

Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

FINANCIAL STATEMENTS 2012

For the year ended December 31, 2012

AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHAHJALAL ISLAMI BANK LIMITED

We have audited the accompanying consolidated financial statements of Shahjalal Islami Bank Limited and its controlled entity (together referred to as the "Group") as well as the financial statements of Shahjalal Islami Bank Limited ("The Bank") which comprise the consolidated and separate balance sheets as at 31 December 2012, profit and loss accounts, statements of changes in equity, cash flow statements for the year then ended, and a summary of significant accounting policies, other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and the separate financial statements of the Bank in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, the Bank Companies Act 1991, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994, the securities and exchange Rules 1987 and other applicable laws and regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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 principles used and the reasonableness of accounting estimates made by managements, as well as evaluating the overall presentation of the consolidated financial statements.

The financial statements of the Bank's subsidiary, namely Shahjalal Islami Bank Securities Limited reflects total assets of TK.7,907,926,295 as at 31 December 2012 and total revenue of TK.758,747,817 for the ended 31 December 2012. These financial statements have been audited by other component auditors who have expressed unqualified audit opinion and accepted by us for the audit of the Bank's consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, give a true and fair view of the financial position of the Group and the Bank as at 31 December 2012 and of the results of their financial performance and their flows for the year then ended and comply with the applicable sections of the Bank companies Act 1991, the rules regulations issued by the Bangladesh Bank, the Companies Act 1994, the securities and Exchange Rules 1987 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) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- c) the Bank's balance sheet and Profit and Loss Account together with the annexed notes 1 to 51 dealt with by the report are in agreement with the books of account and returns;
- d) the expenditure incurred was for purpose of the Bank's business;
- e) the financial position of the Bank as at 31 December 2012 and profit for the year then ended have been properly reflected in the financial statements, the financial statements have been prepared in accordance with the generally accepted accounting principles;
- f) the financial statements of the Bank have been drawn up in conformity with the Bank Companies Act 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- g) as advised by the Bangladesh Bank, adequate provisions have been made for investments and other assets which are in our opinion, doubtful of recovery;
- h) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- i) the records and statements submitted by the branches have been properly maintained the consolidated in the financial statements;
- j) the information and explanations required by us have been received and found satisfactory;
- k) capital Adequacy Ratio (CAR) as required by law, has been maintained adequately during the period, and over 80% risk weight assets have been reviewed by us spending 2,920 person hours.

Dhaka, 28 April 2013

Hoda Vasi Chowdhury & Co  
Chartered Accountants

Consolidated Balance Sheet

As At 31 December 2012

Note	2012 Taka	2011 Taka
<b>PROPERTY AND ASSETS</b>		
<b>Cash</b>		
Cash in hand (Including Foreign Currencies)	1,042,509,898	828,581,466
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	11,761,384,356	8,670,266,207
	<b>12,803,894,254</b>	<b>9,498,847,673</b>
<b>Balance with other Banks and Financial Institutions</b>		
Inside Bangladesh	738,939,891	773,611,714
Outside Bangladesh	586,878,365	667,820,627
	<b>1,325,818,256</b>	<b>1,441,432,341</b>
<b>Placement with other Banks &amp; Financial Institutions</b>		
	<b>9,253,993,287</b>	<b>6,835,381,635</b>
<b>Investments in Shares &amp; Securities</b>		
Government	3,450,000,000	2,000,000,000
Others	3,120,158,528	2,488,537,734
	<b>6,570,158,528</b>	<b>4,488,537,734</b>
<b>Investments</b>		
General Investment etc.	85,268,781,444	70,760,681,073
Bills Purchased and Discounted	13,059,680,088	11,796,983,737
	<b>98,328,461,532</b>	<b>82,557,664,810</b>
<b>Fixed Assets Including Premises</b>		
	<b>2,942,311,782</b>	<b>1,568,002,574</b>
<b>Other Assets</b>		
	<b>2,675,399,381</b>	<b>1,398,114,077</b>
<b>Non Banking Assets</b>		
	-	-
<b>Total Assets</b>	<b>133,900,017,026</b>	<b>107,787,980,844</b>
<b>LIABILITIES AND CAPITAL</b>		
<b>Liabilities</b>		
<b>Placement from other Banks &amp; Financial Institutions</b>		
	<b>15,700,000,000</b>	<b>11,470,000,000</b>
<b>Deposits and Other Accounts</b>		
Mudrabas Savings Deposits	6,136,647,103	4,299,417,084
Mudrabas Term Deposits	61,917,110,700	53,741,002,292
Other Mudrabas Deposits	23,108,960,306	16,329,624,183
Al-Wadeeah Current & Other Deposit Accounts	8,986,633,572	7,464,055,139
Bills Payable	1,217,449,372	570,242,984
	<b>101,366,801,053</b>	<b>82,404,341,682</b>
<b>Other Liabilities</b>		
	<b>6,818,780,350</b>	<b>5,864,272,266</b>
<b>Deferred Tax Liabilities</b>		
	<b>126,205,868</b>	<b>107,340,666</b>
<b>Total Liabilities</b>	<b>124,011,787,272</b>	<b>99,645,954,614</b>
<b>Capital/Shareholders' Equity</b>		
Paid-up Capital	5,565,819,188	4,452,655,350
Statutory Reserve	2,958,021,259	2,252,105,068
Retained Earnings	1,356,611,648	1,212,241,262
	<b>9,880,452,095</b>	<b>7,917,001,680</b>
<b>Total Shareholders' Equity</b>		
	<b>226,777,659</b>	<b>225,024,550</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>		
	<b>133,900,017,026</b>	<b>107,787,980,844</b>

Consolidated Off- Balance Sheet Items

As At 31 December 2012

Note	2012 Taka	2011 Taka
<b>CONTINGENT LIABILITIES</b>		
Acceptances and Endorsements	-	-
Letters of Guarantee	6,028,888,274	4,730,536,545
Irrevocable Letters of Credit (including Back to Back Bills)	37,982,174,010	27,658,918,505
Bills for Collection	3,858,165,207	1,693,664,309
Other Contingent Liabilities	-	-
<b>Total</b>	<b>47,869,227,491</b>	<b>34,083,119,359</b>
<b>OTHER COMMITMENTS</b>		
Documentary credits and short term trade related transactions	-	-
Forward assets purchased and forward deposits placed	-	-
Undrawn note issuance and revolving underwriting facilities	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-
<b>Total</b>	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES</b>		
	<b>47,869,227,491</b>	<b>34,083,119,359</b>

Accompanying notes form an integral part of these financial statements

Dhaka, 28 April 2013

Hoda Vasi Chowdhury & Co  
Chartered Accountants

Director

Director

Managing Director

Signed as per our annexed report of even date

Consolidated Profit And Loss Account				
For The Year Ended 31 December 2012				
	Note	2012 Taka	2011 Taka	
Investment Income	21	15,428,381,633	10,221,849,581	
Less: Profit paid on Deposits	22	11,207,879,986	7,327,491,725	
<b>Net Investment Income</b>		<b>4,220,501,647</b>	<b>2,894,358,356</b>	
Income from Investment in Shares/securities	23	152,641,439	148,039,607	
Commission, Exchange and Brokerage	24	1,768,078,266	1,583,071,819	
Other Operating Income	25	428,134,466	318,657,112	
		<b>2,348,854,171</b>	<b>2,049,768,538</b>	
<b>Total Operating Income</b>		<b>6,569,355,818</b>	<b>4,944,126,894</b>	
Salaries and Allowances	26	1,067,482,632	975,693,879	
Rent, Taxes, Insurances, Electricity etc.	27	290,230,494	227,460,511	
Legal Expenses	28	774,451	897,025	
Postage, Stamps, Telecommunication etc.	29	35,893,891	30,137,534	
Stationery, Printings, Advertisements etc.	30	69,100,768	41,762,052	
Chief Executive's Salary & Fees	31	14,222,516	12,600,000	
Directors' Fees & Expenses	32	5,507,416	4,096,158	
Shariah Supervisory Committee's Fees & Expenses	33	334,780	196,384	
Auditors' Fees	34	375,000	325,000	
Depreciation & Repairs of Bank's Assets	35	125,495,499	117,709,620	
Zakat Expenses	36	60,655,118	59,228,905	
Other Expenses	37	271,326,278	242,780,117	
<b>Total Operating Expenses</b>		<b>1,941,388,834</b>	<b>1,712,887,185</b>	
<b>Profit before Provision</b>		<b>4,627,966,984</b>	<b>3,231,239,709</b>	
Specific provision for Classified Investment	20	(650,000,000)	(130,000,000)	
General Provision for Unclassified Investment		(117,500,000)	(180,000,000)	
General Provision for Off-Balance Sheet Items		(100,000,000)	(63,000,000)	
Provision for diminution in value of Investments in Shares		(176,200,000)	(280,200,000)	
Provision for Other Assets		-	-	
<b>Total Provision</b>	38	<b>(1,043,700,000)</b>	<b>(663,200,000)</b>	
<b>Profit before Provisions for Taxation</b>		<b>3,584,266,984</b>	<b>2,568,039,709</b>	
Deferred Tax Expenses	39	18,865,203	30,927,581	
Current Tax Expenses	132	1,819,198,257	1,246,935,228	
		<b>1,838,063,460</b>	<b>1,277,862,809</b>	
<b>Net Profit after Taxation</b>		<b>1,746,203,524</b>	<b>1,290,176,900</b>	
<b>Appropriations</b>				
Statutory Reserve	16	706,916,191	477,478,180	
Proposed Interim Cash Dividend		-	121,500,000	
Non-controlling Interest		1,753,109	24,550	
Retained Earnings	171	1,037,534,224	691,174,170	
		<b>1,746,203,524</b>	<b>1,290,176,900</b>	
<b>Profit available for distribution</b>				
Retained Earnings from previous year		99,077,424	521,067,092	
Add: Retained Earnings of Current year		1,037,534,224	691,174,170	
		<b>1,136,611,648</b>	<b>1,212,241,262</b>	
<b>Earnings Per Share (EPS)</b>	40	<b>3.13</b>	<b>2.10</b>	

Accompanying notes form an integral part of these financial statements

Dhaka, 28 April 2013

Hoda Vasi Chowdhury & Co  
Chartered Accountants

Director

Director

Managing Director

Signed as per our annexed report of even date

Consolidated Cash Flow Statement				
For The Year Ended 31 December 2012				
	Note	2012 Taka	2011 Taka	
<b>Cash Flow from Operating Activities</b>				
Investment Income receipt in cash	41	15,664,301,897	10,410,321,602	
Profit Paid on Deposits	42	(11,223,834,867)	(6,626,532,934)	
Dividend Receipts		8,851,911	63,168,860	
Fees & Commission receipt in cash		1,768,078,266	1,583,071,819	
Cash Payments to Employees		(1,081,705,148)	(988,293,879)	
Cash Payments to Suppliers		(69,100,768)	(41,762,052)	
Income Tax Paid		(1,628,498,211)	(754,151,569)	
Receipts from other Operating activities	43	526,518,266	375,667,047	
Payments for other Operating activities	44	(679,970,333)	(578,834,428)	
<b>Operating Profit before changes in Operating Assets and Liabilities</b>		<b>3,284,641,232</b>	<b>3,432,854,469</b>	
<b>Investment in Operating Assets and Liabilities</b>				
Changes to Customers		(15,770,776,722)	(21,117,588,905)	
Other Assets	45	(1,330,484,916)	(1,018,132,780)	
Deposits from other Banks		100,277,550	236,741,927	
Deposits received from Customers		18,862,181,821	19,852,651,690	
Other liabilities on account of customers		137,492,526	19,968,415	
Other Liabilities	46	(217,244,751)	303,614,551	
<b>Sub Total</b>		<b>1,781,445,509</b>	<b>(1,922,744,102)</b>	
<b>A) Net Cash from Operating Activities</b>		<b>5,066,086,741</b>	<b>1,509,910,367</b>	
<b>Cash flows from investing Activities</b>				
Proceeds from sale of Securities		826,172,969	100,676,787	
Payment for purchases of securities		(2,908,333,763)	(2,066,862,922)	
Proceeds from Sale of fixed assets		-	-	
Purchases of Property, Plant & Equipment		(1,484,921,799)	(199,497,315)	
Purchase/Sale of subsidiaries		-	-	
<b>B) Net Cash from Investing Activities</b>		<b>(3,566,542,593)</b>	<b>(2,165,683,450)</b>	
<b>Cash flows from Financing Activities</b>				
Receipts from issue of Debt Instruments		1,811,388,348	3,239,009,600	
Payments for redemption of Debt Instruments		-	-	
Receipts from issue of ordinary shares		-	-	
Dividend Paid in cash		(121,500,000)	-	
<b>C) Net Cash from Financing Activities</b>		<b>1,889,888,348</b>	<b>3,239,009,600</b>	
<b>D) Net increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>3,189,432,496</b>	<b>2,583,236,517</b>	
<b>E) Cash and cash equivalents at the beginning of the year</b>		<b>10,940,280,014</b>	<b>8,357,043,497</b>	
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>	47	<b>14,129,712,510</b>	<b>10,940,280,014</b>	

Accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity				
For the year ended 31 December 2012				
Particulars	Paid-up Capital	Statutory Reserve	Non- controlling Interest	Retained Earnings
	Taka	Taka	Taka	Taka
Balance as at 01 January 2012	4,452,655,350	2,252,105,068	-	1,212,241,262
Changes in accounting policy	-	-	-	7,917,001,680
Restated Balance	4,452,655,350	2,252,105,068	-	1,212,241,262
Bonus shares issued for the year 2011	1,113,163,838	-	-	(1,113,163,838)
Net profit for the year 2012	-	706,916,191	-	1,037,534,224
<b>Total Shareholders' Equity as at 31 December 2012</b>	<b>5,565,819,188</b>	<b>2,958,021,259</b>	<b>-</b>	<b>9,880,452,095</b>
Non-controlling interest	-	-	226,777,659	-
Add: General Provision for Unclassified Investment	-	-	-	1,047,978,000
Add: General Provision for Off-Balance Sheets	-	-	-	441,000,000
<b>Total Equity as on 31 December 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,372,208,754</b>
<b>Total Equity as on 31 December 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,408,505,230</b>

Dhaka, 28 April 2013

Hoda Vasi Chowdhury & Co  
Chartered Accountants

Director

Director

Managing Director

Signed as per our annexed report of even date

Balance Sheet			
As at 31 December 2012			
	Note	2012 Taka	2011 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
Cash in hand (Including Foreign Currencies)	3a	1,042,509,898	828,581,466
Balance with Bangladesh Bank & Sonali Bank Ltd (Including Foreign Currencies)	4a	11,761,384,356 <b>12,803,894,254</b>	8,670,266,207 <b>9,498,847,673</b>
<b>Balance with other Banks and Financial Institutions</b>			
Inside Bangladesh		729,262,926	771,921,272
Outside Bangladesh		586,878,365	667,820,627
	5a	<b>1,316,141,291</b>	<b>1,439,741,899</b>
<b>Placement with other Banks &amp; Financial Institutions</b>			
	6a	<b>9,253,993,287</b>	<b>6,835,381,635</b>
<b>Investments in Shares &amp; Securities</b>			
Government		3,450,000,000	2,000,000,000
Others		1,712,531,384	1,376,918,927
	7a	<b>5,162,531,384</b>	<b>3,376,918,927</b>
<b>Investments</b>			
General Investment etc.		83,125,143,636	68,795,477,946
Bills Purchased and Discounted		13,059,680,088	11,796,983,737
	8a	<b>96,184,803,724</b>	<b>80,592,461,683</b>
<b>Fixed Assets Including Premises</b>			
	9a	<b>2,898,030,980</b>	<b>1,525,267,751</b>
<b>Other Assets</b>	10a	<b>5,203,582,404</b>	<b>3,960,242,088</b>
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		<b>132,822,977,304</b>	<b>107,228,861,656</b>





# Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

## FINANCIAL STATEMENTS 2012

For the year ended December 31, 2012

### Statement of Changes In Equity

For the Year Ended 31 December 2012

Particulars	Paid-up Capital Taka	Statutory Reserve Taka	Retained Earnings Taka	Total Taka
Balance as at 01 January 2012	4,452,655,350	2,252,105,068	1,212,032,312	7,916,792,730
Changes in accounting policy	-	-	-	-
Restated Balance	4,452,655,350	2,252,105,068	1,212,032,312	7,916,792,730
Bonus shares issued for the year 2011	1,113,163,838	-	(1,113,163,838)	-
Net profit for the year 2012	-	706,916,191	1,022,613,289	1,729,529,480
<b>Total Shareholders' Equity as at 31 December 2012</b>	<b>5,565,819,188</b>	<b>2,959,021,259</b>	<b>1,121,481,763</b>	<b>9,646,322,210</b>
<b>Total Equity for the purpose of Capital Adequacy</b>				<b>9,646,322,210</b>
<b>Equity as per above</b>				<b>967,879,000</b>
Add: General Provision for Unclassified Investment	2110,531,384	-	-	441,000,000
Add: General Provision for Off-Balance Sheets	-	-	-	-
<b>Total Equity as at 31 December 2012</b>				<b>11,055,301,210</b>
<b>Total Equity as at 31 December 2011</b>				<b>9,183,271,730</b>

Accompanying notes form an integral part of these financial statements

Chairman  
Director  
Director  
Managing Director

### Liquidity Statement, Assets And Liabilities Maturity Analysis,

As At 31 December 2012

Particulars	Upto 01 Month Taka	01-03 Months Taka	03-12 Months Taka	01-05 Years Taka	More than 05 years Taka	Total Taka
<b>Assets</b>						
Cash in hand	6,510,158,254	-	-	-	6,293,736,000	12,803,894,254
Balance with other Banks and Financial Institutions	632,339,924	683,801,367	-	-	-	1,316,141,291
Placement with other Banks & Financial Institutions	1,700,000,000	1,720,000,000	5,460,000,000	373,993,287	-	9,253,993,287
Investment in Shares & Securities	-	-	1,150,000,000	1,900,000,000	2,000,000	5,162,531,384
Investments	13,943,564,218	10,812,085,919	35,744,060,989	22,456,172,141	13,228,920,547	96,184,803,724
Fixed Assets including premises	8,658,771	17,317,541	77,828,936	389,644,678	2,404,481,035	2,889,030,960
Other Assets	816,660,779	771,141,481	1,525,881,868	134,304,305	1,955,593,972	5,203,582,404
Non-banking Assets	-	-	-	-	-	-
<b>Total assets (i)</b>	<b>23,611,381,946</b>	<b>16,114,877,892</b>	<b>43,957,871,702</b>	<b>25,254,114,411</b>	<b>23,884,731,554</b>	<b>132,822,977,304</b>
<b>Liabilities</b>						
Placement from other Banks & Financial Institutions	5,600,000,000	3,400,000,000	5,500,000,000	-	-	14,500,000,000
Deposits and other accounts	15,374,159,641	9,714,286,830	33,743,309,581	23,339,678,190	20,005,439,307	102,176,874,548
Other liabilities	382,414,481	1,657,129,416	3,314,258,832	701,093,214	318,578,734	6,375,574,677
Deferred tax Liabilities	-	-	-	-	126,205,868	126,205,868
<b>Total Liabilities (ii)</b>	<b>21,356,574,121</b>	<b>14,771,416,246</b>	<b>42,557,568,413</b>	<b>24,040,772,405</b>	<b>20,450,323,909</b>	<b>123,176,655,094</b>
<b>Net Liquidity Gap (i-ii)</b>	<b>2,254,807,825</b>	<b>1,343,461,646</b>	<b>1,400,303,289</b>	<b>1,213,342,006</b>	<b>3,434,407,645</b>	<b>9,646,322,210</b>

Accompanying notes form an integral part of these financial statements

Chairman  
Director  
Director  
Managing Director

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2012

#### 1.00 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<sup>st</sup> day of April 2001 under the Companies Act 1994 as interest free Islamic Shariah based commercial bank and commenced its operation on the 10<sup>th</sup> day of May 2001 with the permission of Bangladesh Bank. Presently the Bank is operating its business through head office having 84 branches, 06 (six) SME centers, 33 (Thirty three) ATM booths and 1,881 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, 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, 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 September 06, 2010 and commenced its operation on the 25<sup>th</sup> day of 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. Financial Statements of the company are presented separately.

##### 1.04 Off-shore Banking Unit

Off-shore Banking Unit is a separate business unit of Shahjalal Islami Bank Limited, governed under the rules and Guidelines of Bangladesh Bank. The Bank obtained the Off-shore Banking Unit permission vide letter No. BRPD (P-31744/99)/2008-2800 dated 24 July 2008. The Bank opened its Off-shore Banking Unit on 21 December 2008. The unit is located at 40/5, North Avenue, Gulshan-2, Dhaka-1212. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank. Separate Financial Statements of Off-shore Banking Unit are also presented.

#### 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.

##### 2.02 Basis of consolidation

Presently two core banking software named "PCBank 2000" & "BankUltimus" are running at the Bank. Out of 84 branches, 33 branches with Head Office are operating under "BankUltimus" and remaining 51 branches are operating under "PCBank 2000". Both the systems produce among others, Statement of Affairs and Income & Expenditure Statement. A separate set of records for consolidating the Statement of Affairs and Income & Expenditure Statement of branches are maintained at Head Office from which the Financial Statements are drawn up.

##### 2.03 Consolidation

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

The consolidated Financial Statements have been prepared in accordance with Bangladesh Accounting Standard 27, 'Consolidated and Separate Financial Statements'. The consolidated Financial Statements are prepared to a common financial year ending 31 December 2012.

##### 2.04 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.

##### 2.05 Transactions Eliminated on Consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Profit & Loss resulting from transaction between Group are also eliminated on consolidation.

##### 2.06 Use of estimates and judgments

The preparation of Financial Statements requires the Bank to make certain estimates and to form judgments about the application of accounting policies which may affects the reported amounts of assets, liabilities, income and expenses; due to that actual results may differ to reasonable extent.

Estimates and underlying assumptions are reviewed on an ongoing basis and recognized its effects on present and future financial positions. The most significant areas where estimates and judgments have been made are on provision for investments, Income Taxes, Deferred Taxation & Liquidity Statement.

##### 2.07 Revenue Recognition

The revenue is recognized as follows complying the conditions of revenue recognition as provided in IAS-18.

- Income from Investments has been accounted for on accrual basis.
- Income from Investment in Securities is recognized at the time of sale.
- Dividend income on Investment in Subsidiary is accounted for when the right to receive payment is established.
- Profit on Investment in Bangladesh Government Islamic Investment Bond (Islamic Bond) is recognized on accrual basis.
- Income from bills purchased and discounted is recognized at the time of realization.
- Fees and commission income are recognized when earned.
- 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.
- The proposed dividend for the year 2012 has not been recognized as a liability in the balance sheet in accordance with the BAS-10: Events After the Balance Sheet Date.

##### 2.08 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).

#### 2.09 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. 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:

##### General Provision:

On Unclassified General investments	@	1%
On Investments to small & Medium enterprise	@	0.25%
On Investments to Housing Finance	@	2%
On Investments to professionals	@	2%
On Investments to Share Business	@	2%
On Investments to consumer finance (Other than Housing Finance & Loan for Professionals)	@	5%
On Special Mention Accounts	@	5%

##### Specific Provision:

On substandard Investments	@	20%
On doubtful Investments	@	50%
On bad/loss Investments	@	100%
General Provision on Off-Balance Sheet Items	@	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 nostra 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 2012, the sharing ratio among the Mudaraba fund providing were 88.52% 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 bought 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.

##### 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

- All Fixed Assets are stated at cost less accumulated depreciation as per BAS-16 'Property, Plant and Equipment'.
- 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

- For addition during the year, depreciation is charged for the remaining days of the year and for disposal depreciation is charge up to the date of disposal.

- 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 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.

#### 2.15 Earning 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 "Earning Per Share". Diluted Earning per Share is not required to be calculated for the year, as there exist no dilution possibilities during the year. Due to issuance of bonus shares previous year's adjusted Earning Per Share is being calculated in accordance with IAS 33 (Note-40a).

#### 2.16 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:

- Balance with other Banks and Financial Institutions, Investment in Securities are on the basis of their maturity term.
- Investments (Loans & Advances) are on the basis of their residual maturity term.
- Fixed assets are on the basis of their useful life.
- Other assets are on the basis of their adjustment.
- Financing (Borrowing) from Bangladesh Bank as per their maturity.
- 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.
- Other long-term liability on the basis of their maturity term.
- Provisions and other liabilities are on the basis of their expected settlement.

#### 2.17 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.

#### 2.18 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.

#### 2.19 Taxation

##### Current Tax

Provision for current income tax has been made @ 42.50% as prescribed in the Finance Act, 2012 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 2012.

#### 2.20 Reporting Period

The Financial Statements cover one calendar year from 01 January to 31 December 2012.

#### 2.21 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.

#### 2.22 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.

#### 2.23 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

#### 2.24 Employee benefits.

##### Provident Fund (Defined Contribution Plan)

A 'Defined Contribution Plan' is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal constructive obligation to pay further amounts. Provident fund benefit is given to the eligible staffs of the Bank in accordance with the rules of the provident fund duly recognized by the National Board of Revenue of Bangladesh. The Fund is administered by a Board of Trustees and is funded by fixed contributions equally from the employees and the bank. The fund is managed separately from the bank's assets, as per rules of the fund & section 399 of the Companies Act 1994.

##### Gratuity Fund (Define Benefit Plan)

Gratuity benefits are given to the staff of the Bank in accordance with the approved Gratuity Fund Rules. National Board of Revenue has approved the gratuity fund as a recognized gratuity fund and the fund is operated by a separate Board of Trustees. Employees are entitled to gratuity 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 1<sup>st</sup> 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-staffs, 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.

#### 2.25 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 01 month, detail of which are disclosed in Note 13.3.

#### 2.26 Related Party Transactions

The Bank entered into transactions with the related parties complying with the requirements of Section 27(1) of the Bank Company Act 1991. All the related party transactions have been accounted for, the detail of which are disclosed in Note 50.00.

#### 2.27 Risk Management

Shahjalal Islami Bank has plan for diversification of Investment by Size, Sector, Geographical Area, Economic Purpose and Securities and Development of a balanced Investment portfolio of the Bank.

Investment (Lending) is the principal function of a Bank. At the same time, there is an underlying/inherent risk in any Investment (Credit). Investment comprises a very large portion of a Bank's total activities. As such, due diligence and prudent judgment / decision is a precondition for a sound Investment practice and therefore, is very important for profitability and success of a Bank.

The Bank has established control mechanisms to identify, measure and monitor the exposure to Investment (Lending), market and liquidity risks. In this context, the quality of assets of the Bank is given here under:

Total Assets	BDT 1,32,823 million
Total Investments	BDT 96,185 million
Classified Investments	BDT 2,842 million
Percentage of Investment to total Assets	72.42%
Percentage of Classified Investments to total Investments	2.96%

#### i) Investment 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 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.

#### ii) Market Risk

Expert opinion for choosing core business area, finding out new business sector, arranging low cost fund to invest at lower rate, steps to avoid undue and unfair competition with the commercial banks etc. are effective measure to reduce the market risk.

#### iii) Liquidity Risk

Liquidity risk is more important area to think by the banking company to match with the financing and Investment (lending). Long term and stable financings is required for long-term investment. Beside, inflow of cash through collection of dues against Investment in time is also essential. Effective monitoring and follow-up is the important tools to ensure the required collection.

#### 2.28 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





# Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

## FINANCIAL STATEMENTS 2012

### For the year ended December 31, 2012

	2012 Taka	2011 Taka
<b>5 Consolidated Balance with Other Banks and Financial Institutions Inside Bangladesh</b>		
Shahjalal Islami Bank Ltd (note-5a.1)	729,262,926	771,921,272
Shahjalal Islami Bank Securities Ltd	134,760,816	179,916,477
	864,023,742	951,837,749
Less: Inter Company Transaction	125,083,851	178,226,035
	<b>738,939,891</b>	<b>773,611,714</b>
<b>Outside Bangladesh</b>		
Shahjalal Islami Bank Ltd (note-5a.2)	586,878,365	667,820,627
Shahjalal Islami Bank Securities Ltd	-	-
	<b>586,878,365</b>	<b>667,820,627</b>
	<b>1,325,818,256</b>	<b>1,441,432,341</b>

<b>5a Balance with Other Banks and Financial Institutions of the Bank (Other than mudaraba Fund)</b>		
Inside Bangladesh (note - 5a.1)	729,262,926	771,921,272
Outside Bangladesh (note-5a.2)	586,878,365	667,820,627
	<b>1,316,141,291</b>	<b>1,439,741,899</b>

<b>5a.1 Inside Bangladesh Current Account</b>		
Sonali Bank Limited (Other than as agent of Bangladesh Bank)	557,436	56,315,516
National Bank Limited, Naragoyan Branch	25,794	32,174
Standard Chartered Bank, Motijheel Branch	5,394,234	4,967,443
Islami Bank Bangladesh Limited	12,660,013	16,163
One Bank Limited, Motijheel Branch	1,500	1,500
Agrani Bank Limited, Naagaoon Branch	5,522,473	5,100,000
Janata Bank Limited, Dinajpur Branch	3,832	3,832
Off-Shore Banking Units	214,956,585	95,478
	26,314,847	66,532,106
	214,956,585	95,478
Less: Off-Shore Banking Units	24,165,282	66,436,628
<b>Mudaraba Special Notice Deposits</b>		
Export Import Bank of Bangladesh Limited	213,099,930	21,317,553
Trust Bank Limited, Principal Branch	-	4,385,353
Prime Bank Limited, Islami Banking Branch	243,179,567	226,447,198
Islami Bank Bangladesh Limited	4,681,817	3,883,740
Social Islami Bank Limited	3,385,902	9,871,804
AB Bank Limited, Islami Banking Branch	32,472	226,529,620
	468,472,342	492,435,248
<b>Mudaraba Saving Deposit</b>		
Dhaka Bank Limited, Islami Banking Branch	1,097,213	21,181,981
Social Islami Bank Limited	173,812	3,014,893
Al-Arafah Islami Bank Limited	310,919	233,098
Islami Bank Bangladesh Limited	10,400,418	41,324,641
Southeast Bank Limited, Islami Banking Branch	222,571,159	142,706,158
Export Import Bank of Bangladesh Limited	2,058,538	2,767,289
First Security Islami Bank Limited	13,243	1,821,323
	236,625,302	213,049,396
	<b>729,262,926</b>	<b>771,921,272</b>

<b>5a.2 Outside Bangladesh (NOSTRO Account) Current Account</b>	Currency	F.C. Amount	Rate	Taka
Standard Chartered Bank, London, UK	GBP	9,961.24	128.9676	1,284,677.22
Standard Chartered Bank Ltd, Tokyo	JPY	172,413.00	0.9269	159,809.61
American Express Bank Ltd, Frankfurt	EUR	126,907.80	105.4486	13,595,147.04
AB Bank Ltd, Mumbai	ACU	1,825.27	79.7524	145,689.66
Standard Chartered Bank, New York	USD	2,973.55	79.7524	237,147.75
Mashreq Bank p.s.c, New York, U.S.A	USD	1,935,496.01	79.7524	154,360,451.99
IFIC Bank Ltd, Karachi, Pakistan	ACU	952.98	79.7524	76,002.44
Nepal Bangladesh Bank, Nepal	ACU	3,738.75	79.7524	298,174.29
Standard Chartered Bank, Colombo	ACU	52,345.11	79.7524	4,174,648.15
HSBC Ltd, Sydney, Australia	AUD	4,776.00	82.7032	394,990.48
BCP - Geneva, Switzerland	CHF	1,240.92	87.3616	108,408.76
CITIBANK N.A., New York, USA	USD	1,545,598.02	79.7524	123,265,351.53
HSBC Ltd, New York, USA	USD	128,480.93	79.7524	10,246,662.52
HSBC Ltd, Mumbai, India	ACU	273,945.35	79.7524	21,847,799.13
SCOTIA, Toronto, Canada	CAD	6,090.80	80.0405	487,510.68
Standard Chartered Bank, Mumbai (Placement)	USD	222,198.58	79.7524	17,720,870.03
ICICI, Mumbai, India	ACU	343,195.72	79.7524	27,370,682.34
HSBC, Karachi, Pakistan	ACU	658,818.59	79.7524	52,542,363.72
Bayerische Hypo-Und Vereinbank	EUR	2,974.90	105.4486	313,699.04
Habib American Bank USA	USD	39,425.64	79.7524	3,094,533.02
ICICI Bank, Hong Kong	USD	19,821.95	79.7524	1,580,848.08
Unicredit Italiano SPA	EUR	1,192.51	105.4486	125,748.51
Wachovia Bank, NY, USA	USD	250,943.81	79.7524	20,013,371.11
UBAF Hong Kong Ltd.	USD	93,692.96	79.7524	7,472,238.42
Habib Bank AG Zurich	CHF	4,492.61	87.3616	392,481.60
COMMERZBANK AG	EUR	4,537.02	105.4486	478,422.41
The National Comm. Bank, KSA	SAR	112,494.00	21.2667	2,392,376.15
Standard Chartered Bank, Mumbai	ACU	1,142,324.48	79.7524	91,103,118.96
Mashreq Bank, London	EUR	3,219.93	105.4486	339,537.11
JPMORGAN CHASE BANK, N.A.	USD	61,576.08	79.7524	4,910,840.16
COMMERZBANK AG Frankfurt	USD	141,810.61	79.7524	11,309,736.49
Wells Fargo Bank N. A. London, UK	EUR	43,029.41	105.4486	4,537,391.04
Sonali Bank (UK) Ltd	USD	115,640.87	79.7524	9,222,636.92
Sonali Bank (UK) Ltd	GBP	10,136.80	128.9676	1,307,318.77
				<b>586,878,365</b>

#### Currency wise Distribution:

#### Foreign Currency

	BDT	Composition
USD/ACU	560,962,847	95.58%
EUR	19,387,945	3.30%
GBP	2,591,996	0.44%
JPY	159,810	0.03%
AUD	394,990	0.07%
CAD	487,511	0.08%
CHF	500,890	0.09%
SAR	2,392,376	0.41%
	<b>586,878,365</b>	<b>100%</b>

For details comparative statement of 2012 & 2011 of foreign currency amount and rate thereof see 'Annexure-C'

<b>5a.3</b>	In accordance to Bangladesh Bank Foreign Exchange Policy Department, Circular FEPD (DEMO/01/2005-6/77) dated 13-09-2005, the quarterly review of NOSTRO Accounts for the quarter ended 31. December 2012 reflect the true state of the NOSTRO Account entries are correctly recorded after reviewed a separate audit certificate have also been given by the auditor. The status of all outstanding unmatched entries are given below:
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	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	45	3,16,216.36	112	5,751,685.65	186	5,378,019.45	303	11,146,983.31
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	-	-	-	-	-	-	-	-
	<b>45</b>	<b>3,16,216.36</b>	<b>112</b>	<b>5,751,685.65</b>	<b>186</b>	<b>5,378,019.45</b>	<b>303</b>	<b>11,146,983.31</b>

	2012 Taka	2011 Taka
5a.4 Maturity-wise groupings of balance with other banks and financial institutions		
On Demand	632,339,924	753,431,701
Not more than 3 months	683,801,367	686,310,198
More than 3 months but less than 1 year	-	-
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	1,316,141,291	1,439,741,899

<b>6 Consolidated Placement with other Banks &amp; Financial Institutions</b>		
Shahjalal Islami Bank Ltd (note-6(a))	9,253,993,287	6,835,381,635
Shahjalal Islami Bank Securities Ltd	684,989,644	767,483,164
	9,938,982,931	7,602,864,799
Less: Inter Company Transaction	684,989,644	767,483,164
	<b>9,253,993,287</b>	<b>6,835,381,635</b>

<b>6a Placement with other Banks &amp; Financial Institutions of the Bank</b>		
Placement with other Banks (note-6(a).1)	7,873,993,287	5,075,381,635
Placement with Financial Institutions (note-6(a).2)	1,380,000,000	1,760,000,000
	<b>9,253,993,287</b>	<b>6,835,381,635</b>

<b>6a.1 Mudaraba Term Deposits-other Banks</b>		
AB Bank Limited, Islami Banking Branch	400,000,000	400,000,000
Dhaka Bank Ltd, Islami Banking Branch	200,000,000	200,000,000
Al-Arafah Islami Bank Ltd.	700,000,000	200,011,518
ICB Islamic Bank Limited	373,993,287	375,370,117
Social Islami Bank Limited	1,700,000,000	1,900,000,000
Export Import Bank of Bangladesh Limited	1,250,000,000	1,300,000,000
Premier Bank Ltd, Islami Banking Branch	1,150,000,000	200,000,000
Bank Asia Ltd, Islami Banking Branch	200,000,000	-
The City Bank Limited, Islami Banking Branch	1,000,000,000	-
Jamuna Bank Limited, Islami Banking Branch	700,000,000	-
First Security Islami Bank Limited	200,000,000	-
Southeast Bank Ltd, Islami Banking Branch	-	500,000,000
	<b>7,873,993,287</b>	<b>5,075,381,635</b>
<b>6a.2 Mudaraba Term Deposits-Financial Institutions</b>		
Midas Financing Limited	100,000,000	200,000,000
Prime Finance & Investment Ltd.	100,000,000	200,000,000
Peoples Leasing & Financial Services Ltd.	340,000,000	340,000,000
Bangladesh Industrial Finance Company Ltd	150,000,000	150,000,000
Premier Leasing Int'l Ltd.	100,000,000	100,000,000
Phoenix Finance & Investments Ltd	20,000,000	300,000,000
International Leasing & Financial Services Ltd	250,000,000	300,000,000
Uttara Finance & Investment Ltd	200,000,000	-
First Lease Finance & Investment Ltd	50,000,000	-
Farast Finance & Investment Ltd	50,000,000	-
Haji Finance Company Limited	20,000,000	-
Lanka Bangla Finance Limited	-	70,000,000
Industrial and Infrastructure Development Finance Company Ltd	-	50,000,000
Union Capital Limited	-	50,000,000
	<b>1,380,000,000</b>	<b>1,760,000,000</b>
	<b>9,253,993,287</b>	<b>6,835,381,635</b>

<b>6a.3 Maturity-wise groupings of placement with other Banks and Financial Institutions</b>		
On Demand	-	-
Not more than 3 months	3,420,000,000	2,490,000,000
More than 3 months but less than 1 year	5,460,000,000	3,970,011,518
More than 1 year but less than 5 years	373,993,287	376,570,117
More than 5 years	-	-
	<b>9,253,993,287</b>	<b>6,836,581,635</b>

<b>7 Consolidated Investment in Securities Government</b>		
Shahjalal Islami Bank Ltd (note-7a)	3,450,000,000	2,000,000,000
Shahjalal Islami Bank Securities Ltd	-	-
	<b>3,450,000,000</b>	<b>2,000,000,000</b>

<b>Others</b>		
Shahjalal Islami Bank Ltd (note-7a)	1,712,531,384	1,376,918,927
Shahjalal Islami Bank Securities Ltd	1,407,827,144	1,111,618,807
	3,120,358,528	2,488,537,734
	<b>6,570,158,928</b>	<b>4,488,537,734</b>

<b>7a Investment in Securities of the Bank</b>		
<b>Government</b>		
Government Bond (Islamic Investment Bond) (note 7a.2)	3,450,000,000	2,000,000,000
	<b>3,450,000,000</b>	<b>2,000,000,000</b>

<b>Others</b>		
Mudaraba Perpetual Bond, Islami Bank Bangladesh Ltd.	47,550,542	47,550,542
Investment in Shares (note 7a.3)	1,657,980,942	1,322,368,385
Advance for share of Lanka Bangla Securities Ltd	5,000,000	5,000,000
Market Stabilization Fund Asset Management Co. Ltd	2,000,000	2,000,000
	<b>1,712,531,384</b>	<b>1,376,918,927</b>
	<b>6,570,158,928</b>	<b>4,488,537,734</b>

<b>7a.1 Maturity-wise Grouping of Investment in Securities:</b>		
On demand	-	-
Not more than 3 months	2,110,531,384	1,774,918,927
More than 3 months but less than 1 year	1,150,000,000	900,000,000
More than 1 year but less than 5 years	1,900,000,000	700,000,000
More than 5 years	2,000,000	2,000,000
	<b>5,162,531,384</b>	<b>3,376,918,927</b>

<b>7a.2</b>	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 to be considered as a component of Statutory Liquidity Ratio (SLR).
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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 prefixed.

<b>7a.3 Investment in shares (Quoted)</b>		
Makson Spinning Mills Limited	63,955,630	63,955,630
Metro Spinning Mills Limited	65,855,505	65,855,505
Beacon Pharmaceuticals Limited	39,266,541	39,266,541
Eastern Housing Limited	172,040,794	166,063,283
Fine Foods Limited	128,883,872	128,856,417
Quasem Drycells Limited	118,062,557	94,687,293
Goldenson Limited	52,587,644	34,037,668
Export Import Bank of Bangladesh Limited	118,355,157	83,736,584
RAK Ceramics (Bangladesh) Limited	2,046,451	12,657,026
The Dacca Dyeing & Mfg. Co.	177,918,614	125,617,315
Jamuna Oil Company Limited	47,584,482	37,401,731
Beximco Pharmaceuticals Limited	30,685,664	36,947,126
AIBL 1st Islamic Mutual Fund	64,269,660	50,000,000
Beximco Limited	40,418,403	17,965,408
Al-Arafah Islami Bank Limited	77,660,385	55,810,411
Islami Bank Bangladesh Limited	92,929,941	89,815,541
Social Islami Bank Limited	62,556,470	43,223,244
First Security Islami Bank Ltd.	22,874,559	14,918,315
M.I. Cement Factory Ltd	19,934,910	46,481,938
MJL Bangladesh Ltd	87,307,224	64,498,640
Square Pharmaceuticals Ltd	16,622,934	15,991,829
Far-east Islami Life Ins. Co. Ltd	13,949,128	-
Grameenphone Ltd	15,752,883	-
Meghna Petroleum Limited	51,506,280	-
Lafarge Surma Cement Limited	43,057,984	-
Navana CNG Limited	12,554,168	-
Confidence Cement Ltd	1,440,500	-
Square Textile Ltd	3,120,128	-
Titas Gas Transmission And Distribution Co. Ltd	15,082,354	-
GPH Ispat Limited	-	14,552,950
	<b>1,657,980,942</b>	<b>1,322,368,385</b>

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

<b>8 Consolidated Investments (Loans and Advances)</b>		
Shahjalal Islami Bank Ltd (note-8a)	83,125,143,636	68,795,477,946
Shahjalal Islami Bank Securities Ltd	4,779,254,946	4,056,308,040
	87,904,398,582	72,851,785,986
Less: Inter Company Transaction (Investment)	2,655,617,138	2,091,104,173
	<b>85,268,781,444</b>	<b>70,760,681,913</b>

<b>Bills Purchased and Discounted :</b>		
Shahjalal Islami Bank Ltd (note-8a)	13,059,660,088	11,796,983,737
Shahjalal Islami Bank Securities Ltd	-	-
	<b>13,059,660,088</b>	<b>11,796,983,737</b>

<b>8a Investments of the Bank (Loans and Advances) Country-wise Classification of Investments: Inside Bangladesh</b>		
Gross Murabaha, Bai-Muajjal etc	88,565,037,009	72,530,498,178
Less: Profit receivable on Murabaha, Bai-Muajjal etc (Mark-up profit on unearned income)	5,439,893,373	3,735,020,232
Net Murabaha, Bai-Muajjal etc	<b>83,125,143,636</b>	<b>68,795,477,946</b>





# Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

## FINANCIAL STATEMENTS 2012

### For the year ended December 31, 2012

**10a.3** Shahjalal Islami Bank Limited invested Tk. 191.50 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. 214.00 crore divided into 21,40,00,000 ordinary shares @ Tk. 10 each and bank hold 89.49% of its paid-up capital.

**10a.4** SJIBL General Account represents outstanding Inter-Branch and Head Office transactions (Net) originated but yet to be responded by the Balance Sheet date. The break-up of SJIBL general account are given below:

	Debit			Credit	
	No. of entry	Amount	No. of entry	Amount	
Up to 3 months	490	1,327,267,105	587	306,441,131	
Over 3 Months but within 6 months	-	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-	-
Over 1 year but within 5 years	-	-	-	-	-
	<b>490</b>	<b>1,327,267,105</b>	<b>587</b>	<b>306,441,131</b>	

**Net unreconcile amount** **1,020,825,974**

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

	2012 Taka	2011 Taka
<b>11 Consolidated Placement from other Banks &amp; Financial Institutions</b>		
Shahjalal Islami Bank Ltd (note-11a)	14,500,000,000	10,770,000,000
Shahjalal Islami Bank Limited	38,356,137	2,791,104,913
Shahjalal Islami Bank Securities Ltd	18,335,617,138	13,561,104,913
Less: Inter Company transaction	2,635,617,138	2,091,104,913
	<b>15,700,000,000</b>	<b>11,470,000,000</b>

<b>11a Placement from other Banks &amp; Financial Institutions of the Bank</b>	2012 Taka	2011 Taka
Islami Investment Bond from Bangladesh Bank (note-11a.1)	5,150,000,000	3,570,000,000
Mudaraba Term Deposit from other Banks (note-11a.2)	9,350,000,000	7,200,000,000
	<b>14,500,000,000</b>	<b>10,770,000,000</b>

**11a.1** The Bank has taken finance from Islami Investment Bond (Islamic Bond) at bank's own mudaraba savings rate (i.e. as on 31st December 2012 provisional rate was 4.00%) for 30/60/90/120/150/180 days tenor which introduced by the Government for Islami Banks and Financial Institutions in September 2004 through Bangladesh Bank. The borrowing has been secured by instruments of Mudaraba Term Deposit with other organisations, Accepted bills of different branches and Demand Promissory Notes.

<b>11a.2 Mudaraba Term Deposit from other Banks</b>	2012 Taka	2011 Taka
Dhaka Bank Ltd., Islami Banking Branch	2,000,000,000	2,000,000,000
Social Islami Bank Limited	3,500,000,000	3,200,000,000
Islami Bank Bangladesh Limited	1,150,000,000	200,000,000
Premier Bank, Islami Banking Branch	1,250,000,000	1,000,000,000
EXIM Bank Ltd	300,000,000	100,000,000
Bank Asia Limited, Islami Banking Branch	200,000,000	200,000,000
Al-Arafah Islami Bank Ltd	700,000,000	400,000,000
AB Bank Limited, Islami Banking Branch	50,000,000	-
Agrani Bank Limited, Islami Banking Branch	9,350,000,000	7,200,000,000

<b>12 Consolidated Deposits and Other Accounts</b>	2012 Taka	2011 Taka
<b>Al-Wadiah Current Deposit &amp; Other Accounts:</b>		
Shahjalal Islami Bank Ltd (note-12a)	8,986,633,572	7,464,055,139
Shahjalal Islami Bank Securities Ltd	<b>8,986,633,572</b>	<b>7,464,055,139</b>

**Bills Payable:**  
Shahjalal Islami Bank Ltd (note-12a)  
Shahjalal Islami Bank Securities Ltd

**Mudaraba Savings Deposits:**  
Shahjalal Islami Bank Ltd (note-12a)  
Shahjalal Islami Bank Securities Ltd

**Mudaraba Term Deposits:**  
Shahjalal Islami Bank Ltd (note-12a)  
Shahjalal Islami Bank Securities Ltd

Less: Inter Company transaction

**Other Mudaraba Deposits:**  
Shahjalal Islami Bank Ltd (note-12a)  
Shahjalal Islami Bank Securities Ltd

Less: Inter Company transaction

<b>12a Deposits and Other Accounts of the Bank</b>	2012 Taka	2011 Taka
<b>Al-Wadiah Current Deposit &amp; Other Accounts:</b>		
Al-Wadiah Current Deposit	3,352,521,441	2,846,949,033
Foreign Currency Deposits	498,343,098	472,948,384
Non-Resident Taka Account	6,123,575	5,579,663
Sundry Deposits	<b>5,191,795,023</b>	<b>4,136,673,537</b>
	<b>8,986,633,572</b>	<b>7,464,055,139</b>

Less: Off-Shore Banking Units

**Bills Payable:**  
**Payable inside Bangladesh**

Payment Order Issued  
Demand Draft Payable  
Telegraphic Transfer Payable  
Instant Cash Payable  
Bank Cheque Issued  
Turbo Cash Payable  
Electronic Fund Transfer

**Payable outside Bangladesh**

**Mudaraba Savings Deposits:**  
General Deposits  
Deposit from Other Banks

**Mudaraba Term Deposits:**  
General Deposits

**Other Mudaraba Deposits:**  
Mudaraba Short Notice Deposits  
Mudaraba Scheme Deposit (note - 12a.1)

<b>12a.1 Mudaraba Scheme Deposits:</b>	2012 Taka	2011 Taka
Millionaire Scheme	2,557,986,216	1,894,886,827
Multiple Benefit Scheme	5,077,377,778	4,443,475,270
Monthly Income Scheme	6,039,168,015	1,926,098,489
Monthly Deposit Scheme	6,756,044,115	5,559,969,086
Haji Scheme	56,655,363	36,523,615
Cash Waqf	2,919,470	2,576,399
Housing Deposit Scheme	24,628,965	20,520,374
Lakhpoti Deposit Scheme	84,822,503	90,356,138
Mohor Deposit Scheme	87,730,246	74,059,146
Education Deposit Scheme	35,245,605	26,618,777
Marriage Deposit Scheme	31,320,490	24,331,926
	<b>20,759,896,766</b>	<b>14,101,417,126</b>

<b>12a.2 Deposits and Other Accounts:</b>	2012 Taka	2011 Taka
General Deposits	101,739,262,988	83,012,716,871
Deposits from Other Banks (note: 12a.3)	437,611,560	337,334,010
	<b>102,176,874,548</b>	<b>83,350,050,881</b>

<b>12a.3 Deposit from Other Banks</b>	2012 Taka	2011 Taka
<b>Mudaraba Special Notice Deposit:</b>		
Export Import Bank of Bangladesh Limited	13,471,057	4,961,451
AB Bank Limited	7,228,472	212,154,225
Jamuna Bank Limited	91,246,866	100,436,806
Al-Arafah Islami Bank Ltd	42,650	4,586,187
Social Islami Bank Limited	1,503,864	1,439,151
National Credit and Commerce Bank Ltd	514,309	-
	<b>114,007,218</b>	<b>223,582,820</b>

**Mudaraba Savings Deposit:**  
Social Islami Bank Limited  
ICB Islami Bank Limited  
Export Import Bank of Bangladesh Ltd  
Al-Arafah Islami Bank Ltd  
Islami Bank Bangladesh Limited  
AB Bank Limited

<b>12a.4 Maturity wise classification of Deposits are as under</b>	2012 Taka	2011 Taka
<b>With a residual maturity of</b>		
Repayable on demand	4,569,970,813	3,417,192,017
Within 1 month	10,304,188,828	11,322,956,282
Over 1 months but not more than 6 months	24,285,717,076	19,210,772,723
Over 6 months but not more than 1 year	19,171,879,335	16,468,376,620
Over 1 year but not more than 5 years	23,339,679,190	19,896,871,749
Over 5 years	20,005,439,307	13,035,881,491
	<b>102,176,874,548</b>	<b>83,350,050,881</b>

<b>13 Consolidated Other Liabilities</b>	2012 Taka	2011 Taka
Shahjalal Islami Bank Ltd (note-13a)	6,373,574,677	5,084,677,379
Shahjalal Islami Bank Securities Limited	1,915,401,613	1,766,309,970
Less: Inter Company transaction	8,288,976,280	6,850,987,249
	<b>6,818,780,350</b>	<b>5,684,272,266</b>

<b>13.1 Consolidated Provision for Taxation</b>	2012 Taka	2011 Taka
<b>Provision for Current tax</b>		
Shahjalal Islami Bank Ltd (note-13a.2)	6,101,509,736	4,289,480,587
Shahjalal Islami Bank Securities Ltd	91,927,293	58,915,310
	<b>6,193,437,029</b>	<b>4,348,395,897</b>

**Advance tax**  
Shahjalal Islami Bank Ltd (note-13a.2)  
Shahjalal Islami Bank Securities Ltd

**Balance at the end of the year**

<b>13.2 Consolidated current tax expenses</b>	2012 Taka	2011 Taka
Shahjalal Islami Bank Ltd (note-13a.2)	1,786,186,274	1,188,019,918
Shahjalal Islami Bank Securities Ltd	33,011,983	58,915,310
	<b>1,819,198,257</b>	<b>1,246,935,228</b>

<b>13a Other Liabilities of the Bank</b>	2012 Taka	2011 Taka
Profit Payable on Deposits	1,986,034,189	1,886,140,531
Provision for Investment [note 13a.1 (a) & (b)]	2,040,988,403	1,348,488,403
Provision for Off-Balance Sheet items [note 13a.1(c)]	441,000,000	341,000,000
Provision for others [note 13a.1(d)]	6,500,000	6,500,000
Provisions for Investment in Securities [note 13a.1(e)]	370,000,000	250,000,000
Provision for Taxation (note 13a.2)	1,225,373,512	1,001,290,487
Profit Suspense & Compensation Account [note 13a.1(f)]	236,385,363	98,892,837
Other Payable	44,305,421	97,054,432
Adjusting Account Credit	42,887,769	29,792,871
SJIBL General Account-Net	25,518,018	-
	<b>6,373,574,677</b>	<b>5,084,677,379</b>

<b>13a.1 Provision for Investment:</b>	2012 Taka	2011 Taka
<b>(a) Provision on Classified Investment:</b>		
Provision held at the beginning of the year	423,009,403	268,009,403
Provision transferred from provision for Investment in Securities	-	25,000,000
Net charge to Profit & Loss Account	650,000,000	130,000,000
<b>Provision held at the end of the year</b>	<b>1,073,009,403</b>	<b>423,009,403</b>

<b>(b) General Provision on Unclassified Investment:</b>	2012 Taka	2011 Taka
Provision held at the beginning of the year	925,479,000	720,479,000
Provision transferred from provision for Off-Balance Sheet items	42,500,000	180,000,000
Addition during the year	<b>967,979,000</b>	<b>925,479,000</b>
<b>Balance at the end of the year</b>	<b>2,040,988,403</b>	<b>1,348,488,403</b>

<b>(c) General Provision on Off-Balance Sheet Items:</b>	2012 Taka	2011 Taka
Provision held at the beginning of the year	341,000,000	278,000,000
Addition during the year	100,000,000	63,000,000
<b>Balance at the end of the year</b>	<b>441,000,000</b>	<b>341,000,000</b>
<b>Total Provision for Investments &amp; Off-Balance Sheet (a+b+c)</b>	<b>2,481,988,403</b>	<b>1,689,488,403</b>

<b>(d) Provision for other Assets:</b>	2012 Taka	2011 Taka
Provision held at the beginning of the year	6,500,000	6,500,000
Addition during the year	<b>6,500,000</b>	<b>6,500,000</b>

<b>(e) Provision for Investment in Securities:</b>	2012 Taka	2011 Taka
Provision held at the beginning of the year	250,000,000	62,500,000
Provision transferred to provision on Unclassified Investment	-	25,000,000
Provision transferred to provision on Classified Investment	120,000,000	237,500,000
Addition during the year	<b>370,000,000</b>	<b>250,000,000</b>

As per the notification of Bangladesh Bank, the Bank has exercised the option to defer the shortfall of Tk. 129,707,342 arising from difference in cost price and market value of portfolio investment at 31 December 2012 in four quarterly instalments in 2013. Due to taking of this option the Bank is not permitted to declare any cash dividend.

<b>(f) Profit Suspense &amp; Compensation Account:</b>	2012 Taka	2011 Taka
Balance at the beginning of the year	98,892,837	78,923,422
Amount transferred to suspense account during the year	178,811,526	74,937,011
Amount recovered from suspense account during the year	26,553,956	54,967,596
Amount written off/waived during the year	15,055,041	-
<b>Balance at the end of the year</b>	<b>236,385,363</b>	<b>98,892,837</b>

<b>(g) Provision for Taxation</b>	2012 Taka	2011 Taka
<b>Provision for Current tax</b>		
Balance at the beginning of the year	4,289,480,587	3,068,352,797
Add: Provision made during the year	1,786,186,274	1,188,019,918
Add: Provision made on other income during the year (Shariah non-allowable)	25,842,875	33,107,872
<b>Balance at the end of the year</b>	<b>6,101,509,736</b>	<b>4,289,480,587</b>

<b>Advance tax</b>	2012 Taka	2011 Taka
Balance at the beginning of the year	3,288,190,100	2,552,795,963
Paid during the year	1,587,946,124	735,394,137
<b>Balance at the end of the year</b>	<b>4,876,136,224</b>	<b>3,288,190,100</b>

<b>13a.2 Provision for Current Tax made during the year</b>	2012 Taka	2011 Taka
Income tax @ 42.50% on estimated taxable Business profit	1,808,290,371	1,207,429,049
Income tax @ 20.00% on Dividend Income	1,770,382	12,633,772
Income tax @ 10% on Capital gain on sale of shares	3,119,194,189	7,684,959
Estimated total provision required	<b>1,811,964,699</b>	<b>1,221,127,790</b>

<b>Computation of Taxable Business Profit</b>	2012 Taka	2011 Taka
Profit before Tax	3,534,580,957	2,387,390,899
Add: Inadmissible expenditures	896,405,247	801,410,304
Less: Allowable Expenditure & Separate consideration	176,185,332	347,791,677
<b>Estimated Taxable Business Profit for the year</b>	<b>4,254,800,872</b>	<b>2,841,009,526</b>

<b>(f) Profit Suspense &amp; Compensation Account:</b>	2012 Taka	2011 Taka
Balance at the beginning of the year	98,892,837	78,923,422
Amount transferred to suspense account during the year	178,811,526	74,937,011
Amount recovered from suspense account during the year	26,553,956	54,967,596
Amount written off/waived during the year	15,055,041	-
<b>Balance at the end of the year</b>	<b>236,385,363</b>	<b>98,892,837</b>

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Amount recovered from suspense account during the year	26,553,956	54,967,596
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<b>Balance at the end of the year</b>	<b>236,385,363</b>	<b>98,892,837</b>

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Amount recovered from suspense account during the year	26,553,956	54,967,596
Amount written off/waived during the year	15,055,041	-
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Amount recovered from suspense account during the year	26,553,956	54,967,596
Amount written off/waived during the year	15,055,041	-
<b>Balance at the end of the year</b>	<b>236,385,363</b>	<b>98,892,837</b>

<b>(f) Profit Suspense &amp; Compensation Account:</b>	2012 Taka	2011 Taka
Balance at the beginning of the year	98,892,837	78,923,422
Amount transferred to suspense account during the year	178,811,526	74,937,011
Amount recovered from suspense account during the year	26,553,956	54,967,596
Amount written off/waived during the year	15,055,041	-
<b>Balance at the end of the year</b>	<b>236,385,363</b>	<b>98,892,837</b>

Income tax @ 20.00% on Dividend Income	1,770,382	12,633,772
Income tax @ 10% on Capital gain on sale of shares	1,903,946	1,064,969
Estimated total provision required	<b>1,811,964,699</b>	<b>1,221,127,790</b>
<b>Computation of Taxable Business Profit</b>		





# Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

## FINANCIAL STATEMENTS 2012

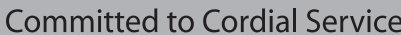
### For the year ended December 31, 2012

	2012 Taka	2011 Taka
<b>25 Consolidated Other Operating Income:</b>		
Shahjalal Islami Bank Ltd (note- 25a)	421,096,379	312,898,721
Shahjalal Islami Bank Securities Ltd	103,098,421	67,575,184
	<b>524,194,799</b>	<b>380,473,905</b>
Less: Inter Company Transaction	96,060,333	61,816,793
	<b>428,134,466</b>	<b>318,657,112</b>
<b>25a Other Operating Income of the Bank:</b>		
Postage, Telex, SWIFT & REUTERS	52,286,761	31,738,703
Incidental Charge	43,185	43,120
Supervision & Monitoring Charge	8,355,285	17,509,598
Other charges (note - 25a.1)	360,411,147	263,607,300
	<b>421,096,378</b>	<b>312,898,721</b>
<b>25a.1 Other Charges</b>		
Rent receipts	918,470	866,570
Charges on A/C closing	1,606,938	1,469,949
Charges on standing order	363,098	404,520
Charges on clearing returned	739,938	482,053
Cheque processing charge	141,030	305,449
Service charges on Ijara	6,471,316	1,940,950
Service charges on scheme investment	6,639,067	6,512,414
Service charges on Qard	620,731	640,466
Passport endorsement charge	74,490	82,100
PO/DD Cancellation charge	45,932	99,095
Branch banking services	11,505,758	13,464,531
Account maintenance fee	43,820,145	34,753,185
Recoveries from cheque issue	418,835	3,344,980
Income from sale of forms	1,539,774	890,181
Service charge on SUIBL VISA Card	4,320,562	2,963,534
Management Fees	1,266,275	7,125,710
Banker to the Issue Commission	458,412	919,566
Notice pay earnings	2,614,000	4,210,620
Rebate on Trade Finance	35,032,390	21,351,659
Miscellaneous income	241,814,016	161,778,789
	<b>360,411,147</b>	<b>263,607,300</b>
<b>26 Consolidated Salary &amp; Allowances:</b>		
Shahjalal Islami Bank Ltd (note- 26a)	1,015,821,095	943,767,823
Shahjalal Islami Bank Securities Ltd	51,661,537	31,926,056
	<b>1,067,482,632</b>	<b>975,693,879</b>
<b>26a Salary &amp; Allowances of the Bank:</b>		
Basic Salary	438,174,623	386,356,377
Allowances	354,087,359	295,033,461
Bonus	185,942,502	230,984,433
Bank's Contribution to Provident fund	37,716,612	31,394,552
	<b>1,015,821,095</b>	<b>943,767,823</b>
<b>27 Consolidated Rent, Taxes, Insurance, Electricity etc.:</b>		
Shahjalal Islami Bank Ltd (note- 27a)	264,483,686	212,171,186
Shahjalal Islami Bank Securities Ltd	25,746,798	15,289,325
	<b>290,230,484</b>	<b>227,460,511</b>
<b>27a Rent, Taxes, Insurance, Electricity etc of the Bank:</b>		
Rent, Rates & Taxes	157,607,355	134,602,380
Insurance	46,163,479	49,443,000
Electricity & Lighting	42,712,852	28,125,806
	<b>264,483,686</b>	<b>212,171,186</b>
<b>28 Consolidated legal Expenses:</b>		
Shahjalal Islami Bank Ltd (note- 28a)	746,951	832,025
Shahjalal Islami Bank Securities Ltd	27,500	65,000
	<b>774,451</b>	<b>897,025</b>
<b>28a Legal Expenses of the Bank:</b>		
Legal Fees & Charge	110,486	148,730
Other Legal Expenses	636,465	683,295
	<b>746,951</b>	<b>832,025</b>
<b>29 Consolidated Postage, Stamps, Telecommunication etc:</b>		
Shahjalal Islami Bank Ltd (note- 29a)	29,680,621	27,567,143
Shahjalal Islami Bank Securities Ltd	6,213,270	2,570,391
	<b>35,893,891</b>	<b>30,137,534</b>
<b>29a Postage, Stamps, Telecommunication etc of the Bank:</b>		
Postage	1,601,480	741,479
Leased line	16,785,566	17,374,894
Telegram, Fax, Telex & Internet charge	4,509,148	3,030,123
Telephone charges	4,201,103	4,453,581
Mobile phone charges	2,583,324	1,968,066
	<b>29,680,621</b>	<b>27,567,143</b>
<b>30 Consolidated Stationery, Printing, Advertisements etc:</b>		
Shahjalal Islami Bank Ltd (note- 30a)	68,087,924	40,291,698
Shahjalal Islami Bank Securities Ltd	1,012,844	1,470,384
	<b>69,100,768</b>	<b>41,762,052</b>
<b>30a Stationery, Printing, Advertisements etc of the Bank:</b>		
Table Stationery	8,285,130	7,732,670
Printing Stationery	7,878,020	7,063,367
Security Stationery	1,239,350	2,977,202
Computer Stationery	15,253,915	11,355,200
Advertisement	35,431,509	11,163,449
	<b>69,087,924</b>	<b>40,291,698</b>
<b>31 Chief Executive's Salary &amp; Fees of the Bank:</b>		
Basic Salary	6,656,833	6,000,000
Allowances	4,800,000	4,800,000
Bonus	2,100,000	1,200,000
Bank's Contribution to Provident fund	665,683	600,000
	<b>14,222,516</b>	<b>12,600,000</b>
<b>32 Directors' Fees &amp; Meeting Expenses of the Bank:</b>		
Directors' Fee	3,772,500	2,790,500
Meeting Expenses	1,734,916	1,305,658
	<b>5,507,416</b>	<b>4,096,158</b>
<b>33 Shariah Supervisory Committee's Fees &amp; Expenses of the Bank</b>		
Shariah Council Meeting Expenses	334,780	196,384
	<b>334,780</b>	<b>196,384</b>
<b>34 Consolidated auditors' Fees</b>		
Shahjalal Islami Bank Ltd (note- 34a)	350,000	300,000
Shahjalal Islami Bank Securities Ltd	25,000	25,000
	<b>375,000</b>	<b>325,000</b>
<b>34a Auditors' Fees of the Bank</b>		
Auditors Fees	350,000	300,000
	<b>350,000</b>	<b>300,000</b>
<b>35 Consolidated depreciation and Repair of Bank's Assets:</b>		
Shahjalal Islami Bank Ltd (note- 35a)	118,058,977	114,033,306
Shahjalal Islami Bank Securities Ltd	7,426,522	8,670,314
	<b>125,485,499</b>	<b>112,703,620</b>
<b>35a Depreciation and Repair of Bank's Assets:</b>		
<b>a) Depreciation of Bank's Assets (Annexure - B):</b>		
Land & Building	8,774,009	8,292,130
Furniture & Fixtures	32,662,360	28,738,358
Office Appliance & Equipment	57,753,978	59,254,169
Vehicles	4,669,639	4,172,445
Books	46,261	52,327
	<b>103,905,247</b>	<b>100,505,429</b>
<b>b) Repair on Bank's Assets:</b>		
Office Premises	859,564	3,011,200
Office Appliance & Equipment	7,222,513	5,845,265
Office Furniture & Fixtures	1,206,671	586,977
Vehicles	1,207,671	1,164,573
Others	3,657,311	2,915,892
	<b>14,153,730</b>	<b>13,523,797</b>
	<b>118,058,977</b>	<b>114,033,306</b>
<b>36 Zakat Expenses of the Bank</b>		
Zakat Expenses	60,655,118	59,228,905
	<b>60,655,118</b>	<b>59,228,905</b>
<b>37 Consolidated Other Expenses:</b>		
Shahjalal Islami Bank Ltd (note- 37a)	244,136,717	217,369,720
Shahjalal Islami Bank Securities Ltd	27,189,561	25,410,397
	<b>271,326,278</b>	<b>242,780,117</b>
<b>37a Other Expenses of the Bank:</b>		
Petrol, Oil and Lubricants	6,062,763	3,572,421
Entertainment	37,331,280	22,782,623
Donation and Subscription	3,986,470	1,872,460
Traveling and Conveyance	15,323,180	8,001,836
Training Expenses	1,321,420	2,469,956
Car expenses	43,646,156	34,301,808
Gratuity expenses	56,256,199	60,153,327
Papers & Periodicals	1,087,477	730,509
Utility	2,752,833	1,890,978
Uniform & Liveries	849,540	888,634
Bank Charges	631,159	1,072,431
Business development & Promotion	19,778,746	14,229,984
Upkeep and cleaning of office premises	5,167,512	4,371,198
Security Service-Outsourcing	10,347,054	4,987,196
Branch Operating Expenses	1,880,068	5,216,586
Credit Rating Expenses	200,000	250,000
SUIBL Card expenses	62,42,896	5,008,336
AGM & Meeting expenses	11,416,405	8,372,158
Brokerage House expenses	1,038,833	20,496,064
Capital Enhancement Fees	3,739,492	3,482,608
Contribution to Social Security Super Annuation Fund	1,000,000	1,000,000
Miscellaneous Expenses	14,077,165	12,715,608
	<b>244,136,717</b>	<b>217,369,720</b>
<b>38 Provision against Investment, Off-Balance Sheet &amp; Others</b>		
Shahjalal Islami Bank Ltd (note- 38a)	912,500,000	610,500,000
Shahjalal Islami Bank Securities Ltd	131,200,000	52,700,000
	<b>1,043,700,000</b>	<b>663,200,000</b>
<b>38a Provision against Investment, Off-Balance Sheet &amp; Others of the Bank</b>		
Provision on unclassified investment	42,500,000	180,000,000
Provision on classified investment	650,000,000	130,000,000
Provision on Off-Balance Sheet	100,000,000	63,000,000
Provision on Investment in Securities	120,000,000	237,500,000
Provision on Other Assets	-	-
	<b>912,500,000</b>	<b>610,500,000</b>
<b>39 Deferred Tax Expenses of the Bank</b>		
Closing deferred tax liability	126,205,869	107,340,666
Opening deferred tax liability	107,340,666	76,413,085
Deferred tax expense	<b>18,865,203</b>	<b>30,927,581</b>
<b>40 Consolidated Earnings Per Share (EPS)</b>		
Calculation of Earnings Per Share (note - 2.15):		
Net Profit after Tax	1,744,450,415	1,168,652,350
Number of Ordinary Shares outstanding (Denominator)	556,581,919	556,581,919
<b>Consolidated Earnings Per Share (EPS)</b>	<b>3.13</b>	<b>2.10</b>

Continue to next column

	Taka		Taka																
<b>Earnings Per Share of the Bank(EPS)</b>																			
Calculation of Earnings Per Share (note - 2.15):																			
Net Profit after Tax		1,729,529,480	1,168,443,400																
Number of Ordinary Shares outstanding (Denominator)		556,581,919	556,581,912																
<b>Earnings Per Share of the Bank (EPS)</b>		<b>3.11</b>	<b>2.10</b>																
Earnings per share has been calculated in accordance with BAS- 33: "Earnings Per Share (EPS)". Previous year's Earnings per Share of Tk. 2.62 has been adjusted to Tk. 2.10 due to issuance of 11,13,16,384 bonus shares of 2011 during the year-2012.																			
41	<b>Consolidated Investment Profit receipt</b>																		
	Shahjalal Islami Bank Ltd (note- 41a)	15,152,507,827	10,011,527,690																
	Shahjalal Islami Bank Securities Ltd	511,794,070	398,793,912																
		<b>15,664,301,897</b>	<b>10,410,321,602</b>																
41a	<b>Investment Profit receipt of the Bank</b>																		
	Investment Profit receipt (note 21a & 23a)	15,366,675,995	10,157,333,274																
	Add: Opening profit Receivable (note-10a.2)	280,925,402	135,119,819																
	Less: Closing profit receivable (note-10a.2)	495,093,570	280,925,402																
		<b>15,152,507,827</b>	<b>10,011,527,690</b>																
42	<b>Consolidated Profit Paid on Deposits</b>																		
	Shahjalal Islami Bank Ltd (note- 42a)	11,089,749,280	6,615,795,601																
	Shahjalal Islami Bank Securities Ltd	134,085,387	10,737,333																
		<b>11,223,834,667</b>	<b>6,626,532,934</b>																
42a	<b>Profit Paid on Deposits of the Bank</b>																		
	Profit Paid on Deposits (note-22a)	11,169,642,938	7,376,422,574																
	Add: Opening profit payable on deposit (note-13a)	1,886,140,531	1,125,513,558																
	Less: Closing profit payable on deposit (note-13a)	1,966,034,189	1,886,140,531																
		<b>11,089,749,280</b>	<b>6,615,795,601</b>																
43	<b>Consolidated Cash Receipt from other Operating activities (note - 25)</b>																		
	Shahjalal Islami Bank Ltd (note- 43a)	421,096,378	312,898,721																
	Shahjalal Islami Bank Securities Ltd	105,421,908	62,768,326																
		<b>526,518,286</b>	<b>375,667,047</b>																
43a	<b>Cash Receipt from other Operating activities of the Bank (note - 25a)</b>																		
	Postage & Telex Charge Recovery	52,286,761	31,738,703																
	Incidental Charge	43,185	43,120																
	Supervision & Monitoring Charge	8,355,285	17,509,598																
	Other charges (except income from sale of fixed assets)	360,411,147	263,607,300																
		<b>421,096,378</b>	<b>312,898,721</b>																
44	<b>Consolidated Cash Payment for other Operating activities</b>																		
	Shahjalal Islami Bank Ltd (note-44a)	620,049,019	535,285,398																
	Shahjalal Islami Bank Securities Ltd	59,921,314	43,549,030																
		<b>679,970,333</b>	<b>578,834,428</b>																
44a	<b>Cash Payment for other Operating activities of the Bank</b>																		
	Rent, Taxes, Insurance, Lighting etc. (note-27a)	264,483,686	212,171,186																
	Legal Expenses (note-28a)	746,951	832,025																
	Postage, Stamp, Telegram & Telephone (note-29a)	29,680,621	27,567,143																
	Directors' Fee & Expenses (note-32)	5,507,416	4,096,158																
	Shariah Supervisory Committee's Fees & Expenses (note-33)	334,780	196,384																
	Auditors' Fee(note-34a)	350,000	300,000																
	Repair, Maintenance of Bank's Assets (note-35a.b)	14,153,730	13,523,877																
	Zakat Expenses (note-36)	60,655,118	59,228,905																
	Other Expenses (note-37a)	244,136,717	217,369,720																
		<b>620,049,019</b>	<b>535,285,398</b>																
45	<b>Cash Increase/ Decrease in Consolidated Other Assets (note-10)</b>																		
	Shahjalal Islami Bank Ltd (note- 45a)	4,708,488,834	3,679,316,686																
	Shahjalal Islami Bank Securities Ltd	801,261,012	499,474,153																
		5,509,749,846	4,178,790,839																
	Less: Cash Increase/ (Decrease) through Inter Company transaction	2,849,404,305	2,849,930,214																
		<b>2,660,345,541</b>	<b>1,329,860,625</b>																
	<b>Cash (Increase)/ Decrease in Other Assets</b>	<b>(1,330,484,916)</b>	<b>(1,018,132,780)</b>																
45a	<b>Cash Increase/ Decrease in Other Assets of the Bank(note-10a)</b>																		
	Stock of Stationery and Stamps	27,771,767	15,153,763																
	Advance deposits and rent	129,968,631	102,777,355																
	Suspense Account	58,040,722	64,602,700																
	Advance Profit paid	272,823	272,823																
	Other Prepayments	4,630,178	2,889,752																
	Receivable from Shahjalal Islami Bank Securities Limited	1,447,529,812	1,194,364,126																
	Shahjalal Islami Bank Securities Ltd (note 10a.3)	1,915,000,000	1,915,000,000																
	Shahjalal Islami Bank Exchange House (USA) Ltd	40,593,972	-																
	Advance for new Branches	34,594,966	49,911,207																
	Advance Insurance premium	3,890,592	4,724,781																
	Clearing Adjustment Account	-	304,950,000																
	Other Receivables	25,369,397	54,670,179																
	SUIBL General Account-Net	1,020,825,974	-																
		<b>4,708,488,834</b>	<b>3,679,316,686</b>																
	<b>Cash (Increase)/ Decrease in Other Assets</b>	<b>(1,029,172,148)</b>	<b>(2,624,088,841)</b>																
46	<b>Cash Increase/ Decrease in Consolidated Other Liabilities (note-13)</b>																		
	Shahjalal Islami Bank Ltd (note- 46a)	176,010,723	215,239,759																
	Shahjalal Islami Bank Securities Ltd	1,097,549,435	1,275,091,059																
		1,273,560,158	1,490,330,818																
	Less: Cash Increase/ (Decrease) through Inter Company transaction	934,404,305	933,930,214																
		<b>339,155,853</b>	<b>556,400,604</b>																
	<b>Cash Increase/ (Decrease) in Other Liabilities</b>	<b>(217,244,751)</b>	<b>303,614,551</b>																
46a	<b>Cash Increase/ Decrease in Other Liabilities of the Bank(note-13a)</b>																		
	Other Payable	44,305,421	97,054,432																
	Taxation on other income & prior years	88,717,513	62,874,638																
	Adjusting account credit	42,987,789	29,792,671																
	SUIBL General Account	-	25,518,018																
		<b>176,010,723</b>	<b>215,239,759</b>																
	<b>Cash Increase/ (Decrease) in Other Liabilities</b>	<b>(39,229,036)</b>	<b>(37,346,294)</b>																
47	<b>Consolidated Cash and Cash Equivalent</b>																		
	Shahjalal Islami Bank Ltd (note- 47a)	14,120,035,545	10,938,589,572																
	Shahjalal Islami Bank Securities Ltd	819,750,460	947,399,641																
		14,939,786,005	11,885,989,213																
	Less: Cash Increase/ (Decrease) through Inter Company transaction	810,073,495	945,709,199																
		<b>14,128,712,510</b>	<b>10,940,280,014</b>																
47a	<b>Cash and Cash Equivalent of the Bank</b>																		
	Cash in Hand	1,042,509,898	828,581,466																
	Balance with Bangladesh Bank & Sonali Bank Ltd (as agent of Bangladesh Bank)	11,761,384,356	8,670,266,207																
	Balance with Other Banks & Financial Institutions	1,316,141,291	1,439,741,899																
		<b>14,120,035,545</b>	<b>10,938,589,572</b>																
48	<b>Number of Employees of the Bank</b>																		
	The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 or above were 1,881.																		
49	<b>Audit Committee of the Bank</b>																		
a)	<b>Particulars of Audit Committee</b>																		
	Pursuant to the BRPD Circular no. 12 dated 23 December, 2002 the Board of Directors <sup>1</sup> of the Bank formed a three members Audit Committee called "Board Audit Committee". The Board of Directors in its Meeting No. 167 held on 13-02-2013 reconstituted the Committee by the following members:-																		
	<table><thead><tr><th>Name</th><th>Status with the Bank</th><th>Status with the Committee</th><th>Educational Qualification</th></tr></thead><tbody><tr><td>Mr. Mosharraf Hossain</td><td>Independent Director</td><td>Chairman</td><td>Masters</td></tr><tr><td>Alhaj Syed Nurul Arefeen</td><td>Director</td><td>Member</td><td>MBA</td></tr><tr><td>Alhaj Abdul Halim</td><td>Director</td><td>Member</td><td>Bachelor</td></tr></tbody></table>	Name	Status with the Bank	Status with the Committee	Educational Qualification	Mr. Mosharraf Hossain	Independent Director	Chairman	Masters	Alhaj Syed Nurul Arefeen	Director	Member	MBA	Alhaj Abdul Halim	Director	Member	Bachelor		
Name	Status with the Bank	Status with the Committee	Educational Qualification																
Mr. Mosharraf Hossain	Independent Director	Chairman	Masters																
Alhaj Syed Nurul Arefeen	Director	Member	MBA																
Alhaj Abdul Halim	Director	Member	Bachelor																
	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)	<b>Meeting of Audit Committee</b>																		
	During 1 January to 31 December 2012, 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. 12 dated 23 December 2002.																		
	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.																		
c)	<b>Internal Control &amp; Compliance:</b>																		
	The following steps have been taken for implementation of Internal Control Procedure of the Bank:																		
	i) Internal Control & Compliance Division of the Bank carried out Internal Audit with a view to enforce 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. The Board also formed an Audit Team and they directly report to the Board Audit Committee. Sometimes internal audit team and board audit team conduct surprise visit to the branches. The above procedures and practice ensure internal compliance of the Bank.																		
	ii) Regular monitoring has been done for the effectiveness of the quality control policies and procedures with the effect to evaluate the application of internal Control System and Internal Audit Policy. Policy for financial risk, existing rules and regulations (internal and external), other obligations from controlling Authority, disclosure process of Financial Statements of the Bank.																		
	iii) To Establish Planning, Organizing and Supervising culture and monitoring of Audit and Inspection of the Branches and different divisions of Head Office and surprise inspection of the Branches.																		
	<b>Related Party Disclosures of the Bank:</b>																		
50	<b>Name of the Directors and their interest in different entities:</b>																		
50.1	<table><tbody><tr><td>Alhaj Anwer Hossain Khan</td><td>Chairman</td><td>i) Modern Group of Companies ii) Anwer Khan Modern Medical College iii) Modern Diagnostic Centre Limited iv) Anwer Khan Modern Hospital Ltd. v) Haz Sakawat Anwara Eye Hospital Ltd vi) Modern Diabetic Centre Ltd vii) Dhaka Telecommunication viii) Modern Environmental Technologies ix) Fareast Finance &amp; Investment Ltd x) Fareast Stocks &amp; Bonds Ltd xi) Kushiara Financial Services Ltd (UK) xii) Kushiara Cash &amp; Carry Ltd (UK)</td></tr><tr><td>Alhaj Md. Harun Miah</td><td>Vice Chairman</td><td>i) Holiday Planet</td></tr></tbody></table>	Alhaj Anwer Hossain Khan	Chairman	i) Modern Group of Companies ii) Anwer Khan Modern Medical College iii) Modern Diagnostic Centre Limited iv) Anwer Khan Modern Hospital Ltd. v) Haz Sakawat Anwara Eye Hospital Ltd vi) Modern Diabetic Centre Ltd vii) Dhaka Telecommunication viii) Modern Environmental Technologies ix) Fareast Finance & Investment Ltd x) Fareast Stocks & Bonds Ltd xi) Kushiara Financial Services Ltd (UK) xii) Kushiara Cash & Carry Ltd (UK)	Alhaj Md. Harun Miah	Vice Chairman	i) Holiday Planet												
Alhaj Anwer Hossain Khan	Chairman	i) Modern Group of Companies ii) Anwer Khan Modern Medical College iii) Modern Diagnostic Centre Limited iv) Anwer Khan Modern Hospital Ltd. v) Haz Sakawat Anwara Eye Hospital Ltd vi) Modern Diabetic Centre Ltd vii) Dhaka Telecommunication viii) Modern Environmental Technologies ix) Fareast Finance & Investment Ltd x) Fareast Stocks & Bonds Ltd xi) Kushiara Financial Services Ltd (UK) xii) Kushiara Cash & Carry Ltd (UK)																	
Alhaj Md. Harun Miah	Vice Chairman	i) Holiday Planet																	





**For the year ended December 31, 2012**

### Annexure-B

Investment in Shares & Securities						
(listed with Stock Exchanges) As at December 31, 2012						
Sl No	Name of Company	No. of Shares/ Securities	Market price per share	Market value Dec 31, 2012	Cost price Dec 31, 2012	Unrealised Gain/(loss)
1	Makson Spinning Mills Limited	1,141,950	17.80	20,326.70	63,955.630	(43,628.930)
2	Nesto Spinning Mills Limited	1,029,176	17.10	17,498.00	66,655.505	(49,157.505)
3	Bescon Pharmaceuticals Limited	901,950	16.50	14,882.175	39,298.541	(24,416.366)
4	Eastern Housing Limited	171,850	44.00	7,541.400	172,044.794	(164,503.394)
5	Fine Foods Limited	1,578,075	18.00	31,645.350	128,883.877	(97,238.527)
6	Quasem Dryceels Limited	1,836,640	40.70	74,751.248	118,067.257	(43,315.909)
7	Goldenson Limited	880,500	50.70	44,641.350	52,787.644	(7,946.294)
8	Export Import Bank of Bangladesh Limited	4,730,900	20.80	98,402.720	116,355.157	(19,952.437)
9	RAK Records (Bangladesh) Limited	5,875	56.80	333.700	2,046.451	(1,712.751)
10	The Dacca Dyering & Mfg. Co.	4,291,026	31.30	134,394.114	177,918.614	(43,608.500)
11	Jamuna Oil Company Limited	216,370	176.50	38,084.155	86,804.182	(8,980.287)
12	Bexmo Pharmaceuticals Limited	516,020	53.00	27,255.000	30,895.667	(3,640.667)
13	Beximco Limited	215,637	64.40	32,007.023	40,418.073	(7,211.380)
14	Al-Arafah Islami Bank Limited	2,834,090	25.10	71,135.659	77,660.385	(6,524.726)
15	Islami Bank Bangladesh Limited	2,163,000	42.80	92,576.400	92,928.941	(353.541)
16	Social Islami Bank Limited	2,671,250	19.40	51,822.250	62,256.470	(10,434.220)
17	First Security Islami Bank Ltd.	1,029,000	18.50	19,036.500	22,874.559	(3,838.059)
18	M.I. Cement Factory Ltd	210,700	82.90	17,467.030	19,934.910	(2,467.880)
19	MJL Bangladesh Ltd	954,600	79.70	76,086.620	87,307.724	(11,225.604)
20	Square Pharmaceuticals Ltd	1,000,000	188.60	188,600.000	187,584.154	1,015.846
21	Pratiyasha Life Ins. Co. Ltd	130,750	106.20	13,885.650	13,943.128	(57.478)
22	Greenphone Ltd	91,000	157.00	15,295.000	15,752.883	(457.883)
23	Meghna Petroleum Limited	283,690	158.50	44,964.865	51,506.290	(6,541.425)
24	Lafarge Surma Cement Limited	1,221,000	32.90	40,170.800	43,057.994	(2,887.094)
25	Navana CNG Limited	150,300	79.80	11,983.940	12,554.168	(560.228)
26	Confidence Cement Ltd	13,660	104.90	1,432.934	1,440.500	(7.566)
27	Square Textile Ltd	30,000	102.80	3,084.000	3,210.128	(126.128)
28	Thee Gas Transmission And Distribution Co. Ltd	210,000	65.30	13,713.000	15,082.254	(1,369.254)
29	ATBL Int Mutual Fund	7,033,500	1.40	51,925.700	64,269.690	(12,443.990)
30	TBBL Perpetual Bond	50,000	92.75	4,637.500	47,590.542	(2,953.042)
	<b>Total</b>			<b>1,205,624.642</b>	<b>1,705,531.384</b>	<b>(489,707.742)</b>

Provision for Investment in Shares is calculated on the basis of Bangladesh Bank Letter স্মৃ নং-ডিও.এস.  
(এসআর)১১৫৩/১৬১/২০১৩-৮৫ তারিখ: ০৪/০২/২০১৩

	<b><u>Taka</u></b>
<b>Provision requirement</b>	<b>498,707,342</b>
Provision maintained upto 30 September 2012 (a)	370,000,000
Provision maintained at the end of previous year (b)	250,000,000
Provision made during the year as per Bangladesh Bank Guideline (c=a-b)	120,000,000
<b>Provision maintain at the end of this year (b+c)</b>	<b>370,000,000</b>

## (Tk, In lac)

Sl. No.	Name of client	Outstanding		% of Investments to Total Capital				
		Funded	Non-funded	Total	Funded	Non-funded	Total	
1	Reedisha Knitex Ltd.	-	14,198.19	14,198.19				
	Reedisha Textipr Ltd.	3,426.23	1,653.61	5,079.84				
	Reedisha Trading & Distribution Co. P.A. Knit Composite Ltd.	837.88	114.04	1,052.02				
		7,622.24	46.20	7,668.44				
	<b>Group-total</b>	<b>12,216.45</b>	<b>16,012.14</b>	<b>28,228.59</b>	<b>11.05%</b>	<b>14.48%</b>	<b>25.53%</b>	
2	Nassa Basics Ltd.	7,832.28	12,476.91	20,409.19				
	Nassa Basic Wash Ltd.	605.95	-	605.95				
	Nassa Spinning Ltd.	3,789.95	-	3,789.95				
	<b>Group-total</b>	<b>12,226.93</b>	<b>12,476.91</b>	<b>24,803.84</b>	<b>11.15%</b>	<b>11.29%</b>	<b>22.44%</b>	
		<b>5,299.72</b>	<b>16,717.20</b>	<b>22,016.92</b>	<b>4.79%</b>	<b>15.12%</b>	<b>19.92%</b>	
3	Aswad Composite Mills Ltd.	4,307.20	9,017.91	13,325.11				
	Partex Rotor Spinning Mills Ltd.	138.92	-	138.92				
	Partex Spinning Mills Ltd.	-	130.90	130.90				
	Partex Plastic Ltd.	-	-	-				
	Partex Denim Mills Ltd.	46.08	-	46.08				
4	Amber Cotton Mills Ltd.	2,116.45	143.76	2,260.21				
	Partex Rotor Mills Ltd.	5,285.42	72.08	5,357.49				
	<b>Group-total</b>	<b>11,894.07</b>	<b>9,364.63</b>	<b>21,258.70</b>	<b>10.76%</b>	<b>8.47%</b>	<b>19.23%</b>	
					<b>11.15%</b>	<b>6.75%</b>	<b>17.90%</b>	
5	Sufia Cotton Mills Ltd.	12,326.84	7,457.59	19,784.43				
	Moonlight Garments Ltd.	-	2,999.14	2,999.14				
	Eshan Garments Ltd.	-	4,150.19	4,150.19				
	Nourish Poultry & Hatchery Ltd.	6,308.51	601.22	6,909.74				
	Nourish Agro Ltd.	4,058.80	114.83	4,173.63				
6	Telnet Communication Ltd.	170.36	5.50	175.86				
	Eshan Packaging & Printing Ltd.	59.39	-	59.39				
	<b>Group-total</b>	<b>10,542.36</b>	<b>7,870.89</b>	<b>18,413.25</b>	<b>9.54%</b>	<b>7.12%</b>	<b>16.66%</b>	
7	Chittagong Denim Mills Ltd.	1,811.72	6,905.44	8,717.65				
	Smart Jeans Ltd.	1,233.16	4,468.56	5,701.72				
	<b>Group-total</b>	<b>3,044.37</b>	<b>16,376.00</b>	<b>19,420.37</b>	<b>2.75%</b>	<b>14.81%</b>	<b>17.57%</b>	
8	Mahmud Indigo Ltd.	3,524.77	6,587.97	10,112.74				
	Mahmud Denims Ltd.	3,437.82	56.78	3,476.60				
	Mahmud Trading Corporation Ltd.	291.35	3,103.44	3,394.79				
	<b>Group-total</b>	<b>7,633.94</b>	<b>9,748.27</b>	<b>17,382.21</b>	<b>6.91%</b>	<b>8.82%</b>	<b>15.72%</b>	
9	Amotex Ltd/Standard Shoes Ltd/Transworld Swedex Ltd.	-	16,830.63	16,830.63				
	Bangladesh Steel Re-Rolling Mills & Its sister concerns.	6,258.94	9,741.95	16,000.89				
	Meghna Group Ltd.	5,270.48	10,599.07	15,869.55				
	Alam Knit (BD) Ltd.	1,409.51	5,800.51	7,210.02				
	Mondol Apparels Ltd.	215.45	3,748.46	4,323.92				
10	Mondol Knit Textile Ltd.	380.44	2,894.01	3,175.25				
	<b>Group-total</b>	<b>6,765.41</b>	<b>12,543.88</b>	<b>19,709.29</b>	<b>1.96%</b>	<b>11.35%</b>	<b>13.31%</b>	
13	M/S. S.K Steel	7,585.94	6,268.56	13,854.50				
	AIBL Capital Services Ltd.	12,988.52	-	12,988.52				
15	Sarker Steel Mills Ltd.	8,015.14	2,844.22	12,859.36				
	Leopold Pharmaceuticals Ltd.	2,004.80	2,004.80	4,009.60				
	Liberty Fashion Wears Ltd & Liberty Yarn Dyeing & Packaging Co.	2,694.77	7,899.25	12,674.02				
	Essential Drugs Ltd.	9,740.15	2,541.84	12,281.99				
	Sakshinagar Paper Mills Ltd. Shaghai News Print & Meghna Cement	14,410.00	495.17	14,905.17				
20	City Group	9,000.52	2,616.65	11,617.17				
	<b>Total</b>	<b>180,640.34</b>	<b>175,080.90</b>	<b>355,691.24</b>	<b>8.14%</b>	<b>2.55%</b>	<b>10.69%</b>	

Bank's total Capital as on 31 December 2012 is Tk. 1,10,553.01 lac

Highlights of Performance of Bank			
			(Amount in Taka)
SL	PARTICULARS	2012	2011
1	Paid up Capital	5,565,819,188	4,452,655,350
2	Total Capital ( Core + Supplementary)	11,055,301,210	9,183,271,730
3	Capital Surplus	2,074,161,210	1,130,591,730
4	Total Assets	132,822,977,304	107,228,861,656
5	Total Deposit	102,176,874,548	83,350,050,881
6	Total Investment (Loans & Advance)	96,184,803,724	80,592,461,683
7	Total Contingent Liabilities and Commitment	47,869,227,491	34,063,119,359
8	Investment Deposit Ratio (%)	69.64%	93.00%
9	Percentage of Classified Investment against total Investments	2.96%	1.89%
10	Profit after Tax and Provision	1,729,529,480	1,168,443,400
11	Amount of Classified Investment	2,842,267,138	1,522,507,000
12	Provisions kept against classified Investment	1,073,009,403	423,009,403
13	Provisions surplus	128,941,175	126,750,499
14	Cost of Fund	11.88%	10.98%
15	Profit Earning Assets	110,419,752,873	91,902,739,889
16	Non-Profit Earning Assets	22,403,224,431	15,326,121,767
17	Return on Investment in Securities (ROI)	2.16%	3.00%
18	Return on Assets (ROA)	1.44%	1.26%
19	Income from Investment in Securities	133,321,674	112,733,546
20	Earning Per Share	3.11	2.10
21	Net Income Per Share	3.11	2.10
22	Price Earning Ratio (Times)	9.17	15.48

Off-Shore Banking Unit  
**Balance Sheet**  
As At 31 December 2012

	Note	2012		2011
		USD	Taka	Taka
<b>PROPERTY AND ASSETS</b>				
<b>Cash</b>				
Cash in hand (Including Foreign Currencies)		-	-	-
Balance with Bangladesh Bank & Sonati Bank (Including Foreign Currencies)		-	-	-
		-	-	-
<b>Balance with other Banks and Financial Institutions</b>				
Inside Bangladesh		26,952.98	2,149,565	95,478
Outside Bangladesh	3	26,952.98	2,149,565	95,478
<b>Investments</b>				
General Investment etc.		-	-	-
Bills Purchased and Discounted		22,014,743.96	1,755,728,666	170,196,090
	4	22,014,743.96	1,755,728,666	170,196,090
<b>Fixed Assets Including Premises</b>				
<b>Other Assets</b>	5	2,384.26	190,150	-
<b>Non Banking Assets</b>		-	-	-
<b>Total Assets</b>		<u>22,044,081.20</u>	<u>1,758,068,381</u>	<u>170,291,568</u>
<b>LIABILITIES AND CAPITAL</b>				
<b>Liabilities</b>				
<b>Placement from other Banks &amp; Financial Institutions</b>	6	22,036,000.00	1,757,423,886	170,281,568
<b>Deposits and Other Accounts</b>				
Mudaraba Savings Deposits		100.00	7,975	-
Mudaraba Term Deposits		-	-	-
Other Mudaraba Deposits		-	-	-
Al-Wadeeah Current & Other Deposit		7,981.20	636,520	-
Accounts		-	-	-
Bills Payable	7	8,081.20	644,495	-
<b>Other Liabilities</b>		-	-	-
<b>Total Liabilities</b>		<u>22,044,081.20</u>	<u>1,758,068,381</u>	<u>170,291,568</u>

Continue to next column

## For the year ended 31 December 2012

Particulars	Cost				Rate of Depreciation	Depreciation				Written Down Value at 31 December 2012	Written Down Value at 31 December 2011
	Balance as on 1 January 2012	Additions during the year	Disposal/ Transfer during the year	Balance at 31 December 2012		Balance as on 31 January 2012	Transfer/ Adjustment during the year	Charge for the year	Balance at 31 December 2012		
Land	630,101,850	1,246,622,500	-	1,876,724,350		-	-	-	-	1,876,724,350	630,101,850
Building	396,138,080	66,137,814	-	462,275,894	2.25%	20,676,851	-	8,774,009	29,450,860	432,825,034	375,461,229
Furniture & Fixtures	355,404,606	80,243,610	-	435,648,216	10%-20%	95,098,222	-	32,662,360	127,760,582	307,887,633	260,306,384
Office Equipment	417,300,933	80,413,975	-	497,714,908	20%	169,410,202	-	57,753,978	227,164,180	270,550,728	247,890,731
Vehicles	25,545,123	3,192,643	-	28,737,766	20%	14,475,332	-	4,668,639	19,143,971	9,593,795	11,069,791
Books	589,526	57,915	-	647,441	20%	151,760	-	46,261	198,021	449,420	437,766
<b>Total</b>	<b>1,825,080,118</b>	<b>1,476,668,457</b>	<b>-</b>	<b>3,301,748,575</b>		<b>299,812,367</b>	<b>-</b>	<b>103,905,247</b>	<b>403,717,614</b>	<b>2,898,030,960</b>	<b>1,525,267,751</b>

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


SL. No.	Name of the Banks	Currency Name	2012			2011		
			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, London, UK	GBP	9,961.24	128.9676	1,284,677.22	8,638.65	126.6979	1,094,498.81
2	Standard Chartered Bank Ltd, Tokyo	JPY	172,413.00	0.9269	158,809.61	212,183.00	1.0524	223,301.39
3	American Express Bank Ltd, Frankfurt	EUR	128,907.80	105.4466	13,593,147.04	386.77	106.0940	41,033.98
4	AB Bank Ltd, Mumbai	ACU	1,825.27	79.7524	145,569.66	46,925.15	81.9892	3,847,355.51
5	Standard Chartered Bank, New York	USD	2,973.55	79.7524	237,147.75	1,147,646.47	81.9892	94,094,615.96
6	Mashreq Bank p.s.c. New York, U.S.A	USD	1,935,496.01	79.7524	154,360,451.99	720,677.30	81.9892	59,087,755.29
7	IFIC Bank Ltd. Karachi, Pakistan	ACU	952.98	79.7524	76,002.44	952.98	81.9892	78,134.07
8	Nepal Bangladesh Bank, Nepal	ACU	3,738.75	79.7524	298,174.29	20,263.75	81.9892	1,661,408.65
9	Standard Chartered Bank, Colombo	ACU	52,345.11	79.7524	4,174,648.15	2,156.21	81.9892	176,785.93
10	HSBC Ltd, Sydney, Australia	AUD	4,776.00	82.7032	394,990.48	922.15	82.7517	76,309.48
11	BCP - Geneva, Switzerland	CHF	1,240.92	87.3616	108,408.76	4,374.90	86.9820	380,537.55
12	CITIBANK N.A., New York, USA	USD	1,545,598.02	79.7524	123,265,151.53	1,174,012.15	81.9892	96,256,316.97
13	HSBC Ltd, New York, USA	USD	128,480.93	79.7524	10,246,662.52	929,957.57	81.9892	76,246,477.20
14	HSBC Ltd, Mumbai, India	ACU	273,945.35	79.7524	21,847,799.13	64,948.71	81.9892	5,325,092.77
15	SCOTIA, Toronto, Canada	CAD	6,090.80	80.0405	487,510.68	3,008.60	80.0598	240,867.91
16	Standard Chartered Bank, Mumbai (Placement)	USD	222,198.58	79.7524	17,720,870.03	222,191.34	81.9892	18,217,290.21
17	ICICI, Mumbai, India	ACU	343,195.72	79.7524	27,370,682.34	366,986.42	81.9892	30,088,922.99
18	HSBC, Karachi, Pakistan	ACU	658,818.59	79.7524	52,542,363.72	308,863.77	81.9892	25,323,493.41
19	Bayerische Hypo-Und Vereinbank	EUR	2,974.90	105.4466	313,699.04	8,836.02	106.0940	937,448.71
20	Habib American Bank USA	USD	38,425.59	79.7524	3,064,533.02	45,478.88	81.9892	3,728,776.99
21	ICICI Bank, Hong kong	USD	19,821.95	79.7524	1,580,848.09	17,384.58	81.9892	1,425,347.91
22	Unicredit Italiano SPA	EUR	1,192.51	105.4466	125,748.51	590.60	106.0940	62,659.12
23	Wachovia Bank, NY, USA	USD	250,943.81	79.7524	20,013,371.11	2,702,579.62	81.9892	221,582,340.98
24	UBAF Hong Kong Ltd.	USD	93,692.96	79.7524	7,472,238.42	41,102.34	81.9892	3,369,947.97
25	Habib Bank AG Zurich	CHF	492.61	87.3616	392,481.60	5,986.43	86.9820	520,711.65
26	COMMERZBANK AG	EUR	4,537.02	105.4466	478,422.41	1,115.35	106.0940	118,331.94
27	The National Comm. Bank, KSA	SAR	112,494.00	21.2667	2,392,376.15	112,494.00	21.8644	2,459,613.81
28	Standard Chartered Bank, Mumbai	ACU	1,142,324.48	79.7524	91,103,118.86	73,377.08	81.9892	6,016,128.09
29	Mashreq Bank, London	EUR	3,219.93	105.4466	339,537.11	69.47	106.0940	7,370.35
30	JPMORGAN CHASE BANK, N.A.	USD	61,576.08	79.7524	4,910,840.16	134,465.96	81.9892	11,024,756.49
31	COMMERZBANK AG Frankfurt	USD	141,810.61	79.7524	11,309,736.49	33,598.36	81.9892	2,754,702.66
32	Wells Fargo Bank,N. A. London, UK	USD	43,029.41	105.4466	4,537,391.04	12,746.17	106.0940	1,352,292.16
33	Sonali Bank (UK) Ltd	EUR	115,640.87	79.7524	9,222,636.92	-	-	-
34	Sonali Bank (UK) Ltd	GBP	10,136.80	128.9676	1,307,318.77	-	-	-
	<b>Total</b>				<b>586,878,365.04</b>			<b>667,820,626.21</b>


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
Off-Shore Banking Unit  
**Off- Balance Sheet Items**  
 As At 31 December 2012


Note	2012		2011
	USD	Taka	Taka
<b>CONTRACT LIABILITIES</b>			
Acceptances and Endorsements	-	-	-
Letters of Guarantee	-	-	-
Irrevocable Letters of Credit (including Back to Back Bills)	-	-	-
Bills for Collection	-	-	-
Other Contract Liabilities	-	-	-
<b>Total</b>	-	-	-
<b>OTHER COMMITMENTS</b>			
Documentary credits and short term trade related transactions	-	-	-
Forward assets purchased and forward deposits placed	-	-	-
Undrawn note issuance and revolving underwriting facilities	-	-	-
Undrawn formal standby facilities, credit lines and other commitments	-	-	-
<b>Total</b>	-	-	-
<b>TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTRACT LIABILITIES</b>	-	-	-

Accompanying notes form an integral part of these financial statements.


  
Chairman

  
Director

  
Director

  
Managing Director

Signed as per our annexed report of even date

  
Hoda Vasi Chowdhury  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**Profit before Provision**  
Specific provisions for Classified Investment  
General Provisions for Unclassified Investment  
Provisions for Other Assets  
**Total Provision**  
**Total Profit before Provisions for Taxation**  
Deferred Tax Expenses  
Current Tax Expenses

### Net Profit after Taxation

Retained Earnings from previous year	-	-	-
Add: Retained Earnings of Current year	587,682.79	46,869,113	1,579,484
<b>Retained Earnings carried forward</b>	<b>587,682.79</b>	<b>46,869,113</b>	<b>1,579,484</b>
Less: Retained earnings transferred to central operation	587,682.79	46,869,113	1,579,484

Less: Retained earnings transferred to central operation

Accompanying notes form an integral part of these financial statements



Managing Director

Signed as per our annexed report of even date

Hoda Vasi Chowdhury &amp; Co

Off-Shore Banking Unit  
**Cash Flow Statement**  
For The Year Ended 31 December 2012

		2012	2011
	USD	Taka	Taka
<b>Cash Flow from Operating Activities</b>			
Investment Income receipt in cash	670,922.72	53,507.697	1,708.284
Profit Paid on Borrowing	(64,108.10)	(5,112.775)	-
Fees & Commission received in cash	5.00	399	705
Cash Payments to Employees	(21,515.96)	(1,715,949.89)	(117,346)
Cash Payments to Suppliers	(431.82)	(34,439)	-
Receipts from other Operating activities	5,756.54	458,098	4,099
Payments for other Operating activities	(2,404.36)	(191,753)	(18,256)
<b>Operating Profit before changes in Operating Assets</b>	<b>588,224.02</b>	<b>46,912,277</b>	<b>1,579,484</b>
<b>Changes in Operating Assets and Liabilities</b>			
Investment to Customers	(19,938,908.49)	(1,585,532,576)	(170,196,090)
Other Assets	-	-	-
Deposits from other Banks	-	-	-
Deposits received from Customers	8,081.20	644,495	-
Other liabilities on account of customers	-	-	-
Other Liabilities	-	-	-
<b>Sub Total</b>	<b>(19,930,827.29)</b>	<b>(1,584,888,081)</b>	<b>(170,196,090)</b>
<b>A) Net Cash from Operating Activities</b>	<b>(19,342,603.27)</b>	<b>(1,537,975,804)</b>	<b>(168,616,606)</b>
<b>Cash flows from Investing Activities</b>			
Proceeds from Sale of fixed assets	-	-	-
Purchases of Property, Plant & Equipments	(2,925.49)	(233,315)	-
<b>B) Net Cash from Investing Activities</b>	<b>(2,925.49)</b>	<b>(233,315)</b>	<b>-</b>
<b>Cash flows from Financing Activities</b>			
Borrowing from Shajhjal Islami Bank Ltd	19,950,000.00	1,587,132,318	170,291,568
Profit transferred to Shajhjal Islami Bank Ltd	(587,682.79)	(46,869,113)	(1,579,484)
<b>C) Net Cash from Financing Activities</b>	<b>19,371,317.21</b>	<b>1,540,263,205</b>	<b>168,712,084</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>25,788.45</b>	<b>2,054,087</b>	<b>95,478</b>
Cash and cash equivalents at the beginning of the year	1,164.53	95,478	-
<b>F) Cash and cash equivalents at the end of the year (D+E)</b>	<b>26,952.98</b>	<b>2,149,565</b>	<b>95,478</b>

Accompanying notes form an integral part of these financial statements



Managing Director

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# Shahjalal Islami Bank

L I M I T E D

Committed to Cordial Service

## FINANCIAL STATEMENTS 2012

### For the year ended December 31, 2012

#### Off-shore Banking Unit

Notes to the financial statements  
For the year ended 31 December 2012

##### 1. Status of the Unit

Off-shore Banking Unit is a separate business unit of Shahjalal Islami Bank Limited, governed under the rules and Guidelines of Bangladesh Bank. The Bank obtained the 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 40/5, North Avenue, Gulshan-2, Dhaka-1212. The Off-shore Banking Unit is governed under the rules and guidelines of Bangladesh Bank.

##### 1.1 Nature of Business

The principal activities of the OBU are to provide commercial banking services through its Unit within the rules & regulations and guidelines applicable for the Off-shore Banking Units.

##### 2. Significant Accounting Policies

###### 2.1 Basis of accounting

The accounting records of the unit are maintains in USD forms and the financial statements are prepared 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 Standard adopted as Bangladesh Accounting Standards (BASO), 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 on a going concern basis.

###### 2.2 Common expense

- a. Expenditure for audit fees has not been separately accounted for in the Financial Statements.
- 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.
- a) Assets and liabilities & income and expenses have been converted to Taka currency @ US\$= Taka 79.7524 (weighted average rate as at 31st December 2012).

	2012	2011
	USD	Taka
3		
<b>Balance with Other Banks and Financial Institutions (Other than Mudaraba Term Fund)</b>		
Inside Bangladesh (Note - 3.1)	26,952.98	2,149,565
Outside Bangladesh	-	-
	<b>26,952.98</b>	<b>2,149,565</b>

3.1	<b>Inside Bangladesh</b>	
Shahjalal Islami Bank Ltd	26,952.98	2,149,565
	<b>26,952.98</b>	<b>2,149,565</b>

4	<b>Investments (Loans and Advances)</b>	
<b>Country-wise Classification of Investments:</b>		
<b>Inside Bangladesh</b>		
Gross Murabaha, Bai-Muajjal etc	-	-
Less: Profit receivable on Murabaha, Bai-Muajjal etc	-	-
Net Murabaha, Bai-Muajjal etc	-	-
Bills purchased and discounted-net (Note - 4.1)	22,014,743.96	1,755,728,666
<b>Out side Bangladesh</b>		
	<b>22,014,743.96</b>	<b>1,755,728,666</b>

4.1	<b>Bills Purchased and Discounted :</b>	
Payable inside Bangladesh	-	-
Payable outside Bangladesh	22,564,445.88	1,799,568,714
Gross Bills Purchased and Discounted	<b>22,564,445.88</b>	<b>1,799,568,714</b>
Less: Profit receivable on Bills Purchased and Discounted	549,701.92	43,840,047
Net Bills Purchased and Discounted	<b>22,014,743.96</b>	<b>1,755,728,666</b>

5	<b>Fixed Assets including Premises, Furniture &amp; Fixtures</b>	
<b>A. Cost:</b>		
Opening balance	-	-
Addition during the year	2,925.49	233,315
Less: Disposal during the year	-	-
<b>Closing balance at cost</b>	<b>2,925.49</b>	<b>233,315</b>
<b>B. Depreciation:</b>		
Opening balance	-	-
Addition during the year	541.23	43,164
Less: Adjustment on disposal during the year	-	-
<b>Accumulated Depreciation</b>	<b>541.23</b>	<b>43,164</b>
<b>Carrying value</b>	<b>2,384.26</b>	<b>190,150</b>

For details please refer to Annexure-A(ii)

6	<b>Placement from other Banks &amp; Financial Institutions</b>	
Borrowing from Shahjalal Islami Bank Ltd	22,036,000.00	1,757,423,886
	<b>22,036,000.00</b>	<b>1,757,423,886</b>

7	<b>Deposits and Other Accounts</b>	
Al-Wadiah Current Deposit	7,981.20	636,520
	<b>7,981.20</b>	<b>636,520</b>

	<b>Mudaraba Savings Deposit:</b>	
General Deposits	100.00	7,975
Deposit from Other Banks	-	-
	<b>100.00</b>	<b>7,975</b>

7.1	<b>Deposits and Other Accounts:</b>	
General Deposits	8,081.20	644,495
Deposits from Other Banks	-	-
	<b>8,081.20</b>	<b>644,495</b>

8	<b>Profit on Investment:</b>	
Profit received from Mudaraba Import Bills (UPAS)	670,922.72	53,507,697
	<b>670,922.72</b>	<b>53,507,697</b>

9	<b>Profit paid on Deposits &amp; Borrowing:</b>	
Profit paid on borrowings	64,108.10	5,112,775
	<b>64,108.10</b>	<b>5,112,775</b>

10	<b>Commission, Exchange &amp; Brokerage:</b>	
Commission from LC	5.00	399
	<b>5.00</b>	<b>399</b>

11	<b>Other Operating Income:</b>	
SWIFT & REUTERS	5,756.54	459,098
	<b>5,756.54</b>	<b>459,098</b>

12	<b>Salary &amp; Allowances:</b>	
Basic Salary	9,071.20	723,450
Allowances	7,840.38	625,290
Bonus	3,697.25	294,865
Bank's Contribution to Provident fund	907.12	72,345
	<b>21,515.96</b>	<b>1,715,949</b>

13	<b>Rent, Taxes, Insurance, Electricity etc.:</b>	
Rent, Rates & Taxes	1,622.55	129,402
Electricity & Lighting	580.56	44,706
	<b>2,183.11</b>	<b>174,108</b>

14	<b>Postage, Stamps, Telecommunication etc:</b>	
Telephone charges	147.50	11,763
	<b>147.50</b>	<b>11,763</b>

15	<b>Stationery, Printing, Advertisement etc:</b>	
Computer Stationery	332.31	26,503
Advertisement	99.51	7,936
	<b>431.82</b>	<b>34,439</b>

16	<b>Depreciation and Repair of Fixed Assets:</b>	
<b>Depreciation of Fixed Assets (Annexure A):</b>		
Furniture & Fixtures	45.37	3,618
Office Appliance & Equipment	495.86	39,546
	<b>541.23</b>	<b>43,164</b>

17	<b>Other Expenses:</b>	
Utility	73.75	5,882
	<b>73.75</b>	<b>5,882</b>

(BFRS), and for such internal control as management determines necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditors' 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 the auditor's 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, the auditor considers 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 (BFRS), give a true and fair view of the financial position as at 31 December 2012 and its financial performance for the year ended December 31, 2012 and its cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Act 1993, the Securities and Exchange Rules 1987, conditions and regulations issued by the 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 purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books;

(c) the company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred and payments made were for the purpose of the company's business for the year then ended.

Dhaka, Bangladesh  
Date: February 25, 2013

K. M. HASAN & CO.  
Chartered Accountants

#### Shahjalal Islami Bank Securities Limited

##### Statement of Financial Position

As At December 31, 2012

	Note	2012 Taka	2011 Taka
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	44,280,828	42,734,823
Investment in membership	5	518,500,000	518,500,000
		<b>562,780,828</b>	<b>561,234,823</b>
<b>Current assets</b>			
Investment to clients		4,779,254,946	4,056,308,040
Investment in securities through dealer account		889,127,144	593,118,807
Advances, deposits and prepayments	6	16,415,006	19,224,729
Accounts receivable	7	840,587,911	520,362,343
Cash and cash equivalents	8	819,750,460	947,399,641
		<b>7,345,145,467</b>	<b>6,136,413,560</b>
		<b>7,907,926,295</b>	<b>6,697,648,383</b>
<b>Total assets</b>			

##### EQUITY AND LIABILITIES

<b>Capital and reserves</b>			
Share capital	9	2,140,000,000	2,140,000,000
Retained earnings		16,907,544	233,500
		<b>2,156,907,544</b>	<b>2,140,233,500</b>
<b>Current liabilities</b>			
Short term borrowings	10	3,835,617,138	2,791,104,913
Accounts payable	11	1,699,993,922	1,555,006,584
Interim cash dividend payable		-	121,500,000
Other liabilities	12	8,765,414	6,945,505
Provision for income tax	13	22,742,277	30,157,881
Provision for investments in securities	14	108,900,000	52,700,000
General provision for margin investment		75,000,000	-
		<b>5,751,018,751</b>	<b>4,557,414,893</b>
		<b>7,907,926,295</b>	<b>6,697,648,383</b>
<b>Total equity and liabilities</b>			

(The annexed notes form an integral part of these financial statements)

For Shahjalal Islami Bank Securities Limited

Chief Executive Officer

Vice Chairman

Chairman

Dhaka, Bangladesh  
Date: February 25, 2013

K. M. HASAN & CO.  
Chartered Accountants

#### Shahjalal Islami Bank Securities Limited

##### Statement of Comprehensive Income

For the Year Ended December 31, 2012

	Notes	2012 Taka	2011 Taka
Brokerage Commission	15	125,892,853	109,704,863
Investment Income		510,436,778	398,793,912
Other Operating Income	16	19,319,765	35,306,061
Operating Income		855,649,396	543,804,836
Less: Operating expenses	17	66,432,761	47,876,789
Net income from Operation		589,216,635	495,928,047
Add: Other income	18	103,098,421	67,575,184
Total income		692,315,056	563,503,231
Less: Office and administrative expenses	19	52,870,271	32,556,058
Profit before financial expenses		639,444,785	530,947,173
Less: Financial expenses	20	458,558,758	297,598,363
<b>Profit before provision and tax</b>		<b>180,886,027</b>	<b>233,348,810</b>
Less: Provision for investments in securities		56,200,000	52,700,000
		124,686,027	180,648,810
Less: General provision for margin investments		75,000,000	-
<b>Net profit before tax</b>		<b>49,686,027</b>	<b>180,648,810</b>
Less: Provision for income tax		33,011,983	58,915,310
<b>Net Profit after tax transferred to retained earnings</b>		<b>16,674,044</b>	<b>121,733,500</b>
<b>Earning Per Share (EPS)</b>		<b>0.08</b>	<b>0.57</b>

(The annexed notes form an integral part of these financial statements)

For Shahjalal Islami Bank Securities Limited

Chief Executive Officer

Vice Chairman

Chairman

Dhaka, Bangladesh  
Date: February 25, 2013

K. M. HASAN & CO.  
Chartered Accountants

#### Shahjalal Islami Bank Securities Limited

##### Statement of Changes in Equity

For the Year Ended December 31, 2012

	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
<b>Balance as at 01 January 2012</b>	<b>2,140,000,000</b>	<b>233,500</b>	<b>2,140,233,500</b>
Issue of share	-	16,674,044	16,674,044
Net profit after tax for the year 2012	-	-	-
Interim cash dividend	-	-	-
<b>Total Shareholders' Equity as at 31 December 2012</b>	<b>2,140,000,000</b>	<b>16,907,544</b>	<b>2,156,907,544</b>
<b>Balance as at 01 January 2011</b>	<b>450,000,000</b>	<b>-</b>	<b>450,000,000</b>
Issue of share	1,690,000,000	-	1,690,000,000
Net profit after tax for the year 2011	-	121,733,500	121,733,500
Interim cash dividend	-	(121,500,000)	(121,500,000)
<b>Total Shareholders' Equity as at 31 December 2011</b>	<b>2,140,000,000</b>	<b>233,500</b>	<b>2,140,233,500</b>

For Shahjalal Islami Bank Securities Limited

Chief Executive Officer

Vice Chairman

Chairman

Dhaka, Bangladesh  
Date: February 25, 2013

K. M. HASAN & CO.  
Chartered Accountants

#### Shahjalal Islami Bank Securities Limited

##### Statement of Cash Flows

For the Year Ended December 31, 2012

	2012 Taka	2011 Taka
<b>A) Cash Flow from Operating Activities</b>		
Cash received from commission & others	438,512,249	422,801,851
Payment for operating expenses & others	(89,889,232)	(89,850,407)
Payment of tax	(40,427,587)	(28,757,429)
Payment of profit	(134,085,387)	(10,737,333)
Investment to Client	(722,946,906)	(3,958,221,395)
<b>Net cash used in operating activities</b>	<b>(548,836,863)</b>	<b>(3,644,564,713)</b>
<b>B) Cash flows from Investing Activities</b>		
Payment for purchases of securities	(493,571,201)	(334,639,155)
Purchases of Property, Plant & Equipments	(8,253,342)	(4,501,404)
<b>Net Cash used in Investing Activities</b>	<b>(501,824,543)</b>	<b>(339,140,559)</b>
<b>C) Cash flows from Financing Activities</b>		
Receipts against short term Borrowings	1,044,512,225	2,791,104,913
Receipts from Shahjalal Islami Bank Ltd	-	1,690,000,000
Receipts from issue of shares capital	-	-
Dividend Paid in cash	(121,500,000)	-
<b>Net Cash from Financing Activities</b>	<b>923,012,225</b>	<b>4,481,104,913</b>
<b>D) Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(127,649,181)</b>	<b>497,399,641</b>
<b>E) Cash and cash equivalents at the beginning of the year</b>	<b>947,399,641</b>	<b>450,000,000</b>
<b>F) Cash and cash equivalents at the end of the period (D+E)</b>	<b>819,750,460</b>	<b>947,399,641</b>

For Shahjalal Islami Bank Securities Limited

Chief Executive Officer

Vice Chairman

Chairman

Signed in terms of our report of even date annexed

Dhaka, Bangladesh  
Date: February 25, 2013

K. M. HASAN & CO.  
Chartered Accountants

#### Shahjalal Islami Bank Securities Limited

##### Notes to the Financial Statements

For the Year Ended 31st December 2012

##### 1 Introduction

###### 1.1 Legal status of the company

SHAHJALAL ISLAMI BANK SECURITIES LIMITED has been incorporated as a public limited company under the Companies Act 1994 vide certification 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 94 employees all over Bangladesh. It has corporate membership of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

###### 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, 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 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 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 days of the accounting year and for disposal depreciation charged up to the date of disposal.



**For the year ended December 31, 2012**

Continue to next column.