

Shahjalal Islami Bank Limited and its Subsidiary
Consolidated Balance Sheet
As at 30 June 2016

Property and Assets	30.06.2016 Taka	31.12.2015 Taka
Cash		
Cash in hand (Including Foreign Currencies)	1,032,692,766	1,106,558,612
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	9,215,562,316	8,177,172,061
	10,248,255,082	9,283,730,673
Balance with other Banks and Financial Institutions		
Inside Bangladesh	2,342,569,893	805,850,678
Outside Bangladesh	197,350,670	667,183,236
	2,539,920,563	1,473,033,914
Placement with other Banks & Financial Institutions	12,192,927,022	8,657,997,972
Investments in Shares & Securities		
Government	3,720,000,000	4,200,000,000
Others	4,006,552,247	3,777,086,773
	7,726,552,247	7,977,086,773
Investments		
General Investment etc.	101,401,461,197	92,024,490,000
Bills Purchased and Discounted	10,850,950,047	7,164,796,744
	112,252,411,244	99,189,286,744
Fixed Assets Including Premises	3,373,292,466	3,341,443,033
Other Assets	11,947,714,000	11,288,361,306
Non Banking Assets	51,078,968	51,078,968
Total Property and Assets	160,332,151,592	141,262,019,382
Liabilities and Capital		
Liabilities		
Placement from other Banks & Financial Institutions	11,000,957,545	3,890,911,426
Deposits and Other Accounts		
Mudaraba Savings Deposits	17,636,269,254	15,876,565,502
Mudaraba Term Deposits	42,627,759,416	41,842,087,699
Other Mudaraba Deposits	41,245,631,593	37,120,302,113
Al-Wadeeah Current & Other Deposit Accounts	16,069,889,559	13,114,867,832
Bills Payable	2,402,213,518	1,152,971,241
	119,981,763,340	109,106,794,387
Other Liabilities	17,079,743,420	15,630,481,431
Deferred Tax Liabilities	100,340,280	104,211,220
Total Liabilities	148,162,804,585	128,732,398,464
Capital/Shareholders' Equity		
Paid-up Capital	7,346,881,330	7,346,881,330
Statutory Reserve	4,174,711,747	3,942,345,431
Retained Earnings	416,748,582	1,010,103,443
Total Shareholders' Equity	11,938,341,660	12,299,330,205
Non-controlling Interest	231,005,347	230,290,713
Total Liabilities & Shareholders' Equity	160,332,151,592	141,262,019,382

Shahjalal Islami Bank Limited and its Subsidiary
Consolidated Off-balance sheet Items
As at 30 June 2016

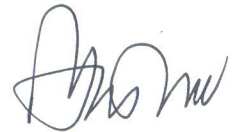
	30.06.2016 Taka	31.12.2015 Taka
Contingent Liabilities		
Acceptances & endorsements	21,713,702,848	16,581,184,728
Letters of guarantee	8,881,952,718	7,184,290,937
Irrevocable letters of credit	16,061,377,607	13,947,624,480
Bills for collection	10,148,501,224	5,812,711,245
Other contingent liabilities	-	-
Total	56,805,534,398	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	56,805,534,398	43,525,811,390



Chief Financial Officer




Company Secretary



Managing Director



Director



Chairman

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Profit and Loss Account For the period ended 30 June 2016

Operating Income

Investment Income
Less: Profit paid on Deposits

Net Investment Income

Income from Investment in Shares/Securities
Commission, Exchange and Brokerage
Other Operating Income

Total Operating Income

Operating Expenses

Salaries and Allowances
Rent, Taxes, Insurances, Electricity etc.
Legal Expenses
Postage, Stamps, Telecommunication etc.
Stationery, Printings, Advertisements etc.
Chief Executive's Salary & Fees
Directors' Fees & Expenses
Shariah Supervisory Committee's Fees & Expenses
Auditors' Fees
Depreciation & Repairs of Bank's Assets
Zakat Expenses
Other Expenses

Total Operating Expenses

Profit / (Loss) before Provision

Specific provision for Classified Investment
General Provision for Unclassified Investment
General Provision for Off-Balance Sheet Items
Provision for deminution in value of Investments in Shares
Provision for Other Assets

Total Provision

Total Profit / (Loss) before taxes

Provision for taxation for the period

Deferred tax
Current tax

Net Profit / (Loss) after Tax

Net profit after tax attributable to:

Equity holders of SJIBL
Non-controlling interest

Retained earnings from previous year

Add: Net profit after tax (attributable to equity holders of SJIBL)

Profit available for appropriation

Appropriation:

Statutory reserve
Dividend
Retained earnings

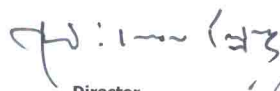
Consolidated earnings per share


Jan'16 to Jun'16 Taka	Jan'15 to Jun'15 Taka	Apr'16 to Jun'16 Taka	Apr'15 to Jun'15 Taka
5,497,746,382	5,181,433,345	2,800,944,900	2,570,973,651
3,492,418,311	3,533,148,023	1,763,931,412	1,775,081,223
2,005,328,071	1,648,285,322	1,037,013,488	795,892,428
110,447,004	193,097,871	88,707,712	113,530,192
635,119,784	559,104,272	329,368,113	268,659,960
222,844,860	216,793,536	143,769,244	122,255,642
968,411,648	968,995,679	561,845,069	504,445,794
2,973,739,719	2,617,281,001	1,598,858,556	1,300,338,222
876,762,869	781,851,898	497,913,373	418,764,948
179,117,689	175,646,661	96,724,985	100,521,809
1,066,647	1,215,756	514,627	449,325
19,473,900	17,691,517	11,280,229	9,606,520
34,724,034	30,301,186	22,340,283	17,415,687
7,240,000	7,130,000	4,450,000	4,340,000
2,975,482	2,162,627	1,907,252	2,127,969
245,350	262,357	99,336	171,014
-	-	-	-
70,107,489	71,002,667	36,437,104	36,509,238
-	-	-	-
161,143,787	144,685,967	86,801,579	86,638,273
1,352,857,246	1,231,950,636	758,468,769	676,544,784
1,620,882,473	1,385,330,365	840,389,788	623,793,438
160,000,000	517,854,262	60,000,000	117,854,262
107,000,000	29,521,000	83,000,000	4,321,000
133,100,000	50,500,000	67,100,000	-
36,000,000	94,000,000	15,000,000	6,000,000
-	-	-	-
436,100,000	691,875,262	225,100,000	128,175,262
1,184,782,473	693,455,102	615,289,788	495,618,175
(3,870,940)	(5,714,388)	(2,087,215)	(2,732,832)
593,832,751	124,398,963	305,587,654	111,528,630
589,961,812	118,684,575	303,500,439	108,795,798
594,820,662	574,770,527	311,789,349	386,822,378
594,106,028	572,238,633	312,929,497	384,974,567
714,634	2,531,893	(1,140,147)	1,847,811
594,820,662	574,770,527	311,789,350	386,822,379
1,010,103,443	777,808,975	1,291,279,975	965,073,041
594,106,028	572,238,633	312,929,497	384,974,567
1,604,209,471	1,350,047,608	1,604,209,472	1,350,047,608
232,366,316	130,585,480	122,880,023	93,354,241
955,094,573	734,688,133	955,094,573	734,688,133
416,748,582	484,773,995	526,234,876	522,005,234
1,604,209,471	1,350,047,608	1,604,209,472	1,350,047,608
0.81	0.78	0.42	0.53


Chief Financial Officer


Company Secretary


Managing Director


Director


Chairman

Shahjalal Islami Bank Limited and its Subsidiary

Consolidated Cash Flow Statement For the period ended 30 June 2016

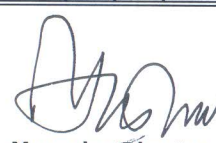
	Jan'16 to Jun'16 Taka	Jan'15 to Jun'15 Taka
Cash flows from operating activities		
Investment income receipt in cash	5,658,498,587	5,516,873,188
Profit paid on deposits	(3,693,819,086)	(3,933,288,522)
Dividend receipts	43,225,516	18,809,212
Fees & commission receipt in cash	635,119,784	559,104,272
Recoveries on investment previously written off	6,883,982	-
Cash payments to employees	(884,002,869)	(788,981,898)
Cash payments to suppliers	(34,724,034)	(30,301,186)
Income tax paid	(251,915,004)	(269,468,105)
Receipts from other operating activities	223,720,853	218,533,242
Payment for other operating activities	(372,758,748)	(349,237,042)
(i) Operating profit before changes in operating assets	1,330,228,981	942,043,162
Changes in operating assets and liabilities		
Increase/decrease in investment to customers	(13,063,124,500)	(4,526,404,222)
Increase/decrease in other assets	(364,925,529)	(245,091,770)
Increase/decrease of placement with other banks & financial institutions	(3,534,929,050)	(3,478,905,930)
Increase/decrease in deposits from other banks	(1,218,017,383)	(106,106,527)
Increase/decrease of placement from other banks & financial institutions	7,110,046,119	328,350
Increase/decrease in deposits received from customers	12,092,986,336	4,913,194,073
Increase/decrease in other liabilities on account of customers	139,383,654	72,661,935
Increase/decrease in other liabilities	337,543,506	316,415,623
(ii) Cash flows from operating assets and liabilities	1,498,963,153	(3,053,908,469)
Net cash flow from operating activities (A)=(i+ii)	2,829,192,134	(2,111,865,308)
Cash flows from investing activities		
Proceeds from sale of securities	768,140,559	1,094,435,110
Payment for purchases of securities	(517,606,033)	23,386,845
Proceeds from sale of fixed assets	1,129,897	286,183
Purchases of property, plant & equipments	(94,350,926)	(117,319,901)
Purchase/sale of subsidiaries	-	-
Net cash used in investing activities (B)	157,313,498	1,000,788,236
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)	2,031,411,059	(1,845,765,204)
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 period	12,788,175,646	14,283,171,750



Chief Financial Officer



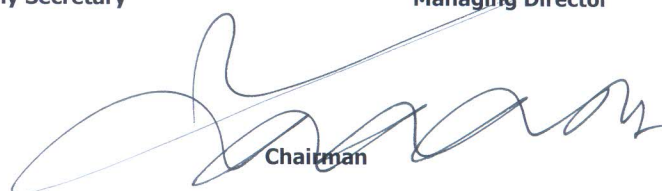
Company Secretary



Managing Director



Director



Chairman

Shahjalal Islami Bank Limited and its Subsidiary
Consolidated Statement of Changes in Equity
For the period ended 30 June 2016

For the period ended 30 June 2016

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total
Balance as at 01 January 2016	7,346,881,330	3,942,345,431	-	1,010,103,443	12,299,330,205
Cash dividend paid for the year 2015	-	-	-	(955,094,573)	(955,094,573)
Net profit for the period ended 30 June 2016	-	232,366,316	-	361,739,712	594,106,028
Total Shareholders' Equity as at 30 June 2016	7,346,881,330	4,174,711,747	-	416,748,582	11,938,341,660
Non-controlling interest	-	-	231,005,347	-	231,005,347
Add: General Provision for Unclassified Investment					1,313,000,000
General Provision for Off-Balance Sheets					568,500,000
Total Equity as on 30 June 2016					14,050,847,007

For the period ended 30 June 2015

(Amount in taka)

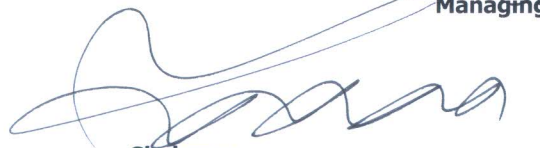
Particulars	Paid-up Capital	Statutory Reserve	Non-controlling Interest	Retained Earnings	Total
Balance as at 01 January 2015	7,346,881,330	3,590,784,817	-	777,808,975	11,715,475,121
Cash dividend paid for the year 2014	-	-	-	(734,688,133)	(734,688,133)
Net profit for the period ended 30 June 2015	-	130,585,480	-	441,653,153	572,238,633
Total Shareholders' Equity as at 30 June 2015	7,346,881,330	3,721,370,297	-	484,773,995	11,553,025,622
Non-controlling interest	-	-	229,526,843	-	229,526,843
Add: General Provision for Unclassified Investment					927,000,000
General Provision for Off-Balance Sheets					436,840,000
Total Equity as on 30 June 2015					13,146,392,465


Chief Financial Officer


Company Secretary


Managing Director


Director


Chairman

Shahjalal Islami Bank Limited

Balance Sheet As at 30 June 2016

	30.06.2016 Taka	31.12.2015 Taka
Property and Assets		
Cash		
Cash in hand (Including Foreign Currencies)	1,032,692,766	1,106,558,612
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	9,215,562,316	8,177,172,061
	10,248,255,082	9,283,730,673
Balance with other Banks and Financial Institutions		
Inside Bangladesh	2,368,461,187	788,813,447
Outside Bangladesh	197,350,670	667,183,236
	2,565,811,857	1,455,996,683
Placement with other Banks & Financial Institutions	12,192,927,022	8,657,997,972
Investments in Shares & Securities		
Government	3,720,000,000	4,200,000,000
Others	2,047,387,735	1,983,716,363
	5,767,387,735	6,183,716,363
Investments		
General Investment etc.	99,064,182,969	89,669,853,525
Bills Purchased and Discounted	10,850,950,047	7,164,796,744
	109,915,133,016	96,834,650,269
Fixed Assets Including Premises	3,329,239,097	3,299,392,033
Other Assets	12,612,720,318	12,103,284,073
Non Banking Assets	51,078,968	51,078,968
Total Property and Assets	156,682,553,095	137,869,847,033
Liabilities and Capital		
Liabilities		
Placement from other Banks & Financial Institutions	10,088,170,041	2,950,911,426
Deposits and Other Accounts		
Mudaraba Savings Deposits	17,636,269,254	15,876,565,502
Mudaraba Term Deposits	42,627,759,416	41,842,087,699
Other Mudaraba Deposits	41,521,589,588	37,272,228,093
Al-Wadeeah Current & Other Deposit Accounts	16,069,889,559	13,114,867,832
Bills Payable	2,402,213,518	1,152,971,241
	120,257,721,335	109,258,720,367
Other Liabilities	14,349,092,054	13,301,703,751
Deferred Tax Liabilities	100,340,280	104,211,220
Total Liabilities	144,795,323,711	125,615,546,764
Capital/Shareholders' Equity		
Paid-up Capital	7,346,881,330	7,346,881,330
Statutory Reserve	4,174,711,747	3,942,345,431
Retained Earnings	365,636,307	965,073,508
Total Shareholders' Equity	11,887,229,385	12,254,300,269
Total Liabilities & Shareholders' Equity	156,682,553,095	137,869,847,033

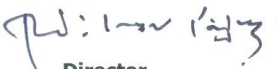
Shahjalal Islami Bank Limited
Off-balance sheet Items
As at 30 June 2016

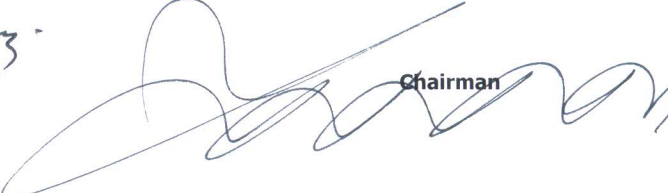
	30.06.2016 Taka	31.12.2015 Taka
Contingent Liabilities		
Acceptances & endorsements	21,713,702,848	16,581,184,728
Letters of guarantee	8,881,952,718	7,184,290,937
Irrevocable letters of credit	16,061,377,607	13,947,624,480
Bills for collection	10,148,501,224	5,812,711,245
Other contingent liabilities	-	-
Total	56,805,534,398	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	56,805,534,398	43,525,811,390


Chief Financial Officer


Company Secretary


Managing Director


Director


Chairman

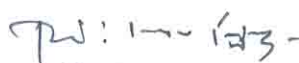
Shahjalal Islami Bank Limited
Profit and Loss Account
For the period ended 30 June 2016

	Jan'16 to Jun'16 Taka	Jan'15 to Jun'15 Taka	Apr'16 to Jun'16 Taka	Apr'15 to Jun'15 Taka
Operating income				
Investment Income	5,475,112,351	5,178,740,150	2,812,279,428	2,584,161,313
Less: Profit paid on Deposits	3,428,637,474	3,479,984,871	1,733,573,076	1,749,218,071
Net Investment Income	2,046,474,877	1,698,755,279	1,078,706,352	834,943,242
Income from Investment in Shares/securities	59,884,909	113,385,932	51,953,393	57,742,632
Commission, Exchange and Brokerage	585,761,529	519,853,798	307,125,449	243,479,296
Other Operating Income	217,731,038	210,768,360	138,950,108	116,986,699
	863,377,476	844,008,090	498,028,950	418,208,627
Total Operating Income	2,909,852,353	2,542,763,369	1,576,735,301	1,253,151,869
Operating expenses				
Salaries and Allowances	858,077,639	768,607,550	487,907,789	412,035,697
Rent, Taxes, Insurances, Electricity etc.	171,509,021	168,561,616	92,816,382	96,586,383
Legal Expenses	369,647	784,460	214,627	445,025
Postage, Stamps, Telecommunication etc.	18,199,191	16,191,052	10,647,236	8,890,459
Stationery, Printings, Advertisements etc.	34,359,705	29,110,321	22,155,626	16,421,927
Chief Executive's Salary & Fees	7,240,000	7,130,000	4,450,000	4,340,000
Directors' Fees & Expenses	2,975,482	2,162,627	1,907,252	2,127,969
Shariah Supervisory Committee's Fees & Expenses	245,350	262,357	99,336	171,014
Auditors' Fees	-	-	-	-
Depreciation & Repairs of Bank's Assets	66,861,716	67,901,765	34,713,518	34,930,809
Zakat Expenses	-	-	-	-
Other Expenses	152,083,023	137,248,958	82,323,420	82,256,117
Total Operating Expenses	1,311,920,773	1,197,960,706	737,235,186	658,205,400
Profit / (Loss) before Provision	1,597,931,580	1,344,802,663	839,500,116	594,946,469
Specific provision for Classified Investment	160,000,000	517,854,262	60,000,000	117,854,262
General Provision for Unclassified Investment	107,000,000	29,521,000	83,000,000	4,321,000
General Provision for Off-Balance Sheet Items	133,100,000	50,500,000	67,100,000	-
Provision for deminution in value of Investments in Shares	36,000,000	94,000,000	15,000,000	6,000,000
Provision for Other Assets	-	-	-	-
Total Provision	436,100,000	691,875,262	225,100,000	128,175,262
Total Profit / (Loss) before taxes	1,161,831,580	652,927,400	614,400,116	466,771,206
Deferred Tax Expenses	(3,870,940)	(5,714,388)	(2,087,215)	(2,732,832)
Current Tax Expenses	577,678,831	107,952,421	293,853,901	100,256,430
	573,807,892	102,238,033	291,766,686	97,523,598
Net Profit after Taxation	588,023,689	550,689,367	322,633,430	369,247,609
Profit available for distribution				
Retained Earnings from previous year	9,978,935	26,141,570	165,882,900	170,352,090
Add: Retained Earnings of current period	355,657,372	420,103,887	199,753,407	275,893,367
	365,636,307	446,245,457	365,636,307	446,245,457
Appropriations				
Statutory Reserve	232,366,316	130,585,480	122,880,023	93,354,241
Retained Earnings	355,657,372	420,103,887	199,753,407	275,893,367
	588,023,689	550,689,367	322,633,430	369,247,609
Earnings Per Share (EPS)	0.80	0.75	0.44	0.50


Chief Financial Officer


Company Secretary


Managing Director


Director


Chairman

Shahjalal Islami Bank Limited
Cash Flow Statement
For the period ended 30 June 2016

	Jan'16 to Jun'16 Taka	Jan'15 to Jun'15 Taka
Cash flows from operating activities		
Investment income receipt in cash	5,508,963,983	5,345,922,890
Profit paid on deposits	(3,573,717,593)	(3,863,760,809)
Dividend receipts	43,225,516	18,809,212
Fees & commission receipt in cash	585,761,529	519,853,798
Recoveries on investment previously written off	6,883,982	-
Cash payments to employees	(865,317,639)	(775,737,550)
Cash payments to suppliers	(34,359,705)	(29,110,321)
Income tax paid	(214,657,182)	(257,336,644)
Receipts from other operating activities	217,731,038	210,767,885
Payments for other operating activities	(354,060,438)	(332,667,012)
(i) Operating Profit before changes in operating assets	1,320,453,491	836,741,450
Changes in operating assets and liabilities		
Increase/decrease in investment to customers	(13,080,482,747)	(4,521,260,951)
Increase/decrease of other assets	(311,971,302)	(93,623,068)
Increase/decrease of Placement with other Banks & Financial Institutions	(3,534,929,050)	328,350
Increase/decrease of deposits from other banks	(1,218,017,383)	(106,106,527)
Increase/decrease of Placement from other Banks & Financial Institutions	7,137,258,615	(3,478,905,930)
Increase/decrease of deposits received from customers	12,217,018,351	5,020,780,021
Increase/decrease of other liabilities on account of customers	139,383,654	72,666,924
Increase/decrease of other liabilities	32,421,955	15,884,712
(ii) Cash flows from operating assets and liabilities	1,380,682,093	(3,090,236,470)
Net cash flow from operating activities (A)=(i+ii)	2,701,135,584	(2,253,495,020)
Cash flows from investing activities		
Proceeds from sale of securities	619,725,579	1,334,239,179
Payment for purchases of securities	(203,396,951)	(69,989,113)
Proceeds from sale of fixed assets	1,129,897	286,183
Purchases of property, plant & equipments	(89,159,953)	(110,794,439)
Purchase/sale of subsidiaries	-	-
Net cash used in investing activities (B)	328,298,573	1,153,741,809
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)	2,074,339,584	(1,834,441,344)
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 period	12,814,066,940	14,280,006,699


Chief Financial Officer


Company Secretary


Managing Director


Director


Chairman

Shahjalal Islami Bank Limited
Statement of Changes in Equity
For the period ended 30 June 2016

For the period ended 30 June 2016

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at 01 January 2016	7,346,881,330	3,942,345,431	965,073,508	12,254,300,269
Cash dividend paid for the year 2015	-	-	(955,094,573)	(955,094,573)
Net profit for the period ended 30 June 2016	-	232,366,316	355,657,372	588,023,689
Total Shareholders' Equity as at 30 June 2016	7,346,881,330	4,174,711,747	365,636,307	11,887,229,385

Total Equity for the purpose of Capital Adequacy

Equity as per above	11,887,229,385
Add: General Provision for Unclassified Investment	888,000,000
General Provision for Off-Balance Sheets	568,500,000
Total Equity as at 30 June 2016	13,343,729,385

For the period ended 30 June 2015

(Amount in taka)

Particulars	Paid-up Capital	Statutory Reserve	Retained Earnings	Total
Balance as at 01 January 2015	7,346,881,330	3,590,784,817	760,829,703	11,698,495,850
Cash dividend paid for the year 2014	-	-	(734,688,133)	(734,688,133)
Net profit for the period ended 30 June 2015	-	130,585,480	420,103,887	550,689,367
Total Shareholders' Equity as at 30 June 2015	7,346,881,330	3,721,370,297	446,245,457	11,514,497,084

Total Equity for the purpose of Capital Adequacy

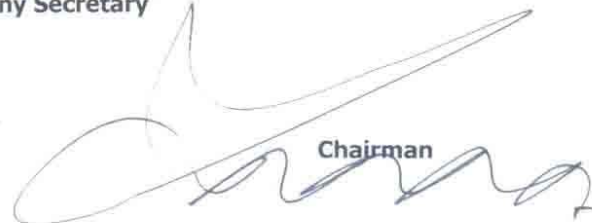
Equity as per above	11,514,497,084
Add: General Provision for Unclassified Investment	700,000,000
General Provision for Off-Balance Sheets	436,840,000
Total Equity as at 30 June 2015	12,651,337,084


Chief Financial Officer


Company Secretary


Managing Director


Director


Chairman

Shahjalal Islami Bank Limited and its Subsidiaries
Notes to the Consolidated and Separate Financial Statements
For the period ended June 30, 2016

1.0 Status of the Bank

1.01 Legal Form of the Bank

The Shahjalal Islami Bank Limited (hereinafter called 'the Bank'- 'SJIBL') was established as a Public Limited Company (Banking Company) as on the 1 April 2001 under the Companies Act 1994 as interest free Islamic Shariah based commercial bank and commenced its operation on 10 May 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through head office having 93 branches, 51 (Fifty One) ATM booths and 2,174 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.

1.02 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, Bangladesh Bank's Directives of other regulatory authorities and the principles of the Islamic Shariah.

1.03 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 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 89.49% shares of Shahjalal Islami Bank Securities Limited.

1.04 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.

2.00 Significant Accounting Policies

2.01 Basis of preparation of the Financial Statements

The Financial Statements of the Bank have been prepared under the historical cost convention consistently with those of previous year. Although the operations of the Bank are in compliance with the rules of Islamic Shariah, the Financial Statements have been prepared in accordance with the 'First Schedule (Sec-38) of the Bank Companies Act 1991 as amended by BRPD Circular 14 dated 25 June 2003, BRPD Circular No.15 dated 09 November 2009 regarding Guidelines for Islamic Banking, other Bangladesh Bank Circulars, the Companies Act 1994, the Securities and Exchange Rules 1987 and International Accounting Standards (IAS) and International Financial

Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standard (BFRS), Standards issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and other related laws and rules applicable in Bangladesh.

In case any requirement of the Bank Companies (Amendment) Act, 2013 and provisions and circulars issued by Bangladesh Bank differ with those of BFRS, the requirements of the Bank Companies Act 1991, and provisions and circulars issued by Bangladesh Bank will prevail.

2.02 Consolidation

The consolidated Financial Statements include the Financial Statements of Shahjalal Islami Bank Limited including Off-shore Banking Unit and its subsidiary Shahjalal Islami Bank Securities Limited made up to the end of the period.

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 period ending 30 June 2016.

2.03 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.

2.04 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 period, as there exist no dilution possibilities during the period.

2.05 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.

2.06 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.

2.07 Reporting Period

The Financial Statements cover from 01 January 2016 to 30 June 2016.