

ANNUAL REPORT 2016



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 2016 of Shahjalal Islami Bank Limited including Audit Report and Audited Financial Statements for the year ended 31 December 2016 along with Notes thereon for your kind information and record.

Thanking you,

Yours Truly,

Sd/-
Md. Abul Bashar
Company Secretary



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Shahjalal Islami Bank Limited

Registered Office: Uday Sanz, Plot No.SE(A),
2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212

NOTICE OF THE 16TH ANNUAL GENERAL MEETING

Notice is hereby given to all shareholders of Shahjalal Islami Bank Limited that the 16th Annual General Meeting of the Company will be held on **Wednesday the 5th July 2017 at 11.00 a.m. at the 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 2016 along with the Auditor's Report and the Directors' Report thereon.
2. To approve Dividend for the year ended 31 December 2016 as recommended by the Board of Directors.
3. To elect/re-elect Directors in accordance with the provisions of the Articles of Association of the Company and the relevant laws of the regulatory authorities.
4. To approve the appointment/re-appointment of Independent Director(s).
5. To appoint Auditors of the Company for the next term and to fix their remuneration.

By order of the Board of Directors

Dated: 23-05-2017

Sd/-
Md. Abul Bashar
Company Secretary

Notes:

- The "Record Date" in lieu of Book Closure was on Thursday, 27 April 2017.
- The Board of Directors has recommended 10% Cash Dividend and 5% Stock Dividend for the year ended 31 December 2016. The Shareholders whose names appeared in the Register of Members of the company and/or Depository as on the Record Date i.e. 27 April 2017 will be eligible to attend the meeting and entitled to the dividend.
- Any member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on his/her behalf. The instrument appointing a proxy duly signed by the Member and stamped must be submitted at the Registered Office of the Company at least 72 (Seventy two) hours before the meeting.
- The existing Auditors M/s. Hoda Vasi Chowdhury & Co., Chartered Accountants, being eligible for re-appointment.
- Annual Report 2016, 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 2016, members may collect the same from the Company's Registered Office within 29 June 2017. Soft copy of the Annual Report 2016, Proxy Form and this Notice will be available in the Company's website: www.sjiblb.com
- Hon'ble Members are requested to submit their written option to receive dividend to the Company's Registered Office on or before 22 June 2017. In case of non-submission of such option within the stipulated time, the dividend will be paid off as deemed appropriate by the Company.
- 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

The table given below provides a cross reference to the standard disclosures to the key section of the Annual Report 2016:

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Financial Highlights

Total Capital

Tk. 14,386m

2015: Tk. 13,355m
2014: Tk. 12,773m

Tk. 167,245m

2015: Tk. 137,870m
2014: Tk. 126,758m

Total Asset

Total Deposit

Tk. 124,410m

2015: Tk. 109,259m
2014: Tk. 98,601m

Tk. 122,998m

2015: Tk. 96,835m
2014: Tk. 84,062m

Total Investment

Import Business

Tk. 100,419m

2015: Tk. 85,959m
2014: Tk. 83,731m

Tk. 84,769m

2015: Tk. 82,571m
2014: Tk. 76,734m

Export Business

Cost of Fund

8.24%

2015: 9.53%
2014: 10.34%

Tk. 138,949m

2015: Tk. 108,012m
2014: Tk. 97,873m

Profit Earning Asset

Classified Investment

4.70%

2015: 6.47%
2014: 7.87%

11.54%

2015: 13.52%
2014: 13.61%

Capital to Risk-weighted Assets Ratio

Operating Profit

Tk. 2,979m

2015: Tk. 2,377m
2014: Tk. 2,333m

Tk. 2,306m

2015: Tk. 1,758m
2014: Tk. 776m

Profit Before Tax

Earnings Per Share (EPS)

Tk. 2.12

2015: Tk. 1.76
2014: Tk. 1.02

Tk. 17.50

2015: Tk. 16.68
2014: Tk. 15.92

Net Asset Value Per Share

SJIBL has continued to deliver consistent, diverse and sustained growth while investing to underpin future momentum and building balance sheet resilience.

Operating Highlights

Number of
**Delivery
Points**

2016: 103

2015: 93

Number of
ATMs

2016: 64

2015: 50

**Staff
Strength**

2016: 2,191

2015: 2,156

Contribution to
**National
Exchequer**

2016: 1,723m

2015: 1,491m

CSR

2016: 77m

2015: 56m

Number of
Clients

2016: 596,853

2015: 543,136

Number of
**Drawing
Arrangements**

2016: 9

2015: 9

Number of
**AD
Branches**

2016: 19

2015: 19

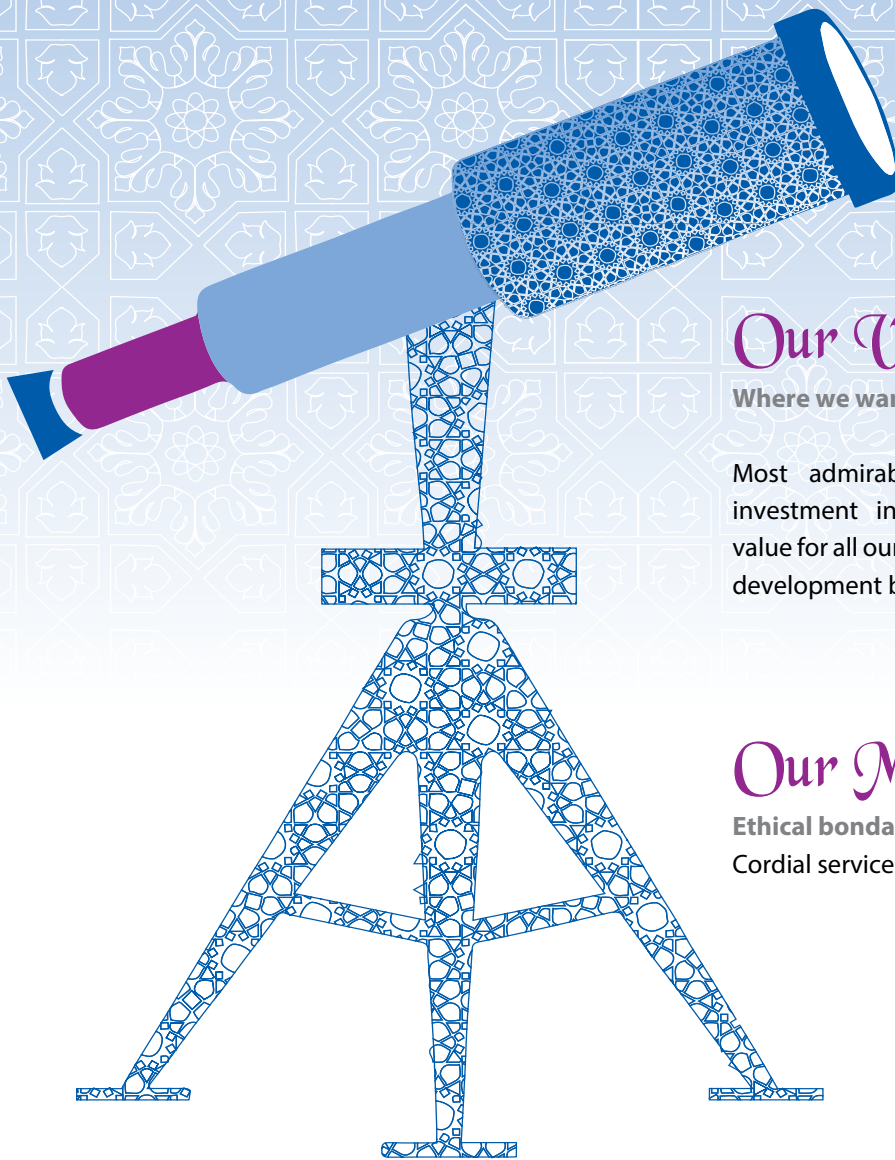


*Door to
Ethical
Progression*

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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 Shari'ah

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

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. The Bank's continued success depends heavily on all member staffs of SJIBL family doing their best to maintain and enhance our tradition of honesty, integrity, fairness, excellence, respect and concern for others.

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

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



Forward Looking Statement

Forward Looking Statement forecasts certain conditions & changes that might influence/impact on 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 & domestic/global economic trend; legislative/regulatory changes; monetary and fiscal policies of the Government including policies of Bangladesh Bank; the quality or composition of the general 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 & 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.

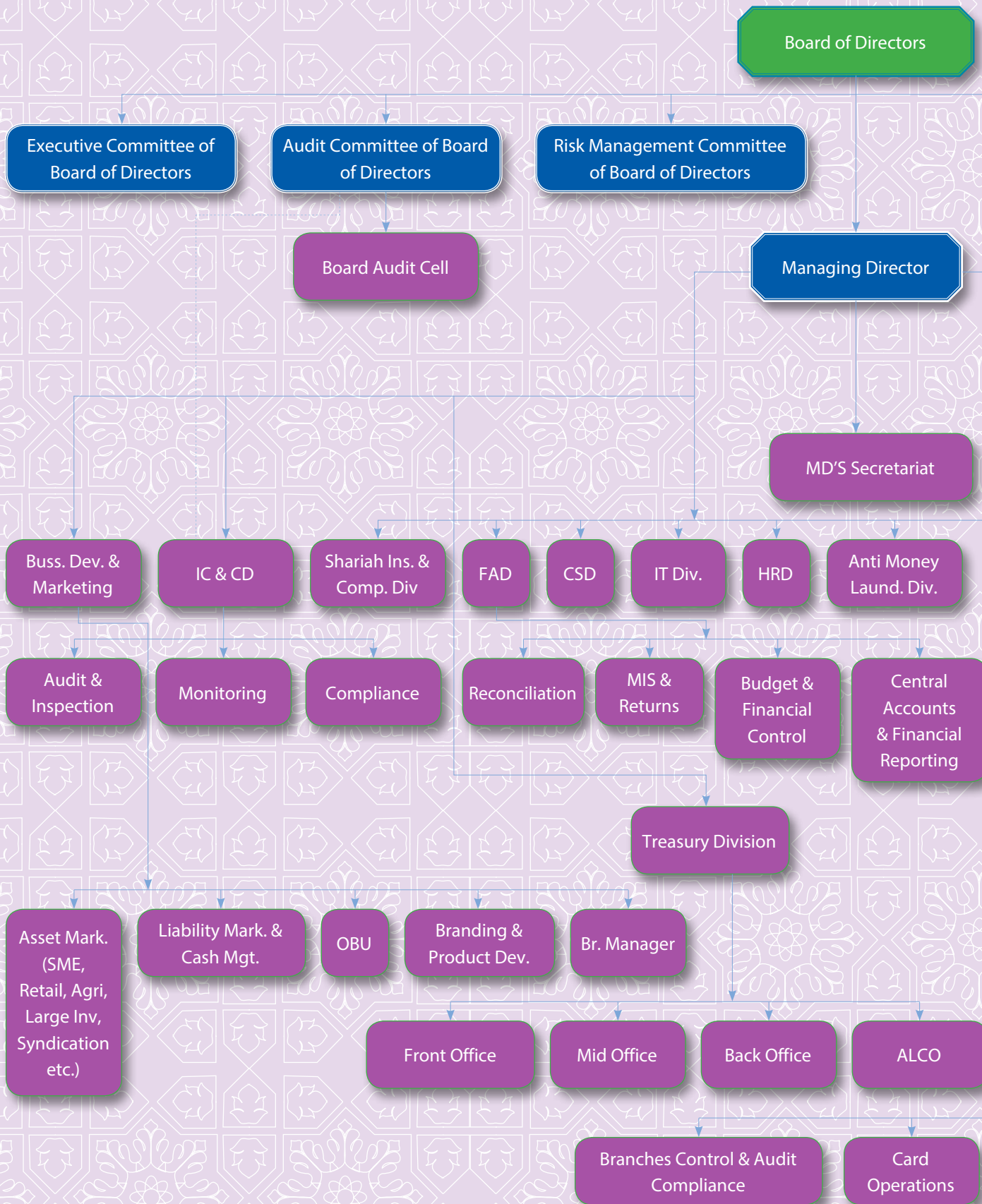
The Forward Looking Statement as the Bank senses may be as follows:

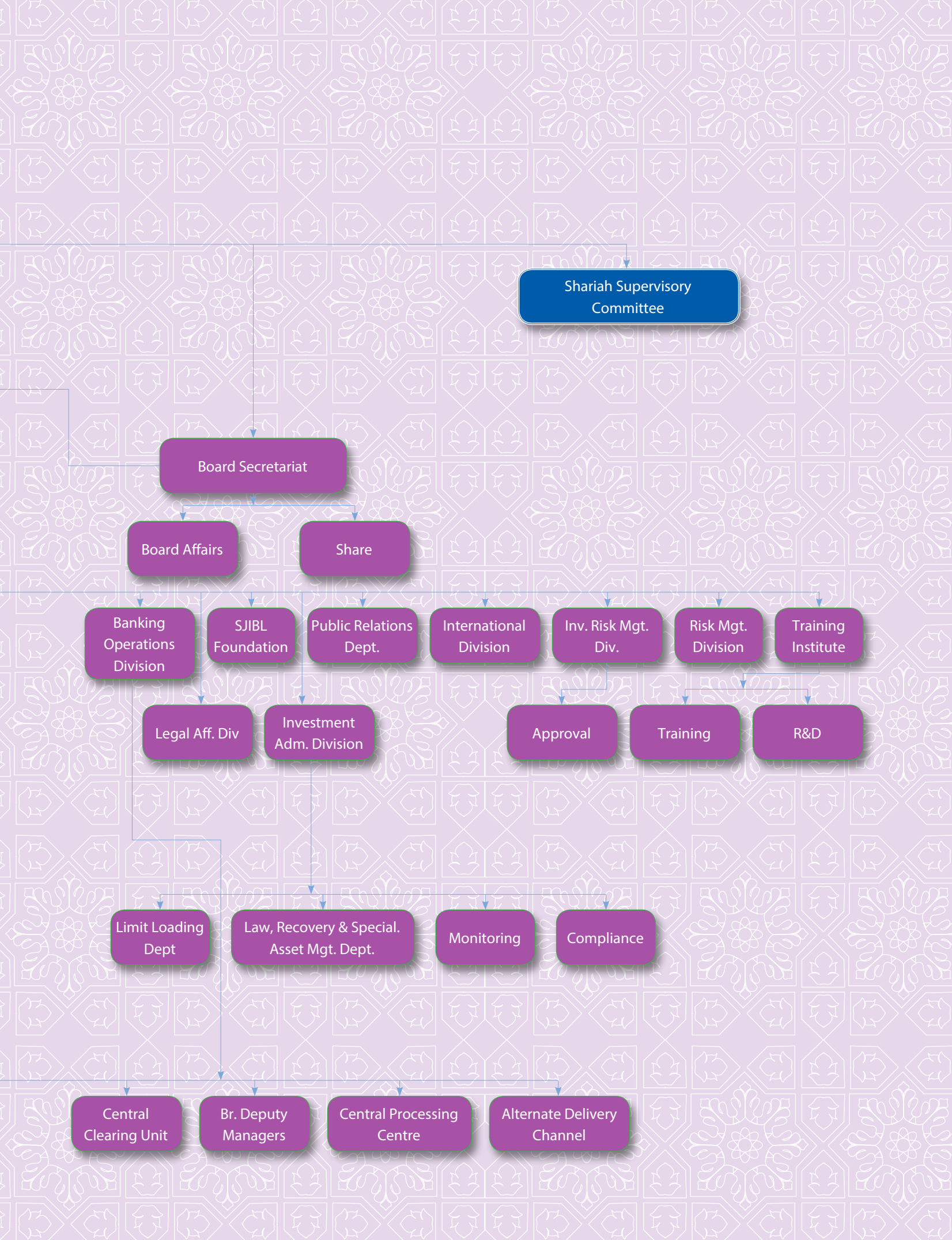
- Adverse credit and capital market conditions may significantly affect the ability to meet liquidity needs and increase cost of funding;
- Declining market value of assets could adversely affect the operations or profitability;
- An increase in defaults under our investment portfolio could adversely 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

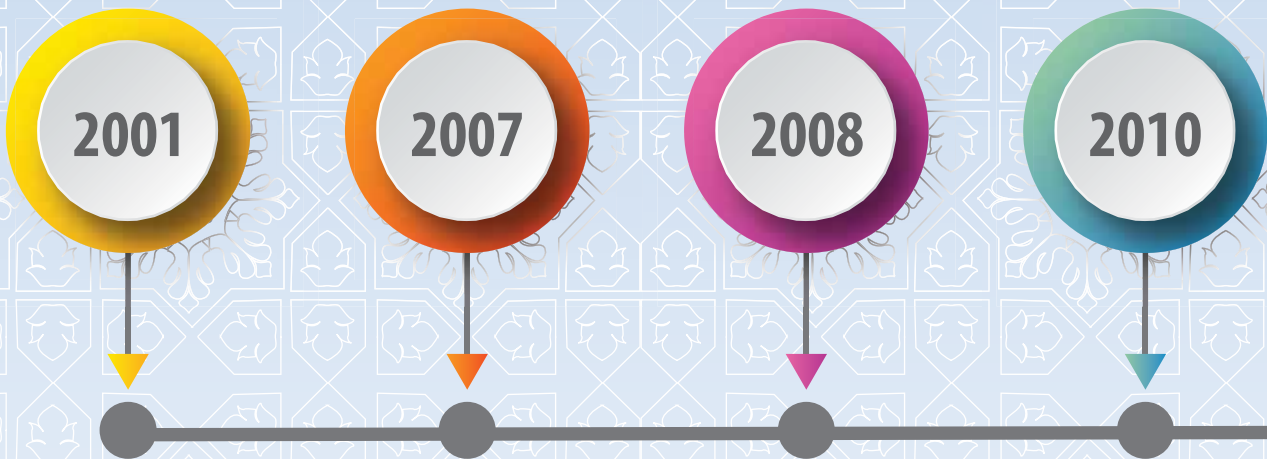
Name of the Company	Shahjalal Islami Bank Limited
Legal Form	A public limited company incorporated in Bangladesh on 1st April 2001 under the Companies Act 1994 and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.
Commencement of Business	10th May 2001
Registered Office	Uday Sanz, 2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212.
Telephone No.	88-02-9845457, 9848736
Fax No.	88-02-9847607
Website	www.sjibld.com
SWIFT	SJBLDDH
E-mail	sblho@sjibld.com
Chairman	Engr. Md. Towhidur Rahman
Managing Director	Farman R. Chowdhury
Auditors	M/s. Hoda Vasi Chowdhury & Co, Chartered Accountants BTMC Bhaban (7th & 8th floor) 7-9 Kawran 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 Navana-DH Tower, Level 15, Plot-06, Panthapath, Dhaka-1215 Phone: 88-02-55013678-79
No. of Branches	103
No. of ATM Booths	64
Subsidiary Company	Shahjalal Islami Bank Securities Limited Jiban Bima Bhaban (4th Floor), 10 Dilkusha C/A, Dhaka 1000
Off-Shore Banking Unit	1
No. of Employees	2,191
Authorized Capital	Tk. 10,000 million
Paid up Capital	Tk. 7,347 million

Organogram of Shahjalal Islami Bank Limited





Milestones



2001

2007

2008

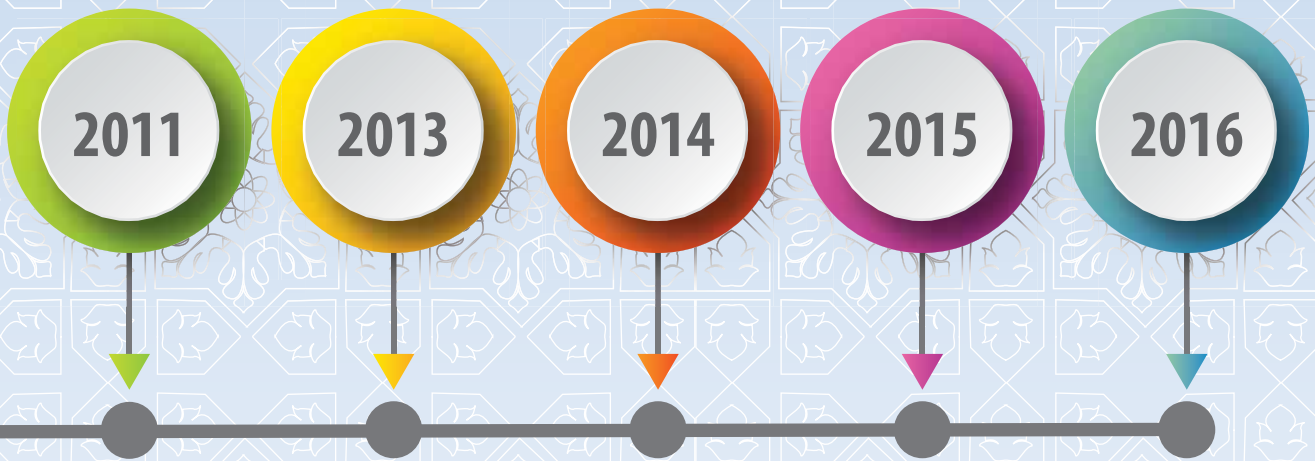
2010

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

- 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

- Opening of Off-shore Banking Unit

- 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



- Started operation of Shahjalal Islami Bank Securities Limited

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

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

- Establishment of full-fledged Shahjalal Islami Bank Training Academy

- Completion of 15 years of service
- 100th Branch Opened at Hat Gopalpur, Jhenaidah

Products and Services

**মুদারাবা
দ্বিগুণ বৃদ্ধি**
আমাদের প্রকল্প

পরিমাণ সত্তা পরিবর্তিত হয়নি...!

ন্যূনতম ১০,০০০ টাকা বা এর প্রতিশত যে কোন পরিমাণ অর্থ জমা করে ৯ বছর ৭ মাসে পাওয়া যাবে **দ্বিগুণ অর্থ** (প্রাক্কলিত*)।

শাহজালাল ইসলামী ব্যাংক
আর্থনিক সেবার প্রতিশ্রুতি
www.sjibd.com

**মুদারাবা
তিনগুণ বৃদ্ধি**
আমাদের প্রকল্প

ন্যূনতম ১০,০০০ টাকা বা এর প্রতিশত যে কোন পরিমাণ অর্থ জমা করে ১৪ বছরে ৮ মাসে পাওয়া যাবে **তিনগুণ অর্থ** (প্রাক্কলিত*)।

শাহজালাল ইসলামী ব্যাংক
আর্থনিক সেবার প্রতিশ্রুতি
www.sjibd.com

**হজ
সেবার প্রকল্প**

১ থেকে ১০ বছর মেয়াদে সর্বনিম্ন ২,০০০ টাকা থেকে সর্বোচ্চ ২৮,২৪০ টাকা হারে মাসিক কিংবা জমা করে হজ আদায়ে প্রয়োজনীয় অর্থ পাওয়া যাবে (প্রাক্কলিত*)।

শাহজালাল ইসলামী ব্যাংক
আর্থনিক সেবার প্রতিশ্রুতি
www.sjibd.com

আজকের সফরে উজ্জ্বল ভবিষ্যৎ-
আপনার সন্তানের সুন্দর ভবিষ্যৎ গড়ে উঠুক
শাহজালাল ইসলামী ব্যাংকের সাথে

**শাহজালাল ইসলামী ব্যাংক
SCHOOL BANKING**

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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

Shahjalal Islami Bank
LIMITED
Committed to Cordial Service

YOU DO RIGHT BY SAVING. WE DO RIGHT BY NOT CHARGING* YOU FOR IT.

higher profit rate (provisional) on Daily balance

*Provisional rate

• Profit Payment Monthly
• All Charges Bank Free
• Daily Card Free
• Fund and Corporate Free
• SMS Banking Free
• Online Service Charge Free

Mudarabah Money Spinning account will give you higher profit rate (provisional) than any other savings account. To know details visit our website. The account is fully Shariah compliant and has been designed to cater the needs of valued customers.

**মুদারাবা
হালল ইনভেস্টমেন্ট**

প্রতি মাসে ১,১০০ টাকা থেকে ১৪,০০০ টাকা পর্যন্ত বিভিন্ন পরিমাণ অর্থ জমা করে বেসে বিভিন্ন মেয়াদে শেষ হলে অর্থ একত্রিত বিশিষ্ট **পরিষ্কৃত** প্রকল্পে প্রকল্পে।

মেয়াদ	অর্থ জমা করে (টাকা)	বেসের প্রাপ্তি শেষ হলে (টাকা)
১ বছর	১,১০০ থেকে ১,১০০	১,১০০ থেকে ১,১০০
১০ মাস	১,১০০ থেকে ১,১০০	১,১০০ থেকে ১,১০০
৯ মাস	১,১০০ থেকে ১,১০০	১,১০০ থেকে ১,১০০
৮ মাস	১,১০০ থেকে ১,১০০	১,১০০ থেকে ১,১০০

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মাসের শেষে...
১০০ সাল মানি ব্যাঙ্গ

**মুদারাবা
মাসিক উপার্জন
প্রকল্প**

১ বছর থেকে ৩ বছর মেয়াদে ১ লাখ টাকা জমা করে প্রতি মাসে উপার্জন করুন
১০০ টাকা থেকে ৪০০ টাকা (প্রাক্কলিত মুদা)। ন্যূনতম ১০০,০০০ টাকা বা এর অধিক যে কোন পরিমাণ অর্থ জমা করা যাবে।

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**মুদারাবা
মাসিক আমানত**

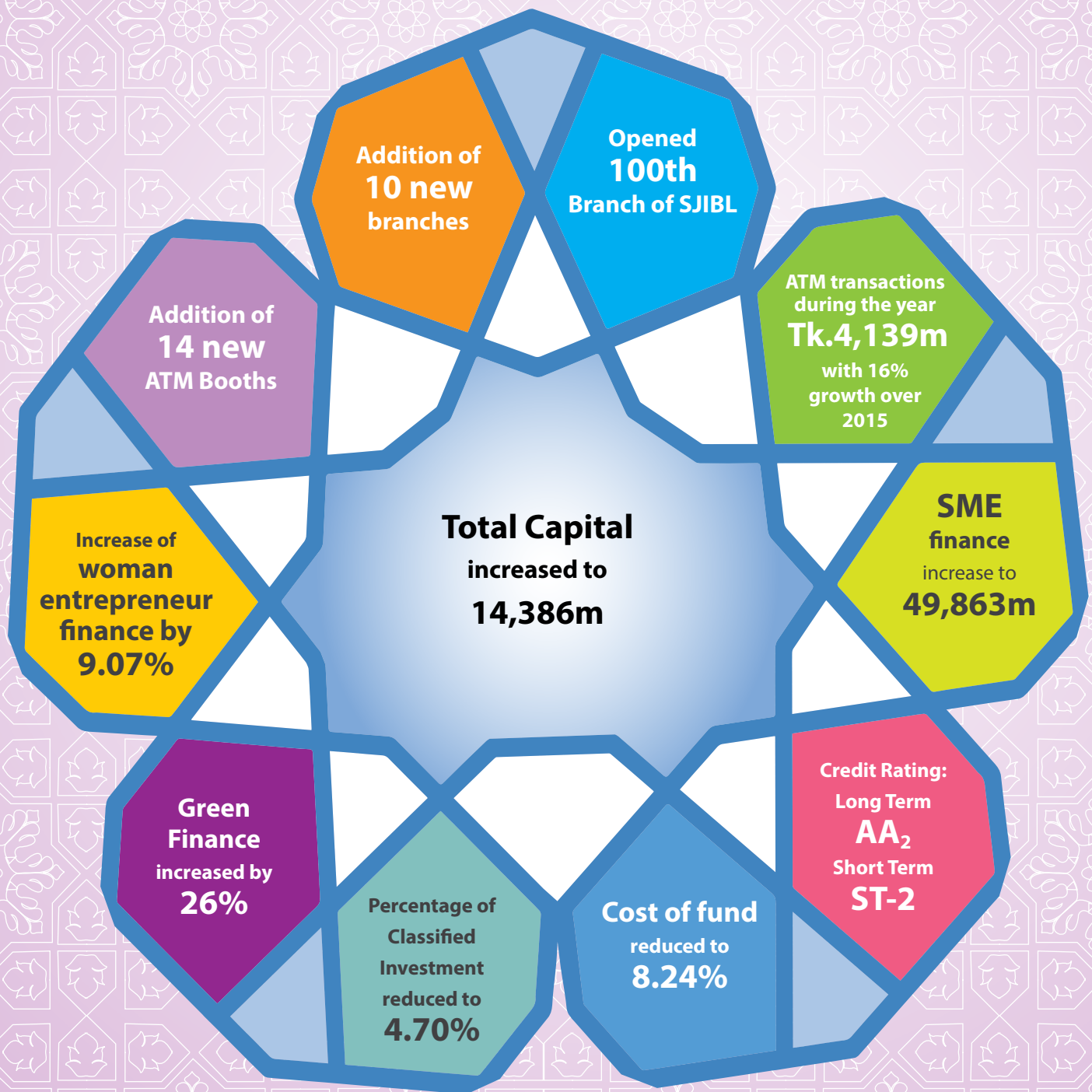
পরিমাণ সত্তা পরিবর্তিত হয়নি...!

প্রতি মাসে ১,১০০ টাকা থেকে ১৪,০০০ টাকা পর্যন্ত বিভিন্ন পরিমাণ অর্থ জমা করে বেসে বিভিন্ন মেয়াদে শেষ হলে অর্থ একত্রিত বিশিষ্ট **পরিষ্কৃত** প্রকল্পে প্রকল্পে।

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Highlights 2016





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

Board of Directors

Chairman Directors

Engr. Md. Towhidur Rahman

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

Vice Chairmen

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

Md. Abdul Berek
Abdul Halim
Akkas Uddin Mollah
Khandaker Sakib Ahmed
A.K. Azad
Mohammed Yunus
Fakir Akhtaruzzaman
Mohammed Golam Quddus
(Rep. of Anwer Khan Modern Hospital Ltd.)

Independent Directors

Mosharraf Hossain Chowdhury
Farida Parvin Nuru

Managing Director

Farman R. Chowdhury

Board of Directors



Directors from left to right :

Khandaker Sakib Ahmed, Farman R. Chowdhury, Md. Abdul Barek, Abdul Halim, Mosharraf Hossain Chowdhury, Mohiuddin Ahmed, Engr. Md. Towhidur Rahman, Anwer Hossain Khan, Mohammed Younus, Mohammed Golam Quddus, Md. Sanaullah Shahid, Fakir Akhtaruzzaman & Akkas Uddin Mollah.



Directors are not in the group photo :
Md. Harun Miah, A.K. Azad & 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

Engr. Md. Towhidur Rahman

Chairman



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

Mr. Rahman is a Sponsor Shareholder and Chairman of the Board of Directors 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, Chairman of Seafresh Ltd. and Managing Director of Fresh Export Import Ltd., Hettich (a Joint Venture Furniture Accessories Company with Germany) & Moshir Infrastructure Ltd. He is also a Director of Shahjalal Islami Bank Securities Ltd.

He has been awarded with National Export Trophy (Gold & Silver) several times and also selected as a C.I.P. by the Government of Bangladesh for the last 16 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 and founder Chairman of Alhaj Jalaluddin College and Chairman of Dhulasar High School. He has also been awarded with Mother Teresa Goldmedal and other awards for his contribution in social activities of the country.

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



Mohiuddin Ahmed

Vice Chairman

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

Mr. Ahmed is a sponsor shareholder and Vice Chairman of the Board of Directors of the Bank. 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. He has long and successful business experience for more than two decades.

In addition to his success in trade and business, Mr. 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.

Md. Harun Miah

Vice Chairman

Md. Harun Miah was born in the year 1961 in a respectable Muslim family and started business after completion of Bachelor Degree.

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

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



Anwer Hossain Khan

Director



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

Former Chairman of the Bank, Mr. Khan is now a Director of the Bank and Chairman of Shahjalal Islami Bank Securities Ltd. and Shahjalal Islami Bank Foundation. He has long and outstanding business experience for two decades and emerged himself as a prominent figure in medical/health care business.

Mr. 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, Mr. Khan is highly reputed for his contribution in the fields of education, social welfare and health care service. He is a Member of 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 the year 1963 in a respectable Muslim family and started business after completion of Bachelor Degree.

He is a Sponsor Shareholder and Chairman of the Executive Committee of the Board and Vice Chairman of Shahjalal Islami Bank Securities Ltd.

Mr. Sanaullah has long and credible 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.

Md. Abdul Barek

Director



Md. Abdul Barek was born in the year 1960 in a respectable Muslim family and started business after completion of Bachelor Degree.

Mr. Barek is a sponsor shareholder and Director of the Bank. He has long and credible 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 the year 1948 in a respectable Muslim family and started business after completion of his education.

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

Mr. Halim is also the Chairman of Halim Group, Excellent Motors Ltd. and Excellent Ceramic Ind. 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.

Akkas Uddin Mollah

Director



Akkas Uddin Mollah was born in the year 1954 in a respectable Muslim family. Former Chairman of the Bank, Mr. Mollah is now a Director of the Bank. He has long and commendable business experience for more than three decades and established himself as a prominent figure of RMG manufacturing & exporting sector.

Mr. Mollah is the Chairman and Managing Director of Russel Spinning Mills Limited, PNR Industries Ltd., Russel Garments, Russel Knitting, Russel Washing Plant, Ekram Sweaters Limited, Saladin Garments Limited. He is also a Director of Shahjalal Islami Bank Securities Ltd.

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

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

Khandaker Sakib Ahmed

Director



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

Mr. Ahmed is a Sponsor Shareholder and Director of the Bank. He has long and credible business experience for more than one decade. He is the Managing Director of Zuairia Group, Zuairia Trade International, Z. Agrovvet Enterprise and proprietor of Khandaker Poultry & Fisheries. He is also a Director of Al-Arafh Islami Bank Securities Ltd., and Sponsor of Shahjalal Islami Bank Securities Limited.

By dint of his talent, industrious and amiable personality he is emerging as an eminent business figure.

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

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

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

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

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

Mohammed Younus

Director



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

Mr. Younus has long and credible business experience for about three decades. He is the Managing Director of Yunus Group which is a well-known and fast growing conglomerate in the industrial arena in Bangladesh. The Group has been operating at present with 32 business unit.

He is also engaged in a private television channel company, NTV and as 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, Mr. Younus is immensely reputed for his contribution in the field of education. He is a member of the Board of Trustee of Fareast International University and Wordbridge School. He is the Managing Director of Galaxy Flying Academy Ltd.

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

Fakir Akhtaruzzaman

Director



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

Mr. Akhtaruzzaman is a Director of the Bank and Vice Chariman of the Executive Committee of the Board. He has long and successful business experience for more than three decades and established himself as an icon of Knit Garments Industries.

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

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

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

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

Mohammed Golam Quddus

Director



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

Mr. 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 Republic of Bangladesh in 1983 after completion of his Masters Degree from Dhaka University in Economics and has long contribution in the Government sector of our country.

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

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

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

Mosharraf Hossain Chowdhury

Independent Director



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

Mr. 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 Audit Committee of the Bank.

He has traveled different parts of the world like USA, Germany, China, Italy, Vietnam etc. to participate in a member of training/workshop/seminars.

Farida Parvin Nuru

Independent Director

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

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

Mr. 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.

Mr. 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

Md. Sanaullah Shahid	Chairman
Fakir Akhtaruzzaman	Vice Chairman
A.K. Azad	Member
Akkas Uddin Mollah	Member
Anwer Hossain Khan	Member
Mohammed Younus	Member
Khandaker Sakib Ahmed	Member

Audit Committee

Mosharraf Hossain Chowdhury	Chairman
Md. Harun Miah	Member
Abdul Halim	Member
Mohammad Golam Quddus	Member
Farida Parvin Nuru	Member

Risk Management Committee

Mohammed Younus	Chairman
Anwer Hossain Khan	Member
Mohiuddin Ahmed	Member
Khandaker Sakib Ahmed	Member
Md. Abdul Barek	Member

Shariah Supervisory Committee

Allama Mufti Abdul Halim Bukharee	Chairman
Prof. Hamidur Rahman	Member
Maulana Yousuf Abdul Majid	Member
Mufti Shahed Rahmani	Member
M. Azizul Huq	Member
Barrister M. Ziaul Hasan	Member
M. Kamaluddin Chowdhury	Member
Engr. Md. Towhidur Rahman	Member
Farman R. Chowdhury	Member Secretary

Management & Executives

Managing Director

Farman R. Chowdhury

Deputy Managing Directors

Md. Shahjahan Shiraj

Md. Akhter Hossain

Abdul Aziz

Md. Giasuddin Ahmed

Senior Executive Vice Presidents

Mustaque Ahmed

S. M. Jahangir Hussain

Shahabuddin

Md. Nazimuddoula

Syed Showket Rana

Md. Mahmudul Haque

Md. Nasir Uddin

Imtiaz Uddin Ahmed

Engr. Md. Rafiqul Islam

Executive Vice Presidents

Mahmud Hussain

Md. Monzurul Alam Chowdhury

Md. Saidur Rahman

Rashed Sarwar

Md. Habibul Islam

Mohammed Ashfaquul Hoque FCA

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. Khalid Hussain

Md. Shamsuddoha

Md. Naquibul Islam

Jashim Uddin Ahmed

Md. Ashraful Azim FCA

M. Imam Hossain Gazi

Fazle Kader Ahmed

Jahangir Javed

Md. Enamul Haque

Vice Presidents

Amir Uddin Chowdhury

Md. Abdur Rahim

Chowdhury Golam Rahman

Ms. Sultana Parvin

Md. Wahidur Rahman

Mohammad Towfiqul Islam

Md. Asadul Islam Khan

Md. Abul Bashar

Md. Nawshad Abbas

Mohammed Eskander Alam

Md. Abdulla Al Mahmud Siddiqui

A. T. M. Qumruddin Chowdhury

S. M. Rashedul Karim

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

Mohammad Anas

Mosleh Uddin Ahmed



From left to right: Md. Jafar Sadeq, Engr. Md. Rafiqul Islam, Md. Nazimuddoula, Mustaque Ahmed, Md. Shahjahan Shiraj, Farman R. Chowdhury, Md. Akhter Hossain, Abdul Aziz, Md. Ashraful Azim & Md. Mahmudul Haque.



From left to right: Mohammad Abdul Majid, Md. Ashraful Azim, Jahangir Javed, Md. Monzurul Alam Chowdhury, Md. Nazimuddoula, Md. Shahjahan Shiraj, Farman R. Chowdhury, Md. Akhter Hossain, Mustaque Ahmed, Md. Mahmudul Haque, Md. Jafar Sadeq, Engr. Md. Rafiqul Islam & Md. Chaliqur Rahman.



*From left to right (Sitting): Md. Akhter Hossain, Farman R. Chowdhury & Md. Shahjahan Shiraj
(Standing) Mohammad Abdul Majid, Engr. Md. Rafiqul Islam, Jahangir Javed, Md. Jafar Sadeq,
Md. Ashrafal Azim, Md. Mahmudul Haque, Mustaque Ahmed, Md. Monzurul Alam Chowdhury
& Md. Nazimuddoula.*



*From left to right (Sitting): Md. Nazimuddoula, Md. Shahjahan Shiraj, Farman R. Chowdhury, Md. Akhter Hossain,
& Mustaque Ahmed.
(Standing) Md. Jafar Sadeq, Md. Ashrafal Azim, Jahangir Javed, Md. Mahmudul Haque,
Md. Monzurul Alam Chowdhury, Engr. Md. Rafiqul Islam & Mohammad Abdul Majid.*



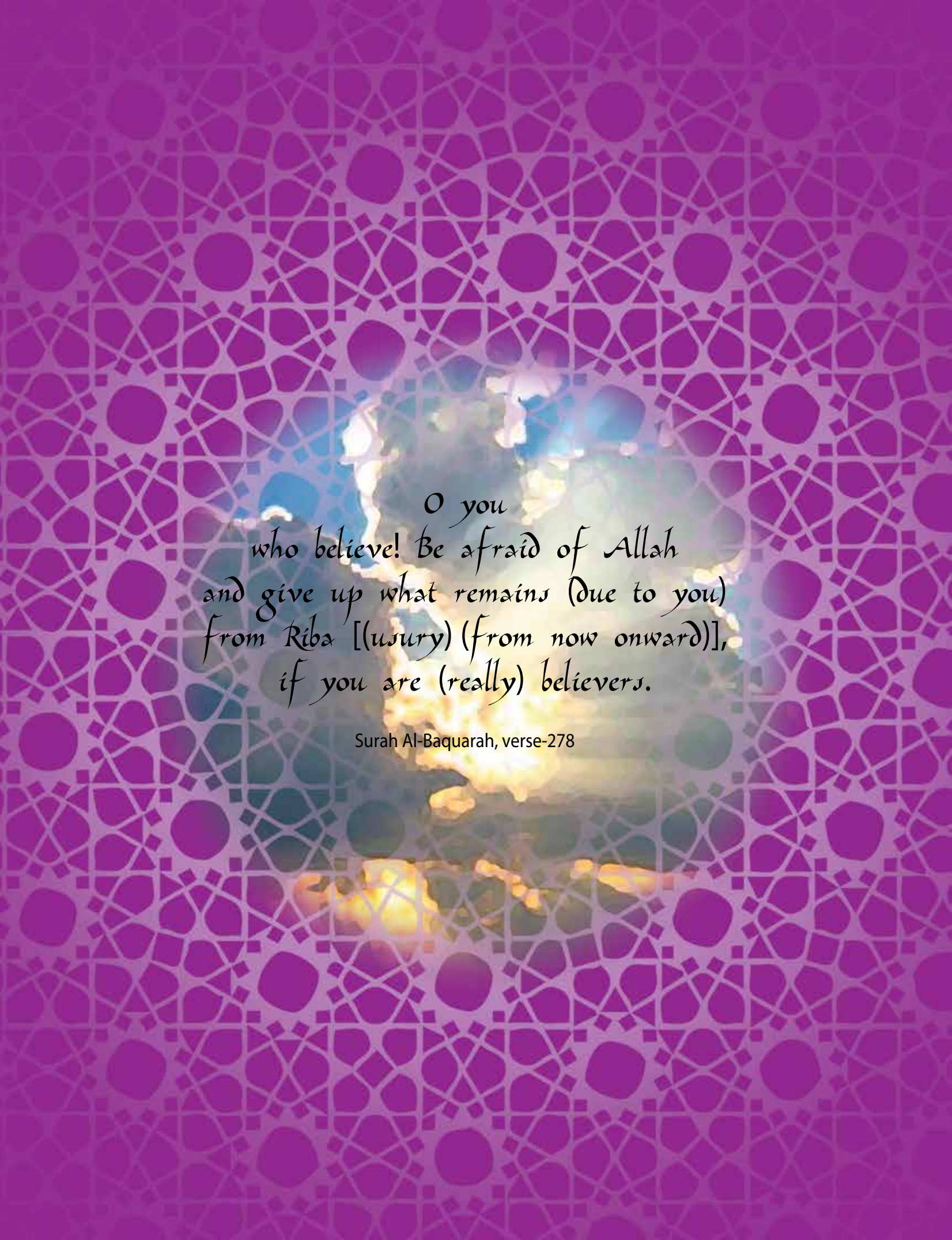
**Sustainable
Committee**

From left to right: Mohammad Abdul Majid, Md. Jafar Sadeq, Md. Ashraf Azim, Mustaque Ahmed, Md. Shahjahan Shiraj, Md. Nazimuddoula, Mohammed Ashfaqu Hoque, Md. Mahmudul Haque, Engr. Md. Rafiqul Islam, Md. Monzurul Alam Chowdhury & Mohammad Fakrul Islam.



**Investment
Committee**

From left to right: Mohammed Ashfaqu Hoque, Md. Shahjahan Shiraj, Farman R. Chowdhury, Md. Akhter Hossain, Md. Mahmudul Haque & Md. Monzurul Alam Chowdhury.



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

Surah Al-Baqarah, verse-278



Five Years Financial Summary

Five Years Financial Summary

Figures in million Taka unless otherwise specified

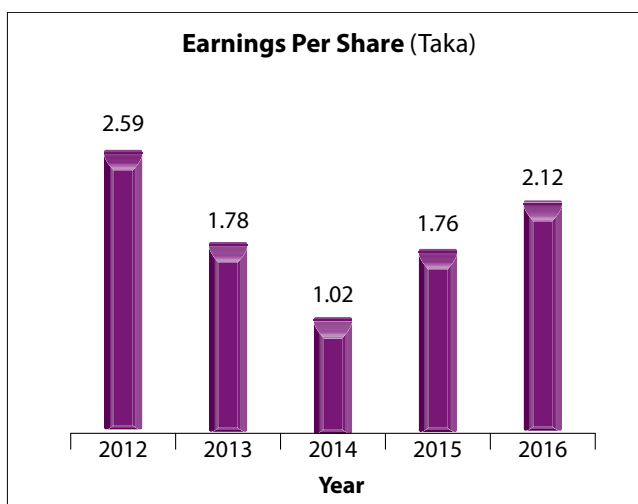
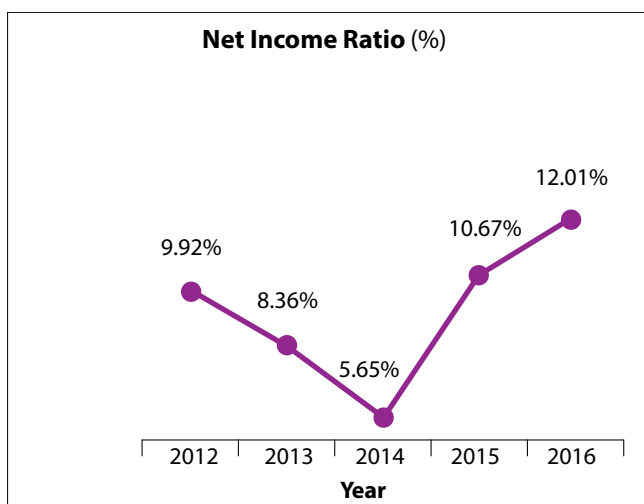
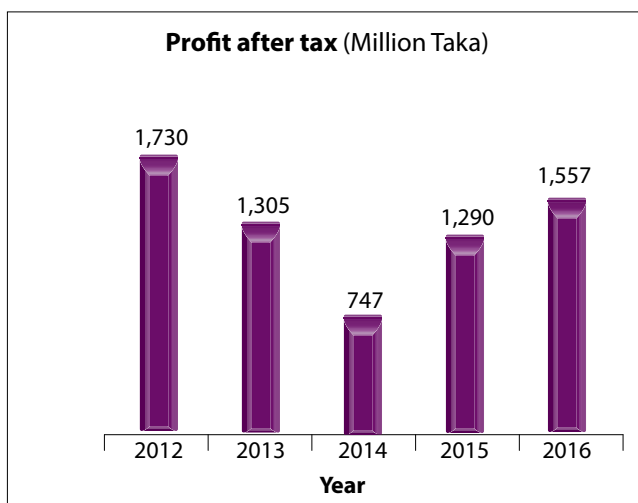
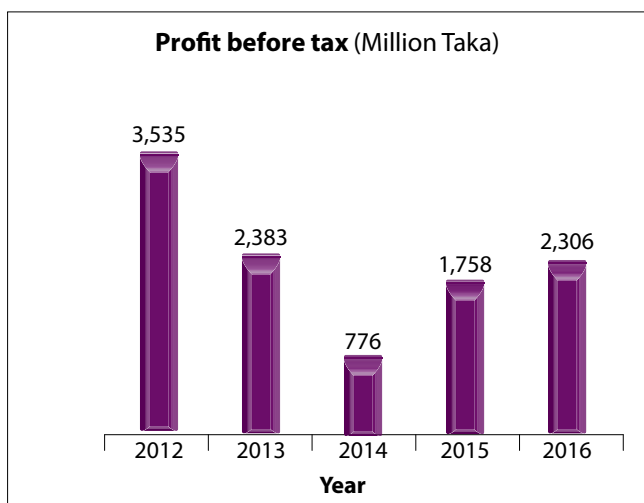
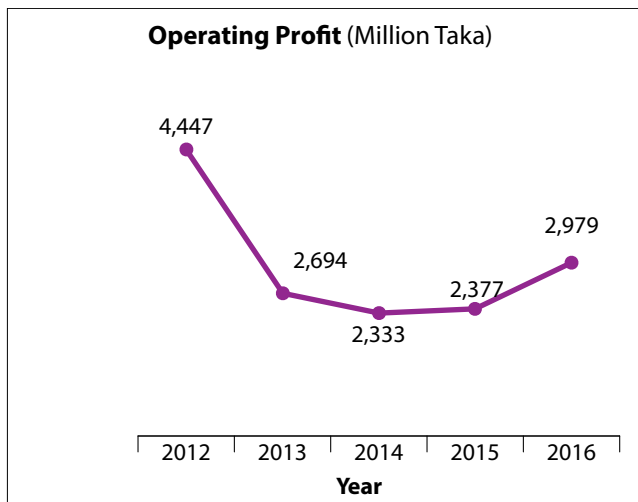
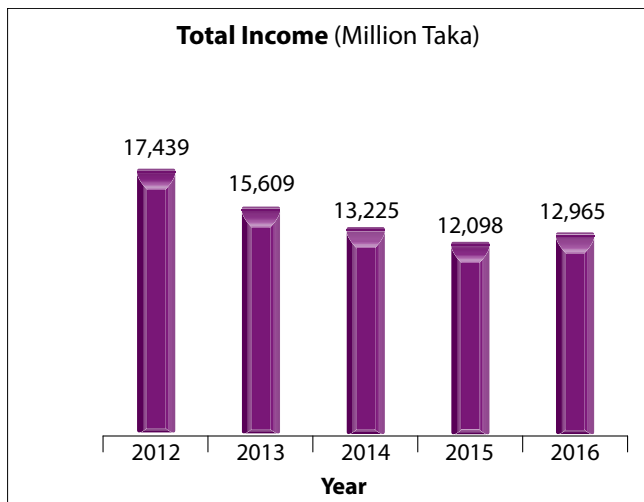
SL	Items	2016	2015	2014	2013	2012
A. Financial Position						
1	Authorized Capital	10,000	10,000	10,000	10,000	6,000
2	Paid up Capital	7,347	7,347	7,347	6,679	5,566
3	Reserve and Surplus	5,510	4,907	4,352	4,272	4,080
4	Total Shareholders' Equity	12,857	12,254	11,698	10,951	9,646
5	Total Deposits	124,410	109,259	98,601	96,481	102,177
6	Total Investments	122,998	96,835	84,062	85,707	96,185
7	Investment in Share and Securities	7,593	6,184	7,309	7,221	5,163
8	Fixed Assets	3,433	3,299	3,165	2,955	2,898
9	Total Assets (excluding off-balance sheet items)	167,245	137,870	126,758	128,554	132,823
10	Total Contingent Liabilities and Commitments	63,326	43,526	40,229	45,433	47,869
11	Profit Earning Assets	138,949	108,012	97,873	100,434	110,420
12	Non-profit Earning Assets	28,296	29,858	28,885	28,120	22,403
B. Operating Result						
1	Investment Income	11,154	10,510	11,364	13,615	15,242
2	Profit Paid on Deposit	6,986	6,943	8,209	10,578	11,170
3	Net Investment Income	4,168	3,567	3,156	3,037	4,072
4	Total Income	12,965	12,098	13,225	15,609	17,439
5	Total Expenditure	9,985	9,721	10,892	12,915	12,992
6	Operating Profit	2,979	2,377	2,333	2,694	4,447
7	Profit before Tax	2,306	1,758	776	2,383	3,535
8	Profit after Tax	1,557	1,290	747	1,305	1,730
C. Capital Adequacy						
1	Risk Weighted Assets	124,704	98,790	93,820	88,702	89,811
2	Minimum Capital Requirements (MCR)	12,470	9,879	9,382	8,870	8,981
3	Tier 1 Capital	12,857	12,254	11,698	9,951	9,646
4	Tier 2 Capital	1,529	1,101	1,075	1,189	1,409
5	Total Regulatory Capital (Tier 1 & Tier 2)	14,386	13,355	12,773	11,140	11,055
6	Capital Surplus	1,916	3,476	3,391	2,270	2,074
7	Tier 1 Capital Ratio (%)	10.31	12.40	12.47	11.22	10.74
8	Tier 2 Capital Ratio (%)	1.23	1.12	1.14	1.34	1.57
9	Total Capital to Risk-weighted Assets Ratio (Basel-III/II) (%)	11.54	13.52	13.61	12.56	12.31
D. Investment Quality						
1	Volume of Non-performing Investment	5,782	6,261	6,612	5,543	2,842
2	Amount of Provision kept against classified Investment	1,431	1,850	2,379	1,512	1,073
3	Amount of Provision kept against unclassified Investment	896	781	670	734	968
4	Amount of Provision kept against Off Balance Sheets Exposures	633	435	404	454	441
5	Classified Investment as % of Total Investment	4.70	6.47	7.87	6.47	2.96

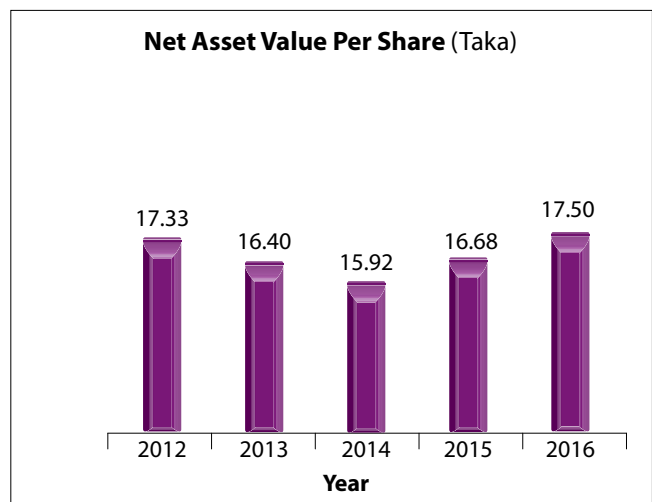
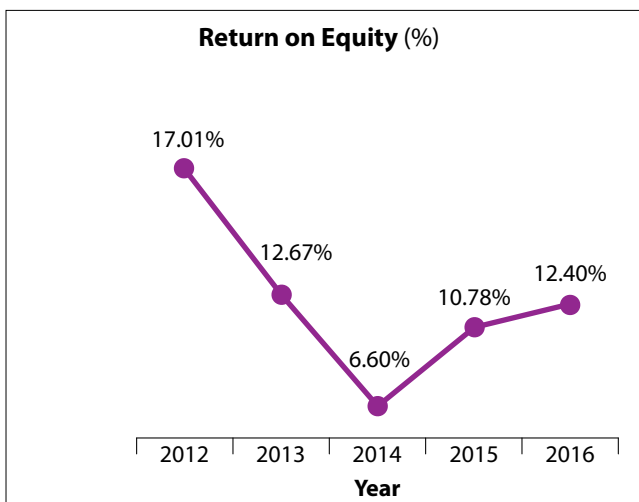
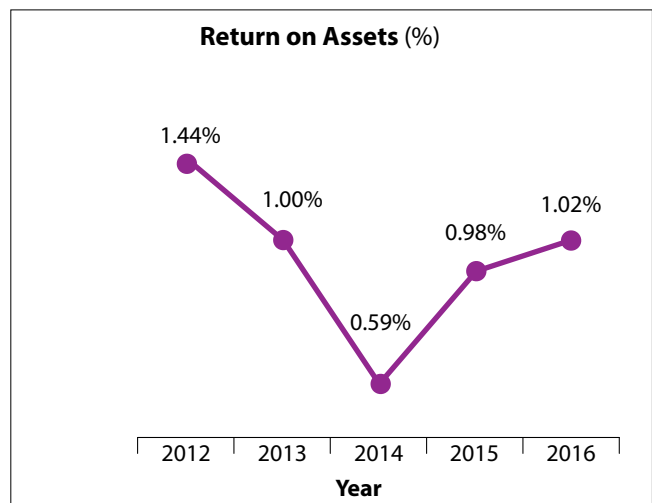
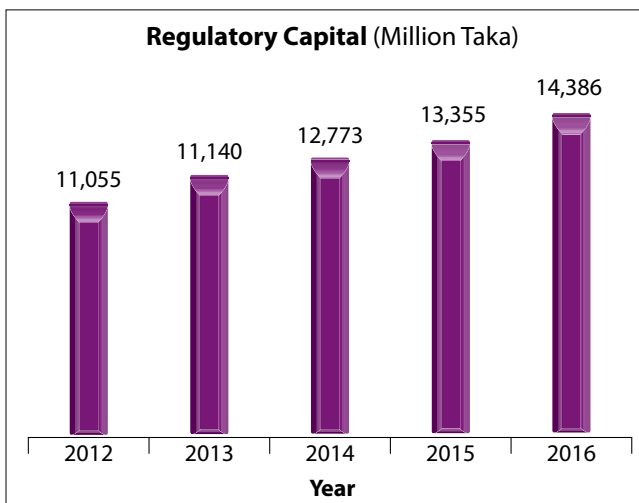
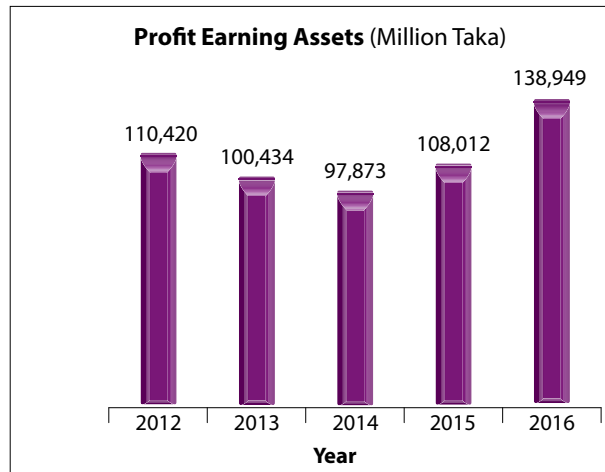
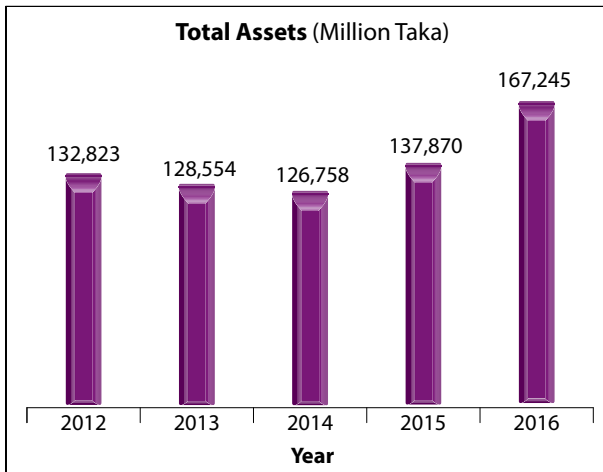
Figures in million Taka unless otherwise specified

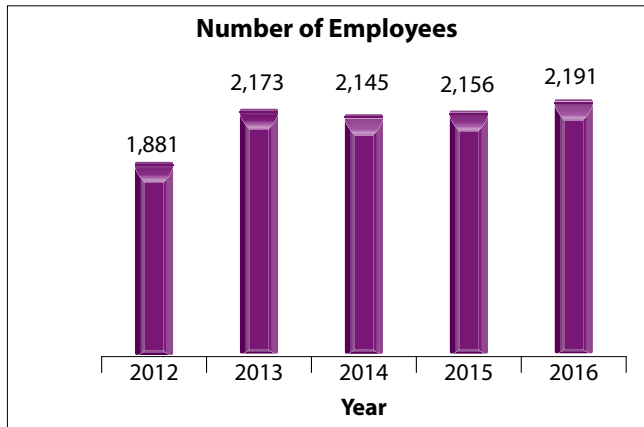
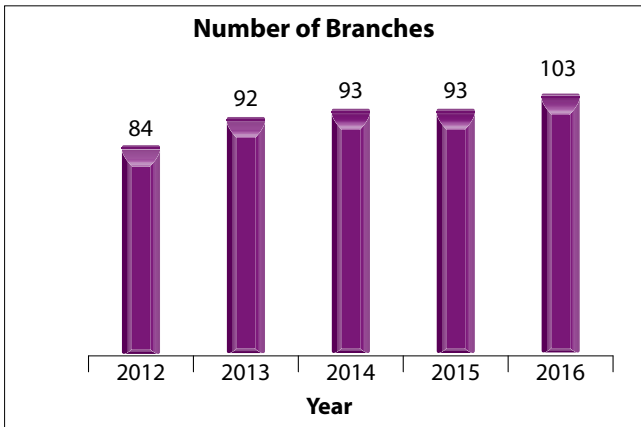
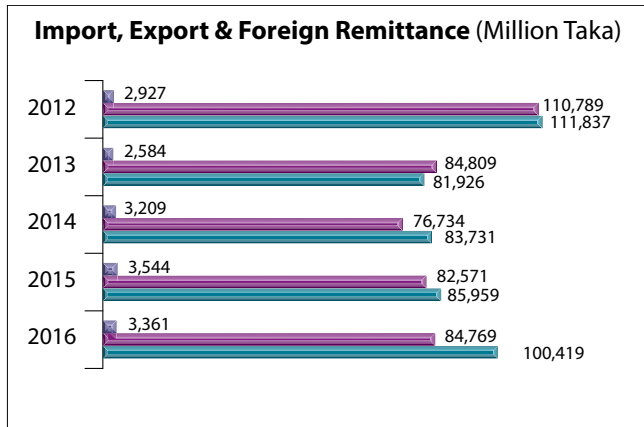
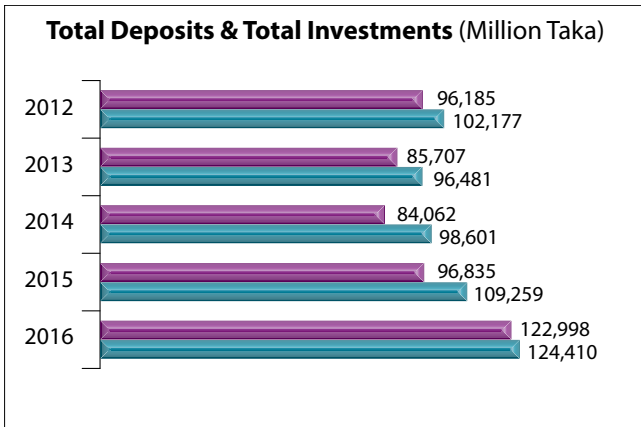
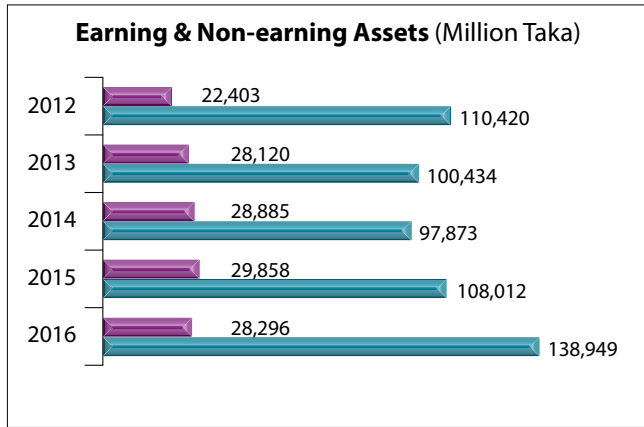
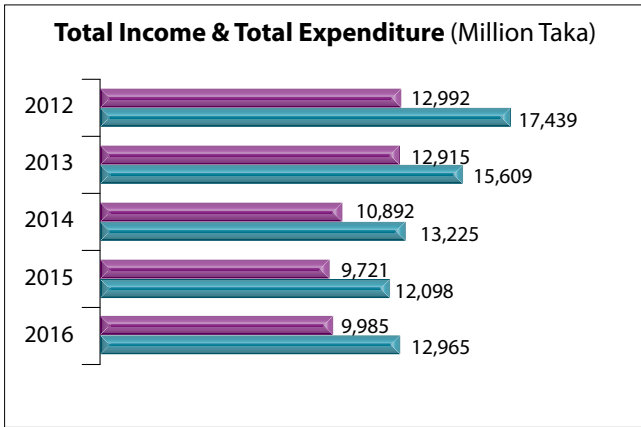
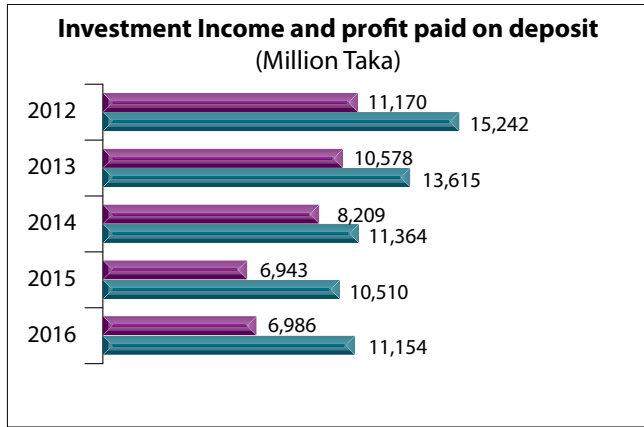
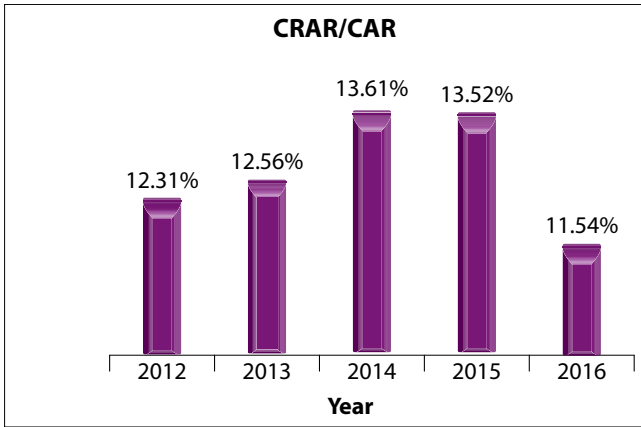
SL	Items	2016	2015	2014	2013	2012
E. Foreign Exchange Business						
1	Import Business	100,419	85,959	83,731	81,926	111,837
2	Export Business	84,769	82,571	76,734	84,809	110,789
3	Inward Foreign Remittance	3,361	3,544	3,209	2,584	2,927
F. Profitability, Performance and Liquidity Ratio						
1	Net Asset Value per Share (Taka)	17.50	16.68	15.92	16.40	17.33
2	Investment to Total Deposit Ratio (%)	85.98	82.77	80.82	84.32	89.64
3	Return on Equity (%)	12.40	10.78	6.60	12.67	17.01
4	Return on Assets (ROA) (%)	1.02	0.98	0.59	1.00	1.44
5	Operating Income Ratio (%)	22.98	19.65	17.64	17.26	25.50
6	Gross Income Ratio (%)	46.11	42.61	37.93	32.23	35.95
7	Net Income Ratio (%)	12.01	10.67	5.65	8.36	9.92
8	Cost of Deposit (%)	5.78	6.78	7.96	9.66	10.27
9	Cost of Fund (%)	8.24	9.53	10.34	11.65	11.88
10	Return on General Investment (%)	10.06	11.74	12.77	14.32	15.23
11	Net operating Cash flow per Share (Taka)	5.27	(7.50)	3.81	9.84	9.22
12	Profit Per Employee	1.36	1.10	1.09	1.24	2.38
G. Dividend						
1	Cash Dividend	10%*	13%	10%	-	-
2	Stock Dividend	5%*	-	-	10%	20%
3	Dividend Coverage Ratio (Times)	1.41	1.35	1.02	1.24	1.00
4	Market capitalization	11,020	9,918	8,449	11,200	15,863
					<i>*Proposed by the Board of Directors</i>	
H. Shareholders Information						
1	No. of Share Outstanding (million share)	734.69	734.69	734.69	667.90	556.58
2	Earnings Per Share (Taka)	2.12	1.76	1.02	1.78	2.59
3	Number of Shareholders	52,614	63,480	82,713	85,944	75,515
5	Market Value Per Share (Taka)	15.00	13.50	11.50	16.77	28.50
6	Price Earning Ratio	7.08	7.67	11.27	8.60	9.17
I. Other Information						
1	Number of Branches	103	93	93	92	84
2	Number of Brokerage House Branches	8	8	8	8	8
3	Number of Employees	2,191	2,156	2,145	2,173	1,881
4	Number of foreign Correspondents	430	436	419	397	415

Graphical Presentation

Key performance indicators







Horizontal Analysis

For The Last Five Years

Balance Sheet

	2016	2015	2014	2013	2012
PROPERTY AND ASSETS					
Cash	103%	110%	83%	80%	100%
Cash in hand (Including Foreign Currencies)	107%	99%	85%	126%	100%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	103%	111%	83%	76%	100%
Balance with other Banks and Financial Institutions	166%	19%	217%	268%	100%
Inside Bangladesh	246%	11%	211%	454%	100%
Outside Bangladesh	71%	102%	309%	36%	100%
Placement with other Banks & Financial Institutions	91%	204%	54%	84%	100%
Investments in Shares & Securities	123%	85%	101%	140%	100%
Government	131%	77%	100%	159%	100%
Others	106%	108%	105%	102%	100%
Investments	127%	115%	98%	89%	100%
General Investment etc.	125%	116%	99%	93%	100%
Bills Purchased and Discounted	146%	104%	86%	61%	100%
Fixed Assets Including Premises	104%	104%	107%	102%	100%
Other Assets	110%	102%	259%	88%	100%
Non Banking Assets	100%	109%	100%	-	-
Total Assets	121%	109%	104%	92%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	550%	91%	39%	57%	100%
Deposits and Other Accounts	114%	111%	102%	94%	100%
Mudaraba Savings Deposits	117%	155%	139%	120%	100%
Mudaraba Term Deposits	107%	92%	89%	81%	100%
Other Mudaraba Deposits	120%	122%	113%	116%	100%
Al-Wadeeah Current & Other Deposit Accounts	111%	117%	107%	117%	100%
Bills Payable	149%	109%	140%	62%	100%
Other Liabilities	103%	102%	215%	96%	100%
Deferred Tax Liabilities	92%	89%	85%	109%	100%
Total Liabilities	123%	109%	104%	90%	100%
Capital/Shareholders' Equity					
Paid-up Capital	100%	100%	110%	120%	100%
Statutory Reserve	112%	110%	105%	116%	100%
Retained Earnings	115%	127%	91%	75%	100%
Total Shareholders' Equity	105%	105%	107%	114%	100%
Total Liabilities & Shareholders' Equity	121%	109%	104%	92%	100%

Horizontal Analysis

For The Last Five Years

Profit & Loss Account

	2016	2015	2014	2013	2012
Investment Income	106%	92%	83%	89%	100%
Less: Profit paid on Deposits	101%	85%	78%	95%	100%
Net Investment Income	117%	113%	104%	75%	100%
Income from Investment in Shares/securities	96%	47%	132%	172%	100%
Commission, Exchange and Brokerage	118%	93%	82%	83%	100%
Other Operating Income	110%	92%	111%	95%	100%
	114%	85%	93%	91%	100%
Total Operating Income	116%	103%	100%	80%	100%
Salaries and Allowances	107%	104%	119%	139%	100%
Rent, Taxes, Insurances, Electricity etc.	113%	109%	107%	121%	100%
Legal Expenses	47%	55%	356%	106%	100%
Postage, Stamps, Telecommunication etc.	98%	89%	136%	99%	100%
Stationery, Printings, Advertisements etc.	122%	107%	93%	95%	100%
Chief Executive's Salary & Fees	101%	116%	78%	104%	100%
Directors' Fees & Expenses	104%	94%	101%	115%	100%
Shariah Supervisory Committee's Fees & Expenses	121%	222%	45%	137%	100%
Auditors' Fees	150%	114%	100%	100%	100%
Depreciation & Repairs of Bank's Assets	100%	99%	104%	114%	100%
Zakat Expenses	109%	100%	121%	126%	100%
Other Expenses	106%	101%	109%	112%	100%
Total Operating Expenses	108%	104%	115%	128%	100%
Profit before Provision	125%	102%	87%	61%	100%
Specific provision for Classified Investment	111%	21%	876%	27%	100%
General Provision for Unclassified Investment	104%	100%	0%	0%	100%
General Provision for Off-Balance Sheet Items	637%	100%	0%	64%	100%
Provision for deminution in value of Investments in Shares	0%	468%	45%	60%	100%
Provision for Other Assets	69%	100%	0%	0%	0%
Total Provision	109%	40%	501%	34%	100%
Profit before Provisions for Taxation	131%	227%	33%	67%	100%
Deferred Tax Expenses	-65%	-67%	-174%	61%	100%
Current Tax Expenses	158%	985%	5%	60%	100%
Net Profit after Taxation	121%	173%	57%	75%	100%

Vertical Analysis

For The Last Five Years

Balance Sheet

	2016	2015	2014	2013	2012
PROPERTY AND ASSETS					
Cash	5.73%	6.73%	6.68%	8.37%	9.64%
Cash in hand (Including Foreign Currencies)	12.32%	11.92%	13.24%	12.88%	8.14%
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	87.68%	88.08%	86.76%	87.12%	91.86%
Balance with other Banks and Financial Institutions	1.44%	1.06%	6.03%	2.89%	0.99%
Inside Bangladesh	80.42%	54.18%	91.41%	93.97%	55.41%
Outside Bangladesh	19.58%	45.82%	8.59%	6.03%	44.59%
Placement with other Banks & Financial Institutions	4.70%	6.28%	3.34%	6.38%	6.97%
Investments in Shares & Securities	4.54%	4.49%	5.77%	5.92%	3.89%
Government	72.43%	67.92%	74.84%	75.75%	66.83%
Others	27.57%	32.08%	25.16%	24.25%	33.17%
Investments	73.54%	70.24%	66.32%	70.27%	72.42%
General Investment etc.	91.48%	92.60%	91.78%	90.66%	86.42%
Bills Purchased and Discounted	8.52%	7.40%	8.22%	9.34%	13.58%
Fixed Assets Including Premises	2.05%	2.39%	2.50%	2.42%	2.18%
Other Assets	7.96%	8.78%	9.33%	3.74%	3.92%
Non Banking Assets	0.03%	0.04%	0.04%	-	-
Total Assets	100%	100%	100%	100%	100%
LIABILITIES AND CAPITAL					
Liabilities					
Placement from other Banks & Financial Institutions	9.71%	2.14%	2.57%	6.81%	10.92%
Deposits and Other Accounts	74.39%	79.25%	77.79%	79.11%	76.93%
Mudaraba Savings Deposits	14.88%	14.53%	10.39%	7.61%	6.01%
Mudaraba Term Deposits	36.11%	38.30%	46.22%	52.82%	61.27%
Other Mudaraba Deposits	35.99%	34.11%	30.94%	27.91%	22.74%
Al-Wadeeah Current & Other Deposit Accounts	11.65%	12.00%	11.38%	10.87%	8.80%
Bills Payable	1.38%	1.06%	1.07%	0.78%	1.19%
Other Liabilities	8.16%	9.65%	10.33%	5.00%	4.80%
Deferred Tax Liabilities	0.06%	0.08%	0.09%	0.11%	0.10%
Total Liabilities	92.31%	91.11%	90.77%	91.02%	92.74%
Capital/Shareholders' Equity					
Paid-up Capital	57.14%	59.95%	62.80%	60.99%	57.70%
Statutory Reserve	34.25%	32.17%	30.69%	31.37%	30.68%
Retained Earnings	8.60%	7.88%	6.50%	7.64%	11.63%
Total Shareholders' Equity	7.69%	8.89%	9.23%	8.98%	7.26%
Total Liabilities & Shareholders' Equity	100%	100%	100%	100%	100%

Vertical Analysis

For The Last Five Years

Profit & Loss Account

	2016	2015	2014	2013	2012
Investment Income	86.04%	86.87%	85.93%	87.22%	87.40%
Less: Profit paid on Deposits	53.85%	57.39%	62.07%	67.77%	64.05%
Net Investment Income	32.19%	29.49%	23.86%	19.46%	23.35%
Income from Investment in Shares/securities	1.05%	1.17%	2.30%	1.47%	0.76%
Commission, Exchange and Brokerage	9.43%	8.56%	8.41%	8.74%	9.42%
Other Operating Income	3.48%	3.39%	3.36%	2.56%	2.41%
	13.96%	13.13%	14.07%	12.78%	12.60%
Total Operating Income	46.15%	42.61%	37.93%	32.23%	35.95%
Salaries and Allowances	14.48%	14.44%	12.74%	9.07%	5.83%
Rent, Taxes, Insurances, Electricity etc.	3.26%	3.09%	2.59%	2.05%	1.52%
Legal Expenses	0.01%	0.01%	0.02%	0.01%	0.00%
Postage, Stamps, Telecommunication etc.	0.27%	0.29%	0.30%	0.19%	0.17%
Stationery, Printings, Advertisements etc.	0.61%	0.53%	0.45%	0.42%	0.39%
Chief Executive's Salary & Fees	0.10%	0.11%	0.09%	0.09%	0.08%
Directors' Fees & Expenses	0.05%	0.05%	0.05%	0.04%	0.03%
Shariah Supervisory Committee's Fees & Expenses	0.00%	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	1.07%	1.15%	1.06%	0.86%	0.68%
Zakat Expenses	0.79%	0.77%	0.70%	0.49%	0.35%
Other Expenses	2.48%	2.51%	2.27%	1.76%	1.40%
Total Operating Expenses	23.11%	22.96%	20.29%	14.98%	10.45%
Profit before Provision	23.04%	19.65%	17.64%	17.26%	25.50%
Specific provision for Classified Investment	52.96%	51.79%	97.91%	55.97%	71.23%
General Provision for Unclassified Investment	17.11%	17.84%	0.00%	0.00%	4.66%
General Provision for Off-Balance Sheet Items	29.40%	5.01%	0.00%	20.69%	10.96%
Provision for deminution in value of Investments in Shares	0.00%	24.53%	2.09%	23.15%	13.15%
Provision for Other Assets	0.52%	0.83%	0.00%	0.19%	0.00%
Total Provision	5.19%	5.12%	11.78%	1.99%	5.23%
Profit before Provisions for Taxation	17.85%	14.53%	5.87%	15.27%	20.27%
Less. Income Tax Expenses	5.77%	3.86%	0.22%	6.91%	10.35%
Deferred Tax Expenses	-1.17%	-2.89%	-69.60%	1.07%	1.05%
Current Tax Expenses	101.17%	102.89%	169.60%	98.93%	98.95%
Net Profit after Taxation	12.08%	10.67%	5.65%	8.36%	9.92%

Shareholders Information

Financial Calendar

2016

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

2015

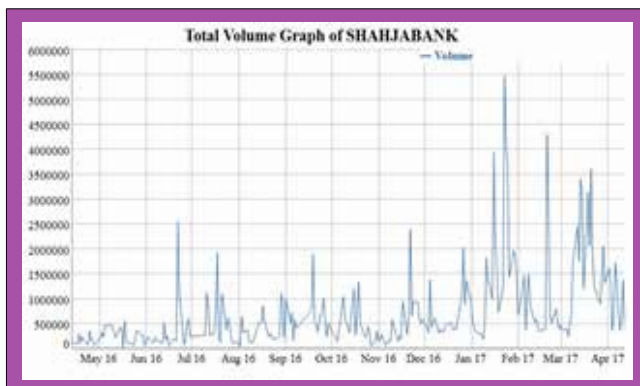
1st Quarter Results issued on	:	6th May 2015
2nd Quarter Results issued on	:	30th July 2015
3rd Quarter Results issued on	:	20th October 2015
Annual Results issued on	:	24th April 2016
15th Annual General Meeting	:	26th June 2016

Dividend Information

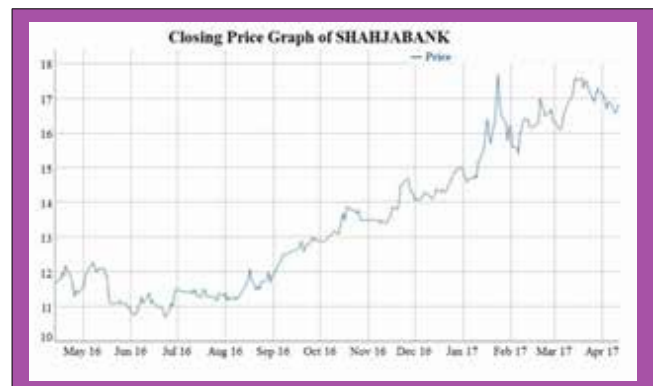
Distribution of Dividend- 2015

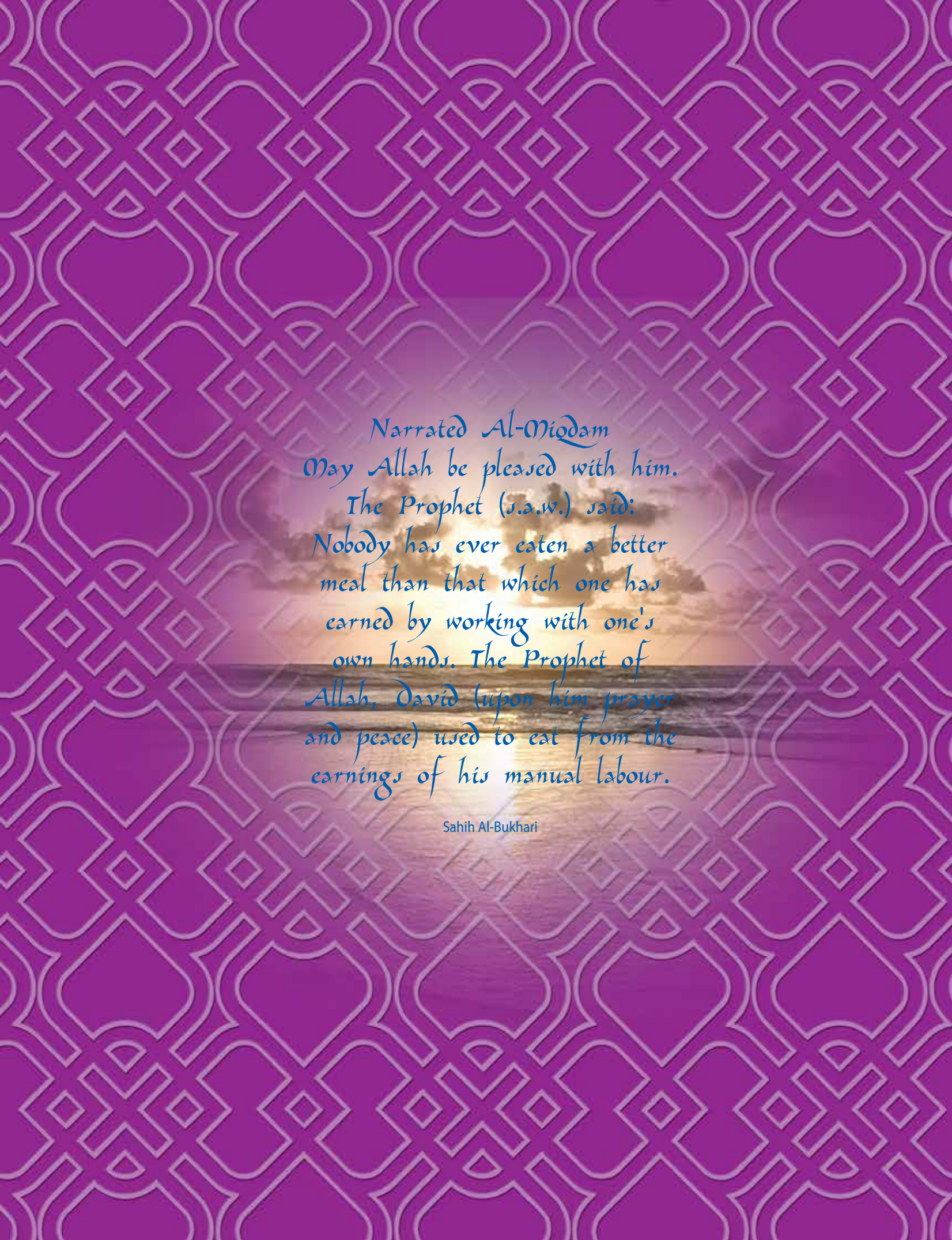
Dividend Rate (Cash)	:	13%
Declaration Date	:	24th April 2016
Record Date	:	17th May 2016
AGM Date	:	26th June 2016
Distribution Date	:	28th June 2016

Trade Volume last 12 Months



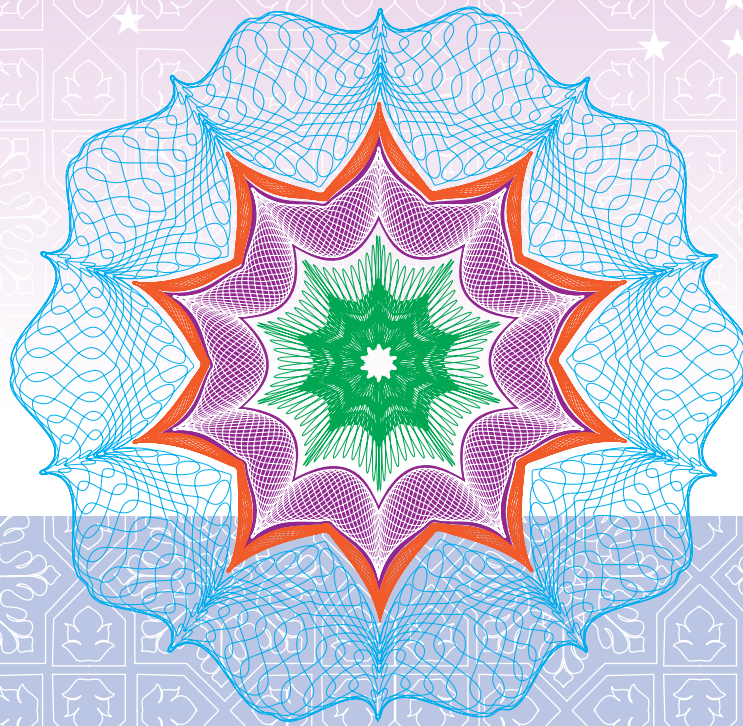
Closing price last 12 Months





*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 2016

15th AGM...



15th AGM of the Bank is held on 26 June 2016 at RAOWA Convention Hall, Mohakhali, Dhaka. Bank's Chairman Mr. A. K. Azad is addressing the shareholders on the occasion.



Managing Director of Shahjalal Islami Bank Ltd., Mr. Farman R. Chowdhury is addressing the shareholders on 15th AGM.



Mr. Md. Abul Bashar, Company Secretary of Shahjalal Islami Bank Ltd. is seen conducting the 15th AGM of the Bank.

15th AGM...



Shareholders seen attending the 15th AGM of the Bank.



Shareholders seen taking part in the proceedings of 15th AGM of the Bank.



Shareholders seen taking part in the proceedings of 15th AGM of the Bank.

Annual Get Together...



Shahjalal Islami Bank Limited arranged for a Get-together of valued customers of the Bank on the eve of its 15th anniversary at Pan Pacific Sonargaon Hotel, Dhaka on 18 May 2016. The Commerce Minister of the People's Republic of Bangladesh Mr. Tofail Ahmed, MP was present as chief guest on the occasion. The Chairman of Shahjalal Islami Bank Limited Mr. A. K. Azad, Directors of the Bank and the Managing Director Mr. Farman R Chowdhury extended warm reception to all the customers & invitees.

Meetings...



A Board Meeting in progress.



A meeting of Executive Committee of the Board is seen progressing.

Meetings...



An Audit Committee meeting is seen going on.



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

Conference...



Partial view of Annual Managers' Conference 2017 is seen in the session.



Partial view of Half Yearly Managers' Conference 2016 is seen in the session.

Agreements...



Agreement signing ceremony between Shahjalal Islami Bank Limited and Bangladesh Telecommunication Company Limited (BTCL) for collection of telephone bill through online. Mr. Farman R. Chowdhury, Managing Director of Shahjalal Islami Bank Limited and Mr. Md. Kabir Hossain Bhuiyan, Managing Director of BTCL has signed the agreement on behalf of their respective organizations.



A Participatory agreement signed between Bangladesh Bank and Shahjalal Islami Bank Limited on "Urban Building Safety Project" assisted by Japan International Co-operation Agency (JICA). In presence of the Governor of Bangladesh Bank Mr. Fazle Kabir, the Managing Director of Shahjalal Islami Bank Limited Mr. Farman R. Chowdhury and the General Manager of SME & SP Division of Bangladesh Bank Mr. Swapan Kumar Roy signed the agreement on behalf of their respective organizations.



In order to accelerate sustainable growth in export oriented textile and leather sectors a participation agreement signed between Bangladesh Bank and Shahjalal Islami Bank Limited under "Green Transformation Fund". In the presence of Deputy Governor of Bangladesh Bank Mr. S. K. Sur Chowdhury, the General Manager of Sustainable Finance Department of Bangladesh Bank Mr. Manoj Kumar Biswas and the Managing Director of Shahjalal Islami Bank Limited Mr. Farman R Chowdhury signed the agreement on behalf of their respective organizations.

Agreements...



A Memorandum of Understanding (MoU) signed between Shahjalal Islami Bank Limited (SJIBL) and Hajj Agencies Association of Bangladesh (HAAB) at HAAB Head Office on 5th December 2016. Under the MoU, all Balloty & Non-Balloty Hajj & Umrah Pilgrims can deposit their Hajj & Umrah Pre-Registration and Registration Fees to 103 branches of the Bank all over the country.



A Memorandum of Understanding (MoU) signed between Shahjalal Islami Bank Limited and Picasso Restaurant on 6th June 2016. Mr. Mustaque Ahmed, SEVP & Head of Business Development & Marketing Division, Shahjalal Islami Bank Limited and Lt. General Masud Chowdhury (Retd), (Former High Commissioner in Australia) Chairman, Picasso Restaurant signed the agreement on behalf of their respective organizations. Under the MoU all VISA Debit Cardholders of Shahjalal Islami Bank Limited will get discount upto 25% on all purchased food items of the restaurant.



Shahjalal Islami Bank Limited entered into an agreement with Sonali Bank regarding collection & deposit of Hajj registration fees of Hajj Pilgrims.

Workshop & Training...



Shahjalal Islami Bank Training Academy organized a training course on **'Reporting of Foreign Exchange Transactions through Bangladesh Bank Web Portal'**.



Foundation Training Course on 'Banking' organized by Shahjalal Islami Bank Training Academy for newly recruited officers of the Bank.

Corporate Social Responsibilities...



As a part of the Bank's CSR activities, Shahjalal Islami Bank donated Tk. 1.5 Crore to the Prime Minister's Relief Fund. Engineer Md. Towhidur Rahman, Chairman of the Bank handed over the Cheque to the Hon'ble Prime Minister Sheikh Hasina. Among others Vice-Chairman of the Bank Mr. Mohiuddin Ahmed and the Chairman of Bangladesh Association of Banks Mr. Md. Nazrul Islam Mazumdar were also present.

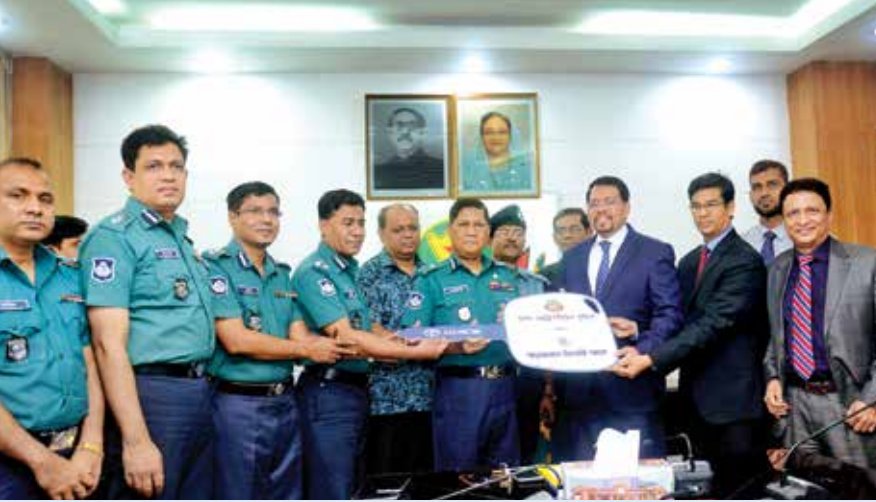


Shahjalal Islami Bank Limited donated Tk. 75 Lac to Prime Minister's Relief Fund to help the flood affected people. Chairman of Shahjalal Islami Bank Limited Engineer Md. Towhidur Rahman handed over the Cheque to the Hon'ble Prime Minister Sheikh Hasina. Former Chairman of Shahjalal Islami Bank Limited & Chairman of the Bank Foundation Mr. Anwer Hossain Khan and the Chairman of Bangladesh Association of Banks Mr. Md. Nazrul Islam Mazumdar were also present.



Shahjalal Islami Bank Limited donated 25,000 pcs of Blankets to Prime Minister's Relief Fund. Chairman of the Bank Engineer Md. Towhidur Rahman is seen handed over the Sample of a Blanket to the Hon'ble Prime Minister Sheikh Hasina. Vice Chairman of the Bank Mr. Mohiuddin Ahmed and Chairman of Bank Foundation Mr. Anwer Hossain Khan were also present among others.

Corporate Social Responsibilities...



Shahjalal Islami Bank Limited donated a Microbus to Dhaka Metropolitan Police (DMP) as a part of Bank's CSR activities. Managing Director of Shahjalal Islami Bank Limited Mr. Farman R Chowdhury handed over a replica of Key of the Microbus to Dhaka Metropolitan Police Commissioner Mr. Md. Assaduzzaman Mia at a ceremony held in DMP office, Dhaka.



Shahjalal Islami Bank Limited donated Tk. 5 Lac to Patuakhali District Administration to establish Patuakhali Zila Proshahson School. Bank's Chairman Engineer Md. Towhidur Rahman handed over the cheque to Patuakhali DC Mr. A.K.M. Shamimul Siddique in a ceremony.



Shahjalal Islami Bank donated Tk. 25 Lac to ICC-Bangladesh for expansion of its office space. Chairman of the Bank Engineer Md. Towhidur Rahman handed over the Cheque to the President of ICC-Bangladesh Mr. Mahbubur Rahman. Former Chairman of the Board of Directors Mr. A. K. Azad, Vice-Chairman Mr. Mohiuddin Ahmed, Directors Mr. Anwer Hossain Khan, Mr. Mohammed Yunus, Mr. Md. Sanaulah Shahid, Mr. Fakir Akhtaruzzaman, Mr. Md. Abdul Barek, Independent Director Mr. Mosharraf Hossain, Managing Director Mr. Farman R Chowdhury, Deputy Managing Directors Mr. Md. Shahjahan Shiraj, Mr. M. Akhter Hossain and Mr. Abdul Aziz were present in the ceremony.

Corporate Social Responsibilities...



Inauguration of Hajj Booth and Free Medical Camp at Ashkona Hajj Camp by Shahjalal Islami Bank Limited for providing necessary banking services and free Medical services to the Pilgrims. Free Medical services was rendered in courtesy of Anwer Khan Modern Medical College & Hospital.



Shahjalal Islami Bank Limited awards Scholarship among the poor and brilliant students. Chairman of the Bank Mr. A. K. Azad presided over the ceremony while the Hon'ble Finance Minister Mr. Abul Maal Abdul Muhith attended the program as chief guest and handed over the scholarship cheques among the students.



Branch Opening ...



Partial view of opening of Shahjalal Islami Bank's Subidbazar Branch, Sylhet



Opening of Amtoli Branch, Barguna of Shahjalal Islami Bank Limited



Opening ceremony of Shahjalal Islami Bank's Chalakchor Branch, Monohardi, Narsingdi

Branch Opening ...



Shahjalal Islami Bank Limited opened Charbhadrasan Branch, Faridpur



Shahjalal Islami Bank Limited opened Chinishpur Branch, Velanagar, Narsingdi Sadar, Narsingdi



Shahjalal Islami Bank Limited opened Chuknagar Branch, Dumuria, Khulna

Branch Opening ...



Shahjalal Islami Bank Limited opened Hat Gopalpur Branch, Jhenaidah



Shahjalal Islami Bank Limited opened Jurain Branch, Kadamtoli, Dhaka



Shahjalal Islami Bank Limited opened Pabna Branch, Delalpur, Pabna

Branch Opening & Relocation...



Shahjalal Islami Bank Limited opened Thakurgaon Branch, Thakurgaon



Madhabdi Branch of Shahjalal Islami Bank Limited moved to the new location



Mohakhali Branch of Shahjalal Islami Bank Limited moved to the new location

ATM Opening ...



Inauguration ceremony of Shahjalal Islami Bank's Thakurgaon ATM Booth



Inauguration of ATM Booth of Shahjalal Islami Bank's Chuknagar Branch



Inauguration of Shahjalal Islami Bank's ATM Booth at Charbhadrashan Branch



Inauguration of Shahjalal Islami Bank's ATM Booth at Bangshal Branch



Projects Financed by Bank

Projects Financed by Bank...



A cement factory financed by Dhaka Main Branch



A particle board factory financed by Foreign Exchange Branch



A jute mill project financed by Dhaka Main Branch

Projects Financed by Bank...



A large pipe manufacturing project financed by Dhaka Main Branch

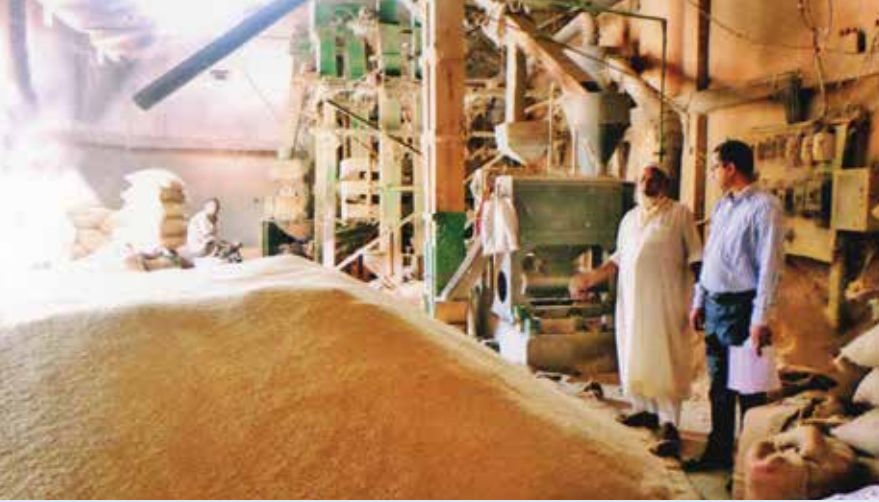


A large washing plant financed by Dhaka Main Branch



A pharmaceutical project financed by Eskaton Branch

Projects Financed by Bank...



An auto rice mill financed by Jamalpur Branch



A tube-well factory financed by Bogra Branch



A lighter vessel financed by Joypara Branch

Projects Financed by Bank...



A hosiery factory financed by Jurine Branch



An enterprise under SME financing of women entrepreneurship project financed by Satmasjid Road Branch



Moulvibazar Branch financed a dairy farm project



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 16th 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 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.

The year as a whole was challenging. It was the uphill task for Bank's Board and Management to come across the challenges and to steer the bank in right direction of growth and stability. Developments in the global front during the past couple of years have been observing generally unfavourable for emerging economies in the world. Relatively slower growth in advanced economies and reversal of foreign capital flows affected the emerging markets adversely, thereby hindering their growth prospects.

The global economic challenge in recent years was to keep the economic growth static and sustainable. However, the slow-down of world economy could not adversely affect our country's economic growth trend despite the fact of limited resources, stringent monetary policy, surplus liquidity, lower profitability and absence of quality investment/credit opportunity. The unscrupulous business competitions among the peers were also the big challenges for the Banks and Financial Institutions to march forward in the last couple of years.

In the backdrop of such tremendous competitive and challenging business environment, Shahjalal Islami Bank Limited has completed another successful year of business in 2016 having registered with the commendable and steady growth in all key areas of performance than previous year.

Despite the challenges, the growth of deposit and investment of your bank in 2016 were 13.87% and 27.02% respectively. Total deposit of the Bank as on 31 December 2016 stood at Tk. 124,410 million, while total amount of investment of the Bank stood at Tk. 122,998 million. During the year import volume stood at Tk. 100,419 million and export business was Tk. 84,769 million. Foreign Remittance of equivalent Tk. 3,361 million received during 2016. The Bank made the operating income of Tk. 5,978 million in 2016, while the net profit after tax of the Bank stood at Tk. 1,557 million registering the growth of 21% compared to that of the previous year. Net asset value (NAV) stood at Tk. 12,857 million in 2016 whereas it was Tk 12,254 million in 2015. In 2016, our earnings per share (EPS) stood at Tk. 2.12 and in 2015 the same was Tk 1.76.

The Regulatory Capital of the Bank as of 31 December 2016 stood at Tk. 14,386 million including paid up capital of Tk. 7,347 million. Capital to Risk-weighted Assets Ratio (CRAR) as of 31 December 2016 stood at 11.54% (Tier-1 capital 10.31% and Tier-2 capital 1.23%) 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.

The very slogan of your Bank is "Committed to Cordial Services" 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 103 branches, one off-shore banking unit and 64 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 2017 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 Exchange, Spain; Money Gram, Global; Xpress Money, Global; Al Ahalia, UAE; Ria Financials, Global and IME, 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 stressed the need to the compliance with all the rules, regulations and guidelines of Bangladesh Securities and Exchange Commission (BSEC), Bangladesh Bank and other regulatory authorities.

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

Looking ahead, Shahjalal Islami Bank Limited is mindful of the challenges that prevail on many fronts like changing socio-economic condition, industry competitive environment, regulatory compliances and slow-down of 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,



Engr. Md. Towhidur Rahman
Chairman



Report of 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.

It gives me immense pleasure to present a short review on the key performance and achievement of Shahjalal Islami Bank Limited for the year 2016. In 2016 Shahjalal Islami Bank Limited managed to deliver profitable growth despite numerous challenges the banking industry faced due to stringent monetary policy, excess liquidity as well as downward profit rate in the money market, increase of non-performing investment, less demand for new investment and absence of quality investment opportunity. 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.

Like previous years, 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. Deposit of the Bank stood at Tk. 124,409.83 million and total asset stood at Tk. 167,244.76 million as on 31 December 2016. Total investment portfolio was Tk. 122,998.38 million. The classified Investment had decreased to 4.70% at the end of 2016 from 6.47% in 2015. To be noted that NPI position of our Bank was below the industry average. Bank had earned operating profit of Tk. 2,979.21 million in the year 2016. Total Foreign Trade Business volume was Tk. 188,549 million during the year 2016.

Capital to Risk-weighted Assets Ratio (CRAR) of the Bank as at 31 December 2016 remained satisfactory at 11.54% which is 1.54% 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). In order to strengthen the capital base of the bank, we are in the process to issue Mudaraba Sub-ordinated Bond of BDT 4 billion which will facilitate high levels of liquidity as well. During the year Bank continued to focus 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.

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, 2016.

Competent and quality work force is a pre-condition for continuous growth and success of the Bank and we took the endeavors to improve the skill, knowledge and productivity of the employees. 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. In respect of rendering services, the ultimate aim of the Bank is to enable our respected and valued clients to shop under the same roof. 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.

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.

Corporate Governance policies and practices of the Bank are focused on ensuring fairness, transparency and accountability in the organization as a whole. The functionaries of the Bank is structured, organized and aligned with accepted Corporate Governance practices in line with the guidelines of Bangladesh Bank and Bangladesh Securities & Exchange Commission (BSEC). The Bank has also a Shariah Council consisting of prominent Fuquah, Economists and Bankers to advise and guide the Bank operating strictly on Shariah principles. Under the guidance of the Board of Directors and Shariah Council, the Management Team has been able to ensure best Corporate Governance practices and risk management process in the bank.

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. 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.

Bangladesh economy is in a promising position in terms of the macroeconomic indicators for 2016. Low interest and low inflationary environments will boost economic growth in 2017 and the economy may break out of its 6% GDP growth trap. The Central bank is likely to continue with the stable exchange rate policy. Export is expected to show a modest growth as well. We are hoping for more political stability in 2017, while the reopening of manpower market will boost remittance income in 2017.

Things, however, may not be as bright for the banking industry. Interest rates are likely to go down further. There is intense competition in the industry due to the large number of banks operating in Bangladesh. As a result, spread for the banks are likely to get squeezed further. NPLs still remain a major problem for the banking industry. It is unlikely that the asset quality situation will change anytime soon. However, an improvement in business confidence is likely to induce credit growth in 2017 and this should relieve some pressure on the banking operations.


Shahjalal Islami Bank Limited has set its priority for the year 2017 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. We believe that we have the capacity and ability to take the risks and challenges for gaining the opportunity in the year 2017 having a commendable performance.

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



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

Surah Al-Baqarah, verse - 276



Reports

- 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 2016. 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

Stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. The global economy has now entered into its sixth year of stagnation with slow growth environment characterized by an imminent productivity growth crisis. The growth outlook for 2017 shows a continuation of this trend. Global growth in 2016 is estimated at a post-crisis low of 2.3 percent and is projected to rise to 2.7 percent in 2017. Growth in emerging market and developing economies (EMDEs) is expected to pick up in 2017.

GDP Growth					
	2014	2015	2016E	2017P	2018P
World	2.7	2.7	2.3	2.7	2.9
USA	2.4	2.6	1.6	2.2	2.1
Euro Area	1.2	2.0	1.6	1.5	1.4
Emerging & Developing Economics	4.3	3.5	3.4	4.2	4.6

Source: World Bank

A projected stabilization in energy and commodity prices may provide a small tailwind for resource rich economies in 2017, but the medium-term trend continues to be dominated by weaker growth in key inputs, notably in investment and in labor supply. Modest positive signals emerge from the base scenario showing some strength in qualitative growth factors, such as more advanced technology, improved labor force skills, and greater productivity. But those potentially favorable factors are under pressure from ongoing political, policy, and economic uncertainties around the world. This risks further inertia caused by a wait-and-see attitude among corporate and governments. Businesses have to be prepared for more disruptions from geopolitical tensions, policy uncertainty, financial market volatility, and rapid changes in technology.

Economic dynamics, among developing economies, are gradually improving following some quarters of sluggish growth. The increase in commodity prices that started in the final quarter of 2016 is good news for the majority of emerging market nations but the recovery in raw material costs is expected to be limited, thereby hampering the possibility of a sharp and sustained recovery. Against this backdrop, many governments will have to continue dealing with tough fiscal positions and the need for structural reforms appears inevitable.

Although the global economy will accelerate this year, a series of events are threatening to endanger the recovery. US President Trump is fulfilling his campaign promises and his protectionist agenda is slowly taking shape, with his

withdrawal of the U.S. from the Trans-Pacific Partnership (TPP) and his threats to impose import tariffs. If he finally succeeds in restricting international trade, this could seriously harm global growth. Export-driven nations such as China, Japan and Mexico would be the worst hit by Trump's anti-trade policies and this situation could exacerbate domestic imbalances. Moreover, political uncertainty is rising in the European Union. Negotiations between the EU and UK on a "hard" Brexit and this year's election cycles in key countries have the potential impact to hamper the EU's currently healthy growth momentum.

BANGLADESH ECONOMY

Bangladesh economy has managed to set growth on a higher trajectory, posting GDP growth of 7.11% in FY16 on the back of surge in both private and public investment as well as increase in consumption expenditures and also tackle impending adversities from latest global developments in politics, economics and diplomacy though many economist viewed that Bangladesh's economy is progressing well, but below its true potential. Major amelioration in the macroeconomic indicators was discerned in the year of 2016 which made the year an economically eventful one e.g. qualifying for the Lower Middle Income Country (LMIC), transgressing the 7% annual growth trajectory, curbing down the inflation to the lowest level in the last 12 years, robust export growth and many more.

Macroeconomic stability was maintained, thanks to falling inflation, contained budget deficit, and large surpluses in both current and financial accounts in the balance of payments (BOP), which was reinforced by impressive export growth and rising foreign direct investment (FDI), and increasing foreign exchange reserves. Declining interest rate on lending has played an important role in the recovery of credit growth to the private sector.

Fiscal Management

In the face of formidable challenges, the Bangladesh economy continued to show signs of resilience throughout the Year 2016. All major parameters of fiscal framework eventually register higher growth rates in 2016. The economy benefitted from a number of advantages from the perspective of macroeconomic management that were sustained from the previous year. However, tax revenue performance has been weak, with revenues increasing more slowly than GDP. Total revenue mobilization registered a growth of 19.0 percent in FY2016. ADP expenditure has not experienced any significant breakthrough in FY2016. As regards public debt, Bangladesh's position is generally comfortable. Currently, approximately 56 percent of public debt is attributable to domestic sources and 44 percent to foreign finance. Within domestic sources, debt from non-bank sources is increasing (led by net sales of NSD), while debt from bank sources is decreasing. This has led to a gradual shift in the overall composition of public debt.

Investment

Though Government statistics exhibit, in FY2016, investment rebounded by a significant margin, the movements of proxy indicators suggest a mixed trend. Rising excess liquidity in the banking system may also indicate lack of investment demand but private investment's share in GDP increased significantly to 23.0 percent in FY2016 compared to 22.1 percent in FY2015 and is the highest in the last 21 years, while, by contrast, public investment declined by 0.1 percentage points to 6.7 percent of GDP in FY2016, a reversal of recent trends. As proportion of GDP, gross investment increased slightly to 29.7 percent in FY16 from 28.89 percent in FY15. The increase was mainly due to the rise in private investment. On the other hand, the domestic savings rate as proportion of GDP has tended to increase, albeit slowly, to 23.89 percent in FY16 from 22.16 percent in FY15. The national savings ratio, too, increased to 30.08 percent in FY16 from 29.02 percent in FY15.

Monetary Development

Bangladesh Bank (BB) claims that its monetary policies, outlined in all successive Monetary Policy Statements (MPS), have been growth supportive and aimed at preserving inflation and price stability. The growth rates of the monetary aggregates in FY2016 evinced a better performance as against their respective targets, except for net domestic assets

and public sector credit. Growth rate of broad money exceeded the target limit of 15 percent and reached 16.4 percent at the end of June 2016. Similarly, growth of credit to the private sector surpassed the target of 14.8 percent to reach 16.6 percent. As it is, the growth was the highest since December 2012. This trend in the growth of monetary aggregates, however, was accompanied by the strong flow of net foreign assets which posted a growth rate of 23 percent against the target of 11.1 percent for the mentioned period.

Price Situation

Inflationary trends experienced a consistent decline throughout 2016. The annual average inflation in December 2016 stood at 5.03 percent, which was below the target of 6.1 percent. The drop mainly ascribes to the international lower food price which contained the cost of imported food items, good domestic harvests- specially rice and a stable exchange rate. On the other hand, non-food inflation surged and stood at 7.45% level from the previous fiscal's 5.99%, which is attributable to the implementation of the new pay scale for government employees, adjustment in the administered prices of gas and electricity and a sharp uptick in the flow of credit to the private sector, a large part of which financed consumption expenditures.

The difference between urban and rural inflation also widened in FY2016 following some convergence over the last couple of years. The impact of rise in electricity and gas prices falls disproportionately in urban areas compared to the rural areas which caused variation in non-food inflation.

Balance of Payments

Balance of payments for Bangladesh economy was positive with USD 2.25 billion during July-December of FY2017, but was lower than the BOP of USD 2.44 billion during the same timeframe of FY2016. During July-December of FY2017, trade balance was negative with USD (-) 4.51 billion as opposed to USD (-) 3.61 billion during the corresponding period of FY2016. The widened trade deficit alongside decreasing worker remittance has caused the negative current account balance of USD (-) 793 million. During the corresponding period of FY2016, the current account had a surplus of USD 1.85 billion. Within the financial account, net foreign direct investment recorded a 10.49 percent growth during July-December of FY2017 compared to the corresponding period of FY2016. In the same timeframe, medium and long-term (MLT) loans decreased by (-) 13.45 percent. Higher FDI inflows, net medium and long term credits, large deficit in net trade credit led to the increase of overall position of the Balance of Payments.

Foreign Exchange Reserve

Foreign exchange reserve (FER) has maintained its upward trajectory to reach USD 32.1 billion as of 28 December 2016. During the July-December period of FY2017, FER increased to the tune of USD 2.0 billion. Major share of this FER was retained as convertible foreign currencies including securities and also in the form of Special Drawing Rights (SDRs), gold etc. The accumulation and deployment process of FERs alongside their security should be a concern for the policymakers. Recently, the government has expressed their desire to create a sovereign wealth fund (SWF) utilizing the growing FER.

Export

In the teeth of global adversities the value of exports has increased in laudable way and it stands at USD 34.97 billion for 2016 against USD 32.38 billion the same period of 2015. Apparel export leads the pack of the total export basket, constituting of 82% of the total export value. Bangladesh leads the pack with 6.4% of the global market.

Export earnings recorded 4.4 percent growth during the July-December period of FY2017 against the annual growth target of 8.0 percent. It is important to note that to attain the target of USD 60 billion by 2021, export earnings need to grow by 11.9 percent annually over the next five years. Export growth of both RMG and non-RMG items (4.4 percent and 4.8 percent respectively) was below their individual annual target (8.1 percent and 7.4 percent respectively). Export

data for July-June of FY16 shows that the country's major export products, i.e. , woven garments, knitwear, leather & leather products, jute & jute goods, agricultural products, other footwear, man-made filaments & staple fibers, specialized textiles, headgear/cap, other manufactured products, petroleum by products, chemical products, and computer services experienced positive growth, while home textile, frozen & live fish, plastic products, engineering products showed negative growth compared to the corresponding period in the previous fiscal year.

Import

During July-November of FY2017, import payments rose by 9.5 percent over the corresponding months of FY2016. In FY2016 the overall import payment growth was 5.4 percent. Import growth in FY2017 so far has been driven by capital machinery, wheat, and petroleum products which recorded 24.5, 54.9, and 43.4 percent growth respectively. Import payment for consumer goods increased by 6.5 percent which was driven by spices, pulses and sugar. At the same time import of intermediate goods went up by 4.0 percent. The increase of capital machinery import is particularly encouraging due to its investment implications. Settlement of import LCs of industrial raw materials and capital machinery increased as the business people saw signs of improved investment climate as the political situation apparently eased. According to anecdotal information, a significant rise of capital machinery import payments were a result of high import of capital machinery for power sector projects which gained momentum in FY2017.

Remittance

The year 2016 kicked off with a 7.4% decline in remittance in January (month-on-month), with the decline fluctuation and getting stable at 11.16% decline in December 2016 (year-on-year). The total remittance inflow in 2016 amounted to USD 13.61 billion, compared with USD 15.32 billion year-on-year.

On the contrary, the number of Bangladeshi workers abroad has been increased significantly in recent years. In 2016, the number of migrant workers surged by 36.31% which is the highest in the last 7 years. The annual number of migrants going abroad reached 0.76 million in 2016. About 71.3% migrants went to Gulf Cooperation Council (GCC) countries in FY 16. Saudi Arabia accounted for the incremental share, whereas Malaysia, Oman and Qatar were the destinations as well. Saudi Arabia, the biggest economy in the GCC, depends predominantly on oil exports for its revenues. With the grave slump in global oil prices, Saudi construction firms have been hit hard and in some cases, government spending had been delayed on major infrastructural projects. Naturally, lavish bonuses, overtime payments and other benefits have been slashed and it is easy to make a judgment that average wage of the migrants have been declined.

Service Sector

An analysis of incremental contributions by different sectors towards GDP growth in FY2016 shows that the service sector has maintained its leading position as a contributor to GDP growth. The service sector grew by 6.7 percent in FY16 as against 5.8 percent in FY15. Notable among the well-performing sub-sectors in FY16 are electricity, gas & water supply, transport, storage & communication, hotel & restaurant, construction, wholesale & retail trade, real estate, renting & business activities, health & social works, education, and public administration & defense. Among these sub-sectors, the wholesale & retail trade had the highest share in GDP (14.02%) in FY16 compared to 14.08 percent in FY15. The GDP shares of certain other sub-sectors in FY16 were 11.37 percent for transport, storage & communication, 9.18 percent for community, social & personal services, 7.28 percent for construction, 6.64 percent for real estate, renting & business activities, 3.77 percent for public administration & defense, 3.36 percent for financial intermediations and 2.43 percent for education.

Industry

The contribution by industrial sector has been increased at a modest pace. Shortage of energy, both gas and power, has adversely affected production in the broad industry sector. However, the sector managed to grow by 10.10 percent in

FY16, compared to 9.67 percent in FY15. Besides, the share of the industry sector in GDP increased by 0.86 percentage point to 31.28 percent in FY16 from 30.42 percent in FY15. Within the broad industry sector, the manufacturing industries in general grew by 10.30 percent in FY16, almost the same as in FY15. The large and medium industries sub-sector, however, performed better than the small scale industries, the former growing by 11.01 percent, and the latter growing by 7.02 percent in FY16, compared to 10.70 percent and 8.54 percent respectively in FY15. Major difficulties experienced by manufacturing industries have been the shortages of gas and power and also the insufficiency of land for setting up industries at appropriate locations.

Agriculture

The agriculture sector is the most important sector in the Bangladesh economy. It employed about 47.5 percent of the country's total labor force in FY16 and accounted for about 15.33 percent of GDP. The sector recorded a lower growth of 2.60 percent in FY16, compared to 3.33 percent in FY15 because of the poor performance of the crop sub-sector. Crops, which comprise of more than 70 percent of the overall agriculture sector, witnessed the biggest drop as the rice market remained depressed. Among the components of agriculture sector (agriculture and forestry sub-sector) which includes crops, livestock and horticulture, forestry and related services, recorded a lower growth of 1.53 percent in FY16, compared to 2.45 percent growth in FY15. On the other hand, the fisheries sub-sector performed relatively better, growing at 6.19 percent in FY16, compared to 6.38 percent in FY15.

Capital Market

In 2016, the capital market indeed ended with a high index as the Dhaka Stock Exchange (DSE) index recorded at 5,036 points in December. During the first half (July-December) of FY2017, the DSEX index recorded a spike. It registered a growth of 8.8 percent as of December 2016 over the corresponding month of 2015. Such improvement in the market is due to the dynamic participation from both local and foreign investors. Psychological confidence may have driven this upward push. Sturdy participation by investors, especially during the last few months of the calendar year alongside consolidation of stock prices, low commodity and oil prices in the international market, have also contributed to such a performance. Additionally, higher corporate earnings and a lower interest rate played a crucial role in improving the performance of the capital market of Bangladesh.

Banking Sector

Bangladesh's banking sector has been entrenched with high non-performing loans (NPLs) and uneven competition in recent years. On the other hand, despite formidable challenges, the banking sector has demonstrated resilience as regards addressing various market risk shocks, including interest rate risks, exchange rate risks and equity price risks.

The challenges confronting the state-owned commercial banks (SCBs) as also specialized banks (SBs) are indeed formidable. The non-performing loans (NPLs) jumped by more than 21 percent or Tk 108.01 billion in the last calendar year. The share of NPLs stands to 9.23 percent as on 31st December 2016 that was 8.79 percent in the same day of the previous year. There has also been a sharp rise in excess liquidity, particularly with the SCBs and foreign commercial banks (FCBs), and to a lesser extent, with private commercial banks (PCBs) during FY2016. A part of this rise was influenced by the increasing amount of external borrowing by the private sector at relatively lower interest rates. Due to the moderately surplus liquidity in the banking system, and thanks to the falling inflation, both the lending rate and deposit rate declined during this period, from 11.7 percent and 6.8 percent in June 2015 to 10.4 percent and 5.5 percent respectively in June 2016. At the end of June, the interest rate spread remained at 4.85 percent in June FY2016.

The aggregate deposit amounted to Tk 9,088.64 billion as of December 2016, experiencing 13.13 percent growth from 13.08 percent a year before while the aggregate credit stood at Tk 6,864.80 billion as of December 2016, increased to 15.32 percent in 2016 from 12.58 percent in 2015.

Internet banking finds a fast rise, with over 41 percent growth recorded in the country in 2016, amid a healthy growth in real-time fund transfers, e-commerce and online penetration. A total of Tk 307.52 billion was transacted through internet banking in 2016 against Tk 217.57 billion in 2015.

The profitability of banks, measured in terms of return on assets and return on equity has shown a divergent pattern. Both return on assets and return on equity have been negative in recent years, both for SCBs and DFIs. For PCBs, both of those returns have changed little, although intra-PCB differences remain significant. FCBs have better returns in terms of ensuring higher levels in both assets and equity.

In the recent past, banking sector has experienced new risks associated with cyber security. These include ATM scams concerning four commercial banks during January 2016, followed by Bangladesh Bank's reserve heist in March 2016 and very recently ATM scams involving a number of other commercial banks. These incidents are indicative of the vulnerability of Bangladesh's banking and financial institutions in this digital age when threats to cyber security have emerged as a growing risk. According to various recent reports, cyber security in the banking sector has been facing multiple challenges in areas ranging from the suitability of infrastructure, safety of operation, regularity of maintenance and adequacy of the required human resources.

Prospect in 2017

The economy of Bangladesh is at its prime juncture with many achievements in its bag and with some more to unleash. Brexit, the most debatable international economic incident of 2016, has a moderate impact on the export of Bangladeshi apparel to UK. Lackluster prospects of most oil exporting gulf countries and the popular anti-immigration stance of most host countries does not bode well for countries' inward remittance. The country has enormous potential to be recognized as a resilient economy in the years to come, if infrastructural reformations could be expedited. Initiatives in the areas of energy, special economic zones (SEZs), and rapid transit systems are yet to gain momentum, as these policy issues and necessary actions are likely to spill over into year 2017. Moving forward, Bangladesh needs to translate this macroeconomic stability into higher investment and higher growth. Bangladesh will also need to prioritize a sustainable and inclusive growth agenda in the light of the Sustainable Development Goals (SDGs), at a time when the first year of the Seventh Five Year Plan (7FYP) comes to an end.

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 Uday Sanz, 2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212, Bangladesh. As on 31 December 2016 the bank had 103 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 Uday Sanz, Plot No-SE(A) 2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212.

Subsidiary

Shahjalal Islami Bank Securities Limited

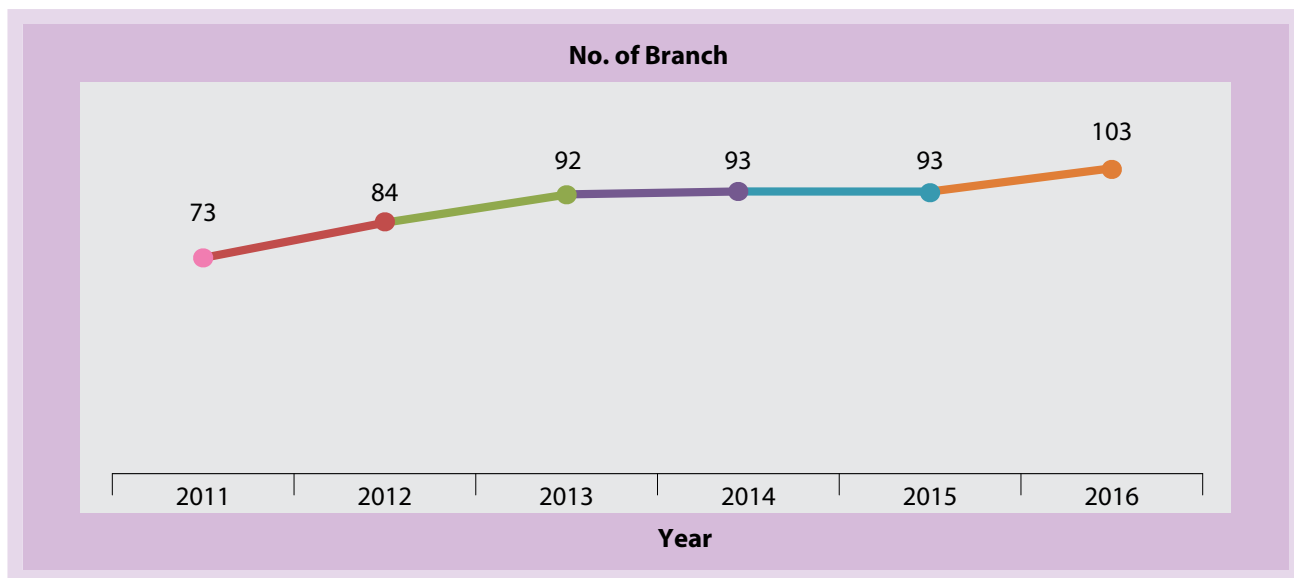
Shahjalal Islami Bank Securities Limited is a subsidiary company of Shahjalal Islami Bank Limited incorporated as a public limited company under the Companies Act 1994 and commenced its operation on the 25th day of May 2011. The main objective of the company is to carry on business of stock broker/dealers 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, small & medium enterprises, trade financing, project finance, working capital finance, lease and hire purchase financing, issuance of Debit Card. Its vision is to be the best private commercial bank in Bangladesh in terms of efficiency, capital adequacy, asset quality, sound management and profitability.

Branch Network

The Bank has been operating with a network of 103 branches around the country. In the year 2016, 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 2017 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 430 as on December 31, 2016 across 61 countries. The Bank is successfully maintaining such relationships around the world to facilitate international trade transactions. The bank maintains 30 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
- i) 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'

SJIBL automation

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

The bank built an International Standard EPI certified Data Center in its own building for securing the infrastructure from all kinds of structural level failure as per the latest recommendation. To extend its capability of recovering from a known and predicted disaster, bank never stays on back foot to invest. It always pays utmost concentration on upgradation of Core Banking Software (CBS) by adding or customizing the modules for better customer service. In this consequence procurement of new Data Storage or extension of existing one is done in every periodical term as anticipated to enhance capacity for accommodation of large extended business data. Our arrangement of dual connectivity through ensuring economy of scale assures business continuity by adjusting and substituting network connectivity among the service providers. This requires extreme level of monitoring which we do by a group of very active, efficient and responsible officials through their dedicated support round the clock.

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

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

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.

User of internet being service is growing fast and we are also in the process of launching the service very soon. Layer-7 security features will be implemented soon as per compliance requirement of regulatory body to ensure cyber security.

Development in customer service through ATM, POS, Mobile and other delivery channels are consistently acquired. Chip based cards have been distributed among the clients. Upgradation 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 64 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 active ATM in 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 dinning, 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 103 branches. The operating profit before tax stood at Tk.2,306.08 million. Net profit attributable to shareholders reached to Tk. 1,557.37 million,

return on average equity was 12.40 percent and Earnings per Share (EPS) stood at Tk.2.12. Non-performing investments (NPI) ratio was 4.70 percent. Capital to Risk Weighted Assets Ratio of the Bank was 11.54 percent comprising maximum under Tier-1, which was above the stipulated rate of 10 percent. Out of deposit of Tk. 124,409.83 million, the bank could deploy Tk. 122,998.38 million in investment as on December 31, 2016. The Bank handled total Foreign exchange business of Tk. 188,549 million in the year 2016.

Regulatory Capital of the Bank

The Bank's Capital is divided into two tiers i.e. Tier-1 and Tier-2 capital. Tier-1 includes Paid-up Capital, Statutory Reserve and Retained Earnings. Tier-2 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. 7,347 million as on December 31, 2016. Total Regulatory Capital was Tk 14,386.08 million as on December 31, 2016. Comparative position of Capital for the year 2016 & 2015 is given below:-

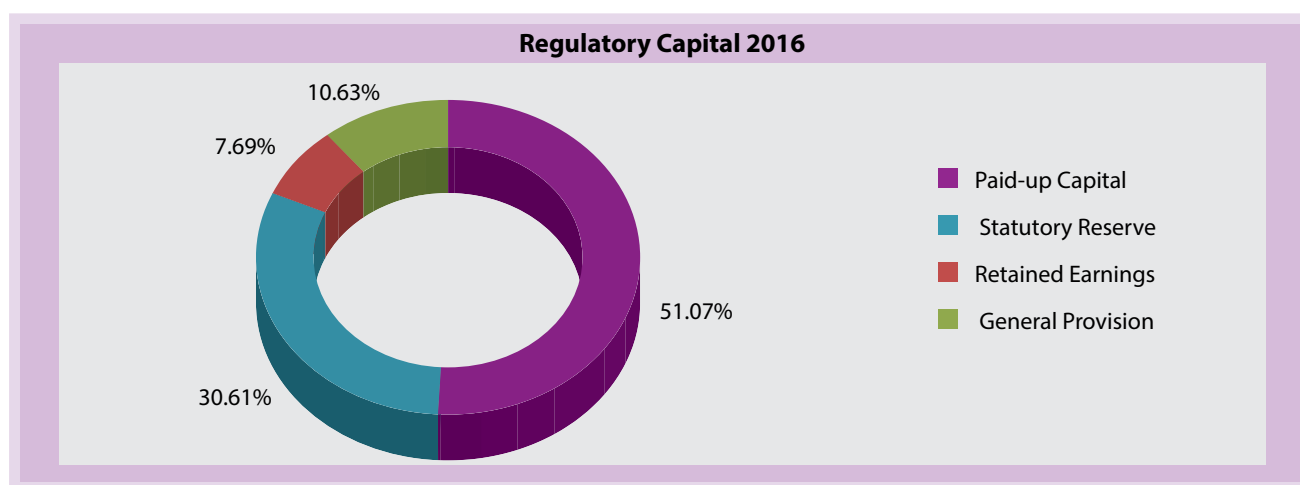
Tier-1 Capital (Going-Concern Capital):

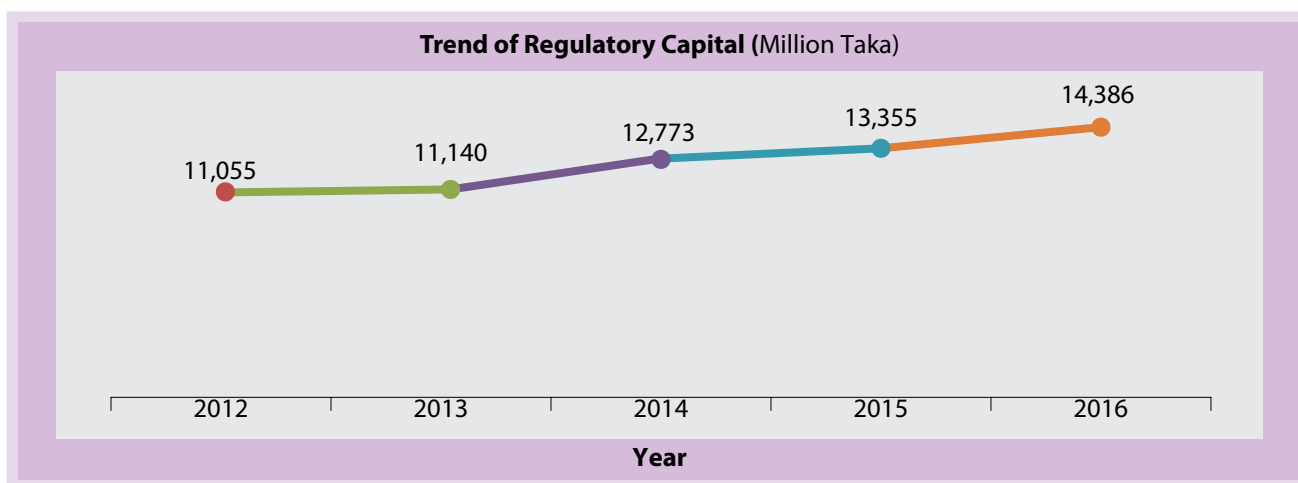
(Amount in million Taka)

SL. No	Particulars	2016	2015
a)	Paid-up capital	7,346.88	7,346.88
b)	Statutory Reserve	4,403.56	3,942.34
c)	Retained Earnings	1,106.13	965.07
	Sub total	12,856.57	12,254.30

Tier-2 Capital (Gone-Concern Capital):

SL. No	Particulars	2016	2015
a)	General Provision	1,529.50	1,100.93
	Sub total	1,529.50	1,100.93
	Total Equity	14,386.07	13,355.23





Number of Shareholders

A large number of shareholders reposed their trust in our Bank's Shares. In the year 2016, total number of Shareholders stood 52,614. The position of shareholders for last three years is shown below:

Year	Shareholders
2016	52,614
2015	63,480
2014	82,713

Net Asset Value (NAV)

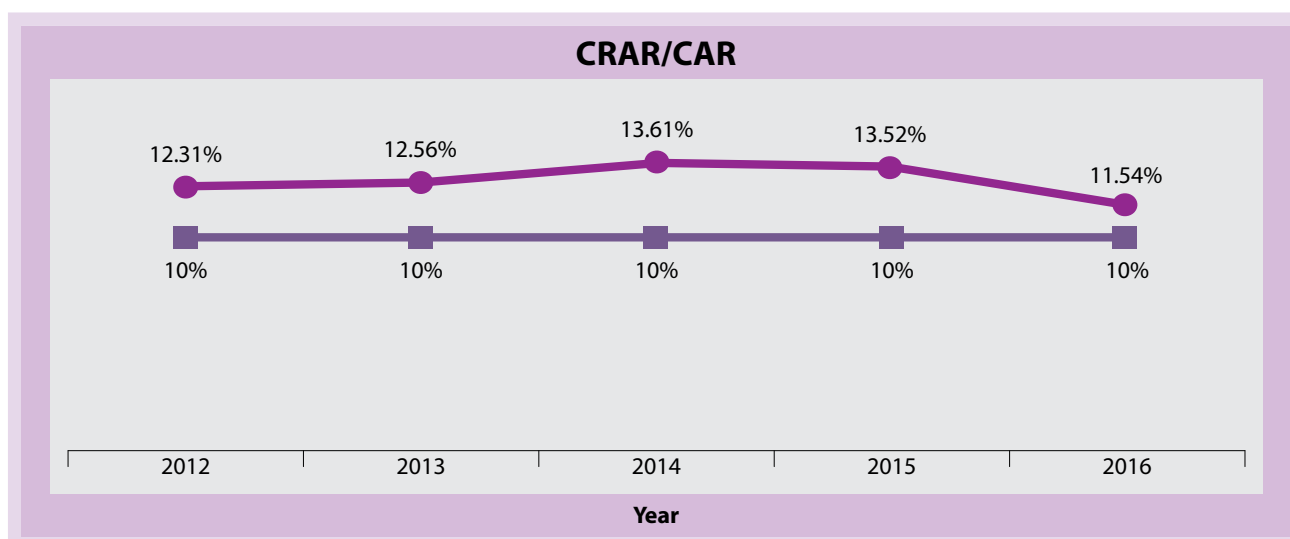
The Net Asset Value per Share is always positive which indicates higher assets back up compare to per value. As a result, more investors has subscribed to Bank. Trend of NAV for last five years is given below:

Year	Net Asset Value (NAV)
2016	17.50
2015	16.68
2014	15.92
2013	16.40
2012	17.33

Capital Adequacy

Total Regulatory Capital of the Bank as on December 31, 2016 stood at Tk. 14,386.07 million which was Tk. 13,355.23 million as on December 31, 2015, registering 11.54% of the Risk weighted Assets as against the requirement of 10%.

The Tier-1 capital was 10.31% of Risk weighted Assets as on 31st December 2016 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 2016 & 2015 under Basel-III is furnished hereunder:

Particulars	Tk. In Million	
	2016	2015
Regulatory Capital:		
1. Tier-1 (Going-Concern Capital)	12,856.57	12,254.30
2. Tier-2 (Gone-Concern Capital)	1,529.50	1,100.93
Total Regulatory Capital (1+2)	14,386.07	13,355.23
Total Risk Weighted Assets (RWA)	124,703.80	98,789.57
Capital to Risk Weighted Assets Ratio (CRAR)	11.54%	13.52%
Tier-1 Capital to RWA	10.31%	12.40%
Tier-2 Capital to RWA	1.23%	1.12%
Minimum Capital Requirement (MCR)	12,470.38	9,878.96

Liabilities

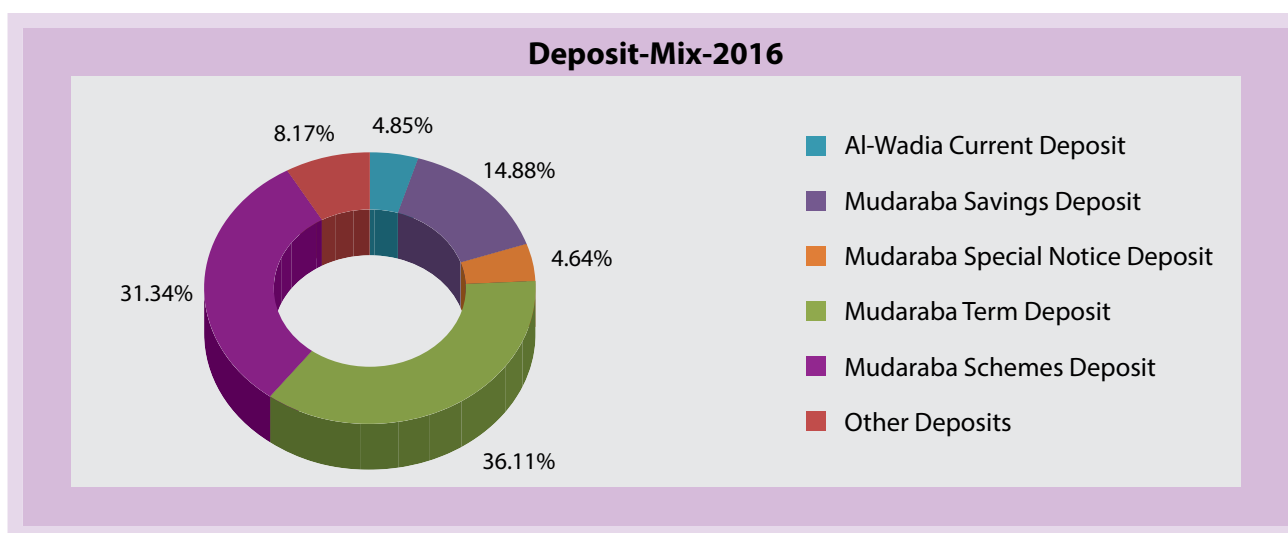
Total liabilities (excluding equity) stood at Tk. 154,388 million at the end of 2016, which was 22.91% higher than the previous years' figure. Liabilities increased mainly due to increase in deposits & placement received from other Banks & Financial Institutions.

Deposit

Total deposit of Shahjalal Islami Bank Limited stood at Tk. 124,409.83 million as on December 31, 2016 which was Tk. 109,258.72 million as on December 31, 2015. 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, 2016 is given below:-

Sl.No	Nature of Deposit	Taka in million	Percentage of Total Deposit
1	Al-Wadia Current Deposit	6,036.58	4.85%
2	Mudaraba Savings Deposit	18,510.98	14.88%
3	Mudaraba Special Notice Deposit	5,776.58	4.64%
4	Mudaraba Term Deposit	44,923.69	36.11%
5	Mudaraba Schemes Deposit	38,993.34	31.34%
6	Other Deposits	10,168.66	8.17%
Total		124,409.83	100.00%



Total Assets

Bank's total asset as on December 31, 2016 stood at Tk. 167,245 million which was Tk. 137,870 million as on December 31, 2015. A major impact to this growth was the increase in Investments by 27.02% i.e. from Tk. 96,835 million to Tk. 122,998 million. Balance with other Banks and Financial Institutions as well as Investments in Shares & Securities also increased by 960 million and 1,409 million respectively.

Asset quality and non-performing investments

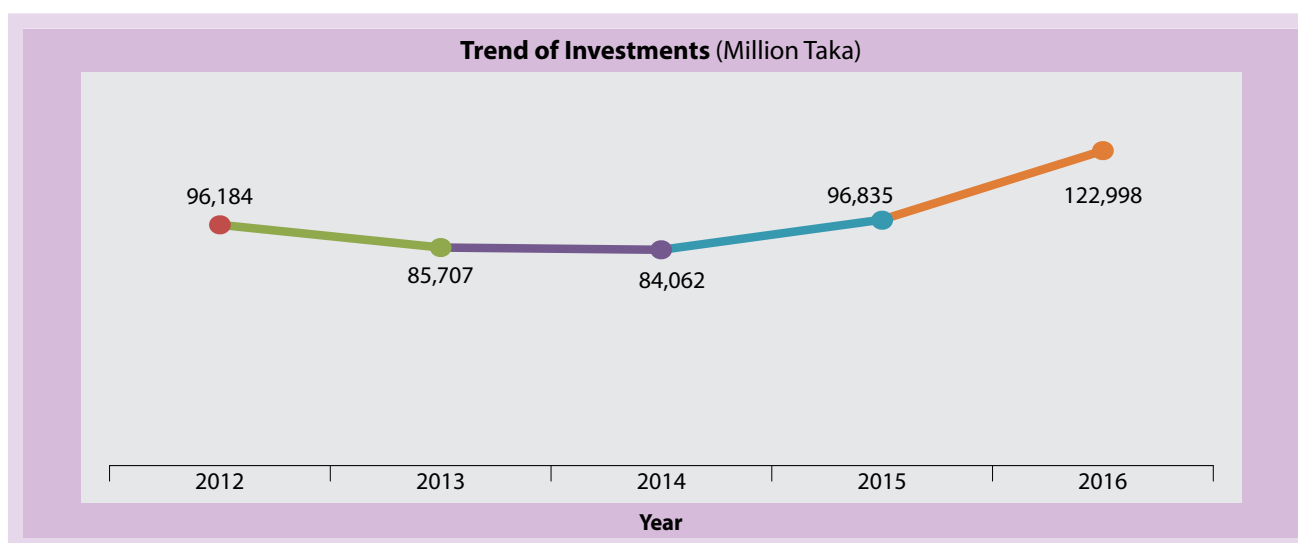
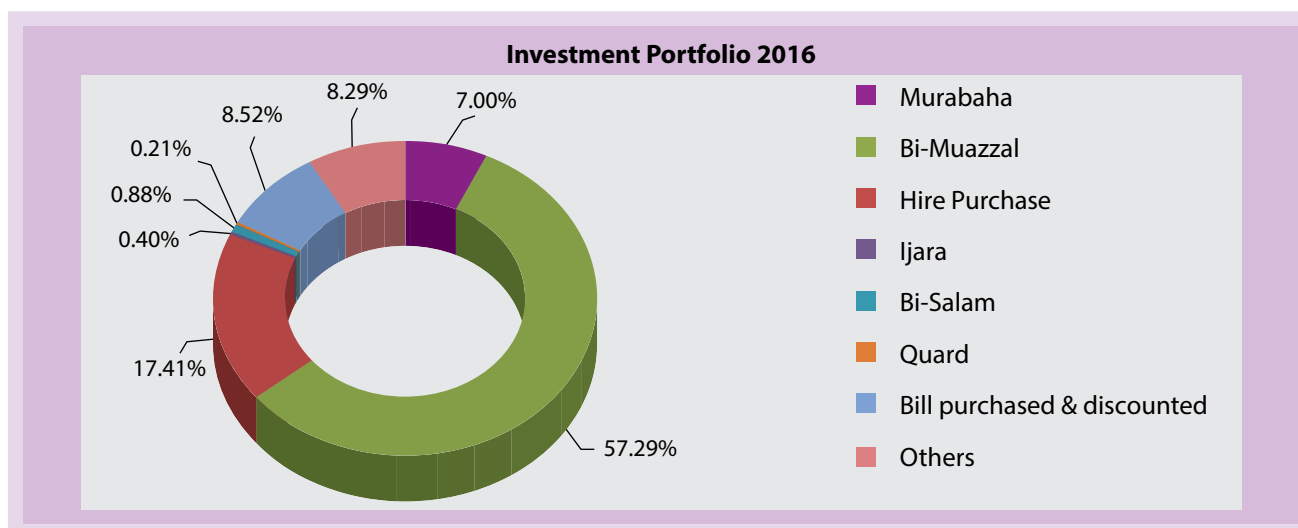
Non-performing investment was decreased by Tk. 479 million compared to the year 2015. The non-performing investment ratio was 4.70% as at the end of 2016 whereas it was 6.47% at the end of 2015.

Investment

Total investment of the Bank stood at Tk. 122,998 million as on December 31, 2016 as against Tk. 96,835 million as on December 31, 2015 registering an increase of Tk. 26,163 million, i.e. 27.02% growth. The Bank was very conscious & careful in deployment of investing fund. Mode wise investment portfolio as on December 31, 2016 is given below:

Sl. No	Modes of Investments	Taka in million	Percentage of Total Investment
1	Murabaha	8,611.52	7.00%
2	Bi-Muazzal	70,468.84	57.29%
3	Hire Purchase under Shirkatul Meelk (HPSM)	21,410.31	17.41%
4	Ijara	491.29	0.40%
5	Bai-Salam	1,077.58	0.88%
6	Quard	261.26	0.21%
7	Bill purchased & discounted	10,478.68	8.52%
8	Others	10,198.90	8.29%
Total		122,998.38	100%

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.

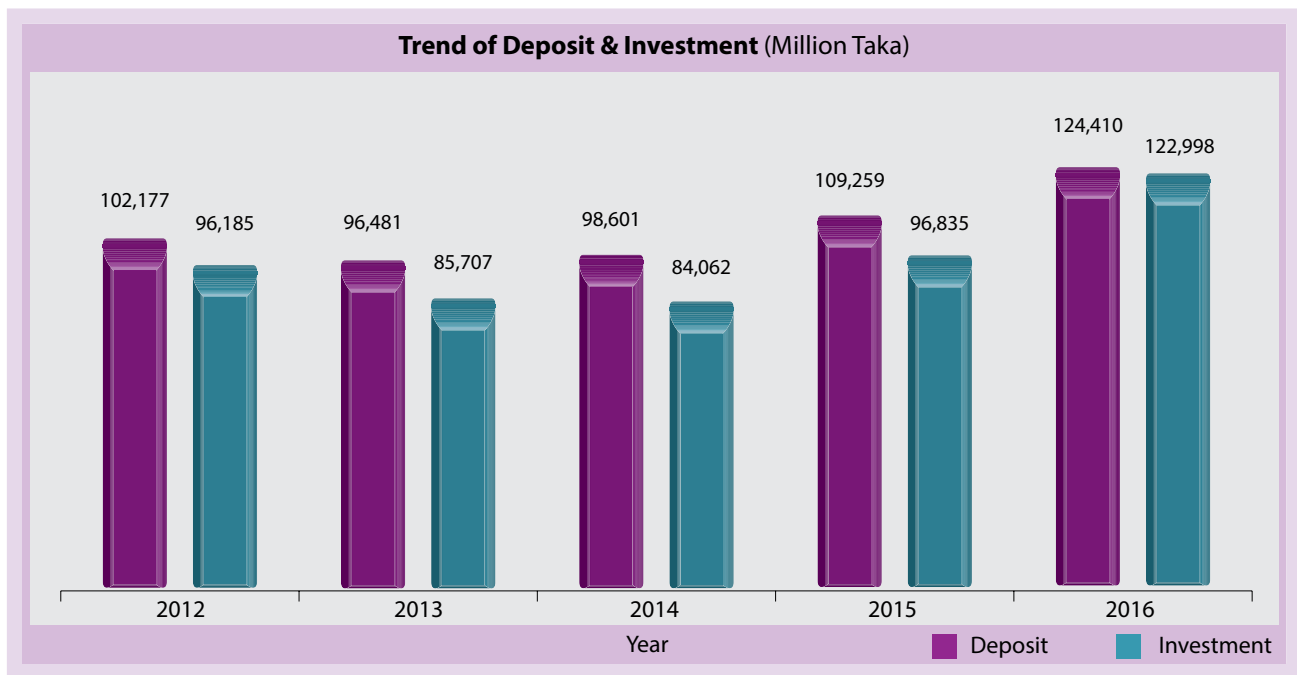


Division-wise Investment

Divisions	Horizontal Analysis				Vertical Analysis			
	Taka in Millions		Variance		Taka in Millions		Composition	
	2016	2015	2016/2015	2015/2014	2016	2015	2016	2015
Dhaka	93,241	70,632	32.01%	9.58%	93,241	70,632	75.81%	72.94%
Chittagong	20,012	19,318	3.59%	48.03%	20,012	19,318	16.27%	19.95%
Sylhet	1,455	1,184	22.81%	11.59%	1,455	1,184	1.18%	1.22%
Rajshahi	2,753	1,831	50.34%	8.54%	2,753	1,831	2.24%	1.89%
Rangpur	1,119	729	53.39%	3.11%	1,119	729	0.91%	0.75%
Khulna	4,063	2,978	36.42%	-0.50%	4,063	2,978	3.30%	3.08%
Barisal	356	161	120.83%	49.07%	356	161	0.29%	0.17%
Total	122,998	96,835	27.02%	15.19%	122,998	96,835	100.00%	100.00%

Sector-wise Investment

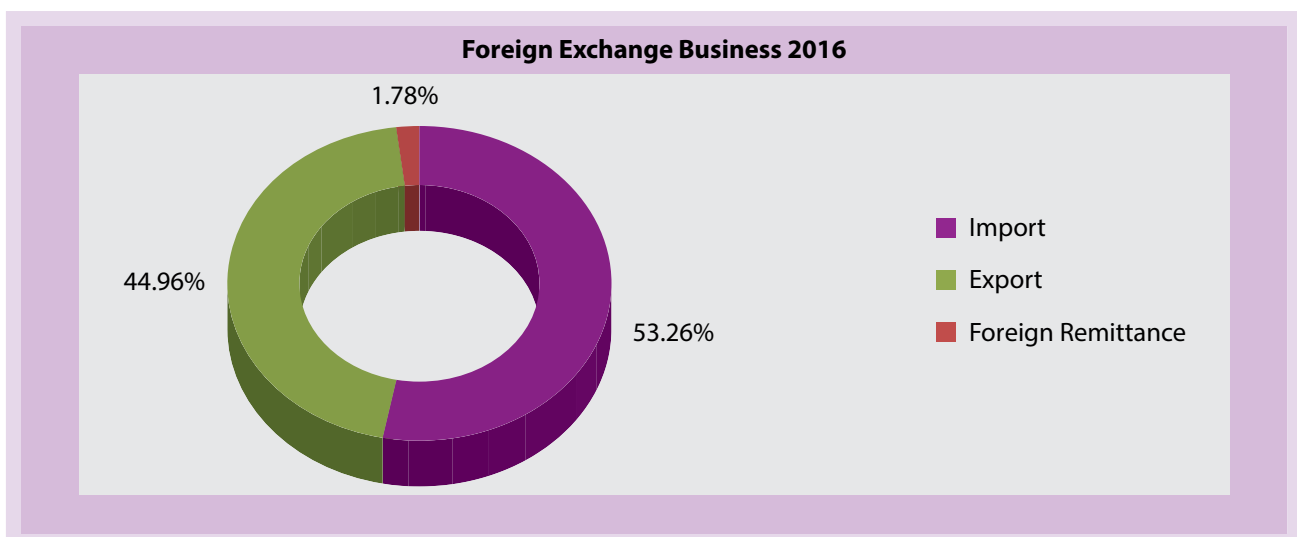
Sectors	Horizontal Analysis				Vertical Analysis			
	Taka in Millions		Variance		Taka in Millions		Composition	
	2016	2015	2016/2015	2015/2014	2016	2015	2016	2015
Agriculture & Fishing	5,982	3,769	59%	34%	5,982	3,769	5%	4%
Cotton & Textile	9,620	8,113	19%	31%	9,620	8,113	8%	8%
Garments	14,473	11,299	28%	-12%	14,473	11,299	12%	12%
Cement	1,289	2,060	-37%	179%	1,289	2,060	1%	2%
Pharmaceuticals & Chemicals	2,345	2,379	-1%	105%	2,345	2,379	2%	2%
Real Estate	8,326	9,489	-12%	25%	8,326	9,489	7%	10%
Transport	2,640	2,218	19%	23%	2,640	2,218	2%	2%
Information Technology	341	140	144%	-67%	341	140	0%	0%
Non Banking Financial Institutions	2,554	2,037	25%	-48%	2,554	2,037	2%	2%
Steel & Engineering	5,783	4,120	40%	65%	5,783	4,120	5%	4%
Food Processing & Beverage	9,320	8,240	13%	114%	9,320	8,240	8%	9%
Power & Energy	3,029	2,784	9%	35%	3,029	2,784	2%	3%
Paper & Paper Products	1,532	1,515	1%	6%	1,532	1,515	1%	2%
Plastic & Plastic Product	2,935	1,731	70%	45%	2,935	1,731	2%	2%
Electronics	2,797	1,524	84%	39%	2,797	1,524	2%	2%
Services Industries	3,425	2,579	33%	-4%	3,425	2,579	3%	3%
Trading	20,317	17,367	17%	13%	20,317	17,367	17%	18%
Import Financing	3,812	3,521	8%	12%	3,812	3,521	3%	4%
Consumer Financing	182	90	102%	114%	182	90	0%	0%
Share business	1,449	2,632	-45%	0%	1,449	2,632	1%	3%
Staff Investment	1,295	843	54%	6%	1,295	843	1%	1%
Others	19,552	8,386	133%	-13%	19,552	8,386	16%	9%
Total	122,998	96,835	27%	15%	122,998	96,835	100%	100%



Foreign Exchange Business

Total Foreign Exchange Business handled during the year 2016 was Tk. 188,549 million as against Tk. 172,074 million of 2015 registering an increase of Tk. 16,475 million, i.e. 9.57% growth. The particulars of Foreign Exchange Business are given below:-

Particulars	Amount in Million Taka		Growth		Composition	
	2016	2015	2016	2015	2016	2015
Import	100,419	85,959	16.82%	2.66%	53.26%	49.95%
Export	84,769	82,571	2.66%	7.61%	44.96%	47.99%
Foreign Remittance	3,361	3,544	-5.16%	10.44%	1.78%	2.06%
Total	188,549	172,074	9.57%	5.13%	100.00%	100.00%



Operating Result

Income:

Investment Income:

Total Investment Income of the Bank stood at tk. 11,154.36 million as on 31st December 2016 as against tk. 10,509.98 million compare to that of the previous year. The amount of Investment Income represents 86.04% of total income of the year 2016 as against 86.87% of total income of the year 2015.

Non-Investment Income:

Total Non-Investment Income of the Bank as at 31st December 2016 stood at Tk. 1,810.31 million as against TK. 1,588.24 million of the preceding year, which was 13.96% and 13.13% of total income of the respective years.

Expenditure:

Profit Paid on Deposits:

Bank distributed Profit of Tk. 6,986.50 million among the Mudaraba Depositors in the year 2016 against Tk. 6,942.57 million in the year 2015 which being 62.63% of the Investment income earned from deployment of Mudaraba Fund and 69.97% of total expenditure of the year 2016 as against 71.42% of total expenditure of the year 2015.

Operating Expenses:

Total operating expenses for the year 2016 was TK. 2,998.96 million whereas it was TK. 2,778.21 million in the year 2015. Total operating expenses was 30.03% of total expenditure in the year 2016 as against 28.58% of the year 2015.

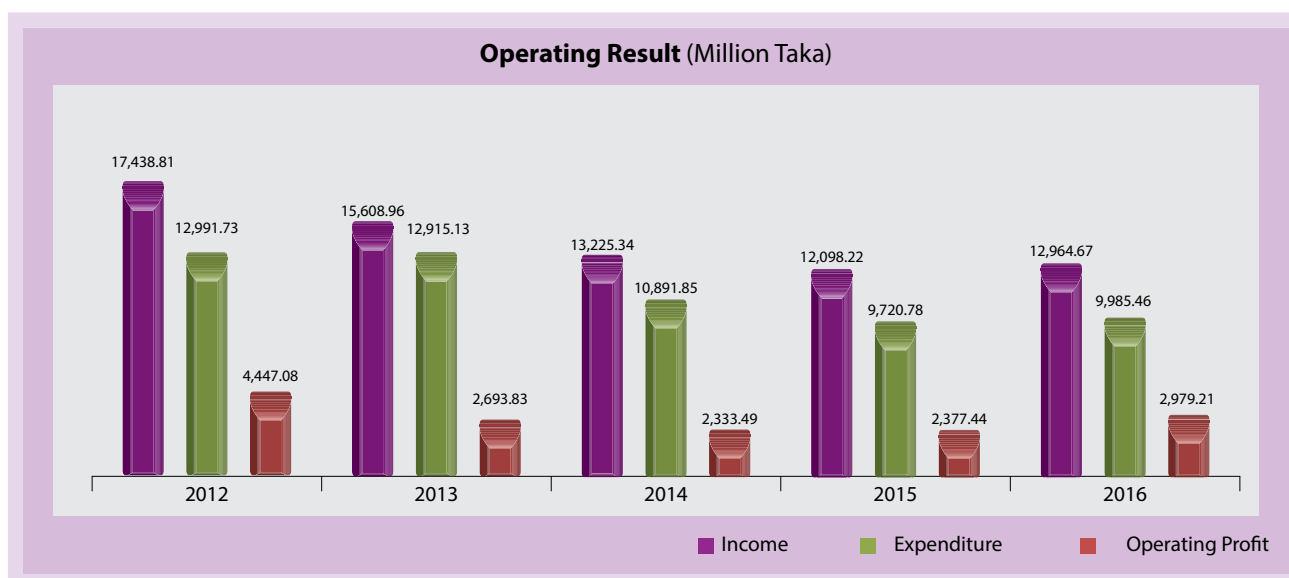
Operating Profit:

During the year 2016, the Bank earned an amount of Tk. 12,964.67 million and spent an amount of Tk. 9,985.46 million, resulting a total Operating Profit of Tk. 2,979.21 million which increased by Tk. 601.77 million over that of last year. From the operating profit, Tk. 471.70 million was kept as provision for investment, Tk. 197.90 million provision was kept for Off-Balance Sheets, Tk. 3.53 million provision was kept for other assets and then profit before tax stood total Tk. 2,306.08 million and deducting income taxes of Tk. 748.71 million, net profit after taxation stood at Tk. 1,557.37 million. As appropriation of net profit Tk. 461.22 million was transferred to statutory reserve as per the Banking Companies Act, 1991 and remaining Tk. 1,096.15 million was transferred to retained earnings.

A summary of operating result of the bank as on December 2016 vis-a-vis the position of December, 2015 is shown below:-

(Amount in Million Taka)

Particulars	2016	2015
Total Income	12,964.67	12,098.22
Less: Total Expenditure	9,985.46	9,720.78
Net Profit before Provision & Taxation	2,979.21	2,377.44
Less: Provision for Investment, Off Balance Sheets, Shares & others	673.13	619.63
Net profit before Taxation	2,306.08	1,757.81
Less: Provision for Taxation	748.71	467.31
Net Profit after Tax	1,557.37	1,290.50
Appropriation:		
Statutory Reserve	461.22	351.56
Retained Earnings	1,096.15	938.93



Contribution to National Exchequer

Bank has made provision of Tk. 757.46 million for corporate tax in 2016 against 480.80 million in 2015. The bank has also contributed to the economy by generating employment of 2,191 full time officials. In the year 2016, Bank has paid Tk. 1,723 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. 124,409.83 million from the surplus economic unit and deployed Tk. 122,998.38 million in 2016.

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% Cash and 5% Stock dividend for each share for the year 2016. Over the years, Board of Directors declared dividends out of profit to shareholders at good rates. The rates of dividend declared by Bank since 2012 are shown below:

Year	Dividend (%)
2016	10 (Cash) & 5 (Stock)
2015	13 (Cash)
2014	10 (Cash)
2013	10 (Stock)
2012	20 (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 Banking Companies Act 1991 (amended upto 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 2016 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 2016.

Maintaining Proper Books of Account

Shahjalal Islami Bank Limited maintained proper books of account for its financial transactions occurred during 2016. 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 accounts 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 Islami Bank Limited has strengthened and segregated its Internal Control and Compliance Division into three separate units based on the relative guidelines framed by Bangladesh Bank:

1. Audit and Inspection
2. Compliance
3. Monitoring

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

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

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



Going Concern

After reviewing the Bank's present and potential business growth, annual budget, performance, liquidity position, 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 14 May 2017, 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 2016 and other relevant information. The rating is valid up to 30 June 2018.

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 2016. The auditor did not 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 2016. As 2016 was the first year of audit and the firm is eligible for reappointment and they have also expressed their willingness to be reappointment for the year 2017.

Section 210 of the Companies Act, 1994 gives authority to the shareholders to appoint the auditors and fix their remuneration. Hence, the board recommends to appoint M/s Hoda Vasi Chowdhury & Co, Chartered Accountants as the auditor of the bank for the year 2017 subject to approval of the shareholders in the upcoming Annual General Meeting.

Future Outlook of the Bank

Going towards 2017, 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. 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 2016. 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 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



Engr. Md. Towhidur Rahman
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 fifteen 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, Bank 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 16th 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 2016, total 14 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 2016.

Separation of Chairman and Chief Executive Officer Roles

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 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 Adequacy 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. 129-142 and the guidelines issued by BSEC have been presented in page no. 119-125. M/s. K. M. Hasan & Co, Chartered Accountants, duly certified the compliance status of Corporate Governance Guidelines and issued a report which is presented in page no. 126.

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 2016 total 44 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 2016, total 11 members 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 2016, total 7 meetings of the Risk Management Committee were held; the attendance records are as follows:

From 01-01-2016 to 25-06-2016:

SI No.	Name of the Director	Meeting Held	Number of Attendance
1	Mr. Anwer Hossain Khan, Chairman	2	2
2	Mr. Mohiuddin Ahmed, Member		1
3	Mr. Khandaker Sakib Ahmed, Member		2
4	Mr. Md. Sanaullah Shahid, Member		1
5	Mr. Md. Abdul Barek, Member		-

From 26-06-2016 to 31-12-2016:

SI No.	Name of the Director	Meeting Held	Number of Attendance
1	Mr. Mohammed Younus, Chairman	5	5
2	Mr. Anwer Hossain Khan, Member		1
3	Mr. Mohiuddin Ahmed, Member		5
4	Mr. Khandaker Sakib Ahmed, Member		4
5	Mr. Md. Abdul Barek, Member		-

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 2016, total 4 meetings of the Shariah Supervisory Committee of the Bank were held, while 2 meetings of the Sub-Committee were held in the same period.

Benefits provided to Directors and Managing Director

The Directors does not receive any type of remuneration and incentive. They are only paid board meeting attendance fees 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 of 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 2016:

- 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 2016 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	2016 (Number)	2015 (Number)
Officers	1,724	1,685
Sub-staffs	467	471
Total	2,191	2,156

Level of Manpower	2016 (Number)	2015 (Number)
Top Level Management	35	29
Mid Level Management	321	282
Junior Level Management	1,368	1,374
Supporting Staff	467	471
Total	2,191	2,156

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 2016, the bank recruited a total of 89 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 2,191 employees, 349 employees are female and rest 1,842 employees are male.

HR Strategy

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

Work Environment & Culture

The Bank is committed to maintain a congenial & comfortable working environment free from discrimination of race, religion, gender and age. The Bank ensures a positive, friendly and respectful environment where all 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	2016	2015
Total Employees	2,191	2,156
Net income per employee (Tk. in million)	0.71	0.60
Operating revenue per employee (Tk. in million)	1.36	1.10
Assets per employee (Tk. in million)	76.33	63.95

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 2016 is given below:

Sl.	Course Type	Trainer	No. of Courses	No. of Participants
1	SJIBL (in house) Training Program	SJIBTA & Head Office	65	2,486
2	External Training Programs (Local)	Bangladesh Bank & BBTA	12	22
3	External Training Programs (Local)	BIBM	65	108
4	External Training Programs (Local)	INTIMATE, BAB, Financial Excellence Limited, DSE, ICC Bangladesh, BIAC, Business Automation Ltd. CSBIB, BEA, IICT and BIBM, IBCF, BAFEDA, Dun & Bradstreet South Asia Middle East Ltd., Bdjobstraining.com, Ministry of Planning, Al- Arafah Islami Bank Ltd. and Bangladesh INSPIRED Project.	40	85
5	External Training Programs (Foreign)	Jointly BIBM & NIBM (India), Mashreq's Conference for Institutions (Bali, Indonesia), ICC-Bangladesh (Hanoi, Vietnam), ICICI Bank (Jaipur, India), Wells Fargo Bank N.A (Singapore), BIBM (Kualaa Lumpur, Malaysia), Dun & Bradstreet (Kuala Lumpur, Malaysia), Fleming. Critical Business Connections (Kuala Lumpur, Malaysia), COMMERZ BANK AG (Frankfurt, Germany), Council for Islamic Banks and Financial Institution (Islamabad, Pakistan).	10	11
Total			192	2,712

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 15(Fifteen) 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 (NBFIL).	✓		-
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
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		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
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.	✓		-
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 members.	✓		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ in the appropriate column)		
		Complied	Not complied	
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.	Nil		-
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	Nil		-
3.4.1 (ii) (c)	Suspected infringement of laws, including securities related laws, rules and regulations;	Nil		-
3.4.1 (ii) (d)	Any other matter which shall be disclosed to the Board of Directors immediately.	Nil		-
3.4.2	Reporting of anything having material financial impact to the Commission.	Nil		-
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.	✓		-
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.	✓		-

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put √ in the appropriate column)		
		Complied	Not complied	
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.	√		-

Compliance Certificate

on

Corporate Governance Guidelines to the Shareholders of Shahjalal Islami Bank Limited

We have reviewed the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission ("BSEC") by Shahjalal Islami Bank Limited (the Bank) as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012.

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the management of the bank. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the bank for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the compliance statement on the basis of evidences obtained and representation received thereon from the management of the bank. It is neither an audit nor expression of opinion on the financial statements of the bank.

Based on information and explanations given to us, we certify that the bank has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned notification of Bangladesh Securities and Exchange Commission and applicable to the bank for the year ended 31 December, 2016.



Md. Amirul Islam FCA, FCS

Senior Partner

For K. M. Hasan & Co.

Chartered Accountants

Dhaka, 05 April 2017

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. 7,346,881,330 divided into 734,688,133 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	Engr. Md. Towhidur Rahman	Chairman	16,508,905	2.25%
2	Mr. Mohiuddin Ahmed	Vice Chairman	14,701,500	2.00%
3	Shams Uddin Khan & Harun Miah Ltd Rep. by Mr. Md. Harun Miah	Vice Chairman	14,693,814	2.00%
4	Mr. Anwer Hossain Khan	Director	21,962,331	2.99%
5	Electra International Ltd. Rep. by Mr. Md. Sanaullah Shahid	Director	18,753,797	2.55%
6	Mr. Md. Abdul Barek	Director	14,693,877	2.00%
7	Mr. Abdul Halim	Director	17,872,141	2.43%
8	Mr. Akkas Uddin Mollah	Director	14,694,559	2.00%
9	Mr. Khandaker Sakib Ahmed	Director	14,694,406	2.00%
10	Mr. A. K. Azad	Director	28,009,345	3.81%
11	Mr. Mohammed Younus	Director	18,163,602	2.47%
12	Mr. Fakir Akhtaruzzaman	Director	14,693,763	2.00%
13	Anwer Khan Modern Hospital Ltd. Rep. by Mr. Mohammed Golam Quddus	Director	14,731,602	2.01%
14	Mr. Mosharraf Hossain Chowdhury	Independent Director	Nil	-
15	Mrs. Farida Parvin Nuru	Independent Director	Nil	-
16	Mr. 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 2016 : Nil

Number of Board Meeting held in 2016 and the attendance of Directors:

Annexure-II

SL.	Name of Directors	Position	Meeting Held	Attended	Remarks
1	Mr. Engr. Md. Towhidur Rahman	Chairman	14	10	
2	Mr. Mohiuddin Ahmed	Vice-Chairman		13	
3	Mr. Md. Harun Miah (Rep. of Shams Uddin Khan & Harun Miah Ltd.)	Vice-Chairman		08	
4	Mr. Anwer Hossain Khan	Director		09	
5	Mr. Md. Sanaullah Shahid (Rep. of Electra International Ltd.)	Director		13	
6	Mr. Md. Abdul Barek	Director		09	
7	Mr. Abdul Halim	Director		13	
8	Mr. Akkas Uddin Mollah	Director		13	
9	Mr. Khandaker Sakib Ahmed	Director		13	
10	Mr. A. K. Azad	Director		09	
11	Mr. Mohammed Younus	Director		09	
12	Mr. Fakir Akhtaruzzaman	Director		09	
13	Mr. Mohammed Golam Quddus (Rep. Anwer Khan Modern Hospital Ltd.)	Director		03	Appointed as Director on 30-10-2016 & during this period total no. of meeting held 03
14	Mr. Mosharraf Hossain Chowdhury	Independent Director		12	
15	Mrs. Farida Parvin Nuru	Independent Director		02	UK expatriate Appointed as Director on 30-10-2016 & during this period total no. of meeting held 03
16	Mr. Farman R. Chowdhury	Managing Director		14	

Number of Executive Committee Meeting held in 2016 was 44 and the attendance of Directors:

Executive Committee from 01-01-2016 to 25-06-2016:

SL	Name of Directors	Position	Meeting Held	Attended
1	Mr. Akkas Uddin Mollah	Chairman	23 no. of meeting held	21
2	Mr. Md. Sanaullah Shahid	Vice Chairman		23
3	Mr. Sajjatuz Jumma	Member		-
4	Mr. Anwer Hossain Khan	Member		12
5	Mr. Mohiuddin Ahmed	Member		22
6	Engr. Md. Towhidur Rahman	Member		15
7	Mr. Mohammed Younus	Member		17

Executive Committee from 26-06-2016 to 31-12-2016:

SL	Name of Directors	Position	Meeting Held	Attended
1	Mr. Md. Sanaullah Shahid	Chairman	21 no. of meeting held	20
2	Mr. Fakir Akhtaruzzaman	Vice Chairman		12
3	Mr. A. K. Azad	Member		04
4	Mr. Akkas Uddin Mollah	Member		19
5	Mr. Anwer Hossain Khan	Member		10
6	Mr. Mohammed Younus	Member		13
7	Mr. Khandaker Sakib Ahmed	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 1991, 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 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
4	Responsibilities of the Board of Directors (Board)	
4.1	Responsibilities and Authorities of the Board:	

Sl. No.	Particulars	Compliance Status
(a)	Work planning and strategic management	
	<p>(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.</p> <p>(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.</p>	Complied
(b)	Credit and risk management	
	<p>(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.</p> <p>(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.</p>	Complied
(c)	Internal Control Management	
	The board shall be vigilant on the internal control system of the bank in order to attain and maintain satisfactory qualitative standard of its loan/investment portfolio. The board will establish such an internal control system so that the internal audit process can be conducted independently from the management. It shall review the reports submitted by its audit committee at quarterly rests regarding compliance of recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.	Complied
(d)	Human Resources (HR) Management and Development	
	(i) Policies relating to recruitment, promotion, transfer, disciplinary and punitive measures, human resources development etc. and service rules shall be framed and approved by the board. The chairman or the directors shall in no way involve themselves or interfere into or influence over any administrative affairs including recruitment, promotion, transfer and disciplinary measures as executed under the set service rules. No member of the board of directors shall be included in the selection committees for recruitment and promotion to different levels. Recruitment, promotion, transfer & punishment of the officers immediate two tiers below the CEO shall, however, rest upon the board. Such recruitment and promotion shall have to be carried out complying with the service rules i.e., policies for recruitment and promotion.	Complied. SJIBL BoD approves HR Policy time to time.

Sl. No.	Particulars	Compliance Status
	(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.
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

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

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

Sl. No.	Particulars	Compliance Status
	4. Consider reports relating to fraud, forgery, deficiencies in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authority and place it before the board after reviewing whether necessary corrective measures have been taken by the management.	
	(ii) Financial Reporting:	
	1. Audit committee will check whether the financial statements reflect the complete and concrete information and determine whether the statements are prepared according to existing rules & regulations and standards enforced in the country and as per relevant prescribed accounting standards set by Bangladesh Bank;	Complied
	2. Discuss with management and the external auditors to review the financial statements before its finalization.	
	(iii) Internal Audit:	
	1. Audit committee will monitor whether internal audit working independently from the management.	Complied
	2. Review the activities of the internal audit and the organizational structure and ensure that no unjustified restriction or limitation hinders the internal audit process;	
	3. Examine the efficiency and effectiveness of internal audit function;	
	4. Examine whether the findings and recommendations made by the internal auditors are duly considered by the management or not.	
	(iv) External Audit	
	1. Review the performance of the external auditors and their audit reports;	Complied
	2. Examine whether the findings and recommendations made by the external auditors are duly considered by the management or not.	
	3. Make recommendations to the board regarding the appointment of the external auditors.	
	(v) Compliance with existing laws and Regulations:	
	Review whether the laws and regulations framed by the regulatory authorities (central bank and other Bodies) and internal regulations approved by the board are being complied with.	Complied
	(vi) Other Responsibilities:	
	1. Submit compliance report to the board on quarterly basis on regularization of the omission, fraud and forgeries and other irregularities detected by the internal and external auditors and inspectors of regulatory authorities;	Complied
	2. External and internal auditors will submit their related assessment report, if the committee solicit;	
	3. Perform other oversight functions as desired by the Board of Directors and evaluate the committee's own performance on a regular basis.	
	d) Meetings:	
	1. The audit committee should hold at least 4 meetings in a year and it can sit any time as it may deems fit;	Complied
	2. The committee may invite Chief Executive Officer, Head of internal audit or any other Officer to its meetings, if it deems necessary;	

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;	
	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.	
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

Sl. No.	Particulars	Compliance Status
	iii) Analysis and approval of Risk Management policy:	
	Risk management policies & guidelines of the bank should be reviewed annually by the committee. The committee will propose amendments if necessary and send it to the Board of Directors for their approval. Besides, other limits including lending limit should be reviewed at least once annually and should be amended, if necessary.	Complied
	iv) Storage of data & Reporting system:	
	Adequate record keeping & reporting system developed by the bank management will be approved by the risk management committee. The committee will ensure proper use of the system. The committee will minute its proposal, suggestions & summary in a specific format & inform the Board of Directors.	Complied
	v) Monitoring the implementation of overall Risk Management Policy:	
	Risk Management Committee will monitor proper implementation of overall risk management policies. They will monitor whether proper steps have been taken to mitigate all risks including lending risk, market risk, and management risk.	Complied
	vi) Other responsibilities:	
	1. Committee's decision and suggestions should be submitted to the Board of Directors quarterly in short form;	Complied
	2. Comply instructions issued time to time by the controlling Body;	
	3. Internal & external auditor will submit respective evaluation report whenever required by the committee.	
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;	
	3. To ensure active participation and contribution by the members, a detailed memorandum should be distributed to committee members well in advance before each meeting;	
	4. All decisions/observations of the committee should be noted in minutes.	
6	Training of the Directors: The Directors of the Board will acquire appropriate knowledge of the Banking laws and other relevant laws, rules and regulations to effectively discharge the responsibilities as a Director of the Bank.	Complied
7	Intimation of the Circular to the Board and related persons by CEO: The CEO will inform about this Circular to the directors and other related persons.	Complied

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

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

Sl. No.	Particulars	Compliance Status
	<p>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.</p> <p>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.</p> <p>c. Without improving the bank's major financial indicator like- CAMELS, annual salary increment will not be payable.</p> <p>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.</p> <p>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.</p> <p>f. The bank shall not pay any income tax for the CEO, i.e., the CEO so appointed shall have to pay it.</p>	Complied
7	Incentive Bonus: The CEO will get incentive bonus subject to paying incentive bonus to all executives/officers/workers of the bank and the said bonus amount will not exceed BDT 1,000,000 in a year.	Complied
8	Honorarium for attending the Board Meeting: Being a salaried executive, CEO will not get any honorarium for attending the Board meeting or Board formed Committee meeting.	Complied
9	Evaluation Report: For reappointment of the CEO, the Chairman of the bank shall have to submit a Board approved evaluation report to Bangladesh Bank.	Complied
10	Prior Approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing CEO as per section 15(4) & (5) of Bank Company Act 1991 (amended up to 2013). For processing such approval, along with the proposal signed by the Chairman of the Board, the selected person's complete resume, offer letter (mentioning the direct & indirect remuneration and facilities) and copy of Board's approval must be submitted to Bangladesh Bank. The selected person must also submit declarations as per Annexure Ka & Annexure Kha to Bangladesh Bank.	Complied
11	Decision of Bangladesh Bank is final: The decision of Bangladesh Bank regarding appointment of the CEO will be treated as final and such appointed CEO cannot be dismissed, released or removed from his/her office without prior approval from Bangladesh Bank.	Complied

Sl. No.	Particulars	Compliance Status
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.	

Sl. No.	Particulars	Compliance Status
2	Responsibilities of the Advisor: The roles and responsibilities of the Advisor should be defined specifically. The Advisor can advise the Board of Directors or CEO only on those matters specified in the appointment letter. The routine and general activities of the bank will not be included in his terms of reference. He will not be entitled to exercise any power or involved himself in the decision making process of financial, administrative, operations or other activities of the bank.	N/A
3	Prior approval from Bangladesh Bank: Prior approval from Bangladesh Bank is mandatory before appointing an Advisor. For such appointment, the justifications of the post of advisor, responsibilities or terms of reference, complete resume of the concerned person, terms of appointment (mentioning remuneration and facilities) and copy of Board's approval shall be submitted to Bangladesh Bank. The nominated person has to make a declaration as per Annexure A. This declaration shall also be submitted to Bangladesh Bank.	N/A
4	Remuneration and other facilities of Advisor: The post of Advisor is not a fixed or substantive post in the bank's organization structure. Advisor will not be entitled to salaries and allowances as regular employee except gross amount of remuneration, transport and telephone facilities. Remunerations inconsistent with the terms of reference of the advisor will not be considered as acceptable to Bangladesh Bank.	N/A
5	Tenure of Advisor: The tenure of the Advisor shall be maximum 01(one) year, which is renewable. An evaluation report (by the Chairman that is approved by the Board) of previous tenure should be submitted to Bangladesh Bank along with the re-appointment proposal.	N/A
6	Appointment of Ex-officials: For ensuring good governance, any former Director, CEO or any other Executive of the bank will not be eligible to become an Advisor in the same bank immediately after their retirement or resignation. However, after one year from such retirement or resignation, he/she will be eligible for appointment as Advisor.	N/A
B	Rules and regulations for appointment of a Consultant	
1	Terms of reference of Consultant: Consultant can be appointed for specialized tasks like tax, law and legal procedures, engineering and technical works, information technology, etc. Consultants' appointment should be avoided as much as possible for those works that could be done by regular employees of the bank.	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

Sl. No.	Particulars	Compliance Status
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

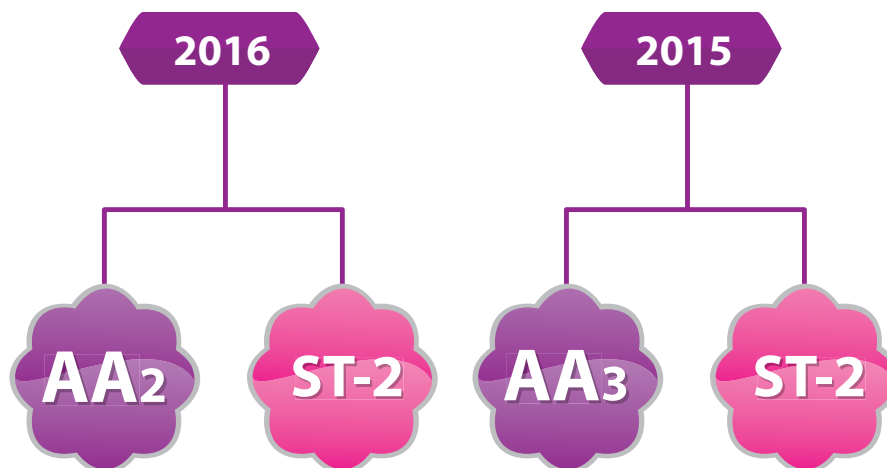
of

Shahjalal Islami Bank Limited

	Long Term	Short Term
Surveillance Rating-2016	AA2	ST-2
Outlook	Stable	
Date of Rating-2016	14 May, 2017	

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 2016 and other relevant information.

Yearwise 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 Bank 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. 240 held on 30-10-2016 consisting of the following five members:

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mr. Mosharraf Hossain Chowdhury	Independent Director	Chairman	Masters
Mr. Md. Harun Miah	Director	Member	BA
Mr. Abdul Halim	Director	Member	BA
Mr. Mohammed Golam Quddus	Director	Member	Masters
Mrs. Farida Parvin Nuru	Independent 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 the 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 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 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 11 (Eleven) meeting in 2016. 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 29 March 2017 to deal with the Auditors' Report and Financial Statements of 2016, wherein external auditors of the Bank were also present.

Activities in 2016

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

- Review the internal audit plan for the year 2016 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 2016 before submission to the board for approval.
- Review of Anti Money Laundering rating of all branches for the year 2016.
- 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 2016

The Audit Committee reviewed and examined the Financial Statements for the year ended 31 December, 2016 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 245th meeting held on 05 April 2017 approved the same.

Acknowledgement

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

On behalf of the Audit Committee



Mosharraf Hossain Chowdhury

Chairman

Board Audit Committee

Report of the Board Risk Management Committee

Risk management is the key element for sound corporate governance of the Bank. With a recent addition in regulatory mandates and increasingly active participation of shareholders, the Bank has become concerned to identify areas of risks in the business, whether it is financial, operational or reputation risk. The Bank identifies, measures, monitors and manages all risks of the Bank. Sophisticated risk management framework is going to be implemented to carry out efficient risk management exercises of the Bank including documenting and assessing risks, defining controls, managing assessments and audit, identifying issues, implementing recommendations and corrective plans. In accordance with Bangladesh Bank Guidelines, the Bank has established the risk framework that consists of some core risks management policies i.e., (i) Investment Risk (ii) Asset and Liability/Balance Sheet Risk (iii) Foreign Exchange Risk (iv) Internal Control and Compliance Risk (v) Money Laundering Risk and (vi) Information and Communication Technologies. To implement all of these risk management policies, the Bank has the following Board Risk Management Committee (BRMC).

Composition

The composition of the Board Risk Management Committee (BRMC) is as follows:

Sl.	Name of the directors	Position
1.	Mr. Mohammed Younus	Chairman
2.	Mr. Anwer Hossain Khan	Member
3.	Mr. Mohiuddin Ahmed	Member
4.	Mr. Khandoker Sakib Ahmed	Member
5.	Mr. Md. Abdul Barek	Member

Role of Board Risk Management Committee (BRMC)

Risk Management Committee of the Board of Directors plays significant role in proper functioning of the Bank, some of which are as follows:

- 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 and Memos

During the year 2016, seven meetings of Board Risk Management Committee were held and forty five memos were placed before the committee.

Activities of the Board Risk Management Committee in the year 2016

The major activities of the Board Risk Management Committee (BRMC) in the year 2016 were as follows:

- a) Reviewed the Internal Capital Adequacy Assessment Process (ICAAP) report of the Bank.
- b) Reviewed the Green Banking Activities of the Bank.

- c) Reviewed the Capital to Risk weighted Assets Ratio (CRAR) of the Bank from time to time against Minimum Capital Requirement (MCR).
- d) Evaluated the Stress Testing Result and Basel- III report periodically.
- e) Evaluated the Monthly Risk Management Report (MRMR) and Comprehensive Risk Management Reports (CRMR) of the Bank periodically.
- f) Evaluated the implementation status of the decisions taken in the management level Risk Management Committee (RMC) meetings time to time.
- g) Periodically reviewed the duration gaps of Bank's assets and liabilities and advised the management for their prudent liquidity management.
- h) Reviewed the Management Action Triggers (MAT) with Supplementary Documents of ICAAP under pillar-2 of Basel-III.
- i) 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.
- j) Evaluated the concentration of Investment portfolio of Bank and advised the management to diversify investment portfolio as far as possible and practicable.
- k) Evaluated the Organogram of Risk Management Division (RMD) as per requirement of the Bangladesh Bank.
- l) 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.
- m) Reviewed the Bank's Top-100 Defaulter Clients and the status thereof.
- n) Reviewed the status of Bank's Recovery, Classification, Legal position and Written off accounts periodically.
- o) Reviewed the status of the large investments of the Bank and advised the management to monitor closely and regularly to ensure that such investments to be performed continuously.
- p) 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 various 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.

Thank you for co-operation to perform the responsibilities to the members of the BRMC.



Mohammed Younus

Chairman

Risk Management Committee of the Board

CEO/CFO's Declaration to the Board

05 April 2017

The Board of Directors

Shahjalal Islami Bank Limited
Uday Sanz, Plot No-SE(A)
2/B Gulshan South Avenue
Gulshan-1, 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, 2016:

- 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	01 Jan 16 to 31 Dec 16	01 Jan 15 to 31 Dec 15	01 Jan 16 to 30 Sep 16	01 Jan 15 to 30 Sep 15	01 Jan 16 to 30 Jun 16	01 Jan 15 to 30 Jun 15	01 Jan 16 to 31 Mar 16	01 Jan 15 to 31 Mar 15
Placement with other Banks & FI's	7,861.78	8,658.00	9,771.78	7,468.04	2,565.81	7,713.05	11,002.93	5,969.05
Inv in Shares & Securities	7,593.13	6,183.72	7,411.22	6,171.85	5,767.39	6,044.44	5,705.48	7,021.14
Investment	122,998.38	96,834.65	109,433.83	90,900.47	109,915.13	87,473.45	100,296.44	86,333.21
Placement from other Banks & FI's	16,235.54	2,950.91	7,436.61	2,900.17	10,088.17	3,252.18	7,754.01	2,805.63
Deposit & Other accounts	124,409.83	109,258.72	121,469.27	103,774.57	120,257.72	103,515.99	112,219.99	99,773.38
Paid up Capital	7,346.88	7,346.88	7,346.88	7,346.88	7,346.88	7,346.88	7,346.88	7,346.88
Total Shareholder's equity	12,856.58	12,254.30	12,192.33	11,799.53	11,887.23	11,514.50	12,519.69	11,879.94
Total Assets	167,244.76	137,869.85	156,207.07	131,691.75	156,682.55	130,878.18	146,540.52	126,970.10
Off Balance Items	63,325.73	43,525.81	58,423.38	43,004.31	56,805.53	43,609.40	50,084.03	45,468.91

Profit and Loss Account

Net Investment Income	4,167.85	3,567.41	3,059.89	2,743.37	2,046.47	1,698.76	967.77	863.81
Non Investment Income	1,810.31	1,588.24	1,260.00	1,184.34	863.38	844.01	365.35	425.80
Operating Expenses	2,998.96	2,778.21	2,021.05	1,908.62	1,311.92	1,197.96	574.69	539.76
Operating Profit	2,979.21	2,377.44	2,298.85	2,019.09	1,597.93	1,344.80	758.43	749.86
Net Profit After Taxation	1,557.37	1,290.49	893.12	835.73	588.02	550.69	265.39	181.44
Earnings per share(EPS)	2.12	1.76	1.22	1.14	0.80	0.75	0.36	0.25

Other Information

Net Asset Value (NAV) per share	17.50	16.68	16.60	16.06	16.18	15.67	17.04	16.17
NOCFPS	5.27	-7.5	5.90	-1.52	3.68	1.67	3.73	-2.32

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 Limited (DSE) and Chittagong Stock Exchange Limited (CSE) 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 it operate. In order to meet expectation of stakeholders, we must make our business sustainable.

The work we are doing on sustainability is an integral part of the business, contributing to the long-term performance of the Bank and the return to ongoing profitability, steering the Bank towards its corporate targets with a direction of growth that meets expectations of stakeholders 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 the 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 operating 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 Limited (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 2016. Some notable initiatives are given below:

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

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

Ecology and Green Banking

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

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

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

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

Ethical Banking

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

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

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

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.

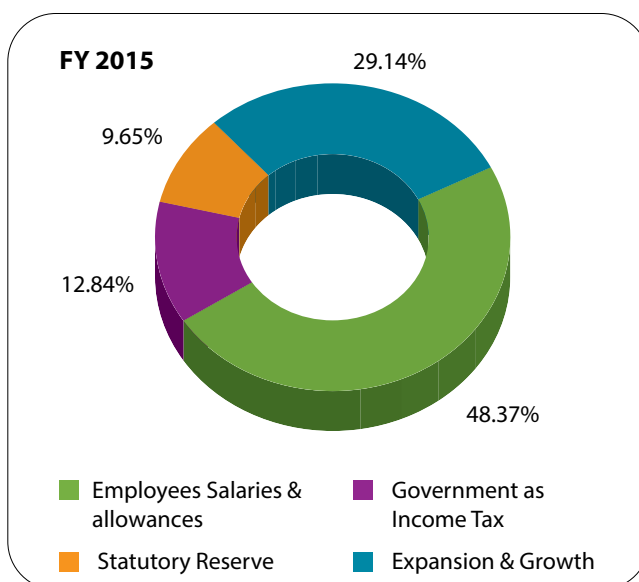
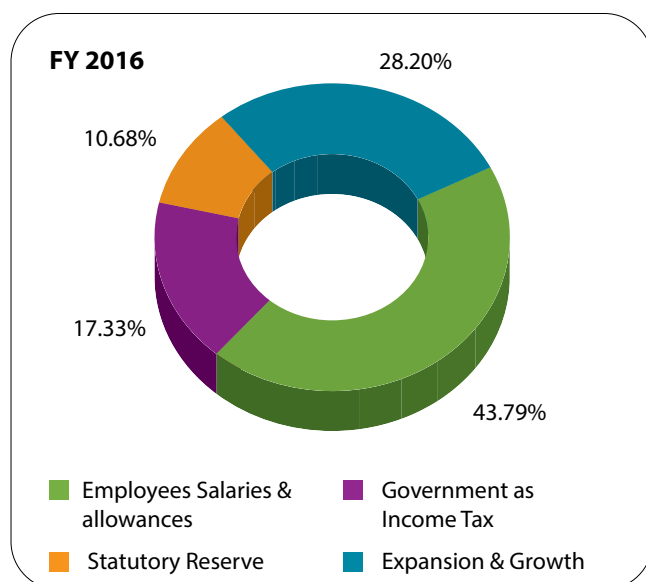
Value Added Statement

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 2016

Particulars	2016 (Taka)	%	2015 (Taka)	%
Income From Banking Services	12,964,667,474		12,098,219,384	
Less: Cost of services & supplies	7,971,787,170		7,838,325,541	
Value added by the Banking services	4,992,880,303		4,259,893,843	
Non-banking income	-		-	
Loan & Other Provisions	(673,126,000)		(619,633,336)	
Total value added	4,319,754,303		3,640,260,507	
Distribution of added value				
To Employess as salaries & allowances	1,891,574,346	43.79%	1,760,669,359	48.37%
To Government as Income Tax	748,711,021	17.33%	467,310,522	12.84%
To Statutory Reserve	461,216,247	10.68%	351,560,615	9.65%
To Expansion & growth	1,218,252,689	28.20%	1,060,720,012	29.14%
Retained earnings	1,096,153,968		938,931,937	
Depreciation	122,098,721		121,788,075	
	4,319,754,303	100%	3,640,260,507	100%

Distribution of Added Value



Economic Value Added Statement

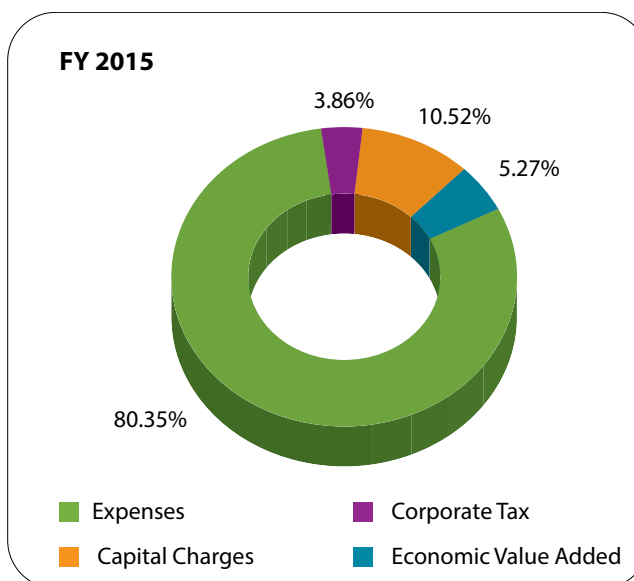
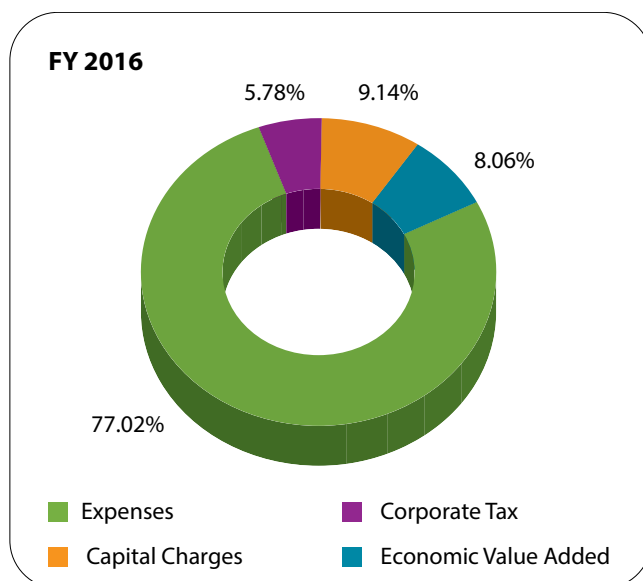
Economic Value Addition (EVA) indicates the true economic profit of the company. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks.

Economic Value Added Statement for the year ended 31 December 2016

Taka in Million

Particulars	2016	2015
Total Revenue	12,964.67	12,098.22
Expenses	9,985.46	9,720.78
Corporate Tax	748.71	467.31
Capital Charges	1,185.41	1,272.75
Economic Value Added	1,045.09	637.38

Economic Value Addition



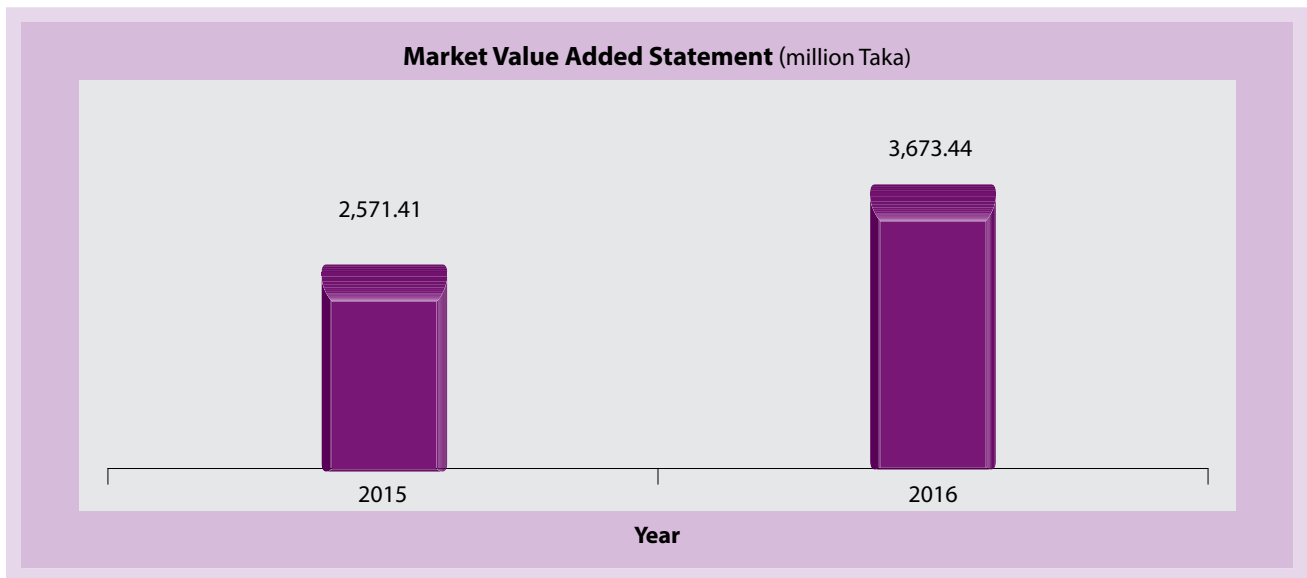
Market Value Added Statement

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 2016

Taka in Million

Particulars	2016	2015
Face value per share (Tk.)	10.00	10.00
Market Value per Share (Tk.)	15.00	13.50
Number of Shares outstanding	734,688,133	734,688,133
Total market capitalization	11,020.32	9,918.29
Book value of paid up capital	7,346.88	7,346.88
Market Value Addition	3,673.44	2,571.41



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 2,191 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 that 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 2016 by donating Tk. 1 million for their medical treatment.

Education

Education is a pre-requisite for the overall development of the country. Keeping this view in mind, Shahjalal Islami Bank Limited has long been practicing CSR in education. Awarding scholarship to meritorious students 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. 1.25 crore in the year 2016 to poor but meritorious student with outstanding result in secondary school and higher secondary examinations to facilitate them for pursuing their higher 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 2016 valuing Tk 22 million in Education for the development of education and establishment of Computer Lab with a view to built Digital Bangladesh in line with the 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 a part of the Bank's CSR activities, Shahjalal Islami Bank Limited donated Tk. 2.5 million to ICC-Bangladesh during the year 2016 for expansion of its office space.

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 during the year 2016 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 2016, SJIBL took different initiatives to create effective intervention and mitigation of disaster in Bangladesh.

Like earlier, the bank distributed 50,350 pcs blanket valuing Tk 1.52 Crore to cold stricken people throughout the country during the year 2016. 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 order 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.

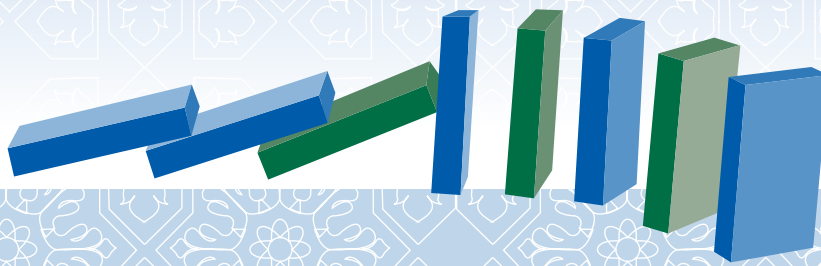
Contribution to national exchequer

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

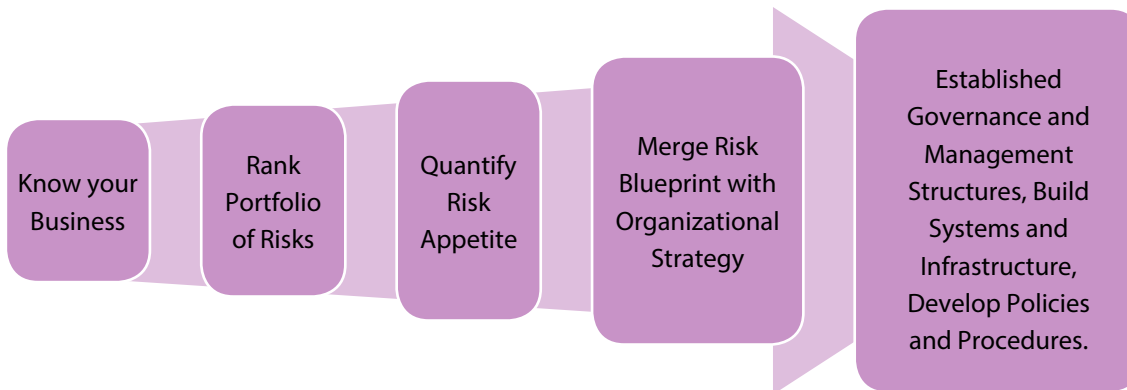
Report on Risk Management

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 various 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 various risks. Risk management process consists of:

- A. Identification
- B. Measurement
- C. Aggregation
- D. Planning and Controlling
- E. Monitoring



Risk Governance Structure

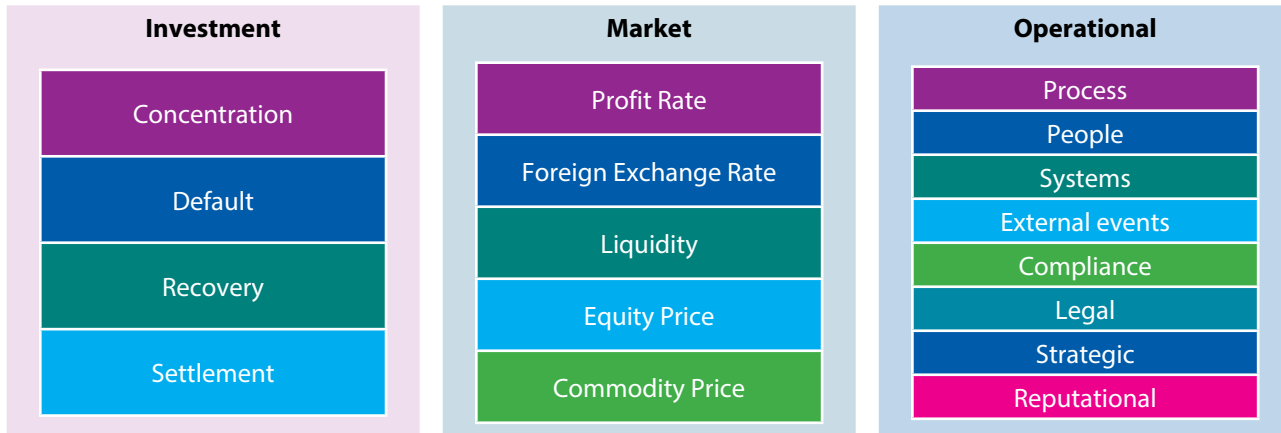
The Bank has established a different tiered risk governance structure to support effective risk management throughout the organization covering all key business activities.

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 perspectives.

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 take timely decisions on effective utilization & management of assets & liabilities of the Bank towards profit maximizing.
Supervisory Review Process (SRP) Team	To oversee the Capital Adequacy of the Bank, Internal Capital Adequacy Assessment 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 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.

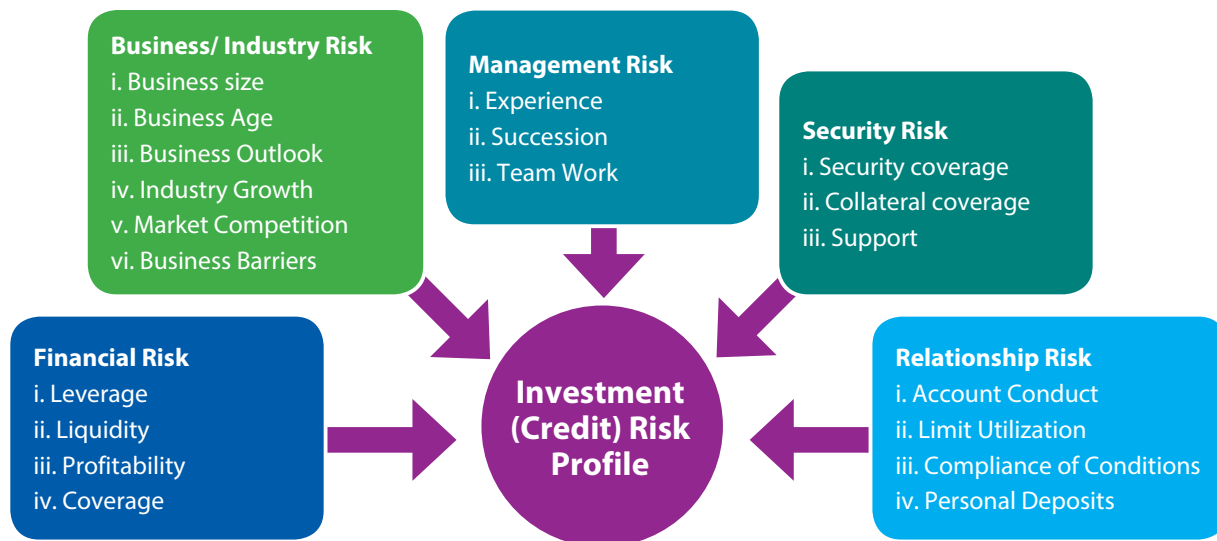
Risk appetite of the Bank covers different material risk areas related to Investment Risk, Capital Management Risk and Liquidity Risk. Bank has developed and set out the risk appetite of different Investment limits such as Portfolio wise, Industry and Area wise, Top-20 Borrower, Off-balance sheet exposure, 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 sheet items such as Letter of Credit, Letter of Guarantees, Acceptances & Endorsement and Bills for collection. 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 (Credit) Risk Profile

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



Investment (Credit) Risk Appetite

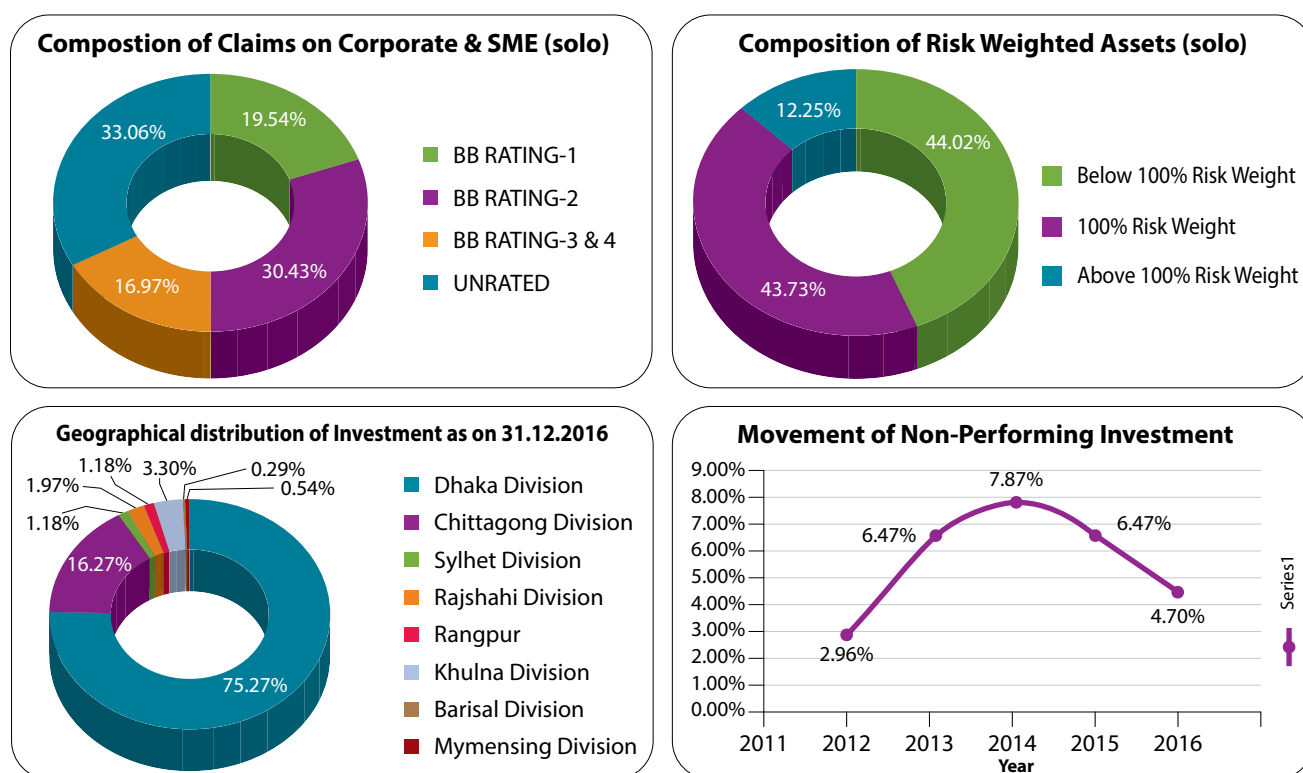
Investment (Credit) Risk Appetite and the 'Risk Acceptance Criteria' of the Bank are clearly defined in the investment guidelines of the Bank set by the Board of the Directors of the Bank.

Investment Risk Exposures of the Bank

Major investment exposures of the Bank are generated from investments 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 Credit, Letters of Guarantee, 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, 2016 based on Basel-III as guided by the Bangladesh Bank.



Management of Investment (Credit) Risk

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.

Bank is trying to practice sound policies as under:

- Establishing an appropriate investment risk environment;
- Operating under a sound investment approval 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 the 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 eligibility 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 Collateral Valuation Policy.

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 Risk Management guidelines into Investment Risk Management (IRM) guidelines as instructed by the Bangladesh Bank. Now, the Bank is working to incorporate ESRM Guideline.

- If the ESR is high, then the proposal for investment will have to be approved by the Board or its Executive Committee. Time-bound action plan to mitigate Environmental & Social Risks will form part of approval conditions or will be mentioned as special condition of Sanction Advice. If there are any conditions to be fulfilled as part of approval, Investment Committee (IC) will check for the same before disbursing.
- If the ESR is moderate, then the financing decision can be undertaken on the basis of the usual Investment Risk Management (IRM) guidelines. However, Time-bound action plan to mitigate Environmental & Social Risks will form part of approval conditions.

- If the ESR is low, no Time-bound action plan to mitigate Environmental & Social Risks is required. ESDD Checklist is to be completed by Relationship Officer, approved by concerned official(s) in Head office/Branch and processed as per normal investment process for both existing and new clients.

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

Market Risk

- The Basel - III defines the market risk as the risk of losses in on-balance sheet and off-balance sheet positions arising from movements in market prices. Market risk of the Bank arises from deposit received from the depositors and granting investment as well as from trading activities.
- The primary objectives of Market Risk Management is to ensure optimization of the risk-reward relationship and minimization of the exposure to unacceptable losses arising from movements in Profit Rate, Liquidity, Exchange Rate and Equity Prices.
- Capital charge for market risk is provided based on Standardized Approach as per the Basel- III guidelines.

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 Asset Liability 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 Liability Management) process of the Bank and the Board approved limits set out the risk appetite of the Bank.

Management of Liquidity Risk

Liquidity risk is the risk that the bank cannot promptly fulfill its payment obligations due to unforeseen factors or be forced to place 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 Liquidity Ratios:

- Cash Reserve Ratio (CRR)
- Statutory Liquidity Requirement (SLR)
- Liquidity Coverage Ratio (LCR)
- Net Stable Funding Ratio (NSFR)
- Maximum Cumulative Outflow (MCO)
- Medium Term Funding Ratio (MTFR)

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.

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 Banks to profit rate risk arising from the maturity mismatches of foreign currency positions.
- The Bank has established risk tolerance limits for foreign exchange exposure within the directives of Central Bank of Bangladesh in order to ensure that any adverse exchange rate movements on the results of the Bank due to un-hedged foreign exchange positions are managed within acceptable parameters.

Market Risk Indicators

Market risk is the risk of potential loss in the on and off-balance sheet positions/exposures of a bank stemming from adverse movement in market rates or prices i.e. profit rates, exchange rates, equity prices etc.

With a view to maintain the Bank's exposure against the following types of market risks 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 Mid Office of the Bank. Key Market Risk Indicators have been established under each of the 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 Foreign Exchange 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.

Profit Rate Risk Indicator

The Bank monitors profit rate risk on an ongoing basis giving due cognizance to the re-pricing characteristics of the individual asset and Investment to Total Deposit Ratio. Yield Curve Risk, the risk arising from change in the slope and shape of the yield curve of re-pricing mismatches after applying rate shocks of different magnitudes to all relevant assets and liabilities are computed and monitored on a regular interval basis to ensure that the impact to the Bank's earnings is within reasonable levels.

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 interest 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. From Gap schedules mentioned above,

the Bank computes an estimate of changes in Bank's net Investment (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.

Foreign Exchange Risk indicator

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.

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 2016 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.

Equity Risk Management

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 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 maintaining adequate provisions against un realized losses of investment in share market.

Approach for calculating capital charge for operational risk

- The Bank maintains 15% capital allocation under Basic Indicator Approach of 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.

Policies and process for mitigating operational risk

Operational Risks result from inadequate or failed internal process, people and system or from external events. Within the Bank, Operational Risk may arise from negligence and dishonesty of the employees, lack of management supervision, inadequate operational control, lack of physical security, poor technology, lack of automation, non-compliance of regularity requirements, internal and external fraud etc. 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 or prospective risk to earnings and capital arising from imperfection in business strategy formulation, inefficiencies in implementing business strategy, non-adaptability/less adaptability with the changes in the business environment and adverse business decisions. Strategic risk induces operational loss that consequentially hampers the capital base.

Money Laundering Risk

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

SJIBL treats the Money Laundering and Terrorist Financing issues as vital part of its Core Risk Management strategies. The Bank complies meticulously with the Money Laundering Prevention (Amendment) Act, 2015 and Anti Terrorism (Amendment) Act, 2013 to prevent money laundering and Combating 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 Unit (CCU) has been set up which is headed by a Deputy Managing Director named as 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 2016 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. Introduced automated sanction screening software.
- viii. Extensive training on AML/CTF issues is being arranged for new entrant and the refreshers in 2016.
- 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.

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 11.54% CRAR under Basel III (Solo basis) and 11.68% (consolidated basis) as of 31 December, 2016 against minimum capital requirement of 10.00% as set by the Bangladesh Bank.

Composition of Supervisory Review Process (SRP) Team

Under Pillar-II 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	Mr. Farman R. Chowdhury	Managing Director & Head of SRP Team
2	Mr. Md. Shahjahan Shiraj	DMD & Member
3	Mr. M Akhter Hossain	DMD & Member
4	Mr. Mustaque Ahmed	SEVP & Member
5	Mr. Md. Nazimuddoula	SEVP & Member
6	Mr. Md. Mahmudul Haque	SEVP & Member
7	Mr. Md. Rafiqul Islam	SEVP & Member
8	Mr. Md. Monzurul Alam Chowdhury	EVP & Member
9	Mr. Md. Bahar Mahmud	SVP & Member
10	Mr. Md. Ashraful Azim, FCA	SVP & Member Secretary
11	Mr. Jahangir Javed	SVP & Member
12	Mr. Md. Jafar Sadeq, FCA	VP & Member
13	Mr. 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 reviewing 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.

Guidelines of Bangladesh Bank on Comprehensive Risk Management Report (CRMR) and Meeting of Risk Management Committee (RMC):

For practicing sound risk management in the Bank, SJIBL follows the prescribed formats of Risk Management Papers now it is known as Comprehensive Risk Management Report (CRMR) discharged by the Bangladesh Bank as per DOS Circular letter no. 13 dated 9th September, 2015 which are being prepared on monthly and half yearly basis and placed to the Risk Management Committee of the Bank regularly. It had regular monthly meeting to assess risk management status of various Divisions and operations. The Risk Management Division (RMD) coordinated various risk management activities of the Bank and provided guidelines to concerned Divisions in this respect. The activities, observations and recommendations of 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 Investment (NPIs) of the Banks.

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

Stress testing has been carried out as per Bangladesh Bank guidelines regularly during 2016 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.

Report of Chief Risk Officer



Concept of Risk Management in Islam

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)

Hadith from Prophet Muhammad (s.a.w)

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."

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

Adverse Future Events may include but not limited to:

- Failure of an investment client to repay a financing in time
- Fluctuation of foreign exchange rates
- Failure of Information Technology on compliance, operational and financial issues
- Failure or less effectiveness of Internal Control and Compliance
- Possibility of mismatches between the assets and liabilities of the Bank
- Money Laundering and Terrorist Financing
- 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

A Bank whether Islamic or Conventional is to take calculated risks for its business. As such, bank is not only trying to minimize the losses but also trying to optimize the risk reward equation.

UNIQUE RISKS FOR ISLAMIC BANKS

Types of Risks	Definition
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 arising from assets managed on behalf of Investment Account Holders which is effectively transferred to the Islamic Financial Institution's own capital because the Institution forgoes part or all of its Mudarib's share on such fund, when it considers this necessary as a result of commercial pressure in order to increase the return that would otherwise be payable to the investment Account Holder.
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.

1.0 Pillar 1 Risk Management

1.1 Investment Risk

Investment risk arises from the potential that counterparty fails to meet its obligations in accordance with agreed terms and conditions of an investment related contract. SJIBL has established Investment Marketing, Investment Risk Management (IRM) and Investment Administration function in line with the guidelines of Bangladesh Bank. The Investment Risk in SJIBL is guided by Investment Risk Management (IRM) Policy duly approved by the Board of Directors of the Bank.

The following Control Mechanism are being followed in SJIBL to manage the investment risk

- a. **Investment Origination:** Before allowing an investment facility, the Bank makes an assessment of risk profile of intending investment client.
- b. **IRM Policy Guidelines:** An Investment Risk Management (IRM) Policy Guidelines covering growth strategy, exposure limits (for particular sector, product, individual company, group and area) and risk management strategies is in place which is being regularly updated to cope up with the changing global and domestic economic scenarios.
- c. **Investment Risk Management Division:** Separate Investment Risk Management (IRM) Division has been established in line with central bank guidelines as well as policy of the Bank.
- d. **Investment Risk Measuring through External Credit Assessment Institutions(ECAI) :** SJIBL, through its Risk Management, Corporate and SME & Agri Investment Division is putting its best efforts to get its investment clients rated by ECAs. The Bank has completed rating of good portion of total eligible investment clients and expecting to complete rating of a remarkable percent of investment client by the end of the year of 2017.
- e. **Independent Internal Audit and Direct Access to Board/Audit Committee:** Internal Control and Compliance Division independently verifies and ensures, at least once in a year, compliance with approved investment guidelines, operational procedures, adequacy of internal control and documentation procedures. This Division directly reports to the Board/Audit committee on the overall quality, performance, recovery status, risks status, adequacy of provision of investment portfolio for information, overall observation and guidance.

- f. Delegation of Authority:** As per Investment Risk Management (IRM) guideline, delegation of authority has been set up in the Bank. Decisions on investment proposals are being taken regularly by the Investment Committee of the Management, Executive Committee of Board and Board of Directors according to the delegation of power vested upon the various tier. Likewise, delegation of discretionary power in respect of financial and non-financials are being exercised as per approved policy of the Bank.
- g. Formation of Recovery and Legal Unit:** SJIBL has formed Recovery Unit and Legal Unit under Investment Division to monitor the performance of the investment, identify early sign of delinquencies in portfolio and take corrective measures to mitigate risks, improve investment quality and to ensure recovery of investments in a timely manner including legal actions vigorously.

1.2 Market Risk

1.2.1 Definition: Market risk is defined as the potential impact of adverse price movements such as benchmark rates, foreign exchange rates and equity prices on the economic value of an asset i.e. the current or prospective threat to the Bank's earnings due to movements in market prices, i.e. prices of securities, commodities, profit rates and foreign exchange rates. Market risk exposure of SJIBL is explicit in portfolios of securities/equities and instruments that are actively traded.

1.2.2 Policies Guiding Market Risk: SJIBL has a separate ALM guidelines, which acts as the controlling and monitoring point for cost of deposits and pricing of investments and to take measure for maintaining liquidity position of the Bank efficiently.

1.2.3 Segregation of Responsibilities: The Asset Liability Committee (ALCO) holds overall responsibility for market risk and sets the limit for trading positions and stop loss levels on product and responsibility basis.

Treasury Division efficiently manages market risk within the approved limits by the competent authority as well as ALCO.

1.3 Operational Risk

1.3.1 Definition: Operational risk refers to the risk of loss due to inadequate or failed internal processes, staff and systems or external events including legal risk. SJIBL has been giving emphasize on risk identification and assessment that ensures that all key risks are effectively highlighted for Bank's transparency and management.

1.3.2 Indication and Measurement: The measurement and control framework comprises the following qualitative elements:

- Monitoring of Key Risks: This is an ongoing process that ensures an unfavorable development in such risks is consistently highlighted on a group basis monitoring.
- Risk Mitigation strategies and implementation process that ensures key risks are controlled and establishes transparency in these strategies and processes.
- Follow up on loss data and events.

1.3.3 Control and Mitigation: Presently, operational risk is largely managed through internal control and audit/inspection mechanism. Bank has put in place the following measures to mitigate operational risk:

- Set out delegation of authority covering business and financial
- Book of instructions, policy guidelines and issuance of circulars from time to time
- Preventive vigilance
- Continuous training process
- Risk Based Internal Audit
- Compliance Policy

2.0 Pillar 2 and All Other Risks

SJIBL is conducting stress testing on its financials on a quarterly basis and reporting the outcomes to the Bangladesh Bank, as a part of Pillar 2 of Basel-III Accord. SJIBL has established a SRP team as per guidance of central bank and has been submitting the report on additional capital requirement under Pillar 2 to Bangladesh Bank.

SJIBL assessed its additional capital requirement under Pillar 2 taking into consideration risks that are not covered under Pillar 1. As per the model such risks include- residual risk, investment concentration risk, liquidity risk, profit rate risk in banking book, settlement risk, reputational risk, strategic risk and other material risk.

3.0 Pillar 3 : Market Discipline

The purpose of Market Discipline is to complement the minimum capital requirements and the supervisory review process. The aim of introducing Market Discipline is to establish more transparent and more disciplined financial market so that stakeholders can assess the position of the Bank regarding holding of assets and to identify the risks relating to the assets and capital adequacy to meet probable loss of assets. For this purpose, Bank has developed a set of disclosures containing the key pieces of information on the assets, risk exposures, risk assessment processes and hence the capital adequacy to meet the risks.

SJIBL has a formal disclosure framework approved by the Managing Director & CEO. This disclosure is being uploaded in website of the Bank as well as published in the annual report.

The disclosure consists of the following components:-

- a) Scope of Application
- b) Capital Structure
- c) Capital Adequacy
- d) Investment Risk
- e) Equities: disclosure for banking book positions
- f) Profit (Interest) Rate Risk in the Banking Book
- g) Market Risk
- h) Operational Risk
- i) Leverage Ratio
- j) Liquidity Ratio
- k) Remuneration

4.0 Compliance Status of Minimum Capital Requirement (MCR) in 2016

In compliance of Minimum Capital Requirement (MCR) under Pillar 1 risk elements, SJIBL was well ahead of minimum requirement all over the four quarters of 2016. Capital to Risk Weighted Assets Ratio (CRAR) was 13.33%, 11.95%, 12.15% and 11.54% respectively at the end of per quarter of the year 2016.



M. Akhter Hossain

Deputy Managing Director &
Chief Risk Officer

Market Discipline

Disclosures on Risk Based Capital (Basel III) as on 31.12.2016

The purpose of Market Discipline (Basel- III) is 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. For the said purpose, this “Disclosures on Risk Based Capital (Basel III)” is made 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)
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>The Financial Statements of the bank comprise the financial statements of (i) Shahjalal Islami Bank Limited including Off-Shore Banking Unit (OBU) and (ii) Shahjalal Islami Bank Securities Limited.</p> <p>A brief description of the Bank including OBU (Main Operation) and its subsidiary are given below:</p> <p>Shahjalal Islami Bank Limited</p> <p>The 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 head office having 103 branches, Central Processing Center (CPC), Off-shore Banking Unit (OBU), 59 (Fifty Nine) 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 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 Shari’ah.</p> <p>Off-shore Banking Unit (OBU)</p> <p>Off-shore Banking Unit is a separate business unit governed by the applicable rules & regulations and guidelines of 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 same is located at Uday Sanz, SE(A), 2/B, Gulshan South Avenue, Gulshan-1, Dhaka-1212.</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 the 25 May 2011. The main objective of the company is 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.
c) Any restrictions, or other major impediments, on transfer of funds or regulatory capital within the group	Not applicable.
Quantitative Disclosures	
d) The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation i.e. that are deducted and name(s) of such subsidiaries.	Not applicable.
2. Capital Structure	
Qualitative Disclosures	
a) Summary information on the terms and conditions of the main features of all capital instruments, especially in the case of capital instruments eligible for inclusion in Common Equity Tier- 1 or Tier - 2.	As per the guidelines of Bangladesh Bank, Common Equity Tier-1 Capital of SJIBL consists of (i) Paid-up Capital, (ii) Statutory Reserve, (iii) Retained Earnings and (iv) Minority Interest in Subsidiaries. Tier-2 Capital consists of applicable amount of (i) General Provision (against un-classified Investments, Off-Balance Sheet exposures & Off-Shore Banking Unit).

Quantitative Disclosures

b) Common Equity Tier-1 capital, with separate disclosure

Taka in million

Particulars	Solo	Consolidated
i. Paid-up Capital	7,346.88	7,346.88
ii. Statutory Reserve	4,403.56	4,403.56
iii. Non-repayable Share Premium account	-	-
iv. General Reserve	-	-
v. Retained Earnings	1,106.13	1,253.80
vi. Minority interest in Subsidiaries	-	239.47
vii. Non-cumulative irredeemable preference shares	-	-
viii. Dividend equalization account	-	-
ix. Other (if any item approved by Bangladesh Bank)	-	-
A) Common Equity Tier-1 Capital	12,856.58	13,243.71
Less: Regulatory adjustments	-	-
B) Tier-1 Capital (Going-Concern Capital)	12,856.58	13,243.71
C) Tier-2 Capital (Gone-Concern Capital)	1,529.50	1,953.12
D) Total Regulatory Capital (B+C)	14,386.08	15,196.83

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 11.68% & 11.54% on the basis of "Consolidated" and "Solo" respectively as against the minimum regulatory requirement of 10%. Common Equity Tier-1 Capital to RWA Ratio under "Consolidated" basis is 10.18% which "Solo" basis is 10.31% as against the minimum regulatory requirement of 5.50%. 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:	11,181.92	11,442.58
c) Capital requirements for Market Risk	444.67	700.33
d) Capital requirements for Operational Risk	843.80	871.52
e) Total and Common Equity Tier-1 capital ratio:		
Minimum capital requirement	12,470.38	13,014.43
Total Risk Weighted Assets (RWA)	124,703.80	130,144.30
Common Equity Tier-1 to RWA	10.31%	10.18%
Tier-2 to RWA	1.23%	1.50%
Total Regulatory Capital to RWA Ratio (CRAR)	11.54%	11.68%
f) Capital Conservation Buffer	0.625%	0.625%

4. Investment (Credit) Risk

Qualitative Disclosures

	The general qualitative disclosure requirement with respect to credit 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.
	<p>Bangladesh Bank issued Circulars from time to time for strengthening Investment (Credit) discipline and brings provisioning. All Investments/ loans & advances will be grouped in to four (4) categories for the purpose of classification, namely</p> <p>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.</p>

- (b) **Demand Investment/ (Loan):** The Investment/ 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 loan (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 Investment/ loans, which are repayable within a specific time period under a specific repayment schedule, will be treated as Fixed Term 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:

'Sub-standard' if it is past due/overdue for 03 (three) months or beyond but less than 06 (six) months;

'Doubtful' if it is past due/overdue for 06 (six) months or beyond but less than 09 (nine) months;

'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.

- (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 'part 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".

	<p>(B) In case of any installment(s) or part of installment(s) of a Fixed Term Investment (Loan) amounting more than Tk. 10.00 Lakh 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):</p> <ol style="list-style-type: none"> 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 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". <p>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 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."</p> <p>Short-term Agricultural and Micro-Investment are classified as: If not repaid within the due date as stipulated in the Investment (loan) agreement.</p> <ol style="list-style-type: none"> 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 continue after a period of 36 (thirty six) months, the Credits are classified as "Doubtful". iii. Bad/Loss: if the irregular status continue after a period of 60 (sixty) months, the credits are classified as "Bad/Loss" from the stipulated due date as per Investment (loan) agreement'. <p>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>
<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> <ol style="list-style-type: none"> a) General Provision: The Bank maintains General Provision in the following way : <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, Loans to Brokerage House, Merchant Banks, Stock dealers etc" Special Mention Account as well as SME Financing').

	<p>2) @ 5% on the unclassified amount for Consumer Financing where as it has to be maintained @ 2% on the unclassified amount for (i) Housing Finance and (ii) Investments/Loans for Professionals-to set up business under Consumer Financing Scheme.</p> <p>3) @ 2% on the unclassified amount for Investments/Loans to Brokerage House, Merchant Banks, Stock dealers etc.</p> <p>4) Rate of provision on the outstanding amount of loans kept in the 'Special Mention Account' will be same as the rates stated in (1), (2), (3).</p> <p>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> <p>b) Specific Provision: Banks will maintain provision at the following rates in respect of classified Continuous, Demand and Fixed Term Investments/Loans:</p> <table border="0" data-bbox="750 821 1460 950"> <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 border="0" data-bbox="750 1021 1460 1151"> <tr> <td>(i) All unclassified Investment (irregular and regular) :</td> <td>2.5%</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) :	2.5%	(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) :	2.5%												
(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> <p>There is a separate Investment Risk Management (IRM) under CRO for mitigation of investment risk, separate Investment Administration Division for ensuring perfection of securities and Recovery Unit for monitoring and recovery of irregular investments. Internal Control & Compliance Division 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/Executive Committee of the Board by the concerned Division.</p>												
<p>Quantitative Disclosures</p>													
<p>a) Total gross investment risk exposures broken down by major types of investment exposures.</p>	<p>Major type of investment exposures as per disclosure in the audited financial statements as of 31 December 2016 of the Bank</p>												

	Particulars	Taka in million
	Agriculture & Fishing	5,981.90
	Cotton & Textile	9,619.75
	Garments	14,473.18
	Cement	1,289.01
	Pharmaceuticals & Chemicals	2,344.90
	Real Estate	8,326.12
	Transport	2,640.29
	Information Technology	340.72
	Non Banking Financial Institutions	2,554.05
	Steel & Engineering	5,783.37
	Food Processing & Beverage	9,320.06
	Power & Energy	3,029.22
	Paper & Paper Products	1,531.74
	Plastic & Plastic Products	2,934.82
	Electronics	2,797.08
	Services Industries	3,425.27
	Trading	20,317.30
	Import Financing	3,811.50
	Consumer Financing	181.60
	Share business	1,448.70
	Staff Investment	1,294.75
	Others	19,553.04
	Total	122,998.38

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.	
	Particulars	Taka in million
	Area-wise:	
	Urban	115,606.89
	Rural	7,391.49
	Total	122,998.38
	Division- wise:	
	Dhaka	93,240.84
	Chittagong	20,012.23
	Sylhet	1,454.74
	Rajshahi	2,753.44
	Khulna	4,062.59
	Barisal	355.90
	Rangpur	1,118.64
Total	122,998.38	

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.	
	Particulars	Taka in million
	Investments to allied concern of Directors	757.48
	Investments to Executives/Officers	1,294.75
	Investments to Customer Groups	61,267.82
	Industrial Investment	57,764.63
	Others	1,913.70
Total	122,998.38	
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:	
	Particulars	Taka in million
	Repayable on Demand	23,861.69
	Over 1 month but not more than 3 months	40,724.76
	Over 3 month but not more than 1 Year	37,563.70
	Over 1 year but not more than 5 years	15,928.29
	Over 5 years	4,919.94
Total	122,998.38	

Quantitative Disclosures		
e) By major industry or counterparty type:	Particulars	Taka in million
	Amount of impaired investments and if available, past due investments, provided separately	5,781.70
	Specific and general provisions	2,327.67
	Charges for specific allowances during the period	1,431.47
f) Gross Non Performing Assets (NPAs)	Non Performing Assets (NPAs) to Outstanding Investments	4.70%
Movement of Non Performing Assets (NPAs)	Opening balance	6,261.01
	Increase/(Decrease) during the year	(479.31)
	Closing balance	5,781.70
Movement of specific provisions for NPAs	Opening balance	1,850.06
	Provisions made during the period	497.50
	Write-off/Write-back of excess provisions	(938.67)
	Recovery from write-off	22.58
	Closing Balance	1,431.47

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 investment 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 as per time to time instruction of Bangladesh Bank if the prices fall below the cost price.

Quantitative Disclosures

Taka in million

Particulars	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.	1,389.00	2,667.30
c) The cumulative realized gains (losses) arising from sales and liquidations in the reporting period.	44.94	84.79
d) Total un-realised gains (losses)	(605.71)	(650.00)
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	1,389.00	2,667.30
● General Market Risk	1,389.00	2,667.30

6. Profit (Interest) Rate Risk in the Banking Book (PRRBB)

Qualitative Disclosures

a) The general qualitative disclosure requirement including the nature of PRRBB and key assumptions, including assumptions regarding investment prepayments and behavior of non-maturity deposits, and frequency of PRRBB measurement.	Profit rate risk is the risk where changes in market profit rates might adversely affect bank's financial condition. Changes in profit rates 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.
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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.

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	Over 3 month upto 6 months	Over 6 months upto 1 Year	Above 1 Year
RSA*	76,289.30	17,014.30	34,028.70	24,082.90
RSL*	67,446.50	17,117.40	34,234.70	11,598.80
GAP	8,842.80	(103.00)	(206.10)	12,484.10
Cumulative Gap	8,842.80	8,739.80	8,533.70	21,017.80

*RSA: Rate Sensitive Assets

*RSL: Rate Sensitive Liabilities

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 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	277.80	533.50
Foreign Exchange risk and	166.90	166.90
Commodity risk	-	-
Total Capital Requirement	444.70	700.30

8. Operational risk

Qualitative Disclosures	
i) Views of BOD on system to reduce Operational Risk	<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>
ii) Performance gap of executives and staffs	<p>SJIBL offers competitive salary & benefits, along with congenial working environment to attract and retain the talented and skilled officials available in the industry. SJIBL's strong brand image also plays an important role in employee motivation.</p>
iii) Potential external events	<p>Banking business operates in an umbrella of inter-related between socio-economic and political environment. There are certain risk factors which are external in nature and can affect directly or indirectly the business of the bank. The risk factors are mentioned below:</p> <ol style="list-style-type: none"> i. Macro-economic condition, ii. Regulatory changes, iii. Change in demand, iv. Volatility in equity market, v. Changes in market conditions, vi. Political instability and vii. Threat of vandalism to the bank's sophisticated physical outlets including IT equipment's etc.

iv) Policies and processes for mitigating operational risk	To mitigate the day to day Operations Manual including internal control & compliance risk manual is approved by the Board taking into account relevant guidelines of Bangladesh Bank. Policy guidelines on Risk Based Internal Audit (RBIA) system is yet to place to the Board of the Bank for getting approval. On the basis of routine audit, branches are rated according to their risk grading/scoring audit procedure and required frequent audit to the Branches are operating by Audit & Inspection Unit of IC & CD. Bank's Anti - Money laundering activities are headed by CAMLCO and their activities are devoted to protect against all money laundering and terrorist finance related activities. Apart from that, there is adequate check & balance at every stage of operation, authorities are properly segregated and there is at least dual control on every transaction to protect against operational risk.
v) Approach for calculating capital charge for operational risk	Basic Indicator Approach was used for calculating of capital charge for operational risk as per guideline of Bangladesh Bank.

Quantitative Disclosures

b) The capital requirements for :

Particular	Taka in million	
	Solo	Consolidated
Operational risk	843.80	871.52

9. Liquidity Ratio

Qualitative Disclosures	
Liquidity Risk	Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit) or when a bank is unable to fulfill its commitments. Thus, liquidity risk can be of two types: (i) Funding liquidity risk and (ii) Market liquidity risk.
Views of Board of Directors on system to reduce liquidity Risk	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	<p>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.</p>
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

<p>Liquidity Coverage Ratio (LCR)</p>	<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 2016 in this ratio is as follows:</p> $\text{LCR} = \frac{\text{Tk.15,620.75 Million}}{\text{Tk.15,437.05 Million}} \times 100$ <p style="text-align: center;">LCR = 101.19%</p>
<p>Net Stable Funding Ratio (NSFR)</p>	<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 2016 in this ratio is as follows:</p> $\text{NSFR} = \frac{\text{Tk.127,333.05 Million}}{\text{Tk.125,771.33 Million}} \times 100$ <p style="text-align: center;">NSFR = 101.24%</p>

10. Leverage Ratio

Qualitative Disclosures	
<p>Views of Board of Directors on system to reduce excessive leverage</p>	<p>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.</p>
<p>Policies and processes for managing excessive on and off –balance sheet leverage</p>	<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"> 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). Physical or financial collateral, guarantee or investment risk mitigation purchased is not allowed to reduce on-balance sheet exposure. 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>
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 showing the average of the month based on capital and total exposures. The formula of Leverage Ratio is as under:</p> $\text{Leverage Ratio} = \frac{\text{Tier 1 Capital (after related deductions)}}{\text{Total Exposure (after related deductions)}}$

Particular	Taka in million	
	Solo	Consolidated
Common Equity Tier 1 Capital*	12,856.58	13,243.71
On Balance Sheet Exposure*	165,813.64	169,521.86
Off-Balance Sheet Exposure*	27,059.13	27,059.13
Total Exposure	192,872.77	196,580.99
Leverage Ratio	6.67%	6.74%

* Considering all regulatory adjustments

11. Remuneration	
Qualitative Disclosures	
Query	Reply
Information relating to the bodies that oversee remuneration.	1.1 to 1.5:
1.1. Name	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 HR.
1.2. Composition	
1.3. Mandate of the Main body overseeing remuneration	

<p>1.4. Remuneration Policy regarding External Consultants (if any)</p> <p>1.5. Scope of the Bank's remuneration policy</p> <p>1.6. Types of employees considered as material risk takers and as senior managers</p>	<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. The bank does not do any differentiation in offering compensation/salary & allowance to the employees of same grade, rank and profile. Rather, 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>The retirement/separation benefit is also very attractive which includes contributory provident fund, gratuity, leave encashment, social security fund etc. Other than monthly remuneration the bank offers a number of facilities/benefits to the employees like Leave Fare Assistance allowance, Executive car facility scheme, corporate cell phones, maternity benefits for the female employees, employees' house building investment facility, house furnishing/furniture allowances, super annuation & disability and Death benefits etc.</p>																
	<p>1.6:</p> <p>The Senior Executives of the Bank are considered as material risk takers. As on 31 December 2016 a number of 61 Executives of the Bank has been considered as material risk takers as follows:</p> <table border="1" data-bbox="678 1166 1480 1522"> <thead> <tr> <th>Designation</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>1</td> </tr> <tr> <td>Deputy Managing Director</td> <td>3</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>26</td> </tr> <tr> <td>Total</td> <td>61</td> </tr> </tbody> </table>	Designation	Number	Managing Director	1	Deputy Managing Director	3	Senior Executive Vice President	9	Executive Vice President	9	Senior Vice President	13	Vice President	26	Total	61
Designation	Number																
Managing Director	1																
Deputy Managing Director	3																
Senior Executive Vice President	9																
Executive Vice President	9																
Senior Vice President	13																
Vice President	26																
Total	61																
<p>Information relating to design and structure of remuneration process.</p> <p>2.1. Key features of Remuneration Policy</p> <p>2.2. Objectives of Remuneration Policy</p> <p>2.3. Any changes of remuneration Policy</p> <p>2.4. How the Bank ensures that risk and compliance employees are remunerated independently of the business they oversee.</p>	<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. 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 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.</p> <p>The officials working in the Risk and Compliance areas have got their specific job descriptions & job allocations and performing their responsibilities independently as per standing guidelines of the regulators as well as the bank management. But, 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>Description of the ways in which current and future risks are taken into account in the remuneration process:</p>	<p>The Management takes into consideration the compensation package of risk taking officials by way of incentives, accelerated promotions etc. for their effective contributions and performances.</p>
<p>Description of the ways in which the Bank seeks to adjust remuneration to take account of longer-term performance.</p>	<p>Promotions, annual increments, incentives etc. of employees are completely based on individual performance appraisal. Bank evaluates performance of all employees on yearly basis which includes qualitative and quantitative judgments. Achieving of business targets are also rated and appraised. The performing employees are remunerated by way of effecting annual grade increment, promotion, incentives etc. which in turn accelerates their belongingness to the organization.</p>
<p>Description of the various forms variable remuneration that the bank utilizes and the rationale for using these different forms.</p> <p>5.1 The forms of variable remuneration offered</p> <ul style="list-style-type: none"> ● Number of Employees having variable remuneration during the financial year; ● Number and total amount guaranteed bonuses awarded during the financial year. ● Breakdown of amount of remuneration awards for the financial year to show: <ul style="list-style-type: none"> (i) Fixed and variable; (ii) Deferred and non-deferred; (iii) Different forms used. 	<p>Bank mostly offers cash form of remuneration/compensation which includes monthly salary & allowances, bonuses, increments, fixation of salaries upon promotion etc. on current/recurring in nature and future in nature as follows:</p> <p>Current/recurring nature:</p> <ol style="list-style-type: none"> 1. Monthly salary and allowances 2. Annual increment 3. Festival bonus 4. Incentive bonus 5. Special increment 6. Executive Car maintenance allowance 7. Annual Leave Fare Assistance allowance 8. Corporate mobile phone facility 9. Furniture/Home furnishing allowance 10. Financial award for business target achievements 11. Financial Award for successful completion of Banking Diploma

Future:

1. Provident Fund
2. Gratuity
3. Super Annuity
4. Leave Encashment
5. Social Security Fund
6. Employees' House Building Investment Facility with simple profit rate.

Besides, promotion/accelerated promotions are considered as non-cash reward for performing and extra-ordinary performing employees. Management also selects the performing officials for foreign tours/ training and provides certificates for outstanding achievements, which are also considered as non-cash award.

- Number of Employees having variable remuneration during the financial year:
- Number and total amount guaranteed bonuses awarded during the financial year:

No. of Guaranteed Bonus	Total Amount (Tk. in Million)
3 festival bonuses	135.85

- Breakdown amount of remuneration awards for the financial year ended on 31 December 2016:

i.	Fixed and variable	Tk. 1,755.72 Million
ii.	Deferred and non-deferred	Nil
iii.	Different forms used	Cash

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Annual Report of Shariah Supervisory Committee-2016

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.

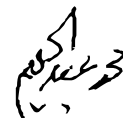
The honorable members of Shariah Supervisory Committee met in 04 (four) Supervisory Committee Meetings and 2 (two) Sub Committee Meeting in the year-2016 to review and confer decision on the matters referred by the Board of Directors and the Management of the Bank. The Shariah Supervisory Committee gave 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 audit 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, 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.

وَأَخْرَجُوا نَا ان الْحَمْد لله رب العالمين



Mufti Abdul Halim Bukharee

Chairman, Shariah Supervisory Committee



শরীয়াহ সুপারভাইজারী কমিটির বার্ষিক প্রতিবেদন-২০১৬

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 কেরাম, তাবেয়ী, তাবে' তাবেয়ী, আইন্নায়ে 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 ২০১৬ ঈসায়ী সনে সুপারভাইজারী কমিটির ৪ (চার) টি সভা এবং সাব কমিটির ২ (দু') 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 :

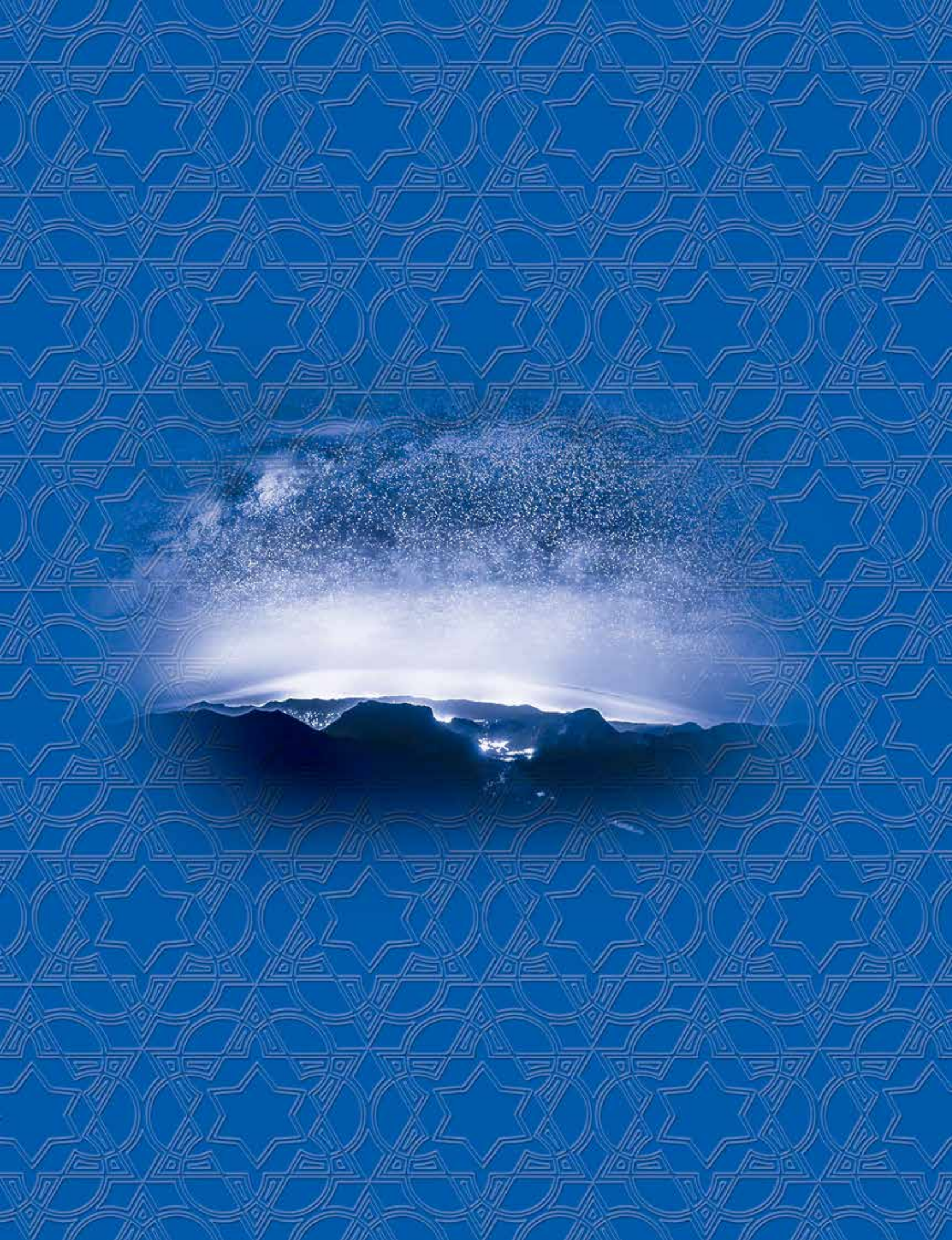
- সচেতনতা বৃদ্ধির লক্ষ্যে গৃহীত বিভিন্ন পদক্ষেপের কারণে বিগত বছরগুলোর তুলনায় শরীয়াহ সম্পর্কে আরও অধিক সচেতনতা বৃদ্ধি পেয়েছে।
- বিভিন্ন প্রকার মুদারাবাহ জমার বিপরীতে যে মুনাফা বন্টন করা হয়েছে, তা যথাসম্ভব শরীয়াহ নীতিমালার আলোকেই করা হয়েছে।
- শরীয়াহ সুপারভাইজারী কমিটির পক্ষ থেকে সময় সময় ব্যবস্থাপনা কর্তৃপক্ষকে যেসব দিক-নির্দেশনা প্রদান করা হয়েছে, ব্যাংকের যাবতীয় কর্মকাণ্ডে সে সবার পরিপূর্ণ বাস্তবায়নের প্রতি ব্যবস্থাপনা কর্তৃপক্ষকে আরও সচেত্ব 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 সচেত্ব 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, গ্রাহক সমাবেশ ও প্রীতিসম্মেলন” আয়োজনের উপর অত্যধিক গুরুত্ব আরোপ করা প্রয়োজন।

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

وأخردعوانا ان الحمد لله رب العالمين

محمد عبدالمجيد

মুফতী আব্দুল হালীম বুখারী
চেয়ারম্যান, শরীয়াহ সুপারভাইজারী কমিটি





Financial Statements

Independent Auditor's Report

to the shareholders of Shahjalal Islami Bank Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Shahjalal Islami Bank Limited and its subsidiary (the "Group") as well as the separate financial statements of Shahjalal Islami Bank Limited (the "Bank"), which comprise the consolidated balance sheet and the separate balance sheet as at 31 December 2016, and the consolidated and separate profit and loss accounts, consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements and internal controls

Management is responsible for the preparation of 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 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 Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

Auditor's 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. 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 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, the auditor considers 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 also 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 2016, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards 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 Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) to the extent noted during the course of our audit work performed on the basis stated under the Auditor's Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the 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:
 - i) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in note 50 of the financial statements appeared to be materially adequate; and
 - ii) 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 these financial statements;
- c) financial statements of the subsidiaries of the Bank have been audited by other auditors and have been properly reflected in the consolidated financial statements;
- d) in our opinion, proper books of account as required by law have been kept by the Group and the Bank so far as it appeared from our examination of those books;
- e) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank dealt with by the report are in agreement with the books of account;
- f) the expenditure incurred was for the purposes of the Bank's business;
- g) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by Bangladesh Bank;
- h) adequate provisions have been made for advances which are, in our opinion, doubtful of recovery;
- i) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- j) the information and explanation required by us have been received and found satisfactory; and
- k) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 3,500 person hours for the audit of the books and accounts of the Bank.

Hoda Vasi Chowdhury
Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 05 April 2017

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Balance Sheet

As at 31 December 2016

Property and Assets	Note	31.12.2016 Taka	31.12.2015 Taka
Cash			
Cash in hand (Including Foreign Currencies)	3	1,179,754,405	1,106,558,612
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4	8,398,144,743	8,177,172,061
		9,577,899,148	9,283,730,673
Balance with other Banks and Financial Institutions			
Inside Bangladesh		1,948,192,572	805,850,678
Outside Bangladesh		472,970,179	667,183,236
	5	2,421,162,751	1,473,033,914
Placement with other Banks & Financial Institutions			
	6	7,861,781,566	8,657,997,972
Investments in Shares & Securities			
Government		5,500,000,000	4,200,000,000
Others		3,964,312,892	3,777,086,773
	7	9,464,312,892	7,977,086,773
Investments			
General Investment etc.		115,618,153,110	92,024,490,000
Bills Purchased and Discounted		10,478,684,675	7,164,796,744
	8	126,096,837,785	99,189,286,744
Fixed Assets Including Premises			
	9	3,474,011,723	3,341,443,033
Other Assets			
	10	12,005,895,988	11,288,361,306
Non Banking Assets			
	11	51,078,968	51,078,968
Total Property and Assets		170,952,980,821	141,262,019,382
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions			
	12	17,239,879,460	3,890,911,426
Deposits and Other Accounts			
Mudaraba Savings Deposits		18,510,981,952	15,876,565,502
Mudaraba Term Deposits		44,923,686,220	41,842,087,699
Other Mudaraba Deposits		44,393,859,970	37,120,302,113
Al-Wadeeah Current & Other Deposit Accounts		14,492,841,209	13,114,867,832
Bills Payable		1,712,398,926	1,152,971,241
	13	124,033,768,277	109,106,794,387
Other Liabilities			
	14	16,340,159,954	15,630,481,431
Deferred Tax Liabilities			
	15	95,464,963	104,211,220
Total Liabilities		157,709,272,654	128,732,398,464
Capital/Shareholders' Equity			
Paid-up Capital	16	7,346,881,330	7,346,881,330
Statutory Reserve	17	4,403,561,679	3,942,345,432
Retained Earnings	18	1,253,792,811	1,010,103,443
Total Shareholders' Equity		13,004,235,820	12,299,330,205
Non-controlling Interest	16.7	239,472,347	230,290,713
Total Liabilities & Shareholders' Equity		170,952,980,821	141,262,019,382

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Off-balance Sheet Items

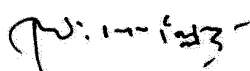
As at 31 December 2016

Contingent Liabilities	Note	31.12.2016 Taka	31.12.2015 Taka
Acceptances & endorsements		23,719,133,589	16,581,184,728
Letters of guarantee	19	11,956,867,945	7,184,290,937
Irrevocable letters of credit	20	18,421,361,635	13,947,624,480
Bills for collection		9,228,367,132	5,812,711,245
Other contingent liabilities		-	-
Total		63,325,730,301	43,525,811,390
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		63,325,730,301	43,525,811,390


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, 05 April 2017



Hoda Vasi Chowdhury & Co

Chartered Accountants

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Profit and Loss Account

For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Operating Income			
Investment Income	22	11,334,017,520	10,738,893,763
Less: Profit paid on Deposits	23	7,103,095,818	7,051,597,514
Net Investment Income		4,230,921,702	3,687,296,249
Income from Investment in Shares/Securities	24	242,461,114	244,424,333
Commission, Exchange and Brokerage	25	1,342,881,837	1,128,139,349
Other Operating Income	26	457,549,789	417,582,620
		2,042,892,740	1,790,146,302
Total Operating Income		6,273,814,442	5,477,442,551
Operating Expenses			
Salaries and Allowances	27	1,915,727,099	1,780,765,175
Rent, Taxes, Insurances, Electricity etc.	28	438,994,609	387,774,764
Legal Expenses	29	1,052,709	2,156,033
Postage, Stamps, Telecommunication etc.	30	37,365,945	38,280,606
Stationery, Printings, Advertisements etc.	31	80,268,567	67,154,097
Chief Executive's Salary & Fees	32	13,430,500	13,260,000
Directors' Fees & Expenses	33	6,259,712	5,997,441
Shariah Supervisory Committee's Fees & Expenses	34	559,816	462,957
Auditors' Fees	35	639,500	439,500
Depreciation & Repairs of Bank's Assets	36	145,424,652	144,820,044
Zakat Expenses	37	101,969,969	93,316,700
Other Expenses	38	406,695,185	323,297,752
Total Operating Expenses		3,148,388,263	2,857,725,069
Profit / (Loss) before Provision	21	3,125,426,179	2,619,717,482
Specific provision for Classified Investment		356,500,000	320,913,336
General Provision for Unclassified Investment		115,200,000	257,177,896
General Provision for Off-Balance Sheet Items		197,900,000	31,060,000
Provision for deminution in value of Investments in Shares		-	152,000,000
Provision for Other Assets		3,526,000	5,139,000
Total Provision	39	673,126,000	766,290,232
Total Profit / (Loss) before taxes		2,452,300,179	1,853,427,250
Provision for taxation			
Deferred tax	40	(8,746,257)	(13,493,006)
Current tax	40a	791,864,614	545,081,276
		783,118,357	531,588,270
Net Profit / (Loss) after Tax		1,669,181,822	1,321,838,980
Net profit after tax attributable to:			
Equity holders of SJIBL		1,660,000,188	1,318,543,217
Non-controlling interest		9,181,634	3,295,763
		1,669,181,822	1,321,838,980

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Profit and Loss Account

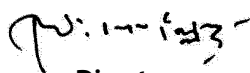
For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Retained earnings from previous year		1,010,103,443	777,808,975
Add: Net profit after tax (attributable to equity holders of SJIBL)		1,660,000,188	1,318,543,217
Profit available for appropriation		2,670,103,631	2,096,352,191
Appropriation:			
Statutory reserve	17	461,216,247	351,560,615
Dividend		955,094,573	734,688,133
Retained earnings	18	1,253,792,811	1,010,103,443
		2,670,103,631	2,096,352,191
Consolidated earnings per share	41	2.26	1.79

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



Chairman



Director



Director



Managing Director

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



Hoda Vasi Chowdhury & Co

Chartered Accountants

Dhaka, 05 April 2017

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Cash Flow Statement

For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Cash flows from operating activities			
Investment income receipt in cash	42	11,670,404,910	11,183,486,832
Profit paid on deposits	43	(7,429,829,009)	(7,738,200,876)
Dividend receipts		62,426,658	34,108,744
Fees & commission receipt in cash		1,342,881,837	1,128,139,349
Recoveries on investment previously written off		22,583,982	231,201,927
Cash payments to employees		(1,929,157,599)	(1,794,025,175)
Cash payments to suppliers		(80,268,567)	(67,154,097)
Income tax paid		(644,006,097)	(606,240,779)
Receipts from other operating activities	44	459,444,812	420,282,008
Payment for other operating activities	45	(1,010,270,173)	(868,786,722)
(i) Operating profit before changes in operating assets & liabilities		2,464,210,755	1,922,811,211
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(27,846,228,421)	(13,932,791,988)
(Increase)/decrease in other assets	46	(10,738,761)	(21,819,434)
(Increase)/decrease of placement with other banks & financial institutions		796,216,405	(4,423,856,895)
Increase/(decrease) in deposits from other banks		(1,301,116,591)	2,897,269,895
Increase/(decrease) of placement from other banks & financial institutions		13,348,968,035	(200,936,623)
Increase/(decrease) in deposits received from customers		16,228,090,481	7,766,197,143
Increase/(decrease) in other liabilities on account of customers		(19,963,183)	245,607,243
Increase/(decrease) in other liabilities	47	286,439,794	416,685,273
(ii) Cash flows from operating assets and liabilities		1,481,667,758	(7,253,645,386)
Net cash flows from operating activities (A)=(i+ii)		3,945,878,513	(5,330,834,175)
Cash flows from investing activities			
Proceeds from sale of securities		989,951,210	1,848,951,517
Payment for purchases of securities		(2,477,177,329)	(893,728,250)
Proceeds from sale of fixed assets		2,321,270	5,360,527
Purchases of property, plant & equipments		(263,581,780)	(267,233,852)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		(1,748,486,628)	693,349,941
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary share holder		(955,094,573)	(734,688,133)
Net cash used in financing activities (C)		(955,094,573)	(734,688,133)
Net increase/(decrease) in cash & cash equivalents (A+B+C)		1,242,297,312	(5,372,172,367)
Add: Effect of exchange rate changes on cash & cash equivalents		-	-
Add: Cash and cash equivalents at the beginning of the year		10,756,764,587	16,128,936,954
Cash & cash equivalents at the end of the year	48	11,999,061,899	10,756,764,587

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


Chairman


Director


Director


Managing Director

Dhaka, 05 April 2017

Shahjalal Islami Bank Limited

and its Subsidiary

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total Equity
Balance as at 01 January 2016	7,346,881,330	3,942,345,432	-	1,010,103,443	12,299,330,205
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	-	1,253,792,811	13,004,235,820
Non-controlling interest	-	-	239,472,347	-	239,472,347
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)

For the year ended 31 December 2015

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total Equity
Balance as at 01 January 2015	7,346,881,330	3,590,784,817	-	777,808,975	11,715,475,122
Cash dividend paid for the year 2014	-	-	-	(734,688,133)	(734,688,133)
Net profit during the year	-	351,560,615	-	966,982,601	1,318,543,216
Total Shareholders' Equity as at 31 December 2015	7,346,881,330	3,942,345,432	-	1,010,103,443	12,299,330,205
Non-controlling interest	-	-	230,290,713	-	230,290,713
Add: General Provision for Unclassified Investment & Off-Balance Sheet Items					1,098,178,936
Less: Shortfall in provisions of investment in shares (subsidiary)					259,500,000
Total Eligible Regulatory Capital as at 31 December 2015					13,368,299,854

(Amount in taka)

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



Chairman

Dhaka, 05 April 2017



Director



Director



Managing Director

Shahjalal Islami Bank Limited

Balance Sheet

As at 31 December 2016

Property and Assets	Note	31.12.2016 Taka	31.12.2015 Taka
Cash			
Cash in hand (Including Foreign Currencies)	3a	1,179,754,405	1,106,558,612
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4a	8,398,144,743	8,177,172,061
		9,577,899,148	9,283,730,673
Balance with other Banks and Financial Institutions			
Inside Bangladesh		1,943,033,831	788,813,447
Outside Bangladesh		472,970,179	667,183,236
	5a	2,416,004,010	1,455,996,683
Placement with other Banks & Financial Institutions	6a	7,861,781,566	8,657,997,972
Investments in Shares & Securities			
Government		5,500,000,000	4,200,000,000
Others		2,093,131,998	1,983,716,363
	7a	7,593,131,998	6,183,716,363
Investments			
General Investment etc.		112,519,695,669	89,669,853,525
Bills Purchased and Discounted		10,478,684,675	7,164,796,744
	8a	122,998,380,344	96,834,650,269
Fixed Assets Including Premises	9a	3,433,039,043	3,299,392,033
Other Assets	10a	13,313,448,521	12,103,284,073
Non Banking Assets	11	51,078,968	51,078,968
Total Property and Assets		167,244,763,598	137,869,847,033
Liabilities and Capital			
Liabilities			
Placement from other Banks & Financial Institutions	12a	16,235,542,799	2,950,911,426
Deposits and Other Accounts			
Mudaraba Savings Deposits		18,510,981,952	15,876,565,502
Mudaraba Term Deposits		44,923,686,220	41,842,087,699
Other Mudaraba Deposits		44,769,922,395	37,272,228,093
Al-Wadeeah Current & Other Deposit Accounts		14,492,841,209	13,114,867,832
Bills Payable		1,712,398,926	1,152,971,241
	13a	124,409,830,702	109,258,720,367
Other Liabilities	14a	13,647,349,223	13,301,703,751
Deferred Tax Liabilities	15a	95,464,963	104,211,220
Total Liabilities		154,388,187,687	125,615,546,764
Capital/Shareholders' Equity			
Paid-up Capital	16	7,346,881,330	7,346,881,330
Statutory Reserve	17	4,403,561,679	3,942,345,432
Retained Earnings	18a	1,106,132,902	965,073,507
Total Shareholders' Equity		12,856,575,911	12,254,300,269
Total Liabilities & Shareholders' Equity		167,244,763,598	137,869,847,033

Shahjalal Islami Bank Limited

Off-balance Sheet Items

As at 31 December 2016

	Note	31.12.2016 Taka	31.12.2015 Taka
Contingent Liabilities			
Acceptances & endorsements		23,719,133,589	16,581,184,728
Letters of guarantee	19	11,956,867,945	7,184,290,937
Irrevocable letters of credit	20	18,421,361,635	13,947,624,480
Bills for collection		9,228,367,132	5,812,711,245
Other contingent liabilities		-	-
Total		63,325,730,301	43,525,811,390
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		63,325,730,301	43,525,811,390

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, 05 April 2017


Hoda Vasi Chowdhury & Co
Chartered Accountants

Shahjalal Islami Bank Limited

Profit and Loss Account

For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Operating Income			
Investment Income	22a	11,154,356,257	10,509,980,697
Less: Profit paid on Deposits	23a	6,986,501,525	6,942,572,993
Net Investment Income		4,167,854,732	3,567,407,704
Income from Investment in Shares/securities	24a	136,077,151	141,927,979
Commission, Exchange and Brokerage	25a	1,222,560,456	1,036,123,630
Other Operating Income	26a	451,673,610	410,187,078
		1,810,311,217	1,588,238,687
Total Operating Income		5,978,165,949	5,155,646,391
Operating expenses			
Salaries and Allowances	27a	1,878,143,846	1,747,409,359
Rent, Taxes, Insurances, Electricity etc.	28a	423,595,761	373,598,915
Legal Expenses	29a	728,459	1,555,477
Postage, Stamps, Telecommunication etc.	30a	34,794,548	35,411,933
Stationery, Printings, Advertisements etc.	31a	78,884,275	64,550,360
Chief Executive's Salary & Fees	32	13,430,500	13,260,000
Directors' Fees & Expenses	33	6,259,712	5,997,441
Shariah Supervisory Committee's Fees & Expenses	34	559,816	462,957
Auditors' Fees	35a	600,000	400,000
Depreciation & Repairs of Bank's Assets	36a	138,680,426	138,616,713
Zakat Expenses	37	101,969,969	93,316,700
Other Expenses	38a	321,311,401	303,630,126
Total Operating Expenses		2,998,958,713	2,778,209,981
Profit / (Loss) before Provision	21a	2,979,207,236	2,377,436,410
Specific provision for Classified Investment		356,500,000	320,913,336
General Provision for Unclassified Investment		115,200,000	110,521,000
General Provision for Off-Balance Sheet Items		197,900,000	31,060,000
Provision for deminution in value of Investments in Shares		-	152,000,000
Provision for Other Assets		3,526,000	5,139,000
Total Provision	39a	673,126,000	619,633,336
Total Profit / (Loss) before taxes		2,306,081,236	1,757,803,074
Provision for taxation			
Deferred tax	40	(8,746,257)	(13,493,006)
Current tax	40b	757,457,278	480,803,528
		748,711,021	467,310,522
Net Profit after Taxation		1,557,370,215	1,290,492,552
Retained Earnings from previous year		965,073,507	760,829,703
Add: Net Profit after Tax		1,557,370,215	1,290,492,552
Profit available for appropriation		2,522,443,722	2,051,322,255

Shahjalal Islami Bank Limited

Profit and Loss Account

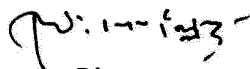
For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Appropriation			
Statutory Reserve	17	461,216,247	351,560,615
Dividend		955,094,573	734,688,133
Retained Earnings	18a	1,106,132,902	965,073,507
		2,522,443,722	2,051,322,255
Earnings Per Share (EPS)			
	41a	2.12	1.76

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, 05 April 2017



Hoda Vasi Chowdhury & Co
Chartered Accountants

Shahjalal Islami Bank Limited

Cash Flow Statement

For the year ended 31 December 2016

	Note	2016 Taka	2015 Taka
Cash flows from operating activities			
Investment income receipt	42a	11,275,216,925	10,679,748,148
Profit paid on deposits	43a	(7,085,259,948)	(7,324,682,200)
Dividend receipts		62,426,658	34,108,744
Fees & commission receipt		1,222,560,456	1,036,123,630
Recoveries on investment previously written off		22,583,982	231,201,927
Cash payments to employees		(1,891,574,346)	(1,760,669,359)
Cash payments to suppliers		(78,884,275)	(64,550,360)
Income tax paid		(586,051,379)	(556,059,713)
Receipts from other operating activities	44a	451,673,505	410,137,095
Payments for other operating activities	45a	(906,401,371)	(831,202,188)
(i) Operating Profit before changes in operating assets & liabilities		2,486,290,208	1,854,155,725
Changes in operating assets and liabilities			
(Increase)/decrease in investment to customers		(27,102,407,455)	(13,886,479,464)
(Increase)/decrease of other assets	46a	(671,323,245)	217,209,198
(Increase)/decrease of Placement with other Banks & Financial Institutions		796,216,405	(4,423,856,895)
Increase/(decrease) of deposits from other banks		(1,301,116,591)	2,897,269,895
Increase/(decrease) of Placement from other Banks & Financial Institutions		13,284,631,374	(300,936,623)
Increase/(decrease) of deposits received from customers		16,452,226,926	7,760,129,336
Increase/(decrease) of other liabilities on account of customers		(19,963,183)	245,607,243
Increase/(decrease) of other liabilities	47a	(50,122,802)	127,643,956
(ii) Cash flows from operating assets and liabilities		1,388,141,428	(7,363,413,354)
Net cash flows from operating activities (A)=(i+ii)		3,874,431,636	(5,509,257,629)
Cash flows from investing activities			
Proceeds from sale of securities		466,338,218	1,421,221,240
Payment for purchases of securities		(1,875,753,853)	(296,243,089)
Proceeds from sale of fixed assets		2,321,270	5,360,527
Purchases of property, plant & equipments		(258,066,897)	(261,113,602)
Purchase/sale of subsidiaries		-	-
Net cash used in investing activities (B)		(1,665,161,261)	869,225,075
Cash flows from financing activities			
Receipts from issue of debt instruments		-	-
Payments for redemption of debt instruments		-	-
Receipts from issue of ordinary shares		-	-
Dividend paid to ordinary shareholders		(955,094,573)	(734,688,133)
Net cash used in financing activities (C)		(955,094,573)	(734,688,133)
Net Increase/(decrease) in cash & cash equivalents (A+B+C)		1,254,175,802	(5,374,720,687)
Add: Effect of exchange rate changes on cash & cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		10,739,727,356	16,114,448,043
Cash and cash equivalents at the end of the year	48a	11,993,903,158	10,739,727,356

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


Chairman


Director


Director


Managing Director

Dhaka, 05 April 2017



Shahjalal Islami Bank Limited

Statement of Changes in Equity

For the year ended 31 December 2016

Particulars	(Amount in taka)		
	Paid-up Capital	Statutory Reserve	Retained Earnings
Balance as at 01 January 2016	7,346,881,330	3,942,345,432	965,073,507
Cash dividend paid for the year 2015	-	-	(955,094,573)
Net profit during the year	-	461,216,247	1,096,153,968
Total Shareholders' Equity as at 31 December 2016	7,346,881,330	4,403,561,679	1,106,132,902
Total Equity			12,856,575,911

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

For the year ended 31 December 2015

Particulars	(Amount in taka)		
	Paid-up Capital	Statutory Reserve	Retained Earnings
Balance as at 01 January 2015	7,346,881,330	3,590,784,817	760,829,703
Cash dividend paid for the year 2014	-	-	(734,688,133)
Net profit during the year	-	351,560,615	938,931,937
Total Shareholders' Equity as at 31 December 2015	7,346,881,330	3,942,345,432	965,073,507
Total Equity			12,254,300,269

Total Equity for the purpose of Capital Adequacy

Equity as per above			12,254,300,269
Add: General Provision for Unclassified Investment & Off-Balance Sheet items			1,100,927,373
Total Eligible Regulatory Capital as at 31 December 2015			13,355,227,642

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


Chairman

Dhaka, 05 April 2017


Director


Managing Director

Shahjalal Islami Bank Limited


Liquidity Statement (Assets and Liabilities Maturity Analysis)

As at 31 December 2016

(Amount in Taka)

Particulars	(Amount in Taka)					Total
	Upto 01 Month	01-03 Months	03-12 Months	01-05 Years	More than 05 years	
Assets						
Cash in hand	1,179,754,405	472,970,179			7,816,547,070	1,179,754,405
Balance with other Banks and Financial Institutions	2,524,631,504	4,250,000,000	1,300,000,000	311,781,566		10,814,148,753
Placement with other Banks & Financial Institutions	2,000,000,000	2,120,000,000	1,400,000,000	87,000,000		7,861,781,566
Investment in Shares & Securities	3,986,131,998	40,724,763,732	37,563,705,357	15,928,290,255	4,919,935,214	7,593,131,998
Investments	23,861,685,787	25,825,292	116,213,815	521,625,615	2,756,461,674	122,998,380,344
Fixed Assets including premises	12,912,646	273,975,955	451,245,474	1,443,003,631	10,941,193,583	3,433,039,043
Other Assets	204,029,877				51,078,968	13,313,448,521
Non-banking Assets						51,078,968
Total assets (i)	33,769,146,217	47,867,535,158	40,831,164,646	18,291,701,067	26,485,216,510	167,244,763,598
Liabilities						
Placement from other Banks & Financial Institutions	4,000,000,000	7,814,829,758	4,420,713,041			16,235,542,799
Deposits and other accounts	28,388,595,107	38,135,619,529	28,999,898,645	15,374,524,061	13,511,193,361	124,409,830,702
Other liabilities	612,765,980	1,458,901,632	6,156,319,234	2,729,469,844	2,689,892,533	13,647,349,223
Deferred tax Liabilities					95,464,963	95,464,963
Total Liabilities (ii)	33,001,361,087	47,409,350,918	39,576,930,920	18,103,993,906	16,296,550,856	154,388,187,687
Net Liquidity Gap (i-ii)	767,785,130	458,184,240	1,254,233,726	187,707,161	10,188,665,654	12,856,575,911

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


Chairman


Director


Director


Managing Director

Dhaka, 05 April 2017

Shahjalal Islami Bank Limited

and its Subsidiary

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2016

1. Status of the Bank

1.1 Legal Form of the Bank

Shahjalal Islami Bank Limited (hereinafter called 'the Bank'- 'SIBL') 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 103 branches, 64 (Sixty Four) ATM booths and 2,191 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 Uday Sanz, Plot No-SE(A), 2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212.

1.2 Nature of Business

The Bank offers all kinds of 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 Uday Sanz, Plot No-SE(A) 2/B Gulshan South Avenue, Gulshan-1, 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) and BRPD circular No. 16 (18 November 2014) 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 15 meetings in 2016. 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 has become most significant in banking industry through which bank identifies its weakness and takes appropriate measures to overcome the same.

In order to have efficient and effective internal control system, Shahjalal Islami Bank Limited has strengthened and segregated its Internal Control and Compliance Division into three separate units based on the relative guidelines framed by Bangladesh Bank:

1. Audit and Inspection;
2. Compliance; and
3. Monitoring.

Shahjalal Islami Bank Limited has an Internal Control and Compliance Manual, which, among others, includes the following:

- Objective of Internal Control
- Authorities of the Internal Control and Compliance Environment
- Organizational Structure of the Division and
- Policy Guidelines for Internal Control Risk Recognition & Assessment and mitigation there against as per Regulatory Guidelines.

f) Information and Communication Technology Security Risk

According to BRPD Circular No. 14 dated 23 October 2005 regarding “Guideline on Information and Communication Technology for Scheduled Banks”, The Bank has followed IT Manual which deals operational risk, physical security control, potential for wide area disaster, data center disaster, recovery plan and backup/restore plan. The customers of SJIBL are enjoying 24 hours remote banking facilities through using SWIFT, REUTERS, SJIBL Visa Debit Card, Push-Pull Services & SMS banking facilities. The Bank joined Q-Cash consortium 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.

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 2016.

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 2016 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 and BRPD Circular No. 5 dated 29 May 2014. Provision against Off-Balance Sheet exposures in addition to existing provisioning arrangement is made as per BRPD Circular No.10 dated 18 September 2007.

The rates of provision are given below:

Particulars	2016					2015					
	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 for House Building & Professional	2%	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	2.50%		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 2016, the sharing ratio among the Mudaraba fund providing were 75.70% 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	Rates of Depreciation Per Annum	Method of Depreciation
Building	2.25	Reducing balance
Furniture & Fixtures other than residence	10	Reducing balance
Furniture & Fixtures- residence	20	Straight line
Office Appliances & Equipment	20	Reducing balance
Vehicles	20	Straight line
Books	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 reducing balance 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, 2016 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 2016.

2.22 Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2016.

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 (Defined Benefit Plan)

Gratuity benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund Rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund and the fund is operated by a separate Board of Trustees. Employees are entitled to get the benefit after completion of minimum 05 (five) years of service in the Bank. The gratuity is calculated on the basis of last basic pay of every employee in service as per 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 10a.5

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 51.



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 & Securities and Exchange Commission. The Bank has also complied with all related accounting standards adopted by the Institute of Chartered Accountants of Bangladesh.

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

While reporting the financial statements, Shahjalal Islami Bank Ltd. applied all the applicable IAS and IFRS as adopted in Bangladesh. Details are given below:

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	Complied
15	24	Related Party Disclosures	Complied
16	26	Accounting and Reporting by Retirement Benefit Plans	Complied
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
9	10	Consolidated Financial Statements	Complied
10	11	Joint Arrangements	Not Applicable
11	12	Disclosure of Interest in other Entities	Complied
12	13	Fair Value Measurement	Complied

* Subject to departure disclosed in note no. 2.1.

			31.12.2016 Taka	31.12.2015 Taka
3 Consolidated Cash in hand (Including foreign currencies)				
Shahjalal Islami Bank Ltd (Note-3a)			1,179,754,405	1,106,558,612
Shahjalal Islami Bank Securities Ltd			-	-
			1,179,754,405	1,106,558,612
3a Cash in hand of the Bank (Including foreign currencies)				
In local currency			1,174,258,047	1,100,135,446
In foreign currencies (Note-3a.1)			5,496,358	6,423,166
			1,179,754,405	1,106,558,612
3a.1 In Foreign Currency				
Foreign Currency	Amount in FC	Exchange Rate		
US Dollar	62,957.66	78.700	4,954,768	5,761,122
Great Britain Pound	2,846.77	96.604	275,010	383,285
Euro	3,239.56	82.289	266,579	278,759
			5,496,358	6,423,166
4 Consolidated Balance with Bangladesh Bank and it's agent bank(s)				
Shahjalal Islami Bank Ltd (Note-4a)			8,398,144,743	8,177,172,061
Shahjalal Islami Bank Securities Ltd			-	-
			8,398,144,743	8,177,172,061
4a Balance with Bangladesh Bank and it's agent bank(s) (Including foreign currencies)				
In local currency			8,191,357,896	7,197,428,342
In foreign currencies			24,364,878	843,455,094
			8,215,722,774	8,040,883,436
Balance with Sonali Bank Ltd. as agent of Bangladesh Bank				
In local currency			182,421,969	136,288,625
In foreign currencies			-	-
			182,421,969	136,288,625
			8,398,144,743	8,177,172,061

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	7,816,547,070	6,858,399,570
Actual Reserve held with Bangladesh Bank (In local currency)*	8,192,127,709	7,195,322,743
CRR Surplus	375,580,639	336,923,173
Maintained (%)	6.81%	6.82%

* 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	6,614,001,360	5,803,261,000
Actual Reserve held (Note-4a.4)	7,737,757,013	7,123,225,504
SLR Surplus	1,123,755,653	1,319,964,504
Maintained (%)	6.43%	6.75%

		31.12.2016	31.12.2015
		Taka	Taka
4a.4 Held for Statutory Liquidity Ratio			
Cash in hand	(Note-3a)	1,179,754,405	1,106,558,612
Balance with Bangladesh Bank and its agents (excluding Bangladesh Bank local currency account)	(Note-4a)	182,421,969	979,743,719
Excess CRR	(Note-4a.2)	375,580,639	336,923,173
Bangladesh Bank Islami Investment Bond	(Note-7a)	5,500,000,000	4,200,000,000
Refinance Fund (with Bangladesh Bank)	(Note-6a.1)	500,000,000	500,000,000
		7,737,757,013	7,123,225,504
5 Consolidated Balance with Other Banks and Financial Institutions			
Inside Bangladesh			
Shahjalal Islami Bank Ltd	(Note-5a.1)	1,943,033,831	788,813,447
Shahjalal Islami Bank Securities Ltd		381,221,166	168,963,211
		2,324,254,997	957,776,658
Less: Inter Company Transaction		376,062,425	151,925,980
		1,948,192,572	805,850,678
Outside Bangladesh			
Shahjalal Islami Bank Ltd	(Note-5a.2)	472,970,179	667,183,236
Shahjalal Islami Bank Securities Ltd		-	-
		472,970,179	667,183,236
		2,421,162,751	1,473,033,914
5a Balance with Other Banks and Financial Institutions of the Bank			
(Other than mudaraba Fund)			
Inside Bangladesh	(Note-5a.1)	1,943,033,831	788,813,447
Outside Bangladesh	(Note-5a.2)	472,970,179	667,183,236
		2,416,004,010	1,455,996,683
5a.1 Inside Bangladesh			
Current Account			
Sonali Bank Limited (Other than as agent of Bangladesh Bank)		11,987,444	76,978,705
National Bank Limited, Naragoyanj Branch		10,049	18,239
Standard Chartered Bank, Motijheel Branch		4,847,809	2,555,478
Islami Bank Bangladesh Limited		142,913	145,563
Agrani Bank Limited, Karatia Branch		25,994,369	27,617,056
Janata Bank Limited, Dinajpur Branch		3,832	3,832
Off-Shore Banking Unit		379,276,662	195,609,649
		422,263,078	302,928,522
Less: Off-Shore Banking Unit		379,276,662	195,609,649
		42,986,416	107,318,873
Mudaraba Special Notice Deposit			
Export Import Bank of Bangladesh Limited		6,472,756	296,747
Trust Bank Limited, Dilkusha Corporate Branch		6,614,831	6,260,577
Prime Bank Limited, Islami Banking Branch		363,293	4,274,286
Social Islami Bank Limited		20,883	22,735
Agrani Bank-Corporate Branch (Islami Banking Wing)		6,768,483	485,556,632
AB Bank Limited, Islami Banking Branch		29,818,711	2,628,451
Jamuna Bank Limited, Naya Bazar Islami Banking Branch		163,730	1,774,763
Bank Al Falah, Islami Banking Branch		109,533,015	105,063,511
Al-Arafah Islami Bank Limited		1,657,770,078	-
Southeast Bank Limited, Islami Banking Branch		292,161	-
The City Bank - Islamic Banking Branch		1,158,007	-
Islami Bank Bangladesh Limited		-	96,187
		1,818,975,950	605,973,888

	31.12.2016 Taka	31.12.2015 Taka
Mudaraba Saving Deposit		
Dhaka Bank Limited, Islami Banking Branch	507,776	49,064
Social Islami Bank Limited	2,379,777	45,960,974
Al-Arafah Islami Bank Limited	19,870	1,243,186
Islami Bank Bangladesh Limited	7,342,738	14,557,609
Export Import Bank of Bangladesh Limited	70,801,131	8,857,856
First Security Islami Bank Limited	20,173	21,027
Southeast Bank Limited, Islami Banking Branch	-	3,684,402
The City Bank - Islamic Banking Branch	-	1,146,567
	81,071,465	75,520,685
	1,943,033,831	788,813,447

5a.2 Outside Bangladesh (NOSTRO Account) [as on 31 December 2016]

<u>Current Account</u>	<u>Currency</u>	<u>F.C. Amount</u>	<u>Rate</u>	<u>Taka</u>
Standard Chartered Bank NY	USD	2,023,450.21	78.7000	159,245,532
Mashreq Bank psc, NY	USD	1,908,781.88	78.7000	150,221,134
Standard Chartered Bank, Mumbai	USD	222,198.53	78.7000	17,487,024
Habib American Bank, USA	USD	55,051.56	78.7000	4,332,558
ICICI Bank, Hong Kong	USD	49,864.86	78.7000	3,924,364
WACHOVIA BANK, NY, USA	USD	65,819.88	78.7000	5,180,025
Sonali Bank (UK) Ltd	USD	18,379.78	78.7000	1,446,489
Commerzbank AG Frankfurt	USD	9,692.08	78.7000	762,767
Bank Aljazira	USD	157,746.72	78.7000	12,414,667
AB Bank Ltd. Mumbai	ACUD	125,490.48	78.7000	9,876,101
IFIC Bank Ltd., Karachi	ACUD	1,648.99	78.7000	129,776
Standard Chartered Bank, Mumbai	ACUD	523,273.57	78.7000	41,181,630
Nepal Bangladesh Bank, Nepal	ACUD	20,986.62	78.7000	1,651,647
Standard Chartered Bank, Colombo	ACUD	12,573.89	78.7000	989,565
ICICI Bank, Mumbai	ACUD	96,695.42	78.7000	7,609,930
Habib Metropolitan Bank Ltd.	ACUD	17,847.78	78.7000	1,404,620
United Bank of India, Kolkata	ACUD	75,438.71	78.7000	5,937,026
Sonali Bank Ltd ACU, Kolkata	ACUD	43,504.90	78.7000	3,423,836
Bank of Bhutan Ltd. Main Branch	ACUD	55,911.38	78.7000	4,400,226
AXIS Bank Ltd. India	ACUD	71,052.80	78.7000	5,591,855
Standard Chartered Bank, Frankfurt	EURO	2,785.28	82.2887	229,197
Mashreq Bank, London	EURO	1,794.55	82.2887	147,671
COMMERZBANK AG	EURO	4,370.27	82.2887	359,624
Wells Fargo Bank, N. A. London, UK	EURO	70,723.91	82.2887	5,819,779
Sonali Bank (UK) Ltd	EURO	580.00	82.2887	47,727
Standard Chartered Bank, Tokyo	YEN	564,688.00	0.6701	378,397
Banque De Commerce ET DE Placements (BCP) - Geneva, Switzerland	CHF	1,650.43	76.5564	126,351
Habib Bank AG Zurich	CHF	515.10	76.5564	39,434
Bank Aljazira, KSA	SAR	1,211,174.25	20.9827	25,413,706
Standard Chartered Bank London	GBP	31,015.69	96.6043	2,996,249
Sonali Bank (UK) Ltd	GBP	2,083.48	96.6043	201,273
				472,970,179

Currency wise Distribution:**Foreign Currency**

	BDT	Composition
USD	355,014,559	75.06%
ACUD	82,196,211	17.38%
SAR	25,413,706	5.37%
EURO	6,603,998	1.40%
GBP	3,197,522	0.68%
YEN	378,397	0.08%
CHF	165,785	0.04%
	472,970,179	100%

For details comparative statement of 2016 & 2015 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 2016 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 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

As on 31 December 2015

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	7	1,230,017.00	105	3,194,652.35	38	411,503.79	110	2,712,565.63
More than 03 months but less than 06 months		-		-		-		-
More than 06 months but less than 09 months		-		-		-		-
More than 09 months but less than 12 months		-		-		-		-
More than 12 months		-		-		-		-
	7	1,230,017.00	105	3,194,652.35	38	411,503.79	110	2,712,565.63

	31.12.2016 Taka	31.12.2015 Taka
5a.4 Maturity-wise groupings of balance with other banks and financial institutions		
On Demand	667,273,562	746,064,581
Not more than 3 months	1,748,730,448	709,932,102
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	2,416,004,010	1,455,996,683
6 Consolidated Placement with other Banks & Financial Institutions		
Shahjalal Islami Bank Ltd (Note-6a)	7,861,781,566	8,657,997,972
Shahjalal Islami Bank Securities Ltd	-	-
	7,861,781,566	8,657,997,972
Less: Inter Company Transaction	-	-
	7,861,781,566	8,657,997,972
6a Placement with other Banks & Financial Institutions of the Bank		
Placement with other Banks (Note-6a.1)	1,111,781,566	1,352,997,972
Placement with Financial Institutions (Note-6a.2)	6,750,000,000	7,305,000,000
	7,861,781,566	8,657,997,972
6a.1 Mudaraba Term Deposits-other Banks		
ICB Islamic Bank Limited	311,781,566	352,997,972
Social Islami Bank Limited	300,000,000	300,000,000
Southeast Bank Ltd, Islami Banking Branch	-	200,000,000
Bangladesh Bank (Refinance Fund)	500,000,000	500,000,000
	1,111,781,566	1,352,997,972
6a.2 Mudaraba Term Deposits-Financial Institutions		
Prime Finance & Investment Limited	50,000,000	400,000,000
Fareast Finance & Investment Limited	100,000,000	200,000,000
Hajj Finance Company Limited	200,000,000	200,000,000
Lanka Bangla Finance Limited	800,000,000	950,000,000
Industrial and Infrastructure Development Finance Company Ltd	350,000,000	405,000,000
Union Capital Limited	300,000,000	300,000,000
Phoenix Finance & Investments Limited	400,000,000	300,000,000
Delta Brac Housing Finance Corporation	1,000,000,000	1,000,000,000
IDLC Finance Limited	1,250,000,000	900,000,000
National Finance Limited	300,000,000	300,000,000
Midas Financing Limited	300,000,000	250,000,000
Premier Leasing International Limited	300,000,000	400,000,000
United Finance Ltd.	800,000,000	600,000,000
National Housing Finance and Investment Ltd.	200,000,000	200,000,000
Islamic Finance Investment Ltd.	100,000,000	-
Industrial Promotion and Development Company of Bangladesh Limited	300,000,000	-
Uttara Finance & Investment Limited	-	300,000,000
International Leasing & Financial Services Limited	-	300,000,000
Bangladesh Finance and Investment Co. Ltd.	-	200,000,000
First Lease Finance & Investment Limited	-	100,000,000
	6,750,000,000	7,305,000,000
	7,861,781,566	8,657,997,972

		31.12.2016 Taka	31.12.2015 Taka
6a.3 Maturity-wise groupings of placement with other Banks and Financial Institutions			
On Demand		-	-
Not more than 3 months		6,250,000,000	6,085,000,000
More than 3 months but less than 1 year		1,300,000,000	2,220,000,000
More than 1 year but less than 5 years		311,781,566	352,997,972
More than 5 years		-	-
		7,861,781,566	8,657,997,972
7 Consolidated Investment in Shares & Securities			
Government			
Shahjalal Islami Bank Ltd	(Note-7a)	5,500,000,000	4,200,000,000
Shahjalal Islami Bank Securities Ltd		-	-
		5,500,000,000	4,200,000,000
Others			
Shahjalal Islami Bank Ltd	(Note-7a)	2,093,131,998	1,983,716,363
Shahjalal Islami Bank Securities Ltd		1,871,180,894	1,793,370,410
		3,964,312,892	3,777,086,773
		9,464,312,892	7,977,086,773
7a Investment in Shares & Securities of the Bank			
Government			
Government Bond (Islamic Investment Bond)	(Note-7a.2)	5,500,000,000	4,200,000,000
		5,500,000,000	4,200,000,000
Others			
Mudaraba Perpetual Bond, Islami Bank Bangladesh Ltd.		47,550,542	47,550,542
SIBL Mudaraba Subordinated Bond		100,000,000	100,000,000
Investment in Shares	(Note-7a.3)	1,945,581,457	1,836,165,822
		2,093,131,998	1,983,716,363
		7,593,131,998	6,183,716,363
7a.1 Maturity-wise Grouping of Investment in Securities:			
On demand		-	-
Not more than 3 months		6,191,131,998	4,901,716,363
More than 3 months but less than 1 year		1,400,000,000	1,180,000,000
More than 1 year but less than 5 years		-	100,000,000
More than 5 years		2,000,000	2,000,000
		7,593,131,998	6,183,716,363

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 investment 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 pre-fixed.

7a.3 Investment in shares (at cost)

Quoted

	31.12.2016 Taka	31.12.2015 Taka
Active Fine Chemicals Ltd.	40,367,121	40,367,121
Aftab Automobiles Limited	35,738,559	35,738,559
AIBL 1st Islamic Mutual Fund	73,298,207	73,298,207
Al-Arafah Islami Bank Limited	80,277,378	80,277,378
Appollo Ispat Complex Limited	1,900,315	15,160,403
Beacon Pharmaceuticles Limited	39,266,541	39,266,541
Beximco Limited	53,917,267	53,917,355
Central Pharmaceuticals Ltd.	6,731,215	11,353,315
Dhaka Electric Supply Company Ltd.	40,103,115	32,106,845
Eastern Housing Limited	166,063,283	166,063,283
Envoy Textiles Ltd.	42,402,697	15,959,643
Export Import Bank of Bangladesh Limited	128,470,525	128,470,704
Familytex (BD) Ltd.	47,453,468	47,453,468
Fareast Islami Life Insurance Co. Ltd.	35,899,637	35,899,637
Fine Foods Limited	85,826,584	85,826,584
First Security Islami Bank Ltd.	39,956,268	39,956,268
Generation Next Fashions Limited	25,741,813	25,741,813
Islami Bank Bangladesh Limited	32,559,062	45,693,388
Islami Insurance Bangladesh Limited	3,527,898	5,004,535
Jamuna Oil Company Limited	67,733,293	26,835,484
M.I. Cement Factory Ltd	58,102,477	42,714,019
Makson Spinning Mills Limited	63,955,630	63,955,630
Meghna Petroleum Limited	75,607,343	37,805,256
Metro Spinning Mills Limited	65,855,505	65,855,505
Orion Pharma Ltd.	44,129,226	44,129,226
Padma Islami Life Insurance Limited	5,702,545	5,138,696
Salvo Chemical Industry Ltd.	3,201,604	3,201,604
Shinepukur Ceramics Limited	6,006,606	6,006,606
Social Islami Bank Ltd.	80,932,934	66,404,259
Square Textile Ltd	61,222,988	39,395,852
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	22,403,867	22,403,867
Square Pharmaceuticles Limited	33,600,877	28,775,202
Agricultural Marketing Company Ltd – AMCL (PRAN)	9,958,704	5,922,740
The ACME Laboratories Limited	56,206,552	-
RAK Ceramics (Bangladesh) Limited	6,778,747	-
MJL Bangladesh Limited	21,706,557	-
Apex Footwear Limited	7,510,020	-
Power Grid Company of Bangladesh Ltd.	-	8,686,876
Confidence Cement Ltd	-	53,603,233
GPH Ispat Ltd.	-	21,632,438
Navana CNG Limited	-	15,083,622
Prime Islami Life Insurance Ltd.	-	35,670,427
Singer Bangladesh Ltd.	-	19,925,205

Un-Quoted

	31.12.2016 Taka	31.12.2015 Taka
Lanka Bangla Securiries Ltd	5,000,000	5,000,000
Market Stabilization Fund, Asset Management Co. Ltd	2,000,000	2,000,000
Pacific Denims Limited	30,000,000	-
	1,945,581,457	1,836,165,822

See **Annexure-A** for details regarding unrealised gain/(loss) & provision.

8 Consolidated Investments

Shahjalal Islami Bank Ltd	(Note-8a) 112,519,695,669	89,669,853,525
Shahjalal Islami Bank Securities Ltd	3,755,495,358	4,022,902,522
	116,275,191,027	93,692,756,047
Less: Inter Company Transaction	657,037,917	1,668,266,047
	115,618,153,110	92,024,490,000
Bills Purchased and Discounted :		
Shahjalal Islami Bank Ltd	(Note-8a) 10,478,684,675	7,164,796,744
Shahjalal Islami Bank Securities Ltd	-	-
	10,478,684,675	7,164,796,744
	126,096,837,785	99,189,286,744

8a Investments of the Bank**Country-wise Classification of Investments:****Inside Bangladesh**

Gross Murabaha, Bai-Muajjal etc	120,543,732,798	96,682,333,891
Less: Profit receivable on Murabaha, Bai-Muajjal etc (Mark-up profit on unearned income)	8,024,037,129	7,012,480,365
Net Murabaha, Bai-Muajjal etc	112,519,695,669	89,669,853,525
Bills purchased and discounted-net	(Note-8a.2) 10,478,684,675	7,164,796,744
Outside Bangladesh	-	-
	122,998,380,344	96,834,650,269

8a.1 Maturity wise Classification of Investments:**With a residual maturity of**

Re-payable on Demand	23,861,685,787	3,873,386,011
Not more than 3 months	40,724,763,732	42,064,972,077
Over 3 months but not more than 1 year	37,563,705,357	37,504,060,049
Over 1 year but not more than 5 years	15,928,290,255	11,707,309,218
Over 5 years	4,919,935,214	1,684,922,915
	122,998,380,344	96,834,650,269

8a.2 Bills Purchased and Discounted :

Payable inside Bangladesh	4,266,972,740	3,877,447,652
Payable outside Bangladesh	6,460,677,058	3,551,294,122
Gross Bills Purchased and Discounted	10,727,649,799	7,428,741,774
Less: Profit receivable on Bills Purchased and Discounted	248,965,124	263,945,030
Net Bills Purchased and Discounted	10,478,684,675	7,164,796,744

	31.12.2016 Taka	31.12.2015 Taka
8a.3 Maturity wise Classification of Bills Purchased and Discounted:		
Re-payable:-		
Within 1 month	3,038,818,556	2,077,791,056
Over 1 month but less than 3 months	2,436,294,187	1,665,815,243
Over 3 months but less than 6 months	976,613,412	667,759,057
6 months or more	4,026,958,520	2,753,431,389
	10,478,684,675	7,164,796,744
8a.4 Investments on the basis of significant concentration:		
Investments to allied concern of Directors (Note-51.5)	757,475,970	1,782,672,174
Investments to Executives/Officers	1,294,754,280	842,509,420
Investments to Customer Groups	61,267,816,917	46,701,358,740
Industrial Investment	57,764,626,705	46,166,984,625
Others	1,913,706,472	1,341,125,310
	122,998,380,344	96,834,650,269

Investments allowed to individual customer exceeding 10% of Bank's total capital:

Total outstanding amount to such customers at end of the year	:	53,220.43 million	42,325.03 million
Number of such types of customers	:	24	23
Amount of Classified Investments thereon	:	Nil	Nil
Measures taken for recovery	:	Not applicable	Not applicable

The amount represents the sum of total Investments (both Funded and Non-Funded) to each customer exceeding Tk. 1,438.61 million which is computed @ 10% of total capital of the bank i.e. Tk.14,386.08 million (Note # 16.5.c) as at 31 December 2016.

For details please refer to **Annexure-D**

8a.5 Sector-wise Classification of Investments:

Sector	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Agriculture & Fishing	5,981,900,000	4.86%	3,768,753,167	3.89%
Cotton & Textile	9,619,751,093	7.82%	8,113,492,462	8.38%
Garments	14,473,178,563	11.77%	11,299,246,785	11.67%
Cement	1,289,007,293	1.05%	2,059,847,772	2.13%
Pharmaceuticals & Chemicals	2,344,897,625	1.91%	2,378,900,648	2.46%
Real Estate	8,326,122,594	6.77%	9,489,061,233	9.80%
Transport	2,640,289,561	2.15%	2,217,764,218	2.29%
Information Technology	340,719,652	0.28%	140,187,915	0.14%
Non Banking Financial Institutions	2,554,048,699	2.08%	2,036,854,680	2.10%
Steel & Engineering	5,783,370,534	4.70%	4,120,291,722	4.25%
Food Processing & Beverage	9,320,064,390	7.58%	8,239,656,780	8.51%
Power & Energy	3,029,215,963	2.46%	2,784,202,480	2.88%
Paper & Paper Products	1,531,737,680	1.25%	1,514,900,438	1.56%
Plastic & Plastic Product	2,934,818,886	2.39%	1,731,145,628	1.79%
Electronics	2,797,082,706	2.27%	1,523,872,480	1.57%
Services Industries	3,425,274,067	2.78%	2,579,169,004	2.66%
Trading	20,317,300,000	16.52%	17,367,121,160	17.93%
Import Financing	3,811,500,000	3.10%	3,520,516,300	3.64%
Consumer Financing	181,600,000	0.15%	89,800,764	0.09%
Share business	1,448,703,721	1.18%	2,631,791,058	2.72%
Staff Investment	1,294,754,280	1.05%	842,509,420	0.87%
Others	19,553,043,035	15.90%	3,763,693,655	8.66%
Total	122,998,380,344	100.00%	96,834,650,269	100.00%

8a.6 Geographical Location-wise Investments:

Area	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (note-8a.6.1)				
a) In Rural Areas	7,391,491,073	6.01%	6,700,446,691	6.92%
b) In Urban Areas	115,606,889,271	93.99%	90,134,203,578	93.08%
Sub-total	122,998,380,344	100%	96,834,650,269	100%
ii) Outside Bangladesh	-	-	-	-
Total	122,998,380,344	100%	96,834,650,269	100%

8a.6.1 Inside Bangladesh

Division	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Dhaka	93,240,838,454	75.81%	70,632,453,266	72.94%
Chittagong	20,012,231,565	16.27%	19,317,812,322	19.95%
Sylhet	1,454,734,295	1.18%	1,184,499,375	1.22%
Rajshahi	2,753,438,031	2.24%	1,831,479,244	1.89%
Rangpur	1,118,640,665	0.91%	729,269,152	0.75%
Khulna	4,062,593,748	3.30%	2,977,973,025	3.08%
Barisal	355,903,585	0.29%	161,163,886	0.17%
Total	122,998,380,344	100.00%	96,834,650,269	100.00%

8a.7 Grouping of Investments as per Classification Rules of Bangladesh Bank:

Status	As at 31 December 2016		As at 31 December 2015	
	Amount	Composition	Amount	Composition
Unclassified (including staff Investment)	115,852,194,622	94.19%	90,089,702,249	93.03%
Special Mention Account (SMA)	1,364,486,682	1.11%	483,935,360	0.50%
Substandard	246,017,213	0.20%	338,143,403	0.35%
Doubtful	272,959,898	0.22%	676,583,431	0.70%
Bad or loss	5,262,721,929	4.28%	5,246,285,826	5.42%
Total	122,998,380,344	100.00%	96,834,650,269	100.00%

8a.8 Particulars of provision for Investments:

Status	Rate	Basis for Provision	31.12.2016 Taka	31.12.2015 Taka
Standard				
Unclassified (excluding staff Investments)	1%	66,929,077,167	711,790,772	649,938,819
Staff Investments	0%	1,294,754,280	-	-
Consumer Financing (Other than HF & LP)	5%	215,683,416	10,784,171	4,054,390
Small & Medium Enterprise	0.25%	44,840,591,433	112,101,479	51,509,994
Housing Finance(HF)	2%	1,512,776,618	30,255,532	31,167,558
Loan for professionals (LP)	2%	14,819,126	296,383	449,498
Share Business	2%	1,030,623,164	20,612,463	39,637,321
Short Term Agri Credit	3%	13,869,417	346,735	137,667
SMA		1,213,640,503	9,329,375	3,695,599
			895,516,910	780,590,847
Substandard	20%	140,829,143	28,165,829	26,639,128
Doubtful	50%	115,695,827	57,847,913	208,458,823
Bad or loss	100%	1,345,111,251	1,345,111,251	1,505,957,883
			1,431,124,993	1,741,055,834
Required provision for Investments			2,326,641,903	2,521,646,681
Total provision maintained {note # 14a.1(a) & (b)}			2,327,667,602	2,631,061,000
Surplus Provision			1,025,699	109,414,319

The Bank has maintained provision for unclassified Investment amounting to Tk. 896,200,000 (note # 14a.1.b) and for classified Investment Tk. 1,431,467,602 (note # 14a.1.a) totaling Tk. 2,327,667,602. As per instruction of Bangladesh Bank, as at 31 December 2016 the Bank has maintained the minimum provision.

		31.12.2016 Taka	31.12.2015 Taka
8a.9 Particulars of provision for Off-Balance Sheet			
<u>Status</u>	<u>Basis for Provision</u>	<u>Rate</u>	<u>Rate</u>
		1%	1%
Acceptances & endorsements	23,719,133,589	237,191,336	165,811,847
Letters of Guarantees	11,956,867,945	119,568,679	71,842,909
Irrevocable Letters of Credit	18,421,361,635	184,213,616	139,476,245
Bills for collection	9,228,367,132	92,283,671	58,127,112
Required provision for Off Balance Sheet Items	63,325,730,301	633,257,303	435,258,114
Provision maintained {note # 14a.1(c)}		633,300,000	435,400,000
Surplus Provision		42,697	141,886
8a.10 Particulars of Investments:			
(i) Debts considered good in respect of which the banking company is fully secured		102,131,219,008	80,904,882,738
(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security		19,630,541,503	15,454,810,183
(iii) Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors		1,236,619,832	474,957,348
(iv) Debts considered bad or doubtful not provided for		-	-
		122,998,380,344	96,834,650,269
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other person		1,294,754,280	842,509,420
(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).		757,475,970	1,782,672,174
(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.		1,294,754,280	842,509,420
(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		757,475,970	1,782,672,174
(ix) Due from Banking Companies		-	-
(x) Total amount of advance on which Profit is not credited:		5,781,699,039	6,261,012,660

	31.12.2016 Taka	31.12.2015 Taka
a. Movement of Classified Investments:		
Opening Balance	6,261,012,660	6,611,534,895
Increase/ (Decrease) during the year	(479,313,621)	(350,522,235)
	5,781,699,039	6,261,012,660
i) (Decrease)/Increase of of specific provision	(418,593,398)	(529,172,737)
ii) Amount of written off investment during the year against which fully provided	1,070,014,659	1,224,476,568
iii) Amount recovered against the investment which was previously written off	22,583,982	231,201,927
b. Amount of provision kept against classified Investment as bad or Loss on the reporting day of Balance Sheet	1,431,467,602	1,850,061,000
c. Amount of Profit charged in suspense Account	621,893,107	357,897,396
(xi) Cumulative amount of written off Investments		
Opening Balance	2,411,525,546	1,187,048,978
Amount written off during the year	1,070,014,659	1,224,476,568
Total amount of written off investment	3,481,540,205	2,411,525,546
9 Consolidated Fixed Assets including Premises, Furnitures & Fixtures		
Cost		
Shahjalal Islami Bank Ltd (note-9a)	4,299,782,666	4,053,518,090
Shahjalal Islami Bank Securities Ltd	76,789,944	71,275,061
	4,376,572,610	4,124,793,151
Accumulated Depreciation		
Shahjalal Islami Bank Ltd (note-9a)	866,743,623	754,126,057
Shahjalal Islami Bank Securities Ltd	35,817,264	29,224,061
	902,560,887	783,350,118
Written Down Value	3,474,011,723	3,341,443,033
9a Fixed Assets including Premises, Furnitures & Fixtures of the Bank		
Cost		
Opening balance	3,991,969,098	3,749,587,934
Addition during the year	257,000,459	253,583,702
	4,248,969,557	4,003,171,636
Less: Disposal during the year	11,802,321	11,202,538
	4,237,167,236	3,991,969,098
Accumulated Depreciation		
Opening balance	723,286,212	614,249,354
Addition during the year	116,105,451	114,928,852
	839,391,663	729,178,207
Less: Adjustment on disposal during the year	9,481,156	5,891,995
	829,910,507	723,286,212
Written Down Value	3,407,256,729	3,268,682,886

		31.12.2016 Taka	31.12.2015 Taka
Intangible assets			
Cost			
Opening balance		61,548,992	54,019,092
Addition during the year		1,066,438	7,529,900
		62,615,430	61,548,992
Less: Disposal during the year		-	-
		62,615,430	61,548,992
Amortization			
Opening balance		30,839,845	23,980,623
Addition during the year		5,993,271	6,859,222
		36,833,116	30,839,845
Less: Adjustment on disposal during the year		-	-
		36,833,116	30,839,845
		25,782,314	30,709,147
Written Down Value		25,782,314	30,709,147
Total Written Down Value		3,433,039,043	3,299,392,033
For details please refer to Annexure-B			
10 Consolidated Others Assets			
Shahjalal Islami Bank Ltd	(Note-10a)	13,313,448,521	12,103,284,073
Shahjalal Islami Bank Securities Ltd		2,570,816,907	2,571,361,851
		15,884,265,428	14,674,645,924
Less: Inter Company transaction		3,878,369,440	3,386,284,618
		12,005,895,988	11,288,361,306
10.1 Consolidated advance tax			
Shahjalal Islami Bank Ltd	(Note-10a.4)	8,700,383,562	8,114,332,183
Shahjalal Islami Bank Securities Ltd		183,559,781	125,605,063
		8,883,943,343	8,239,937,246
10a Others Assets of the Bank			
Stock of Stationery, Stamps and printing materials etc. (valued at cost)		17,164,051	18,109,120
Advance rent and security deposit		122,989,589	114,034,066
Suspense Account	(Note-10a.1)	55,747,673	79,909,284
Profit receivable	(Note-10a.2)	278,319,197	325,529,373
Other Prepayments		218,968,790	55,942,470
Receivable from Shahjalal Islami Bank Securities Limited		1,362,959,318	1,471,284,618
Shahjalal Islami Bank Securities Ltd	(Note-10a.3)	2,515,000,000	1,915,000,000
Advance Insurance premium		35,880	78,431
Advance for new Branches		16,087,656	-
Advance tax paid	(Note-10a.4)	8,700,383,562	8,114,332,183
Other Receivables		3,889,647	9,064,526
SJIBL General Account-Net	(Note-10a.5)	21,903,158	-
		13,313,448,521	12,103,284,073

10a.1 Suspense Account

Sundry Debtors	
Excise duty on MTDR	
Advance against TA/DA	
Advance against Petty Cash	
Law charges	
Stamp	
Others	

	31.12.2016 Taka	31.12.2015 Taka
	7,301,848	18,629,650
	11,869,247	12,124,937
	290,800	57,500
	345,000	232,000
	32,213,964	25,697,585
	61,525	80,125
	3,665,289	23,087,487
	55,747,673	79,909,284

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	4,900	1,500	840	-	62
2	Advance against TA/DA	291	-	-	-	-
3	Advance against Petty Cash	320	25	-	-	-
4	Legal expenses	2,330	3,979	1,500	2,007	22,398
5	Others	13,671	1,200	74	404	246
	Grand Total	21,512	6,704	2,414	2,411	22,706

10a.2 Profit Receivable

Placement to Other Bank-MTDR	
Placement to Financial Institutions-MTDR	
Placement to Islamic Investment Bond	
Profit on Investment against MSD	
On Investments	

	31.12.2016 Taka	31.12.2015 Taka
	23,185,396	21,280,813
	81,708,861	86,319,743
	121,791,884	132,637,417
	28,309,417	61,884,609
	23,323,639	23,406,790
	278,319,197	325,529,373

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.

10a.4 Advance tax paid

Balance at the beginning of the year	
Paid during the year	

	31.12.2016 Taka	31.12.2015 Taka
	8,114,332,183	7,558,272,470
	586,051,379	556,059,713
	8,700,383,562	8,114,332,183

- 10a.5 SJIBL General Account represents outstanding Inter-Branch and Head Office transactions (Net) originated but yet to be responded at the Balance Sheet date. The break-up of SJIBL general account are given below:

(Amount in '000)

	Debit		Credit	
	No. of entry	Amount	No. of entry	Amount
Up to 3 months	441	125,829,716	266	103,926,558
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but within 5 years	-	-	-	-
	441	125,829,716	266	103,926,558
Net unreconcile amount				21,903,158

There is no outstanding unreconciled entries more than 1 month. However, outstanding entries on Balance Sheet date are subsequently reconciled.

11 Non-Banking Assets

Shahjalal Islami Bank Ltd

31.12.2016
Taka

31.12.2015
Taka

51,078,968

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.

Following are the details:

<u>Name of Parties</u>	<u>Assets details</u>		
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) .	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) .	4,014,637	4,014,637
Total		51,078,968	51,078,968

		31.12.2016	31.12.2015
		Taka	Taka
12 Consolidated Placement from other Banks & Financial Institutions			
Shahjalal Islami Bank Ltd	(Note-12a)	16,235,542,799	2,950,911,426
Shahjalal Islami Bank Securities Ltd		1,654,336,661	2,565,019,861
		17,889,879,460	5,515,931,287
Less: Inter Company transaction		650,000,000	1,625,019,861
		17,239,879,460	3,890,911,426
12a Placement from other Banks & Financial Institutions of the Bank			
Islami Investment Bond from Bangladesh Bank		4,000,000,000	-
Islamic Refinance Fund - Bangladesh Bank		114,829,758	205,177,000
Mudaraba FC A/C-Bangladesh Bank (EDF)		4,420,713,041	2,745,734,426
Mudaraba Term Deposit from other Banks	(Note-12a.1)	7,700,000,000	-
Borrowing from Offshore Banking Unit (OBU)		346,203,974	185,709,020
		16,581,746,773	3,136,620,446
Less: Off-Shore Banking Units		346,203,974	185,709,020
		16,235,542,799	2,950,911,426
12a.1 Mudaraba Term Deposit from other Banks			
Islami Bank Bangladesh Limited		4,950,000,000	-
Bank Asia Limited, Islami Banking Branch		1,500,000,000	-
Uttara Bank Limited, Islami Banking Branch		1,000,000,000	-
Trust Bank Limited, Islami Banking Branch		250,000,000	-
		7,700,000,000	-
13 Consolidated Deposits and Other Accounts			
Al-Wadiah Current Deposit & Other Accounts			
Shahjalal Islami Bank Ltd	(Note-13a)	14,492,841,209	13,114,867,832
Shahjalal Islami Bank Securities Ltd		-	-
		14,492,841,209	13,114,867,832
Bills Payable			
Shahjalal Islami Bank Ltd	(Note-13a)	1,712,398,926	1,152,971,241
Shahjalal Islami Bank Securities Ltd		-	-
		1,712,398,926	1,152,971,241
Mudaraba Savings Deposits			
Shahjalal Islami Bank Ltd	(Note-13a)	18,510,981,952	15,876,565,502
Shahjalal Islami Bank Securities Ltd		-	-
		18,510,981,952	15,876,565,502
Mudaraba Term Deposits			
Shahjalal Islami Bank Ltd	(Note-13a)	44,923,686,220	41,842,087,699
Shahjalal Islami Bank Securities Ltd		-	-
		44,923,686,220	41,842,087,699
Other Mudaraba Deposits			
Shahjalal Islami Bank Ltd	(Note-13a)	44,769,922,395	37,272,228,093
Shahjalal Islami Bank Securities Ltd		-	-
		44,769,922,395	37,272,228,093
Less: Inter Company transaction		376,062,425	151,925,980
		44,393,859,970	37,120,302,113
Total		124,033,768,277	109,106,794,387

	31.12.2016 Taka	31.12.2015 Taka
13a Deposits and Other Accounts of the Bank		
Al-Wadiah Current Deposit & Other Accounts:		
Al-Wadiah Current Deposit	6,036,580,692	5,421,310,638
Foreign Currency Deposits	1,335,942,205	994,500,671
Non-Resident Taka Account	17,288,357	5,578,516
Sundry Deposits	7,136,102,644	6,703,378,635
	14,525,913,897	13,124,768,461
Less: Off-Shore Banking Units	33,072,688	9,900,629
	14,492,841,209	13,114,867,832
Bills Payable:		
Payable inside Bangladesh		
Payment Order Issued	1,674,654,110	1,113,584,751
Demand Draft Payable	36,541,571	39,048,682
Instant Cash Payable	122,000	3,375
Bank Cheque Issued	40	151,005
Turbo Cash Payable	96,051	57,328
Electronic Fund Transfer	985,154	126,101
	1,712,398,926	1,152,971,241
Payable outside Bangladesh	-	-
	1,712,398,926	1,152,971,241
Mudaraba Savings Deposits:		
General Deposits	18,415,338,671	12,724,251,740
Deposit from Other Banks	95,643,282	3,152,313,763
	18,510,981,952	15,876,565,502
Mudaraba Term Deposits:		
General Deposits	44,923,686,220	41,842,087,699
	44,923,686,220	41,842,087,699
Other Mudaraba Deposits:		
Mudaraba Short Notice Deposits	5,776,579,363	3,638,013,477
Mudaraba Scheme Deposit (Note-13a.1)	38,993,343,032	33,634,214,616
	44,769,922,395	37,272,228,093
	124,409,830,702	109,258,720,367
13a.1 Mudaraba Scheme Deposits:		
Millionaire Scheme	6,565,794,023	5,431,060,754
Multuple Benefit Scheme	10,361,326,476	8,973,473,745
Monthly Income Scheme	9,467,995,680	7,606,484,425
Monthly Deposit Scheme	12,257,733,032	11,293,851,906
Hajj Deposit Scheme	166,765,525	138,024,175
Cash Waqf	3,857,143	3,628,610
Housing Deposit Scheme	14,401,616	25,090,840
Lakhpoti Deposit Scheme	16,751,462	27,064,838
Mohor Deposit Scheme	19,565,789	29,468,173
Education Deposit Scheme	63,576,614	56,641,230
Marriage Deposit Scheme	55,575,672	49,425,921
	38,993,343,032	33,634,214,616

		31.12.2016 Taka	31.12.2015 Taka
13a.2 Deposits and Other Accounts:			
General Deposits		122,524,038,127	106,071,811,201
Deposits from Other Banks	(Note- 13a.3)	1,885,792,575	3,186,909,166
		124,409,830,702	109,258,720,367
13a.3 Deposit from Other Banks			
Mudaraba Special Notice Deposit:			
Export Import Bank of Bangladesh Limited		94,395,393	4,927,143
AB Bank Limited		388,393	163,689
Jamuna Bank Limited		2,833,478	14,524,236
Al -Arafah Islami Bank Ltd		1,674,420,558	10,785,903
Social Islami Bank Limited		17,528,255	3,626,859
National Credit and Commerce Bank Ltd		583,216	567,573
		1,790,149,293	34,595,403
Mudaraba Savings Deposit:			
Social Islami Bank Limited		-	10,514,700
ICB Islami Bank Limited		11,663	11,478
Export Import Bank of Bangladesh Ltd		7,170,660	1,604,427,349
Al -Arafah Islami Bank Ltd		120	23,009,928
Islami Bank Bangladesh Limited		88,460,838	1,514,350,307
		95,643,282	3,152,313,763
		1,885,792,575	3,186,909,166
13a.4 Maturity wise classification of Deposits are as under			
With a residual maturity of			
Repayable on demand		12,300,731,982	10,453,319,383
Within 1 month		16,172,162,576	17,287,469,718
Over 1 months but not more than 6 months		41,003,720,752	36,026,636,788
Over 6 months but not more than 1 year		15,011,864,959	23,475,662,323
Over 1 year but not more than 5 years		18,603,961,494	12,040,310,984
Over 5 years		21,317,388,939	9,975,321,170
		124,409,830,702	109,258,720,367
14 Consolidated Other Liabilities			
Shahjalal Islami Bank Ltd	(Note-14a)	13,647,349,223	13,301,703,751
Shahjalal Islami Bank Securities Limited		4,063,218,088	3,843,308,484
		17,710,567,311	17,145,012,235
Less: Inter Company transaction		1,370,407,357	1,514,530,804
		16,340,159,954	15,630,481,431
14.1 Consolidated Provision for Current Tax			
Shahjalal Islami Bank Ltd	(Note-14a.2)	8,564,602,247	7,807,144,969
Shahjalal Islami Bank Securities Ltd		211,046,488	176,639,152
		8,775,648,735	7,983,784,120
14.2 Consolidated current tax expenses			
Shahjalal Islami Bank Ltd	(Note-14a.2)	757,457,278	480,803,528
Shahjalal Islami Bank Securities Ltd		34,407,336	64,277,748
		791,864,614	545,081,276

	31.12.2016 Taka	31.12.2015 Taka
14.3 Provision against entries of NOSTRO Account		
No provision is required as per Circular Letter No. FEFD(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).		
14a Other Liabilities of the Bank		
Profit Payable on Deposits	604,650,477	703,408,900
Provision for Investment {note 14a.1 (a) & (b)}	2,327,667,602	2,631,061,000
Provision for Off-Balance Sheet items {note 14a.1 (c)}	633,300,000	435,400,000
Provision for others {note 14a.1(d)}	19,265,000	15,739,000
Provisions for Investment in Securities {note 14a.1(e)}	601,000,000	742,000,000
Provision for Taxation (Note 14a.2)	8,564,602,247	7,807,144,969
Profit and Compensation Suspense Account {note 14(a).1 (f)}	738,682,974	789,143,022
Compensation Realised Account {note 14(a).1 (g)}	56,740,020	26,243,155
Other Payable	51,652,328	90,205,318
Outstanding Expenses	47,645,633	42,438,498
Unearned Income on Quard	2,142,943	447,023
SJIBL General Account	-	18,472,867
	13,647,349,223	13,301,703,751
14a.1 Provision for Investment:		
(a) Provision on Classified Investment:		
Provision held at the beginning of the year	1,850,061,000	2,379,233,737
Provision transferred from Provision for Investment in Securities	141,000,000	-
Amount transferred from Compensation Realised A/C	-	50,000,000
Written Off Recovery	22,583,982	231,201,927
Transferred to Others Payable	-	(21,200,000)
Net charge to Profit & Loss Account	356,500,000	320,913,336
Fully provided investment written off during the year	(938,677,380)	(1,110,088,000)
Provision held at the end of the year	1,431,467,602	1,850,061,000
(b) General Provision on Unclassified Investment:		
Provision held at the beginning of the year	781,000,000	670,479,000
Addition during the year	115,200,000	110,521,000
Balance at the end of the year	896,200,000	781,000,000
Total Provision for Investments (a+b)	2,327,667,602	2,631,061,000
(c) General Provision on Off-Balance Sheet items:		
Provision held at the beginning of the year	435,400,000	404,340,000
Addition during the year	197,900,000	31,060,000
Balance at the end of the year	633,300,000	435,400,000
Total Provision for Investments & Off-Balance Sheet (a+b+c)	2,960,967,602	3,066,461,000

	31.12.2016 Taka	31.12.2015 Taka
(d) Provision for other Assets:		
Provision held at the beginning of the year	15,739,000	10,600,000
Addition during the year	3,526,000	5,139,000
Balance at the end of the year	19,265,000	15,739,000
(e) Provision for Investment in Securities:		
Provision held at the beginning of the year	742,000,000	590,000,000
Provision transferred to provision on Classified Investment	(141,000,000)	-
Addition during the year	-	152,000,000
Balance at the end of the year	601,000,000	742,000,000
(f) Profit and Compensation Suspense Account:		
Balance at the beginning of the year	789,143,022	589,549,058
Amount transferred to suspense account during the year	1,259,152,768	1,109,951,741
Amount recovered from suspense account during the year	(1,143,550,877)	(793,053,217)
Amount written off/ waived during the year	(166,061,938)	(117,304,560)
Balance at the end of the year	738,682,974	789,143,022
(g) Compensation Realised Account:		
Balance at the beginning of the year	26,243,155	30,229,875
Addition during the year	71,496,865	46,013,280
Fund transfer to expended for charitable activities	(41,000,000)	-
Amount transferred to provision for Classified Investment	-	(50,000,000)
Balance at the end of the year	56,740,020	26,243,155
14a.2 Provision for Taxation		
Provision for Current tax		
Balance at the beginning of the year	7,807,144,969	7,288,860,761
Add: Provision made during the year	757,457,278	480,803,528
Add: Adjustment for previous year	-	154,000
Add: Provision made on other income during the year	-	37,326,680
Balance at the end of the year	8,564,602,247	7,807,144,969
14a.2(a) Provision for Current Tax made during the year		
Income tax @ 40.00% on estimated taxable Business Profit	740,477,735	506,913,590
Income tax @ 20.00% on Dividend Income	12,485,332	6,821,749
Income tax @ 10% on Capital Gain on sale of Shares	4,494,211	4,394,869
Estimated total provision required	757,457,278	518,130,208
Computation of Taxable Business Profit		
Profit before Tax	2,306,081,236	1,757,803,074
Add: Inadmissible expenditures	689,255,269	805,814,677
Less: Allowable Expenditure & Separate consideration	1,144,142,167	1,296,333,775
Estimated Taxable Business Profit for the year	1,851,194,338	1,267,283,975
15 Consolidated Deferred Tax Liability		
Shahjalal Islami Bank Ltd	95,464,963	104,211,220
Shahjalal Islami Bank Securities Limited	-	-
	95,464,963	104,211,220

	31.12.2016 Taka	31.12.2015 Taka
15a Deferred Tax Liability of the Bank		
Balance at the beginning of the year	104,211,220	117,704,226
Add: Provision made during the year	(8,746,257)	(13,493,006)
	95,464,963	104,211,220
16 Capital		
16.1 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.

16.2 Issued, Subscribed and Paid up Capital			
734,688,133 Ordinary Shares of Tk 10 each	7,346,881,330	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: 550,085,633 bonus shares of Tk 10 each	5,500,856,330	5,500,856,330	
	7,346,881,330	7,346,881,330	
	Holding		
Sponsor Shareholders Group	In year 2016: 41.04%; 2015: 43.83%	3,015,164,370	3,219,883,680
Financial Institutes Group	In year 2016: 33.88%; 2015: 30.91%	2,489,408,100	2,270,845,480
General Shareholders Group	In year 2016: 25.08%; 2015: 25.26%	1,842,308,860	1,856,152,170
		7,346,881,330	7,346,881,330

Classification of Shareholders by number of holding:

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%

As at 31 December 2015

Range of Share Holding	No. of Shareholders	No. of shares	Percentage of holding shares
Upto 500	30,667	4,172,173	0.57%
501-5,000	27,581	49,216,741	6.70%
5,001-10,000	2,541	18,031,204	2.45%
10,001-20,000	1,373	18,949,310	2.58%
20,001-30,000	447	10,635,770	1.45%
30,001-40,000	233	8,021,923	1.09%
40,001-50,000	123	5,594,400	0.76%
50,001-1,00,000	215	15,046,560	2.05%
1,00,001-10,00,000	240	62,452,907	8.50%
Over 10,00,000	60	542,567,145	73.85%
Total	63,480	734,688,133	100.00%

	31.12.2016 Taka	31.12.2015 Taka
16.3 Consolidated Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III:		
a) Going Concern Capital (Tier-1):		
Common Equity Tier-1 Capital (CET-1)		
i) Paid-up Capital	7,346,881,330	7,346,881,330
ii) Statutory Reserve (Note -17)	4,403,561,679	3,942,345,432
iii) Retained Earnings (Note -18)	1,253,792,811	1,010,103,443
iv) Non-controlling Interest	239,472,347	230,290,713
	13,243,708,167	12,529,620,918
Less: Shortfall in provisions required against investment in shares (subsidiary)	-	259,500,000
	13,243,708,167	12,270,120,918
Additional Tire-1 Capital (AT-1)	-	-
	13,243,708,167	12,270,120,918
b) Gone Concern Capital (Tier-2):		
i) General Provision	1,953,120,900	1,098,178,936
	1,953,120,900	1,098,178,936
c) Total Eligible Regulatory Capital (a +b)	15,196,829,067	13,368,299,854
d) Consolidated Total Risk Weighted Assets	130,144,271,335	100,674,048,106
e) Minimum Required Capital (10% of risk weighted assets)	13,014,427,133	10,067,404,811
f) Total Capital Surplus (c-e)	2,182,401,933	3,300,895,044

Consolidated Capital to Risk Weighted Assets Ratio:

Particulars	2016		2015	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-1)	5.50%	10.18%	5.50%	12.19%
Common Equity Tier-1 Capital: (CET-1)	4.50%	10.18%	4.50%	12.19%
CET-1 Plus Conservation Buffer	5.125%	10.18%	4.50%	12.19%
Gone Concern Capital: (Tier-2)	-	1.50%	-	1.09%
CRAR	10.00%	11.68%	10.00%	13.28%
CRAR including Conservation Buffer	10.625%	11.68%	10.00%	13.28%

	31.12.2016 Taka	31.12.2015 Taka
16.4 Consolidated Risk Weighted Assets (RWA) for		
1. Investment (Credit) Risk		
On-Balance Sheet	96,202,383,006	77,575,466,966
Off-Balance Sheet	18,223,421,382	10,278,847,904
2. Market Risk	7,003,266,947	4,825,183,236
3. Operational Risk	8,715,200,000	7,994,550,000
Consolidated Total Risk Weighted Assets (1+2+3)	130,144,271,335	100,674,048,106

	31.12.2016 Taka	31.12.2015 Taka
16.5 Capital to Risk Weighted Assets Ratio (CRAR) Under Basel-III of the Bank:		
a) Going Concern Capital (Tier-1):		
Common Equity Tier-1 Capital (CET-1)		
i) Paid-up Capital	7,346,881,330	7,346,881,330
ii) Statutory Reserve (Note-17)	4,403,561,679	3,942,345,432
iii) Retained Earnings {Note-18(a)}	1,106,132,902	965,073,507
	12,856,575,911	12,254,300,269
Additional Tier-1 Capital (AT-I)	-	-
	12,856,575,911	12,254,300,269
b) Gone Concern Capital (Tier-2):		
i) General Provision (Note 14.1(b+c))	1,529,500,000	1,100,927,373
	1,529,500,000	1,100,927,373
c) Total Eligible Regulatory Capital (a + b)	14,386,075,911	13,355,227,642
d) Total Risk Weighted Assets	124,703,796,335	98,789,573,106
e) Minimum Required Capital (10% of risk weighted assets)	12,470,379,633	9,878,957,311
f) Total Capital Surplus (c-e)	1,915,696,277	3,476,270,332

Capital Adequacy Ratio:

Particulars	2016		2015	
	Requirement	Capital Maintained	Requirement	Capital Maintained
Going Concern Capital: (Tier-1)	5.50%	10.31%	5.50%	12.40%
Common Equity Tier-1 Capital: (CET-1)	4.50%	10.31%	4.50%	12.40%
CET-1 Plus Conservation Buffer	5.125%	10.31%	4.50%	12.40%
Gone Concern Capital: (Tier-2)	-	1.23%	-	1.12%
CRAR	10.00%	11.54%	10.00%	13.52%
CRAR including Conservation Buffer	10.625%	11.54%	10.00%	13.52%

	31.12.2016 Taka	31.12.2015 Taka
16.6 Risk Weighted Assets (RWA) for		
1. Investment (Credit) Risk		
On-Balance Sheet	93,595,758,006	77,795,341,966
Off-Balance Sheet	18,223,421,382	10,278,847,904
2. Market Risk	4,446,666,947	2,924,583,236
3. Operational Risk	8,437,950,000	7,790,800,000
Total Risk Weighted Assets (1+2+3)	124,703,796,335	98,789,573,106

	31.12.2016	31.12.2015
	Taka	Taka
16.7 Non-controlling Interest		
Opening balance	230,290,713	226,994,950
Share of current year's profit	9,181,634	3,295,763
	239,472,347	230,290,713
17 Statutory Reserve		
Opening balance	3,942,345,432	3,590,784,817
Add: Addition during the year	461,216,247	351,560,615
	4,403,561,679	3,942,345,432
18 Consolidated Retained Earnings		
Shahjalal Islami Bank Ltd (Note-18a)	1,106,132,902	965,073,507
Shahjalal Islami Bank Securities Ltd	162,132,256	50,320,650
	1,268,265,158	1,015,394,157
Less: Non-controlling Interest	14,472,347	5,290,713
	1,253,792,811	1,010,103,443
18.1 Consolidated Current year Retained Earnings		
Current Year		
Shahjalal Islami Bank Ltd (Note-18a)	1,096,153,968	938,931,937
Shahjalal Islami Bank Securities Ltd	111,811,607	31,346,428
	1,207,965,574	970,278,366
Less: Non-Controlling Interest	9,181,634	3,295,763
	1,198,783,941	966,982,603
18a Retained Earnings of the Bank		
Opening balance	965,073,507	760,829,703
Less: Payment of Cash Dividend	955,094,573	734,688,133
Add: Transfer from Profit & Loss Account	1,096,153,968	938,931,937
	1,106,132,902	965,073,507
19 Letters of Guarantees		
Letters of Guarantees (Local)	11,690,983,683	6,995,922,779
Letters of Guarantees (Foreign)	262,554,861	185,038,757
Back to Back	3,329,401	3,329,401
	11,956,867,945	7,184,290,937
(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	11,956,867,945	7,184,290,937
	11,956,867,945	7,184,290,937
20 Irrevocable Letters of Credit		
Letter of credit	18,421,361,635	13,947,624,480

		2016	2015
		Taka	Taka
21 Consolidated Income Statement			
Income:			
Profit on Investment	(Note-22)	11,334,017,520	10,738,893,763
Income from Investment in securities	(Note-24)	135,092,346	166,366,901
Dividend income	(Note-24)	62,426,658	34,108,744
Commission, Exchange and Brokerage	(Note-25)	1,342,881,837	1,128,139,349
Gains less losses arising from dealing securities		-	-
Gains less losses arising from investment securities		44,942,109	43,948,687
Gains less losses arising from dealing in foreign currencies		-	-
Income from non-banking assets		-	-
Other operating income	(Note-26)	457,549,789	417,582,620
Profit less losses on interest rate changes		-	-
Nominal value of bonus share received		-	-
		13,376,910,260	12,529,040,065
Expenses:			
Profit paid on Deposits	(Note-23)	7,103,095,818	7,051,597,514
Administrative expenses		2,612,850,130	2,406,435,911
Other operating expenses		406,695,185	323,297,752
Depreciation on banking assets		128,842,947	127,991,406
		10,251,484,081	9,909,322,583
Income over expenditure		3,125,426,179	2,619,717,482
21a Income Statement of the Bank			
Income:			
Profit on Investment	(Note-22a)	11,154,356,257	10,509,980,697
Income from Investment in securities	(Note-24a)	28,708,383	63,870,547
Dividend income	(Note-24a)	62,426,658	34,108,744
Commission, Exchange and Brokerage	(Note-25a)	1,222,560,456	1,036,123,630
Gains less losses arising from dealing securities		-	-
Gains less losses arising from investment securities	(Note-24a)	44,942,109	43,948,687
Gains less losses arising from dealing in foreign currencies		-	-
Income from non-banking assets		-	-
Other operating income	(Note-26a)	451,673,610	410,187,078
Profit less losses on interest rate changes		-	-
Nominal value of bonus share received		-	-
		12,964,667,474	12,098,219,384
Expenses:			
Profit paid on Deposits	(Note-23a)	6,986,501,525	6,942,572,993
Administrative expenses		2,555,548,590	2,352,791,780
Other operating expenses		321,311,401	303,630,126
Depreciation on banking assets		122,098,721	121,788,075
		9,985,460,238	9,720,782,974
Income over expenditure		2,979,207,236	2,377,436,410
22 Consolidated Profit on Investment			
Shahjalal Islami Bank Ltd	(Note-22a)	11,154,356,257	10,509,980,697
Shahjalal Islami Bank Securities Ltd		288,804,022	401,242,330
		11,443,160,279	10,911,223,027
Less: Inter company Transaction		109,142,759	172,329,264
		11,334,017,520	10,738,893,763

	2016	2015
	Taka	Taka
22a Profit on Investment of the Bank		
Profit on Investment (Note-22a.1)	10,372,893,219	9,846,943,142
Profit on placement with other Banks & FIs	781,463,038	663,037,555
	11,154,356,257	10,509,980,697
22a.1 Profit on Investment		
Profit on Murabaha	795,328,943	923,669,171
Profit on Bi-Muazzal	6,303,798,823	5,760,957,664
Profit on Hire-Purchase	2,012,552,354	2,020,543,824
Profit on Ijara	55,656,061	92,416,867
Profit on Bi-Salam	112,684,647	108,962,346
Profit on Inland Document Bill Purchased	355,669,452	374,654,803
Profit on Foreign Document Bill Purchased	281,692,115	257,811,876
Profit on Investment against Scheme Deposit	32,000	-
Profit on Investment against Mudaraba Term Deposit	205,635	1,462,778
Profit on Investment against Mudaraba Savings Deposit	37,704	99,055
Profit on Investment against Mudaraba Deposit Scheme	6,336	220,369
Profit on Investment against Monthly Income Scheme	-	314,814
Profit on Investment against EDF	27,576,226	59,799,433
Profit on Investment against Other Securities	-	251,307
Profit on Mudaraba	96,429,692	300
Profit on Istisnaa	-	12,221
Profit Received From Resheduled Investment - Rent Mode	300,488,425	239,834,978
Profit on Murabaha Import Bill (UPAS)	31,447,852	5,931,335
	10,373,606,265	9,846,943,142
Less: Rebate for Good Borrower*	713,047	-
	10,372,893,219	9,846,943,142

* The amount was waived in order to comply with the BRPD Circular No. 06 dt. 19 March, 2015 regarding Rebate for Good Borrowers.

22a.2 Investment income derived from the fund deployed

Inside Bangladesh		
i) Mudaraba deposits	8,917,576,300	9,059,187,690
ii) Other deposits/Fund	1,455,316,919	787,755,451
	10,372,893,219	9,846,943,142
Outside Bangladesh	-	-
	10,372,893,219	9,846,943,142

22a.3 Geographical Location-wise Profit on Investments

Area	2016	2015	2016	2015
	Amount	Composition	Amount	Composition
i) Inside Bangladesh (note-22a.3.1)				
a) In Rural Areas	828,281,296	7.99%	767,335,525	7.79%
b) In Urban Areas	9,544,611,923	92.01%	9,079,607,617	92.21%
Sub-total	10,372,893,219	100.00%	9,846,943,142	100.00%
ii) Outside Bangladesh	-	-	-	-
Total	10,372,893,219	100.00%	9,846,943,142	100.00%

22a.3.1 Inside Bangladesh

Division	2016		2015	
	Amount	Composition	Amount	Composition
Dhaka	7,766,155,391	74.87%	7,487,217,264	76.04%
Chittagong	1,717,167,177	15.38%	1,514,874,037	15.38%
Sylhet	121,362,353	1.19%	117,282,094	1.19%
Rajshahi	255,592,650	2.48%	244,084,633	2.48%
Rangpur	85,588,271	1.02%	100,227,183	1.02%
Khulna	396,112,646	3.72%	366,292,375	3.72%
Barisal	30,914,730	0.17%	16,965,556	0.17%
Total	10,372,893,219	100.00%	9,846,943,142	100.00%

		2016 Taka	2015 Taka
23 Consolidated Profit paid on Deposits			
Shahjalal Islami Bank Ltd	(Note-23a)	6,986,501,525	6,942,572,993
Shahjalal Islami Bank Securities Ltd		227,632,180	284,103,156
		7,214,133,705	7,226,676,149
Less: Inter Company Transaction		111,037,887	175,078,635
		7,103,095,818	7,051,597,514
23a Profit paid on Deposits of the Bank			
Profit on deposits		6,864,836,114	6,934,280,021
Profit paid on borrowings		121,665,411	8,292,972
		6,986,501,525	6,942,572,993
24 Consolidated Income from Investment in Shares/Securities			
Shahjalal Islami Bank Ltd	(Note-24a)	136,077,151	141,927,979
Shahjalal Islami Bank Securities Ltd		106,383,963	102,496,354
		242,461,114	244,424,333
24a Income from Investment in Shares/Securities of the Bank			
Income from Investment in Islami Bond		14,890,000	51,000,000
Income from Investment in Shares	(Note-24a.1)	44,942,109	43,948,687
Dividend Income		62,426,658	34,108,744
Income from Investment in Mudaraba Perpetual Bond (MPB)		5,170,000	5,590,000
Income from Investment in Sub-Ordinated Bond		8,648,383	7,280,547
		136,077,151	141,927,979
24a.1	Income from investment in Shares arises through sale of listed shares in the Stock Exchanges.		
25 Consolidated Commission, Exchange & Brokerage			
Shahjalal Islami Bank Ltd	(Note-25a)	1,222,560,456	1,036,123,630
Shahjalal Islami Bank Securities Ltd		120,321,381	92,015,719
		1,342,881,837	1,128,139,349
25a Commission, Exchange & Brokerage of the Bank			
Other commission		658,111,778	529,763,685
Exchange earnings		564,448,678	506,359,945
		1,222,560,456	1,036,123,630

		2016	2015
		Taka	Taka
26 Consolidated Other Operating Income			
Shahjalal Islami Bank Ltd	(Note-26a)	451,673,610	410,187,078
Shahjalal Islami Bank Securities Ltd		7,771,307	10,144,913
		459,444,917	420,331,991
Less: Inter Company Transaction		1,895,128	2,749,371
		457,549,789	417,582,620
26a Other Operating Income of the Bank			
Postage, Telex, SWIFT & REUTERS		80,712,392	82,594,730
Incidental Charge		-	449,920
Supervision & Monitoring Charge		1,919,510	1,076,189
Other charges	(Note-26a.1)	369,041,708	326,066,240
		451,673,610	410,187,078
26a.1 Other Charges			
Rent receipts		3,041,224	2,252,216
Charges on A/C closing		670,508	698,833
Charges on clearing returned		2,432,841	3,213,330
Cheque processing charge		1,331,688	277,100
Service charges on Ijara		89,000	83,500
Service charges on scheme investment		1,311,750	650,447
Service charges on Quard		22,529,543	11,430,825
Passport endorsement charge		50,160	79,200
PO/DD Cancellation charge		126,125	147,250
Branch banking services		15,613,003	16,135,531
Account maintenance fee		64,247,338	59,112,532
Recoveries from cheque issue		3,480,368	7,684,977
Income from sale of forms		3,215,958	2,800,436
Service charge on SJIBL VISA Card		23,228,746	6,538,328
Management Fees		605,700	35,240
Banker to the Issue Commission		115,939	145,678
Notice pay earnings		3,636,557	4,107,948
Rebate on Trade Finance		57,769,448	48,226,519
Discrepancy Fee		86,287,542	95,371,096
Profit on sale of Bank's Assets		106	49,984
Miscellaneous income		79,258,163	67,025,271
		369,041,708	326,066,240
27 Consolidated Salary & Allowances			
Shahjalal Islami Bank Ltd	(Note- 27a)	1,878,143,846	1,747,409,359
Shahjalal Islami Bank Securities Ltd		37,583,253	33,355,816
		1,915,727,099	1,780,765,175
27a Salary & Allowances of the Bank			
Basic Salary		750,822,458	719,554,977
Allowances		719,624,919	676,305,714
Bonus		335,232,756	283,904,139
Bank's Contribution to Provident fund		72,463,714	67,644,529
		1,878,143,846	1,747,409,359

		2016	2015
		Taka	Taka
28 Consolidated Rent, Taxes, Insurance, Electricity etc.			
Shahjalal Islami Bank Ltd	(Note- 28a)	423,595,761	373,598,915
Shahjalal Islami Bank Securities Ltd		15,398,848	14,175,849
		438,994,609	387,774,764
28a Rent, Taxes, Insurance, Electricity etc of the Bank			
Rent, Rates & Taxes		271,201,602	235,387,723
Insurance		95,421,525	84,503,622
Electricity & Lighting		56,972,635	53,707,570
		423,595,761	373,598,915
29 Consolidated legal Expenses			
Shahjalal Islami Bank Ltd	(Note- 29a)	728,459	1,555,477
Shahjalal Islami Bank Securities Ltd		324,250	600,556
		1,052,709	2,156,033
29a Legal Expenses of the Bank			
Legal Fees & Charge		183,692	331,696
Other Legal Expenses		544,767	1,223,781
		728,459	1,555,477
30 Consolidated Postage, Stamps, Telecommunication etc			
Shahjalal Islami Bank Ltd	(Note- 30a)	34,794,548	35,411,933
Shahjalal Islami Bank Securities Ltd		2,571,397	2,868,673
		37,365,945	38,280,606
30a Postage, Stamps, Telecommunication etc of the Bank			
Postage		1,246,543	1,343,077
Leased line		18,713,119	20,275,049
Telegram, Fax, Telex & Internet charge		7,118,415	5,834,042
Telephone charges		4,753,257	4,835,305
Mobile phone charges		2,963,214	3,124,460
		34,794,548	35,411,933
31 Consolidated Stationery, Printing, Advertisements etc			
Shahjalal Islami Bank Ltd	(Note- 31a)	78,884,275	64,550,360
Shahjalal Islami Bank Securities Ltd		1,384,292	2,603,737
		80,268,567	67,154,097
31a Stationery, Printing, Advertisements etc of the Bank			
Table Stationery		9,330,097	9,241,789
Printing Stationery		7,878,288	7,113,482
Security Stationery		3,159,493	3,443,939
Computer Stationery		28,978,186	17,177,973
Advertisement		29,538,211	27,573,177
		78,884,275	64,550,360
32 Chief Executive's Salary & Fees of the Bank			
Basic Salary		6,655,000	6,600,000
Allowances		3,900,000	3,900,000
Bonus		2,210,000	2,100,000
Bank's Contribution to Provident Fund		665,500	660,000
		13,430,500	13,260,000

		2016	2015
		Taka	Taka
33 Directors' Fees & Expenses of the Bank			
Directors Fee		4,357,600	4,053,200
Meeting Expenses		1,902,112	1,944,241
		6,259,712	5,997,441
34 Shariah Supervisory Committee's Fees & Expenses of the Bank			
Shariah Council Meeting Expenses		559,816	462,957
		559,816	462,957
35 Consolidated auditors' Fees			
Shahjalal Islami Bank Ltd	(Note-35a)	600,000	400,000
Shahjalal Islami Bank Securities Ltd		39,500	39,500
		639,500	439,500
35a Auditors' Fees of the Bank			
Auditors Fees		600,000	400,000
36 Consolidated depreciation and Repair of Assets			
Shahjalal Islami Bank Ltd	(Note-36a)	138,680,426	138,616,713
Shahjalal Islami Bank Securities Ltd		6,744,226	6,203,331
		145,424,652	144,820,044
36a Depreciation and Repair of Bank's Assets			
a) Depreciation of Bank's Assets (Annexure B)			
Land & Building		9,111,941	9,792,304
Furniture & Fixtures		40,399,545	42,529,715
Office Appliance & Equipment		56,907,171	54,732,312
Vehicles		9,604,598	7,787,842
Books		82,195	86,680
b) Amortization of of Bank's Assets (Annexure B)			
Software-Core Banking		5,993,271	6,859,222
		122,098,721	121,788,075
c) Repair on Bank's Assets			
Office Premises		1,328,253	1,659,961
Office Appliance & Equipment		8,135,417	7,958,398
Office Furniture & Fixtures		753,114	854,050
Vehicles		2,026,092	2,058,271
Procurement of Parts, Spares & Others		4,338,829	4,297,957
		16,581,704	16,828,638
		138,680,426	138,616,713
37 Zakat Expenses of the Bank			
Zakat Expenses		101,969,969	93,316,700
		101,969,969	93,316,700
38 Consolidated Other Expenses			
Shahjalal Islami Bank Ltd	(Note-38a)	321,311,401	303,630,126
Shahjalal Islami Bank Securities Ltd		85,383,784	19,667,626
		406,695,185	323,297,752

	2016 Taka	2015 Taka
38a Other Expenses of the Bank		
Petrol, Oil and Lubricants	5,311,084	4,272,720
Entertainment	34,589,152	29,798,068
Donation and Subscription	3,742,332	4,192,956
Traveling and Conveyance	20,556,706	18,379,378
Training Expenses	4,514,622	4,603,860
Car expenses	108,979,104	106,050,862
Gratuity expenses	24,069,000	24,000,000
Papers & Periodicals	502,475	526,333
Utility	5,116,845	3,147,499
Uniform & Liveries	1,989,011	2,122,633
Bank Charges	1,102,227	1,669,144
Business development & Promotion	19,612,344	18,780,089
Upkeep and cleaning of office premises	8,590,086	8,358,062
Security Service- Out-sourcing	37,016,531	29,925,304
Branch Opening Expenses	1,490,810	802,471
Credit Rating Fee	430,000	200,000
SJIBL Card expenses	5,231,102	5,187,784
AGM & Meeting expenses	5,074,711	4,423,906
Capital Enhancement Fees	730,141	827,343
Contribution to Social Security Super Annuation Fund	1,000,000	1,000,000
Laundry and Washing	163,410	191,448
Crockerries, Kettle and others	269,263	495,006
Photograph and Photocopy	506,148	309,797
Consultancy	-	1,389,600
Leave Encashment	10,934,215	18,848,053
Award Expenses	1,630,800	1,246,804
Brokarage House Expenses	106,000	586,534
Maintenance of Head Office (New Premises) Building	5,458,114	2,644,342
Miscellaneous Expenses	12,595,169	9,650,130
	321,311,401	303,630,126
39 Consolidated Provision against Investment, Off-Balance Sheet & Others		
Shahjalal Islami Bank Ltd (Note-39a)	673,126,000	619,633,336
Shahjalal Islami Bank Securities Ltd	-	146,656,896
	673,126,000	766,290,232
39a Provision against Investment, Off-Balance Sheet & Others of the Bank		
Provision on unclassified investment	115,200,000	110,521,000
Provision on classified investment	356,500,000	320,913,336
Provision on Off-Balance Sheet	197,900,000	31,060,000
Provisions on Investment in Securities	-	152,000,000
Provision on Other Assets	3,526,000	5,139,000
	673,126,000	619,633,336
40 Deferred Tax Expenses/(Income) of the Bank		
Closing deferred tax liability	95,464,963	104,211,220
Opening deferred tax liability	104,211,220	117,704,226
Deferred tax expense/(Income)	(8,746,257)	(13,493,006)

		2016	2015
		Taka	Taka
40a Consolidated Tax Expenses of the Bank			
Current tax		791,864,614	545,081,276
Deferred tax		(8,746,257)	(13,493,006)
		783,118,357	531,588,270
40b Tax Expenses of the Bank			
Current tax		757,457,278	480,803,528
Deferred tax		(8,746,257)	(13,493,006)
		748,711,021	467,310,522
41 Consolidated Earnings Per Share (EPS)			
Calculation of Earnings Per Share	(Note- 2.17)		
Net Profit after Tax		1,660,000,188	1,318,543,217
Number of Ordinary Shares outstanding (Denominator)		734,688,133	734,688,133
		2.26	1.79
41a Earnings Per Share of the Bank (EPS)			
Calculation of Earnings Per Share	(Note- 2.17)		
Net Profit after Tax		1,557,370,215	1,290,492,552
Number of Ordinary Shares outstanding (Denominator)		734,688,133	734,688,133
		2.12	1.76
Earnings per share has been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".			
42 Consolidated investment income receipt in cash			
Shahjalal Islami Bank Ltd	(Note-42a)	11,275,216,925	10,679,748,148
Shahjalal Islami Bank Securities Ltd		395,187,985	503,738,684
		11,670,404,910	11,183,486,832
42a Investment income receipt of the Bank			
Investment income receipt (Excluding Dividend Income)	(Note 22a & 24a)	11,228,006,749	10,617,799,931
Add: Opening profit Receivable	(Note-10a.2)	325,529,373	387,477,590
Less: Closing profit receivable	(Note-10a.2)	278,319,197	325,529,373
		11,275,216,925	10,679,748,148
43 Consolidated Profit Paid on Deposits			
Shahjalal Islami Bank Ltd	(Note-43a)	7,085,259,948	7,324,682,200
Shahjalal Islami Bank Securities Ltd		344,569,061	413,518,676
		7,429,829,009	7,738,200,876
43a Profit Paid on Deposits of the Bank			
Profit Paid on Deposits	(Note-23a)	6,986,501,525	6,942,572,993
Add: Opening profit payable on deposit	(Note-14a)	703,408,900	1,064,318,107
Less: Closing profit payable on deposit	(Note-14a)	604,650,477	703,408,900
Less: Adjustment for transfer		-	(21,200,000)
		7,085,259,948	7,324,682,200
44 Consolidated Cash Receipt from other Operating activities			
Shahjalal Islami Bank Ltd	(Note-44a)	451,673,505	410,137,095
Shahjalal Islami Bank Securities Ltd		7,771,307	10,144,913
		459,444,812	420,282,008

	2016	2015
	Taka	Taka
44a Cash Receipt from other Operating activities of the Bank		
Postage & Telex Charge Recovery	80,712,392	82,594,730
Incidental Charge	-	449,920
Supervision & Monitoring Charge	1,919,510	1,076,189
Other charges (except income from sale of fixed assets)	369,041,602	326,016,256
	451,673,505	410,137,095
45 Consolidated Cash Payment for other Operating activities		
Shahjalal Islami Bank Ltd (Note-45a)	906,401,371	831,202,188
Shahjalal Islami Bank Securities Ltd	103,868,802	37,584,534
	1,010,270,173	868,786,722
45a Cash Payment for other Operating activities of the Bank		
Rent, Taxes, Insurance, Lighting etc. (Note-28a)	423,595,761	373,598,915
Legal Expenses (Note-29a)	728,459	1,555,477
Postage, Stamp, Telegram & Telephone (Note-30a)	34,794,548	35,411,933
Directors' Fee & Expenses (Note-33)	6,259,712	5,997,441
Shariah Supervisory Committee's Fees & Expenses (Note-34)	559,816	462,957
Auditors' Fee (Note-35a)	600,000	400,000
Repair, Maintenance of Bank's Assets (Note-36a.c)	16,581,704	16,828,638
Zakat Expenses (Note-37)	101,969,969	93,316,700
Other Expenses (Note-38a)	321,311,401	303,630,126
	906,401,371	831,202,188
46 Cash Increase/ Decrease in Consolidated Other Assets		
Shahjalal Islami Bank Ltd (Note-46a)	4,334,745,762	3,663,422,516
Shahjalal Islami Bank Securities Ltd	2,387,257,126	2,445,756,788
	6,722,002,888	6,109,179,304
Less: Cash Increase/ (Decrease) through Inter Company transaction	3,400,437,451	2,798,352,629
	3,321,565,437	3,310,826,675
Cash (Increase)/ Decrease in Other Assets	(10,738,761)	(21,819,434)
46a Cash Increase/Decrease in Other Assets of the Bank		
Stock of Stationery and Stamps	17,164,051	18,109,120
Advance deposits and rent	122,989,589	114,034,066
Suspense Account	55,747,673	79,909,284
Other Prepayments	218,968,790	55,942,471
Receivable from Shahjalal Islami Bank Securities Limited	1,362,959,318	1,471,284,618
Shahjalal Islami Bank Securities Ltd (Note 10a.3)	2,515,000,000	1,915,000,000
Advance for new Branches	16,087,656	-
Advance Insurance premium	35,880	78,431
Other Receivables	3,889,647	9,064,526
SJIBL General Account-Net	21,903,158	-
	4,334,745,762	3,663,422,516
Cash (Increase)/ Decrease in Other Assets	(671,323,245)	217,209,198
47 Cash Increase/ Decrease in Consolidated Other Liabilities		
Shahjalal Islami Bank Ltd (Note- 47a)	299,844,331	349,967,133
Shahjalal Islami Bank Securities Ltd	2,845,654,021	2,543,214,872
	3,145,498,352	2,893,182,005
Less: Cash Increase/ (Decrease) through Inter Company transaction	892,475,368	926,598,815
	2,253,022,984	1,966,583,190
Cash Increase/ (Decrease) in Other Liabilities	286,439,794	416,685,273

	2016	2015
	Taka	Taka
47a Cash Increase/ Decrease in Other Liabilities of the Bank (Note-14a)		
Other Payable	51,652,328	90,205,318
Taxation on other income & prior years	198,403,428	198,403,428
Outstanding Expenses	47,645,633	42,438,498
Unearned Income on Quard	2,142,943	447,023
SJIBL General Account	-	18,472,867
	299,844,331	349,967,133
Cash Increase/ (Decrease) in Other Liabilities	(50,122,802)	127,643,956
48 Consolidated Cash and Cash Equivalent		
Shahjalal Islami Bank Ltd (Note-48a)	11,993,903,158	10,739,727,356
Shahjalal Islami Bank Securities Ltd	381,221,166	168,963,211
	12,375,124,324	10,908,690,567
Less: Cash Increase/ (Decrease) through Inter Company transaction	376,062,425	151,925,980
	11,999,061,899	10,756,764,587
48a Cash and Cash Equivalent of the Bank		
Cash in Hand	1,179,754,405	1,106,558,612
Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)	8,398,144,743	8,177,172,061
Balance with Other Banks & Financial Institutions	2,416,004,010	1,455,996,683
	11,993,903,158	10,739,727,356

49 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 2,191.

50 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. 240 held on 30-10-2016 reconstituted the Committee by the following members:-

Name	Status with the Bank	Status with the Committee	Educational Qualification
Mr. Mosharrif Hossain Chowdhury	Independent Director	Chairman	Masters
Mr. Md. Harun Miah	Director	Member	BA
Mr. Md. Abdul Halim	Director	Member	BA
Mr. Mohammed Golam Quddus (rep. of Anwer Khan Modern Hospital Ltd.)	Director	Member	Masters
Farida Parvin Nuru	Independent Director	Member	Masters

The members of the Board Audit Committee are all having good exposure in the banking business. They are all playing active role in the Board Meeting.

b) Meeting of Audit Committee

During 1 January to 31 December 2016, the Audit Committee of the Board conducted 11 (Eleven) 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.

51 Related Party Disclosures of the Bank

51.1 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
Engr. Md. Towhidur Rahman	Chairman	i) Fresh Foods Ltd. ii) Sea Fresh Ltd. iii) Libas Textiles Ltd iv) Fresh Knitwear Ltd. v) Fresh Export Import Ltd. vi) Moshiur Infrastructure Ltd. vii) Hettich (Joint Venture Co. with Germany) viii) Shahjalal Islami Bank Securities Ltd. ix) Prime University
Mohiuddin Ahmed	Vice Chairman	i) Mohiuddin Auto House ii) M/s. Rupsha Trading Corporation iii) Pacific Automobile iv) Shahjalal Islami Bank Securities Ltd.
Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.)	Vice Chairman	i) Kushiara Travels Ltd. (UK) ii) Shamsuddin Khan & Harun Miah Ltd (UK) iii) Shahjalal Islami Bank Securities Ltd.
Anwer Hossain Khan	Director	i) Anwer Khan Modern Hospital Ltd. 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 xi) Anwer Khan Modern Medical College
Md. Sanallah 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 Barek	Director	i) Arju Electronics ii) Jony Electronics iii) Rony Electronics iv) Shahjalal Islami Bank Securities Ltd.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
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.
Akkas Uddin Mollah	Director	i) Russel Spinning Mills Ltd. ii) PNR Industries Ltd. iii) Russel Garments Ltd. iv) Russel Apparels Ltd. v) Ekram Sweaters Ltd. vi) Tania Cotton Mills Ltd. vii) Russel Washing Plant viii) Shahjalal Islami Bank Securities Ltd.
Khandaker Sakib Ahmed	Director	i) Zuiria Trade International ii) Z. Agrovvet Enterprise iii) Five Star Cargo Corporation iv) Shahjalal Islami Bank Securities Ltd. v) Al-Arafa Islami Bank Securities Ltd.
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.

Name of Director	Status with The Bank	Name of the firms/companies in which they have interest
		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. xxi) Wadud & Aysha Cold Store 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 & Equities Ltd. xxxiv) Shahjalal Islami Bank Securities Ltd. xxxv) Fareast International University
Fakir Akhtaruzzaman	Director	Fakir Knitwears Ltd.
Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.)	Director	N/A
Mosharraf Hossain Chowdhury	Independent Director	N/A
Farida Parvin Nuru	Independent Director	i) Viceroy Group of Restaurant ii) Property Management Ltd. (UK)

51.2 Significant Contracts where Bank is a party and wherein Directors have interest: Nil

51.3 Shares issued to Directors & Executives without consideration or exercise at discount: Nil

51.4 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

51.5 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	15,704,000	Regular
ii)	M/s. Rupsha Trading Corporation	Alhaj Md. Mohiuddin Ahmed	L/C /MPI-TR/Bai-Muajjal	29,950,000	Regular
iii)	Excellent Ceramic Ind. Ltd.	Alhaj Abdul Halim	Murabaha local/L/C / MPI-TR/Bai-Muajjal	4,356,429	Regular
iv)	M/s. Exclusive Motors	Alhaj Abdul Halim	Murabaha local/L/C / MPI-TR/Bai-Muajjal	50,427,625	Regular
v)	Shahjalal Islami Bank Securities Ltd.	Subsidiary	Bai-Muajjal	657,037,916	Regular
				757,475,970	

51.6 Business other than Banking business with any related concern of the Directors as per Section 18 (2) of the Bank Companies Act 1991 NIL

51.7 Investments in Securities of Directors and their related concern: NIL

52 Events After Reporting Period

The Board of Directors of the Bank at its 245th meeting held on 05 April 2017 has recommended 10% cash & 5% stock dividend for the year 2016. This dividend is subject to the final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Bank.



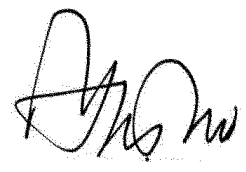
Chairman



Director



Director



Managing Director

Dhaka, 05 April 2017

Shahjalal Islami Bank Limited

Investment in Shares & Securities (listed with Stock Exchanges)

As at December 31, 2016

SI No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 Dec, 2016	Cost price 31 December, 2016	Unrealised Gain/(loss)
	Quoted					
1	Active Fine Chemicals Ltd.	819,000	43.30	35,462,700	40,367,121	(4,904,421)
2	Aftab Automobiles Limited	400,000	56.70	22,680,000	35,738,559	(13,058,559)
3	AIBL 1st Islamic Mutual Fund	8,156,000	8.30	67,694,800	73,298,207	(5,603,407)
4	Al-Arafah Islami Bank Limited	4,112,062	15.90	65,381,786	80,277,378	(14,895,592)
5	Appollo Ispat Complex Limited (APOLOISPAT)	100,000	20.50	2,050,000	1,900,315	149,685
6	Beacon Pharmaceuticles Limited	901,950	22.00	19,842,900	39,266,541	(19,423,641)
7	Beximco Limited	1,672,962	26.00	43,497,012	53,917,267	(10,420,255)
8	Central Pharmaceuticals Ltd.	300,000	22.30	6,690,000	6,731,215	(41,215)
9	Dhaka Electric Supply Company Ltd. (DESCO)	637,273	46.30	29,505,740	40,103,115	(10,597,375)
10	Eastern Housing Limited	2,145,258	42.90	92,031,568	166,063,283	(74,031,714)
11	Envoy Textiles Ltd.	1,030,000	38.80	39,964,000	42,402,697	(2,438,697)
12	Export Import Bank of Bangladesh Limited	7,251,749	11.70	84,845,463	128,470,525	(43,625,062)
13	Familytex (BD) Ltd.	1,963,500	9.80	19,242,300	47,453,468	(28,211,168)
14	Fareast Islami Life Insurance Co. Ltd.	412,500	67.70	27,926,250	35,899,637	(7,973,387)
15	Fine Foods Limited	1,218,038	23.90	29,111,108	85,826,584	(56,715,476)
16	First Security Islami Bank Ltd.	2,805,000	13.90	38,989,500	39,956,268	(966,768)
17	Generation Next Fashions Limited	1,644,500	9.90	16,280,550	25,741,813	(9,461,263)
18	Islami Bank Bangladesh Limited	1,000,000	29.70	29,700,000	32,559,062	(2,859,062)
19	Islami Insurance Bangladesh Limited	200,000	19.70	3,940,000	3,527,898	412,102
20	Jamuna Oil Company Limited	341,434	181.60	62,004,414	67,733,293	(5,728,878)
21	M.I. Cement Factory Ltd	700,000	82.50	57,750,000	58,102,477	(352,477)
22	Makson Spinning Mills Limited	1,321,946	8.50	11,236,541	63,955,630	(52,719,089)
23	Meghna Petroleum Limited	350,000	170.40	59,640,000	75,607,343	(15,967,343)
24	Metro Spinning Mills Limited	1,188,697	8.20	9,747,315	65,855,505	(56,108,189)
25	Orion Pharma Ltd.	715,000	42.10	30,101,500	44,129,226	(14,027,726)
26	Padma Islami Life Insurance Limited	99,480	28.20	2,805,336	5,702,545	(2,897,209)
27	Salvo Chemical Industry Ltd.	176,137	16.90	2,976,715	3,201,604	(224,888)
28	Shinepukur Ceramics Limited	300,000	10.40	3,120,000	6,006,606	(2,886,606)
29	Social Islami Bank Ltd.	4,462,500	18.40	82,110,000	80,932,934	1,177,066
30	Square Textile Ltd	880,000	69.20	60,896,000	61,222,988	(326,988)
31	The Dacca Dyeing & Mfg. Co. Limited	5,106,079	9.00	45,954,711	160,115,520	(114,160,809)

SI No	Name of Company	No. of Shares/ Securities	Market price per share	Market value 31 Dec, 2016	Cost price 31 December, 2016	Unrealised Gain/(loss)
32	Titas Gas Transmission And Distribution Co. Ltd	1,000,000	49.40	49,400,000	78,349,510	(28,949,510)
33	Unique Hotel and Resorts Ltd	350,000	53.90	18,865,000	22,403,867	(3,538,867)
34	Square Pharmaceuticles Limited	143,000	249.10	35,621,300	33,600,877	2,020,423
35	Agricultural Marketing Company Ltd – AMCL (PRAN)	50,000	207.60	10,380,000	9,958,704	421,296
36	The ACME Laboratories Limited	500,000	99.00	49,500,000	56,206,552	(6,706,552)
37	RAK Ceramics (Bangladesh) Limited	100,000	61.90	6,190,000	6,778,747	(588,747)
38	MJL Bangladesh Limited	193,438	119.60	23,135,185	21,706,557	1,428,628
39	Apex Footwear Limited	20,000	330.30	6,606,000	7,510,020	(904,020)
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	Pacific Denims Limited	-	-	30,000,000	30,000,000	-
Total				1,339,875,695	1,945,581,457	(605,705,761)

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 share stood at Tk 6,007.90 Lac instead of 6,057.06 Lac.

Shahjalal Islami Bank Limited

Schedule of Fixed Assets

As on 31 December 2016

(Amount in Taka)

Particulars	Cost				Depreciation				Written Down Value		
	Balance as on 01.01.2016	Additions during the period	Adjustment during the period	Balance as on 31.12.2016	Rate	Balance as on 01.01.2016	Adjustment during the period	Charged during the period	Balance as on 31.12.2016	As on 31.12.2016	As on 31.12.2015
Land	1,876,724,350	-	-	1,876,724,350	-	-	-	-	-	1,876,724,350	1,876,724,350
Building	462,275,894	-	-	462,275,894	2.25%	58,145,222	-	9,111,941	67,257,163	395,018,731	404,130,672
Head Office Building under construction	330,278,245	189,992,034	-	520,270,279	-	-	-	-	-	520,270,279	330,278,245
Furniture & Fixtures	614,909,614	17,410,077	3,811,634	628,508,057	10%-20%	247,116,872	2,549,973	40,399,545	284,966,443	343,541,614	367,792,742
Office Equipment	651,863,945	36,712,461	7,990,687	680,585,719	20%	383,553,121	6,931,183	56,907,171	433,529,110	247,056,609	268,310,824
Vehicles	55,089,948	12,789,000	-	67,878,948	20%	34,001,520	-	9,604,598	43,606,119	24,272,829	21,088,427
Books	827,103	96,886	-	923,989	20%	469,477	-	82,195	551,672	372,317	357,626
Sub-total	3,991,969,098	257,000,459	11,802,321	4,237,167,236		723,286,212	9,481,156	116,105,451	829,910,507	3,407,256,729	3,268,682,886
Software-Amortization											
Software-Core Banking	61,548,992	1,066,438	-	62,615,430	20%	30,839,845	-	5,993,271	36,833,116	25,782,314	30,709,147
Sub-total	61,548,992	1,066,438	-	62,615,430		30,839,845	-	5,993,271	36,833,116	25,782,314	30,709,147
Total	4,053,518,090	258,066,897	11,802,321	4,299,782,666		754,126,057	9,481,156	122,098,721	866,743,623	3,433,039,043	3,299,392,033

Shahjalal Islami Bank Limited

Balance with Other Banks in Foreign Currency

As at 31 December 2016

[Referred to Note 5a.2 of these financial statements]

SL No.	Name of the Banks	Currency Name	2016			2015		
			Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT.	Amount in Foreign Currency	Conversion rate per unit F.C.	Amount in BDT.
1	Standard Chartered Bank NY	USD	2,023,450.21	78.7000	159,245,531.53	3,265,488.32	78.5000	256,340,833.12
2	Mashreq Bank psc, NY	USD	1,908,781.88	78.7000	150,221,133.96	361,978.24	78.5000	28,415,291.84
3	Standard Chartered Bank, Mumbai	USD	222,198.53	78.7000	17,487,024.31	222,198.53	78.5000	17,442,584.61
4	Habib American Bank, USA	USD	55,051.56	78.7000	4,332,557.77	395,856.45	78.5000	31,074,731.33
5	ICICI Bank, Hong Kong	USD	49,864.86	78.7000	3,924,364.48	200,542.64	78.5000	15,742,597.24
6	WACHOVIA BANK, NY, USA	USD	65,819.88	78.7000	5,180,024.56	694,357.69	78.5000	54,507,078.67
7	Sonali Bank (UK) Ltd (USD)	USD	18,379.78	78.7000	1,446,488.69	26,457.30	78.5000	2,076,898.05
8	Commerzbank AG Frankfurt	USD	9,692.08	78.7000	762,766.70	161,476.56	78.5000	12,675,909.96
9	Bank Aljazira	USD	157,746.72	78.7000	12,414,666.86	548,692.33	78.5000	43,072,348.07
10	AB Bank Ltd. Mumbai	ACUD	125,490.48	78.7000	9,876,100.78	446,181.42	78.5000	35,025,241.47
11	IFIC Bank Ltd., Karachi	ACUD	1,648.99	78.7000	129,775.51	118,172.27	78.5000	9,276,523.20
12	SCB, Mumbai	ACUD	523,273.57	78.7000	41,181,629.96	475,630.25	78.5000	37,336,974.63
13	Nepal Bangladesh Bank, Nepal	ACUD	20,986.62	78.7000	1,651,646.99	8,436.75	78.5000	662,284.88
14	Standard Chart. Bank, Colombo	ACUD	12,573.89	78.7000	989,565.14	9,916.60	78.5000	778,453.10
15	ICICI Bank, Mumbai	ACUD	96,695.42	78.7000	7,609,929.55	595,191.32	78.5000	46,722,518.62
16	Habib Metropolitan Bank Ltd.	ACUD	17,847.78	78.7000	1,404,620.29	160,949.85	78.5000	12,634,563.23
17	United Bank of India, Kolkata	ACUD	75,438.71	78.7000	5,937,026.48	154,810.85	78.5000	12,152,651.73
18	Sonali Bank Ltd ACU, Kolkata	ACUD	43,504.90	78.7000	3,423,835.63	-	-	-
19	Bank of Bhutan Ltd. Main Branch	ACUD	55,911.38	78.7000	4,400,225.61	-	-	-
20	AXIS Bank Ltd. India	ACUD	71,052.80	78.7000	5,591,855.36	-	-	-
21	Standard Chartered Bank, Frankfurt	EURO	2,785.28	82.2887	229,197.07	18,712.91	85.8319	1,606,164.62
22	Mashreq Bank, London	EURO	1,794.55	82.2887	147,671.19	3,522.86	85.8319	302,373.77
23	COMMERZBANK AG	EURO	4,370.27	82.2887	359,623.84	79,060.81	85.8319	6,785,939.54
24	Wells Fargo Bank, N. A. London, UK	EURO	70,723.91	82.2887	5,819,778.61	305,674.48	85.8319	26,236,621.40
25	Sonali Bank (UK) Ltd	EURO	580.00	82.2887	47,727.45	580.00	85.8319	49,782.50
26	Standard Chartered Bank, Tokyo	YEN	564,688.00	0.6701	378,397.43	104,939.99	0.6516	68,378.90
27	BCP - Geneva, Switzerland	CHF	1,650.43	76.5564	126,350.98	1,200.43	79.5581	95,503.93
28	Habib Bank AG Zurich	CHF	515.10	76.5564	39,434.20	903.71	79.5581	71,897.45
29	Bank Aljazira, KSA	SAR	1,211,174.25	20.9827	25,413,705.94	389,985.00	20.9400	8,166,285.90
30	Standard Chartered Bank London	GBP	31,015.69	96.6043	2,996,249.02	65,521.21	116.3056	7,620,483.64
31	Sonali Bank (UK) Ltd	GBP	2,083.48	96.6043	201,273.13	2,083.48	116.3056	242,320.39
Total					472,970,179.02			667,183,235.79

Details of information on Investments Exceeding 10% of Banks total capital (funded & non-funded)

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
1	M.I. Cement Factory Ltd.	674	900	1,575			
	Crown Transportation & Logistics Ltd.	122	-	122			
	Crown Cement Trading Co.	6,761	-	6,761			
	Crown Cement Concrete & Building Products Ltd	5,775	3,536	9,311			
	Molla Salt Industries	-	-	-			
	Jahangir & Others and its allied concern	988	-	988			
	Group-total	14,320	4,436	18,756	9.95%	3.08%	13.04%
2	Logos Apparels Ltd.	435	5,069	5,505			
	Rahmat Sweater (BD) Ltd.	-	227	227			
	Belkuchi Spinning Mills Ltd.	8,427	730	9,157			
	M/S SHAHI PRODUCTS	1,953	-	1,953			
	Group-total	10,816	6,026	16,841	7.52%	4.19%	11.71%
3	Moonlight Garments Ltd.	109	19	127			
	Ehsan Garments Ltd.	224	27	251			
	Nourish Poultry & Hatchery Ltd.	8,318	5,568	13,886			
	Nourish Agro Ltd.	4,201	6,447	10,648			
	Telnet Communication Ltd.	-	13	13			
	Ehsan Packaging & Printing Ltd.	23	-	23			
	Group-total	12,875	12,074	24,949	8.95%	8.39%	17.34%
4	Talha Texpro Ltd	2,001	1,239	3,240			
	Sufia Cotton Mills Ltd.	3,963	1,057	5,021			
	Ismail Anjuman Ara Fabrics Ltd	2,460	419	2,879			
	TALHA SPINNING MILLS LTD.	2,093	712	2,805			
	Yasmin Spinning Mills Ltd	2,492	-	2,492			
	Group-total	13,009	3,427	16,436	9.04%	2.38%	11.43%
5	Nassa Basics Ltd.	6,520	8,753	15,273			
	Nassa Spinning Ltd.	7,674	-	7,674			
	Nassa Basic Wash Ltd.	565	-	565			
	NASSA HI TECH WASH LTD	-	126	126			
	Group-total	14,760	8,878	23,638	10.26%	6.17%	16.43%
6	Tanveer Oil Ltd.	-	14,468	14,468			
	Janata Flour & Dal Mills Ltd.	-	-	-			
	United Sugar Mills Ltd.	-	-	-			
	Meghna Seed Crushing Mills Ltd.	-	2,804	2,804			
	Group-total	-	17,272	17,272	0.00%	12.01%	12.01%
7	Sinha Dyeing & Finishing Ltd.	3,288	788	4,076			
	Sinha Yarn Dyeing & Fabrics Ltd.	4,233	2,988	7,222			
	Pritha Fashions Ltd.	22	136	158			
	Sinha Washing Plant Ltd.	-	-	-			
	Opex Industries Ltd.	5,064	4,724	9,788			
	Sinha Apparels Accessories Ltd.	79	-	79			
	Shikharaa Developments Ltd.	3,165	-	3,165			
	Best Fried Chicken	-	-	-			
	Sinha Peoples Energy Ltd.	4,080	2,117	6,197			
Group-total	19,931	10,754	30,685	13.85%	7.47%	21.33%	

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
8	Gazi Tank & Allied Concern	14,798	17,158	31,956			
	Group-total	14,798	17,158	31,956	10.29%	11.93%	22.21%
9	Chittagong Denim Mills Ltd	635	735	1,370			
	Smart Jeans Ltd	385	1,418	1,803			
	Smart Jacket Ltd.	-	964	964			
	Shehan Textile Ltd.	-	18	18			
	Apparel Promoters Limited	-	738	738			
	BM Cotainer (BD)Ltd.	199	-	199			
	BM Energy (BD) Ltd.	773	16,758	17,531			
	Group-total	1,992	20,631	22,623	1.38%	14.34%	15.73%
10	Shah Cement Ind. Ltd.	17,857	868	18,725			
	Abul Khair Melting Ind Ltd	-	6,199	6,199			
	Abul Khair Strip Processing	-	-	-			
	Abul Khair Steel Product Ltd	-	-	-			
	Group-total	17,857	7,067	24,924	12.41%	4.91%	17.32%
11	Sena Kallayan Sangstha	17,200	8,067	25,267			
	Group-total	17,200	8,067	25,267	11.96%	5.61%	17.56%
12	Super Oil Refinery Ltd.	-	11,447	11,447			
	Multi Oil Refinery Ltd	-	11	11			
	Super Board Mills Limited	-	199	199			
	T.K. Chemical Complex Ltd.	3,732	-	3,732			
	Group-total	3,732	11,657	15,389	2.59%	8.10%	10.70%
13	Amber Denim Ltd.	3,707	4,608	8,315			
	Partex Rotor Spinning Mills Ltd.	1,247	136	1,382			
	Partex Rotor Mills Ltd.	3,484	439	3,923			
	Amber Cotton Mills Ltd.	7,190	3,553	10,743			
	Amber Super Yarn Ltd.	1,435	6,861	8,296			
	Group-total	17,063	15,597	32,660	11.86%	10.84%	22.70%
14	Aswad Composite Mills Ltd.	-	17,788	17,788			
	Group-total	-	17,788	17,788	0.00%	12.36%	12.36%
15	Mymensingh Agro Ltd	16,729	13,283	30,012			
	Banga Building Materials Ltd.	-	2,286	2,286			
	Banga Bakers Ltd.	-	-	-			
	RFL Plastic Ltd.	-	-	-			
	Group-total	16,729	15,569	32,298	11.63%	10.82%	22.45%
16	Alim Knit (BD) Ltd.	1,069	5,645	6,713			
	Mondol Intimates Ltd	1,568	2,745	4,313			
	Mondol Knit Tex Ltd.	861	6,627	7,488			
	Group-total	3,498	15,017	18,514	2.43%	10.44%	12.87%
17	Incepta Pharmaceuticals Ltd.	8,272	8,545	16,817			
	Impress Aviation Limited	-	48	48			
	Next Spaces Ltd	615	1,050	1,665			
	Infratrade Limited	434	31	465			
	Group-total	9,321	9,674	18,996	6.48%	6.72%	13.20%
18	BRAC	20,037	-	20,037			
	Group-total	20,037	-	20,037	13.93%	0.00%	13.93%
19	Abdul Monem Ltd.	15,501	600	16,101			
	Group-total	15,501	600	16,101	10.78%	0.42%	11.19%

(Tk. In lac)

SL. No.	Name of client	Outstanding			% of Investments to Total Capital		
		Funded	Non-funded	Total	Funded	Non-funded	Total
20	Mir Akter Hossain Ltd.	291	1,891	2,182			
	Mir Cement Ltd	300	183	483			
	Mir Akhter Hossain Ltd	6,165	13,367	19,533			
	Group-total	6,756	15,441	22,198	4.70%	10.73%	15.43%
21	Dhaly Construction Ltd.	19,015	9,750	28,765			
	Group-total	19,015	9,750	28,765	13.22%	6.78%	20.00%
22	KSRM	16,896	5,737	22,632			
	Group-total	16,896	5,737	22,632	11.74%	3.99%	15.73%
23	Max Infrastructure Ltd	6,884	6,082	12,966			
	Kushiara Power company ltd	2,727	3,215	5,942			
	Group-total	9,611	9,297	18,908	6.68%	6.46%	13.14%
24	Shahjalal Islami Bank Securities Ltd.	6,570	8,000	14,570			
	Group-total	6,570	8,000	14,570	4.57%	5.56%	10.13%
Total		282,286	249,918	532,204			

Bank's total Capital as on 31 December 2016 is Tk. 143,860.76 lac

HIGHLIGHTS OF PERFORMANCE OF BANK

As at 31 December 2016

(Amount in Taka)

SL	PARTICULARS	2016	2015
1	Paid up Capital	7,346,881,330	7,346,881,330
2	Total Capital (Core + Supplementary)	14,386,075,911	13,355,227,642
3	Capital Surplus	1,915,696,277	3,476,270,332
4	Total Assets	167,244,763,598	137,869,847,033
5	Total Deposit	124,409,830,702	109,258,720,367
6	Total Investment (Loans & Advance)	122,998,380,344	96,834,650,269
7	Total Contingent Liabilities and Commitment	63,325,730,301	43,525,811,390
8	Investment Deposit Ratio (%)	85.98%	82.77%
9	Percentage of Classified Investment against total Investments	4.70%	6.47%
10	Profit after Tax and Provision	1,557,370,215	1,290,492,552
11	Amount of Classified Investment	5,781,699,039	6,261,012,660
12	Provisions kept against classified Investment	1,431,467,602	1,850,061,000
13	Provisions surplus	1,025,699	109,414,319
14	Cost of Fund	8.24%	9.53%
15	Profit Earning Assets	138,948,604,650	108,011,846,518
16	Non-Profit Earning Assets	28,296,158,948	29,858,000,515
17	Return on Investment in Securities (ROI)	1.49%	1.64%
18	Return on Assets (ROA)	1.02%	0.98%
19	Income from Investment in Securities	136,077,151	141,927,979
20	Earning Per Share	2.12	1.76
21	Net Income Per Share	2.12	1.76
22	Price Earning Ratio (Times)	7.08	7.69

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Balance Sheet

As at 31 December 2016

Property and Assets	Note	31.12.2016		31.12.2015	
		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		4,819,271.44	379,276,662	2,491,842.66	195,609,649
Outside Bangladesh		-	-	-	-
	3	4,819,271.44	379,276,662	2,491,842.66	195,609,649
Investments					
General Investment etc.		6,348,645.47	499,638,398	1,003,413.25	78,767,940
Bills Purchased and Discounted		80,210,952.90	6,312,601,994	42,868,754.22	3,365,197,206
	4	86,559,598.37	6,812,240,392	43,872,167.47	3,443,965,146
Fixed Assets Including Premises					
	5	1,899.53	149,493	2,202.92	172,929
Other Assets					
Non Banking Assets					
Total Assets		91,380,769.34	7,191,666,547	46,366,213.05	3,639,747,724
Liabilities and Capital					
Liabilities					
Placement from other Banks & Financial Institutions					
Deposits and Other Accounts					
Mudaraba Savings Deposits		16,127.68	1,269,248	39,897.40	3,131,946
Mudaraba Term Deposits		16,742,000.00	1,317,595,400	-	-
Other Mudaraba Deposits		-	-	-	-
Al-Wadeeah Current & Other Deposit Accounts		-	-	-	-
Bills Payable		-	-	-	-
	7	16,758,127.68	1,318,864,648	39,897.40	3,131,946
Other Liabilities					
	8	587,841.66	46,263,139	199,695.65	15,676,109
Total Liabilities		91,380,769.34	7,191,666,547	46,366,213.05	3,639,747,724
Capital/Shareholders' Equity					
Paid-up Capital		-	-	-	-
Statutory Reserve		-	-	-	-
Retained Earnings		-	-	-	-
Total Shareholders' Equity		-	-	-	-
Total Liabilities & Shareholders' Equity		91,380,769.34	7,191,666,547	46,366,213.05	3,639,747,724

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Off-balance Sheet Items

As at 31 December 2016

	Note	31.12.2016		31.12.2015	
		USD	Taka	USD	Taka
Contingent liabilities					
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 period ended 31 December 2016

	Note	2016		2015	
		USD	Taka	USD	Taka
Investment Income	9	3,440,515.99	270,768,608	2,246,905.62	176,382,091
Less: Profit paid on Deposits & Borrowing	10	1,291,128.45	101,611,809	663,258.36	52,065,781
Net Investment Income		2,149,387.54	169,156,799	1,583,647.26	124,316,310
Commission, Exchange and Brokerage	11	20.00	1,574	-	-
Other Operating Income	12	97,141.70	7,645,052	79,892.84	6,271,588
		97,161.70	7,646,626	79,892.84	6,271,588
Total Operating Income		2,246,549.24	176,803,425	1,663,540.10	130,587,898
Salaries and Allowances	13	52,339.09	4,119,086	45,568.88	3,577,157
Rent, Taxes, Insurances, Electricity etc.	14	2,701.69	212,623	2,725.46	213,949
Legal Expenses		-	-	-	-
Postage, Stamps, Telecommunication etc.	15	6,760.66	532,064	6,070.56	476,539
Stationery, Printings, Advertisements etc.	16	702.09	55,254	486.20	38,167
Auditors' Fees		-	-	-	-
Depreciation & Repairs of Bank's Assets	17	303.39	23,877	348.11	27,327
Other Expenses	18	265.33	20,882	110.42	8,668
Total Operating Expenses		63,072.25	4,963,786	55,309.63	4,341,806
Profit before Provision		2,183,476.99	171,839,639	1,608,230.47	126,246,092
Specific provisions for Classified Investment		-	-	-	-
General Provisions for Unclassified Investment		-	-	-	-
Provisions for Other Assets		-	-	-	-
Total Provision		-	-	-	-
Total Profit before Provisions for Taxation		2,183,476.99	171,839,639	1,608,230.47	126,246,092
Deferred Tax Expenses		-	-	-	-
Current Tax Expenses		-	-	-	-
		-	-	-	-
Net Profit after Taxation		2,183,476.99	171,839,639	1,608,230.47	126,246,092
Retained Earnings from previous year		-	-	-	-
Add: Retained Earnings of Current year		2,183,476.99	171,839,639	1,608,230.47	126,246,092
Retained Earnings carried forward		2,183,476.99	171,839,639	1,608,230.47	126,246,092
Less: Retained earnings transferred to central operation		2,183,476.99	171,839,639	1,608,230.47	126,246,092
		-	-	-	-

Shahjalal Islami Bank Limited

(Off-Shore Banking Unit)

Cash Flow Statement

For the year ended 31 December 2016

	2016		2015	
	USD	Taka	USD	Taka
Cash Flow from Operating Activities				
Investment Income receipt in cash	3,440,515.99	270,768,608	2,246,905.62	176,382,091
Profit Paid on Borrowing	(1,291,128.45)	(101,611,809)	(663,258.36)	(52,065,781)
Fees & Commission receipt in cash	20.00	1,574	-	-
Cash Payments to Employees	(52,339.09)	(4,119,086)	(45,568.88)	(3,577,157)
Cash Payments to Suppliers	(702.09)	(55,254)	(486.20)	(38,167)
Receipts from other Operating activities	97,141.70	7,645,052	79,892.84	6,271,588
Payments for other Operating activities	(9,727.68)	(766,009)	(8,906.44)	(699,156)
(i) Operating Profit before changes in Operating Assets	2,183,780.38	171,863,075	1,608,578.58	126,273,419
Changes in Operating Assets and Liabilities				
Increase/decrease of Investment to Customers	(42,687,430.90)	(3,368,275,246)	(5,986,867.88)	(490,806,043)
Increase/decrease of Deposits received from Customers	16,718,230.28	1,315,732,703	7,498.39	606,443
Increase/decrease of Other Liabilities	388,146.01	30,587,030	131,530.44	10,362,630
(ii) Cash flows from operating assets and liabilities	(25,581,054.61)	(2,021,955,513)	(5,847,839.05)	(479,836,970)
Net cash flows from operating activities (A)=(i+ii)	(23,397,274.23)	(1,850,092,438)	(4,239,260.47)	(353,563,551)
Cash flows from Investing Activities				
Proceeds from Sale of fixed assets	-	-	-	-
Purchases of Property, Plant & Equipments	-	-	(651.03)	(52,151)
Net cash used in investing activities (B)	-	-	(651.03)	(52,151)
Cash flows from Financing Activities				
Borrowing from Shahjalal Islami Bank Ltd	27,908,180.00	2,205,599,090	7,728,142.01	627,778,311
Profit transferred to Shahjalal Islami Bank Ltd	(2,183,476.99)	(171,839,639)	(1,608,230.47)	(126,246,092)
Net cash flows from financing activities (C)	25,724,703.01	2,033,759,451	6,119,911.54	501,532,219
Net Increase/(Decrease) in Cash (A+B+C)	2,327,428.78	183,667,013	1,880,000.04	147,916,517
Add: Cash and cash equivalents at the beginning of the year	2,491,842.66	195,609,649	611,842.62	47,693,132
Cash & cash equivalents at the end of the year	4,819,271.44	379,276,662	2,491,842.66	195,609,649

Off-shore Banking Unit

Notes to the Financial Statements

For the year ended 31 December 2016

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 Uday Sanz, Plot No-SE(A) 2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212.

1.1 Nature of Business/Principal Activities

The principal activities of the OBU are to provide all kinds of 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 78.70 (weighted average rate as at 31st December 2016)

	31.12.2016		31.12.2015	
	USD	Taka	USD	Taka
3 Balance with Other Banks and Financial Institutions (Other than Mudaraba Term Fund)				
Inside Bangladesh (Note - 3.1)	4,819,271.44	379,276,662	2,491,842.66	195,609,649
Outside Bangladesh	-	-	-	-
	4,819,271.44	379,276,662	2,491,842.66	195,609,649
3.1 Inside Bangladesh				
Shahjalal Islami Bank Ltd	4,819,271.44	379,276,662	2,491,842.66	195,609,649
	4,819,271.44	379,276,662	2,491,842.66	195,609,649
4 Investments (Loans and Advances)				
Country-wise Classification of Investments:				
Inside Bangladesh				
Gross Murabaha, Bai-Muajjal etc	6,348,645.47	499,638,398	1,003,413.25	78,767,940
Less: Profit receivable on Murabaha, Bai-Muajjal etc	-	-	-	-
Net Murabaha, Bai-Muajjal etc	6,348,645.47	499,638,398	1,003,413.25	78,767,940
Bills purchased and discounted-net (Note- 4.1)	80,210,952.90	6,312,601,993	42,868,754.22	3,365,197,206
Out side Bangladesh	-	-	-	-
	86,559,598.37	6,812,240,392	43,872,167.47	3,443,965,146
4.1 Bills Purchased and Discounted				
Payable inside Bangladesh	-	-	-	-
Payable outside Bangladesh	80,210,952.90	6,312,601,993	42,868,754.22	3,365,197,206
Gross Bills Purchased and Discounted	80,210,952.90	6,312,601,993	42,868,754.22	3,365,197,206
Less: Profit receivable on Bills Purchased and Discounted	-	-	-	-
Net Bills Purchased and Discounted	80,210,952.90	6,312,601,993	42,868,754.22	3,365,197,206
5 Fixed Assets including Premises, Furniture & Fixtures				
Furniture & Fixture	273.68	21,539	304.11	23,873
Office Equipment	1,625.85	127,954	1,898.81	149,057
Carrying value	1,899.53	149,493	2,202.92	172,929
6 Placement from other Banks & Financial Institutions				
Borrowing from Shahjalal Islami Bank Ltd	74,034,800.00	5,826,538,760	46,126,620.00	3,620,939,670
	74,034,800.00	5,826,538,760	46,126,620.00	3,620,939,670
7 Deposits and Other Accounts				
Al-Wadeeah Current Deposit	-	-	-	-
Mudaraba Savings Deposit	16,127.68	1,269,248	39,897.40	3,131,946
	16,127.68	1,269,248	39,897.40	3,131,946
Mudaraba Term Deposit	16,742,000.00	1,317,595,400	-	-
	16,742,000.00	1,317,595,400	-	-
	16,758,127.68	1,318,864,648	39,897.40	3,131,946
8 Other Liabilities				
Profit Payable	587,211.36	46,213,534	199,695.65	15,676,109
Others Payable	630.30	49,605	-	-
	587,841.66	46,263,139	199,695.65	15,676,109

	2016		2015	
	USD	Taka	USD	Taka
9 Profit on Investment				
Profit received from Mudaraba Import Bills (UPAS)	3,261,365.77	256,669,486	2,194,487.90	172,267,300
Profit received from Hire Purchase	179,150.22	14,099,122	52,417.72	4,114,791
	3,440,515.99	270,768,608	2,246,905.62	176,382,091
10 Profit paid on Deposits & Borrowing				
Profit paid on borrowings	1,291,128.45	101,611,809	663,258.36	52,065,781
11 Commission, Exchange & Brokerage				
Commission from LC	20.00	1,574	-	-
12 Other Operating Income				
Service & Charges Receipts	55.00	4,329	180.00	14,130
SWIFT & REUTERS	22,626.24	1,780,685	79,712.84	6,257,458
Miscellaneous Earnings	74,460.46	5,860,038	-	-
	97,141.70	7,645,052	79,892.84	6,271,588
13 Salary & Allowances				
Basic Salary	20,637.48	1,624,170	19,441.76	1,526,178
Allowances	20,282.79	1,596,256	15,652.76	1,228,742
Bonus	9,429.53	742,104	8,909.87	699,425
Bank's Contribution to Provident fund	1,989.29	156,557	1,564.49	122,812
	52,339.09	4,119,086	45,568.88	3,577,157
14 Rent, Taxes, Insurance, Electricity etc.				
Rent, Rates & Taxes	2,372.46	186,713	2,388.98	187,535
Electricity & Lighting	329.23	25,910	336.48	26,414
	2,701.69	212,623	2,725.46	213,949
15 Postage, Stamps, Telecommunication etc.				
Telephone charges	6,760.66	532,064	6,070.56	476,539
	6,760.66	532,064	6,070.56	476,539
16 Stationery, Printing, Advertisement etc.				
Computer Stationery	565.71	44,521	453.85	35,627
Advertisement	136.38	10,733	32.35	2,539
	702.09	55,254	486.20	38,167
17 Depreciation and Repair of Fixed Assets				
Depreciation of Fixed Assets:				
Furniture & Fixtures	33.34	2,624	34.98	2,746
Office Appliance & Equipment	270.05	21,253	313.13	24,581
	303.39	23,877	348.11	27,327
Repair's & Maintainance	-	-	-	-
	-	-	-	-
	303.39	23,877	348.11	27,327
18 Other Expenses				
Utility	25.14	1,979	25.33	1,988
Travelling Expense	-	-	-	-
Entertainment Exp.	240.19	18,903	85.09	6,680
	265.33	20,882	110.42	8,668

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 December 31, 2016, 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 December 31, 2016 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.

Dhaka, 15 February 2017



K. M. HASAN & CO.

Chartered Accountants

Shahjalal Islami Bank Securities Ltd.

Statement of Financial Position

As at December 31, 2016

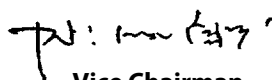
ASSETS	Notes	31.12.2016 Taka	31.12.2015 Taka
Non-current assets			
Property, plant and equipment	4	40,972,680	42,051,000
Investment in Stock Exchange Membership	5	518,500,000	518,500,000
		559,472,680	560,551,000
Current assets			
Investment to clients	6	3,755,495,358	4,022,902,522
Investment in securities	7	1,352,680,894	1,274,870,410
Trade and other receivables	8	2,570,816,907	2,571,361,851
Cash and cash equivalent	9	381,221,166	168,963,211
		8,060,214,325	8,038,097,994
Total assets		8,619,687,005	8,598,648,994
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	2,740,000,000	2,140,000,000
Retained earnings		162,132,256	50,320,649
		2,902,132,256	2,190,320,649
Current liabilities			
Short term borrowings	11	1,654,336,661	2,565,019,861
Trade and other payables	12	3,363,550,700	3,176,669,332
Provision for income tax	13	211,046,488	176,639,152
Provision for investments in securities	14	65,000,000	65,000,000
Provision for margin investment	15	423,620,900	425,000,000
		5,717,554,749	6,408,328,345
Total equity and liabilities		8,619,687,005	8,598,648,994

The annexed notes form an integral part of these financial statements

For Shahjalal Islami Bank Securities Ltd.



Chief Executive Officer




Vice Chairman



Chairman

Signed in terms of our separate report of even date annexed.

Dhaka, 15 February 2017



K.M.HASAN & CO.

Chartered Accountants

Shahjalal Islami Bank Securities Ltd.

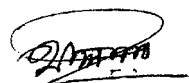
Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2016

	Notes	2016 Taka	2015 Taka
Brokerage commission	16	120,321,381	92,015,719
Investment income		288,804,022	401,242,330
Other operating income	17	106,383,963	102,496,354
Total operating income		515,509,366	595,754,403
Operating expenses	18	(110,383,395)	(45,046,502)
Net income from operation		405,125,971	550,707,901
Other income	19	7,771,307	10,144,913
Office and administrative expenses	20	(39,046,155)	(34,468,586)
Financial expenses	21	(227,632,180)	(284,103,156)
Profit before provision and income tax		146,218,943	242,281,072
Provision for margin investment		-	(146,656,896)
Net profit before income tax		146,218,943	95,624,176
Provision for income tax		(34,407,336)	(64,277,748)
Net profit after income tax		111,811,607	31,346,428
Other comprehensive income		-	-
Total comprehensive income		111,811,607	31,346,428
Earnings Per Share (EPS)	22	0.41	0.15

The annexed notes form an integral part of these financial statements

For Shahjalal Islami Bank Securities Ltd.



Chief Executive Officer



Vice Chairman



Chairman

Signed in terms of our separate report of even date annexed.

Dhaka, 15 February 2017



K.M.HASAN & CO.
Chartered Accountants

Shahjalal Islami Bank Securities Ltd.

Statement of Changes in Equity

For the year ended 31 December 2016

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Balance as at January 01, 2016	2,140,000,000	50,320,649	2,190,320,649
Additional share capital July 21, 2016	600,000,000	-	600,000,000
Net profit during the year	-	111,811,607	111,811,607
Balance as at December 31, 2016	2,740,000,000	162,132,256	2,902,132,256

For the year ended 31 December 2015

Amount in Taka

Particulars	Share capital	Retained earnings	Total
Balance as at January 01, 2015	2,140,000,000	18,974,221	2,158,974,221
Net profit during the year	-	31,346,428	31,346,428
Balance as at December 31, 2015	2,140,000,000	50,320,649	2,190,320,649

For Shahjalal Islami Bank Securities Ltd.


Chief Executive Officer


Vice Chairman


Chairman

Signed in terms of our separate report of even date annexed.

Dhaka, 15 February 2017


K.M.HASAN & CO.
Chartered Accountants

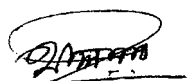
Shahjalal Islami Bank Securities Ltd.

Statement of Cash Flows

For the year ended December 31, 2016

	2016 Taka	2015 Taka
A CASH FLOW FROM OPERATING ACTIVITIES:		
Cash receipts from customers and other income	580,804,093	403,770,044
Cash payment for cost and expenses	(14,312,555)	(6,958,403)
Interest & bank charges	(227,632,180)	(284,103,156)
Net cash flow from/(used in) operating activities	338,859,358	112,708,485
B CASH FLOW FROM INVESTING ACTIVITIES:		
Investment to client	267,407,164	(19,262,698)
Investment in security	(77,810,484)	(169,754,884)
Purchase of property plant & equipment	(5,514,883)	(6,120,250)
Net cash flow from/(used) in investing activities	184,081,797	(195,137,832)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Receipts from issue of ordinary shares	600,000,000	-
Short term loan	(910,683,200)	78,909,861
Net cash flow from/(used) in financing activities	(310,683,200)	78,909,861
Net cash inflow /(outflow) (A+B+C)	212,257,955	(3,519,486)
Add : Beginning cash and cash equivalents	168,963,211	172,482,697
Ending cash & cash equivalents	381,221,166	168,963,211

For Shahjalal Islami Bank Securities Ltd.



Chief Executive Officer



Vice Chairman



Chairman

Signed in terms of our separate report of even date annexed.

Dhaka, 15 February 2017



K.M.HASAN & CO.

Chartered Accountants

SHAHJALAL ISLAMI BANK SECURITIES LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

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 70 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.

3.2 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.

3.3 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.

3.4 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 equipments	20

3.5 Investments to clients

Investments to clients include investment to margin customers and receivable there from.

3.6 Corporate income tax

Income tax withheld from the transactions of traded securities @ 0.05% 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.

3.7 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.

3.8 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.

3.9 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 2016

4. Property, plant and equipment

Particulars	COST				DEPRECIATION				Written Down value as at 31.12.2016	
	Balance as at 01.01.2016	Addition during the year	Sales/ Adjust- ment	Balance as at 31.12.2016	Rate (%)	Balance as at 01.01.2016	Adjust- ment	Charged during the year		Balance as at 31.12.2016
Furniture and fixtures	38,189,194	36,900	-	38,226,094	10% or 20%	11,416,888	-	2,678,154	14,095,042	24,131,052
Office equipment	33,085,867	5,477,983	-	38,563,850	20%	17,807,173	-	3,915,049	21,722,222	16,841,628
Total at December 31, 2016	71,275,061	5,514,883	-	76,789,944		29,224,061	-	6,593,203	35,817,264	40,972,680
Total at December 31, 2015	65,154,811	6,120,250	-	71,275,061		23,253,060	-	5,971,001	29,224,061	42,051,000

Amount in Taka

	31.12.2016 Taka	31.12.2015 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 to clients

	3,755,495,358	4,022,902,522
7. Investment in securities		
Cost value of securities	1,322,580,256	1,274,870,410
Add: Deposit for application of right share/ IPO	30,100,638	-
	1,352,680,894	1,274,870,410

This represent investment in securities at cost Tk.1,322,580,256, market value of which is Tk. 1,278,296,279 as at December 31, 2016. Unrealized loss stood at Tk.44,283,977 against which Tk.65,000,000 has been maintained as provision as mentioned under note -14. These exists surplus of Tk. 20,716,023 against the required provision.

It may be mentioned here that The Bangladesh Securities and Exchange Commission vide its Directives no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 allowed the stock dealer to provide the loss on investment in securities in 5 quarters in equal amount (20%) beginning from December 2016 to December 2017.

8. Trade and other receivables

Advances, deposits & prepayments (Note-8.1)	189,780,037	132,801,561
Accounts receivable (Note-8.2)	2,381,036,870	2,438,560,290
	2,570,816,907	2,571,361,851

8.1 Advances, deposits & prepayments

Advance office rent	3,956,470	6,471,100
Advance commission for bank guarantee	1,643,386	344,998
Prepaid expenses	390,000	150,000
Sundry deposit	230,400	230,400
Advance income tax (Note-8.1 (a))	183,559,781	125,605,063
	189,780,037	132,801,561

	31.12.2016 Taka	31.12.2015 Taka
8.1(a) Advance income tax		
Opening Balance	125,605,063	75,423,997
Add: Paid during the year	57,954,718	50,181,066
Closing Balance	183,559,781	125,605,063
8.2 Accounts receivable		
Profit receivable (Note-8.2 (a))	2,322,301,923	2,431,460,019
Receivable from Shahjalal Islami Bank Limited	410,122	-
Receivable from DSE	15,997,686	6,989,858
Receivable from CSE	42,327,139	110,413
	2,381,036,870	2,438,560,290
8.2(a) Profit receivable		
Receivable -Client (Matured markup)	2,322,301,923	2,431,460,019
9. Cash and cash equivalents		
Cash in hand	-	-
Cash at Banks (Note-9.1)	381,221,166	168,963,211
	381,221,166	168,963,211
9.1 Cash at banks		
Shahjalal Islami Bank Limited	376,062,425	151,925,980
One Bank Limited	4,740,195	16,909,221
Al-Arafah Islami Bank Limited	142,320	29,320
Commercial Bank of Ceylon	97,390	98,690
Social Islami Bank Limited	82,970	-
Prime Bank Limited	95,866	-
	381,221,166	168,963,211
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	2,140,000,000
Shareholding Position:		
Sl. Name of Shareholders	No. of Shares	
	2016	
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.	1,250,000	12,500,000
(Represented by : Alhaj Md. Sanaullah Shahid)		
7 Shams Uddin Khan And Harun Miah Ltd.	1,250,000	12,500,000
(Represented by : Alhaj Shams Uddin Khan)		

		31.12.2016	31.12.2015
		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: Mr. Mohammed Golam Quddus)	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
		274,000,000	2,140,000,000

The Board of Directors in its 38th meeting held on June 05, 2016 approved to increase the Paid-up capital of the company from Tk. 2,140,000,000 to Tk. 2,740,000,000 by issuing 60,000,000 share @ Tk. 10 each amounting to Tk. 600,000,000 in favour of Shahjalal Islami Bank Limited.

11. Short term borrowings

Al-arafah Islami Bank Ltd.- Bai-muazzal(Revolving) investment	-	940,000,000
SJIBL Motijheel Branch-Bai-muazzal (Commercial) TR investment	650,000,000	1,625,019,861
Social Islami Bank Ltd. Bai- muazzal (Revolving) TR investment	700,000,000	-
Borrowing from ICB	4,336,661	-
Prime Bank Ltd. Bai- muazzal TR investment	300,000,000	-
	1,654,336,661	2,565,019,861

12. Trade and other Payables

Accounts payable (Note-12.1)	1,683,092,705	1,661,917,760
Other liabilities (Note-12.2)	1,680,457,995	1,514,751,572
	3,363,550,700	3,176,669,332

12.1 Accounts payable

Payable to client	243,795,946	121,493,798
Payable to DSE	27,731,947	14,997,889
Payable to CSE	2,452,300	1,051,380
Payable to Shahjalal Islami Bank Limited (Note-12.1 (a))	1,352,959,318	1,471,284,618
Other payable (Note-12.1(b))	56,153,194	53,090,075
	1,683,092,705	1,661,917,760

12.1(a) Payable to Shahjalal Islami Bank Limited

Payable for others (Note-12.1 (a.1))	885,027,329	883,352,629
Profit Payable for margin investment	467,931,989	587,931,989
	1,352,959,318	1,471,284,618

	31.12.2016 Taka	31.12.2015 Taka
12.1(a.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	-
Other expenditure	295,600	-
	885,027,329	883,352,629
12.1(b) Other payable		
Profit payable to SJIBL Motijheel branch-Bai Muzzal(Commercial)	7,037,917	43,246,186
Profit payable to Al-Arafah Islami Bank Ltd.-bai-muajjal investment	-	9,843,889
Profit payable to Bai Muzzal (Revolving) Investment SIBL	47,438,194	-
Profit payable to Bai Muzzal (Revolving) Investment PBL	1,677,083	-
	56,153,194	53,090,075
12.2 Other liabilities		
Accrued expenses	1,890,551	886,037
VAT payable	301,266	169,774
Office rent payable	831,098	824,675
Tax payable	129,943	81,469
Auditor's fee	-	35,000
LFA Payable	1,285,662	1,330,637
Income suspense account	16,651,626	16,651,626
Profit suspense account	1,592,856,965	1,494,706,045
Security deposit	54,518	54,518
Payable for initial Public Issue (IPO) Process	66,405,000	-
Payable to SJIBL for Miscellaneous Expense	38,396	11,791
Cash dividend received on margine account	12,970	-
	1,680,457,995	1,514,751,572
13. Provision for income tax		
Opening Balance	176,639,152	112,361,404
Add: Provision made during the year	34,407,336	64,277,748
Closing Balance	211,046,488	176,639,152
14. Provision for investment in securities		
Opening Balance	65,000,000	108,900,000
Less: Transfer to provision for margin investment	-	43,900,000
Closing Balance	65,000,000	65,000,000
15. Provision for margin investment		
Opening balance	425,000,000	227,000,000
Add:		
Transfer from provision for investment in securities	-	43,900,000
Transfer from provision for incentive bonus	(1,379,100)	7,443,104
Provision made during the year	-	146,656,896
Closing balance	423,620,900	425,000,000

The market value of shares of the client account having negative equity stood at Tk. 2,841,708,743 as on December 31, 2016 against equity investment Tk. 2,655,465,674 leaving a shortfall of Tk.1,954,434,925 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. 1,592,856,965 under note -12.2. The Bangladesh Securities and Exchange Commission vide its Instruction no. SEC/CMRRCD/2009-193/196 dated 28 December 2016 allowed the stock broker to provide the loss on margin investment in 5 quarters in equal amount (20%) beginning from December 2016 to December 2017. During the year the company has written off Tk.160,695,555 from margin account (Negative equity account) by using profit suspense of Tk. 98,662,513 and the rest amount of Tk. 62,033,042 by charging as loss in the Profit and Loss account.

	2016 Taka	2015 Taka
16. Brokerage commission		
Commission income through DSE	116,968,159	88,454,366
Commission income through CSE	3,353,222	3,561,353
	120,321,381	92,015,719
17. Other operating income		
Capital gain on sale of shares	39,846,593	59,581,586
Dividend income	66,537,370	42,914,768
	106,383,963	102,496,354
18. Operating expenses		
Rent, taxes, insurance, electricity etc. (Note-18.1)	15,398,848	14,175,849
Legal and professional expenses	324,250	600,556
Postage, stamp, telecommunication etc. (Note-18.2)	2,571,397	2,868,673
Stationery, printing & advertisement (Note-18.3)	1,384,292	2,603,737
Depreciation, repairs & maintenance (Note-18.4)	6,744,226	6,203,331
Other operating expenses (Note-18.5)	83,960,382	18,594,356
	110,383,395	45,046,502
18.1 Rent, taxes, insurance, electricity etc.		
Office rent	13,094,422	12,105,876
Electricity & generator	2,124,035	2,014,439
Insurance for motor vehicle	58,165	29,694
Fuel	122,226	25,840
	15,398,848	14,175,849
18.2 Postage, stamp, telecommunication etc.		
Revenue stamp	16,031	14,785
Telephone & mobile	793,055	780,198
Networking	1,684,800	1,962,800
Postage & Courier	77,511	110,890
	2,571,397	2,868,673
18.3 Stationery, printing & advertisement		
Office stationery	129,050	154,306
Other stationery	96,050	132,450
Paper expenses	245,286	247,331
Advertisement	517,658	432,660
Printing	364,672	1,584,140
Computer Accessories	31,576	52,850
	1,384,292	2,603,737

	2016 Taka	2015 Taka
18.4 Depreciation, repairs & maintenance		
Depreciation	6,593,203	5,971,001
Repair & maintenance	151,023	232,330
	6,744,226	6,203,331
18.5 Other expenses		
Commission for bank guarantee	541,612	572,000
Conveyance	133,810	149,860
Travelling and conveyance	61,793	24,905
Uniform	7,990	48,860
Water bill	285,700	316,784
Renewal fee	879,245	-
Training expense	31,000	56,280
Bank charge	46,781	36,114
Excise duty	113,900	75,300
Entertainment	1,433,352	1,251,025
Howla charge	64,608	53,734
Laga charge	8,379,200	6,384,670
Audit fee	39,500	39,500
BO account maintenance fee	3,153,500	3,461,600
CDBL transaction fee	5,385,402	5,132,669
Loss for written off margin investment	62,033,042	-
Plant bill	-	18,000
Service charge	142,650	132,765
Utility bill	18,640	126,210
Directors fee	448,000	299,000
Investor protection fund	-	16
Software Expenses	131,670	131,670
Miscellaneous expenses	593,587	283,394
Car Maintenance	35,400	-
	83,960,382	18,594,356
19. Other income		
Margin documentation fee	2,000	24,000
BO account opening fee	327,500	765,700
Income from CDBL	853,326	2,601,385
Cheque dishonor fee	83,000	76,000
BO account maintenance charge	4,194,000	3,761,000
BO account closing fee	30,437	84,406
Profit on special notice deposit	1,896,904	2,749,371
Miscellaneous income	292,500	82,718
Income from IPO process	91,640	333
	7,771,307	10,144,913

20. Office and administrative expenses

	2016 Taka	2015 Taka
Basic salary	14,053,145	12,293,100
Allowances	19,899,713	16,887,444
Bonus	2,269,925	2,405,550
Contribution to provident fund	1,360,470	1,229,365
Other allowance	-	540,357
Office maintenance	1,462,902	1,112,770
	39,046,155	34,468,586

21. Financial expenses

Profit paid on Bai-muazzal (Commercial) TR investment, SIBL	47,438,194	-
Profit paid on Bai-muazzal (Revolving) investment, AIBL	68,704,061	111,773,892
Profit paid on ICB	670,083	-
Profit paid on Bai-muazzal (Commercial) TR investment, SJIBL	109,142,759	172,329,264
Profit paid on Bai-muazzal TR investment, PBL	1,677,083	-
	227,632,180	284,103,156

22. Earnings per share

Net profit attributable to ordinary shareholders	111,811,607	31,346,428
Number of ordinary shares outstanding	274,000,000	214,000,000
	0.41	0.15

23. Event after the reporting period

- (i) The Board of Directors in its meeting held on February 15, 2017 approved the financial statements of the company for the year ended December 31, 2016 and authorized the same for issue.
- (ii) The Board of Directors of the company at its 42 th meeting held on February 15, 2017 has recommended 5% cash dividend for the year 2016. This is subject to the approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.



Chief Executive Officer

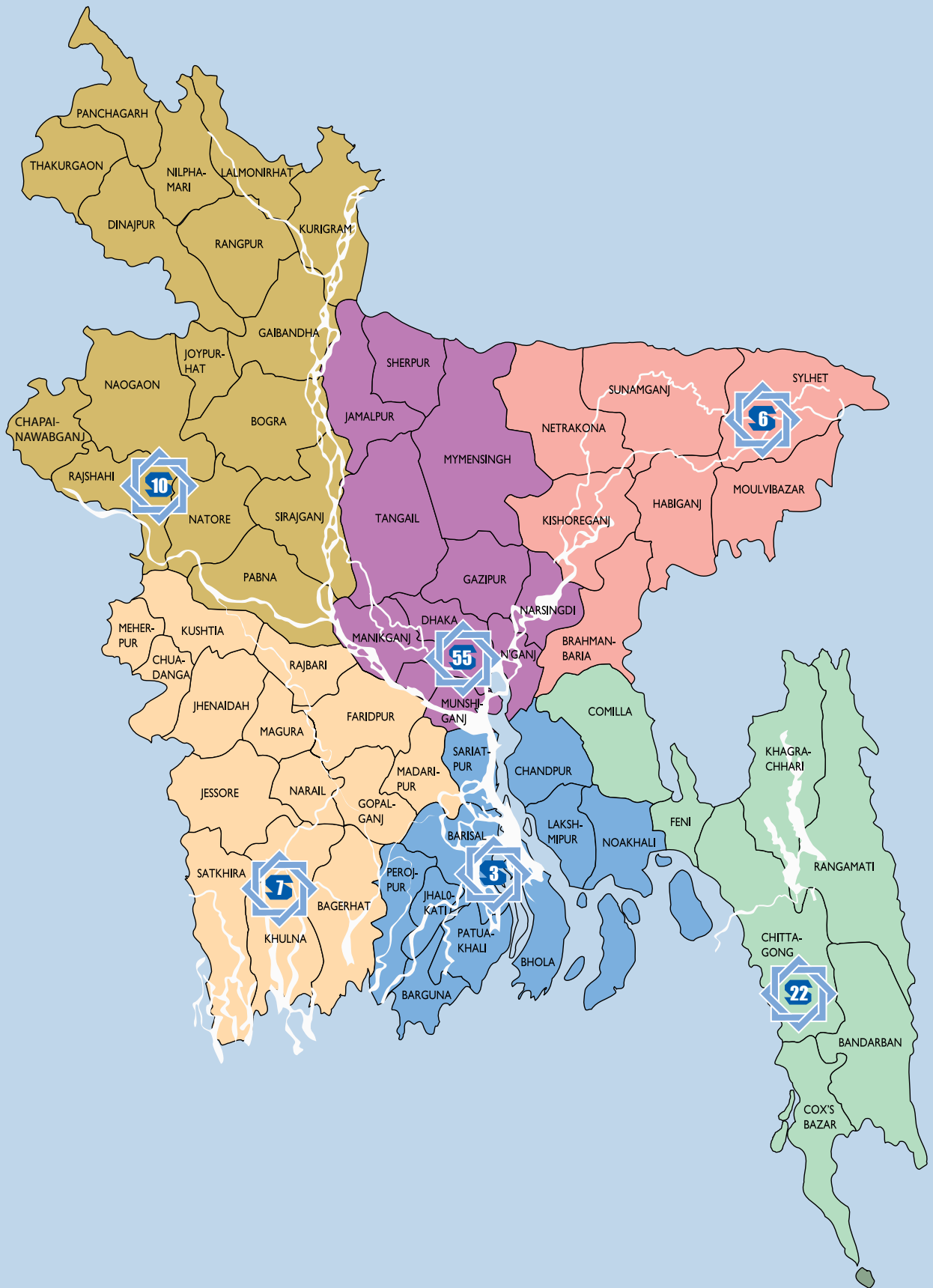


Vice Chairman

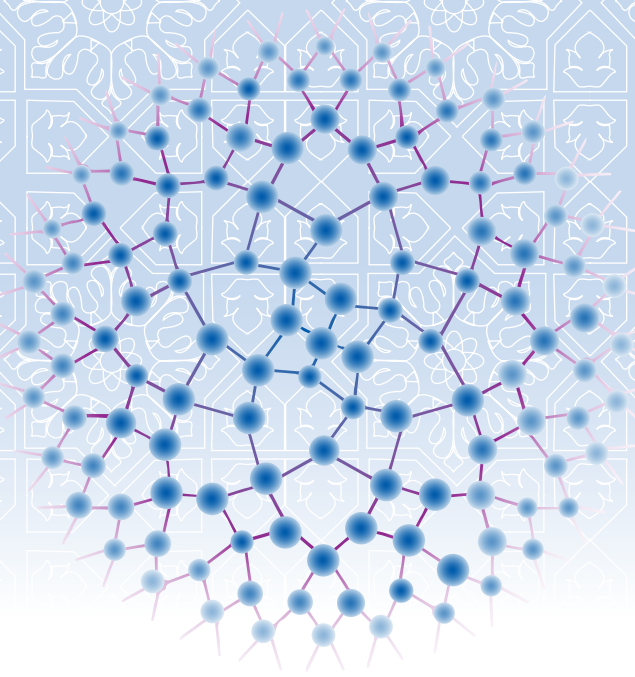


Chairman

Dhaka, 15 February 2017







Branch Network

Dhaka Zone	:	55	Branches
Chittagong Zone	:	22	Branches
Khulna Zone	:	07	Branches
Sylhet Zone	:	06	Branches
Rajshahi Zone	:	10	Branches
Barisal Zone	:	03	Branches

Branches

Dhaka Zone

Dhaka Main Branch

58 Dilkusha C/A, Dhaka-1000
Phone: 02-9570795-8, 9570804, Fax: 02-9556011
e-mail: dhakamain@sjiblbld.com

Mitford Branch

173-174 Mitford Road, Dhaka-1100
Phone: 02-7315533, 7313788, 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)
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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

230 Senpara Parbata, Mirpur-10, Dhaka-1216
Phone: 02-9012962-3, 9012045, Fax: 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
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e-mail: progati@sjiblbld.com

Keranigonj Branch

Ma Plaza (1st Floor), Shahid Nagar
Keranigonj, Dhaka
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e-mail: keranigonj@sjiblbld.com

Mymensingh Branch

Noor Fatema Tower (1st Floor)
25 Shawdeshi Bazar, Mymensingh
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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: collegegate@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
e-mail: 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: 01755556145
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

Uday Sanz (Ground Floor), Plot No. SE (A)
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Phone: 02-5819029, 9847427, Fax: 02-9847406
e-mail: gsa@sjiblbld.com

Tongi SME/Agri Branch

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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
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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
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9884784, Fax: 02 9881103
mohakhali@sjiblbld.com

Nawabpur Road Branch

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Fax: 02-7125982
e-mail: nawabpur@sjiblbld.com

Uttara Ladies Branch

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Garib-E-Newaz Avenue, Uttara, Dhaka-1230
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e-mail: uttaraladies@sjiblbld.com

Malibagh Chowdhurypara Branch

Holding # 34-B (1st Floor), DIT Road
Malibagh Chowdhurypara, Khilgaon, Dhaka-1219
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e-mail: malibagh@sjiblbld.com

Haluaghat Branch

Uttar Bazar, Haluaghat Sadar, Haluaghat, Mymensingh
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e-mail: haluaghat@sjiblbld.com

Karatia Branch

Karatia Bazar (Karatia Bus Stand), Karatia, Tangail
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Nawabgonj Branch

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Nawabgonj, Dhaka
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Sarulia Branch

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Fax: 88-02-7500654
e-mail: sarulia@sjiblbld.com

Donia Branch

Fatema Monjil (1st Floor)
436 Donia, Zia Sarani Moor, Kadamtoli, Dhaka
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Jamalpur Branch

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Jamalpur Sadar, Jamalpur
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Nagarpur Branch

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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
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e-mail: bandura@sjiblbld.com

Elephant Road Branch

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Fax: 02-9663236, Mobile: 01755-556190
e-mail: elephantrd@sjiblbld.com

Manikgonj Branch

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Manikgonj Sadar, Manikgonj
Phone: 7711211, 7711620
Fax: 7711783, Mobile: 01755556192
e-mail: manikgonj@sjiblbld.com



Dighirpar Branch

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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
charbhadrasan@sjiblbld.com

Jurain Branch

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New Jurain, Alambagh Road, Kadamtoli, Dhaka-1204
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e-mail: jurain@sjiblbld.com

Chalakchar Branch

Chalakchar Bus Stand, Chalakchar, Monohardi, Narsingdi
Phone: 01755556402
chalakchar@sjiblbld.com

Chinishpur Branch

Kafil Uddin Mansion (1st Floor), Nandipara, Velanagar, Narsingdi Sadar, Narsingdi
Phone: 01755556403, 029451960(PABX), 029451957(Direct)
Fax: 029451959
chinishpur@sjiblbld.com

Chittagong Zone**Agrabad Branch**

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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
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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
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e-mail: chawkbazar@sjiblbld.com

Ramgonj Branch

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Ramgonj, Laksmipur
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Cox's Bazar Branch

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145 Laldighirpar, Cox's Bazar
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e-mail: coxsbazar@sjiblbld.com

Brahmanbaria Branch

City Center Shopping Complex (2nd Floor)
1072 Court Road, Brahmanbaria
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e-mail: bbaria@sjiblbld.com

Bandartila Branch

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e-mail: bandartila@sjiblbld.com

Chowmuhani Branch

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Hajigonj Branch

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Laxmipur Branch

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e-mail: laxmipur@sjiblbld.com

Feni Branch

295-2 & 202 S. S. K. Road (1st & 2nd Floor)
Feni Sadar, Feni
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e-mail: feni@sjiblbld.com

Madunaghat Branch

Abul Farah Market (1st Floor), Madunaghat Bazar Road
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WASA Moor Branch

Mim Hasnat Tower (1st Floor), 88 High Level Road
WASA Moor, Lalkhan Bazar, Chittagong
Phone: 031-633060-1, Fax: 031-633062
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Anderkilla Branch

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320 Anderkilla, Chittagong
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Dattapara Branch

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Gunabati Branch

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Pahartoli Branch

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612/544 D. T. Road, Pahartoli, Chittagong
Phone: 03127-73872-3, FAX- 03127-73875
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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
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e-mail: jessore@sjiblbld.com

Kaligonj Branch

Munsur Plaza (1st Floor)
162 Madhugonj Bazar, Kaligonj, Jhenaidah
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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

Chuadanga Branch

Malik Tower (1st & 2nd Floor)
43 & 107 Shaheed AK Road, Chuadanga
Phone: 0761-81015, 0761-81013-4, Fax: 0761-81016
e-mail: chuadanga@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, Mobile: 01755556112
Fax: 0821-814277
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

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

M.H. Rashid Shopping Complex (1st & 2nd Floor)
88 Station Road, Rangpur
Phone: 0521-63012, 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
Mobile: 01755556185, Fax: 0781-51573
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

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

Uday Sanz (4th Floor), Plot No. SE (A)
2/B Gulshan South Avenue, Gulshan-1, Dhaka-1212
Phone: 02-9845457, 9844736

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 Rifa 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	Uday Sanz, Plot No. SE (A), 2/B Gulshan South Avenue, Gulshan-1, Dhaka
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, Gorobi Nayoaz 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), 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 ATM Booth	Khaleque Complex (1st Floor), Joydevpur Chowrasta, Gazipur

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, Lakxam 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

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

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 511/579, Khandar Mor, Carmichael Road, Ward 9, Bogra Sadar, Bogra

BARISHAL ZONE	
Barisal ATM Booth	Chowdhury Plaza, 42/44, Sadar Road, Barisal
Amtali Branch ATM Booth	N Islam Mansion, Holding No 189/1, New Bazar Hospital Road, Amtali Barguna





Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

Head Office

Uday Sanz, Plot No. SE (A), 2/B Gulshan South Avenue, Gulshan 1

Dhaka 1212, Bangladesh

www.sjibld.com