

"If you have any query about this document, you may consult issuer, issue managers and underwriter"

PROSPECTUS

For

PUBLIC OFFERING OF **9,358,250** ORDINARY SHARES OF **SHAHJALAL ISLAMI BANK LIMITED**
OF **Tk. 100.00** EACH (AT PAR) TOTTALLING **Tk. 935,825,000**

OPENING DATE FOR SUBSCRIPTION: 14/01/2007

CLOSING DATE FOR SUBSCRIPTION: 18/01/2007

FOR NON-RESIDENT BANGLADESHI (NRBs) QUOTA SUBSCRIPTION CLOSES ON: 27/01/2007

Issue Managers

PRIME FINANCE & INVESTMENT LIMITED
63, Dilkusha C/A (3rd Floor), Dhaka-1000

CAPITAL MARKET SERVICES LIMITED
Suite #702 (7th Floor), 28 Dilkusha C/A, Dhaka-1000

Underwriters

Prime Finance & Investment Limited	: 63, Dilkusha C/A (3 rd Floor), Dhaka-1000
Capital Market Services Limited	: Suite # 702 (7 th Floor), 28 Dilkusha C/A, Dhaka-1000
Bangladesh Mutual Securities Limited	: Biman Bhaban (8 th Floor), 100 Motijheel C/A, Dhaka-1000
Bay Leasing & Investment Limited	: Printers Building (7 th Floor), 5 Rajuk Avenue, Motijheel C/A, Dhaka-1000
EC Securities Limited	: East Coast Centre SW(G), 8 Gulshan Avenue, Gulshan-1, Dhaka-1212
Grameen Capital Management Limited	: Grameen Bank Bhaban, Mirpur-2, Dhaka-1216
Green Delta Insurance Company Limited	: Hadi Mansion (4 th Floor), 2 Dilkusha C/A, Dhaka-1000
GSP Finance Company (Bd) Limited	: 1 Paribagh , Mymensingh Road, Ramna, Dhaka-1000
ICB Capital Management Limited	: 8 Rajuk Avenue (14 th Floor), Dhaka-1000
Jamuna Bank Limited	: Printers Building (3 rd Floor), 5 Rajuk Avenue Motijheel, Dhaka-1000
Karnaphuli Insurance Company Limited	: Biman Bhaban (3 rd Floor), 100 Motijheel C/A, Dhaka-1000
LankaBangla Finance Limited	: 20, Kemal Ataturk Avenue, Safura Tower (11 th Floor), Banani, Dhaka-1213
Mercantile Securities Limited	: 9E Motijheel C/A (1 st Floor), Dhaka-1000
National Life Insurance Co. Limited	: 79, Motijheel C/A (2 nd Floor), Dhaka-1000
ONE Bank Limited	: 2/F, HRC Bhaban, 46, Kawran Bazar C.A., Dhaka-1215
Prime Bank Limited	: Adamjee Court Annexe Building-2, 119-120, Motijheel, Dhaka-1000
South Asia Capital Limited	: Nascent Tower (2 nd Floor), 53 Agrabad C/A, Chittagong - 4100
Southeast Bank Limited.	: 1, Dilkusha C/A (3 rd Floor), Dhaka-1000
Swadesh Investment Management Ltd.	: House # 35, Road # 1A, Block # I, Banani, Dhaka-1213
The Trust Bank Limited	: Peoples Insurance Bhaban(2 nd , 16 th & 17 th Floor), 36, Dilkusha C/A, Dhaka-1000
Union Capital Limited	: Noor Tower (5 th Floor), 1/F Free School Street, 73, Sonargaon Road, Dhaka-1205

Credit Rating Report by CRISL

Long term: BBB+ & Short term: ST-3

Issue Date of the Prospectus: 01/11/2006

The Issue shall be placed in " N " Category

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGERS, UNDERWRITER AND/OR AUDITOR."

SHAHJALAL ISLAMI BANK LIMITED

Jiban Bima Bhaban (4th Floor), 10, Dilkusha C/A, Dhaka 1000
Tel: 9570812, 9570794, 7160591; Fax: 88-02-9570809

Availability of Prospectus

The Prospectus of **Shahjalal Islami Bank Limited** may be obtained from the Issuer Company, the Issue managers, the Underwriters and the Stock Exchanges as follows:

ISSUER COMPANY	CONTACT PERSON	TELEPHONE No.
Shahjalal Islami Bank Limited Jiban Bima Bhaban (4 th Floor), 10, Dilkusha C/A, Dhaka-1000	Emran Hossain Vice President & Company Secretary	9570812 (hunting) 7160591-2,9570794

ISSUE MANAGERS	CONTACT PERSON	TELEPHONE No.
Prime Finance & Investment Limited 63, Dilkusha C/A (3 rd Floor), Dhaka–1000	A.K.M. Nozmul Haque Managing Director	9563883
Capital Market Services Limited Suite # 702(7 th Floor), 28 Dilkusha C/A, Dhaka–1000	Al Maruf Khan FCA Managing Director	9562715,7168652

UNDERWRITERS	CONTACT PERSON	TELEPHONE No.
Prime Finance & Investment Limited 63, Dilkusha C/A (3 rd Floor), Dhaka–1000	A.K.M. Nozmul Haque Managing Director	9563883
Capital Market Services Limited Suite#702 (7 th Floor) 28, Dilkusha C/A, Dhaka–1000	Al Maruf Khan FCA Managing Director	9562715
Bangladesh Mutual Securities Limited Biman Bhaban (8 th Floor), 100 Motijheel C/A, Dhaka–1000	Abul Bashar Managing Director	9570624
Bay Leasing & Investment Ltd. Printers Building (7 th Floor), 5 Rajuk Avenue, Dhaka–1000.	Mahbubur Rashid Managing Director	9565026
EC Securities Limited East Coast Centre SW(G), 8 Gulshan Avenue, Gulshan–1, Dhaka–1212	Azam J Chowdhury Managing Director	9884312-17
Grameen Capital Management Ltd. Grameen Bank Bhaban, Mirpur–2, Dhaka–1216	Md. Aliuzzaman Managing Director	9005257-69
Green Delta Insurance Company Limited Hadi Mansion (4 th Floor), 2 Dilkusha C/A, Dhaka–1000	Nasir A. Choudhury Managing Director & CEO	9560005
GSP Finance Company (Bangladesh) Limited 1 Paribagh, Mymensingh Road, Ramna, Dhaka–1000	Feroz U. Haider Managing Director & CEO	9674306
ICB Capital Management Ltd. 8 Rajuk avenue (14 th Floor), Dhaka-1000.	Md. Iftikhar-uz-zaman Chief Executive Officer	7160326-27
Jamuna Bank Limited Printers Building, 5 Rajuk Avenue Motijheel, Dhaka–1000	Kazi Fariduddin Ahmed, FCA SEVP & Company Secretary	9570912
Karnaphuli Insurance Company Ltd. Biman Bhaban (3 rd Floor), 100 Motijheel C/A, Dhaka–1000	Md. Aliuzzaman Khan Managing Director	9564808-9
LankaBangla Finance Limited 20, Kemal Ataturk Avenue, Banani, Dhaka–1213	Mafizuddin Sarker Managing Director	9883701-10
Mercantile Securities Limited 9E Motijheel C/A (1 st Floor), Dhaka–1000	Syed Anisul Hossain Chief Executive Officer	9559514
National Life Insurance Co. Ltd. 79, Motijheel C/A, Dhaka–1000	Habibur Rahman Sikder Managing Director	9560241
ONE Bank Limited 2/F, HRC Bhaban, 46, Kawran Bazar C.A., Dhaka–1215	Syed Nurul Amin Managing Director	9118161
Prime Bank Limited Adamjee Court Annexe Building–2, 119–120, Motijheel C/A, Dhaka-1000	M. Shahjahan Bhuiyah Managing Director	9567265
South Asia Capital Limited Nascent Tower (2 nd Floor), 53 Agrabad C/A, Chittagong–4100	Ali Hossain Akbar Ali, FCA Managing Director	713309
Southeast Bank Limited 1 Dilkusha C/A (3 rd floor), Dhaka–1000	Neaz Ahmed Managing Director	9550081
Swadesh Investment Management Limited House # 35, Road # 1A, Block # I, Banani, Dhaka–1213	Ziaul Quddus Managing Director & CEO	9872259
The Trust Bank Limited Peoples Insurance Bhaban (2 nd , 16 th & 17 th Floor), 36, Dilkusha C/A, Dhaka	Iqbal U Ahmed Managing Director	9572012-3
Union Capital Limited Noor Tower (5 th Floor), 1/F Free School Street, 73, Sonargaon Road, Dhaka	Dr. Mohammad Hafiz Ahmed Managing Director	9662888

Stock Exchanges		
Dhaka Stock Exchange Ltd. (DSE) 9/F Motijheel C/A, Dhaka – 1000	DSE Library	9564601-7
Chittagong Stock Exchange Ltd. (CSE) CSE Building, 1080, Sheikh Mujib Road, Chittagong – 4100	CSE Library	(031) 714632-3 (031) 720871-3

Prospectus is also available on the web sites www.secbd.org, www.primefinance.net, www.cmslbd.com, www.shahjalalbank.com.bd, www.dsebd.org, www.csebd.com and public reference room of the Securities and Exchange Commission (SEC) for reading and study.

Corporate directory

Registered Office	SHAHJALAL ISLAMI BANK LIMITED Jiban Bima Bhaban (4 th Floor), 10 Dilkusha C/A, Dhaka–1000. Tel: 9570812,9570794
Auditor	HODA VASI CHOWDHURY & CO. Chartered Accountants BTMC Bhaban (8 th level) 7-9, Kawran Bazar, Dhaka–1215 Tel: 9567587,9551028
Legal Advisor	LEE, KHAN & PARTNERS Barristers, Attorney & Advocates City Heart Suite # 5/8 67, Nayapaltan (4 th Floor), Dhaka–1000 Tel: 8313508,8318787
Issue Managers	PRIME FINANCE & INVESTMENT LIMITED 63, Dilkusha C/A (3 th Floor), Dhaka–1000 Tel: 9563883 and CAPITAL MARKET SERVICES LIMITED Suite #702 (7 th Floor), 28, Dilkusha C/A, Dhaka–1000 Tel: 9562715
Company Secretary	Mr. Emran Hossain Vice President & Company Secretary
Compliance Officer	Mr. Md. Abul Bashar Junior Asstt. Vice President & Deputy Company Secretary

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Disclosure in respect of issuance of security in demat form

As per provision of the Depository Act, 1999 and regulation made there under, shares of the bank will be issued in dematerialized form only and for this purpose Shahjalal Islami Bank Limited has signed an agreement with the Central Depository Bangladesh Limited (CDBL). Therefore, all transfer/transmission, splitting or conversion will take place in the CDBL system and any further issuance of shares (including rights/bonus) will also be issued in dematerialized form only.

CONDITIONS UNDER SECTION 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

PART-A

1. The company shall go for Initial Public Offer (IPO) for 9,358,250 ordinary shares only of Tk.100.00 (Taka One hundred) per share worth Taka 935,825,000.00 .00 (Taka Ninety three Crore fifty eight lac twenty five thousand) only following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations issued there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in four national daily newspapers (in two Bengali and two English), within 03 (three) working days of issuance of this letter. The issuer shall post the full prospectus vetted by the Securities and Exchange Commission in the issuer's website and shall also put on the web sites of the Commission, stock exchanges, and the issue managers within 03 (three) working days from the date of issuance of this letter which shall remain posted till the closure of the subscription list. The issuer shall submit to SEC, the stock exchanges and the issue managers a diskette containing the text of the vetted Prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus has been published.
4. The company shall submit 40 (forty) copies of the printed prospectus to the Securities and Exchange Commission for official record within **5 (Five)** working days from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through e-mail, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **five working days** of the publication date by express mail service (EMS) of the postal department. A compliance report shall be submitted in this respect to the SEC jointly by the issuer and the issue manger within two working days from the date of said dispatch of the prospectus & the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open FC account(s) to deposit the application money of the Non-Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the abovementioned accounts for IPO purpose; and close these accounts after refund of over-subscription. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required to travel to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh within 07(seven) working days from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely:-

"Declaration about Listing of Shares with the Stock Exchange(s):

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”

10. The subscription list shall be opened and the sale of securities commenced after 25 (twenty five) days of the publication of the abridged version of the prospectus and shall remain open for 5 (Five) consecutive banking days.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “Account Payee only”. Application shall be sent by the NRB applicants to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus nine days. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshis, if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within 05 (five) working days, in respect of the following matters, namely: -
 - (a) Total number of securities for which subscription has been received;
 - (b) Amount received from the subscription; and
 - (c) Amount of commission paid to the banker to the issue.
15. The issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) to the Commission within 3 (three) weeks after the closure of the subscription along with bank statement (original), branch-wise subscription statement, NRB application forms (photocopy attested by the CEOs of the issuer company and the issue managers). The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.
16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than 6(six) weeks from the date of the subscription closure) if any of the following events occur:
 - (a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - (b) At least 50% of the IPO is not subscribed.
17. 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 80% shall be open for subscription by the general public. In case of under-subscription under any of the 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.
18. All the applicants shall first be treated as applied for one minimum market lot of 50 shares **worth Tk. 5,000/-**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.
19. Lottery (if applicable) shall be held within 5 (five) weeks from closure of the subscription date.
20. The company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/ refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be. A compliance report in this regard shall be submitted to the Commission within 7(seven) weeks from the date of closure of subscription.
21. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within 24 (twenty four) hours of allotment.
22. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to para -16 above). The issuer must notify the underwriter to take up the underwritten shares within 10 (ten) days of the subscription closing date on full payment of the share money within 15(fifteen) days of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer or the sponsor group.

23. All issued shares of the issuer at the time of according consent to public offering shall be subject to a **Lock-in period of three years** from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.
24. Either a Jumbo Share (one for each of the existing Sponsors/ Directors/ Shareholders) in respect of the shares already issued shall be issued covering together respective total holding, which shall contain the expiry date of lock-in period **or** Sponsors/ Directors /Promoters/Shareholders' shareholding shall be converted into demat form but shall be locked-in for three years as per the condition **at para-23 above**.
25. In case of Jumbo Share Certificate issued to the existing Sponsors/ Directors/ Shareholders, the said share certificates shall be kept under custody of a security custodian bank registered with SEC during the lock-in period. The name and branch of the bank shall be furnished to the Commission jointly by the issuer and the issue managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s).
26. In case of dematerialization of shares held by the existing Sponsors/ Directors/ Shareholders, the copy of dematerialization confirmation report generated by CDBL and attested by the managing director of the company along with lock-in confirmation shall be submitted to SEC within one week of listing of the shares with the stock exchange(s).
27. The company shall apply to the stock exchanges for listing within 7(seven) working days of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
28. The company shall not declare any benefit other than cash dividend based on the financial statement for the period ended June 30, 2006.

Part –B

1. The issue managers (i.e Prime Finance and Investment Limited & Capital Market Services Limited) shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity without any error/omission, as vetted by the Securities and Exchange Commission.
2. The issue managers shall carefully examine and compare the published abridged version of prospectus on the date of publication with the copy vetted by SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to SEC and the stock exchange(s) concerned, correcting the discrepancy/ inconsistency as required under 'Due Diligence Certificates' provided with SEC.
3. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through IPO shall not be utilized prior to listing with stock exchange and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.
5. The company shall not account for any upward revaluation of its fixed assets creating reserve without prior permission from the Securities and Exchange Commission.
6. The company shall furnish report to the Commission on utilization of IPO proceeds within 15 days of the closing of each quarter until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
7. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
8. Proceeds of the IPO shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the EGM under intimation to SEC and stock exchange(s).
9. **Directors on the company's Board:** This will be in accordance with the applicable laws, rules and regulations.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without beneficial owner account (BO account).
2. The issue managers shall also ensure due compliance of all above.

GENERAL INFORMATION

Prime Finance & Investment Limited and **Capital Market Services Limited** have prepared this Prospectus from information supplied by **Shahjalal Islami Bank Limited** (the Bank) and also several discussions with Chairman, Managing Director and concerned Executives of the Bank which is publicly available. The Board of Directors of **Shahjalal Islami Bank Limited** hereby confirms that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Bank or Capital Market Services Limited and Prime Finance & Investment Limited.

The Issue as contemplated in this document, is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this Prospectus can be obtained from the head Office of Shahjalal Islami Bank Limited, Prime Finance & Investment Limited, Capital Market Services Limited, the Underwriters, and the Stock Exchanges where the securities will be traded.

**Declaration about the Responsibility of the Directors, including the CEO of the Bank
“Shahjalal Islami Bank Limited” in respect of the Prospectus**

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/- (Alhaj Sajjatuz Jumma) Chairman	Sd/- (Alhaj Tofazzal Hossain) Vice Chairman	Sd/- (Alhaj Md. Sanaullah Shahid) Vice Chairman Nominated by Electra International Ltd.
Sd/- (Alhaj Anwer Hossain Khan) Director	Sd/- (Mr. Md Masud) Appointed as Alternate Director in place of Alhaj Mohammad Faruque	Sd/- (Alhaj Rukun Uddin Khan) Appointed as Alternate Director in place of Alhaj Md. Harun Miah, nominated by Shams Uddin Khan & Harun Miah Ltd.
Sd/- (Alhaj Mohammad Farooq) Director	Sd/- (Alhaj Md. Abdul Barek) Director	Sd/- (Alhaj Md. Solaiman) Director
Sd/- (Alhaj Abdul Halim) Director	Sd/- (Alhaj A.K. Azad) Director	Sd/- (Alhaj Mohammad Yunus) Director
Sd/- (M. Kamaluddin Chowdhury) Managing Director		

Consent of the Directors to Serve as Directors

We hereby agree that we have serving as Director of Shahjalal Islami Bank Limited and continue to act as a Director of the Company.

Sd/- (Alhaj Sajjatuz Jumma) Chairman	Sd/- (Alhaj Tofazzal Hossain) Vice Chairman	Sd/- (Alhaj Md. Sanaullah Shahid) Vice Chairman Nominated by Electra International Ltd.
Sd/- (Alhaj Anwer Hossain Khan) Director	Sd/- (Mr. Md Masud) Appointed as Alternate Director in place of Alhaj Mohammad Faruque	Sd/- (Alhaj Rukun Uddin Khan) Appointed as Alternate Director in place of Alhaj Md. Harun Miah, nominated by Shams Uddin Khan & Harun Miah Ltd.
Sd/- (Alhaj Mohammad Farooq) Director	Sd/- (Alhaj Md. Abdul Barek) Director	Sd/- (Alhaj Md. Solaiman) Director
Sd/- (Alhaj Abdul Halim) Director	Sd/- (Alhaj A.K. Azad) Director	Sd/- (Alhaj Mohammad Yunus) Director
Sd/- (M. Kamaluddin Chowdhury) Managing Director		

Declaration about filling of Prospectus with the Registrar of Joint Stock Companies and Firms

A dated and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms, Bangladesh, as required under section 138(1) of the Companies Act, 1994 vide RJSC's Receipt No. 0096872 dated 02/11/2006.

Due Diligence Certificate of Manager to the Issue

Sub: Public Offer of 9,358,250 Ordinary Shares of Tk. 100 each of Shahjalal Islami Bank Limited

We, the under-noted Manager to the Issue to the above mentioned forthcoming issue, state as follows:

- 1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
- 2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- a) the draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b) all the legal requirements connected with the said issue have been duly complied with; and
- c) the disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Manager to the Issue

Sd/-
(A.K.M. Nozmul Haque)
Managing Director
Prime Finance & Investment Limited

Sd/-
(Al Maruf Khan FCA)
Managing Director
Capital Market Services Limited

Due Diligence Certificate of the Underwriter(s)

Sub: Public offer of 9,358,250 ordinary shares of Tk. 100 each of Shahjalal Islami Bank Limited.

We, the under-noted Underwriter(s) to the abovementioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the abovementioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- (a) all information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us;
- (b) we shall subscribe and take up the un-subscribed securities against the abovementioned public issue within 15 (fifteen) days of calling up thereof by the Issuer; and
- (c) this Underwriting Commitment is unequivocal and irrevocable.

For Underwriters

Sd/-
Abul Bashar
Managing Director
Bangladesh Mutual Securities Limited

Sd/-
Iftikhar-uz-zaman
Chief Executive Officer
ICB Capital Management Ltd.

Sd/-
M. Shahjahan Bhuiyan
Managing Director
Prime Bank Limited

Sd/-
Mahbubur Rashid
Managing Director
Bay Leasing & Investment Limited

Sd/-
M. Nazrul Islam
Managing Director
Jamuna Bank Limited

Sd/-
A.K.M. Nozmul Haque
Managing Director
Prime Finance & Investment Limited

Sd/-
Al Maruf Khan
Managing Director
Capital Market Services Limited

Sd/-
Md. Aliuzzaman Khan
Managing Director
Karnaphuli Insurance Company Ltd.

Sd/-
Mr. Ali Hossain Akbar Ali, FCA
Managing Director
South Asia Capital Limited

Sd/-
Azam J Chowdhury
Managing Director
EC Securities Limited

Sd/-
Mafizuddin Sarker
Managing Director
LankaBangla Finance Limited

Sd/-
Neaz Ahmed
Managing Director
Southeast Bank Limited.

Sd/-
Md. Aliuzzaman
Managing Director
Grameen Capital Management Ltd.

Sd/-
Syed Anisul Hossain
Chief Executive Officer
Mercantile Securities Limited

Sd/-
Ziaul Quddus
Managing Director & CEO
Swadesh Investment Management Ltd.

Sd/-
Nasir A. Choudhury
Managing Director & CEO
Green Delta Insurance Company Ltd.

Sd/-
Habibur Rahaman Sikder
Managing Director
National Life Insurance Company Ltd.

Sd/-
Iqbal U Ahmed
Managing Director
The Trust Bank Limited

Sd/-
Feroz U. Haider
Managing Director & CEO
GSP Finance Company (Bd) Ltd.

Sd/-
Syed Nurul Amin
Managing Director
ONE Bank Limited

Sd/-
Dr. Mohammad Hafiz Ahmed
Managing Director
Union Capital Limited

Declaration by the Issuer about the approval from the Securities and Exchange Commission for any Material Changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus should be published with the approval of the Commission.

Sd/-
(M. Kamaluddin Chowdhury)
Managing Director

Declaration by the Issue managers about the approval from Securities and Exchange Commission for any Material Changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus shall be published with the approval of the Commission.

Sd/-
(A.K.M. Nozmul Haque)
Managing Director
Prime Finance & Investment Limited

Sd /-
(Al Maruf Khan FCA)
Managing Director
Capital Market Services Limited

Risk factors and management perceptions about the risks

Interest rate risks

Volatility in money market imposes upward pressure on interest rate structure. Rise in interest rate erodes financial institutions' like banks profits by increasing cost of fund.

Management perception

Shahjalal Islami Bank Limited (SJIBL) operates its business based on Islamic Shariah. Volatility in short-term money market does not affect SJIBL directly since it does not participate in call money market. However, to be competitive with conventional banks the bank has been collecting deposits under mudaraba principle at the bargaining rates.

Exchange rate risks

Devaluation of local currency against major international currencies affects adversely business performance of import based companies or companies borrowing in foreign currency.

Management perception

SJIBL does not have any foreign currency loan. Presently it does not do cross currency swaps/forward in foreign currency. The risk of exchange rate fluctuation is borne by the banks' clients since the treasury dealing room buy and sale foreign currency against import and export for its clients only.

Industry risks

Entrants of new banks and financial Institution

Entrants of new banks or financial institutions can be a threat for banking sector as well as for the bank itself. It may decrease the growth rate of the bank.

Management perception

SJIBL is the one of the leading third-generation Islamic banks in Bangladesh. The bank has achieved significant growth since its inception and has been successfully maintaining the growth. SJIBL plans to remain innovative in future by way of creating required business infrastructure and market segment for its products. To maintain present growth rate SJIBL continuously trying to develop its services, which will eventually provide competitive edge over other new competitors and market entrants.

Potentials for Islami Banking

There are other Islami banks operating in the country. Moreover, most of the conventional banks are now opening Islami banking branches. SJIBL may face competition both from Islami banks and conventional banks.

Management perception

The performance of SJIBL is satisfactory since inception and there is a good demand for Islami banking in Bangladesh. Islami banking in Bangladesh has extraordinary growth record and it is hoped that the management of the bank will be able to catch up with the sentiments and expectations of the depositors in maintain such growth.

Technology related risks

No bank can develop and maintain its growth unless it embraces adequately with fast changing technology.

Management perception

SJIBL is well equipped with modern technology with online banking, SWIFT, RAUTER 3000, XTRA services and shall continue with the technical enhancement.

Potential or existing government regulations

Some time government takes some important decision for political or national reason like narrowing down spread in order to reduce the offered rates to its clients. If the government at any given point of time takes such measures in terms of both monetary and fiscal policy, this may affect profitability of the bank.

Management perception

The bank's ability to operate profitably is directly related to the management of performing assets and at the same time keeping the administrative cost within the stipulated range. Fortunately the bank has been successful in both the areas.

Potential changes in global or national policies

Unfavorable changes in global and national policies will affect company's business operation adversely.

Management perception

In this case, risk will be same for all banks as no bank can overcome and avoid this problem.

Operational risks

Classified portfolio

Though the bank's main business is to provide investment to its client, classified portfolio is also created in the process. Increase of classified investment creates significant risk to its Investors.

Management perception

From the very beginning SJIBL maintained a very low classified portfolio. Full provision is made against this classified Investment as per requirement of Bangladesh Bank. As on 30 June 2006, its classified portfolio stands at 0.13% of the total Investment portfolio. Bank persists its policy in maintaining the low classified Investment in future years.

Loss on foreign dealings

The Bank incurred loss of Tk.88.42 crore in foreign exchange dealing business accounted for in the year 2004, which has since been recovered out of profit earned by the Bank thereafter.

Management perception

The issue of loss was detected by the Board Audit Team and Bangladesh Bank Inspection Team in early 2004 and thereafter the total loss was ascertained and determined by the Bank and conveyed to Bangladesh Bank seeking their guidance. Pursuant to the direction of Bangladesh Bank in this regard vide their letter dated 19th August 2004, the aforesaid loss was accounted for and the sponsor shareholders of the bank has infused additional capital of Tk. 705.20 million which increased the paid up capital to Tk. 935.83 million. The management has already decided to stop all kind of speculative deals and cross currency swaps/forward in foreign currency. Treasury dealing room only buy and sale foreign currency against import and export for its customers.

Contingent liabilities

Banks carry some contingent liabilities in their books and it is generic to the nature of their business. If these contingent liabilities significantly grow as actual liability at any point to time due to clients defaults, the profit of the bank may be adversely affected.

Management perception

SJIBL has a good family with educated and dedicated professionals, good management team, experience executives who put their valuable judgment in making the exposure secured and safe for the bank and that is demonstrated through a very low classified Investment. Also, the amount of contingent liability carried by SJIBL at any point of time is not significantly high compared to the size of its balance sheet in general and reserves in particular.

Capital adequacy ratio

At present requirement of the capital adequacy ratio is 9% of total risk weighted assets of the bank. Bangladesh Bank may change upward the present capital adequacy ratio any time which may create big problem to this sector, specially third and forth generation bank.

Management perception

At present the paid up capital of the bank is Tk. 935.83 million which is the highest amongst the third generation banks. SJIBL is pursuing in achieving good capital structure by offering ordinary shares to the general public through IPO and also by generating internal capital from through profitability, which will significantly increase and improve its capital adequacy for near future. Capital Adequacy Ratio as on 31 December 2005 was 8.70% which increased to 9.96% as on 30 June 2006.

Capital structure

The capital structure of Shahjalal Islami Bank Limited before and after IPO will be as under:

(Amount in Taka)

1	Capital structure prior to IPO	
	Issued, subscribed and paid up capital	935,825,000
2	IPO	
	a) Initial Public Offer (Non Resident Bangladeshi)	93,582,500
	b) Initial Public Offer (Mutual Fund)	93,582,500
	c) Initial Public Offer (General Public)	7,48,660,000
		935,825,000
	Total capital after IPO	1,871,650,000

Use of proceeds

The proceeds of IPO will strengthen the capital base of the bank and augment business expansion. The funds thus raised through this public issue would be generally utilized in the normal lending and investment business of the bank.

Description of Business

Company at a glance

Shahjalal Islami Bank Limited was incorporated as a public company limited by shares on 1st day of April 2001 under the Company Act 1994 for carrying out all kinds of banking activities with the authorized capital of Taka 2,000,000,000 divided into 20,000,000 ordinary shares of Taka 100 each. The bank commenced its operation as interest free shariah based commercial bank on the 10th May 2001 with the permission of Bangladesh Bank. The name of the bank has been changed from "Shahjalal Bank Limited" to "Shahjalal Islami Bank Limited" on April 18, 2004 With the permission of Bangladesh Bank. The sponsors have subscribed and fully paid for 9,358,250 ordinary shares of Tk. 100 each amounting to Tk. 935,825,000. The Bank now proposes to increase the paid up capital to Tk. 1,871,650,000 consisting of 18,716,500 ordinary shares of Tk. 100 each by issuing 9,358,250 ordinary shares of Tk. 100 each by way of Initial Public Offering (IPO).

Nature of business

The Bank is carrying out commercial, corporate, investment and retail banking related services as follows:

- Corporate Finance
- Correspondence Banking
- Documentary Credits
- Foreign Exchange
- Guarantees
- Syndicated Finance
- Other related Business

Principal products/services

Shahjalal Islami Bank Limited launched following financial products and services for its valued clients:

- Millionaire Scheme
- Double Benefit Scheme
- Triple Benefit Scheme
- Monthly Income Scheme
- Monthly Savings Scheme
- Hajj Scheme
- Cash Waqfo Scheme
- Household Durable Purchase Scheme
- Woman Entrepreneur Investment Scheme
- Scheme for Financial Assistance to Shop owners
- Small Entrepreneur Investment Program
- Medium Entrepreneur Investment Program
- Housing Investment Scheme

Market for the product

The Bank has numbers of financial products of which market is spread out all over the country.

Relative contribution to sales and income of each product that accounts for more than 10% of company’s total revenue

Revenue incomes from the main products/services during the past years are as follows (As per audited accounts)

Particulars	2006 (Jan – Jun)		2005 (Jan – Dec)	
	Taka	%	Taka	%
Net investment income	325,628,483	61.64	406,717,537	60.07
Income from investment in securities	3,725,000	0.71	6,000,000	0.89
Commission, exchange and brokerage	168,372,110	31.87	221,441,759	32.70
Other operating income	30,536,731	5.78	42,960,061	6.34
Total Operating Income	528,262,324	100	677,119,357	100

Associated, subsidiary/related holding company

The Bank has no associates, subsidiary / related holding company.

Distribution of products/services

The products/services of the Bank are distributed/rendered through network of branches and correspondents through the country and the world.

Competitive conditions in the business

The banking sector comprises of 4 nationalized commercial banks, 5 specialized banks, 10 foreign banks, 24 private commercial banks and 6 Islamic banks. They severely compete to for savings / deposits and are in search of sound investment / lending targets.

Sources and availability of raw materials and the names of the principal suppliers

As a scheduled commercial Islami bank, the bank is not procured any raw material and as such has on principal merchandizing suppliers(s).

Sources of, and requirement for, power, gas and water, or any other utilities

As a scheduled commercial Islami bank, Shahjalal Islami Bank Limited is doing banking business and for the same power, gas, water and other utility are being used for running its offices only.

Names of the customer who purchase 10% or more of the company’s products/service

The Bank has no such type of customer.

Description of any contract which the company has with its principal supplier

As a scheduled commercial Islami bank, the bank has no principal merchandizing suppliers(s).

Material patents, trademarks, license or royalty agreement

The bank has no material patents, trademarks, license or royalty agreement.

Number of total employees and full time employees

The number of employees are 368 as on 30th June 2006 and all of them are full time.

Production and service rendering capacity and current utilization

The issue is not applicable for the organization that is doing only banking business.

Description of property

- a) Location of the principal plants and other property of the company
The Bank owns the following fixed assets as on 30th June 2006 located at Head office and Branches

(As per audited accounts)

Sl No.	Particulars	January – June, 2006	
		At cost	Written down value
		Taka	Taka
1	Furniture and fixture	68,586,633	52,938,642
2	Office equipment	59,276,159	34,737,068
3	Vehicles	9,515,866	2,496,952
4	Books	109,953	87,849
	Total	137,488,611	90,260,511

- b) Entire above mentioned properties are owned by the Bank.
c) Properties of the bank are not mortgaged nor there is any lien on them.
d) Properties are purchased in brand new condition/re-conditioned.

Plan of operation and discussion of financial condition

Internal and external sources of cash

(As per audited accounts)

A. Internal source of cash	30-06-2006	31-12-2005	31-12-2004	31-12-2003
	Taka	Taka	Taka	Taka
Paid-up capital	935,825,000	935,825,000	466,825,000	230,625,000
Share money deposit	-	-	251,298,153	-
Statutory reserve	189,508,632	109,616,818	16,449,462	16,449,462
Proposed dividend	-	-	-	-
Share premium account	-	-	-	6,060,313
Retained earnings	(164,691,412)	(303,745,080)	(466,165,311)	347,389
Sub total (A)	960,642,220	741,696,738	268,407,304	253,482,164
B. External source of cash				
Borrowings from other banks, financial	945,000,000	1,125,000,000	-	-
Deposit and other accounts	15,048,365,677	12,204,625,169	9,091,664,424	6,039,344,011
Other liabilities	433,776,814	376,399,524	382,239,677	130,562,762
Sub total (B)	16,427,142,491	13,706,024,693	9,473,904,101	6,169,906,773
Grand Total (A + B)	17,387,784,711	14,447,721,431	9,742,311,405	6,423,388,937

Material commitment for capital expenditure and expected sources of funds for such expenditure

Shahjalal Islami Bank Limited does not have any material commitment for capital expenditure.

Causes for any material changes from period to period

The following table reflects the historical trend of the revenue and expenses of the Bank changes of which were made due to overall business performance in general and in particular due to growth of Deposit, Investment of other nonfunded business such as Import Business, Export business and also human resources development helped to achieved the growth.

(As per audit report)

Particular	2006	2005	2004	2003
	Jan-Jun	Jan-Dec	Jan-Dec	Jan-Dec
	Taka	Taka	Taka	Taka
Operating income				
Net investment income	325,628,483	406,717,537	92,627,880	128,318,432
Income from investment in securities	3,725,000	6,000,000	-	-
Commission, exchange and brokerage	168,372,110	221,441,759	94,015,617	36,037,269
Other operating income	<u>30,536,731</u>	<u>42,960,061</u>	<u>29,101,488</u>	<u>18,183,220</u>
Total operating income	528,262,324	677,119,357	215,744,985	182,538,921
Operating expenses				
General, Administration expenses & Loss	97,471,277	159,052,171	1,010,792,971	147,083,137
Depreciation & repairs of Banks assets	8,831,977	16,230,408	14,320,004	11,251,498
Provision for investment	<u>22,500,000</u>	<u>36,000,000</u>	<u>42,700,000</u>	<u>24,204,286</u>
Total operating expenses	128,803,254	211,282,579	1,067,812,975	182,538,921
Net income	399,459,070	465,836,778	(852,067,990)	-

Seasonal aspects of the company’s business

There are no seasonal aspects in banking business.

Known trends, events or uncertainties

There are no known trends in customer preferences, events or uncertainties that may affect banks operations.

Disposal of the assets of the Bank used to pay off any liabilities

No assets of the Bank have been disposed off to pay liabilities.

Loan taken from holding/ parent company or subsidiary company

The Bank has no holding/parent or subsidiary company.

Loan given to holding/parent company or subsidiary company

The Bank has no holding/parent or subsidiary company.

Future contractual Liability

The Bank has no such type of liabilities within in next one year except the normal business liabilities.

Future capital expenditure

The company has no plan to enter into any future capital expenditure other than normal course of business in the near future.

VAT, Income Tax, Customs Duty or other Tax liability

The Bank has paid income tax as per its tax return to the Tax authority for all the past years. Assessment of Income tax has been completed up to financial year 2001. Assessment of income tax for the year 2002, 2003 and 2004 is under process. Year wise income tax status of the Bank is as under:

Income Year	Status
2001-2002	Assessment completed with a refund of Tk. 484,935
2002-2003	Assessment finalized with further claim of Tk. 151,459 but the bank appealed for exemption from the claim of Tk. 151,459. and last hearing on that issue is done on 25/05/2005 but final assessment order yet not received.
2003-2004	Assessment finalized with refund amount of Tk. 37,313,532 as against Bank’s claim of Tk. 42,063,294 but Bank appealed for refund the rest amount. Hearing on that appeal is done on 19/07/2006.
2004-2005	Assessed by DCT with a claim Tk. 17,477,255 but Bank appealed against the order of DCT which is under process. Hearing is completed on 5/9/2006 and appeal orderreceived on 17/09/2006 but revised assessment order not yet received.
2005-2006	Income Tax Return submitted on 25.09.2006 but assessment order not yet received

VAT, customs duty or other tax liabilities are being paid regularly. The Bank has no undisputed VAT and custom duty outstanding till June 2006.

Operating lease

The Bank has no such type of lease agreement.

Financial and lease commitment

The Bank has no such type of lease agreement.

Personnel related schemes

Provident fund

The Bank has already set up recognized provident fund as contributed by the employee at the rate of 10% on the basic pay and equal amount by the Bank. Bank’s contribution would be payable on completion of minimum 3 years services.

Break down of issue expenses

The total public issue expenses are estimated as follows:

Particulars	Nature of expenditure	Amount in Taka
Managers to the Issue fee	Fixed	1,403,800
Underwriting commission	Fixed	1,871,650
SEC fee		
Application fee	Fixed	10,000
Consent fee	Fixed	1,403,800
Fees related to the stock exchanges		
Application fee (DSE)	Fixed	5,000
Annual Fee for DSE and CSE	Fixed	200,000
Listing Fees for stock exchanges (DSE & CSE)	Fixed	2,807,475
CDBL fees and expenses		
Documentation fee	Fixed	2,500
Annual fee	Fixed	100,000
Initial Public Offering fee	Fixed	233,960
Commission expenses		
Bankers to the issue commission	Variable	3,743,300
Expenses related to printing and publications		
Abridged version of prospectus	Fixed	200,000
Notice for prospectus, lottery, refund etc.	Fixed	50,000
Printing of prospectus and forms	Fixed	495000
Distribution & collection of forms and data processing	Variable	3,000,000
Lottery related expenses including BUET fee	Fixed	200,000
Distribution of allotment letters and refund warrants	Variable	200,000
Other expenses	Variable	25,000
Total		15,951,485

Revaluation of assets of the Bank

No revaluation has been made of the Bank’s assets and liabilities.

Transaction with holding/subsidiary company or associate companies and the issuer

Shahjalal Islami Bank Limited has no holding/subsidiary company or associate company. Hence no transaction has taken place with them.

**Declaration of adherence to the requirements specified in the Bank Company Act, 1991
(Act No. 14 of 1991)**

We hereby declare that all requirements as specified in the Bank Company Act, 1991 (Act No. 14 of 1991) as amended up to date have been adhered to.

Sd/- (Alhaj Sajjatuz Jumma) Chairman	Sd/- (Alhaj Tofazzal Hossain) Vice Chairman	Sd/- (Alhaj Md. Sanaullah Shahid) Vice Chairman Nominated by Electra International Ltd.
Sd/- (Alhaj Anwer Hossain Khan) Director	Sd/- (Mr. Md Masud) Appointed as Alternate Director in place of Alhaj Mohammad Faruque	Sd/- (Alhaj Rukun Uddin Khan) Appointed as Alternate Director in place of Alhaj Md. Harun Miah, nominated by Shams Uddin Khan & Harun Miah Ltd.
Sd/- (Alhaj Mohammad Farooq) Director	Sd/- (Alhaj Md. Abdul Barek) Director	Sd/- (Alhaj Md. Solaiman) Director
Sd/- (Alhaj Abdul Halim) Director	Sd/- (Alhaj A.K. Azad) Director	Sd/- (Alhaj Mohammad Yunus) Director
Sd/- (M. Kamaluddin Chowdhury) Managing Director		

A special report from the auditors regarding any allotment of shares to the directors and subscribers to the Memorandum of Association and Articles of Association for any consideration otherwise than for cash.

Special report of the Auditors' regarding paid-up capital of Shahjalal Islami Bank Limited

Based on the audited Financial Statements for the period from 1 January 2006 to 30 June 2006 and examination of cash book and other books and records of Shahjalal Islami Bank Limited, we certify that the paid-up capital of Shahjalal Islami Bank Limited as on 30 June 2006 is Tk.935,825,000 divided into 9,358,250 ordinary shares of Tk.100.00 each which is made up as follows:-

Description	Number of Shares	Amount of Taka
Subscription as per the Memorandum & Articles of Association at the time of Incorporation	2,050,000	205,000,000
Bonus Shares issued for the year 2002 issued on 20 January 2003	256,250	25,625,000
Fresh Shares against cash received within 30 December 2004 as per approval of Securities and Exchange Commission's Letter # SEC/ CPLC-45(1)/238 dated 12 September 2004	2,362,000	236,200,000
Fresh Shares against cash received within 15 May 2005 as per approval of Securities and Exchange Commission's Letter # SEC/ CI/ CPLC-45(1)/2003/501 dated 23 April 2005	4,690,000	469,000,000
Total	9,358,250	935,825,000

Dhaka, 15 August 2006	Sd/- Hoda Vasi Chowdhury & Co Chartered Accountants
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Material information which is likely to have an impact

There is no other material information, which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.

Directors and officers

Particulars of Directors

Name	Name of nominated organization	Period for which the nomination has been made	Address	Age	Position	Date of becoming director for the first time	Date of expiration of current period
Alhaj Sajjatuz Jumma	N/A	N/A	Plot No. 2/5, Block –D, Lalmatia, Dhaka.	56	Chairman	01-04-2001	5 th AGM
Alhaj Tofazzal Hossain	N/A	N/A	Biman Bhaban (4 th Floor),100 Motijheel C/A, Dhaka–1000.	49	Vice Chairman	26-09-2004	6 th AGM
Alhaj Md. Sanaullah Shahid	Electra International Ltd.	Until further intimation	56, Purana Paltan, Dhaka.	43	Vice Chairman	26-09-2004	6 th AGM
Alhaj Anwer Hossain Khan	N/A	N/A	147, DIT Extension Road, Fakirapool, Dhaka.	44	Director	26-09-2004	6 th AGM
Mr. Md Masud, Appointed as Alternate Director in place of Alhaj Mohammad Faruque	N/A	N/A	5/10, Fazil Chist Residential Area East Subidbazar, Sylhet.	59	Alternate Director	28-06-2006	6 th AGM
Alhaj Rukun uddin Khan Appointed as alternate director in place of Alhaj Md. Harun Miah	Alhaj Md. Harun Miah, nominated by Shamsuddin Khan & Harun Miah Ltd.	Until further intimation	Taj Villa, Tilla Ghor, Sylhet.	45	Alternate Director	28-06-2006	5 th AGM
Alhaj Mohammad Farooq	N/A	N/A	38, Mitford Road, Dhaka-1100.	64	Director	08-06-2006	5 th AGM
Alhaj Md. Abdul Barek	N/A	N/A	House No. 61, Narinda, Sutrapur, Dahka.	53	Director	08-06-2006	6 th AGM
Alhaj Md. Solaiman	N/A	N/A	1560/A, Hill view R/A O.R. Nizam Road, Chittagong.	48	Director	08-06-2006	6 th AGM
Alhaj Abdul Halim	N/A	N/A	10/15 Paddolochan Roy lane, Dhaka.	58	Director	08-06-2006	5 th AGM
Alhaj A. K. Azad	N/A	N/A	241 Teajgaon Industrial Area, Dhaka.	47	Director	29-08-2002	5 th AGM
Alhaj Mohammad Yunus	N/A	N/A	38, Central Road Dhaka.	48	Director	29-08-2002	5 th AGM

Directors’ involvement in other organizations

Name	Status	Name of firms/Companies in which interested as
Alhaj Sajjatuz Jumma	Managing Director	i) Fresco Flour Industries Ltd.
		ii) Farina Industries Ltd.
		iii) Desh Electronics Ltd.
		iv) Milling Engineers Ltd.
	Chairman	i) Mercantile Securities Ltd.
Alhaj Tofazzal Hossain	Managing Director	i) Prime University
		ii) Prime Foundation
		i) Everbest Textiles Ltd.
		i) Prime University
	Director	i) Fareast Finance and Investment Ltd
Alhaj Md. Sanaullah Shahid	Chairman	ii) Takaful Islami Insurance Ltd.
		i) Electra International Ltd.
		i) Modern Group of Companies
		ii) Modern Diagnostics Centre Ltd
	Chairman & Managing Director	iii) Anwer Khan Modern Hospital
Alhaj Anwer Hossain Khan	Chairman & Managing Director	iv) Dhaka Telecommunication
		v) Modern Environmental Technologies
		i) Fareast Finance & Investment Ltd
		ii) Takaful Islamic Insurance Ltd
	Director	i) Prime University
Alhaj Md. Faruque represented by Mr. Md. Masud as alternate director	Managing Director	i) Star of India
		ii) Tandori Restaurant Ltd
		iii) East Bengal Tanduri Restaurant Ltd.
		iv) Shahpla tandoori Restaurant Ltd.
	Managing Director	i) Kushiara Financial Services Ltd
Alhaj Harun Miah represented by Alhaj Rukun Uddin Khan as alternative director	Managing Director	ii) Kushiara Cash and Carry Ltd
		iii) Bangla Frozen
		i) Holiday planet
		i) Shamsuddin Khan & Harun Miah Ltd,
	Vice Chairman	ii) Hotel Pritom
Alhaj Md. Farooq	Proprietor	iii) Pritom In (Pvt) Ltd
		i) Famous Perfumery Suppliers
		i) FS printing & Packaging Ltd.
		i) Famous Group of Companies Ltd
	Chairman	ii) Famous General Agencies Ltd
Alhaj Abdul Barek	Proprietor	i) Famous printing & packaging Ltd.
		ii) Famous flavor & fragrance Ltd
		i) Matcon Ltd
		i) Arju Electronics
	Managing Director	ii) Jony Electronics
Alhaj Md. Solaiman	Proprietor	iii) Rony Electronics
		i) Mercantile Insurance Company Ltd
		ii) Central Hospital Ltd
		iii) Eden Multicare Hospital Ltd
	Director	iv) Hardco International School
Alhaj Abdul Halim	Director	i) Paradise Electronics
		ii) Paradise Corporation (Pvt.) Ltd
		i) Halim Group
		i) Islami Insurance of Bangladesh
	Chairman	

Alhaj A.K. Azad	Chairman & Managing Director Director	i) Ha-meem Group i) Sonarbangla Insurance Ltd ii) Ecochem Bangladesh Pvt. Ltd.
	President Managing Director	i) Bangladesh Chamber of Industries i) New Modern Garments Industries Ltd ii) Sajid Apparels Ltd iii) That's it Garments Ltd iv) That's it Fashion Ltd v) Asha Fashion Ltd vi) Refat Sports Wear Ltd vii) Modern Washing and Dyeing Ltd viii) That's It Packaging Ltd ix) Sakib Poly Industries Ltd x) Ha Meem Washing Ltd xi) That it Knit Ltd xii) Sajid Washing and Dyeing Ltd xiii) Enzyme Bangladesh Ltd xiv) Nishat Jute Mills Ltd xv) Hameem Design Ltd xvi) Refat Garments Ltd xvii) That's it Sports Wear Ltd xviii) Ha meem Denim Ltd xix) Ha meem Apparels Ltd xx) Ha meem Fashion Ltd
Alhaj Mohammad Younus	Managing Director	i) Universal paper & Board Mills Ltd ii) Sobhan Ice & Cold storage Ltd iii) Younus Filament Industries Ltd iv) Younus Plastic Industries Ltd v) Younus cold storage Ltd vi) Long lasting Coating Ind. vii) Quality Accessories Ltd viii) Ananta paper Mills Ltd ix) Meghna Pipe Factory, Uniflex
	Chairman	i) Express Insurance Ltd. ii) Younus Paper mills Ltd.

Family relationship among Directors and top five officers

There is no family relationship among the Directors and top five officers.

Short bio-data of the directors

The Board of Shahjalal Islami Bank Limited consists of 12 Directors and the members are business elites and hold very respectable positions in society. Each of them are playing significant role in the Socio Economic domain of the country by establishing successful groups of business and industries in Bangladesh.

Alhaj Sajjatuz Jumma

Chairman

Alhaj Sajjatuz Jumma was born in the year of 1950 in a respectable Muslim family and started business after completion of Masters Degree. Mr. Jumma, the founder and present Chairman of the Bank, has long and creditable business experience for about two decades and established himself as an icon of production, indenting, electronics and industrial consulting business. He is representing Fresco Flour Industries Ltd., Farina Industries Ltd., Milling Engineers Ltd. and Desh Electronics Ltd. as the Managing Director.

In addition to his success in trade and business, Mr. Jumma is widely reputed for his contribution to the field of education. He is the Founder Chairman of Governing Council of Prime University and Founder of Bir Sraystha Hamidur Rahman College at Jhenaidha. He is also the Chairman of Prime Foundation. Recently he has been elected as the Chairman of Islamic Bank’s Consultative Forum (IBCF).

Mr. Jumma, who is a man of pleasant personality and amiable disposition, has also affiliation with different trade bodies and social organizations. Presently, he is the member of FBCCI and DCCI, Vice President of Istanbul-Dhaka Chamber of Commerce and Industry and Secretary General of Bangladesh Major and Compact Flour Mills Association. He is the former Senior Vice President of the Dhaka Chamber of Commerce and Industry. He is also the Member of Dhaka Club, Uttara Club and Sylhet Station Club.

Alhaj Tofazzal Hossain

Vice Chairman

Alhaj Tofazzal Hossain was born in the year of 1957 in a respectable Muslim family and started business after completion of Masters Degree. Mr. Hossain is a sponsor shareholder of the Bank and he has a long and creditable business experience for more than two decades. He is the Managing Director of Ever Best Textile (Pvt.) Ltd. and also the Director of Fareast Finance & Investment Ltd. and Takaful Islamic Insurance Ltd. He traveled different parts of the world in connection with business. In addition to the success in trade and business, Mr. Hossain is well known for his interest in education. He is a Member of Governing Body of Prime University.

Alhaj Md. Sanaullah Shahid

Vice Chairman

Alhaj Md. Sanaullah was born in 1963 in a respectable Muslim family and started business after completion of Bachelor Degree. Mr. Sanaullah is a sponsor shareholder and the Vice Chairman of the Executive Committee of the Board of Directors of the Bank. He has long and creditable business experience for more than two decades. Mr. Sanaullah is the Chairman of Electra International Ltd. He is a man of pleasant personality and amiable disposition. He also traveled different parts of the world in connection with business.

Alhaj Anwer Hossain Khan

Director

Alhaj Anwer Hossain Khan was born in 1962 in a respectable Muslim family and started business after completion of Masters of commerce. He is the Chairman of the Board Audit Committee and sponsor shareholder of the Bank. He has long and creditable business experience for two decades and emerged himself as a prominent in pathological business. Mr. Khan is also the Chairman and Managing Director of Modern Diagnostic Centre Ltd. He is a Director of Fareast Finance & Investment Ltd. and Takaful Islamic Insurance Ltd. He traveled different parts of the world in connection with business. In addition to his success in trade and business, Mr. Khan is highly reputed for his contribution in the field of education and health. He is a Member of Governing Body of Prime University and founder of Anwer Khan Modern Hospital.

Alhaj Mohammed Faruque

Director

Alhaj Mohammed Faruque was born in 1947 in a respectable Muslim family and started his business after completion of Bachelor Degree in UK. He also took Diploma in Sales Management and Marketing from Jersey, Britain. Mr. Faruque has long and creditable business experience for more than three decades in restaurant business in the UK. As he lived in the UK for long, he established Tandury Restaurant Ltd., Shapla Tandury Restaurant Ltd., in UK and representing those in the capacity of Managing Director. He is also the Director of East Bengal Tandury Restaurant Ltd. Md. Masud is acting as the alternate Director in place of Alhaj Mohammed Faruque.

Alhaj Md. Harun Miah

Director

Alhaj Md. Harun Miah was born in the year of 1961 in a respectable Muslim family and started business after completion of Bachelor Degree. Mr. Harun Miah has long and creditable business experience for more than 20 years business in UK. He established Kushiara Financial Services Ltd., Kushiara Cash and Carry Ltd., Bangla Frozen in UK and representing those as Managing Director. He is the Vice Chairman of Holiday Planet, a luxurious guesthouse situated in Dhaka. He is the Director of Samsuddin Khan & Harun Miah Ltd. (UK) and Hotel Pritom. Alhaj Rukun Uddin Khan is acting as the Alternate Director in Place of Alhaj Md. Harun Miah.

Alhaj Mohammad Farooq

Director

Alhaj Md. Farooq was born in the year of 1942 in a respectable Muslim family and started business after completion of his education. Mr. Farooq is the Chairman of F.S. Printing & Packaging Ltd., proprietor of Famous Perfumery Suppliers. He is the Managing Director of Famous group of Companies Ltd., Famous General Agencies Ltd. He is the Director of Famous Printing & Packaging Ltd., Famous Flavor & Fragrance and Matcon Ltd. In addition to his success in trade and business, Mr. Farooq is highly reputed for his contribution to the field of education and health. He is the Coordinator of Southeast University and the Coordinator of Eden Multicare Hospital Ltd. He is a man of bright personality and amiable disposition. He also traveled different parts of the world in connection with business

Alhaj Md. Abdul Barek

Director

Alhaj Md. Abdul Barek was born in the year of 1953 in a respectable Muslim family and started business after completion of his education. Mr. Barek is a sponsor shareholder and the Vice Chairman of the Executive Committee of the Board of Directors of the Bank. He has long and creditable business experience for more than two decades. Mr. Barek is the proprietor of Arju Electronics and Rony Electronics. He is a man of pleasant personality and amiable disposition. He also traveled different parts of the world in connection with the business.

Alhaj Md. Solaiman

Director

Alhaj Md. Solaiman was born in the year of 1958 in a respectable Muslim family and started business after completion of Master degree. Mr. Solaiman is a sponsor shareholder and the Chairman of the Executive Committee of the Board of Directors of the Bank. He has long and creditable business experience for more than two decades. Mr. Solaiman is the Director of Mercantile Insurance Co. Ltd. and the Managing Director of Paradise Electronics and Paradise Corporation (Pvt.) Ltd. In addition to his success in trade and business, Mr. Solaiman is highly reputed for his contribution to the field of education and health. He is the director of Hardco International School, Central Hospital Limited and Eden Multi care Hospital Limited. He is a man of pleasant personality and amiable disposition. He also traveled different parts of the world in connection with business

Alhaj Abdul Halim

Director

Alhaj Abdul Halim was born in the year of 1948 in a respectable Muslim family and started business after completion of his education. Mr. Halim is a sponsor shareholder and the former Vice Chairman of the board of Directors. He has long and creditable business experience for more than three decades. Mr. Halim is also the chairman of Halim Group and Director of Islami Insurance Bangladesh Ltd. He is a man of pleasant personality and amiable disposition. He also traveled different parts of the world in connection with business.

Alhaj A. K. Azad

Director

Alhaj A. K. Azad was born in the year of 1959 in a respectable Muslim family and started business after completion of Bachelor Degree. Mr. Azad is the sponsor shareholder of the Bank. He has long and creditable business experience for more than one decade and established himself as a business leader not only in RMG sector but also other sectors. Mr. Azad is also the Managing Director of Ha-Meem Fashions Ltd., Ha-Meem Apparels Ltd., New Modern Garments Ind. Ltd., That's It Fashions Ltd., Asha Fashions Ltd., Sajid Apparels Ltd., Refat Sports Wear Ltd., Modern Washing and Dyeing Ind. Ltd., That's It Packaging Ltd., Sajib Poly Industries Ltd., Ha-Meem Washing Ltd., That's It Knit Ltd., Sajid Washing and Dyeing Ltd., Enzyme Bangladesh Ltd., That's It Garments Ltd., Nishat Jute Mills Ltd., Ha-Meem Design Ltd., Refat Garments Ltd., That's It Sports Wear Ltd., Ha-Meem Denim Ltd., Director of Ecochem Bangladesh (Pvt.) Ltd. and Sonarbangla Insurance Ltd.

Mr. Azad has also affiliation with different trade bodies and social organization. He is the President of Bangladesh Chamber of Industries and member of BGMEA and BTMEA. He is a man of pleasant personality and amiable disposition. He also traveled different parts of the world in connection with business.

Alhaj Mohammed Younus

Director

Alhaj Mohammed Younus was born in the year of 1958 in a respectable Muslim family and started business after completion of education. Mr. Younus is the sponsor shareholder of the Bank and has long and creditable business experience for about two decades. Mr. Younus is also the Chairman of Express Insurance Ltd. and the Managing Director of Universal Paper & Board Mills Ltd., Sobhan Ice & Cold Storage Ltd., Younus Filament Industries Ltd., Younus Plastic Industries Ltd., Younus Cold Storage Ltd., Quality Accessories Ltd., Ananta Paper Mills Ltd. He is a man of pleasant personality and amiable disposition. He also traveled different parts of the world in connection with business.

Short bio-data of the alternate directors

Mr. Md. Masud, Alternate Director

Mr. Md. Masud was born in the year of 1957 in a respectable Muslim Family and started business after completion of his education. He is the proprietor of Carpet House. Mr. Masud who bears charming personality, traveled different parts of the world in connection with business.

Mr. Rukun Uddin khan, Alternate Director

Alhaj Rukun Uddin Khan was born in the year of 1955 in a respectable Muslim family and started business after completion of his education.

He is the Director of Taj Ten and Trading Company Limited (Momincherra tea Estate), Mathuiura Tea Company Limited (Mathiura Tea Estate), Proprietor of Shamsuddin Khan and Brothers. Mr. Khan who bears charming personality, traveled different parts of the world in connection with business.

In addition to his success in trade and business, he is immensely reputed for his contribution to the field of education. He is the Chairman of London Grace International School and College.

Credit Information Bureau (CIB) Report

Neither Shahjalal Islami Bank Limited nor any of its Directors or Shareholders who hold 5% or more shares in the paid up capital of the bank is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

Description of other Senior Executives and Officers

Name	Position	Educational Qualification	Date of joining in Shahjalal Islami Bank Limited	Name(s) of Organization(s) where worked during the last five years
Mr. M. Kamaluddin Chowdhury	Managing Director	B. Com, CMIBP & DAIBB (Part-I)	25-02-2004	Islami Bank Bangladesh Ltd.
Mr. Md. Jillur Rahman	Deputy Managing Director-I	M. Sc. (Mathematics) DAIBB (Part-1)	15-05-2001	Prime Bank Ltd.
Mr. Muhammad Ali	Deputy Managing Director-II Head of Investment, HRD, IT and ID	B. A. (Hons), M.A (Economics), DAIBB (Part-1)	24-07-2005	Standard Bank Ltd.
Mr. Md. Ghulam Wahab	Executive Vice President Head of PRD and CSD	B.A. (Hons), M.A. (English) DAIBB (Part-1)	02-10-2002	One Bank Ltd.
Mr. Md. Shafiqul Islam	Vice President Head of Marketing Division	B.Com (Pass) DAIBB	01-04-2001	Shahjalal Islami Bank Ltd.
Mr. Md. Emran Hossain	Vice President Company Secretary	M.A. (English) L.L.B	11-10-2003	Al-Baraka Bank Ltd., Social Investment Bank Ltd.
Mr. Imtiaz Uddin Ahmed	Senior Assistant Vice President Head of Internal Audit	M.Com (Accounting), M.Com (Finance), CA (Inter)	26-01-2003	Eastern Bank Ltd.
Mr. Sayed Abul Hashem	Assistant Vice President Head of FAD	M. Com (Accounting) ACMA, CA (Inter), DAIBB	02-06-2003	Islami Bank Bangladesh Ltd.
Mr. Mohammad Ashfaquul Hoque	Assistant Vice President Head of AMD	M. Com. (Management), CA, Chartered Secretary (Inter Level-3)	12-04-2003	One Bank Ltd.

Involvement of officers and directors in certain legal proceedings

No Director or officer of the Bank was involved in any of the following types of legal proceedings in the past ten years:

- 1)
- Any bankruptcy petition filed by or against any company of which any Director or Officer of the company filling the prospectus was a Director, Officer or general partner at the time of the bankruptcy or within two years prior to that time;
- 2)
- Any conviction of Director, Officer in a criminal proceedings or any criminal proceedings pending against him;
- 3)
- Any order judgment or decree of any court of competent jurisdiction against any Director, Officer permanently or temporarily enjoying, barring, suspending or otherwise limiting the involvement of any Director or Officer in any type of business, securities or banking activities;
- 4)
- Any order of the Securities and Exchange Commission or other regulatory authority or foreign financial regulatory authority suspending or otherwise limiting the involvement of any Director or Officer in any type of business, securities or banking activities.

Certain relationship and related transaction

Transaction with related parties

The transactions between the company and directors/ shareholders are disclosed in the auditors’ disclosure part of the prospectus and also in special report of Auditor relating transaction (Annexure A & B).

Neither proposed any transaction nor had any transaction during the last two years with following related parties

- a. any director or executive officer of the company;
- b. any director or officer;
- c. any person owning 5% or more of the outstanding stock of the company;

In addition to the above, transaction during the last two years or any proposed transaction between the issuer and the executive officer or officer of the company are as follows (as per audited accounts)

Name	Relation With the Bank	Nature of transaction	Outstanding		
			2006 (up to June 30)	2005	2004
Mr. Md. Jillur Rahman	DMD	House Building Investment Scheme	2,124,743	2,186,323	2,304,813
		Car Finance Scheme	-	252,420	382,698
Mr. Muhammad Ali	DMD	House Building Investment Scheme	2,539,710	2,589,922	-
		Car Finance Scheme	-	446,496	-
Mr. Abdul Jabbar Chowdhury	SEVP & Manager	Car Finance Scheme	311,512	380,289	510,150
Other Official			23,513,035	10,626,889	14,383,693
Total Staff Investment			28,489,000	16,035,843	17,581,354

Further to the above, neither proposed any transaction nor had any transaction during the last two years with following related parties:

- d. any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.
- e. any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiary/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of the prospectus.
- f. the bank did not take any loan from any Director or any person connected with any Director nor did any Director or any person connected with any Director take any loan from the bank except for the following related party transaction as disclosed in 44.5 of the audited report and special report of Auditor relating transaction (Annexure A & B).
- g. No other pecuniary or non -pecuniary interest enjoyed by a director except which is disclosed in note no 44 of audited financial statement.

Executive Compensation

Remuneration paid to the top five salaried officers (Amount in Taka)

SI No.	Name	Designation	Jan–Dec 2005	Jan–Jun 2006
1	Mr. M. Kamaluddin Chowdhury	Managing Director	2,390,000	1,745,000
2	Mr. Md. Jillur Rahman	DMD	1,103,075	713,000
3	Mr. Md. Muhammad Ali	DMD	441,790	633,600
4	Mr. Md. Abdul Jabbar Chowdhury	SEVP	873,147	546,240
5	Mr. Md. Ghulam Wahab	EVP	807,597	495,897

Aggregate amount of remuneration paid to Officers and Directors (as per audited account)

Group	2005 Jan–Dec	2006 Jan–Jun	Nature of payment
	Amount Paid (Tk.)	Amount Paid (Tk.)	
Directors	1,989,450	282,300	Meeting attendance fee & expenses
Officers	75,299,475	48,243,313	Salary and allowances

The amount of remuneration paid to any director who was not an officer during the last accounting year

The Bank did not pay any amount to any director who was not an officer during the last accounting year

Any contract with any Director or officer providing for the payment of Future compensation

There is no contract with any director or officer providing for the payment of future compensation.

Pay increase intention to the Directors and officers in the current year

Except normal increment, intention for substantial pay increase to directors and officers in the current year are not made.

Option granted to Directors, Officers and Employees

The Bank has not offered any option to any Directors, Officers and employee of the Bank.

Transaction with the directors and Subscribers to the Memorandum

(a) Value received by the bank during last five years

The directors and subscribers of memorandum of Shahjalal Islami Bank Limited have not received any benefits other than meeting attendance fees during the last five years and the bank does not received any thing from its directors and subscribers of memorandum except fund against allotment of shares.

(b) Assets acquired or are to be acquired from the directors and subscribers to the Memorandum

No assets have acquired or are to be acquired from the directors and subscribers to the Memorandum during the last two years except premises rented from the subscribers to the memorandum as stated in the special audit report relating transaction (Annexure B).

Special report of the Auditors relating to transactions with the Directors and Subscribers to the Memorandum of Shahjalal Islami Bank Limited.

We have examined the transactions with the Directors and Subscribers to the Memorandum, with the books and records produced to us and audited accounts of Shahjalal Islami Bank Limited for the half-year ended 30 June 2006 and the years ended 31 December 2005, 31 December 2004, 31 December 2003, 31 December 2002 & 31 December 2001. We enclose Annexure 'A' showing therein details of Investment (Loans and Advances) to the Directors and subscribers to the memorandum and their related concerns. We also enclose Annexure-B related to premises rented from the subscribers to the memorandum are considered by us as correct on the basis of statements certified by the Bank Management.

Dhaka, 15 August, 2006

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Tangible asset per share
(As per audited accounts as at 30thJune, 2006)

SL. No.	Particulars	Amount in Taka
1.	Current Assets (Cash, Bank Balance, Investment in Securities)	4,224,983,592
2.	Investments (Loans & Advances)	12,800,529,749
3.	Fixed Assets	90,260,511
4.	Other Assets	272,010,859
Total Tangible Assets (A)		17,387,784,711
Less Total Liabilities (B)		16,427,142,491
Net Tangible Assets (A-B)		960,642,220
Number of Ordinary Shares		9,358,250
Net Tangible Assets Per Share		102.65

Ownership of the Company’s Security

Shareholding structure as on 30.06.2006

List of share holders who owns 5% or more share of the company					
Sl. No.	Name of the Sponsors	Address	Status	No. of shares subscribed	% of holdings
1	Alhaj Mohammad Faruque (Mr. Md. Masud appointed as alternate Director in place of Alhaj Mohammad Faruque)	9/A, Fazil Chist R/A, Sylhet	Director	797,780	8.52
2	Alhaj A. K. Azad	241 Teajgaon Industrial Area, Dhaka.	Director	713,551	7.62
3	Electra International Represented by Alhajj Md. Sanaullah Shahid	56, Purana Paltan, Dhaka.	Director	477,762	5.11
4	Shams Uddin Khan & Harun Miah Ltd. (Represented by Alhajj Md. Harun Miah. Alhaj Rukun Uddin Khan appointed as alternate director in place of Alhaj Md.Harun Miah)	313-317 Commercial Road London E1 2PS, U.K.	Director	477,761	5.11
5	Alhaj Md. Solaiman	1560/A, Hill view R/A O.R. Nizam Road, Chittagong.	Director	478,276	5.11
6	Alhaj Engr. Towhidur Rahman	3/2, Haji Mohsin Road, Khulna.	Shareholder	477,762	5.11
7	Alhaj Abdul Barek	House No.61, Narinda, Sutrapur, Dhaka	Director	476,645	5.09
8	Alhaj Anwer Hossain Khan	147, DIT Extension Road, Fakirapol, Dhaka.	Director	475,686	5.08
9	Alhaj Akkas Uddin Mollah	Room –1302, 195 Motijheel, Dhaka	Sahreholder	470,022	5.02
10	Alhaj Mohammad Farooq	38, Mitford Road, Dhaka-1100.	Director	467,913	5.00
11	Alhaj Md. Hasan	38, Mitford Road, Dhaka.	Shareholder	467,912	5.00
12	Alhaj Abdul Halim	10/15 Paddolochan Roy lane, Dhaka	Director	467,912	5.00
13	Alhaj Mohiuddin Ahmed	32, Bangshal Road, Dhaka.	Shareholder	467,913	5.00

List of share holders who owns below 5% share of the company					
Sl. No.	Name of the Sponsors	Address	Status	No. of shares subscribed	% of holdings
1	Alhaj Sajjatuz Jumma	Plot No. 2/5, Block–D, Lalmatia, Dhaka.	Director & Chairman	462,727	4.94
2	Alhaj Tofazzal Hossain	Biman Bhaban (4 th floor), 100 Motijheel C/A, Dhaka –1000.	Director	462,727	4.94
3	Alhaj Syed Nurul Arefeen	365 West Shewrapara, Mirpur, Dhaka.	Shareholder	462,727	4.94
4	Alhaj Md. Younus	38, Central Road, Dhaka.	Director	462,727	4.94
5	Mrs. Nasima Akhter	House# 255/A, Road# 18, DOHS, Mohakhali, Dhaka.	Shareholder	462,727	4.94
6	Alhaj Khandoker Sakib Ahmed	House# 2/E, Road# 8, Sector# 7, Uttara, Dhaka.	Shareholder	327,720	3.50
			Total	9,358,250	100 %

Securities owned by the officers

The officers of the Bank own no share or any other securities of the bank.

Determination of offering price

The offering price of ordinary shares of the Shahajalal Islami Bank Limited has been determined on the basis of comparative analysis of value as follows:

Net Asset Value (NAV)

Net Asset Value (NAV) is based on historical Accounting book Value of Bank's net Assets. This is determined on the basis of the figures appearing in the audited balance sheet as at 30th June, 2006 as follows.

SL. No.	Particulars	Amount in Taka
1.	Current Assets (Cash, Bank Balance, Investment in Securities,)	4,224,983,592
2.	Investments (Loans & Advances)	12,800,529,749
3.	Fixed Assets	90,260,511
4.	Other Assets	272,010,859
	Total Assets (A)	17,387,784,711
1.	Financing (Borrowing) from through Bangladesh Banks, Other Banks, Financial Institutions	945,000,000
2.	and Agents	15,048,365,677
3.	Deposits and other accounts	433,776,814
	Other Liabilities	
	Total Liabilities (B)	16,427,142,491
Net Asset Value (A-B)		960,642,220

The Net Assets Value (NAV) is also equivalent to the shareholders' equity consisting of Paid-up Capital and Reserve / Retained earning as follows:

SL. No.	Particulars	Amount
1.	Paid-up-Capital	935,825,000
2.	Statutory Reserve	189,508,632
3.	Retained Earning / (Loss)	(164,691,412)
	Total Shareholders' Equity	960,642,220
Number of Ordinary Shares		9,358,250
Net Assets Value Per Share		102.65

We have examined the above calculation of Net Assets Value (NAV) of Shahjalal Islami Bank Limited which appears to be correct.

Net asset Value per share is Tk. 102.65 as on 30th June 2006. Accordingly the issue price of Tk. 100.00 for each share to be offered by the company is lower than the net worth per share.

Dhaka, 15 August, 2006

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

Market for securities being offered

The issuer shall apply to
Dhaka Stock Exchange Limited and **Chittagong Stock Exchange Limited**
9/F Motijheel C/A,
Dhaka-1000 CSE Building, 1080 Sk. Mujib Road
Agrabad, Chittagong-4100

Within 7(seven) working days from the date of consent accorded by the Commission to issue prospectus.

Declaration about Listing of Shares with the Stock Exchange(s)

None of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.

Description of securities outstanding or being offered

Dividend, voting, preemption rights

The share capital of the bank is divided into ordinary shares and is eligible to receive dividend in terms of the relevant provisions of the Companies Act, 1994 and the Articles of Association of the bank. Shareholders shall have the usual voting right, proportionate to the number of shares held by individual shareholders. The shareholders exercise their voting right upon show of hands present in person or by Attorney or Proxy in connection with, among others, election of Directors, Auditors and other usual agenda of General Meeting whether Ordinary or Extraordinary.

Conversion and liquidation rights

In terms of the provisions of the Companies Act, 1994, Articles of Association of the Bank and other relevant rules in force, the shares of the bank are freely transferable. The bank shall not charge any fee for registering transfer of shares. No transfer shall be made to firms, minors or persons of unsound mind.

Dividend policy

- a) The profit of the bank, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provision of the Articles of Association, shall be divisible among the members in proportion to the capital paid up on the shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the Directors, but the Bank at its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of net profit of the bank shall be conclusive.
- c) No dividend shall be payable except out of profits of the bank or any other undistributed profits. Dividend shall not carry profit as against the Bank.
- d) The Directors may, from time to time, pay the members, such interim dividend, as in their judgment, the financial position of the Bank may justify.
- e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- f) The Bank has no debt instruments and preferred stocks. The Bank has an accumulated loss of Tk 164,691,412 as on 30 June 2006. As per BRPD Circular Letter No. 18 dated 20.10.2002 and Section 22 of The Bank Company Act, 1991 the Bank will not be able to declare dividend till the accumulated loss is fully adjusted.

Other rights of stockholders

The Directors shall present the financial statements as required under the law and Bangladesh Accounting Standards (BAS). Financial Statements will be prepared in accordance with the Bangladesh Accounting Standards, consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per Banking Bank Act and BAS to the shareholders regarding the financial and operational position of the Bank. The shareholders shall have the right to receive all periodical reports and statements, audited as well as un-audited, published by the Bank from time to time.

In case of any declaration of stock dividend by issue of bonus shares, all shareholders shall be entitled to it, in proportion to their shareholdings, on the date of book closure for the purpose.

The shareholder holding minimum 10% of paid up capital of the Bank shall have the right to requisition Extraordinary General Meeting of the bank as provided under Section 84 of the Companies Act, 1994.

Debt Securities

The Bank has not issued or is planning to issue within six months any debt securities.

Lock in provision

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later:

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later

Refund of subscription money

In the case of non-allotment of securities, refund of subscription money of applicants resident in Bangladesh shall be made by account payee cheque /warrant payable to applicant. For this purpose the number of the bank account along with name of bank and branch shall be indicated in the securities application form.

Subscription by and refund to non-resident Bangladeshi (NRB)

(1) A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking ` Account Payee only`.

(2) The value of securities applied for by such person may be paid in Taka or US Dollar or UK Pound Sterling or EURO at the rate of exchange mentioned in the securities application Form.

(3) Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account payee bank cheque payable at Dhaka with bank account number, Banks name and Branch as indicated in the securities application form.

Availability of Securities

1.	Ordinary Shares:		
	Sl. No.	No. of Shares	Amount in Taka
	A 10% of IPO i.e. 935,825 ordinary shares of Tk. 100 each shall be reserved for Non Resident Bangladeshi	935,825	93,582,500
	B 10% of IPO i.e. 935,825 ordinary shares of Tk. 100 each shall be reserved for Mutual Fund and Collective Investment Schemes registered with the commission	935,825	93,582,500
	C 80% of IPO, i.e. 7,486,600 ordinary shares of Tk. 100 each shall be reserved for subscription by the general public	7,486,600	7,48,660,000
	Total	9,358,250	935,825,000
2.	All securities as stated in Clause 1.A, 1.B & 1.C shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.		
3.	In case of over-subscription under any of the categories mentioned in Clause 1.A, 1.B & 1.C the issue managers shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.		
4.	In case of under-subscription under any of the 10% categories mentioned in the clause 1.A and 1.B, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and issue managers shall jointly conduct an open lottery of all the applicants added together.		

5. In case of under subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s).
6. The lottery as stated in clause (3), (4) shall be conducted in presence of representatives from the issuer, the stock exchange and the applicants, if there be any.

7. Application for subscription

- (a) Application for shares may be made for a minimum lot for **50** Ordinary shares to the value of Tk. **5,000** respectively and should be made on the Company's Printed Application forms. Application Form and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. or from the Bankers to the Issue. In case adequate forms are not available, applicants may use photocopied/cyclostyled/hand written/typed copies of the forms. Applications must not be for less than **50** shares. Any application not meeting this criterion will not be considered for allotment purpose.
- (b) Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.
- (c) Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies must be accompanied by Memorandum and Articles of Association.
- (d) An applicant cannot submit more than two applications, one in his own name and another jointly with another person. In case an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purpose.
- (e) Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares.
- (f) Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/Bank Draft shall be made payable to the bank to which it is sent and be marked "**Shahjalal Islami Bank Limited**" and shall bear the crossing "**A/C Payee Only**" and must be drawn on a bank in the same town of the bank to which application form is deposited.
- (g) All completed application forms together with remittances for the full amount payable on application shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue (vide instructions for application for shares by investors other than Non-Resident Bangladeshis).

8. Bankers to the Issue

Investment Corporation of Bangladesh
Head Office, Dhaka
Local Office, Nayapalitan, Dhaka
Chittagong Branch, Chittagong
Rajshahi Branch, Rajshahi
Sylhet Branch, Jail Road, Sylhet
Bogra Branch, Station Road, Bogra
Khulna Branch, Khulna
Barishal Branch, Barishal
The City Bank Limited
Principal Office, Dhaka
B.B. Avenue Branch, Dhaka
Islampur Branch, Dhaka
Gulshan Branch, Dhaka
Kawranbazar Branch, Dhaka
Mirpur Branch, Dhaka
Dhaka Chamber Branch, Dhaka
Mouchak Branch, Dhaka
Islami Banking Branch, Dhaka
Uttara Branch, Dhaka
Shaymoli Branch, Dhaka
Johnson Road Branch, Dhaka
New Market Branch, Dhaka
Foreign Exchange Branch, Dhaka
Imamgonj Branch, Dhaka
Tanbazar Branch, Narayanganj
Dhanmondi Branch, Dhaka
Tongi Branch, Gazipur
Agrabad Branch, Chittagong
Khatungonj Branch, Chittagong
Bandar Bazar Branch, Sylhet
Mymensingh Branch, Mymensingh
Comilla Branch, Comilla
Barishal Branch, Barishal
Rajshahi Branch, Rajshahi
Khulna Branch, Khulna
National Bank Limited
Bangshal Road Branch, Dhaka
Babubazar Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Motijheel Branch, Dhaka
Mohakhali Branch, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
ZH Sikder M.C. Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
North Brook Hall Branch, Dhaka
Savar Bazar Branch, Dhaka
Narayanganj Branch, Narayanganj
Sylhet Branch, Sylhet
Agrabad Branch, Chittagong
Khatungong Branch, Chittagong
Jubilee Road Branch, Chittagong
Sheikh Mujib Road Branch,Chittagong
KDA Branch, Khulna
Khulna Branch, Khulna
Rangpur Branch, Rangpur
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Barishal Branch, Barishal
Standard Bank Limited
Principal Branch, Dhaka
Foreign Exchange Branch, Dhaka
Topkhana Road Branch, Dhaka
Imamgonj Branch, Dhaka
Gulshan Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
Pantha path Branch, Dhaka
Jessore Branch, Jessore
CDA Avenue Branch, Chittagong
Jubilee Road Branch, Chittagong
Agrabad Branch, Chittagong
Khatungonj Branch, Chittagong
Sylhet Branch, Sylhet
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Mutual Trust Bank Limited
Principal Branch, Dhaka
Dilkusha Branch, Dhaka
Panthapath Branch, Dhaka
Uttara Model Town Branch, Dhaka
Dhanmondi Branch, Dhaka
Progati Sarani Branch, Dhaka
Babu Bazar Branch, Dhaka
Agrabad Branch, Chittagong
CDA Avenue Branch, Chittagong
Jubilee Road Branch, Chittagong
Jamuna Bank Limited
Mohakhali Branch, Dhaka
Sonargaon Road Branch, Dhaka

MoulviBazar Branch, Dhaka
Dilkusha Branch, Dhaka
Shantinagar Branch, Dhaka
Gulshan Branch, Dhaka
Dhanmondi Branch, Dhaka
Naya Bazar Branch, Dhaka
Foreign Exchange Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Sylhet Branch, Sylhet
Naogaon Branch, Naogaon
The Trust Bank Limited
Principal Branch, Dhaka
Sena Kallyan Bhaban Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Corporate Branch, Dhaka
Dilkusha Corporate Branch, Dhaka
Shahjalal Islami Bank Limited
Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Foreign Exchange Branch, Dhaka,
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Bangshal Branch, Dhaka
Satmasjid Road Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Beani Bazar Branch, Sylhet
Sylhet Branch, Sylhet
Dargah Gate Branch, Sylhet
Narayanganj Branch, Narayanganj
Baipail (Dhaka EPZ) Branch
Prime Bank Ltd.
Motijheel Branch, Dhaka
Moulvi Bazar Branch, Dhaka
Islamic Banking Branch, Dhaka
Mohakhali Branch, Dhaka
Kawran Bazar Branch, Dhaka
Elephant Road Branch, Dhaka
Mouchak Branch, Dhaka
Gulshan Branch, Dhaka
Bangshal Branch, Dhaka
Gonakbari Branch, Dhaka
Uttara Branch, Dhaka
Foreign Exchange Branch, Dhaka
Dhanmondi Branch, Dhaka
Eskaton Branch, Dhaka
Banani Branch, Dhaka
IBB Mirpur, Dhaka
Pragati Sarani Branch, Dhaka
Shymoli Branch, Dhaka
Panthapath Branch, Dhaka
Khulna Branch, Khulna
Barishal Branch, Barishal
Rajshahi Branch, Rajshahi
Islamic Banking Branch, Sylhet
Sylhet branch, Laldighir par, Sylhet
Court Road branch, Sylhet
Narayanganj Branch, Narayanganj
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Fatickchari Branch, Chittagong
Khatungonj Branch, Khatungonj
Jessore Branch, Jessore
Bogra Branch, Bogra
IBB OR Nizam Road, Chittagong
Islamic Banking Branch, Pahartolli
Shimrail Branch, Narayanganj
Tongi Branch, Gazipur
Madhabdi Branch, Narsingdhi
NCC Bank Limited
Motijheel Branch, Dhaka
Moghbazar Branch, Dhaka
Dilkusha Branch, Dhaka
Mirpur Branch, Mirpur, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Malibagh Branch, Dhaka
Uttara Branch, Dhaka
Khulna Branch, Khulna
Khatunganj Branch, Chittagong
O.R. Nizam Road Branch, Chittagong
Jubilee Road Branch, Chittagong
Agrabad Branch, Chittagong
Moulvibazar Branch, Moulvibazar
Laldighir par Branch, Sylhet
Rangpur Branch, Rangpur
Jessore Branch, Jessore
Laxmipur Branch, Laximpur
Arab Bangladesh Bank Limited
Islamic Banking Branch, Kakrail, Dhaka
Al Arafah Islami Bank Limited
Motijheel, Local office, Dhaka
Moulvi Bazar, Dhaka

Corporate Branch, Dhaka
Elephant Road Branch, Dhaka
Uttara Model Town Branch, Dhaka
Banani Branch ,Dhaka
Mirpur Branch, Dhaka
Dhanmondi Branch, Dhaka
VIP Road , Dhaka
Nawabpur Road Dhaka
NS Road, Dhaka
Mouchak Branch, Dhaka
Mohammadpur Branch, Dhaka
Islampur Branch, Dhaka
Narayanganj Branch, Narayanganj
Lal Dighir Par Branch, Sylhet
Agrabad Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Khatunganj Branch, Chittagong
Barishal Branch, Barishal
Jubilee Road Branh Chittagong
Zindabazar Branch, Sylhet
O.R. Nizam Road Branch, Chittagong
Joydevpur Chowrasta Branch, Joydevpur
Comilla Branch, Comilla
Jessore Branch, Jessore
Southeast Bank Ltd.
Principal Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Motijheel Branch, Dhaka
Karwan Bazar Branch
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargaon Branch, Dhaka
Bandatr Bazar Branch, Sylhet
Shahjalal Uposahar Branch, Sylhet
Laldighirpar Branch, Sylhet
Chouhatta Branch, Sylhet
Moulvi bazar Branch, Moulvibazar
Kulaura Branch, Moulvi Bazar
Khulna Branch, Khulna
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Halishahar Branch, Chittagong
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, Cox's Bazar
Chhagalnaiya Branch, Feni
Feni Branch, Feni
EXIM Bank Limited
Pantha Path Branch, Dhaka
Gajipur Branch, Dhaka
Gulshan Branch, Dhaka
Nawabpur Branch, Dhaka
Rajuk Avenue Branch, Dhaka
New Eskaton Branch, Dhaka
Uttara Branch, Dhaka
Mirpur Branch, Dhaka
Elephant Road Branch, Dhaka
Malibagh Branch, Dhaka
Satmasjid Road Branch, Dhaka
Imamgonj Branch, Imamgonj, Dhaka
CDA Avenue Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Khatungonj
Sonaimuri Branch, Noakhali
Sylhet Branch, Sylhet
Narayanganj Branch, Narayanganj
Shimrail Branch, Narayanganj
Laksham Branch, Comilla
Mawna Branch, Gazipur
Bogra Branch, Bogra
Jessore Branch, Jessore
Ashulia Branch, Savar
Ashuganj Branch, Brahmanbaria
Chowmuhani Branch, Noakhali
Dhaka Bank Limited
Local office, Dhaka
Banani Branch, Dhaka
Uttara Branch, Dhaka
Islamic Banking Branch, Dhaka
Bangshal Branch, Dhaka
Foreign Exchange Branch, Dhaka
Amin Bazar Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawranbazar Branch, Dhaka
Islampur Branch, Dhaka
Narayanganj Branch, Narayanganj
Joy para Branch, Dohar
Agrabad Branch, Chitagong

Khatungonj Branch, Chittagong
Islamic Banking Branch, Chittagong
E.P.Z Branch,Savar
Jubilee Road Branch, Chittagong
CDA Avenue Branch, Chittagong
Bogra Branch, Bogra
Sonaimuri Branch, Noakhali
Moulvi Bazar Branch, Pachim Bazar
CoxBazar Branch, Cox Bazar
Rajshahi Branch, Rajshahi
Laldighirpar Branch, Sylhet
Islami Bank Bangladesh Limited
Local office, Dhaka
Foreign Exchange Corporate Branch, Dhaka
Nawabpur Road Corporate Branch, Dhaka
Farmgate Branch, Dhaka
Gulshan Branch, Dhaka
Khulna Branch, Khulna
Barishal Branch, Barishal
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Comilla Branch, Comilla
Chawmuhani Branch, Noakhali
Sylhet Branch, Sylhet
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Kushtia Branch, Kushtia
Pabna Branch, Pabna
Mymensingh Branch, Mymensingh
ONE Bank Ltd.
Principal Branch, Dhaka
Motijheel Branch, Dhaka
Imamgong Branch, Dhaka
Gulshan Branch, Dhaka
Mirpur Branch, Dhaka
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Dhanmondi Branch, Dhaka
Banani Branch, Dhaka
Ganakbari (EPZ) Branch, Savar, Dhaka
Joypara Branch, Dohar, Dhaka
Islampur Branch, Sylhet
Sylhet Branch, Sylhet
Jessore Branch, Jessore
Narayanganj Branch, Narayanganj
Bogra Branch, Bogra
Chandragonj Branch, Lakshmipur
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Chowmuhuni Branch, Noakhali
Mercantile Bank Limited
Main Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mohakhali Branch, Dhaka
Mirpur Branch, Dhaka
Uttara Branch, Dhaka
Elephant Road Branch, Dhaka
Motijheel Branch, Dhaka
Satmosjid Road Branch, Dhaka
Gulshan Branch, Dhaka
Banani Branch, Dhaka
Agrabad Branch, Chittagong
Sylhet Branch, Sylhet
Khatungonj Branch, Chittagong
Dutch Bangla Bank Limited
Local Office, Dilkusha, Dhaka
Motijheel Foreign Exchange Branch, Dhaka
Nababpur Branch, Dhaka
Banani Branch, Dhaka
Kawranbazar Branch, Dhaka
Shantinagar Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Elephant road Branch, Dhaka
Mirpur Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
Dania Branch, Dhaka
Baburhat Branch, Narsingdi
Simrail Branch, Narayangong
Netaigang Branch, Narayangang
Boardbazar Branch, Gazipur
Savar Branch,Savar, Dhaka
Agrabad Branch, Chittagong
CDA Avenue Branch, Chittagong
Patherhat Branch, Chittagong
HatHazari Branch, Chitagong
Sylhet Branch, Sylhet
Khulna Branch, Khulna
Barishal Branch, Barishal
Bogra Branch, Bogra

9. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis in US Dollar or UK Pound sterling or EURO) by the bankers to the issue will be remitted to the Company's **MSND account #1310000125/1** with **Shahjalal Islami Bank Limited, Dhaka Main Branch, Dilkusha C/A, Dhaka** and **MSND account # 13600000090** with **Arab Bangladesh Bank Limited, Islamic Banking Branch, Dhaka, Bangladesh** for this purpose.

10. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to following FC accounts of the Company for IPO purpose:

Sl. No.	Name of the FC Accounts	Account No.	Bank & Branch
1	US Dollar	1610000109-6	Shahjalal Islami Bank Limited, Dhaka Main Branch
2	UK Pound Sterling	1620000015-6	Shahjalal Islami Bank Limited, Dhaka Main Branch
3	EURO	1650000012-9	Shahjalal Islami Bank Limited, Dhaka Main Branch

11. The Company shall open FC Accounts on approval of Prospectus by SEC; and close these accounts after refund of over-subscription, if any.

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICATION FORM ARE LIABLE TO BE REJECTED.

Allotment

The Company shall issue share allotment letters to all successful applicants within 6 (six) weeks from the date of the subscription closing date. Within the same time, Refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through Account Payee Cheque/refund warrants with bank account number, bank's name and Branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be. A compliance report in this regard shall be submitted to the Commission within 7 (seven) weeks form the date of closure of subscription.

Underwriting of shares

As per SEC's guideline, 50% of the Public Offer viz, 4,679,125 ordinary shares of Tk.100 each are underwritten by the Underwriters.

Sl. No.	Name of Underwriters	Address	No. of Shares	Amount (Taka)
1	Bangladesh Mutual Securities Limited	Biman Bhavan (8 th Floor), 100 Motijheel C/A, Dhaka-1000.	100,000	10,000,000
2	Bay Leasing & Investment Limited	Printers Building (7 th Floor), 5 Rajuk Avenue, Dhaka-1000.	150,000	15,000,000
3	Capital Market Services Ltd.	Suite # 702, (7 th Floor), 28 Dilkusha C/A, Dhaka -1000.	750,125	75,012,500
4	EC Securities Limited	East Coast Centre SW(G), 8 Gulshan Avenue, Gulshan-1, Dhaka-1212.	100,000	10,000,000
5	Grameen Capital Management Ltd.	Grameen Bank Bhavan, Mirpur-2, Dhaka-1216.	100,000	10,000,000
6	Green Delta Insurance Company Ltd.	Hadi Mansion (4 th Floor), 2 Dilkusha C/A, Dhaka-1000.	200,000	20,000,000
7	GSP Finance Company (Bd) Ltd	1, Paribagh, Mymensingh Road, Ramna, Dhaka-1000.	100,000	10,000,000
8	ICB Capital Management Ltd.	8 Rajuk avenue (14th floor), Dhaka-1000.	50,000	5,000,000
9	Jamuna Bank Limited	Printers Building, 5 Rajuk Avenue Motijheel, Dhaka - 1000.	100,000	10,000,000
10	Karnaphuli Insurance Company Ltd.	Biman Bhavan (3 th Floor), 100 Motijheel C/A, Dhaka-1000.	200,000	20,000,000
11	LankaBangla Finance Limited	20, Kemal Attaturk Avenue, Banani, Dhaka-1213.	100,000	10,000,000
12	Mercantile Securities Limited	9/E Motijheel C/A (1st Floor), Dhaka-1000.	679,000	67,900,000
13	National Life Insurance Co. Ltd.	79 Motijheel C/A, Dhaka-1000	100,000	10,000,000
14	ONE Bank Limited	2/F, HRC Bhavan, 46, Kawran Bazar, Dhaka-1215	100,000	10,000,000
15	Prime Bank Limited	Adamjee Court Annexe Building-2, 119-120, Motijheel C/A, Dhaka-1000	200,000	20,000,000
16	Prime Finance & Investment Limited	63, Dilkusha C/A (3 rd Floor), Dhaka-1000	850,000	85,000,000
17	South Asia Capital Limited	Nascent Tower (2 nd Floor), 53 Agrabad C/A, Chittagong-4100	150,000	15,000,000
18	Southeast Bank Limited	1, Dilkusha C/A (3 rd Floor), Dhaka-1000	300,000	30,000,000
19	Swadesh Investment Management Ltd.	House # 35, Road # 1A, Block # I, Banani, Dhaka-1213	100,000	10,000,000
20	The Trust Bank Limited	Peoples Insurance Bhavan (2 nd , 16 th & 17 th Floor) 36, Dilkusha C/A, Dhaka-1000	100,000	10,000,000
21	Union Capital Limited	Noor Tower (5 th Floor), 1/F Free School Street 73, Sonargaon Road, Dhaka-1205	150,000	15,000,000
	Total		4,679,125	467,912,500

Principal terms and condition of underwriting agreement

- a) If and to the extent that the Shares offered to the public through the Prospectus authorized hereunder are not subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriters in writing with a copy of the said writing to the Securities and Exchange Commission, to subscribe the Shares not subscribed by the closing date and to pay for in cash in full, inclusive of any premium if applicable, for such unsubscribed shares within 15 (fifteen) days after being called upon to do so.
- b) If payment is made by Cheque/Bank Draft by the underwriters it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under this Agreement, until such time as the Cheque/ Bank Draft has been encashed and the Company's account credited.
- c) In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriters to the Commission.
- d) In the case of failure by the underwriter to pay for the Shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any issue, until such time as he fulfills his underwriting commitment under this Agreement and also other penalties as may be determined by the Commission.
- e) In case of failure by any underwriters to pay for the shares within the stipulated time, the Company/issuer will be under no obligation to pay any underwriting commission under this agreement.
- f) In case of failure by the Company to call upon the underwriters for the aforementioned purpose within the stipulated time, the Company and its directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law may be imposed by them.

Commission for underwriters

The underwriter(s) shall be paid an underwriting commission @ 0.40% of the value of shares underwritten by them out of the public issue.

Underwriters' rights to represent in Bank's Board

The underwriters shall not have any right to have any representative in the Company's Board of Directors.

Relationship of officer or director of the underwriter with the member of the Board of Directors

No officer or Director of the underwriters is presently engaged as the Director of the Bank except Mr. Sajjatuz Jumma, Chairman of Shahjalal Islami Bank Limited, who is also the Chairman of Mercantile Securities Limited, one of the underwriters.

Financial statements
AUDITORS' REPORT
OF
SHAHJALAL ISLAMI BANK LIMITED

We have audited the accompanying Balance Sheet of the Shahjalal Islami Bank Limited as at 30 June 2006 and the related Profit and Loss Account, Cash Flow Statement, Statement of Changes in Equity and Statement of Liquidity together with the notes 1 to 45 for the period from 1 January 2006 to 30 June 2006. The preparation of these Financial Statements is the responsibility of the Bank management. Our responsibility is to express an independent opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with Bangladesh Standard on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements have been prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of the Bank's affairs as at 30 June 2006 and of the results of its operations and its cash flows for the period from 1 January 2006 to 30 June 2006 and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iii) the Bank's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 45 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditure incurred was for the purpose of the Bank's business;
- (v) the financial position of the Bank as on 30 June 2006 and the profit for the period from 1 January 2006 to 30 June 2006 have been properly reflected in the Financial Statements, the Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles;

- (vi) the Financial Statements 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;
- (vii) 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;
- (viii) the records and statements submitted by the branches have been properly maintained and consolidated in the Financial Statements on the basis of statements certified by the Branch manager and considered by us as correct;
- (ix) adequate provisions have been made for investments (advances) and other assets which are, in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory ; and
- (xi) the Capital Adequacy Ratio (CAR), as required by law, has been maintained adequately during the period .

Dhaka, 6 August, 2006

Sd/-
Hoda Vasi Chowdhury & Co.
Chartered Accountants

SHAHJALAL ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 30 JUNE 2006

		At 30.06.2006	At 31.12. 2005
	Note	Taka	Taka
PROPERTY AND ASSETS			
Cash			
Cash in hand (Including Foreign Currencies)	3	143,605,061	114,993,795
Balance with Bangladesh Bank & Sonali Bank (Including Foreign Currencies)	4	1,010,178,622	761,985,278
		1,153,783,683	876,979,073
Balance with other Banks and Financial Institutions			
Inside Bangladesh		2,532,159,715	2,165,050,957
Outside Bangladesh		239,040,194	111,375,940
	5	2,771,199,909	2,276,426,897
Investments in securities			
Government		300,000,000	200,000,000
	6	300,000,000	200,000,000
Investments			
Murabaha, Bai-Muajjal etc.		11,995,292,937	10,211,090,674
Bills Purchased and Discounted		805,236,812	379,179,485
	7	12,800,529,749	10,590,270,159
Fixed Assets Including Premises, Furniture and			
Fixtures etc	8	90,260,511	82,999,505
Other Assets	9	272,010,859	246,734,207
Deferred Tax Asset	10	-	174,311,590
Non Banking Assets		-	-
Total Assets		17,387,784,711	14,447,721,431
LIABILITIES AND CAPITAL			
Liabilities			
Financing (Borrowings) from other Banks,			
Financial Institutions and Agents	11	945,000,000	1,125,000,000
Deposits and Other Accounts			
Al-Wadiah Current Deposits & Other Accounts		1,467,851,880	925,604,924
Bills Payable		160,619,581	181,388,686
Mudaraba Saving Deposits		982,699,419	1,039,882,525
Mudaraba Term Deposits		8,157,604,109	6,846,747,092
Other Mudaraba Deposits		4,279,590,688	3,211,001,942
	12	15,048,365,677	12,204,625,169
Other Liabilities	13	433,776,814	376,399,524
Total Liabilities		16,427,142,491	13,706,024,693
Capital/Shareholders' Equity			
Paid-up Capital	14	935,825,000	935,825,000
Statutory Reserve	15	189,508,632	109,616,818
Retained Earnings/(Loss)	16	(164,691,412)	(303,745,080)
Total Shareholders' Equity		960,642,220	741,696,738
Total Liabilities & Shareholders' Equity		17,387,784,711	14,447,721,431

SHAHJALAL ISLAMI BANK LIMITED
OFF- BALANCE SHEET ITEMS
AS AT 30 JUNE 2006

		At 30.06.2006	At 31.12. 2005
	<u>Note</u>	<u>Taka</u>	<u>Taka</u>
OFF BALANCE SHEET ITEMS			
CONTINGENT LIABILITIES			
Acceptances and Endorsements		-	-
Letters of Guarantee	17	360,386,788	309,637,628
Irrevocable Letters of Credit		5,168,128,612	3,908,455,072
Bills for Collection		901,051,608	617,170,708
Total		6,429,567,008	4,835,263,408
OTHER COMMITMENTS			
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		-	-
Claims against the Bank not acknowledged as debts		-	-
Total		-	-
TOTAL OFF BALANCE SHEET ITEMS INCLUDING CONTINGENT LIABILITIES		6,429,567,008	4,835,263,408

These Financial Statements should be read in conjunction with the annexed notes

Sd/-	Sd/-	Sd/-	Sd/-
Chairman	Director	Director	Managing Director

Auditors' Report to the Shareholders
see annexed report of date

Dhaka, 6th August 2006	Sd/- Hoda Vasi Chowdhury & Co Chartered Accountants
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SHAHJALAL ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 30 JUNE 2006

		6 Months to 30.06.2006	12 Months to 31.12.2005
	Note	Taka	Taka
Profit on Investment	18	946,421,028	1,350,879,819
Less: Profit paid on Deposits	19	620,792,545	944,162,282
Net Investment Income		325,628,483	406,717,537
Income from Investment in securities	20	3,725,000	6,000,000
Commission, Exchange and Brokerage	21	168,372,110	221,441,759
Other Operating Income	22	30,536,731	42,960,061
		202,633,841	270,401,820
Total Operating Income		528,262,324	677,119,357
Salaries and Allowances	23	46,498,313	72,909,475
Rent, Taxes, Insurances, Electricity etc.	24	15,321,135	29,925,978
Legal Expenses	25	138,809	308,238
Postage, Stamps, Telecommunication etc.	26	7,473,381	10,252,421
Stationery, Printings, Advertisements etc.	27	7,570,158	9,656,975
Managing Director's Salary and allowances	28	1,745,000	2,390,000
Directors' Fees and Meeting Expenses	29	282,300	1,989,450
Auditors' Fees		50,000	185,000
Depreciation & Repairs of Bank's Assets	30	8,831,977	16,230,408
Other Expenses	31	18,392,181	31,434,634
Total Operating Expenses		106,303,254	175,282,579
Profit before Provision		421,959,070	501,836,778
Specific provision for Classified Investment		-	(1,000,000)
General Provisions for Unclassified Investment		(22,500,000)	(35,000,000)
Total Provision	32	(22,500,000)	(36,000,000)
Total Profit before Provision for Taxation		399,459,070	465,836,778
Deferred tax expenses/(benefit)	33	173,662,769	210,249,191
Current Tax Expenses	13.2	6,850,819	-
		180,513,588	210,249,191
Net Profit after Taxation		218,945,482	255,587,587
Appropriations			
Statutory Reserve	15	79,891,814	93,167,356
Retained Earnings	16	139,053,668	162,420,231
		218,945,482	255,587,587
Earning Per Share (EPS)	34	46.79	33.63

These Financial Statements should be read in conjunction with the annexed notes

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

Auditors' Report to the Shareholders
See annexed report of date

Sd/-

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 6 August, 2006

SHAHJALAL ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2006

		6 Months to 30.06.2006	12 Months to 31.12. 2005
	Note	Taka	Taka
Cash Flow from Operating Activities			
Investment Profit receipt	35	860,774,037	1,344,497,882
Profit Paid on Deposits	36	(590,375,038)	(860,233,769)
Fees & Commission receipt		168,372,110	221,441,759
Cash Payments to Employees		(48,243,313)	(75,299,475)
Cash Payments to Suppliers		(7,570,158)	(9,656,975)
Income Tax Paid		(10,304,571)	(12,656,784)
Receipts from other Operating activities	37	30,536,731	42,960,061
Payments for other Operating activities	38	(43,227,482)	(76,485,635)
Operating Profit before changes in Operating Assets & Liabilities		359,962,316	574,567,064
Changing in Operating Assets and Liabilities			
Purchases/Sale of Trading Securities		-	-
Investment (Loans and Advances) to Customers		(2,210,259,590)	(3,441,586,504)
Other Assets	39	74,399,910	(83,800,308)
Deposits from other Banks		(576,321,664)	(782,685,111)
Deposits received from Customers		3,420,062,172	3,895,645,857
Other Liabilities	40	(1,742,215)	(130,834,470)
Sub Total		706,138,613	(543,260,536)
A) Net Cash from Operating Activities		1,066,100,929	31,306,527
Cash flows from Investing Activities			
Proceeds from sale of securities		-	-
Proceeds from Sale of fixed assets		-	27,000
Payment for purchases of security		(100,000,000)	-
Purchases/sale of Property, Plant & Equipments		(14,523,307)	(19,724,523)
B) Net Cash from Investing Activities		(114,523,307)	(19,697,523)
Cash flows from Financing Activities			
Receipts from loan & debts securities		(180,000,000)	1,125,000,000
Payments for redemption of loan capital & debt securities		-	-
Receipts from issue of ordinary shares		-	217,701,847
Dividend Paid		-	-
C) Net Cash from Financing Activities		(180,000,000)	1,342,701,847
D) Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		771,577,622	1,354,310,851
Effect of Exchange rate changes on cash & cash equivalents		-	-
E) Cash and cash equivalents at the beginning of the period		3,153,405,970	1,799,095,119
F) Cash and cash equivalents at the end of the period (D+E)	41	3,924,983,592	3,153,405,970

These Financial Statements should be read in conjunction with the annexed notes

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

SHAHJALAL ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2006

Particulars	Paid-up Capital Taka	Statutory Reserve Taka	Retained Earnings-(Loss) Taka	Total Taka
Balance as at 01 January 2006	935,825,000	109,616,818	(303,745,080)	741,696,738
Changes in accounting policy	-	-	-	-
Restated Balance	935,825,000	109,616,818	(303,745,080)	741,696,738
Net profit for the period	-	79,891,814	139,053,668	218,945,482
Balance as at 30 June 2006	935,825,000	189,508,632	(164,691,412)	960,642,220

These Financial Statements should be read in conjunction with the annexed notes

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

SHAHJALAL ISLAMI BANK LIMITED
LIQUIDITY STATEMENT
ASSETS AND LIABILITIES MATURITY ANALYSIS
AS AT 30 JUNE 2006

Particulars	Upto 01 Month <u>Taka</u>	01-03 Months <u>Taka</u>	03-12 Months <u>Taka</u>	01-05 Years <u>Taka</u>	More than 05 years <u>Taka</u>	Total <u>Taka</u>
Assets						
Cash in hand	1,153,783,683	-	-	-	-	1,153,783,683
Balance with other banks and financial institutions	349,579,996	2,220,817,831	200,802,083	-	-	2,771,199,909
Money at Call on Short Notice	-	-	-	-	-	-
Investment in securities	-	-	300,000,000	-	-	300,000,000
Investment (Loans and Advances)	1,283,690,880	1,540,429,058	5,134,763,524	3,172,848,143	1,668,798,144	12,800,529,749
Fixed Assets including premises, furniture and fixtures etc	1,210,384	3,631,151	2,420,767	56,528,889	26,469,321	90,260,511
Other Assets	-	123,290,898	22,409,525	111,362,000	14,948,436	272,010,859
Non-banking Assets	-	-	-	-	-	-
Total assets (i)	2,788,264,942	3,888,168,937	5,660,395,899	3,340,739,032	1,710,215,901	17,387,784,711
Liabilities						
Financing (Borrowing) from Bangladesh Bank, Other banks, financial institutions and agents	-	-	945,000,000	-	-	945,000,000
Deposits and other accounts	1,860,898,819	2,837,224,866	6,370,344,169	2,273,604,525	1,706,293,298	15,048,365,677
Provision and other liabilities	-	245,163,691	184,023,479	4,416,983	172,661	433,776,814
Total Liabilities (ii)	1,860,898,819	3,082,388,557	7,499,367,648	2,278,021,508	1,706,465,959	16,427,142,491
Net Liquidity Gap (i-ii)	927,366,123	805,780,380	(1,838,971,749)	1,062,717,524	3,749,942	960,642,220

These Financial Statements should be read in conjunction with the annexed notes

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

SHAHJALAL ISLAMI BANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

1.00 Status of the Bank

1.01 Legal Form of the Bank

The Shahjalal Islami Bank Limited (hereinafter called 'the bank') was established as a public limited company (Banking Company) as on the 1st day of April 2001 under Companies Act 1994 as interest free Shariah based commercial bank and commenced its operation on the 10th day of May 2001 with the permission of Bangladesh Bank.

1.02 Nature of Business

The Bank offers all kinds of commercial Banking services to its customers through its sixteen branches following the provisions of the Bank Company Act 1991, Bangladesh Bank's Directives and the principles of the Islamic Shariah.

2.00 Significant Accounting Policies

2.01 Basis of preparation of the Financial Statements

The Financial Statements of the Bank were 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 Company Act 1991 as amended by BRPD Circular 14 dated 25 June 2003, other Bangladesh Bank Circulars, Companies Act 1994, the Securities and Exchange Rules 1987, Bangladesh Accounting Standards (BAS), Financial Accounting Standards issued by the Accounting & Auditing Organization for Islamic Financial Institutions and other laws and rules applicable in Bangladesh.

2.02 Revenue Recognition

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

- i) Income from Investments has been accounted for on accrual basis.
- ii) Income from bills purchased and discounted is recognized at the time of realization.
- iii) Fees and commission income are recognized when earned.

2.03 Profit Suspense & Compensation Account

Profit/compensation accrued on classified investments are 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 Bangladesh Bank are also not credited to regular income since it is not permissible as per Shariah.

2.04 Investment and Provision

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 BCD Circular # 34 dated 16 November 1989, BCD Circular # 20 dated 27 December 1994, BCD Circular # 12 dated 4 September1995, BCD Circular #16 dated 6 December 1998 and BCD Circular # 9 dated 14 May 2001, BBPD Circular no.02 of February 2005, BRPD Circular no.09 of August 2005, BRPD Circular no. 17 dated 06 December 2005 and BRPD Circular no. -5 dated 5 June, 2006. The classification rates are given below:

General provision on investments	@	1%
General Provision on small enterprise	@	2%
General provision on consumer finance other than HF & LP	@	5%
General provision on Special mention account	@	5%
Specific provision on substandard Investments	@	20%
Specific Provision on doubtful investments	@	50%
Specific provision on bad/loss investments	@	100%

2.05 Sharing of Investment Income

The Investment income earned through deployment of Mudaraba Fund is shared between the Bank and the Mudaraba Depositors at the ratio as determined by the Bank.

2.06 Fixed Assets and Depreciation

- i) Fixed Assets are stated at cost less accumulated depreciation.
- ii) Depreciation has been charged at the following rates:

Name of the Assets	Rates of Depreciation Per Annum	Method of Depreciation
Furniture & Fixtures	10	Reducing balance
Office Appliances & Equipment	20	Reducing balance
Books	20	Reducing balance
Vehicles	20	Straight line

- iii) 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.

2.07 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.

2.08 Basic 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 period, as there exist no dilution possibilities during the period.

2.09 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.

2.10 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.

2.11 Taxation

Current Tax

Being a financial institution the bank is in practice of keeping provision for income tax in accordance with income tax ordinance 1984 now in force in Bangladesh. For current period tax rate applicable for the bank is 45% on taxable income.

2.12 Retirement benefits.

Provident Fund

Provident fund benefits are given to the eligible staffs of the Bank in accordance with the rules of the provident fund. 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 Companies Act 1994.

Gratuity

The Bank has no gratuity scheme, as there is no requirement to make provision for the liabilities as required under Bangladesh Accounting Standard – 19 'Employee Benefits'.

2.13 Provision for liabilities

A provision is recognized in the balance sheet when the bank has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the Bangladesh Accounting Standard 37-Provisions, Contingent Liabilities and Contingent Assets.

2.14 Reconciliation of books of Accounts.

Books of Accounts 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.

2.15 Related Party Transactions

The Bank entered into transactions with the related parties complying 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 44.00.

2.16 Consolidation

Statement of Affairs and Income & Expenditure of all branches and Head Office are consolidated together to prepare Financial Statements of the bank.

2.17 Risk Management

Shahjalal Islami Bank has 7 year Perspective Plan up to 2010 aiming at 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 prudential 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, to have a brief idea on the quality of assets of the bank a calculation is given here under;

Total Assets	BDT 17,388 million
Total Investments	BDT 12,801 million
Classified Investments	BDT 17 million
Percentage of Investment to total Assets	73.62 %
Percentage of Classified Investment to total Investment	0.13 %

i) Investment Risk

The Management of specific investment risk is developed according to 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.

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 and country, 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 to 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.

2.18 Foreign Exchange Risk Management

The financial Institutions’ performance is directly related to Foreign Exchange Market. To ensure effective Foreign Exchange Risk Management, the bank has wide scope in establishing organizational structure and formulating Manual as per Guidelines of Bangladesh Bank. However, the bank has already formulated a comprehensive manual. Bank maintains various nostro accounts in order to conduct operations in different currencies including BDT. The senior management of the bank set limits for handling nostro accounts transactions that include time & amount limits. Up to 30th June 2006 the bank does not have any unreconciled entry, which exceeds 3 months. As per guidelines of Bangladesh Bank the foreign exchange business should be audited internally to review the key control issues such as various limits, compliance requirements and statutory management. The bank’s total foreign exchange business is directly monitored and controlled by the Deputy Managing Director and Managing Director.

2.19 Asset Liability Risk Management

The Asset Liability Management Committee (ALCO) that is formed with four members headed by Managing Director conducted 6 meetings during the period ended 30.06.2006. The key agenda of the meetings were liquidity risk related to the balance sheet, maintaining CRR & SLR, Economic outlook & Market Status and rate of profit changing. For managing properly Balance Sheet risk, the bank has already prepared a Manual of The Asset Liability Management according to the guidelines of Bangladesh Bank.

2.20 Anti-Money laundering Risk Management

As per Anti-Money laundering Act 2002 Bangladesh Bank issued guidelines that each bank and Financial Institution must develop, administer and maintain an Anti-Money Laundering policy that ensures and monitors compliance with the Act. The Bank ensures its Anti-Money Laundering Risk through Central Compliance Unit (CCU) at Head Office level. As per guidelines of Bangladesh Bank, the bank has formulated an Anti-Money Laundering Compliance policy.

2.21 General Information.

- i) Figures appearing in these Financial Statements have been rounded off to the nearest Taka.
- ii) Memorandum item of Stock of Travellers’ Cheques is not reflected as off balance sheet item in the Financial Statements.

However, the stock of such item is stated below:

	30 th June 2006	31 st December 2005
	Taka	Taka
Travellers’ Cheques	12,829,500	3,734,200

- iii) Figures of previous year have been rearranged whenever necessary to conform to current Period's presentation.

	At 30.06.2006	At 31.12. 2005
	<u>Taka</u>	<u>Taka</u>
3 Cash in hand (Including foreign currencies)		
In local currency	139,288,793	110,252,331
In foreign currencies	4,316,268	4,741,464
	143,605,061	114,993,795
4 Balance with Bangladesh Bank (Including foreign currencies)		
In local currency	716,106,371	577,301,641
In foreign currencies	289,132,034	184,578,637
	1,005,238,405	761,880,278
Balance with Sonali Bank as agent of Bangladesh Bank		
In local currency	4,940,217	105,000
In foreign currencies	-	-
	4,940,217	105,000
	1,010,178,622	761,985,278
4.1 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 33 of the Bank Company Act, 1991 and subsequent BCD Circular No.13 dated May 24, 1992; BRPD Circular No. 12 dated September 20, 1999 and BRPD Circular No. 22 dated November 6, 2003, Bangladesh Bank Letter No. DOS (SR) 1153/120 (a)/53/2004-111 dated July 11, 2004, DOS Circular No.03 dated March 23, 2005 and DOS Circular No.06 dated 05 October 2005.		
4.2 Cash Reserve Ratio (CRR): 5% of Average Demand and Time Liabilities:		
Required Reserve	609,032,000	486,264,000
Actual Reserve held with Bangladesh Bank	716,106,371	577,301,641
Surplus	107,074,371	91,037,641
4.3 Statutory Liquidity Ratio (SLR): 10% (including 5% CRR) of Average Demand and Time Liabilities:		
Required Reserve	1,218,064,000	972,528,000
Actual Reserve held	1,453,783,683	1,124,941,956
Surplus	235,719,683	152,413,956
5 Balance with Other Banks and Financial Institutions		
Inside Bangladesh (Note - 5.1)	2,532,159,715	2,165,050,957
Outside Bangladesh (Note- 5.2)	239,040,194	111,375,940
	2,771,199,909	2,276,426,897
5.1 Inside Bangladesh		
Current Account		
Sonali Bank	8,062,240	47,962,883
Prime Bank Limited	766	766
National Bank Ltd.	89,974	16,700,000
	8,152,980	64,663,649
Mudaraba Short Notice Deposits		
EXIM Bank Limited	73,729	44,378,731
	73,729	44,378,731
Mudaraba Saving Deposit		
The Oriental Bank Limited	219,538,294	225,518,264
Dhaka Bank Limited	349,650,865	286,333,423
Social Investment Bank Limited	2,841,158	15,743,658
Arab Bangladesh Bank Limited	45,000,000	-
Al-Arafa Islami Bank Limited	48,857	54,059,401
Islami Bank Bangladesh Limited	2,500,000	
Southeast Bank Ltd.	400,514,010	200,514,009
EXIM Bank Limited	3,037,739	23,037,739
	1,023,130,923	805,206,494

			At 30.06.2006	At 31.12. 2005
			<u>Taka</u>	<u>Taka</u>
Mudaraba Term Deposits				
Oriental Bank Limited			450,000,000	500,000,000
EXIM Bank Ltd.			-	100,000,000
Social Investment Bank Ltd.			150,000,000	200,000,000
Arab Bangladesh Bank Limited			200,000,000	-
Jamuna Bank Ltd.			500,000,000	300,000,000
Islamic Finance & Investment Ltd.			30,802,083	30,802,083
Fareast Finance & Investment Limited			20,000,000	20,000,000
Phoenix Leasing Company Ltd			50,000,000	50,000,000
Uttara Finance & Investment Limited			100,000,000	50,000,000
			1,500,802,083	1,250,802,083
Total Balance			2,532,159,715	2,165,050,957
5.2 Outside Bangladesh (Nostro Account)	Currency	Amount	Rate	Taka
American Express Bank Ltd., New York			USD 425,741.29	69.7024 29,675,190
Standard Chartered Bank, London, UK			GBP 194.32	127.2836 24,734
American Express Bank Ltd, Tokyo			JPY 906,774.00	0.6048 548,417
American Express Bank Ltd. Frankfurt			EUR 10,353.35	88.1596 912,747
Arab Bangladesh Bank Ltd. Mumbai			ACU 932.03	69.7024 64,965
Standard Chartered Bank, New York			USD (956,170.03)	69.7024 (66,647,346)
Mashreq Bank p.s.c. New York, U.S.A			USD 98,924.71	69.7024 6,895,290
IFIC Bank Ltd. Karachi, Pakistan			ACU 1,052.98	69.7024 73,395
American Express Bank Ltd, Kolkata			ACU 399,005.08	69.7024 27,811,612
Standard Chartered Bank, Colombo			ACU 2,030.74	69.7024 141,547
Mashreq Bank p.s.c. London, UK			EUR (55,389.59)	88.1596 (4,883,124)
Standard Chartered Bank, London, UK			EUR 2,366,704.07	88.1596 208,647,684
HSBC Ltd, Sydney, Australia			AUD 6,636.78	51.4334 341,352
BCP - Geneva, Switzerland			CHF 2,203.25	56.2888 124,018
CITIBANK N.A., New York, USA			USD 127,173.19	69.7024 8,864,277
HSBC Ltd, New York, USA			USD 371,906.13	69.7024 25,922,750
HSBC Ltd, Mumbai, India			ACU 3,163.31	69.7024 220,490
SCOTIA, Mumbai, India			ACU 115.00	69.7024 8,016
SCOTIA, Toronto, Canada			CAD 800.00	62.7441 50,195
Standard Chartered Bank, Kolkata, India			ACU 439.52	69.7024 30,636
ICICI, Mumbai, India			ACU 2,582.33	69.7024 179,995
HSBC, Karachi, Pakistan			ACU 478.54	69.7024 33,355
				239,040,194
Currency wise Distribution:				
Foreign Currency			BDT	Composition
USD/ACU			33,274,171	13.92%
EUR			204,677,307	85.62%
GBP			24,734	0.01%
JPY			548,417	0.23%
AUD			341,352	0.14%
CAD			50,195	0.02%
CHF			124,018	0.05%
			239,040,194	100%
5.3 Maturity-wise groupings of balance with other banks and financial institutions				
On Demand			349,579,996	300,938,969
Not more than 3 months			2,220,817,831	1,824,685,845
More than 3 months but less than 1 year			200,802,083	150,802,083
More than 1 year but less than 5 years			-	-
More than 5 years			-	-
			2,771,199,909	2,276,426,897

	At 30.06.2006 Taka	At 31.12. 2005 Taka
6 Investment in Securities		
Government Securities:		
Bangladesh Government Islamic Investment Bond (Islamic Bond)	300,000,000	200,000,000
	300,000,000	200,000,000
Maturity-wise Grouping of Investment in Securities:		
On demand	-	-
Not more than 3 months	-	-
More than 3 months but less than 1 year	300,000,000	200,000,000
More than 1 year but less than 5 years	-	-
More than 5 years	-	-
	300,000,000	200,000,000
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, to invest funds to be considered as liquid assets for meeting requirements of SLR.		
Bangladesh Bank will invest the mobilized fund from Islamic Bond and a portion of realized profit will be distributed among the bond holders as per mudaraba principle of Islamic Shariah on the basis of the tenor of the bond.		
The Bank has purchased Islamic Bond on 22 February 2006 for taka 10.00 crore and on 19 April 2004 for taka 20.00 crore for one year tenure. The rate of return from Islamic Bond is depended on fund deployment which is not prefixed.		
7 Investments (Loans and Advances)		
Country-wise Classification of Investments:		
Inside Bangladesh		
Murabaha, Bai-Muajjal etc	11,995,292,937	10,211,090,674
Bills purchased and discounted (note-7.2)	805,236,812	379,179,485
Out side Bangladesh	-	-
	12,800,529,749	10,590,270,159
7.1 Maturity wise Classification of Investments:		
With a residual maturity of		
Re-payable on Demand	1,283,690,880	1,062,036,766
Not more than 3 months	1,540,429,058	1,274,444,121
Over 3 months but not more than 1 year	5,134,763,524	4,248,147,068
Over 1 year but not more than 5 years	3,172,848,143	2,624,994,408
Over 5 years	1,668,798,144	1,380,647,796
	12,800,529,749	10,590,270,159
7.2 Bills purchased and discounted :		
Payable inside Bangladesh	760,392,017	344,955,006
Payable outside Bangladesh	44,844,795	34,224,479
	805,236,812	379,179,485
7.3 Maturity wise Classification of Bills Purchased and Discounted:		
Re-payable:-		
Within 1 month	117,223,059	55,199,388
Over 1 month but less than 3 months	344,006,875	161,990,048
Over 3 months but less than 6 months	275,205,502	129,592,039
6 months or more	68,801,376	32,398,010
	805,236,812	379,179,485

	At 30.06.2006	At 31.12. 2005
	<u>Taka</u>	<u>Taka</u>
7.4 Investments on the basis of significant concentration:		
Investments to allied concern of Directors (Note # 44.5)	18,765,000	32,201,695
Investments to Executives/Officers	28,489,000	16,035,843
Investments to Customer Groups	7,654,838,332	6,325,219,573
Industrial Investment	3,317,096,610	2,740,928,481
Others	1,781,340,807	1,475,884,567
	12,800,529,749	10,590,270,159

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

Total outstanding amount to such customers at end of the period		9,272.98 million	6,686.98 million
Number of such types of customers	:	52	43
Amount of Classified Investments thereon	:	Nil	Nil
Measures taken for recovery	:	Not applicable	Not applicable
The amount represents the sum of total Investments (both Funded and Non-Funded) to each customer exceeding Tk.108.98 million which is computed @ 10% of total capital of the bank i.e. Tk. 1,089.79 million (Note # 14.3.c) as at 30 June 2006.			

7.5 Sector-wise Classification of Investment:

Sector	As at 30 June 2006		As at 31 December 2005	
	Amount	Composition	Amount	Composition
Agriculture & Fishing	231,689,588	1.81%	192,531,526	2%
Cotton & Textile	2,064,725,449	16.13%	1,713,324,215	16%
Garments	1,350,455,889	10.55%	1,120,568,127	11%
Cement	444,178,382	3.47%	368,302,221	3%
Pharmaceuticals & Chemicals	215,048,900	1.68%	178,752,829	2%
Real Estate	1,236,531,174	9.66%	1,025,815,362	10%
Transport	413,457,111	3.23%	342,796,520	3%
Information Technology	431,377,853	3.37%	358,212,324	3%
Non Banking Financial Institutions	1,414,458,537	11.05%	1,173,083,000	11%
Steel & Engineering	698,908,924	5.46%	580,124,536	5%
Paper & Paper Products	336,653,932	2.63%	279,438,257	3%
Others	3,963,044,010	30.96%	3,257,321,242	31%
Total	12,800,529,749	100%	10,590,270,159	100%

7.6 Geographical Location-wise Investments:

Division	As at 30 June 2006		As at 31 December 2005	
	Amount	Composition	Amount	Composition
Dhaka	10,720,762,488	84%	8,715,207,320	82%
Chittagong	1,948,837,492	15%	1,754,206,350	17%
Sylhet	130,929,769	1%	120,856,489	1%
Total	12,800,529,749	100%	10,590,270,159	100%

7.7 Grouping of Investment as per Classification Rules of Bangladesh Bank:

Status	As at 30 June 2006		As at 31 December 2005	
	Amount	Composition	Amount	Composition
Unclassified (including staff loan)	12,783,629,749	99.87%	10,537,797,159	99.50%
Substandard	170,000	0.00%	8,490,000	0.08%
Doubtful	505,000	0.00%	27,729,000	0.26%
Bad or loss	16,225,000	0.13%	16,254,000	0.15%
Total	12,800,529,749	100%	10,590,270,159	100%

			At 30.06.2006	At 31.12. 2005
			Taka	Taka
7.8 Particulars of provision for Investment:				
Status	Rate	Basis for Provision		
Unclassified (excluding staff loan)	1%	12,741,297,580	127,412,976	105,217,613
Staff Loan	0%	28,489,000	-	
Consumer Financing (Other than HF & LP)	5%	12,711,000	635,550	442,778
Small Enterprise	2%	1,132,169	22,643	
Special Mention Account	5%	-	-	-
			128,071,169	105,660,391
Substandard	20%	107,000	21,400	1,334,000
Doubtful	50%	401,000	200,500	196,500
Bad or loss	100%	12,599,000	12,599,000	12,629,000
			12,820,900	14,159,500
Required provision for Investments			140,892,069	119,819,891
Total provision maintained (note # 13.1)			143,288,403	120,788,403
Surplus Provision			2,396,334	968,512
The Bank has maintained provision on unclassified Investment amounting to Tk.128,979,000 (note # 13.1.b) and for classified Investment Tk.14,309,403 (note 13.1.a) totaling Tk 143,288,403. There exists surplus of Tk.9,07,831 in unclassified Investment and Tk.14,88,503 against classified Investments, i.e total surplus in provision is Tk.2,396,334.				
7.9 Particulars of Investments:				
(i) Debts considered good in respect of which the banking company is fully secured			12,754,718,749	10,552,196,686
(ii) Debts considered good for which the banking company holds no other security than the debtor's personal security			45,811,000	38,073,473
(iii) Debts considered good and secured by personal security of one or more parties in addition to the personal security of the debtors			-	-
(iv) Debts considered bad or doubtful not provided for			-	-
			12,800,529,749	10,590,270,159
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other person			28,489,000	16,035,843
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies as members (Note 44.5).			18,765,000	32,201,695
(vii) Maximum total amount of investments, including temporary investments made at any time during the period to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons.			28,489,000	16,035,843
(viii) Maximum total amount of advances including temporary advances granted during the period to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or in the case of private companies as members			18,765,000	32,201,695
(ix) Due from Banking Companies			-	-
(x) Total amount of advance on which Profit is not credited:			16,900,000	52,473,000
a. Movement of Classified Investments:				
Opening Balance			52,473,000	18,766,000
Increase/ (Decrease) during the period			(35,573,000)	33,707,000
			16,900,000	52,473,000
b. Amount of provision kept against classified Investment as bad or Loss on the reporting day of Balance Sheet			14,087,503	12,778,903
c. Amount of Profit charged in suspense Account			2,883,453	6,139,173
(xi) Cumulative amount of written off Investments			-	-

	At 30.06.2006	At 31.12. 2005
	<u>Taka</u>	<u>Taka</u>
8 Fixed Assets including Premises, furniture & fixture etc		
A. Cost:		
Opening balance	122,965,304	103,425,781
Addition during the period	14,523,307	19,724,523
Less: Disposal during the period	-	185,000
Closing balance at cost	137,488,611	122,965,304
B. Depreciation:		
Opening balance	39,965,799	26,283,305
Addition during the period	7,262,301	13,779,089
Less: Adjustment on disposal during the period	-	96,595
Accumulated Depreciation	47,228,100	39,965,799
Carrying value	90,260,511	82,999,505
For details please refer to Annexure-A		
9 Others Assets		
Stock of Stationery, Stamps and printing materials etc. (valued at cost)	6,823,765	5,633,676
Advance deposits and advance rent	14,948,436	13,868,501
Suspense Account (Note # 9.1)	3,525,674	2,249,007
Profit receivable (Note # 9.2)	114,336,675	24,964,684
Advance Income Tax	111,362,000	101,057,429
Other Prepayments	15,585,760	15,874,592
Advance Insurance premium	518,269	548,284
Advance against renovation/decoration etc.	4,910,280	5,004,596
SJIBL General Account	-	77,533,438
	272,010,859	246,734,207
9.1 Suspense Account:		
Sundry Debtors	2,767,461	1,414,027
Excise duty on MTDR	276,041	780,480
Advance against TA/DA	452,172	16,500
Others	30,000	38,000
	3,525,674	2,249,007
9.2 Profit Receivable:		
On Deposits to Other Bank & Financial Institutions	19,335,275	7,822,914
On Investments	95,001,400	17,141,770
	114,336,675	24,964,684
10 Deferred Tax Asset		
Opening deferred tax asset:s	174,311,590	383,604,724
Less: Deferred Tax Expenses	174,311,590	209,293,134
Closing deferred tax asset	-	174,311,590
11 Financing (Borrowing) from other Banks, Financial Institutions and Agents	945,000,000	1,125,000,000
The Bank has taken finance from Islamic Investment Bond (Islamic Bond) at bank's own mudaraba savings rate (i.e. at present 8%) for 30/60/90/120/150/180 days tenor which introduced by the Government for islamic banks and financial institutes in september 2004 through Bangladesh Bank. The borrowing has been secured by MTDR & accepted bills.		

12 Deposits and Other Accounts	At 30.06.2006	At 31.12. 2005
Al-Wadiah Current Deposit & Other Accounts:	Taka	Taka
Al-Wadiah Current Deposit	631,648,023	399,563,712
Foreign Currency Deposits	33,752,630	73,806,221
Non-Resident Taka Account	1,142,080	1,399,079
Sundry Deposits	801,309,147	450,835,912
	1,467,851,880	925,604,924
Bills Payable:		
Payable inside Bangladesh		
Payment Order Issued	154,536,015	177,366,344
Demand Draft Payable	5,983,566	4,022,342
Telegraphic Transfer Payable	100,000	
	160,619,581	181,388,686
Payable outside Bangladesh	-	-
	160,619,581	181,388,686
Mudaraba Savings Deposits:		
General Deposits	719,027,596	553,528,982
Deposit from Other Banks	263,671,823	486,353,543
	982,699,419	1,039,882,525
Mudaraba Term Deposits:		
General Deposits	7,657,604,109	5,986,575,587
Deposit from Other Banks	500,000,000	860,171,505
	8,157,604,109	6,846,747,092
Other Mudaraba Deposits:		
Mudaraba Short Notice Deposits	447,191,391	335,594,473
Mudaraba Scheme Deposit (Note # 12.1)	3,832,399,297	2,875,407,469
	4,279,590,688	3,211,001,942
	15,048,365,677	12,204,625,169
12.1 Mudaraba Scheme Deposits:		
Millionaire Scheme	118,598,087	74,031,187
Double Benefit Scheme	943,273,822	854,825,331
Monthly Income Scheme	2,126,105,999	1,518,326,809
Monthly Deposit Scheme	642,875,150	427,707,170
Hajj Scheme	1,546,239	516,972
	3,832,399,297	2,875,407,469
12.2 Deposits and Other Accounts:		
General Deposits	14,231,141,311	10,811,079,138
Deposits from Other Banks (Note: 12.3)	817,224,367	1,393,546,031
	15,048,365,678	12,204,625,169
12.3 Deposit from Other Banks		
Mudaraba Short Notice Deposit:		
EXIM Bank Limited	101,263	47,020,983
Al -Arafah Islami Bank Ltd	777,281	-
Social Investment Bank Limited	52,674,000	-
	53,552,544	47,020,983
Mudaraba Savings Deposit:		
Social Investment Bank Limited	6,169,871	145,129,115
Arab Bangladesh Bank Limited	20,116,250	-
The Oriental Bank Limited	225,475,518	219,520,667
Export Import Bank of Bangladesh	3,203,671	3,120,424
Al -Arafah Islami Bank Ltd	3,077,412	113,096,983
Islami Bank Bangladesh Limited	5,629,101	5,486,354
	263,671,823	486,353,543

	At 30.06.2006	At 31.12. 2005
	Taka	Taka
Mudaraba Term Deposit:		
Islami Bank Bangladesh Limited	-	129,659,005
Agrani Bank	-	200,000,000
Arab Bangladesh Bank Ltd.	-	30,500,000
Basic Bank Ltd	200,000,000	200,000,000
Pubali Bank Ltd	-	100,012,500
Uttara Bank	300,000,000	200,000,000
	500,000,000	860,171,505
	817,224,367	1,393,546,031
12.4 Maturity wise classification of Deposits are as under		
With a residual maturity of		
Repayable on demand	1,860,898,819	1,311,660,204
Within 1 month	706,113,741	980,528,146
Over 1 months but not more than 6 months	4,262,222,250	3,549,830,559
Over 6 months but not more than 1 year	4,239,233,044	3,226,817,340
Over 1 year but not more than 5 years	2,273,604,525	1,778,708,260
Over 5 years	1,706,293,298	1,357,080,660
	15,048,365,677	12,204,625,169
13 Other Liabilities		
Profit Payable on Deposits	226,652,719	196,235,212
Provision for Investment {Note 13.1 (a) & (b)}	143,288,403	120,788,403
Provision for Taxation (Note 13.2)	36,872,967	30,022,148
Deferred tax liability (Note 13.3)	4,416,983	5,065,804
Profit Suspense & Compensation Account {Note 13.1 (c)}	2,883,453	6,139,173
Other Payable	3,862,109	14,977,806
Adjusting Account	6,079,685	2,998,317
Exchange Equalization	172,661	172,661
Balance of SJIBL General Account (Note # 13.4)	9,547,834	-
	433,776,814	376,399,524
13.1 Provision for Investment:		
(a) Provision on Classified Investment:		
Provision held at the beginning of the period	14,309,403	13,309,403
Fully provided debts written off	-	-
Provision against Recoveries of Classified Investment	-	-
Net charge to Profit & Loss Account	-	1,000,000
Provision held at the end of the period	14,309,403	14,309,403
(b) General Provision (on Unclassified Investment):		
Provision held at the beginning of the period	106,479,000	71,479,000
Addition during the period	22,500,000	35,000,000
Balance at the end of the period	128,979,000	106,479,000
Total Provision for Investment	143,288,403	120,788,403
(c) Profit Suspense & Compensation Account:		
Balance at the beginning of the period	6,139,173	2,814,281
Amount transferred to suspense account during the period	-	3,324,892
Amount recovered from suspense account during the period	(3,255,720)	-
Amount written off/ waived during the period	-	-
Balance at the end of the period	2,883,453	6,139,173
Grand Total	146,171,856	126,927,576
13.2 Provision for Taxation		
Balance at the beginning of the period	30,022,148	30,022,148
Add: Provision made during the period	6,850,819	-
Balance at the end of the period	36,872,967	30,022,148
13.3 Deferred tax liability		
Balance at the beginning of the period	5,065,804	4,109,747
Add: made during the period	-	956,057
Less: Tax benefit (deferred)	(648,821)	-
Balance at the end of the period	4,416,983	5,065,804

13.4 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:

	Number of Unreconcile entries		Unreconcile Amount (Tk.)	
	Dr	Cr.	Dr	Cr
Up to 3 months	38	90	143,119,956	152,667,791
Over 3 Months but within 6 months	-	-	-	-
Over 6 Months but within 1 year	-	-	-	-
Over 1 year but witin 5 years	-	-	-	-
	<u>38</u>	<u>90</u>	<u>143,119,956</u>	<u>152,667,791</u>
Net unreconcile amount				<u>9,547,834</u>
			At 30.06.2006	At 31.12. 2005
			Taka	Taka

14 Capital

14.1 Authorized Capital:

20,000,000 ordinary shares of Tk. 100 each	<u>2,000,000,000</u>	<u>2,000,000,000</u>
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14.2 Issued, Subscribed and Paid up Capital:

9,358,250 fully paid ordinary shares of Tk. 100 each subscribed and paid up by the sponsor Shareholders	<u>935,825,000</u>	<u>935,825,000</u>
Issued for cash : 9,102,000 shares of Tk 100 each	910,200,000	910,200,000
Issued for other than cash : <u>256,250</u> bonus shares of Tk 100 each	25,625,000	25,625,000
<u>9,358,250</u>	<u>935,825,000</u>	<u>935,825,000</u>

14.3 Capital Adequacy:

Position of capital adequacy are given below:-

a) Core Capital (Tier -I):

i) Paid-up Capital	935,825,000	935,825,000
ii) Statutory Reserve	189,508,632	109,616,818
iii) Retained Earnings (Note # 16)	(164,691,412)	(303,745,080)
	<u>960,642,220</u>	<u>741,696,738</u>

b) Supplementary Capital (Tier-II):

i) General Provision	128,979,000	106,479,000
ii) Exchange Equalisation	172,661	172,661
	<u>129,151,661</u>	<u>106,651,661</u>

c) Total Equity (a +b)

d) Total Risk Weighted Assets	<u>10,938,800,000</u>	<u>9,745,000,000</u>
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e) Required Capital (as 9% of risk weighted assets at Tk. 98.45 crore or Tk. 100.00 crore whichever is higher)	<u>1,000,000,000</u>	<u>877,050,000</u>
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f) Total Capital Surplus/ (Shortfall) (c-e)	<u>89,793,881</u>	<u>(28,701,601)</u>
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Capital Adequacy Ratio:

Particulars	At 30.06.2006		At 31.12.2005	
	Requirement (minimum)	Capital Maintained	Requirement (minimum)	Capital Maintained
Core Capital	4.50%	8.78%	4.50%	7.61%
Supplementary Capital	4.50%	1.18%	4.50%	1.09%
Total	9.00%	9.96%	9.00%	8.70%

15 Statutory Reserve

Opening balance	109,616,818	16,449,462
Add: Addition during the period	<u>79,891,814</u>	<u>93,167,356</u>
	<u>189,508,632</u>	<u>109,616,818</u>

16 Retained Earnings/(Loss)

Opening balance	(303,745,080)	(466,165,311)
Add:Transfer from profit & loss Account	139,053,668	162,420,231
	<u>(164,691,412)</u>	<u>(303,745,080)</u>

	At 30.06.2006	At 31.12. 2005
	<u>Taka</u>	<u>Taka</u>
17 Letters of guarantees		
a) Claims against the Bank not acknowledged as debts		
b) Money for which the Bank is contingently liable in respect of guarantees		
given favoring: Directors or Officers	-	-
Government	273,894,788	237,642,628
Banks and other financial institutions	900,000	775,000
Others	85,592,000	71,220,000
	360,386,788	309,637,628
	6 Months to 30.06.2006	12 Months to 31.12.2005
18 Profit on Investment:		
Profit on Investment	825,291,029	1,212,102,738
Profit on placement with other Banks	121,129,999	138,777,081
	946,421,028	1,350,879,819
19 Profit paid on Deposits (Note 2.05):		
Profit on deposits	586,506,851	898,531,379
Profit paid on borrowings	34,285,694	45,630,903.00
	620,792,545	944,162,282
20 Income from Investment in Securities		
Income from investment in islamic bond	3,725,000	6,000,000
	3,725,000	6,000,000
Profit has been accrued during the period ended 30 June, 2006 from Islamic Investment bond @ 2.75% on Tk. 20.00 crore for 180 days and on Tk. 10.00 crore for 128 days .		
21 Commission, Exchange & Brokerage:		
Commission	57,054,360	89,717,530
Exchange earnings	111,317,750	131,724,229
	168,372,110	221,441,759
22 Other Operating Income:		
Postage & Telex Charge Recovery	8,240,505	10,693,688
Incidental Charge	1,583,770	2,102,630
Supervision & Monitoring Charge	850,030	581,717
Other charges (Note#22.1)	19,862,426	29,582,026
	30,536,731	42,960,061
22.1 Other Charges		
Rent receipts	313,900	671,057
Charges on A/C closing	259,887	303,582
Charges on standing order	69,637	91,048
Charges on clearing returned	36,200	100,074
Service charges on Ijara	88,950	341,830
Service charges on Quard	157,500	69,725
Passport endorsement charge	14,900	43,010
PO/DD Cancellation charge	2,975	7,850
Branch banking services	679,324	1,265,238
Income from sale of forms	12,525	43,600
Miscellaneous income	18,226,628	26,645,012
	19,862,426	29,582,026
23 Salary & Allowances:		
Basic Salary	21,441,739	33,827,813
Allowances	19,683,099	30,803,665
Bonus & Ex-gratia	3,516,823	5,320,190
Provident fund	1,856,652	2,957,807
	46,498,313	72,909,475
24 Rent, Taxes, Insurance, Electricity etc. :		
Rent, Rates & Taxes	9,258,401	20,389,638
Insurance	3,521,325	5,112,933
Electricity & Lighting	2,541,409	4,423,407
	15,321,135	29,925,978

	6 Months to 30.06.2006	12 Months to 31.12.2005
25 Legal Expenses:		
Legal Fees & Charge	77,809	249,538
Other Legal Expenses	61,000	58,700
	138,809	308,238
26 Postage, Stamp, Telecommunication etc:		
Postage	189,735	571,187
Courier	1,410,226	2,249,778
Telegram, Fax, Telex, SWIFT & Internet charge	3,847,890	3,589,706
Telephone charges	1,130,685	2,255,742
Mobile phone charges	306,283	531,793
RAUTER Bill	588,562	1,054,215
	7,473,381	10,252,421
27 Stationery Printing, Advertisement etc:		
Table Stationery	831,739	1,372,215
Printing Stationery	906,058	1,420,982
Security Stationery	488,643	975,284
Computer Stationery	1,002,354	1,297,891
Advertisement	4,341,364	4,590,603
	7,570,158	9,656,975
28 Managing Director's salary and allowances		
Basic salary	1,110,000	1,525,000
Allowance	450,000	615,000
Bonus	185,000	250,000
	1,745,000	2,390,000
29 Directors' Fees & Meeting Expenses:		
Directors Fee	187,450	1,492,125
Meeting Expenses	94,850	497,325
	282,300	1,989,450
30 Depreciation and Repair of Bank's Assets:		
a) Depreciation of Bank's Assets (Annexure A):		
Furniture & Fixture	2,707,559	5,397,772
Office Appliance & Equipment	3,598,742	6,473,088
Motor Vehicles	950,000	1,897,023
Books	6,000	11,206
	7,262,301	13,779,089
b) Repair on Bank's Assets:		
Office Premises	485,902	903,117
Office Equipment	541,906	777,535
Office Furniture	111,562	77,559
Motor Vehicles	197,381	459,245
Others	232,925	233,863
	1,569,676	2,451,319
	8,831,977	16,230,408
31 Other Expenses:		
Petrol, Oil and Lubricants	499,105	759,010
Entertainment	893,686	1,126,742
Donation and Subscription	788,550	1,260,350
Traveling and Conveyance	569,247	1,292,818
Training Expenses	554,153	602,211
Car expenses	3,740,179	5,378,404
Papers & Periodicals	54,143	117,729
Utility	986,058	1,834,104
Uniform & Liveries	25,736	40,528
Bank Charges	22,056	42,671
Staff Medical bills	515,973	1,071,046
Business development & Promotion	2,295,698	3,527,083
Upkeep and cleaning of office premises	448,227	911,544
Security Service	1,560,782	2,338,238
Branch Opening Expenses	344,555	1,889,757
Loss on Sale of Bank's Assets	-	61,405
Miscellaneous Expenses	5,094,033	9,180,994
	18,392,181	31,434,634

		6 Months to 30.06.2006	12 Months to 31.12.2005
32 Provision against Investment:			
Provision has been made on unclassified investment		22,500,000	35,000,000
Provision has been made on classified investment		-	1,000,000
		22,500,000	36,000,000
33 Deferred tax expenses/ (benefit) :			
Opening deferred tax asset		174,311,590	383,604,724
Closing deferred tax asset (note-10)		-	174,311,590
Deferred tax expense		174,311,590	209,293,134
Closing deferred tax liability		4,416,983	5,065,804
Opening deferred tax liability		5,065,804	4,109,747
Deferred tax expense/(benefit)		(648,821)	956,057
Net deferred tax expense		173,662,769	210,249,191
34 Earning Per Share (EPS):			
Calculation of Earning Per Share (Note # 2.08):			
Net Profit after Tax (Numerator: Annualised)		437,890,964	255,587,587
Weighted Average Number of Ordinary Shares outstanding (Denominator) (Note # 34.1)		9,358,250	7,599,500
Earning Per Share (EPS)		46.79	33.63
34.1 Weighted Average Number of Ordinary Shares outstanding:			
	Number	Factor	
Outstanding Shares as on 01.01.2006	9,358,250	6/6	9,358,250
	9,358,250		9,358,250
35 Investment Profit receipt:			
Investment Profit receipt (note 18 & 20)		950,146,028	1,356,879,819
Add: Opening profit Receivable		24,964,684	12,582,747
Less: Closing profit receivable		114,336,675	24,964,684
		860,774,037	1,344,497,882
36 Profit Paid on Deposits			
Profit Paid on Deposits		620,792,545	944,162,282
Add: Opening profit payable on deposit		196,235,212	112,306,699
Less: Closing profit payable on deposit		226,652,719	196,235,212
		590,375,038	860,233,769
37 Cash Receipts from other Operating activities:			
Postage & Telex Charge Recovery		8,240,505	10,693,688
Incidental Charge		1,583,770	2,102,630
Supervision & Monitoring Charge of lease		850,030	581,717
Other charges		19,862,426	29,582,026
		30,536,731	42,960,061
38 Cash Payments for other Operating activities:			
Rent, Taxes, Insurance, Lighting etc.		15,321,135	29,925,978
Legal Expenses		138,809	308,238
Postage, Stamp, Telegram & Telephone		7,473,381	10,252,421
Directors' Fee & Expenses		282,300	1,989,450
Auditors' Fee		50,000	185,000
Repair, Maintenance of Bank's Assets		1,569,676	2,451,319
Other Expenses		18,392,181	31,373,229
		43,227,482	76,485,635

	At 30.06.2006	At 31.12. 2005
	<u>Taka</u>	<u>Taka</u>
39 Cash Increase/ Decrease in Other Assets:		
Stock of Stationery and Stamps	6,823,765	5,633,676
Advance deposits and rent	14,948,436	13,868,501
Suspense Account	3,525,674	2,249,007
Other Prepayments	15,585,760	15,874,592
Advance against renovation/decoration etc	4,910,280	5,004,596
Advance Insurance premium	518,269	548,284
Debit Balance of General Account	-	77,533,438
	46,312,184	120,712,094
Cash (Increase)/ Decrease in Other Assets:	74,399,910	(83,800,308)
40 Cash Increase/ Decrease in Other Liabilities:		
Profit Suspense & Compensation Account	2,883,453	6,139,173
Other Payable	3,862,109	14,977,806
Adjusting account credit	6,079,685	2,998,317
Exchange Equalization	172,661	172,661
Credit Balance of General Account	9,547,834	-
	22,545,742	24,287,957
Cash Increase/ (Decrease) in Other Liabilities:	(1,742,215)	(130,834,470)
41 Cash and Cash Equivalent:		
Cash in Hand	143,605,061	114,993,795
Balance with Bangladesh Bank & Sonali Bank (as agent of Bangladesh Bank)	1,010,178,622	761,985,278
Balance with Other Banks & Financial Institutions	2,771,199,909	2,276,426,897
	3,924,983,592	3,153,405,970

42 Number of Employees:
The number of employees engaged for the whole period or part thereof who received a total remuneration of Tk.36,000 or above were 368.

43 Audit Committee

a) Particulars of Audit Committee:
Pursuant to the BRPD Circular no. 12 dated 23 December, 2002 the Board of Director's of the Bank formed a three members Audit Committee called "Board Audit Committee". The Board of Directors in its Meeting No. 67 held on 08-06-2006 reconstituted the Committee by the following members

Name	Status with the Bank	Status with the Committee	Educational Qualification
Alhaj Anwer Hossain Khan	Director	Chairman	B. Com(Hon's)
Alhaj Md. Farooq	Director	Member	M. Com B.A
Alhaj Abdul Halim	Director	Member	B.A

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

b) Meeting of Audit Committee:

During 1 January to 30 June 2006, the Audit Committee of the Board conducted 6 (six) 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) 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) Internal Control:

The following steps have been taken for implementation of Internal Control Procedure of the Bank:

- i) Audit & Inspection division of the Bank carried out Internal Audit with a view to enrich the compliance culture and full control on the exertion of the Banking Operations. The division directly report simultaneously to the Board Audit Committee and Managing Director. The Board also formed a Audit Team and they directly report to the Board Audit Committee. Sometimes internal audit team and board audit team conduct surprise visit of 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.

44 Related Party Disclosures:

44.1 Name of the Directors and their interest in different entities:

Name	Status in the Bank	Name of firms/Companies in which interested as
Alhaj Sajjatuz Jumma	Chairman	i) Fresco Flour Industries Ltd. ii) Farina Industries Ltd. iii) Desh Electronics Ltd. iv) Milling Engineers Ltd. v) Mercantile Securities Ltd.
Alhaj Tofazzal Hossain	Vice-Chairman	i) Everbest Textiles Pvt. Ltd. ii) Fareast Finance and Investment Ltd iii) Takaful Islami Insurance Ltd.
Alhaj Md. Sanaullah Shahid	Vice-Chairman	i) Electra International Ltd.
Alhaj Anwer Hossain Khan	Director	i) Fareast Finance & Investment Ltd ii) Takaful Islamic Insurance Ltd iii) Modern Diagnostic Centre Limited iv) Anwer Khan Modern Hospital Ltd.
Alhaj Mohammed Faruque, Represented by Mr. Md. Masud	Director	i) Tandoori Restaurent Ltd. ii) East Bengal Tandoori Restaurant Ltd. iii) Shahpla Tandoori Restaurant Ltd.
Alhaj Md. Harun Miah Represented by Alhaj Rukun Uddin Khan	Director	i) Kushiara Financial Services Ltd. (UK) ii) Kushiara Cash & Carry Ltd (UK) iii) Bangla Frozen (UK) iv) Hotel Pritom v) Holiday Planet
Alhaj Md. Farooq	Director	i) Famous Perfumery Suppliers ii) F.S. Printing & Packaging Ltd. iii) Famous Group of Companies Ltd.
Alhaj Md. Abdul Barek	Director	i) Arju Electronics ii) Jony Electronics iii) Rony Electronics
Alhaj Md. Solaiman	Director	i) Mercantile Insurance Co. Ltd. ii) Central Hospital Ltd. iii) Eden Multicare Hospital Ltd. iv) Paradise Electronics v) Paradise Corporation (Pvt.) Ltd.

Alhaj Abdul Halim	Director	i) Halim Group ii) Islami Insurance of Bangladesh
Alhaj A.K. Azad	Director	i) Ha-Meem Fashion Ltd. ii) Ha-Meem Apparels Ltd. iii) That's It Fashions Ltd. iv) New Modern Garments Ltd. v) Asha Fashions Ltd. vi) Sajid Apparels Ltd. vii) Refat Sports Wear Ltd. viii) Modern Washing & Dyeing Ind. Ltd. ix) That's It Packaging Ltd. x) Sakib Poly Industries Ltd. xi) Ha-Meem Washing Ltd. xii) That's It Knit Ltd. xiii) Sajid Washing & Dyeing Ltd. xiv) Enzyme Bangladesh Ltd. xv) That's It Garments Ltd. xvi) Nishat Jute Mills Ltd. xvii) Ha-Meem Design Ltd. xviii) Refat Garments Ltd. xix) That's It Sports Wear Ltd. xx) Ha-Meem Denim Ltd. xxi) Ecochem Bangladesh Pvt Ltd. xxii) Sonarbangla Insurance Ltd.
Alhaj Mohammad Yunus	Director	i) Yunus Plastic Industries Ltd. ii) Yunus Cold Storage Ltd. iii) Yunus Filament Industries Ltd. iv) Ananta Paper Mills Ltd. v) Sobhan Ice & Cold Storage Ltd. vi) Quality Accessories Ltd. vii) Universal Paper & Board Mills Ltd. viii) Yunus Paper Mills Ltd.
Alhaj M Kamaluddin Chowdhury	Managing Director	-

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

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

44.4 Landing Policies to related parties:
Landing to related parties is effected as per requirements of Section 27(1) of the Bank Company Act, 1991

44.5 Investment (Loan and Advances) to Directors and their related Concern (Note # 7.4):				
<u>Name of the Party</u>	<u>Related By</u>	<u>Nature of Investfment</u>	<u>Amount in Tk.</u>	<u>Status</u>
Fareast Finance Investment Ltd.	Alhaj Anwer Hossain Khan Alhaj Tofazzal Hossain	Bai-Muajjal (Term)	18,765,000	Regular

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

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

45 Events After Balance Sheet Date:

45.1 Initial Public Offer (IPO):

The Bank is in the process to make Initial Public Offer (IPO) to raise further paid up capital of Tk.93,58,25,000 to fulfill the requirement of section 13 of Bank Company Act 1991 as amended upto date and letter of intent in respect of paid up capital.
After raising the capital through IPO, the total paid-up capital will be:-

	<u>Amount</u>	<u>Composition</u>
Paid up capital for Sponsor Shareholders Group	935,825,000	50%
Paid up capital for General Public shareholders Group	935,825,000	50%
	<u>1,871,650,000</u>	<u>100%</u>

Sd/-
Chairman

Sd/-
Director

Sd/-
Director

Sd/-
Managing Director

ANNEXURE-A

SHAHJALAL ISLAMI BANK LIMITED
ACCOUNTS FOR THE PERIOD FROM 1 JANUARY 2006 TO 30 JUNE 2006
SCHEDULE OF FIXED ASSETS AS AT 30 JUNE 2006

Particulars	C O S T			Rate of Depreciation	D E P R E C I A T I O N			Written Down Value at 30 June 2006
	Balance as on 1 January 2006	Additions during the period	Balance at 30 June 2006		Balance as on 1 January 2006	Charge for the period	Balance at 30 June 2006	
Furniture & Fixtures	63,570,131	5,016,502	68,586,633	10%	12,940,432	2,707,559	15,647,991	52,938,642
Office Equipment	49,769,396	9,506,763	59,276,159	20%	20,940,349	3,598,742	24,539,091	34,737,068
Vehicles	9,515,866	-	9,515,866	20%	6,068,914	950,000	7,018,914	2,496,952
Books	109,911	42	109,953	20%	16,104	6,000	22,104	87,849
Total	122,965,304	14,523,307	137,488,611		39,965,799	7,262,301	47,228,100	90,260,511

SHAHJALAL ISLAMI BANK LIMITED

HIGHLIGHTS OF PERFORMANCE

(Amount in Taka)

SL #	PARTICULARS	30th June,2006	2005
1	Paid up Capital	935,825,000	935,825,000
2	Total Capital (Core + Supplementary)	1,089,793,881	1,152,093,479
3	Capital Surplus/(deficit)	89,793,881	275,043,479
4	Total Assets	17,387,784,711	14,447,721,431
5	Total Deposit	15,048,365,677	12,204,625,169
6	Total Investment (Loans & Advance)	12,800,529,749	10,590,270,159
7	Total Contingent Liabilities and Commitment	6,429,567,008	4,835,263,408
8	Investment Deposit Ratio (%)	85.06%	86.77%
9	Percentage of Classified Investment against Total Investment	0.13%	0.49%
10	Profit after Tax and Provision	218,945,482	255,587,587
11	Amount of Classified Investment	16,900,000	52,473,000
12	Provisions kept against classified Investment	14,309,403	14,309,403
13	Provisions suplus/(deficit)	2,396,334	968,512
14	Cost of Fund	10.14%	9.76%
15	Profit Earning Assets	14,802,399,672	12,459,004,982
16	Non-Profit Earning Assets	2,585,385,039	1,988,716,449
17	Return on Investment in Securities (ROI)	2.75%	2.50%
18	Return on Assets (ROA)	2.52%	1.76%
19	Income from Investment in Securities	3,725,000	6,000,000
20	Earning Per Share	46.79	33.63
21	Net Income Per Share	46.79	33.63
22	Price Earning Ratio	-	-

Auditors' reports in pursuance of Section 135(1) under para 24(1) of part II of the Third Schedule of the Companies Act. 1994

We have examined the Financial Statements of Shahjalal Islami Bank Limited for the period from 1 January 2006 to 30 June 2006 and for the years ended 31 December 2005 and 31 December 2004 which have been audited by us and those for the years ended 31 December 2003 and 31 December 2002 audited jointly by Howladar Yunus & Co., Chartered Accountants and ACNABIN & Co. Chartered Accountants and for the year ended 31 December 2001 audited by Howladar Yunus & Co. Chartered Accountants and in pursuance of Section 135(1) under para 24 (1) of part II of the Third Schedule of the Companies Act 1994, We report that.

1. The Bank was incorporated on 1 April 2001.
2. The Statements of Profit and Loss, Assets & Liabilities and cash flows of the Bank are as under:

A. PROFIT AND LOSS ACCOUNT

Particulars	For the year ended 31 December					
	6 Months to 30 June'06	2005 Taka	2004 Taka	2003 Taka	2002 Taka	2001 Taka
Profit on Investments	946,421,028	1,350,879,819	718,372,813	481,834,003	208,213,205	57,781,074
Less: Profit paid on Deposits	620,792,545	944,162,282	625,744,933	353,515,571	141,330,010	47,485,822
Net Investment Income	325,628,483	406,717,537	92,627,880	128,318,432	66,883,195	10,295,252
Income from Investment in securities	3,725,000	6,000,000				
Commission, Exchange and Brokerage	168,372,110	221,441,759	94,015,617	36,037,269	98,824,104	25,973,549
Other Operating Income	30,536,731	42,960,061	29,101,488	18,183,220	9,510,823	773,400
Total Operating Income	528,262,324	677,119,357	215,744,985	182,538,921	175,218,122	37,042,201
Salaries and Allowances	46,498,313	72,909,475	51,104,637	52,081,656	34,722,336	11,503,788
Rent, Taxes, Insurances, Electricity etc.	15,321,135	29,925,978	29,127,501	17,957,198	11,387,958	4,221,332
Legal Expenses	138,809	308,238	56,200	23,050	31,212	26,813
Postage, Stamps, Telecommunication etc.	7,473,381	10,252,421	11,964,729	7,233,717	2,745,280	657,702
Stationery, Printings, Advertisements etc.	7,570,158	9,656,975	5,447,773	4,488,575	3,757,168	1,812,726
Managing Director's Salary and Allowances	1,745,000	2,390,000	2,268,749	2,440,000	2,260,000	1,220,000
Dircetors' Fee and Meeting Expenses	282,300	1,989,450	2,390,192	3,672,687	2,475,086	803,888
Auditors' Fees	50,000	185,000	100,000	40,000	40,000	35,000
Depreciation & Repair of Bank's Assets	8,831,977	16,230,408	14,320,004	11,251,498	5,790,544	1,843,614
Other Expenses	18,392,181	31,434,634	24,117,577	59,146,254	17,139,767	7,539,086
Total Operating Expenses	106,303,254	175,282,579	140,897,362	158,334,635	80,349,351	29,663,949
Profit/(Loss) before Provision						
& foreign exchange Dealing loss	421,959,070	501,836,778	74,847,623	24,204,286	94,868,771	7,378,252
Foreign Exchange Dealing Loss	-	-	(884,215,613)	-	-	-
Total Profit/(Loss) before Provision	421,959,070	501,836,778	(809,367,990)	24,204,286	94,868,771	7,378,252
Specific Provision for Classified Investments	-	(1,000,000)	(13,300,000)	(1,425,000)		
General Provisions for Unclassified Investment	(22,500,000)	(35,000,000)	(29,400,000)	(22,779,286)	(17,834,161)	(2,165,553)
Total Provision	(22,500,000)	(36,000,000)	(42,700,000)	(24,204,286)	(17,834,161)	(2,165,553)
Total Profit/ (Loss) before Taxation	399,459,070	465,836,778	(852,067,990)	-	77,034,610	5,212,699
Tax benefit (Deferred)/ Tax Expenses	173,662,769	210,249,191	(379,494,977)		30,813,844	2,951,301
Current Tax Expenses	6,850,819	-	-	-	-	-
Net Profit / (Loss) after Taxation	218,945,482	255,587,587	(472,573,013)	-	46,220,766	2,261,398
Appropriations:						
Statutory Reserve	79,891,814	93,167,356	-	-	15,406,922	1,042,540
Share Premium	-	-	-	-	5,188,844	-
Proposed Dividend	-	-	-	-	25,625,000	-
Retained Earnings	139,053,668	162,420,231	(472,573,013)	-	-	1,218,858
	218,945,482	255,587,587	(472,573,013)	-	46,220,766	2,261,398
Earning Per Share (EPS)	46.79*	33.63	(204.91)	-	22.55	1.76*

* Annualised for comparison purpose

B. BALANCE SHEET

Particulars	As at 31 December					
	As at 30 June'06	2005 Taka	2004 Taka	2003 Taka	2002 Taka	2001 Taka
PROPERTY AND ASSETS						
Cash	1,153,783,683	876,979,073	515,870,997	558,327,913	405,728,190	240,897,102
Cash in hand (Including Foreign Currencies)	143,605,061	114,993,795	73,928,659	49,480,800	38,178,575	20,314,962
Balance with Bangladesh Bank & Sonali Bank (Including Foreign Currencies)	1,010,178,622	761,985,278	441,942,338	508,847,113	367,549,615	220,582,140
Balance with other Banks and Financial Institutions	2,771,199,909	2,276,426,897	1,283,224,122	780,320,866	898,212,903	1,093,448,049
Inside Bangladesh	2,532,159,715	2,165,050,957	1,246,283,732	770,410,738	814,577,534	987,017,746
Outside Bangladesh	239,040,194	111,375,940	36,940,390	9,910,128	83,635,369	106,430,303
Investments in securities	300,000,000	200,000,000	200,000,000	-	-	-
Government	300,000,000	200,000,000	200,000,000	-	-	-
Others	-	-	-	-	-	-
Investments	12,800,529,749	10,590,270,159	7,148,683,655	4,269,321,820	1,999,971,437	216,555,317
Murabaha, Bai-Muajjal etc.	11,995,292,937	10,211,090,674	6,755,475,879	3,933,028,000	1,959,563,340	151,425,798
Bills Purchased and Discounted	805,236,812	379,179,485	393,207,776	336,293,820	40,408,097	65,129,519
Fixed Assets Including Premises, Furniture and Fixtures etc.	90,260,511	82,999,505	77,142,476	70,877,764	40,224,806	13,920,915
Other Assets	272,010,859	246,734,207	137,895,178	744,540,574	325,258,386	60,073,868
Deferred Tax Asset	-	174,311,590	379,494,977	-	-	-
Non Banking Assets	-	-	-	-	-	-
Total Assets	17,387,784,711	14,447,721,431	9,742,311,405	6,423,388,937	3,669,395,722	1,624,895,251
LIABILITIES AND CAPITAL						
Liabilities						
Borrowings from other Banks, Financial Institutions and Agents	945,000,000	1,125,000,000	-	-	-	-
Deposits and Other Accounts	15,048,365,677	12,204,625,169	9,091,664,424	6,039,344,011	3,332,601,240	1,400,498,894
Al-Wadiah Current Deposits & Other Accounts	1,467,851,880	925,604,924	593,322,952	446,611,393	272,221,683	180,911,844
Bills Payable	160,619,581	181,388,686	71,732,294	60,385,010	30,448,629	2,202,692
Mudaraba Saving Banks Deposits	982,699,419	1,039,882,525	2,217,697,469	1,429,551,709	1,110,349,430	800,952,599
Mudaraba Term Deposits	8,157,604,109	6,846,747,092	4,309,014,121	3,107,682,911	1,466,288,386	313,893,253
Other Mudaraba Deposits	4,279,590,688	3,211,001,942	1,899,897,588	995,112,988	453,293,112	102,538,506
Other Liabilities	433,776,814	376,399,524	382,239,677	130,562,762	83,312,318	17,134,959
Total Liabilities	16,427,142,491	13,706,024,693	9,473,904,101	6,169,906,773	3,415,913,558	1,417,633,853
Capital/Shareholders' Equity						
Paid-up Capital	935,825,000	935,825,000	466,825,000	230,625,000	205,000,000	205,000,000
Share Money Deposits			251,298,153	-	-	-
Share Premium			-	6,060,313	6,060,313	-
Statutory Reserve	189,508,632	109,616,818	16,449,462	16,449,462	16,449,462	1,042,540
Proposed Dividend	-	-	-	-	25,625,000	-
Retained Earnings	(164,691,412)	(303,745,080)	(466,165,311)	347,389	347,389	1,218,858
Total Shareholders' Equity	960,642,220	741,696,738	268,407,304	253,482,164	253,482,164	207,261,398
Total Liabilities & Shareholders' Equity	17,387,784,711	14,447,721,431	9,742,311,405	6,423,388,937	3,669,395,722	1,624,895,251

C. CASH FLOW STATEMENT

Particulars	Year Ended 31 December					
	Period ended to	2005	2004	2003	2002	2001
	30 June 2006					
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
A. Cash Flow from Operating Activities						
Investment Profit receipt	860,774,037	1,344,497,882	757,979,841	481,834,003	208,213,205	57,781,074
Profit Paid on Deposits	(590,375,038)	(860,233,769)	(558,113,396)	(353,515,571)	(141,330,010)	(47,485,822)
Fees & Commission receipt	168,372,110	221,441,759	94,015,617	36,037,269	98,824,104	25,973,549
Cash Payments to Employees	(48,243,313)	(75,299,475)	(53,373,386)	(54,521,656)	(36,982,336)	(12,723,788)
Cash Payments to Suppliers	(7,570,158)	(9,656,975)	(5,447,773)	(4,488,575)	(4,113,793)	(3,605,538)
Income Tax Paid	(10,304,571)	(12,656,784)	(386,405,922)	(61,770,285)	(15,488,272)	(4,231,143)
Receipts from other Operating activities	30,536,731	42,960,061	28,897,081	18,183,220	9,510,823	773,400
Payments for other Operating activities/Loss	(43,227,482)	(76,485,635)	(574,677,767)	(89,654,820)	(35,112,364)	(12,418,151)
Operating Profit before changes in Operating Assets & Liabilities	359,962,316	574,567,064	(697,125,705)	(27,896,415)	83,521,357	4,063,581
Changes in Operating Assets and Liabilities						
Purchases/Sale of Trading Securities	-	-	-	-	-	-
Investment (Loans and Advances) to Customers	(2,210,259,590)	(3,441,586,504)	(2,879,361,835)	(2,269,350,383)	(1,783,416,120)	(216,555,317)
Others Assets	74,399,910	(83,800,308)	573,949,313	(357,511,903)	(249,696,246)	(55,842,725)
Deposits From other Banks	(576,321,664)	(782,685,111)	744,497,088	187,787,857	363,907,200	880,039,000
Deposits received from customers	3,420,062,172	3,895,645,857	2,307,823,325	2,518,954,914	1,568,195,146	520,459,894
Other Liabilities	(1,742,215)	(130,834,470)	141,345,378	23,046,158	17,529,354	11,956,230
Net cash flow from Operating Activities	1,066,100,929	31,306,527	191,127,564	75,030,228	40,691	1,144,120,663
Cash flows from Investing Activities						
Proceeds from sale of securities	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	27,000	703,601	-	-	-
Payment for purchases of security	(100,000,000)	-	(200,000,000)	-	-	-
Purchases/sale of Property, Plant & Equipments	(14,523,307)	(19,724,523)	(18,882,978)	(40,322,542)	(30,444,749)	(14,775,512)
Net cash flow from Investing Activities	(114,523,307)	(19,697,523)	(218,179,377)	(40,322,542)	(30,444,749)	(14,775,512)
Cash flows from Financing Activities						
Receipts from loan & debts securities	(180,000,000)	1,125,000,000	-	-	-	-
Receipts from issue of ordinary shares	-	217,701,847	487,498,153	-	-	205,000,000
Dividend Paid	-	-	-	-	-	-
Net cash flow from Financing Activities	(180,000,000)	1,342,701,847	487,498,153	-	-	205,000,000
Net Increase/(Decrease) in cash & cash Equivalents	771,577,622	1,354,310,851	460,446,340	34,707,686	(30,404,058)	1,334,345,151
Effect of Exchange rate changes on cash & cash equivalents	-	-	-	-	-	-
Cash and cash equivalents at the beginning of the year	3,153,405,970	1,799,095,119	1,338,648,779	1,303,941,093	1,334,345,151	
Cash and cash equivalents at the end of the year	3,924,983,592	3,153,405,970	1,799,095,119	1,338,648,779	1,303,941,093	1,334,345,151

3. Dividend Declared:

The Bank has issued ordinary shares as bonus dividend on its all shares, as stated below:

<u>Year</u>	<u>Cash</u>	<u>Bonus</u>	<u>Total</u>	Share Premium <u>Taka per Share</u>
2001	-	-	-	-
2002	-	12.50%	12.50%	23.65
2003	-	-	-	-
2004	-	-	-	-
2005	-	-	-	-
30.06.2006	-	-	-	-

4. The Bank has no Subsidiary Company.
5. No Proceeds or part of the issue of the shares were applied directly by the Bank in the purchase of any business.
6. Accounts of the Bank have not been finalized in respect of any period subsequently to the period ended 30 June, 2006.

Dhaka, 15 August 2006

Sd/-
Hoda Vasi Chowdhury & Co
Chartered Accountants

Special report of the Auditors' regarding paid-up capital of Shahjalal Islami Bank Limited

Based on the audited Financial Statements for the period from 1 January 2006 to 30 June 2006 and examination of cash book and other books and records of Shahjalal Islami Bank Limited, we certify that the paid-up capital of Shahjalal Islami Bank Limited as 30 June 2006 is Tk. 935,825,000 divided into 9,358,250 ordinary shares of Tk. 100.00 each which is made up as follows:-

Description	Number of Shares	Amount of Taka
Subscription as per the Memorandum & Articles of Association at the time of Incorporation	2,050,000	205,000,000
Bonus Shares issued for the year 2002 issued on 20 January 2003	256,250	25,625,000
Fresh Shares against cash received within 30 December 2004 as per approval of Securities and Exchange Commission's Letter # SEC/ CPLC-45(1)/238 dated 12 September 2004	2,362,000	236,200,000
Fresh Shares against cash received within 15 May 2005 as per approval of Securities and Exchange Commission's Letter # SEC/ CI/ CPLC-45(1)/2003/501 dated 23 April 2005	4,690,000	469,000,000
Total	9,358,250	935,825,000

Dhaka, 15 August 2006

Sd/-
Hoda Vasi Chowdhury & Co
Chartered Accountants

SHAHJALAL ISLAMI BANK LIMITED
HEAD OFFICE, DHAKA.

Selected ratios as specified in rule 8B(20) (c) -Annexure B of the "Securities and Exchange Commission (Public Issue) Rules, 2006"

Liquidity Ratio	JUNE'06	2005	2004	2003	2002	2001
Current Ratio (Times)	0.99	0.97	1.02	0.89	0.75	1.18
Quick Ratio (Times)	0.99	0.97	1.02	0.89	0.75	1.18
Time Interest Earned Ratio (Times)	1.68	1.53	-0.29	1.07	1.67	1.16
Debt Equity Ratio (Times)	17.10	18.48	35.30	24.34	13.48	6.84

Operating Ratio						
Accounts Receivable Turnover	N/A	N/A	N/A	N/A	N/A	N/A
Inventory Turnover Ratio	N/A	N/A	N/A	N/A	N/A	N/A
Asset Turnover	N/A	N/A	N/A	N/A	N/A	N/A

Profitability Ratio						
Gross Margin Ratio	N/A	N/A	N/A	N/A	N/A	N/A
Operating Income Ratio (%)	36.72	30.95	-96.18	4.52	29.97	8.73
Net Income Ratio (%)	19.05	15.76	-56.16	0.00	14.60	2.68
Return on Assets (%)	2.52	1.76	-4.85	0.00	1.26	0.14
Return on Equity (%)	45.58	34.46	-176.07	0.00	18.23	1.09
Earning per Share (Taka)	46.79*	33.63	-204.91	-	22.55	1.76*

* Annualised for comparison purpose.

Dhaka,15 August 2006

Sd/-
Hoda Vasi Chowdhury & Co
Chartered Accountant

Additional Disclosure for related party transaction

Shahjalal Islami Bank Limited

For the half year ended 30 June 2006

We refer to your letter dated 26 September 2006 requesting an additional certificate regarding related party disclosure contained in the note number 44.1 of the Audited Financial Statements for the period ended 30 June' 2006 as per Bangladesh Accounting Standard (BAS) - 24. This certificate has been necessitated on receipt of the additional information from the Bank regarding related party disclosure which were previously due to oversight not disclosed by Bank.

Based on evidence subsequently provided to us and examination of related documents and records of Shahjalal Islami Bank Limited, we certify that the directors are also interested with the following concerns.

Name	Status in the Bank	Name of firms/Companies in which interested as
Alhaj Sajjatuz Jumma	Chairman	i. Prime University ii. Prime Foundation
Alhaj Tofazzal Hossain	Vice-Chairman	i) Prime University
Alhaj Anwer Hossain Khan	Director	i) Modern Group of Companies ii) Dhaka Telecommunication iii) Modern Environmental Technologies iv) Prime University
Alhaj Mohammed Faruque, Represented by Mr. Md. Masud	Director	i) Star of India
Alhaj Md. Harun Miah Represented by Alhaj Rukun Uddin Khan	Director	i) Pritom In (Pvt.) Ltd. ii) Shamsuddin Khan & Harun Miah Ltd.
Alhaj Md. Farooq	Director	i) Famous General Agencies Ltd. ii) Famous Printing & Packaging Ltd. iii) Famous flavor & Fragrance Ltd. iv) Matcon Ltd.
Alhaj Md. Solaiman	Director	i) Hardco International School
Alhaj Abdul Halim	Director	ii) Abdul Halim & Brothers
Alhaj A.K. Azad	Director	i) Ha-meem Group ii) Bangladesh Chamber of Industries
Alhaj Mohammad Younus	Director	i) Long Lasting Coating Ind. ii) Meghna Pipe Factory iii) Express Insurance Ltd.

Dhaka, 26 September 2006

Sd/-
Hoda Vasi Chowdhury & Co
Chartered Accountants

Additional Disclosure Regarding Declaration of Dividend

The Bank has an accumulated loss of Tk 164,691,412 as on 30 June 2006. As per BRPD Circular Letter No. 18 dated 20.10.2002 the Bank will not be able to declare dividend till the accumulated loss is fully adjusted.

CREDIT RATING REPORT
ON
SHAHJALAL ISLAMI BANK LIMITED

REPORT: RR/83/06

Analysts:

Md. Nazrul Husain FCMA
M. A. Al-Mamun
CRISL, Bangladesh

Entity Rating:

Long term: BBB+
(Triple Be plus)

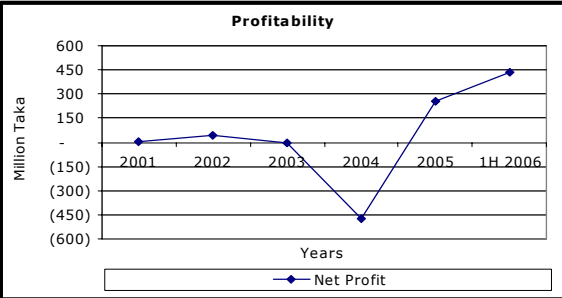
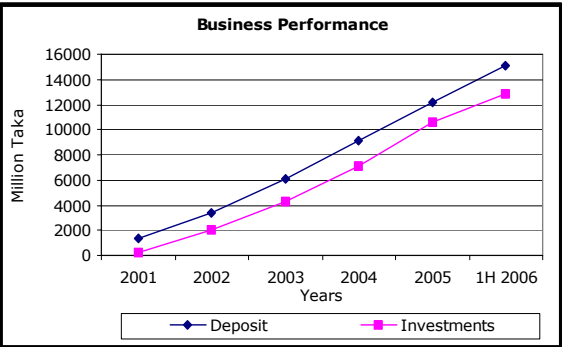
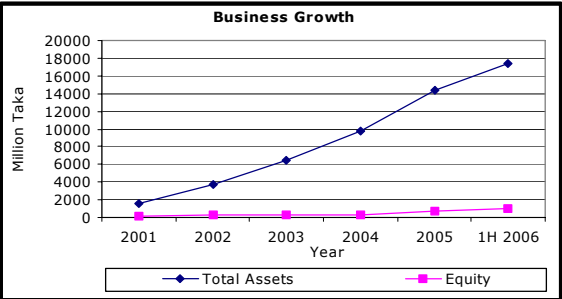
Short term: ST-3

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996 wherein rating for IPO offer of Financial Institutions is mandatory. However, since Shahjalal Islami Bank Limited (SJIBL) has not entered into any surveillance agreement with us, which is not mandatory as per rules; our long-term rating is valid for only one year and short term rating for six months. After the above periods these ratings will not carry any validity unless the bank goes for rating surveillance on voluntary basis.

	Long Term	Short Term
Entity Rating	BBB+	ST-3
Date of Rating	The 21 st August, 2006	

1. RATIONALE

CRISL upgrades Shahjalal Islami Bank Limited hereinafter called SJIBL to BBB+ (pronounced as triple B plus) rating from 'BBB-' (pronounced as triple B minus) rating in the long term and reaffirms ST-3 rating in the short term. The above two notch upgradation has been done on the basis of bank's visible improvement in some of the areas such as good profitability, cost efficiency, good asset quality and satisfactory business growth. However, negative retained earnings, poor IT infrastructure and moderate risk management still continuing as the weaknesses of the bank. These ratings have been carried out on the basis of financials upto 30th June, 2006. Financial Institutions rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. However, these entities are considered to have the capability to overcome the above-mentioned limitations. The short term rating indicates good certainty of timely payment. Liquidity factors and bank fundamentals are sound. Although ongoing funding needs enlargement of total financing requirements, SJIBL's access to capital and financial markets is good to mitigate the financing need. Risk factors are small. □



2. PREVIOUS RATINGS

CRISL previously rated Shahjalal Islami Bank Limited as BBB- (pronounced as triple B minus) in the long term and ST-3 rating in the short term on the basis of financials and other information upto 30th November 2005. The above ratings were based on some good fundamentals such as good asset quality, profitability, cost efficiency, satisfactory business growth etc moderated by the weaknesses of the bank in certain areas such as capital shortfall, negative retained earnings, poor IT infrastructure, unstructured risk management etc. □

SHAHJALAL ISLAMI
BANK LIMITED

PRINCIPAL ACTIVITY:
Commercial Banking

INCORPORATED ON:
1st April, 2001

BOARD CHAIRMAN:
Alhaj Sajjatuz Jumma

MANAGING DIRECTOR:
Alhaj M. Kamaluddin
Chowdhury

EQUITY:
Tk.960.64 million

DEPOSIT:
Tk.15,048.37 million

INVESTMENT:
Tk.12,800.53 million

CREDIT RATING REPORT
ON
SHAHJALAL ISLAMI BANK LIMITED

3. BANK PROFILE

Third Generation Islami
Commercial Bank

Shahjalal Bank Limited was established as a public limited company on April 01, 2001 under Companies Act, 1994. The bank commenced its commercial operation in accordance with Islamic Shariah on the 10th May 2001 under the ambit of the Bank Companies Act, 1991. The name of the bank was changed to "Shahjalal Islami Bank Limited" w.e.f 10th May 2004. During last five years SJIBL has increased its service coverage by opening new branches at different strategically important locations across the country. In order to cover the shortfall in capital adequacy and fulfill other requirements, the paid up capital has been increased to Tk. 466.83 million by injecting Tk. 236.20 million by the sponsors in 2004. The sponsors again injected additional TK. 469.00 million by 15th May 2005 to make the sponsors contribution to capital TK. 935.83 million. The bank has the plan to go for Initial Public Offerings (IPO) of share, which will assist the bank to raise its paid up capital to Tk.1,871.65 million. The bank was sponsored by a group of local businessmen having exposure in RMG, Insurance, Electronics and Education etc. Alhaj Sajjatuz Jumma is the present and Founder Chairman of the bank having business experiences of more than 26 years in the field of electronics, food and education. SJIBL provides a wide range of Shariah based commercial banking services. The bank has 16 branches, with staff strength of 368 as on 30th June, 2006. □

4. INDUSTRY ANALYSIS

4.1 Bangladesh Banking Sector

Basel-II implementation is
the new challenge for
banking sector

Keeping pace with the global changes in the sector, the banking sector of the country has been undergoing a remarkable change during the last couple of years. The Bank for International Settlement (BIS) has finalized the Basel-II Accord after issuing several consultative papers and impact studies and published the same under the title "International Convergence of Capital Measurements and Capital Standards" in June 2004 to be effective from 2006. Most of the developed and developing countries have drawn up the implementation plan. The neighboring countries have already chalked out the Basel Implementation Plan and started parallel run. Although the Basel Accord is not mandatory for the banks but international convergence and market forces will force the banks to adopt the same with in next couple of years. Bangladesh Bank has also formed a national committee to explore the various aspects of its implementation. Banking sector of Bangladesh consists of 48 banks, out of which, there are 4 NCBs, 5 specialized banks, 09 foreign banks, 24 private sector commercial banks and remaining 06 private sector banks operating on Shariah principles. The NCBs occupy 39.80% and 37.13% of market share of Deposits and loans and advances respectively and others share the balance. CRISL expects a paradigm shift in the management pattern of the entire banking system on implementation of ensuring Basel Capital Accord. In the New Accord the risk emphasis has been expanded to credit and market risk and operational risk. In order to assess the risk, our neighboring countries like India and Pakistan have adopted standardized approach for Credit Risk and Basic Indicator Approach for operational risk which is considered to be easy for the banks at the initial stage. Under the Standardized Approach for Credit Risk, the banks will have to rate the clients by the external rating agencies for risk weight calculation based on rating while the bank will have to provide additional capital worth of 15% of the gross income for operational risk. The above would warrant the financial institution to invest more in IT infrastructure systems and Human resources. The business operation will be more sensitive to risk and capital and in this connection the supervisory oversight will be stronger. Under the above backdrop CRISL believes that the SJIBL management will devise its operational strategy.

4.2 SJIBL's Market Share

Limited market share

SJIBL's market share of deposits and investments are small. The banking industry of Bangladesh had a deposits of Tk. 1,440.16 billion (excluding inter-bank and Government deposits) and loans and advances of Tk.1,319.60 billion on December 31st 2005, shared among 49 banks consisting of 4 NCBs, 5 specialized banks, 10 foreign banks, 24 private commercial banks and 6 Islamic banks. SJIBL's customer deposits stood at Tk. 10.81 billion and TK. 6.92 billion in YE 2005 and YE 2004 respectively. The investments (loans & advances) of SJIBL stood at Tk. 10.59 billion and TK. 7.15 billion respectively during the same period. As on 30th June 2006 SJIBL's customer deposits and investments stood at TK. 14.23 billion and TK. 12.80 billion.

SJIBL held only 0.75% of total market deposits and 0.81% of total market investment (loan & advances) on 31st December 2005. However, the growth rate of SJIBL is much higher than that of the overall market growth mainly due to small base effect. The SJIBL's customer deposits were increased by 56.33% compared to industry growth of 16.56% and PCBs growth of 20.00% in YE 2005 over previous year. During the same year, the investments (loans and advances) of SJIBL were increased by 48.14% compared to industry growth of 19.08% and PCBs growth of 30.00% in

CREDIT RATING REPORT
ON
SHAHJALAL ISLAMI BANK LIMITED

YE 2005. As a third generation bank in the private sector with an age of only 5 years, the SJIBL has been growing rapidly though the size of the bank is still small considering its market deposits and investments (loans & advances). □

5. OWNERSHIP PATTERN

19 sponsor shareholders
hold all shares

Currently SJIBL has 19 sponsor shareholders. Out of 19, only two are the representatives from two institutional shareholders. Among the sponsor shareholders, there are 12 Board members holding 66.48% of total outstanding shares as on 30th June 2006. Alhaj Md. Faruque is the individual shareholder, holding highest 8.52% of total outstanding shares. There are nine shareholders who are holding more than 5% of total outstanding shares. However, the above shareholding percentages will be diluted to a great extent with the participation of general public through the ensuing IPO. □

6. NETWORK OF BRANCHES

SJIBL has 16 branches
across the country

Branch network is considered to be one of the most important requirements to have the low cost customers’ deposit which is considered to be a stable source of fund for banks. At present SJIBL operates its business through sixteen branches located at different locations of Bangladesh. Dhaka zone holds eleven branches in different commercially important areas while three branches are operated at Sylhet and two branches are operated at Chittagong. During 2006 the SJIBL has been accorded permission for opening five new branches. Among the new branches 3 branches will be set up in Dhaka zone, while the balance two branches will be at Chittagong and Sylhet one in each district. □

7. INFORMATION TECHNOLOGY

Information Technology and
MIS is at primary stage

The use of MIS at SJIBL is at primary stage. The bank is yet to introduce modern banking services like ATM facilities, tele-banking, and Internet banking services. Presently, it has been using PCBANK2000 banking software, featured with branch banking which is not capable of offering modern solutions that a modern bank need. A number of stand-alone computers are used by the bank’s professionals to generate reports required by Bangladesh Bank as well as by the management. The SJIBL has SWIFT and LAN facilities. The bank is going to start immediately VISA Electron Card Service with ATM and SMS banking. □

8. PRODUCTS AND SERVICES

Wide range of Islamic
financial products and
services

The bank offers a wide range of Islamic financial products and services. Under Islamic deposit schemes it offers Al-Wadeeah Current Account, Mudaraba Savings Account, Mudaraba Short Notice & Term Deposit, Mudaraba monthly Deposit Scheme, Mudaraba Foreign Currency Deposit Account, Mudaraba double benefits scheme, Mudaraba triple benefits scheme, Mudaraba monthly Income Scheme, Mudaraba Millionaire Scheme for 12, 15, 20 and 25 years, Mudaraba Hajj scheme for 1 to 25 years. In addition, the bank is going to introduce some new products to broaden its customer base further like Cash walkfo and Mudaraba savings bond for 5, 8 and 10 years. The existing investment schemes are Bai-Murabaha, Bai-Muajjal, Hire Purchase under Shirkatul Meelk, Mudaraba, Musharakah, Bai-Salam, Ijara, Istisnaa, Muqawala, Quard, Household Durable Scheme, Housing Investment scheme, Real Estate Investment Program, Transport Investment Scheme, and Small Business Investment Scheme etc. SJIBL has the plan to introduce Q-cash, which will facilitate the bank’s clients to purchase goods and services and cash withdrawal facilities. During 2006 bank has launched a new deposit scheme “Cash Waqfo”. The above products are considered to be sufficient to have additional market share. □

9. CORPORATE GOVERNANCE

Governance in Financial Institutions is considered to be the agent of effective and profitable business operation. The Corporate governance establishes trust among the interested parties, provides information for the stakeholders, establishes professionalism, builds capacity to operate business efficiently and create a congenial working environment, which is inevitable to face the challenges of the present competitive business environment. Corporate governance in SJIBL may be delineated as follows:

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<i>Board consists of 12 directors</i>	9.1 Board The Board of SJIBL is constituted with 12 Directors, which is in line with the requirement of Bangladesh Bank. The Board is actively controlling overall business of the bank. During 1H 2006 & 2005, the Board conducted 05 and 11 meetings respectively. In order to observe the business more closely the Board formed two Broad based Board Committees namely, Executive Committee (EC) and Audit Committee. These two Committees are headed by two different Directors for better corporate management. The Board approves all minutes of the Executive Committee and reviews overall operational performances. The Board keeps regular vigilance on the banking activities through the Audit Committee in order to ensure better internal control system. □
<i>3 members Audit Committee conducted 6 meetings in 1H, 2006</i>	9.2 Audit Committee The Board has formed a three member Audit Committee as per Circular of Bangladesh Bank headed by Alhaj Anwer Hossain Khan, a director of the bank having qualification of Masters in Commerce. The Committee members have good exposure in the banking business and operation. The Committee conducted 06 and 18 meetings during 1H 2006 and 2005 respectively against the minimum three to four meetings as set by Bangladesh Bank. The meetings reviewed the organizational structure of the internal audit function, regulatory framework review of the findings and recommendations made by the internal and external auditors for removing the irregularities and review of the compliances of the internal regulations from time to time. It is worth mentioning here that none of the members of the Audit Committee are in Executive Committee. □
<i>Limited delegation of power</i>	9.3 Delegation of Power As per guidelines of Bangladesh Bank, the bank is at the minimal stage of the delegation of power. Under the present delegation, the bank has provided all administrative power to the management and some financial power to the Managing Director. In order to arrange functioning of the bank, the Board delegated its Investment (loan) approving power to the Executive Committee, which is headed by a Director other than the Chairman of the Board of Directors. □
<i>All senior professionals have long banking experience</i>	9.4 Management SJIBL has completed five years of its operation to pursue the mission "To expand Islamic Banking through welfare oriented banking system, ensure equity and justice in economic activities, extend financial assistance to poorer section of the people and achieve balanced growth & equitable development". During the last five years, the bank has been operating and providing services to an incremental number of clientele. For smooth functioning of the management, the bank has formulated a new organogram. The management team of the SJIBL is headed by the Managing Director Mr. M. Kamaluddin Chowdhury. Mr. Chowdhury brought with him a long experience of working for more than 41 years in public sector banks and private commercial banks. He served Islami Bank Bangladesh Limited as Executive President and CEO for six years. In his management team, Mr. Chowdhury is aided by two Deputy Managing Directors, one Senior Executive Vice President, one Executive Vice President, four Senior Vice Presidents. All the senior officers of the bank are possessing long banking experiences in managing the private commercial banks. They are aware of SJIBL's mission and are capable to achieve the same. □
<i>MCs are yet to start its full fledged functions</i>	9.5 Management Committees The Bank has formed several management Committees namely MANCOM (Management Committee), Asset Liability Management Committee (ALCO), Investment Committee etc. for its smooth functioning. The above Committees have been formed recently and yet to start functioning appropriately. □
<i>Bank follows structured service rules</i>	9.6 Human Resources Policy In a financial sector services industry, the success is dependent on its quality of techno-human resources. The bank has recruited the top management having well exposure to the sector. Although the sector is now absorbing substantial number of young post- graduate professionals with comparatively good compensation packages with the objective of giving appropriate training, a large number of private commercial banks are dependent on less number of experienced banking professionals at the top tier. As a result there is a large turnover of professionals within the sector. The SJIBL follows a structured service rules and average compensation packages. The Bank launched benefits for the employees like gratuity, contributory provident fund etc as the long-term benefits. In spite of this, the bank has faced employee turnover of 7.34% in 1H 2006. The bank recruited 11 professionals at the mid-tier and 43 officers at the lower level in 1H 2006. The bank provides training facilities to its new and existing staff through its training arrangement at head office premise on schedule and need basis at each year. Moreover, the bank has been sending its officers to BIBM and Bangladesh Bank for training and participating in various workshops on diverse banking issues on need basis. □

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9.7 Shariah Compliance

Shariah Council of the SJIBL plays an important role in connection with the compliance and implementation of Islamic Shariah principles in every sphere of the bank’s operation. It consists of seven members including five Fakihs (eminent Shariah juries), Board Chairman and Managing Directors; The Council is headed by Janab Moulana Ubaidul Huq, Khatib of Baitul Mukkaram, the national mosque. During 1H 2006 and 2005, the Council conducted 02 and 04 meetings respectively. However, the SJIBL is not adhering to Shariah principles strictly in some of its areas of operation. More particularly, the bank has been collecting deposits under mudaraba principle at the bargaining rates. □

Shariah Council consists of 7 members

10. CORE RISKS MANAGEMENT

The Bangladesh Bank formulated Core Risks Management Guidelines based on best practices in the industry and advised the banks for implementation. The compliance status of the above guidelines in different aspects of the operation of the Shahjalal Islami Bank Limited is delineated below:

Moderate risk management system

10.1 Internal control & compliances

Internal Control and Compliance is one of the vital elements of five core risk areas of Bangladesh Bank. As per the guidelines of Bangladesh Bank, the bank has recently improved organizational structure and written policy manual to comply with BB best practice for effective internal control system although bank has yet scope for development in organogram. Presently, bank ensures its internal control and compliance through its Audit and Compliance Division and MANCOM (Management Committee). MANCOM conducted 06 and 17 meetings in 1H 2006 and YE 2005 respectively. Internal Inspection team has audited 06 and 16 branches out of its 16 during 1H 2006 and 2005 respectively. The team places the highlights of lapses of serious nature to management and took up the issue with the concerned branches for early regularization of such irregularities with the instructions that no further recurrence of such lapses happen in future. □

SJIBL has improved its internal control system

10.2 Investment Risk Management

Risk is inherent in all aspects of a commercial operation; however for banks and financial institutions, Investment (loans) risk is a critical factor that requires to be managed efficiently. The bank has the scope to revise the existing bank’s Investment Risk Management Manual to comply with the Bangladesh Bank’s CRM guidelines. The bank has already introduced risk grading system, a regulatory requirement which is replaced by Lending Risk Analysis (LRA). In investment (credit) approval process of the SJIBL, the branch investment committee makes initial screening of investment proposals and forward with necessary recommendations along with the documents to Investment Division (ID) in Head Office. The ID appraises the proposals and forwards to the Deputy Managing Director (DMD), who after his scrutiny forwards to the Managing Director (MD) along with his observations. The MD takes decisions on the proposals, if investment amount falls within his delegated power. If it exceeds his limit, the proposal is forwarded to the Executive Committee for approval. □

SJIBL has formulated its Foreign Exchange Manual

10.3 Foreign Exchange Risk Management

The financial institutions’ performance is directly related to Foreign Exchange Market. Foreign Exchange Risk arises mainly from forward and future options. SJIBL has experienced loss of Tk. 884.22 million in foreign exchange dealing business in YE 2004 which is considered to be the greatest set back in its short length of operation. Presently bank’s International Division is involved only for collection and payment settlement. To ensure effective Foreign Exchange Risk Management, the bank has wide scope in establishing organizational structure and formulating Manual as per Guidelines of Bangladesh Bank. Bank maintains various nostro accounts in order to conduct operations in different currencies including BDT. The senior management of the bank set limits for handling nostro accounts transactions that include time & amount limits. Upto 30th June, 2006 the bank does not have any unreconciled entry which exceeds 3 months. As per guidelines of Bangladesh Bank the foreign exchange business should be audited internally to review the key control issues such as various limits, compliance requirements and statutory management. The bank’s total foreign exchange business is directly monitored and controlled by the Deputy Managing Director and Managing Director. □

ALCO conducted 6 meetings in 1H 2006

10.4 Asset Liability Risk Management

The Asset Liability Management Committee (ALCO) that is formed with ten members headed by Managing Director conducted 06 and 20 meetings during 1H 2006 and 2005 respectively. The key agenda of the meetings were Liquidity risk related to the balance sheet, maintaining CRR & SLR, Economic Outlook & Market Status and Rate of profit changing. For managing properly Balance

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Sheet risk, the bank has developed a Manual of the Asset Liability Management but which has yet scope to comply the guidelines of Bangladesh Bank. In absence of treasury department, bank handles all the issues of fund management through Financial Administration Division. □

10.4.1 Balance Sheet Gap

Minimum maturity gap

The assets liabilities maturity structure of the SIJBL as on 30th June 2006 shows minimum Gap under different maturity framework. The bank has short-term assets of TK. 12,336.83 million against short-term liabilities of TK. 12,262.49 million having surplus of TK. 74.34 million. However, in 3 months to one year category bank has slight Gap between assets and liabilities. In this category, bank has assets of TK. 5,660.40 million against liabilities of TK. 7,499.37 million representing deficit of TK. 1,838.97 million. In mid term category, the bank has assets of Tk. 3,340.74 million against liabilities of Tk. 2,278.02 million, representing surplus of assets of Tk. 1,062.72 million. In more than 5 years category the liabilities was 99.78% of assets. □

10.5 Anti-Money Laundering Management

CCU ensures Money Laundering risk management

As per Anti-Money Laundering Act 2002 Bangladesh Bank issued guidelines that each bank and Financial Institution must develop, administer and maintain an Anti-Money Laundering policy that ensures and monitors compliance with the Act. The bank ensures its Money Laundering Risk management through Central Compliance Unit (CCU) at Head Office level. As per guidelines of Bangladesh Bank, the bank has formulated an Anti-Money Laundering Compliance policy. □

11. PERFORMANCE

Satisfactory operating performance

SIJBL is one of the new entrants of the third generation banks having only 16 branches currently. In line with the above, the operating performance is found to be satisfactory among the competing banks of the third generation. SIJBL sustained a loss of Tk. 884.22 million in foreign exchange dealing business in YE 2004 in its short business career. However, this operating performance can be reviewed in terms of operating efficiency and financial performance which is delineated below:

11.1 Operating Efficiency

Sharp improvement in efficiency due to base effect

SIJBL's operating efficiency is satisfactory. This satisfactory operating efficiency can be evaluated by Net Investment Income Margin (NIIM), operating income, operating expenses, cost-to-income ratio and yield per 100 Taka staff cost.

Bank's NIIM shows noteworthy improvement during the last couple of years. The NIIM of the bank stood at 4.59% (annualized) on 30th June 2006 while the same was 3.83% in YE 2005 (Peer average 2.96%) 1.38% in YE 2004 and 3.23% in YE 2003.

SIJBL's operating income shows an increasing trend over the years. Its' operating income stood at TK. 1,056.52 million (annualized) as on 30th June 2006 compared to TK. 677.12 million in YE 2005, TK. 215.74 million in YE 2004 and TK. 182.54 million in YE 2003.

The bank's Efficiency Ratio (Cost to Income) has improved significantly. As on 30th June 2006, bank's total income stood at TK. 1,056.52 million (annualized) compared to TK. 677.12 million in YE 2005 while its total operating expenditures stood at TK. 212.61 million (annualized) and TK. 175.28 million during the same period. Its cost to income ratio stood at 20.12%, 25.89%, 65.31% and 86.74% as on 30th June 2006, in YE 2005, YE 2004 and YE 2003 respectively against its peer average of 33.09% in YE 2005.

Bank's Yield per Tk. 100 staff cost shows notable growth in operating income. It stood at Tk. 875 (annualized) as on 30th June 2006 against TK. 666 in YE 2005, TK. 140 in YE 2004 and TK. 44 in YE 2003.

In terms of costs, personnel expenses were increased to TK. 96.49 million (annualized) in 1H 2006 compared to TK. 75.30 million in YE 2005 representing 28.14% growth. Similarly, other operating expenses were increased to TK. 116.12 million (annualized) in 1H 2006 from TK. 99.98 million in YE 2005. The bank's personnel expense to average assets ratio stood at 0.61%, 0.62%, 0.66%, 1.08% and 1.63% in 1H 2006, YE 2005, YE 2004, YE 2003 and YE 2002 respectively against peer average of 0.84% in YE 2005. Its operating expenses to total average assets has decreased to 1.34% (annualized) in 1H 2006 compared to 1.45% in YE 2005 and 1.74% in YE 2004.

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Over the years, bank’s income composition shows mixed picture. Net investment income grabs the larger portion in the total income pie of the SJIBL followed by fee income in 1H 2006. Its share of net investment income has increased to 61.64% in 1H 2006 compared to 60.07% in YE 2005 and 42.93% in YE 2004 respectively. The share of fee income has declined to 31.87% in 1H 2006 compared to 32.70% in YE 2005 and 43.58% in YE 2004 respectively. The bank’s share of other income stood at 6.49%, 7.23% and 13.49% in 1H 2006, YE 2005 and YE 2004 respectively. □

11.2 Financial Performance

The Financial performance of SJIBL is satisfactory compared to its peer and industry during 1H 2006. The financial performances are measured in terms of its profit after provision and tax, Return on Average Asset (ROAA) and Return on Average Equity (ROAE). The bank’s profit after provision and tax reached at TK. 437.89 million (annualized) on 30th June, 2006 compared to TK. 256.59 million in YE 2005 which indicates considerable growth (71.25%). The reason behind this significant growth is the surge in net investment income. In view of above, the key performance indicators of the bank show tremendous growth performance in business operation. Bank’s return on average assets (ROAA) reached at 5.02% (annualized) on 30th June, 2006 compared to 3.86% in YE 2005 and (10.54%) in YE 2004 while the peer average of same was 2.85% in YE 2005. Similarly, the return on average equity (ROAE) of the bank reached at 51.45% (annualized) on 30th June 2006 compared to 50.80% in YE 2005 respectively against the peer average of 24.17% in YE 2005. □

Satisfactory financial performance

12. ASSET QUALITY

The overall asset quality of the bank is good compared to both Industry and its peer. SJBL’s total assets stood at Tk. 17,387.78 million on 30th June 2006 of which only 5.53% is financed by shareholders’ fund, 81.85% is financed by customer deposits and remaining 12.62% is financed by others liabilities. Its total asset was increased by 20.39% in 1H 2006 over previous year’s position while it was 48.25% in YE 2005. □

Good asset quality

12.1 Non-performing Investment (NPI)

The bank’s NPI position has declined to TK. 16.90 million as on 30th June 2006 from TK. 52.47 million in YE 2005. In terms of percentage, the Gross NPI ratio has reduced to 0.13% in 1H 2006 from 0.50% in YE 2005. The reasons behind this improvement of NPI position were the recovery and rescheduling of investments. During 1H 2006, bank has recovered TK. 4.15 million and rescheduled TK. 31.42 million which ultimately improve the position of NPI. The same peer average ratio was 2.19% in YE 2005. □

Total NPI stood at 0.13% in 1H 2006

12.2 Sectoral exposure

The SJIBL’s Investment portfolio is well diversified. The management sets privilege sectors every year assessing economic outlook and profitability. It has disbursed 68.10% of Investment for working capital finance and 31.90% Investment for term financing in 1H 2006. Textile sector grabs the largest portion (21.37%) in the total Investment (loans and advances) portfolio followed by leasing sector (13.94%). While analyzing the Investment (loans & advances) portfolio of the bank it appeared that the bank has the maximum NPL in garment sector. The NPL in garment sector stood at TK. 13.30 million (78.70% of total classified investment) followed by trade finance stood at TK. 2.00 million (11.83% of total classified investment). The SJIBL has planned to increase its exposure in Textile, Consumer scheme; small & medium investment, Export, Import sector etc. and to reduce its concentration on cement sector. □

Well diversified investment portfolio

12.3 Investment Loss Reserve

The SJIBL provides for its investment loss provisions as per the guidelines of Bangladesh Bank. The bank has an investment loss provision of Tk. 143.29 million against required provision of Tk. 140.89 million, representing a surplus of Tk. 2.40 million as on 30th June 2006. □

Surplus investment loss reserve

12.4 Large Investments and Director’s Investments

SJIBL’s total number of large investment as per definition of Bangladesh Bank stood at 52 and the total amount was TK. 9,272.98 million in 1H 2006 which was the 48.22% of total investment (funded and non-funded). In the large investments exposure, funded amount is stood at TK. 5,984.49 million representing 46.75% of total Investment (loans and advances). The bank has been experiencing a minimum level of investment exposure to Directors and their related parties. The SJIBL disbursement to directors and their related parties has decreased to Tk. 18.76 million in 1H 2006 compared to TK. 32.20 million in YE 2005. The total facility was funded amount and backed by property. No Director and their related parties were found in the defaulting lists as on 30th June 2006. □

SJIBL has 52 large investments in 1H 2006

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<i>Satisfactory performance in rescheduling investments</i>	12.5 Rescheduled loan SJIBL follows Bangladesh Bank’s guidelines regarding rescheduling of investment (loans and advances). During the half year of 2006, total rescheduled amount was TK. 127.96 million concentrated on 07 accounts while this was nil in YE 2005. The performance of rescheduling investments is satisfactory. Recovery during the half year of 2006 was TK. 6.33 million. □
<i>Average OBS exposure</i>	12.6 Off Balance Sheet (OBS) Exposure In absence of documented guideline the bank is handling the OBS exposure in a systematic way. The SJIBL’s OBS exposure is average compared to its peer. As on 30th June 2006, total contingent liabilities accounts for 26.99% of total footings (assets with contra) and 36.98% of total assets. A 80.38% of the bank’s contingent liabilities are made up of irrevocable commitments extended to credits as on 30th June 2006. Letter of Guarantee contributed 5.60% of the bank’s total off-balance sheet assets during the same period. In terms of risk weighting, Off-Balance Sheet (OBS) assets reportedly formed 31.58% of the bank’s total risk-weighted assets upto 30th June 2006. □
<i>Average non funded business</i>	12.7 Non-funded business During 1H 2006, bank’s non-funded business position is average. The export business stood at Tk. 4,910 million as on 30th June 2006 from TK. 6,295 million in YE 2005 and TK. 4,240 million in YE 2004. The import business has also declined to Tk. 9,039 million in 1H 2006 compared to Tk. 13,114 million in YE 2005 and TK. 10,017 million in YE 2004. On the other hand, the remittances increased to TK. 1,714 million in 1H 2006 compared to TK. 690 million in YE 2005 and TK. 67 million in YE 2004. □
13. FUNDING AND LIQUIDITY	
<i>Customer deposits contributes 94.57% of total funding</i>	The total deposit of the bank has increased by 23.30% in 1H 2006 compared to the position of YE 2005. The SJIBL depends on both customer deposits and inter-bank deposits for funding. The dependence on customer deposits increased to 94.57% in 1H 2006 compared to 88.58% in YE 2005 while dependence on inter-bank has decreased to 5.43% in 1H 2006 compared to 11.42% in YE 2005.
<i>Bank’s liquidity position is comfortable</i>	Bank’s liquidity position is comfortable. Bank’s liquid asset ratio stood at 26.42%, 25.16%, 21.99% and 22.17% in 1H 2006, YE 2005, YE 2004 and YE 2003 respectively. The liquidity position of the bank has improved over the period. Bank’s investment to deposit ratio stood at 89.83% in 1H 2006 while this was 97.77% in YE 2005 and 103.14% in YE 2004 which indicates this ratio is in line with the guideline of BB.
<i>Bank depends on mainly term deposits for funding</i>	The SJIBL showed the highest dependence on profit rate sensitive of term deposits for funds like all other 3rd generation banks. Share of term deposits decreased to 54.20% in 1H 2006 as compared to 56.09% in YE 2005. The dependence on savings deposits which is considered as most stable sources of fund is lower among its peer. Moreover, the contribution of savings deposit decreased to 6.53% in 1H 2006 as compared to 8.52% in YE 2005. The bank’s exposure to large deposits (Tk. 100.00 million and above) is acceptable. SJIBL’s large deposits (Tk. 100.00 million and above) stood at TK. 1.40 billion concentrated on 08 accounts in 1H 2006 compared to TK. 1.55 billion in YE 2005 and TK. 2.45 billion in YE 2004. The share of large deposits in total deposits has decreased to 12.95% in 1H 2006 compared to 13.61% in YE 2005. The SJIBL’s sources of fund are expensive compared to both industry and its peer. The total cost of fund of the bank has increased to 10.14% in 1H 2006 compared to 9.76% in YE 2005. In the total cost of fund, cost of deposit and borrowing is 8.66% and remaining 1.48% is other overhead expense. □
14. CAPITAL ADEQUACY	
<i>Bank has surplus capital against minimum requirement</i>	As on 30 th June 2006 the bank has reached to here capital without any shortfall. The bank has capital surplus of TK. 89.79 million as on 30 th June 2006 against shortfall of TK. 28.70 million in YE 2005 and TK. 313.32 million in YE 2004 for required capital. Its risk weighted capital adequacy ratio stood at 9.96%, 8.70%, 4.68% and 7.15% in 1H 2006, YE 2005, YE 2004 and YE 2003 respectively. The bank’s Tier-I capital adequacy ratio stood at 8.79%, 7.61%, 3.70% and 6.12% in 1H 2006, YE 2005, YE 2004 and YE 2003 respectively.

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The SJIBL's shareholders' funds to total Assets ratio increased to 5.53% in 1H 2006 compared to 5.14%, 2.76% and 3.95% in YE 2005, YE 2004 and YE 2003 against peer average of 6.34% in YE 2005. Its Shareholders' funds to Net Investments ratio stood at 7.50%, 7.00%, 3.76%, 5.94% and 12.67% during the same period against the peer average of 8.64% in YE 2005. It is worth noting here that after injecting additional capital through IPO of the capital adequacy base will be stronger. □

15. NETWORKTH

The net worth of the bank as on 30th June stood at Tk 960.64 million against 9,358,250 shares of Tk. 100 each representing a book value of Tk. 102.65 per share. As on 31st December 2005, the book value was only Taka 79.25. The fall in book value of shares was mainly due to accumulated loss created out of the previous operational losses. The negative balance of retained earnings has been reduced to Tk 164.69 million from 303.75 Million representing a good pace of recovery. With the above net worth of Tk 102.65 per share of Taka 100, the bank achieved the recovery of the book value of the share lost earlier. □

16. SWOT ANALYSIS

Strengths □ Good asset quality □ Satisfactory business growth □ Diversified product lines □ Good profitability □ Experienced top management □ Good operating efficiency	Weaknesses □ Negative retained earnings □ Dependent on fixed deposits □ Moderate risk management system □ Limited delegation of power □ MIS at primary stage □ Weak in shariah compliance □ Limited branch network □ Limited Market Share
Opportunities □ SME and Agro based business □ Real time online banking □ Credit card in dual currency □ Basel-II compliance to tap advantages from RM system	Threats □ Increased competition in the market □ Market pressure for increasing the SLR □ Market pressure for dollar crisis

17. PROSPECTS

Good business prospect

The financial sector of Bangladesh is now considered to be the most regulated sector compared to other sectors of the economy. As many as 48 banks are now in operation in a small economy like Bangladesh. Consequently, the financial institutions have been facing tough competition in grabbing market share and increased 45% tax to the Government.

Macroeconomic indicators of Bangladesh were volatile during the last ten months of the fiscal year 2005-06. The economy is facing high inflation and turmoil in the money market due to exorbitant rate of imported oil and several times devaluation of local currency against foreign currency. In order to ease the inflationary pressure and to control excessive credit, Bangladesh Bank has been following contractionary monetary policy since beginning of the year 2005. Banks are being encouraged to increase interest rate, both deposit and lending side and BB itself increased CRR from 4.00% to 5.00% from March 2005. As a result, the inter bank money market has been facing sever liquidity crisis and the inter-bank borrowing rate has been showing upward trend.

Despite the above setbacks, the macro-economy outlook for fiscal year 2005-06 remained favorable due to anticipated robust harvest of the aman crop, enhanced remittances from abroad, strong performance in the ready made garments industry and overall growth in the industrial and service sectors. After reviewing the favorable state of the economy, the Government and development partners envisage a 6% to 6.8% GDP growth in the fiscal year 2005-06 which is still, however, lower than the 7%, required to achieve the Millennium Development goals. Industrial production continues to register strong performances reflecting steady growth despite the earlier concerns about the adverse effect on the industrial sector on account of the ending of MFA quotas. Overall growth in the industrial sector, during the year 2005, increased to 8.6%, which is reasonably higher than last year's 7.6%.

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Amid many predictions about the WTO regime after the post-MFA era, export earnings during the first nine months of 2005 reached a record high of US\$ 6.7 billion compared to US\$ 6.4 billion in the same period of last year. Import during the first tenth months of 2005 witnessed a growth of around 21% which dented the foreign exchange reserve. Foreign exchange reserves which stood at US\$ 2.8 billion, at the end of 2005, lower by 11% against last year’s US\$ 3.2 billion, has become one of the major concerns during the year 2005.

Bank for International Settlement (BIS) has issued Basel-II Capital Accord, which is in the process of implementation globally. Under this framework, capital adequacy will be determined in either Standardized Approach or Internal Rating Based Approach. Most of the developed and developing countries even our neighboring countries have already taken initiatives to implement Basel-II beginning of 2007. Realizing the importance, Bangladesh Bank has already declared the implementation strategy of Basel-II by the beginning of 2009 as said earlier.

Shahjalal Islami Bank Limited is one of the late entrants among the third generation banks. Its operating performance is now measured as above average. After covering the huge foreign exchange loss, the bank is proceeding with good performance under the dynamic leadership of present Managing Director, Mr. M. Kamaluddin Chowdhury. He has been trying to overcome the problems with strong support from sponsors. However, the success of the bank will depend on proper implementation of Core Risk Management, achieving good profitability and at the same time maintaining good asset quality.

END OF THE REPORT

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CORPORATE INFORMATION

DATE OF INCORPORATION : 1st April, 2001
FUNCTIONING DATE : 10 May, 2001

BOARD OF DIRECTORS :

Alhaj Sajjatuz Jumma Alhaj Tofazzal Hossain Alhaj Md. Sanaullah Shahid Alhaj Anwer Hossain Khan Alhaj Mohammed Faruque (Represented by Mr. Md. Masud) Alhaj Md. Harun Mia (Represented by Alhaj Rukun Uddin Khan) Alhaj Md. Farooq Alhaj Md. Abdul Barek Alhaj Md. Solaiman Alhaj Abdul Halim Alhaj A. K. Azad Alhaj Mohammad Yunus Alhaj M Kamaluddin Chowdhury	Chairman Vice - Chairman Vice - Chairman Director Director Director Director Director Director Director Director Director Managing Director
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AUDITOR : Hoda Vasi Chowdhury & Co

MANAGEMENT:

Alhaj M. Kamaluddin Chowdhury Mr. Md. Jillur Rahman Mr. Muhammad Ali Mr. Md. Ghulam Wahab Mr. Md. Shafiqul Islam Mr. Syed Showkat Rana Mr. Md. Emran Hossain Mr. Imtiaz Uddin Ahmed Mr. Md. Ziaullah Khan Mr. Md. Dulal Hossain Mr. Syed Abul Hashem Mr. Md. Ashfaquul Haque Mr. Md. Samsuddoha Mr. Shibly Sadeque Mr. Quazi Md. Shoriful Islam	Managing Director Deputy Managing Director Deputy Managing Director Executive Vice President VP & In-charge, Marketing Division VP & In-charge, Investment Division VP & Board Secretary SAVP & In-charge, Audit & Compliance & HRD SAVP & In-charge, Computer & IT Division SAVP, Investment Division AVP & In-charge, Financial Administration Div. AVP & In-charge, Asset Management Division FAVP & In-charge, Public Relations Division FAVP & In-charge, International Division SEO & In-charge, Common Services Division
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CAPITAL HISTORY:

Figures in Million Taka				
Year	Authorized Capital (Million Tk.)	Issued, Subscribed and Paid-up Capital (Million Tk.)	Rate of Increase	Source of Paid-up Capital
2001	800.00	205.00		
2002	800.00	205.00	0%	
2003	800.00	230.62	12.49%	Bonus Share
2004	2000.00	466.82	102.41%	Share money deposit
2005	2000.00	935.83	100%	Ordinary Shares
June-06	2000.00	935.83	-	-

CREDIT RATING REPORT

ON

SHAHJALAL ISLAMI BANK LIMITED

FINANCIALS

A. Balance Sheets		Figures in Million Taka			
Property & Assets	June-06	2005	2004	2003	2002
Total Cash & Bank balance	3,924.98	3,153.41	1,799.10	1,338.65	1,303.94
Total Investment	300.00	200.00	200.00	-	-
Total Investment (Loans) and Bills	12,800.53	10,590.27	7,148.68	4,269.32	1,999.97
Land/Furniture/other fixed assets	90.26	83.00	77.14	70.88	40.22
Other assets	272.01	421.05	517.39	744.54	325.26
Total Assets	17,387.78	14,447.72	9,742.31	6,423.39	3,669.39
Liabilities and SHs' Equity					
Al-Wadiah Current & other deposits	1,467.85	925.60	593.32	446.61	272.22
Bills payable	160.62	181.39	71.73	60.39	30.45
Mudaraba Savings Deposits	982.70	1,039.88	2,217.70	1,429.55	1,110.35
Mudaraba Term Deposits	8,157.60	6,846.75	4,309.01	3,107.68	1,466.29
Other Mudaraba Deposits	4,279.59	3,211.00	1,899.90	995.11	453.29
Total Deposits	15,048.37	12,204.63	9,091.66	6,039.34	3,332.60
Inter bank borrowing	945.00	1,125.00	-	-	-
Other Liabilities	433.78	376.40	382.24	130.56	83.31
Total Outside Liabilities	16,427.14	13,706.02	9,473.90	6,169.90	3,415.91
Issued and paid up capital	935.83	935.83	466.83	230.63	205.00
Proposed Bonus Share	-	-	-	-	25.63
Share Premium (non repayable)	-	-	-	6.06	6.06
Retained Earnings	(164.69)	(303.75)	(466.17)	0.35	-
Statutory Reserve	189.51	109.62	16.45	16.45	16.45
Share money deposits	-	-	251.30	-	-
Stockholders' equity	960.64	741.70	268.41	253.48	253.13
Total liability and SHs' Equity	17,387.78	14,447.72	9,742.31	6,423.39	3,669.39

B. Income Statement		Figures in Million Taka			
Particulars	June-06	2005	2004	2003	2002
Profit on Investment	946.42	1,350.88	718.37	481.83	208.21
Profit paid on deposits	620.79	944.16	625.74	353.52	141.33
Net Investment Income	325.63	406.72	92.63	128.32	66.88
Comms, Exchange & Brokerage	168.37	221.44	94.02	36.04	98.82
Other Operating Receipts	34.26	48.96	29.10	18.18	9.51
Total Operating Income	528.26	677.12	215.74	182.54	175.22
Total Operating Expenditure	106.30	175.28	140.90	158.33	80.35
Profit Before Provisions	421.96	501.84	74.85	24.20	94.87
Total Provision (Reserve)	22.50	36.00	42.70	24.20	17.83
Loss on foreign exchange	-	-	884.22	-	-
Net Profit Before Taxes	399.46	465.84	(852.07)	-	77.03
Less Prov. for Taxes/ deferred Tax	180.51	210.25	(379.49)	-	30.81
Net Profit after Taxes	218.95	255.59	(472.57)	-	46.22

CREDIT RATING REPORT
ON
SHAHJALAL ISLAMI BANK LIMITED

CRISL RATING SCALES AND DEFINITIONS

CRISL RATING SCALES

LONG-TERM - FINANCIAL INSTITUTIONS

RATING	DEFINITION
AAA Triple A (Highest Safety)	Financial Institutions rated in this category are adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of banks.
AA+, AA, AA- (Double A) (High Safety)	Financial Institutions rated in this category are adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A- Single A (Adequate Safety)	Financial Institutions rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
BBB+, BBB, BBB- Triple B (Moderate Safety)	Financial Institutions rated in this category are adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a bank is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
BB+, BB, BB- Double B (Inadequate Safety)	Financial Institutions rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a bank as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
B+, B, B- Single B (High Risk)	Financial Institutions rated in this category are adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems, which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support.
C (Very High Risk)	Financial Institutions rated in this category are adjudged to be with very high risk of timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet obligations in a timely fashion.
D (Default)	Financial Institutions rated in this category are adjudged to be either currently in default or expected to be in default. This level of rating indicates that the entities are unlikely to meet maturing financial obligations and calls for immediate external support of a high order.

SHORT-TERM - FINANCIAL INSTITUTIONS

ST-1	Highest Grade Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
ST-2	High Grade High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
ST-3	Good Grade Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
ST-4	Satisfactory Grade Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
ST-5	Non-Investment Grade Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
ST-6	Default Issuer failed to meet scheduled principal and/or interest payments.

“Interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers.”

SHAHJALAL ISLAMI BANK LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI (S)

Warning: Please read the instructions at the back of this form. Incorrectly filled applications may be rejected.

The Managing Director

Shahjalal Islami Bank Limited
Jiban Bima Bhaban (4th Floor)
10 Dilkusha Commercial Area
Dhaka-1000

Banker's Sl. No.
Broker's Sl. No.

Dear Sir,
I/we apply for and request you to allot me/us the number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1.

No. of Ordinary Shares of Tk 100 each at par.
2.

Amount of Tk (*in figure*)....., Taka (*in words*).....only deposited vide Cash/Cheque/Draft/Pay Order No. dated on Bank Branch.

3.

Depository (B/O) Account Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- (If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

4.

I/We agree to fully abide by the instruction given herein.
5.

Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father's/Husband's name:	
Postal address:	
Occupation:	Nationality:
For refund warrant: Applicant's Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father's/Husband's name:	
Postal address:	
Occupation:	Nationality:

6.

I/we hereby declare that I/we have read the Prospectus of **Shahjalal Islami Bank Limited**, and have willingly subscribed for no. of shares of Tk 100 each on this form.
7.

Specimen Signature(s):

(i) Name (<i>in block letters</i>):	Signature:
(ii) Name (<i>in block letters</i>):	Signature:

.....

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk.....(in word) only from Mr./Mrs./Ms. being the application money for Nos. of Ordinary Shares of **Shahjalal Islami Bank Limited**.

Banker's Sl. No.

Seal and Date

Authorized Signature
(Name & Designation)

Instructions

- As per provision of Depository Act, 1999 and regulations made there under shares will be only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
- All information must be typed or written in full (in block letters) in English or in Bengali and must not be abbreviated.
- Application must be made on the Company's printed form/photocopy or on typed copy/hand written form thereof.
- Application must not be for less than **50** ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
- Remittance for the full amount of the shares must accompany each application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of cash/cheque/bank draft/pay order payable to one of the Bankers to the Issue favoring **"Shahjalal Islami Bank Limited"** and crossed **"A/C Payee only"** and must be drawn on a bank in the same town as the bank to which the application form has been sent.
- In the case of a joint application form, the allotment letter will be dispatched to the person whose name appears first on this application form and where any amount is refundable in whole or in part the same will be refunded by account Payee cheque by post/courier service to the person named first on this application form in the manner prescribed in the prospectus.
- Joint application form for more than two persons will not be accepted. In case of joint application, each party must sign the application form.
- Applications must be in the full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Applications from financial and market intermediary companies must be accompanied by Memorandum of Association and Articles of Association and Certificate of Incorporation.
- An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purposes.
- No receipt will be issued for the payment made with application, but the bankers will issue a provisional acknowledgement to the issue for application lodged with them.
- Refund will be made only through **"Account Payee"** cheques with Bank A/C Number and name of Bank Branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
- Allotment shall be made solely in accordance with the instructions of the Securities and Exchange Commission (SEC).
- Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
- Applications which do not meet the above requirements, or applications, which are incomplete, shall not be considered for allotment purpose.
- The Bankers to the issue Banks shall be required to receive the A/C Payee Cheque (s) on the closing day of the subscription.
- No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published**

Investment Corporation of Bangladesh

Head Office, Dhaka
Local Office, Nayapalzan, Dhaka
Chittagong Branch, Chittagong
Rajshahi Branch, Rajshahi
Sylhet Branch, Jail Road, Sylhet
Bogra Branch, Station Road, Bogra
Khulna Branch, Khulna
Barishal Branch, Barishal

The City Bank Limited

Principal Office, Dhaka
B.B. Avenue Branch, Dhaka
Islampur Branch, Dhaka
Gulshan Branch, Dhaka
Kawranbazar Branch, Dhaka
Mirpur Branch, Dhaka
Dhaka Chamber Branch, Dhaka
Mouchak Branch, Dhaka
Islami Banking Branch, Dhaka
Uttara Branch, Dhaka
Shaymoli Branch, Dhaka
Johnson Road Branch, Dhaka
New Market branch, Dhaka
Foreign Exchange Branch, Dhaka
Imamgonj Branch , Dhaka
Taan Bazar Branch , Narayanganj
Dhanmondi Branch, Dhaka
Tongi Branch, Gazipur

Agrabad Branch , Chittagong
Khatungang Branch, Khatunganj
Bandar Bazar Branch, Sylhet
Mymensingh Branch, Mymensingh
Comilla Branch, Comilla
Barishal Branch, Barishal
Rajshahi Branch, Rajshahi
Khulna Branch, Khulna

National Bank Limited

Bangshal Road Branch, Dhaka
Babubazar Branch, Dhaka
Dilkusha Branch, Dhaka
Elephant Road Branch, Dhaka
Foreign Exchange Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Motijheel Branch, Dhaka
Mohakhali Branch, Dhaka
Malibagh Branch, Dhaka
Mirpur Branch, Dhaka
Zi Sikder M.C. Branch Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
North Brook Hall, Dhaka
Savar Bazar Branch, Dhaka
Narayanganj Branch, Narayanganj
Sylhet Branch, Sylhet
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch
Sheikh Mujib Road Branch, Chittagong
KDA Branch, Khulna
Khulna Branch, Khulna
Rangpur Branch, Rangpur
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Barishal Branch, Barishal

Standard Bank Limited

Principal Branch, Dhaka
Foreign Exchange Branch, Dhaka
Topkhana Road Branch, Dhaka
Imamgonj Branch, Dhaka
Gulshan Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
Pantha path Branch, Dhaka
Jessore Branch, Jessore
CDA Avenue Branch, Chittagong
Jubilee Road Branch, Chittagong
Agrabad Branch, Chittagong
Khatungang Branch, Chittagong
Sylhet Branch, Sylhet
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi

Mutual Trust Bank Limited

Principal Branch, Dhaka
Dilkusha Branch, Dhaka
Panthapath Branch, Dhaka
Uttara Model Town Branch, Dhaka
Dhanmondi Branch, Dhaka
Progati Sarani Branch, Dhaka
Babu Bazar Branch, Dhaka
Agrabad Branch, Chittagong
CDA Avenue Branch, Chittagong
Jubilee Road Branch, Chittagong
Jamuna Bank Limited
Mohakhali Branch, Dhaka

Sonargaon Road Branch, Dhaka
Moulvibazar Branch, Dhaka
Dilkusha Branch, Dhaka
Shantinagar Branch, Dhaka
Gulshan Branch, Dhaka
Dhanmondi Branch, Dhaka
Naya Bazar Branch, Dhaka
Foreign Exchange Branch, Dhaka
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Jubilee Road Branch, Chittagong
Sylhet Branch, Sylhet
Nargagan Branch, Naogon

The Trust Bank Limited

Principal Branch, Dhaka
Sena Kallyan Bhaban Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Corporate Branch, Dhaka
Dilkusha Corporate Branch, Dhaka

Shahjalal Islami Bank Limited

Dhaka Main Branch, Dhaka
Mitford Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Foreign Exchange Branch, Dhaka
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Bangshal Branch, Dhaka
Satmasjid Road Branch, Dhaka
Joydevpur Chowrasta Branch, Gazipur
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Beani Bazar Branch, Sylhet
Sylhet Branch, Sylhet
Dargah Gate Branch, Sylhet
Narayanganj Branch, Narayanganj
Baipal (Dhaka EPZ) Branch

Prime Bank Ltd.

Motijheel Branch, Dhaka
Islamic Banking Branch, Dhaka
Mohakhali Branch, Dhaka
Moulvii Bazar Branch, Dhaka
Kawran Bazar Branch, Dhaka
Elephant Road Branch, Dhaka
Mouchak Branch, Dhaka
Gulshan Branch, Dhaka
Bangshal Branch, Dhaka
Gonakbari Branch, Dhaka
Uttara Branch, Dhaka
Foreign Exchange Branch, Dhaka
Dhanmondi Branch, Dhaka
Eskaton Branch, Dhaka
Banani Branch, Dhaka
IBB Mirpur, Dhaka
Shymoli Branch, Dhaka
Panthapath Branch, Dhaka
Progati Shairani Branch, Dhaka
Khulna Branch, Khulna
Barishal Branch, Barishal
Rajshahi Branch, Rajshahi
Sylhet Branch, Sylhet
Court Road Branch, Sylhet
Narayanganj Branch, Narayanganj
Khatungonj Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Jessore Branch, Jessore
Bogra Branch, Bogra
IBB OR Nizam Road, Chittagong
Fatickchan Branch, Chittagong
Islamic Banking Branch, Paharaili
Shimrail Branch, Narayanganj
Tongi Branch, Gazipur
Madhabdi Branch, Narsingdi

NCC Bank Limited

Motijheel Branch, Dhaka
Moghibazar Branch, Dhaka
Dilkusha Branch, Dhaka
Mirpur Branch, Mirpur, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Malibagh Branch, Dhaka
Uttara Branch, Dhaka
Khulna Branch, Khulna
Khatunganj Branch, Chittagong
O.R. Nizam Road Branch, Chittagong
Jubilee Road Branch, Chittagong
Agrabad Branch, Chittagong
Moulvibazar Branch, Moulvibazar
Laldighir par Branch, Sylhet
Rangpur Branch, Rangpur
Jessore Branch, Jessore
Laxmipur Branch, Laxmipur

Arab Bangladesh Bank Limited

Islamic Banking Branch, Kakrail, Dhaka
Al Arafah Islami Bank Limited
Motijheel, Local office, Dhaka

Bankers to the Issue

Moulvi Bazar, Dhaka
Corporate Branch, Dhaka
Elephant Road Branch, Dhaka
Uttara Model Town Branch, Dhaka
Banani Branch, Dhaka
Mirpur Branch, Dhaka
Dhanmondi Branch, Dhaka
NS Road, Dhaka
Nawabpur Road, Dhaka
VIP Road, Dhaka
Mouchak Branch, Dhaka
Mohammadpur Branch, Dhaka
Narayanganj Branch, Narayanganj
Islampur Branch, Dhaka
Lal Dighir Par Branch, Sylhet
Agrabad Branch, Chittagong
Khulna Branch, Khulna
Rajshahi Branch, Rajshahi
Bogra Branch, Bogra
Khatunganj Branch, Chittagong
Barishal Branch, Barishal
Jubilee Road Branch, Chittagong
Zindabazar Branch, Sylhet
O.R. Nizam Road Branch, Chittagong
Comilla Branch, Comilla
Jessore Branch, Jessore
Joydevpur Chowrasta Branch, Joydevpur

Southeast Bank Ltd.

Principal Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Uttara Branch, Dhaka
New Elephant Road Branch, Dhaka
Gulshan Branch, Dhaka
Motijheel Branch, Dhaka
Karwan Bazar Branch, Dhaka
Banani Branch, Dhaka
Bangshal Branch, Dhaka
New Eskaton Branch, Dhaka
Agargoon Branch, Dhaka
Bandar Bazar Branch, Sylhet
Shahjalal Uposahar Branch, Sylhet
Laldighirpar Branch, Sylhet
Chouhatta Branch, Sylhet
Moulvi Bazar Branch, Moulvibazar
Kulaura Branch, Moulvi Bazar
Khulna Branch, Khulna
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Chittagong
Halishahar Branch, Chittagong
CDA Avenue Branch, Chittagong
Cox's Bazar Branch, Cox's Bazar
Chitagalinhiya Branch, Feni
Feni Branch, Feni

EXIM Bank Limited

Pantha Path Branch, Dhaka
Gajipur Branch, Dhaka
Gulshan Branch, Dhaka
Nawabpur Branch, Dhaka
Rajuk Avenue Branch, Dhaka
New Eskaton Branch, Dhaka
Uttara Branch, Dhaka
Mirpur Branch, Dhaka
Elephant Road Branch, Dhaka
Malibagh Branch, Dhaka
Satmasjid Road Branch, Dhaka
Imamgonj Branch, Imamgonj, Dhaka
CDA Avenue Branch, Chittagong
Agrabad Branch, Chittagong
Jubilee Road Branch, Chittagong
Khatunganj Branch, Khatungonj
Soniamuri Branch, Noakhali
Sylhet Branch, Sylhet
Narayanganj Branch, Narayanganj
Shimrail Branch, Narayanganj
Laksham Branch, Comilla
Mawna Branch, Gazipur
Bogra Branch, Bogra
Jessore Branch, Jessore
Ashulia Branch, Saver
Ashuganj Branch, Brahmanbaria
Chowmuhani Branch, Noakhali

Dhaka Bank Limited

Local office, Dhaka
Banani Branch, Dhaka
Uttara Branch, Dhaka
Islamic Banking Branch, Dhaka
Bangshal Branch, Dhaka
Foreign Exchange Branch, Dhaka
Amin Bazaar Branch, Dhaka
Gulshan Branch, Dhaka
Imamganj Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawranbazar Branch, Dhaka
Islampur Branch, Dhaka
Narayanganj Branch, Narayanganj
Joypara Branch, Dohar
Agrabad Branch, Chittagong

Khatungonj Branch, Chittagong
Islamic Banking Branch, Chittagong
E.P.Z Branch, Saver
Jubilee Road Branch, Chittagong
CDA Avenue Branch, Chittagong
Bogra Branch, Bogra
Sonaimuri Branch, Noakhali
Moulvi Bazar Branch, Pachim Bazar
CoxBazar Branch, Cox Bazar
Rajshahi Branch, Rajshahi
Laldighir par Branch, Sylhet

Islami Bank Bangladesh Limited

Local office, Dhaka
Foreign Exchange Corporate Branch, Dhaka
Nawabpur Road Corporate Branch, Dhaka
Farmgate Branch, Dhaka
Gulshan Branch, Dhaka
Khulna Branch, Khulna
Barishal Branch, Barishal
Bogra Branch, Bogra
Rajshahi Branch, Rajshahi
Comilla Branch, Comilla
Chawmuhani Branch, Noakhali
Sylhet Branch, Sylhet
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Kushtia Branch, Kushtia
Pabna Branch, Pabna
Mymensingh Branch, Mymensingh

ONE Bank Ltd.

Principal Branch, Dhaka
Motijheel Branch, Dhaka
Imamgonj Branch, Dhaka
Gulshan Branch, Dhaka
Mirpur Branch, Dhaka
Kawran Bazar Branch, Dhaka
Uttara Branch, Dhaka
Dhanmondi Branch, Dhaka
Banani Branch, Dhaka
Gonakbari (EPZ) Branch, Saver, Dhaka
Joypara Branch, Dohar, Dhaka
Islampur Branch, Sylhet
Sylhet Branch, Sylhet
Jessore Branch, Jessore
Narayanganj Branch, Narayanganj
Bogra Branch, Bogra
Chandragonj Branch, Lakshmipur
Agrabad Branch, Chittagong
Khatunganj Branch, Chittagong
Chowmuhani Branch, Chittagong

Mercantile Bank Limited

Main Branch, Dhaka
Dhanmondi Branch, Dhaka
Kawran Bazar Branch, Dhaka
Mohakhali Branch, Dhaka
Mirpur Branch, Dhaka
Uttara Branch, Dhaka
Elephant Road Branch, Dhaka
Motijheel Branch, Dhaka
Satmasjid Road Branch, Dhaka
Gulshan Branch, Dhaka
Banani Branch, Dhaka
Agrabad Branch, Chittagong
Sylhet Branch, Sylhet
Khatungonj Branch, Chittagong

Dutch Bangla Bank Limited

Local Office, Dilkusha, Dhaka
Motijheel Foreign Exchange Branch, Dhaka
Nababpur Branch, Dhaka
Banani Branch, Dhaka
Kawranbazar Branch, Dhaka
Shantinagar Branch, Dhaka
Dhanmondi Branch, Dhaka
Gulshan Branch, Dhaka
Mohakhali Branch, Dhaka
Elephant Road Branch, Dhaka
Mirpur Branch, Dhaka
Islampur Branch, Dhaka
Uttara Branch, Dhaka
Dania Branch, Dhaka
Barurhat Branch, Narsingdhi
Shimrail Branch, Narayanganj
Narayanganj Branch, Narayanganj
BB Road branch, Narayanganj
Netaigang Branch, Narayanganj
Board bazaar Branch, Gazipur
Savar Branch, Saver, Dhaka
Agrabad Branch, Chittagong
CDA Avenue Branch, Chittagong
Patherhat Branch, Chittagong
Hat hazari Branch, Chittagong
Sylhet Branch, Sylhet
Khulna Branch, Khulna
Barishal Branch, Barishal
Bogra Branch, Bogra

“Interested Persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers.”

SHAHJALAL ISLAMI BANK LIMITED

APPLICATION FORM

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI (S)

(TO BE SENT DIRECTLY TO THE COMPANY’S CORPORATE OFFICE)

Warning: Please read the instructions at the back of this form.

Incorrectly filled applications or failing to comply with any of the instructions there in, applications may be rejected.

The Managing Director

Shahjalal Islami Bank Limited
Jiban Bima Bhaban (4th Floor)
10 Dilkusha Commercial Area
Dhaka–1000

Dear Sir,

I/we apply for and request you to allot me/us the number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company’s approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Members of the Company and deposit the said shares to my BO (Beneficiary Owner) Account and/or a Crossed (Account Payee only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant’s address stated below:

1. No. of Shares of Tk 100 each at par.
2. Amount of Tk (*in figure*)....., (*in words*) only
Convertible into US Dollar 1.00 = Tk, UK Pound Sterling 1.00 = Tk, and Euro 1.00 = Tk
3. Payment by cheque/draft no. dated..... for US Dollar or UK Pound Sterling or Euro or
TK drawn on Bank Branch.

4. Depository (B/O) Account Number

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(If you do not mention your valid BO (Beneficiary Owners) account, your application will be treated as invalid)

5. I/we fully agree to abide by the instructions given herein.

6. Particulars of Applicant(s):

a) Sole/First Applicant

Name:	
Father’s/Husband’s name:	
Mailing Address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	
For refund warrant: Applicant’s Bank A/C No.:	
Name of the Bank:	Branch:

b) Second Applicant

Name:	
Father’s/Husband’s name:	
Mailing Address:	
Occupation:	Nationality:
Passport No.:	Valid up to:
Date of Birth:	

Nominee:

Name:
Mailing Address:

7. I/we hereby declare that I/we have read the Prospectus of **Shahjalal Islami Bank Limited**, and have willingly subscribed for no. of shares of Tk 100 each on this form.

8. **Specimen Signature(s):**

	Name in Block Letters	Signature
Sole/First Applicant:		
Second Applicant:		
Nominee:		

Instructions

1. As per provision of Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the Application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. Application must not be for less than **50** Ordinary shares and must be for a multiple of **50** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"Shahjalal Islami Bank Limited"** and crossed **"Account payee only"**.
5. An application shall be sent by the applicant directly to the Company by **18/01/2007** so as to reach the Company by **27/01/2007** Applications sent after **18/01/2007** or received by the Company after **27/01/2007** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by SEC.
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made by post to the first applicant.
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Securities and Exchange Commission (SEC). This may be in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit share money by US\$ / UK Pound Sterling / Euro draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking **"Account Payee only"**. So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
13. The spot buying rate (TT Clean) in US\$, UK Pound Sterling and Euro of Sonali Bank at the day of **subscription opening** will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his being a NRB, dual citizenship or of the foreign passport bearing a endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him to travel to Bangladesh.**
15. In case of joint NRB application joint applicant shall also submit supporting papers/documents in supported of their being an NRB as mentioned in para-14.
16. An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, those in excess of two applications shall not be considered for allotment purposes.
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until twenty five days after the prospectus have been published.**

The NRB application along with the foreign CURRENCY draft, as above, is to be submitted to the Company's Head Office directly within the stipulated time mentioned in para 5.

Annexure-A

SHAHJALAL ISLAMI BANK LIMITED
HEAD OFFICE, DHAKA.

Statement of Investment facilities allowed in favour of Bank’s Directors/Shareholder/Subscriber to the
Memorandum/their sister concerns wherein they have interest.

(A)

SL. Number	Name of the Director/Shareholder/ subscriber to the Memorandum	Relationship	Name of Investment the Client	Nature of Investment	Approval Authority	Date of 1st Disbursement	Outstanding					
							Dec '2001	Dec '2002	Dec '2003	Dec '2004	Dec '2005	Jun '2006
1	Alhaj Syed Nurul Arefeen	Shareholder & Subscriber to the Memorandum	Solar Trading Co.	Bai-Muajjal Commercial TR (Revolving)	Board Of Directors of SJIBL & Bangladesh Bank	5/27/2002	-	56.15	49.97	57.52	107.19	227.38
2	Alhaj Akkas Uddin Mollah	Shareholder & Subscriber to the Memorandum	Russel Spinning Mills Ltd.	Murabaha (Pledge)	Board Of Directors of SJIBL & Bangladesh Bank	12/27/2001	43.83	45.03	44.76	-	-	-
3	Alhaj M.A Mannan	Subscriber to the Memorandum	Mannan Washing Industries Ltd.	Bai-Muajjal Commercial TR (Revolving)	Board Of Directors of SJIBL & Bangladesh Bank	12/10/2001	35.78	57.68	65.09	-	-	-
4	Alhaj Mohammad Younus	Common Director	Express Insurance Ltd.	Izara	Board Of Directors	7/11/2001	6.00	6.00	2.42	0.94	-	-
5	Alhaj Anwar Hossain Khan	Com. Director	Fareast Finance & Investment Ltd.	Bai-Muajjal (Term)	Board Of Directors	2/28/2005	-	-	-	-	214.83	187.65
	Alhaj Tofazzal Hossain	Com. Director										
Total							85.61	164.86	162.24	58.46	322.02	415.02

SHAHJALAL ISLAMI BANK LIMITED

The Bank hired a premise measuring 2,600 square feet under an agreement dated 1/12/2005 with M/S Russel Garments, C/O Alhaj Akkas Uddin Mollah, Osman Tower (ground floor), 56/1-S.M. Maleh Road, Narayangonj for its Narayangonj Branch. The owner of premise Alhaj Akkas Uddin Mollah is Shareholder of the Bank who holds of shares 4,70,022 i.e. 5.02% of total shares of the Bank. The highlights of the lease agreement are given below:

1	The Lease agreement effective from 1st December 2005 for 10 years
2	Floor Space 2,600 square feet
3	Rent for first year @ 11/- per sft per month Tk. 28,600/-
4	Rent for next four years @15/- per sft per month Tk.39,000/-
5	For the remaining 5 years 10% increase on the monthly rent will be considered.
6	Advance Rent paid Taka 10,29,600/-
7	Advance Rent will be adjusted (per month @ 6.60/- per sft) Tk. 17,160/- in following 60 months

Details of Shariah Council of Shahjalal Islami Bank Limited

SI No.	Name	Qualification
01	Hazrat Moulana Ubaidul Haque	1. Farig "Dawaee Hadis" (kamil Hadis) 1 st class Darul Ulum deobond. Year 1947-48. 2. Farig "Dawrae Tafsir" (kamil Tafsir) Darul Ulum deobond. Year 1948-49.
02	Maolana Abul kalam Azad	1. Bachelor of Arts from National University, Bangladesh. 2. F.M in 1970 from Bangladesh Madrasha Education Board, Dhaka.
03	Hazrat Moulana Mufti Nuruddin	1. Hafiz. 2. Quari & Muqri Qamil Hadith & Daura. 3. Ph.d, Tafsir & Islamic Fiquah in Pakistan. 4. Muballeg & Imam training AL Azhar University, Egypt.
04	Barrister M. Ziaul Hasan	1. B.Sc, University of Dhaka. 2. LL.B University of Dhaka. 3. LL.B (Hons), University of London. 4. Barrister-at-Law, Gray's in, Uk.
05	Mr. Shah Abdul Hannan	1. Masters from Dhaka University.
06	Dr. Mohammad Mustafizur Rahman	1. Ph.d School of Oriental and African Studies, London University, UK. 2. MA (Arabic) from Dhaka university. 3. BA (Hons) Arabic from Dhaka University.
07	Alhaj Sajjatuz Jumma	1. M.Sc from Rajshahi University.
08	Alhaj M Kamal Uddin Chowdhury	1. B. Com. 2. CMIBP & DAIBB (Part-I).