Security/Collateral/ Margin Status	Reason for Growth, Coverage Assessment	CRMR, Stress Testing	Quarterly, Half-yearly	Management Action Trigger
Asset Quality, Categorization & Classification	Transaction Matrix, Reason for Classification	CRMR, Stress Testing	Quarterly, Half-yearly	Management Action Trigger, Special Program
Credit Rating Status of Clients	Reason for Growth	CRMR, MCR	Quarterly, Half-yearly	Continuous follow-up, Capital Allocation
Documentation Lapses	Audit Report Review	ICAAP	Yearly	Continuous follow-up, Capital Allocation
Unplanned Conversion & Undrawn	Separate product and periodic Review	Management Format	Management required	Management Strategy & Capital Allocation
Regulatory Adherence	Single Borrower Limit, Env. Risk Rating	Regulatory Format	Regulatory Required	Risk Tolerance Cap

2.2 Market Risk

Market risk is the risk of losses in positions arising from movements in market prices of financial assets, liabilities 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 granting optimum return and downside risks are in control and within 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 yields 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's products.

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.

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.

Commodity Risk

Commodity Risk is the risk of loss due to changes in spot and forward prices and the volatility of precious and base metals and energy products. A commodity is defined as a physical product which is or can be traded on a secondary market, e.g. agricultural products, minerals and precious metals. In the year ended 2019, Bank has no Risk Weighted Assets for Commodity Risk.

2.2.1 Approach to Managing Market Risk

Shahjalal Islami Bank Limited develops an extraordinary approach to managing market risk. In this regards, the Bank maintains the following major functions:

- Ensure compliance with and the integrity of the market risk policies and procedures.
- Ensure effective management controls over profit rate position, equity price position, foreign exchange position and commodity price position.
- By calculating Rate Sensitive Assets, Rate Sensitive Liabilities, Duration Gap Analysis and VaR.
- Verify the adequacy and accuracy of management information report.
- Governing the management of securities portfolio.
- Maintaining Net Open Position (NOP) within the limit set by regulatory body.
- By setting counterparty limit which includes forward, placement for foreign exchange transactions.
- By setting limits for the foreign exchange dealers.
- By reconcile Nostro accounts periodically as per the instruction of regulatory body.
- Randomly test all aspects of market risk management activities.

2.2.2 Market Risk Mitigation Measure

Shahjalal Islami Bank Limited deals the following mitigation tools and programs to control and mitigate perfectly its market risk at operational level to which it is exposed to.

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
Market Sensitivity	VaR (FX &Equity), Sensitivity, Profit Rate Risk, Duration Gap, Portfolio Analysis	CRMR Stress Testing	Quarterly, Half-yearly	Management Action Trigger,Management Strategy, Stop Loss Cap, Counterparty Cap, Capital Allocation
Regulatory Compliance	Investment Limit	Risk Appetite	Yearly	Management Action Trigger, Management Strategy
Market Concentration	HHI, Gini, SEI, SI	ICAAP	Yearly	Market Risk Cap, Capital Allocation
Macro-Economic Review	Industry Outlook	CRMR	Half-yearly	Management Strategy

2.3 Liquidity Risk

Liquidity risk is the risk that a bank may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital or income in the process. Managing liquidity and the balance sheet are crucial to the ongoing existence of a bank. It is also essential in terms of the profitable and sustainable growth of the balance sheet.

2.3.1 Approach to Managing Liquidity Risk

Shahjalal Islami Bank limited where off-balance sheet exposure is significant or has strong dependency on corporate deposit is exposed to high liquidity risk. Liquidity risk should not be seen isolation, because financial risk is not mutually exclusive and liquidity risk is often triggered by consequence of other financial risks such as Investment risk, Profit rate risk, Fex risk, etc. Following are the two types of liquidity risks:

a) Funding Liquidity Risk: risk generates when bank be unable to meet its current and future cash flow and collateral needs without affecting its daily operations or its financial condition.

b) Market Liquidity Risk: generates when bank can not easily offset or sell a position without incurring a loss because of inadequate depth in the market.

The Asset Liability Committee (ALCO) manages overall balance sheet (Asset Liability) risk. The Treasury 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. Below are the liquidity risk indicators used to monitor the status of bank's liquidity position:

- Investment-Deposit Ratio
- Maximum Cumulative Outflow (MCO)
- Net Stable Funding Ratio (NSFR)
- Liquid Asset to Short-term Deposit
- Cash Reserve Requirement (CRR)
- Wholesale Borrowing Limit Utilization
- Liquidity Coverage Ratio (LCR)
- Structural Liquidity Gap (SLP) Analysis
- Liquid Asset to Short-term Liabilities
- Statutory Liquidity Ratio (SLR)

2.3.2 Liquidity Risk Mitigation Measure

Shahjalal Islami Bank Limited uses the following monitoring tools and programs to mitigate perfectly its market risk at operational level:

- Wholesale Borrowing and Funding Guidelines,
- Liquidity Contingency plan,
- Management Action Trigger (MAT)

Computation of capital charge against Regulatory Liquidity Indicators, Shahjalal Islami Bank Limited maintained additional capital.

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
Sensitivity	RSA, RSL, LCR, NSFR	Stress Testing, ICAAP	Quarterly Yearly	Management Action Trigger, Escalation to Senior Management, ALCO, Capital Allocation
Liquidity Ratio	CRR, SLR, MCO, ID	ICAAP	Yearly	
Maturity Mismatch	Duration Gap, SLP	Stress Testing, ICAAP	Quarterly Yearly	

2.4 Operational Risk

Operational Risks refers to the risk resulting from inadequate or failed internal process, people and system or from external events. This definition includes legal risk but excludes strategic and reputational risk. 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.

2.4.1 Approach to Managing Operational Risk

Shahjalal Islami Bank Limited follows an effective approach to managing operational risk. In this regards, the Bank manages operational risk in the following manner:

- Ensure compliance of operational risk policy guidelines and procedures.
- Establish an effective operational risk management framework which adequately covers all of these categories of operational risk.
- Define the organizational structure with roles and responsibilities for all aspects of operational risk management.
- Establish an appropriate process for the identification, assessment, mitigation, monitoring and reporting of operational risk.
- Establish tolerance level and set strategic direction in relation to operational risk.
- Divisional Control Function Check List (DCFCL) is in place for evaluation of control.
- Provide senior management clear guidance and direction regarding the principles underlying the framework.
- Review the operational risk management framework regularly to ensure that the Bank is managing the operational risks.
- Assess the appropriateness of the management oversight process in light of the risks inherent in a business unit's policy.
- Ensuring the maintenance of the bank's Business Continuity Plan (BCP).

There are two methods for calculating operational risk capital charges such as:

a) The Basic Indicator Approach; and

b) The Standardized Approach.

Shahjalal Islami Bank Limited follows Basic Indicator Approach (BIA) for calculating Operational Risk. Under the BIA, the capital charge for operational risk is a fixed percentage (denoted by alpha, α) of average positive annual gross income of the bank over the 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.

2.4.2 Operational Risk Mitigating Measure

Some significant operational risks have low probabilities but potentiality considerable financial impact. Shahjalal Islami Bank Limited uses the following tools and programs to mitigate and control the operational risk at operational level.

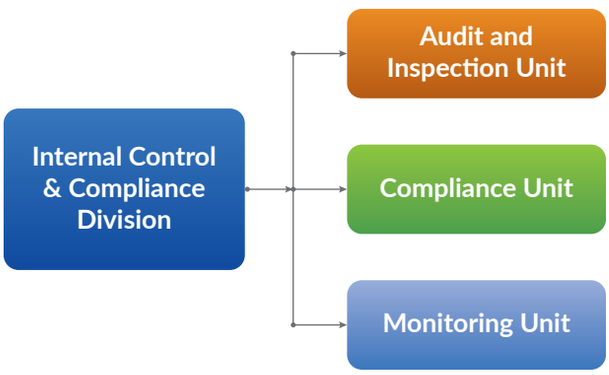
Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
Manpower by age-group, Executive on contract, Manpower movement, Manpower by gender, Training & developments	Human Resources Status	CRMR	Half-yearly	Management Action Trigger, Escalation to Senior Management, Capital Allocation
No. of Complaint received from customers/through Bangladesh Bank, No. of complaint settled % of Complaint settled	Customer Satisfaction Status	CRMR, ICAAP	Half-yearly, Yearly	
Decisions taken by the board risk management committee for sound risk management purpose, Risk issues submitted to the board by board-level risk management committee, Implementation status of the decisions given by the Board	Board Performance Status	CRMR	Half-yearly	
Total amount of cash in hand/vault of branches, ATMs, Fast Tracks, etc.	Insurance Coverage Status	CRMR	Half-yearly	
Control Lapses in Operational Process	Attachment, Risk Control Self-Assessment	ICAAP	Yearly	
Fraud & all other Operational Risks	Incident Reporting, Internal Audit, KRI	Stress Testing, ICAAP	Quarterly, Half-yearly, Yearly	

2.5 Internal Control and Compliance Risk

Internal control and compliance risk is the current or prospective risk to earnings and capital arising from violations or non-compliance with laws, rules, regulations, agreements, prescribed practices, or ethical standards as well as from the possibility of incorrect interpretation of effective laws or regulations.

2.5.1 Approach to Managing Internal Control and Compliance Risk

Shahjalal Islami Bank Limited 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.



Internal control and compliance is a management process designed to achieve effectiveness and efficiency of operations, reliable financial reporting, and compliance with laws, regulations and internal policies. A sound internal control function plays an important role in contributing to the effectiveness of the internal control system. The Bank maintains the following approaches and functions to managing internal control and compliance risk:

- Ensure compliance of internal control and compliance risk policy guidelines and procedures.
- Assess the effectiveness of controls for mitigating fraud and risks to reputation.
- Determine that senior management takes appropriate corrective actions when compliance failures are identified.
- Ensure that the scope and frequency of the audit plan/program is appropriate to the risk exposures.
- Determine the level of senior management compliance with central bank directives.
- Monitor internal control and compliance risk profiles on an on-going basis.
- Analyze the timeliness and accuracy of internal control and compliance risk reports to senior management and board of directors.

2.5.2 Internal Control and Compliance Risk Mitigation Measure

Shahjalal Islami Bank Limited develops the following tools and programs to mitigate and control the internal control and compliance risk at operational level.

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
No. of branches audited, major irregularities found and officers involved. whether it is placed to audit committee, Action taken against the accused, No. of non-compliance	Internal Control and Compliance Status of Internal Audit Report, Risk Control Self-Assessment	CRMR, ICAAP	Half-yearly, Yearly	Management Action Trigger, Presented to Senior Management and Board of Directors
No. of major irregularities found, compliant issues and non-compliant issues. Action taken for regularizing the non-compliant issues	Internal Control and Compliance Status of all inspection reports of Bangladesh Bank, Risk Control Self-Assessment			

2.6 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. SJIBL is committed to prevent money laundering and combating financing of terrorism at all stages of our banking activities.

2.6.1 Approach to Managing Money Laundering Risk

Shahjalal Islami Bank Limited 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, Anti Terrorism (Amendment) Act, 2013 and related circulars of BFIU, Bangladesh Bank to prevent money laundering and combating terrorism financing.

The Bank takes the following approach to manage the Money Laundering Risk as well as regulatory compliance.

- 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 2019 which was duly approved by the Board of Directors of the Bank.
- Applies risk-based customer due diligence (CDD) measures, monitors business relationship, and transaction pursuant to national regulations and international standards.

2.6.2 Money Laundering Risk Mitigation Measure

Shahjalal Islami Bank Limited develops the following tools and programs to mitigate and control the money laundering risk at operational level.

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
Excessive cash movement	Reviews TP	ECMR, CRMR	Daily Half-yearly	Management Action Trigger, Escalation to Senior Management and Board of Directors
Transaction volume exceeds the transaction limits	Reviews TP and KYC Profile	Exception Report	Monthly	
Cash transactions that breach certain limit set by Bangladesh Bank	Review the Cash Transaction and Check List	CTR, STR CRMR	Monthly Half-yearly	
Violation relating to Money Laundering	Risk Control Self-Assessment	ICAAP, CRMR	Half-yearly, Yearly	

2.7 Information and Communication Technology (ICT) Risk

Now, 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.

2.7.1 Approach to Managing ICT Risk

Shahjalal Islami Bank Limited manages ICT risk in the following approach:

- Up-to-date ICT security policy that is aligned with the latest Bangladesh Bank ICT guidelines as well as international standards.
- IT Assets inventory is adequately maintained and review periodically.
- Work on determining acceptable risk levels for the Bank and ensuring IT environments are adequately protected from potential risks and threats.
- Provides a framework for best practice followed by all employees while ensuring overall data and information assurance for the organization according to the ICT policy. It outlines the responsibilities and requirements of Shahjalal Islami Bank Limited and its employees regarding its IT resources.

2.7.2 ICT Risk Mitigation Measure

Shahjalal Islami Bank Limited has adopted global standards of information security. For ICT risk mitigation, the Bank has also embraced different core technological improvement initiatives including:

- Core banking system version upgrade,
- E-commerce system upgrade with real-time DR setup.
- SMS alerts for all ADC transactions.
- Version update of internet banking.
- Introduction of home banking and desk to desk back-up solution.
- Server health monitoring system.
- CIB automation and call center system upgrade.
- Cyber Security Management- Constant change, unpredictability and uncertainty have made cybersecurity everyone's responsibility. Therefore, continuous awareness program for everyone, employees and clients about cybersecurity goes round the years in Shahjalal Islami Bank Limited. The Bank reminds the employees about security in every possible ways as a continuous process. 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 related Divisions. They follow the prescribed guideline, solve the unsettled issue and also suggests to the higher Management for needful action.

2.8 Reputation Risk

Reputation Risk may arise from the possibility that negative publicity regarding the Bank and its business practices, in the territory or elsewhere through related entities and whether accurate or not, will adversely impact the operations and position of the Bank.

Reputational Risk arises from the failure to meet stakeholders' reasonable expectation of an organization's performance and behavior. Reputational risk is a subset of operational risk which can adversely affect the capital base if the driving forces of the risk turn worse.

2.8.1 Approach to Managing Reputational Risk

Shahjalal Islami Bank Limited always remain vigilant and conscious about the following events to manage and control the reputational risk :

- Negative media report.
- Penalty.
- Violation of laws, regulations.
- Non-payment of cheques and accepted bills.
- Technological disruption.
- Fake notes in the ATM machine.
- Insufficient fund in the ATM machine etc.

2.8.2 Reputational Risk Mitigation Measure

Shahjalal Islami Bank Limited uses the following tools and programs to mitigate and control the reputational risk at operational level.

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
No. of negative media report published, Types of Report	Electronic and Print Media	CRMR	Half-yearly	Management Action Trigger, Escalation to Senior Management and Board of Directors, Capital Allocation
No. of penalty imposed by the regulatory body, No. of case of violation of laws, regulations with amount	Letter of Regulatory Body, Review the Statement	CRMR	Half-yearly	
No. of non-payment cheques and accepted bills with amount	Review the Statement	CRMR, ICAAP	Half-yearly, Yearly	
Credit Rating Position of Bank (If falls below 2 of BB rating grade)	Credit Rating Report Conducted by ECAIs	ICAAP	Yearly	
No. of internal fraud and external fraud with total value in taka	Audit Report, Statement of Fraud and Forgeries	ICAAP	Yearly	
No. of ATM Machine where fund was Insufficient, No. of customer's complaint, Quality of customer service.	Customer's Complaint Documents, Customer Service Evaluation Statement	CRMR, ICAAP	Half-yearly, Yearly	

2.9 Strategic Risk

Strategic risk is the current or prospective risk to earnings and capital arising from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment both internal and external.

2.9.1 Approach to Managing Strategic Risk

Shahjalal Islami Bank Limited manages strategic risk in the following approach:

- Review performance of senior management against set goals at least annually.
- Monitor market changes and advancements in technology to determine new services or products.
- Establish a strategic policy or plan for management succession.
- Monitoring and control performance of outsourcing arrangements.
- Set compensation guidelines and methods for management and employees.
- Set a training plan and adequately budget for training.

2.9.2 Strategic Risk Mitigation Measure

Shahjalal Islami Bank Limited uses the following tools and programs to mitigate and control the strategic risk at operational level.

Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
CAMELS Rating Position of Bank (If falls below 2 of BB rating grade)	Letter of Regulatory Body	ICAAP	Yearly	Management Action Trigger, Escalation to Senior Management and Board of Directors, Capital Allocation
Operating expenses, Classified investments ratio, Recovery of classified investments, Written-off investments, Profit waiver, Rescheduling of investments that breach certain limit/ times set by Bangladesh Bank	Review the different Statement	ICAAP	Yearly	

2.10 Environmental & Climate Change Risk

Environmental and climate change risk refers to the uncertainty or probability of losses that originates from any adverse environmental or climate change events (natural or man-made) and/or the non-compliance of the prevailing national environmental regulations.

2.10.1 Approach to Managing Environmental & Climate Change Risk

In present situation of COVID 19 environment has become more important issue than ever before. Shahjalal Islami Bank Limited develops an effective approach to managing environmental & climate change risk. In this regards, the Bank manages environmental & climate change risk in the following manner:

- Adopt a comprehensive environmental & social risk management policy.
- Implement Sector Environmental and Social Due Diligence (ESDD) Check List according to Bangladesh Bank directives.
- Make a positive contribution to environmental and social concerns by enacting policies.
- Recognize the balancing non-financial factors such as environmental and social issues.
- Protect the natural systems upon which all life depends while lifting people out of poverty and advancing economic development.
- Train relevant employees to take responsibility for and implementation of these policies.
- Define the terms "environment" to include both ecological aspect and related social aspect.
- Assess the environmental & social aspects of all investment application.
- Prioritize and actively seeks to finance projects with direct or indirect environmental benefits.

2.10.2 Environmental & Climate Change Risk Mitigation Measure

Shahjalal Islami Bank Limited uses the following tool and program to mitigate and control the environmental & social risk at operational level.

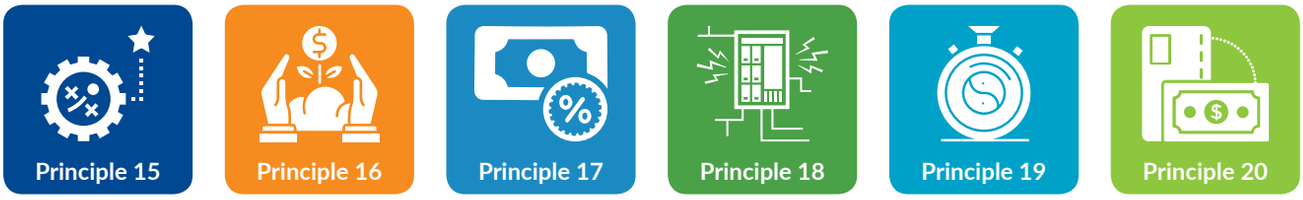
Key Risk	Tools and Programs	Where Measure	When Measure	Mitigation Process
Environmental Risk Rating Position of Investment (If consider "High" rating grade)	Assess the Sectors specified as high risky in the related guidelines, ESDD Check List	Activities regarding Green Banking Report, ICAAP	Quarterly Yearly	Presented to Senior Management and Board of Directors, Capital Allocation

DISCLOSURE OF RISK REPORTING

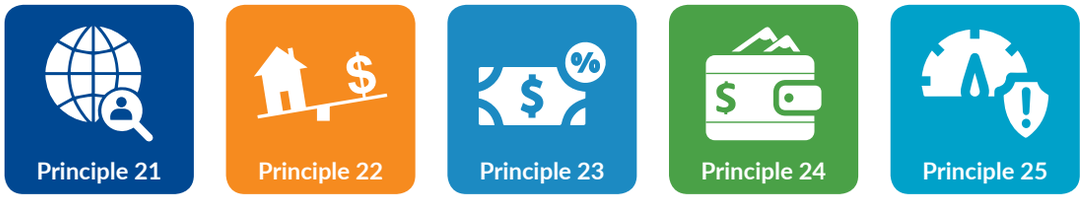
In the banking business, risk is inherent. As a result, risk management has a significant impact on financials. Central Bank of Bangladesh has identified 6 (six) key risks that are central to the functioning of the banking industry. Bangladesh Bank has issued policy guidelines for sound management of core risks. Accordingly, Shahjalal Islami Bank Limited also formulates its own strategies to manage particular risks like Investment Risk, Market Risk, Operational Risk, Liquidity Risk etc. and prepare risk management report on monthly, quarterly, half yearly and yearly basis in a comprehensive nature.

1.0 Risk Management Principles followed by Shahjalal Islami Bank Limited

SJIBL continuously followed international standard for managing risks as specified by Bank for International Settlements (BIS) in its core principles of effective banking supervision specially following along with others:



Risk management process | Capital adequacy | Investment (Credit) risk | Problem assets, provisions and reserves | Concentration risk and large exposure limits | Transactions with related parties



Country and transfer risks | Market risks | Interest rate risk in the banking book | Liquidity risk | Operational risk

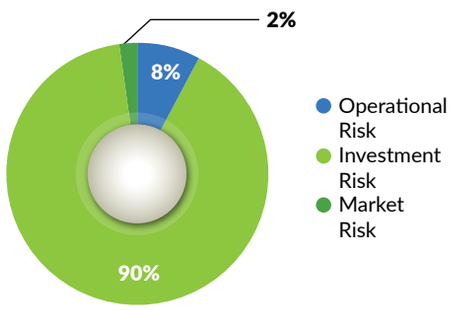
2.0 Risk Profile

Risk profile of a bank is measured by the economic capital usage calculated for investment, market and operational risk. Shahjalal Islami Bank Limited determines the overall risk positions by calculating total Risk Weighted Assets (RWA) of investment, market and operational risk at each quarter end and allocated capital against them. At the end of 2019 and 2018 as measured by economic capital allocation by risk types are as follows:

Amount in Million

Particulars	2019	2018
Investment Risk	164,316	157,875
Market Risk	4,077	3,951
Operational Risk	14,383	11,335
Total Risk-Weighted Assets	182,776	173,161
Minimum Capital Requirement @10%	18,278	17,316
Total Regulatory Capital	29,277	25,106

Risk Profile-2019



As per the risk profile of the Shahjalal Islami Bank Limited, Investment Risk was accounted for 90% of total Risk Weighted Assets (RWAs) of the Bank where as the Market Risk and Operation Risk were 2% and 8% respectively at the end of December- 2019.

3.0 Capital Adequacy: Implementation of Basel III

Capital adequacy is the measure of the financial strength and sustainability of a bank. Bank's capital is the "cushion" for potential losses, which protects the bank's depositors or other borrowers. Thus, capital management is considered as an integral part of the risk management of Shahjalal Islami Bank Limited. The Bank has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy as per the Risk-Based Capital Adequacy (RBCA) framework in line with the Basel III Guidelines issued by Bangladesh Bank.

Capital to Risk Weighted Assets Ratio (CRAR)

Amount in Million

Particulars	December-2019	December-2018
Total Regulatory Capital	29,277	25,106
Total Risk Weighted Assets	182,776	173,161
CRAR	16.02%	14.50%

At the end of 2019 and 2018 Capital to Risk Weighted Assets Ratio (CRAR) of Shahjalal Islami Bank Limited are 16.02% and 14.50% respectively which indicate that Bank is far above the Basel-III implementation Road Map of Bangladesh Bank to maintain targeted CRAR at least 12.50% with Buffer.

3.1 Minimum Capital Requirement (MCR) under Basel III (Pillar-1)

As per Basel III Road Map, Minimum Capital Requirement (MCR) for the banks in Bangladesh is currently 10% of its total RWAs with the addition of Capital Conservation Buffer which is 2.5% of total RWAs in 2019. SJIBL is well ahead of this minimum target as of December 2019.

Amount in Million

Particulars	December-2019	December-2018
Tier 1 Capital	16,507	12,893
Tier 2 Capital	12,770	12,213
Total Regulatory Capital	29,277	25,106
Minimum Capital Required @ 10% of RWAs	18,278	17,316
Buffuer @ 2.50% of RWAs*	4,569	3,247
Excess/Shortfall	6,430	4,543

** (Buffer @1.875% for 2018)*

At the end of 2019 and 2018 total Regulatory Capital of Bank are BDT. 29,277 Million and BDT 25,106 Million respectively. Shahjalal Islami Bank Limited has maintained BDT 6,430 Million and 4,543 Million excess capital after deducting minimum requirement of 12.50% of RWAs with Buffer in 2019 and 11.875% of RWAs with Buffer in 2018 respectively.

3.2 Adequate Capital Requirement under ICAAP of Basel-III (Pillar-2)

The Supervisory Review Process (Pillar-II of Basel-III) of the risk-based capital adequacy framework aims to ensure that banks have sufficient capital in place to mitigate all risks. In doing so, it encourages banks to take action in creating and making proper use of sophisticated risk management techniques in terms of monitoring and management of risks. Crucially, Bangladesh Bank's Supervisory Review Evaluation Process (SREP) makes certain that regular dialogue between itself and the bank's SRP team takes place. This is then followed up by any disclosure of results or evaluations of the bank's ICAAP. Shahjalal Islami Bank Limited maintaining adequate capital each year as per Bangladesh Bank's SREP review and Bank has able to minimize the capital charge under residual risk year to year through rigorous oversight of Bank's SRP Team.

3.3 Market Disclosure: Pillar-III of Basel-III

Market discipline established transparency and discipline in the financial markets. Stakeholders can judge a bank's position with regard to assets held. It also allows them to take note of the risks relating to these assets and the

adequacy of capital available to handle any likely losses. Thus, SJIBL has created a set of disclosure principles as per guidelines of Bangladesh Bank that include information on: assets, risk exposure, risk assessment processes, and capital adequacy to meet risk. The disclosure has been reported in another section of this annual report.

4.0 Stress Testing Report

The underlying tool is used to assess the bank's vulnerability to unexpected but presumable change in various related factors (e.g. increase in NPI, change in profit rate, fall of security value etc.). The impact of this model is expressed through change in overall CRAR of the Bank. Central Bank has advised all banks to perform stress testing on quarterly basis. The outcome of stress testing is needed submitted to Bangladesh Bank upon review of senior management and Board.

Stress Testing Result

Particulars	December-2019			December-2018		
	Minor	Moderate	Major	Minor	Moderate	Major
CRAR before shock	**16.02**	**16.02**	**16.02**	**14.50**	**14.50**	**14.50**
Performing investment directly downgraded to B/L: Sectoral Concentration. 1	(0.16)	(0.47)	(0.78)	(0.07)	(0.22)	(0.37)
Performing investment directly downgraded to B/L: Sectoral Concentration. 2	(0.11)	(0.32)	(0.53)	(0.08)	(0.25)	(0.42)
Increase in NPIs due to default of top large investment(loan) borrowers	(3.91)	(6.03)	(8.13)	(1.79)	(4.13)	(6.64)
Negative shift in NPIs categories	(0.36)	(1.63)	(2.30)	(0.39)	(1.75)	(2.56)
Decrease in the FSV of collateral	(0.32)	(0.63)	(1.28)	(0.39)	(0.78)	(1.57)
Increase in NPIs	(1.03)	(3.67)	(8.12)	(0.67)	(2.66)	(6.77)
Profit(Interest) Rate	0.00	0.00	0.00	0.00	0.00	0.00
FEX: Currency Appreciation	(0.05)	(0.10)	(0.14)	(0.04)	(0.08)	(0.12)
Equity price	(0.14)	(0.28)	(0.57)	(0.13)	(0.27)	(0.54)
Combined Shock	**(1.89)**	**(6.31)**	**(12.42)**	**(1.62)**	**(5.53)**	**(11.56)**
CRAR after shock	**14.13**	**9.71**	**3.60**	**12.88**	**8.97**	**2.94**

At the end of December-2019, CRAR of SJIBL was 16.02% and CRAR after Minor, Moderate and Major shocks stand at 14.13%, 9.71% and 3.60% respectively. The result shows that Bank is minor shock resilient.

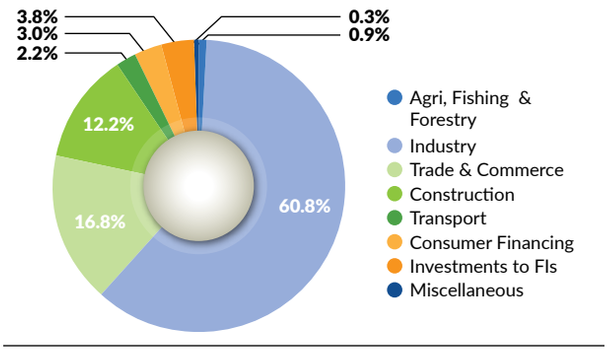
5.0 Investment Risk

Investment 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. Measuring investment risk of an entire bank is a complicated assessment, involving many quantitative and qualitative factors. In the context of Shahjalal Islami Bank Limited, the most important of which are summarized below:

5.1 Investment Concentration

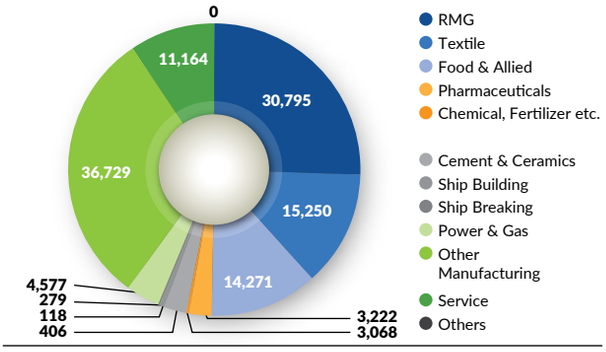
When the investment portfolio of a bank is concentrated within a few individuals or entities or sectors, investment concentration risk arises. Investment risk increased from Investment concentration like portfolio, geographic, sector, group concentration, funded and non-funded etc. To avoid concentration, the principle of investment diversification is followed as per Risk Appetite Statement (RAS) and IRM policy guidelines.

Protfolio Concentration - 2019

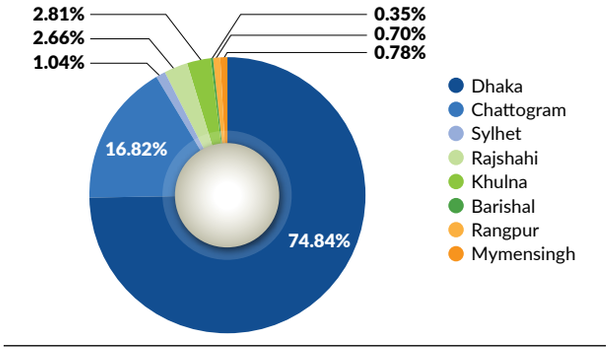


Industry Concentration - 2019

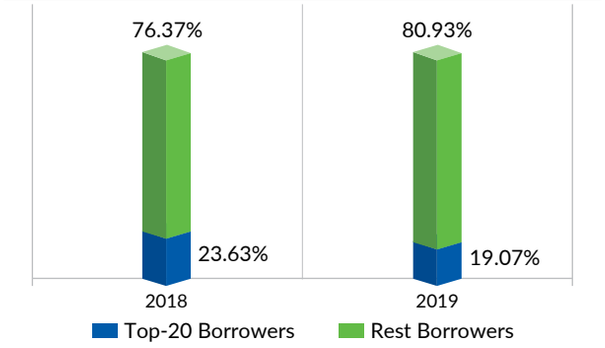
Amount in Million



Area Concentration - 2019



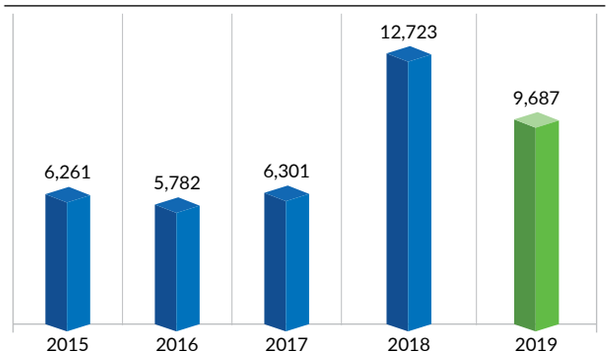
Borrowers Concentration - 2019



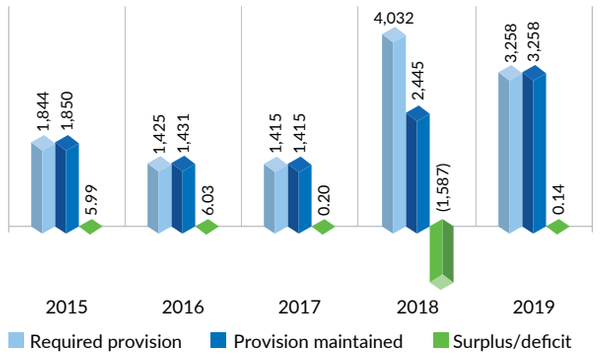
5.2 Non Performing Investment (NPI)

Non Performing Investment (NPI) has well spread into the country's banking sector that impede the overall economy to grow and deprives honest borrowers to collect required funds at reasonable price and, for the rise of default culture, banks are losing out revenues and need to make provisioning against the bad investment from income.

NPI Amount in Million



Provision Amount in Million



Shahjalal Islami Bank Limited has able to downsize the NPI Ratio to 4.91% at the end of 2019 from 6.84% of 2018, credit goes to the Bank management, showing Bank's commitment to its stakeholders. The Bank has also shown the expertise in maintaining the provision against its Non Performing Investment that stood at 100% at the end of 2019.

5.3 Cash Recovery against NPI:

The special asset management team of the Bank played contributory role to get that figure with their all-out effort for recovery of investment. Proper follow-up and monitoring through frequent customer visits are the keys to efficient and effective recovery system.

Amount in Million

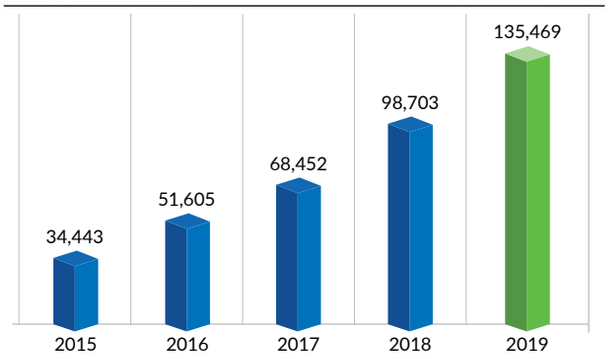
Particulars	December-2019	December-2018
Cash Recovery	1,538	1,034
Regularization	4,773	1,811
Total Recovery & regularization	6,311	2,844
Cash Recovery to NPI	15.9%	8.1%
Total Recovery & regularization to NPI	**65.2%**	**22.4%**

At the end of 2019, Shahjalal Islami Bank Limited has recovered Cash an amount of BDT 1,538 Million and regularized BDT 4,773 Million from Non Performing Investment clients which is 65.2% of total NPIs and it is higher than the 22.4% of the year 2018.

5.4 Investment Clients Credit Rating

Shahjalal Islami Bank Limited always Emphasis on client's credit rating. Good rating of the borrowers implies the identification of the quality borrowers that improve the assets quality and also requires less capital. Clients credit rating is an effective and efficient tool to manage investment risks as per the Standardized Approach of Risk Based Capital Adequacy (RBCA) guidelines of Basel-III by the Bangladesh Bank. The Bank gives more attention to its branches to increase the rated investment clients for reducing Risk Weighted Assets (RWAs). The rating growth are graphically presented here.

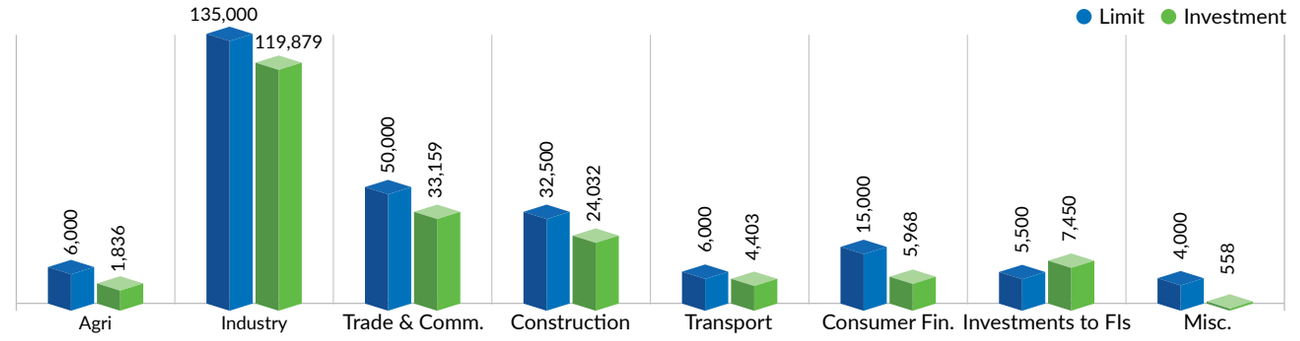
Rated Investment Amount in Million



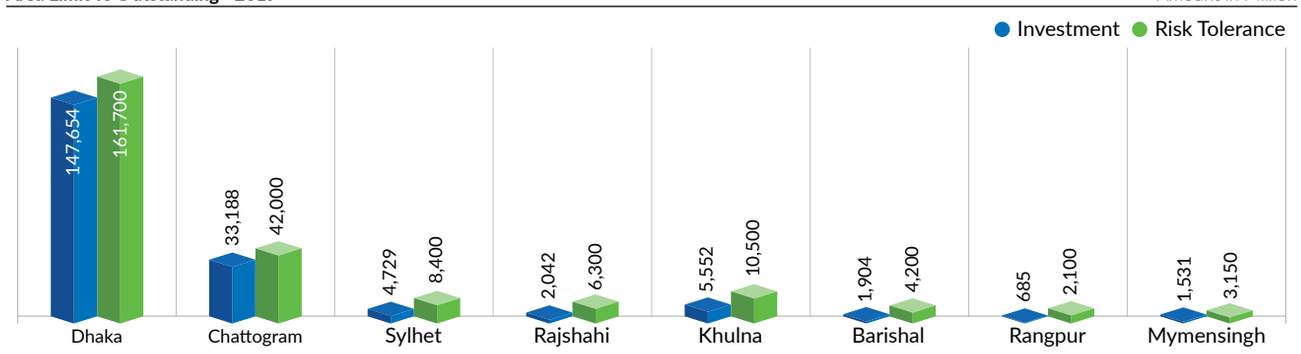
5.5 Exposures Limit:

SJIBL has its investment cap for different type of investment such as sectors, industries and geographic locations. Investment cap is generally reviewed once in a year in order to remain reasonably aligned with the business needs. The bank does not exceed the Single Borrower Exposure Limit set by Bangladesh Bank.

Portfolio Limit vs Outstanding - 2019 Amount in Million



Area Limit vs Outstanding - 2019 Amount in Million



Single Borrower Exposure Limit -2019 Amount in Million

Single Borrower Exposure Limit	December-2019	December-2018
Total Regulatory Capital	29,277	25,106
Funded Limit @15% of Regulatory Capital	4,392	3,766
Non Funded Limit @20% of Regulatory Capital	5,855	5,021
Total Limit (Other than Exporter)	10,247	8,787
Non Funded Limit @35% of Regulatory Capital	10,247	8,787
Total Limit (Exporter)	14,639	12,553

Top-10 Borrowers Exposure – 2019

Amount in Million

Borrowers	Funded	Non-Funded	Total
Mir Group	3,432	3,175	6,607
Smart Group	2,157	3,363	5,520
Impress Group	2,862	2,549	5,411
Nassa Group	3,335	1,801	5,136
Abul Khair Group	3,218	1,636	4,854
Dhaly Construction Limited	2,919	1,528	4,447
BRAC	3,937	-	3,937
Energypac Group	2,443	1,406	3,849
Abdul Monem Group	1,895	1,719	3,614
Anwar Group	3,122	478	3,600

5.6 Collateral against Investment:

Where a transaction is secured by eligible financial collateral (cash, gold, rated securities, debt securities, equities, transferable securities and mutual funds) and meets the eligibility criteria minimize the capital requirement. 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.

Amount in Million

Particulars	December-2019	December-2018
Total Investment	197,286	186,090
Collateral (FSV)	125,270	139,911
Collateral Coverage Ratio	63%	75%

SJIBL focuses on collateral based investment to secure its quality of investment. At the end of December-2019 Collateral coverage Ratio is 63% which was 75% in 2018.

6.0 Market Risk:

Market risk is the risk that any changes in market price, such as profit rates and capital market condition will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters. The major components of Market Risk and the position of Shahjalal Islami Bank Limited are as follows:

6.1 Profit (Interest) Rate Risk

Shahjalal Islami Bank Limited computes an estimate changes in Bank's net profit (interest) income (NII) given changes in profit rates. To evaluate the impact on earnings, 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.

Amount in Million

Particulars	December-2019	December-2018	Change
RSA ≤ 1 Year	215,626	203,241	12,385
RSL ≤ 1 Year	145,593	142,941	2,652
Net Gap	70,033	60,300	9,733
Impact on NII (Rate Change by @1%)	700	603	97

The probable impact on net profit (interest) income of SJIBL at the end of December-2019 was measured BDT 700 Million which was BDT 603 Million in 2018.

6.2 Equity Price Risk

Shahjalal Islami Bank Limited uses mark to market valuation method against a predetermined limit. From an accounting perspective, cost or market value of share whichever is lower should be considered. If market value falls below the cost, Bank is required to maintain provision against unrealized loses.

Amount in Million

Particulars	December-2019	December-2018
Market Value of Capital Market Exposure	2,949	2,625
Provision Maintained	100.21%	100.02%
Capital Market Exposure to Audited Capital	17.86%	17.75%

SJIBL has maintained sufficient provisions against its investment in share market unrealized losses and capital market exposures are also maintained as per Bangladesh Bank Limit.

6.3 Foreign Exchange Risk

The foreign exchange risk of the Bank is minimal as all the transactions are carried out on behalf of the customers against underlying commitments and other remittance requirements. The impact of the Foreign Exchange transaction risk is identified by providing exchange rate shocks to the net open position of the Bank.

Amount in Million

Particulars	December-2019	December-2018
Net Open Position Limit	2,960	2,925
Net Open Position	2,092	1,620
Net Open Position to Capital	12.67%	10.95%
No. of position breached during the period	Nil	Nil

At the end of 2019 Bank's open position was BDT. 2,092 Million against its limit equivalent to BDT 2,960 Million as provided by Bangladesh Bank and there was no case of breaching the FEX holding limit of Bangladesh Bank during the year 2019.

7.0 Liquidity Risk

The Bank's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or taking risk of damage to the Bank's reputation.

Liquidity Risk Indicators (LRI)

Ratios	December-2019	December-2018
Cash Reserve Requirement (CRR)	5.94%	5.85%
Statutory Liquidity Requirement (SLR)	7.43%	7.21%
Investment to Deposit Ratio (IDR)	87.47%	90.32%
Liquidity Coverage Ratio (LCR)	204.10%	138.08%
Net Stable Funding Ratio (NSFR)	150.47%	131.94%
Commitment to HQLA Ratio	271.60%	343.25%

Typically, the Bank ensures that it has sufficient cash and cash equivalents to meet expected operational expenses through preparation of the cash flow forecast, prepared based on time line payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within the due date.

8.0 Operational Risk

SJIBL through Internal Control and Compliance Division controls operational procedure of the Bank. Internal Control and Compliance Division undertakes periodic and special audit of the branches and departments at the Head Office for review of the operation and compliance of statutory requirements.

Particulars	December-2019	December-2018
No. of Branches Audited	122	113
No. of Major Non Compliances	170	251
Whether it is placed to audit committee	Yes	Yes

On the other hand, SJIBL has continued to develop the technological risk management capabilities and is ready to handle ICT security incidents and system failures and conduct IT Audit on regular basis.

9.0 Policy Development:

SJIBL has made significant improvement in migration to uniform operation instead of practice based operation. As part of that policy/operation procedure development/review remain a top priority of the Bank. In parallel to development/review of direct risk related policy/procedure. RMD has simultaneously focused on ensuring development and review of cross divisional policy(s)/procedure(s). In reference to policy related issues bank has developed a number of policies for the year 2019 as follows:

10.0 Meeting & Implementation of Minutes:

SJIBL arranged meeting of different risk related committees as per the direction of Bangladesh Bank. During 2019, Bank has arranged following meetings and discussions and review sessions with the risk management activities regarding their findings, observations and recommendations on various issues of interest and concern.

Meeting Status-2019

Meeting	Members	Meeting Nos.	Agenda
Executive Risk Management Committee (ERMC)	15	12	All Risks
Supervisory Review Process (SRP) Team	17	6	Capital Adequacy (ICAAP)
BASEL Unit	10	4	Basel Implementation (Basel-III)
BASEL Working Team	6	4	Calculation Accuracy
Board Risk Management Committee (BRMC)	5	6	All Risks

11.0 Reporting & Compliance

Aggregate measures of risks, across products and businesses, are used in compliance with policies, limits, and guidelines. They also provide a clear statement of the amounts, types and sensitivities of the different risks in the Bank's portfolios. Senior management and the Board use this information to comprehend the bank's risk profile as well as the performance of the portfolio. The Bank submitted the following risk reports during the year 2019.

Compliance of Reporting-2019

Name of the Reports/Papers	Frequency	Submitted to	Compliance Status
A. Risk Management Reporting			
Monthly Risk Management Reporting (MRMR)	Quarterly	ERMC/BRMC/BB	Complied
Minutes of the Monthly Risk Management Committee Meeting	Quarterly	ERMC/BRMC/BB	Complied
Implementation Report of RMC Meeting Minutes	Quarterly	ERMC/BRMC/BB	Complied
Comprehensive Risk Management Report (CRMR)	Half Yearly	ERMC/BRMC/BB	Complied
Compliance Report on Risk Rating	Half Yearly	ERMC/BRMC/BB	Complied
Risk Appetite Statements	Annually	ERMC/BRMC/BB	Complied
B. Basel - III Reporting and Capital Management			
Risk Based Capital Adequacy Reporting (Pillar-1)	Quarterly	ERMC/BRMC/BB	Complied
ICAAP Report (Pillar-2)	Annually	ERMC/BRMC/BB	Complied
Disclosure on Risk Based Capital: Market Discipline (Pillar-3)	Annually	Uploading Bank's website/BB	Complied
C. Stress Testing Report	Quarterly	ERMC/BRMC/BB	Complied

12.0 Building Risk Culture & Awareness

In 2019, following trainings on risk management have been provided to officials of the Bank to create awareness on risk management and building a robust risk management culture across the Bank.

Subject	No. of Courses	Total Participants
Asset Liability Risk Management	3	32
Investment Risk Management	50	826
Foreign Exchange Risk Management	24	458
Internal Control and Compliance Risk Management	9	114
Money Laundering Risk Management	21	994
ICT Risk Management	21	464
Comprehensive Risk Management	9	54
Basel Accord	4	101
Overview on Stress Testing	1	29
Others	96	1,625
Total	**238**	**4,697**

Shahjalal Islami Bank Limited has tuned the existing risk management practices to align with global best practices. The risk management activities are running with the motto that, the 2019 was the year of risk management awareness and the 2020 will be the year of strengthening risk management structure. Being an active part of countries' banking industry, SJIBL always undertake an active approach to risk management and remained consistent in forming a best-in-class capability. The core motto of risk management practice at SJIBL are, solid understanding about material risks of the bank and continuous formulation of effective strategies for active risk mitigation.

DISCLOSURE OF RISK BASED CAPITAL UNDER BASEL – III

MARKET DISCIPLINE

Disclosures on Risk Based Capital (Pillar 3 of Basel-III)

For the year ended 31 December 2019

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 components 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 2019 and prepared in accordance with the "First Schedule (Sec-38)" of the Banking Companies Act 1991 (as amended up to 2018), related International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) adopted by the Institute of Chartered Accountants 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 corresponding information presented in the audited consolidated financial statements-2019 of SJIBL and its subsidiary available on the website of the Bank (www.sjiblbd.com). The following disclosures are prepared once a year and are 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 Shariah based commercial Bank and commenced its operation on May 10, 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through Head Office having 132 branches, Central Processing Center (CPC), Off-shore Banking Unit (OBU), 107 ATM booths and 2,652 employees all over Bangladesh. The Bank is listed with both the Stock Exchanges of the country, i.e. Dhaka Stock Exchange Limited and Chattogram Stock Exchange Limited. The Bank offers all kinds of Islamic Shariah 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 Shariah. 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 of Shahjalal Islami Bank Limited, 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. 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 vide certificate of incorporation no. C - 86917/10 dated September 06, 2010 and commenced its operation on May 25, 2011. Presently the company is operating its business through Head Office with 02 extension office and 08 branches with 67employees 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, 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. It has corporate membership of Dhaka Stock Exchange Limited and Chattogram 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.

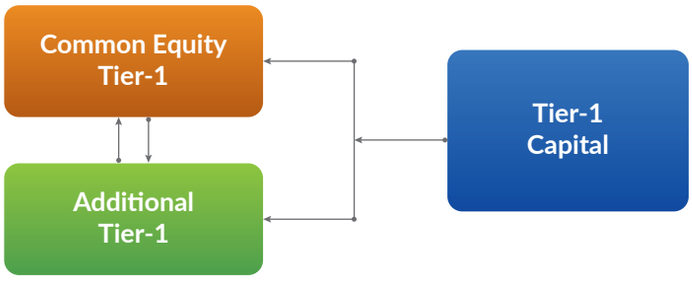
2. Capital Structure

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

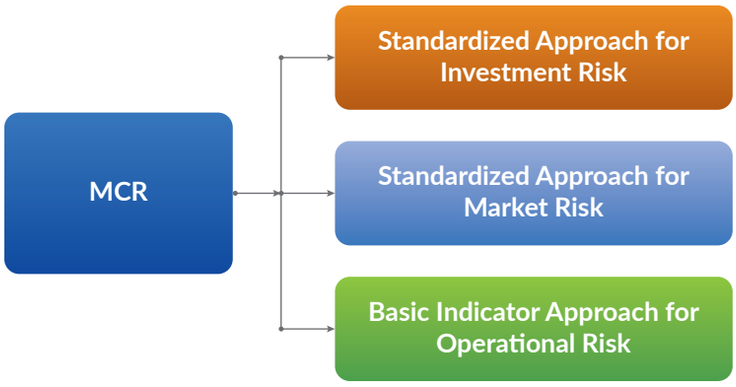
b) The Amount of Tier 1 Capital with break-up		Taka in Million	
Particulars		**Solo**	**Consolidated**
A.	**Common Equity Tier (CET1) Capital:**		
i.	Fully paid-up capital	9,334.21	9,334.21
ii.	Statutory reserve	6,231.19	6,231.19
iii.	Non-repayable share premium account	-	-
iv.	General reserve	-	2.88
v.	Retained earnings	941.87	954.73
vi.	Dividend equalization reserve	-	-
vii.	Minority interest in subsidiaries	-	226.41
viii.	Others (if any item approved by Bangladesh Bank)	-	-
ix.	**Sub-Total (i to viii)**	**16,507.27**	**16,749.42**
Regulatory Adjustments:			
x.	Shortfall in provision against NPIs and investment in shares	-	998.32
xi.	Deferred tax assets (DTA)	-	-
xii.	Others	-	-
xiii.	**Sub-Total (x to xii)**	**-**	**998.32**
Sub-Total of CET1 Capital (ix - xiii)		**16,507.27**	**15,751.10**
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)**	**16,507.27**	**15,751.10**
D.	**Tier 2 Capital (Gone-Concern Capital)**		
i.	General provision against unclassified investments/loans and off balance sheet exposures (including OBU)	2,770.10	2,818.07
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)		**12,770.10**	**12,818.07**
E.	**Total Regulatory Capital (C+D)**	**29,277.37**	**28,569.17**

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 (RWAs) by ensuring diversification of the portfolio in SME, Agriculture, Retail and Corporate segments. However, RWAs 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.

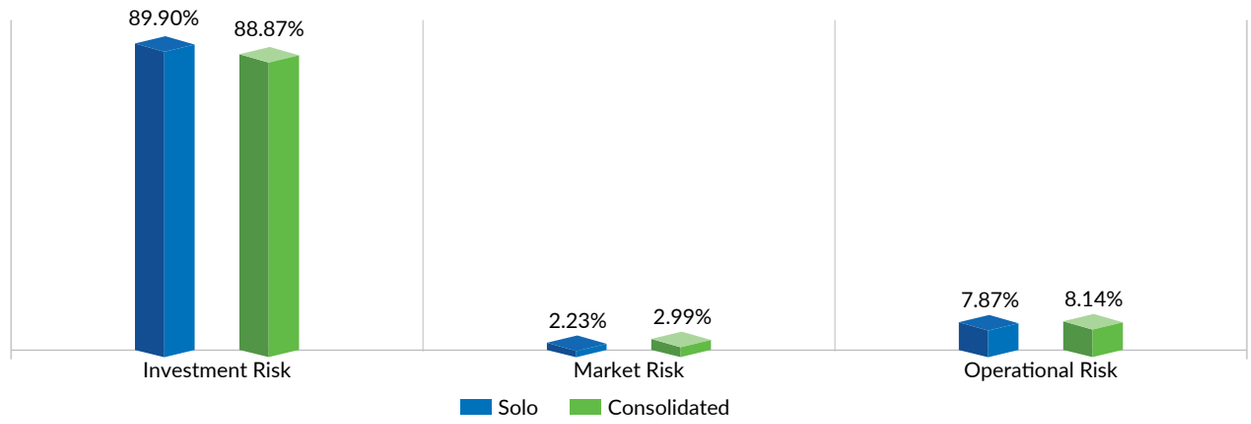


The Bank has maintained Capital to Risk Weighted Assets Ratio (CRAR) at 15.30% & 16.02% on the basis of "Consolidated" and "Solo" respectively as against the minimum regulatory requirement of 10% plus capital conservation buffer of 2.50% totaling of 12.50%.The Bank's policy is to manage and maintain strong Capital to RWAs 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	16,431.61	16,599.83
c) Capital requirements for Market Risk	407.68	558.37
d) Capital requirements for Operational Risk	1,438.27	1,519.95
Minimum Capital Requirement (b+c+d)	18,277.56	18,678.15
Total Regulatory Capital	29,277.37	28,569.16
Total Risk Weighted Assets (RWA)	182,775.69	186,781.40
e) Capital to Risk-weighted Asset Ratio (CRAR) (iii to iv)	16.02%	15.30%
i. CET 1 capital ratio	9.03%	8.43%
ii. AT 1 capital ratio	-	-
iii. Total Tier 1 capital ratio (i to ii)	9.03%	8.43%
iv. Tier-2 capital ratio	6.99%	6.86%
f) Capital Conservation Buffer (2.50%)	4,569.39	4,669.54
g) Available Capital under Pillar 2 Requirement*	6,430.42	5,221.47

*After deduction of Minimum Capital Requirement and Capital Conservation Buffer from Total Regulatory Capital.

Capital Requirement Under Pillar - I



4. Investment (Credit) Risk

Qualitative Disclosures

a) The general qualitative disclosure requirement with respect to investment (credit) risk, including:

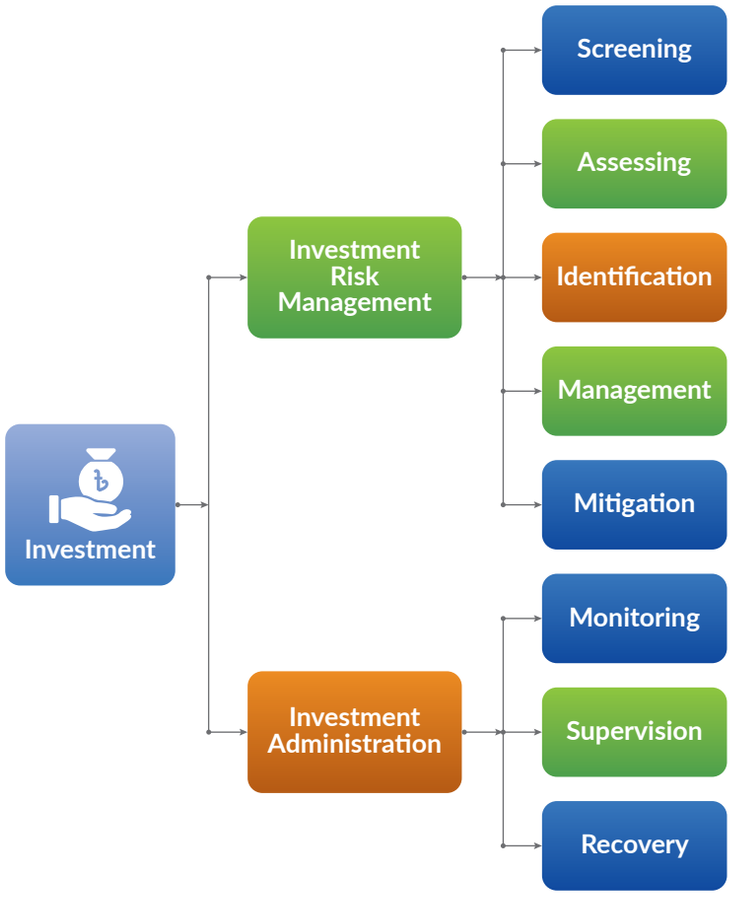
i) Definitions of past due and impaired (for accounting purposes)	**Past Due:** As per Bangladesh Bank guidelines, any Investment if not repaid within the fixed expiry date will be treated as Past Due. **Impaired:** An Investment where profit and/or installment of principal remain for more than 90 days 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 Program 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 Months or 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 client of Investments. 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 unclassified 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				
		Unclassified (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) under the Chief Risk Officer (CRO) 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.

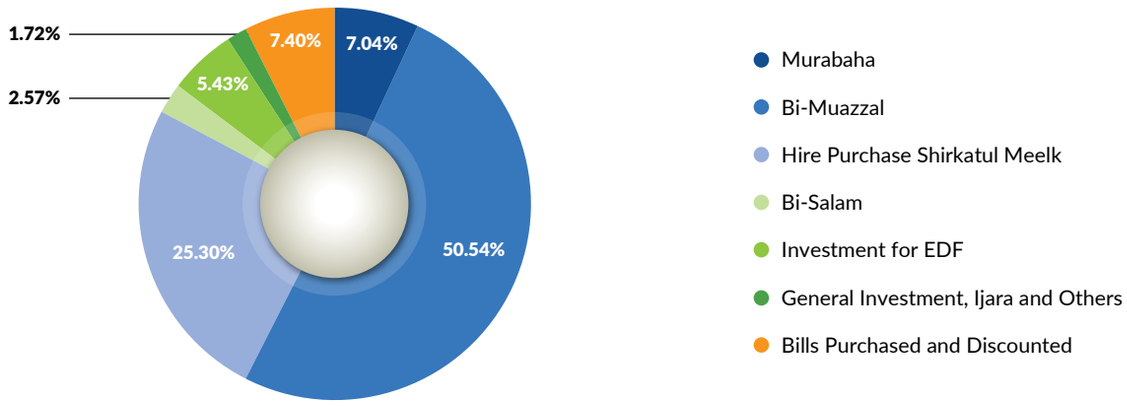
Quantitative Disclosures

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	13,890.55
Bi-Muazzal	99,700.08
Hire Purchase Shirkatul Meelk	49,917.81
Bi-Salam	5,063.25
Investment for EDF	10,711.91
General Investment, Ijara and Others	3,388.07
Bills Purchased and Discounted	14,614.02
Total	**197,285.68**

Type of Investments

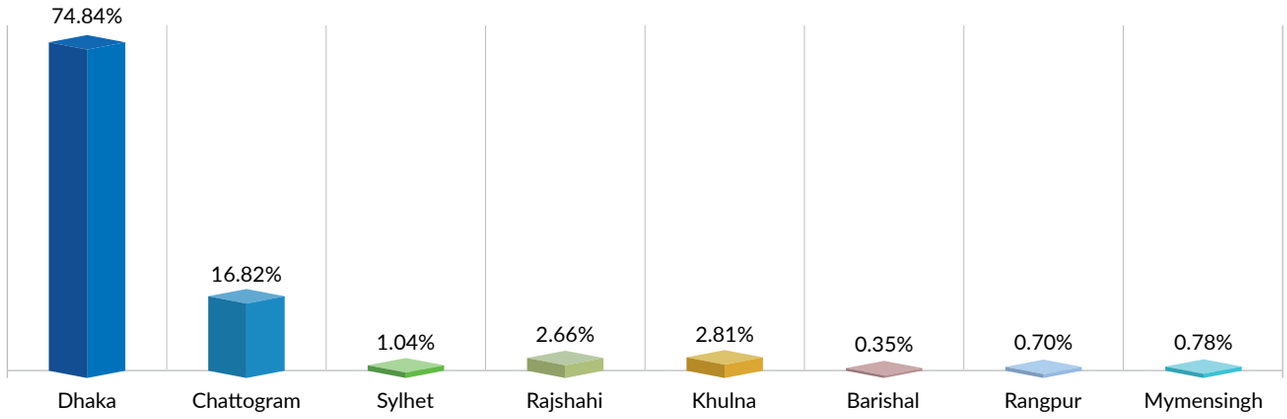


b) Geographical distribution of exposures, broken down in significant areas by major types of investment exposure.

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	187,039.03
Rural	10,246.65
Outside Bangladesh	-
Total	**197,285.68**
ii. Division- wise:	
Dhaka	147,654.33
Chattogram	33,188.16
Sylhet	2,042.36
Rajshahi	5,252.30
Khulna	5,551.59
Barishal	685.25
Rangpur	1,380.52
Mymensingh	1,531.17
Total	**197,285.68**

Geographical Distribution of Exposures (Division-Wise)



c) Industry or counter-party type distribution of exposures, broken down by major types of investment exposure.

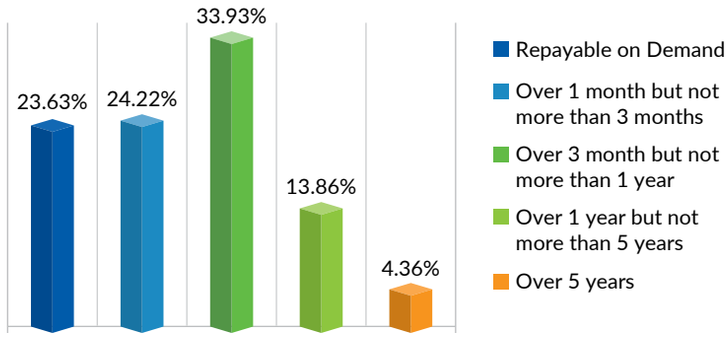
Industry or counter-party type distribution of exposures, broken down by major types of investment exposure of the Bank are as under:

Particulars	Taka in Million
i. Industry-wise:	
Agriculture & Fishing	1,807.50
Cotton & Textile	15,250.29
Garments	30,794.74
Cement	3,068.25
Pharmaceuticals & Chemicals	3,501.19
Real Estate	7,169.49
Transport	4,402.53
Information Technology	1,372.21
Non Banking Financial Institutions	1,747.71
Steel & Engineering	10,930.92
Food Processing & Beverage	14,270.81
Power & Energy	4,577.19
Paper & Paper Products	2,278.58
Plastic & Plastic Products	5,715.50
Electronics	5,205.88
Services Industries	6,472.95
Trading	33,629.88
Consumer Financing	20,677.88
Share business	2,104.92
Staff Investment	1,594.25
Others	20,713.01
Total	**197,285.68**
ii. Counterparty-wise:	
Investments to allied concern of Directors	2,201.65
Investments to Executive/Officers	1,594.25
Investments to Customer Groups	85,215.89
Industrial Investment	108,090.62
Others	183.27
Total	**197,285.68**

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:

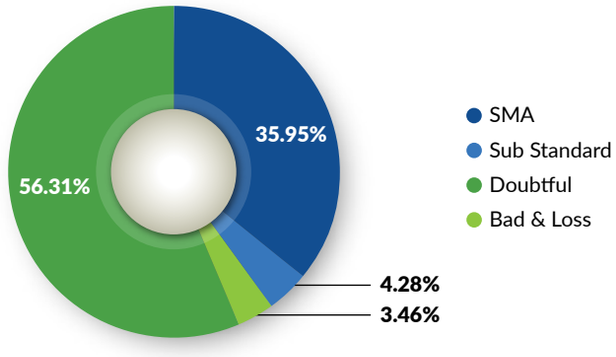
Particulars	Taka in Million
Repayable on Demand	46,618.60
Over 1 month but not more than 3 months	47,782.59
Over 3 month but not more than 1 year	66,939.03
Over 1 year but not more than 5 years	27,343.80
Over 5 years	8,601.66
Total	**197,285.68**



e) By major industry or counter party type:

i. Amount of impaired investments and if available, past due investments provided separately

Particulars	Taka in Million
Past Due	
Special Mention Account (SMA)	5,437.33
Sub Standard	647.65
Doubtful	522.81
Bad & Loss	8,516.86
Total	**15,124.65**



ii. Specific and general provisions

Particulars	Taka in Million
Unclassified Investment	1,900.80
Classified Investment	3,258.41
Off-Balance Sheet Exposure	869.30
Total	**6,028.51**

iii. Charges for specific allowances during the period

Particulars	Taka in Million
Provision on Unclassified Investment	525.40
Provision on Classified Investment	813.44
Provision on Off-Balance Sheet Exposure	32.20
Total	**1,371.04**

f) Gross Non Performing Assets (NPAs)

i. Non Performing Assets (NPAs) to outstanding Investments	4.91%

ii. Movement of Non Performing Assets (NPAs)

Particulars	Taka in Million
Opening Balance	12,723.29
Additions	0.00
Reductions	(3,035.97)
Closing Balance*	**9687.32**

iii. Movement of specific provisions for NPAs

Opening Balance	2,444.97
Recovery amount previously written-off	25.54
Provisions made during the period	1,160.78
Fully provided Investment write-off	(172.88)
Adjustment and Provision transferred	(200.00)
Closing Balance	**3,258.41**

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 Unquoted 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.

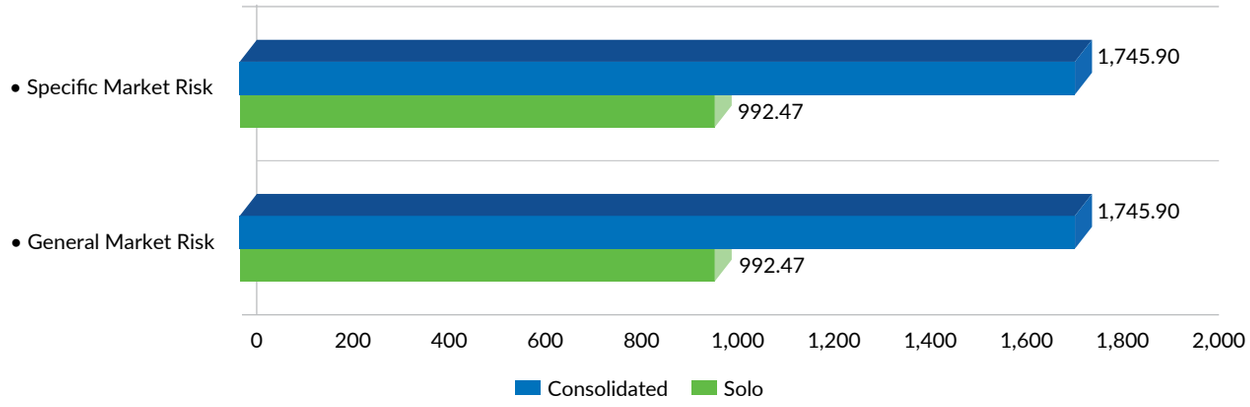
* *As at 31st December, 2019 Non Performing Investment (NPI) was concentrated mainly to three sectors namely Trade & Commerce, Industry and Construction that covered 44.12%, 30.65% and 20.34% respectively. Remaining NPI was concentrated in other sectors.*

Quantitative Disclosures	Taka in Million	
Particulars	**Solo**	**Consolidated**
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.	992.47	1,745.90
c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	40.66	58.59
d) Total unrealised gains (losses)	(791.99)	(1268.39)
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
• Specific Market Risk	992.47	1,745.90
• General Market Risk	992.47	1,745.90

Taka in Million



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.

Techniques 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 floating-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 judgment 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 assets to produce a re-pricing "gap" for that time band. This gap is then multiplied 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

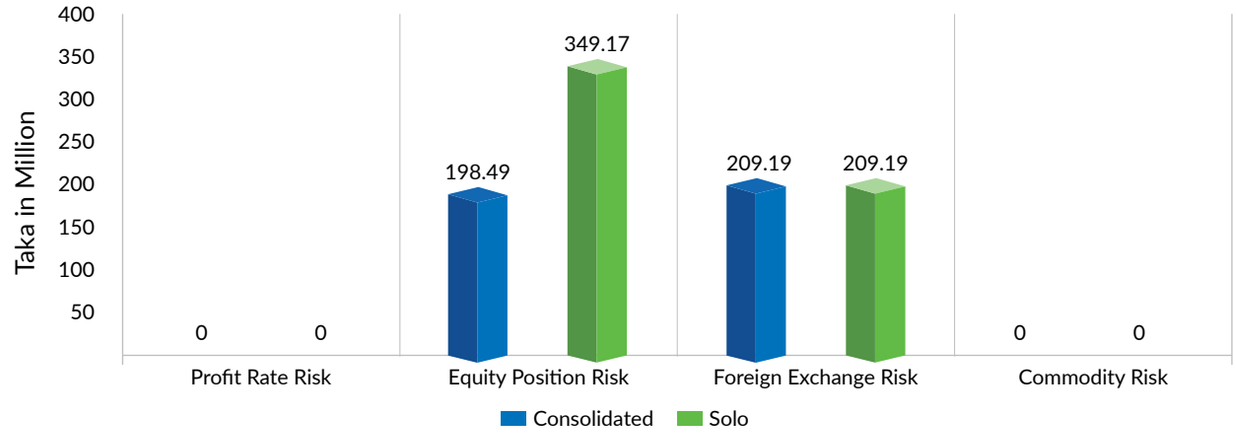
Particulars	Taka in Million		
Market Value of Assets			264,840.60
Market Value of Liabilities			248,297.60
Weighted Average of Duration of Assets (DA)			0.72%
Weighted Average of Duration of Liabilities (DL)			0.99%
Duration GAP (DA-DL)			0.21%
Yield to Maturity (YTM-Assets)			7.71%
Yield to Maturity (YTM-Liability)			5.04%
Magnitude of Profit Rate Change	1%	2%	3%
Change in Market Value of Equity due to an Increased in Profit Rate	510.97	1021.94	1,532.92
Stress Testing	**Minor**	**Moderate**	**Major**
Regulatory Capital (After Shock)	28,782.50	28,271.50	27,760.50
RWA (After Shock)	182,344.30	182,344.30	182,344.30
CRAR (After Shock)	15.78%	15.50%	15.22%

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 against 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:	Taka in Million	
Particulars	**Solo**	**Consolidated**
Profit rate risk	-	-
Equity position risk	198.49	349.17
Foreign Exchange risk and	209.19	209.19
Commodity risk	-	-
Total Capital Requirement	**407.68**	**558.36**



8. Operational Risk

Qualitative Disclosures	Particulars
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 objectives is 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 Manual 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 α (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	Taka in Million	
Particulars	**Solo**	**Consolidated**
b) The capital requirements for :		
Operational risk	1,439.32	1,520.98

9. Liquidity Ratio

Qualitative Disclosures	**Particulars**
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 liquidity 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	Percentage (%)	
Particulars	**Standard**	**Maintained**
Cash Reserve Requirement (CRR)	5.5%	5.94%
Statutory Liquidity Ratio (SLR)	5.5%	7.43%
Investment to Deposit Ratio (IDR)	90%	87.47%
Liquidity Coverage Ratio (LCR)	≥100%	204.10%
Net Stable Funding Ratio (NSFR)	>100%	150.47%

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 measure 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: $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

Taka in Million

Particulars	Solo	Consolidated
Common Equity Tier 1 Capital (A)*	16,507.27	15,751.10
Exposure Measure:		
On Balance Sheet Exposure*	262,845.30	264,998.25
Off-Balance Sheet Exposure*	44,101.60	44,101.60
Less: Regulatory adjustment made to Tier 1 Capital	0.00	0.00
Total Exposure (B)	306,946.90	309,099.85
Leverage Ratio (A/B)	5.38%	5.10%
* 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 Resources Division. 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.
ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	Bank does not seek advice from any external consultant in any step of remuneration process and therefore, no commission is paid to this effect.
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.	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, 2019, the Bank had no foreign subsidiaries and branches outside Bangladesh.
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.	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 105 Executives of the Bank up to the rank of Vice President as on December 31, 2019 has been considered as senior managers as follows:

Designation	Number
Managing Director	1
Additional Managing Director	2
Deputy Managing Director	5
Senior Executive Vice President	5
Executive Vice President	14
Senior Vice President	29
Vice President	49
Total	**105**

b) Information relating to design and structure of remuneration process.

i.	An overview of the key features and objectives of remuneration policy.	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. The remuneration includes basic pay, house rent, medical allowance, conveyance 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, relevant compliances, industry-competitive remuneration in relation to the market reputation and other effective risk-adjusted measures in determining 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 importance.	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 claw back 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.

<table>
<tr><td>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 determine the mix and their relative importance.</td><td>The following variable remunerations are provided by the Bank on the basis of employee's individual performance.
• Annual performance bonus and
• Salary increment.</td></tr>
<tr><td colspan="2">Quantitative Disclosures</td></tr>
<tr><td>g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.</td><td>Not Applicable</td></tr>
<tr><td>h) i. Number of employees having received a variable remuneration award during the financial year.</td><td>Not Applicable</td></tr>
<tr><td>h) ii. Number and total amount of guaranteed bonuses awarded during the financial year.</td><td><table><tr><th>No. of Guaranteed Bonus</th><th>Total Amount (Tk. in Million)</th></tr><tr><td>3 festival bonuses</td><td>216.10</td></tr></table></td></tr>
<tr><td>h) iii. Number and total amount of sign-on awards made during the financial year.</td><td>Not Applicable</td></tr>
<tr><td>h) iv. Number and total amount of severance payments made during the financial year.</td><td>Not Applicable</td></tr>
<tr><td>i) i. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.</td><td>Not Applicable</td></tr>
<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>No</th><th>Particulars</th><th>Total Amount (Tk. in Million)</th></tr><tr><td>i.</td><td>Fixed and variable</td><td>2,715.24</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>

MANAGEMENT OF NON PERFORMING INVESTMENT

Non-performing Investments (NPIs) are always an area of concern for banks. The impact of NPIs' on Bank's profitability is of many ways, a loss of profit income from the classified investment, loss of principal of the investment not recovered, Keeping provision on the NPIs and an increase in costs of managing NPIs such as legal expenses and other cost of managing NPIs. Keeping this in mind Shahjalal Islami Bank Limited is putting utmost priority to maintain high quality assets.

The recovery strategies of SJIBL are formulated into following Departments:

- Investment Administration Department
- Investment Monitoring Department
- Special Asset Management Department (Recovery)
- Special Asset Management Department (Legal)

All the units are working on different area of recovery process towards achievement of their time bound set goals. They are also keeping good contribution in the profitability of the Bank through recovery of NPI vis a vis release of Profit Suspense kept suspended against NPI. Besides, executives of Corporate Head Office has been involved in recovery campaign alongside with their regular desk activities as an innovative idea that resulted in a huge NPI recovery in 2019.

SJIBL Investment Recovery

The Recovery personnel of SJIBL directly manages accounts with sustained deterioration. Their functions are as follows:

- Determine account-wise action plan and recovery strategy
- Pursue all options to maximize recovery, including placing customers into receivership or liquidation as appropriate.
- Ensure adequate Investment loss provisions are made timely based on actual and expected losses.
- Regular review and follow-up of classified accounts.
- Review of classified investments on monthly basis to update status of action and recovery plan and to modify the bank strategy as appropriate.
- Legal action in consultation with Banks legal unit as well as banks enlisted law firms against defaulted borrowers.

SJIBL NPI Account Management

Recovery personnel of SJIBL ensure that the following is carried out when an account is classified as Sub Standard or worse:

- The Drawing is restricted as well as repayment is demanded as appropriate.
- CIB reporting is updated according to Bangladesh Bank guidelines and the customer's risk grade is changed as appropriate.
- Investment loss provisions are taken based on Bangladesh Bank Guidelines.
- Investments are only rescheduled in conjunction with the Investment Rescheduling guidelines of Bangladesh Bank. Any rescheduling is made based on projected future cash flows, and is strictly monitored.
- Prompt legal action is taken in consultation with legal personnel if the Customer is non-cooperative.

SJIBL Non Performing Investment (NPI) Settlement

Following is compiled as per traditional banking practice for final settlement of NPI:

- No principal of classified investment is waived
- No profit is waived unless specially approved by the Board of Directors
- Only compensation applied and un-applied is waived by the Board of Directors.
- The investment account is written off as per Bangladesh Bank guidelines. However, recovery effort continues till adjustment.

Recovery & Regularization from Classified Investment in the year 2019

Tk. 6,311.3 million

Investment Recovery from Written off Investment in the year 2019

Tk. 25.55 million

As a result of strong recovery measures, SJIBL became successful to address NPI in the year 2019 to a greater extent. The comparative position of NPI is given below:

Particulars	31 Dec 2018 Tk. In million	31 Dec 2019 Tk. In million	Decrease in classified investment Tk. In million
Classified Amount	12,723.30	9,687.32	3,035.98
% of CL to Total Investment	6.84%	4.91%	1.93%

Summary of Total Recovery Target and Achievement up to December'2019 by SJIBL recovery team is as follows:

Particulars	Amount	Percentage
Non-Performing Investment as on 31.12.2018(Tk. in million)	12,723.30	100% of NPI
Recovery / Regularization Target Up-to December'2019	4,790.30	37.65% of NPI
Cash Recovery up-to December'2019 against Target	1,538.00	32.11% of December'19 target
Regularization up-to Deceber'2019 against Target	4,773.30	99.65% of December'19 target
Total recovery / regularization	6,311.30	131.76% of December'19 target

Special Asset Management Department has over-viewed the Recovery position of the Bank against the Non Performing Investments (NPI) at the end of December'2019. The Bank fixed Branch wise Recovery Target for the year 2019 on the basis of NPI position as on 31December 2018 and cumulative write-off position. Total Non Performing Investment as on 31 December 2018 was Tk.12,723.30 million against which Recovery/regularization target was set for Tk.4,790.30 million. Total Tk.1,538.00 million has been recovered in cash and Tk.4,773.30 million has been regularized, so total Tk.6,311.30 million has been recovered/regularized which was 131.76% of recovery target up-to December'2019. Moreover, recovery from written off investment was Tk.25.51 million during the year 2019.

For final settlement of investment, any of the following amicable settlement strategies is considered by SJIBL Legal Unit:

- Amicable Settlement before Filing Suit
- Amicable Settlement after Filing Suit
- Amicable settlement during execution through Arbitration
- Amicable settlement during Appeal & Revision through Arbitration

In the year 2020, our strategic planning will be as follows:

- Strong Supervision, follow up and monitoring for the NPI accounts as well as rescheduling investments to be ensured both by on-site and of-site basis
- In every NPI prone branch, a recovery unit must be formed and a weekly feedback to be taken.
- Proper monitoring, follow up & supervision in pre-classification stage should be ensured by Corporate, SME & Agriculture and other concerned departments.
- Adequate staff in recovery and optimum utilization of manpower is to be ensured.
- Senior lawyers to be appointed to conduct critical and long-pending court cases of the Bank.
- Negotiating with the client for recovery outside the court.
- Amicable settlement may be allowed in applicable sector.
- Selecting priority wise customers where chances of recovery are high.
- Eligible accounts to be written-off as per Guidelines of Bangladesh Bank.

SJIBL INVESTMENT PROBLEM DETECTION AND STEPS TAKEN TO PREVENT NPI

Problem

1) The bank has one or more large concentrations limits.
2) Sector wise investment concentration is higher in Dhaka and Chittagong zone.

Solution

1) SJIBL Management has been trying to increase SME & Retail Investment.
2) Decentralization of investment is being emphasized by Management.

Problem

3) Investment documentation exceptions are frequent.
4) Sectorwise investment is higher in RMG,Real Estate etc.

Solution

3) Documentations deferral are given only inevitable cases like mortage or RJSC formality by SJIBL Investment Administration.
4) Investment diversification is motivated frequently through meetings with BM.

Problem

5) Existing and/or new extensions of investment reflect liberal judgment.
6) Growth was not planned or exceeds planned levels.

Solution

5) All requried risk rating is done before approval objectively by SJIBL IRM.
6) Proper planning for growth and budgeting from the beginning of the year by SJIBL Management.

Problem

7) Practices have resulted in a large number of exceptions to the credit policy.
8) The bank is highly dependent on profit and fees from investment.

Solution

7) Exceptions are only allowed under intimation to SJIBL EC/Borad.
8) Emphasis on Non-Funded income to reduce over dependence on profit income.

Problem

9) The bank has a large volume and number of classified Investment.
10) Classified Investments are skewed toward the less favorable categories (bad/loss).

Solution

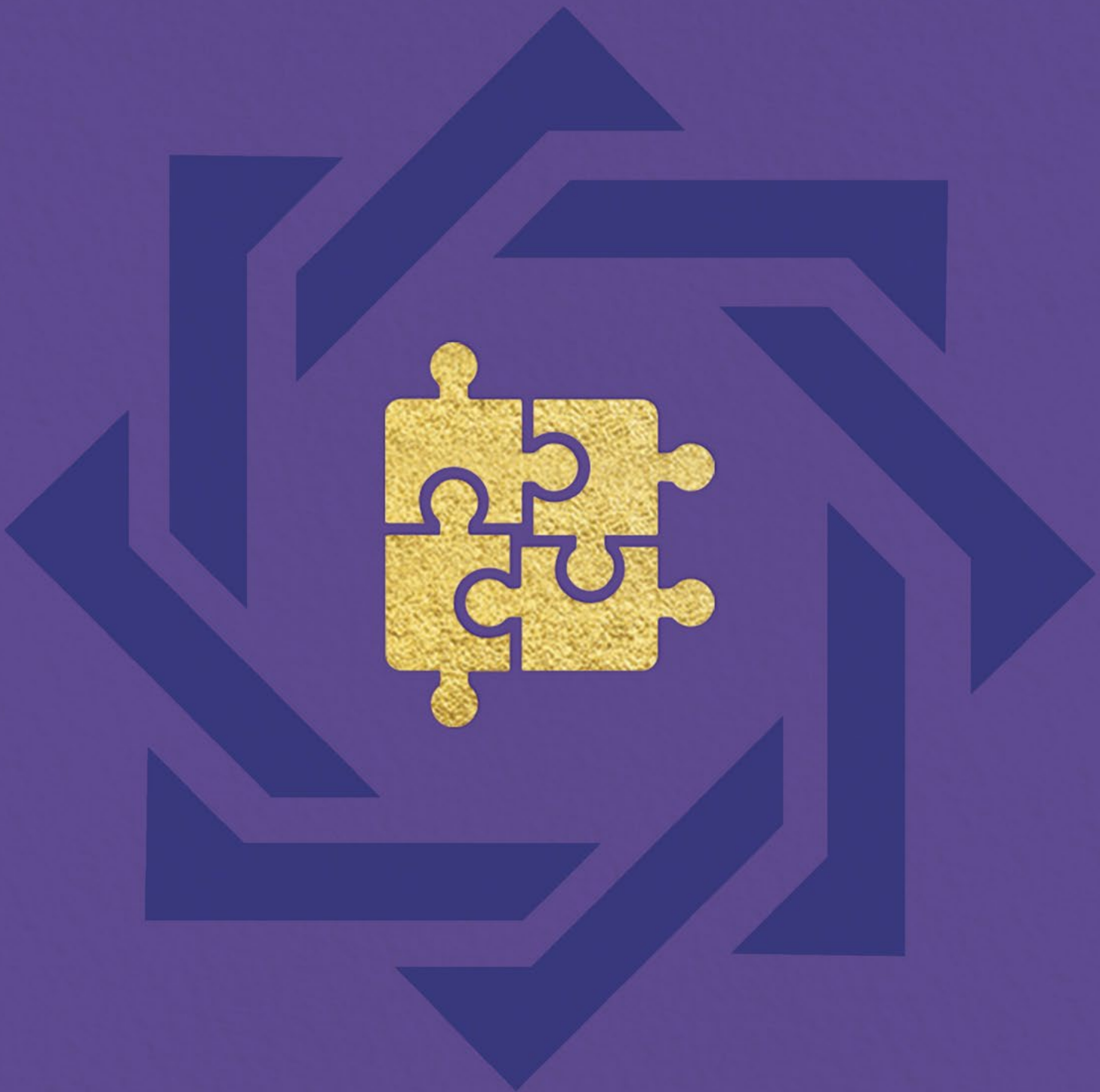
9) Adequate provision is maintained against classified investment.
10) Investment Reschedule is done immeditely after the investment gets classified.

Problem

11) Collateral requirements are liberal.
12) Collateral valuations are not always obtained.

Solution

11) SJIBL depend more on collateral even where Corporate Guarantee is obtained.
12) SJIBL has Board approved Valuation Policy which is meticulously complied in all cases.

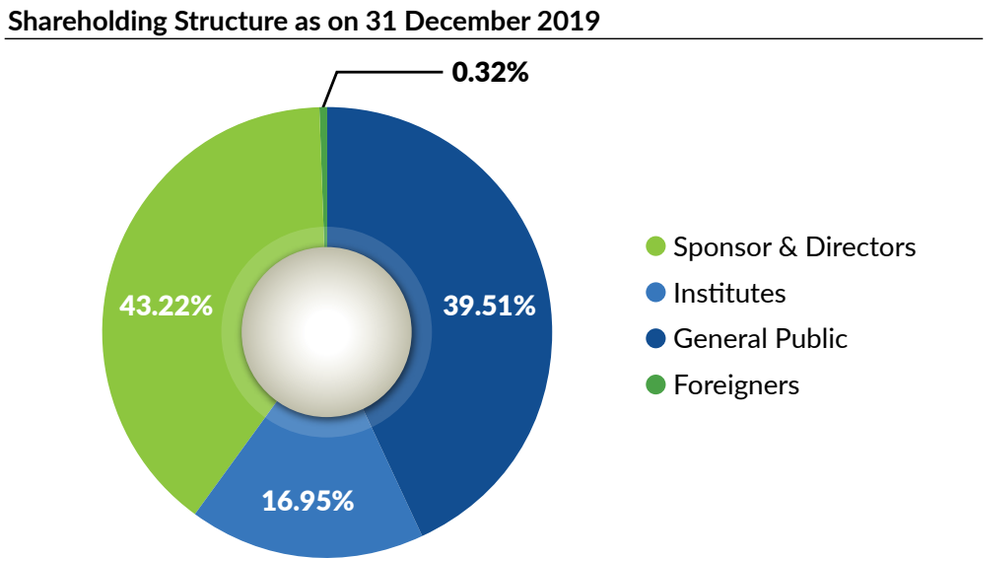


STAKEHOLDERS INFORMATION

SHAREHOLDING STRUCTURE

Shareholding Structure as on 31 December 2019

No.	Type of Owner	No. of shares	Value of shares BDT	% of holding
1	Sponsor & Directors	403,492,463	4,034,924,630	43.22%
2	Institutes	158,281,085	1,582,810,850	16.95%
3	General Public	368,697,699	3,686,976,990	39.51%
4	Foreigners	2,950,025	29,500,250	0.32%
Total		**933,421,272**	**9,334,212,720**	**100.00%**



SHAREHOLDING BY DIRECTORS

Name of Directors and their shareholdings as at 31 December 2019

Name of Directors	Status	No. of Share held	BDT	% of Holding
Mr. Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Chairman	23,887,197	238,871,970	2.56%
Mr. Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Vice Chairmen	18,668,488	186,684,880	2.00%
Mr. Md. Abdul Barek	Vice Chairmen	18,668,569	186,685,690	2.00%
Dr. Anwer Hossain Khan	Director	27,903,137	279,031,370	2.99%
Mr. Abdul Halim	Director	22,706,554	227,065,540	2.43%
Mr. Mohiuddin Ahmed	Director	18,678,255	186,782,550	2.00%
Mr. Akkas Uddin Mollah	Director	18,669,435	186,694,350	2.00%
Mr. Khandaker Sakib Ahmed	Director	18,669,241	186,692,410	2.00%
Engr. Md. Towhidur Rahman	Director	20,974,563	209,745,630	2.25%
Mr. A.K. Azad	Director	35,585,872	355,858,720	3.81%
Mr. Mohammed Younus	Director	23,076,856	230,768,560	2.47%
Mr. Fakir Akhtaruzzaman	Director	18,668,425	186,684,250	2.00%
Mr. Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Director	18,716,500	187,165,000	2.01%
Mr. Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	18,846,041	188,460,410	2.02%
Mrs. Shahan Ara Begum	Director	18,714,533	187,145,330	2.00%
Mrs. Tahera Faruque	Director	29,856,325	298,563,250	3.20%
Mr. Ekramul Hoque	Independent Director	-	-	0.00%
Mr. K.A.M Majedur Rahman	Independent Director	-	-	0.00%
Total		**352,289,991**	**3,522,899,910**	**37.74%**

REDRESSAL OF INVESTORS' COMPLAINTS

Complaint received throughout the year, related to shares, not receiving of Annual Reports and dividends timely is resolved lawfully in time.

The proxy form is affixed with the annual report in order to nominate proxy to attend and vote on behalf of shareholders who are unable to attend the shareholders' meeting.

The shareholders' meetings proceed in accordance with the order of agenda to give shareholders the opportunity to study the information on the given agenda before the poll.

The bank have maintained regular communication with the shareholders through periodic updates of performance and at any other time when it is required to be done in the best interest of shareholders.

Annual Report of each year, quarterly financial statements and other important information may be viewed on SJIBL's website www.sjiblbd.com

Investors' inquiries related to transfer of shares, Remat and Demat of shares and payment of dividend should be sent to the following address:

Share Department

Shahjalal Islami Bank Limited

Shahjalal Islami Bank Tower

Plot – 4, Block – CWN(C), Gulshan Avenue, Gulshan, Dhaka - 1212

SJIBL follows the following principles in dealing with the Investors:

- Protection of investors' interest;
- Fair treatment to all investors;
- Equal opportunity for all type of investors;
- Resolution of investors' complaints in time;
- Investors' are informed about the resolution of their complaints;
- Investors' are dealing with Friendliness;

Communication to Shareholders

Throughout the year we communicate with Shareholders in the following ways:

- Publishing Price Sensitive Information (PSI) in National dailies and in Online News Portal;
- Releasing PSI via website of DSE and CSE and also in Bank website: www.sjiblbd.com
- Publishing Press Release about Bank's important events in the newspapers;
- Issuing notices to the Shareholders for holding Annual General Meeting every year and Extra-Ordinary General Meeting (as and when necessary);
- Sending the Annual Reports of the Bank every year;
- Sending the Right Offer Document (ROD) as and when required;
- Publishing Financial Statements in the newspapers;
- Holding General Meetings of Shareholders;
- Electronic and other means of communications with Shareholders

FINANCIAL CALENDAR

2019

Title	Date
1st Quarter Results issued on	14th May 2019
2nd Quarter Results issued on	25th July 2019
3rd Quarter Results issued on	30th October 2019
Annual Results issued on	10th June 2020
19th Annual General Meeting	12th August 2020

2018

Title	Date
1st Quarter Results issued on	25th April 2018
2nd Quarter Results issued on	25th July 2018
3rd Quarter Results issued on	24th October 2018
Annual Results issued on	24th April 2019
16th Annual General Meeting	25th July 2019

Dividend Information 2018

Title	Date
Dividend Rate	10% (Stock)
Declaration Date	24th April 2019
Record Date	30th May 2019
AGM Date	25th July 2019
Distribution Date	04th August 2019

EVALUATION OF QUARTERLY PERFORMANCE

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), 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 19	31 Dec 18	30 Sep 19	30 Sep 18	30 Jun 19	30 Jun 18	31 Mar 19	31 Mar 18
Placement with other Banks & FI's	12,361.48	11,513.30	16,961.48	7,511.60	14,061.48	6,811.71	12,561.48	5,461.71
Inv in Shares & Securities	15,639.42	12,320.53	14,142.06	11,314.99	13,583.38	11,455.02	12,443.68	10,627.17
Investment	197,285.68	186,090.03	193,090.54	175,128.98	194,526.37	174,329.42	188,940.94	168,324.60
Placement from other Banks & FI's	11,382.60	23,465.60	15,635.66	26,890.07	21,340.78	27,633.41	20,937.98	28,768.52
Deposit & Other accounts	203,384.15	176,861.51	201,762.51	164,759.78	193,388.45	164,850.62	186,897.47	154,207.96
Paid up Capital	9,334.21	8,485.65	9,334.21	8,485.65	8,485.65	7,714.23	8,485.65	7,714.23
Total Shareholder's equity	16,507.27	14,788.97	16,154.31	14,409.27	15,846.95	14,077.04	15,235.35	13,615.23
Total Assets	266,103.71	243,659.89	266,458.59	228,931.68	262,028.99	228,188.72	253,265.79	217,170.95
Off Balance Items	113,090.49	100,786.63	107,476.94	99,054.00	108,023.11	98,415.64	110,461.70	99,681.41

Profit and Loss Account	01 Jan 19 to 31 Dec 19	01 Jan 18 to 31 Dec 18	01 Jan 19 to 30 Sep 19	01 Jan 18 to 30 Sep 18	01 Jan 19 to 30 Jun 19	01 Jan 18 to 30 Jun 18	01 Jan 19 to 31 Mar 19	01 Jan 18 to 31 Mar 18
Net Investment Income	7,178.36	5,826.92	5,605.80	4,078.49	3,722.79	2,489.41	1,792.81	1,092.59
Non Investment Income	3,327.62	2,825.85	2,486.46	2,035.06	1,793.22	1,371.70	727.39	598.33
Operating Expenses	4,640.85	4,076.44	3,270.22	2,744.95	2,258.25	1,753.06	1,012.96	765.00
Operating Profit	5,865.13	4,576.33	4,822.04	3,368.59	3,257.76	2,108.05	1,507.24	925.92
Net Profit After Taxation	1,718.30	1,471.18	1,365.34	1,091.48	1,057.99	759.26	446.38	297.44
Earnings per share(EPS)	1.84	1.58	1.46	1.17	1.25	0.89	0.53	0.35

Other Information	31 Dec 19	31 Dec 18	30 Sep 19	30 Sep 18	30 Jun 19	30 Jun 18	31 Mar 19	31 Mar 18
Net Asset Value (NAV) per share	17.68	15.84	17.31	15.44	18.68	16.59	17.95	16.05
NOCFPS	9.66	(3.07)	10.12	3.84	7.93	4.99	6.43	1.06

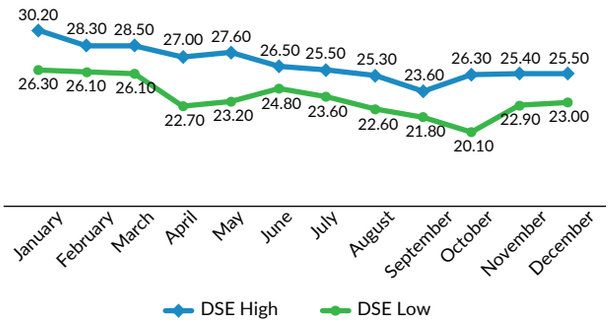
The interim result is reviewed by the Audit Committee of the Board before publishing and then referred it to the Board of Directors for its approval. After being approved by the Board of Directors, the interim financial statements are submitted to the Bangladesh Securities and Exchange Commission (BSEC), 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.

STOCK PERFORMANCE 2019

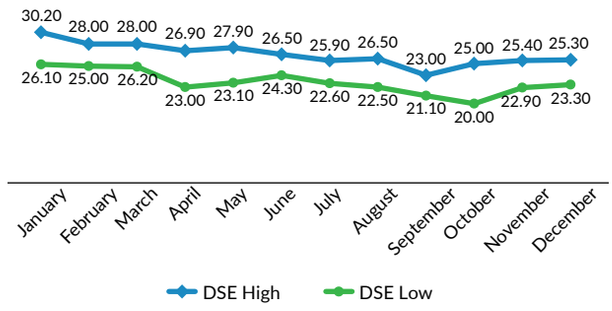
Trade Price of Shares of Shahjalal Islami Bank Limited during the year 2019 on Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited are given below:

Month	DSE			CSE			Total Volume on DSE & CSE
	High Taka	Low Taka	Volume	High Taka	Low Taka	Volume	
January	30.20	26.30	14,120,324	30.20	26.10	5,820,853	19,941,177
February	28.30	26.10	4,145,653	28.00	25.00	164,609	4,310,262
March	28.50	26.10	8,193,810	28.00	26.20	158,375	8,352,185
April	27.00	22.70	2,267,452	26.90	23.00	321,606	2,589,058
May	27.60	23.20	3,614,734	27.90	23.10	815,304	4,430,038
June	26.50	24.80	4,083,154	26.50	24.30	166,404	4,249,558
July	25.60	23.60	3,278,890	25.90	22.60	193,379	3,472,269
August	25.30	22.60	3,138,250	26.50	22.50	181,965	3,320,215
September	23.60	21.80	903,749	23.00	21.10	34,415	938,164
October	26.30	20.10	4,965,507	25.00	20.00	128,620	5,094,127
November	25.40	22.90	2,961,950	25.40	22.90	3,145,128	6,107,078
December	25.50	23.00	5,048,857	25.30	23.30	65,657	5,114,514

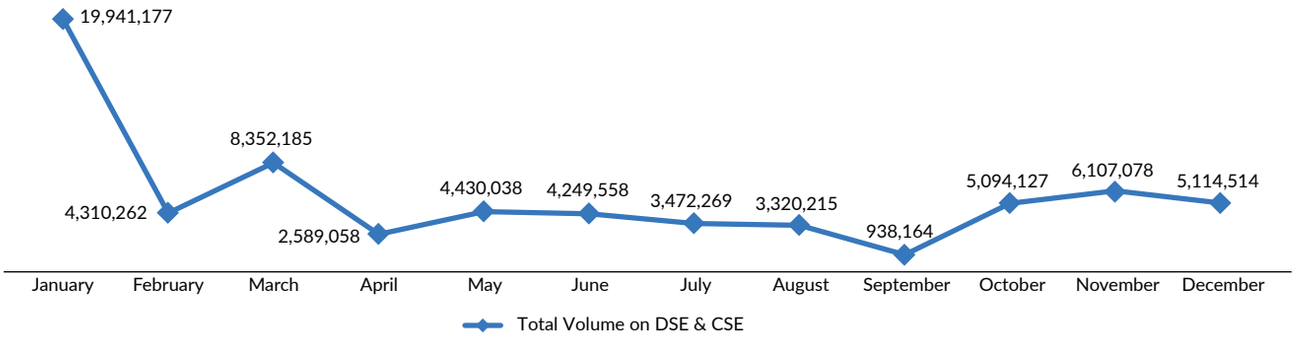
DSE Market Price - 2019



CSE Market Price - 2019



Total Volume on DSE & CSE - 2019



FIVE YEARS FINANCIAL SUMMARY

Figures in million Taka unless otherwise specified

Items	2019	2018	2017	2016	2015
A.Financial Position					
Authorized Capital	10,000	10,000	10,000	10,000	10,000
Paid up Capital	9,334	8,486	7,714	7,347	7,347
Reserve and Surplus	7,173	6,303	5,604	5,510	4,907
Total Shareholders' Equity	16,507	14,789	13,318	12,857	12,254
Total Deposits	203,384	176,862	146,348	124,410	109,259
Total Investment	197,286	186,090	158,668	122,998	96,835
Investment in Share and Securities	15,639	12,321	10,526	7,593	6,184
Fixed Assets	4,504	3,995	3,957	3,433	3,299
Total Assets (excluding off-balance sheet items)	266,104	243,660	207,886	167,245	137,870
Total Contingent Liabilities and Commitment	113,090	100,787	89,226	63,326	43,526
Profit Earning Assets	219,818	202,397	173,187	138,949	108,012
Non-profit Earning Assets	46,286	41,263	34,699	28,296	29,858
B. Operating Result					
Investment Income	20,291	17,122	12,996	11,154	10,510
Profit Paid on Deposit	13,112	11,295	8,419	6,986	6,943
Net Investment Income	7,178	5,827	4,577	4,168	3,567
Total Income	23,618	19,948	15,289	12,965	12,098
Total Expenditure	17,753	15,372	11,961	9,985	9,721
Operating Profit	5,865	4,576	3,328	2,979	2,377
Profit before Tax	3,894	3,165	2,079	2,306	1,758
Profit after Tax	1,718	1,471	1,196	1,557	1,290
C. Capital Adequacy					
Risk Weighted Assets	182,776	173,161	158,937	124,704	98,790
Capital Requirement	18,278	17,316	15,894	12,470	9,879
Tier 1 Capital	16,507	12,893	13,318	12,857	12,254
Tier 2 Capital	12,770	12,213	6,058	1,529	1,101
Total Equity (Tier 1 & Tier 2)	29,277	25,106	19,376	14,386	13,355
Capital Surplus	11,000	7,790	3,482	1,916	3,476
Tier I Capital Ratio (%)	9.03	7.45	8.38	10.31	12.40
Tier II Capital Ratio (%)	6.99	7.05	3.81	1.23	1.12
Total Capital Adequacy Ratio (Basel-III/II) (%)	16.02	14.50	12.19	11.54	13.52
D. Investment Quality					
Volume of Non-performing Investment	9,687	12,723	6,301	5,782	6,261
Amount of Provision against classified Investment	3,258	2,445	1,415	1,431	1,850
Amount of Provision against unclassified Investment	1,901	1,375	1,166	896	781

Items	2019	2018	2017	2016	2015
Amount of Provision against Off Balance Sheets Exposures	869	837	892	633	435
Classified Investment as % of Total Investment	4.91	6.84	3.97	4.70	6.47
E. Foreign Exchange Business					
Import Business	157,060	140,382	129,244	100,419	85,959
Export Business	147,052	125,402	97,437	84,769	82,571
Inward Foreign Remittance	7,849	6,129	3,576	3,361	3,544
F. Profitability, Performance and Liquidity Ratio					
Net Asset Value per Share (Taka)	17.68	15.84	15.69	16.67	16.68
Investment to Total Deposit Ratio (%)	87.47	90.32	90.17	85.98	82.77
Debt Equity Ratio (Times)	15.12	15.48	14.61	12.01	10.25
Return on Equity (%)	10.98	10.47	9.14	12.40	10.78
Return on Assets (ROA) (%)	0.67	0.65	0.64	1.02	0.98
Cost/Income ratio (%)	44.17	47.11	51.56	50.17	53.89
Net Profit (Interest) Income Ratio (%)	3.40	3.08	2.93	3.38	3.47
Operating Income Ratio (%)	24.83	22.94	21.77	22.98	19.65
Gross Income Ratio (%)	44.48	43.38	44.93	46.11	42.61
Net Profit (Interest) Income as a percentage of Working Funds (%)	2.82	2.58	2.44	2.73	2.70
Net Income Ratio (%)	7.28	7.38	7.82	12.01	10.67
Cost of Deposit (%)	6.05	6.05	5.60	5.78	6.78
Cost of Fund (%)	8.42	8.31	7.83	8.08	9.53
Return on General Investment (%)	10.07	9.81	9.12	10.06	11.74
Net operating Cash flow per Share (Taka)	9.66	(3.07)	2.50	5.02	(7.50)
Profit Per Employee	2.21	1.91	1.39	1.36	1.10
G. Dividend					
Cash Dividend	5%*	-	-	10%	13%
Bonus Dividend	5%*	10%	10%	5%	-
Dividend Cover Ratio (Times)	1.84	1.73	1.55	1.41	1.35
Market Capitalization	21,842	23,420	25,457	11,020	9,918
H. Shareholders Information					
No. of Share Outstanding (million share)	933.42	848.56	771.42	734.69	734.69
Earnings Per Share (Taka)	1.84	1.58	1.41	2.02	1.76
Number of Shareholders	31,022	34,229	38,782	52,614	63,480
Market Value Per Share (Taka)	23.4	27.60	33.00	15.00	13.50
Price Earning Ratio	12.71	17.51	21.29	7.43	7.67
I. Other Information					
Number of Branches	132	122	113	103	93
Number of Brokerage House	8	8	8	8	8
Number of Employees	2,652	2,395	2,402	2,191	2,156
Number of foreign Correspondents	416	428	410	430	436

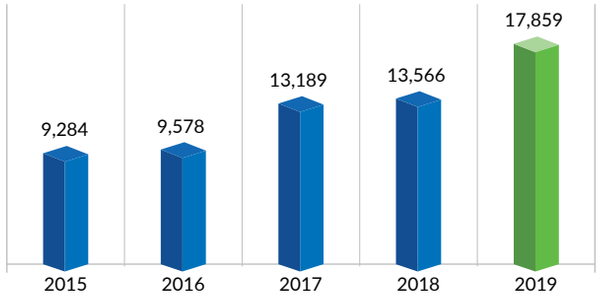
** Proposed by the Board of Directors*

GRAPHICAL PRESENTATION

Financial Position and Financial Performance

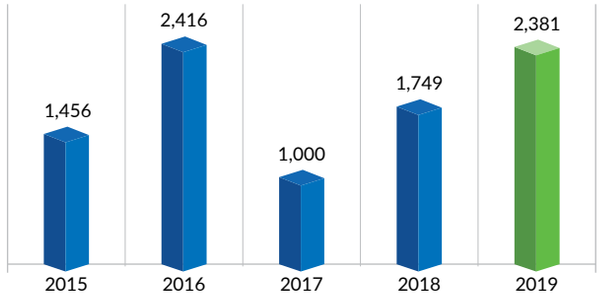
Cash in hand & Balance with BB

BDT Million



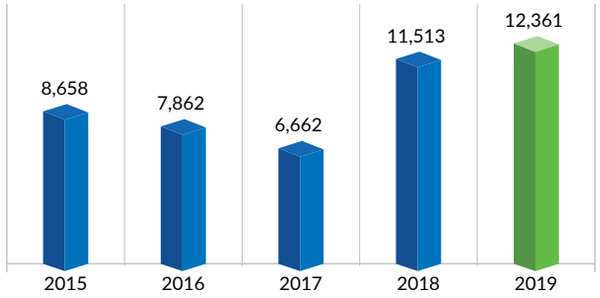
Balance with other Banks and Financial Institutions

BDT Million



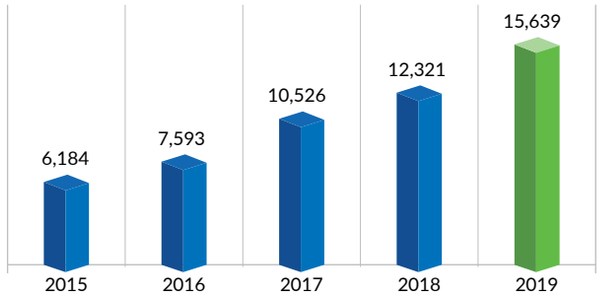
Placement with other Banks & Financial Institutions

BDT Million



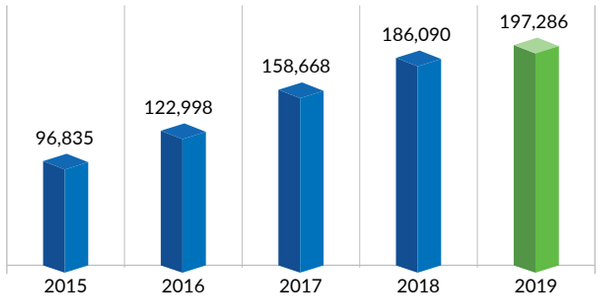
Investments in Shares & Securities

BDT Million



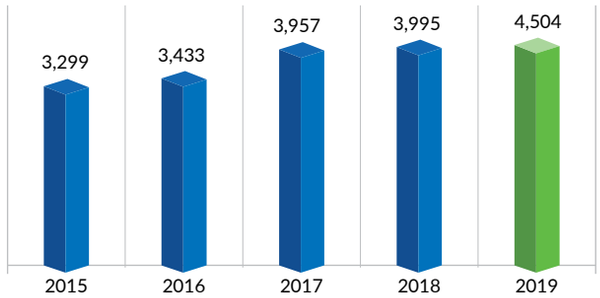
Investments

BDT Million



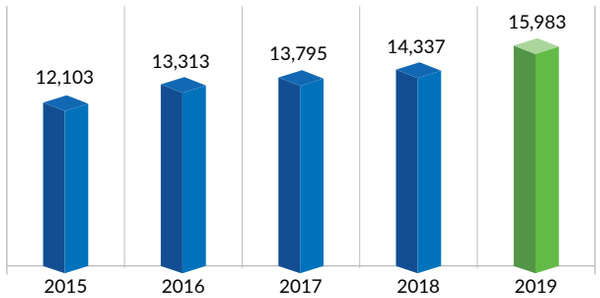
Fixed Assets Including Premises

BDT Million



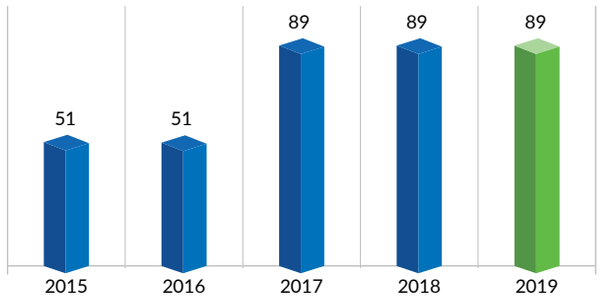
Other Assets

BDT Million



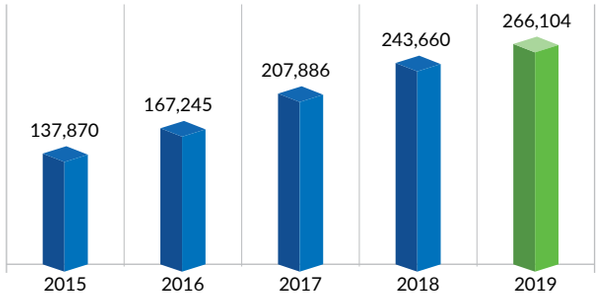
Non Banking Assets

BDT Million



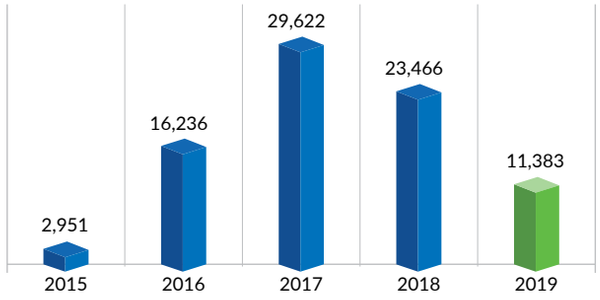
Total Assets

BDT Million



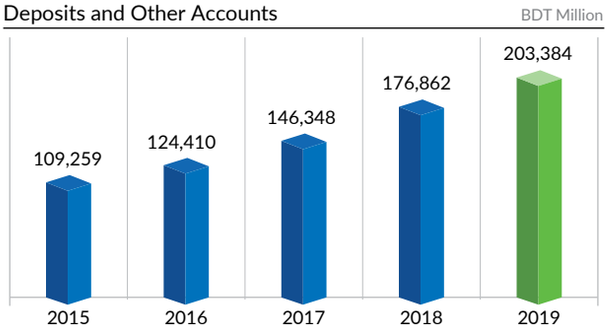
Placement from other Banks & Financial Institutions

BDT Million



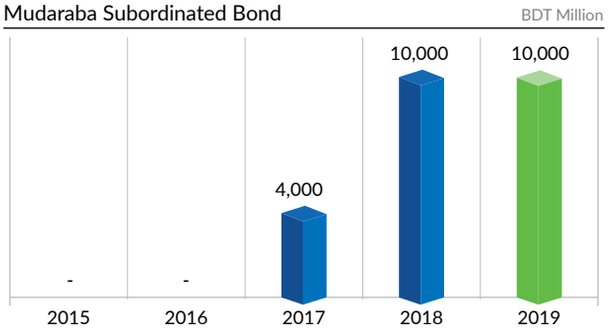
Deposits and Other Accounts

BDT Million



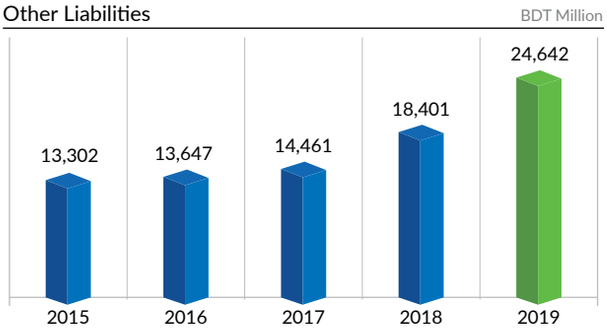
Mudaraba Subordinated Bond

BDT Million



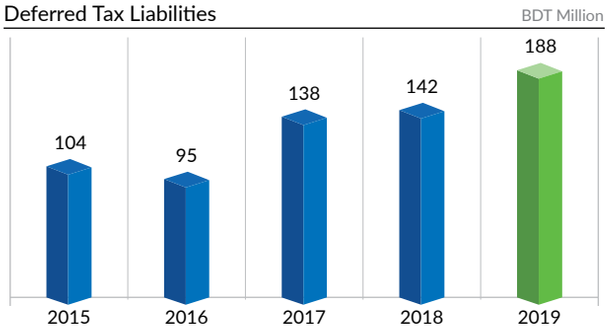
Other Liabilities

BDT Million



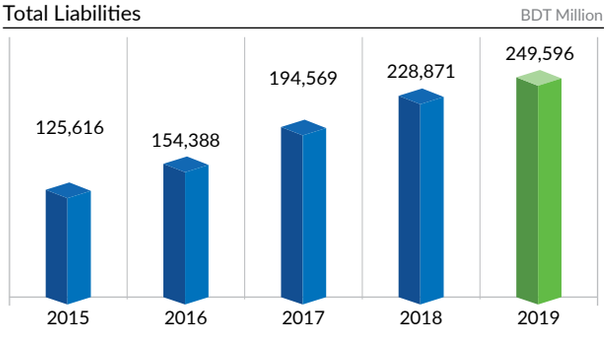
Deferred Tax Liabilities

BDT Million



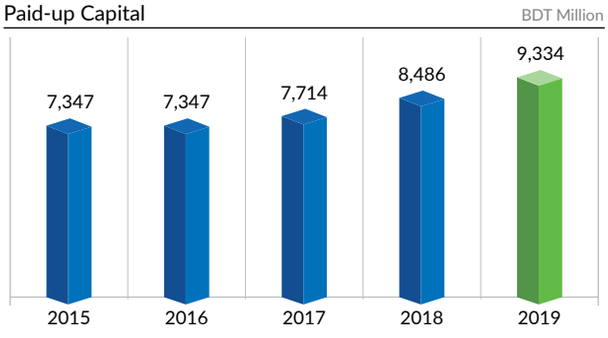
Total Liabilities

BDT Million



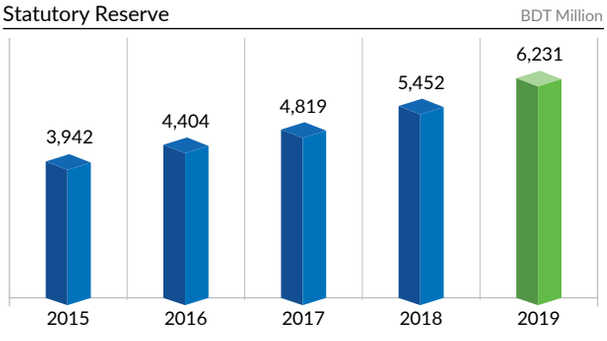
Paid-up Capital

BDT Million



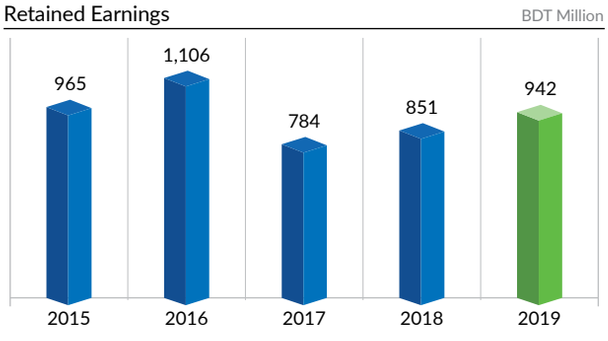
Statutory Reserve

BDT Million



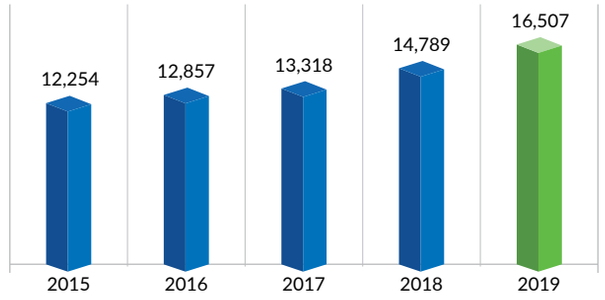
Retained Earnings

BDT Million



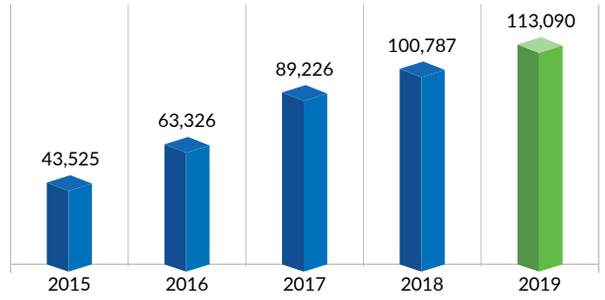
Total Shareholders' Equity

BDT Million



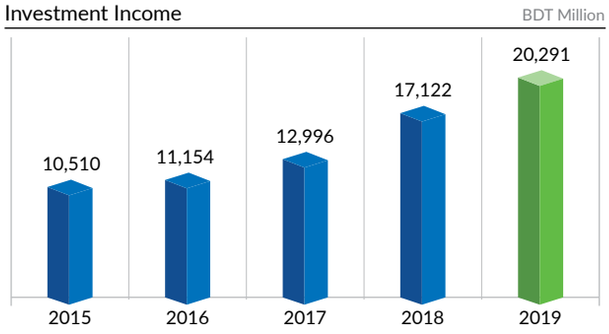
Contingent Liabilities

BDT Million



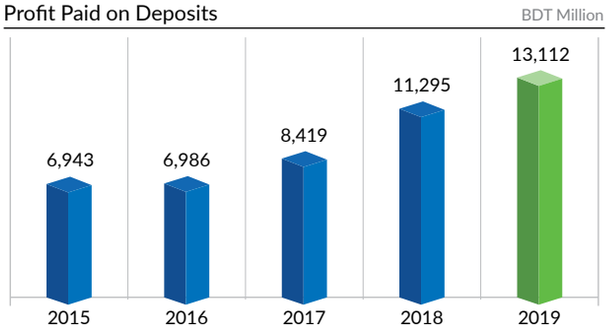
Investment Income

BDT Million



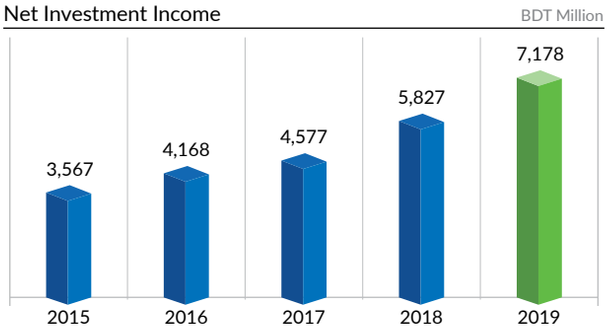
Profit Paid on Deposits

BDT Million



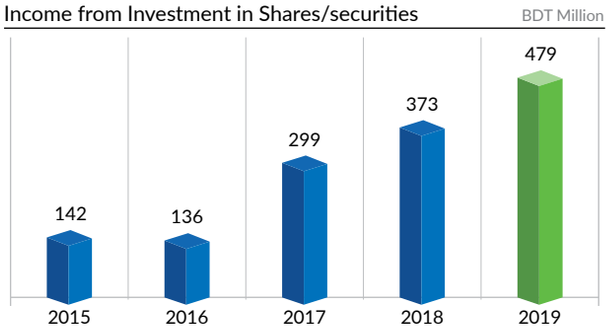
Net Investment Income

BDT Million



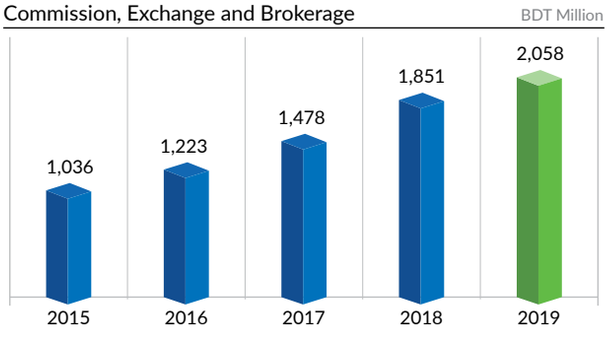
Income from Investment in Shares/securities

BDT Million



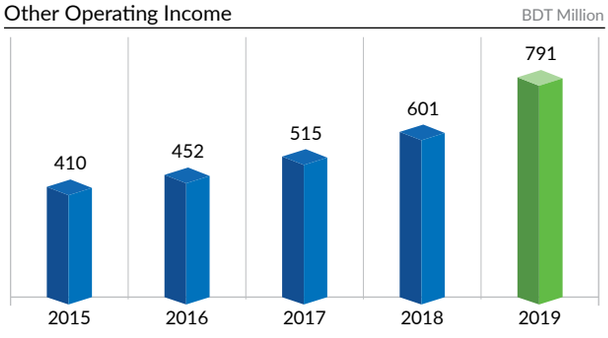
Commission, Exchange and Brokerage

BDT Million



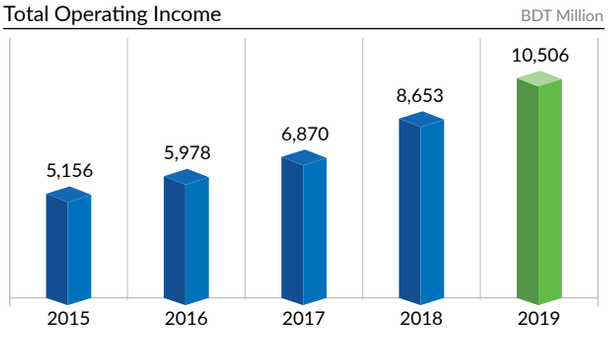
Other Operating Income

BDT Million



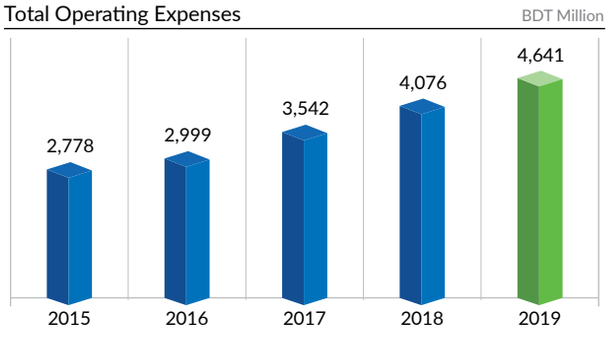
Total Operating Income

BDT Million



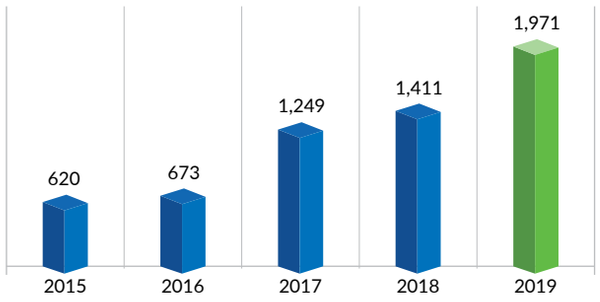
Total Operating Expenses

BDT Million



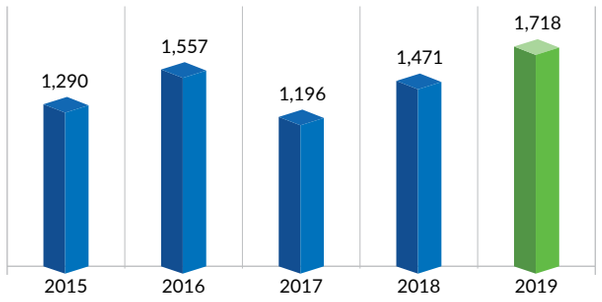
Total Provision

BDT Million

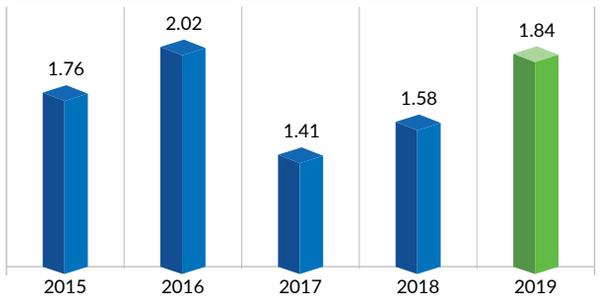


Net Profit after Taxation

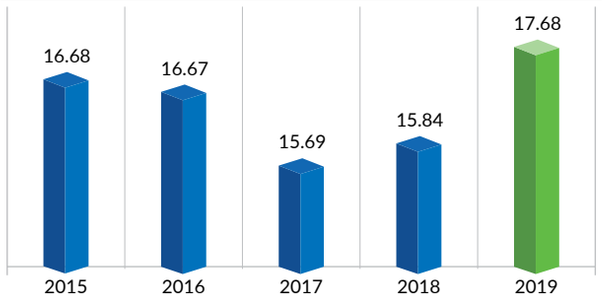
BDT Million



Earnings Per Share (EPS)



Net Asset Value Per Share



HORIZONTAL & VERTICAL ANALYSIS

Horizontal Analysis of Balance Sheet

For the last five years

Items	2019	2018	2017	2016	2015
PROPERTY AND ASSETS					
Cash	**192%**	**146%**	**142%**	**103%**	**100%**
Cash in hand (Including Foreign Currencies)	210%	177%	138%	107%	100%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	190%	142%	143%	103%	100%
Balance with other Banks and Financial Institutions	**164%**	**120%**	**69%**	**166%**	**100%**
Inside Bangladesh	225%	175%	73%	246%	100%
Outside Bangladesh	91%	56%	64%	71%	100%
Placement with other Banks & Financial Institutions	**143%**	**133%**	**77%**	**91%**	**100%**
Investments in Shares & Securities	**253%**	**199%**	**170%**	**123%**	**100%**
Government	280%	214%	171%	131%	100%
Others	196%	167%	168%	106%	100%
Investments	**204%**	**192%**	**164%**	**127%**	**100%**
General Investment etc.	204%	195%	165%	125%	100%
Bills Purchased and Discounted	204%	161%	144%	146%	100%
Fixed Assets Including Premises	**137%**	**121%**	**120%**	**104%**	**100%**
Other Assets	**132%**	**118%**	**114%**	**110%**	**100%**
Non Banking Assets	**174%**	**174%**	**174%**	**100%**	**100%**
Total Assets	**193%**	**177%**	**151%**	**121%**	**100%**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	**386%**	**795%**	**1004%**	**550%**	**100%**
Deposits and Other Accounts	**186%**	**162%**	**134%**	**114%**	**100%**
Mudaraba Savings Deposits	156%	131%	115%	117%	100%
Mudaraba Term Deposits	197%	190%	154%	107%	100%
Other Mudaraba Deposits	169%	138%	113%	120%	100%
Al-Wadeeah Current & Other Deposit Accounts	219%	171%	147%	111%	100%
Bills Payable	376%	247%	216%	149%	100%
Mudaraba Subordinated Bond	**250%**	**250%**	**100%**	**0%**	**0%**
Other Liabilities	**185%**	**138%**	**109%**	**103%**	**100%**
Deferred Tax Liabilities	**180%**	**137%**	**132%**	**92%**	**100%**
Total Liabilities	**199%**	**182%**	**155%**	**123%**	**100%**
Capital/Shareholders' Equity					
Paid-up Capital	127%	115%	105%	100%	100%
Statutory Reserve	158%	138%	122%	112%	100%
Retained Earnings	98%	88%	81%	115%	100%
Total Shareholders' Equity	**135%**	**121%**	**109%**	**105%**	**100%**
Total Liabilities & Shareholders' Equity	**193%**	**177%**	**151%**	**121%**	**100%**

Growth of each component of Balance Sheet of every year calculated based on the amount of 2015 which is representing the value 100%. The value above 100% means positive growth and below 100% means negative growth compared to base year 2015. Consistent growth Assets, Liabilities and Shareholders' Equity represents sustainable balance sheet growth of the bank as a whole. Investment is growing consistently over the periods.

Horizontal Analysis of Profit & Loss Account

For the last five years

Items	2019	2018	2017	2016	2015
Investment Income	193%	163%	124%	106%	100%
Less: Profit paid on Deposits	189%	163%	121%	101%	100%
Net Investment Income	**201%**	**163%**	**128%**	**117%**	**100%**
Income from Investment in Shares/securities	337%	263%	211%	96%	100%
Commission, Exchange and Brokerage	199%	179%	143%	118%	100%
Other Operating Income	193%	147%	126%	110%	100%
	210%	**178%**	**144%**	**114%**	**100%**
Total Operating Income	**204%**	**168%**	**133%**	**116%**	**100%**
Salaries and Allowances	167%	151%	127%	107%	100%
Rent, Taxes, Insurances, Electricity etc.	122%	122%	122%	113%	100%
Legal Expenses	74%	95%	93%	47%	100%
Postage, Stamps, Telecommunication etc.	112%	119%	109%	98%	100%
Stationery, Printings, Advertisements etc.	184%	160%	131%	122%	100%
Chief Executive's Salary & Fees	151%	120%	107%	101%	100%
Directors' Fees & Expenses	123%	104%	122%	104%	100%
Shariah Supervisory Committee's Fees & Expenses	285%	112%	179%	121%	100%
Auditors' Fees	125%	125%	113%	150%	100%
Depreciation & Repairs of Bank's Assets	216%	141%	109%	100%	100%
Zakat Expenses	151%	134%	122%	109%	100%
Other Expenses	212%	161%	153%	106%	100%
Total Operating Expenses	**167%**	**147%**	**127%**	**108%**	**100%**
Profit before Provision	**247%**	**192%**	**140%**	**125%**	**100%**
Specific provision for Classified Investment	362%	347%	207%	111%	100%
General Provision for Unclassified Investment	475%	190%	244%	104%	100%
General Provision for Off-Balance Sheet Items	104%	0%	834%	637%	100%
Provision for diminution in value of Investments in Shares	166%	57%	25%	0%	100%
Provision for Other Assets	0%	0%	360%	69%	100%
Total Provision	**318%**	**228%**	**202%**	**109%**	**100%**
Profit before Provisions for Taxation	**222%**	**180%**	**118%**	**131%**	**100%**
Deferred Tax Expenses	-338%	-33%	-315%	65%	100%
Current Tax Expenses	443%	351%	175%	158%	100%
Net Profit after Taxation	**133%**	**114%**	**93%**	**121%**	**100%**

Growth of each component of Profit and Loss Account of every year calculated based on the amount of 2015 which is representing the value 100%. The value above 100% means positive growth and below 100% means negative growth compared to base year 2015. The Net Investment Income, Operating Expenses and Operating Income of the Bank are growing consistently over the periods. Operating Income increased mainly due to substantial growth of investment income by increasing investment.

Vertical Analysis of Balance Sheet

For the last five years

Items	2019	2018	2017	2016	2015
PROPERTY AND ASSETS					
Cash	**6.71%**	**5.57%**	**6.34%**	**5.73%**	**6.73%**
Cash in hand (Including Foreign Currencies)	12.99%	14.42%	11.60%	12.32%	11.92%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	87.01%	85.58%	88.40%	87.68%	88.08%
Balance with other Banks and Financial Institutions	**0.89%**	**0.72%**	**0.48%**	**1.44%**	**1.06%**
Inside Bangladesh	74.46%	78.74%	57.28%	80.42%	54.18%
Outside Bangladesh	25.54%	21.26%	42.72%	19.58%	45.82%
Placement with other Banks & Financial Institutions	**4.65%**	**4.73%**	**3.20%**	**4.70%**	**6.28%**
Investments in Shares & Securities	**5.88%**	**5.06%**	**5.06%**	**4.54%**	**4.49%**
Government	75.13%	73.05%	68.40%	72.43%	67.92%
Others	24.87%	26.95%	31.60%	27.57%	32.08%
Investments	**74.14%**	**76.37%**	**76.32%**	**73.54%**	**70.24%**
General Investment etc.	92.59%	93.79%	93.51%	91.48%	92.60%
Bills Purchased and Discounted	7.41%	6.21%	6.49%	8.52%	7.40%
Fixed Assets Including Premises	**1.69%**	**1.64%**	**1.90%**	**2.05%**	**2.39%**
Other Assets	**6.01%**	**5.88%**	**6.64%**	**7.96%**	**8.78%**
Non Banking Assets	**0.03%**	**0.04%**	**0.04%**	**0.03%**	**0.04%**
Total Assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	**4.28%**	**9.63%**	**14.25%**	**9.71%**	**2.14%**
Deposits and Other Accounts	**76.43%**	**72.59%**	**70.40%**	**74.39%**	**79.25%**
Mudaraba Savings Deposits	12.17%	11.76%	12.49%	14.88%	14.53%
Mudaraba Term Deposits	40.61%	44.90%	43.90%	36.11%	38.30%
Other Mudaraba Deposits	30.95%	29.08%	28.75%	35.99%	34.11%
Al-Wadeeah Current & Other Deposit Accounts	14.15%	12.65%	13.15%	11.65%	12.00%
Bills Payable	2.13%	1.61%	1.70%	1.38%	1.06%
Mudaraba Subordinated Bond	**3.76%**	**4.10%**	**1.92%**	**0.00%**	**0.00%**
Other Liabilities	**9.26%**	**7.55%**	**6.96%**	**8.16%**	**9.65%**
Deferred Tax Liabilities	**0.07%**	**0.06%**	**0.07%**	**0.06%**	**0.08%**
Total Liabilities	**93.80%**	**93.93%**	**93.59%**	**92.31%**	**91.11%**
Capital/Shareholders' Equity					
Paid-up Capital	56.55%	57.38%	57.92%	57.14%	59.95%
Statutory Reserve	37.75%	36.87%	36.19%	34.25%	32.17%
Retained Earnings	5.71%	5.75%	5.89%	8.60%	7.88%
Total Shareholders' Equity	**6.20%**	**6.07%**	**6.41%**	**7.69%**	**8.89%**
Total Liabilities & Shareholders' Equity	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The percentage (%) of each components of Balance Sheet items refer to the weightage based on total Assets over the periods. Investment to client comprises the maximum weight of Total Assets. In 2019 Investment comprise 74.14% of Total Assets. Customer Deposit comprise the maximum weight of Total Liabilities. In 2019 Customer Deposit comprise 76.43% of Total Liabilities.

Vertical Analysis of Profit & Loss Account

For the last five years

Items	2019	2018	2017	2016	2015
Investment Income	85.91%	85.83%	85.00%	86.04%	86.87%
Less: Profit paid on Deposits	55.52%	56.62%	55.07%	53.89%	57.39%
Net Investment Income	**30.39%**	**29.21%**	**29.94%**	**32.15%**	**29.49%**
Income from Investment in Shares/securities	2.03%	1.87%	1.96%	1.05%	1.17%
Commission, Exchange and Brokerage	8.71%	9.28%	9.67%	9.43%	8.56%
Other Operating Income	3.35%	3.01%	3.37%	3.48%	3.39%
	14.09%	**14.17%**	**15.00%**	**13.96%**	**13.13%**
Total Operating Income	**44.48%**	**43.38%**	**44.93%**	**46.11%**	**42.61%**
Salaries and Allowances	12.33%	13.24%	14.47%	14.49%	14.44%
Rent, Taxes, Insurances, Electricity etc.	1.94%	2.29%	2.97%	3.27%	3.09%
Legal Expenses	0.00%	0.01%	0.01%	0.01%	0.01%
Postage, Stamps, Telecommunication etc.	0.17%	0.21%	0.25%	0.27%	0.29%
Stationery, Printings, Advertisements etc.	0.50%	0.52%	0.55%	0.61%	0.53%
Chief Executive's Salary & Fees	0.08%	0.08%	0.09%	0.10%	0.11%
Directors' Fees & Expenses	0.03%	0.03%	0.05%	0.05%	0.05%
Shariah Supervisory Committee's Fees & Expenses	0.01%	0.00%	0.01%	0.00%	0.00%
Auditors' Fees	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation & Repairs of Bank's Assets	1.27%	0.98%	0.99%	1.07%	1.15%
Zakat Expenses	0.60%	0.62%	0.74%	0.79%	0.77%
Other Expenses	2.72%	2.45%	3.03%	2.48%	2.51%
Total Operating Expenses	**19.65%**	**20.44%**	**23.17%**	**23.13%**	**22.96%**
Profit before Provision	**24.83%**	**22.94%**	**21.77%**	**22.98%**	**19.65%**
Specific provision for Classified Investment	58.89%	79.00%	53.21%	52.96%	51.79%
General Provision for Unclassified Investment	26.66%	14.85%	21.59%	17.11%	17.84%
General Provision for Off-Balance Sheet Items	1.63%	0.00%	20.73%	29.40%	5.01%
Provision for diminution in value of Investments in Shares	12.82%	6.15%	2.99%	0.00%	24.53%
Provision for Other Assets	0.00%	0.00%	1.48%	0.52%	0.83%
Total Provision	**8.35%**	**7.07%**	**8.17%**	**5.19%**	**5.12%**
Profit before Provisions for Taxation	**16.49%**	**15.87%**	**13.60%**	**17.79%**	**14.53%**
Less: Income Tax Expenses	**9.21%**	**8.49%**	**5.77%**	**5.78%**	**3.86%**
Deferred Tax Expenses	2.10%	0.26%	4.82%	-1.17%	-2.89%
Current Tax Expenses	97.90%	99.74%	95.18%	101.17%	102.89%
Net Profit after Taxation	**7.28%**	**7.38%**	**7.82%**	**12.01%**	**10.67%**

The percentage (%) of each component of Profit and Loss Account refer to the weight-age based on total income over the periods. Investment Income comprises the maximum weight of total income. In 2019 Investment Income comprise 85.91% of total income. Profit paid on Deposits comprises the maximum weight of Total Expense. In 2019 Profit paid on Deposits comprise 55.52% of Total Expense.

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.

Corporate Banking

This comprises of investments, deposits, project financing, trade financing and other banking activities/ with Bank's corporate and public sector customers.

Retail Banking

This includes retail investments and deposits, banking services and card business.

SME Banking

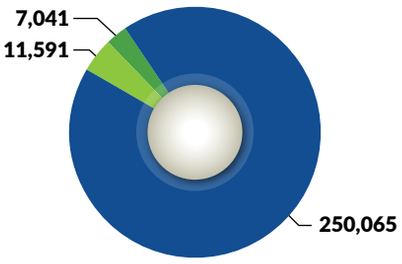
This segment primarily constitutes Small and Medium Enterprise financing activities with individual customers of the Bank.

Treasury

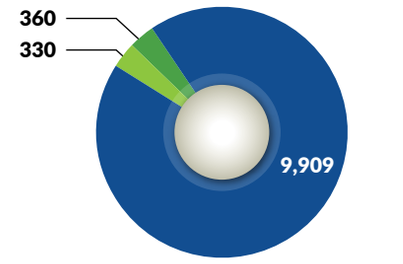
This includes equity, foreign exchange, funding, own position securities and placement with/from others.

Consolidated

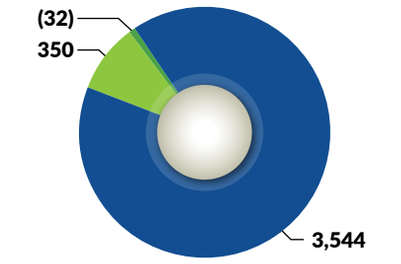
Total Assets Taka Million



Operating Income Taka Million

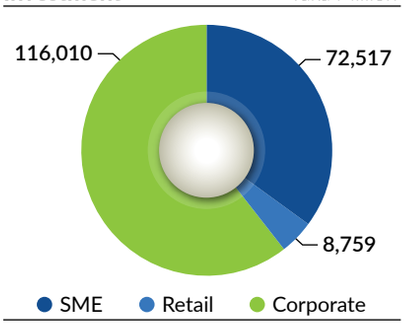


Profit Before Tax Taka Million

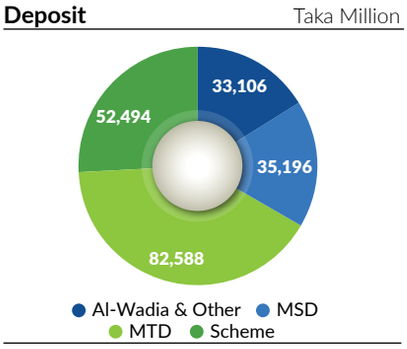


Stand Alone

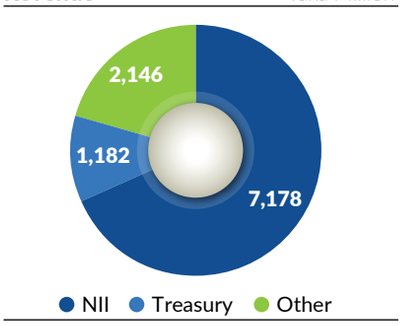
Investment Taka Million



Deposit Taka Million

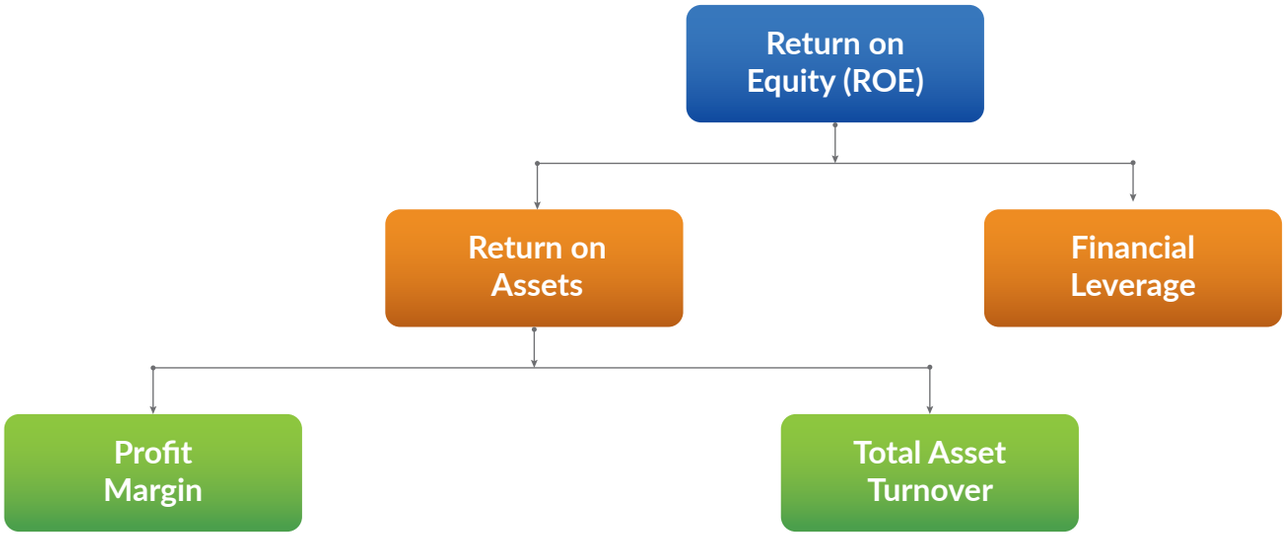


Revenue Taka Million



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 in earnings on its Equity. This analysis, in turn, helps management to take various strategic and operational decisions.



Particulars	2019	2018
Net Profit Margin (PAT/Total Income)	7.28%	7.38%
Total Asset Turnover (Total Income/Average Assets)	9.27%	8.84%
Return on Asset (PAT/Average Assets)	0.67%	0.65%
Financial Leverage (Average Assets/Average Equity) (Times)	16.29	16.07
Return on Equity (PAT/Average Equity)	10.98%	10.47%

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 Investment and for Income Tax over previous year.
2. Asset Turnover in terms of total income shows improvement due to re-pricing of Investments.
3. Financial Leverage shows increasing trends due to higher growth of assets.

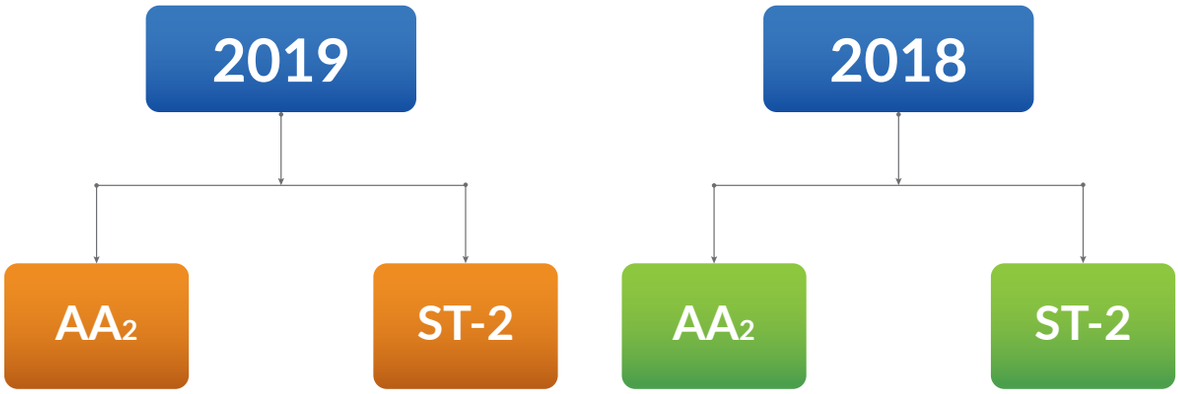
CREDIT RATING REPORT

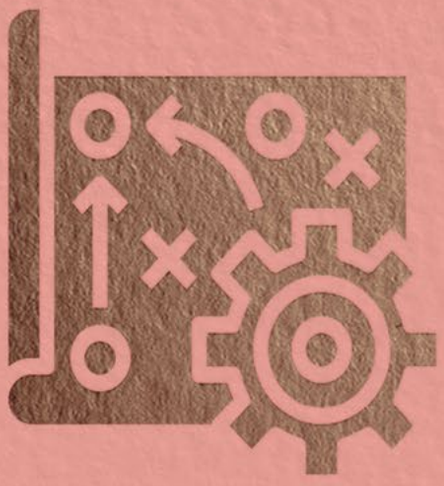
	Long Term	Short Term
Surveillance Rating-2019	AA2	ST- 2
Outlook	Stable	
Date of Rating	25 June 2020	

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 31 December 2019 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





CORPORATE GOVERNANCE

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

EKRAMUL HOQUE
CHAIRMAN

The Audit Committee performs the oversight responsibilities of the Board of Directors of Shahjalal Islami Bank Limited 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. 293 held on 22-01-2020 consisting of the following five members:

Sl	Name of Directors	Position	Education
1	Ekramul Hoque	Chairman	Masters
2	Abdul Halim	Member	BA
3	Mohammed Golam Quddus	Member	Masters
4	K.A.M. Majedur Rahman	Member	Masters
5	Nasir Uddin Ahmed, FCA, FCS*	Member	FCA

** Mr. Nasir Uddin Ahmed, FCA, FCS was included in the place of Mr. Md. Moshiur Rahman Chamak as per decision of 299th Board meeting held on 10 June , 2020.*

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 that 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).
- Consider whether the internal control strategies/structure recommended by the 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 the 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 9 (Nine) meeting in 2019. The 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 10 June 2020 to deal with the Auditors' Report and Financial Statements of 2019, wherein the external auditors of the Bank were also present.

Activities in 2019:

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

- Review the internal audit plan for the year 2019 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 2019 before submission to the Board for approval.
- Review of Anti Money Laundering Rating of all branches for the year 2019.
- 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 2019:

The Audit Committee reviewed and examined the Financial Statements for the year ended 31 December, 2019 prepared by management and audited by the external auditors, M/s ACNABIN, Chartered Accountants, and recommended it to place the same before the Board for approval and the Board on its 299th meeting held on 10 June 2020 approved the same.

Acknowledgment

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

On behalf of the Audit Committee

Ekramul Hoque
Chairman, Audit Committee

STATEMENT OF BOARD OF DIRECTORS ON THE RESPONSIBILITY TO ESTABLISH APPROPRIATE SYSTEM OF INTERNAL CONTROL

'COMPLIANCE FIRST' IS NOT JUST A RHETORIC BUT AN INHERITED AND WELL ESTABLISHED PRACTICE WITHIN THIS ORGANIZATION. DIRECTORS OF SHAHJALAL ISLAMI BANK LIMITED BELIEVE AND MAINTAIN HEALTHY AND EFFECTIVE GOVERNANCE AND METICULOUS COMPLIANCE IN RUNNING ITS BUSINESS.

Proactive and efficient internal control system is the precondition to gain short-term business goal and sustainability in long-term. During the year 2019, severe and ceaseless regulatory pressure to down single digit lending rate coupled with inadequate market liquidity caused the challenge of ensuring effective internal audit and control system. The aggressive marketing for low and no cost deposit by the banks and financial institutions has further hardened the scenario. The Board is cautious on the internal control system of the Bank in order to attain and maintain satisfactory qualitative standard of its investment portfolio. The Board reviews the reports submitted by its Audit Committee regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

The Directors sincerely acknowledge their overall responsibility for the Bank's systems of internal control for establishing sustainability, reliability and perfection. They review the expertise, resources, and independence of the external auditors and the effectiveness of audit process along with the issue of re-appointment on yearly basis. The Board of Directors and its committees comprising of Board members thoroughly assessed all principal risks including but not limited to investment, liquidity, solvency and compliance risks through various reports and early warning indicators so as to ensure that the Bank has in place necessary policies, procedures, systems and controls to mitigate risks that may affect its business objectives, further performance, financial viability and sustainability.

'Compliance First' is not just rhetoric but an inherited and well established practice within this organization. Directors of Shahjalal Islami Bank Limited believe and maintain healthy and effective governance and meticulous compliance in running its business. In full conformity with the regulatory requirements, Directors have made sure that both Corporate Governance & Compliance Framework are forward- looking, ethical and place a heavy emphasis on perfection.

On Behalf of the Board of Directors

Md. Sanaullah Shahid
Chairman

STATEMENT OF BOARD OF DIRECTORS ON SOUNDNESS OF INTERNAL CONTROL SYSTEM

SHAHJALAL ISLAMI BANK LIMITED HAS ESTABLISHED SUCH A SOUND INTERNAL CONTROL SYSTEM THAT ALL THE CONDITIONS OF THE BANK COMPANY ACT 1991 (AMENDED UP TO 2018), THE COMPANY ACT 1994, GUIDELINES/CIRCULARS ISSUED BY BANGLADESH BANK, BANGLADESH SECURITIES AND EXCHANGE COMMISSION (BSEC) AND ALL OTHER APPLICABLE LAWS AND REGULATIONS HAVE BEEN COMPLIED WITH.

Without sound internal control system a bank cannot ensure protection of public money. Therefore, the Directors of Shahjalal Islami Bank Limited has been maintaining sound corporate governance in performing their responsibilities.

Market-oriented business strategy, well-organized policies for internal control system and risk management have been taken properly and risk based internal audit has been accomplished as per the 'Section 15 Kha & 15 Ga of the Bank Company Act 1991 (amended up to 2018)' for ensuring that the bank is appropriately and effectively managed and controlled. The Board has supervised the policies and various parts of businesses to construct an effective internal control principle which is essential for sustainable growth. They have also reviewed the adequacy of accounting records, financial information, risk management and overall internal control process.

Audit Committee informs Board of Directors regarding effectiveness of internal control and compliance system of the Bank on regular basis. The Bank has established such a sound internal control system that all the conditions of the Bank Company Act 1991 (amended up to 2018), the Company Act 1994, Guidelines/Circulars issued by Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) and all other applicable laws and regulations have been complied with. The principal activity of the Audit Committee is to review the internal control system as well as managing the core risk of the Bank. The process for monitoring compliances with laws, regulations and codes of business ethics have been properly reviewed by the Committee. The Audit Committee has reviewed the rectification initiatives undertaken by Top Management regarding all types of deficiencies. All reports related to compliance have been properly presented before the Board of Directors.

On Behalf of the Board of Directors

Md. Sanaullah Shahid
Chairman

CORPORATE GOVERNANCE REPORT

SHAHJALAL ISLAMI BANK LIMITED IS COMMITTED TO FAIR DEALING IN ITS ALL 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 IS GROWING FROM THE BEST FOUNDATION.

Corporate Governance

Corporate Governance can broadly be viewed as protection of investors' interests through a sound risk management system which also includes process, laws, customs and policies to nurture the relationships among all stakeholders involved and the goals for which the company is governed. Corporate Governance norms for the banking and financial sector has come into focus following the global economic meltdown triggered by the collapse of the world's leading financial giants in the early 21st century. In contemporary business company, the main external stakeholder groups are shareholders, debt holders, 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. Compliance with Laws and Regulations, Transparency, Accountability, Honesty etc. are the core elements of Corporate Governance.

Corporate Governance Practices in Shahjalal Islami Bank Limited

Shahjalal Islami Bank Limited is committed to fair dealing in its all 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 is growing from the best foundation. With a view to ensure Corporate Governance, responsibilities and authorities among the Board of Directors including its Chairman, Management and Managing Director have been well demarcated.

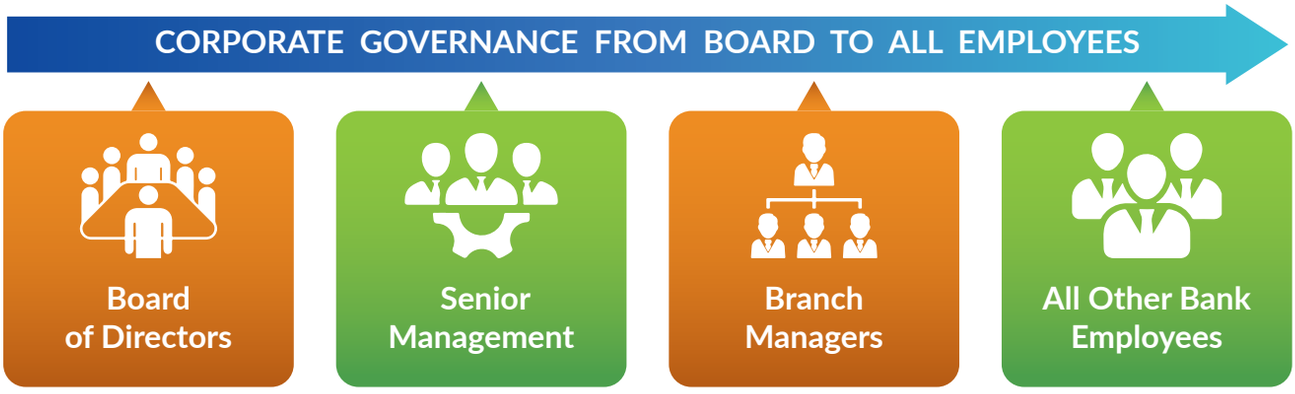
Shahjalal Islami Bank Limited (SJIBL) is guided in its Corporate Governance practices mainly by two regulatory bodies:

Bangladesh Bank (Central Bank of Bangladesh)

Bangladesh Securities and Exchange Commission (BSEC)

Board of Directors, Chairman and CEO

Corporate Governance (CG) Structure



The Board of Directors of SJIBL is the top supervisor to monitor Bank's Corporate Governance followed by the Senior Management of the Bank, the second line in command. Primarily, Branch Managers are responsible to maintain the core values of Corporate Governance as Head of Business Centers by proper supervising all employees of the bank. Any violation in Corporate Governance is treated seriously by the Board of Directors of the Bank.

Structure of the Board

The Board consists of Twenty Non-executive Directors including Three Independent Directors excluding the ex-officio Managing Director. The number of Board members is within the limit set by Bank Company Act 1991 (amended up to 2018) and BSEC notification on Corporate Governance Code.

Appointment of the Directors

The Bank complied mainly with following guidelines for appointment of Directors in addition to other relevant matters:

While appointing new Directors, SJIBL emphasizes the mix of knowledge, skill, experience and perception. The Directors are elected by the shareholders in the Annual General Meeting and appointed by the Board of Directors and all appointments of the Board members are made subject to approval of Bangladesh Bank. In case of nomination, removal and causal vacancy, the Bank follows all relevant rules and regulations.

Rotation and Retirement of Directors

As per the provisions of the Section 91 of the Company Act 1994 and Section 79-87 of Schedule I of the Act and the Clause 20.12 & 20.13 of Articles of Association of the Bank one third of the Directors or if their number is not multiple of three then the number nearest there to shall retire from office in every subsequent year and shall be eligible for re-election. Accordingly, the respective Directors of SJIBL will retire and will be eligible for reappointment in the 19th Annual General Meeting.

List of the Directors who retired during 01-01-2019 to 31-12-2019

SL	Name of the Director	Designation
1	Mr. Shams Uddin Khan, Representative of Shams Uddin Khan & Harun Miah Ltd.	Nominee Director
2	Mr. Mosharraf Hossain Chowdhury	Independent Director
3	Mrs. Farida Parvin Nuru	Independent Director
4	Mr. Khorshed Alam Khan, Representative of Daffodils Trading International	Nominee Director

List of the Directors who appointed and re-appointed during 01-01-2019 to 31-12-2019

SL	Name of the Director	Designation	Remarks
1	Mr. Md. Harun Miah, Representative of Shams Uddin Khan & Harun Miah Ltd.	Nominee Director	Appointed
2	Mr. Ekramul Hoque	Independent Director	
3	Mr. K.A.M. Majedur Rahman	Independent Director	
4	Dr. Anwer Hossain Khan	Director	Retired & Re-appointed
5	Mr. Md. Sanaullah Shahid, Representative of Electra International Ltd.	Nominee Director	
6	Mr. Md. Abdul Barek	Director	
7	Mrs. Shahan Ara Begum	Director	
8	Mr. Md. Moshiur Rahaman Chamak, Representative of Fresh Export Import Ltd.	Nominee Director	

Non-Executive Directors

Non-Executive Director means a Director, who does not hold any position in the Bank other than being a member of the Board and its Committees. All the Directors of SJIBL including the Chairman are Non-Executive Directors except the Managing Director. Dominance of Non-Executive Directors ensures separation of management from owners which are an important matter for Corporate Governance.

Independent Directors

In compliance with the Corporate Governance Code issued by BSEC, Bank Company Act 1991 (amended up to 2018) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 3 (three) 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.

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 involved in the matter of formulation of general strategies of the Bank. But they do not 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.

Independent Directors' Independence

Participation of Independent Directors in the Board is considered as an important element of good governance. Independent Directors exert an independent view on the policies and decisions of the Board and emphasize that the policies and decisions are for the best interest of the whole Bank.

Independent Directors are not required to have any significant relationship with the Bank, its Top Management and the Board apart from receiving Directors' remuneration for attending Board or its Committee Meeting. In order to comply with regulatory requirement, SJIBL appoints Independent Directors who do not hold any share of the Bank.

Board Meetings and Attendance

Number of Meeting Conducted by the Board of SJIBL in the Year of

2019 = 19 (Nineteen)

The Board of Directors is supposed to hold meetings usually once or twice in a month but emergency meetings can be called at anytime. 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. The Company Secretary as per instruction of the Chairman of the Board of Directors takes necessary steps to arrange regular Board Meetings throughout the year, confirming minutes of meetings, record decisions and the views of individual Directors.

Directors' Remuneration

The Board Members receive only a routine amount of money as honorarium for attending the Board or Committee Meeting. Honorarium given to the Directors are properly disclosed in the note to the financial statement and related money receipts are preserved duly.

Policy on Training of Directors

Most of the Directors of the Bank are renowned businessmen. They have acquired enough knowledge and expertise to lead the Bank to ensure Corporate Governance. They are made aware of latest legislations and guidelines of regulatory bodies by the Management of the Bank. They also attend various seminars and symposiums mainly relating to different national and international banking & business issues organized by world class professional bodies at home and abroad. They are instantly intimated with updated banking laws and regulations.

Directors' Knowledge and Expertise in Finance and Accounting

Two of the Independent Directors served previously as Managing Director in different banks. One Independent Director is a Chartered Accountant. Their expertise in banking & finance is a true value addition to the Bank. One of the Directors held PhD and presently an honorable Member of the Parliament of Bangladesh. Some other Directors are CIP and they are having enough knowledge and expertise in the field of Business & Commerce. One of our respected directors is an ex-President of highest Business forum FBCCI. Remaining other Directors are also either successful business entrepreneurs or professionals. They are well conversant in economics, business and banking related issues.

Roles and Responsibilities of the Board of Directors

As prime policy and decision maker of the Bank, Board of Directors of Shahjalal Islami Bank performs the followings:

- Defining the Company's strategic objectives;
- Providing entrepreneurial leadership for the company;
- Creating value for shareholders;
- Protecting the interests of all Stakeholders including Depositors;
- Ensure that the necessary financial and other resources are available to enable the company and the Board to meet these objectives;
- Appointment of Managing Director and fixation of his benefits;
- Determine the objective and goals of the Bank, annual business plan of the Bank, key performance indicators for the Managing Director
- Ensure efficiency of operational activities of the Bank,
- Making decision on purchasing of any property of the Bank.
- Set internal control procedure and capital plan,
- Reviewing management initiatives for risk management.
- Charity for social or public welfare related activities.
- Approving policies and taking policy decisions for improvement of operations.
- Ensure compliance of the laws & regulations, CG, financial transparency, CSR activities and appointment of auditor etc.

Responsibilities of the Chairman of the Board

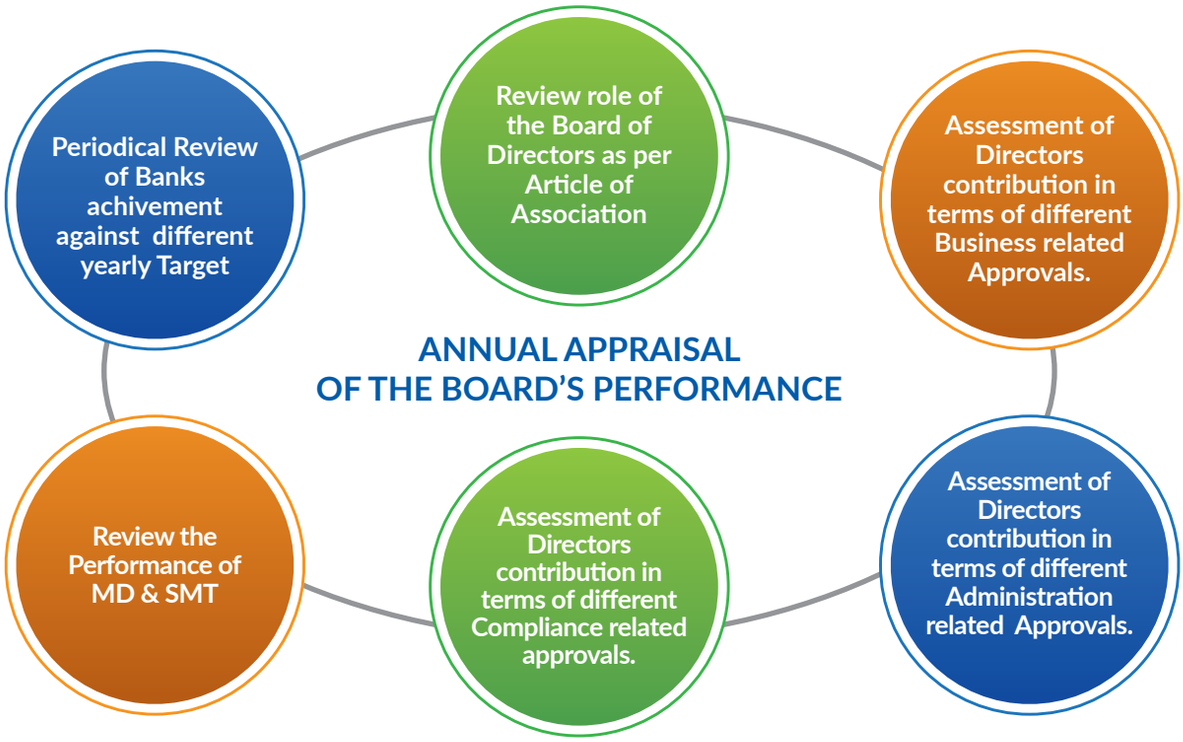
The Chairman of the Board of Directors does not personally possess the jurisdiction to apply policy making or executive authority. He doesn't participate in or interfere into the administrative, operational and routine affairs of the Bank. Major responsibilities of the Chairman are as under:

- Lead the Board in determination of its strategy and achievement of its objectives.

- Organizing the business of the Board, ensuring its effectiveness and setting its agenda.
- Ensuring discussion of all key issues by the Board of Directors in a timely and constructive manner.
- Ensure non-intervention of any Director in the routine affairs of the Bank.
- Signing minutes of Board meeting for formal confirmation.
- Ensure compliance with CG requirements of regulatory bodies.

Annual Appraisal of the Board's Performance

The Board's performance is greatly dependent on the evaluation of their voters and responsibilities set by the regulatory bodies and assessed how efficiently and effectively they are fulfilled by the Board.



At Annual General Meeting (AGM), shareholders freely and critically evaluate the performance of the Board through financial position and performance of the Bank and its 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
- Earnings per Share etc.

The attendance of Directors and their active participation in the meeting on various agenda is also confirmed in every Board meeting which is duly communicated to the shareholders during AGM.

Compliance with Best Practices on Corporate Governance

The status of compliance of corporate governance guidelines issued by Bangladesh Bank has been presented in page no. 283-291 and the compliance of code issued by BSEC has been presented in page no. 273-282. Howlader Maria & Co., Chartered Accountants, duly certified the compliance status of Corporate Governance code and issued a report which is presented in page no. 271.

Accountability, Audit and Financial Reporting

It is SJIBL's Board of Directors who performs their utmost 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, Annual Report, quarterly and half yearly announcement of financial statements of the Bank to the

shareholders. The Audit Committee of the Board assists in this respect by scrutinizing the information to be disclosed in order to ensure accuracy, adequacy, transparency and perfection of the disclosed information.

Related Party Transactions

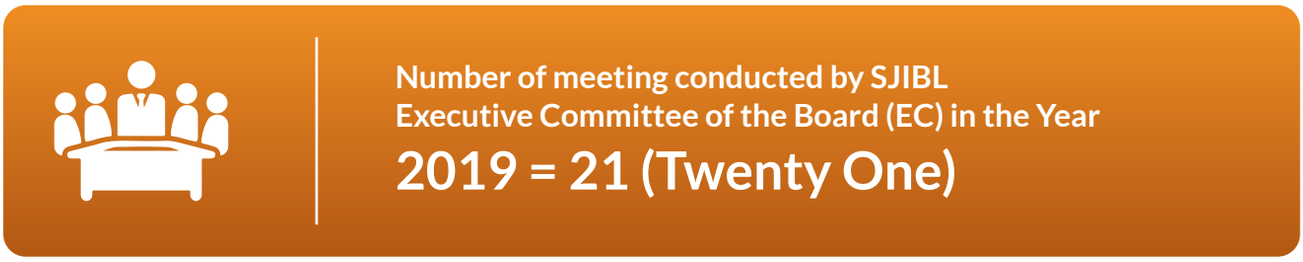
As per CRM Guideline of Bangladesh Bank, Related Party Transaction means if any business of any Director has obtained investment from the bank where he is already Director. It is determined based on Directorship and Banks' subsidiaries. Following is ensured in such case:

- Report such Related Party Transaction to Bangladesh Bank in prescribed format on quarterly basis.
- Reviews related party transaction by the Audit Committee to ensure compliance and keep the Board informed time to time.
- Approval by the Board of Directors' for re-scheduling of investment given to any Director or his sister concern.
- The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis.
- No preferential treatment is extended to the Directors and their related parties in any case.

Board Committees & their Responsibilities

The Board formed an Executive Committee, an Audit Committee and a Risk Management Committee complying the 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 comprised with the renowned Islamic scholars of the country to look after the Shari'ah matters and gives suggestions to the management on Shari'ah issues.

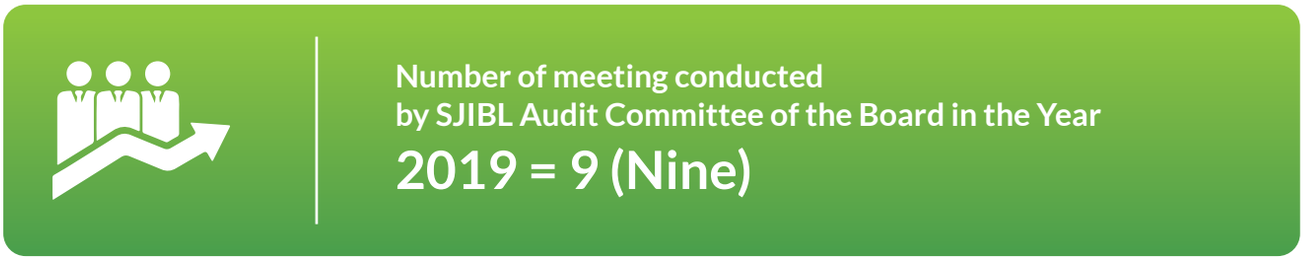
Executive Committee (EC) of the Board



Regarding approval authority it is said that where Management power to authorize ends, EC power starts right there. The Executive Committee (EC) performs the following responsibilities:

- Reviewing the policies and guidelines issued by Bangladesh Bank regarding Investment and other operations of the banking industry.
- Ensures the implementation of policies and guidelines through the Management.
- Taking all necessary decisions and approving issues within the power delegated by the Board.

Audit Committee of the Board



Composition of the Audit Committee

An Audit Committee was constituted by the Board in compliance with the relevant provisions contained in BRPD Circular No.11 dated 27 October, 2013 of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/

Admin/80 on Corporate Governance Code, dated 3 June 2018. The Audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

Chairman of the Audit Committee

Mr. Ekramul Hoque, an Independent Director of the Bank, is the Chairman of the Audit Committee of the Bank. He has no scope to participate in day to day operations of the Bank. He is a renowned ex-banker and is qualified enough to honor the post of Chairman of the Audit Committee. He completed M.A. in Economics from the University of Dhaka. Mr. Ekram has contributed a lot for the banking sector and economy of Bangladesh. He had also served as Managing Director of Al-Arafah Islami Bank Limited (AIBL) from 2010 to 2013. During this time he had succeeded to turn AIBL into a dynamic Shariah compliant bank by dint of his most dynamic leadership skill. Prior to that, he had also worked in Uttara Bank Limited, National Bank Limited and Export Import Bank of Bangladesh Limited.

Qualifications of Members of the Audit Committee

The members of the Audit Committee are qualified with having several years of experience in banking and financial sector. They are also very competent. Mr. K.A.M. Majedur Rahman is a member of Audit Committee. He did his Master Degree from the University of Dhaka. He was the former Independent Director of Lanka Bangla Finance Limited. He had also worked as Managing Director of Dhaka Stock Exchange Limited and Premier Bank Limited. Besides, he was the Country Head of Bank Alfalah Limited, a foreign Bank in Bangladesh. Other three members of the Audit Committee are Mr. Abdul Halim, Mr. Mohammed Golam Quddus and Mr. Nasir Uddin Ahmed. While Mr. Abdul Halim is the Chairman of Halim Group and many other business concerns, Mr. Mohammed Golam Quddus is Representative of Anwer Khan Modern Hospital Ltd. He is an ex-secretary of the government of Bangladesh and Mr. Nasir Uddin Ahmed, renowned Chartered Accountant was also a board member of South Asian Federation of Accountants (SAFA).

Accessibility of Head of Internal Control and Compliance Division to Audit Committee

The Head of Internal Control and Compliance Division is well empowered to have direct access to the Audit Committee. He has authority to raise his concerns whenever he feels it necessary. Besides, he presents related memos to the Audit Committee for taking decisions.

Role of Audit Committee of the Board:

- Oversee the financial reporting process.
- Monitor accounting policies and principles.
- Monitor Internal Audit & Compliance process.
- Review hiring and performance of external auditors.
- Holding meetings with external auditors, whenever required.
- Review of quarterly and half yearly Financial Statements.
- Review the adequacy of internal audit function.
- Review statement of all related party transactions.
- Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- Oversee the determination of audit fees and evaluate the performance of external auditors.
- Be accountable to the Board of Directors for all responsibilities as mentioned above.

Mentionable that the Chairman of the Audit Committee of the Board is an Independent Director who performs his duties with full freedom while the Company Secretary acts as co-coordinator.

Risk Management Committee (RMC) of the Board

Number of meeting conducted by SJIBL Risk Management Committee (RMC) of the Board in the Year

2019 = 06 (Six)

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 Risk Management Committee:

- Reviewing the risk management process to ensure preventive measures;
- Ensure adequate organizational structure for managing all core risk of the bank
- Supervise of management level committees formation to ensure monitor of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication technology risk including other risk related guidelines;
- Reviewing risk management policies & guidelines annually;
- Approve adequate record keeping & reporting system of the bank;
- Monitor proper implementation of overall risk management policies.

Detailed role and responsibilities of the Committee is available in the "Report of the Risk Management".

Nomination and Remuneration Committee (NRC)

As the Bank is restricted by Central Bank to have more than three sub-committees of the Board, there is no Nomination and Remuneration Committee in the Bank. However, the Board oversees the recruitment and remuneration process of the employees by reviewing various policies like HR policies, recruitment and promotion policies, pay scale etc. The Board of Directors evaluate if remuneration contribute to the value creation of SJIBL in short, medium and long term.

Shariah Supervisory Committee of the Bank

Number of meeting conducted by SJIBL Shariah Supervisory Committee in the Year

2019 = 5 (Five)

A Shariah Supervisory Committee of the Bank has been constituted to oversee the Shariah compliance related issues. The Shariah Supervisory Committee of the Bank consists of prominent ulamas, 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.

Directors' Shareholding Status

Minimum Share Holding Requirement for Eligible Directors Individually = 2%
Jointly by all sponsors/promoters and directors = 30%

In compliance with BSEC Notification No. BSEC/CMRRCD/2009-193/217/Admin/90 on Corporate Governance Code dated 21 May 2019; all the eligible directors (other than independent directors) of SJIBL have been holding required percentage of shares individually as well as jointly. Board of Directors of SJIBL monitor and ensure the compliance without any violation.

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 Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code dated 03 June 2018, the functional responsibilities of the Chairman of the Board and the Managing Director are kept separate and independent of each other which SJIBL maintain meticulously. The Board of Directors of the bank has appointed Mr. Sanaullah Shahid as the Chairman of the Board of Directors and Mr. M Shahidul Islam as the Managing Director & CEO of the Bank.

Appointment of Chief Executive Officer (CEO)

Board of Directors is responsible to appoint an honest, proficient, experienced and suitable Chief Executive Officer or Managing Director for the Bank in compliance with the relevant circular and rules of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 through Corporate Governance Code, dated 3 June 2018. Appointment of Chief Executive Officer (CEO) is made final only after obtaining NOC from Bangladesh Bank.

Roles and Responsibilities of the Managing Director /CEO

The Managing Director/CEO is responsible for running the business and for formulating and implementing strategy and policy. He is also responsible for overall control of the company on day to day basis and is accountable to the Board for the financial and operational performance of the company. His major responsibilities as CEO are as follows:

a) To remain accountable for achievement of financial and other business targets.

b) To ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations.

c) Report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.

d) Recruitment and promotion of all staff of the Bank, except those in the two tiers below him (CEO).

e) To give all types of approval within business delegation power with full responsibility.

In addition, the authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules.

Annual Evaluation of Performance of the CEO by the Board

Chairman along with the Board of Directors is supposed to evaluate performance of the CEO on annual basis. The Board of Directors of SJIBL has clearly defined and approved the roles, responsibilities and duties of Managing Director or CEO. The Board makes 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. Financial parameters usually brought under consideration are as follows:

- Growth of Investment & Deposit.
- NPI Ratio.
- Cost to Income Ratio.
- Recovery from NPI & Written Off Investment.
- Capital to Risk Weighted Assets.

In addition, the Board of Directors also takes into consideration marketing skill and client hunting capability of the MD & CEO in competitive banking industry.

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

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

The Board 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 and Company Secretary of the Bank attend the meetings of the Board of Directors, provided that CFO and/or CS do not attend such part of a meeting which involves consideration of an agenda relating to their personal issues matters.

Internal Control and Risk Management

Internal Control

The Board of Bank ensures maintenance of a sound system of internal control to safeguard bank's assets. The Board through its Audit Committee conducts an annual review and evaluates effectiveness of the system of Internal Control of the Bank.

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 guidelines are provided to improve the system.

SJIBL has also strengthened and segregated its Internal Control and Compliance Division (IC&CD) into three separate units as mentioned below chart based on the relative guidelines framed by Bangladesh Bank. The division is independent and carries out its assignment independently with objectivity and impartiality.

External Audit

The external auditors are appointed by the shareholders with the recommendation of the Board of Directors. They mainly deal with key areas of significant risk in the financial statements as well as significant qualitative aspects of the same. SJIBL external Auditors covered more than 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 No. 7 of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, M/S. ACNABIN, Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2019:

- Appraisal or valuation services.
- Financial information system design and implementation.
- Book keeping or other services related to accounting records or financial statements.
- Broker-dealer services and Actuarial services.
- Internal audit services or special audit services.
- Audit/ certification services on compliance of corporate governance.
- Any other service determined by the Audit Committee.

Emphasis on Audit & Inspection by the Central Bank

Bangladesh Bank conducts comprehensive inspection of the Bank every year. The reports are submitted to the Board and its Audit Committee for necessary information. The Bank gives utmost importance to the inspection report and actions are taken regarding the gaps or lapses mentioned in the report.

After inspection, Bangladesh Bank submits a Comprehensive Inspection Report to the competent authority of the Bank regarding compliance status. After being informed, Board of Directors may recommend future steps for the benefit of the Bank. The AGM is usually scheduled after inspection of Bangladesh Bank. The Central Bank also carries many other audits throughout the year.

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 2019 have been presented in this annual report.

a) Investment Risk Management

The investment risk management function of the Bank 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.

Besides, the Bank addresses the Investment Risk Management 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

SJIBL has organizational structure and Foreign Exchange Risk Management Policy as per Guidelines of Bangladesh Bank. 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 is monitored 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) of SJIBL consisting of Senior Executives is mainly responsible for managing Asset Liability risk. The key agenda of Asset Liability Management Risk is liquidity position, pricing, risk related to the Balance Sheet, maintaining CRR & SLR, Economic outlook & Market status and rate of profit. For managing Balance Sheet risk properly, the Bank has already prepared a policy of Asset Liability Management according to the guidelines of Bangladesh Bank.

d) Money Laundering Risk Management

Money Laundering Risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Shahjalal Islami Bank Limited has been taking preventive measures against money laundering and terrorist financing in line with the amended Money Laundering Prevention Act 2012 (amended in 2015), amended Anti Terrorism Act 2013 and guidelines issued by the Bangladesh Bank from time to time.

e) Internal Control & Compliance Risk Management

Banking industry 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 guidelines framed by Bangladesh Bank and each unit is responsible for ensuring compliance in their own way.

f) ICT Risk Management

Managing ICT risk is an element of sustaining a secure environment, detailed process of identifying factors that could damage or disclose data, evaluating those factors in light of data value and counter -assure cost and implementing cost-effective solutions for mitigating or reducing risk. For effective management of ICT risk, SJIBL has already formulated a Policy Guideline. Moreover the Bank has been arranging internal IT audit and training on IT operations on regular basis.

g) Liquidity Risk Management

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they become due. SJIBL maintains diversified and stable funding base comprising of retail, corporate and institutional deposits. The principle responsibility of the liquidity risk management of the Bank rests with Treasury Division which maintains liquidity based on historical requirements, current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity and present & planned capital position.

Ethics and Compliance

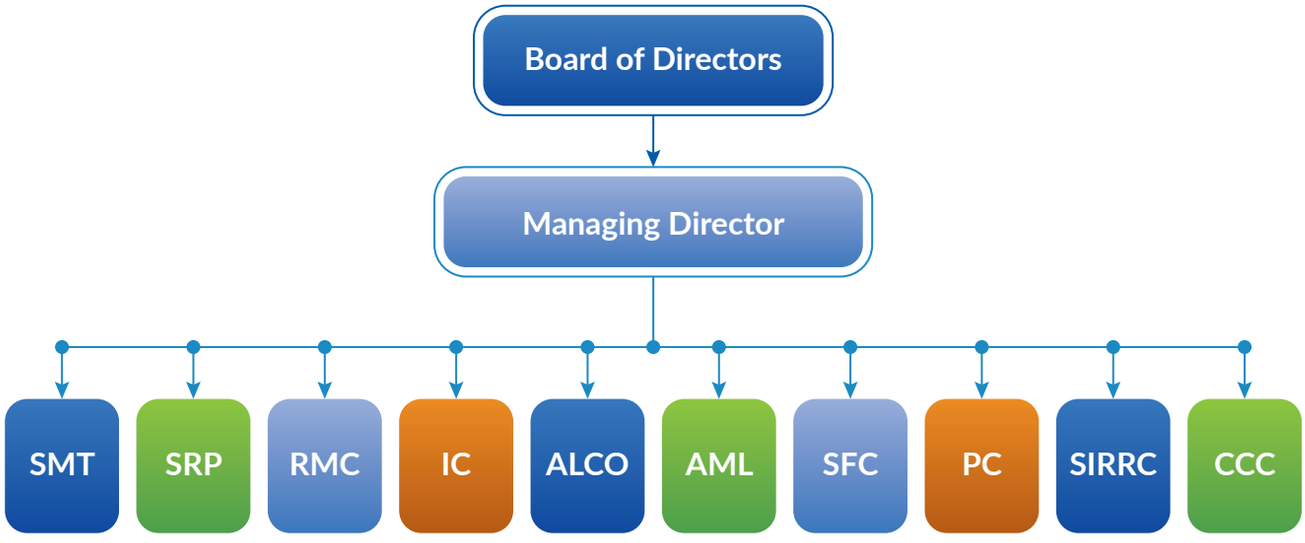
Code of Ethics for Company Employees

For eminent 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 strict compliance. By no means, any 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 or her personal interest.

Management Committee and their responsibilities

Management Committees

In an effective Corporate Governance structure, Bank management has a collective mandate under the leadership of Managing Director to carry out daily operations to the best interest of the shareholders. Apart from general segregation of functional departments, SJIBL formed a number of committees with a view to support the management in carrying out banking operation smoothly. The Committees areas under:



The following Committees are now functioning in Shahjalal Islami Bank Limited:

i) Senior Management Team (SMT)

A Senior Management Team (SMT) is working in the Bank which is composed of senior members of the Management Team. Senior Management guide the Bank for the sound and prudent day-to-day management. The decision making process of senior management is transparent and designed to promote proactive management culture.

ii) Supervisory Review Process (SRP) team

SRP team, headed by the Managing Director of the Bank, is comprised of the divisional heads of ID, IRMD, ICCD, Treasury, Legal Affairs, FAD, RMD and AMLD. The main function of the team is to assess additional capital requirement for the risks under pillar II of BASEL- III. SRP Team also ensures that all documents related to Internal Capital Adequacy Assessment Process (ICAAP) is prepared and submitted to Bangladesh Bank duly.

iii) Risk Management Committee (RMC)

RMC, headed by the Chief Risk Officer, is comprised of the divisional heads of IRMD, ICCD, AMLD, IT, Treasury and FAD. Risk Management Division (RMD) acts as the secretariat of the committee. The functions of RMC are to identify measure and manage the Bank's existing and potential risks through detailed risk analysis; to determine risk appetite, tolerance and limits in line with strategic planning and also to formulate risk policies for business units.

iv) Investment Committee (IC)

Investment Committee (IC), headed by the AMD of the Bank discusses all critical investment proposals which need SMT consent for formal approval. IC discusses only those investment proposals that need special attention of the Top Management of the Bank prior to approval. IC might also discuss with critical restructure of investment in its meeting.

v) Asset Liability Management Committee (ALCO)

Asset Liability Management Committee consists of the Managing Director, Additional Managing Directors and strategically important Divisional Heads at of Head Office. The Treasury Division manages market risk covering liquidity, profit rate and foreign exchange risks with recommendation from Asset-Liability Management Committee (ALCO).

vi) Anti-Money Laundering (AML) Committee

Anti-Money Laundering (AML) and Combat Financing of Terrorism (CFT) are getting added importance day by day. All issues relating to AML and CFT are managed and monitored by the Bank. As required by the regulatory authority, this committee has been working on these issues in the Bank. AML Committee also guides the Management so that all employees get training on Anti Money Laundering at least once a year.

vii) Sustainable Finance Committee (SFC)

Sustainable Finance Committee is mainly responsible to ensure compliance of overall Green Banking activities of the Bank. Formation of this committee is a Bangladesh Bank's regulatory requirement. Sustainable Finance Unit (SFU) of the Bank reports this committee on improvement of Green Finance in the Bank time to time.

viii) Procurement Committee (PC)

The procurement policy of SJIBL is designed to ensure that the purchase of all goods services and works done in efficient and objective manner. The main objective of this Committee is to ensure transparency in all tenders. SJIBL has already E-Tender system which assists in neutral judgment. Procurement Committee conveys objective decision to purchase anything to concerned Division of the Head Office.

ix) Shariah Inspections and Report Review Committee (SIRRC)

Shariah Inspections and Report Review Committee is mainly responsible to ensure shariah compliance in each and every operation of the Bank. It traces and report suspicious income of the bank that needs to be segregated from profit as per Islamic shariah norms. The beauty of Islamic banking lies in using overdue investment income, suspicious income into public welfare instead of crediting the same to profit. Shariah Inspection Committee is the caretaker to supervise issue of Shariah compliance.

x) Central Compliance Committee (CCC)

Central Compliance Committee directly reports to the Managing Director of the Bank. Anti-Money Laundering (AML) and Combat Financing of Terrorism (CFT) are getting added importance day by day. All issues relating to AML and CFT are managed and monitored by the Bank. As instructed by the regulatory authority, Central Compliance Committee (CCC) has been working on these issues in the Bank.

Disclosure of key policies with regard to remuneration of Directors, Senior Management and employees

All employees including the Senior Management are paid competitive remuneration package. The structure and level of remuneration are reviewed time to time by the competent authority of the Bank for adjustment with market,

inflation as well as with other banks salary structure. Remuneration of Directors, Senior Management and employees are disclosed positively by the Bank in order to ensure transparency.

Conflict of Interest

In Financial Institution like Bank, there exists high possibility of arising conflicts of interest between Board of Directors and the Management of the company. To avoid such unwanted situation SJIBL has separated the responsibility and authority of these two interest groups of the bank. To avoid conflict of interest the bank has already taken the following measures:

- Investment to the Directors is restricted subject to fulfilling certain terms and conditions of regulatory guidelines.
- If there is any related party transaction, the Management discloses the matter in the Annual Report for approval by the general shareholders in AGM.
- Audit Committee regularly reviews the financial and other related statements and gives recommendation regarding any changes in policy to avoid possible conflict between the Board and the Management.

Communication to Shareholders and Other Stakeholders

Policy on Communication with Shareholders and Other Stakeholders

The Company Secretary of the Bank is the In-charge of the Share Department that is responsible for effective communication with 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. Annual Report is given to shareholders as well as disclosed in the Bank's website to ensure transparency in the eyes of general public.

Policy on Ensuring Participation of Shareholders at AGM

SJIBL declares the date of AGM well ahead of time to ensure maximum shareholders participation and circulate Annual Reports and other documents in time. The organization is punctual enough to arrange AGM in a well-known place and a convenient time. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions. The valuable suggestions of the shareholders are noted for future compliance by the personnel of Financial Administration Division and Board Secretariat of the Bank.

Redressal of Shareholders Complaints

Shareholders enjoy democratic atmosphere in giving their opinions at AGM. SJIBL treats its all shareholders with due respect. 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 are resolved lawfully in time. Board Division of the Bank attends shareholders problems with utmost sincerity.

Company's policy to maintain a website

Bank always perform different kinds of activities which promote regular, effective and fair communication with shareholders. All press releases, annual and quarterly financial statements are published on Bank's website. The Bank also provides to the shareholders quarterly, half yearly and annual financial reports through newspaper and website. In presenting these statements, the Bank aims to give shareholders a balanced assessment of Bank's performance. The Bank also emphasize on timely and full disclosure of information to shareholders through Bank's website.

Informing Shareholders on status of compliance on the Corporate Governance Code:

Certificate on status of compliance on Corporate Governance Code from M/s Hawlader Maria & Co., Chartered Accountants on compliance of the Corporate Governance and checklist under condition no. 9 of BSEC's Notifications are exhibited in this Annual Report.

Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the Board in line with BSEC notification

In compliance with the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018, under condition No. 1(5) (xxvi) a Declaration or Certification by the Chief Executive Officer and Chief Financial Officer of the Bank has been obtained and disclosed in page No. 272 of this report.

Credit Rating

The credit rating of the Bank has been conducted by Credit Rating Agency of Bangladesh (CRAB). The long term rating of the Bank is 'AA2' and short term rating is 'ST-2'.

Particulars	Long Term	Short Term
Surveillance Rating-2019	AA2	ST- 2
Outlook	Stable	
Date of Rating	25 June 2020	

CRAB performed the rating surveillance based on audited financial statements as on 31 December 2019 and other relevant information.

Directors Meeting, Attendance and Remuneration

Statement of Board of Directors meetings held during the year 2019 and attendance of the Directors from 01 January 2019 to 31 December 2019 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Akkas Uddin Mollah	Chairman	19	16	8,000
2	Khandaker Sakib Ahmed	Vice-Chairman		19	8,000
3	Mohammed Golam Quddus	Vice-Chairman		19	8,000
4	Dr. Anwer Hossain Khan	Director		14	8,000
5	Md. Sanaullah Shahid	Director		19	8,000
6	Md. Harun Miah*	Director		06	8,000
7	Md. Abdul Barek	Director		11	8,000
8	Abdul Halim	Director		16	8,000
9	Mohiuddin Ahmed	Director		18	8,000
10	Engr. Md. Towhidur Rahman	Director		10	8,000
11	A. K. Azad	Director		08	8,000
12	Mohammed Younus	Director		15	8,000
13	Fakir Akhtaruzzaman	Director		11	8,000
14	Khorshed Alam Khan	Director		05	8,000
15	Md. Moshiur Rahman Chamak	Director		14	8,000
16	Shahan Ara Begum	Director		05	8,000
17	Tahera Faruque*	Director		03	8,000
18	Ekramul Hoque	Independent Director		11	8,000
19	K.A.M Majedur Rahman	Independent Director		05	8,000

**Resides in UK.*

Executive Committee Meeting

Statement of Executive Committee Meetings, attendance and remuneration of the members from 01 January 2019 to 31 December 2019 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Dr. Anwer Hossain Khan	Chairman	21	17	8,000
2	Fakir Akhtaruzzaman	Vice Chairman		12	8,000
3	Md. Sanaullah Shahid	Member		19	8,000
4	Mohiuddin Ahmed	Member		20	8,000
5	Khandaker Sakib Ahmed	Member		20	8,000
6	Engr. Md. Towhidur Rahman	Member		13	8,000
7	Mohammed Younus	Member		15	8,000

Audit Committee meeting

Statement of Audit Committee Meeting, attendance and remuneration from 01 January 2019 to 31 December 2019 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Ekramul Hoque	Chairman	09	05	8,000
2	Abdul Halim	Member		07	8,000
3	Khorshed Alam Khan	Member		06	8,000
4	Md. Moshiur Rahman Chamak	Member		07	8,000
5	K.A.M Majedur Rahman	Member		02	8,000

**Mr. Ekramul Hoque was appointed on 15.05.2019 and Mr. K.A.M Majedur Rahman was appointed on 22.10.2019.*

Risk Management Committee meeting

Statement of Risk Management Committee Meeting, attendance and remuneration from 01 January 2019 to 31 December 2019 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mohammed Younus	Chairman	06	06	8,000
2	Dr. Anwer Hossain Khan	Member		03	8,000
3	Md. Abdul Barek	Member		03	8,000
4	Khorshed Alam Khan	Member		02	8,000
5	Moshiur Rahman Chamak	Member		03	8,000

Shareholding Pattern along with name wise details

The authorized Capital of Shahjalal Islami Bank Limited is Tk. 10,000,000,000.00 divided into 1,000,000,000 ordinary shares of Tk.10.00 each. The paid-up Capital of the Bank is Tk.9, 334,212,720 divided into 933,421,272 ordinary shares of Tk.10.00 each. As per Section 1(5) (xxiii) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the pattern of shareholding is given below:

Share held by Parent or Subsidiary or Associated Companies and other related parties: Nil.

Shares held by the Directors (Shareholding as on 31.12.2019):

SL	Name of Directors	Position	No of Shares	% of Share
1	Md. Sanaullah Shahid (Rep. of Electra Int. Ltd.)	Chairman	23,887,197	2.56%
2	Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Vice-Chairman	18,668,488	2.00%
3	Md. Abdul Barek	Vice-Chairman	18,668,569	2.00%
4	Dr. Anwer Hossain Khan	Director	27,903,137	2.99%
5	Abdul Halim	Director	22,706,554	2.43%
6	Mohiuddin Ahmed	Director	18,678,255	2.00%
7	Akkas Uddin Mollah	Director	18,669,435	2.00%
8	Khandaker Sakib Ahmed	Director	18,669,241	2.00%
9	Engr. Md. Towhidur Rahman	Director	20,974,563	2.25%
10	A.K. Azad	Director	35,585,872	3.81%
11	Mohammed Younus	Director	23,076,856	2.47%
12	Fakir Akhtaruzzaman	Director	18,668,425	2.00%
13	Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Director	18,716,500	2.01%
14	Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	18,846,041	2.02%
15	Shahan Ara Begum	Director	18,714,533	2.00%
16	Tahera Faruque	Director	29,856,325	3.20%
17	Ekramul Hoque	Independent Director	Nil	-
18	K.A.M Majedur Rahman	Independent Director	Nil	-
19	M Shahidul Islam	Managing Director	Nil	-

Shares held by Chief Executive Officer, Company Secretary ,Chief Financial Officer, Head of Internal Control & Compliance and their spouses and minor children.

Sl. No.		Designation	Shareholdings as on 31.12.2019
1	a)	**M Shahidul Islam** Chief Executive Officer	Nil
	b)	Spouse / Minor Children of Chief Executive Officer	Nil
2	a)	**Md. Abul Bashar** Company Secretary	Nil
	b)	Spouse / Minor Children of the Company Secretary	Nil
3	a)	**Md. Jafar Sadeq, FCA** Chief Financial Officer	Nil
	b)	Spouse / Minor Children of the Chief Financial Officer	Nil
4	a)	**Md. Monzurul Alam Chowdhury** Head of Internal Control and Compliance	Nil
	b)	Spouse / Minor Children of the Head of Internal Control and Compliance	Nil

Shares held by top five salaried Executives in the regular services of the Bank:

Sl. No.	Name	Designation	Shareholdings as on 31.12.2019
1	Abdul Aziz	Additional Managing Director	Nil
2	S.M. Mainuddin Chowdhury	Additional Managing Director	Nil
3	Md. Shahjahan Shiraj	Deputy Managing Director	Nil
4	Mian Quamrul Hasan Chowdhury	Deputy Managing Director	Nil
5	Md. Mahmudul Haque	Senior Executive Vice President	Nil

List of Shareholders holdings 10% and above shares in the Paid-Up-Capital of the Bank. : Nil

Disclosure about Family influence in the Bank

There is no family influence in the Bank because no individual or no single family holds majority shares of the Bank to control the Bank unilaterally.

Free-Float Shares

Free float shares are generally for buying and selling by common people under laws of securities. Free Float shares of our Bank are 55.58 percent. These shares are available for free-trading in the bourses. The size of free float shares indicates that their price cannot be easily manipulated by a vested quarter. General investors have option to invest in these Free Float shares. SJIBL float shares in the market only after permission from the competent regulatory bodies and by ensuring all required compliance.

HUMAN CAPITAL

Total Number of SJIBL Human Resources/Human Capital including sub staff in

2019= 2,652

Shahjalal Islami Bank Limited is committed to excellence to its stakeholders and has been operating in a very professional manner to sustain and achieve continuous growth in the industry. The management considers that a set of quality, balanced& motivated human resources is the key success factor for its business. Efficient and skilled manpower can manage the financial risks and optimize the organizational value. Shahjalal Islami Bank has clear set of mission, vision and strategies and Human Resources Division tries to ensure finding such talented manpower having right attitude and place them in right positions to achieve goal of the Bank. The Human Resources Division

continuously evaluates its employees and regularly updates the HR policies, employee benefits, social security, undertakes career development programs to ensure that the employees are motivated, inspired and proactive for achieving the shared goals.

HR Planning

Manpower planning is concerned with the scientific acquisition, optimum utilization, development and adequate maintenance of human resources. Manpower planning gives an organizations overview of the entire staff by highlighting the strength and weakness of human resources. The whole process is done keeping in view the goals of the organization, the future predictions for business and changing technology trends. This helps the organization be prepared for the future with the correct manpower at their disposal for business prosperity. Shahjalal Islami Bank over the years has been observing a sustainable and positive growth in business and expansion of business network &operation. To support the expansion and growth,HRD of the Bank periodically forecasts bank's HR requirements vis a vis supply of internal manpower and determines the employment gaps. Apart from HR own system and mechanism to understand requirement of manpower in different areas of banking operation based on business, it also invites opinion from concerned branches in a prescribed format to reduce the gaps and thus make an efficient manpower planning.

Following this unique method, HRD regularly review and analyze manpower requirements keeping in view of the expansion program both business and network along with attrition to ensure that required manpower is always available. In line with manpower analysis, necessary recruitments (experienced/fresher) have been made well ahead of time and usually kept attached with different branches based on geographical requirements as well as the corporate head office aiming to acquaint them with shariah banking as well as to understand the culture of the Bank.

Talent Acquisition

Another key aspect of Shahjalal Islami Bank's hiring strategy is to ensure a steady pipeline of junior talent. The bank believes that combination of experienced and fresh officers in operational area is a prudent exercise and the juniors could be trained more effectively. Talent acquisition is a long-term and continuous HR strategy of the Bank aiming to find top talent and taking necessary programs and support them to bring their unique skills and talents for the solid development of the bank. Finding, recruiting and retaining the talents is highly challenging and complex job for the Human Resources Division. During 2019, Bank recruited 75 Management Trainee Officer, 100 Trainee Senior Officer through competitive examination. HRD arranged orientation program at Training Academy where new joiners were introduced to different aspects of Bank's business and culture before placement.

Succession Planning

HR plays an instrumental role to ensure the future success of the Bank in terms of efficient workforce. To achieve this vision, it is required to build the capabilities of middle management to help them develop both professionally and personally and position them in the organization properly. A talent management process is in practice to build a pool of trained and skilled executives who are ready to take the key roles immediately the position fell vacant. This process of succession planning started when fresh recruits join the Bank through a stringent process. Once recruited, SJIBL focuses on developing the employees' skills, expertise and knowledge so they are prepared to take the leadership roles in branch/division/department in the event of organizational growth or attrition.

Diversity at Workplace & Culture

Shahjalal Islami Bank believes that work place diversity can create synergy for the organization and is a key enabler for long-term success. Only by building teams of people with different backgrounds, education, skills and experiences we can create sustainable value across the Bank. The Bank pursues to uphold work place diversity in thoughts, culture, religion and gender which makes the Bank stronger to serve the clients as well as to achieve the goals. Shahjalal Islami Bank focuses on maintaining gender ratio to acceptable level and provides equal employment opportunities. At present 25% officials of the Bank are female and also holding the post of Departmental in-charge, Unit In-charge as well as Head of Branch.

Performance Matters

The Bank believes that an efficient reward system is beneficial effect upon the performance for instilling a sense of ownership amongst the employees, enhance employee motivation, facilitate long term focus with continuous improvement, promotes team work, minimizes employee dissatisfaction and enhanced employee performance of the Bank.

Considering the strategic importance of performance appraisal in reward and recognition of employees, existing appraisal system has been modified and BARS system has been introduced along with KPI where recognition is directly related to performance outcome. The revised system will evaluate employee's performance during the reporting year in a transparent way and encourage dialogue on performance and development feedback between the

appraiser and appraise. The self-assessment appraisal system can be viewed as a proactive system of administration of employee performance for motivating the individual and the organization towards desired performance and results. Sessions were conducted across the Bank to educate all the employees regarding the process. The Bank has linked performance appraisal with promotion, compensation, placement and development of the employees.

During the year, Shahjalal Islami Bank acknowledged the contribution of performing Branch Managers by inviting them separately in a business meeting held at Hotel Palace Luxury Resort, Habiganj.

Developing Shariah Knowledge

Islamic banking does considerably differ from its conventional counterpart in terms of principles, norms, values and practices. The specialty of Shariah banking and the soundness of its transactions mainly depends on strict compliance of Islamic Shariah in all its transactions. In this regard to uphold the spirit of application of sharia in all banking affair, the Bank strives to provide the applicable shariah knowledge to all employees for better compliance with shariah guidelines and norms. SJIBL being a shariah based bank believes that it is entrusted with the responsibility to adhere the shariah instructions in all its banking business and to this effect Bank undertakes intensive shariah training for all officials where shariah knowledge is a must.

Employee Health & Safety:

There are about 2,161 officials and 491 sub-staffs working in the Bank. SJIBL is always concerned to provide medical support to all employees. The Bank in this regard has entered into a group health insurance agreement with Delta Life Insurance Company Limited and brought all employees of the bank under health insurance coverage at the cost of the Bank. Corporate Head Office of the Bank has a full time Medical Officer to provide immediate medical advice and support when needed.

The Bank has a flexible leave policy allowing employees annually 10 days' mandatory leave, 10 days' casual leave, 15 days' sick leave besides the government and public holidays. Female employees can avail 6 months' maternity leave to support and enjoy their motherhood. Besides being a sharia based bank employees can avail 30 days' pilgrimage leave to perform the Holy Hajj. HR policy of the Bank also promotes to develop a favorable environment and culture throughout the organization to develop a sound mental health of all employees.

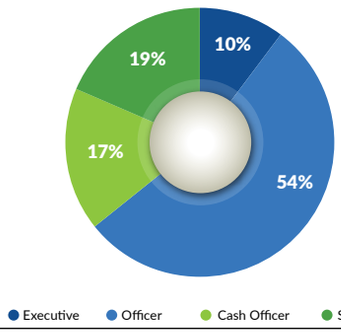
Bank ensures the cleanliness issues in all offices for better health & hygiene of all staffs. A retired Army person in the rank of Major along with the Common Service Division is looking after the health & safety issues with a large pool of cleaning staffs deployed throughout the organization. To acquaint with safety issues as well as tackling unexpected situation like earthquake/fire corporate head office and Branches regularly conducts fire drills to train the employees and also regularly test the effectiveness of the safety equipment.

Human Resource Analysis:

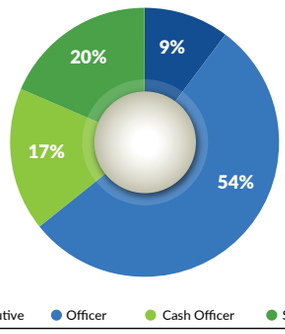
i. Employee Type & Gender:

Employee Type	Male 2019	Female 2019	Total 2019	Total 2018
Executive	256	16	272	224
Officer	1,136	296	1,432	1,306
Cash Officer	342	115	457	397
Sub-Staff	490	1	491	468
Total	**2,224**	**428**	**2,652**	**2,395**

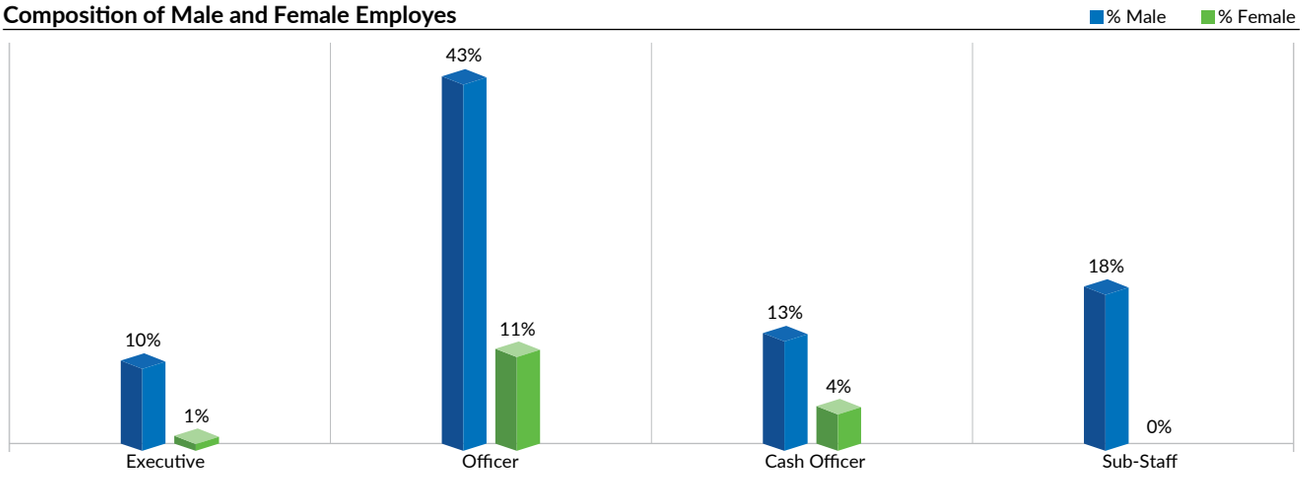
Composition of total employees-2019



Composition of total employees-2018



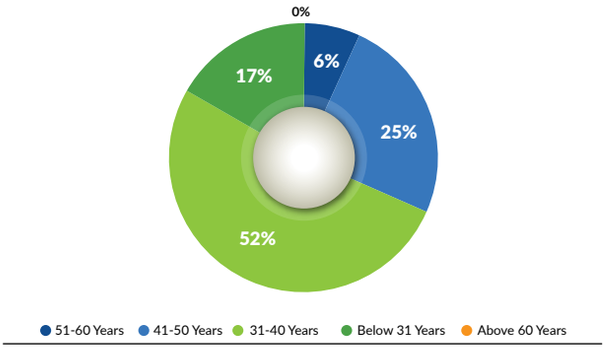
Composition of Male and Female Employes



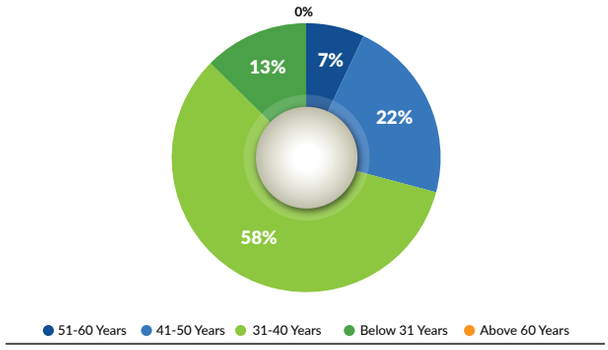
ii. Age Group Wise Position:

Age Group	Year -2018		Year- 2019	
	Male	Female	Male	Female
Above 60 Years	3	0	4	0
51 - 60 Years	161	4	172	5
41 - 50 Years	472	58	577	80
31 - 40 Years	1,157	238	1,137	234
Below 31 Years	252	50	372	71
Total	**2,045**	**350**	**2,262**	**390**

AGE GROUP-2019

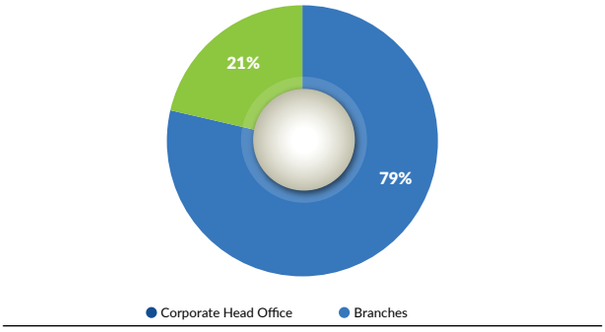


AGE GROUP-2018

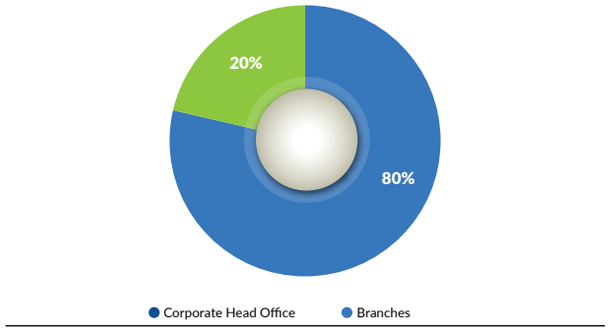


Employee Distribution in Branches & Corporate Head Office:

Employees Distribution in 2019



Employees Distribution in 2018



Office increased by 1% in the overall pie.

Enhancing Capacity of Human Resources

Shahjalal Islami Bank considers training & development as a key factor to develop human resources capacity and skill. To keep up with the fast changing business synergies, product profile, processes, customer preferences, numerous technology applications and compliance and regulatory requirement, training has become a focal strategy of the Bank. In this regard bank identifies the requirements of particular trainings covering different priority aspects of baking/business thus prepare the target group considering their level of knowledge & position. Bank considers each training as an investment where training courses are perfectly designed keeping in view of the objective and hired right trainers to ensures that each program since conducted are useful and help to develop required skill & capabilities of the employee to better handle any complex issues. The Bank provides training to employees at all levels for improvement in their knowledge and skills to ensure that they acquire required skill sets in their future positions throughout the year at Banks own Training Academy. Furthermore, Bank regularly nominated officers/ executives to participate course/seminar/workshop arranged by reputed institutions like BIBM, BBTA, BAB, etc. Bank also sent officer/executives to participate in seminar/workshop in abroad during 2019. The Bank also trained 899 officers on money Laundering, 310 officers on Foreign exchange through its unique e-learning platform.

A summary of training, workshops and seminars where the employees of the Bank have attended in the year 2019 is given bellow:

Sl No	Course Type	Training Provider/Training Institute	No. of Courses	No. of Participants
1.	SJIBL (in house) Training Program	SJIBTA& Head Office	138	6742
2.	External Training Programs (Local)	Bangladesh Bank & BBTA	23	31
3.	External Training Programs (Local)	BIBM	69	143
4.	External Training Programs (Local)		44	88
5.	External Training Programs (Foreign)		12	12
Total			**286**	**7016**

National Integrity Strategy Implementation in SJIBL

Number of Integrity Award recipient employees from SJIBL Management in

2019 = 05 (in 05 categories)

Following Bangladesh Bank's instructions, Shahajalal Islami Bank Integrity Strategy Committee was formed for implementation of National Integrity Strategy which has been designed and modeled by the Government of People's Republic of Bangladesh envisioning happy, prosperous and corruption free Bangladesh and establishing rule of law in its different organs/organizations. Apart from the said Committee, 132 Integrity/Ethics Committee(s) are also formed at Branches in the Bank.

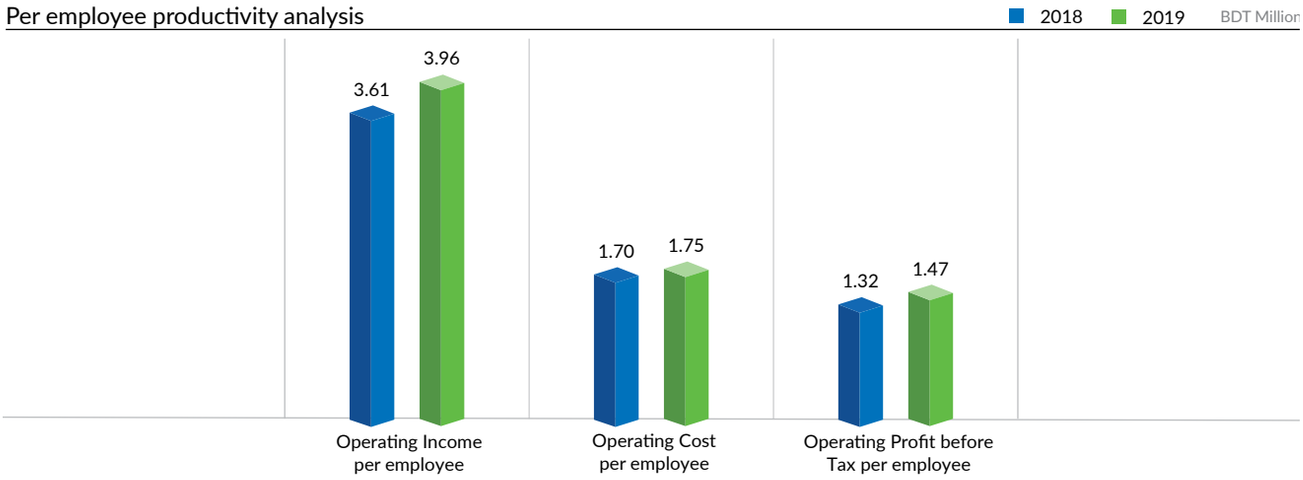
SJIBL Integrity Strategy Committee has made well designed work plan and submits progress report of the plan to Bangladesh Bank in every quarter. As per the implementation process of integrity strategy of the Shahjalal Islami Bank, topic on National Integrity Strategy has already been included in training curriculum with importance.

HUMAN RESOURCES (HR) ACCOUNTING

Human Resource Accounting is a process of measuring the cost incurred by organization to recruit, select, train, and develop human asset. It is presently unaccounted for in the conventional accounting practice. Human Resource Accounting assists personnel management in the valuation of personnel in their knowledge, ability and motivation in the same organization as well as from organization to organization.

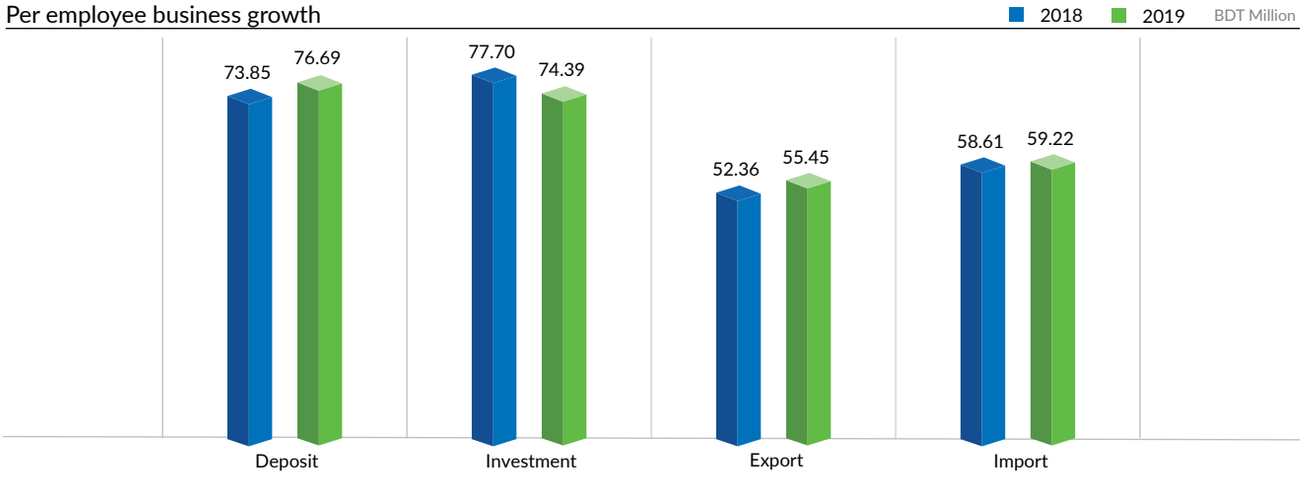
Per employee productivity analysis:

In the year 2019, operating income was Tk.10,506 million, operating cost was Tk.4,641 million and total profit before tax was Tk.3894 million which means that compared to 2018 both operating income and operating profit before tax increased satisfactorily. The number of banks employee including sub staff increased to 2652 in 2019 from last year's 2395. Now, the chart below shows that per employee productivity of SJIBL has increased in 2019 compared to 2018 both in terms of income and operating profit:



Per employee business growth:

From the below statistics it is clear that business growth in four major indicators namely deposit, investment, import and export are satisfactory in terms of per employee consideration.



CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE CODE

Report to the Shareholders of Shahjalal Islami Bank Limited on Compliance of the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Shahjalal Islami Bank Limited for the year ended on 31 December 2019. 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 highly satisfactory.

Place: Dhaka
Dated: June 18, 2020

Maria Howlader FCA
Proprietor
Howlader Maria & Co.
Chartered Accountants

DECLARATION BY THE CEO AND CFO

10 June 2020

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 2019

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 2019 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 reviewed the financial statements for the year ended on 31 December 2019 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.

Md. Jafar Sadeq, FCA
Chief Financial Officer

M Shahidul Islam
Managing Director & CEO

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 shall be independent directors.	√		The Board of Directors consists of 20 (Twenty) members including 3 (Three) Independent Directors (in the year 2020) which is in compliance with Section-15(9) of Bank Company Act, 1991 (Amended up to 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;	√		-
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 shareholder, director excepting independent director or officer of any member or the 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.	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	N/A		-
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	√		-
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;	√		-
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 found
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;	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.
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;	N/A		No such issue was made during the year 2019.
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;	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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-		-
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	√		-
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.	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		-
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)			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	√		-
4 (ii)	Nomination and Remuneration Committee.	N/A		-
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;	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		-
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 or 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 applied to the Central Bank for their guidance in order to solve the issue.		
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 Central Bank's 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;	-		
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.	-		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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:	-		
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.	-		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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:	√		-
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	**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.	√		-

COMPLIANCE STATUS ON 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)

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 4(four) 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 fulfill 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 the Bank Company Act, 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 the Bank Company Act, 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
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:	Complied Appointed in February, 2020

No.	Particulars	Compliance Status
	(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.	Complied
	(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.	Complied
	(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.	Complied
	(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.	Complied
	(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.	Complied
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 2013) 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
	(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.	
(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	

No.	Particulars	Compliance Status
	(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 programs 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 Board of Directors will do so as and when required by Bangladesh Bank.
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 or two 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.	Complied
	(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.	Complied
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:	

No.	Particulars	Compliance Status
	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.	
	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 directors;	
	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:	

No.	Particulars	Compliance Status
	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 & 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
	2. The Risk Management Committee will comprise of maximum 05 (five) members;	
	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.	

No.	Particulars	Compliance Status
	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 Body;	
	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
	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;	Complied
	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)

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:	
	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

No.	Particulars	Compliance Status
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
	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

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:	N/A
	a. Experience in Banking or Administration for at least 15 (fifteen) years or have a long experience in social activities.	
	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

No.	Particulars	Compliance Status
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
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.	N/A
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.	N/A
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.	N/A
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.	N/A
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.	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 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.	N/A

ANNUAL REPORT OF SHARIAH SUPERVISORY COMMITTEE-2019

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

الحمد لله 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-2019 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!

وآخر دعوانا ان الحمد لله رب العلمين

Mufti Abdul Halim Bukharee
Chairman, Shariah Supervisory Committee

শরীয়াহ্ সুপারভাইজারী কমিটির বার্ষিক প্রতিবেদন-২০১৯

بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

الحمد لله 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 ২০১৯ 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 সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় পরামর্শ ও দিক-নির্দেশনা প্রদান করা হয়। ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক ব্যাংকের কর্মকর্তাদের জন্য আয়োজিত শরীয়াহ্ ওয়ার্কশপ ও কর্মশালায় 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. 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 ডকুমেন্টস 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 العلمين

মুফতী আব্দুল হালীম বুখারী
চেয়ারম্যান, শরীয়াহ্ সুপারভাইজারী কমিটি

FROM THE DESK OF CFO

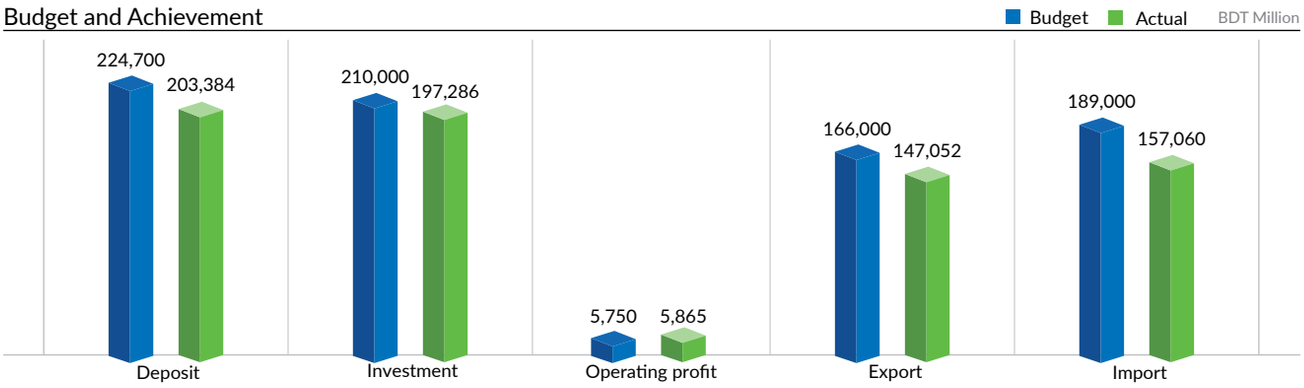
MD. JAFAR SADEQ FCA
CHIEF FINANCIAL OFFICER

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 resilient growth. Though 2019 was a challenging year for the financial industry of Bangladesh, SJIBL experienced notable improvements in key fundamental indicators like EPS, NPI, Capital Adequacy, Liquidity, Deposit, Export , Import, provision etc. with its countrywide network of 132 branches and diversified products & services. The Bank prudently managed its balance sheet movement in right track to optimize changing market dynamics and bags the maximum gain in this though time.

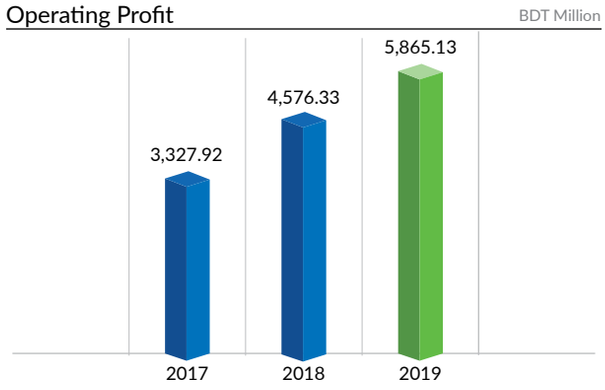
Budget and achievement

Budget, the numerical expression of a plan of the Bank, 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 head office. In the year 2019 we have achieved a substantial percentage of almost all the targets set in our annual budget. The important targets and their achievements of 2019 are shown below:



Operating Profit

We have achieved record operating profit growth in 2019. Operating profit was Tk.5,865.13 million, the highest since inception, profit before tax Tk. 3,894.15 million and profit after tax Tk. 1,718.30 million. The operating profit growth was 28.16%. This performance along with our strong capital base and liquidity position put Shahjalal Islami Bank Limited on strong foundation. As we look ahead, our focus is on delivering sustainable, long-term returns for our shareholders through a strategy that revolves around our clients.



Our strategy comprises three core priorities:

- Growing and strengthening our existing business by deepening our relationships with existing clients and expanding our capabilities to serve new clients;
- Diversifying our business mix by increasing our fee based revenues by launching new products and services;
- Achieving greater operating efficiency across all areas of the Bank, including controlling of operating expenses, controlling cost of fund, etc without compromising the quality of services;

Cost to Income Ratio

Cost to income ratio is important for determining the profitability of a bank. The ratio gives a clear view of how efficiently the bank is being run. The lower the ratio is, the more profitable the bank is. The cost to income ratio of SJIBL decreased to 44.17% in 2019 from 47.11% of 2018. This indicated that the income of the bank is rising higher than the cost. On the other hand, the bank is controlling its operating expenses efficiently without compromising the quality of services.

Deposit

With the strategy of sustainable growth, the bank had a moderate deposit growth of 15.00% which was higher than the national deposit growth rate of 12.57%. Deposit increased to Tk.203,384.15 million in 2019 from Tk.176,861.51 million in 2018. Utmost emphasis is given for favorable deposit mix, as a result low cost no cost deposit increased to Tk.68,302.51 million in 2019 from Tk.55,078.99 million in 2018 exhibiting a growth of 24.01% during the year. The percentage of low cost no cost deposit increased to 33.58% of total deposit during the year 2019 from 31.14% in 2018. 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 68.86% in 2018 to 66.42% in 2019, 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.197,285.68 million in 2019 from Tk.186,090.03 million in 2018. The bank had an investment growth of 6.02%. 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

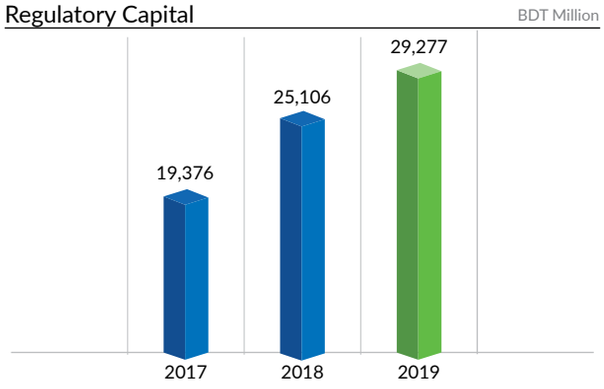
Non-performing investment of banking sector of Bangladesh stood at 9.32% as on 31 December 2019 whereas, non-performing investment of Shahjalal Islami Bank Limited was 4.91% at the same period which is significantly lower than the country position. The Bank has strengthened investment discipline and streamlined the recovery process to reduce the NPIs to an acceptable level. As a result of various initiatives taken by the Bank, NPI came down to 4.91% from 6.84% of previous year. The non-performing investment decreased to Tk.9,687.32 Million as on 31 December 2019 from Tk. 12,723.30 million as on 31 December 2018. However, we are taking more and more initiatives to realize and regularize non-performing investments and reducing it further.

Export and import Business

The bank has been placing its emphasis on trade business. As a result, Export and Import businesses of the Bank increased significantly. Export business increased to Tk.147,052 million in 2019 from Tk.125,402 million in 2018, Import business increased to Tk.157,060 million in 2019 from Tk.140,380 million in 2018, denoting a growth of 17.26% and 11.88% respectively.

Regulatory Capital

The bank maintained sound regulatory capital throughout the year 2019. The regulatory capital maintained was 16.02%, much higher than the required capital of 12.50%. 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 Tier-II capital by issuing Mudaraba Subordinated Bond to strengthen its capital adequacy position.



Branch and ATM Network

For social integration, rural uplift and inclusive banking we have increased our distribution network by opening 10 new branches and 23 ATMs in 2019, thereby increasing Bank's coverage from 122 branches and 84 ATMs in 2018 to 132 branches and 107 ATMs in 2019.

Compliance

All the reports, returns, statements required to submit different regulatory authorities during 2019 has been submitted within stipulated time in a complete and correct manner. During the year 2019 the bank complied with all regulatory requirements of primary regulator Bangladesh Bank as well as all other regulators. Despite the liquidity crisis existed in some part of 2019 the bank maintained its liquidity very efficiently and there was no shortfall of CRR and SLR during the year under review.

Financial Reporting

The Financial Statements for the year ended on 31 December 2019 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 departure 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 2020

Due to wide spread of COVID-19 pandemic across the world global economic recession is now all but guaranteed in 2020. The Bangladesh economy, like other economies around the world, is already facing challenges for it. As Bangladesh is being forced to endure lock-downs to tackle the Covid-19 pandemic, these lock-downs are having a crippling effect on workers and businesses across the country. Besides already implemented profit rate cap on lending might have negative impact on private sector credit growth particularly SME & retail investment and obviously on banking sector operating profit earning. Even before outbreak of COVID-19 in Bangladesh, the banking sector has been back geared mainly due to mounting

non-performing Investment (NPIs) and lack of proper adherence to corporate governance. The already-weak banking sector could face further challenges in maintaining its asset quality and providing necessary support to the private sector in the sudden outbreak of COVID-19. Besides, banks will have to implement the lion's share of the stimulus packages worth more than Tk 100,000 crore announced by the government to help the affected industries. The return on investment from the packages is only 2-2.5 per cent for banks, but the lenders have to bear 100 per cent credit risk. it is obvious that it will create a decrease in the Net Income and Profitability of banks.

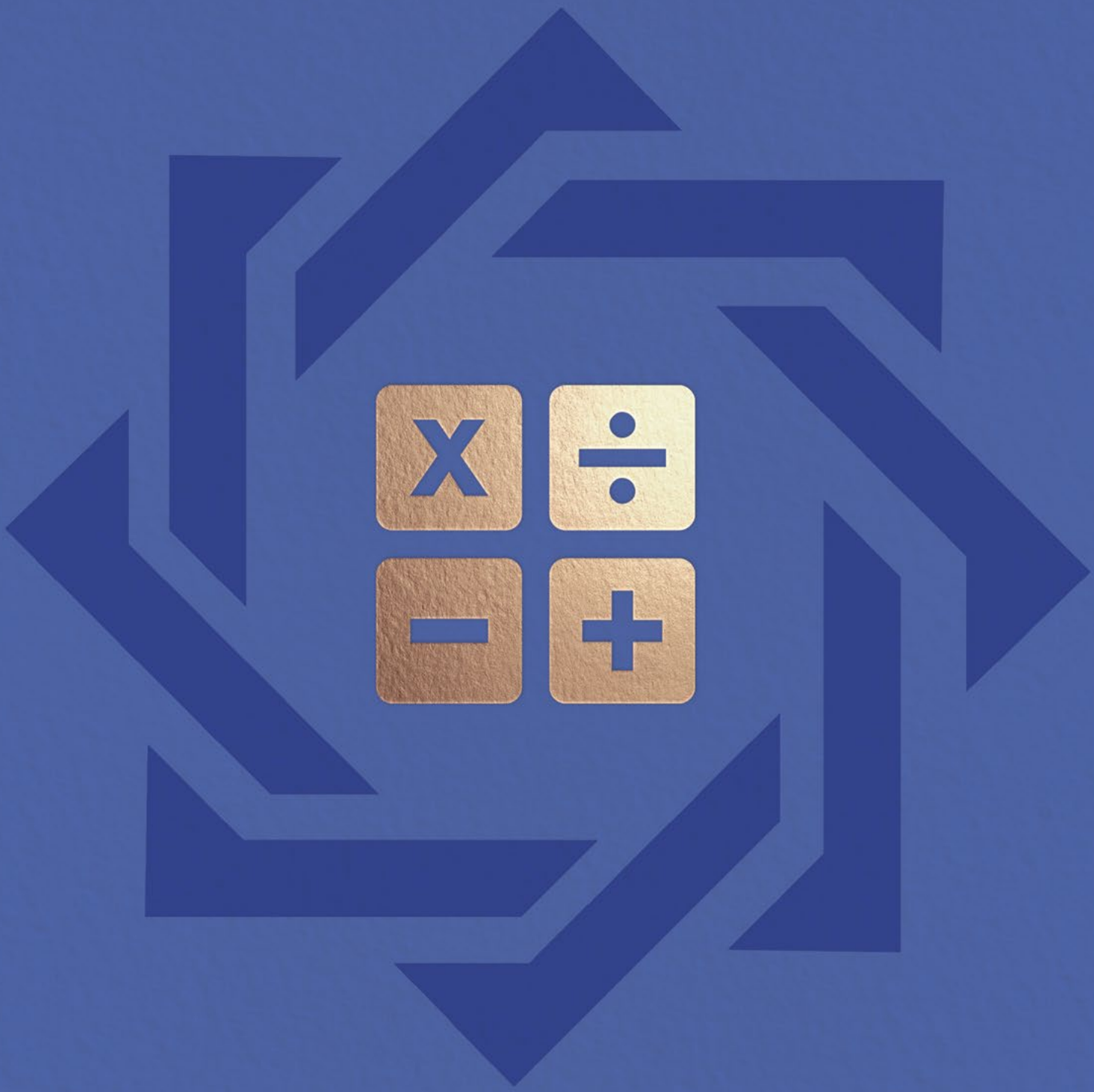
Our expectation is giving highest priority on sustainable business growth and in accordance with that, we think the year 2020 shall be a very challenging for the Bank. SJIBL believe in sustainable business growth. Keeping bank's strategy in mind along with the economic scenario, we set out following priorities and initiatives for the coming year:

- Prudently managed Banks' balance sheet movement in right track to optimize changing market dynamics will be the prime focus.
- To cope with the changing phenomenon, cost rationalization in all its operation and cost center will be immediate priority.
- To avoid offset different risk arising due to COVID-19, ensuring significant improvement in operational efficiency.
- In view of acute competition for deposit mobilization due to continuous entrance of new banks and financial institutions 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.
- 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.
- 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.
- 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 2020.

I would like to take the opportunity to thank the Board of Directors of the Bank, Management of the Bank , 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.

Ameen,

Md. Jafar Sadeq FCA
Chief Financial Officer



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 sheet as at 31 December 2019 and the consolidated and separate profit and loss accounts, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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 separate financial position of the Bank as at 31 December 2019, 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 notes 2.1.

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 Auditor's 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
1. Measurement of provision for investment	
Refer to note no 8 and 15 to the consolidated and separate financial statements	
The process for estimating the provision for investments associated with credit risk is judgmental, significant and complex. While estimating such provision certain judgmental factors need to be considered including: • Future business performance of the investment customers; • Key assumptions relating to further business performance of the investment customers; • Market value of the collateral; • Ability to repossess collateral; and • Recovery rates. Furthermore, these provisions are processed manually that deals with voluminous data extracted from the IT system of the Bank and following the instructions of Bangladesh Bank issued time to time.	We tested the design and operating effectiveness of key controls focusing on the following: • Tested the credit appraisal, investments disbursement procedures, monitoring and provisioning process; • Reviewed identification of loss events, including early warning and default warning indicators; and • Reviewed quarterly Classification of investments (CL); Our substantive procedure in relation to the provisions for investments portfolio comprised the following: • Reviewed the adequacy of the companies general and specific provisions; • Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;

Description of key audit matters	Our response to key audit matters
Due to high level of judgment involved and using some manual process in estimating the provision for investments, we considered this to be a key audit matter. At year end the Group and the Bank reported total gross investments of BDT 200,299 million (2018: BDT 190,146 million) and BDT 197,285 million (2018: BDT 186,090 million) respectively and provision for investments of BDT 5,510 million (2018: 4,171 million) and BDT 5,159 million (2018: 3,820 million) respectively.	• Finally, assessed the appropriateness of presentation and disclosures against relevant accounting standards and Bangladesh Bank guidelines.
2. Impairment assessment of unquoted shares	
Refer to note no 7a.4 to the consolidated and separate financial statements	
In the absence of quoted price in an active market, the fair value of unquoted shares and securities, especially any impairment is calculated using valuation techniques which may take into consideration direct or indirect unobservable market data and hence requires an elevated level of judgement and assumption. Due to high level of judgment and assumption involved in evaluating the impairment assessment of unquoted shares, we considered this to be a key audit matter.	We have assessed the process 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 investment valuation as at 31 December 2019 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.
3. Carrying value of investment in subsidiaries by the bank	
Refer to note no 10.a to the consolidated and separate financial statements	
The Bank has invested in equity shares of its subsidiary namely Shahjalal Islami Bank Securities Limited. As at 31 December 2019 the carrying value of these investment in Shahjalal Islami Bank Securities Limited is BDT 2,515 million (2018: BDT 2,515 million). The Bank is required to perform impairment test of investment in subsidiary when impairment indication exists. The impairment testing is considered to be a key audit matter due to the complexity and judgements required in determining the assumptions to be used to estimate the recoverable amount which is higher of fair value less costs to sell and value in use. Management has conducted impairment assessment and calculated recoverable value of its subsidiary for Shahjalal Islami Bank Securities Limited 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 Impairment of Assets. In particular, our discussion with the Management were focused on the continued appropriateness of the value in use model, the key assumption used in the model, the reasonably possible alternative assumptions, particularly where they had the most impact on the value in use calculation.
4. Legal and regulatory matters	
We focused on this area because the Bank and its subsidiary (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. Overall, the legal provision represents the Group'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 Group and Bank's key controls over the legal provision and contingency processes. We enquired those charged with governance to obtain their views 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 also received formal confirmations from external counsel. 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 also assessed the Group and Bank's provisions and contingent liabilities disclosure.

Description of key audit matters	Our response to key audit matters
5. 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 master data management, user access management and developer access to the production environment and changes to the IT environment. Among others, these are key to ensuring operating effectiveness of IT dependent application based controls.	We tested the design and operating effectiveness of the Group'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 Group's periodic review of access rights. We inspected 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. Where deficiencies were identified, we tested compensating controls or performed alternate procedures. In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.

Other Matter

The consolidated financial statements of the Group and also separate financial statements of the Bank as at and for the year ended 31 December 2018 were audited by Hoda Vasi Chowdhury & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 24 April 2019.

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 auditor's 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 consolidated and separate 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 2.1, 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 Group and 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 skepticism 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 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 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 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, the Securities and Exchange Rules 1987, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

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

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

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

(b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;

(iii) financial statements for the year ended 31 December 2019 of subsidiary namely Shahjalal Islami Bank Securities Limited has been audited by K.M Hassan & Co., Chartered Accountants and have been properly reflected in the consolidated financial statements;

(iv) in our opinion, proper books of accounts as required by law have been kept by the Group and Bank so far as it appeared from our examination of those books;

(v) the records and statements submitted by the branches have been properly maintained and 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 of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;

(ix) 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 3,700 person hours; and

(xii) Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants

Dhaka
10 June 2020

Shahjalal Islami Bank Limited and its Subsidiary

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	31.12.2019 Taka	31.12.2018 Taka
Property and Assets			
Cash			
Cash in hand (Including Foreign Currencies)	3	2,320,196,507	1,955,895,120
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4	15,539,227,347	11,609,938,400
		17,859,423,854	**13,565,833,520**
Balance with other Banks and Financial Institutions			
Inside Bangladesh		1,780,506,464	1,381,266,881
Outside Bangladesh		608,258,408	371,705,561
	5	**2,388,764,872**	**1,752,972,443**
Placement with other Banks & Financial Institutions	6	**12,361,483,166**	**11,513,296,316**
Investments in Shares & Securities			
Government		11,750,000,000	9,000,000,000
Others		5,548,441,179	4,878,361,617
	7	**17,298,441,179**	**13,878,361,617**
Investments			
General Investment etc.		185,685,308,986	178,598,570,139
Bills Purchased and Discounted		14,614,015,788	11,547,790,733
	8	**200,299,324,774**	**190,146,360,872**
Fixed Assets Including Premises	9	**4,557,631,359**	**4,054,102,126**
Other Assets	10	**13,843,340,562**	**11,745,464,104**
Non Banking Assets	11	**88,909,355**	**88,909,355**
Total Property and Assets		**268,697,319,121**	**246,745,300,353**
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12	**11,752,538,519**	**24,317,026,228**
Deposits and Other Accounts			
Mudaraba Savings Deposits		24,751,894,884	20,792,172,031
Mudaraba Term Deposits		82,587,971,836	79,408,029,450
Other Mudaraba Deposits		62,791,516,067	51,125,329,700
Al-Wadeeah Current & Other Deposit Accounts		28,770,762,184	22,376,070,686
Bills Payable		4,335,581,019	2,850,398,551
	13	**203,237,725,990**	**176,552,000,417**
Mudaraba Subordinated Bond	14	**10,000,000,000**	**10,000,000,000**
Other Liabilities	15	**26,771,315,560**	**20,644,062,336**
Deferred Tax Liabilities	16	**186,322,984**	**141,435,352**
Total Liabilities		**251,947,903,053**	**231,654,524,333**
Capital/Shareholders' Equity			
Paid-up Capital	17.2	9,334,212,720	8,485,647,930
Statutory Reserve	18	6,231,188,665	5,452,358,676
Capital Reserve		2,878,961	-
Retained Earnings	19	954,727,530	921,461,996
Total Capital/Shareholders' Equity		**16,523,007,876**	**14,859,468,602**
Non-controlling Interest	17.7	**226,408,192**	**231,307,418**
Total Liabilities & Capital/Shareholders' Equity		**268,697,319,121**	**246,745,300,353**

Shahjalal Islami Bank Limited and its Subsidiary

CONSOLIDATED OFF-BALANCE SHEET ITEMS

As at 31 December 2019

	Note	31.12.2019 Taka	31.12.2018 Taka
Contingent Liabilities			
Acceptances & endorsements		35,064,492,967	34,199,576,512
Letters of guarantee	20	29,749,668,530	23,976,960,264
Irrevocable letters of credit	21	31,562,148,000	25,478,400,567
Bills for collection		16,714,181,896	17,131,691,539
Other contingent liabilities		-	-
Total		**113,090,491,393**	**100,786,628,882**
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		**113,090,491,393**	**100,786,628,882**
Consolidated Net Asset Value per Share (previous year's figure restated)		**17.70**	**15.92**

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

Dhaka
10 June, 2020

M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants

Shahjalal Islami Bank Limited and its Subsidiary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Operating Income			
Investment Income	23	20,301,832,199	17,247,610,757
Less: Profit paid on Deposits	24	13,206,651,379	11,368,758,954
Net Investment Income		**7,095,180,820**	**5,878,851,803**
Income from Investment in Shares/Securities	25	554,392,574	168,179,671
Commission, Exchange and Brokerage	26	2,152,478,637	1,962,408,286
Other Operating Income	27	797,137,757	607,585,770
		3,504,008,968	**2,738,173,727**
Total Operating Income		**10,599,189,788**	**8,617,025,530**
Operating Expenses			
Salaries and Allowances	28	2,962,806,871	2,694,894,981
Rent, Taxes, Insurances, Electricity etc.	29	485,427,141	479,324,582
Legal Expenses	30	1,400,755	1,495,946
Postage, Stamps, Telecommunication etc.	31	42,371,544	44,847,904
Stationery, Printings, Advertisements etc.	32	120,538,132	105,568,088
Chief Executive's Salary & Fees	33	19,957,000	15,974,100
Directors' Fees & Expenses	34	7,396,409	6,229,915
Shariah Supervisory Committee's Fees & Expenses	35	1,317,660	518,180
Auditors' Fees	36	574,750	535,250
Depreciation & Repairs of Bank's Assets	37	308,457,118	203,967,846
Zakat Expenses	38	140,732,626	124,669,104
Other Expenses	39	675,394,431	563,274,413
Total Operating Expenses		**4,766,374,437**	**4,241,300,309**
Profit / (Loss) before Provision	22	**5,832,815,351**	**4,375,725,221**
Specific provision for Classified Investment		1,160,780,000	1,114,600,000
General Provision for Unclassified Investment		525,400,000	209,500,000
General Provision for Off-Balance Sheet Items		32,200,000	-
Provision for diminution in value of Investments in Shares		252,600,000	86,760,000
Provision for Other Assets		-	-
Total Provision	40	**1,970,980,000**	**1,410,860,000**
Total Profit / (Loss) before taxes		**3,861,835,351**	**2,964,865,221**
Provision for taxation			
Deferred tax	41	44,887,632	3,436,093
Current tax	41b	2,158,307,672	1,712,957,586
		2,203,195,304	**1,716,393,679**
Net Profit / (Loss) after Tax		**1,658,640,047**	**1,248,471,542**

Shahjalal Islami Bank Limited and its Subsidiary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Net profit after tax attributable to:			
Equity holders of SJIBL		1,663,539,273	1,246,107,431
Non-controlling interest		(4,899,226)	2,364,110
		1,658,640,047	**1,248,471,542**
Retained earnings from previous year		921,461,996	1,079,870,794
Add: Net profit after tax (attributable to equity holders of SJIBL)		1,663,539,273	1,246,107,431
Profit available for appropriation		**2,585,001,270**	**2,325,978,225**
Appropriation:			
Statutory reserve	18	778,829,989	633,093,689
Dividend		848,564,790	771,422,540
Capital Reserve		2,878,961	-
Retained earnings	19	954,727,530	921,461,996
		2,585,001,270	**2,325,978,225**
Consolidated earnings per share [previous year's figure restated]	42	**1.78**	**1.33**

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

M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants

Dhaka
10 June, 2020

Shahjalal Islami Bank Limited and its Subsidiary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Cash flows from operating activities			
Investment income receipt in cash	43	20,865,745,069	17,462,277,290
Profit paid on deposits	44	(12,811,231,677)	(11,081,422,859)
Dividend receipts		47,139,321	44,871,643
Fees & commission receipt in cash		2,145,879,490	1,961,431,952
Recoveries on investment previously written off		25,546,074	10,373,603
Cash payments to employees		(2,982,763,871)	(2,710,869,081)
Cash payments to suppliers		(120,538,132)	(105,568,088)
Income tax paid		(1,980,449,839)	(1,146,087,585)
Receipts from other operating activities	45	800,783,164	609,729,021
Payment for other operating activities	46	(1,385,159,900)	(1,244,438,815)
(i) Operating profit before changes in operating assets & liabilities		**4,604,949,699**	**3,800,297,082**
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(10,325,846,999)	(28,459,406,949)
(Increase)/decrease in other assets	47	17,138,990	1,903,285,392
(Increase)/decrease of placement with other banks & financial institutions		(848,186,850)	(4,851,585,700)
Increase/(decrease) in deposits from other banks		1,002,101,414	68,090,000
Increase/(decrease) of placement from other banks & financial institutions		(12,576,095,036)	(5,969,468,964)
Increase/(decrease) in deposits received from customers		25,104,933,961	30,102,493,245
Increase/(decrease) in other liabilities on account of customers		1,886,104,691	478,813,628
Increase/(decrease) in other liabilities	48	259,197,883	204,757,330
(ii) Cash flows from operating assets and liabilities		**4,519,348,053**	**(6,523,022,017)**
Net cash flows from/(used in) operating activities (A)=(i+ii)		**9,124,297,752**	**(2,722,724,936)**
Cash flows from investing activities			
Proceeds from sale of securities		311,857,274	217,882,266
Payment for purchases of securities		(3,731,936,837)	(2,137,037,164)
Proceeds from sale of fixed assets		208,086,515	315,475,220
Payment for purchases of property, plant & equipments		(989,521,089)	(541,837,799)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		**(4,201,514,137)**	**(2,145,517,477)**
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts from issuance of Mudaraba Subordinated Bond		-	6,000,000,000
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary share holder		-	(22,500,000)
Net cash flow from financing activities (C)		**-**	**5,977,500,000**
Net increase/(decrease) in cash & cash equivalents (A+B+C)		**4,922,783,615**	**1,109,257,587**
Add: Effect of exchange rate changes on cash & cash equivalents		6,599,147	976,333
Add: Cash and cash equivalents at the beginning of the year		15,318,805,963	14,208,572,043
Cash & cash equivalents at the end of the year	49	**20,248,188,725**	**15,318,805,963**
Consolidated Net Operating Cash Flow per Share (NOCFPS) **[Previous year's figure restated]**	42(ii)	**9.78**	**(2.92)**

The annexed notes form an integral part of these consolidated financial statements.

Dhaka
10 June, 2020

Chairman | Director | Director | Managing Director

Shahjalal Islami Bank Limited and its Subsidiary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Capital Reserve	Retained Earnings	Non-controlling Interest	Total Capital/ Shareholders' Equity
Balance as at 01 January 2019	8,485,647,930	5,452,358,676	-	921,461,996	231,307,418	15,090,776,020
Dividend for the year 2018	848,564,790	-	-	(848,564,790)	-	-
Net profit during the year	-	778,829,989	2,878,961	881,830,324	(4,899,226)	1,658,640,048
Total Capital/Shareholders' Equity as at 31 December 2019	**9,334,212,720**	**6,231,188,665**	**2,878,961**	**954,727,530**	**226,408,192**	**16,749,416,068**
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items						2,818,065,735
Add: Mudaraba Subordinated Bond						10,000,000,000
Less: Shortfall of provision required against investment						998,320,159
Total Eligible Regulatory Capital as at 31 December 2019						**28,569,161,644**

For the year ended 31 December 2018

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Capital Reserve	Retained Earnings	Non-controlling Interest	Total Capital/ Shareholders' Equity
Balance as at 01 January 2018	7,714,225,390	4,819,264,987	-	1,079,870,794	251,443,308	13,864,804,478
Dividend for the year 2017	771,422,540	-	-	(771,422,540)	(22,500,000)	(22,500,000)
Net profit during the year	-	633,093,689	-	613,013,742	2,364,110	1,248,471,542
Total Capital/Shareholders' Equity as at 31 December 2018	**8,485,647,930**	**5,452,358,676**	**-**	**921,461,996**	**231,307,418**	**15,090,776,020**
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items						2,212,500,000
Add: Mudaraba Subordinated Bond						10,000,000,000
Less: Shortfall of provision required against investment						1,895,600,000
Total Eligible Regulatory Capital as at 31 December 2018						**25,407,676.020**

The annexed notes form an integral part of these consolidated financial statements.

Dhaka
10 June, 2020

Chairman | Director | Director | Managing Director

Shahjalal Islami Bank Limited

BALANCE SHEET

As at 31 December 2019

	Note	31.12.2019 Taka	31.12.2018 Taka
Property and Assets			
Cash			
Cash in hand (Including Foreign Currencies)	3a	2,320,196,507	1,955,895,120
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4a	15,539,227,347	11,609,938,400
		17,859,423,854	**13,565,833,520**
Balance with other Banks and Financial Institutions			
Inside Bangladesh		1,773,169,975	1,376,996,941
Outside Bangladesh		608,258,408	371,705,561
	5a	**2,381,428,383**	**1,748,702,503**
Placement with other Banks & Financial Institutions	6a	**12,361,483,166**	**11,513,296,316**
Investments in Shares & Securities			
Government		11,750,000,000	9,000,000,000
Others		3,889,417,772	3,320,531,197
	7a	**15,639,417,772**	**12,320,531,197**
Investments			
General Investment etc.		182,671,664,294	174,542,243,558
Bills Purchased and Discounted		14,614,015,788	11,547,790,733
	8a	**197,285,680,082**	**186,090,034,291**
Fixed Assets Including Premises	9a	**4,503,970,454**	**3,995,466,335**
Other Assets	10a	**15,983,396,045**	**14,337,119,704**
Non Banking Assets	11	**88,909,355**	**88,909,355**
Total Property and Assets		**266,103,709,111**	**243,659,893,222**
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12a	**11,382,596,297**	**23,465,601,827**
Deposits and Other Accounts			
Mudaraba Savings Deposits		24,751,894,884	20,792,172,031
Mudaraba Term Deposits		82,587,971,836	79,408,029,450
Other Mudaraba Deposits		62,937,938,001	51,434,842,290
Al-Wadeeah Current & Other Deposit Accounts		28,770,762,184	22,376,070,686
Bills Payable		4,335,581,019	2,850,398,551
	13a	**203,384,147,925**	**176,861,513,007**
Mudaraba Subordinated Bond	14	**10,000,000,000**	**10,000,000,000**
Other Liabilities	15a	**24,641,621,683**	**18,401,348,233**
Deferred Tax Liabilities	16a	**188,075,793**	**142,464,474**
Total Liabilities		**249,596,441,698**	**228,870,927,542**
Capital/Shareholders' Equity			
Paid-up Capital	17.2	9,334,212,720	8,485,647,930
Statutory Reserve	18	6,231,188,665	5,452,358,676
Retained Earnings	19a	941,866,028	850,959,074
Total Capital/Shareholders' Equity		**16,507,267,412**	**14,788,965,680**
Total Liabilities & Capital/Shareholders' Equity		**266,103,709,111**	**243,659,893,222**

Shahjalal Islami Bank Limited

OFF-BALANCE SHEET ITEMS

As at 31 December 2019

	Note	31.12.2019 Taka	31.12.2018 Taka
Contingent Liabilities			
Acceptances & endorsements		35,064,492,967	34,199,576,512
Letters of guarantee	20	29,749,668,530	23,976,960,264
Irrevocable letters of credit	21	31,562,148,000	25,478,400,567
Bills for collection		16,714,181,896	17,131,691,539
Other contingent liabilities		-	-
Total		**113,090,491,393**	**100,786,628,882**
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		**113,090,491,393**	**100,786,628,882**
Net Asset Value per Share [previous year's figure restated]	42(i)	**17.68**	**15.84**

The annexed notes form an integral part of these financial statements

Chairman | Director | Director | Managing Director

This is the consolidated balance sheet referred to in our separate report of even date

Dhaka
10 June, 2020

M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants

Shahjalal Islami Bank Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Operating Income			
Investment Income	23a	20,290,692,595	17,121,990,674
Less: Profit paid on Deposits	24a	13,112,331,753	11,295,069,465
Net Investment Income		**7,178,360,842**	**5,826,921,209**
Income from Investment in Shares/securities	25a	478,761,405	373,496,035
Commission, Exchange and Brokerage	26a	2,057,856,991	1,851,255,492
Other Operating Income	27a	791,003,472	601,093,495
		3,327,621,868	**2,825,845,022**
Total Operating Income		**10,505,982,710**	**8,652,766,231**
Operating expenses			
Salaries and Allowances	28a	2,911,379,476	2,640,460,945
Rent, Taxes, Insurances, Electricity etc.	29a	457,470,794	457,654,841
Legal Expenses	30a	1,145,455	1,484,446
Postage, Stamps, Telecommunication etc.	31a	39,643,446	42,261,215
Stationery, Printings, Advertisements etc.	32a	118,743,626	103,185,519
Chief Executive's Salary & Fees	33	19,957,000	15,974,100
Directors' Fees & Expenses	34	7,396,409	6,229,915
Shariah Supervisory Committee's Fees & Expenses	35	1,317,660	518,180
Auditors' Fees	36a	500,000	500,000
Depreciation & Repairs of Bank's Assets	37a	299,367,622	195,450,231
Zakat Expenses	38	140,732,626	124,669,104
Other Expenses	39a	643,198,651	488,049,292
Total Operating Expenses		**4,640,852,765**	**4,076,437,788**
Profit / (Loss) before Provision	22a	**5,865,129,945**	**4,576,328,443**
Specific provision for Classified Investment		1,160,780,000	1,114,600,000
General Provision for Unclassified Investment		525,400,000	209,500,000
General Provision for Off-Balance Sheet Items		32,200,000	-
Provision for diminution in value of Investments in Shares		252,600,000	86,760,000
Provision for Other Assets		-	-
Total Provision	40a	**1,970,980,000**	**1,410,860,000**
Total Profit/(Loss) before taxes		**3,894,149,945**	**3,165,468,443**

Shahjalal Islami Bank Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Provision for taxation			
Deferred tax	41a	45,611,319	4,465,215
Current tax	41c	2,130,236,894	1,689,821,298
		2,175,848,213	**1,694,286,514**
Net Profit after Taxation		**1,718,301,732**	**1,471,181,929**
Retained Earnings from previous year		850,959,075	784,293,374
Add: Net Profit after Tax		1,718,301,732	1,471,181,929
Profit available for appropriation		**2,569,260,807**	**2,255,475,303**
Appropriation			
Statutory Reserve	18	778,829,989	633,093,689
Dividend		848,564,790	771,422,540
Retained Earnings	19a	941,866,028	850,959,075
		2,569,260,807	**2,255,475,303**
Earnings Per Share (EPS) [previous year's figure restated]	42a	**1.84**	**1.58**

The annexed notes form an integral part of these financial statements.

Chairman | Director | Director | Managing Director

This is the consolidated balance sheet referred to in our separate report of even date

Dhaka
10 June, 2020

M. Moniruzzaman, FCA
Partner
ACNABIN, Chartered Accountants

Shahjalal Islami Bank Limited

CASH FLOW STATEMENT

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Cash flows from operating activities			
Investment income receipt	43a	20,635,681,058	17,209,626,836
Profit paid on deposits	44a	(12,533,641,554)	(10,868,470,422)
Dividend receipts		47,139,321	296,371,643
Fees & commission receipt		2,051,257,844	1,850,279,158
Recoveries on investment previously written off		25,546,074	10,373,603
Cash payments to employees		(2,931,336,476)	(2,656,435,045)
Cash payments to suppliers		(118,743,626)	(103,185,519)
Income tax paid		(1,952,776,321)	(1,077,042,266)
Receipts from other operating activities	45a	790,996,280	601,093,495
Payments for other operating activities	46a	(1,321,446,577)	(1,144,008,060)
(i) Operating Profit before changes in operating assets & liabilities	50	**4,692,676,024**	**4,118,603,424**
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(11,368,528,888)	(27,421,876,916)
(Increase)/decrease of other assets	47a	393,133,601	524,646,247
(Increase)/decrease of Placement with other Banks & Financial Institutions		(848,186,850)	(4,851,585,700)
Increase/(decrease) of deposits from other banks		1,002,101,414	68,090,000
Increase/(decrease) of Placement from other Banks & Financial Institutions		(12,083,005,530)	(6,156,086,464)
Increase/(decrease) of deposits received from customers		24,941,843,305	30,018,597,720
Increase/(decrease) of other liabilities on account of customers		1,886,104,691	478,813,628
Increase/(decrease) of other liabilities	48a	400,288,889	350,802,572
(ii) Cash flows from operating assets and liabilities		**4,323,750,630**	**(6,988,598,912)**
Net cash flows from/(used in) operating activities (A)=(i+ii)		**9,016,426,654**	**2,869,995,489)**
Cash flows from investing activities			
Proceeds from sale of securities		201,864,599	46,069,208
Payment for purchases of securities		(3,520,751,174)	(1,840,342,166)
Proceeds from sale of fixed assets		208,086,515	315,475,220
Payment for purchases of property, plant & equipments		(985,909,527)	(526,632,952)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		**(4,096,709,589)**	**(2,005,430,690)**
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts from issuance of Mudaraba Subordinated Bond		-	6,000,000,000
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary shareholders		-	-
Net cash flow from financing activities (C)		**-**	**6,000,000,000**
Net Increase/(decrease) in cash & cash equivalents (A+B+C)		4,919,717,065	1,124,573,821
Add: Effect of exchange rate changes on cash & cash equivalents		6,599,147	976,333
Cash and cash equivalents at the beginning of the year		15,314,536,023	14,188,985,869
Cash and cash equivalents at the end of the year	49a	**20,240,852,236**	**15,314,536,023**
Net Operating Cash Flow per Share (NOCFPS) **[previous year's figure restated]**	42(ii)	**9.66**	**(3.07)**

The annexed notes form an integral part of these financial statements.

Dhaka
10 June, 2020

Chairman | Director | Director | Managing Director

Shahjalal Islami Bank Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total Capital/ Shareholders' Equity
Balance as at 01 January 2019	8,485,647,930	5,452,358,676	850,959,074	14,788,965,680
10 % Stock Dividend issued for the year 2018	848,564,790	-	(848,564,790)	-
Net profit during the year	-	778,829,989	939,471,743	1,718,301,732
Total Capital/Shareholders' Equity as at 31 December 2019	**9,334,212,720**	**6,231,188,665**	**941,866,028**	**16,507,267,412**

Total Equity for the purpose of Capital Adequacy	
Equity as per above	**16,507,267,412**
Add: General Provision for Unclassified Investment & Off-Balance Sheet items	2,770,100,000
Add: Mudaraba Subordinated Bond	10,000,000,000
Total Eligible Regulatory Capital as at 31 December 2019	**29,277,367,412**

For the year ended 31 December 2018

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total Capital/ Shareholders' Equity
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 Capital/ 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
Less: Shortfall of provision required against investment	1,895,600,000
Total Eligible Regulatory Capital as at 31 December 2018	**25,105,865,680**

The annexed notes form an integral part of these consolidated financial statements.

Dhaka
10 June, 2020

Chairman | Director | Director | Managing Director

Shahjalal Islami Bank Limited

LIQUIDITY STATEMENT, ASSETS AND LIABILITIES MATURITY ANALYSIS

As at 31 December 2019

(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	2,320,196,507	-	-	-	-	2,320,196,507
Balance with other Banks and Financial Institutions	69,906,543	6,181,316,186	-	-	11,669,433,000	17,920,655,729
Placement with other Banks & Financial Institutions	3,900,000,000	8,150,000,000	-	311,483,166	-	12,361,483,166
Investment in Shares & Securities	4,249,417,772	4,020,000,000	5,650,000,000	1,480,000,000	240,000,000	15,639,417,772
Investments	26,337,638,291	54,016,819,207	71,673,887,574	27,343,795,259	17,913,539,751	197,285,680,082
Fixed Assets including premises	20,617,368	45,968,328	180,822,720	654,064,443	3,602,497,596	4,503,970,454
Other Assets	383,232,096	281,043,681	1,701,642,595	11,107,865,027	2,509,612,645	15,983,396,045
Non-banking Assets	-	-	-	-	88,909,355	88,909,355
Total assets (i)	**37,281,008,577**	**72,695,147,401**	**79,206,352,889**	**40,897,207,897**	**36,023,992,347**	**266,103,709,111**
Liabilities						
Placement from other Banks & Financial Institutions	2,381,532,023	3,817,869,658	5,183,194,615	-	-	11,382,596,297
Deposits and other accounts	32,421,161,630	60,540,435,423	59,194,552,370	18,211,995,000	33,016,003,501	203,384,147,924
Mudaraba Subordinated Bond	-	-	800,000,000	9,200,000,000	-	10,000,000,000
Other liabilities	1,095,648,435	3,097,112,202	12,602,253,602	5,463,615,914	2,382,991,531	24,641,621,684
Deferred tax Liabilities	-	-	-	-	188,075,793	188,075,793
Total Liabilities (ii)	**35,898,342,088**	**67,455,417,284**	**77,780,000,587**	**32,875,610,914**	**35,587,070,825**	**249,596,441,698**
Net Liquidity Gap (i-ii)	**1,382,666,489**	**5,239,730,117**	**1,426,352,302**	**8,021,596,982**	**436,921,522**	**16,507,267,412**

The annexed notes form an integral part of these financial statements.

Dhaka
10 June, 2020

Chairman | Director | Director | Managing Director

Shahjalal Islami Bank Limited and its Subsidiary

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As at and for the year ended 31 December 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 132 branches, 105 (One Hundred Five) ATM booths and 2,652 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 financial statements of the Group and separate financial statements the Bank have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRSs) 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) 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) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Bank Companies Act 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank has departed from those which are the requirements of IAS and IFRS in order to comply with the rules and regulations of Bangladesh Bank are disclosed below:

i) Presentation of financial statements

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

Bangladesh Bank: A format of financial statements (i.e. balance sheet, profit and loss account, cash flow statement, statement of changes in equity, liquidity statement) is prescribed in the "First Schedule" of section 38 of the Bank Company Act 1991 (amended up to 2018) and BRPD circular no. 15 dated 09 November 2009 of Bangladesh Bank. Assets and liabilities are not classified under current and non-current heading in the prescribed format of financial statements.

ii) 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. 15 dated 09 November 2009 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

iii) Revaluation gains/losses on Government securities

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

iv) 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), BRPD Circular No. 01 (20 February 2018), BRPD Circular No. 03 (21 April 2019) and BRPD Circular No. 07 (19 March 2020) 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".

v) 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.

vi) 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.

vii) 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.

viii) Financial guarantees

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

Bangladesh Bank: As per BRPD 15 dated 09 November 2009, 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.

ix) 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.

x) Non-Banking assets

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

Bangladesh Bank: As per BRPD 15 dated 09 November 2009, there must exist a face item named Non-Banking asset.

xi) 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.

xii) 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.

xiii) 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 15 dated 09 November 2009.

xiv) 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 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.

xv) Disclosure of appropriation of profit

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

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

xvi) Investments net off provision

IFRS: Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per 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.

xvii) Recognition of Interest in Suspense

IFRS: Loans and advances/Investments to customers are generally classified as "loans and receivables" as per IFRS 9 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD Circular No. 14 dated 23 September 2012, once a investment is classified, profit on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an profit in suspense account, which is presented as liability in balance sheet.

xviii) 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 Limited 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", 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 14 meetings during the year 2019. 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.

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 2019.

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, BRPD Circular No. 01 dated 20 February 2018, BRPD Circular No. 03 dated 21 April 2019 and BRPD Circular No. 07 dated 19 March 2020. 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 is made as per 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 2019, the sharing ratio among the Mudaraba fund providing were 76.47% 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 listed 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. As per Bangladesh Bank DOS Circular # 04 dated 24 November 2011, provision for diminution in value of investment was made by netting of unrealised gain/ loss of shares from market price/ book value less cost price.

Investment in unquoted securities

Investment in unlisted securities is reported at cost under cost method. Adjustment is given for any shortage of book value over cost for determining the carrying amount of investment in unlisted securities.

Derivative Investments

The Bank has no investments during the year in any derivative investments.

Investment in Subsidiary

Investment in subsidiary is accounted for under the cost method of accounting in the Bank's financial statements in accordance with the IAS 27 "Separate Financial Statements", IFRS 3 "Business Combination", IAS 36 "Impairment of Assets" and IFRS 10 "Consolidated 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	2019	
	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

ROU assets are depreciated on a straight line basis over the lease term (Note 2.16).

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 36.

2.16. IFRS 16: Leases

Shahjalal Islami Bank Limited has applied IFRS 16: "Leases" for the first time with the date of initial application of 1 January 2019 using modified retrospective approach where the bank measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

In according to IFRS 16 Leases, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement the bank recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the Bank. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the Bank measures the right-of-use asset using a cost model. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other liabilities.

2.17. 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.

2.18. 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.

2.19. 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.

2.20. 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.

2.21. 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.

2.22. Taxation

Current Tax

Provision for current income tax has been made @ 37.50% as prescribed in the Finance Act, 2019 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 2019.

2.23. Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2019.

2.24. 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.

2.25. 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.

2.26. 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.

2.27. 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. This bonus amount is distributed among the employees on annual basis considering specific terms & policy of the Bank.

Hospitalisation insurance

The Bank operates a health insurance scheme to its confirmed employees and their respective spouses and children at rates provided in health insurance coverage policy.

2.28. 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 months, detail of which are disclosed in Note 10a.5

2.29. 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.

2.30. 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 International Financial Reporting Standards (IFRS).

2.31. 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.

2.32. 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) 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	Replaced by IFRS 16
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	Complied
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
16	16	Leases	Complied

* Subject to departure disclosed in note no. 2.1

2.33. Events after the reporting period

COVID-19

Subsequent to year-end, on 11 March 2020, World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease commonly called as COVID-19. To contain the spread of this disease, along with many other countries of the world, Government of Bangladesh has also taken a number of measures such as declaration of general holiday, enforcement of lock down, social distancing etc. As a result of these measures, all business and economic activities were adversely affected and those also impacted the Group and the Bank as well. Management considered COVID-19 as a subsequent event and in accordance with IAS 10 this is a non-adjusting event (i.e. an event after the reporting period that is indicative of a condition arising after the end of the reporting period); because the significant changes in business activities and economic conditions as a result of COVID-19 had taken place well after the reporting date of 31 December 2019. Although the business operation and profitability of the Bank were affected due to COVID-19, the situation is constantly changing and there is no certainty at present as to how long the situation will prevail. The potential impact of COVID 19 related matters on the Bank's operation and financial results cannot be reasonably assessed. There is no impact of the stimulus packages declared by Government of Bangladesh for the industries in Bangladesh to the financial statements of the Bank for the financial year ended 31 December 2019 regarding COVID-19.

		Note	31.12.2019 Taka	31.12.2018 Taka
3	**Consolidated Cash in hand (Including foreign currencies)**			
	Shahjalal Islami Bank Ltd	(Note-3a)	2,320,196,507	1,955,895,120
	Shahjalal Islami Bank Securities Ltd		-	-
			2,320,196,507	**1,955,895,120**
3a	**Cash in hand of the Bank (Including foreign currencies)**			
	In local currency		2,305,090,903	1,939,765,439
	In foreign currencies	(Note-3a.1)	15,105,604	16,129,681
			2,320,196,507	**1,955,895,120**
3a.1	**In Foreign Currency**			

Foreign Currency	Amount in FC	Exchange Rate			
US Dollar	170,352.93	84.90		14,462,964	15,508,370
GBP	3,038.68	111.03		337,392	316,222
Euro	3,216.77	94.89		305,248	305,089
				15,105,604	**16,129,681**

4	**Consolidated Balance with Bangladesh Bank and it's agent bank(s)**			
	Shahjalal Islami Bank Ltd	(Note-4a)	15,539,227,347	11,609,938,400
	Shahjalal Islami Bank Securities Ltd		-	-
			15,539,227,347	**11,609,938,400**
4a	**Balance with Bangladesh Bank and it's agent bank(s) (Including foreign currencies)**			
	In local currency		12,870,787,695	9,960,954,722
	In foreign currencies		2,292,220,590	1,448,882,480
			15,163,008,286	**11,409,837,202**
	Balance with Sonali Bank Ltd. as agent of Bangladesh Bank			
	In local currency		376,219,061	200,101,198
	In foreign currencies		-	-
			376,219,061	**200,101,198**
			15,539,227,347	**11,609,938,400**

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 Ratio (CRR): 5.50% of Average Demand and Time Liabilities**		
	Required Reserve	11,669,433,000	9,347,528,108
	Actual Reserve held with Bangladesh Bank (In local currency)*	12,605,539,310	9,945,734,260
	CRR Surplus	**936,106,310**	**598,206,153**
	Maintained (%)	5.94%	5.85%

* 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		11,669,433,000	9,347,528,108
	Actual Reserve held	(Note-4a.4)	15,771,349,677	12,254,202,471
	SLR Surplus		**4,101,916,677**	**2,906,674,364**
	Maintained (%)		7.43%	7.21%
4a.4	**Components of Statutory Liquidity Ratio**			
	Cash in hand		2,209,024,307	1,955,895,120
	Balance with Sonali Bank Ltd. as agent of Bangladesh Bank	(Note-4a)	376,219,061	200,101,198
	Excess CRR	(Note-4a.2)	936,106,310	598,206,153
	Bangladesh Bank Islami Investment Bond	(Note-7a)	11,750,000,000	9,000,000,000
	Refinance Fund (with Bangladesh Bank)	(Note-6a.1)	500,000,000	500,000,000
			15,771,349,677	**12,254,202,471**

		Note	31.12.2019 Taka	31.12.2018 Taka
5	**Consolidated Balance with Other Banks and Financial Institutions**			
	Inside Bangladesh			
	Shahjalal Islami Bank Ltd	(Note-5a.1)	1,773,169,975	1,376,996,941
	Shahjalal Islami Bank Securities Ltd		153,758,423	313,782,530
			1,926,928,398	1,690,779,471
	Less: Inter Company Transaction		146,421,934	309,512,590
			1,780,506,464	**1,381,266,881**
	Outside Bangladesh			
	Shahjalal Islami Bank Ltd	(Note-5a.2)	608,258,408	371,705,561
	Shahjalal Islami Bank Securities Ltd		-	-
			608,258,408	**371,705,561**
			2,388,764,872	**1,752,972,443**
5a	**Balance with Other Banks and Financial Institutions of the Bank**			
	(Other than mudaraba Fund)			
	Inside Bangladesh	(Note-5a.1)	1,773,169,975	1,376,996,941
	Outside Bangladesh	(Note-5a.2)	608,258,408	371,705,561
			2,381,428,382	**1,748,702,503**
5a.1	**Inside Bangladesh**			
	Current Account			
	Sonali Bank Limited (Other than as agent of Bangladesh Bank)		41,227,863	43,631,237
	National Bank Limited, Narayangonj Branch		4,904	6,054
	Standard Chartered Bank, Motijheel Branch		5,822,336	4,774,856
	Islami Bank Bangladesh Limited		139,181	140,613
	Agrani Bank Limited (Islami Banking Wing)		22,681,032	24,133,348
	Janata Bank Limited, Dinajpur Branch		1,532	3,832
	Off-Shore Banking Unit		26,437,209	1,102,746,727
			96,314,056	1,175,436,667
	Less: Off-Shore Banking Unit		26,437,209	1,102,746,727
			69,876,847	**72,689,940**
	Mudaraba Special Notice Deposit			
	Export Import Bank of Bangladesh Limited		40,777,048	13,470,226
	Trust Bank Limited, Dilkusha Corporate Branch		10,261,848	6,823,907
	Prime Bank Limited, Islami Banking Branch		24,964	494,133
	Social Islami Bank Limited		1,194,686	1,638,432
	Agrani Bank-Corporate Branch (Islami Banking Wing)		157,665,267	60,922,824
	AB Bank Limited, Islami Banking Branch		29,070	7,759,660
	Jamuna Bank Limited, Naya Bazar Islami Banking Branch		6,514	328,939
	Bank Al Falah, Islami Banking Branch		14,370	3,079,913
	Al-Arafah Islami Bank Limited		1,382,670,187	1,200,003,380
	Southeast Bank Limited, Islami Banking Branch		100,026,563	447,284
	The City Bank - Islamic Banking Branch		1,196,100	1,183,288
	Islami Bank Bangladesh Limited		9,096,552	7,808,266
			1,702,963,169	**1,303,960,253**
	Mudaraba Saving Deposit			
	Social Islami Bank Limited		301,715	314,290
	Al-Arafah Islami Bank Limited		14,310	20,107
	Islami Bank Bangladesh Limited		13,934	12,352
			329,959	346,749
			1,773,169,975	**1,376,996,941**

5a.2 Outside Bangladesh (NOSTRO Account) [as on 31 December 2019]

Current Account	Currency	F.C. Amount	Rate	Taka
Standard Chartered Bank NY	USD	666,605.51	84.9000	56,594,808
Mashreq Bank psc, NY	USD	211,583.99	84.9000	17,963,481
Standard Chartered Bank, Mumbai	USD	222,198.53	84.9000	18,864,655
Habib American Bank, USA	USD	188,751.39	84.9000	16,024,993
ICICI Bank, Hong Kong	USD	280,463.55	84.9000	23,811,355
WACHOVIA BANK, NY, USA	USD	365,732.78	84.9000	31,050,713
Commerzbank AG Frankfrut	USD	458,413.54	84.9000	38,919,310
Bank Aljazira	USD	51,775.88	84.9000	4,395,772
AB Bank Ltd. Mumbai	ACUD	139,176.61	84.9000	11,816,094
SCB, Mumbai	ACUD	1,661,264.72	84.9000	141,041,375
Nepal Bangladesh Bank, Nepal	ACUD	13,408.33	84.9000	1,138,367
Standard Chart. Bank, Colombo	ACUD	17,115.57	84.9000	1,453,112
ICICI Bank, Mumbai	ACUD	244,860.43	84.9000	20,788,651
Habib Metropoliton Bank Ltd.	ACUD	161,025.67	84.9000	13,671,079
United Bank of India, Kolkata	ACUD	225,228.12	84.9000	19,121,867
Sonali Bank Ltd ACU, Kolkata	ACUD	53,047.62	84.9000	4,503,743
Bank of Bhutan Ltd. Main Branch	ACUD	12,869.62	84.9000	1,092,631
AXIS Bank Ltd. India	ACUD	379,041.14	84.9000	32,180,593
MCB Bank Limited	ACUD	150,894.47	84.9000	12,810,941
Standard Chartered Bank, Frankfurt	EURO	110,113.14	94.8927	10,448,933
Mashreq Bank, London	EURO	72,557.24	94.8927	6,885,152
COMMERZBANK AG	EURO	13,162.26	94.8927	1,249,002
Wells Fargo Bank, N. A. London, UK	EURO	292,987.35	94.8927	27,802,361
Standard Chartered Bank,Tokyo	YEN	1,560,768.99	0.7760	1,211,157
Habib Bank AG Zurich	CHF	3,305.93	87.1395	288,077
ICICI Bank, Canada	CAD	3,826.16	64.8983	248,311
Bank Aljazira, KSA	SAR	1,763,886.35	22.6255	39,908,811
Riyad Bank, KSA	SAR	2,229,004.45	22.6255	50,432,340
Standard Chartered Bank London	GBP	8,377.20	111.0322	930,139
MASHREQBANK PSC. UAE	AED	21,142.25	23.1159	488,722
Standard Chartered Bank, China	CNY	92,260.00	12.1598	1,121,863
				608,258,408

Currency wise Distribution:

Foreign Currency	BDT	Composition
USD	207,625,087	34.13%
ACUD	259,618,452	42.68%
EURO	46,385,448	7.63%
YEN	1,211,157	0.20%
CHF	288,077	0.05%
CAD	248,311	0.04%
SAR	90,341,151	14.85%
GBP	930,139	0.15%
AED	488,722	0.08%
CNY	1,121,863	0.18%
	608,258,408	**100%**

Comparative statement of foreign currency amount and rate of 2019 and 2018 is given in **Annexure-C**

5a.3 In accordance with Bangladesh Bank Foreign Exchange Policy Department, Circular Letter no. FEPD (FEMO)/01/2005-677 dated 13 September 2005, the quarterly review of NOSTRO Accounts for the quarter ended 31 December 2019 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 2019 **Amount in USD**

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	11	20,087,181.87	310	11,626,543.19	17	208,543.57	362	13,387,173.84
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	-		-		-		-	
	11	**20,087,181.87**	**310**	**11,626,543.19**	**17**	**208,543.57**	**362**	**13,387,173.84**

As on 31 December 2018 **Amount in USD**

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	-		-		-		-	
	7	**11,339,875.98**	**163**	**7,365,591.87**	**15**	**1,036,588.14**	**421**	**19,256,004.08**

		Note	31.12.2019 Taka	31.12.2018 Taka
5a.4	**Maturity-wise groupings of balance with other banks and financial institutions**			
	On Demand		69,906,543	72,721,148
	Not more than 3 months		2,311,521,839	1,675,981,355
	More than 3 months but less than 1 year		-	-
	More than 1 year but less than 5 years		-	-
	More than 5 years		-	-
			2,381,428,382	**1,748,702,503**
6	**Consolidated Placement with other Banks & Financial Institutions**			
	Shahjalal Islami Bank Ltd	(Note-6a)	12,361,483,166	11,513,296,316
	Shahjalal Islami Bank Securities Ltd		-	-
			12,361,483,166	**11,513,296,316**
	Less: Inter Company Transaction		-	-
			12,361,483,166	**11,513,296,316**
6a	**Placement with other Banks & Financial Institutions of the Bank**			
	Placement with other Banks	(Note-6a.1)	4,261,483,166	3,813,296,316
	Placement with Financial Institutions	(Note-6a.2)	8,100,000,000	7,700,000,000
			12,361,483,166	**11,513,296,316**

		Note	31.12.2019 Taka	31.12.2018 Taka
6a.1	**Placement with other Banks**			
	Mudaraba Term Deposits-other Banks			
	ICB Islamic Bank Limited		311,483,166	311,596,316
	Export Import Bank of Bangladesh Limited		3,450,000,000	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
			4,261,483,166	**3,813,296,316**
6a.2	**Placement with Financial Institutions**			
	Mudaraba Term Deposits-Financial Institutions			
	Lanka Bangla Finance Limited		900,000,000	2,000,000,000
	Industrial and Infrastructure Development Finance Company Ltd		1,400,000,000	2,000,000,000
	Union Capital Limited		250,000,000	250,000,000
	Phoenix Finance & Investments Limited		400,000,000	400,000,000
	Premier Leasing International Limited		300,000,000	300,000,000
	Industrial Promotion and Development Company of Bangladesh Limited		1,200,000,000	1,200,000,000
	Islamic Finance and Investment Limited		150,000,000	150,000,000
	IDLC Finance Limited		2,500,000,000	-
	Delta Brac Housing Corp. Limited		1,000,000,000	-
	United Finance Limited		-	500,000,000
	National Housing Finance and Investment Limited		-	400,000,000
	Uttara Finance and Investments Limited		-	500,000,000
			8,100,000,000	**7,700,000,000**
			12,361,483,166	**11,513,296,316**
6a.3	**Maturity-wise groupings of placement with other Banks and Financial Institutions**			
	On Demand		-	-
	Not more than 3 months		12,050,000,000	10,301,700,000
	More than 3 months but not more than 1 year		-	900,000,000
	More than 1 year but not more than 5 years		311,483,166	311,596,316
	More than 5 years		-	-
			12,361,483,166	**11,513,296,316**
7	**Consolidated Investment in Shares & Securities**			
	Government			
	Shahjalal Islami Bank Ltd	(Note-7a)	11,750,000,000	9,000,000,000
	Shahjalal Islami Bank Securities Ltd		-	-
			11,750,000,000	**9,000,000,000**
	Others			
	Shahjalal Islami Bank Ltd	(Note-7a)	3,889,417,772	3,320,531,197
	Shahjalal Islami Bank Securities Ltd		1,659,023,407	1,557,830,420
			5,548,441,179	4,878,361,617
			17,298,441,179	**13,878,361,617**
7a	**Investment in Shares & Securities of the Bank**			
	Government			
	Bangladesh Government Islami Investment Bond (BGIIB)	(Note-7a.2)	11,750,000,000	9,000,000,000
			11,750,000,000	**9,000,000,000**
	Others			
	Mudaraba Perpetual Bond, Islami Bank Bangladesh Ltd.		47,550,542	47,550,542
	Mudaraba Subordinated Bond	(Note-7a.3)	2,040,000,000	1,560,000,000
	Investment in Shares	(Note-7a.4)	1,801,867,231	1,712,980,655
			3,889,417,772	**3,320,531,197**
			15,639,417,772	**12,320,531,197**

		31.12.2019	31.12.2018
		Taka	Taka
7a.1	**Maturity-wise Grouping of Investment in Securities:**		
	On demand	-	-
	Not more than 3 months	8,269,417,772	6,280,531,197
	More than 3 months but less than 1 year	5,650,000,000	4,600,000,000
	More than 1 year but less than 5 years	1,480,000,000	1,240,000,000
	More than 5 years	240,000,000	200,000,000
		15,639,417,772	**12,320,531,197**

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 bondholders 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 dependent on fund deployment of Bangladesh Bank which is not prefixed.

7a.3	**Mudaraba Subordinated Bond**		
	SIBL Mudarabah Subordinated Bond	440,000,000	560,000,000
	IBBL Mudaraba Subordinated Bond	1,000,000,000	1,000,000,000
	IBBL3rd Mudaraba Subordinated Bond	600,000,000	-
		2,040,000,000	**1,560,000,000**
7a.4	**Investment in shares (at cost)**		
	Quoted	117,315,120	79,725,940
	The ACME Laboratories Limited	35,487,579	35,487,579
	Active Fine Chemicals Ltd.	61,605,088	61,605,088
	Aftab Automobiles Limited	9,958,704	9,958,704
	Agricultural Marketing Company Ltd – AMCL (PRAN)	67,402,716	67,402,716
	AIBL 1st Islamic Mutual Fund	12,854,787	10,953,975
	Apex Footwear Limited	14,678,130	87,734,854
	Beacon Pharmaceuticals Limited	83,745,911	83,745,911
	Beximco Limited	96,044,734	69,126,961
	Dhaka Electric Supply Company Ltd.	166,063,283	166,063,283
	Eastern Housing Limited	42,402,697	42,402,697
	Envoy Textiles Ltd.	110,502,920	65,369,186
	Export Import Bank of Bangladesh Limited	65,297,780	65,297,780
	Fareast Islami Life Insurance Co. Ltd.	25,741,813	25,741,813
	Generation Next Fashions Limited	63,328,394	42,489,421
	LafargeHolcim Bangladesh Limited	41,501,769	41,501,769
	M.I. Cement Factory Ltd	43,204,196	75,607,343
	Meghna Petroleum Limited	65,855,505	65,855,505
	Metro Spinning Mills Limited	62,359,551	62,359,551
	Orion Pharma Ltd.	46,803,776	46,803,776
	RAK Ceramics (Bangladesh) Limited	35,382,751	34,785,789
	Square Textile Ltd	156,023,958	156,023,958
	The Dacca Dyeing & Mfg. Co. Limited	78,349,510	78,349,510
	Titas Gas Transmission And Distribution Co. Ltd	31,110,235	31,110,235
	Unique Hotel and Resorts Ltd	8,422,015	9,744,380
	Bangladesh Steel Re-Rolling Mills Limited	32,516,491	5,165,436
	Prime Islami Life Insurance Ltd.	18,441,295	18,441,295
	Premier Cement Mills Limited	16,117,113	16,117,113
	Shahjibazar Power Co. Ltd.	7,172,574	60,778,950
	Singer Bangladesh Limited	7,422,282	21,845,687
	Olympic Industries Ltd.	58,874,302	44,791,917
	Square Pharmaceuticals Ltd.	15,673,722	2,957,909

	Note	31.12.2019	31.12.2018
		Taka	Taka
Padma Islami Life Insurance Limited		6,059,353	-
Aamra Technologies Limited		731,558	-
Aman Cotton Fibrous Limited		11,754,966	-
Baraka Power Limited		4,485,482	-
Bangladesh Building Systems Ltd.		3,676,488	-
Bashundhara Paper Mills Limited		28,229,178	-
BSRM Steels Limited		48,910	-
Coppertech Industries Limited		1,873,598	-
Esquire Knit Composite Limited		8,203,083	-
First Security Islami Bank Limited		3,409	-
Genex Infosys Limited		7,800,452	-
The IBN SINA Pharmaceutical Industry Ltd.		1,758,663	-
Islami Insurance Bangladesh Limited		12,979,613	-
MJL Bangladesh Limited		42,926	-
New Line Clothings Limited		554,558	-
Runner Automobiles Limited		38,800	-
Sea Pearl Beach Resort & Spa Limited		73,690	-
Silco Pharmaceuticals Limited		3,064	-
S. S. Steel Limited		8,314,698	-
Summit Power Limited		-	2,259,675
Familytex (BD) Ltd.		-	4,314,941
Bangladesh Submarine Cable Company Limited		-	9,624,374
Power Grid Company of Bangladesh Ltd.		-	42,705
M.L. Dyeing Limited		-	91,643
Silva Pharmaceuticals Limited		-	42,343
VFS Thread Dyeing Limited			
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
ADN Telecom Limited		574,040	574,040
Aman Cotton Fibrous Limited		-	315,090
SK Trims & Industries Limited		-	51,170
Esquire Knit Composite Limited		-	1,885,100
Kattali Textile Limited		-	102,130
S S Steel Limited		-	137,920
Genex Infosys Limited		-	107,670
Runner Automobiles Limited		-	1,085,825
		1,801,867,231	**1,712,980,655**
Details of investment in shares is given in **Annexure-A**.			
8 **Consolidated Investments**			
Shahjalal Islami Bank Ltd	(Note-8a)	182,671,664,294	174,542,243,558
Shahjalal Islami Bank Securities Ltd		4,797,416,698	5,314,709,081
		187,469,080,992	179,856,952,639
Less: Inter Company Transaction		1,783,772,006	1,258,382,500
		185,685,308,986	178,598,570,139
Bills Purchased and Discounted :			
Shahjalal Islami Bank Ltd	(Note-8a)	14,614,015,788	11,547,790,733
Shahjalal Islami Bank Securities Ltd		-	-
		14,614,015,788	11,547,790,733
		200,299,324,774	**190,146,360,872**

		Note	31.12.2019 Taka	31.12.2018 Taka
8a	**Investments of the Bank**			
	Country-wise Classification of Investments:			
	Inside Bangladesh			
	Gross Murabaha, Bai-Muajjal etc		193,427,000,258	184,824,649,587
	Less: Profit receivable on Murabaha, Bai-Muajjal etc (Mark-up profit on unearned income)		10,755,335,963	10,282,406,029
	Net Murabaha, Bai-Muajjal etc		182,671,664,294	174,542,243,558
	Bills purchased and discounted	(Note-8a.2)	14,614,015,788	11,547,790,733
	Outside Bangladesh		-	-
			197,285,680,082	**186,090,034,291**
8a.1	**Maturity wise Classification of Investments:**			
	With a residual maturity of			
	Re-payable on Demand		18,998,610,992	26,703,919,921
	Not more than 3 months		61,355,846,506	54,673,252,075
	Over 3 months but not more than 1 year		71,673,887,574	75,589,771,929
	Over 1 year but not more than 5 years		27,343,795,259	25,792,078,753
	Over 5 years		17,913,539,751	3,331,011,614
			197,285,680,082	**186,090,034,291**
8a.2	**Bills Purchased and Discounted :**			
	Payable inside Bangladesh		5,038,836,486	5,919,250,215
	Payable outside Bangladesh		10,026,408,077	6,058,642,581
	Gross Bills Purchased and Discounted		15,065,244,563	11,977,892,796
	Less: Profit receivable on Bills Purchased and Discounted		451,228,775	430,102,062
	Net Bills Purchased and Discounted		**14,614,015,788**	**11,547,790,733**
8a.3	**Maturity wise Classification of Bills Purchased and Discounted:**			
	Re-payable:-			
	Within 1 month		3,453,291,931	1,657,107,970
	Over 1 month but less than 3 months		3,247,234,308	3,392,740,917
	Over 3 months but less than 6 months		4,283,368,027	2,345,356,298
	6 months or more		3,630,121,522	4,152,585,548
			14,614,015,788	**11,547,790,733**
8a.4	**Investments on the basis of significant concentration:**			
	Investments to allied concern of Directors	(Note-53.5)	2,201,648,077	1,313,309,232
	Investments to Executives/Officers		1,594,249,991	1,497,300,000
	Investments to Customer Groups		85,215,891,715	81,441,122,849
	Industrial Investment		108,090,615,813	99,611,902,210
	Others		183,274,487	2,226,400,000
			197,285,680,082	**186,090,034,291**
	Investments allowed to individual customer exceeding 10% of Bank's total capital:			
	Total outstanding amount to such customers at end of the year	:	69,611.03 million	59,651.02 million
	Number of such types of customers	:	17	17
	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. 2,927.74 million which is computed @ 10% of total capital of the bank i.e. Tk.29,277.37 million (Note # 17.5.c) as at 31 December 2019.

For details please refer to **Annexure-D**

8a.5 **Sector-wise Classification of Investments:**

Sector	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
Agriculture & Fishing	1,807,500,000	0.92%	4,741,300,000	2.55%
Cotton & Textile	15,250,291,010	7.73%	19,149,374,394	10.29%
Garments	30,794,739,895	15.61%	26,279,870,452	14.12%
Cement	3,068,247,845	1.56%	1,735,806,107	0.93%
Pharmaceuticals & Chemicals	3,501,186,277	1.77%	3,734,835,445	2.01%
Real Estate	7,169,488,684	3.63%	6,922,895,463	3.72%
Transport	4,402,529,994	2.23%	3,244,937,565	1.74%
Information Technology	1,372,210,601	0.70%	1,161,685,974	0.62%
Non Banking Financial Institutions	1,747,709,864	0.89%	1,954,093,058	1.05%
Steel & Engineering	10,930,918,259	5.54%	8,391,965,104	4.51%
Food Processing & Beverage	14,270,811,185	7.23%	12,748,298,686	6.85%
Power & Energy	4,577,192,177	2.32%	5,904,186,571	3.17%
Paper & Paper Products	2,278,584,229	1.15%	1,906,918,415	1.02%
Plastic & Plastic Product	5,715,496,150	2.90%	4,868,703,451	2.62%
Electronics	5,205,879,865	2.64%	5,184,655,971	2.79%
Services Industries	6,472,954,026	3.28%	5,897,775,363	3.17%
Trading	33,629,882,240	17.05%	28,819,400,000	15.49%
Consumer Financing	20,677,875,093	10.48%	437,900,000	0.24%
Share business	2,104,924,367	1.07%	1,606,036,109	0.86%
Staff Investment	1,594,249,991	0.81%	1,497,300,000	0.80%
Others	20,713,008,331	10.50%	39,902,096,165	21.44%
Total	**197,285,680,082**	**100.00%**	**186,090,034,291**	**100.00%**

8a.6 **Geographical Location-wise Investments:**

Area	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh				
a) In Urban Areas				
Dhaka	140,650,645,454	75.20%	133,462,537,856	75.77%
Chattogram	31,812,635,642	17.01%	28,069,298,235	15.94%
Sylhet	1,849,082,193	0.99%	1,848,867,349	1.05%
Rajshahi	4,727,604,198	2.53%	4,781,757,574	2.71%
Rangpur	1,380,517,101	0.74%	1,282,789,912	0.73%
Khulna	4,779,313,497	2.56%	4,982,613,260	2.83%
Barishal	483,492,853	0.26%	461,135,019	0.26%
Mymensingh	1,355,735,067	0.72%	1,249,566,886	0.71%
Sub-total	**187,039,026,005**	**100%**	**176,138,566,090**	**100%**
b) In Rural Areas				
Dhaka	7,003,688,496	68.35%	6,718,636,949	67.51%
Chattogram	1,375,523,316	13.42%	1,369,044,879	13.76%
Sylhet	193,277,081	1.89%	193,481,041	1.94%
Rajshahi	524,695,751	5.12%	530,440,966	5.33%
Rangpur	-	0.00%	-	0.00%
Khulna	772,273,512	7.54%	770,592,566	7.74%
Barishal	201,760,903	1.97%	198,562,906	2.00%
Mymensingh	175,435,020	1.71%	170,708,894	1.72%
Sub-total	**10,246,654,078**	**100%**	**9,951,468,201**	**100%**
ii) Outside Bangladesh	**-**	**-**	**-**	**-**
Total	**197,285,680,082**	**100%**	**186,090,034,291**	**100%**

8a.7 Grouping of Investments as per Classification Rules of Bangladesh Bank:

Status	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
Unclassified:				
Standard (including staff Investment)	182,161,022,883	92.33%	171,739,106,658	92.29%
Special Mention Account (SMA)	5,437,334,936	2.76%	1,627,632,344	0.87%
Sub-total	**187,598,357,819**		**173,366,739,002**	
Classified				
Substandard	647,654,003	0.33%	796,796,511	0.43%
Doubtful	522,812,490	0.27%	533,421,327	0.29%
Bad or loss	8,516,855,771	4.32%	11,393,077,451	6.12%
Sub-total	**9,687,322,264**		**12,723,295,289**	
Grand Total	**197,285,680,082**	**100.00%**	**186,090,034,291**	**100.00%**

8a.8 Particulars of provision for Investments:

Status	Basis for Provision	Rate	31.12.2019 Taka	31.12.2018 Taka
Standard				
Unclassified (excluding staff Investments)	112,822,874,146	1%*	1,106,812,741	1,134,174,039
Staff Investments	1,642,653,695	0%	-	-
Consumer Financing (Other than HF & LP)	660,850,328	5%	33,042,516	21,334,567
Small & Medium Enterprise	62,852,635,672	0.25%	157,131,589	161,672,954
Housing Finance (HF)	2,347,430,401	1%	23,474,304	20,673,502
Loan for professionals (LP)	3,610,987	2%	72,220	270,781
Share Business	1,798,086,331	2%	35,961,727	27,472,461
Short Term Agri Credit	1,746,895	1%	17,469	53,733
Islamic Credit Card	32,235,629	2%	644,713	-
SMA	5,089,004,820		25,159,291	9,735,156
Special Reschedule			518,362,000	-
			1,900,678,570	1,375,387,192
*Excluding Special Reschedule				
Classified				
Substandard	219,572,221	20% & 5% (Agri)	43,914,444	47,716,863
Doubtful	165,611,549	50% & 5% (Agri)	82,748,818	58,326,195
Bad or loss	2,697,082,525	100%	2,697,082,525	3,926,352,116
Special Reschedule & Onetime Exit			434,529,000	-
			3,258,274,787	4,032,395,175
Required provision for Investments			5,158,953,357	5,407,782,367
Less: Deferred provision by Bangladesh Bank			-	1,587,412,291
Total provision required			5,158,953,357	3,820,370,076
Total provision maintained [note # 15a.1(a) & (b)]			5,159,213,053	3,820,370,076
Surplus/(Shortfall) Provision			**259,697**	**0.0**

The Bank has maintained provision on unclassified Investment amounting to Tk. 1,900,800,000 (note # 15a.1.b) and for classified Investment Tk.3,258,413,053 (note # 15a.1.a) totaling Tk.5,159,213,053. These exists surplus of Tk.259,697 against the required provision.

8a.9 Particulars of provision for Off-Balance Sheet

Status	Basis for Provision	Rate 1%	Rate 1%
Acceptances & endorsements	35,064,492,967	350,644,930	341,995,765
Letters of Guarantees	29,749,668,530	297,496,685	239,769,603
Irrevocable Letters of Credit	22,054,150,599	220,541,506	254,784,006
Bills for collection	58,079,514	580,795	518,242
Required provision for Off Balance Sheet Items	**86,926,391,610**	**869,263,916**	**837,067,616**
Provision maintained {note # 15a.1(c)}		**869,300,000**	**837,100,000**
Surplus Provision		**36,084**	**32,384**

		31.12.2019 Taka	31.12.2018 Taka
8a.10	**Particulars of Investments:**		
(i)	Investments considered good in respect of which the banking company is fully secured	163,149,340,571	154,164,303,809
(ii)	Investments considered good for which the banking company holds no other security than the debtor's personal security	31,486,794,541	29,699,969,473
(iii)	Investments considered good and secured by personal security of one or more parties in addition to the personal security of the debtors	2,649,544,970	2,225,761,009
(iv)	Investments considered bad or doubtful not provided for	-	-
		197,285,680,082	**186,090,034,291**
(v)	Investments due by directors or officers of the banking company or any of them either severally or jointly with any other person	**1,594,249,991**	**1,497,300,000**
(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).	**2,201,648,077**	**1,313,309,232**
(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.	**1,594,249,991**	**1,497,300,000**
(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	**2,201,648,077**	**1,313,309,232**
(ix)	Investments due from other Banks	-	-
(x)	Classified Investment on which profit has not been charged	**9,687,322,264**	**12,723,295,289**
a.	Movement of Classified Investments:		
	Opening Balance	12,723,295,289	6,300,502,160
	Increase/ (Decrease) during the year	(3,035,973,025)	6,422,793,129
		9,687,322,264	**12,723,295,289**
i)	(Decrease)/Increase of specific provision	813,442,977	1,029,905,943
ii)	Amount of written off investment during the year against which fully provided	193,235,991	-
iii)	Amount recovered against the investment which was previously written off	25,546,074	10,373,603
b.	Amount of provision kept against classified Investment on the reporting day of Balance Sheet	**3,258,413,053**	**2,444,970,076**
c.	Amount of Profit charged in suspense Account	**2,672,956,646**	**1,203,156,181**
(xi)	Cumulative amount of written off Investments		
	Opening Balance	4,463,670,712	4,463,670,712
	Amount written off during the year	193,235,991	-
	Total amount of written off investment	**4,656,906,702**	**4,463,670,712**

		Note	31.12.2019 Taka	31.12.2018 Taka
9	**Consolidated Fixed Assets including Premises, Furnitures & Fixtures**			
	Cost			
	Shahjalal Islami Bank Ltd	(Note-9a)	5,801,951,877	5,062,780,011
	Shahjalal Islami Bank Securities Ltd		112,373,698	108,762,136
			5,914,325,575	**5,171,542,147**
	Accumulated Depreciation			
	Shahjalal Islami Bank Ltd	(Note-9a)	1,297,981,423	1,067,313,676
	Shahjalal Islami Bank Securities Ltd		58,712,793	50,126,345
			1,356,694,216	1,117,440,021
	Written Down Value		**4,557,631,359**	**4,054,102,126**
9a	**Fixed Assets including Premises, Furnitures & Fixtures of the Bank**			
	Tangible assets:			
	Cost			
	Land		1,876,724,350	1,876,724,350
	Building		893,923,450	881,220,460
	Head Office Building under construction		89,165,998	238,722,811
	Furniture & Fixtures		1,022,398,736	951,315,873
	Office Equipment		660,138,562	469,154,361
	Computer & Network Equipment		476,949,060	398,921,578
	Vehicles		114,089,748	103,508,028
	Right of use Assets as per IFRS-16*		523,964,749	-
	Books		1,042,667	1,042,667
			5,658,397,319	**4,920,610,128**
	Less:			
	Accumulated depreciation		1,148,290,395	967,748,797
	Adjustment of assets		38,658,338	3,633,634
	Written Down Value		**4,471,448,586**	**3,949,227,697**
	Intangible assets:			
	Cost			
	Software-Core Banking		62,615,430	62,615,430
	Software-Others		80,939,128	79,554,453
			143,554,558	**142,169,883**
	Less:			
	Amortization		111,032,689	95,931,244
	Written Down Value		**32,521,869**	**46,238,638**
	Total Written Down Value		**4,503,970,454**	**3,995,466,335**
	*Right of use Assets (RoU) are measured at cost less any accumulated depreciation and adjusted for any measurement of lease liabilities (Note 2.16).			
	Details are given in **Annexure-B**			
10	**Consolidated Other Assets**			
	Shahjalal Islami Bank Ltd	(Note-10a)	15,983,396,045	14,337,119,704
	Shahjalal Islami Bank Securities Ltd		374,944,517	338,259,062
			16,358,340,562	14,675,378,766
	Less: Inter Company transaction		2,515,000,000	2,929,914,662
			13,843,340,562	**11,745,464,104**
10.1	**Consolidated advance tax**			
	Shahjalal Islami Bank Ltd	(Note-10a.4)	12,641,625,772	10,688,849,451
	Shahjalal Islami Bank Securities Ltd		324,377,783	296,704,265
			12,966,003,555	**10,985,553,716**

		Note	31.12.2019 Taka	31.12.2018 Taka
10a	**Other 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**
	Non Income Generating:			
	Stock of Stationery, Stamps and printing materials etc. (valued at cost)		23,810,353	20,278,978
	Advance rent and security deposit		137,044,277	193,656,661
	Suspense Account	(Note-10a.1)	145,734,796	84,097,361
	Profit receivable	(Note-10a.2)	313,492,263	226,858,642
	Other Prepayments		90,351,271	115,693,170
	Receivable from Shahjalal Islami Bank Securities Limited		-	414,914,662
	Advance Insurance premium		60,515,770	61,329,750
	Advance for new Branches		9,755,760	13,353,800
	Advance tax paid	(Note-10a.4)	12,641,625,772	10,688,849,451
	Other Receivables		3,181,647	3,087,227
	SJIBL General Account-Net	(Note-10a.5)	42,884,136	-
	Balance with OBU		10,382,701,170	6,101,627,500
			23,851,097,215	17,923,747,204
	Less: Off-Shore Banking Units		10,382,701,170	6,101,627,500
	Sub total		**13,468,396,045**	**11,822,119,704**
			15,983,396,045	**14,337,119,704**
10a.1	**Suspense Account**			
	Sundry Debtors		66,258,042	17,024,531
	Excise duty on MTDR		26,884,331	20,680,811
	Advance against TA/DA		9,030	204,000
	Advance against Petty Cash		450,000	626,000
	Law charges		51,101,981	43,254,910
	Stamp		299,930	224,540
	Others		731,482	2,082,569
			145,734,796	**84,097,361**

The detail breakup of unadjusted suspense accounts are given below: (Amount in '000)

Sl no	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	61,518	4,200	540	-	-
2	Advance against TA/DA	9	-	-	-	-
3	Advance against Petty Cash	450	-	-	-	-
4	Legal expenses	4,996	4,018	2,989	2,062	37,037
5	Others	22,665	2,209	720	1,036	1,285
	Grand Total	**89,638**	**10,427**	**4,249**	**3,098**	**38,322**

10a.2	**Profit Receivable**		
	Placement to Other Bank-MTDR	57,931,924	32,980,535
	Placement to Financial Institutions-MTDR	147,342,639	91,919,236
	Placement to Islamic Investment Bond	-	24,712,749
	Profit on Investment against MSD	376,118	22,788,288
	On Investments	107,841,582	54,457,835
		313,492,263	**226,858,642**

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.

		31.12.2019 Taka	31.12.2018 Taka
10a.4	**Advance tax paid**		
	Balance at the beginning of the year	10,688,849,451	9,611,807,185
	Paid during the year	1,952,776,321	1,077,042,266
		12,641,625,772	**10,688,849,451**

10a.5 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	3611	71,379,478	567	28,495,342
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	3611	**71,379,478**	**567**	**28,495,342**

Net unreconcile amount	**42,884,136**

There are no outstanding un-reconciled entries more than 3 months. However, outstanding entries on Balance Sheet date are subsequently reconciled.

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 of 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	31.12.2019 Taka	31.12.2018 Taka
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

SL#	Name of Parties	Assets details	31.12.2019 Taka	31.12.2018 Taka
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**

		Note	31.12.2019 Taka	31.12.2018 Taka
12	**Consolidated Placement from other Banks & Financial Institutions**			
	Shahjalal Islami Bank Ltd	(Note-12a)	11,382,596,297	23,465,601,827
	Shahjalal Islami Bank Securities Ltd		2,153,714,228	2,109,806,901
			13,536,310,525	25,575,408,728
	Less: Inter Company transaction		1,783,772,006	1,258,382,500
			11,752,538,519	**24,317,026,228**
12a	**Placement from other Banks & Financial Institutions of the Bank**			
	Islami Investment Bond from Bangladesh Bank		-	7,500,000,000
	Islamic Refinance Fund - Bangladesh Bank		103,483,500	30,440,000
	Mudaraba FC A/C-Bangladesh Bank (EDF)		10,017,057,797	9,840,098,202
	Mudaraba Term Deposit from other Banks	(Note-12a.1)	1,262,055,000	6,095,063,625
	Borrowing from Offshore Banking Unit (OBU)		20,847,035	1,097,559,484
			11,403,443,332	**24,563,161,311**
	Less: Off-Shore Banking Units		20,847,035	1,097,559,484
			11,382,596,297	**23,465,601,827**
12a.1	**Mudaraba Term Deposit from other Banks**			
	In Bangladesh:			
	Sonali Bank Limited		78,355,000	79,422,625
	Agrani Bank Limited		80,000,000	2,070,000,000
	Prime Bank Limited, Islami Banking Branch		-	1,000,000,000
	Islami Bank Bangladesh Limited		-	500,000,000
	United Commercial Bank Limited		-	500,000,000
	Sub total		**158,355,000**	**4,149,422,625**

		Note	31.12.2019 Taka	31.12.2018 Taka
	Outside Bangladesh:			
	Bank Muscat SAOG		764,100,000	755,100,000
	National Bank of Ras Al-Khaimah (P.S.C.)		339,600,000	503,400,000
	United Bank UK		-	576,728,600
	JS Bank Ltd., Bahrain		-	110,412,400
	Sub total		**1,103,700,000**	**1,945,641,000**
	Grand Total		**1,262,055,000**	**6,095,063,625**
13	**Consolidated Deposits and Other Accounts**			
	Al-Wadiah Current Deposit & Other Accounts			
	Shahjalal Islami Bank Ltd	(Note-13a)	28,770,762,184	22,376,070,686
	Shahjalal Islami Bank Securities Ltd		-	-
			28,770,762,184	**22,376,070,686**
	Bills Payable			
	Shahjalal Islami Bank Ltd	(Note-13a)	4,335,581,019	2,850,398,551
	Shahjalal Islami Bank Securities Ltd		-	-
			4,335,581,019	**2,850,398,551**
	Mudaraba Savings Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	24,751,894,884	20,792,172,031
	Shahjalal Islami Bank Securities Ltd		-	-
			24,751,894,884	**20,792,172,031**
	Mudaraba Term Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	82,587,971,836	79,408,029,450
	Shahjalal Islami Bank Securities Ltd		-	-
			82,587,971,836	**79,408,029,450**
	Other Mudaraba Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	62,937,938,001	51,434,842,290
	Shahjalal Islami Bank Securities Ltd		-	-
			62,937,938,001	51,434,842,290
	Less: Inter Company transaction		146,421,934	309,512,590
			62,791,516,067	**51,125,329,700**
	Total		**203,237,725,991**	**176,552,000,417**
13a	**Deposits and Other Accounts of the Bank**			
	Al-Wadiah Current Deposit & Other Accounts:			
	Al-Wadiah Current Deposit		9,952,291,890	8,182,558,429
	Foreign Currency Deposits		3,479,309,460	2,443,456,504
	Non-Resident Taka Account		25,244,993	10,952,308
	Profit Payable		1,971,040,298	1,392,350,100
	Sundry Deposits		13,348,465,716	10,351,940,588
			28,776,352,358	**22,381,257,929**
	Less: Off-Shore Banking Units		5,590,174	5,187,243
			28,770,762,184	**22,376,070,686**
	Bills Payable:			
	Payable inside Bangladesh			
	Payment Order Issued		4,330,970,783	2,845,561,265
	Demand Draft Payable		4,074,749	4,074,749
	Turbo Cash Payable		-	54,405
	Electronic Fund Transfer		535,487	708,132
			4,335,581,019	**2,850,398,551**
	Payable outside Bangladesh		-	-
			4,335,581,019	**2,850,398,551**

	Note	31.12.2019 Taka	31.12.2018 Taka
Mudaraba Savings Deposits:			
General Deposits		24,751,894,752	20,781,937,525
Deposit from Other Banks		132	10,234,506
		24,751,894,884	**20,792,172,031**
Mudaraba Term Deposits:			
General Deposits		82,587,971,836	79,408,029,450
		82,587,971,836	**79,408,029,450**
Other Mudaraba Deposits:			
Mudaraba Short Notice Deposits		8,839,368,421	7,801,734,516
Mudaraba Scheme Deposit	(Note-13a.1)	52,493,668,437	42,374,495,095
Deposit from Other Banks (SND)		1,604,901,143	1,258,612,680
		62,937,938,001	**51,434,842,290**
		203,384,147,925	**176,861,513,007**
13a.1 Mudaraba Scheme Deposits:			
Millionaire Scheme		8,266,851,559	7,833,384,775
Multiple Benefit Scheme		9,359,459,665	8,611,387,508
Monthly Income Scheme		18,496,346,753	11,339,541,867
Monthly Deposit Scheme		15,966,345,718	14,211,578,481
Hajj Deposit Scheme		276,037,869	233,841,632
Cash Waqf		5,133,605	4,485,950
Housing Deposit Scheme		6,365,302	5,923,919
Lakhpoti Deposit Scheme		3,815,154	7,406,236
Mohor Deposit Scheme		65,289	3,025,219
Education Deposit Scheme		61,360,042	70,371,615
Marriage Deposit Scheme		51,887,482	53,547,893
		52,493,668,437	**42,374,495,095**
13a.2 Deposits and Other Accounts:			
General Deposits		201,779,246,650	176,258,713,147
Deposits from Other Banks	(Note- 13a.3)	1,604,901,275	602,799,861
		203,384,147,925	**176,861,513,007**
13a.3 Deposit from Other Banks			
Mudaraba Special Notice Deposit:			
Export Import Bank of Bangladesh Limited		22,728,054	61,378,246
AB Bank Limited		12,163	431,470
Jamuna Bank Limited		548,132	7,817,227
Al -Arafah Islami Bank Ltd		1,569,273,804	514,769,982
Social Islami Bank Limited		8,889,910	8,104,069
National Credit and Commerce Bank Ltd		631,066	599,069
ICB Islami Bank Limited		8,977	10,732
Islami Bank Bangladesh Ltd.		2,617,858	-
Sonali Bank Ltd.		191,179	-
		1,604,901,143	**593,110,796**
Mudaraba Savings Deposit:			
Al -Arafah Islami Bank Ltd		132	124
Export Import Bank of Bangladesh Ltd		-	7,427,931
Islami Bank Bangladesh Limited		-	2,261,009
		132	**9,689,065**
		1,604,901,275	**602,799,861**

		Note	31.12.2019 Taka	31.12.2018 Taka
13a.4	**Maturity wise classification of Deposits are as under**			
	With a residual maturity of			
	Repayable on demand		16,272,460,285	15,917,536,171
	Within 1 month		16,148,701,345	13,264,613,476
	Over 1 months but not more than 6 months		54,913,719,940	53,553,666,139
	Over 6 months but not more than 1 year		64,821,267,854	66,977,454,976
	Over 1 year but not more than 5 years		18,211,995,000	23,186,544,355
	Over 5 years		33,016,003,502	3,961,697,891
			203,384,147,925	**176,861,513,007**
14	**Mudaraba Subordinated Bond**			
	Mudaraba Subordinated Bond		**10,000,000,000**	**10,000,000,000**

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 2019)	Bond Issued (Taka)	Outstanding (as on 31 December 2019)
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**

		Note	31.12.2019 Taka	31.12.2018 Taka
15	**Consolidated Other Liabilities**			
	Shahjalal Islami Bank Ltd	(Note-15a)	24,641,621,683	18,401,348,233
	Shahjalal Islami Bank Securities Limited		2,129,693,876	2,657,628,765
			26,771,315,560	21,058,976,998
	Less: Inter Company transaction		-	414,914,662
			26,771,315,560	**20,644,062,336**

		Note	31.12.2019 Taka	31.12.2018 Taka
15.1	**Consolidated Provision for Current Tax**			
	Shahjalal Islami Bank Ltd	(Note-15a.2)	13,224,746,710	11,094,509,817
	Shahjalal Islami Bank Securities Ltd		345,040,992	316,970,214
			13,569,787,703	**11,411,480,031**
15.2	**Consolidated current tax expenses**			
	Shahjalal Islami Bank Ltd	(Note-15a.2)	2,130,236,894	1,689,821,298
	Shahjalal Islami Bank Securities Ltd		28,070,778	23,136,288
			2,158,307,672	**1,712,957,586**
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		33,907,105	167,351,958
	Provision for Investment	[note 15a.1 (a) & (b)]	5,159,213,053	3,820,370,076
	Provision for Off-Balance Sheet items	[note 15a.1 (c)]	869,300,000	837,100,000
	Provision for other Assets	[note 15a.1(d)]	37,765,000	37,765,000
	Provisions for Investment in Securities	[note 15a.1(e)]	797,760,000	545,160,000
	Provision for Taxation	(Note 15a.2)	13,224,746,710	11,094,509,817
	Profit Suspense Account	[note 15(a).1 (f)]	1,913,003,426	741,880,059
	Compensation Realisable & Suspense Account	[note 15(a).1 (g)]	759,953,219	461,276,123
	Compensation Realised Account	[note 15(a).1 (h)]	714,662,624	98,358,398
	Other Payable		371,093,474	285,259,916
	Outstanding Expenses		326,342,252	234,331,379
	Unearned Income on Quard		2,270,063	4,197,196
	Lease liabilities as per IFRS-16*		431,604,755	-
	SJIBL General Account		-	73,788,313
			24,641,621,683	**18,401,348,233**
	* As per note 2.16, in accordance with IFRS-16, the Bank has recognised the lease liabilities.			
15a.1	**Provision for Investment:**			
	(a) Provision on Classified Investment:			
	Provision held at the beginning of the year		2,444,970,076	1,415,064,133
	Provision transferred from Provision for Off-Balance Sheet items		-	55,200,000
	Amount transferred to Compensation Realised A/C		(200,000,000)	(150,267,660)
	Written Off Recovery		25,546,074	10,373,603
	Net charge to Profit & Loss Account		1,160,780,000	1,114,600,000
	Fully provided investment written off during the year		(172,883,097)	-
	Provision held at the end of the year		**3,258,413,053**	**2,444,970,076**
	(b) General Provision on Unclassified Investment:			
	Provision held at the beginning of the year		1,375,400,000	1,165,900,000
	Addition during the year		525,400,000	209,500,000
	Balance at the end of the year		**1,900,800,000**	**1,375,400,000**
	Total Provision for Investments (a+b)		**5,159,213,053**	**3,820,370,076**
	(c) General Provision on Off-Balance Sheet items:			
	Provision held at the beginning of the year		837,100,000	892,300,000
	Provision transferred to provision on Classified Investment		-	(55,200,000)
	Addition during the year		32,200,000	-
	Balance at the end of the year		**869,300,000**	**837,100,000**
	Total Provision for Investments & Off-Balance Sheet (a+b+c)		**6,028,513,053**	**4,657,470,076**

	31.12.2019 Taka	31.12.2018 Taka
(d) Provision for other Assets:		
Provision held at the beginning of the year	37,765,000	37,765,000
Addition during the year	-	-
Balance at the end of the year	**37,765,000**	**37,765,000**
(e) Provision for Investment in Securities:		
Provision held at the beginning of the year	545,160,000	458,400,000
Addition during the year	252,600,000	86,760,000
Balance at the end of the year	**797,760,000**	**545,160,000**
(f) Profit Suspense Account:		
Balance at the beginning of the year	741,880,059	297,822,172
Amount transferred to suspense account during the year	2,262,057,857	901,949,847
Amount recovered from suspense account during the year	(1,058,784,667)	(457,807,123)
Amount written off/ waived during the year	(32,149,822)	(84,837)
Balance at the end of the year	**1,913,003,426**	**741,880,059**
(g) Compensation Realisable & Suspense Account:		
Balance at the beginning of the year	461,276,123	329,821,760
Addition during the year	853,954,330	187,208,777
Amount recovered during the year	(416,304,226)	(53,301,378)
Amount written off/ waived during the year	(138,973,008)	(2,453,036)
Balance at the end of the year	**759,953,219**	**461,276,123**
(h) Compensation Realised Account:		
Balance at the beginning of the year	98,358,398	44,789,360
Addition during the year	416,304,226	53,301,378
Fund transfer to expended for charitable activities	-	(150,000,000)
Amount transferred from provision for Classified Investment	200,000,000	150,267,660
Balance at the end of the year	**714,662,624**	**98,358,398**

15a.2 Provision for Taxation

Provision for Current tax		
Balance at the beginning of the year	11,094,509,817	9,404,688,518
Add: Provision made during the year	2,130,236,894	1,689,821,298
Balance at the end of the year	**13,224,746,710**	**11,094,509,817**

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	2,116,743,130	1,630,546,970
Income tax @ 20.00% on Dividend Income	9,427,864	59,274,329
Income tax @ 10% on Capital Gain on sale of Shares	4,065,899	-
Estimated total provision required	**2,130,236,894**	**1,689,821,298**
Computation of Taxable Business Profit		
Profit before Tax	3,894,149,945	3,165,468,443
Add: Inadmissible expenditures	2,318,905,843	1,625,356,878
Less: Allowable Expenditure & Separate consideration	568,407,441	442,700,068
Estimated Taxable Business Profit for the year	**5,644,648,347**	**4,348,125,252**

		Note	31.12.2019 Taka	31.12.2018 Taka
15a.2(b)	**Reconciliation of effective tax rate of the Bank**			
	Particulars	**Effective Rate**		
	Profit before income tax as per profit and loss account		3,894,149,945	3,165,468,443
	Income tax as per applicable tax rate	37.5%	1,460,306,229	1,187,050,666
	Factors affecting the tax charge for current year:			
	Inadmissible expenses	22.33%	869,589,691	609,508,829
	Admissible Expenses in the current year (i.e. write-off etc.)	-4.63%	(180,228,423)	(85,947,002)
	Tax savings from reduced tax rates for dividend	-0.21%	(8,249,381)	(51,865,038)
	Tax loss/(savings) from reduced tax rates for capital gain	-0.29%	(11,181,223)	31,073,843
	Total income Tax Expenses	**54.70%**	**2,130,236,894**	**1,689,821,298**
16	Consolidated Deferred Tax Liability			
	Shahjalal Islami Bank Ltd	(Note-16a)	188,075,793	142,464,474
	Shahjalal Islami Bank Securities Limited		(1,752,809)	(1,029,122)
			186,322,984	**141,435,352**
16a	**Deferred Tax Liability of the Bank**			
	Balance at the beginning of the year		142,464,474	137,999,259
	Add: Provision made during the year		45,611,319	4,465,215
			188,075,793	**142,464,474**
16a.1	**Deferred Tax (asset)/liability**			
	Fixed assets (as per Financial Statements)		4,503,970,454	3,995,466,335
	Less: Carrying amount of Vehicles purchase over the allowable limit		17,492,510	22,813,981
			4,486,477,944	3,972,652,354
	Tax base carrying amount		3,984,942,496	3,592,747,090
			501,535,448	**379,905,264**
	Deferred Tax (asset)/liability		**188,075,793**	**142,464,474**
17	**Capital**			
17.1	**Authorized Capital:**			
	1,000,000,000 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. 10,000,000,000 from Tk. 6,000,000,000.			
17.2	**Issued, Subscribed and Paid up Capital**			
	933,421,272 Ordinary Shares of Tk 10 each		**9,334,212,720**	**8,485,647,930**
	20,500,000 Ordinary Sponsor Share of Taka 10 each issued for cash		205,000,000	205,000,000
	12.5% Stock Dividend for the year 2002		25,625,000	25,625,000
	2,362,000 Ordinary New Shares Issued		236,200,000	236,200,000
	4,690,000 Ordinary New Shares Issued		469,000,000	469,000,000
	93,582,500 shares issued under Initial Public Offer (IPO)		935,825,000	935,825,000
	20% Stock Dividend for the year 2007		374,330,000	374,330,000
	22% Stock Dividend for the year 2008		494,115,600	494,115,600
	25% Stock Dividend for the year 2009		685,023,900	685,023,900
	30% Stock Dividend for the year 2010		1,027,535,850	1,027,535,850
	25% Stock Dividend for the year 2011		1,113,163,830	1,113,163,830
	20% Stock Dividend for the year 2012		1,113,163,840	1,113,163,840
	10% Stock Dividend for the year 2013		667,898,310	667,898,310
	5% Stock Dividend for the year 2016		367,344,060	367,344,060
	10% Stock Dividend for the year 2017		771,422,540	771,422,540
	10% Stock Dividend for the year 2018		848,564,790	-
			9,334,212,720	**8,485,647,930**

		Note	31.12.2019 Taka	31.12.2018 Taka
	Holding			
Sponsor & Director Group	In year 2019: 43.22%; 2018: 45.62%		4,034,924,630	3,871,081,280
Institutes Group	In year 2019: 16.95%; 2018: 14.21%		1,582,810,850	1,206,165,460
General Shareholders Group	In year 2019: 39.51%; 2018: 39.75%		3,686,976,990	3,373,115,880
Foreign Group	In year 2019: 0.32%; 2018: 0.42%		29,500,250	35,285,310
			9,334,212,720	**8,485,647,930**

Classification of Shareholders by number of holding:

As at 31 December 2019

Range of Share Holding	No. of Shareholders	No. of shares	Percentage of holding shares
Upto 500	15,034	2,023,634	0.22%
501-5,000	13,657	26,214,918	2.81%
5,001-10,000	1,164	8,029,738	0.86%
10,001-20,000	571	7,822,100	0.84%
20,001-30,000	199	4,913,840	0.53%
30,001-40,000	65	2,235,049	0.24%
40,001-50,000	51	2,281,364	0.24%
50,001-1,00,000	90	5,989,571	0.64%
1,00,001-10,00,000	103	34,168,010	3.66%
Over 10,00,000	88	839,743,048	89.96%
Total	**31,022**	**933,421,272**	**100.00%**

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	0.38%
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%**

17.3 Consolidated Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III:

a) Going Concern Capital (Tier-I):			
Common Equity Tire-I Capital (CET-I)			
i) Paid-up Capital		9,334,212,720	8,485,647,930
ii) Statutory Reserve	(Note -18)	6,231,188,665	5,452,358,676
iii) Retained Earnings	(Note -19)	954,727,529	921,461,996
iv) Capital Reserve		2,878,961	-
v) Non-controlling Interest		226,408,192	231,307,418
		16,749,416,068	**15,090,776,020**
Less: Shortfall in provisions required against investment		998,320,159	1,895,600,000
		15,751,095,909	**13,195,176,020**
Additional Tire-1 Capital (AT-1)		-	-
		15,751,095,909	**13,195,176,020**

	Note	31.12.2019 Taka	31.12.2018 Taka
b) Gone Concern Capital (Tier-II):			
i) General Provision		2,818,065,735	2,212,500,000
ii) Mudaraba Subordinated Bond		10,000,000,000	10,000,000,000
		12,818,065,735	**12,212,500,000**
c) Total Eligible Regulatory Capital (a +b)		**28,569,161,644**	**25,407,676,020**
d) Consolidated Total Risk Weighted Assets		**186,781,400,361**	**177,559,143,533**
e) Minimum Required Capital (10% of risk weighted assets)		**18,678,140,036**	**17,755,914,353**
f) Minimum Required Capital (in 2019: 12.50%; in 2018: 11.875% of risk weighted assets) including conservation buffer		**23,347,675,045**	**21,085,148,295**
g) Total Capital Surplus (c-e)		**9,891,021,608**	**7,651,761,667**
h) Total Capital Surplus considering conservation buffer (c-f)		**5,221,486,599**	**4,322,527,726**

Consolidated Capital to Risk Weighted Assets Ratio:

Particulars	2019		2018	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	8.43%	6.00%	7.43%
Common Equity Tier-I Capital: (CET-I)	4.50%	8.43%	4.50%	7.43%
Tier-I Plus Conservation Buffer	8.50%	8.43%	7.875%	7.43%
CET-I Plus Conservation Buffer	7.00%	8.43%	6.375%	7.43%
Gone Concern Capital: (Tier-II)	-	6.86%	-	6.88%
CRAR	10.00%	15.30%	10.00%	14.31%
CRAR including Conservation Buffer	**12.50%**	**15.30%**	**11.875%**	**14.31%**

17.4	**Consolidated Risk Weighted Assets (RWA) for**			
	1. Investment (Credit) Risk			
	On-Balance Sheet		137,468,182,856	132,149,192,647
	Off-Balance Sheet		28,530,087,857	27,797,953,851
	2. Market Risk		5,583,664,001	5,928,556,016
	3. Operational Risk		15,199,465,647	11,683,441,018
	Consolidated Total Risk Weighted Assets (1+2+3)		**186,781,400,361**	**177,559,143,533**
17.5	**Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III of the Bank:**			
	a) Going Concern Capital (Tier-I):			
	Common Equity Tire-I Capital (CET-I)			
	i) Paid-up Capital		9,334,212,720	8,485,647,930
	ii) Statutory Reserve	(Note-18)	6,231,188,665	5,452,358,676
	iii) Retained Earnings	[Note-19(a)]	941,866,028	850,959,074
			16,507,267,412	**14,788,965,680**
	Less: Shortfall in provisions required against investment		-	1,895,600,000
			16,507,267,412	12,893,365,680
	Additional Tire-I Capital (AT-I)		-	-
			16,507,267,412	**12,893,365,680**
	b) Gone Concern Capital (Tier-II):			
	i) General Provision	[Note 15.1(b+c)]	2,770,100,000	2,212,500,000
	ii) Mudaraba Subordinated Bond	(Note-14)	10,000,000,000	10,000,000,000
			12,770,100,000	**12,212,500,000**
	c) Total Eligible Regulatory Capital (a +b)		**29,277,367,412**	**25,105,865,680**
	d) Total Risk Weighted Assets		**182,775,689,488**	**173,161,446,643**
	e) Minimum Required Capital (10% of risk weighted assets)		**18,277,568,949**	**17,316,144,664**

	Note	31.12.2019 Taka	31.12.2018 Taka
f) Minimum Required Capital (in 2019: 12.50%; in 2018: 11.875% of risk weighted assets) including conservation buffer		**22,846,961,186**	**20,562,921,789**
g) Total Capital Surplus (c-e)		**10,999,798,464**	**7,789,721,016**
h) Total Capital Surplus considering conservation buffer (c-f)		**6,430,406,226**	**4,542,943,891**

Capital Adequacy Ratio:

Particulars	2019		2018	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	9.03%	6.00%	7.45%
Common Equity Tier-I Capital: (CET-I)	4.50%	9.03%	4.50%	7.45%
Tier-I Plus Conservation Buffer	8.50%	9.03%	7.875%	7.45%
CET-I Plus Conservation Buffer	7.00%	9.03%	6.375%	7.45%
Gone Concern Capital: (Tier-II)	-	6.99%	-	7.05%
CRAR	10.00%	16.02%	10.00%	14.50%
CRAR including Conservation Buffer	**12.50%**	**16.02%**	**11.875%**	**14.50%**

17.6	**Risk Weighted Assets (RWA) for**			
	1. Investment (Credit) Risk			
	On-Balance Sheet		135,786,054,271	130,076,553,092
	Off-Balance Sheet		28,530,087,857	27,797,953,851
	2. Market Risk		4,076,803,893	3,951,460,519
	3. Operational Risk		14,382,743,467	11,335,479,181
	Total Risk Weighted Assets (1+2+3)		**182,775,689,488**	**173,161,446,643**
17.7	**Non-controlling Interest**			
	Opening balance		231,307,418	251,443,308
	Dividend paid to non-controlling shareholder		-	(22,500,000)
	Share of current year's profit		(4,899,226)	2,364,110
			226,408,192	**231,307,418**
18	**Statutory Reserve**			
	Opening balance		5,452,358,676	4,819,264,987
	Add: Addition during the year		778,829,989	633,093,689
			6,231,188,665	**5,452,358,676**
19	**Consolidated Retained Earnings**			
	Shahjalal Islami Bank Ltd	(Note-19a)	941,866,028	850,959,074
	Shahjalal Islami Bank Securities Ltd		14,269,694	76,810,340
			956,135,722	927,769,415
	Less: Non-controlling Interest		1,408,192	6,307,418
			954,727,529	**921,461,996**
19.1	**Consolidated Current year Retained Earnings**			
	Current Year			
	Shahjalal Islami Bank Ltd	(Note-19a)	939,471,743	838,088,240
	Shahjalal Islami Bank Securities Ltd		(59,661,685)	28,789,612
			879,810,058	866,877,853
	Less: Non-Controlling Interest		(4,899,226)	2,364,110
			884,709,284	**864,513,743**
19a	**Retained Earnings of the Bank**			
	Opening balance		850,959,074	784,293,374
	Less: Payment of Dividend		848,564,790	771,422,540
	Add: Transfer from Profit & Loss Account		939,471,743	838,088,240
			941,866,028	**850,959,074**

		31.12.2019 Taka	31.12.2018 Taka
20	**Letters of Guarantees**		
	Letters of Guarantees (Local)	28,843,951,731	23,145,794,386
	Letters of Guarantees (Foreign)	903,954,700	831,022,076
	Back to Back	1,762,099	143,802
		29,749,668,530	**23,976,960,264**
	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	29,749,668,530	23,976,960,264
		29,749,668,530	**23,976,960,264**
21	**Irrevocable Letters of Credit**		
	Letter of credit	31,562,148,000	25,478,400,567
		31,562,148,000	**25,478,400,567**

		Note	2019 Taka	2018 Taka
22	**Consolidated Income Statement**			
	Income:			
	Profit on Investment	(Note-23)	20,301,832,199	17,247,610,757
	Income from Investment in securities	(Note-25)	390,963,091	159,987,973
	Dividend income	(Note-25)	104,841,605	67,687,549
	Commission, Exchange and Brokerage	(Note-26)	2,152,478,637	1,962,408,286
	Gains less losses arising from investment securities	(Note-25)	58,587,878	(59,495,851)
	Other operating income	(Note-27)	797,137,757	607,585,770
			23,805,841,167	**19,985,784,484**
	Expenses:			
	Profit paid on Deposits	(Note-24)	13,206,651,379	11,368,758,954
	Administrative expenses		3,812,564,425	3,496,699,117
	Other operating expenses		675,394,431	563,274,413
	Depreciation on banking assets		278,415,581	181,326,779
			17,973,025,816	**15,610,059,263**
	Income over expenditure		**5,832,815,352**	**4,375,725,221**
22a	**Income Statement of the Bank**			
	Income:			
	Profit on Investment	(Note-23a)	20,290,692,595	17,121,990,674
	Income from Investment in securities	(Note-25a)	390,963,091	159,987,973
	Dividend income	(Note-25a)	47,139,321	296,371,643
	Commission, Exchange and Brokerage	(Note-26a)	2,057,856,991	1,851,255,492
	Gains less losses arising from investment securities	(Note-25a)	40,658,993	(82,863,581)
	Other operating income	(Note-27a)	791,003,472	601,093,495
			23,618,314,463	**19,947,835,696**
	Expenses:			
	Profit paid on Deposits	(Note-24a)	13,112,331,753	11,295,069,465
	Administrative expenses		3,728,328,029	3,415,579,332
	Other operating expenses		643,198,651	488,049,292
	Depreciation on banking assets		269,326,085	172,809,164
			17,753,184,518	**15,371,507,253**
	Income over expenditure		**5,865,129,946**	**4,576,328,443**

		Note	2019 Taka	2018 Taka
23	**Consolidated Profit on Investment**			
	Shahjalal Islami Bank Ltd	(Note-23a)	20,290,692,595	17,121,990,674
	Shahjalal Islami Bank Securities Ltd		154,432,842	206,466,818
			20,445,125,437	17,328,457,492
	Less: Intercompany Transaction		143,293,238	80,846,735
			20,301,832,199	**17,247,610,757**
23a	**Profit on Investment of the Bank**			
	Profit on Investment	(Note-23a.1)	18,758,587,936	16,450,913,985
	Profit on placement with other Banks & FIs		1,532,104,659	671,076,688
			20,290,692,595	**17,121,990,674**
23a.1	**Profit on Investment**			
	Profit on Murabaha		1,660,265,911	1,692,156,591
	Profit on Bi-Muazzal		10,299,879,634	9,442,493,928
	Profit on Hire-Purchase		4,415,878,748	3,614,398,980
	Profit on Ijara		259,688,076	182,159,257
	Profit on Bi-Salam		258,303,279	174,907,735
	Profit on Inland Document Bill Purchased		523,076,006	395,227,721
	Profit on Foreign Document Bill Purchased		22,667,162	20,694,771
	Profit on Investment against Scheme Deposit		22,175	-
	Profit on Investment against Mudaraba Term Deposit		74,455	59,935
	Profit on Investment against Mudaraba Savings Deposit		16,349	11,129
	Profit on Investment against Mudaraba Deposit Scheme		-	19,369
	Profit on Investment against EDF		323,169,155	170,855,933
	Profit on Investment against Other Securities		5,000	-
	Profit on Mudaraba		627,033,099	483,932,001
	Profit Received From Resheduled Investment - Rent Mode		255,053,690	195,074,738
	Profit on Murabaha Import Bill (UPAS)		105,590,987	72,508,916
	Profit Received From HPSM		2,192,323	5,493,695
	Income From Islamic Credit Card		5,671,888	919,286
			18,758,587,936	**16,450,913,985**
23a.2	**Investment income derived from the fund deployed**			
	Inside Bangladesh			
	i) Mudaraba deposits		14,958,098,020	12,186,837,080
	ii) Other deposits/Fund		3,800,489,916	4,264,076,905
			18,758,587,936	**16,450,913,985**
	Outside Bangladesh		-	-
			18,758,587,936	**16,450,913,985**

23a.3 **Geographical Location-wise Profit on Investments**

Area	2019		2018	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (note-22a.3.1)				
a) In Rural Areas	967,024,806	5.16%	1,079,749,637	6.56%
b) In Urban Areas	17,791,563,130	94.84%	15,371,164,349	93.44%
Sub-total	**18,758,587,936**	**100.00%**	**16,450,913,985**	**100.00%**
ii) Outside Bangladesh	-	-	-	-
Total	**18,758,587,936**	**100.00%**	**16,450,913,985**	**100.00%**

23a.3.1 Inside Bangladesh

Area	As at 31 December 2019		As at 31 December 2018	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh				
a) In Rural Areas				
Dhaka	655,417,170	3.49%	744,008,570	4.52%
Chattogram	110,574,499	0.59%	138,750,372	0.84%
Sylhet	18,986,498	0.10%	17,402,478	0.11%
Rajshahi	62,306,376	0.33%	57,001,874	0.35%
Rangpur	-	0.00%	-	0.00%
Khulna	77,087,366	0.41%	76,519,672	0.47%
Barishal	21,918,641	0.12%	22,832,377	0.14%
Mymensingh	20,734,256	0.11%	23,234,294	0.14%
Sub-total	**967,024,806**	**5.16%**	**1,079,749,637**	**6.56%**
b) In Urban Areas				
Dhaka	13,639,037,028	72.71%	11,509,000,456	69.96%
Chattogram	2,741,319,378	14.61%	2,394,602,039	14.56%
Sylhet	121,124,735	0.65%	121,698,692	0.74%
Rajshahi	463,814,148	2.47%	497,486,013	3.02%
Rangpur	128,185,302	0.68%	128,206,644	0.78%
Khulna	519,200,711	2.77%	548,703,835	3.34%
Barishal	46,665,955	0.25%	46,508,015	0.28%
Mymensingh	132,215,873	0.70%	124,958,655	0.76%
Sub-total	**17,791,563,130**	**94.84%**	**15,371,164,349**	**93.44%**
ii) Outside Bangladesh	-	-	-	-
Total	**18,758,587,936**	**100%**	**16,450,913,985**	**100%**

		Note	2019 Taka	2018 Taka
24	**Consolidated Profit paid on Deposits**			
	Shahjalal Islami Bank Ltd	(Note-24a)	13,112,331,753	11,295,069,465
	Shahjalal Islami Bank Securities Ltd		241,265,463	156,679,475
			13,353,597,216	11,451,748,940
	Less: Inter Company Transaction		146,945,837	82,989,986
			13,206,651,379	**11,368,758,954**
24a	**Profit paid on Deposits of the Bank**			
	Profit on deposits		11,498,851,386	9,550,674,606
	Profit paid on borrowings	(Note-24a.1)	1,613,480,367	1,744,394,859
			13,112,331,753	**11,295,069,465**
24a.1	**Profit paid on borrowings**			
	Profit paid on borrowings		1,592,699,332	1,744,394,859
	Profit expenses of lease liabilities (as per IFRS-16)*		20,781,035	-
			1,613,480,367	**1,744,394,859**

* As per note 2.16, in accordance with IFRS-16, the Bank has recognised lease liabilities and related profit expense is shown above.

25	**Consolidated Income from Investment in Shares/Securities**			
	Shahjalal Islami Bank Ltd	(Note-25a)	478,761,405	373,496,035
	Shahjalal Islami Bank Securities Ltd		75,631,169	46,183,636
			554,392,574	419,679,671
	Less: Dividend from Subsidiary		-	251,500,000
			554,392,574	**168,179,671**

		Note	2019 Taka	2018 Taka
25a	**Income from Investment in Shares/Securities of the Bank**			
	Income from Investment in Islami Bond		241,897,738	10,000,000
	Income/(Loss) from Investment in Shares *	(Note-25a.1)	40,658,993	(82,863,581)
	Dividend Income		47,139,321	296,371,643
	Income from Investment in Mudaraba Perpetual Bond (MPB)		4,510,000	4,330,000
	Income from Investment in Sub-Ordinated Bond		144,555,353	145,657,973
			478,761,405	**373,496,035**
	* 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)	2,057,856,991	1,851,255,492
	Shahjalal Islami Bank Securities Ltd		94,621,646	111,152,794
			2,152,478,637	**1,962,408,286**
26a	**Commission, Exchange & Brokerage of the Bank**			
	Other commission		981,109,091	917,217,232
	Exchange earnings	(Note-26a.1)	1,076,747,900	934,038,259
			2,057,856,991	**1,851,255,492**
26a.1	**Exchange earnings**			
	Gross exchange gain		1,629,486,465	1,482,231,064
	Less: Exchange loss		552,738,565	548,192,805
	Net Exchange Gain		**1,076,747,900**	**934,038,259**
27	**Consolidated Other Operating Income**			
	Shahjalal Islami Bank Ltd	(Note-27a)	791,003,472	601,093,495
	Shahjalal Islami Bank Securities Ltd		9,786,884	8,635,526
			800,790,356	609,729,021
	Less: Inter Company Transaction		3,652,599	2,143,251
			797,137,757	**607,585,770**
27a	**Other Operating Income of the Bank**			
	Postage, Telex, SWIFT & REUTERS		122,326,905	105,170,246
	Incidental Charge		7,045	2,975
	Supervision & Monitoring Charge		17,850,129	4,271,227
	Other charges	(Note-27a.1)	650,819,393	491,649,047
			791,003,472	**601,093,495**
27a.1	**Other Charges**			
	Rent receipts		4,589,125	4,139,893
	Charges on A/C closing		488,661	369,248
	Charges on clearing returned		2,875,330	2,805,759
	Cheque processing charge		3,564,438	2,670,398
	Service charges on Ijara		93,000	27,000
	Service charges on scheme investment		1,506,295	1,629,170
	Service charges on Quard		66,173,508	23,707,848
	Passport endorsement charge		85,800	38,100
	PO/DD Cancellation charge		105,565	107,540
	Branch banking services		19,164,779	18,115,375
	Account maintenance fee		83,011,185	83,625,536
	Recoveries from cheque issue		6,283,435	5,072,105
	Income from sale of forms		5,597,055	5,118,452
	Service charge on SJIBL VISA Card		61,762,156	32,752,869
	Other Income From Islamic Credit Card		2,759,417	526,698
	Management Fees		653,534	946,600
	Notice pay earnings		4,277,746	1,331,930
	Rebate on Trade Finance		79,975,475	68,381,411
	Discrepency Fee		183,786,407	135,895,709
	Profit on sale of Bank's Assets		7,192	-
	Miscellaneous income		124,059,291	104,387,406
			650,819,393	**491,649,047**

		Note	2019 Taka	2018 Taka
28	**Consolidated Salary & Allowances**			
	Shahjalal Islami Bank Ltd	(Note- 28a)	2,911,379,476	2,640,460,945
	Shahjalal Islami Bank Securities Ltd		51,427,395	54,434,036
			2,962,806,871	**2,694,894,981**
28a	**Salary & Allowances of the Bank**			
	Basic Salary		1,219,487,643	1,108,132,774
	Allowances		1,038,076,316	930,405,470
	Bonus		522,534,451	483,988,344
	Bank's Contribution to Provident fund		112,488,938	99,945,281
	Leave Encashment		18,792,128	17,989,075
			2,911,379,476	**2,640,460,945**
29	**Consolidated Rent, Taxes, Insurance, Electricity etc.**			
	Shahjalal Islami Bank Ltd	(Note- 29a)	457,470,794	457,654,841
	Shahjalal Islami Bank Securities Ltd		27,956,347	21,669,741
			485,427,141	**479,324,582**
29a	**Rent, Taxes, Insurance, Electricity etc of the Bank**			
	Rent, Rates & Taxes	(Note- 29a.1)	224,282,977	257,939,690
	Insurance		151,227,323	124,358,963
	Electricity & Lighting		81,960,494	75,356,188
			457,470,794	**457,654,841**
29a.1	**Rent, Rates & Taxes**			
	Rent, Rates & Taxes		279,851,247	257,939,690
	Transfer to depreciation and profit expenses under IFRS 16*		55,568,270	-
			224,282,977	**257,939,690**

*Due to the first time adoption of IFRS 16, rental expense of BDT 55,568,270 was transferred to depreciation of Right of use Assets (RoU) and profit expense of lease liabilities.

30	**Consolidated legal Expenses**			
	Shahjalal Islami Bank Ltd	(Note- 30a)	1,145,455	1,484,446
	Shahjalal Islami Bank Securities Ltd		255,300	11,500
			1,400,755	**1,495,946**
30a	**Legal Expenses of the Bank**			
	Legal Fees & Charge		567,144	258,531
	Other Legal Expenses		578,312	1,225,915
			1,145,455	**1,484,446**
31	**Consolidated Postage, Stamps, Telecommunication etc**			
	Shahjalal Islami Bank Ltd	(Note- 31a)	39,643,446	42,261,215
	Shahjalal Islami Bank Securities Ltd		2,728,098	2,586,689
			42,371,544	**44,847,904**
31a	**Postage, Stamps, Telecommunication etc of the Bank**			
	Postage		2,031,830	1,941,725
	Leased line		25,490,463	25,677,312
	Telegram, Fax, Telex & Internet charge		4,715,624	4,501,356
	Telephone charges		3,070,151	4,331,391
	Mobile phone charges		4,335,379	5,809,431
			39,643,446	**42,261,215**
32	**Consolidated Stationery, Printing, Advertisements etc**			
	Shahjalal Islami Bank Ltd	(Note- 32a)	118,743,626	103,185,519
	Shahjalal Islami Bank Securities Ltd		1,794,506	2,382,569
			120,538,132	**105,568,088**

		Note	2019 Taka	2018 Taka
32a	**Stationery, Printing, Advertisements etc of the Bank**			
	Table Stationery		10,873,961	9,811,931
	Printing Stationery		12,253,475	12,030,765
	Security Stationery		6,152,246	5,249,052
	Computer Stationery		31,911,964	31,230,648
	Publicity and Advertisement		57,551,981	44,863,123
			118,743,626	**103,185,519**
33	**Chief Executive's Salary & Fees of the Bank**			
	Basic Salary		11,070,000	8,750,000
	Allowances		4,800,000	3,885,000
	Bonus		2,980,000	2,464,100
	Bank's Contribution to Provident Fund		1,107,000	875,000
			19,957,000	**15,974,100**
34	**Directors' Fees & Expenses of the Bank**			
	Directors Fee		4,183,600	4,274,200
	Meeting Expenses		3,212,809	1,955,715
			7,396,409	**6,229,915**
35	**Shariah Supervisory Committee's Fees & Expenses of the Bank**			
	Shariah Council Meeting Expenses		1,317,660	518,180
			1,317,660	**518,180**
36	**Consolidated auditors' Fees**			
	Shahjalal Islami Bank Ltd	(Note-36a)	500,000	500,000
	Shahjalal Islami Bank Securities Ltd		74,750	35,250
			574,750	**535,250**
36a	**Auditors' Fees of the Bank**			
	Auditors Fees		**500,000**	**500,000**
37	**Consolidated depreciation and Repair of Assets**			
	Shahjalal Islami Bank Ltd	(Note-37a)	299,367,622	195,450,231
	Shahjalal Islami Bank Securities Ltd		9,089,496	8,517,615
			308,457,118	**203,967,846**
37a	**Depreciation and Repair of Bank's Assets**			
	a) Depreciation of Bank's Assets (Annexure B)			
	Land & Building		17,715,399	18,125,779
	Furniture & Fixtures		68,933,479	43,192,698
	Office Equipment		55,380,645	45,507,267
	Computer & Network Equipment		48,517,601	40,302,789
	Vehicles		12,704,986	11,020,490
	Right of use Assets (RoU)*		50,881,807	-
	Books		90,723	90,723
	b) Amortization of Bank's Assets (Annexure B)			
	Software-Core Banking		5,150,818	5,150,818
	Software-Others		9,950,627	9,418,601
			269,326,085	**172,809,164**
	c) Repair on Bank's Assets			
	Office Premises		8,222,708	1,952,189
	Office Equipment		10,212,046	10,022,015
	Office Furniture & Fixtures		1,296,558	1,049,442
	Vehicles		2,384,859	3,016,739
	Procurement of Parts, Spares & Others		7,925,365	6,600,683
			30,041,537	**22,641,067**
			299,367,622	**195,450,231**

* As per note 2.16, in accordance with IFRS-16, the Bank has recognised Right of use Assets (RoU) and related depreciation is shown above.

38	**Zakat Expenses of the Bank**			
	Zakat Expenses		140,732,626	124,669,104
			140,732,626	**124,669,104**

		Note	2019 Taka	2018 Taka
39	**Consolidated Other Expenses**			
	Shahjalal Islami Bank Ltd	(Note-39a)	643,198,651	488,049,292
	Shahjalal Islami Bank Securities Ltd		32,195,780	75,225,121
			675,394,431	**563,274,413**
39a	**Other Expenses of the Bank**			
	Petrol, Oil and Lubricants		6,466,989	6,173,904
	Entertainment		50,277,502	52,839,072
	Donation and Subscription		10,014,463	5,204,703
	Traveling and Conveyance		33,274,701	28,916,520
	Training Expenses		7,147,037	6,929,566
	Car expenses		171,567,822	147,571,553
	Gratuity expenses		100,000,000	31,000,000
	Papers & Periodicals		660,450	595,183
	Utility		5,673,545	5,950,758
	Uniform & Liveries		4,508,629	2,068,225
	Bank Charges		1,152,584	903,671
	Business development & Promotion		33,603,441	21,949,233
	Upkeep and cleaning of office premises		20,271,072	13,561,017
	Security Service- Out-sourcing		74,137,787	62,395,389
	Branch Opening Expenses		6,825,257	3,425,334
	Credit Rating fee		267,500	355,000
	SJIBL Card expenses		19,599,287	13,165,036
	Islamic Credit Card Expenses		1,923,582	430,208
	AGM & Meeting expenses		6,453,036	13,800,718
	Capital Enhancement Fees		6,770,657	49,254,657
	Contribution to Social Security Super Annuation Fund		3,000,000	2,000,000
	Laundry and Washing		368,854	279,443
	Crockeries, Kettle and others		1,956,530	852,693
	Photograph and Photocopy		709,657	510,271
	Award Expenses		5,169,924	2,121,401
	Maintenance of Head OfficeBuilding		40,602,890	666,748
	Loss on Disposal of Fixed Assets		15,053,215	1,687,714
	Miscellaneous Expenses		15,742,241	13,441,275
			643,198,651	**488,049,292**
40	**Consolidated Provision against Investment, Off-Balance Sheet & Others**			
	Shahjalal Islami Bank Ltd	(Note-40a)	1,970,980,000	1,410,860,000
	Shahjalal Islami Bank Securities Ltd		-	-
			1,970,980,000	**1,410,860,000**
40a	**Provision against Investment, Off-Balance Sheet & Others of the Bank**			
	Provision on unclassified investment		525,400,000	209,500,000
	Provision on classified investment		1,160,780,000	1,114,600,000
	Provision on Off-Balance Sheet		32,200,000	-
	Provisions on Investment in Securities		252,600,000	86,760,000
	Provision on Other Assets		-	-
			1,970,980,000	**1,410,860,000**
41	**Consolidated Deferred Tax Expenses/(Income)**			
	Shahjalal Islami Bank Ltd	(Note-41a)	45,611,319	4,465,215
	Shahjalal Islami Bank Securities Ltd		(723,687)	(1,029,122)
			44,887,632	**3,436,093**
41a	**Deferred Tax Expenses/(Income) of the Bank**			
	Closing deferred tax liability		188,075,793	142,464,474
	Opening deferred tax liability		142,464,474	137,999,259
	Deferred tax expense/(Income)		**45,611,319**	**4,465,215**

		Note	2019 Taka	2018 Taka
41b	**Consolidated Tax Expenses of the Bank**			
	Current tax		2,158,307,672	1,712,957,586
	Deferred tax		44,887,632	3,436,093
			2,203,195,304	**1,716,393,679**
41c	**Tax Expenses of the Bank**			
	Current tax		2,130,236,894	1,689,821,298
	Deferred tax		45,611,319	4,465,215
			2,175,848,213	**1,694,286,514**
42	**Consolidated Earnings Per Share (EPS)**			
	Calculation of Earnings Per Share	(Note- 2.18)		
	Net Profit after Tax		1,663,539,273	1,246,107,431
	Number of Ordinary Shares outstanding (Denominator)		933,421,272	933,421,272
			1.78	**1.33**
42a	**Earnings Per Share (EPS) of the Bank**			
	Calculation of Earnings Per Share	(Note- 2.18)		
	Net Profit after Tax		1,718,301,732	1,471,181,929
	Number of Ordinary Shares outstanding (Denominator)		933,421,272	933,421,272
			1.84	**1.58**

Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".

Earnings Per Share (EPS) substantially increased compare to the last year mainly due to increase of investment income, income from investment in shares/securities and other operating income.

42(i)	**Net Asset Value (NAV) Per Share:**			
	Net Assets Value (Consolidated)		16,523,007,876	14,859,468,602
	Net Assets Value (Banks')		16,507,267,412	14,788,965,680
	No. of Outstanding Share		933,421,272	933,421,272
	Net Asset Value (NAV) Per Share (Consolidated) [previous year's figure restated]		**17.70**	**15.92**
	Net Asset Value (NAV) Per Share (Banks') [previous year's figure restated]		**17.68**	**15.84**
42(ii)	**Net Operating Cash Flows per Share (NOCFPS):**			
	Net cash flows from operating activities (Consolidated)		9,124,297,752	(2,722,724,936)
	Net cash flows from operating activities (Banks')		9,016,426,654	(2,869,995,489)
	No. of Outstanding Share		933,421,272	933,421,272
	Net Operating Cash Flow per Share (NOCFPS) (Consolidated) [previous year's figure restated]		**9.78**	**(2.92)**
	Net Operating Cash Flow per Share (NOCFPS) (Banks') [previous year's figure restated]		**9.66**	**(3.07)**

Net Operating Cash Flow per Share increased compare to the last year mainly due to increase of investment income and less cash outflow for investment.

43	**Consolidated investment income receipt in cash**			
	Shahjalal Islami Bank Ltd	(Note-43a)	20,635,681,058	17,209,626,836
	Shahjalal Islami Bank Securities Ltd		230,064,011	252,650,454
			20,865,745,069	**17,462,277,290**
43a	**Investment income receipt of the Bank**			
	Investment income receipt (Excluding Dividend Income)	(Note 23a & 25a)	20,722,314,679	17,199,115,066
	Add: Opening profit Receivable	(Note-10a.2)	226,858,642	237,370,413
	Less: Closing profit receivable	(Note-10a.2)	313,492,263	226,858,642
			20,635,681,058	**17,209,626,836**

		Note	2019 Taka	2018 Taka
44	**Consolidated Profit Paid on Deposits**			
	Shahjalal Islami Bank Ltd	(Note-44a)	12,533,641,554	10,868,470,422
	Shahjalal Islami Bank Securities Ltd		277,590,123	212,952,437
			12,811,231,677	**11,081,422,859**
44a	**Profit Paid on Deposits of the Bank**			
	Profit Paid on Deposits	(Note-24a)	13,112,331,753	11,295,069,465
	Add: Opening profit payable on deposit	(Note-15a)	1,392,350,100	965,751,057
	Less: Closing profit payable on deposit	(Note-15a)	1,971,040,298	1,392,350,100
			12,533,641,554	**10,868,470,422**
45	**Consolidated Cash Receipt from other Operating activities (Note-26)**			
	Shahjalal Islami Bank Ltd	(Note-45a)	790,996,280	601,093,495
	Shahjalal Islami Bank Securities Ltd		9,786,884	8,635,526
			800,783,164	**609,729,021**
45a	**Cash Receipt from other Operating activities of the Bank(Note-26a)**			
	Postage & Telex Charge Recovery		122,326,905	105,170,246
	Incidental Charge		7,045	2,975
	Supervision & Monitoring Charge		17,850,129	4,271,227
	Other charges (except income from sale of fixed assets)		650,812,201	491,649,047
			790,996,280	**601,093,495**
46	**Consolidated Cash Payment for other Operating activities**			
	Shahjalal Islami Bank Ltd	(Note-46a)	1,321,446,577	1,144,008,060
	Shahjalal Islami Bank Securities Ltd		63,713,323	100,430,755
			1,385,159,900	**1,244,438,815**
46a	**Cash Payment for other Operating activities of the Bank**			
	Rent, Taxes, Insurance, Lighting etc.	(Note-29a)	457,470,794	457,654,841
	Legal Expenses	(Note-30a)	1,145,455	1,484,446
	Postage, Stamp, Telegram & Telephone	(Note-31a)	39,643,446	42,261,215
	Directors' Fee & Expenses	(Note-34)	7,396,409	6,229,915
	Shariah Supervisory Committee's Fees & Expenses	(Note-35)	1,317,660	518,180
	Auditors' Fee	(Note-36a)	500,000	500,000
	Repair, Maintenance of Bank's Assets	(Note-37a.c)	30,041,537	22,641,067
	Zakat Expenses	(Note-38)	140,732,626	124,669,104
	Other Expenses	(Note-39a)	643,198,651	488,049,292
			1,321,446,577	**1,144,008,060**
47	**Cash Increase/ Decrease in Consolidated Other Assets (Note-10)**			
	Shahjalal Islami Bank Ltd	(Note-47a)	3,028,278,010	3,421,411,610
	Shahjalal Islami Bank Securities Ltd		50,566,734	41,554,797
			3,078,844,744	3,462,966,407
	Less: Cash Increase/ (Decrease) through Inter Company transaction		2,515,000,000	2,881,982,674
			563,844,744	**580,983,733**
	Cash (Increase)/ Decrease in Other Assets		**17,138,990**	**1,903,285,392**

		Note	2019 Taka	2018 Taka
47a	**Cash Increase/ Decrease in Other Assets of the Bank (Note-10a)**			
	Stock of Stationery and Stamps		23,810,353	20,278,978
	Advance deposits and rent		137,044,277	193,656,661
	Suspense Account		145,734,796	84,097,361
	Other Prepayments		90,351,271	115,693,170
	Receivable from Shahjalal Islami Bank Securities Limited		-	414,914,662
	Shahjalal Islami Bank Securities Ltd	(Note 10a.3)	2,515,000,000	2,515,000,000
	Advance for new Branches		9,755,760	13,353,800
	Advance Insurance premium		60,515,770	61,329,750
	Other Receivables		3,181,647	3,087,227
	SJIBL General Account-Net		42,884,136	-
			3,028,278,010	**3,421,411,610**
	Cash (Increase)/ Decrease in Other Assets		**393,133,601**	**524,646,247**
48	**Cash Increase/ Decrease in Consolidated Other Liabilities**			
	Shahjalal Islami Bank Ltd	(Note-48a)	1,363,621,078	963,332,189
	Shahjalal Islami Bank Securities Ltd		1,302,095,988	1,810,169,668
			2,665,717,066	2,773,501,857
	Less: Cash Increase/ (Decrease) through Inter Company transaction		-	366,982,674
			2,665,717,066	**2,406,519,183**
	Cash Increase/ (Decrease) in Other Liabilities		**259,197,883**	**204,757,330**
48a	**Cash Increase/ Decrease in Other Liabilities of the Bank (Note-14a)**			
	Other Payable		405,000,580	452,611,874
	Taxation on other income & prior years		198,403,428	198,403,428
	Outstanding Expenses		326,342,252	234,331,379
	Unearned Income on Quard		2,270,063	4,197,196
	Leased Liabilities as per IFRS 16		431,604,755	-
	SJIBL General Account		-	73,788,313
			1,363,621,078	**963,332,189**
	Cash Increase/ (Decrease) in Other Liabilities		**400,288,889**	**350,802,572**
49	**Consolidated Cash and Cash Equivalent**			
	Shahjalal Islami Bank Ltd	(Note-49a)	20,240,852,236	15,314,536,023
	Shahjalal Islami Bank Securities Ltd		153,758,423	313,782,530
			20,394,610,659	15,628,318,553
	Less: Cash Increase/ (Decrease) through Inter Company transaction		146,421,934	309,512,590
			20,248,188,725	**15,318,805,963**
49a	**Cash and Cash Equivalent of the Bank**			
	Cash in Hand		2,320,196,507	1,955,895,120
	Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)		15,539,227,347	11,609,938,400
	Balance with Other Banks & Financial Institutions		2,381,428,382	1,748,702,503
			20,240,852,236	**15,314,536,023**
50	**Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities**			
	Cash flows from operating activities			
	Net Profit after Taxation		1,718,301,732	1,471,181,929
	Provision for Tax		2,175,848,213	1,694,286,514
	Provision for Invstment, Share & Contingent Liability		1,970,980,000	1,410,860,000
	(Increase)/Decrease profit receivable		(86,633,621)	10,511,771
	Increase/(Decrease) Profit Payable on Deposits		578,690,199	426,599,043
	Depreciation & Amortization of Fixed Assets		269,326,085	172,809,164

	2019 Taka	2018 Taka
Recoveries on investment previously written off	25,546,074	10,373,603
Income tax paid	(1,952,776,321)	(1,077,042,266)
Profit on sale of Bank's Assets	(7,192)	-
Effect of exchange rate changes on cash & cash equivalents	(6,599,147)	(976,333)
Operating Profit before changes in operating assets & liabilities	**4,692,676,023**	**4,118,603,424**

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 2,652.

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. 293rd held on 22-01-2020 reconstituted the Committee by the following members:-

Name	Status with the Bank	Status with the Committee	Educational Qualification
Ekramul Hoque	Independent Director	Chairman	Masters
Abdul Halim	Director	Member	BA
Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Director	Member	Masters
Md. Moshiur Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	Member	MBA
K.A.M Majedur Rahman	Independent Director	Member	Masters

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 2019, the Audit Committee of the Board conducted 09 (Nine) 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
Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Chairman	i) Electra International Ltd.
		ii) Electra Consumer Electronics & 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. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Vice Chairman	i) Shamsuddin Khan & Harun Miah Ltd. (UK)
		ii) Kushiara Travels Ltd.
		iii)Holiday Planet (a luxurious guest house situated in Dhaka)
		iv) Hotel Pritom.
		v) Shahjalal Islami Bank Securities Ltd.
Md. Abdul Barek	Vice Chairman	i) Arju Electronics
		ii) Jony Electronics
		iii) Rony Electronics
		iv) 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
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
Akkas Uddin Mollah	Director	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.
Khandaker Sakib Ahmed	Director	i) Khandaker Poultry & Fisheries
		ii) Own The World Company Ltd.
		iii) Millennium Information Solution Ltd.
		iv) AIBL Securities Ltd.
		v) Shahjalal Islami Bank Securities Ltd.
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 (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 Fashions Ltd.
		vi) That's It Sweater Ltd.
		vii) That's It Sportswear Ltd.
		viii) That's It Garments Ltd.
		ix) That's It Knit Ltd.
		x) Sajid Washing & Dyeing Ltd.
		xi) Nishat Jute Mills Ltd.
		xii) Refat Garments ltd.
		xiii) Refat Fashions ltd.
		xiv) Refat Packaging & Printing Industries Ltd.
		xv) Sakib Poly Industries Ltd.
		xvi) Apparels Galary Ltd.
		xvii) Artistic Design Ltd.
		xviii) Creative Collections Ltd.
		xix) Creative Wash Ltd.
		xx) Express Washing & Dyeing Ltd.
		xxi) Times Media Ltd. [Channel 24 & The Daily Samakal]
		xxii) Next Collections Ltd.
		xxiii) Shahjalal Islami Bank Securities Ltd.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
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.
		xv) Siddheswari Cold Storage Ltd.
		xvi) Europa Cold Storage Ltd.
		xvii) Akco Industries & Cold Storage Ltd.
		xviii) Combined Food & Cold Storage Ltd.
		xviv) 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) Fareast International University
		xxx) Shahjalal Islami Bank Securities Ltd.
Fakir Akhtaruzzaman	Director	Fakir Knitwears Ltd.
Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Director	N/A
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.
Mrs. 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.
Mrs. Tahera Faruque	Director	i) F & T Property Management Company
		ii) Star of India Restaurant
		iii) Shahjalal Islami Bank Securities Ltd.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
Mrs. Jabun Nahar (Rep. of Daffodils Trading International)	Director	i) Daffodils Trading International
		ii) Anwer Khan Modern Hospital Ltd.
		iii) Anwer Khan Modern University
Ekramul Hoque	Independent Director	N/A
K.A.M Majedur Rahman	Independent Director	N/A
Nasir Uddin Ahmed FCA, FCS	Independent Director	N/A

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-8a.4):

	Name of the Party	Related By	Nature of Investment	Amount in Tk. (Non-Funded)	Amount in Tk. (Funded)	Status
i)	M/s. Rupsha Trading Corporation	Md. Mohiuddin Ahmed	L/C /MPI-TR/Bai-Muajjal	-	31,217,188	Regular
ii)	Excellent Ceramic Ind. Ltd.	Abdul Halim	BMCTR-Rev	-	12,636,806	Regular
iii)	Karnaphuli Motors	Abdul Halim	BMCTR-Rev	-	20,040,515	Regular
iv)	M/s. Exclusive Motors	Abdul Halim	Murabaha local/L/C /MPI-TR/Bai-Muajjal	-	31,718,378	Regular
v)	Abdul Hakim	Abdul Halim	HPSM-Real Estate	-	12,236,147	Regular
vi)	Shoyeb Ahmed	Abdul Halim	HPSM-Real Estate	-	12,574,340	Regular
vii)	Electra International Ltd.	Sanaullah Shahid	Bai-Muajjal Commercial TR (Revolving)	-	113,479,700	Regular
viii)	Own the World Company Limited	Khandaker Sakib Ahmed	Bank Guarantee	3,000,000.00	-	Regular
ix)	Modern Diagnostic Center Limited	Anwer Hossain Khan	HPSM-Real Estate	-	183,973,000	Regular
x)	Shahjalal Islami Bank Securities Ltd.	Subsidiary	Bai-Muajjal	700,000,000.00	1,783,772,004	Regular
				703,000,000	**2,201,648,077**	

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 in it's 299th meeting held on 10 June 2020 has recommended 5% stock & 5% cash dividend for the year 2019. This dividend is subject to the final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank.

Dhaka
10 June, 2020

Chairman | Director | Director | Managing Director

Shahjalal Islami Bank Limited

Annexure-A

INVESTMENT IN SHARES

As at 31 December 2019

Sl No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 December 2019	Cost price 31 December 2019	Unrealised Gain/(loss)
	Quoted					
1	The ACME Laboratories Limited	1,300,000	60.90	79,170,000	117,315,120	(38,145,120)
2	Active Fine Chemicals Ltd.	1,080,000	14.70	15,876,000	35,487,579	(19,611,579)
3	Aftab Automobiles Limited	816,854	24.40	19,931,238	61,605,088	(41,673,850)
4	Agricultural Marketing Company Ltd – AMCL (PRAN)	50,000	170.20	8,510,000	9,958,704	(1,448,704)
5	AIBL 1st Islamic Mutual Fund	7,500,000	7.20	54,000,000	67,402,716	(4,467,500)
6	Apex Footwear Limited	37,165	223.10	8,291,512	12,854,787	(4,563,276)
7	Beacon Pharmaceuticals Limited	500,000	44.90	22,450,000	14,678,130	7,771,870
8	Beximco Limited	3,029,346	13.80	41,804,975	83,745,911	(41,940,937)
9	Dhaka Electric Supply Company Ltd.	1,750,000	37.00	64,750,000	96,044,734	(31,294,734)
10	Eastern Housing Limited	2,145,258	41.30	88,599,155	166,063,283	(77,464,127)
11	Envoy Textiles Ltd.	1,103,130	24.90	27,467,937	42,402,697	(14,934,760)
12	Export Import Bank of Bangladesh Limited	7,800,000	10.10	78,780,000	110,502,920	(31,722,920)
13	Fareast Islami Life Insurance Co. Ltd.	958,000	49.60	47,516,800	65,297,780	(17,780,980)
14	Generation Next Fashions Limited	1,989,845	2.70	5,372,582	25,741,813	(20,369,232)
15	LafargeHolcim Bangladesh Limited	1,075,000	33.60	36,120,000	63,328,394	(27,208,394)
16	M.I. Cement Factory Ltd	500,000	39.00	19,500,000	41,501,769	(22,001,769)
17	Meghna Petroleum Limited	200,000	163.80	32,760,000	43,204,196	(10,444,196)
18	Metro Spinning Mills Limited	1,212,470	6.40	7,759,808	65,855,505	(58,095,697)
19	Orion Pharma Ltd.	1,082,759	26.90	29,126,217	62,359,551	(33,233,334)
20	RAK Ceramics (Bangladesh) Limited	990,000	28.70	28,413,000	46,803,776	(18,390,776)
21	Square Textile Ltd	564,739	31.00	17,506,909	35,382,751	(17,875,842)
22	The Dacca Dyeing & Mfg. Co. Limited	4,924,869	2.90	14,282,120	156,023,958	(141,741,838)
23	Titas Gas Transmission And Distribution Co. Ltd	1,000,000	30.90	30,900,000	78,349,510	(47,449,510)
24	Unique Hotel and Resorts Ltd	504,300	43.90	22,138,770	31,110,235	(8,971,465)
25	Bangladesh Steel Re-Rolling Mills Limited	100,000	48.80	4,880,000	8,422,015	(3,542,015)
26	Prime Islami Life Insurance Ltd.	500,000	50.20	25,100,000	32,516,491	(7,416,491)
27	Premier Cement Mills Limited	200,000	44.20	8,840,000	18,441,295	(9,601,295)
28	Shahjibazar Power Co. Ltd.	153,000	70.00	10,710,000	16,117,113	(5,407,113)
29	Singer Bangladesh Limited	37,778	180.40	6,815,151	7,172,574	(357,423)
30	Olympic Industries Ltd.	35,000	165.00	5,775,000	7,422,282	(1,647,282)
31	Square Pharmaceuticals Ltd.	259,000	190.00	49,210,000	58,874,302	(9,664,302)

Shahjalal Islami Bank Limited

Annexure-A

INVESTMENT IN SHARES

As at 31 December 2019

Sl No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 December 2019	Cost price 31 December 2019	Unrealised Gain/(loss)
32	Padma Islami Life Insurance Limited	550,266	17.40	9,574,628	15,673,722	(6,099,094)
33	Aamra Technologies Limited	210,000	23.20	4,872,000	6,059,353	(1,187,353)
34	Aman Cotton Fibrous Limited	20,000	21.10	422,000	731,558	(309,558)
35	Baraka Power Limited	432,964	22.70	9,828,283	11,754,966	(1,926,684)
36	Bangladesh Building Systems Ltd.	165,000	16.00	2,640,000	4,485,482	(1,845,482)
37	Bashundhara Paper Mills Limited	45,261	46.00	2,082,006	3,676,488	(1,594,482)
38	BSRM Steels Limited	400,000	39.20	15,680,000	28,229,178	(12,549,178)
39	Coppertech Industries Limited	4,978	23.50	116,983	48,910	5,570
40	Esquire Knit Composite Limited	41,780	28.30	1,182,374	1,873,598	(523,295)
41	First Security Islami Bank Limited	800,000	9.70	7,760,000	8,203,083	(443,083)
42	Genex Infosys Limited	392	67.40	26,421	3,409	23,011
44	The IBN SINA Pharmaceutical Industry Ltd.	30,000	222.40	6,672,000	7,800,452	(1,128,452)
45	Islami Insurance Bangladesh Limited	77,082	24.40	1,880,801	1,758,663	122,138
46	MJL Bangladesh Limited	160,000	63.30	10,128,000	12,979,613	(2,851,613)
47	New Line Clothings Limited	4,282	14.80	63,374	42,926	3,164
48	Runner Automobiles Limited	7,566	59.50	450,177	554,558	(47,284)
49	Sea Pearl Beach Resort & Spa Limited	3,916	41.30	161,731	38,800	7,682
50	Silco Pharmaceuticals Limited	8,023	30.30	243,097	73,690	96,103
51	S. S. Steel Limited	337	22.50	7,583	3,064	4,519
52	Summit Power Limited	200,000	36.30	7,260,000	8,314,698	(1,054,698)
	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	AND Telecom	-	-	574,040	574,040	-
	Total			**1,000,982,670**	**1,801,867,231**	**(791,992,659)**

Shahjalal Islami Bank Limited

Annexure-B

SCHEDULE OF FIXED ASSETS

As at 31 December 2019

(Amount in Taka)

Particulars	COST				Rate	DEPRECIATION				Written Down Value	
	Balance as on 01.01.2019	Additions during the year	Adjustment during the year	Balance as on 31.12.2019		Balance as on 01.01.2019	Adjustment during the year	Charged during the year	Balance as on 31.12.2019	As on 31.12.2019	As on 31.12.2018
Land	1,876,724,350	-	-	1,876,724,350	-	-	-	-	-	1,876,724,350	1,876,724,350
Building	881,220,460	12,702,990	-	893,923,450	2.25%	93,757,921	-	17,715,399	111,473,321	782,450,129	787,462,539
Head Office Building under construction	238,722,811	40,710,506	190,267,319	89,165,998		-	-	-	-	89,165,998	238,722,811
Furniture & Fixtures	951,315,873	109,477,305	38,394,442	1,022,398,736	10%-20%	317,310,817	22,886,508	68,933,479	363,357,789	659,040,948	634,005,056
Office Equipment	469,154,361	205,560,586	14,576,385	660,138,562	20%	257,821,118	12,749,522	55,380,645	300,452,241	359,686,321	211,333,243
Computer & Network Equipment	398,921,578	81,526,997	3,499,516	476,949,060	20%	237,434,074	3,022,308	48,517,601	282,929,368	194,019,692	161,487,504
Vehicles	103,508,028	10,581,720	-	114,089,748	20%	64,336,780	-	12,704,986	77,041,766	37,047,982	39,171,248
Right of use Assets (RoU)	-	523,964,749	-	523,964,749	-	-	-	50,881,807	50,881,807	473,082,942	-
Books	1,042,667	-	-	1,042,667	20%	721,720	-	90,723	812,443	230,224	320,947
Sub-total	**4,920,610,128**	**984,524,852**	**246,737,661**	**5,658,397,319**		**971,382,431**	**38,658,338**	**254,224,641**	**1,186,948,734**	**4,471,448,586**	**3,949,227,697**
Software-Amortization											
Software-Core Banking	62,615,430	-	-	62,615,430	20%	47,134,752	-	5,150,818	52,285,570	10,329,860	15,480,678
Software-Others	79,554,453	1,384,675	-	80,939,128	20%	48,796,492	-	9,950,627	58,747,119	22,192,008	30,757,960
Sub-total	**142,169,883**	**1,384,675**	**-**	**143,554,558**		**95,931,244**	**-**	**15,101,445**	**111,032,689**	**32,521,869**	**46,238,638**
Grand-total	**5,062,780,011**	**985,909,527**	**246,737,661**	**5,801,951,877**		**1,067,313,676**	**38,658,338**	**269,326,085**	**1,297,981,423**	**4,503,970,454**	**3,995,466,335**

Shahjalal Islami Bank Limited

Annexure-C

As at 31 December 2019

[Referred to Note 5a.2 of these financial statements]

Sl No	Name of Company	Currency Name	2019			2018		
			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	666,605.51	84.9000	56,594,808	397,389.60	83.9000	33,340,987
2	Mashreq Bank psc, NY	USD	211,583.99	84.9000	17,963,481	144,390.38	83.9000	12,114,353
3	Standard Chartered Bank, Mumbai	USD	222,198.53	84.9000	18,864,655	222,198.53	83.9000	18,642,457
4	Habib American Bank, USA	USD	188,751.39	84.9000	16,024,993	55,412.07	83.9000	4,649,073
5	ICICI Bank, Hong Kong	USD	280,463.55	84.9000	23,811,355	48,933.69	83.9000	4,105,537
6	WACHOVIA BANK, NY, USA	USD	365,732.78	84.9000	31,050,713	390,194.69	83.9000	32,737,334
7	Commerzbank AG Frankfrut	USD	458,413.54	84.9000	38,919,310	10,989.66	83.9000	922,032
8	Bank Aljazira	USD	51,775.88	84.9000	4,395,772	1,274,864.47	83.9000	106,961,129
9	AB Bank Ltd. Mumbai	ACUD	139,176.61	84.9000	11,816,094	47,221.70	83.9000	3,961,901
10	Standard Chartered Bank, Mumbai	ACUD	1,661,264.72	84.9000	141,041,375	281,145.37	83.9000	23,588,097
11	Nepal Bangladesh Bank, Nepal	ACUD	13,408.33	84.9000	1,138,367	6,904.52	83.9000	579,289
12	Standard Chartered Bank, Colombo	ACUD	17,115.57	84.9000	1,453,112	1,077.80	83.9000	90,427
13	ICICI Bank, Mumbai	ACUD	244,860.43	84.9000	20,788,651	116,024.83	83.9000	9,734,483
14	Habib Metropoliton Bank Ltd.	ACUD	161,025.67	84.9000	13,671,079	61,875.51	83.9000	5,191,355
15	United Bank of India, Kolkata	ACUD	225,228.12	84.9000	19,121,867	108,020.15	83.9000	9,062,891
16	Sonali Bank Ltd ACU, Kolkata	ACUD	53,047.62	84.9000	4,503,743	36,128.00	83.9000	3,031,139
17	Bank of Bhutan Ltd. Main Branch	ACUD	12,869.62	84.9000	1,092,631	10,596.44	83.9000	889,041
18	AXIS Bank Ltd. India	ACUD	379,041.14	84.9000	32,180,593	214,668.84	83.9000	18,010,716
19	MCB Bank Limited	ACUD	150,894.47	84.9000	12,810,941	8,641.29	83.9000	725,004
20	Standard Chartered Bank, Frankfurt	EURO	110,113.14	94.8927	10,448,933	56,470.26	95.3440	5,384,100
21	Mashreq Bank, London	EURO	72,557.24	94.8927	6,885,152	1,023.41	95.3440	97,576
22	COMMERZBANK AG	EURO	13,162.26	94.8927	1,249,002	195,602.67	95.3440	18,649,541
23	Wells Fargo Bank, N. A. London, UK	EURO	292,987.35	94.8927	27,802,361	45,542.96	95.3440	4,342,248
24	Standard Chartered Bank,Tokyo	YEN	1,560,768.99	0.7760	1,211,157	193,694.00	0.7611	147,421
25	Habib Bank AG Zurich	CHF	3,305.93	87.1395	288,077	2,447.11	85.2989	208,736
26	Bank Aljazira, KSA	SAR	1,763,886.35	22.6255	39,908,811	46,080.89	22.3626	1,030,489
27	Riyad Bank, KSA	SAR	2,229,004.45	22.6255	50,432,340	-	-	-
28	Standard Chartered Bank London	GBP	8,377.20	111.0322	930,139	501,378.83	106.4943	53,393,988
29	MASHREQBANK PSC. UAE	AED	21,142.25	23.1159	488,722	5,000.00	22.8436	114,218
30	ICICI Bank, Canada	CAD	3,826.16	64.8983	248,311	-	-	-
31	Standard Chartered Bank, China	CNY	92,260.00	12.1598	1,121,863	-	-	-
	Total				**608,258,408**			**371,705,561**

Shahjalal Islami Bank Limited **Annexure-D**

DETAILS OF INFORMATION ON INVESTMENTS EXCEEDING 10% OF BANKS TOTAL REGULATORY CAPITAL (FUNDED & NON-FUNDED)

As at 31 December 2019

(Taka in Million)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
1	Anwar Silk Mills Ltd.	84	92	176			
	A-One Polymer Ltd.	44	3	46			
	Anwar Jute Spinning Mills Ltd.	111	-	111			
	A.G. Automobiles Ltd.	72	89	161			
	A.G. Motors Ltd.	43	3	46			
	Anwar Ispat Ltd.	467	25	493			
	Hossain Dyeing & Printing Mills Ltd.	163	168	331			
	Mehmud Ind (Pvt.) Ltd.	99	-	99			
	Anwar Cement Sheet	2,040	55	2,095			
	Anwar Cement Ltd	-	43	43			
	Group-total	**3,122**	**478**	**3,600**	10.66%	1.63%	12.30%
2	Talha Texpro Ltd	354	110	463			
	Sufia Cotton Mills Ltd.	606	950	1,555			
	Ismail Anjuman Ara Fabrics Ltd	401	157	558			
	Talha Spinning Mills Ltd.	318	158	476			
	Yasmin Spinning Mills Ltd	359	113	472			
	Group-total	**2,036**	**1,488**	**3,524**	6.95%	5.08%	12.04%
3	Nassa Basics Ltd.	1,527	1,310	2,838			
	Nassa Spinning Ltd.	551	-	551			
	Nassa Basic Wash Ltd.	50	-	50			
	Nassa Hi-Tech Wash Ltd.	84	5	89			
	Nassa Taipei Textile Mills Ltd.	1,122	486	1,608			
	Group-total	**3,335**	**1,801**	**5,136**	11.39%	6.15%	17.54%
4	Sinha Dyeing & Finishing Ltd.	248	42	290			
	Sinha Yarn Dyeing & Fabrics Ltd.	1,031	30	1,061			
	Pritha Fashions Ltd.	-	2	2			
	Opex Industries Ltd.	1,250	207	1,458			
	Sinha Apparels Accessories Ltd.	-	-	-			
	Shikharaa Developments Ltd.	303	-	303			
	Group-total	**2,832**	**281**	**3,112**	9.67%	0.96%	10.63%
5	Chittagong Denim Mills Ltd	507	523	1,030			
	Smart Jeans Ltd	600	162	763			
	Smart Jacket Ltd.	60	252	313			
	Shehan Textile Ltd.	-	29	29			
	Smart Bio-Inception Ltd	-	2	2			
	Apparel Promoters Limited	213	248	461			
	Al-Razi Chemical Complex Ltd.	-	976	976			
	BM Cotainer (BD)Ltd.	51	28	79			
	BM Energy (BD) Ltd.	726	1,141	1,867			
	Group-total	**2,157**	**3,363**	**5,520**	7.37%	11.49%	18.85%

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
6	Shah Cement Ind. Ltd.	-	239	239			
	Abul Khair Melting Ind Ltd	2,910	1,241	4,151			
	Abul Khair Strip Processing	-	-	-			
	Abul Khair Ltd	308	-	308			
	Abul Khair Milk Products Ltd	-	156	156			
	Group-total	**3,218**	**1,636**	**4,854**	10.99%	5.59%	16.58%
7	Super Oil Refinery Ltd.	206	13	219			
	Multi Oil Refibnery Ltd	-	1	1			
	Super Board Mills Limited	-	5	5			
	Super Formica & Lamination Ltd.	1,081	399	1,480			
	T.K. Chemical Complex Ltd.	704	696	1,400			
	Group-total	**1,992**	**1,114**	**3,106**	6.80%	3.81%	10.61%
8	Aswad Composite Mills Ltd.	113	174	287			
	Aswad Composite Mills Limited	25	2,835	2,860			
	Group-total	**138**	**3,009**	**3,147**	0.47%	10.28%	10.75%
9	Incepta Pharmaceuticals Ltd.	935	609	1,544			
	Incepta Vaccine Ltd.	40	72	111			
	Incepta Hygiene and Hospicare Ltd.	122	9	130			
	Incepta Chemicals Ltd.	23	5	29			
	Incepta Herbal and Nutricare Ltd.	-	28	28			
	Maheen Dizayn Etiket (BD) unit-2 Ltd.	386	76	463			
	Impress Fashion Limited	757	435	1,191			
	Impress Accessories Limited	361	160	521			
	Iport Logistics Ltd	-	31	31			
	Impress Aviation Limited	-	15	15			
	Impress Aviation Limited	-	5	5			
	Next Spaces Ltd	204	1,100	1,305			
	Infratrade Limited	33	5	38			
	Group-total	**2,862**	**2,549**	**5,411**	9.78%	8.71%	18.48%
10	Abdul Monem Ltd.	1,895	737	2,632			
	Tekken-Aml-Abenikko-JV	-	982	982			
	Group-total	**1,895**	**1,719**	**3,614**	6.47%	5.87%	12.35%
11	Mir Akter Hossain Ltd.	13	50	63			
	Mir Cement Ltd	1,299	368	1,667			
	Mir Concrete Products Ltd	191	17	208			
	Mir Akhter Hossain Ltd	1,930	2,740	4,669			
	Group-total	**3,432**	**3,175**	**6,607**	11.72%	10.85%	22.57%
12	Dhaly Construction Ltd.	2,919	1,528	4,447			
	Group-total	**2,919**	**1,528**	**4,447**	9.97%	5.22%	15.19%
13	Energypac Engyneering Ltd.	1,004	848	1,853			
	Energypac Fashions Limited	1,438	558	1,996			
	Group-total	**2,443**	**1,406**	**3,848**	8.34%	4.80%	13.14%
14	Max Infrastructure Ltd	196	878	1,074			
	CTM Joint Venture	2,129	114	2,243			
	Kushiara Power company ltd	-	3	3			
	Group-total	**2,325**	**995**	**3,320**	7.94%	3.40%	11.34%

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
15	Navana Ltd.	72	40	112			
	Navana Food Ltd.	14	-	14			
	Navana Batteries Ltd.	157	46	203			
	Aftab Automobiles Ltd.	-	-	-			
	Navana CNG Limited	64	306	370			
	Navana Engineering Ltd.	175	49	224			
	Navana LPG Ltd.	1,263	599	1,862			
	Navana Welding Electrode Ltd	65	47	112			
	Navana Ltd.	12	-	12			
	Navana Electronics Ltd	51	-	51			
	Group-total	**1,873**	**1,087**	**2,960**	6.40%	3.71%	10.11%
16	Sinha Peoples Energy Ltd.	627	246	872			
	Venture Energy Limited	355	9	363			
	Sinha Power Generation Com. Ltd	736	1,496	2,232			
	Group-total	**1,717**	**1,750**	**3,468**	5.87%	5.98%	11.84%
17	BRAC	3,937	-	3,937			
	Group-total	**3,937**	**-**	**3,937**	13.45%	0.00%	13.45%
	Total	**42,232**	**27,379**	**69,611**			

Bank's total Capital as on 31 December 2019 is **Tk. 29,277.37 million.**

Shahjalal Islami Bank Limited

Annexure-E

HIGHLIGHTS OF PERFORMANCE OF BANK

As at 31 December 2019

(Amount in Taka)

SL	PARTICULARS	2019	2018
1	Paid up Capital	9,334,212,720	8,485,647,930
2	Total Capital (Tier-1 + Tier-2)	29,277,367,412	25,105,865,680
3	Capital Surplus	10,999,798,464	7,789,721,016
4	Total Assets	266,103,709,111	243,659,893,222
5	Total Deposit	203,384,147,925	176,861,513,007
6	Total Investment (Loans & Advance)	197,285,680,082	186,090,034,291
7	Total Contingent Liabilities and Commitment	113,090,491,393	100,786,628,882
8	Investment Deposit Ratio (%)	87.47%	90.32%
9	Percentage of Classified Investment against total Investments	4.91%	6.84%
10	Profit after Tax and Provision	1,718,301,732	1,471,181,929
11	Amount of Classified Investment	9,687,322,264	12,723,295,289
12	Provisions kept against classified Investment	3,258,413,053	2,444,970,076
13	Provisions surplus	259,697	-
14	Cost of Fund	8.42%	8.31%
15	Profit Earning Assets	219,817,551,885	202,396,523,710
16	Non-Profit Earning Assets	46,286,157,226	41,263,369,512
17	Return on Investment in Securities (ROI)	2.90%	2.68%
18	Return on Assets (ROA)	0.67%	0.65%
19	Income from Investment in Securities	478,761,405	373,496,035
20	Earnings Per Share	1.84	1.58
21	Net Income Per Share	1.84	1.58
22	Price Earning Ratio (Times)	12.71	17.51

Shahjalal Islami Bank Limited (Off-Shore Banking Unit) **Annexure-F**

BALANCE SHEET

As at 31 December 2019

	Note	2019		2018	
		USD	Taka	USD	Taka
Property and Assets					
Cash					
Cash in hand (Including Foreign Currencies)		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)		-	-	-	-
Balance with other Banks and Financial Institutions					
Inside Bangladesh		311,392.33	26,437,209	13,143,584.35	1,102,746,727
Outside Bangladesh		-	-	-	-
	3	**311,392.33**	**26,437,209**	**13,143,584.35**	**1,102,746,727**
Placement with other Banks & Financial Institutions		**-**	**-**	**-**	**-**
Investments					
General Investment etc.		23,905,468.00	2,029,574,233	17,067,101.23	1,431,929,793
Bills Purchased and Discounted		112,300,655.50	9,534,325,652	66,958,992.94	5,617,859,508
	4	**136,206,123.50**	**11,563,899,885**	**84,026,094.17**	**7,049,789,301**
Fixed Assets Including Premises	5	**7,114.87**	**604,052**	**3,331.22**	**279,489**
Other Assets		**-**	**-**	**-**	**-**
Non Banking Assets		**-**	**-**	**-**	**-**
Total Assets		**136,524,630.70**	**11,590,941,146**	**97,173,009.74**	**8,152,815,517**
Liabilities and Capital					
Liabilities					
Placement from other Banks & Financial Institutions	6	**135,293,300.00**	**11,486,401,170**	**95,915,000.00**	**8,047,268,500**
Deposits and Other Accounts					
Mudaraba Savings Deposits		54,024.78	4,586,704	126,431.03	10,607,563
Mudaraba Term Deposits		-	-	-	-
Other Mudaraba Deposits		-	-	-	-
Al-Wadeeah Current & Other Deposit Accounts		39,954.79	3,392,162	9,552.40	801,446
Bills Payable		-	-	-	-
	7	**93,979.57**	**7,978,865**	**135,983.43**	**11,409,010**
Other Liabilities	8	**1,137,351.13**	**96,561,111**	**1,122,026.31**	**94,138,007**
Total Liabilities		**136,524,630.70**	**11,590,941,146**	**97,173,009.74**	**8,152,815,517**
Capital/Shareholders' Equity					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Retained Earnings		-	-	-	-
Total Shareholders' Equity		**-**	**-**	**-**	**-**
Total Liabilities & Shareholders' Equity		**136,524,630.70**	**11,590,941,146**	**97,173,009.74**	**8,152,815,517**

Shahjalal Islami Bank Limited (Off-Shore Banking Unit)

Annexure-F

OFF-BALANCE SHEET ITEMS

As at 31 December 2019

	2019		2018	
	USD	Taka	USD	Taka
Contingent Liabilities				
Acceptances & endorsements	-	-	-	-
Letters of guarantee	-	-	-	-
Irrevocable letters of credit (including back to back bills)	26,400.00	2,241,360	-	-
Bills for collection	657,955.64	55,860,434	20,482.45	1,718,478
Other contingent liabilities	-	-	-	-
Total	**684,355.64**	**58,101,794**	**20,482.45**	**1,718,478**
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	**684,355.64**	**58,101,794**	**20,482.45**	**1,718,478**

Shahjalal Islami Bank Limited (Off-Shore Banking Unit)

Annexure-F

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

	Note	2019		2018	
		USD	Taka	USD	Taka
Investment Income	9	6,663,576.72	565,737,664	5,528,786.55	463,865,192
Less: Profit paid on Deposits & Borrowing	10	2,556,452.92	217,042,853	2,686,170.77	225,369,728
Net Investment Income		**4,107,123.80**	**348,694,811**	**2,842,615.78**	**238,495,464**
Commission, Exchange and Brokerage	11	8,785.10	745,855	350.00	29,365
Other Operating Income	12	126,612.21	10,749,377	134,619.18	11,294,549
		135,397.31	**11,495,232**	**134,969.18**	**11,323,914**
Total Operating Income		**4,242,521.11**	**360,190,042**	**2,977,584.96**	**249,819,378**
Salaries and Allowances	13	103,032.16	8,747,430	93,200.44	7,819,517
Rent, Taxes, Insurances, Electricity etc.	14	273.85	23,250	394.48	33,097
Legal Expenses		-	-	-	-
Postage, Stamps, Telecommunication etc.	15	343.71	29,181	7,757.47	650,852
Stationery, Printings, Advertisements etc.	16	225.65	19,158	502.78	42,183
Auditors' Fees		-	-	-	-
Depreciation & Repairs of Bank's Assets	17	945.64	80,285	993.08	83,319
Other Expenses	18	9,415.45	799,372	6,790.84	569,751
Total Operating Expenses		**114,236.46**	**9,698,675**	**109,639.09**	**9,198,720**
Profit before Provision		**4,128,284.65**	**350,491,367**	**2,867,945.87**	**240,620,658**
Specific provision for Classified Investment		-	-	-	-
General Provision for Unclassified Investment		-	-	-	-
Provision for Other Assets		-	-	-	-
Total Provision		**-**	**-**	**-**	**-**
Total Profit before Provisions for Taxation		**4,128,284.65**	**350,491,367**	**2,867,945.87**	**240,620,658**
Deferred Tax Expenses		-	-	-	-
Current Tax Expenses		-	-	-	-
		-	-	-	-
Net Profit after Taxation		**4,128,284.65**	**350,491,367**	**2,867,945.87**	**240,620,658**
Retained Earnings from previous year		-	-	-	-
Add: Retained Earnings of Current year		4,128,284.65	350,491,367	2,867,945.87	240,620,658
Retained Earnings carried forward		**4,128,284.65**	**350,491,367**	**2,867,945.87**	**240,620,658**
Less: Retained earnings transferred to central operation		4,128,284.65	350,491,367	2,867,945.87	240,620,658
		-	-	-	-

Shahjalal Islami Bank Limited (Off-Shore Banking Unit)

Annexure-F

CASH FLOW STATEMENT

For the year ended 31 December 2019

	2019		2018	
	USD	Taka	USD	Taka
Cash Flow from Operating Activities				
Investment Income receipt in cash	6,663,576.72	565,737,664	5,528,786.55	463,865,192
Profit Paid on Borrowing	(2,556,452.92)	(217,042,853)	(2,686,170.77)	(225,369,728)
Fees & Commission receipt in cash	8,785.10	745,855	350.00	29,365
Cash Payments to Employees	(103,032.16)	(8,747,430)	(93,200.44)	(7,819,517)
Cash Payments to Suppliers	(225.65)	(19,158)	(502.78)	(42,183)
Receipts from other Operating activities	126,612.21	10,749,377	134,619.18	11,294,549
Payments for other Operating activities	(10,033.01)	(855,134)	(14,828.24)	(1,247,938)
(i) Operating Profit before changes in Operating Assets	**4,129,230.29**	**350,568,320**	**2,869,053.50**	**240,709,740**
Changes in Operating Assets and Liabilities				
Increase/decrease of Investment to Customers	(52,180,029.33)	(4,514,110,584)	7,384,957.95	509,904,709
Increase/decrease of Deposits received from Customers	(42,003.86)	(3,430,144)	35,390.68	3,089,989
Increase/decrease of Other Liabilities	15,324.82	2,423,104	421,267.15	36,185,225
(ii) Cash flows from operating assets and liabilities	**(52,206,708.37)**	**(4,515,117,625)**	**7,841,615.78**	**549,179,924**
Net cash flows from operating activities (A)=(i+ii)	**(48,077,478.08)**	**(4,164,549,305)**	**10,710,669.28**	**789,889,664**
Cash flows from Investing Activities				
Proceeds from Sale of fixed assets	-	-	-	-
Purchases of Property, Plant & Equipments	(4,729.29)	(401,517)	(1,231.74)	(103,343)
Net cash used in investing activities (B)	**(4,729.29)**	**(401,517)**	**(1,231.74)**	**(103,343)**
Cash flows from Financing Activities				
Borrowing from Banks & Financial Institutions	39,378,300.00	3,439,132,670	(2,869,700.00)	(122,226,190)
Profit transferred to Shahjalal Islami Bank Ltd	(4,128,284.65)	(350,491,367)	(2,867,945.87)	(240,620,658)
Net cash flows from financing activities (C)	**35,250,015.35**	**3,088,641,303**	**(5,737,645.87)**	**(362,846,848)**
Net Increase/(Decrease) in Cash (A+B+C)	**(12,832,192.02)**	**(1,076,309,518)**	**4,971,791.67**	**426,939,472**
Add: Cash and cash equivalents at the beginning of the year	13,143,584.35	1,102,746,727	8,171,792.68	675,807,255
Cash & cash equivalents at the end of the year	**311,392.33**	**26,437,209**	**13,143,584.35**	**1,102,746,727**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 kinds 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 by Bangladesh Bank BRPD Circular No.15 dated 09 November 2009, 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, Investments 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 84.90 (weighted average rate as at 31st December 2019).

		2019		2018	
		USD	Taka	USD	Taka
3	**Balance with Other Banks and Financial Institutions (Other than Mudaraba Term Fund)**				
	Inside Bangladesh (Note - 3.1)	311,392.33	26,437,209	13,143,584.35	1,102,746,727
	Outside Bangladesh	-	-	-	-
		311,392.33	**26,437,209**	**13,143,584.35**	**1,102,746,727**
3.1	**Inside Bangladesh**				
	Shahjalal Islami Bank Ltd	311,392.33	26,437,209	13,143,584.35	1,102,746,727
		311,392.33	**26,437,209**	**13,143,584.35**	**1,102,746,727**
4	**Investments (Loans and Advances)**				
	Country-wise Classification of Investments				
	Inside Bangladesh				
	Gross Murabaha, Bai-Muajjal etc	23,905,468.00	2,029,574,233	17,067,101.23	1,431,929,793
	Less: Profit receivable on Murabaha, Bai-Muajjal etc	-	-	-	-
	Net Murabaha, Bai-Muajjal etc	**23,905,468.00**	**2,029,574,233**	**17,067,101.23**	**1,431,929,793**
	Bills purchased and discounted-net (Note- 4.1)	112,300,655.50	9,534,325,652	66,958,992.94	5,617,859,508
	Out side Bangladesh	-	-	-	-
		136,206,123.50	**11,563,899,885**	**84,026,094.17**	**7,049,789,301**
4.1	**Bills Purchased and Discounted**				
	Payable inside Bangladesh	-	-	-	-
	Payable outside Bangladesh	112,670,775.37	9,565,748,829	66,958,992.94	5,617,859,508
	Gross Bills Purchased and Discounted	**112,670,775.37**	**9,565,748,829**	**66,958,992.94**	**5,617,859,508**
	Less: Profit receivable on Bills Purchased and Discounted	370,119.87	31,423,177	-	-
	Net Bills Purchased and Discounted	**112,300,655.50**	**9,534,325,652**	**66,958,992.94**	**5,617,859,508**
5	**Fixed Assets including Premises, Furniture & Fixtures**				
	Furniture & Fixture	4121.63	349,926	116.89	9,807
	Office Equipment	2,993.24	254,126	3214.33	269,682
	Carrying value	**7,114.87**	**604,052**	**3,331.22**	**279,489**
6	**Placement from other Banks & Financial Institutions**				
	Mudaraba Term Deposit from other Banks	13,000,000.00	1,103,700,000	23,190,000.00	1,945,641,000
	Borrowing from Shahjalal Islami Bank Ltd	122,293,300.00	10,382,701,170	72,725,000.00	6,101,627,500
		135,293,300.00	**11,486,401,170**	**95,915,000.00**	**8,047,268,500**
7	**Deposits and Other Accounts**				
	Al-Wadiah Current Deposit	9,050.15	768,358	9,552.40	801,446
	Sundry Deposits	30,904.64	2,623,804	-	-
		39,954.79	**3,392,162**	**9,552.40**	**801,446**
	Mudaraba Savings Deposit	54,024.78	4,586,704	126,431.03	10,607,563
		54,024.78	**4,586,704**	**126,431.03**	**10,607,563**
	Mudaraba Term Deposit	-	-	-	-
		-	-	-	-
		93,979.57	**7,978,865**	**135,983.43**	**11,409,010**

		2019		2018	
		USD	Taka	USD	Taka
8	**Other Liabilities**				
	Profit Payable	1,137,351.13	96,561,111	1,121,608.81	94,102,979
	Outstanding Expenses	-	-	417.50	35,028
		1,137,351.13	**96,561,111**	**1,122,026.31**	**94,138,007**
9	**Profit on Investment**				
	Profit received from Mudaraba Import Bills (UPAS)	5,898,814.98	500,809,392	4,801,660.55	402,859,320
	Profit received from Hire Purchase	764,761.74	64,928,272	727,126.00	61,005,871
		6,663,576.72	**565,737,664**	**5,528,786.55**	**463,865,192**
10	**Profit paid on Deposits & Borrowing**				
	Profit paid on borrowings	**2,556,452.92**	**217,042,853**	**2,686,170.77**	**225,369,728**
11	**Commission, Exchange & Brokerage**				
	Commission from LC	**8,785.10**	**745,855**	**350.00**	**29,365**
12	**Other Operating Income**				
	SWIFT & REUTERS	23,897.96	2,028,937	27,697.39	2,323,811
	Miscellaneous Earnings	102,708.25	8,719,930	106,921.79	8,970,738
	Service & Charges Receipts	6.00	509	-	-
		126,612.21	**10,749,377**	**134,619.18**	**11,294,549**
13	**Salary & Allowances**				
	Basic Salary	42,838.95	3,637,027	40,461.39	3,394,711
	Allowances	36,567.95	3,104,619	31,843.02	2,671,629
	Bonus	19,618.11	1,665,578	17,285.25	1,450,232
	Bank's Contribution to Provident fund	4,007.15	340,207	3,610.78	302,944
		103,032.16	**8,747,430**	**93,200.44**	**7,819,517**
14	**Rent, Taxes, Insurance, Electricity etc.**				
	Rent, Rates & Taxes	-	-	-	-
	Insurance	273.85	23,250	394.48	33,097
	Electricity & Lighting	-	-	-	-
		273.85	**23,250**	**394.48**	**33,097**
15	**Postage, Stamps, Telecommunication etc**				
	Telephone charges	343.71	29,181	7,757.47	650,852
		343.71	**29,181**	**7,757.47**	**650,852**
16	**Stationery, Printing, Advertisement etc**				
	Computer Stationery	198.33	16,838	365.00	30,624
	Advertisement	27.32	2,319	137.78	11,560
		225.65	**19,158**	**502.78**	**42,183**

		2019		2018	
		USD	Taka	USD	Taka
17	**Depreciation and Repair of Fixed Assets**				
	Depreciation of Fixed Assets				
	Furniture & Fixtures	11.67	991	14.86	1,247
	Office Appliance & Equipment	933.97	79,294	978.22	82,073
		945.64	**80,285**	**993.08**	**83,319**
	Repair & Maintenance	-	-	-	-
		-	-	-	-
		945.64	**80,285**	**993.08**	**83,319**
18	**Other Expenses**				
	Utility	-	-	-	-
	Entertainment Expense	1,086.38	92,234	664.41	55,744
	Traveling Expense	15.27	1,296	229.20	19,230
	Business development & promotion	451.85	38,362	-	-
	Car expenses	7,861.95	667,480	5,764.47	483,639
	Uniform and Liveries	-	-	18.21	1,528
	Losses	-	-	114.55	9,611
		9,415.45	**799,372**	**6,790.84**	**569,751**

Independent Auditor's Report

FINANCIAL STATEMENTS 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, 2019, 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, 2019, 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, BSEC's Risk Based Capital Adequacy Rules, 2019 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 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 BSEC's Risk Based Capital Adequacy Rules, 2019 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 judgment 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, the Securities and Exchange Rules 1987 and the BSEC's Risk Based Capital Adequacy Rules, 2019 we also report the following:

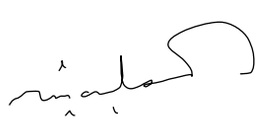
a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

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;

d) Capital to total risk requirement ratio as required by BSEC has been maintained by the company adequately; and

e) the expenditure incurred was for the purposes of the Company's business.



Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Dated: 17 May 2020

SHAHJALAL ISLAMI BANK SECURITIES LTD.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 Taka	2018 Taka
ASSETS			
Current assets			
Cash and bank balances	4	153,758,423	313,782,530
Receivables from securities trading	5	9,346,489	20,458,905
Receivable from others	6	24,170,740	-
Receivable from margin clients	7	4,796,473,498	5,313,482,081
Proprietary position in securities & other investments	8	1,231,023,407	1,129,830,420
Other advances	9	341,249,288	317,035,157
Other assets	10	1,121,200	1,992,000
		6,557,143,045	**7,096,581,093**
Non-current assets			
Fixed assets	11	53,087,383	57,871,096
Intangible assets	12	573,522	764,695
Investment in exchanges	13	428,000,000	428,000,000
Other long term assets	14	1,752,809	1,029,122
		483,413,714	487,664,913
Total assets		**7,040,556,759**	**7,584,246,006**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Payable to clients	15	131,933,545	259,253,450
Short term business liabilities	16	2,153,714,228	2,109,806,901
Payable to exchanges	17	6,474,059	18,332,192
Other liabilities and provisions	18	1,991,286,272	2,380,043,123
		4,283,408,104	4,767,435,666
Shareholders' equity			
Share capital	19	2,740,000,000	2,740,000,000
Capital Reserve	20	2,878,961	-
Retained earnings	21	14,269,694	76,810,340
		2,757,148,655	2,816,810,340
Total liabilities and Shareholders' Equity		**7,040,556,759**	**7,584,246,006**
Net asset value per share of Tk. 10 each		**10.06**	**10.28**

The financial statements should be read in conjunction with the annexed notes.

Chief Executive Officer | Director | Chairman

Signed in terms of our separate report of even date annexed..

Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Dated: 17 May 2020

SHAHJALAL ISLAMI BANK SECURITIES LTD.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 Taka	2018 Taka
Brokerage commission	22	94,621,646	111,152,794
Income from margin investments		154,432,842	206,466,818
Income from investment in securities	23	75,631,169	46,183,636
Other operating income	24	5,308,225	6,108,411
Total operating income		**329,993,882**	**369,911,659**
Operating expenses	25	(18,600,249)	(12,280,163)
Income from operation		**311,393,633**	**357,631,496**
Other income	26	4,478,659	2,527,115
Administrative and general expenses	27	(106,921,423)	(152,582,358)
Financial expenses	28	(241,265,463)	(156,679,475)
Net profit before income tax		**(32,314,594)**	**50,896,778**
Provision for taxation			
Current tax		(28,070,778)	(23,136,288)
Deferred tax		723,687	1,029,122
		(27,347,091)	(22,107,166)
Net profit after income tax		**(59,661,685)**	**28,789,612**
Other comprehensive income		-	-
Total comprehensive income		**(59,661,685)**	**28,789,612**
Earnings Per Share (EPS)	29	**(0.22)**	**0.11**

The financial statements should be read in conjunction with the annexed notes.

Chief Executive Officer | Director | Chairman

Signed in terms of our separate report of even date annexed..

Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Dated: 17 May 2020

SHAHJALAL ISLAMI BANK SECURITIES LTD.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Amount in Taka

Particulars	Share capital	Capital Reserve	Retained earnings	Total
Balance as at 01 January 2019	2,740,000,000	-	76,810,340	2,816,810,340
Transferred to Capital Reserve	-	2,878,961	(2,878,961)	-
Net profit for the year	-	-	(59,661,685)	(59,661,685)
Balance as at 31 December 2019	**2,740,000,000**	**2,878,961**	**14,269,694**	**2,757,148,655**

For the year ended 31 December 2018

Amount in Taka

Particulars	Share capital	Capital Reserve	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**

The financial statements should be read in conjunction with the annexed notes.

Chief Executive Officer | Director | Chairman

Signed in terms of our separate report of even date annexed..

Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Dated: 17 May 2020

SHAHJALAL ISLAMI BANK SECURITIES LTD.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

		Note	2019 Taka	2018 Taka
A.	**Cash flows from operating activities**			
	Cash received from commission and others		573,439,401	417,605,502
	Payment for operating expenses & others		(505,104,092)	(1,308,777,777)
	Finance expenses paid		(241,265,463)	(156,679,475)
	Income tax paid		(27,673,518)	(69,045,319)
	Net Cash flow from/(used in) operating activities	30	**(200,603,672)**	**(1,116,897,069)**
B.	**Cash flow from investing activities**			
	Investment to executive car finance scheme		283,800	283,800
	Cash receipt on sale of DSE shares		-	37,879,317
	Purchase of fixed assets		(3,611,562)	(15,204,847)
	Net Cash flow from/(used in) investing activities		**(3,327,762)**	**22,958,270**
C.	**Cash flow from financing activities**			
	Short term business liabilities		43,907,327	1,268,727,040
	Dividend paid		-	(274,000,000)
	Net cash flow from/ (used in) financing activities		**43,907,327**	**994,727,040**
	Net Increase/(decrease) in cash and cash equivalents (A+B+C)		(160,024,107)	(99,211,759)
	Opening cash and cash equivalents		313,782,530	412,994,289
	Closing cash and cash equivalents		**153,758,423**	**313,782,530**

The financial statements should be read in conjunction with the annexed notes.

Place: Dhaka
Dated: 17 May 2020

Chief Executive Officer | Director | Chairman

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 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 84 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 based on accrual basis except utility bills in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), Companies Act, 1994, the Securities and Exchange Rules, 1987, BSEC Notification dated 22 May 2019 on Risk Based Capital Adequacy Rules, 2019.

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 2019.

b. Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2019.

c. Statement of Changes in Equity for the year ended 31 December 2019.

d. Statement of Cash Flows for the year ended 31 December 2019.

e. Notes, Comprising a Summary of Significant Accounting Policies and Other Explanatory Information.

3.3 Going Concern

The Company has adequate resources to continue its operation for foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and adequate resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

3.4 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.

3.5 Fixed assets

i) All fixed assets 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

3.6 Investments

a. Margin investment

Investments to clients include investment to margin customers and receivable there from.

b. Proprietary position in securities & other investment

Investment in marketable securities are initially recognized at cost and subsequently measured at fair value through profit or loss as per IFRS 9 "Financial Instrument".

c. Investment in exchange shares

Investment in exchange shares are recognized and subsequently measurement at cost due to not having active market for this kind of shares.

3.7 Cash and bank balances

Cash and bank balances 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.

3.8 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.

3.9 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.

3.10 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 except those account having negative equity.

(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 securities is recognized when the right is established.

3.11 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.

3.12 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.

3.13 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.

		2019 Taka	2018 Taka
4.	**Cash and bank balances**		
	Cash at bank in company's accounts	1,615,533	8,592,825
	Cash at bank in trading accounts (dealer account)	981,178	987,986
	Cash at bank in consolidated customer accounts	151,035,580	304,082,387
	Cash at bank in IPO account	126,132	119,332
		153,758,423	**313,782,530**
	Details are shown in "Annexure-B"		
5.	**Receivables from securities trading**		
	Receivable from DSE (Note: 5.1)	9,346,489	10,455,425
	Receivable from CSE (Note: 5.2)	-	10,003,480
		9,346,489	**20,458,905**
5.1	**Receivable from DSE**		
	Receivable against Z category	8,555,568	8,666,779
	Receivable against spot trading	790,921	1,788,646
		9,346,489	**10,455,425**
5.2	**Receivable from CSE**		
	Receivable against A,B,G and N category	-	10,003,480
		-	**10,003,480**
6.	**Receivable from others**		
	Cash dividend receivables from investment in shares	24,170,740	-
		24,170,740	**-**
7.	**Receivable from margin clients**		
	Margin Investment (Note: 7.1)	3,186,087,281	3,451,070,680
	Profit receivable from margin investment (Note:7.2)	1,610,386,217	1,862,411,401
		4,796,473,498	**5,313,482,081**
7.1	**Margin Investment**		
	Receivable to clients having negative equity	2,484,413,467	2,289,431,649
	Receivable to clients fall under force sale condition (e.g. Equity is >DB but <125% of DB)	224,274,301	378,929,774
	Receivable to clients fall under margin call (e.g. Equity is >125% of DB but <150% of DB)	137,493,120	218,712,195
	Receivable to regular margin clients (e.g. Equity is >150% of DB)	339,906,393	563,997,062
		3,186,087,281	**3,451,070,680**
7.2	**Profit receivable from margin investment**		
	Receivable to clients having negative equity	1,377,385,170	1,290,943,604
	Receivable to clients fall under force sale condition (e.g. Equity is >DB but <125% of DB)	156,102,084	186,414,331
	Receivable to clients fall under margin call (e.g. Equity is >125% of DB but <150% of DB)	47,579,172	107,595,365
	Receivable to regular margin clients (e.g. Equity is >150% of DB)	29,319,791	277,458,101
		1,610,386,217	**1,862,411,401**
8.	**Proprietary position in securities & other investment**		
	Investment in securities at cost (Note: 8.1)	1,229,825,537	1,125,701,001
	Deposit for application of right shares/ IPO	1,197,870	4,129,419
		1,231,023,407	**1,129,830,420**

		2019 Taka	2018 Taka
8.1	**Investment in securities**		
	Value of "A" category instruments	1,057,666,564	977,320,681
	Value of "N" category instruments	21,019,490	369,289
	Value of "Z" category instruments	151,139,483	148,011,031
		1,229,825,537	**1,125,701,001**
	Investment in securities at cost	1,229,825,537	1,125,701,001
	Investment in securities at market value	753,430,054	988,547,749
	Diminution in value of investment in shares	**476,395,483**	**137,153,252**
	Details of investment in marketable securities are shown in "Annexure- C".		
9.	**Other Advances**		
	Advance income tax (Note: 9.1)	324,377,783	296,704,265
	Advance office rent	16,871,505	19,909,225
	Advance commission for bank guarantee	-	421,667
		341,249,288	**317,035,157**
9.1	**Advance income tax**		
	Opening balance	296,704,265	227,658,946
	Add: Paid during the year (Note: 9.1.1)	27,673,518	69,045,319
	Closing balance	**324,377,783**	**296,704,265**
9.1.1	**Advance tax paid during the year**		
	Tax on transaction (DSE)	13,717,028	15,340,771
	Tax on transaction (CSE)	407,963	624,885
	Advance tax on profit (SND)	385,892	234,218
	Advance income tax - DCT	6,456,356	48,282,273
	Advance tax on dividend income	6,706,279	4,563,172
		27,673,518	**69,045,319**
	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	69,045,319
	Year 2019	27,673,518	-
		324,377,783	**296,704,265**
10.	**Other assets**		
	Prepaid expenses	178,000	765,000
	Investment to executive car finance scheme	943,200	1,227,000
		1,121,200	**1,992,000**
11.	**Fixed assets net off depreciation**		
	Furniture and fixtures	40,241,174	42,843,027
	Office equipment	12,846,209	15,028,069
		53,087,383	**57,871,096**
	Details are shown in **"Annexure-D"**		
12.	**Intangible assets**		
	Software	**573,522**	**764,695**
	Details are shown in **"Annexure-D"**		

		2019 Taka	2018 Taka
13.	**Investment in exchanges**		
	Investment in DSE shares (Note: 13.1)	271,500,000	271,500,000
	Investment in CSE shares (Note: 13.2)	156,500,000	156,500,000
		428,000,000	**428,000,000**
13.1	**Investment in DSE shares**		
	Opening balance	271,500,000	362,000,000
	Less: Cost of 25% shares sold by DSE as per demutualization scheme	-	90,500,000
	Closing balance	**271,500,000**	**271,500,000**

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 25,25,287 no. of shares were credited to the "Demutualization Blocked Account" maintained by the DSE and sold 1,803,777 no. of shares to Shenzhen Stock Exchange and shanghai Stock exchange in 2018.

13.2 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.

14.	**Other long term assets**		
	Deferred tax assets (Note: 14.1)	**1,752,809**	**1,029,122**
14.1	**Deferred tax assets**		
	Deferred tax on tangible assets		

Deferred tax assets have been recognized and measured in accordance with the provisions of 'IAS 12: Income Taxes'. Related deferred tax expense/(income) & (assets)/liabilities has been provided during the year as shown below:

Fixed Assets		
Accounting base written down value	53,660,905	58,635,791
Tax base written down value	58,668,932	61,576,140
Deductible Temporary difference on written down value	**(5,008,027)**	**(2,940,349)**
Applicable tax rate	35%	35%
Closing deferred tax (assets)/liabilities	(1,752,809)	(1,029,122)
Opening deferred tax (assets)/liabilities	(1,029,122)	-
Deferred tax (income)/expenses	**(723,687)**	**(1,029,122)**
15.	**Payable to clients**	
Payable to clients (IPO)	45,000	35,000
Payable to clients (Trading)	131,888,545	259,218,450
	131,933,545	**259,253,450**
16.	**Short term business liabilities**	
Shahjalal Islami Bank Ltd. (Note: 16.1)	1,783,772,006	1,258,382,500
Social Islami Bank Ltd. (Note: 16.2)	259,908,889	259,831,250
Prime Bank Ltd. (Note: 16.3)	110,033,333	591,593,151
	2,153,714,228	**2,109,806,901**
16.1	**Shahjalal Islami Bank Ltd.**	
Principal business liabilities	1,682,300,000	1,200,000,000
Profit payable on business liabilities	101,472,006	58,382,500
	1,783,772,006	**1,258,382,500**

		2019 Taka	2018 Taka
	Shahjalal Islami Bank Ltd., Bai-muazzal (Comm.)- investment limit of Tk.180.00 crore. Rate of return 11.00%. Validity up to 30.06.2020.		
16.2	**Social Islami Bank Ltd.**		
	Principal business liabilities	250,000,000	250,000,000
	Profit payable on business liabilities	9,908,889	9,831,250
		259,908,889	**259,831,250**
	Social Islami Bank Ltd., Bai- Muazzal (Revolving)- investment limit of Tk. 25.00 crore. Rate of return 13.00%. Validity up to 31.01.2020. Security covered by Corporate Guarantee.		
16.3	**Prime Bank Ltd.**		
	Principal business liabilities	100,000,000	550,000,000
	Profit payable on business liabilities	10,033,333	41,593,151
		110,033,333	**591,593,151**
	Prime Bank Ltd., 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. The entire liabilities was adjusted on January 23, 2020.		
17.	**Payable to exchanges**		
	Payable to DSE	6,406,234	18,332,192
	Payable to CSE	67,825	-
		6,474,059	**18,332,192**
18.	**Other liabilities and provisions**		
	Payable to Shahjalal Islami Bank Limited (Note: 18.1)	-	414,914,661
	Provision for income tax (Note: 18.2)	345,040,992	316,970,214
	Provision for investment in marketable securities (Note: 18.3)	137,500,000	137,500,000
	Provision for margin investment (Note: 18.4)	303,155,165	351,120,900
	General Provision (Note: 18.5)	47,965,735	-
	Other liabilities (Note: 18.6)	1,157,624,380	1,159,537,348
		1,991,286,272	**2,380,043,123**
18.1	**Payable to Shahjalal Islami Bank Limited**		
	Payable for others	-	366,982,674
	Profit payable for margin investment	-	47,931,987
		-	**414,914,661**
18.2	**Provision for income tax**		
	Opening balance	316,970,214	293,833,926
	Add: Provision made during the year (Annexure- F)	28,070,778	23,136,288
	Closing balance	**345,040,992**	**316,970,214**
	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	23,136,288
	Year 2019	28,070,778	-
		345,040,992	**316,970,214**
	Income tax assessment status is shown in "Annexure- E"		

		2019 Taka	2018 Taka
18.3	**Provision for investment in marketable securities**		
	Opening balance	137,500,000	65,000,000
	Transferred from provision for margin investment	-	72,500,000
	Closing balance	**137,500,000**	**137,500,000**

As Per Bangladesh Securities and Exchange Commission's Directive No. BSEC/CMRRCD/2009-193/196 dated 28-12-2016 & Directive No. BSEC/SRI/POLICY/3/2020/68 dated 12-01-2020, the company may keep 20% provision for unrealized loss against company's own investment portfolio account. Total unrealized loss in company's own investment portfolio account stood at Tk. 476,395,483 as on 31 December 2019. The company has already maintained provision for Tk. 137,500,000 as on December 31, 2019 against required provision of Tk.95,279,097.00 leaving surplus of Tk.42,220, 903.00.

18.4	**Provision for margin investment**		
	Opening balance	351,120,900	423,620,900
	Transferred to general provision	(47,965,735)	-
	Transferred to provision for investment in marketable securities	-	(72,500,000)
	Closing balance	**303,155,165**	**351,120,900**

18.4.1 Specific Provision

The market value of shares of the client account having negative equity stood at Tk. 1,759,256,695.55 as on December 31, 2019 against margin and profit receivable from client Tk. 3,861,798,637.34 leaving a shortfall of Tk. 2,102,541,942.12. If the market price of the shares against margin investment go up in future this equity erosion will be reduced. The Company has maintained provision for margin investment Tk. 303,155,165.00 as mentioned above and profit suspense on margin investment stood at Tk. 1,139,962,101.00 (note-18.5) as on 31 December 2019. The amount of provision made in the books of account stood at Tk. 303,155,165.00 as on December 31, 2019 against the required provision of Tk. 192,515,968.00 leaving surplus of Tk.110,639,197.00.

18.5	**General Provision**		
	Opening balance	-	-
	Transferred from provision for margin investment	47,965,735	-
	Closing balance	**47,965,735**	**-**

General provision of Tk.47,965,735 being 1% of outstanding margin exposures has been made for the year as mandatory provision as prescribed by part B of schedule C rule 5(2) of BSEC notification no. BSEC/CMRRCD/2017-357/221/admin/89 dated May 22, 2019.

18.6	**Other liabilities**		
	Accrued expenses	557,550	424,088
	VAT payable	503,386	356,351
	Office rent payable	-	1,700,792
	Withholding tax payable	351,246	248,426
	Leave fare assistance payable	1,433,879	1,241,680
	Income suspense account	13,847,699	14,549,008
	Profit suspense account	1,139,962,101	1,139,942,575
	Security deposit	-	25,128
	Cash dividend received on margin account	-	1,049,300
	Outstanding cheque	225,683	-
	Untraced deposit	742,836	-
		1,157,624,380	**1,159,537,348**
19.	**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**

			2019 Taka	2018 Taka
Shareholding Position:				
Sl. No.	**Name of Shareholders**	**No. of Shares**		
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	-	-	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	-	-	12,500,000
9	Alhaj Mohammed Hasan	1,614,583	16,145,830	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
20	Sanowara Banu	156,251	1,562,510	-
21	Mohammad Yakub	364,583	3,645,830	-
22	Mohammad Nawaz	364,583	3,645,830	-
23	Tahera Faruque	156,250	1,562,500	-
24	Mohammed Parvej Faruque	243,056	2,430,560	-
25	Mohammed Fohad Faruque	243,056	2,430,560	-
26	Fuad Mohammed Faruque	243,055	2,430,550	-
27	Mohammed Nishad Faruque	243,055	2,430,550	-
28	Thanea Farah Faruque	121,528	1,215,280	-
		274,000,000	**2,740,000,000**	**2,740,000,000**

19.1	**Capital to regulatiory capital requirement as on 31.12.2019**		
	A. Eligible Capital		
	(i) Core capital		
	Paid up capital	2,740,000,000	
	Capital Reserve	2,878,961	
	Retained earnings	14,269,694	
		2,757,148,655	
	(ii) Supplementary Capital		
	General provision	38,372,588	
	Specific provision	308,458,616	
		346,831,204	
	B.Total Eligible capital (i+ii)	**3,103,979,859**	
	C. Total risk requirement (Annexure-A)	**540,713,174**	
	D. Required capital (120% of total risk requirement)	**648,855,809**	
	E. Capital surplus (B-D)	**2,455,124,050**	
	F. Capital adequacy ratio	**574%**	
	Core capital to total risk requirement	510%	
	Supplementary to total risk requirement	64%	
	G. Operational risk requirement	**26,035,376**	
	H. Core capital to operational risk requirement (minimum 100%)	**106**	**Times**

		2019 Taka	2018 Taka
19.2	**Net Capital to aggregate liabilities Ratio as on 31.12.2019**		
	A. Liquid Assets		
	Cash in hand or in Bank	153,758,423	
	Customer's Debit Balances receivable (within 30 days)	3,186,087,281	
	Interest, dividend or commission receivable (within 30 days)	470,424,116	
	Clearing House Deposits (DSE)	100,000,000	
	Amounts Receivable in the ordinary course of business, but excluding amounts which are due to be settled against delivery of security and remain outstanding for more than five banking days.	9,346,489	
	Market Value of Net Investment in Securities traded in a stock exchange.	753,430,054	
	Total Liquid Assets	**4,673,046,363**	
	B. Designated Liabilities		
	Amount Payable in the ordinary course of dealing in	138,407,604	
	Overdraft & Loan from banks	2,153,714,228	
	Accrued Expenses	557,550	
	Tax Payable (Net)	21,014,455	
	Total Designated Liabilities	**2,313,693,837**	
	C. Net Capital Balance (A-B)	**2,359,352,526**	
	D. Net Capital to aggregate Liabilities Ratio	**1:1.68**	
	E. Maximum permissible Ratio	**1 : 20**	
20.	**Capital Reserve**		
	Opening Balance	-	-
	Add: Addition during the year	2,878,961	-
	Closing Balance	**2,878,961**	**-**

The above General Reserve has been created @10% of profit after tax of last year as prescribed by Part 'B' of Schedule 'C' of BSEC's Risk Based Capital Adequacy Rules, 2019.

21.	**Retained Earnings**		
	Opening Balance	76,810,340	322,020,728
	Less: Dividend paid for 2017	-	274,000,000
		76,810,340	**48,020,728**
	Add: Net Profit after tax during the year	(59,661,685)	28,789,612
	Less: Amount Transferred to Capital Reserve (Note: 20)	(2,878,961)	-
		14,269,694	**76,810,340**

An amount of Tk. 2,878,961 has been transferred to Capital Reserve Account being 10% of Profit after Tax of last year as required by Part 'B' of Schedule 'C' rule 5(2) of BSEC's Risk Based Capital Adequacy Rules, 2019.

22.	**Brokerage commission**		
	Commission income through DSE	92,201,564	107,138,618
	Commission income through CSE	2,420,082	4,014,176
		94,621,646	**111,152,794**
23.	**Income from investment in shares**		
	Capital gain on sale of shares	17,928,885	23,367,730
	Dividend income (Note: 23.1)	57,702,284	22,815,906
		75,631,169	**46,183,636**

		2019 Taka	2018 Taka
23.1	**Dividend income**		
	Cash dividend from DSE & CSE	4,849,330	7,215,106
	Cash dividend from investment in shares	52,852,954	15,600,800
		57,702,284	**22,815,906**
24.	**Other operating income**		
	Margin documentation fee	11,000	34,000
	BO account opening fee	364,500	520,000
	Income from CDBL	440,291	1,315,953
	BO account maintenance charge	4,294,800	4,009,050
	BO account closing fee	80,104	51,658
	Income from IPO process	117,530	177,750
		5,308,225	**6,108,411**
25.	**Operating expenses**		
	Howla charge	200	13,748
	Laga charge	7,056,975	7,900,256
	BO A/C maintenance fee	6,651,050	267,750
	CDBL transaction fee	4,515,824	3,948,116
	Service charge	376,200	150,293
		18,600,249	**12,280,163**
26.	**Other income**		
	Cheque dishonour fee	32,000	41,000
	Profit on special notice deposit	3,819,681	2,323,106
	Notice pay earning	240,900	159,900
	Miscellaneous income	386,078	3,109
		4,478,659	**2,527,115**
27.	**Administrative and general expenses**		
	Rent, taxes, insurance, electricity etc. (Note: 27.1)	27,956,347	21,669,741
	Salaries and allowances (Note: 27.2)	51,427,395	54,434,036
	Legal and professional expenses	255,300	11,500
	Postage, stamp, telecommunication etc. (Note: 27.3)	2,728,098	2,586,689
	Stationery, printing & advertisement (Note: 27.4)	1,794,506	2,382,569
	Depreciation, repairs & maintenance (Note: 27.5)	9,089,496	8,517,615
	Other expenses (Note: 27.6)	13,670,281	62,980,208
		106,921,423	**152,582,358**
27.1	**Rent, taxes, insurance, electricity etc.**		
	Office rent	24,480,498	18,944,503
	Electricity and generator	3,166,004	2,436,726
	Insurance for motor vehicle	45,834	45,349
	Fuel	264,011	243,163
		27,956,347	**21,669,741**
27.2	**Salaries and allowances**		
	Basic salary	19,398,422	17,988,381
	Allowances	18,516,083	18,497,649
	Consolidated salary	2,715,276	4,002,553
	Bonus	3,835,045	8,381,075
	Contribution to provident fund	1,846,708	1,615,933
	Casual salary	4,385,514	3,948,445
	Other allowance	730,347	-
		51,427,395	**54,434,036**

		2019	2018
		Taka	Taka
27.3	**Postage, stamp, telecommunication etc.**		
	Revenue stamp	13,880	25,351
	Telephone & mobile	707,452	721,015
	Networking	1,940,647	1,790,035
	Postage and courier	66,119	50,288
		2,728,098	**2,586,689**
27.4	**Stationery, printing & advertisement**		
	Office stationery	201,918	218,691
	Other stationery	124,091	118,956
	Paper expenses	266,433	281,125
	Advertisement	582,893	615,642
	Printing	572,126	1,049,088
	Computer accessories	47,045	99,067
		1,794,506	**2,382,569**
27.5	**Depreciation, repairs & maintenance**		
	Depreciation	8,586,448	7,615,161
	Repair & maintenance	503,048	902,454
		9,089,496	**8,517,615**
27.6	**Other expenses**		
	Commission expenses	2,031,667	2,568,333
	Conveyance	207,252	240,793
	Travelling and conveyance	140,043	46,018
	Uniform	18,000	154,200
	Water bill	310,276	439,767
	Trade license renewal fee	567,657	561,008
	Training expense	73,250	24,710
	Bank charge	49,174	47,257
	Excise duty	466,500	513,000
	Entertainment	1,759,632	1,780,866
	Audit fee	74,750	35,250
	Utility bill	21,029	17,640
	Directors fee	214,000	218,500
	Software expenses	3,420,052	731,745
	Car maintenance	58,762	67,130
	Office maintenance	3,567,299	1,022,205
	Picnic expenses	-	788,675
	Business promotional expenses	323,400	663,130
	Miscellaneous expenses	367,538	439,298
	Loss on sales of DSE share	-	52,620,683
		13,670,281	**62,980,208**
28.	**Financial expenses**		
	Profit paid on Bai-muazzal (Commercial) TR investment, SIBL	33,045,056	31,942,220
	Profit paid on Bai-muazzal (Commercial) TR investment, SJIBL	143,293,238	80,846,735
	Profit paid on Bai-muazzal TR investment, Prime Bank Ltd.	64,927,169	43,890,520
		241,265,463	**156,679,475**

	2019 Taka	2018 Taka
29. Earnings per share		
Net profit attributable to ordinary shareholders	(59,661,685)	28,789,612
Number of ordinary shares outstanding	274,000,000	274,000,000
	(0.22)	**0.11**
30. Cash flow from operating activities (indirect method)		
Net profit before tax	(32,314,594)	50,896,778
Adjustment for non-cash items:		
Depreciation	8,586,448	7,615,161
Loss on sale of DSE shares	-	52,620,683
	(23,728,146)	**111,132,622**
Adjustment for changes in working capital:		
Decrease in accounts receivables	238,966,860	45,166,728
(Increase) in advance deposits and prepayments	4,046,387	(10,247,754)
Increase in provision for investment in marketable securities	-	72,500,000
Increase in General provision for all outstanding margin	47,965,735	-
(Increase)/Decrease in margin investment	264,983,399	(183,164,793)
(Increase)/Decrease in investment in marketable securities	(101,192,987)	(215,381,940)
(Decrease) in provision for margin investment	(47,965,735)	(72,500,000)
(Decrease) in trade and other payables	(556,005,667)	(795,356,613)
	(149,202,008)	**(1,158,984,372)**
	(172,930,154)	(1,047,851,750)
Less: Income tax paid	(27,673,518)	(69,045,319)
Net cash flows used in operating activities	**(200,603,672)**	**(1,116,897,069)**

31. 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 of Transaction	Balance as on 01.01.2019	Transaction during the year		Balance as on 31.12.2019
			Cr.	Dr.	Cr.	Cr.
Shahjalal Islami Bank Ltd.	Parent company	Short-term borrowing with Profit payable	1,258,382,500	-	525,389,506	1,783,772,006
Shahjalal Islami Bank Ltd.	Parent company	Payable for others	414,914,661	414,914,661	-	-

32. 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.

	2019 Taka	2018 Taka

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.

33. Event after the reporting period

(a) The Board of Directors in its meeting held on 17 May 2020 approved the financial statements of the company for the year ended 31 December 2019 and authorized the same for issue.

(b) Except above, no other significant event had occurred till date of signing the financial statements.

Place: Dhaka
Dated: 17 May 2020

Chief Executive Officer | Director | Chairman

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-A

STATEMENT SHOWING COMPUTATION OF CAPITAL ADEQUACY

As at 31 December 2019

A. Eligible Capital

Components	Amount	Haircut %	Haircut Amount	Eligible Amount
Paid-up-capital	2,740,000,000	0		2,740,000,000
Capital Reserve	2,878,961	0		2,878,961
Retained Earnings	14,269,694	0		14,269,694
Sum of core capital				**2,757,148,655**
General Provision	47,965,735	20%	9,593,147	38,372,588
Specific Provision:				
Margin investment	303,155,165	30%	90,946,550	212,208,616
Investment in marketable securities	137,500,000	30%	41,250,000	96,250,000
Sum of supplementary capital				**346,831,204**
Total Capital				**3,103,979,859**

B. Total Risk Requirement

Particulars	Risk Factor	Applicable Amount
Operation Risk Requirement (ORR):		
Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7)	**5%**	26,035,376
Position Risk Requirement (PRR):		
i. Proprietary positions in Equity securities:		-
Value of "A" category securities	**10%**	105,766,656
Value of "B/G/N/." category securities	**12%**	2,522,339
Value of "Z" category instruments	**15%**	22,670,922
ii. Proprietary positions in MFs & CISs:		-
Value of listed funds	**10%**	-
Counterparty Risk Requirement (CPRR):		
i. Exposure of credit facilities to Clients	8%	383,717,880
Total risk requirement		**540,713,174**

C. Capital Adequacy Ratio (CAR) = $\frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement(TRR)}} \times 100$

= 574 % i. e. 5.74 times

Chief Executive Officer | Director | Chairman

Signed in terms of our separate report of even date annexed..

Md. Amirul Islam FCA
Senior Partner
K. M. HASAN & CO.
Chartered Accountants

Place: Dhaka
Dated: 17 May 2020

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-B

CASH AND BANK BALANCE

As at 31 December 2019

Amount in Taka

Particulars	Name of Bank Account	Name of the Bank name	Branch name	Account Number	Balance as on 31 December 2019	Balance as on 31 December 2018
Cash at bank in Company's accounts	SJIBSL Revenue A/C (DSE) A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000301	657,691	7,674,800
	Shahjalal Islami Bank Securities Ltd. A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000900	206,341	32,113
	Shahjalal Islami Bank Securities Ltd. A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310004205	10,000	-
	Shahjalal Islami Bank Securities Ltd. A/C,	Shahjalal Islami Bank Ltd.	GSA Branch	0013100000011	1,612	1,570
	SJIBSL Gulshan Branch A/C	Shahjalal Islami Bank Ltd.	GSA Branch	0012100003280	3,152	1,693
	SJIBSL Uttara Branch A/C	Shahjalal Islami Bank Ltd.	Uttara Branch	0011100009766	279	5,834
	SJIBSL Collegegate Branch A/C	Shahjalal Islami Bank Ltd.	Collegegate Branch	0013100000082	895	-
	SJIBSL Eskaton Branch A/C	Shahjalal Islami Bank Ltd.	Eskaton Branch	0011100000381	5,813	2,078
	SJIBSL Savar Branch A/C	Shahjalal Islami Bank Ltd.	Savar Branch	0013100000501	4,750	5,648
	SJIBSL Agrabad Branch A/C	Shahjalal Islami Bank Ltd.	Agrabad Branch	0013100001096	-	806
	SJIBSL Chawkbazar Branch A/C	Shahjalal Islami Bank Ltd.	Chawkbazar Branch	0011100006045	1,680	14,128
	SJIBSL Sylhet Branch A/C	Shahjalal Islami Bank Ltd.	Sylhet Branch.	0013100003668	1,116	5,450
	Shahjalal Islami Bank Securities Ltd. A/C	Social Islami Bank Ltd.	Principal Branch	002360002026	672,895	295,162
	Shahjalal Islami Bank Securities Ltd. A/C	Al-Arafah Islami Bank Ltd.	Motijheel Branch	000020042768	11,995	13,720
	Shahjalal Islami Bank Securities Ltd. A/C	Prime Bank Ltd.	Dilkusha Branch	0031080038016	37,314	539,823
Total Cash at bank Company's account					**1,615,533**	**8,592,825**

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-B

CASH AND BANK BALANCE

As at 31 December 2019

Amount in Taka

Particulars	Name of Bank Account	Name of the Bank name	Branch name	Account Number	Balance as on 31 December 2019	Balance as on 31 December 2018
Cash at bank in trading accounts (Stock dealer account)	SJIBSL Dealer A/C DSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000324	22,232	29,303
	SJIBSL Dealer A/C CSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000284	27,387	33,529
	SJIBSL Dealer A/C DSE	One Bank Ltd.	Principal Branch	0010025391004	728	1,648
	SJIBSL Dealer A/C DSE	Social Islami Bank Ltd.	Principal Branch	0021360003253	930,831	923,506
Total Cash at bank in Stock dealer account					**981,178**	**987,986**
Cash at bank in Consolidated customer accounts	SJIBSL Consolidated customer A/C DSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000290	143,859,318	299,170,079
	SJIBSL Consolidated customer A/C CSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000278	1,493,536	2,416,227
	SJIBSL Consolidated customer A/C DSE	Social Islami Bank Ltd.	Principal Branch	0021360003242	5,586,907	2,397,272
	SJIBSL Consolidated customer A/C DSE	One Bank Ltd.	Principal Branch	0025391047	-	-
	SJIBSL Consolidated customer A/C CSE	One Bank Ltd.	Principal Branch	0025391039	1,649	2,569
	SJIBSL Consolidated customer A/C	Commercial bank of ceylon	Panthapath Branch	002809006966	94,170	96,240
Total Cash at bank in Consolidated customer account					**151,035,580**	**304,082,387**
Cash at bank in IPO account	SJIBSL IPO Process A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310004096	126,132	119,332
Total Cash at bank in IPO account					**126,132**	**119,332**
Grand total cash at bank balance					**153,758,423**	**313,782,530**

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-C

INVESTMENT IN MARKETABLE SECURITIES

As at 31 December 2019

Amount in Taka

Sl. No.	Name of the company	Category	No of shares	Cost value	Market value
1	The ACME Laboratories Limited	A	282,736	32,360,302	17,218,622
2	Al Arafah Bank Limited	A	118,840	2,211,319	2,044,048
3	Bangladesh Steel Re-Rolling Mills Limited	A	145,695	14,006,952	7,109,916
4	Beximco Pharmaceuticals Ltd	A	1,105,313	107,000,446	76,708,722
5	Dhaka Electric Supply Company Limited	A	2,134,577	98,877,582	78,979,349
6	Envoy Textiles Limited	A	1,178,116	49,502,891	29,335,088
7	EXIM Bank Limited	A	200,000	2,131,598	2,020,000
8	Fareast Islami Life Insurance Company Limited	A	679,800	55,898,739	33,718,080
9	First Security Islami Bank Limited	A	325,000	3,337,501	3,152,500
10	GPH Ispat Limited	A	218,626	7,669,609	5,662,413
11	Heidelberg Cement Bangladesh Limited	A	2,300	968,898	379,040
12	Islami Bank Bangladesh Limited	A	69,530	1,585,705	1,328,023
13	Islami Insurance Bangladesh Limited	A	50,573	1,149,225	1,233,981
14	Islamic Finance & Investment Ltd.	A	113,200	1,736,581	1,743,280
15	Linde Bangladesh Limited	A	428	584,646	555,972
16	MJL Bangladesh Limited	A	420,000	43,920,819	26,586,000
17	Orion Pharma Limited	A	1,057,403	54,309,616	28,444,141
18	Runner Automobiles Limited	A	7,566	540,450	450,177
19	Prime Islami Life Insurance Ltd.	A	607,889	44,796,956	30,516,028
20	RAK Ceramics (Bangladesh) Ltd.	A	704,220	37,532,283	20,211,114
21	Shasha Denims Limited	A	5,848,789	189,120,609	144,465,088
22	Social Islami Bank Limited	A	80,330	1,171,623	1,108,554
23	Summit Alliance Port Limited	A	1,040,000	44,240,392	17,368,000
24	Takaful Islami Insurance Limited	A	501,244	11,547,322	13,934,583
25	SK Trims & Industries Limited	A	1,050,000	47,692,502	49,350,000
26	Titas Gas Transmission & Dist. Co. Ltd.	A	3,150,000	186,836,702	97,335,000
27	Unique Hotel & Resorts Limited	A	305,078	16,621,455	13,392,924
28	Aman Cotton Fibrous Limited	A	7,846	313,840	165,551
Total Value of "A" category instruments				**1,057,666,564**	**704,516,195**
1	Coppertech Industries Limited	N	237	-	5,570
2	Esquire Knit Composite Limited	N	31,335	1,410,075	886,781
3	Genex Infosys Limited	N	392	3,409	26,421
4	New Line Clothings Limited	N	525	4,606	7,770
5	Sea Pearl Beach Resort & Spa Limited	N	186	-	7,682
6	Silco Pharmaceuticals Limited	N	565,375	19,601,399	17,130,863
Total Value of "N" category instruments				**21,019,490**	**18,065,085**
1	Padma Life Insurance Limited	Z	1,016,668	38,769,137	17,690,023
2	The Dacca Dyeing & Manufacturing Co.Ltd.	Z	4,537,500	112,370,346	13,158,750
Total Value of "Z" category instruments				**151,139,483**	**30,848,773**
Grand Total				**1,229,825,537**	**753,430,054**

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-D

SCHEDULE OF FIXED ASSETS

As at 31 December 2019

Amount in Taka

Particulars	COST				Rate (%)	DEPRECIATION				Written Down value as at 31.12.2019
	Balance as at 01.01.2019	Addition during the year	Adjustments / disposal during the year	Balance as at 31.12.2019		Balance as at 01.01.2019	Charged during the year	Adjustments / disposal during the year	Balance as at 31.12.2019	
Tangible assets										
Furniture and fixtures	64,168,393	2,207,568	-	66,375,961	10%	21,325,366	4,809,421	-	26,134,787	40,241,174
Office equipment	41,909,364	1,403,994	-	43,313,358	20%	26,881,295	3,585,854	-	30,467,149	12,846,209
Sub-Total	**106,077,757**	**3,611,562**	**-**	**109,689,319**		**48,206,661**	**8,395,275**	**-**	**56,601,936**	**53,087,383**
Intangible assets										
Software	2,684,379	-	-	2,684,379		1,919,684	191,173	-	2,110,857	573,522
Total as at 31 December 2019	**108,762,136**	**3,611,562**	**-**	**112,373,698**		**50,126,345**	**8,586,448**	**-**	**58,712,793**	**53,660,905**
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**

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-E

INCOME TAX ASSESSMENT REPORT

As at 31 December 2019

Amount in Taka

Assessment year(s)	Provision made as per accounts	Tax liability as per return	Total payment	Remarks
2012-2013	19,976,268	39,058,553	62,441,553	Appeal pending with High Court
2013-2014	33,011,983	21,260,860	30,446,003	Appeal pending with Appellate Tribunal
2014-2015	22,983,299	22,983,982	29,443,282	Appeal pending with Appellate Tribunal
2015-2016	36,389,854	34,041,972	32,244,498	Return filed U/S- 82BB
2016-2017	64,277,748	49,295,197	49,295,197	Return filed U/S- 82BB
2017-2018	34,407,336	26,457,738	30,541,832	Return filed U/S- 82BB
2018-2019	82,787,438	82,786,711	82,786,711	Return filed U/S- 82BB
2019-2020	23,136,288	23,136,288	23,136,288	Return filed U/S- 82BB
2020-2021	28,070,778	-	27,673,518	Return to be submitted
Total	**345,040,992**	**299,021,301**	**368,008,882**	

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Annexure-F

COMPUTATION OF TOTAL INCOME & TAX LIABILITY

Income year ended 31 December 2019

Assessment year 2020-2021

Particulars		Amount	Amount	Amount
1.	Short term borrowing	2,032,300,000		
2.	Financial expenses	241,265,463		
3.	Operating expense, Office and administrative expense	125,521,672		
4.	Receivable from margin clients (Investment to client)	3,186,087,281		
5.	Investment in securities	1,231,023,407		
	Income calculation for provision for taxation			
1)	Brokerage commission final settlement u/s 82c	14,124,991*100	40,357,117	
		35		
2)	Capital gain on sale of shares	17,928,885		
	Not adjusted with Financial expenses here	-	17,928,885	
3)	Dividend income	57,702,284		
	Not adjusted with Financial expenses here	-	57,702,284	
4)	Investment income	154,432,842		
	Less: Financial expenses	241,265,463		
		(86,832,621)	-	
5)	Other income	9,786,884		
	Less: Operating expense, Office and administrative, Financial expense 2.93%	10,732,430		
		(945,546)	-	
	Add: Excess perquisite			
	Add: (Accont. Dep. - Tax Dep.) (Tk. 8,586,448-6,836,614)		1,749,834	
		Total Income	**117,738,120**	
	Tax Calculation			
	Tax on Brokerage commission final settlement u/s 82c	40,357,117	35%	14,124,991
	Tax on Capital gain on sale of shares	17,928,885	10%	1,792,889
	Tax on Dividend income	57,702,284	20%	11,540,457
	Tax on Other income	-	35%	-
	Tax on Excess perquisite & Depreciation	1,749,834	35%	612,442
	Total Income	**117,738,120**	**Tax Liability**	**28,070,778**

OTHER INFORMATION

BRANCH NETWORK

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	**Moulvi Bazar Branch, Dhaka** Moulvi Bazar Tower 69, 70 No. Moulvi Bazar, Dhaka-1100 Phone: 02-7315533, 7313788, Fax: 02-7315534 e-mail: mitford@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	**Gulshan Branch** Baro Bhuiyan, Holding No-3/A, Block- CWN(A) Kamal Ataturk Avenue, Gulshan-2, Dhaka Phone: 02-9890520-1, 9893454, 9890322 Fax: 02-9893008 e-mail: gulshan@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	**Joydevpur Chowrasta Branch** Khaleque Complex (1st Foor) Joydevpur Chowrasta, Gazipur Phone: 02-9262393-4, Fax: 02-9262393 e-mail: jcb@sjiblbd.com
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Cumilla Branch Salahuddin Complex (1st & 2nd Floor) Monohorpur Chowmuhoni, Laksam Road, Cumilla Phone: 081-61655, Fax: 081-61545 e-mail: comilla@sjiblbd.com	**Ashugonj Branch** Doctor Plaza (1st Floor), Kachari Road, Ashugonj Phone: 08528-74103 Fax- 08528-74104 e-mail: ashugonj@sjiblbd.com
Nazirhat Branch B. A. Center (1st Floor), Nazirhat Fatikchhari, Chattogram Mobile: 01755556147 e-mail: nazirhat@sjiblbd.com	**Chawkbazar Branch** Holding no. 13, Chawkbazar, Kapashgola Road Ward No. 16, Chattogram City Corporation PS- Kotwali, District- Chattogram, Bangladesh Phone: 0312-865281-2, Fax: 0312-865284 e-mail: chawkbazar@sjiblbd.com
Ramgonj Branch Islam Plaza (1st Floor), 85 Sonapur Bazar Ramgonj, Laksmipur Phone: 0382-475405 Fax: 0382-475072 e-mail: ramgonj@sjiblbd.com	**Cox's Bazar Branch** A. B. Super Market (1st Floor) 145 Laldighirpar, Cox's Bazar Phone: 0341-52031 Fax: 0341-52032 e-mail: coxsbazar@sjiblbd.com
Brahmanbaria Branch City Center Shopping Complex (2nd Floor) 1072 Court Road, Brahmanbaria Phone: 0851-61170 Fax: 0851-61370 e-mail: bbaria@sjiblbd.com	**Bandartila Branch** Zalal Plaza (1st Floor), 311 Bandartila Sailor's Colony, Chattogram Phone: 031-741174, 031-741203 Fax: 031-741195 e-mail: bandartila@sjiblbd.com
Chowmuhani Branch Bhuiyan Center, Holding No- 65/1, D.B Road Ward No-6, Pouroshova- Chowmuhani P.S.- Begumganj, District- Noakhali, Bangladesh Phone: 0321-56646 Fax: 0321-56645 e-mail: chowmuhani@sjiblbd.com	**Hajigonj Branch** Maa Mansion (1st & 2nd Floor) 622 Hajigonj, Chandpur Phone: 08424-75138 Fax: 08424-75139 e-mail: hajigonj@sjiblbd.com

Laxmipur Branch Haider Shopping Complex (2nd Floor) 339 Hospital Road, Laxmipur Sadar, Laxmipur Phone: 0381-62306-8 Fax: 0381-61360 e-mail: laxmipur@sjiblbd.com	**Feni Branch** Maisa A. M Ahmed Tower, Holding No: 192 S.S.K Road, Ward No-17, Pouroshova- Feni P.S.-FeniSadar, District- Feni, Bangladesh Phone: 0331-69021-2 Fax: 0331-73372 e-mail: feni@sjiblbd.com
Madunaghat Branch Abul Farah Market (1st Floor) Madunaghat Bazar Road Madarsha, Hathazari, Chattogram Phone: 031-2573261-2 Fax: 031-2573264 e-mail: modunaghat@sjiblbd.com	**WASA Moor Branch** Moze Roze Heights House: 521/522, Road: 42, M M Ali Road CDA Avenue, WASA Moor, Lalkhan Bazar, Chattogram Phone: 031-633060-1 Fax: 031-633062 e-mail: wmoor@sjiblbd.com
Anderkilla Branch Pubali Art Press Bhaban (1st Floor) 320 Anderkilla, Chattogram Phone: 031-2869703, 031-2869701-2 Fax: 031-2869704 e-mail: anderkilla@sjiblbd.com	**Dattapara Branch** Chowdhury Bhaban (1st Floor) 549 Dattapara Road, Dattapara Bazar Laxmipur Sadar, Laxmipur Mobile: 01755556188 e-mail: dattapara@sjiblbd.com
Gunabati Branch Faraiji Shopping Complex (1st Floor) College Road, Gunabati, Chouddagram, Cumilla Mobile: 01755556189 e-mail: gunabati@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
Dashgharia Branch Nur Shopping Complex, Paniwala Road, Dashgharia Bazar, Chatkhil Noakhali, Bangladesh e-mail: dashgharia@sjiblbd.com	**Mainamati Branch** A.M. Haji Market, Nishchintapur Mainamati Cantonment, Cumilla Phone: 01755556411 e-mail:mainamati@sjiblbd.com
Halishahar Branch Shahidullah Bhaban, 1764/1/2221 North Agrabad, Doublemuring, Chattogram Phone: 01755556412 e-mail: halishahar@sjiblbd.com	**Rajapur Branch** Shenu Member Market Dhagon Bhuiya Road, Rajapur Bazar Dhagonbhuiya, Feni Phone: 01755556414 e-mail: rajapur@sjiblbd.com
Samitir Bazar Branch Samitir Bazar, Ramgonj, Laxmipur Phone: 01755556418 e-mail: samitir@sjiblbd.com	**Brahmanpara Branch** Yousuf Miaji Plaza, Upazilla Sarak Brahmanpara, Cumilla Phone: 01755556424 e-mail: brahmanpara@sjiblbd.com
Mirsharai Branch Lucky Rozy Market, Holding No.-NHB-88 Dhaka-Chattogram Highway, Mirsharai, Chattogram, Bangladesh. Phone: 01755556430 e-mail: mirsharai@sjiblbd.com	

Khulna Zone

Khulna Branch
4 KDA Avenue, Khulna
Phone: 041-2830458-60
Fax: 041-2830457
e-mail: khulna@sjiblbd.com

Jashore Branch
Sadhinata Castle (1st & 2nd Floor)
91 M.K. Road, Kotowali, Jashore
Phone: 0421-64641, 0421-65385
Fax: 0421-65386
e-mail: jessore@sjiblbd.com

Kaligonj Branch
Munsur Plaza (1st Floor)
162 Madhugonj Bazar, Kaligonj, Jhenaidah
Phone: 04523-56677
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
e-mail: kustia@sjiblbd.com

Chuadanga Branch
Malik Tower (1st & 2nd Floor)
43 & 107 Shaheed AK Road, Chuadanga
Phone: 0761-81015, 0761-81013-4
Fax: 0761-81016
e-mail: chuadanga@sjiblbd.com

Chuknagar Branch
Azad Plaza (1st floor), Chuknagar Bazar
Atlia, Dumuria, Khulna
Phone: 01973-772727, 01755556197
e-mail: chuknagar@sjiblbd.com

Hat Gopalpur Branch
Shahjalal Shopping Complex
Padmakar, Jhenaidah Sadar, Jhenaidah
Phone: +88 01755556400
e-mail: hatgopalpur@sjiblbd.com

Moheshpur Branch
Royal Plaza, 770, Moheshpur
Jhenaidah, Bangladesh
Phone: +88 01755556427
e-mail: moheshpur@sjiblbd.com

Sylhet Zone

Beani Bazar Branch
City Centre Bhaban (1st Floor)
Beani Bazar Market, Beani Bazar, Sylhet
Phone: 08223-56134
Fax: 08223-56133
e-mail: beani@sjiblbd.com

Sylhet Branch
Al-Falah Tower (1st Floor)
Dhupadighir Purbopar, Kotowali, Sylhet
Phone: 0821-725115
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

Moulvibazar Branch
286/300 Ahmed Mansion (1st Floor)
Saifur Rahman Road, Moulvibazar-3200
Phone: 0861-62874-6
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
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 (Direct) 01755556194
e-mail: subidbazar@sjiblbd.com

Habiganj Branch
Harun Tower, 3679-01 B Zaman
Khan Road, Habiganj, Bangladesh
Phone: 01755556413
e-mail: habiganj@sjiblbd.com

Rajshahi Zone

Saidpur Branch
Saidpur Plaza (1st Floor), Sher-e-Bangla Road
Saidpur, Nilphamari
Phone: 05526-73025
Fax: 05526-73027
e-mail: saidpur@sjiblbd.com

Rajshahi Branch
Habib Plaza (1st Floor), 111 Shaheb Bazar
Zero Point, Rajshahi
Phone: 0721-772402
Fax: 0721-772427
e-mail: rajshahi@sjiblbd.com

Bogura Branch
Nurul Hoque Tower (1st Floor)
357/395, BoroGola More, Bogura
Phone: 051-67206, 051-67646
Fax: 051-67205
e-mail: bogra@sjiblbd.com

Naogaon Branch
Holding# 33/66 (1st Floor)
Naogaon Main Road, Chawkdev, Naogaon
Phone: 0741-62174
Fax: 0741-61496
e-mail: naogaon@sjiblbd.com

Dinajpur Branch
Holding No. 887/848 (1st Floor)
Gonesh Tola, Kotowali, Dinajpur
Phone: 0531-52052-3
Fax: 0531-52054
e-mail: dinajpur@sjiblbd.com

Rangpur Branch
Motahar Commercial Complex
H#8, GL Rai Road, Rangpur
Phone: 0521-63012
Fax: 0521-63082
e-mail: rangpur@sjiblbd.com

Sirajgonj Branch
Siddique Plaza (1st Floor), 122 S. S. Road, Sirajgonj
Phone: 0751-64722 (Dir.), 0751-64720 (PABX)
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

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

Joypurhat Branch
Tofayel Complex, 173/1 & 203
Sadar Road, Joypurhat, Bangladesh
Phone: 01755556407
e-mail: joypurhat@sjiblbd.com

Arani Bazar Branch
Bhutto Super Market, 519, Arani Bazar,
Phone: 01755556425
e-mail: aranibazar@sjiblbd.com

Barishal Zone

Khepupara Branch
116 Oil Mill Road, Khepupara, Patuakhali
Phone: 04425-56507
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
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: rajapur@sjiblbd.com

Off-Shore Banking Unit

Shahjalal Islami Bank Tower (4th floor)
Plot-4, Block-CWN (C)
Gulshan Avenue, Dhaka-1212
Phone: 02-9845457, 9844736

ShahjalalIslami Bank Securities Limited

Main Office JibanBimaBhaban, Front Block (4th Floor) 10 Dilkusha Commercial Area, Dhaka-1000 Phone : 02-9577564, Fax: 02-7161877	**Extension of Main Office** Karim Chamber (1st Floor) 99 Motijheel C/A, Dhaka 1000 Phone: 02-7113825, Fax: 02-7161877
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** Tropical Rafa Tower (3rd Floor) Plot No. 02, Road No. 12 Sector- 6, Uttara, Dhaka Phone: 02-8963046, 8963276 Fax: 02-8960376
Chattogram Zone	
Agrabad Unit Delwar Building, 104 Agrabad C/A, Chittagong Tel: 031-2528353 Fax: 031-2528352	**Chawkbazar Unit** 2 No. Chawkbazar (3rd Floor) Kapashgola Road, Chittagong Phone: 031-626403, 031-626402, 626404
Sylhet Zone	
Sylhet Unit Al-Falah Tower (1st Floor) East Dhopa Dighir Paar, Sylhet Phone: 0821-720966 Fax: 0821-720711	

ATM NETWORK

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

Dhaka Main 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,
Sector-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
KamarPotti, Halua Ghat,
Halua Ghat Sadar, Mymensing

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 GroupATM-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

Narayanganj ATM-02
Osman Tower, 56/1 SM Maleh Road, Narayangonj

Incepta_HO ATM
Incepta Pharmaceuticals Ltd. Head Office, 40,
ShahidTajuddin Ahmed Sarani, Tejgaon, I/A, Dhaka

Aswad_Mawna ATM-01
Aswad Composit Mills, 1317,
BeraiderChala, Sreepur, Gazipur

Aswad_Mawna ATM-02
Aswad Composit Mills, 1317,
BeraiderChala, Sreepur, Gazipur

Incepta_Manikgong 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

SJIBL Incepta_Savar ATM-01
Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati, Jirabo, Savar, Dhaka

SJIBL Incepta_Sava ATM-02
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_Mawna ATM-01
Anowara Knit Composite Limited, Mulayed, Mawna, Sreepur, Gazipur

Anowara_Mawna 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 ATM-01
Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur

Mondol_Mawna ATM-02
Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur

Tangil Sristy ATM
Sristy Complex, 3109, Mymensigh Road, Tangail Sadar, Tangil-1900

Baraikhali Branch ATM
Islam Super Market, Baraikhali Bazar, Srinagar, Munsigonj

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

Bandura Branch ATM
Nuruddin Plaza, Bandura bus stand, Puraton Bandura Bazar, Hashnabad, Nawabgonj, Dhaka.

Ekram Sweaters_Bhaluka_ATM
Ekram Sweaters Ltd. Kathali, Bhaluka, Mymensingh

Satmasjid Road Branch ATM
Khuda Boksh Foundation, Road-11/A, House No.-99, Dhanmondi, Dhaka-1209

Silken Sewing_JCB ATM-01
Silken Sewing ltd., BaniarChala, PO-Bhabanipur union, Mirzapur Gazipur Sadar, Gazipur

Silken Sewing_JCB ATM-02
Silken Sewing ltd., BaniarChala, PO-Bhabanipur union, Mirzapur Gazipur Sadar, Gazipur

Sheikhpur Bazar Branch_ATM
Sheikhpur Bazar, Shibchor, Madaripur

Gharishar Branch_ATM
Italy Plaza, Gharishar Main Road, Gharishar, Naria, Shariatpur

Vararia Bazar Branch ATM
Vararia Bazar, Vararia, Manikgonj

Gafargaon Branch ATM
Hekim Tower, M-396, Station Road, Gafargaon, Mymensingh

Barachowna Bazar Branch ATM
Barachowna Bazar PS:Shakhipur Dist.: Tangail

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

Brahmanpara Branch ATM
YousufMiaji Plaza, Upazilla Sarak,
Brahmanpara, Cumilla

Baxirhat ATM
Baxirhat,Senbag, Noakhali

Halishahar Branch ATM

Mirsharai Branch ATM
Lucky Rosey Market, Holding No-NHB-88,
Dhaka-Chattogram Highway, Mirsharai, Chattogram

Sylhet Zone

Sylhet ATM
Star view Tower, Sylhet

Al-Falah ATM
Dhopa Dighirpar, 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

Subidbazar Branch ATM
Merlin Tower, Holding No: 7746,
Sunamganj Road, Sylhet

Mirboxtula ATM
Jamiah Islamiah Hussainia Mirboxtula Market
Bhaban, Nayaroad, Sylhet

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

Moheshpur Branch ATM
Royal Plaza, 770, Moheshpur, Jhenaidah

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,
Chapinawabgonjsador, 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

Arani Bazar Branch ATM
Bhutto Super Market, 519, Arani Bazar
Arani, Bagha, Rajshahi

Barishal Zone

Amtali Branch ATM
N Islam Mansion, Holding No-189/1
New Bazar Hospital Road, Amtali, Barguna

Notes:

Shahjalal Islami Bank LIMITED
Committed to Cordial Service

Registered Office: Shahjalal Islami Bank Tower
Plot No.- 4, Block- CWN(C), Gulshan Avenue, Dhaka-1212

PROXY FORM

I/We ..... of (address) .....

..... being the Member of Shahjalal Islami Bank 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 13th Extra-ordinary General Meeting and/or 19th Annual General Meeting to be held on Wednesday, the 12th August 2020 at 11.00 a.m. and/or 11.10 a.m. respectively through Digital Platform at any adjournment thereof.

Signed this ..... day of ..... 2020.

..... (Signature of the Member)

..... (Signature of the Proxy)

BO ID No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Number of Shares held on record date: .....

Affix Revenue Stamp of Tk. 20.00

Notes:

- The Scanned Copy of the instrument appointing a proxy duly signed by the Member with revenue stamped of Tk.20.00 (Taka Twenty) must be sent through email at board@sjiblbd.com at least 72 (Seventy two) hours before the EGM & AGM.
- Signature of the Shareholders should match with the specimen signature registered with the Company/Depository Participant(s).

Shahjalal Islami Bank LIMITED
Committed to Cordial Service

Registered Office: Shahjalal Islami Bank Tower
Plot No.- 4, Block- CWN(C), Gulshan Avenue, Dhaka-1212

ATTENDANCE SLIP

I do hereby record my attendance at the 13th Extra-ordinary General Meeting and/or 19th Annual General Meeting to be held on Wednesday, the 12th August 2020 at 11.00 a.m. and/or 11.10 a.m. respectively through Digital Platform.

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

CORPORATE HEAD OFFICE

Shahjalal Islami Bank Tower
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