annual report 2020

ADVANCING IN ADVERSITIES

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*

ADVANCING IN ADVERSITIES

The world witnessed an unprecedented calamity in the year 2020. Almost a century after, another pandemic Covid-19 wreaked havoc on our economy, millions died around the world; most governments declared a lock-down for a prolonged period. The calamity inflicted a colossal loss to business and posed a formidable challenge to recover from the effect. Inspired by our motto 'Committed to Cordial Service' we moved in with our clients, corporates and stakeholders in their endeavors to win over the adversities.

At SJIBL, we reshape and redraw our strategy whenever under duress to keep us afloat. We are reshaping our financial models to allow us to rally dynamically in the face of the critical financial environment. We are implementing uniquely engineered strategies and financial solutions to build an unshakable core while ensuring sustainable growth with our cordial services. We shall commit ourselves in the journey to march forward along with the banking sector's transformation which is being undertaken to counter the pandemic's onslaught.

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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 - 2020

We are pleased to enclose a copy of the Annual Report 2020 of Shahjalal Islami Bank Limited including Audit Report and Audited Financial Statements for the year ended 31 December 2020 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, Gulshan, Dhaka-1212

NOTICE OF THE 20TH ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of Shahjalal Islami Bank Limited that the **20th Annual General Meeting** of the Company will be held on **Wednesday, the 28th April 2021 at 11.00 a.m. using Digital Platform** to transact the following business:

AGENDA

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2020 along with the Report of the Auditor's and the Directors' thereon.
2. To approve Dividend for the year ended 31 December 2020 as recommended by the Board of Directors.
3. To appoint Statutory Auditors for the year 2021 and to fix their remuneration.
4. To appoint Compliance Auditors for compliance certification on Corporate Governance Code for the year 2021 and to fix their remuneration.
5. To elect/re-elect Directors.

Special Business:

6. To consider and, if thought fit, pass the following resolution as a Special Resolution:

   Resolved that "the issuance of Contingent-Convertible, BASEL III compliant SJIBL Mudaraba Perpetual Bond of Tk. 500.00 Crore (Taka Five Hundred Crore) only with the feature of conditional conversion to Common Equity if the bank's consolidated CET-1 falls below Bangladesh Bank's requirement (presently 4.50%) and stays below that level for three (03) consecutive quarters be and is hereby approved subject to permission from regulatory authorities."

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

Dhaka
31 March 2021

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

Notes:

- The Record Date has been fixed on Sunday, the 04th April 2021. The shareholders whose name would appear in the Register of Members and/or Depository Register of the Bank on the Record Date will be eligible to attend the AGM and entitled to the dividend. The Board of Directors has recommended 12% Dividend in the form of 5% Stock and 7% Cash for the year ended on 31 December 2020.
- The AGM would be conducted through Digital Platform. Link for joining in the AGM will be notified to the respective Member's through email and by SMS. Login/Participation process for the Digital Platform will also be available in the Bank's website: www.sjiblbd.com.
- The soft copy of the Annual Report 2020 along with Notice of the AGM and Proxy Form will be duly sent to the Members respective email addresses available in their BO Accounts maintained with Depository Participants (DP). Soft copy of the same 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 either for or against each of the Agenda or Resolution. The copy of the instrument appointing a proxy duly signed by the Member with revenue stamped of Tk.20.00 (Taka Twenty) must be submitted to the Registered Office of the Bank at least 48 (Forty Eight) hours before the AGM.
- Members are requested to update E-mail, Contact Number and details of Bank Account with 12 Digit Taxpayer's Identification Number (e-TIN) through their respective Depository Participants before the Record Date. 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 Section 54 of Income Tax Ordinance 1984.
- The Cash Dividend will be paid to the entitled shareholders through EFTN to the respective Bank Account. The Stock Brokers are requested to provide "Consolidated Customers' Bank Account (CCBA)" and the Merchant Bankers & the Portfolio Managers of Margin Shareholder are requested to provide "Separate Bank Account" along with their clients list having shares on "Record Date" to pay off the Cash Dividend. They are also requested to mail the same at board@sjiblbd.com (in PDF & MS Excel format) within 22nd April 2021. In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Bank.

AWARDS AND RECOGNITION

South Asian Federation of Accountants (SAFA) Award 2019

Institute of Chartered Secretaries of Bangladesh (ICSB) National Award 2019

Institute of Chartered Accountants of Bangladesh (ICAB) 20th National Award 2019

ICMAB Best Corporate Award 2019

Institute of Chartered Secretaries of Bangladesh (ICSB) National Award 2019

Business Excellence Award 2019

Leed Green Building Rating System Certification 2019

ICMAB Best Corporate Award 2019

International Finance Award 2020

Islamic Finance Awards 2019

International Finance Award 2020

3G Green Champion Award 2020

3G Excellence in Sustainable Practices 2020

KEY FINANCIAL HIGHLIGHTS 2020

TOTAL ASSETS

2020
Tk. 293,518m

2019: Tk. 265,993m
2018: Tk. 243,660m

TOTAL CAPITAL

2020
Tk. 27,828m

2019: Tk. 28,477m
2018: Tk. 25,106m

TOTAL DEPOSIT

2020
Tk. 218,443m

2019: Tk. 203,273m
2018: Tk. 176,862m

TOTAL INVESTMENT

2020
Tk. 196,513m

2019: Tk. 197,286m
2018: Tk. 186,090m

IMPORT BUSINESS

2020
Tk. 148,469m

2019: Tk. 157,060m
2018: Tk. 140,382m

EXPORT BUSINESS

2020
Tk. 133,580m

2019: Tk. 147,050m
2018: Tk. 125,402m

COST OF FUND

2020
7.39%

2019: 8.42%
2018: 8.31%

PROFIT EARNING ASSETS

2020
Tk.244,232m

2019: Tk. 219,818m
2018: Tk. 202,397m

CLASSIFIED INVESTMENT

2020
4.57%

2019: 4.91%
2018: 6.84%

CAPITAL TO RISK WEIGHTED ASSET RATIO

2020
14.19%

2019: 15.82%
2018: 14.50%

OPERATING PROFIT

2020
Tk. 4,095m

2019: Tk. 5,865m
2018: Tk. 4,576m

PROFIT AFTER TAX

2020
Tk. 1,908m

2019: Tk. 1,718m
2018: Tk. 1,471m

EARNINGS PER SHARE (EPS)

2020
Tk. 1.95

2019: Tk. 1.75
2018: Tk. 1.58

NET ASSETS VALUE PER SHARE

2020
Tk. 18.31

2019: Tk. 16.84
2018: Tk. 15.84

NON FINANCIAL HIGHLIGHTS 2020

NUMBER OF DELIVERY POINTS

2020: 132

2019: 132

NUMBER OF AGENT BANKING OUTLET

2020: 53

2019: 15

NUMBER OF ATMS

2020: 110

2019: 106

STAFF STRENGTH

2020: 2,657

2019: 2,652

CONTRIBUTION TO NATIONAL EXCHEQUER

2020: 4,779 m

2019: 4,603 m

CORPORATE SOCIAL RESPONSIBILITY (CSR)

2020: 230m

2019: 220m

NUMBER OF CLIENTS

2020: 1,024,455

2019: 940,026

NUMBER OF FOREIGN CORRESPONDENT

2020: 412

2019: 416

NUMBER OF DRAWING ARRANGEMENT

2020: 14

2019: 14

NUMBER OF AD BRANCHES

2020: 19

2019: 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

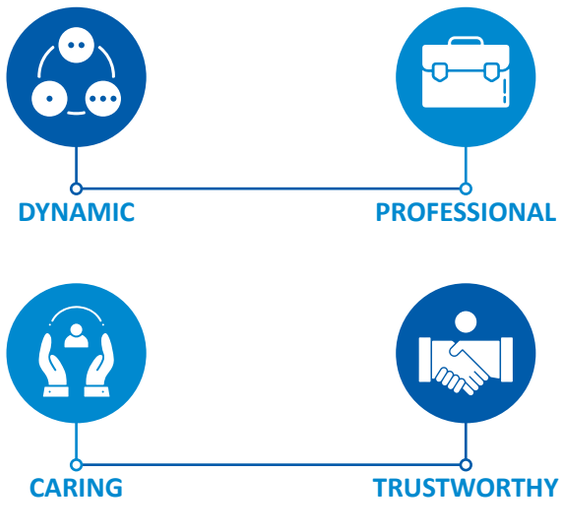
Our strategic intent

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 Shariah

We believe and are committed to provide banking service that is purely based on Shariah.

Diversified deposit and investment product:

Emphasis both Wholesale banking and Retail banking.

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

Client relationship rather than a product driven approach

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

Distinctive culture and values

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

Conservative and disciplined on risk, capital and liquidity

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

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

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

Our delivery

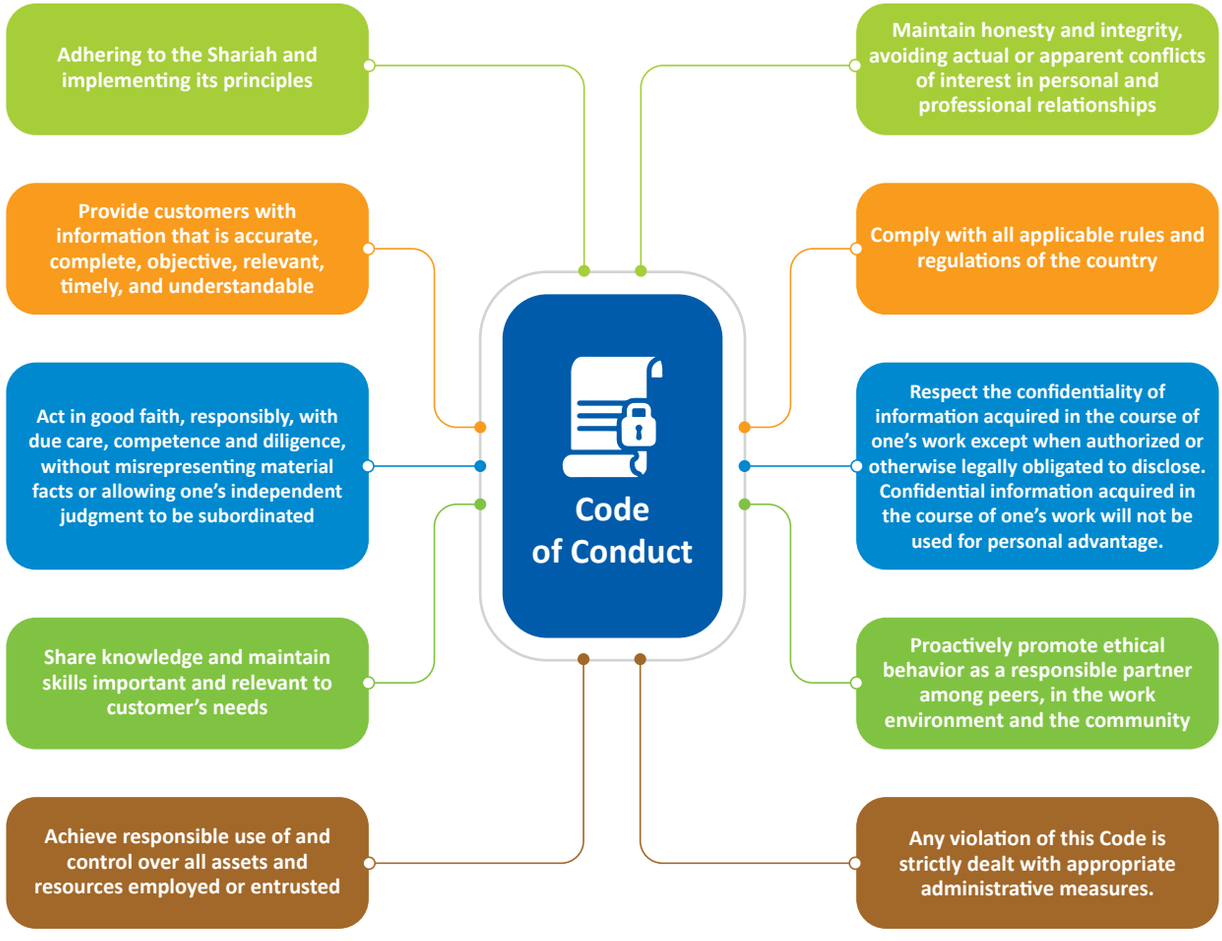
We are committed to Cordial Service and with this commitment we constantly try to pull on sustainable business practices, upholding high standards of corporate governance, social responsibility, environmental protection and human resource development.

CODE OF CONDUCT

Ethical Principles of SJIBL

The Bank has achieved a remarkable reputation since its inception. This reputation is our most important asset, source of inspiration & pride. 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.

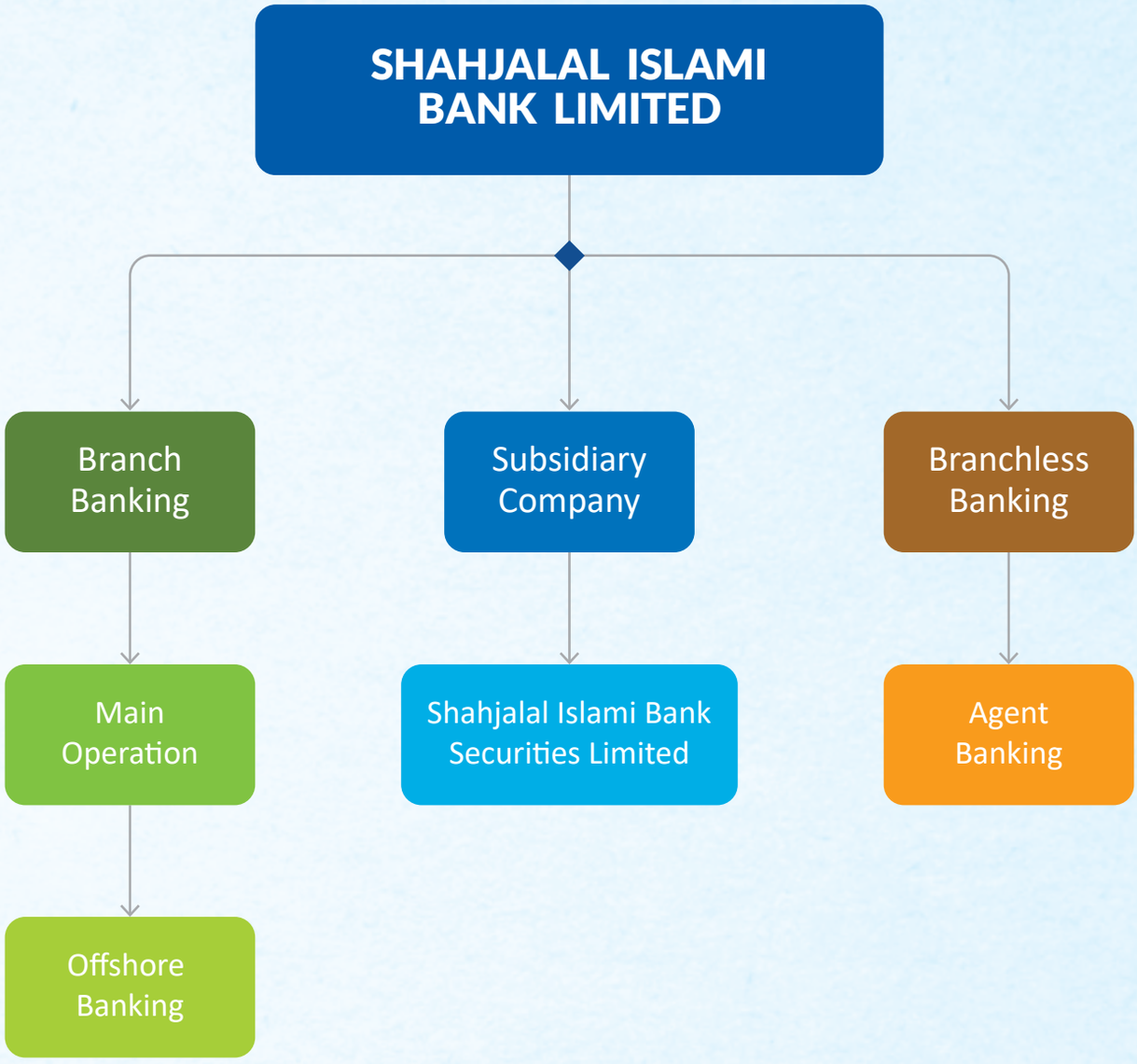
The ethical conduct of SJIBL is followed by its directors, officials and all the member staffs from their respective positions. The ethical conduct includes, but not limited to, the following:



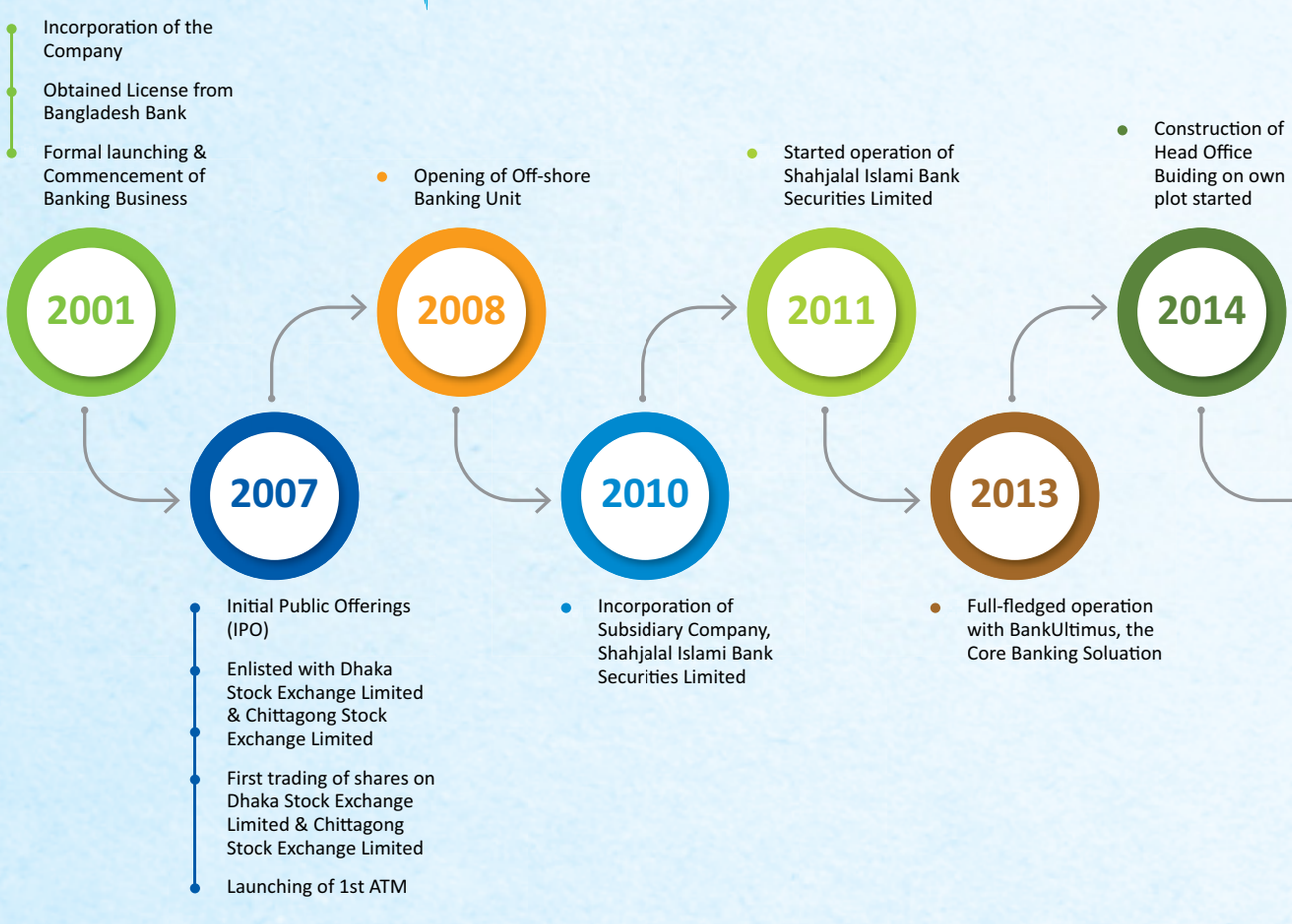
PROFILE OF THE BANK

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.	:	+88-02-222283457 (Hunting)
Fax No.	:	+88-02-222297607
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	:	**Emerging Credit Rating Ltd.** SHAMS Rangs, 104 Park Road, Flat- A1 & A2, Baridhara, Dhaka-1212 Phone :+ 880 2 986 0911, + 880 2 986 0897
No. of Branches	:	132
No. of ATM Booth	:	110
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	:	2,657
Authorized Capital	:	Tk. 15,000 million
Paid up Capital	:	Tk. 9,801 million

CORPORATE STRUCTURE



MILESTONE


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 of Subsidiary Company, Shahjalal Islami Bank Securities Limited
2011
Started operation of Shahjalal Islami Bank Securities Limited
2013
Full-fledged operation with BankUltimus, the Core Banking Soluation
2014
Construction of Head Office Buiding on own plot started

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
- Introduce 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

- Opening of first Sub-Branch at Bokshirhat
- Launching of Shariah compliant Credit Card

2020

- Inauguration of Agent Banking operation by opening of 15 Agent Banking outlet all over Bangladesh
- Launching Mobile Apps Based Banking Solution-SJIBL NET
- Commencement of Call Center 16302 for 24/7
- Securing South Asian Federation of Accountants (SAFA) international Award for Annual Report 2019

FORWARD LOOKING STATEMENT

Industry 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 2021 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, changes in corporate taxation, changes in national political and socio-economic conditions, changes in government policies and unpredictable COVID-19 situation etc. Hence forward-looking statements may not prove to be always true in course of time. 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.

OUTLOOK OF BANKING INDUSTRY FOR 2021

Though many critically important macroeconomic indicators evince signs of a turnaround, both private and public investment-related indicators had remained subdued. Indeed, the economy may need more time to recover fully.

Bangladesh's economic recovery is expected to be driven by Government's stimulus package the varying speed of implementation of the various liquidity support packages has created an unequal turnaround as bigger firms have rebounded more strongly, owing to quick access to liquidity packages, while smaller firms have been left behind.

Excess liquidity in the banking sector has nearly doubled from February 2020 to February 2021 and it led to fall in the profit/interest rates.

Excess liquidity is also a sign that the demand for loans/investments is low, which is likely since the real economy is still experiencing the repercussions of the Covid-19 shock.

Lower appetite of loan/investment may reduce spread/margin further.

As the second wave of COVID-19 in Europe and North America is still on, bleak performance of country's foreign trade business would continue and it hit banks profitability as it is the key source of banks' fee, commission & exchange gain business.

Investment/loan defaulters access to two of the largest liquidity support packages may lead to a rise in NPLs/NPIs in the post-Covid-19 period. Due to the year-long moratorium on loan/Investment classification in 2020, NPLs/NPIs may lead to a rise in coming quarter.

Digitalization in retail banking service has become imperative particularly for the emergence of Covid-19 time. Future of banking industry largely has to depend on Tech based banking.

OUTLOOK OF SJIBL 2021

Increasing investment portfolio cautiously without compromising on the quality to avert risk.

Optimizing Bank's capital structure through injection of additional Tier-1 capital for sustainable growth and maximization of value of shareholder's equity.

Ensuring prudent management ahead of credit risk to offset risk arising from COVID-19 and concurrent environment.

Focusing to recovery of NPI & none degradation of existing asset quality.

Managing balance sheet prudently to tap the prevailing opportunity and offset market risk.

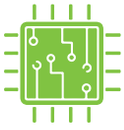
Analyzing business process continuously in order to find new business avenue.

Willing to expand its footprint and to tap un-banked people through sub-branches, booth banking, agent banking and digital banking platform.

Ensuring health and safety for all of our staff and customers under the current health crisis.

Deploying technology to increase customer base, improve efficiencies, fight financial crimes and enhance service excellence.

Reengineering business process for increase dynamism and efficiency in service.



Accelerating of digital on board for different operational procedure and customer service.

Intensifying cost rationalization in line with the spirit of efficient operations.

Revisiting and reviewing Islamic banking practice in our all operation.

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

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

Mr. Fakir Mashrikuzzaman (Rep. of Fakir Knitwears Ltd.)

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 THE 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. KAM 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. Md. Mohiuddin Ahmed	Member
Mr. KAM 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
Barrister Md. Arifur Rahman	Member
Mr. M. Kamaluddin Chowdhury	Member
Mr. 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 BOARD OF 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 Director 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 Industries Limited, Electra Mobile Ltd. 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 the 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 Managing 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 1953 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 Anwar Khan Modern University. His Anwer Khan Modern Medical College & Hospital was nominated by the government for treatment of COVID-19 patients at the earlier stage of pandemic which brought his contribution to health care into lime light.

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, Excellent Motors Limited and Excellent Tiles 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 he is the Vice Chairman 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, Tofaz Dresses Limited and Goodman Pharmaceuticals Limited. He is also the Vice Chairman 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 Chairman of Own The World Company Limited. He is also one of the Directors of Acqua Consultants & Associates Ltd., Intech Limited, Millennium Information Solutions Limited & Al-Arafah Islami Bank Securities 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 Export Import Limited, Moshiur Infrastructure Ltd and Hettich Bangladesh Limited (a joint venture company with Germany). He is also the Chairman of Shahjalal Islami Bank Foundation and Vice Chairman of Shahjalal Islami Bank Securities Limited.

Mr. Rahman 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 member of Governing Body of Prime University and South Asian Scholars School & College. He is also the founder Chairman of Alhaj Jalaluddin College and Chairman of Dhulasar High School.

Mr. Rahman 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 and the Vice President of International Chamber of Commerce, Bangladesh.

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 45 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, Fakir Eco Knitwear's Limited and FKL Spinning Ltd. He has been awarded with National Export Trophy (Gold, Silver) several times and also selected as C.I.P. by the Government of Bangladesh for 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 and health. He is the Founder of Shaheb Ali High School, Begum Anowara College and Madrasa Darul Hadih Salafih at Araihazar of the Narayanganj District and Director of Central Hospital Limited.

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. 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. JabunNahar, 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. Fakir Mashrikuzzaman, Representative of Fakir Knitwear's Limited was born in the year 1984 in a respectable Muslim family and started business after completion of his education.

Mr. Mashrikuzzaman is a very young and energetic business entrepreneur of the country. He is the Director of Fakir Knitwear's Limited which is an export oriented Knit Composite Factory. He is also the Director of Fakir Eco Knitwear's Limited and FKL Spinning Limited. By dint of his talent, diligent and pleasant personality, he is emerging as an eminent business figure.

Mr. Fakir Mashrikuzzaman Director

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

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

He had golden touch in Uttara Bank 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 obtained B. Com (Hons) degree with first class and M. Com, both in Accounting from the University of Dhaka. An ICAB Medal awardee, he became a Chartered Accountant in February 1987. He is an Independent Director of Shahjalal Islami Bank Limited since 18 March, 2020.

He is a veteran Chartered Accountant with successful leadership experience over 34 years. He is currently Senior Partner of MABS & J Partners, Chartered Accountants. He is a fellow member of Institute of Chartered Accountants of Bangladesh (ICAB) and has been a Council Member since 2001. He was the President of ICAB in 2009. He is also a fellow member of the Institute of Chartered Secretaries of Bangladesh (ICSB). He acquired membership of the Institute of Chartered Accountants in England and Wales (ICAEW) and Chartered Institute of Management Accountants (CIMA, UK) in 2017. 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), Malaysia. He was Director in many companies and organization namely, Bangladesh Commerce Bank Ltd., Dhaka Stock Exchange Ltd., BTCL, Leads Corporation Ltd., Popular Pharmaceuticals Ltd., Bangladesh Submarine Cable Co. Ltd., Color City Ltd. etc. He also 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. He left corporate jobs in 2010, as Finance Director of Coats Bangladesh. He attended Management Development Programs at various business schools including Cranfield School of Management, Asian Institute of Management, IIM- Ahmedabad, Singapore Institute of Management etc.

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 37 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 37 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. He has participated in various capacity building training courses, seminars and workshops on different areas of banking both at home and abroad.

Mr. Islam has been honoured with the prestigious "Islamic Finance Personality of 2020" Award conferred by renowned UK-based financial think-tank Cambridge IFA. This Award recognizes achievements and efforts exhibited by institutions and individuals to promote and sustain the Islamic finance industry in the local and global sphere.

M Shahidul Islam Managing Director & CEO

KEY EVENTS 2020

CONFERENCE AND MEETINGS

19 th AGM & 13th EGM of SJIBL

Shahjalal Islami Bank Limited held its 19th AGM & 13th EGM on Digital Platform on Wednesday, the 12th August 2020

Annual Business Conference-2020

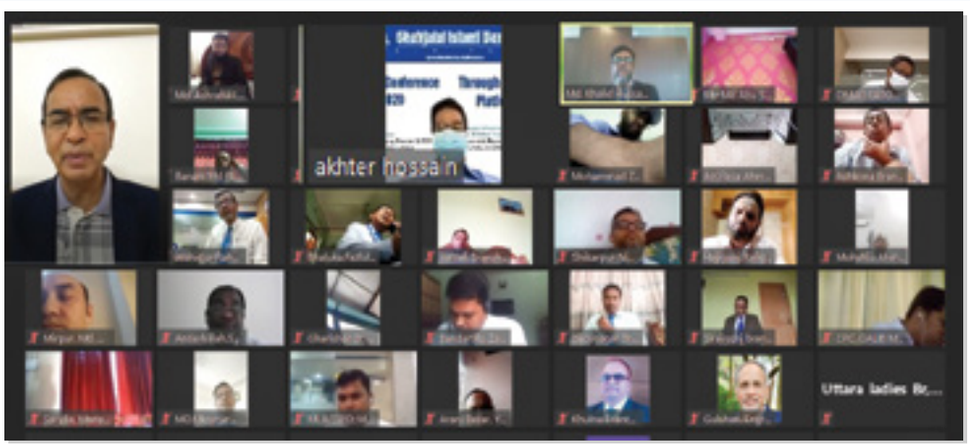
Shahjalal Islami Bank Ltd. organized Annual Business Conference-2020 on 18th January 2020 at a Hotel. The ceremony of the conference was presided over by Managing Director & CEO of the Bank Mr. M. Shahidul Islam while the Chairman of the Board of Directors Mr.Md. Sanaullah Shahid was present as Chief Guest.

Strategic Business Meeting

"Strategic Business Meeting" held on 14th February 2020 at the Grand Sultan Tea Resort & Golf in Sreemangal. The Chairman of the Board of Directors of the Bank Mr. Md. Sanaullah Shahid was present as Chief Guest .

Half-Yearly Business Conference-2020

Shahjalal Islami Bank Ltd. organized "Half-Yearly Business Conference-2020" on 25th July 2020 through a Digital Platform.



BAMLCO Conference-2020

"BAMLCO Conference-2020" through Digital Platform

Meeting of SJIBL AD Forum

9th meeting of SJIBL AD Forum held at Bank's Corporate Head Office

LAUNCHING NEW PRODUCTS & SERVICES

Launching SJIBL-NET

Shahjalal Islami Bank Limited introduced Mobile App based digital wallet SJIBL Net to cater growing customer demand which carry out all the banking transactions like intra-bank through EFT & RTGS and inter-bank fund transfers, utility bill payments, Credit Card payments, cheque requisition from mobile application. The Chairman of the Bank Mr. Md. Sanaullah Shahid inaugurated the internet banking service-SJIBL NET.

SJIBL AGENT BANKING

Shahjalal Islami Bank Limited started Agent Banking operation to provide banking services at the doorsteps of all people under financial inclusive activities on 2nd January 2020. The Bank started it's Agent Banking Operation with 15 outlets in first step at 5 divisions in the country.

Inauguration of SJIBL Agent Banking on 2nd January 2020 at Corporate Head Office

Inauguration of Agent Banking Outlet at Tashulla Bangla Bazar, Nawabganj in Dhaka

Inauguration of Agent Banking Outlet at South Zamsha, Singiar Upazila in Manikganj

AGREEMENTS

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with Electra International

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with Electra International to avail all the Credit Card Holders of the bank, while purchasing different types of electronics products @ 0% profit rate for different tenure.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with Agora

An agreement has been signed between Shahjalal Islami Bank Limited and Agora enabling Debit & Credit Card Holders of the bank to enjoy discounts while shopping.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with NOVO Air

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with NOVO Air to facilitate the Credit Card Holders of the bank for purchasing Air Ticket on EMI basis @0% profit rate.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with Anwer Khan Modern Hospital Ltd.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding (MoU) with Anwer Khan Modern Hospital Ltd. for enabling all Debit and Credit Card Holders of the Bank to receive up to 25% medical discount and EMI Facilities for different tenure @ 0% profit rate .

A Memorandum of Understanding has been signed between Shahjalal Islami Bank Limited and Hajj Agencies Association of Bangladesh (HAAB). Under the MoU, all Ballottee & Non- Ballottee Hajj & Umrah Pilgrims can deposit their Hajj & Umrah Registration Fee through all Branches and Sub-branches of the Bank from all over the country.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with HAAB

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with Own the World Company Ltd.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with Own the World Company Ltd., a leading well-reputed Tours & Travels Company. This MoU enables all Debit and Credit Card Holders of the Bank to receive EMI Facilities on Tour Package and purchasing air tickets for different tenure @ 0% profit rate.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with UK-based trade finance provider PrimaDollar Operations Ltd. at Bank's Corporate Head Office. Under this agreement the Bank will be able to offer fintech based factoring solution to the local exporters to obtain their deferred receivables on a sight basis in a secured, faster and shortened cash cycle in collaboration with PrimaDollar.

Shahjalal Islami Bank Limited signed a Memorandum of Understanding with UK-based trade finance provider PrimaDollar Operations Ltd.

AWARDS

ICAB award for Best Presented Annual Report-2019

Shahjalal Islami Bank Ltd. secured 2nd Position for Best Presented Annual Report-2019 from The Institute of Chartered Accountants of Bangladesh (ICAB). MD & CEO of Shahjalal Islami Bank Ltd. Mr. Mohammad Shahidul Islam received the award from Mr. Tipu Munshi, MP, Minister, Commerce Ministry, Peoples Republic of Bangladesh.

Shahjalal Islami Bank received South Asian Federation of Accountants (SAFA) award Joint First Runner Up in the category of Private Sector Banks for Best Presented Annual Report 2019. The Deputy Managing Director of Shahjalal Islami Bank Ltd. Mian Quamrul Hasan Chowdhury and the CFO Mr. Md. Jafar Sadeq, FCA received the SAFA award from the Vice-President of South Asian Federation of Accountants (SAFA) Mr. AKM Delwer Hossain, FCMA.

SAFA award for Best Presented Annual Report 2019

ICMAB award for Best Presented Annual Report-2019

Shahjalal Islami Bank has been awarded ICMAB Best Corporate Award 2019, Silver Award by The Institute of Cost and Management Accountants of Bangladesh (ICMAB) in the Private Commercial Bank (Islamic Operation) Category. Commerce Minister Tipu Munshi handed over the award to Mr. Abdul Aziz, the Additional Managing Director of the Bank

Shahjalal Islami Bank secured Silver Award in the ICSB National Award -2019 for Corporate Governance Excellence in the category of Islami Banking Sector. The Additional Managing Director of the Bank. Mr. S.M. Mainuddin Chowdhury and the CFO Mr. Md. Jafar Sadeq, FCA received the award from Mr. Tipu Munshi, MP, Minister, Commerce Ministry, Peoples Republic of Bangladesh.

ICSB National Award -2019 for Corporate Governance Excellence

CONTRIBUTION TO SOCIETY

Shahjalal Islami Bank Ltd. donated Blankets to the Hon'ble Prime Minister's Relief Fund for distributing among winter affected poor People at Prime Minister's Office. The Prime Minister took part in the ceremony through Digital Platform. The Director & Chairman of Executive Committee of Shahjalal Islami Bank Ltd. Dr. Anwer Hossain Khan, MP handed over the Sample of Blanket to the Principal Secretary of Hon'ble Prime Minister Dr. Ahmad Kaikaus.

Ambulance Donated to Shomman Sahabi

Shahjalal Islami Bank Ltd. donated an ambulance to Shomman Sahabi, a renowned Elderly Rehabilitation and Institution of Technical Education for Youth.

Free Medical Camp at Bishwa Ijtema

Shahjalal Islami Bank Ltd. sets up free Medical Camp at Bishwa Ijtema.

Scholarship award giving ceremony 2020

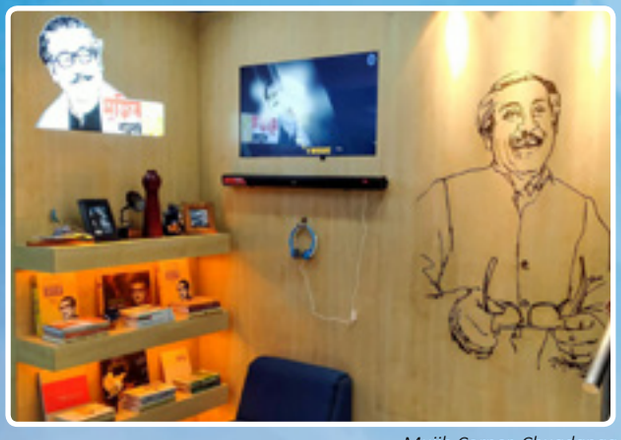
Shahjalal Islami Bank Limited awarded scholarship to poor meritorious students at Corporate Head Office of the Bank. The Chairman of Board the Directors of the Bank Mr. Md. Sanaullah Shahid was present as a Chief Guest and the Chairman of Bank Foundation Engineer Md. Towhidur Rahman was present as Special Guest. The Managing Director & CEO of the Bank Mr. M. Shahidul Islam presided over the ceremony.

CELEBRATION OF MUJIB BORSHO

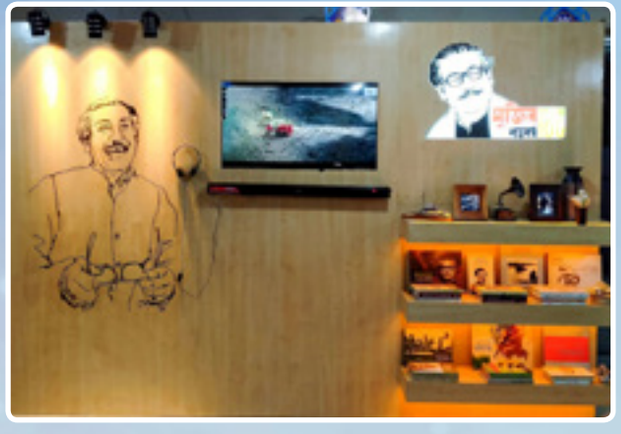
One hundred years ago, the undisputed king of Bangladesh Sheikh Mujibur Rahman was born on 17 March 1920 in a remote village of Tungipara, Gopalganj District. He showed the potential of leadership since his school life. From a very tender age, Mujib strived to work for issues that mattered to him, hankering one cause after another. He was crowned with the title of "Bangabandhu" and remembered as a dedicated man of the people. The most popular word Mujib is synonymous with the national identity of Bangladesh. Sheikh Mujibur Rahman was always well-governed and this made him uniquely qualified to govern others, even when compared with the intellectual luminaries of that intellectually luminous generation. So, with that in mind, and in honor of the Founding Father, SJIBL as a patriotic corporate entity of Bangladesh celebrated his100th birth anniversary in full festive mood in the year 2020.

100 Birth Year Celebration of "Mujib Borsho" Father of the Nation of Bangladesh, Bangabandhu Sheik Mujibur Rahman was celebrated with due respect through year long various programs nationally and internationally. The countdown for the celebration's opening had started on January 10, 2020 coinciding with Bangabandhu's homecoming in 1972 from a Pakistan jail after the 1971 Liberation War. The whole Bangladesh celebrated 100 Birth Year of "Mujib Borsho" Father of the Nation of Bangladesh, Bangabandhu Sheikh Mujibur Rahman. As a responsible bank, we always love to contribute to make the memorable event so blissful. As a token of love for our Father of the Nation of Bangladesh, we have put a small effort donating BDT 100 million to Bangabandhu Memorial Trust, to be a part of this grand celebration. Besides, SJIBL organized road show in front of our all branches of SJIBL on 17th March, 2020 which was covered by different media. A cake cutting program was also part of celebration of different SJIBL branches to memorize the day with dignity. SJIBL prepared t-shirts and placards and demonstrated the same in a formal rally.

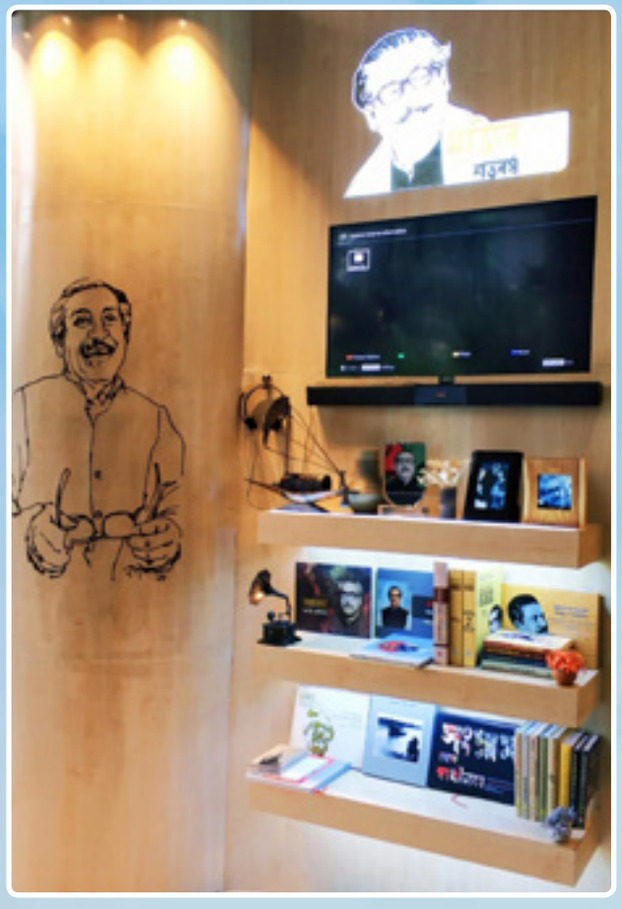
In order to tribute highest love to the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, SJIBL launched three 'Bangabandhu Corner' at three parts of the country, one of its Corporate Head Office, Gulshan Avenue, Dhaka, another two has set up at Ramganj branch in Laxmipur district and the rest one is at Chuadanga Branch of the Bank.



Mujib Corner, Chuadanga



Mujib Corner, Ramgonj



Mujib Corner, Head Office

These initiatives were taken to celebrate the birth centenary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman. The corners are enriched with the collection of books, pictures, documents and videos encompassing the life, work and ideals of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, about whom customers and bank officials alike can learn a lot.

Roadshow to celebrate Mujib Borsho in 2020

Celebration of Mujib Borsho at SJIBL Corporate Head Office premise in 2020

MEDIA HIGHLIGHTS

কালের কণ্ঠ

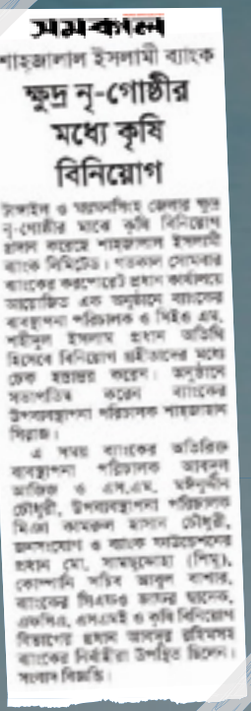
Shahjalal Islami Bank Ltd (SJIBL) Chairman Alkas Uddin Mollah along with Executive Committee Chairman Dr. Anwer Hossain Khan, MP and SJIBL Bank Foundation Chairman Engineer Md. Tawhidur Rahman handing over Tk 10 (Ten) Crore cheque to Prime Minister Sheikh Hasina.

প্রথম আলো

করপোরেট সংবাদ

শাহজালাল ব্যাংকের এজিএম ও ইজিএম

সমকাল


সমকাল

শাহজালাল ইসলামী ব্যাংকে

ক্ষুদ্র নৃ-গোষ্ঠীর মধ্যে কৃষি বিনিয়োগ

The Financial Express

Shahjalal Islami Bank Limited recently organised a workshop on "Prevention of ML/TF, Trade Based Money Laundering and Credit Backed Money Laundering" through a digital platform. Managing Director & CEO of the bank M. Shahidul Islam was present as the chief guest in the virtual workshop. Deputy Managing Director & Chief Anti Money Laundering Compliance Officer (CAMLCO) of the Bank M. Akhter Hossain was present as session chairperson in the workshop.

The Financial Express

Shahjalal Islami Bank MD receives Islamic Finance Personality award

M Shahidul Islam

Business Standard

WORLD FINANCE

ISLAMIC FINANCE AWARDS

2018 & 2019

Shahjalal Islami Bank Ltd.

has been awarded

Best Islamic Bank in Bangladesh

for the year 2018 & 2019

by the UK based World Finance (HIF)

Shahjalal Islami Bank

The Financial Express

Bangladeshi entities receive highest awards in SAFA competition

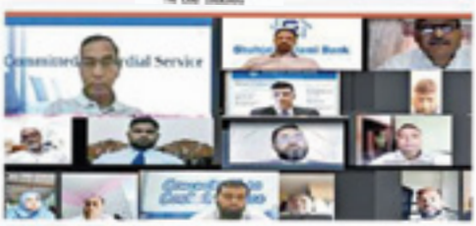
যুগান্তর

শাহজালাল ব্যাংকের অ্যাওয়ার্ড অর্জন

dailyobserver

SIIBL holds discussion meeting on Cash Waqf

দৈনিক জনকণ্ঠ
The Daily Janakantha



শাহজালাল ইসলামী ব্যাংক : শাহজালাল ইসলামী ব্যাংকে সম্প্রতি ডিজিটাল প্লাটফর্মে Challenges in Banking Operations and Compliance thereof বিষয়ে ওয়েবিনারের আয়োজন করে। এতে প্রধান অতিথি ছিলেন ব্যাংকের এমডি ও সিইও এস শহীদুল ইসলাম। বিশেষ অতিথি ছিলেন ব্যাংকের এএমডি ও সিবিও আব্দুল আজিজ ও এস এম মজমুদীন চৌধুরী।

কালের কণ্ঠ

শাহজালাল ইসলামী ব্যাংক : শাহজালাল ইসলামী ব্যাংকের পক্ষ থেকে পাঁচ হাজার কম্বল গতকাল প্রধানমন্ত্রীর কার্যালয়ে প্রধানমন্ত্রীর ত্রাণ তহবিলে হস্তান্তর করা হয়েছে। শাহজালাল ইসলামী ব্যাংকের পরিচালক ও নির্বাহী কমিটির চেয়ারম্যান ড. মোহাম্মদ মোশেন খান, এমপি প্রধানমন্ত্রীর মুখ্য সচিব ড. আহমদ কায়কাউসের কাছে ওই কম্বলের নমুনা হস্তান্তর করেন। সংবাদ বিজ্ঞপ্তি।

সম্মান সাহারীতে অ্যাম্বুলেন্স দিল শাহজালাল ইসলামী ব্যাংক

উজ্জ্বল ভাবমূর্তি শাহজালাল ইসলামী ব্যাংকের বড় অর্জন

এম শহীদুল ইসলাম দুই বছরের বেশি সময় ধরে দায়িত্ব পালন করছেন শাহজালাল ইসলামী ব্যাংক পিএলসির ব্যবস্থাপনা পরিচালক ও প্রধান নির্বাহী পদে। বিগত ৫১ বছর দেশের বীমাখাতসহ বিভিন্ন খাতে সুনামের সঙ্গে দায়িত্ব পালন করেছেন তিনি। শাহজালাল ইসলামী ব্যাংকের প্রতিটি, বীমা জীবনী ছিলেন নিজের কর্মদক্ষতার মেলেশে বাংলাদেশ খাতের মধ্যে তিনি নিয়ে পাশাটি এ ব্যাংককে কথা বলেছেন বণিক বার্তা সঙ্গে। অন্যান্যের ধিয়ারেশন হয়েছে আলাদা

সাফা পুরস্কার পেল শাহজালাল ইসলামী ব্যাংক

Business Standard

Shahjalal Islami Bank launches internet banking service SJIBL NET

BANKING | DHAKA

TBS REPORT

With an aim to provide modern and technology-based banking services, the Shahjalal Islami Bank Limited has launched an internet banking service named SJIBL NET.

Md Samsuddin Shahid, chairman of the bank inaugurated the service as the chief guest at the bank's corporate head office on Wednesday, said a media statement.

M Shahidul Islam, managing director and chief executive officer of the bank discussed the benefits of this newly launched service.

Among others, Vice-Chairman of the bank Md Abdul Bawl, Directors Akbar Uddin Mollick, Engr Md Towhidur Rahman, Mohammed Younus, Mohiuddin Ahmed, Chandaites Shaikh Ahmed, Mohammad Golam Quddus, Fatia Mushfiqunnisa, Independent Director KAM Mujibur Rahman were present on the occasion.

Besides, the bank's Additional Managing Directors Abdul Aziz and Md Maniruzzaman Chowdhury, Deputy Managing Directors Md Shahjahan Shiraj, M Akhter Hossain, Mina Qumarul Hasan Chowdhury and Jaydeb Ukhasd, were also present there.

Now, the clients of the bank will be able to enjoy all types of banking services easily, transparently and securely staying from home, the press statement claimed.

Customers can also check account balance, account statement, fund transfer, utility bill payment and bill payment through credit card and also enjoy mobile recharge using this service.

Shahjalal Islami Bank Chairman Md Samsuddin Shahid, Managing Director M Shahidul Islam, its directors and other high officials at the launching ceremony of internet banking service SJIBL NET. PHOTO: COURTESY

মেধাবী শিক্ষার্থীদের বৃত্তি দিল শাহজালাল ব্যাংক

সমকাল

শাহজালাল ইসলামী ব্যাংক

শাহজালাল ইসলামী ব্যাংকের আইপিএবি অ্যাওয়ার্ড লাভ

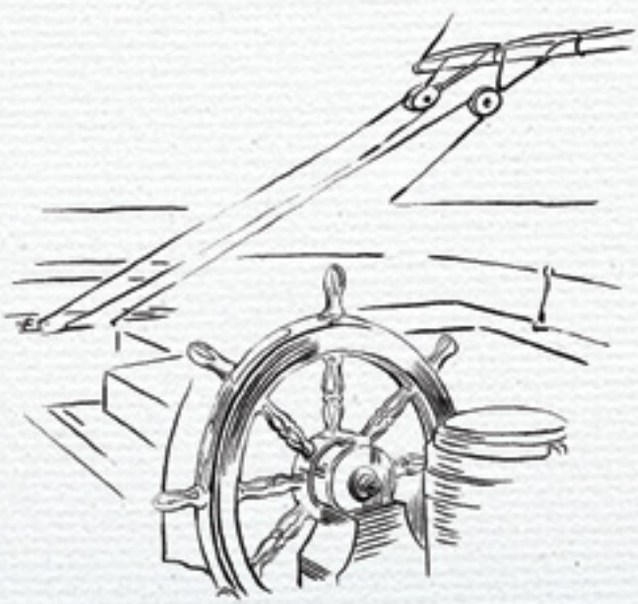
Daily INDUSTRY

SJIBL signed MoU with UK-based trade finance provider PrimaDollar Operations

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

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

Surah Al-Baqarah, Verse-275



DIRECTORS' REPORT

CHAIRMAN'S MESSAGE

Md. Sanaullah Shahid Chairman

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, and compliance. We will explore all our activities through ensuring better risk management, develop the quality of human resources, and improve the corporate governance system.

Bismillahir Rahmanir Rahim

Dear shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

It is a great pleasure and honor to welcome you to the 20th 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 ongoing trust in the Bank as we navigate difficult times. We hope you and your families are staying healthy and safe.

The economy is in a slump, but there are signs of improvement and reasons to be optimistic

We have seen a global pandemic and the worst economic downturn since the 1930s' Great Depression. The world's major economies were severely jolted. The pandemic continues to have a profound impact around the world. The previous year has been a difficult one for Bangladesh as well. However, it has fared better than most other countries in dealing with health and economic challenges.

Indeed, the year 2020 ended with a slowdown in economic growth, a significant shortfall in revenue mobilization, a disruption in the pace of implementation of public investment projects, an escalation of the budget deficit, a slowdown in private sector credit growth, and a sharp drop in trade. The impact of Covid-19 was particularly evident during the last quarter (April-June) of FY2020 when the economic activities were severely disrupted in the backdrop of the lock-down declared by the government.

However, many key macroeconomic indicators have recently shown signs of improvement. Production of manufacturing industries and electricity has posted a rise and VAT collection has registered a positive growth rate. Domestic demand has resisted the recovery much better than private and public investment indicators, which have remained subdued. Indeed, the economy may require additional time to fully recover.

Banking Sector makes the way

Banks have a crucial role to play in implementing Covid-19-related stimulus packages announced by the government since the major portion of these packages is in the form of liquidity support through the commercial banks. This is indeed a huge responsibility on the banks.

It was feared that the banking sector would face a double-whammy, stemming from Covid-19 and lending rate cap. But at the end of 2020, it shows a different picture with two major performance indicators – profitability and loan/Investment recovery – being far better than expected. Though the decline in NPL/NPI was driven by the loan moratorium and the prohibition on banks downgrading loans until December 2020, which delayed the recognition of NPLs. Non-performing loans will rise in the coming quarters as the credit moratorium period expires and borrowers' repayment capacity weakens as a result of the coronavirus shock.

The real challenge will be this year as the payment holiday has been lifted. The depressed private sector credit growth is another big challenge because banks could not lend even at 5% as businessmen have cash in hand due to one-year payment deferral.

The safety of our employees and the well-being of our clients

Throughout our COVID-19 response, our priority was the health and safety of our people; all staff, our valued clients, and the communities that keep our operations running smoothly. The steadfast commitment of our people has helped to keep our operations running safely and continue to contribute to the economy. We recorded no fatalities at our operations during the year. When the pandemic struck, we had the financial strength and agility to implement our emergency plans and make the rapid changes required to keep our people safe and healthy while keeping our operations running.

Despite working through some of history's most difficult periods, Shahjalal Islami Bank has demonstrated that our strong persona of resilience, robustness, and agility is the key to staying one step ahead of customer expectations.

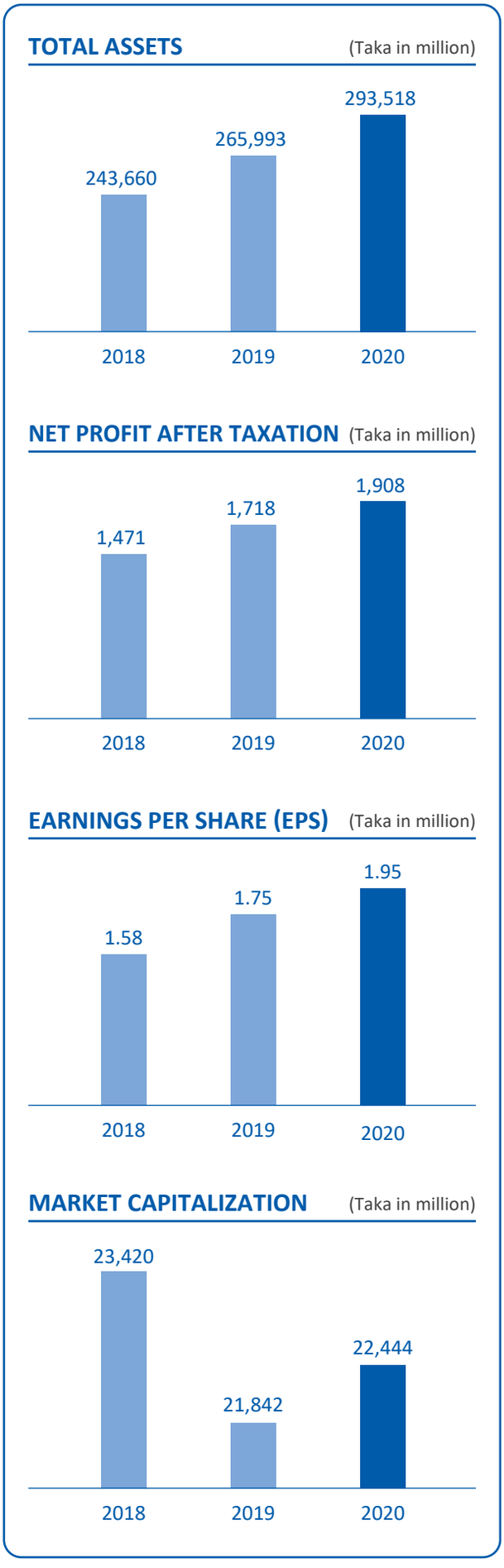
Financial performance: Exhibit resilience

SJIBL's strong balance sheet and unwavering focus on key areas position us to weather downturns and unforeseen problems like the COVID-19 outbreak while also delivering strong financial results in 2020. It was an arduous task for the Board and Management of the Bank to steer it in the right direction towards stability. By the grace of almighty Allah, we have been maintaining sustainability in all areas of business and 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 order to protect asset quality, the bank also followed prudent policies regarding non-performing investments. All these measures resulted in our year-end performance being below the originally envisaged target. However, it is encouraging that our actual results achieved for the financial year are more than the revised forecast as was projected by the management during the early days of lock-downs.

However, the backdrop of profit rate cap on investment and COVID-19 induced effects on economic activities and the pressure on Net Profit Margins had an inevitable negative impact on the Bank's financial results for the year 2020. But Shahjalal Islami Bank exhibits resilience at its bottom line profit performance. Though our operating profit declined by 30.18% to Tk. 4,095 million, but Net Profit After Tax increased by 11.06% to Tk.1,908 million for the year ended 31st December 2020. Similarly, the Bank's Return on Average Equity (ROE) increased from 10.98% as of 31st December 2019 to 11.08% as of 31st December 2020, while our Return on Average Assets (ROA) increased to 0.68% during the same period, from 0.67% as at the end of 2019. Net asset value (NAV) stood at Tk. 17,949 million in 2020, whereas it was Tk.16,507 million in 2019. In 2020, our earnings per share (EPS) stood at Tk. 1.95 whereas it was Tk. 1.75 during the previous year.

However, there is no room for complacency and we must continue to strive for exceptional safety and performance every day.



Digital onboarding

The digitalization of banking services has become critical, especially with the emergence of Covid-19. The future of the banking industry must rely heavily on technology-based banking. We are on track to digitize our business to meet clients' needs as digital technologies grow in sophistication and become further embedded across the banking and financial services industry. We at Shahjalal Islami Bank have taken a series of initiatives to cater to the growing customer demand for different digital banking services. In 2020, we launched "SJIBL Net," a full-featured app-based mobile banking service that allows customers to conduct safe banking at any time and from any place.

We Uphold Our Promises

Regardless of the challenges encountered and difficulties faced, we at Shahjalal Islami Bank have always upheld our responsibilities to our shareholders. The dramatic change in the business environment arising from the pandemic will not hinder us from keeping our promise to you, our shareholder, and it is with a sense of pride I report that Shahjalal Islami Bank did not forego any obligations to any stakeholder, least of all, our valued customers and the Team, who are the lifeblood of the Bank.

Based on the reactions and feedback received from our customers – corporates, SMEs and retails – we are confident that Shahjalal Islami Bank responded effectively and promptly to customer needs during this time of crisis. Despite being compelled to continue operations under extremely stressful conditions.

Shahjalal Islami Bank is always committed to serve the causes of the humanities. We stand beside the distressed people affected by 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 meritorious poor students to pursue their higher studies. The poor meritorious students are selected based on their outstanding results 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 2020, total CSR was Tk.323 Million that is a 46.82% growth in philanthropy compared to last year.

Appreciations

In 2020, Shahjalal Islami Bank received a number of awards and recognitions from prestigious international and domestic organizations for its outstanding performance. Global and regional recognitions for our best work, accountability, transparency, and good governance have come from GIFA International, International Finance Magazine, South Asian Federation of Accountants (SAFA), and local bodies such as Bangladesh Bank, ICAB, ICSB, and ICMAB, to name a few.

Our vision is to be a premier Islamic banking institution in the country and to contribute significantly to the national economy; it was adopted with remarkable foresightedness at the time of the 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.

Transparency and Accountability

Corporate governance is important for an organization's long-term sustainability. Transparency and accountability have been built into all aspects of Shahjalal Islami Bank Limited's operations. The duties and responsibilities are appropriately segregated between the Board and the management to provide sufficient check and balance and flexibility for smooth business operations. The Board provides policy guidelines and directions to the management, approves strategic and major policy decisions, and oversees the management to attain business goals. The audit committee reviews the internal control & compliance process, the internal audit reports and related compliances of Bangladesh Bank, while the Risk Management Committee reviews the risk areas and overall risk management process/systems of the Bank. The Statutory Auditors were given absolute freedom in the process of audit and verification of the compliance, risk management and Financial Statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). As a result, we are committed to being a role model in the corporate industry by adhering to the best practices of Corporate Governance in our bank.

The Bank has also emphasized the importance of adhering to all rules, regulations, and guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank, and other regulatory bodies.

Future Outlook

There exists a significant degree of uncertainty in terms of how the COVID-19 pandemic will progress and is dependent upon the efforts to contain the virus and its longer-term effects. The economic growth in the year 2021, and perhaps even in 2022, will depend on the evolution of the pandemic in Bangladesh and the rest of the world. The future outlook for the banking industry will also be determined by the same. A key takeaway from among the numerous lessons the banking industry as a whole learned during the pandemic is that banking as we know it may not be the norm for the foreseeable future. A large part of our strategy moving forward will focus on the lessons learned during 2020 and will be formulated with particular emphasis on growth, costs and risks.

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, and compliance. We will explore all our activities by ensuring better risk management, developing the quality of human resources, and improving the corporate governance system. Insha-Allah we will maximize the value for all stakeholders in the coming days.

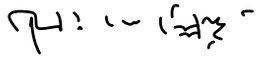
Acknowledgment

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

Digital innovations are transforming economies and financial ecosystems worldwide. Customers are demanding banking that is simple, functional, reliable, and seamless. Hence, SJIBL has continued its operations towards digitization in terms of automation and system security adopting new technology across the Bank.

Bismillahir Rahmanir Rahim,

It's a great privilege to present to you the performance of Shahjalal Islami Bank Limited for the year 2020. I would normally address our accomplishments of the preceding year, which were many in 2020. We stepped into the year 2020 with high hopes and deep aspirations for a better year, but witnessed an unusual situation due to the heavy blow from the sudden COVID-19 outbreak, since March of the last calendar year. This pandemic has spread in every corner of the world and hindered habitual life completely. Productivity, trade operation, movements of capital, industrial inputs & outputs remained completely stagnant, and the economy was facing mounting downward pressure.

The coronavirus was first identified in Wuhan, China in December 2019, and it has since spread worldwide leading to an ongoing pandemic. In this situation, the government of Bangladesh declared a "lock-down" throughout the nation from 26 March to 30 May 2020 to protect the people from this contagious disease. During the nationwide lock-down, millions lost jobs, the income of the majority of the population contracted and the businesses folded up. The banking sector was also affected. It is observed that due to economic slow-down domestically and globally, demand for both short and long term financing declined substantially. Export hits rock bottom as the importing countries themselves were finding it difficult to keep the economies afloat. To protect the people and the economy, the government rolled out a massive Tk.124,000 crore stimulus package representing 4.30% of total GDP. The robust inflow of remittance lifted the country's foreign exchange reserves to record highs and put the country on a firm footing. Initially, the sector has successfully met the cash flow challenges in the economy during the lock-down period with some regulatory relaxation in policy rates, i.e., CRR, IDR. Due to the decline of investment appetite and the flow of deposits, deposit rates have been sharply reduced to meet the pressure of surplus deposits. The rate of Bond, Treasury Bill, Call Money and Repo has been reduced substantially, which makes it difficult for treasury operations of the Bank. Government borrowing from the banking sector during 2020 was reduced dramatically.

The banking sector is the key player in the economic activities of a country. At the moment, the sector is fighting the situation caused by COVID-19 and supporting the government efforts for handling the crisis. During the strict lock-down, the period when operations in almost all sectors had come to a standstill, banks and other financial institutions continued their operations to ensure the flow of money in the economy. The banking sector has also played a crucial role in distributing the government's various fiscal stimulus packages.

The reopening of the economy in June 2020 was a very bold move and proved to be a judicious one, as the COVID-19 outbreak did not go out of control. The food production, remittance, the stimulus package, the reopening, and the quick uptick in domestic demand and exports put the country on the path of recovery. A surplus in the balance of payment, one of the major indicators of the economy, has been steadily increasing during the pandemic. The big surplus was triggered by the rise in remittance inflow and a dip in import costs.

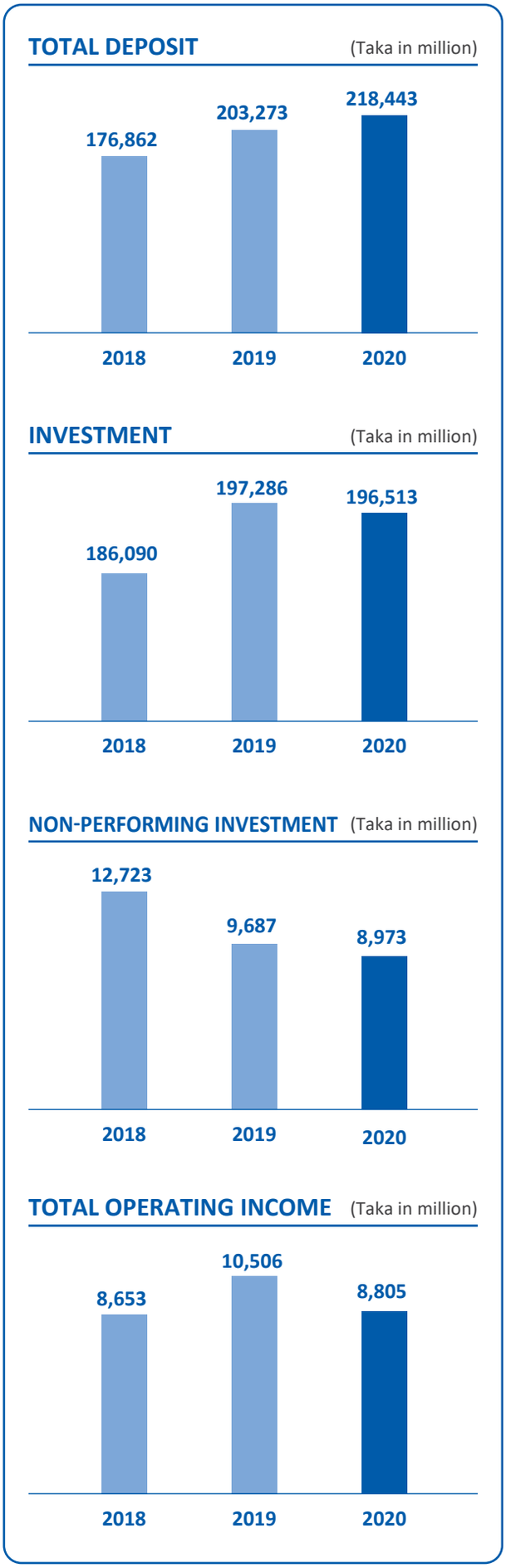
Bangladesh's GDP growth, which has averaged around 8 percent during the past few years, has been disrupted hugely by the outbreak of COVID-19. However, Bangladesh is set to post the third-highest growth in the world and the highest in Asia in 2020, according to the IMF despite the pandemic. The economy is recovering, but it is not yet back on track to faster and sustainable growth with investments still depressed and external demand wavering. The country's export is far away from the pre COVID-19 level as the country's most important markets such as the US and Europe are under threat. In fiscal 2019-20, the import costs dropped 8.56 percent from the previous year. It came down further in the first quarter of 2020-21 due to the corona pandemic.

Despite numerous challenges faced in 2020 due to the pandemic, SJIBL achieved planned growth in business and operations during 2020. We have produced impressive results in 2019 and also in the first quarter of 2020. During the period under review, the Bank had been instructed to fix a maximum 9 percent ceiling on the lending rate by Bangladesh Bank which came into force on April 1, 2020. The implementation of the rate adversely affected operating profit in the year 2020. Income from both profit and non-profit sources had a sharp fall due to reduced international trade, foreign exchange dealing and transaction services. Furthermore, excess liquidity and lower appetite along with slow disbursement also affected operational profit in the year 2020.

However, considering the capping of the profit rate and the consequence of corona virus in the economy, management revised the profit target for the year 2020. Despite all odds, uncertainties and challenges, we achieved our revised targets by utilizing our strong network, commitment from the employees and operational efficiency. During 2020, we have focused our activities and strategies to become a more resilient, more reliable and customer-oriented institution while keeping abreast of positive growth attaining our well-devised targets in key business areas.

SJIBL earned operating profit Tk. 4,095 million which is 9% higher than the revised target and 30% lower than the previous year's target. The investment portfolio stood at Tk. 196,513 million at the end of 2020. During the year, every effort has been taken to reduce the cost of deposit and at the end of the year the cost of deposit stood at 4.98%. During the year 2020, the performance of the import and export business of the Bank was satisfactory, taking into account the adverse effects of the pandemic. In 2020 import business stood at Tk. 148,469 million as compared to the volume of Tk. 157,060 million in 2019 which decreased by 5.47%. Export business amounted to Tk. 133,580 million as against Tk. 147,052 million in the preceding year, which decreased by 9.16%. Our position regarding fee-based income during the year is satisfactory. During the lock-down, all our AD branches were functional and served our valued RMG client to cater to their export business.

As of December 31, 2020, the total assets of the Bank stood at Tk. 293,518 million registering an increase of 10.35% over December 31, 2019. Return on Assets (ROA) and Return on Equity (ROE) were 0.68% and 11.08% respectively as of year-end 2020. The Capital Adequacy Ratio of the Bank was calculated at 14.19%, which was above the regulatory requirements.



SJIBL continued with the cautious and selective approach while taking investment exposures and remained focused on risk management. We have built a strong relationship with the better-rated corporate business house and continue to focus on gaining a higher share of the working capital business. In the SME segment, we have been cautious and focused on building relationships with highly rated SME customers. We want to diversify our portfolio with quality investment against hard collaterals. During the year, we further strengthened our systems and processes to ensure that we respond quickly to early warning signals in our portfolio.

During the year 2020, special attention has been paid in effort to increase SME and Retail investment portfolios to a considerable amount within the next two/three years. SJIBL strongly believes that the SME sector is one of the main driving forces of economic growth, having huge potential for socio-economic development. Furthermore, consumer banking also plays an important role in the economic activities of the country. The outstanding SME investment as of 31 December 2020 stood at Tk. 72,573 million and retail investment stood at Tk. 8,999 million.

One of the all-time top priorities of the Bank is to curb NPIs by maintaining quality assets and recovery of default investments. Investment monitoring and relationship management were streamlined further to regularize and reduce non-performing investments. Early Warning System (EWS) has been emphasized so that precautionary action can be taken against vulnerable assets. In this respect, the Investment Monitoring Department has been established. Above all, proper monitoring and a strong recovery drive from the branches and the Special Asset Management Division of the corporate office have been intensified to maintain the quality of the assets. As a result of collective efforts, NPI of the Bank reduced to Tk. 8,973 million from Tk. 9,687 million representing 4.57% of investment portfolio which was 4.91% in the previous year.

Risk management is an integral ingredient of internal governance involving all areas of operations of the Bank. It is an essential part of helping the Bank to grow and promote sustainability and resilience. Hence, SJIBL has developed a sound Risk Management Framework (RMF) so that the multifaceted risks assumed by the Bank are properly projected, assessed, monitored and addressed incessantly. Under the RMF and in accordance with the guidelines of Bangladesh Bank, the Risk Management Division (RMD) of the Bank monitors total activities in this regard. Based on observations and suggestions of RMD to the Senior Management, the Bank takes necessary measures and actions to restrict and reduce risk exposures, to absorb any unusual shock and financial stress towards the Bank.

Digital innovations are transforming economies and financial ecosystems worldwide. Customers are demanding banking that is simple, functional, reliable, and seamless. Hence, SJIBL has continued its operations towards digitization in terms of automation and system security adopting new technology across the Bank. Since its inception, the Bank has been providing online, real-time any-branch service. 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 interconnected through an Application Programming Interface (API).

COVID-19 has changed customer behavior and a game-changer for digital payment in Bangladesh due to the need for contactless payment. Although the pandemic has decreased trade and commerce throughout the country, the rise in digital payments indicates that more and more people have shifted to digital payment services for their business and day-to-day activities. There has been a considerable growth in the number of customers in both mobile financial services and internet banking. Digital financial services have penetrated the rural population too.

The Bank has been agile and responsive to the ever-changing situation. We have made good progress on our Digital Banking initiative started last year. SJIBL has already introduced app-based internet banking, 'SJIBL Net' to ensure customer services anytime-anywhere. It is expected that within a short span of time our valued customers will be able to open an account from anywhere using our 'e-Account' platform. All the technological and operational infrastructures have been put in place for this service to go live. New opportunities for digitalization abound as do new risks to data security and compliance. To safeguard the Bank's IT assets from cyber-attacks and fraudulent activities, we are taking all necessary precautionary measures to tackle the situation. We are also working on upgrading the current core banking solution to enhance our operational efficiency which will lead to a better customer experience.

The Bank has given the emphasis on alternate delivery channels to facilitate our customers round the clock transactions. In addition to 10,000 plus shared ATMs, the bank installed 110 own ATMs across the country, and the number is growing gradually. In 2019, following the concept of Wakalah, launched Shariah-based EMV Complied-Chip based Secured Dual Currency Credit Card to provide convenient and flexible banking services to the clients. Each cardholder can conduct anytime, anywhere cashless transaction through the credit card without any hassle. This unique card has discounts of various rates and EMI Facilities with a 0% Profit rate at selective merchants as well. Our Credit Card is attracting customers increasingly for its convenience and shariah compliance. In 2020, to serve our valued customers round the clock, we have launched a 24x7 'Call Centre' which is reachable at 16302. Through the Call Centre, we answer queries, listen to complaints and suggestions, fix immediate problems, provide product information round the clock.

Compliance and discipline have been injected into the core of the Bank's operations and value system, that are instrumental in creating the image of the Bank. The matter of compliance is looked after by our Internal Control & Compliance and Shariah Inspection Division. They are playing a pivotal role in ensuring regulatory and shariah compliance through their routine inspections. In 2020, all the branches were audited by both divisions. These audits do not only cover the assessment of financial transactions and operational activities of the branches but also minimized the cases of Shariah non-compliance, and consequently the doubtful income.

SJIBL is not only profit oriented, rather it believes in 3P philosophy, i.e., "People – Planet – Profit". With that understanding, SJIBL, through its Foundation, always extends cooperation and generously comes forward for serving humanity through different welfare activities giving due emphasis on health, habitat and education. Being a socially responsible corporate body, SJIBL continued its CSR activities throughout the year. During the year 2020, the Bank spent an amount of Tk, 323.48 million as CSR which covers involvement in charities, scholarship programs and different events for the overall betterment of the nation. Many more welfare activities and institutional development programs will be drawn in the future, Insha-Allah to the cause of serving the communities and the whole country.

During the lock-down phase implemented by the government, our branches were operational across the country. I am immensely proud of those who worked during the lock-down fearlessly from the branch and served the customers in their most difficult times. We have taken the health and safety measures for our employees and our customers very seriously. Since early March 2020, we have been preparing our response to COVID-19 which accelerated after receiving Bangladesh Bank instruction. Our "Quick Response Team" has taken adequate measures from time to time following the guidelines of the Director General of Health Department and World Health Organization. We have provided face masks, face shields, protective dresses for front desk officers and also adequate hand sanitizer for both employees and customers. We have disinfected the branch quickly whenever any employee of that branch is found infected. SJIBL has published guidelines on Corona Virus for its employees. Considering the safety of the employees, the Bank also arranged Oxygen cylinders to meet emergency purposes. Our Medical Officer provided medical advice round the clock during the high time of COVID-19. The senior management team maintained regular contact with the employees to boost morale in case of infection. Health insurance proves to be immensely helpful during the difficult period of COVID-19.

The Bank achieved several prestigious awards from national and international reputed organizations during 2020. Among the awards, GIFA international awards are the most prestigious global awards in the field of Islamic banking. Global Good Governance (3G) Excellence in Sustainable Practices Award-2020 and Global Good Governance (3G) Green Champion Award-2020 have been conferred by GIFA to Shahjalal Islami Bank Limited. SJIBL was also recognized as the best Islamic Bank, Bangladesh for 2018 & 2019 by World Finance. International Finance Magazine, UK has awarded SJIBL for Best Islamic Card-Bangladesh 2020. The Bank was also awarded the Joint First Runner Up prize by SAFA for "Best Presented Annual Report 2019" under Private Sector Banks where all commercial Banks from the SARRC region competed. CEO of the Bank has been awarded Islamic Finance Personality of 2020 by GIFA.

In Bangladesh, SJIBL was awarded the joint 2nd prize in 20th ICAB National Award for Best Presented Annual Report 2019

under the category 'Private Sector Banks' and also awarded the Silver (2nd) prize in 7th ICSB National Award for Corporate Governance Excellence, 2019. The Bank was also awarded the Silver (2nd) prize in ICMAB Best Corporate Award-2019 under 'Private Commercial Bank (Islamic Operation)' Category. The Bank also received SME award from Bangladesh Bank, the central Bank of the country.

The awards achieved by SJIBL locally and internationally are a testament to the strong management, sound business model, shariah compliance, transparency in reporting, service excellence, risk management, and approach to modern banking. We are deeply honored to be recognized for our efforts towards driving the growth of Islamic Finance in Bangladesh. This recognition is very meaningful to every one of our employees.

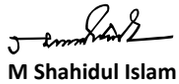
We know our goals and roles; we have our innate strengths, watchful eyes, team spirit and dedication to reach the pinnacle of progress in the banking sector keeping the Bank's vision and mission in mind. I do appreciate the continued support of our stakeholders and assure them that management will take all the necessary steps and put in efforts not only to meet but also to exceed their aspirations. We are passionately committed to making the Bank the best it can be. Throughout the year, we have maintained the highest quality standards for our customers. We have an experienced professional team that can respond to challenges. We have the talent, the vision and the conviction to rise to the occasion of the Bank.

Acknowledgement

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

I would like to take this opportunity to thank the shareholders for the trust they have reposed in the Bank. I am also grateful to Bangladesh Bank and Securities and Exchange Commission for their continued support and guidance on policy and operational matters which enhanced the professional capabilities of the Bank. The loyalty of the customers has been very encouraging during the lock-down and uncertainty caused by Covid-19. I thank them for the confidence they continue to place in us. I would like to thank all my colleagues for their spirit and determination they have shown during the difficult times of COVID-19.

In 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 a glorious success of the Bank in the days to come.



M Shahidul Islam
Managing Director & CEO

REPORT OF THE BOARD OF DIRECTORS

In the name of Allah

The Most Gracious, the Most Merciful

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

The Board of Directors is pleased to welcome you all to the 20th Annual General Meeting (AGM) of Shahjalal Islami Bank Limited. 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 2020. 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.

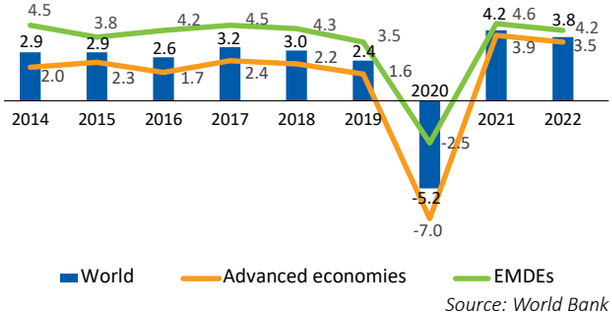
World Economy

COVID-19 caused a global recession whose depth was surpassed only by the two World Wars and the Great Depression in the past century and a half. Although global economic activity is growing again, it is not likely to return to business as usual in the foreseeable future. The pandemic has caused a severe loss of life, is tipping millions into extreme poverty, and is expected to inflict lasting scars that push activity and income well below their pre-pandemic trend for a prolonged period.

The incipient recovery was supported by a partial easing of stringent lock-downs. Various restrictive measures have been reintroduced, however, as COVID-19 has continued to spread around the world. Some areas have experienced a sharp resurgence of infections, and daily new cases remain high. That said, there has been substantial progress in the development of effective vaccines, and inoculation has begun in some countries. A more general rollout in advanced economies and major emerging market and developing economies (EMDEs) is expected to proceed early this year. Most other EMDEs, however, face greater constraints in vaccine procurement and distribution. Until vaccines are widely distributed, effective containment strategies to limit the spread of COVID-19 remain critical.

In all, the global economy is estimated to have contracted 4.3 percent in 2020 In advanced economies, the initial contraction was less severe than anticipated, but the ensuing recovery has been dampened by a substantial resurgence of COVID-19 cases. Meanwhile, output in China is estimated to have rebounded last year at a faster-than-expected clip, with particular support from infrastructure spending. China's strength was an exception, however, and disruptions from the pandemic in the majority of other EMDEs were more severe than previously envisioned, resulting in deeper recessions and slower recoveries, especially in countries with recent large COVID-19 outbreaks.

Global Growth



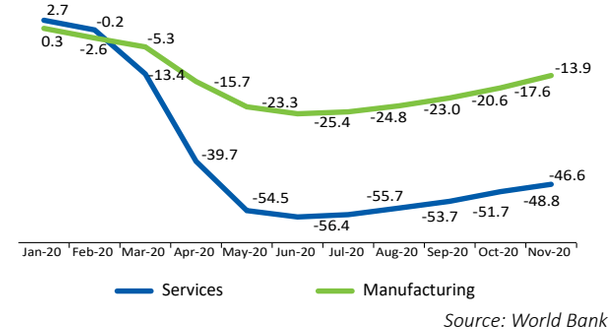
Source: World Bank

Prospects for the global economy are uncertain, and several growth outcomes are possible. In the baseline forecast, global GDP is expected to expand 4 percent in 2021, predicated on proper pandemic management and effective vaccination limiting the community spread of COVID-19 in many countries, as well as continued monetary policy accommodation accompanied by diminishing fiscal support.

Global Trade

Global trade collapsed last year as border closures and supply disruptions interrupted the international provision of goods and services. Goods trade fell more rapidly and recovered more swiftly than during the global financial crisis, while services trade remains depressed. Relative strength in manufacturing, alongside persistent weakness in services, reflects the unusual nature of the recession, which has shifted consumption patterns toward goods and away from services requiring face-to-face interactions. The recovery in global merchandise trade has also benefited from the resilience of global value chains to supply disruptions.

Global Trade Deviation



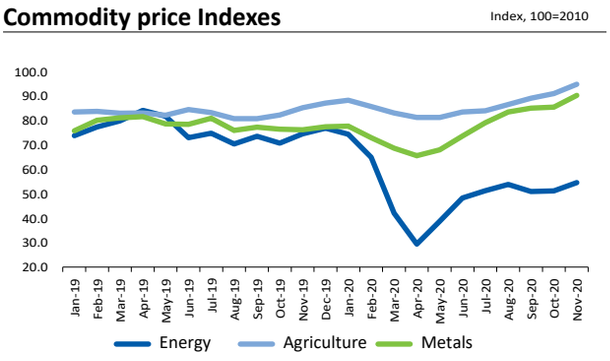
Source: World Bank

Global Commodity Market

Most commodity prices rebounded in the second half of last year; however, the pickup in oil prices lagged the broader recovery in commodity prices due to the prolonged impact of the pandemic on global oil demand. Crude oil prices averaged $41/bbl in 2020, a 34 percent fall from 2019. Oil demand fell 9 percent last year—the steepest one-year decline on record—as a result of pandemic-control measures and the associated plunge in global demand, Oil prices are forecast to remain close to current levels and average $44/bbl in 2021 before rising to $50/bbl in 2022. Base metal prices were, on net, broadly flat in 2020, Prices are expected to increase 5 percent in 2021 alongside the expected rebound

in global demand. Agricultural prices rose 4 percent in 2020, largely driven by supply shortfalls and stronger-than-expected demand in edible oils and meals. Agricultural prices are forecast to see a further modest increase in 2021.

Commodity price Indexes



Source: World Bank

Global Financial Market

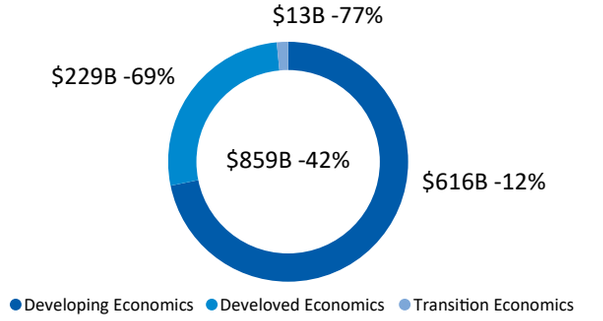
Aggressive policy actions by central banks kept the global financial system from falling into crisis last year. Financial conditions are generally loose, as suggested by low borrowing costs, abundant credit issuance, and a recovery in equity market valuations amid positive news about vaccine development. This masks rising underlying vulnerabilities, however, including rising debt levels and weakening bank balance sheets. Banks' capital buffers are under pressure due to falling profitability and asset quality deterioration. Defaults have already surged in the hardest-hit sectors and countries, and rising credit downgrades point to further strains in the future.

Global Foreign Direct Investment

Global foreign direct investment (FDI) collapsed in 2020, falling 42% from $1.5 trillion in 2019 to an estimated $859 billion, according to UNCTAD. Such a low level was last seen in the 1990s and is more than 30% below the investment trough that followed the 2008-2009 global financial crisis. Despite projections for the global economy to recover in 2021 – albeit hesitant and uneven – UNCTAD expects FDI flows to remain weak due to uncertainty over the evolution of the COVID-19 pandemic.

The organization had projected a 5-10% FDI slide in 2021 in last year's World Investment Report.

Global FDI in 2020



Source: UNCTAD

Risks to the Outlook

Although global activity is projected to recover as the pandemic is gradually brought under control, it is not expected to return to its pre-crisis trend. The baseline forecast is subject to several risks. The spread of the pandemic could accelerate, particularly if the vaccination process is delayed, and economic weakness and impaired banking systems may lead to financial crises. In the medium term, the crisis may lower global potential output as a result of lasting damage to health, education, and balance sheets.

Bangladesh Economy

Bangladesh - just like the rest of the world has and more so as an emerging economy - faced tough challenges - often having to choose between saving lives and preserving livelihoods. Prior to the outbreak of the pandemic in 2020, the Bangladesh economy was somewhat under stress due to the weak performance of a few economic indicators such as exports, imports, private investment, foreign direct investment, and revenue mobilization. Like all other economies, Bangladesh has experienced pressure due to the disruption in economic activities during the pandemic. Both domestic and global demand contracted. As our economy is now integrated with the global economy, a downward trend was observed in case of exports, outflow of Bangladeshi migrants for work, and foreign investment. On the domestic front, depressed domestic demand has been reflected through low investment. Credit flow to the private sector and import of capital machinery had been low. Job losses by a large number of people had also reduced demand. All these had an impact on growth which was on an increasing trend during the last decade. Thus, in fiscal year 2020, the growth of gross domestic product (GDP) was 5.2 percent as opposed to 8.2 percent, which the government projected originally. Several studies have indicated that low growth and slower economic activities had a knock-on effect on poverty, unemployment, education, inequality and many social aspects.

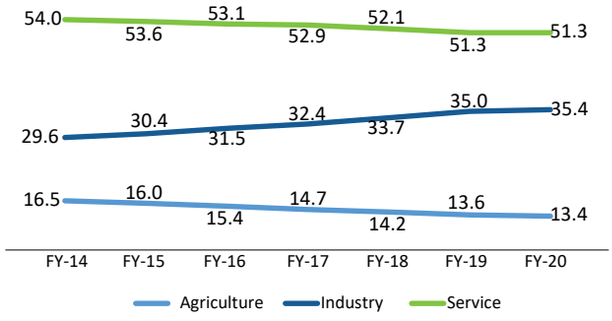
Bangladesh economy faced Covid-19 pandemic-induced challenges in every economic sector. In this backdrop , the government of Bangladesh and Bangladesh Bank took a series of timely and appropriate initiatives such as stimulus packages of more than BDT 1.21 trillion, policy relaxations, low cost refinance schemes, etc., among others, to support weaker segments of the economy and to ensure sufficient liquidity in the banking system. Due to government efforts combined with the hard work of the people, the Bangladesh economy has been less affected compared to other countries during the pandemic. Aided by those prompt policy initiatives, the economic recovery of Bangladesh remained at the forefront among the neighboring South Asian economies and attained a 5.2 percent growth rate.

Agricultural Sector

The agriculture sector maintained solid growth even amid the COVID period on the back of the healthy production of most of the cereal and non-cereal crops aided by the timely availability of inputs, favorable weather conditions at the time of cultivation and harvesting. Out of the three main sectors of the economy, agriculture emerged as the least affected. With few cases of the virus outbreak in rural areas, activities in agriculture and related sub-sectors (livestock, fisheries etc.,) remained, more or less, uninterrupted. A problem arose at the time of harvest of Boro crops for lack of labors and impending flood. Timely availability of inputs, benign weather conditions during cultivation and harvesting periods favoured satisfactory

crop production. Meanwhile, the stimulus packages announced by the government to disburse credit at low cost among the affected farmers for mitigating the repercussion of the pandemic would likely to cushion the agriculture sector from further spill-over effects.

Sector wise GDP Contribution in %



Source: Bangladesh Bank

Industrial Sector

While the industry sector had been contributing to GDP with double-digit growth rates since FY16, the growth rate in this sector sharply came down to 6.48 percent in FY20. The industry sector decelerated to low but positive growth rates during the first three quarters of FY20, while the growth of the industry sector fell to a negative territory reflected in the growth of Quantum Index of Industrial Production (-14.98 percent) during Q4FY20. Mostly manufacturing sector led by wearing apparel, textile, pharmaceuticals, non-metallic mineral product, leather and related products and chemical production spurred the QIIP. Besides, service sector related activities also climbed out from their pandemic depths. Cargo handled through Chattogram port started increasing sharply after May 2020 and came back to the pre-pandemic level in November 2020 . Private sector credit growth in trade and commerce and consumer finance increased significantly during the first quarter of FY21.

Service Sector

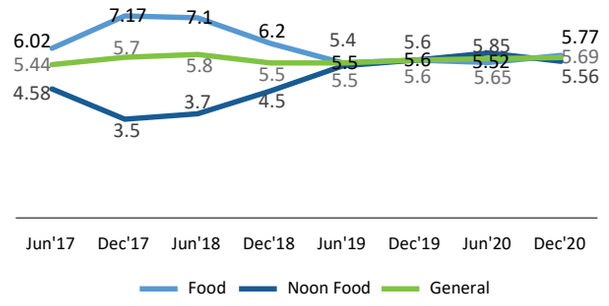
The service sector, which also impacted by the pandemic but grew by 5.32 percent in FY20 against 6.78 percent in FY19 as most of the leading sub-sector activities such as wholesale and retail trade activities, transport, storage and communication, financial intermediation, education, real estate, renting and business activities waned due to lock-down measures.

Inflation

CPI inflation became some sort of unstable after the detection of the first COVID patient in Bangladesh in March 2020 and gradually increased to 6.44 percent in October 2020, but then started to decrease to 5.52 percent in November 2020 which came down further to 5.29 percent in December 2020 though average inflation rose to a three-year high of 5.69 per cent in the concluded calendar year. The recent increase in inflation until October 2020 was mainly driven by an increase in food inflation. On the other hand, non-food inflation remained low during the coronavirus pandemic due mainly to subdued domestic demand.

In rural areas price was down in December at 5.28 per cent where Food inflation dropped to 5.60 per cent, and non-food inflation rose to 4.67 per cent. Urban inflation declined to 5.31 per cent, led by fall in food inflation, which stood at 4.77 per cent where non-food inflation in the urban areas rose to 5.93 per cent in December. The government has set a 5.4 per cent inflation target in the current fiscal year.

Twelve Months Average Inflation Rate In %



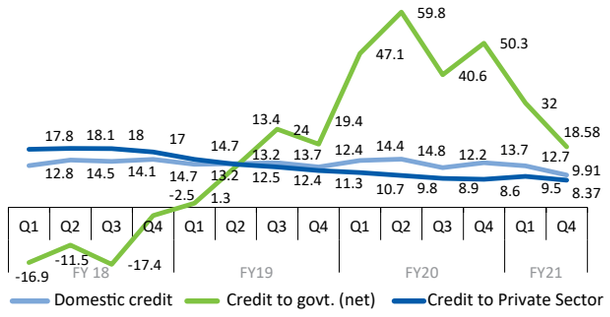
Source: Bangladesh Bank

Money Supply and Credit Growth

To accommodate the government's supportive policies and implement stimulus packages in view of cushioning the economy against the adversities of COVD-19 pandemic, Bangladesh Bank (BB) set an expansionary monetary policy for FY21. BB made the policy relaxations through slashing the policy rates including repo rate, reverse repo rate, cash reserve ratio (CRR), and bank rate to ensure adequate finance at a lower cost to the priority and productive sectors, particularly in agriculture; cottage, micro, small and medium enterprises (CMSMEs), and manufacturing industries, among others, without impairing price stability. The expansionary policy stance set broad money (M2) growth target at 14.00 and 15.60 percent for December 2020 and June 2021, respectively .

Broad money (M2) grew by 13.99 percent (y/y) at the end of November 2020, supported by a strong pickup in the net foreign asset (NFA) Amid the COVID-19 pandemic induced by global economic slowdown, net foreign asset (NFA) registered 27.75 percent growth (y/y) in Nov'20, aided mostly by a strong surge of inflows of remittance by 48.54 percent and foreign loans by 53.72 percent. Despite a high growth of credit to the public sector, the slower growth of credit to the private credit pulled down the growth of net domestic asset (NDA) to 10.56 percent at the end of November 2020 from 14.02 percent at the end of June 2020. On the back of a large inflow of foreign loans and a rise in the borrowing through selling of national saving certificates, the growth of credit to the public sector moderated somewhat; nonetheless it remained as high as 18.58 percent at the end of December, 2020, reflecting government's lower than expected revenue collection in the pandemic period. Although the growth of credit to the private sector started picking up with BB's policy supports and implementing government's stimulus package aimed at faster growth recovery of the economy, it still remained as low as 8.37 percent at the end of December, 2020 against the target of 11.50 percent and 14.80 percent for December 2020 and June 2021, respectively . In the period ahead, the growth path of credit to the private sector will recover with an expectation that intensity of the effects COVID-19 would be lesser in the second wave and the vaccine would be available to a larger coverage.

Growth of Credit in %



Source: Bangladesh Bank

Foreign Direct Investment

Bangladesh Bank statistics, however, showed that the net inflow of FDI in the country declined by 19.50 per cent in the first nine months (January-September) of 2020 and stood at around $1.74 billion. The amount was $2.15 billion in the same period of 2019. The annual net inflow of FDI in 2019 in Bangladesh was recorded at $2.87 billion, which was 20.46 per cent lower than $3.61 billion in 2018. FDI in Bangladesh is mostly domestic market-oriented like telecommunications, energy and financial services. The export-oriented investment is also there, but that declined due to slump in global demand.

FDI through equity or fresh capital injection declined by around 22 per cent during the first nine months of 2020. At the same time, FDI through intra-company loans recorded a big drop of 74 percent.

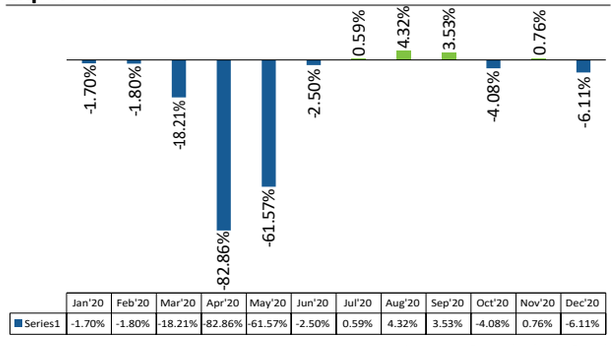
Fiscal Management

The fiscal position markedly slipped from its normal trend during Q4FY20 owing to COVID-19 related economic slowdown triggered by a government declared lock-down for two months that shut down economic activities across all sectors of the economy. The weak revenue collection and additional expenditure for health and cash transfer for coping with COVID-19 pandemic increased fiscal deficit. About 70 percent of deficit financing was met from domestic sources. During FY20, total revenue collection decreased by 2.4 percent (y/y) to BDT 2512.0 billion (9.0 percent of GDP) and 72.2 percent of annual revised budget target for FY20. Budget deficit, as percent of GDP, rose to 4.9 percent in FY20 from 4.5 percent in FY19 because of slower revenue collection against higher expenditure, below the revised budget target of 5.5 percent of GDP. In FY20, total expenditure rose by 4.3 percent (y/y) to BDT 3876.4 billion (13.9 percent of GDP) and 77.3 percent of the annual revised budget target for FY20. In FY20, about 60 percent deficit financing was met from domestic sources which mostly came from the banking sector.

Export

For many, 2020 has been a year of despair. The unprecedented effects of Covid-19 have jolted economies and supply chains worldwide with Bangladesh being no exception. In the financial year 2019-20, there was a very high negative growth in exports (17 percent) which was unprecedented in the recent history of Bangladesh and as a major player in the garments sector, Bangladesh has been severely affected by the coronavirus fallout. Primarily, the supply of raw materials to local garment factories was disrupted when China—Bangladesh's main source for such goods—halted all shipments between March and April due to the coronavirus outbreak. Overall, Earnings from the apparel shipment, which typically contributes 84 per cent to the national exports, witnessed an unprecedented 16.94 per cent year-on-year decline in 2020. Earnings from the shipment of leather and leather products, the second-largest foreign currency earning sector, slid 6.24 per cent to $446.13 million in H1FY21. Jute and jute goods fetched 30.56 per cent higher at $668.11 million. Export of home textile, bicycle, agricultural products and pharmaceuticals grew in the first half of the fiscal year. Frozen and live fish export declined by 3.71 per cent to $279.72 million.

Export Growth in %



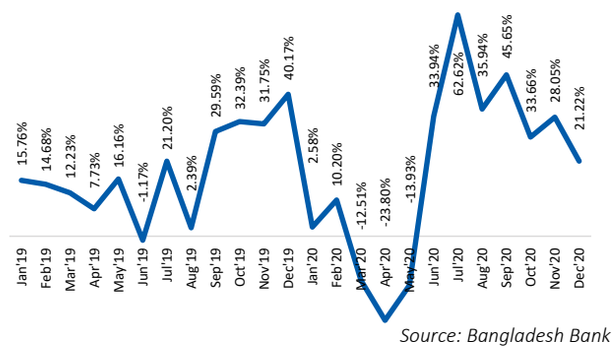
Source: Bangladesh Bank

Remittance

Bangladesh is the world's 6th largest manpower exporting country but it ranks 9th in terms of receiving remittances. Officially recorded inflows classified under worker's remittances have increased by more than 38 per cent in the first half of FY21 which is the highest ever in Bangladesh's history. The remarkable growth in remittance inflows mostly came from the Gulf region which accounted for 57 percent share of total inflows. This has happened at a time when the number of workers going abroad has declined by almost 75 per cent.

New workers going out of Bangladesh for work abroad has stopped after February 2020 and has not reopened as of now. At the same time, because of the collapse in petroleum prices and the pandemic induced recession, most oil exporting gulf countries and some others have sent back 300,000-400,000 workers from those countries. Various government policy measures such as relaxation of conditions for incentives including an extension of document submission time from 15 days to 2 months and a pandemic-induced slump in transactions through informal channels supported to strong remittance growth.

Remittance Growth Rate in %

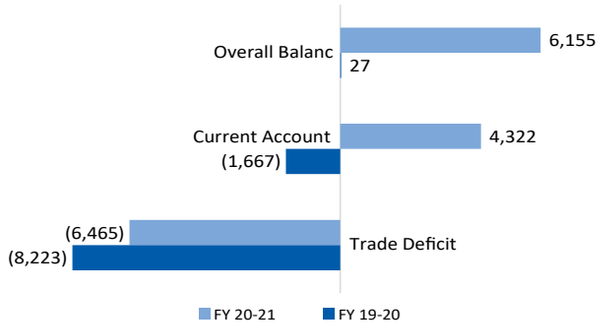


Source: Bangladesh Bank

Import

The Covid-19 induced economic crisis has affected the export and import of Bangladesh by large margins. The economic crisis has been exacerbated by the closure or limited operation of businesses during the lock-down at home and abroad. From July to December of FY 2020-2021 imports declined 6.8 per cent from that a year earlier to $25.22 billion. The economic meltdown brought on by the coronavirus pandemic has adversely affected the domestic demand, bringing down import payments. The falling import of capital machinery and industrial raw materials indicated that investment in the private sector is feeble. Capital machinery import stood at $ 1.5 billion in the first half of 2020-21, down 29.17 per cent from a year ago. This means businesses are reluctant to set up new plants or expand their existing ones. Import of intermediate goods, including industrial raw materials, dipped 8.8 per cent to $15.33 billion, in a sign of lower production than the pre-pandemic period.

Balance of Payments (USD in Million)



Source: Bangladesh Bank

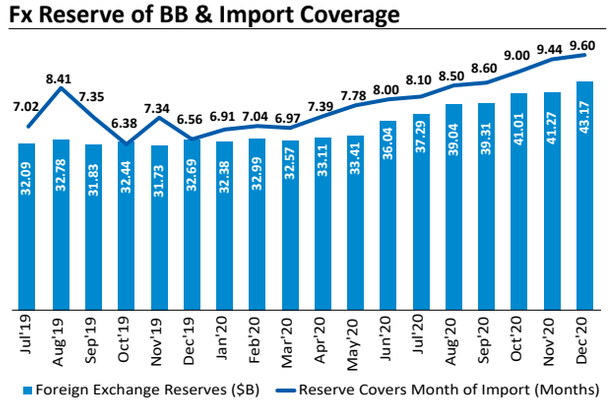
Balance of Payments

The trade deficit shrank heavily in the first half of the ongoing fiscal year because of dwindling imports amid the economic slowdown, in a sign of depressed demand and consumption. Between July and December, the trade deficit, which occurs when imports outweigh exports, stood at $6.46 billion, down 21.37 per cent year-on-year. During the period, imports declined 6.8 per cent from that a year earlier to $25.22 billion, eclipsing a 0.44 per cent fall in exports to $18.76 billion. Current account balance, one of the major indicators of the balance of payments (BoP), stood at $4.32 billion in the July-December period in contrast to a deficit of $1.66 billion a year ago. The lower imports and an increase in remittances have widened the current account. The overall balance was $6.15 billion in the first six months of the fiscal year in comparison to $27 million a year earlier. The stronger current account balance and the loans from multilateral lenders helped boost the overall balance of the BoP.

Foreign Exchange Reserve

Due to the ongoing surge in the officially measured inflow of workers' remittances and the decline in import payments associated with economic slowdown, the external current account of the balance of payments (BOP) recorded large surpluses and foreign exchange reserves of BB increased by more than $11 billion to more than $43 billion by end-December 2020. The current foreign exchange reserves (less ACU liability) is sufficient to pay import liability of 9 months; considering the average of the previous 12 months import payments.

Fx Reserve of BB & Import Coverage

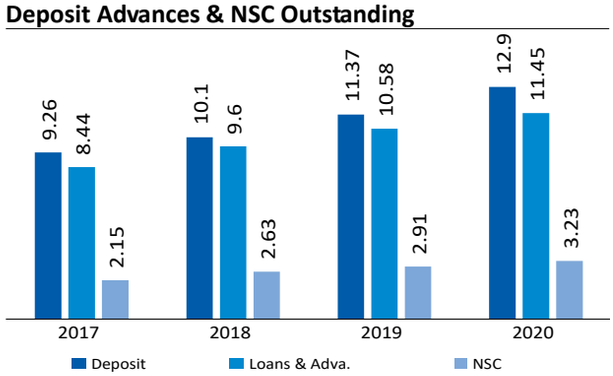


Banking Sector:

Digital services in the financial sector are slowly expanding. The Covid-19 pandemic has added momentum to them. Private banks have scaled up their digital services during the pandemic. As part of digitization, each bank has to launch e-KYC system by December 2021. The first three quarters of 2020 saw U$ 65 Bn+ transaction with 72% of the market dominated by mobile banking. With 96Mn Registered users and U$ 202Mn daily MFS transactions, digital transactions will unlock the digital commerce industry's potentials.

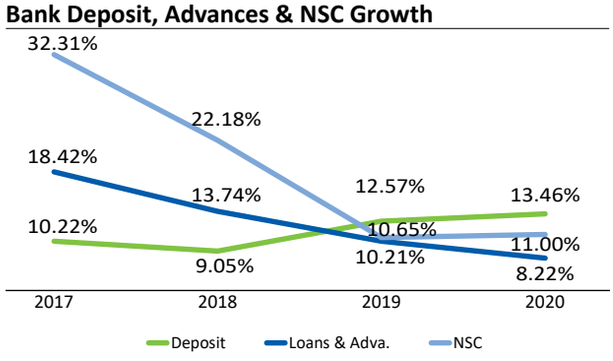
These policy relaxations had a significant impact on liquidity in the banking system. The ratio of total liquid asset to total demand and time liabilities (TDTL) increased to 27.52 percent in Q1FY21 as compared to 23.5 percent Q3FY20 . Similarly, liquid asset excess of SLR to TDTL rose to 12.55 percent from 6.9 percent at the same period.

Deposit Advances & NSC Outstanding



Source: Bangladesh Bank

Bank Deposit, Advances & NSC Growth



Government Stimulus Package Implementations

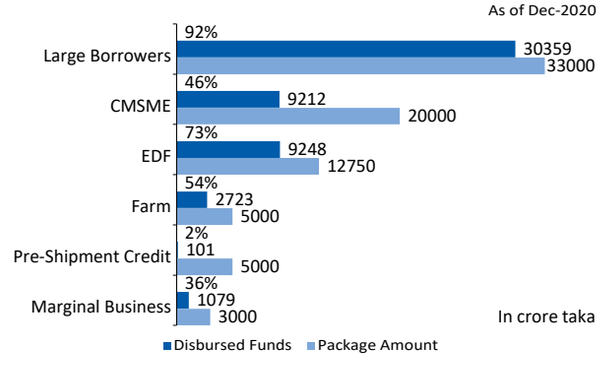
Since March, the government has unveiled 21 stimulus packages involving more than Tk 120,000 crore, which is about 4.5 per cent of the GDP of Bangladesh.

Businesses are experiencing an uneven recovery from the pandemic-induced slowdown as larger firms are bouncing back strongly thanks to the easy access to the stimulus packages while the smaller ones are still mired in the crisis. The large industrial and service sectors have made as much as 80-90 per cent recovery compared to the pre-pandemic level. It is only 30-40 per cent for small and medium enterprises.

The central bank initiated the stimulus package of Tk 20,000 crore in April, 2020 dedicated to the cottage, micro, small and medium enterprise (CMSME) sector. Forty-six per cent of the fund was given out as of December 2020. A large number of CMSMEs are unable to provide documents to banks where as much as 92 per cent of the Tk 33,000-crore package for the large industries and the service sectors was approved by lenders as of December.

The businesses in the agriculture sector have not managed adequate loans from the stimulus fund as well. As of December 15, 2020 banks disbursed 56 per cent of Tk 5,000-crore stimulus package for the farming sector. The implementation of the Export Development Fund has got momentum as Tk 9,248 crore has been distributed against the package amount of Tk 12,750 crore as of December 22,2020, Large industries usually get credit support from the facility.

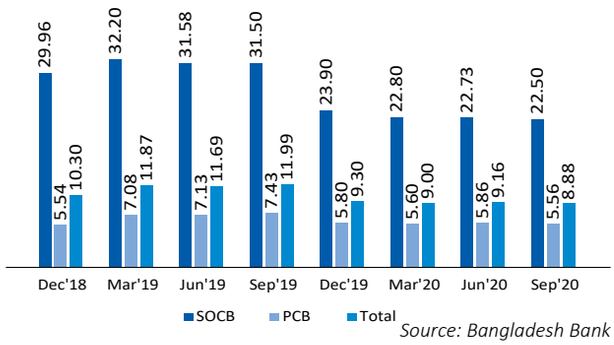
Implementation of Major Stimulus Package Run By BB



Non-performing Loans (NPLs) Status

Default loans went down in 2020 on the back of a general forbearance on loan payments. The overall NPL ratio of the banking industry reduced to 7.66 percent as of December,2020 from 9.16 percent in December,2019, mainly attributed to the loan moratorium facility continued by the Bangladesh Bank. Non-performing loans (NPLs) stood at Tk 88,734 crore as of December, down 5.93 per cent year-on-year, showed data from Bangladesh Bank. The central bank unveiled a moratorium facility for 2020 to insulate borrowers from the economic hardship caused by the coronavirus pandemic, in a move that reined in the escalation of defaulted loans and brought them down. The gross NPL ratio for SCBs dropped to 19.16 percent in Dec,2020 from 22.73 percent in Dec, 2019. Similarly, the gross NPL ratio for PCBs stood at 5.56 percent in Q1FY21, declined by 0.30 percentage points from the preceding quarter.

NPL Movement in %

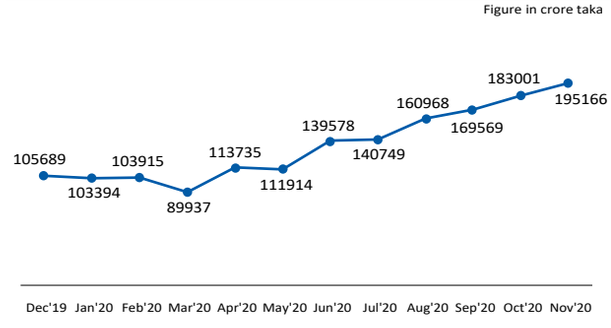


Source: Bangladesh Bank

Banking Sector Liquidity Condition

The policy relaxations by Bangladesh Bank and low-cost refinancing lines of credit along with the government's big stimulus packages to support economic activities had already injected a big liquidity in the economy where High foreign currency inflow through remittances amid low import expenditures mainly shot up excess liquidity. The central bank purchased $5 billion, worth Tk 46,563 crore, in the first six months of the current fiscal year – which was nearly seven times higher than its purchases in the entirety of Fiscal Year 2019-2020. The government, for the first time, allowed the investment of black money in the banks to ease liquidity pressure, help implement the stimulus package and support high bank borrowing.

Excess Liquidity Trend in Banking Sector



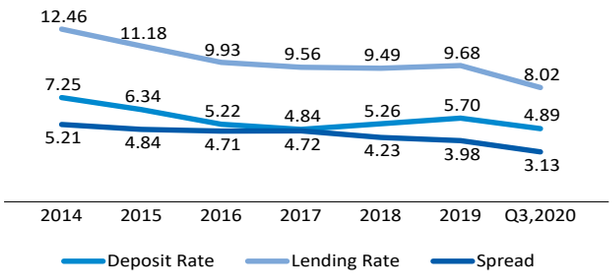
Interest (Profit) Rate Outlook

While sufficient liquidity in the banking system to be aligned with the government's effort of implementing stimulus packages to revive the economy from the COVID-19 fallout is critical, the BB cut its cash reserve ratio (CRR) by 150 basis points from 5.50 to 4.00 percent in two steps during March – April 2020. Moreover, BB reduced the bank rate from 5.00 to 4.00 percent in July 2020, which had been remained unchanged at 5.00 percent since 2003, rationalizing it with the current interest rate regime. The BB also slashed its repo from 6.00 to 4.75 percent in three steps during March - July 2020, aiming at easy access for the banks to lend more credit to the priority sectors during the pandemic period. Consequently, the interest rate in the call money market and interbank repo rate continued to decline from 5.14 and 5.96 percent in March 2020 to 2.00 and 0.70 percent respectively in November 2020.

Weighted average interest rates in the retail market also witnessed a significant decline both in lending and depositing, following the ceiling of 9.0 percent lending rate cap effective from 1 April 2020. Weighted average lending and deposit rates

decreased from 5.51 and 9.58 percent in March 2020 to 4.64 and 7.62 percent in November 2020, respectively. The rise in the liquidity in the banking system, amid COVID-19 driven by a weak credit demand, led to a sharper fall in the interest rates on lending, which, in turn, induced to lower the cost of funds by the way of lowering the interest rate on deposit.

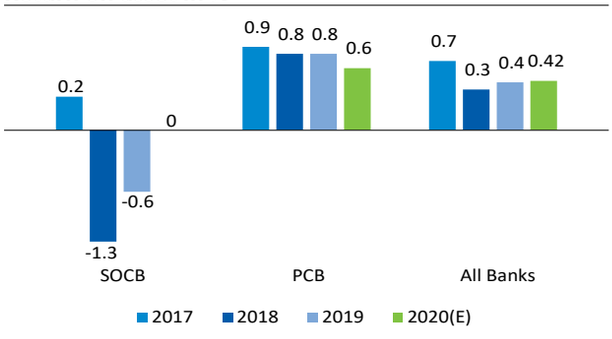
Weighted Deposit, Advance & Spread rate in %



Banks Profitability

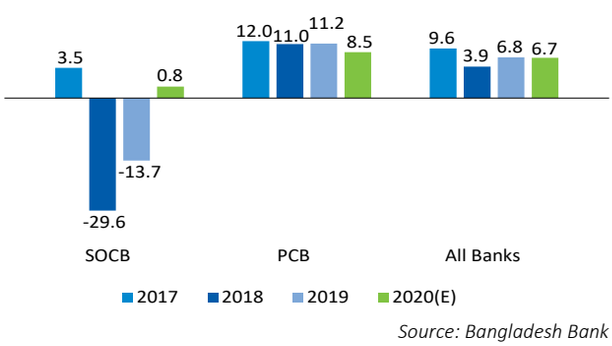
Total operating profits in the banking sector declined by only 7.16% last year from the previous year when industry insiders had assumed that the 9% lending rate cap will erode profits significantly. In 2019, the operating profit growth was 7%. Although operating profits declined, net profits in 2020 were expected to surge significantly because of lower provision requirements, thanks to the loan classification suspension facility offered for January-December of the year considering the pandemic situation. High returns from investment in government treasury bills and bonds largely contributed to earnings when the private sector credit growth was depressed throughout the year, hovering between 8% and 9%. Banks had to spend only Tk.2,500 crore in an additional provision as a cost for payment deferral of borrowers.

Return on asset in %



Source: Bangladesh Bank

Reurn on Equity in %



Source: Bangladesh Bank

Banking Sector Outlook

It was feared that the banking sector would face a double-whammy, stemming from Covid-19 and lending rate cap. But what the end of 2020 shows is different picture with two major performance indicators – profitability and loan recovery – being far better than expected. Though NPL's decline was driven by the loan moratorium and the prohibition on banks downgrading loans until December 2020, which delayed the recognition of NPL. Non-performing loans would increase in the coming quarters because of the expiration of credit moratorium period and weakening of the repayment capacity of borrowers as a result of the coronavirus shock.

Low private sector credit growth and high investment in government bills and bonds took excess liquidity in the banking sector to above Tk 2 lakh crore in December last year, the highest in the history.

The real challenge will be this year as payment holiday has been lifted. The depressed private sector credit growth is another big challenge because banks could not lend even at 5% as businessmen have cash in hand due to one-year payment deferral.

The COVID-19 pandemic has ironically brought about a revolution in digital banking as banks are quickly adopting technology-based products, thereby allowing customers to access banking services remotely. Use of both credit and debit cards hit an all-time high in December as people continued to fulfill their demand using the digital means. Digital loan(Investment) is one such product that will give customers a first-time experience in the country of processing loans through their bKash app, reflecting how technology has been taking over the banking industry. In 2020 Bangladeshi banking sector has experienced first block chain-based cross-border remittance service, the pandemic has given a further push to cashless transaction as people from all walks of life are increasingly embracing the different digital financial payment tools to avoid cash in order to keep the coronavirus at bay.

Bangladesh Economic Outlook 2021

Even in the corona crisis, the Bangladesh economy is growing much faster than in other parts of the region. It presents itself to international entrepreneurs as the best in its class: The International Monetary Fund (IMF) expects an economic growth of 3.8% in Bangladesh for the crisis year 2020 – by far the highest value in the whole of Asia.

Looking forward, the government has set a 7.4 percent real GDP growth target for FY21 weighing on the rebound in the economic situation aided by continued policy initiatives such as stimulus packages, low cost refinance schemes, and policy relaxations, among others. Bangladesh economy has recovered faster as reflected in sector-wise performance for the first quarter of FY21 amid a dreadful situation as the pandemic continues. The growth targets indicate that growth will recover at a faster pace in FY21 and will increase gradually . The economy is likely to maintain the targeted growth path with an expectation that a second wave of the pandemic would not harm the economy seriously. Besides, an advanced stage of vaccine development would have a positive impact on the global as well as domestic economy.

We hope Bangladesh Bank will continue with expansionary monetary policy stance during the year 2021. The government has already cut its GDP growth projection at 7.40 per cent from its earlier projection of 8.20 per cent for the FY'21 mainly due to the ongoing Covid-19 pandemic. We predict credit to the public sector particularly the government borrowing from the banking sector is likely to decline in the year 2021 while the private sector credit growth is expected to pick up in the coming months as the launch of coronavirus vaccination is set to contain the spread of deadly virus in the country, thus boosting the peoples' confidence in economic activities.

Against all the odds 2021 ushers in with a lot of expectations. The Covid-19 pandemic which engulfed our economic and social lives in every possible manner in 2020 is expected to be brought under control as hopes are high with the approval of vaccinations developed by a number of companies.

A GENERAL REVIEW OF THE PERFORMANCE OF SHAHJALAL ISLAMI BANK LIMITED

After remaining buoyant in the FY19, economic activities drastically suffered, in FY20, particularly in the industry and service sectors, disrupted by an unprecedented lockdown measures to limit the outbreak of COVID-19 pandemic. During this FY20, industrial production dropped significantly, driven mostly by an abrupt fall in manufacturing output, while the service sector activities were held up by the partial and often complete shutdown of transportation, trade, and hospitality industries. The agriculture sector however maintained firm growth during this period, aided by supportive government initiatives. Nonetheless, the real GDP growth slided to 5.24 percent in FY20 from 8.15 percent in FY19.

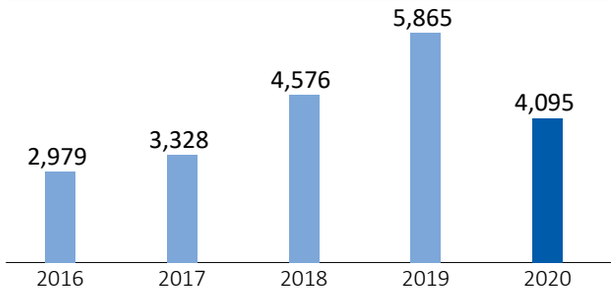
Due to the outbreak of COVID 19 pandemic private sector credit growth reduced significantly to 8.37% in 2020 from 10.23% of 2019. The realization of loan reduced substantially. Moreover, interest rate cap introduced by Bangladesh Bank also impacted heavily the interest income of banking sector of Bangladesh. Accordingly, the Banks are obliged to reduce interest rate of deposit products. The indicators of the banking sector exhibited a mixed performance at the end of FY20, as reflected by the rising non-performing loans (NPLs), decreasing interest income, and the improvement of liquidity conditions, stable capital adequacy, and moderate provision maintenance.

Despite huge challenges faced by the Banking sector, Shahjalal Islami Bank Limited passed another year of consolidation and compliance. The operating profit stood at Tk.4,094.81 million, net profit after tax reached to Tk. 1,908.20 million, return on average equity was 11.08 percent, Earnings per Share (EPS) stood at Tk.1.95. Non- performing investments (NPI) ratio was 4.57 percent. Capital to Risk-Weighted Assets Ratio of the Bank was 14.19 percent. The total deposit was Tk. 218,442.95 million and the bank invested Tk. 196,512.65 million as of 31 December 2020. Export was Tk.133,580.11 million and import was Tk.148,469.29 million during the year under review.

Operating Profit

The operating profit of the Bank has reduced during the year 2020 due to the outbreak of COVID 19 pandemic and profit (interest) rate cap introduced by Bangladesh Bank. Operating profit decreased by 30.18% from Taka 5,865.13 million to Taka 4,094.81 million in 2020 and net profit after tax increased by 11.05% from Taka 1,718.30 million to Taka 1,908.20 million in 2020.

Operating Profit (Taka in million)



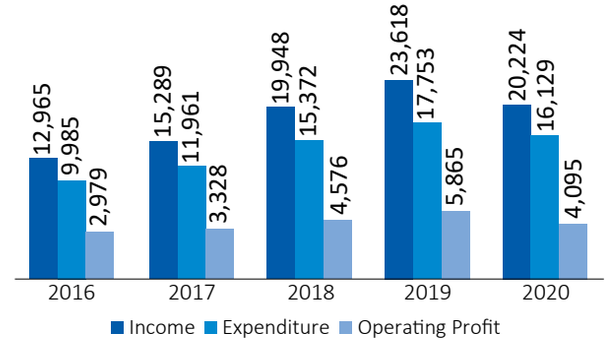
A summary of operating result of the bank as on 31 December 2020 and 31 December 2019 is shown below:

Taka in million

Particulars	2020	2019
Total Income	20,223.92	23,618.31
Less: Total Expenditure	16,129.11	17,753.18
Net Profit before Provision & Taxation	4,094.81	5,865.13
Less: Provision for Investment, Off Balance Sheets Items, Shares & others	451.39	1,970.98
Net profit before Taxation	3,643.42	3,894.15
Less: Provision for Taxation	1,735.22	2,175.85
Net Profit after Tax	1,908.20	1,718.30

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

Operating Result (Taka in million)

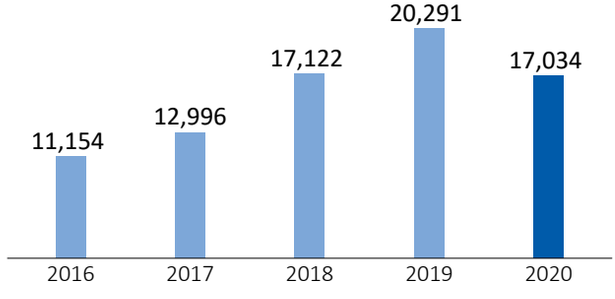


Investment Income:

Total Investment Income of the Bank stood at Tk. 17,033.75 million as on 31 December 2020 as against Tk. 20,290.69 million of 2019. Investment income decreased by Tk.3,256.94 million due to 9% profit rate cap introduced by Bangladesh Bank and negative growth of investment due to COVID 19 pandemic throughout the year 2020.

The amount of Investment Income represents 84.23% of the total income of the year 2020 as against 85.91% of the year 2019. The trend of investment income is given below:

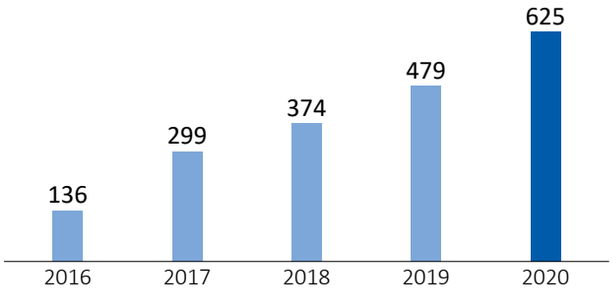
Investment Income (Taka in million)



Income from Investment in Shares & Securities

Income from investment in Shares & securities increased to Tk.625.32 million in 2020 from Tk. 478.76 million in 2019 showing a growth of 30.61% over last year. Surplus liquidity used in Investment of Bangladesh Government Islami Investment Bond (BGIIB) as a result income from investment in Shares and securities increased during the year under review. The progress of Income from investment in Shares & securities is given below:

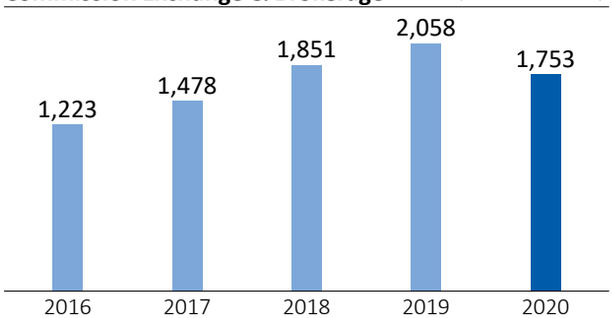
Income from Shares & Securities (Taka in million)



Commission, Exchange and Brokerage

Commission, Exchange and Brokerage income decreased to Tk.1,752.50 million in 2020 from Tk. 2057.86 million in 2019 exhibiting a negative growth of 14.84% over the previous year. The worldwide lockdown due to COVID 19 Pandemic is the key reason for the decrease in this income. In Bangladesh particularly, in April & May Export and Import reduced significantly as such related income also reduced in the same way. The position of Commission, Exchange and Brokerage income of last five years is given below:

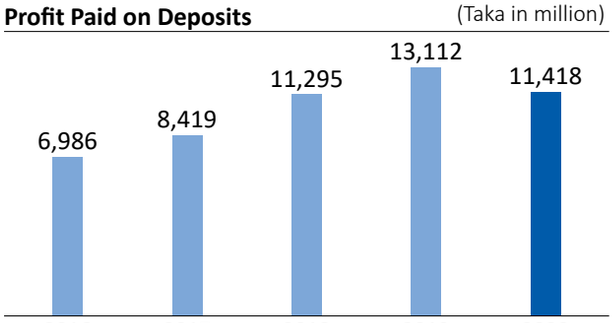
Commission Exchange & Brokerage (Taka in million)



Profit Paid on Deposits

Bank distributed Profit of Tk. 11,418.43 million among the Mudaraba Depositors in the year 2020 against Tk. 13,112.33 million in the year 2019 which being 92.56% of the distributable investment income earned from the deployment of Mudaraba Fund and 70.79% of the total expenditure of 2020. Improvements of Deposit Mix as well as reduction of profit rate of deposits time to time are the key reasons for reduction of profit paid on deposits. Profit Paid on Deposits for last five years is given below:

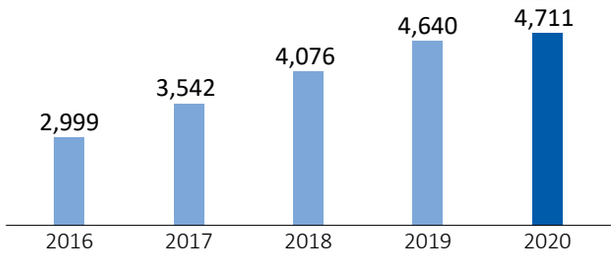
Profit Paid on Deposits (Taka in million)



Operating Expenses

Total operating expenses for the year 2020 was Tk. 4,710.68 million whereas it was Tk. 4,640.85 million for the year 2019. Total operating expenses was 29.21% of the total expenditure for the year 2020 as against 26.14% of 2019. The overall operating expenses reduced other than depreciation and salary. Depreciation expense increased due to change of depreciation method from reducing balance to straight line and salary expense increased due to regular increment and recruitment of new employees. Graphical presentation of operating expenses is given below:

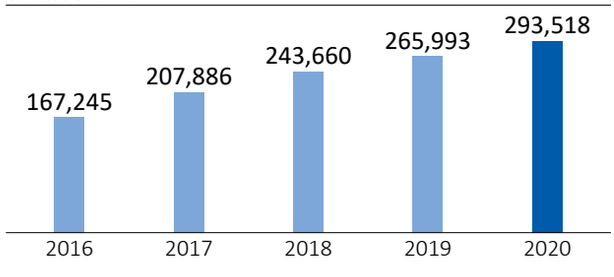
Operating Expenses (Taka in million)



Total Assets

Bank's total asset as on 31 December 2020 stood at Tk. 293,517.85 million which was Tk. 265,992.54 million as of 31 December 2019. Major impact on this growth was the increase in Balance with other Banks and Financial Institutions, Placement with other Banks & Financial Institutions, Investments in Shares & Securities as well as Other Assets. Surplus liquidity and negative credit growth are the key reasons for increase in Bank balance and Investment in Shares and Securities. The growth of total assets is shown below:

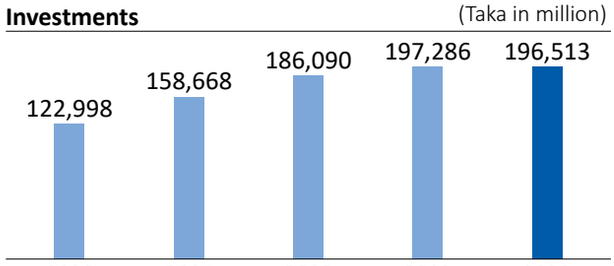
Total Assets (Taka in million)



Investment

Total investment of the Bank stood at Tk. 196,512.65 million as of 31 December 2020 as against Tk. 197,285.68 million as on 31 December 2019 registering a decrease of Tk. 773.03 million. Due to the outbreak of COVID 19, there was low appetite of investment and SJIBL was more cautious to disburse the investment as a result the overall investment growth became negative. To manage the situation, government had declared various stimulus packages which were implemented through commercial banks. SJIBL had participated in all the packages and disbursed a significant amount of investment under those packages. The trend of investment portfolio for last five years is given below:

Investments (Taka in million)

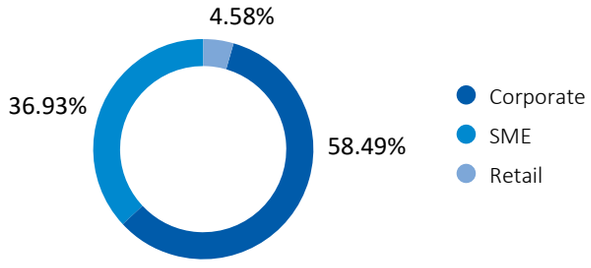


As part of the Bank's diversification strategy, the bank has been developing a balanced portfolio of corporate, retail, and SME investments. SJIBL placed focus on Retail & SME segments of businesses as not only these segments are becoming more important for the growth of the economy but also the competition in Corporate Banking is becoming ever more intense. The segment wise investment as on 31 December 2020 is given below:

Taka in million

Particulars	Total	Mix
Corporate	114,940.24	58.49%
SME	72,573.14	36.93%
Retail	8,999.27	4.58%
Total	**196,512.65**	**100.00%**

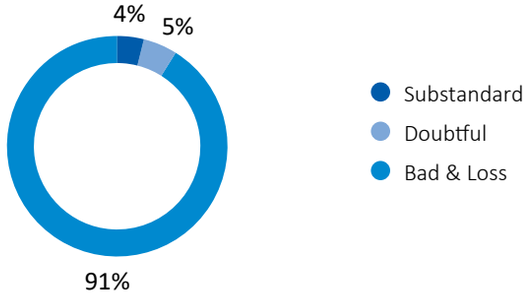
Investment Mix



Non-performing Investments(NPI)

Non-performing investment of the banking sector of Bangladesh stood at 7.77% as on 31 December 2020 whereas; non-performing investment of SJIBL was 4.57% at the same period which is significantly lower than the country position. NPI of SJIBL decreased to Tk.8,973.48 million as on 31 December 2020 from Tk. 9,687.32 million as on 31 December 2019. The Bank has strengthened lending discipline and streamlined the recovery process to reduce the NPIs to an acceptable level. The Bank has taken various initiatives to control NPI, as a result NPI came down to 4.57% from 4.91% of the previous year. Bangladesh Bank had issued Circulars regarding extension of investment moratorium period up to December, 2020, otherwise recovery from classified investment would be better and NPI Ratio would be better. However, the bank is taking more and more initiatives to realize and regularize non-performing investments and reducing it further.

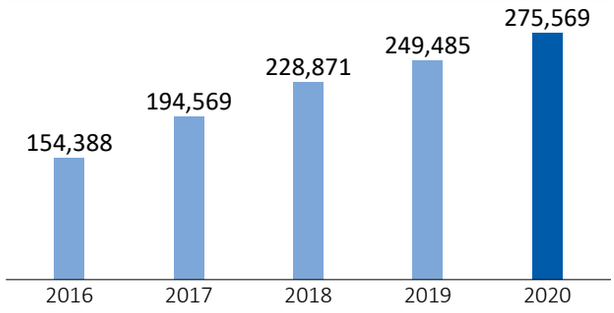
Non-performing Investment



Total Liabilities

Total liabilities stood at Tk. 275,569.10 million at the end of 2020 from Tk. 249,485.27 million of 2019 which was 10.46% higher than that of the previous year. Total liabilities increased mainly due to an increase in deposits and other liabilities. Liability growth of last five years is shown below:

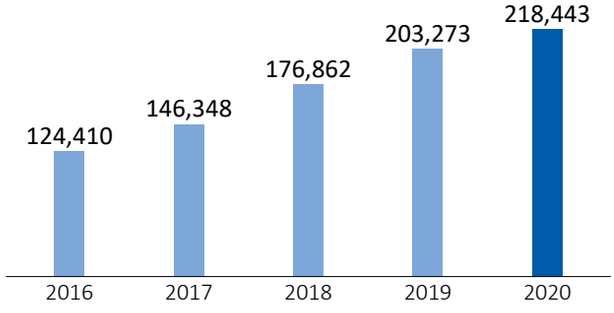
Total Liabilities (Taka in million)



Deposit

Total deposit of Shahjalal Islami Bank Limited stood at Tk. 218,442.95 million as on 31 December 2020 which was Tk. 203,272.98 million as of 31 December 2019 resulting a growth of Tk.15,169.97 million. Though the deposit rate was reduced over the year 2020, deposit increased due to improved overall financial strength of SJIBL and increased customer confidence upon the bank. Bank puts the utmost importance in the mobilization of deposit introducing popular and innovative products. The mobilized deposits are plowed back in economic activities through profitable and safe investments. The growth of deposit is shown below:

Deposits (Taka in million)



Deposit Mix

We have placed utmost emphasis on the optimum deposit mix, as a result, low cost no cost deposit increased to Tk.82,280.57 million in 2020 from Tk. 67,974.15 million in 2019 exhibiting a growth of 21.05% during the year. The percentage of low cost no cost deposit increased to 37.67% of total deposit during the year 2020 from 33.44% in 2019. 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 66.56% in 2019 to 62.33% in 2020, thereby consolidating the deposit mix in a beneficial preferred way.

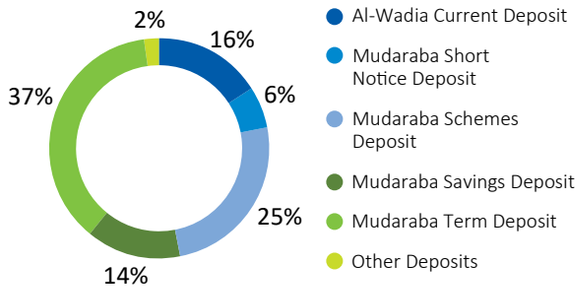
The Deposit-mix of the Bank as on 31 December 2020

Taka in million

Nature of Deposit	Taka in million	Percentage of Total Deposit
Al-Wadia Current Deposit	34,433.46	15.76%
Mudaraba Savings Deposit	30,316.57	13.88%
Mudaraba Short Notice Deposit	13,641.48	6.24%
Mudaraba Term Deposit	81,508.51	37.31%
Mudaraba Schemes Deposit	54,653.87	25.02%
Other Deposits	3,889.06	1.78%
Total	**218,442.95**	**100.00%**

Mix of deposit as on 31 December 2020

Deposit Mix



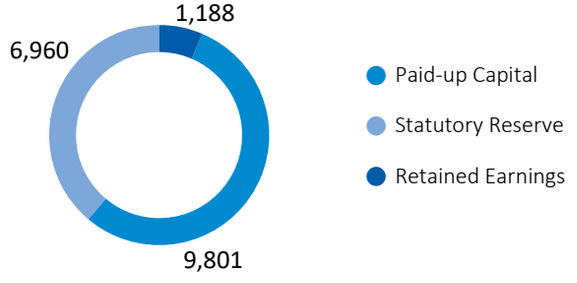
Placements from other Banks and Financial Institutions

Total Placements from other Banks and Financial Institutions stood at Tk.19,730.96 million as on 31 December 2020 which was Tk. 11,382.60 million as on 31 December 2019 resulting a growth of Tk.8,348.37 million.

Shareholders Equity

Total Shareholders Equity stood at Tk. 17,948.76 million at the end of 2020 from Tk.16,507.27 million of 2019 which is 8.73% higher than that of the previous year. Shareholders Equity increased mainly due to the increase of Paid-up Capital and Statutory Reserve. Paid up Capital increased due to payment of 5% stock dividend for the year 2019. Composition of Shareholders' Equity as on 31 December 2020 is given below:

Shareholders Equity



Regulatory Capital

As part of risk management strategy, it is the policy of SJIBL to maintain strong capital to risk-weighted assets ratio to have sufficient cushion to absorb any unforeseen shock arising from any potential risk. Strong capital base is maintained to ensure long-term solvency of the Bank and to help sustainable business growth of the Bank that can maximize value of stakeholders.

Total Regulatory Capital of the Bank stood at Tk. 27,828.26 million as on 31 December 2020 which was Tk. 28,477.37 million as on 31 December 2019 with a negative growth of 2.28%. The regulatory capital reduced due to regulatory deduction and starting of repayment of SJIBL 1st & 2nd Mudaraba Subordinated Bond of Tk.4,000 million and 6,000 million respectively. The bank maintained sound regulatory capital throughout the year 2020. The regulatory capital maintained was 14.19%, much higher than the required capital of 10%. The bank will keep focusing on retention of profit by issuing bonus share and raising Tier-I capital by issuing Mudaraba Perpetual Bond to strengthen its capital adequacy position.

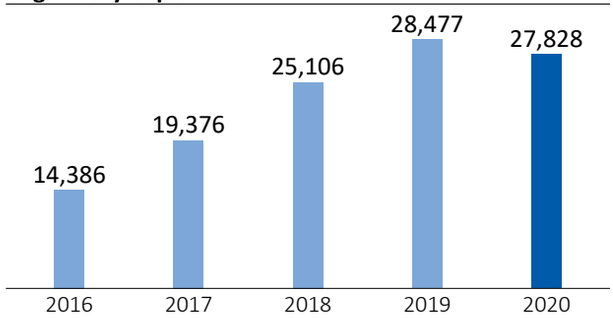
The Regulatory Capital and Risk-Weighted Asset of the bank is shown in the table below:

Taka in million

Nature of Deposit	2020	2019
Regulatory Capital:		
1. Tier-1 (Going-Concern Capital)	17,948.76	16,507.27
2. Tier-2 (Gone-Concern Capital)	9,879.50	11,970.10
Total Regulatory Capital (1+2)	27,828.26	28,477.37
Total Risk Weighted Assets (RWA)	196,154.99	182,775.69
Capital to Risk Weighted Assets Ratio (CRAR)	14.19%	15.58%
Tier-I Capital to RWA	9.15%	9.03%
Tier-II Capital to RWA	5.04%	6.55%
Minimum Capital Requirement (MCR)	19,615.50	18,277.57

Five years trend of regulatory capital is given below:

Regulatory Capital (Taka in million)



Net Asset Value (NAV) Per Share

The Net Asset Value per Share of Shahjalal Islami Bank Limited is Tk.18.31, much 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)
2020	18.31
2019	16.84
2018	15.84
2017	15.69
2016	16.67

Dividend

The Board of Directors of the Bank has recommended dividend @ 12% of which 7% cash and 5% stock for the year 2020. Over the past years, the Board of Directors declared dividends out of profit to shareholders at attractive rates. The rates of dividend declared by the Bank since 2016 are shown below:

Year	Dividend (%)
2020 (Proposed)	12 (7 Cash & 5 Stock)
2019	10 (5 Cash & 5 Stock)
2018	10 Stock
2017	10 Stock
2016	15 (10 Cash & 5 Stock)

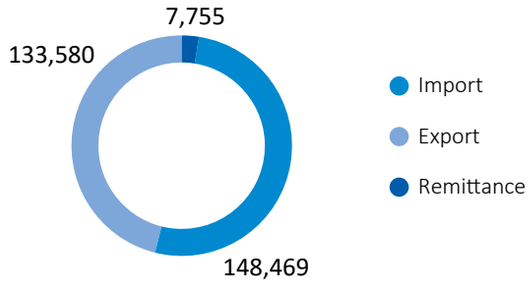
Foreign Exchange Business

Total Foreign Exchange Business handled during the year 2020 was Tk. 289,804 million as against Tk. 311,959 million of 2019 registering a decrease of Tk. 22,155 million, i.e. 7.10% negative growth. Due to COVID 19 pandemic Foreign Exchange Business was severely disrupted during the first half of the year 2020. The particulars of Foreign Exchange Business are given below:

Particulars	Amount in Million Taka	Composition
Import	148,469	51.23%
Export	133,580	46.09%
Foreign Remittance	7,755	2.68%
Total	**289,804**	**100.00%**

Mix of Foreign Exchange Business of 2020

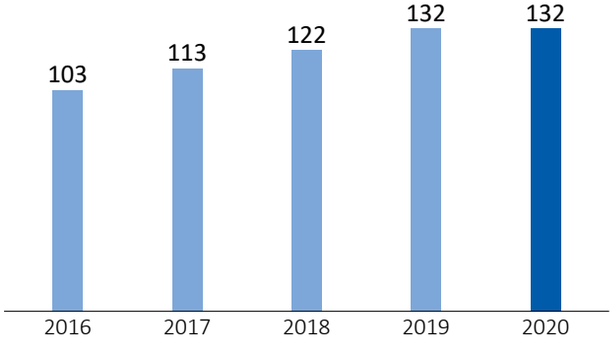
Foreign Exchange Business (Taka in million)



Branch Network

The Bank has been operating with a network of 132 branches around the country. In the year 2020, the Bank has not opened any new branch due to the COVID 19 pandemic throughout the year, rather, it has reevaluated and strengthen the existing branch operation. The bank is focusing on reduction of loss making branches as a result the number of loss making branches reduced during the year. The growth of the branch network in last five years is given below:

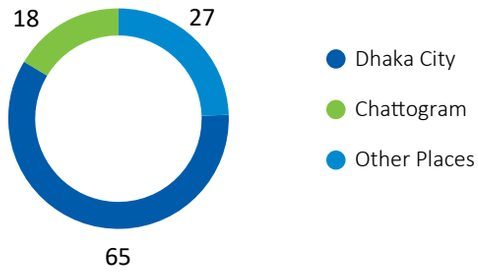
Branch Network



Automated Teller Machine (ATM) Network

At present, the bank has been rendering services through 110 own ATM Booths and 2,565 shared ATM Booths which was 107 own ATM Booths and 2,270 shared ATM Booths in 2019. 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 110 own ATMs and 2,565 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 412 as of 31 December 2020 across 58 countries. The Bank is successfully maintaining such relationships around the world to facilitate international trade transactions. The bank maintains 34 Nostro accounts in 9 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.

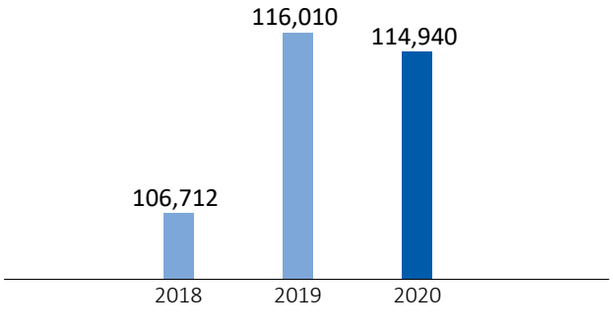
REVIEW OF PERFORMANCE OF VARIOUS SEGMENTS

Corporate Banking

Corporate banking is the custom made financing services for corporate houses. It is a major source of profit earning for our Bank. Corporate & Large investment have been made in almost all major corporate business sectors that are of large scale nature such as food and beverage, construction, power plants, transports, 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 have been shaped according to the need of our corporate customers. Usually, the corporate clients avail commercial investment, export finance, project finance, finance against work order, etc.

Total outstanding corporate investment stood at Tk. 114,940.24 million as of 31 December 2020 from Tk. 116,010 million of 2019 resulting a decrease of Tk. 1,069.76 million. The pandemic put significant strain on our corporate clients and their supply chains. As such investment demand became slowdown and corporate investment decreased during the year under review. However, the bank participated in government declared stimulus packages for corporate sector and disbursed Tk. 8,322 million among its corporate customers. The corporate investment of last three years is given below:

Corporate Investment (Taka in million)

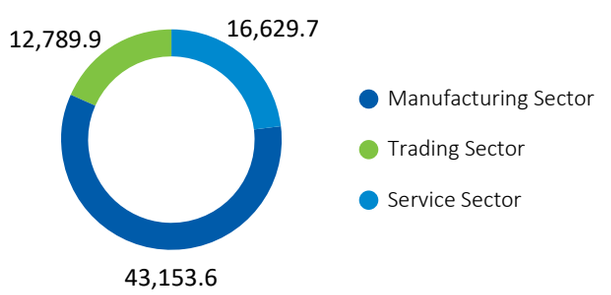


SME Banking

Small and Medium Enterprises (SMEs) play a significant role in the economy in terms of balanced and sustainable growth, employment generation, development of entrepreneurial skills and contribution to GDP. SJIBL strongly believes that SME sector is one of the main driving forces of economic growth and there is a market with huge potential. In order to facilitate the SMEs of our country, the Bank has been financing the SME sectors since its inception. SME Division has been strengthened to further reinforce SME financing to bring the grass-root entrepreneurs into the main stream of economic growth. A number of need based SME products are offered to our SME clients.

SME investment stood at Tk. 72,573.14 million in 2020 which was Tk. 72,516.50 million in 2019. Due to COVID-19 outbreak, the overall business activities and investment demand became slower. As a result the growth of SME was sluggish during the year under review. During the year 2020, the bank disbursed the total SME investment of Tk. 47,040 million. Out of total outstanding Tk. 43,153.6 million outstanding in the Manufacturing Sector, Tk. 12,789.9 million outstanding in Trading Sector and Tk. 16,629.7.6 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 2020 and present outstanding from women entrepreneurs is Tk. 2,778.5 million. Besides, we have participated government announced stimulus packages for SME sector and disbursed Tk. 5,380 million among our SME clients. Sector-wise outstanding of SME investment is given below:

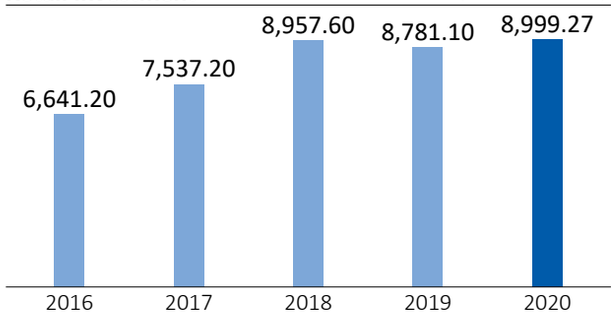
SME Investment (Taka in million)



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 speed 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 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. 8,999.27 million in 2020 from Tk. 8,758.81 million in 2019 with a growth of 2.75%. The bank will continue its efforts to increase the retail portfolio for the betterment of middle and lower-middle-class people of Bangladesh. The position of retail investment of last five years is given in the diagram below:

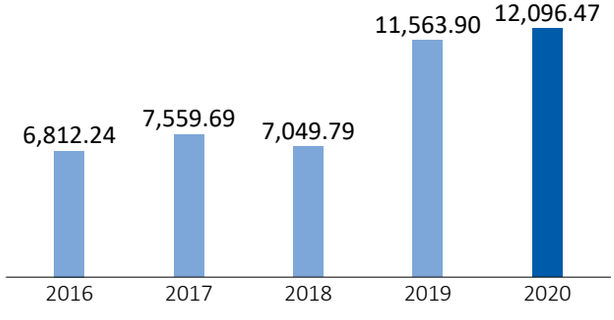
Retail Investment (Taka in million)



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 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. 12,096.47 million as of 31 December 2020 as against Tk. 11,563.90 million as on 31 December 2019 registering an increase of Tk. 532.57 million, i.e. 4.61% growth. The trend of the investment portfolio of OBU is given below:

Investments of Off Shore Banking Unit (Taka in million)



Agent Banking

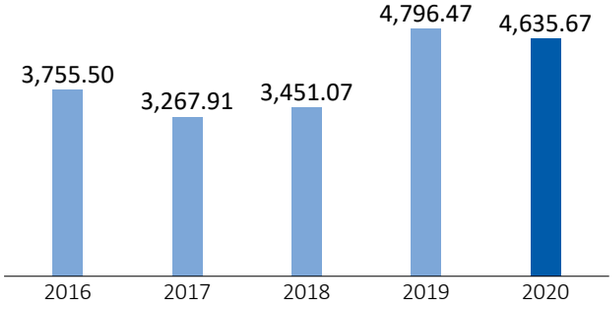
Agent Banking is a new dimension in the history of banking industry of Bangladesh. Through this new approach the bank will be able to extend its Banking Channel throughout the country offering its customers wider range of products and services, hence win their confidence in choosing Shahjalal Islami Bank Agent Banking as their preferred Banking Solution. Shahjalal Islami Bank made Agent Banking Structure with secured technology and real time banking for customers. Agent Banking customer can enjoy real time transaction and the Agent Banking System is integrated with the Core Banking System. Customer get instant SMS notification and system generated money receipt for each transaction.

This service started eradicating difference of time and distance. It is facilitating customers with full-fledged banking services at their doorsteps, and making convenient channeling of remittance, deposit and withdrawal of cash and supporting small investments for cottage micro and small enterprises and also for agricultural farmers at a reasonable cost. Now people in many remote corners of the country are able to receive structured banking facilities with comfort, ease and security. At present the bank is providing agent banking services through its 53 Agent Banking outlets. The Bank opened 4,512 accounts of different categories and total deposit balance was Tk. 105.91 million as on 31 December 2020.

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, 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. The total Operating income of SJIBSL stood at BDT 332.39 million for the year 2020 from Tk.329.99 million of 2019. Margin investment outstanding stood at BDT4,635.67 million in December 2020, which was BDT4,796.47 million in December 2019. The margin investment of last five years is given below:

Margin Investment (Taka in million)



Risk Management

The Risk Management Division (RMD) of SJIBL was established to oversee, monitor and report all risks in line with the risk appetite set by the Risk Management Committee (RMC) of the Board. The RMC of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. Risk management functions are subject to continuous scrutiny of the Internal Control & Compliance Division (IC & CD) to ensure appropriateness and integrity of the risk management practices. The risk management system of SJIBL has been described in "Risk Management" section of this report. Also the roles and responsibilities of RMC and major areas focused by RMC in 2020 have been presented in "Report of the Risk Management Committee of the Board" section of this report.

Risk management functions of the bank are embedded in such a manner that all the material risks are recognized and measured to exercise appropriate control mechanism. The objective of Bank's risk management is to secure the assets and its reputation and to ensure continued financial and organizational sustainability. Hence, we have developed a strong, disciplined and inclusive risk management culture where risk management is a responsibility shared by all the employees of the Bank.

a) Investment (Credit) Risk Management

Investment (Credit) risk can be defined as the risk of failure of the customer/counterparty 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. Effective management of investment risk requires the establishment of an appropriate investment risk culture. Board of Directors, either directly or through the Risk Management Committee of the Board, reviews and approves the Bank's investment risk appetite annually and investment policy manual time to time. The concerned staffs follow a pragmatic program of regular monitoring and follow-up of investment risk.

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 i.e. Audit, Monitoring and Compliance 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, the 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-term, medium-term 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 principal 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 due to COVID 19 pandemic and interest rate cap. Accordingly,

our Bank intends to focus on building and maintaining a quality investment portfolio, enhancing its focus on customer service quality and 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 operations. Our Bank is confident that the above 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 post COVID phase and turnaround economic condition.
- Utilization of surplus liquidity through prudent fund management.
- Investment growth in right track to optimize changing market dynamics.
- 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.

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 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 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.
- Free distribution of musk, gloves, hand sanitizer and COVID manual among all SJIBL employees during COVID 19 pandemic.
- Reimbursement of COVID test and treatment bill of the employees.
- Full time doctor was recruited to support all employees.

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 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

To retain high quality and competent human resources and 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. The bank arranged online training program through Zoom platform during COVID 19 pandemic.

Contribution to the National Exchequer

Being a responsible and tax abiding corporate citizen, SJIBL regularly pays corporate tax on time, sometimes even before it falls due as withheld tax and VAT to govt. exchequer. The Bank has made provision of Tk. 1,735.22 million for corporate tax in 2020 against 2,175.85 million in 2019. The bank has also contributed to the economy by generating employment of 2,657 full-time officials. In the year 2020, Bank has paid Tk. 4,779 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. 218,442.95 million from the surplus economic unit and deployed Tk. 196,512.65 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 Zakat. 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 20 years of going forward the bank has established 132 branches, 110 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. Such the bank is always protecting its customers' rights in all of its business activities. During pandemic most of our branches were opened. Moreover, the bank arranged sufficient hexasol, sanitizer etc. for customers in all branches and ATM Booths.

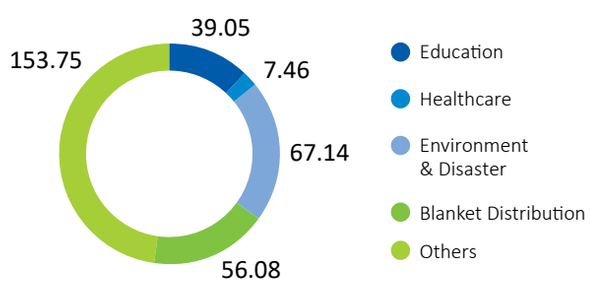
Corporate Governance

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 operations. The detail of Corporate Governance Report is given in this Annual Report.

Corporate Social Responsibility (CSR)

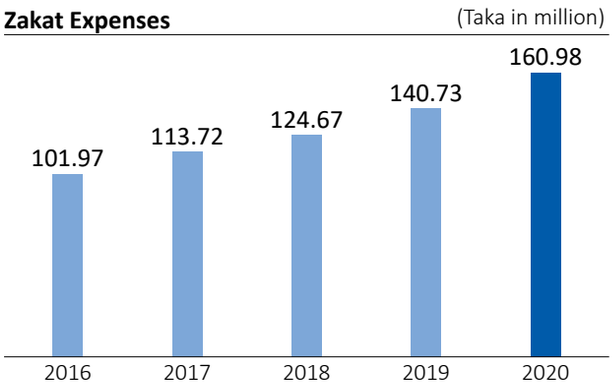
Shahjalal Islami Bank Limited has been expending a substantial amount from its annual profit each year to conduct its CSR activities in different areas such as education, health care, disaster management, environment, empowerment, human resources development, etc. to develop the backward sectors of Bangladesh and ensure its sustainable development. The bank has been paying respect to social and public welfare, rather than profit maximization strategy. During the year 2020, significant amount of money was spent for distribution of food and sanitizer to the poor people of different COVID infected areas of Bangladesh. The CSR expenses were Tk. 323.49 million in 2020 which was Tk. 220.19 million in 2019. Sector-wise CSR contribution is given below:

CSR (Taka in 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. 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 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 2020, the bank paid Tk.160.98 million as Zakat which was Tk.140.73 million in 2019. Zakat expenses of last five years is given below:



Green Banking

Shahjalal Islami Bank Limited has set examples by pioneering Green Banking initiatives while the Bank has been proactively taking steps for diverse sustainable banking initiatives. In such aspect, green banking initiatives of the bank broadly categorized into formulation of policy, Green Finance, Environmental & Social Risk Management (ESRM), Online Banking and Energy Efficiency. Besides, the Head Office building of Shahjalal Islami Bank Limited is a LEED Certified Green Building which is a pioneering step toward environment friendly business not only for the banking industry but also for the entire corporate sector of Bangladesh. A total amount of Tk.400 million was disbursed during the year 2020 by the bank in green finance. The total amount of outstanding Green Finance as of 31 December 2020 was Tk.979.9 million. The Bank has been gradually increasing its Green financing year on year basis.

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, SJIBL 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. SJIBL has been opening No-Frill Accounts (NFAs) for farmers, readymade garment workers, workers of small footwear & leather product industries, and physically challenged persons. We have school banking facilities to the students up to 18 years of age. They can open a school banking account through parents or legal guardians by depositing minimum BDT 100. Moreover, the bank is working with banking for Street Urchin, Working Children, Lactating & Working Mother etc.

SJIBL has started Agent banking Operations in 2020 targeting the vision to serve the unbanked community of the country. Agent banking, among various initiatives of Shahjalal Islami Bank Limited, will be an emerging financial inclusion tool that will provide unhindered access to the tailor-made financial products to the underprivileged, underserved and poor segment of the population especially from geographically remote locations. It 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.

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 amended), 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, Financial Reporting Act 2015 and other laws and rules applicable in Bangladesh.

The financial statements of 2020 have been reviewed by the Audit Committee 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 2020.

Maintaining Proper Books of Account

Shahjalal Islamic Bank Limited maintained proper books of account for its financial transactions that occurred during 2020. 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

Emerging Credit Rating Limited (ECRL) has made a rating on Shahjalal Islami Bank Limited. The report was issued on 25 March 2021. They rated the Bank as "AA" for the long term and "ST-2" for the short term. An institution rated in Long Term "AA" has very strong capacity to meet its financial commitments. These institutions typically posses a good track record and have no readily apparent weaknesses. An institution rated in Short Term "ST-2" has a strong capacity to meet its financial commitments in a timely manner. ECRL performed the rating surveillance based on the audited financial statement of 31 December 2020 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 2020. 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 gives the strategic guidelines to the management for improvement.

Appointment of Auditors

As per BSEC notification no. BSEC / CMRRCD / 2006-158 / 208 / Admin / 81 dated 20 June 2018 and as per Dhaka Stock Exchange (Listing) Regulation, 2015 dated 30 June 2015, an auditor of a listed company cannot be appointed for more than three consecutive years. M/s ACNABIN, Chartered Accountants was the auditor of the Bank for the year 2020. As 2020 was the second year of the audit so the firm is eligible for reappointment and they have also expressed their willingness to be reappointment for the year 2021.

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 2021 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 2020. 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 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
SM 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
Ahad-Uz-Zaman

EXECUTIVE VICE PRESIDENTS
Mahmud Hussain
Md. Saidur Rahman
Mohammed Ashfaqul Hoque FCA, FCS
Md. Habibul Islam
Mahmudul Shamim Talukder
F. M. Nawaz Ali
Md. Shamsuddoha
Rumana Kutubuddin
Tariqul Islam
S.M. Rashedul Karim
Md. Abul Bashar
Md. Enamul Haque
Md. Jafar Sadeq FCA
Ashraful Azim FCA

SENIOR VICE PRESIDENTS
Md. Tufael Yakub
Md. Bahar Mahmud
Md. Naquibul Islam
M. Imam Hossain Gazi
Md. Khalid Hussain
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
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
Nazir Ahammed
Mohammad Hasib Uddin

VICE PRESIDENTS
Abul Bashar Md. Zafry
Amir Uddin Chowdhury
Md. Abdur Rahim
Ms. Sultana Parvin
Md. Abdulla Al Mahmud Siddiqui
Md. Mokter Hossain
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
Tofayal Ahmed
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
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 Rahman
Md. Jaynal Abedin Khan Safari
Mohammad Shariful Haider
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. Mahmudul Haque	Senior Executive Vice President
Mr. Md. Nasir Uddin	Senior Executive Vice President
Mr. Khondokar Rafiq-uzzaman	Senior Executive Vice President
Mr. Md. Monzurul Alam Chowdhury	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA, FCS	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, FCS	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
Mr. Bahar Mahmud	Senior Vice President
Mr. Jahangir Javed	Senior Vice President
Mr. Abdur Rahim	Vice President
Mr. Mohammad Nuruddin	Vice President
Mr. Md. Chaliqur Rahman	Assistant Vice President

Risk Management Committee (RMC)

Name	Designation
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. Nasir Uddin	Senior Executive Vice President
Mr. Md. Monzurul Alam Chowdhury	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA, FCS	Executive Vice President
Ms. Rumana Kutubuddin	Executive Vice President
Mr. Tariqul Islam	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
Mr. Md. Bahar Mahmud	Senior Vice President
Mr. Md. Naquibul Islam	Senior Vice President
Mr. Md. Khalid Hussain	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
Mr. Zahid Hasan	Senior Assistant Vice President

Supervisory Review Process (SRP) Committee

Name	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, FCS	Executive Vice President
Mr. Tariqul Islam	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
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. Abdul Aziz	Additional Managing Director
Mr. S.M. Mainuddin Chowdhury	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. Md. 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. Monzurul Alam Chowdhury	Senior Executive Vice President
Mr. Mohammed Ashfaqul Hoque FCA	Executive Vice President
Ms. Rumana Kutubuddin	Executive Vice President
Mr. Tariqul Islam	Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President
Mr. Md. Bahar Mahmud	Senior Vice President
Mr. Md. Marufur Rahman Khan	Senior Vice President
Mr. Abul Bashar Md. Zafry	Vice President
Mr. Mohammad Nuruddin	Vice President
Mr. Mohammad Abdul Majid	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. Imtiaz U Ahmed	Deputy Managing Director
Mr. Mohammad Ashfaqul Hoque FCA	Executive Vice President
Mr. Md. Khalid Hussain	Senior Vice President
Mr. Md. Naquibul Islam	Senior Vice President
Mr. Md. Firoz Kabir	Senior Vice President
Mr. Mr. Md. Marufur Rahman Khan	Senior Vice President
Mr. Abdur Rahim	Vice President
Mr. Mohammad Abdul Majid	Vice President
Mr. Zahid Hasan	Senior Assistant Vice President

Procurement Committee (PC)

Name of the Employee	Designation
Mr. S. M. Mainuddin Chowdhury	Additional Managing Director
Mr. M Akhter Hossain	Deputy Managing Director
Mr. Imtiaz U Ahmed	Deputy Managing Director
Mr. Md. Mahmudul Haque	Senior Executive Vice President
Mr. Md. Jafar Sadeq FCA	Executive Vice President

Investment Committee (IC)

Name of the Employee	Designation
Mr. Abdul Aziz	Additional Managing Director
Mr. Md. Shahjahan Shiraj	Deputy Managing Director
Mr. Md. Akhter Hossain	Deputy Managing Director
Mr. Mian Quamrul Hasan Chowdhury	Deputy Managing Director
Mr. Imtiaz U Ahmed	Deputy Managing Director
Mr. Mohammed Ashfaqul Hoque, FCA	Executive Vice President
Ms. Rumana Kutubuddin	Executive Vice President
Mr. Mohammed Abu Shayem	Senior 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. 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)

Standing from left to right

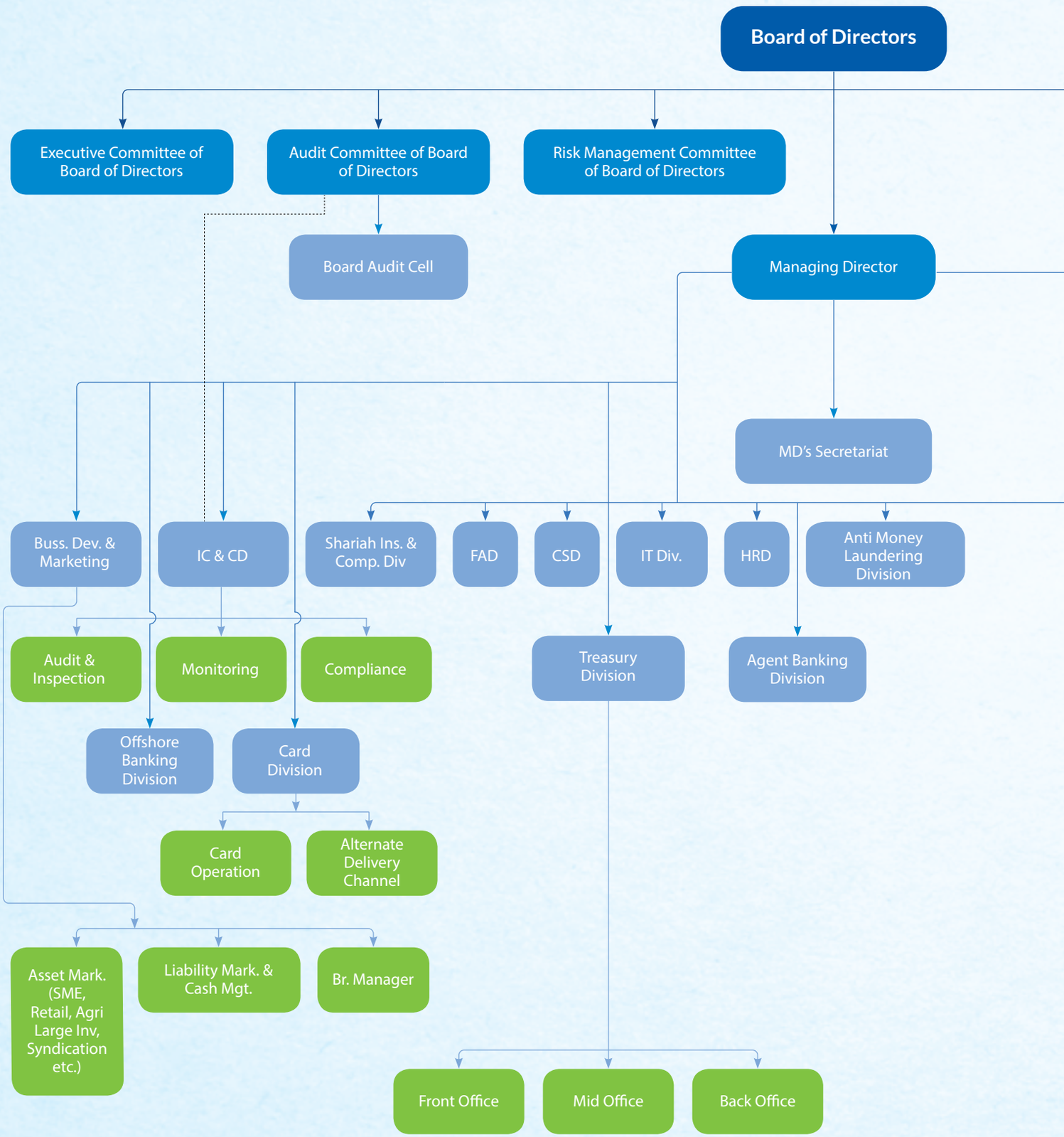
- Mr. Mohammed Ashfaqul Hoque FCA
- Mr. Md. Chaliqur Rahaman
- Mr. Jahangir Javed
- Mr. Imtiaz Uddin Ahmed
- Mr. M Akhter Hossain
- Mr. Abdul Aziz
- Mr. M Shahidul Islam
- Mr. S. M. Mainuddin Chowdhury
- Mr. Md. Shahjahan Shiraj
- Mr. Mian Quamrul Hasan Chowdhury
- Mr. Md. Jafar Sadeq FCA
- Mr. Md. Bahar Mahmud
- Mr. Mohammad Nuruddin
- Mr. Abdur Rahim

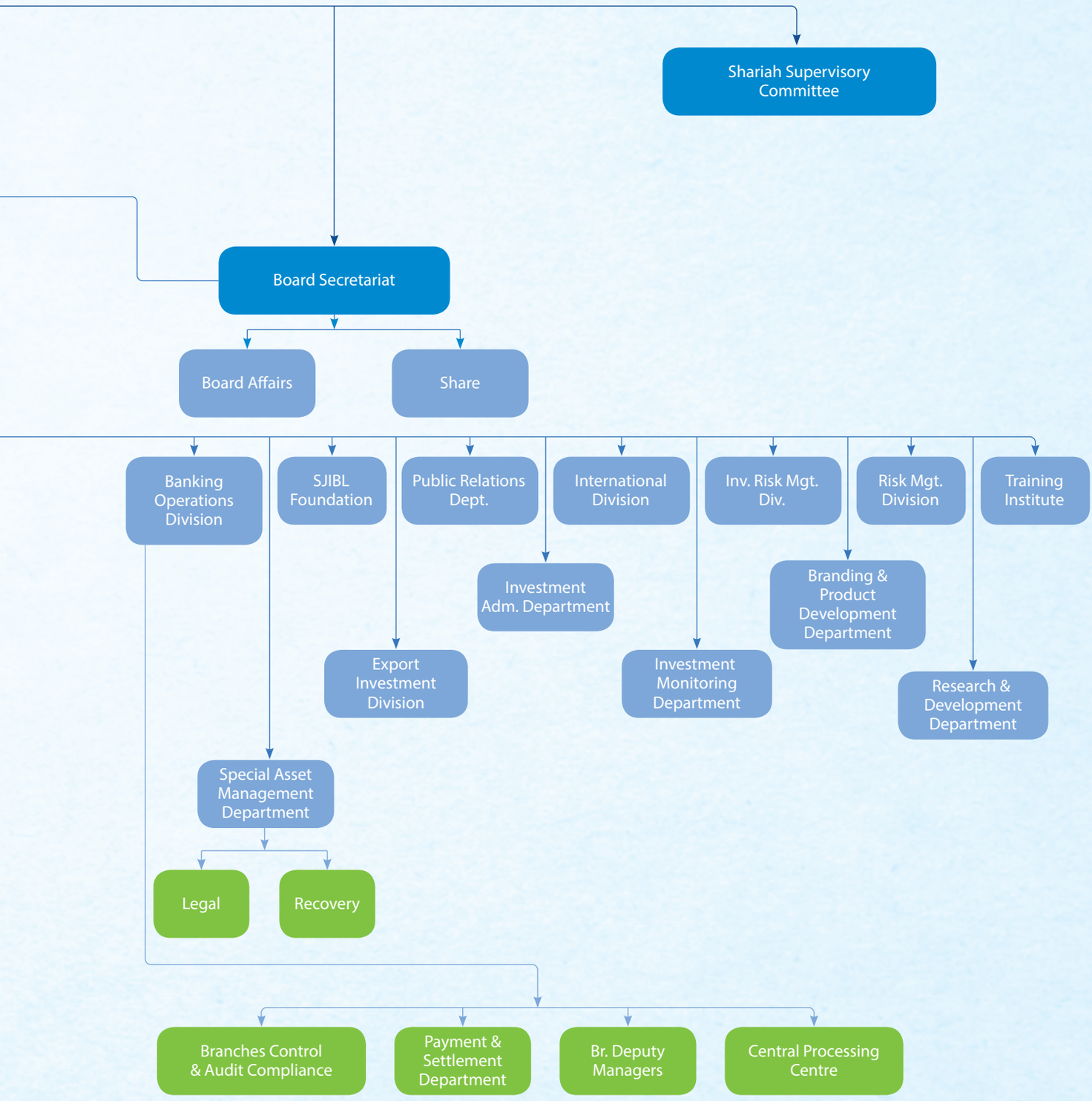
يَا أَيُّهَا الَّذِينَ آمَنُواْ اتَّقُواْ اللّهَ وَذَرُواْ مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُم مُّؤْمِنِينَ

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
Anti Money Laundering Division
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

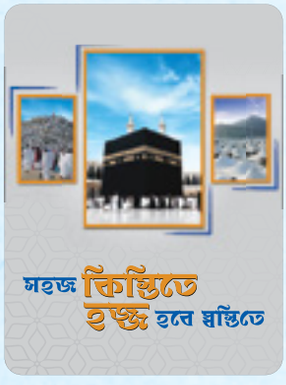

Shariah Supervisory Committee
Board Secretariat
Board Affairs
Share
Banking Operations Division
SJIBL Foundation
Public Relations Dept.
International Division
Inv. Risk Mgt. Div.
Risk Mgt. Division
Training Institute
Investment Adm. Department
Branding & Product Development Department
Export Investment Division
Investment Monitoring Department
Research & Development Department
Special Asset Management Department
Legal
Recovery
Branches Control & Audit Compliance
Payment & Settlement Department
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 হজ 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 · SJIBL-NET · RTGS & EFT · রেমিট্যান্স · LOCKER SERVICE · এসএমএস এ্যালার্ট · 16302 · Instabalance Call

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

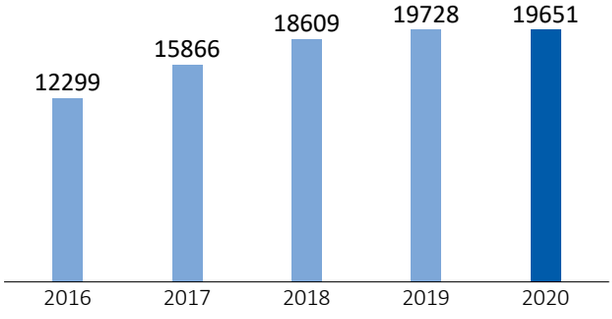
PET Bottle/Plastic Waste Recycling Plant

OVERVIEW OF DIVISIONS

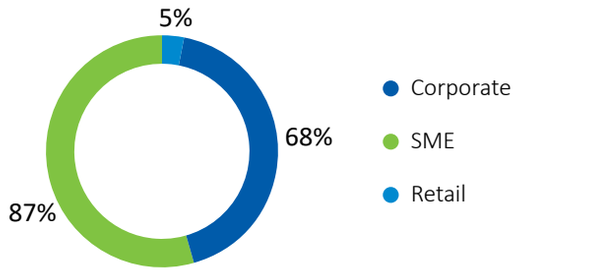
Navigating the investment portfolio through the pandemic

Across our business network, an unprecedented slowdown in economic activity as a result of the pandemic put significant strain on our corporate & SME clients and their supply chains. But SJIBL's Investment portfolio in 2020 was stable and continued to be resilient despite the volatility and uncertainty caused by the COVID-19 pandemic. SJIBL has successfully disbursed all Government and Bangladesh Bank stimulus package to different COVID-19 affected business segment as per Bangladesh Bank time schedule. This was due to the underlying quality and commitment of our client base to meet their obligations.

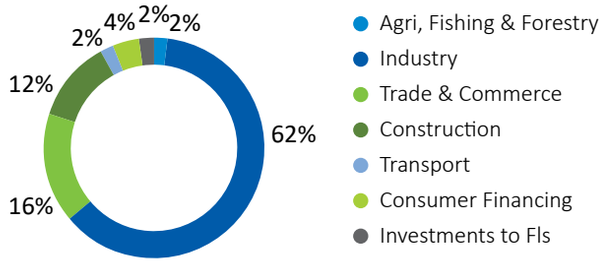
Investment Portfolio Growth (Taka in million)



Investment Mix in 2020



Investment Sector Mix in 2020



CORPORATE FINANCE

NAVANA LPG project financed by SJIBL

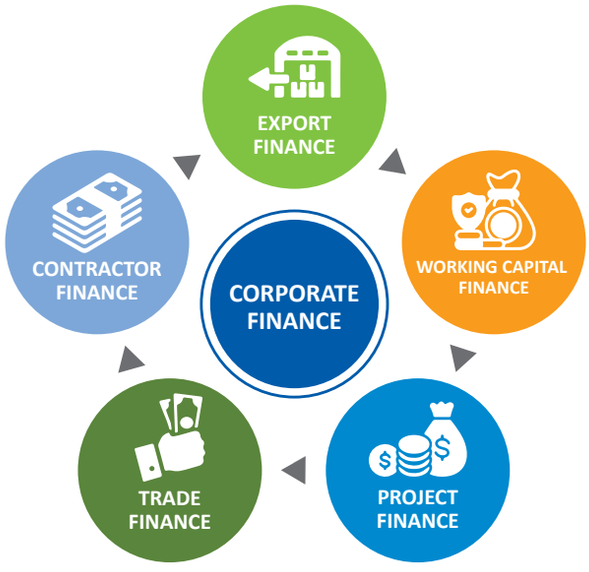
SJIBL's corporate Banking remains committed to the strategy of becoming one of the best professional Corporate Bank in Bangladesh. The Corporate Finance provides customized solutions to corporate clients by analyzing their specific business and financial needs. It provides an array of financial solutions for working capital finance, project finance, export finance, trade finance, Work order finance etc. The Corporate Finance comprises of several units focused on specific branches to facilitate effective and customized investment offerings. In the difficult economic environment during 2020, we focused on achieving the goal through greater capital efficiency, tighter control on the cost of fund, and a strong investment monitoring procedure. Despite an adverse investment environment, the Bank managed to maintain investment revenue to a commendable stage.

Healthcare Pharmaceutical financed by SJIBL

The Corporate Finance function develops new corporate relationships and enhances the existing ones through continuous engagements. The relationship officers collaborate with relevant departments within the Bank to address specific needs of clients.

Quattro Fashion (Fortis Group) financed by SJIBL

Our strong track record in financing and advising corporates on their financing requirement, cash management and global trade services focusing more on industry segmentation based on industry specialization, enabling us to develop a robust customer centric and analytic culture within the Corporate Banking function.



Trade & Export Finance

The Bank offers a complete suite of products and solutions for trade finance and foreign exchange business through its designated authorized dealer branches and rest of the branches spread across the country supported by two Centralized Processing Center (CPC) in Dhaka and Chottogram.

Energypack Fashion Limited financed by SJIBL

In addition to the services offered through the branch network, Bank also leverages its tie-ups with reputed correspondent banks across the world to offer optimal Trade Finance services to its customers.

SJIBL's strategy for trade finance continues to be focused on three pillars which include providing end-to-end solutions for the Trade Finance requirements of its customers; leveraging growing foreign Trade between Bangladesh and the rest of the world; and establishing Shahjalal Islami Bank as the preferred bank for Trade Finance among Corporate clients of the Country.

Financial Highlights of 2020:

- Bank appointed 10 in-hand RMG experienced commercial personnel to monitor and assess the finance requirement of RMG customer properly
- As of December 31, 2020, total RMG investment was Tk. 3,5917.80 million which was 18.28% of total investment portfolio of the bank, registering a growth of 16.64% compared to Tk. 30,794.70 million in 2019.
- Total cotton & textiles investment was Tk. 14,204.89 million in 2020 registering a negative growth of 6.86% compared to Tk.15,250.30 million in 2019.
- SJIBL disbursed its portion of stimulus fund for readymade garment factories to pay wages to their workers in very promptly in very tough time.

LIZ Fashion Industries financed by SJIBL

Energy Auditor Certified Green Machinery imported by a client of Jessore Branch SJIBL

Project Finance

A challenging operating environment caused by COVID-19 pandemic led to a slowdown in new project commitments and implementation. During 2020, the Government undertook a series of stimulus and policy initiatives to help revive different sectors.

The infrastructure and core sector developments are critical to Bangladesh's growth and the Bank's sectoral expertise ensures tapping opportunities to invest judiciously for the long-term.

Moreover, 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.

Nourish Poultry & Hatchery Limited a project financed by SJIBL

Syndication Finance

The Syndication financing works in synergy with our corporate finance functions. It works in the investment syndication for working capital and project finance transactions. It leverages strong relationships with market participants like banks, non-bank financial institutions (NBFIs), and other financial entities.

Work Order Finance

The Syndication financing works in synergy with our corporate finance functions. It works in the investment syndication for working capital and project finance transactions. It leverages strong relationships with market participants like banks, non-bank financial institutions (NBFIs), and other financial entities.

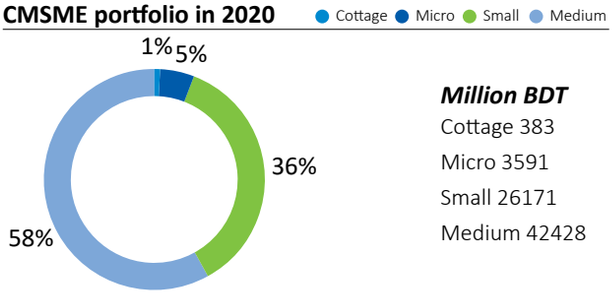
Max Infrastructure Limited a project financed by SJIBL

CMSME, WOMEN ENTREPRENEUR AND AGRICULTURE FINANCING

CMSME Financing

The development of CMSME is considered as a vital instrument for poverty alleviation and ensures the rapid industrialization in Bangladesh. About 95% private sector enterprises are CMSMEs, major portion of non-agricultural workforce is working in this sector and providing a livelihood for 31.2 million in total of this country. But MSME is one of the hardest hit by COVID-19 pandemic and MSMEs already has become vulnerable due to dependence on a shorter cash cycle, supply chain disruption, and loss of sales.

CMSME portfolio in 2020



Million BDT

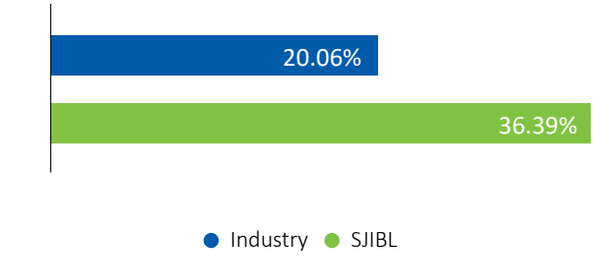
Cottage 383

Micro 3591

Small 26171

Medium 42428

Exposure in SME in dec 2020



Cottage, Micro, small and medium enterprises (CMSMEs) are playing a very important role in employment generation, resource utilization and income generation to a large segment of the society. In a labour surplus country like Bangladesh, the sector accounts for 25 percent of Bangladesh GDP and employed 87% of civilian population. 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.

Facing COVID-19 Challenges

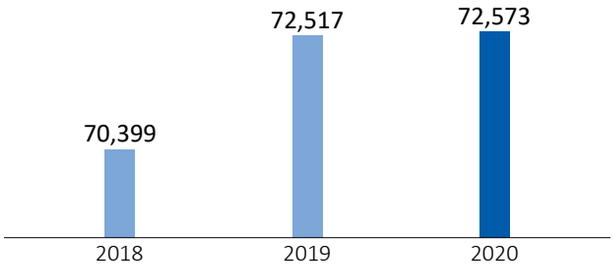
SME financing is now at the central point of the Banking sector for its momentous role in socio-economic development. But Covid-19 laid bare and exacerbated weaknesses that existed beforehand. 2020s allocation of Tk.20,000 crore at 9 percent interest rate – 4 percent to be paid by the borrower and 5 percent interest by the government as subsidy to provide working capital loan to the micro, cottage, and small and medium enterprises is a praiseworthy step from Bangladesh government. But CMSMEs are facing numerous challenges in accessing the stimulus package. The main challenge is the disbursement of the credit to the selected firms through our channel in the form of subsidized advances. As the banking sector is already under tremendous pressure due to the high non-performing advance. 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 CMSMEs across the country.

Nahar Dairy Farm, Mirsharai Chattogram financed by SJIBL

Strategic Focus

In 2020, 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.

SME Protfolio (Taka in million)



As we are listing down our initiatives in the year 2020, SJIBL continued close association with different MSME activities like

- Activation of our 9 (Nine) clusters i.e. Light Engineering, Chatal/Mill, Poultry Feed, Karuponno, Garments Accessories, Handloom/ Power loom & tantshilpo, Stone Crusher, Dry Fish, Shoes and Medical & Surgical Equipments to whip out better results from the cluster concept.
- CMSME Investment exposure has increased up to BDT 750.00 million, which is instrumental in extending the portfolio
- Develop products to cater suppliers of different accessories and raw materials for existing corporate clients of SJIBL with their recommendation.
- Arranged 8 training /seminar sessions and provided training to 403 entrepreneurs on capacity building, business development and monitoring.
- Organized 05 training sessions and provided training to 246 officers of the bank through online Training program.

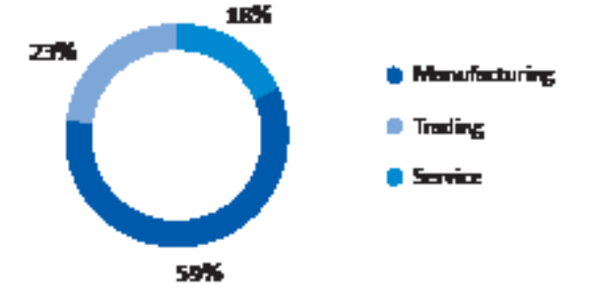
1st time Borrowers: Persuading towards financial inclusion, SJIBL always tries reach those who have not yet been financed but require financing. As on December, 2020, SJIBL has maintained Tk. 94,38 million of fresh or first time ever borrower through 2,482 clients.

Special Achievement

SJIBL is one of the top ranked Banks of the country appreciated for its strong sound track in SME Financing. Bangladesh Bank has awarded Shahjalal Islmai Bank First Prize for its outstanding contribution to finance in the Cottage, Micro, Small and Medium Enterprise (CMSME) under financial inclusion activities. Mr. Fazle Kabir, Honorable Governor, Bangladesh Bank handed over the crest of First prize to M. Shahidul Islam, Managing Director of Shahjalal Islmai Bank at the closing ceremony of "Banker-SME Women Entrepreneur Conference and Product Fair-2020".

Special Agri investment among small ethnic group of Tangail & Haluaghat area.

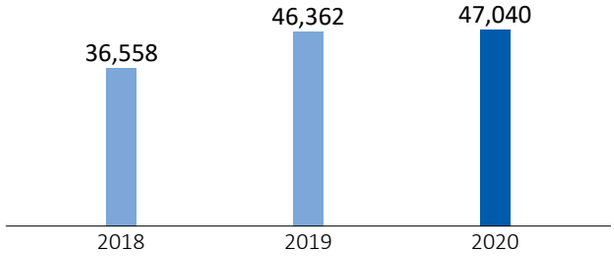
Sector wise MSME exposure in 2020



Financial Highlights of 2020

- CMSME Portfolio stood at Tk. 72,573 million compared to previous year's Tk. 72,515 million with a growth of .08%.
- In 2020 total Tk. 47,040 million disbursed to different CMSME client which it was Tk. 46,362 million in 2019 with a growth of 1.46% .
- The Cottage, Micro and Small Enterprise portfolio stood at Tk. 30,145 million compared to previous year's Tk. 29,908 million with a growth of 0.80%.
- Medium Enterprise Portfolio stood at Tk. 42,828 million compared to previous year's Tk. 42,609 million with a growth of 0.50%.
- 2,482 new CMSE borrowers were added to the CMSE portfolio in 2020 with a volume of Tk. 9,438 million with 132 new customers on boarded in Mid Segment

SME Disbursement (Taka in million)



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 inspiring women entrepreneurs. The Bank is working with women entrepreneurs to make them capable of earning by connecting with country's economic activities.

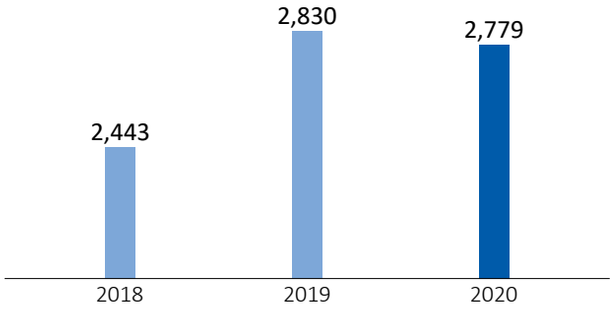
Strategic Focus

We know that major challenges faced by women entrepreneurs are inadequate access to credit facilities and lack of accounting and managerial skill. Women entrepreneurs need to be skilled in digitalization in order to avail the advantages of modern technology so that they can give a boost to their businesses. At SJIBL, we finance women considering their business ideas since financial inclusion has a direct impact on empowering women. We also try to facilitate for participation in the supply chain, enhancing skills and capacity building are necessary for women to bounce back in achieving financial resolution.

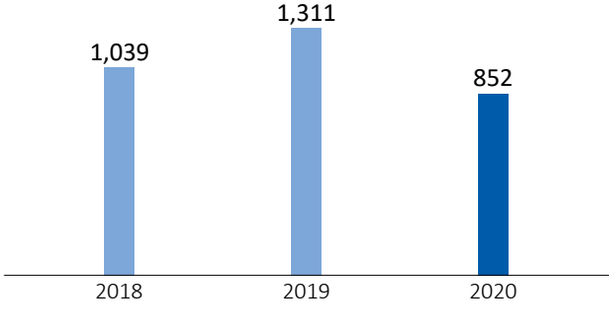
Initiative for development of Women Entrepreneur

- For broadening the facility from metropolitan to the root level, the Bank has already established a separate cell named "Women Entrepreneurs Development Cell" at 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 gives priority to women entrepreneurs to invest on various productive sectors. Apart from 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 women which is helping to thrive women entrepreneurship.

Portfolio in women Enterprenuse (Taka in million)



Disbursement to women Enterprenuse (Taka in million)



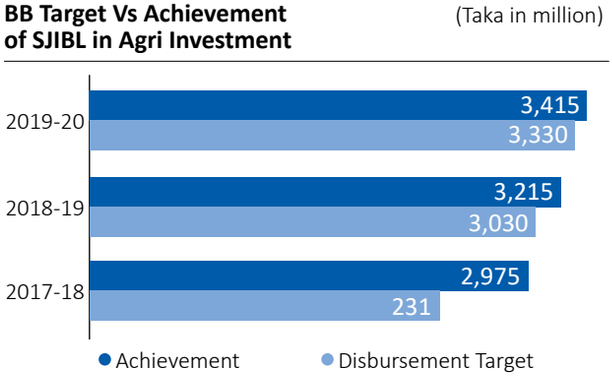
AGRICULTURAL INVESTMENT

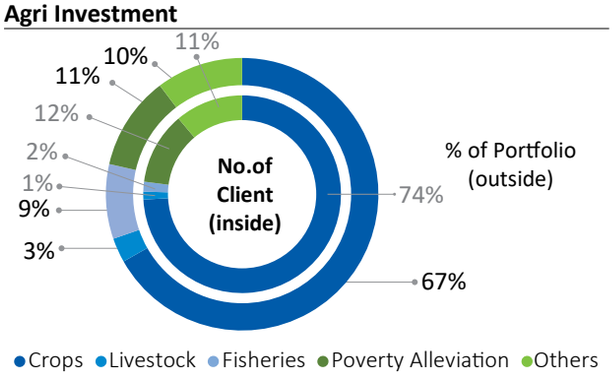
Although the Agriculture sector experienced declining trend towards GDP contribution but still about 40.62 percent of the labor force are directly or indirectly dependent on this sector. Realizing the importance of Agricultural finance in creating self – employment opportunities, ensuring food security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

Khan Agro Complex at Manikgonj, an agri project financed by SJIBL

Modern Agro Farm at Jhenaidah, financed by SJIBL

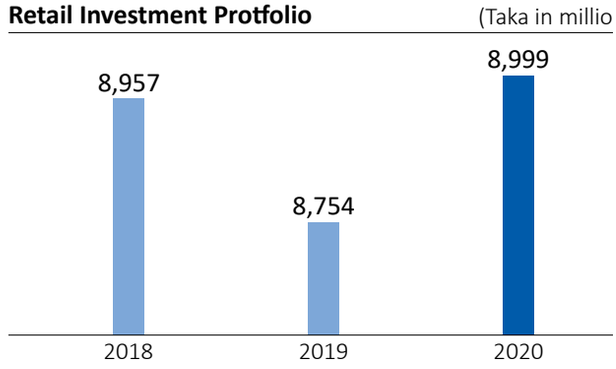
Target Vs Achievement of Shahjalal Islami Bank in disbursement of Agricultural & Rural Investment of some previous financial year.





Retail Investment

The year 2020 was a very tough time for retail investment segment in whole banking industry- most of the banks' growth was negative or stagnant. The Retail investment sector experienced double-edged sword –from demand side: customer appetite trimmed due to COVID-19 effect and from supply side: bankers were reluctant due to regulatory cap on profit(interest) against exposure. With rising income levels, Bangladesh economy is becoming an increasingly attractive market for retail financial products. Though the industry has experienced some turbulence, SJIBL exerts its prudence and efforts to carry out its tempo and commitment in retail investment.



At SJIBL we have designed various retail banking products to meet different needs of all customer. At present SJIBL are offering following retail investment products to our customers:

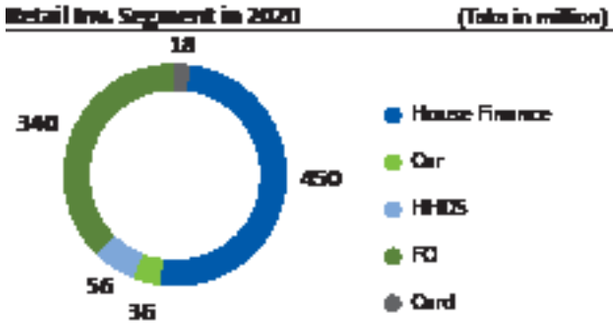
Financial Highlights of 2020

- Retail investment Portfolio stood at Tk. 8,899 million compared to previous year's Tk. 8,754 million with a growth of 2.81% though pandemic stand still all disbursement made for 3 months.

- At the end of 2020, the outstanding of House Building Investment was tk. 8501 million with 10.81% growth which was tk. 4,062 million in 2019.
- In 2020 Credit Card investment outstanding was Tk. 176 million where it was tk. 81 million in 2019 with a growth of 116%.

Strategy for 2021

Though stress in retail investment may increase in coming months due to a slowdown in income growth and slower pace of job creation in the service sector, we have a solid plan to navigate this time with caution. Our key focus is on 2 particular segments namely 1) House Building Investment Scheme: as low profit rate creates scope for salaried/ sustainable income personnel 2) Credit Card segment: as our comparatively new Credit Card would cater a niche of customers who seek shariah compliant credit card. We thought these 2 segments would be key growth drivers of retail investment in coming days.



INVESTMENT RISK MANAGEMENT DIVISION

As a response to the COVID-19 outbreak, we made necessary adjustment to our investment procedures for specific sectors and increased our governance and frequency of oversight on our investment clients.

Everywhere, the pandemic-induced lock-downs and changing customer behaviors put the business position and revenue-generating capabilities of some of our clients under pressure. Particularly affected were the travel, hospitality and retail sectors, while some of the sectors continued with little less disruption. We worked tirelessly to accommodate to the new realities of our customers. Throughout 2020, we took proactive steps to ensure an adequate service infrastructure for our clients, while at the same time taking necessary pre-cautionary measures for providing a safe environment for our employees. This allowed us to seamlessly manage client relationships during the pandemic.

Bangladesh government and Bangladesh Bank, through its stimulus and support packages, ensured stability and continuity. This enabled us to launch a series of supportive actions to help our clients navigate through the pandemic.

Bank's continued changes and reengineering of Investment Risk Management process during the year, together with its sharper segment focus and a more assertive business development approach, Investment Banking activities posted a resilient performance in 2020 despite of all the odds caused by COVID-19 pandemic.

The Bank managed to retain high asset quality withstanding the unprecedented challenges faced by financial sector and economy as a whole due to pandemic.

Furthermore, we had oversight for prudent control around the utilization of uncommitted facilities considering the extent of impact of pandemic on specific clients. Our further strengthened

investment monitoring team provided us with the means to monitor our investment exposure on a regular basis across industries and client segments.

In most of our investment portfolio jurisdictions, our business benefitted from regulatory forbearance, which saw a relaxation of investment classification requirements until the end of 2020. These measures successfully assisted our customers to better weather the impact of the pandemic.

As a result of the rigorous controls we have put in place to manage our investment risk, our high-quality diversified portfolio and proactive measures taken throughout the year, we were able to maintain our NPI ratio at a minimum level.

Strategy for 2021

While the future remains unclear and dependent on the scale and speed of the COVID-19 evolution and the timing of an economic recovery, we are confident that our prudent approach to investment extension provides us with a strong framework to protect the interests of all our stakeholders.

We are aware the enormity of the challenges but we are ready to face it with resolve and concerted efforts.

TREASURY OPERATIONS

Key challenges in 2020 were managing excess liquidity-both in money market and in forex market, managing spread as regulator imposed profit rate (interest) cap, de-growth of advance. Though market was flooded with excess liquidity, Treasury was able to utilize the excess funds which were raised on time during the year 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.

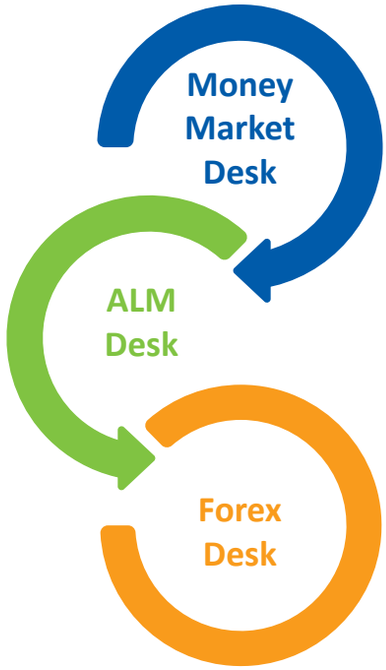
In Islamic Treasury environment, it is important to note that for any product or process, Shariah Supervisory Committee approvals are required, before any other processes, so that the pureness of the Islamic banking remains intact.

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.

TREASURY DIVISION



Money Market Desk

The 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 and all ALM ratios requirement at minimum risk and cost to the bank. In 2020 Money market dealers were mostly busy in managing and blotting of excess liquidity which surfaced from Bangladesh Bank expansionary monetary policy, de-growth of credit, sale proceed of foreign currency, low appetite of new credit. They had also faced some criticality from a few stressed counter parties particularly NBFI's for their own fund crisis.

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 throughout the year where market was flooded with liquidity, USD depreciated against BDT and stood at 84.80 as of 30th December'20 which was 84.90 at the very beginning of 2020.

The Bank's FX Desk was able to forecast the situation very early and as such handled the situation pragmatically. At the same time FX Desk' was very active in the interbank Forex market and also dealing with corporate clients, focusing on meeting corporate needs.

In 2020 Corporate FX Desk handled a total volume of USD 211 million compared to USD 152 million in 2019.

ALM Desk

Stewardship of the bank's balance sheet is given typically to the Asset-Liability Committee (ALCO). The key function of Asset Liability Management desk is to give insight to ALCO on Bank's balance sheet & off-balance sheet movement and key insight regarding market and industry trend on liquidity, Interest rate movement. 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 the 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.

From onset of the COVID-19 pressure on markets and the subsequent "lock-down" policy response from the government has created a genuine stress on the economy. Our ALM desk timely analyzed and suggested how best should the Bank address the need to ensure flexibility and rapid decision-making, while maintaining balance sheet robustness during that time.

In 2020, changes in market liquidity and interest (profit) rates might expose banks to the risk of losing money. The Coronavirus crisis and lock-down response to the spread of COVID-19 has demonstrated, among a number of things, the importance of a bank being able to react quickly and decisively to market-wide stressed events. Throughout the year, ALCO proactively control the business in line with firm objectives, focusing on the entire balance sheet. In brief throughout the year 2020, SJIBL's 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. Excess liquidity management for both local currency and foreign currency will be the main challenge for the banking sector in the upcoming year as government expansionary monetary policy may continue up to 2nd half of the year 2021 as private sector may remain shy and sluggish to new investment and inflow of foreign currency will be surpassing outflow in next couple of months. In the regime of single digit interest (Profit) rate on advances, SJIBL treasury would take its cautious position on balance sheet growth. Further, the SJIBL Treasury would introduce measures to manage declining trend of spread 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 acts as a unique solution for banks across the globe to carry out international banking business through foreign currency by borrowing, depositing and placing such currency. The bank established its offshore banking unit (OBU) to catering to such opportunities.

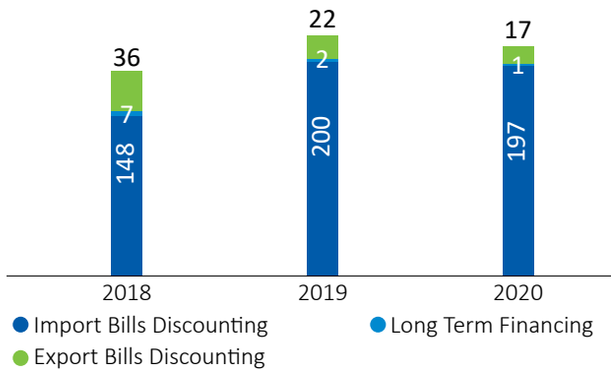
The COVID-19 induced economic crisis has affected the export and import of Bangladesh by large margins. As OBU business directly correlated with foreign trade business, Offshore Banking also experienced difficulty throughout the year of 2020. But our OBU showed tremendous resilience in their business operations as well as profit performance in 2020 despite of all odds caused by COVID-19 pandemic, mainly due to firm commitment, excellent service quality , expertise in trade business.

In 2019 the Offshore Banking business faced major shifting in regulatory perspective and some of its continued in 2020 too. To minimize COVID-19 pandemic related disruption, Bangladesh Bank gave some regulation relaxation which played the vital role to maintain our commitments to overseas correspondences on due courses in the COVID-19 pandemic period.

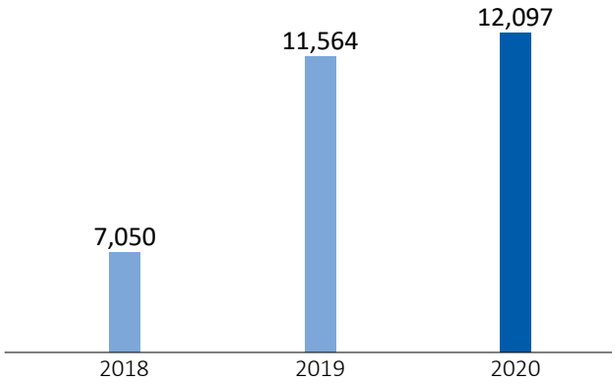
Financial Highlights of 2020

- In the pandemic year 2020, OBU has been able to maintain consistent growth trend in investment and profit which are 4.61% and 16.81% respectively from earlier year. Outstanding investment of OBU is USD142.65 Million (BDT12,096.47 Million) at the end of 2020 which was 6.56% of overall investment portfolio of the Bank.
- OBU has advised 274 L/Cs and certified 240 EXPs. It has made export of USD1.25 million against 245 bills and Import of USD1.33 million against 17 L/Cs/contracts.
- OBU has discounted 2471 Import Bills for USD197.33 million and 923 Export Bills for USD16.77 million
- OBU has deployed USD239.00 million from domestic source and USD23.53 million from different overseas sources.

OBU Business Trend (Taka in millic



OBU Investment Outstanding (Taka in millio



Future Strategy

- Plan to diversify the borrowing sources to avoid concentration risk,
- Achieve cost competitiveness,
- Enhance the business with wholly foreign owned enterprise in EPZs, PEPZs, and EZs & Hi-tech parks.

CARD DIVISION

Digital transaction vis-à-vis card business is one of the few sectors that has become a blessing for COVID-19 pandemic. Its growth in the country's financial sector has advanced by at least five years amid the pandemic as dependency on digital means has increased significantly. Shahjalal Islami Bank card division has tried to take full advantage of this opportunity and has been largely successful.

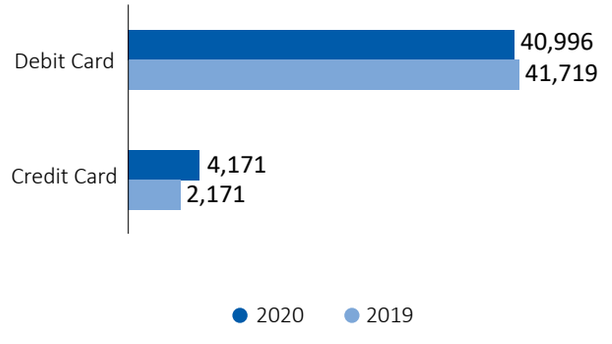
The Shariah base of SJIBL Islamic Credit Card

Shahjalal Islami Bank is following the "Wakalah" mode to operate the Credit Card operations. "Wakalah" is a process where the Bank will apply advocacy fee/commission on every card transaction from the cardholder. In this process, Bank will provide a Quard facility to a Cardholder and he/she will preserve that amount to the Bank as "Amanat". As and when required, the cardholder will charge his/her card for cash withdrawal or purchase goods and services. As requested by the cardholder, Bank will pay the transacted amount to the respective providers and take some fees from cardholders named as 'Ujrat of Wakalah'.

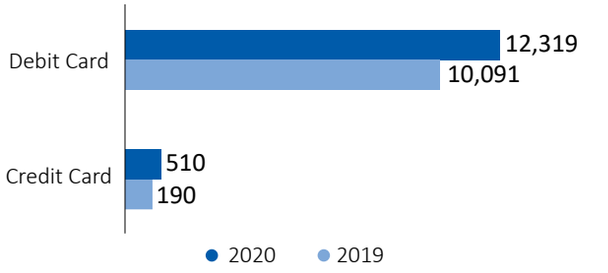
Key Business Performance in 2020

Now a day the popularity of Islamic Credit Card in Bangladesh has gone in the mainstream. To meet the expectation of customers, Shahjalal Islami Bank has launched its' long cherished "Shariah Compliant Credit Card" in 2019 and become popular very quickly. The financial and operational performance indicators have shown in bellow through graphical presentation:

Number of Card Issue (Taka in million)

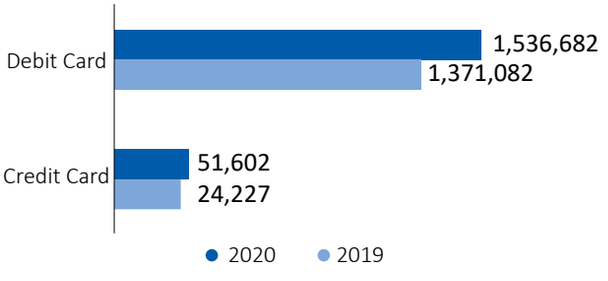


Amount of Card Transaction (Taka in million)



Credit Card Investment Outstanding (Taka in million)

Number of Card Transaction (Taka in million)



Key Initiative in 2020

To accept as 'First Choice to a Customer', we are working dedicatedly to cover every accepted sector through Islamic Credit Card to feel secured and convenient. Card Division has taken series of initiative to cater growing customer demand of different digital banking service.

- To provide 24/7 smooth and convenient service to the valued customers for Card, ATM, Internet Banking and Agent Banking services, "SJIBL Call Center" is equipped with dedicated and professionally skilled Support Executives for 365 days. For convenient customer service, the bank has introduced Call Center Short Code of which is 16302 for its' valued customers.
- To attract the cardholders and extend a wide range of facilities, we have already made a good number of discount and EMI Partners in the country and more partners are going to be on-boarded.

Special Achievement

Shahjalal Islami Bank Limited received "International Finance Banking Award 2020" in the category of "Best Islamic Card in Bangladesh" from UK based International Finance Publications Limited.

SJIBL Card Products

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.

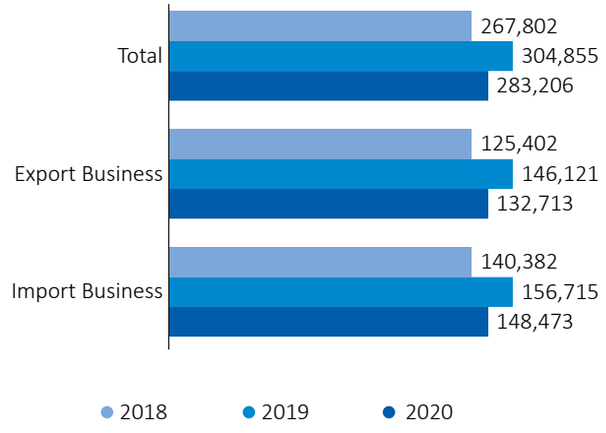
Currently, International Trade Service is provided from 19 AD Branches, 2 Central Processing Centre, 1 Off-shore Banking Units (OBU) under the supervision of International Division. International Division coordinates, supervises and supports International Trade Transactions of AD branches through following units-

International Business Performance

The COVID-19 pandemic has had an immediate and negative impact on foreign Trade Business and Shahjalal Islami Bank is not out of that. The particulars of Foreign Exchange Business are given below:-

Total Foreign Trade Business handled during the year 2020 was Tk 285,131 million as against Tk 307,826 million in 2019 registering a decrease of Tk. 22,695 million, i.e. 7.37% negative growth. Which is far better than industry average. The individual section growth of Import, Export business were -5.26%, -9.18% respectively in 2020 compared to 2019.

Foreign Trade Business (Taka in million)



Financial Institutions

Shahjalal Islami Bank has established correspondent relationship across the world with major foreign banks. The number of correspondent banks stood at 412 as on December 31, 2020 across 58 countries. The Bank has been successfully maintaining such relationships around the world to facilitate international trade transactions. The bank maintains 34 Nostro accounts in 9 major currencies with reputed international banks around the world in all of the important global financial centres. The Bank has also been enjoying sufficient credit lines from correspondent banks for add-confirmation to Letter of Credits to facilitate international trade.

Major Highlights of 2020

- By effective negotiation with our foreign counterpart, we have been able to enhance our credit line facilities from USD 480 million to above USD 500 million in 2020 to smooth progress of our international trade.
- For better FC fund management, we have established five Nostro accounts three with JPMorgan Chase Bank, one with HDFC Bank and another one with Emirates Islamic Bank in 2020.
- In this tough situation, we were able to establish new relationships with 24 world renowned banks in 2020.
- To facilitate international trade through export factoring, we have executed MOU with Prima Dollar Operations Ltd. and Trade wind GmbH as they will launch fin-tech based factoring solution to the exporters where local exporters will be able to obtain their deferred receivables on sight basis. This solution is secure, faster and will help to shorten the cash cycle of the exporters.

Strategy/plan for 2021

- To provide more facilities to our importers in International trade, we will try to enhance our credit line facilities to USD 550 million in 2021 by effective negotiation with our foreign counterparts.
- For better FC fund management, we will try to establish a nostro account in Singapore Dollar in 2021 as well as we will try to meet up any rational demand from our business and operational line for nostro accounts establishment.

Trade Service

Through Import trade service sub unit and export trade service sub unit we are providing better service to our AD branch/OBU/CPCs and replying regulatory queries timely with full compliance. To identify any wrong reporting "miss reporting" and/or violation of regulations in trade service we have introduced strong monitoring.

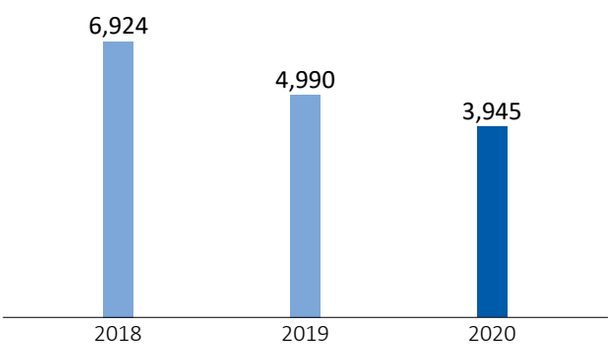
To communicate the latest update and sharing knowledge among members of SJIBL AD Forum, we have conducted two SJIBL AD forum meeting in 2020 out of which one was in digital platform.

Strategy for 2021

- To communicate the latest update and sharing knowledge among the SJIBL AD forum members, we will try to conduct at least one meeting in each quarter in 2021.
- To update the skill and addressing changing issues related to software, system, regulation & procedure in trade, we will conduct minimum 3 workshop/seminar for trade personnel.

NRB Remittance Service

Inward Foreign Remittance (Taka in million)



To enhance wage earner Remittance through us, we have made new agency arrangement in 2020 with the below 3 renowned exchange companies as well as we are maintaining effective relationship with 14 exchange houses:

1. First Security Islami Exchange Limited , Italy
2. Progoti Exchange Company, UAE
3. Aftab Currency Exchange Limited, UK

Strategy for 2021

- To facilitate the foreign Remittance inflow from any non-residence Bangladeshi, we will try to enhance at least five agency arrangement with exchange houses abroad in 2021.
- To facilitate smooth foreign Remittance inflow, we will onboard fin-tech in 2021.

IT DIVISION

COVID-19 Provides Opportunity for Digital Transformation

Financial institutions around the world are under considerable stress because of the pervasiveness of COVID-19. Since the start of the coronavirus, consumer demand for digital banking has never been greater and Financial industry is experiencing a major shift in service delivery across the globe and SJIBL is also not an exception.

Key Initiative in 2020

In 2020, SJIBL IT division has taken a series of initiatives which will help the Bank to improve customer experience in the coming days.

- **Home office:** With proper tools and connectivity, the Bank established the IT infrastructure to support work from home particularly for back office staff which enable to remain productive and efficiently conduct most of the work from home and it continued for a considerable period in 2020.
- **Mobile App:** The Bank introduced mobile wallet SJIBL Net to cater growing customer demand which carry out all the banking transactions like utility bill payments, tuition payments, intra-bank and inter-bank fund transfers, from their mobile application.
- **Reduction of physical paper flow or Green Initiatives in banking operation:** SJIBL has introduced the paperless process in certain areas of banking operations. During the pandemic, the Board of Directors meetings were held digitally over the zoom. Memos and other documents were presented through digital means through in-house developed software.
- **HRM module:** Upgraded Bank HRM module now become fully automated where all relevant data to human resources, leave applications, performance appraisals, etc. are recorded and processed.
- **Automated E-GP:** The Bank has introduced Robotic Process Automation for automating the e-GP (Electronic Government Procurement) module for better customer service and speedy processing.
- **Develop centralized Agent Banking Software:** SJIBL has implemented a fault-tolerant technology infrastructure for agent banking operations which enabled customers seamless experience.

Beside all above, in 2020 It upgraded its CBS for providing efficient and better customer service as well as handle high volume data base.

Future Plans for 2021

- **Digital Account Opening:** During 2020 Bank initiated a project to digitalize the opening of accounts from a place of customer convenience. The project is expected to go live within the first quarter of 2021.
- **DR Upgradation:** The Bank has taken a project to further enhance the DR (Data safety and availability/capabilities which is expected to be completed by 2021.

BANKING OPERATIONS DIVISION

Banking Operations Division is primarily mandated to ensure smooth branch operations of the Branches/Sub-Branches by providing continuous guidelines & supports in collaboration with other Departments/Units at Corporate Head Office. In COVID-19 scenario, BOD was always in close touches with the Branches for ensuring Banking Operations at branches with minimum manpower for keeping infections level at minimum in the Bank by arranging all necessary approvals from the competent authority of the Bank for any sorts of policy exceptions/special issues related to product lines/customer services etc.

Key Highlights in 2020

- For disbursement of cash Incentive to COVID-19 affected 50 lac families in Mujibborsho, BOD has designed a tailored Mudaraba Savings Deposit (MSD) Account for aforesaid purpose.
- Successfully implemented Bank's new Account Opening Form with new KYC profile as per directive of Bangladesh Bank.
- Automated Cheque Processing Unit (ACPU) has successfully Integrated Bangladesh Electronic Fund Transfer Network (BEFTN) with Core Banking System (CBS). Additionally, ACPU ensures entire tasks related to RTGS Operations in the Bank.
- Introducing Web Based Solutions of Central Circular Management System in the Bank which ensures digital Archiving of all Instruction/ Information Circular issued by all divisions of Head Office.
- Fraud Detection and Prevention Policy has been reviewed and updated.

Future Plans for 2021

- Starting "Centralized Account Opening Management" to reduce Operational Risks at branch level as well as rationalize the related volume of man hour incurred.
- Introduction of digital Account opening platform
- Implementation of live operation of FC Cheque/FC DD and BEFTN Operations in different foreign currencies through BACH-II .
- Establishment of full-fledged Disaster Recovery Site (DRS) for ACP (BACH) Unit.

FINANCIAL ADMINISTRATION DIVISION (FAD)

Financial Administration Division (FAD) 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.

2020

FINANCIAL CONTROL

Pre-Audit

- Bills processed: 47189 nos.
- Amount: Tk. 16,929 Million

Payment Processing and Book Keeping

- No. of Bills/Vouchers: 46245 Nos
- No. of Transactions: 91638 Nos
- Voucher Maintenance

Reconciliation

- Reconciliation of General Account
- Reconciliation of Bangladesh Bank Taka and FC clearing Account.
- Reconciliation of 68 nos. accounts with other Banks.

OPERATION

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.

LEADERSHIP

Policy and Process Development

- Review of systems, processes and policies to facilitate consistent delivery across the entire spectrum

PLANNING & STRATEGY

Budget and Business Plan

- Budgeting and business planning through forecasting with necessary inputs
- Capital planning and issue management
- Appropriate direction for changes in business and finance strategy for business improvement initiatives

Key Initiative in 2020

COVID-19 along with implementation of single digit profit rate has created unprecedented challenges. To manage through these challenges and position the Bank for recovery, Financial Administration Division (FAD) drives for operational improvements necessary to navigate the sharp downturn by strategically positioning and utilizing assets. FAD has taken a series of initiative which help the Bank to improve operational efficiency and retain profitability as under:

- Established austerity measures to rationalize operating cost in order to ensure the highest value for money in every types of expenditure.
- Strengthen Internal Control Systems over GL in order to find out the loophole while ensuring maximum utilization of Bank's assets.
- Conducted Virtual Business Review Meeting with Branches at regular intervals in order boost up profitability.
- Accumulated/amended comprehensive list on Schedule of Charges
- Develop accounting process on Bangladesh Government Policy Support during Covid 19
- Review the original budget of 2020 in the backdrop of COVID 19 outbreak and implementation of single digit profit rate in order to boost up the morale of Branches
- Capital planning for 10 years and process has been started for issuance of BDT 5,000 million Mudaraba Perpetual Bond as part of Additional Tier-1 Capital in order to strengthen the long term capital base of the Bank.

Special Achievement

The Bank has received a number of Awards on Annual Report 2019 from different prestigious bodies around the globe as recognitions of its best work, accountability, transparency and good governance.

1. SAFA International Award- Joint First Runner Up
2. 20th ICAB National Award- Joint 2nd
3. 7th ICSB National Award- Silver (2nd)
4. ICMAB Best Corporate Award-2019- Silver (2nd)

Future Strategy

The Division is playing an important role in helping the Bank successfully manage through the pandemic, be proactive and flexible in decision-making, and remain focused on the long term. The Division strives to further streamline existing business processes wherever possible on ongoing basis.

CENTRAL PROCESSING CENTRE (CPC)

One of the core activities of the Bank is to facilitate international trade. With an aim to deliver Foreign Trade Services to the doorstep of our clients of Non-AD branches, the Bank has formed Central Processing Centre (CPC-Dhaka) at Corporate Head Office in January 1, 2013. Since its inception, CPC is working as a service center of the Non-AD Branches of the bank for trade services. During the year the foreign trade business of Non-AD branches have recorded a significant growth.

Key Initiative in 2021

"Central Processing Centre- Chattogram (CPCCTG)" has been set up with effect from September 1, 2020 aiming to facilitate the Non-AD branches of the Chattogram Zone. Day by day CPC has reached to all the Non-AD branches with its all-out quality trade services and became a comfort zone of the Non-AD branches.

Future Plan in 2021

- Comprehensive Software for Centralization.
- Full centralization of Trade Services (Both AD & Non-AD).

SHARIAH INSPECTION AND COMPLIANCE DIVISION

Islami banking developed to escape the economy from the grip of interest based financial system. Islami Banking expressly states its commitment to the principles of Islami Sharaih and avoids Riba (interest) from all of its operations. As an independent division of Shahjalal Islami Bank Limited, Shariah Inspection & Compliance Division with a pool of Muraquibs whose are well conversant in Fiqhul Muamalat and Islamic Jurisprudence observes and ensures the Shariah compliance of the Bank and guides the Bank to the straight and practical ways to implement Shariah principles as prescribed by the Shariah Supervisory Committee and the directives of Bangladesh Bank Guidelines in all of its banking operations. The Division generally performs the following functions:

- Conducting regular Shariah Audit and Inspection at the branches and divisions.
- Providing Islami banking trainings to the new and existing officials.
- Refining existing products and services.
- Coordinating with the Management and Shariah Supervisory Committee.

Muraquibs are conduct Shariah Audit functions round the year. The objective of Shariah audit is to ensure proper execution of transactions as per Sharaih, evaluation and assessment of Shariah control systems that are in place. If an audit observation is raised on transactions of particular investment deal, then the income treated as doubtful and transferred to the Compensation Realized Account.

Overview on 2020

Despite the challenge of coronavirus (COVID-19) pandemic, the division completed the year successfully by taking a number of initiatives. Few of them are mentioned below:

- Introduced Off-site Shariah inspection for continuing regular Audit and inspection activities coping with coronavirus pandemic and completed Shariah audit of all 132 branches of the bank.
- Facilitated and restructured the Cash WAQF deposit product.
- Arranged 3 meetings of Shariah Supervisory Committee and one meeting of Shariah Sub-committee to review and confer decision on the issues referred by the board of directors and management of the bank.
- Reviewed Shariah compliance status of the branches and divisions of the bank convening five meetings of Shariah Inspection Report Review Committee in presence of and chaired by the Managing Director.
- The division arranged 3 trainings in different locations across the country before pandemic situation and 2 virtual trainings for enhancing Shariah knowledge and awareness of the employees throughout the year where 1180 employees have been trained on different aspects of Islamic finance, operations and documentations.

Plan for the year 2021

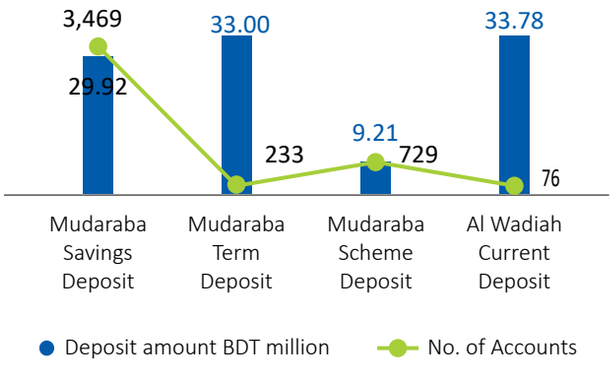
To ensure maximum level of Shariah compliance in all operational dimensions of the bank, the division have made a calculated plan for the future. The highlighted points of the plan for the year 2021 are given below:

- Publishing "Shahjalal Islami Bank Shariah Guidelines".
- Introducing the integrated software of Shariah documentation for facilitating the functions of Shariah compliance.
- Introducing E-doc software for better monitoring of Shariah documentation status of the branches.
- Taking necessary steps to obtain membership of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions), IFSB (Islamic Financial Services Board) and CIBAFI (Council for Islamic Banks and Financial Institutions).
- 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%.

AGENT BANKING

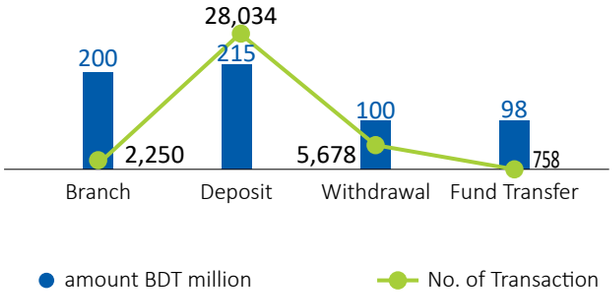
Agent Banking has been a catalyst in financial inclusion in Bangladesh. Agent Banking is defined as the banking services provided outside of regular bank branches by engaged agents under a valid agency agreement. The aim is to provide financial services to the underserved and poor segments of the population, especially those from the geographically dispersed locations. Shahjalal Islami Bank Limited (SJIBL) realized the potential to increase customer reach by offering Agent Banking services through agents for the customer of remote areas where they do not have access to formal banking system. SJIBL started its agent banking segment from December 2019 by setting up its first SJIBL Agent Banking Centre in Cumilla and its operations have grown rapidly.

Agent Banking Deposit Performance in 2020



Shahjalal Islami Bank made Agent Banking Structure with secured technology and real time banking for customers. Agent Banking customer can enjoy transaction are on real time basis and the Agent Banking System is integrated with the Core Banking System. Customer get instant SMS notification and system generated money receipt for each transaction.

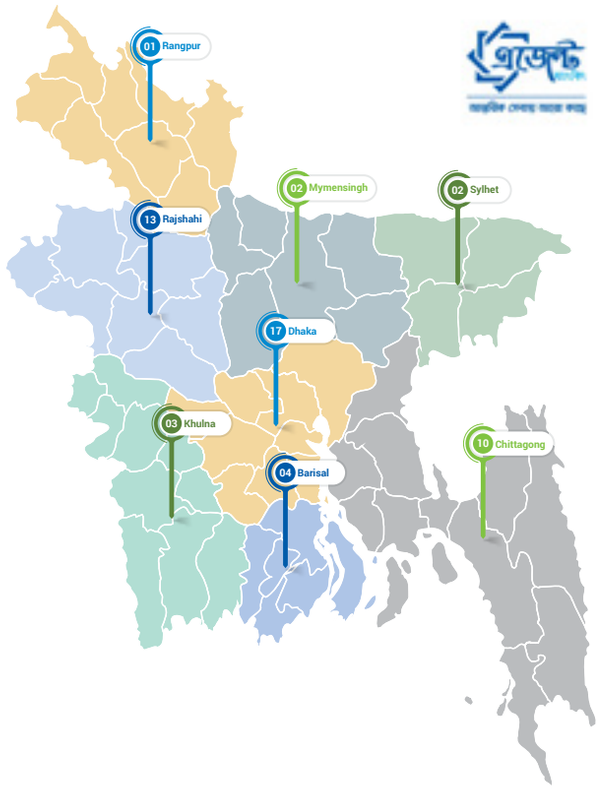
Agent Banking Transaction Performance in 2020



SJIBL Agent Banking Products & Services

Providing financial services that are convenient, affordable and reliable, SJIBL aims to widen the network of financial inclusion through Agent Banking. SJIBL wants to provide a complete banking financial service solution to increase access to a broader range of financial products & services for every citizen of Bangladesh and promote sustainable banking solution to achieve the ultimate goal of financial inclusion.

Geographical Coverage 2020



SJIBL Agent Banking outlet will offer the below mentioning products and services

BRANDING AND PRODUCT DEVELOPMENT (BPD) DEPARTMENT

To build and deliver a brand, it is vital that the brand is effectively communicated both internally and externally. Brands are not things; rather brands are a representation of a highly valued idea that resides in the minds of consumers and stakeholders alike. Brands represent a set of unifying principles that guide an organization's behavior and its manner of delivering experiences customers highly value above the available alternatives in the marketplace.

Thus, carefully selecting a brand position could provide the bank with marketplace advantages help in translating the existing position to a strong and consistent brand identity. Including the intuitive brand architecture backed up with a strong name, icon, and tagline that concisely reinforces brand promise. Today, the customers are more educated and well informed. The customer mindset is changing rapidly so the brands have to be in accordance with the customer's taste and preferences.

When it comes to the key of success in branding there are two main keys: The first one being a combination of execution of the model and strong customer service, and secondly to ensure that the new service is allowed to build its own brand position in customers' minds so that it may eventually survive and thrive on its own, differentiating itself from direct competitors and from the parent brand of complementary services. When both these are combined with a balanced marketing mix and clear marketing message will ensure the success of branding. SJIBL believes that differentiation begins with its service and trust. The initiative at SJIBL is to provide a delightful banking experience to all its customers. BPD is responsible for building, protecting and enhancing the Bank's reputation as a trusted provider of world-class financial services.

To attract new customers and retain existing customers SJIBL branding department always devises ways to reach the mass people for connecting emotionally through its brand value and identity. At present, 60 plus banks are operating in our small economy. Hence to survive in the financial marketplace; strong brand promise gives customer more comfort and security. The bank has developed a brand strategy to build one of the finest and strongest Islamic financial brands in Bangladesh. Our branding initiatives are targeted at leveraging on existing brand strength while refreshing and evolving the brand to appeal to the Islamic finance minded people.

Initiatives in 2020

The major activities done by BPD in 2020 are enumerated below:

- BPD supervised 'Annual Report-2019' taking account aesthetic look, attractive layout, graphical presentation, infographics which has been praised by the stakeholders.
- For the 2021 calendar, an innovative idea was executed. The theme of the calendar was old script of "Al Quran" preserved in different countries that made this year's calendar unique.
- BPD introduced E-Card for Eid as a part of green banking initiatives.
- As a customer-oriented bank, new year greetings cards were designed upholding Islamic value blended with modern concept that differentiate with other Islamic banking institutions.
- To create awareness and comply the Government instructions regarding Covid-19, stickers & leaflets were designed and distributed across the Bank.
- BPD designed numerous Card promotional campaign throughout the year.

- SJIBL has been awarded multiple prestigious awards from local and international body such as SAFA, ICAB, ICSB, IFC and Cambridge IFA during 2020. BPD took the opportunity to communicate the recognition through social media platform in order to enhance the image of the Bank.
- To create enhanced digital footprint, concept, background work, process-flow of the Bank's internet banking App 'SJIBL Net', missed call alert service, 24x7 Call center has been accomplished.
- Social platform like Facebook, an essential piece of digital marketing, helps to connect with potential customers, increase awareness about brand, and boost lead generations. Considering the significance, SJIBL launched official FB page which is regularly maintained with due attention highlighting corporate events and important news of the bank's achievements.

REVIEW OF SJIBL SUBSIDIARY

Operating environment

Though economic turmoil had hit badly first half of last calendar year, bourses of the country rebounded lately in last year and generated one of the highest return globally i.e. 21.31% even after the Covid-19 led shutdown placed the equity market in halt for 66 days. The broad-based index DSEX, charged up by 949.13 points to end at 5,402.07 points at the end of the year and market P/E was 14.5 times. However, index return was 49.85% from the bottom point i.e. 3,603.95 during March 18th, 2020. The market capitalization of the prime bourse stood at the highest position at BDT 4,482.30 billion(bn) with a rise of 32.01% as against the previous year mainly due to the upsurge in stock prices, listing of ROBI, the biggest ever IPO, and WALTONHIL, the second largest company by market capitalization of the country. Besides, the regulator permitted capital raising of BDT 95.0bn through IPO, right and bond issuance during this pandemic year in effort to improve depth market and establish a vibrant market. Moreover, the ratio of market capitalization to GDP stood at 16.03% at the end of December 30th, 2020. Besides, the daily average turnover has been recorded on a satisfactory level of BDT 6,489.48 mn this year which is 35.10% higher than that of the corresponding year. Earlier, the capital market observed prolonged bearish vibe while investors were left bewildered by the continuous fall of the index as a consequence of the outbreak of coronavirus in the country. Regulators took initiatives to restrict the free fall of the stock price ahead of nationwide lockdown. Afterwards, the market resumed on 31st May and the new BSEC commission took charge with the aim of restoring investors' confidence in the market during the unprecedented time. BSEC under new leadership has worked relentlessly and introduced numerous investor-friendly directives markedly speedy IPO approvals, mandatory shareholding directives & board restructuring for failure to do so, strict stance against irregularities, 3-day trade settlement for Z category issues, bond trading, listing of renowned companies which in turn restored much needed investors' confidence in the market.

Key factors

- While the successful vaccine rollout in the country ushering beacon of hope for the national economy
- Banks have been facing excess liquidity due to low credit demand and the expansionary monetary policy
- Regulatory tussle and unsatisfactory performance of several large capital companies

Particulars	2016	2017	2018	2019	2020
Market Cap(BDT in Billion)	3,412	4,229	3,873	3,396	4,482
DSEX Index	5,036	6,245	5,386	4,453	5,402
Avg. Daily Turnover(BDT in million)	4,944	8,748	5,510	4,803	6,489
Market P/E (Times)	14.3	17.3	14.6	11.9	14.5

Market outlook for 2021

Bullish trend to be prevalent on bourses and 2021 will be a year of opportunities for the capital market owing to rising market confidence, monetary easing by the central bank and far-reaching policies by the securities regulator to establish a vibrant capital market in the country. Moreover, a number of renowned companies are in the listing pipelines and initiatives for listing State Owen Enterprise, Multi-National Companies are in the process which will enhance market depth besides additional BDT 100.0bn funds is likely to be raised from the market in this year. Market development and reform initiatives

by BSEC will continue which in turn is expected to translate in notable turnaround of the stock market in the following year. Furthermore, Inflation-adjusted return i.e. real return in the money market is negative which will lead savers' fund to channel in the capital market. Meanwhile, prime index i.e. DSEX may cross psychological threshold of 6,000 to 6,500 points this year. Bangladesh has shown a strong economic turnaround from the crisis last year due to global pandemic. However, Economic outlook of global observers estimated shinning performance of Bangladesh while comparing with peer countries. Beside, continuation of economic growth in the year of Golden Jubilee of independence is likely to usher in a stock market surge and investors on the stock market is expected to remain optimistic during the year. In addition, news on Covid-19 vaccines rollouts will eventually revitalize different economic sectors to outperform.

Key Drivers

- Still attractive market valuation in many sectors.
- Impressive economic recovery from COVID-19 pandemic fallout and shining growth prospect of Bangladesh
- Investors' participation remained high due to the lower return on bank deposits, increased market confidence and limitations on National Saving Certificate investment.
- Regulatory reforms have win back investors' confidence and bring more institutional and foreign investment

SJIBSL Securities Ltd. (SBLSL) is one of the top 20 brokerage houses in Bangladesh and a fully owned subsidiary of Shahjalal Islami Bank Limited .

(SJIBSL) is a TREC-holder of both Dhaka Stock Exchange Ltd.- DSE (TREC #233) and Chittagong Stock Exchange Ltd. - CSE (TREC # 134) and holds both broker & dealer licenses.

SJIBSL Products & Services

Brokerage Services:	CDBL Services: Full Service DP	Research Services	Daily Electronic Notification
Error free & compliant trade execution and margin trading	BO account opening & maintenance, share transfer and transmission through CDBL	Equity valuation, industry & macroeconomic review, daily & weekly market updates	Daily portfolio statement, trade confirmation & research reports through email & SMS
Foreign Trade	**Margin Investment Facilities**	**Panel Brokerage**	**Trade with Ease**
Trading for foreign investors & NRBs	Competitive rates and easy processing	Special trading services/terminals for institutional investors	Trade instruction through DSE Mobile & Desktop App, Telephone, Email and Fax

Key financials

Particulars	2019	2020
Margin Investment outstanding	3,186	3,098
Operating income	311	320
Operating profit	(32)	27
Net profit (loss)	(60)	6
Operating profit margin (%)	-1%	1%

Strategy for 2021

- Increasing online and offline reach by opening up new branches at key locations, conducting customer outreach programs and connecting customers through online media.
- Ensuring service excellence throughout the organization by engaging all employees in product and service innovation process, and offering customers new-to-the-industry products and services.
- Enhancing capacity of research team and increasing its equity and industry coverage to attract more institutional individual clients.

INITIATIVES OF MANAGEMENT IN 2020

Customer Service Excellence

- **Launching Mobile app:** App based digital wallet SJIBL Netto cater growing customer demand which carry out all the banking transactions like intra-bank through EFT & RTGS and inter-bank fund transfers, utility bill payments, tuition payments, cheque requisition from their mobile application.
- **Setting Call Center:** To provide 24/7 smooth and convenient service to the valued customers for card, ATM, Internet Banking and Agent Banking services, "SJIBL Call Center" with short code16302 is equipped with dedicated and professionally skilled Support Executives for 365 days.
- **DR Upgradation:** The Bank has taken a project to further enhance the DR/Data safety and availability/capabilities which is expected to be completed by 2021.
- **Automated E-GP:** The Bank has introduced Robotic Process Automation for automating the e-GP (Electronic Government Procurement) module for better customer service and speedy processing.
- **Develop centralized Agent Banking Software:** SJIBL has implemented a fault-tolerant technology infrastructure for agent banking operations which enabled customers seamless experience.
- **CBS Upgradation:** In 2020 SJIBL upgraded its CBS for providing efficient and better customer service as well as handle high volume data base.

Operational Efficiency

- **Reduction of physical paper flow or green Initiatives in banking operation:** SJIBL has introduced the paperless process in certain areas of banking operations. During the pandemic, the Board of Directors meetings were held digitally over the zoom. Memos and other documents were presented through digital means through an in-house developed software.
- **Home office:** With proper tools and connectivity, the Bank established the IT infrastructure to support work from home particularly for back office staff which enable to remain productive and efficiently conduct most of the work from home and it continued for a considerable period in 2020.
- **HRM module:** Upgraded Bank HRM module which become fully automated where all relevant data to human resources, leave applications, performance appraisals, etc. are recorded and processed.
- **Leveraging Digital platform maximum:** Very immediate after of COVID-19 breakout , Bank has been conducting numerous digital platform through zoom-based workshop and training which can incorporate 1000 employees per training or workshop.

Patronizing ethical and respectful banking

- **Ensuring women friendly environment:** In 2020 SJIBL develop a Female Anti-Harassment Policy.
- **Showing humanitarian attitude to women:** Bank shows relaxation in work to female employees during severe COVID-19 period in 2020.
- **No penalty for late payment:** No penalty was imposed for late installment payment of all deposit schemes as well as credit card payment in whole COVID-19 period.
- **Giving Integrity Award:** Integrity awards was given to employees having good ethics to motivate other employees.

Ensuring Health and Hygiene in all operational aspect

- **Bearing COVID-19 treatment cost:** Bear all cost of COVID-19 medical and test expenses of all affected employees.
- **Allowed quarantine leave:** Allowed quarantine leave for containing COVID-19 to the employees, when and where required.
- **Safety kit distribution:** Free distribution of mask and sanitizer among all employees.
- **Disinfection kiosk:** Bank setting up disinfection kiosk and non-contact thermometer to scan and trace COVID-19 suspect in its Head Office and branches premise.

Employee Motivation

- **Intact salary package:** In spite of COVID-19 induced financial challenges,unlike many other banks, SJIBL gave annual increment and did not cut any salary or did not down size employees.
- **Attractive bonus for all employees:** Irrespective of ACR or Annual Appraisal, minimum yearly cash incentive was given to all employees on the basis of performance of 2020 though Bank's operating profit shrink.
- **Disburse risk allowance:** During lock down period of 2020, SJIBL was run with minimum employees while salary and bonuses were given to all as well as disburse COVID-19 risk allowance.
- **Recruited Doctor:** Bank recruited a full time doctor for healthcare of all employees. The doctor provided support to all employees during COVID-19 pandemic.

SUSTAINABILITY REPORTING

MESSAGE FROM THE MANAGING DIRECTOR & CEO ON SUSTAINABILITY

In 2020, the global Covid-19 pandemic wrought social and economic disruption on an unprecedented scale. The pandemic is so extensive that it has affected most of the organization's essential sustainability issues during the year.

In the earliest days of the crisis, we implemented preventive measures as our first line of response in line with the guidelines from the Directorate General of Health Services and the World Health Organization. We worked quickly on the procurement of the necessary protective equipment that includes face masks, face shields, gowns, sanitizers and also instituted temperature checks for employees, customers and visitors to our head office and branches. As an essential service provider, we continue to operate as per the guidelines of Bangladesh Bank, the central bank of the country, with the utmost care towards the safety of our customers and employees, and without disruption of our services. For employees in need of the most urgent assistance, a Quick Response Team (QRT) was also formed.

In the post-COVID-19 period, the world will be more dependent on sustainable banking, especially for survival. We are committed to create sustainable progress and as a responsible bank, Shahjalal Islami Bank Limited firmly believes that it has a strong role to play in promoting Corporate Social Responsibility (CSR), Green Banking, Financial Inclusion and Sustainable Development activities to ensure resilient banking growth. We believe that including sustainability in all aspects of our business is fundamental in creating lasting value for all our stakeholders.

Corporate Social Responsibility

SJIBL believes in making CSR not just an initiative and therefore has instituted the SJIBL Foundation to carry out CSR activities on behalf of the Bank. As a socially responsible organization, SJIBL recognizes that we are part of the community at large, and there is a strong need to contribute to society and support those in need. The Foundation works towards improvement in socio-economic development and has been supporting education, health, charities, treatment of poor people, donations, sponsoring sports and natural disaster efforts to promote sustainable communities and the environment in Bangladesh.

Due to COVID-19, the year 2020 was different for CSR activities. Yet, SJIBL, as a responsible bank, came forward to support the poor and the people who lost their jobs due to Covid-19 generously and distributed substantial relief across the country. The bank also provided face masks and sanitizers to the people as primary protection.

SJIBL understands the importance of education among the poor and underprivileged communities for the progress of the country. In this context, SJIBL provides a stipend to meritorious poor students irrespective of gender from HSC to post-graduate to complete their studies. Apart from the stipend, the bank also provided financial assistance to financially weak students. SJIBL also extended support to construct schools and madrasas across the country, and it provides furniture for schoolrooms. It also donated computers and printers to the schools situated in rural areas.

SJIBL spent a substantial amount on healthcare management during 2020. Medical equipment was provided to a hospital and an ambulance was also donated to a charitable organization. The Foundation also generously supported poor people in critical health treatment on a case-to-case basis.

In 2020, 45 semi-pucca buildings were constructed by SJIBL Foundation for those who have lost their homes due to natural disasters across the country. Furthermore, blankets were distributed among the poor during winter to save their lives from extreme cold and freezing. The bank also donated a fund to arrange sports and cultural programs. SJIBL also donated Tk. 5.00 crore to the Prime Minister's Relief Fund to support government initiatives in different development activities.

Green Banking

We always believe in growing responsibly by maintaining an eco-friendly environment across the organization. For that purpose, the Bank circulated the Green Banking Policy Guideline, SJIBL Green Office Guide as well as SJIBL Environmental & Social Risk Management (ESRM) Guideline to all the employees to raise awareness regarding conservation of energy, water and saving paper, etc.

We highly encourage our customers to use E-Statement, SMS banking, SMS Alert, and e-mail correspondence to reduce the use of paper. The Bank has developed a number of green banking instruments through which customers can save their valuable time and unnecessary paperwork as well. During the year, SJIBL introduced the Centralized Circular Management System (CCMS) which streamlined banks' internal circular databases digitally. Our latest updates for paperless banking are internet banking, digital wallet and e-KYC, which have opened up banking opportunities for customers using the latest technology without visiting a branch. The bank is also upgrading its technology to meet the growing demand for digital banking.

Green banking is eco-friendly financing. To get a sustainable positive impact from business, green banking is essential. Due to Covid-19, the situation for new investment was not favorable during 2020. As such, Green Finance appetite naturally decreased. Still, we continued financing green projects to keep up with the growth of green finance at all costs. As a result, we achieved the yearly regulatory target of green finance disbursement which was more than 5% of yearly Term Investment disbursed (Tk. 514.32 Million) in the year 2020. Besides, SJIBL successfully implemented environmental risk rating and social risk rating introduced by Bangladesh Bank during appraising investment proposals.

Sustainable Development

The Bank is committed to observe the Sustainable Banking Guidelines of Bangladesh Bank. It has demonstrated such commitment duly considering the environment, social and governance risks and pertinent impacts when underwriting investment as well as providing investments directly to support the country to move toward sustainable development goals. Recently, the Sustainable Finance Department of Bangladesh

Bank has issued a new circular which has been considered by all concerned as a regulatory paradigm shift from Green Product Financing into Sustainable Financing. As per the new circular, green finance, sustainable agro-finance, sustainable SME Finance, cottage industry finance and socially responsible finance altogether will be considered sustainable finance. For the first time since the inception of the Green Banking movement in the banking sector of Bangladesh, financing Jute (once the golden fiber of Bangladesh), cane and cottage industry trading have been decided to be included as sustainable finance by the regulatory body.

The environment and natural resources are fundamental to the well-being of people, sustainable business conduct and long-term national development. The Bank believes that businesses should play an important role in alleviating climate change, striving to reduce adverse effects of its operations on the environment and promote conservation of natural resources. The Bank is fully aware that climate change and global warming have widespread effects on all sectors, including the Bank and its customers.

The Government of Bangladesh has planned infrastructure development projects that will create investment opportunities, especially the mega projects such as Padma Multipurpose Bridge, Matarbari Seaport, Payra Deep Sea Port, Dhaka Metro rail, Dhaka Elevated Expressway, new Railway project, Karnaphully Tunnel, expansion of Highway, new terminal of Hazrat Shahjalal International Airport. These large-scale projects will stimulate investment and further economic development. The projects will also help drive and elevate the financial sector towards the desired sustainable development of the country. As a responsible financial institution, Shahjalal Islami Bank Limited intends to support such development by seeking to offer a variety of financial products that meet sustainability principles and thereby help facilitate the country's sustainable growth plan.

Customer Relationship Management

The Bank is committed to providing service excellence, acting responsibly, treating customers fairly and honestly, observing industry standards. The quality of the service we deliver to the customers is critical to the long-term success of the company.

Today, commercial banks in Bangladesh are facing intense competition to retain customers. Accordingly, the Bank is determined to build and maintain good relationships with customers while improving the quality of its products and services. To enhance the satisfaction of existing customers and attract new customers, the Bank constantly improves its service delivery systems to ensure that they are fast and convenient to meet the customer's expectations.

We constantly seek to enhance the quality of our service and regularly create opportunities to share feedback on their experience with us. In this respect, the Bank conducts a customer satisfaction survey periodically to promote customer engagement, to listen to their views and to understand situations or problems, so it can improve service quality to be in line with customer's needs. This is to ensure quality professional services that can respond to the needs of all customer groups so that the bank impresses customers and becomes their bank of choice. The findings of the survey help identify key areas for service improvement and development to provide better service and satisfy customers.

Human Resource

The Bank recognizes employees as invaluable resources and believes that delivering the best possible service begins with building and supporting the best possible team. We work to attract and sustain a diverse, engaged, agile and capable workforce, creating values for our employees and rewarding their contribution.

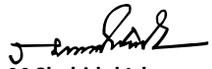
We are committed to creating an engaging, inclusive and sustainable workplace in which we maintain a safe and healthy working environment. Learning and developing continuously and keeping a healthy growth is essential to ensure our workforce remains capable and relevant in the face of change. We continue to deploy best-in-class learning and development programs to nurture our employees at all levels. Employees are encouraged to take personal ownership of their development by upgrading their skills and taking assignments of higher responsibility for career development. Furthermore, the bank has introduced the policy regarding the "Prevention of Sexual Harassment Policy" to ensure the safety and wellbeing of the employees.

Conclusion

Our responsibility to provide resilient and sustainable financial solutions for our customers and society also guides our initiatives to support the businesses of our clients during the financial hardship and uncertainty caused by COVID-19. A number of our corporate clients have faced unprecedented challenges as orders were cancelled, revenues slumped and supply chains were interrupted. In some cases, clients experienced a shortfall in liquidity. SJIBL, as a strong financial institution, has supported its clients during 2020 on its own and through the government stimulus package.

The COVID-19 pandemic deeply affected the entire planet, changing everyone's priorities. There is, however, one priority that remains unchanged for us, to keep our focus on personnel, on our customers and on the society where we operate. We will continue to improve our responsible business practices and exercise prudence to transform our businesses and our economies towards a greener and more sustainable future. These are goals that not only correspond to SJIBL principles and objectives but also set the foundation for generating value for our personnel and our shareholders.

Finally, I would like to extend my sincere gratitude to all stakeholders for the trust, support and confidence given to us in the past year on our sustainability path.



M Shahidul Islam
Managing Director & CEO

ABOUT SUSTAINABILITY REPORTING

This report illustrates how we bring our sustainability commitment to life through our activities; it provides information about our economic, social, environmental and governance activities and commitments up to December 31, 2020. We have focused our reporting on issues which are of greatest importance to our stakeholders. We have identified Materiality and disclosed clearly in this report. A comprehensive overview of our impact and engagement is covered in the different parts of this report, highlighting our activities and the main operation. We have used all information and data of Shahjalal Islami Bank Limited in line with our reporting policies. In this report, we have also included an in-depth reporting showing the bank's response to the Sustainable Development Goals (SDGs).

Scope of this Report

This report covers all significant economic, social and environmental impacts resulting from SJIBL's activities in the financial year 2020. There is no significant change regarding scope, boundary or measurement methods and explanation of the effect of any restatement of information comparing to the previous report of the year 2019.

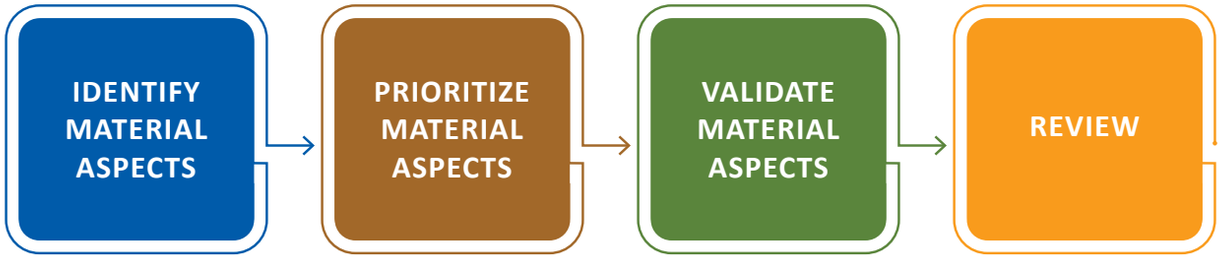
Content and Boundary of this Report

SJIBL defines content and boundaries of the report based on internal and external factors related to business operations as well as its essence and benefits.

- Content comprises stakeholder inclusiveness, sustainability context, materiality, and completeness;
- Quality comprises accuracy, balance, clarity, comparability, reliability, and timeliness.

Material Issues for this Report

Material issues are those that reflect our organization's most significant environmental, social and governance impacts, or those that influence the assessments and decisions of our internal and external stakeholders. SJIBL's identification process of materiality follows a sequence:



To understand the current and emerging issues that matter most to our stakeholders and that will have the most material impact on our business, we conduct regular comprehensive assessment of the bank's material issues. SJIBL ensures following material issues:

Materiality	Scope of internal impacts	Scope of external impacts
Good Governance	Executives and Staffs of all business units	All stakeholders
Sustainable Financing	Executives and Staffs of all business units	Customers, shareholders, communities and society
Inclusive Growth	Executives and Staffs of all business units	Shareholders, customers, communities and society
Digital Transformation	Executives and Staffs of all business units	All stakeholders
Cyber Security	Executives and Staffs of all business units	All stakeholders
Risk management and crisis management	Executives and Staffs of all business units	Customers, shareholders, vendors, creditors
In-House Environmental Management	Executives and Staffs of all business units	Shareholders, communities and society
Sustainable Human Resource Development	Executives and Staffs of all business units	Investors and customers
Corporate Social Responsibility	Management and SJIBL Foundation	Communities and society
Stakeholders Engagement	Management	All stakeholders

Sustainability Strategy of SJIBL

Our sustainability strategy is illustrated through our sustainability framework. It is built on our values that underpin our foundation of stable and principle based banking practices. It revolves around integrating sustainability concept into our core business operations. This sustainability strategy helps us to adopt effective and immediate actions for contributing positively to the community and create value for our stakeholders. This strategy helps us to address the growing socio-economic and environmental challenges of today and tomorrow.

Consequently, we have identified our sustainability advantage in respect of social and environmental aspects, in addition to the economic and ethical perspectives within our business strategy and daily operations. This represents our sustainability focus areas including responsible financing, employee empowerment, transparent reporting, system optimization and community cooperation.

For each of the sustainability focus areas, a clear strategic objective was established to drive our sustainability effort in this respective area. This strategy has been optimizing our economic, environmental and social impacts and aligning the business conduct with our sustainability strategic approach.

SJIBL and the Sustainable Development Goals

Shahjalal Islami Bank Limited has a significant role to play in contributing to the Sustainable Development Goals (SDGs). We have been connecting our reporting to the SDGs, a 17 global goals set by the United Nations General Assembly in 2015 and a core part of the 2030 agenda for sustainable development.

In this report, we outline in more details how our activities and sustainability approach relates and contributes to the SDGs. While our work covers almost all of the SDGs, we directly reference only those Goals where we have direct contribution.

Engaging Our Stakeholders

We are committed to engage regularly with our stakeholders as a way to understand their needs and ambitions that are core to our sustainability objectives. This enables us to respond to their expectations and priorities and use it as a cornerstone to our strategy.

To better understand our stakeholders' expectations, we regularly map their needs to capture our methods of engagement, identify priority issues for both the bank and the stakeholders, and track our response to these issues.

Key Highlights – 2020 on Sustainable Banking Operations

TOTAL CSR TK. 323.48 MILLION	TAKA 4,779.20 MILLION TOTAL TAX PAID TO NATIONAL EXCHEQUER	NUMBER OF TOTAL SCHOOL BANKING ACCOUNT 26,080
TAKA 752.58 MILLION TOTAL GREEN FINANCE OUTSTANDING	TAKA 72,573 MILLION TOTAL SME FINANCE OUTSTANDING	TOTAL 53 (RURAL & URBAN) AGENT BANKING BOOTH
INTERNATIONAL AWARD FROM UK ON SUSTAINABLE BANKING PRACTICE	NO INVESTMENT ON TANNERY& CONVENTIONAL BRICK FIELD	WORKSHOP ON GENDER EQUALITY & SUSTAINABILITY
HEAD OFFICE IN LEED CERTIFIED GREEN BUILDING	BEARING COVID TEST & HOSPITALIZATION EXPENDITURE OF ALL INFECTED EMPLOYEES BY THE BANK	MEETINGS AND TRAININGS IN DIGITAL PLATFORM THROUGH ZOOM FOR COVID 19

Sustainability in SJIBL

Sustainable development has been recognized as a potential roadway to build resilient societies, reduce poverty and safeguard the natural environment. This represents a demand for greater social and environmental responsibility as well as a new landscape of business opportunity for the private sector. Shahjalal Islami Bank Limited (SJIBL) has made sustainability as an integral part of day-to-day work, and is continuously improving the environmental and social performance of operations- which we commonly refer to as our corporate footprint.

At SJIBL we believe that any growth should meet the requirement of today's generation, without hampering future generations' ability to meet their own necessities. We are committed to ensure ethical, social and environmental criteria that are diligently followed while conducting business and making business decisions.

The bank has been working ardently to fulfill Sustainable Development Goals (SDGs) of the United Nations which include inclusive growth, poverty reduction, Gender Equality, Climate Action, Sustainable Cities and Communities, Good Health and Well-Being for People and Quality Education. CSR, Green Banking and Financial Inclusion are the three major banking tools to address Sustainable Development Goals (SDGs) for which SJIBL is very caring of all three of them.

Environmental Sustainability

To achieve long-term sustainable development, we must responsibly manage environmental and social (E&S) risks. Rapid urbanization and industrialization help to improve the livelihood of the human beings. Simultaneously, it creates strain on natural resources, such as energy, water and food supplies. Our planet's ability to meet the growing demand of natural resources may be depleted if we don't become environment-conscious. We introduced certain procedures and templates to assess our Environmental & Social (E&S) Risk which has been further improved every year. As a continuous process, E&S structure being updated to cope with different advancements and get the best output in terms of good investments.

- Environmental & Social risks are considered in all of our investment proposals, where appropriate.
- All investment proposals are taking into account of local laws and regulations and internationally acceptable environmental and social standards where these are more stringent.
- Risks associated with both environmental and social issues are being properly recognized, evaluated and where appropriate mitigated.
- Appropriate procedures are designed to meet these policy requirements e.g. project finance proposals are assessed in accordance with international best practices.

Power, water and other resources consumption management
SJIBL believes that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of us can work towards a better global environment. Through proper planning and management, SJIBL has ensured minimal wastage of natural resource. We finance business that invests in renewable energy or simply suggests our employees switch their lights off after office hours, use daylight instead of electrical lights, turn of all air-conditioned after 6 pm, going towards paperless office work and so on.

Climate change & carbon footprint
Climate change has become a global concern as it has direct impact on biodiversity, agriculture, forestry, water resources and human health. People across the world now admit that Bangladesh is one of the major victims of climate change. Banks, like all other companies, produce greenhouse gases (GHG) directly or indirectly (through financing of clients and projects that generate GHG gases) from their activities. As a corporate citizen and environmentally-responsible financier, SJIBL has introduced green banking not only to help to save the environment but also for a sustainable economic growth.

Social Sustainability

Community investment
SJIBL also contributes to economic and social development through initiatives and programs that support the community. At SJIBL, we believe that the most rewarding investment is investing for the society. We believe in creating long-lasting value for our customers, shareholders, and employees and above all for the community we operate in. A detailed report on CSR has been presented separately in the annual report.

Digital transformation
In Bangladesh, SJIBL is one of the leading Islamic Bank that provides digital banking services to its customers. The Bank has started its digital services through internet banking. We have developed fast and user friendly digital services for customers such as SJIBL Net (Internet Banking App), introduction of e-Account Opening, 24/7 Call Center, etc. Financial system of the entire world is changing very quickly. This is also true for Bangladesh's banking industry as most of the financial transactions will take place digitally in near future. SJIBL is ready for the transformation.

Service excellence & customer satisfaction
SJIBL is improving its customer relationship model every year with the aim of offering the finest products and services as and when required. SJIBL treats every customer very important and provides him/her customized and personalized services according to their need. Thus the Bank has become the centre of trust and happiness for its customers among the Islamic Banks of Bangladesh.

Employees
Quality of working relationships, healthy work-life balance, recognition of the performers, and continuous investment in people differentiates SJIBL as a Superior Employer. If employees feel proud of belonging to SJIBL and are more committed, they will be able to earn the lasting loyalty of our customers. Diversity and equal opportunity are the key driving force in terms of employment in SJIBL. People with diversified knowledge help the bank to do sustainable banking and create an atmosphere which promotes innovation.

Green Banking training is mandatory for all newly joined staffs in SJIBL. For our employees to have in-depth understanding on Green Finance, we have introduced 'Sustainable Finance Training'. In 2020 a total of 500 staffs have attended in Sustainable Finance Training.

We have a comprehensive remuneration platform based on our HR policy. It combines a fixed salary that reflects the individual's role and level of responsibility along with other benefits. In addition, the bank also offers provident fund, gratuity, benevolent fund, superannuation fund, house building safety net scheme, incentive bonus and medical benefits for employees and dependents. SJIBL strictly follows the labor laws for the country in terms of remuneration, working environment, employee benefits, working hours etc.

Economic Sustainability

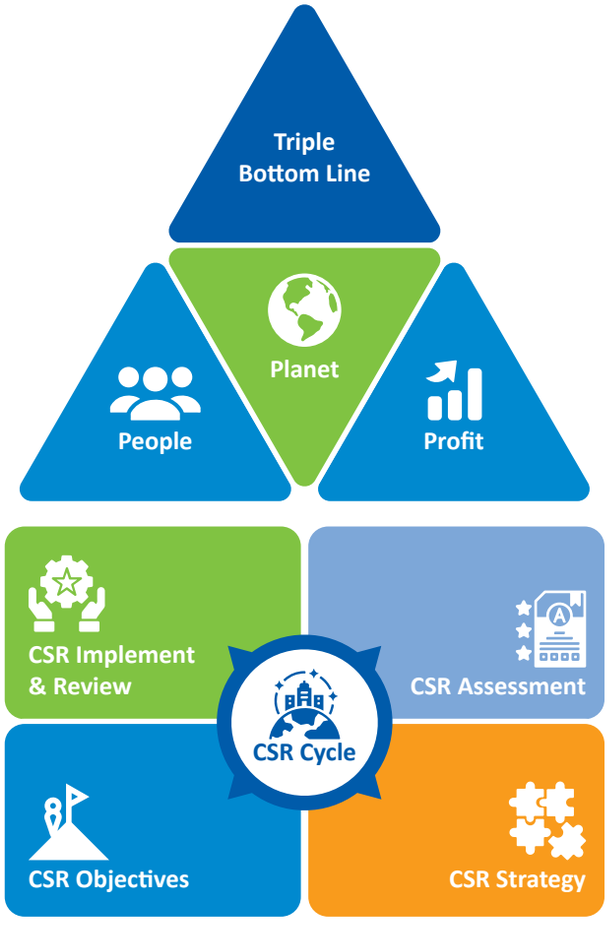
- Investment outstanding in SME Tk. 72,573 million
- Employee benefit paid Tk. 3,001.85 million
- Dividend paid to shareholders Tk. 1,176.11million
- Tax, VAT, and Excise Duty paid Tk. 4,779.20 million
- CSR Activities Tk. 323.48 million
- Zakat paid Tk. 160.98 million

Disbursement in Sustainable Finance	Year 2020
Green Finance	Tk. 514.32 Million
Sustainable Agriculture Finance	Tk. 4,996.30 Million
Sustainable SME Finance	Tk. 4,317.99 Million
Total Sustainable Finance	**Tk. 9,828.61 Million**

Contribution to National Exchequer	Year 2020
Income Tax	Tk. 4,151.57 Million
VAT	Tk. 309.35 Million
Other Duties and Taxes	Tk. 318.29 Million
Total Contribution to National Exchequer	**Tk. 4779.20 Million**

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) refers to self-regulatory mechanism whereby a bank ensures its active compliance with the spirit of the law, ethical standards and national or international norms. 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. On the other hand, CSR cycle follows four steps ranging from defining objectives & strategy to implement and subsequent review:



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

> *The income divide is deep and further deepening in the world. In some countries, the collective wealth of the billionaires is more than the country's budget. In Bangladesh too, the income divide is stark and the national per capita GDP does not truly reflective the living standards of the vast swathes of the poor in the country. To address this discrimination, SJIBL run its CSR activities with special emphasis upon poverty-stricken rural areas.*

SJIBL is continuously pursuing its Corporate Social Responsibility (CSR) activities with utmost importance. We have espoused and embarked upon diverse activities particularly in the areas of education, poverty alleviation, healthcare, national and sponsoring environment friendly initiatives for the greater benefit of present and future generations.

CSR for environmental cause

As part of going green SJIBL emphasizes upon quantification of in-house facilities and energy consumption to promote paperless office and enhance energy efficiency. Greater emphasis on green banking projects is being given for quantification of in-house facilities and energy consumption to promote paperless office and enhance energy efficiency. We recognize that the policies and practices we adopt today will shape not only our lives but also those of future generations. Due to COVID 19 no tree plantation program was arranged in the year 2020 but workshop on Green Banking and Environmental awareness was organized using digital platform.

Strategic CSR/CSR within business

CSR influences the corporate culture and employees' behavior. The influence of corporate culture on employee behavior results in the development of better-working environment and employees'

commitment. Apart from direct effect of CSR, Shahjalal Islami Bank also promotes strategic CSR which has indirect effect where projects are promoted not for profit but mainly for social benefit. SJIBL promotes inclusive growth where profit is sacrificed in many cases by giving free service. The objective behind SJIBL's promotion of 10 taka, 100 taka no-frill accounts as well as school banking accounts is financial inclusion instead of earning profit. SJIBL runs free financial literacy campaign not for profit but to promote financially educated society. Though free financial literacy campaign was suspended due to COVID 19, no-frill account opening continued throughout the year 2020.

Community Growth

Community Investing (CI) for growth is a subcategory of socially responsible investing, and it aims to earn returns for investors while contributing to noble causes. Shahjalal Islami Bank makes community investments. SJIBL donates for education, sports, culture and economic growth in different areas of Bangladesh. In 2020, SJIBL has donation of Tk 323.48 million for CSR activities of the Bank.

In-House CSR Activities

Sustainable Finance Department of Bangladesh Bank has issued circular latter no.06 dated 31 December 2020 which has mentioned following activities as In-House CSR activities:

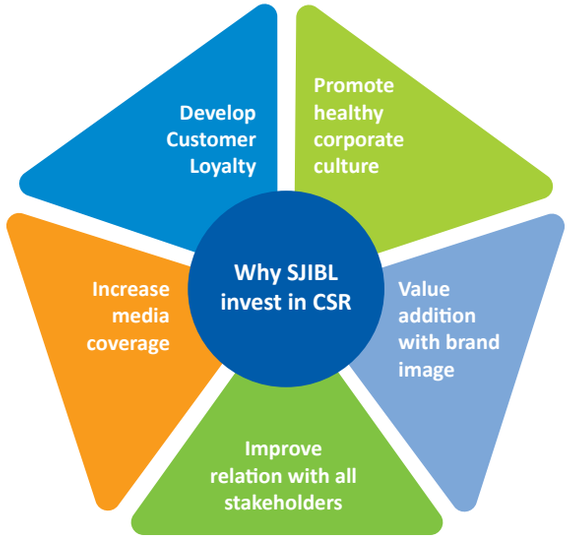
- Scholarship for employees' children
- Medical facilities for employees' dependents
- Safety measures in the workplace/office.

The Bank is providing medical support to the father, mother, spouse and children of each permanent employees of the Bank. SJIBL education scholarship includes employee's children apart from general people. This scholarship is given from superannuation fund. SJIBL ensures safe and secure working environment in all of its premises. Moreover, Head Office of SJIBL is a LEED certified green building.

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. CSR of SJIBL mainly comply with following SDG Goals:

Since inception in the year 2006, SJIBL Foundation has been working for improving the living standards of under-privileged segment of the society. The Bank's branch networks dispersed across the country engages with their respective communities by being an active partner in the social and trade related activities in the localities while responding with empathy at times of crisis caused by natural disaster, weather phenomena, etc. SJIBL Foundation also dedicates funding and support towards worthy and charitable causes throughout the year guided by the Bank's CSR policy which determines the parameters for Corporate Social Responsibility (CSR) activities of the Bank.



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. 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 causes like blanket distribution.
- To provide financial assistance for 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.

Sectors for CSR

Considering the corona virus pandemic, Bangladesh Bank has modified its CSR circular and instructed all scheduled banks to spend 60% out of total CSR yearly budget on Healthcare sector, 30% in Education and 10% on Environment purpose for the year 2020. Banks are also encouraged by regulatory body to help healthcare sector by buying PCR machine, ventilator machine and oxygen cylinder for corona patients' treatment. As per Bangladesh Bank circular SJIBL made CSR in the following sectors:

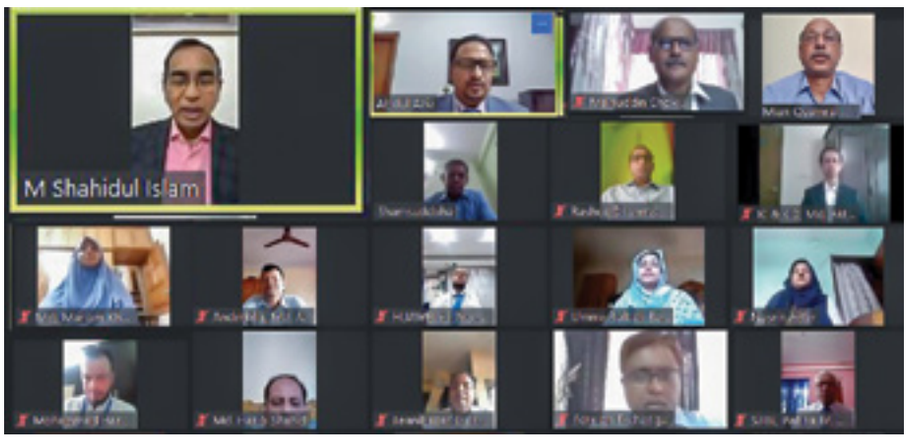
Particulars of CSR by SJIBL	Year-2020 (in million)	Year-2019 (in million)	SDG Relevance
Education	39.05	52.40	GOAL 4: Quality Education
Healthcare	7.46	5.69	GOAL 3: Good Health and Well-being
Environment & Disaster Management	67.14	10.81	GOAL 13: Climate Action
Blanket Distribution	56.08	127.34	GOAL 13: Climate Action
Others Including PMs Relief Fund	153.75	23.93	GOAL 1: No Poverty
Total	**323.48**	**220.17**	

Education

It is said that education is the passport to the future and future belongs to those who are prepared for it. Education is also considered the most powerful weapon to change the world. 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. In order to maintain social distancing amidst COVID 19, SJIBL foundation organized scholarship awarding ceremony in November 2020 in a very limited scale by inviting only 10 students, however scholarships were given as usual to 500 number of poor and meritorious students through their bank accounts. SJIBL has been making education related CSR to poor and meritorious students gradually till completion of their study. This is more effective being helpful for students to end their full course of study. Moreover, the Bank has also made education related CSR to the educational institutions for development of their infrastructure.

Healthcare

Healthcare is not a privilege, it's a fundamental right just like other civil rights. Health is one of the prime parameters to achieve Sustainable Development Goal (SDG). The need for health care is increasing everyday due to rapid growth of population. SJIBL has

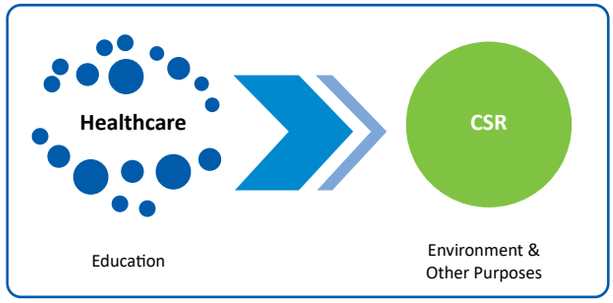


Virtual workshop on CSR and Gender Equality

been donating to different health care institutions to facilitate health care for poor people. SJIBL makes two types of healthcare related CSR:

- For curative healthcare like donation for COVID patients.
- For preventive healthcare like funding for disease prevention.

Due to COVID 19 pandemic, the government prioritized healthcare over anyother activities and SJIBL emphasized curative healthcare over preventive healthcare in 2020 since COVID vaccine was marketed in 2021 worldwide.



During the year 2020 the bank spent CSR of Tk.7.46 million for healthcare purpose which is far greater than last years spending on healthcare CSR.

Environment & Disaster Management

It is our individual and collective responsibility to preserve the earth where we live. Economic growth should not be allowed to achieve at the cost of environment. In line with that, CSR from SJIBL is given for the purpose of environmental protection or to build green economy. Besides, disaster management for cyclone or flood affected area is also considered under Environment related CSR. Regarding environment and disaster management two types of CSR are common:

- Tree Plantation
- Blanket Distribution

Tree Plantation by SJIBL Pabna Branch

Rice distribution During COVID-19 in greater Faridpur area

During winter season, blanket distribution programs are usually arranged while tree plantation programs are organized from May to July of each year. In the year 2020 the bank has incurred CSR of Tk. 67.14 million for Environment & Disaster Management purpose.

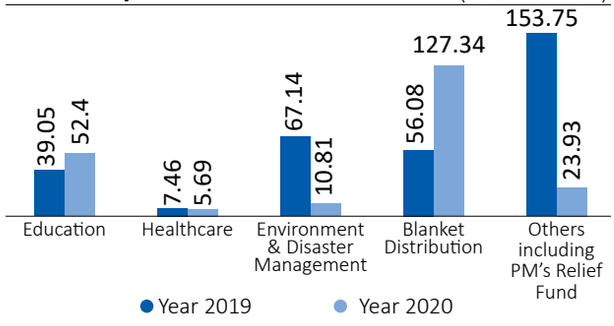
Blanket distribution among poor people of Noakhali by Managing Director of SJIBL

Other Aspects of CSR

As a responsible organization of the society, Shahjalal Islami Bank Limited believes that what is happening inside the company is felt outside by customers and other stake holders. SJIBL 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. SJIBL gives CSR as Humanitarian Assistance under two major consideration:

- Donation for national issue and to address any national disaster.
- Donation for international issue through PMs relief fund.

CSR in the year 2020 and 2019 (Taka in million)



CSR Preference of SJIBL

Education Scholarship for poor but meritorious students

Healthcare related CSR to Government Hospitals

Climate Risk Related CSR in the form of Tree Plantation and Blanket Distribution

CSR in different areas instead of area biasness

CSR through PMs Fund

CSR to under privileged

CSR and its End use monitoring

SJIBL Foundation has been monitoring 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 SJIBL Foundation of SJIBL checks Memorandums of Understanding (MOUs) of the assistance recipient organization for confirmation of end use.
- In case of assistance to individuals, the Foundation collects and files reports/documents to ascertain 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 annually 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.

Beneficiary of CSR

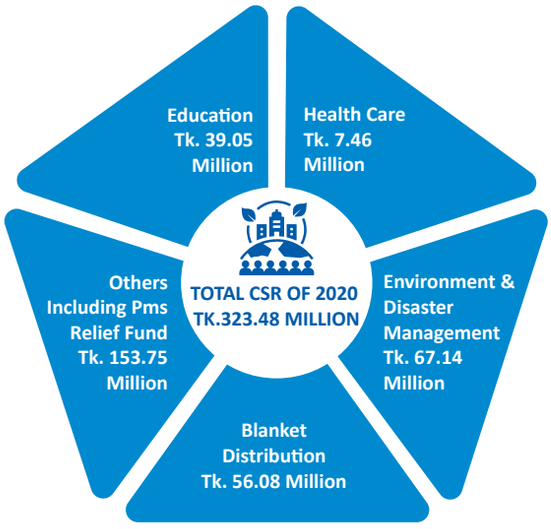
SJIBL distribute CSR both to organizations/institutions and individuals. In case of donation to organizations/institutions, it is not always possible to track the exact number of beneficiary. Like other organizations, SJIBL CSR considers two issues simultaneously:

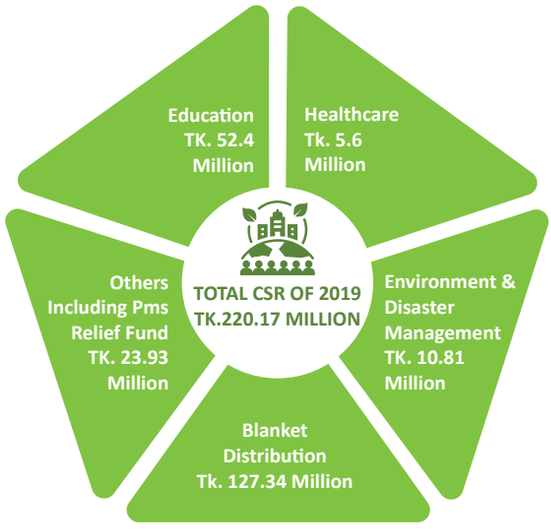
- Number of beneficiary of CSR
- Amount contributed as CSR/Donation

The number of individuals and institutions/organizations that have been benefited from the CSR of SJIBL in 2020 are as follows:

Sector of CSR	Number of Individual Beneficiary	Number of Institution/Organization as Beneficiary
Education	1,443	12
Healthcare	27	4
Environment	13	-
Blanket Distribution	1,63,488	-
Others	229,333	16
Total	**230,816**	**32**

CSR EXPENDITURE OF THE BANK





CSR related Case Study

MBBS student of Dhaka Medical College with SJIBL's educational CSR

Sakib Al Hasan's village home is at Basati, Thana-Fulpur, Dist- Mymensingh. Sakib's father is a small farmer with very small earnings. After completion of HSC from Syed Nazrul Islam College, Mymensigh he was selected in a competitive exam to get enrolled into Dhaka Medical College as MBBS student. His father was unable to carry out the expenses of his higher education. He came to know the scholarship of SJIBL and he applied for the scholarship to complete his MBBS degree. Considering his merit as well as family hardship, SJIBL Foundation decided to award him scholarship to run his MBBS degree in Dhaka Medical College in 2016. He is now a third year student who has been studying smoothly under SJIBL Scholarship Scheme.

SJIBL Scholarship makes one's dream of studying from University of Dhaka come true

Apart from scholarship for medical and engineering students, education CSR of SJIBL also covers students of general education. One such example is Sharmin Akter who was born in a poverty striken family in Charbhodrason, Faridpur. Sharmin has been passionate about her studies and had dreams of studying from University of Dhaka, Oxford of the East. Her father, Md. Shahid Munshi has to maintain a family of five members with a small amount of Tk.60000 yearly income. Through competitive varsity admission exam she got the opportunity to study in the University of Dhaka. As such, she needed additional financial support since her fathers financial back up was not enough to continue her study at all.

One of her relatives referred her to the country's reputed scholarship program that supports students- from college to post-graduation. SJIBL's stipend proved game changer for Sharmins life. Today, Sharmin has been on her way to complete graduation from Dhaka University and stipend money of SJIBL works as true back-up to bear her educational expenditure. She opined: "Without SJIBL stipend I would have to do private tuition heavily to manage the additional money which could have disturbed my study."

ENVIRONMENT RELATED INITIATIVES

THE FOLLOWING SDG GOALS OF UNITED NATIONS HAVE BEEN COMPLIED BY SJIBL'S ENVIRONMENTAL INITIATIVES

Shahjalal Islami Bank Limited believes that every small 'GREEN' step taken today would go a long way in building a greener future. In line with SFD Circular No. 02 dated: 01 December 2016 of Bangladesh Bank, the Sustainable Finance Unit (SFU) of Shahjalal Islami Bank Limited has been 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 of SJIBL mainly divided into 03 parts:

STEP-1

SJIBL Sustainable Finance Unit (SFU)

STEP-2

SJIBL Sustainable Finance Committee (SFC)

STEP-3

SJIBL Risk Management Committee (RMC)

SJIBL is creating sustainable business by integrating sustainability into all products and services. SJIBL has designed its products and services ensuring the environmental benefit in the economy and society. The products, services and investment of the bank play an important role in the lives of individuals, business and communities. Our Bank extends investment facility to clients whose business activities lessen ecological damage, endorse energy efficiency and support communities who are vulnerable to climate change. By doing so, we ensure that we constantly meet our stakeholders' business needs and maintain customers' trust and business continuity. As such, the bank also contributes for socio-economic development of Bangladesh. The following initiatives have been taken by the bank for sustainable business environment.

- Refusal to do business with clients who are damaging environment
- Selection of good borrower in respect of compliance & sustainability
- Reduction of unnecessary energy consumption (Electricity, fuel, water)
- Reuse of paper, different printing stationary items
- Usage of renewable energy in branches and Head Office
- Digitalization of banking operation so that customers can do banking from home
- Refining processes to increase efficiency

Compliance of Department of Environment (DOE) Environmental & Social Risk Rating (ESRR) of Bangladesh Bank

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 manmade) and/or the non- compliance of the prevailing national environmental regulations. This is a facilitating element of investment risk arising from environmental issues. These can be due to environmental impacts caused by the prevailing environmental conditions. If un-addressed, environmental and climate change risk can hamper the business stability of the investment client in respect of both- i) profitability and ii) reputation. As such, Shahjalal Islami Bank Limited deals environmental and social risk issues mainly in two major parameters:

1) DOE (Department of Environment) Categorization for Business

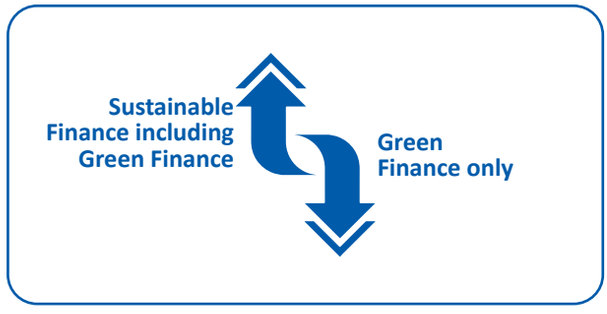
- Green
- Orange-A
- Orange-B
- Red business.

2) Environmental and Social Risk (ESR) Rating Criteria of Bangladesh Bank for investment

- Low Risk
- Moderate Risk
- High Risk

SJIBL always monitor the business of its investment clients and inspire them to shift from High Risk business to Low Risk business by complying all the requirements of Bangladesh Bank and Department of Environment.

Regulatory paradigm shift from Green Product financing in to Sustainable Financing



Previously Bangladesh Bank determined 52 green products for all scheduled banks and only financing there was considered as green finance. These 52 green products fall under following criteria:

- Renewable Energy
- Energy Efficiency
- Alternative Energy
- Waste Management
- Green Brick Manufacturing
- Green Establishment
- Ensuring Work Environment & security of Workers.
- Vermicompost, Palm Oil Plant etc.

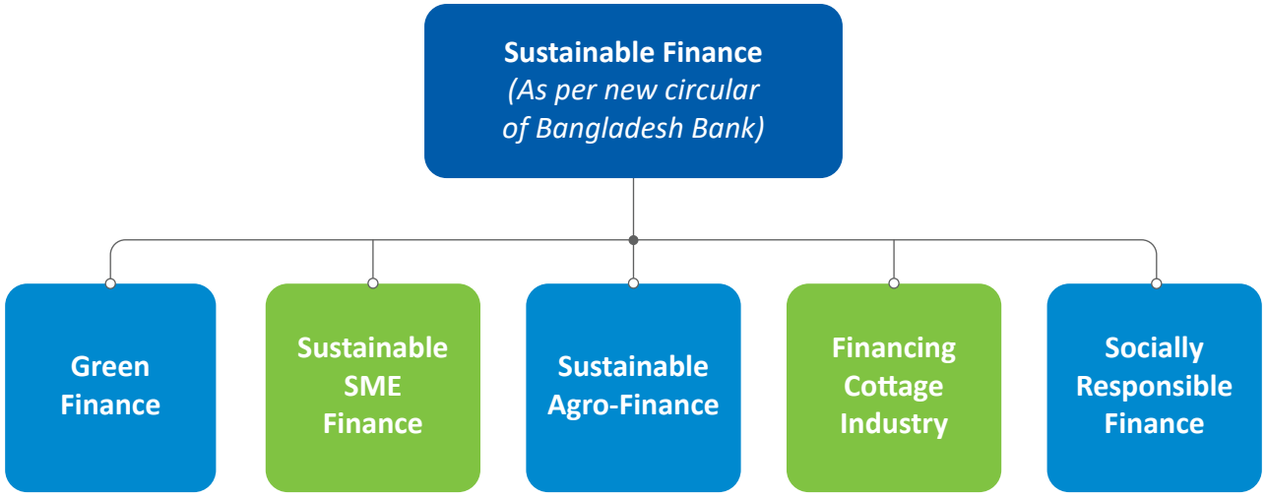
Sustainable Finance Department of Bangladesh Bank has issued a new circular letter no.06 dated 31 December 2020, which has specified following sustainable products from 2021 and onward:

- Jute made products
- Cane made products
- Biodegradable Waste Bag, Biodegradable Garden Pots,
- Biodegradable Toilet Towels, Biodegradable Tissue and Biodegradable Female Hygiene
- Reusable Grocery Bags, Reusable Coffee Filters,
- Reusable Non-Plastic meal Preparation Container, Reusable Coffee Cups
- Recyclable Goods, Recyclable Floor Mats, Rechargeable Batteries etc.

Besides, a new concept of Socially Responsible Finance has been introduced by this circular that included followings:

- Community investment to address climate resilience
- Financing in Green/ Clean Transport Projects (Cycles or vehicles run on solar, electricity etc.)
- Financing in climate vulnerable zone
- Financing in government approved eco-tourism project
- Financing in MFI/NGO linkage mode for employment generation or self-employment
- Financing in Orphanage/ Child Rehabilitation Center/Old Home

The above expansion of green products category is a paradigm shift of regulatory body from previous 52 green product category into the comprehensive aspect of sustainable finance which will embrace green finance, sustainable agro-finance, sustainable SME Finance, financing cottage industry and Socially responsible finance altogether. From 2021 and onward instead of merely green finance, sustainable finance will be center of focus from all policy making to report and comply regulatory requirement of Bangladesh Bank.



As per Guidelines of Bangladesh Bank, Shahjalal Islami Bank Limited has green finance in following sectors:

From 2021 SJIBL, however, will calculate green finance as well as sustainable finance as per new circular requirement of Bangladesh Bank. In that case, cottage industry finance, a substantial portion of SME Finance, Agriculture finance and all socially responsible finances as specified by Bangladesh Bank under the umbrella term "sustainable" will be considered in future.

Green Finance Status of SJIBL in 2020

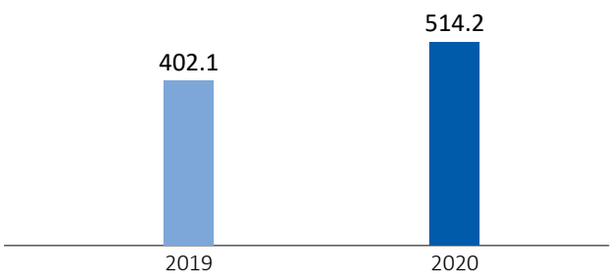
As per revised SFD circular No.05 dated 09 September 2020 of Bangladesh Bank, each scheduled bank has to disburse 5% Funded Green Finance out of total Term Loan/ Term Investment disbursement each year. In light of this new Bangladesh Bank circular, progress in investment of Green finance of SJIBL in the year 2020 is as follows:

Particulars	BDT in Million				Total in the year 2020
	Mar, 2020	June, 2020	Sept, 2020	Dec, 2020	
Term Investment-Disbursement	1,953.62	2,705.19	2,480.70	1971.65	9111.16
Green Finance- Disbursement	198.36	57.38	110.80	147.78	514.32
Green Finance Disbursement as % of total Term Investment Disbursement	10.15%	2.12%	4.47%	7.5%	5.64%

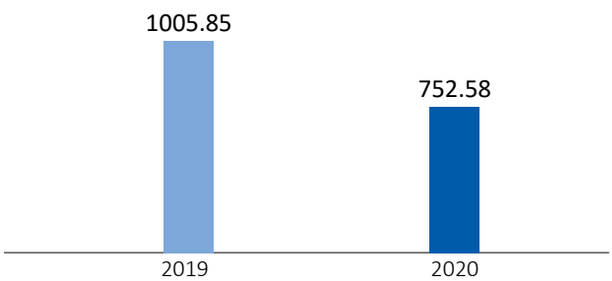
In Green Finance reporting we considered fifty two (52) green products as specified by Bangladesh Bank's earlier circular. SJIBL monitors and evaluates Green Finance Growth from three (03) main perspectives:

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

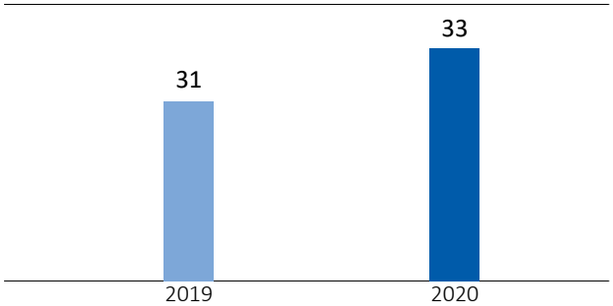
Yearly Growth of Green Finance Disbursement (Taka in million)



Cumulative Oustanding of Green Finance (Taka in million)



Number of Client of Green Finance (Taka in million)



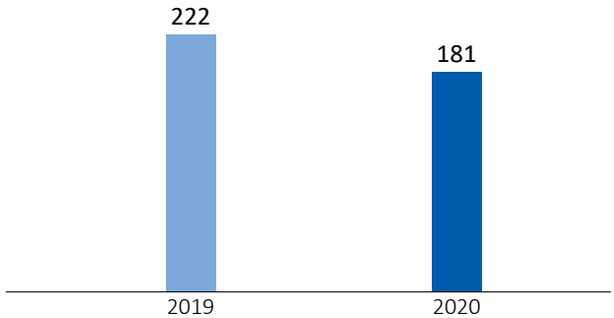
The downward move of Green Finance (as shown above) in terms of outstanding from the year 2019 to 2020 is the result of lesser investment demand due to COVID 19 pandemic that impacted banking industry severely since March 2020 and onward. As investment in all other sectors experienced declining trend, so was green finance. However, Sustainable Finance Unit (SFU) of the Bank tried to retain existing green finance that were given on revolving basis so that achievement against green finance target could be maintained to fulfill regulatory requirement. As a result, disbursement and client number of green finance increased compared to last year. However, SJIBL achieved target of green finance disbursement in 2020.

Apart from usual investment/ credit risk rating, scheduled banks are supposed to do environmental and social risk rating (ESR) as per regulatory requirement of Bangladesh Bank for the following sectors/cases:

- Agriculture activities involving farming and crop production.
- Small sector like washing, dying, re-rolling mills, brick kilns, pesticides, chemical, rubber, batteries and plastic product manufacturing
- All Medium sector
- All Corporate and Project Finance

As such, Shahjalal Islami Bank Limited started Environmental & Social Risk Rating (ESRR) through ESRR Checklist in its investment proposals where applicable since 2012. In 2020, number of clients whose ESRR were made (as mentioned in below chart) were lesser than last year due to the overall downward growth of investment.

Number of Investment Projects where Environmental & Social Risk Rating (ERR/ESRR) is doen



Optimistically enough, among 181 investment accounts/ projects whose environmental and social risk rating was done prior to disbursement of investment in the year 2020, no high risk rated project was found. Again, the Bank has been working to develop MIS on environmental & social risk management so that any risk arising from environmental and social issues can be detected and addressed immediately.

A dairy firm of a SME client financed by Rajshahi Branch of SJIBL after Environmental & Social Risk Rating was found low.

Ethnic minority financing under SJIBL CMSME Investment Scheme

In House Sustainability

Due to restriction by regulatory bodies banks cannot purchase buildings and other fixed assets above the limit set by Bangladesh Bank. As such, it is not allowed in most of the times to build up rain water harvesting system and waste management system in rented building used as banks branches. However, SJIBL authority has established rain water harvesting system and waste management system at the branch located in banks Head Office building. At present, SJIBL has 19 solar powered branches. In addition, SJIBL Training center has organized training and workshop on Green Banking as well as environmental awareness on routine basis. Due to COVID 19 pandemic, SJIBL employees attended trainings and workshops in digital platforms like zoom in BIBM, BBTA and banks own training academy.

Year	Number of Workshop Organized on Green Banking by SJIBL Training Academy	Number of Participants
2018	12	360
2019	12	360
2020	01	500

Though number of training was only 01 in the year 2020 for COVID 19, maximum 500 trainees participated in zoom –based training held on December 2020 which was organized by SJIBL Training Academy and conducted by Bangladesh Bank.

According to new circular letter no.06 dated 31 December 2020 issued by Sustainable Finance Department of Bangladesh Bank, Sustainability Rating will be done like CAMELS Rating to judge banks on some subjective and objective criteria from 2021 & onward and as such different sustainability criteria will be measured some of which are as follows:

Sustainable Finance (SF) Status Of SJIBL

SF & CSR-QUALITATIVE & QUANTITATIVE	BDT & Million
SUSTAINABLE FINANCE-QUANTITATIVE	
Green Finance	31
Sustainable Agriculture	244
Sustainable SME	108
Socially Responsible Finance	-
Total No of borrowers in Sustainable Finance (SF)	**383**
Green Finance	1
Sustainable Agriculture	20
Sustainable SME	7
Socially Responsible Finance	-
Total No of Women borrowers in Sustainable Finance (SF)	**28**
Green Finance	514.32
Sustainable Agriculture	4,996.30
Sustainable SME	4,317.99

SF & CSR-QUALITATIVE & QUANTITATIVE	BDT & Million
Socially Responsible Finance	-
Total Disbursement in Sustainable Finance (SF)	**9,828.61**
Green Finance	-
Sustainable Agriculture	0.49
Sustainable SME	83.48
Socially Responsible Finance	-
Total NPI in Sustainable Finance (SF)	**83.97**
Sustainable Finance (SF) as % of Total Loan Disbursed	8%
Number of Borrowers with SF as % of Total Borrowers	2%
NPLs in SF as % of Total NPLs	1%
IN HOUSE GREEN BANKING PRACTICES	
Electricity Consumption in 2020 per employee (in million Taka)	0.03
Water Consumption in 2020 per employee (in million Taka)	0.001
Paper Usage in 2020 per employee (in million Taka)	0.002
Transport expenses for official purpose in 2020 per employee (in million Taka)	0.01
Electricity Consumption in 2019 per employee (in million Taka)	0.03
Water Consumption in 2019 per employee (in million Taka)	0.001
Paper Usage in 2019 per employee (in million Taka)	0.002
Transport expenses for official purpose in 2019 per employee (in million Taka)	0.004
IN HOUSE GREEN BANKING PRACTICES	
Green Investment (in million Taka)	N/A
Total Investments (in million Taka)	N/A
Green Equity (in million Taka)	N/A
Shareholders' Equity (in million Taka)	N/A

SUSTAINABLE FINANCE-QUALITATIVE	SJIBL Status
Any decision taken by the Board/ SMT in SF?	No
Any decision taken by the Board/ SMT in GF?	No
Any decision taken by the Board/ SMT in Green Banking activities other than GF?	No
Any decision taken by the Risk Management Committee of Board/ SMT in SF?	No
MIS for SF?	No
MIS for CRF?	No
Review the SF policies/strategies as per ICC guidelines of BB?	No
Steps taken for capacity building of employee?	Yes
Steps taken for awareness building of customers?	Yes
Does the institution's website contain a specific section separated for Sustainable Finance/ Banking related issue?	Yes
Does the institution's annual report contain a specific section separated for Sustainable Finance/Banking related issue?	Yes
SJIBL CSR Status	**SJIBL Status**
Due Diligence check list for CSR project?	Yes
Any undue intervention by the BoD for CSR approval?	No
Penalty imposed for non-compliance of CSR issues?	No
Minimum (20%) women employees in the work place?	Yes
Separate transportation facilities for women employees?	No
Harassment policy in the work place, reviewed or not?	Yes
Participation in Daycare Center; Own/ Combined?	No
Minimum (25%) of CSR Expenditure in rural areas?	Yes
CSR Activities Disclosed in Annual Report?	Yes
CSR Activities Disclosed in Print/Electronic Media?	Yes
Scholarship for employee's children?	Yes
Medical facilities for employee's dependents?	Yes
Safety measures in the work place?	Yes

Green Office Guide of Shahjalal Islami Bank Limited

Shahjalal Islami Bank Limited has formulated Green Office Guide in 2015 which is meticulously complied by all branches. The Green Office Guide of SJIBL comprises following instructions to ensure reuse, reduce and recycle resources for cost minimization:

- Online communication for office management
- Double-side printing to save paper
- Eco-font in printing to reduce use of ink
- Use scrap paper as notepads
- Avoid disposable cups/glasses
- Energy efficient electronic equipment for office
- Installation of 'Power save Mode' in Computer
- Switching-off fans, lights, air coolers etc. during office exit
- Energy efficient electronic equipment for office
- Lesser Corporate Business Travel to save energy
- Encouraging employees to use rickshaw or walking for short distance
- Maximum utilization of day-light for office
- Minimum utilization of electric bulb in day time
- Minimum use of AC during the rainy season and winter
- Keeping AC temperature at 24 degree in summer
- Encourage customers for e-statement and email communication
- Encourage the clients to use ATM cards instead of cheque books
- Advertising through electronic media avoiding the print media
- Tele conference and video conference to avoid travelling
- Reduce wastage of water
- Reduce usage of tissue papers
- Leave the office in due time
- Introduction of e-filing
- Use email instead preserving hard copies
- Develop corporate culture to check emails everyday among employees
- Start sending meeting invitation, presentation and meeting minutes etc. in e-form instead of printed form

Climate change has become a global concern since it has direct impact on biodiversity, agriculture, forestry, water resources and human health. People across the world now admit that Bangladesh is one of the major victims of climate change. Banks, like all other companies, produce greenhouse gases (GHG) directly or indirectly (through financing of clients and projects that generate GHG gases) from their activities. As a corporate citizen and environmentally-responsible financier, SJIBL has introduced green banking not only to help to save the environment but also to a sustainable economic growth.

Major in-house environment related initiatives

Reduction of GHG Emission and Resource Consumption of SJIBL in 2020

SJIBL has been running vehicles, generator by consuming fuel which causes Greenhouse Gas (GHG) emissions directly. Besides, the bank also accounts for indirect GHG emissions produced as a result of consuming electricity from the Bangladesh national grid.

Energy Items	Per Unit Cost	Total Consumption in BDT in 2020	Measurement Scale	Green House Gas Emission in Metricton	Per Employee Green House Gas Emission in Metricton
Electricity	Tk.7.13each kilowatt hour	69,331,848.49	9,723,961.92 kilowatt	6875	2.59
Fuel for Generator	1 liter=.264 gallon & 90 taka=1 liter	3,856,532.51	11,312.50 gallon	101	0.04
Fuel for Car (Office)	1 liter=.264 gallon & 90 taka=1 liter	4,529,028.46	13,285.15 gallon	118	0.04
Total		**77,717,409.46**		**7094**	**2.67**

https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

Bangladesh Bank has issued the following circulars from 2011 to 2020 for directing the Banks to minimize resource consumption and also to reduce GHG emission per employee:

Year 2011
Circular for Environmental Risk Rating for banks by Bangladesh Bank

Year 2017
Circular for Social Risk Rating along with Environmental Risk Rating for banks by Bangladesh Bank

Year 2020
Circular for Sustainability Rating (like CAMEL Rating) by Bangladesh Bank for all banks and FIs

Eco-Friendly Operations

The Bank has updated its governance structure in regard to sustainability by accommodating Bangladesh Bank's latest directives to foster green governance. As part of constant commitment of SJIBL to adopt a quality approach, the bank continues to focus on reining its management systems across the business to include sustainability considerations.

Consumption saved Tk.72.61 Million only through SJIBLs eco-friendly operations

To keep pace with the fastest changing banking technology, we have been focusing on efficient use of technology and innovation. SJIBL has been moving for paperless banking with a view to reduce resource consumption:

Particulars	Quantity	Consumption saved
Number of total SJIBL ATM Card punched through SJIBL ATM Booth in 2020	737,826	Tk.3.32 million
Number of total SJIBL Credit Card punched in 2020	42,663	Tk.0.19 million
EFTN	1,361,166	Tk.6.13 million
On the basis of cost of per page of MICR cheque book Tk.4.50		
Number of total Transaction Notification sent to customers through SMS in the year 2020	5,921,651	Tk.4.73 million
Number of total promotional SMS sent to customers in 2020	8,810,713	Tk.7.04 million
Email Delivered	69,886,500	Tk.55.90 million
E-Statement of Credit Card	21,167	Tk.0.02 million
On the basis of cost of per page of computer paper Tk.0.80		
		Total Consumption Saved=Tk.72.61 million

Solar panels at Bank premises

Till date the Bank has installed solar panels at 19 branches as part of its commitment to the usage of renewable energy resources.

Automated Teller Machine (ATM)

In addition to the Bank's own 110 ATMs, the Bank has joined National Payment Switch Bangladesh (NPSB) network which enabled the cardholders of the Bank to enjoy cash withdrawal facility from other ATMs under NPSB and Visa Network which are more than 2,485 ATMs. This network enables to save time and fuel consumption of our customers and paper consumption of our Bank.

Internet Banking Service SJIBL Net

With SJIBL Net, internet banking facility of SJIBL, customers of our bank can perform activities like: real-time fund transfers between own accounts of SJIBL, real-time fund transfer to third party beneficiary accounts of SJIBL, interbank fund transfer to other banks, credit card bill payment, utility bill payment, real-time balance enquiry, real-time account statement download, instant recharge of prepaid/postpaid mobile account of any local telecom operator etc.

E-Account Opening

The Bank has been implementing E-Account Opening system by which customers will be able to open account from home. This valuable service will save huge time and fuel of our customers as well as papers and stationery of our Bank.

24/7 Call Center

SJIBL Call Center has been providing sustainable quality services to its valuable customers via phone, email and live chat round the clock. Contract Number of Call Center is 16302. Now it has become the most popular service wing for Bank's customers to meet their day to day banking needs.

Real Time Gross Settlement (RTGS)

SJIBL is one of those banks which have 100% coverage of RTGS through all of its 132 branches.

National Identity Card (NID) Verification System

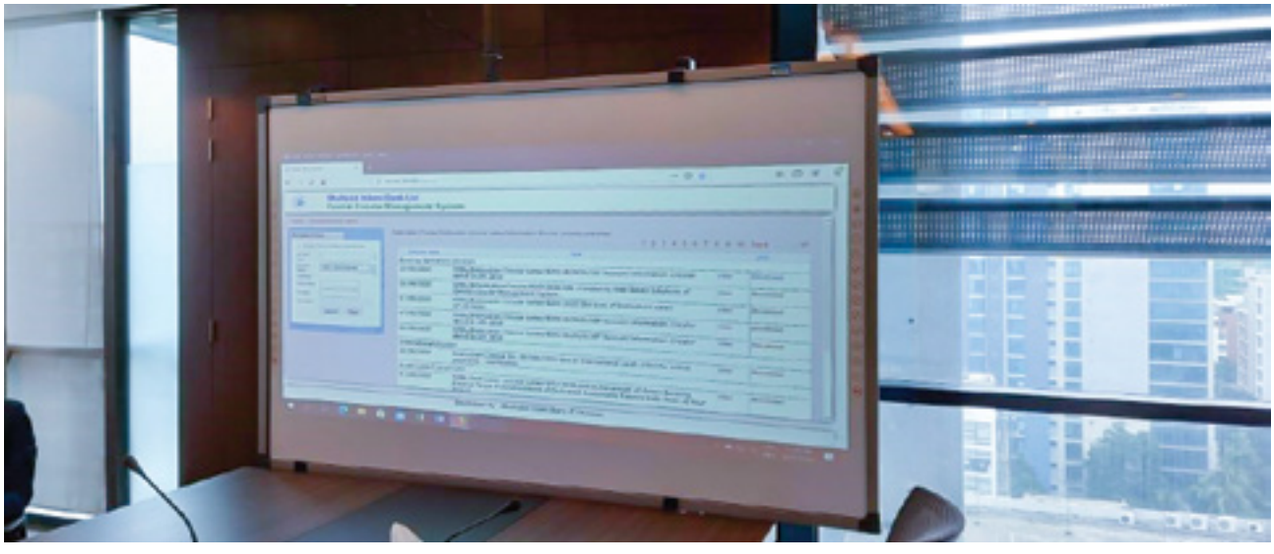
National Identity Card (NID) verification service has enabled the option to verify the NID card of customers online. As prior to opening of any account NID verification is mandatory. Thus by using this service our Bank has reduced the possibility of fraud-forgery and improved the banking service.

Video Conferencing

Video conferencing has been introduced among Head Office and other premises of the Bank in order to save business travel time and fuel by holding virtual meeting.

Central Circular Management System

SJIBL has also introduced Central Circular Management System for digitally disseminate and preserve all internal circulars of the bank which is a milestone in reduction of paper consumption.



SJIBL Central Circular Management System

LEED Certified Environment Friendly Head Office

Our head office is located in a LEED certified Green Building with utmost efficient utility, energy and resources systems. This LEED certified building exemplified our corporate identities and commitment towards environment through energy efficiency and water conservation. In terms of energy consumption, the building system significantly reduces cost incurred for energy. To maximize energy performance and reduce the impact on the environment from excessive energy the building has daylight harvesting, occupant sensing lighting control and energy efficient lighting. As a result, total energy consumption has been reduced by a significant level. Moreover, to maximize indoor water efficiency, the building utilizes water efficient fixtures. As a result, water consumption has been reduced significantly

Environmental & Social (E&S) Risk Management Capacity Building

Due to COVID 19 pandemic in 2020, SJIBL organized only one (01) dedicated training on Environmental & Social (E&S) Risk Management through digital platform but total 500 of its employees have been participated in order to familiarize concept related to Environmental & Social Risk Management.

Recognition for Technological innovation

Reputed UK based International Finance Publications Limited awarded Shahjalal Islami Bank Limited for "International Finance Banking Award-2020" in "Best Islamic Card" category. International Finance awarded this prestigious award to banks and financial institutions around the world based on their overall performance, product popularity and satisfactory progress of their other indicators. Islamic Credit Card of Shahjalal Islami Bank Limited was awarded "Best Islamic Card" by International Finance for its high security and application of state of the art technology in the year 2020.

Case Study of SJIBL Green Finance in ETP

Mr. Md. Rayhan Uddin, Md. Monjurul Islam, Md. Musa, Md. Lutfur Rahman Khan commenced their partnership business in the name of Blue Jeans Washing Plant in 2013. Blue Jeans Washing Plant washes denim, canvas, knit, cord and twill of leading garments factories. Blue Jeans Washing Plant started their business in 2013. They work with different garments factories and buyer. Later their business was expanded, business volume had increased, and consequently, working capital and term investment was needed to construct ETP to fulfill regulatory requirement.

The client informed our Tongi branch that, if they could install Effluent Treatment Plant (ETP) in this factory they would become a factory with full compliance and they would be able to book more orders at more competitive price. As a result, they are expecting that both quantity of production and return on sales will maximize. As such, they approached to Tongi branch of Shahjalal Islami Bank which allowed them HPSM-Machinery of Tk.3.00 million to install ETP at capacity of 10m3/hr for washing factory. Besides, Bai-Muajjal Commercial TR-Revolving (Working Capital) of Tk.2.00 million was approved for purchase raw materials for denim washing plant. Now Blue Jeans Washing is considered a compliant factory by regulatory bodies of Bangladesh. The ETP is fully functional and working well.

Blue Jeans Washing Plant, anETP financed client by SJIBL, Tongi Branch

Case Study of SJIBL Green Finance in Solar Panel by a Female Entrepreneur

M/s. Masrur Trading Corporation is a client of our Bangshal branch whose business is located at Nawabpur Road. She is a successful woman entrepreneur, an importer and whole sale traders of solar panel and other solar instruments. She commenced her business from 1997. Mrs. Monowara Hossain (Joly), proprietress of the business concern approached SJIBL in 2014 for revolving Murabaha LC limit of Tk.40.00 million to import solar panel and different solar instruments from countries like China, Germany etc. This women entrepreneur also applied for Mudaraba Post Import TR (MPITR) of Tk.15.00 million on revolving basis to retire her LCs. Considering her track record as a sound female entrepreneur as well as to promote the growth of green economy of the country, the competent authority of the bank approved to disburse investment in her business. Since they were all approved as revolving facilities, this female business woman still has been running her solar business with finance from Bangsal Branch of SJIBL smoothly. In a word, M/s. Masrur Trading Corporation is an example of successful green financing as well as women empowerment by Shahjalal Islami Bank Limited.

M/s. Masrur Trading Corporation, a solar panel equipment importer and trader run by a female entrepreneur of SJIBL, Bangshal Branch.

ENVIRONMENT AND SOCIAL OBLIGATIONS

Converting paddy fields into industrial land, filling of water bodies for construction purpose, encroaching into forest lands to turn it into agricultural lands are some of the un-responded silent crimes for which social issue was raised side by side with environmental issue in the world. As SDG goals of UNO are mainly directed for environmental conservation and social protection, credit/investment operations of banks and FIs are supposed to be conducted addressing environmental and social risk issues adequately. As such, SJIBL investment personnel always consider such sensitive factors before investment client selection.

While human beings suffered the worst since the outbreak of COVID 19 pandemic, nature and other natural creatures enjoyed the air of freedom in a care free mode. In a roundabout way, COVID 19 taught us how cruel nature can be, if human beings do not act more responsibly. In this new context, human obligations towards environment and society have become most talked-about issue than ever before.

Environmental & Social Risk Management

SJIBL always streamlines its efforts to look beyond short-term quantitative gains and concentrates on issues that make the institution socially responsible. Customer experience over the last couple of years has become the key competitive differentiator in banking. With a view to keep up with the changing customer expectations, SJIBL embraced emerging technologies and accordingly adopted evolving business models. However, due to COVID 19 following changes took place in 2020:

- E-Attendance instead of Biometric Attendance.
- Emphasis upon internet Banking and SMS Banking.
- Email-Statement instead of hard copy of statements.
- Video Conferencing instead of physical visit.
- Zoom meeting instead of physical presence in meeting.
- Training via Zoom.
- Emphasis upon card-based transaction & transaction through digital wallet.
- Continuation of 24/7 days IT Support.
- Introduction of home office by connecting through internet and mobile.

Environmental & Social Agenda

Maintaining an environmentally and socially clean portfolio naturally has impact in CAMELS rating, liquidity, capital requirements, credit growth and brand image. As such, Environmental & Social Agenda of Shahjalal Islami Bank limited in 2020 in light of COVID perspectives were as follows:

- Implementation of Green Office Guide
- Corporate Social Responsibility (CSR) with special emphasis upon healthcare
- Green Strategic Planning to reduce carbon footprint in SJIBL
- Ensure Gender Equality through female recruitment and empowerment
- Replacement of child labor by adult labor
- Setting up Green Branches
- Preparation of Sustainability Reporting for stakeholders
- Implementation of SDG Goals with special emphasis upon job creation and SME & Micro Finance to overcome economic impact of COVID 19
- Retention of existing Green Finance clients by renewal of investment facility
- Awareness creation for COVID 19
- Popularizing home office instead of physical presence to ensure social distancing

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 as well as for all its vendors/ suppliers are as follows:

Particulars SJIBL address	SDG Relevance
Child Labor	GOAL 16: Peace and Justice Strong Institutions
Gender Inequality	GOAL 5: Gender Equality
Minimum Wage	GOAL 10: Reduced Inequality
Decent & Safe Work Environment	GOAL 8: Decent Work and Economic Growth
Protection of Indigenous People	GOAL 15: Life on Land

Manusher Jonno Foundation (MJF), a renowned local NGO conducted a national survey on violence against women during Covid-19. From May to July of 2020, women and adolescents faced the most violence and child marriage rates rose. The rise in child marriage shows a huge implication. Adolescents are the

most vulnerable, and yet we have no system to support them through this difficult time. In this backdrop SJIBL organized workshop on Gender Equality which was participated by banks 500 employees. Besides, in 2020, no incident of gender discrimination and violation involving rights of indigenous people and child labor has been recorded in SJIBL. Moreover, our bank does not make collaboration with any stake holder that compromises with the compliance issues like gender right, minimum wage, safe work environment etc.

The bank's green banking initiatives include online and paperless banking, reduction of greenhouse gas emissions, efficient energy use, financing environment friendly projects, plant nursery, horticulture projects etc. Issues like gender equity, child & force labor, minimum salary structure and protection of the interest of indigenous people etc. are being addressed in every possible way so that the organization can have the title of truly sustainable from all stake holders of the society. Bank's previous record confirms the followings:

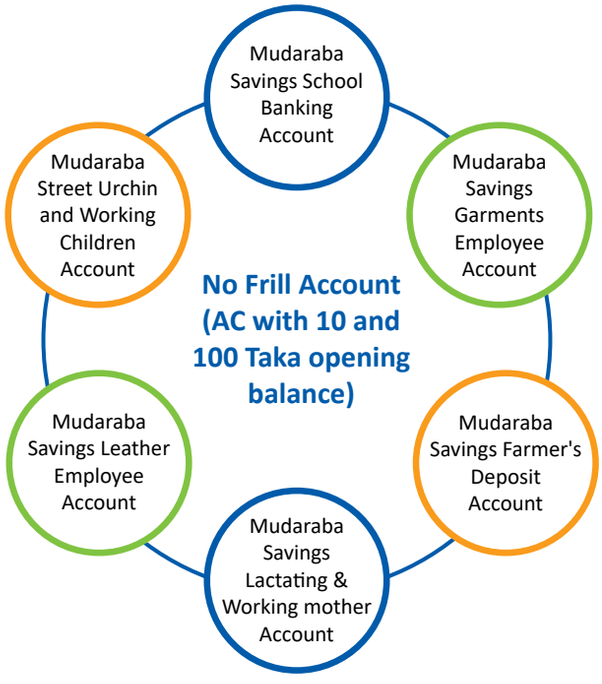
- Decline of investment in conventional brick field.
- Monitoring issue of minimum wage & bonus to bank's outsourced cleaners by concerned companies.
- Nomination of banks suppliers on the basis of merit.
- Enlistment of investment surveyors on the basis of market reputation.
- Meeting with customers on issues related to social awareness.
- License obtaining by each SJIBL branch separately to comply with Bangladesh Labor Law 2006 and Bangladesh Labor Rules 2015.
- Observing factory work environment of different clients by our RMs on routine basis.

Financial Inclusion through No-Frill Accounts

> *Promoting financial inclusion in line with SDG Goal No. 9 namely "Industry, Innovation and Infrastructure" and SDG Goal No. 10 namely "Reduced Inequality" through providing access to affordable funding is central to the Bank's economic objectives. Financial inclusion is facilitated through the Bank's extensive network of customer contact points (Branches, ATM Booths & Agent Banking Booths) and Collateral free SME & Agriculture financing facilities targeted at the country's most underserved segments and ongoing investments in financial literacy and capacity building programs.*

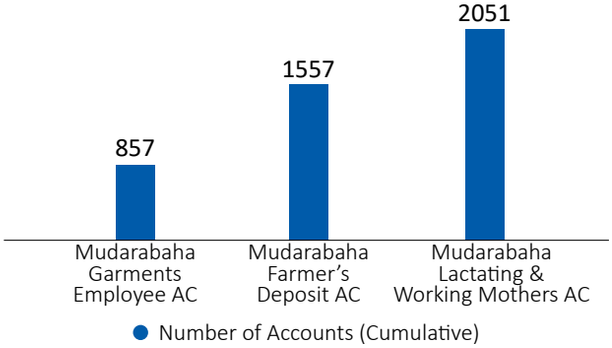
According to the World Bank, "Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit and insurance—delivered in a responsible and sustainable way."

Bangladesh Bank and the government have been extensively working to expand financial services for disadvantaged groups for the past few years, but it has been challenging to implement. This is due to low literacy amongst rural dwellers, lack of interest to open bank account and unavailability of bank branch in rural area. 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 network. At present SJIBL has following categories of No frill (10 & 100 Taka) Account:



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

Number of 10 Taka & 100 Taka Accounts (Cumulative)



In addition, SJIBL has opened account for a remarkable number of garment workers as per instruction of Bangladesh Bank to disburse government benefit and workers' salary through bank account at the earlier stage of pandemic. Ironically thus COVID 19 became blessing for financial inclusion of the country. Post COVID period will encourage bankers to open many such accounts which they were reluctant to open previously.

In order to address present challenges for opening no-frill accounts and financial inclusion, SJIBL emphasized upon Agent Banking booth establishment so that people of under-banked areas can open no-frill accounts as well as normal saving accounts. SJIBL has arrangement with Bkash for fund transfer. The newly introduced SJIBL App-based service also has been helping to ensure inclusive growth since it enables customers to make transactions sitting at home.

Financial Inclusion through School Banking

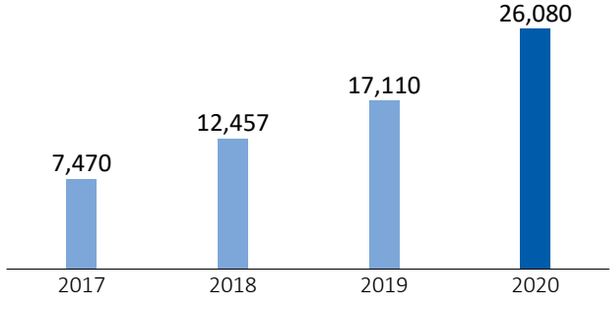
Bangladesh Bank directed all the scheduled banks to start a financial inclusion policy for school-going students under the name of School Banking through BRPD circular number 12 on November 2, 2010. Slowly but steadily, many banks initiated the service for students. In this backdrop, SJIBL started to open School Banking Account in different educational institutions on regular basis. To popularize school banking, central bank introduced lead bank concept. So, Shahjalal Islami Bank Limited 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 Brahmonbaria 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, Pabna Branch

However, School Banking Conference 2020 in different districts was cancelled all across Bangladesh by the decision of Bangladesh Bank to avoid social contact due to pandemic. As such, Shahjalal Islami Bank also canceled its scheduled School Banking Conference 2020 in Patuakhali district for COVID 19 in the year 2020. Instead, branches of SJIBL were instructed to continue opening school banking accounts.

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:

School Banking AC in Number



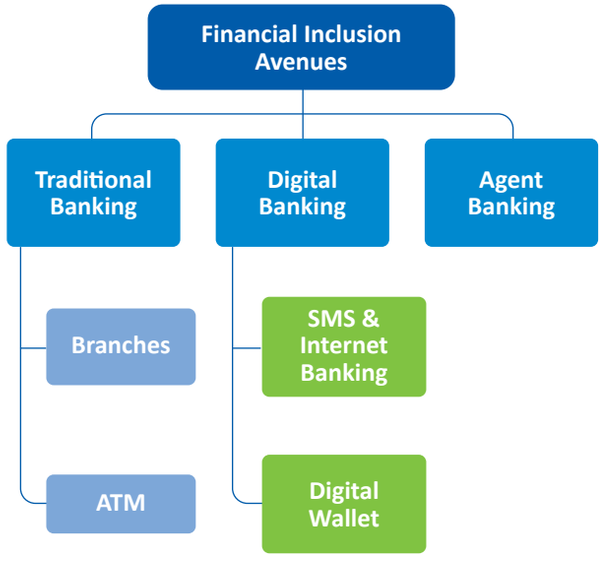
In the end of December 2020 cumulative outstanding amount in school banking account stood at Tk.138.20 million. SJIBL has been planning to promote school banking with fresh campaigns in post COVID phase so that huge number of school banking accounts can be opened and targeted financial literacy can be achieved.

Ensuring Inclusive Growth as Social Commitment of SJIBL

> *In Bangladesh, Poverty levels are yet very high, and access to products and services are unacceptably low. In SJIBL, we have designed and developed inclusive growth strategy that allows us to cost-effectively extend our reach into smaller markets that exist well beyond the large cities. Taking vital financial products and services closer to the mass people will aid in reducing the cost of living for the poorest of the poor.*

Inclusive growth is a concept that advances equitable opportunities for economic participants during economic growth with benefits incurred by every section of society. The definition of inclusive growth implies direct links between the macroeconomic and microeconomic determinants and economic growth. Bangladesh has embraced a wide range of financial inclusion since 2010 by allowing a vast population to open an account with an initial deposit of Tk. 10 to Tk. 100 as the government looked to bring the unbanked under the umbrella of the banking sector. In addition, there was a requirement of digital financial inclusion to address the pandemic-stricken economy. Such financial system also helped people maintain social distancing to avoid the deadly pathogen.

In promoting inclusive growth Shahjalal Islami Bank has been setting new agent banking booths in different unbanked areas by avoiding risk of COVID 19. Amidst challenges of COVID 19 SJIBL agent banking booths are working with commitment and sincerity that has been helping to expand banking in under penetrated areas.



Another successful attempt of SJIBL is launching internet banking for customers. Realizing the importance of digital platform, internet banking was launched amidst COVID 19 which inspired many existing customers of SJIBL for choosing it as preferable organization. From the same realization of the growing importance of digital platform, SJIBL launched SJIBL Net or app based banking which is the latest technology in banking industry of Bangladesh. Many potential customers who were not ready to take SJIBL service are now responding quite positively which will help in more traffic of customers into SJIBL.

CSR is another strong weapon for SJIBL to contribute into financial inclusion. In 2020, healthcare sector was more emphasized for CSR which was also a regulatory requirement. Medical equipments were distributed to the hospitals and clinics that were dealing with COVID patients. Year 2020 exclusively emphasized upon health so that healthcare of financially marginalized people could also be ensured.

Social Obligation in investment of SJIBL

As part of social obligation, Shahjalal Islami Bank Limited addresses following four (04) mandatory social issues for all its investment proposals to comply with regulatory requirement:

- **Occupational Health & Safety (OHS) Risk**
- **Labor and Working Conditions**
- **Community Health, Safety and Security**
- **Community consultation with key stakeholders including Indigenous people**

Apart from the above issues, social obligation also appears with investment clients in which case following factors are considered by SJIBL management:

- Customer reputation/ image as perceived by all its stakeholders.
- Negative media report
- Serious accident or incident
- Workers unrest, riots, demonstration in the road etc.
- Any past record of non-compliance related fine or penalties by regulatory bodies.

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

> *COVID-19 is considered a game changer for sponsorship and patronization. Many events have already been cancelled, and many more are likely to be cancelled, postponed or converted into digitalized form. As such, SJIBL renegotiated all sponsorships in light of practical scenario as a socially and ethically responsible business organization. SJIBL sponsored many programs in digital platforms in the year 2020 to maintain social distancing.*

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.

Sponsorship

We have donated a substantial amount of money to BIBM in the year of 2020 to promote education, training and research on banking and finance of Bangladesh. All types of national and international cultural and sports programs were suspended from March, 2020 and onward due to lock down for COVID 19. However, awareness and public relation were continued using digital platforms. SJIBL sponsored many health awareness programs on corona virus in different private televisions. Mentionable that prior to the spread of COVID 19, SJIBL sponsored "2nd Palli Kabi Premier League 2020" organized by Kabi Jasim Uddin Hall Student Union of the University of Dhaka in January 2020.

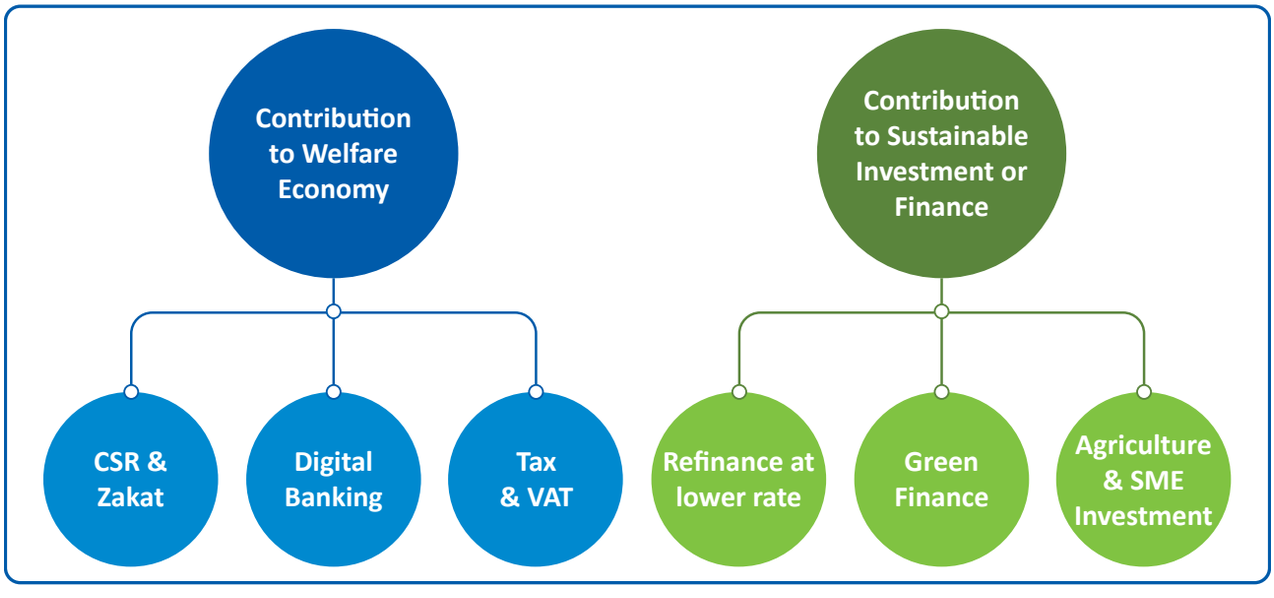
Community Development

Sustainable Finance Department of Bangladesh Bank has issued circular latter no.06 dated 31 December, 2020 to do Sustainability Rating like CAMELS Rating from 2021 and onward on different sustainability criteria of banks and FIs, some of which are directly related to community development:

- Minimum 20% female employees in the workforce
- Minimum 25% CSR expenditure on rural areas

Sustainability Rating being new in banking sector's rating, banks and FIs are supposed to comply the above from 2021 and onward. However, SJIBL has already a remarkable number of female work forces and SJIBL CSR is channeled through rural and urban branches simultaneously.

Community development is a holistic approach grounded in principles of empowerment, human rights, financial inclusion, social justice, self-determination and collective action. Community development considers community members to be experts in their lives and communities, and values community knowledge and wisdom. It has an explicit focus on the redistribution of power to address the causes of inequality and disadvantage. There are actually two approaches of SJIBLs community development: 1) Contribution to welfare economy and 2) Contribution to Sustainable Investment/Finance.



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 the community on financial or non-financial basis with a view to pay back to the society. Financial literacy campaign is one of such steps. SJIBL run financial literacy campaign through all its branches. Due to COVID 19 financial literacy campaign was run on digital platform during 2020.

SJIBL pays direct and indirect tax to government treasury and thus contribute to national growth. Besides, as an Islamic bank it always pays a substantial amount of Zakat and facilitates Hajj service to a remarkable number of pilgrims every year.

In spite of agreement signed with HAAB, no step can be taken since Hajj program was cancelled by Saudi Arabian government in 2020 for COVID 19. If COVID can be controlled, SJIBL will facilitate Hajj for pilgrims in 2021.

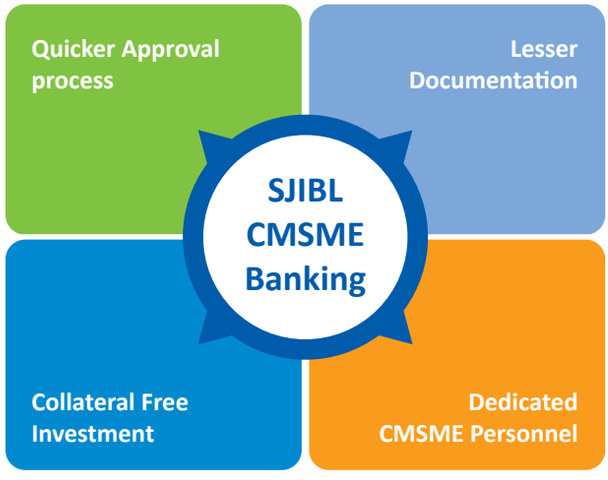
SJIBL has paid an appreciable amount of Zakat in the year 2020 which was Tk. 160.98 million. The proceeds were distributed among different eligible beneficiaries as per Islamic Shariah.

As a shariah compliant bank, SJIBL gives zakat on its statutory reserve and retained earnings each year and the zakat fund is utilized for greater public welfare as per regulations of Islamic Shariah. In the year 2020 an amount of Tk. 160.98 has been distributed as zakat which is Tk. 140.73 million in 2019.

SME Investment

> *As per Bangladesh Bank SMESPD circular No-02 dated 05 September 2020, every year SME Loan/Investment will have to be increased by 1% (in disbursement) and by year 2030 it will have to be increased to 50% of the total disbursement target of each scheduled bank. SJIBL SME team has been moving with the objective to fulfill the target. There is also separate women entrepreneurship desk in the bank.*

The main objective of SJIBL SME investment is growth of entrepreneurship which in turn ensures growth of the community. SJIBL do not allow investment where interest of the minority or indigenous people might be jeopardized. The growth of SME investment is satisfactory in SJIBL. Manufacturing sector mainly dominates SJIBL SME which is Tk.42,550 million. Side by side with medium and small sector, SJIBL has been giving investment for micro and cottage industry. Total SME investment of SJIBL was Tk. 72,573 million in 2020. The specialty of SJIBL CMSME investment is shown in the diagram below:



If the owner of proprietorship Business is women or if 51% of the total shares in either partnership business or private limited company owned by the women, it is treated as "Women Entrepreneur" by SJIBL women entrepreneurship desk. SJIBL financed women entrepreneurs to promote female entrepreneurship and disbursed Tk. 1310.66 million in 2020 for women entrepreneurs.

Onion financing under SJIBL Agriculture Investment Scheme

Shahjalal Islami Bank Limited received Shommanona Sharok at Banker & SME Women Entrepreneur Conference and Product exhibition Fair-2020

Agriculture Investment

Another priority sector of government is agriculture and there is a large demand of pulses, oil seeds, maize and spices in the country. But due to insufficient production, we have to import them. Apart from crops and fisheries, live stocks are dominant agricultural product in Bangladesh. Shahjalal Islami Bank Limited disburses agriculture investment every year on crops, fisheries and live stocks. In the year 2020 the bank disbursed Tk.4,996 million as Agri Investment out of which Tk.570 million was in the form of refinance at lower rate. Bangladesh Bank as governments surrogate promotes agriculture through different refinance schemes. Recently Bangladesh Bank offered refinance at only 4% profit rate through its COVID-led Agriculture Refinance Scheme to recover affected agro businesses.

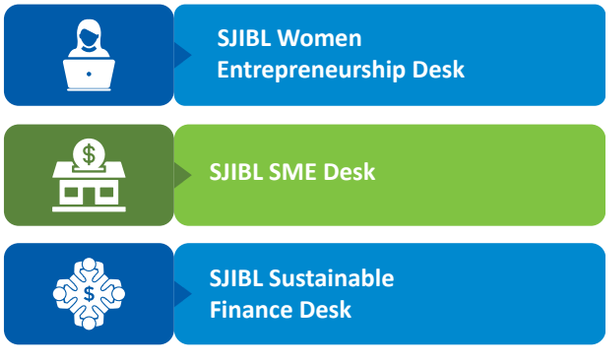
In this backdrop, Shahjalal Islami Bank Limited gave agriculture investment only @ 4 percent profit rate for cultivating pluses, oilseeds, spices and maize. In 13 January 2020 with a ceremony Shahjalal Islami Bank gave Tk.1.50 Million Agri investments to Ethnic People of Tangail and Mymansing District which is a step towards financial inclusion of the Bank.

Other issues

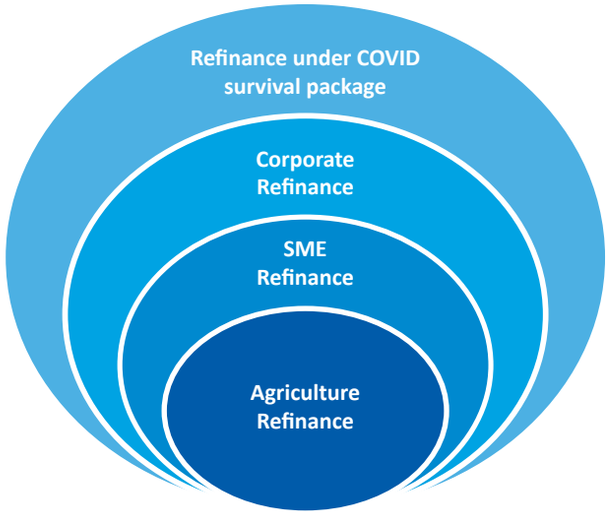
SJIBL focused on dispensing digital banking services to its customers located in rural areas through its Agent Banking platform. Through this platform that truly helps achieve our objective of democratizing access to formal banking, we were able to offer cost-effective, secure and faster banking services, facilitated by simplified processes and automated systems. In a dynamic business environment, SJIBL is also reinforcing this platform with a plethora of world-class security features as well as scalability that will ensure that the platform is able to serve evolving business and regulatory requirements.

> *40% of Branch customers traffic lifted-off/diverted to SJIBL ADC (ATM, Internet Banking, Credit Card etc.) in 2020*

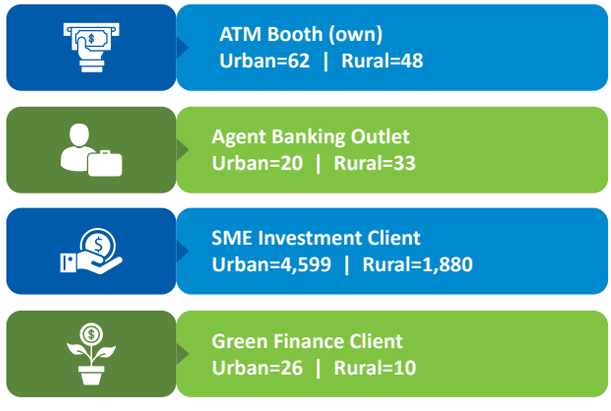
SJIBL contribute in all three aspects of sustainability. Social contribution is made through CSR and different sponsor to ensure equitable society, environmental contribution is made in the form of green finance and in-house environmental management to make climate change bearable. On the other hand, economic contribution is made by giving direct and indirect tax to the government treasury to make the economy viable. In order to comply with regulatory requirement, SJIBL has dedicated and special desks in different branches with officers assigned with adequate training and experience.



Besides, SJIBL offer refinance to its clients as per agreement with different national and international authorities. At present, SJIBL offer refinance scheme of Bangladesh Bank, JICA and World Bank which ensure finance to SJIBL customers under different category in reduced profit rate:



It can be mentioned that SJIBL has been emphasizing for growth of urban and rural Bangladesh simultaneously and as such apart from considerable number of branches we have made following improvements:



Steps taken to address COVID 19

No one could predict the extremes of the COVID-19 pandemic that shook the entire world including Bangladesh. From the business perspective, SJIBL embraced a 'digital first' mindset and played an important role in bringing about a behavioral shift in the day-to-day banking conducted by customers during the COVID-19 pandemic.

Meeting of senior Management during COVID 19 by maintaining social distance

Masks Distribution among the employees

"No mask, No service" is the Government Slogan for COVID 19 which SJIBL has been implementing meticulously for any customer service point since the advent of COVID in the form of pandemic. SJIBL has taken comprehensive measures considering COVID 19 as regulatory and social obligation some of which are as follows:

- Free distribution of musk and gloves among all SJIBL employees
- Roaster based duty for bank employees
- Online trainings and workshops instead of physical presence
- Ensure social distancing during office time
- Arranging sufficient hexasol, sanitizer etc. for customers in all branches
- Purchase of oxygen cylinder for employees
- Circulating SJIBL COVID Manual in line with WHO Guide to all employees
- Reimbursement of the bill of COVID test and treatment to the employees
- Ensure sanitizer 24/7 in all SJIBL's ATM Booths for ATM users
- Zoom meeting with customers instead of physical visit
- Time extension for MDPS payment without any penalty during COVID
- Time extension for Credit Card Bill payment without any penalty during COVID
- Distribution of food items to the poor in rural and urban areas
- Donation to Prime Minister's Fund for addressing COVID stricken disaster

Case Study of M/s. Masum Bakery, SME client of SJIBL

M/s. Masum Bakery is a Proprietorship business firm owned by Md. Abul Kashem. His factory is located at Nayonpur, Sadar, Dinajpur. The client supplies bakery food mainly to the different parts of Bangladesh such as Takurgoan, Panchagarh, Saidpur, Nilphamary, Rangpur, Bogra, Sirajgong, etc. Volumes of business had been increasing rapidly day by day. More than 200 workers were working in this factory and on the average fifty buyers took their items regularly. Prior to COVID 19, they were enjoying an investment facility of Tk. 15.00 million Bai Muajjal Com (Revolving) and 2.80 million HPSM Equipment investment facility with Shahjalal Islami Bank Limited, Dinajpur Branch in the name of M/s. Masum Bakery. The performance of this SME firm had been found satisfactory. But due to Covid-19 sales fell drastically and the client was facing working capital shortage. As a result, he had applied for an additional investment limit of Tk. 5.00 million under government's stimulus package for COVID 19.

The facility was approved to them as a COVIID affected SME business. Profit rate was decided as 9.00% p.a. to be charged at quarterly basis. The client would pay @ 4.00% p.a. and remaining 5.00% p.a. will be paid by Government as subsidy to recover from the effect of COVID 19 pandemic. The client has recovered to substantial extent with this further investment as COVID recovery package and started to run the business smoothly with newly received working capital.

Masum Bakery, Dinajpur, SME client of the bank

Case Study of M/S. New Agro Farms, SME client of SJIBL

M/s. Masum Bakery is a Proprietorship business firm owned by Md. Abul Kashem. His factory is located at Nayonpur, Sadar, Dinajpur. The client supplies bakery food mainly to the different parts of Bangladesh such as Takurgoan, Panchagarh, Saidpur, Nilphamary, Rangpur, Bogra, Sirajgong, etc. Volumes of business had been increasing rapidly day by day. More than 200 workers were working in this factory and on the average fifty buyers took their items regularly. Prior to COVID 19, they were enjoying an investment facility of Tk. 15.00 million Bai Muajjal Com (Revolving) and 2.80 million HPSM Equipment investment facility with Shahjalal Islami Bank Limited, Dinajpur Branch in the name of M/s. Masum Bakery. The performance of this SME firm had been found satisfactory. But due to Covid-19 sales fell drastically and the client was facing working capital shortage. As a result, he had applied for an additional investment limit of Tk. 5.00 million under government's stimulus package for COVID 19.

Mr. Md. Saluddin, proprietor of M/S. New Agro Farms is a valuable SME client of Joydevpur Chowrasta Branch of Shahjalal Islami Bank Limited. He has been involved in fishing business since 2010 with good market reputation. 3600 Decimal of lands has been covered as farm site including 3 big bills & ponds. Recently he desired to cultivate 700,000 pcs (3,00,000 pcs pangas, 2,50,000 pcs tilapia and 1,50,000 pcs silver carp) new fishes of different types. The client informed SJIBL that his cultivation capacity already had been increased and he would cultivate more fishes in 2020. As such, the client had approached for Tk.30.00 million Bai Muajjal Com (Revolving) to meet up his working capital requirement. After physical inspection of his fishery site, SJIBL investment officials were convinced that the client would require a fresh amount of Tk.44.75 million out of which he would be able to contribute 33% (Tk.14.75 million) as equity participation and remaining 67% (Tk. 30.00 million) would be required to approve by SJIBL as banks finance.

Considering business potentiality, client's reputation and future prospect the client was approved the above facility. His business is doing well and he is grateful to SJIBL for this financial aid in due time. His repayment behavior is also satisfactory. In spite of COVID 19 he has been marketing efficiently to survive the pandemic.

M/S. New Agro Farms, a SME client f SJIBL

As a responsible stakeholder of the community SJIBL branches contribute for community development like as follows:

- Paying monthly subscription to local bankers club
- Paying donation for awareness creation on social issues like anti-drug concert
- Contribution for tree plantation and natural beautification
- Contribution to the welfare of 3rd gender, autistic children etc

INTEGRATED REPORTING

OUR APPROACH TO INTEGRATED REPORT

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.

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 interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policymakers.

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

External Assurance

We have taken external assurance from the following audit firms/ organizations for maintaining proper transparency:

Financial Assurance	Given By
Financial Statements of SJIBL	ACNABIN, Chartered Accountants
Financial Statements of SJIBL Securities	K.M. Hasan & Co., Chartered Accountants
Provident Fund	K.M. Hasan & Co., Chartered Accountants
Gratuity Fund	K.M. Hasan & Co., Chartered Accountants
Credit Rating	Emerging Credit Rating Ltd (ECRL)
Mudaraba Subordinated Bond Rating	Credit Rating Agency of Bangladesh Ltd. (CRAB)
SREP	Bangladesh Bank

Scope of Integrated Reporting

Operations, financial performance and financial information of Shahjalal Islami Bank Limited (SJIBL) during the timeline from 1 January to 31 December, 2020 has been considered. The report has also covered the impact of COVID 19 in 2020 on business environment in general and on SJIBL in particular. The integrated report, incorporated in this annual report has been prepared in line with the key guidelines of the International Integrated Reporting Council (IIRC) as well as other relevant local and international standard.

Standards and Principles

- **Integrated Reporting**
  - International Framework of the International Integrated Reporting Council (IIRC)
- **Governance, Risk management and operations**
  - Bank Companies Act (Amendment) 2018
  - BSEC Ordinance 1969
  - Corporate Governance Code by BSEC in 2018
  - Bangladesh Bank's guideline
  - DSE & CSE Listing Rules
- **Financial Reporting**
  - International Financial Reporting Standards
  - International Accounting Standards
  - Generally Accepted Accounting Principle
- **Sustainability Reporting**
  - In accordance with the GRI Standards
  - United Nations Sustainable Development Goals
- **Additional Reporting**
  - International Standards on Auditing (ISAs)
  - The Income Tax Ordinance 1984
  - The Income Tax Rules 1984
  - Relevant rules and regulations of Bangladesh Bank (The Central Bank)
  - Vat Act 2012 by NBR
  - Other applicable rules and regulations of the land

BUSINESS MODEL

Resilient capitalism needs financial stability and sustainability in order to succeed and Integrated Reporting is intended to underpin both of these issues through communicating to providers of all capitals. Therefore, a report of mere financial data is no longer sufficient, but has to be extended with information about our exchanges with all capitals- financial, manufactured, intellectual, human, social & relationship and natural. Just as money is not natural, but a 7,000 year old cultural invention that became meaningful with financial value, same with capitals. 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 Business Model:

Our Capitals	What We Do	How We Do
Financial Capital	**COMMERCIAL BANKING** We invest money to customers to support their growth aspirations and working capital needs in shariah compliant manner. We mobilize deposits for investing activities and customers are paid profit on their savings. We facilitate our clients trade through a network of correspondent banks. Fees and commission are charged for the services provided.	Corporate Banking (Page no. 70-71, 92-94)
Social & Relationship Capital		SME Banking (Page no. 71, 95-97)
Human Capital		Retail Banking (Page no. 71, 98-99)
Manufactured Capital	**SUBSIDIARY OPERATION** We invest in SJIBL Securities and our return include dividends, consolidated earnings and appreciation in the value of investments.	Corporate Governance Page no. 239-287)
Intellectual Capital		Human Capital (Page no. 260-263)
Natural Capital	**VALUE ENABLERS** Value creation is supported by performance and risk management, regulatory compliance etc.	Financial Statement (Page no. 294-407)

RISK	Value Created		
	For Customers		
Investment Risk	Corporate Investment Tk.114,940.24 million	SME Investment Tk. 72,573.14 million	Retail Investment Tk. 8,999.27 million
Operational Risk	Profit Paid for Deposit Tk.11,418.43 million	Export Volume Tk.1,33,580 million	Import Volume Tk. 1,48,470 million
Cyber Risk	**For Employees**		
Group Risk	Total Tk.3002 Million as salary & allowance	Total 43 Number of Training Conducted for capacity buildup	Total tk.19 million incurred for employees health and safty
Strategic Risk	**For Communities**		
	Zakat Tk.160.98 million	CSR Tk. 323.49 million	Free distribution of mask, gloves and sanitizers for COVID

INPUT FOR VALUE CREATION WITH ASSOCIATED RISK

For details of risk, see Risk Management Report in page no. 163-215 of this Annual Report

Financial Capital

- Shareholders' funds
- Deposits from customers
- Market Capitalization
- Price Earnings Ratio

Liquidity Risk

Manufactured Capital

- Branch Network
- Number of ATMs
- Number of Agent Banking Booth
- IT Infrastructure

Operational & IT Risk

Intellectual Capital

- Value of intangible assets
- Number of training courses
- Credit rating (Long & Short Term)

Strategic Risk

Human Capital

- Number of employees
- Retention ratio
- Profit per employee

Compliance Risk

Social & Relationship Capital

- Ethical investment
- Contribution to National Exchequer
- CSR

Investment Risk

Natural Capital

- Energy consumption
- Number of Solar panel installed Branch
- Green Finance

Environmental Risk

OUTPUT FOR VALUE CREATION

For details of Financial Capital, see Financial Highlights in Page no. 10 of this Annual Report

Financial Capital

Tk. 17,949 million Shareholders' funds

Tk. 218,443 million Deposits from customers

Market Capitalization-Tk. 22,444 million

Price Earnings Ratio-11.74

For details of Manufactured Capital, see Branch & ATM Network in page no. 409-418 of this Annual Report

Manufactured Capital

132 number of Branches

110 number of own ATMs

53 number of Agent Banking Booth

IT Infrastructure-Digital Wallet, Internet Banking, Call Center

For details of Intellectual Capital, see Corporate Governance part in page no. 239-282 of this Annual Report

Intellectual Capital

Tk. 22 million value of intangible assets

03 Independent & qualified Directors to ensure good governance

Training expenses Tk. 2.25 million

AA & ST-2 Credit rating for Long & Short Term respectively

For details of Human Capital, see HR Accounting & HR Capital in Page no. 260-263 of this Annual Report

Human Capital

2,657 number of staffs of which more than 18% female staffs

100:100 retention ratio

Tk. 1.54 million Profit per employee

Tk. 22,625.81 million value of Human Capital

For details of Social & Relationship Capital, see Environment and Social obligations in Page no. 135-143 of this Annual Report

Social & Relationship Capital

Tk. 196,513 million investment/Financing including SME & Agriculture

Tk. 4,779 million contributed to National Exchequer

Tk. 323.48 million CSR fund donated including education & Healthcare

For details of Natural Capital, see Environment related initiatives in Page no 125-134 of this Annual Report

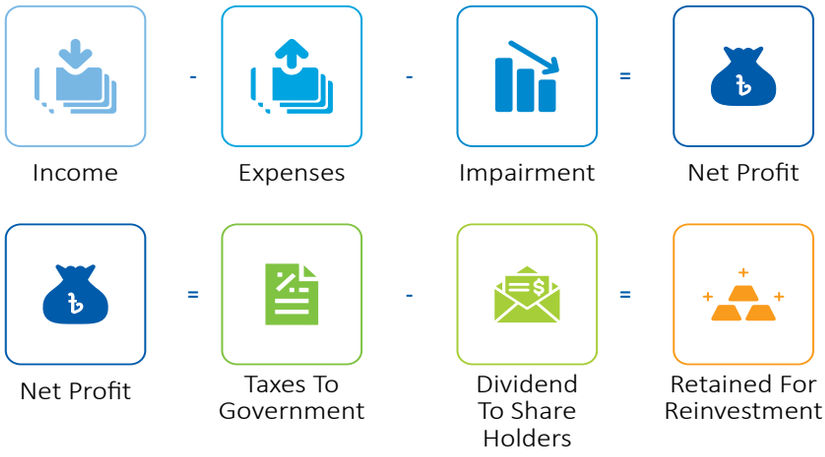
Natural Capital

Tk. 77.71 million energy (electricity & fuel) consumed

19 number of Solar panel installed Branch

Tk. 752.58 million Green Finance outstanding

HOW WE CREATE VALUE



INCOME

PROFIT INCOME

Lending enables individual customers to create wealth and generate income

INCOME FROM INVESTMENT

Investment in Govt. securities, FDRs, and trading investment in primary and secondary market create group's investment asset and generate revenue in the form of investment income

FEES & COMMISSION

From Non-Funded facilities we receive fees and commission

EXPENSES

PROFIT EXPENDITURE

Funding provides our depositors and lenders with returns.

IMPAIRMENT CHARGES

It refers to our general and specific provisions against financing and also diminishing value of our investment

OPERATIONAL COST

Although our investment in technology for operational efficiency is currently reducing our return on equity (ROE), it will ensure future income-enhancing opportunities as well as access to new markets, thereby supporting our growth and sustainability.

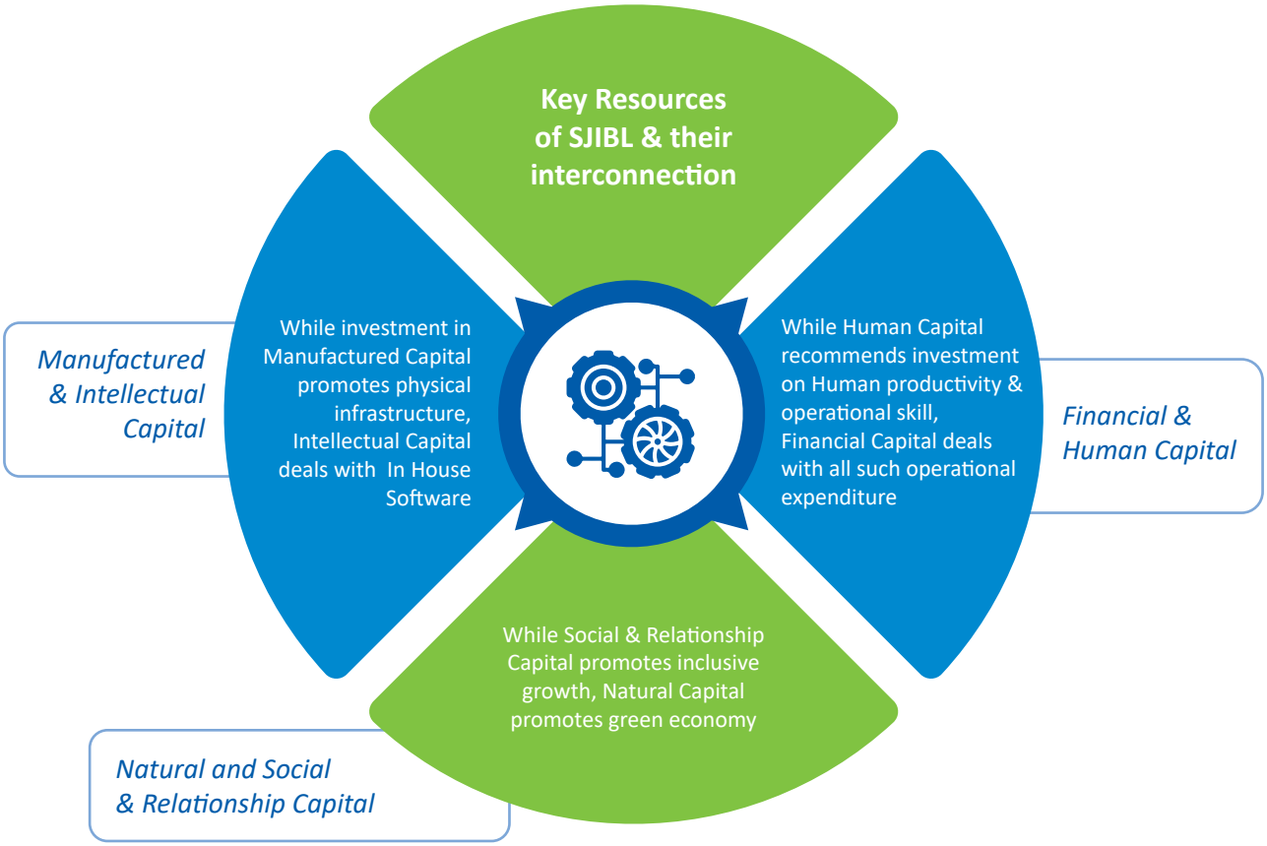
DELIVERING VALUE THROUGH OUR BUSINESS

Operational Overview

GROUP	SJIBL	SJIBL Securities
Uncompromised and well diversified array of financial services, brokerage services	Country's leading provider of shariah compliant financial services.	It has a fully phased research unit which is engaged in both macroeconomic and microeconomic research
2734 STAFF	2657 STAFF	77 STAFF
100% TOTAL ASSET	97.51% TOTAL ASSET	2.49% TOTAL ASSET
100% REVENUE	99.7% REVENUE	0.30% REVENUE

Strategic Focus Area

GROUP	SJIBL	SJIBL Securities
Diversifying Portfolio Sustainable Brand & Prudent Balance Sheet Management	Compliant Banking Strong liability management Client centricity Centralized Operations	Updating client with best information and research possible to take the best investment decision
0.68% RETURN ON ASSETS (ROA)	0.68% RETURN ON ASSETS (ROA)	0.08% RETURN ON ASSETS (ROA)
10.95% RETURN ON EQUITY (ROE)	11.08% RETURN ON EQUITY (ROE)	0.21% RETURN ON EQUITY (ROE)



Key Resources Growth Policy

- Manufactured Capital grew in terms of SJIBLs growth of touch points
- Intellectuual Capital grew in terms of growth of SJIBLs knowledge base
- Natural Capital grew in terms of inhouse-environmental management and green financing
- SJIBLs Social & Relationship Capital grew interms of inclusiveness
- Financial Capital grew in terms of efficient fund management by SJIBL
- Human Capital grew in terms of SJIBLs employee productivity

STAKEHOLDER ANALYSIS

Identification of stakeholders is the key to understanding their expectations out of the bank and, as such, helps pave the way towards fulfilling those expectations and delivering consistent value. Our stakeholder ecosystem can be broadly divided into two major categories: Core stakeholder group comprising shareholders, customers, suppliers and employees, while other stakeholders include regulators, local communities, NGO and civil society.

The following information provides an overview of stakeholder's engagements at Shahjalal Islami Bank Limited:

Stakeholders	Importance of Stakeholder	Influence of Stakeholder on SJIBL	SJIBLs Influence on Stakeholder
Investors	• 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.	High	High
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.	High	High
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.	Medium	High
Suppliers / Service providers	• Adhere to proper procurement regulations while maintaining a good business relationship with service providers.	Low	Medium
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.	High	Low
Community	• 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	Low	Low

How we delivering Value to Stakeholders

The ways in which we engage with our stakeholders, and the frequency with which we do so, varies according to each stakeholder group. We use a decentralized stakeholder engagement model in which individual business units undertake stakeholder engagement appropriate to their areas and are responsible for identifying stakeholder concerns and taking appropriate action.

Stakeholders	Engagement Method	Frequency of Engagement	Key topics related to stakeholders	Expectation of Stakeholder	SJIBLs Response
Investors	• Board meeting • Financial Statements • AGM • Annual Report	• Monthly • Quarterly • Yearly • Yearly	Financial Performance, Cost Efficiency, Corporate Governance	Value maximization	Try to meet expectation
Employees	• Management Meeting • Performance Appraisal • Written Communication	• Regularly • Yearly	Professionalism	Fair play	SJIBL upholds a strict performance based culture
Customers	• Branch Network • Marketing Campaign • Website • Social Media	Regularly	Business Transaction	Optimum satisfaction from offered products and services	Custom tailored product development
Suppliers / Service providers	• Newspaper Advertisement • Group meeting	As & when Required	Supply chain	Fair dealing	Reliability, ethics & governance
Regulator	Monitoring regulatory compliance	As & when Required	Regulation & compliance	Thorough compliance	Ensure corporate governance
Community	• Branch Network • Social media • CSR	Regularly	Social Business entity	Responsible & Sustainable Organization	Sustainable Business

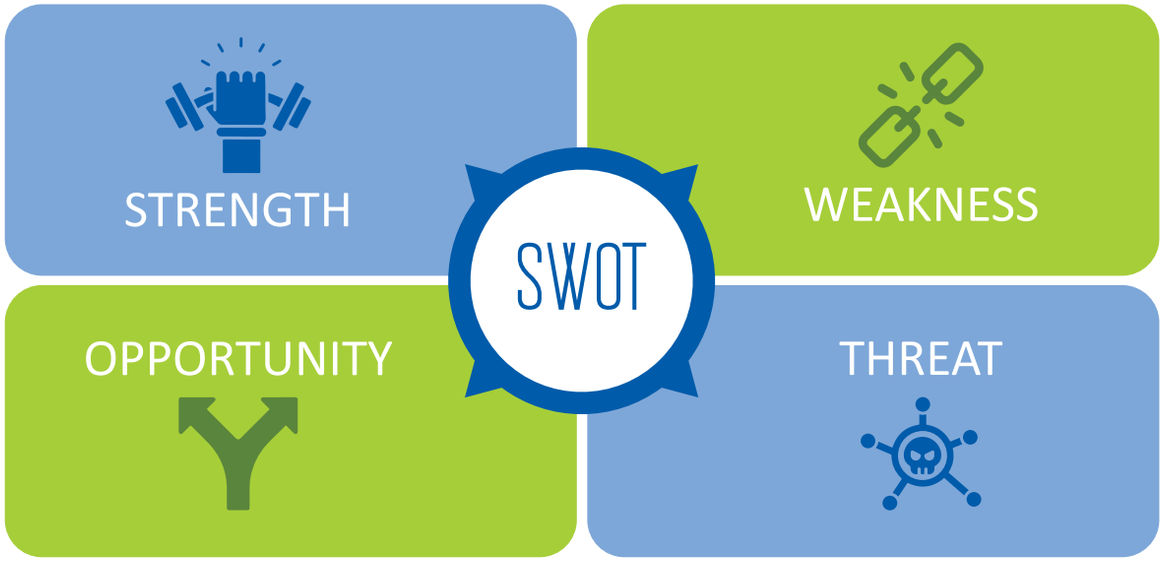
OUR MATERIAL TOPICS

SJIBL proactively responses to the competitive and material 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. SJIBL is one of the top banks which gained a positive public relation image through its sensible business approach.

A detailed analysis of the competitive intensity and challenging environment along with our responses to minimize the impact is as follows:

Material Issue	Relevant Capital	Strategic Context	GRI principles
Customer Satisfaction	Social & Relationship Capital	As we aspire to be recognized as the most customer centric bank, this is a high priority.	GRI 102, 416-419, 410
Brand & reputation	Intellectual Capital	Our brand and reputation is critical as we need the trust of our customers and other stakeholders to grow.	GRI 102, 413, 416-419, 410
Talent attraction, development and retention	Human Capital	Dedicated human resources propel our productivity.	GRI 404
Technological Transformation	Manufactured Capital	Enabling digitalization to facilitate scalability and cost efficiency	
Inclusive Growth	Financial Capital	We are seeking to bring both unbanked and under banked population under banking network.	GRI 201, 203
Financial Stability	Financial Capital	We try to retain our capital adequacy ratio at expected level.	GRI 201, 203
Ethics, governance & compliance	Intellectual Capital	Sound corporate governance, legal and regulatory compliance shape our organization culture.	GRI 205-206, 419, 417, 102
Business innovation	Intellectual Capital	Product and service innovation provide a key competitive advantage as we strive to cater to changing customer demand.	
Sustainable banking practice	Natural Capital	We ensure all regulatory environmental and social obligations through green & other sustainable finance as well as in-house environmental management.	GRI 201, 305, 308

BUSINESS ENVIRONMENT ANALYSIS
SWOT ANALYSIS



Dispelling the pre-conceived beliefs and grey areas, we are embracing a realistic, fact based, & data driven framework to move our way forward. After analyzing our business structure, operating framework, micro environment analysis, our position in the industry, we finally embark the SWOT analysis. Following SWOT analysis will facilitate our investors and readers a full awareness of all the factors involved in retaining our existing strength, convert weaknesses into strengths, capitalize on opportunities and reduce threats:

Sl.	Key Strengths	Outlook on Key Strengths	Key actions taken to build on Strengths
1	Strong adherence to corporate governance	SJIBL conduct all EC,RMC and Board meetings routine basis and with presence of most of the members to properly monitor governance of the bank.	BSEC and Bangladesh Bank guidelines are being strictly followed regarding compliance on corporate governance.
2	Strong Compliant Culture	SJIBL makes no compromise to ensure compliance which helps to ensure better corporate governance	More emphasis upon external and internal audit activities.
3	Expertise on RMG sector	Major investment of SJIBL lies on RMG sector. Apart from that a substantial refinance under COVID 19 packages were disbursed in favor of RMG investment clients in 2020.	Increase of manpower of Export Division of SJIBL to facilitate RMG clients.
4	Market reputation as Shariah Compliant bank	SJIBL is considered as one of the sophisticated banks both in Shariah and modern banking.	SJIBL has strengthened its Shriah Division with knowledgeable manpower to make shariah audit for ensuring best possible shariah compliance.
5	Comfortable Liquidity Position	Short term liquidity and long term liquidity are maintained to address short term and long term fund requirement consistently and fund is prudently managed.	SJIBL always maintains additional liquidity so that situation like sudden fund crisis may be well addressed.
6	Good market share in foreign trade business	SJIBL make satisfactory export and import trade each year and SJIBL has a number of loyal foreign trade clients.	To attracting import LC is opened at nil margin.

Sl.	Key Weaknesses	Outlook on Key Weaknesses	Key actions taken to counter Weaknesses
1	Higher trend of cost to income ratio	Due to tough market competition spread has decreased which results in higher cost to income ratio.	For cost minimization, bank has been working to curtail expenditure, where possible.
2	Limited exposure in fast growing retail investment	Compared to corporate investment portfolio, SJIBs retail portfolio is weaker and need more attention.	Management is working to focus retail products through more marketing.
3	Major investment concentration in Dhaka zone	More than 70% of finance of SJIBL is concentrated in Dhaka region and mainly in urban areas which is a threat for balanced growth and breeds more risk for banks.	SJIBL has been working to diversify into finance portfolio into other regions except Dhaka. Rural branches are working to increase rural finance.
4	Over dependence on corporate segments	Still Corporate finance dominate investment portfolio of SJIBL. A number of corporate clients are occupying a substantial amount of SJIBL investment.	Management is addressing the issue by increasing finance on SME and Retail segments gradually.
5	Shrinking margin/yield due to heavy price competition	Due to excess liquidity in banks, financing a client has become often competitive for which it is not possible for SJIBL to get an adequate margin/yield from investment in many cases.	SJIBL top management personnel has been working dedicatedly to address the issue.

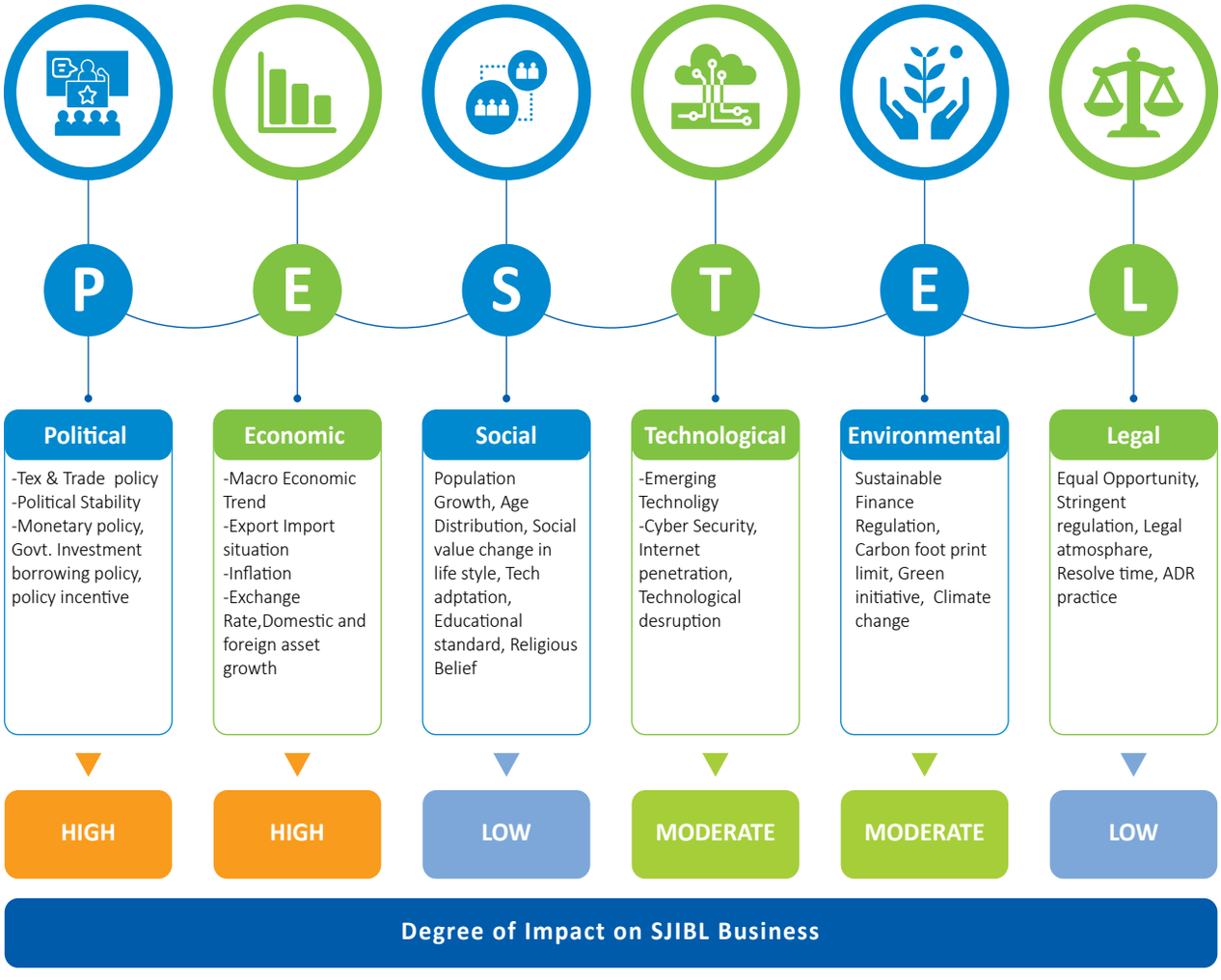
Sl.	Key Opportunities	Outlook on Key Opportunities	Key actions taken to build on Opportunities
1	Massive Digitalization	Due to social distancing need for COVID 19 digitalization became faster than ever before all across the world.	Taking this as opportunity SJIBL has been running towards digitalization at faster pace.
2	Increasing interest for Islamic banking	People all across Bangladesh are showing more interest to get involve in Islamic banking.	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.
3	Growing middle income group	With increase of disposable income along with graduation of Bangladesh from least developed nation, people are more eager to purchase goods and services. So, businesses are expanding.	To tap this rising middle income population SJIBL has been introducing different innovative products and services.
4	Government is implementing mega projects	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.
5	Impressive economic recovery from COVID 19 fallout	In spite of COVID impact Bangladesh received huge foreign remittance. Besides, the nation has record amount of foreign currency reserve right now.	SJIBL remittance personnel are working dedicatedly to attract more remittance through this bank.

Sl.	Key Threats	Outlook on Key Threats	Key actions taken to counter Threats
1	COVID-induced economic fallout in western economies	Suffering of export destinations like UK, USA may prolong sufferings in export market for Bangladesh	SJIBL allowed refinance at lower profit rate to Corporate, SME and agriculture clients so that they could survive the pandemic.
2	Challenge of Investment Recovery & Asset Quality in Post-COVID phase	Investment recovery would certainly become challenge in post-COVID stage due to traffic of huge unrecovered finance on the ground of regulatory moratorium. Deterioration in asset quality may be noticed.	SJIBL has plan to introduce third party for investment recovery, if required for large scale recovery.
3	Cyber Threat	Ironically digital platform has become popular for COVID 19 which has given much space for cyber hackers to do more fraud than ever before. Organization with less security may fall easy victim to this hackers.	SJIBL has been investing on IT Security day by day with a view to ensure a secured platform for transaction.
4	Intensity of market competition	In spite of COVID 19 new banks and FIs are coming into existence which may increase cut-throat marketing competition in post-COVID phase.	SJIBL has been continuously modifying marketing strategy to survive cutting edge competition.
5	Absence of adequate financial instruments for Islamic Bank	Like conventional banks, Islamic banks cannot invest on all instruments. Again, number of shriah compliant products are still very few.	SJIBL has been working to introduce shriah products like Sukuk, Cash Waqf in near future.
6	Lower investment appetite	Large investors are hesitating for big venture due to COVID-led uncertainty for which investment scope is shrinking for banks.	SJIBL cautiously move in solid corporate venture as well as genuine SME clients.

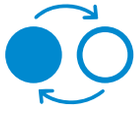
PESTEL ANALYSIS

PESTEL analysis is a framework or tool used to analyze and monitor the macro-environmental (external environment) factors that have an impact on an organization. Any business organization operates within the context of an environment. The environment of a business organization impacts and influences the business operation in a number of ways. That is why an analysis of the environment is a very essential component of any business organization and at any level of its business life cycle.

The environment of an organization is categorized into two main environments: Internal and External environment. External environment consists of the "PESTEL" Factors-Political, Economic, Social, Technological, Environmental and Legal factors. Such kind of an analysis is crucial from the point of view of Stakeholders particularly shareholders , as it informs them how key external factors can influence an organization's performance or ability to create value over the long-term.



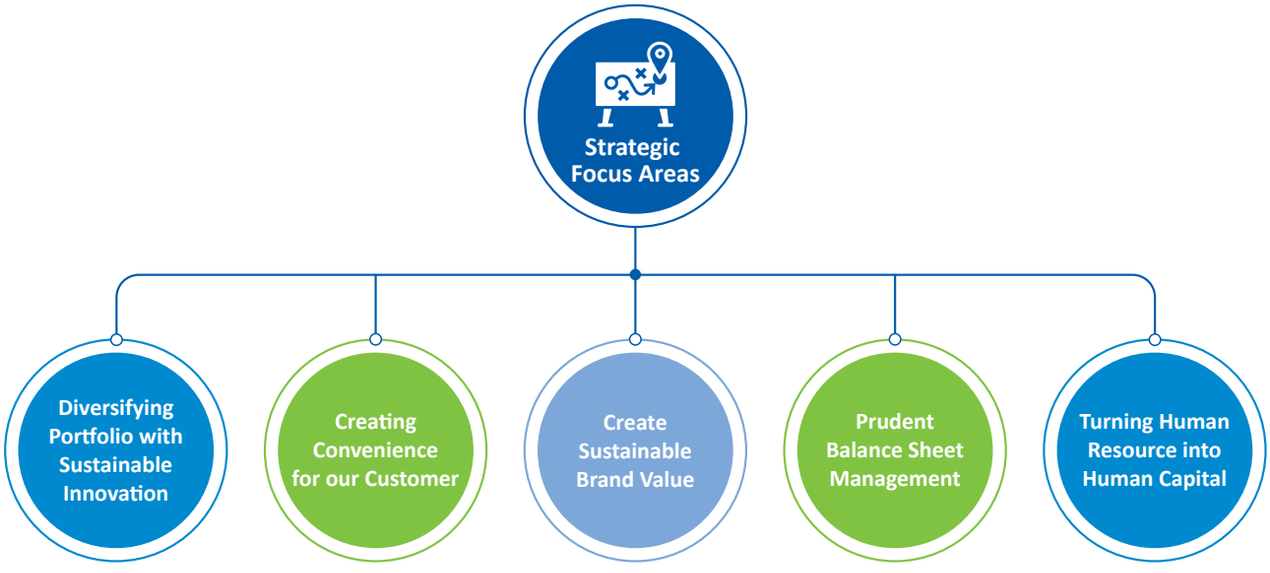
INDUSTRY FORCES ANALYSIS

STAKEHOLDER	INFLUENCING FACTOR	INFLUENCE ON SJIBL	SJIBL'S APPROACH
CUSTOMERS	• Customer Relationship • Brand Loyalty	• Effect on customer relationships thereby impacting long term revenue.	• Strategic emphasis on serving particular customer segments (Retail and SME). • Upholding and strengthening SJIBL brand to avoid switching.
SUPPLIERS	• Supply of funds (deposits and borrowings) • Supply of materials	• Impacts on profit rate • Operational efficiency	• Offering competitive profit on deposits • Prudent selection of vendors
COMPETITOR	• Focus/Differentiation/Cost leadership	• Impact on the market share	• Give emphasis on innovative value creation ideas to outplay the competitors
 SUBSTITUTE	• Availability of substitute products like bKash, Nagod etc.	• Loss of revenue to substitute products	• Adopt appropriate relationship management techniques to retain the company's profitable customers.
NEW ENTRANT	• Emergence of new Banks and NBFIs in the industry licensing through Bangladesh Bank	• Threat on market share • Employee poaching	• Enhance the brand value of SJIBL • Maintain a sound and healthy employee friendly environment within the organization
GOVERNMENT	• Frequency of changing laws and regulations.	• Regulations affecting operations- source of funds and channelling of funds.	• Thorough compliance of laws and regulations as per Bangladesh Bank and other Government Bodies.

STRATEGIC FOCUS AREAS

On rapidly changing the financial landscape, any corporate entity's strategic focus areas are supposed to be determined on the basis of challenges and future prospects or potentialities which the organization may face. To protect investors' interest and interest of all other stake-holders, SJIBL constantly pursues strategies in light of present challenges and opportunities available.

We revisit strategy in consultation with all our stake holders considering our growth aspirations, industry evolution, risk management process and a thorough evaluation of our macro environment. Strategic focus areas of SJIBL have been determined as follows:



Triple Bottom Line

Any form of financial service that integrates environmental, social and governance (ESG) criteria into business or investment decisions is sustainable finance that include triple bottom line approach. The most significant contribution which we can make to tackling climate change through triple bottom line approach is contributing the transition to net zero emission.

People (related to Social Sustainability): SJIBL always participates in contributing financial support to the society all over the fiscal year and it will be a continuous process. To work with different kind of customers, regulators and suppliers, SJIBL works with transparency and fairness to create trust among all stakeholders which also create values.

Key Indicator	Year 2020
Incidents of Discrimination	Nil
Incidents of Child Labor	Nil
Human Rights violation incidents	Nil

Planet (related to Environmental Sustainability): We encourage our branches to invest in ecofriendly projects which will be helpful in the long run. We also comply in-house Green Office Guide of the bank to minimize unnecessary resource consumption.

Key Indicator	Year 2020
Consumption saved through Eco-Friendly Operations	Tk.72.61 million
Number of imposed fines/penalty by Department of Environment (DOE)	Nil
Number of environmental grievances	Nil

Profit (related to Financial Sustainability): SJIBL generate profit each year and profit growth shows usually upward trend. However, the organization believes in sustainable profit generation.

Key Indicator	Year 2019	Year 2020	Growth
Return on Equity	10.98	11.08	0.91%
Net Profit After Tax (Core Tk.)	172	191	11.05%
Earnings Per Share	1.75	1.95	11.43%

STRATEGY FOR KEY BUSINESS LINE

Deposit Strategy

- CASA Campaign for reducing cost of Deposit
- Digital on Board for market penetration & customer convenience
- Scheme Deposit for sustainability
- No Frill account opening for Financial Inclusion
- Corporate Deposit collection for value proposition
- Cross Selling for value maximization

Investment Strategy

- Emphasis on SME & consumer finance for better margin
- Trade Finance for value maximization
- Emphasis of Green Finance for sustainable growth
- Focus of non-funded business for achieving bottom-line target
- Bring innovation in investment for differntiation
- Investment Diversification to mitigate risk

KEY STRATEGIC FOCUS AREA FOR 2021

Sustainable Growth

- Increasing investment portfolio cautiously without compromising on the quality to avert risk.
- Optimizing Bank's capital structure through injection of additional Tier-1 capital for sustainable growth and maximization of value of shareholder's equity.
- Ensuring prudent management ahead of credit risk to offset risk arising from COVID-19 and concurrent environment.
- Focusing to recovery of NPI & none degradation of existing asset quality .
- Managing balance sheet prudently to tap the prevailing opportunity and offset market risk.
- Analyzing business process continuously in order to find new business avenue .
- Willing to expand its footprint and to tap un-banked people through sub-branches, booth banking, agent banking and digital banking platform.

Operational excellence and best in class customer services

- Ensuring health and safety for all of our staff and customers under the current health crisis.
- Deploying technology to increase customer base, improve efficiencies, fight financial crimes and enhance service excellence.
- Re-engineering business process for increase dynamism and efficiency in service.
- Accelerating of digital on board for different operational procedure and customer service.
- Intensifying cost rationalization in line with the spirit of Revisiting and reviewing Islamic banking practice in our all operation

VALUE ADDED STATEMENT

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

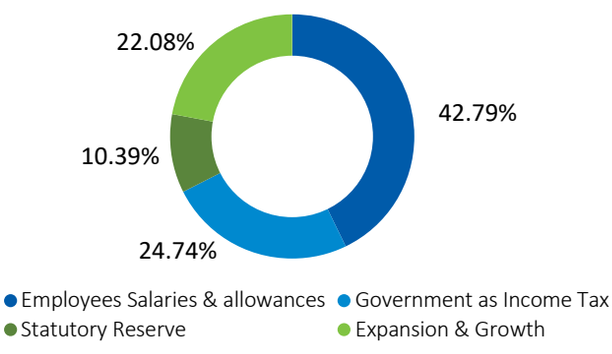
Value Added Statement
for the year ended 31 December 2020

Amount in Taka

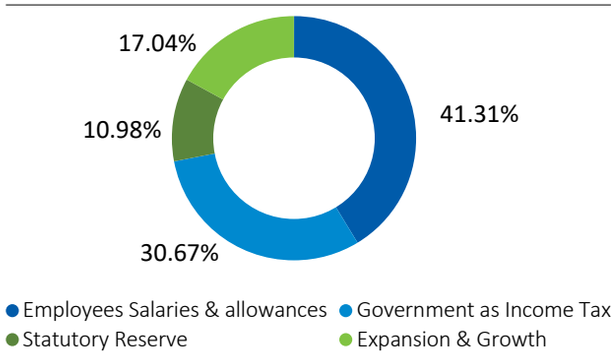
Particulars	2020	%	2019	%
Income From Banking Services	20,223,921,381		23,618,314,463	
Less: Cost of services & supplies	12,758,085,314		14,552,521,957	
Value added by the Banking services	7,465,836,068		9,065,792,506	
Non-banking income	-		-	
Loan & Other Provisions	(451,394,000)		(1,970,980,000)	
Total value added	**7,014,442,068**		**7,094,812,506**	
Distribution of added value				
To Employess as salaries & allowances	3,001,854,417	42.79%	2,931,336,476	41.31%
To Government as Income Tax	1,735,221,410	24.74%	2,175,848,213	30.67%
To Statutory Reserve	728,684,000	10.39%	778,829,989	10.98%
To Expansion & growth	1,548,682,240	22.08%	1,208,797,829	17.04%
Dividend & Retained earnings	1,179,514,587		939,471,743	
Depreciation	369,167,653		269,326,085	
	7,014,442,068	**100%**	**7,094,812,506**	**100%**

Distribution of Added Value

FY 2020



FY 2019



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..

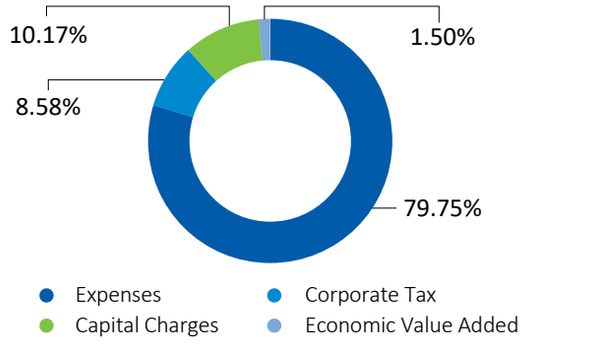
Economic Value Added Statement
for the year ended 31 December 2020

Taka in Million

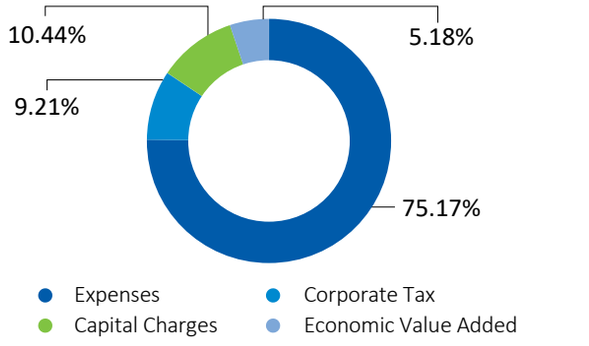
Particulars	2020	2019
Total Revenue	20,223.92	23,618.31
Expenses	16,129.11	17,753.18
Corporate Tax	1,735.22	2,175.85
Capital Charges	2,056.51	2,465.15
Economic Value Added	**303.08**	**1,224.13**

Economic Value Addition

FY 2020



FY 2019



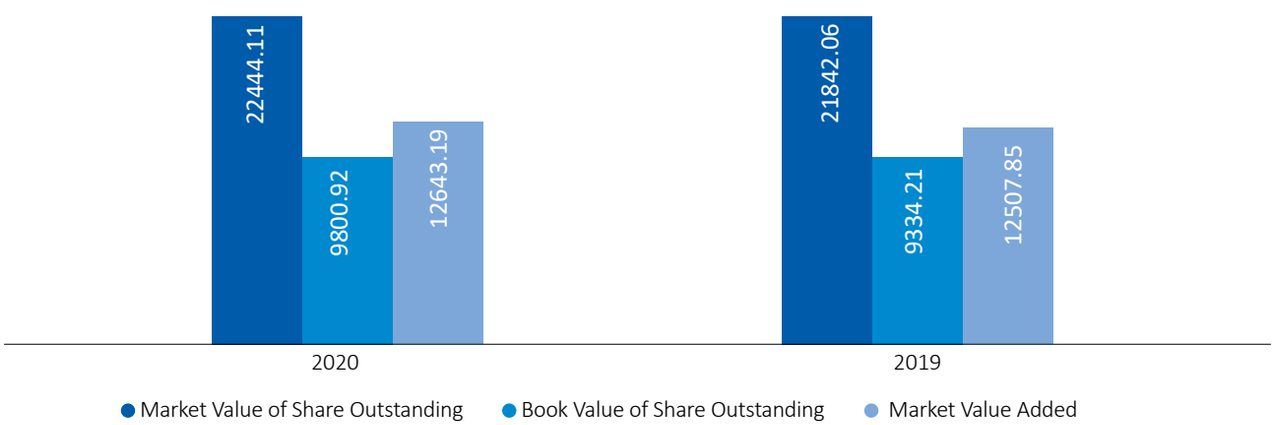
MARKET VALUE ADDED STATEMENT

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 2020

Particulars	2020	2019
Face value per share (Tk.)	**10.00**	**10.00**
Market Value per Share (Tk.)	**22.90**	**23.40**
Number of Shares outstanding	980,092,335	933,421,272
Total market capitalization	22,444.11	21,842.06
Book value of paid up capital	9,800.92	9,334.21
Market Value Addition	**12,643.19**	**12,507.85**

Market Value of Share Outstanding (Taka in million)



RISK MANAGEMENT

REPORT OF THE BOARD RISK MANAGEMENT COMMITTEE

Committed to lead sound risk management system

Mohammed Younus Chairman, Board Risk Management Committee

The Covid-19 pandemic has been affecting the whole world since the first quarter of 2020. This resulted in countries announcing lock-downs and quarantine measures that sharply stalled economic activity. The Government of Bangladesh initiated a nation-wide lock-down from March 26, 2020 for three weeks which was extended to May 30, 2020 in three phases. Several countries took unprecedented fiscal and monetary actions to alleviate the impact of the crisis. The Central Bank of Bangladesh has announced several measures to ease stress in the financial system, including enhancing system liquidity, a moratorium on investment repayments for borrowers, asset classification standstill benefit to overdue accounts where a moratorium has been granted and relaxation in liquidity coverage requirement, among others. Taking this into consideration, SJIBL is closely monitoring the scenario and reinforcing its operational position to handle any uprising situation.

Risk is inescapable in the banking business, as such risk management is an integral part of the culture across the bank. Since risk is an inherent component in the banking business, SJIBL treats the risk as an opportunity as well. The Bank manages risk-taking limits by formulating risk appetite whilst keeping its own business goal of absorbing the level of risk on an annual basis. Ensuring that the Bank is committed to lead a sound risk management system in place for developing its business and achieving its objectives.

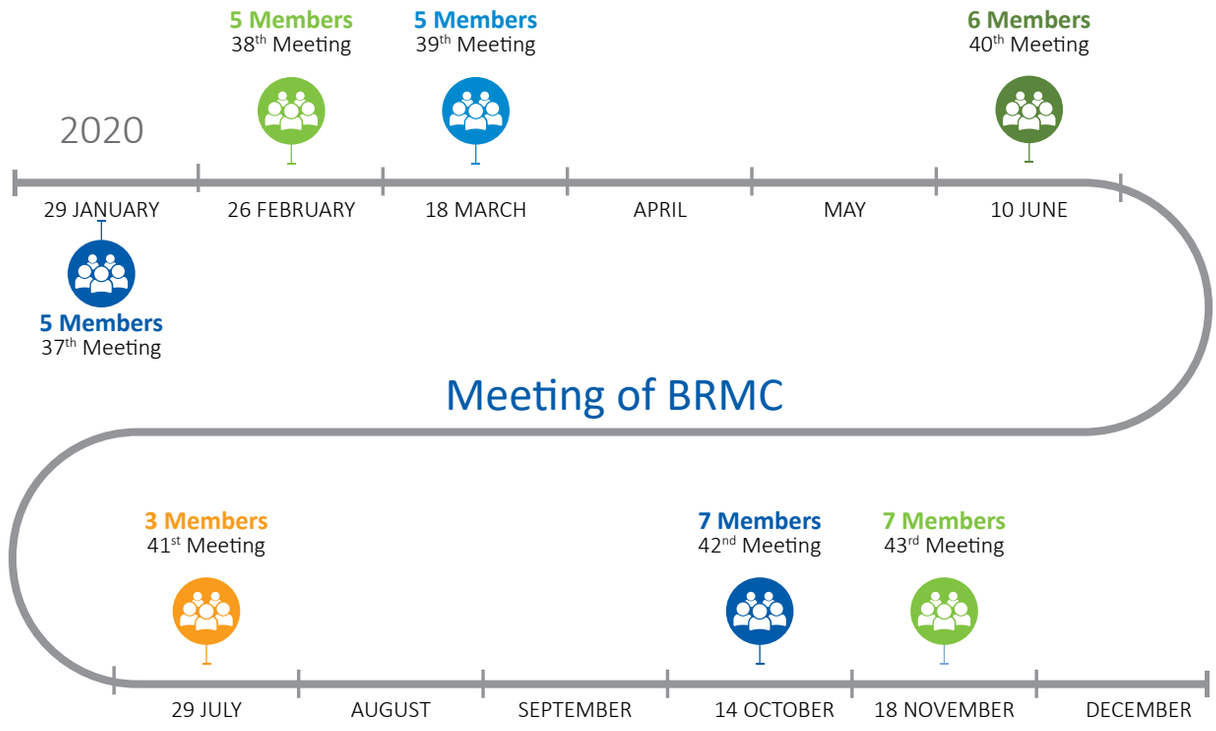
In this era of uncertainty, a sound risk management system has become an essential part of helping the Bank to grow and promote sustainability and resilience. The Board Risk Management Committee (BRMC) has been established by the Bank's Board of Directors, in compliance with the Section of 15Kha(3) of Bank Company Act, 1991 (as amended up to 2018) and subsequent BRPD circular no.11 dated October 27, 2013, issued by Bangladesh Bank. This BRMC is established 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 assists the Board of Directors in fulfilling its responsibilities for overseeing the Bank's risk management system and activities, including the review of major risk exposures and the step taken to monitor and control those exposures about the myriad of risks faced by the Bank in its business operation. All key risks such as Investment, Market, Operational, Liquidity, Information and Communication Technology, Strategic, etc. are measured by the BRMC regularly through a set of defined risk indicators.

The committee works very closely with the Key Management Personnel and the Board in fulfilling its statutory, fiduciary and regulatory responsibilities for sound risk management. The risk profile of the Bank is communicated to the Board of Directors periodically through the different reports of risk submitted to the Board following each BRMC meeting.

Composition and Status of the Committee

The BRMC of Shahjalal Islami Bank Limited consists of One (01) Chairman and Four (04) Members who have been solely nominated by The Board of Directors. Details of composition and status are stated as follows:

SL	Name	Status with the		
		Bank	Committee	Meeting Attendance
1	Mr. Mohammed Younus	Director	Chairman	7/7
2	Dr. Anwer Hossain Khan, MP	Director	Member	4/7
3	Mr. Md. Abdul Barek	Director	Member	3/7
4	Mr. Mohiuddin Ahmed	Director	Member	6/7
5	Mr. K.A.M. Majedur Rahman	Independent Director	Member	6/7



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

Key Roles and Responsibilities of the Committee

The Committee plays significant roles and responsibilities in proper functioning of the Bank, some of which are formulating and reviewing (at least annually) risk management policies and strategies for sound risk management, monitoring and implementation of risk management policies & processes. Besides, the Committee also ensures effective prevention and control measures, construction of an adequate organizational structure for managing risks, supervising the activities of the Executive Risk Management Committee (ERMC), compliance with BB instructions regarding implementation of core risk management.

Moreover, the Committee is also responsible for formulating and reviewing of risk appetite, limits and recommending these to the Board of Directors for their review and approval, approving adequate record-keeping and reporting system and ensuring its proper usage.

However, It is also engaged in analyzing all existing and probable risk issues in the meeting, taking appropriate decisions for risk mitigation, incorporating the same in the meeting minutes and ensuring follow-up of the decisions for proper implementation, submitting proposal, suggestions & summary of BRMC meetings to the Board of Directors at least on a quarterly basis, complying with instructions issued from time to time by the regulatory body, ensuring sufficient & efficient staff resources for Risk Management Division, establishing standards of ethics and integrity for staff and enforcing those standards, assessing the overall effectiveness of risk management functions on an annual basis.

Meetings Host by the Committee during 2020

During the year BRMC organized seven meetings as part of its roles and responsibilities where the bank's probable risk exposure, risk monitoring and supervision system were clearly spoken. The seven meetings were carried out on the below-mentioned dates :

SL. No	Meetings	Date of meetings held
01.	37th Meeting	January 29, 2020
02.	38th Meeting	February 26, 2020
03.	39th Meeting	March 18, 2020
04.	40th Meeting	June 10, 2020
05.	41st Meeting	July 29, 2020
06.	42nd Meeting	October 14, 2020
07.	43rd Meeting	November 18, 2020

Activities of BRMC during 2020

In 2020, the BRMC conducted seven (07) scheduled meetings and forty-nine (49) memos were placed before the committee. In discharging the responsibilities assigned to the BRMC, the Committee reviewed significant issues comprising of different risk categories during the year. Some key discussions accentuated in different meetings are stated below :

Risk Management & Control Strategies: The BRMC has assessed the bank's existing and potential risk exposures and recommended necessary risk control and mitigation strategies while keeping a close eye on emerging risks that may pose a serious threat in the future.

An overview of Risk Appetite Statement: The BRMC has thoroughly reviewed the bank's Risk Appetite Statement and determined whether the bank's own strategy is consistent with the previously agreed-upon risk appetite and tolerance.

Exploring Opportunistic Portfolio: The BRMC has carefully observed and identified potential industries in order to investigate unique growth prospects that will aid in the discovery of uncharted investment areas.

Management of Liquidity: The BRMC examined the bank's current liquidity situation and advised it to meet its clients' financial obligations by maintaining sufficient liquidity, as instructed by Bangladesh Bank.

BASEL III Implementation: The committee has reviewed the key accords and compliance of BASEL III thoroughly and advised to connect strategic decisions with the bank's capital planning.

Review the Quality of Assets: A sophisticated discussion on asset quality was held, which identified low-performing assets and suggested actions to improve the asset base's quality.

Stress Testing: The committee has assessed stress testing reports from the quarter ending March 2020 to the quarter ending December 2020 and advised to adopt financial flexibility to respond to severe but plausible scenarios.

Scrutinize Risk Management Reports and Outcomes: The committee has scrutinized rigorously versatile risk management reports like Monthly Risk Management Report (MRMR), Half-Yearly Comprehensive Risk Management Report (CRMR), Quarterly School Banking Statement, Quarterly Green Banking Report, Yearly Internal Capital Adequacy Assessment Process (ICAPP) during the year and recommended to comply the requirements of the regulatory authority on time.

Capital Management Propositions: The committee advised the bank to keep and maintain a satisfactory Capital to Risk-Weighted Asset Ratio (CRAR) and to strengthen long-term capital plans that can align with the bank's goals while meeting regulatory requirements.

An Overview of Risk Management Policies and Effectiveness of Risk Management Functions: The committee has reviewed Risk Management Policies and Effectiveness of Risk Management Functions for the year 2020 and approved the same with appropriate Management Action Trigger (MAT).

Diversification of Portfolio: The committee deeply scrutinized the bank's overall investment position for identifying and pointing out vulnerable ones to confirm risk mitigation at an optimum level.

Review of Regulatory Changes and Affairs: The Committee scrutinized and reviewed regulatory changes and affairs undertaken by Bangladesh Bank to handle the pandemic situation.

Capacity Building: The BRMC raised the issue of capacity building, skill enhancement and knowledge gathering among team members by arranging appropriate aptitude & expertise development trainings and workshops.

Development of Accountability Framework: The BRMC advised to form and design a precise " Accountability Framework" to initiate a risk control mechanism across the bank.

Cash Recovery and Written-off Position: The BRMC analyzed and discussed Cash Recovery Position of Classified Investments and the total position of Written-off Investments incurred during the year.

Audit findings and Compliance: The BRMC discussed thoroughly the findings and observations of audits conducted by Bangladesh Bank and advised accordingly to take necessary action to comply with audit inspection.

Top Borrowers and Defaulters: A brief discussion was carried out by BRMC on the exposure of Top-20 Borrowers and exposure of Top-20 Defaulters and the status thereof.

Reporting to the Board

The proceedings of BRMC meetings containing various suggestions and recommendations to the management were regularly reported to the Board of Directors for reviewing and approving the same as placed.

During the year 2020, the Board Risk Management Committee (BRMC) supported the execution of the overall business strategy within a set of prudent risk parameters which are reinforced by a sound risk management system.

Acknowledgment

The members of the Board Risk Management Committee (BRMC) convey their heartiest gratitude and thanks to the Board of Directors, Management and Risk Management Team of the Bank for their continuous and wholeheartedly support, assistance and cooperation while committing to perform further its duties and responsibilities in a more resilient way.

Mohammed Younus
Chairman
Board Risk Management Committee

FROM THE DESK OF CHIEF RISK OFFICER (CRO)

Keeping Enough Strength in Challenging Moment

Mohammed Ashfaqul Hoque, FCA, FCS Chief Risk Officer

The whole world is going through one of the most turbulent situations with challenges which are unprecedented due to the outbreak of the Covid-19 Pandemic. Economic activity had almost come to a standstill as we lived through a period of intense uncertainties and the impact is sweeping across every segment of society. However, amidst these challenges, it is evident that these events have only accelerated the pace of change and these will perpetuate a revolutionary change in the field of new technological paradigms which are difficult to envisage at present. Considering the ongoing situation, it's expected that 2021 is going to be a turning point. But the good news is that the introduction of the Covid-19 vaccination has come up with a ray of hope by giving us a signal that turmoil situation is going to be minimized.

Since the beginning of my journey as Chief Risk Officer (CRO), I have deeply observed that Shahjalal Islami Bank Limited (SJIBL) has demonstrated strength in steering through challenging circumstances. The businesses of the Bank have been driven with a focus on risk-calibrated profitable growth. The financial statements of the Bank have been strengthened substantially as well as risk management practices have focused on generating sustainable and stable growth in business. The steps taken have enabled the Bank to emerge more dynamic and this reflects at the performance of the Bank in the year 2020.

Sound Risk Management Framework

The Shahjalal Islami Bank Limited (SJIBL) is constantly scanning the risk background for new areas of potential concern and taking informed risk decisions while engaging with customers, granting investment, entering into treasury dealings and providing other services. In this regard, the Bank employs a comprehensive approach to risk management so that it may mitigate the risks it faces with a sound Risk Management Framework (RMF) without obviating its appetite for risk. The RMF is evaluated yearly by the Board Risk Management Committee (BRMC). The Bank is continuing to invest extensively in technology in order to develop and expand its risk management capabilities.

Bank's Risk Profile and Performance in 2020

In 2020, the Bank has remained resilient, with its asset quality remaining broadly stable, as well as its capital and liquidity metrics, continuing to be at healthy levels. The comparative analysis of key risk profile indicators are outlined below in the table:

Risk Category and Parameter	Key Risk Indicator	Policy Parameter	Actual Position	
			31.12.2020	31.12.2019
Investment Risk: Quality of Investments Portfolio	Gross NPI Ratio	<5%	4.57%	4.91%
	Net NPI Ratio	<3.50%	2.82%	3.26%
	Provision Maintenance Ratio	≥100%	100.16%	100.00%
	Rated Investments of Total Eligible Investments portfolio	80%- 100%	90.05%	83.68%
Liquidity Risk	Investment Deposit Ratio (IDR)	≤92%	79.62%	87.47%
	Liquidity Coverage Ratio (LCR)	≥100%	390.52%	204.10%
	Net Stable Funding Ratio (NSFR)	>100%	130.31%	150.47%
	Cash Reserve Ratio (CRR)	≥4%	4.74%	5.94%
	Statutory Liquidity Requirement (SLR)	≥5.50%	11.50%	7.43%
Strategic Risk	Minimum Capital Ratio (CRAR) Plus Capital Consurvation Buffer	≥12.50%	14.19%	15.58%
	Tier-I Capital Plus Conservation Buffer	≥8.50%	9.15%	9.03%
	Tier-II Capital (Gone Concern Capital)*	≤4%	5.04%	6.55%
	Leverage Ratio	≥3%	5.29%	5.38%
	Surveillance Rating-CRAB	AA2(ST-2)	AA2(ST-2)	AA2(ST-2)

**Tier-II capital is admissible above 4% of RWAs up to 88.89% of excess CET-1 capital ratio over 7%.*

The above table proves that the quality of investments, liquidity and capital position of the Bank is strong enough to continue its operation smoothly.

However, The Bank remains vigilant against existing and emerging risks that may impact its business and utilize portfolio reviews and stress testing to assess the risk landscape. In 2020, the Bank has focused on dealing with these existing and emerging risks by taking into consideration on:

- Increasing the status of ratings of eligible investment clients for minimizing Risk Weighted Assets (RWA) as well as the capital requirement of the Bank.
- Building a robust risk management culture across the Bank.
- Raising awareness on risk management by providing adequate training.

Bank's Risk Management Approach

The Bank Management has embedded the Risk Management Framework (RMF) across the Bank including branches and subsidiaries. It allows the Bank to identify and manage risks holistically as well as strengthening the Bank's capabilities to understand, articulate and control the nature and level of the risks the Bank Management takes while still serving its clients soundly.

In 2020, the Executive Risk Management Committee (ERMC) reviewed the RMF. During this process, the ERMC analyzed Core Risks and made improvements to the Bank's approach to the Core Risks Management Committee (CRMC) in order to mitigate the risks more smoothly. The Bank will consider whether any of the other existing or emerging risks should be treated as material risks over time. The table below provides an overview of the bank's Core Risks and risk management process.

Type of Core Risks	Managing Process
Investment Risk	The Bank has a robust investment risk policy framework embedded with prudent investment guidelines to minimize investment defaults and losses and manages its investment exposures following the principle of diversification across products, geographical area, client segments and industry sectors.
Asset and Liability Risk	The Asset Liability Committee (ALCO) of the Bank has analyzed the market liquidity and investment position as well as profit rate of deposit and investment while reviewing and offering deposit profit rate with attractive deposit products of Bank in line with industry and holds an adequate buffer of HQLA to survive extreme but plausible liquidity stress scenarios for at least 30 days without recourse to extraordinary central bank support.
Foreign Exchange Risk	The Bank maintains its FX holdings as per the need faced by the clients and manages Foreign Exchange Risk within the approved Risk Appetite. The Bank is also conscious of managing FX positions so that any FX losses don't cause material damage to its regular FX operation.
Internal Control and Compliance Risk	The Bank has effective guidelines to maintain strong internal control systems through which regular and special inspections are conducted by the team of IC&CD and report accordingly to the higher management of the Bank.
Money Laundering Risk	The Bank has formulated "Guidelines on Prevention of Money Laundering and Terrorist Financing" and applies, measures and monitors risk-based Customer Due Diligence (CDD), business relationship and transaction pursuant to national regulations and international standards.
ICT Risk	The Bank continuously enriches its technology risk management capabilities by adopting a strong "Information & Communication Technology (ICT) Security policy" and reviews its system fluctuations and penetration testing and a dedicated IT audit team carries out its functions to ensure findings which are sufficiently addressed to a higher authority.

Apart from dealing with these Core Risks, SJIBL as a practitioner of Shariah Based Islami Banking also faces Shariah Non-Compliance Risk and takes action to manage the same risk more efficiently by taking this into consideration as follows:

Type of Risks	Managing Process
Shariah Non-Compliance Risk	The Bank has established Shariah Supervisory Board (SSB) and Shariah Inspections and Report Review Committee (SIRRC) in order to monitor and review Shariah Compliance in the Islamic Banking Business.
	Shariah-related policies and procedures have been formulated for running all Islamic Banking business and operations in compliance with Shariah Based Islamic Banking while establishing tactful Risk Management Tools to facilitate its business.

In addition to the Core Risk Types that the bank manages through risk type frameworks, policies, and risk appetite, the bank also keeps an inventory of Emerging Risks.

Focus on Key Risk Priorities

In view of the challenging risk environment, it is essential that the Bank continues to optimize the way of risk is managed within the Bank. Innovation is the prime agenda of Shahjalal Islami Bank Limited and the Bank is making progress on the risk priorities set out on a need basis:

- **Strengthen the Bank's Risk Culture:** The Bank's Risk Management Framework (RMF) has been embedded and rolled out to all concerns of the Bank. In 2020, internal messaging from senior management promotes a healthy risk culture by valuing risk-based thinking across each line of defense, encouraging risk awareness, challenging the present position and creating a transparent, safe and open environment for employees to communicate risk concerns.
- **Emphasize on Client's Credit Rating:** SJIBL always remains vigilant about the rating status of the clients and monitors the rating status of the investment clients on a regular basis as SJIBL presumes that credit rating is an effective tactic to manage and mitigate investment risk. The bank provides noticeable attention to the branch level so that the branch also remains watchful about increasing the number of credit rating clients. A significant improvement in the rating status of the clients is made in this year as the percentage of rated clients stood at 90.05% in 2020 which was 83.68% in the previous year.
- **Enhance Information and Cyber Security (ICS):** A new strategy of Bank's ICS has been developed to align with the overall corporate strategy and drive cohesion across the Bank on managing ICS Risk. In 2020, the Bank embedded a refreshed approach on the enhancement of operating model to clarify accountabilities between the first and second lines of defense; increased training and awareness alongside crisis management exercises to ensure business responses with a focus on clients and critical services which has facilitated greater insights into the Bank's risk position.
- **Managing Climate Change Risk:** Climate change remains one of the greatest challenges facing the world today, given its widespread and proven impacts on the environment and human life. The Bank recognizes the need to manage both its contribution through direct and financed emissions and the financial and non-financial risks arising from climate change. The Bank is responding responsibly and has committed to measure, manage and ultimately reduce the emissions linked to its financing in line with the Guidelines of regulatory authorities.
- **Manage Financial Crime Risks:** The Bank remains committed to be leading in the fight against financial crime. The Bank reclassified the Fraud Risk sub-type from Operational Risk to Financial Crime Risk, thus providing new insights and a more holistic view of Financial Crime threats. The Bank is demonstrating delivery against its mission through its Correspondent Banking Channels, its ongoing deployment of upgraded systems for AML, sanctions, fraud and customer due diligence.

Bank's Insightful View towards Emerging Risks

Emerging Risks refer to unpredictable and uncontrollable outcomes from certain events and circumstances which are on the radar but not yet fully measurable may have the potential to impact our business materially.

The following table summarizes the Emerging Risks that the Bank may face and its managing process:

Type of Emerging Risks	Risk trend since 2019*	Managing Process
Climate-related transition Risk	↑	• The Bank is developing a Climate Risk framework to deliver a consistent approach to climate risk management. • The Bank is actively collaborating with clients, regulators, investors to solve the collective challenges in the approach to managing climate-related risks.
Regulatory Changes, Regulatory reviews, investigations and legal proceedings	←	• The Bank continues to train and educate its human resources on relevant issues including conduct, conflicts of interest, information security and financial crime compliance in order to reduce its exposure to legal and regulatory proceedings.
New technologies and digitalization, including business disruption risk and obsolescence risk	↔	• The Bank repeatedly monitors emerging trends, opportunities and risks in the technology space which may have implications on its core banking operations. • The Bank continues to make headway in harnessing new technologies, actively targeting the reduction of obsolescent/end of support technology and ensuring operational resilience. • The Bank has an integrated strategy to leverage technology to manage new technological risk and combat cyber-enabled financial crime.

↑ *Risk Heightened in 2020* ← *Risk reduced in* ↔ *Risk remained consistent with 2019 levels*

** The risk trend refers to the overall risk score trend which is a combination of potential impact, likelihood and rate of change.*

Final Words

Risk is an area that provides both challenges and opportunities. The sound Risk Management Framework will act as a catalyst of key elements to the ultimate success of the Bank. The bank was hit by an outbreak of the novel coronavirus in early 2020. But the Bank continues its vigilant focus on its risk management capabilities that will help the Bank to navigate these headwinds, to ensure a sustainable, innovative, resilient and more convenient client-oriented Bank. The awareness of the Bank's such precaution and vigilance is being treated as key to the optimum success of the Bank and helps the Bank to look forward to walking in the journey of uncertainty and taking challenges and exploring new opportunities full of thrilling and excitement.

Mohammed Ashfaqul Hoque FCA, FCS
Chief Risk Officer

RISK MANAGEMENT FRAMEWORK

Sound risk management is essential in delivering consistent and sustainable performance for all of stakeholders and is therefore a central part of the financial and operational management of the Bank. The Bank adds value to clients and the communities in which they operate by taking and managing appropriate levels of risk, which in turn generates returns for shareholders.

The Bangladesh economy would be impacted by the Covid-19 pandemic with contraction in industrial and services output across small and large businesses. The banking system is expected to be impacted by lower growth of investment and income in the short to medium term and an increase in operational costs. The effect of the Covid-19 pandemic on the Bank's output is still unclear, as it depends on the spread of the virus, additional government and central bank measures to alleviate economic distress, Bank actions and the time it takes for economic activity to return to normal levels. It is presumed that the inventory and subsequently introduction of vaccines against Covid-19 has fetched a ray of new hope across the whole world as the wheel of the world economy will move on in its own way soon. Bangladesh's economy is also trying to come back at its own rhythm because Bangladesh Bank and the government have been extensively introducing effective financial initiatives to come out of this situation. Taking this into consideration, the bank is closely monitoring the scenario and reinforcing its operational position to handle any uprising situation.

1.0 Risk Management Overview

Risk management is a discipline at the core of every banking company and encompasses all activities that affect its risk profile. A bank should attach considerable importance to improve the ability to identify, measure, monitor and control the overall risks assumed.

Shahjalal Islami Bank Limited (SJIBL) embraces risk management as an integral part of its business, operations and decision-making processes. In ensuring that SJIBL achieves optimum returns whilst operating within a sound business environment, the risk management teams are involved at the early stage of the risk-taking process by providing independent inputs, including relevant valuations, investment evaluations, new product assessments and quantification of capital requirements. These inputs enable the business units to assess the risk-vs-reward of its propositions, thus enabling risk to be priced appropriately in relation to the return.

Generally, the objectives of Bank's risk management activities are to:

- Promote better risk culture
- Develop the standards for risk management practices
- Ensure that risk-taking activities are consistent with risk policies and the aggregated risk positions are within the risk appetite as approved by the Board
- Improve internal financial soundness and stability
- Adopt and implement a sound risk management framework and
- Introduce important risk management tools and techniques for assessment and necessary treatment of different risks

2.0 Bank's Risk Management Policy

It is important not only to fulfill regulatory requirements but also to improve the financial and operational performance of the Bank. The risk management policy has progressed as a key 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 levels. 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

3.0 Bank's Risk Management Framework

Shahjalal Islami Bank Limited has developed a Risk Management Framework (RMF) as a standardized approach to effectively manage its risks and opportunities. The Bank's Risk Management Framework provides its Board and Management with tools to anticipate and manage both the existing and potential risks, taking into consideration changing risk profiles as dictated by changes in business strategies, the external environment and/or the regulatory environment.

The key components of the Bank's Risk Management Framework are represented in the diagram below:

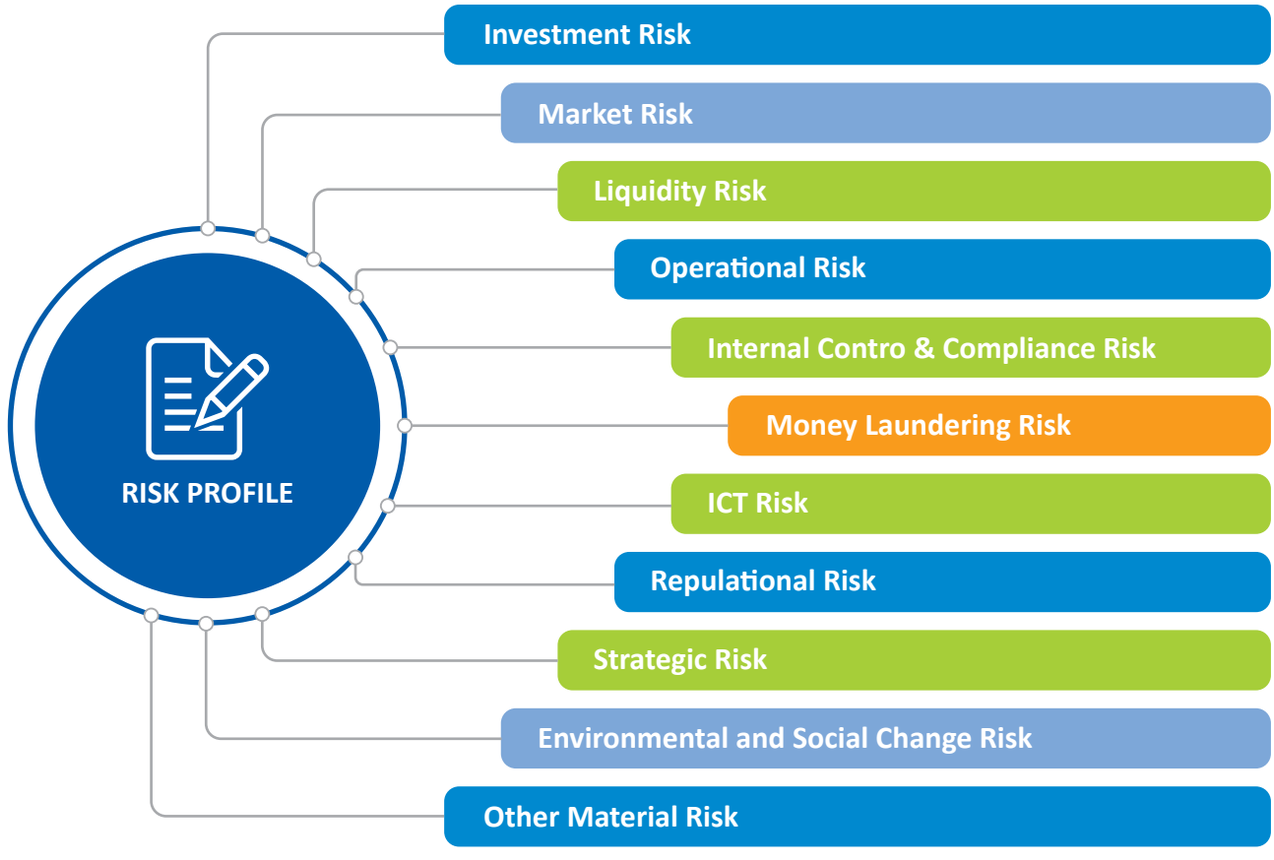
The design of the Bank's Risk Management Framework incorporates a complementary 'top-down strategic' and 'bottom-up tactical' risk management approach.

3.1 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 economic conditions.

To determine the overall risk position, Bank generally considers diversification benefits across risk types.

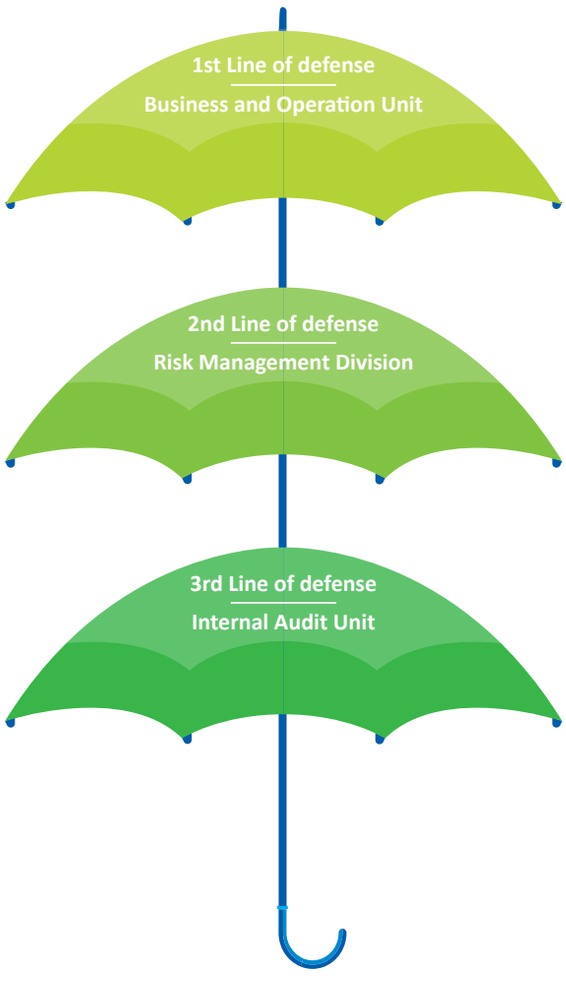
The diagram shows Bank's overall risk, as measured by the economic capital usage calculated under Guidelines on Risk-Based Capital Adequacy (Basel III).



3.2 Risk Culture

Risk culture is about understanding risks, the Bank faces and how they are managed. The Bank embraces risk management as a key element of its culture and decision-making processes. The Bank's risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Bank.

THREE LINES OF DEFENSE APPROACH



FIRST DEFENSE

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

SECOND DEFENSE

- 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.

THIRD DEFENSE

- 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.

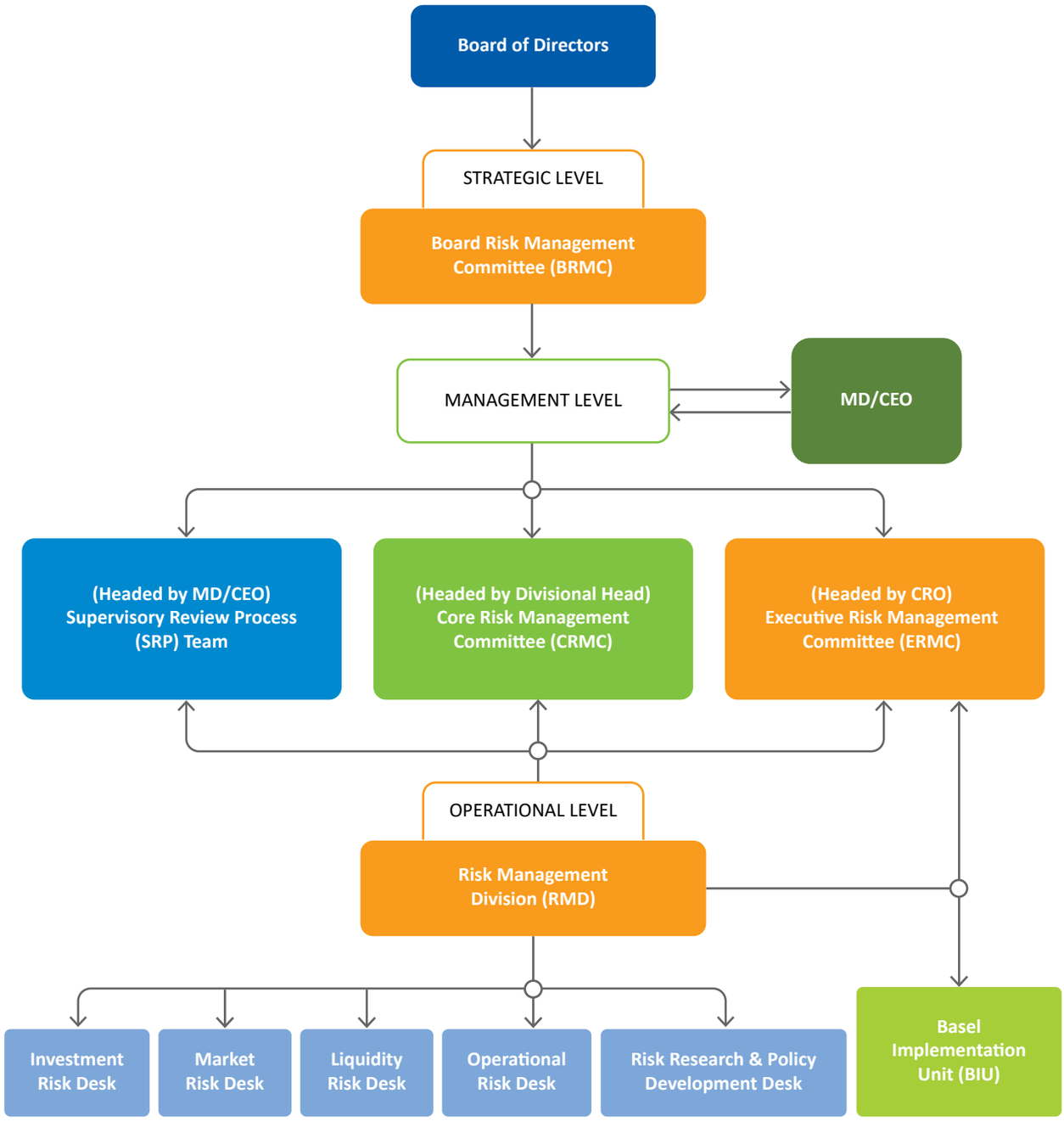
3.3 Risk Governance & Organisation

Risk governance refers to the structure, rules, processes and mechanisms by which decisions about risks are taken and implemented. A strong governance structure is important to ensure effective and consistent implementation of the Bank's Risk Management Framework. The Board is ultimately responsible for the Bank's strategic direction which is supported by the risk appetite and relevant risk management frameworks, policies and procedures. The Board is assisted by different risk committees and control functions in ensuring that the Bank's Risk Management Framework is effectively maintained.

3.3.1 Risk Management Structure

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

Risk Management Structure and Its Three Layers



3.3.2 Board Risk Management Committee (BRMC)

Board Risk Management Committee plays a vital role in the following aspects.

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

3.3.3 Supervisory Review Process (SRP) Team

SJIBL has an 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.

3.3.4 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 the implementation of committee's meeting minutes;
- Submit proposals, suggestions & summary of CRMC meetings to RMD and BRMC.

3.3.5 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 the 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 the 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.

3.3.6 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 with 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.

3.3.7 Basel Implementation Unit (BIU)

Basel-III reforms are the response of the 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. The Committee has issued Basel-III, "A global regulatory framework for more resilient banks and banking systems" in December 2010.

According to Bangladesh Bank's "Guidelines on Risk-Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III)" issued in December 2014, Shahjalal Islami Bank Limited has developed and strengthened the Basel Unit which is responsible for the implementation of regulatory requirements and supervisory standards of 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.

BIU of SJIBL meets the regulatory requirements more appropriately and assists the Bank to follow the instructions of Bangladesh Bank more efficiently for smooth implementation of the Basel III framework in the Bank.

3.4 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.

Risk Appetite is defined as the amount and type of risks that the Bank is able and willing to accept in pursuit of its strategic and business objectives. SJIBL sets risk appetite including tolerance and limit every year to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and risk. Bank's Risk Appetite Framework consists of risk capacity, risk appetite statement and key risk appetite measurement. Application of the risk appetite statement and monitoring of the key risk appetite measurement help to ensure the Bank stays within appropriate risk boundaries. Risk appetite statement plays an important role in cascading the risk strategy down through the Bank. As per instruction of the central bank, the Bank sends a board-approved copy of the same appetite to the Bangladesh Bank within the prescribed time each year.

3.5 Risk Management 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. Shahjalal Islami Bank Limited adopts the following steps of the Risk Management Process:

- **Communicate and Consult:** This is a 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 up with changing circumstances. The risk management process needs to be regularly repeated so that new risks are captured in the process and effectively managed.

3.6 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 which are guided by the Bank's risk appetite framework and integrated with the Bank's strategies and business planning process.

3.6.1 Risk Policies, Procedures, Process, Standards and Limits

Policies and Procedures

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 Investment 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 every year 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.

Process

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

Standards

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

Limits

Control risk-taking activities within the tolerance level 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.

3.6.2 Pillar 1 & 2 under Basel III and Stress Testing

Pillar 1 & 2 under Basel III and Stress testing programs at the 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 pillars 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 reports are prepared every quarter and Pillar 2 under Basel III is prepared on yearly basis and presented to the ERMC, BRMC and Board.

3.6.3 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 quarterly. Minimum components of the risk register are as follows:

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

3.6.4 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 the 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.

3.7 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) provided by the Bangladesh Bank as per DOS Circular letter no. 04 dated 08 October 2018 for preparing on a monthly and half-yearly basis and regularly placed to the Executive Risk Management Committee of the Bank.

SJIBL has formed a well-designed Executive Risk Management Committee (ERMC) comprising 18 (eighteen) members.

The ERMC invites the top management (CEO, AMD or senior-most executives) to attend the meetings so that they are well aware of the risk management process. The CRO acts as the chairman of the committee. It arranges a monthly meeting on regular basis to discuss the identified risk issues and risk management status of the Bank as per guidelines of Bangladesh Bank. The Risk Management Division (RMD) under the supervision of CRO coordinated different risk management activities of the Bank and provided guidelines to concerned divisions in this respect. The activities, observations and recommendations of the 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 the business, risk strategy and Bangladesh Bank guidelines to sound risk management and risk mitigation. The Bank considers capital adequacy, the expected level of profitability, market reputation, experienced personnel, logistic support, macro and microeconomic scenario, risk management practices, etc to determine its risk strategy. Bank's reputation and achievement depend on the ability to identify, assess and mitigate risks at all levels. The Risk Management strategy is therefore fundamentally based on maintaining adequate capital, liquidity and operational control at all times in order to safeguard the interest of depositors, borrowers, shareholders and other stakeholders.

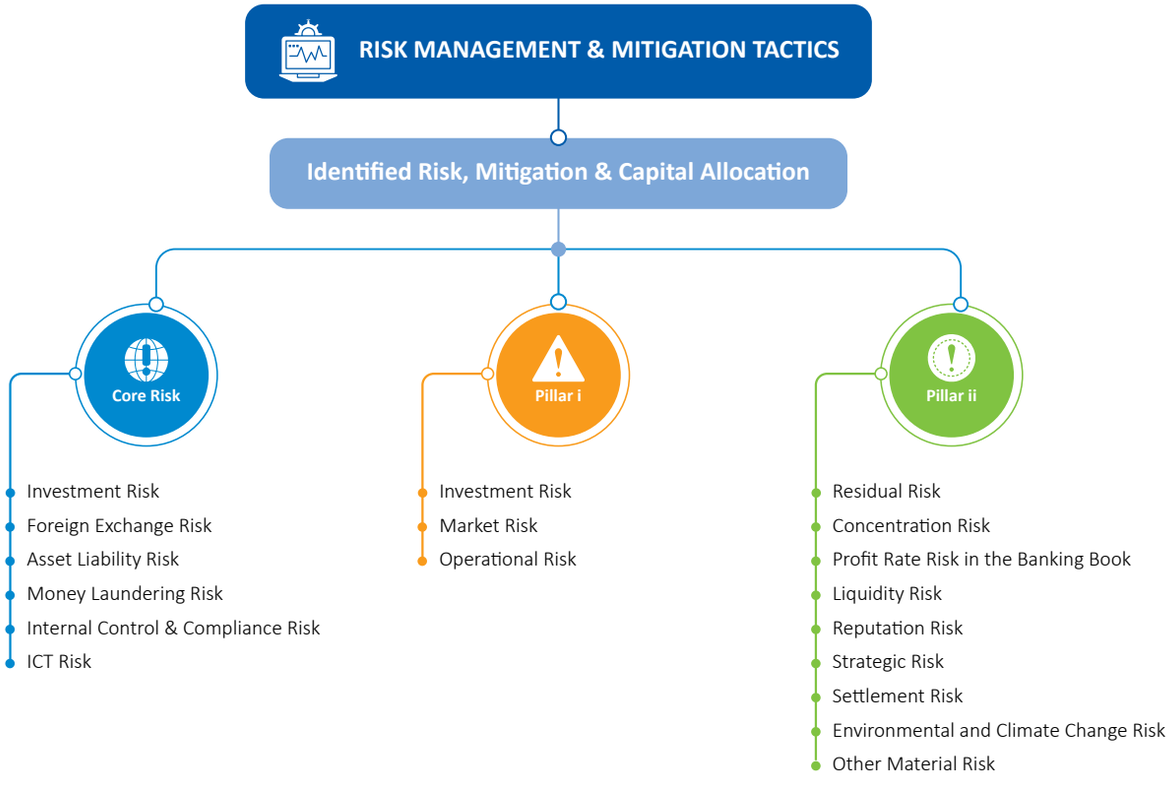
1.0 Risk Mitigation Approach

The Bank has adopted a Sound Risk Mitigation Approach (RMA) to ensure risk exposures within the Bank. Risks of the Bank are mitigated consistently in line with the Board-approved risk appetite that supports the Bank's strategy. The RMA sets standardized practices to promote accountability and necessary oversight for the effective management of all these risk types.

Taking into consideration of COVID-19 pandemic situation and to alleviate the risks, the Bank has taken several fruitful steps in response to the COVID-19 pandemic including; work from home arrangements for staff, strict adherence to safety instructions issued by Health Authorities to ensure staff health and safety, and strengthening the Disaster Recovery sites as part of the Business Continuity Plan. Further, the Bank continued to provide uninterrupted customer service through ATMs at branches that were closed due to the lock-down and also ensured 24/7 accessibility via Bank's digital channels. The impact of the COVID-19 lock-down and moratorium measures on the Bank's NPI levels was assessed using a range of additional stress tests. In addition, the Bank reviewed the risk of elevated industries in the context of the COVID-19 pandemic. Notable action was also taken to mitigate Cyber risk by introducing several security measures.

2.0 Risk Management and Mitigation Tactics

Risk mitigation tactics need to be dynamic to successfully establish sound risk management. However, there are certain types of risks which 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, the risk is inherent. As a result, risk management can have a significant impact on financials. As a part of regulatory and global benchmarking, the Bank has developed risk mitigation tactics based upon six (6) core risks guidelines of Bangladesh Bank and Basel framework. The acknowledged risks which the Bank are currently mitigating or intends to mitigate in the future are represented in the below diagram:



In view of core risk guidelines, the Bank has established different divisions to address specific risks, e.g. Investment Risk Management Division (IRMD), Investment Administration Division (IAD), Special Asset Management Division (SAMD), Internal Control and Compliance Division (IC&CD), Anti-Money Laundering Division(ALMD), etc. Further, to manage the overall risks of the Bank in line with Basel-III, the Bank has formed a dedicated Risk Management Division.

Besides, the Bank has different high-powered committees to monitor and ensure smooth risk management activities. For example, Senior Management Team (SMT), Asset Liability Committee (ALCO), Executive Risk Management Committee (ERMC), Supervisory Review Process(SRP) Team, Central Compliance Committee (CCC), Investment Committee (IC), Shariah Inspections' and Report Review Committee (SIRRC) etc.

2.1 Investment (Credit) Risk

Investment (Credit) risk arises from the potential that the 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.

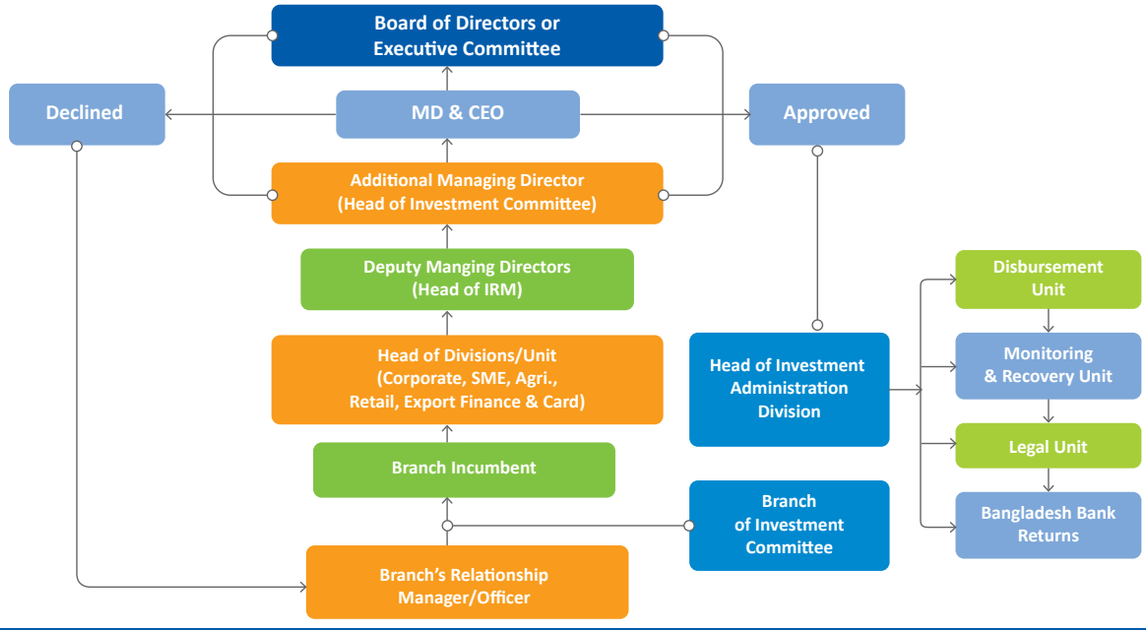
Major investment portfolio risks come from the bank's investment with corporate (industrial), small and medium-sized enterprises (SMEs), retail and consumer financing, household clients, transport, construction, real estate, and financial institutions. Investment portfolio risk could stem from both on-Balance 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 recommendations.
- 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.
- Assure all investment facilities are properly approved in-favor of the qualified/known customers and documented on time.
- Ensure approved investment facilities are structured & designed appropriately in line with the need of the customer/applicant and their repayment capacity.
- Ensure compliance with investment policy guidelines and related strategies of the bank before approval of any investment facility to any customer.
- Make sure 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.
- Affirm 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 a prudent level of investment portfolio diversification as per policy guidelines of the Bank.
- Confirm 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 promote strong asset quality.
- Make sure that all risk within the Investment Division is minimized and systems are in place to monitor and as appropriate, eliminate risk in all areas of the business.
- Ensure support to attain the highest standard of corporate governance.

2.1.2 Investment Management Process



2.1.3 Investment Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	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	Half-yearly, Quarterly	Risk Tolerance Cap
Security/Collateral/Margin Status	Reason for Growth, Coverage Assessment	CRMR, Stress Testing	Half-yearly, Quarterly	Management Action Trigger
Asset Quality, Categorization & Classification	Transaction Matrix, Reason for Classification	CRMR, Stress Testing	Half-yearly, Quarterly	Management Action Trigger, Special Program
Credit Rating Status of Clients	Reason for Growth	CRMR, MCR	Half-yearly, Quarterly	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 deposits 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 the agreed appetite.

Profit (Interest) Rate Risk
Profit Rate Risk is the risk to earnings or capital of a bank arising from the 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 profit-rate-related options embedded in bank's products.

Equity Price Risk
Equity Price Risk is defined as losses due to changes in the 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 the spot, forward and options 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 which 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 that 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 the management information report.
- Governing the management of securities portfolio.
- Maintaining Net Open Position (NOP) within the limit set by the regulatory body.
- By setting counterparty limit which includes forward, placement for foreign exchange transactions.
- By setting limits for the foreign exchange dealers.
- By reconciling Nostro accounts periodically as per the instruction of the regulatory body.
- Randomly test all aspects of market risk management activities.

2.2.2 Market Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	Mitigation Process
Market Sensitivity	VaR (FX & Equity), Sensitivity, Profit Rate Risk, Duration Gap, Portfolio Analysis	CRMR Stress Testing	Half-yearly, Quarterly	Management Action Trigger, Management Strategy, Stop Loss Cap, Counterparty Cap, Capital Allocation
Regulatory Compliance	Investment Limit	Risk Appetite	Yearly	Management Action Trigger, Management Strategy
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 is 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 a strong dependency on corporate deposit is exposed to high liquidity risk. Liquidity risk should not be seen in isolation, because the financial risk is not mutually exclusive and liquidity risk is often triggered by consequences of other financial risks such as Investment risk, Profit rate risk, Foreign exchange risk, etc. Following are the two types of liquidity risks:

a) **Funding Liquidity Risk:** risk generates when a bank is 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:** risk generates when a 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 the 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 a bank's liquidity position:

Liquidity Risk Indicators (LRI)

- 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 Profile (SLP) Analysis
- Liquid Asset to Short-term Liabilities
- Statutory Liquidity Ratio (SLR)

2.3.2 Liquidity Risk Mitigation Measurement

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

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

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

Key Risk	Tools and Programs	Measured In	Frequency	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 Risk refers to the risk resulting from inadequate or failed internal processes, people and systems or 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 with operational risk policy guidelines and procedures.
- Establish an effective operational risk management framework that 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 with 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 the 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 Measurement

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

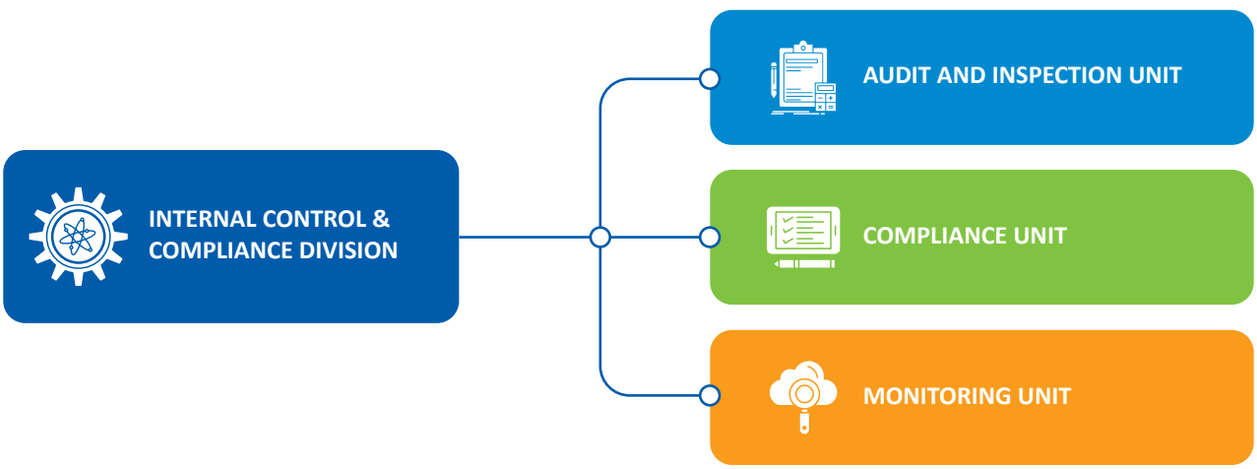
Key Risk	Tools and Programs	Measured In	Frequency	Mitigation Process
Manpower by age-group, Executive on contract, Manpower movement, Manpower by gender, Training & developments	Human Resources Status	CRMR	Half-yearly	Management Action Trigger, Escalation to Senior Management, Capital Allocation
No. of Complaint received from customers/through Bangladesh Bank, No. of complaint settled % of Complaint settled	Customer Satisfaction Status	CRMR, ICAAP	Half-yearly, Yearly	
Decisions are taken by the board risk management committee for sound risk management purpose, Risk issues submitted to the board by the 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, 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 with 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 Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	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 preventing money laundering and combating the 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 a 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 relationships, and transaction pursuant to national regulations and international standards.

2.6.2 Money Laundering Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	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 the 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 the system, failure of the 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 Measurement

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 upgrades 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 responsibilities. Therefore, a 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 way 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 guidelines. 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 Residual Risk

Risk-Based Capital Adequacy (RBCA) framework and other supervisory regulations issued by Bangladesh Bank on investment risk management allow Banks to offset credit or counterparty risk with collateral along with the legal and financial documents. While the Bank uses different techniques to reduce its investment risk, improper application of these techniques gives rise to additional risks that may render the overall risk management less effective.

Accordingly, these additional risks (e.g. documentation risk, valuation risk) are termed as Residual Risk. Residual Risk is a risk that arises mainly out of the following situations:

- **Error in Documentation:** The Bank collects and preserves documents against investment to have legal protection in case of adverse events like the default of investment.
- **Error in Valuation of Collateral:** The Bank requires appropriate valuation of collateral (both physical* and financial) and guarantees (Bank guarantee and personal guarantee) against investments and for mitigation of default probability.

2.8.1 Approach to Managing Residual Risk

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

- Establish a policy or plan for reducing documentation lapses and valuation errors.
- Establish a Residual Risk Review Committee (RRC).
- Prepare a Material Documents Checklist and its risk weight.
- Monitoring and control performance of residual risk regularly.
- Review the client-wise related audit report and Credit Rating Status of Clients.

2.8.2 Residual Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	Mitigation Process
Credit Rating Status of Clients	Reason for Growth	CRMR, MCR	Half-yearly, Quarterly	Continuous follow-up, Capital Allocation
Documentation Lapses	Audit Report Review	ICAAP	Yearly	Continuous follow-up, Capital Allocation

2.9 Concentration Risk

Concentration risk arises when any Bank invests most or all of the assets to single or few individuals or entities or sectors or instruments. That means when any Bank fails to diversify its investment and investment portfolios, concentration risk emerges.

In the context of Pillar-2, concentration risk can be of following two types:

- Investment Concentration Risk arises when the investment portfolio of the Bank is concentrated within a few individuals or entities or sectors.
- Market Concentration Risk arises when the investment portfolio of the Bank is concentrated within a few instruments or any instrument of few companies or any instrument of few sectors.

2.9.1 Approach to Managing Concentration Risk

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

- Ensure compliance with and the integrity of the concentration risk policies and procedures.
- Monitor the Sector-wise exposure, Division wise exposure, Group-wise exposure, Single borrower-wise exposure and Top borrower-wise exposure on regular basis to measure the investment concentration risk.
- Monitor the Instrument (financial securities) wise investment, Sector-wise investment in listed instruments and Currency wise investment of foreign exchange portfolio on regular basis to measure the market concentration risk.
- Randomly test all aspects of concentration risk management activities.

2.9.2 Concentration Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	Mitigation Process
Investment Concentration	HHI, Gini, SEI, SI	CRMR, ICAAP	Half-yearly, Yearly	Sectoral Investment Cap, Capital Allocation
Market Concentration	HHI, Gini, SEI, SI	ICAAP	Yearly	Market Risk Cap, Capital Allocation

2.10 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 expectations of an organization's performance and behavior. Reputational risk is a subset of operational risk that can adversely affect the capital base if the driving forces of the risk turn worse.

2.10.1 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 funds in the ATM machine etc.

2.10.2 Reputational Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	Mitigation Process
No. of a 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 penalties imposed by the regulatory body, No. of cases of violation of laws, regulations with the amount	Letter of Regulatory Body, Review the Statement	CRMR	Half-yearly	
No. of non-payment cheques and accepted bills with the 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 a total value in taka	Audit Report, Statement of Fraud and Forgeries	ICAAP	Yearly	
No. of ATM Machine where the 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	

2.11 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.

2.11.1 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.

2.11.2 Strategic Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	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	

2.12 Settlement Risk

Settlement Risk arises when an executed transaction is not settled as the standard settlement system suggests or within a predetermined method.

2.12.1 Approach to Managing Settlement Risk

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

- Eliminating the delay between the two legs of a transaction
- Reducing the number and size of payments requiring settlement.
- Establish a settlement policy or plan for management succession.

2.12.2 Settlement Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured In	Frequency	Mitigation Process
Non-receiving or delayed receiving of receivable bills (foreign & domestic)	Review the different Statement, Online monitoring system of Regulatory Body	ICAAP	Yearly	Management Action Trigger, Escalation to Senior Management and Board of Directors, Capital Allocation

2.13 Environmental & Social Risk (ESR)

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

2.13.1 Approach to Managing Environmental & Social Risk

Shahjalal Islami Bank Limited develops an effective approach to managing environmental & social risk. In this regards, the Bank manages environmental & social 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 of 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 aspects and related social aspects.
- Assess the environmental & social aspects of all investment applications.
- Prioritize and actively seeks to finance projects with direct or indirect environmental benefits.

2.13.2 Environmental & Social Risk Mitigation Measurement

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

Key Risk	Tools and Programs	Measured	Frequency	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

2.14 Other Material Risk

These are risks which are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risk under pillar II of Basel III. The Risk Management Division is primarily responsible for assessing and developing controls for mitigating these risks. In order to do so the RMD of the Bank is performing various exercises like the assessment of quality Risk-Weighted Assets of the Bank, Stress Testing to assess the sensitivity of the Bank against adverse scenarios is performed, additional capital (on top of MCR under Pillar-II) will be assessed using a model namely Internal Capital Adequacy Assessment Process (ICAAP), perform the capital reporting model, etc.

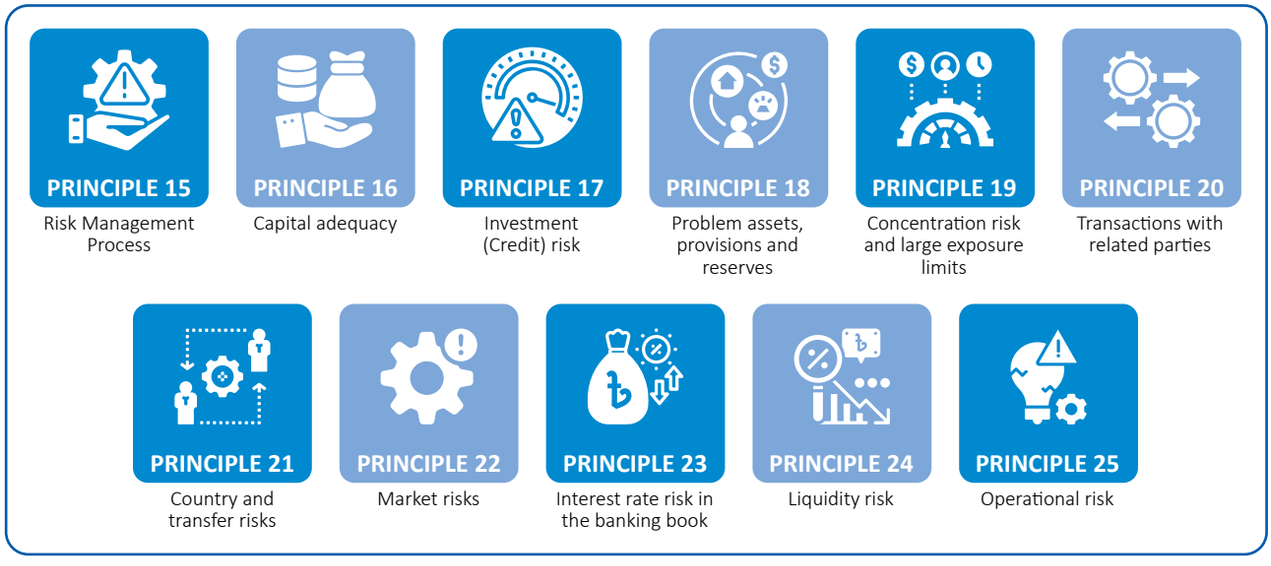
On top of assessment, the RMD of The Bank is reporting these risks to senior management (through BRMC); which are ultimately aiding the Bank to allocate adequate capital line with Basel III requirement and at the same time implant active strategies to precisely manage all potential risks of the Bank.

DISCLOSURE OF RISK REPORTING

In the banking business, the risk is inherent. Risk needs to be minimized to achieve the organizational goal. Risk management has a significant impact on financials. Bangladesh Bank has identified 6 (six) key risks for Banks and issued policy guidelines for sound management of these core risks which are central to the functioning of risk management activities in the banking industry. As per Bangladesh Bank's directive, Shahjalal Islami Bank Limited formulates its own strategies to manage particular risks i.e. Investment Risk, Market Risk, Operational Risk, Liquidity Risk, etc. and prepares risk management report monthly, quarterly, half-yearly and yearly basis in a comprehensive nature.

1.0 Risk Management Principles

SJIBL is continuously following the international standards for managing risks as specified by the Bank for International Settlements (BIS) in its core principles of effective banking supervision which, along with others, are:



2.0 Risk Profile & Risk Management Process

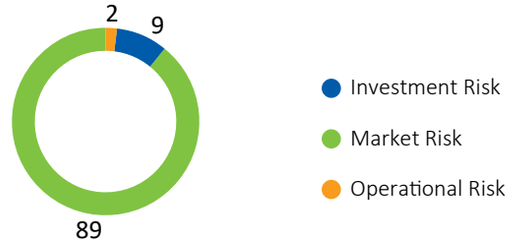
Risk profile of a bank is measured by the economic capital usage calculated for investment, market and operational risk. Shahjalal Islami Bank Limited determines the overall risk positions by calculating total Risk-Weighted Assets (RWAs) of investment, market and operational risk at each quarter-end and allocated capital against them.

The risk profile of Shahjalal Islami Bank Limited as measured by economic capital allocation by risk types are as follows:

Amount in Million

Particulars	2020	2019
Investment Risk Weighted Assets	175,181	164,316
Market Risk-Weighted Assets	4,136	4,077
Operational Risk Weighted Assets	16,838	14,383
Total Risk-Weighted Assets	**196,155**	**182,776**
Minimum Capital Requirement	19,615	18,278
Total Regulatory Capital	**27,828**	**28,477**

Risk Profile (RAWs)-2020



As per the risk profile, Investment Risk was accounted for 89% of total Risk-Weighted Assets (RWA) where the Market Risk and Operational Risk were 2% and 9% respectively at the end of December-2020.

3.0 Capital Adequacy

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 as per the guidelines on the Risk-Based Capital Adequacy Framework in line with the Basel III issued by Bangladesh Bank.

Capital to Risk Weighted Assets Ratio (CRAR)

Amount in Million

Particulars	2020	2019
Total Regulatory Capital	27,828	28,477
Total Risk Weighted Assets	196,155	182,776
CRAR	**14.19%**	**15.58%**

At the end of 2020 and 2019 Capital to Risk-Weighted Assets Ratio (CRAR) of Shahjalal Islami Bank Limited stood at 14.19% and 15.58% respectively which indicates that Bank is far above the Basel-III implementation road map of Bangladesh Bank to maintain targeted CRAR of 12.50% with buffer.

3.1 Minimum Capital Requirement (MCR) under Pillar-1 of Basel III

As per Basel III Road Map, Minimum Capital Requirement (MCR) for the banks in Bangladesh is currently 10.00% of its total RWA with the addition of Capital Conservation Buffer of 2.50% of total RWA from the year 2019.

Amount in Million

Particulars	2020	2019
Tier 1 Capital	17,949	16,507
Tier 2 Capital	9,880	11,970
Total Regulatory Capital	27,828	28,477
Minimum Capital Required @ 10% of RWAs	19,615	18,278
Buffuer @ 2.50% of RWAs	4,904	4,569
Excess /Shortfall	3,309	5,630

At the end of 2020 and 2019, the total Regulatory Capital of Shahjalal Islami Bank Limited was BDT.27,828 million and BDT.28,477 million respectively. The Bank has maintained BDT.3,309 million and 5,630 million excess capital after deducting minimum requirement of 12.50% of RWAs plus buffer in 2020 and 2019 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. It encourages banks to take action in creating and making proper use of sophisticated risk management techniques in terms of monitoring and managing the risks. Shahjalal Islami Bank Limited is maintaining an adequate level of capital each year as per Bangladesh Bank's SREP review and the Bank has perfectly minimized the capital charge under residual risk year to year through rigorous oversight of the Bank's SRP Team.

3.3 Market Disclosure: Pillar-III of Basel-III

Market discipline has established transparency and discipline in the financial markets. Stakeholders can judge a bank's position concerning 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 which includes 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 changes in various related factors (e.g. increase in NPI, change in the profit rate, fall of security value, etc.). The impact of this model is expressed through the change in the overall CRAR of the Bank. Central Bank has advised all banks to perform stress testing quarterly. The outcome of stress testing needs to be submitted to Bangladesh Bank upon review of senior management and Board.

Stress Testing Result:

Particulars	2020			2019		
	Minor	Moderate	Major	Minor	Moderate	Major
Performing investment directly downgraded to B/L: Sectoral Concent. 1	(0.12)	(0.37)	(0.62)	(0.16)	(0.47)	(0.78)
Performing investment directly downgraded to B/L: Sectoral Concent. 2	(0.20)	(0.60)	(1.00)	(0.11)	(0.32)	(0.53)
Increase in NPIs due to default of top large investment(loan) borrowers	(3.92)	(5.84)	(7.20)	(3.92)	(6.03)	(8.13)
Negative shift in NPIs categories	(0.33)	(1.37)	(1.96)	(0.36)	(1.63)	(2.30)
Decrease in the FSV of collateral	(0.28)	(0.57)	(1.15)	(0.32)	(0.63)	(1.28)
Increase in NPIs	(1.01)	(3.56)	(7.80)	(1.03)	(3.67)	(8.12)
Profit(Interest) Rate	0.00	0.00	0.00	0.00	0.00	0.00
FEX: Currency Appreciation	(0.02)	(0.04)	(0.07)	(0.05)	(0.10)	(0.14)
Equity price	(0.23)	(0.47)	(0.94)	(0.14)	(0.28)	(0.57)
Combined Shock	**(1.87)**	**(6.01)**	**(11.92)**	**(1.89)**	**(6.31)**	**(12.42)**
CRAR after Combined Shock	**12.31**	**8.18**	**2.27**	**14.13**	**9.71**	**3.60**

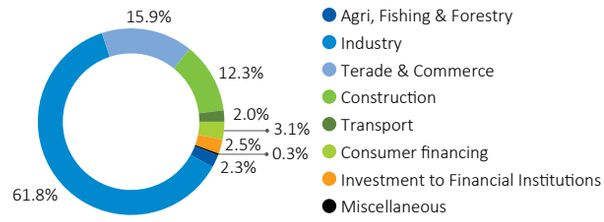
5.0 Investment Risk

Investment Risk arises from the potential when a bank's borrower will fail to meet its obligations under agreed terms and results in a negative effect on the profitability and capital of the bank. Measuring the 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:

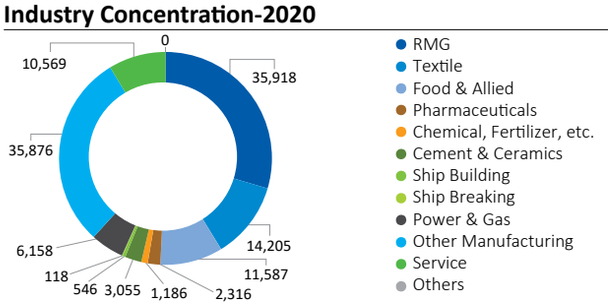
5.1 Investment Concentration:

When the investment portfolio of a bank is concentrated within a few individuals or entities or sectors, investment concentration risk arises. Investment risk is 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 the Risk Appetite Statement (RAS) and IRM policy guidelines.

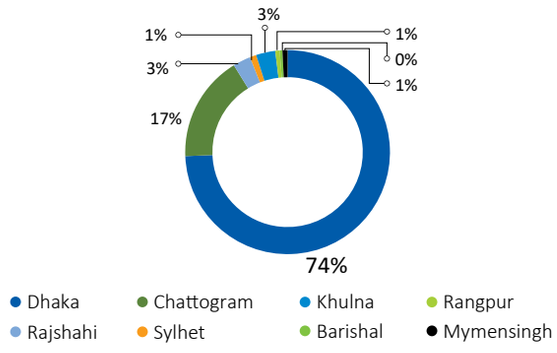
Portfolio Concentration-2020



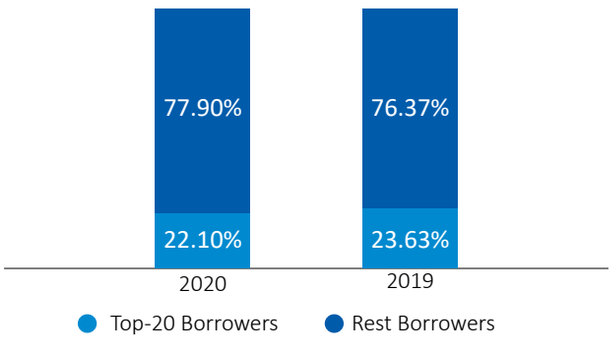
Industry Concentration-2020



Area Concentration-2020



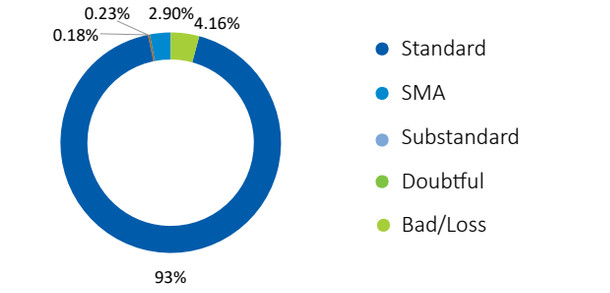
Top-20 Borrowers Concentration



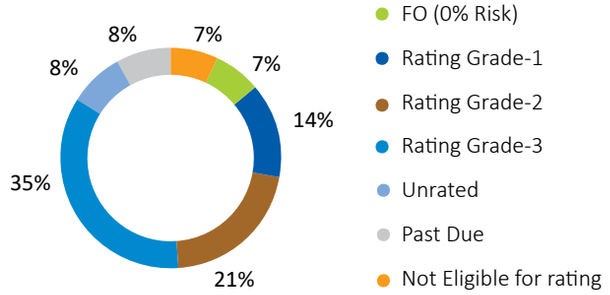
5.2 Assets Quality

Quality of assets is the paramount importance and how well the banks manage it to remain with high quality of assets dictates the success of the Bank. One of the major parameters of measuring banks' performance is the quality of assets. It draws attention to the quality of investment that provides earnings to the bank. This shows the stability of the bank when faced with particular risks.

Investment Classification-2020



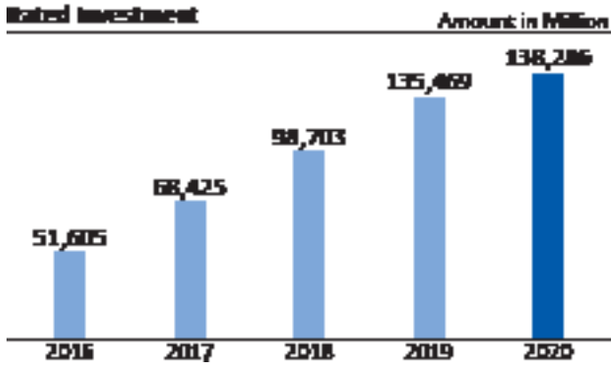
Assets Quality as per ECAIs



At the end of December-2020, Standard Investment including SMA of SJIBL stood at 95.43% of total Investment while NPI stood at only 4.57% which indicates that the Bank has quality assets in its portfolio.

5.3 Credit Rating of Investment clients

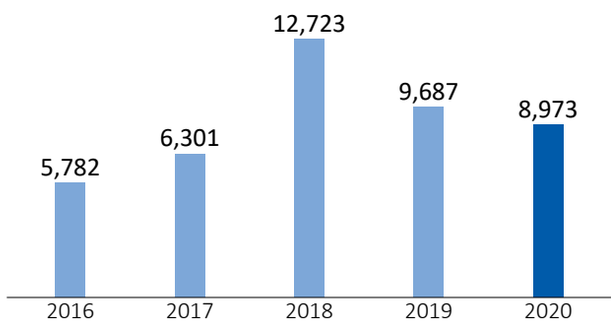
Shahjalal Islami Bank Limited always emphasis on client's credit rating. A good rating of the borrowers implies the identification of the quality borrowers that improve the quality of the asset and also require less capital. The client's credit rating is considered the most important tool to manage investment risks as per the Standardized Approach of Risk-Based Capital Adequacy (RBCA) guidelines of Basel-III by Bangladesh Bank. The Bank gives more attention to its branches to increase the rated investment clients for reducing Risk-Weighted Assets (RWA). The rating growth is graphically presented here.



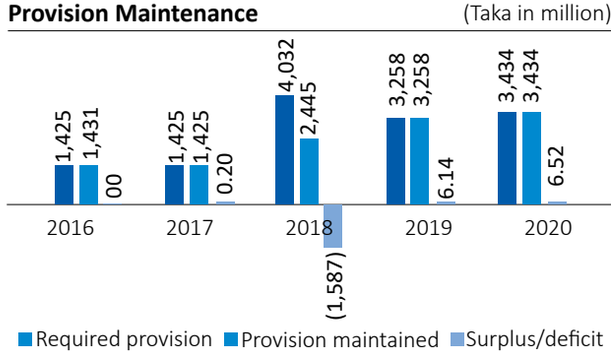
5.4 Non Performing Investment (NPI)

Non-Performing Investment (NPI) has severely spread into the country's banking sector that impedes the overall economy to grow and deprives honest borrowers to collect required funds at a 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.

Non Performing Investment (NPI) (Taka in million)



Provision Maintenance (Taka in million)

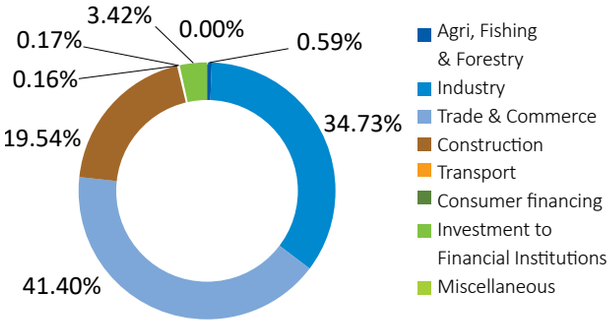


Shahjalal Islami Bank Limited has able to downsize the NPI by BDT.714 million from BDT. 9,687 million in 2019 to BDT. 8,973 million in 2020. NPI ratio was 4.57% and 4.91% in 2020 and 2019 respectively. The Bank management prudently reduces the NPI showing Bank's commitment to its stakeholders. The Bank has also shown expertise in maintaining the provision against its Non-Performing Investment that stood at 100.19% at the end of 2020 which was 100% in 2019.

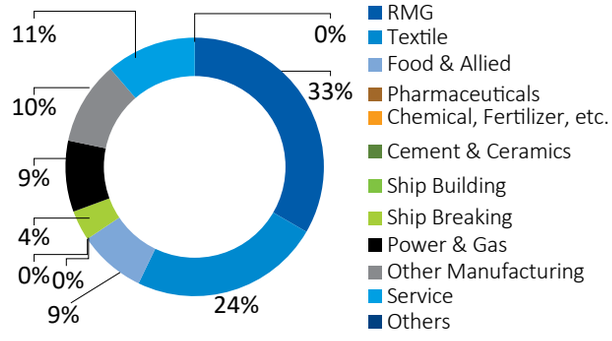
5.5 Concentration of NPI

Bank provides investment in short-term and long-term finance to various clients expecting to get back the money with profit as per the repayment schedules. Due to many reasons, banks are unable to get back some of their money in time from many clients. It creates significant problems in running banking operations. Bank always tries to diversify its investment portfolio in various sectors to avoid the concentration risk and avoid risky sectors to reduce the investment risk.

Portfolio NPI-2020



Industry Wise NPI-2020



SJIBL also follows the diversification rules and makes-cap narrowed to the risky sectors. At the end of the year-2020, Trade & Commerce, Industry and Construction cover mostly NPIs of Investment portfolio at the rate of 41%, 35% and 20% respectively. On the other hand, RMG, Textiles and Service sectors of the industry have mostly NPIs.

5.6 Cash Recovery against NPI

The special asset management team of the Bank played a contributory role to get the below-stated handsome figure with their all-out effort for the recovery of investment. Proper follow-up and monitoring through frequent customer visits are the keys to an efficient and effective recovery system.

Amount in Million

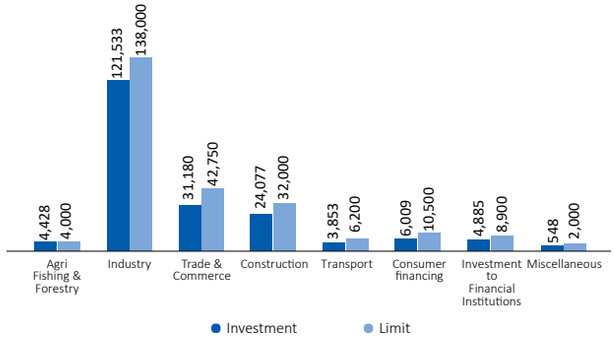
Particulars	2020	2019
Cash Recovery	1,335	1,538
Regularization	2,341	4,773
Total Recovery & regularization	3,676	6,311
Cash Recovery to NPI	14.9%	15.9%
Total Recovery & regularization to NPI	41.0%	65.2%

Despite having pandemic of Covid-19 and economic slow down due to countrywide lock-down, Shahjalal Islami Bank Limited has recovered Cash an amount of BDT. 1,335 million and regularized BDT 3,676 million from Non Performing Investment clients during the year of 2020 which is 41% of total NPIs.

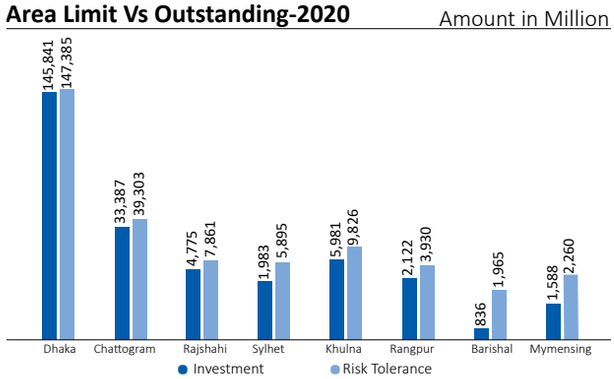
5.7 Exposures Limit

SJIBL has its investment cap for a different types of investment such as sectors, industries and geographic locations. Investment cap is generally reviewed once 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-2020 (Taka in million)



Area Limit Vs Outstanding-2020 Amount in Million



Single Borrower Exposure Limit-2020

Amount in Million

Particulars	2020	2019
Total Regulatory Capital	27,828	28,477
Funded Limit @15% of Regulatory Capital	4,174	4,272
Non Funded Limit @20% of Regulatory Capital	5,566	5,695
Total Limit (Other than Exporter)	9,740	9,967
Non Funded Limit @35% of Regulatory Capital	9,740	9,967
Total Limit (Exporter)	13,914	14,239

Top-10 Borrower Exposure -2020

Amount in Million

Borrowers	Funded	Non-Funded	Total
Smart Group	2,530	5,318	7,848
Mir Akter Group	3,134	3,068	6,202
Impress Group	2,075	3,374	5,449
T.K Group	1,558	3,779	5,337
Nassa Group	3,808	1,380	5,188
Dhaly Constructions Ltd.	3,441	1,339	4,780
Anwar Group	2,902	1,135	4,037
Abdul Monem Group	1,671	2,359	4,030
Energypac Group	1,961	1,830	3,791
Palmal Group	651	3,137	3,788

5.8 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 requirements and Bank is allowed to reduce its investment exposure by taking into account the risk-mitigating effect of the collateral for the calculation of capital charge.

Amount in Million

Particulars	2020	2019
Total Investment	196,513	197,286
Collateral (FSV)	121,008	125,270
Collateral Coverage Ratio	62%	63%

SJIBL focuses on collateral-based investment to secure its quality of investment. At the end of December-2020, Collateral coverage Ratio was 62% which was 63% in 2019.

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 of 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	2020	2019	Change
RSA ≤ 1 Year	241,308	215,626	25,682
RSL ≤ 1 Year	161,677	145,593	16,084
Net Gap	79,631	70,033	9,598
Impact on NII (Rate Change by @1%)	796	700	96

The probable impact on net profit (interest) income of SJIBL at the end of December-2020 was measured BDT 796 million which was BDT 700 million in 2019.

6.2 Equity Price Risk

Shahjalal Islami Bank Limited uses the mark-to-market valuation method against a predetermined limit. From an accounting perspective, the 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 losses.

Amount in Million

Particulars	2020	2019
Market Value of Capital Market Exposure	3,691	2,949
Provision Maintained	134.13%	100.21%
Capital Market Exposure to Audited Capital	20.66%	17.86%

SJIBL has maintained sufficient provisions against its investment in the share market for un-realized losses and the limits of capital market exposures are also maintained as per Bangladesh Bank instruction.

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	2020	2019
Net Open Position Limit	2,956	2,960
Net Open Position	998	2,092
Net Open Position to Capital	5.59%	12.67%
No. of position breached during the period	Nil	Nil

At the end of 2020, Bank's open position was BDT.998 million against its limit equivalent to BDT. 2,956 million as determined by Bangladesh Bank and there was no case of breaching the FEX holding limit as per Bangladesh Bank instruction during the year 2020.

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)

Amount in Million

Ratios	2020	2019
Cash Reserve Requirment (CRR)	4.74%	5.94%
Statutory Liquidity Requirment (SLR)	11.50%	7.43%
Investment to Deposit Ratio (IDR)	79.62%	87.47%
Liquidity Coverage Ratio (LCR)	390.52%	204.10%
Net Stable Funding Ratio (NSFR)	130.31%	150.47%
Commitment to HQLA Ratio	214.47%	271.60%

Typically, the Bank ensures that it has sufficient cash and cash equivalents to meet expected operational expenses through the preparation of the cash flow forecast, prepared based on timeline

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 the operational procedure of the Bank. Internal Control and Compliance Division undertakes a periodic and special audit of the branches and departments at the Head Office for review of the operation and compliance of statutory requirements.

Particulars	2020	2019
No. of Branches Audited	132	122
No. of Major Non-Compliances	167	170
Whether it is placed to the audit committee	Yes	Yes

SJIBL has continued to develop technological-risk management capabilities and is ready to handle ICT security incidents and system failures and to conduct IT Audits on regular basis.

9.0 Money Laundering Risk

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. A Central Compliance Committee (CCC) has been formed headed by a DMD who is the Chief Anti Money Laundering Compliance Officer (CAMLCO).

Amount in Million

Particulars	CTR	STR
No of Accounts	245,813	2
Amount	29,3370.4	10.4

The concerned branch officials examine all transaction alerts raised in TP for Suspicious Transactions. Bank has already screened all of our existing customers through Sanction Screening Software (S3 Compliance) against an updated list of Special Designated Nationals/Entities/Jurisdictions. The Bank founds no violation relating to Money Laundering activities.

10.0 ICT Risk

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 upgrades 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

An IT Audit Team has been formed as per the Central Bank's guidelines. The Team members regularly 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.

11.0 Residual Risk

Residual Risk is a risk that arises mainly out of errors in documentation and errors in the valuation of Collateral. The bank always tries to make documentation appropriately and conduct a valuation of collateral both physically and financially at the market rate. Residual Risk of the Bank has been measured and reported to the ICAAP-2019 submitted to Bangladesh Bank in 2020 where an investment of BDT. 2,796.20 million was assessed against residual risk. The base for the capital charge was BDT. 1,684.30 million and an amount of 168.40 million Capital has been kept. The ICAAP Report-2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank and the Bank is expecting to lower the residual risk.

12.0 Concentration Risk

Investment Concentration Risk arises when the investment portfolio of the Bank is concentrated within a few individuals or entities or sectors. As there are no unanimously agreed on tools to measure the concentration risk, some indicators are applied such as :

a) Herfindahl Hirschman Index (HHI),

b) Simpson's Equitability Index (SEI),

c) Shannon's Index (SI),

d) Gini Coefficients (GC)

Concentration Risk of the Bank has been measured and reported in the ICAAP-2019 submitted to Bangladesh Bank in 2020 where the capital charge was BDT.182.80 million. The ICAAP Report-2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank.

13.0 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 of the Bank has been measured and reported in the ICAAP-2019 submitted to Bangladesh Bank in 2020 where there was no incidence like negative media report, non-payment of cheques and accepted bills, penalty, technological disruption, violation of laws, regulations, etc. during 2020. ICAAP Report-2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank.

14.0 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. Strategic risk of the Bank has been measured and reported to the ICAAP-2019 submitted to Bangladesh Bank in 2020 where BTD.182.8 million was charged and it was adjusted from the capital kept under Operational Risk in Pillar-1 (MCR) of Basel-III. As result, no Addition Capital was required under the Strategic risk of the Bank. ICAAP Report-2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank.

15.0 Settlement risk

Settlement Risk arises when an executed transaction is not settled as the standard settlement system suggests or within the predetermined method. Settlement Risk of the Bank has been measured and reported in the ICAAP-2019 submitted to Bangladesh Bank in 2020 where no capital was charged due to outstanding amount of Non receiving and payment amount was below 5% of total Investment. ICAAP Report -2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank.

16.0 Environmental & Social Risk

Shahjalal Islami Bank Limited has developed an effective approach to managing environmental & social risk. In this regard, the Bank measured environmental & social risk and reported in the ICAAP-2019 and submitted it to Bangladesh Bank in 2020 where no capital was charged. ICAAP Report -2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank.

17.0 Other Material Risk

These are risks which are not directly covered by core risk guidelines of Bangladesh Bank, more precisely additional risks under pillar II of Basel III are measured under this risk. Other Material Risk has been reported in the ICAAP-2019 and submitted to Bangladesh Bank in 2020 where no capital was charged. ICAAP Report -2020 also will be submitted in 2021 as per the time frame of Bangladesh Bank.

18.0 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 2020 as follows:

RISK MANAGEMENT GUIDELINES:

- Risk Management Guidelines
- Investment Risk Management Guide lines
- ALM Guidelines
- Foreign Exchange Guidelines
- ICC Risk Guidelines
- AML Guidelines
- ICT Guidelines

RISK MANAGEMENT POLICIES:

- Risk Appetites Statement (RAS)
- Management Action Triggers (MAT)
- Self Assessment of 6 (six) Core Risks
- Methodology for Customer Services & Evaluation Process
- Collateral Valuation Guidelines
- Surveyors Enlistment Policy
- Fraud Detection & Prevention
- Valuation Methodology
- Wholesale Borrowing

19.0 Meeting & Implementation of Minutes

SJIBL arranged meetings of different risk-related committees as per the direction of Bangladesh Bank. During 2020, Bank has arranged the 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: 2020

Meeting	Members	Meeting Nos.	Agenda
ERMC	18	09	All Risks
SRP Team	17	06	Capital Adequacy (ICAAP)
Basel Unit	10	04	Basel Implementation (Basel-III)
Basel Working Team	06	04	Calculation Accuracy
BRMC	05	07	All Risks

20.0 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 2020.

Compliance of Reporting : 2020

Sl	Name of the Reports/Papers	Frequency	Submitted to	Compliance Status
A.	**Risk Management Reporting**			
1.	Monthly Risk Management Reporting (MRMR)	Quarterly	ERMC/BRMC/BB	Complied
2.	Minutes of the Monthly Risk Management Committee Meeting	Quarterly	ERMC/BRMC/BB	Complied
3.	Implementation Report of RMC Meeting Minutes	Quarterly	ERMC/BRMC/BB	Complied
4.	Comprehensive Risk Management Report (CRMR)	Half Yearly	ERMC/BRMC/BB	Complied
5.	Compliance Report on Risk Rating	Half Yearly	ERMC/BRMC/BB	Complied
6.	Risk Appetite Statements	Annually	ERMC/BRMC/BB	Complied
B.	**Basel - III Reporting and Capital Management**			
7.	Risk-Based Capital Adequacy Reporting (Pillar-1)	Quarterly	ERMC/BRMC/BB	Complied
8.	ICAAP Report (Pillar-2)	Annually	ERMC/BRMC/BB	Complied
9.	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

21.0 Bulding Risk Culture & Awarness

In 2020, the following training programs on risk management have been provided to officials of the Bank both online and offline to create awareness on risk management and building a robust risk management culture across the Bank.

Sl	Subject	No. of Courses	Total Participants
1	Asset Liability Risk Management	04	100
2	Investment Risk Management	21	944
3	Foreign Exchange Risk Management	15	136
4	Internal Control and Compliance Risk Management	4	104
5	Money Laundering Risk Management	10	1004
6	ICT Risk Management	9	2,360
7	Comprehensive Risk Management	5	10
8	Basel Accord	2	91
9	Overview on Stress Testing	1	90
10	Others	-	-
	Total	**71**	**4,839**

22.0 Capital Planning

Bank's capital planning is a dynamic, ongoing and forward-looking mechanism to incorporate changes in a bank's strategic focus, risk tolerance levels, business plans, operating environment, or other factors that materially affect capital adequacy. Capital planning assists the bank's Board of Directors and senior management to:

- Identify risks, improve bank's understanding of overall risks, set risk tolerance levels, and assess strategic choices in longer-term planning.
- Identify vulnerabilities i.e. concentrations and assess their impact on capital,
- Integrate business strategy, risk management, capital and liquidity planning decisions.

Capital Plan for 5 Years:

Amount in Million

Particulars	2020 (Actual)	2021	2022	2023	2024	2025
Tier 1 Capital	17,949	24,605	26,525	28,683	31,156	40,012
Tier 2 Capital	9,880	7,349	11,906	11,203	10,143	8,918
Total Eligible Regulatory Capital	27,828	31,954	38,431	39,886	41,299	48,930
Total Risk Weighted Assets	196,155	225,681	251,685	283,719	316,430	353,900
CRAR	14.19%	14.16%	15.27%	14.06%	13.05%	13.83%

In devising capital planning both short-term and long-term capital needs have been considered and the bank's overall strategy and business growth have been coordinated usually with a forecast horizon of five years.

22.1 Raising Tier II capital

SJIBL is always keen to maintain a sufficient capital base against doing business to support the healthy growth of business and ensure compliance with the Basel III capital accord in line with the Bangladesh Bank roadmap. Bank's CRAR (Capital to Risk-weighted Asset Ratio) reached 14.19% as of December 31, 2020, against the required 12.50% with buffer. To keep the adequate capital base bank-issued floating rate non-convertible 1st Mudaraba subordinated bond amounting Tk.4,000 million for 7 years on June 15, 2017, and subsequently, 2nd Mudaraba subordinated bond amounting Tk. 6,000 million had been issued on December 19, 2018, through private placement after obtaining required approvals from Bangladesh Securities and Exchange Commission and Bangladesh Bank.

22.2 Raising Additional Tier I capital

To strengthen the Tier-1 capital and also keep the adequate capital base according to the Capital plan of the Bank, SJIBL has planned to issue Mudarab Perpetual Bond at a floating rate of Tk. 5,000 million within the year 2021. The features of Mudarab Perpetual Bond are as follows:

Instrument Name	SJIBL Mudaraba Perpetual Bond
Issue Type	Unsecured, Contingent-Convertible, Fully paid up, Non-Cumulative, BASEL III compliant, Perpetual Debt instrument for inclusion in Additional Tier I Capital
Fund Size	Tk. 5,000 million (Taka Five thousand million)
Value per Unit	Tk. 1 million (Taka One Million)
Bonds per lot/ Minimum Subscription	01
Loss Absorption	Conversion to common shares at the Conversion Strike Price, at the pre-specified trigger point, by such amount not exceeding the amount which would be required to bring the consolidated Common Equity Tier 1 (CET 1) ratio to 4.5% of RWA.
Mode of Issue	Private Placement
Listing Status	The Bonds will be, subject to the consent of the Bangladesh Securities and Exchange Commission (BSEC), be listed as per rules and regulations.

23.0 Key Initiatives Achievement-2020

During the year 2020, the Risk Management Division (RMD) of the bank took different initiatives to strengthen the overall risk management functions of the bank. Followings are the major initiatives taken by RMD for the year 2020:

- **Reached at the Land Mark of Borrowers Credit Rating:** Credit rating quantifies or assesses the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. Credit rating plays a pivotal role to reduce the RWA and helps to maintain the minimum capital at an adequate level. SJIBL has conducted numerous initiatives to take the challenge of achieving 90% credit rating of its rateable clients set by the Bank management and has achieved this milestone successfully at a percentage of 90.05 at the end of 31st December 2020.

- **Improved Bank Risk Profile:** Bank exposures both in the On & Off-Balance Sheet have been increased from year to year. Contrary, the Risk-Weighted Asserts (RWA) of Bank has been increased at a decreasing rate. Risk Management Division of the Bank has taken various initiatives to reduce the risk weight of the Assets of the Banks that results, the ratio of RWAs to Total Exposures (On & Off-Balance Sheet) stands at 58% at the end of 31st December 2020.

- **Improved Capital Management:** Risk Management Division always provides the necessary recommendations to the Board of Directors and the Senior Management of the bank to select the investment clients having creditworthiness, sound SME clients keeping adequate financial collaterals. It helped to reduce the capital requirement of the Bank. As a result, at the end of the year 2020, Bank has able to maintain an adequate CRAR of 14.19% against requirement of 12.50% and more specifically, Tier-1 Capital with Buffer at 9.15% as against 8.50% which is 0.65% higher than the standard.

- **Appointed CRO with Specific Roles:** It was a major regulatory compliance issue regarding segregation of duties of CRO as well as CRO and head of RMD to be the same person as per Risk Management Guidelines-2018 issued by Bangladesh Bank. For better risk management of the Bank, Risk Management Division has raised the issue and submitted a paper to Board to specify the roles and responsibilities and the reporting line of CRO. In the year 2020, the Board has appointed a new CRO of the Bank specifying the terms of reference and approved separate roles and responsibilities for the CRO. It has brought a dynamic movement in the activities of the Risk Management Division of the Bank.

- **Internal Investment Risk Rating System (IIRRS) implementation:** The bank has fully adopted the IIRRS in line with Bangladesh Bank's BRPD circular letter no. 14 dated February 23, 2021. Along with regulatory compliance, the implementation of IIRRS has further strengthened the risk assessment process against allowing credit facilities. The CRO is evaluating and viewed the risk profile of the clients with greater investment values than ever.

- **Deferral Documentation Review Project:** As advised by the Management, RMD conducted a review on the Investment clients who are availing investment facility keeping deferral of documentation based on the position of 31.07.2020. The report contains the observations and recommendations along with the risk associated with the pending deferral of the documentation. Exiting meetings were held with related Branch Managers who were physically visited, prior to finalizing the Report that helped to reduce documentation lapses of the Bank.

- **Reduced Documentation Lapses:** Bank is maintaining its additional capital requirement for documentation lapses for funded credit portfolio. During the year 2020, a strong monitoring process helps the Bank to reduce the capital charge against the documentation lapses. Risk Management Division of the Bank worked with the Audit Report of the Bank and screened the errors of documentation. Good numbers of lapses have been rectified through strong persuasions of RMD. As a result, the capital charge against Residual Risk has been reduced and the capital requirement under Residual Risk was at BDT. 168.40 million under ICAAP-2019 submitted in the last year-2020.

- **Maintaing HQLA:** Bank is required to maintain adequate High-Quality Liquid Assets (HQLA) against Bank's Commitments and the commitment would not be more than 250% of HQLA. Risk Management Division is pursuing continuously to bring the Commitment within the limit of 250% of HQLA. In the year 2020, Bank has maintained BDT. 42,087.94 million HQLA and reached the Ratio of Commitment to HQLA at 214.47% which is below the trigger point of 250% of HQLA.

- **Sectoral Lending Cap:** Investment portfolio of the Banking Industry is concentrated in few sectors, areas or some large groups and SJIBL is no exception to the industry. To avoid the concentration risk, the Bank has duly adopted the lending cap for 2020 and throughout the year the Bank has regularly monitored the changes in the investment portfolio in line with the approved lending cap. Based on observations, various strategies have been formulated to

maintain sector-wise exposures. Similar to last year, the bank has initiated the formulation process of lending cap 2021.

- **Review of Top-20 Borrowers & Defaulters:** Top 20 Borrowers are reviewed periodically on their latest performance with the help of IRMD and a new initiative has been taken to review the Top 20 borrower's Funding Structure, Uses, Credit rating, Repayment performance and other metrics. On the other hand, To evaluate the latest status of Top-20 Defaulters, a joint collaboration between the members of RMD and Special Asset Management Division (SAMD) has been started to review the Top NPI files.
- **Review Pending Court Cases:** In the year 2020, RMD conducted a review on the NPI against which legal initiatives were already taken. The report contains the observations and recommendations along with risks associated with the pending cases of the Bank. Management has able to know the total numbers of pending cases, outstanding, aging, stay orders, settlement and latest position of these accounts.
- **Arrange Annual Risk Conference (ARC-2020):** Bank has organized a day-long Annual Risk Conference (ARC-2020) with the participation of all the branch managers and deputy branch managers including the officials related to risk issues at the very beginning of the year 2020. Risk Profile of the Bank, Framework of Risk Management and Mitigation process of risks have been presented before the participants that have been enriched the Branch people and the Head Office Official to combat against the Risk.

AT A GLANCE: ACHIEVEMENT-2020

1. **Borrowers Credit Rating**
   Achieved 90.05% Credit Rating of Bank's eligible investments
2. **Improved Risk Profile**
   Bank's RWAs to total Exposures downsized to 58%
3. **Improved Capital Management**
   CRAR stood at 14.19%, Tier-1 at 9.15% and formulated 5 years Capital Plan
4. **Reduced Documentation Lapses**
   Capital requirements against Residual Risk brought down to BDT 168.40 millions
5. **Appointed CRO with specific roles**
   Established sound risk management and implementation of IIRRS
6. **Arranged Annual Risk Conference (ARC-2020)**
   A day long Annual Risk Conference was held for the branch people
7. **Maintaing Adequate HQLA**
   Commitment to HQLA reached at 214.47% which is below the trigger point of 250%

23.0 Future Plan-2021

- To strengthen the Tier-1 capital according to the Capital plan of the Bank, SJIBL has planned to issue Mudaraba Perpetual Bond at a floating rate of Tk. 5,000 million within the year 2021.
- To keep the adequate capital base bank has planned to issue a floating rate non-convertible 3rd Mudaraba subordinated bond for 7 years of Tk.5,000 million during the year 2021-2022 as per the Capital plan.
- In parallel to the generic audit function, the necessity of adoption of Risk-Based audit will be conducted to validate that the internal control environment is functioning as planned.
- Increased Credit rating with percentage and quality grading to the investment portfolio.
- Arrange Annual Risk Conference with the participation of all the Branch managers and Deputy branch managers.
- Interim review of Risk Appetite and the status of risk exposures against thereof.
- Establishing sophisticated risk management infrastructure with a sufficiently robust data-base, data architecture and information technology.
- Prepare Comparative Analysis Report (CAR) on bank's gain/loss due to/lack of proper risk management activities.

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, 2020 was the year of risk management awareness and 2021 will be the year of strengthening risk management structure. Being an active part of country's banking industry, SJIBL always undertakes an active approach to risk management and remained consistent in forming a best-in-class capability. The core mottos of risk management practice at SJIBL are a solid understanding of the material risks of the bank and continuous formulation of effective strategies for active risk mitigation.

DISCLOSURE OF RISK BASED CAPITAL (BASEL-III)

Background and Purpose

Basel III is an internationally agreed new set of capital and liquidity standards developed by the Basel Committee on Banking Supervision in response to the financial crisis of 2007-09. The objective of the reforms was to manage the use of excessive on and off-balance sheet leverage, the gradual erosion of level and quality of the capital base, insufficient liquidity buffer, pro-cyclicality and excessive interconnectedness among systematically important institutions. These factors are identified for reasons of bank failure. Through its reform package, BCBS also aims to improve risk management and governance as well as strengthen banks' transparency and disclosures.

To cope up with the international best practices and to make the bank's capital shock absorbent, Bangladesh Bank issued 'Guidelines on Risk-Based Capital Adequacy (Revised Regulatory Capital Framework for banks in line with Basel III) in December 2014 with the instructions to maintain the minimum capital requirement under pillar-1, an additional capital requirement under Pillar-2 and market disclosure requirement under Pillar-3. Shahjalal Islami Bank has also adopted the Basel-III framework as part of its capital management strategy in line with the revised guideline.

As part of Basel-III compliance, Market Discipline (pillar 3) is formulated to establish a 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.

For the said purpose, Shahjalal Islami Bank Limited has developed a set of disclosure frameworks containing the key pieces of information on the assets, risk exposures, risk assessment processes, and hence the capital adequacy to meet the risks.

Components of Disclosure Framework

As per Bangladesh Bank's guidelines, the following components are the disclosure requirements under Pillar-3 of the 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 based on audited consolidated financial statements of Shahjalal Islami Bank Limited (SJIBL) and its subsidiaries for the year ended December 31, 2020, and prepared under the historical cost convention under 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 November 09, 2009, regarding 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.

Therefore, the information presented in the 'Quantitative Disclosures' section can easily be verified and validated with corresponding information presented in the audited consolidated financial statements-2020 of SJIBL and its subsidiary. The disclosure is prepared once a year and available on the bank's website (www.sjiblbd.com).

1. Scope of Application

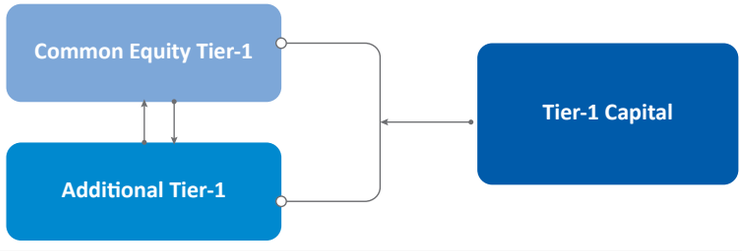
Qualitative Disclosures

a) The name of the top corporate entity in the group to which this guideline 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: i. which are fully consolidated; ii. which are given a deduction treatment; and iii. (c) which 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 April 01, 2001, under the Companies Act 1994 as an interest-free Islamic Shari'ah 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), 110 ATM booths, 52 agent banking outlets and 2,657 employees all over Bangladesh. The Bank is listed with both the Stock Exchanges of the country, i.e. Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. The Bank offers all kinds of Islamic Shari'ah-based Commercial Banking Services to its customers through its branches following the provisions of the Banking Companies Act 1991 (as amended up to 2018), Bangladesh Bank's Directives and directives of other regulatory authorities and the principles of the Islamic Shari'ah. The registered office of the Bank is located at Shahjalal Islami Bank Tower, Plot-4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.
	Offshore Banking Unit (OBU) Offshore Banking Unit 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 December 21, 2008, with permission from Bangladesh Bank vide letter no. BRPD (P-3)744(99)/2008-2800 dated July 24, 2008. The unit is located at Shahjalal Islami Bank Tower (Level-6), Plot-4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.
	Agent Banking Shahjalal Islami Bank Limited obtained permission from Bangladesh Bank on October 16, 2019, vide reference no. BRPD (P-3)745(54)/2019-8354 to commence Agent Banking services and subsequently started commercial operations on January 02, 2020. Till December 31, 2020, there were 52 Agent Banking Outlets in 31 districts across the country.
	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 01 extension office and 08 branches with 77 employees all over Bangladesh. The main objective of the company is to carry on the business of stock brokers/dealers concerning 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. Its corporate Head office and principal place of business are at DSL Building (3rd floor), 1/C, DIT Avenue, Dainik Bangla Mor, Motijheel, Dhaka-1000.
c) Any restrictions, or other major impediments, on the 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. The bank is following the latest Bangladesh Bank circular in determining the 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. which are deducted and name(s) of such subsidiaries.	Not Applicable

2. Capital Structure

Qualitative Disclosures

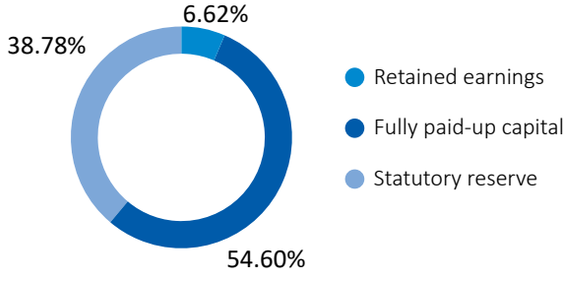
a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Common Equity Tier-1, Additional Tier-1 or Tier-2.	As per Guidelines on Risk-Based Capital Adequacy of Bangladesh Bank, the regulatory capital of the Bank is classified into two `tiers which will consist of some of the following categories: **1. Tier-1 Capital** (going-concern capital) divided into two categories which are: 

	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 instrument that meets the qualifying criteria for Additional Tier-1 Capital). **2. Tier-2 Capital** (gone-concern capital) of SJIBL consists of General Provisions and Mudaraba Subordinated Bond/ Debt issued by the Bank meets the qualifying criteria for Tier-2 Capital.

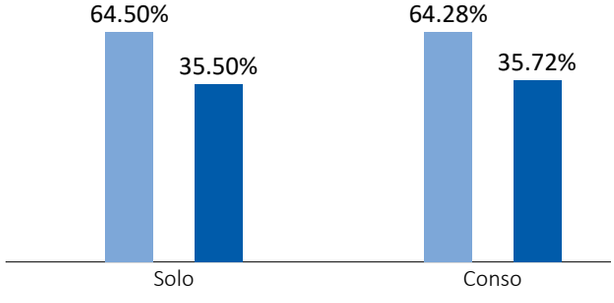
Quantitative Disclosures

Particulars		Taka in Million	
		Solo	Consolidated
CET1/Tier1 Capital (Core Capital)			
i.	Fully paid-up capital	9,800.92	9,800.92
ii.	Statutory reserve	6,959.87	6,959.87
iii.	General reserve	-	2.88
iv.	Retained earnings	1,187.96	1,206.06
v.	Minority interest in subsidiaries	-	226.88
vi.	Regulatory Adjustments: Shortfall in provisions required against investment in shares	-	(329.80)
b) Total CET1/Tier 1 Capital (i to vi)		**17,948.75**	**17,866.81**
Tier 2 Capital (Supplementary Capital)			
vii.	General provision against unclassified investments/loans and off-balance sheet exposures (including OBU)	3,159.50	3,207.47
viii.	Subordinated debt/instruments issued by the Banks that meet the qualifying criteria for Tier 2 capital	6,720.00	6,720.00
c) Total Tier 2 Capital (vii to viii)		**9,879.50**	**9,927.47**
d) Total Regulatory/Eligible Capital (b+c)		**27,828.25**	**27,794.28**

Tier 1 Components (Solo Basis)

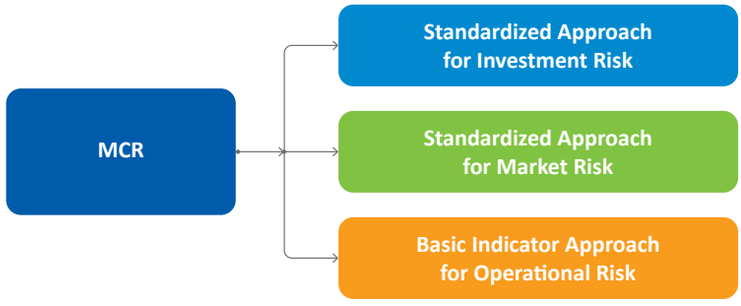


Composition of Capital



3. Capital Adequacy

Qualitative Disclosures

a) A summary discussion of the Bank's approach to assessing 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 the Capital to Risk-Weighted Assets Ratio above the regulatory requirements. The Bank has been successfully managing the incremental growth of Risk-Weighted Assets (RWA) by ensuring diversification of the portfolio in SME, Agriculture, Retail and Corporate segments. However, RWA is also managed by taking collaterals against investments. The Bank Management strives to ensure external credit rating is duly done by the investment clients. The Bank has adopted the Standardized Approach (SA) to calculate the RWA for Investment Risk and to calculate the capital charge for market risk. On the other hand, Basic Indicator Approach (BIA) is adopted to calculate the capital charge for operational risk. Assessment of capital adequacy is made against the total RWA under the said three (03) approaches. 

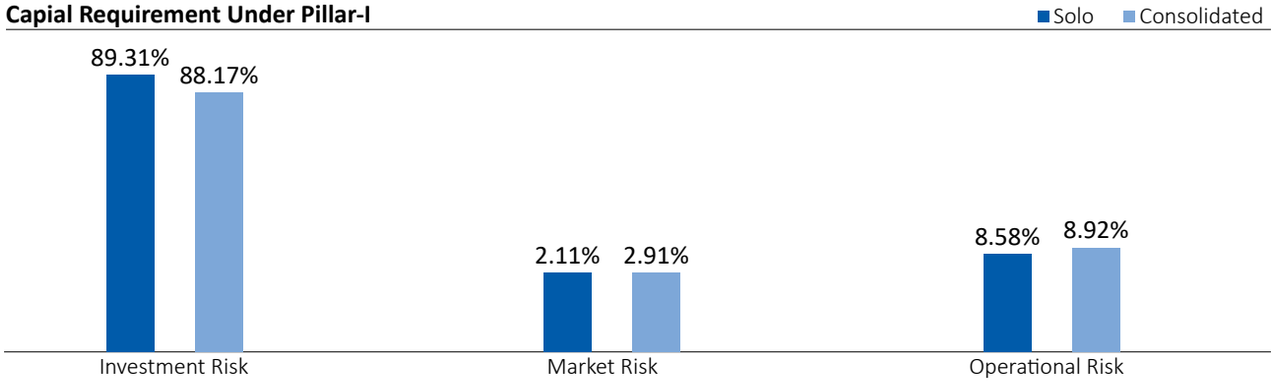
	The Bank has maintained Capital to Risk-Weighted Assets Ratio (CRAR) of 13.72% & 14.19% based on "Consolidated" and "Solo" respectively against the minimum regulatory requirement of 12.50% (MCR 10% + Conservation Buffer 2.50%). The Bank's policy is to manage and maintain adequate capital that is sufficient to absorb all material risks associated with the Bank and to 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

Particulars	Taka in Million	
	Solo	Consolidated
b) Capital requirements for Investment (Credit) Risk	17,518.10	17,865.53
c) Capital requirements for Market Risk	413.57	588.40
d) Capital requirements for Operational Risk	1,683.83	1,808.09
Minimum Capital Requirement (b+c+d)	19,615.50	20,262.02
Total Regulatory Capital	27,828.25	27,794.28
Total Risk Weighted Assets (RWA)	196,154.99	202,620.25
e) Capital to Risk-weighted AssetRatio(CRAR) (iii to iv)	14.19%	13.72%
i. CET 1 capital ratio	9.15%	8.82%
ii. AT 1 capital ratio	-	-
iii. Total Tier 1 capital ratio (i to ii)	9.15%	8.82%
iv. Tier-2 capital ratio	5.04%	4.90%
f) Capital Conservation Buffer (2.50%)	3.15%	2.82%
g) Available Capital under Pillar 2 Requirement*	3,308.88	2,466.75

**After deduction of Minimum Capital Requirement and Capital Conservation Buffer from Total Regulatory Capital.*

Capial Requirement Under Pillar-I



4. Investment (Credit) Risk

Qualitative Disclosures

a)The general qualitative disclosure requirement concerning 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 into four (4) categories for classification, namely **(a) Continuous Investment (Loan):** The Investment accounts in which transactions may be made within a 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 Investments. If any contingent or any other liabilities are turned to forced investment (i.e. without any prior approval as a 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 under a specific repayment schedule, will be treated as Fixed Term investments. (d) Short Term Agricultural & Micro Investment (Loan): Short-term Agricultural Investment will include the short-term investments as listed under the Annual Credit Programme issued by the Agricultural Credit and Financial Inclusion Department (ACFID) of Bangladesh Bank. Investments in the agricultural sector repayable within 12 (twelve) months will also be included herein. Short-term Micro-Credit will include any micro-credit not exceeding an amount determined by the ACFID of Bangladesh Bank from time to time and repayable within 12 (twelve) months, be those termed in any names such as Non-agricultural credit, Self-reliant Credit, Weaver's Credit or Bank's individual project credit. The above Investments (Loans) are classified as follows:

Types of Facility		Investment (Loan) Classification		
		Sub Standard (SS)	Doubtful (DF)	Bad & Loss (BL)
		Overdue Period	Overdue Period	Overdue Period
Continuous Investment & Demand Investment		3 Months or more but less than 6 months	6 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

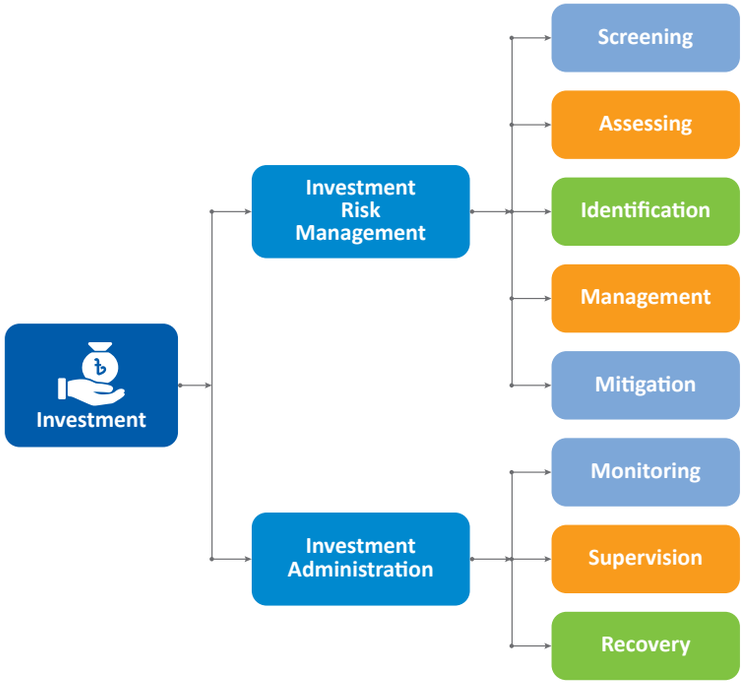
A Continuous Investment, Demand or a Term Investment which will remain overdue for 02 (two) months or more will be put into the "Special Mention Account (SMA)".

Every business line, as well as the overall economic activities, got severely affected and influenced by Covid-19. Taking this into consideration, Bangladesh Bank issued BRPD circular # 17 dated September 28, 2020, instructed to facilitate deferral facilities to the borrowers without applying the above frame of Investment (Loan) classification dated from January 01, 2020, to December 31, 2020.

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, a 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 dated September 23, 2012, for covering the Bank for possible losses in the future. Profit accrued on Substandard, Doubtful and Bad & Loss investments are transferred to profit suspense account and not consider as profit income. This profit is recognized as profit income when it is realized in cash by the Bank as per the latest circular of Bangladesh Bank. Investment is 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 January 13, 2003, and 13 dated November 07, 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 provisions in respect of unclassified and classified investments based on Bangladesh Bank guidelines issued from time to time. Rates of provision are noted below:

Types of Investments		Rates of Provision				
		Un-classified (UC)		Classified		
		STD	SMA	SS	DF	BL
Cottage, Micro & Small Investments Under CMSME		0.25%	0.25%	5%	20%	100%
Medium Enterprise Financing under SMEF		0.25%	0.25%	20%	50%	100%
Consumer Financing	Investment to Professional	2%	2%	20%	50%	100%
	Investment for House Building	1%	1%	20%	50%	100%
	Other than House Building & Professional	2%	2%	20%	50%	100%
Short-term Agricultural Credit and Micro Credit		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 Credit		1%	1%	20%	50%	100%
Staff Investment		0%	0%	20%	50%	100%
Off Balance Sheet Exposures		1%	N/A	N/A	N/A	N/A
Special General Provision for COVID-19		1%	BRPD Circular letter no. 56, Date: December 10, 2020			

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 practices 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, a separate Investment Administration Division (IAD) for ensuring perfection of securities and a Recovery Unit for monitoring and recovery of irregular investments. Internal Control & Compliance Division (IC&CD) independently assesses the quality of investments and compliance status of investments during their audit at least once 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.

Qualitative Disclosures

a) Total gross investment risk exposures are broken down by major types of investment exposures.

a) Total gross investment risk exposures are broken down by major types of investment exposures.

Particulars	Taka in Million
Murabaha	10,003.24
Bi-Muazzal	94,632.52
Hire Purchase Shirkatul Meelk	49,623.76
Bi-Salam	7,567.63
Investment for EDF	13,920.35
General Investment, Ijara and Others	5,723.83
Bills Purchased and Discounted	15,041.32
Total	**196,512.65**

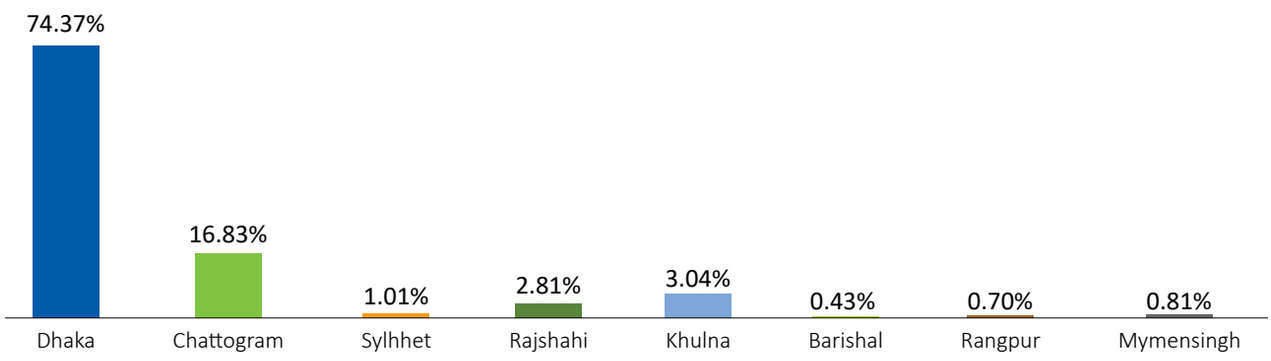
Type of Ivestments

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
Urban	186,764.19
Rural	9,748.46
Outside Bangladesh	0.00
Total (Area-wise)	**196,512.65**
Dhaka	146,146.59
Chattogram	33,081.72
Sylhet	1,983.39
Rajshahi	5,526.21
Khulna	5,980.81
Barishal	835.57
Rangpur	1,370.44
Mymensingh	1,587.92
Total (Division-wise)	**196,512.65**

Geographical Distribution of Exposures (Division-Wise)



c) Industry or counterparty type distribution of exposures, broken down by major types of investment exposure.

Industry or counterparty type distribution of exposures, broken down by major types of investment exposure of the Bank are as under:

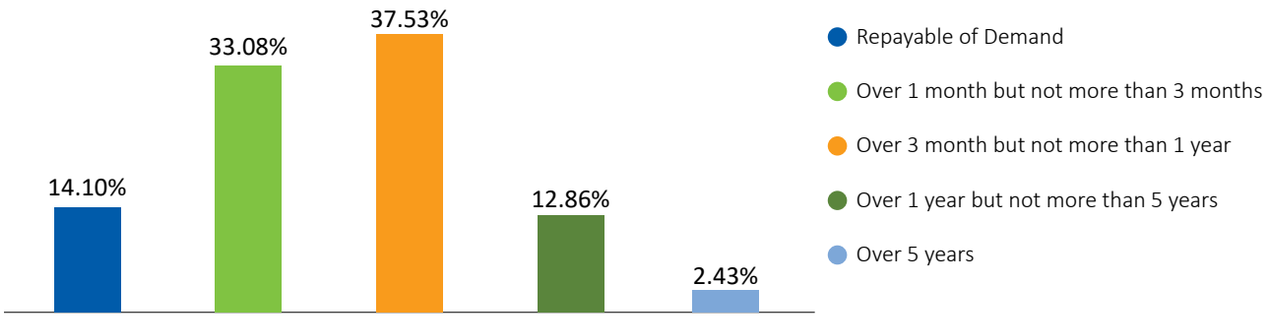
Particulars	Taka in Million
i. Industry-wise:	
Agriculture & Fishing	4,428.10
Cotton & Textile	14,204.89
Garments	35,917.80
Cement	2,909.12
Pharmaceuticals & Chemicals	3,502.37
Real Estate	6,823.34
Transport	3,852.96
Information Technology	1,049.99
Non Banking Financial Institutions	1,547.54
Steel & Engineering	10,718.89
Food Processing & Beverage	11,586.73
Power & Energy	6,157.62
Paper & Paper Products	2,220.72
Plastic & Plastic Products	5,605.90
Electronics	5,629.38
Services Industries	6,660.89
Trading	31,252.43
Constructions	20,620.94
Share business	2,256.51
Staff Investment	1,881.19
Others	17,685.34
Total	**196,512.65**
ii. Counterparty-wise:	
Investments to allied concern of Directors	2,422.67
Investments to Executive/Officers	1,881.19
Investments to Customer Groups	81,360.65
Industrial Investment	110,845.96
Others	2.18
Total	**196,512.65**

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	27,708.28
Over 1 month but not more than 3 months	65,006.39
Over 3 month but not more than 1 year	73,751.20
Over 1 year but not more than 5 years	25,271.52
Over 5 years	4,775.26
Total	**196,512.65**

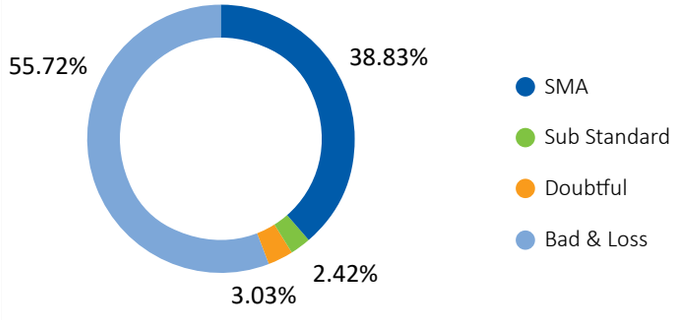
Residual Contractual Maturity Breakdown of the Whole Portfolion



e) By major industry or counterparty type:

i. Amount of impaired investments and if available, past due investments provided separately

Particulars	Taka in Million
Past Due	
Special Mention Account (SMA)	5,696.06
Sub Standard	355.17
Doubtful	444.10
Bad & Loss	8,174.20
Total	**14,669.53**



ii. Specific and general provisions	
Unclassified Investment	2,224.30
Classified Investment	3,440.06
Off-Balance Sheet Exposure	935.20
Total	**6,599.56**
iii. Charges for specific allowances during the period	
Provision on Unclassified Investment	323.50
Provision on Classified Investment	181.65
Provision on Off-Balance Sheet Exposure	65.90
Total	**571.05**

f) Gross Non-Performing Assets (NPAs)

i. Non-Performing Assets (NPAs) to outstanding Investments	4.57%

ii. Movement of Non-Performing Assets (NPAs)

Particulars	Taka in Million
Opening Balance	9,687.32
Additions	0.00
Reductions	(713.85)
Closing Balance	**8,973.47**

	ii. Movement of Non-Performing Assets (NPAs)	
	Opening Balance	3,258.41
	Recovery amount previously written-off	24.66
	Provisions made during the period	156.99
	Fully provided Investment write-off	-
	Adjustment and Provision transferred	-
	Closing Balance	**3,440.06**

5. Equities: Disclosures for Banking Book Position

Qualitative Disclosures

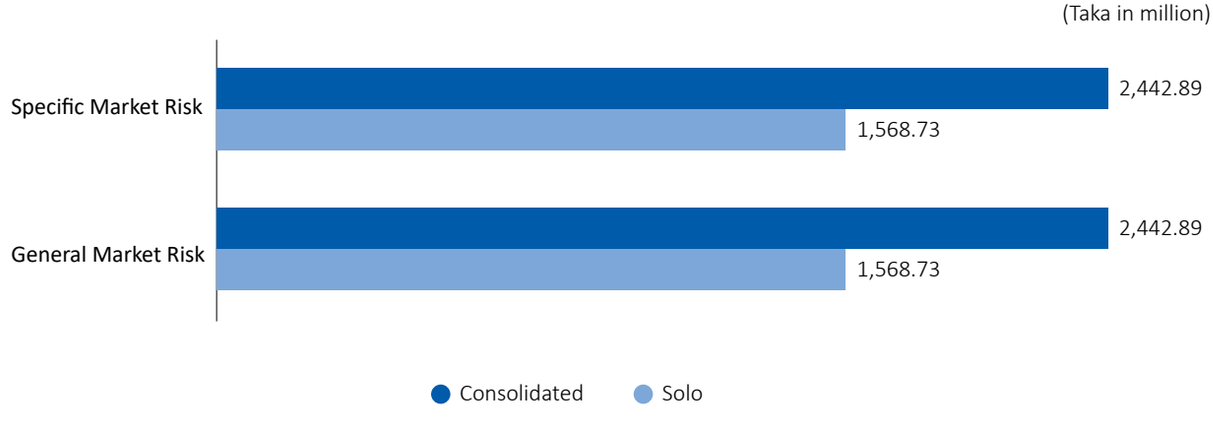
a)The general qualitative disclosures requirement concerning equity risk, including:	
Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and	Investment in equity securities are broadly categorized into two parts:
	i) Quoted Securities which 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 which 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 capital gain by selling them in the future or held for dividend income. Dividends received from these equity securities are accounted for as and when received and right to receive when established. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained from time to time as per instruction of Bangladesh Bank if the prices fall below the cost price.

Qualitative Disclosures

Particulars	Solo	Consolidated
		Taka in Million
Value disclosed in the balance sheet of investments, as well as the fair value of those investments; for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value.	1,568.73	2,442.89
c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	36.24	100.14
d) Total un-realised gains (losses)	(658.24)	(985.12)
Total latent revaluation gains (losses)	-	-
Any amounts of the above are included in Tier-2 capital.	-	-

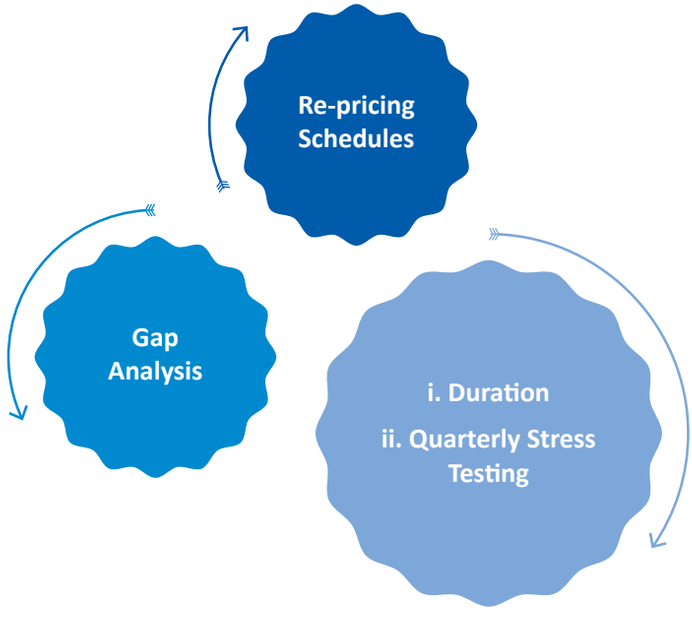
e) Capital requirements are broken down by appropriate equity groupings, consistent with the Bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.

Particulars	Solo	Consolidated
		Taka in Million
• Specific Market Risk	1,568.73	2,442.89
• General Market Risk	1,568.73	2,442.89



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 the following two types of effect: 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 the profit rate changes. In the 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 rates 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 the 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 quarterly as per the directives of Bangladesh Bank to gain better insight into the vulnerable issue of PRRBB.

Qualitative 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).

Particulars			Taka in Million
Market Value of Assets			293,131.60
Market Value of Liabilities			275,379.90
Weighted Average of Duration of Assets (DA)			0.66%
Weighted Average of Duration of Liabilities (DL)			0.95%
Duration GAP (DA-DL)			-0.24%
Yield to Maturity (YTM-Assets)			5.92%
Yield to Maturity (YTM-Liability)			4.00%
Magnitude of Profit Rate Change	1%	2%	3%
Change in Market Value of Equity due to an Increased in Profit Rate	650.44	1,300.88	1,951.33
Stress Testing	**Minor**	**Moderate**	**Major**
Regulatory Capital (After Shock)	27,177.80	26,527.40	25,876.90
RWA (After Shock)	196,137.30	196,137.30	196,137.30
CRAR (After Shock)	13.86%	13.52%	13.19%

7. Market risk

Qualitative Disclosures

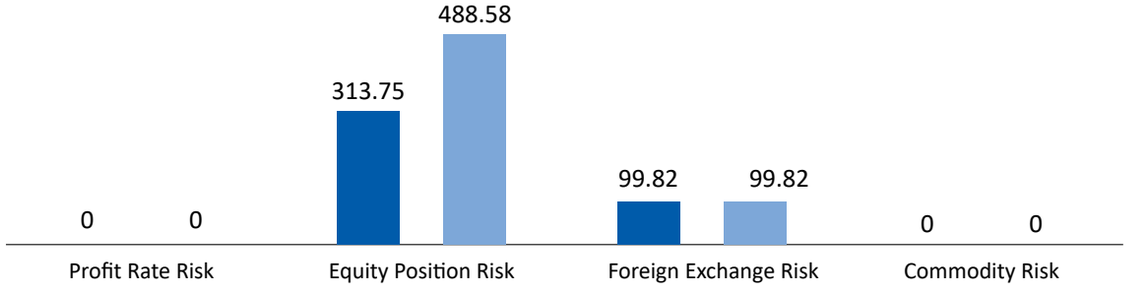
a) i) Views of BOD on trading/investment activities	The Board approves all policies related to market risk, limits and review on Core Risk compliance on a regular basis. The objective is to provide cost-effective funding to finance asset growth and trade-related transactions.
ii) Methods used to measure 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, the 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 manages market risk covering liquidity, profit rate and foreign exchange risks with oversight from the Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once 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 the Bank reviews the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.

Qualitative Disclosures

b)The capital requirements for

Particulars	Taka in Million	
	Solo	Consolidated
Profit rate risk	-	-
Equity position risk	313.75	488.58
Foreign Exchange risk and	99.82	99.82
Commodity risk	-	-
Total Capital Requirement	413.57	588.40

(Taka in million)



8. Operational Risk

Qualitative Disclosures

a) i) Views of BOD on the system to reduce Operational Risk	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. The Board of Directors is always focused on the deployment of Capable Human Resources, Systems, etc. 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 duly 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 risks. Senior Management is always committed to the implementation of the Operational Risk Management framework as approved by the Board. Management also ensures regular review and active participation in monitoring the effectiveness of Risk Management. Both the Board of Directors & Management of Shahjalal Islami Bank Ltd. believe that efficient management of Operational Risk always contributes to earnings and development of bank and preserve the interest of all stakeholders.
ii) Performance gap of executives and staffs	Employee performance is the most important factor to achieve organizational goals. Bank maintains a technology-based yearly performance monitoring system for each employee to monitor productivity based on the allotted budget. Employees can easily check his/her performance growth as well as a set strategy for achieving a yearly budget. Rewards and recognition decisions of employees are made on the basis of individual performances. Bank has a special focus on: • Ensuring a balanced diversity • Increase employee ownership to the Bank • Improving productivity of an employee • Providing competitive compensation and benefits • Protecting human rights • Ensuring a healthy and safe workplace • Ensuring equal opportunity. SJIBL's strong brand image also plays an important role in employee motivation. SJIBL arranges internal and external training, workshops, webinars, Seminar, symposiums and Participation in Fare, etc. to develop employee skills.
iii) Potential external events	By its nature, Operational Risk cannot be 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 the litigation process • Changes in the credit quality of borrowers • Damage of physical asset • Volatility in the equity market • Information security • External fraud, Vendor Risk, etc. • Business disruption and system failure etc. • Directives from Regulatory Authorities • Changes in Environment, Climate, 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 the relevant guidelines of Bangladesh Bank. Senior Management Team (SMT), Executive Committee, Risk Management Division (RMD) & Banking Operations Division (BOD) regularly analyzed different outlook of Operational Risks and go up the findings to appropriate authority and Internal Control & Compliance Division (IC & CD) formulate appropriate policies to alleviate Operational Risk of the Bank. Apart from that, there is adequate check & balance at every stage of operation through Department Control Function Check List (DCFCL), Quarterly Operations Report (QOR), Key Risk Indicator (KRI), Internal Audit, etc.
v) Approach for calculating the capital charge for operational risk	Basic Indicator Approach (BIA) was used for calculating the 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 the average positive annual gross income of the Bank over the past three years and multiply the average income by 15% to determine capital charges. Figures for any year in which annual gross income is negative or Zero should be excluded from both the numerator and denominator when calculating the average.

Quantitative Disclosures

Particulars	Taka in Million	
	Solo	Consolidated
b) The capital requirements for :		
Operational risk	1,683.83	1,808.09

9. Liquidity Ratio

Qualitative Disclosures

i) 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 in time when payment falls due. Thus, liquidity risk can be of two types: (i) Funding liquidity risk and (ii) Market liquidity risk.
ii) 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 a 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 the monthly meeting of ALCO. The committee meets at least once a month to review the 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.
iii) 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 which 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.
iv) Liquidity risk management system	The Asset Liability Committee (ALCO) meets at least once a month to discuss and monitor the 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 meetings regularly in order to manage the liquidity risk of the Bank.
v) Policies and processes for mitigating liquidity risk	In order to develop a comprehensive liquidity risk management framework, the Bank has a 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 a 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 funds. Maturity ladder of cash inflows and outflows is an effective tool to determine the Bank's cash position. A maturity ladder estimates a Bank's cash inflows and outflows and thus net deficit or surplus (GAP) on a day to day basis in different time buckets (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years).

Quantitative Disclosures

Particulars	Percentage (%)	
	Standard	Maintained
Cash Reserve Requirement (CRR)	≥4.00%	4.74%
Statutory Liquidity Ratio (SLR)	≥5.50%	11.50%
Investment to Deposit Ratio (IDR)	≤92%	79.62%
Liquidity Coverage Ratio (LCR)	≥100%	390.52%
Net Stable Funding Ratio (NSFR)	>100%	130.31%

10. Leverage Ratio

Qualitative Disclosures

a) i) Views of Board of Directors on system to reduce excessive leverage	The responsibility of monitoring the 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.
ii) 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 the broader financial system and the economy; and • Reinforce the risk-based requirements with an easy-to-understand and non-risk-based measure.
iii) 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 netted 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, the capital measure is calculated using the new definition of Common Equity Tier 1 capital applicable from January 01, 2015.
Quantitative Disclosures	
b) Leverage Ratio	A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank on both a solo and consolidated basis. The Bank measures and maintains a leverage ratio on a quarterly basis. The status of the leverage ratio at the end of each calendar quarter is submitted to Bangladesh Bank. The formula of Leverage Ratio is as under: $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

Particulars	Taka in Million	
	Solo	Consolidated
Common Equity Tier 1 Capital (A)*	17,948.76	17,866.82
Exposure Measure:		
On Balance Sheet Exposure*	290,077.80	292,039.10
Off-Balance Sheet Exposure*	49,287.60	49,287.60
Less: Regulatory adjustment made to Tier 1 Capital	0.00	0.00
Total Exposure (B)	339,365.40	341,326.70
Leverage Ratio (A/B)	5.29%	5.23%

**Considering all regulatory adjustments*

11. Remuneration

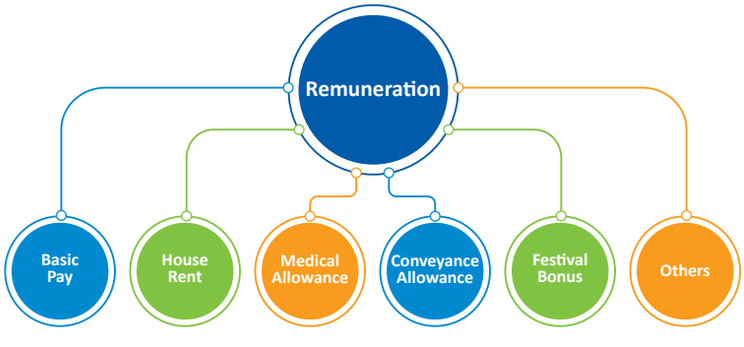
Qualitative Disclosures

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 the 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 the 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 of December 31, 2020, 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-takers. 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 102 Executives of the Bank up to the rank of Vice President as on December 31, 2020, 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	13
Senior Vice President	28
Vice President	48
Total	102

b) Information relating to the design and structure of the 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 the Managing Director and Contractual Employees is determined by the management in accordance with the approved scale of pay. The compensation package of the 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 the 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 talented & experienced professionals and motivate the workforce to put their best efforts for sustainable growth of the Bank. The components of remuneration are mentioned in the diagram:  The basic pay & other allowances like house rent, medical allowance are increased at a fixed rate annually subject to satisfactory performance of the past year. The employees are also rewarded by way of a 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 Annulation & 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 bonuses and boishaki bonus per year. An incentive bonus is also paid on the basis of the annual business performance 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 are made for non-compliance with 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 the 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 have changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	The realistic grounds have been 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 bonuses, salary increments and promotions 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 arrangements in the form of Incentive Bonus (non-deferred cash awards), applicable to their positions.
ii. A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	Not Applicable
f) Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms.	
i. An overview of the forms of variable remuneration offered (i.e. cash, share and share-linked instrument and other forms).	The structure of remuneration arrangements for all employees primarily consists of a fixed remuneration component, which is made up of basic salary, allowances and other benefits. Employees are also eligible for variable remuneration arrangements applicable to their position. Variable remuneration consists of Incentive Bonus (cash awards) for most of SJIBL's employees.

ii. A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that dermine the mix and their relative importance.	The following variable remunerations are provided by the Bank on the basis of employee's individual performance. • Annual performance bonus and • Salary increment.
Quantitative Disclosures	
g) Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not Applicable
h) i.Number of employees who have received a variable remuneration award during the financial year.	Not Applicable
h) ii.Number and the total amount of guaranteed bonuses awarded during the financial year.	**No. of Guaranteed Bonus** | **Total Amount (Tk. in Million)** 3 festival bonuses | 226.85
h) iii.Number and the total amount of sign-on awards made during the financial year.	Not Applicable
h) iv.Number and the total amount of severance payments made during the financial year.	Not Applicable
i) i.Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not Applicable
i) ii.Total amount of deferred remuneration paid out in the financial year.	Not Applicable
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 are used (cash, shares and share linked instruments, other forms).	**Sl.** | **Particulars** | **Total Amount (Tk. in Million)** i. | Fixed and variable | 2,767.87 ii. | Deferred and non-deferred | Nil iii. | Different forms used | Cash
k) i.Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments.	Not Applicable
k) ii.Total amount of reductions during the financial year due to ex-post explicit adjustments.	Not Applicable
k) iii.Total amount of reductions during the financial year due to ex-post implicit adjustments.	Not Applicable

MANAGEMENT OF NON PERFORMING INVESTMENTS (NPI)

Resolution Strategies for Non performing Investments of SJIBL

Management of NPIs must be multi-pronged, with different strategies pursued at the different stages through which an Investment Facility passes. Measures should be in place for both prevention and resolution. With regard to preventive measures, emphasis needs to be placed on Investment screening, investment surveillance and investment review functionaries. Therefore, some following challenges/measures has been highlighted for improving the NPI recovery environment and solving the NPI problems of SJIBL as-well :

Measures Adopted to Address Nonperforming Investment for reduction of NPIs:

FIXING TARGET

- Institute sufficient measure to address the flow problem of bad investments effectively
- Predefined strategies for the risk based assets
- Fixing target on preventing down-turn of bad Investments
- Fixing target on rescheduling and cash recovery

CONSISTENT COMBINED EFFORT

- Continuour drive on rescheduling and cash recovery and follow-up
- Combined effort by both HO and Branch management
- Incentive package for cash recovery
- Emphasize on the ethical standards in the banking profession from all the concerns to make the environment trustworthy and vibrant.

SETTLEMENT ARRANGEMENT

- Utilizing Investment Collection Unit/special task force effectively and efficiently
- Utilizing the legal measures i.e. improving the efficiency of utilizing legal and the judicial system
- Developing and deploying out of the court settlement measures like compromise settlement scheme e,g, profit waiver.
- Zonal based recovery unit/team to be incorporated soon.

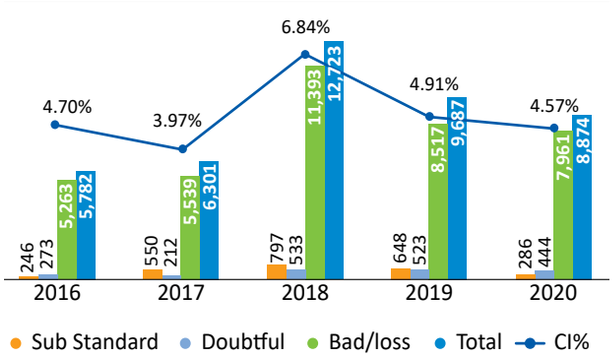
Perpetual Activities

To emphasize NPI Management prudently, SJIBL management established and strengthened a separate division named "Special Asset Management (SAM) Division" and enriched the division with experienced and knowledgeable personnel to achieve the division's ultimate goal. In addition to adopting the above mentioned strategies of NPI Management, following perpetual activities are continued from day one of the year:

- Branch-wise target is fixed in the beginning of the year for regular follow-up.
- Different strategies are implemented account-wise on case to case basis depending upon gravity of the situation
- Periodic direct correspondence is made with the clients as well through the Branches
- Recovery Job is allocated specifically to the personnel of SAM and progress is reviewed time to time and reported to the higher management
- Arrange meeting with the clients both at Head Office and Branch to discuss on recovery issues across the table
- Deployment of Special Task Force/Collection Unit and efficient and target oriented effective utilization of them through-out the year
- Rescheduling/restructure proposal is placed and get approved towards regularization of classified liabilities
- Timely litigation procedure and appropriate usage of jurisdiction to recover willful defaulters
- Out of court settlement and execution of Solenama Agreement is always a priority
- Compromise with the client in terms of waiver having prior approval of the Board of Directors is always a measure of recovery.
- Building-up a team with the objective of recovery drive combining the efforts both by Head Office and Branch representatives and the list goes on till adjustment of the classified liabilities

Trend of Nonperforming Investment in SJIBL: Complying the above mentioned strategies and measures, SJIBL Management has been able to curb the classified liabilities despite facing the challenges of COVID-19 driven Global Pandemic. And the progress is highlighted here-in below :

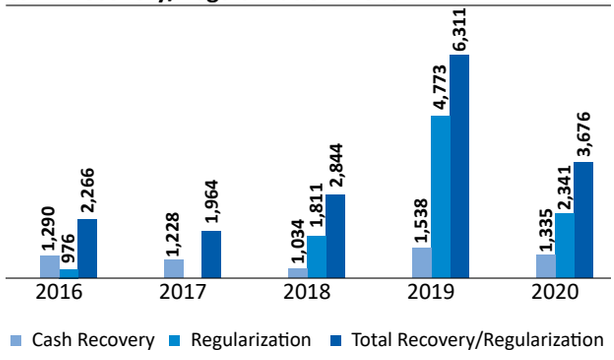
Trend of NPI inSJIBL (Taka in million)



In 2020,
Total NPI Tk. 8,973 million
Classification 4.57%

Maintenance of Asset Quality and turning the non performing investment into income generating assets is one of the foremost vital area of focusing by SJIBL Management.

SJIBL Recovery/Regularization Trend (Taka in million)



Litigation Implications

Litigation procedure is the last avenue after exhausting all possible ways of recovery drive. Legal Unit attached with SAM Division arrange approval from competent authority to file suit under NI ACT and Artha Rin Adalat Ain towards recovery of Non-performing Investments. All the cases are followed-up by the Branches under direct supervision of Legal Unit at Head Office.

Court cases are constantly monitored through the panel lawyers of the Bank and Legal unit remains very much watchful in this regard for early disposal of the cases. At times, if needed senior lawyers are appointed for large amount of NPIs and whenever it is needed, the legal officers/executives working at Head Office, who are very much knowledgeable and experienced, engage themselves directly for each and every single cases of Branches and guide the Branch Officials for prudent handling of the suits. Wise and proactive personnel of legal unit are acting as major influencers for many early settlement issues and they play an active positive role in out of court settlement arrangement of NPIs.

The far-sighted activities of Legal Unit resulted in the positive out-comes as illustrated herein below that benefited the bank in financial gain:

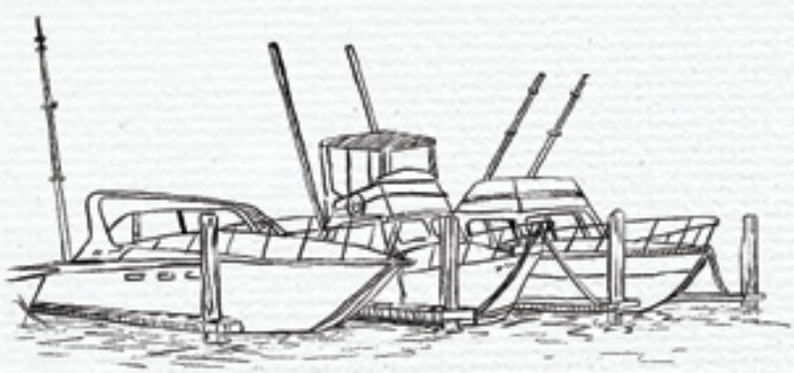
- As at the close of 2020, the Legal Unit of SJIBL has got 210 nos. of Arthorin Suits under trial at different courts of Bangladesh. SJIBL has got total Tk.1410.00 crore of claimed amount against those suits.
- Apart from those above, the unit is supervising 547 nos. of suit filed under NI Act at different courts of Bangladesh.
- In 2020, cash recovery was Tk.40.72 crore form NPIs against the suits under trial.
- Final settlement/adjustment of entire classified liabilities of 17 Nos. of Investment Client against whom, the Bank has been conducting suit file and thus reduced NPI

- 60 Nos of Classified Investment Account against which the bank was running trial, were brought under Reschedule/ Special Reschedule/One Time Exit arrangement and thus regularized NPI.
- SJIBL got favourable verdict against 11 Nos. of suit-files and achieved ownership of mortgaged properties of total value Tk.46.59 crore.

Future Strategies

To deal with NPIs in Pandemic stroke dull economy and develop a robust financial discipline in NPI Management of SJIBL, following strategic planning will be considered to face the challenge of 2021:

Finally, it must be reiterated that, in recent past, SJIBL Management has been able to manage its NPI portfolio prudently with wide foresee-ness and adaptability with changing scenario and the management is ready with highest level of enthusiasm for smart NPI management in near future to down-turn the classification rate at minimum level.



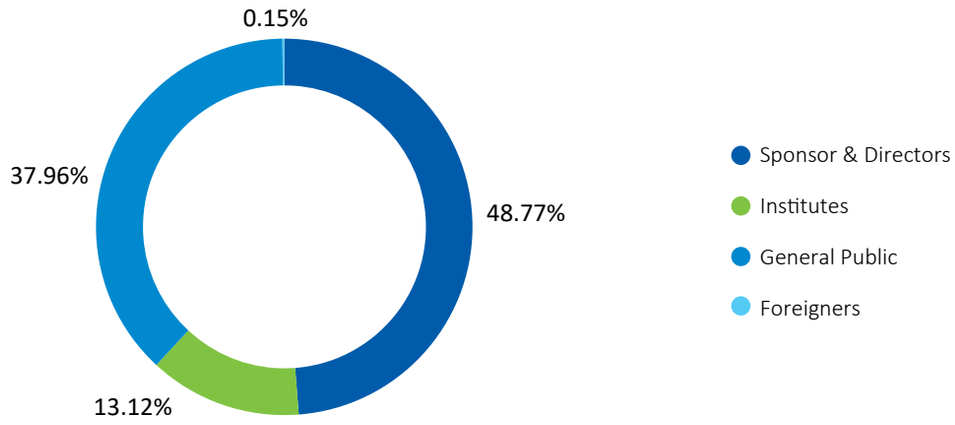
STAKEHOLDERS' INFORMATION

SHAREHOLDING STRUCTURE

Shareholding structure as on 31 December 2020

SL. No.	Type of Owner	No. of shares	Value of shares BDT	% of holding
1	Sponsor & Directors	477,992,172	4,779,921,720	48.77%
2	Institutes	128,592,952	1,285,929,520	13.12%
3	General Public	371,994,125	3,719,941,250	37.96%
4	Foreigners	1,513,086	15,130,860	0.15%
Total		**980,092,335**	**9,800,923,350**	**100.00%**

Shareholding Structure as on 31 December 2020



SHAREHOLDING BY DIRECTORS

Name of Directors and their shareholdings as at 31 December 2020

SL	Name of Directors	Position	No of Shares held	Amount Taka	% of Share
1	Mr. Md. Sanaullah Shahid	Chairman	25,081,556	250,815,560	2.56%
2	Mr. Md. Harun Miah	Vice-Chairman	19,601,911	196,019,110	2.00%
3	Mr. Md. Abdul Barek	Vice-Chairman	19,601,997	196,019,970	2.00%
4	Mr. Anwer Hossain Khan, MP	Director	29,298,293	292,982,930	2.99%
5	Mr. Abdul Halim	Director	23,841,881	238,418,810	2.43%
6	Mr. Mohiuddin Ahmed	Director	19,612,167	196,121,670	2.00%
7	Mr. Akkas Uddin Mollah	Director	38,753,165	387,531,650	3.95%
8	Mr. Khandaker Sakib Ahmed	Director	19,602,703	196,027,030	2.00%
9	Engr. Md. Towhidur Rahman	Director	22,023,291	220,232,910	2.25%
10	Mr. A.K. Azad	Director	37,365,165	373,651,650	3.81%
11	Mr. Mohammed Younus	Director	24,230,698	242,306,980	2.47%
12	Mr. Fakir Akhtaruzzaman	Director	19,601,846	196,018,460	2.00%
13	Mr. Mohammed Golam Quddus	Director	19,652,324	196,523,240	2.01%
14	Mr. Md. Moshiur Raman Chamak	Director	19,788,343	197,883,430	2.02%
15	Mrs. Tahera Faruque	Director	30,349,141	303,491,410	3.10%
16	Mrs. Jabun Nahar	Director	20,082,793	200,827,930	2.05%
17	Mr. Fakir Mashrikuzzaman	Director	35,742,305	357,423,050	3.65%
18	Mr. Ekramul Hoque	Independent Director	-	-	-
19	Mr. KAM Majedur Rahman	Independent Director	-	-	-
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	-	-	-
Total			**424,229,579**	**4,242,295,790**	**43.29%**

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 believes it needs 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, changes of name and address 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:

- By Publishing Price Sensitive Information (PSI) in National dailies and in Online News Portal;
- By releasing PSI via website of DSE and CSE and also in Bank website: www.sjiblbd.com
- By publishing Press Release about Bank's important events in the newspapers;
- By issuing notices to the Shareholders for holding Annual General Meeting every year and Extra-Ordinary General Meeting (as and when necessary);
- By sending the Annual Reports of the Bank every year;
- By sending the Right Offer Document (ROD) as and when required;
- By publishing Financial Statements in the newspapers;
- By holding General Meetings of Shareholders;
- Electronic and other means of communications with Shareholders:

FINANCIAL CALENDAR

2020		
1st Quarter Results issued on	:	10th June 2020
2nd Quarter Results issued on	:	29th July 2020
3rd Quarter Results issued on	:	28th October 2020
Annual Results issued on	:	10th March 2021
20th Annual General Meeting	:	28th April 2021

2019		
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

Dividend Information

Distribution of Dividend- 2019		
Dividend Rate	:	5% (Stock) and 5% (Cash)
Declaration Date	:	10th June 2020
Record Date	:	02nd July 2020
AGM Date	:	12th August 2020
Distribution Date	:	Stock- 19th August 2020 Cash- 24th August 2020 (General Shareholder) Cash- 01st October 2020 (Sponsor, Institution & Margin Investor)

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 International Accounting Standard (IAS)-34: "Interim Financial Reporting".

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

(Amount in million)

Balance Sheet	31 Dec 20	31 Dec 19	30 Sep 20	30 Sep 19	30 Jun 20	30 Jun 19	31 Mar 20	31 Mar 19
Placement with other Banks & FI's	23,646.67	12,361.48	22,267.17	16,961.48	17,050.87	14,061.48	12,231.12	12,561.48
Inv in Shares & Securities	27,609.76	15,639.42	22,962.52	14,142.06	15,925.13	13,583.38	17,624.25	12,443.68
Investment	196,512.65	197,285.68	200,071.36	193,090.54	199,903.05	194,526.37	192,813.57	188,940.94
Placement from other Banks & FI's	19,730.96	11,382.60	21,843.14	15,635.66	17,299.27	21,340.78	12,174.46	20,937.98
Deposit & Other accounts	218,442.95	203,272.98	216,381.78	201,762.51	207,799.35	193,388.45	200,388.58	186,897.47
Paid up Capital	9,800.92	9,334.21	9,800.92	9,334.21	9,334.21	8,485.65	9,334.21	8,485.65
Total Shareholder's equity	17,948.76	16,507.27	17,583.32	16,154.31	17,581.26	15,846.95	17,117.86	15,235.35
Total Assets	293,517.85	265,992.54	292,474.88	266,458.59	278,677.02	262,028.99	266,194.86	253,265.79
Off Balance Items	120,035.04	113,090.49	117,964.81	107,476.94	111,406.76	108,023.11	124,483.29	110,461.70

Profit and Loss Account	01 Jan 20 to 31 Dec 20	01 Jan 19 to 31 Dec 19	01 Jan 20 to 30 Sep 20	01 Jan 19 to 30 Sep 19	01 Jan 20 to 30 Jun 20	01 Jan 19 to 30 Jun 19	01 Jan 20 to 31 Mar 20	01 Jan 19 to 31 Mar 19
Net Investment Income	5,615.32	7,178.36	4,859.35	5,605.80	3,347.01	3,722.79	1,956.23	1,792.81
Non Investment Income	3,190.17	3,327.62	2,044.96	2,486.46	1,358.80	1,793.22	772.17	727.39
Operating Expenses	4,710.68	4,640.85	3,557.03	3,270.22	2,248.72	2,258.25	957.79	1,012.96
Operating Profit	4,094.81	5,865.13	3,347.28	4,822.04	2,457.09	3,257.76	1,770.61	1,507.24
Net Profit After Taxation	1,908.20	1,718.30	1,542.77	1,365.34	1,074.00	1,057.99	610.60	446.38
Earnings per share(EPS)	1.95	1.75	1.57	1.39	1.15	1.13	0.65	0.48

Other Information	31 Dec 20	31 Dec 19	30 Sep 20	30 Sep 19	30 Jun 20	30 Jun 19	31 Mar 20	31 Mar 19
Net Asset Value (NAV) per share	18.31	16.84	17.94	16.48	18.84	16.98	18.34	16.32
NOCFPS	16.96	9.09	13.47	9.63	5.15	7.21	4.57	5.84

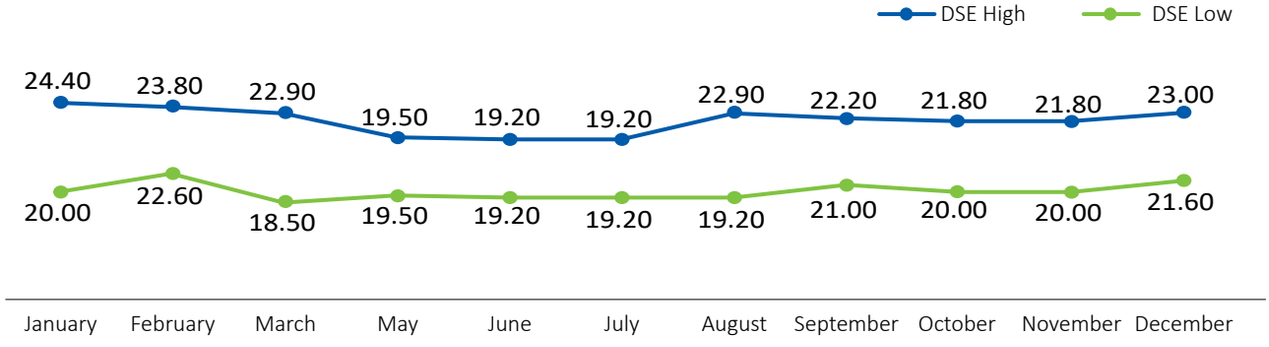
The interim result is reviewed by the Audit Committee of the Board before publishing and then referred it to the Board of Directors for its approval. After being approved by the Board of Directors, the interim financial statements are submitted to the Bangladesh Securities and Exchange Commission (BSEC), 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 2020

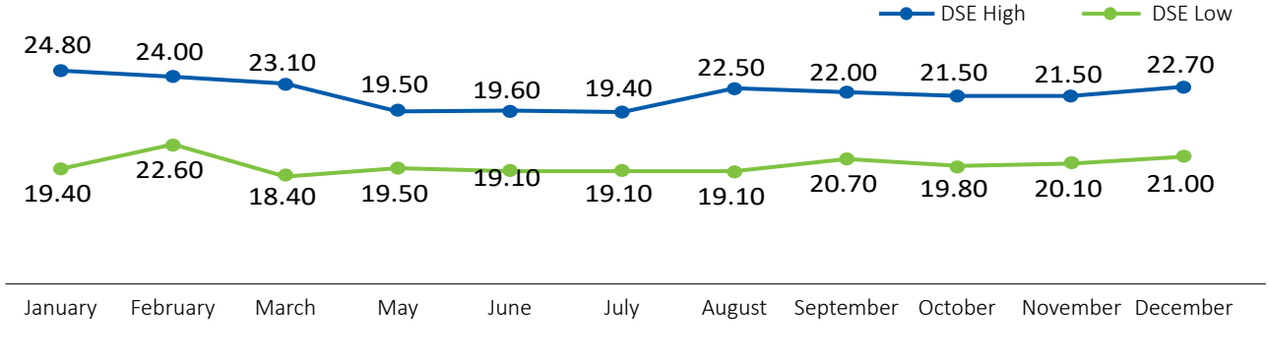
Trade Price of Shares of Shahjalal Islami Bank Limited during the year 2020 on Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited are given below:

Month	DSE			CSE			Total Volume on DSE & CSE
	High Taka	Low Taka	Volume	High Taka	Low Taka	Volume	
January	24.40	20.00	7,544,799	24.80	19.40	57,350	7,602,149
February	23.80	22.60	2,280,913	24.00	22.60	68,921	2,349,834
March	22.90	18.50	1,554,480	23.10	18.40	44,620	1,599,100
May	19.50	19.50	56,951	19.50	19.50	3,800	60,751
June	19.20	19.20	720,502	19.60	19.10	14,993,079	15,713,581
July	19.20	19.20	1,197,695	19.40	19.10	87,704	1,285,399
August	22.90	19.20	6,490,485	22.50	19.10	67,870	6,558,355
September	22.20	21.00	6,033,438	22.00	20.70	103,505	6,136,943
October	21.80	20.00	2,830,614	21.50	19.80	37,771	2,868,385
November	21.80	20.00	5,327,192	21.50	20.10	109,730	5,436,922
December	23.00	21.60	4,563,097	22.70	21.00	184,172	4,747,269

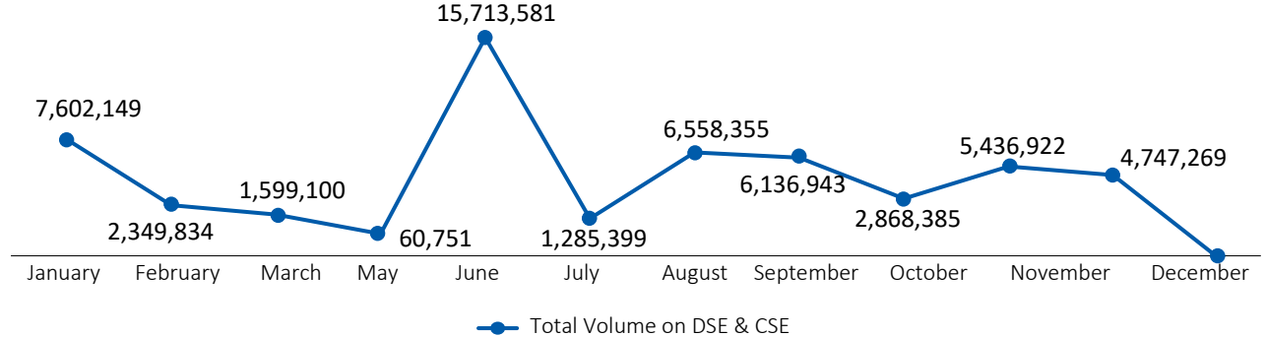
DSE Market Price -2020



CSE Market Price -2020



Total Volume on DSE & CSE-2020



PROFITABILITY AND BUSINESS RATIO

Profitability/Dividends/Performance and Liquidity Ratios

SL	Items	2020	2019	2018	2017	2016
A) Net Investment Income Ratio						
1	Net Income Ratio (%)	9.44	7.28	7.38	7.82	12.01
2	Net Profit (Interest) Income Ratio (%)	2.42	3.40	3.08	2.93	3.38
3	Net Profit (Interest) Income as a percentage of Working Funds (%)	2.01	2.82	2.58	2.44	2.73
B) Profit Before Provisions and Tax						
1	Profit Before Provisions and Tax (in million)	4,095	5,865	4,576	3,328	2,979
2	Cost/Income ratio (%)	53.50	44.17	47.11	51.56	50.17
C) Price Earnings Ratio						
1	Price Earning Ratio	11.76	13.35	17.51	21.29	7.43
D) Capital Adequacy Ratio						
1	Tier I Capital Ratio (%)	9.15	9.03	7.45	8.38	10.31
2	Tier II Capital Ratio (%)	5.04	6.55	7.05	3.81	1.23
3	Total Capital Adequacy Ratio (Basel-III/II) (%)	14.19	15.58	14.50	12.19	11.54
D) Return on Capital Employed						
1	Return on Capital Employed (ROCE) (%)	7.11	6.70	6.99	7.93	12.40
2	Return on Equity (%)	11.08	10.98	10.47	9.14	12.40
3	Return on Assets (ROA) (%)	0.68	0.67	0.65	0.64	1.02
E) Debt Equity Ratio						
1	Debt Equity Ratio (Times)	15.35	15.11	15.48	14.61	12.01
2	Investment to Total Deposit Ratio (%)	79.62	87.47	90.32	90.17	85.98
3	Net Asset Value per Share (Taka)	18.31	16.84	15.84	15.69	16.67

Business Ratio/Information

SL	Items	2020	2019	2018	2017	2016
1	Statutory Liquidity Ratio (SLR)	11.50	7.43	7.21	8.23	6.43
2	Net profit income as a percentage of working funds/ Operating cost-efficiency ratio	2.01	2.82	2.58	2.44	2.73
3	Return on Average Asset (%)	0.68	0.67	0.65	0.64	1.02
4	Cost/Income ratio	53.50	44.17	47.11	51.56	50.17
5	Net Asset Value per Share (In Taka)	18.31	16.84	15.84	15.69	16.67
6	Profit per Employee (in million)	1.54	2.21	1.91	1.39	1.36
7	Capital to Risk Weighted Assets/Capital Adequacy Ratio	14.19	16.02	14.50	12.19	11.54
8	Cost of Fund (%)	7.39	8.42	8.31	7.83	8.08
9	Operating profit as a percentage of working funds	1.46	2.30	2.03	1.77	1.95
10	Cash Reserve Ratio/Liquid Asset Ratio	4.74	5.94	6.92	8.09	6.81
11	Dividend Coverage Ratio	1.63	1.84	1.73	1.55	1.41
12	Gross Non-Performing Assets to Gross Investment (Advances)/Non-Performing Investment (Advances) (Assets) to Total Investment (Advances) (Assets) (%)	4.57	4.91	6.84	3.97	4.70

FIVE YEARS' FINANCIAL SUMMARY

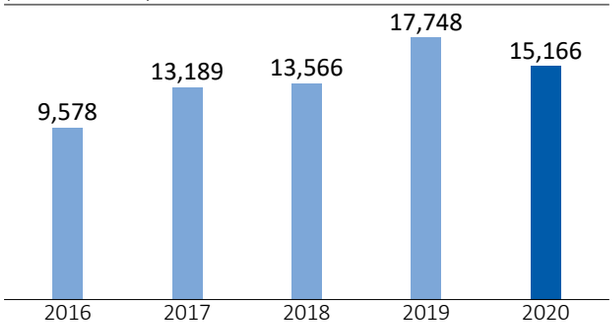
Figures in million Taka unless otherwise specified

SL	Items	2020	2019	2018	2017	2016
A. Financial Position						
1	Authorized Capital	15,000	10,000	10,000	10,000	10,000
2	Paid up Capital	9,801	9,334	8,486	7,714	7,347
3	Reserve and Surplus	8,148	7,173	6,303	5,604	5,510
4	Total Shareholders' Equity	17,949	16,507	14,789	13,318	12,857
5	Total Deposits	218,443	203,273	176,862	146,348	124,410
6	Total Investment	196,513	197,286	186,090	158,668	122,998
7	Investment in Share and Securities	27,610	15,639	12,321	10,526	7,593
8	Fixed Assets	4,741	4,504	3,995	3,957	3,433
9	Total Assets (excluding off-balance sheet items)	293,518	265,993	243,660	207,886	167,245
10	Total Contingent Liabilities and Commitment	120,035	113,090	100,787	89,226	63,326
11	Profit Earning Assets	244,232	219,818	202,397	173,187	138,949
12	Non-profit Earning Assets	49,286	46,175	41,263	34,699	28,296
B. Operating Result						
1	Investment Income	17,034	20,291	17,122	12,996	11,154
2	Profit Paid on Deposit	11,418	13,112	11,295	8,419	6,986
3	Net Investment Income	5,615	7,178	5,827	4,577	4,168
4	Total Income	202,24	23,618	19,948	15,289	12,965
5	Total Expenditure	16,129	17,753	15,372	11,961	9,985
6	Operating Profit	4,095	5,865	4,576	3,328	2,979
7	Profit before Tax	3,643	3,894	3,165	2,079	2,306
8	Profit after Tax	1,908	1,718	1,471	1,196	1,557
C. Capital Adequacy						
1	Risk Weighted Assets	196,155	182,776	173,161	158,937	124,704
2	Capital Requirement	19,615	18,278	17,316	15,894	12,470
3	Tier I Capital	17,949	16,507	12,893	13,318	12,857
4	Tier II Capital	9,880	11,970	12,213	6,058	1,529
5	Total Equity (Tier I & Tier II)	27,828	28,477	25,106	19,376	14,386
6	Capital Surplus	8,213	10,200	7,790	3,482	1,916
7	Tier I Capital Ratio (%)	9.15	9.03	7.45	8.38	10.31
8	Tier II Capital Ratio (%)	5.04	6.55	7.05	3.81	1.23
9	Total Capital Adequacy Ratio (Basel-III) (%)	14.19	15.58	14.50	12.19	11.54
D. Investment Quality						
1	Volume of Non-performing Investment	8,973	9,687	12,723	6,301	5,782
2	Amount of Provision against classified Investment	3,440	3,258	2,445	1,415	1,431
3	Amount of Provision against unclassified Investment	2,224	1,901	1,375	1,166	896
4	Amount of Provision against Off Balance Sheets Exposures	935	869	837	892	633
5	Classified Investment as % of Total Investment	4.57	4.91	6.84	3.97	4.70

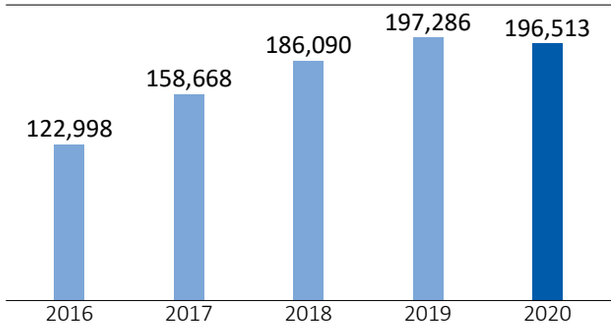
SL	Items	2020	2019	2018	2017	2016
E. Foreign Exchange Business						
1	Import Business	148,469	157,060	140,382	129,244	100,419
2	Export Business	133,580	147,052	125,402	97,437	84,769
3	Inward Foreign Remittance	7,755	7,849	6,129	3,576	3,361
F. Profitability, Performance and Liquidity Ratio						
1	Net Asset Value per Share (Taka)	18.31	16.84	15.84	15.69	16.67
2	Investment to Total Deposit Ratio (%)	79.62	87.47	90.32	90.17	85.98
3	Debt Equity Ratio (Times)	15.35	15.11	15.48	14.61	12.01
4	Return on Equity (%)	11.08	10.98	10.47	9.14	12.40
5	Return on Assets (ROA) (%)	0.68	0.67	0.65	0.64	1.02
6	Cost/Income ratio (%)	53.50	44.17	47.11	51.56	50.17
7	Net Profit (Interest) Income Ratio (%)	2.42	3.40	3.08	2.93	3.38
8	Operating Income Ratio (%)	20.25	24.83	22.94	21.77	22.98
9	Gross Income Ratio (%)	43.54	44.48	43.38	44.93	46.11
10	Net Profit (Interest) Income as a percentage of Working Funds (%)	2.01	2.82	2.58	2.44	2.73
11	Net Income Ratio (%)	9.44	7.28	7.38	7.82	12.01
12	Cost of Deposit (%)	4.98	6.05	6.05	5.60	5.78
13	Cost of Fund (%)	7.39	8.42	8.31	7.83	8.08
14	Return on General Investment (%)	8.34	10.07	9.81	9.12	10.06
15	Net operating Cash flow per Share (Taka)	16.96	9.09	(3.07)	2.50	5.02
16	Profit Per Employee	1.54	2.21	1.91	1.39	1.36
G. Dividend						
1	Cash Dividend	7%*	5%	-	-	10%
2	Bonus Dividend	5%*	5%	10%	10%	5%
3	Dividend Cover Ratio (Times)	1.63	1.84	1.73	1.55	1.41
4	Market Capitalization	22,444	21,842	23,420	25,457	11,020
						**Proposed by the Board of Directors*
H. Shareholders Information						
1	No. of Share Outstanding (million share)	980.09	933.42	848.56	771.42	734.69
2	Earnings Per Share (Taka)	1.95	1.75	1.58	1.41	2.02
3	Number of Shareholders	28,924	31,022	34,229	38,782	52,614
5	Market Value Per Share (Taka)	22.90	23.40	27.60	33.00	15.00
6	Price Earning Ratio	11.76	13.35	17.51	21.29	7.43
I. Other Information						
1	Number of Branches	132	132	122	113	103
2	Number of Agent Banking Booth	53	15	-	-	-
3	Number of Brokerage House	8	8	8	8	8
4	Number of Employees	2,657	2,652	2,395	2,402	2,191
	Number of foreign Correspondents	412	416	428	410	430

GRAPHICAL PRESENTATION

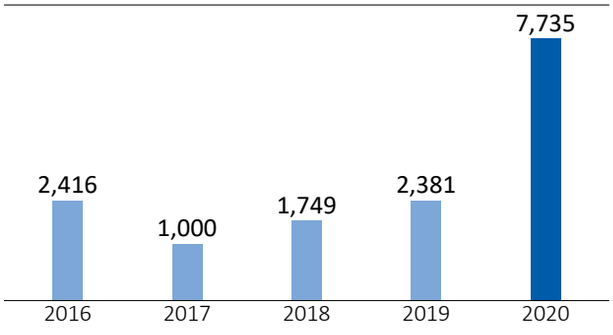
Cash in hand & Balance with BB
(Taka in million)



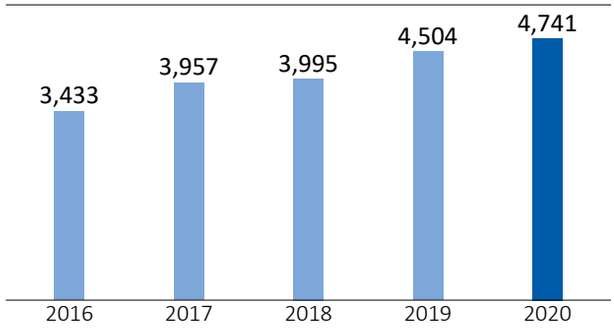
Investments
(Taka in million)



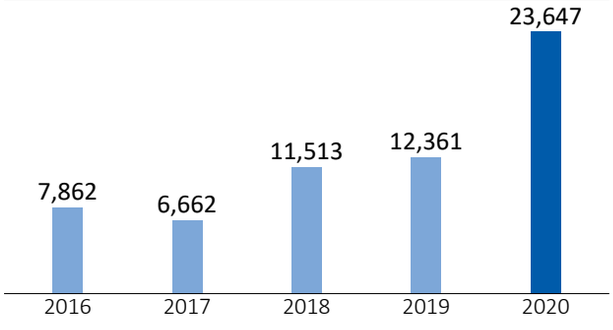
Balance with other Banks and Financial Institutions
(Taka in million)



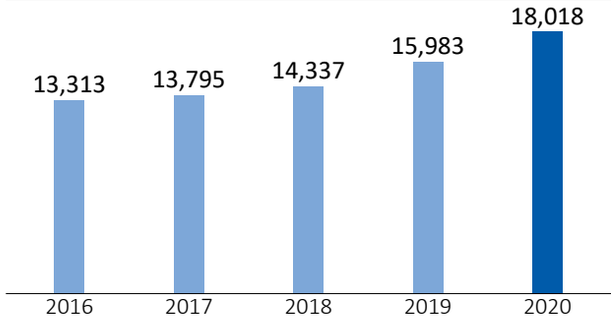
Fixed Assets Including Premises
(Taka in million)



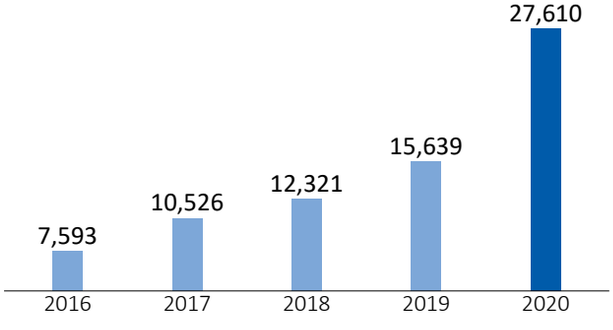
Placement with other Banks & Financial Institutions
(Taka in million)



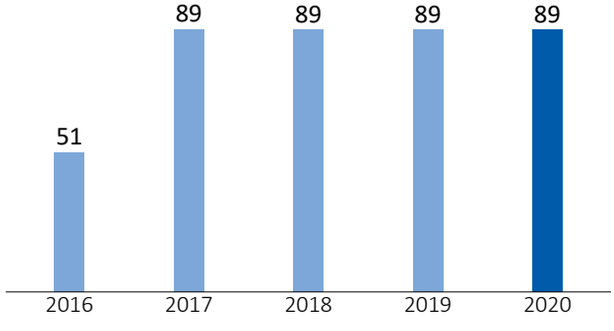
Other Assets
(Taka in million)



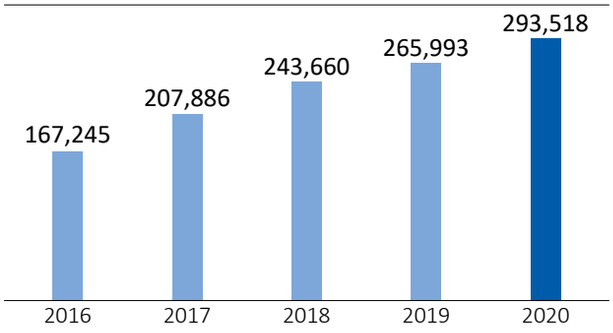
Investments in Shares & Securities
(Taka in million)



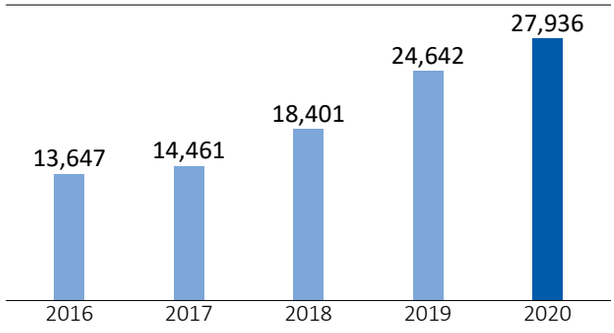
Non Banking Assets
(Taka in million)



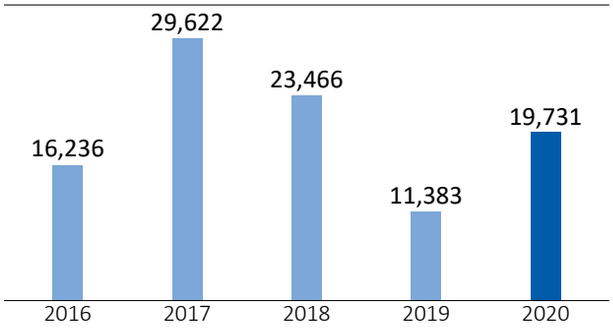
Total Assets
(Taka in million)



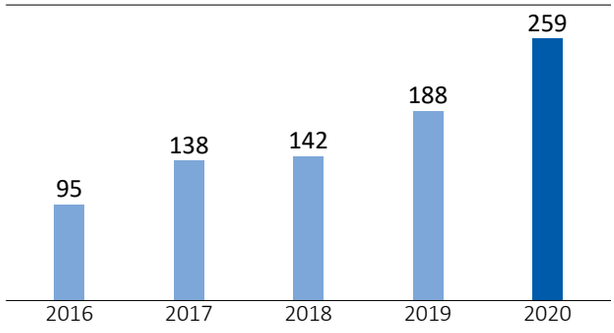
Other Liabilities
(Taka in million)



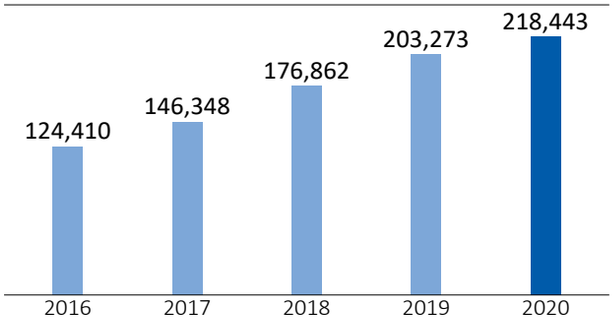
Placement from other Banks & Financial Institutions
(Taka in million)



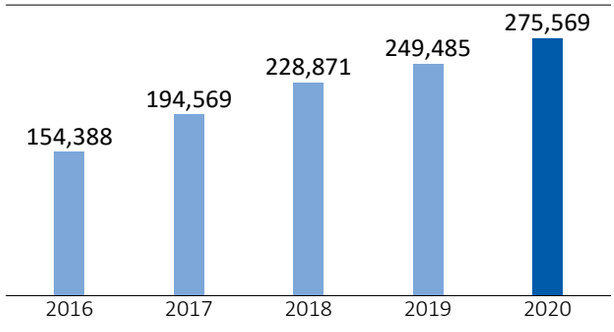
Deferred Tax Liabilities
(Taka in million)



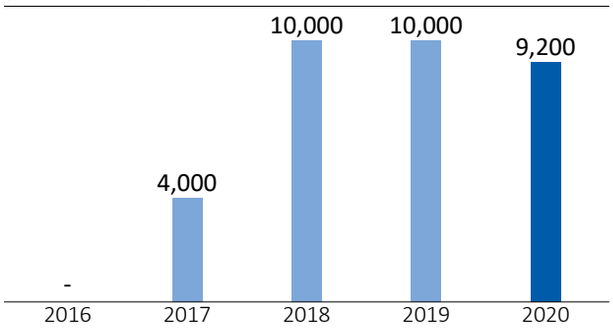
Deposits and Other Accounts
(Taka in million)



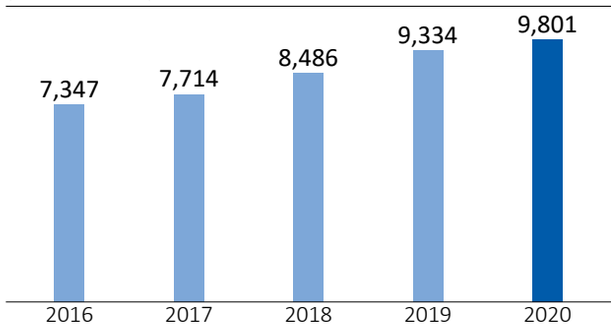
Total Liabilities
(Taka in million)



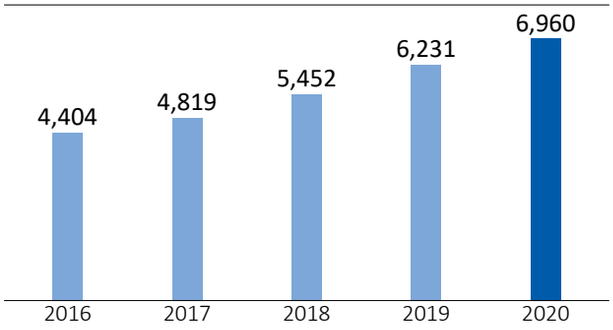
Mudaraba Subordinated Bond
(Taka in million)



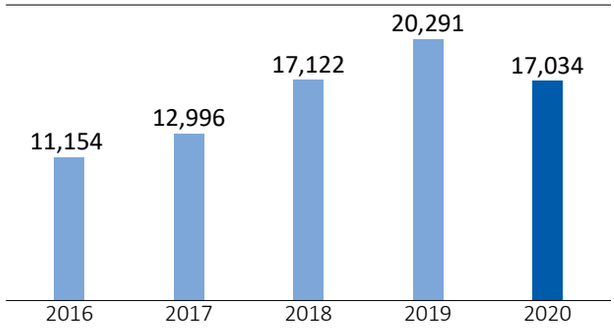
Paid-up Capital
(Taka in million)



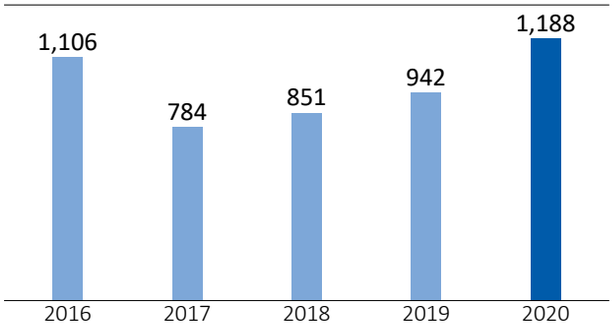
Statutory Reserve
(Taka in million)



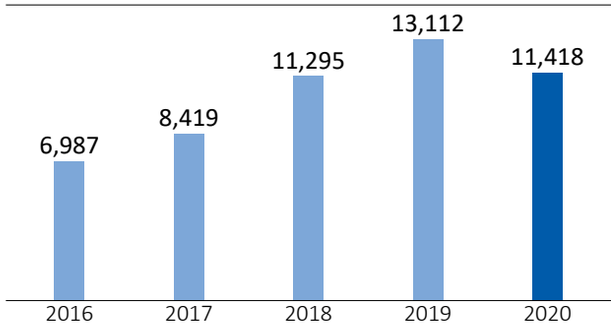
Investment Income
(Taka in million)



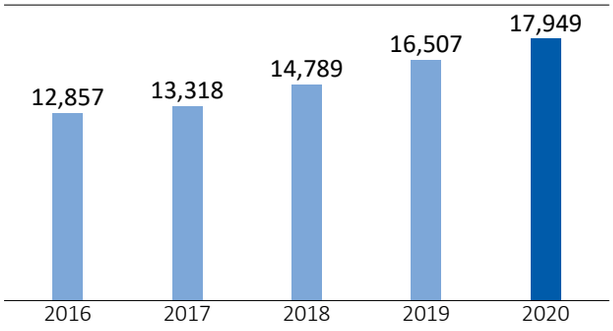
Retained Earnings
(Taka in million)



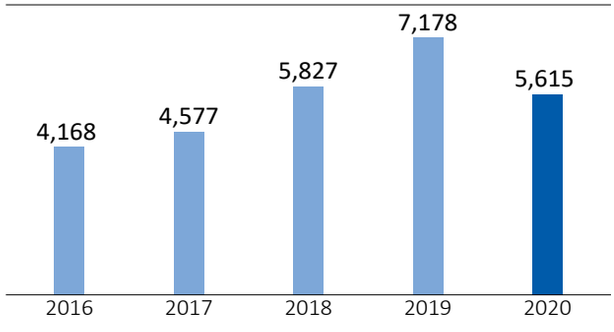
Profit paid on Deposits
(Taka in million)



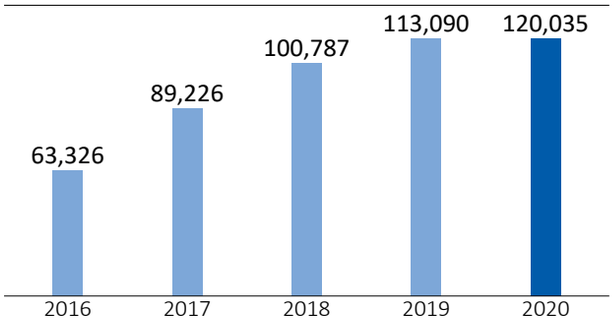
Total Shareholders' Equity
(Taka in million)



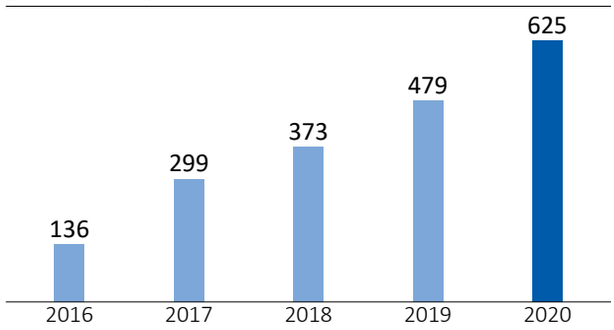
Net Investment Income
(Taka in million)



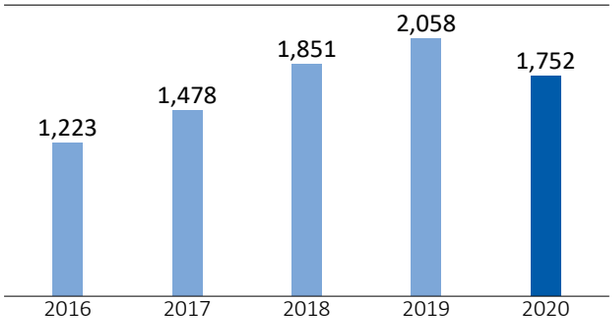
Contingent Liabilities
(Taka in million)



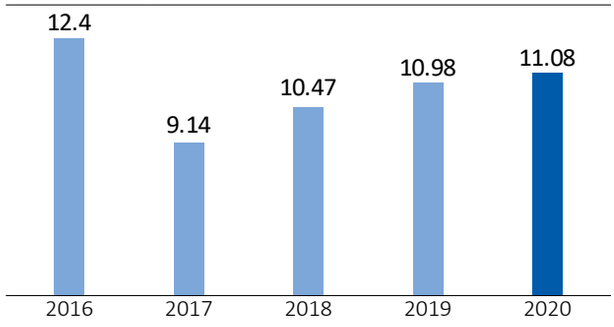
Income from Investment in Shares/securities
(Taka in million)



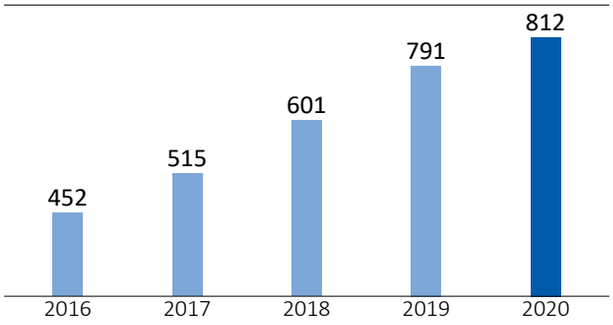
Commission, Exchange and Brokerage
(Taka in million)



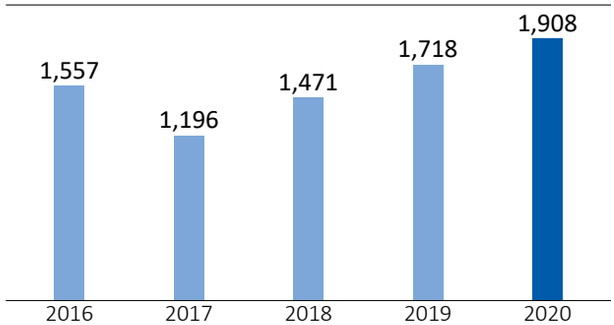
Return on Shareholders Fund
(Taka in million)



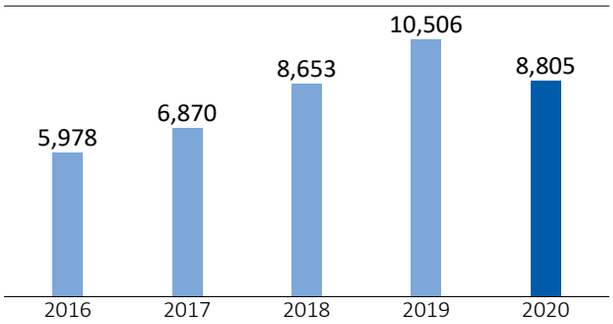
Other Operating Income
(Taka in million)



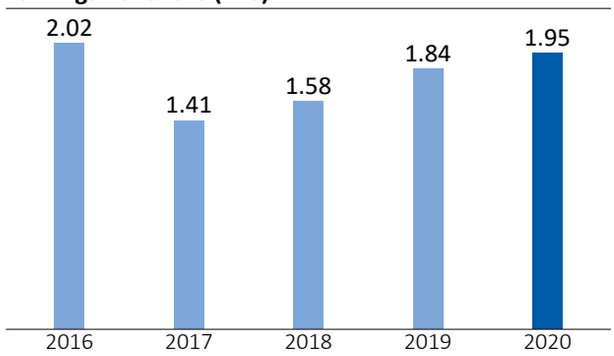
Net Profit after Taxation
(Taka in million)



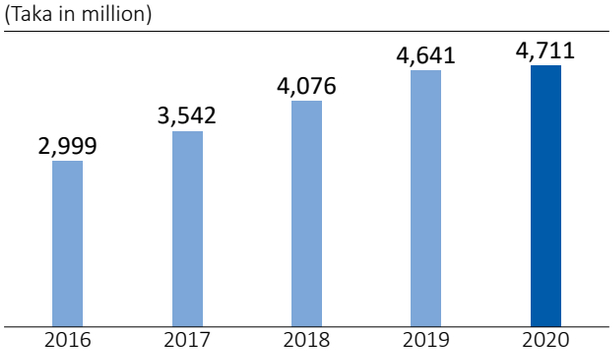
Total Operating Income
(Taka in million)



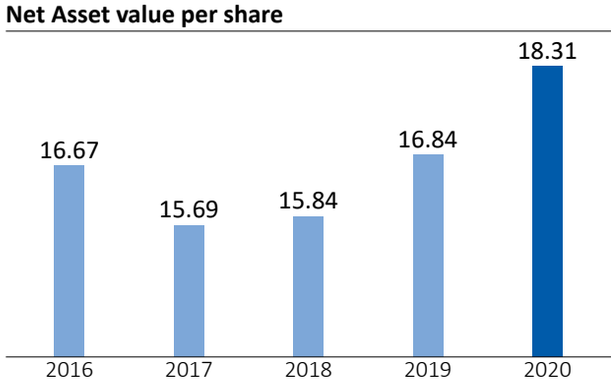
Earnings Per Share (EPS)



Total Operating Expenses
(Taka in million)



Net Asset value per share



HORIZONTAL & VERTICAL ANALYSIS

Horizontal Analysis of Balance Sheet for the Last Five Years

Particulars	2020	2019	2018	2017	2016
PROPERTY AND ASSETS					
Cash	**158%**	**186%**	**142%**	**138%**	**100%**
Cash in hand (Including Foreign Currencies)	154%	197%	166%	130%	100%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	159%	185%	138%	139%	100%
Balance with other Banks and Financial Institutions	**320%**	**99%**	**72%**	**41%**	**100%**
Inside Bangladesh	153%	91%	71%	29%	100%
Outside Bangladesh	1006%	129%	79%	90%	100%
Placement with other Banks & Financial Institutions	**301%**	**157%**	**146%**	**85%**	**100%**
Investments in Shares & Securities	**364%**	**206%**	**162%**	**139%**	**100%**
Government	394%	214%	164%	131%	100%
Others	283%	186%	159%	159%	100%
Investments	**160%**	**160%**	**151%**	**129%**	**100%**
General Investment etc.	161%	162%	155%	132%	100%
Bills Purchased and Discounted	144%	139%	110%	98%	100%
Fixed Assets Including Premises	**138%**	**131%**	**116%**	**115%**	**100%**
Other Assets	**135%**	**120%**	**108%**	**104%**	**100%**
Non Banking Assets	**174%**	**174%**	**174%**	**174%**	**100%**
Total Assets	**176%**	**159%**	**146%**	**124%**	**100%**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	**122%**	**70%**	**145%**	**182%**	**100%**
Deposits and Other Accounts	**176%**	**163%**	**142%**	**118%**	**100%**
Mudaraba Savings Deposits	164%	134%	112%	99%	100%
Mudaraba Term Deposits	181%	184%	177%	143%	100%
Other Mudaraba Deposits	153%	141%	115%	94%	100%
Al-Wadeeah Current & Other Deposit Accounts	238%	199%	154%	133%	100%
Bills Payable	227%	253%	166%	146%	100%
Mudaraba Subordinated Bond	**230%**	**250%**	**250%**	**100%**	**0%**
Other Liabilities	**205%**	**181%**	**135%**	**106%**	**100%**
Deferred Tax Liabilities	**272%**	**197%**	**149%**	**145%**	**100%**
Total Liabilities	**178%**	**162%**	**148%**	**126%**	**100%**
Capital/Shareholders' Equity					
Paid-up Capital	133%	127%	115%	105%	100%
Statutory Reserve	158%	142%	124%	109%	100%
Retained Earnings	107%	85%	77%	71%	100%
Total Shareholders' Equity	**140%**	**128%**	**115%**	**104%**	**100%**
Total Liabilities & Shareholders' Equity	**176%**	**159%**	**146%**	**124%**	**100%**

Growth of each component of Balance Sheet of every year is calculated based on the amount of 2016 which is representing the value of 100%. The value above 100% means positive growth and below 100% means negative growth compared to base year 2016. Consistent growth of Assets, Liabilities and Shareholders' Equity represents sustainable balance sheet growth of the bank as a whole. The growth of Investment become stagnant during the year 2020 for economic slowdown as a result of COVID 19 pandemic. As a strategy of bank's fund management, the bank has increased placement with other banks and financial institutions. Mudaraba Subordinated Bond decreased due to repayment of 20% of 1st Mudaraba Subordinated Bond.

Horizontal Analysis of Profit & Loss Account for the Last Five Years

Particulars	2020	2019	2018	2017	2016
Investment Income	153%	182%	154%	117%	100%
Less: Profit paid on Deposits	163%	188%	162%	121%	100%
Net Investment Income	**135%**	**172%**	**140%**	**110%**	**100%**
Income from Investment in Shares/securities	460%	352%	274%	220%	100%
Commission, Exchange and Brokerage	143%	168%	151%	121%	100%
Other Operating Income	180%	175%	133%	114%	100%
Total Operating Income	**147%**	**176%**	**145%**	**115%**	**100%**
Salaries and Allowances	159%	155%	141%	118%	100%
Rent, Taxes, Insurances, Electricity etc.	101%	108%	108%	107%	100%
Legal Expenses	170%	157%	204%	198%	100%
Postage, Stamps, Telecommunication etc.	128%	114%	121%	111%	100%
Stationery, Printings, Advertisements etc.	105%	151%	131%	107%	100%
Chief Executive's Salary & Fees	161%	149%	119%	106%	100%
Directors' Fees & Expenses	108%	118%	100%	116%	100%
Shariah Supervisory Committee's Fees & Expenses	53%	235%	93%	148%	100%
Auditors' Fees	83%	83%	83%	75%	100%
Depreciation & Repairs of Bank's Assets	281%	216%	141%	109%	100%
Zakat Expenses	158%	138%	122%	112%	100%
Other Expenses	184%	200%	152%	144%	100%
Total Operating Expenses	**157%**	**155%**	**136%**	**118%**	**100%**
Profit before Provision	**137%**	**197%**	**154%**	**112%**	**100%**
Specific provision for Classified Investment	44%	326%	313%	186%	100%
General Provision for Unclassified Investment	198%	456%	182%	234%	100%
General Provision for Off-Balance Sheet Items	33%	16%	0%	131%	100%
Provision for diminution in value of Investments in Shares	0%	675%	232%	100%	0%
Provision for Other Assets	0%	0%	0%	525%	100%
Total Provision	**67%**	**293%**	**210%**	**186%**	**100%**
Profit before Provisions for Taxation	**158%**	**169%**	**137%**	**90%**	**100%**
Deferred Tax Expenses	-814%	-521%	-51%	-486%	100%
Current Tax Expenses	220%	281%	223%	111%	100%
Net Profit after Taxation	**123%**	**110%**	**94%**	**77%**	**100%**

Growth of each component of Profit and Loss Account of every year calculated based on the amount of 2016 which is representing the value of 100%. The value above 100% means positive growth and below 100% means negative growth compared to base year 2016. The Net Investment Income decreased due to profit rate cap and negative growth of investment due to COVID 19 pandemic. Non profit Income decreased due to slowdown of overall economic activities as a result of COVID 19 pandemic.

HORIZONTAL & VERTICAL ANALYSIS

Vertical Analysis of Balance Sheet for the Last Five Years

Particulars	2020	2019	2018	2017	2016
PROPERTY AND ASSETS					
Cash	**5.17%**	**6.71%**	**5.57%**	**6.34%**	**5.73%**
Cash in hand (Including Foreign Currencies)	11.97%	12.99%	14.42%	11.60%	12.32%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	88.03%	87.01%	85.58%	88.40%	87.68%
Balance with other Banks and Financial Institutions	**2.64%**	**0.89%**	**0.72%**	**0.48%**	**1.44%**
Inside Bangladesh	38.47%	74.46%	78.74%	57.28%	80.42%
Outside Bangladesh	61.53%	25.54%	21.26%	42.72%	19.58%
Placement with other Banks & Financial Institutions	**8.06%**	**4.65%**	**4.73%**	**3.20%**	**4.70%**
Investments in Shares & Securities	**9.41%**	**5.88%**	**5.06%**	**5.06%**	**4.54%**
Government	78.58%	75.13%	73.05%	68.40%	72.43%
Others	21.42%	24.87%	26.95%	31.60%	27.57%
Investments	**66.95%**	**74.14%**	**76.37%**	**76.32%**	**73.54%**
General Investment etc.	92.35%	92.59%	93.79%	93.51%	91.48%
Bills Purchased and Discounted	7.65%	7.41%	6.21%	6.49%	8.52%
Fixed Assets Including Premises	**1.62%**	**1.69%**	**1.64%**	**1.90%**	**2.05%**
Other Assets	**6.14%**	**6.01%**	**5.88%**	**6.64%**	**7.96%**
Non Banking Assets	**0.03%**	**0.03%**	**0.04%**	**0.04%**	**0.03%**
Total Assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	**6.72%**	**4.28%**	**9.63%**	**14.25%**	**9.71%**
Deposits and Other Accounts	**74.42%**	**76.43%**	**72.59%**	**70.40%**	**74.39%**
Mudaraba Savings Deposits	13.88%	12.17%	11.76%	12.49%	14.88%
Mudaraba Term Deposits	37.31%	40.61%	44.90%	43.90%	36.11%
Other Mudaraba Deposits	31.26%	30.95%	29.08%	28.75%	35.99%
Al-Wadeeah Current & Other Deposit Accounts	15.76%	14.15%	12.65%	13.15%	11.65%
Bills Payable	1.78%	2.13%	1.61%	1.70%	1.38%
Mudaraba Subordinated Bond	**3.13%**	**3.76%**	**4.10%**	**1.92%**	**0.00%**
Other Liabilities	**9.52%**	**9.26%**	**7.55%**	**6.96%**	**8.16%**
Deferred Tax Liabilities	**0.09%**	**0.07%**	**0.06%**	**0.07%**	**0.06%**
Total Liabilities	**93.88%**	**93.80%**	**93.93%**	**93.59%**	**92.31%**
Capital/Shareholders' Equity					
Paid-up Capital	54.61%	56.55%	57.38%	57.92%	57.14%
Statutory Reserve	38.78%	37.75%	36.87%	36.19%	34.25%
Retained Earnings	6.62%	5.71%	5.75%	5.89%	8.60%
Total Shareholders' Equity	**6.12%**	**6.20%**	**6.07%**	**6.41%**	**7.69%**
Total Liabilities & Shareholders' Equity	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The percentage (%) of each components of Balance Sheet refers to the weightage based on Total Assets over the periods. Investment to client comprises the maximum weight of Total Assets. In 2020 Investment comprise 66.95% of Total Assets. Customer Deposit comprises the maximum weight of Total Liabilities. In 2020 Customer Deposit comprise 74.42% of Total Liabilities.

Vertical Analysis of Profit & Loss Account for the Last Five Years

Particulars	2020	2019	2018	2017	2016
Investment Income	84.23%	85.91%	85.83%	85.00%	86.04%
Less: Profit paid on Deposits	56.46%	55.52%	56.62%	55.07%	53.89%
Net Investment Income	**27.77%**	**30.39%**	**29.21%**	**29.94%**	**32.15%**
Income from Investment in Shares/securities	3.09%	2.03%	1.87%	1.96%	1.05%
Commission, Exchange and Brokerage	8.67%	8.71%	9.28%	9.67%	9.43%
Other Operating Income	4.02%	3.35%	3.01%	3.37%	3.48%
Total Operating Income	**43.54%**	**44.48%**	**43.38%**	**44.93%**	**46.11%**
Salaries and Allowances	14.74%	12.33%	13.24%	14.47%	14.49%
Rent, Taxes, Insurances, Electricity etc.	2.12%	1.94%	2.29%	2.97%	3.27%
Legal Expenses	0.01%	0.00%	0.01%	0.01%	0.01%
Postage, Stamps, Telecommunication etc.	0.22%	0.17%	0.21%	0.25%	0.27%
Stationery, Printings, Advertisements etc.	0.41%	0.50%	0.52%	0.55%	0.61%
Chief Executive's Salary & Fees	0.11%	0.08%	0.08%	0.09%	0.10%
Directors' Fees & Expenses	0.03%	0.03%	0.03%	0.05%	0.05%
Shariah Supervisory Committee's Fees & Expenses	0.00%	0.01%	0.00%	0.01%	0.00%
Auditors' Fees	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation & Repairs of Bank's Assets	1.93%	1.27%	0.98%	0.99%	1.07%
Zakat Expenses	0.80%	0.60%	0.62%	0.74%	0.79%
Other Expenses	2.93%	2.72%	2.45%	3.03%	2.48%
Total Operating Expenses	**23.29%**	**19.65%**	**20.44%**	**23.17%**	**23.13%**
Profit before Provision	**20.25%**	**24.83%**	**22.94%**	**21.77%**	**22.98%**
Specific provision for Classified Investment	34.78%	58.89%	79.00%	53.21%	52.96%
General Provision for Unclassified Investment	50.62%	26.66%	14.85%	21.59%	17.11%
General Provision for Off-Balance Sheet Items	14.60%	1.63%	0.00%	20.73%	29.40%
Provision for diminution in value of Investments in Shares	0.00%	12.82%	6.15%	2.99%	0.00%
Provision for Other Assets	0.00%	0.00%	0.00%	1.48%	0.52%
Total Provision	**2.23%**	**8.35%**	**7.07%**	**8.17%**	**5.19%**
Profit before Provisions for Taxation	**18.02%**	**16.49%**	**15.87%**	**13.60%**	**17.79%**
Less: Income Tax Expenses	**8.58%**	**9.21%**	**8.49%**	**5.77%**	**5.78%**
Deferred Tax Expenses	4.10%	2.10%	0.26%	4.82%	-1.17%
Current Tax Expenses	95.90%	97.90%	99.74%	95.18%	101.17%
Net Profit after Taxation	**9.44%**	**7.28%**	**7.38%**	**7.82%**	**12.01%**

The percentage (%) of each component of Profit and Loss Account refers to the weightage based on total income over the periods. Investment Income comprises the maximum weight of total income. In 2020 Investment Income comprises 84.23% of total income. Profit paid on Deposits comprises the maximum weight of Total Expense. In 2020 Profit paid on Deposits comprise 56.46% of total income.

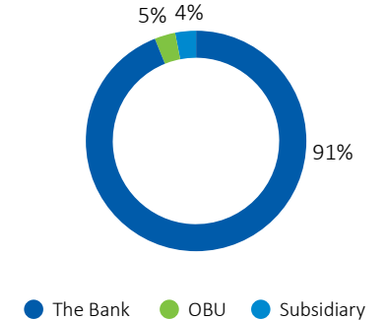
SEGMENT ANALYSIS

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.

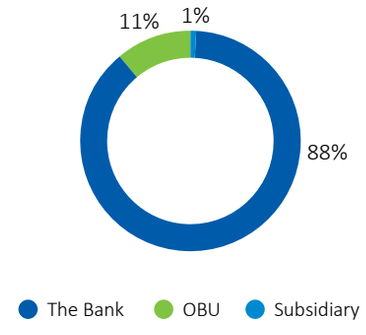
CORPORATE BANKING	This comprises of investments, deposits, project financing, trade financing, investment banking and other banking activities/ with Bank's corporate and public sector customers.
SME BANKING	This segment primarily constitutes Small and Medium Enterprise financing activities with individual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

Consolidated

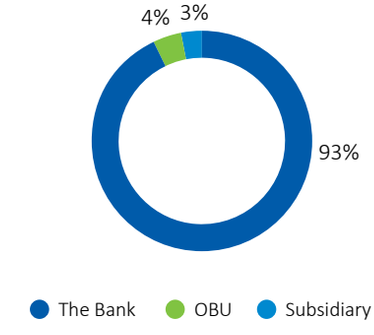
Operating Income



Profit Before Tax

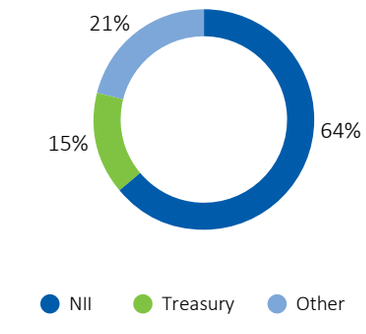


Total Assets

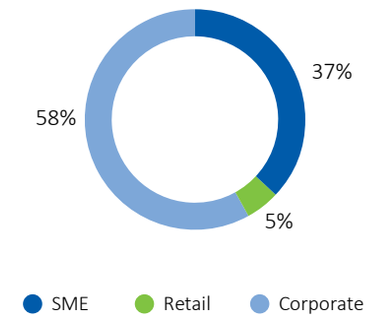


Stand Alone

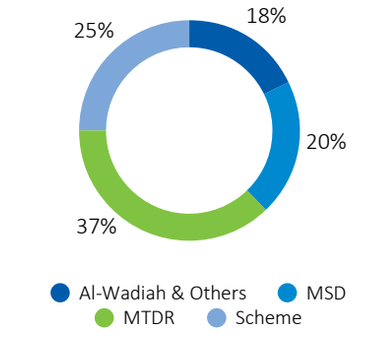
Revenue



Investments

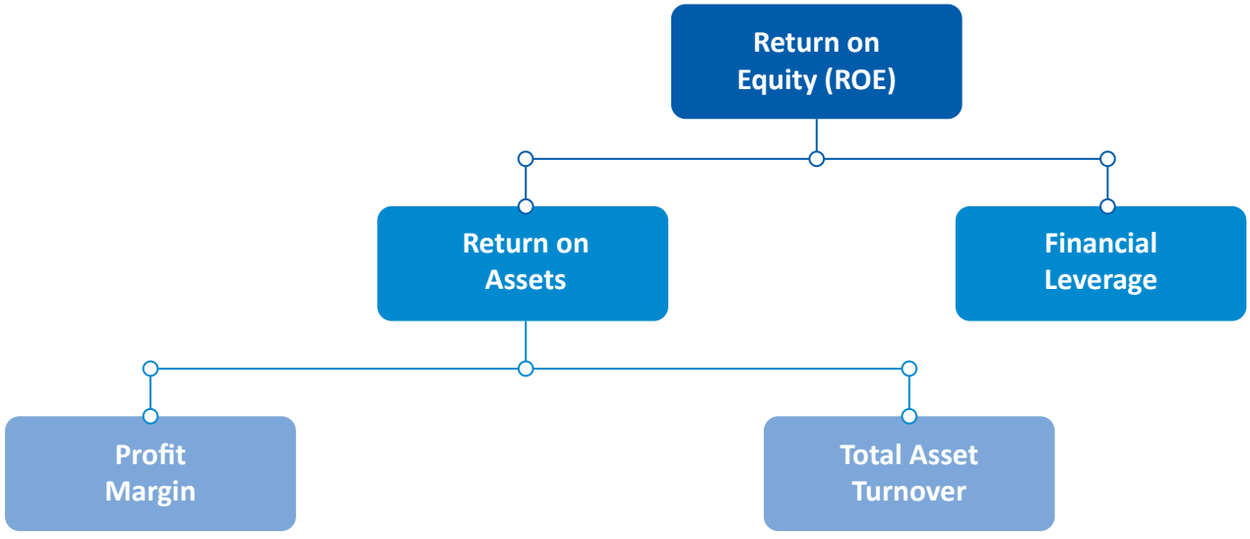


Deposit



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	2020	2019
Net Profit Margin (PAT/Total Income)	9.44%	7.28%
Total Asset Turnover (Total Income/Average Assets)	7.23%	9.27%
Return on Asset (PAT/ Average Assets)	0.68%	0.67%
Financial Leverage (Average Assets/Average Equity)(Times)	16.24	16.28
Return on Equity (PAT/Average Equity)	11.08%	10.98%

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

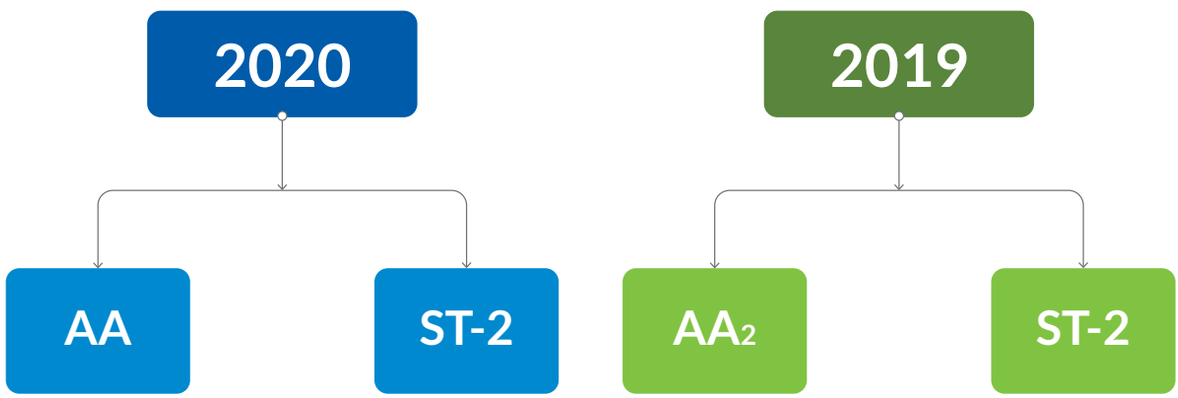
1. Net Profit Margin has been increased due to significant decrease in provision expense on investments and income tax expense.
2. Asset Turnover in terms of total income has been deteriorating due to re-pricing of Investments as high as 9% to comply the central bank caps.
3. Financial Leverage shows increasing trends due to higher growth of assets.
4. Return on Equity has been increased due to significant decrease in provision expense on investments and income tax expense.

CREDIT RATING REPORT

	Long Term	Short Term
Initial Rating-2020	AA	ST- 2
Outlook	Stable	
Date of Rating	25 March 2021	

Emerging Credit Rating Limited (ECRL) has assigned "AA" (pronounced Double A) rating in the long term and "ST-2" rating in the short term to Shahjalal Islami Bank Limited. ECRL performed the rating surveillance based on audited financial statements up to 31 December 2020 and other relevant information.

An institution rated in Long Term "AA" has a very strong capacity to meet its financial commitments. These institutions typically possess a good track record and have no readily apparent weaknesses. An institution rated in Short Term "ST-2" has a strong capacity to meet its financial commitments in a timely manner.



DIVIDEND DISTRIBUTION POLICY

This Policy is formulated in compliance with the Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021 of Bangladesh Securities and Exchange Commission. This policy is effective from 31 March 2021 being the date of its approval by the Board of Directors of the Bank.

The Policy is aimed to lay down the criteria and parameters that are to be considered by the Bank while declaration and distribution of the dividend.

The Board of Directors may declare interim dividend/ recommend final dividend complying the Companies Act, 1994 and provisions of all Rules, Regulations, Notifications, Orders, Guidelines, etc. in force or to be enforced and issued or to be issued from time to time by Regulatory Authorities.

Parameters to be considered for declaration of dividend

In determining dividend payment, Shahjalal Islami Bank Limited takes into consideration of its operating results as well as long-term returns to shareholders. Dividend is paid out of the profit of the Bank. If there is a profit after its annual closing, the Bank first sets aside funds required for provision for investments & others as well as taxes before appropriating 20% of the profit before tax toward its statutory reserve. Dividend payable to the shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

The Board of Directors of the Bank will consider the following internal or external parameters while recommending/declaring dividend:

1. Current & prospective financial performance including Bank's NPI (NPL) ratio
2. Past dividend payouts
3. Current & prospective capital adequacy of the Bank (CRAR ratio) including future regulatory requirements for minimum CRAR
4. Growth & investment opportunities
5. Tax implication
6. Macro & micro economic factors including regulatory requirements

Circumstances under which shareholders may or may not expect dividend:

The Board of Directors of the Bank may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Bank, including any restriction imposed by the Regulatory Authorities.

Procedure of declaration/recommendation of dividend

Dividend is approved by the shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board.

Dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee before approval of the Board. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

Entitlement to dividend

Only the shareholders of the Bank whose names are appeared in the Register of Members and/or Depository Register of the Bank on the record date fixed by the Bank are entitled to the dividend.

Payment of dividend

Shahjalal Islami Bank Limited pays off the dividend to its shareholders within thirty days of approval.

The Bank maintain detailed information of Beneficiary Owners (BO) account, bank account, mobile phone number, email and address of the shareholder as maintained with the Depository Participants (DP) for the purpose of proper distribution of dividend and also keep confidentiality of information.

1. Cash dividend

In order to pay off the cash dividend in due time to the shareholders of the Bank, an amount equivalent to the declared cash dividend payable for the concerned year is kept in a separate bank account within 10 days of declaration. The Bank pays off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the DP or the bank account as provided by the shareholder through Electronic Transfer within thirty days of approval after deducting applicable tax at source. After disbursement of cash dividend intimation is sent through a short message service (SMS) to mobile number or email of the shareholders.

In case of margin client having debit balance or margin loan of stock broker or merchant banker or portfolio manager, the Bank pays off cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of merchant banker or portfolio manager through Electronic Transfer in order to account for such dividend immediately in the individual client's portfolio account.

In case of non-availability of bank account information or not possible to distribute cash dividend through Electronic Transfer or any electronic payment system, the Bank issues cash dividend warrant and send it to the shareholder by post.

The Bank pays off cash dividend to non-resident sponsor, director, shareholder through security custodian in compliance the rules or regulations in this regard.

2. Stock dividend

In case of stock dividend, Shahjalal Islami Bank Limited credits stock dividend (Bonus Share) directly to the BO account within 30 days of approval subject to the clearance of the exchange(s) and CDBL complying rules and regulations in this regard.

Unpaid/Unclaimed dividend

Shahjalal Islami Bank Limited maintains detailed information of unpaid or unclaimed dividend and rationale thereof. Unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remain, are transfer to a separate bank account named 'Unclaimed Dividend Account' within one year from the date of approval. In case of non credited stock dividend through Corporate Action due to closure of BO ID or any other reasons, the bonus shares are kept in 'Dividend Suspense Account'. The Bank does not forfeit any unclaimed cash or stock dividend till the claim becomes barred by the law of land in force. Unclaimed dividend is paid off as per procedure set by the Bangladesh Securities and Exchange Commission and the Stock Exchanges.

Review

The policy would be reviewed on an annual basis or as and when the need arises. Amendments (if any) would be approved by the Board.

Disclosure

The policy will be available on the Bank's website and will also be disclosed in the Bank's Annual Report.

CORPORATE GOVERNANCE

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE

EKRAMUL HOQUE CHAIRMAN

Audit Committee of the Board

The Audit Committee (AC) was formed as a subcommittee of the Board of Directors to protect the interest of stakeholders. The AC possesses the principal responsibilities of engaging in systematic and continuous review, monitoring and assessment of organizational performance against evolving regulatory requirements. Its roles and responsibilities were defined in line with the Corporate Governance Circulars of Bangladesh Bank, the Notifications of Bangladesh Securities and Exchange Commission and Bank Companies Act 1991.

Main objectives of Audit Committee

- To assist the Board in fulfilling its oversight responsibilities including implementation of the objectives, strategies and overall business plans set by the Board.
- To review the financial reporting process and effectiveness of the internal control process.
- To assess the effectiveness of overall processes and procedures for monitoring compliance with laws and regulations, code of business conduct and to check the compliance status of the inspection report of Bangladesh Bank.

Constitution and qualifications of the 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 3 June 2018 on Corporate Governance; the Board of Directors of the Bank has reconstituted the Board Audit Committee in its Meeting no. 313 held on 06 January 2021 consisting of the following five members:

SL	Name of Directors	Status with the Bank	Status with the Committee	Educational Qualification
1	Mr. Ekramul Hoque	Independent Director	Chairman	Masters
2	Mr. Abdul Halim	Director	Member	BA
3	Mr. Mohammed Golam Quddus	Director	Member	Masters
4	Mr. K.A.M. Majedur Rahman	Independent Director	Member	Masters
5	Mr. Nasir Uddin Ahmed	Independent Director	Member	FCA, FCS

Roles and responsibilities of the Audit Committee

The roles and responsibilities of the Audit Committee have been defined in line with the relevant provisions of Corporate Governance Guidelines issued by Bangladesh Bank, BSEC and other best practices of governance. Some important roles and responsibilities are highlighted below:

Internal control

- Evaluate whether management is adhering to appropriate risk management, compliance, governance practices and have a clear understanding of their respective roles and responsibilities.
- Review whether arrangements made by the management for developing and maintaining a suitable Management Information System (MIS) are adequate.
- Monitor whether suitable suggestions made by internal and external auditors to improve internal control practices have been duly implemented by the management.
- Review the existing risk management policy and procedures to improve the health and efficiency of the investment portfolio.
- Review the corrective measures taken by the management relating to fraud-forgery, deficiency in internal control or other similar issues detected by internal and external auditors and Bangladesh Bank and inform the Board regularly.

Financial reporting

- Review, annual, half-yearly and quarterly financial statements before submission to the Board for approval, and determine whether they are complete and consistent with applicable accounting and other reporting standards set by regulatory authorities.
- Consult with management and external auditors to review annual financial statements or any other ad-hoc financial reports before their finalization.

Internal audit

- Evaluate whether internal audit functions are truly independent.
- Review the activities, structure, and style of internal audit functions to ensure that no unjustified restrictions or limitations are imposed.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of the internal audit function.
- Review and ensure those appropriate recommendations made by internal auditors to remove irregularities, if any, are duly acted upon by concerned personnel in running the affairs of the Bank.
- Meet the Head of Internal Control & Compliance and the Head of Internal Audit at least once a year, without management being present, to discuss their remit and any issues arising from internal audits carried out.

External audit

- Make recommendations to the Board, to be put to shareholders for approval in the AGM, concerning the appointment, re-appointment and removal of the Bank's external auditors. The Committee shall oversee the selection process of new auditors and shall investigate any issue that might have led auditors to resign.
- Oversee the relationship with the external auditors including:
  - Recommendation of their remuneration, i.e. fees for audit or non-audit services.
  - Annually assessing their independence and objectivity, taking into account relevant professional and regulatory requirements.
  - Ensuring that there are no relationships such as family, employment, investment, financial or business between the auditor and the bank with exception to circumstances under the ordinary course of business.
- The Committee meets the external auditor at least once a year, without management being present; to discuss their remit and any issues arising from the audit.
- Review the findings and recommendations made by the external auditors regarding irregularities, if any, detected are duly acted upon by the management.

Compliance with existing laws and regulations

Review whether the laws and regulations framed by the regulatory authorities (Central Bank, BSEC and other bodies) and internal circular/instructions/policy/regulations approved by the Board and management have been duly complied with.

Miscellaneous

- The Audit Committee submits a 'Compliance Report' on quarterly basis to the Board mentioning any errors and irregularities, fraud and forgery, and other anomalies pointed by Internal and External Auditor and Inspection Team from Bangladesh Bank.
- The Audit Committee submits an evaluation report to the Board assessing the internal and external auditors of the Bank.

Meeting of the Audit Committee

Bangladesh Bank suggested banks hold at least 4 meetings of the Audit Committee in a year. The Committee held 6 (Six) meetings in 2020 and had detailed discussions and review sessions with the Head of Audit, Head of Internal Control & Compliance, External Auditors. The Committee advised the management to take necessary measures related to the findings and suggestions on various issues by the auditors.

Major Activities of Audit Committee in 2020

- Reviewed annual financial statements of the Bank for the year 31 December 2020 as certified by the External Auditors before submission to the Board for consideration.
- Reviewed unaudited quarterly (Q1, Q2 and Q3) financial statements of the Bank for the year 2020 before submission to the Board for consideration.

- Reviewed Management Report on the Bank for the year ended 31 December 2020 submitted by the External Auditors, ACNABIN, Chartered Accountants and, its subsequent compliance thereof.
- Reviewed the Comprehensive Inspection Report based on 31 December 2020, Special Inspection Report, Inspection Report on AML/CFT issued by Bangladesh Bank, and subsequent compliance by management thereof.
- Reviewed and approved 'Annual Audit Plan 2021', 'Risk-Based Audit Plan 2021'
- Reviewed the steps taken by the Management in reaction to fraudulent incidents to strengthen supervisory & internal controls for more effective Fraud Risk Management.
- Reviewed the compliance status of core risks of Shahjalal Islami Bank Limited and related risk levels of branches, various departments, and subsidiaries.
- Reviewed money laundering and terrorist financing risk management policy, asset-liability management (ALM) policy.
- Reviewed the actions of the Information Technology (IT) Division on IT security issues and reviewed the Bank's ICT Security Policy.
- Reviewed banks' Non-Performing Investments (NPI) and allied issues.
- Reviewed the overall effectiveness of the control system of SJIBL.

The Minutes of the Audit Committee meetings containing various suggestions and recommendations to the management are duly placed to the Board for ratification regularly.

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 THE BOARD OF DIRECTORS ON THE RESPONSIBILITY TO ESTABLISH AN APPROPRIATE SYSTEM OF INTERNAL CONTROL

The COVID-19 storm draws its disastrous footprint in the banking sector all over the world and Bangladesh is no exception to that. The year 2020 was marked by massive business closures, semi-bankruptcies, downsizing, and the return of countless Bangladeshi workers from many parts of the world. The banking sector is no exception to the adverse impact of the pandemic, exacerbated by the central bank's cap on lending rates at 9%. Despite the challenging market, SJIBL has managed to maintain its integrity in compliance and adhere to all the rules and regulations.

A proactive control system coupled with efficiency is the prerequisite of gaining long-term sustainable business growth. The Board is conscious of the internal control system of the Bank to retain and maintain a satisfactory qualitative standard of its investment portfolio.

The Directors of Shahjalal Islami Bank Limited sincerely acknowledge their overall responsibility to establish an appropriate system of internal control. The Board of Directors and its committees comprising of Board members thoroughly assessed all principal risks including, but not limited to, investment risk, liquidity (Asset Liability Management) risk, Information Technology risk, Anti-money laundering risk, Foreign exchange risks through various reports and early warning indicators to ensure that the Bank has in place all the necessary policies, procedures, systems and controls to mitigate risks that may affect its business objectives, performance, financial viability and sustainability.

The COVID-19 storm draws its disastrous footprint in the banking sector all over the world and Bangladesh is no exception to that. The year 2020 was marked by massive business closures, downsizing, and the return of countless Bangladeshi workers from many parts of the world. The banking sector is no exception to the adverse impact of the pandemic, exacerbated by the central bank's cap on lending rates at 9%. Moreover, Bangladesh Bank has allowed time extension to the borrowers for repayment of their existing facilities and Banks are engaged with materialized the stimulus packages aiming the government desire to uphold the economic activities of the country. Despite the challenging market, SJIBL has managed to maintain its integrity in compliance and adhere to all the rules and regulations.

On Behalf of the Board of Directors

Md. Sanaullah Shahid
Chairman

STATEMENT OF THE BOARD OF DIRECTORS ON THE SOUNDNESS OF INTERNAL CONTROL SYSTEM

The Board of Directors has established an internal control system to ensure compliance with all the conditions of the Bank Company Act 1991, Company Act 1994, Guidelines/Circulars issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC), and all other applicable laws and regulations. The principal activity of the Audit Committee is to review the soundness of the internal control system and manage the core risks of the Bank. The process for monitoring compliance and rectification initiatives regarding all types of deficiencies and reports have been reviewed and presented before the Board.

The key functionalities that have been established in reviewing the adequacy and integrity of the system of internal control are as follows:

- The internal audit division checks for discrepancies in compliance, policies, and procedures at regular intervals and reports observations and findings of non-compliance.
- The findings of the Internal Audit, Inspection Team of Bangladesh Bank, External Auditors are reviewed by the audit committee to evaluate the adequacy and effectiveness of the risk management and internal control systems.
- The Board of Directors holds meetings at suitable intervals with senior management, internal auditors, external auditors and the Audit Committee to evaluate the effectiveness of the internal control system.

Different committees have been formed as sub-committee of the Board of Directors with expert knowledge on the subject matter to assist the Board in guiding the Bank's operation in line with corporate vision, mission, and strategies.

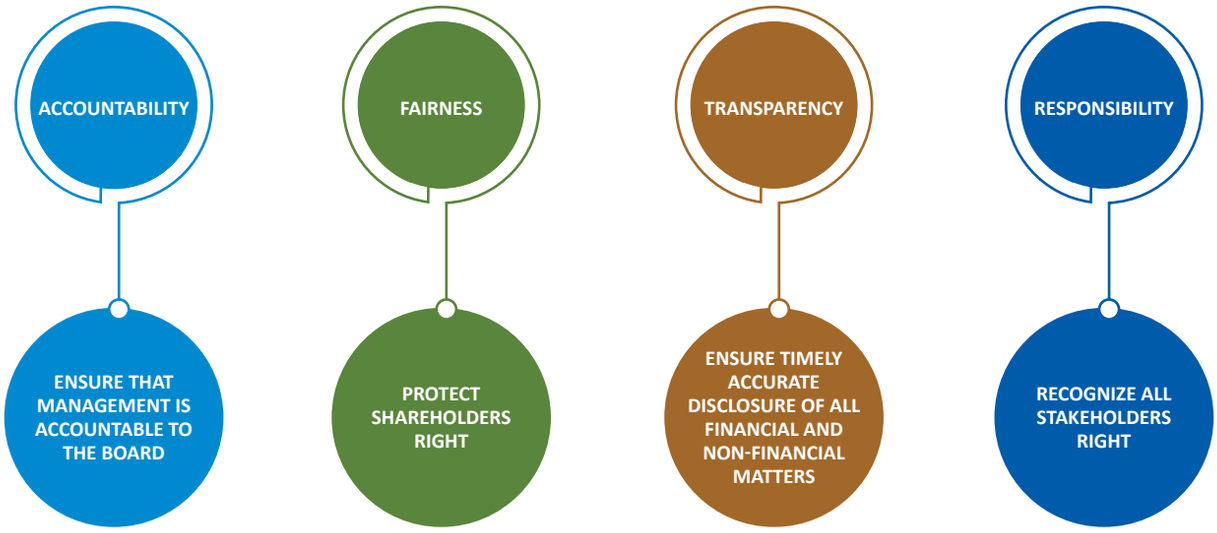
On behalf of the Board of Directors

Md. Sanaullah Shahid
Chairman

CORPORATE GOVERNANCE REPORT

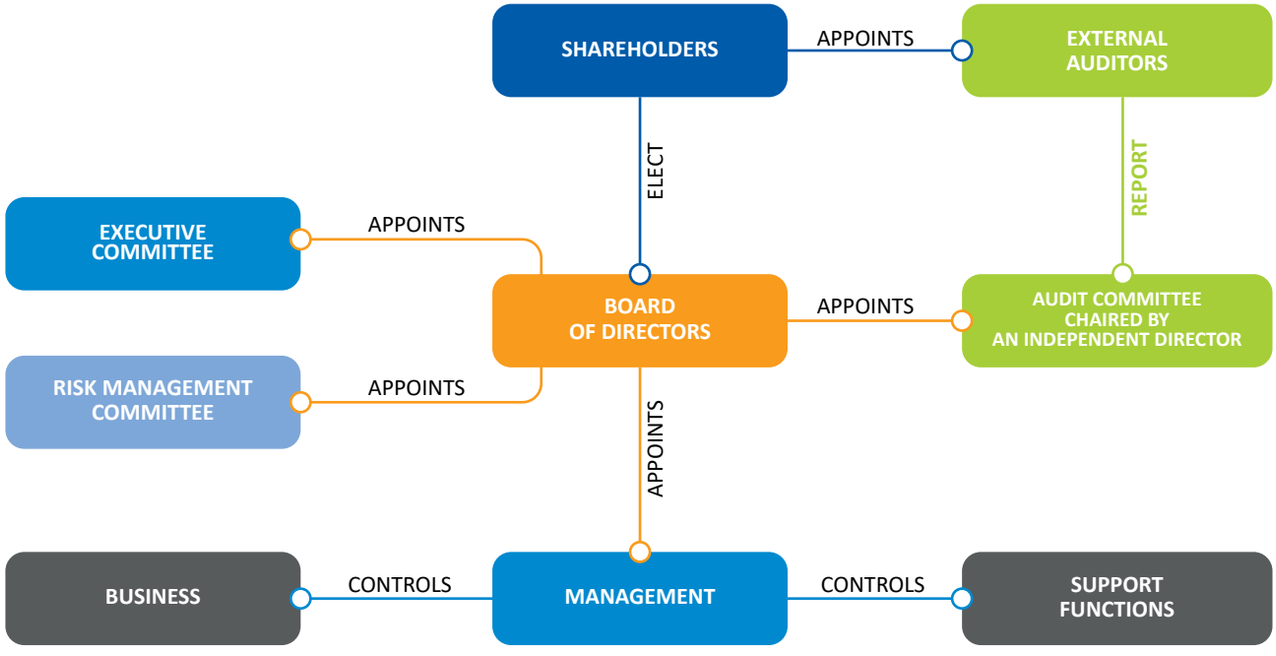
Corporate governance is crucial for the proper functionality of the banking sector and the overall economy of a country. Banks play an important role in the economy by intermediating funds from depositors and advancing funds to their customers. Banks' safety and soundness are key to the financial stability of a country. The primary objective of corporate governance, therefore, is to safeguard stakeholders' interests on a sustainable basis. Good governance is manifested through adherence to ethical business norms, a firm commitment to values, and compliance with applicable laws and regulations while enhancing shareholders' value.

Since its inception, SJIBL has been pursuing responsible and ethical banking. We have initiated the best international corporate governance practices and adopted corporate culture to promote sustainable performance, client-centricity, innovation, and partnership. Our corporate governance report is a reflection of our strong adherence and commitment to best practices of corporate governance and our full compliance with the rules and regulations of various regulatory bodies including the Central Bank and Bangladesh Securities and Exchange Commission.



Governance structure of the Bank

The Board of Directors plays a pivotal role in shaping governance structure and practices through their choice of strategy and leadership to drive the Bank towards growth. The board is responsible for the design and implementation of governance mechanisms including selection and appointment of members of sub-committees. The risk management and overall support functions of the Bank have been designed and kept fully independent from the ordinary course of business to safeguard against any unforeseen events that may weaken the brand value of the Bank. The Governance Structure of the Bank is as follows:



Guiding philosophy of governance practices

Principles of good governance are embedded in the core values of SJIBL, the Bank that strongly believes in inclusive and sustainable growth. As a locally incorporated bank, the following Acts, regulatory bodies played a major role in shaping the governance structure and practices of the Bank.

Sl. No.	Particulars
1	The Companies Act, 1994
2	The Bank Company Act, 1991
3	Bangladesh Securities and Exchange Commission (BSEC)
4	Bangladesh Bank
5	Dhaka Stock Exchange and Chittagong Stock Exchange
6	Financial Reporting Council (FRC)

1. BOARD OF DIRECTORS, CHAIRMAN AND CEO

The Board of Directors of SJIBL currently consists of twenty directors and all are Non-executive Directors, including the Chairman. The existing Board of Directors of the Bank includes three Independent Directors as prescribed in the Section 15 of Bank Company Act 1991.

The Senior Management supervises and monitors the Bank's Corporate Governance which is further reviewed by the Board of Directors. Any violation in Corporate Governance is treated seriously by the Board of Directors of the Bank.

1.1 Company's Policy on appointment of Directors

The Directors shall be appointed in accordance with the relevant provisions of the Companies Act 1994, the Bank Company Act 1991, the Corporate Governance Guidelines of the BSEC and the Bangladesh Bank and the Articles of Association of the Bank. The Board of Directors consists of renowned entrepreneurs and business professionals with experience and wisdom in a diverse range of businesses and operations. Together, they have enriched the Board with their knowledge and expertise in banking and insurance, IT, accounting, marketing, administration and engineering.

The Directors are elected by the shareholders in the Annual General Meeting and all appointments of the Board members are made subject to the approval of Bangladesh Bank. In case of any nomination, removal and causal vacancy, the Bank adheres to all relevant rules and regulations.

1.1.1 Induction policy of the Directors

Every new director is given appropriate induction when first appointed to the Board about the affairs of the Bank and laws and regulations applicable to the Bank. The induction program includes meetings with the Chairman, the Managing Director & CEO, the Board Committee Chairs and the Bank's Executives.

1.1.2 Rotation, Retirement and Removal of Directors

In accordance with the provisions of Section 91 of the Companies Act 1994, Section 79-87 of Schedule I of the Act, and Clauses 20.12 & 20.13 of Articles of Association of the Bank, one-third of the Directors shall retire from office in every subsequent year and shall be eligible for re-election upon retirement immediately. The Bank's Articles of Association dictate that the election of Board members follow the resolution determined at shareholders' meetings. Accordingly, the respective Directors of SJIBL will retire and be reappointed in the 20th Annual General Meeting.

List of the Directors who appointed and re-appointed during 01-01-2020 to 31-12-2020

Name of the Director	Designation	Remarks
Mrs. Jabun Nahar, (Rep. of Daffodils Trading International)	Director	Appointed
Mr. Fakir Mashriquzzaman, (Rep. of Fakir Knit Wears Ltd.)	Director	Appointed
Mr. Nasir Uddin Ahmed, FCA, FCS	Independent Director	Appointed
Mr. Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Director	Appointed
Mr. Abdul Halim	Director	Re-appointed
Mr. Mohiuddin Ahmed	Director	Re-appointed
Mr. Akkas Uddin Mollah	Director	Re-appointed
Mr. Khandaker Sakib Ahmed	Director	Re-appointed
Mrs. Tahera Faruque	Director	Re-appointed

List of the Director who resigned during 01-01-2020 to 31-12-2020

SL	Name of the Director	Designation
1	Ms. Shahan Ara Begum	Director

1.1.2 Directors' Shareholding Status

All sponsors/promoters and directors of the Bank shall perpetually hold a minimum of 30% (thirty percent) shares of the Bank. Each director other than independent director(s) of the Bank shall hold a minimum of 2% (two percent) shares of the paid-up capital of the Bank. In compliance with BSEC Notification No. BSEC/CMRRCD/2009-193/119/Admin on Corporate Governance dated 22 November 2011; all directors (other than independent directors) of SJIBL have complied accordingly.

Shares held by the Directors:

SL	Name of Directors	Position	No of Shares	% of Share
1	Mr. Md. Sanaullah Shahid	Chairman	25,081,556	2.56%
2	Mr. Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Vice-Chairman	19,601,911	2.00%
3	Mr. Md. Abdul Barek	Vice-Chairman	19,601,997	2.00%
4	Dr. Anwer Hossain Khan	Director	29,298,293	2.99%
5	Mr. Abdul Halim	Director	23,841,881	2.43%
6	Mr. Mohiuddin Ahmed	Director	19,612,167	2.00%

SL	Name of Directors	Position	No of Shares	% of Share
7	Mr. Akkas Uddin Mollah	Director	38,753,165	3.95%
8	Mr. Khandaker Sakib Ahmed	Director	19,602,703	2.00%
9	Engr. Md. Towhidur Rahman	Director	22,023,291	2.25%
10	Mr. A.K. Azad	Director	37,365,165	3.81%
11	Mr. Mohammed Younus	Director	24,230,698	2.47%
12	Mr. Fakir Akhtaruzzaman	Director	19,601,846	2.00%
13	Mr. Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Director	19,652,324	2.01%
14	Mr. Md. Moshiur Raman Chamak (Rep. of Fresh Export Import Ltd.)	Director	19,788,343	2.02%
15	Mrs. Tahera Faruque	Director	30,349,141	3.10%
16	Mrs. Jabun Nahar (Rep. of Daffodils Trading International)	Director	20,082,793	2.05%
17	Mr. Fakir Mashrikuzzaman (Rep. of Fakir Knitwears Limited)	Director	35,742,305	3.65%
18	Mr. Ekramul Hoque	Independent Director	Nil	-
19	Mr. KAM Majedur Rahman	Independent Director	Nil	-
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	Nil	-
21	Mr. M Shahidul Islam	Managing Director	Nil	-

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

The Bank has appointed a Chief Financial Officer (CFO), a Head of Internal Control & Compliance (IC&CD) and a Company Secretary (CS) as per the policy of the Bank and other applicable laws and regulations. They are well-conversant in their respective 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 the Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance.

1.2 Adequate representation of Non-Executive Directors

Non-Executive Director refers to a Director who does not hold any position in the Bank except 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. The Bank's non-executive directors are independent of management and do not participate in day-to-day operations. Adequate representation of Non-Executive Directors ensures separation of management from the owners, which is an integral part of Corporate Governance.

1.2.1 Independence of Non-Executive Directors

Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board Meetings and are actively involved in the formulation of general strategies of the Bank and ensure confidentiality regarding the Bank's affairs.

1.3 Independence of Independent Directors

In compliance with relevant Corporate Governance Guidelines, the Board has appointed 3 (three) Independent Directors. The independent directors are proficient in the field of financial, regulatory and corporate law and enjoy full freedom to carry out their assigned responsibilities.

Independent Directors exert an autonomic view on the policies and decisions of the Board in the best interest of the Bank. In order to comply with regulatory requirements, SJIBL's Independent Directors do not hold any shares of the Bank.

1.3.1 Appointment & qualification of Independent Directors

Independent Directors are critically evaluated before being appointed by the Board and approved by the shareholders in the AGM followed by the approval of Bangladesh Bank and Bangladesh Securities and Exchange Commission (BSEC). While appointing Independent directors SJIBL emphasizes the mix of knowledge, skills, experience and perception. It is expected that Independent Directors will be such persons who will be able to exercise their knowledge and experience to guide the organization in the appropriate direction. One of our Independent Directors is a renowned Chartered Accountant and another two are former Managing Director & CEO of renowned private commercial banks.

1.4 Chairman to be independent of CEO

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 3 June 2018, the functional responsibilities of the Chairman of the Board and the Managing Director & CEO are kept separated and independent of each other. The Board has appointed Mr. Sanaullah Shahid as the Chairman and Mr. M Shahidul Islam as the Managing Director & CEO of the Bank.

The Chairman of the Board approves the agenda of the Board meetings. This consists of approving investment proposals beyond the CEO's authority and aspects of the Bank's corporate strategy, financial performance, core risks and credit policy, corporate governance, CSR and organizational structure, human resources policy, customer services strategies, procurement policy, etc.

The CEO acts as the Head of the management team and is therefore accountable to the Board and its Committees. The role comprises running and managing the Bank following the prescribed policies, principles and strategies established by the Board and rules, regulations and guidelines of the Central Bank, BSEC and other regulatory authorities.

1.5 Responsibilities of the Chairman of the Board

As per BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Code issued by BSEC on 3 June 2018, the Chairman of the Board of Directors broadly possess the following major responsibilities:

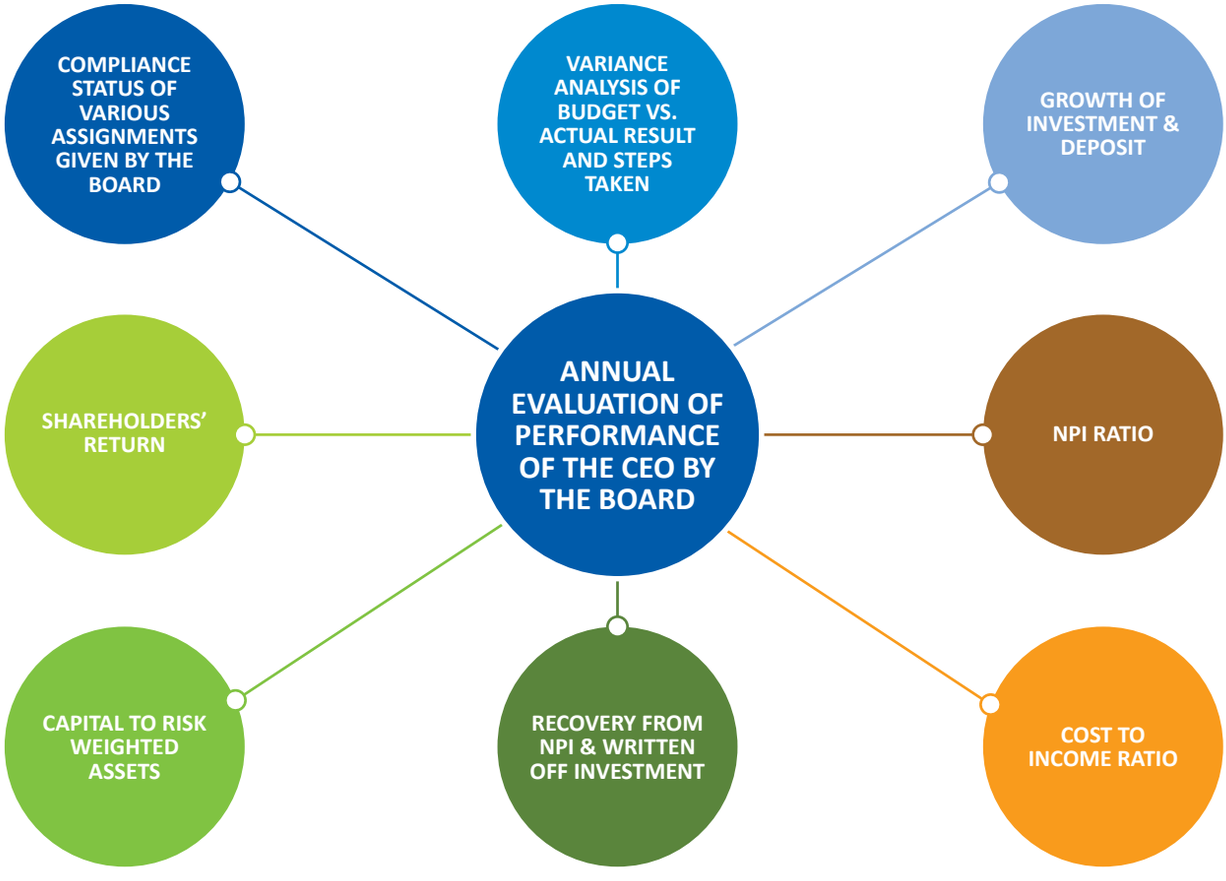
- Ensure that the Board sets and implements the Bank's direction and strategy effectively.
- Organizing the business of the Board, ensuring its effectiveness and setting its agenda.
- Ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;
- 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 the minutes of the Board meeting for formal confirmation.

1.6 Annual Appraisal of the Board's performance

Shareholders critically appraise the performance of the Board, evaluate the financial position and performance of the Bank, adequacy and effectiveness of the internal control system, and the overall governance mechanism at the AGM. The shareholders also ask questions and make queries to the Board during the AGM and the Chairman of the Board gives a patient hearing and responds to all their queries. The performance of the Board is appraised based on certain parameters such as shareholder return, share price, return on capital employed, earnings per share, etc. of the Bank. The attendance of Directors and their active participation in the meeting on various agendas is ensured in every Board meeting. The Board approves the annual budget and monitors the monetary variance quarterly to ensure the achievement of the target. The Board's performance is greatly dependent on the achievement of the budgeted target. The performance reports of supporting committees of the Board are also placed in the Board meeting through which the performance of the Board members is regularly assessed.

1.7Annual Performance Evaluation of the Chief Executive Officer

The Board of Directors of SJIBL has clearly defined and approved the roles, responsibilities and duties of the Managing Director/ CEO. The Board annually evaluates the CEO's performance through various reports such as financial position and performance of the Bank. The parameters typically consist of:



In addition to the above, the competitive nature of the banking industry makes it relevant to assess the marketing and customer management skills of the MD/CEO.

1.7.1 Rules and Regulations for Appointing CEO

The Board is responsible to appoint a Chief Executive Officer/ Managing Director in compliance with the relevant circulars and rules of Bangladesh Bank and BSEC's Notification No.

BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The appointment of the Chief Executive Officer (CEO) is made final only after obtaining No Objection Certificate (NOC) from Bangladesh Bank. The following issues are considered before appointing a CEO:

Moral Integrity: It is required to ensure that the concerned person has not been convicted by any Criminal Court of Law or is punished for violating a rule.

Experience and Suitability: It is required to ensure that the concerned person has banking experience of at least 15 (fifteen) years as an active officer and at least 02 (two) years of experience in a post immediately below the Chief Executive Officer. A master's degree from any recognized university is also required.

Transparency and Financial Integrity: It is required to ensure that the concerned person was not involved in any illegal activity while performing his duties and also is not a bank defaulter or adjudicated as insolvent.

1.8 Policy on Training of Directors

The Policy on Training of Directors incorporates among others, providing training and information on the latest update related to the banking business such as relevant laws, policy guidelines, circulars, rules and regulations issued by the regulatory authorities. This is done in such a way that they can discharge their responsibilities effectively. Sometimes special discussion sessions are arranged with the experts on highly technical and complex issues. They also participate in the programs and seminars organized by various professional bodies at home and abroad on business, economic, technical, professional and corporate governance issues.

1.9 Directors' Knowledge and Expertise in Finance and Accounting

Mr. Nasir Uddin Ahmed, FCA, FCS, CGM, ACAM(UK), ACA(England & Wales) one of our Directors, has vast knowledge in the field of finance and accounting. Two of our Directors are former Managing Director of different banks. They have tremendous expertise in banking, finance and accounting. One of our director is a Ph.D. holder, another director is an ex-President of the highest business forum FBCCI. Other directors are either successful entrepreneurs or seasoned professionals and are also well-conversant in the field of business, economics and administration. They provide guidance in matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

1.10 Number of meetings of the Board and Participation of each Director

Meetings are generally conducted monthly, but more then one meetings may be called, if required. Management provides detailed information, references and discussion papers on each agenda to all Directors before the Board meeting. The Company Secretary, as per instruction of the Chairman of the Board, takes necessary steps to arrange regular Board Meetings throughout the year. The number of meetings held during 2020:

Particulars	No. of Meeting
Number of Board meeting	21
Number of Executive Committee (EC) meeting	19
Number of Audit Committee meeting	6
Number of Risk Management Committee (RMC) meeting	7

1.10.1 Board Meeting attendance and remuneration

The statement of Board meetings held during the year 2020 and the attendance of Directors from 01 January 2020 to 31 December 2020 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)	Remarks
1	Mr. Md. Sanaullah Shahid	Chairman	21	21	8,000	
2	Mr. Md. Harun Miah	Vice-Chairman		12	8,000	Resides in UK
3	Mr. Md. Abdul Barek	Vice-Chairman		17	8,000	
4	Dr. Anwer Hossain Khan	Director		15	8,000	
5	Mr. Abdul Halim	Director		14	8,000	
6	Mr. Mohiuddin Ahmed	Director		21	8,000	
7	Mr. Akkas Uddin Mollah	Director		20	8,000	
8	Mr. Khandaker Sakib Ahmed	Director		21	8,000	
9	Engr. Md. Towhidur Rahman	Director		17	8,000	
10	Mr. A.K. Azad	Director		08	8,000	
11	Mr. Mohammed Younus	Director		17	8,000	
12	Mr. Fakir Akhtaruzzaman	Director		18	8,000	
13	Mr. Mohammed Golam Quddus	Director		21	8,000	
14	Mr. Md. Moshiur Raman Chamak	Director		18	8,000	
15	Mrs. Tahera Faruque Mr. Masud as Alternative Director	Director Alternative Director		02 06	8,000 8,000	Resides in UK
16	Mrs. Jabun Nahar	Director		14	8,000	Approved by BB as a Director on 24-03-2020
17	Mr. Fakir Mashrikuzzaman	Director		11	8,000	Approved by BB as a Director on 14-07-2020
18	Mr. Ekramul Hoque	Independent Director		20	8,000	
19	Mr. K.A.M. Majedur Rahman	Independent Director		16	8,000	
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director		14	8,000	Approved by BB as an Independent Director on 24-03-2020

1.10.2 Board Committees and their responsibilities

To ensure good governance in the management of banks, Bangladesh Bank issued a circular (BRPD Circular No. 11 dated 27 October 2013) allowing banks to form a maximum of three committees or sub-committees of the Board. To ensure proper accountability and transparency, SJIBL has an Executive Committee, Audit Committee and Risk Management Committee to oversee and direct the operations, performance and strategic direction of the Bank. The composition of said Committees is presented below:

Executive Committee (EC)

In Compliance with Section 15B (2) of Bank Company Act 1991 and BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of SJIBL has formulated the Executive Committee (EC) with7 (Seven) members. The Company Secretary acts as the secretary of the committee.

The EC usually acts as a proxy for the BoD, conducts meetings on short notice and performs activities to ensure the effective operation of banking affairs. However, any decision taken by the committee has to be subsequently ratified by the Board. During the year 2020, a total of 19 (Nineteen) meetings of EC were held. The meeting and attendance are shown in the table below:

Executive Committee Meeting, attendance and remuneration

The statement of Executive Committee Meetings, attendance and remuneration of members from 1 January 2020 to 31 December 2020 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (per meeting)
1	Dr. Anwer Hossain Khan	Chairman	19	17	8,000
2	Mr. Fakir Akhtaruzzaman	Vice Chairman		16	8,000
3	Mr. Mohiuddin Ahmed	Member		19	8,000
4	Mr. Akkas Uddin Mollah	Member		19	8,000
5	Mr. Khandaker Sakib Ahmed	Member		19	8,000
6	Mr. Engr. Md. Towhidur Rahman	Member		14	8,000
7	Mr. Mohammed Younus	Member		13	8,000

Audit Committee (AC)

The Audit Committee carries out its functions based on the Terms of Reference (ToR) approved by the Board. To make the quorum of the AC meeting, at least 01 (one) Independent Director has to be present. The Company Secretary acts as the secretary of the committee. In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013, and BSEC's Corporate Governance Code dated 3 June 2018, the Audit Committee (AC) has been reconstituted consisting of 5(five) members. Under the ToR, the Committee is required to review and oversee the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance from time to time.

Risk Management Committee (RMC)

In Compliance with BRPD Circular No. 11 dated 27 October 2013, the Board of Directors of SJIBL has formed a 5 (five) member Risk Management Committee (RMC). The RMC has been formed to minimize probable risks that arise during the implementation of Board-approved policies, procedures and strategies. The RMC is entrusted to examine and review whether management is properly working on identification; management and mitigation of risks that arise in the ordinary course of business. The criteria consist of credit risk, foreign exchange risk, internal control and compliance risk, money laundering risk, information and communication technology risk, operational risk, interest rate risk, liquidity risk and inadequate provision & capital risk. All five members of the RMC are Non–Executive Directors of the Board.

Responsibilities of RMC

It is the responsibility of RMC to identify and assess the risk of the bank and guide management to formulate action plans for mitigating risk. The committee reviews the risk management policy and amends it as required. The committee is required to conduct at least four meetings annually. The committee may invite the CEO, Chief Risk Officer (CRO), or any executive to attend the committee meeting. The RMC held 7 (seven) meetings during 2020 and had detailed discussions and review sessions with the CRO regarding their findings, observations and recommendations on issues of bank affairs.

Risk Management Committee meeting, attendance and remuneration

The statement of Risk Management Committee meeting, attendance and remuneration from 01 January 2020 to 31 December 2020 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Mohammed Yunus	Chairman	07	07	8,000
2	Dr. Anwer Hossain Khan	Member		04	8,000
3	Mr. Md. Abdul Barek	Member		03	8,000
4	Mr. Mohiuddin Ahmed	Member		06	8,000
5	Mr. KAM Majedur Rahman	Member		06	8,000

1.11 Directors Report on Financial Statement and Corporate Governance

The Companies Act 1994 requires the Directors to prepare financial statements for each accounting year. The Board maintains adequate records to safeguard the assets of the Company, prevents and detects fraud and irregularities, selects and applies suitable accounting policies, makes reasonable judgments and estimates where necessary. A separate statement of the Directors' responsibility for financial reporting and corporate governance is given in this Annual Report.

1.12 Boards Accountability on Audit and Financial Reporting

The Board diligently fulfills its responsibilities by preparing and presenting a balanced and comprehensive assessment of the Bank's operations at the end of each financial year. The Annual Financial Statements and Annual Report are duly audited by the external auditor. All the financial statements and annual reports are available on the Bank's website for stakeholders.

1.13 Competent Leadership

For Competent leadership SJIBL prefers a process which provides a framework for leaders to listen, learn, and then lead. Management is willing to understand the problems employees and clients are facing before attempting to come up with ideas and solutions. For the development of products & services and approval by the Board, all steps go in the way to listen, learn, and then approve which also justify sustainable leadership both by the Board and the Management of the Bank.

1.14 Succession Plan

Succession planning is a pivotal part of corporate governance practices to meet the company's long-term goals & objectives and to ensure that the knowledge, experience, and skills of its members would be well suited to meet the demands of the ever-changing financial industry. The Bank has a well-defined Succession Plan for senior management and directors. Employees are promoted to take up the position of higher management as per the rules and needs of the bank. The appointment of a new director SJIBL considers their knowledge, experience, and skills to perform their duties.

1.15 Related Party Transactions

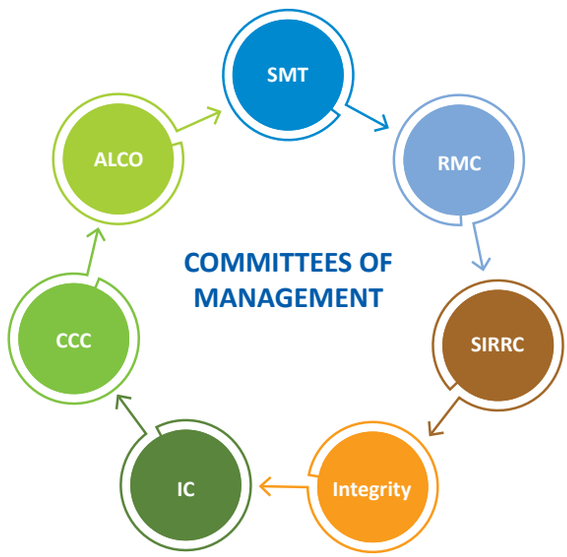
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or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

The Bank carries out business with related parties in the ordinary course of business on an arm's length basis at commercial rates except for those transactions that the key management personnel have availed at concessionary rates which are applicable to all the eligible staff. The following process is followed by the bank for related party transactions.

- Report such Related Party Transactions to Bangladesh Bank in prescribed format on a quarterly basis.
- Reviews related party transactions by the Audit Committee to ensure compliance and keep the Board informed from 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 extra preference is given to the Directors as well as vendors and suppliers owned by them.
- All related party transactions are disclosed as per IAS 24 'Related Party Disclosures'

1.16 Management Committees

In an effective Corporate Governance structure, Bank management has a collective mandate under the leadership of the Managing Director to carry out daily operations in the best interest of its shareholders. Apart from the general segregation of functional departments, SJIBL formed several committees to support the management in carrying out banking operations smoothly. The Committees are shown in the diagram below:



The Committees are:

I) Senior Management Team (SMT)
The Senior Management Team consists of all AMDs, DMDs, CFO, Head of RMD, Head of BOD who guide the Bank for the sound and prudent day-to-day management. The Managing Director is the chairman of the SMT decision-making process of SMT is transparent and designed to promote proactive management culture.

ii) Supervisory Review Process (SRP) Team
The SRP Team, headed by the Managing Director of the Bank, comprises the divisional heads of ID, IRMD, ICCD, Treasury, SAMD, FAD, RMD and AMLD. The main function of the team is to assess additional capital requirements to mitigate the risks in accordance with pillar II of BASEL- III.

iii) Risk Management Committee (RMC)
The RMC, headed by the Chief Risk Officer, comprises the divisional heads of IRMD, ICCD, AMLD, IT, Treasury and FAD. The

function of RMC is to identify, measure and manage the bank's existing and potential risks through a detailed risk analysis.

iv) Investment Committee (IC)
The IC, headed by the Chief Business Officers (CBO), discusses all critical investment proposals that require formal review and approval. The investment proposals that need special attention from senior management prior to approval are discussed by the IC.

v) Asset-Liability Management Committee (ALCO)
The ALCO consists of the Managing Director, Additional Managing Directors, Deputy Managing Directors and strategically important Divisional Heads. The Treasury Division manages market risk covering liquidity, interest rate and foreign exchange risks with the recommendation from ALCO.

vi) Anti-Money Laundering (AML) Committee
The AML Committee manages and monitors all issues relating to AML and CFT. The AML Committee ensures that all employees get training on Anti Money Laundering at least once a year.

vii) Sustainable Finance Committee (SFC)
The Sustainable Finance Committee ensures compliance with all Green Banking activities of the Bank. The Sustainable Finance Unit (SFU) of the Bank regularly updates the SFC on improvements of Green Banking.

viii) Procurement Committee (PC)
The Procurement Committee (PC) ensures that the purchase of all goods and services is done efficiently, economically and objectively. The main objective of this Committee is to ensure transparency in all tenders. SJIBL has already implemented an E-Tender system that assists in neutral judgment.

ix) Shariah Inspections and Report Review Committee (SIRRC)
The committee is headed by the Managing Director which has among others AMDs, DMDs and all Muraquibs of Shariah Division. The Shariah Inspections and Report Review Committee ensures Shariah compliance in each operation of the Bank. It traces and reports suspicious income of the bank that needs to be segregated from profit as per Islamic shariah. The beauty of Islamic banking lies in using overdue investment income, suspicious income into public welfare instead of crediting the same to profit.

x) Central Compliance Committee (CCC)
The Central Compliance Committee (CCC) directly reports to the Managing Director. As instructed by the regulatory authority, Central Compliance Committee (CCC) is responsible to ensure compliance with the policy and guidelines of the central bank and other regulatory bodies as well as all internal policy manuals of SJIBL.

xi) Integrity Committee
The Integrity Committee is responsible to nominate 5 officers and executives who excelled all others in terms of professional commitment and integrity. The reward for integrity is given each year as per the regulatory instruction of Bangladesh Bank.

1.17 CEO & Roles and Responsibilities of CEO

At present Mr. Md. Shahidul Islam is the CEO and Managing Director of the bank. He is responsible for running the business efficiently and formulating and implementing appropriate business strategies. He is also responsible for the day-to-day business operation and is accountable to the Board for the financial and operational performance of the Bank. His major responsibilities as CEO are as follows:

a) To remain accountable for the achievement of financial, operational and other business targets.

b) To ensure compliance with the Bank Company Act, 1991 and other applicable laws and regulations.

c) To facilitate the smooth operation of the Bank.

d) To recruit and promote all the staff of the bank, except those in the two tiers below him (CEO).

e) To give all types of approval within business delegation with full responsibility.

Besides, the authority relating to the transfer and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest upon him.

1.18 Role of Company Secretary

The Company Secretary of the Bank provides advice and support to the Board and is accountable to the Board for all matters relating to the proper functionality of the Board and its Committees. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with applicable laws and regulations.

1.19 Role of Chief Financial Officer (CFO)

The Chief Financial Officer directs a company's financial goals, objectives and budgets. He also advises the Board of Directors on the kind of actions to be adopted in upholding high standards of financial control and reporting. The CFO oversees all the financial operations of the organization including accounting, financial reporting, tax and regulatory reporting.

1.20 Role of Head of Internal Control & Compliance

The Head of Internal Control & Compliance (IC&CD) is responsible for the Bank's strategic risk-based internal audit plan and managing the internal audit function under the Bank's internal audit charter. Responsibilities include providing reasonable assurance on the effectiveness of the organization's risk management and internal controls.

1.21 Attendance of CEO, CFO, CS & Ho IC&CD in the Board Meeting

Chief Financial Officer (CFO), Head of Internal Control & Compliance (IC&CD) and the Company Secretary (CS) of the Bank attend meetings of the Board of Directors. However, they do not attend meetings that involve consideration of an agenda item relating to their personal matters.

1.22 Governance of Board of Directors of Subsidiary Company

Shahjalal Islami Bank Limited is the parent company while Shahjalal Islami Bank Securities, which is a subsidiary company of the bank. The board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate control over its subsidiary while respecting the independent legal and governance responsibilities that may apply to the Board of Directors of the subsidiary.

2. VISION/MISSION AND STRATEGY

2.1 Vision / Mission Statements of SJIBL

The vision and mission statement of the Bank approved by the Board of Directors is presented in this Annual report. The said statements are also disclosed on the Bank's website and other related publications.

2.2 Business Objectives and Areas of Business Focus

Identification of business objectives and areas of business focus as well as strategies to achieve the business objectives have been incorporated in the chapter, Integrated Reporting in this Annual Report.

2.3 General description of Strategies to achieve the company's business objectives

Strategic priorities which are from time to time directed by the Board have been presented in this annual report. Our sector-wise business objectives, strategies, priorities and future business outlooks have been elaborately described in the "Management Discussion and Analysis" section of this report.

SJIBL formulates strategies and different action plans at the beginning of the year which is aligned with the banks' mission, vision and business objectives.

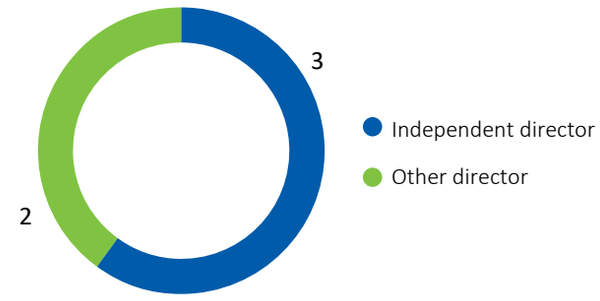
3. AUDIT COMMITTEE

An audit committee is one of the major operating committees of a Bank's board of directors. The Audit Committee carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors. To make the quorum of the AC meeting at least 01 (one) Independent Director has to be present. The Company Secretary acts as the secretary of the committee.

3.1 Appointment and Composition

In compliance with Bangladesh Bank BRPD Circular No.11 dated 27 October 2013 and BSEC's Corporate Governance Code dated 3 June 2018, the Board Audit Committee has been re-constituted by the Board time to time to review and oversee the company's financial reporting, non-financial corporate disclosures, internal control systems and compliance with applicable laws and regulations, etc. independently.

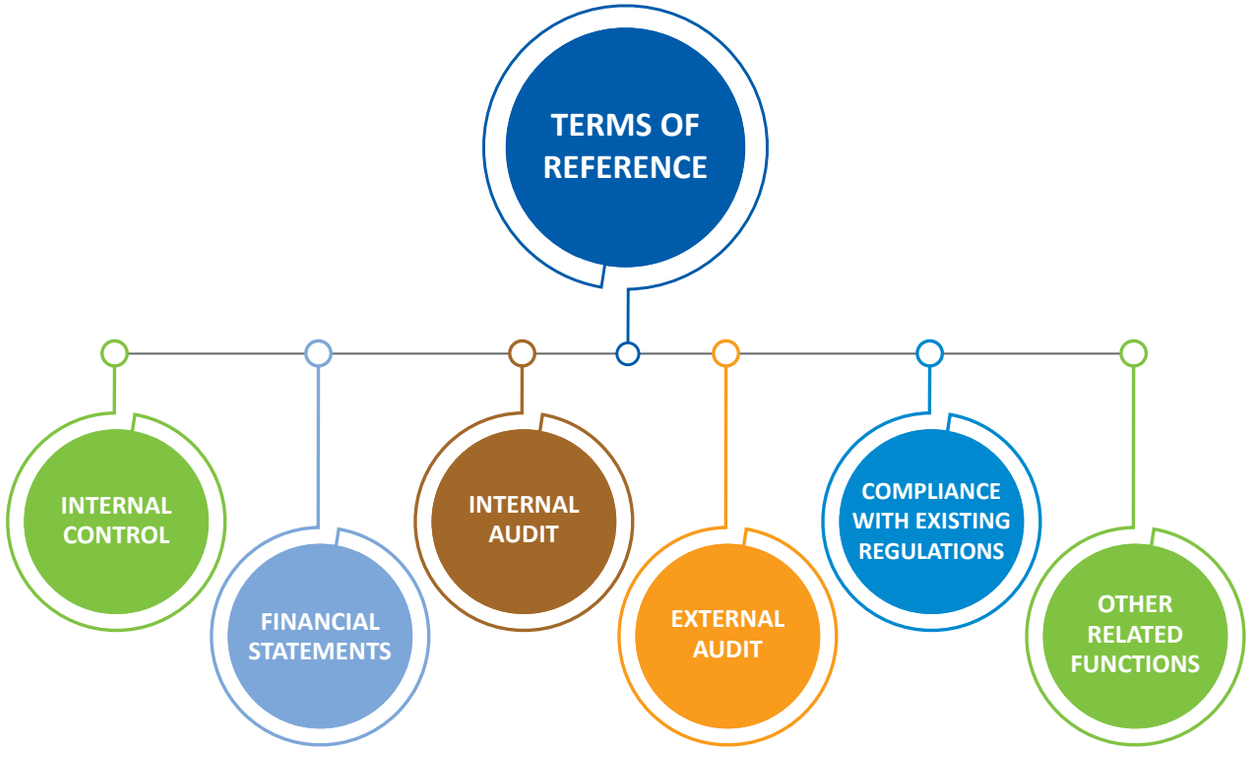
Percentage of Independent & Other Directors in Audit Committee



3.1.1 Chairman of the Audit Committee as an Independent & Non-Executive Director

Mr. Ekramul Hoque, an Independent Director, is the Chairman of the Audit Committee of the Bank. He does not participate in the day-to-day operations of the Bank. He is a renowned ex-banker and former Managing Director of a Bank. Furthermore, he is qualified enough to honor the post of Chairman of the Audit Committee. He completed his MA in Economics from the University of Dhaka. Mr. Ekram has made a great contribution to the banking sector and economy in Bangladesh.

3.1.2 Terms of Reference of Audit Committee



Audit committee is responsible for the supervision of the management and control of various risks resulting from banking operations. The committee strengthens the system of internal control and serves as a focal point for internal and external auditors to ensure disciplined banking operations. The role of the Audit Committee of the Board are as follows:

- 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 the internal audit function.
- Review statement of all related party transactions.
- Review Management Letters 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.

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 the secretary of the committee.

3.1.3 Composition of Audit Committee consisting of an Independent Director and Non-Executive Directors

The Audit Committee of SJIBL consists of 5(five) members including,3(three) independent directors. All the members of the Audit Committee of SJIBL are Non – Executive Directors. No executive of the bank is eligible to become a member of the Audit Committee and the company secretary acts as the secretary of the Audit Committee.

3.1.4 All members of the Audit Committee are suitably qualified and expertise in Finance & Accounting

The members of the Audit Committee are qualified, competent and have experience in the banking and financial sector. Mr. K.A.M. Majedur Rahman is a member of the Audit Committee as an Independent Director of the Bank. He did his Master's Degree from the University of Dhaka. He was Managing Director of Dhaka Stock Exchange Limited and Premier Bank Limited. Likewise, he was also Country Head of Bank Alfalah, an overseas bank in Bangladesh. Mr. Nasir Uddin Ahmed, FCA, FCS is a veteran professional in the financial, consulting & secretarial affairs with successful leadership experience over 34 years. He is the senior partner of the MABS & J partners, Chartered Accountants. He is a fellow member of ICAB & ICSB. He was a Board members of SAFA. The other members of the Audit Committee are Mr. Abdul Halim and Mr. Mohammed Golam Quddus, a former sectary of the Bangladesh Govt. Mr. Abdul Halim is the Chairman of Halim Group and many other business concerns.

3.1.5 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 as and when required. Besides, the AC meets the Head of ICC at least once a year, without management being present, to discuss any issues arising from the internal audits. He has the authority to raise concerns whenever it felt necessary.

3.1.6 Meeting & Attendance Requirement:

The Audit Committee had six (6) meetings during 2020. The committee had extensive discussions and review sessions with the Head of ICC and External Auditors regarding their findings, observations and suggestions. Discussions also took place on corrective actions on related Bank business issues that need to be addressed. The Meeting Minutes of the Audit Committee containing various suggestions and recommendations are placed to the Board for ratification regularly. Key areas of focus for the AC in 2020 were presented in the 'Audit Committee Report' section of this Annual Report.

Audit Committee meeting, attendance and remuneration

Statement of Audit Committee Meeting, attendance and remuneration from 01 January 2020 to 31 December 2020 are appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)	Remarks
1	Mr. Ekramul Hoque	Chairman	06	06	8,000	
2	Mr. Abdul Halim	Member		04	8,000	
3	Mr. Mohammed Golam Quddus	Member		05	8,000	
4	Mr. KAM Majedur Rahman	Independent Director		06	8,000	
5	Mr. Nasir Uddin Ahmed, FCA, FCS	Independent Director		04	8,000	Approved by BB as an Independent Director on 24-03-2020

3.1.7 Presence of the Chairman of the Audit Committee in the AGM

The Chairman of the Audit Committee attends every AGM of SJIBL to ensure transparency at the AGM.

3.1.8 Information applied to the Board

The Audit Committee reports its observations and findings to the Board of Directors. Observations such as a conflict of interest, fraud, alleged or suspected irregularity, or alleged breach of law are reported. The Committee shall also inform the Board of any interference with its independence by an official of the bank, if any.

3.2 OBJECTIVE AND ACTIVITIES OF AUDIT COMMITTEE

The AC regularly reviews the internal control systems of the Bank. They also review, with management, the Bank's quarterly, semi-annual and annual financial statements before submission

to the Board for consideration. The objectives and activities of the AC are described in the "Audit Committee Report" on page no. 240-242 of this Annual Report.

3.2.1 Internal controls are well-conceived, properly administered and satisfactorily monitored

The Audit Committee is of the view that the internal control and compliance procedures are well-conceived properly administered and satisfactorily monitored. This view is based on the review of activities of IC & CD in 2020. This was mentioned in detail in the Audit Committee Report, on page no. 240-242 of this Annual Report.

3.2.2 Statement to indicate audit committees role in ensuring compliance with Laws and Regulations

The effectiveness of internal controls is reviewed on an ongoing basis by the Audit Committee to ensure that they are operating adequately and effectively. The Committee reviews the actions taken on lapses identified in reports of ICCD.

3.2.3 Audit Committee involvement in the review of the external audit function

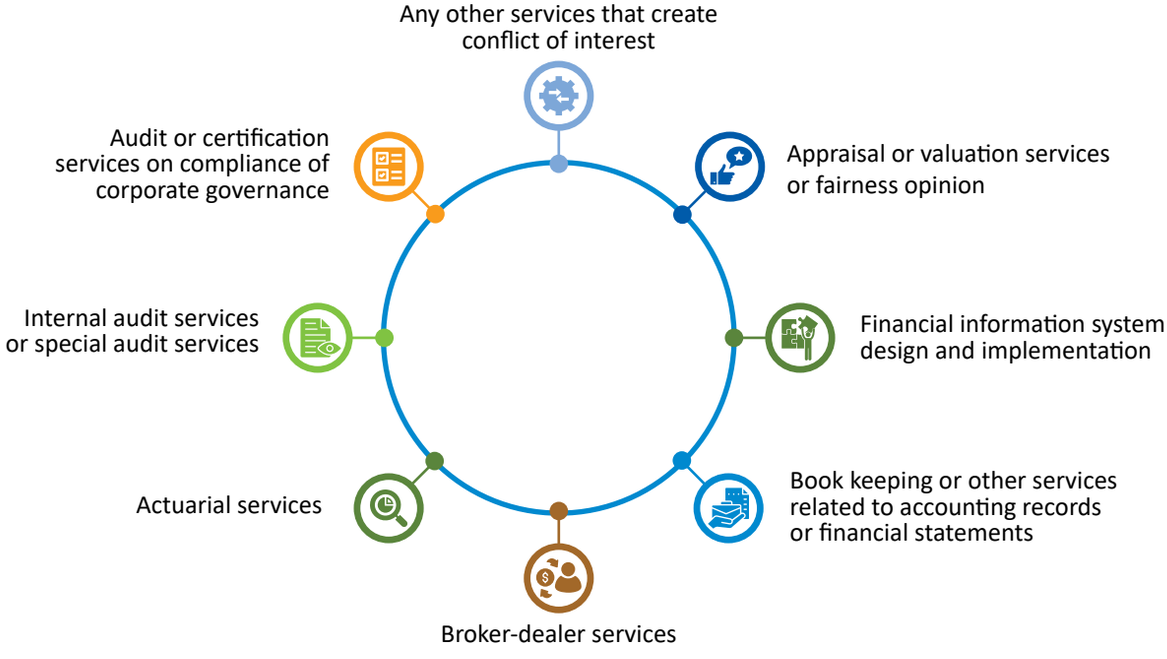
Based on the proposal of the Audit Committee, the board recommended appointing ACNABIN, a Chartered Accountancy firm as statutory auditors of the company for 2020 to the shareholders in the 19th AGM. Accordingly, the shareholders have approved their appointment. In compliance with the BSEC corporate governance code, the statutory auditors did not perform any activities other than the statutory audit. During their tenure, IC & CD department has coordinated and reviewed their functions and reported to the Audit Committee. Before presenting the financial statement to the board, the committee reviewed their activities and discussed with the external auditors in this regard and the committee and the auditors both have expressed their satisfaction.

Key Functions of Audit Committee relating to the review of the external audit function

- Ensure effective coordination of external audit function
- Ensure independence of external auditors
- Review the external auditor's findings to ensure actions being taken
- Review appointment/ reappointment of the external auditor
- Ensure that non-audit work was not assigned to the external auditor
- Ensure that independence of the external auditor is not compromised

Services not provided by External Auditors

In compliance with provision 7 of BSEC Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80 dated 3 June 2018, M/S. ACNABIN, Chartered Accountants, involved in statutory audit of the Bank. M/S. ACNABIN, Chartered Accountants, was not engaged in any of the following services during 2020:



3.2.4 Selection of appropriate accounting policies

The Audit Committee reviewed the financial statements of 2020. The Committee noted that the financial statements were prepared according to the appropriate accounting policies and applicable accounting standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).The accounting methods were also verified by the statutory auditors and they expressed their satisfaction with the adequacy of the accounting methods as reflected in their report on page no. 289-293.

3.2.5 Review of annual and interim financial statements before presenting to the board for authentication

In compliance with BSEC Notification No. BSEC / CMRRCD / 2006 - 158 / 207 / Admin / 80 dated 3 June 2018 Audit Committee along with management review the quarterly, half-yearly and annual financial statements before submission to the Board for approval.

3.2.6 Review of reliability of the management information used for such computation

Effective Internal Control process prevents possible fraud and forgery. Based on internal audit throughout the year 2020, the Audit Committee expressed its satisfaction to the Board on the reliability of management information used for the preparation of Financial Statements. Based on the Internal Audit Function and Statutory Auditor's observation Audit Committee review the reliability of information used for preparing such computation.

4. INTERNAL CONTROL & RISK MANAGEMENT

Internal control is the process, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with applicable laws, regulations and internal policies. The internal control system of SJIBL oversights the whole process about the policies, processes, laws, regulations, tasks, behaviors and other aspects of the Bank. Internal Control & Risk Management facilitates the Bank's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its objectives.

4.1 Statement of director's responsibility to establish an appropriate system of internal control

The board is vigilant on the internal control system of the bank to attain and maintain a satisfactory qualitative standard of its investment portfolio. The board established such an internal control system so that the internal audit process can be conducted independently of the management. The Board reviewed the reports submitted by its audit committee at quarterly rests regarding the compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

4.2Key features of Internal Control system and monitoring technique

The Board of the Bank ensures the maintenance of a sound system of internal control to safeguard the bank's assets. The Board through its Audit Committee conducts an annual review and evaluates the effectiveness of the system of Internal Control of the Bank. The Key features of the Internal Control system are as follows:

Control environment

The Board of the Bank ensures integrity, ethical values, management philosophy, operating style, and assignment of authority & responsibility for establishing an appropriate control environment.

Risk assessment

The Board of the Bank established a process of risk assessment and management of the risks. The internal control system will identify and analyze these risks to prevent an adverse event.

Control activities

Control activities are the policies and procedures of the Bank which includes top-level reviews, and segregation of duties. The internal control system is designed in such a way that the flow of responsibilities and transactions is diversified among staff as much as possible.

Information and communication

This is the exchange of information within our Bank. Clear lines of communication flow from management to employees, and from employees to management so that each member of the team can successfully carry out their responsibilities.

Monitoring

Monitoring is the process of assessing the internal control performance. The board regularly evaluates management and supervisory activities, the budget and all other financial documents.

4.3 Statement that the directors have reviewed the adequacy of the system of internal Controls

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

Based on the internal controls established and maintained by the Bank, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as with CEO and CFO assurance, the Board believes that the Bank's internal controls are adequate and effective as at 31 December 2020 to address financial, operational, compliance risks and information technology risks which the Bank considers relevant and material to its operations.

4.4 Disclosure of the identification of risk the company is exposed to both internally and externally

SJIBL is fully aware of the paramount importance of being proactive and systematic in the management of risks that the Bank faces in daily operations. The Risk Management Division (RMD) of SJIBL is responsible for the 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 the Board from time to time. The roles and responsibilities and major areas of focus of RMC in 2020 have been presented in the Risk Management Report of this annual report.

a) Investment Risk Management

The investment-related risks of SJIBL are primarily governed by the Investment Risk Management Guidelines approved by the Board of Directors. The Bank measures, monitors and manages investment risks at an individual borrower level and the portfolio level. The Bank has pursued a strategy of developing a diversified portfolio and investing in better-rated corporate customers.

b) Foreign Exchange Risk Management

Major foreign exchange-related transactions are carried out on behalf of the client thus the bank has minimal exposure to the captioned risk. It is mentionable that the bank does not involve in any speculative transactions. The treasury division independently conducts the transactions and the back office is responsible for verifying the deal and passes necessary accounting entries.

c) Asset Liability Risk Management

ALCO reviews liquidity requirements of the Bank, maturity of assets and liabilities, deposit and investment pricing strategy and the liquidity contingency plan. The Asset Liability Committee also monitors balance sheet risk and informs the same to the Board of Directors from time to time.

d) Money Laundering Risk Management

For mitigating the risks, the Bank has nominated a Chief Compliance Officer at Corporate Office and Branch Compliance Officers at branches, who independently review the accounting transactions to locate and verify suspicious transactions. Know Your Customer (KYC) policy and Transaction Profile (TP) format have been introduced. The regulatory requirements are being complied with and the guidelines in respect of KYC are being followed for the opening of new accounts.

e) Internal Control & Compliance Risk Management

The Bank has a well-designed policy on Internal Control & Compliance Risk Management by which Internal Control &compliance risks are identified and managed through all levels of the organization. The Board and management are accountable for the bank's internal control & compliance, the compliance function has an important role in supporting corporate values, policies and processes that help ensure that the bank acts responsibly and fulfills all applicable obligations.

f) ICT Risk Management

The Bank's Information Technology policy ensures that the information technology-related measures are aligned with the business strategy of the Bank. The Head of the ICT Security Unit periodically reviews current IT projects, major IT incidents, technology risk indicators and the state of regulatory compliance.The IT Security Unit continually assesses, monitors and manages IT-related risks in accordance with the Bank's risk management policy.

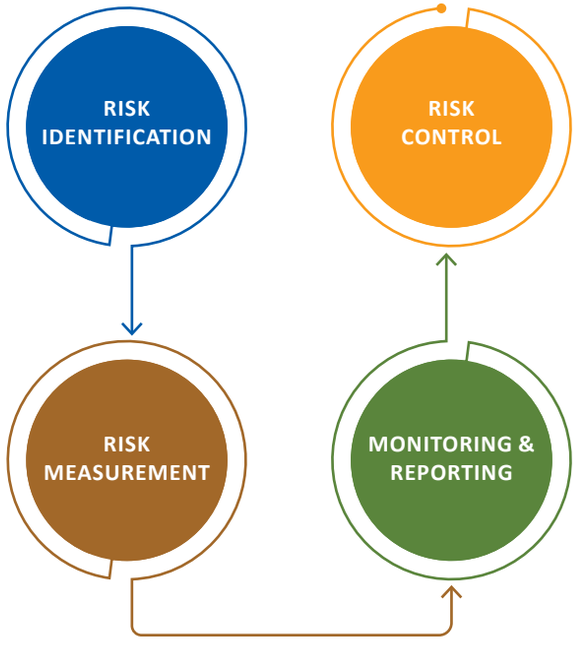
g) Liquidity Risk Management

SJIBL not only sets limits on major liquidity risk management indicators but also has an early warning system to identify a potential liquidity risk arising in the financial market. Besides, potential liquidity issues are constantly monitored through the application of various liquidity stress scenarios, statistical analysis and capital amount simulations. Contingency plans are also in place for various types of liquidity crises.

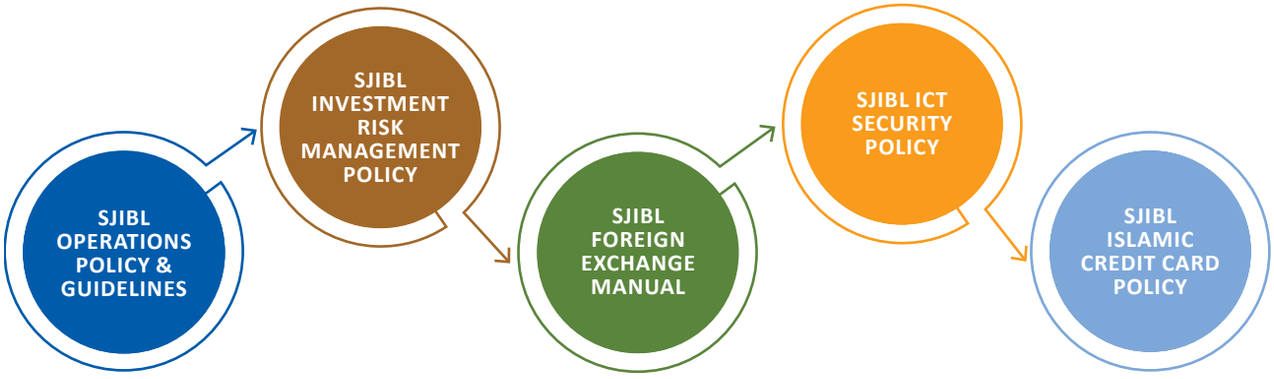
Risk Management Committee (RMC) of the Board

Apart from the Executive Committee and Audit Committee of the Board, a Risk Management Committee (RMC) has been formed which is responsible for planning and guiding on overall risk management of the Bank.Detailed role and responsibilities of the Committee are available in the "Report of the Risk Management".

4.5 Disclosure of the strategies adopted to manage and mitigate the risks



SJIBL business Unit works as the first line of defense against banking risks as mentioned above. Risk Management Division works as the second line of defense while the third and last line of defense is the Board of Directors of the bank. The Board decides and instructs the ultimate risk-taking measures for the Management of the Bank. SJIBLs all core risk policy guidelines have been approved and are reviewed time-to-time by the Board of the Bank.



5. ETHICS AND COMPLIANCE

As a shariah-compliant bank, the foundation and growth of SJIBL rest on ethics and compliance. Ethics are the decisions, choices, and actions (behaviors) we make that reflect and enact our values. Compliance is conforming or adapting one's actions to another's wishes, to a rule, or a necessity. The terms "ethical" and "compliance" are often used interchangeably when dealing with businesses that are doing the right thing.

Ethics and Compliance in SJIBL

Code of Conduct for	Objective
Client	Safeguarding the interests of the customers and treating them fairly in all aspects of their dealings with the Bank.
Shareholders	Providing all shareholders with fair treatment along with protection of their assets.
Employees	Fair treatment of all employees and expects integrity in return.

5.1 Disclosure of statement of Ethics and values

The bank has a separate Code of Conduct and Ethical Guidelines for the Board and employees of the Bank. The fundamental principle of the code of conduct is that every employee must place the bank above his or her personal interest. Highlights of our Code of Conduct and Ethical Guidelines are as follows:

- **Compliance with laws:** All employees are to follow and comply with the laws of the land and internal rules and regulations of the Bank.
- **Integrity of records:** All employees are expected to maintain books and records with integrity and ensure accuracy and timeliness of all transactions. They should shore up the privacy of the customers' affairs. Moreover, employees are not expected to disclose confidential information without proper authorization.
- **Misappropriation of assets:** No employee shall convert any funds and properties which are not legitimately theirs to their own use and benefit, nor deliberately assist another person in such exploitation.
- **Conflict of interest:** Employees must not use their position in the Bank for personal emolument or obtain benefits for themselves or members of their families or friends.
- **Honesty and integrity:** Employees are expected to act honestly and with integrity at all times. They must be fair and equitable in their dealings with presents and prospective clients, the public in general and other employees of the Bank.
- **Acceptance of gift:** Employees are strongly discouraged from accepting gifts, benefits, or facilities from clients and their family members or persons with business interests with the Bank. If an employee is to receive such a thing to establish a mutually beneficial relationship, he or she must disclose it to his or her line manager with estimated value of the gift.

5.2 Dissemination of the statement of ethics and code of conduct

All employees of SJIBL are required to sign a declaration confirming that they have read and understood the Code of Conduct. The Human Resources Department circulates the required declaration and ensures that all employees sign the declaration and submit to the relevant department. The Internal Control and Compliance Department (ICF)assesses if employees have violated the Code of Conduct through regular audits.

5.3 The Board's commitment to establishing ethics and compliance within SJIBL

The Board of Directors is committed to establishing a high standard of ethics and compliance amongst all Bank employees. The Board has consistently encouraging management to ensure that everyone maintains a high level of ethics at the Bank. The Board guides management in ethical and integrity policies. The bank has also implemented the Integrity Awards for the employees.

5.4 Establishing effective anti-fraud programs and controls, including effective protection of whistle blowers

It is the responsibility of every employee of the bank to inform the management about any fraud or suspected fraud, which may cause financial loss or non-financial loss or be otherwise detrimental to the interest of the bank.

SJIBL's governance ensures that no employee as a whistle blower is at risk of dismissal, loss of promotion, harassment, discrimination or suffer any form of victimization as a result of raising a genuine or reasonably suspected fraud. Whistle blowers do not face any revenge in SJIBL which justifies good governance prevailing here.

5.5 Policy to encourage employee's participation in Management

To encourage employee participation in management, SJIBL organizes managers' conferences, employees' meetings where employees are free to give their opinion ranging from bank's policies, operating procedure, product and service innovation, etc.

5.6 Knowing level of customer satisfaction

To determine the level of client satisfaction, a client satisfaction survey is conducted on an annual basis. Furthermore, mystery shopping is done by assigning senior officials to be sure if

customers get satisfactory service or not. Given that client satisfaction is an evolving phenomenon, SJIBL's Research Division is continuously working on it.

5.7 Payment to vendors on time

SJIBL has enlisted vendors that are approved by the competent authority of the bank. Vendors' payment is made regularly in accordance with Bank policy.

5.8 Payment of Taxes to the Government Authorities on time

SJIBL pays income tax and VAT on income and expenses in accordance with the applicable rule. Moreover, the bank deducts and collects tax and VAT on behalf of the government taxes and VAT due from the bank are paid to the government exchequer on time.

5.9 Policy on Supply Chain management

The Procurement Committee of SJIBL looks after the supply chain management of the Bank. No disruption is allowed in the supply chain process. Common Service Division is responsible for the maintenance of an uninterrupted supply Chain. However, the procurement committee of SJIBL oversees the supply chain management and gives necessary approval for the purchase of goods and services.

6. REMUNERATION COMMITTEE

6.1 Charter of Remuneration Committee

By virtue of BRPD circular 11 dated 27 October,the Board of Directors of each Bank company must constitute three committees such as the Executive Committee, the Audit Committee and the Risk Management Committee. The Board of Directors is not allowed to form any other Committee or Sub Committee; therefore, SJIBL has not formed a Nomination and Remuneration Committee of its Board of Directors. However, the Board oversees the recruitment and remuneration process of the employees by reviewing various policies like HR policy, Recruitment & Promotion Policy, pay package policy, etc.

6.2 Composition of Remuneration Committee

At the Management level Managing Director, Head of the Human Resources Division and Chief Financial Officer are charged with governance of compensation and remuneration. Usually, they make a proposition to the Board which is then reviewed and validated by the Board. After incorporating their recommendations the compensation/remuneration decisions are approved by the Board. The main work includes presenting recommendations to the Board regarding remuneration, compensation packages of Management, incentive schemes and retirement benefits. They also assist the Board of Directors to ensure that all employees are remunerated fairly and get performance-based compensation by ensuring an effective remuneration policy.

6.3 Key policies with regard to the remuneration of directors, senior management and employees

As per BRPD Circular Letter No. 11 dated 04 October 2015 directors are only entitled to the remuneration for attending the meeting of the board and its sub-committee. For attending the Board Meeting, Executive Committee Meeting, Audit Committee Meeting, Risk Management Committee and the Directors receive an honorarium of Tk. 8,000.00 each. The remuneration of the Managing Director & CEO is recommended by the Board and approved by Bangladesh Bank. Moreover, the remuneration of senior management and employees are determined under the HR Policy of the Bank.

6.4 Number of meetings of the Remuneration Committee

Though we have no Remuneration Committee as per regulation barrier of central bank, our Board meetings deal with this issue sincerely. During the year 2020,the issue of Employee Promotion, Increment, Performance Bonus etc. was discussed in several meetings of the Board.

6.5 Remuneration of directors, chairman, chief executive and senior executives

SJIBL has a well-defined remuneration policy and the management always reviews and updates it from time to time. Remuneration for senior executives is market-based and competitive to attract, motivate and retain skilled and competent employees. Moreover, remuneration of directors, chairman and chief executive are set in compliance with BSEC notification and Bangladesh Bank circulars.

6.5.1 Remuneration of chairman & directors

The remunerations of directors and chairman are paid during the year by following BRPD Circular Letter No. 11 dated 04 October 2015. Total directors fees paid during the year 2020 was Tk.4,714,000. The detail of directors' fees and expenses is shown in note no. 34 of these financial statements.

6.5.2 Remuneration of chief executive officer

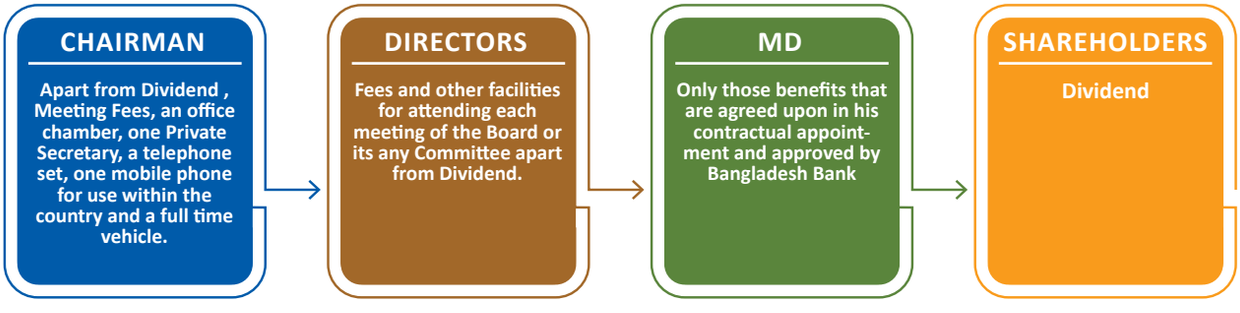
The remuneration of the chief executive officer is proposed by the directors and approved by Bangladesh Bank at the time of his appointment. Total remuneration paid to the chief executive officer during the year 2020 was Tk.21,572,700. The detail of remuneration of the chief executive officer is shown in relevant note of these financial statements.

6.5.2 Remuneration of senior executives

Remuneration for senior executives is market-based and competitive to attract, motivate and retain skilled and competent employees. The detail of salary and allowances paid to senior executives, executives and officers is shown in relevant note of these financial statements.

Benefits provided to the Shareholders, Directors Managing Director/CEO

In accordance with the guidelines of Bangladesh Bank, the following facilities can only be given to the Chairman, Directors, Managing Director and Shareholders:



7. Human Capital

Shahjalal Islami Bank Limited always believes that a set of quality, balanced & motivated Human Resources is the key success factor for its business. Efficient and professionally skilled manpower can deliver highest standard of service and optimize the organizational values. The Bank has been working towards becoming and Employer of Choice by attracting, developing, retaining and caring for best quality resources and continually striving to build a dynamic and professionally competent workforce. 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 the 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.

7.1 HR Policy

7.1.1 HR Planning & Succession

The bank over the years has been observing a sustainable growth in business and expansion of business network & operation. To support the expansion and growth, HRD periodically forecasts bank's HR requirements vis a vis supply of internal manpower and determines the employment gaps. Keeping in view of the expansion program necessary recruitments (experienced/ fresher) have been made well ahead of time and usually kept attached with the corporate branches in the regions aiming to acquaint with the banks shariah banking as well as to understand the business know how in the region.

SJIBL focuses on identifying and growing talents to fill the key positions as well as to provide opportunities to explore the capabilities in future. The bank emphasizes to develop a set of potential internal candidates to ensure that required qualified officials are prepared to take over the new assignments with challenges, when the time comes.

7.1.2 Diversity at Workplace & Culture

Work place diversity can create synergy for the organization. SJIBL pursues to uphold work place diversity in the operation in thoughts, style, race, ethnicity, culture, religion, gender and experience which makes the Bank stronger to serve the clients as well as to achieve the goals. SJIBL focuses on maintaining gender ratio to acceptable level and provides equal employment opportunities. At present 20% officials of the Bank are female and they have diverse ranks from Officer to EVP.

The bank is committed to maintain a positive, friendly and respectful working environment where all employees are getting opportunities to show their talents. The employees are recognized and rewarded for good jobs done. Having an excellent corporate culture people working at SJIBL feels strongly connected having strong sense of belongingness to the organization.

7.1.3 Work life Balance

The Bank strives to achieve work-life balance for the employees because work life balance can play a vital role to retain employees and maximize their performance and also strengthen the bondage with the organization. Human Resources Division always promotes to have a healthy work-life balance for the employees since it helps to boost morale, reduce absenteeism and also reduce the cost and affect the overall performance of the Bank. The Bank believes that a happy and well balanced employee will not only perform his daily operation with utmost care but will also be able to handle different complex issues tactfully.

7.1.4 Rewarding the Performers

At SJIBL, we firmly believe that the principal source of our strength as an organization is our human resource base. In this regard, the Bank tries to recruit result driven professionals as they thrive and succeed in performance. The Bank believes that an efficient reward system is beneficial effect upon the performance for instilling a sense of ownership amongst the employees, facilitate long term focus with continuous improvement, promotes team work, minimizes employee dissatisfaction and enhanced employee performance of the Bank. As such attention has been focused on the need to continuously invest in people, provide them with the right incentives to perform better and to make merit and performance the criteria for professional and career development. To achieve a sustainable performance culture, our employees are being informed clearly what is expected of them and what the desired standards of delivery. Furthermore, employee is provided with opportunities for professional growth and is recognized and rewarded for the contribution made towards the growth of the Bank.

7.1.5 Employee Health Facilities

SJIBL is always concerned to provide medical support to all employees along with their family members. 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. The medical assistance benefits provide peace of mind to the employees and enable them to focus on their professional responsibilities without having to worry about financial crisis in the event of urgent medical needs. Furthermore, an experienced Medical Officer has been appointed at Corporate Head Office to provide immediate medical advice and support when needed across the Bank.

7.1.6 Role of HR during COVID-19

Shahjalal Islami Bank Ltd. has made continuous efforts to contain the risk of the spread of COVID 19 among the employees of the Bank and customers. In a bid to keep the employees motivated amid coronavirus outbreak, Shahjalal Islami Bank Limited has set up a Quick Response Team (QRT) as directed by Bangladesh Bank and also COVID-19 Coordination Committee to ensure safety of its employees. SJIBL has taken precautionary measures to ensure that its employees as well its customers and those visiting its branches and head offices remain safe and protected from COVID 19. All employees of the bank were advised to strictly adhere to the control procedures circulated to them time to time. Roster duty at Branch and Head Office level has been implemented and the bank has provided adequate sanitizers across the branches with thermal scanner, masks and gowns. Bank also allowed Work from Home through digital platform to selective division of Head office. HR also maintained close contact with the families of employees who were affected by COVID 19 and facilitate hospitalization in order to boost their morale.

7.1.7 Human Resource Analysis

i. Employee Type & Gender:

Employee Type	Male	Female	Total-2020	Total-2019
Executive	254	16	270	272
Officer	1126	306	1432	1432
Cash Officer	347	119	466	457
Sub-Staff	488	1	489	491
Total	**2215**	**442**	**2657**	**2652**

ii. Employee Distribution

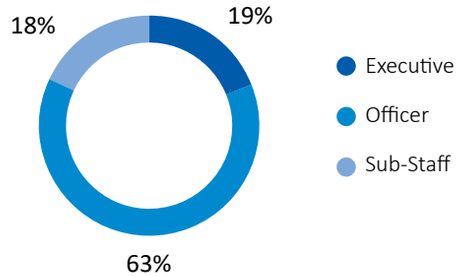
a. Division wise position

Name of Division	No. Br.	No. Employees
Dhaka (Including CHO+OBU)	70	1878
Chattogram	30	395
Khulna	8	112
Sylhet	7	101
Rajshahi	8	77
Barishal	5	52
Rangpur	4	42
Total	**132**	**2657**

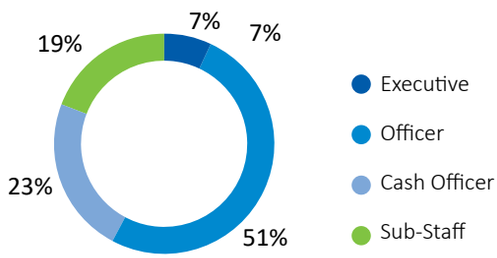
b. Branch Vs Corporate Head Office

Employee Type	CHO	Branch	Total	% of Total
Executive	118	152	270	10
Officer	383	1046	1429	54
Cash Officer	3	358	361	14
Sub-Staff	111	486	597	22
Total	**615**	**2042**	**2657**	
% of Total	**23**	**77**		

Human Resources at CHO



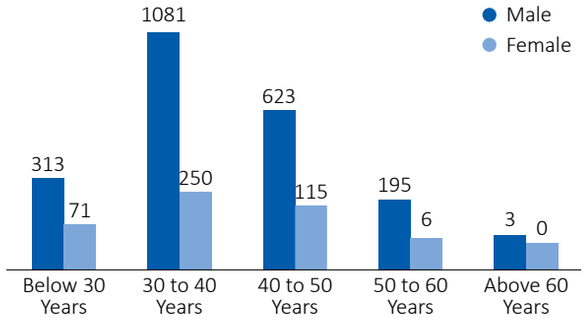
Human Resources at Branch



iii. Age Group Wise Position

Name of Position	Male	Female	Total-2020	Position-2019
Below 30 Years	313	71	384	448
30 to 40 Years	1081	250	1331	1367
40 to 50 Years	623	115	738	657
50 to 60 Years	195	6	201	176
Above 60 Years	**3**	**0**	**3**	**4**
Total	**2215**	**442**	**2657**	**2652**

Age Group Wise Distribution of Male/Female 2020



iv. Service Length Wise Position

Service Length	Executive	Officer	Officer Cash	Sub	Total	% Total
15 Years and above.	66	73	1	48	188	7
11- 14 Years	84	333	43	211	671	25
7- 10 Years	69	519	181	115	884	33
3- 6 Years	31	170	119	51	371	14
Below 3 Years	20	337	122	64	543	21

v. Employee & Business: (Crore Taka)

Particulars	2015	2016	2017	2018	2019	2020
Executives & Officers	1685	1724	1934	1927	2161	2168
Per Official Investment	5.75	7.13	8.20	9.66	9.13	9.07
Per Official Deposit	6.48	7.22	7.57	9.18	9.25	9.94
Per Official Profit	0.14	0.17	0.17	0.24	0.28	0.20

7.1.8 SJIBL Talents Pool

Human Resources Division pursues professional development for each employee to have excellence in banking career with SJIBL. The Bank promotes employees to undertake professional certification, obtaining advanced degree to sharpen the learning curve and making the operation much stronger. At present SJIBL has the following pool of talents achieved professional degree/ certification and added value to the Bank.

CA/FCA	4
CIMA/CMA/ACCA	3
Phd.	1
CDCS, CSDG	45
CAMS	8
Chartered Secretary	7

7.1.9 Harassment free workplace for better employee relationship

The Board of Directors of the Bank in their 302nd Meeting dated 12.08.2020 approved the policy on "Sexual Harassment Eradication & Prevention Policy-2020" to set out guidelines to all employees with regard to prevention and eradication of sexual harassment at workplace of the Bank. SJIBL is committed to providing work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment. The Bank is also committed to promoting a safe, pleasant, harassment free, and friendly workplace based on the principles of gender equity that is conducive to the professional growth. One of the core values of SJIBL is not to tolerate/endure any action related to sexual harassment. Promulgation of this policy guideline addressing all discriminations ensures equal opportunities of all employees irrespective of age, sex, marital status, education or profession. Being a Shariah Bank, it is stipulated by the Islamic code of conduct, which is strict against the Sexual harassment as well.

The Policy identifies what constitutes sexual harassment, establishes the Complaint Committee ("CC"), identifies the processes to be followed by the CC and outlines the redressal mechanism in the face of any breach of Policy. Any complaint received on account of sexual harassment is being dealt with utmost seriousness by SJIBL and any one in breach of the Policy is strictly dealt with in terms of this Policy.

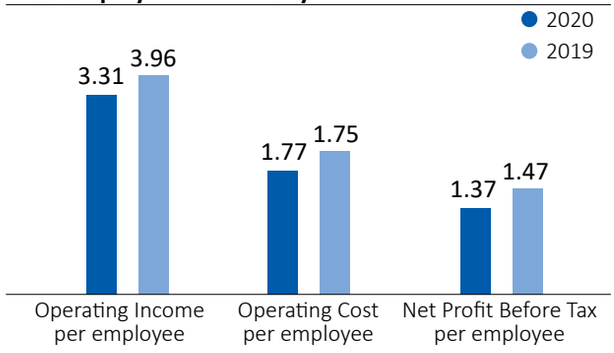
7.1.10 Human Resource Accounting

Human Resource Accounting is the activity of knowing the cost invested for employees towards their recruitment, training them, payment of salaries & other benefits and in return knowing their contribution to organization towards it's profitability. Human resource accounting is the measurement of the cost and value of the people for the organization.

Particulars (in BDT & Million)	31/12/2020	31/12/2019
Total Asset	293,517.00	293,517.00
Human Asset (Individuals' value)	$22,623.56	$22,092.01
Value of investments (Training Expense)	2.25	7.00
Total Asset including Human Asset	316,142.81	315,616.01
Total Liabilities	293,517.00	293,517.00
Human Capital Value	**22,625.81**	**22,099.01**
Total Capital & Liabilities including Human capital	316,142.81	315,616.01

SJIBL reported the total value of Human Capital to be Tk. 22,625.81 Million in the year 2020 compared to Tk. 22,099.01 million in 2019 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings up to the date of retirement. Mentionable that while 5% inflation was considered in calculating future growth of salary & allowance as well as with 10% cost of capital, SJIBLs existing human resources retirement tenor was assumed another 20 years from the given period of time.

SJIBL Employee Productivity



For 9% profit cap on investment/ loan repayment throughout 2020, income naturally decreased to all scheduled banks and FIs and same happened to SJIBL. Due to the impact of COVID 19 operating income naturally decreased per employee while operating cost increased in all branches for mainly depreciation policy and additional purchase of cleaning and other sanitization items in order to comply with regulatory requirement. Since pandemic is not a normal situation, such decrease of operating income and net profit in 2020 compared to the year 2019 is not supposed to be considered as the true reflection of performance by banks employees. However, continuation of income and profitability in 2020 irrespective of amount justified SJIBLs human resources ability to survive amidst the challenges of pandemic.

7.1.11 Enhancing Capacity of Human Resources

Training is a crucial factor to enhance professional excellence and advancement for the organization. Indeed, continued training and the process of learning have played a vital role towards the growth of the bank and earning satisfaction from the customers across the country. Shahjalal Islami Bank Limited has put into place a rigorous training regime for its employees, in order to enhance their knowledge and skills on every areas of banking. The learning initiatives includes basic orientation for all new employees, specialized functional training and multi skilling course. Bank considers each training as an investment where training courses are perfectly designed keeping in view of the objective and hired right trainers to ensure that each program since conducted are useful and help to develop required skill & capabilities of the employee to better handle any complex issues.

In an effort to adapt to the prevailing situation, Shahjalal Islami Bank Training Academy has started its training program through digital platform after 3 months' gap period due to COVID 19. Since the start of the pandemic, Training Academy has shifted all learning programs from traditional classrooms to digital platforms since July, 2020.

Synopsis of Online Trainings held via ZOOM

Training Areas	Number of Sessions	Employees Trained
General Banking, Investment, Foreign Trade, NIS, ICT Security, Prevention of ML/TF, CIB Rules, Banking Laws & Practice, Shariah Compliance, e-GP Financing, Cyber Security, Internal Control & Compliance, IT Risk Management, Foundation Training etc.	43	9840

Summary of total training programs in year -2020

Sl No	Course Type	Training Provider/Training Institute	No. of Participants	% of Total
1.	SJIBL (in house) Training Program	SJIBTA & Head Office	45	9903
2.	External Training Programs (Local)	Bangladesh Bank & BBTA	07	12
3.	External Training Programs (Local)	BIBM	46	146
4.	External Training Programs (Local)	Nelito Systems Limited, India, BAB, IBCFRTA, FinPro Consultants Limited., Blackstone Institute, CSBIBB and BIBM, CSBIBB, BFEDA, FinExcel, The Institute of Chartered Accountants of Bangladesh, CIBAFI and IBBL, CSBIB and BIBM, CIBAFI, ICCB, Royal United Services,	21	71
5.	External Training Programs (Foreign)	Dun & Bradstreet South Asia Middle East Ltd, Management Excellence, Switzerland, Zurich, Indo-Bangladesh joint Business Council(IBJBC), Hyderabad, India	03	03
		Total	**122**	**10135**

7.2 Organizational Chart

SJIBL organizational chart outlines the internal structure of the company. It emphasizes on the roles, responsibilities and relationships between individuals within the company. The organizational chart is shown on page no. 88-89 of this Annual report.

8. COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

8.1 Policy on effective 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 this department during office hours for any sort of information and queries. SJIBL provides updated information on its website from time to time for the shareholders and other stakeholders of the Bank. The Bank communicated to its shareholders in the following ways:

- By Publishing Price Sensitive Information (PSI) in National Dailies and On-Line News Portal;
- By releasing PSI via the website of DSE, CSE and also in Bank's website;
- By publishing Press Release about Bank's important events in the newspapers;
- By issuing notices to the Shareholders for holding Annual General Meeting every year and Extra-Ordinary General Meeting (as and when necessary);
- By sending the Annual Reports of the Bank to the shareholders every year;
- By publishing Financial Statements in the newspapers;
- By holding General Meetings of Shareholders;

8.2 Policy on Ensuring Participation of Shareholders at AGM

SJIBL publishes the notice of the AGM in the daily newspapers with the necessary details within a reasonable period to ensure the effective participation of the shareholders in the AGM. The AGM normally takes place in a well-known place and at a convenient time. Annual Reports are circulated as per the provision of Companies

Act 1994 and related Notification issued by BSEC, so that shareholders would get sufficient time to go through the report and freely provide their valuable comments and suggestions in the AGM. 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 the Financial Administration Division and Board Division. As a result of the outbreak of COVID-19, the 19th AGM was held through the Zoom digital platform to ensure social distancing. The Glimpses of the 19th AGM is presented below:

AGM held in 2020 through digital platform zoom to ensure social distancing for COVID 19.

8.2.1 Redressal of shareholders complaints

Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports, non-receipt of dividends timely and other share-related matters, is resolved lawfully in time. The Company Secretary of SJIBL is the responsible person and plays an active role to handle any such issue related to our shareholders.

8.2.2 Shareholders' satisfaction and confidence toward the company

AGM is considered as the day of judgment of last one year activities of any organization by the shareholders. Shareholders of SJIBL are free to express their opinion, satisfaction or dissatisfaction on the day of AGM and Board secretariat note issues for future compliance. SJIBL Board of Directors is elected by obtaining shareholders' approval in the AGM. Besides, shareholders are showing their satisfaction and confidence in the bank which is reflected in our share price.

8.2.3 Reminders to shareholders for encashment of dividend

Reminders to shareholders are given by SJIBL Share Department for encashment of dividends. SJIBL Share Department also monitors how much dividends are en-cashed after AGM. Share Department of SJIBL takes necessary measures to inform shareholders to en-cash their unclaimed dividend.

8.2.4 Compliance of ICSB Secretarial Standard

SJIBL follows the Bangladesh Secretarial Standard of the Institute of Chartered Secretaries of Bangladesh (ICSB) meticulously. SJIBL Board secretariat follows all procedures to ensure sound corporate governance.

BSS No.	Title of BSS	Compliance Status
BSS–1	Meetings of the Board of Directors	Complied
BSS–2	General Meetings	Complied
BSS–3	Minutes	Complied
BSS–4	Dividend	Complied

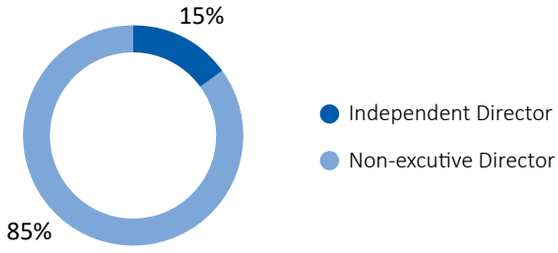
8.3 Diversity of the Board

SJIBL Board comprises of experts from various fields that provide a well rounded view to the company that helps in effective strategic management and implementation. SJIBL has a diversified Board in terms of following categories:

1) Board Composition

Board of SJIBL is well organized by independent directors as well as executive and non-executive directors. While 3 (three) independent directors exercise full freedom and 17 (seventeen) non-executive directors work as a healthy balance of power.

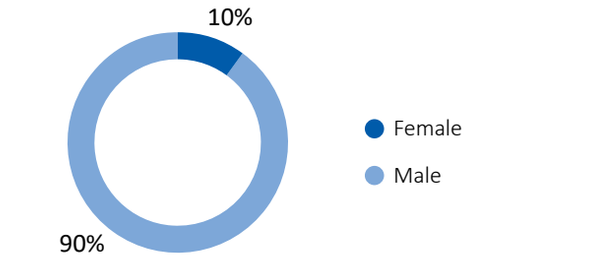
Diversity of the Board



2) Gender

SJIBL Board has ensured participation of female directors along with male in order to avoid gender bias attitude in decision making process. At present SJIBL has 2 (two) female Directors and 18 (eighteen) male Directors.

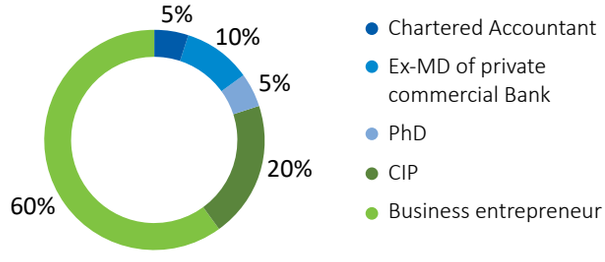
Gender diversity in Board



3) Professional Background

Most of the directors have vast knowledge in business and commerce because of having many other businesses apart from bank business which is a value addition for the Board. Among the Board of Directors of SJIBL, 1 (One) is renowned Chartered Accountant, 2 (two) are Ex-Managing Director of Private Commercial Banks, 1 (one) is PhD, 4 (four) are CIP and remaining Directors are the market leaders & entrepreneurs in Business sector.

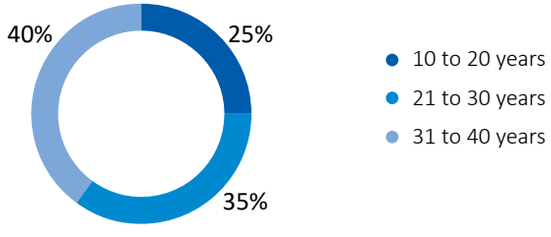
Professional Background



4) Experience

Independent directors have long length of services in different reputed Banks and other organizations. Other Directors also have long time business experiences.

Experience of Directors



8.4 Rights of Shareholders

Shareholders are the true owners of the Bank. As such, shareholders have specific privileges and rights that are governed by the laws. The basic rights that the shareholders enjoy are:

- Entitlement of dividend
- Effective participation and voting in shareholders' meetings
- Right to elect the board members
- Ability to convey or transfer shares
- Participation and informed on basic decisions including amendments to governing documents, new share authorization and extraordinary transactions

- Sufficient and timely information on the Board Meetings
- Right to question the board and put input on fundamental issues
- Allowed to consult with each other concerning their interest

8.5 Free-Float Shares & Interest of General Investors

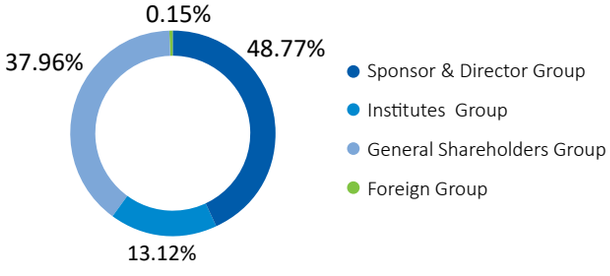
Free float shares are generally described as that portion of shares held by investors other than restricted shares owned by the company's Sponsor Share Holders and Directors. General investors have the option to invest in these Free Float shares. Sponsor Share Holders and Directors of SJIBL float shares in the market only after obtaining permission from the competent regulatory bodies and by ensuring all required compliance. To protect the interest of general investors as part of good governance, SJIBL authority exercises maximum due diligence.

8.6 Shareholding Pattern

The authorized Capital of Shahjalal Islami Bank Limited is Tk. 15,000,000,000 divided into 1,500,000,000 ordinary shares of Tk.10.00 each. The paid-up capital of the Bank is Tk. 9,800,923,350 divided into 980,092,335 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:

Types of Shareholders	Percentage of Holding	Number of Share
Sponsor & Director Group	48.77%	477,992,172
Institutes Group	13.12%	128,588,114
General Shareholders Group	37.96%	372,041,910
Foreign Group	0.15%	1,470,139
Total	**100%**	**980,092,335**

Shareholding pattern



8.7 Share held by Parent or Subsidiary or Associated Companies

SJIBL has no parent company or Associated Companies. It has only one subsidiary company named Shahjalal Islami Bank Securities Limited. The subsidiary company does not hold any shares of Shahjalal Islami Bank Limited, thus no share was held by Parent or Subsidiary or Associated Companies during the year 2020.

8.8 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 31.12.2020
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

8.9 Shares held by top five salaried Executives in the regular services of the Bank

Types of Shareholders	Percentage of Holding	Number of Share
Abdul Aziz	Additional Managing Director	Nil
S.M. Mainuddin Chowdhury	Additional Managing Director	Nil
Md. Shahjahan Shiraj	Deputy Managing Director	Nil
Mian Quamrul Hasan Chowdhury	Deputy Managing Director	Nil
Md. Mahmudul Haque	Senior Executive Vice President	Nil

8.10 List of Shareholders holdings 10% and above shares in the Paid Up Capital of the Bank

As per Section 14A of Bank Company Act 1991, no person, no company or member of the family either individually or jointly or in both ways, shall buy more than ten percent of the shares of a Bank. There were no shareholders holdings 10% and above shares in the Paid-up Capital of the Bank either individually or jointly or in both ways during the year 2020.

8.11 Disclosure about Family influence in the Bank

No person, no company or member of the family either individually or jointly or in both ways hold 10% or more shares of the Paid-up Capital of the Bank. So there is no family influence in the Bank because no individual or single-family holds majority shares of the Bank to control the Bank unilaterally.

9. ENVIRONMENTAL AND SOCIAL OBLIGATIONS

9.1 Policies and practices relating to social and environmental responsibility of SJIBL

The Board of Shahjalal Islami Bank Limited is very sincere regarding environmental and social issues. To ensure sustainable banking practice the Board approved Green Banking Policy and Environmental and Social Risk Management Guideline. The Board or Management is not approving any investment without Environmental Clearance Certificate from DOE. The Board is not approving any environmentally risky investment proposal. The Bank is approving a substantial part of CSR for the protection of the environment and climate change. The bank has constructed its Head Office Building which is a LEED-certified Green Building first ever in the Banking sector of Bangladesh. The detail of environmental and social obligations is stated in "Sustainability Report" of this Annual Report.

9.2 SJIBL's Disclosure of specific activities undertaken by the Bank in pursuance of these policies and practices

SJIBL is also focusing on Earth and its sustainability, shifting from the traditional financing approach. In this regard, we are making our investment appraisal process to be much more stringent from an Environmental and Social Risk Management (ESRM) perspective – evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to approving an investment. Specific activities undertaken in this regard are disclosed in "Sustainability Report" of this Annual Report.

DECLARATION BY CEO AND CFO

10 March 2021

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 2020

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 3 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 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in 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 2020 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 a 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 transaction entered into by the Company during the year which is 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

Howlader Maria & Co.
Chartered Accountants

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE CODE TO THE SHAREHOLDERS OF SHAHJALAL ISLAMI BANK LIMITED

Certificate on Compliance on 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 Dec, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 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: 11 March 2021

Maria Howlader FCA
Proprietor
Howlader Maria & Co.
Chartered Accountants

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 the 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 3 June 2018 issued under the 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 which is in compliance with the 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;	√		None of the Independent Director holds any share of the Bank.
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.	√		-
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 :-			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	√		Two Independent Directors have such qualification.
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;	√		One Independent Director has such 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;	√		The Chairman of the Board and MD & CEO of the Bank are different individual
1(4) (b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		-
1(4) (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		-
1(4) (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√		-
1(4) (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		-
1(5)	Directors' Report to Shareholders:-			
1(5) (i)	An industry outlook and possible future developments in the industry;	√		
1(5) (ii)	The segment-wise or product-wise performance;	√		-
1(5) (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		-
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		Cost of Fund, Operating & Net Profit and related ratios are provided.
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 2020

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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;	√		Variance occurred between Q1 & other quarters due to effect of COVID-19 pendamic and implementation of single digit cap by BB
1(5) (x)	A statement of remuneration paid to the directors including independent directors;	√		-
1(5) (xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		-
1(5) (xii)	A statement that proper books of account of the issuer company have been maintained;	√		-
1(5) (xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		-
1(5) (xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		-
1(5) (xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	√		-
1(5) (xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		-
1(5) (xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		-
1(5) (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		-
1(5) (xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		-
1(5) (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year	N/A		-
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	N/A		-
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;	√		Depreciation rate and method have been changed

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		-
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).	N/A		No such situation arisen in the reporting year
3(2)	Requirement to attend Board of Directors' Meetings			

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board.	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3) (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3) (a) (i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		-
3(3) (a) (ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		-
3(3) (b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		-
3(3) (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		-
4	Board of Directors' Committee:-			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee	√		
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;	√		-
5(3) (b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		-
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	√		-
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		-

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(4) (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		-
5(5)	Role of Audit Committee			
	The audit committee shall:-			
5(5) (a)	Oversee the financial reporting process;	√		
5(5) (b)	Monitor choice of accounting policies and principles.	√		-
5(5) (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		-
5(5) (d)	Oversee hiring and performance of external auditors.	√		-
5(5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		-
5(5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval;	√		-
5(5) (g)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	√		-
5(5) (h)	Review the adequacy of internal audit function.	√		-
5(5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5) (j)	review statement of all related party transactions submitted by the management;	√		-
5(5) (k)	Review Management Letters 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
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

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	-		
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	-		

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

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

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

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

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

Sl. No.	Particulars	Compliance Status
1.0	Formation of Board of Directors: Prior approval of Bangladesh Bank before the appointment of new bank directors, as well as dismissal, termination or removal of any director from the post; director's fit & proper criteria; maximum number of directors; appointment of independent directors; appointment of maximum 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
	(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

Sl. No.	Particulars	Compliance Status
2	Depositor Director: As per appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended up to 2018) bank can consider the tenure of existing depositor director or may appoint them as independent director.	Complied, No Depositor Director in SJIBL
3	Information regarding Directors: Banks are advised to take the following steps regarding directors information:	
	(a) Every bank should keep an updated list of bank directors.	Complied
	(b) Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
	(c) Banks should display a list of directors on the website and update it on a regular basis.	Complied
4	Responsibilities of the Board of Directors (Board)	
4.1	Responsibilities and Authorities of the Board:	
(a)	Work planning and strategic management	
	(i) The board shall determine the objectives and goals and to this end shall chalk out strategies and work-plans on annual basis. It shall specially engage itself in the affairs of making strategies consistent with the determined objectives and goals and in the issues relating to structural change and reformation for enhancement of institutional efficiency and other relevant policy matters. It shall analyze/monitor, at quarterly rests, the development of implementation of the work-plans.	Complied
	(ii) The board shall have its analytical review incorporated in the Annual Report as regards to the success/failure in achieving the business and other targets as set out in its annual work-plan and shall apprise the shareholders of its opinions/ recommendations on future plans and strategies. It shall set the Key Performance Indicators (KPIs) for the CEO & officers immediate two tiers below the CEO, and have it evaluated from time to time.	
(b)	Credit and risk management	
	(i) The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the board's approval under the purview of the existing laws, rules and regulations. The board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the CEO and his subordinate executives as much as possible. No director, however, shall interfere, direct or indirect, into the process of loan approval.	Complied
	(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	
	(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 Board reviews 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.

Sl. No.	Particulars	Compliance Status
(g)	Other responsibilities of the Board: The board should follow and comply with the responsibilities assigned by Bangladesh Bank.	Complied. The Board of Directors 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:	
	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:	

Sl. No.	Particulars	Compliance Status
	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 informing the committee.	
	c) Roles and Responsibilities of the Audit Committee	
	i) Internal Control:	
	1. Evaluate whether management is setting the appropriate compliance culture by communicating the importance of internal control and the management of risk and ensuring that all employees have clear understanding of their roles and responsibilities;	Complied
	2. Review management's actions in building computerization of the bank and its applications and bank's Management Information System (MIS);	
	3. Consider whether internal control strategies recommended by internal and external auditors have been implemented by the management;	
	4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	
	(ii) Financial Reporting:	
	1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & 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.	

Sl. No.	Particulars	Compliance Status
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.	
	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 deem 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)

Sl. No.	Particulars	Compliance Status
A	Rules and regulations for appointment of the CEO	
1	Moral Integrity: In case of appointment to the post of CEO, satisfaction in respect of the concerned person should be ensured to the effects that:	
	a) He has not been convicted by any Criminal Court of Law.	Complied
	b) He has not been punished for violating any rules, regulations or procedures/ norms set by any regulatory authority.	
	c) He was not associated with any such company/organization; registration or license of which has been cancelled.	
2	Experience and Suitability:	
	a) For appointment as a CEO, the concerned person must have experience in banking profession for at least 15 (fifteen) years as an active officer and at least 02 (two) years experience in a post immediate below the CEO of a bank.	Complied
	b) He must have a Master's degree at minimum from any recognized university. Higher academic education in the field of Economics, Banking and Finance or Business Administration will be treated as additional qualification for the concerned person.	
	c) In respect of service, the concerned person should have excellent track record of performance.	
	d) Satisfaction should be ensured that the concerned person was not dismissed from service when he was chairman/ director/official of any company.	
	e) Any director of any bank or financial institution or any person who has business interest in the concerned bank will not be eligible for appointment to the post of the CEO.	
3	Transparency and financial integrity: Before making appointment as a CEO, satisfaction should be ensured to the effects that:	
	a. The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.	Complied
	b. He has not deferred payment to creditors or has not compromised with his creditors to be relieved from debts or he is not a loan defaulter.	
	c. He is not a tax defaulter.	
	d. He has never been adjudicated a bankrupt by the Court.	
4	Age Limit: No person crossing the age of 65 years shall hold the post of CEO of a bank.	Complied
5	Tenure: The tenure of the CEO shall not be more than 03 (three) years, which is renewable. If the candidate has less than 3 years left to attain 65 years, he/she can be appointed for that shorter period	Complied
6	Guidelines in fixing the salary and allowances: Banks are required to follow the guidelines stated below while determining the salary and allowances of the CEO and submitting such proposal to Bangladesh Bank:	
	a. In fixing the salary and allowances of the CEO, financial condition, scope of operation, business-volume and earning capacity of the bank; qualifications, achievement of the candidate in the past, age and experience and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.	Complied
	b. Total salary shall be comprised of direct salary covering 'Basic Salary' and 'House Rent' and allowances as 'Others'. The allowances (e.g., provident fund, utility bill, leave-fare assistance) in 'Others' head should be specified in amount/ ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be converted in the monetary value and thus determining monthly total salary, it shall have to be mentioned in the proposal submitted to Bangladesh Bank. In the proposal, Basic Salary, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in Taka amount.	
	c. Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable.	
	d. Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the work performance of the current CEO.	
	e. The CEO so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, club expense, etc.) other than the salary-allowances and other facilities as enumerated in clause (b) above.	
	f. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.	
7	Incentive Bonus: The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1,000,000 in a year.	Complied
8	Honorarium for attending the Board Meeting: Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	Evaluation Report: For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to Bangladesh Bank.	Complied
10	Prior Approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2018). 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:	

Sl. No.	Particulars	Compliance Status
	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

Sl. No.	Particulars	Compliance Status
A	Rules and regulations for appointment of an Advisor	
1	Experience and Suitability: For appointment as advisor, the concerned person will have to fulfill the following requirements with regard to experience and qualifications:	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
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-2020

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

الحمد لله رب العلمين والصلوة والسلام على سيدنا محمد واله واصحابه اجمعين

All praises is due 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 03 (three) Supervisory Committee Meetings and 2 (two) Sub Committee Meeting in the year-2020 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. 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. After normalization of the Covid-19 Pandemic 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 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-২০২০

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

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 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 ২০২০ ইং সনে সুপারভাইজারী কমিটির ৩ (তিনটি) টি সভা এবং সাব কমিটির ২ (দুই) 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। 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 কর্মকান্ডে সে সবের পরিপূর্ণ বাস্তবায়ন-এর প্রতি ব্যবস্থাপনা কর্তৃপক্ষকে আরও সচেষ্ট থাকতে পরামর্শ দেয়া হয়েছে।

৪. দেশের আর্থ-সামাজিক অবস্থার উন্নয়নে ও অপেক্ষাকৃত সুবিধাবঞ্চিত মানুষের দারিদ্র বিমোচনে বিদ্যমান বিনিয়োগ প্রকল্পসমূহের পাশাপাশি আরও নতুন নতুন ক্ষুদ্র বিনিয়োগ বিশেষভাবে কৃষি খাতের উন্নয়নে কার্যকর বিনিয়োগ প্রকল্প গ্রহণ করা একান্ত প্রয়োজন, যাতে পল্লী অঞ্চলের জনগণের মধ্যে শরীয়াহ্ভিত্তিক অর্থনীতির সুফল আরও ব্যাপক আকারে প্রসার লাভ করতে পারে।

৫. বাই'য়ে মুয়াজ্জাল ও বাই'য়ে মুরাবাহা বিনিয়োগসহ সকল ক্ষেত্রে ব্যবস্থাপনা কর্তৃপক্ষকে ব্যাংক কর্তৃক মালামাল ক্রয়-বিক্রয় নিশ্চিত করার জন্য অপরিহার্য ডক্যুমেন্টস সম্পর্কে আরও সজাগ থাকতে হবে। পাশাপাশি, ধাপে ধাপে মুদারাবা ও মুশারাকা বিনিয়োগ পদ্ধতির অনুশীলনেও বাস্তব পদক্ষেপ গ্রহণ করতে হবে।

৬. শাখা পর্যায়ে শরীয়াহ্ নিরীক্ষা কার্যক্রম আরও ব্যাপকভাবে পরিচালনা করে ব্যাংকিং সেবায় শরীয়াহ্ 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 করোনা (কোভিড-১৯) পরিস্থিতি স্বাভাবিক হলে 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 year which was different from any other year. Our operating profit had negative growth but other financial indicators were stable and improving in a different scenario. As on 31 December 2020, our market capitalization was Tk. 22,444 million, with 28,924 shareholders. We had Tk. 293,518 million of total assets, Tk. 196,513 million of General Investment, Tk.218,443 million of deposits and Tk. 17,949 million of shareholder's equity.

Covid-19 impact and management

The COVID-19 pandemic has created global crisis of a completely different magnitude and one that requires a response of unprecedented scale. Business activities of majority of the organizations interrupted because of the lockdown, starting from 26 March, 2020. In addition RMG businesses started losing their confirmed orders. With limited operations, banks continued to face reduction in earnings from non-interest/non-profit income sources as well as interest/ profit income for implementation of 9% interest/profit rate cap. The realization of loan/investment has reduced drastically as well as the private sector credit/ investment growth was lower than expected. In order to manage the negative impact of COVID–19 government has announced various stimulus packages of Tk.1,240,530 million, majority of which is facilitated by the commercial banks. Accordingly, SJIBL has actively participated in all the stimulus packages and distributed Tk. 12,867.20 million to different clients under different packages. We have taken every possible step to lessen the adverse impacts of COVID-19.

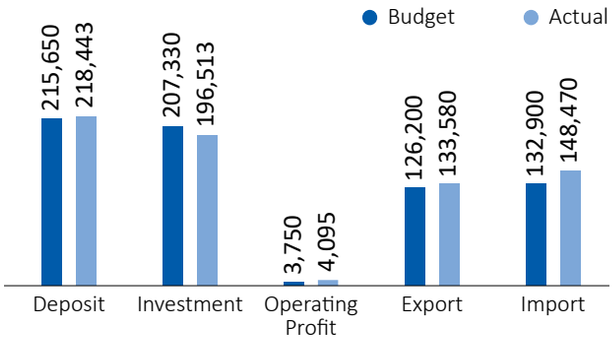
Budget and achievement

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. First quarter of 2020 was very much impressive; there were tremendous growth in almost all the indicators. The growth was seriously affected by COVID-19 pandemic as well as profit rate cap by Bangladesh Bank. In this adverse situation we had to revise our target and fixed up a revised Budget. Fortunately, we have achieved almost all the targets set in our revised budget 2020. The important targets and their achievements of 2020 are shown below:

Amount in million Taka

Sl.	Particulars	Budget	Actual	Achievement
1	Deposit	215,650	218,443	101%
2	Investment	207,330	196,513	95%
3	Operating profit	3,750	4,095	109%
4	Export	126,200	133,580	106%
5	Import	132,900	148,470	112%

Budget VS Achievement in Key Indicator (Million Taka)



Cost Rationalization

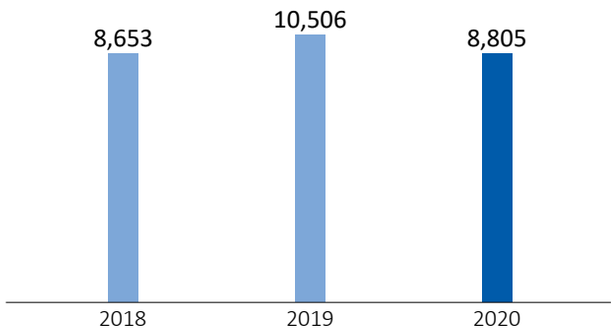
Due to the emergence of COVID 19 pandemic and profit rate cap by Bangladesh Bank in 2020 cost rationalization had become essential for the existence of banking sector as a whole. In this regard, Financial Administration Division had made a drive of cost rationalization awareness and initiatives across SJIBL. We had made a noteworthy contribution by reducing Rent, Taxes, Insurance, Electricity etc. by 6.06%, Stationary, Printing, Advertisement, etc. by 30.19% and Other Expenses by 8%. In spite of savings of operating expenses, cost to income ratio increased slightly due to profit rate cap. In the coming days, we will focus more on cost rationalization that will reap up the benefits for the Bank.

Financial performance highlights of SJIBL

Banking industry passed a challenging year due to COVID 19 pandemic in 2020. Despite intensified challenges, SJIBL managed its portfolio efficiently closing the year 2020 with an NPL of 4.57% that was 4.91% in 2019 which is lower than that of industry average of 7.77%. The prime focus during the year has been improving asset quality, recovering classified investments, mobilization of low cost no cost deposits, process automation, upholding service excellence, and rationalizing costs. A brief review of financial performances is as follows:

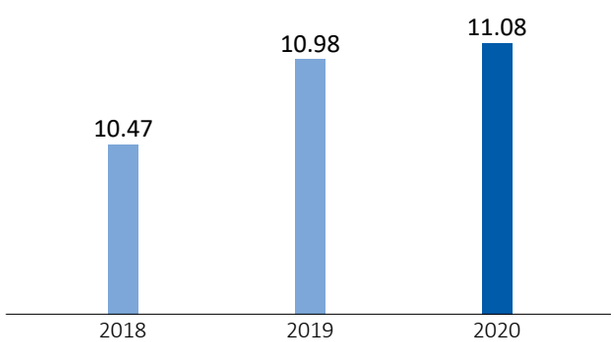
- Net profit income decreased by 21.77% in 2020 compared to last year due to profit rate cap by Bangladesh Bank and negative investment growth for COVID 19 during the year. Profit income decreased by 16.05% and profit expense decreased by 12.92%.
- Non-profit income decreased by 4.13% mainly due to decrease of commission, exchange and brokerage income by 14.84% and increase of income from investment in shares and securities by 30.61%. A decrease in export and import business due to outbreak of COVID 19 pandemic all over the world resulted a decreased commission, exchange and brokerage income in 2020. On the other hand Bank had huge liquidity due to lower investment appetite in the market due to COVID lead uncertainty. The Bank used its idle money in investment in shares and securities as a result income from investment in shares and securities increased by 30.61%.
- The operating income decreased by 16.19% and operating expense increased by 1.50% during the year 2020 compared to last year. As a consequence, operating profit of the Bank decreased notably by 30.18% and reached at Tk. 4,095 million in 2020 from Tk.5,865 million in 2019.

Operating Income (Amount in million)



- Total provision decreased by 77.10% in 2020 compared to last year due to extension of moratorium period up to 31 December 2020 and restriction imposed by Bangladesh Bank for classification of investment as well as increase of market price of quoted securities.
- Total tax provision decreased by 20.25% in 2020 compared to last year mainly due to decrease of operating profit by 30.18% in 2020.
- Finally Bank's profit after tax (PAT) increased by BDT 189.90 million or 11.05% in 2020 compared to 2019.
- ROE increased to 11.08% from 10.98% and ROA increased to .68% from .67% due to increase of profit after tax by 11.05%. Cost to income ratio increased slightly due to lower growth of operating income than that of operating expense. The Capital to risk weighted assets ratio (CRAR) decreased to 14.19% in 2020 from 15.58% in 2019. CRAR decreased due to regulatory deduction and repayment of Mudaraba Subordinated Bond.

Return of Equity (%)



Appropriation of profit

Profit after tax of the Bank stood at Tk. 1,908.20 million during the year out of which Tk.728.68 million was required to transfer to statutory reserve in 2020. Thus, cumulative profit available for distribution stands at BDT 1,187.96 million out of which the Board of Directors recommended 12% dividend (7% cash & 5% stock) for the year 2020. The Bank has been paying attractive dividend to its shareholders from its inception representing attractive market value of its share.

Capital adequacy status under Basel III

Bank's Capital to Risk Weighted Assets Ratio (CRAR) remains consistently within the comfort zone against the requirement of 12.5% (Minimum total capital ratio plus capital conservation buffer) and ended at 14.19% as on 31 December 2020. The

Bank issued 1st and 2nd Mudaraba Subordinated Bond of BDT 4,000 & 6,000 million respectively. Repayment of 1st Mudaraba Subordinated Bond is going on. However, to keep pace with the business growth and increased CRAR requirement, issuance of Mudaraba Perpetual Bond of Tk.5,000 million is under process, which will increase our Additional Tier-1 capital as well as the 5% stock dividend will also increase our Tier-1 capital further. 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 to strengthen its capital base.

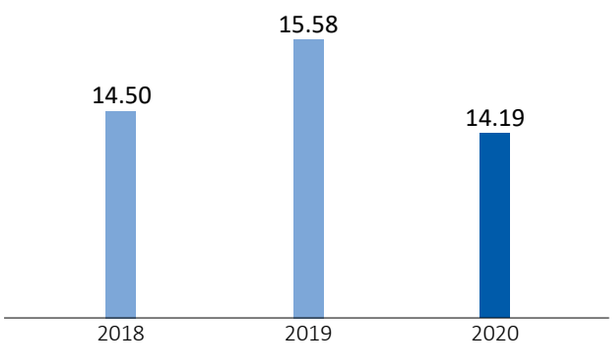
Non-performing Investments

Non-performing investment of banking sector of Bangladesh stood at 7.77% as on 31 December 2020 whereas non-performing investment of SJIBL was 4.57% 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. NPI of SJIBL came down to 4.57% from 4.91% of previous year. However, we are taking more initiatives to realize and regularize non-performing investments and reducing it further.

Regulatory Compliance

Our utmost priority is to safeguard the interest of our customers and shareholders. We have continued to work closely with the regulators to ensure compliance in every aspect. Our focus during 2020 was to conduct businesses prudently keeping ourselves within regulatory framework. Accordingly, we complied with all key regulatory ratios of the Bank namely CRR, SLR, ID ratio, CRAR, leverage ratio, MCO, capital market exposure, LCR & NSFR that clearly shows our commitment to key stakeholders. All the reports, returns, statements required to submit different regulatory authorities has been submitted within stipulated time in a complete and correct manner. The bank complied with all regulatory requirements of primary regulator Bangladesh Bank as well as all other regulators during the year 2020.

CRAR (%)



Financial Reporting

The Financial Statements for the year ended on 31 December 2020 have been prepared in compliance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and where there are any departures from the Standards, adequate disclosures have been made in the notes to the Financial Statements.

Accounting estimates and judgments related to Financial Statements were made on a prudent, reasonable and consistent basis. The Financial Statements are prepared on going concern assumption.

Applicable circulars and Guidelines of Bangladesh Bank, Companies Act 1994, Bank Companies Act 1991, Securities & Exchange Commission Rules and other applicable laws, Rules and Guidelines are complied with, in preparing Financial Statements.

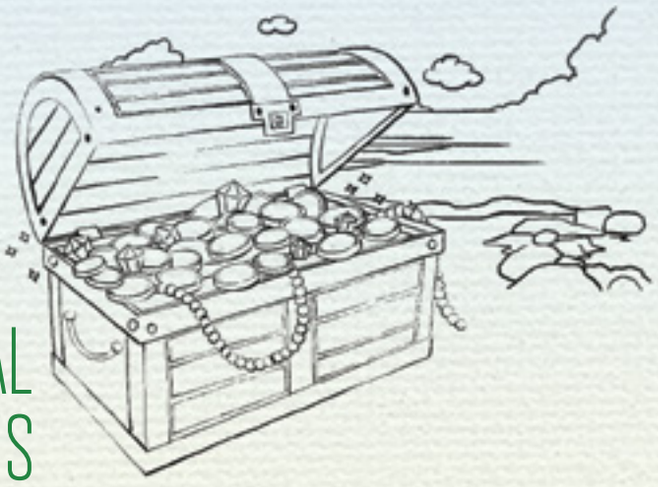
Adequate disclosure is made to the Financial Statements by taking care of the needs and requirements of all types of stakeholders. SJIBL focuses on transparent and appropriate disclosures through financial reporting.

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 sheets as at 31 December 2020 and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2020, and of its consolidated and separate financial performance, and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note no. 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), guidelines issued by Bangladesh Bank, and rules and regulations issued by Bangladesh Securities and Exchange Commission (BSEC), 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. Investments	
Refer to note no. 8 to the consolidated and separate financial statements	
Investments are the main element of financial statements of the Bank. Income of the Bank is mainly dependent on the portfolio of investments. Management performance is highly dependent on the target achievement of investments. Investment disbursement requires robust documentation followed by approval from appropriate level of authority. We have identified investments as key audit matter because there is an inherent risk of fraud in disbursement of investments by management to meet specific targets or expectations. At year end the Group and the Bank reported total gross investments of BDT 199,137 million (2019: BDT 200,299 million) and BDT 196,512 million (2019: BDT 197,285 million) respectively.	We tested the design and operating effectiveness of key controls focusing on credit appraisal, investment disbursement procedures and monitoring process of investments. We have performed procedure to check whether the Bank has ensured appropriate documentation as per Bangladesh Bank regulations and the Bank's policy before disbursement of investments. In addition, we have performed procedure to check whether the investments are recorded completely and accurately and that are existed at the reporting date. Furthermore, we have assessed the appropriateness of disclosure against Bangladesh Bank guidelines.

Description of key audit matters	Our response to key audit matters
2. Recognition of income from investments	
Refer to note no. 8 and 23 to the consolidated and separate financial statements	
Recognition of investment income has significant and wide influence on financial statements. Recognition and measurement of investment income has involvement of complex IT environment. We have identified recognition of income from investments as a key audit matter because this is one of the key performance indicators of the Bank and therefore there is an inherent risk of fraud and error in recognition of income by management to meet specific targets or expectations.	We tested the design and operating effectiveness of key controls over recognition and measurement of income from investments. We have performed test of operating effectiveness on automated control in place to measure and recognise investment income. We have also performed substantive procedure to check whether investment income is recognised completely and accurately. We have assessed the appropriateness and presentation of disclosure against relevant accounting standards and Bangladesh Bank guidelines.
3. Measurement of provision for investment	
Refer to note no. 8, 15a and 40 to the consolidated and separate financial statements	
The process for estimating 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 client; • Key assumptions relating to further business performance of the client; • 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. 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 provision for investments of BDT 6,015 million (2019: BDT 5,510 million) and BDT 5,664 million (2019: BDT 5,159 million) respectively.	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 Group and the Bank's 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; and • Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.
4. Impairment assessment of unquoted shares	
Refer to note no. 7a.5 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 have tested a sample of investment valuation as at 31 December 2020 and compared our results to the recorded value. Finally, we have assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.

Description of key audit matters	Our response to key audit matters
5. Carrying value of investment in subsidiary by the Bank	
Refer to note no. 10a 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 2020 the carrying value of these investments in Shahjalal Islami Bank Securities Limited is BDT 2,515 million (2019: 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 the subsidiary in accordance with IAS 36: Impairment of Assets. In particular, our discussion with the management was 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.
6. 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 estimation 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 Group and 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 the Bank's provisions and contingent liabilities disclosure.
7. IT systems and controls	
Our audit procedures have focused 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 and the Bank's IT access controls over the information systems that are critical to financial reporting. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised. We tested the Group and the Bank's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. 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 Information

Management is responsible for the other information. The other information comprises all of the information included 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 no. 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 Banking Companies 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 consolidated and separate 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 Banking Companies Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

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

(ii) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibilities for the Audit of the 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 entity;

(iii) financial statements for the year ended 31 December 2020 of subsidiary namely Shahjalal Islami Bank Securities Limited have been audited by K. M. Hasan & 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 accounts 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 4,200 person hours; and

(xii) Capital to Risk-weighted Assets Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka,
10 March 2021

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787

DVC : 2103100787AS738073

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Balance Sheet

As at 31 December 2020

	Note	31.12.2020 Taka	31.12.2019 Taka
Property and Assets			
Cash			
Cash in Hand (including Foreign Currencies)	3	1,814,745,636	2,209,024,307
Balance with Bangladesh Bank & Sonali Bank Ltd (including Foreign Currencies)	4	13,351,033,150	15,539,227,347
		15,165,778,786	**17,748,251,654**
Balance with other Banks and Financial Institutions			
Inside Bangladesh		2,983,335,984	1,780,506,464
Outside Bangladesh		4,759,516,675	608,258,408
	5	**7,742,852,659**	**2,388,764,872**
Placement with other Banks & Financial Institutions	6	**23,646,670,016**	**12,361,483,166**
Investments in Shares & Securities			
Government		21,695,610,000	11,750,000,000
Others		7,700,804,301	5,548,441,179
	7	**29,396,414,301**	**17,298,441,179**
Investments			
General Investment etc.		184,095,800,600	185,685,308,986
Bills Purchased and Discounted		15,041,318,459	14,614,015,788
	8	**199,137,119,059**	**200,299,324,774**
Fixed Assets including Premises, Furniture and Fixtures	9	**4,872,812,072**	**4,557,631,359**
Other Assets	10	**15,917,222,101**	**13,843,340,562**
Non-Banking Assets	11	**88,909,355**	**88,909,355**
Total Property and Assets		**295,967,778,349**	**268,586,146,921**
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12	**19,856,439,728**	**11,752,538,519**
Deposits and Other Accounts			
Mudaraba Savings Deposits		30,316,556,422	24,786,164,728
Mudaraba Term Deposits		81,508,507,043	82,805,155,336
Other Mudaraba Deposits		67,907,231,368	62,791,526,991
Al-Wadeeah Current & Other Deposit Accounts		34,433,455,394	28,408,125,716
Bills Payable		3,889,060,291	4,335,581,019
	13	**218,054,810,518**	**203,126,553,791**
Mudaraba Subordinated Bond	14	**9,200,000,000**	**10,000,000,000**
Other Liabilities	15	**30,403,236,018**	**26,771,315,560**
Deferred Tax Liabilities	16	**256,677,740**	**186,322,984**
Total Liabilities		**277,771,164,004**	**251,836,730,853**
Capital/Shareholders' Equity			
Paid-up Capital	17.2	9,800,923,350	9,334,212,720
Statutory Reserve	18	6,959,872,664	6,231,188,665
Capital Reserve		2,878,961	2,878,961
Retained Earnings	19	1,206,062,264	954,727,530
Total Shareholders' Equity		**17,969,737,239**	**16,523,007,876**
Non-controlling Interest	17.7	**226,877,106**	**226,408,192**
Total Liabilities & Shareholders' Equity		**295,967,778,349**	**268,586,146,921**

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Off-balance Sheet Items

As at 31 December 2020

	Note	31.12.2020 Taka	31.12.2019 Taka
Contingent Liabilities			
Acceptances & endorsements		37,961,567,205	35,064,492,967
Letters of guarantee	20	31,092,059,818	29,749,668,530
Irrevocable letters of credit	21	34,857,199,890	31,562,148,000
Bills for collection		16,124,209,575	16,714,181,896
Other contingent liabilities		-	-
Total		**120,035,036,488**	**113,090,491,393**
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		**120,035,036,488**	**113,090,491,393**
Consolidated Net Asset Value per Share [previous year's figure restated]	42(i)	**18.33**	**16.86**

The annexed notes from 1 to 54 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.

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787
DVC : 2103100787AS738073

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Profit and Loss Account

For the year ended 31 December 2020

	Note	2020 Taka	2019 Taka
Operating Income			
Investment Income	23	16,986,601,742	20,301,832,199
Less: Profit paid on Deposits	24	11,440,711,730	13,206,651,379
Net Investment Income		**5,545,890,012**	**7,095,180,820**
Income from Investments in Shares/Securities	25	722,883,847	554,392,574
Commission, Exchange and Brokerage	26	1,857,875,279	2,152,478,637
Other Operating Income	27	818,539,311	797,137,757
		3,399,298,436	**3,504,008,968**
Total Operating Income		**8,945,188,449**	**10,599,189,788**
Operating Expenses			
Salaries and Allowances	28	3,031,500,629	2,962,806,871
Rent, Taxes, Insurances, Electricity etc.	29	438,197,925	485,427,141
Legal Expenses	30	2,109,580	1,400,755
Postage, Stamps, Telecommunication etc.	31	46,959,444	42,371,544
Stationery, Printings, Advertisements etc.	32	84,665,701	120,538,132
Chief Executive's Salary & Fees	33	21,572,700	19,957,000
Directors' Fees & Expenses	34	6,737,530	7,396,409
Shariah Supervisory Committee's Fees & Expenses	35	295,512	1,317,660
Auditors' Fees	36	540,250	574,750
Depreciation & Repairs of Assets	37	408,833,601	308,457,118
Zakat Expenses	38	160,982,542	140,732,626
Other Expenses	39	620,498,003	675,394,431
Total Operating Expenses		**4,822,893,418**	**4,766,374,437**
Profit/ (Loss) before Provision	22	**4,122,295,031**	**5,832,815,351**
Specific provision for Classified Investments		156,994,000	1,160,780,000
General Provision for Unclassified Investments		228,500,000	525,400,000
General Provision for Off-balance Sheet Items		65,900,000	32,200,000
Provision for diminution in value of Investments in Shares		-	252,600,000
Provision for Other Assets		-	-
Total Provision	40	**451,394,000**	**1,970,980,000**
Total Profit/ (Loss) before Taxes		**3,670,901,031**	**3,861,835,351**
Provision for Taxation			
Deferred Tax	41	70,354,756	44,887,632
Current Tax	41b	1,686,637,361	2,158,307,672
		1,756,992,117	**2,203,195,304**
Net Profit/ (Loss) after Tax		**1,913,908,914**	**1,658,640,047**

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Profit and Loss Account

For the year ended 31 December 2020

	Note	2020 Taka	2019 Taka
Net Profit after Tax attributable to:			
Equity holders of SJIBL		1,913,440,000	1,663,539,273
Non-controlling Interest		468,914	(4,899,226)
		1,913,908,914	**1,658,640,047**
Retained Earnings from previous year		954,727,530	921,461,996
Add: Net Profit after Tax (attributable to equity holders of SJIBL)		1,913,440,000	1,663,539,273
Profit available for Appropriation		**2,868,167,530**	**2,585,001,270**
Appropriation:			
Statutory Reserve	18	728,684,000	778,829,989
Dividend		933,421,266	848,564,790
Capital Reserve		-	2,878,961
Retained Earnings	19	1,206,062,264	954,727,530
		2,868,167,530	**2,585,001,270**
Consolidated Earnings per Share [previous year's figure restated]	42	**1.95**	**1.70**

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Chairman **Director** **Director** **Managing Director**

This is the consolidated profit and loss account referred to in our separate report of even date.

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787
DVC : 2103100787AS738073

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 Taka	2019 Taka
Cash flows from operating activities			
Investment income receipt in cash	43	17,801,979,787	20,865,745,069
Profit paid on deposits	44	(12,336,325,947)	(12,811,231,677)
Dividend receipts		46,331,181	47,139,321
Fees & commission receipt in cash		1,855,753,778	2,145,879,490
Recoveries on investment previously written off		24,654,765	25,546,074
Cash payments to employees		(3,053,073,329)	(2,982,763,871)
Cash payments to suppliers		(84,665,701)	(120,538,132)
Income tax paid		(2,185,842,395)	(1,980,449,839)
Receipts from other operating activities	45	825,332,151	800,783,164
Payments for other operating activities	46	(1,283,938,535)	(1,385,159,900)
(i) Operating profit before changes in operating assets & liabilities		**1,610,205,756**	**4,604,949,699**
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		1,162,205,716	(10,325,846,999)
(Increase)/decrease in other assets	47	143,745,220	17,138,990
(Increase)/decrease of placement with other banks & financial institutions		(11,285,186,850)	(848,186,850)
Increase/(decrease) in deposits from other banks		366,775,113	1,002,101,414
Increase/(decrease) of placement from other banks & financial institutions		8,146,268,450	(12,576,095,036)
Increase/(decrease) in deposits received from customers		15,236,731,886	24,993,761,761
Increase/(decrease) in other liabilities on account of customers		992,271,283	1,886,104,691
Increase/(decrease) in other liabilities	48	476,963,050	259,197,883
(ii) Cash flows from operating assets and liabilities		**15,239,773,867**	**4,408,175,853**
Net cash flow from operating activities (A)=(i+ii)		**16,849,979,622**	**9,013,125,552**
Cash flows from investing activities			
Proceeds from sale of securities		690,123,080	311,857,274
Payments for purchases of securities		(12,788,096,201)	(3,731,936,837)
Proceeds from sale of fixed assets		5,342,071	208,086,515
Payments for purchases of property, plants & equipments		(721,144,515)	(989,521,089)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		**(12,813,775,566)**	**(4,201,514,137)**
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts/(payments) of Mudaraba Subordinated Bond		(800,000,000)	-
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary shareholders		(466,710,636)	-
Net cash used in financing activities (C)		**(1,266,710,636)**	**-**
Net increase in cash & cash equivalents (A+B+C)		**2,769,493,420**	**4,811,611,415**
Add: Effect of exchange rate changes on cash & cash equivalents		2,121,500	6,599,147
Add: Cash and cash equivalents at the beginning of the year		20,137,016,525	15,318,805,963
Cash and cash equivalents at the end of the year	49	**22,908,631,445**	**20,137,016,525**
Consolidated Net Operating Cash Flow per Share (NOCFPS)	42(ii)	**17.19**	**9.20**
[Previous year's figure restated]			

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Chairman **Director** **Director** **Managing Director**

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020 (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 2020	9,334,212,720	6,231,188,665	2,878,961	954,727,530	226,408,192	16,749,416,068
Dividend for the year 2019:						
Stock Dividend (5%)	466,710,630	-	-	(466,710,630)	-	-
Cash Dividend Paid (5%)	-	-	-	(466,710,636)	-	(466,710,636)
Net profit during the year	-	728,684,000	-	1,184,756,000	468,914	1,913,908,914
Total Shareholders' Equity as at 31 December 2020	**9,800,923,350**	**6,959,872,664**	**2,878,961**	**1,206,062,264**	**226,877,106**	**18,196,614,345**
Add: General Provision for Unclassified Investments & Off-balance Sheet Items						3,207,465,735
Add: Mudaraba Subordinated Bond						6,720,000,000
Less: Shortfall of provision required against investments						329,797,981
Total Eligible Regulatory Capital as at 31 December 2020						**27,794,282,099**

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
10% Stock Dividend issued 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 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 Investments & Off-balance Sheet Items						2,818,065,735
Add: Mudaraba Subordinated Bond						9,200,000,000
Less: Shortfall of provision required against investments						998,320,159
Total Eligible Regulatory Capital as at 31 December 2019						**27,769,161,643**

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Chairman **Director** **Director** **Managing Director**

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited

Balance Sheet

As at 31 December 2020

	Note	31.12.2020 Taka	31.12.2019 Taka
Property and Assets			
Cash			
Cash in Hand (including Foreign Currencies)	3a	1,814,745,636	2,209,024,307
Balance with Bangladesh Bank & Sonali Bank Ltd (including Foreign Currencies)	4a	13,351,033,150	15,539,227,347
		15,165,778,786	**17,748,251,654**
Balance with other Banks and Financial Institutions			
Inside Bangladesh		2,975,866,157	1,773,169,975
Outside Bangladesh		4,759,516,675	608,258,408
	5a	**7,735,382,832**	**2,381,428,382**
Placement with other Banks & Financial Institutions	6a	**23,646,670,016**	**12,361,483,166**
Investments in Shares & Securities			
Government		21,695,610,000	11,750,000,000
Others		5,914,149,344	3,889,417,772
	7a	**27,609,759,344**	**15,639,417,772**
Investments			
General Investment etc.		181,471,332,782	182,671,664,294
Bills Purchased and Discounted		15,041,318,459	14,614,015,788
	8a	**196,512,651,241**	**197,285,680,082**
Fixed Assets including Premises, Furniture and Fixtures	9a	**4,740,650,245**	**4,503,970,454**
Other Assets	10a	**18,018,050,356**	**15,983,396,045**
Non-Banking Assets	11	**88,909,355**	**88,909,355**
Total Property and Assets		**293,517,852,175**	**265,992,536,911**
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12a	**19,730,962,466**	**11,382,596,297**
Deposits and Other Accounts			
Mudaraba Savings Deposits		30,316,566,001	24,786,167,880
Mudaraba Term Deposits		81,508,507,043	82,805,155,336
Other Mudaraba Deposits		68,295,354,091	62,937,938,001
Al-Wadeeah Current & Other Deposit Accounts		34,433,462,289	28,408,133,488
Bills Payable		3,889,060,291	4,335,581,019
	13a	**218,442,949,715**	**203,272,975,725**
Mudaraba Subordinated Bond	14	**9,200,000,000**	**10,000,000,000**
Other Liabilities	15a	**27,935,935,686**	**24,641,621,683**
Deferred Tax Liabilities	16a	**259,248,945**	**188,075,793**
Total Liabilities		**275,569,096,812**	**249,485,269,498**
Capital/Shareholders' Equity			
Paid-up Capital	17.2	9,800,923,350	9,334,212,720
Statutory Reserve	18	6,959,872,664	6,231,188,665
Retained Earnings	19a	1,187,959,349	941,866,028
Total Shareholders' Equity		**17,948,755,363**	**16,507,267,412**
Total Liabilities & Shareholders' Equity		**293,517,852,175**	**265,992,536,911**

Shahjalal Islami Bank Limited

Off-balance Sheet Items

As at 31 December 2020

	Note	31.12.2020 Taka	31.12.2019 Taka
Contingent Liabilities			
Acceptances & endorsements		37,961,567,205	35,064,492,967
Letters of guarantee	20	31,092,059,818	29,749,668,530
Irrevocable letters of credit	21	34,857,199,890	31,562,148,000
Bills for collection		16,124,209,575	16,714,181,896
Other contingent liabilities		-	-
Total		**120,035,036,488**	**113,090,491,393**
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		**120,035,036,488**	**113,090,491,393**
Net Asset Value per Share [previous year's figure restated]	42(i)	**18.31**	**16.84**

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman **Director** **Director** **Managing Director**

This is the balance sheet referred to in our separate report of even date.

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787
DVC : 2103100787AS738073

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2020

	Note	2020 Taka	2019 Taka
Operating Income			
Investment Income	23a	17,033,748,679	20,290,692,595
Less: Profit paid on Deposits	24a	11,418,428,603	13,112,331,753
Net Investment Income		**5,615,320,076**	**7,178,360,842**
Income from Investments in Shares/Securities	25a	625,322,945	478,761,405
Commission, Exchange and Brokerage	26a	1,752,496,265	2,057,856,991
Other Operating Income	27a	812,353,493	791,003,472
		3,190,172,702	**3,327,621,868**
Total Operating Income		**8,805,492,779**	**10,505,982,710**
Operating Expenses			
Salaries and Allowances	28a	2,980,281,717	2,911,379,476
Rent, Taxes, Insurances, Electricity etc.	29a	429,749,211	457,470,794
Legal Expenses	30a	1,235,580	1,145,455
Postage, Stamps, Telecommunication etc.	31a	44,513,612	39,643,446
Stationery, Printings, Advertisements etc.	32a	82,898,124	118,743,626
Chief Executive's Salary & Fees	33	21,572,700	19,957,000
Directors' Fees & Expenses	34	6,737,530	7,396,409
Shariah Supervisory Committee's Fees & Expenses	35	295,512	1,317,660
Auditor's Fees	36a	500,000	500,000
Depreciation & Repairs of Bank's Assets	37a	390,017,716	299,367,622
Zakat Expenses	38	160,982,542	140,732,626
Other Expenses	39a	591,894,537	643,198,651
Total Operating Expenses		**4,710,678,782**	**4,640,852,765**
Profit/ (Loss) before Provision	22a	**4,094,813,997**	**5,865,129,945**
Specific provision for Classified Investments		156,994,000	1,160,780,000
General Provision for Unclassified Investments		228,500,000	525,400,000
General Provision for Off-balance Sheet Items		65,900,000	32,200,000
Provision for diminution in value of Investments in Shares		-	252,600,000
Provision for Other Assets		-	-
Total Provision	40a	**451,394,000**	**1,970,980,000**
Total Profit/ (Loss) before Taxes		**3,643,419,997**	**3,894,149,945**
Provision for Taxation			
Deferred Tax	41a	71,173,152	45,611,319
Current Tax	41c	1,664,048,258	2,130,236,894
		1,735,221,410	**2,175,848,213**
Net Profit after Taxation		**1,908,198,587**	**1,718,301,732**

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2020

	Note	2020 Taka	2019 Taka
Retained Earnings from previous year		941,866,028	850,959,074
Add: Net Profit after Tax		1,908,198,587	1,718,301,732
Profit available for Appropriation		**2,850,064,615**	**2,569,260,807**
Appropriation:			
Statutory Reserve	18	728,684,000	778,829,989
Dividend		933,421,266	848,564,790
Retained Earnings	19a	1,187,959,349	941,866,028
		2,850,064,615	**2,569,260,807**
Earnings per Share (EPS) [previous year's figure restated]	42a	**1.95**	**1.75**

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman **Director** **Director** **Managing Director**

This is the profit and loss account referred to in our separate report of even date.

Signed for & on behalf of
ACNABIN
Chartered Accountants

Md Moniruzzaman FCA
Partner
ICAB Enrollment No. 787
DVC : 2103100787AS738073

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited

Cash Flow Statement

For the year ended 31 December 2020

	Note	2020 Taka	2019 Taka
Cash flows from operating activities			
Investment income receipt in cash	43a	17,580,956,079	20,635,681,058
Profit paid on deposits	44a	(12,093,678,875)	(12,533,641,554)
Dividend receipts		46,331,181	47,139,321
Fees & commission receipt in cash		1,750,374,764	2,051,257,844
Recoveries on investment previously written off		24,654,765	25,546,074
Cash payments to employees		(3,001,854,417)	(2,931,336,476)
Cash payments to suppliers		(82,898,124)	(118,743,626)
Income tax paid		(2,156,182,447)	(1,952,776,321)
Receipts from other operating activities	45a	811,759,372	790,996,280
Payments for other operating activities	46a	(1,250,116,440)	(1,321,446,577)
(i) Operating Profit before changes in operating assets & liabilities		**1,629,345,858**	**4,692,676,024**
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		773,028,842	(11,368,528,888)
(Increase)/decrease in other assets	47a	153,312,500	393,133,601
(Increase)/decrease of placement with other banks & financial institutions		(11,285,186,850)	(848,186,850)
Increase/(decrease) in deposits from other banks		366,775,113	1,002,101,414
Increase/(decrease) of placement from other banks & financial institutions		8,348,366,169	(12,083,005,530)
Increase/(decrease) in deposits received from customers		15,478,449,149	24,830,671,105
Increase/(decrease) in other liabilities on account of customers		992,271,283	1,886,104,691
Increase/(decrease) in other liabilities	48a	161,945,697	400,288,889
(ii) Cash flows from operating assets and liabilities		**14,988,961,902**	**4,212,578,431**
Net cash flow from operating activities (A)=(i+ii)		**16,618,307,760**	**8,905,254,454**
Cash flows from investing activities			
Proceeds from sale of securities		259,379,720	201,864,599
Payments for purchases of securities		(12,229,721,292)	(3,520,751,174)
Proceeds from sale of fixed assets		5,036,971	208,086,515
Payments for purchases of property, plants & equipments		(616,932,441)	(985,909,527)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		**(12,582,237,042)**	**(4,096,709,589)**
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts/(payments) of Mudaraba Subordinated Bond		(800,000,000)	-
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary shareholders		(466,710,636)	-
Net cash used in financing activities (C)		**(1,266,710,636)**	**-**
Net increase in cash & cash equivalents (A+B+C)		**2,769,360,082**	**4,808,544,866**
Add: Effect of exchange rate changes on cash & cash equivalents		2,121,500	6,599,147
Add: Cash and cash equivalents at the beginning of the year		20,129,680,036	15,314,536,023
Cash and cash equivalents at the end of the year	49a	**22,901,161,618**	**20,129,680,036**
Net Operating Cash Flow per Share (NOCFPS)	42(ii)	**16.96**	**9.09**
[Previous year's figure restated]			

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman **Director** **Director** **Managing Director**

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2020 (Amount in Taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total Capital/ Shareholders' Equity
Balance as at 01 January 2020	9,334,212,720	6,231,188,665	941,866,028	16,507,267,412
Dividend for the year 2019:				
Stock Dividend (5%)	466,710,630	-	(466,710,630)	-
Cash Dividend Paid (5%)	-	-	(466,710,636)	(466,710,636)
Net profit during the year	-	728,684,000	1,179,514,587	1,908,198,587
Total Shareholders' Equity as at 31 December 2020	**9,800,923,350**	**6,959,872,664**	**1,187,959,349**	**17,948,755,363**
Total Equity for the purpose of Capital Adequacy				
Equity as per above				**17,948,755,363**
Add: General Provision for Unclassified Investments & Off-Balance Sheet Items				3,159,500,000
Add: Mudaraba Subordinated Bond				6,720,000,000
Total Eligible Regulatory Capital as at 31 December 2020				**27,828,255,363**

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 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 Investments & Off-Balance Sheet Items				2,770,100,000
Add: Mudaraba Subordinated Bond				9,200,000,000
Total Eligible Regulatory Capital as at 31 December 2019				**28,477,367,412**

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman **Director** **Director** **Managing Director**

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited

Liquidity Statement
(Assets & Liabilities Maturity Analysis)

As at 31 December 2020

(Amount in Taka)

Particulars	Up to 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets						
Cash in Hand	1,814,745,636	-	-	-	-	1,814,745,636
Balance with other Banks and Financial Institutions	12,011,433,982	-	-	-	9,074,982,000	21,086,415,982
Placement with other Banks & Financial Institutions	6,650,000,000	13,685,300,000	3,000,000,000	311,370,016	-	23,646,670,016
Investments in Shares & Securities	7,194,149,344	7,020,000,000	6,300,000,000	6,055,610,000	1,040,000,000	27,609,759,344
Investments	27,708,283,825	65,006,385,030	73,751,198,011	25,271,526,950	4,775,257,425	196,512,651,241
Fixed Assets including Premises, Furniture and Fixtures	26,131,026	52,262,052	235,179,233	1,995,896,123	2,431,181,812	4,740,650,245
Other Assets	325,564,057	217,042,705	1,922,378,244	13,038,065,349	2,515,000,000	18,018,050,356
Non-Banking Assets	-	-	88,909,355	-	-	88,909,355
Total Assets (i)	**55,730,307,871**	**85,980,989,787**	**85,297,664,843**	**46,672,468,438**	**19,836,421,237**	**293,517,852,175**
Liabilities						
Placement from other Banks & Financial Institutions	6,164,056,818	4,093,975,632	9,472,930,016	-	-	19,730,962,466
Deposits and Other Accounts	48,296,658,180	79,302,244,650	56,570,356,609	26,869,501,944	7,404,188,333	218,442,949,715
Mudaraba Subordinated Bond	-	-	2,000,000,000	7,200,000,000	-	9,200,000,000
Other Liabilities	639,732,927	1,868,914,097	10,422,897,605	10,336,296,204	4,668,094,853	27,935,935,686
Deferred Tax Liabilities	-	-	-	-	259,248,945	259,248,945
Total Liabilities (ii)	**55,100,447,926**	**85,265,134,379**	**78,466,184,229**	**44,405,798,148**	**12,331,532,131**	**275,569,096,812**
Net Liquidity Gap (i-ii)	**629,859,945**	**715,855,408**	**6,831,480,614**	**2,266,670,291**	**7,504,889,106**	**17,948,755,363**

The annexed notes from 1 to 54 form an integral part of these financial statements.

Chairman **Director** **Director** **Managing Director**

Dhaka,
10 March 2021

Shahjalal Islami Bank Limited and its Subsidiary

Notes to the Consolidated and Separate Financial Statements

As at and for the year ended 31 December 2020

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) on 01 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. Currently, the Bank is operating its business through head office having 132 (one hundred thirty two) branches, 110 (one hundred ten) ATM booths, 52 (fifty two) agent banking outlets and 2,657 employees all over Bangladesh. The Bank also has a subsidiary Company named 'Shahjalal Islami Bank Securities Limited' and an Offshore 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-04, 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 Banking 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. 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 commenced the operation of its Offshore 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-04, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212. Separate Financial Statements of Offshore Banking Unit are also presented.

1.4. Agent Banking

Shahjalal Islami Bank Limited obtained permission from Bangladesh Bank on 16 October 2019 vide reference no. BRPD(P-3)745(54)/2019-8354 to commence Agent Banking services and subsequently started commercial operations on 02 January 2020. Till 31 December 2020 there were 52 Agent Banking Outlets in 31 districts across the country. Services that are currently being dispensed include account opening i.e., Al-Wadeeah Current A/C, Mudaraba Savings A/C, Mudaraba Scheme Deposit A/C, Mudaraba Term Deposit A/C, cash deposit and withdrawal from agent banking outlets and SJIBL branches, fund transfer (P2P), inward/outward cheque payment, remittance disbursement, balance inquiry, SMS banking, etc.

1.5. 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 brokers/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.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank:

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).

As Financial Reporting Standards are yet to be issued by FRC, as per the provisions of FRA (Section-69), consolidated and separate financial statements of the Group and the Bank, respectively, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and, in addition to this, the Bank also complied with the requirements of the following laws and regulations from various Government bodies:

i) The Banking Companies Act, 1991 and amendment thereon;

ii) The Companies Act, 1994;

iii) Circulars, Rules and Regulations issued by Bangladesh Bank (BB) time to time;

iv) Bangladesh Securities and Exchange Ordinance, 1969; Bangladesh Securities and Exchange Rules, 1987; Bangladesh Securities and Exchange Act, 1993 and Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 and amendments thereon;

v) The Income Tax Ordinance, 1984, and amendments thereon;

vi) The Value Added Tax and Supplementary Duty Act, 2012, The Value Added Tax Rules, 2016 and amendments thereon;

vii) Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE) and Central Depository Bangladesh Limited (CDBL) rules and regulations;

viii) Financial Reporting Act, 2015; and

In case any requirement of the Banking Companies Act, 1991 (as amended) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs as adopted, the requirements of the Banking Companies Act, 1991 and provisions and circulars issued by Bangladesh Bank shall prevail.

As such the Group and the Bank have departed from those which are the requirements of IFRSs and IASs in order to comply with the rules and regulations of Bangladesh Bank are disclosed below:

i) Presentation of Financial Statements

IFRS/IAS: As per IAS 1: ***Presentation of Financial Statements,*** 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 Banking Companies 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) Name of the Financial Statements

IFRS/IAS: As per IAS 1, complete set of financial statements consists statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes comprising a summary of significant accounting policies and other explanatory information.

Bangladesh Bank: The forms of financial statements and directives for preparation thereof of the Islamic banking companies in Bangladesh are guided by BRPD circular no. 15 dated 09 November 2009 Bangladesh Bank. BRPD circular no. 15 states the statement of financial position as balance sheet and statement of profit or loss and other comprehensive income as profit and loss account.

iii) Investments in Shares and Securities

IFRS/IAS: As per requirements of IFRS 9: ***Financial Instruments,*** classification and measurement of investments 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 investments; otherwise, investments are recognised at cost.

iv) Revaluation Gains/Losses on Government Securities

IFRS/IAS: As per requirement of IFRS 9, 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 amortised cost are measured at effective interest rate method and interest income is recognised through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognised 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 amortised at the year end and gains or losses on amortisation are recognised in other reserve as a part of equity.

v) Provision on Investments and Off-balance Sheet Items

IFRS/IAS: As per IFRS 9, an entity shall recognise an impairment allowance on investments (loans) based on expected credit losses. At each reporting date, an entity shall measure the impairment allowance for investments (loans) 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 months' 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 (a) short-term agricultural and micro-credits were 5% for sub-standard and doubtful loans and 100% for bad & loss loans; and (b) cottage micro and small credits were 5% for sub-standard, 20% for doubtful and 100% for bad & loss loans 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.

vi) Recognition of Investment Income in Suspense

IFRS/IAS: 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 becomes credit-impaired, the entity shall apply the effective interest rate to the amortised cost of the investment (loan).

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment (loan) is classified, investment income on such investment is 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.

vii) Other Comprehensive Income

IFRS/IAS: 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 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.

viii) 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 cannot be made in the financial statements.

ix) Financial Guarantees

IFRS/IAS: 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 debtor 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 circular no. 15 dated 09 November 2009, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet item. No liability is recognised for the guarantee except the cash margin.

x) Cash and Cash Equivalents

IFRS/IAS: 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 on short notice is presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

xi) Non-Banking Assets

IFRS/IAS: No indication of non-banking assets is found in any IFRSs.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, there must exist a face item named Non-Banking Asset.

xii) Cash Flow Statement

IFRS/IAS: 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 circular no. 14 dated 25 June 2003 and BRPD circular no. 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.

xiii) Balance with Bangladesh Bank (Cash Reserve Requirement)

IFRS/IAS: 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.

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

xiv) Presentation of Intangible Asset

IFRS/IAS: 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 circular no. 15 dated 09 November 2009.

xv) Off-balance Sheet Items

IFRS/IAS: 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 circular no. 15 dated 09 November 2009, off-balance sheet items (e.g., letter of credit, letter of guarantee, etc.) must be disclosed separately on the face of the balance sheet.

xvi) Disclosure of Appropriation of Profit

IFRS/IAS: 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.

xvii) Investments Net off Provision

IFRS/IAS: Investments/loans and advances should be presented net off provision.

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, provisions on investments/loans and advances are presented separately as liability and cannot be net off against investments/loans and advances.

xviii) Recovery of Written off Investments/Loans

IFRS/IAS: As per IAS 1, an entity shall not offset assets and liabilities or income and expenses, unless required or permitted by any IFRSs. Again, recovery of written off investments/loans should be charged to profit and loss account as per IFRS 15: ***Revenue from Contracts with Customers.***

Bangladesh Bank: As per BRPD circular no. 15 dated 09 November 2009, recoveries of amount previously written off should be adjusted with the specific provision for investments/loans and advances.

xix) Revenue

As per IFRS 15, revenue should be recognised 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. Basis of Consolidation

The consolidated Financial Statements include the Financial Statements of Shahjalal Islami Bank Limited including Offshore 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 2020.

2.3. 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.

2.4. Transactions Eliminated on Consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit and Loss resulting from transaction between groups are also eliminated on consolidation.

2.5. Going Concern

The Financial Statements have been prepared on a going concern principle which is the assumption that an entity will remain in business for the foreseeable future. Conversely, the Bank has neither any intention nor any legal or regulatory compulsion to halt operations and liquidate its assets in the near term at what may be very low fire-sale prices. Key financial parameters (including liquidity, profitability, asset quality, provision sufficiency, capital adequacy and credit rating) of the Bank continued to demonstrate a healthy trend for a couple of years. The management is not aware of any material uncertainties that may cause to believe that significant doubt upon the Bank's ability to continue as a going concern.

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 affect 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 recognised its effects on present and future financial positions. The most significant areas where estimates and judgments have been made are on:

- provision for investments;
- provision for income taxes (current & deferred);
- gratuity fund;
- lease liabilities; and
- liquidity statement.

2.7. Assets and Basis of their Valuation

2.7.1 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and balance with Bangladesh Bank and its agent bank and balances with other banks and financial institutions.

2.7.2 Investments in Shares and Securities

Islamic Investment Bond

Investment in Bangladesh Government Islamic Investment Bond (BGIIB) is reported at cost price.

Bangladesh Government Investment Sukuk

Investment in Bangladesh Government Investment Sukuk is reported at cost price.

Mudaraba Perpetual Bond

Investment in Mudaraba Perpetual Bond is reported at cost price. As per Bangladesh Bank DOS circular no. 04 dated 24 November 2011, provision for diminution in value of investment in Mudaraba Perpetual Bond was made by netting off unrealised gain/loss of shares from market price less cost price.

Mudaraba Subordinated Bond

Investment in Mudaraba Subordinated Bond is reported at cost price.

Investment in Quoted 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 no. 04 dated 24 November 2011, provision for diminution in value of investments was made by netting off unrealised gain/loss of shares from market price 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

Derivative is a financial security whose value is derived from the value and characteristics of an underlying security. Option contract, future and swaps are types of derivative.

The Bank has no investments 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 Combinations,*** IAS 36: ***Impairment of Assets*** and IFRS 10: ***Consolidated Financial Statements.***

2.7.2.1 Held to Maturity

Held to Maturity Securities are the securities that a firm has intention to hold until maturity. These are reported at amortised cost therefore; they are not affected by swings in the financial markets.

2.7.2.2 Held for Trading

Held for trading securities are those which are held with the intention of selling in order to generate profits. Held for trading securities are revalued at market price.

2.7.2.3 Investment - Initial Recognition and Subsequent Measurement

Investment Class	Initial Recognition	Measurement after Initial Recognition	Recording of Changes
Govt. Treasury Securities- BGIIB	Cost	Cost	None
Debenture/Bond	Cost	Cost	None
Shares (Quoted)	Cost	Lower of cost or market value (overall portfolio)	Loss (net off gain) to profit and loss account but no unrealised gain booking
Shares (Un-quoted)	Cost	Lower of cost or Net Asset Value (NAV) of last audited financial statements	Loss to profit and loss account but no unrealised gain booking
Mutual Fund (Open-end)	Cost	If average cost price (CP) > NAVCMP * 0.95, then required provision per unit will be (RP) = CP- NAVCMP * 0.95	Loss (net) to profit and loss account but no unrealised gain booking
Mutual Fund (Closed-end)	Cost	If CP > Market Value (MV) or CP > NAVCMP * 0.85, then required provision (RP) per unit will be: (i) in case of MV ≥ NAVCMP *0.85, then RP = CP- MV or (ii) in case of MV < NAVCMP * 0.85, then RP = CP- NAVCMP * 0.85	Loss (net) to profit and loss account but no unrealised gain booking

2.7.3 General Investments

Investments are recognised at gross amount on the date on which they are originated. After initial recognition, investments are stated in the Balance Sheet net off profit receivables and unearned income. However, provisions for investments are not net off with investments.

Investments are written off as per guidelines of Bangladesh Bank. These write off however will not undermine/affect the claim amount against the client. Detailed memorandum records for all such write off accounts are meticulously maintained and followed up.

Provisions

Investments are stated in the Balance Sheet net off unearned income. Provision on Investments (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, BRPD circular no. 07 dated 19 March 2020, BRPD circular letter no. 52 dated 20 October 2020 and BRPD circular letter no. 56 dated 10 December 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 and BRPD circular no. 16 dated 21 July 2020.

The rates of provision are given below:

Particulars		Percentage (%) of Provision Requirement				
		Un-classified		Classified		
		Standard	SMA	SS	DF	BL
Cottage, Micro & Small Investments Under CMSME		0.25%	0.25%	5%	20%	100%
Medium Enterprise Financing under SMEF		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	2%	2%	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%
Staff Investment		0%	0%	20%	50%	100%
Off-balance Sheet exposures		1%	N/A	N/A	N/A	N/A
Special General Provision for COVID-19		1%		BRPD circular letter no. 56; Date: 10 December 2020		

2.7.4 Impairment of Financial Assets

An asset is impaired when its carrying value exceeds its recoverable amount as per IAS 36: ***Impairment of Assets.*** At each balance sheet date, Shahjalal Islami Bank Limited assesses whether there is objective evidence that a financial asset or a group of financial assets, i.e., general investments, off-balance sheet items and investments in shares and securities are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if-

- There is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset up to the balance sheet date;
- The loss event had an impact on the estimated future cash flows of the financial asset or the group of financial assets; and
- A reliable estimate of the loss amount can be made.

In the event of impairment loss, the Bank reviews whether a further allowance for impairment should be provided in the profit and loss statement in addition to the provision made based on Bangladesh Bank guidelines or other regulatory requirements.

2.7.5 Fixed Assets including Premises, Furniture and Fixtures

Recognition and Measurement

All fixed assets including premises, furniture and fixtures are stated at cost less accumulated depreciation as per IAS 16: ***Property, Plant and Equipment***. Land is measured at cost.

The cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of the IAS.

The cost of an item of fixed assets including premises, furniture and fixtures is recognised as an asset if-

- it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of an item of fixed assets including premises, furniture and fixtures comprises:

(a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

(b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;

(c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purpose other than to produce inventories during that period.

Subsequent Costs

The cost of replacing part of an item of fixed assets is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of fixed assets are recognised in profit or loss as incurred.

Depreciation

No depreciation is charged on land. Depreciation is charged on straight-line method. Charging depreciation against fixed assets commences from the date of acquisition and ceases at the date when the assets are disposed. Asset category-wise depreciation rates are as follows:

Name of the Assets	2020		2019	
	Rates of Dep. (%)	Method of Dep.	Rates of Dep. (%)	Method of Dep.
Building	2.50	Straight line	2.25	Reducing balance
Furniture & Fixtures other than residence	10	Straight line	10	Reducing balance
Furniture & Fixtures- residence	20	Straight line	20	Straight line
Office Equipment	20	Straight line	20	Reducing balance
Computer & Network Equipment	20	Straight line	20	Straight line
Vehicles	20	Straight line	20	Straight line
Books	20	Straight line	20	Straight line

Gain or loss on sale of fixed assets is recognised in profit and loss statement as per provision of IAS 16.

A change in accounting estimates is an adjustment of the carrying amount of an asset or liability, or related expense, resulting from reassessing the expected future benefits and obligations associated with that asset or liability. Upon approval of the Board, Building, Furniture & Fixtures other than residence and Office Equipment has been depreciated under straight line basis instead of reducing balance from 01 January 2020.

Construction Work in Progress/Building under Construction

Building under construction is recognised and reported under Fixed Assets as per IAS 16 as Construction work in progress until the construction work is completed and the asset is ready for intended use. This asset is stated at cost and depreciation of the asset will be charged from the date of its intended use.

Intangible Assets

a. Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Acquisitions of minority interest (non-controlling interest) are accounted as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Subsequently goodwill is measured at cost less accumulated impairment losses.

b. Software

Software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

c. License

Value of license is recognised at cost and since it has an indefinite useful life it is not amortised. The value of the license is not measured at fair value.

2.7.6 IFRS 16: Leases

Shahjalal Islami Bank Limited applied IFRS 16: ***Leases*** using modified retrospective approach where the Bank measured the lease liability at the present value of the remaining lease payments and recognised a right-of-use asset at the date of the initial application on a lease by lease basis.

According to IFRS 16, 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 recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit and loss account on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included in fixed assets including premises, furniture and fixtures and lease liabilities have been included in other liabilities.

2.7.7 Impairment of Fixed Assets

At each balance sheet date, the Bank assesses whether there is any indication that the carrying amount of an asset exceeds its recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and an impairment loss is recognised as an expense in the profit and loss account unless the asset is carried at revalued amount in accordance with IAS 16 in which case any impairment loss of a revalued asset should be treated as a revaluation decrease under that accounting standard. No impairment loss was recognised up to the reporting period as there were no such indications existed as at balance sheet date.

2.7.8 Investment Properties

a) Investment property is held to earn rentals or for capital appreciation or both and the future economic benefits that are associated with the investment property but not held for sale in the ordinary course of business.

b) Investment property is accounted for under cost model in the financial statements. Accordingly, after recognition as an asset, the property is carried at its cost less accumulated depreciation and accumulated impairment loss.

2.7.9 Other Assets

Other assets include all other financial assets and include fees and other unrealised income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

2.7.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

2.8. Liabilities and Provisions

2.8.1 Placement from other Banks and Financial Institutions

Placement from other Banks and Financial Institutions include profit bearing placements and Bangladesh Bank refinance. These items are brought to the financial statements at the gross value of the outstanding balance.

2.8.2 Deposits and Other Accounts

Deposits and other accounts include non-profit bearing Al-Wadeeah current deposits redeemable at call, bills payable, profit bearing on demand and special notice deposits, Mudaraba savings deposits, Mudaraba term deposits and Mudaraba scheme deposits. These items are brought to the financial statements at the gross value of the outstanding balance.

2.8.3 Mudaraba Subordinated Bond

The Bank issued floating rate non-convertible Mudaraba Subordinated Bond of BDT 400 crore and 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.

2.8.4 Other Liabilities

Other liabilities comprise items such as provision for general investments, provision for investments in shares and securities, provision for taxation, profit payable, profit suspense, accrued expenses, obligation under finance lease, etc. Other liabilities are recognised in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.

As per IAS 37: ***Provisions, Contingent Liabilities and Contingent Assets***, the Bank recognises provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

2.8.5 Taxation

Current Tax

Provision for current income tax has been made at 37.50% as prescribed in the Finance Act, 2020 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure and provisions as per Income Tax Ordinance, 1984 in compliance with IAS 12: ***Income Taxes.***

Deferred Tax

Principle of Recognition

Deferred tax is recognised as income or an expense amount within the tax charge, and included in the net profit and loss account for the period. Deferred tax relating to items dealt with directly in equity is recognised directly in equity.

Recognition of Taxable Temporary Difference

A deferred tax liability is recognised for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Recognition of Deductible Temporary Difference

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Measurement

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

2.9. Capital/Shareholders' Equity

Authorised Capital

Authorised capital is the maximum amount of share capital that the Bank is authorised by its Memorandum and Articles of Association.

Paid-up Capital

Paid-up capital represents total amount of share capital that has been paid in full by the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of winding-up of the Bank, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to receive any residual proceeds of liquidation.

Statutory Reserve

Statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of Section 24 of the Bank Companies Act, 1991 (amended up to 2018) until such reserve equals to its paid-up capital together with the share premium. Statutory reserve is transferred in yearly basis.

Non-controlling (minority) Interest

Non-controlling (minority) interest in business is an accounting concept that refers to the portion of a subsidiary company's stock that is not owned by the parent company. The magnitude of the minority interest in Shahjalal Islami Bank Securities Limited, a majority owned subsidiary (91.79%) of Shahjalal Islami Bank Limited is very insignificant. Also, minority interest is reported on the consolidated profit and loss account as a share of profit belonging to the minority shareholders.

2.10. Contingent Liabilities

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

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

Contingent liabilities are not recognised but disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is reliably estimated.

Contingent assets are not recognised in the financial statements as this may result in the recognition of income which may never be realised.

2.11. Revenue Recognition

In line with IFRS 15: ***Revenue from Contract with Customers,*** income of the Bank has been recognised in the financial statements as follows:

Investment Income

Income from general investments is accounted for on accrual basis except for investments under Musharaka, Mudaraba, Bai-Salam, Ujarah (Khidmah & Wakalah for Islamic Credit Card) modes where the investment income is accounted for on realisation basis. The Bank does not charge any rent during the gestation period of investment against Hire Purchase under Shirkatul Melk (HPSM) mode of investment but it fixes the sale price of the asset at a higher level in such a way to cover its expected rate of return. Such income is recognised on realisation basis.

Profit/rent/compensation accrued on classified investments are suspended and accounted for as per circulars issued by Bangladesh Bank in this regard from time to time. At the time of recovery or regularisation of those investments the related income which was suspended and shown as a liability is taken as investment income (except compensation) as per circulars issued by Bangladesh Bank. As a result, the entire transferred amount to investment income from suspense during the year has already been included in the investment income of the Bank.

Profit on placement with other Banks & Financial Institutions is accounted for on accrual basis.

Income on Investments in Securities

Income on investments in securities is recognised on accrual basis. This income includes profit on Bangladesh Government Islamic Investment Bond (BGIIB), Bangladesh Government Investment Sukuk (BGIS), Mudaraba Perpetual Bond, Mudaraba Subordinated Bond, capital gain on investments in shares and dividend on investments in shares are also included in investment income.

Dividend Income on Shares

Dividend income from investments in shares is recognised when the Bank's right to receive dividend is established. It is recognised when-

a. It is probable that the economic benefits associated with the transaction will flow to the entity; and

b. The amount of the revenue can be measured reliably.

Fees, Commission and Exchange Income

Fees, commission and exchange income on services provided by the Bank are recognised as and when the related services are rendered. Commission charged to customers on letter of credit and letter of guarantee are credited to Income at the time of effecting the transactions.

Profit paid on Deposits

As per agreement between the Mudaraba depositors and the Bank in line with Mudaraba Principle, the Mudaraba depositors are entitled to get minimum 65% of the investment income earned through deployment of Mudaraba Fund as per weightage assigned to each type of Mudaraba deposit. In the year 2020, the Bank paid 92.56% of Investment Income earned through deployment of Mudaraba Fund. Mudaraba Depositors do not share any income derived from various banking services where their fund is not involved and any income derived from investing Bank's equity and other cost free fund. Al-Wadeeah depositors do not share any income of the Bank. Profit is paid to Mudaraba Deposit accounts at provisional rate throughout the year. Final rates of profit of any accounting year are declared after finalization of Shari'ah Inspection report and certifying the Investment Income of the Bank by the statutory auditor.

Other Operating Expenses

All other operating expenses are provided for in the books of the accounts on accrual basis according to the IAS 1.

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 Earnings).

Zakat is chargeable in the profit and loss account of the Bank as per "Guidelines for Conducting Islamic Banking" issued by Bangladesh Bank through BRPD circular no. 15 dated 09 November 2009.

2.12. Dividend Payments

Final dividend is recognised when it is approved by the shareholders in Annual General Meeting (AGM). The proposed dividend for the year 2020, therefore, has not been recognised as a liability however disclosed in the notes to the financial statements in accordance with IAS 10: ***Events after the Reporting Period***. Dividend payable to the Bank's shareholders is recognised as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

2.13. 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, income which is irregular (doubtful) as per Shari'ah is also not included in the distributable income of the Bank. The Bank charges compensation on unclassified overdue investments. Such compensation is not permissible as regular income of the Bank as per Shari'ah.

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 Shari'ah. Such doubtful income is being appropriated for charitable purpose through Shahjalal Islami Bank Foundation (a separate organisation).

2.14. 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, the Bank is not required to make provision regarding the unreconciled debit balance of Nostro accounts as on the reporting date in these financials as there are no unreconciled outstanding entries for more than 03 (three) months.

2.15. Foreign Currency Transactions

Functional and Presentation Currency

The Financial Statements have been presented based on the Bank's functional currency, Bangladesh Taka (BDT/Taka/Tk.). Functional currency of Offshore Banking Unit (OBU) is United States Dollar (USD/US$).

Foreign Currency Translation

The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions as per IAS 21: ***The Effects of Changes in Foreign Exchange Rates.*** At the Balance Sheet date, related assets and liabilities are converted to Taka using exchange rates prevailing on that date.

Commitment

Contingent liabilities/commitments for letter of credit, letter of guarantee and acceptance denominated in foreign currencies have been expressed in Taka currency at revaluation rate.

2.16. 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 exists no dilution possibilities during the year.

2.17. 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) Investments in shares 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 & Financial Institutions are 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 liabilities are on the basis of their maturity term. Provisions and other liabilities are on the basis of their expected settlement.

2.18. Cash Flow Statement

Cash flow statement is prepared principally in accordance with IAS 7: ***Statement of Cash Flows;*** and as prescribed by BRPD circular no. 14 dated 25 June 2003 & Guidelines for Conducting Islamic Banking issued by Bangladesh Bank vide BRPD circular no. 15 dated 09 November 2009. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash flows during the year have been classified as Operating Activities, Investing Activities and Financing Activities.

2.19. Statement of Changes in Equity

Statement of Changes in Equity has been prepared in accordance with IAS 1 and by following the guidelines of BRPD circular no. 14 dated 25 June 2003 and BRPD circular no. 15 dated 09 November 2009.

2.20. Off-balance Sheet Items

Under general banking transactions, liabilities against acceptance, endorsement and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as Off-balance Sheet items.

2.21. Changes in Accounting Policies and Estimates

Shahjalal Islami Bank Limited did not change the accounting policies during the year 2020. However, the Bank changed its accounting estimates, i.e., depreciation rate and method.

The depreciation methods in case of Building, Furniture & Fixtures other than residence and Office Equipments have been changed with effect from 01 January 2020 from previously used Reducing Balance Method to Straight Line Method using the practical expedients taking consideration of the useful life of underlying assets. On the other hand, the rate of depreciation on Building increased from 2.25% to 2.50%.

2.22. Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2020.

2.23. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.24. 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 recognised 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.

The balance of forfeited Provident Fund for the year 2020 has been transferred to the Bank as per FRC notification no. 179/FRC/FRM/Notification/2020/2 dated 07 July 2020. The balance of forfeited provident fund before the issuance of FRC's notification will be transferred to the Bank after due diligence.

Gratuity Fund (Defined Benefit Plan)

Gratuity benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund Rules. The National Board of Revenue has approved the gratuity fund as a recognised gratuity fund and the fund is operated by a separate Board of Trustees. Employees are entitled to get the benefit after the 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 01 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 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 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 & policies 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.

Workers Profit Participation Fund

In consistent with widely accepted industry practice and in line with Section 11(1) of the Banking Companies Act, 1991 (as amended up to date) and subsequent clarification given by Bank & Financial Institutions Division (BFID), Ministry of Finance, no provision has been made by the Bank in the reporting period against Workers Profit Participation Fund (WPPF).

2.25. Reconciliation of Books of Accounts

Books of accounts 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 (three) months, details of which are disclosed in note no. 10a.5.

2.26. Related Party Disclosures

A party is related to the company, if:

i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with the company; has an interest in the company that gives it significant influence over the company; or has joint control over the company;

ii) the party is an associate;

iii) the party is a joint venture;

iv) the party is a member of the key management personnel of the Company or its parent;

v) the party is a close member of the family of any individual referred to in (i) or (iv);

vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Related Party Transactions

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in IAS 24: Related Party Disclosures and relevant provisions of the Banking Companies Act, 1991 (as amended up to 2018) and Bangladesh Bank BRPD circular no. 14 dated 25 June 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiary and exposures to some related concerns of its Directors. Please refer to note no. 53 of financial statements for details of related party transactions.

2.27. Corporate Governance

The Bank has given the priority to the compliance of the rules, regulations and guidelines of Bangladesh Bank, National Board of Revenue and Bangladesh Securities & Exchange Commission (BSEC). The Bank has also complied with all related International Financial Reporting Standards (IFRSs).

2.28. 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 (CRMR), 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 Banking Companies 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 Committee 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 organisational structure and formulating Manual as per Guidelines of Bangladesh Bank. However, the Bank has already formulated a comprehensive manual. The Bank maintains various Nostro accounts in order to conduct operations in different currencies including BDT. The senior management of the Bank set limits for handling Nostro accounts' transactions that include time and amount limits. As per guidelines of Bangladesh Bank, the Foreign Exchange business should be audited internally to review the key control issues such as various limits, compliance requirements and statutory management.

c) Asset Liability Risk Management

The Asset Liability Management Committee (ALCO) that is formed with the senior executives headed by Managing Director conducted 12 (twelve) meetings during the year 2020. 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 Money Laundering Prevention Act, 2012 (amended 2015), Anti-Terrorism Act, 2009 (amended 2012 & 2013) and guidelines issued by the Bangladesh Financial Intelligence Unit (BFIU) from time to time. Shahjalal Islami Bank Limited applies risk sensitive customer due diligence measures, monitors business relationship and keeps records in line with regulations. The Bank regularly collects the accurate and complete documentation of Know Your Customer (KYC) which enables the prudential prevention of money laundering. The Bank has formed Central Compliance Committee (CCC) headed by the Deputy Managing Director as Chief Anti-Money Laundering Compliance Officer (CAMLCO) and the committee regularly monitors and ensures the compliance of issues relating to money laundering and terrorist financing through the trained personnel of Head Office and Branches.

e) Internal Control & Compliance Risk Management

Internal control is an effective mechanism to provide reasonable assurance on the attainment of the organisational objectives through achieving efficiency in operations, reliability of financial reporting and compliance with applicable laws, regulations and internal policies. The primary objective of Internal Control and Compliance of Shahjalal Islami Bank Limited (SJIBL) is to enable the Bank to perform better and add value through proper and adequate use of infrastructure and resources.

SJIBL has established the Internal Control and Compliance Division (IC&CD) with the mission to provide independent objective assurance and advice designed to add value and improve the Banks' operations. Depending on the size and complexity of the operations of the Bank, IC&CD of SJIBL comprises of 03 (three) units namely Internal Audit Unit, Compliance Unit and Monitoring Unit.

As a guidance in performing above duties, SJIBL prepared 'Internal Control and Compliance Manual' following the prevailing BB guidelines "Guidelines on Internal Control & Compliance in Banks" and accommodating Bank's internal rules and practices. The manual is being reviewed from time to time.

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 Banking facilities through using Internet Banking and Mobile Application with different services like other bank fund transfer, utility bill payment, transfer to Mobile Financial Services (MFSs), etc. In addition, SWIFT, REUTERS, SJIBL Visa Debit Card, Push-Pull Services & SMS Banking facilities are also available. 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. Recently, the Bank has introduced Agent Banking Services around all over the country targeting unbanked rural people to bring under formal banking services.

ii. Internal Audit

The Internal Audit independently and objectively evaluate and report on the effectiveness of the Bank's risk management, control, and governance processes. The Head of Audit Unit although being a part of IC&CD administratively, is reporting directly to the Audit Committee of the Board and is responsible to the Audit Committee of the Board. Internal Audit of SJIBL is being conducted based on Annual Audit Plan structured on a risk based approach and approved by the Audit Committee of the Board of Directors to provide vital information about risks and controls to assist the management in the following ways:

a. Identification of gap in policy and procedures with the Business and its Operation.

b. Identification of breach in policy and procedures against internal and regulatory policies & procedures.

c. Assessment of qualitative and quantitative risk of the Business.

d. Recommending remedial course of actions, where necessary.

Irregularities detected in the Bank's internal control & compliance report as well as external auditor's report of the previous year have so far been rectified properly.

iii. Fraud and Forgeries

The Bank is operating its business by dealing with the public money. As a custodian of such money, the Bank have to set up strong internal control structure, introduce corporate governance, practice 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 employees' 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 been engaged in anti-social or anti-state or detrimental/subversive activities. Check with Bangladesh Bank's Corporate Memory Management Systems for background check of experienced Bankers, Financial Institution's employees and verify National ID on-line. As a result, the Bank since its inception has seen comparatively very few cases of fraud and forgeries. Moreover, the Internal Control and Compliance Division (IC&CD) have been strengthened to remain ever vigilant. These have reduced the chances of fraudulent activities in Shahjalal Islami Bank Limited.

Further, the number of fraud cases in Shahjalal Islami Bank Limited is at a minimal level. However, in the year 2020, 01 (one) case of fraud and forgery was identified. Total embezzled/irregular amount involved in the fraud case was Tk. 40,945,561 (Taka four crore nine lac forty five thousand five hundred sixty one) only and Tk. 25,000,000 (Taka two crore fifty lac) only have been realised/settled.

The Bank has also reported the same to Bangladesh Bank in compliance with the Department of Off-site Supervision (DOS) circular letter no. 10 dated 09 May 2017 of Bangladesh Bank.

2.29. Compliance with Financial Reporting Standards as applicable in Bangladesh

The Financial Reporting Act (FRA), 2015 was enacted in 2015. Under the FRA of the Financial Reporting Council (FRC), it is to issue financial reporting standards for public interest entities such as Banks. The Banking 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 (IFRSs) 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 (IFRSs) and the requirements of the Banking Companies Act, 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act, 1994. In case any requirement of the Banking Companies Act, 1991, and provisions and circulars

issued by Bangladesh Bank differ with those of IFRSs, the requirements of the Banking Companies Act, 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of IFRSs are mentioned above under note no. 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	Not Applicable
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	Not Applicable
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 International 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 Interests in Other Entities	Not Applicable
13	13	Fair Value Measurement	Complied
14	14	Regulatory Deferral Accounts	Not Applicable
15	15	Revenue from Contracts with Customers	Complied
16	16	Leases	Complied

* Subject to departure disclosed in note no. 2.1

2.30. Auditor of the Subsidiary

Name of the Subsidiary	Relationship	Name of the Auditor
Shahjalal Islami Bank Securities Limited	Subsidiary	K. M. Hasan & Co., Chartered Accountants

2.31 Impact of COVID-19

On 11 March 2020, the World Health Organization (WHO) declared a global pandemic due to Corona Virus related respiratory disease, commonly known as COVID-19. To contain the spread of this disease along with many other countries of the world, the 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 businesses and economic activities in the country have been adversely affected and this has also affected the Bank. Although the business operation and profitability of the Bank have been impacted by COVID-19, but due to the constantly changing nature of the situation and lack of certainty at present regarding how long this situation will prevail, the potential impact of COVID-19 related matters on the Bank's operation and financial results cannot be reasonably assessed. The management of the Bank assessed the going concern and found no uncertainty regarding this for the upcoming 12 (twelve) months due to COVID-19. The global economy including Bangladesh has been seriously affected since March 2020 due to the outbreak of COVID-19 that has caused serious disruption in Export and Import business, especially in the month of April and May 2020. As a result, commission income has been reduced significantly during the period. Moreover, investment appetite in business sector has showed negative trend which has been reflected in our portfolio. As a result, investment income has also been reduced in the year 2020.

2.32 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 wherever necessary to conform to current year's presentation.

		Note	31.12.2020 Taka	31.12.2019 Taka
3	**Consolidated Cash in Hand (including Foreign Currencies)**			
	Shahjalal Islami Bank Ltd	(Note-3a)	1,814,745,636	2,209,024,307
	Shahjalal Islami Bank Securities Ltd		-	-
			1,814,745,636	**2,209,024,307**
3a	**Cash in Hand of the Bank (including Foreign Currencies)**			
	In local currencies		1,797,993,889	2,193,918,703
	In foreign currencies	(Note-3a.1)	16,751,747	15,105,604
			1,814,745,636	**2,209,024,307**

3a.1 In Foreign Currencies

Foreign Currency	Amount in FC	Exchange Rate (Mid Rate)		
US Dollar	187,863.03	84.8000	15,930,785	14,462,964
Great Britain Pound	4,280.77	113.9797	487,921	337,392
Euro	3,215.21	103.5832	333,041	305,248
			16,751,747	**15,105,604**

4	**Consolidated Balance with Bangladesh Bank and its agent bank(s)**			
	Shahjalal Islami Bank Ltd	(Note-4a)	13,351,033,150	15,539,227,347
	Shahjalal Islami Bank Securities Ltd		-	-
			13,351,033,150	**15,539,227,347**
4a	**Balance with Bangladesh Bank and its agent bank(s) (including Foreign Currencies)**			
	In local currencies		10,360,749,111	12,870,787,695
	In foreign currencies		2,571,599,078	2,292,220,591
			12,932,348,189	**15,163,008,286**
	Balance with Sonali Bank Ltd. as agent of Bangladesh Bank			
	In local currencies		418,684,961	376,219,061
	In foreign currencies		-	-
			418,684,961	**376,219,061**
			13,351,033,150	**15,539,227,347**

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 Companies Act, 1991 (as amended up to 2018) and subsequent MPD circular no. 03 dated 09 April 2020 and circular no. 02 dated 10 December 2013.

4a.2 Cash Reserve Ratio (CRR): 2020: 4.00%; 2019: 5.50% of Average Demand and Time Liabilities

Required Reserve		9,074,982,000	11,669,433,000
Actual Reserve held with Bangladesh Bank (in local currencies)*		10,746,257,840	12,605,539,310
CRR Surplus		**1,671,275,840**	**936,106,310**
Maintained (%)		4.74%	5.94%

* Actual Reserve held with Bangladesh Bank (in local currencies) reported as per Statement of Bangladesh Bank.

4a.3 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities

Required Reserve		12,478,333,000	11,669,433,000
Actual Reserve held	(Note-4a.4)	26,100,316,437	15,771,349,677
SLR Surplus		**13,621,983,437**	**4,101,916,677**
Maintained (%)		11.50%	7.43%

4a.4 Components of Statutory Liquidity Ratio

Cash in Hand	(Note-3a)	1,814,745,636	2,209,024,307
Balance with Sonali Bank Ltd. as agent of Bangladesh Bank	(Note-4a)	418,684,961	376,219,061
Excess CRR	(Note-4a.2)	1,671,275,840	936,106,310
Bangladesh Bank Islamic Investment Bond	(Note-7a)	18,000,000,000	11,750,000,000
Bangladesh Government Investment Sukuk (BGIS)	(Note-7a)	3,695,610,000	-
Refinance Fund (with Bangladesh Bank)	(Note-6a.1)	500,000,000	500,000,000
		26,100,316,437	**15,771,349,677**

		Note	31.12.2020 Taka	31.12.2019 Taka
5	**Consolidated Balance with Other Banks and Financial Institutions**			
	Inside Bangladesh			
	Shahjalal Islami Bank Ltd	(Note-5a.1)	2,975,866,157	1,773,169,975
	Shahjalal Islami Bank Securities Ltd		395,609,024	153,758,423
			3,371,475,181	1,926,928,398
	Less: Inter Company Transaction		388,139,197	146,421,934
			2,983,335,984	**1,780,506,464**
	Outside Bangladesh			
	Shahjalal Islami Bank Ltd	(Note-5a.2)	4,759,516,675	608,258,408
	Shahjalal Islami Bank Securities Ltd		-	-
			4,759,516,675	**608,258,408**
			7,742,852,659	**2,388,764,872**
5a	**Balance with Other Banks and Financial Institutions of the Bank (Other than Mudaraba Fund)**			
	Inside Bangladesh	(Note-5a.1)	2,975,866,157	1,773,169,975
	Outside Bangladesh	(Note-5a.2)	4,759,516,675	608,258,408
			7,735,382,832	**2,381,428,382**
5a.1	**Inside Bangladesh**			
	Current Account			
	Sonali Bank Limited (other than as agent of Bangladesh Bank)		31,942,634	41,227,863
	National Bank Limited (Narayangonj Branch)		4,214	4,904
	Standard Chartered Bank (Motijheel Branch)		8,988,179	5,822,336
	Agrani Bank Limited (Islami Banking Wing)		13,504,633	22,681,032
	Janata Bank Limited (Dinajpur Branch)		612	1,532
	Islami Bank Bangladesh Limited		-	139,181
	Offshore Banking Unit		21,904,111	26,437,209
			76,344,382	**96,314,056**
	Less: Offshore Banking Unit		21,904,111	26,437,209
			54,440,272	**69,876,847**
	Mudaraba Special Notice Deposit			
	Export Import Bank of Bangladesh Limited		49,410,559	40,777,048
	Trust Bank Limited (Dilkusha Corporate Branch)		23,059,719	10,261,848
	Prime Bank Limited (Islami Banking Branch)		81,678	24,964
	Social Islami Bank Limited		7,799,376	1,194,686
	Agrani Bank Limited (Corporate Branch-Islami Banking Wing)		1,921,707,541	157,665,267
	AB Bank Limited (Islami Banking Branch)		26,181	29,070
	Jamuna Bank Limited (Naya Bazar Islami Banking Branch)		5,970	6,514
	Bank Alfalah (Islami Banking Branch)		2,665,895	14,370
	Al-Arafah Islami Bank Limited		868,590,762	1,382,670,187
	Southeast Bank Limited (Islami Banking Branch)		6,865,465	100,026,563
	The City Bank Limited (Islamic Banking Branch)		1,212,960	1,196,100
	Islami Bank Bangladesh Limited		39,477,642	9,096,552
	Mercantile Bank Limited (Islami Wing Main Branch)		100,000	-
			2,921,003,747	**1,702,963,169**
	Mudaraba Saving Deposit			
	Social Islami Bank Limited		393,621	301,715
	Al-Arafah Islami Bank Limited		14,364	14,310
	Islami Bank Bangladesh Limited		14,154	13,934
			422,139	**329,959**
			2,975,866,157	**1,773,169,975**

5a.2 Outside Bangladesh (Nostro Account) [as at 31 December 2020]

Current Account	Currency	F.C. Amount	Rate	Taka
Standard Chartered Bank NY	USD	49,195,869.17	84.8000	4,171,809,706
Mashreq Bank psc, NY	USD	1,120,294.21	84.8000	95,000,949
Standard Chartered Bank, Mumbai	USD	222,198.53	84.8000	18,842,435
Habib American Bank, USA	USD	987,047.96	84.8000	83,701,667
ICICI Bank, Hong Kong	USD	69,151.09	84.8000	5,864,012
WACHOVIA BANK, NY, USA	USD	198,414.08	84.8000	16,825,514
Commerzbank AG Frankfrut	USD	319,409.60	84.8000	27,085,934
Bank Aljazira	USD	51,775.88	84.8000	4,390,595
JPMorgan Chase Bank N.A., NY, USA	USD	165,884.65	84.8000	14,067,018
AB Bank Ltd. Mumbai	ACUD	87,601.44	84.8000	7,428,602
Standard Chartered Bank, Mumbai	ACUD	750,427.41	84.8000	63,636,244
Nepal Bangladesh Bank, Nepal	ACUD	8,600.69	84.8000	729,339
Standard Chart. Bank, Colombo	ACUD	17,763.89	84.8000	1,506,378
ICICI Bank, Mumbai	ACUD	342,494.97	84.8000	29,043,573
Habib Metropoliton Bank Ltd.	ACUD	38,911.64	84.8000	3,299,707
United Bank of India, Kolkata	ACUD	226,914.35	84.8000	19,242,337
Sonali Bank Ltd ACU, Kolkata	ACUD	145,032.62	84.8000	12,298,766
Bank of Bhutan Ltd. Main Branch	ACUD	16,268.90	84.8000	1,379,603
AXIS Bank Ltd. India	ACUD	79,647.22	84.8000	6,754,084
MCB Bank Limited	ACUD	148,485.82	84.8000	12,591,598
HDFC Bank Ltd., Mumbai	ACUD	592,362.59	84.8000	50,232,348
Standard Chartered Bank, Frankfurt	EURO	117,883.59	103.5832	12,210,759
COMMERZBANK AG	EURO	38,612.42	103.5832	3,999,598
Wells Fargo Bank, N. A. London, UK	EURO	602,362.16	103.5832	62,394,600
JPMorgan Chase AG, Frankfurt	EURO	87,370.02	103.5832	9,050,066
Standard Chartered Bank,Tokyo	YEN	966,228.99	0.8167	789,119
Habib Bank AG Zurich	CHF	11,641.24	95.3773	1,110,310
ICICI Bank, Canada	CAD	6,900.21	66.0488	455,751
Bank Aljazira, KSA	SAR	266,929.35	22.5977	6,031,989
Riyad Bank, KSA	SAR	101,648.45	22.5977	2,297,021
Standard Chartered Bank London	GBP	10,654.42	113.9797	1,214,388
JPMorgan Chase Bank N.A., London	GBP	4,940.00	113.9797	563,060
MASHREQBANK PSC. UAE	AED	314,372.25	23.0849	7,257,252
Emirates Islamic Bank PJSC, Dubai	AED	235,000.00	23.0849	5,424,952
Standard Chartered Bank, China	CNY	76,087.95	12.9771	987,401
				4,759,516,675

Currency-wise Distribution:	BDT	Composition
Foreign Currency	4,437,587,830	93.24%
USD	208,142,579	4.37%
ACUD	87,655,024	1.84%
EURO	789,119	0.02%
YEN	1,110,310	0.02%
CHF	455,751	0.01%
CAD	8,329,011	0.17%
SAR	1,777,447	0.04%
GBP	12,682,203	0.27%
AED	987,401	0.02%
CNY	**4,759,516,675**	**100%**

For detailed comparative statement of 2020 & 2019 of foreign currency amount and rate thereof please see **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 2020 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 at 31 December 2020 **Amount in US$**

	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	49,051,823	324	10,879,951	14	13,239	302	18,113,535
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	**49,051,823**	**324**	**10,879,951**	**14**	**13,239**	**302**	**18,113,535**

As at 31 December 2019 **Amount in US$**

	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	20,087,182	310	11,626,543	17	208,544	362	13,387,174
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	**20,087,182**	**310**	**11,626,543**	**17**	**208,544**	**362**	**13,387,174**

		Note	31.12.2020 Taka	31.12.2019 Taka
5a.4	**Maturity-wise groupings of Balance with Other Banks and Financial Institutions**			
	On Demand		54,478,264	69,906,543
	Not more than 3 months		7,680,904,568	2,311,521,839
	More than 3 months but less than 1 year		-	-
	More than 1 year but less than 5 years		-	-
	More than 5 years		-	-
			7,735,382,832	**2,381,428,382**
6	**Consolidated Placement with other Banks & Financial Institutions**			
	Shahjalal Islami Bank Ltd	(Note-6a)	23,646,670,016	12,361,483,166
	Shahjalal Islami Bank Securities Ltd		-	-
			23,646,670,016	**12,361,483,166**
	Less: Inter Company Transaction		-	-
			23,646,670,016	**12,361,483,166**
6a	**Placement with other Banks & Financial Institutions of the Bank**			
	Placement with other Banks	(Note-6a.1)	15,286,670,016	4,261,483,166
	Placement with Financial Institutions	(Note-6a.2)	8,360,000,000	8,100,000,000
			23,646,670,016	**12,361,483,166**

		Note	31.12.2020 Taka	31.12.2019 Taka
6a.1	**Placement with other Banks**			
	Mudaraba Term Deposits-other Banks			
	ICB Islamic Bank Limited		311,370,016	311,483,166
	Export Import Bank of Bangladesh Limited		4,200,000,000	3,450,000,000
	Bangladesh Bank (Refinance Fund)		500,000,000	500,000,000
	Al-Arafah Islami Bank Limited		1,335,800,000	-
	Social Islami Bank Limited		3,000,000,000	-
	Agrani Bank Limited (Islami Banking Wing)		600,000,000	-
	Jamuna Bank Limited (Islami Banking Branch)		2,000,000,000	-
	Dhaka Bank Limited (Islami Banking Wing)		1,000,000,000	-
	Premier Bank Limited (Islami Banking Wing)		1,500,000,000	-
	Islami Bank Bangladesh Limited		839,500,000	-
			15,286,670,016	**4,261,483,166**
6a.2	**Placement with Financial Institutions**			
	Mudaraba Term Deposits-Financial Institutions			
	Lanka Bangla Finance Limited		300,000,000	900,000,000
	Industrial and Infrastructure Development Finance Company Limited		930,000,000	1,400,000,000
	Union Capital Limited		250,000,000	250,000,000
	Phoenix Finance & Investments Limited		380,000,000	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
	IDLC Finance Limited		3,000,000,000	2,500,000,000
	Delta Brac Housing Finance Corporation Limited		2,000,000,000	1,000,000,000
	Islamic Finance and Investment Limited		-	150,000,000
			8,360,000,000	**8,100,000,000**
			23,646,670,016	**12,361,483,166**
6a.3	**Maturity-wise groupings of Placement with Other Banks and Financial Institutions**			
	On Demand		-	-
	Not more than 3 months		21,335,300,000	12,050,000,000
	More than 3 months but not more than 1 year		2,000,000,000	-
	More than 1 year but not more than 5 years		311,370,016	311,483,166
	More than 5 years		-	-
			23,646,670,016	**12,361,483,166**
7	**Consolidated Investments in Shares & Securities**			
	Government			
	Shahjalal Islami Bank Ltd	(Note-7a)	21,695,610,000	11,750,000,000
	Shahjalal Islami Bank Securities Ltd		-	-
			21,695,610,000	**11,750,000,000**
	Others			
	Shahjalal Islami Bank Ltd	(Note-7a)	5,914,149,344	3,889,417,772
	Shahjalal Islami Bank Securities Ltd		1,786,654,957	1,659,023,407
			7,700,804,301	**5,548,441,179**
			29,396,414,301	**17,298,441,179**
7a	**Investments in Shares & Securities of the Bank**			
	Government			
	Bangladesh Government Islamic Investment Bond (BGIIB)	(Note-7a.2)	18,000,000,000	11,750,000,000
	Bangladesh Government Investment Sukuk (BGIS)	(Note-7a.3)	3,695,610,000	-
			21,695,610,000	**11,750,000,000**

		Note	31.12.2020 Taka	31.12.2019 Taka
	Others			
	Mudaraba Perpetual Bond, Islami Bank Bangladesh Ltd.		47,550,542	47,550,542
	Mudaraba Subordinated Bond	(Note-7a.4)	3,720,000,000	2,040,000,000
	Investments in Shares	(Note-7a.5)	2,146,598,802	1,801,867,231
			5,914,149,344	**3,889,417,772**
			27,609,759,344	**15,639,417,772**
7a.1	**Maturity-wise groupings of Investments in Securities**			
	On Demand		-	-
	Not more than 3 months		14,214,149,344	8,269,417,772
	More than 3 months but less than 1 year		6,000,000,000	5,650,000,000
	More than 1 year but less than 5 years		4,795,610,000	1,360,000,000
	More than 5 years		2,600,000,000	360,000,000
			27,609,759,344	**15,639,417,772**

7a.2 Bangladesh Bank 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 fund 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 is distributed among the bondholders as per mudaraba principle of Islamic Shari'ah 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 Bangladesh's debut issuance of Sukuk of BDT 4,000 crore is a part of the Bangladesh Government Investment Sukuk (Ijara mode) for 5 years' tenure, in order to mobilize funds for the implementation of a safe water supply project was held on 28 December 2020. SJIBL, in view of diversifying its investment portfolio and maintaining Statutory Liquidity Requirement (SLR), participated in the auction and received an allocation for investment of BDT 369.56 crore (Taka Three Hundred Sixty-Nine Crore and Fifty-Six Lac only) for which rental rate was fixed @4.69% per annum.

7a.4	**Mudaraba Subordinated Bond**		
	SIBL Mudarabah Subordinated Bond	320,000,000	440,000,000
	IBBL Mudaraba Subordinated Bond	800,000,000	1,000,000,000
	IBBL 3rd Mudaraba Subordinated Bond	1,600,000,000	600,000,000
	AIBL 3rd Mudaraba Subordinated Bond	1,000,000,000	-
		3,720,000,000	**2,040,000,000**
7a.5	**Investments in Shares (at cost)**		
	Quoted		
	Agricultural Marketing Company Ltd – AMCL (PRAN)	12,508,253	9,958,704
	Aamra Technologies Limited	8,527,068	6,059,353
	The ACME Laboratories Limited	133,933,591	117,315,120
	Active Fine Chemicals Ltd.	35,487,579	35,487,579
	Aftab Automobiles Limited	61,605,088	61,605,088
	AIBL 1st Islamic Mutual Fund	67,402,500	67,402,716
	Apex Footwear Limited	12,854,787	12,854,787
	Bangladesh Building Systems Ltd.	13,071,649	4,485,482
	Beximco Limited	41,467,354	83,745,911
	Bangladesh Steel Re-Rolling Mills Limited	36,383,068	8,422,015
	Dhaka Electric Supply Company Ltd.	115,162,210	96,044,734
	Eastern Housing Limited	166,063,283	166,063,283
	Envoy Textiles Ltd.	42,402,697	42,402,697
	Esquire Knit Composite Limited	6,778,090	1,873,598
	Export Import Bank of Bangladesh Limited	100,196,838	110,502,920
	Fareast Islami Life Insurance Co. Ltd.	65,297,780	65,297,780
	First Security Islami Bank Limited	19,903,128	8,203,083
	Generation Next Fashions Limited	25,741,813	25,741,813
	LafargeHolcim Bangladesh Limited	173,528,430	63,328,394
	M.I. Cement Factory Ltd	43,580,439	41,501,769

		Note	31.12.2020 Taka	31.12.2019 Taka
	Quoted			
	Meghna Petroleum Limited		62,070,338	43,204,196
	Metro Spinning Mills Limited		65,855,505	65,855,505
	Orion Pharma Ltd.		28,796,598	62,359,551
	RAK Ceramics (Bangladesh) Limited		64,176,345	46,803,776
	Square Textile Ltd		45,712,547	35,382,751
	The Dacca Dyeing & Mfg. Co. Limited		156,023,958	156,023,958
	Titas Gas Transmission and Distribution Co. Ltd		111,712,964	78,349,510
	Unique Hotel and Resorts Ltd		36,810,461	31,110,235
	Prime Islami Life Insurance Ltd.		32,516,491	32,516,491
	Premier Cement Mills Limited		18,441,295	18,441,295
	Shahjibazar Power Co. Ltd.		36,951,327	16,117,113
	Singer Bangladesh Limited		23,605,504	7,172,574
	Olympic Industries Ltd.		10,352,346	7,422,282
	Square Pharmaceuticals Ltd.		77,460,720	58,874,302
	Padma Islami Life Insurance Limited		15,673,722	15,673,722
	Bashundhara Paper Mills Limited		16,714,534	3,676,488
	The IBN SINA Pharmaceutical Industry Ltd.		25,580,746	7,800,452
	MJL Bangladesh Limited		55,849,486	12,979,613
	Sea Pearl Beach Resort & Spa Limited		18,635	38,800
	Silva Pharmaceuticals Limited		20,335,072	-
	Dominage Steel Building Systems Ltd.		18,602	-
	Robi Axiata Limited		2,715,540	-
	Linde Bangladesh Ltd.		25,454,659	-
	Power Grid Company of Bangladesh Ltd.		19,730,763	-
	Beacon Pharmaceuticals Limited		-	14,678,130
	Aman Cotton Fibrous Limited		-	731,558
	Baraka Power Limited		-	11,754,966
	BSRM Steels Limited		-	28,229,178
	Coppertech Industries Limited		-	48,910
	Genex Infosys Limited		-	3,409
	Islami Insurance Bangladesh Limited		-	1,758,663
	New Line Clothings Limited		-	42,926
	Runner Automobiles Limited		-	554,558
	Silco Pharmaceuticals Limited		-	73,690
	S. S. Steel Limited		-	3,064
	Summit Power Limited		-	8,314,698
	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
	Lub-rref (Bangladesh) Limited		5,125,000	-
	ADN Telecom Limited		-	574,040
			2,146,598,802	**1,801,867,231**
	See **Annexure-A** for details regarding unrealised gain/(loss) & provision.			
8	**Consolidated Investments**			
	Shahjalal Islami Bank Ltd	(Note-8a)	181,471,332,782	182,671,664,294
	Shahjalal Islami Bank Securities Ltd		4,636,326,999	4,797,416,698
			186,107,659,781	**187,469,080,992**
	Less: Inter Company Transaction		2,011,859,181	1,783,772,006
			184,095,800,600	**185,685,308,986**

		Note	31.12.2020 Taka	31.12.2019 Taka
	Bills Purchased and Discounted			
	Shahjalal Islami Bank Ltd	(Note-8a)	15,041,318,459	14,614,015,788
	Shahjalal Islami Bank Securities Ltd		-	-
			15,041,318,459	**14,614,015,788**
			199,137,119,059	**200,299,324,774**
8a	**Investments of the Bank**			
	Country-wise Classification of Investments:			
	Inside Bangladesh			
	Gross Murabaha, Bai-Muajjal etc.		189,174,075,576	193,427,000,258
	Less: Profit receivable on Murabaha, Bai-Muajjal etc. (Mark-up profit or unearned income)		7,702,742,794	10,755,335,963
	Net Murabaha, Bai-Muajjal etc.		**181,471,332,782**	**182,671,664,294**
	Net Bills Purchased and Discounted	(Note-8a.2)	15,041,318,459	14,614,015,788
	Outside Bangladesh		-	-
			196,512,651,241	**197,285,680,082**
8a.1	**Maturity-wise Classification of Investments**			
	With a residual maturity of:			
	Re-payable on Demand		27,708,283,825	18,998,610,992
	Not more than 3 months		65,006,385,030	61,355,846,506
	Over 3 months but not more than 1 year		73,751,198,011	71,673,887,574
	Over 1 year but not more than 5 years		25,271,526,950	27,343,795,259
	Over 5 years		4,775,257,425	17,913,539,751
			196,512,651,241	**197,285,680,082**
8a.2	**Bills Purchased and Discounted**			
	Payable inside Bangladesh		4,345,494,581	5,038,836,486
	Payable outside Bangladesh		10,941,976,594	10,026,408,077
	Gross Bills Purchased and Discounted		**15,287,471,175**	**15,065,244,563**
	Less: Profit receivable on Bills Purchased and Discounted		246,152,716	451,228,775
	Net Bills Purchased and Discounted		**15,041,318,459**	**14,614,015,788**
8a.3	**Maturity-wise Classification of Bills Purchased and Discounted**			
	Re-payable:			
	Within 1 month		2,120,825,903	3,453,291,931
	Over 1 month but less than 3 months		4,975,668,146	3,247,234,308
	Over 3 months but less than 6 months		4,211,569,168	4,283,368,027
	6 months or more		3,733,255,241	3,630,121,522
			15,041,318,459	**14,614,015,788**
8a.4	**Investments on the basis of significant concentration**			
	Investments to allied concern of Directors	(Note-53.5)	2,422,671,777	2,201,648,077
	Investments to Executives/Officers		1,881,187,195	1,594,249,991
	Investments to Customer Groups		81,360,652,400	85,215,891,715
	Industrial Investments		110,845,959,276	108,090,615,813
	Others		2,180,592	183,274,487
			196,512,651,241	**197,285,680,082**
	Investments allowed to single person/counterparty or a group which is equal to or greater than 10% of Bank's total capital:			
	Total outstanding amount to such customers at end of the year		88,947.94 million	69,611.03 million
	Number of such types of customers		22	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 single person/counterparty or a group equal to or greater than Tk. 2,782.83 million which is computed @ 10% and above of total capital of the bank, i.e. Tk. 27,828.26 million (Note-17.5.c) as at 31 December 2020.

For details please refer to **Annexure-D.**

8a.5 Sector-wise Classification of Investments

Sector	As at 31 December 2020		As at 31 December 2019	
	Amount	Composition	Amount	Composition
Agriculture & Fishing	4,428,100,000	2.25%	1,807,500,000	0.92%
Cotton & Textile	14,204,891,416	7.23%	15,250,291,010	7.73%
Garments	35,917,795,745	18.28%	30,794,739,895	15.61%
Cement	2,909,125,717	1.48%	3,068,247,845	1.56%
Pharmaceuticals & Chemicals	3,502,368,796	1.78%	3,501,186,277	1.77%
Real Estate	6,823,342,294	3.47%	7,169,488,684	3.63%
Transport	3,852,956,608	1.96%	4,402,529,994	2.23%
Information Technology	1,049,993,980	0.53%	1,372,210,601	0.70%
Non Banking Financial Institutions	1,547,537,178	0.79%	1,747,709,864	0.89%
Steel & Engineering	10,718,891,585	5.45%	10,930,918,259	5.54%
Food Processing & Beverage	11,586,731,440	5.90%	14,270,811,185	7.23%
Power & Energy	6,157,617,851	3.13%	4,577,192,177	2.32%
Paper & Paper Products	2,220,723,185	1.13%	2,278,584,229	1.15%
Plastic & Plastic Product	5,605,896,330	2.85%	5,715,496,150	2.90%
Electronics	5,629,384,876	2.86%	5,205,879,865	2.64%
Services Industries	6,660,892,213	3.39%	6,472,954,026	3.28%
Trading	31,252,429,405	15.90%	33,629,882,240	17.05%
Construction incl. Work Order Financing	20,620,941,948	10.49%	20,677,875,093	10.48%
Share business	2,256,505,482	1.15%	2,104,924,367	1.07%
Staff Investment	1,881,187,195	0.96%	1,594,249,991	0.81%
Others	17,685,337,995	9.00%	20,713,008,331	10.50%
Total	**196,512,651,241**	**100.00%**	**197,285,680,082**	**100.00%**

8a.6 Geographical Location-wise Investments

Area	As at 31 December 2020		As at 31 December 2019	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh				
a) In Urban Areas				
Dhaka	139,611,824,666	74.75%	140,650,645,454	75.20%
Chattogram	31,718,061,626	16.98%	31,812,635,642	17.01%
Sylhet	1,803,989,407	0.97%	1,849,082,193	0.99%
Rajshahi	5,037,596,743	2.70%	4,727,604,198	2.53%
Rangpur	1,370,436,948	0.73%	1,380,517,101	0.74%
Khulna	5,217,920,865	2.79%	4,779,313,497	2.56%
Barishal	587,326,482	0.31%	483,492,853	0.26%
Mymensingh	1,417,037,704	0.76%	1,355,735,067	0.72%
Sub-total	**186,764,194,441**	**100%**	**187,039,026,005**	**100%**

Area	As at 31 December 2020		As at 31 December 2019	
	Amount	Composition	Amount	Composition
b) In Rural Areas				
Dhaka	6,534,764,955	67.03%	7,003,688,496	68.35%
Chattogram	1,363,660,141	13.99%	1,375,523,316	13.42%
Sylhet	179,404,330	1.84%	193,277,081	1.89%
Rajshahi	488,611,551	5.01%	524,695,751	5.12%
Khulna	762,894,796	7.83%	772,273,512	7.54%
Barishal	248,239,171	2.55%	201,760,903	1.97%
Mymensingh	170,881,855	1.75%	175,435,020	1.71%
Sub-total	**9,748,456,799**	**100%**	**10,246,654,078**	**100%**
ii) Outside Bangladesh	-	-	-	-
Total	**196,512,651,241**	**100%**	**197,285,680,082**	**100%**

8a.7 Grouping of Investments as per Classification Rules of Bangladesh Bank

Status	As at 31 December 2020		As at 31 December 2019	
	Amount	Composition	Amount	Composition
Unclassified:				
Standard (including staff Investment)	181,843,113,633	92.54%	182,161,022,883	92.33%
Special Mention Account (SMA)	5,696,061,505	2.90%	5,437,334,936	2.76%
Sub-total	**187,539,175,138**		**187,598,357,819**	
Classified				
Substandard	355,172,100	0.18%	647,654,003	0.33%
Doubtful	444,099,969	0.23%	522,812,490	0.27%
Bad or loss	8,174,204,033	4.16%	8,516,855,771	4.32%
Sub-total	**8,973,476,102**		**9,687,322,264**	
Grand Total	**196,512,651,241**	**100.00%**	**197,285,680,082**	**100.00%**

8a.8 Particulars of provision for Investments

Status	Basi for Provision	Rate	31.12.2020 Taka	31.12.2019 Taka
Standard:				
Unclassified (excluding Staff Investments)	112,398,437,987	1% (ex. RSDL BB NOC)	1,123,984,380	1,106,812,741
Staff Investments	1,881,187,195	0%	-	-
Consumer Financing (Other than HF & LP)	766,891,570	2%	15,337,831	33,042,516
Small & Medium Enterprise	62,751,407,604	0.25%	156,878,519	157,131,589
Housing Finance (HF)	1,910,777,568	1%	19,107,776	23,474,304
Loan for Professionals (LP)	1,844,551	2%	36,891	72,220
Share Business	2,017,425,264	2%	40,348,505	35,961,727
Short Term Agri Credit	3,503,067	1%	35,031	17,469
Islamic Credit Card	114,248,629	2%	2,284,973	644,713
SMA	5,696,061,505		38,449,401	25,159,291
Special Reschedule & One time Exit			562,497,776	518,362,000
Special General Provision for "COVID-19"			263,071,409	-
			2,222,032,492	**1,900,678,570**

Status	Basi for Provision	Rate	31.12.2020 Taka	31.12.2019 Taka
Sub-standard	355,172,100	20% & 5% (Agri, Cottage & Micro Credit)	7,352,179	43,914,444
Doubtful	444,099,969	50%; 20% (Cottage & Micro Credit) & 5% (Agri)	49,220,300	82,748,818
Bad or loss	8,174,204,033	100%	2,812,032,962	2,697,082,525
Reschedule (BB NOC)			564,940,000	434,529,000
			3,433,545,442	**3,258,274,787**
Required provision for Investments			**5,655,577,933**	**5,158,953,357**
Total provision maintained {note-15a.1(a) & (b)}			5,664,361,818	5,159,213,053
Surplus/(Shortfall) Provision			**8,783,884**	**259,697**

The Bank has maintained provision on unclassified investments amounting to Tk. 2,224,300,000 (note-15a.1.b) and for classified investments amounting to Tk. 3,440,061,818 (note-15a.1.a), totaling Tk. 5,664,361,818. These exist surplus of Tk. 8,783,884 against the required provision.

8a.9 Particulars of Provision for Off-balance Sheet Items

Status	Basis for Provision	Rate	Rate
		1%	1%
Acceptances & endorsements	27,486,835,845	274,868,358	350,644,930
Letters of Guarantee	31,092,059,818	310,920,598	297,496,685
Irrevocable Letters of Credit	34,857,199,890	348,571,999	220,541,506
Bills for collection	78,189,718	781,897	580,795
Required provision for Off-balance Sheet Items	**93,514,285,271**	**935,142,853**	**869,263,916**
Provision maintained {note-15a.1(c)}		935,200,000	869,300,000
Surplus Provision		**57,147**	**36,084**

		31.12.2020 Taka	31.12.2019 Taka
8a.10	**Particulars of Investments**		
(i)	Investments considered good in respect of which the banking company is fully secured	162,429,626,281	163,149,340,571
(ii)	Investments considered good for which the banking company holds no other security than the debtor's personal security	31,363,419,138	31,486,794,541
(iii)	Investments considered good and secured by personal security of one or more parties in addition to the personal security of the debtors	2,719,605,821	2,649,544,970
(iv)	Investments considered bad or doubtful not provided for	-	-
		196,512,651,241	**197,285,680,082**
(v)	Investments due by directors or officers of the banking company or any of them either severally or jointly with any other person	**1,881,187,195**	**1,594,249,991**
(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).	**2,422,671,777**	**2,201,648,077**

			31.12.2020 Taka	31.12.2019 Taka
(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.		**1,881,187,195**	**1,594,249,991**
(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		**2,422,671,777**	**2,201,648,077**
(ix)	Investments due from other Banks		**-**	**-**
(x)	Classified Investment on which profit has not been charged		**8,973,476,102**	**9,687,322,264**
a.	Movement of Classified Investments:			
	Opening Balance		9,687,322,264	12,723,295,289
	Increase/ (Decrease) during the year		(713,846,162)	(3,035,973,025)
			8,973,476,102	**9,687,322,264**
	i) (Decrease)/Increase of specific provision		**181,648,765**	**813,442,977**
	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		**24,654,765**	**25,546,074**
b.	Amount of provision kept against classified Investment as bad or Loss on the reporting day of Balance Sheet		**3,440,061,818**	**3,258,413,053**
c.	Amount of Profit charged in suspense Account		**3,913,186,052**	**2,672,956,646**
(xi)	Cumulative amount of written off Investments			
	Opening Balance		4,656,906,702	4,463,670,712
	Amount written off during the year		-	193,235,991
	Total amount of written off investment		**4,656,906,702**	**4,656,906,702**
9	**Consolidated Fixed Assets including Premises, Furniture and Fixtures**			
	Cost			
	Shahjalal Islami Bank Ltd	(Note 9a)	6,388,016,160	5,801,951,877
	Shahjalal Islami Bank Securities Ltd		204,925,593	112,373,698
			6,592,941,753	**5,914,325,575**
	Accumulated Depreciation			
	Shahjalal Islami Bank Ltd	(Note 9a)	1,647,365,915	1,297,981,423
	Shahjalal Islami Bank Securities Ltd		72,763,766	58,712,793
			1,720,129,681	**1,356,694,216**
	Written Down Value		**4,872,812,072**	**4,557,631,359**
9a	**Fixed Assets including Premises, Furniture and Fixtures of the Bank**			
	Tangible Assets:			
	Cost			
	Land		1,876,724,350	1,876,724,350
	Building		893,986,278	893,923,450
	Head Office Building under construction		-	89,165,998
	Furniture & Fixtures		1,108,875,244	1,022,398,736
	Office Equipment		748,190,288	660,138,562
	Computer & Network Equipment		609,210,291	476,949,060
	Vehicles		116,941,907	114,089,748
	Right of use Assets as per IFRS-16*		884,017,237	523,964,749
	Books		1,042,667	1,042,667
			6,238,988,262	**5,658,397,319**

			31.12.2020 Taka	31.12.2019 Taka
	Less:			
	Accumulated depreciation		1,500,711,525	1,148,290,395
	Adjustment of assets		19,783,161	38,658,338
	Written Down Value		**4,718,493,576**	**4,471,448,586**
	Intangible Assets:			
	Cost			
	Software-Core Banking		62,615,431	62,615,430
	Software-Others		86,412,468	80,939,128
			149,027,899	**143,554,558**
	Less:			
	Amortization		126,871,229	111,032,689
	Written Down Value		**22,156,670**	**32,521,869**
	Total Written Down Value		**4,740,650,245**	**4,503,970,454**

*Right of use (RoU) Assets are measured at cost less any accumulated depreciation and adjusted for any measurement of lease liabilities (Note-2.7.6).

For details please refer to **Annexure-B.**

10	**Consolidated Other Assets**			
	Shahjalal Islami Bank Ltd	(Note 10a)	18,018,050,356	15,983,396,045
	Shahjalal Islami Bank Securities Ltd		414,171,745	374,944,517
			18,432,222,101	**16,358,340,562**
	Less: Inter Company transaction		2,515,000,000	2,515,000,000
			15,917,222,101	**13,843,340,562**
10.1	**Consolidated Advance Tax**			
	Shahjalal Islami Bank Ltd	(Note 10a.4)	14,797,808,219	12,641,625,772
	Shahjalal Islami Bank Securities Ltd		354,037,731	324,377,783
			15,151,845,950	**12,966,003,555**
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)		21,388,644	23,810,353
	Advance Rent and Security Deposit		84,983,375	137,044,277
	Suspense Account	(Note-10a.1)	112,787,431	145,734,796
	Profit Receivable	(Note-10a.2)	345,276,627	313,492,263
	Other Prepayments		90,173,713	90,351,271
	Advance Insurance Premium		19,821,018	60,515,770
	Advance for New Branches		-	9,755,760
	Advance Tax Paid	(Note-10a.4)	14,797,808,219	12,641,625,772
	Other Receivables		3,181,647	3,181,647
	SJIBL General Account-Net	(Note-10a.5)	27,629,682	42,884,136
	Balance with OBU		8,228,144,000	10,382,701,170
			23,731,194,356	**23,851,097,215**
	Less: Offshore Banking Unit		8,228,144,000	10,382,701,170
	Sub-total		**15,503,050,356**	**13,468,396,045**
			18,018,050,356	**15,983,396,045**

			31.12.2020 Taka	31.12.2019 Taka
10a.1	**Suspense Account**			
	Sundry Debtors		8,831,043	66,258,042
	Excise Duty on MTDR		27,491,651	26,884,331
	Advance against TA/DA		-	9,030
	Advance against Petty Cash		608,000	450,000
	Law Charges		54,620,243	51,101,981
	Stamp		467,350	299,930
	Others		20,769,143	731,482
			112,787,431	**145,734,796**

The detail breakup of unadjusted suspense accounts are given below: (Amount in '000)

Sl.	Break-up	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	1,620	50	3,568	3,593	-
2	Advance against TA/DA	-	-	-	-	-
3	Advance against Petty Cash	608	-	-	-	-
4	Legal Expenses	7,611	1,349	1,058	1,339	43,263
5	Others	43,793	2,173	826	662	1,274
	Grand Total	**53,632**	**3,572**	**5,452**	**5,594**	**44,537**

10a.2	**Profit Receivable**		
	Placement to Other Banks-MTDR	173,353,869	57,931,924
	Placement to Financial Institutions-MTDR	61,020,625	147,342,639
	Profit on Investment against MSD	376,118	376,118
	On Investments	110,526,016	107,841,582
		345,276,627	**313,492,263**

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 25 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 the Bank holds 91.79% of its paid-up capital.

10a.4	**Advance Tax Paid**		
	Balance at the beginning of the year	12,641,625,772	10,688,849,451
	Paid during the year	2,156,182,447	1,952,776,321
		14,797,808,219	**12,641,625,772**

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 is given below:

	Debit		Credit	
	No. of Entry	**Amount**	**No. of Entry**	**Amount**
Up to 3 months	547	35,064,833	231	7,435,150
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	547	**35,064,833**	**231**	**7,435,150**
Net unreconciled amount				**27,629,682**

There are no outstanding unreconciled entries for more than 03 months. However, outstanding entries on Balance Sheet date are subsequently reconciled.

		31.12.2020 Taka	31.12.2019 Taka
11	**Non-Banking Assets**		
	Shahjalal Islami Bank Ltd	**88,909,355**	**88,909,355**

The Bank was awarded absolute ownership on some 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 these assets was recorded in equivalent to the client's adjustable outstanding. Following are the details:

			31.12.2020 Taka	31.12.2019 Taka
Sl. #	**Name of Parties**	**Assets Details**		
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 1,741.59 Lac (Market Value)**. Entitlement Date: 12 October 2014	47,064,331	47,064,331
ii)	M/S Noor Mohammad Iron Store	"6.25 (six point two five) decimals land situated at Bashundhara River View Project at Block- A, Plot # 532, Keranigonj, Dhaka, Mouza - Naiyatola. Carrying value of which was **BDT 47.34 Lac (Market Value).** Entitlement Date: 14 May 2015"	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 November 2017"	31,468,345	31,468,345
iv)	Md. Mehedul Islam	"i) 04 (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 April 2017"	3,380,238	3,380,238
v)	Sohel Enterprise	"i) 08 (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 November 2017"	2,981,804	2,981,804
	Total		**88,909,355**	**88,909,355**

		Note	31.12.2020 Taka	31.12.2019 Taka
12	**Consolidated Placement from other Banks & Financial Institutions**			
	Shahjalal Islami Bank Ltd	(Note-12a)	19,730,962,466	11,382,596,297
	Shahjalal Islami Bank Securities Ltd		2,137,336,443	2,153,714,228
			21,868,298,909	**13,536,310,525**
	Less: Inter Company Transaction		2,011,859,181	1,783,772,006
			19,856,439,728	**11,752,538,519**
12a	**Placement from other Banks & Financial Institutions of the Bank**			
	Islamic Refinance Fund- Bangladesh Bank		-	103,483,500
	Export Development Fund- Bangladesh Bank		13,684,954,633	10,017,057,797
	Financial Stimulus Fund- Bangladesh Bank		2,230,007,833	-
	Mudaraba Term Deposit from other Banks	(Note-12a.1)	3,816,000,000	1,262,055,000
	Borrowing from Offshore Banking Unit (OBU)		165,395	20,847,035
			19,731,127,861	**11,403,443,332**
	Less: Offshore Banking Unit		165,395	20,847,035
			19,730,962,466	**11,382,596,297**
12a.1	**Mudaraba Term Deposit from other Banks**			
	Inside Bangladesh			
	Agrani Bank Limited		424,000,000	80,000,000
	Bank Alfalah Limited		254,400,000	-
	United Commercial Bank Limited		1,865,600,000	-
	Southeast Bank Limited		339,200,000	-
	Jamuna Bank Limited		254,400,000	-
	Dhaka Bank Limited		678,400,000	-
	Sonali Bank Limited		-	78,355,000
	Sub-total		**3,816,000,000**	**158,355,000**
	Outside Bangladesh			
	Bank Muscat SAOG		-	764,100,000
	National Bank of Ras Al-Khaimah (P.S.C.)		-	339,600,000
	Sub-total		**-**	**1,103,700,000**
	Grand Total		**3,816,000,000**	**1,262,055,000**
13	**Consolidated Deposits and Other Accounts**			
	Al-Wadeeah Current Deposits & Other Accounts			
	Shahjalal Islami Bank Ltd	(Note-13a)	34,433,462,289	28,408,133,488
	Shahjalal Islami Bank Securities Ltd		-	-
			34,433,462,289	**28,408,133,488**
	Less: Inter Company Transaction		6,895	7,772
			34,433,455,394	**28,408,125,716**
	Bills Payable			
	Shahjalal Islami Bank Ltd	(Note-13a)	3,889,060,291	4,335,581,019
	Shahjalal Islami Bank Securities Ltd		-	-
			3,889,060,291	**4,335,581,019**
	Mudaraba Savings Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	30,316,566,001	24,786,167,880
	Shahjalal Islami Bank Securities Ltd		-	-
			30,316,566,001	**24,786,167,880**
	Less: Inter Company Transaction		9,579	3,152
			30,316,556,422	**24,786,164,728**

		Note	31.12.2020 Taka	31.12.2019 Taka
	Mudaraba Term Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	81,508,507,043	82,805,155,336
	Shahjalal Islami Bank Securities Ltd		-	-
			81,508,507,043	**82,805,155,336**
	Other Mudaraba Deposits			
	Shahjalal Islami Bank Ltd	(Note-13a)	68,295,354,091	62,937,938,001
	Shahjalal Islami Bank Securities Ltd		-	-
			68,295,354,091	**62,937,938,001**
	Less: Inter Company Transaction		388,122,723	146,411,010
			67,907,231,368	**62,791,526,991**
	Total		**218,054,810,518**	**203,126,553,791**
13a	**Deposits and Other Accounts of the Bank**			
	Al-Wadeeah Current Deposits & Other Accounts			
	Al-Wadeeah Current Deposits		11,675,535,837	9,813,296,623
	Deposits from Other Banks		11,619,252	4,282,200
	Foreign Currency Deposits		4,477,014,117	3,227,852,964
	Non-Resident Taka Account		17,480,771	25,244,993
	Profit Payable		1,295,790,027	1,971,040,298
	Sundry Deposits		16,948,661,590	13,348,465,716
	Unclaimed Dividend	(Note-13a.5)	29,099,411	23,540,868
			34,455,201,004	**28,413,723,661**
	Less: Offshore Banking Unit		21,738,715	5,590,174
			34,433,462,289	**28,408,133,488**
	Bills Payable			
	Payable inside Bangladesh			
	Payment Order Issued		3,884,585,899	4,330,970,783
	Demand Draft Payable		4,072,349	4,074,749
	Electronic Fund Transfer		402,043	535,487
			3,889,060,291	**4,335,581,019**
	Payable outside Bangladesh		-	-
			3,889,060,291	**4,335,581,019**
	Mudaraba Savings Deposits			
	General Deposits		30,280,128,794	24,751,894,752
	Foreign Currency Deposits		36,437,207	34,272,997
	Deposits from Other Banks	(Note-13a.3)	-	132
			30,316,566,001	**24,786,167,880**
	Mudaraba Term Deposits			
	General Deposits		81,283,563,629	82,587,971,836
	Foreign Currency Deposits		224,943,414	217,183,500
			81,508,507,043	**82,805,155,336**
	Other Mudaraba Deposits			
	Mudaraba Special Notice Deposits		11,669,807,096	8,839,368,421
	Mudaraba Scheme Deposits	(Note-13a.1)	54,653,870,608	52,493,668,437
	Deposits from Other Banks (SND)	(Note-13a.3)	1,971,676,388	1,604,901,143
			68,295,354,091	**62,937,938,001**
			218,442,949,715	**203,272,975,725**

		Note	31.12.2020 Taka	31.12.2019 Taka
13a.1	**Mudaraba Scheme Deposits**			
	Millionaire Scheme		8,488,692,557	8,266,851,559
	Multiple Benefit Scheme		7,774,410,663	9,359,459,665
	Monthly Income Scheme		19,039,021,351	18,496,346,753
	Monthly Deposit Scheme		18,925,367,653	15,966,345,718
	Hajj Deposit Scheme		337,182,236	276,037,869
	Cash Waqf		10,630,288	5,133,605
	Housing Deposit Scheme		1,512,947	6,365,302
	Lakhpoti Deposit Scheme		1,091,557	3,815,154
	Mohor Deposit Scheme		132	65,289
	Education Deposit Scheme		44,180,960	61,360,042
	Marriage Deposit Scheme		31,780,264	51,887,482
			54,653,870,608	**52,493,668,437**
13a.2	**Deposits and Other Accounts**			
	General Deposits		216,471,273,327	201,668,074,450
	Deposits from Other Banks	(Note-13a.3)	1,971,676,388	1,604,901,275
			218,442,949,715	**203,272,975,725**
13a.3	**Deposits from Other Banks**			
	Mudaraba Special Notice Deposits			
	Export Import Bank of Bangladesh Limited		52,883,102	22,728,054
	AB Bank Limited		12,406	12,163
	Jamuna Bank Limited		630,424	548,132
	Al-Arafah Islami Bank Limited		1,885,392,966	1,569,273,804
	Social Islami Bank Limited		29,185,933	8,889,910
	National Credit and Commerce Bank Limited		643,169	631,066
	ICB Islamic Bank Limited		8,001	8,977
	Islami Bank Bangladesh Limited		2,626,001	2,617,858
	Sonali Bank Limited		195,082	191,179
	Mercantile Bank Limited		99,304	-
			1,971,676,388	**1,604,901,143**
	Mudaraba Savings Deposit			
	Al-Arafah Islami Bank Limited		-	132
			-	**132**
			1,971,676,388	**1,604,901,275**
13a.4	**Maturity-wise classification of Deposits are as under**			
	With a residual maturity of			
	Repayable on demand		17,475,435,977	16,263,566,508
	Within 1 month		17,344,370,207	16,139,874,273
	Over 1 month but not more than 6 months		58,979,596,423	54,883,703,446
	Over 6 months but not more than 1 year		69,617,768,074	64,785,837,273
	Over 1 year but not more than 5 years		19,550,643,999	18,202,045,088
	Over 5 years		35,475,135,034	32,997,949,137
			218,442,949,715	**203,272,975,725**
13a.5	**Unclaimed Dividend**			
	Dividend remained unclaimed which were declared for the year:			
	2014		8,491,261	8,495,614
	2015		9,108,885	9,117,480
	2016		5,918,748	5,927,774
	2019		5,580,517	-
			29,099,411	**23,540,868**

		Note	31.12.2020 Taka	31.12.2019 Taka
14	**Mudaraba Subordinated Bond**			
	Mudaraba Subordinated Bond		**9,200,000,000**	**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 Subordinated 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 June 2017	19 December 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 at 31 December 2020)	Bond Issued (Taka)	Outstanding (as at 31 December 2020)
EXIM Bank Limited	1,750,000,000	1,400,000,000	1,000,000,000	1,000,000,000
Pubali Bank Limited	700,000,000	560,000,000	-	-
Rupali Bank Limited	700,000,000	560,000,000	750,000,000	750,000,000
Uttara Bank Limited	500,000,000	400,000,000	-	-
Southeast Bank Limited	350,000,000	280,000,000	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**	**3,200,000,000**	**6,000,000,000**	**6,000,000,000**

		Note	31.12.2020 Taka	31.12.2019 Taka
15	**Consolidated Other Liabilities**			
	Shahjalal Islami Bank Ltd	(Note-15a)	27,935,935,686	24,641,621,683
	Shahjalal Islami Bank Securities Ltd		2,467,300,332	2,129,693,876
			30,403,236,018	**26,771,315,560**
	Less: Inter Company Transaction		-	-
			30,403,236,018	**26,771,315,560**

		Note	31.12.2020 Taka	31.12.2019 Taka
15.1	**Consolidated Provision for Current Tax**			
	Shahjalal Islami Bank Ltd	(Note-15a.2)	14,949,163,422	13,224,746,710
	Shahjalal Islami Bank Securities Ltd		367,630,095	345,040,992
			15,316,793,517	**13,569,787,703**
15.2	**Consolidated Current Tax Expenses**			
	Shahjalal Islami Bank Ltd	(Note-15a.2)	1,664,048,258	2,130,236,894
	Shahjalal Islami Bank Securities Ltd		22,589,103	28,070,778
			1,686,637,361	**2,158,307,672**
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 unreconciled Nostro debit entries as there is no outstanding entry over 03 months (note-5a.3).			
15a	**Other Liabilities of the Bank**			
	Profit Payable		22,080,954	33,907,105
	Provision for Investment	{Note-15a.1 (a) & (b)}	5,664,361,818	5,159,213,053
	Provision for Off-balance Sheet items	{Note-15a.1 (c)}	935,200,000	869,300,000
	Provision for Other Assets	{Note-15a.1(d)}	81,965,000	37,765,000
	Provisions for Investments in Securities	{Note-15a.1(e)}	658,560,000	797,760,000
	Provision for Taxation	(Note-15a.2)	14,949,163,422	13,224,746,710
	Profit Suspense Account	{Note-15(a).1 (f)}	3,218,459,970	1,913,003,426
	Compensation Realisable & Suspense Account		694,726,082	759,953,219
	Compensation Realised Account		466,704,500	714,662,624
	Other Payables		202,888,051	371,093,474
	Outstanding Expenses		279,571,450	326,342,252
	Unearned Income on Quard		35,643,836	2,270,063
	Lease Liabilities as per IFRS 16 Leases*	(Note-2.7.6)	726,610,603	431,604,755
			27,935,935,686	**24,641,621,683**
	* As per note-2.7.6, in accordance with IFRS 16, the Bank has recognised the lease liabilities.			
15a.1	**Provision for Investment**			
	(a) Provision on Classified Investments			
	Provision held at the beginning of the year		3,258,413,053	2,444,970,076
	Amount transferred to Compensation Realised A/C		-	(200,000,000)
	Written-off Recovery		24,654,765	25,546,074
	Net charge to Profit and Loss Account		156,994,000	1,160,780,000
	Fully provided investment written-off during the year		-	(172,883,097)
	Provision held at the end of the year		**3,440,061,818**	**3,258,413,053**
	(b) General Provision on Unclassified Investments			
	Provision held at the beginning of the year		1,900,800,000	1,375,400,000
	Provision transferred from Provision for Investments in Securities		95,000,000	-
	Addition during the year		228,500,000	525,400,000
	Balance at the end of the year		**2,224,300,000**	**1,900,800,000**
	Total Provision for Investments (a+b)		**5,664,361,818**	**5,159,213,053**

		Note	31.12.2020 Taka	31.12.2019 Taka
	(c) General Provision on Off-balance Sheet Items			
	Provision held at the beginning of the year		869,300,000	837,100,000
	Addition during the year		65,900,000	32,200,000
	Balance at the end of the year		**935,200,000**	**869,300,000**
	Total Provision for Investments & Off-balance Sheet Items (a+b+c)		**6,599,561,818**	**6,028,513,053**
	(d) Provision for Other Assets			
	Provision held at the beginning of the year		37,765,000	37,765,000
	Transfer from Provision for Investments in Securities		44,200,000	-
	Balance at the end of the year		**81,965,000**	**37,765,000**
	(e) Provision for Investments in Securities			
	Provision held at the beginning of the year		797,760,000	545,160,000
	Transfer to Provision on Unclassified Investments		(95,000,000)	-
	Transfer to Provision for Other Assets		(44,200,000)	-
	Addition during the year		-	252,600,000
	Balance at the end of the year		**658,560,000**	**797,760,000**
	(f) Profit Suspense Account			
	Balance at the beginning of the year		1,913,003,426	741,880,059
	Amount transferred to suspense account during the year		3,119,752,786	2,262,057,857
	Amount recovered from suspense account during the year		(1,796,506,920)	(1,058,784,667)
	Amount waived/ written-off during the year		(17,789,322)	(32,149,822)
	Balance at the end of the year		**3,218,459,970**	**1,913,003,426**
15a.2	**Provision for Taxation**			
	Provision for Current Tax			
	Balance at the beginning of the year		13,224,746,710	11,094,509,817
	Add: Provision made during the year		1,664,048,258	2,130,236,894
	Add: Provision made on other income during the year		60,368,453	-
	Balance at the end of the year		**14,949,163,422**	**13,224,746,710**
	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 off, there should not be any additional tax demand against the Bank and hence no further provision is required.			
15a.2(a)	**Provision for Current Tax made during the year**			
	Income tax @ 37.50% on estimated taxable Business Profit		1,711,526,097	2,116,743,130
	Income tax @ 20.00% on Dividend Income		9,266,236	9,427,864
	Income tax @ 10% on Capital Gain on Sale of Shares		3,624,378	4,065,899
	Estimated Total Provision Required		**1,724,416,711**	**2,130,236,894**
	Computation of Taxable Business Profit			
	Profit before Tax		3,643,419,997	3,894,149,945
	Add: Inadmissible expenditures		1,463,630,954	2,318,905,843
	Less: Allowable Expenditure & Separate consideration		542,981,360	568,407,441
	Estimated Taxable Business Profit for the year		**4,564,069,591**	**5,644,648,347**
15a.2(b)	**Reconciliation of effective tax rate of the Bank**			
	Particulars	**Effective Rate**		
	Profit before income tax as per profit and loss account		3,643,419,997	3,894,149,945
	Income tax as per applicable tax rate	37.5%	1,366,282,499	1,460,306,230
	Factors affecting the tax charge for current year:			
	Inadmissible expenses	13.41%	488,493,155	869,589,691
	Admissible Expenses in the current year (i.e., write-off etc.)	-4.74%	(172,652,399)	(180,228,423)
	Tax savings from reduced tax rates for dividend	-0.22%	(8,107,957)	(8,249,381)
	Tax loss/(savings) from reduced tax rates for capital gain	-0.27%	(9,967,040)	(11,181,223)
	Total Income Tax Expenses	**45.67%**	**1,664,048,258**	**2,130,236,894**

		Note	31.12.2020 Taka	31.12.2019 Taka
16	**Consolidated Deferred Tax Liabilities**			
	Shahjalal Islami Bank Ltd	(Note-16a)	259,248,945	188,075,793
	Shahjalal Islami Bank Securities Ltd		(2,571,206)	(1,752,809)
			256,677,740	**186,322,984**
16a	**Deferred Tax Liabilities of the Bank**			
	Balance at the beginning of the year		188,075,793	142,464,474
	Add: Provision made during the year		71,173,152	45,611,319
			259,248,945	**188,075,793**
16a.1	**Deferred Tax (assets)/liabilities**			
	Fixed Assets (as per Financial Statements)		4,740,650,245	4,503,970,454
	Less: Carrying amount of vehicles purchase over the allowable limit		15,689,567	17,492,510
			4,724,960,679	**4,486,477,944**
	Tax base carrying amount		4,033,630,158	3,984,942,496
			691,330,521	**501,535,448**
	Deferred Tax (assets)/liabilities		**259,248,945**	**188,075,793**
17	**Capital**			
17.1	**Authorized Capital**			
	1,500,000,000 ordinary shares of Tk. 10 each		**15,000,000,000**	**10,000,000,000**

The shareholders of the Bank in its 13th Extra Ordinary General Meeting (EGM) held on 12 August 2020 approved to increase the Authorised Capital of the Bank to Tk. 15,000,000,000 from Tk. 10,000,000,000.

17.2	**Issued, Subscribed and Paid-up Capital**		
	980,092,335 Ordinary Shares of Tk 10 each	**9,800,923,350**	**9,334,212,720**
	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	848,564,790
	5% Stock Dividend for the year 2019	466,710,630	-
		9,800,923,350	**9,334,212,720**

	Holding		
Sponsor & Director Group	In year 2020: 48.77%; 2019: 43.22%	4,779,921,720	4,034,924,630
Institutes Group	In year 2020: 13.12%;2019: 16.95%	1,285,929,520	1,582,810,850
General Shareholders Group	In year 2020: 37.96%; 2019: 39.51%	3,719,941,250	3,686,976,990
Foreign Group	In year 2020: 0.15%; 2019: 0.32%	15,130,860	29,500,250
		9,800,923,350	**9,334,212,720**

Classification of Shareholders by number of holding:

As at 31 December 2020

Range of Share Holding	No. of Shareholders	No. of Shares	Percentage of Holding Shares
Up to 500	13,776	1,885,248	0.19%
501-5,000	12,805	24,943,770	2.55%
5,001-10,000	1,155	7,715,234	0.79%
10,001-20,000	593	7,992,059	0.82%
20,001-30,000	203	5,057,314	0.52%
30,001-40,000	58	2,027,016	0.21%
40,001-50,000	51	2,291,804	0.23%
50,001-100,000	99	6,709,860	0.68%
100,001-1,000,000	102	32,567,798	3.32%
Over 1,000,000	82	888,902,232	90.70%
Total	**28,924**	**980,092,335**	**100.00%**

As at 31 December 2019

Range of Share Holding	No. of Shareholders	No. of Shares	Percentage of Holding Shares
Up to 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%
50,001-100,000	90	5,989,571	0.64%
100,001-1,000,000	103	34,168,010	3.66%
Over 1,000,000	88	839,743,048	89.96%
Total	**31,022**	**933,421,272**	**100.00%**

		Note	31.12.2020 Taka	31.12.2019 Taka
17.3	**Consolidated Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III**			
	a) Going Concern Capital (Tier-I):			
	Common Equity Tier-I Capital (CET-I)			
	i) Paid-up Capital		9,800,923,350	9,334,212,720
	ii) Statutory Reserve	(Note-18)	6,959,872,664	6,231,188,665
	iii) Retained Earnings	(Note-19)	1,206,062,264	954,727,529
	iv) Capital Reserve		2,878,961	2,878,961
	v) Non-controlling Interest		226,877,106	226,408,192
			18,196,614,346	**16,749,416,068**
	Less: Shortfall in provisions required against investment		329,797,981	998,320,159
			17,866,816,365	**15,751,095,909**
	Additional Tier-I Capital (AT-I)		-	-
			17,866,816,365	**15,751,095,909**
	b) Gone Concern Capital (Tier-II):			
	i) General Provision		3,207,465,735	2,818,065,735
	ii) Mudaraba Subordinated Bond		6,720,000,000	9,200,000,000
			9,927,465,735	**12,018,065,735**
	c) Total Eligible Regulatory Capital (a+b)		**27,794,282,100**	**27,769,161,644**
	d) Consolidated Total Risk Weighted Assets		**202,620,251,158**	**186,781,400,361**

	Note	31.12.2020 Taka	31.12.2019 Taka
e) Minimum Required Capital (10% of Risk Weighted Assets)		**20,262,025,116**	**18,678,140,036**
f) Minimum Required Capital (12.50% of Risk Weighted Assets) including conservation buffer		**25,327,531,395**	**23,347,675,045**
g) Total Capital Surplus (c-e)		**7,532,256,984**	**9,091,021,608**
h) Total Capital Surplus considering conservation buffer (c-f)		**2,466,750,705**	**4,421,486,599**

Consolidated Capital to Risk Weighted Assets Ratio

Particulars	2020		2019	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	8.82%	6.00%	8.43%
Common Equity Tier-I Capital: (CET-I)	4.50%	8.82%	4.50%	8.43%
Tier-I Plus Conservation Buffer	8.50%	8.82%	8.50%	8.43%
CET-I Plus Conservation Buffer	7.00%	8.82%	7.00%	8.43%
Gone Concern Capital: (Tier-II)	-	4.90%	-	6.43%
CRAR	10.00%	13.72%	10.00%	14.87%
CRAR including Conservation Buffer	**12.50%**	**13.72%**	**12.50%**	**14.87%**

		Note	31.12.2020 Taka	31.12.2019 Taka
17.4	**Consolidated Risk Weighted Assets (RWA) for**			
	1. Investment (Credit) Risk			
	On-balance Sheet		146,493,176,391	137,468,182,856
	Off-balance Sheet		32,162,166,808	28,530,087,857
	2. Market Risk		5,884,024,959	5,583,664,001
	3. Operational Risk		18,080,883,001	15,199,465,647
	Consolidated Total Risk Weighted Assets (1+2+3)		**202,620,251,158**	**186,781,400,361**
17.5	**Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III of the Bank**			
	a) Going Concern Capital (Tier-I):			
	Common Equity Tier-I Capital (CET-I)			
	i) Paid-up Capital		9,800,923,350	9,334,212,720
	ii) Statutory Reserve	(Note-18)	6,959,872,664	6,231,188,665
	iii) Retained Earnings	{Note-19(a)}	1,187,959,349	941,866,028
			17,948,755,363	**16,507,267,412**
	Additional Tier-I Capital (AT-I)		-	-
			17,948,755,363	**16,507,267,412**
	b) Gone Concern Capital (Tier-II):			
	i) General Provision	{Note-15.1(b+c)}	3,159,500,000	2,770,100,000
	ii) Mudaraba Subordinated Bond		6,720,000,000	9,200,000,000
			9,879,500,000	**11,970,100,000**
	c) Total Eligible Regulatory Capital (a+b)		**27,828,255,363**	**28,477,367,412**
	d) Total Risk Weighted Assets		**196,154,987,362**	**182,775,689,488**
	e) Minimum Required Capital (10% of Risk Weighted Assets)		**19,615,498,736**	**18,277,568,949**

	Note	31.12.2020 Taka	31.12.2019 Taka
f) Minimum Required Capital (12.50% of Risk Weighted Assets) including conservation buffer		**24,519,373,420**	**22,846,961,186**
g) Total Capital Surplus (c-e)		**8,212,756,627**	**10,199,798,464**
h) Total Capital Surplus considering conservation buffer (c-f)		**3,308,881,943**	**5,630,406,226**

Capital Adequacy Ratio

Particulars	2020		2019	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	6.00%	9.15%	6.00%	9.03%
Common Equity Tier-I Capital: (CET-I)	4.50%	9.15%	4.50%	9.03%
Tier-I Plus Conservation Buffer	8.50%	9.15%	8.50%	9.03%
CET-I Plus Conservation Buffer	7.00%	9.15%	7.00%	9.03%
Gone Concern Capital: (Tier-II)	-	5.04%	-	6.55%
CRAR	10.00%	14.19%	10.00%	15.58%
CRAR including Conservation Buffer	**12.50%**	**14.19%**	**12.50%**	**15.58%**

17.6	**Risk Weighted Assets (RWA) for**			
	1. Investment (Credit) Risk			
	On-balance Sheet		143,018,801,812	135,786,054,271
	Off-balance Sheet		32,162,166,808	28,530,087,857
	2. Market Risk		4,135,709,903	4,076,803,893
	3. Operational Risk		16,838,308,839	14,382,743,467
	Total Risk Weighted Assets (1+2+3)		**196,154,987,362**	**182,775,689,488**
17.7	**Non-controlling Interest**			
	Opening balance		226,408,192	231,307,418
	Share of current year's profit		468,914	(4,899,226)
			226,877,106	**226,408,192**
18	**Statutory Reserve**			
	Opening balance		6,231,188,665	5,452,358,676
	Add: Addition during the year		728,684,000	778,829,989
			6,959,872,664	**6,231,188,665**
19	**Consolidated Retained Earnings**			
	Shahjalal Islami Bank Ltd	(Note-19a)	1,187,959,349	941,866,028
	Shahjalal Islami Bank Securities Ltd		19,980,021	14,269,694
			1,207,939,370	**956,135,722**
	Less: Non-controlling Interest		1,877,106	1,408,192
			1,206,062,264	**954,727,529**
19.1	**Consolidated current year's Retained Earnings**			
	Current Year			
	Shahjalal Islami Bank Ltd	(Note-19a)	1,179,514,587	939,471,743
	Shahjalal Islami Bank Securities Ltd		5,710,327	(59,661,685)
			1,185,224,915	**879,810,058**
	Less: Non-controlling Interest		468,914	(4,899,226)
			1,184,756,001	**884,709,284**

		Note	31.12.2020 Taka	31.12.2019 Taka
19a	**Retained Earnings of the Bank**			
	Opening balance		941,866,028	850,959,074
	Less: Payment of Dividend		933,421,266	848,564,790
	Add: Transfer from Profit and Loss Account		1,179,514,587	939,471,743
			1,187,959,349	**941,866,028**
20	**Letters of Guarantee**			
	Letters of Guarantee (Local)		30,289,472,406	28,843,951,731
	Letters of Guarantee (Foreign)		801,654,425	903,954,700
	Back to Back Usance		932,987	1,762,099
			31,092,059,818	**29,749,668,530**
	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		31,092,059,818	29,749,668,530
			31,092,059,818	**29,749,668,530**
21	**Irrevocable Letters of Credit**			
	Letters of credit		34,857,199,890	31,562,148,000
			34,857,199,890	**31,562,148,000**

		Note	2020 Taka	2019 Taka
22	**Consolidated Profit and Loss Account**			
	Income:			
	Profit on Investments	(Note-23)	16,986,601,742	20,301,832,199
	Income from Investments in securities	(Note-25)	640,308,884	466,594,260
	Dividend Income	(Note-25)	46,331,181	47,139,321
	Commission, Exchange and Brokerage	(Note-26)	1,857,875,279	2,152,478,637
	Gains less losses arising from Investments in Securities		36,243,782	40,658,993
	Other Operating Income	(Note-27)	818,539,311	797,137,757
			20,385,900,179	**23,805,841,167**
	Expenses:			
	Profit paid on Deposits	(Note-24)	11,440,711,730	13,206,651,379
	Administrative Expenses		3,814,411,876	3,812,564,425
	Other operating Expenses		620,498,003	675,394,431
	Depreciation on Banking Assets		387,983,538	278,415,581
			16,263,605,148	**17,973,025,816**
	Profit/(Loss) before Provision		**4,122,295,031**	**5,832,815,351**

		Note	2020 Taka	2019 Taka
22a	**Profit and Loss Account of the Bank**			
	Income:			
	Profit on Investments	(Note-23a)	17,033,748,679	20,290,692,595
	Income from Investments in Securities	(Note-25a)	542,747,982	390,963,091
	Dividend Income	(Note-25a)	46,331,181	47,139,321
	Commission, Exchange and Brokerage	(Note-26a)	1,752,496,265	2,057,856,991
	Gains less losses arising from Investments in Securities	(Note-25a)	36,243,782	40,658,993
	Other Operating Income	(Note-27a)	812,353,493	791,003,472
			20,223,921,381	**23,618,314,463**
	Expenses:			
	Profit paid on Deposits	(Note-24a)	11,418,428,603	13,112,331,753
	Administrative Expenses		3,749,616,591	3,728,328,029
	Other Operating Expenses		591,894,537	643,198,651
	Depreciation on Banking Assets		369,167,653	269,326,085
			16,129,107,384	**17,753,184,518**
	Profit/(Loss) before Provision		**4,094,813,997**	**5,865,129,945**
23	**Consolidated Profit on Investments**			
	Shahjalal Islami Bank Ltd	(Note-23a)	17,033,748,679	20,290,692,595
	Shahjalal Islami Bank Securities Ltd		123,462,806	154,432,842
			17,157,211,485	**20,445,125,437**
	Less: Inter Company Transaction		170,609,743	143,293,238
			16,986,601,742	**20,301,832,199**
23a	**Profit on Investments of the Bank**			
	Profit on Investments*	(Note-23a.1)	15,843,375,369	18,758,587,936
	Profit on Placement with Other Banks & Financial Institutions		1,190,373,310	1,532,104,659
			17,033,748,679	**20,290,692,595**

*In 2019, the Government declared that all types of lending rates would be as high as 9% and it was implemented in early 2020. Due to Central bank caps, the profit on investments reduced by 15.54% though investments reduced by 0.39%.

23a.1	**Profit on Investments**			
	Profit on Murabaha		1,109,903,419	1,660,265,911
	Profit on Bi-Muazzal		9,104,442,339	10,299,879,634
	Profit on Hire-Purchase		3,455,609,394	4,415,878,748
	Profit on Ijara		222,743,348	259,688,076
	Profit on Bi-Salam		262,155,491	258,303,279
	Profit on Inland Document Bill Purchased		368,430,483	523,076,006
	Profit on Foreign Document Bill Purchased		15,072,467	22,667,162
	Profit on Investment against Scheme Deposit		62,344	22,175
	Profit on Investment against Mudaraba Savings Deposit		17,496	16,349
	Profit on Investment against EDF		230,756,959	323,169,155
	Profit on Mudaraba		761,976,531	627,033,099
	Profit Received From Resheduled Investment- Rent Mode		192,947,399	255,053,690
	Profit on Murabaha Import Bill (UPAS)		98,193,920	105,590,987
	Profit Received From HPSM		1,746,074	2,192,323
	Income from Islamic Credit Card		19,317,704	5,671,888
	Profit on Investment against Mudaraba Term Deposit		-	74,455
	Profit on Investment against Other Securities		-	5,000
			15,843,375,369	**18,758,587,936**

		Note	2020 Taka	2019 Taka
23a.2	**Investment Income derived from the fund deployed**			
	Inside Bangladesh			
	i) Mudaraba Deposits		10,201,549,400	13,896,361,943
	ii) Other Deposits/Fund		5,641,825,969	4,862,225,993
			15,843,375,369	**18,758,587,936**
	Outside Bangladesh		-	-
			15,843,375,369	**18,758,587,936**

23a.3 Geographical Location-wise Profit on Investments

Area	2020		2019	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (note-22a.3.1)				
a) In Rural Areas	841,932,474	5.31%	967,024,806	5.16%
b) In Urban Areas	15,001,442,895	94.69%	17,791,563,130	94.84%
Sub-total	**15,843,375,369**	**100.00%**	**18,758,587,936**	**100.00%**
ii) Outside Bangladesh	-	-	-	-
Total	**15,843,375,369**	**100.00%**	**18,758,587,936**	**100.00%**

23a.3.1 Inside Bangladesh

Area	As at 31 December 2020		As at 31 December 2019	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh				
a) In Rural Areas				
Dhaka	591,924,826	3.74%	655,417,170	3.49%
Chattogram	81,905,212	0.52%	110,574,499	0.59%
Sylhet	15,524,251	0.10%	18,986,498	0.10%
Rajshahi	54,069,181	0.34%	62,306,376	0.33%
Khulna	61,867,460	0.39%	77,087,366	0.41%
Barishal	19,515,118	0.12%	21,918,641	0.12%
Mymensingh	17,126,427	0.11%	20,734,256	0.11%
Sub-total	**841,932,474**	**5.31%**	**967,024,806**	**5.16%**
b) In Urban Areas				
Dhaka	11,464,872,610	72.36%	13,639,037,028	72.71%
Chattogram	2,386,939,389	15.07%	2,741,319,378	14.61%
Sylhet	85,511,431	0.54%	121,124,735	0.65%
Rajshahi	401,845,274	2.54%	463,814,148	2.47%
Rangpur	102,541,153	0.65%	128,185,302	0.68%
Khulna	408,826,112	2.58%	519,200,711	2.77%
Barishal	47,407,122	0.30%	46,665,955	0.25%
Mymensingh	103,499,804	0.65%	132,215,873	0.70%
Sub-total	**15,001,442,895**	**94.69%**	**17,791,563,130**	**94.84%**
ii) Outside Bangladesh	-	-	-	-
Total	**15,843,375,369**	**100%**	**18,758,587,936**	**100%**

		Note	2020 Taka	2019 Taka
24	**Consolidated Profit paid on Deposits**			
	Shahjalal Islami Bank Ltd	(Note-24a)	11,418,428,603	13,112,331,753
	Shahjalal Islami Bank Securities Ltd		200,279,831	241,265,463
			11,618,708,434	**13,353,597,216**
	Less: Inter Company Transaction		177,996,704	146,945,837
			11,440,711,730	**13,206,651,379**
24a	**Profit paid on Deposits of the Bank**			
	Profit on Deposits*		10,568,923,180	11,498,851,386
	Profit paid on Borrowings		849,505,423	1,613,480,367
			11,418,428,603	**13,112,331,753**

*The Bank accepted deposits at reduced rate in 2020 to align with lending rate cap of 9% as well as to improve the deposit mix. Resultant profit paid on deposits reduced by 8.09% though deposits increased by 7.46%.

24a.1	**Profit paid on Borrowings**			
	Profit paid on Borrowings		807,945,865	1,592,699,332
	Profit Expenses of Lease Liabilities (as per IFRS 16 Leases)		41,559,558	20,781,035
			849,505,423	**1,613,480,367**
25	**Consolidated Income from Investments in Shares/Securities**			
	Shahjalal Islami Bank Ltd	(Note-25a)	625,322,945	478,761,405
	Shahjalal Islami Bank Securities Ltd		97,560,902	75,631,169
			722,883,847	**554,392,574**
	Less: Dividend from Subsidiary		-	-
			722,883,847	**554,392,574**
25a	**Income from Investments in Shares/Securities of the Bank**			
	Income from Investments in Islami Bond		362,992,407	241,897,738
	Income/(Loss) from Investments in Shares	(Note-25a.1)	36,243,782	40,658,993
	Dividend Income		46,331,181	47,139,321
	Income from Investments in Mudaraba Perpetual Bond (MPB)		4,690,000	4,510,000
	Income from Investments in Subordinated Bond		175,065,574	144,555,353
			625,322,945	**478,761,405**
25a.1	**Income from investments in shares arosen through sale of listed shares in the Stock Exchanges.**			
26	**Consolidated Commission, Exchange and Brokerage**			
	Shahjalal Islami Bank Ltd	(Note-26a)	1,752,496,265	2,057,856,991
	Shahjalal Islami Bank Securities Ltd		105,379,014	94,621,646
			1,857,875,279	**2,152,478,637**
26a	**Commission, Exchange and Brokerage of the Bank**			
	Other commission		951,570,778	981,109,091
	Exchange earnings	(Note-26a.1)	800,925,486	1,076,747,900
			1,752,496,265	**2,057,856,991**
26a.1	**Exchange Earnings**			
	Gross exchange gain		1,447,471,501	1,629,486,465
	Less: Exchange loss		646,546,015	552,738,565
	Net Exchange Gain		**800,925,486**	**1,076,747,900**

		Note	2020 Taka	2019 Taka
27	**Consolidated Other Operating Income**			
	Shahjalal Islami Bank Ltd	(Note-27a)	812,353,493	791,003,472
	Shahjalal Islami Bank Securities Ltd		13,572,779	9,786,884
			825,926,272	**800,790,356**
	Less: Inter Company Transaction		7,386,961	3,652,599
			818,539,311	**797,137,757**
27a	**Other Operating Income of the Bank**			
	Postage, Telex, SWIFT & REUTERS		124,486,149	122,326,905
	Incidental Charge		720	7,045
	Supervision & Monitoring Charge		7,906,201	17,850,129
	Other Charges	(Note-27a.1)	679,960,422	650,819,393
			812,353,493	**791,003,472**
27a.1	**Other Charges**			
	Rent receipts		5,159,057	4,589,125
	Charges on A/C closing		398,509	488,661
	Charges on clearing returned		1,955,700	2,875,330
	Cheque processing charge		2,768,329	3,564,438
	Service charges on Ijara		36,500	93,000
	Service charges on scheme investment		1,542,850	1,506,295
	Service charges on Quard		77,519,798	66,173,508
	Passport endorsement charge		21,650	85,800
	PO/DD cancellation charge		232,417	105,565
	Branch banking services		18,489,798	19,164,779
	Account maintenance fee		73,936,079	83,011,185
	Recoveries from cheque issue		5,063,941	6,283,435
	Income from sale of forms		5,423,201	5,597,055
	Service charge on SJIBL VISA Card		91,279,563	61,762,156
	Other Income From Islamic Credit Card		6,635,007	2,759,417
	Management Fees		521,421	653,534
	Notice pay earnings		3,872,662	4,277,746
	Rebate on Trade Finance		77,696,346	79,975,475
	Discrepency Fee		186,691,638	183,786,407
	Profit on sale of Bank's Assets		594,121	7,192
	Provident Fund Forfeiture Balance Refund		2,586,653	-
	Miscellaneous income		117,535,182	124,059,291
			679,960,422	**650,819,393**
28	**Consolidated Salaries & Allowances**			
	Shahjalal Islami Bank Ltd	(Note- 28a)	2,980,281,717	2,911,379,476
	Shahjalal Islami Bank Securities Ltd		51,218,912	51,427,395
			3,031,500,629	**2,962,806,871**
28a	**Salaries & Allowances of the Bank**			
	Basic Salary		1,272,172,148	1,219,487,643
	Allowances		1,148,434,703	1,038,076,316
	Bonus		424,347,754	522,534,451
	Bank's Contribution to Provident fund		115,661,817	112,488,938
	Leave Encashment		19,665,296	18,792,128
			2,980,281,717	**2,911,379,476**
29	**Consolidated Rent, Taxes, Insurance, Electricity etc.**			
	Shahjalal Islami Bank Ltd	(Note- 29a)	429,749,211	457,470,794
	Shahjalal Islami Bank Securities Ltd		8,448,714	27,956,347
			438,197,925	**485,427,141**

		Note	2020 Taka	2019 Taka
29a	**Rent, Taxes, Insurance, Electricity etc. of the Bank**			
	Rent, Rates & Taxes		182,550,529	224,282,977
	Insurance		170,771,492	151,227,323
	Electricity & Lighting		76,427,190	81,960,494
			429,749,211	**457,470,794**
29a.1	**Rent, Rates & Taxes**			
	Rent, Rates & Taxes		285,445,961	279,851,247
	Transfer to depreciation and profit expenses under IFRS 16*		102,895,432	55,568,270
			182,550,529	**224,282,977**

*Due to the adoption of IFRS 16 Leases, rental expense of BDT 102,895,432 was transferred to depreciation of Right of use (RoU) Assets and profit expense of lease liabilities.

30	**Consolidated Legal Expenses**			
	Shahjalal Islami Bank Ltd	(Note- 30a)	1,235,580	1,145,455
	Shahjalal Islami Bank Securities Ltd		874,000	255,300
			2,109,580	**1,400,755**
30a	**Legal Expenses of the Bank**			
	Legal Fees & Charge		409,390	567,144
	Other Legal Expenses		826,190	578,312
			1,235,580	**1,145,455**
31	**Consolidated Postage, Stamps, Telecommunication etc.**			
	Shahjalal Islami Bank Ltd	(Note- 31a)	44,513,612	39,643,446
	Shahjalal Islami Bank Securities Ltd		2,445,832	2,728,098
			46,959,444	**42,371,544**
31a	**Postage, Stamps, Telecommunication etc. of the Bank**			
	Postage		1,771,481	2,031,830
	Leased line		23,680,495	25,490,463
	Telegram, Fax, Telex & Internet charge		5,494,991	4,715,624
	Telephone charges		2,375,989	3,070,151
	Mobile phone charges		11,190,657	4,335,379
			44,513,612	**39,643,446**
32	**Consolidated Stationery, Printing, Advertisements etc.**			
	Shahjalal Islami Bank Ltd	(Note- 32a)	82,898,124	118,743,626
	Shahjalal Islami Bank Securities Ltd		1,767,577	1,794,506
			84,665,701	**120,538,132**
32a	**Stationery, Printing, Advertisements etc. of the Bank**			
	Table Stationery		7,619,419	10,873,961
	Printing Stationery		10,832,812	12,253,475
	Security Stationery		5,223,749	6,152,246
	Computer Stationery		30,274,393	31,911,964
	Publicity and Advertisement		28,947,751	57,551,981
			82,898,124	**118,743,626**
33	**Chief Executive's Salary & Fees of the Bank**			
	Basic Salary		12,177,000	11,070,000
	Allowances		5,000,000	4,800,000
	Bonus		3,178,000	2,980,000
	Bank's Contribution to Provident Fund		1,217,700	1,107,000
			21,572,700	**19,957,000**

		Note	2020 Taka	2019 Taka
34	**Directors' Fees & Expenses of the Bank**			
	Directors' Fees		4,714,000	4,183,600
	Meeting Expenses		2,023,530	3,212,809
			6,737,530	**7,396,409**
35	**Shariah Supervisory Committee's Fees & Expenses of the Bank**			
	Shariah Council Meeting Expenses		295,512	1,317,660
			295,512	**1,317,660**
36	**Consolidated Auditors' Fees**			
	Shahjalal Islami Bank Ltd	(Note-36a)	500,000	500,000
	Shahjalal Islami Bank Securities Ltd		40,250	74,750
			540,250	**574,750**
36a	**Auditor's Fees of the Bank**			
	Auditor's Fees		**500,000**	**500,000**
37	**Consolidated Depreciation & Repairs of Assets**			
	Shahjalal Islami Bank Ltd	(Note-37a)	390,017,716	299,367,622
	Shahjalal Islami Bank Securities Ltd		18,815,885	9,089,496
			408,833,601	**308,457,118**
37a	**Depreciation & Repairs of Bank's Assets**			
	a) Depreciation of Bank's Assets (Annexure-B)			
	Land & Building		15,157,806	17,715,399
	Furniture & Fixtures		75,438,606	68,933,479
	Office Equipment		86,226,863	55,380,645
	Computer & Network Equipment		71,850,305	48,517,601
	Vehicles		13,034,194	12,704,986
	Right of use (ROU) Assets*		91,528,548	50,881,807
	Books		**92,791**	**90,723**
	b) Amortization of Bank's Assets (Annexure-B)			
	Software-Core Banking		5,164,930	5,150,818
	Software-Others		10,673,610	9,950,627
			369,167,653	**269,326,085**
	c) Repairs on Bank's Assets			
	Office Premises		628,596	8,222,708
	Office Equipment		9,710,840	10,212,046
	Office Furniture & Fixtures		997,691	1,296,558
	Vehicles		1,519,343	2,384,859
	Procurement of Parts, Spares & Others		7,993,594	7,925,365
			20,850,063	**30,041,537**
			390,017,716	**299,367,622**

* As per note-2.7.6, in accordance with IFRS 16 Leases, the Bank has recognized Right of use (ROU) Assets and related depreciation as shown above.

38	**Zakat Expenses of the Bank**			
	Zakat Expenses		160,982,542	140,732,626
			160,982,542	**140,732,626**
39	**Consolidated Other Expenses**			
	Shahjalal Islami Bank Ltd	(Note-39a)	591,894,537	643,198,651
	Shahjalal Islami Bank Securities Ltd		28,603,466	32,195,780
			620,498,003	**675,394,431**

		Note	2020 Taka	2019 Taka
39a	**Other Expenses of the Bank**			
	Petrol, Oil and Lubricants		4,529,028	6,466,989
	Entertainment		16,373,126	50,277,502
	Donation and Subscription		8,231,843	10,014,463
	Traveling and Conveyance		23,489,059	33,274,701
	Training Expenses		2,250,680	7,147,037
	Car expenses		180,780,892	171,567,822
	Gratuity expenses		128,400,000	100,000,000
	Papers & Periodicals		26,626	660,450
	Utility		6,685,880	5,673,545
	Uniform & Liveries		2,629,316	4,508,629
	Bank Charges		8,304,450	1,152,584
	Business development & promotion		31,225,954	38,773,365
	Upkeep and cleaning of office premises		36,634,511	20,271,072
	Security Service- outsourcing		81,711,566	74,137,787
	Branch Opening Expenses		390,034	6,825,257
	Credit Rating fee		270,000	267,500
	SJIBL Card expenses		25,395,557	19,599,287
	Islamic Credit Card Expenses		2,888,192	1,923,582
	AGM & meeting expenses		2,965,094	6,453,036
	Capital Enhancement Fees		8,917,773	6,770,657
	Contribution to Social Security Superannuation Fund		2,000,000	3,000,000
	Laundry and Washing		236,237	368,854
	Crockeries, Kettle and others		493,374	1,956,530
	Photograph and Photocopy		547,052	709,657
	Loss on Disposal of Fixed Assets		6,642,148	15,053,215
	Miscellaneous Expenses		9,876,145	15,742,241
	Maintenance of Head Office Building		-	40,602,890
			591,894,537	**643,198,651**
40	**Consolidated Provision against Investments, Off-balance Sheet Items & Others**			
	Shahjalal Islami Bank Ltd	(Note-40a)	451,394,000	1,970,980,000
	Shahjalal Islami Bank Securities Ltd		-	-
			451,394,000	**1,970,980,000**
40a	**Provision against Investments, Off-balance Sheet Items & Others of the Bank**			
	Provision on Unclassified Investments		228,500,000	525,400,000
	Provision on Classified Investments		156,994,000	1,160,780,000
	Provision on Off-balance Sheet Items		65,900,000	32,200,000
	Provisions on Investments in Securities		-	252,600,000
	Provision on Other Assets		-	-
			451,394,000	**1,970,980,000**
41	**Consolidated Deferred Tax Expenses/(Income)**			
	Shahjalal Islami Bank Ltd	(Note-41a)	71,173,152	45,611,319
	Shahjalal Islami Bank Securities Ltd		(818,396)	(723,687)
			70,354,756	**44,887,632**
41a	**Deferred Tax Expenses/(Income) of the Bank**			
	Closing deferred tax liability		259,248,945	188,075,793
	Opening deferred tax liability		188,075,793	142,464,474
	Deferred tax expenses/(Income)		**71,173,152**	**45,611,319**

		Note	2020 Taka	2019 Taka
41b	**Consolidated Tax Expenses of the Bank**			
	Current tax		1,686,637,361	2,158,307,672
	Deferred tax		70,354,756	44,887,632
			1,756,992,117	**2,203,195,304**
41c	**Tax Expenses of the Bank**			
	Current tax	(Note-15a.2)	1,664,048,258	2,130,236,894
	Deferred tax	(Note-41a)	71,173,152	45,611,319
			1,735,221,410	**2,175,848,213**
42	**Consolidated Earnings per Share (EPS)**			
	Calculation of Earnings per Share	(Note-2.19)		
	Net Profit after Tax		1,913,440,000	1,663,539,273
	Number of Ordinary Shares outstanding (Denominator)		980,092,335	980,092,335
			1.95	**1.70**
42a	**Earnings per Share (EPS) of the Bank**			
	Calculation of Earnings per Share	(Note-2.19)		
	Net Profit after Tax		1,908,198,587	1,718,301,732
	Number of Ordinary Shares outstanding (Denominator)		980,092,335	980,092,335
			1.95	**1.75**

Earnings per Share (EPS) has been increased due to significant decrease in provision expense on investments and income tax expense.

Earnings per share has been calculated in accordance with IAS 33 Earnings per Share.

42(i)	**Net Asset Value (NAV) per Share:**			
	Net Assets Value (Consolidated)		17,969,737,239	16,523,007,876
	Net Assets Value (Bank's)		17,948,755,363	16,507,267,412
	No. of Outstanding Share		980,092,335	980,092,335
	Net Asset Value (NAV) per Share (Consolidated) [previous year's figure restated]		**18.33**	**16.86**
	Net Asset Value (NAV) per Share (Bank's) [previous year's figure restated]		**18.31**	**16.84**

Net Asset Value (NAV) per Share has been increased due to significant decrease in profit on deposits, provision expense on investments and income tax expense.

42(ii)	**Net Operating Cash Flows per Share (NOCFPS):**			
	Net cash flows from operating activities (Consolidated)		16,849,979,622	9,013,125,552
	Net cash flows from operating activities (Bank's)		16,618,307,760	8,905,254,454
	No. of Outstanding Share		980,092,335	980,092,335
	Net Operating Cash Flow per Share (NOCFPS) (Consolidated) [previous year's figure restated]		**17.19**	**9.20**
	Net Operating Cash Flow per Share (NOCFPS) (Bank's) [previous year's figure restated]		**16.96**	**9.09**

Net Operating Cash Flow per Share increased compared to the last year mainly due to decrease in cost of deposit, increase in placement from other banks & financial institutions and decrease in net investment etc.

43	**Consolidated Investment Income Receipt in Cash**			
	Shahjalal Islami Bank Ltd	(Note-43a)	17,580,956,079	20,635,681,058
	Shahjalal Islami Bank Securities Ltd		221,023,708	230,064,011
			17,801,979,787	**20,865,745,069**
43a	**Investment Income Receipt of the Bank**			
	Investment income receipt (excluding Dividend Income)	(Note 23a & 25a)	17,612,740,443	20,722,314,679
	Add: Opening profit receivable	(Note-10a.2)	313,492,263	226,858,642
	Less: Closing profit receivable	(Note-10a.2)	345,276,627	313,492,263
			17,580,956,079	**20,635,681,058**

		Note	2020 Taka	2019 Taka
44	**Consolidated Profit Paid on Deposits**			
	Shahjalal Islami Bank Ltd	(Note-44a)	12,093,678,875	12,533,641,554
	Shahjalal Islami Bank Securities Ltd		242,647,072	277,590,123
			12,336,325,947	**12,811,231,677**
44a	**Profit Paid on Deposits of the Bank**			
	Profit Paid on Deposits	(Note-24a)	11,418,428,603	13,112,331,753
	Add: Opening profit payable on deposit	(Note-15a)	1,971,040,298	1,392,350,100
	Less: Closing profit payable on deposit	(Note-15a)	1,295,790,027	1,971,040,298
			12,093,678,875	**12,533,641,554**
45	**Consolidated Cash Receipt from other Operating activities**			
	Shahjalal Islami Bank Ltd	(Note-45a)	811,759,372	790,996,280
	Shahjalal Islami Bank Securities Ltd		13,572,779	9,786,884
			825,332,151	**800,783,164**
45a	**Cash Receipt from other Operating activities of the Bank**			
	Postage & Telex Charge Recovery		124,486,149	122,326,905
	Incidental Charge		720	7,045
	Supervision & Monitoring Charge		7,906,201	17,850,129
	Other charges (except income from sale of fixed assets)		679,366,302	650,812,201
			811,759,372	**790,996,280**
46	**Consolidated Cash Payment for other Operating activities**			
	Shahjalal Islami Bank Ltd	(Note-46a)	1,250,116,440	1,321,446,577
	Shahjalal Islami Bank Securities Ltd		33,822,095	63,713,323
			1,283,938,535	**1,385,159,900**
46a	**Cash Payment for other Operating activities of the Bank**			
	Rent, Taxes, Insurance, Lighting etc.	(Note-29a)	429,749,211	457,470,794
	Legal Expenses	(Note-30a)	1,235,580	1,145,455
	Postage, Stamp, Telegram & Telephone	(Note-31a)	44,513,612	39,643,446
	Directors' Fee & Expenses	(Note-34)	6,737,530	7,396,409
	Shariah Supervisory Committee's Fees & Expenses	(Note-35)	295,512	1,317,660
	Auditor's Fee	(Note-36a)	500,000	500,000
	Repairs, Maintenance of Bank's Assets	(Note-37a.c)	20,850,063	30,041,537
	Zakat Expenses	(Note-38)	160,982,542	140,732,626
	Other Expenses		585,252,390	643,198,651
			1,250,116,440	**1,321,446,577**
47	**Cash Increase/ Decrease in Consolidated Other Assets**			
	Shahjalal Islami Bank Ltd	(Note-47a)	2,874,965,509	3,028,278,010
	Shahjalal Islami Bank Securities Ltd		60,134,014	50,566,734
			2,935,099,523	**3,078,844,744**
	Less: Cash Increase/ (Decrease) through Inter Company Transaction		2,515,000,000	2,515,000,000
			420,099,523	**563,844,744**
	Cash (Increase)/ Decrease in Other Assets		**143,745,220**	**17,138,990**
47a	**Cash Increase/ Decrease in Other Assets of the Bank**			
	Stock of Stationery and Stamps		21,388,644	23,810,353
	Advance deposits and rent		84,983,375	137,044,277
	Suspense Account		112,787,431	145,734,796
	Other Prepayments		90,173,713	90,351,271
	Shahjalal Islami Bank Securities Ltd	(Note 10a.3)	2,515,000,000	2,515,000,000
	Advance Insurance premium		19,821,018	60,515,770
	Other Receivables		3,181,647	3,181,647
	SJIBL General Account-Net		27,629,682	42,884,136
	Advance for new Branches		-	9,755,760
			2,874,965,509	**3,028,278,010**
	Cash (Increase)/Decrease in Other Assets		**153,312,500**	**393,133,601**

		Note	2020 Taka	2019 Taka
48	**Cash Increase/Decrease in Consolidated Other Liabilities**			
	Shahjalal Islami Bank Ltd	(Note- 48a)	1,525,566,775	1,363,621,078
	Shahjalal Islami Bank Securities Ltd		1,617,113,341	1,302,095,988
			3,142,680,116	**2,665,717,066**
	Less: Cash Increase/(Decrease) through Inter Company transaction		-	-
			3,142,680,116	**2,665,717,066**
	Cash Increase/(Decrease) in Other Liabilities		**476,963,050**	**259,197,883**
48a	**Cash Increase/Decrease in Other Liabilities of the Bank**			
	Other Payables		224,969,005	405,000,580
	Taxation on other income & prior years		258,771,881	198,403,428
	Outstanding Expenses		279,571,450	326,342,252
	Unearned Income on Quard		35,643,836	2,270,063
	Leased Liabilities as per IFRS- 16		726,610,603	431,604,755
			1,525,566,775	**1,363,621,078**
	Cash Increase/(Decrease) in Other Liabilities		**161,945,697**	**400,288,889**
49	**Consolidated Cash and Cash Equivalent**			
	Shahjalal Islami Bank Ltd	(Note-49a)	22,901,161,618	20,129,680,036
	Shahjalal Islami Bank Securities Ltd		395,609,024	153,758,423
			23,296,770,642	**20,283,438,459**
	Less: Cash Increase/(Decrease) through Inter Company Transaction		388,139,197	146,421,934
			22,908,631,445	**20,137,016,525**
49a	**Cash and Cash Equivalent of the Bank**			
	Cash in Hand		1,814,745,636	2,209,024,307
	Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)		13,351,033,150	15,539,227,347
	Balance with Other Banks & Financial Institutions		7,735,382,832	2,381,428,382
			22,901,161,618	**20,129,680,036**
50	**Reconciliation of Net Profit after Taxation & Operating Profit before changes in operating assets & liabilities**			
	Cash flows from operating activities			
	Net Profit after Taxation		1,908,198,587	1,718,301,732
	Provision for Tax		1,735,221,410	2,175,848,213
	Provision for Invstment, Share & Contingent Liability		451,394,000	1,970,980,000
	(Increase)/Decrease profit receivable		(31,784,364)	(86,633,621)
	Increase/(Decrease) Profit Payable on Deposits		(675,250,272)	578,690,199
	Depreciation & Amortization of Fixed Assets		369,167,653	269,326,085
	Recoveries on investment previously written off		24,654,765	25,546,074
	Income tax paid		(2,156,182,447)	(1,952,776,321)
	Loss/Profit on sale of Bank's Assets		6,048,027	(7,192)
	Effect of exchange rate changes on cash & cash equivalents		(2,121,500)	(6,599,147)
	Operating Profit before changes in operating assets & liabilities		**1,629,345,858**	**4,692,676,024**

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 2,657.

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 3 (three) Independent Directors] Audit Committee called "Board Audit Committee". The Board of Directors in its Meeting No. 313 held on 06 January 2021 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
K.A.M Majedur Rahman	Independent Director	Member	Masters
Nasir Uddin Ahmed, FCA, FCS	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 Audit Committee.

b) Meeting of Audit Committee

During 01 January to 31 December 2020, the Audit Committee of the Board conducted 06 (Six) 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 procedures with a view to ascertain that the International Financial Reporting Standards (IFRSs) have 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) Electra Furniture
		iv) Electra International
		v) Electra Mobile Ltd
		vi) Electra Mobile
		vii) Federal Securities & Invst. Ltd.
		viii) Jalsiri Dairy Firm and Fishery
		ix) Kashmir Chemical Co.
		x) Sazawa Brothers
		xi) 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

Dr. Anwer Hossain Khan	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
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) Own The World Company Ltd.
		ii) AQUA Consultant & Associates Ltd.
		iii) Intech Limited
		iv) AIBL Securities Ltd.
		v) Shahjalal Islami Bank Securities Ltd
Engr. Md. Towhidur Rahman	Director	i) Fresh Foods Ltd.
		ii) Fresh Export Import Ltd.
		iii) Sea Fresh Ltd.
		iv) Libas Textiles Ltd
		v) Fresh Knitwear Ltd.
		vi) Moshiur Infrastructure Ltd.
		vii) Hettich (Joint Venture Co. with Germany)
		viii) Shahjalal Islami Bank Securities Ltd
		ix) South Asian Scolars School and College
		x) 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

Mohammed Younus	Director	i) Sonali Papers and Board Mills Ltd.
		ii) Sonali Dredger Ltd.
		iii) Sonali Rubber Garden
		iv) Sonali Abason Ltd.
		v) Sonali News.Com
		vi) Sonali IT
		vii) Sonali Bazar Dot Com
		viii) Younus Newsprint Mills Ltd.
		ix) Younus Offset Paper Mills Ltd.
		x) Younus Fine Paper Mills Ltd.
		xi) Younus Paper Mills Ltd.
		xii) Younus Fillament Ind. Ltd
		xiii) Younus Plastic Ind Ltd
		xiv) Younus Spinning Mills Ltd.
		xv) Younus Specialized Cold Storage Ltd.
		xvi) Younus Cold Storage Ltd.
		xxvii) United Traders
		xviii) United Fisheries
		xix) United Multi Agro Ltd.
		xx) Ananta Paper Mills Ltd.
		xxi) Sobhan Ice & Cold Storage Ltd.
		xxii) Sharif Cold Storage Ltd.
		xxiii) Nowpara Cold Storage (Pvt.) Ltd.
		xxiv) Garib-E-Newaj Cold Storage Ltd.
		xxv) Siddheswari Cold Storage Ltd.
		xxvi) Europa Cold Storage Ltd.
		xxvii) Akco Industries & Cold Storage Ltd.
		xxviii) Combined Food & Cold Storage Ltd.
		xxix) A. Kader & Sons Himagar Ltd.
		xxx) Wadud & Aysha Cold Store Ltd.
		xxxi) Bikrampur Potato Flakes Inds. Ltd.
		xxxii) Wordbridge School
		xxxiii) Shahjalal Islami Bank Securities Ltd
		xxxiv) Fareast International University
		xxxv) Long Lasting Coating
		xxxvi) Meghna Pipe Factory
		xxxvii) Fly Galaxy Travel and Tours
		xxxviii) Galaxy Flying Academy Ltd.
		xxxix) NRB Recruiting Agency
		xl) Quality Accessories
		xli) Laxmi Cold Storage Ltd
		xlii) Sreenagor Cold Storage Ltd
		xliii) Five Star Ice and Cold Storage 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. Tahera Faruque	Director	i) F & T Property Management Company
		ii) Star of India Restaurant
		iii) Shahjalal Islami Bank Securities Ltd.
Mrs. Jabun Nahar (Rep. of Daffodils Trading International)	Director	i) Daffodils Trading International
		ii) Anwer Khan Modern Medical College & Hospital
		iii) Anwer Khan Modern University
Fakir Mashrikuzzaman (Rep. of Fakir Knitwears Ltd.)	Director	Fakir Knitwears Ltd.
Ekramul Hoque	Independent Director	N/A
K.A.M Majedur Rahman	Independent Director	N/A
Nasir Uddin Ahmed	Independent Director	MABS & J Partners, Chartered Accountants

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 Banking Companies Act, 1991 (as amended up to 2018).

53.5 Investments (Loans and Advances) to Directors and their related Concern (Note-8a.4):

Sl. #	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	-	32,787,150	Regular
ii)	Excellent Ceramic Ind. Ltd.	Abdul Halim	BMCTR-Rev	4,328,882	27,116,125	Regular
iii)	Karnaphuli Motors	Abdul Halim	BMCTR-Rev	-	17,539,766	Regular
iv)	Abdul Hakim	Abdul Halim	HPSM-Real Estate	-	13,340,021	Regular
v)	Shoyeb Ahmed	Abdul Halim	HPSM-Real Estate	-	13,382,340	Regular
vi)	Electra International Ltd.	Sanaullah Shahid	Bai-Muajjal Commercial TR (Revolving)	-	9,728,775	Regular
vii)	Electra International	Sanaullah Shahid	Bai-Muajjal Commercial TR (Revolving)	-	100,609,550	Regular
viii)	Own the World Company Limited	Khandaker Sakib Ahmed	Bank Guarantee	3,000,000	-	Regular
ix)	Modern Diagnostic Center Limited	Anwer Hossain Khan	HPSM-Real Estate	-	196,308,870	Regular
x)	Shahjalal Islami Bank Securities Ltd.	Subsidiary	Bai-Muajjal	300,000,000	2,011,859,180	Regular
				307,328,882	**2,422,671,777**	

53.6 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Banking Companies Act, 1991 (as amended up to 2018): Nil

53.7 Investments in Securities of Directors and their related concern: Nil

54 Events after Reporting Period

The Board of Directors of the Bank at its 317th meeting held on 10 March 2021 has recommended 5% stock & 7% cash dividend for the year 2020. This dividend is subject to the final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank. The effect of the above stock & cash dividend will be accounted for in the period when shareholders' right to receive the payment will be established. The declared dividend is also in compliance with Section 16G of Income Tax Ordinance, 1984.

Dhaka,
10 March 2021

Chairman **Director** **Director** **Managing Director**

Shahjalal Islami Bank Limited

Annexure-A

Investments in Shares & Securities (Listed with Stock Exchanges)

As at 31 December 2020

Sl. No.	Name of Company	No. of Shares/ Securities	Market Price per Share	Market Value as at 31 December 2020	Cost Price as at 31 December 2020	Unrealised Gain/ (loss)
	Quoted					
1	Agricultural Marketing Company Ltd – AMCL (PRAN)	62,500	194.80	12,175,000	12,508,253	(333,253)
2	Aamra Technologies Limited	300,000	26.40	7,920,000	8,527,068	(607,068)
3	The ACME Laboratories Limited	1,550,000	74.70	115,785,000	133,933,591	(18,148,591)
4	Active Fine Chemicals Ltd.	1,080,000	16.90	18,252,000	35,487,579	(17,235,579)
5	Aftab Automobiles Limited	816,854	26.70	21,810,002	61,605,088	(39,795,086)
6	AIBL 1st Islamic Mutual Fund	2,500,000	8.40	21,000,000	67,402,500	(46,402,500)
7	Apex Footwear Limited	37,165	220.30	8,187,450	12,854,787	(4,667,338)
8	Bangladesh Building Systems Ltd.	630,000	17.50	11,025,000	13,071,649	(2,046,649)
9	Beximco Limited	750,000	57.00	42,750,000	41,467,354	1,282,646
10	Bangladesh Steel Re-Rolling Mills Limited	600,000	42.50	25,500,000	36,383,068	(10,883,068)
11	Dhaka Electric Supply Company Ltd.	2,250,000	34.80	78,300,000	115,162,210	(36,862,210)
12	Eastern Housing Limited	2,145,258	41.30	88,599,155	166,063,283	(77,464,127)
13	Envoy Textiles Ltd.	1,103,130	24.60	27,136,998	42,402,697	(15,265,699)
14	Esquire Knit Composite Limited	200,000	26.30	5,260,000	6,778,090	(1,518,090)
15	Export Import Bank of Bangladesh Limited	6,800,000	11.80	80,240,000	100,196,838	(19,956,838)
16	Fareast Islami Life Insurance Co. Ltd.	958,000	46.40	44,451,200	65,297,780	(20,846,580)
17	First Security Islami Bank Limited	2,200,000	9.00	19,800,000	19,903,128	(103,128)
18	Generation Next Fashions Limited	1,989,845	3.90	7,760,396	25,741,813	(17,981,418)
19	LafargeHolcim Bangladesh Limited	3,681,654	47.80	175,983,061	173,528,430	2,454,631
20	M.I. Cement Factory Ltd	546,950	46.40	25,378,480	43,580,439	(18,201,959)
21	Meghna Petroleum Limited	300,000	198.00	59,400,000	62,070,338	(2,670,338)
22	Metro Spinning Mills Limited	1,212,470	9.20	11,154,724	65,855,505	(54,700,781)
23	Orion Pharma Ltd.	500,000	54.70	27,350,000	28,796,598	(1,446,598)
24	RAK Ceramics (Bangladesh) Limited	1,500,000	26.10	39,150,000	64,176,345	(25,026,345)
25	Square Textile Ltd	864,739	29.80	25,769,222	45,712,547	(19,943,324)
26	The Dacca Dyeing & Mfg. Co. Limited	4,924,869	7.80	38,413,978	156,023,958	(117,609,979)
27	Titas Gas Transmission and Distribution Co. Ltd	2,000,000	30.80	61,600,000	111,712,964	(50,112,964)
28	Unique Hotel and Resorts Ltd	619,105	39.60	24,516,558	36,810,461	(12,293,903)
29	Prime Islami Life Insurance Ltd.	500,000	51.90	25,950,000	32,516,491	(6,566,491)
30	Premier Cement Mills Limited	200,000	61.10	12,220,000	18,441,295	(6,221,295)
31	Shahjibazar Power Co. Ltd.	408,000	73.30	29,906,400	36,951,327	(7,044,927)
32	Singer Bangladesh Limited	135,000	175.60	23,706,000	23,605,504	100,496
33	Olympic Industries Ltd.	50,000	191.10	9,555,000	10,352,346	(797,346)
34	Square Pharmaceuticals Ltd.	376,950	219.50	82,740,525	77,460,720	5,279,805
35	Padma Islami Life Insurance Limited	550,266	20.50	11,280,453	15,673,722	(4,393,269)
36	Bashundhara Paper Mills Limited	300,000	44.40	13,320,000	16,714,534	(3,394,534)
37	The IBN SINA Pharmaceutical Industry Ltd.	100,000	244.00	24,400,000	25,580,746	(1,180,746)
38	MJL Bangladesh Limited	668,067	76.90	51,374,352	55,849,486	(4,475,134)
39	Sea Pearl Beach Resort & Spa Limited	1,865	79.10	147,522	18,635	128,886
40	Silva Pharmaceuticals Limited	900,000	18.30	16,470,000	20,335,072	(3,865,072)
41	Dominage Steel Building Systems Ltd.	1,985	34.50	68,483	18,602	49,881
42	Robi Axiata Limited	271,254	29.80	8,083,369	2,715,540	5,367,829
43	Linde Bangladesh Ltd.	20,000	1,281.10	25,622,000	25,454,659	167,341
44	Power Grid Company of Bangladesh Ltd.	400,000	41.80	16,720,000	19,730,763	(3,010,763)
	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	Lub-rref (Bangladesh) Limited	-	-	5,125,000	5,125,000	-
	Total			**1,488,357,327**	**2,146,598,802**	**(658,241,475)**

Schedule of Fixed Assets including Premises, Furniture and Fixtures

As at 31 December 2020

(Amount in Taka)

Particulars	Cost				Rate	Depreciation				Written Down Value	
	Balance as at 01.01.2020	Additions during the year	Adjustment during the year	Balance as at 31.12.2020		Balance as at 01.01.2020	Adjustment during the year	Charged during the year	Balance as at 31.12.2020	As at 31.12.2020	As at 31.12.2019
Land	1,876,724,350	-	-	1,876,724,350	-	-	-	-	-	1,876,724,350	1,876,724,350
Building	893,925,316	4,548,105	4,487,144	893,986,278	2.50%	111,473,321	-	15,157,806	126,631,127	767,355,151	782,450,129
Head Office Building under construction	89,165,998	10,309,314	99,475,312	-		-	-	-	-	-	89,165,998
Furniture & Fixtures	1,022,397,154	99,359,093	12,881,003	1,108,875,244	10% & 20%	363,358,073	6,869,967	75,438,606	431,926,712	676,948,532	659,040,948
Office Equipment	660,138,562	93,598,807	5,547,081	748,190,288	20%	300,452,241	5,131,722	86,226,863	381,547,381	366,642,907	359,686,321
Computer & Network Equipment	476,948,775	135,948,446	3,686,930	609,210,291	20%	282,929,083	3,515,473	71,850,305	351,263,915	257,946,376	194,019,692
Vehicles	114,089,748	7,118,160	4,266,000	116,941,907	20%	77,041,766	4,265,999	13,034,194	85,809,961	31,131,946	37,047,982
Right of use Assets (ROU)	523,964,749	360,052,488	-	884,017,237	-	50,881,807	-	91,528,548	142,410,355	741,606,882	473,082,942
Books	1,042,667	-	-	1,042,667	20%	812,443	-	92,791	905,234	137,433	230,224
Sub-total	**5,658,397,319**	**710,934,413**	**130,343,470**	**6,238,988,262**		**1,186,948,734**	**19,783,161**	**353,329,113**	**1,520,494,686**	**4,718,493,576**	**4,471,448,586**
Software-Amortization											
Software-Core Banking	62,615,431	-	-	62,615,431	20%	52,285,570	-	5,164,930	57,450,499	5,164,932	10,329,860
Software-Others	80,939,128	5,473,340	-	86,412,468	20%	58,747,119	-	10,673,610	69,420,730	16,991,738	22,192,008
Sub-total	**143,554,559**	**5,473,340**	**-**	**149,027,899**		**111,032,689**	**-**	**15,838,540**	**126,871,229**	**22,156,670**	**32,521,869**
Grand Total	**5,801,951,877**	**716,407,753**	**130,343,470**	**6,388,016,160**		**1,297,981,423**	**19,783,161**	**369,167,653**	**1,647,365,915**	**4,740,650,245**	**4,503,970,454**

Shahjalal Islami Bank Limited

Annexure-C

Statement of Foreign Currency

As at 31 December 2020

[Refer to Note-5a.2 to the financial statements]

Sl. No.	Name of the Bank	Currency Name	2020			2019		
			Amount in Foreign Currency	Conversion Rate per Unit F.C.	Amount in Taka	Amount in Foreign Currency	Conversion Rate per Unit F.C.	Amount in Taka
1	Standard Chartered Bank NY	USD	49,195,869.17	84.8000	4,171,809,706	666,605.51	84.9000	56,594,808
2	Mashreq Bank psc, NY	USD	1,120,294.21	84.8000	95,000,949	211,583.99	84.9000	17,963,481
3	Standard Chartered Bank, Mumbai	USD	222,198.53	84.8000	18,842,435	222,198.53	84.9000	18,864,655
4	Habib American Bank, USA	USD	987,047.96	84.8000	83,701,667	188,751.39	84.9000	16,024,993
5	ICICI Bank, Hong Kong	USD	69,151.09	84.8000	5,864,012	280,463.55	84.9000	23,811,355
6	WACHOVIA BANK, NY, USA	USD	198,414.08	84.8000	16,825,514	365,732.78	84.9000	31,050,713
7	Commerzbank AG Frankfrut	USD	319,409.60	84.8000	27,085,934	458,413.54	84.9000	38,919,310
8	Bank Aljazira	USD	51,775.88	84.8000	4,390,595	51,775.88	84.9000	4,395,772
9	JPMorgan Chase Bank N.A., NY, USA	USD	165,884.65	84.8000	14,067,018	-	-	-
10	AB Bank Ltd. Mumbai	ACUD	87,601.44	84.8000	7,428,602	139,176.61	84.9000	11,816,094
11	Standard Chartered Bank, Mumbai	ACUD	750,427.41	84.8000	63,636,244	1,661,264.72	84.9000	141,041,375
12	Nepal Bangladesh Bank, Nepal	ACUD	8,600.69	84.8000	729,339	13,408.33	84.9000	1,138,367
13	Standard Chartered Bank, Colombo	ACUD	17,763.89	84.8000	1,506,378	17,115.57	84.9000	1,453,112
14	ICICI Bank, Mumbai	ACUD	342,494.97	84.8000	29,043,573	244,860.43	84.9000	20,788,651
15	Habib Metropoliton Bank Ltd.	ACUD	38,911.64	84.8000	3,299,707	161,025.67	84.9000	13,671,079
16	United Bank of India, Kolkata	ACUD	226,914.35	84.8000	19,242,337	225,228.12	84.9000	19,121,867
17	Sonali Bank Ltd ACU, Kolkata	ACUD	145,032.62	84.8000	12,298,766	53,047.62	84.9000	4,503,743
18	Bank of Bhutan Ltd. Main Branch	ACUD	16,268.90	84.8000	1,379,603	12,869.62	84.9000	1,092,631
19	AXIS Bank Ltd. India	ACUD	79,647.22	84.8000	6,754,084	379,041.14	84.9000	32,180,593
20	MCB Bank Limited	ACUD	148,485.82	84.8000	12,591,598	150,894.47	84.9000	12,810,941
21	HDFC Bank Ltd., Mumbai	ACUD	592,362.59	84.8000	50,232,348	-	-	-
22	Standard Chartered Bank, Frankfurt	EURO	117,883.59	103.5832	12,210,759	110,113.14	94.8927	10,448,933
23	COMMERZBANK AG	EURO	38,612.42	103.5832	3,999,598	13,162.26	94.8927	1,249,002
24	Wells Fargo Bank, N. A. London, UK	EURO	602,362.16	103.5832	62,394,600	292,987.35	94.8927	27,802,361
25	JPMorgan Chase AG, Frankfurt	EURO	87,370.02	103.5832	9,050,066	-	-	-
26	Mashreq Bank, London	EURO	-	-	-	72,557.24	94.8927	6,885,152
27	Standard Chartered Bank,Tokyo	YEN	966,228.99	0.8167	789,119	1,560,768.99	0.7760	1,211,157
28	Habib Bank AG Zurich	CHF	11,641.24	95.3773	1,110,310	3,305.93	87.1395	288,077
29	ICICI Bank, Canada	CAD	6,900.21	66.0488	455,751	3,826.16	64.8983	248,311
30	Bank Aljazira, KSA	SAR	266,929.35	22.5977	6,031,989	1,763,886.35	22.6255	39,908,811
31	Riyad Bank, KSA	SAR	101,648.45	22.5977	2,297,021	2,229,004.45	22.6255	50,432,340
32	Standard Chartered Bank London	GBP	10,654.42	113.9797	1,214,388	8,377.20	111.0322	930,139
33	JPMorgan Chase Bank N.A., London	GBP	4,940.00	113.9797	563,060	-	-	-
34	MASHREQBANK PSC. UAE	AED	314,372.25	23.0849	7,257,252	21,142.25	23.1159	488,722
35	Emirates Islamic Bank PJSC, Dubai	AED	235,000.00	23.0849	5,424,952	-	-	-
36	Standard Chartered Bank, China	CNY	76,087.95	12.9771	987,401	92,260.00	12.1598	1,121,863
	Total				**4,759,516,675**			**608,258,408**

Shahjalal Islami Bank Limited

Annexure-D

Details of Information on Investments Exceeding 10% of Bank's Total Regulatory Capital (Funded & Non-Funded)

As at 31 December 2020

(Taka in Lac)

Sl.	Name of Client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
1	Logos Apparels Ltd.	4,943	11,227	16,171			
	Rahmat Sweater (BD) Ltd.	1,928	1,922	3,850			
	Belkuchi Spinning Mills Ltd.	8,555	496	9,051			
	M/S SHAHI PRODUCTS	2,174	-	2,174			
	Group-total	**17,601**	**13,645**	**31,246**	**6.32%**	**4.90%**	**11.23%**
2	Moonlight Garments Ltd.	789	3,287	4,076			
	Ehsan Garments Ltd.	1,167	1,780	2,946			
	Nourish Poultry & Hatchery Ltd.	1,941	8,804	10,745			
	Nourish Agro Ltd.	4,685	1,311	5,996			
	Nourish Feeds Ltd.	2,578	8,509	11,087			
	Nourish Foods Ltd.	-	55	55			
	Telnet Communication Ltd.	35	2	36			
	Ehsan Packaging & Printing Ltd.	17	31	48			
	Agrow Fruits & Vegetables Ltd.	370	1,297	1,667			
	Group-total	**11,582**	**25,076**	**36,658**	**4.16%**	**9.01%**	**13.17%**
3	Anwar Silk Mills Ltd.	953	151	1,104			
	A-One Polymer Ltd.	285	1,095	1,380			
	Anwar Jute Spinning Mills Ltd.	-	34	34			
	A.G. Automobiles Ltd.	1,892	199	2,091			
	A.G. Motors Ltd.	495	1	496			
	Anwar Ispat Ltd.	4,222	2,857	7,079			
	Hossain Dyeing & Printing Mills Ltd.	997	709	1,706			
	Mehmud Ind (Pvt.) Ltd.	245	-	245			
	Anwar Cement Sheet Ltd.	19,931	4,701	24,633			
	Anwar Cement Ltd	-	1,606	1,606			
	Group-total	29,020	11,353	40,372	10.43%	4.08%	14.51%
4	Nassa Basics Ltd.	16,042	10,488	26,529			
	Nassa Spinning Ltd.	7,767	-	7,767			
	Nassa Basic Wash Ltd.	799	-	799			
	NASSA HI TECH WASH LTD	1,208	443	1,651			
	Nassa Taipei Textile Mills ltd.	12,264	2,866	15,130			
	Group-total	**38,080**	**13,797**	**51,877**	**13.68%**	**4.96%**	**18.64%**
5	Chittagong Denim Mills Ltd	9,368	2,952	12,320			
	Smart Jeans Ltd	4,355	1,708	6,063			
	Smart Jacket Ltd.	1,681	2,888	4,569			
	Shehan Textile Ltd.	-	206	206			

Sl.	Name of Client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
	Smart Bio-Inception Ltd	-	46	46			
	Apparel Promoters Limited	5,665	10,726	16,390			
	Al-Razi	3,210	17,969	21,179			
	BM Cotainer (BD)Ltd.	-	-	-			
	BM Energy (BD) Ltd.	1,016	16,680	17,696			
	Group-total	**25,295**	**53,175**	**78,469**	**9.09%**	**19.11%**	**28.20%**
6	Shah Cement Ind. Ltd.	-	2,274	2,274			
	Abul Khair Melting Ind Ltd	25,972	5,282	31,254			
	Abul Khair Strip Processing	2,512	479	2,991			
	Abul Khair Ltd	-	-	-			
	Abul Khair Milk Products Ltd	-	609	609			
	Group-total	**28,484**	**8,644**	**37,127**	**10.24%**	**3.11%**	**13.34%**
7	Super Oil Refinery Ltd.	-	26,370	26,370			
	Multi Oil Refibnery Ltd	-	-	-			
	Super Board Mills Limited	-	-	-			
	Super Formica & Lamination Ltd.	9,894	7,381	17,275			
	T.K. Chemical Complex Ltd.	5,684	4,036	9,720			
	Group-total	**15,578**	**37,788**	**53,365**	**5.60%**	**13.58%**	**19.18%**
8	Aswad Composite Mills Ltd.	836	1,622	2,458			
	Palmal Logistics	424	-	424			
	Aswad Composite Mills Limited	5,245	29,744	34,989			
	Group-total	**6,506**	**31,366**	**37,872**	**2.34%**	**11.27%**	**13.61%**
9	Alim Knit (BD) Ltd.*	7,723	10,581	18,304			
	Mondol Intimates Ltd.	3,173	3,371	6,544			
	Mondol Knit Tex Ltd.**	888	879	1,767			
	Appollo Knitwear BD Ltd	578	1,721	2,298			
	Appollo Fashions Ltd	534	867	1,402			
	Appollo Packaging (BD) LTD	-	-	-			
	Group-total	**12,896**	**17,418**	**30,315**	**4.63%**	**6.26%**	**10.89%**
10	Incepta Pharmaceuticals Ltd.	-	11,410	11,410			
	Incepta Vaccine Ltd.	-	3,021	3,021			
	Incepta Hygiene and Hospicare Ltd.	-	45	45			
	Incepta Chemicals Ltd.	-	629	629			
	Incepta Herbal and Nutricare Ltd.	-	272	272			
	MAHEEN DIZAYN ETIKET (BD) UNIT-2 LIMITED	4,694	1,549	6,243			
	Impress Fashion Limited	9,562	5,549	15,111			
	Impress Accessories Limited	3,559	838	4,397			
	Iport Logistics Ltd	-	390	390			
	Impress Aviation Limited	1,953	147	2,100			
	Impress Aviation Limited	-	-	-			
	Next Spaces Ltd	884	9,841	10,725			
	Infratrade Limited	94	48	142			
	Group-total	**20,746**	**33,739**	**54,485**	**7.45%**	**12.12%**	**19.58%**

Sl.	Name of Client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
11	Bengal Plastics Ltd.	1,972	4,471	6,443			
	Bengal Polymer Wares Ltd.	2,332	2,165	4,497			
	Bengal Polymer Wares Ltd. (Unit-2)	8,317	2,352	10,669			
	Bengal Concept and Holdings Ltd	549	-	549			
	Euphoria Apparels Ltd	4,679	3,465	8,144			
	Group-total	**17,850**	**12,452**	**30,302**	**6.41%**	**4.47%**	**10.89%**
12	Abdul Monem Ltd.	16,711	13,778	30,489			
	Tekken-Aml-Abenikko-JV	-	9,813	9,813			
	Group-total	**16,711**	**23,591**	**40,302**	**6.00%**	**8.48%**	**14.48%**
13	Mir Akter Hossain Ltd.	75	11	86			
	Mir Cement Ltd	11,682	4,969	16,652			
	Mir Concrete Products Ltd	1,494	208	1,702			
	Mir Akhter Hossain Ltd	18,087	25,492	43,579			
	Group-total	**31,338**	**30,681**	**62,019**	**11.26%**	**11.03%**	**22.29%**
14	Dhaly Construction Ltd.	34,406	13,386	47,791			
	Group-total	**34,406**	**13,386**	**47,791**	**12.36%**	**4.81%**	**17.17%**
15	Energypac Engineering Ltd.	4,175	14,506	18,681			
	Energypac Fashions Limited	15,433	3,795	19,228			
	Group-total	**19,609**	**18,300**	**37,909**	**7.05%**	**6.58%**	**13.62%**
16	Max Infrastructure Ltd	1,522	8,590	10,112			
	CTM JOINT VENTURE	17,256	599	17,855			
	Kushiara Power company ltd	-	-	-			
	Group-total	**18,778**	**9,190**	**27,967**	**6.75%**	**3.30%**	**10.05%**
17	Golden Ispat Ltd	16,177	12,748	28,924			
	Group-total	**16,177**	**12,748**	**28,924**	**5.81%**	**4.58%**	**10.39%**
18	Navana Ltd.	122	40	162			
	Navana Food Ltd.	78	13	91			
	Navana Batteries Ltd.	1,659	806	2,465			
	Aftab Automobiles Ltd.	-	-	-			
	Navana CNG Limited	641	3,070	3,711			
	Navana Engineering Ltd.	2,162	-	2,162			
	NAVANA LPG LIMITED	18,965	850	19,815			
	Navana Welding Electrode Ltd	594	396	990			
	Navana Ltd.	29	-	29			
	Navana Electronics Ltd	599	-	599			
	Group-total	**24,848**	**5,174**	**30,023**	**8.93%**	**1.86%**	**10.79%**
19	Sinha Peoples Energy Ltd.	7,858	-	7,858			
	Venture Energy Limited	2,592	-	2,592			
	Sinha Power Generation Com. Ltd	18,741	995	19,735			
	Group-total	**29,191**	**995**	**30,186**	**10.49%**	**0.36%**	**10.85%**
20	BRAC	37,480	-	37,480			
	Group-total	**37,480**	**-**	**37,480**	**13.47%**	**0.00%**	**13.47%**

Sl.	Name of Client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
21	Trade International Industries Limited	4,669	14,647	19,316			
	Trade International Marketing Ltd	6,148	4,885	11,033			
	MD. NURIN NEWAZ AND OTHERS	349	-	349			
	Group-total	**11,166**	**19,532**	**30,698**	**4.01%**	**7.02%**	**11.03%**
22	Bangladesh Steel Re-Rolling Mills Ltd.	4,116	1,965	6,081			
	BSRM STEELS LIMITED	-	20,473	20,473			
	BSRM IRON & STEEL CO. LIMITED	-	-	-			
	H. AKBERALI & Co.	-	-	-			
	BSRM STEEL MILLS LIMITED	1,849	5,689	7,539			
	Group-total	**5,965**	**28,128**	**34,093**	**2.14%**	**10.11%**	**12.25%**
	Total	**469,303**	**420,176**	**889,479**			
	Total Capital of the Bank as at 31 December 2020 is **Taka 278,282.55 lac.**						

Shahjalal Islami Bank Limited

Annexure-E

Highlights of Performance of The Bank

As at 31 December 2020

(Amount in Taka)

Sl.	Particulars	2020	2019
1	Paid-up Capital	9,800,923,350	9,334,212,720
2	Total Capital (Tier-I + Tier-II)	27,828,255,363	28,477,367,412
3	Capital Surplus	8,212,756,627	10,199,798,464
4	Total Assets	293,517,852,175	265,992,536,911
5	Total Deposit	218,442,949,715	203,272,975,725
6	Total Investments (Loans & Advance)	196,512,651,241	197,285,680,082
7	Total Contingent Liabilities and Commitment	120,035,036,488	113,090,491,393
8	Investment Deposit Ratio (%)	79.62%	87.47%
9	Percentage of Classified Investments against Total Investments	4.57%	4.91%
10	Profit after Tax and Provision	1,908,198,587	1,718,301,732
11	Amount of Classified Investments	8,973,476,102	9,687,322,264
12	Provisions kept against Classified Investments	3,440,061,818	3,258,413,053
13	Provisions Surplus	8,783,884	259,697
14	Cost of Fund	7.39%	8.42%
15	Profit Earning Assets	244,232,030,384	219,817,551,885
16	Non-Profit Earning Assets	49,285,821,791	46,174,985,026
17	Return on Investments in Securities (ROI)	2.59%	2.90%
18	Return on Assets (ROA)	0.68%	0.67%
19	Income from Investment in Securities	625,322,945	478,761,405
20	Earnings per Share	1.95	1.75
21	Net Income per Share	1.95	1.75
22	Price Earning Ratio (Times)	11.76	13.35

Shahjalal Islami Bank Limited (Offshore Banking Unit) Annexure-F

Balance Sheet

As at 31 December 2020

	Note	31.12.2020		31.12.2019	
		USD	Taka	USD	Taka
Property and Assets					
Cash					
Cash in Hand (including Foreign Currencies)		-	-	-	-
Balance with Bangladesh Bank & Sonali Bank Ltd. (including Foreign Currencies)		-	-	-	-
		-	-	-	-
Placement with other Banks & Financial Institutions		-	-	-	-
Balance with other Banks and Financial Institutions					
Inside Bangladesh		258,303.19	21,904,111	311,392.33	26,437,209
Outside Bangladesh		-	-	-	-
	3	**258,303.19**	**21,904,111**	**311,392.33**	**26,437,209**
Investments					
General Investment etc.		10,997,570.45	932,593,974	23,905,468.00	2,029,574,233
Bills Purchased and Discounted		131,649,519.60	11,163,879,262	112,300,655.50	9,534,325,652
	4	**142,647,090.05**	**12,096,473,236**	**136,206,123.50**	**11,563,899,885**
Fixed Assets including Premises, Furniture and Fixtures	5	**6,434.37**	**545,635**	**7,114.87**	**604,052**
Other Assets		-	-	-	-
Non-Banking Assets		-	-	-	-
Total Property and Assets		**142,911,827.61**	**12,118,922,981**	**136,524,630.70**	**11,590,941,146**
Liabilities and Capital					
Liabilities					
Placement from other Banks & Financial Institutions	6	**142,030,000.00**	**12,044,144,000**	**135,293,300.00**	**11,486,401,170**
Deposits and Other Accounts					
Mudaraba Savings Deposits		45,091.50	3,823,759	54,024.78	4,586,704
Mudaraba Term Deposits		-	-	-	-
Other Mudaraba Deposits		-	-	-	-
Al-Wadeeah Current & Other Deposit Accounts		96,767.32	8,205,869	39,954.79	3,392,162
Bills Payable		-	-	-	-
	7	**141,858.82**	**12,029,628**	**93,979.57**	**7,978,865**
Other Liabilities	8	**739,968.79**	**62,749,353**	**1,137,351.13**	**96,561,111**
Total Liabilities		**142,911,827.61**	**12,118,922,981**	**136,524,630.70**	**11,590,941,146**
Capital/Shareholders' Equity					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Retained Earnings		-	-	-	-
Total Shareholders' Equity		-	-	-	-
Total Liabilities & Shareholders' Equity		**142,911,827.61**	**12,118,922,981**	**136,524,630.70**	**11,590,941,146**

Shahjalal Islami Bank Limited (Offshore Banking Unit) Annexure-F

Off-balance Sheet Items

As at 31 December 2020

	Note	31.12.2020		31.12.2019	
		USD	Taka	USD	Taka
Contingent Liabilities					
Acceptances & endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit (including back to back bills)		58,646.16	4,973,194	26,400.00	2,241,360
Bills for collection		107,400.48	9,107,561	657,955.64	55,860,434
Other contingent liabilities		-	-	-	-
Total		**166,046.64**	**14,080,755**	**684,355.64**	**58,101,794**
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		**166,046.64**	**14,080,755**	**684,355.64**	**58,101,794**

Shahjalal Islami Bank Limited (Offshore Banking Unit) Annexure-F

Profit and Loss Account

For the year ended 31 December 2020

	Note	2020		2019	
		USD	Taka	USD	Taka
Investment Income	9	7,357,248.95	623,894,711	6,663,576.72	565,737,664
Less: Profit paid on Deposits & Borrowing	10	2,533,546.64	214,844,755	2,556,452.92	217,042,853
Net Investment Income		**4,823,702.31**	**409,049,956**	**4,107,123.80**	**348,694,811**
Commission, Exchange and Brokerage	11	8,985.99	762,012	8,785.10	745,855
Other Operating Income	12	123,468.09	10,470,094	126,612.21	10,749,377
		132,454.08	**11,232,106**	**135,397.31**	**11,495,232**
Total Operating Income		**4,956,156.39**	**420,282,062**	**4,242,521.11**	**360,190,042**
Salaries and Allowances	13	114,359.58	9,697,692	103,032.16	8,747,430
Rent, Taxes, Insurances, Electricity etc.	14	233.86	19,831	273.85	23,250
Legal Expenses		2,739.74	232,330	-	-
Postage, Stamps, Telecommunication etc.	15	213.90	18,139	343.71	29,181
Stationery, Printings, Advertisements etc.	16	285.46	24,207	225.65	19,158
Auditor's Fees		-	-	-	-
Depreciation & Repairs of Bank's Assets	17	1,511.66	128,189	945.64	80,285
Other Expenses	18	8,758.39	742,711	9,415.45	799,372
Total Operating Expenses		**128,102.59**	**10,863,100**	**114,236.46**	**9,698,675**
Profit before Provision		**4,828,053.80**	**409,418,962**	**4,128,284.65**	**350,491,367**
Specific provisions for Classified Investments		-	-	-	-
General provisions for Unclassified Investments		-	-	-	-
Provisions for Other Assets		-	-	-	-
Total Provision		-	-	-	-
Total Profit before Provisions for Taxation		**4,828,053.80**	**409,418,962**	**4,128,284.65**	**350,491,367**
Deferred Tax Expenses		-	-	-	-
Current Tax Expenses		-	-	-	-
		-	-	-	-
Net Profit after Taxation		**4,828,053.80**	**409,418,962**	**4,128,284.65**	**350,491,367**
Retained Earnings from previous year		-	-	-	-
Add: Retained Earnings of current year		4,828,053.80	409,418,962	4,128,284.65	350,491,367
Retained Earnings carried forward		**4,828,053.80**	**409,418,962**	**4,128,284.65**	**350,491,367**
Less: Retained earnings transferred to central operation		4,828,053.80	409,418,962	4,128,284.65	350,491,367
		-	-	-	-

Shahjalal Islami Bank Limited (Offshore Banking Unit) Annexure-F

Cash Flow Statement

For the year ended 31 December 2020

	2020		2019	
	USD	Taka	USD	Taka
Cash flows from operating activities				
Investment income receipt in cash	7,357,248.95	623,894,711	6,663,576.72	565,737,664
Profit paid on deposits & borrowings	(2,533,546.64)	(214,844,755)	(2,556,452.92)	(217,042,853)
Fees & commission receipt in cash	8,985.99	762,012	8,785.10	745,855
Cash payments to employees	(114,359.58)	(9,697,692)	(103,032.16)	(8,747,430)
Cash payments to suppliers	(285.46)	(24,207)	(225.65)	(19,158)
Receipts from other operating activities	123,468.09	10,470,094	126,612.21	10,749,377
Payments for other operating activities	(12,059.95)	(1,021,972)	(10,033.01)	(855,134)
(i) Operating profit before changes in operating assets & liabilites	**4,829,451.40**	**409,538,190**	**4,129,230.29**	**350,568,320**
Changes in operating assets and liabilities				
Increase/decrease of investments to customers	(6,440,966.55)	(532,573,351)	(52,180,029.33)	(4,514,110,584)
Increase/decrease of deposits received from customers	47,879.25	4,050,762	(42,003.86)	(3,430,144)
Increase/decrease of other liabilities	(397,382.34)	(33,811,758)	15,324.82	2,423,104
(ii) Cash flows from operating assets and liabilities	**(6,790,469.64)**	**(562,334,346)**	**(52,206,708.37)**	**(4,515,117,625)**
Net cash flow from operating activities (A)=(i+ii)	**(1,961,018.24)**	**(152,796,156)**	**(48,077,478.08)**	**(4,164,549,305)**
Cash flows from investing activities				
Proceeds from sale of fixed assets	-	-	-	-
Purchases of property, plants & equipments	(717.10)	(60,810)	(4,729.29)	(401,517)
Net cash used in investing activities (B)	**(717.10)**	**(60,810)**	**(4,729.29)**	**(401,517)**
Cash flows from financing activities				
Borrowing from Banks & Financial Institutions	6,736,700.00	557,742,830	39,378,300.00	3,439,132,670
Profit transferred to Shahjalal Islami Bank Ltd	(4,828,053.80)	(409,418,962)	(4,128,284.65)	(350,491,367)
Net cash flow from financing activities (C)	**1,908,646.20**	**148,323,868**	**35,250,015.35**	**3,088,641,303**
Net decrease in cash & cash equivalents (A+B+C)	**(53,089.14)**	**(4,533,098)**	**(12,832,192.02)**	**(1,076,309,518)**
Add: Cash and cash equivalents at the beginning of the year	311,392.33	26,437,209	13,143,584.35	1,102,746,727
Cash and cash equivalents at the end of the year	**258,303.19**	**21,904,111**	**311,392.33**	**26,437,209**

Shahjalal Islami Bank Limited (Offshore Banking Unit)

Notes to the Financial Statements

For the year ended 31 December 2020

1. Status of the Bank

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 commenced the operation of its Offshore 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-04, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.

1.1 Nature of Business/Principal Activities

The principal activities of 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 form and the financial statements are prepared on a going concern basis under the historical cost convention and in accordance with First Schedule of the Banking 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 has not been accounted for in the separate Financial Statements of 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 84.80 (weighted average rate as at 31 December 2020).

Annexure-F

		31.12.2020		31.12.2019	
		USD	Taka	USD	Taka
3	**Balance with Other Banks and Financial Institutions (Other than Mudaraba Term Fund)**				
	Inside Bangladesh	258,303.19	21,904,111	311,392.33	26,437,209
	Outside Bangladesh (Note-3.1)	-	-	-	-
		258,303.19	**21,904,111**	**311,392.33**	**26,437,209**
3.1	**Inside Bangladesh**				
	Shahjalal Islami Bank Ltd	258,303.19	21,904,111	311,392.33	26,437,209
		258,303.19	**21,904,111**	**311,392.33**	**26,437,209**
4	**Investments (Loans and Advances)**				
	Country-wise Classification of Investments				
	Inside Bangladesh				
	Gross Murabaha, Bai-Muajjal etc.	10,997,570.45	932,593,974	23,905,468.00	2,029,574,233
	Less: Profit receivable on Murabaha, Bai-Muajjal etc.	-	-	-	-
	Net Murabaha, Bai-Muajjal etc.	**10,997,570.45**	**932,593,974**	**23,905,468.00**	**2,029,574,233**
	Net Bills Purchased and Discounted (Note- 4.1)	131,649,519.60	11,163,879,262	112,300,655.50	9,534,325,652
	Outside Bangladesh	-	-	-	-
		142,647,090.05	**12,096,473,236**	**136,206,123.50**	**11,563,899,885**
4.1	**Bills Purchased and Discounted**				
	Payable inside Bangladesh	5,681,044.00	481,752,531	-	-
	Payable outside Bangladesh	126,160,275.00	10,698,391,320	112,670,775.37	9,565,748,829
	Gross Bills Purchased and Discounted	**131,841,319.00**	**11,180,143,851**	**112,670,775.37**	**9,565,748,829**
	Less: Profit receivable on Bills Purchased and Discounted	191,799.40	16,264,589	370,119.87	31,423,177
	Net Bills Purchased and Discounted	**131,649,519.60**	**11,163,879,262**	**112,300,655.50**	**9,534,325,652**
5	**Fixed Assets including Premises, Furniture & Fixtures**				
	Furniture & Fixture	3,316.41	281,232	4,121.63	349,926
	Office Equipment	3,117.96	264,403	2,993.24	254,126
	Carrying Value	**6,434.37**	**545,635**	**7,114.87**	**604,052**
6	**Placement from other Banks & Financial Institutions**				
	Mudaraba Term Deposit from other Banks	45,000,000.00	3,816,000,000	13,000,000.00	1,103,700,000
	Borrowing from Shahjalal Islami Bank Ltd	97,030,000.00	8,228,144,000	122,293,300.00	10,382,701,170
		142,030,000.00	**12,044,144,000**	**135,293,300.00**	**11,486,401,170**
7	**Deposits and Other Accounts**				
	Al-Wadeeah Current Deposit	38,121.16	3,232,674	9,050.15	768,358
	Sundry Deposits	58,646.16	4,973,194	30,904.64	2,623,804
		96,767.32	**8,205,869**	**39,954.79**	**3,392,162**
	Mudaraba Savings Deposit	45,091.50	3,823,759	54,024.78	4,586,704
		45,091.5	**3,823,759**	**54,024.78**	**4,586,704**
	Mudaraba Term Deposit	-	-	-	-
		-	-	-	-
		141,858.82	**12,029,628**	**93,979.57**	**7,978,865**
8	**Other Liabilities**				
	Profit Payable	739,968.79	62,749,353	1,137,351.13	96,561,111
	Outstanding Expenses	-	-	-	-
		739,968.79	**62,749,353**	**1,137,351.13**	**96,561,111**

		Note	2020		2019	
			USD	Taka	USD	Taka
9	**Profit on Investments**					
	Profit received from Mudaraba Import Bills (UPAS)		675,4117.2	572,749,139	5,898,814.98	500,809,392
	Profit received from Hire Purchase		603,131.75	51,145,572	764,761.74	64,928,272
			735,7248.95	**623,894,711**	**6,663,576.72**	**565,737,664**
10	**Profit paid on Deposits & Borrowings**					
	Profit paid on borrowings		**2,533,546.64**	**214,844,755**	**2,556,452.92**	**217,042,853**
11	**Commission, Exchange & Brokerage**					
	Commission from LC		**8,985.99**	**762,012**	**8,785.10**	**745,855**
12	**Other Operating Income**					
	SWIFT & REUTERS		20,699.23	1,755,295	23,897.96	2,028,937
	Miscellaneous Earnings		102,594.97	8,700,053	102,708.25	8,719,930
	Service & Charges Receipts		173.89	14,746	6.00	509
			123,468.09	**10,470,094**	**126,612.21**	**10,749,377**
13	**Salary & Allowances**					
	Basic Salary		48,842.84	4,141,873	42,838.95	3,637,027
	Allowances		41,602.36	3,527,880	36,567.95	3,104,619
	Bonus		19,862.36	1,684,328	19,618.11	1,665,578
	Bank's Contribution to Provident fund		4,052.02	343,611	4,007.15	340,207
			114,359.58	**9,697,692**	**103,032.16**	**8,747,430**
14	**Rent, Taxes, Insurance, Electricity etc.**					
	Insurance		233.86	19,831	273.85	23,250
			233.86	**19,831**	**273.85**	**23,250**
15	**Postage, Stamps, Telecommunication etc**					
	Telephone charges		213.90	18,139	343.71	29,181
			213.90	**18,139**	**343.71**	**29,181**
16	**Stationery, Printing, Advertisement etc**					
	Computer Stationery		275.33	23,348	198.33	16,838
	Advertisement		10.13	859	27.32	2,319
			285.46	**24,207**	**225.65**	**19,158**
17	**Depreciation and Repairs of Fixed Assets**					
	Depreciation of Fixed Assets					
	Furniture & Fixtures		805.22	68,283	11.67	991
	Office Appliance & Equipment		592.38	50,234	933.97	79,294
			1,397.6	**118,516**	**945.64**	**80,285**
	Repairs & Maintainance		114.06	9,672	-	-
			1,511.66	**128,189**	**945.64**	**80,285**
18	**Other Expenses**					
	Entertainment Expense		558.2	47,335	1,086.38	92,234
	Travelling Expense		-	-	15.27	1,296
	Business development & promotion		381.23	32,328	451.85	38,362
	Car Expenses		7,818.96	663,048	7,861.95	667,480
			8,758.39	**742,711**	**9,415.45**	**799,372**

Independent Auditor's Report

To The Shareholders Of Shahjalal Islami Bank Securities Ltd.

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of SHAHJALAL ISLAMI BANK SECURITIES LTD., which comprise the statement of financial position as at December 31, 2020, 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, 2020, 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, 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, FCS
Senior Partner, Enrol. No. 331
K. M. Hasan & Co.
Chartered Accountants
DVC No. 2103030331AS711172

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Limited

Statement of Financial Position

As at 31 December 2020

	Notes	31.12.2020 Taka	31.12.2019 Taka
ASSETS			
Current assets			
Cash and bank balances	4	395,609,024	153,758,423
Receivables from securities trading	5	33,264,330	9,346,489
Receivable from others	6	25,484,817	24,170,740
Receivable from margin clients	7	4,635,667,599	4,796,473,498
Proprietary position in securities & other investments	8	1,358,654,957	1,231,023,407
Other advances	9	355,161,449	341,249,288
Other assets	10	920,549	1,121,200
		6,804,762,725	**6,557,143,045**
Non-current assets			
Fixed assets	11	131,703,009	53,087,383
Intangible assets	12	458,818	573,522
Investment in exchanges	13	428,000,000	428,000,000
Other long term assets	14	2,571,206	1,752,809
		562,733,033	483,413,714
Total assets		**7,367,495,758**	**7,040,556,759**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Payable to clients	15	362,998,470	131,933,545
Short term business liabilities	16	2,137,336,443	2,153,714,228
Payable to exchanges	17	9,832,580	6,474,059
Other liabilities and provisions	18	2,094,469,282	1,991,286,272
		4,604,636,775	4,283,408,104
Shareholders' equity			
Share capital	19	2,740,000,000	2,740,000,000
Capital Reserve	20	2,878,961	2,878,961
Retained earnings	21	19,980,022	14,269,694
		2,762,858,983	2,757,148,655
Total liabilities and Shareholders' Equity		**7,367,495,758**	**7,040,556,759**
Net asset value per share of Tk. 10 each		**10.08**	**10.06**

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, FCS
Senior Partner, Enrol. No. 331
K. M. Hasan & Co.
Chartered Accountants
DVC No. 2103030331AS711172

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 Taka	2019 Taka
Brokerage commission	22	105,379,014	94,621,646
Income from margin investments		123,462,806	154,432,842
Income from investment in securities	23	97,560,902	75,631,169
Other operating income	24	5,987,672	5,308,225
Total operating income		**332,390,394**	**329,993,882**
Operating expenses	25	(12,871,785)	(18,600,249)
Income from operation		**319,518,609**	**311,393,633**
Other income	26	7,585,107	4,478,659
Administrative and general expenses	27	(99,342,851)	(106,921,423)
Financial expenses	28	(200,279,831)	(241,265,463)
Net profit before income tax		**27,481,034**	**(32,314,594)**
Provision for taxation			
Current tax		(22,589,103)	(28,070,778)
Deferred tax		818,397	723,687
		(21,770,706)	(27,347,091)
Net profit after income tax		**5,710,328**	**(59,661,685)**
Other comprehensive income		-	-
Total comprehensive income		**5,710,328**	**(59,661,685)**
Earnings Per Share (EPS)	29	**0.02**	**(0.22)**

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, FCS
Senior Partner, Enrol. No. 331
K. M. Hasan & Co.
Chartered Accountants
DVC No. 2103030331AS711172

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Limited

Statement of Changes in Equity

For the year ended 31 December 2020

Amount in Taka

Particulars	Share capital	Capital Reserve	Retained earnings	Total
Balance as at 01 January 2020	2,740,000,000	2,878,961	14,269,694	2,757,148,655
Net profit for the year	-	-	5,710,328	5,710,328
Transferred to Capital Reserve	-	-	-	-
Balance as at 31 December 2020	**2,740,000,000**	**2,878,961**	**19,980,022**	**2,762,858,983**

For the year ended 31 December 2019

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**

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, FCS
Senior Partner, Enrol. No. 331
K. M. Hasan & Co.
Chartered Accountants
DVC No. 2103030331AS711172

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Limited

Statement of Cash Flows

For the year ended 31 December 2020

		Note	2020 Taka	2019 Taka
A.	**Cash flows from operating activities**			
	Cash received from commission and others		388,811,227	573,439,401
	Payment for operating expenses & others		194,552,159	(505,104,092)
	Finance expenses paid		(200,279,831)	(241,265,463)
	Income tax paid		(29,659,948)	(27,673,518)
	Net Cash flow from/(used in) operating activities	30	**353,423,607**	**(200,603,672)**
B.	**Cash flow from investing activities**			
	Investment to executive car finance scheme		283,800	283,800
	Cash receipt on sale of Assets		305,100	-
	Purchase of fixed assets		(95,784,121)	(3,611,562)
	Net Cash flow from/(used in) investing activities		**(95,195,221)**	**(3,327,762)**
C.	**Cash flow from financing activities**			
	Short term business liabilities		(16,377,785)	43,907,327
	Dividend paid		-	-
	Net cash flow from/ (used) in financing activities		**(16,377,785)**	**43,907,327**
	Net Increase/(decrease) in cash and cash equivalents (A+B+C)		241,850,601	(160,024,107)
	Opening cash and cash equivalents		153,758,423	313,782,530
	Closing cash and cash equivalents		**395,609,024**	**153,758,423**

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.

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Ltd.

Notes to The Financial Statements

As at and for the year ended 31 December 2020

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 01 (One) extension office and 08 (Eight) branches with 77 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 DSL Building (3th floor), 1/C DIT Avenue, Motijheel 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 2020.

b. Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020.

c. Statement of Changes in Equity for the year ended 31 December 2020.

d. Statement of Cash Flows for the year ended 31 December 2020.

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
Intangible assets	20

3.6 IFRS 16: Leases

Shahjalal Islami Bank Securities Limited has applied IFRS 16: "Leases" for the first time of 1 January 2020 using modified retrospective approach where the company measured the lease liability at the present value of the remaining lease payments and recognized a right-of-use asset at the date of 1 January 2020 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 company 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 company. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement, the company 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.

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.

3.7 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.

3.8 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.

3.9 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.

3.10 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 @32.5% on other income as per income tax law.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 Effect of COVID-19

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, social distancing, enforcement of lock down from 26 March 2020 to 30 May 2020 etc. As a result of these measures all business and economic activities were adversely affected and those also impacted the company as well Management considered COVID-19 as a subsequent event. The business operation and profitability of the Company 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 COVD19 related matters on the Company'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 Company for the year ended 31 December 2020 regarding COVD 19.

		31.12.2020 Taka	31.12.2019 Taka
4.	**Cash and bank balances**		
	Cash at bank in company's accounts	3,100,729	1,615,533
	Cash at bank in trading accounts (dealer account)	2,953,049	981,178
	Cash at bank in consolidated customer accounts	373,697,600	151,035,580
	Cash at bank in IPO account	15,857,646	126,132
		395,609,024	**153,758,423**
	Details are shown in "Annexure-B"		
5.	**Receivables from securities trading**		
	Receivable from DSE (Note:5.1)	31,567,032	9,346,489
	Receivable from CSE (Note:5.2)	1,697,298	-
		33,264,330	**9,346,489**
5.1	**Receivable from DSE**		
	Receivable from DSE Broker Activities (note: 5.1.1)	14,632,891	9,346,489
	Receivable from DSE Dealer Activities (note: 5.1.2)	16,934,141	-
		31,567,032	**9,346,489**
5.1.1	**Receivable from DSE Broker Activities**		
	Receivable against A,B,G and N category	10,060,028	-
	Receivable against Z category	3,077,067	8,555,568
	Receivable against spot trading	1,495,796	790,921
		14,632,891	**9,346,489**
5.1.2	**Receivable from DSE Dealer Activities**		
	Receivable against A,B,G and N category	16,934,141	-
	Receivable against Z category	-	-
	Receivable against spot trading	-	-
		16,934,141	**-**
5.2	**Receivable from CSE**		
	Receivable from CSE Broker Activities (note: 5.2.1)	1,697,298	-
	Receivable from CSE Dealer Activities (note: 5.2.2)	-	-
		1,697,298	**-**
5.2.1	**Receivable from CSE Broker Activities**		
	Receivable against A,B,G and N category	1,603,820	-
	Receivable against Z category	93,478	
		1,697,298	**-**
5.2.2	**Receivable from CSE Dealer Activities**		
	Receivable against A,B,G and N category	-	-
	Receivable against Z category	-	-
		-	**-**
6.	**Receivable from others**		
	Cash dividend receivables	25,484,817	24,170,740
		25,484,817	**24,170,740**
7.	**Receivable from clients**		
	Margin Investment (Note:7.1)	3,098,186,504	3,186,087,281
	Profit receivable from margin investment (Note:7.2)	1,536,318,573	1,610,386,217
	CDBL Charge/ BO renewal fees	1,162,522	-
		4,635,667,599	**4,796,473,498**

		31.12.2020 Taka	31.12.2019 Taka
7.1	**Margin Investment**		
	Receivable to clients having negative equity	2,276,726,156	2,484,413,467
	Receivable to clients fall under force sale condition(e.g. Equity is >DB but <125% of DB)	223,128,023	224,274,301
	Receivable to clients fall under margin call(e.g. Equity is >125% of DB but <150% of DB)	155,725,064	137,493,120
	Receivable to regular margin clients (e.g. Equity is >150% of DB)	442,607,261	339,906,393
		3,098,186,504	**3,186,087,281**
7.2	**Profit receivable from margin investment**		
	Receivable to clients having negative equity	1,118,318,953	1,377,385,170
	Receivable to clients fall under force sale condition(e.g. Equity is >DB but <125% of DB)	190,169,197	156,102,084
	Receivable to clients fall under margin call(e.g. Equity is >125% of DB but <150% of DB)	187,486,946	47,579,172
	Receivable to regular margin clients (e.g. Equity is >150% of DB)	40,343,477	29,319,791
		1,536,318,573	**1,610,386,217**
8.	**Proprietary position in securities & other investment**		
	Investment in securities-Dealer Account (Note:8.1)	1,134,292,803	1,231,023,407
	Investment in securities-Special Fund Account (Note:8.2)	145,824,101	-
	Investment in securities-BB Special Fund Account (Note:8.3)	78,538,053	-
		1,358,654,957	**1,231,023,407**
8.1	**Investment in securities-Dealer Account**		
	Value of "A" category instruments	964,222,861	1,057,666,564
	Value of "N" category instruments	2,960,660	21,019,490
	Value of "Z" category instruments	152,108,381	151,139,483
		1,119,291,902	**1,229,825,537**
	Deposit for application of right shares/IPO	15,000,901	1,197,870
		1,134,292,803	**1,231,023,407**
	Investment in securities at cost	1,119,291,902	1,229,825,537
	Investment in securities at market value	795,014,528	753,430,054
	Diminution in value of investment in shares	**324,277,374**	**476,395,483**
	Details of investment in marketable securities are shown in "Annexure- C.1".		
8.2	**Investment in securities-ICB Special Fund Account**		
	Investment in securities	145,824,101	-
		145,824,101	
	Investment in securities at cost	144,808,789	-
	Investment in securities at market value	142,211,770	-
	Diminution in value of investment in shares	**2,597,019**	**-**
	Value of "A" category instruments	144,808,789	-
		144,808,789	**-**
	Details of investment in marketable securities are shown in "Annexure- C.2 ".		

		31.12.2020 Taka	31.12.2019 Taka
8.3	**Investment in securities-BB Special Fund Account**		
	Investment in securities	78,538,053	-
		78,538,053	**-**
	Investment in securities at cost	78,352,346	-
	Investment in securities at market value	79,143,000	-
	Unrealize Gain in value of investment in shares	**790,654**	**-**
	Value of "A" category instruments	78,352,346	-
		78,352,346	**-**
	Details of investment in marketable securities are shown in "Annexure- C.3 ".		
9.	**Other Advances**		
	Advance income tax (Note: 9.1)	354,037,731	324,377,783
	Advance office rent	1,085,385	16,871,505
	Advance commission for bank guarantee	38,333	-
		355,161,449	**341,249,288**
9.1	**Advance income tax**		
	Opening balance	324,377,783	296,704,265
	Add: Paid during the year (Note: 9.1.1)	29,659,948	27,673,518
	Closing balance	**354,037,731**	**324,377,783**
9.1.1	**Advance tax paid during the year**		
	Tax on transaction (DSE)	15,724,606	13,717,028
	Tax on transaction (CSE)	474,239	407,963
	Advance tax on profit (SND)	751,734	385,892
	Advance income tax- DCT	6,291,174	6,456,356
	Advance tax on dividend income	6,418,195	6,706,279
		29,659,948	**27,673,518**
	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	27,673,518
	Year 2020	29,659,948	-
		354,037,731	**324,377,783**
10.	**Other assets**		
	Prepaid expenses	261,149	178,000
	Investment to executive car finance scheme	659,400	943,200
		920,549	**1,121,200**
11.	**Fixed assets net off depreciation**		
	Furniture and fixtures	29,906,123	40,241,174
	Office equipment	10,466,494	12,846,209
	Capital work in progress	8,427,953	-
	Right of use Assets as per IFRS 16*	82,902,439	-
		131,703,009	**53,087,383**

* Right of use Assets are measured at cost less any accumulated depreciation and adjusted for any measurment of lease liabilities.

Details are shown in "Annexure-D"

		31.12.2020 Taka	31.12.2019 Taka
12.	**Intangible assets**		
	Software	**458,818**	**573,522**
	Details are shown in "Annexure-D"		
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 Investment in CSE shares

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.

		31.12.2020 Taka	31.12.2019 Taka
14.	**Other long term assets**		
	Deferred tax assets	**2,571,206**	**1,752,809**
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 for during the year as shown below:

Fixed Assets		
Accounting base written down value	123,733,874	53,660,905
Tax base written down value	131,645,276	58,668,932
Deductible Temporary difference on written down value	**(7,911,403)**	**(5,008,027)**
Applicable tax rate	32.50%	35%
Closing deferred tax (assets)/liabilities	(2,571,206)	(1,752,809)
Opening deferred tax (assets)/liabilities	(1,752,809)	(1,029,122)
Deferred tax (income)/expenses	**(818,397)**	**(723,687)**
15. Payable to clients		
Payable to clients (IPO)	31,727,600	45,000
Payable to clients (Trading)	331,270,870	131,888,545
	362,998,470	**131,933,545**
16. Short term business liabilities		
Shahjalal Islami Bank Ltd. (Note: 16.1)	2,011,859,181	1,783,772,006
Social Islami Bank Ltd. (Note: 16.2)	-	259,908,889
Investment Corporation of BD. (Note: 16.3)	125,477,262	-
Prime Bank Ltd. (Note: 16.4)	-	110,033,333
	2,137,336,443	**2,153,714,228**

		31.12.2020 Taka	31.12.2019 Taka
16.1	**Shahjalal Islami Bank Ltd.**		
	Bai Muajjal (Commercial) Investment (Note: 16.1.1)	1,931,301,125	1,783,772,006
	Bai Muajjal (Commercial) Inv. BB Special Fund (Note: 16.1.2)	80,558,056	-
		2,011,859,181	**1,783,772,006**
16.1.1	**Bai Muajjal (Commercial) Investment**		
	Principal business liabilities	1,855,500,000	1,682,300,000
	Profit payable on business liabilities	75,801,125	101,472,006
		1,931,301,125	**1,783,772,006**
	Shahjalal Islami Bank Ltd., Bai-muajjal (Comm.)- investment limit of Tk.200.00 crore. Rate of return 9.00%. Validity up to 30.06.2021.		
16.1.2	**Bai Muajjal (Commercial) Investment BB Special Fund**		
	Principal business liabilities	80,000,000	-
	Profit payable on business liabilities	558,056	-
		80,558,056	**-**
	Shahjalal Islami Bank Ltd., Bai-muajjal Commercial TR (Special Fund) of Tk.40.00 crore. Rate of return 7.00%. Validity up to 09.02.2025.		
16.2	**Social Islami Bank Ltd.**		
	Principal business liabilities	-	250,000,000
	Profit payable on business liabilities	-	9,908,889
		-	**259,908,889**
	Social Islami Bank Ltd., Bai- Muajjal (Revolving)- investment limit of Tk. 25.00 crore. Rate of return 9.00%. Validity up to 31.01.2021. Security covered by Corporate Guarantee.		
16.3	**Investment corporation of Bangladesh.**		
	Principal business liabilities	122,789,456	-
	Profit payable on business liabilities	2,687,806	-
		125,477,262	**-**
	Investment corporation of Bangladesh.- investment limit of Tk.13.33 crore. Rate of return 4.00%. Validity up to 31.12.2022. Security covered by Corporate Guarantee.		
16.4	**Prime Bank Ltd.**		
	Principal business liabilities	-	100,000,000
	Profit payable on business liabilities	-	10,033,333
		-	**110,033,333**
17.	**Payable to exchanges**		
	Payable to DSE (note:17.1)	1,251,233	6,406,234
	Payable to CSE (note:17.2)	8,581,347	67,825
		9,832,580	**6,474,059**
17.1	**Payable to DSE**		
	Payable to DSE for Broker activities	1,240,572	6,406,234
	Payable to DSE for Dealer activities	10,661	-
		1,251,233	**6,406,234**
17.2	**Payable to CSE**		
	Payable to CSE for Broker activities	8,581,347	67,825
	Payable to CSE for Dealer activities	-	-
		8,581,347	**-**
18.	**Other liabilities and provisions**		
	Provision for income tax (Note: 18.1)	367,630,095	345,040,992
	Provision for investment in marketable securities (Note: 18.2)	137,500,000	137,500,000
	Provision for margin investment (Note: 18.3)	303,155,165	303,155,165
	General Provision (Note: 18.4)	47,965,735	47,965,735
	Other liabilities (Note: 18.5)	1,238,218,287	1,157,624,380
		2,094,469,282	**1,991,286,272**

		31.12.2020 Taka	31.12.2019 Taka
18.1	**Provision for income tax**		
	Opening balance	345,040,992	316,970,214
	Add: Provision made during the year (Annexur-F)	22,589,103	28,070,778
	Closing balance	**367,630,095**	**345,040,992**
	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	28,070,778
	Year 2020	22,589,103	-
		367,630,095	**345,040,992**
	Income tax assessment status is shown in "Annexure- E"		
18.2	**Provision for investment in marketable securities**		
	Opening balance	137,500,000	137500000
	Add: Provision made during the year	-	-
	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. 326,083,739 as on 31 December 2020. The company has already maintained provision for Tk. 137,500,000 as on December 31, 2020 against required provision of Tk. 65,216,747.80 leaving surplus of Tk.72,283,252.20

18.3	**Provision for margin investment**		
	Opening balance	303,155,165	351,120,900
	Transferred to general provision	-	(47,965,735)
	Closing balance	**303,155,165**	**303,155,165**

18.3.1 Specific Provision

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 negative equity in margin account. The market value of shares of the client account having negative equity stood at Tk. 2,118,571,428 as on December 31, 2020 against margin investment including profit receivable of Tk.3,395,172,106 leaving a shortfall of Tk. 1,592,845,173. If the market price of the shares against margin investment go up in future this equity erosion will be reduced. The Company maintained profit suspense on margin investment Tk. 1,148,024,175 up to 31.12.2020 and also maintained provision against margin investment Tk. 303,155,165 against required provision of Tk. 444,820,998 leaving a shortfall of Tk. 141,665,833 . The provision kept in the books of accounts of Tk. 303,155,165 comes to 68% of the required provision as on 31.12.2020. This shortfall amount will be provided for in the financial statements within December 31, 2022 as per above BSEC Directives.

18.4	**General Provision**		
	Opening balance	47,965,735	47,965,735
	Transferred from provision for margin investment	-	-
	Closing balance	**47,965,735**	**47,965,735**

General provision made in the books of account stood at Tk. 47,965,735.00 as on December 31, 2020 against the required provision of Tk. 46,356,675.99 leaving surplus of Tk.1,609,059.01 as 1% of out standing margin exposures 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.

18.5	**Other liabilities**		
	Accrued expenses	60,855	557,550
	VAT payable	292,783	503,386
	Office rent payable	77,280	-
	Withholding tax payable	250,806	351,246
	Leave fare assistance payable	1,394,954	1,433,879
	Income suspense account	13,922,744	13,847,699

		31.12.2020 Taka	31.12.2019 Taka
	Profit suspense account	1,148,024,175	1,139,962,101
	Outstanding cheque	225,683	225,683
	Untraced deposit	742,836	742,836
	Lease liabilities as per IFRS-16 (Note: 18.5.1 and 18.5.2)	73,226,171	-
		1,238,218,287	**1,157,624,380**

18.5.1 As mentioned in note-3.6 the company has recognised the lease liabilities in accordance with IFRS-16.

18.5.2 Maturity analysis of lease liabilities (as per para 58 of IFRS-16)

Not later than one month;	193,199	-
Later than one month and not later than three months;	390,755	-
Later than three months and not later than one year; and	2,123,404	-
Later than one year and not later than five years.	29,403,595	-
Later than five year and later than five years.	41,115,218	-
	73,226,171	**-**

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**

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 Tofazzal Hossain	1,250,000	12,500,000	12,500,000
5	Electra International Ltd. (Represented by : Alhaj Md. Sanaullah Shahid)	1,250,000	12,500,000	12,500,000
6	Shams Uddin Khan And Harun Miah Ltd. (Represented by : Alhaj Shams Uddin Khan)	1,250,000	12,500,000	12,500,000
7	Alhaj Mohammed Hasan	1,614,583	16,145,830	16,145,830
8	Alhaj Md. Abdul Barek	1,250,000	12,500,000	12,500,000
9	Mrs. Shahan Ara Begum	1,250,000	12,500,000	12,500,000
10	Anwer Khan Modern Hospital Ltd. (Represented by: Mr. M. Shamsul Huq)	1,250,000	12,500,000	12,500,000
11	Alhaj Abdul Halim	1,250,000	12,500,000	12,500,000
12	Alhaj Mohiuddin Ahmed	1,250,000	12,500,000	12,500,000
13	Alhaj Akkas Uddin Mollah	1,250,000	12,500,000	12,500,000
14	Alhaj Khandoker Sakib Ahmed	1,250,000	12,500,000	12,500,000
15	Alhaj Engr.Md.Towhidur Rahman	1,250,000	12,500,000	12,500,000
16	Alhaj A. K. Azad	1,250,000	12,500,000	12,500,000
17	Alhaj Mohammed Younus	1,250,000	12,500,000	12,500,000
18	Sanowara Banu	156,251	1,562,510	1,562,510
19	Mohammad Yakub	364,583	3,645,830	3,645,830
20	Mohammad Nawaz	364,583	3,645,830	3,645,830
21	Tahera Faruque	156,250	1,562,500	1,562,500
22	Mohammed Parvej Faruque	243,056	2,430,560	2,430,560
23	Mohammed Fohad Faruque	243,056	2,430,560	2,430,560
24	Fuad Mohammed Faruque	243,055	2,430,550	2,430,550
25	Mohammed Nishad Faruque	243,055	2,430,550	2,430,550
26	Thanea Farah Faruque	121,528	1,215,280	1,215,280
		274,000,000	**2,740,000,000**	**2,740,000,000**

		31.12.2020 Taka	31.12.2019 Taka
19.1	**Capital to regulatiory capital requirement**		
	A. Eligible Capital		
	(i) Core capital		
	Paid up capital	2,740,000,000	2,740,000,000
	Capital Reserve	2,878,961	2,878,961
	Retained earnings	19,980,022	14,269,694
		2,762,858,983	**2,757,148,655**
	(ii) Supplementary Capital		
	General provision	38,372,588	38,372,588
	Specific provision	308,458,616	308,458,616
		346,831,204	**346,831,204**
	B.Total Eligible capital (i+ii)	**3,109,690,187**	**3,103,979,859**
	C. Total risk requirement (Annexure-A)	**534,173,170**	**540,713,174**
	D. Required capital (120% of total risk requirement)	**641,007,804**	**648,855,809**
	E. Capital surplus (B-D)	**2,468,682,383**	**2,455,124,050**
	F. Capital adequacy ratio	**586%**	**574%**
	Core capital to total risk requirement	517%	510%
	Supplementary to total risk requirement	65%	64%
	G. Operational risk requirement	**21,409,826**	**26,035,376**
	H. Core capital to operational risk requirement (minimum 100%)	**129**	**106**
		times	**times**
19.2	**Net Capital to aggregate liabilities Ratio**		
	A. Liquid Assets		
	Cash in hand or in Bank	395,609,024	153,758,423
	Customer's Debit Balance's receivable within 30 days	3,098,186,504	3,186,087,281
	Interest, dividend or commission receivable (within 30 days)	388,294,398	470,424,116
	Clearing House Deposit (DSE)	300,000,000	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.	33,264,330	9,346,489
	Market Value of Net Investment in Securities traded in a stock exchange.	937,226,298	753,430,054
	Total Liquid Assets	**5,152,580,554**	**4,673,046,363**
	B. Designated Liabilities		
	Amount Payable in the ordinary course of dealing in securities	372,831,050	138,407,604
	Overdraft & Loan from banks	2,137,336,443	2,153,714,228
	Accrued Expenses	60,855	557,550
	Tax Payable (Net)	13,843,170	21,014,455
	Total Designated Liabilities	**2,524,071,518**	**2,313,693,837**
	C. Net Capital Balance (A-B)	**2,628,509,036**	**2,359,352,526**
	D. Net Capital to aggregate Liabilities Ratio	**1:1.76**	**1:1.68**
	E. Maximum permissible Ratio	**1 : 20**	**1 : 20**
20.	**Capital Reserve**		
	Opening Balance	2,878,961	-
	Add: Addition during the year	-	2,878,961
	Closing Balance	**2,878,961**	**2,878,961**

The above General Reserve has been maintained for as prescribed by Part 'B' of Schedule 'C' rule 5(2) of BSEC's Risk Based Capital Adequacy Rules, 2019.

		31.12.2020 Taka	31.12.2019 Taka
21.	**Retained Earnings**		
	Opening Balance	14,269,694	76,810,340
	Less: Dividend paid	-	-
		14,269,694	**76,810,340**
	Add: Net Profit after tax during the year	5,710,328	(59,661,685)
	Less: Amount Transferred to Capital Reserve (Note: 20)	-	(2,878,961)
	Closing Balance	**19,980,022**	**14,269,694**

		2020 Taka	2019 Taka
22.	**Brokerage commission**		
	Commission income through DSE	103,304,051	92,201,564
	Commission income through CSE	2,074,963	2,420,082
		105,379,014	**94,621,646**
23.	**Income from investment in shares**		
	Capital gain on sale of shares	63,902,577	17,928,885
	Dividend income (Note: 23.1)	33,658,325	57,702,284
		97,560,902	**75,631,169**
23.1	**Dividend income**		
	Cash dividend from DSE & CSE	4,849,330	4,849,330
	Cash dividend from investment in shares	24,773,100	52,852,954
	Cash dividend from investment in shares (ICB Fund)	4,035,895	-
		33,658,325	**57,702,284**
24.	**Other operating income**		
	Margin documentation fee	32,000	11,000
	BO account opening fee	894,500.00	364,500
	Income from CDBL	872,708	440,291
	BO account maintenance charge	3,991,050	4,294,800
	BO account closing fee	65,729	80,104
	Income from IPO process	131,685	117,530
		5,987,672	**5,308,225**
25.	**Operating expenses**		
	Howla charge	2,100	200
	Laga charge	8,277,448	7,056,975
	BO A/C maintenance fee	532,700	6,651,050
	CDBL transaction fee	3,699,837	4,515,824
	Service charge	359,700	376,200
		12,871,785	**18,600,249**
26.	**Other income**		
	Cheque dishonour fee	28,000	32,000
	Profit on special notice deposit	7,489,803	3,819,681
	Notice pay earning	61,050	240,900
	Miscellaneous income	6,254	386,078
		7,585,107	**4,478,659**
27.	**Administrative and general expenses**		
	Rent, taxes, insurance, electricity etc. (Note: 27.1)	8,448,714	27,956,347
	Salaries and allowances (Note: 27.2)	51,218,912	51,427,395
	Legal and professional expenses	874,000	255,300
	Postage, stamp, telecommunication etc. (Note: 27.3)	2,445,832	2,728,098
	Stationery, printing & advertisement (Note: 27.4)	1,767,577	1,794,506
	Depreciation, repairs & maintenance (Note: 27.5)	18,815,885	9,089,496
	Other expenses (Note: 27.6)	15,771,931	13,670,281
		99,342,851	**106,921,423**

		2020 Taka	2019 Taka
27.1	**Rent, taxes, insurance, electricity etc.**		
	Office rent (Note:27.1.1)	6,565,678	24,480,498
	Electricity and generator	1,712,183	3,166,004
	Insurance for motor vehicle	47,298	45,834
	Fuel	123,555	264,011
		8,448,714	**27,956,347**
27.1.1	**Office rent**		
	Office rent	6,565,678	24,480,498
		6,565,678	**24,480,498**
27.2	**Salaries and allowances**		
	Basic salary	19,247,946	19,398,422
	Allowances	19,671,957	18,516,083
	Consolidated salary	2,558,378	2,715,276
	Bonus	3,758,845	3,835,045
	Contribution to provident fund	1,882,907	1,846,708
	Casual salary	3,339,679	4,385,514
	Other allowance	759,200	730,347
		51,218,912	**51,427,395**
27.3	**Postage, stamp, telecommunication etc.**		
	Revenue stamp	38,740	13,880
	Telephone & mobile	524,338	707,452
	Networking	1,838,479	1,940,647
	Postage and courier	44,275	66,119
		2,445,832	**2,728,098**
27.4	**Stationery, printing & advertisement**		
	Office stationery	203,181	201,918
	Other stationery	125,592	124,091
	Paper expenses	229,335	266,433
	Advertisement	248,000	582,893
	Printing	917,527	572,126
	Computer accessories	43,942	47,045
		1,767,577	**1,794,506**
27.5	**Depreciation, repairs & maintenance**		
	Depreciation	6,314,701	8,586,448
	Depreciation on Right of use Assets *	12,096,807	-
	Repair & maintenance	404,377	503,048
		18,815,885	**9,089,496**

* As mentioned in note-3.6 the company has recognised Right of use Assets in accordance with IFRS-16 and related depreciation is shown above.

27.6	**Other expenses**		
	Commission expenses	685,017	2,031,667
	Conveyance	205,540	207,252
	Travelling and conveyance	60,065	140,043
	Uniform	55,220	18,000
	Water bill	165,601	310,276
	Trade license renewal fee	1,443,891	567,657
	Training expense	6,520	73,250
	Bank charge	39,992	49,174
	Excise duty	399,573	466,500
	Entertainment	1,286,157	1,759,632
	Audit fee	40,250	74,750
	Utility bill	23,796	21,029
	Directors fee	403,000	214,000

		2020 Taka	2019 Taka
	Software expenses	1,480,587	3,420,052
	Car maintenance	102,852	58,762
	Office maintenance	1,657,826	3,567,299
	Business promotional expenses	101,008	323,400
	Miscellaneous expenses	620,492	367,538
	Loss on sales of Assets	6,994,544	-
		15,771,931	**13,670,281**
28.	**Financial expenses**		
	Profit paid on Bai-muajjal (Commercial) TR investment, SIBL	18,547,254	33,045,056
	Profit paid on Bai-muajjal (Commercial) TR investment, SJIBL	170,609,743	143,293,238
	Profit paid on Bai-muajjal (Comm.) BB. Special Fund, SJIBL	558,056	-
	Profit paid on Bai-muajjal TR investment, Prime Bank Ltd.	591,324	64,927,169
	Profit paid to Investment Corporation of Bangladesh	4,020,808	-
	Expenses of lease liabilities as per IFRS-16*	5,952,646	-
		200,279,831	**241,265,463**
	* As mentioned in note-3.6 the company has recognised the lease liabilities in accordance with IFRS-16 and related expenses in shown above.		
29.	**Earnings per share**		
	Net profit attributable to ordinary shareholders	5,710,328	(59,661,685)
	Number of ordinary shares outstanding	274,000,000	274,000,000
		0.02	**(0.22)**
30.	**Cash flow from operating activities (indirect method)**		
	Net profit before tax	27,481,034	(32,314,594)
	Adjustment for non-cash items:		
	Depreciation	18,411,508	8,586,448
	Loss on sale of Assets	6,994,544	-
		52,887,086	**(23,728,146)**
	Adjustment for changes in working capital:		
	Decrease in accounts receivables	48,835,726	238,966,860
	(Increase) in advance deposits and prepayments	7,236,685	4,046,387
	Increase in provision for investment in marketable securities	-	-
	Increase in General provision for all outstanding margin	-	47,965,735
	(Increase)/Decrease in margin investment	86,738,255	264,983,399
	(Increase)/Decrease in investment in marketable securities	(127,631,550)	(101,192,987)
	(Decrease) in provision for margin investment	-	(47,965,735)
	(Decrease) in trade and other payables	315,017,353	(556,005,667)
		330,196,469	**(149,202,008)**
		383,083,555	(172,930,154)
	Less: Income tax paid	(29,659,948)	(27,673,518)
	Net cash flows used in operating activities	**353,423,607**	**(200,603,672)**

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 01.01.2020	Transaction during the year		Balance as on 31.12.2020
			Cr.	Dr.	Cr.	Cr.
Shahjalal Islami Bank Ltd.	Parent company	Short-term borrowing with Profit payble	1,783,772,006	-	228,087,175	2,011,859,181

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.

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 02 March 2021 approved the financial statements of the Company for the year ended 31 December 2020 and authorized the same for issue.

(b) Except above, no other significant event had occurred till date of signing the financial statements.

Chief Executive Officer **Director** **Chairman**

Signed in terms of our separate report of even date annexed.

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Limited

Statement Showing Computation of Capital Adequacy

As at 31 December 2020

Annexure-A

A. Eligible Capital

Amount in Taka

Components	Amount	Haircut %	Haircut Amount	2020 Eligible Amount	2019 Eligible Amount
Paid-up-capital	2,740,000,000	0		2,740,000,000	2,740,000,000
Capital Reserve	2,878,961	0		2,878,961	2,878,961
Retained Earnings	19,980,022	0		19,980,022	14,269,694
Sum of core capital				**2,762,858,983**	**2,757,148,655**
General Provision	47,965,735	20%	9,593,147	38,372,588	38,372,588
Specific Provision:					
Margin investment	303,155,165	30%	90,946,550	212,208,616	212,208,616
Investment in marketable securities	137,500,000	30%	41,250,000	96,250,000	96,250,000
Sum of supplementary capital				**346,831,204**	**346,831,204**
Total Capital				**3,109,690,187**	**3,103,979,859**

B. Total risk requirement

Particulars	Risk Factor	Applicable Amount	Applicable Amount
Operation Risk Requirement (ORR):			
Based on Average Annual Gross Income (see clause (b) of sub-rule (7.1) of rule 7)	5%	21,409,826	26,035,376
Position Risk Requirement (PRR):			
i. Proprietary positions in Equity securities:			
Value of "A" category securities	10%	118,738,400	105,766,656
Value of "B/G/N/." category securities	12%	355,279	2,522,339
Value of "Z" category instruments	15%	22,816,257	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%	370,853,408	383,717,880
Total risk requirement		**534,173,170**	**540,713,174**

C. Capital Adequacy Ratio (CAR)= $\frac{\text{Total Capital (TC)}}{\text{Total Risk Requirement(TRR)}} \times 100$ =581% i.e. 5.81 times =574% i.e. 5.7 times

Chief Executive Officer **Director** **Chairman**

Signed in terms of our separate report of even date annexed.

MD. AMIRUL ISLAM FCA, FCS
Senior Partner, Enrol. No. 331
K. M. Hasan & Co.
Chartered Accountants
DVC No. 2103030331AS711172

Place : Dhaka.
Dated : 02 March 2021

Shahjalal Islami Bank Securities Limited

Cash and Bank Balance

As at 31 December 2020

Annexure-B

Amount in Taka

Particulars	Name of Bank Account	Name of the Bank name	Branch name	Account Number	Balance as on 31 December 2020	Balance as on 31 December 2019
Cash at bank in Company's accounts	SJIBSL Revenue A/C (DSE) A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000301	495,983	657,691
	Shahjalal Islami Bank Securities Ltd. A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000900	772,465	206,341
	Shahjalal Islami Bank Securities Ltd. A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310004205	56,288	10,000
	SJIBSL Special Fund Portfolio A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	0013100004231	1,489,206	-
	Shahjalal Islami Bank Securities Ltd. A/C,	Shahjalal Islami Bank Ltd.	GSA Branch.	0013100000011	1,644	1,612
	SJIBSL Gulshan Branch A/C	Shahjalal Islami Bank Ltd.	GSA Branch.	0012100003280	9,579	3,152
	SJIBSL Uttara Branch A/C	Shahjalal Islami Bank Ltd.	Uttara Branch.	0011100009766	4,077	279
	SJIBSL Collegegate Branch A/C	Shahjalal Islami Bank Ltd.	Collegegate Branch.	0013100000082	16,317	895
	SJIBSL Eskaton Branch A/C	Shahjalal Islami Bank Ltd.	Eskaton Branch	0011100000381	-	5,813
	SJIBSL Savar Branch A/C	Shahjalal Islami Bank Ltd.	Savar Branch.	0013100000501	4,266	4,750
	SJIBSL Agrabad Branch A/C	Shahjalal Islami Bank Ltd.	Agrabad Branch	0013100001096	4	-
	SJIBSL Chawkbazar Branch A/C	Shahjalal Islami Bank Ltd.	Chawkbazar Branch	0011100006045	2,818	1,680
	SJIBSL Sylhet Branch A/C	Shahjalal Islami Bank Ltd.	Sylhet Branch.	0013100003668	1,658	1,116
	Shahjalal Islami Bank Securities Ltd. A/C	Social Islami Bank Ltd.	Principal Branch	002360002026	227,506	672,895
	Shahjalal Islami Bank Securities Ltd. A/C	Al-Arafah Islami Bank Ltd.	Motijheel Branch	000020042768	10,155	11,995
	Shahjalal Islami Bank Securities Ltd. A/C	Prime Bank Ltd.	Dilkusha Branch	3108312001426	8,763	37,314
Total Cash at bank Company's account					**3,100,729**	**1,615,533**

Shahjalal Islami Bank Securities Limited

Cash and Bank Balance

As at 31 December 2020

Annexure-B

Amount in Taka

Particulars	Name of Bank Account	Name of the Bank name	Branch name	Account Number	Balance as on 31 December 2020	Balance as on 31 December 2019
Cash at bank in trading accounts (Stock dealer account)	SJIBSL Dealer A/C DSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000324	647,780	22,232
	SJIBSL Dealer A/C CSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000284	-	27,387
	SJIBSL Dealer A/C DSE	One Bank Ltd.	Principal Branch	0010025391004	-	728
	SJIBSL Dealer A/C DSE	Social Islami Bank Ltd.	Principal Branch	0021360003253	2,305,269	930,831
Total Cash at bank in Stock dealer account					**2,953,049**	**981,178**
Cash at bank in Consolidated customer accounts	SJIBSL Consolidated customer A/C DSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000290	368,764,957	143,859,318
	SJIBSL Consolidated customer A/C CSE	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310000278	14,509	1,493,536
	SJIBSL Consolidated customer A/C DSE	Social Islami Bank Ltd.	Principal Branch	0021360003242	4,824,654	5,586,907
	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
	SJIBSL Consolidated customer A/C	Commercial Bank of Ceylon	Panthapath Branch	002809006966	93,480	94,170
Total Cash at bank in Consolidated customer account					**373,697,600**	**151,035,580**
Cash at bank in IPO account	SJIBSL IPO Process A/C	Shahjalal Islami Bank Ltd.	Motijheel Branch	001310004096	15,857,646	126,132
Total Cash at bank in IPO account					**15,857,646**	**126,132**
Grand total cash at bank balance					**395,609,024**	**153,758,423**

Shahjalal Islami Bank Securities Limited

Investment in Marketable Securities-Dealer Account

As at 31 December 2020

Annexure-C.1

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	21,120,379
2	Aman Cotton Fibrous Limited	A	7,846	313,840	286,379
3	Bangladesh Steel Re-Rolling Mills Limited	A	145,695	14,006,952	8,770,839
4	Beximco Pharmaceuticals Ltd	A	600,000	53,373,371	114,300,000
5	Dhaka Electric Supply Company Limited	A	2,178,208	100,570,252	75,801,638
6	Envoy Textiles Limited	A	1,178,116	49,502,891	28,981,654
7	Esquire Knit Composite Limited	A	41,780	1,880,100	1,098,814
8	Fareast Islami Life Insurance Company Limited	A	679,800	55,898,739	31,542,720
9	GPH Ispat Limited	A	229,557	7,669,609	7,024,444
10	MJL Bangladesh Limited	A	420,000	43,920,819	32,298,000
11	Orion Pharma Limited	A	1,000,000	50,787,607	54,700,000
12	Prime Islami Life Insurance Ltd.	A	607,889	44,796,956	31,549,439
13	RAK Ceramics (Bangladesh) Ltd.	A	704,220	37,532,283	18,380,142
14	Sea Pearl Beach Resort & Spa Limited	A	1,865	18,650	147,521
15	Shasha Denims Limited	A	6,141,228	189,120,609	132,650,525
16	Silco Pharmaceuticals Limited	A	1,000,000	29,622,040	24,000,000
17	Social Islami Bank Limited	A	338,000	4,682,591	4,394,000
18	Summit Alliance Port Limited	A	1,060,800	44,240,392	32,884,800
19	Titas Gas Transmission & Dist. Co. Ltd.	A	3,150,000	186,836,702	97,020,000
20	Unique Hotel & Resorts Limited	A	315,078	17,088,155	12,477,089
Total Value of “A” category instruments				**964,222,860**	**729,428,382**
1	Dominage Steel Building Systems ltd	N	26,798	248,130	924,531
2	Robi Axiata Limited	N	271,253	2,712,530	8,083,339
Total Value of “N” category instruments				**2,960,660**	**9,007,870**
1	Padma Life Insurance Limited	Z	1,016,668	38,769,138	20,841,696
2	Heidelberg Cement Bangladesh Limited	Z	2,300	968,898	344,080
3	The Dacca Dyeing & Manufacturing Co.Ltd.	Z	4,537,500	112,370,346	35,392,500
Total Value of "Z" category instruments				**152,108,382**	**56,578,276**
Grand Total				**1,119,291,902**	**795,014,528**

Shahjalal Islami Bank Securities Limited

Investment in Marketable Securities- ICB Special Fund Account

As at 31 December 2020

Annexure-C.2

Amount in Taka

Sl. No.	Name of the company	Category	No of shares	Cost value	Market value
1	Bnagladesh Shipping Corporation	A	344,100	16,904,262	15,381,270
2	First Security Islami Bank Limited	A	1,050,000	9,648,440	9,450,000
3	Jamuna Oil Company Limited	A	10,000	1,681,040	1,655,000
4	Meghna Petroleum	A	5,000	940,956	990,000
5	Padma Oil Co. Ltd	A	10,000	2,074,550	2,051,000
6	Power Grid Company of Bangladesh Ltd.	A	340,000	16,842,979	14,212,000
7	Silco Pharmaceuticals Limited	A	60,000	1,566,240	1,440,000
8	Silva Pharmaceuticals Limited	A	2,775,000	54,790,103	50,782,500
9	SK Trims & Industries Limited	A	450,000	23,827,338	27,990,000
10	Social Islami Bank Limited	A	200,000	2,666,559	2,600,000
11	Titas Gas Transmission & Dist. Co. Ltd.	A	200,000	6,947,680	6,160,000
12	Takaful Islami Insurance Limited	A	200,000	6,918,643	9,500,000
Total Value of "A" category instruments				**144,808,789**	**142,211,770**

Shahjalal Islami Bank Securities Limited

Annexure-C.3

Investment in Marketable Securities- Bangladesh Bank Special Fund Account

Amount in Taka

Sl. No.	Name of the company	Category	No of shares	Cost value	Market value
1	Al Arafah Bank Limited	A	85,000	1,912,621	1,887,000
2	EXIM Bank Limited	A	1,200,000	14,022,243	14,160,000
3	First Security Islami Bank Limited	A	2,300,000	20,988,761	20,700,000
4	Islami Bank Bangladesh Limited	A	750,000	19,779,645	20,100,000
5	Islamic Finance & Investment Ltd.	A	500,000	8,588,217	9,500,000
6	Social Islami Bank Limited	A	700,000	8,884,220	9,100,000
7	Titas Gas Transmission & Dist. Co. Ltd.	A	120,000	4,176,640	3,696,000
Total Value of "A" category instruments				**78,352,346**	**79,143,000**

Shahjalal Islami Bank Securities Limited

Schedule of Fixed Assets

As at 31 December 2020

Annexure-D

Amount in taka

Particulars	COST				Rate (%)	DEPRECIATION				Written Down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Adjustments /disposal during the year	Balance as at 31.12.2020		Balance as at 01.01.2020	Charged during the year	Adjustments /disposal during the year	Balance as at 31.12.2020	
Tangible assets										
Furniture and fixtures	66,375,961	196,851	10,196,909	56,375,903	10%	26,134,787	3,626,621	3,291,628	26,469,780	29,906,123
Office equipment	43,313,358	588,024	1,463,270	42,438,112	20%	30,467,149	2,573,376	1,068,907	31,971,618	10,466,494
Right of use Assets	-	94,999,246	-	94,999,246	0%	-	12,096,807	-	12,096,807	82,902,439
Sub-Total	**109,689,319**	**95,784,121**	**11,660,179**	**193,813,261**		**56,601,936**	**18,296,804**	**4,360,535**	**70,538,205**	**123,275,056**
Intangible assets										
Software	2,684,379	-	-	2,684,379	20%	2,110,857	114,704	-	2,225,561	458,818
Total as at 31 December 2020	**112,373,698**	**95,784,121**	**11,660,179**	**196,497,640**		**58,712,793**	**18,411,508**	**4,360,535**	**72,763,766**	**123,733,874**
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**

Shahjalal Islami Bank Securities Limited

Income Tax Assessment Status

As at 31 December 2020

Annexure- E

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	30,443,282	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	27,458,336	27,458,336	Return filed U/S- 82BB
2021-2022	22,589,103	-	29,659,948	Return to be submitted
Total	**367,630,095**	**326,479,637**	**398,453,648**	

Shahjalal Islami Bank Securities Limited

Computation of Total Income & Tax Liability

Income year ended 31st December-2020

Assessment Year 2021-2022

Annexure- F

Particulars	Amount	Amount	Amount
1. Short term borrowing	2,058,289,456		
2. Financial expenses	200,279,831		
3. Operating expense, Office and administrative expense	112,214,636		
4. Receivable from margin clients (Investment to client)	3,098,186,504		
5. Investment in securities	1,358,654,957		
Income calculation for provission for taxation			
1) Brokerage commission final settltement u/s 82c	16,198,845*100	49,842,600	
	32.5		
2) Capital gain on sale of shares	63,902,577		
Not adjusted with Financial expenses here	-	63,902,577	
3) Investment income, Dividend Income & Other Income	170,693,910		
Less: Financial Expenses	200,279,831		
	(29,585,921)		
Less:Administrative, General Exp. Rent Adjustment &Operating Expenses 50.21%	63,517,623		
	(93,103,544)		
Add:			
Accounting depreciation on Fixed Assets	6,314,701		
Accounting depreciation Right of use Assets As Per IFRS 16	12,096,807		
	18,411,508		
	(74,692,036)		
Less: Depreciation as per 3rd Schedule	5,875,735		
	(80,567,771)	-	
	Total Income	**113,745,177**	
Tax Calculation			
Tax on Brokerage commission final settltement u/s 82c	49,842,600	32.5%	16,198,845
Tax on Capital gain on sale of shares	63,902,577	10%	6,390,258
Total Income	**113,745,177**	**Tax Liability**	**22,589,103**

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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 Mobile: 01755556410 e-mail: dashgharia@sjiblbd.com	Mainamati Branch A.M. Haji Market, Nishchintapur Mainamati Cantonment, Cumilla Phone: 01755556411 e-mail:mainamati@sjiblbd.com
Halishahar Branch ShahidullahBhaban, 1764/1/2221 North Agrabad, Doublemuring, Chattogram Phone: 01755556412 e-mail: halishahar@sjiblbd.com	Rajapur Branch Shenu Member Market, Dhagonbhuiya 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) KushtiaSadar, 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: 0761-81014, Fax: 0761-81016 e-mail: chuadanga@sjiblbd.com	Chuknagar Branch Azad Plaza (1st floor), Chuknagar Bazar, Atlia, Dumuria, Khulna Phone: 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, 0821-725834, Fax: 0821-725225 e-mail: sylhet@sjiblbd.com
Dargah Gate Branch 297 Amberkhana, Dargah Gate, Airport Road, Sylhet Phone: 0821-727234, 39, 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.: OsmaniNagor, Sylhet Phone: 08242-56304, 07, 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: 05526-73025-6, Fax: 05526-73027 e-mail: saidpur@sjiblbd.com	Rajshahi Branch Habib Plaza (1st Floor), 111 Shaheb Bazar Zero Point, Rajshahi Phone: 0721-772401-2, 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 # 3366 (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, 0521-67901, 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 BaroIndara Moor, Chapainawabganj Sadar, Chapainawabganj Phone: 0781-51571, 0781-51572, Fax: 0781-51573 e-mail: chapainganj@sjiblbd.com
Thakurgaon Branch Galary Complex, 722 Bangabandhu Road, Thakurgaon, Bangladesh Phone: 0561-53805, 01755556195 e-mail: thakurgaon@sjiblbd.com	Pabna Branch J. P. Super Market (1st floor) 985 M. M. Ali Road, Delalpur, Pabna Phone: 0731-63972,75, 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, Rajshahi Phone: 01755556425 e-mail: aranibazar@sjiblbd.com

Barishal Zone	
Khepupara Branch 128(1st floor), Ismail Talukder Road Kumarpatti, Khepupara, Kolapara, Patuakhali Phone: 04425-56506-7, Fax: 04425-56508 e-mail: khepupara@sjiblbd.com	Barishal Branch Hawladar Plaza (1st & 2nd Floor) 475 K. B. Hemayet Uddin Road, Barishal Phone: 0431-2177504-5, Fax: 0431-62262 e-mail: barisal@sjiblbd.com
Amtali Branch N Islam Mansion, Holding No-189/1, New Bazar Hospital Road, Amtali, Barguna Phone: 01755556401, 04452-56116, 56117(PABX), 04452-56114(Direct), Fax: 0445256115 e-mail: amtali@sjiblbd.com	Bangla Bazar Branch S. Alam Super Market, Bangla Bazar, Doulatkhan, Bhola Phone: 01755556421 e-mail: banglabazar@sjiblbd.com
Off-Shore Banking Unit	
Shahjalal Islami Bank Tower (4th floor), Plot-4, Block-CWN (C), Gulshan Avenue, Dhaka-1212 Phone: 02 222283457	

Shahjalal Islami Bank Securities Limited

Main Office Jiban Bima Bhaban, Front Block (4th Floor) 10 Dilkusha Commercial Area, Dhaka-1000 Phone : 02-9577564, 47110320, 9587846 Fax: 02-7161877	Extension of Main Office Karim Chamber (1st Floor) 99 Motijheel C/A, Dhaka 1000 Phone: 02-7113825, 01816-335217 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: 031-2528352 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		
1	Gulshan ATM	Plot No-3/A, Block-CWN(A), Road No.-49, Kamal Ataturk Avenue, Gulshan-2, Dhaka-1212
2	Dhanmondi ATM	Momtaz Plaza, House # 07, Road # 04, Dhanmondi R/A, Dhaka
3	Dhaka Main ATM	58 Dilkusha C/A, Dhaka-1000
4	Motijheel ATM	1/C Rajuk Avenue, Dainik Bangla Moor, Motijheel C/A, Dhaka-1000
5	Anwer Khan Mordern Hospital & College ATM	Road No.-08, Dhanmondi, Near Mirpur Road, Dhaka
6	Gulshan South Avenue ATM	Nasa Heights, Holding No-47, Gulshan Avenue, Gulshan-1, Dhaka-1212
7	Tangail ATM	Nirala Complex, Par Dihgulia, Tangail
8	Savar ATM	Bismillah Super Market, Holding no.:71/1&72/1, Savar
9	Shafipur ATM	A-62 Haji Osman Market,Shafipur Bazar, Kaliakair, Gazipur
10	Uttara ATM	Anwer Complex, House#12,Road#14/C, Sec#04, Ward#01, Uttara Model Town, Dhaka
11	Uttara Ladies Branch ATM	Solar Trade Center, Plot No.:16, Sector:11, Gorobi Nayoaz Avenue, Uttara Residential Area , Uttara, Dhaka
12	Malibag Chowdhury Para ATM	34/B, DIT Road, Malibag Chowdhury Para, Dhaka
13	Karatia ATM	Plot-584/587, Karatia Bazar, Tangail
14	Sarulia ATM	Khandaker Super Market, Khandar Moor, Tanra Road, Ward-05, Union- Sarulia, PO- Sarulia Bazar, Demra, Dhaka
15	Joypara ATM	Monowara Mansion, Joypara, Dohar, Dhaka
16	Haluaghat ATM	KamarPotti, Halua Ghat, Halua Ghat Sadar, Mymensingh
17	Baruakhali ATM	Baruakhali high school market, Baruakahli, Nobabgong, Dhaka
18	Shikarpur Nimtola ATM	Eajuddin Mollah Super Market (Ground floor), 73 Shirajdikhan, Keyan, Munshigonj
19	Mymensingh ATM	Mymensingh College Super Market, Holding: 42/2, Rambabu Road, Mymensingh Sadar, Mymensingh
20	Nagarpur ATM	Refaz Uddin Plaza (1st Floor), 369 Sadar Road, Nagarpur, Tangail
21	Baipail ATM	Swapneel Tower, Baipail, Ashulia, Dhaka EPZ, Savar, Dhaka
22	Ha-Meem Group ATM-01	407 Tejgoan Industrial Area, Dhaka-1208
23	Ha-Meem GroupATM-02	407 Tejgoan Industrial Area, Dhaka-1208
24	Banani ATM	Ataturk Tower (1st floor) 22 Kamal Ataturk Avenue, Banani Dhaka-1213
25	Narayangonj ATM	Osman Tower, 56/1 SM Maleh Road, Narayangonj
26	Narayanganj ATM-02	Osman Tower, 56/1 SM Maleh Road, Narayangonj
27	Incepta_HO ATM	Incepta Pharmaceuticals Ltd. Head Office, 40, Shahid Tajuddin Ahmed Sarani Tejgaon, I/A, Dhaka
28	Aswad_Mawna ATM-01	Aswad Composit Mills, 1317, Beraider Chala, Sreepur, Gazipur
29	Aswad_Mawna ATM-02	Aswad Composit Mills, 1317, Beraider Chala, Sreepur, Gazipur
30	Incepta_Manikgong ATM	Incepta Pharmaceuticals Ltd. Factory: Krishnapura, Shahabelishwar, Dhanrai, Dhaka
31	Al-Razzak Bangshal ATM	Hotel Al-Razzak (Pvt) Ltd, 29/1, North South Road, Bangshal, Dhaka
32	Charbhadrasan ATM	Charbhadrasan Bazar, Charbhadrasan, Faridpur
33	Joydevpur Chowrasta Branch ATM	Khaleque Complex (1st floor), Joydevpur Chowrasta, Gazipur
34	SJIBL Incepta_Savar ATM-01	Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati, Jirabo, Savar, Dhaka
35	SJIBL Incepta_Sava ATM-02	Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati, Jirabo, Savar, Dhaka
36	SJIBL Tower ATM	Shahjalal Islami Bank Tower, Plot No: 4, CWN(C), Gulshan Avenue, Dhaka-1212.
37	Elephant Road Branch ATM	Fahim Mansion (1st Floor), 23 Elephant Road, New Market, Dhaka-1205
38	Ati Bazar Branch ATM	Shah Alam Tower, 65 Ati Bazar Main Road, Keraniganj, Dhaka
39	Kalihati Branch ATM	Haji Samad Shopping Complex, 116 Kalihati Bus Stand, Kalihati, Tangail

40	Anowara_Mawna ATM-01	Anowara Knit Composite Limited, Mulayed, Mawna, Sreepur, Gazipur
41	Anowara_Mawna ATM-02	Anowara Knit Composite Limited, Mulayed, Mawna, Sreepur, Gazipur
42	Jurain Branch ATM	Rezia Alam Shopping Complex (1st Floor), Holding No.-414/2, New Jurain, Alambagh Road, Kadamtoli, Dhaka-1204
43	Dighirpar Branch ATM	Dighirpar (Bus Stand), Union: Mulchor, PS: Tongibari, District: Munshiganj
44	Mondol_Mawna ATM-01	Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur
45	Mondol_Mawna ATM-02	Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur
46	Tangil Sristy ATM	Sristy Complex, 3109, Mymensigh Road, Tangail Sadar, Tangil-1900
47	Baraikhali Branch ATM	Islam Super Market, Baraikhali Bazar, Srinagar, Munsigonj
48	Taktarchala Bazar Branch ATM	Taktarchala Bazar, Taktarchala, Shokhipur, Tangail
49	Sadarpur Branch ATM	Jamjam Tower, Sadarpur Main Road, Hospital Mor, Sadarpur, Faridpur
50	Libas Textile_Shafipur ATM-01	Libas Textile Ltd. Nishchintapur, Mouchak, Kaliakoir GAZIPUR
51	Libas Textile_Shafipur ATM-02	Libas Textile Ltd. Nishchintapur, Mouchak, Kaliakoir GAZIPUR
52	Q Pail Limited Tongi ATM	Plot # B 196, BSCIC Industrial Area, Tongi, Gazipur
53	Bandura Branch ATM	Nuruddin Plaza, Bandura bus stand, Puraton Bandura Bazar, Hashnabad, Nawabgonj, Dhaka.
54	Ekram Sweaters_Bhaluka_ATM	Ekram Sweaters Ltd. Kathali, Bhaluka, Mymensingh
55	Silken Sewing_JCB ATM-01	Silken Sewing ltd., Baniar Chala, PO-Bhabanipur Union, Mirzapur Gazipur Sadar, Gazipur
56	Silken Sewing_JCB ATM-02	Silken Sewing ltd., Baniar Chala, PO-Bhabanipur Union, Mirzapur Gazipur Sadar, Gazipur
57	Sheikhpur Bazar Branch_ATM	Sheikhpur Bazar, Shibchor, Madaripur
58	Gharishar Branch_ATM	Italy Plaza, Gharishar Main Road, Gharishar, Naria, Shariatpur
59	Vararia Bazar Branch ATM	Vararia Bazar, Vararia, Manikgonj
60	Gafargaon Branch ATM	Hekim Tower, M-396, Station Road, Gafargaon, Mymensingh
61	Barachowna Bazar Branch ATM	Barachowna Bazar PS:Shakhipur Dist.: Tangail
62	Ekram Sweaters Bhaluka ATM	Ekram Sweaters Ltd. Kathali, Bhaluka, Mymensingh
63	Satmasjid Road Branch ATM	Khuda Buksh Foundation, Road no. 11/A, House No.99, Dhanmondi, Dhaka-1209
64	Saturia Branch ATM	Upazilla Muktijodda Complex Bhaban, Upazilla Sadar, Saturia, Manikgonj
65	Mondol_Mawna ATM-03	Mondol Intimates Ltd. Bagher Bazar, Mawna, Gazipur
Chattogram Zone		
66	Agrabad ATM	104, Agrabad C/A, Chattogram
67	Chawkbazar ATM	2 Chawkbazar, Kapashgola Road, Chattogram
68	Bandartila ATM	Zalal Plaza, 311 Bandartila, Sailor's Colony, Chattogram
69	Laxmipur ATM	Ali-Haidar Shopping Complex, Holding No.#339, Hospital Road, P.O+P.S: Laxmipur, Ward No#07, Dist-Laxmipur
70	Hajigong ATM	Holding No.-622,P.O+P.S-Hajigong, Ward No.-06, Chadpur
71	Brahmanbaria ATM	City Center Shopping Complex, 1072 Court Road
72	Chowmuhuni ATM	Ali Bhaban, 1523 katimpur Road, Chowmuhuni, Begumganj, Noakhali
73	Cumilla ATM	Cumilla Tower, Lakxam Road, Cumilla
74	Gunabati ATM	Faraiji Shopping Complex (1st Floor), College Road, Gunabati, Chouddagram, Cumilla
75	Feni Branch ATM	Star Line Complex, 314/1, S.S.K Road, Feni
76	Dashgharia Branch ATM	Nur Shopping Complex, Paniwala Road, Dashgharia Bazar, Chatkhil, Noakhali
77	Rajapur Branch ATM	Shenu Member Market, Dhagonbhuiya Road, RajapurBazar, Dhagonbhuiya, Feni
78	Samitir Bazar Branch ATM	Samitir Bazar, Ramganj, Lazmipur
79	Brahmanpara Branch ATM	YousufMiaji Plaza, Upazilla Sarak, Brahmanpara, Cumilla
80	Baxirhat ATM	Baxirhat,Senbag, Noakhali
81	Halishahar Branch ATM	Shahidullah Bhaban, North Agrabad, Chattogram

82	Mirsharai Branch ATM	Lucky Rosey Market, Holding No-NHB-88, Dhaka-Chattogram Highway, Mirsharai, Chattogram
83	Mainamati Branch _GRE_ATM	A.M. Haji Market, Nishchintapur, Mainamati Cantonment, Cumilla
84	WASA Moor Branch _GRE_ATM	MOJ-Rose Heights, Holding-521/522, Road-42, CDA Avenue, Lal khan Bazar, Khulshi
Sylhet Zone		
85	Sylhet ATM	Star view Tower, Sylhet
86	Al-Falah ATM	Dhopa Dighirpar, Sylhet
87	Darghagate Branch ATM	Amin Complex, 80/A-1, Waves, Airport Road, Amberkhana, Sylhet
88	Habiganj Branch ATM	Harun Tower, 3679-01 B Zaman Khan Road, Habiganj
89	Moulvibazar Branch ATM	286/300 Ahmed Mansion (1st floor), Saifur Rahman Road, Moulvibazar-3200
90	Subidbazar Branch ATM	Merlin Tower, Holding No: 7746, Sunamganj Road, Sylhet
91	Mirboxtula ATM	Jamiah Islamiah Hussainia Mirboxtula Market Bhaban, Nayaroad, Sylhet
Khulna Zone		
92	Khulna ATM	Moon Mansion, 10 KDA Avenue Moylapota More, Khulna
93	Jashore ATM	Sadhinata Bhaban, Holding no:91, M.K. Road. Kotawaly, Jashore
94	Kushtia ATM	Shop No.#09, Chowdhury Super Market, 1-Sir Sayed Ahammed Road, Panch Raster more or Sapla more, Thana para, Kushtia
95	Chuadanga ATM	Malik Tower, Holding No-43 & 107, Chuadanga
96	Chuknagar ATM	Azad Plaza (1st floor), Chuknagar Bazar, Atlia, Dumuria, Khulna
97	Hat Gopalpur Branch ATM	Shahjalal Shopping Complex, Padmakar, Jhenaidah Sadar, Jhenaidah
98	Jashore Pouroshova ATM	Jashore Pouroshova Bhaban, Munshi Meherullah Road, Ward no.- 5, P.S.- Kotowali, Pouroshova-Jashore
99	Moheshpur Branch ATM	Royal Plaza, 770, Moheshpur, Jhenaidah
Rajshahi Zone		
100	Bogura ATM	Nurul Haque Tower, 357/395, Boro Gola Mor, Bogura
101	Rajshahi ATM	Al-Helal Super Market (Ground Floor) shop No.-02, Sahebbazar, P.S- Blia, Rajshahi
102	Naogoan ATM	3366 Chawkdeb, Naogaon, Dist: Naogaon
103	Saidpur ATM	Saidpur Plaza(1st Floor), Sere Bangla Road Saidpur, Nilphamari
104	Dinajpur ATM	T&T Road, South Munshi para, Bahadur Bazar, Dinajpur
105	Chapainawabgonj ATM	Monsur Mansion, Boro Indra Mor, Chapinawabgonjsador, Chapinawabgonj-6300
106	Rangpur ATM	Shalek Pump, Station Road, Rangpur
107	Thakurgaon ATM	Galary Complex, Bango Bando Road, Thakurgaon
108	Pabna ATM	J. P. Super Market (1st floor), 985 M. M. Ali Road, Delalpur, Pabna
109	Bogura ATM 2	House No. 511/579, Khandar Mor, Carmichael Road, Ward No. 9, Bogura Sadar, Bogura
110	Arani Bazar Branch ATM	Bhutto Super Market, 519, Arani Bazar, Arani, Bagha, Rajshahi
Barishal Zone		
110	Amtali Branch ATM	N Islam Mansion, Holding No-189/1, New Bazar Hospital Road, Amtali, Barguna

Shahjalal Islami Bank LIMITED
Committed to Cordial Service

Registered Office: Shahjalal Islami Bank Tower
Plot No.- 4, Block- CWN(C), Gulshan Avenue, Gulshan, 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 20th Annual General Meeting of the Bank to be held on **Wednesday, the 28th April 2021 at 11.00 A.M. 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 copy of the instrument appointing a proxy duly signed by the Member with revenue stamped of Tk.20.00 (Taka Twenty) must be submitted to the Registered Office of the Bank at least 48 (Forty-Eight) hours before the AGM.
- Signature of the Members 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, Gulshan, Dhaka-1212

ATTENDANCE SLIP

I do hereby record my attendance at the 20th Annual General Meeting to be held on Wednesday, the 28th April 2021 at 11.00 A.M. 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

Scan to view digital version
of the annual report

CORPORATE HEAD OFFICE
Shahjalal Islami Bank Tower
Plot No: 4, CWN(C)
Gulshan Avenue, Dhaka-1212, Bangladesh
Phone: +88-02-222283457
Fax: +88-02-222297607
Email: sjiblho@sjiblbd.com
Web: www.sjiblbd.com

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16302

nymphea | www.nymphea-bd.com