



ANNUAL
REPORT
2017



Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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.

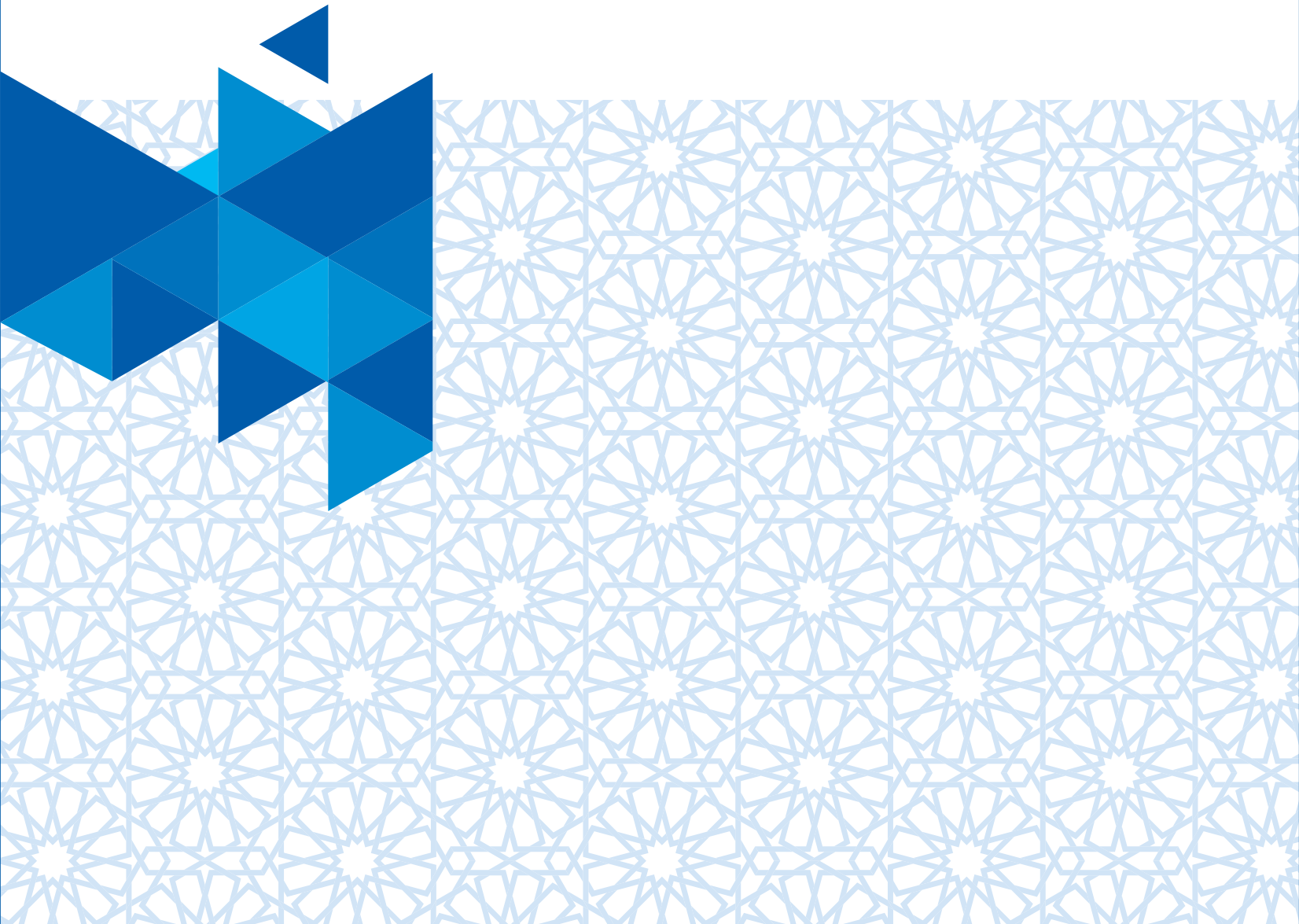
Surah Al-Baqarah, verse-276

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



Letter of Transmittal

All Shareholders, Shahjalal Islami Bank Limited
Bangladesh Bank
Bangladesh Securities & Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited
National Board of Revenue & other Stakeholders

Dear Sir(s)/Madam(s),

We are pleased to enclose a copy of the Annual Report 2017 of Shahjalal Islami Bank Limited including Audit Report and Audited Financial Statements for the year ended 31 December 2017 along with Notes thereon for your kind information and record.

Thanking you,

Yours Truly,

Sd/-
Md. Abul Bashar
SVP & Company Secretary

Shahjalal Islami Bank Limited

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

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of Shahjalal Islami Bank Limited that the **17th Annual General Meeting** of the Company will be held on **Sunday, the 8th July 2018 at 9.00 a.m. at RAOWA Convention Hall No.1 (HELMET), VIP Road, Mohakhali, Dhaka-1206** to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2017 along with the Auditor's Report and the Directors' Report thereon.
2. To approve Dividend for the year ended 31 December 2017 as recommended by the Board of Directors.
3. To appoint Auditors of the Company for the next term and to fix their remuneration.
4. To elect/re-elect Directors.

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

By order of the Board of Directors

Dated: Dhaka
21st May 2018

Sd/-
Md. Abul Bashar
SVP & Company Secretary

Notes:

- The "Record Date" in lieu of Book Closure has been fixed on Thursday, 31 May 2018.
- The Board of Directors has recommended 10% Stock Dividend for the year ended 31 December 2017. The Shareholders whose names would appear in the Register of Members of the company and/or in the Central Depository Bangladesh Ltd. (CDBL) on the Record Date i.e. 31 May 2018 will be eligible to attend the AGM and entitled to the dividend.
- A member of the Company eligible to attend the AGM may appoint a proxy to attend and vote on his/her behalf. The instrument appointing a proxy duly signed by the Member and Revenue Stamped of **Tk.20.00 (Taka Twenty)** must be submitted at the Registered Office of the Company at least 72 (Seventy two) hours before the AGM.
- The existing Auditors M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, had applied and being eligible for re-appointment.
- Election/Re-election of Directors shall be dealt in accordance with the provisions of the Articles of Association of the Company and the relevant rules/circulars in force.
- Annual Report 2017, Attendance Slip and Proxy Form along with the Notice will be sent to the shareholders' Addresses by post/courier. In case of non-receipt of Annual Report 2017, members may collect the same from the Company's Registered Office. Soft copy of the Annual Report 2017, Proxy Form and this Notice will be available in the Company's website: www.sjiblb.com
- In Compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154, dated 24 October 2013, no Gift/Coupon/Food Box shall be distributed at the ensuing AGM.

Standard Disclosure Index

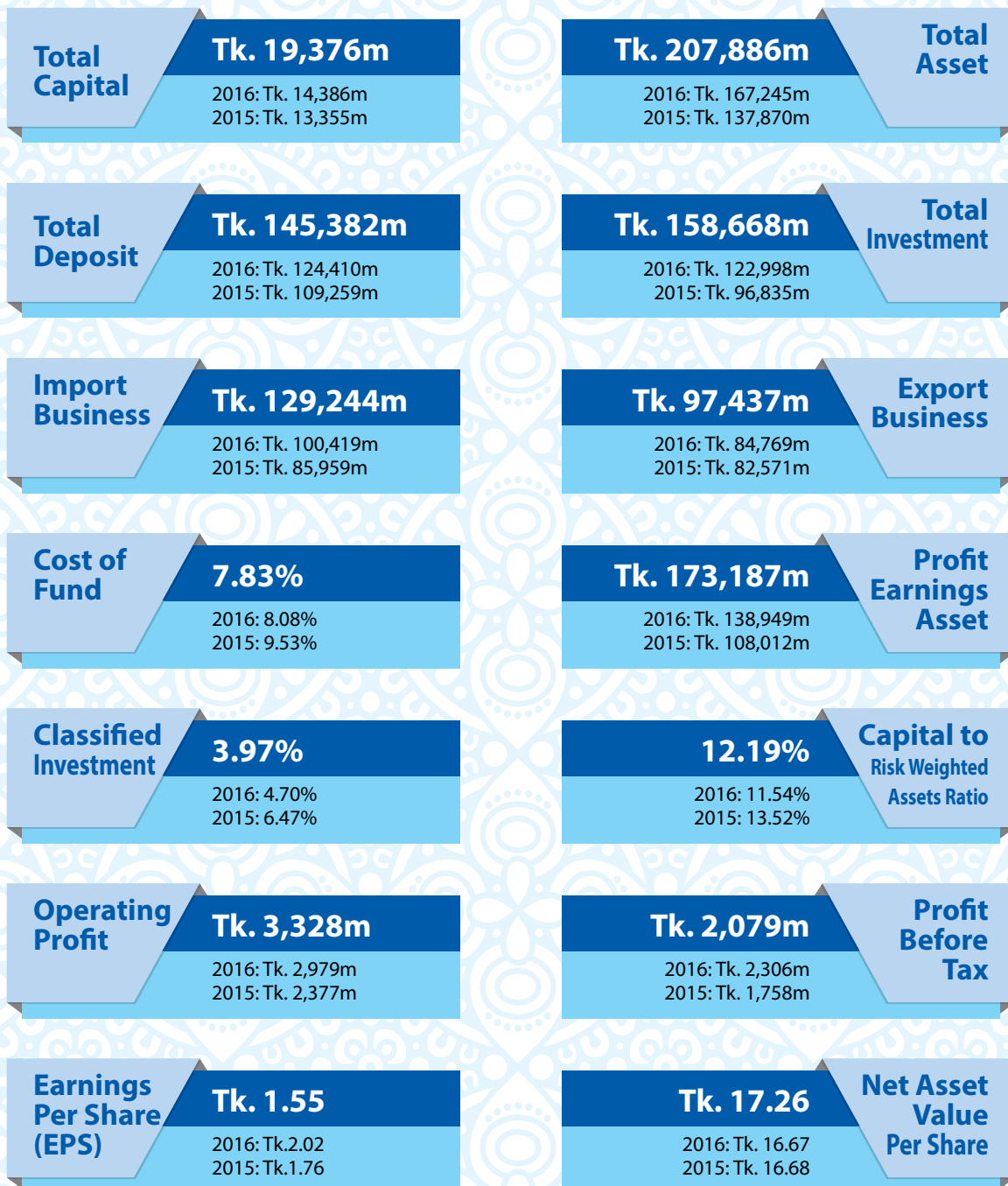
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FINANCIAL HIGHLIGHTS



OPERATING HIGHLIGHTS

Number of
**Delivery
Points**

2017: **113**
2016: 103

Number of
ATMs

2017: **74**
2016: 64

**Staff
Strength**

2017: **2,402**
2016: 2,191

Contribution to
**National
Exchequer**

2017: **BDT 2,049m**
2016: BDT 1,723m

CSR

2017: **BDT 191m**
2016: BDT 77m

Number of
Clients

2017: **659,013**
2016: 596,853

Number of
**Drawing
Arrangements**

2017: **10**
2016: 9

Number of
**AD
Branches**

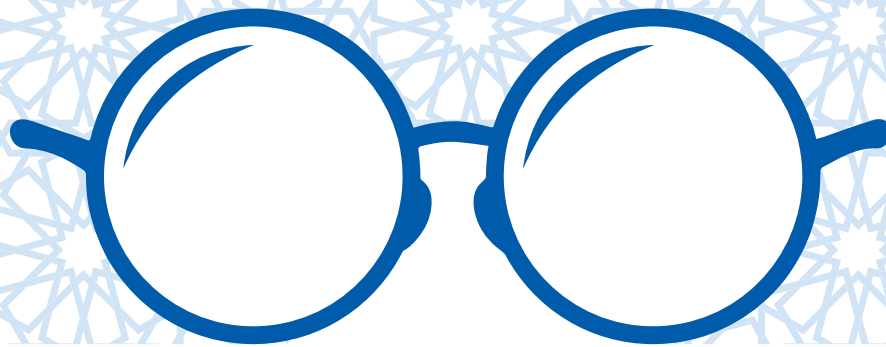
2017: **19**
2016: 19

With Trust
towards Prosperity



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Our Vision

Where we want to be...

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

Our Motto

Ethical bondage to aim...
Cordial Service and Welfare Banking



Our Mission

What we want to achieve...

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

Our Core Values

- **Unique Bank**
Our Banking Products are the Benchmark
Our commitment is to contribute in building and expanding islamic banking industry
- **Dynamic**
Progressive and Innovative
We are constantly moving ahead as we offer new and technologically advanced products and services
- **Professional**
Fast, Efficient and Responsive Service
Our constant strive is to equip with 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

DYNAMIC; PROFESSIONAL; CARING AND TRUSTWORTHY

Our commitment to three core pillars:

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

How we deliver: Our Strategic Pillars

Our presence

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

Strict Observance of Shariah

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

Diversified deposit and investment products: Emphasis both Wholesale banking and Retail banking

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

Client relationship rather than a product driven approach

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

Distinctive culture and values

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

Conservative and disciplined on risk, capital and liquidity

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

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

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

Our delivery

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

Code of Conduct ...

Ethical Principles of SJIBL

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

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

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

Forward Looking Statement

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

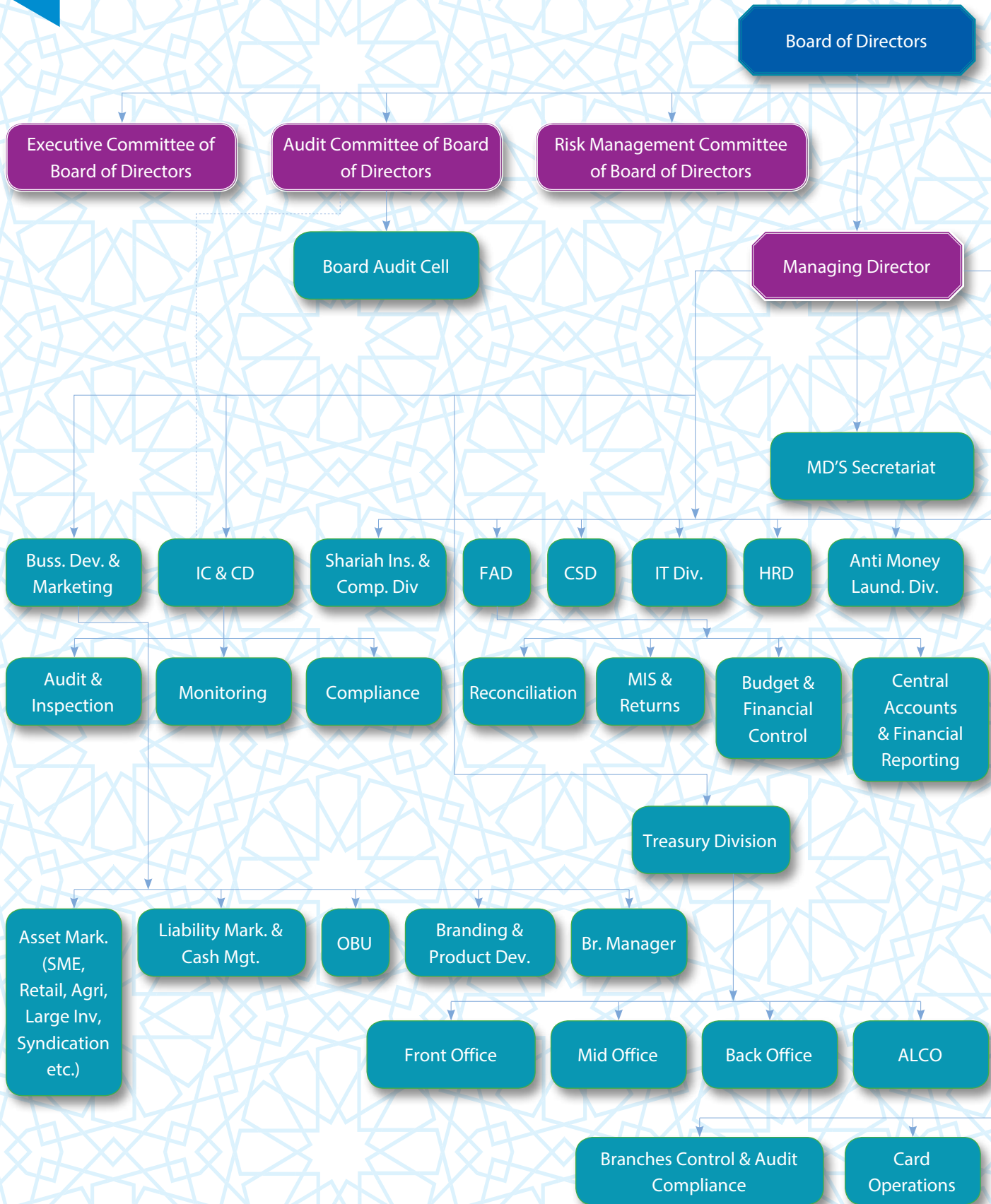
The Forward Looking Statement that the Bank recognizes may be as follows:

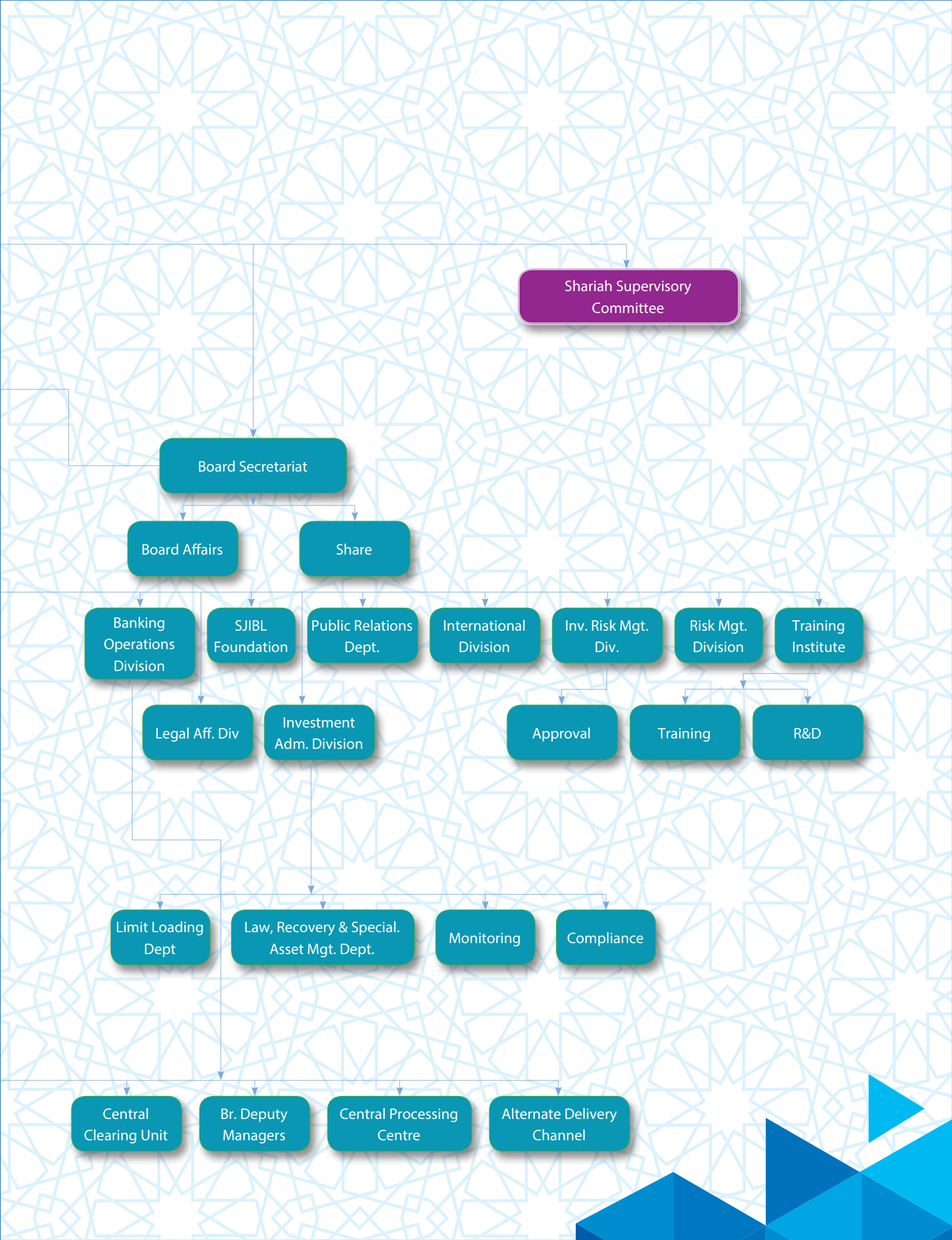
- Adverse credit and capital market conditions may significantly affect the ability to meet liquidity needs and increase cost of funding;
- Declining market value of assets could adversely affect the operations or profitability;
- An increase in defaults under our investment portfolio could adversely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

Corporate Information

Name of the Company	Shahjalal Islami Bank Limited
Legal Form	A public limited company incorporated in Bangladesh on 1st April 2001 under the Companies Act 1994 and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Commencement of Business	10 th May 2001
Registered Office	Shahjalal Islami Bank Tower Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212
Telephone No.	88-02-9845457 (Hunting)
Fax No.	88-02-9847607
Website	www.sjibld.com
SWIFT	SJBLDDH
E-mail	sjiblho@sjibld.com
Chairman	Akkas Uddin Mollah
Managing Director	Farman R. Chowdhury
Auditors	M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants BTMC Bhaban (7 th & 8 th floor) 7-9 Karwan Bazar Commercial Area, Dhaka-1215 Phone: +88-02-9120090
Tax Advisor	M/s. K.M Hasan & Co., Chartered Accountants 87, New Eskaton Road, Dhaka. Phone: +88-02-9351457, 9351564
Credit Rating Agency	Credit Rating Agency of Bangladesh Limited D H Tower, 6 Panthapath, Level 15, Dhaka-1215 Phone: 88-02-55013678, 55013681-84
No. of Branches	113
No. of ATM Booths	74
Subsidiary Company	Shahjalal Islami Bank Securities Limited Jiban Bima Bhaban (4 th Floor), 10 Dilkusha C/A, Dhaka 1000
Off-Shore Banking Unit	1
No. of Employees	2,402
Authorized Capital	Tk. 10,000 million
Paid up Capital	Tk. 7,714 million

Organogram of Shahjalal Islami Bank Limited





Shariah Supervisory Committee

Board Secretariat

Board Affairs

Share

Banking Operations Division

SJIBL Foundation

Public Relations Dept.

International Division

Inv. Risk Mgt. Div.

Risk Mgt. Division

Training Institute

Legal Aff. Div

Investment Adm. Division

Approval

Training

R&D

Limit Loading Dept

Law, Recovery & Special. Asset Mgt. Dept.

Monitoring

Compliance

Central Clearing Unit

Br. Deputy Managers

Central Processing Centre

Alternate Delivery Channel

MILESTONES

2001

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

2007

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

2008

- Opening of Off-shore Banking Unit

2010

- Agreement with LEADS Corporation Limited for getting Core Banking Software, BankUltimus
- Incorporation and commencement of Subsidiary Company, Shahjalal Islami Bank Securities Limited
- Refix the face value and market lot of shares

2011

- Started operation of Shahjalal Islami Bank Securities Limited



Products and Services

Deposit Schemes

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

Deposit Accounts

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

SJIBL Cards

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

Capital Market Operation

Brokerage Operation
Margin Facility

Other Banking Services

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

Investment Products

Corporate (Mode)

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

Retail Investment Products

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

SME Investment Products

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

Agri Investment Programme

Own Network & NGO linkage

Sustainable Investment Products

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



১ লক্ষ টাকা ১ বছর মেয়াদে জমা রেখে প্রতি মাসে উপার্জন করুন ৮৫০ টাকা (প্রাপ্তকালিত)। ১,০০,০০০ টাকা বা এর প্রণিতক যে কোন পরিমাণ টাকা রাখা যায়।



এটি একটি সঞ্চয়ী হিসাব। প্রতিদিনের স্থিতির উপর সর্বোচ্চ ৮% হারে মুনাফা প্রদান করা হয় (প্রাপ্তকালিত)।



এটি একটি সঞ্চয়ী হিসাব। ৫ থেকে ১৭ বছর বয়সী স্কুলের ছাত্র-ছাত্রীরাই এই হিসাব খুলতে পারবে। সর্বনিম্ন ১০০/- টাকা দিয়ে এই একাউন্ট খোলা যাবে। হিসাবধারীকে ছি **Debit কার্ড** প্রদান করা হবে। মুনাফার হার ৫% (প্রাপ্তকালিত)। প্রতিদিনের স্থিতির উপর মুনাফা প্রযোজ্য হবে অর্থ-বাষিক ভিত্তিতে মুনাফা পরিশোধ্য।



১০,০০০ টাকা বা এর প্রণিতক যে কোন পরিমাণ টাকা জমা করে ৮ বছর ৫ মাসে পাওয়া যাবে হিশন টাকা (প্রাপ্তকালিত)।



১০,০০০ টাকা বা এর প্রণিতক যে কোন পরিমাণ টাকা জমা করে ১৩ বছরে পাওয়া যাবে তিশন টাকা (প্রাপ্তকালিত)।



প্রতি মাসে ৫০০ টাকা থেকে ৫০,০০০ টাকার যে কোন পরিমাণ টাকা জমা করে বিভিন্ন মেয়াদে অর্জন করুন এককালীন বৃহৎ অংকের অর্থ (প্রাপ্তকালিত) আর নিশ্চিত করুন ইসলামী শরীয়াহ্ সন্যত পরিকল্পিত ও নিশ্চিত ভবিষ্যৎ।

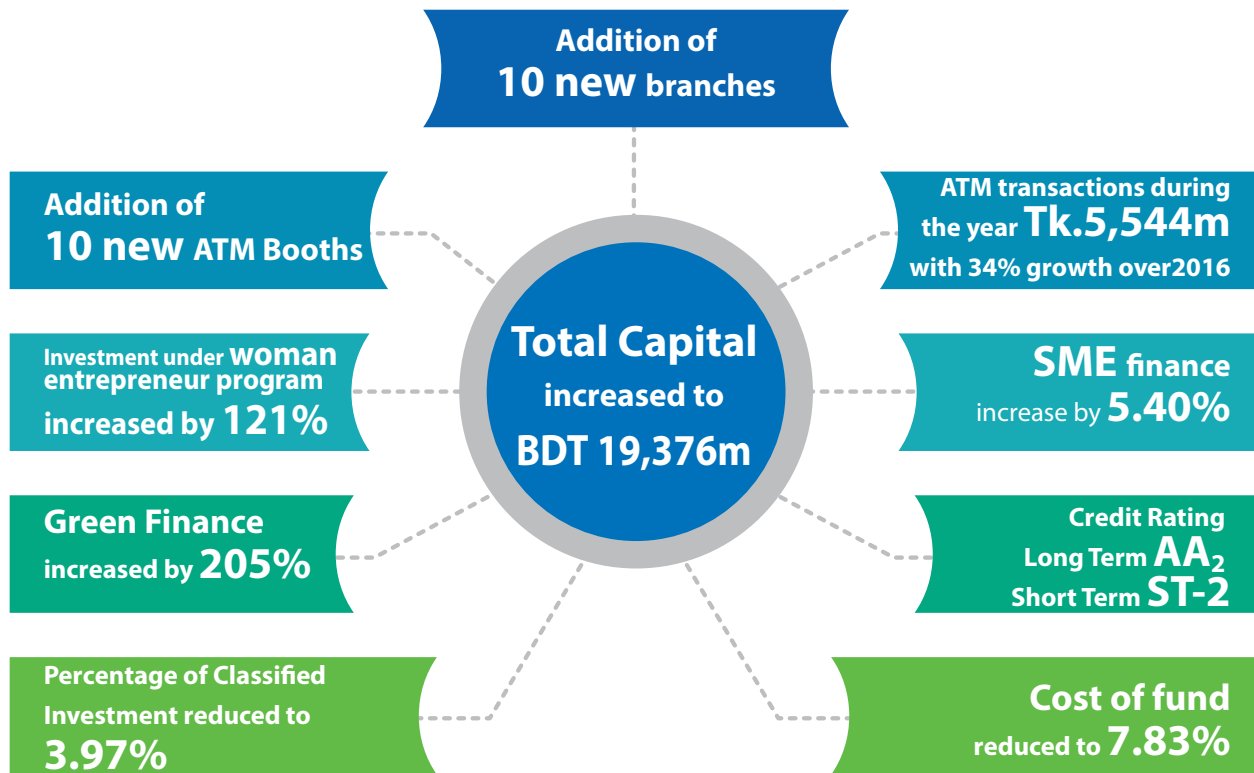


প্রতি মাসে ২,৭০০ টাকা থেকে ১৩,৫০০ টাকার বিভিন্ন কিস্তির টাকা জমা করে মেয়াদ শেষে হয়ে যান একজন গর্বিত মিলিয়নিয়ার (প্রাপ্তকালিত)।



১ থেকে ১০ বছর মেয়াদে ২,৫০০ টাকা থেকে ২৮,২৫০ টাকা হারে মাসিক কিস্তি জমা করে পবিত্র হজ্জ সম্পাদন করুন (প্রাপ্তকালিত)।

HIGHLIGHTS 2017





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

Board of Directors

Chairman Directors

Akkas Uddin Mollah

Anwer Hossain Khan
Md. Sanaulah Shahid
(Rep. of Electra International Ltd.)

Vice Chairmen

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

Shams Uddin Khan
(Rep. of Shamsuddin Khan & Harun Miah Ltd.)

Khandaker Sakib Ahmed

Md. Abdul Barek
Abdul Halim
Mohiuddin Ahmed
Engr. Md. Towhidur Rahman
A.K. Azad
Mohammed Younus
Fakir Akhtaruzzaman
Khorshed Alam Khan
(Rep. of Daffodils Trading International)
Md. Moshir Rahman Chamak
(Rep. of Fresh Export Import Ltd.)
Shahan Ara Begum

Independent Directors

Mosharraf Hossain Chowdhury
Farida Parvin Nuru

Managing Director

Farman R. Chowdhury

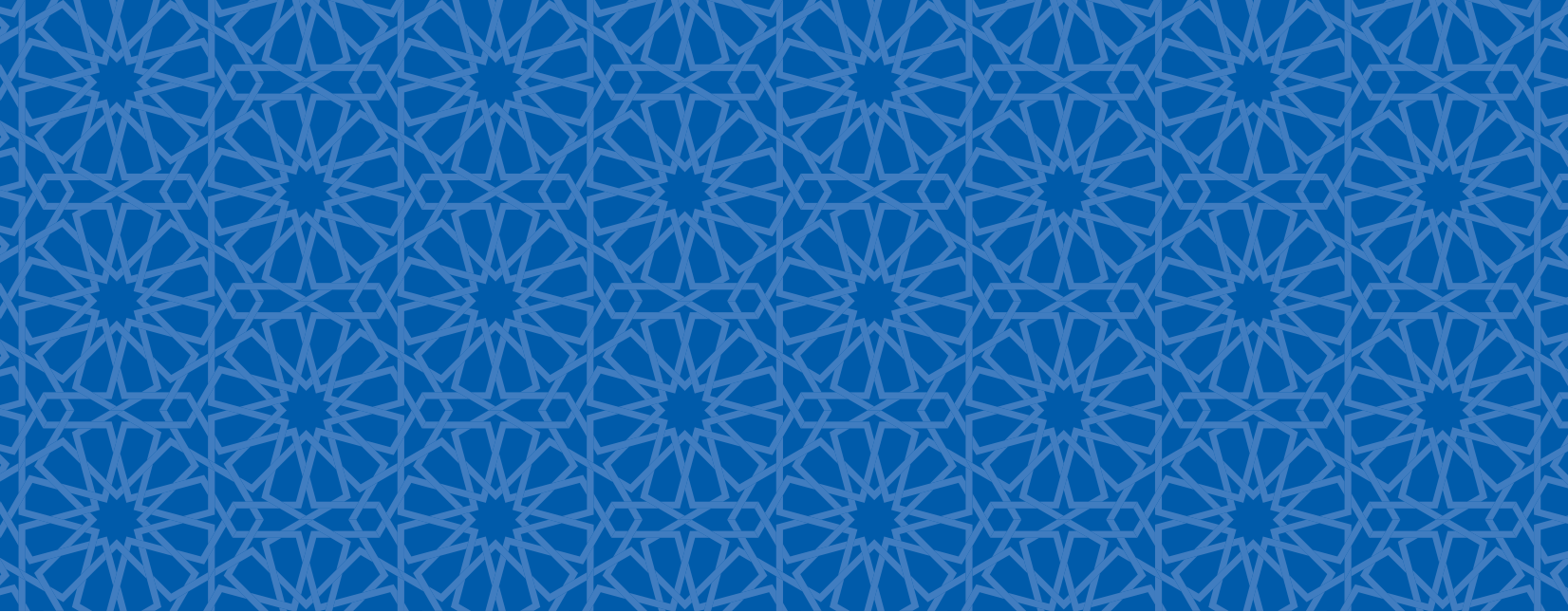


Board of Directors




Directors from left to right :

Abdul Halim, Farman R. Chowdhury, Khorshed Alam Khan, Md. Sanaullah Shahid, Mohammed Golam Kuddus, A.K. Azad, Akkas Uddin Mollah, Anwer Hossain Khan, Md. Abdul Barek, Mosharraf Hossain Chowdhury, Fakir Akhtaruzzaman, Khandaker Shakib Ahmed and Md. Moshiur Rahman Chamak



Directors are not seen in the group photo :
**Shams Uddin Khan, Mohiuddin Ahmed, Engr. Md. Towhidur Rahman,
Mohammed Younus, Shahan Ara Begum and Farida Parvin Nuru.**





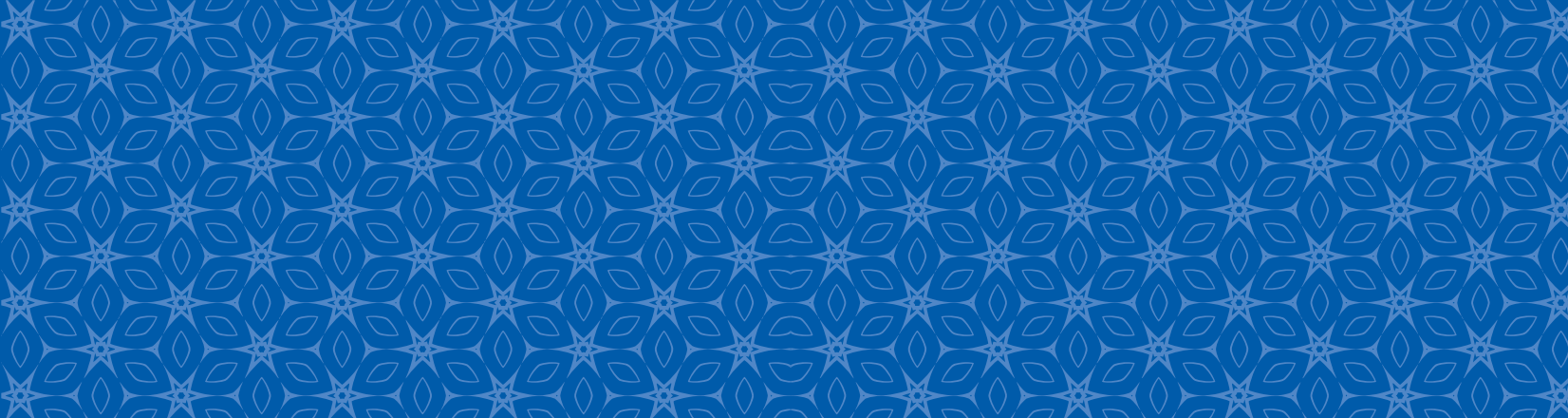
**The truthful merchant
(is rewarded by being ranked)
on the Day of Resurrection with
prophets, veracious souls, martyrs.**

Jame' Tirmidhi



DIRECTORS' PROFILE





Akkas Uddin Mollah

Chairman

Akkas Uddin Mollah was born in 1954 in a respectable Muslim family. He is now Chairman of the Bank's Board of Directors. Mollah has long and commendable business experience for more than three decades and established himself as a prominent figure of RMG Manufacturing & exporting sector.

Mollah is the Chairman and Managing Director of Russel Spinning Mills Limited, PNR Industries Ltd., Russel Garments, Russel Knitting, Russel Washing Plant, Ekram Sweaters Limited, Saladin Garments Limited and Goodman Pharmaceuticals Ltd. He is also a Director of Shahjalal Islami Bank Securities Ltd. He was selected as C.I.P. by the Government of Bangladesh in the year 2012 for his contribution to National Economy.

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

His pleasant personality and amiable disposition is commendable. Mollah is also associated with different trade bodies and social organizations. Presently, he is the member of BGMEA, BTMEA and Narayangonj Club.

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





Mohammed Golam Quddus

Vice Chairman

Mohammed Golam Quddus, son of late Fazlur Rahman, was born in 1954 in a respectable Muslim family.

Quddus is a Director of the Bank who represents Anwer Khan Modern Hospital Ltd. He started his career as Assistant Commissioner at the Ministry of Public Administration of the Government of People's Republic of Bangladesh in 1983 after completion of his Masters Degree in Economics from Dhaka University and has long contribution in the Government sector of our country.

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

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

He travelled different parts of the world like USA, Philippines, Thailand, Singapore etc. to participate training/workshop/seminars.

Khandaker Sakib Ahmed

Vice Chairman

Khandaker Sakib Ahmed was born in 1975 in a respectable Muslim family and started business after completion of his MBA Degree.

Ahmed is a sponsor shareholder and Vice Chairman of the Board of Directors of the Bank. He has long and creditable business experience for more than one decade. He is the Managing Director of Zuairia Group, Zuairia Trade International, Z. Agrovot Enterprise and proprietor of Khandaker Poultry & Fisheries.

He is also a Director of Al-Arafah Islami Bank Securities Ltd. and a sponsor of Shahjalal Islami Bank Securities Limited. By dint of his talent, hard working and amiable disposition, he is regarded as an eminent business personality in the community.

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





Anwer Hossain Khan

Director

Anwer Hossain Khan was born in 1961 in a respectable Muslim family and started business after completion of M.Com. Degree.

Former Chairman of the bank, Khan is now a Director and Chairman of Executive Committee of Board of Directors of the Bank. He is also the Chairman of Shahjalal Islami Bank Securities Ltd. He has long and outstanding business experience for more than two decades and emerged as a prominent figure in Medical/Health care business.

Khan is also the Chairman and Managing Director of Modern Group of Companies, Anwer Khan Modern Hospital Ltd., Modern Diagnostic Centre Ltd., Hazi Sakawat Anwara Modern Eye Hospital Ltd., Modern Diabetic Center Ltd., Dhaka Telecommunication, Modern Environmental Technologies and sponsor of Fareast Finance & Investment Ltd., Takaful Islamic Insurance Ltd. and Fareast Stocks & Bonds Ltd.

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

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

Md. Sanaullah Shahid

Director

Md. Sanaullah Shahid was born in 1963 in a respectable Muslim family and started business after completion of Bachelor Degree.

He is a sponsor shareholder and Director of the Bank and Vice Chairman of Shahjalal Islami Bank Securities Ltd.

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

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





Shams Uddin Khan

Director

Shams Uddin Khan was born in 1935 in a respectable Muslim family and started business after completion of his education.

Khan has long and creditable business experience for more than 45 years both in the UK & Bangladesh.

Khan is the representative of Shamsuddin Khan & Harun Miah Ltd. In Bangladesh, he is the Director of Taj Tea and Trading Company Limited (Momincherra Tea Estate), Mathiura Tea Company Limited (Mathiura Tea Estate) and Proprietor of Shamsuddin Khan and Brothers.

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 London Grace International School and College.

Khan who bears charming personality, traveled different parts of the world in connection with business.

Md. Abdul Barek

Director

Md. Abdul Barek was born in 1960 in a respectable Muslim family and started business after completion of his education.

Barek is a sponsor shareholder and Director 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. At Present, he is the Vice Chairman of Shahjalal Islami Bank Securities Ltd. He is also a member of FBCCI.

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





Abdul Halim

Director

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

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

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

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

Mohiuddin Ahmed

Director

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

Ahmed is a sponsor shareholder and Director of the Bank. He has long and successful business experience for more than two decades. He is the proprietor of Mohiuddin Auto House and Rupsha Trading Corporation and a sponsor of Shahjalal Islami Bank Securities Ltd. and Islami Insurance Bangladesh Ltd.

In addition to his success in trade and business, Ahmed is immensely reputed for his contribution in the field of education. He is the former Vice Chairman and current member of the Governing Body of Southeast University. He is also a Director of Bangladesh Chamber of Industries (BCI).

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





Engr. Md. Towhidur Rahman

Director

Engr. Md. Towhidur Rahman was born in 1952 in a respectable Muslim family and started business after completion of B.Sc. Engineering Degree from Europe.

Immediate past Chairman of the Bank, Rahman is one of the sponsor shareholders and a Director of the Bank. He has long and outstanding business experience for more than three decades and established himself as an icon of Sea Food business.

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

He has been awarded with National Export Trophy (Gold & Silver) several times and also enjoying the C.I.P. status by the Government of Bangladesh for the last 15 years for his contribution to National Economy.

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

Rahman, a charming personality, has traveled different parts of the world in connection with business.

A. K. Azad

Director

A. K. Azad was born on December, 1959 in a respectable Muslim family. He completed his B.Sc. (Honors) in Applied Physics from University of Dhaka. After completion of graduation he got involved with business.

Former Chairman of the bank, Azad is one of the sponsor shareholders and a Director of the Bank.

He is one of those who has been playing the pivotal role to make an industrialized Bangladesh. A very energetic and sincere industrialist, 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 Azad, this group has been contributing significantly in a bid to expand RMG sector to a great extent. This Group has a vast contribution behind the economic growth of Bangladesh. He is also one of the sponsors of Shahjalal Islami Bank Securities Ltd.

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

Alongside trade, commerce and industry, 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.

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





Mohammed Younus

Director

Mohammed Younus was born in 1958 in a respectable Muslim family and started business after completion of his education.

Younus is now a Director and Chairman of Risk Management Committee of Board of Directors of the Bank.

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 in Bangladesh. The group has been operating with 32 business units at present.

He is also engaged in a Private Television channel NTV and an online newspaper Sonalinews.com. He is a Director of Shahjalal Islami Bank Securities Ltd., Athena Venture & Equities Ltd. and Sponsor of Express Insurance Ltd.

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

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

Fakir Akhtaruzzaman

Director

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

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

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

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

Akhtaruzzaman has also affiliation with different trade bodies and social organizations. Presently, he is the member of BGMEA, BTMEA and Narayanganj Club.

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





Khorshed Alam Khan

Director

Khorshed Alam Khan was born in 1971 in a respectable Muslim family and started business after completion of his Bachelor Degree.

Khan is the representative Director of the Bank. He is young and energetic businessman. He is also the Director of Modern Diagnostic Ltd. and Owner of Daffodils Trading International and Daffodil Color Lab & Studio.

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

Md. Moshir Rahman Chamak

Director

Md. Moshir Rahman Chamak was born in 1989 in a respectable Muslim family and started business after completion of his MBA Degree.

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

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



Shahan Ara Begum

Director

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

Shahan Ara Begum became the Director of the Bank on 12th February, 2018. She has long and creditable business experience for more than 18 years. She is a Director of Russel Spinning Mills Limited, PNR Industries Limited, Tania Cotton Mills Limited, Ekram Sweaters Limited & Goodman Pharmaceuticals Limited.

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



Mosharraf Hossain Chowdhury

Independent Director

Mosharraf Hossain Chowdhury was born in 1945 in a respectable Muslim family and started his career as a banker after completion of Masters Degree.

Chowdhury started his banking career in 1970 and has long contribution in the banking sector of our country.

He was the Managing Director of Standard Bank Ltd. from 2003 to 2008 and then became the Managing Director of IFIC Bank Ltd. in 2009 and worked there till his retirement from service. He is now the Chairman of Board Audit Committee of the Bank.

He has traveled different parts of the world like USA, Germany, China, Italy, Vietnam etc. to participate a number of workshops/seminars.





Farida Parvin Nuru

Independent Director

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

Mrs. Nuru is the Independent Director of the Bank in her second term since October 30, 2016 and has long and successful business experience for more than 15 years in the UK.

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





Farman R. Chowdhury

Managing Director

Farman R. Chowdhury joined Shahjalal Islami Bank Limited as Managing Director with effect from 1st December 2013. Prior to joining this Bank, he was the Managing Director of ONE Bank Limited.

Chowdhury started his banking career with American Express Bank as Management Trainee in 1986 and gradually reached up to the position of Director (Marketing) in 1995. He served American Express Bank for 12 years up to 1998 and worked in various operational areas like Customer services, Remittance & Settlements, Credit operation, Marketing etc.

Farman R. Chowdhury joined ONE Bank Limited since its inception. During July, 1999 to June, 2007 he played roles in different fields of the Bank. He was the Manager of Principal Branch and Agrabad Branch and Head of Marketing of the Bank. Subsequently, he was elevated to the position of Deputy Managing Director. He was appointed Managing Director of ONE Bank Limited on 10 July, 2007.

Chowdhury, a Business Graduate (MBA) from Institute of Business Administration (IBA) of Dhaka University, has attended many training programs, seminars & workshops at home and abroad.

Executive Committee

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

Audit Committee

Mosharraf Hossain Chowdhury	Chairman
Farida Parvin Nuru	Member
Khorshed Alam Khan	Member
Md. Moshir Rahman Chamak	Member
Abdul Halim	Member

Risk Management Committee

Mohammed Yunus	Chairman
Anwer Hossain Khan	Member
Md. Abdul Barek	Member
Khorshed Alam Khan	Member
Md. Moshir Rahman Chamak	Member

Shariah Supervisory Committee

Allama Mufti Abdul Halim Bukharee	Chairman
Maulana Yousuf Abdul Majid	Member
Mufti Shahed Rahmani	Member
Prof. Dr. Muhammad Abdur Rashid	Member
Prof. Hamidur Rahman	Member
M. Azizul Huq	Member
Barrister Md. Arifur Rahman	Member
M. Kamaluddin Chowdhury	Member
Akkas Uddin Mollah	Ex-Officio Member
Farman R. Chowdhury	Ex-Officio Member
Md. Farid Uddin	Member Secretary

MANAGEMENT & EXECUTIVES

Managing Director

Farman R. Chowdhury

Additional Managing Director

M. Shahidul Islam

Deputy Managing Directors

Md. Shahjahan Shiraj

M. Akhter Hossain

Abdul Aziz

Md. Giasuddin Ahmed

Mustaque Ahmed

Mian Quamrul Hasan Chowdhury

Senior Executive Vice Presidents

S. M. Jahangir Hussain

Syed Showket Rana

Md. Nazimuddoula

Md. Mahmudul Haque

Md. Nasir Uddin

Imtiaz Uddin Ahmed

Engr. Md. Rafiqul Islam

Nasim Sekander

Executive Vice Presidents

Mahmud Hussain

Md. Monzurul Alam Chowdhury

Md. Saidur Rahman

Rashed Sarwar

Mohammed Ashfaquul Hoque FCA

Md. Habibul Islam

Md. Mahbubur Rasheed

Mahmudul Shamim Talukder

F. M. Nawaz Ali

Senior Vice Presidents

Md. Tufael Yakub

Ms. Rumana Kutubuddin

Tariqul Islam

Md. Bahar Mahmud

Md. Shamsuddoha

Md. Naquibul Islam

Jashim Uddin Ahmed

M. Imam Hossain Gazi

Md. Khalid Hussain

Md. Ashraful Azim FCA

Fazle Kader Ahmed

Jahangir Javed

Md. Abul Bashar

(Company Secretary)

Nawshad Abbas

Mohammed Eskander Alam

Chowdhury Golam Rahman

Md. Wahidur Rahman

Mohammad Towfiqul Islam

A. T. M. Qumruddin Chowdhury

Md. Asadul Islam Khan

S. M. Rashedul Karim

Md. Enamul Haque

Vice Presidents

Amir Uddin Chowdhury

Md. Abdur Rahim

Sultana Parvin

Md. Abdulla Al Mahmud Siddiqui

Muhammad Asiful Haque

Md. Iftekhar Shahid

Md. Moshir Rahman

Shaikh Wahidul Hossain

Md. Mokter Hossain

Mohammad Nuruddin

Md. Jafar Sadeq FCA
(Chief Financial Officer)

Engr. Md. Zahidul Islam

Abul Bashar Md. Zafray

Md. Noor-A-Alam Hossain

Ibne Md. Shamsuzzaman

Chowdhury Firoz Hasan

Mohammad Shajedul Alam

Mohammed Sahab Uddin

Md. Masudur Rahman

Jyotirmaya Goswami

Shamsul Arifin Ferdose

Md. Shanoor Siddique

Md. Abdul Quddus

Md. Abdul Khaleque

Nazir Ahmed

Md. Soyeb Islam Chowdhury

Md. Elias

Tofayal Ahmed

Md. Arifur Rahman

Mosleh Uddin Ahmed

MANCOM



*From left to right: Mian Quamrul Hasan Chowdhury, Mustaque Ahmed, M. Akhter Hossain, Farman R. Chowdhury, M. Shahidul Islam, Md. Shahjahan Shiraj and Md. Giasuddin Ahmed
Standing from left to Right: Md. Naquibul Islam, Syed Showket Rana, Md. Nazimuddoula, Md. Jafar Sadeq, Md. Mahmudul Haque, Mohammed Ashfaqul Hoque and Engr. Md. Rafiqul Islam.*

ALCO



From left to right: Md. Chaliqur Rahaman, Md. Bahar Mahmud, Md. Monzurul Alam Chowdhury, Md. Nazimuddoula, Md. Shahjahan Shiraj, Farman R. Chowdhury, M. Shahidul Islam, M. Akhter Hossain, Jahangir Javed, Md. Jafar Sadeq and Mohammed Ashfaqul Hoque.

RMC



*From left to right: Mustaque Ahmed, M. Akhter Hossain, Farman R. Chowdhury, M. Shahidul Islam, Md. Shahjahan Shiraj and Mian Quamrul Hasan Chowdhury
Standing from left to Right: Md. Bahar Mahmud, Engr. Md. Rafiqul Islam, Md. Mahmudul Haque, Md. Monzurul Alam Chowdhury, Mohammad Abdul Majid, Jahangir Javed, Mohammed Ashfaqu Hoque, Md. Nazimuddoula, Md. Naquibul Islam and Md. Jafar Sadeq.*

SRP Team



*From left to right: Mian Quamrul Hasan Chowdhury, M. Akhter Hossain, M. Shahidul Islam, Farman R. Chowdhury, Md. Shahjahan Shiraj and Mustaque Ahmed
Standing from left to Right: Jahangir Javed, Mohammad Abdul Majid, Md. Mahmudul Haque, Bahar Mahmud, Engr. Md. Rafiqul Islam, Md. Jafar Sadeq, Md. Naquibul Islam, Md. Nazimuddoula, Md. Monzurul Alam Chowdhury and Mohammed Ashfaqu Hoque.*

SUSTAINABLE COMMITTEE



From left to right: Mohammad Fakrul Islam, Mohammad Nuruddin, Md. Jafar Sadeq, Md. Monzurul Alam Chowdhury, Md. Mahmudul Haque, Mian Quamrul Hasan Chowdhury, Md. Shahjahan Shiraj, Engr. Md. Rafiqul Islam, Syed Showket Rana, Mohammed Ashfaqul Hoque, Md. Abdur Rahim and Md. Bahar Mahmud.

INVESTMENT COMMITTEE



From left to right: Md. Abdur Rahim, Md. Mahmudul Haque, M. Akhter Hossain, Farman R. Chowdhury, M. Shahidul Islam, Md. Shahjahan Shiraj, Md. Monzurul Alam Chowdhury and Md. Bahar Mahmud.

**CENTRAL COMPLIANCE
COMMITTEE**



From left to right: Md. Naquibul Islam, Md. Mahmudul Haque, Mian Quamrul Hasan Chowdhury, M. Akhter Hossain, Engr. Md. Rafiqul Islam, Md. Khalid Hussain, Mohammad Abdul Majid and Mohammad Fakrul Islam.



FIVE YEARS' FINANCIAL SUMMARY



Five Years' Financial Summary

Figures in million Taka unless otherwise specified

SL	Items	2017	2016	2015	2014	2013
A. Financial Position						
1	Authorized Capital	10,000	10,000	10,000	10,000	10,000
2	Paid up Capital	7,714	7,347	7,347	7,347	6,679
3	Reserve and Surplus	5,604	5,510	4,907	4,352	4,272
4	Total Shareholders' Equity	13,318	12,857	12,254	11,698	10,951
5	Total Deposits	145,382	124,410	109,259	98,601	96,481
6	Total Investments	158,668	122,998	96,835	84,062	85,707
7	Investment in Share and Securities	10,526	7,593	6,184	7,309	7,221
8	Fixed Assets	3,957	3,433	3,299	3,165	2,955
9	Total Assets (excluding off-balance sheet items)	207,886	167,245	137,870	126,758	128,554
10	Total Contingent Liabilities and Commitment	89,226	63,326	43,526	40,229	45,433
11	Profit Earning Assets	173,187	138,949	108,012	97,873	100,434
12	Non-profit Earning Assets	34,699	28,296	29,858	28,885	28,120
B. Operating Result						
1	Investment Income	12,860	11,154	10,510	11,364	13,615
2	Profit Paid on Deposit	8,419	6,986	6,943	8,209	10,578
3	Net Investment Income	4,441	4,168	3,567	3,156	3,037
4	Total Income	15,289	12,965	12,098	13,225	15,609
5	Total Expenditure	11,961	9,985	9,721	10,892	12,915
6	Operating Profit	3,328	2,979	2,377	2,333	2,694
7	Profit before Tax	2,079	2,306	1,758	776	2,383
8	Profit after Tax	1,196	1,557	1,290	747	1,305
C. Capital Adequacy						
1	Risk Weighted Assets	158,937	124,704	98,790	93,820	88,702
2	Minimum Capital Requirements (MCR)	15,894	12,470	9,879	9,382	8,870
3	Tier 1 Capital	13,318	12,857	12,254	11,698	9,951
4	Tier 2 Capital	6,058	1,529	1,101	1,075	1,189
5	Total Regulatory Capital (Tier 1 & Tier 2)	19,376	14,386	13,355	12,773	11,140
6	Capital Surplus	3,482	1,916	3,476	3,391	2,270
7	Tier 1 Capital Ratio (%)	8.38	10.31	12.40	12.47	11.22
8	Tier 2 Capital Ratio (%)	3.81	1.23	1.12	1.14	1.34
9	Total Capital to Risk Weighted Assets Ratio (Basel-III/II) (%)	12.19	11.54	13.52	13.61	12.56
D. Investment Quality						
1	Volume of Non-performing Investment	6,301	5,782	6,261	6,612	5,543
2	Amount of Provision kept against Classified Investment	1,415	1,431	1,850	2,379	1,512
3	Amount of Provision kept against Unclassified Investment	1,166	896	781	670	734
4	Amount of Provision kept against Off Balance Sheets Exposures	892	633	435	404	454
5	Classified Investment as % of total Investment	3.97	4.70	6.47	7.87	6.47

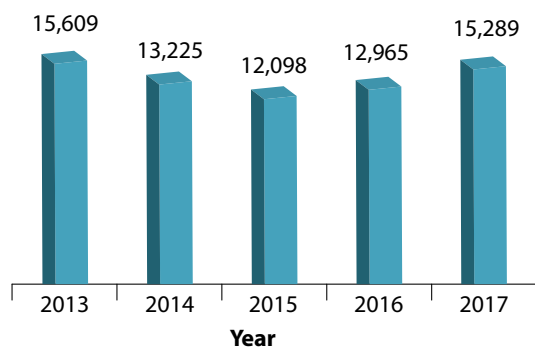
Figures in million Taka unless otherwise specified

SL	Items	2017	2016	2015	2014	2013
E. Foreign Exchange Business						
1	Import Business	129,244	100,419	85,959	83,731	81,926
2	Export Business	97,437	84,769	82,571	76,734	84,809
3	Inward Foreign Remittance	3,576	3,361	3,544	3,209	2,584
F. Profitability, Performance and Liquidity Ratio						
1	Net Asset Value per Share (Taka)	17.26	16.67	16.68	15.92	16.40
2	Investment to Total Deposit Ratio (%)	90.17	85.98	82.77	80.82	84.32
3	Return on Equity (%)	9.14	12.40	10.78	6.60	12.67
4	Return on Assets (ROA) (%)	0.64	1.02	0.98	0.59	1.00
5	Operating Income Ratio (%)	21.77	22.98	19.65	17.64	17.26
6	Gross Income Ratio (%)	44.93	46.11	42.61	37.93	32.23
7	Net Income Ratio (%)	7.82	12.01	10.67	5.65	8.36
8	Cost of Deposit (%)	5.60	5.78	6.78	7.96	9.66
9	Cost of Fund (%)	7.83	8.08	9.53	10.34	11.65
10	Return on General Investment (%)	9.12	10.06	11.74	12.77	14.32
11	Net operating Cash flows per Share (Taka)	3.26	5.02	(7.50)	3.81	9.84
12	Profit Per Employee	1.39	1.36	1.10	1.09	1.24
G. Dividend						
1	Cash Dividend (%)	-	10%	13%	10%	-
2	Bonus Dividend (%)	10%*	5%	-	-	10%
3	Dividend Cover Ratio (Times)	1.55	1.41	1.35	1.02	1.24
4	Market Capitalization	25,457	11,020	9,918	8,449	11,200
						<i>*Proposed by the Board of Directors</i>
H. Shareholders' Information						
1	No. of Share Outstanding (million share)	771.42	734.69	734.69	734.69	667.90
2	Earnings Per Share (Taka)	1.55	2.02	1.76	1.02	1.78
3	Number of Shareholders	38,782	52,614	63,480	82,713	85,944
4	Market Value Per Share (Taka)	33.00	15.00	13.50	11.50	16.77
5	Price Earning Ratio	21.29	7.43	7.67	11.27	8.60
I. Other Information						
1	Number of Branches	113	103	93	93	92
2	Number of Brokerage House Branches	8	8	8	8	8
3	Number of Employees	2,402	2,191	2,156	2,145	2,173
4	Number of Foreign Correspondents	410	430	436	419	397

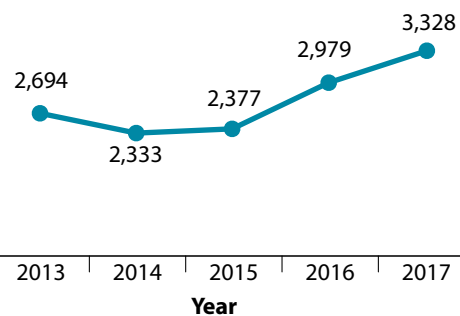
Graphical Presentation

Key performance indicators

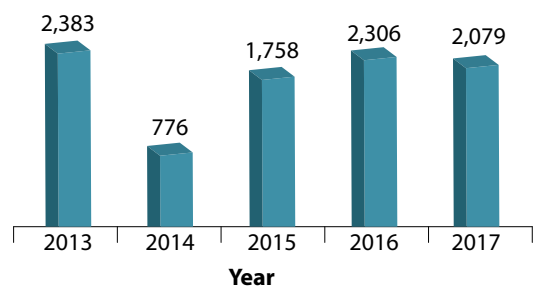
Total Income (Million Taka)



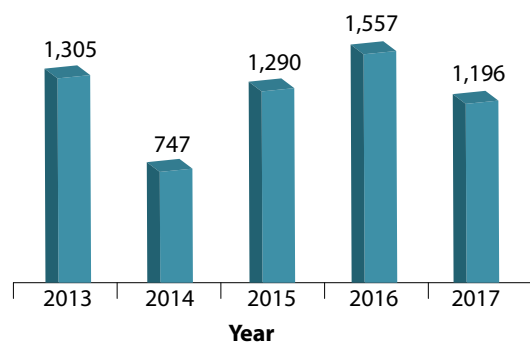
Operating Profit (Million Taka)



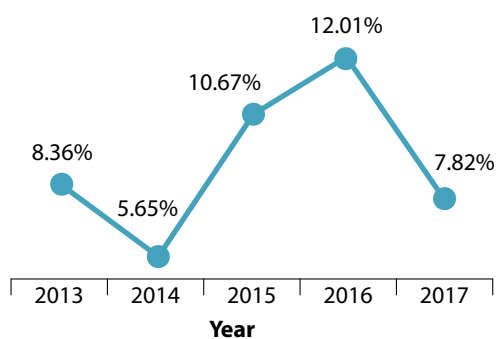
Profit before tax (Million Taka)



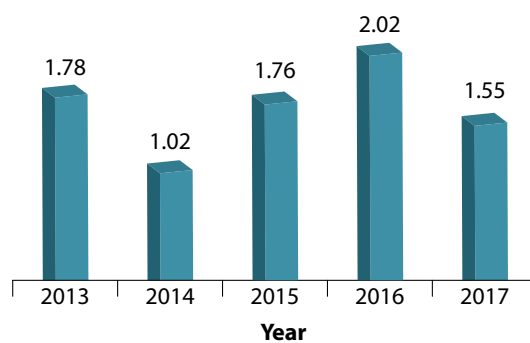
Profit after tax (Million Taka)

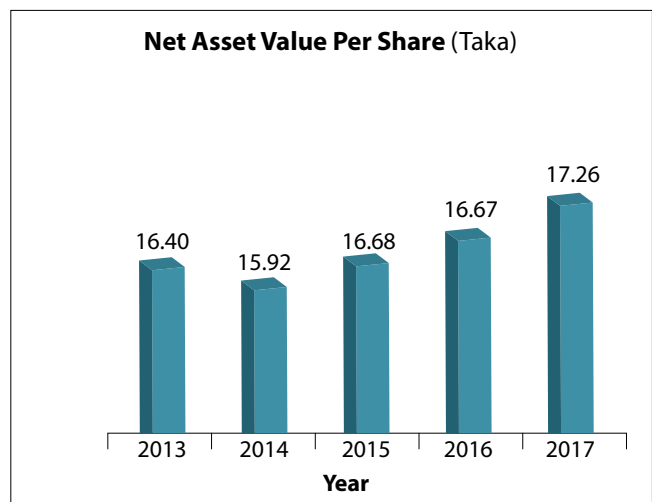
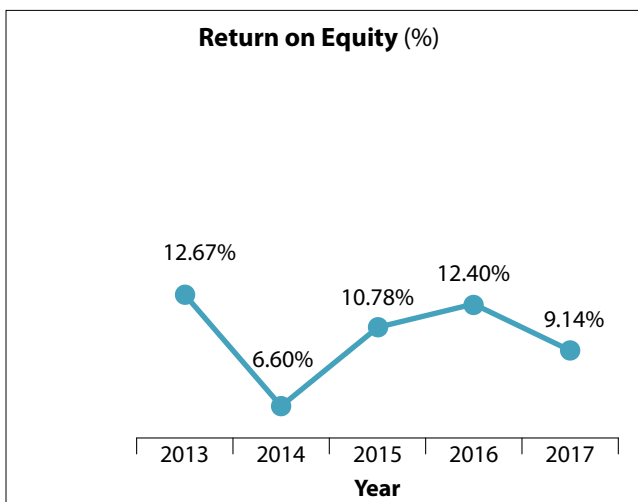
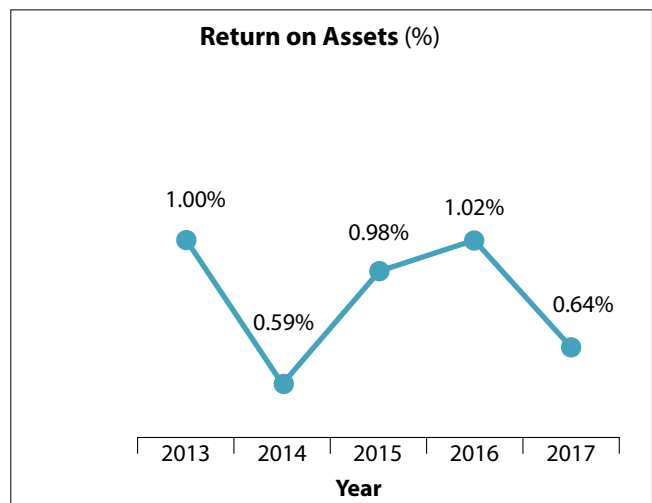
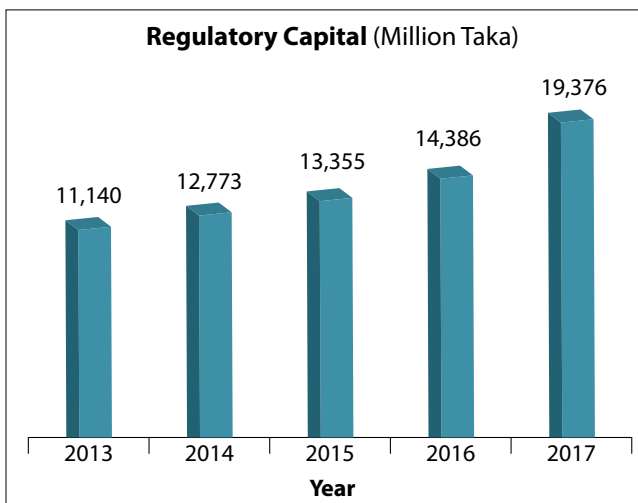
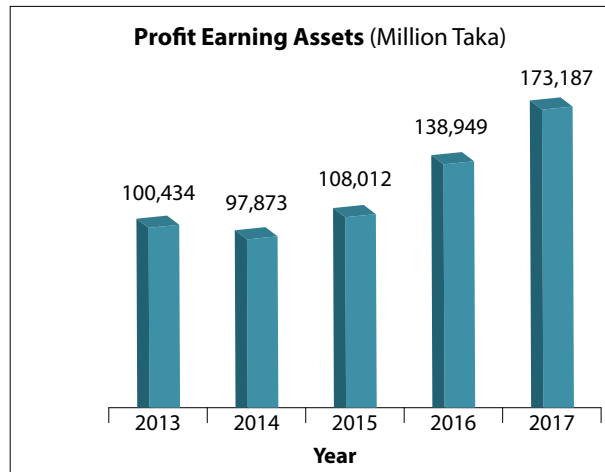
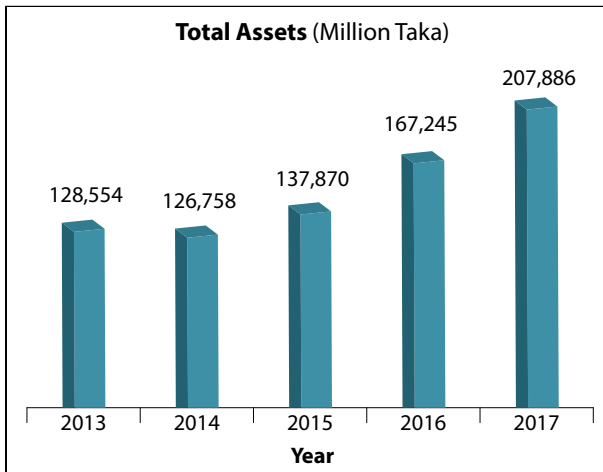


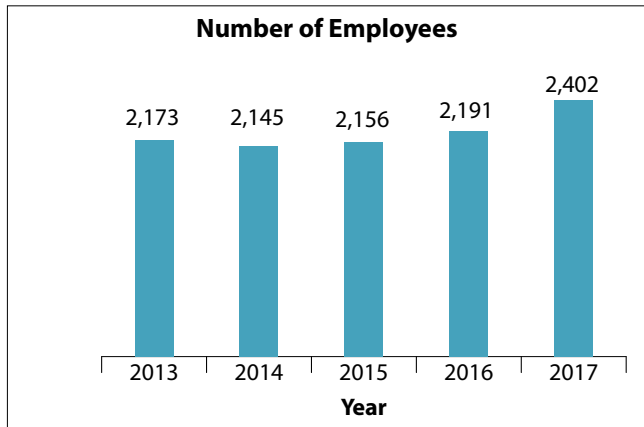
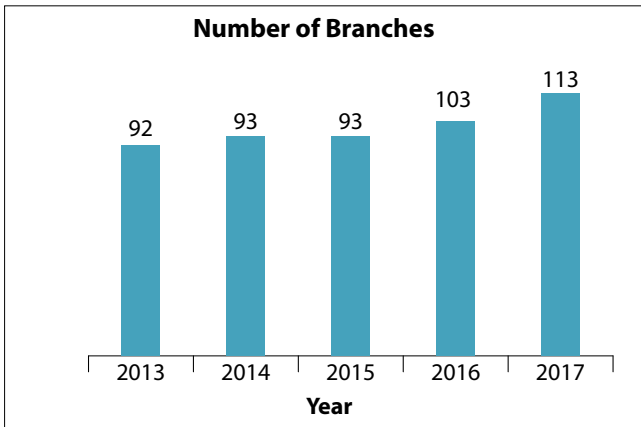
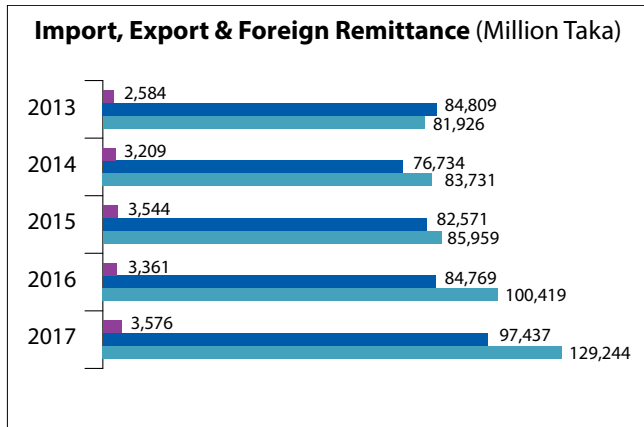
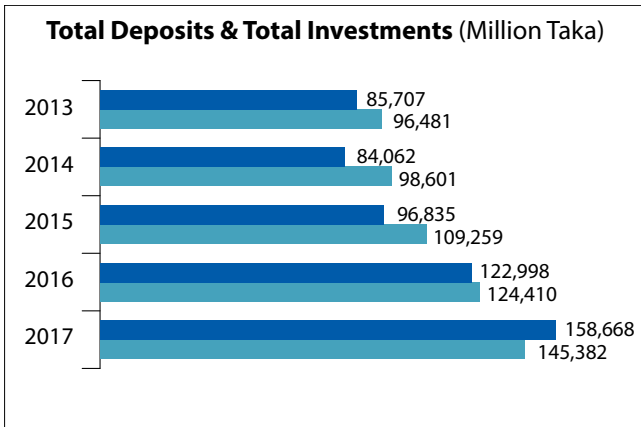
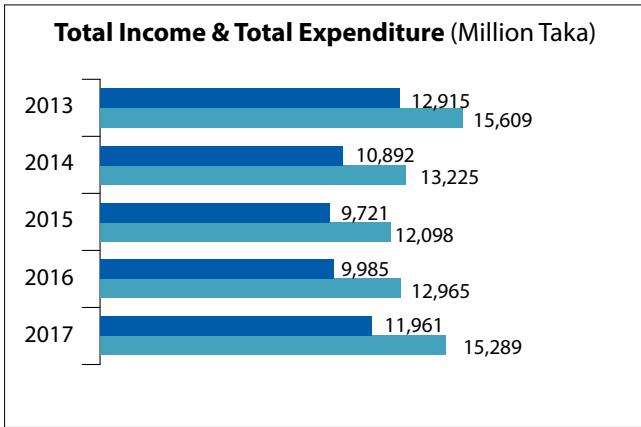
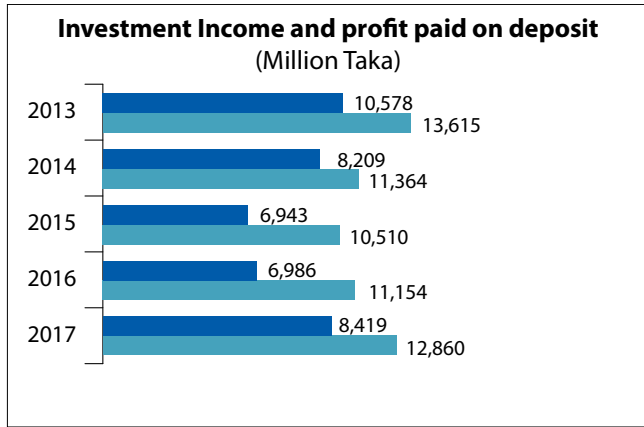
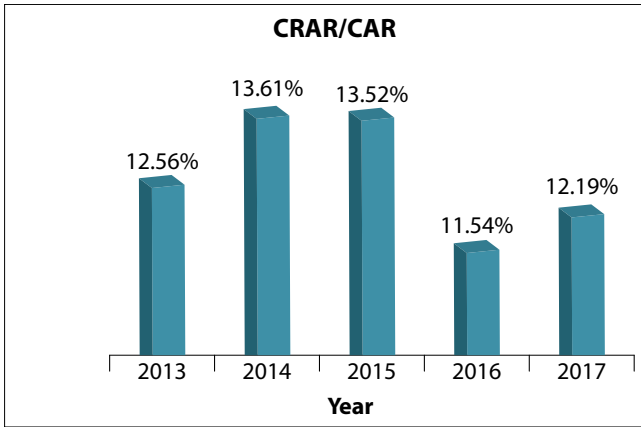
Net Income Ratio (%)



Earnings Per Share (Taka)







Horizontal Analysis

For The Last Five Years

Balance Sheet

	2017	2016	2015	2014	2013
PROPERTY AND ASSETS					
Cash	138%	103%	110%	83%	100%
Cash in hand (Including Foreign Currencies)	130%	107%	99%	85%	100%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	139%	103%	111%	83%	100%
Balance with other Banks and Financial Institutions	41%	166%	19%	217%	100%
Inside Bangladesh	29%	246%	11%	211%	100%
Outside Bangladesh	90%	71%	102%	309%	100%
Placement with other Banks & Financial Institutions	85%	91%	204%	54%	100%
Investments in Shares & Securities	139%	123%	85%	101%	100%
Government	131%	131%	77%	100%	100%
Others	159%	106%	108%	105%	100%
Investments	129%	127%	115%	98%	100%
General Investment etc.	132%	125%	116%	99%	100%
Bills Purchased and Discounted	98%	146%	104%	86%	100%
Fixed Assets Including Premises	115%	104%	104%	107%	100%
Other Assets	104%	110%	102%	259%	100%
Non Banking Assets	174%	100%	109%	100%	-
Total Assets	124%	121%	109%	104%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	182%	550%	91%	39%	100%
Deposits and Other Accounts	117%	114%	111%	102%	100%
Mudaraba Savings Deposits	99%	117%	155%	139%	100%
Mudaraba Term Deposits	143%	107%	92%	89%	100%
Other Mudaraba Deposits	94%	120%	122%	113%	100%
Al-Wadeeah Current & Other Deposit Accounts	126%	111%	117%	107%	100%
Bills Payable	146%	149%	109%	140%	100%
Mudaraba Subordinated Bond	100%	-	-	-	-
Other Liabilities	113%	103%	102%	215%	100%
Deferred Tax Liabilities	145%	92%	89%	85%	100%
Total Liabilities	126%	123%	109%	104%	100%
Capital/Shareholders' Equity					
Paid-up Capital	105%	100%	100%	110%	100%
Statutory Reserve	109%	112%	110%	105%	100%
Retained Earnings	71%	115%	127%	91%	100%
Total Shareholders' Equity	104%	105%	105%	107%	100%
Total Liabilities & Shareholders' Equity	124%	121%	109%	104%	100%

Horizontal Analysis

For The Last Five Years Profit & Loss Account

	2017	2016	2015	2014	2013
Investment Income	115%	106%	92%	83%	100%
Less: Profit paid on Deposits	121%	101%	85%	78%	100%
Net Investment Income	107%	117%	113%	104%	100%
Income from Investment in Shares/securities	220%	96%	47%	132%	100%
Commission, Exchange and Brokerage	132%	118%	93%	82%	100%
Other Operating Income	114%	110%	92%	111%	100%
	134%	114%	85%	93%	100%
Total Operating Income	115%	116%	103%	100%	100%
Salaries and Allowances	118%	107%	104%	119%	100%
Rent, Taxes, Insurances, Electricity etc.	107%	113%	109%	107%	100%
Legal Expenses	198%	47%	55%	356%	100%
Postage, Stamps, Telecommunication etc.	111%	98%	89%	136%	100%
Stationery, Printings, Advertisements etc.	107%	122%	107%	93%	100%
Chief Executive's Salary & Fees	106%	101%	116%	78%	100%
Directors' Fees & Expenses	116%	104%	94%	101%	100%
Shariah Supervisory Committee's Fees & Expenses	148%	121%	222%	45%	100%
Auditors' Fees	75%	150%	114%	100%	100%
Depreciation & Repairs of Bank's Assets	109%	100%	99%	104%	100%
Zakat Expenses	112%	109%	100%	121%	100%
Other Expenses	144%	106%	101%	109%	100%
Total Operating Expenses	118%	108%	104%	115%	100%
Profit before Provision	112%	125%	102%	87%	100%
Specific provision for Classified Investment	186%	111%	21%	876%	100%
General Provision for Unclassified Investment	234%	104%	100%	0%	0%
General Provision for Off-Balance Sheet Items	131%	637%	100%	0%	100%
Provision for deminution in value of Investments in Shares	100%	0%	468%	45%	100%
Provision for Other Assets	525%	69%	100%	0%	0%
Total Provision	186%	109%	40%	501%	100%
Profit before Provisions for Taxation	90%	131%	227%	33%	100%
Deferred Tax Expenses	486%	-65%	-67%	-174%	100%
Current Tax Expenses	111%	158%	985%	5%	100%
Net Profit after Taxation	77%	121%	173%	57%	100%

Vertical Analysis

For The Last Five Years

Balance Sheet

	2017	2016	2015	2014	2013
PROPERTY AND ASSETS					
Cash	6.34%	5.73%	6.73%	6.68%	8.37%
Cash in hand (Including Foreign Currencies)	11.60%	12.32%	11.92%	13.24%	12.88%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	88.40%	87.68%	88.08%	86.76%	87.12%
Balance with other Banks and Financial Institutions	0.48%	1.44%	1.06%	6.03%	2.89%
Inside Bangladesh	57.28%	80.42%	54.18%	91.41%	93.97%
Outside Bangladesh	42.72%	19.58%	45.82%	8.59%	6.03%
Placement with other Banks & Financial Institutions	3.20%	4.70%	6.28%	3.34%	6.38%
Investments in Shares & Securities	5.06%	4.54%	4.49%	5.77%	5.92%
Government	68.40%	72.43%	67.92%	74.84%	75.75%
Others	31.60%	27.57%	32.08%	25.16%	24.25%
Investments	76.32%	73.54%	70.24%	66.32%	70.27%
General Investment etc.	93.51%	91.48%	92.60%	91.78%	90.66%
Bills Purchased and Discounted	6.49%	8.52%	7.40%	8.22%	9.34%
Fixed Assets Including Premises	1.90%	2.05%	2.39%	2.50%	2.42%
Other Assets	6.64%	7.96%	8.78%	9.33%	3.74%
Non Banking Assets	0.04%	0.03%	0.04%	0.04%	-
Total Assets	100%	100%	100%	100%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	14.25%	9.71%	2.14%	2.57%	6.81%
Deposits and Other Accounts	69.93%	74.39%	79.25%	77.79%	79.11%
Mudaraba Savings Deposits	12.57%	14.88%	14.53%	10.39%	7.61%
Mudaraba Term Deposits	44.19%	36.11%	38.30%	46.22%	52.82%
Other Mudaraba Deposits	28.94%	35.99%	34.11%	30.94%	27.91%
Al-Wadeeah Current & Other Deposit Accounts	12.58%	11.65%	12.00%	11.38%	10.87%
Bills Payable	1.72%	1.38%	1.06%	1.07%	0.78%
Mudaraba Subordinated Bond	1.92%	-	-	-	-
Other Liabilities	7.42%	8.16%	9.65%	10.33%	5.00%
Deferred Tax Liabilities	0.07%	0.06%	0.08%	0.09%	0.11%
Total Liabilities	93.59%	92.31%	91.11%	90.77%	91.02%
Capital/Shareholders' Equity					
Paid-up Capital	57.92%	57.14%	59.95%	62.80%	60.99%
Statutory Reserve	36.19%	34.25%	32.17%	30.69%	31.37%
Retained Earnings	5.89%	8.60%	7.88%	6.50%	7.64%
Total Shareholders' Equity	6.41%	7.69%	8.89%	9.23%	8.98%
Total Liabilities & Shareholders' Equity	100%	100%	100%	100%	100%

Vertical Analysis

For The Last Five Years
Profit & Loss Account

	2017	2016	2015	2014	2013
Investment Income	84.11%	86.04%	86.87%	85.93%	87.22%
Less: Profit paid on Deposits	55.05%	53.85%	57.39%	62.07%	67.77%
Net Investment Income	29.06%	32.19%	29.49%	23.86%	19.46%
Income from Investment in Shares/securities	1.96%	1.05%	1.17%	2.30%	1.47%
Commission, Exchange and Brokerage	10.56%	9.43%	8.56%	8.41%	8.74%
Other Operating Income	3.37%	3.48%	3.39%	3.36%	2.56%
	15.89%	13.96%	13.13%	14.07%	12.78%
Total Operating Income	44.95%	46.15%	42.61%	37.93%	32.23%
Salaries and Allowances	14.46%	14.48%	14.44%	12.74%	9.07%
Rent, Taxes, Insurances, Electricity etc.	2.97%	3.26%	3.09%	2.59%	2.05%
Legal Expenses	0.01%	0.01%	0.01%	0.02%	0.01%
Postage, Stamps, Telecommunication etc.	0.25%	0.27%	0.29%	0.30%	0.19%
Stationery, Printings, Advertisements etc.	0.55%	0.61%	0.53%	0.45%	0.42%
Chief Executive's Salary & Fees	0.09%	0.10%	0.11%	0.09%	0.09%
Directors' Fees & Expenses	0.05%	0.05%	0.05%	0.05%	0.04%
Shariah Supervisory Committee's Fees & Expenses	0.01%	0.00%	0.00%	0.00%	0.00%
Auditors' Fees	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation & Repairs of Bank's Assets	0.99%	1.07%	1.15%	1.06%	0.86%
Zakat Expenses	0.74%	0.79%	0.77%	0.70%	0.49%
Other Expenses	3.03%	2.48%	2.51%	2.27%	1.76%
Total Operating Expenses	23.16%	23.11%	22.96%	20.29%	14.98%
Profit before Provision	21.79%	23.04%	19.65%	17.64%	17.26%
Specific provision for Classified Investment	53.21%	52.96%	51.79%	97.91%	55.97%
General Provision for Unclassified Investment	21.59%	17.11%	17.84%	0.00%	0.00%
General Provision for Off-Balance Sheet Items	20.73%	29.40%	5.01%	0.00%	20.69%
Provision for deminution in value of Investments in Shares	2.99%	0.00%	24.53%	2.09%	23.15%
Provision for Other Assets	1.48%	0.52%	0.83%	0.00%	0.19%
Total Provision	8.17%	5.19%	5.12%	11.78%	1.99%
Profit before Provisions for Taxation	13.62%	17.85%	14.53%	5.87%	15.27%
Less. Income Tax Expenses	5.77%	5.77%	3.86%	0.22%	6.91%
Deferred Tax Expenses	4.82%	-1.17%	-2.89%	-69.60%	1.07%
Current Tax Expenses	95.18%	101.17%	102.89%	169.60%	98.93%
Net Profit after Taxation	7.85%	12.08%	10.67%	5.65%	8.36%

Shareholders' Information

Financial Calendar

2017

1st Quarter Results issued on	: 3 rd May 2017
2nd Quarter Results issued on	: 26 th July 2017
3rd Quarter Results issued on	: 30 th October 2017
Annual Results issued on	: 25 th April 2018
17 th Annual General Meeting	: 8 th July 2018

2016

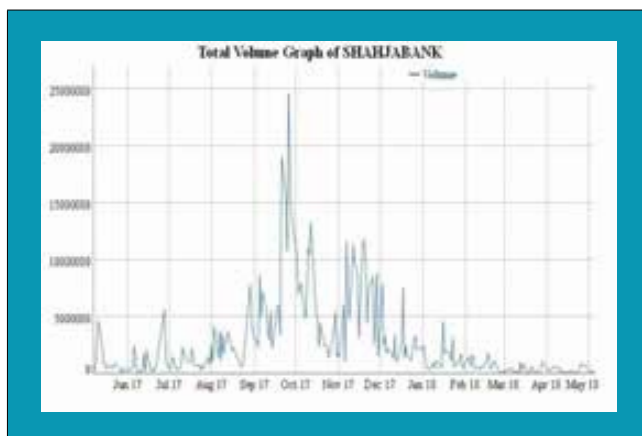
1st Quarter Results issued on	: 8 th May 2016
2nd Quarter Results issued on	: 28 th July 2016
3rd Quarter Results issued on	: 31 st October 2016
Annual Results issued on	: 5 th April 2017
16 th Annual General Meeting	: 5 th July 2017

Dividend Information

Distribution of Dividend- 2016


Dividend Rate	: 10% (Cash) & 5% (Stock)
Declaration Date	: 5 th April 2017
Record Date	: 27 th April 2017
AGM Date	: 5 th July 2017
Distribution Date	: 17 th July 2017 (Stock) & 18 th July 2017 (Cash)

Trade Volume last 12 Months



Closing price last 12 Months





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

Sahih Al-Bukhari



EVENTS OF 2017



16th AGM...



16th AGM of the Bank is held on 5 July 2017 at RAOWA Convention Hall, Mohakhali, Dhaka. Bank's Chairman Engr. Md. Towhidur Rahman is addressing the shareholders on the occasion.

Managing Director of the Bank Farman R. Chowdhury is addressing the shareholders on 16th AGM.



Md. Abul Bashar, Company Secretary of the Bank is seen conducting the 16th AGM.

16th AGM...



Shareholders seen attending the 16th AGM of the Bank.



Shareholders seen taking part in the proceedings of 16th AGM of the Bank.



Head Office Inauguration...



Milad and Du'a Mehfil was arranged on 27th August, 2017 to mark the occasion of commencing Head Office operations in Bank's permanent address at "**Shahjalal Islami Bank Tower**", Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212, the first ever iconic building of the country. Honorable members of Board of Directors and officials/staffs of the Bank attended the Du'a Mehfil.

Iftar Mehfil & Client Get together...



Shahjalal Islami Bank Limited hosted an Iftar Mehfil on 16th June, 2017 in a City Hotel where a number of valued customers of the Bank, Islamic Scholars of the country and dignitaries along with members of Board of Directors and High Officials/Branch Managers of the Bank attended.

Meetings...



A Board Meeting in progress



A meeting of Executive Committee of the Board is seen progressing

Meetings...



An Audit Committee meeting is seen on going



A meeting of Risk Management Committee of the Board in progress

Conference...



Partial view of Annual Managers' Conference 2018 is seen in the session



Partial view of Half Yearly Managers' Conference 2017 is seen in the session

Agreements...



Shahjalal Islami Bank Limited has signed an agreement with Bangladesh Bank (BB) for JICA-funded Foreign Direct Investment Promotion Project (FDIPP). M. Akhter Hossain, Deputy Managing Director of Shahjalal Islami Bank Ltd. and Rezaul Islam, General Manager of Bangladesh Bank exchanged the documents in presence of Fazle Kabir, Governor of Bangladesh Bank.

Shahjalal Islami Bank Ltd. and Bangladesh Association of Software and Information Services (BASIS) signed a Memorandum of Understanding (MoU) with the view to facilitate the BASIS members and customers with investment facility from Shahjalal Islami Bank Ltd. Besides, the SME/Corporate clients of the Bank can purchase software at a discounted rate from BASIS members. On presence of the Managing Director of the Bank Farman R. Chowdhury, the Head of Business Development & Liability Marketing Division Mustaque Ahmed and the Chairman of the Standing Committee on Members Welfare of BASIS Delowar Hossain Faruk signed the MoU on behalf of their respective organizations.



Launching Europay, Mastercard and Visa (EMV) chip based Cards



Shahjalal Islami Bank Limited launched 'EMV Chip Compliant Debit and Prepaid Card' in order to provide more updated, safe and riskless card services. Managing Director & CEO of the Bank Farman R. Chowdhury formally inaugurated the Chip Card.

Training & Workshop...



Shahjalal Islami Bank Training Academy organized Foundation Training Course for newly recruited officers of the Bank



Shahjalal Islami Bank Training Academy organized Managerial Training for prospective officials of the Bank

Corporate Social Responsibilities...



Shahjalal Islami Bank Ltd. donated Tk. 3 Crore to Prime Minister's Relief Fund for helping flood affected people of different parts of the country. The Chairman of Shahjalal Islami Bank Limited Engineer Md. Towhidur Rahman handed over the Cheque to the Hon'ble Prime Minister Sheikh Hasina at Ganabhaban. The Chairman of Bangladesh Association of Banks Md. Nazrul Islam Mazumdar was also present.

Shahjalal Islami Bank Ltd. donated Tk. 4 Crore to three Organizations- Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust; the Prime Minister's Education Assistance Trust Fund; and Shuchona Foundation in order to facilitate work for Social Welfare, Education and rehabilitation of the autistic People. The Chairman of Shahjalal Islami Bank Limited Engineer Md. Towhidur Rahman handed over the Cheque to the Hon'ble Prime Minister Sheikh Hasina at Ganabhaban.



Shahjalal Islami Bank Ltd. donated Tk. 5 Crore to Prime Minister's Relief Fund as a part of Bank's CSR activities for the help of Rohingya People sheltered in Bangladesh from Myanmar. The Chairman of Shahjalal Islami Bank Limited Engineer Md. Towhidur Rahman handed over the Cheque to the Hon'ble Prime Minister Sheikh Hasina at Prime Minister's Office.

Corporate Social Responsibilities...



The Chairman of Board of Directors of Shahjalal Islami Bank Ltd. (SJIBL) Alhaj Akkas Uddin Mollah distributed Blankets among the winter hit distressed people at Nawabgonj Upazila in Dhaka District. Former Parliamentary Member Samsuddin was present as Special Guest.

Shahjalal Islami Bank Limited distributed relief among the flood affected 1000 number of Families at Baruakhali, Nawabgonj in Dhaka District. The Chairman of Bank Akkas Uddin Mollah and Managing Director Farman R. Chowdhury distributed relief among the distressed People.



Shahjalal Islami Bank Limited distributed relief among the Rohingya People. The Chairman of Shahjalal Islami Bank Limited Engineer Md. Towhidur Rahman, Vice-Chairman Khandaker Sakib Ahmed, Director of the Bank Abdul Halim, Additional Managing Director M. Shahidul Islam and Deputy Managing Directors Md. Shahjahan Shiraj distributed relief to Rohingya families.

Corporate Social Responsibilities...



Shahjalal Islami Bank Limited inaugurated a Hajj Booth and Free Medical Camp at Ashkona Hajj Camp for providing necessary guidelines, information and free Medical service to the Pilgrims. Free Medical service was provided to the Pilgrims on behalf of Anwer Khan Modern Medical College Hospital. Managing Director Farman R. Chowdhury inaugurated the Booth as the chief guest.

Shahjalal Islami Bank Limited (SJBL) awarded scholarship among the brilliant, but underprivileged students of the country. The Chairman of Shahjalal Islami Bank Limited Engineer Md. Towhidur Rahman presided over the ceremony while the Hon'ble Commerce Minister Tofail Ahmed, MP handed over the scholarship Cheque among the scholarship recipient students as Chief Guest.



Branch Opening...



Shahjalal Islami Bank Limited inaugurated its' 104th Shahjalal Islami Bank Tower Branch at it's newly built Head Office premises in Gulshan Avenue, Dhaka

Shahjalal Islami Bank Limited opened it's 105th Branch at Ati Bazar, Keraniganj, Dhaka



Opening ceremony of 106th Branch at Phanchabati, Narayanganj



Branch Opening...



Inaugural ceremony of 107th Branch of Shahjalal Islami Bank Limited at Joypurhat District Town.

Shahjalal Islami Bank Limited (SJIBL) inaugurated it's 108th Branch and an ATM Booth at Kalihati in Tangail.



Shahjalal Islami Bank Limited launched its Sherpur Branch as it's 109th Branch

Branch Opening...



110th Branch of Shahjalal Islami Bank Limited was opened at Dashgharia in Noakhali

Shahjalal Islami Bank Limited opened its 111th Branch at Mainamati in Comilla



Shahjalal Islami Bank Ltd. inaugurates its 112th Branch at Haliashahar in Chittagong City

113th Branch of Shahjalal Islami Bank Limited was opened in Habiganj District Town



Relocation of Existing Branches...



Gulshan South Avenue Branch has been shifted to new location to facilitate the customers with better service.

Mitford Branch has been shifted to new location to facilitate the customers with better service.



Mirpur Branch has been shifted to new location to facilitate the customers with better service.

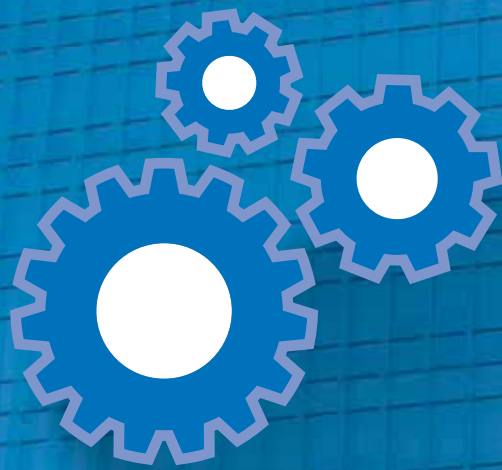
Rangpur Branch has been shifted to new location to facilitate the customers with better service.





**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



Investment Projects of the Bank



Investment Projects of the Bank...



A Liquefied Petroleum Gas (LPG) processing plant financed by SJIBL Gulshan Branch

Pail production Factory financed by SJIBL Muradpur Branch



A PVC pipe production factory financed by SJIBL Dhaka Main Branch

Investment Projects of the Bank...

A modern Denim Fading machine. This Denim factory financed by SJIBL Motijheel Branch



A ship building site. The ship building company has been financed by SJIBL Agrabad Branch

This Re-Rolling Steel Mill has been financed by SJIBL Dhaka Main Branch



Investment Projects of the Bank...



A large sewing factory has been financed by SJIBL Uttara Branch

A Felt (for mattress) manufacturing factory which has been financed by SJIBL Agrabad Branch



An Automatic Rice Mill financed by SJIBL Chuadanga Branch

Investment Projects of the Bank...

Poultry Farm financed by SJIBL Bhaluka SME Branch



A Fish Feed Mill Packaging Site. The Fish Feed Company financed by SJIBL Jessore Branch

A cattle farming project financed by SJIBL Rajshahi Branch





MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim

Dear shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

It is a great pleasure and honor to welcome you at the 17th Annual General Meeting of Shahjalal Islami Bank Limited. On behalf of the Board of Directors and myself, I would like to express sincere thanks and gratitude for your continuous support, co-operation and confidence reposed on us.

You will be happy to learn that Shahjalal Islami Bank Limited has completed another successful year of business in 2017 having registered with the commendable and steady growth in all key areas of performance than previous year. It was the uphill task for bank's Board and Management to steer the bank in right direction toward growth and stability. By the grace of almighty Allah we have been maintaining steady growth of business in all areas of operational activities like deposit mobilization, investment, foreign trade etc. and maintaining sustainable position in terms of liquidity, capital adequacy, asset quality, management, earnings and profitability. The bank has been able to secure an indispensable position in the banking sector of the country because of its commitment and cordial services. Enormous support of our valued customers, prudent guidance & bold leadership of Bank's Board of Directors and relentless efforts of bank Management have made our journey a success.

Bangladesh economy has shown resilience, despite facing the lingering effects of country-wide flooding in August and the ongoing accommodation of over half a million Rohingya refugees. The economy registered 7.28% economic growth in FY 2016-17 breaking the six percent cycle that continued for a decade. Major boost of growth has come from the industrial sector followed by the services sector. This is a positive sign for the country and banking prospects, as growth in services and industry sectors are regarded as very strong indicators for economic potential. Though profit

rate remained considerably low during most part of the year, but in the later part of 2017 the profit rates were on an upward trend led by scarcity of liquidity in the market. Bangladesh Bank initially continued its accommodative monetary stance for H1FY18, but eventually has adopted a somewhat contractionary monetary policy for H2FY18.

In 2017, the growth of deposit and investment of your bank were 17% and 29% respectively. Total deposit of the Bank as on 31 December 2017 stood at Tk. 145,382 million, while total amount of investment of the Bank stood at Tk. 158,668 million. During the year import volume stood at Tk. 129,244 million and export business was Tk. 97,437 million. Foreign Remittance of equivalent Tk. 3,576 million received during 2017. The Bank made the operating income of Tk. 6,870 million registering the growth of 15% compared to that of the previous year, while the net profit after tax of the Bank stood at Tk. 1,196 million in 2017. Net asset value (NAV) stood at Tk. 13,318 million in 2017 whereas it was Tk. 12,857 million in 2016. In 2017, our earnings per share (EPS) stood at Tk. 1.55.

The Regulatory Capital of the Bank as of 31 December 2017 stood at Tk. 19,376 million including paid up capital of Tk. 7,714 million. Capital to Risk Weighted Assets Ratio (CRAR) as of 31 December 2017 stood at 12.19% (Tier-1 capital 8.38% and Tier-2 capital 3.81%) that was adequate as against Minimum Capital Requirements (MCR) of 10% set by Bangladesh Bank under revised regulatory capital framework for banks in line with Basel III.

The framework of Capital Management has been designed very prudently which ensures that Bank maintains sufficient Capital in consistent with the Bank's risk profile, all regulatory requirements and credit rating considerations. The Capital Management process is consistently reviewed by Senior Management as well as by Board of Directors of the Bank and appropriate decision is taken from time to time to strengthen our capital base.

Risk Management landscape of the Bank underwent changes in tandem with the changes in global markets and regulatory frontiers. Banks put emphasis on Liquidity Coverage Ratio guidelines as an offshoot of Basel III Compliance and began the journey under Basel III Compliance at length focusing on strengthening the capital base.

In September 2017 Shahjalal Islami Bank Limited shifted to its new headquarters "Shahjalal Islami Bank Tower" constructed in its own premises. The headquarters building was designed, constructed and equipped with the features of green building incorporating a new way of environmentally responsible work practices and technologies, and truly sustainable architecture which have translated our corporate identity into a different level. The environmental-friendly new building has added another dimension of the Bank for offering better customer services with fresh zeal and courage.

We have introduced unique Dress Codes for all Executives/Officers in 2017 in order to maintain the sense of proper attirement and positive appearance of all our officials/staffs. Introduction of this unique dress code will inspire our officials to provide cordial services to our customers and this help us to build a very good corporate image.

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

Bank is presently providing services to its customers with the network of 113 branches, one off-shore banking unit and 74 own ATM Booths all over the country. We have also planned to set-up more new branches and own ATM Booths across the country in the year 2018 for meeting up the growing demands of our valued customers. Besides, there are arrangements for our customers to get services using the Q-Cash, OMNIBUS and Visa Networks having more than 4000 ATM Outlets. Remittance arrangements at present with various companies like Western Union, Global; Zenz Exchange, Bahrain; Arabian Exchange, Qatar; Money Gram, Global; Xpress Money, Global; Al Ahalia, UAE; Ria Financials, Global; IME, Global and Trans-Fast Remittance LLC, Global has strengthened our business network in the global financial market

with the significant increase of foreign remittance in the country. We are also providing real time on-line services to our customers using the state-of-art technologies and the smart Core Banking Solution (CBS) along with 24 hours ATM services.

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

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

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

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

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

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

Allah Hafez

With warmest regards,



Akkas Uddin Mollah

Chairman



Notes from the Managing Director

Bismillahir Rahmanir Rahim

By the grace of Almighty Allah, Shahjalal Islami Bank Limited has completed another year of its operation successfully. At the outset I would like to express my heartfelt thanks & gratitude to our shareholders, valued clients, distinguished patrons and well wishers whose co-operation and continuous support has helped us to move forward.

The year 2017 has been a mixed year of achievements and challenges. One of the major achievements of the economy has been a 7.28 percent economic growth in FY 2016-17 breaking the six percent cycle that continued for a decade or so. Though average inflation has been around 5.5 percent, food inflation is showing an increasing rate in recent months, mainly because of agricultural loss due to two rounds of flood.

The banking sector experienced weaknesses through major indicators such as rise of non-performing investments, lower capital adequacy, liquidity mismatch and governance issues. The profit rate remained considerably low during most part of the year but in the later part of 2017 the rates were on an upward trajectory led by scarcity of liquidity in the market. Banks are preparing for BASEL III which will be implemented in 2019. The central bank has taken initiatives to improve the present situation of banking sector which will be reflected to near future.

The year witnessed several challenges in the operating and business environment. Despite the uncertainties, challenges and changes in the financial sector, we delivered satisfactory result during the year 2017. We have managed to effectively organize the work of the operating segments and categorize them based on our clients' needs.

Performance of 2017 marked another successful step for Shahjalal Islami Bank Limited to the forefront of excellence in providing stable and consistent Islamic banking services. Our strategy of balancing growth, profitability and risk management has enabled us to make continued progress on our strategic path.



We also sustained satisfactory growth in our investment portfolio which increased significantly compared to the previous year. We were able to maintain the ratio of non-performing financing assets to total financing assets is one of the lowest in the industry. We selectively grew our investment portfolio with a revised limit framework aimed at reducing concentration risk in the portfolio. We also maintained our healthy deposit profile by maintaining standard deposit mix.

Our efforts were focused towards improving the deposit mix targeting to reduce the cost of fund. Simultaneously, efforts were on to maintain assets quality and look for diversified sectors with emphasis on non-funded business. Consequently the Bank had been able to maintain a strong position in all key areas of operations.

Total Asset

Total asset has reached to BDT 207,886 million at the end of 2017 from BDT 167,245 million at the end of 2016 showing 24% growth year-on-year basis.

Total Deposit

As on 31st December 2017, our Total Deposit has reached at 145,382 million which indicates a growth of 17%.

Total Investments

Investments of the bank in 2017 stood at BDT 158,668 million compared to BDT 122,998 million made in the previous year registering a growth of 29%.

Operating Income

The Bank earned BDT 6,870 million operating income in 2017 which is 15% higher than previous year, of which 65% was from profit earning products, 4% from investment income from shares/securities, 23% from commission, exchange & brokerage income and rest 8% from other income sources.

Profitability

Operating profit was recorded at BDT 3,328 million for the year 2017, which was BDT 2,979 million in the previous year, resulting in a growth of 12%.

Assets Quality and NPI

We have been successful in reducing NPI ratio from 4.70% in 2016 to 3.97% in 2017. This shows that we have displayed growth without sacrificing our assets quality.

Capital to Risk Weighted Asset Ratio (CRAR)

Capital to Risk Weighted Asset Ratio (CRAR) of the Bank as at 31 December 2017 remained satisfactory at 12.19% which is 2.19% above the required rate of 10% as per "Guidelines on Risk Based Capital Adequacy" (Revised regulatory capital framework for banks in line with Basel III). This shows the strength of Capital and the level of compliance of Shahjalal Islami Bank Limited with the regulatory requirements with regards to a sustainable growth.

In order to strengthen the capital base of the bank, we have issued Mudaraba Sub-ordinated Bond of BDT 4 billion during the year 2017 which facilitated high levels of liquidity as well.

NAV

Net Assets Value (NAV) per share for the year 2017 was Tk 17.26 which was Tk 16.67 in 2016. The outcome has been the result of increased profitability.

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) rated the Bank AA2 for the long term & ST-2 for short term based on the financials as of December 31, 2017.





We strive to earn and maintain our customers' trust by constantly adhering to the highest Ethical standards. Everything we do in Shahjalal Islami Bank Limited should be in our customers' interest and create economic value. This inspires the structure of our products, the delivery of our services and the principles that run through our business.

In furtherance of this commitment, we arranged regular training sessions on ethical banking for motivating our employees to adopt best ethical practices that are in harmony with our values.

In our journey towards continuous excellence we are relentlessly striving to become a leading Islamic Bank in Bangladesh. We always try to provide our customers with the quality banking experience in order to achieve utmost confidence level and deliver the best value to all our stakeholders by adopting the best practices and state-of-the-art technological solutions.

The acquisition and development of quality employees remains critical to our strategic vision and business success. The alignment of our human capital strategy with our vision sets a challenging mandate for maintaining an effective workforce.

We continued to focus on investing in staff training, learning and development with the intent to improve the skills of its employees and to drive the bank towards delivering the best performance. We had been able to set-up a full fledged Training Academy. A good number of officials of the Bank took part in different training programs/seminars, workshops both at home and abroad.

Bank also arranged in-house training courses, workshops and seminars on every aspects of Banking throughout the year. To keep the employees motivated, performance rewards, promotion, accelerated promotion and incentive etc. are given on a regular basis.

Information and Communication Technology has become the inevitable part of today's modern business and its operation. The Bank successfully up-graded its IT platform and installed the core banking software "BankUltimus" and currently all branches of Shahjalal Islami Bank Limited are running under core banking solutions enabling them to provide real time on-line banking services to its clients. The bank has built a new state of the art Data Center (DC) in its' Corporate Head Office. Bank has also taken steps to secure its information through Disaster Recovery Site (DRS) to make sure that bank will not lose any data in case of any disaster. In 2017, the bank has also implemented Layer-7 security to protect cyber attacks on ICT Infrastructure.

On another note, we are in the process of upgrading our existing major branches in vital locations to ensure that the latest banking systems are installed and that the clients' needs are being met seamlessly; new branches are also planned to be open in several locations.

Maintaining adequate liquidity is our top most priority. The bank was able to maintain a sufficient liquidity profile. We have undertaken strategic initiatives of building a core deposit base through attracting retail depositors to fund its business expansion.

The Bank has undertaken the long-term strategy to expand the scale and scope of fee based revenue for sustainable profit growth. Another key strategy to maintain profitability growth in an environment of intense competition and continued narrowing of net profit margin is to improve operational efficiency by enhancing productivity. Among the initiatives taken in this direction is to enhance the use of alternative delivery channels through increasing the number of self-service machines and motivating customers towards e-banking, SMS banking etc.

During the year Bank emphasized on "Risk Management" which we consider to be one of the essentials for sustainable position in today's banking business. The risk management function has been strengthened in line with the risk management guidelines prescribed by the Central Bank.

The Bank continued its conservative approach to risk management and its proactive remedial efforts. As a result, and given that the asset quality outlook remains healthy. The Board Risk Committee effectively execute its oversight function, with regular meetings and closer scrutiny of risk appetites and management. The compliance function was separated from investment management, providing it with independent status in the Risk Management Framework.

The Corporate Governance Framework provides the structure within which the Board guides, oversees and ensures that our strategy, risk management approach and methodologies and our operations are aligned in the interests of our shareholder and stakeholders. The functionaries of the Bank are structured, organized and aligned with accepted Corporate Governance practices in line with the guidelines of Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC).

Shahjalal Islami Bank Limited is quite conscious of its social responsibility. Shahjalal Islami Bank Limited Foundation is serving the Humanity through different welfare activities giving emphasis on Health, Habitat & Education. The Bank evaluates the environmental effects of projects in investment process and the projects found detrimental to the environment are not approved for financing. Our involvement in charities, scholarship program and different events enables us to address important community concerns, build and maintain relationships and play a role in the society beyond simply that of wealth creation. More and more welfare activities and Institutional Development Programs will be drawn in future, Insha-Allah to the cause of serving the communities and the country as a whole.

The year 2018 will be a turning point for Bangladesh in many ways. Bangladesh will prepare to graduate from the least developed country status in 2018. It will also continue its efforts toward becoming a middle-income country.

Things, however, may not be as bright for the banking industry. There is intense competition in the industry due to the large number of banks operating in Bangladesh. NPIs still remain a major problem for the banking industry. It is unlikely that the asset quality situation will change anytime soon.

Shahjalal Islami Bank Limited has set its priority for the year 2018 to implement its growth strategy with particular emphasis on improving deposit mix, reducing cost of fund, maintaining quality of assets and strengthening overall risk management process.

The Bank has adopted appropriate strategies for its different business and set clear and concise targets considering the external business environment and realities. We will continue to work hard to attain the business targets as well as achieve our corporate objectives in the year 2018 & beyond.

On behalf of the management team, I most humbly submit to the greatness of Almighty Allah soliciting His mercy to pave the journey towards glorious success of the Bank in the days to come. Besides, I seek sincere cooperation, continuous support and confidence of the Board of Directors, Shareholders, valued clients, well-wisher, patrons as well as the regulatory bodies i.e. Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC), Stock Exchanges, National Board of Revenue (NBR) for the steady growth of the bank.

Aameen.



Farman R. Chowdhury
Managing Director



REPORT

Report of the Board of Directors

Corporate Governance Report

Credit Rating Report

Report of the Audit Committee

Report of the Board Risk Management Committee

Sustainability Report

Corporate Social Responsibility

Report on Risk Management

Report on Shariah Supervisory Committee

Report of the Board of Directors

In the name of Allah

The Most Gracious, the Most Merciful

Dear Shareholders,

Assalamu Alaikum Wa Rahmatullah Wa Barakatuhu.

We are delighted to present before you the Directors' Report and Audited Financial Statements together with Auditors' Report of the Bank for the year ended 31 December 2017. We have also provided a brief description of the performance and affairs of the Bank for the same year as well as various aspects of the world market trend with highlights of the performance of Bangladesh economy.

World Economy

The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008–2009, followed by the European sovereign debt crisis of 2010–2012 and the global commodity price realignments of 2014–2016. As these crises and the persistent headwinds that accompanied them sub-side, the world economy has strengthened, offering greater scope to reorient policy towards longer-term issues that hold back progress along the economic, social and environmental dimensions of sustainable development.

GDP Growth					
	2015	2016	2017E	2018f	2019P
World	2.8	2.4	3.0	3.1	3.0
USA	2.9	1.5	2.3	2.5	2.2
Euro Area	2.1	1.8	2.4	2.1	1.7
Emerging & Developing Economics	3.6	3.7	4.3	4.5	4.7

Source: World Bank

In 2017, global economic growth is estimated to have reached 3.0 percent, a significant acceleration compared to growth of just 2.4 percent in 2016, and the highest rate of global growth recorded since 2011. Labour market indicators continue to improve in a broad spectrum of countries, and roughly two-thirds of countries worldwide experienced stronger growth in 2017 than in the previous year. At the global level, growth is expected to remain steady at 3.0 percent in 2018 and 2019.

The recent acceleration in world gross product growth stems predominantly from firmer growth in several developed economies, although East and South Asia remain the world's most dynamic regions. Conditions for investment have generally improved, amid low financial volatility, reduced banking sector fragilities, recovery in some commodity sectors and a more solid global macroeconomic outlook. Improved conditions have supported a modest revival in productive investment in some large economies. Gross fixed capital formation accounted for roughly 60 percent of the acceleration in global economic activity in 2017.

Recent course adjustments in major trade relationships, such as the United Kingdom of Great Britain and Northern Ireland's decision to withdraw from the European Union and the United States of America's decisions to renegotiate the North American Free Trade Agreement and to reassess the terms of its other existing trade agreements, The United States and China have fired the dramatic opening shots of what could become a trade war and these issues have



raised concerns over a potential escalation in trade barriers and disputes. These could be amplified if met by retaliatory measures by other countries. An increasingly restrictive trade environment may hinder medium-term growth prospects, given the mutually reinforcing linkages between trade, investment and productivity growth. In this regard, policies should focus on upholding and revitalizing multilateral trade cooperation, emphasizing the possible benefits from trade in services.

Bangladesh Economy

Overall, the economy is moving forward, growing at a decent pace by Bangladesh's own historical as well as international standards. Many international organizations acclaimed Bangladeshi economy. Global investment firms like JP Morgan calling it the "frontier five" on the basis of its growth rate and economically active population. All the growth drivers are accounted for, it is the vast army of economically active population, young in age, that could fuel growth acceleration—a demographic dividend to move Bangladesh from being just an impressive underdog.

In FY17 growth on the supply side was driven by services and industry which officially estimated 7.28 percent GDP growth. Domestic demand growth appears to have been the driving force with private consumption contributing 4.7 percentage points and investment contributing 3.25 percentage points. Weak exports and strong imports dragged growth in FY17. Private investment stagnated as a percentage of GDP. Bangladesh's graduation from the LDC status will undoubtedly be a major milestone in the nation's history, but pressing economic challenges would remain. Bangladesh has made good progress in terms of meeting all the three graduation thresholds.

Fiscal Management

The overall budget deficit (excluding grants) decreased in the first half to Tk 62.96 billion from Tk 65.75 billion during the same period in FY17. This reflects undershooting of both the revenue and expenditure targets, with the size of the expenditure shortfall relative to the budget target exceeding the size of the revenue shortfall. Total revenue collection declined by 0.9 percent in the first half, reflecting 9.8 percent decline in nontax revenues. Tax revenue collection grew marginally by 0.3 percent despite high import growth and exchange rate depreciation. Import taxes grew by 4.3 percent and supplementary duties by 2.9 percent. In the backdrop of anticipated revenue shortfall, primarily emerging from the failure to implement the VAT and SD Act 2012, the government has been exploring alternative avenues of revenue mobilization, particularly in collecting unpaid VAT accruing to the Large Taxpayers Unit (LTU). Appropriate use of the Alternative Dispute Resolution (ADR) system could be a useful step in this direction.

Investment

Private investment growth in real terms slowed to 8.1 percent in FY17, compared with 10.3 percent growth in FY16. Consequently, private investment as a share of GDP almost stagnated at 23.1 percent, compared with 23 percent in FY16. On the other hand, public investment boomed, growing by 17.3 percent in FY17, compared with only 4.5 percent growth in FY16, leading to a significant 0.7 percentage points increase as a percentage of GDP to reach 7.4 percent. Import of capital goods increased by 19.4 percent in the first half of FY18 compared with 23.7 percent increase during the corresponding period of the previous year. However, capital machinery imports increased by 32.5 percent in the first half of FY18 compared with 23.6 percent increase in the first half of FY17. The key driving force appears to have been the capital imports needed by the mega public investment projects such as the Padma Bridge, Dhaka Metro Rail Transport and the Special Economic Zones. Private investments remain constrained by cumbersome business regulation and inadequate coverage as well as quality of infrastructure. Bangladesh slipped one notch to 177 ranking in Doing Business DB 2017. This is the second lowest among South Asian economies, after Afghanistan (183). During the DB 2017 period, no reforms were recorded in Bangladesh. Bangladesh's overall ranking was significantly affected by a nine-place slippage in the Starting a Business indicator. Minor improvements were recorded in DB 2017 rankings only in the areas of dealing with construction permits and getting electricity. The continued lackluster performance in DB indicators underlines significant shortcomings in Bangladesh's business environment.





Monetary Development

Monetary outcomes so far have largely been below target. The 10.9 percent monetary growth in FY17 fell short of the estimated 12.9 percent nominal GDP growth. Broad money growth remained subdued at 10.69 percent through December 2017 despite a reserve money growth of 13.31 percent. Slowdown in the growth of net foreign assets and decline in public sector borrowing from the banking system accounts for the slower growth in reserve and broad money. Domestic credit growth was stunted by the 14.48 percent decline in public sector borrowing through December 2017. Bangladesh Bank (BB) has taken a passive approach to domestic liquidity management. It has been reinjecting only part of the liquidity losses from the market due to its foreign exchange market intervention on the supply side.

Balance of payments

Current account deficit widened to over \$4.8 billion in the first six months of FY18, compared with \$543 million deficit in the corresponding period of FY17. This was mainly driven by near doubling of the trade deficit from \$4.5 billion to \$8.6 billion. A 25.2 percent growth in merchandise imports, driven by petroleum, food and industrial raw materials, far outweighed the modest 7.15 percent rebound in exports. These, together with an expansion in the service account deficit and weak recovery in remittances, led to the large increase in the current account deficit. The overall BoP was helped by more than doubling of medium and long-term (MLT) foreign loans from \$1.1 billion in the first half of FY17 to \$2.4 billion in the first six months of FY18 and over \$1.2 billion net inflows from the banks' holding of foreign currency denominated assets and liabilities, compared with just \$186 million in the corresponding period of FY17. Yet, the overall balance recorded a deficit of over \$0.35 billion, compared with \$2.65 billion surplus during the same period of the previous year.

Price Situation

The general point to point inflation fell slightly by 0.08 percentage point to 5.83 percent in December 2017 from 5.91 percent in November 2017, despite a rising trend in the cost of living. While year-on-year, the inflation in December of FY18 increased by 0.80 percentage point to 5.83 percent, compared to 5.03 percent in the past month. The food inflation however increased slightly by as little as 0.04 percentage point, to 7.13 percent in December 2017 from 7.09 percent in the immediate past month of November. On the other hand, non-food inflation decreased by 0.25 percentage point to 3.85 percent in December 2017 from 4.10 percent in the previous month. BBS data also shows that prices of food items such as egg, fish, meat, pulses dropped, while house rents and costs of clothing, household goods, medical and transportation services, and education increased. The government has targeted to keep the average inflation rate up to 6.0 percent in the latest monetary policy statement for January-June 2018 (H2 of FY18).

Exports

Exports have rebounded in FY18. Total export earnings increased by 7.4 percent in July-December, FY18, compared with 3.96 percent growth in the corresponding period of FY17. However, the export growth is short of track to attain the FY18's 8.2 percent growth target. Exports will need to grow by 16.2 percent during January-June 2018 relative to the same period in FY17 to achieve the target. Export growth this fiscal year has so far been driven by Ready-made garments (RMG) recording a growth of 7.75 percent during July-December, FY18, thanks to the 11.6 percent growth in export of knit products. Growth appears to have been primarily volume driven. Growth from non-RMG export earnings was unable to keep pace.

Exports to the EU market gained some momentum with a growth of 11.7 percent in the first six months, higher than the growth rate for the corresponding period in FY17. Phase-out of the initial shock emanating from the Brexit and improvements in the global economic outlook contributed. Exports to US market grew by a miniscule 1.5 percent, leading to a fall in US market share in Bangladesh's total export from 16.9 percent in July-December 2017 to 16 percent during the same period this year. This is attributable to loss of price competitiveness and lack of product diversification. Bangladesh's export earnings from US declined by 6 percent in FY17, with its market share dropping from 18.2 percent



in FY16 to 16.8 percent in FY17. Other prime competitors of Bangladesh experienced significant growth in the US market. Vietnam registered over 7 percent growth in the US apparel market, followed by Mexico at 5.33 percent, India at 1.19 percent and Pakistan at 1 percent in 2017. Vietnam is taking the advantage of China's displacement much better than her close competitors such as Bangladesh. China, the largest exporter of apparel products, also had a decline in export earnings as well as market share in the US. In general, however, an RMG import by the US has been on the decline in recent years.

Imports

Import payments during July-December of FY18, stood at US\$28.44 billion, which is 25.89 percent higher than import payments during the corresponding months of FY17. Import payments increased mainly due to higher imports of consumer & intermediate goods and capital machinery and also substantial depreciation of the taka against all major currencies. According to Bangladesh Bank data, the settlement of import Letters of Credit (LCs) increased by 9.17 percent to US\$24.66 billion during July-December of FY18 compared to US\$22.59 billion in the corresponding period of the previous fiscal. The opening of fresh import LCs also increased substantially by 74.76 percent to US\$40.23 billion in the first six months of FY18 from US\$23.02 billion in the corresponding period of the previous fiscal.

Remittance

Remittance flow recovered impressively, growing 12.47 percent in the first six months of FY18, following successive declines in two previous years. The recovery has been spread over several countries such as GCC, US, UK and others. Rise in crude oil price, increase in the number of Bangladeshis working abroad, change in policies in KSA (a rise in minimum wage, change in akamasystem), depreciation of taka, and effective action against illegal money transfers may have contributed to the recovery. The composition of remittance inflow has remained unchanged with about 56 percent of remittance earnings coming from the Gulf countries in the first six months of FY18, reflecting resilience in the concentration of migrants in the Middle East. Bangladesh Bank increased their vigilance on mobile banking transfer. In September 2017, Bangladesh Financial Intelligence Unit (BFIU), the anti-money laundering wing of Bangladesh Bank, ordered bKash to suspend activities of 2,887 agents for breaching the laws and sent the account details of the agents to law enforcers for further probe and legal actions. These interventions may have helped improve Bangladesh's remittance earnings and bring more transparency in the mobile banking transfers.

Foreign Exchange Reserve

Bangladesh Bank's gross foreign exchange reserves stood at US\$33.23 billion (with ACU liability of US\$1.35 billion) as of end December 2017, as compared to US\$32.09 billion (with ACU liability of US\$0.68 billion) as of end December 2017. The foreign exchange reserve (less ACU liability) is equivalent to the import liability of 7.34 months. Calculated as the average import values for the previous 12 months (December 2016-December 2017), this import liability turns out to be US\$4.34 billion per month.

Service Sector

Services had a better year with growth rising from 6.25 percent in FY16 to 6.7 percent in FY17. Services growth was driven by wholesale and retail trade, transport and hotel and restaurants. Export of services grew by 10.8 percent in nominal dollars in FY17, compared with a 2.6 percent decline in FY16. Service export growth increased to 14.1 percent in the first half of FY18, compared to the same period a year earlier. It is worth noting that the share of the services sector in GDP, which was at its peak at 55.59 percent in FY06, has been steadily declining thereafter, dropping to 52.73 percent in FY17. Among the different services sub-sectors, the wholesale & retail trade held the highest share in GDP (13.94%) in FY17 compared to 13.99 percent in FY16. The GDP shares of certain other sub-sectors in FY17 were: transport, storage & communication 11.25 percent; community, social & personal services 8.86 percent; construction 7.39 percent; real estate, renting & business activities 6.48 percent; public administration & defense 3.72 percent; financial intermediations 3.41 percent; and education 2.48 percent.



Industry

Sustained momentum in industrial growth continues to impress. The industry sector grew by 10.22 percent in FY17, decelerating by 0.87 percent from the growth of 11.09 percent in FY16. However, despite the deceleration in growth, the share of the industry sector in GDP increased by 0.94 percentage point to 32.48 percent in FY17 from 31.54 percent in the previous fiscal year. The industries sector grew at double digit (10.2 percent) in FY17 with significant contribution from the 11 Percent growth in large and medium scale manufacturing industries. Quantum Index of Industrial Production (QIIP) data suggests that many large-scale industries posted significant growth in FY17 including leather and related products (53.4 percent), textile (21.2 percent), pharmaceuticals and medicinal chemical manufacturer (32.1 percent) and manufacture of other non-metallic mineral products (32.3 percent). Combined weight of these four industries was about one-third of the total industrial production. The QIIP for medium and large-scale manufacturing grew even faster (20.6 percent) in the first quarter of FY18 led by textiles, pharmaceuticals and leather products. Electricity production index in the first quarter increased by 10.4 percent and trade cargo handled by the Chittagong port.

Agriculture

Agriculture had a bad year in 2017 due to fungus attack and recurring floods. The crops most affected were Aus, Aman, Aman seedbed, seedling, jute, and vegetables. The secondary flooding destroyed freshly planted Aman paddy and seedbeds, which dealt a fresh blow to farmers. The setback was partially overcome by replantation through supply of seedlings and other related services in the affected areas. Some farmers switched to early winter crops instead of the costly seedlings, going for rice varieties that are submergence-tolerant and can withstand 15 to 17 days of stagnant water. The transplanting of Aman was completed quite late in the season owing to an atypical monsoon.


Capital Market

Stock prices increased by more than 10 percent in DSEX since June 2017, reaching a recent high, before starting to decline again. DSE turnover recorded the highest level in 2017 since the large stock market corrections in FY11. Participation by overseas investors and stable macroeconomic outlook contributed to the buoyance in stock trading activities. Foreign portfolio investment in the first half of FY18 amounted to \$209 million, compared with \$184 million in the first half of FY17. Bangladeshi diaspora abroad appeared to have increased their participation with their contribution in total foreign portfolio investment rising from 51.2 percent in the first half of FY17 to 67.3 percent in the first half of the current fiscal year. The stock market witnessed several positive developments in 2017.

Banking Sector

The banking sector, the most important player in the money market, has continued to move in the wrong direction. Despite some push from the Bangladesh Bank, asset quality and governance has not improved. State owned Commercial Banks (SCBs) performed with a poor record of large non-performing loans, bad governance, and continued recapitalization. The setback from several major financial scams has taken a heavy toll on both the health and reputation of SCBs. The 9 fourth-generation private banks are beset with large amounts of non-performing loans (NPLs) and are making losses. BB's Financial Stability Report 2016, revealed that when exposed to various credit shocks, 23 out of 49 banks would become undercapitalized mainly due to default by large borrowers. This was a clear recognition of the gravity of the banking sector woes in Bangladesh.

Non-performing loans (NPLs) surged to over Tk 800 billion (4 percent of GDP) for the first time at the end of September 2017 from Tk 657.31 billion (3.8 percent) a year back. The total NPLs accounted for 10.67 percent of the total outstanding loans from the banking sector at the end of September 2017. These figures do not include loan write-offs which amounted to Tk 4.52 billion in the last quarter of FY17 alone, higher by over 18 times relative to the third quarter. Thus, once restructured, rescheduled loans and write offs are factored in, the NPL size would increase very significantly. Poor management of state owned commercial banks, underpinned by malpractices and corruption, has contributed to the high levels of NPL.



The liquidity crunch was in the making for the last several years with a declining growth in banks deposits, primarily due to the diversion of household financial savings to National Savings Directorate instruments. Large excess liquidity in the banking system made the impact of this diversion of deposits away from the banking system escape notice. Since the growth in bank deposits continued to plunge and growth in private sector lending accelerated, the excess liquidity evaporated rapidly. To sustain profit growth, many banks started to violate macro-prudential conditions such as the advance-deposit ratio. The violations pushed the ratio of many banks to the 90-92 percent range, well above the prudential norm of less than 85 percent. The liquidity problem was also accentuated by the increasing burden of non-performing loans. Due to this excess lending, banks on the verge of becoming illiquid, started scrambling for deposits, thereby pushing up the deposit rates.

The target for private sector credit has been reset at 16.8 percent or 1.3 percent lower than the actual growth at end 2017. As BB aims to decrease its regulatory limit for ADR, this accentuated pressure on market competition for deposit collection and the interest rate on advances. Combined with the competitive rates of the national saving schemes and pressures from the import payment obligation, there has been a steep reaction in interest rates. With no signs of change in National Savings Certificate (NSC) borrowing, private sector banks may continue to be crowded out of the deposit base and rates are likely to converge closer to the NSC rates. The saturation of Bank profitability in the corporate segment has induced banks to be more adventurous towards SME and retail.

Prospect in 2018

Bangladesh is projected to maintain growth resilience despite internal political headwinds and emerging macroeconomic pressures. Rebound in exports and private investments are likely to be the key growth drivers. The impetus for such a rebound is expected from the broad-based cyclical upturn in the global economy, aided by a bounce back in investment and trade. This is expected to be sustained over the next couple of years, although not without downside risks. The latter include the possibility of financial stress, increased protectionism, and rising geopolitical tensions. With actual output exceeding the potential, inflation in Bangladesh is projected to rise. Investment driven imports will cause current account deficit to persist while fiscal space is likely to shrink with stagnating revenue effort and elevated expenditure levels.

Profile of Shahjalal Islami Bank Limited

Shahjalal Islami Bank Limited, a Shariah Based Commercial Bank in Bangladesh, was incorporated as a Public limited company on 1st April, 2001 under Companies Act 1994. The Bank commenced commercial operation on 10th May 2001 by opening its 1st branch, i.e. Dhaka Main Branch at 58, Dilkusha, Dhaka obtaining the license from Bangladesh Bank, the Central Bank of Bangladesh. The Bank went for public issue of its shares in 2007 and its shares are listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Now its Head Office is situated at Shahjalal Islami Bank Tower, Plot#4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212. As on 31 December 2017 the bank had 113 branches across the country with diversified deposits and investment products.

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

Off-shore Banking Unit

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

Subsidiary

Shahjalal Islami Bank Securities Limited

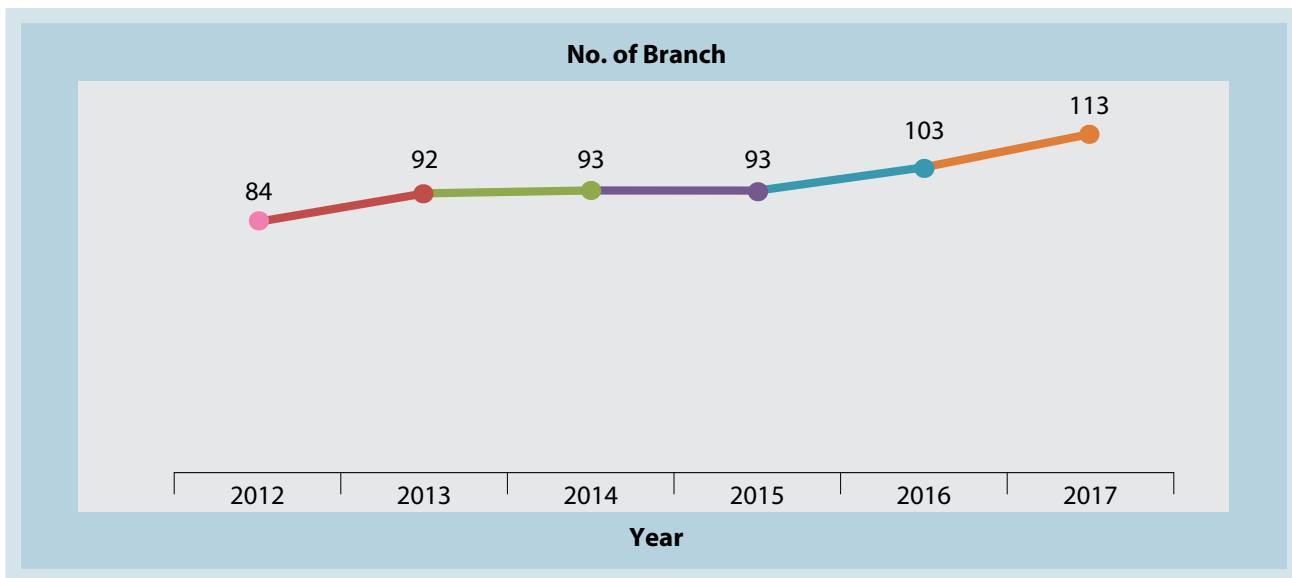
Shahjalal Islami Bank Securities Limited is a subsidiary company of Shahjalal Islami Bank Limited incorporated as a public limited company under the Companies Act 1994 and commenced its operation on the 25th day of May 2011. The main objective of the company is to carry on business of stock broker/dealers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

Principal Activities

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

Branch Network

The Bank has been operating with a network of 113 branches around the country. In the year 2017, the Bank has opened 10 new branches. The bank is working to expand its business by opening 10 more branches in Dhaka and some other important business location of the country in the year 2018 upon approval of Bangladesh Bank.



Correspondent Relationship

Shahjalal Islami Bank has established correspondent relationship across the world with major foreign banks. The number of correspondent banks stood at 410 as on December 31, 2017 across 54 countries. The Bank is successfully maintaining such relationships around the world to facilitate international trade transactions. The bank maintains 27 Nostro accounts in 6 major currencies with reputed international banks around the world in all of the important global financial centers. The Bank is also enjoying sufficient credit lines from correspondent banks for add confirmation to Letter of Credits to facilitate international trade.

Relationship with other Bodies

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

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

Strategic Plan for Future Growth

The Banking industry has been experiencing intensive competition as the domestic and international banks operating in Bangladesh strongly pursued the banking and financing needs of the Corporate, Retail & SME sector customers with diversified banking products and services and extending automated banking service with ATM, Debit Card facilities and Internet Banking. Besides, profit rates have become very competitive for both deposit and investment. Customers are demanding higher rate of return against their deposits. On the other hand, they are also demanding to reduce their investment rates.

Considering the overall scenario, the Bank continues to focus on its delivery channel, technology, human resource and its brands along with branch network, business promotion, corporate social responsibility and product diversification.

Strategies mean to achieve the goals. Aligned with the vision and mission statements of Shahjalal Islami Bank Limited, 12 strategies have been identified to address the development and changes we need. It is envisaged that this strategic plan will cascade effectively the vision-mission into concrete action on priority basis and transform the Bank into a dynamic, effective and forward looking modern shariah based bank in Bangladesh. Strategic plans of the Bank are:

SL	Strategic Plan
1	Revisit the existing deposit products to introduce new deposit products and redesigned the existing deposit products
2	Re-examine existing investment products to introduce new investment products and redesigned the existing investment products
3	Strengthen Debit Card and introduction of Shariah Based Credit Card facility to enhance card business
4	Strengthen and make effective of Offshore Banking Unit
5	Expand non-funded and fee based business to increase income
6	Strengthen treasury function to increase profit from treasury operation
7	Strengthen risk-based internal audit (including Shariah audit) to add value to the risk management process in the Bank
8	Strengthen Marketing Division to ensure success of new deposit and investment products
9	Strengthen MIS to ensure accurate and timely information
10	Attract, retain and develop people (staff) ensuring sound organizational development
11	Develop a Governance Manual to ensure proper Office Administration and Corporate Governance
12	Create a 'Strategic Planning/Research & Development Unit'

Information Technology of SJIBL

With advancement of technology along with the rapid growth of business, need for capturing value from customer gives birth to eventual requirement of handling bulk data volume and created scopes to offer a wide variety of services accurately and rapidly by adopting secured technology that ultimately sparked up SJIBL for adopting top technologies and automation.

The bank has built an International Standard 3 tier Data Center in its own building for securing the infrastructure from all sorts of structural level failure. To extend its capability of recovering from a known and predicted disaster, bank never stays on back foot to invest. It always pays utmost concentration on up-gradation of Core Banking Software (CBS) by adding or customizing the modules for better customer service. In this consequence, implementation of new Data Storage or extension of existing one is done in every periodical term as anticipated to enhance capacity for accommodation of large extended business data. Our arrangement of dual connectivity through ensuring economy of scale assures business continuity by adjusting and substituting network connectivity among the service providers.

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

The bank has been offering automated customer services by facilitating collection of utility bills like WASA, DPDC, DESCO, BTCL, TITAS, BRTA and PDB through our CBS. This automation level soon will take further height after launching Internet Banking shortly. All of mentioned utility payments including interbank fund transfer will become handy solution for customers by using SJIBL technology platform and SJIBL technology platform is already well protected by Layer-7 security features as per cyber security compliance requirement of regulatory body.

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

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

Automated Teller Machine (ATM)

With the aim to provide 24/7 cash withdrawal facilities to the valued clients, Shahjalal Islami Bank Limited has established 73 ATMs at different important locations of the country. As a member of VISA International, the Bank is also connected through National Payment Switch, Bangladesh (NPSB) as well as Q-Cash Network. Through this shared network, the Bank is providing support to its customer to get access from any ATM of Bangladesh.

Shahjalal Islami Bank Limited is committed to establish more ATMs for smooth and convenient services of its cardholders.

Point of Sales (POS)

The valued cardholders can use their cards for dining, shopping and other utility purpose at any VISA labeled POS Terminals at home and abroad (for International Card only). The Bank is also providing support to its cardholders to do POS transactions at NPSB (National Payment Switch, Bangladesh) as well as at Q-Cash POS Network.

The “Card Support Center” is open for 24/7 days to provide support to the valued cardholders.

Review of the Performance

During the year under review, the bank maintained the progress of business through its 113 branches. The operating profit before tax stood at Tk.2,078.52 million. Net profit attributable to shareholders reached to Tk. 1,195.90 million, return on average equity was 9.14 percent and Earnings per Share (EPS) stood at Tk.1.55. Non- performing investments (NPI) ratio was 3.97 percent. Capital to Risk Weighted Assets Ratio of the Bank was 12.19 percent comprising maximum

under Tier-I, which was above the stipulated rate of 10 percent. Out of deposit of Tk. 145,382.48 million, the bank could deploy Tk. 158,668.16 million in investment as on December 31, 2017. The Bank handled total Foreign exchange business of Tk. 230,257 million in the year 2017.

Regulatory Capital of the Bank

The Bank's Capital is divided into two tiers i.e. Tier-I and Tier-II capital. Tier-I includes Paid-up Capital, Statutory Reserve and Retained Earnings. Tier-II includes General Provision on unclassified investments & Off-Balance Sheet items. The Authorized Capital of the Bank is Tk. 10,000 million and paid-up capital of the Bank is Tk. 7,714.23 million as on December 31, 2017. Total Regulatory Capital was Tk 19,375.98 million as on December 31, 2017. Comparative position of Capital for the year 2017 & 2016 is given below:-

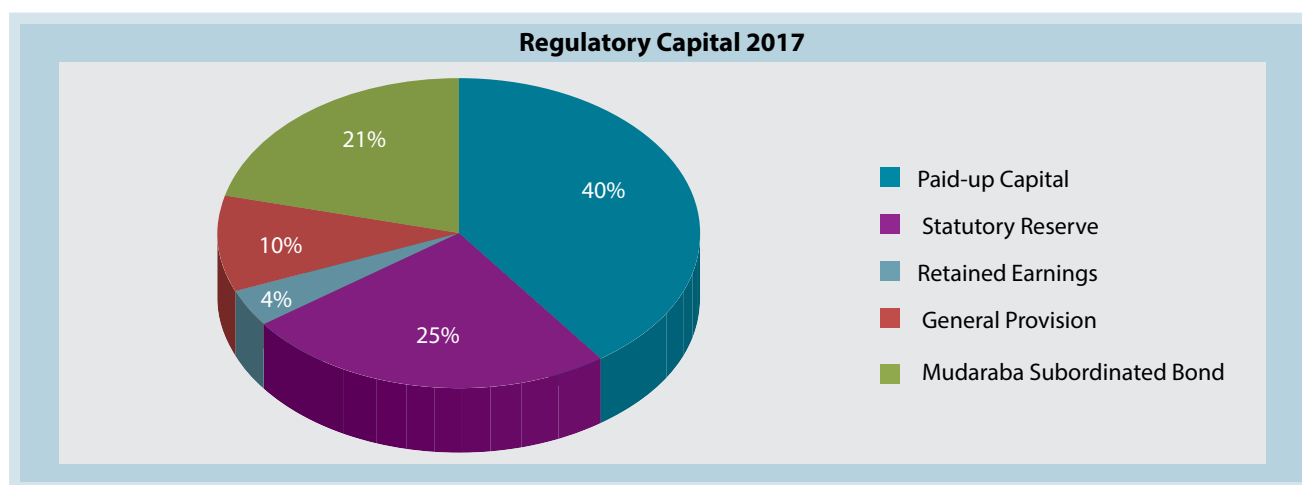
Tier-I Capital (Going-Concern Capital)

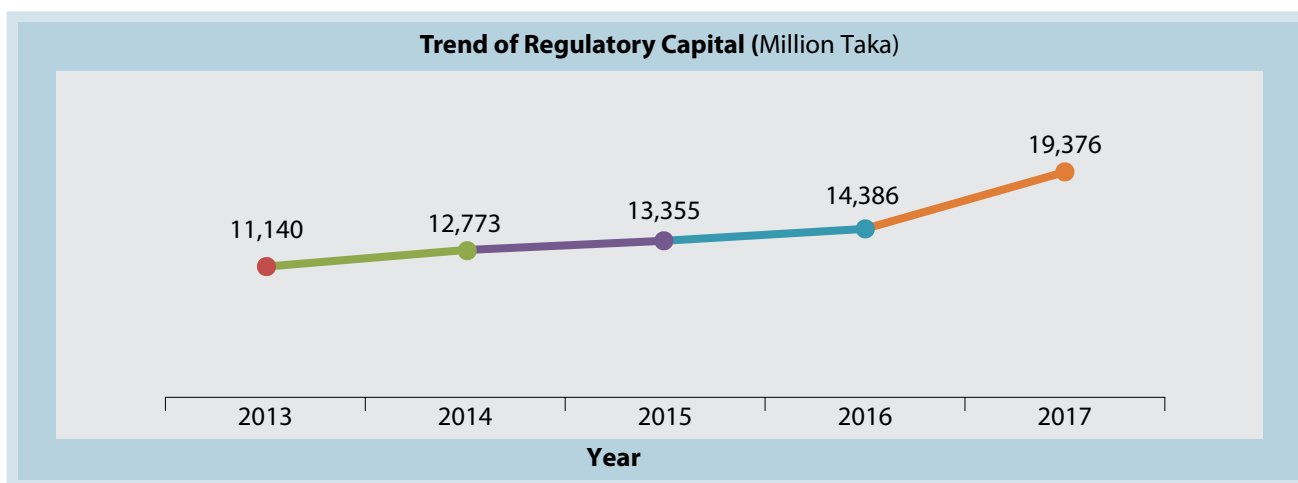
(Amount in million Taka)

SL. No	Particulars	2017	2016
a)	Paid-up capital	7,714.23	7,346.88
b)	Statutory Reserve	4,819.26	4,403.56
c)	Retained Earnings	784.29	1,106.13
	Sub total	13,317.78	12,856.57

Tier-II Capital (Gone-Concern Capital):

SL. No	Particulars	2017	2016
a)	General Provision	2,058.20	1,529.50
b)	Mudaraba Subordinated Bond	4,000.00	-
	Sub total	6,058.20	1,529.50
	Total Equity	19,375.98	14,386.07





Number of Shareholders

A large number of shareholders reposed their trust in our Bank's Shares. In the year 2017, total number of Shareholders stood 38,782. The position of shareholders for last three years is shown below:

Year	Shareholders
2017	38,782
2016	52,614
2015	63,480

Net Asset Value (NAV)

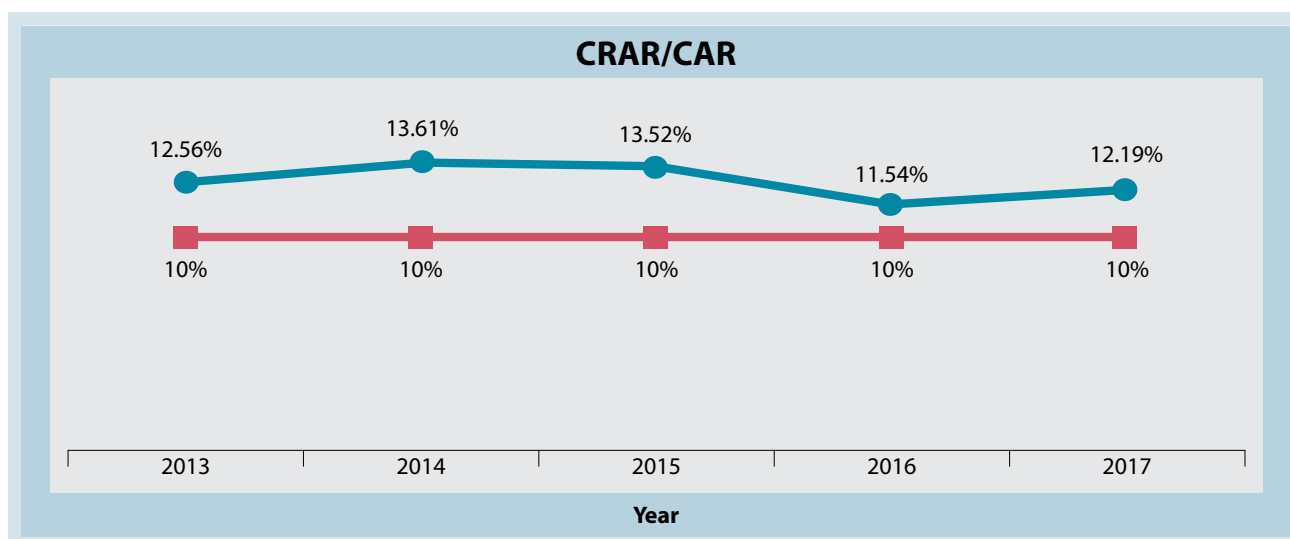
The Net Asset Value per Share is always positive which indicates higher assets back up compare to per value. As a result, more investors has subscribed to Bank. Trend of NAV for last five years is given below:

Year	Net Asset Value (NAV)
2017	17.26
2016	16.67
2015	16.68
2014	15.92
2013	16.40

Capital Adequacy

Total Regulatory Capital of the Bank as on December 31, 2017 stood at Tk. 19,375.98 million which was Tk. 14,386.07 million as on December 31, 2016, registering 12.19% of the Risk weighted Assets as against the requirement of 10%.

The Tier-I capital was 8.38% of Risk weighted Assets as on 31st December 2017 as against requirement of 5.50%.



Risk Based Capital Adequacy

A comparative quantitative feature of Risk Weighted Assets (RWA) and Minimum Capital Requirement (MCR) for December quarter ended 2017 & 2016 under Basel-III is furnished hereunder:

Particulars	Tk. In Million	
	2017	2016
Regulatory Capital:		
1. Tier-1 (Going-Concern Capital)	13,317.78	12,856.57
2. Tier-2 (Gone-Concern Capital)	6,058.20	1,529.50
Total Regulatory Capital (1+2+3)	19,375.98	14,386.07
Total Risk Weighted Assets (RWA)	158,936.53	124,655.88
Capital to Risk Weighted Assets Ratio (CRAR)	12.19%	11.54%
Tier-I Capital to RWA	8.38%	10.31%
Tier-II Capital to RWA	3.81%	1.23%
Minimum Capital Requirement (MCR)	15,893.65	12,470.38

Liabilities

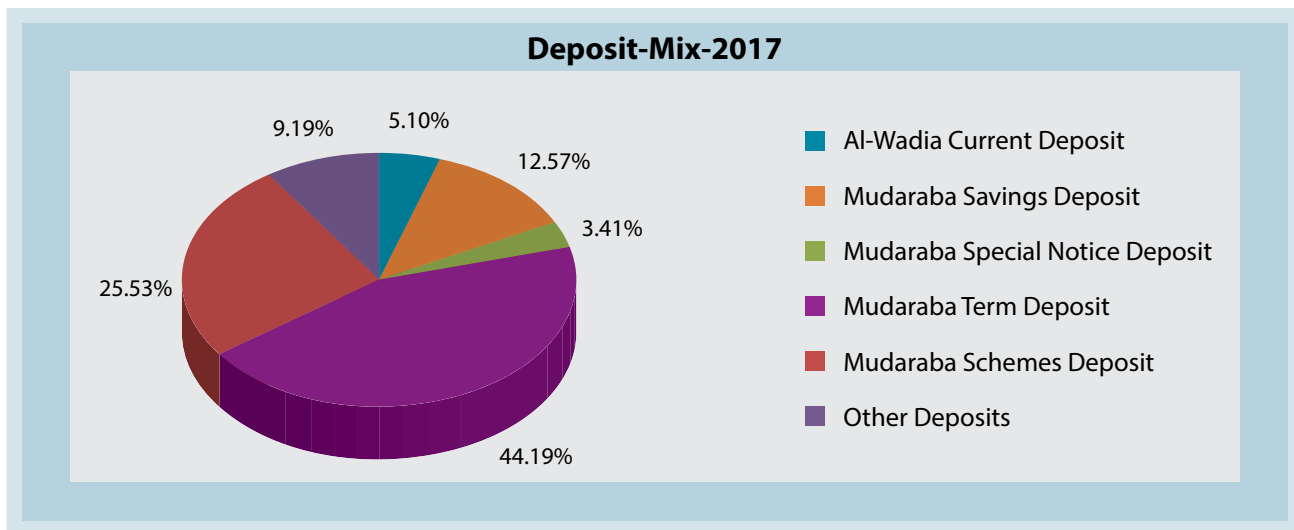
Total liabilities (excluding equity) stood at Tk. 194,569 million at the end of 2017, which was 26.03% higher than the previous years' figure. Liabilities increased mainly due to increase in deposits, issuance of Mudaraba Subordinated Bond and also placement received from other Banks & Financial Institutions.

Deposit

Total deposit of Shahjalal Islami Bank Limited stood at Tk. 145,382.48 million as on December 31, 2017 which was Tk. 124,409.83 million as on December 31, 2016. Deposit is the 'life-blood' of a Bank. Bank puts utmost importance in mobilization of deposits introducing a few popular and innovative schemes. The bank always tries to give the highest return on the deposits of the customers. The mobilized deposits are ploughed back in economic activities through profitable and safe investments.

The Deposit-mix of the Bank as on December 31, 2017 was as bellow:-

Sl.No	Nature of Deposit	Taka in million	Percentage of Total Deposit
1	Al-Wadia Current Deposit	7,416.18	5.10%
2	Mudaraba Savings Deposit	18,280.59	12.57%
3	Mudaraba Short Notice Deposit	4,956.74	3.41%
4	Mudaraba Term Deposit	64,248.15	44.19%
5	Mudaraba Schemes Deposit	37,121.57	25.53%
6	Other Deposits	13,359.25	9.19%
Total		145,382.48	100.00%



Total Assets

Bank's total asset as on December 31, 2017 stood at Tk. 207,886 million which was Tk. 167,245 million as on December 31, 2016. A major impact to this growth was the increase in Investments by 29.00% i.e. from Tk. 122,998 million to Tk. 158,668 million. Investments in Shares & Securities as well as Balance with Bangladesh Bank & Sonali Bank Ltd also increased by 38.63% and 38.83% respectively.

Asset quality and non-performing investments

Non-performing investment was increased by Tk. 519 million compared to the year 2016. The non-performing investment ratio was 3.97% as at the end of 2017 whereas it was 4.70% at the end of 2016.

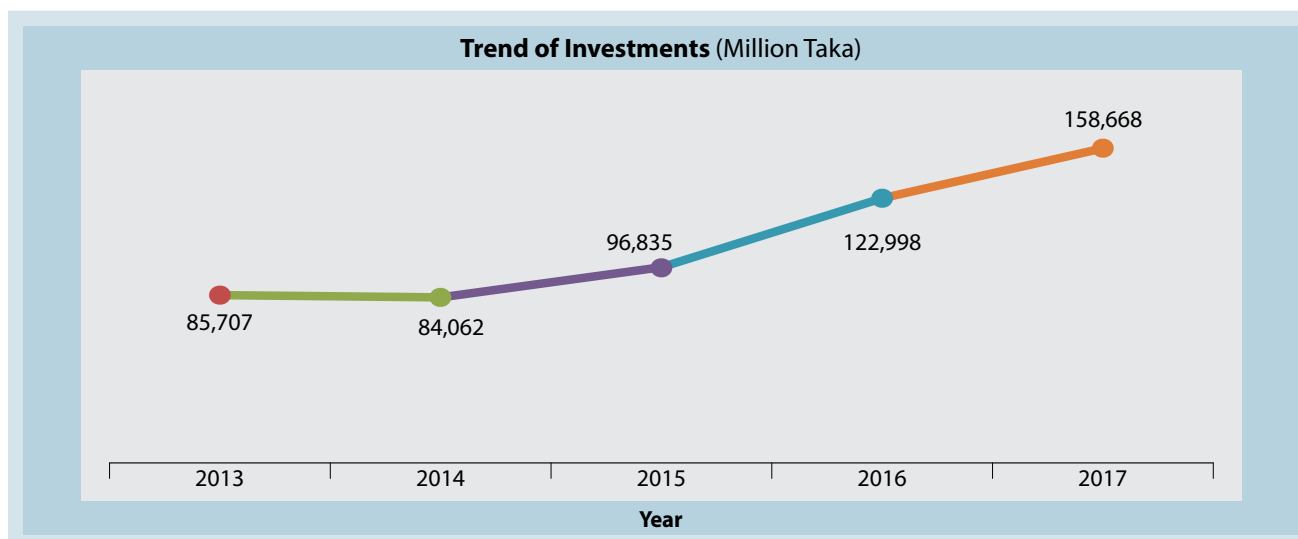
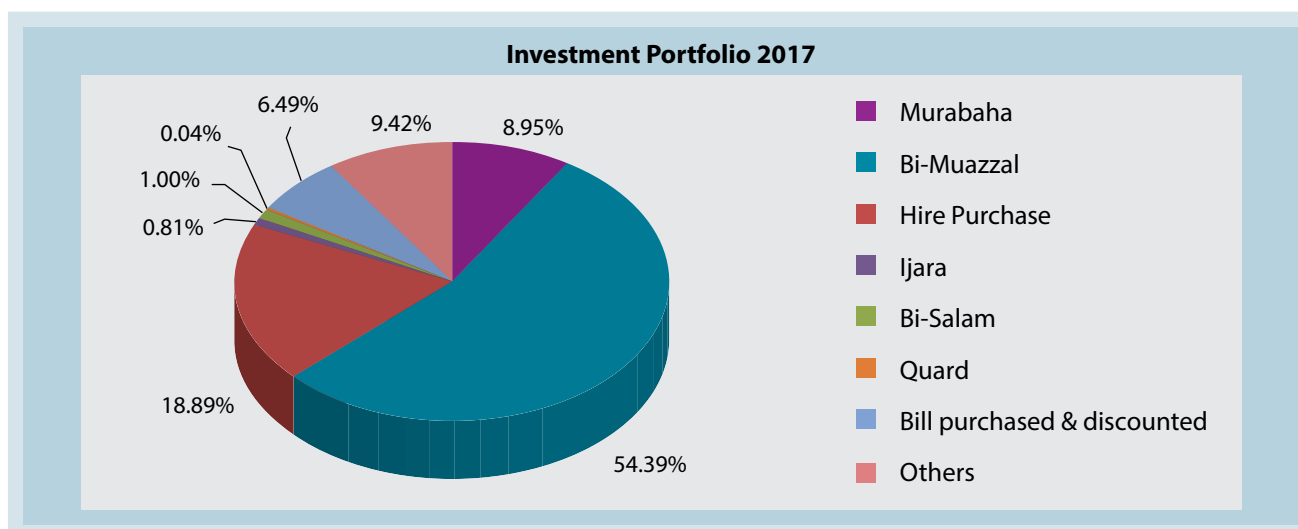
Investment

Total investment of the Bank stood at Tk. 158,668 million as on December 31, 2017 as against Tk. 122,998 million as on December 31, 2016 registering an increase of Tk. 35,670 million, i.e. 29.00% growth. The Bank was very conscious

& careful in deployment of investing fund. Mode wise investment portfolio as on December 31, 2017 is given below:

Sl. No	Modes of Investments	Taka in million	Percentage of Total Investment
1	Murabaha	14,197.54	8.95%
2	Bi-Muazzal	86,302.58	54.39%
3	Hire Purchase Shirkatul Meelk (HPSM)	29,972.94	18.89%
4	Ijara	1,288.40	0.81%
5	Bi-Salam	1,581.61	1.00%
6	Quard	70.85	0.04%
7	Bill purchased & discounted	10,303.97	6.49%
8	Others	14,950.29	9.42%
Total		158,668.16	100.00%

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

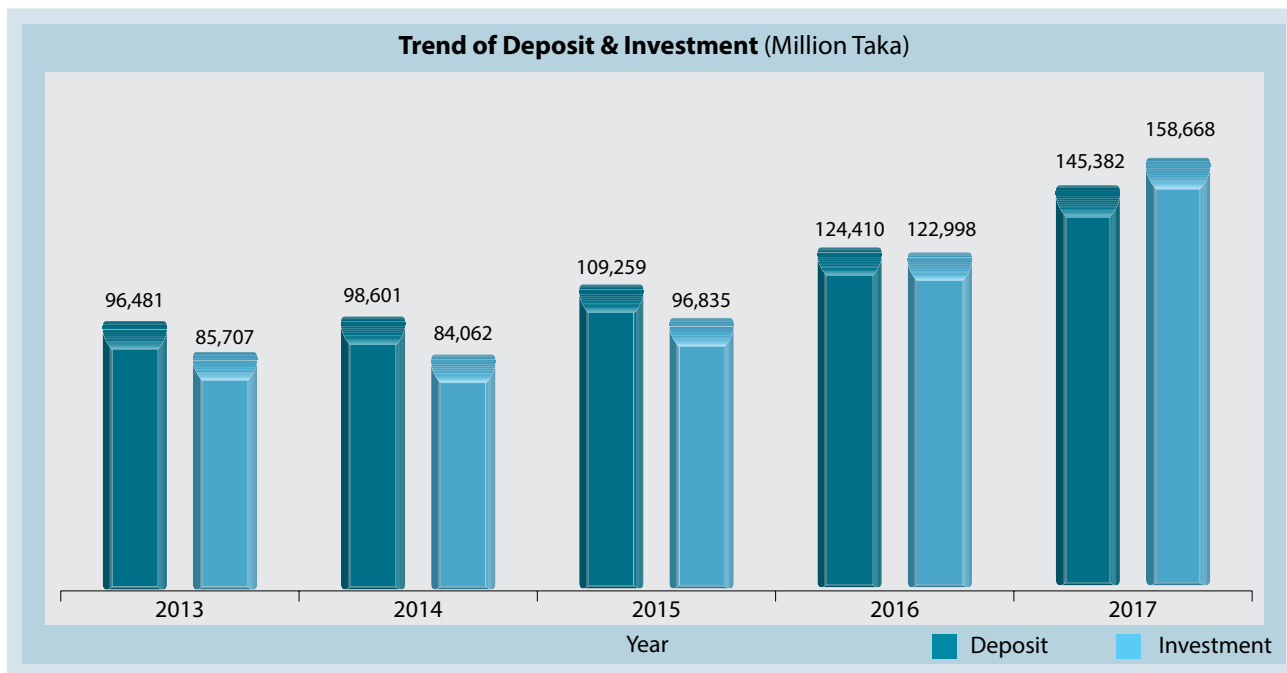


Division-wise Investment

Divisions	Horizontal Analysis				Vertical Analysis			
	Taka in Millions		Variance		Taka in Millions		Composition	
	2017	2016	2017/2016	2016/2015	2017	2016	2017	2016
Dhaka	117,798	93,241	26.34%	32.01%	117,798	93,241	74.24%	75.81%
Chittagong	26,889	20,012	34.36%	3.59%	26,889	20,012	16.95%	16.27%
Sylhet	2,002	1,455	37.62%	22.81%	2,002	1,455	1.26%	1.18%
Rajshahi	4,739	2,753	72.12%	50.34%	4,739	2,753	2.99%	2.24%
Rangpur	1,251	1,119	11.78%	53.39%	1,251	1,119	0.79%	0.91%
Khulna	5,417	4,063	33.34%	36.42%	5,417	4,063	3.41%	3.30%
Barisal	572	356	60.73%	120.83%	572	356	0.36%	0.29%
Total	158,668	122,998	29.00%	27.02%	158,668	122,998	100.00%	100.00%

Sector-wise Investment

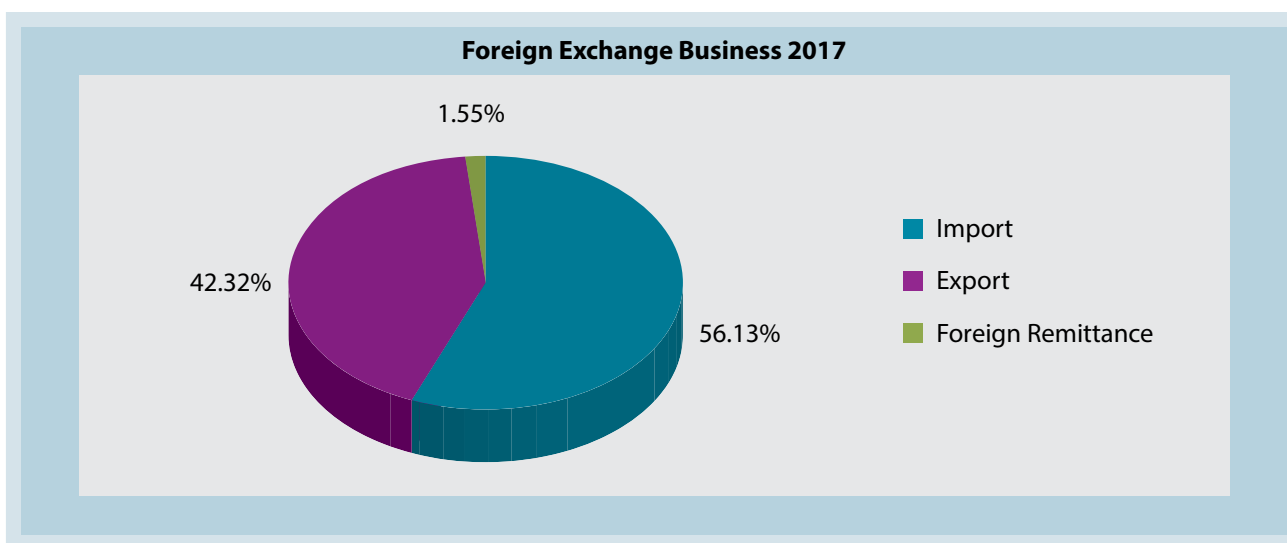
Sectors	Horizontal Analysis				Vertical Analysis			
	Taka in Millions		Variance		Taka in Millions		Composition	
	2017	2016	2017/2016	2016/2015	2017	2016	2017	2016
Agriculture & Fishing	5,234	5,982	-12%	59%	5,234	5,982	3%	5%
Cotton & Textile	13,742	9,620	43%	19%	13,742	9,620	9%	8%
Garments	19,129	14,473	32%	28%	19,129	14,473	12%	12%
Cement	1,293	1,289	0%	-37%	1,293	1,289	1%	1%
Pharmaceuticals & Chemicals	2,170	2,345	-7%	-1%	2,170	2,345	1%	2%
Real Estate	8,075	8,326	-3%	-12%	8,075	8,326	5%	7%
Transport	2,581	2,640	-2%	19%	2,581	2,640	2%	2%
Information Technology	400	341	17%	144%	400	341	0%	0%
Non Banking Financial Institutions	2,404	2,554	-6%	25%	2,404	2,554	2%	2%
Steel & Engineering	9,085	5,783	57%	40%	9,085	5,783	6%	5%
Food Processing & Beverage	11,230	9,320	20%	13%	11,230	9,320	7%	8%
Power & Energy	4,350	3,029	44%	9%	4,350	3,029	3%	2%
Paper & Paper Products	1,928	1,532	26%	1%	1,928	1,532	1%	1%
Plastic & Plastic Product	3,690	2,935	26%	70%	3,690	2,935	2%	2%
Electronics	4,023	2,797	44%	84%	4,023	2,797	3%	2%
Services Industries	5,415	3,425	58%	33%	5,415	3,425	3%	3%
Trading	26,669	20,317	31%	17%	26,669	20,317	17%	17%
Import Financing	7,061	3,812	85%	8%	7,061	3,812	4%	3%
Consumer Financing	421	182	131%	102%	421	182	0%	0%
Share business	1,042	1,449	-28%	-45%	1,042	1,449	1%	1%
Staff Investment	1,460	1,295	13%	54%	1,460	1,295	1%	1%
Others	27,267	19,552	39%	133%	27,267	19,552	17%	16%
Total	158,668	122,998	29%	27%	158,668	122,998	100%	100%



Foreign Exchange Business

Total Foreign Exchange Business handled during the year 2017 was Tk. 230,257 million as against Tk. 188,549 million of 2016 registering an increase of Tk. 41,708 million, i.e. 22.12% growth. The particulars of Foreign Exchange Business are given below:-

Particulars	Amount in Million Taka		Growth		Composition	
	2017	2016	2017	2016	2017	2016
Import	129,244	100,419	28.70%	16.82%	56.13%	53.26%
Export	97,437	84,769	14.94%	2.66%	42.32%	44.96%
Foreign Remittance	3,576	3,361	6.40%	-5.16%	1.55%	1.78%
Total	230,257	188,549	22.12%	9.57%	100.00%	100.00%



Operating Result

Income:

Investment Income:

Total Investment Income of the Bank stood at Tk. 12,860.04 million as on 31st December 2017 as against Tk. 11,154.36 million compare to that of the previous year. The amount of Investment Income represents 84.11% of the total income of the year 2017 as against 86.04% of the total income of the year 2016.

Non-Investment Income:

Total Non-Investment Income of the Bank as at 31st December 2017 stood at Tk. 2,428.73 million as against Tk. 1,810.31 million of the preceding year, which was 15.89% and 13.96% of the total income of the respective years.

Expenditure:

Profit Paid on Deposits:

Bank distributed Profit of Tk. 8,418.98 million among the Mudaraba Depositors in the year 2017 against Tk. 6,986.50 million in the year 2016 which being 65.47% of the Investment income earned from deployment of Mudaraba Fund and 70.39% of the total expenditure of 2017 as against 69.97% of the total expenditure of 2016.

Operating Expenses:

Total operating expenses for the year 2017 was Tk. 3,541.88 million whereas it was Tk. 2,998.96 million for the year 2016. Total operating expenses was 29.61% of the total expenditure for the year 2017 as against 30.03% of 2016.

Operating Profit:

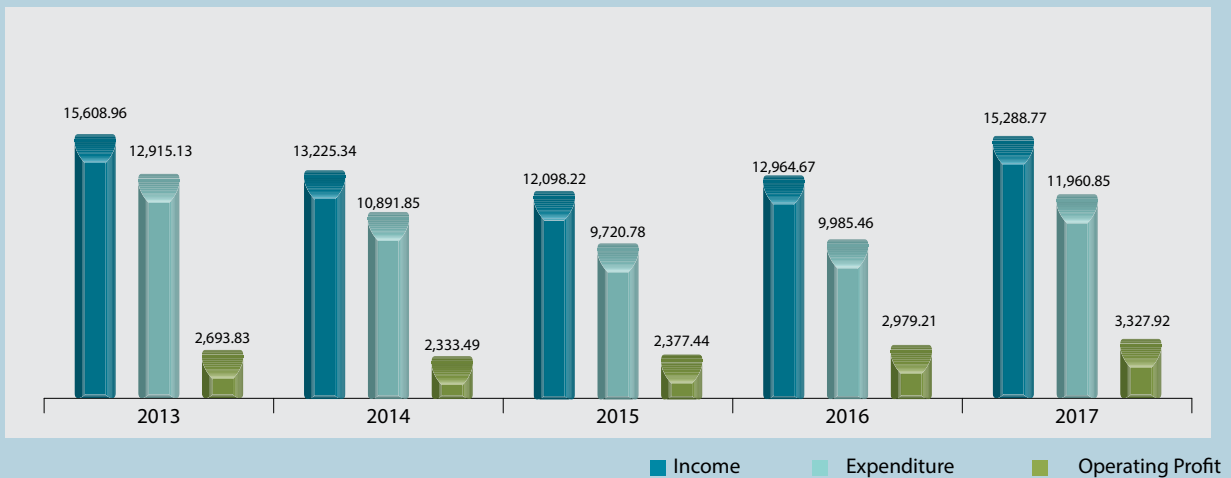
During the year 2017, the Bank earned an amount of Tk. 15,288.77 million and spent an amount of Tk. 11,960.85 million, resulting a total Operating Profit of Tk. 3,327.92 million which increased by Tk. 348.71 million over that of last year. From the operating profit, Tk. 934.50 million was kept as provision for investment, Tk. 259.00 million provisions was kept for Off-Balance Sheets, Tk. 37.40 million provision was kept for deminution in value of invest in shares, Tk. 18.50 million provision was kept for other assets and then profit before tax stood total Tk. 2,078.52 million and deducting income taxes of Tk. 882.62 million, net profit after taxation stood at Tk. 1,195.89 million. As appropriation of net profit Tk. 415.70 million was transferred to statutory reserve as per Bank Company Act and remaining Tk. 780.19 million was transferred to retained earnings.

A summary of operating result of the bank as on December 2017 vis-a-vis the position of December 2016 is shown below:-

(Amount in Million Taka)

Particulars	2017	2016
Total Income	15,288.77	12,964.67
Less: Total Expenditure	11,960.85	9,985.46
Net Profit before Provision & Taxation	3,327.92	2,979.21
Less: Provision for Investment, Off Balance Sheets, Shares & others	1,249.40	673.13
Net profit before Taxation	2,078.52	2,306.08
Less: Provision for Taxation	882.62	748.71
Net Profit after Tax	1,195.89	1,557.37
Appropriation:		
Statutory Reserve	415.70	461.22
Retained Earnings	780.19	1,096.15

Operating Result (Million Taka)



Contribution to National Exchequer

The Bank has made provision of Tk. 840.09 million for corporate tax in 2017 against 757.46 million in 2016. The bank has also contributed to the economy by generating employment of 2,402 full time officials. In the year 2017, Bank has paid Tk. 2,049.40 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. 145,382.48 million from the surplus economic unit and deployed Tk. 158,668.16 million in 2017.

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

Dividend

The Board of Directors of the Bank has recommended 10% Stock dividend for each share for the year 2017. Over the last years, Board of Directors declared dividends out of profit to shareholders at good rates. The rates of dividend declared by Bank since 2013 are shown below:

Year	Dividend (%)
2017	10 (Stock)
2016	10 (Cash) & 5 (Stock)
2015	13 (Cash)
2014	10 (Cash)
2013	10 (Stock)

Preparation of Financial Statements

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

The financial statements of 2017 have been reviewed by the Audit Committee of the Board of Directors of the Bank and then referred to the Board of Directors for its consideration. The external auditor, M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants appointed by the shareholders, have certified the fairness of the financial statements for the year ended 31 December 2017.

Maintaining Proper Books of Account

Shahjalal Islamic Bank Limited maintained proper books of account for its financial transactions occurred during 2017. The books of account have also been reviewed by the external auditor, M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants with an opinion that proper books of account as required by the law have been properly maintained.

Appropriate Accounting Policies

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

Internal Control and Compliance

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

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

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

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

1. Audit and Inspection
2. Compliance
3. Monitoring

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

Statement of Directors' Responsibility to Establish Appropriate System of Internal Control

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

Going Concern

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

Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has made a rating on Shahjalal Islami Bank Limited. In their report on 24 May 2018, they rated the Bank as AA2 for long term and ST-2 for short term. CRAB performed the rating surveillance based on audited financial statement up to 31st December 2017 and other relevant information. The long-term rating is valid for only one year and short-term rating is for six months.

Auditor's Report

The Board of Directors reviewed the Auditors Report issued by the Bank's auditor M/s Hoda Vasi Chowdhury & Co, Chartered Accountants based on their audit of financial statements for the year ended 31 December 2017. The auditor didn't mention about any material misstatement or significant disagreement regarding review of the Bank's financial statements. The Board also reviews the auditors' suggestion which auditor provides through a separate management report and gives the strategic guidelines to the management for improvement.

Appointment of Auditors

As per Dhaka Stock Exchange (Listing) Regulation, 2015, Notification dated 30 June 2015, an auditor of a listed company cannot be appointed for more than three consecutive years. M/s Hoda Vasi Chowdhury & Co, Chartered Accountants was the auditor of the Bank for the year 2017. As 2017 was the second year of audit and the firm is eligible for reappointment and they have also expressed their willingness to be reappointment for the year 2018.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to fix the appointment of the auditor and its remuneration. Hence, the board recommends appointing M/s Hoda Vasi Chowdhury & Co, Chartered Accountants as the auditor of the bank for the year 2018 subject to the approval of the shareholders in the upcoming Annual General Meeting.

Future Outlook of the Bank

Going towards 2018, there are considerable challenges surrounding Bangladesh.

Considering the overall macroeconomic and geo-political outlook, significant pressure is expected on banking sector margins in the wake of low benchmark rates and limited financing opportunities. Accordingly, our Bank intends to focus on building and maintaining quality investment portfolio and to enhance its focus on customer service quality and major cost rationalization initiatives through continuous improvement in automation and product innovations.

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

From the Bank's perspective the focus will be provision of value added services via operational expansion and technological improvements. Effectiveness of the Bank's risk management systems, capitalisation on low cost liability franchise, disciplined expense growth, expansion of our capital base and strengthened compliance culture are primary



factors in depicting continued strong financial soundness. Effective leadership with a clear vision is the key element of long term sustainability leading to highest levels of employee satisfaction and our aim is to build cohesive teams and strong ethical standards. We will strive to enhance our domestic as well as global image to take the Bank from strong to stronger.

Vote of Thanks

The Board of Directors expresses its profound gratitude to Almighty Allah (SWT) for enabling the Bank to achieve growth in operation during the year 2017. 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 reposed on the Bank.

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

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

Ameen.

On behalf of the Board of Directors

Akkas Uddin Mollah
Chairman



Corporate Governance Report

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

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

Corporate Governance Practices

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

Board of Directors, Chairman and Managing Director

Board Size

The Board consists of eighteen Non-executive members including two Independent Directors excluding the ex-officio Managing Director. The number of Board members is within the limit set by the Banking Companies Act 1991 (amended up to 2013) and BSEC notification on Corporate Governance.

Appointment of Directors

Directors are appointed following relevant provision/clause of the Companies Act 1994, the Banking Companies Act 1991 (amended up to 2013), Corporate Governance Guidelines of BSEC and Guidelines of Bangladesh Bank as well as Articles of Association of the Bank. The Board of Directors is consisted of noted entrepreneurs and business professionals having experience and acumen in diverse range of businesses and operations.

Rotation of Directors

As per provisions of section 91 of the Companies Act 1994 and section 79-87 of schedule 1 of the Act and clause 20.12 & 20.13 of Articles of Association of the Bank, in the Annual General Meeting in every subsequent year one third of the Directors or if their number is not multiple of three then the number nearest to shall retire from office and shall be eligible for re-election. Accordingly, the respective Directors of Shahjalal Islami Bank Ltd. will retire and eligible for reappointment in the 17th Annual General Meeting.

Non-Executive Director

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



Independent Directors

In compliance with the Corporate Governance Guidelines issued by BSEC, the Banking Companies Act 1991 (amended up to 2013) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 2 (two) independent directors in its Board. The independent directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities.

Board meetings and attendance

The Board of Directors holds meetings on a regular basis, usually once in a month but emergency meetings are called when required. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the Board of Directors meeting for consideration. In the meeting, the Chairman of the Board of Directors allocates sufficient time for the Directors to consider each item of the agenda and allow them to discuss, inquire and express opinions freely on the items of interest so that they can fulfill their duties to the best of their abilities. During the year 2017, total 16 numbers of Board Meetings were held; the status along with the attendance is separately discussed in the report.

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

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

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

Directors' Shareholding Status

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

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

No shares held by MD, CS, CFO, Head of ICC and top 5 Salaried Executives as on 31 December 2017.

Separation of Roles of Chairman and Chief Executive Officer

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1.4 of BSEC Guidelines on Corporate Governance dated 07 August 2012, the functional responsibilities of the Chairman of the Board and the Managing Director are kept separate and independent of each other.

Roles and Responsibilities of the Board of Directors

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

Responsibilities of the Chairman of the Board

The responsibilities of the Chairman as defined in the BRPD Circular No. 11 dated 27 October 2013 issued by Bangladesh Bank and Corporate Governance Notification issued by BSEC on 07 August 2012 is fully complied with. The Chairman of the Board of Directors does not personally possess the jurisdiction to apply policy making or executive authority. He does not participate in or interfere into the administrative or operational and routine affairs of the Bank.

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

Roles and Responsibilities of the Managing Director

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

Independence of Non-Executive Directors

All the Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board meetings regularly and participate in the deliberation and discussions effectively. They actively involve in the matter of formulation of general strategies of the Bank. But they do not participate in or interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Annual Appraisal of the Board's Performance

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

Annual Evaluation of the MD by the Board

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

Directors' Report on Compliance with Best Practices on Corporate Governance

The status of compliance of corporate governance guidelines issued by Bangladesh Bank has been presented in page no. 131-144 and the guidelines issued by BSEC have been presented in page no. 120-126. M/s. Mak & Co, Chartered Accountants, duly certified the compliance status of Corporate Governance Guidelines and issued a report which is presented in page no. 127.

Accountability, Audit and Financial Reporting

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

Board Committees

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

Board's Executive Committee (EC)

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

During the year 2017 total 43 no. of Executive Committee meetings were held. The status of the member along with the attendance is separately discussed in the report.

Audit Committee of the Board

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

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

During the year 2017, total 12 numbers of meeting of the Audit Committee of SJIBL were held. The Report of the Board Audit Committee is disclosed separately in the Annual Report.

Risk Management Committee (RMC) of the Board

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

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

Detailed role and responsibilities of the Committee is available in the "Report of the Risk Management Committee". During the year 2017, total 7 meetings of the Risk Management Committee were held.

Shariah Supervisory Committee of the Bank

As per section 30 of the Articles of Association of the Bank, Shariah Supervisory Committee of the Bank has been constituted. The Shariah Supervisory Committee of the Bank consists of prominent Ulema, Bankers, Lawyers and Economists to advise and guide on the implementation of Islamic Shariah in business activities. The Committee enjoys a special status in the structure of the Bank and playing a vital role to make the bank as Shariah compliant. In the year 2017, total 4 meetings of the Shariah Supervisory Committee of the Bank were held, while 1 meeting of the Sub-Committee were held in the same period.

Benefits provided to Directors and Managing Director

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

No Remuneration Committee

As the Bank is restricted (by Central Bank) to have more than three sub-committees of the Board, the Board oversees the remuneration process of the employees by reviewing/approving various policies like HR policies, recruitment and promotion policies etc.

Establishment and Review of Internal Control System

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

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

External Audits

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

Services not provided by External Auditors

Complying with provision 4 of BSEC guidelines, M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2017:

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

Audit by the Central Bank

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

Risk Management

The Risk Management Division (RMD) of SJIBL is responsible for management, integration and monitoring of all risks within the risk appetite set by the Risk Management Committee (RMC). The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. The roles and responsibilities of RMC and major areas focused by RMC in 2017 have been presented in the annual report.

Ethics and Compliance

Code of Ethics for company employees

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

Human Capital

Human Resources Development

The bank always laid emphasis on human resource development. The Bank believes in the factor that helps the bank's survive is closely interlinked with the quality of service and satisfaction of the requirements of the client and that directly depends on the qualification and efficiency of the employees.

As our human resources give the organization a significant competitive edge, we continue our policy of recruiting the best professionals and implement programs to develop and retain high quality employees.

Distribution of Manpower

In the process of recruiting, inducting and retaining new talents, we are continuing our efforts to offer everyone a proper training that will help them become true professionals, whose skills will be essential for the betterment of their careers.

Manpower	2017 (Number)	2016 (Number)
Officers	1,934	1,724
Sub-staffs	468	467
Total	2,402	2,191

Level of Manpower	2017 (Number)	2016 (Number)
Top Level Management	46	35
Mid Level Management	319	321
Junior Level Management	1,569	1,368
Supporting Staff	468	467
Total	2,402	2,191

Newly recruited manpower

Shahjalal Islami Bank Limited is a preferred place for work of its existing and aspirant professionals in the industry. In the year 2017, the bank recruited a total of 259 new employees in different positions.

Gender Positioning

Shahjalal Islami Bank Limited provides equal opportunities for employment, learning & development and career advancement for both genders. Out of the total number of 2,402 employees, 380 employees are female and rest 2,022 employees are male.

HR Strategy

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

Work Environment & Culture

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

Shahjalal Islami Bank Continues to maintain a very satisfactory position in terms of people productivity.

Particulars	2017	2016
Total Employees	2,402	2,191
Net income per employee (Tk. in million)	0.50	0.71
Operating revenue per employee (Tk. in million)	1.39	1.36
Assets per employee (Tk. in million)	86.55	76.33

Training and Development

Significant number of trainings have been provided to employees on various topics like Trade, Investment, Risk Management, Basel III, ALCO, Anti Money Laundering and many more both at home and abroad which is aligned with the philosophy of enabling officers in continuous development with their utmost potential.

With a view to produce skilled workforce, Shahjalal Islami Bank Limited has established a full-fledged Training Academy. Before that we had a Training Centre since inception of the Bank.

Summary of training, workshops and seminars where the employees of the Bank have attended in the year 2017 is given below:

Sl. No.	Course Type	Trainer	No. of Courses	No. of Participants
1	SJIBL (in house) Training Program	SJIBTA & Head Office	102	4,724
2	External Training Programs (Local)	Bangladesh Bank & BBTA	20	31
3	External Training Programs (Local)	BIBM	45	66
4	External Training Programs (Local)	INTIMATE, BAB, Financial Excellence Limited, ICC Bangladesh, CSBIB, IICT and BIBM, IBCF, BAFEDA, BIM, ICSB, IRTI, IBBL and Center for Zakat Management, TMSS ICT Ltd., SCB, NRB Ltd., Bank Asia Ltd., IBBL, Dhaka Bank Ltd., Janata Bank Ltd., Business Development South Asia.	47	89

Sl. No.	Course Type	Trainer	No. of Courses	No. of Participants
5	External Training Programs (Foreign)	Kuwait Finance House (Bahrain), SCB London (UK), EBL (Malaysia), Jointly BIBM & ICLIF (Kuala Lumpur, Malaysia), Dhaka Stock Exchange Ltd. [NIBM, Pune (India)], Habib American Bank [New York (USA)], Malaysia, NIBM [Pune (India)], COMMERZBANK AG [Frankfurt, (Germany)], Dun & Bradstreet Knowledge Forum [Jakarta (Indonesia)], London School of Economics and Political Science (London), Singapore, ICCB [Bangkok (Thailand)].	13	16
Total			227	4,926

Communication to Shareholders and Other Stakeholders

Policy on Communication with Shareholders and Other Stakeholders

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

Policy on Ensuring Participation of Shareholders at AGM

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

Redressal of Shareholders Complaints

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

Management Review & Responsibility

Management Committees

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

Compliance Status on BSEC Notification

on Corporate Governance

The Bangladesh Securities and Exchange Commission (BSEC) issued a Corporate Governance (CG) Guideline in 2012 which is being followed by banks on 'Comply' basis. Status of compliance by Shahjalal Islami Bank Limited with the said CG guidelines issued by BSEC through Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.0	Board of Directors			
1.1	Board's size shall not be less than 5 and more than 20	✓		-
1.2	Independent Director			
1.2 (i)	At least one fifth (1/5) of the total number of directors in the Company's Board of Director shall be independent director.	✓		The Board of Directors consists of 18 (Eighteen) members including 2 (Two) Independent Directors which is in compliance with Section-15(9) of the Banking Companies Act, 1991 (Amended upto 2013)
1.2 (ii)	Independent director means a director-			
1.2 (ii) (a)	Holds no share or less than one percent (1%) shares of total paid up capital.	✓		-
1.2 (ii) (b)	Neither a sponsor nor concerned with any sponsor or director or shareholder who holds 1% or more shares of the company on the basis of family relationship.	✓		-
1.2 (ii) (c)	Not a stakeholder of the company or its subsidiary/ associated companies.	✓		-
1.2 (ii) (d)	Not a member, director or officer of any stock exchange.	✓		-
1.2 (ii) (e)	Not a shareholder, director or officer of any member of Stock Exchange or an Intermediary of the capital market.	✓		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.2 (ii) (f)	Not a partner or executive during preceding 3 (three) years of concerned company's statutory audit firm.	✓		-
1.2 (ii) (g)	Not a independent director in more than 3 (three) listed companies.	✓		-
1.2 (ii) (h)	Not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a non-bank financial institution (NBFIs).	✓		-
1.2 (ii) (i)	Not convicted for a criminal offence involving moral turpitude.	✓		-
1.2 (iii)	Independent director(s) shall be appointed by the Board of Directors and approved by the Shareholders in the AGM.	✓		-
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 days.	✓		-
1.2 (v)	Laying down the Code of Conduct of all Board Members and record of Annual Compliance of the Code of Conduct.	✓		-
1.2 (vi)	The tenure of office of an Independent Directors shall be for a period of 3 (three) years which may be extended for 1 (one) term only.	✓		-
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Independent director shall be knowledgeable individual with integrity who is able to ensure required compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		-
1.3 (ii)	The independent director must have at least 12 (twelve) years of corporate management/ professional experiences along with other requisites.	✓		-
1.3 (iii)	In special cases above qualification may be relaxed by the Commission.	N/A		-
1.4	The Chairman of the Board and The Chief Executive Officer			
		✓		-
1.5	Directors Report to Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		-
1.5 (ii)	Segment-wise or product-wise performance.	✓		-
1.5 (iii)	Risks and concerns	✓		-
1.5 (iv)	Discussion on cost of goods sold, gross profit margin and net profit margin.	✓		Cost of Fund, Operating & Net Profit and related ratios are provided.

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		SJIBL does not have such gain or loss
1.5 (vi)	Basis for related party transaction, a statement of all related party transactions should be disclosed in the annual report.	✓		-
1.5 (vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments.	N/A		-
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.	N/A		-
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			N/A
1.5 (x)	Remuneration to directors including independent directors.	✓		-
1.5 (xi)	The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operation, cash flows and changes in equity.	✓		-
1.5 (xii)	Proper books of account of the company have been maintained.	✓		-
1.5 (xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		-
1.5 (xvi)	There are no significant doubts upon the company's ability to continue as a going concern.	✓		-
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained.			N/A

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		-
1.5 (xix)	If the company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		-
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		-
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		-
1.5 (xxi) 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 (xxi) c)	Executives (top five salaried employees of the company other than stated in 1.5(xxii)b);	√		-
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		-
1.5 (xxii)	In case of appointment/re-appointment of a Director the Company shall disclose the following information to the Shareholders:			
1.5 (xxii) a)	a brief resume of the Director;	√		-
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas.	√		-
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		-
2.0	Chief Financial Officer, Head of Internal Audit & Company Secretary			
2.1	Appointment of CFO, Head of Internal Audit and Company Secretary and their clearly defined roles, responsibilities and duties.	√		-
2.2	Attendance of CFO and the Company Secretary at Board of Directors meeting	√		-
3.0	Audit Committee			
3 (i)	Audit Committee as a sub-committee of the Board of Directors.	√		-
3 (ii)	The Audit Committee shall assist the Board of Directors 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.	√		-
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 members.	✓		-
3.1 (ii)	Constitution of Audit Committee from Board Members including at least one Independent Director.	✓		-
3.1 (iii)	All members of the Audit Committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience.	✓		-
3.1 (iv)	Filling of Casual Vacancy in Committee	N/A		-
3.1 (v)	The Company Secretary shall act as the secretary of the Committee.	✓		-
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 independent director.	✓		-
3.2	Chairman of the Audit Committee			
3.2 (i)	Chairman of the Audit Committee shall be an Independent Director.	✓		-
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		-
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process.	✓		-
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		-
3.3 (iii)	Monitor Internal Control Risk management process.	✓		-
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		-
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		-
3.3 (vi)	Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval.	✓		-
3.3 (vii)	Review the adequacy of internal audit function.	✓		-
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	✓		-
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		-
3.3 (x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results.	N/A		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Direct			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	√		-
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1 (ii) (a)	Report on conflicts of Interests.	Null		-
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	Null		-
3.4.1 (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations;	Null		-
3.4.1 (ii) (d)	Any other matter which shall be disclosed to the Board of Directors immediately.	Null		-
3.4.2	Reporting of anything having material financial impact to the Commission.	Null		-
3.5	Reporting to the Shareholders and General Investors.	√		-
4.0	External/Statutory Auditors should not be engaged in			
4 (i)	Appraisal or valuation services or fairness opinions.	√		-
4 (ii)	Financial information systems design and implementation.	√		-
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		-
4 (iv)	Broker-dealer services.	√		-
4 (v)	Actuarial services.	√		-
4 (vi)	Internal audit services.	√		-
4 (vii)	Any other service that the Audit Committee determines.	√		-
4 (viii)	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.	√		-
5.0	Subsidiary Company			
5 (i)	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.	√		-
5 (ii)	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.	√		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	✓		-
5 (iv)	The Minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the Subsidiary Company also.	✓		-
5 (v)	The Audit Committee of the holding company shall also review the Financial Statements, in particular the investments made by the Subsidiary Company.	✓		-
6.0	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
6 (i)	They have reviewed financial Statements for the year and that to the best of their knowledge and belief:	✓		-
6 (i) a)	These financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		-
6 (i) b)	These financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		-
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		-
7.0	Reporting and Compliance of Corporate Governance			
7 (i)	The company shall obtain a Certificate from a Professional Accountant/Secretary (CA/CMA/CS) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		-
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		-

**CERTIFICATE ON COMPLIANCE OF CONDITIONS
OF CORPORATE GOVERNANCE GUIDELINES
FOR THE YEAR ENDED ON 31 DECEMBER 2017
TO THE SHAREHOLDERS OF
SHAHJALAL ISLAMI BANK LIMITED**

We have examined the compliances of Corporate Governance Guidelines by Shahjalal Islami Bank Limited (the “Company”) for the year ended on 31 December, 2017 as required under clause 7(i) of the Bangladesh Securities & Exchange Commission (BSEC) notification SEC/CMRRCD/2006-158/134/ADMIN/44 dated on 7th August 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013.

The Company’s Responsibilities

Those charged with government and management of the company are responsible for complying with the conditions of corporate governance guidelines. Those charged with the governance of the company are also responsible for stating in the director’s report whether the company has complied with the conditions of corporate governance guidelines.

Our Responsibilities

The compliance of conditions in the aforesaid notification and reporting the status of compliance is the responsibility of the Management of the Company. Our responsibility is to certify whether the company is in compliance with the said conditions of corporate governance based on our examination. For the purpose of issuing this certificate our examination was limited to the procedures as adopted by the Management of the Company for ensuring compliance to the conditions of Corporate Governance Guidelines and implementation status thereof.

Opinion

To the best of our information and according to the explanations given to us, we certify that, the company has complied with conditions of corporate governance guidelines as stipulated in the above mentioned notification issued by BSEC.

Dhaka, 06 May 2018


Mak & Co.

Chartered Accountants

Compliance Report on BSEC Notification

The authorized Capital of Shahjalal Islami Bank Limited is Tk. 10,000,000,000 divided into 1,000,000,000 ordinary shares of Tk. 10 each. The paid-up Capital of the Bank is Tk. 7,714,225,390 divided into 771,422,539 ordinary shares. As per Section 1.4(k) of BSEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated February 20, 2006 the pattern of shareholding is given below:

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

a) Shares held by the Directors and their Spouses:

Annexure-I

SL	Name of Directors	Position	No of Shares	% of Share
1	Akkas Uddin Mollah	Chairman	15,429,286	2.00%
2	Anwer Khan Modern Hospital Ltd. (rep. by Mohammed Golam Quddus)	Vice-Chairman	15,468,182	2.01%
3	Khandaker Sakib Ahmed	Vice-Chairman	15,429,126	2.00%
4	Anwer Hossain Khan	Director	23,060,446	2.99%
5	Electra International Ltd (rep. by Md. Sanaullah Shahid)	Director	19,741,486	2.56%
6	Shams Uddin Khan (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Director	15,428,504	2.00%
7	Md. Abdul Berek	Director	15,428,570	2.00%
8	Abdul Halim	Director	18,765,748	2.43%
9	Mohiuddin Ahmed	Director	15,436,575	2.00%
10	Engr. Md. Towhidur Rahman	Director	17,334,350	2.25%
11	A.K.Azad	Director	29,409,812	3.81%
12	Mohammed Younus	Director	19,071,782	2.47%
13	Fakir Akhtaruzzaman	Director	15,428,451	2.00%
14	Daffodils Trading International (rep. by Khorshed Alam Khan)	Director	15,807,000	2.05%
15	Fresh Export Import Ltd. (rep. by Md. Moshir Raman Chamak)	Director	15,575,241	2.02%
16	Shahan Ara Begum	Director	15,466,557	2.00%
17	Mosharraf Hossain Chowdhury	Independent Director	Nil	-
18	Farida Parvin Nuru	Independent Director	Nil	-
19	Farman R. Chowdhury	Managing Director	Nil	-

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

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

d) Shareholders holding ten percent (10%) or more voting interest in the company as at 31 December 2017 : Nil

Number of Board Meeting held in 2017 and the attendance of Directors:

From 01-01-2017 to 03-07-2017

Annexure-II

SL	Name of Directors	Position	Meeting Held	Attended	Remarks
1	Engr. Md. Towhidur Rahman	Chairman	7	7	
2	Mohiuddin Ahmed	Vice-Chairman		7	
3	Harun Miah (Rep. of Shams Uddin Khan & Harun Miah Ltd.)	Vice-Chairman		4	
4	Anwer Hossain Khan	Director		4	
5	Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Director		7	
6	Md. Abdul Barek	Director		5	
7	Abdul Halim	Director		6	
8	Akkas Uddin Mollah	Director		7	
9	Khandaker Sakib Ahmed	Director		7	
10	A.K. Azad	Director		3	
11	Mohammed Younus	Director		4	
12	Fakir Akhtaruzzaman	Director		7	
13	Mohammed Golam Quddus (Rep. Anwer Khan Modern Hospital Ltd.)	Director		7	
14	Mosharruf Hossain Chowdhury	Independent Director		6	
15	Farida Parvin Nuru	Independent Director		2	
16	Farman R. Chowdhury	Managing Director		7	

From 04-07-2017 to 31-12-2017

SL	Name of Directors	Position	Meeting Held	Attended	Remarks
1	Engr. Md. Towhidur Rahman	Chairman	9	9	
2	Khandaker Sakib Ahmed	Vice-Chairman		8	
3	Mohammed Golam Quddus (Rep. Anwer Khan Modern Hospital Ltd.)	Vice-Chairman		9	
4	Anwer Hossain Khan	Director		9	
5	Akkas Uddin Mollah	Director		6	
6	Khandaker Sakib Ahmed	Director		8	
7	A.K. Azad	Director		3	
8	Mohammed Younus	Director		8	
9	Fakir Akhtaruzzaman	Director		8	
10	Mosharruf Hossain Chowdhury	Independent Director		9	
11	Farida Parvin Nuru	Independent Director		1	
12	Farman R. Chowdhury	Managing Director		9	

Number of Executive Committee Meeting held in 2017 was 43 and the attendance of Directors:

From 01-01-2017 to 03-07-2017

SL	Name of Directors	Position	Meeting Held	Attended
1	Md. Sanaullah Shahid	Chairman	23	22
2	Fakir Akhtaruzzaman	Vice Chairman		15
3	A.K.Azad	Member		3
4	Akkas Uddin Mollah	Member		20
5	Anwer Hossain Khan	Member		11
6	Mohammed Younus	Member		10
7	Khandaker Sakib Ahmed	Member		22

From 04-07-2017 to 31-12-2017

SL	Name of Directors	Position	Meeting Held	Attended
1	Akkas Uddin Mollah	Chairman	20	16
2	Fakir Akhtaruzzaman	Vice Chairman		10
3	Anwer Hossain Khan	Member		15
4	A.K.Azad	Member		4
5	Khandaker Sakib Ahmed	Member		17
6	Mohammed Younus	Member		17
7	Engr. Md. Towhidur Rahman	Member		18

Compliance Status of Bangladesh Bank Guidelines on Corporate Governance

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

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

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

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

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

Sl. No.	Particulars	Compliance Status
(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:	No such Director in SJIBL
(a)	Bank has to collect and properly maintain the documentary evidences relating to departure and arrival of the original director. If there is any exception, the chief executive officer should immediately inform it to Bangladesh Bank.	N/A
(b)	The copy of the decision of the board regarding appointment of alternate director, with original director's probable returning date from abroad should be sent to Bangladesh Bank within 7 days of taking the decision and the director's arrival date must be intimated to Bangladesh Bank immediately after his return.	N/A
(c)	Any loan defaulter or any person who is not eligible to become a director as per any rules & regulation will not be appointed as an alternate director.	N/A
(d)	As appointment of alternate director is a temporary measure; therefore, he/she will not be included in any kind of committee constituted by the board.	N/A
(e)	While in the office, an alternate director or his/her affiliated organization will not get any kind of loan facilities from his bank. In case of previous loan, enhancement of limit or extension of time period or any kind of exemption or interest waiver will not be allowed. Moreover, all restrictions applicable to directors according to rules & regulations will also be applicable to the alternate director.	N/A
2	Depositor Director: As per appointment of director from depositors is no longer required. But, after complying regulation under sec 15(9) of the Bank Company Act, 1991 (amended upto 2013) bank can consider the tenure of existing depositor director or may appoint them as independent director.	Complied, No Depositor Director in SJIBL
3	Information regarding Directors: Banks are advised to take the following steps regarding directors information:	
(a)	Every bank should keep an updated list of bank directors.	Complied
(b)	Banks should send a directors' list to other banks or financial institutions immediately after the appointment or release of director.	Complied
(c)	Banks should display a list of directors on the website and update it on a regular basis.	Complied

Sl. No.	Particulars	Compliance Status
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

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

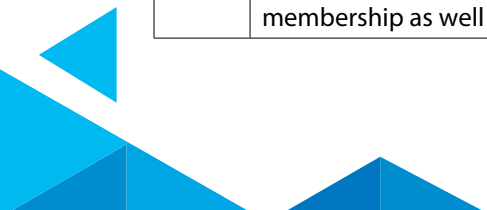
Sl. No.	Particulars	Compliance Status
4.2	Meetings of the Board of Directors: Board of Directors may meet once or more than once in a month upon necessity and shall meet at least once in every three months. Excessive meetings are discouraged.	Complied. Usually SJIBL holds one Board Meetings in a month.
4.3	Responsibilities of the Chairman of the Board:	
(a)	As the chairman of the board of directors or chairman of any committee formed by the board or any director does not personally possess the jurisdiction to apply policy making or executive authority, he/she shall not participate in or interfere into the administrative or operational and routine affairs of the bank.	Complied
(b)	The chairman may conduct on-site inspection of any bank-branch or financing activities under the purview of the oversight responsibilities of the board. He may call for any information relating to bank's operation or ask for investigation into any such affairs; he may submit such information or investigation report to the meeting of the board or the executive committee and if deemed necessary, with the approval of the board, he shall effect necessary action thereon in accordance with the set rules through the CEO. However, any complaint against the CEO shall have to be apprised to Bangladesh Bank through the board along with the statement of the CEO.	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.	

Sl. No.	Particulars	Compliance Status
(c)	Roles and Responsibilities of the Executive Committee:	
i.	The executive committee can decide or can act in those cases as instructed by the Board of directors that are not specifically assigned on full board through the Bank Company Act, 1991 and other laws and regulations.	Complied
ii.	The executive committee can take all necessary decision or can approve cases within power delegated by the board of directors.	
iii.	All decisions taken in the executive committee should be ratified in the next board meeting.	
(d)	Meetings	
i.	The executive committee can sit any time as it may deem fit.	Complied
ii.	The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	
iii.	To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	
iv.	All decisions/observations of the committee should be noted in minutes.	
5.2	Audit Committee: The board will approve the objectives, strategies and overall business plans of the bank and the audit committee will assist the board in fulfilling its oversight responsibilities. The committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the bank's process for monitoring compliance with laws and regulations and its own code of business conduct.	Complied
(a)	Organizational structure:	
i.	Members of the committee will be nominated by the board of directors from the directors;	Complied
ii.	The audit committee will comprise of maximum 05 (five) members, with minimum 2(two) independent director;	
iii.	Audit committee will comprise with directors who are not executive committee members;	
iv.	Members may be appointed for a 03 (three) year term of office;	
v.	Company secretary of the bank will be the secretary of the audit committee.	
(b)	Qualifications of the Member:	
i.	Integrity, dedication, and opportunity to spare time in the functions of committee will have to be considered while nominating a director to the committee ;	Complied
ii.	Each member should be capable of making valuable and effective contributions in the functioning of the committee;	
iii.	To perform his or her role effectively each committee member should have adequate understanding of the detailed responsibilities of the committee membership as well as the bank's business, operations and its risks.	
iv.	Professionally Experienced persons in banking/financial institutions specially having educational qualification in Finance, Banking, Management, Economics, Accounting will get preference in forming the committee.	

Sl. No.	Particulars	Compliance Status
(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 Boardies) and internal regulations approved by the board are being complied with.	Complied



Sl. No.	Particulars	Compliance Status
(vi)	Other Responsibilities:	
1.	Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;	Complied
2.	External and internal auditors will submit their related assessment report, if the committee solicit;	
3.	Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	
(d)	Meetings:	
1.	The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	Complied
2.	The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	
3.	To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	
4.	All decisions/observations of the committee should be noted in minutes.	
5.3	Risk Management Committee: To play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the responsibilities efficiently, a risk management committee will be formed. After identifying and assessing several risk factors like credit risks, foreign exchange risks, internal control and compliance risks, money laundering risks, information and communication risks, management risks, interest risks, liquidity risks etc.; the risk management committee will scrutinize whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the risks identified.	Complied
(a)	Organizational Structure:	
1.	Members of the committee will be nominated by the board of directors from themselves;	Complied
2.	The Risk Management Committee will comprise of maximum 05 (five) members;	
3.	Members may be appointed for a 03 (three) year term of office;	
4.	Company secretary of the bank will be the secretary of the Risk Management Committee.	
(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.	



Sl. No.	Particulars	Compliance Status
(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 Board;	
3.	Internal & external auditor will submit respective evaluation report whenever required by the committee.	
d)	Meetings:	
1.	The risk management committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	Complied
2.	The committee may invite Chief Executive Officer, Chief Risk Officer and any other Officer to its meetings, if it deems necessary;	

Sl. No.	Particulars	Compliance Status
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:	Complied
a)	He has not been convicted by any Criminal Court of Law.	
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:	Complied
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.	
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:	Complied
a.	The concerned person was not involved in any illegal activity while performing duties in his own or banking profession.	
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.	

Sl. No.	Particulars	Compliance Status
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 less 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

Sl. No.	Particulars	Compliance Status
10	Prior Approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the Board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure Ka & Annexure Kha to Bangladesh Bank.	Complied
11	Decision of Bangladesh Bank is final: The decision of Bangladesh Bank regarding appointment of the CEO will be treated as final and such appointed CEO cannot be dismissed, released or removed from his/her office without prior approval from Bangladesh Bank.	Complied
B	Responsibilities and Authorities of the CEO: The CEO of the bank, whatever name called, shall discharge the responsibilities and exercise the authorities as follows:	
a.	In terms of the financial, business and administrative authorities vested upon him by the Board, the CEO shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management.	Complied
b.	The CEO shall ensure compliance of the Bank Company Act 1991 and other relevant laws and regulations in discharging of routine functions of the bank.	Complied
c.	The CEO shall include clearly any violation from Bank Company Act 1991 and/or other relevant laws and regulations in the "Memo" presented to the meeting of the Board or any other Committee (s) engaged by the Board.	Complied
d.	The CEO shall report to Bangladesh Bank of issues in violation of the Bank Company Act 1991 or of other laws/regulations.	Complied
e.	The recruitment and promotion of all staffs of the bank except those in the two tiers below him/her shall rest on the CEO. He/she shall act in such cases in accordance with the approved service rules on the basis of the human resources policy and approved delegation of employees as approved by the Board.	Complied
f.	The authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him/her, which he/she shall apply in accordance with the approved service rules. Besides, under the purview of the human resources policy as approved by the Board, he/she shall nominate officers for training etc.	Complied

3. Contractual appointment of Advisor and Consultant

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

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

Credit Rating Report

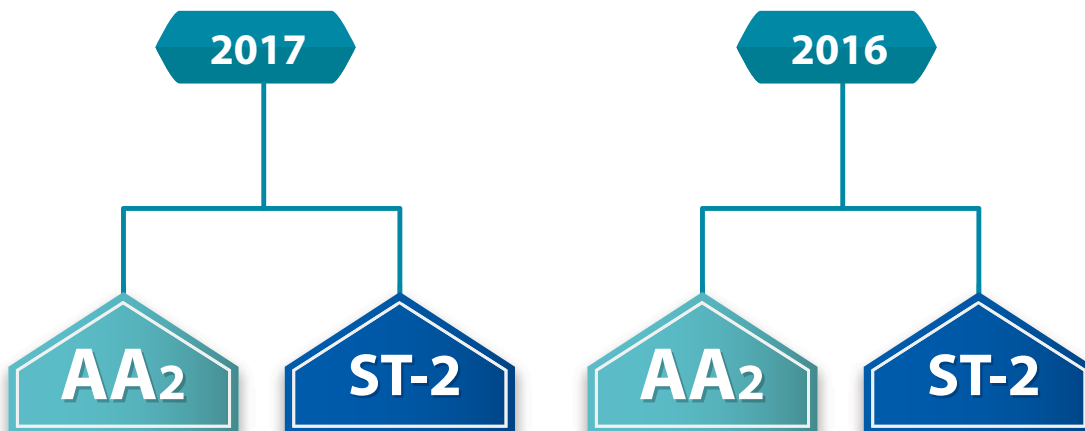
of

Shahjalal Islami Bank Limited

	Long Term	Short Term
Surveillance Rating-2017	AA2	ST-2
Outlook	Stable	
Date of Rating-2017	28 May, 2018	

Credit Rating Agency of Bangladesh Limited (CRAB) has affirmed the Long Term Rating of Shahjalal Islami Bank Limited at 'AA2' (pronounced Double A Two) and Short Term Rating at 'ST-2'. CRAB performed the rating surveillance based on audited financial statements up to 31 December 2017 and other relevant information.

Year-wise Credit Rating



Report of the Audit Committee

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

Constitution of Audit Committee

In compliance with BRPD Circular no.11 dated 27 October 2013 and Bangladesh Securities and Exchange Commission (BSEC) Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 on Corporate Governance, the Board of Directors of the Bank has reconstituted Board Audit Committee in its Meeting no. 262 held on 28-03-2018 consisting of the following five members:

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

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

Roles and responsibilities of the Audit Committee

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

Internal Control

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

Financial Reporting

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

Internal Audit

- Evaluate whether internal audit functions operate independently of the management.
- Review the internal audit function and organizational structure in order to ensure that unjustified restrictions or limitations do not create a hindrance to audit functions.
- Review and assess the annual internal audit plan.
- Review the efficiency and effectiveness of internal audit functions.
- Review whether the findings and recommendations made by the internal auditors for removing the irregularities are duly complied by the management in running the affairs of the bank.

External Audit

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

Compliance with Existing Laws, Rules and Regulations

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

Other Responsibilities

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

Meeting of the Committee

The Audit Committee of the Board of Directors conducted 12 (Twelve) meeting in 2017. Managing Director, Head of IC & CD, Head of Investment and Chief Financial Officer (CFO) were invited to attend the meeting as and when the committee deemed their presence necessary. The Committee had another meeting dated 25 April 2018 to deal with the Auditors' Report and Financial Statements of 2017, wherein external auditors of the Bank were also present.

Activities in 2017

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

- Review the internal audit plan for the year 2017 along with its implementation.
- Review of significant internal audit report of different branches and divisions/departments of head office and compliance thereof by management.
- Review the status of classified investment of the bank and monitor the status of top defaulters.
- Review the external auditors' report and their Management letter and compliance thereof by Management.
- Review of the quarterly & half-yearly financial statements for the year 2017 before submission to the Board for approval.
- Review of Anti Money Laundering Rating of all branches for the year 2017.
- Review of the Quarterly Self-Assessment of Anti-Fraud Internal Controls.
- Review of the Bangladesh Bank Comprehensive Inspection Report on Bank.

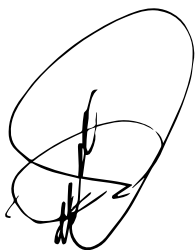
Review of Financial Statements of 2017

The Audit Committee reviewed and examined the Financial Statements for the year ended 31 December, 2017 prepared by management and audited by the external auditors, M/s Hoda Vasi Chowdhury & Co, Chartered Accountants, and recommended it to place the same before the Board for approval and the Board on its 263rd meeting held on 25 April 2018 approved the same.

Acknowledgement

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



Mosharraf Hossain Chowdhury

Chairman

Board Audit Committee

Report of the Board Risk Management Committee

Risk management activities of the Bank are being developed in the light of Bangladesh Bank regulations. In compliance with the sub-section (3) of Section of 15Kha of Bank Company (Amended) Act, 2013 and subsequent BRPD circular no. 11 dated October 27, 2013 issued by Bangladesh Bank, the Board of Directors of Shahjalal Islami Bank Limited (SJIBL) formed a committee named as "Board Risk Management Committee (BRMC)" to play an effective role in mitigating impending risks arising out from strategies and policies formulated by the Board and to carry out the assigned roles and responsibilities efficiently. The committee oversee whether appropriate risk management measures are being put in place and applied and whether adequate capital and provision is being maintained against the different risk factors such as Investment (credit) Risk, Foreign Exchange Risk, Internal Control and Compliance Risk, Money Laundering Risk, Information and Communication Risk, Profit Risk, Liquidity Risk etc. after being identified and assessed by the Bank Management properly and competently.

Terms of Reference

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

Composition and Status

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

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

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

Role of the Board Risk Management Committee (BRMC)

The BRMC plays a significant role in proper functioning of the Bank, some of which are as follows:

- Monitoring risk management policies & methods.
- Risk assessment and control strategy.
- Review of risk policy and its approval.
- The committee reviews, at least annually, different risk management policies and Guidelines of the Bank as per Bangladesh Bank Guidelines.
- Monitoring implementation of overall risk management policies to mitigate risk including Investment risk, Market risk and Management risk etc.

Meeting of the Board Risk Management Committee (BRMC)

Bangladesh Bank advised to hold at least 4 meetings in a year. The Board Risk Management Committee of SJIBL held 7 (Seven) meetings and 50 (fifty) memos were placed before the committee in the year 2017.

Activities of the Board Risk Management Committee in the year 2017

The major activities of the Board Risk Management Committee (BRMC) in the year 2017 were as follows:

- a) Reviewed the Bank's Risk Management Guidelines and recommended thereon.
- b) Reviewed all Core Risk Management Guidelines of the Bank.
- c) Reviewed the Internal Capital Adequacy Assessment Process (ICAAP) Manual/ Guidelines of the Bank.
- d) Reviewed the Internal Capital Adequacy Assessment Process (ICAAP) report of the Bank.
- e) Reviewed the Environment & Social Risk Management (ESRM) activities of the Bank.
- f) Reviewed the Capital to Risk Weighted Assets Ratio (CRAR) of the Bank from time to time against Minimum Capital Requirement (MCR).
- g) Reviewed the Risk Appetite Statement of the Bank.
- h) Reviewed the Delegation of Power (Business Discretionary Power) for the Bank.
- i) Evaluated the Stress Testing Result as per requirement of Pillar-2 of Basel-III periodically.
- j) Evaluated the Risk Based Capital Adequacy (Basel-III) Report as per Pillar-1 of Basel-III periodically.
- k) Evaluated the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Report (CRMR) of the Bank periodically.
- l) Evaluated the implementation status of the decisions taken in the management level Risk Management Committee (RMC) meetings time to time.
- m) Reviewed the Management Action Triggers (MAT) with Supplementary Documents of ICAAP under Pillar-2 of Basel-III.
- n) Reviewed the status of Bank's Recovery, Classification, Legal position and Written off accounts periodically.
- o) Reviewed the Bank's overall collateral securities and advised the management to obtain additional securities from the large borrowers on best effort basis to reduce additional capital charge of the Bank.
- p) Evaluated the concentration of Investment portfolio of Bank and advised the management to diversify investment portfolio as far as possible and practicable.
- q) Reviewed the Bank's overall rated investment clients and advised the management to improve the number of rated investment clients by pursuing the existing Corporate and SME investment clients to reduce the Risk Weighted Assets (RWA) as well as to reduce additional capital charge on the Bank.
- r) Reviewed the Bank's Top-10 Defaulter Clients and the status thereof.
- s) Reviewed the status of the large investments of the Bank and advised the management to closely monitor such investments for further improvement.
- t) Reviewed the CAMELS rating and Comprehensive Risk Management Ratings of the Bank and advised the management for further improvement.

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

Reporting to the Board

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

Acknowledgement

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



Mohammed Younus
Chairman
Board Risk Management Committee

CEO/CFO's Declaration to the Board

25 April, 2018

The Board of Directors

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

Sub: CEO/CFO's Declaration to the Board

The following is provided to the Board of Directors of Shahjalal Islami Bank Limited in our capacity as the persons responsible for performing the functions of Managing Director & CEO and Chief Financial Officer of the Bank. In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012; we declared that for the financial year ended 31 December, 2017:

- i) We have reviewed the financial statements for the year 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 together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's code of conduct.



Md. Jafar Sadeq FCA
Chief Financial Officer



Farman R. Chowdhury
Managing Director & CEO

Evaluation of Quarterly Financials by the Audit Committee & Board

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

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

(Amount in million)

Balance Sheet	31 Dec 17	31 Dec 16	30 Sep 17	30 Sep 16	30 Jun 17	30 Jun 16	31 Mar 17	31 Mar 16
Placement with other Banks & FI's	6,661.71	7,861.78	6,661.71	9,771.78	7,781.71	12,192.93	7,381.71	11,002.93
Inv in Shares & Securities	10,526.26	7,593.13	10,066.94	7,411.22	8,006.00	5,767.39	7,561.20	5,705.48
Investment	158,668.16	122,998.38	146,654.78	109,433.83	140,160.13	109,915.13	129,309.84	100,296.44
Placement from other Banks & FI's	29,621.69	16,235.54	23,545.03	7,436.61	20,521.86	10,088.17	14,510.51	7,754.01
Deposit & Other accounts	145,382.48	124,409.83	136,353.17	121,469.27	135,307.78	120,257.72	132,431.91	112,219.99
Paid up Capital	7,714.23	7,346.88	7,714.23	7,346.88	7,346.88	7,346.88	7,346.88	7,346.88
Total Shareholder's equity	13,317.78	12,856.58	13,031.61	12,192.33	13,497.04	11,887.23	13,153.21	12,519.69
Total Assets	207,886.37	167,244.76	193,228.32	156,207.07	188,422.34	156,682.55	174,368.20	146,540.52
Off Balance Items	89,225.56	63,325.73	83,060.72	58,423.38	76,020.77	56,805.53	69,490.36	50,084.03

Profit and Loss Account	01 Jan 17 to 31 Dec 17	01 Jan 16 to 31 Dec 16	01 Jan 17 to 30 Sep 17	01 Jan 16 to 30 Sep 16	01 Jan 17 to 30 Jun 17	01 Jan 16 to 30 Jun 16	01 Jan 17 to 31 Mar 17	01 Jan 16 to 31 Mar 16
Net Investment Income	4,441.06	4,167.85	3,216.03	3,059.89	2,108.40	2,046.47	967.89	967.77
Non Investment Income	2,428.73	1,810.31	1,710.09	1,260.00	1,034.49	863.38	456.70	365.35
Operating Expenses	3,541.88	2,998.96	2,357.49	2,021.05	1,449.61	1,311.92	648.55	574.69
Operating Profit	3,327.92	2,979.21	2,568.63	2,298.85	1,693.27	1,597.93	776.05	758.43
Net Profit After Taxation	1,195.90	1,557.37	909.72	893.12	640.46	588.02	296.63	265.39
Earnings per share (EPS) [Restated]	1.55	2.02	1.18	1.16	0.83	0.76	0.38	0.34

Other Information	31 Dec 17	31 Dec 16	30 Sep 17	30 Sep 16	30 Jun 17	30 Jun 16	31 Mar 17	31 Mar 16
Net Asset Value (NAV) per share [Restated]	17.26	16.67	16.89	15.80	17.50	15.41	17.05	16.23
NOCFPS [Restated]	3.26	5.02	(0.38)	5.62	(0.32)	3.50	1.55	3.56

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) Ltd. and Chittagong Stock Exchange (CSE) Ltd. and then published in two daily newspapers (Bangla and English). The report is also available in the Bank's official website at www.sjibld.com.

Sustainability Report

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

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

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

Approach to Sustainability

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

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

Sustainable Activities

Customer Satisfaction

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

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



Products and Services of SJIBL

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

Environmental and Social Risk Management

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

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

Promoting Sustainable Finance

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

Employee Engagement

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

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

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

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

Financial Inclusion

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

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

Shariah Compliance

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



Corporate Governance

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

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

Corporate Social Responsibility

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

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

Environmental and Social Obligations

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

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

Environmental and Social Initiatives

SJIBL strives to meet and exceed the social and environmental expectations beyond the minimum regulatory requirements. Integration of ethical, social and environmental criteria in business decision making process was our core initiatives in 2017. Some notable initiatives are given below:

- Educating the employees in 'Green Banking' and encouraging them to ingrain the practices in their daily activities. With the initiatives for creation of a paperless office, all the officials of the bank are given computer with e-mail facilities to reduce dependencies on paper and table stationeries.
- Employees are encouraged to minimize the environmental impact of business operations, by working to reduce the wastage of all resources.
- SJIBL is especially concerned about the impact of bank's financed projects on environment. An environmental policy has been formulated in accordance with guideline issued by the government. As per policy, environmental impacts are duly considered during new project investment appraisal and also during the continuation of the projects.
- To ensure green industrialization, clearance is taken from the department of environment of the government before giving sanction to any new project. All possible cares are taken to protect environmental pollution by bank's sanctioned projects. In this regard, clients are encouraged to establish E.T.P to the projects like dyeing, printing, 120 feet chimney for the brick fields etc. NOC from various authorities such as, Explosive Department, Fire Services Department, Rupantorito Prakritik Gas (CNG) Company etc. are also obtained for setting up gasoline/ CNG filling station.
- SJIBL extended investments to different industrial customers for establishing Effluent Treatment Plant (ETP).

- Due to quick urbanization in the country, forest and agricultural land is becoming squeeze which hampers ecological balance severely. In view to improve ecological harmony, the bank takes a campaign program of “one man one plant” among the employees and the customers. It observes ‘plantation week’ during the rainy season every year.
- Respect for people by honoring the culture, customs, history and laws of Bangladesh. Constantly search for safer, cleaner and superior practices that satisfy the evolving needs of the society.
- Promote and engage in social welfare activities that help strengthen communities and contribute to the enrichment of society.

Ecology and Green Banking

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

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

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

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

Ethical Banking

Banks and the policies they pursue have an impact on the community around them. Their impact has two dimensions: the way they operate i.e. internal operations and the types of companies they help finance. SJIBL takes care of both the dimensions in its operation.

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

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

Integrated Reporting

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.

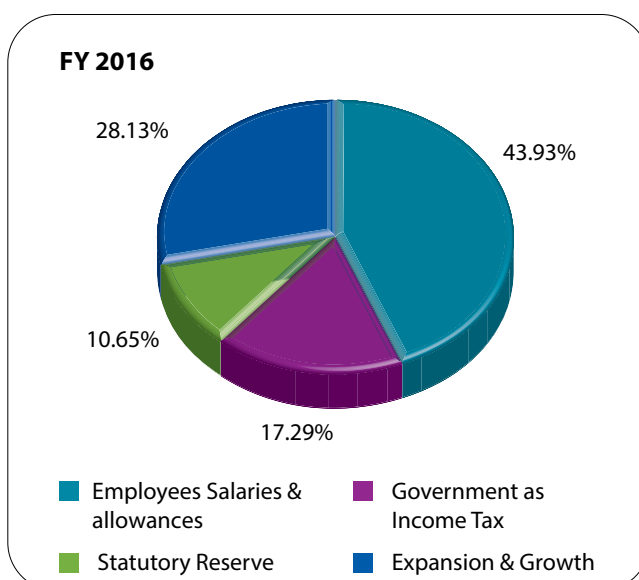
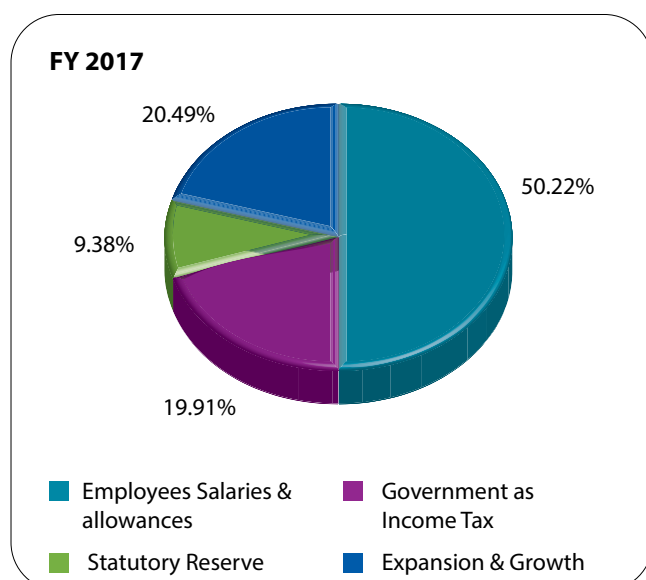
Value Added Statement

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 2017

Particulars	2017 (Taka)	%	2016 (Taka)	%
Income From Banking Services	15,288,772,460		12,964,667,474	
Less: Cost of services & supplies	9,606,461,787		7,960,852,955	
Value added by the Banking services	5,682,310,673		5,003,814,518	
Non-banking income	-		-	
Loan & Other Provisions	(1,249,400,000)		(673,126,000)	
Total value added	4,432,910,673		4,330,688,518	
Distribution of added value				
To Employess as salaries & allowances	2,226,323,444	50.22%	1,902,508,561	43.93%
To Government as Income Tax	882,620,568	19.91%	748,711,021	17.29%
To Statutory Reserve	415,703,308	9.38%	461,216,247	10.65%
To Expansion & growth	908,263,352	20.49%	1,218,252,689	28.13%
Retained earnings	780,192,665		1,096,153,968	
Depreciation	128,070,687		122,098,721	
	4,432,910,673	100%	4,330,688,518	100%

Distribution of Added Value



Economic Value Added Statement

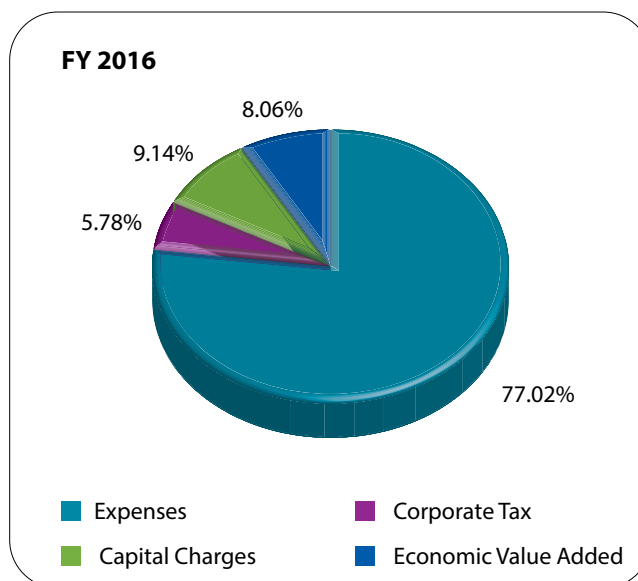
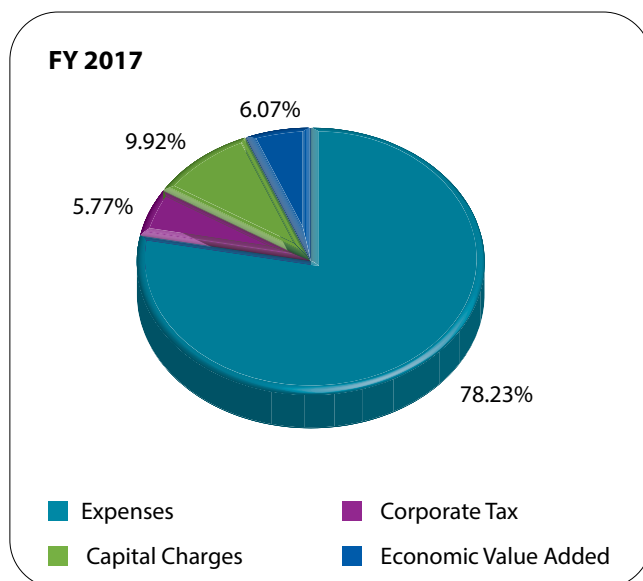
Economic Value Addition (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks.

Economic Value Added Statement for the year ended 31 December 2017

Taka in Million

Particulars	2017	2016
Total Revenue	15,288.77	12,964.67
Expenses	11,960.86	9,985.46
Corporate Tax	882.62	748.71
Capital Charges	1,517.14	1,185.41
Economic Value Added	928.15	1,045.09

Economic Value Addition



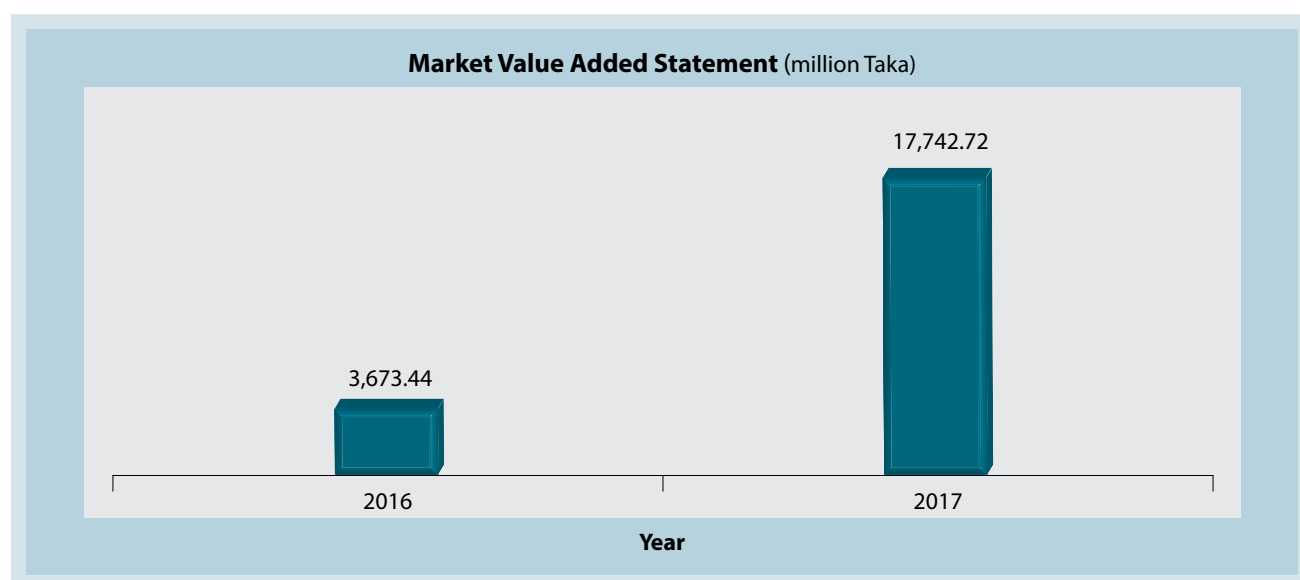
Market Value Added Statement

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

Market Value Added Statement
for the year ended 31 December 2017

Taka in Million

Particulars	2017	2016
Face value per share (Tk.)	10.00	10.00
Market Value per Share (Tk.)	33.00	15.00
Number of Shares outstanding	771,422,539	734,688,133
Total market capitalization	25,456.94	11,020.32
Book value of paid up capital	7,714.22	7,346.88
Market Value Addition	17,742.72	3,673.44



Corporate Social Responsibility

The concept of Corporate Social Responsibility (CSR) is based on the idea that not only Government policy but also companies have obligation to benefit the society. CSR is seen as a concept in which companies voluntarily integrate social and environmental concerns into their business operations and into the interaction with their stakeholders. As a matter of fact, over the last few decades, corporations in the developed economics have moved to 'Social Responsibility Approach' from classical 'Profit Maximizing Approach' where businesses are not only responsible to its stakeholders but also to the society as a whole in a broader inclusive sense. The idea of being a socially responsible company means doing more than complying with the legal and regulatory requirements.

Shahjalal Islami Bank Limited (SJIBL) being one of the best corporate citizen of the country, has been discharging its responsibilities for the well-being of the community where the bank is doing its business directly through its banking activities and through Shahjalal Islami Bank Foundation, since its inception. The theme of such responsibility has been envisaged in the mission of the Bank since the day of establishment.

SHAHJALAL ISLAMI BANK FOUNDATION

Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. With a view to and also for the welfare of the community, to this perspective, Bank has established "Shahjalal Islami Bank Foundation".

The main objectives of Shahjalal Islami Bank foundation are:

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

RESPONSIBILITY TOWARDS COMMUNITY

The Bank is very much conscious regarding its responsibility towards the communities within which it operates. The most important contribution of the Bank in this regard is the creation of employment opportunities in its financed projects as well as in its own organization. At present about 2,402 employees are working in the bank.

Apart from this, it takes several programs in order to improve the lives of the people especially to the less fortunate segments of the community. Bank's strategy towards discharging community responsibility focuses on: (1) Health, (2) Education, (3) Sports, Arts & Culture, (4) Women Empowerment and (5) Humanitarian Assistance etc.

Health

Health is one of the prime parameters to achieve Millennium Development Goal (MDG). The need for health care is increasing everyday due to rapid growth of population. Shahjalal Islami Bank Limited has always been involved in projects for improvement in health sector. SJIBL has been contributing by donating different health care institutions, financial assistance to underprivileged & poor people, health & well being of the women and children and adoption and maintenance of healthy lifestyle etc.

As a good corporate citizen we always feel it is our duty to stand by the people who are suffering or in difficulties. SJIBL extended financial support to the distressed people of the country during the year 2017 by donating Tk. 2.36 million for their medical treatment.

Education

Education is a pre-requisite for the overall development of the country. Keeping the views in mind, Shahjalal Islami Bank Limited has long been practicing CSR in education. Awarding scholarship to meritorious students in need of financial aid, helping development of educational infrastructural facilities, providing essential educational equipment etc. are some of the aspects included in the program.

The Bank has distributed scholarship amounting to Tk. 12.95 million in the year 2017 to poor but meritorious student with outstanding result in secondary school and higher secondary examinations to facilitate them for pursuing their further studies without hindrance. The program of this education award will continue every year. Despite scholarship, the Bank also extended financial support and donation during the year 2017 valuing Tk 20.25 million for the development and establishment of Educational Institutions and also for the establishment of Computer Lab with a view to built digital Bangladesh in line with Vision 2021 of Bangladesh Government.

Sports, Arts & Culture

Over the years, Shahjalal Islami Bank Limited has been contributing for the development of sports, arts and culture in Bangladesh which includes donation to different cultural institutions, financial assistance to talents, promoting cultural activities etc. As part of the Bank's CSR activities, Shahjalal Islami Bank Limited donated Tk 1.15 million to Bangladesh Volleyball Federation during the year 2017 for National Volleyball Championship-2017.

Women Empowerment

SJIBL is very much conscious about the prevailing conditions of the women in our society. Keeping this in view it takes various programs for empowering the women like awareness building, training, financing etc.

Humanitarian Assistance

Shahjalal Islami Bank Limited seeks to demonstrate firm commitment towards the community by being vigilant towards identifying and supporting causes that will facilitate the upliftment/betterment of the society. The primary focus of the Bank is towards communities where public and private sector services are inadequate as a result of geographical or social isolation or because of insufficient demand levels. In the year 2017, SJIBL took different initiatives to create effective intervention and mitigation of disaster in Bangladesh by distributing relief materials valuing Tk 6.62 Million to the distress people and valuing Tk 8.11 Million among Rohingya Refugees. The bank also donated Tk 50 million for Rohingya Refugees, Tk 27.5 million as financial assistance and Tk 30 million for flood affected people during the year 2017.

Like earlier, the Bank distributed 88,930 pcs Blanket valuing Tk 30.4 million to cold stricken people throughout the country during the year 2017. This year Bank has also donated handsome amount to two affected families of BDR tragedy, as part of its commitment.

RESPONSIBILITY TOWARDS ENVIRONMENT

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

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

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

Contribution to national exchequer

Being a responsible and tax abiding corporate citizen, Shahjalal Islami Bank Limited regularly pays corporate tax on time, sometime even before it falls due as required and asked by the tax authority. We also deposit excise duty, withholding tax and VAT to Government Exchequer on time that deducted from employees' salary as well as payments to customers and vendors.

FUTURE PLAN

Shahjalal Islami Bank Limited is committed to undertake more welfare activities for the society and people of Bangladesh in the days to come. Shahjalal Islami Bank Foundation has a planning to establish the following projects and programs:

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



RISK MANAGEMENT



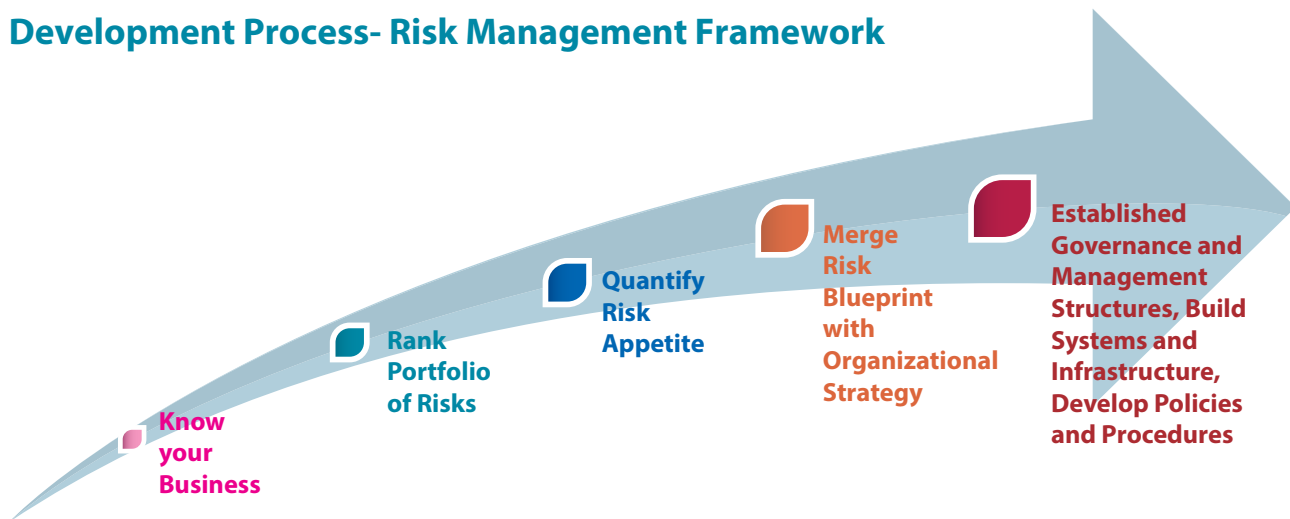
Report on Risk Management

Risk is inherent in any walk of life in general and in financial sectors in particular. But of late, banks are exposed to same competition and hence are competed to encounter different types of financial and non-financial risks. Risks and uncertainties form an integral part of banking which by nature entails taking risks.

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

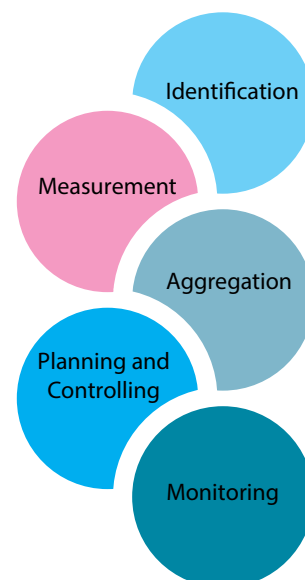
Risk Management is the identification, analysis and economic control of risks which threaten the assets or earning capacity of a bank. The objective of risk management is to identify and analyze risks and manage their consequences.

Development Process- Risk Management Framework



Shahjalal Islami Bank Limited has always been in the forefront of implementing different risk management tools and techniques. Its risk management approach is emphasized not only for regulatory purpose but also to improve operational and financial performance of the Bank. The prime objective of the risk management is that the Bank takes well calculated business risks while safeguarding the Bank's assets and its profitability from different risks. Risk management process consists of:

- i. **Identification:** A Bank's risks have to be identified before they can be measured and managed.
- ii. **Measurement:** The consistent assessment of the different identified risks is an essential prerequisite for successful risk management.
- iii. **Aggregation:** SJIBL closely monitors aggregate risk in order to minimize its exposure to adverse financial developments such as an investment (credit) crunch or event in solvency arising from counterparty or client.
- iv. **Planning and Controlling:** SJIBL takes into consideration the business strategy while planning and setting control for mitigating risk.
- v. **Monitoring:** Risk monitoring is the most challenging task in the whole risk management cycle as monitoring helps the Bank to identify earlier any probable risk that may take in place in many cases.



Risk Governance Structure

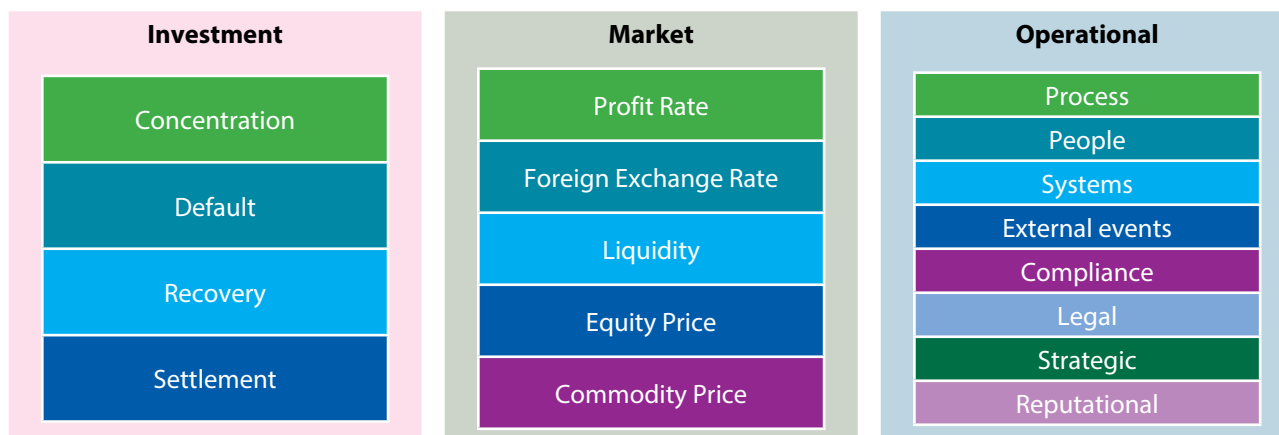
The Bank has established a different tiered risk governance structure to support effective risk management throughout the organization covering all key business activities.

The integrated risk management structure has been established in a manner that the 'risk monitoring' activities are independent from the 'risk assuming' activities. The Bank has clearly defined the authority and accountability of each official to clearly demarcate his/her roles and responsibilities. The entire risk management structure is clearly connected to the Board Risk Management Committee and with the Board of Directors to facilitate a consolidated view of the organization based on risk perspective.

The Board of Directors is assisted by the committees listed in the table below effectively deploying the Bank's risk management framework and capabilities to achieve its strategic objectives:

Committee	Key Objectives
Board Audit Committee	Independently monitors all activities of banking relating to operational risks through Internal Control & Compliance Division (IC&CD) of the Bank. 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 our own code of business conduct.
Board Executive Committee	To review and approve proposals and transactions related to Investments within the limits of delegated authority. Review and approve Bank-wide investment policy and strategy in line with the directives from Board of Directors.
Board Risk Management Committee	To identify and measure different kinds of risks including core risks of the Bank and to maintain adequate capital and provision to reduce the risks associated with the Bank as per Bangladesh Bank Guidelines.
Management Committee (MANCOM)	To approve and review different policies/procedures to ensure that the entire day to day affairs of the Bank are properly managed within the broad strategies of the Bank.
Asset Liability Committee (ALCO)	To review the overall economic & investment, cost of fund, investment pricing, liquidity contingency plan for the bank and took timely decisions on effective utilization & management of assets & liabilities of the Bank towards profit maximizing and rationalization of expenditure.
Supervisory Review Process (SRP) Team	To oversee the Capital Adequacy of the bank, this is known as Internal Capital Adequacy Assesment Process (ICAAP) by evaluation and dialogue between SREP of Bangladesh Bank and SRP team of the Bank.
Investment Committee (IC)	To review investment proposals, both new & renewal, in line with Bank's investment policies/regulations and recommend the proposals to the concerned authority for approval. To develop and update Investment Policy and give proper guidance to the branches.
Risk Management Committee (RMC)	To monitor the activities of all Core Risk in banking in regards to policy issued by regulator time to time. Decisions of RMC i.e Minutes are disseminated to the Members of the Committee and respective Divisional Heads for implementation. In addition to this, Monthly and Comprehensive Risk Management Report and various risk issues are being placed regularly to Board Risk Management Committee and Board of Directors for their information and perusal.

Few Taxonomy of Risks



Risk Appetite

Risk appetite is the level and type of risk that a Bank is able and willing to accept or tolerate considering its exposures and business activities. Bank has developed a comprehensive risk appetite, which also accompanied Management Action Trigger (MAT) for ensuring meticulous effectiveness of risk appetite of the Bank.

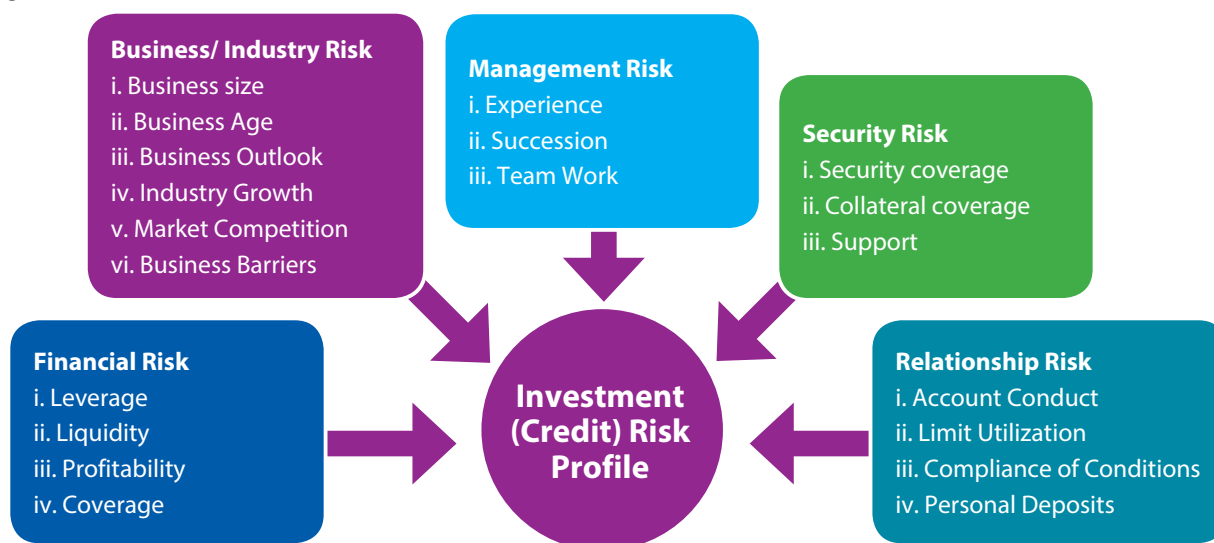
Risk appetite of the Bank covers different material risk areas related to Investment Risk, Capital Management Risk and Liquidity Risk. Bank has developed and set out the risk appetite of different Investment limits such as Portfolio wise, Industry and Area wise, Top-20 Borrower, Off-balance sheet exposure, annual growth rate of investment etc. approved by the Board of Directors.

Investment (Credit) Risk

Investment (Credit) risk is the risk of financial loss arising from the breach of commitment by an investment clients or obligor. It arises not only from the balance sheet items but also off-balance items such as Letter of Guarantees, Acceptances and Endorsement, Bills for collection and Letter of Credit etc. As per Bangladesh Bank Guidelines, any Investment if not repaid within the fixed expiry date will be treated as Past Due/Overdue, and this will include Special Mentioned Account (SMA), Sub Standard (SS), Doubtful (DF) and Bad/Loss (BL). Investment risk is one of the major risk.

Investment (Credit) Risk Profile

In appraising Investment, the following risk profile is considered and analyzed in depth and mitigating factors are suggested:



Investment (Credit) Risk Appetite

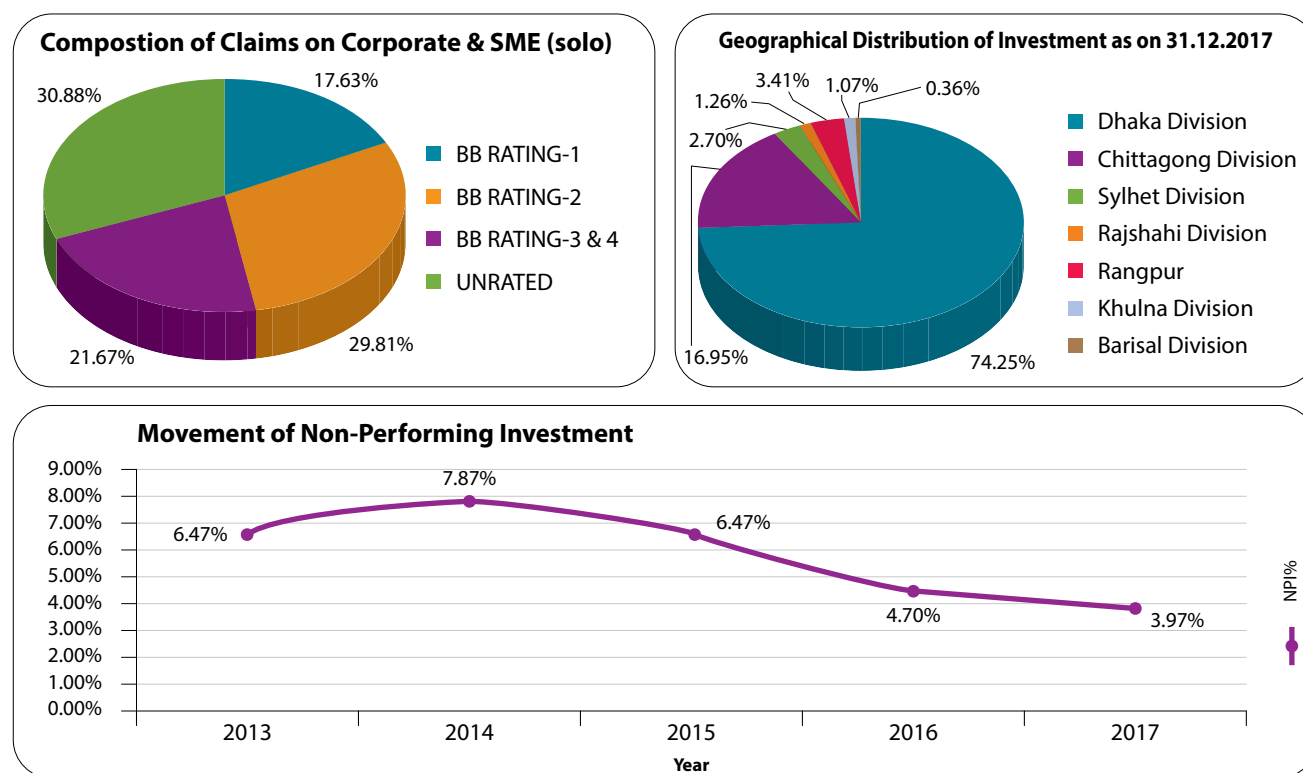
Investment (Credit) Risk Appetite and the 'Risk Acceptance Criteria' of the Bank are clearly defined in the investment Guidelines of the Bank set by the Board of the Directors of the Bank.

Investment Risk Exposures of the Bank

Major investment exposures of the Bank are generated from investment to Corporate, SME & Agri/Retail investment/ Placements with other banks and financial institutions/Bills purchase and negotiations etc. Investment exposures are divided on Balance Sheet exposures such as Investments, Inland Documentary Bill Purchases etc. and Off-Balance Sheet items such as Letters of Guarantee, Letters of Credit, Acceptance, Bills for Collection etc.

As per Investment Policy of the Bank, no investment exposure is created in the Bank without a thorough investment (credit) risk assessment and obtaining approval of the competent authority of the Bank.

The graphical presentations depict the analysis of the Bank's overall investment risk exposure as at December 31, 2017 based on Basel-III as guided by the Bangladesh Bank.



Investment (Credit) Risk Management

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

Sound practices that the Bank is trying to ensure are:

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

Improvement Process for Asset Quality

To achieve the Bank's goal through wealth maximization and protect the interest of the depositors as well as shareholders by improving asset quality, Bank will abide by but will not be confined to the following investment principles, which should guide our behavior in our investment decisions:

- Quality of investment is more important than exploiting new opportunities.
- Assessment of the customer's character, integrity and willingness to repay.
- Customers having capacity and ability to repay shall only be financed.
- The purpose of investment should contain the basis of its repayment.
- Risk and reward to be optimized.
- Investment decision should not be made until receipt of all the relevant facts.
- Assessing management quality of the organization when extending investment.
- Collateral security should not be a substitute for repayment.
- Bank monitors where the bank's money is going.
- Prevention of extending investment facilities to the CIB black listed persons/entities.

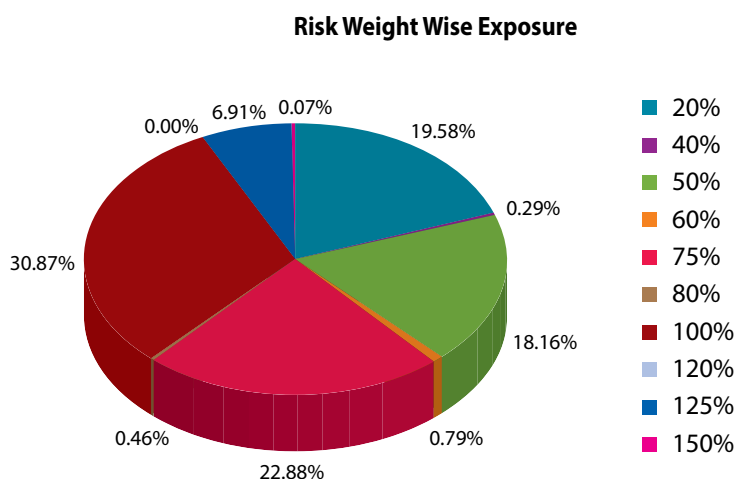
Investment Risk Mitigation and Control

The Bank obtains collateral against its Investment exposure wherever possible as secondary recourse to the borrowers while primary recourse being the cash flows of the business. These are carefully assessed in the light of issues such as legal certainty and enforceability, market valuation, possession and counterparty risk of the guarantor. Sufficient collateral is held to mitigate investment risk exposures and risk mitigation policies determine the eligible of collateral types.

Collateral types that are eligible for risk mitigation include: Cash and Bank deposit, residential, commercial as well as industrial property, fixed assets such as motor vehicles, machinery, marketable securities, guarantees etc. Regular valuation of collateral is a continuous process. Value of collateral is determined as per Bank's valuation policy.

Approach for Calculating Risk Weighted Assets for Investment Risk

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



The Risk Weighted Assets of Investment risk is as under:

Particulars	(Amount in Crore)	
	31.12.2017	31.12.2016
Investment Risk:		
On-Balance sheet	12,040.49	9,359.58
Off-Balance sheet	2,597.86	1,822.34
Total	14,638.35	11,181.92

Environmental & Social Risk Management (ESRM)

Environmental & Social Risk may be defined as an actual or potential threat of adverse effects on living organisms and environment as well as in society by effluents, emissions, wastes, resource depletion, anti social activities etc., arising out of an organization's activities. These affects increase the risks as they bring an element of uncertainty or possibility of loss in the context of a financing transaction.

Environmental & Social Risk Management is the process of identification, analysis, assessment, control and avoidance, minimization or elimination of unacceptable environmental and social risks.

SJIBL has incorporated Environmental & Social Risk Management Guidelines into Investment Risk Management (IRM) Guidelines as instructed by the Bangladesh Bank.

If the ESR is high, then the proposal for investment will have to be approved by the Board or its Executive Committee. Time-bound action plan to mitigate Environmental & Social Risk will form part of approval conditions or will be mentioned as special condition of Sanction Advice. If there are any conditions to be fulfilled as part of approval, Investment Committee (IC) will check for the same before disbursing. If the ESR is moderate, then the financing decision can be undertaken on the basis of the usual Investment Risk Management (IRM) Guidelines. However, Time-bound action plan to mitigate Environmental & Social Risk will form part of approval conditions. But if the ESR is low, no Time-bound action plan to mitigate Environmental & Social Risk is required. ESDD Check list is to be completed by Relationship Officer, approved by concerned official(s) in head office/branch and processed as per normal investment process for both existing and new clients.

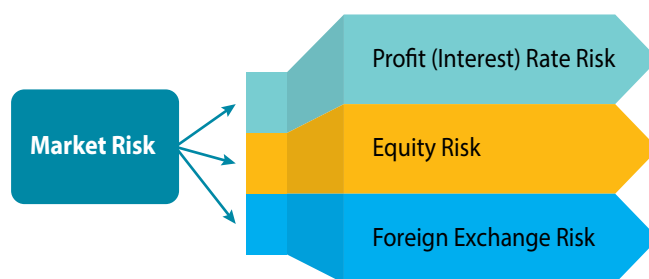
In short, Decision making process on investment approval of the Bank will go through the Escalation Matrix as recommended by ESRM Guideline of Bangladesh Bank.

Asset Liability Management Risk

Asset Liability Management (ALM) is considered as a key Balance Sheet Risk Management discipline which mainly focuses on Profit Rate Risk, Exchange Rate Risk and Liquidity Risk of the Bank. As per Bangladesh Bank Guidelines, SJIBL has a fully functional Asset Liability Committee (ALCO) for prudent Balance Sheet Risk Management. To address and mitigate different risks involved in the business, ALM desk of the SJIBL Treasury prepares Asset Liability Committee (ALCO) paper as per the Guidelines of Bangladesh Bank in each month and conduct monthly ALM meeting where global & economic outlooks as well as financial fundamentals of the Bank are highlighted.

Market Risk

Market Risk is the risk of potential losses in the on balance sheet and off-balance sheet positions arising from adverse movements in market rates or prices i.e profit rate, equity prices, foreign exchange rate etc.



Market Risk of the Bank arises from deposit received from the depositors and granting investment as well as from trading activities.

The primary objective of Market Risk Management is to ensure that Bank's activities which are exposed to different market risks are generating optimum return and downside risks are in control and within the limit of agreed appetite.

Profit (Interest) Rate Risk

Profit Rate Risk is the risk to earnings or capital of Bank arising from movement of profit rates. It arises from differences between the timing of rate changes and the timing of cash flows (Re-pricing Risk), from changing rate relationships among yields curves that affect bank activities (Basis Risk), from changing rate relationships across the range of maturities (Yield Curve Risk) and from profit-rate-related options embedded in Bank products (Option Risk).

Rate Sensitive (RS) Gap Analysis

Maturity/re-pricing schedules are used to generate simple indicators of the profit rate risk sensitivity of both earnings and economic value to changing profit rates. This approach is known as Gap analysis.

To evaluate earnings on exposure, Profit Rate Sensitive Liabilities (RSL) in each time bucket are subtracted from the corresponding Profit Rate Sensitive Assets (RSA) to produce a re-pricing "gap" for that time bucket. A negative or liability sensitive gap occurs when RSL exceed RSA in a given time bucket. This gap implies that an increase in market profit rates could cause a decline in net profit income. In this situation, a decrease in profit rates should improve the net profit rate spread in the short term, as deposits are rolled over at lower rates before the corresponding assets. An increase in profit rates lowers earnings by narrowing or eliminating the profit spread.

Conversely, a positive or asset-sensitive gap occurs when RSA exceeds RSL in a given time bucket. This gap implies that a decrease in market rates could cause a decline in net profit income. In this situation, a decline in profit rates should lower or eliminate the net profit rate spread in the short term, as assets are rolled over at lower rates before the equivalent liabilities. An increase in profit rates should increase the net spread. According to the Gap analysis, SJIBL computes the following two ratios to know the relative exposure on profit rate:

1. Relative RS Gap for a respective time band = $\text{RS Gap} / \text{Bank's Total Asset}$
2. Profit Sensitive ratio for a respective time band = RSA / RSL of that band

From Gap schedules mentioned above, the Bank also computes an estimate of changes in Bank's Net Profit (interest) Income (NII) given changes in profit rates. The gap for particular time band can be multiplied by a hypothetical change in profit rate to obtain an approximate change in net profit income. Result of Gap analysis as on December 31, 2017 is presented below:

Particular	(Amount in Crore)		
	Below 3 Months	3-6 Months	6-12 Months
Rate Sensitive Assets (A)	7,991.37	2,328.13	4,656.26
Rate Sensitive Liabilities (B)	7,017.17	1,669.81	3,339.62
GAP (C=A-B)	974.20	658.32	1,316.64
Cumulative Gap (D)	974.20	1,632.52	2,949.16
Assumed 1% Change in Profit Rate (E)	1%	1%	1%
Net Profit Income Impact (F=C*E)	9.74	6.58	13.17
Cumulative Net Profit Income Impact (G)	9.74	16.32	29.49

Equity Risk

Equity Risk is defined as losses due to changes in market price of equity held by the Bank. To measure and identify the risk, mark to market valuations of the share investment portfolios are done. Mark to market valuation is done against a predetermined limit.

Equity Risk of the Bank is also monitored through analysis of own investment on shares by subsidiaries, margin investment against investment in share by subsidiaries and investment statement against shares.

From an accounting perspective, equity risk in Bangladesh is one sided-it must be held at the lower of cost or market value. If market value falls below the cost, Bank is required to maintain provision against unrealized losses. However, if market value rise above cost, there is no corresponding income recorded unless the security is sold. SJIBL has been maintained sufficient provisions against its investment in share market unrealized losses.

Foreign Exchange Risk

Foreign Exchange Risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. Foreign Exchange Risk may also arise as a result of exposures of Bank to profit rate risk arising from the maturity mismatches of foreign currency positions.

Foreign Exchange Risk Management

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

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

Market Risk Indicators

With a view to maintain the Bank's exposure against the following types of market risk at a reasonable level, Key Risk Indicators are identified, assessed and periodically monitored by the competent authority of the Bank.

The Bank's overall risk appetite and the Board approved risk tolerance limits have been disseminated to the Treasury Dealers. The adherence to these exposure limits are monitored by Middle Office of the Bank. Key Market Risk Indicators have been established under each of the following major market risk exposures.

Market Risk Mitigation

- Trading-related market risk mitigation is mainly through policies, limits and control measures which seek to reduce risk within or across the desks. ALM Policy and the FX Policy of the Bank set out the Guidelines and limits pertaining to Market Risk-related activities in detail.
- The objective of a limit is to ensure that the negative earnings and impact of price risks are within the market risk appetite of the Bank.

The nature of limits could typically include position limits, gap limits, tenor and duration limits, stop loss limits etc. These limits are appropriately selected for the relevant portfolios.

Market Risk Appetite

- The Market Risk Management process of the Bank broadly involves risk identification, assessment and establishment of tolerance limits for risk exposures and overall risk monitoring and control.
- The Treasury limits are reviewed by the Assets Liabilities Committee of the Bank and approved by the Board of Directors on an annual basis. The Treasury Mid-Office, an independent unit, monitors and reports the limit utilizations as per documented procedures.
- The non-trading activities related-market risk is mainly managed through ALM (Assets & Liabilities Management) process of the Bank and the Board approved limits set out the risk appetite of the Bank.

Approach for Calculating Capital Charge for Market Risk

The Bank adopted the standardized approach and follows the Risk Based Capital Adequacy Guidelines issued by Bangladesh Bank for calculating capital charge against Market Risk.

The capital charge against Market Risk is mentioned below:

Particulars	(Amount in Crore)	
	31.12.2017	31.12.2016
Market Risk	31.11	44.47

Liquidity Risk

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

As per Basel-III as well as regulatory requirement of Bangladesh Bank, SJIBL is being maintained the following key liquidity ratios:

Name of the Ratio	Standard Ratio	SJIBL's Scenario
Cash Reserve Ratio (CRR)	6.50%	8.09%
Statutory Liquidity Requirement (SLR)	5.50%	8.23%
Liquidity Coverage Ratio (LCR)	≥100%	100.57%
Net Stable Funding Ratio (NSFR)	≥100%	118.97%
Maximum Cumulative Outflow(MCO)	<19%	18.45%

Liquidity Risk for Lack of Non-Structured Islamic Financial Market

Since, Islamic Financial Market in Bangladesh is not strong enough and there is inadequate Islamic Financial Instruments, SJIBL has limited scope for placement of fund with the desired return from the market at the time of surplus liquidity and similarly limited scope in receiving fund complying Shariah's rules at the time of liquidity crisis.

Liquidity and funding Risk Indicator

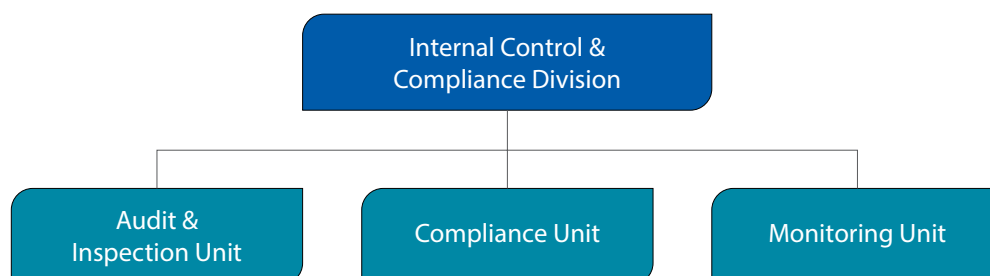
The Bank identified the following key liquidity risk indicators to assess and monitor the liquidity risk exposure:

1. Liquidity Gap Reports.
2. Net Investment to deposits ratio.
3. Liquid assets ratio.
4. Funding concentration in BDT and foreign currencies.

5. Duration analysis on investment portfolio.
 - Bank's Treasury had been maintaining a positive/negative gap in the short term tenor during the year 2017 as a business strategy with a view to maximizing opportunities to derive higher returns from the increasing profit rate scenario in the market.
 - These gaps were maintained within the internally approved limits while having surplus liquid marketable securities in the longer tenor to meet any unforeseen situations.

Internal Control and Compliance Risk Management

Internal Control and Compliance is a management process designed to achieve effectiveness and efficiency of operations, reliable financial reporting and compliance with laws and regulations. SJIBL has a structured Internal Control & Compliance Division (IC & CD) with three distinct following units headed by a senior level executive.



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

Money Laundering Risk Management

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

SJIBL treats the Money Laundering and Terrorist Financing issues as vital part of its Core Risk Management strategies. The Bank complies meticulously with the Money Laundering Prevention (Amendment) Act, 2015 and Anti Terrorism (Amendment) Act, 2013 to prevent money laundering and combating terrorism financing. The Bank always pursues a policy of strict adherence to all regulatory instructions and follows good corporate governance in all its activities.

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

- i. A Central Compliance Committee (CCC) has been formed which is headed by a Deputy Managing Director who is the Chief Anti Money Laundering Compliance Officer (CAMLCO).
- ii. "Guidelines on Prevention of Money Laundering and Terrorist Financing" has been reviewed & updated and disseminated to all branches of the Bank in the year 2017 which was duly approved by the Board of Directors of the Bank.
- iii. Inclusion of Trade Based Money Laundering (TBML) in the AML/CFT Guidelines;
- iv. Updating Customer Acceptance Policy (CAP) of the Bank.
- v. Formation of the Risk Register and circulated it to all branches of the Bank.

- vi. goAML software has been implemented to monitor account activities and for auto reporting of Cash Transaction Reports (CTR) and Suspicious Transaction Report (STR)/ Suspicious Activity Report (SAR).
- vii. Introduction of automated sanction screening software.
- viii. Extensive training on AML/CFT issues is being arranged for new entrant and the refreshers in 2017.
- ix. Conducting Special Inspection on AML/CFT issues in all Branches of the Bank.
- x. Arranging zone-wise AML Awareness Development Programs for creating awareness and to be vigilant about Money Laundering & Terrorist Financing.
- xi. SJIBL has direct access to Election Commission (EC) database, so that the authenticity of the NID card of the account holder can be checked.

Information and Communication Technology (ICT) Risk Management

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

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

Cyber Security Management

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

State of the Rated Three (3) Compliance Data Centre

As apart of effective risk management, a state of the rated three (3) compliance data centre has been established at SJIBL's own premise at "Shahjalal Islami Bank Tower" while the previous Data Centre located at Uday Sanz, Gulshan has been shifted to the aforesaid location. This Data Centre is equipped with sophisticated data replication technology to protect loss of customer sensitive information and their transaction incase of failure of primary data centre due to any disaster.

Vulnerability Test

Apart from strengthening ICT infrastructure platform, the Bank also focused on identifying its security risks by conducting penetration and vulnerability tests on its existing services. This will restrict the internal users from visiting the suspicious and harmful websites and the incoming emails for spam and scam links.

Disaster Recovery Site

Data is protected and secured in various ways. Data is kept in secured place prescribed by the Bank's policy. The Bank implemented a disaster recovery site that would be activated in case of disaster, which brought and restored data in authenticated way.

IT Audit Team

SJIBL has formed a dedicated IT Audit Team under the IC & CD as per the Bangladesh Bank's Guideline. The team members audit the Branches and Divisions. They follow the prescribed Guideline, solve the unsettled issue and also suggests to the higher Management for needful action.

Operational Risk

Operational Risk is the potential loss arising from breakdown in Bank's Systems & procedures and corporate governance practices that results in human error, fraud, failure, damage of reputation, delay to perform or compromise of the Bank's interest by employees.

Approach for Calculating Capital Charge for Operational Risk

- The Bank maintains 15% capital allocation under Basic Indicator Approach of Risk Based Capital Adequacy Guidelines (Basel-III) of average gross income for the last three years of the Bank.
- The Bank use Basic Indicator Approach for calculating capital charge against Operational Risk.

The capital charge against operational risk is mentioned below:

Particulars	(Amount in Crore)	
	31.12.2017	31.12.2016
Operational Risk	94.42	84.38

Policies and Process for Mitigating Operational Risk

Operational Risk results from inadequate or failed internal process, people and system or from external events. Within the Bank, Operational Risk may arise from negligence and dishonesty of the employees, lack of management supervision, inadequate operational control, lack of physical security, poor technology, lack of automation, non-compliance of regularity requirements, internal and external fraud etc. Operational Risk Management Framework has been designed to provide a sound and well controlled operational environment and thereby mitigate the degree of operational risk.

Reputation Risk

Reputation Risk is the current or prospective indirect risk to earnings and capital arising from adverse perception of the image of the financial institution on the part of Customers, Shareholders, Investors, Counterparties, Business Partners, Credit Rating Agencies, Regulators, and General Public. Reputation Risk may originate from the lack of compliance with industry service standards, failure to deliver on commitments, lack of customer-friendly service and fair market practices, low or inferior service quality, unreasonably high costs, a service style that does not harmonize with market benchmarks or customer expectations, inappropriate business conduct or unfavorable authority opinion and actions.

Residual Risk

Residual Risk arises mainly from error in Documentation and error in valuation of collateral, lack of required and duly filled-up documents and erroneous or fake or forged documents will lead to the amplification of overall risk aspects of Investment portfolio and the reduction in the strength of legal Shield that slacks the ownership of the Bank on collateral and consequently hinders the recovery of investment. On the other hand, as institutions mitigate risks by way of collaterals, the collaterals can pose additional risks (legal and documentation risks), which may deteriorate the impact of risk mitigation. For example: The liquidation procedure of the collateral is difficult & time consuming, and the valuation of the collateral is inappropriate (e.g. overvaluation). The Banks should have appropriate governing and control systems, valuation procedures, internal regulations and responsible individuals assigned for the prudent handling of risks.



Settlement Risk

Settlement Risk arises when an executed transaction is not settled as the standard settlement system. Settlement Risk addresses to the investment (credit) risk and liquidity risk elements. Treasury transactions, trading book items (deals) and capital market dealings concluded as part of investment services convey a settlement risk that is a specific mix of investment (credit) and liquidity risk. The Banks pose to the risk when it fulfills its contractual obligations (payment or delivery), but the counterparty fails or defaults to do the same.

Strategic Risk

Strategic Risk means the current of prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/less adaptability with the changes in the business environment and adverse business decisions. Strategic Risk induces operational loss that consequentially hampers the capital base.

Implementation of Basel III in line with Bangladesh Bank Guidelines

Basel III reforms are the response of Basel Committee on Banking Supervision (BCBS) to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, thus reducing the risk of spillover from the financial sector to the real economy. "Basel III: A global regulatory framework for more resilient Banks and Banking systems" (known as Basel III capital regulations) in December 2010. Basel III reforms strengthen the Bank-level i.e. micro prudential regulation, with the intention to raise the resilience of individual banking institutions in periods of stress. Besides, the reforms have a macro prudential focus also, addressing system wide risks, which can build up across the banking sector, as well as the procyclical amplification of these risks over time. These new global regulatory and supervisory standards mainly addressed the following areas:

- Raise the quality and level of capital to ensure Banks are better able to absorb losses on both a going concern and a gone concern basis;
- Increase the risk coverage of the capital framework;
- Introduce leverage ratio to serve as a backstop to the risk-based capital measure;
- Raise the standards for the supervisory review process (Pillar-2); and
- Public disclosures (Pillar-3) etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers. Both the buffers i.e. the capital conservation buffer and the countercyclical buffer are intended to protect the banking sector from periods of excess credit growth. To ensure smooth transition to Basel III, appropriate transitional arrangements have been provided for meeting the minimum Basel III capital ratios, full regulatory adjustments to the components of capital etc.

SJIBL maintained the following Capital to Risk-weighted Assets Ratio against minimum capital requirement of 10.00% under Risk Based Capital Adequacy Guidelines (Basel III).

Particulars	(Amount in Crore)	
	31.12.2017	31.12.2016
Total Regulatory Capital	1,937.60	1,438.61
Total Risk Weighted Assets (RWA)	15,893.65	12,470.38
Capital to Risk Weighted Assets Ratio (CRAR)	12.19%	11.54%

Composition of Supervisory Review Process (SRP) Team

Under Pillar-2 of Basel-III, all Banks are required to design their own Supervisory Review Process to ensure maintenance of sufficient capital to fully cover all risk exposures. As per Guidelines on Supervisory Review Evaluation Process, the level of Capital Adequacy will be determined after evaluation and dialogue between Bangladesh Bank and the Supervisory Review Process Team of the Bank. The assessment of capital adequacy to be the outcome of a dialogue

between the Bank's own SRP Team and Bangladesh Bank's Supervisory Review Evaluation Process (SREP) Team. In this context, SJIBL has a separate SRP team to review Internal Capital Adequacy Assessment Process (ICAAP) for determining capital requirement against all risks including those risks not captured in the process of determining Minimum Capital Requirement (MCR). SJIBL has completed review process to determine additional capital requirement against residual risk which is the first step towards implementation of Pillar-2 of Risk Based Capital Adequacy (RBCA) Framework. Besides this, a representative team of SJIBL SRP Team dialogue with Bangladesh Bank in each year.

SJIBL has a well-designated SRP Team, which will aid to adopt Basel-III Capital Accord successfully. SRP Team of SJIBL has been formed comprising of the following executives:

SL No.	Name	Position
1	Farman R. Chowdhury	Managing Director & Head of SRP Team
2	M. Shahidul Islam	AMD & Member
3	Md. Shahjahan Shiraj	DMD & Member
4	M. Akhter Hossain	DMD & Member
5	Mustaque Ahmed	DMD & Member
6	Mian Quamrul Hasan Chowdhury	DMD & Member
7	Md. Nazimuddoula	SEVP & Member
8	Md. Mahmudul Haque	SEVP & Member
9	Md. Rafiqul Islam	SEVP & Member
10	Md. Monzurul Alam Chowdhury	EVP & Member
11	Mohammed Ashfaquul Hoque, FCA, FCS	EVP & Member Secretary
12	Md. Bahar Mahmud	SVP & Member
13	Jahangir Javed	SVP & Member
14	Md. Jafar Sadeq, FCA	VP & Member
15	Mohammad Abdul Majid	SAVP & Member

Basel III: SRP–SREP Dialogue on Capital Adequacy

In addition to, computing MCR, Bank has calculated Adequate Capital on the basis of bank's own Supervisory Review Process (SRP).

Under the SRP, adequate capital is determined on the basis of comprehensive risk management of the bank. Bank has an exclusive SRP team and a process document called as Internal Capital Adequacy Assessment Process (ICAAP). The areas that covered by the process document are reviewed of risk management and planning for adequate capital against comprehensive risk profile including investment, market, operational and all other risks which are not captured in the process of determining Minimum Capital Requirement (MCR).

That is along with Investment, Market, Operational risks; Bank is maintained capital against other risks which are not captured in calculating Minimum Capital Requirement (MCR). Some of these risks are namely residual risk, concentration risk, profit rate risk, liquidity risk, reputation risk, strategic risk, settlement risk etc.

The objective of the dialogue is to determine the adequate level of capital needed for a Bank beyond minimum capital by reviewing the Internal Capital Adequacy Assessment Process (ICAAP). In other words, the dialogue target to review the process by which a Bank assesses its level of risk management and capital adequacy and quality of capital held.

Comprehensive Risk Management Report (CRMR) and Meeting of Risk Management Committee (RMC)

For practicing sound risk management in the Bank, SJIBL followed the prescribed formats of Risk Management Papers now it is known as Comprehensive Risk Management Report (CRMR) are provided by the Bangladesh Bank as per DOS

Circular letter no. 13 dated September 9, 2015 are preparing on monthly and half yearly basis and regularly placed to the Risk Management Committee of the Bank. It had regular monthly meeting to assess risk management status of various Divisions and operations. The Risk Management Division (RMD) coordinated different risk management activities of the Bank and provided Guidelines to concerned Divisions in this respect. The activities, observations and recommendations of Risk Management Committee (RMC) are being regularly reported to the Board Risk Management Committee, Board of Directors and Bangladesh Bank.

Stress Testing as a forward-looking tool for Risk Management

Stress testing, as defined by BIS, is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific events and/or movement in a set of financial variables. It refers to the process to cover multiple risk measures across categories and complements traditional risk models. It is also an integral part of the BIS Capital Adequacy framework. In general framework, Stress testing process includes:

- i. Identification of specific vulnerabilities or areas of concern;
- ii. Construction of a scenario;
- iii. Performing the numerical analysis;
- iv. Considering the numerical analysis and
- v. Summarizing and interpreting the results.

This process finally produces a numerical estimate of the change in value of risk exposed positions. Stress testing framework as provided by Bangladesh Bank assesses the impact on Capital to Risk Weighted Assets Ratio (CRAR) due to minor, moderate and major level of shock in terms of credit risk, exchange rate risk, liquidity risk, equity price risk and interest rate risk. Stress testing for credit risk assesses the impact of increase in the level of Non-Performing Investments (NPIs) of the Bank.

The Bank conduct periodic reviews of its risk management process to ensure its integrity, accuracy and reasonableness through stress testing. Stress testing as tool of forward looking risk management is an integral part of SRP. On the basis of findings of stress test, Bank maintains some provision proactively in addition to adequate capital. Bangladesh Bank evaluates all these issues through the methods of SRP-SREP dialogue.

Stress testing is done on a Quarterly basis & Shock Absorption Ability

Stress testing has been carried out as per Bangladesh Bank Guidelines regularly during 2017 on quarterly intervals. The findings were reported to Bangladesh Bank, Board Risk Management Committee and Board of Directors of the Bank for compliance and guidance. Findings of stress testing and guidance from Bangladesh Bank, Board Risk Management Committee and Board of Directors are taken into account for assessing potential risks, mitigation of such risks as well as current and future capital requirement of the Bank.

Beside the plan to the path of success, SJIBL also prepares for the worst case events by conducting some sensitivity analysis on its capital. Stress testing has been used, as suggested by Bangladesh Bank for an estimation of adverse pressure on the capital of the Bank in different challenging condition with different magnitudes.

Different Shocks	Existing CRAR (%)	CRAR After Shocks		
		Minor	Moderate	Major
Negative Shift in NPIs Categories	12.19	11.84	11.51	10.86
Decrease in FSV of the Collateral	12.19	11.87	11.56	10.91
Increase in NPIs	12.19	10.89	7.78	3.11
Interest Rate	12.19	12.19	12.19	12.19
FEX: Currency Appreciation	12.19	12.17	12.15	12.13
Equity Shock	12.19	12.03	11.87	11.55

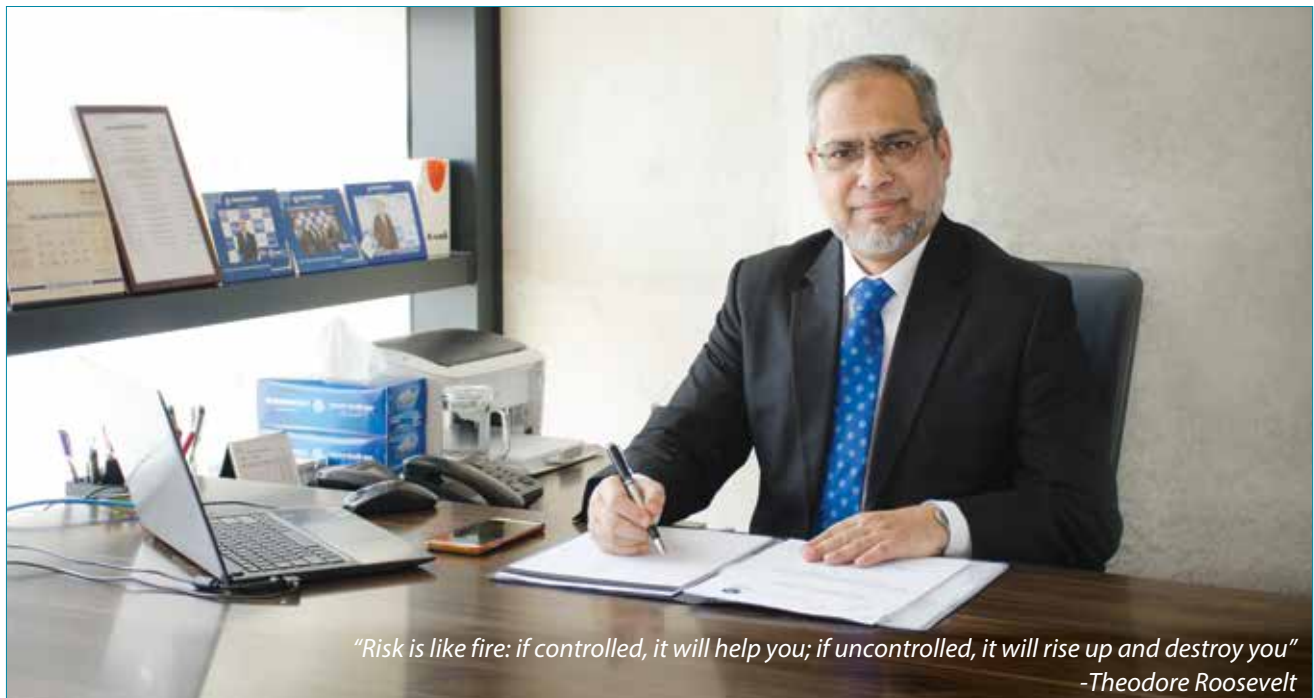
Report of Chief Risk Officer

And he said, "O' my sons, do not enter (the city) all of you from the same gate, rather, enter from different gates. And I cannot help you in any way against (the will of) Allah. Sovereignty belongs to none but Allah. On Him I place my trust and on Him should trust those who trust".

(Surah Yusuf: Verse 67)

Prophet (s.a.w) once asked a Bedouin who had left his camel untied, "Why do you not tie your camel?" The Bedouin answered, "I put my trust on God." The Prophet (s.a.w) then said, "tie up your camel first then put your trust on God."

(Zame' At-Tirmiji)



In last couple of years, banking sector has travelled through a journey where the sector has experienced several ups and downs. Various reforms measures have been taken by the Bangladesh Bank like increasing the Capital Adequacy of banks, streamlining Guidelines for Rescheduling of Investment, tightening Provisions for Non-Performing Investment, strengthening Disclosure requirements, improving Accounting System & providing Comprehensive Risk Management Framework etc. These have undoubtedly improved the soundness of the sector over the years as a result; Risk Management in Banks has also changed substantially in recent years.

The key performance indicators in banking sector such as Asset Quality, Capital to Risk Weighted Asset Ratio (CRAR) and Profitability witnessed some improvements in the year of 2017. However, the banking system faced some liquidity pressures, as investment growth exceeded deposit growth and the net sale of foreign exchange absorbed some liquidity. In this circumstance, it was a challenge for the Bank to achieve its goal.

CONCEPT OF RISK IN BANK

Risks are future events that could adversely influence the achievement of the Bank objectives, including strategic, operational and financial and compliance.

Adverse Future Events may include but not limited to:

- Failure of an investment client to repay a financing in time
- Fluctuation of foreign exchange rates
- Failure of Information Technology on compliance, operational and financial issues
- Failure or less effectiveness of Internal Control and Compliance
- Possibility of mismatches between the assets and liabilities of the Bank
- Money Laundering and Terrorist Financing
- Fraud, incomplete security documentations etc.
- Non-compliance with Shariah law and principles
- Any other events that may result in a loss of money or reputation to the Bank

UNIQUE RISK FOR ISLAMI BANKS

A Bank is to take calculated risks for its business. As such, SJIBL always try to optimize the risk reward equation. As an Islamic Bank, SJIBL has to face the following specific risks:

Types of Risks	When and how it arises
Shariah Non-compliance Risk	Risk arises from the failure of compliance with the Shariah rules and principles
Rate of Return Risk	The potential impact on the returns caused by unexpected change in the rate of returns
Displaced Commercial Risk	The risk that the bank may confront commercial pressure to pay returns that exceeds the rate that has been earned on its assets. The bank foregoes part or its entire share of profit in order to retain its fund providers and dissuade them from withdrawing their funds.
Equity Investment Risk	The risk arising from entering into a partnership for the purpose of undertaking or participating in a particular financing or general business activity as described in the contract and in which the provider of finance shares in the business risk. This risk is relevant under Mudarabah and Musharakah contracts.

RISK MANAGEMENT IN BANK

Risk Management is a discipline at the core of each bank that encompasses all the activities which affect its risk profile. It includes the process of identification, measurement, monitoring and controlling the Risks which threaten the assets or earning capacity of the Bank.

RISK MANAGEMENT FRAMEWORK

The risk management framework of the Shahjalal Islami Bank Limited has duly articulated the approach of implementing enterprise wide risk management. The framework has duly defined the responsibilities of each stakeholder from respective position. To support this strategic risk management, Bank has put in place a risk management framework, which consists of four key components:

1. Risk Appetite:

The Risk Appetite Statements (RAS) defines the maximum risk exposure that is prepared in order to attain the objectives of the Bank. The Risk Appetite Statements (RAS) have been developed by the Bank to adapt with the changing economic and regulatory environment in order to manage the risk and duly approved by the Board of Directors.

2. Governance:

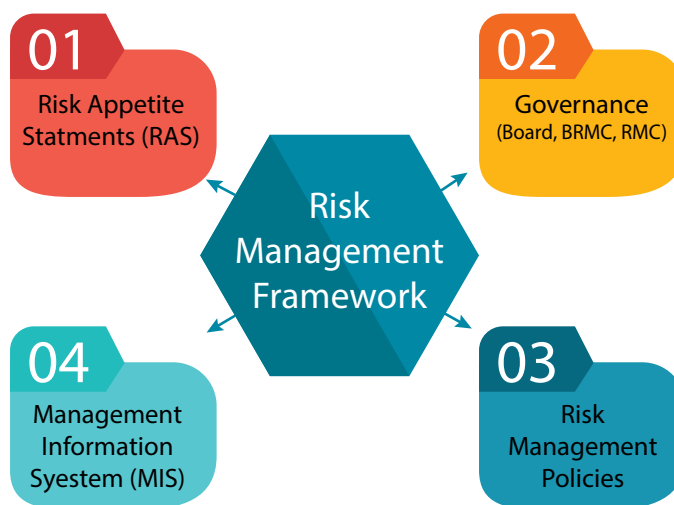
The role of the Board, Board Risk Management Committee (BRMC), management level Risk Management Committee (RMC) and other risk management committees are delineated.

3. Risk Management Policies:

Risk management policies have been established for the management of each risk type and are subject to annual Board of Directors review and approval.

4. Management Information Systems (MIS):

MIS is produced so that each types of risk can be monitored.



SIGNIFICANT RISK CULTURES UPDATED IN 2017

1	The Bank has introduced a wide, integrated and prudential Risk Management Guidelines for strengthening the risk management activities of the Bank.
2	Reviewed the core risk management guidelines on Investment Risk Management (IRM), Asset Liability Management (ALM), Internal Control and Compliance (ICC), Foreign Exchange Risk Management (FEX), Information and Communication Technology (ICT) and Prevention on Money Laundering and Terrorist Financing annually.
3	Improved the each Core Risk evaluation methodology for self assesment.
4	Improve the Management Action Trigger (MATs) in various risk level with designated key responsible persons/level.
5	The Bank has developed a well established framework for Risk Appetite Statement (RAS).
6	Updated the existing risk management framework to include a more comprehensive approach to more risk coverage.
7	Enhanced capacity of Basel Unit (BU) supported by a working group, tasked with improving and formalizing the process and methodology for Basel-III implementation.

KEY RISK INDICATORS OF THE BANK

The performance of SJIBL against key risk standards set by Bangladesh Bank was strong throughout the year of 2017. The comparative analysis of the leading risk indicators with supporting commentary are outlined below in the table:

SI	Key Indicators	Regulatory Requirement	SJIBL Maintained	Comments	Graph
1	CET-1 Ratio Plus Buffer (%)	5.75%	8.38%	2.63% surplus	
2	CRAR Plus Buffer (%)	11.25%	12.19%	0.94% surplus	
3	LCR (%)	100%	100.57%	0.57% surplus	
4	NSFR (%)	100%	118.97%	18.97% surplus	
5	Leverage Ratio (%)	3%	5.51%	2.51% higher	
6	NPI (%)	2016	2017	0.73% downsized	
		4.70%	3.97%		

HIGHLIGHTS OF RISK PORTFOLIO

Shahjalal Islami Bank Limited is committed to its stakeholders to attain a sustainable business growth commensurate with appropriate risk strategies through implementation of a robust risk management framework across the organization and its subsidiaries.

1. Capital Adequacy

SJIBL has maintained the Capital to Risk Weighted Assets Ratio (CRAR) 12.19% against the regulatory requirements of 11.25% as per Basel-III Guidelines.

2. Investment Quality

In the year 2017, SJIBL has able to downsize the NPI Ratio to 3.97% which was 4.70% in 2016.

3. Recovery

SJIBL has recovered and regularized 75.68% against the Recovery Target in the year-2017.

4. Investment Concentration

Total large Investment exposure of SJIBL was 34.75% of total Investment as of December 31, 2017 against the ceiling of 56% as per Bangladesh Bank Guidelines.

5. Collateral Coverage

SJIBL always try to take highest amount of collateral against the Investments. The Investments Portfolio of SJIBL covered by eligible collateral security was 87.88% as at December 31, 2017.

6. Market Risk

Market Risk in the SJIBL includes the equity price movement of Investment of Shares and Securities and exchange rate fluctuation of foreign currency transaction.

7. Liquidity Risk

During the year 2017, SJIBL maintains all regulatory requirements related to Liquidity of the Bank like CRR, SLR, ID Ratio, LCR, NSFR, and MCO etc. and there was no shortfall in any of above.

8. Operational Risk

SJIBL has not incurred any losses due to internal & external frauds, employment practices, clients, products and business, disaster and IT failures during the last year.

9. Compliance Risk

SJIBL is strongly committed to compliance of internal, external regulatory compliances including AML and TF.

10. Reputational Risk

The reputation of SJIBL is being increased due to its cordial service, strong regulatory compliance and maintaining its commitment.

STRATEGIES FOR RISK MANAGEMENT

Shahjalal Islami Bank Limited has grown in different sectors with good quality assets, however, it has experienced that some large delinquencies in some industries contributed to increase in Bank's overall non-performing investment.

In this view, SJIBL has established the following strategy to minimize the risk.

- Proper evaluation and due diligence to arrest the non-performing investment.
- Emphasis on collateral based investment.
- Increased the rated investment clients for better asset quality.
- Improved RWAs to lessen the pressure on capital.
- Initiative for installation of anti-skimming device for preventing card frauds.
- Adaption of ESDD checklist for Environmental and Social Risk Management.
- Concentrated on IT Security as per to the Bangladesh Bank ICT Security Guidelines.
- Implement Risk based Audit functions.
- Conduct all Core Risk Audits.
- Implementation IT system audits on Branches and Divisions.
- E-learning Training Program, surprise audits & Independent testing on AML/CFT compliance.

In fine, Shahjalal Islami Bank Limited always strives for excellence in all its endeavors to manage risks effectively. Identifying and addressing various kinds of risks is a continuous process. The Bank has established an effective framework to revise its Risk Manage System as and when required. The combination of all risk factors may pose imperative challenge for risk management in coming years.

Our commitment is to be a fully shariah compliant, transparent, resilient and sustainable Bank in the country.



Md. Shahjahan Shiraj
Deputy Managing Director &
Chief Risk Officer

Market Discipline

Disclosures on Risk Based Capital (Pillar-3 of Basel-III)

For the year ended 31 December 2017

Background

The disclosure of prudential information is a most important component of Basel Committee on Banking Supervision's framework of capital measurement and capital adequacy, known as Basel III. Bangladesh Bank has specified the standard of qualitative and quantitative disclosures through Guidelines on Risk Based Capital Adequacy (Revised Regulatory Capital Framework for Banks in line with Basel III) on December 2014 with effect from January 2015.

Purpose

- To complement the Minimum Capital Requirement (MCR) under Pillar-1 and the Supervisory Review Process (SRP) under Pillar-2 of Basel-III;
- To establish more transparent and more disciplined financial market so that stakeholders can assess the position of a bank regarding holding of assets and
- To identify the risks relating to the assets and capital adequacy to meet probable loss of assets.

Relations with Accounting Disclosures

- The disclosure framework does not conflict with requirements under accounting standards as set by Bangladesh Bank from time to time.
- Under Minimum Capital Requirement (MCR), Bank use specified approaches/methodologies for measuring the various risks.
- The disclosures should be subject to adequate validation. Since information in the annual financial statements would generally be audited, the additionally published with such statements must be consistent with the audited statements.

Disclosure Framework

Bangladesh Bank set out the following components in the disclosures under Pillar-3 of Basel framework.

1. Scope of Application
2. Capital Structure
3. Capital Adequacy
4. Investment (Credit) Risk
5. Equities: Disclosures for Banking Book Positions
6. Profit (Interest) Rate Risk in the Banking Book (PRRBB)
7. Market Risk
8. Operational Risk
9. Liquidity Ratio
10. Leverage Ratio
11. Remuneration

This "Disclosures on Risk Based Capital (Basel-III)" is prepared for the year ended 31 December 2017 as per Bangladesh Bank's Guideline.

1. Scope of Application

Qualitative Disclosures

- | | |
|---|---------------------------------------|
| (a) The name of the top corporate entity in the group to which this guidelines applies: | Shahjalal Islami Bank Limited (SJIBL) |
|---|---------------------------------------|

<p>b) An outline of differences in the basis of consolidation for accounting and regulatory purposes, with a brief description of the entities within the group (a) that are fully consolidated; (b) that are given a deduction treatment; and (c) that are neither consolidated nor deducted (e.g. where the investment is risk - weighted).</p>	<p>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. A brief description of the Bank including OBU (Main Operation) and its subsidiary are given below:</p> <p>Shahjalal Islami Bank Limited Shahjalal Islami Bank Limited (hereinafter called 'the Bank'-'SJIBL') was established as a Public Limited Company (Banking Company) as on the 1st day of April 2001 under the Companies Act 1994 as interest free Islamic Shari'ah based commercial bank and commenced its operation on the 10 May 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through Corporate Head Office having 113 Branches, Central Processing Center (CPC), Off-shore Banking Unit (OBU), 73 own ATM booths 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 principal activities of the Bank are to provide all kinds of commercial banking services to its customers through its branches following the provisions of the Bank Companies Act 2013 (Amended), Bangladesh Bank's Directives and the principles of the Islamic Shariah.</p> <p>Off-shore Banking Unit (OBU) Off-shore Banking Unit is a separate business unit governed by the applicable rules & regulations and guidelines of Bangladesh Bank. The Bank obtained the permission for conducting the operations of OBU from Bangladesh Bank vide letter no. BRPD (P-3)744(99)/2008-2800 dated 24 July 2008. The Bank opened its Off-shore Banking Unit on 21 December, 2008 and the unit is located at Shahjalal Islami Bank Tower, Plot-4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.</p> <p>Shahjalal Islami Bank Securities Limited (SJIBSL) Shahjalal Islami Bank Securities Limited is a subsidiary company of Shahjalal Islami Bank Limited (SJIBL) incorporated as a public limited company under the Companies Act 1994 vide certification of incorporation no. C - 86917/10 dated 06 September 2010 and commenced its operation on 25 May 2011. The main objective of the company is to carry on business of stock broker/dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.</p>
<p>c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group</p>	<p>Not applicable.</p>
<p>Quantitative Disclosures</p>	
<p>d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and name(s) of such subsidiaries.</p>	<p>Not applicable.</p>

2. Capital Structure

Qualitative Disclosures

<p>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.</p>	<p>As per the Guidelines on Risk Based Capital Adequacy of Bangladesh Bank, the regulatory capital of Bank is classified into two tiers which will consist of sum of the following categories:</p> <p>i. Tier-1 Capital (going-concern capital)</p> <p>a) Common Equity Tier-1 capital of SJIBL consists of Paid-up Capital, Statutory Reserve, Retained Earnings and Minority Interest in Subsidiaries.</p> <p>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).</p> <p>ii. Tier-2 Capital (gone-concern capital) of SJIBL consists of General Provisions and Mudaraba Subordinated Bond/Debt issued by the Bank that meets the qualifying criteria for Tier-2 Capital.</p>
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Quantitative Disclosures

b) The Amount of Tier 1 Capital with break-up

Particulars	Taka in Million	
	Solo	Consolidated
A. Common Equity Tier (CET1) Capital:		
i. Fully paid-up capital	7,714.23	7,714.23
ii. Statutory reserve	4,819.26	4,819.26
iii. Non-repayable share premium account	-	-
iv. General reserve	-	-
v. Retained earnings	784.29	1,079.87
vi. Dividend equalization account	-	-
vii. Minority interest in subsidiaries	-	251.44
viii. Others (if any item approved by Bangladesh Bank)	-	-
(A) Sub-Total of CET1 Capital (i to viii)	13,317.78	13,864.80
B. Additional Tier 1 (AT1) Capital	-	-
i. Non-cumulative irredeemable preference shares	-	-
ii. Instruments issued by the bank that meet the qualifying criteria for AT1	-	-
iii. Others (if any item approved by Bangladesh Bank)	-	-
(B) Sub-Total of AT1 Capital (i to iii)	-	-
C. Total Tier 1 Capital (Going-Concern Capital) (A+B)	13,317.78	13,864.80
D. Tier 2 Capital (Gone-Concern Capital)		
i. General provision against unclassified investments/loans and off balance sheet exposures (including OBU)	2,058.20	2,481.82
ii. Subordinated debt	4,000.00	4,000.00
iii. Others (if any item approved by Bangladesh Bank)	-	-
(D) Sub-Total of Tier 2 Capital (i to iii)	6,058.20	6,481.82
E. Regulatory Adjustments/Deductions from Capital		
i. Shortfall in provision against NPIs and Investments	-	-
ii. Revaluation reserve for fixed assets, securities & equity securities	-	-
iii. Others	-	-
(E) Sub-Total of Regulatory Deductions (i to iii)	-	-
F. Total Eligible Capital (C+D-E)	19,375.98	20,346.62

3. Capital Adequacy

Qualitative Disclosures

a)	A summary discussion of the bank's approach to assess the adequacy of its capital to support current and future activities.	<p>The Bank has adopted Standardized Approach (SA) for computation of capital charge for investment risk and market risk, and Basic Indicator Approach (BIA) for operational risk. Assessment of capital adequacy is carried out in conjunction with the capital adequacy reporting to the Bangladesh Bank.</p> <p>The Bank has maintained Capital to Risk Weighted Assets (RWA) Ratio at 12.44% & 12.19% on the basis of "Consolidated" and "Solo" respectively as against the minimum regulatory requirement of 10% plus capital conservation buffer of 1.25% totaling of 11.25%. Common Equity Tier-I Capital to RWA Ratio under "Consolidated" basis is 8.48% which "Solo" basis is 8.38% as against the minimum regulatory requirement of 6.00%. The Bank's policy is to manage and maintain strong Capital to RWA Ratio with high rating grade of investment clients. The Bank maintains adequate capital that is sufficient to absorb all material risks associated with the Bank. The Bank also ensures that the levels of capital comply with regulatory requirements and satisfy the external rating agencies and other all stakeholders including depositors.</p>
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Quantitative Disclosures

Taka in Million

Particulars	Solo	Consolidated
b) Capital requirements for Investment (Credit) Risk:	14,638.36	14,879.91
c) Capital requirements for Market Risk	311.06	491.19
d) Capital requirements for Operational Risk	944.23	986.45
Minimum Capital Requirement (b+c+d)	15,893.65	16,357.55
Total Regulatory Capital	19,375.98	20,346.62
Total Risk Weighted Assets (RWA)	158,936.53	163,575.51
e) Capital to Risk-weighted Assets ratio (CRAR) (iii to iv)	12.19%	12.44%
i. CET 1 capital ratio	8.38%	8.48%
ii. AT 1 capital ratio	-	-
iii. Total Tier 1 capital ratio (i to ii)	8.38%	8.48%
iv. Tier-2 capital ratio	3.81%	3.96%
f) Capital Conservation Buffer	1,986.71	2,044.69
g) Available Capital under Pillar 2 Requirement*	1,495.62	1,944.44

*After deduction of Minimum Capital Requirement and Capital Conservation Buffer from Total Regulatory Capital.

4. Investment (Credit) Risk

Qualitative Disclosures

a)	The general qualitative disclosure requirement with respect to investment risk, including:
i)	Definitions of past due and impaired (for accounting purposes)
	As per Bangladesh Bank guidelines, any Investment if not repaid within the fixed expiry date will be treated as Past Due/Overdue.

Bangladesh Bank issued Circulars from time to time for strengthening Investment (Credit) discipline and brings provisioning. All Investments/ loans & advances will be grouped in to 4 (four) categories for the purpose of classification, namely

- (a) **Continuous Investment (Loan):** The Investment (Loan) accounts in which transactions may be made within certain limit and have an expiry date for full adjustment will be treated as Continuous Investment (Loan). Examples are: Cash Credit, Overdraft, etc.
- (b) **Demand Investment (Loan):** The Investments (Loans) that become repayable on demand by the bank will be treated as Demand Investment. If any contingent or any other liabilities are turned to forced investment (i.e. without any prior approval as regular investment) those too will be treated as Demand Investment (Loan). Such as: Forced Loan against Imported Merchandise, Payment Against Document, Foreign Bill Purchased and Inland Bill Purchased, etc.
- (c) **Fixed Term Investment (Loan):** The Investments (Loans), which are repayable within a specific time period under a specific repayment schedule, will be treated as Fixed Term Investment (Loan).
- (d) **Short term Agricultural & Micro Investment (Loan):** Short-term Agricultural Investment (Credit) will include the short-term credits as listed under the Annual Credit Programme issued by the Agricultural Credit and Financial Inclusion Department (ACFID) of Bangladesh Bank. Credits in the agricultural sector repayable within 12 (twelve) months will also be included herein. Short-term Micro-Credit will include any micro-credits 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:

Continuous and demand Investment(Loan) are classified as:

- i. **Sub-standard:** if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months;
- ii. **Doubtful:** if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months;
- iii. **Bad & Loss:** if it is past due/overdue for 09 months or beyond from the date of expiry or claim by the bank or from the date of creation of forced loan.

Fixed Term Investment (Loan) is classified as:

- (A) In case of any installment(s) or part of installment(s) of a Fixed Term Investment (Loan) amounting upto Tk. 10.00 Lac is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Loans: -

- i. **Sub-standard:** if the amount of 'past due installment is equal to or more than the amount of installment(s) due within 6 (six) months, the entire Investment (loan) will be classified as "Sub-standard";
- ii. **Doubtful:** if the amount of past due installment is equal to or more than the amount of installment(s) due within 9 (Nine) months. the entire Investment (loan) will be classified as "Doubtful";
- iii. **Bad & Loss:** if the amount of past due installment is equal to or more than the amount of installment(s) due within 12(Twelve) months, the entire Investment/loan will be classified as "Bad & Loss".

(B) In case of any installment(s) or part of installment(s) of a Fixed Term Investment (Loan) amounting more than Tk. 10.00 Lac is not repaid within the due date, the amount of unpaid installment(s) will be termed as 'past due or overdue installment'. In case of such types of Fixed Term Investment (Loans):

- i. **Sub-Standard:** If the amount of past due installment is equal to or more than the amount of installment(s) due within 03 (three) months, the entire Investment (loan) will be classified as "Sub-standard".
- ii. **Doubtful:** If the amount of past due installment is equal to or more than the amount of installment(s) due within 06 (six) months, the entire Investment(loan) will be classified as "Doubtful".
- iii. **Bad & Loss:** If the amount of past due installment is equal to or more than the amount of installment(s) due within 09 (nine) months, the entire Investment (loan) will be classified as "Bad & Loss".

Explanation: If any Fixed Term Investment (Loan) is repayable on monthly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 06 monthly installments. Similarly, if the Investment (loan) is repayable on quarterly installment basis, the amount of installment(s) due within 06 (six) months will be equal to the sum of 2 quarterly installments."

Short-term Agricultural and Micro-Investment are classified as: If not repaid within the due date as stipulated in the Investment (Loan) agreement.

- i. **Sub-Standard:** If the said irregular status continues, the Investment (Loan) will be classified as 'Substandard' after a period of 12 months.
- ii. **Doubtful:** if the irregular status continues after a period of 36 (thirty-six) months, the Credits are classified as "Doubtful".
- iii. **Bad & Loss:** if the irregular status continues after a period of 60 (sixty) months, the credits are classified as "Bad &Loss" from the stipulated due date as per Investment (loan) agreement'.

A continuous Investment, Demand or a Term Investment which will remain overdue for a period of 02 (two) months or more will be put into the "Special Mention Account (SMA)".

<p>ii) Description of approaches followed for specific and general allowances and statistical methods;</p>	<p>The Bank is following the general and specific provision for investments on the basis of Bangladesh Bank guidelines issued from time to time. Rates of provision are noted below:</p> <p>a) General Provision: The Bank maintains General Provision in the following way:</p> <ol style="list-style-type: none"> 1) @ 0.25% against all unclassified Investment of Small and Medium Enterprise (SME) as defined by the SME & Special Program Department of Bangladesh Bank from time to time and @1% against all unclassified Investments (other than Investments/ loans under Consumer Financing, Investment to Brokerage House, Merchant Banks, Stock dealers etc'' Special Mention Account as well as SME Financing'). 2) @ 5% on the unclassified amount for Consumer Financing where as it has to be maintained @ 1% on the unclassified amount for (i) Housing Finance and (ii) Investments (Loans) for Professionals-to set up business under Consumer Financing Scheme. 3) @ 2% on the unclassified amount for Investments (Loans) to Brokerage House, Merchant Banks, Stock dealers etc. 4) Rate of provision on the outstanding amount of Investments kept in the 'Special Mention Account' will be same as the rates stated in (1), (2), (3). 5) a) @1% on the off-balance sheet exposures. (Provision will be held on the total exposure and amount of cash margin or value of eligible collateral will not be deducted while computing Off -balance sheet exposure.) <p>b) Specific Provision: Bank will maintain provision at the following rates in respect of classified Continuous, Demand and Fixed Term Investments (Loans):</p> <table data-bbox="712 1304 1452 1440"> <tr> <td>(i) Sub-standard:</td> <td>20%</td> </tr> <tr> <td>(ii) Doubtful:</td> <td>50%</td> </tr> <tr> <td>(iii) Bad & Loss:</td> <td>100%</td> </tr> </table> <p>c) Provision for Short-term Agricultural and Micro-Investments:</p> <table data-bbox="712 1504 1452 1645"> <tr> <td>(i) All unclassified Investment (irregular and regular):</td> <td>1%</td> </tr> <tr> <td>(ii) Sub-standard & DF:</td> <td>5%</td> </tr> <tr> <td>(iii) Bad & Loss:</td> <td>100%</td> </tr> </table>	(i) Sub-standard:	20%	(ii) Doubtful:	50%	(iii) Bad & Loss:	100%	(i) All unclassified Investment (irregular and regular):	1%	(ii) Sub-standard & DF:	5%	(iii) Bad & Loss:	100%
(i) Sub-standard:	20%												
(ii) Doubtful:	50%												
(iii) Bad & Loss:	100%												
(i) All unclassified Investment (irregular and regular):	1%												
(ii) Sub-standard & DF:	5%												
(iii) Bad & Loss:	100%												
<p>iii) Discussion of the Bank's investment risk management policy</p>	<p>The Board approved the Investment Risk Manual (IRM) keeping in view relevant Bangladesh Bank guidelines to ensure best practice in investment risk management and maintain quality of assets. Authorities are properly delegated ensuring check and balance in investment operation at every stage i.e. screening, assessing risk, identification, management and mitigation of investment risk as well as monitoring, supervision and recovery of investments with provision for Early Warning System (EWS).</p>												

	There is a separate Investment Risk Management (IRM) under the Chief Risk Officer (CRO) for mitigation of investment risk, separate Investment Administration Division (IAD) for ensuring perfection of securities and Recovery Unit for monitoring and recovery of irregular investments. Internal Control & Compliance Division (IC&CD) independently assess quality of investments and compliance status of investments during their audit at least once in a year. Adequate provision is maintained against classified investments as per Bangladesh Bank guidelines. Status of investments is reported periodically to the Risk Management Committee (RMC)/Executive Committee (EC) of the Board by the concerned Division.
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Quantitative Disclosures

a) Total gross investment risk exposures broken down by major types of investment exposures.	Total gross Investment risk exposures broken down by major types of Investment exposure of the Bank are as under:	
	Particulars	Taka in million
	Murabaha	14,197.54
	Bi-Muazzal	86,302.58
	Hire Purchase under Shirkatul Meelk	35,159.20
	Ijara	1,288.40
	Bi-Salam	3,504.01
	Quard	70.85
	Investment for EDF	7,847.21
	General Investment	0.41
	Bills Purchased and Discounted	10,303.97
	Total	158,668.16
b) Geographical distribution of exposures, broken down in significant areas by major types of investment exposure.	Geographical distribution of exposures, broken down in significant areas by major types of investment exposure of the Bank are as under:	
	Particulars	Taka in million
	i. Area-wise:	
	Urban	148,205.43
	Rural	10,462.73
	Outside Bangladesh	0.00
	Total	158,668.16
	ii. Division- wise:	
	Dhaka	117,797.82
	Chittagong	26,888.85
	Sylhet	2,002.44
	Rajshahi	4,738.58
	Khulna	5,417.49
	Barisal	572.20
	Rangpur	1,250.78
	Total	158,668.16

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	5,234.40
	Cotton & Textile	13,742.25
	Garments	19,129.24
	Cement	1,292.70
	Pharmaceuticals & Chemicals	2,169.87
	Real Estate	8,074.51
	Transport	2,581.48
	Information Technology	399.68
	Non Banking Financial Institutions	2,404.26
	Steel & Engineering	9,085.34
	Food Processing & Beverage	11,229.54
	Power & Energy	4,349.75
	Paper & Paper Products	1,927.73
	Plastic & Plastic Products	3,690.07
	Electronics	4,022.94
	Services Industries	5,414.80
	Trading	26,668.70
	Import Financing	7,060.70
	Consumer Financing	420.50
	Share business	1,042.01
	Staff Investment	1,460.30
	Others	27,267.39
	Total	158,668.16
	ii. Counterparty-wise:	
Investments to allied concern of Directors	343.10	
Investments to Executive/Officers	1,460.30	
Investments to Customer Groups	97,186.42	
Industrial Investment	57,764.63	
Others	1,913.71	
Total	158,668.16	
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	30,781.62
	Over 1 month but not more than 3 months	52,535.03
	Over 3 month but not more than 1 year	48,457.25
	Over 1 year but not more than 5 years	20,547.53
	Over 5 years	6,346.73
Total	158,668.16	

e) By major industry or counterparty type:	i. Amount of impaired investments and if available, past due investments, provided separately	
	Particulars	Taka in million
	Past Due	
	Special Mention Account (SMA)	1,567.89
	Sub Standard	549.66
	Doubtful	211.76
	Bad & Loss	5,539.08
	Total	7,868.39
	ii. Specific and general provisions	
	Unclassified Investment	1,165.90
	Classified Investment	1,415.06
	Off-Balance Sheet Exposure	892.30
	Total	3,473.26
	iii. Charges for specific allowances during the period	
Provision on Unclassified Investment	269.70	
Provision on Classified Investment	664.80	
Provision on Off-Balance Sheet Exposure	259.00	
Total	1,193.50	
f) Gross Non Performing Assets (NPAs)	i. Non Performing Assets (NPAs) to outstanding Investments	
		3.97%
	ii. Movement of Non Performing Assets (NPAs)	
	Particulars	Taka in million
	Opening Balance	5,781.70
	Additions	518.80
	Reductions	0.00
	Closing Balance	6,300.50
	iii. Movement of specific provisions for NPAs	
	Opening Balance	1,431.47
	Recovery amount previously written-off	18.60
	Provisions made during the period	664.80
	Fully provided Investment write-off	(773.14)
	Adjustment and Provision transferred	73.33
Closing Balance	1,415.06	

5. Equities: Disclosures for Banking Book Position

Qualitative Disclosures

a) The general qualitative disclosures requirement with respect to equity risk, including:

Differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and

Investment in equity securities are broadly categorized into two parts:

i) Quoted Securities that are traded in the secondary market (Trading Book Assets).

	ii) Unquoted securities are categorized as banking book equity exposures which are further sub-divided into two groups: unquoted securities which are invested without any expectation that these will be quoted in near future i.e. Held to Maturity (HTM). And securities those are acquired under private placement or IPO and are going to be traded in the secondary market after completing required formalities. Unquoted securities are valued at cost.
Discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices	The primary objective is to invest in equity securities for the purpose of capital gain by selling them in future or held for dividend income. Dividends received from these equity securities are accounted for as and when received and right to receive when established. Both Quoted and Un-Quoted equity securities are valued at cost and necessary provisions are maintained time to time as per instruction of Bangladesh Bank if the prices fall below the cost price.

Quantitative Disclosures

Particulars	Taka in million	
	Solo	Consolidated
b) 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.	1,233.54	2,134.18
c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	60.83	170.57
d) Total un-realised gains (losses)	(465.16)	(477.58)
Total latent revaluation gains (losses)	-	-
Any amounts of the above included in Tier – 2 capital.	-	-
e) Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory provisions regarding regulatory capital requirements.		
● Specific Market Risk	1,233.54	2,134.18
● General Market Risk	1,233.54	2,134.18

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.	<p>Profit rate risk is the risk where changes in market profit rates might adversely affect bank's financial condition. Changes in profit rates affect both the current earnings (earnings perspective) as well as the net worth of the bank (economic value perspective). Re-pricing risk is often the most apparent source of profit rate risk for a bank and is often gauged by comparing the volume of a bank's assets that mature or re-price within a given time period with the volume of liabilities that do so.</p> <p>The short term impact of changes in profit rates is on the bank's Net Interest (Profit) Income (NII). In a longer term, changes in profit rates impact the cash flows on the assets, liabilities and off-balance sheet items, giving rise to a risk to the net worth of the bank arising out of all re-pricing mismatches and other profit rate sensitive position.</p>
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Profit Rate Risk Analysis

Quantitative Disclosures

- b) The increase (decrease) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring PRRBB, broken down by currency (as relevant).

Quantitative Disclosures

Taka in million

Particular	1-90 Days	91-180 Days	181-365 Days	Above 1 Year
Rate Sensitive Assets (A)	79,913.69	23,281.30	46,562.60	37,273.49
Rate Sensitive Liabilities (B)	70,171.65	16,698.11	33,396.21	30,462.96
GAP (A-B)	9,742.04	6,583.19	13,166.39	6,810.53
Cumulative Gap	9,742.04	16,325.24	29,491.62	36,302.15
Profit Rate Change (PRC)*	1%	1%	1%	1%
Quarterly Earning Impact (GAP x PRC)	24.36	16.46	32.92	17.03
Cumulative Earning Impact	24.36	40.81	73.73	90.76

*Assuming 1% rise in interest rates for both asset and liability portfolio of the Bank.

7. Market risk

Qualitative disclosures	Particulars
a) i) Views of BOD on trading / investment activities	The Board approves all policies related to market risk, setting of limits and review on Core Risk compliance on a regular basis. The objective is to provide cost effective funding to finance asset growth and trade related transactions.
ii) Methods used to measure Market risk	Standardized approach has been used to measure the Market Risk. The total capital requirement in respect of market risk is the aggregate capital requirement calculated for each of the risk sub-categories. For each risk category minimum capital requirement is measured in terms of two separately calculated capital charges for "specific risk" and "general market risk".
iii) Market Risk Management system	The Treasury Division manage market risk covering liquidity, profit rate and foreign exchange risks with oversight from Asset-Liability Management Committee (ALCO) comprising senior executives of the Bank. ALCO is chaired by the Managing Director. ALCO meets at least once in a month.
iv) Policies and processes for mitigating market risk	There are approved limits for Investment (credit) to deposit ratio, liquid assets to total assets ratio, maturity mismatch, commitments for both on-balance sheet and off-balance sheet items and borrowing from money market and foreign exchange position. The limits are monitored and enforced on a regular basis to protect the market risks. The exchange rate of the Bank is monitored regularly and reviews the prevailing market condition, exchange rate, foreign exchange position and transactions to mitigate foreign exchange risks.

Quantitative Disclosures

b) The capital requirements for

Taka in million

Particulars	Solo	Consolidated
Profit rate risk	-	-
Equity position risk	246.71	426.84
Foreign Exchange risk and	64.35	64.35
Commodity risk	-	-
Total Capital Requirement	311.06	491.19

8. Operational risk

Qualitative disclosures

<p>i) Views of BOD on system to reduce Operational Risk</p>	<p>Operational risk is the risk of loss or harm resulting from inadequate or failed of internal processes, people and systems or from external events. Capability to carry out a large number of transactions effectively and accurately while complying with applicable laws and regulations constitute operational risk management activities of the bank.</p> <p>The policy for operational risks including internal control & compliance risk is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Audit Committee of the Board directly oversees the activities of Internal Control & Compliance to protect against all operational risk.</p>
<p>ii) Performance gap of executives and staffs</p>	<p>Performance of employees is the most important factor to achieve organizational goals. Bank has put in place a well defined performance management process which aims to clarify what is expected from its different level of employees as well as how it is to be achieved. At the beginning of a year's objectives is communicated to the employees who includes what are expected from him/her during the ensuring period through their direct reporting heads. A yearly performance appraisal practice is in place to review achievements based on which rewards and recognition decisions are made. Bank has a special focus on:</p> <ul style="list-style-type: none"> ● Ensuring a balanced diversity, ● Promoting human capital development, ● Providing competitive compensation and benefits, ● Protecting human rights, ● Ensuring workplace health and safety, ● Ensuring equal opportunity. <p>SJIBL's strong brand image also plays an important role in employee motivation.</p>

iii) Potential external events	<p>By its nature, Operational Risk cannot be totally eliminated. Like other banks, SJIBL also operates its business with few potential external events that may significantly affect the bank into operational risks are as follows:</p> <ul style="list-style-type: none"> ● General business and political condition, ● Inflation, ● Changes in taxation rules, ● The risk of litigation process, ● Changes in investment quality of borrowers, ● Damage of physical asset, ● Volatility in equity market, ● Digital security, ● External fraud, ● Business disruption and system failure etc.
iv) Policies and processes for mitigating operational risk	<p>To mitigate the day to day Operations Manual including internal control & compliance risk Manual is approved by the Board taking into account relevant guidelines of Bangladesh Bank. On the basis of routine audit, branches are rated according to their risk grading/ scoring audit procedure and required frequent audit to the Branches are operating by Audit & Inspection Unit of IC & CD. Bank's Anti - Money laundering activities are headed by CAMLCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.</p>
v) Approach for calculating capital charge for operational risk	<p>Basic Indicator Approach (BIA) was used for calculating of capital charge for operational risk as per Guidelines on Risk Based Capital Adequacy of Bangladesh Bank. Under BIA, the capital charge for operational risk is a fixed percentage, denoted by α (alpha) of average positive annual gross income of the bank over past three years. Figures for any year in which annual gross income is negative or zero, should be excluded from both the numerator and denominator when calculating the average.</p>

Quantitative Disclosures

b) The capital requirements for :

Taka in million

Particular	Solo	Consolidated
Operational risk	944.23	986.45

9. Liquidity Ratio

Qualitative disclosures

Liquidity Risk	<p>Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments. Thus, liquidity risk can be of two types:</p> <ul style="list-style-type: none"> (i) Funding liquidity risk and (ii) Market liquidity risk.
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Views of Board of Directors on system to reduce liquidity Risk	Shahjalal Islami Bank Limited maintains diversified and stable funding base comprising of core retail, corporate and institutional deposits to manage liquidity risk. The responsibility of managing the liquidity risk of the bank lies with Treasury Front Office. Different key ratios including LCR and NSFR are regularly discussed in monthly meeting of ALCO. The committee meets at least once in a month to review Asset-Liability and Liquidity position of the Bank. Treasury maintains liquidity based on current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs and ALCO monitors present and anticipated asset quality, present and future earning capacity, present and planned capital position, etc.
Methods used to measure Liquidity Risk	<p>A sound liquidity risk management employed in measuring, monitoring and controlling liquidity risk is critical to the viability of the bank. The measurement tools those are used to assess liquidity risks are:</p> <ol style="list-style-type: none"> 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); viii. Volatile Liability Dependency Ratio; ix. Liquid Asset to Total Deposit Ratio; x. Liquid Asset to Short Term Liabilities etc.
Liquidity risk management system	The Asset Liability Committee (ALCO) meets at least once in a month to discuss and monitor overall position of the Bank including Liquidity. Treasury closely monitors liquidity requirements on daily basis by appropriate coordination among funding activities. Besides, monthly fund flow projection is reviewed in ALCO meeting regularly in order to manage liquidity risk of the bank.
Policies and processes for mitigating liquidity risk	<p>In order to develop comprehensive liquidity risk management framework, the Bank has Board approved Contingency Funding Plan (CFP), a set of policies and procedures that serves as a blueprint for the bank, to meet its funding needs in a planned manner at reasonable cost. Thus, CFP is an extension of ongoing liquidity management that formalizes the objectives of liquidity management by ensuring:</p> <ol style="list-style-type: none"> a) Reasonable liquid assets being maintained; b) Measurement and projection of funding requirements during various scenarios; and c) Management of access to sources of fund. <p>Maturity ladder of cash inflows and outflows are effective tool to determine the bank's cash position. A maturity ladder estimates a bank's cash inflows and outflows and thus net deficit or surplus (GAP) on a day to day basis in different time buckets (e.g. call, 2-7 days, 1 month, 1-3 months, 3-12 months, 1-5 years, over 5 years).</p>

Quantitative Disclosures

Liquidity Coverage Ratio (LCR)	<p>Liquidity Coverage Ratio aims to ensure that a bank maintains an adequate level of unencumbered, high-quality liquid assets that can be converted into cash to meet its liquidity needs for 30 calendar days.</p> $\text{LCR} = \frac{\text{Stock of High Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}} \times 100$ <p>The minimum standard for LCR is greater than or equal to 100%. However, the bank's status as on 31 December 2017 in this ratio is as follows:</p> $\text{LCR} = \frac{\text{Tk.21,044.59 Million}}{\text{Tk.20,925.32 Million}} \times 100$ <p style="text-align: center;">LCR = 100.57%</p>
Net Stable Funding Ratio (NSFR)	<p>Net Stable Funding Ratio is another new liquidity standard introduced by the Basel Committee. The NSFR aims to limit over-reliance on short-term wholesale funding during times of abundant market liquidity and encourages better assessment of liquidity risk across all on and off-balance sheet items.</p> $\text{NSFR} = \frac{\text{Available amount of stable funding (ASF)}}{\text{Required amount of stable funding (RSF)}} \times 100$ <p>The minimum acceptable value of this ratio is 100 percent, indicating that available stable funding (ASF) should be at least equal to required stable funding (RSF). However, the bank's status as on 31 December 2017 in this ratio is as follows:</p> $\text{NSFR} = \frac{\text{Tk.157,694.47 Million}}{\text{Tk.132,554.54 Million}} \times 100$ <p style="text-align: center;">NSFR = 118.97%</p>

10. Leverage Ratio

Qualitative disclosures

Views of Board of Directors on system to reduce excessive leverage	The responsibility of monitoring excessive leverage of the Bank lies with the Concerned Divisions under the guidance of the Board of Directors of the bank. The Board delivers policies and processes from time to time for managing the Bank's leverage ratio up to the mark.
Policies and processes for managing excessive on and off-balance sheet leverage	<p>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.</p> <p>The leverage ratio is intended to achieve the following objectives:</p> <ul style="list-style-type: none"> ● Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and ● Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

Approaches for calculating exposure	<p>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:</p> <ol style="list-style-type: none"> i. On balance sheet, non-derivative exposures are being net of specific provisions and valuation adjustments (e.g. surplus/ deficit on Available for sale (AFS)/ Held-for-trading (HFT) positions). ii. Physical or financial collateral, guarantee or investment risk mitigation purchased is not allowed to reduce on-balance sheet exposure. iii. Netting of investments and deposits is not allowed. <p>The Bank has calculated the regulatory leverage ratio as per the guideline of Basel III. The numerator, capital measure is calculated using the new definition of Common Equity Tier I capital applicable from 01 January 2015.</p>
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Quantitative Disclosures

Leverage Ratio	<p>A minimum Tier 1 leverage ratio of 3% is being prescribed by Bangladesh Bank both at solo and consolidated basis. The bank maintains leverage ratio on quarterly basis. The status of leverage ratio at the end of each calendar quarter is submitted to Bangladesh Bank. The formula of Leverage Ratio is as under:</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$
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Particular	Taka in million	
	Solo	Consolidated
Common Equity Tier 1 Capital*	13,317.78	13,864.80
On Balance Sheet Exposure*	206,471.31	209,581.63
Off-Balance Sheet Exposure*	35,406.93	35,406.93
Total Exposure	241,878.24	244,988.56
Leverage Ratio	5.51%	5.66%

* Considering all regulatory adjustments

11. Remuneration

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration.

i. Name, composition and mandate of the main body overseeing remuneration.	Human Resources Division of the Bank deals with the remuneration related issues of employees with the assistance of Financial Administration Division as per specific provisions laid down in the Employees' Service Rules of the Bank and Pay structure duly approved by the Board of Directors, while the same is governed and oversight by the Managing Director, Management Committee and Head of Human Resource Division.
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	<p>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.</p>																		
ii. External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	<p>Bank does not seek advice from any external consultant in any step of remuneration process and therefore, no commission is paid to this effect. The bank does not make any differentiation in offering compensation/salary & allowance.</p>																		
iii. A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	<p>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.</p> <p>As on 31 December 2017, the Bank had no foreign subsidiaries and branches outside Bangladesh.</p>																		
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.	<p>The Bank has not categorized any group or grade of employees as material risk taker. The risks in different operational events of the bank are borne by the concerned employees of those particular areas as a team. However, the members of senior management, senior most branch managers and Head of the functional division at Head Office are considered as senior managers. As such, a number of 62 Executives of the Bank up to the rank of Vice President as on 31 December 2017 has been considered as senior managers as follows:</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>1</td> </tr> <tr> <td>Additional Managing Director</td> <td>1</td> </tr> <tr> <td>Deputy Managing Director</td> <td>4</td> </tr> <tr> <td>Senior Executive Vice President</td> <td>9</td> </tr> <tr> <td>Executive Vice President</td> <td>9</td> </tr> <tr> <td>Senior Vice President</td> <td>13</td> </tr> <tr> <td>Vice President</td> <td>25</td> </tr> <tr> <td>Total</td> <td>62</td> </tr> </tbody> </table>	Designation	Number	Managing Director	1	Additional Managing Director	1	Deputy Managing Director	4	Senior Executive Vice President	9	Executive Vice President	9	Senior Vice President	13	Vice President	25	Total	62
Designation	Number																		
Managing Director	1																		
Additional Managing Director	1																		
Deputy Managing Director	4																		
Senior Executive Vice President	9																		
Executive Vice President	9																		
Senior Vice President	13																		
Vice President	25																		
Total	62																		
b) Information relating to design and structure of remuneration process.																			
i. An overview of the key features and objectives of remuneration policy.	<p>The bank has a well structured, competitive and rewarding scale of pay for the regular employees of the bank duly approved by the board of Directors. The pay package of all employees other than Managing Director and Contractual Employees are determined by the management in accordance with the approved scale of pay.</p>																		

	<p>The compensation package of Managing Director is determined by the Board of Directors and subject to the subsequent approval of the Central Bank, i.e. Bangladesh Bank. Remuneration Package of Contractual Employees, as and when required, are determined and approved by Board of Directors on case to case basis prior to appointment. The annual increment and incentive bonuses for the eligible employees are paid on the basis of performances under the purview of Board approved policies in this regard.</p> <p>The main objective of the remuneration policy of the bank is to retain the existing human resources, attract/hire the talented & experienced professionals and to motivate the workforce to put their best efforts for sustainable growth of the Bank.</p> <p>The remuneration includes basic pay, house rent, medical allowance, conveyance allowance etc. The basic pay & other allowances like house rent, medical allowance are increased at a fixed rate annually subject to satisfactory performance of past year. The employees are also rewarded by way of special promotion, increment for their outstanding performance. Other than monthly remuneration bank offers a number of facilities/benefits like Leave Fare Assistance (LFA); Executive Car Facility; Corporate Mobile Phone facility, Maternity benefits for employees; Employees' House Building Investment Facility; Employees' House building Safety Scheme; House Furnishing Allowance, 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 Super Annuaton Fund.</p> <p>The employees are paid two festival bonus and boishaki bonus per year. Incentive bonus is also paid on the basis of performance for annual profit of the bank.</p>
<p>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.</p>	<p>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. The remuneration is reviewed and changed during the year.</p>
<p>iii. A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.</p>	<p>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 and there is no differentiation with other employees of the Bank.</p>
<p>c) Description of the ways in which current and future risks are taken into account in the remuneration process.</p>	
<p>i. An overview of the key risks that the bank takes into account when implementing remuneration measures.</p>	<p>The remuneration is measured taking into consideration of the following two risk factors:</p> <ul style="list-style-type: none"> ● Financial risks and ● Compliance risk. <p>If the financial losses is made for non-compliance of any of that rules & regulations by any employee the bonus, increment etc. are held.</p>

ii.	An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure.	SJIBL follows financial capacity of the bank to measure remuneration packages. Besides, it considers operational impacts, cost of living adjustments, relevant compliances, industry-competitives remuneration in relation to the market reputation and other effective risk-adjusted measures in determining remuneration.
iii.	A discussion of the ways in which these measures affect remuneration.	SJIBL approaches the employee's remuneration arrangements, especially periodic fixed remuneration enhancements and variable compensation through an integrated risk, finance, compensation and performance management framework. Annual salary increment and potential variable benefits are rewarded at the end of each year.
iv.	A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	The realistic grounds has considered by the Bank's management to revise and measure the remuneration arrangement from time to time in order to ensure risk adjusted business operations and employee satisfaction simultaneously.
d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	
i.	An overview of main performance metrics for bank, top-level business lines and individuals.	<ul style="list-style-type: none"> ● Net Profit (Income) Margin (NIM) ● Return on Investment (ROI) ● Return on Assets (ROA) ● Return on Equity (ROE) ● RAROC (Risk adjusted Return on Capital) ● Classified Investment Ratio ● Earning Per Share (EPS) ● Capital to Risk-weighted Asset Ratio (CRAR) ● Operating Efficiency (cost control)
ii.	A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	Annual performance bonus, salary increment and promotion are directly linked with employee's individual performance.
iii.	A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.	Not Applicable
e)	Description of the ways in which the Bank seeks to adjust remuneration to take account of longer-term performance.	
i.	A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	Currently SJIBL does not offer any variable remuneration that may be deferred or vested either in the form of cash, shares or share-linked instruments. However, employees are eligible for variable remuneration arrangement in the form of Incentive Bonus (non-deferred cash awards), applicable to their positions.

ii.	A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through clawback arrangements.	Not Applicable					
f)	Description of the different forms variable remuneration that the bank utilizes and the rationale for using these different forms.						
i.	An overview of the forms of variable remuneration offered (i.e. cash, share and share-linked instrument and other forms.	The structure of remuneration arrangements for all employees primarily consists of a fixed remuneration component, which is made up of basic salary, allowances and other benefits. Employees are also eligible for variable remuneration arrangements applicable to their position. Variable remuneration consists of Incentive Bonus (cash awards) for most of SJIBL's employees.					
ii.	A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that dermine the mix and their relative importance.	<p>The following variable remunerations are provided by the Bank on the basis of employee's individual performance.</p> <ul style="list-style-type: none"> ● Annual performance bonus and ● Salary increment. 					
Quantitative Disclosures							
g)	Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	Not Applicable					
h)i.	Number of employees having received a variable remuneration award during the financial year.	Not Applicable					
h)ii.	Number and total amount of guaranteed bonuses awarded during the financial year.	<table border="1"> <thead> <tr> <th>No. of Guaranteed Bonus</th> <th>Total Amount (Tk. in Million)</th> </tr> </thead> <tbody> <tr> <td>3 festival bonuses</td> <td>161.24</td> </tr> </tbody> </table>	No. of Guaranteed Bonus	Total Amount (Tk. in Million)	3 festival bonuses	161.24	
No. of Guaranteed Bonus	Total Amount (Tk. in Million)						
3 festival bonuses	161.24						
h)iii.	Number and total amount of sign-on awards made during the financial year.	Not Applicable					
h)iv.	Number and total amount of severance payments made during the financial year.	Not Applicable					
i) i.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Not Applicable					

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 used (cash, shares and share linked instruments, other forms).	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #00838f; color: white;"> <th style="text-align: center;">Sl.</th> <th style="text-align: center;">Particulars</th> <th style="text-align: center;">Total Amount (Tk. in million)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">i)</td> <td>Fixed and variable</td> <td style="text-align: center;">2,065.09</td> </tr> <tr> <td style="text-align: center;">ii)</td> <td>Deferred and non-deferred</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">iii)</td> <td>Different forms used</td> <td style="text-align: center;">Cash</td> </tr> </tbody> </table>	Sl.	Particulars	Total Amount (Tk. in million)	i)	Fixed and variable	2,065.09	ii)	Deferred and non-deferred	Nil	iii)	Different forms used	Cash
Sl.	Particulars	Total Amount (Tk. in million)											
i)	Fixed and variable	2,065.09											
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												

Annual Report of Shariah Supervisory Committee-2017

الحمد لله رب العالمين والصلوة والسلام على سيدنا محمد وآله واصحابه اجمعين

All praises be to Almighty Allah, the Lord of the Universe and peace and blessings of Allah be upon the Prophet Mohammad (Sm.) and his all other descendants and companions.

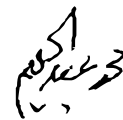
The Honorable Members of Shariah Supervisory Committee met in 04 (four) Supervisory Committee Meetings and 1 (one) Sub Committee Meeting in the year-2017 to review and confer decision on the matters referred by the Board of Directors and the Management of the Bank. The Shariah Supervisory Committee gave necessary instructions and guidelines to the management from time to time to operate the Banking transactions according to the principles of Islamic Shariah. Members of Shariah Supervisory Committee delivered valuable speech and suggestions at the Shariah workshops and seminars arranged by the management of the Bank for the Bank officials. Shariah Inspection reports of the Branches are submitted to Shariah Supervisory Committee Secretariat by Shariah Inspection and Compliance Division to review.

After reviewing the reports and the performance of transactions of Shahjalal Islami Bank Limited, the Shariah Supervisory Committee gives their opinions and suggests as following:

- Shariah awareness has been developed during the year compared to previous ones due to motivation and other measures taken;
- Distribution of profit among the various Mudarabah depositors have been made as far as possible in accordance with the principle of Islamic Shariah;
- 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;
- 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;
- 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;
- Shariah audit should be conducted in all Branches more frequently to verify/rectify Banking transactions to comply with Shariah;
- 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;
- "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 establish Islamic society on the soil of Bangladesh through Islamic Banking. Aa-meen!

وآخر دعوانا ان الحمد لله رب العالمين



Mufti Abdul Halim Bukharee

Chairman, Shariah Supervisory Committee

শরীয়াহ সুপারভাইজারী কমিটির বার্ষিক প্রতিবেদন-২০১৭

الحمد لله رب العلمين والصلوة والسلام على سيدنا محمد واله واصحابه اجمعين

সকল প্রশংসা মহান আল্লাহ্ রাক্বুল আলামীনের, যিনি গোটা বিশ্ব জাহানের প্রতিপালক। অসংখ্য দরুদ ও সালাম রাহমাতুল্লিল আলামীন প্রিয় নবী হযরত মুহাম্মদ মুস্তফা সাল্লাল্লাহু আলাইহি ওয়াসাল্লাম, তাঁর পরিবারের সদস্যবর্গ ও সঙ্গী-সাথী সকল সাহাবায়ে কেলাম, তাবয়ীন, তাব' তাবয়ীন, আইন্মায়ে মুজতাহেদীন এবং ক্বিয়ামত পর্যন্ত অনাগত অনুসারীদের প্রতি।

শাহজালাল ইসলামী ব্যাংক লিমিটেড শরীয়াহ সুপারভাইজারী কমিটির সম্মানিত সদস্যবৃন্দ ব্যাংকের পরিচালনা পর্ষদ ও ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক উপস্থাপিত বিষয়াদির উপর দিক-নির্দেশনামূলক সিদ্ধান্ত প্রদানের জন্য ২০১৭ ইং সনে সুপারভাইজারী কমিটির ৪ (চার) টি সভা এবং সাব কমিটির ১ (এক) টি সভায় মিলিত হন। তা ছাড়া শরীয়াহ নীতিমালার আলোকে ব্যাংকিং কার্যক্রম পরিচালনার জন্য শরীয়াহ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় ব্যবস্থাপনা কর্তৃপক্ষকে প্রয়োজনীয় পরামর্শ ও দিক-নির্দেশনা প্রদান করা হয়। ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক ব্যাংকের নির্বাহী ও কর্মকর্তাবৃন্দের জন্য আয়োজিত শরীয়াহ ওয়ার্কশপ ও কর্মশালায় শরীয়াহ সুপারভাইজারী কমিটির একাধিক সদস্য উপস্থিত থেকে তাঁদের দিক-নির্দেশনামূলক বক্তব্য প্রদান করেন। শরীয়াহ ইন্সপেকশন বিভাগের মাধ্যমে ব্যাংকের শাখাগুলোতে শরীয়াহ নিরীক্ষা কার্যক্রম পরিচালনা করে নিরীক্ষা প্রতিবেদনগুলো শরীয়াহ সচিবালয়ে জমা দেয়া হয়।

শরীয়াহ সুপারভাইজারী কমিটি শাহজালাল ইসলামী ব্যাংক লিমিটেডের শরীয়াহ নিরীক্ষা প্রতিবেদনসমূহ পর্যালোচনা ও যাবতীয় কার্যাবলী পর্যবেক্ষণ ও মূল্যায়ন করার পর নিম্নোক্ত মতামত ও পরামর্শ প্রদান করেন :

- সচেতনতা বৃদ্ধির লক্ষ্যে গৃহীত বিভিন্ন পদক্ষেপের কারণে বিগত বছরগুলোর তুলনায় শরীয়াহ সম্পর্কে আরও অধিক সচেতনতা বৃদ্ধি পেয়েছে।
- বিভিন্ন প্রকার মুদারাবাহ জমার বিপরীতে যে মুনাফা বন্টন করা হয়েছে, তা যথাসম্ভব শরীয়াহ নীতিমালার আলোকেই করা হয়েছে।
- শরীয়াহ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় ব্যবস্থাপনা কর্তৃপক্ষকে যেসব দিক-নির্দেশনা প্রদান করা হয়েছে, ব্যাংকের যাবতীয় কর্মকাণ্ডে সে সবার পরিপূর্ণ বাস্তবায়নের প্রতি ব্যবস্থাপনা কর্তৃপক্ষকে আরও সচেতন থাকতে পরামর্শ দেয়া হয়।
- 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 শরীয়াহভিত্তিক অর্থনীতির সুফল আরও ব্যাপক আকারে প্রসার লাভ করতে পারে।
- বাই'য়ে মুয়াজ্জাল ও বাই'য়ে মুরাবাহা বিনিয়োগসহ সকল ক্ষেত্রে ব্যবস্থাপনা কর্তৃপক্ষকে ব্যাংক কর্তৃক মালামাল ক্রয়-বিক্রয় নিশ্চিত করার জন্য অপরিহার্য ডকুমেন্টস সম্পর্কে আরও সজাগ থাকতে হবে। পাশাপাশি, ধাপে ধাপে মুদারাবা ও মুশারাকা বিনিয়োগ পদ্ধতির অনুশীলনেও বাস্তব পদক্ষেপ গ্রহণ করতে হবে।
- শাখা পর্যায়ে শরীয়াহ নিরীক্ষা কার্যক্রম আরও ব্যাপকভাবে পরিচালনা করে ব্যাংকিং সেবায় শরীয়াহ নীতিমালা সম্পূর্ণরূপে বাস্তবায়ন করার সার্বিক ব্যবস্থা গ্রহণ করতে হবে।
- শরীয়াহ নীতিমালা পরিপালনের লক্ষ্যে শরীয়াহ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় প্রদত্ত পরামর্শসমূহ বাস্তবায়নে ব্যাংক কর্তৃপক্ষকে আরও বেশী সচেতন হতে হবে।
- ইসলামী ব্যাংকিং-এর সাফল্য ও অগ্রযাত্রা সম্পর্কে সচেতনতা বৃদ্ধির লক্ষ্যে ব্যাংকের গ্রাহক ও কর্মকর্তাবৃন্দকে এ বিষয়ে আরও বেশী উদ্বুদ্ধ করার জন্য কেন্দ্রীয় ও শাখা পর্যায়ে “সেমিনার, সিম্পোজিয়াম, ওয়ার্কশপ, গ্রাহক সমাবেশ ও প্রীতিসম্মেলন” আয়োজনের উপর অত্যধিক গুরুত্ব আরোপ করা প্রয়োজন।

পরিশেষে মহান আল্লাহ্ রাক্বুল আলামীনের দরবারে প্রার্থনা, তিনি যেন অকল্যাণকর ও সমাজে বৈষম্য সৃষ্টিকারী সুদী ধারার মূলোৎপাটন করে গোটা বিশ্বে কল্যাণমুখী সুখম অর্থ ব্যবস্থা প্রতিষ্ঠার প্রয়াসে অংশগ্রহণের দৃঢ় প্রত্যয় ও শক্তি আমাদের দান করেন। আমীন!

وأخردعوانا ان الحمد لله رب العالمين

محمد عبد السلام

মুফতী আব্দুল হালীম বুখারী
চেয়ারম্যান, শরীয়াহ সুপারভাইজারী কমিটি

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



FINANCIAL STATEMENTS



Independent Auditors' Report

to the Shareholders of Shahjalal Islami Bank Limited

We have audited the accompanying consolidated financial statements of Shahjalal Islami Bank Limited and its subsidiary (together referred to as 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 2017, consolidated and separate Profit and Loss Accounts, consolidated and separate Statements of Changes in Equity and Cash Flow Statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Banking Companies Act, 1991 (amended up to 2013) and the central bank (Bangladesh Bank) regulations require the management to ensure effective internal audit, internal control and risk management functions of the Bank. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the Group and the separate financial statements of the Bank based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements of the Group and the separate financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and also 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 2017, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, Securities and Exchange Rules 1987, the Banking Companies Act, 1991 (amended up to 2013) 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 Auditors' Responsibility 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 Bank as disclosed in note 2.2 of the financial statements appeared to be materially adequate;
 - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities other than matters disclosed in note 2.2.f). iii of the financial statements;
- (iii) financial statements of the subsidiary of the Bank have been audited by other auditor and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (v) the balance sheet and profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred was for the purpose of the Bank's business;
- (vii) the 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;
- (viii) as mentioned in note 8a.8 adequate provisions have been made for investments and other assets of the Bank which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements of the Bank;
- (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 spending over 3,650 person hours; and
- (xii) Capital to Risk Weighted Assets Ratio (CRAR) as required by the Bangladesh Bank has been maintained by the Bank.

Hoda Vasi CM
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 25 April 2018

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Balance Sheet

As at 31 December 2017

Property and Assets	Notes	31.12.2017 Taka	31.12.2016 Taka
Cash			
Cash in hand (Including Foreign Currencies)	3	1,529,754,123	1,179,754,405
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4	11,659,462,711	8,398,144,743
		13,189,216,833	9,577,899,148
Balance with other Banks and Financial Institutions			
Inside Bangladesh		592,284,487	1,948,192,572
Outside Bangladesh		427,070,723	472,970,179
		1,019,355,210	2,421,162,751
Placement with other Banks & Financial Institutions	6	6,661,710,616	7,861,781,566
Investments in Shares & Securities			
Government		7,200,000,000	5,500,000,000
Others		4,759,206,718	3,964,312,892
	7	11,959,206,718	9,464,312,892
Investments			
General Investment etc.		151,382,986,852	115,618,153,110
Bills Purchased and Discounted		10,303,967,071	10,478,684,675
	8	161,686,953,924	126,096,837,785
Fixed Assets Including Premises	9	4,008,163,873	3,474,011,723
Other Assets	10	12,383,173,681	12,005,895,988
Non Banking Assets	11	88,909,355	51,078,968
Total Property and Assets		210,996,690,210	170,952,980,821
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12	30,176,688,291	17,239,879,460
Deposits and Other Accounts			
Mudaraba Savings Deposits		18,280,590,909	18,510,981,952
Mudaraba Term Deposits		64,248,150,845	44,923,686,220
Other Mudaraba Deposits		41,684,900,658	44,393,859,970
Al-Wadeeah Current & Other Deposit Accounts		18,281,980,348	14,492,841,209
Bills Payable		2,493,444,313	1,712,398,926
	13	144,989,067,073	124,033,768,277
Mudaraba Subordinated Bond	14	4,000,000,000	-
Other Liabilities	15	17,828,131,108	16,340,159,954
Deferred Tax Liabilities	16	137,999,259	95,464,963
Total Liabilities		197,131,885,731	157,709,272,654
Capital/Shareholders' Equity			
Paid-up Capital	17	7,714,225,390	7,346,881,330
Statutory Reserve	18	4,819,264,987	4,403,561,679
Retained Earnings	19	1,079,870,794	1,254,951,378
Total Shareholders' Equity		13,613,361,171	13,005,394,387
Non-controlling Interest	17.7	251,443,308	238,313,780
Total Liabilities & Shareholders' Equity		210,996,690,210	170,952,980,821

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Off-balance Sheet Items

As at 31 December 2017

	Notes	31.12.2017 Taka	31.12.2016 Taka
Contingent Liabilities			
Acceptances & endorsements		28,368,741,403	23,719,133,589
Letters of guarantee	20	19,322,482,514	11,956,867,945
Irrevocable letters of credit	21	27,569,640,596	18,421,361,635
Bills for collection		13,964,695,831	9,228,367,132
Other contingent liabilities		-	-
Total		89,225,560,344	63,325,730,301
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		89,225,560,344	63,325,730,301

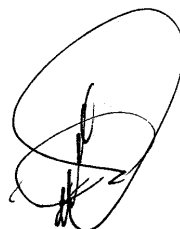
The annexed notes form an integral part of these consolidated financial statements



Chairman



Director



Director



Managing Director

This is the consolidated balance sheet referred to in our separate report of even date

Dhaka, 25 April 2018



Hoda Vasi Chowdhury & Co

Chartered Accountants

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Operating Income			
Investment Income	23	13,096,852,776	11,334,017,520
Less: Profit paid on Deposits	24	8,472,962,487	7,103,095,818
Net Investment Income		4,623,890,289	4,230,921,702
Income from Investment in Shares/Securities	25	340,261,100	242,461,114
Commission, Exchange and Brokerage	26	1,819,506,815	1,342,881,837
Other Operating Income	27	522,154,261	457,549,789
		2,681,922,177	2,042,892,740
Total Operating Income		7,305,812,466	6,273,814,442
Operating Expenses			
Salaries and Allowances	28	2,261,600,628	1,926,661,314
Rent, Taxes, Insurances, Electricity etc.	29	471,706,816	438,994,609
Legal Expenses	30	1,447,687	1,052,709
Postage, Stamps, Telecommunication etc.	31	41,123,776	37,365,945
Stationery, Printings, Advertisements etc.	32	85,955,155	80,268,567
Chief Executive's Salary & Fees	33	14,217,000	13,430,500
Directors' Fees & Expenses	34	7,287,728	6,259,712
Shariah Supervisory Committee's Fees & Expenses	35	830,543	559,816
Auditors' Fees	26	489,500	639,500
Depreciation & Repairs of Bank's Assets	37	158,135,282	145,424,652
Zakat Expenses	38	113,717,689	101,969,969
Other Expenses	39	567,458,210	395,760,970
Total Operating Expenses		3,723,970,014	3,148,388,263
Profit / (Loss) before Provision	22	3,581,842,451	3,125,426,179
Specific provision for Classified Investment		664,800,000	356,500,000
General Provision for Unclassified Investment		269,700,000	115,200,000
General Provision for Off-Balance Sheet Items		259,000,000	197,900,000
Provision for deminution in value of Investments in Shares		37,400,000	-
Provision for Other Assets		18,500,000	3,526,000
Total Provision	40	1,249,400,000	673,126,000
Total Profit / (Loss) before taxes		2,332,442,451	2,452,300,179
Provision for taxation			
Deferred tax	41	42,534,296	(8,746,257)
Current tax	41a	922,873,710	791,864,614
		965,408,006	783,118,357
Net Profit / (Loss) after Tax		1,367,034,446	1,669,181,821
Net profit after tax attributable to:			
Equity holders of SJIBL		1,342,654,918	1,660,000,188
Non-controlling interest		24,379,528	9,181,634
		1,367,034,446	1,669,181,821

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Retained earnings from previous year		1,254,951,378	1,011,262,010
Add: Net profit after tax (attributable to equity holders of SJIBL)		1,342,654,918	1,660,000,188
Profit available for appropriation		2,597,606,295	2,671,262,198
Appropriation:			
Statutory reserve	18	415,703,308	461,216,247
Dividend		1,102,032,193	955,094,573
Retained earnings	19	1,079,870,794	1,254,951,378
		2,597,606,295	2,671,262,198
Consolidated Earnings Per Share (EPS) [Restated]	42	1.74	2.15

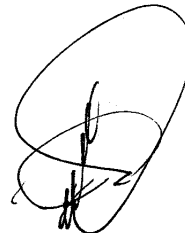
The annexed notes form an integral part of these consolidated financial statements.



Chairman



Director



Director



Managing Director

This is the consolidated profit and loss account referred to in our separate report of even date.

Dhaka, 25 April 2018



Hoda Vasi Chowdhury & Co

Chartered Accountants

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Cash Flow Statement

For the year ended 31 December 2017

Cash flows from operating activities	Notes	2017 Taka	2016 Taka
Investment income receipt in cash	43	13,466,681,750	11,670,404,910
Profit paid on deposits	44	(8,450,003,205)	(7,429,829,009)
Dividend receipts		57,924,937	62,426,658
Fees & commission receipt in cash		1,819,506,815	1,342,881,837
Recoveries on investment previously written off		18,605,000	22,583,982
Cash payments to employees		(2,275,817,628)	(1,940,091,814)
Cash payments to suppliers		(85,955,155)	(80,268,567)
Income tax paid		(955,522,789)	(644,006,097)
Receipts from other operating activities	45	525,868,709	459,444,812
Payment for other operating activities	46	(1,227,432,624)	(999,335,958)
(i) Operating profit before changes in operating assets & liabilities		2,893,855,811	2,464,210,755
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(36,457,754,995)	(27,846,228,421)
(Increase)/decrease in other assets	47	837,296,311	(10,738,761)
(Increase)/decrease of placement with other banks & financial institutions		1,200,070,950	796,216,405
Increase/(decrease) in deposits from other banks		(1,351,082,714)	(1,301,116,591)
Increase/(decrease) of placement from other banks & financial institutions		12,936,808,831	13,348,968,035
Increase/(decrease) in deposits received from customers		22,306,381,510	16,228,090,481
Increase/(decrease) in other liabilities on account of customers		(172,989,703)	(19,963,183)
Increase/(decrease) in other liabilities	48	(73,719,311)	286,439,794
(ii) Cash flows from operating assets and liabilities		(774,989,122)	1,481,667,758
Net cash flows from operating activities (A)=(i+ii)		2,118,866,689	3,945,878,513
Cash flows from investing activities			
Proceeds from sale of securities		1,998,232,027	989,951,210
Payment for purchases of securities		(4,493,125,853)	(2,477,177,329)
Proceeds from sale of fixed assets		594,784,543	2,321,270
Payment for purchases of property, plant & equipments		(1,263,309,130)	(263,581,780)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		(3,163,418,412)	(1,748,486,628)
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts from issuance of Mudaraba Subordinated Bond		4,000,000,000	-
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary share holder		(745,938,133)	(955,094,573)
Net cash used in financing activities (C)		3,254,061,867	(955,094,573)
Net increase/(decrease) in cash & cash equivalents (A+B+C)		2,209,510,144	1,242,297,312
Add: Effect of exchange rate changes on cash & cash equivalents		-	-
Add: Cash and cash equivalents at the beginning of the year		11,999,061,899	10,756,764,587
Cash & cash equivalents at the end of the year	49	14,208,572,043	11,999,061,899

The annexed notes form an integral part of these consolidated financial statements.


Chairman


Director


Director


Managing Director

Dhaka, 25 April 2018

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total
Balance as at 01 January 2017	7,346,881,330	4,403,561,679	-	1,254,951,378	13,005,394,387
15 % Dividend paid (10% Cash & 5% Stock) for the year 2016	367,344,060	-	-	(1,102,032,193)	(734,688,133)
Net profit during the year	-	415,703,308	-	926,951,610	1,342,654,918
Total Shareholders' Equity as at 31 December 2017	7,714,225,390	4,819,264,987	-	1,079,870,794	13,613,361,171
Non-controlling interest	-	-	251,443,308	-	251,443,308
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items					2,481,820,900
Add: Mudaraba Subordinated Bond					4,000,000,000
Total Eligible Regulatory Capital as at 31 December 2017					20,346,625,379

(Amount in taka)

For the year ended 31 December 2016

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total
Balance as at 01 January 2016	7,346,881,330	3,942,345,432	-	1,011,262,010	12,300,488,772
Cash dividend paid for the year 2015	-	-	-	(955,094,573)	(955,094,573)
Net profit during the year	-	461,216,247	-	1,198,783,941	1,660,000,188
Total Shareholders' Equity as at 31 December 2016	7,346,881,330	4,403,561,679	-	1,254,951,378	13,005,394,387
Non-controlling interest	-	-	238,313,780	-	238,313,780
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items					1,953,120,900
Total Eligible Regulatory Capital as at 31 December 2016					15,196,829,067

(Amount in taka)

The annexed notes form an integral part of these consolidated financial statements.

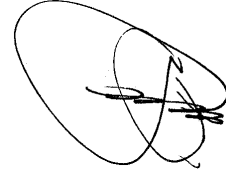


Chairman

Dhaka, 25 April 2018



Director



Director



Managing Director

Shahjalal Islami Bank Limited

Balance Sheet

As at 31 December 2017

Property and Assets	Notes	31.12.2017 Taka	31.12.2016 Taka
Cash			
Cash in hand (Including Foreign Currencies)	3a	1,529,754,123	1,179,754,405
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4a	11,659,462,711	8,398,144,743
		13,189,216,833	9,577,899,148
Balance with other Banks and Financial Institutions			
Inside Bangladesh		572,698,313	1,943,033,831
Outside Bangladesh		427,070,723	472,970,179
	5a	999,769,036	2,416,004,010
Placement with other Banks & Financial Institutions			
	6a	6,661,710,616	7,861,781,566
Investments in Shares & Securities			
Government		7,200,000,000	5,500,000,000
Others		3,326,258,238	2,093,131,998
	7a	10,526,258,238	7,593,131,998
Investments			
General Investment etc.		148,364,190,304	112,519,695,669
Bills Purchased and Discounted		10,303,967,071	10,478,684,675
	8a	158,668,157,376	122,998,380,344
Fixed Assets Including Premises			
	9a	3,957,117,768	3,433,039,043
Other Assets			
	10a	13,795,235,456	13,313,448,521
Non Banking Assets			
	11	88,909,355	51,078,968
Total Property and Assets			
		207,886,374,678	167,244,763,598
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions			
Deposits and Other Accounts			
Mudaraba Savings Deposits		18,280,590,909	18,510,981,952
Mudaraba Term Deposits		64,248,150,845	44,923,686,220
Other Mudaraba Deposits		42,078,308,773	44,769,922,395
Al-Wadeeah Current & Other Deposit Accounts		18,281,980,348	14,492,841,209
Bills Payable		2,493,444,313	1,712,398,926
	13a	145,382,475,188	124,409,830,702
Mudaraba Subordinated Bond			
		4,000,000,000	-
Other Liabilities			
	15a	15,426,428,189	13,647,349,223
Deferred Tax Liabilities			
	16a	137,999,259	95,464,963
Total Liabilities			
		194,568,590,927	154,388,187,687
Capital/Shareholders' Equity			
Paid-up Capital	17	7,714,225,390	7,346,881,330
Statutory Reserve	18	4,819,264,987	4,403,561,679
Retained Earnings	19a	784,293,374	1,106,132,902
Total Shareholders' Equity			
		13,317,783,751	12,856,575,911
Total Liabilities & Shareholders' Equity			
		207,886,374,678	167,244,763,598

Shahjalal Islami Bank Limited

Off-balance Sheet Items

As at 31 December 2017

Contingent Liabilities	Notes	31.12.2017 Taka	31.12.2016 Taka
Acceptances & endorsements		28,368,741,403	23,719,133,589
Letters of guarantee	20	19,322,482,514	11,956,867,945
Irrevocable letters of credit	21	27,569,640,596	18,421,361,635
Bills for collection		13,964,695,831	9,228,367,132
Other contingent liabilities		-	-
Total		89,225,560,344	63,325,730,301
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		89,225,560,344	63,325,730,301

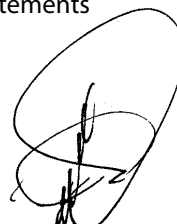
The annexed notes form an integral part of these financial statements



Chairman



Director



Director



Managing Director

This is the balance sheet referred to in our separate report of even date

Dhaka, 25 April 2018

Hoda Vasi CM
Hoda Vasi Chowdhury & Co
Chartered Accountants

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Operating Income			
Investment Income	23a	12,860,038,254	11,154,356,257
Less: Profit paid on Deposits	24a	8,418,975,877	6,986,501,525
Net Investment Income		4,441,062,377	4,167,854,732
Income from Investment in Shares/securities	25a	299,298,822	136,077,151
Commission, Exchange and Brokerage	26a	1,614,174,600	1,222,560,456
Other Operating Income	27a	515,260,783	451,673,610
		2,428,734,206	1,810,311,217
Total Operating Income		6,869,796,583	5,978,165,949
Operating expenses			
Salaries and Allowances	28a	2,212,106,444	1,889,078,061
Rent, Taxes, Insurances, Electricity etc.	29a	454,172,110	423,595,761
Legal Expenses	30a	1,440,212	728,459
Postage, Stamps, Telecommunication etc.	31a	38,552,845	34,794,548
Stationery, Printings, Advertisements etc.	32a	84,545,709	78,884,275
Chief Executive's Salary & Fees	33	14,217,000	13,430,500
Directors' Fees & Expenses	34	7,287,728	6,259,712
Shariah Supervisory Committee's Fees & Expenses	35	830,543	559,816
Auditors' Fees	36a	450,000	600,000
Depreciation & Repairs of Bank's Assets	37a	150,876,935	138,680,426
Zakat Expenses	38	113,717,689	101,969,969
Other Expenses	39a	463,682,826	310,377,186
Total Operating Expenses		3,541,880,041	2,998,958,713
Profit / (Loss) before Provision	22a	3,327,916,541	2,979,207,236
Specific provision for Classified Investment		664,800,000	356,500,000
General Provision for Unclassified Investment		269,700,000	115,200,000
General Provision for Off-Balance Sheet Items		259,000,000	197,900,000
Provision for deminution in value of Investments in Shares		37,400,000	-
Provision for Other Assets		18,500,000	3,526,000
Total Provision	40a	1,249,400,000	673,126,000
Total Profit / (Loss) before taxes		2,078,516,541	2,306,081,236
Provision for taxation			
Deferred tax	41	42,534,296	(8,746,257)
Current tax	41b	840,086,272	757,457,278
		882,620,568	748,711,021
Net Profit after Taxation		1,195,895,973	1,557,370,215
Retained Earnings from previous year		1,106,132,902	965,073,507
Add: Net Profit after Tax		1,195,895,973	1,557,370,215
Profit available for appropriation		2,302,028,875	2,522,443,722

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Appropriation			
Statutory Reserve	18	415,703,308	461,216,247
Dividend		1,102,032,193	955,094,573
Retained Earnings	19a	784,293,374	1,106,132,902
		2,302,028,875	2,522,443,722
Earnings Per Share (EPS) [Restated]			
	42a	1.55	2.02

The annexed notes form an integral part of these financial statements.



Chairman



Director



Director



Managing Director

This is the profit and loss account referred to in our separate report of even date.

Dhaka, 25 April 2018

Hoda Vasi CM
Hoda Vasi Chowdhury & Co
Chartered Accountants

Shahjalal Islami Bank Limited

Cash Flow Statement

For the year ended 31 December 2017

Cash flows from operating activities	Notes	2017 Taka	2016 Taka
Investment income receipt	43a	13,016,610,923	11,275,216,925
Profit paid on deposits	44a	(8,035,292,617)	(7,085,259,948)
Dividend receipts		183,674,937	62,426,658
Fees & commission receipt		1,614,174,600	1,222,560,456
Recoveries on investment previously written off		18,605,000	22,583,982
Cash payments to employees		(2,226,323,444)	(1,902,508,561)
Cash payments to suppliers		(84,545,709)	(78,884,275)
Income tax paid		(911,423,624)	(586,051,379)
Receipts from other operating activities	45a	514,868,613	451,673,505
Payments for other operating activities	46a	(1,102,940,201)	(895,467,156)
(i) Operating Profit before changes in operating assets & liabilities		2,987,408,479	2,486,290,208
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(36,537,415,888)	(27,102,407,455)
(Increase)/decrease of other assets	47a	388,687,904	(671,323,245)
(Increase)/decrease of Placement with other Banks & Financial Institutions		1,200,070,950	796,216,405
Increase/(decrease) of deposits from other banks		(1,351,082,714)	(1,301,116,591)
Increase/(decrease) of Placement from other Banks & Financial Institutions		13,386,145,492	13,284,631,374
Increase/(decrease) of deposits received from customers		22,323,727,200	16,452,226,926
Increase/(decrease) of other liabilities on account of customers		(172,989,703)	(19,963,183)
Increase/(decrease) of other liabilities	48a	290,102,606	(50,122,802)
(ii) Cash flows from operating assets and liabilities		(472,754,154)	1,388,141,428
Net cash flows from operating activities (A)=(i+ii)		2,514,654,325	3,874,431,636
Cash flows from investing activities			
Proceeds from sale of securities		880,752,031	466,338,218
Payment for purchases of securities		(3,813,878,271)	(1,875,753,853)
Proceeds from sale of fixed assets		594,784,543	2,321,270
Payment for purchases of property, plant & equipments		(1,246,541,785)	(258,066,897)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		(3,584,883,481)	(1,665,161,261)
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Receipts from issuance of Mudaraba Subordinated Bond		4,000,000,000	-
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary shareholders		(734,688,133)	(955,094,573)
Net cash used in financing activities (C)		3,265,311,867	(955,094,573)
Net Increase/(decrease) in cash & cash equivalents (A+B+C)		2,195,082,711	1,254,175,802
Add: Effect of exchange rate changes on cash & cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		11,993,903,158	10,739,727,356
Cash and cash equivalents at the end of the year	49a	14,188,985,869	11,993,903,158

The annexed notes form an integral part of these financial statements.


Chairman


Director


Director


Managing Director

Dhaka, 25 April 2018

Shahjalal Islami Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2017

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at 01 January 2017	7,346,881,330	4,403,561,679	1,106,132,902	12,856,575,911
15 % Dividend paid (10% Cash & 5% Stock) for the year 2016	367,344,060	-	(1,102,032,193)	(734,688,133)
Net profit during the year	-	415,703,308	780,192,665	1,195,895,973
Total Shareholders' Equity as at 31 December 2017	7,714,225,390	4,819,264,987	784,293,374	13,317,783,751

(Amount in taka)

Total Equity for the purpose of Capital Adequacy

Equity as per above				13,317,783,751
Add: General Provision for Unclassified Investment & Off-Balance Sheet items				2,058,200,000
Add: Mudaraba Subordinated Bond				4,000,000,000
Total Eligible Regulatory Capital as at 31 December 2017				19,375,983,751

For the year ended 31 December 2016

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at 01 January 2016	7,346,881,330	3,942,345,432	965,073,507	12,254,300,269
Cash dividend paid for the year 2015	-	-	(955,094,573)	(955,094,573)
Net profit during the year	-	461,216,247	1,096,153,968	1,557,370,215
Total Shareholders' Equity as at 31 December 2016	7,346,881,330	4,403,561,679	1,106,132,902	12,856,575,911

(Amount in taka)

Total Equity for the purpose of Capital Adequacy

Equity as per above				12,856,575,911
Add: General Provision for Unclassified Investment & Off-Balance Sheet items				1,529,500,000
Total Eligible Regulatory Capital as at 31 December 2016				14,386,075,911

The annexed notes form an integral part of these financial statements.


Chairman


Director


Director


Managing Director

Dhaka, 25 April 2018

Shahjalal Islami Bank Limited

Liquidity Statement, Assets and Liabilities Maturity Analysis

As at 31 December 2017

(Amount in Taka)

Particulars	Upto 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	Total
Assets						
Cash in hand	1,529,754,123	-	-	-	-	1,529,754,123
Balance with other Banks and Financial Institutions	2,502,520,113	971,570,604	-	-	9,185,141,030	12,659,231,746
Placement with other Banks & Financial Institutions	1,300,000,000	4,350,000,000	700,000,000	311,710,616	-	6,661,710,616
Investment in Shares & Securities	3,546,258,238	2,400,000,000	3,020,000,000	760,000,000	800,000,000	10,526,258,238
Investments	32,876,042,208	42,983,203,833	37,763,021,455	35,192,597,306	9,853,292,573	158,668,157,376
Fixed Assets including premises	9,839,858	19,679,716	88,558,722	485,878,943	3,353,160,528	3,957,117,768
Other Assets	426,482,418	402,095,755	1,559,881,571	8,785,469,784	2,621,305,928	13,795,235,456
Non-banking Assets					88,909,355	88,909,355
Total assets (i)	42,190,896,957	51,126,549,908	43,131,461,748	45,535,656,650	25,901,809,414	207,886,374,678
Liabilities						
Placement from other Banks & Financial Institutions	13,867,455,556	12,448,873,853	3,305,358,882	-	-	29,621,688,291
Deposits and other accounts	27,623,270,730	36,638,919,257	34,816,158,456	40,102,844,713	6,201,282,032	145,382,475,188
Mudaraba Subordinated Bond	-	-	-	1,600,000,000	2,400,000,000	4,000,000,000
Other liabilities	692,646,626	1,957,613,737	2,241,460,016	3,005,068,211	7,529,639,599	15,426,428,189
Deferred tax Liabilities	-	-	-	-	137,999,259	137,999,259
Total Liabilities (ii)	42,183,372,912	51,045,406,847	40,362,977,354	44,707,912,924	16,268,920,890	194,568,590,927
Net Liquidity Gap (i-ii)	7,524,046	81,143,061	2,768,484,394	827,743,726	9,632,888,524	13,317,783,751

The annexed notes form an integral part of these financial statements.

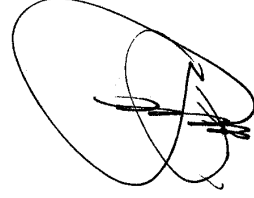


Chairman

Dhaka, 25 April 2018



Director



Director



Managing Director

Shahjalal Islami Bank Limited

and its Subsidiary

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

1. Status of the Bank

1.1 Legal Form of the Bank

Shahjalal Islami Bank Limited (hereinafter called 'the Bank'- 'SJIBL') was established as a Public Limited Company (Banking Company) as on the 1 April 2001 under the Companies Act 1994 as interest free Islamic Shariah based commercial bank and commenced its operation on 10 May 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through head office having 113 branches, 73 (Seventy Three) ATM booths and 2,402 employees all over Bangladesh. The Bank has also a subsidiary company named 'Shahjalal Islami Bank Securities Limited' and an Off-shore Banking Unit. The Bank is listed with both the Stock Exchanges of the country, i.e. Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

The registered office of the Bank is located at Shahjalal Islami Bank Tower, Plot#4, Block-CWN(C), Gulshan Avenue, Gulshan, Dhaka-1212.

1.2 Nature of Business

The Bank offers all kinds of shariah based commercial banking services to its customers through its branches following the provisions of the Bank Companies Act 1991 (as amended up to 2013), Bangladesh Bank's Directives and directives of other regulatory authorities and the principles of the Islamic Shariah.

1.3 Shahjalal Islami Bank Securities Limited

Shahjalal Islami Bank Securities Limited is a subsidiary company of Shahjalal Islami Bank Limited incorporated as a public limited company under the Companies Act 1994 vide certification of incorporation no. C - 86917/10 dated 06 September 2010 and commenced its operation on the 25 May 2011. The main objective of the company is to carry on business of stock broker/dealers in relation to shares and securities dealings and other services as mentioned in the Memorandum and Articles of Association of the Company. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. Shahjalal Islami Bank Limited hold 91.79% shares of Shahjalal Islami Bank Securities Limited.

1.4 Off-shore Banking Unit

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

2. Significant Accounting Policies

2.1 Basis of preparation of the Financial Statements

The Bank and its subsidiary are being operated in strict compliance with the rules of Islamic Shari'ah. The consolidated and separate financial statements of the Bank have been prepared under the historical cost convention consistently with those of previous year and as per provisions of the "Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No. 15 dated 09.11.2009 with reference to the provisions of the Bank Companies Act, 1991 (as amended up to 2013), BRPD Circular No.14 dated 25.06.2003 & Bangladesh Bank's other circulars/instructions and in accordance with 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 Securities and Exchange Rules, 1987; Dhaka and Chittagong Stock Exchanges (Listing) Regulations, 2015, Financial Reporting Act 2015 and other laws and rules applicable in Bangladesh and Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as a member of that organization.

In case any requirement of the Bank Companies Act, 1991 (as amended up to 2013) and provisions and circulars issued by Bangladesh Bank differ with those of IFRSs & IASs as adopted, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank will prevail.

Material departures from the requirements of BFRS are as follows:

i) Investment in shares and securities

BFRS: As per requirements of BAS 39 “Financial Instruments: Recognition and Measurement” investment in shares and securities generally falls either under “at fair value through profit and loss account” or under “available for sale” where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

ii) Revaluation gains/losses on Government securities

BFRS: As per requirement of BAS 39 “Financial Instruments: Recognition and Measurement” where securities will fall under the category of 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 Held to Maturity (HTM) are measured at amortized cost method and interest income is recognized through the profit and loss account.

Bangladesh Bank: HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.

iii) Provision on investments and off-balance sheet exposure

BFRS: As per BAS 39 “Financial Instruments: Recognition and Measurement” an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per BRPD circular No.14 (23 September 2012), BRPD circular No. 19 (27 December 2012), BRPD circular No. 05 (29 May 2014), BRPD circular No. 16 (18 November 2014), BRPD Circular No. 15 (27 September 2017) and BRPD Circular No. 01 (20 February 2018) a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively (except short-term agricultural and micro-credits where 5% for sub-standard and doubtful investments and 100% for bad & loss investments) for loans and advances depending on the duration of overdue. Again as per BRPD circular no. 10 dated 18 September 2007 and BRPD circular no. 14 dated 23 September 2012, a general provision at 1% is required to be provided for all off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by BAS 39 “Financial Instruments: Recognition and Measurement”.

iv) Recognition of investment income in suspense

BFRS: Investment to customers are generally classified as ‘loans and receivables’ as per BAS 39 “Financial Instruments: Recognition and Measurement” and investment income is recognised through effective interest rate method over the term of the loan. Once an investment (loan) is impaired, investment income is recognised in profit and loss account on the same basis based on revised carrying amount.

Bangladesh Bank: As per BRPD circular no. 14 dated 23 September 2012, once an investment (loan) is classified, investment income on such investments are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an investment income in suspense account, which is presented as liability in the balance sheet.

v) Other comprehensive income

BFRS: As per BAS 1 “Presentation of Financial Statements”, Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

Bangladesh Bank: Bangladesh Bank has issued templates for financial statements which will strictly be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single Other Comprehensive Income (OCI) Statement. As such the Bank does not prepare the other comprehensive income statement.

vi) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categorise, recognise, measure and present financial instruments differently from those prescribed in BAS 39 “Financial Instruments: Recognition and Measurement”. As such full disclosure and presentation requirements of BFRS 7 “Financial Instruments: Disclosures” and BAS 32 “Financial Instruments: Presentation” cannot be made in the financial statements.

vii) Financial guarantees

BFRS: As per BAS 39 “Financial Instruments: Recognition and Measurement”, financial guarantees are contracts that require an entity 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 terms of a debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003, financial guarantees such as letter of credit, letter of guarantee will be treated as off-balance sheet items. No liability is recognised for the guarantee except the cash margin.

viii) Cash and cash equivalent

BFRS: Cash and cash equivalent items should be reported as cash items as per BAS 7 “Statement of Cash Flows”.

Bangladesh Bank: Some cash and cash equivalent items such as ‘money at call on short notice’, treasury bills, Bangladesh Bank bills and prize bond are not shown as cash and cash equivalents. Money at call and on short notice presented on the balance sheet, and treasury bills, prize bonds are shown in investments.

ix) Non-banking assets

BFRS: No indication of Non-banking asset is found in any BFRS.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, there must exist a face items named Non-banking asset.

x) Cash flow statement

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

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, cash flow is the mixture of direct and indirect methods.

xi) Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7 "Statement of Cash Flows".

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

xii) Presentation of intangible asset

BFRS: An intangible asset must be identified and recognised, and the disclosure must be given as per BAS 38 "Intangible Assets".

Bangladesh Bank: There is no regulation for intangible assets in BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009.

xiii) Off-balance sheet items

BFRS: There is no concept of off-balance sheet items in any BFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

xiv) Investments net off provision

BFRS: Loans and advances/Investments should be presented net off provision.

Bangladesh Bank: As per BRPD 14 dated 25 June 2003 and BRPD 15 dated 09 November 2009, provision on loans and investments are presented separately as liability and cannot be net-off against loans and advances.

xv) Revenue

As per BAS 18 "Revenue", revenue should be recognized on accrual basis but due to the unique nature of Islamic Banks, income from investment under Murabaha, Bi-Muazzal, HPSM, Ijara, Bi-Salam Quard, IDBP and FDBP modes is accounted for on realization basis as per AAOIFI and Bangladesh Bank guidelines.

2.2 The Bank's compliance with related pronouncement of Bangladesh Bank:

i. Risk Management

Department of Off-site Supervision (DOS) of Bangladesh Bank issued Circular No.-02 dated 15 February 2012 under section 45 of the Bank Companies Act 1991 on Risk Management Guidelines for Banks and instructed all scheduled banks operating in Bangladesh to follow this Guidelines for managing various risks which have been compiled by the Bank. In addition, the Bank is also following relevant Bangladesh Bank guidelines on risk based capital adequacy, supervisory review process, stress testing and managing the banking risks in other core risk areas.

The risk of a bank is defined as the possibility of losses, financial or otherwise. The Risk Management of the Bank covers 6 (six) Core Risk Areas of Banking industry i.e. i) Internal Control and Compliance Risk; ii) Foreign Exchange Risk; iii) Investment (Credit) Risk; iv) Asset Liability Management Risk; v) Money Laundering Risk; and vi) Information & Communication Technology Security Risk. The risk management procedures in the core risk areas have been devised in line with the core risk management guidelines of Bangladesh Bank.

Core Risk Management Guidelines are periodically reviewed by the Bank and Bangladesh Bank periodically inspects the implementation status of these guidelines and as per the reports of Bangladesh Bank and Shahjalal Islami Bank Ltd. is well compliant in Core Risk Management activities.

In line with instruction of Bangladesh Bank, SJIBL formed a Risk Management Division (RMD) to formulate risk assessment and management policies, methodologies, guidelines and procedures for risk identification, risk measurement, risk monitoring, deciding acceptable level of risk and risk controlling by taking mitigating steps, Comprehensive Risk Management Report (CRMP), conducting monthly risk management meeting, stress testing and reporting the competent authority from time to time. It also reports to Bangladesh Bank on quarterly basis along with the CRMR, minutes of the monthly meeting and all other required supporting papers. Moreover, in compliance with the "Bank Company Act 1991 as amended", Section 15 (Kha) and BRPD Circular No. 11 dated 27 October, 2013 of Bangladesh Bank, the Bank has constituted a Risk Management Committee comprising of 5 (five) directors from the Board to formulate risk management policies, procedures and oversee the risk management activities of the Bank.

The prime objective of the Risk Management is that the Bank takes well calculative Business Risk Policy for safeguarding the Bank's capital, its financial resources and profitability from various risks. In this context, the Bank implemented all the guidelines of Bangladesh Bank as under:

a) Investment (Credit) Risk

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 involved risks may be summarized as under:

- Difficulty in choosing core business.
- Failure in business of the customer.
- Encompassing a blend of banking and non-banking service.
- Investment either too liquid or of questionable quality.
- Competition from other commercial banks.
- Security Control Risk.
- Market volatility both local and global.

Portfolio monitoring is carried out by asset quality, background of the customer, soundness and viability of his/her business and cash flow etc, sector of the economy, cost of long-term financing to match with the return on long-term investment.

The Bank pays adequate emphasis on business risk than analysis of security risk because the security reduces the risk but does not always improve the quality of investment. Besides, the Bank addresses the Investment (Credit) risk guideline cited by the Bangladesh Bank.

As regards to other parts of the banking business, the control staffs follow a pragmatic program of regular monitoring and follow-up.

b) Foreign Exchange Risk Management

The Financial Institutions' performance is directly related to Foreign Exchange Market. To ensure effective Foreign Exchange Risk Management, the Bank has wide scope in establishing organizational structure and formulating Manual as per Guidelines of Bangladesh Bank. However, the bank has already formulated a comprehensive manual. Bank maintains various NOSTRO accounts in order to conduct operations in different currencies including BDT. The senior management of the bank set limits for handling NOSTRO accounts transactions that include time and amount limits. As per guidelines of Bangladesh Bank the Foreign Exchange business should be audited internally to review the key control issues such as various limits, compliance requirements and statutory management.

c) Asset Liability Risk Management

The Asset Liability Management Committee (ALCO) that is formed with the senior executives headed by Managing Director conducted 12 meetings in 2017. The key agenda of the meetings were liquidity position, pricing, risk related to the Balance Sheet, maintaining CRR & SLR, Economic outlook & Market Status and rate of profit (interest). For managing Balance Sheet risk properly, the bank has already prepared a Manual of The Asset Liability Management according to the guidelines of Bangladesh Bank.

d) Money Laundering Risk Management

Shahjalal Islami Bank limited is taking preventive measures against money laundering and terrorist financing in line with the amended Money Laundering Prevention Act 2012, amended Anti Terrorism Act 2013 and guidelines issued by the Bangladesh Bank from time to time. Shahjalal Islami Bank applies risk sensitive customer due diligence measures, monitor business relationship and record in line with regulations. Regularly collect 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

Internal control is the process, effected by a company's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws, regulations, and internal policies.

Banking has a diversified and complex financial activity, which involves high risk in different modes. Consequently, the issues of internal control system have become most significant in banking industry through which bank identifies its weakness and takes appropriate measures to overcome the same.

In order to have efficient and effective internal control system, Shahjalal Islami Bank Limited Ltd has strengthened and segregated its Internal Control and Compliance Division into three separate units based on the relative guidelines framed by Bangladesh Bank:

1. Audit and Inspection;
2. Compliance; and
3. Monitoring.

Shahjalal Islami Bank Limited has an Internal Control and Compliance Manual, which, among others, includes the following:

- Objective of Internal Control
- Authorities of the Internal Control and Compliance Environment
- Organizational Structure of the Division and
- Policy Guidelines for Internal Control Risk Recognition & Assessment and mitigation there against as per Regulatory Guidelines.

f) Information and Communication Technology Security Risk

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 SJBL are enjoying 24 hours remote banking facilities through using SWIFT, REUTERS, SJBL Visa Debit Card, Push-Pull Services & SMS banking facilities. The Bank joined Q-Cash consortium which ATM and POS services are being offered to its customers to meet the demand of time. Moreover, The Bank is running on technology-based total banking solution module, i.e. core banking software.

ii. Internal Audit

The internal audit function, which is centrally controlled, monitors compliance with policies and standards and the effectiveness of internal control structure of the Bank. Internal control & Compliance Division of the Bank carried out Internal Audit with a view to enrich the compliance culture and full control on the exertion of the Banking Operations. The division directly report simultaneously to the Board Audit Committee and Managing Director. Sometimes internal audit team conducts surprise visit to the branches. Monitoring is being done a regular basis to ensure the effectiveness of policies, rules and regulations (internal and external), other directives etc. from controlling authority.

iii. Fraud and Forgeries

The Bank is operating its business by the public money. As a custodian of such money, Bank have to set up strong internal control structure, introduced corporate governance, practicing ethical standards in the Bank for safeguard & interest of the Stakeholders. Public confidence has been shaken when different types of malpractice, fraud and forgeries occurred in the Bank. Shahjalal Islami Bank Limited is fully aware of its responsibility towards stakeholders specially depositors.

Shahjalal Islami Bank Limited follows a stringent screening process while recruiting officers and staff. The prospective employee's family background/employment history/ association are checked/cross checked in terms of integrity, attitude and behavioral pattern. The Bank has started to collect Police Clearance to know if the candidate had ever engaged in anti-social or anti state or detrimental/subversive activities. Check with Bangladesh Bank's Corporate Memory Management Systems for background check of experienced bankers, Financial Institution's employees and verify National ID on-line. As a result, the Bank since its inception has seen comparatively very few cases of fraud and forgeries. Moreover, the Internal Control and Compliance Division (IC & CD) have been strengthened to remain ever vigilant. These have reduced the chances of fraudulent activities in Shahjalal Islami Bank Limited.

Further, the number of fraud cases in Shahjalal Islami Bank Limited is at a minimal level. However, in the year 2017, 1 (one) case of fraud and forgery was identified. Total embezzled amount involved in the fraud case was Tk. 14,27,000/= (Taka fourteen lac twenty seven thousand) only and the embezzled amounts have been realized in full.

Alleged delinquent Officer was dismissed for his gross misconduct. Other related Officials, considering the gravity of misdeed and depth of involvement, have been punished as per Bank's Employees' Service Rules-2007.

IC & CD of Head Office has also reported the same to Bangladesh Bank in compliance with the Department of Banking Inspection Instruction No. DBI-1 (Nothi)/1025/2012-41 dated February 07, 2012 and the Department of Off-site Supervision (DOS) Circular Letter No. 17 dated November 07, 2012 of Bangladesh Bank.

2.3 Consolidation

The consolidated Financial Statements include the Financial Statements of Shahjalal Islami Bank Limited including Off-shore Banking Unit and the Financial Statements of its subsidiary named Shahjalal Islami Bank Securities Limited made up to the end of the financial year.

The consolidated Financial Statements have been prepared in accordance with BFRS 10. 'Consolidated Financial Statements'. The consolidated Financial Statements are prepared to a common financial year ending 31 December 2017.

2.4 Subsidiary

Subsidiary is that enterprise which is controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise to obtain benefits from its activities from the date that control commences until the date that control ceases. The Financial Statements of subsidiary are included in the consolidated Financial Statements from the date that control effectively commences until the date the control effectively ceases.

2.5 Transactions Eliminated on Consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit & Loss resulting from transaction between groups are also eliminated on consolidation.

2.6 Use of estimates and judgments

The preparation of Financial Statements requires the Bank to make certain estimates and to form judgments about the application of accounting policies which may 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 recognized its effects on present and future financial positions. The most significant areas where estimates and judgments have been made are on provision for investments, Income Taxes, Deferred Taxation & liquidity Statement.

2.7 Revenue Recognition

The revenue is recognized as follows complying the conditions of revenue recognition as provided in IAS-18.

- i) Income from Investments has been accounted for on accrual basis.
- ii) Income from Investment in Securities is recognized at the time of sale.
- iii) Dividend income on Investment in Subsidiary is accounted for when the right to receive payment is established.
- iv) Profit on Investment in Bangladesh Government Islamic Investment Bond (Islamic Bond) is recognized on accrual basis.
- v) Income from bills purchased and discounted is recognized at the time of realization.
- vi) Fees and commission income are recognized when earned.
- vii) Profit paid to mudaraba depositors is recognized on accrual basis as per provisional rate. The final profit is determined and to be paid to the depositors.
- viii) The proposed dividend for the year 2017 has not been recognized as a liability in the balance sheet in accordance with the BAS-10: Events After the Balance Sheet Date.

2.8 Profit Suspense /Compensation Account & Shariah non-compliance Income

Profit/Compensation accrued on classified investments is suspended and accounted for as per Circulars issued by the Bangladesh Bank.

Moreover, incomes which are irregular (doubtful) as per Shariah are also not included in the distributable income of the Bank. Bank charges compensation on unclassified overdue investments. Such compensation is not permissible as regular income of the Bank as per Shariah.

Interest received from the balances held with Foreign Banks abroad and from Foreign Currency Clearing Account with the Bangladesh Bank and also other interest based banks are also not credited to regular income since it is not permissible as per Shariah. Such doubtful income is being appropriated for charitable purpose through Shahjalal Islami Bank Foundation (a separate organization).

2.9 Investment and Provisions

Investments are stated in the Balance Sheet net-off unearned income. Provision on Investment (Loans & Advances) is made on the basis of period end review by the management and as per instructions contained in Bangladesh Bank BRPD Circular No. 14 dated 23 September 2012, BRPD Circular No. 19 dated 27 December 2012, BRPD Circular No. 5 dated 29 May 2014, BRPD Circular No. 15 dated 27 September 2017 and BRPD Circular No.

01 dated 20 February 2018. Provision against Off-Balance Sheet exposures in addition to existing provisioning arrangement is made as per BRPD Circular No.10 dated 18 September 2007. Provision for Short-term Agricultural and Micro-Credits: BRPD Circular No- 15 dated 27 September, 2017.

The rates of provision are given below:

Particulars	2017					2016					
	Classification/Percentage (%) of provision requirement										
	UC	SMA	SS	DF	BL	UC	SMA	SS	DF	BL	
Small and Medium Enterprise (SME) Financing	0.25%	0.25%	20%	50%	100%	0.25%	0.25%	20%	50%	100%	
Consumer	Investment to Professional	2%	2%	20%	50%	100%	2%	2%	20%	50%	100%
	Investment for House Building	1%	2%	20%	50%	100%	2%	2%	20%	50%	100%
	Other than House Building & Professional	5%	5%	20%	50%	100%	5%	5%	20%	50%	100%
All Other (Except Short-term Agricultural and Micro-Credits)	1%	1%	20%	50%	100%	1%	1%	20%	50%	100%	
Short-term Agricultural and Micro-Credits	1%		5%		100%	2.50%		5%		100%	
Investment to Stock Dealers & Stock Broker	2%		20%	50%	100%	2%		20%	50%	100%	
Off Balance Sheet exposures	1%					1%					

2.10 Provision for Nostro Accounts

According to Foreign Exchange Policy Department of Bangladesh Bank vide the circular letter No. (FEPD)/01/2005-677 dated 13 September 2005, Bank is not required to make provision regarding the unreconciled debit balance of nostro account as on the reporting date in these financials. There are no unreconciled outstanding entries which are more than three months.

2.11 Sharing of Investment Income

The Investment income earned through deployment of Mudaraba Fund is shared among the Mudaraba Depositors at the ratio as determined by the Bank, but not less than 65% of the total shared investment income. In 2017, the sharing ratio among the Mudaraba fund providing were 79.53% which is more than the committed ratio of 65%.

2.12 Investment in Securities

Islamic Investment Bond (Islami Bond)

Investment in Bangladesh Government Islamic Investment Bond (Islami bond) is reported at cost price.

Investment in Shares and Securities

These Shares and Securities are brought and held primarily for the purpose of selling them in future or held for dividend income. These are reported at cost. Provisions are made for any loss arising from diminution in value of investments.

Derivative Investments

The Bank has no investments during the year in any derivative investments.

Investment in Subsidiary

Investment in Subsidiary is accounted for under cost method of accounting in the Bank's Financial Statements in accordance with Bangladesh Accounting Standard 27.' Consolidated and Separate Financial Statements'.

2.13 Fixed Assets and Depreciation

- i) All Fixed Assets are stated at cost less accumulated depreciation as per BAS-16 "Property, Plant and Equipment".
- ii) Depreciation has been charged at the following rates:

Name of the Assets	2017		2016	
	Rates of Dep.	Method of Dep.	Rates of Dep.	Method of Dep.
Building	2.25	Reducing balance	2.25	Reducing balance
Furniture & Fixtures other than residence	10	Reducing balance	10	Reducing balance
Furniture & Fixtures- residence	20	Straight line	20	Straight line
Office Equipment	20	Reducing balance	20	Reducing balance
Computer & Network Equipment	20	Straight line	-	-
Vehicles	20	Straight line	20	Straight line
Books	20	Straight line	20	Reducing balance

- iii) For addition during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charged up to the date of disposal.
- iv) Sale price of fixed assets are determined on the basis of fair value of the assets. Gain or loss on sale of assets are recognized in profit & loss account.

2.14 Intangible Assets

Intangible asset is an identifiable monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and the cost of the asset can be measured reliably in accordance with BAS 38 "Intangible Assets".

Subsequent expenditure on intangible asset is capitalized only when it increase the future economic benefits embodied in the specific assets to which it relates. All other been expensed as incurred.

The software used by Shahjalal Islami Bank Ltd. represents the value of computer application software licensed for the use of the bank. Software is carried at cost less accumulated amortization and any impairment losses. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditure that are carried in customizing the software for its intended use. Software is amortized using the straight line method @ 20% per annum.

2.15 Impairment of Assets

An asset is impaired when its carrying amount exceeds its recoverable amount as per BAS 36 "Impairment of Assets". The Bank assesses at the end of each reporting period whether there is any indication that an asset may be impaired and/or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recovered. If any such indication exists, the Bank makes an estimate of the recoverable amount of the assets. The carrying amount of the asset is reduced to its recoverable amount, if the recoverable amount is less than its carrying amount and impairment losses are recognized in the profit and loss account. However, impairment of financial assets is guided by the relevant Bangladesh Bank Circulars/Instructions and BAS 39.

2.16 Foreign Currency Translations

The transactions in foreign currencies are converted into equivalent Taka currency using the ruling exchange rates on the dates of such transactions. At the Balance Sheet date related assets and liabilities are converted to Taka using exchange rates prevailing on that date.

2.17 Earnings Per Share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period as per IAS - 33 "Earnings Per Share". Diluted Earnings per Share is not required to be calculated for the year, as there exist no dilution possibilities during the year.

2.18 Statement of liquidity

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per following basis:

- a) Balance and placement with other Banks and Financial Institutions are on the basis of their maturity term.
- b) Investment in share and securities are on the basis of their residual maturity term.
- c) Investments are on the basis of their repayment/ maturity schedule.
- d) Fixed assets are on the basis of their useful life.
- e) Other assets are on the basis of their adjustment.
- f) Placement from other banks & FI as per their maturity/repayment term.
- g) Deposit and other accounts are on the basis of their maturity term, demand & time liability related guidelines of Bangladesh Bank and behavioral trend of encashment.
- h) Other long-term liability on the basis of their maturity term.
- i) Provisions and other liabilities are on the basis of their expected settlement.

2.19 Cash Flow Statement

Cash flow statement is prepared principally in accordance with IAS 7 "Cash Flow Statement"; and as prescribed by BRPD Circular No. 14 dated 25 June 2003 & guideline for Islamic Banking issued by Bangladesh Bank vide BRPD Circular No.15 dated November 2009.

2.20 Off Balance Sheet Items

Under general banking transactions, liabilities against acceptance, endorsement and other obligations and bills against which acceptances have been given and claims exist there against, have been shown as Off Balance Sheet items.

2.21 Taxation

Current Tax

Provision for current income tax has been made @ 40.00% as prescribed in the Finance Act, 2017 on the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure & provisions as per Income Tax Ordinance 1984 in compliance with BAS-12 "Income Taxes".

Deferred tax

The Bank has adopted deferred tax accounting policy as per Bangladesh Accounting Standard (BAS) 12. Accordingly deferred tax liability/asset is accounted for all temporary timing differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purpose. Deferred tax is computed at the prevailing tax rate as per Finance Act 2017.

2.22 Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2017.

2.23 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.24 Statutory Reserve

The statutory reserve has been maintained @ 20% of profit before tax in accordance with provisions of section 24 of Bank Companies Act 1991 until such reserve equal to its paid up capital together with amount in the share premium account.

2.25 Zakat

Zakat is paid by the Bank at the rate of 2.58% (instead of 2.50% as the Bank maintains its Accounts following Gregorian Year) on the closing balances of Statutory Reserve, General Reserve (Retained Earning).

Zakat is chargeable in the profit & Loss account of the Bank as per " Guidelines for Islamic Banking" issued by Bangladesh Bank through BRPD Circular No.15 dated 09.11.2009

2.26 Employee benefits

Provident Fund (Defined Contribution Plan)

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

Gratuity Fund (Define Benefit Plan)

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

Other Employee Benefits

Superannuation Fund

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

Benevolent Fund

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

Incentive Bonus

The Bank usually paid incentive bonus among its employees. The Payment of incentive Bonus does not exceed 10% of disclosed net profit of the bank as per section 30(j) of Income tax Ordinance, 1984. This bonus amount is distributed among the employees on annual basis considering specific terms & regulations.

2.27 Reconciliation of books of Accounts

Books of Account in regard to inter-Bank are reconciled and un-reconciled entries in case of inter-branch transactions on the reporting date are not mentionable, which are, due to the time-gap before finalizing the same. Inter-branch outstanding entries are less than 03 month, detail of which are disclosed in Note 15a.3

2.28 Related Party Transactions

The Bank entered into transactions with the related parties complying with the requirements of Section 27(1) of the Bank Companies (Amendment) Act 2013. All the related party transactions have been accounted for, the detail of which are disclosed in Note 52.

2.29 Corporate Governance

The Bank has given the priority to the compliance of the rules, regulations and guidelines of Bangladesh Bank, National Board of Revenue & Bangladesh Securities and Exchange Commission (BSEC). The Bank has also complied with all related accounting standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

2.30 General Information

- i) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- ii) Figures of previous year have been rearranged whenever necessary to conform to current year's presentation.

2.31 Compliance with Financial Reporting Standards as applicable in Bangladesh

The Financial Reporting Act 2015 (FRA) was enacted in 2015. Under the FRA, the Financial Reporting Council (FRC) is to be formed and it is to issue financial reporting standards for public interest entities such as banks. The Bank Companies Act 1991 has been amended to require banks to prepare their financial statements under such financial reporting standards. The FRC has been formed but yet to issue any financial reporting standards as per the provisions of the FRA and hence Bangladesh Financial Reporting Standards (BFRS) 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 Bangladesh Financial Reporting Standards (BFRS) and the requirements of the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994. In case any requirement of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail. Material deviations from the requirements of BFRS are as follows:

Sl. No.	BAS No.	BAS 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 Reporting Period	Complied
6	11	Construction Contracts	Not Applicable
7	12	Income Taxes	Complied
8	16	Property, Plant & Equipment	Complied
9	17	Leases	Complied
10	18	Revenue	Complied
11	19	Employee Benefits	Complied
12	20	Accounting for Government Grants and Discloser of Government Assistance	Not Applicable
13	21	The Effects of Changes in Foreign Exchanges Rates	Complied
14	23	Borrowing Costs	Not Applicable
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
17	27	Consolidated and Separate Financial Statements	Complied
18	28	Investment in Associates	Not Applicable
19	31	Interest in Joint Venture	Not Applicable
20	32	Financial Instruments: Presentation	Complied *
21	33	Earnings per Share	Complied
22	34	Interim Financial Reporting	Complied
23	36	Impairment of Assets	Complied
24	37	Provisions, Contingent liabilities and Contingent Assets	Complied *
25	38	Intangible Assets	Complied
26	39	Financial Instruments: Recognition and Measurement	Complied *
27	40	Investment Property	Not Applicable
28	41	Agriculture	Not Applicable

Sl. No.	BFRS No.	BFRS Title	Compliance Status
1	1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
2	2	Share-based Payment	Not Applicable
3	3	Business Combinations	Not Applicable
4	4	Insurance contracts	Not Applicable
5	5	Non-Current Assets Held for Sale and Discontinued Operations	Not Applicable
6	6	Exploration for and Evaluation of Mineral	Not Applicable
7	7	Financial Instruments: Disclosures	Complied *
8	8	Operating Segments	Complied

Sl. No.	BFRS No.	BFRS Title	Compliance Status
9	10	Consolidated Financial Statements	Complied
10	11	Joint Arrangements	Not Applicable
11	12	Disclosure of Interest in other Entities	Not Applicable
12	13	Fair Value Measurement	Complied
13	14	Regulatory Deferral Accounts	Not Applicable
14	15	Revenue from Contract with Customers	Not Applicable

* Subject to departure disclosed in note no. 2.1.

New accounting standards not yet adopted:

The Bank has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements. The various amendments to standards, including any consequential amendments to other standards, with the date of initial application of 1 January 2017 have been considered. However, these amendments have no material impact on the financial statements of the Bank.

In December 2017, ICAB has decided to adopt IFRS replacing BFRS effective for annual periods beginning on or after 1 January 2018. However, since currently issued BFRS have been adopted from IFRS without any major modification, such changes would not have any material impact on financial statements.

A number of standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted. However, the Bank has not early applied the following new standards in preparing these financial statements.

a. BFRS 9 Financial Instruments (to be adopted as IFRS 9)

BFRS 9, published in July 2014, replaces the existing guidance in BAS 39 Financial Instruments: Recognition and Measurement. BFRS 9 includes revised guidance on the classification and measurement of the financial instruments, a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from BAS 39. BFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. As per the Bank's assessment, any material impact of BFRS 9 would be primarily on calculation of impairment provision. However, as Bangladesh Bank has not issued any circular to revise its current impairment, classification and measurement policies to align with BFRS 9 the Bank is unable to quantify any potential impact on its financial statements.

b. BFRS 15 Revenue from Contracts with Customers (to be adopted as IFRS 15)

BFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing recognition guidance, including BAS 18 Revenue, BAS 11 Construction Contracts and BFRI 13 Customer Loyalty Programmes. BFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on preliminary assessment the Bank has determined that BFRS 15 has no material impact on its financial statements.

c. IFRS 16 Leases

IFRS 16, issued in January 2016 replaces existing leases guidance and effective for reporting period beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The Bank has not yet assessed any potential impact of IFRS 16 on its financial statements.

d. IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The Bank has not yet assessed in potential impact of IFRS 17 on its financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

	31.12.2017	31.12.2016
	Taka	Taka
3 Consolidated Cash in hand (Including foreign currencies)		
Shahjalal Islami Bank Ltd (Note-3a)	1,529,754,123	1,179,754,405
Shahjalal Islami Bank Securities Ltd	-	-
	1,529,754,123	1,179,754,405
3a Cash in hand of the Bank (Including foreign currencies)		
In local currency	1,519,009,461	1,174,258,047
In foreign currencies (Note-3a.1)	10,744,661	5,496,358
	1,529,754,123	1,179,754,405
3a.1 In Foreign Currency		
Foreign Currency Amount in FC Exchange Rate		
US Dollar 129,923.35 82.700	10,744,661	4,954,768
Great Britain Pound	-	275,010
Euro	-	266,579
	10,744,661	5,496,358
4 Consolidated Balance with Bangladesh Bank and it's agent bank(s)		
Shahjalal Islami Bank Ltd (Note-4a)	11,659,462,711	8,398,144,743
Shahjalal Islami Bank Securities Ltd	-	-
	11,659,462,711	8,398,144,743
4a Balance with Bangladesh Bank and it's agent bank(s) (Including foreign currencies)		
In local currency	11,429,273,893	8,191,357,896
In foreign currencies	76,951,616	24,364,878
	11,506,225,509	8,215,722,774
Balance with Sonali Bank Ltd. as agent of Bangladesh Bank		
In local currency	153,237,202	182,421,969
In foreign currencies	-	-
	153,237,202	182,421,969
	11,659,462,711	8,398,144,743

4a.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Company Act, 1991 and subsequent BCD Circular No.13 dated May 24, 1992; BRPD Circular No. 12 dated September 20, 1999; BRPD Circular No. 22 dated November 6, 2003, BRPD Circular No. 12 dated August 25, 2005; DOS Circular No.01 dated March 03, 2009 and MPD Circular No. 04 & 05 dated December 01, 2010; MPD Circular No. 02 dated December 10, 2013 and Circular No. 01 dated June 23, 2014.

4a.2 Cash Reserve Ratio (CRR): 6.5% of Average Demand and Time Liabilities

Required Reserve	9,185,141,030	7,816,547,070
Actual Reserve held with Bangladesh Bank (In local currency)*	11,428,484,990	8,192,127,709
CRR Surplus	2,243,343,960	375,580,639
Maintained (%)	8.09%	6.81%

* Actual Reserve held with Bangladesh Bank (In local currency) reported as per Statement of Bangladesh Bank.

4a.3 Statutory Liquidity Ratio (SLR): 5.50% of Average Demand and Time Liabilities

Required Reserve	7,772,042,410	6,614,001,360
Actual Reserve held (Note-4a.4)	11,626,335,284	7,737,757,013
SLR Surplus	3,854,292,874	1,123,755,653
Maintained (%)	8.23%	6.43%

		31.12.2017	31.12.2016
		Taka	Taka
4a.4 Held for Statutory Liquidity Ratio			
Cash in hand	(Note-3a)	1,529,754,123	1,179,754,405
Balance with Bangladesh Bank and its agents (excluding Bangladesh Bank local currency account)	(Note-4a)	153,237,202	182,421,969
Excess CRR	(Note-4a.2)	2,243,343,960	375,580,639
Bangladesh Bank Islami Investment Bond	(Note-7a)	7,200,000,000	5,500,000,000
Refinance Fund (with Bangladesh Bank)	(Note-6a.1)	500,000,000	500,000,000
		11,626,335,284	7,737,757,013
5 Consolidated Balance with Other Banks and Financial Institutions			
Inside Bangladesh			
Shahjalal Islami Bank Ltd	(Note-5a.1)	572,698,313	1,943,033,831
Shahjalal Islami Bank Securities Ltd		412,994,289	381,221,166
		985,692,602	2,324,254,997
Less: Inter Company Transaction		393,408,115	376,062,425
		592,284,487	1,948,192,572
Outside Bangladesh			
Shahjalal Islami Bank Ltd	(Note-5a.2)	427,070,723	472,970,179
Shahjalal Islami Bank Securities Ltd		-	-
		427,070,723	472,970,179
		1,019,355,210	2,421,162,751
5a Balance with Other Banks and Financial Institutions of the Bank			
(Other than mudaraba Fund)			
Inside Bangladesh	(Note-5a.1)	572,698,313	1,943,033,831
Outside Bangladesh	(Note-5a.2)	427,070,723	472,970,179
		999,769,036	2,416,004,010
5a.1 Inside Bangladesh			
Current Account			
Sonali Bank Limited (Other than as agent of Bangladesh Bank)		55,411	11,987,444
National Bank Limited, Narayangonj Branch		6,629	10,049
Standard Chartered Bank, Motijheel Branch		8,516,092	4,847,809
Islami Bank Bangladesh Limited		141,613	142,913
Agrani Bank Limited (Islami Banking Wing)		19,433,760	25,994,369
Janata Bank Limited, Dinajpur Branch		3,832	3,832
Off-Shore Banking Unit		675,807,255	379,276,662
		703,964,592	422,263,078
Less: Off-Shore Banking Unit		675,807,255	379,276,662
		28,157,338	42,986,416
Mudaraba Special Notice Deposit			
Export Import Bank of Bangladesh Limited		10,742,745	6,472,756
Trust Bank Limited, Dilkusha Corporate Branch		3,912,191	6,614,831
Prime Bank Limited, Islami Banking Branch		478,798	363,293
Social Islami Bank Limited		11,896,798	20,883
Agrani Bank-Corporate Branch (Islami Banking Wing)		135,577,152	6,768,483
AB Bank Limited, Islami Banking Branch		4,987,513	29,818,711
Jamuna Bank Limited, Naya Bazar Islami Banking Branch		322,940	163,730
Bank Al Falah, Islami Banking Branch		2,350,244	109,533,015
Al-Arafah Islami Bank Limited		372,205,092	1,657,770,078
Southeast Bank Limited, Islami Banking Branch		438,532	292,161
The City Bank - Islamic Banking Branch		1,172,370	1,158,007
		544,084,373	1,818,975,950

Mudaraba Saving Deposit

	31.12.2017 Taka	31.12.2016 Taka
Social Islami Bank Limited	244,727	2,379,777
Al-Arafah Islami Bank Limited	20,008	19,870
Islami Bank Bangladesh Limited	98,485	7,342,738
Export Import Bank of Bangladesh Limited	93,381	70,801,131
First Security Islami Bank Limited	-	20,173
Dhaka Bank Limited, Islami Banking Branch	-	507,776
	456,602	81,071,465
	572,698,313	1,943,033,831

5a.2 Outside Bangladesh (NOSTRO Account) [as on 31 December 2017]

Current Account	Currency	F.C. Amount	Rate	Taka
Standard Chartered Bank NY	USD	555,995.45	82.7000	45,980,824
Mashreq Bank psc, NY	USD	944,028.96	82.7000	78,071,195
Standard Chartered Bank, Mumbai	USD	222,198.53	82.7000	18,375,818
Habib American Bank, USA	USD	307,016.90	82.7000	25,390,298
ICICI Bank, Hong Kong	USD	152,133.52	82.7000	12,581,442
WACHOVIA BANK, NY, USA	USD	1,028,893.30	82.7000	85,089,476
Commerzbank AG Frankfrut	USD	151,518.47	82.7000	12,530,577
Bank Aljazira	USD	563,077.06	82.7000	46,566,473
UBAF Hong Kong Limited	USD	2.73	82.7000	226
AB Bank Ltd. Mumbai	ACUD	161,598.53	82.7000	13,364,198
IFIC Bank Ltd., Karachi	ACUD	8,641.29	82.7000	714,635
Standard Chartered Bank, Mumbai	ACUD	21,725.07	82.7000	1,796,663
Nepal Bangladesh Bank, Nepal	ACUD	27,454.25	82.7000	2,270,466
Standard Chartered Bank, Colombo	ACUD	5,154.98	82.7000	426,317
ICICI Bank, Mumbai	ACUD	6,797.78	82.7000	562,176
Habib Metropolitan Bank Ltd.	ACUD	105,782.76	82.7000	8,748,234
United Bank of India, Kolkata	ACUD	156,937.46	82.7000	12,978,728
Sonali Bank Ltd ACU, Kolkata	ACUD	4,057.73	82.7000	335,575
Bank of Bhutan Ltd. Main Branch	ACUD	47,816.83	82.7000	3,954,452
AXIS Bank Ltd. India	ACUD	176,952.33	82.7000	14,633,958
Standard Chartered Bank, Frankfurt	EURO	12,511.37	98.7521	1,235,524
Mashreq Bank, London	EURO	8,697.01	98.7521	858,848
COMMERZBANK AG	EURO	86,164.24	98.7521	8,508,900
Wells Fargo Bank, N. A. London, UK	EURO	207,746.19	98.7521	20,515,373
Standard Chartered Bank, Tokyo	YEN	869,483.99	0.7326	636,984
BCP - Geneva, Switzerland	CHF	6,395.43	84.4826	540,303
Habib Bank AG Zurich	CHF	2,466.85	84.4826	208,406
Bank Aljazira, KSA	SAR	203,786.81	22.0533	4,494,172
Standard Chartered Bank London	GBP	51,271.68	111.1819	5,700,483
				427,070,723

Currency wise Distribution:**Foreign Currency**

USD
ACUD
EURO
GBP
SAR
CHF
YEN

BDT	Composition
324,586,329	76.00%
59,785,402	14.00%
31,118,644	7.29%
5,700,483	1.33%
4,494,172	1.05%
748,708	0.18%
636,984	0.15%
427,070,723	100%

For details comparative statement of 2017 & 2016 of foreign currency amount and rate thereof please see "Annexure-C"

5a.3 In accordance with Bangladesh Bank Foreign Exchange Policy Department, Circular FEPD/FEMO/18/2007-265 dated 17 December 2007, the quarterly review of NOSTRO Accounts for the quarter ended 31 December 2017 reflect the true state of the NOSTRO Account entries recorded correctly and after review a separate audit certificate have also been given by the auditor. The status of all outstanding unmatched entries are given below:

As on 31 December 2017

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	16	1,791,340.06	201	6,604,564.27	63	1,713,703.15	242	4,698,437.64
More than 03 months but less than 06 months		-		-		-		-
More than 06 months but less than 09 months		-		-		-		-
More than 09 months but less than 12 months		-		-		-		-
More than 12 months		-		-		-		-
	16	1,791,340.06	201	6,604,564.27	63	1,713,703.15	242	4,698,437.64

As on 31 December 2016

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	21	4,421,508.73	142	8,253,684.10	67	2,833,844.42	183	7,882,025.43
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		-		-		-		-
	21	4,421,508.73	142	8,253,684.10	67	2,833,844.42	183	7,882,025.43

	31.12.2017 Taka	31.12.2016 Taka
5a.4 Maturity-wise groupings of balance with other banks and financial institutions		
On Demand	28,198,432	667,273,562
Not more than 3 months	971,570,604	1,748,730,448
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	999,769,036	2,416,004,010
6 Consolidated Placement with other Banks & Financial Institutions		
Shahjalal Islami Bank Ltd (Note-6a)	6,661,710,616	7,861,781,566
Shahjalal Islami Bank Securities Ltd	-	-
	6,661,710,616	7,861,781,566
Less: Inter Company Transaction	-	-
	6,661,710,616	7,861,781,566
6a Placement with other Banks & Financial Institutions of the Bank		
Placement with other Banks (Note-6a.1)	811,710,616	1,111,781,566
Placement with Financial Institutions (Note-6a.2)	5,850,000,000	6,750,000,000
	6,661,710,616	7,861,781,566
6a.1 Mudaraba Term Deposits-other Banks		
ICB Islamic Bank Limited	311,710,616	311,781,566
Social Islami Bank Limited	-	300,000,000
Southeast Bank Ltd, Islami Banking Branch	-	-
Bangladesh Bank (Refinance Fund)	500,000,000	500,000,000
	811,710,616	1,111,781,566
6a.2 Mudaraba Term Deposits-Financial Institutions		
Hajj Finance Company Limited	250,000,000	200,000,000
Lanka Bangla Finance Limited	1,500,000,000	800,000,000
Industrial and Infrastructure Development Finance Company Ltd	1,200,000,000	350,000,000
Union Capital Limited	200,000,000	300,000,000
Phoenix Finance & Investments Limited	400,000,000	400,000,000
National Finance Limited	100,000,000	300,000,000
Midas Financing Limited	300,000,000	300,000,000
Premier Leasing International Limited	300,000,000	300,000,000
United Finance Ltd.	500,000,000	800,000,000
National Housing Finance and Investment Ltd.	100,000,000	200,000,000
Industrial Promotion and Development Company of Bangladesh Limited	800,000,000	300,000,000
GSP Finance Ltd.	200,000,000	-
Prime Finance & Investment Limited	-	50,000,000
Fareast Finance & Investment Limited	-	100,000,000
Delta Brac Housing Finance Corporation	-	1,000,000,000
IDLC Finance Limited	-	1,250,000,000
Islamic Finance Investment Ltd.	-	100,000,000
	5,850,000,000	6,750,000,000
	6,661,710,616	7,861,781,566

		31.12.2017	31.12.2016
		Taka	Taka
6a.3 Maturity-wise groupings of placement with other Banks and Financial Institutions			
On Demand		-	-
Not more than 3 months		5,650,000,000	6,250,000,000
More than 3 months but not more than 1 year		700,000,000	1,300,000,000
More than 1 year but not more than 5 years		311,710,616	311,781,566
More than 5 years		-	-
		6,661,710,616	7,861,781,566
7 Consolidated Investment in Shares & Securities			
Government			
Shahjalal Islami Bank Ltd	(Note-7a)	7,200,000,000	5,500,000,000
Shahjalal Islami Bank Securities Ltd		-	-
		7,200,000,000	5,500,000,000
Others			
Shahjalal Islami Bank Ltd	(Note-7a)	3,326,258,238	2,093,131,998
Shahjalal Islami Bank Securities Ltd		1,432,948,480	1,871,180,894
		4,759,206,718	3,964,312,892
		11,959,206,718	9,464,312,892
7a Investment in Shares & Securities of the Bank			
Government			
Government Bond (Islamic Investment Bond)	(Note-7a.2)	7,200,000,000	5,500,000,000
		7,200,000,000	5,500,000,000
Others			
Mudaraba Perpetual Bond, Islami Bank Bangladesh Ltd.		47,550,542	47,550,542
Mudaraba Subordinated Bond		1,580,000,000	100,000,000
Investment in Shares	(Note-7a.3)	1,698,707,696	1,945,581,457
		3,326,258,238	2,093,131,998
		10,526,258,238	7,593,131,998
7a.1 Maturity-wise Grouping of Investment in Securities:			
On demand		-	-
Not more than 3 months		5,946,258,238	6,191,131,998
More than 3 months but less than 1 year		3,020,000,000	1,400,000,000
More than 1 year but less than 5 years		1,560,000,000	-
More than 5 years		-	2,000,000
		10,526,258,238	7,593,131,998

7a.2 Bangladesh Bank has introduced Mudaraba Bond named “Bangladesh Government Islamic Investment Bond (Islamic Bond)” in September 2004 on behalf of the Government to facilitate Islamic Banks and Financial Institutions, investment in this funds is considered as a component of Statutory Liquidity Ratio (SLR).

The mobilized fund from Islamic Bond is invested by Bangladesh Bank and a portion of realized profit distributes among the bond holders as per mudaraba principle of Islamic Shariah on the basis of the tenor of the bond. So the rate of return from Islamic Bond is depended on fund deployment of Bangladesh Bank which is not prefixed.

7a.3 Investment in shares (at cost)

Quoted

	31.12.2017 Taka	31.12.2016 Taka
The ACME Laboratories Limited	59,175,008	56,206,552
Active Fine Chemicals Ltd.	39,430,643	40,367,121
Aftab Automobiles Limited	61,605,088	35,738,559
Agricultural Marketing Company Ltd – AMCL (PRAN)	9,958,704	9,958,704
AIBL 1st Islamic Mutual Fund	67,402,716	73,298,207
Apex Footwear Limited	10,953,975	7,510,020
Beacon Pharmaceuticles Limited	87,734,854	39,266,541
Beximco Limited	85,339,733	53,917,267
Dhaka Electric Supply Company Ltd.	69,126,961	40,103,115
Eastern Housing Limited	166,063,283	166,063,283
Envoy Textiles Ltd.	42,402,697	42,402,697
Export Import Bank of Bangladesh Limited	56,153,581	128,470,525
Familytex (BD) Ltd.	47,453,468	47,453,468
Fareast Islami Life Insurance Co. Ltd.	65,297,780	35,899,637
Generation Next Fashions Limited	25,741,813	25,741,813
M.I. Cement Factory Ltd	41,501,769	58,102,477
Makson Spinning Mills Limited	63,955,630	63,955,630
Meghna Petroleum Limited	75,607,343	75,607,343
Metro Spinning Mills Limited	65,855,505	65,855,505
Orion Pharma Ltd.	62,359,551	44,129,226
RAK Ceramics (Bangladesh) Limited	34,139,452	6,778,747
Square Textile Ltd	34,785,789	61,222,988
The Dacca Dyeing & Mfg. Co. Limited	160,115,520	160,115,520
Titas Gas Transmission And Distribution Co. Ltd	78,349,510	78,349,510
Unique Hotel and Resorts Ltd	31,110,235	22,403,867
Bangladesh Steel Re-Rolling Mills Limited	9,744,380	-
Prime Islami Life Insurance Ltd.	3,720,371	-
Bangladesh Submarine Cable Company Limited	2,342,003	-
Lafarge Surma Cement Ltd.	42,489,421	-
Nahee Aluminum Composite Panel Ltd.	63,882	-
Oimex Electrode Limited	66,310	-
Premier Cement Mills Limited	18,441,295	-
Shahjibazar Power Co. Ltd.	8,890,774	-
Singer Bangladesh Limited	60,778,950	-
Al-Arafah Islami Bank Limited	-	80,277,378
Appollo Ispat Complex Limited	-	1,900,315
Central Pharmaceuticals Ltd.	-	6,731,215
Fine Foods Limited	-	85,826,584
First Security Islami Bank Ltd.	-	39,956,268
Islami Bank Bangladesh Limited	-	32,559,062
Islami Insurance Bangladesh Limited	-	3,527,898
Jamuna Oil Company Limited	-	67,733,293
Padma Islami Life Insurance Limited	-	5,702,545
Salvo Chemical Industry Ltd.	-	3,201,604
Shinepukur Ceramics Limited	-	6,006,606
Social Islami Bank Ltd.	-	80,932,934
Square Pharmaceuticles Limited	-	33,600,877
MJL Bangladesh Limited	-	21,706,557

	31.12.2017	31.12.2016
	Taka	Taka
Un-Quoted		
Lanka Bangla Securities Ltd	5,000,000	5,000,000
Market Stabilization Fund, Asset Management Co. Ltd	2,000,000	2,000,000
Aman Cotton Fibrous Limited	1,260,400	-
Aamra Networks Limited	2,289,302	-
Pacific Denims Limited	-	30,000,000
	1,698,707,696	1,945,581,457

See **Annexure-A** for details regarding unrealised gain/(loss) & provision.

8 Consolidated Investments

Shahjalal Islami Bank Ltd	(Note-8a)	148,364,190,304	112,519,695,669
Shahjalal Islami Bank Securities Ltd		3,269,416,687	3,755,495,358
		151,633,606,991	116,275,191,027
Less: Inter Company Transaction		250,620,139	657,037,917
		151,382,986,852	115,618,153,110
Bills Purchased and Discounted :			
Shahjalal Islami Bank Ltd	(Note-8a)	10,303,967,071	10,478,684,675
Shahjalal Islami Bank Securities Ltd		-	-
		10,303,967,071	10,478,684,675
		161,686,953,924	126,096,837,785

8a Investments of the Bank

Country-wise Classification of Investments:

Inside Bangladesh

Gross Murabaha, Bai-Muajjal etc		157,680,334,330	120,543,732,798
Less: Profit receivable on Murabaha, Bai-Muajjal etc (Mark-up profit on unearned income)		9,316,144,025	8,024,037,129
Net Murabaha, Bai-Muajjal etc		148,364,190,304	112,519,695,669
Bills purchased and discounted-net	(Note-8a.2)	10,303,967,071	10,478,684,675
Outside Bangladesh		-	-
		158,668,157,376	122,998,380,344

8a.1 Maturity wise Classification of Investments:

With a residual maturity of			
Re-payable on Demand		32,876,042,208	23,861,685,787
Not more than 3 months		42,983,203,833	40,724,763,732
Over 3 months but not more than 1 year		37,763,021,455	37,563,705,357
Over 1 year but not more than 5 years		35,192,597,306	15,928,290,255
Over 5 years		9,853,292,573	4,919,935,214
		158,668,157,376	122,998,380,344

8a.2 Bills Purchased and Discounted :

Payable inside Bangladesh		3,792,715,364	4,266,972,740
Payable outside Bangladesh		6,743,135,868	6,460,677,058
Gross Bills Purchased and Discounted		10,535,851,231	10,727,649,799
Less: Profit receivable on Bills Purchased and Discounted		231,884,160	248,965,124
Net Bills Purchased and Discounted		10,303,967,071	10,478,684,675

	31.12.2017 Taka	31.12.2016 Taka
8a.3 Maturity wise Classification of Bills Purchased and Discounted:		
Re-payable:-		
Within 1 month	2,988,150,451	3,038,818,556
Over 1 month but less than 3 months	2,395,672,344	2,436,294,187
Over 3 months but less than 6 months	960,329,731	976,613,412
6 months or more	3,959,814,546	4,026,958,520
	10,303,967,071	10,478,684,675
8a.4 Investments on the basis of significant concentration:		
Investments to allied concern of Directors (Note-51.5)	343,104,090	757,475,970
Investments to Executives/Officers	1,460,297,464	1,294,754,280
Investments to Customer Groups	97,186,422,645	61,267,816,917
Industrial Investment	57,764,626,705	57,764,626,705
Others	1,913,706,472	1,913,706,472
	158,668,157,376	122,998,380,344

Investments allowed to individual customer exceeding 10% of Bank's total capital:

Total outstanding amount to such customers at end of the year	:	63,128.38 million	53,220.43 million
Number of such types of customers	:	23	24
Amount of Classified Investments thereon	:	Nil	Nil
Measures taken for recovery	:	Not applicable	Not applicable

The amount represents the sum of total Investments (both Funded and Non-Funded) to each customer exceeding Tk. 1,937.60 million which is computed @ 10% of total capital of the bank i.e. Tk.19,375.98 million (Note # 17.5.c) as at 31 December 2017.

For details please refer to **Annexure-D**

8a.5 Sector-wise Classification of Investments:

Sector	As at 31 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Agriculture & Fishing	5,234,400,000	3.30%	5,981,900,000	4.86%
Cotton & Textile	13,742,251,934	8.66%	9,619,751,093	7.82%
Garments	19,129,243,625	12.06%	14,473,178,563	11.77%
Cement	1,292,695,437	0.81%	1,289,007,293	1.05%
Pharmaceuticals & Chemicals	2,169,869,073	1.37%	2,344,897,625	1.91%
Real Estate	8,074,515,859	5.09%	8,326,122,594	6.77%
Transport	2,581,481,659	1.63%	2,640,289,561	2.15%
Information Technology	399,684,889	0.25%	340,719,652	0.28%
Non Banking Financial Institutions	2,404,260,444	1.52%	2,554,048,699	2.08%
Steel & Engineering	9,085,343,269	5.73%	5,783,370,534	4.70%
Food Processing & Beverage	11,229,536,145	7.08%	9,320,064,390	7.58%
Power & Energy	4,349,746,142	2.74%	3,029,215,963	2.46%
Paper & Paper Products	1,927,725,308	1.21%	1,531,737,680	1.25%
Plastic & Plastic Product	3,690,074,916	2.33%	2,934,818,886	2.39%
Electronics	4,022,935,777	2.54%	2,797,082,706	2.27%
Services Industries	5,414,797,241	3.41%	3,425,274,067	2.78%
Trading	26,668,700,000	16.81%	20,317,300,000	16.52%
Import Financing	7,060,700,000	4.45%	3,811,500,000	3.10%
Consumer Financing	420,500,000	0.27%	181,600,000	0.15%
Share business	1,042,005,526	0.66%	1,448,703,721	1.18%
Staff Investment	1,460,297,464	0.92%	1,294,754,280	1.05%
Others	27,267,392,670	17.19%	19,553,043,035	15.90%
Total	158,668,157,376	100.00%	122,998,380,344	100.00%

8a.6 Geographical Location-wise Investments:

Area	As at 31 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (note-8a.6.1)				
a) In Rural Areas	10,462,731,660	6.59%	7,391,491,073	6.01%
b) In Urban Areas	148,205,425,716	93.41%	115,606,889,271	93.99%
Sub-total	158,668,157,376	100%	122,998,380,344	100%
ii) Outside Bangladesh	-	-	-	-
Total	158,668,157,376	100%	122,998,380,344	100%

8a.6.1 Inside Bangladesh

Division	As at 31 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Dhaka	117,797,816,096	74.24%	93,240,838,454	75.81%
Chittagong	26,888,848,733	16.95%	20,012,231,565	16.27%
Sylhet	2,002,443,636	1.26%	1,454,734,295	1.18%
Rajshahi	4,738,580,804	2.99%	2,753,438,031	2.24%
Rangpur	1,250,781,893	0.79%	1,118,640,665	0.91%
Khulna	5,417,489,836	3.41%	4,062,593,748	3.30%
Barisal	572,196,377	0.36%	355,903,585	0.29%
Total	158,668,157,376	100.00%	122,998,380,344	100.00%

8a.7 Grouping of Investments as per Classification Rules of Bangladesh Bank:

Status	As at 30 December 2017		As at 31 December 2016	
	Amount	Composition	Amount	Composition
Unclassified (including staff Investment)	150,799,767,001	95.04%	115,852,194,622	94.19%
Special Mention Account (SMA)	1,567,888,214	0.99%	1,364,486,682	1.11%
Substandard	549,660,286	0.35%	246,017,213	0.20%
Doubtful	211,763,683	0.13%	272,959,898	0.22%
Bad or loss	5,539,078,192	3.49%	5,262,721,929	4.28%
Total	158,668,157,376	100.00%	122,998,380,344	100.00%

8a.8 Particulars of provision for Investments:

Status	Rate	Basis for Provision	31.12.2017 Taka	31.12.2016 Taka
Standard				
Unclassified (excluding staff Investments)	1%	90,000,924,440	947,509,244	711,790,772
Staff Investments	0%	1,460,297,464	-	-
Consumer Financing (Other than HF & LP)	5%	357,122,138	17,856,107	10,784,171
Small & Medium Enterprise	0.25%	55,538,220,222	138,845,551	112,101,479
Housing Finance(HF)	1%	2,753,619,265	27,536,193	30,255,532
Loan for professionals (LP)	2%	27,743,720	554,874	296,383
Share Business	2%	656,134,920	13,122,698	20,612,463
Short Term Agri Credit	1%	5,704,833	57,048	346,735
SMA		1,455,345,012	11,972,146	9,329,375
			1,157,453,862	895,516,910
Substandard	20% & 5% (Agri)	324,563,441	64,805,599	28,165,829
Doubtful	50% & 5% (Agri)	36,638,200	17,704,624	57,847,913
Bad or loss	100%	1,332,348,478	1,332,348,478	1,345,111,251
			1,414,858,701	1,431,124,993
Required provision for Investments			2,572,312,562	2,326,641,903
Total provision maintained {note # 14a.1(a) & (b)}			2,580,964,133	2,327,667,602
Surplus Provision			8,651,571	1,025,699

The Bank has maintained provision for unclassified Investment amounting to Tk. 1,165,900,000 (note # 14a.1.b) and for classified Investment Tk. 1,415,064,133 (note # 14a.1.a) totaling Tk. 2,580,964,133. As per instruction letter no. DBI-4/42(3)/2018-752 dated 16 April 2018 of Bangladesh Bank, the Bank has maintained the minimum required provision as at 31 December 2017.

		31.12.2017 Taka	31.12.2016 Taka
8a.9 Particulars of provision for Off-Balance Sheet			
Status	Basis for Provision	Rate	Rate
		1%	1%
Acceptances & endorsements	28,368,741,403	283,687,414	237,191,336
Letters of Guarantees	19,322,482,514	193,224,825	119,568,679
Irrevocable Letters of Credit	27,569,640,596	275,696,406	184,213,616
Bills for collection	13,964,695,831	139,646,958	92,283,671
Required provision for Off Balance Sheet Items	<u>89,225,560,344</u>	892,255,603	633,257,303
Provision maintained {note # 14a.1(c)}		892,300,000	633,300,000
Surplus Provision		44,397	42,697
8a.10 Particulars of Investments:			
(i) Debts considered good in respect of which the banking company is fully secured		131,261,253,856	102,131,219,008
(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security		25,323,437,917	19,630,541,503
(iii) Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors		2,083,465,603	1,236,619,832
(iv) Debts considered bad or doubtful not provided for		-	-
		158,668,157,376	122,998,380,344
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other person		1,460,297,464	1,294,754,280
(vi) Debts 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 51.5).		343,104,090	757,475,970
(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.		1,460,297,464	1,294,754,280
(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		343,104,090	757,475,970
(ix) Due from Banking Companies		-	-
(x) Total amount of advance on which Profit is not credited:		6,300,502,160	5,781,699,039

	31.12.2017	31.12.2016
	Taka	Taka
a. Movement of Classified Investments:		
Opening Balance	5,781,699,039	6,261,012,660
Increase/ (Decrease) during the year	518,803,121	(479,313,621)
	6,300,502,160	5,781,699,039
i) (Decrease)/Increase of specific provision	(16,403,469)	(418,593,398)
ii) Amount of written off investment during the year against which fully provided	982,130,507	1,070,014,659
iii) Amount recovered against the investment which was previously written off	18,605,000	22,583,982
b. Amount of provision kept against classified Investment as bad or Loss on the reporting day of Balance Sheet	1,415,064,133	1,431,467,602
c. Amount of Profit charged in suspense Account	519,917,285	621,893,107
(xi) Cumulative amount of written off Investments		
Opening Balance	3,481,540,205	2,411,525,546
Amount written off during the year	982,130,507	1,070,014,659
Total amount of written off investment	4,463,670,712	3,481,540,205
9 Consolidated Fixed Assets including Premises, Furnitures & Fixtures Cost		
Shahjalal Islami Bank Ltd (Note-9a)	4,855,255,914	4,299,782,666
Shahjalal Islami Bank Securities Ltd	93,557,289	76,789,944
	4,948,813,203	4,376,572,610
Accumulated Depreciation		
Shahjalal Islami Bank Ltd (Note-9a)	898,138,146	866,743,623
Shahjalal Islami Bank Securities Ltd	42,511,184	35,817,264
	940,649,330	902,560,887
Written Down Value	4,008,163,873	3,474,011,723
9a Fixed Assets including Premises, Furnitures & Fixtures of the Bank		
Cost		
Opening balance	4,169,882,223	3,991,969,098
Addition during the year	1,237,886,785	257,000,459
	5,407,769,008	4,248,969,557
Less: Disposal during the year	691,068,537	11,802,321
	4,716,700,471	4,237,167,236
Accumulated Depreciation		
Opening balance	799,152,843	723,286,212
Addition during the year	114,299,641	116,105,451
	913,452,484	839,391,663
Less: Adjustment on disposal during the year	96,676,164	9,481,156
	816,776,320	829,910,507
Written Down Value	3,899,924,150	3,407,256,729

	31.12.2017	31.12.2016
	Taka	Taka
Intangible assets		
Cost		
Opening balance	129,900,443	61,548,992
Addition during the year	8,655,000	1,066,438
	138,555,443	62,615,430
Less: Disposal during the year	-	-
	138,555,443	62,615,430
Amortization		
Opening balance	67,590,780	30,839,845
Addition during the year	13,771,046	5,993,271
	81,361,826	36,833,116
Less: Adjustment on disposal during the year	-	-
	81,361,826	36,833,116
Written Down Value	57,193,617	25,782,314
Total Written Down Value	3,957,117,768	3,433,039,043
For details please refer to Annexure-B		
10 Consolidated Others Assets		
Shahjalal Islami Bank Ltd (Note-10a)	13,795,235,456	13,313,448,521
Shahjalal Islami Bank Securities Ltd	2,166,544,118	2,570,816,907
	15,961,779,574	15,884,265,428
Less: Inter Company transaction	3,578,605,893	3,878,369,440
	12,383,173,681	12,005,895,988
10.1 Consolidated advance tax		
Shahjalal Islami Bank Ltd (Note-10a.4)	9,611,807,185	8,700,383,562
Shahjalal Islami Bank Securities Ltd	227,658,946	183,559,781
	9,839,466,131	8,883,943,343
10a Others Assets of the Bank		
Stock of Stationery, Stamps and printing materials etc. (valued at cost)	18,814,345	17,164,051
Advance rent and security deposit	165,849,238	122,989,589
Suspense Account (Note-10a.1)	101,552,665	55,747,673
Profit receivable (Note-10a.2)	237,370,413	278,319,197
Other Prepayments	39,944,523	218,968,790
Receivable from Shahjalal Islami Bank Securities Limited	1,063,059,276	1,362,959,318
Shahjalal Islami Bank Securities Ltd (Note-10a.3)	2,515,000,000	2,515,000,000
Advance Insurance premium	21,700,000	35,880
Advance for new Branches	16,820,000	16,087,656
Advance tax paid (Note-10a.4)	9,611,807,185	8,700,383,562
Other Receivables	3,317,812	3,889,647
SJIBL General Account-Net (Note-10a.5)	-	21,903,158
	13,795,235,456	13,313,448,521

	31.12.2017 Taka	31.12.2016 Taka
10a.1 Suspense Account		
Sundry Debtors	59,091,692	7,301,848
Excise duty on MTDR	1,001,347	11,869,247
Advance against TA/DA	269,338	290,800
Advance against Petty Cash	497,000	345,000
Law charges	36,612,627	32,213,964
Stamp	113,045	61,525
Others	3,967,616	3,665,289
	101,552,665	55,747,673

The detail breakup of unadjusted suspense accounts are given below:

(Amount in '000)

SI	Breakup	Less than 03 months	03 months to less than 06 months	06 months to less than 09 months	09 months to less than 12 months	12 months and above
1	Sundry Debtors	57,078	1,861		65	88
2	Advance against TA/DA	269				
3	Advance against Petty Cash	492				5
4	Legal expenses	2,603	3,399	1,529	2,035	27,047
5	Others	3,336	492	242	517	494
	Grand Total	63,778	5,752	1,771	2,617	27,634

	31.12.2017 Taka	31.12.2016 Taka
10a.2 Profit Receivable		
Placement to Other Bank-MTDR	17,727,063	23,185,396
Placement to Financial Institutions-MTDR	49,230,069	81,708,861
Placement to Islamic Investment Bond	102,388,221	121,791,884
Profit on Investment against MSD	19,243,161	28,309,417
On Investments	48,781,899	23,323,639
	237,370,413	278,319,197

10a.3 Shahjalal Islami Bank Limited invested Tk. 251.50 crore in its Subsidiary Company named 'Shahjalal Islami Bank Securities Limited' as per approval of competent authority. The subsidiary commenced its operation from 25th May 2011. The total Paid-up Capital of the subsidiary company is Tk. 274.00 crore divided into 27,40,00,000 ordinary shares @ Tk. 10 each and bank hold 91.79% of its paid-up capital.

	31.12.2017 Taka	31.12.2016 Taka
10a.4 Advance tax paid		
Balance at the beginning of the year	8,700,383,562	8,114,332,183
Paid during the year	911,423,624	586,051,379
	9,611,807,185	8,700,383,562
11 Non-Banking Assets		
Shahjalal Islami Bank Ltd	88,909,355	51,078,968

The Bank was awarded absolute ownership on few mortgaged properties through the verdict of Honorable court under section 33(7) of the Artharin Adalat Act 2003. These were recorded as non banking assets as per valuation report submitted by professional surveyor. Value of the assets was recorded in equivalent to the client's adjustable outstanding.

		31.12.2017 Taka	31.12.2016 Taka
Following are the details:			
SL	Assets details		
Name of Parties			
i) Haque Steel & Re-Rolling Industries Pvt. Ltd.	i) 26 (twenty six) decimals land situated at Savar, Mouza: Boroboreshi ii) 160.50 decimals land together with building structures standing and / or existing therein and appurtenance thereto situated at Narayangonj, Mouza: Dapa Idrakpur. Carrying value of which was BDT 1741.59 Lac (Market Value) . Entitlement Date: 12.10.14	47,064,331	47,064,331
ii) M/S Noor Mohammad Iron Store	6.25 (six point two five) decimals land situated at Bashundhara River View Project at Block - A, Plot # 532, Keranigonj, Dhaka, Mouza - Naiyatola. Carrying value of which was BDT 47.34 Lac (Market Value) . Entitlement Date: 14.05.15	4,014,637	4,014,637
iii) M/s Khizir Trading	13.83 (thirteen point eight three) decimals land situated at Khulshi, Mouza: Pahatali. Carrying value of which was BDT 356.81 Lac (Market Value) . Entitlement Date: 05.11.17	31,468,345	-
iv) Md. Mehedul Islam	i) 4 (four) decimals land situated at Dinajpur, Kotwali, Mouza: Majipara ii) 13 (thirteen) decimals land situated at Dinajpur, Fulbari, Mouza: Rashidpur. Carrying value of which was BDT 48.50 Lac (Market Value) . Entitlement Date: 04.04.17	3,380,238	-
v) Sohel Enterprise	i) 8 (eight) decimals land situated at Rangpur, Kotwali, Mouza: Taluk Dharmadash ii) 4 (four) decimals land situated at Rangpur, Kotwali, Mouza: Alamnagar iii) 3 (three) decimals land situated at Rangpur, Kotwali, Mouza: Taluk Dharmadash. Carrying value of which was BDT 34.50 Lac (Market Value) . Entitlement Date: 29.11.17	2,981,804	-
Total		88,909,355	51,078,968

	31.12.2017	31.12.2016
	Taka	Taka
12 Consolidated Placement from other Banks & Financial Institutions		
Shahjalal Islami Bank Ltd (Note-12a)	29,621,688,291	16,235,542,799
Shahjalal Islami Bank Securities Ltd	805,000,000	1,654,336,661
	30,426,688,291	17,889,879,460
Less: Inter Company transaction	250,000,000	650,000,000
	30,176,688,291	17,239,879,460
12a Placement from other Banks & Financial Institutions of the Bank		
Islami Investment Bond from Bangladesh Bank	7,000,000,000	4,000,000,000
Islamic Refinance Fund - Bangladesh Bank	158,129,367	114,829,758
Mudaraba FC A/C-Bangladesh Bank (EDF)	7,341,588,824	4,420,713,041
Mudaraba Term Deposit from other Banks (Note-12a.1)	15,121,970,100	7,700,000,000
Borrowing from Offshore Banking Unit (OBU)	663,175,441	346,203,974
	30,284,863,732	16,581,746,773
Less: Off-Shore Banking Units	663,175,441	346,203,974
	29,621,688,291	16,235,542,799
12a.1 Mudaraba Term Deposit from other Banks		
Islami Bank Bangladesh Limited	2,950,000,000	4,950,000,000
Bank Asia Limited, Islami Banking Branch	1,750,000,000	1,500,000,000
Al-Arafah Islami Bank Limited	500,000,000	-
United Commercial Bank Limited	1,490,000,000	-
Export Import Bank of Bangladesh Limited	500,000,000	-
Sonali Bank Limited	1,305,000,000	-
Agrani Bank Limited	2,115,400,000	-
AB Bank Limited	400,000,000	-
Pubali Bank Limited	600,000,000	-
Bank Alfalah Limited	290,000,000	-
Janata Bank Limited	1,000,000,000	-
United Bank Ltd., UAE	94,691,500	-
Bank Muscat SAOG	825,594,100	-
United Bank UK	292,344,500	-
JS Bank Ltd., Bahrain	16,540,000	-
Fund Placement Received from ICD	827,000,000	-
Southeast Bank Limited	165,400,000	-
Uttara Bank Limited, Islami Banking Branch	-	1,000,000,000
Trust Bank Limited, Islami Banking Branch	-	250,000,000
	15,121,970,100	7,700,000,000
13 Consolidated Deposits and Other Accounts		
Al-Wadiah Current Deposit & Other Accounts		
Shahjalal Islami Bank Ltd (Note-13a)	18,281,980,348	14,492,841,209
Shahjalal Islami Bank Securities Ltd	-	-
	18,281,980,348	14,492,841,209
Bills Payable		
Shahjalal Islami Bank Ltd (Note-13a)	2,493,444,313	1,712,398,926
Shahjalal Islami Bank Securities Ltd	-	-
	2,493,444,313	1,712,398,926

		31.12.2017	31.12.2016
		Taka	Taka
Mudaraba Savings Deposits			
Shahjalal Islami Bank Ltd	(Note-13a)	18,280,590,909	18,510,981,952
Shahjalal Islami Bank Securities Ltd		-	-
		18,280,590,909	18,510,981,952
Mudaraba Term Deposits			
Shahjalal Islami Bank Ltd	(Note-13a)	64,248,150,845	44,923,686,220
Shahjalal Islami Bank Securities Ltd		-	-
		64,248,150,845	44,923,686,220
Other Mudaraba Deposits			
Shahjalal Islami Bank Ltd	(Note-13a)	42,078,308,773	44,769,922,395
Shahjalal Islami Bank Securities Ltd		-	-
		42,078,308,773	44,769,922,395
Less: Inter Company transaction		393,408,115	376,062,425
		41,684,900,658	44,393,859,970
Total		144,989,067,073	124,033,768,277
13a Deposits and Other Accounts of the Bank			
Al-Wadiah Current Deposit & Other Accounts:			
Al-Wadiah Current Deposit		7,416,177,866	6,036,580,692
Foreign Currency Deposits		1,504,968,625	1,335,942,205
Non-Resident Taka Account		42,683,935	17,288,357
Sundry Deposits		9,330,781,735	7,136,102,644
		18,294,612,162	14,525,913,897
Less: Off-Shore Banking Units		12,631,814	33,072,688
		18,281,980,348	14,492,841,209
Bills Payable:			
Payable inside Bangladesh			
Payment Order Issued		2,475,250,322	1,674,654,110
Demand Draft Payable		16,664,720	36,541,571
Instant Cash Payable		20,000	122,000
Bank Cheque Issued		215	40
Turbo Cash Payable		64,405	96,051
Electronic Fund Transfer		1,444,651	985,154
		2,493,444,313	1,712,398,926
Payable outside Bangladesh		-	-
		2,493,444,313	1,712,398,926
Mudaraba Savings Deposits:			
General Deposits		18,180,901,845	18,415,338,671
Deposit from Other Banks		99,689,065	95,643,282
		18,280,590,909	18,510,981,952
Mudaraba Term Deposits:			
General Deposits		64,248,150,845	44,923,686,220
		64,248,150,845	44,923,686,220
Other Mudaraba Deposits:			
Mudaraba Short Notice Deposits		4,956,740,274	5,776,579,363
Mudaraba Scheme Deposit	(Note-13a.1)	37,121,568,499	38,993,343,032
		42,078,308,773	44,769,922,395
		145,382,475,188	124,409,830,702

	31.12.2017	31.12.2016
	Taka	Taka
13a.1 Mudaraba Scheme Deposits:		
Millionaire Scheme	7,449,249,554	6,565,794,023
Multiple Benefit Scheme	10,078,713,634	10,361,326,476
Monthly Income Scheme	6,216,900,665	9,467,995,680
Monthly Deposit Scheme	13,006,388,879	12,257,733,032
Hajj Deposit Scheme	196,577,715	166,765,525
Cash Waqf	4,096,213	3,857,143
Housing Deposit Scheme	6,330,790	14,401,616
Lakhpoti Deposit Scheme	11,685,869	16,751,462
Mohor Deposit Scheme	16,377,257	19,565,789
Education Deposit Scheme	72,483,174	63,576,614
Marriage Deposit Scheme	62,764,749	55,575,672
	37,121,568,499	38,993,343,032
13a.2 Deposits and Other Accounts:		
General Deposits	144,847,765,327	122,524,038,127
Deposits from Other Banks (Note- 13a.3)	534,709,861	1,885,792,575
	145,382,475,188	124,409,830,702
13a.3 Deposit from Other Banks		
Mudaraba Special Notice Deposit:		
Export Import Bank of Bangladesh Limited	3,288,246	94,395,393
AB Bank Limited	431,470	388,393
Jamuna Bank Limited	17,817,227	2,833,478
Al -Arafah Islami Bank Ltd	404,769,982	1,674,420,558
Social Islami Bank Limited	8,104,069	17,528,255
National Credit and Commerce Bank Ltd	599,069	583,216
ICB Islami Bank Limited	10,732	
	435,020,796	1,790,149,293
Mudaraba Savings Deposit:		
ICB Islami Bank Limited	-	11,663
Export Import Bank of Bangladesh Ltd	7,427,931	7,170,660
Al -Arafah Islami Bank Ltd	124	120
Islami Bank Bangladesh Limited	92,261,009	88,460,838
	99,689,065	95,643,282
	534,709,861	1,885,792,575
13a.4 Maturity wise classification of Deposits are as under		
With a residual maturity of		
Repayable on demand	13,893,504,094	12,300,731,982
Within 1 month	18,287,889,650	16,172,162,576
Over 1 months but not more than 6 months	47,826,358,862	41,003,720,752
Over 6 months but not more than 1 year	17,620,038,865	15,011,864,959
Over 1 year but not more than 5 years	22,152,319,249	18,603,961,494
Over 5 years	25,602,364,468	21,317,388,939
	145,382,475,188	124,409,830,702
14 Mudaraba Subordinated Bond		
Mudaraba Subordinated Bond	4,000,000,000	-

The Bank issued floating rate non-convertible Mudaraba Subordinated Bonds of BDT 400.00 crore on 15 June 2017 after obtaining approval from Bangladesh Securities and Exchange Commission (BSEC) vide their letter ref no. BSEC/CI/DS-56/2014/65 Dated: 09 February 2017 and Bangladesh Bank (BB) vide their letter ref no. BRPD (BFIS) 661/14 B(P)/2017-2617, Dated: 30 April 2017. The bond was mainly issued to support and strengthen the capital base of the bank under Tier-II, supplementary capital of Basel-III. The features of the bond is enumerated below:

Features of SJIBL Mudaraba Sub-Ordinated Bond:

Issuer	Shahjalal Islami Bank Limited
Lead Arranger	Standard Chartered Bank
Trustee	Green Delta Insurance Company Limited
Tenure of Bond	7 (Seven) Years
Total Face Value	BDT 400 Crore (Four Hundred Crore)
Number of Bonds	4,000 (Four Thousand)
Profit Rate	Prevailing highest Mudaraba Term Deposit profit rate in 6-12 months tenor plus an additional profit rate of 2%
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.

List of Investors:

Name of the Investor	No. of Bonds	Bond Issued (Taka)	Outstanding (as on 31 December 2017)
EXIM Bank Limited	1,750	1,750,000,000	1,750,000,000
Pubali Bank Limited	700	700,000,000	700,000,000
Rupali Bank Limited	700	700,000,000	700,000,000
Uttara Bank Limited	500	500,000,000	500,000,000
Southeast Bank Limited	350	350,000,000	350,000,000
Total	4,000	4,000,000,000	4,000,000,000

		31.12.2017 Taka	31.12.2016 Taka
15 Consolidated Other Liabilities			
Shahjalal Islami Bank Ltd	(Note-15a)	15,426,428,189	13,647,349,223
Shahjalal Islami Bank Securities Limited		3,465,928,951	4,063,218,088
		18,892,357,140	17,710,567,311
Less: Inter Company transaction		1,064,226,032	1,370,407,357
		17,828,131,108	16,340,159,954
15.1 Consolidated Provision for Current Tax			
Shahjalal Islami Bank Ltd	(Note-15a.2)	9,404,688,518	8,564,602,247
Shahjalal Islami Bank Securities Ltd		293,833,926	211,046,488
		9,698,522,444	8,775,648,735
15.2 Consolidated current tax expenses			
Shahjalal Islami Bank Ltd	(Note-15a.2)	840,086,272	757,457,278
Shahjalal Islami Bank Securities Ltd		82,787,438	34,407,336
		922,873,710	791,864,614

31.12.2017
Taka

31.12.2016
Taka

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 3 months (note:5a.3).

15a Other Liabilities of the Bank

Profit Payable on Deposits		988,333,737	604,650,477
Provision for Investment	{note 15a.1 (a) & (b)}	2,580,964,133	2,327,667,602
Provision for Off-Balance Sheet items	{note 15a.1 (c)}	892,300,000	633,300,000
Provision for others	{note 15a.1(d)}	37,765,000	19,265,000
Provisions for Investment in Securities	{note 15a.1(e)}	458,400,000	601,000,000
Provision for Taxation	(Note 15a.2)	9,404,688,518	8,564,602,247
Profit Suspense Account	{note 15(a).1 (f)}	297,822,172	374,952,054
Compensation Realisable & Suspense Account	{note 15(a).1 (g)}	329,821,760	363,730,920
Compensation Realised Account	{note 15(a).1 (h)}	44,789,360	56,740,020
Other Payable		232,216,169	51,652,328
Outstanding Expenses		60,072,420	47,645,633
Unearned Income on Quard		1,125,051	2,142,943
SJIBL General Account		98,129,869	-
		15,426,428,189	13,647,349,223

15a.1 Provision for Investment:

(a) Provision on Classified Investment:

Provision held at the beginning of the year	1,431,467,602	1,850,061,000
Provision transferred from Provision for Investment in Securities	180,000,000	141,000,000
Amount transferred to Compensation Realised A/C	(50,000,000)	-
Written Off Recovery	18,605,000	22,583,982
Net charge to Profit & Loss Account	664,800,000	356,500,000
Adjustment of Reactivated Accounts	(56,668,714)	-
Fully provided investment written off during the year	(773,139,755)	(938,677,380)
Provision held at the end of the year	1,415,064,133	1,431,467,602

(b) General Provision on Unclassified Investment:

Provision held at the beginning of the year	896,200,000	781,000,000
Addition during the year	269,700,000	115,200,000
Balance at the end of the year	1,165,900,000	896,200,000
Total Provision for Investments (a+b)	2,580,964,133	2,327,667,602

(c) General Provision on Off-Balance Sheet items:

Provision held at the beginning of the year	633,300,000	435,400,000
Addition during the year	259,000,000	197,900,000
Balance at the end of the year	892,300,000	633,300,000
Total Provision for Investments & Off-Balance Sheet (a+b+c)	3,473,264,133	2,960,967,602

(d) Provision for other Assets:

Provision held at the beginning of the year	19,265,000	15,739,000
Addition during the year	18,500,000	3,526,000
Balance at the end of the year	37,765,000	19,265,000

	31.12.2017 Taka	31.12.2016 Taka
(e) Provision for Investment in Securities:		
Provision held at the beginning of the year	601,000,000	742,000,000
Provision transferred to provision on Classified Investment	(180,000,000)	(141,000,000)
Addition during the year	37,400,000	-
Balance at the end of the year	458,400,000	601,000,000
(f) Profit Suspense Account:		
Balance at the beginning of the year	374,952,054	357,897,397
Amount transferred to suspense account during the year	853,599,741	1,126,168,236
Amount recovered from suspense account during the year	(915,533,383)	(1,072,054,012)
Amount written off/ waived during the year	(15,196,241)	(37,059,567)
Balance at the end of the year	297,822,172	374,952,054
(g) Compensation Realisable & Suspense Account:		
Balance at the beginning of the year	363,730,920	431,245,625
Addition during the year	214,084,337	132,984,531
Amount recovered during the year	(38,049,340)	(71,496,865)
Amount written off/ waived during the year	(209,944,157)	(129,002,371)
Balance at the end of the year	329,821,760	363,730,920
(h) Compensation Realised Account:		
Balance at the beginning of the year	56,740,020	26,243,155
Addition during the year	38,049,340	71,496,865
Fund transfer to expended for charitable activities	(100,000,000)	(41,000,000)
Amount transferred from provision for Classified Investment	50,000,000	-
Balance at the end of the year	44,789,360	56,740,020
15a.2 Provision for Taxation		
Provision for Current tax		
Balance at the beginning of the year	8,564,602,247	7,807,144,969
Add: Provision made during the year	840,086,272	757,457,278
Balance at the end of the year	9,404,688,518	8,564,602,247

The Bank has challenged some disputed income tax assessments which are pending at various appeal stages (i.e. appellate tribunal, High Court Division). The Bank is confident that once these appeals are finally disposed of, there should not be any additional tax demand against the Bank and hence no further provision is required.

15a.2(a) Provision for Current Tax made during the year		
Income tax @ 40.00% on estimated taxable Business Profit	797,268,571	740,477,735
Income tax @ 20.00% on Dividend Income	36,734,987	12,485,332
Income tax @ 10% on Capital Gain on sale of Shares	6,082,713	4,494,211
Estimated total provision required	840,086,272	757,457,278
Computation of Taxable Business Profit		
Profit before Tax	2,078,516,541	2,306,081,236
Add: Inadmissible expenditures	1,209,445,816	689,255,269
Less: Allowable Expenditure & Separate consideration	1,294,790,930	1,144,142,167
Estimated Taxable Business Profit for the year	1,993,171,428	1,851,194,338

15a.3 SJIBL General Account represents outstanding Inter-Branch and Head Office transactions (Net) originated but yet to be responded at the Balance Sheet date. The break-up of SJIBL general account are given below:

	Debit		Credit	
	No. of entry	Amount	No. of entry	Amount
Up to 3 months	549	148,465,068	601	246,594,937
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
Net unreconcile amount	549	148,465,068	601	246,594,937
				(98,129,869)

There is no outstanding unreconciled entries more than 1 month. However, outstanding entries on Balance Sheet date are subsequently reconciled.

		31.12.2017 Taka	31.12.2016 Taka
16 Consolidated Deferred Tax Liability			
Shahjalal Islami Bank Ltd	(Note-16a)	137,999,259	95,464,963
Shahjalal Islami Bank Securities Limited		-	-
		137,999,259	95,464,963
16a Deferred Tax Liability of the Bank			
Balance at the beginning of the year		95,464,963	104,211,220
Add: Provision made during the year		42,534,296	(8,746,257)
		137,999,259	95,464,963
17 Capital			
17.1 Authorized Capital:			
100,00,00,000 ordinary shares of Tk. 10 each		10,000,000,000	10,000,000,000

The shareholders of the Bank in its 11th Extra Ordinary General Meeting (EGM) held on 4 June 2013 approved to increase the Authorised capital of the Bank to Tk. 1000,00,00,000 from Tk. 600,00,00,000.

		31.12.2017 Taka	31.12.2016 Taka
17.2 Issued, Subscribed and Paid up Capital			
771,422,539 Ordinary Shares of Tk 10 each		7,714,225,390	7,346,881,330
Issued for cash: 18,46,02,500 shares of Tk. 10 each		1,846,025,000	1,846,025,000
Issued other than cash: 586,820,039 bonus shares of Tk 10 each		5,868,200,390	5,500,856,330
		7,714,225,390	7,346,881,330
	 Holding		
Sponsor Shareholders Group	In year 2017: 44.34%; 2016: 41.04%	3,420,670,510	3,015,164,370
Financial Institutes Group	In year 2017: 19.37%; 2016: 33.88%	1,494,171,050	2,489,408,100
General Shareholders Group	In year 2017: 36.29%; 2016: 25.08%	2,799,383,830	1,842,308,860
		7,714,225,390	7,346,881,330

Classification of Shareholders by number of holding:

As at 31 December 2017

Range of Share Holding	No. of Shareholders	No. of shares	Percentage of holding shares
Upto 500	18,970	2,580,622	0.33%
501-5,000	16,911	30,261,311	3.92%
5,001-10,000	1,358	9,699,175	1.26%
10,001-20,000	732	10,180,603	1.32%
20,001-30,000	241	5,741,515	0.74%
30,001-40,000	90	3,150,861	0.41%
40,001-50,000	78	3,563,722	0.46%
50,001-1,00,000	153	11,612,744	1.51%
1,00,001-10,00,000	164	52,573,018	6.82%
Over 10,00,000	85	642,058,968	83.23%
Total	38,782	771,422,539	100.00%

As at 31 December 2016

Range of Share Holding	No. of Shareholders	No. of shares	Percentage of holding shares
Upto 500	24,553	3,460,661	0.47%
501-5,000	23,632	42,356,959	5.77%
5,001-10,000	2,126	15,192,569	2.07%
10,001-20,000	1,153	16,108,793	2.19%
20,001-30,000	388	9,221,752	1.26%
30,001-40,000	175	6,072,914	0.83%
40,001-50,000	108	4,948,259	0.67%
50,001-1,00,000	199	14,628,240	1.99%
1,00,001-10,00,000	208	58,612,103	7.98%
Over 10,00,000	72	564,085,883	76.78%
Total	52,614	734,688,133	100.00%

31.12.2017
Taka

31.12.2016
Taka

17.3 Consolidated Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III:

a) Going Concern Capital (Tier-I):

Common Equity Tire-I Capital (CET-I)

i) Paid-up Capital	7,714,225,390	7,346,881,330
ii) Statutory Reserve (Note -18)	4,819,264,987	4,403,561,679
iii) Retained Earnings (Note -19)	1,079,870,794	1,254,951,378
iv) Non-controlling Interest	251,443,308	238,313,780
	13,864,804,479	13,243,708,167

Additional Tire-1 Capital (AT-1)

	-	-
	13,864,804,479	13,243,708,167

b) Gone Concern Capital (Tier-II):

i) General Provision	2,481,820,900	1,953,120,900
ii) Mudaraba Subordinated Bond	4,000,000,000	-
	6,481,820,900	1,953,120,900

	31.12.2017 Taka	31.12.2016 Taka
c) Total Eligible Regulatory Capital (a +b)	20,346,625,379	15,196,829,067
d) Consolidated Total Risk Weighted Assets	163,575,511,374	130,144,271,335
e) Minimum Required Capital (10% of risk weighted assets)	16,357,551,137	13,014,427,133
f) Minimum Required Capital (in 2017: 11.25%; in 2016: 10.625% of risk weighted assets) including conservation buffer	18,402,245,030	13,827,828,829
g) Total Capital Surplus (c-e)	3,989,074,242	2,182,401,933
h) Total Capital Surplus considering conservation buffer (c-f)	1,944,380,350	1,369,000,237

Consolidated Capital to Risk Weighted Assets Ratio:

Particulars	2017		2016	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	5.50%	8.48%	5.50%	10.18%
Common Equity Tier-I Capital: (CET-I)	4.50%	8.48%	4.50%	10.18%
CET-I Plus Conservation Buffer	5.75%	8.48%	5.13%	10.18%
Gone Concern Capital: (Tier-II)	-	3.96%	-	1.50%
CRAR	10.00%	12.44%	10.00%	11.68%
CRAR including Conservation Buffer	11.25%	12.44%	10.63%	11.68%

17.4 Consolidated Risk Weighted Assets (RWA) for

	31.12.2017 Taka	31.12.2016 Taka
1. Investment (Credit) Risk		
On-Balance Sheet	122,820,442,470	96,202,383,006
Off-Balance Sheet	25,978,679,141	18,223,421,382
2. Market Risk	4,911,905,746	7,003,266,947
3. Operational Risk	9,864,484,018	8,715,200,000
Consolidated Total Risk Weighted Assets (1+2+3)	163,575,511,374	130,144,271,335

17.5 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III of the Bank:

	31.12.2017 Taka	31.12.2016 Taka
a) Going Concern Capital (Tier-I):		
Common Equity Tire-I Capital (CET-I)		
i) Paid-up Capital	7,714,225,390	7,346,881,330
ii) Statutory Reserve	(Note-18) 4,819,264,987	4,403,561,679
iii) Retained Earnings	{Note-19(a)} 784,293,374	1,106,132,902
	13,317,783,751	12,856,575,911
Additional Tire-I Capital (AT-I)	-	-
	13,317,783,751	12,856,575,911

		31.12.2017 Taka	31.12.2016 Taka
b) Gone Concern Capital (Tier-II):			
i) General Provision	{Note 15.1(b+c)}	2,058,200,000	1,529,500,000
ii) Mudaraba Subordinated Bond	(Note-14)	4,000,000,000	-
		6,058,200,000	1,529,500,000
c) Total Eligible Regulatory Capital (a +b)		19,375,983,751	14,386,075,911
d) Total Risk Weighted Assets		158,936,534,268	124,703,796,335
e) Minimum Required Capital (10% of risk weighted assets)		15,893,653,427	12,470,379,633
f) Minimum Required Capital (in 2017: 11.25%; in 2016: 10.625% of risk weighted assets) including conservation buffer		17,880,360,105	13,249,778,361
g) Total Capital Surplus (c-e)		3,482,330,324	1,915,696,277
h) Total Capital Surplus considering conservation buffer (c-f)		1,495,623,646	1,136,297,550

Capital Adequacy Ratio:

Particulars	2017		2016	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-I)	5.50%	8.38%	5.50%	10.31%
Common Equity Tier-I Capital: (CET-I)	4.50%	8.38%	4.50%	10.31%
CET-I Plus Conservation Buffer	5.750%	8.38%	5.125%	10.31%
Gone Concern Capital: (Tier-II)	-	3.81%	-	1.23%
CRAR	10.00%	12.19%	10.00%	11.54%
CRAR including Conservation Buffer	11.250%	12.19%	10.625%	11.54%

	31.12.2017 Taka	31.12.2016 Taka
17.6 Risk Weighted Assets (RWA) for		
1. Investment (Credit) Risk		
On-Balance Sheet	120,404,876,160	93,595,758,006
Off-Balance Sheet	25,978,679,141	18,223,421,382
2. Market Risk	3,110,633,156	4,446,666,947
3. Operational Risk	9,442,345,812	8,437,950,000
Total Risk Weighted Assets (1+2+3)	158,936,534,268	124,703,796,335
17.7 Non-controlling Interest		
Opening balance	238,313,780	230,290,713
Dividend paid to non-controlling shareholder	(11,250,000)	-
Adjustment for changing of holding position	-	(1,158,567)
Share of current year's profit	24,379,528	9,181,634
	251,443,308	238,313,780

		31.12.2017	31.12.2016
		Taka	Taka
18 Statutory Reserve			
Opening balance		4,403,561,679	3,942,345,432
Add: Addition during the year		415,703,308	461,216,247
		4,819,264,987	4,403,561,679
19 Consolidated Retained Earnings			
Shahjalal Islami Bank Ltd	(Note-19a)	784,293,374	1,106,132,902
Shahjalal Islami Bank Securities Ltd		322,020,728	162,132,256
		1,106,314,102	1,268,265,158
Less: Non-controlling Interest		26,443,308	13,313,780
		1,079,870,794	1,254,951,378
19.1 Consolidated Current year Retained Earnings			
Current Year			
Shahjalal Islami Bank Ltd	(Note-19a)	780,192,665	1,096,153,968
Shahjalal Islami Bank Securities Ltd		296,888,472	111,811,607
		1,077,081,137	1,207,965,574
Less: Non-Controlling Interest		24,379,528	9,181,634
		1,052,701,609	1,198,783,941
19a Retained Earnings of the Bank			
Opening balance		1,106,132,902	965,073,507
Less: Payment of Dividend		1,102,032,193	955,094,573
Add: Transfer from Profit & Loss Account		780,192,665	1,096,153,968
		784,293,374	1,106,132,902
20 Letters of Guarantees			
Letters of Guarantees (Local)		19,013,732,296	11,690,983,683
Letters of Guarantees (Foreign)		308,606,416	262,554,861
Back to Back		143,802	3,329,401
		19,322,482,514	11,956,867,945
(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		19,322,482,514	11,956,867,945
		19,322,482,514	11,956,867,945
21 Irrevocable Letters of Credit			
Letter of credit		27,569,640,596	18,421,361,635
		27,569,640,596	18,421,361,635

		2017	2016
		Taka	Taka
22 Consolidated Income Statement			
Income:			
Profit on Investment	(Note-23)	13,096,852,776	11,334,017,520
Income from Investment in securities	(Note-25)	95,759,031	135,092,346
Dividend income	(Note-25)	183,674,937	62,426,658
Commission, Exchange and Brokerage	(Note-26)	1,819,506,815	1,342,881,837
Gains less losses arising from investment securities		60,827,132	44,942,109
Other operating income	(Note-27)	522,154,261	457,549,789
		15,778,774,953	13,376,910,260
Expenses:			
Profit paid on Deposits	(Note-24)	8,472,962,487	7,103,095,818
Administrative expenses		3,021,182,770	2,612,850,130
Other operating expenses		567,458,210	406,695,185
Depreciation on banking assets		135,329,034	128,842,947
		12,196,932,501	10,251,484,081
Income over expenditure		3,581,842,451	3,125,426,179
22a Income Statement of the Bank			
Income:			
Profit on Investment	(Note-23a)	12,860,038,254	11,154,356,257
Income from Investment in securities	(Note-25a)	54,796,753	28,708,383
Dividend income	(Note-25a)	183,674,937	62,426,658
Commission, Exchange and Brokerage	(Note-26a)	1,614,174,600	1,222,560,456
Gains less losses arising from investment securities	(Note-25a)	60,827,132	44,942,109
Other operating income	(Note-27a)	515,260,783	451,673,610
		15,288,772,460	12,964,667,474
Expenses:			
Profit paid on Deposits	(Note-24a)	8,418,975,877	6,986,501,525
Administrative expenses		2,950,126,528	2,555,548,590
Other operating expenses		463,682,826	321,311,401
Depreciation on banking assets		128,070,687	122,098,721
		11,960,855,918	9,985,460,238
Income over expenditure		3,327,916,541	2,979,207,236
23 Consolidated Profit on Investment			
Shahjalal Islami Bank Ltd	(Note-23a)	12,860,038,254	11,154,356,257
Shahjalal Islami Bank Securities Ltd		283,358,549	288,804,022
		13,143,396,803	11,443,160,279
Less: Inter company Transaction		46,544,027	109,142,759
		13,096,852,776	11,334,017,520
23a Profit on Investment of the Bank			
Profit on Investment	(Note-23a.1)	12,325,493,831	10,372,893,219
Profit on placement with other Banks & FIs		534,544,423	781,463,038
		12,860,038,254	11,154,356,257

	2017 Taka	2016 Taka
23a.1 Profit on Investment		
Profit on Murabaha	982,426,414	795,328,943
Profit on Bi-Muazzal	7,608,932,964	6,303,798,823
Profit on Hire-Purchase	2,437,497,668	2,012,552,354
Profit on Ijara	71,303,018	55,656,061
Profit on Bi-Salam	118,409,507	112,684,647
Profit on Inland Document Bill Purchased	304,768,699	355,669,452
Profit on Foreign Document Bill Purchased	7,782,813	281,692,115
Profit on Investment against Scheme Deposit	15,830	32,000
Profit on Investment against Mudaraba Term Deposit	13,766	205,635
Profit on Investment against Mudaraba Savings Deposit	6,884	37,704
Profit on Investment against Mudaraba Deposit Scheme	9,136	6,336
Profit on Investment against EDF	18,793,630	27,576,226
Profit on Mudaraba	439,337,410	96,429,692
Profit on Istisnaa	3,775	-
Profit Received From Resheduled Investment - Rent Mode	280,917,317	300,488,425
Profit on Murabaha Import Bill (UPAS)	55,275,002	31,447,852
	12,325,493,831	10,373,606,265
Less: Rebate for Good Borrower	-	713,047
	12,325,493,831	10,372,893,219
23a.2 Investment income derived from the fund deployed		
Inside Bangladesh		
i) Mudaraba deposits	9,294,654,898	8,917,576,300
ii) Other deposits/Fund	3,030,838,933	1,455,316,919
	12,325,493,831	10,372,893,219
Outside Bangladesh	-	-
	12,325,493,831	10,372,893,219

23a.3 Geographical Location-wise Profit on Investments

Area	2017		2016	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (note-22a.3.1)				
a) In Rural Areas	955,665,419	7.75%	828,281,296	7.99%
b) In Urban Areas	11,369,828,411	92.25%	9,544,611,923	92.01%
Sub-total	12,325,493,831	100.00%	10,372,893,219	100.00%
ii) Outside Bangladesh	-	-	-	-
Total	12,325,493,831	100.00%	10,372,893,219	100.00%

23a.3.1 Inside Bangladesh

Division	2017		2016	
	Amount	Composition	Amount	Composition
Dhaka	9,097,965,000	73.81%	7,766,155,391	74.87%
Chittagong	2,018,737,822	16.38%	1,717,167,177	16.55%
Sylhet	155,943,832	1.27%	121,362,353	1.17%
Rajshahi	386,993,432	3.14%	255,592,650	2.46%
Rangpur	109,121,519	0.89%	85,588,271	0.83%
Khulna	507,161,901	4.11%	396,112,646	3.82%
Barisal	49,570,325	0.40%	30,914,730	0.30%
Total	12,325,493,831	100.00%	10,372,893,219	100.00%

	2017 Taka	2016 Taka
24 Consolidated Profit paid on Deposits		
Shahjalal Islami Bank Ltd (Note-24a)	8,418,975,877	6,986,501,525
Shahjalal Islami Bank Securities Ltd	104,637,255	227,632,180
	8,523,613,132	7,214,133,705
Less: Inter Company Transaction	50,650,645	111,037,887
	8,472,962,487	7,103,095,818
24a Profit paid on Deposits of the Bank		
Profit on deposits	8,021,471,540	6,864,836,114
Profit paid on borrowings	397,504,337	121,665,411
	8,418,975,877	6,986,501,525
25 Consolidated Income from Investment in Shares/Securities		
Shahjalal Islami Bank Ltd (Note-25a)	299,298,822	136,077,151
Shahjalal Islami Bank Securities Ltd	166,712,278	106,383,963
	466,011,100	242,461,114
Less: Dividend from Subsidiary	125,750,000	-
	340,261,100	242,461,114
25a Income from Investment in Shares/Securities of the Bank		
Income from Investment in Islami Bond	-	14,890,000
Income from Investment in Shares (Note-25a.1)	60,827,132	44,942,109
Dividend Income	183,674,937	62,426,658
Income from Investment in Mudaraba Perpetual Bond (MPB)	4,470,000	5,170,000
Income from Investment in Sub-Ordinated Bond	50,326,753	8,648,383
	299,298,822	136,077,151
25a.1 Income from investment in Shares arises through sale of listed shares in the Stock Exchanges.		
26 Consolidated Commission, Exchange & Brokerage		
Shahjalal Islami Bank Ltd (Note-26a)	1,614,174,600	1,222,560,456
Shahjalal Islami Bank Securities Ltd	205,332,215	120,321,381
	1,819,506,815	1,342,881,837
26a Commission, Exchange & Brokerage of the Bank		
Other commission	898,892,670	658,111,778
Exchange earnings	715,281,930	564,448,678
	1,614,174,600	1,222,560,456

		2017	2016
		Taka	Taka
27 Consolidated Other Operating Income			
Shahjalal Islami Bank Ltd	(Note-27a)	515,260,783	451,673,610
Shahjalal Islami Bank Securities Ltd		11,000,096	7,771,307
		526,260,879	459,444,917
Less: Inter Company Transaction		4,106,618	1,895,128
		522,154,261	457,549,789
27a Other Operating Income of the Bank			
Postage, Telex, SWIFT & REUTERS		91,680,468	80,712,392
Incidental Charge		1,731	-
Supervision & Monitoring Charge		2,017,114	1,919,510
Other charges	(Note-27a.1)	421,561,470	369,041,708
		515,260,783	451,673,610
27a.1 Other Charges			
Rent receipts		3,343,991	3,041,224
Charges on A/C closing		478,683	670,508
Charges on clearing returned		2,595,845	2,432,841
Cheque processing charge		2,358,238	1,331,688
Service charges on Ijara		43,160	89,000
Service charges on scheme investment		3,275,540	1,311,750
Service charges on Quard		4,891,847	22,529,543
Passport endorsement charge		31,845	50,160
PO/DD Cancellation charge		86,915	126,125
Branch banking services		17,311,381	15,613,003
Account maintenance fee		74,059,854	64,247,338
Recoveries from cheque issue		4,943,841	3,480,368
Income from sale of forms		4,207,397	3,215,958
Service charge on SJIBL VISA Card		26,977,655	23,228,746
Management Fees		890,749	605,700
Banker to the Issue Commission		63,977	115,939
Notice pay earnings		3,034,765	3,636,557
Rebate on Trade Finance		65,209,464	57,769,448
Discrepancy Fee		108,820,463	86,287,542
Profit on sale of Bank's Assets		392,170	106
Miscellaneous income		98,543,692	79,258,163
		421,561,470	369,041,708
28 Consolidated Salary & Allowances			
Shahjalal Islami Bank Ltd	(Note- 28a)	2,212,106,444	1,889,078,061
Shahjalal Islami Bank Securities Ltd		49,494,184	37,583,253
		2,261,600,628	1,926,661,314
28a Salary & Allowances of the Bank			
Basic Salary		917,303,697	750,822,458
Allowances		803,782,013	719,624,919
Bonus		395,060,241	335,232,756
Bank's Contribution to Provident fund		83,437,386	72,463,714
Leave Encashment		12,523,107	10,934,215
		2,212,106,444	1,889,078,061

	2017	2016
	Taka	Taka
29 Consolidated Rent, Taxes, Insurance, Electricity etc.		
Shahjalal Islami Bank Ltd (Note- 29a)	454,172,110	423,595,761
Shahjalal Islami Bank Securities Ltd	17,534,706	15,398,848
	471,706,816	438,994,609
29a Rent, Taxes, Insurance, Electricity etc of the Bank		
Rent, Rates & Taxes	283,621,744	271,201,602
Insurance	106,686,438	95,421,525
Electricity & Lighting	63,863,927	56,972,635
	454,172,110	423,595,761
30 Consolidated legal Expenses		
Shahjalal Islami Bank Ltd (Note- 30a)	1,440,212	728,459
Shahjalal Islami Bank Securities Ltd	7,475	324,250
	1,447,687	1,052,709
30a Legal Expenses of the Bank		
Legal Fees & Charge	116,507	183,692
Other Legal Expenses	1,323,705	544,767
	1,440,212	728,459
31 Consolidated Postage, Stamps, Telecommunication etc		
Shahjalal Islami Bank Ltd (Note- 31a)	38,552,845	34,794,548
Shahjalal Islami Bank Securities Ltd	2,570,931	2,571,397
	41,123,776	37,365,945
31a Postage, Stamps, Telecommunication etc of the Bank		
Postage	1,254,632	1,246,543
Leased line	22,039,505	18,713,119
Telegram, Fax, Telex & Internet charge	4,557,474	7,118,415
Telephone charges	4,931,990	4,753,257
Mobile phone charges	5,769,244	2,963,214
	38,552,845	34,794,548
32 Consolidated Stationery, Printing, Advertisements etc		
Shahjalal Islami Bank Ltd (Note- 32a)	84,545,709	78,884,275
Shahjalal Islami Bank Securities Ltd	1,409,446	1,384,292
	85,955,155	80,268,567
32a Stationery, Printing, Advertisements etc of the Bank		
Table Stationery	10,055,295	9,330,097
Printing Stationery	7,059,616	7,878,288
Security Stationery	2,830,249	3,159,493
Computer Stationery	29,456,215	28,978,186
Advertisement	35,144,334	29,538,211
	84,545,709	78,884,275

	2017	2016
	Taka	Taka
33 Chief Executive's Salary & Fees of the Bank		
Basic Salary	7,260,000	6,655,000
Allowances	3,900,000	3,900,000
Bonus	2,331,000	2,210,000
Bank's Contribution to Provident Fund	726,000	665,500
	14,217,000	13,430,500
34 Directors' Fees & Expenses of the Bank		
Directors Fee	4,730,000	4,357,600
Meeting Expenses	2,557,728	1,902,112
	7,287,728	6,259,712
35 Shariah Supervisory Committee's Fees & Expenses of the Bank		
Shariah Council Meeting Expenses	830,543	559,816
	830,543	559,816
36 Consolidated auditors' Fees		
Shahjalal Islami Bank Ltd (Note-36a)	450,000	600,000
Shahjalal Islami Bank Securities Ltd	39,500	39,500
	489,500	639,500
36a Auditors' Fees of the Bank		
Auditors Fees	450,000	600,000
37 Consolidated depreciation and Repair of Assets		
Shahjalal Islami Bank Ltd (Note-37a)	150,876,935	138,680,426
Shahjalal Islami Bank Securities Ltd	7,258,347	6,744,226
	158,135,282	145,424,652
37a Depreciation and Repair of Bank's Assets		
a) Depreciation of Bank's Assets (Annexure B)		
Land & Building	8,374,980	9,111,941
Furniture & Fixtures	44,097,127	40,399,545
Office Equipment	28,611,941	25,106,090
Computer & Network Equipment	23,426,097	23,010,995
Vehicles	9,710,172	9,604,598
Books	79,325	82,195
b) Amortization of Bank's Assets (Annexure B)		
Software-Core Banking	5,150,818	5,993,271
Software-Others	8,620,228	8,790,087
	128,070,687	122,098,721
c) Repair on Bank's Assets		
Office Premises	4,490,707	1,328,253
Office Equipment	8,824,112	8,135,417
Office Furniture & Fixtures	863,734	753,114
Vehicles	2,108,359	2,026,092
Procurement of Parts, Spares & Others	6,519,335	4,338,829
	22,806,248	16,581,704
	150,876,935	138,680,426
38 Zakat Expenses of the Bank		
Zakat Expenses	113,717,689	101,969,969
	113,717,689	101,969,969

		2017	2016
		Taka	Taka
39 Consolidated Other Expenses			
Shahjalal Islami Bank Ltd	(Note-39a)	463,682,826	310,377,186
Shahjalal Islami Bank Securities Ltd		103,775,384	85,383,784
		567,458,210	395,760,970
39a Other Expenses of the Bank			
Petrol, Oil and Lubricants		5,973,006	5,311,084
Entertainment		44,882,020	34,589,152
Donation and Subscription		4,448,626	3,742,332
Traveling and Conveyance		25,884,336	20,556,706
Training Expenses		5,719,138	4,514,622
Car expenses		129,856,541	108,979,104
Gratuity expenses		31,000,000	24,069,000
Papers & Periodicals		685,605	502,475
Utility		4,844,886	5,116,845
Uniform & Liveries		3,974,787	1,989,011
Bank Charges		723,069	1,102,227
Business development & Promotion		18,893,106	19,612,344
Upkeep and cleaning of office premises		10,486,196	8,590,086
Security Service- Out-sourcing		52,730,847	37,016,531
Branch Opening Expenses		2,858,427	1,490,810
Credit Rating fee		200,285	430,000
SJIBL Card expenses		9,829,068	5,231,102
AGM & Meeting expenses		6,520,016	5,074,711
Capital Enhancement Fees		32,706,475	730,141
Contribution to Social Security Super Annuation Fund		1,000,000	1,000,000
Laundry and Washing		222,148	163,410
Crockerries, Kettle and others		417,417	269,263
Photograph and Photocopy		473,947	506,148
Award Expenses		770,058	1,630,800
Brokarage House Expenses		210,023	106,000
Maintenance of Head Office (New Premises) Building		9,968,810	5,458,114
Loss on Disposal of Fixed Assets		50,975,129	1,930,548
Miscellaneous Expenses		7,428,859	10,664,621
		463,682,826	310,377,186
40 Consolidated Provision against Investment, Off-Balance Sheet & Others			
Shahjalal Islami Bank Ltd	(Note-40a)	1,249,400,000	673,126,000
Shahjalal Islami Bank Securities Ltd		-	-
		1,249,400,000	673,126,000
40a Provision against Investment, Off-Balance Sheet & Others of the Bank			
Provision on unclassified investment		269,700,000	115,200,000
Provision on classified investment		664,800,000	356,500,000
Provision on Off-Balance Sheet		259,000,000	197,900,000
Provisions on Investment in Securities		37,400,000	-
Provision on Other Assets		18,500,000	3,526,000
		1,249,400,000	673,126,000
41 Deferred Tax Expenses/(Income) of the Bank			
Closing deferred tax liability		137,999,259	95,464,963
Opening deferred tax liability		95,464,963	104,211,220
Deferred tax expense/(Income)		42,534,296	(8,746,257)

		2017	2016
		Taka	Taka
41a Consolidated Tax Expenses of the Bank			
Current tax		922,873,710	791,864,614
Deferred tax		42,534,296	(8,746,257)
		965,408,006	783,118,357
41b Tax Expenses of the Bank			
Current tax		840,086,272	757,457,278
Deferred tax		42,534,296	(8,746,257)
		882,620,568	748,711,021
42 Consolidated Earnings Per Share (EPS)			
Calculation of Earnings Per Share	(Note- 2.17)		
Net Profit after Tax		1,342,654,918	1,660,000,188
Number of Ordinary Shares outstanding (Denominator)		771,422,539	771,422,539
		1.74	2.15
42a Earnings Per Share of the Bank (EPS)			
Calculation of Earnings Per Share	(Note- 2.17)		
Net Profit after Tax		1,195,895,973	1,557,370,215
Number of Ordinary Shares outstanding (Denominator)		771,422,539	771,422,539
		1.55	2.02
Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".			
43 Consolidated investment income receipt in cash			
Shahjalal Islami Bank Ltd	(Note-43a)	13,016,610,923	11,275,216,925
Shahjalal Islami Bank Securities Ltd		450,070,827	395,187,985
		13,466,681,750	11,670,404,910
43a Investment income receipt of the Bank			
Investment income receipt (Excluding Dividend Income)	(Note 23a & 25a)	12,975,662,139	11,228,006,749
Add: Opening profit Receivable	(Note-10a.2)	278,319,197	325,529,373
Less: Closing profit receivable	(Note-10a.2)	237,370,413	278,319,197
		13,016,610,923	11,275,216,925
44 Consolidated Profit Paid on Deposits			
Shahjalal Islami Bank Ltd	(Note-44a)	8,035,292,617	7,085,259,948
Shahjalal Islami Bank Securities Ltd		414,710,588	344,569,061
		8,450,003,205	7,429,829,009
44a Profit Paid on Deposits of the Bank			
Profit Paid on Deposits	(Note-24a)	8,418,975,877	6,986,501,525
Add: Opening profit payable on deposit	(Note-15a)	604,650,477	703,408,900
Less: Closing profit payable on deposit	(Note-15a)	988,333,737	604,650,477
		8,035,292,617	7,085,259,948
45 Consolidated Cash Receipt from other Operating activities (Note-26)			
Shahjalal Islami Bank Ltd	(Note-45a)	514,868,613	451,673,505
Shahjalal Islami Bank Securities Ltd		11,000,096	7,771,307
		525,868,709	459,444,812

	2017	2016
	Taka	Taka
45a Cash Receipt from other Operating activities of the Bank (Note-26a)		
Postage & Telex Charge Recovery	91,680,468	80,712,392
Incidental Charge	1,731	-
Supervision & Monitoring Charge	2,017,114	1,919,510
Other charges (except income from sale of fixed assets)	421,169,300	369,041,602
	514,868,613	451,673,505
46 Consolidated Cash Payment for other Operating activities		
Shahjalal Islami Bank Ltd (Note-46a)	1,102,940,201	895,467,156
Shahjalal Islami Bank Securities Ltd	124,492,423	103,868,802
	1,227,432,624	999,335,958
46a Cash Payment for other Operating activities of the Bank		
Rent, Taxes, Insurance, Lighting etc. (Note-29a)	454,172,110	423,595,761
Legal Expenses (Note-30a)	1,440,212	728,459
Postage, Stamp, Telegram & Telephone (Note-31a)	38,552,845	34,794,548
Directors' Fee & Expenses (Note-34)	7,287,728	6,259,712
Shariah Supervisory Committee's Fees & Expenses (Note-35)	830,543	559,816
Auditors' Fee (Note-36a)	450,000	600,000
Repair, Maintenance of Bank's Assets (Note-37a.c)	22,806,248	16,581,704
Zakat Expenses (Note-38)	113,717,689	101,969,969
Other Expenses (Note-39a)	463,682,826	310,377,186
	1,102,940,201	895,467,156
47 Cash Increase/ Decrease in Consolidated Other Assets (Note-10)		
Shahjalal Islami Bank Ltd (Note-47a)	3,946,057,858	4,334,745,762
Shahjalal Islami Bank Securities Ltd	1,938,885,172	2,387,257,126
	5,884,943,030	6,722,002,888
Less: Cash Increase/ (Decrease) through Inter Company transaction	3,400,673,904	3,400,437,451
	2,484,269,126	3,321,565,437
Cash (Increase)/ Decrease in Other Assets	837,296,311	(10,738,761)
47a Cash Increase/ Decrease in Other Assets of the Bank (Note-10a)		
Stock of Stationery and Stamps	18,814,345	17,164,051
Advance deposits and rent	165,849,238	122,989,589
Suspense Account	101,552,665	55,747,673
Other Prepayments	39,944,523	218,968,790
Receivable from Shahjalal Islami Bank Securities Limited	1,063,059,276	1,362,959,318
Shahjalal Islami Bank Securities Ltd (Note 10a.3)	2,515,000,000	2,515,000,000
Advance for new Branches	16,820,000	16,087,656
Advance Insurance premium	21,700,000	35,880
Other Receivables	3,317,812	3,889,647
SJIBL General Account-Net	-	21,903,158
	3,946,057,858	4,334,745,762
Cash (Increase)/ Decrease in Other Assets	388,687,904	(671,323,245)

	2017 Taka	2016 Taka
48 Cash Increase/ Decrease in Consolidated Other Liabilities (Note-14)		
Shahjalal Islami Bank Ltd (Note- 48a)	589,946,937	299,844,331
Shahjalal Islami Bank Securities Ltd	2,475,526,279	2,845,529,521
	3,065,473,216	3,145,373,852
Less: Cash Increase/ (Decrease) through Inter Company transaction	886,294,043	892,475,368
	2,179,179,173	2,252,898,484
Cash Increase/ (Decrease) in Other Liabilities	(73,719,311)	286,439,794
48a Cash Increase/ Decrease in Other Liabilities of the Bank (Note-14a)		
Other Payable	232,216,169	51,652,328
Taxation on other income & prior years	198,403,428	198,403,428
Outstanding Expenses	60,072,420	47,645,633
Unearned Income on Quard	1,125,051	2,142,943
SJIBL General Account	98,129,869	-
	589,946,937	299,844,331
Cash Increase/ (Decrease) in Other Liabilities	290,102,606	(50,122,802)
49 Consolidated Cash and Cash Equivalent		
Shahjalal Islami Bank Ltd (Note-49a)	14,188,985,869	11,993,903,158
Shahjalal Islami Bank Securities Ltd	412,994,289	381,221,166
	14,601,980,158	12,375,124,324
Less: Cash Increase/ (Decrease) through Inter Company transaction	393,408,115	376,062,425
	14,208,572,043	11,999,061,899
49a Cash and Cash Equivalent of the Bank		
Cash in Hand	1,529,754,123	1,179,754,405
Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)	11,659,462,711	8,398,144,743
Balance with Other Banks & Financial Institutions	999,769,036	2,416,004,010
	14,188,985,869	11,993,903,158

50 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 2,402.

51 Audit Committee of the Bank

a) Particulars of Audit Committee

Pursuant to the BRPD Circular no. 11 dated 27 October, 2013 the Board of Director's of the Bank formed a five members [including 2 (two) independent Director] Audit Committee called "Board Audit Committee". The Board of Directors in its Meeting No. 262 held on 28-03-2018 reconstituted the Committee by the following members:-

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mosharraf Hossain Chowdhury	Independent Director	Chairman	Masters
Farida Parvin Nuru	Independent Director	Member	Masters
Khorshed Alam Khan (Rep. of Daffodils Trading International)	Director	Member	B.Com.
Md. Moshir Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	Member	MBA
Abdul Halim	Director	Member	BA

The members of the Board Audit Committee are all having good exposure in the banking business. They are all playing active role in the Board Meeting.

b) Meeting of Audit Committee

During 1 January to 31 December 2017, the Audit Committee of the Board conducted 12 (Twelve) meetings in which among others, the following issues were discussed:-

- i) The duties and responsibilities of the Committee as stated in BRPD Circular no. 11 dated 27 October 2013.
- ii) Regular review of the Internal and External (including Bangladesh Bank) Inspection & Audit Report with a view to implementing the suggestion of Internal and External Auditors in respect of Internal Control structure and techniques.
- iii) Minimization of expenditure in all operational activities where possible.
- iv) Reviewing the Accounting procedure with a view to ascertain that the International Financial Reporting Standard (IFRS) has been applied in maintaining books and records of the Bank.

52 Related Party Disclosures of the Bank

52.1 Name of the Directors and their interest in different entities:

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
Akkas Uddin Mollah	Chairman	i) Russel Garments ii) Russel Apperals iii) Ekram Sweaters Ltd. iv) PNR Industries Ltd. v) Tania Cotton Mills Ltd. vi) Russel Washing Plant vii) Russel Spinning Mills Ltd. viii) Goodman Pharmaceuticals Ltd. ix) Shahjalal Islami Bank Securities Ltd.
Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Vice Chairman	N/A
Khandaker Sakib Ahmed	Vice Chairman	i) Khandaker Poultry & Fisheries ii) AIBL Securities Ltd. iii) Shahjalal Islami Bank Securities Ltd.
Anwer Hossain Khan	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) Shahjalal Islami Bank Securities Ltd. viii) Anwer Khan Modern University
Engr. Md. Towhidur Rahman	Director	i) Fresh Foods Ltd. ii) Sea Fresh Ltd. iii) Libas Textiles Ltd iv) Fresh Knitwear Ltd. v) Fresh Properties Ltd. vi) Hettich (Joint Venture Co. with Germany) vii) Shahjalal Islami Bank Securities Ltd. viii) Prime University

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
A. K. Azad	Director	i) Ha-Meem Denim Ltd. ii) Ha-Meem Apparels Ltd. iii) Ha-Meem Spinning Mills Ltd. iv) Ha-Meem Design Ltd. v) That's It Sweater Ltd. vi) That's It Sportswear Ltd. vii) That's It Garments Ltd. viii) That's It Knit Ltd. ix) Sajid Washing & Dyeing Ltd. x) Nishat Jute Mills Ltd. xi) Refat Garments Ltd. xii) Refat Packaging & Printing Industries Ltd. xiii) Sakib Poly Industries Ltd. xiv) Apparel Galary Ltd. xv) Artistic Design Ltd. xvi) Creative Collections Ltd. xvii) Express Washing & Dyeing Ltd. xviii) Times Media Ltd. [Channel 24 & The Daily Samakal] xix) Shahjalal Islami Bank Securities Ltd.
Mohammed Younus	Director	i) Sonali Papers and Board Mills Ltd. ii) Galaxy Flying Academy Ltd. iii) Younus Newsprint Mills Ltd. iv) Younus Offset Paper Mills Ltd. v) Younus Fine Paper Mills Ltd. vi) Younus Paper Mills Ltd. vii) Ananta Paper Mills Ltd. viii) Universal Paper & Board Mills Ltd. ix) Younus Spinning Mills Ltd. x) Sobhan Ice & Cold Storage Ltd. xi) Younus Specialized Cold Storage Ltd. xii) Younus Cold Storage Ltd. xiii) Sharif Cold Storage Ltd. xiv) Nowpara Cold Storage (Pvt.) Ltd. xv) Garib-E-Newaj Cold Storage Ltd. xvi) Siddheswari Cold Storage Ltd. xvii) Europa Cold Storage Ltd. xviii) Akco Industries & Cold Storage Ltd. xxiv) Combined Food & Cold Storage Ltd. xx) A. Kader & Sons Himagar Ltd. xxii) Bikrampur Potato Flakes Inds. Ltd. xxiii) United Traders xxiv) Sonali Dredger Ltd. xxv) Sonali Rubber Garden xxvi) Sonali Agro xxvii) Sonali Abason Ltd. xxviii) Sonali News.Com xxix) Sonali IT xxx) Wordbridge School xxxi) International Television Channel Ltd. (NTV) xxxii) Express Insurance Ltd. xxxiii) Athena Venture & Equitties Ltd. xxxiv) Shahjalal Islami Bank Securities Ltd. xxxv) Fareast International University

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
Shams Uddin Khan (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Director	i) Shamsuddin Khan & Harun Miah Ltd. (UK) ii) Taj Tea & Trading Co. Ltd. iii) Mathiura Tea Co. Ltd. iv) Shahjalal Islami Bank Securities Ltd.
Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Director	i) Electra International Ltd. ii) Electra Consumer Electronics & Investment Ltd. iii) Federal Securities & Invst. Ltd. iv) Electra International v) Kashmir Chemical Co. vi) Sazawa Brothers vii) Electra Furniture viii) Shahjalal Islami Bank Securities Ltd.
Md. Abdul Berek	Director	i) Arju Electronics ii) Jony Electronics iii) Rony Electronics iv) Shahjalal Islami Bank Securities Ltd.
Abdul Halim	Director	i) Abdul Halim & Brothers ii) Excellent Ceramic Industries Ltd. iii) Excellent Motors Ltd. iv) Islamic Insurance Bangladesh Ltd. v) Shahjalal Islami Bank Securities Ltd.
Mohiuddin Ahmed	Director	i) Rupsha Trading Corporation ii) Mohiuddin Auto House iii) Pacific Automobile iv) Shahjalal Islami Bank Securities Ltd.
Fakir Akhtaruzzaman	Director	Fakir Knitwears Ltd.
Khorshed Alam Khan (Rep. of Daffodils Trading International)	Director	i) Daffodils Trading International ii) Daffodil Color Lab & Studio
Md. Moshir Rahman Chamak (Rep. of Fresh Export Import Ltd.)	Director	i) Fresh Export Import Ltd. ii) Libas Textiles Ltd. iii) Fresh Knitwear Ltd. iv) Moshir Infrastructure Ltd.
Mrs. Shahan Ara Begum	Director	i) Russel Spinning Mills Ltd. ii) PNR Industries Ltd. iii) Ekram Sweaters Ltd. iv) Tania Cotton Mills Ltd. v) Goodman Pharmaceuticals Ltd.
Mosharraf Hossain Chowdhury	Independent Director	N/A
Farida Parvin Nuru	Independent Director	i) Viceroy Group of Restaurant ii) Property Management Ltd. (UK)

52.2 Significant Contracts where Bank is a party and wherein Directors have interest: Nil

52.3 Shares issued to Directors & Executives without consideration or exercise at discount: Nil

52.4 Lending Policies to related parties:
Lending to related parties are effected as per requirements of Section 27(1) of the Bank Companies (Amendment) Act, 2013

52.5 Investment (Loan and Advances) to Directors and their related Concern (Note # 8(a).4):

SL	Name of the Party	Related By	Nature of Investment	Amount in Tk.	Status
i)	M/s. Rony Electronics	Md. Abdul Barek	Bai-Muajjal/ Murabaha LC/MPI-TR	5,039,144	Regular
ii)	M/s. Rupsha Trading Corporation	Alhaj Md. Mohiu ddin Ahmed	L/C /MPI-TR/Bai-Muajjal	29,999,067	Regular
iii)	Excellent Ceramic Ind. Ltd.	Alhaj Abdul Halim	Murabaha local/L/C / MPI-TR/Bai-Muajjal	674,731	Regular
iv)	M/s. Exclusive Motors	Alhaj Abdul Halim	Murabaha local/L/C / MPI-TR/Bai-Muajjal	56,771,009	Regular
v)	Shahjalal Islami Bank Securities Ltd.	Subsidiary	Bai-Muajjal	250,620,139	Regular
				<u>343,104,090</u>	

52.6 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Companies Act 1991 NIL

52.7 Investments in Securities of Directors and their related concern: NIL

53 Events After Reporting Period

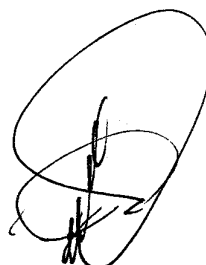
The Board of Directors of the Bank at it's 263rd meeting held on 25 April 2018 has recommended 10% stock dividend for the year 2017. This dividend is subject to the final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank.



Chairman



Director



Director



Managing Director

Dhaka, 25 April 2018

Shahjalal Islami Bank Limited

Investment in Shares & Securities (listed with Stock Exchanges)

As at December 31, 2017

SI No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 Dec, 2017	Cost price 31 December, 2017	Unrealised Gain/(loss)
	Quoted					
1	The ACME Laboratories Limited	500,000	114.00	57,000,000	59,175,008	(2,175,008)
2	Active Fine Chemicals Ltd.	1,000,000	35.20	35,200,000	39,430,643	(4,230,643)
3	Aftab Automobiles Limited	816,854	64.20	52,442,027	61,605,088	(9,163,061)
4	Agricultural Marketing Company Ltd – AMCL (PRAN)	50,000	222.00	11,100,000	9,958,704	1,141,296
5	AIBL 1st Islamic Mutual Fund	7,500,000	8.00	60,000,000	67,402,716	(7,402,716)
6	Apex Footwear Limited	30000	328.6	9,858,000	10953974.66	(1,095,975)
7	Beacon Pharmaceuticles Limited	2,988,625	21.30	63,657,713	87,734,854	(24,077,142)
8	Beximco Limited	2,940,000	27.00	79,380,000	85,339,733	(5,959,733)
9	Dhaka Electric Supply Company Ltd.	1,200,000	45.40	54,480,000	69,126,961	(14,646,961)
10	Eastern Housing Limited	2,145,258	49.20	105,546,694	166,063,283	(60,516,589)
11	Envoy Textiles Ltd.	1,081,500	34.80	37,636,200	42,402,697	(4,766,497)
12	Export Import Bank of Bangladesh Limited	3,000,000	17.20	51,600,000	56,153,581	(4,553,581)
13	Familytex (BD) Ltd.	2,061,675	7.60	15,668,730	47,453,468	(31,784,738)
14	Fareast Islami Life Insurance Co. Ltd.	958,000	71.50	68,497,000	65,297,780	3,199,220
15	Generation Next Fashions Limited	1,808,950	9.40	17,004,130	25,741,813	(8,737,683)
16	M.I. Cement Factory Ltd	500,000	84.70	42,350,000	41,501,769	848,231
17	Makson Spinning Mills Limited	1,388,042	10.10	14,019,224	63,955,630	(49,936,406)
18	Meghna Petroleum Limited	350,000	188.90	66,115,000	75,607,343	(9,492,343)
19	Metro Spinning Mills Limited	1,188,697	11.50	13,670,016	65,855,505	(52,185,489)
20	Orion Pharma Ltd.	1,082,759	48.70	52,730,363	62,359,551	(9,629,188)
21	RAK Ceramics (Bangladesh) Limited	525,000	59.9	31,447,500	34,139,452.3	(2,691,952)
22	Square Textile Ltd	525,000	64.00	33,600,000	34,785,789	(1,185,789)
23	The Dacca Dyeing & Mfg. Co. Limited	5,106,079	8.90	45,444,103	160,115,520	(114,671,417)
24	Titas Gas Transmission And Distribution Co. Ltd	1,000,000	44.20	44,200,000	78,349,510	(34,149,510)
25	Unique Hotel and Resorts Ltd	504,300	56.80	28,644,240	31,110,235	(2,465,995)
26	Bangladesh Steel Re-Rolling Mills Limited	100,000	78.50	7,850,000	9,744,380	(1,894,380)
27	Prime Islami Life Insurance Ltd.	67,341	54.9	3,697,021	3,720,371.13	(23,350)
28	Bangladesh Submarine Cable Company Limited	20,000	103.1	2,062,000	2,342,003.24	(280,003)
29	LAFARGE SURMA CEMENT LTD.	500,000	69.9	34,950,000	42,489,420.8	(7,539,421)

SI No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 Dec, 2017	Cost price 31 December, 2017	Unrealised Gain/(loss)
30	Nahee Aluminum Composite Panel Ltd.	6,847	73.4	502,570	63,882.42	438,687
31	Oimex Electrode Limited	7,129	65.2	464,811	66,310.12	398,501
32	Premier Cement Mills Limited	200,000	87.7	17,540,000	18,441,295.18	(901,295)
33	Shahjibazar Power Co. Ltd.	68,400	116.1	7,941,240	8,890,773.53	(949,534)
34	Singer Bangladesh Limited	290,000	195.5	56,695,000	60,778,950.14	(4,083,950)
	Un-Quoted					
1	Lanka Bangla Securiries Ltd	-	-	5,000,000	5,000,000	-
2	Market Stabilization Fund, Asset Management Co. Ltd	-	-	2,000,000	2,000,000	-
3	Aman Cotton Fibrous Limited	-	-	1,260,400	1,260,400	-
4	Aamra Networks Limited	-	-	2,289,302	2,289,302	-
	Total			1,233,543,283	1,698,707,696	(465,164,414)

As per DOS Circular Letter no. 3; dated 12 March 2015, no provision is required for investment in AIBL 1st Mutual Fund. As a result required provision for investment in shares stood at Taka 4,583.71 Lac instead of 4,651.61 Lac.

Shahjalal Islami Bank Limited

Schedule of Fixed Assets

As on 31 December 2017

(Amount in Taka)

Particulars	Cost				Depreciation			Written Down Value			
	Balance as on 01.01.2017	Additions during the period	Adjustment during the period	Balance as on 31.12.2017	Rate	Balance as on 01.01.2017	Adjustment during the period	Charged during the period	Balance as on 31.12.2017	As on 31.12.2017	As on 31.12.2016
Land	1,876,724,350	-	-	1,876,724,350	-	-	-	-	-	1,876,724,350	1,876,724,350
Building	462,275,894	442,957,423	-	905,233,317	2.25%	67,257,163	-	8,374,980	75,632,142	829,601,174	395,018,731
Head Office Building under construction	520,270,279	506,673,849	538,256,319	488,687,809		-	-	-	-	488,687,809	520,270,279
Furniture & Fixtures	628,508,057	88,998,499	97,935,688	619,570,868	10%-20%	284,966,443	52,918,608	44,097,127	276,144,962	343,425,907	343,541,614
Office Equipment	301,496,389	102,225,320	8,327,372	395,394,337	20%	191,888,167	6,868,417	28,611,941	213,631,691	181,762,646	109,608,222
Computer & Network Equipment	311,804,317	84,083,717	46,549,158	349,338,876	20%	210,883,279	36,889,139	23,426,097	197,420,237	151,918,638	100,921,038
Vehicles	67,878,948	12,829,300	-	80,708,248	20%	43,606,119	-	9,710,172	53,316,290	27,391,958	24,272,829
Books	923,989	118,678	-	1,042,667	20%	551,672	-	79,325	630,998	411,669	372,317
Sub-total	4,169,882,223	1,237,886,785	691,068,537	4,716,700,471		799,152,843	96,676,164	114,299,641	816,776,320	3,899,924,150	3,370,729,380
Software-Amortization											
Software-Core Banking	62,615,430	-	-	62,615,430	20%	36,833,116	-	5,150,818	41,983,934	20,631,496	25,782,314
Software-Others	67,285,013	8,655,000	-	75,940,013	20%	30,757,663	-	8,620,228	39,377,891	36,562,121	36,527,349
Sub-total	129,900,443	8,655,000	-	138,555,443		67,590,780	-	13,771,046	81,361,826	57,193,617	62,309,663
Total	4,299,782,666	1,246,541,785	691,068,537	4,855,255,914		866,743,623	96,676,164	128,070,687	898,138,146	3,957,117,768	3,433,039,043

Shahjalal Islami Bank Limited

Balance with Other Banks in Foreign Currency

As at 31 December 2017

[Referred to Note 5a.2 of these financial statements]

SL No.	Name of the Banks	Currency Name	2017		2016		
			Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in Foreign Currency	Conversion rate per unit F.C.	
1	Standard Chartered Bank NY	USD	555,995.45	82.7000	2,023,450.21	78.7000	159,245,531.53
2	Mashreq Bank psc, NY	USD	944,028.96	82.7000	1,908,781.88	78.7000	150,221,133.96
3	Standard Chartered Bank, Mumbai	USD	222,198.53	82.7000	222,198.53	78.7000	17,487,024.31
4	Habib American Bank, USA	USD	307,016.90	82.7000	55,051.56	78.7000	4,332,557.77
5	ICICI Bank, Hong Kong	USD	152,133.52	82.7000	49,864.86	78.7000	3,924,364.48
6	WACHOVIA BANK, NY, USA	USD	1,028,893.30	82.7000	65,819.88	78.7000	5,180,024.56
7	Commerzbank AG Frankfurt	USD	151,518.47	82.7000	9,692.08	78.7000	762,766.70
8	Bank Aljazira	USD	563,077.06	82.7000	157,746.72	78.7000	12,414,666.86
9	UBAF Hong Kong Limited	USD	2.73	82.7000	-	-	-
10	Sonali Bank (UK) Ltd (USD)	USD	-	-	18,379.78	78.7000	1,446,488.69
11	AB Bank Ltd. Mumbai	ACUD	161,598.53	82.7000	125,490.48	78.7000	9,876,100.78
12	IFIC Bank Ltd., Karachi	ACUD	8,641.29	82.7000	1,648.99	78.7000	129,775.51
13	Standard Chartered Bank, Mumbai	ACUD	21,725.07	82.7000	523,273.57	78.7000	41,181,629.96
14	Nepal Bangladesh Bank, Nepal	ACUD	27,454.25	82.7000	20,986.62	78.7000	1,651,646.99
15	Standard Chartered Bank, Colombo	ACUD	5,154.98	82.7000	12,573.89	78.7000	989,565.14
16	ICICI Bank, Mumbai	ACUD	6,797.78	82.7000	96,695.42	78.7000	7,609,929.55
17	Habib Metropolitan Bank Ltd.	ACUD	105,782.76	82.7000	17,847.78	78.7000	1,404,620.29
18	United Bank of India, Kolkata	ACUD	156,937.46	82.7000	75,438.71	78.7000	5,937,026.48
19	Sonali Bank Ltd ACU, Kolkata	ACUD	4,057.73	82.7000	43,504.90	78.7000	3,423,835.63
20	Bank of Bhutan Ltd. Main Branch	ACUD	47,816.83	82.7000	55,911.38	78.7000	4,400,225.61
21	AXIS Bank Ltd. India	ACUD	176,952.33	82.7000	71,052.80	78.7000	5,591,855.36
22	Standard Chartered Bank, Frankfurt	EURO	12,511.37	98.7520	2,785.28	82.2890	229,197.07
23	Mashreq Bank, London	EURO	8,697.01	98.7520	1,794.55	82.2890	147,671.19
24	COMMERZBANK AG	EURO	86,164.24	98.7520	4,370.27	82.2890	359,623.84
25	Wells Fargo Bank, N. A. London, UK	EURO	207,746.19	98.7520	70,723.91	82.2890	5,819,778.61
26	Sonali Bank (UK) Ltd	EURO	-	-	580.00	82.2890	47,727.45
27	Standard Chartered Bank, Tokyo	YEN	869,483.99	0.7326	564,688.00	0.6700	378,397.43
28	BCP - Geneva, Switzerland	CHF	6,395.43	84.4826	1,650.43	76.5560	126,350.98
29	Habib Bank AG Zurich	CHF	2,466.85	84.4826	515.10	76.5560	39,434.20
30	Bank Aljazira, KSA	SAR	203,786.81	22.0533	1,211,174.25	20.9830	25,413,705.94
31	Standard Chartered Bank London	GBP	51,271.68	111.1819	31,015.69	96.6040	2,996,249.02
32	Sonali Bank (UK) Ltd	GBP	-	-	1,910.02	105.3770	201,273.13
	Total						472,970,179.02
							427,070,722.81

DETAILS OF INFORMATION ON INVESTMENTS EXCEEDING 10% OF BANKS TOTAL ELIGIBLE REGULATORY CAPITAL (FUNDED & NON-FUNDED)

As at 31 December 2017

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
1	Logos Apparels Ltd.	1,298	10,281	11,580			
	Rahmat Sweater (BD) Ltd.	-	1,337	1,337			
	Belkuchi Spinning Mills Ltd.	8,632	502	9,134			
	M/S SHAHI PRODUCTS	2,698	-	2,698			
	Group-total	12,628	12,120	24,748	6.52%	6.26%	12.77%
2	Moonlight Garments Ltd.	326	1,311	1,637			
	Ehsan Garments Ltd.	635	4,530	5,164			
	Nourish Poultry & Hatchery Ltd.	10,013	19	10,032			
	Nourish Agro Ltd.	10,318	10,908	21,226			
	Telnet Communication Ltd.	60	2	62			
	Ehsan Packaging & Printing Ltd.	81	33	115			
	Group-total	21,433	16,803	38,236	11.06%	8.67%	19.73%
3	Nassa Basics Ltd.	7,310	10,618	17,928			
	Nassa Spinning Ltd.	8,159	-	8,159			
	Nassa Basic Wash Ltd.	1,271	-	1,271			
	NASSA HI TECH WASH LTD	59	-	59			
	Nassa Taipei Textile Mills Ltd.	10,678	3,808	14,486			
	Group-total	27,476	14,427	41,902	14.18%	7.45%	21.63%
4	Sinha Dyeing & Finishing Ltd.	2,301	654	2,956			
	Sinha Yarn Dyeing & Fabrics Ltd.	5,987	5,331	11,317			
	Pritha Fashions Ltd.	-	96	96			
	Sinha Washing Plant Ltd.	-	-	-			
	Opex Industries Ltd.	3,929	9,165	13,094			
	Sinha Apparels Accessories Ltd.	89	-	89			
	Shikharaa Developments Ltd.	3,056	-	3,056			
	Best Fried Chicken	-	-	-			
	Group-total	15,362	15,246	30,608	7.93%	7.87%	15.80%
5	Gazi Tank & Allied Concern	19,212	11,877	31,089			
	Group-total	19,212	11,877	31,089	9.92%	6.13%	16.04%
6	Chittagong Denim Mills Ltd	1,239	3,085	4,323			
	Smart Jeans Ltd	1,259	2,377	3,635			
	Smart Jacket Ltd.	363	3,038	3,401			
	Shehan Textile Ltd.	19	29	48			
	Smart Bio-Inception Ltd	-	381	381			
	Apparel Promoters Limited	1,165	3,053	4,218			
	BM Cotainer (BD)Ltd.	286	-	286			
	BM Energy (BD) Ltd.	360	16,205	16,565			
	Group-total	4,690	28,167	32,857	2.42%	14.54%	16.96%

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
7	Shah Cement Ind. Ltd.	2,410	2,705	5,115			
	Abul Khair Melting Ind Ltd	16,614	2,172	18,786			
	Abul Khair Strip Processing	548	-	548			
	Abul Khair Steel Product Ltd	7,226	-	7,226			
	Group-total	26,799	4,877	31,676	13.83%	2.52%	16.35%
8	Sena Kallayan Sangstha	22,886	-	22,886			
	Group-total	22,886	-	22,886	11.81%	0.00%	11.81%
9	Super Oil Refinery Ltd.	-	7,361	7,361			
	Multi Oil Refibnery Ltd	-	11	11			
	Super Board Mills Limited	-	-	-			
	Super Formica & Lamination Ltd.	3,455	5,702	9,157			
	T.K. Chemical Complex Ltd	7,899	1,831	9,730			
	Group-total	11,354	14,906	26,260	5.86%	7.69%	13.55%
10	Amber Denim Ltd.	4,353	1,428	5,781			
	Partex Rotor Spinning Mills Ltd.	892	675	1,567			
	Partex Rotor Mills Ltd.	2,636	123	2,759			
	Amber Cotton Mills Ltd.	8,160	2,482	10,642			
	Amber Super Yarn Ltd.	3,123	-	3,123			
	Group-total	19,165	4,708	23,873	9.89%	2.43%	12.32%
11	Karim Spinning Mills Ltd.	3,234	111	3,345			
	Purbani Rotor Spinning Ltd.	6,500	360	6,861			
	Shohagpur Textile Mills Ltd.	7,262	2,026	9,288			
	Purbani Yarn Dying Ltd	597	-	597			
	Purbani Fabrics LTD	245	1,007	1,251			
	Karim Textiles Ltd.	222	437	659			
	Group-total	18,060	3,941	22,001	9.32%	2.03%	11.35%
12	Mymensingh Agro Ltd	9,650	4,386	14,035			
	Banga Building Materials Ltd.	4,104	960	5,063			
	Habigonj textiles ltd	332	3,651	3,983			
	RFL Plastic Ltd.	-	-	-			
	Group-total	14,086	8,996	23,081	7.27%	4.64%	11.91%
13	Bangla Trac Limited	-	13,952	13,952			
	Bangla Trac Limited	11,261	528	11,789			
	Bangla Trac Power Ltd.	-	-	-			
	Bangla Trac Miaki Green Power Ltd	-	-	-			
	B. Tac Engineering	2,183	487	2,670			
	Group-total	13,444	14,967	28,411	6.94%	7.72%	14.66%
14	Incepta Pharmaceuticals Ltd.	9,221	7,443	16,665			
	Impress Aviation Limited	-	48	48			
	Next Spaces Ltd	2,079	6,599	8,678			
	Infratrade Limited	749	55	804			
	Group-total	12,049	14,145	26,194	6.22%	7.30%	13.52%

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
15	Abdul Monem Ltd.	15,283	7,519	22,802			
	Group-total	15,283	7,519	22,802	7.89%	3.88%	11.77%
16	Mir Akter Hossain Ltd.	677	652	1,329			
	Mir Cement Ltd	243	133	377			
	Mir Akhter Hossain Ltd	11,725	14,837	26,561			
	Group-total	12,644	15,622	28,267	6.53%	8.06%	14.59%
17	Dhaly Construction Ltd.	21,600	12,683	34,283			
	Group-total	21,600	12,683	34,283	11.15%	6.55%	17.69%
18	KABIR STEEL RE-ROLLING MILLS LTD	-	-	-			
	KSRM Billet Industries Limited	19,958	-	19,958			
	Kabir Steel Ltd.	6	-	6			
	KSRM Steel Plant Ltd.	328	-	328			
	Group-total	20,292	-	20,292	10.47%	0.00%	10.47%
19	Provita Feed Ltd	593	10,651	11,244			
	Galaxy Trading Corporation	2,564	-	2,564			
	Mohammed Nurun Nobi alias Md. Nurun Nobi Bhuiyan	1,151	-	1,151			
	Mahmud Denim Ltd	28	59	87			
	Mahmud Trading Corporation	3,969	3,593	7,561			
	Group-total	8,304	14,303	22,607	4.29%	7.38%	11.67%
	20	Energypac Engyneering Ltd.	4,297	19,085	23,382		
Energypac Fashions Limited		2,930	5,243	8,172			
Group-total		7,227	24,327	31,554	3.73%	12.56%	16.29%
21	Bangladesh Foundry & Engineering Works Ltd.	15,666	4,783	20,449			
	Group-total	15,666	4,783	20,449	8.09%	2.47%	10.55%
22	MSA Textiles Limited	14,504	5,785	20,289			
	Group-total	14,504	5,785	20,289	7.49%	2.99%	10.47%
23	Sinha Peoples Energy Ltd.	6,160	1,121	7,281			
	Venture Energy Limited	7,706	-	7,706			
	Sinha Power Generation Com. Ltd	10,888	1,042	11,931			
	Group-total	24,755	2,163	26,917	12.78%	1.12%	13.89%
Total		378,919	252,365	631,284			

Bank's Total Eligible Regulatory Capital as on 31 December 2017 is Tk. 193,759.84 lac

HIGHLIGHTS OF PERFORMANCE OF BANK

As at 31 December 2017

(Amount in Taka)

SL	PARTICULARS	2017	2016
1	Paid up Capital	7,714,225,390	7,346,881,330
2	Total Eligible Regulatory Capital (Tier-1 + Tier-2)	19,375,983,751	14,386,075,911
3	Capital Surplus	3,482,330,324	1,915,696,277
4	Total Assets	207,886,374,678	167,244,763,598
5	Total Deposit	145,382,475,188	124,409,830,702
6	Total Investment (Loans & Advance)	158,668,157,376	122,998,380,344
7	Total Contingent Liabilities and Commitment	89,225,560,344	63,325,730,301
8	Investment Deposit Ratio (%)	90.17%	85.98%
9	Percentage of Classified Investment against total Investments	3.97%	4.70%
10	Profit after Tax and Provision	1,195,895,973	1,557,370,215
11	Amount of Classified Investment	6,300,502,160	5,781,699,039
12	Provisions kept against classified Investment	1,415,064,133	1,431,467,602
13	Provisions surplus	8,651,571	1,025,699
14	Cost of Fund	7.83%	8.24%
15	Profit Earning Assets	173,187,406,756	138,948,604,650
16	Non-Profit Earning Assets	34,698,967,922	28,296,158,948
17	Return on Investment in Securities (ROI)	2.59%	1.49%
18	Return on Assets (ROA)	0.64%	1.02%
19	Income from Investment in Securities	299,298,822	136,077,151
20	Earnings Per Share	1.55	2.02
21	Net Income Per Share	1.55	2.02
22	Price Earning Ratio (Times)	21.29	7.43

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Balance Sheet

As at 31 December 2017

Property and Assets	Note	31.12.2017		31.12.2016	
		USD	Taka	USD	Taka
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		8,171,792.68	675,807,255	4,819,271.44	379,276,662
Outside Bangladesh		-	-	-	-
	3	8,171,792.68	675,807,255	4,819,271.44	379,276,662
Investments					
General Investment etc.		12,145,385.52	1,004,423,383	6,348,645.47	499,638,398
Bills Purchased and Discounted		79,265,666.60	6,555,270,628	80,210,952.90	6,312,601,993
	4	91,411,052.12	7,559,694,010	86,559,598.37	6,812,240,392
Fixed Assets Including Premises					
	5	3,207.11	265,228	1,899.53	149,493
Other Assets					
		-	-	-	-
Non Banking Assets					
		-	-	-	-
Total Assets		99,586,051.91	8,235,766,493	91,380,769.34	7,191,666,547
Liabilities and Capital					
Liabilities					
Placement from other Banks & Financial Institutions					
	6	69,921,700.00	5,782,524,590	74,034,800.00	5,826,538,760
Deposits and Other Accounts					
Mudaraba Savings Deposits		100,592.75	8,319,020	16,127.68	1,269,248
Mudaraba Term Deposits		28,863,000.00	2,386,970,100	16,742,000.00	1,317,595,400
Other Mudaraba Deposits		-	-	-	-
Al-Wadeeah Current & Other Deposit Accounts		-	-	-	-
Bills Payable		-	-	-	-
	7	28,963,592.75	2,395,289,120	16,758,127.68	1,318,864,648
Other Liabilities					
	8	700,759.16	57,952,783	587,841.66	46,263,139
Total Liabilities		99,586,051.91	8,235,766,493	91,380,769.34	7,191,666,547
Capital/Shareholders' Equity					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Retained Earnings		-	-	-	-
Total Shareholders' Equity		-	-	-	-
Total Liabilities & Shareholders' Equity		99,586,051.91	8,235,766,493	91,380,769.34	7,191,666,547

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Off-balance Sheet Items

As at 31 December 2017

Contingent liabilities	Note	31.12.2017		31.12.2016	
		USD	Taka	USD	Taka
Acceptances & endorsements		-	-	-	-
Letters of guarantee		-	-	-	-
Irrevocable letters of credit (including back to back bills)		-	-	-	-
Bills for collection		-	-	-	-
Other contingent liabilities		-	-	-	-
Total		-	-	-	-
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		-	-	-	-

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Profit and Loss Account

For the year ended 31 December 2017

Notes	2017		2016		
	USD	Taka	USD	Taka	
Investment Income	9	4,334,658.74	358,476,278	3,440,515.99	270,768,608
Less: Profit paid on Deposits & Borrowing	10	1,892,691.54	156,525,590	1,291,128.45	101,611,809
Net Investment Income		2,441,967.20	201,950,687	2,149,387.54	169,156,799
Commission, Exchange and Brokerage	11	10.00	827	20.00	1,574
Other Operating Income	12	108,810.66	8,998,642	97,141.70	7,645,052
		108,820.66	8,999,469	97,161.70	7,646,626
Total Operating Income		2,550,787.86	210,950,156	2,246,549.24	176,803,425
Salaries and Allowances	13	69,107.94	5,715,227	52,339.09	4,119,086
Rent, Taxes, Insurances, Electricity etc.	14	19,967.18	1,651,286	2,701.69	212,623
Legal Expenses		-	-	-	-
Postage, Stamps, Telecommunication etc.	15	6,905.75	571,106	6,760.66	532,064
Stationery, Printings, Advertisements etc.	16	906.08	74,933	702.09	55,254
Auditors' Fees		-	-	-	-
Depreciation & Repairs of Bank's Assets	17	662.99	54,829	303.39	23,877
Other Expenses	18	822.37	68,010	265.33	20,881
Total Operating Expenses		98,372.31	8,135,390	63,072.25	4,963,786
Profit before Provision		2,452,415.55	202,814,766	2,183,476.99	171,839,639
Specific provisions for Classified Investment		-	-	-	-
General Provisions for Unclassified Investment		-	-	-	-
Provisions for Other Assets		-	-	-	-
Total Provision		-	-	-	-
Total Profit before Provisions for Taxation		2,452,415.55	202,814,766	2,183,476.99	171,839,639
Deferred Tax Expenses		-	-	-	-
Current Tax Expenses		-	-	-	-
		-	-	-	-
Net Profit after Taxation		2,452,415.55	202,814,766	2,183,476.99	171,839,639
Retained Earnings from previous year		-	-	-	-
Add: Retained Earnings of Current year		2,452,415.55	202,814,766	2,183,476.99	171,839,639
Retained Earnings carried forward		2,452,415.55	202,814,766	2,183,476.99	171,839,639
Less: Retained earnings transferred to central operation		2,452,415.55	202,814,766	2,183,476.99	171,839,639
		-	-	-	-

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Cash Flow Statement

For the year ended 31 December 2017

	2017		2016	
	USD	Taka	USD	Taka
Cash Flow from Operating Activities				
Investment Income receipt in cash	4,334,658.74	358,476,278	3,440,515.99	270,768,608
Profit Paid on Borrowing	(1,892,691.54)	(156,525,590)	(1,291,128.45)	(101,611,809)
Fees & Commission receipt in cash	10.00	827	20.00	1,574
Cash Payments to Employees	(69,107.94)	(5,715,227)	(52,339.09)	(4,119,086)
Cash Payments to Suppliers	(906.08)	(74,933)	(702.09)	(55,254)
Receipts from other Operating activities	108,810.66	8,998,642	97,141.70	7,645,052
Payments for other Operating activities	(27,695.30)	(2,297,999)	(9,727.68)	(766,009)
(i) Operating Profit before changes in Operating Assets	2,453,078.54	202,861,997	2,183,780.38	171,863,075
Changes in Operating Assets and Liabilities				
Increase/decrease of Investment to Customers	(4,851,453.75)	(747,453,619)	(42,687,430.90)	(3,368,275,246)
Increase/decrease of Deposits received from Customers	12,205,465.07	1,076,424,472	16,718,230.28	1,315,732,702
Increase/decrease of Other Liabilities	112,917.50	11,689,644	388,146.01	30,587,030
(ii) Cash flows from operating assets and liabilities	7,466,928.82	340,660,497	(25,581,054.61)	(2,021,955,514)
Net cash flows from operating activities (A)=(i+ii)	9,920,007.36	543,522,494	(23,397,274.23)	(1,850,092,438)
Cash flows from Investing Activities				
Proceeds from Sale of fixed assets	-	-	-	-
Purchases of Property, Plant & Equipments	(1,970.57)	(162,965)	-	-
Net cash used in investing activities (B)	(1,970.57)	(162,965)	-	-
Cash flows from Financing Activities				
Borrowing from Shahjalal Islami Bank Ltd	(4,113,100.00)	(44,014,170)	27,908,180.00	2,205,599,090
Profit transferred to Shahjalal Islami Bank Ltd	(2,452,415.55)	(202,814,766)	(2,183,476.99)	(171,839,639)
Net cash flows from financing activities (C)	(6,565,515.55)	(246,828,936)	25,724,703.01	2,033,759,451
Net Increase/(Decrease) in Cash (A+B+C)	3,352,521.24	296,530,593	2,327,428.78	183,667,013
Add: Cash and cash equivalents at the beginning of the year	4,819,271.44	379,276,662	2,491,842.66	195,609,649
Cash & cash equivalents at the end of the year	8,171,792.68	675,807,255	4,819,271.44	379,276,662

Off-shore Banking Unit

Notes to the Financial Statements

For the year ended 31 December 2017

1. Status of the Unit

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

1.1 Nature of Business/Principal Activities

The principal activities of the OBU are to provide all kinds of shariah based commercial banking services to its customers through its Unit complying the applicable rules & regulations.

2. Significant Accounting Policies

2.1 Basis of accounting

The accounting records of the unit are maintained in USD forms and the financial statements are prepared on a going concern basis under the historical cost convention and in accordance with first schedule of Bank Companies Act 1991 as amended by Bangladesh Bank BRPD Circular No.14 dated 25 June 2003, other Bangladesh Bank circulars, International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, the listing Regulations of the Stock Exchanges, the Securities and Exchange Rule 1987 and other laws and rules applicable in Bangladesh.

2.2 Common expense

- a. Expenditure for audit fees has not been separately accounted for in the Financial Statements of OBU.
- b. Provision for taxation, loans & advances and off-Balance Sheet items have not been separately accounted for in these Financial Statements. These are accounted for in the central account of Shahjalal Islami Bank Limited.

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 82.70 (weighted average rate as at 31st December 2017)

	31.12.2017		31.12.2016	
	USD	Taka	USD	Taka
3 Balance with Other Banks and Financial Institutions (Other than Mudaraba Term Fund)				
Inside Bangladesh (Note - 3.1)	8,171,792.68	675,807,255	4,819,271.44	379,276,662
Outside Bangladesh	-	-	-	-
	8,171,792.68	675,807,255	4,819,271.44	379,276,662
3.1 Inside Bangladesh				
Shahjalal Islami Bank Ltd	8,171,792.68	675,807,255	4,819,271.44	379,276,662
	8,171,792.68	675,807,255	4,819,271.44	379,276,662
4 Investments (Loans and Advances)				
Country-wise Classification of Investments				
Inside Bangladesh				
Gross Murabaha, Bai-Muajjal etc	12,145,385.52	1,004,423,383	6,348,645.47	499,638,398
Less: Profit receivable on Murabaha, Bai-Muajjal etc	-	-	-	-
Net Murabaha, Bai-Muajjal etc	12,145,385.52	1,004,423,383	6,348,645.47	499,638,398
Bills purchased and discounted-net (Note- 4.1)	79,265,666.60	6,555,270,628	80,210,952.90	6,312,601,993
Out side Bangladesh	-	-	-	-
	91,411,052.12	7,559,694,010	86,559,598.37	6,812,240,392
4.1 Bills Purchased and Discounted				
Payable inside Bangladesh	-	-	-	-
Payable outside Bangladesh	79,274,939.60	6,556,037,505	80,210,952.90	6,312,601,993
Gross Bills Purchased and Discounted	79,274,939.60	6,556,037,505	80,210,952.90	6,312,601,993
Less: Profit receivable on Bills				
Purchased and Discounted	9,273.00	766,877	-	-
Net Bills Purchased and Discounted	79,265,666.60	6,555,270,628	80,210,952.90	6,312,601,993
5 Fixed Assets including Premises, Furniture & Fixtures				
Furniture & Fixture	246.3	20,369	273.68	21,539
Office Equipment	2960.81	244,859	1,625.85	127,954
Carrying value	3,207.11	265,228	1,899.53	149,493
6 Placement from other Banks & Financial Institutions				
Borrowing from Shahjalal Islami Bank Ltd	69,921,700.00	5,782,524,590	74,034,800.00	5,826,538,760
	69,921,700.00	5,782,524,590	74,034,800.00	5,826,538,760
7 Deposits and Other Accounts				
Al-Wadiah Current Deposit	-	-	-	-
	-	-	-	-
Mudaraba Savings Deposit	100,592.75	8,319,020	16,127.68	1,269,248
	100,592.75	8,319,020	16,127.68	1,269,248
Mudaraba Term Deposit	28,863,000.00	2,386,970,100	16,742,000.00	1,317,595,400
	28,863,000.00	2,386,970,100	16,742,000.00	1,317,595,400
	28,963,592.75	2,395,289,120	16,758,127.68	1,318,864,648
8 Other Liabilities				
Profit Payable	699,976.56	57,888,062	587,211.36	46,213,534
Others Payable	-	-	630.30	49,605
Outstanding Expenses	782.60	64,721	-	-
	700,759.16	57,952,783	587,841.66	46,263,139

	2017		2016	
	USD	Taka	USD	Taka
9 Profit on Investment				
Profit received from Mudaraba Import Bills (UPAS)	3,954,625.44	327,047,524	3,261,365.77	256,669,486
Profit received from Hire Purchase	380,033.30	31,428,754	179,150.22	14,099,122
	4,334,658.74	358,476,278	3,440,515.99	270,768,608
10 Profit paid on Deposits & Borrowing				
Profit paid on borrowings	1,892,691.54	156,525,590	1,291,128.45	101,611,809
11 Commission, Exchange & Brokerage				
Commission from LC	10.00	827	20.00	1,574
12 Other Operating Income				
SWIFT & REUTERS	24,581.39	2,032,881	22,626.24	1,780,685
Miscellaneous Earnings	84,229.27	6,965,761	74,460.46	5,860,038
Service & Charges Receipts	-	-	55	4,329
	108,810.66	8,998,642	97,141.70	7,645,052
13 Salary & Allowances				
Basic Salary	27,150.17	2,245,319	20,637.48	1,624,170
Allowances	25,636.86	2,120,168	20,282.79	1,596,256
Bonus	13,687.22	1,131,933	9,429.53	742,104
Bank's Contribution to Provident fund	2,633.69	217,806	1,989.29	156,557
	69,107.94	5,715,227	52,339.09	4,119,086
14 Rent, Taxes, Insurance, Electricity etc.				
Rent, Rates & Taxes	19,727.43	1,631,458	2,372.46	186,713
Electricity & Lighting	239.75	19,827	329.23	25,910
	19,967.18	1,651,286	2,701.69	212,623.00
15 Postage, Stamps, Telecommunication etc				
Telephone charges	6,905.75	571,106	6,760.66	532,064
	6,905.75	571,106	6,760.66	532,064
16 Stationery, Printing, Advertisement etc				
Computer Stationery	775.56	64,139	565.71	44,521
Advertisement	130.52	10,794	136.38	10,733
	906.08	74,933	702.09	55,254
17 Depreciation and Repair of Fixed Assets				
Depreciation of Fixed Assets				
Furniture & Fixtures	27.38	2,264	33.34	2,624
Office Appliance & Equipment	635.61	52,565	270.05	21,253
	662.99	54,829	303.39	23,877
Repair's & Maintainance	-	-	-	-
	-	-	-	-
	662.99	54,829	303.39	23,877
18 Other Expenses				
Utility	18.29	1,513	25.14	1,979
Entertainment Exp.	783.40	64,787	240.19	18,903
Travelling Expense	20.68	1,710	-	-
	822.37	68,010	265.33	20,881

AUDITORS' REPORT TO THE SHAREHOLDERS

OF

SHAHJALAL ISLAMI BANK SECURITIES LTD.

We have audited the accompanying financial statements of **SHAHJALAL ISLAMI BANK SECURITIES LTD.**, which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management of **SHAHJALAL ISLAMI BANK SECURITIES LTD.** is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act, 1994, the Securities and Exchange Rules, 1987, rules and regulations issued by the Bangladesh Securities and Exchange Commission and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the financial position as at 31 December 2017 and its financial performance and its cash flows for the year then ended comply with the Companies Act, 1994, the Securities and Exchange Rules, 1987, rules and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

We also report that:

- (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) proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;
- (c) the company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account; and
- (d) the expenditure incurred was for the purpose of the business.

Place: Dhaka, Bangladesh
Dhaka, 28 March 2018


K. M. HASAN & CO.
Chartered Accountants

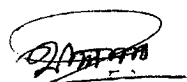
Shahjalal Islami Bank Securities Ltd.

Statement of Financial Position

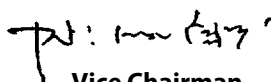
As at 31 December 2017

ASSETS	Notes	2017 Taka	2016 Taka
Non-current assets			
Property, plant and equipment	4	51,046,105	40,972,680
Investment in Stock Exchange Membership	5	518,500,000	518,500,000
		569,546,105	559,472,680
Current assets			
Investment	6	3,269,416,687	3,755,495,358
Investment in securities	7	914,448,480	1,352,680,894
Trade and other receivables	8	2,166,544,118	2,570,816,907
Cash and cash equivalents	9	412,994,289	381,221,166
		6,763,403,574	8,060,214,325
Total assets		7,332,949,679	8,619,687,005
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	2,740,000,000	2,740,000,000
Retained earnings		322,020,728	162,132,256
		3,062,020,728	2,902,132,256
Current liabilities			
Short term borrowings	11	805,000,000	1,654,336,661
Trade and other payables	12	2,683,474,125	3,363,550,700
Provision for income tax	13	293,833,926	211,046,488
Provision for investments in securities	14	65,000,000	65,000,000
Provision for margin investment	15	423,620,900	423,620,900
		4,270,928,951	5,717,554,749
Total equity and liabilities		7,332,949,679	8,619,687,005

The financial statements should be read in conjunction with the annexed notes and were approved by the Board of Directors on 28 March 2018 and were signed on its behalf by:



Chief Executive Officer




Vice Chairman



Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka, Bangladesh
Dhaka, 28 March 2018



K.M.HASAN & CO.
Chartered Accountants

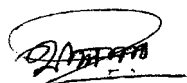
Shahjalal Islami Bank Securities Ltd.

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 Taka	2016 Taka
Brokerage commission	16	205,332,215	120,321,381
Investment income		283,358,549	288,804,022
Other operating income	17	166,712,278	106,383,963
Total operating income		655,403,042	515,509,366
Operating expenses	18	(130,933,387)	(110,383,395)
Net income from operation		524,469,655	405,125,971
Other income	19	11,000,096	7,771,307
Office and administrative expenses	20	(51,156,586)	(39,046,155)
Financial expenses	21	(104,637,255)	(227,632,180)
Profit before provision and income tax		379,675,910	146,218,943
Provision for margin investment		-	-
Net profit before income tax		379,675,910	146,218,943
Provision for income tax		(82,787,438)	(34,407,336)
Net profit after income tax		296,888,472	111,811,607
Other comprehensive income		-	-
Total comprehensive income		296,888,472	111,811,607
Earnings Per Share (EPS)	22	1.08	0.41

The financial statements should be read in conjunction with the annexed notes and were approved by the Board of Directors on 28 March 2018 and were signed on its behalf by:



Chief Executive Officer



Vice Chairman



Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka, Bangladesh
Dhaka, 28 March 2018



K.M.HASAN & CO.
Chartered Accountants

Shahjalal Islami Bank Securities Ltd.

Statement of Changes in Equity

For the year ended 31 December 2017

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
Balance as at 01 January 2017	2,740,000,000	162,132,256	2,902,132,256
Dividend paid	-	(137,000,000)	(137,000,000)
Net profit during the year	-	296,888,472	296,888,472
Balance as at 31 December 2017	2,740,000,000	322,020,728	3,062,020,728

For the year ended 31 December 2016

Particulars	Amount in Taka		
	Share capital	Retained earnings	Total
Balance as at 01 January 2016	2,140,000,000	50,320,649	2,190,320,649
Additional share capital 21 July 2016	600,000,000	-	600,000,000
Net profit during the year	-	111,811,607	111,811,607
Balance as at 31 December 2016	2,740,000,000	162,132,256	2,902,132,256

The financial statements should be read in conjunction with the annexed notes and were approved by the Board of Directors on 28 March 2018 and were signed on its behalf by:


Chief Executive Officer


Vice Chairman


Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka, Bangladesh
Dhaka, 28 March 2018


K.M.HASAN & CO.
Chartered Accountants

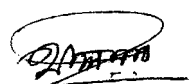
Shahjalal Islami Bank Securities Ltd.

Statement of Cash Flows

For the year ended 31 December 2017

	2017 Taka	2016 Taka
A. Cash flows from operating activities		
Cash received from commission and others	1,119,402,974	580,804,093
Payment for profit and bank charges and expenses	(964,737,765)	(183,990,017)
Income tax paid	(44,099,165)	(57,954,718)
Net Cash flow from/(used) in operating activities	110,566,044	338,859,358
B. Cash flow from investing activities		
Investment	486,078,671	267,407,164
Investment in securities	438,232,414	(77,810,484)
Purchase of property plant and equipment	(16,767,345)	(5,514,883)
Net Cash flow from/(used) in investing activities	907,543,740	184,081,797
C. Cash flow from financing activities		
Receipts from issue of ordinary shares	-	600,000,000
Short term investment	(849,336,661)	(910,683,200)
Dividend paid during the year	(137,000,000)	-
Net cash flow from/ (used) in financing activities	(986,336,661)	(310,683,200)
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	31,773,123	212,257,955
Opening cash and cash equivalents	381,221,166	168,963,211
Closing cash and cash equivalents	412,994,289	381,221,166

The financial statements should be read in conjunction with the annexed notes
and were approved by the Board of Directors on 28 March 2018
and were signed on its behalf by:



Chief Executive Officer



Vice Chairman



Chairman

Signed in terms of our separate report of even date annexed.

Place: Dhaka, Bangladesh
Dhaka, 28 March 2018



K.M.HASAN & CO.
Chartered Accountants

SHAHJALAL ISLAMI BANK SECURITIES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 one extension office and 08 (Eight) branches with 67 employees all over Bangladesh. It has corporate membership of Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).

1.2 Address of registered office and principal place of business

Its Corporate Head Office and Principal place of business is at Jiban Bima Bhaban (4th floor), 10 Dilkusha C/A, Dhaka-1000.

2. Nature of business activities

The principal objectives of the company are to carry on the business of stock brokers/stock dealers and other related business in connection with the dealings of listed securities. Other objectives of the company are to buy, sell, hold shares, stocks and fixed income securities or otherwise acquire or invest the capital of the company in the same and other services as mentioned in the Memorandum and Articles of Association of the Company.

3. Significant accounting policies

3.1 Basis for preparation of financial statements

The financial statements have been prepared on a going concern concept basis under historical cost convention in accordance with the Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), Companies Act, 1994, the Securities and Exchange Rules, 1987, rules and regulations issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations.

The disclosures of information have been made in accordance with the requirements of the above mentioned standards and in compliance with Companies Act 1994 and the statement of financial position and statement of profit or loss and other comprehensive income have been prepared according to BAS-1 (Presentation of Financial Statements) based on accrual basis and other applicable laws and regulations.

3.2 Integral Components of the Financial Statements

The financial statements of the Company include the following components:-

- a. Statement of Financial Position as at 31 December 2017.
- b. Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2017.
- c. Statement of Changes in Equity for the year ended 31 December 2017.
- d. Statement of Cash Flows for the year ended 31 December 2017.
- e. Notes, Comprising a Summary of Significant Accounting Policies and Other Explanatory Information.

3.3 Property, plant and equipment

- i) All property, plant and equipment are stated at cost less accumulated depreciation as per BAS -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 or 20
Office equipment	20

3.4 Investments to clients

Investments to clients include investment to margin customers and receivable there from.

3.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash at bank which are available for use by the Company without any restriction. There is an insignificant risk of changes in value of these current assets.

3.6 Liabilities, provisions and disclosures

There are no other material liabilities or gains or loss contingencies that are required to be accrued or disclosed, other than those accrued or disclosed in the financial statements, nor there are any accruals for loss contingencies included in the statement of financial position that are not in conformity with the Company's existing practices.

The company follows shariah based rules, so the income from non shariah based Banking & financial institutions has not been recognized as income. Hence, this income has been mention as income suspense account in other liability.

3.7 Corporate income tax

Income tax withheld from the transactions of traded securities @ 0.05% as per section 53BBB is the final tax liability of the company under section 82C of Income Tax Ordinance 1984. Income tax provision is made on capital gains on sale of shares of listed securities @ 10% as per SRO No. 269/Law/Income Tax/2010 dated 1 July 2010 whereas it is to pay @35% on other income as per income tax law.

3.8 Revenue recognition

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably.

Revenue recognition policy on specific item is described as under:

- (i) Brokerage commission is recognized as income when selling or buying order is executed.
- (ii) Income from profit bearing Bank Account is recognized on accrual basis.
- (iii) Capital gains on sale of securities are recognized when these are realized.

3.9 Earnings per share (EPS)

The Company calculates Earnings per Share (EPS) in accordance with BAS 33: Earnings per Share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income, and the computation of EPS is stated in related note.

3.10 Statement of cash flows

Statement of cash flows is prepared principally in accordance with BAS -7 " Statement of Cash Flows" and cash flows from operating activities have been presented under direct method.

3.11 Related party disclosure under BAS - 24

List of related parties with whom transactions have taken place and their relationship as identified and certified by management :

Name of related party	Relationship
SHAHJALAL ISLAMI BANK LTD.	Parent Company

3.12 General

- (i) The figures in the financial statements represent Bangladesh currency (Taka), which have been rounded off to the nearest Taka.
- (ii) Previous year's figures have been rearranged/ reclassified/ regrouped, where necessary, to confirm to current year's financial presentation.

SHAHJALAL ISLAMI BANK SECURITIES LTD.

Fixed Assets Schedule

As at 31 December 2017

4. Property, plant and equipment

Particulars	COST				DEPRECIATION				Amount in Taka	
	Balance as at 01.01.2017	Addition during the year	Sales/Adjustment	Balance as at 31.12.2017	Rate (%)	Balance as at 01.01.2017	Charged during the year	Adjustment	Balance as at 31.12.2017	Written Down value as at 31.12.2017
Furniture and fixtures	38,226,094	14,042,518	-	52,268,612	10% or 20%	14,095,042	3,116,512	-	17,211,554	35,057,058
Office equipment	38,563,850	2,724,827	-	41,288,677	20%	21,722,222	3,577,408	-	25,299,630	15,989,047
Total as at 31 December 2017	76,789,944	16,767,345	-	93,557,289		35,817,264	6,693,920	-	42,511,184	51,046,105
Total as at 31 December 2016	71,275,061	5,514,883	-	76,789,944		29,224,061	6,593,203	-	35,817,264	40,972,680

	2017	2016
	Taka	Taka
5. Investment in Stock Exchange Membership		
Membership license-DSE (Note-5.1)	362,000,000	362,000,000
Membership license-CSE (Note-5.2)	156,500,000	156,500,000
	518,500,000	518,500,000

5.1 As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Dhaka Stock Exchange allotted 7,215,106 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 Shares DSE transferred and credited 2,886,042 shares directly to Company's Beneficiary Owners' (BO) Account and rest 4,329,064 shares were credited to the "Demutualization Blocked Account" maintained by the DSE.

5.2 As per the provision of the Exchange Demutualization Act, 2013 and in accordance with the Bangladesh Securities and Exchange Commission (BSEC) approved Demutualization Scheme, Chittagong Stock Exchange allotted 4,287,330 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 Shares CSE transferred and credited 1,714,932 shares directly to Company's Beneficiary Owners' (BO) Account and rest 2,572,398 shares were credited to the "Demutualization Blocked Account" maintained by the CSE.

6. Investment

Investment to clients	3,267,905,887	3,755,495,358
Investment to executive car finance scheme	1,510,800	-
	3,269,416,687	3,755,495,358

7. Investment in securities

Cost value of securities (annexure-A)	913,056,491	1,322,580,256
Add: Deposit for application of right share/IPO	1,391,989	30,100,638
	914,448,480	1,352,680,894

This represent investment in securities at cost Tk.913,056,490.64 market value of which is Tk. 900,636,295.10 as at 31 December 2017. Unrealized loss stood at Tk.12,420,195.54 against which Tk. 65,000,000 has been maintained as provision as mentioned under note -14. These exists surplus of Tk.52,579,804.00 against the required provision

It may be mentioned here that The Bangladesh Securities and Exchange Commission vide its Directives no. BSEC/CMRRCD/2009-193/62 dated 28 December 2017 allowed the stock dealer to provide the loss on investment in securities in 5 quarters in equal amount (20%) beginning from December 2017 to December 2018.

8. Trade and other receivables

Advances, deposits & prepayments (Note-8.1)	238,507,084	189,780,037
Accounts receivable (Note-8.2)	1,928,037,034	2,381,036,870
	2,166,544,118	2,570,816,907

8.1 Advances, deposits & prepayments

Advance office rent	7,300,810	3,956,470
Advance commission for bank guarantee	1,150,000	1,643,386
Prepaid expenses	2,166,928	390,000
Security deposit	230,400	230,400
Advance income tax (Note-8.1 .1)	227,658,946	183,559,781
	238,507,084	189,780,037

	2017	2016
	Taka	Taka
8.1.1 Advance income tax		
Opening Balance	183,559,781	125,605,063
Add: Paid during the year	44,099,165	57,954,718
Closing Balance	227,658,946	183,559,781
8.2 Accounts receivable		
Profit receivable	1,891,570,122	2,322,301,923
Receivable from Shahjalal Islami Bank Limited	546,617	410,122
Receivable from DSE	35,797,273	15,997,686
Receivable from CSE	123,022	42,327,139
	1,928,037,034	2,381,036,870
9. Cash and cash equivalents		
Cash in hand	-	-
Cash at Banks (Note-9.1)	412,994,289	381,221,166
	412,994,289	381,221,166
9.1 Cash at banks		
Shahjalal Islami Bank Limited	393,408,115	376,062,425
One Bank Limited	14,251	4,740,195
Al-Arafah Islami Bank Limited	15,790	142,320
Commercial Bank of Ceylon	96,240	97,390
Social Islami Bank Limited	19,182,364	82,970
Prime Bank Limited	277,529	95,866
	412,994,289	381,221,166
10. 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. Name of Shareholders	No. of Shares	
	2017	
1 Shahjalal Islami Bank Limited	251,500,000	2,515,000,000
2 Alhaj Sajjatuz Jumma	1,250,000	12,500,000
3 Alhaj Anwer Hossain Khan	1,250,000	12,500,000
4 Alhaj Mohammed Faruque	1,250,000	12,500,000
5 Alhaj Tofazzal Hossain	1,250,000	12,500,000
6 Electra International Ltd. (Represented by : Alhaj Md. Sanaullah Shahid)	1,250,000	12,500,000
7 Shams Uddin Khan And Harun Miah Ltd. (Represented by : Alhaj Shams Uddin Khan)	1,250,000	12,500,000

		2017	2016
		Taka	Taka
8	Alhaj Mohammed Farooq	1,250,000	12,500,000
9	Alhaj Mohammed Hasan	1,250,000	12,500,000
10	Alhaj Md. Abdul Barek	1,250,000	12,500,000
11	Mrs. Shahan Ara Begum	1,250,000	12,500,000
12	Anwer Khan Modern Hospital Ltd. (Represented by: M. Shamsul Huq)	1,250,000	12,500,000
13	Alhaj Abdul Halim	1,250,000	12,500,000
14	Alhaj Mohiuddin Ahmed	1,250,000	12,500,000
15	Alhaj Akkas Uddin Mollah	1,250,000	12,500,000
16	Alhaj Khandoker Sakib Ahmed	1,250,000	12,500,000
17	Alhaj Engr.Md.Towhidur Rahman	1,250,000	12,500,000
18	Alhaj A. K. Azad	1,250,000	12,500,000
19	Alhaj Mohammed Younus	1,250,000	12,500,000
		274,000,000	2,740,000,000
		2,740,000,000	2,740,000,000
11. Short term borrowings			
	SJIBL, Bai-muazzal (Commercial) investment	250,000,000	650,000,000
	Social Islami Bank Ltd., Bai- Muazzal (Revolving) investment	255,000,000	700,000,000
	Borrowing from ICB	-	4,336,661
	Prime Bank Ltd., Bai- Muazzal (Revolving) investment	300,000,000	300,000,000
		805,000,000	1,654,336,661
12. Trade and other Payables			
	Accounts payable (Note-12.1)	1,466,789,084	1,683,092,705
	Other liabilities (Note-12.2)	1,216,685,041	1,680,457,995
		2,683,474,125	3,363,550,700
12.1 Accounts payable			
	Payable to client	365,832,381	243,795,946
	Payable to DSE	720,133	27,731,947
	Payable to CSE	1,097,433	2,452,300
	Payable to Shahjalal Islami Bank Limited (Note-12.1.1)	1,063,059,276	1,352,959,318
	Other payable (Note-12.1.2)	36,079,861	56,153,194
		1,466,789,084	1,683,092,705
12.1.1 Payable to Shahjalal Islami Bank Limited			
	Payable for others (Note-12.1.1.1)	885,127,287	885,027,329
	Profit Payable for margin investment	177,931,989	467,931,989
		1,063,059,276	1,352,959,318
12.1.1.1 Payable for others			
	Furniture & fixture	20,922,248	20,922,248
	Office equipment	12,146,207	12,146,207
	Profit prior to separation from bank	331,784,174	331,784,174
	Membership purchase (DSE & CSE)	518,500,000	518,500,000
	Incentive bonus -2012	1,379,100	1,379,100
	Other expenditure	395,558	295,600
		885,127,287	885,027,329

	2017 Taka	2016 Taka
12.1.2 Other payable		
Profit payable to SJIBL Bai- Muzzal (Commercial) investment	620,139	7,037,917
Profit payable to SIBL Bai- Muzzal (Revolving) investment	7,834,722	47,438,194
Profit payable to PBL Bai- Muzzal (Revolving) investment	27,625,000	1,677,083
	36,079,861	56,153,194
12.2 Other liabilities		
Accrued expenses	901,705	1,890,551
VAT payable	288,258	301,266
Office rent payable	1,403,890	831,098
Tax payable	209,463	129,943
Leave fare assistance payable	1,349,530	1,285,662
Income suspense account	16,651,626	16,651,626
Profit suspense account	1,194,759,678	1,592,856,965
Security deposit	25,128	54,518
Payable for Initial Public Issue (IPO) process	-	66,405,000
Payable to SJIBL for miscellaneous expenses	9,017	38,396
Cash dividend received on margin account	1,086,746	12,970
	1,216,685,041	1,680,457,995
13. Provision for income tax		
Opening Balance	211,046,488	176,639,152
Add: Provision made during the year	82,787,438	34,407,336
Closing Balance	293,833,926	211,046,488
14. Provision for investment in securities		
Opening Balance	65,000,000	65,000,000
Add: Provision made during the year	-	-
Closing Balance	65,000,000	65,000,000
15. Provision for margin investment		
Opening balance	423,620,900	425,000,000
Add:		
Transfer from provision for incentive bonus	-	(1,379,100)
Provision made during the year	-	-
Closing balance	423,620,900	423,620,900

The market value of shares of the client account having negative equity stood at Tk. 3,215,617,606 as on December 31, 2017 against equity investment Tk. 3,756,795,614 leaving a shortfall of Tk.1,176,196,089. If the market price of the shares go up in future this equity erosion will be reduced. The company has also maintained provision for margin investment Tk. 423,620,900 as mentioned under note-15 and profit suspense Tk. 1,194,759,678 under note-12.2. The Bangladesh Securities and Exchange Commission vide its Instruction no. BSEC/CMRRCD/2009-193/62 dated 28 December 2017 allowed the stock broker to provide the loss on margin investment in 5 quarters in equal amount (20%) beginning from December 2017 to December 2018. During the year the company has written off Tk.333,742,568.00 from margin account (Negative equity account) by using profit suspense of Tk. 266,024,563 and the rest amount of Tk. 67,718,005 by charging as loss in the Profit and Loss account.

	2017	2016
	Taka	Taka
16. Brokerage commission		
Commission income through DSE	200,714,329	116,968,159
Commission income through CSE	4,617,886	3,353,222
	205,332,215	120,321,381
17. Other operating income		
Capital gain on sale of shares	109,739,471	39,846,593
Dividend income	56,972,807	66,537,370
	166,712,278	106,383,963
18. Operating expenses		
Rent, taxes, insurance, electricity etc. (Note-18.1)	17,534,706	15,398,848
Legal and professional expenses	7,475	324,250
Postage, stamp, telecommunication etc. (Note-18.2)	2,570,931	2,571,397
Stationery, printing & advertisement (Note-18.3)	1,409,446	1,384,292
Depreciation, repairs & maintenance (Note-18.4)	7,258,347	6,744,226
Other operating expenses (Note-18.5)	102,152,482	83,960,382
	130,933,387	110,383,395
18.1 Rent, taxes, insurance, electricity etc.		
Office rent	14,897,880	13,094,422
Electricity & generator	2,409,667	2,124,035
Insurance for motor vehicle	61,815	122,226
Fuel	165,344	58,165
	17,534,706	15,398,848
18.2 Postage, stamp, telecommunication etc.		
Revenue stamp	26,045	16,031
Telephone & mobile	817,173	793,055
Networking	1,691,800	1,684,800
Postage & Courier	35,913	77,511
	2,570,931	2,571,397
18.3 Stationery, printing & advertisement		
Office stationery	153,923	129,050
Other stationery	118,318	96,050
Paper expenses	325,628	245,286
Advertisement	336,130	517,658
Printing	427,088	364,672
Computer Accessories	48,359	31,576
	1,409,446	1,384,292
18.4 Depreciation, repairs & maintenance		
Depreciation	6,693,920	6,593,203
Repair & maintenance	564,427	151,023
	7,258,347	6,744,226

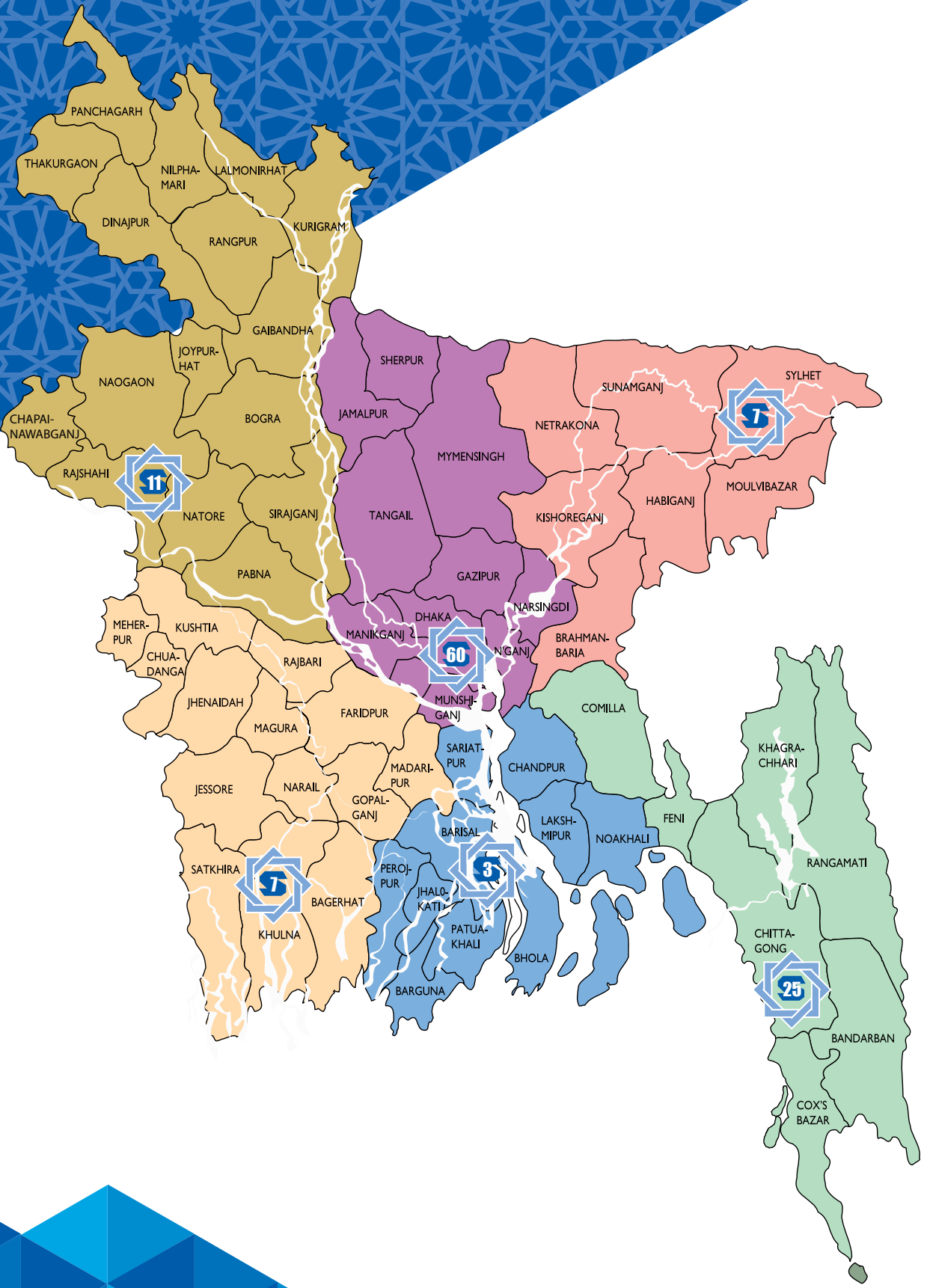
	2017 Taka	2016 Taka
18.5 Other expenses		
Commission expenses	2,333,386	541,612
Conveyance	167,364	133,810
Travelling and conveyance	98,279	61,793
Uniform	51,452	7,990
Water bill	504,008	285,700
Trade license renewal fee	546,110	879,245
Training expense	29,000	31,000
Bank charge	58,741	46,781
Excise duty	161,950	113,900
Entertainment	1,712,969	1,433,352
Howla charge	67,448	64,608
Laga charge	15,372,948	8,379,200
Audit fee	39,500	39,500
BO A/C maintenance fee	3,386,000	3,153,500
CDBL transaction fee	8,614,430	5,385,402
Loss for written off margin investment	67,718,005	62,033,042
Service charge	120,000	142,650
Utility bill	17,015	18,640
Directors fee	310,500	448,000
Software Expenses	126,000	131,670
Car Maintenance	21,862	35,400
Miscellaneous expenses	695,515	593,587
	102,152,482	83,960,382
19. Other income		
Margin documentation fee	21,000	2,000
BO account opening fee	458,000	327,500
Income from CDBL	1,527,036	853,326
Cheque dishonor fee	62,000	83,000
BO account maintenance charge	4,371,000	4,194,000
BO account closing fee	50,571	30,437
Profit on special notice deposit	4,150,684	1,896,904
Miscellaneous income	-	292,500
Income from IPO process	79,755	91,640
Notice pay earning	280,050	-
	11,000,096	7,771,307
20. Office and administrative expenses		
Basic salary	17,828,330	14,053,145
Allowances	22,843,672	19,899,713
Bonus	7,020,927	2,269,925
Contribution to provident fund	1,651,255	1,360,470
Other allowance	150,000	-
Office maintenance	1,662,402	1,462,902
	51,156,586	39,046,155

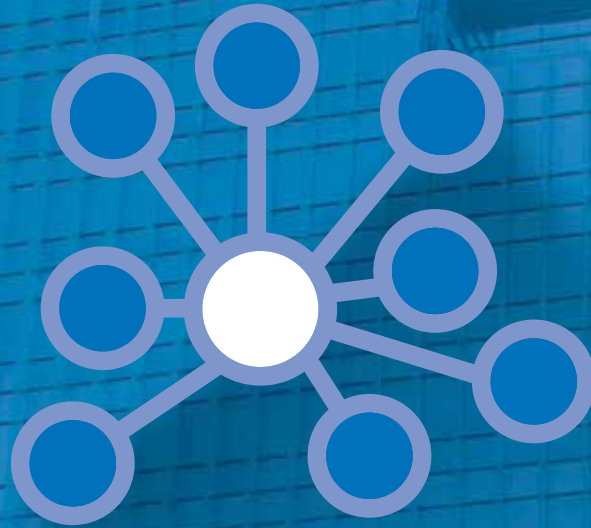
Shahjalal Islami Bank Securities Ltd.

Investment in securities

As at 31 December 2017

Sl. No.	Name Of The Company	Amount in Taka	
		31.12.2017 Cost Value	31.12.2017 Market Value
1	BXPHARMA	9,206,849.80	9,383,104.80
2	DESCO	56,700,119.90	54,480,000.00
3	ENVOYTEX	49,502,891.38	40,194,556.80
4	FAREASTLIF	55,898,738.65	48,605,700.00
5	ISLAMIINS	4,452,876.12	8,857,420.00
6	ORIONPHARM	54,309,616.24	51,495,526.10
7	PADMALIFE	41,230,608.46	50,200,000.00
8	POWERGRID	19,249,782.30	18,270,000.00
9	PRIMELIFE	43,350,416.59	31,704,750.00
10	RAKCERAMIC	37,532,282.97	34,861,800.00
11	SHASHADNIM	185,084,354.38	321,123,820.00
12	SAPORTL	44,240,391.61	34,300,000.00
13	TAKAFULINS	12,963,468.37	16,578,552.00
14	DACCADYE	112,370,345.99	40,383,750.00
15	TITASGAS	186,836,701.93	139,230,000.00
16	NAHEEACP	62,245.95	502,569.80
17	OIMEX	64,800.00	464,745.60
	Grand Total	913,056,491	900,636,295





BRANCH NETWORK

Dhaka Zone	:	60	Branches
Chittagong Zone	:	25	Branches
Khulna Zone	:	07	Branches
Sylhet Zone	:	07	Branches
Rajshahi Zone	:	11	Branches
Barisal Zone	:	03	Branches

Branches

DHAKA ZONE

Dhaka Main Branch

58 Dilkusha C/A, Dhaka-1000
Phone: 02-9570795-8, 9570804, 9570805
Fax: 02-9556011
e-mail: dhakamain@sjiblbld.com

Moulvi Bazar Branch (Former Mitford Branch)

Moulvi Bazar Tower, 69, 70 Moulvi Bazar, Dhaka
Phone: 02-7313788, 7315533
Fax: 02-7315534
e-mail: mitford@sjiblbld.com

Dhanmondi Branch

Momtaz Plaza (1st Floor), House # 07, Road # 04
Dhanmondi R/A, Dhaka-1205
Phone: 02-9665766-7, Fax: 02-57315534
e-mail: dhanmondi@sjiblbld.com

Gulshan Branch

40/5 North Avenue, Gulshan-2, Dhaka-1212
Phone: 02-9890520-1, 9893454, 9890322
Fax: 02-9893008
e-mail: gulshan@sjiblbld.com

Foreign Exchange Branch

Modern Mansion (1st & 2nd Floor)
53 Motijheel C/A, Dhaka-1000
Phone: 02-9574726-28, Fax: 02-9574729
e-mail: fex@sjiblbld.com

Joydevpur Chowrasta Branch

Khaleque Complex (1st Floor)
Joydevpur Chowrasta, Gazipur
Phone: 02-9262393-4, Fax: 02-9262393
e-mail: jcb@sjiblbld.com

Kawran Bazar Branch

T K Bhaban, 13 Kazi Nazrul Islam Avenue
Kawran Bazar, Dhaka
Phone: 02-9114044, 9122396, Fax: 02-9126604
e-mail: kawran@sjiblbld.com

Uttara Branch

Anwar Complex (1st Floor), House # 12
Road # 14/C, Sector # 4, Uttara Model Town Dhaka-1230
Phone: 02-8932084, Fax: 02-8953586
e-mail: uttara@sjiblbld.com

Bangshal Branch

215/1 Bangshal Road, Dhaka-1100
Phone: 02-9552922, Fax: 02-7172910
e-mail: bangshal@sjiblbld.com

Baipail (Dhaka EPZ) Branch

Swapneel Tower (1st Floor), Baipail, DEPZ, Savar, Dhaka
Phone: 02-7788292, Fax: 02-7790517
e-mail: baipail@sjiblbld.com

Narayanganj Branch

Osman Tower
56/1 S. M. Maleh Road, Narayanganj
Phone: 02-7635172, Fax: 02-7635173
e-mail: narayanganj@sjiblbld.com

Satmasjid Road Branch

Khuda Buksh Foundation (1st Floor)
Road # 11/A, House # 99, Dhanmondi, Dhaka-1209
Phone: 02-9127931, 9129848, Fax: 02-9129848
e-mail: satmasjid@sjiblbld.com

Banani Branch

Ataturk Tower (1st Floor), 22 Kamal Ataturk Avenue
Road # 17, Banani, Dhaka-1213
Phone: 02-9820627-8, 9820625 Fax: 02-9820626
e-mail: banani@sjiblbld.com

Joypara Branch

Monowara Mansion (1st Floor)
Joypara, Dohar, Dhaka
Phone: 02-7768155, Fax: 02-7768155
e-mail: joypara@sjiblbld.com

Motijheel Branch

Karim Chamber (Ground & 1st Floor)
99 Motijheel C/A, Dhaka-1000
Phone: 02-9563156, 9562763, Fax: 02-9564029
e-mail: motijheel@sjiblbld.com

Mirpur Branch

Saleha Complex (1st & 2nd Floor), Holding # 142/1
Begum Rokeya Sarani, Ward # 14, Mirpur-10
Phone: 9012962-3, 9012045, Fax: 88-02-9012857
e-mail: mirpur@sjiblbld.com

Savar Branch

Bismillah Super Market (1st Floor)
B-71/1 & B-72/1 Bazar Road, Savar, Dhaka
Phone: 02-7742894-5, Fax: 02-7742893
e-mail: savar@sjiblbld.com

Bijoyagar Branch

MCT Ally's Center (1st Floor)
40 Bijoyagar, Kakrail, Dhaka-1000
Phone: 02-9335771, 9344867, Fax: 02-9344867
e-mail: bijoy@sjiblbld.com

Progati Sarani Branch

Confidence Center (1st Floor), Kha-9, Progati Sarani
Gulshan, Dhaka-1229
Phone: 02- 9852248-9, Fax: 02- 9852247
e-mail: progati@sjiblbld.com

Keranigonj Branch

Ma Plaza (1st Floor), Shahid Nagar
Keranigonj, Dhaka
Phone: 02-7762293, 7762291, Fax: 02-7762292
e-mail: keranigonj@sjiblbld.com

Mymensingh Branch

Noor Fatema Tower (1st Floor)
25 Shawdeshi Bazar, Mymensingh
Phone: 091-64397, Fax: 091-62370
e-mail: mymensingh@sjiblbld.com

Panthapath Branch

ENA Tower, Di-Olie (1st Floor), 57/3, 57/4 Lake Circus Road
Kolabagan, Dhanmondi, Dhaka-1212
Phone: 02-9137723, 9133746 Fax: 02-9133745
e-mail: panthapath@sjiblbld.com

College Gate Branch

Union Center (1st Floor)
1/5 Mohammadpur Housing Estate, Mirpur Road, Dhaka
Phone : 02-9136291, 8150232, Fax: 02-9136197
e-mail: collegagate@sjiblbld.com

Baruakhali Branch

Baruakhali High School Market (1st Floor)
P.S.: Nababganj, P.O.: Baruakhali, Dhaka
Mobile: 01755556136
e-mail: baruakhali@sjiblbld.com

Madhabdi Branch

M. B. Tower (1st floor), Holding no.-256, Par Kashipur
Road, Madhabdi Bazar, Madhabdi, Narsingdi
Phone: 01755556137, 01755556237, 9446166 (PABX),
9446017, Fax: 9446167
madhabdi@sjiblbld.com

Ashkona Branch

City Port, 398 Ashkona Bazar Road
(Haji Camp), Dhaka
Phone: 02-8956762, Fax: 02-7911606
e-mail: ashkona@sjiblbld.com

Barachowna Bazar Branch

Barachowna Bazar, P.S.: Shakhipur, Tangail
Phone: 0755556145
e-mail: barachowna@sjiblbld.com

Shafipur Branch

A-62 Haji Osman Market, Shafipur Bazar, Kaliakair, Gazipur
Phone: 06822-51864-6, Fax- 06822-51867
e-mail: shafipur@sjiblbld.com

Gulshan South Avenue Branch

Nasa Heights, Holding No-47, Gulshan Avenue
Gulshan-1, Dhaka-1212
Phone: 02-9847406, Fax: 02-58816560
e-mail: gsa@sjiblbld.com

Tongi SME/Agri Branch

Rupali Plaza (1st Floor), Holding No. 24
Anarkoli Road, Tongi Bazar, Tongi, Gazipur
Phone: 02-9817393, PABX: 9817391-2, Fax: 02-9817394
e-mail: tongi@sjiblbld.com

Bhaluka SME/Agri Branch

Masud Market (1st Floor), Holding No. 58
Bhaluka, Mymensingh
Phone: 09022-56175, Fax- 09022-56237
e-mail: bhaluka@sjiblbld.com

Eskaton Branch

Eskaton Fantasia (1st Floor)
122 & 123 New Eskaton, Dhaka
Phone: 02-9355681, 8316973, Fax: 02-9355672
e-mail: eskaton@sjiblbld.com

Mawna Branch

N.S. Bhaban (1st Floor), Mawna Chowrasta, Sreepur, Gazipur
Phone: 06825-55026, Fax: 06825-53905
e-mail: mawna@sjiblbld.com

Faridpur Branch

110 Thana Road (1st & 2nd Floor), Faridpur
Phone: 0631-67156, 0631-67155, Fax: 0631-67154
e-mail: faridpur@sjiblbld.com

Tangail Branch

Nirala Complex (1st & 2nd Floor)
Nirala More, Main Road, Tangail
Phone: 0921-62434, Fax- 0921-62435
e-mail: tangail@sjiblbld.com

Shikarpur Nimtola Branch

Eajuddin Mollah Super Market (1st Floor)
573 Shirajdikhan, Keyan, Munshigonj
Cell: 01755556165
e-mail: nimtola@sjiblbld.com

Mohakhali Branch

Venture Tower (1st & 2nd Floor), Plot-03, Bir Uttam A.K.
Khandaker Road; Mohakhali C/A, Dhaka-1213
Phone: 01755556169, 01755556269, 9888586, 9884782,
9884784, Fax: 02 9881103
e-mail: mohakhali@sjiblbld.com

Nawabpur Road Branch

Fazlur Rahman Plaza (1st Floor)
218 Nawabpur Road, Dhaka
Phone: 02-7125943, 7125947, Fax: 02-7125982
e-mail: nawabpur@sjiblbld.com

Uttara Ladies Branch

Solar Trade Center (1st & 2nd Floor), Plot #16, Sector #11
Garib-E-Newaz Avenue, Uttara, Dhaka-1230
Phone: 02-8991901-2, Fax: 02-8991902
e-mail: uttaraladies@sjiblbld.com

Malibagh Chowdhurypara Branch

Holding # 34-B (1st Floor), DIT Road
Malibagh Chowdhurypara, Khilgaon, Dhaka-1219
Phone: 02-9357317, 02-8319725, Fax: 02-9334356
e-mail: malibagh@sjiblbld.com

Haluaghat Branch

Uttar Bazar, Haluaghat Sadar, Haluaghat, Mymensingh
Phone: 0902656136, Mob: 01755556177
e-mail: haluaghat@sjiblbld.com

Karatia Branch

Karatia Bazar (Karatia Bus Stand), Karatia, Tangail
Mob: 01755556178
e-mail: karatia@sjiblbld.com

Nawabgonj Branch

Isamoti Plaza (1st Floor), Baghmara Bazar, Kolakopa
Nawabgonj, Dhaka
Phone: 02-7765286, 7765289, Fax: 02-7765287
e-mail: nawabgonj@sjiblbld.com

Sarulia Branch

Khandaker Super Market (1st & 2nd floor) Khandaker
Moor, Tengra Road, Sarulia Bazar, Demra, Dhaka
Phone: 02-7500669 (Dir.), 02-7501002 (PABX)
Fax: 88-02-7500654
e-mail: sarulia@sjiblbld.com

Donia Branch

Fatema Monjil (1st Floor)
436 Donia, Zia Sarani Moor, Kadamtoli, Dhaka
Phone: 02-7549878, 02-7549873, Fax: 02-7549878
e-mail: donia@sjiblbld.com

Jamalpur Branch

Haji Market (1st floor), 84-85 Jam-e-Masjid Road
Jamalpur Sadar, Jamalpur
Phone: 09816-4990, 09816-4978, Fax: 09816-5022
e-mail: jamalpur@sjiblbld.com

Nagarpur Branch

Refaz Uddin Plaza (1st Floor), 369 Sadar Road
Nagarpur, Tangail
Phone: 09233-73212, 09233-73214
Mobile: 01755556186, Fax: 09233-73213
e-mail: nagarpur@sjiblbld.com

Bandura Branch

Roksana Shopping Complex and Pawl & Elizabeth Holy
Garden (1st Floor), 592 Old Bandura Bazar
Bandura, Nawabgonj, Dhaka
Phone: 01755-556187
e-mail: bandura@sjiblbld.com

Elephant Road Branch

Fahim Mansion (1st Floor), 23 Elephant Road
New Market, Dhaka-1205
Phone: 02-967710, 9673176
Fax: 02-9663236, Mobile: 01755-556190
e-mail: elephantrd@sjiblbld.com

Manikgonj Branch

Salam Tower (1st Floor), 168 Shaheed Rafique Road
Manikgonj Sadar, Manikgonj
Phone: 7711211, 7711620
Fax: 7711783, Mobile: 01755556192
e-mail: manikgonj@sjiblbld.com

Dighirpar Branch

Dighirpar Bus Stand, Mulchor
Tongibari, Munshigonj
Mobile: 01755556193
e-mail: dighirpar@sjiblbld.com

Charbhadrasan Branch

Charbhadrasan Bazar, Charbhadrasan, Faridpur
Phone: 01755556196, 06325-56012 (Direct)
06325-56013 (PABX), Fax: 06325-56014
e-mail: charbhadrasan@sjiblbld.com

Jurain Branch

Rezia Alam Shopping Complex (1st Floor), Holding No.-414/2
New Jurain, Alambagh Road, Kadamtoli Dhaka-1204
Phone: +88 01755556199
e-mail: jurain@sjiblbld.com

Chalakchar Branch

Chalakchar Bus Stand, Chalakchar
Monohardi, Narsingdi
Phone: 01755556402
e-mail: chalakchar@sjiblbld.com

Chinishpur Branch

Kafil Uddin Mansion (1st Floor), Nandipara
Velanagar, Narsingdi Sadar, Narsingdi
Phone: 01755556403, 029451960(PABX)
029451957(Direct), Fax: 029451959
e-mail: chinishpur@sjiblbld.com

Shahjalal Islami Bank Tower Branch

Shahjalal Islami Bank Tower
Plot No: 4, CWN(C), Gulshan Avenue, Dhaka-1212.
Phone: 01755556404
e-mail: towerbranch@sjiblbld.com

Ati Bazar Branch

Shah Alam Tower, 65 Ati Bazar Main Road
Keraniganj, Dhaka,
Phone: 01755556405, 01755556455
e-mail: atibazar@sjiblbld.com

Panchabati Branch

Mirbaksh Plaza, Panchabati, Fatulla
Narayanganj, Bangladesh
Phone: 01755556406
e-mail: panchabati@sjiblbld.com

Kalihati Branch

Haji Samad Shopping Complex
116 Kalihati Bus Stand, Kalihati, Tangail
Phone: 01755556408, 09227-74625, 09227-74016
e-mail: kalihati@sjiblbld.com

Sherpur Branch

Bhasha Sainik Shafiuddin Bhaban
187 C&B Road, Sherpur
Phone: 01755556409
e-mail: sherpur@sjiblbld.com

CHITTAGONG ZONE**Agrabad Branch**

Delwar Building, 104 Agrabad C/A, Chittagong
Phone: 031-2523050-3, Fax: 031-716960
e-mail: agra@sjiblbld.com

Khatungonj Branch

398/A Khatungonj (1st & 2nd Floor), Chittagong
Phone: 031-637256, 637275, 637257, Fax: 031-637281
e-mail: khatungonj@sjiblbld.com

Jubilee Road Branch

Haque Tower (1st Floor), 610/11 Jubilee Road, Chittagong
Phone: 031-2853151-2, Fax: 031-2853153
e-mail: jubilee@sjiblbld.com

Muradpur Branch

Shiraj Shopping Complex (1st Floor), 85 Muradpur, Chittagong
Phone: 031-2552589-91, Fax: 031-2552592
e-mail: muradpur@sjiblbld.com

Comilla Branch

Salahuddin Complex (1st & 2nd Floor)
Monohorpur Chowmuhoni, Laksam Road, Comilla
Phone: 081-61655, Fax: 081-61545
e-mail: comilla@sjiblbld.com

Ashugonj Branch

Doctor Plaza (1st Floor), Kachari Road, Ashugonj
Phone: 08528-74103
Fax- 08528-74104
e-mail: ashugonj@sjiblbld.com

Nazirhat Branch

B. A. Center (1st Floor), Nazirhat, Fatikchhari, Chittagong
Mobile: 01755556147
e-mail: nazirhat@sjiblbld.com

Chawkbazar Branch

2 Chawkbazar, kapashgola Road, Chittagong
Phone: 0312-865281-2, Fax: 0312-865284
e-mail: chawkbazar@sjiblbld.com

Ramgonj Branch

Islam Plaza (1st Floor), 85 Sonapur Bazar
Ramgonj, Laksmipur
Phone: 0382-475405, Fax: 0382-475072
e-mail: ramgonj@sjiblb.com

Cox's Bazar Branch

A. B. Super Market (1st Floor)
145 Laldighirpar, Cox's Bazar
Phone: 0341-52031, Fax: 0341-52032
e-mail: coxsbazar@sjiblb.com

Brahmanbaria Branch

City Center Shopping Complex (2nd Floor)
1072 Court Road, Brahmanbaria
Phone: 0851-611170, Fax: 0851-61370
e-mail: bbaria@sjiblb.com

Bandartila Branch

Zalal Plaza (1st Floor), 311 Bandartila
Sailor's Colony, Chittagong
Phone: 031-741174, 031-741203, Fax: 031-741195
e-mail: bandartila@sjiblb.com

Chowmuhani Branch

Ali Bhaban (1st & 2nd Floor), 1523 Karimpur Road
Chowmuhani, Begumganj, Noakhali
Phone: 0321-56646, Fax: 0321-56645
e-mail: chowmuhani@sjiblb.com

Hajigonj Branch

Maa Mansion (1st & 2nd Floor)
622 Hajigonj, Chandpur
Phone: 08424-75138, Fax: 08424-75139
e-mail: hajigonj@sjiblb.com

Laxmipur Branch

Haider Shopping Complex (2nd Floor)
339 Hospital Road, Laxmipur Sadar, Laxmipur
Phone: 0381-62306-8, Fax: 0381-61360
e-mail: laxmipur@sjiblb.com

Feni Branch

295-2 & 202 S. S. K. Road (1st & 2nd Floor)
Feni Sadar, Feni
Phone: 0331-69021-2, Fax: 0331-73372
e-mail: feni@sjiblb.com

Madunaghat Branch

Abul Farah Market (1st Floor), Madunaghat Bazar Road
Madarsha, Hathazari, Chittagong
Phone: 031-2573261-2, Fax: 031-2573264
e-mail: modunaghat@sjiblb.com

WASA Moor Branch

Mim Hasnat Tower (1st Floor), 88 High Level Road
WASA Moor, Lalkhan Bazar, Chittagong
Phone: 031-633060-1, Fax: 031-633062
e-mail: wmoor@sjiblb.com

Anderkilla Branch

Pubali Art Press Bhaban (1st Floor)
320 Anderkilla, Chittagong
Phone: 031-2869703, 031-2869701-2, Fax: 031-2869704
e-mail: anderkilla@sjiblb.com

Dattapara Branch

Chowdhury Bhaban (1st Floor), 549 Dattapara Road
Dattapara Bazar, Laxmipur Sadar, Laxmipur
Mobile: 01755556188
e-mail: dattapara@sjiblb.com

Gunabati Branch

Faraiji Shopping Complex (1st Floor), College Road
Gunabati, Chouddagram, Comilla
Mobile: 01755556189
e-mail: gunabati@sjiblb.com

Pahartoli Branch

Nazir Saleh Complex (1st Floor)
612/544 D. T. Road, Pahartoli, Chittagong
Phone: 03127-73872-3, FAX- 03127-73875
e-mail: pahartoli@sjiblb.com

Dashgharia Branch

Nur Shopping Complex, Paniwala Road, Dashgharia
Bazar, Chatkhil Noakhali, Bangladesh
Phone: 01755556410
e-mail: dashgharia@sjiblb.com

Mainamati Branch

A.M. Haji Market, Nishchintapur
Mainamati Cantonment, Comilla
Phone: 01755556411
e-mail: mainamati@sjiblb.com

Halishahar Branch

Shahidullah Bhaban, 1764/1/2221, North Agrabad, Doublemuring, Chittagong
Phone: 01755556412
e-mail: halishahar@sjiblb.com

KHULNA ZONE

Khulna Branch

4 KDA Avenue, Khulna
Phone: 041-2830458-60
Fax: 041-2830457
e-mail: khulna@sjiblbld.com

Jessore Branch

Sadhinata Castle (1st & 2nd Floor)
91 M.K. Road, Kotowali, Jessore
Phone: 0421-64641, 0421-65385, Fax: 0421-65386
e-mail: jessore@sjiblbld.com

Kaligonj Branch

Munsur Plaza (1st Floor)
162 Madhugonj Bazar, Kaligonj, Jhenaidah
Phone: 04523-56677, Fax: 04523-56678
e-mail: kaligonj@sjiblbld.com

Kushtia Branch

7 N. S. Road (1st & 2nd Floor)
Kushtia Sadar, Kushtia
Phone: 071-63094, 071-63103, Fax: 071-63095
e-mail: kustia@sjiblbld.com

Chudanga Branch

Malik Tower (1st & 2nd Floor)
43 & 107 Shaheed AK Road, Chudanga
Phone: 0761-81015, 0761-81013-4, Fax: 0761-81016
e-mail: chudanga@sjiblbld.com

Chuknagar Branch

Azad Plaza (1st floor), Chuknagar Bazar
Atlia, Dumuria, Khulna
Phone: 01973-772727, 01755556197
e-mail: chuknagar@sjiblbld.com

Hat Gopalpur Branch

Shahjalal Shopping Complex, Padmakar, Jhenaidah Sadar, Jhenaidah
Phone: +88 01755556400
e-mail: hatgopalpur@sjiblbld.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@sjiblbld.com

Sylhet Branch

Al-Falah Tower (1st Floor)
Dhupadighir Purbopar, Kotowali, Sylhet
Phone: 0821-725115, Fax: 0821-725225
e-mail: sylhet@sjiblbld.com

Dargah Gate Branch

297 Amberkhana, Dargah Gate, Airport Road, Sylhet
Phone: 0821-727234
Fax: 0821-814277, Mobile: 01755556112
e-mail: dargah@sjiblbld.com

Moulvibazar Branch

286/300 Ahmed Mansion (1st Floor)
Saifur Rahman Road, Moulvibazar-3200
Phone: 0861-62874-6, Fax- 0861-62875
e-mail: moulvi@sjiblbld.com

Goalabazar Branch

Afzal Mansion (1st Floor), Goala Bazar
P.O.: Goala Bazar, P.S.: Osmani Nagor, Sylhet
Phone: 08242-56307, Fax: 08242-56238
e-mail: goalabazar@sjiblbld.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@sjiblbld.com

Habiganj Branch

Harun Tower, 3679-01 B Zaman, Khan Road, Habiganj, Bangladesh
Phone: 01755556413
e-mail: habiganj@sjiblbld.com

RAJSHAHI ZONE

Saidpur Branch

Saidpur Plaza(1st Floor), Sher-e-Bangla Road, Saidpur, Nilphamari
Phone: 05526-73025, Fax: 05526-73027
e-mail: saidpur@sjiblbld.com

Rajshahi Branch

Habib Plaza (1st Floor), 111 Shaheb Bazar, Zero Point, Rajshahi
Phone: 0721-772402, Fax: 0721-772427
e-mail: rajshahi@sjiblbld.com

Bogra Branch

Nurul Hoque Tower (1st Floor)
357/395, Boro Gola More, Bogra
Phone: 051-67206, 051-67646, Fax: 051-67205
e-mail: bogra@sjiblbld.com

Naogaon Branch

Holding# 33/66 (1st Floor)
Naogaon Main Road, Chawkdev, Naogaon
Phone: 0741-62174, Fax: 0741-61496
e-mail: naogaon@sjiblbld.com

Dinajpur Branch

Holding No. 887/848 (1st Floor)
Gonesh Tola, Kotowali, Dinajpur
Phone: 0531-52052-3, Fax: 0531-52054
e-mail: dinajpur@sjiblbld.com

Rangpur Branch

Motahar Commercial Complex (1st Floor)
Jahaj Company Moor, GL Roy Road, Rangpur
Phone: 0521-63012, 0521-67901, Fax: 0521-63082
e-mail: rangpur@sjiblbld.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@sjiblbld.com

Chapainawabganj Branch

G. R. Bhaban (1st Floor), 62 Godagari Road, Baro Indara Moor
Chapainawabganj Sadar, Chapainawabganj
Phone: 0781-51571, 0781-51572
Fax: 0781-51573, Mobile: 01755556185
e-mail: chapainganj@sjiblbld.com

Thakurgaon Branch

Galary Complex, 722 Bangabandhu Road, Thakurgaon
Phone: +88 01755556195
e-mail: thakurgaon@sjiblbld.com

Pabna Branch

J. P. Super Market (1st floor), 985 M. M. Ali Road,
Delalpur, Pabna
Phone: 01874-799051, 01755556198
e-mail: pabna@sjiblbld.com

Joypurhat Branch

Tofayel Complex, 173/1 & 203, Sadar Road, Joypurhat, Bangladesh
e-mail: joypurhat@sjiblbld.com

BARISAL ZONE

Khepupara Branch

116 Oil Mill Road, Khepupara, Patuakhali
Phone: 04425-56507, Fax: 04425-56508
e-mail: khepupara@sjiblbld.com

Barisal Branch

Hawladar Plaza (1st & 2nd Floor)
475 K. B. Hemayet Uddin Road, Barisal
Phone: 0431-2177505, 62138, Fax: 0431-62262
e-mail: barisal@sjiblbld.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
amtali@sjiblbld.com

OFF-SHORE BANKING UNIT

Shahjalal Islami Bank Tower
Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212
Phone: 88-02-9845457 (Hunting)

SHAHJALAL ISLAMI BANK SECURITIES LIMITED

Main Office

Jiban Bima Bhaban, Front Block (4th Floor)
10 Dilkusha Commercial Area, Dhaka-1000
Phone : 02-9577564, Fax: 02-7161877

Extension of Main Office

Karim Chamber (1st Floor)
99 Motijheel C/A, Dhaka 1000
Phone: 02-7113825, Fax: 02-7161877

DHAKA ZONE

Gulshan Unit

Jabbar Tower (4th Floor), 42 Gulshan Avenue
Road No. 135, Gulshan-1, Dhaka-1212
Phone: 02-9861338, 9860950, Fax: 02-9860423

College Gate Unit

Union Center (1st Floor), 1/5 Mohammadpur
Housing Estate, Mirpur Road, Dhaka
Phone: 02-8156267, 9110323

Savar Unit

Sk. Purnima View, House No. 87/A (1st Floor)
Bazar Road, Savar, Dhaka
Phone: 02-7744108, 7744109, Fax: 02-7744107

Uttara Unit

Tropical Rafa Tower (3rd Floor)
Plot No. 02, Road No. 12, Sector- 6, Uttara, Dhaka
Phone: 02-8963046, 8963276, Fax: 02-8960376

CHITTAGONG ZONE

Agrabad Unit

Delwar Building
104 Agrabad C/A, Chittagong
Tel: 031-2528353, Fax: 031-2528352

Chawkbazar Unit

2 No. Chawkbazar (3rd Floor)
Kapashgola Road, Chittagong
Phone: 031-626403, 031-626402, 626404

SYLHET ZONE

Sylhet Unit

Al-Falah Tower (1st Floor), East Dhopa Dighir Paar, Sylhet
Phone: 0821-720966, Fax: 0821-720711

ATM Location

DHAKA ZONE	
Gulshan ATM Booth	40/5, North Avenue, Gulshan-2, Dhaka-1212
Dhanmondi ATM Booth	Momtaz Plaza, House # 07, Road # 04, Dhanmondi R/A, Dhaka
Dilkusha ATM Booth	58 Dilkusha C/A, Dhaka-1000
Motijheel ATM Booth	Karim Chamber, 99, Motijheel C/A, Dhaka
Anwer Khan Mordern Hospital & College ATM Booth	Road No.-08, Dhanmondi, Near Mirpur Road, Dhaka
Gulshan South Avenue ATM Booth	Nasa Heights, Holding No-47, Gulshan Avenue, Gulshan-1, Dhaka-1212
Tangail ATM Booth	Nirala Complex, Par Dihgulia, Tangail
Savar ATM Booth	Bismillah Super Market, Holding no.:71/1&72/1, Savar
Shafipur ATM Booth	A-62 Haji Osman Market,Shafipur Bazar,Kaliakair, Gazipur
Wari ATM Booth	24/C, Ranking Street Wari Dhaka
Uttara ATM Booth	Anwer Complex, House#12,Road#14/C, Sec#04, Ward#01 Uttara Model Town, Dhaka
Uttara (Ladies Branch) ATM Booth	Solar Trade Center, Plot No.: 16, Sector: 11, Garib-E-Newaz Avenue Uttara Residential Area , Uttara, Dhaka
Malibag Chowdhury Para ATM Booth	34/B, DIT Road, Malibag Chowdhury Para, Dhaka
Karatia ATM Booth	Plot-584/587, Karatia Bazar, Tangail
Sarulia ATM Booth	Khandaker Super Market, Khandar Moor, Tanra Road, Ward-05 Union- Sarulia, PO- Sarulia Bazar, Demra, Dhaka
Joypara ATM Booth	Monowara Mansion, Joypara, Dohar, Dhaka
Haluaghat ATM Booth	Kamar Potti, Halua Ghat, Halua Ghat Sadar, Mymensing
Baruakhali ATM Booth	Baruakhali high school market, Baruakahli, Nobabgong, Dhaka
Shikarpur Nimtola ATM Booth	Eajuddin Mollah Super Market (Ground floor floor), 573 Shirajdikhan Keyan, Munshigonj
Mymensingh ATM Booth	Mymensingh College Super Market, Holding: 42/2, Rambabu Road, Mymensingh Sadar, Mymensingh
Nagarpur ATM Booth	Refaz Uddin Plaza (1st Floor), 369 Sadar Road, Nagarpur, Tangail
Baipail ATM Booth	Swapneel Tower, Baipail, Ashulia, Dhaka EPZ, Savar, Dhaka
Ha-Meem Group ATM Booth 1	407 Tejgoan Industrial Area, Dhaka-1208
Banani ATM Booth	Ataturk Tower (1st floor) 22 Kamal Ataturk Avenue, Banani Dhaka-1213
Ha-Meem Group ATM Booth 2	407 Tejgoan Industrial Area, Dhaka-1208

Narayangonj ATM Booth	Osman Tower, 56/1 SM Maleh Road, Narayangonj
Incepta_HO ATM Booth	Incepta Pharmaceuticals Ltd. Head Office 40, Shahid Tajuddin Ahmed Sarani, Tejgaon, I/A, Dhaka
Aswad_Mawna_1 ATM Booth	Aswad Composit Mills, 1317, Beraider Chala, Sreepur, Gazipur
Aswad_Mawna_2 ATM Booth	Aswad Composit Mills, 1317, Beraider Chala, Sreepur, Gazipur
Incepta_Manikgong ATM Booth	Incepta Pharmaceuticals Ltd. Factory: Krishnapura, Shahabelishwar Dhanrai, Dhaka
Al-Razzak Bangshal ATM Booth	Hotel Al-Razzak (Pvt) Ltd, 29/1, North South Road, Bangshal, Dhaka
Charbhadrasan ATM Booth	Charbhadrasan Bazar, Charbhadrasan, Faridpur
Joydevpur Chowrasta Branch ATM	Khaleque Complex (1st floor), Joydevpur Chowrasta, Gazipur
SJIBL Incepta_Savar_01 ATM	Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati Jirabo, Savar, Dhaka
SJIBL Incepta_Savar_02 ATM	Incepta Pharmaceuticals Ltd, Dewan Idris Road, Boro Rangamati Jirabo, Savar, Dhaka
SJIBL Tower ATM	Shahjalal Islami Bank Tower, Plot No: 4, CWN(C) Gulshan Avenue, Dhaka-1212.
Elephant Road Branch ATM Booth	Fahim Mansion (1st Floor), 23 Elephant Road, New Market, Dhaka-1205
Ati Bazar Branch ATM Booth	Shah Alam Tower, 65 Ati Bazar Main Road, Keraniganj, Dhaka
Kalihati Branch ATM Booth	Haji Samad Shopping Complex, 116 Kalihati Bus Stand, Kalihati, Tangail
Anowara ATM Booth	Anowara Knit Composite Limited, Mulayed, Mawna, Sreepur, Gazipur
Jurain Branch ATM Booth	Rezia Alam Shopping Complex (1st Floor), Holding No.-414/2, New Jurain, Alambagh Road, Kadamtoli, Dhaka-1204

CHITTAGONG ZONE

Agrabad ATM Booth	104, Agrabad C/A, Chittagong
Chawkbazar ATM Booth	2 Chawkbazar, Kapashgola Road, Chittagong
Bandartila ATM Booth	Zalal Plaza, 311 Bandartila, Sailor's Colony, Chittagong
Laxmipur ATM Booth	Ali-Haidar Shopping Complex, Holding No.#339, Hospital Road P.O+P.S: Laxmipur, Ward No#07, Dist-Laxmipur
Hajigong ATM Booth	Holding No.-622,P.O+P.S-Hajigong, Ward No.-06, Chadpur
Brahmanbaria ATM Booth	City Center Shopping Complex, 1072 Court Road
Chowmuhuni ATM Booth	Ali Bhaban, 1523 katimpur Road, Chowmuhuni, Begumganj, Noakhali
Comilla ATM Booth	Comilla Tower, Laxam Road, Comilla
Gunabati ATM Booth	Faraiji Shopping Complex (1st Floor), College Road, Gunabati, Chouddagram, Comilla

Feni Branch ATM Booth	Star Line Complex, 314/1, S.S.K Road, Feni
Dashgharia Branch ATM Booth	Nur Shopping Complex, Paniwala Road, Dashgharia Bazar, Chatkhil, Noakhali
Halishahar Branch ATM Booth	Shahidullah Bhaban, 1764/1/2221 North Agrabad, Doublemuring, Chittagong

SYLHET ZONE

Sylhet ATM Booth	Star view Tower, Sylhet
Al-Falah ATM Booth	Dhopa Dighirpar, Sylhet
Darghagate Branch ATM Booth	Amin Complex, 80/A-1, Waves, Airport Road, Amberkhana, Sylhet
Habiganj Branch ATM Booth	Harun Tower, 3679-01 B Zaman Khan Road, Habiganj

KHULNA ZONE

Khulna ATM Booth	Moon Mansion, 10 KDA Avenue Moylapota More, Khulna
Jessore ATM Booth	Sadhinata Bhaban, Holding no:91, M.K. Road. Kotawaly, Jessore
Kushtia ATM Booth	Shop No.#09, Chowdhury Super Market, 1-Sir Sayed Ahammed Road Panch Raster more/Sapla more, Thana para, Kushtia
Chuadanga ATM Booth	Malik Tower, Holding No-43 & 107, Chuadanga
Chuknagar ATM Booth	Azad Plaza (1st floor), Chuknagar Bazar, Atlia, Dumuria, Khulna
Hat Gopalpur Branch ATM Booth	Shahjalal Shopping Complex, Padmakar, Jhenaidah Sadar, Jhenaidah

RAJSHAHI ZONE

Bogra ATM Booth	Nurul Haque Tower, 357/395, Boro Gola Mor, Bogra
Rajshahi ATM Booth	Al-Helal Super Market (Ground Floor) shop No.-02, Sahebbazar, P.S- Bliia, Rajshahi
Naogaon ATM Booth	3366 Chawkdeb, Naogaon, Dist: Naogaon
Saidpur ATM Booth	Saidpur Plaza(1st Floor), Sere Bangla Road Saidpur, Nilphamari
Dinajpur ATM Booth	T&T Road, South Munshi para, Bahadur Bazar, Dinajpur
Chapainawabgonj ATM Booth	Monsur Mansion, Boro Indra Mor, Chapinawabgonj sador, Chapinawabgonj-6300
Rangpur ATM Booth	Shalek Pump, Station Road, Rangpur
Thakurgaon ATM Booth	Galary Complex, Bango Bando Road, Thakurgaon
Pabna ATM Booth	J. P. Super Market (1st floor), 985 M. M. Ali Road, Delalpur, Pabna
Bogra ATM 2 Booth	House No. 511/579, Khandar Mor, Carmichael Road, Ward No. 9, Bogra Sadar, Bogra

BARISHAL ZONE

Amtali Branch ATM Booth	N Islam Mansion, Holding No-189/1, New Bazar Hospital Road, Amtali, Barguna
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Shahjalal Islami Bank Limited

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

PROXY FORM

I/We _____ of (address) _____
_____ being the Member of Shahjalal Islami 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 17th Annual General Meeting to be held on Sunday the 08th July 2018 at 09.00 am at the
RAOWA Convention Hall No.1 (HELMET), VIP Road, Mohakhali, Dhaka-1206 at any adjournment thereof.

Signed this _____ day of _____ 2018.

(Signature of the Member)

(Signature of the Proxy)

BO ID No. of Member																				
---------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Affix Revenue Stamp of Tk. 20.00
--

Signature Verified by

(Signature of the Member)

Authorized Signatory of the Bank

Notes:

- This Proxy Form, duly filled and stamped, must be deposited at least 72 (seventy two) hours before scheduled time of the meeting at the Company's Share Department.
- Signature of the Shareholders should match with the specimen signature registered with the Company/Depository Participant(s).

Shahjalal Islami Bank Limited

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

ATTENDANCE SLIP

I do hereby record my attendance at the 17th Annual General Meeting to be held on Sunday the 08th July 2018 at 09.00 am at the RAOWA Convention Hall No.1 (HELMET), VIP Road, Mohakhali, Dhaka-1206.

Name of the Member/Proxy (in Block Letter)																				
BO ID No. of Member																				

Signature Verified by

(Signature of the Member/Proxy)

Authorized Signatory of the Bank

Note:

- Any friend or children accompanying with the honorable Shareholder/Proxy will not be allowed to attend the meeting.

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নির্দেশনা অনুযায়ী আসন্ন বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারদের জন্য কোন ধরনের উপহার/খাবার/কুপন প্রদানের ব্যবস্থা থাকবে না।



Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

Corporate Head Office:

Shahjalal Islami Bank Tower

Plot No.-04, Block-CWN(C), Gulshan Avenue, Dhaka-1212

Phone: + 88-02-9845457 (Hunting)

Email: sjibho@sjibld.com