

SJIBL 3rd Mudaraba Subordinated Bond

Frequently Asked Questions(FAQ)

Q1: What is Subordinated Bond?

A subordinated Bond is a financial instrument by which banks are raising their supplementary capital. This is subordinated to Deposit but superior to common equity.

Q2: What is SJIBL 3rd Mudaraba Subordinated Bond?

SJIBL 3rd Mudaraba Subordinated Bond is a Non-Convertible, Fully Redeemable, Subordinated, Coupon Bearing, Floating Rate Taka Bond. This is now available for investment by anyone. We will issue a Letter of Allotment Bond to the Investor upon execution of the Subscription Agreement.

Q3: What is Mudaraba?

Mudaraba is a partnership of labor and capital, where one partner provides full capital and the other one manages the business. The capital provider is called Rabb-Al-Maal and the user of the capital, who manages the fund, is called Mudarib.

Q4: How much profit Investors (bondholders) will get from this bond?

Investors will get profit at coupon rate on every 6 months.

Q5: What is the Coupon Rate?

12.59% as of September 2024 (latest available reference rate as per Bangladesh Bank website). This is to be reset for every coupon payment (6 months) based on prevailing reference rate (The average of most recent month's published highest Mudaraba Term Deposit profit rates in 6 months' tenor of all Islami Banks except foreign Islamic Banks and Z Category Islamic Banks, which is presently 9.59%) + 3.00% Margin. This rate is floating, not fixed.

Q6: Who can invest?

Any high net-worth individual, SMEs, Corporates (Except Bank and NBF), Provident Fund Gratuity Fund etc. can invest. No Bank/NBFI investment will be allowed in this campaign.

Q7: What is the minimum and maximum investment amount per investor?

Minimum investment amount is BDT 10 Lac or it's multiple. There is no bar on maximum investment.

Q8: What is the tenor of this bond?

The tenor of the bond is 7 years from the date of investment.

Q9: When will the investor get repayment of the investment amount?

Although total tenor is 7 years, Investor will get repayment of the investment amount equally from 3rd year to 7th year (20% redemption each year).

Q10: What is the tax at source on coupon income?

5% tax will be deducted from coupon income (in case of MTDR, this is 20% for company and 10% - 15% for individuals). You will get a Tax Certificate from Shahjalal Islami Bank PLC. at free of cost.

Q11: Is Investment facility available against this bond? - No

Q12: Can this bond be early encashed from Shahjalal Islami Bank before maturity? - No

Q13: Will this bond be listed?

Yes, this bond will be listed on the Alternative Trading Board of Dhaka Stock Exchange and will be transferable through stockbrokers with the exchange.

Q14: Why should one invest in this bond?

- Higher margin (3.00%) with Reference Rate as “(The average of most recent month’s published highest Mudaraba Term Deposit profit rates in 6 months’ tenor of all Islami Banks except foreign Islamic Banks and Z Category Islamic Banks)”. Based on September 2024 data, the applicable interest rate comes as 12.59%.
- Profit Rate will be revised at every six months that will help the bondholder to capture the upward movement of profit rate
- Bondholder will get tax benefit through investing in this bond. 5% tax will be deducted from coupon income where against profit from MTDR this is 10%/15% in case of individual and 20% in case of company.
- Average payback period of the bond is 4.85 years (approx.)
- Liquidity through Alternate Trading Board
- As Bondholder will earn profit at provisional rate therefore the investor may earn Additional profit after calculating the final profit.
- Issued by one of the leading and financially stable Islami Bank (stable outlook and financially solvent bank)

Q15: How can I reach Shahjalal Islami Bank PLC. for any query?

You can visit our branches or call +8801755556339 or mail to 3rdmsb@sjiblb.com

Q16: Is Account with Shahjalal Islami Bank PLC. mandatory for investing in Bond?

Yes, for individuals and small enterprises, this will help the investor to get coupon payment automatically in the account.

Q17: What is the timeline to invest in this bond?

Total amount of this bond is BDT 500 Crore. Allotment will be provided on a “**first come, first invest**” basis.

Q18: Is Beneficiary Owners (BO) account mandatory?

Yes, Beneficiary Owners (BO) account is mandatory. If you have no BO account, Placement Agent, UCB Investment Ltd will help you to open this account smoothly.

Q19: What are the documents required for Individuals?

- NID and TIN of Applicant
- BO Account Acknowledgement Receipt/Statement (if BO account available)
- 3 copy photo of Bondholder and 2 copy photos of Nominee (if BO account not available)
- Filled up Subscription Information Form (provided from SJIBPPLC)

Q20: What are the documents required for non-Individuals?

- TIN Certificate of the company/fund/trust
- Trade License/Incorporation Certificate & Board Resolution of the Company/fund/trust
- Registered/Corporate Address of the Company/fund/trust
- Name, email address, and Contact number of the Authorized Signatory of the company/fund/trust
- Filled up Subscription Information Form (provided from SJIBPLC)

Q21: How much I might get back if invested BDT 10 Lac?

If we calculate with 12.59% coupon rate, you are likely to get additional BDT 6.30 Lac (approx.). However, as 12.59% is not fixed, the amount might increase or decrease.

Year	Beginning Balance (Investment Amount)	Coupon Rate*	Profit Income	Profit after 5% tax	Principal Payment	Ending Principal Balance	Principal Plus Profit after tax
0	1,000,000	12.59%	-	-	-	1,000,000	-
0.5	1,000,000		62,950	59,803	-	1,000,000	59,803
1	1,000,000		62,950	59,803	-	1,000,000	59,803
1.5	1,000,000		62,950	59,803	-	1,000,000	59,803
2	1,000,000		62,950	59,803	-	1,000,000	59,803
2.5	1,000,000		62,950	59,803	-	1,000,000	59,803
3	1,000,000		62,950	59,803	200,000	800,000	259,803
3.5	800,000		50,360	47,842	-	800,000	47,842
4	800,000		50,360	47,842	200,000	600,000	247,842
4.5	600,000		37,770	35,882	-	600,000	35,882
5	600,000		37,770	35,882	200,000	400,000	235,882
5.5	400,000		25,180	23,921	-	400,000	23,921
6	400,000		25,180	23,921	200,000	200,000	223,921
6.5	200,000		12,590	11,961	-	200,000	11,961
7	200,000		12,590	11,961	200,000	-	211,961
			629,500	598,025	1,000,000	Total	1,598,025

*Coupon Rate is indicative; to be reset on every 6 months based on Highest Average MTDR rate movement