



CORPORATE GOVERNANCE REPORT

SHAHJALAL ISLAMI BANK LIMITED IS COMMITTED TO FAIR DEALING IN ITS ALL ACTIVITIES AND UPHOLDS THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE. THE BOARD HAS ADOPTED A COMPREHENSIVE FRAMEWORK OF CORPORATE GOVERNANCE CODE WHICH HAS BEEN DESIGNED TO ASSURE THE STAKEHOLDERS THAT THE BUSINESS OF THE BANK IS GROWING FROM THE BEST FOUNDATION.

Corporate Governance

Corporate Governance can broadly be viewed as protection of investors' interests through a sound risk management system which also includes process, laws, customs and policies to nurture the relationships among all stakeholders involved and the goals for which the company is governed. Corporate Governance norms for the banking and financial sector has come into focus following the global economic meltdown triggered by the collapse of the world's leading financial giants in the early 21st century. In contemporary business company, the main external stakeholder groups are shareholders, debt holders, trade creditors, suppliers, customers and communities affected by the company's activities. Internal stakeholders are the Board of Directors, Executives, and other employees. Corporate Governance should be ensured in the Banks, as it deals with huge public money and interests of the depositors. Compliance with Laws and Regulations, Transparency, Accountability, Honesty etc. are the core elements of Corporate Governance.



Corporate Governance Practices in Shahjalal Islami Bank Limited

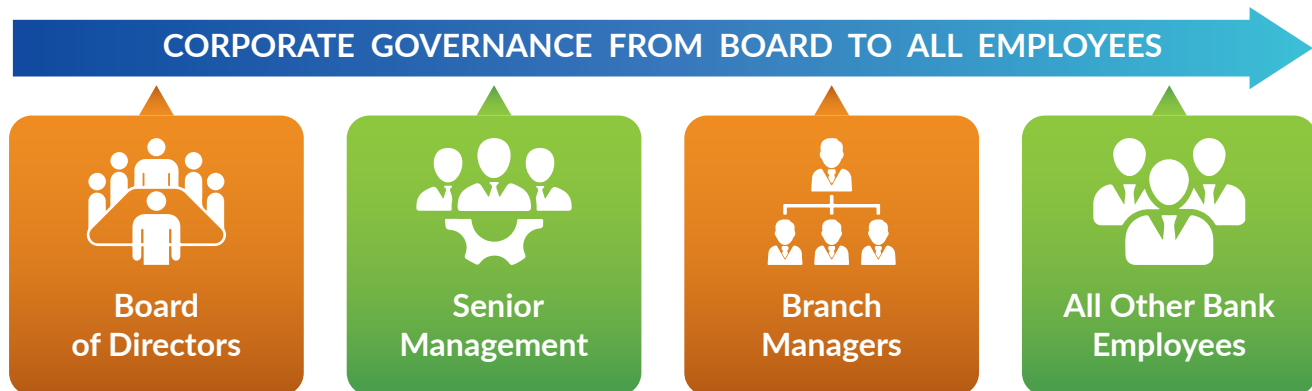
Shahjalal Islami Bank Limited is committed to fair dealing in its all activities and upholds the highest standards of Corporate Governance. The Board has adopted a comprehensive framework of Corporate Governance Code which has been designed to assure the stakeholders that the business of the Bank is growing from the best foundation. With a view to ensure Corporate Governance, responsibilities and authorities among the Board of Directors including its Chairman, Management and Managing Director have been well demarcated.

Shahjalal Islami Bank Limited (SJIBL) is guided in its Corporate Governance practices mainly by two regulatory bodies:



Board of Directors, Chairman and CEO

Corporate Governance (CG) Structure



The Board of Directors of SJIBL is the top supervisor to monitor Bank’s Corporate Governance followed by the Senior Management of the Bank, the second line in command. Primarily, Branch Managers are responsible to maintain the core values of Corporate Governance as Head of Business Centers by properly supervising all employees of the bank. Any violation in Corporate Governance is treated seriously by the Board of Directors of the Bank.

Structure of the Board

The Board consists of Twenty Non-executive Directors including Three Independent Directors excluding the ex-officio Managing Director. The number of Board members is within the limit set by Bank Company Act 1991 (amended up to 2018) and BSEC notification on Corporate Governance Code.

Appointment of the Directors

The Bank complied mainly with following guidelines for appointment of Directors in addition to other relevant matters:



While appointing new Directors, SJIBL emphasizes the mix of knowledge, skill, experience and perception. The Directors are elected by the shareholders in the Annual General Meeting and appointed by the Board of Directors and all appointments of the Board members are made subject to approval of Bangladesh Bank. In case of nomination, removal and causal vacancy, the Bank follows all relevant rules and regulations.

Rotation and Retirement of Directors

As per the provisions of the Section 91 of the Company Act 1994 and Section 79-87 of Schedule I of the Act and the Clause 20.12 & 20.13 of Articles of Association of the Bank one third of the Directors or if their number is not multiple of three then the number nearest there to shall retire from office in every subsequent year and shall be eligible for re-election. Accordingly, the respective Directors of SJIBL will retire and will be eligible for reappointment in the 19th Annual General Meeting.

List of the Directors who retired during 01-01-2019 to 31-12-2019

| SL | Name of the Director | Designation |
|----|--|----------------------|
| 1 | Mr. Shams Uddin Khan, Representative of Shams Uddin Khan & Harun Miah Ltd. | Nominee Director |
| 2 | Mr. Mosharraf Hossain Chowdhury | Independent Director |
| 3 | Mrs. Farida Parvin Nuru | Independent Director |
| 4 | Mr. Khorshed Alam Khan, Representative of Daffodils Trading International | Nominee Director |

List of the Directors who appointed and re-appointed during 01-01-2019 to 31-12-2019

| SL | Name of the Director | Designation | Remarks |
|----|---|----------------------|------------------------|
| 1 | Mr. Md. Harun Miah, Representative of Shams Uddin Khan & Harun Miah Ltd. | Nominee Director | Appointed |
| 2 | Mr. Ekramul Hoque | Independent Director | |
| 3 | Mr. K.A.M. Majedur Rahman | Independent Director | |
| 4 | Dr. Anwer Hossain Khan | Director | Retired & Re-appointed |
| 5 | Mr. Md. Sanaullah Shahid, Representative of Electra International Ltd. | Nominee Director | |
| 6 | Mr. Md. Abdul Berek | Director | |
| 7 | Mrs. Shahan Ara Begum | Director | |
| 8 | Mr. Md. Moshir Rahaman Chamak, Representative of Fresh Export Import Ltd. | Nominee Director | |

Non-Executive Directors

Non-Executive Director means a Director, who does not hold any position in the Bank other than being a member of the Board and its Committees. All the Directors of SJIBL including the Chairman are Non-Executive Directors except the Managing Director. Dominance of Non-Executive Directors ensures separation of management from owners which are an important matter for Corporate Governance.

Independent Directors

In compliance with the Corporate Governance Code issued by BSEC, Bank Company Act 1991 (amended up to 2018) and Corporate Governance Guidelines issued by Bangladesh Bank, the Board of Directors of the Bank has appointed 3 (three) Independent Directors in its Board. The Independent Directors being conversant in the field of financial, regulatory and corporate laws enjoy full freedom to carry out their assigned responsibilities.

Independence of Non-Executive Directors

All the Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend Board Meetings regularly and participate in the deliberation and discussions effectively. They actively involved in the matter of formulation of general strategies of the Bank. But they do not interfere into the administrative or operational or routine affairs of the Bank. However, they ensure confidentiality of the Bank's agenda papers, discussions at the Board/Committee Meetings, Notes and Minutes.

Independent Directors' Independence

Participation of Independent Directors in the Board is considered as an important element of good governance. Independent Directors exert an independent view on the policies and decisions of the Board and emphasize that the policies and decisions are for the best interest of the whole Bank.

Independent Directors are not required to have any significant relationship with the Bank, its Top Management and the Board apart from receiving Directors' remuneration for attending Board or its Committee Meeting. In order to comply with regulatory requirement, SJIBL appoints Independent Directors who do not hold any share of the Bank.

Board Meetings and Attendance



Number of Meeting Conducted
by the Board of SJIBL in the Year of
2019 = 19 (Nineteen)

The Board of Directors is supposed to hold meetings usually once or twice in a month but emergency meetings can be called at anytime. Management provides information, references and detailed working papers for each item of agenda to all the Directors well ahead of time fixed for the Board of Directors meeting for consideration. The Company Secretary as per instruction of the Chairman of the Board of Directors takes necessary steps to arrange regular Board Meetings throughout the year, confirming minutes of meetings, record decisions and the views of individual Directors.

Directors' Remuneration

The Board Members receive only a routine amount of money as honorarium for attending the Board or Committee Meeting. Honorarium given to the Directors are properly disclosed in the note to the financial statement and related money receipts are preserved duly.

Policy on Training of Directors

Most of the Directors of the Bank are renowned businessmen. They have acquired enough knowledge and expertise to lead the Bank to ensure Corporate Governance. They are made aware of latest legislations and guidelines of regulatory bodies by the Management of the Bank. They also attend various seminars and symposiums mainly relating to different national and international banking & business issues organized by world class professional bodies at home and abroad. They are instantly intimated with updated banking laws and regulations.

Directors' Knowledge and Expertise in Finance and Accounting

Two of the Independent Directors served previously as Managing Director in different banks. One Independent Director is a Chartered Accountant. Their expertise in banking & finance is a true value addition to the Bank. One of the Directors held PhD and presently an honorable Member of the Parliament of Bangladesh. Some other Directors are CIP and they are having enough knowledge and expertise in the field of Business & Commerce. One of our respected directors is an ex-President of highest Business forum FBCCI. Remaining other Directors are also either successful business entrepreneurs or professionals. They are well conversant in economics, business and banking related issues.

Roles and Responsibilities of the Board of Directors

As prime policy and decision maker of the Bank, Board of Directors of Shahjalal Islami Bank performs the followings:

- Defining the Company's strategic objectives;
- Providing entrepreneurial leadership for the company;
- Creating value for shareholders;
- Protecting the interests of all Stakeholders including Depositors;
- Ensure that the necessary financial and other resources are available to enable the company and the Board to meet these objectives;
- Appointment of Managing Director and fixation of his benefits;
- Determine the objective and goals of the Bank, annual business plan of the Bank, key performance indicators for the Managing Director
- Ensure efficiency of operational activities of the Bank,
- Making decision on purchasing of any property of the Bank.
- Set internal control procedure and capital plan,
- Reviewing management initiatives for risk management.
- Charity for social or public welfare related activities.
- Approving policies and taking policy decisions for improvement of operations.
- Ensure compliance of the laws & regulations, CG, financial transparency, CSR activities and appointment of auditor etc.

Responsibilities of the Chairman of the Board

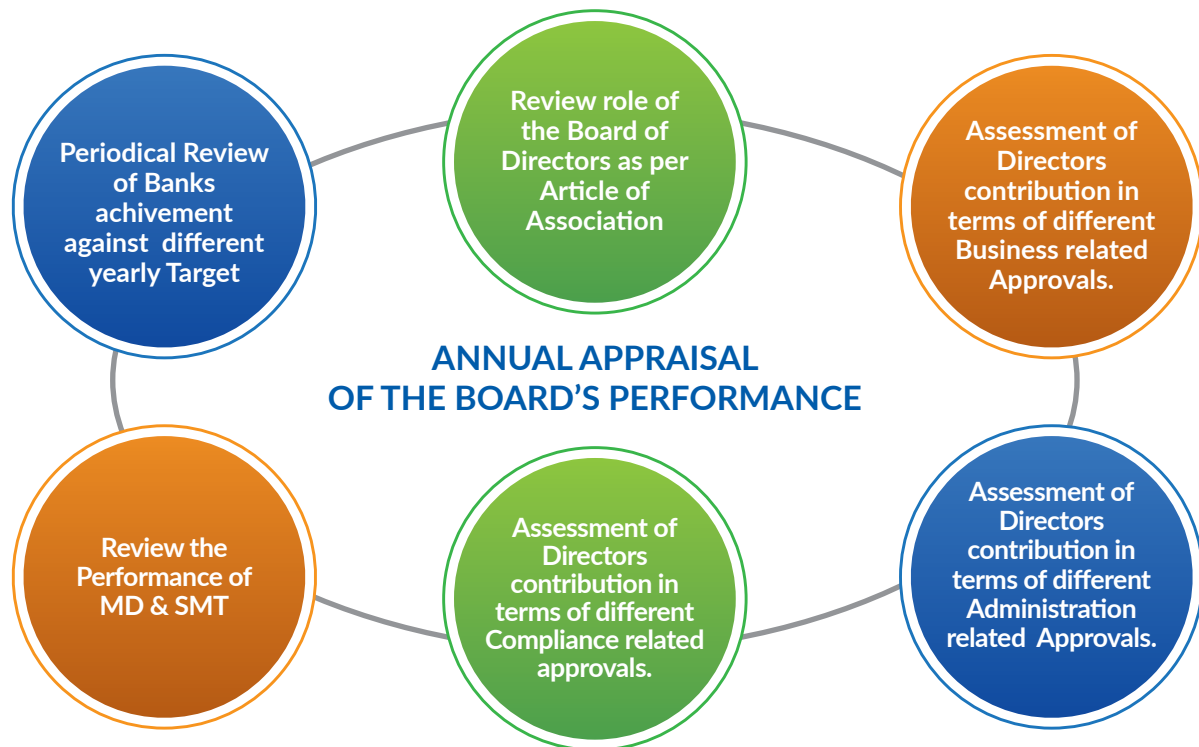
The Chairman of the Board of Directors does not personally possess the jurisdiction to apply policy making or executive authority. He doesn't participate in or interfere into the administrative, operational and routine affairs of the Bank. Major responsibilities of the Chairman are as under:

- Lead the Board in determination of its strategy and achievement of its objectives.

- Organizing the business of the Board, ensuring its effectiveness and setting its agenda.
- Ensuring discussion of all key issues by the Board of Directors in a timely and constructive manner.
- Ensure non-intervention of any Director in the routine affairs of the Bank.
- Signing minutes of Board meeting for formal confirmation.
- Ensure compliance with CG requirements of regulatory bodies.

Annual Appraisal of the Board's Performance

The Board's performance is greatly dependent on the evaluation of their voters and responsibilities set by the regulatory bodies and assessed how efficiently and effectively they are fulfilled by the Board.



At Annual General Meeting (AGM), shareholders freely and critically evaluate the performance of the Board through financial position and performance of the Bank and its overall governance mechanisms. The shareholders also ask questions and make queries to the Board of Directors during AGM and the Chairman of Board of Directors gives a patient hearing and responds to all their queries. The performance of the Board is appraised based on certain parameters, such as-

- Shareholder Return
- Share Price
- Earnings per Share etc.

The attendance of Directors and their active participation in the meeting on various agenda is also confirmed in every Board meeting which is duly communicated to the shareholders during AGM.

Compliance with Best Practices on Corporate Governance

The status of compliance of corporate governance guidelines issued by Bangladesh Bank has been presented in page no. 283-291 and the compliance of code issued by BSEC has been presented in page no. 273-282. Howlader Maria & Co., Chartered Accountants, duly certified the compliance status of Corporate Governance code and issued a report which is presented in page no. 271.

Accountability, Audit and Financial Reporting

It is SJIBL's Board of Directors who performs their utmost responsibilities for preparing and presenting a balanced and comprehensive assessment of the Bank's operations at the end of each financial year through Annual Financial Statements, Annual Report, quarterly and half yearly announcement of financial statements of the Bank to the

shareholders. The Audit Committee of the Board assists in this respect by scrutinizing the information to be disclosed in order to ensure accuracy, adequacy, transparency and perfection of the disclosed information.

Related Party Transactions

As per CRM Guideline of Bangladesh Bank, Related Party Transaction means if any business of any Director has obtained investment from the bank where he is already Director. It is determined based on Directorship and Banks' subsidiaries. Following is ensured in such case:

- Report such Related Party Transaction to Bangladesh Bank in prescribed format on quarterly basis.
- Reviews related party transaction by the Audit Committee to ensure compliance and keep the Board informed time to time.
- Approval by the Board of Directors' for re-scheduling of investment given to any Director or his sister concern.
- The Board approves all related party transactions and ensures that these transactions with the Company are undertaken on an arm's length basis.
- No preferential treatment is extended to the Directors and their related parties in any case.

Board Committees & their Responsibilities

The Board formed an Executive Committee, an Audit Committee and a Risk Management Committee complying the Central Bank's guidelines. There is no committee or sub-committee of the Board other than the above mentioned Committees. However, it has a Shari'ah Supervisory Committee comprised with the renowned Islamic scholars of the country to look after the Shari'ah matters and gives suggestions to the management on Shari'ah issues.

Executive Committee (EC) of the Board



Number of meeting conducted by SJIBL
Executive Committee of the Board (EC) in the Year
2019 = 21 (Twenty One)

Regarding approval authority it is said that where Management power to authorize ends, EC power starts right there. The Executive Committee (EC) performs the following responsibilities:

- Reviewing the policies and guidelines issued by Bangladesh Bank regarding Investment and other operations of the banking industry.
- Ensures the implementation of policies and guidelines through the Management.
- Taking all necessary decisions and approving issues within the power delegated by the Board.

Audit Committee of the Board



Number of meeting conducted
by SJIBL Audit Committee of the Board in the Year
2019 = 9 (Nine)

Composition of the Audit Committee

An Audit Committee was constituted by the Board in compliance with the relevant provisions contained in BRPD Circular No.11 dated 27 October, 2013 of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/

Admin/80 on Corporate Governance Code, dated 3 June 2018. The Audit Committee of the Board reviews the audit and inspection reports periodically and provides necessary instructions and recommendations for rectifications of lapses and observations identified by the audit team.

Chairman of the Audit Committee

Mr. Ekramul Hoque, an Independent Director of the Bank, is the Chairman of the Audit Committee of the Bank. He has no scope to participate in day to day operations of the Bank. He is a renowned ex-banker and is qualified enough to honor the post of Chairman of the Audit Committee. He completed M.A. in Economics from the University of Dhaka. Mr. Ekram has contributed a lot for the banking sector and economy of Bangladesh. He had also served as Managing Director of Al-Arafah Islami Bank Limited (AIBL) from 2010 to 2013. During this time he had succeeded to turn AIBL into a dynamic Shariah compliant bank by dint of his most dynamic leadership skill. Prior to that, he had also worked in Uttara Bank Limited, National Bank Limited and Export Import Bank of Bangladesh Limited.

Qualifications of Members of the Audit Committee

The members of the Audit Committee are qualified with having several years of experience in banking and financial sector. They are also very competent. Mr. K.A.M. Majedur Rahman is a member of Audit Committee. He did his Master Degree from the University of Dhaka. He was the former Independent Director of Lanka Bangla Finance Limited. He had also worked as Managing Director of Dhaka Stock Exchange Limited and Premier Bank Limited. Besides, he was the Country Head of Bank Alfalah Limited, a foreign Bank in Bangladesh. Other three members of the Audit Committee are Mr. Abdul Halim, Mr. Mohammed Golam Quddus and Mr. Nasir Uddin Ahmed. While Mr. Abdul Halim is the Chairman of Halim Group and many other business concerns, Mr. Mohammed Golam Quddus is Representative of Anwer Khan Modern Hospital Ltd. He is an ex-secretary of the government of Bangladesh and Mr. Nasir Uddin Ahmed, renowned Chartered Accountant was also a board member of South Asian Federation of Accountants (SAFA).

Accessibility of Head of Internal Control and Compliance Division to Audit Committee

The Head of Internal Control and Compliance Division is well empowered to have direct access to the Audit Committee. He has authority to raise his concerns whenever he feels it necessary. Besides, he presents related memos to the Audit Committee for taking decisions.

Role of Audit Committee of the Board:

- Oversee the financial reporting process.
- Monitor accounting policies and principles.
- Monitor Internal Audit & Compliance process.
- Review hiring and performance of external auditors.
- Holding meetings with external auditors, whenever required.
- Review of quarterly and half yearly Financial Statements.
- Review the adequacy of internal audit function.
- Review statement of all related party transactions.
- Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.
- Oversee the determination of audit fees and evaluate the performance of external auditors.
- Be accountable to the Board of Directors for all responsibilities as mentioned above.

Mentionable that the Chairman of the Audit Committee of the Board is an Independent Director who performs his duties with full freedom while the Company Secretary acts as co-coordinator.

Risk Management Committee (RMC) of the Board



Number of meeting conducted by SJIBL Risk Management Committee (RMC) of the Board in the Year
2019 = 06 (Six)

Apart from the Executive Committee and Audit Committee of the Board, a Risk Management Committee (RMC) has been formed which is responsible for planning and guiding on overall risk management of the Bank.

Key areas of responsibilities of the Risk Management Committee:

- Reviewing the risk management process to ensure preventive measures;
- Ensure adequate organizational structure for managing all core risk of the bank
- Supervise of management level committees formation to ensure monitor of lending risk, foreign exchange transaction risk, internal control & compliance risk, money laundering risk, information & communication technology risk including other risk related guidelines;
- Reviewing risk management policies & guidelines annually;
- Approve adequate record keeping & reporting system of the bank;
- Monitor proper implementation of overall risk management policies.

Detailed role and responsibilities of the Committee is available in the “Report of the Risk Management”.

Nomination and Remuneration Committee (NRC)

As the Bank is restricted by Central Bank to have more than three sub-committees of the Board, there is no Nomination and Remuneration Committee in the Bank. However, the Board oversees the recruitment and remuneration process of the employees by reviewing various policies like HR policies, recruitment and promotion policies, pay scale etc. The Board of Directors evaluate if remuneration contribute to the value creation of SJIBL in short, medium and long term.

Shariah Supervisory Committee of the Bank



Number of meeting conducted by SJIBL Shariah Supervisory Committee in the Year
2019 = 5 (Five)

A Shariah Supervisory Committee of the Bank has been constituted to oversee the Shariah compliance related issues. The Shariah Supervisory Committee of the Bank consists of prominent ulamas, Bankers, Lawyers and Economists to advise and guide on the implementation of Islamic Shariah in business activities. The Committee enjoys a special status in the structure of the Bank and playing a vital role to make the Bank as Shariah compliant.

Directors' Shareholding Status



Minimum Share Holding Requirement for Eligible Directors Individually = 2%
Jointly by all sponsors/promoters and directors = 30%

In compliance with BSEC Notification No. BSEC/CMRRCD/2009-193/217/Admin/90 on Corporate Governance Code dated 21 May 2019; all the eligible directors (other than independent directors) of SJIBL have been holding required percentage of shares individually as well as jointly. Board of Directors of SJIBL monitor and ensure the compliance without any violation.

Separation of Roles of Chairman and Chief Executive Officer

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated 27 October 2013 and Clause 1(4) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code dated 03 June 2018, the functional responsibilities of the Chairman of the Board and the Managing Director are kept separate and independent of each other which SJIBL maintain meticulously. The Board of Directors of the bank has appointed Mr. Sanaullah Shahid as the Chairman of the Board of Directors and Mr. M Shahidul Islam as the Managing Director & CEO of the Bank.

Appointment of Chief Executive Officer (CEO)

Board of Directors is responsible to appoint an honest, proficient, experienced and suitable Chief Executive Officer or Managing Director for the Bank in compliance with the relevant circular and rules of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 through Corporate Governance Code, dated 3 June 2018. Appointment of Chief Executive Officer (CEO) is made final only after obtaining NOC from Bangladesh Bank.

Roles and Responsibilities of the Managing Director /CEO

The Managing Director/CEO is responsible for running the business and for formulating and implementing strategy and policy. He is also responsible for overall control of the company on day to day basis and is accountable to the Board for the financial and operational performance of the company. His major responsibilities as CEO are as follows:

- a) To remain accountable for achievement of financial and other business targets.
- b) To ensure compliance of the Bank Company Act, 1991 and other relevant laws and regulations.
- c) Report to Bangladesh Bank any violation of the Bank Company Act, 1991 or of other laws/regulations.
- d) Recruitment and promotion of all staff of the Bank, except those in the two tiers below him (CEO).
- e) To give all types of approval within business delegation power with full responsibility.

In addition, the authority relating to transfer of and disciplinary measures against the staff, except those at two tiers below the CEO, shall rest on him, which he shall apply in accordance with the approved service rules.

Annual Evaluation of Performance of the CEO by the Board

Chairman along with the Board of Directors is supposed to evaluate performance of the CEO on annual basis. The Board of Directors of SJIBL has clearly defined and approved the roles, responsibilities and duties of Managing Director or CEO. The Board makes annual evaluation of Managing Director. Furthermore, the performance evaluation of Managing Director is done by the Board through various reports like financial position and performance report of the Bank. Financial parameters usually brought under consideration are as follows:

- Growth of Investment & Deposit.
- NPI Ratio.
- Cost to Income Ratio.
- Recovery from NPI & Written Off Investment.
- Capital to Risk Weighted Assets.

In addition, the Board of Directors also takes into consideration marketing skill and client hunting capability of the MD & CEO in competitive banking industry.

Appointment of Chief Financial Officer (CFO), Company Secretary (CS), and Head of Internal Control and Compliance (HICC)

The Bank has appointed a Chief Financial Officer (CFO), a Head of Internal Control & Compliance (HICC) and a Company Secretary (CS) as per the policy of the Bank and other laws and regulations. They are well conversant in the field of financial, regulatory and corporate laws to carry out their assigned responsibilities.

The Board clearly defined and approved the respective roles, responsibilities and duties of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Control & Compliance. Chief Financial Officer and Company Secretary of the Bank attend the meetings of the Board of Directors, provided that CFO and/or CS do not attend such part of a meeting which involves consideration of an agenda relating to their personal issues matters.

Internal Control and Risk Management

Internal Control

The Board of Bank ensures maintenance of a sound system of internal control to safeguard bank's assets. The Board through its Audit Committee conducts an annual review and evaluates effectiveness of the system of Internal Control of the Bank.

Establishment and Review of Internal Control System

Shahjalal Islami Bank Limited has a sound system of internal control to safeguard the stakeholder's interest. To ensure appropriate level of internal control system, an Internal Control and Compliance Manual has been introduced in line with global practices and Regulatory Guidelines. The Board of Directors time to time reviews the Internal Control System of the Bank and necessary guidelines are provided to improve the system.

SJIBL has also strengthened and segregated its Internal Control and Compliance Division (IC&CD) into three separate units as mentioned below chart based on the relative guidelines framed by Bangladesh Bank. The division is independent and carries out its assignment independently with objectivity and impartiality.



External Audit

The external auditors are appointed by the shareholders with the recommendation of the Board of Directors. They mainly deal with key areas of significant risk in the financial statements as well as significant qualitative aspects of the same. SJIBL external Auditors covered more than 80% of the risk weighted assets of the Bank. They have also discussed with the Management and Audit Committee of the Board on various issues including Internal Control and Compliance issues. Suggestions of the auditors (if any) are given due consideration and are implemented by the Management. Before presenting to the shareholders, the report is reviewed by the Audit Committee and the Board. Before recommending to the shareholders for appointment as auditors, Board considers the level of independence and integrity of the external auditors.

Services not provided by External Auditors

Complying with provision No. 7 of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018, M/S. ACNABIN, Chartered Accountants, involved in statutory audit and was not engaged in any of following services during 2019:

- Appraisal or valuation services.
- Financial information system design and implementation.
- Book keeping or other services related to accounting records or financial statements.
- Broker-dealer services and Actuarial services.
- Internal audit services or special audit services.
- Audit/ certification services on compliance of corporate governance.
- Any other service determined by the Audit Committee.

Emphasis on Audit & Inspection by the Central Bank

Bangladesh Bank conducts comprehensive inspection of the Bank every year. The reports are submitted to the Board and its Audit Committee for necessary information. The Bank gives utmost importance to the inspection report and actions are taken regarding the gaps or lapses mentioned in the report.

After inspection, Bangladesh Bank submits a Comprehensive Inspection Report to the competent authority of the Bank regarding compliance status. After being informed, Board of Directors may recommend future steps for the benefit of the Bank. The AGM is usually scheduled after inspection of Bangladesh Bank. The Central Bank also carries many other audits throughout the year.

Risk Management

The Risk Management Division (RMD) of SJIBL is responsible for management, integration and monitoring of all risks within the risk appetite set by the Risk Management Committee (RMC). The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the Bank and updates to the Board from time to time. The roles and responsibilities of RMC and major areas focused by RMC in 2019 have been presented in this annual report.

a) Investment Risk Management

The investment risk management function of the Bank 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.

Besides, the Bank addresses the Investment Risk Management Guideline cited by the Bangladesh Bank. As regards to other parts of the Banking business, the control staffs follow a pragmatic program of regular monitoring and follow-up.

b) Foreign Exchange Risk Management

SJIBL has organizational structure and Foreign Exchange Risk Management Policy as per Guidelines of Bangladesh Bank. The Senior Management of the Bank set limits for handling NOSTRO accounts transactions that include time and amount limits. As per guidelines of Bangladesh Bank the Foreign Exchange business is monitored internally to review the key control issues such as various limits, compliance requirements and statutory management.

c) Asset Liability Risk Management

The Asset Liability Management Committee (ALCO) of SJIBL consisting of Senior Executives is mainly responsible for managing Asset Liability risk. The key agenda of Asset Liability Management Risk is liquidity position, pricing, risk related to the Balance Sheet, maintaining CRR & SLR, Economic outlook & Market status and rate of profit. For managing Balance Sheet risk properly, the Bank has already prepared a policy of Asset Liability Management according to the guidelines of Bangladesh Bank.

d) Money Laundering Risk Management

Money Laundering Risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering. Shahjalal Islami Bank Limited has been taking preventive measures against money laundering and terrorist financing in line with the amended Money Laundering Prevention Act 2012 (amended in 2015), amended Anti Terrorism Act 2013 and guidelines issued by the Bangladesh Bank from time to time.

e) Internal Control & Compliance Risk Management

Banking industry has a diversified and complex financial activity, which involves high risk in different modes. Consequently, the issues of internal control system have become most significant in Banking industry through which Bank identifies its weakness and takes appropriate measures to overcome the same. In order to have efficient and effective internal control system, Shahjalal Islami Bank Limited has strengthened and segregated its Internal Control and Compliance Division into three separate units based on the guidelines framed by Bangladesh Bank and each unit is responsible for ensuring compliance in their own way.

f) ICT Risk Management

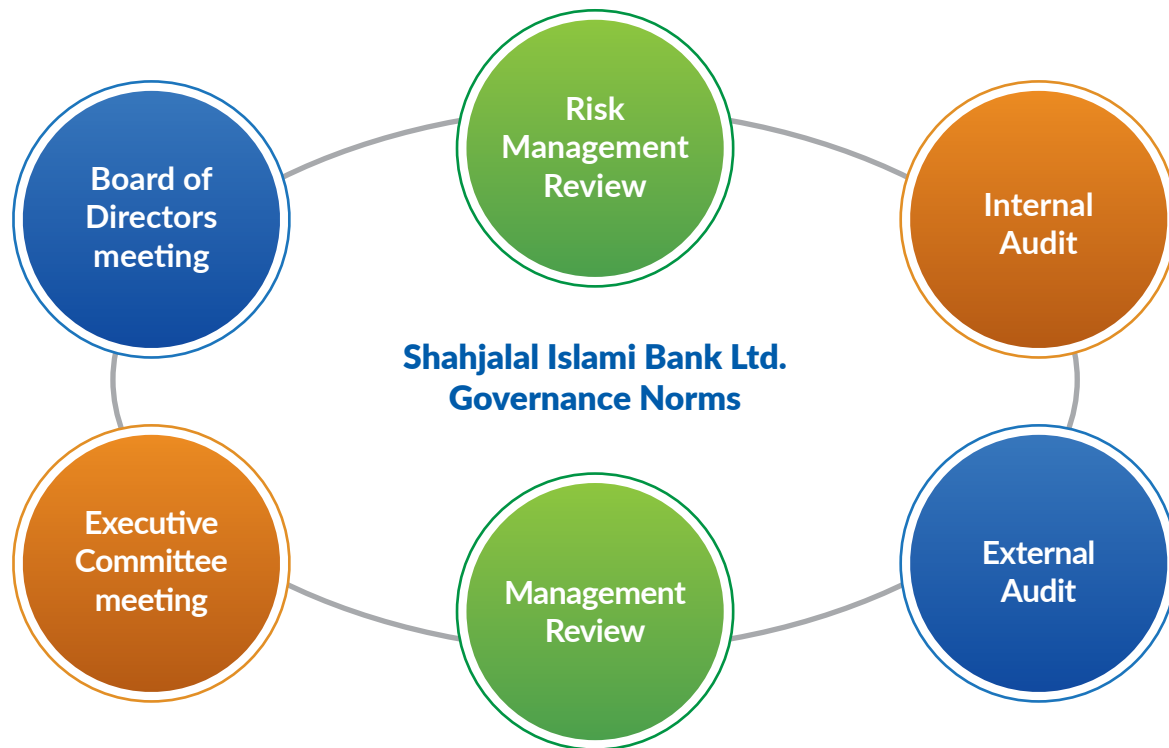
Managing ICT risk is an element of sustaining a secure environment, detailed process of identifying factors that could damage or disclose data, evaluating those factors in light of data value and counter-assure cost and implementing cost-effective solutions for mitigating or reducing risk. For effective management of ICT risk, SJIBL has already formulated a Policy Guideline. Moreover the Bank has been arranging internal IT audit and training on IT operations on regular basis.

g) Liquidity Risk Management

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations as they become due. SJIBL maintains diversified and stable funding base comprising of retail, corporate and institutional deposits. The principle responsibility of the liquidity risk management of the Bank rests with Treasury Division which maintains liquidity based on historical requirements, current liquidity position, anticipated future funding requirement, sources of fund, options for reducing funding needs, present and anticipated asset quality, present and future earning capacity and present & planned capital position.

Ethics and Compliance**Code of Ethics for Company Employees**

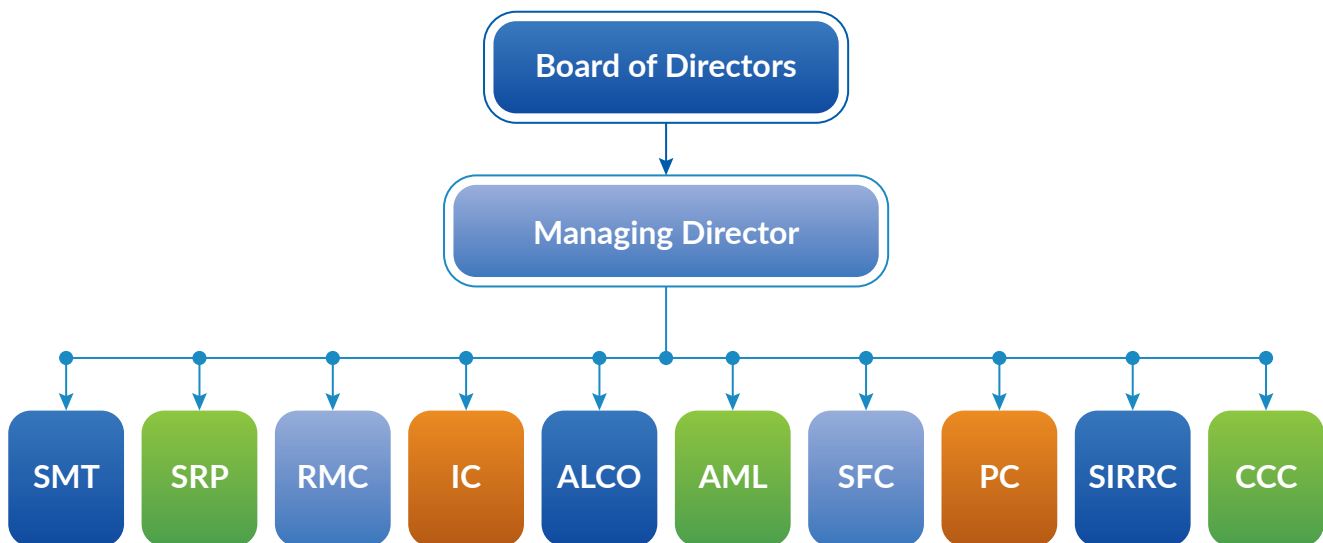
For eminent corporate culture, all the employees should believe in same Code of Ethics. SJIBL has a standard Code of Ethical practices for its employees which are followed by them with the strict compliance. By no means, any employee will play a role detrimental to the interest of the business, society and the country as a whole as set in the Code of Ethics. The basic premise of the code of conduct is that each employee, while on the payroll of SJIBL, shall place SJIBL ahead of his or her personal interest.



Management Committee and their responsibilities

Management Committees

In an effective Corporate Governance structure, Bank management has a collective mandate under the leadership of Managing Director to carry out daily operations to the best interest of the shareholders. Apart from general segregation of functional departments, SJIBL formed a number of committees with a view to support the management in carrying out banking operation smoothly. The Committees areas under:



The following Committees are now functioning in Shahjalal Islami Bank Limited:

i) Senior Management Team (SMT)

A Senior Management Team (SMT) is working in the Bank which is composed of senior members of the Management Team. Senior Management guide the Bank for the sound and prudent day-to-day management. The decision making process of senior management is transparent and designed to promote proactive management culture.

ii) Supervisory Review Process (SRP) team

SRP team, headed by the Managing Director of the Bank, is comprised of the divisional heads of ID, IRMD, ICCD, Treasury, Legal Affairs, FAD, RMD and AMLD. The main function of the team is to assess additional capital requirement for the risks under pillar II of BASEL- III. SRP Team also ensures that all documents related to Internal Capital Adequacy Assessment Process (ICAAP) is prepared and submitted to Bangladesh Bank duly.

iii) Risk Management Committee (RMC)

RMC, headed by the Chief Risk Officer, is comprised of the divisional heads of IRMD, ICCD, AMLD, IT, Treasury and FAD. Risk Management Division (RMD) acts as the secretariat of the committee. The functions of RMC are to identify measure and manage the Bank's existing and potential risks through detailed risk analysis; to determine risk appetite, tolerance and limits in line with strategic planning and also to formulate risk policies for business units.

iv) Investment Committee (IC)

Investment Committee (IC), headed by the AMD of the Bank discusses all critical investment proposals which need SMT consent for formal approval. IC discusses only those investment proposals that need special attention of the Top Management of the Bank prior to approval. IC might also discuss with critical restructure of investment in its meeting.

v) Asset Liability Management Committee (ALCO)

Asset Liability Management Committee consists of the Managing Director, Additional Managing Directors and strategically important Divisional Heads at of Head Office. The Treasury Division manages market risk covering liquidity, profit rate and foreign exchange risks with recommendation from Asset-Liability Management Committee (ALCO).

vi) Anti-Money Laundering (AML) Committee

Anti-Money Laundering (AML) and Combat Financing of Terrorism (CFT) are getting added importance day by day. All issues relating to AML and CFT are managed and monitored by the Bank. As required by the regulatory authority, this committee has been working on these issues in the Bank. AML Committee also guides the Management so that all employees get training on Anti Money Laundering at least once a year.

vii) Sustainable Finance Committee (SFC)

Sustainable Finance Committee is mainly responsible to ensure compliance of overall Green Banking activities of the Bank. Formation of this committee is a Bangladesh Bank's regulatory requirement. Sustainable Finance Unit (SFU) of the Bank reports this committee on improvement of Green Finance in the Bank time to time.

viii) Procurement Committee (PC)

The procurement policy of SJIBL is designed to ensure that the purchase of all goods services and works done in efficient and objective manner. The main objective of this Committee is to ensure transparency in all tenders. SJIBL has already E-Tender system which assists in neutral judgment. Procurement Committee conveys objective decision to purchase anything to concerned Division of the Head Office.

ix) Shariah Inspections and Report Review Committee (SIRRC)

Shariah Inspections and Report Review Committee is mainly responsible to ensure shariah compliance in each and every operation of the Bank. It traces and report suspicious income of the bank that needs to be segregated from profit as per Islamic shariah norms. The beauty of Islamic banking lies in using overdue investment income, suspicious income into public welfare instead of crediting the same to profit. Shariah Inspection Committee is the caretaker to supervise issue of Shariah compliance.

x) Central Compliance Committee (CCC)

Central Compliance Committee directly reports to the Managing Director of the Bank. Anti-Money Laundering (AML) and Combat Financing of Terrorism (CFT) are getting added importance day by day. All issues relating to AML and CFT are managed and monitored by the Bank. As instructed by the regulatory authority, Central Compliance Committee (CCC) has been working on these issues in the Bank.

Disclosure of key policies with regard to remuneration of Directors, Senior Management and employees

All employees including the Senior Management are paid competitive remuneration package. The structure and level of remuneration are reviewed time to time by the competent authority of the Bank for adjustment with market,

inflation as well as with other banks salary structure. Remuneration of Directors, Senior Management and employees are disclosed positively by the Bank in order to ensure transparency.

Conflict of Interest

In Financial Institution like Bank, there exists high possibility of arising conflicts of interest between Board of Directors and the Management of the company. To avoid such unwanted situation SJIBL has separated the responsibility and authority of these two interest groups of the bank. To avoid conflict of interest the bank has already taken the following measures:

- Investment to the Directors is restricted subject to fulfilling certain terms and conditions of regulatory guidelines.
- If there is any related party transaction, the Management discloses the matter in the Annual Report for approval by the general shareholders in AGM.
- Audit Committee regularly reviews the financial and other related statements and gives recommendation regarding any changes in policy to avoid possible conflict between the Board and the Management.

Communication to Shareholders and Other Stakeholders

Policy on Communication with Shareholders and Other Stakeholders

The Company Secretary of the Bank is the In-charge of the Share Department that is responsible for effective communication with shareholders and other stakeholders of the Bank. Shareholders and other stakeholders may contact to this department during office hour for any sort of information and queries. SJIBL provides updated information in its website from time to time for the shareholders and other stakeholders of the Bank. Annual Report is given to shareholders as well as disclosed in the Bank's website to ensure transparency in the eyes of general public.

Policy on Ensuring Participation of Shareholders at AGM

SJIBL declares the date of AGM well ahead of time to ensure maximum shareholders participation and circulate Annual Reports and other documents in time. The organization is punctual enough to arrange AGM in a well-known place and a convenient time. Shareholders are allowed to speak in the AGM freely to give their valuable suggestions. The valuable suggestions of the shareholders are noted for future compliance by the personnel of Financial Administration Division and Board Secretariat of the Bank.

Redressal of Shareholders Complaints

Shareholders enjoy democratic atmosphere in giving their opinions at AGM. SJIBL treats its all shareholders with due respect. Any complaint, received at AGM or throughout the year, related to transfer and transmission of shares, non-receipt of Annual Reports and dividends timely and other share related matters are resolved lawfully in time. Board Division of the Bank attends shareholders problems with utmost sincerity.

Company's policy to maintain a website



SJIBL website address
www.sjiblb.com

Bank always perform different kinds of activities which promote regular, effective and fair communication with shareholders. All press releases, annual and quarterly financial statements are published on Bank's website. The Bank also provides to the shareholders quarterly, half yearly and annual financial reports through newspaper and website. In presenting these statements, the Bank aims to give shareholders a balanced assessment of Bank's performance. The Bank also emphasize on timely and full disclosure of information to shareholders through Bank's website.

Informing Shareholders on status of compliance on the Corporate Governance Code:

Certificate on status of compliance on Corporate Governance Code from M/s Hawlader Maria & Co., Chartered Accountants on compliance of the Corporate Governance and checklist under condition no. 9 of BSEC's Notifications are exhibited in this Annual Report.

Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the Board in line with BSEC notification

In compliance with the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018, under condition No. 1(5) (xxvi) a Declaration or Certification by the Chief Executive Officer and Chief Financial Officer of the Bank has been obtained and disclosed in page No. 272 of this report.

Credit Rating

The credit rating of the Bank has been conducted by Credit Rating Agency of Bangladesh (CRAB). The long term rating of the Bank is 'AA2' and short term rating is 'ST-2'.

| Particulars | Long Term | Short Term |
|--------------------------|--------------|------------|
| Surveillance Rating-2019 | AA2 | ST-2 |
| Outlook | Stable | |
| Date of Rating | 25 June 2020 | |

CRAB performed the rating surveillance based on audited financial statements as on 31 December 2019 and other relevant information.

Directors Meeting, Attendance and Remuneration

Statement of Board of Directors meetings held during the year 2019 and attendance of the Directors from 01 January 2019 to 31 December 2019 are appended below:

| SL | Name of Directors | Position | Meeting Held | Attended | Remuneration (Per meeting) |
|----|---------------------------|----------------------|--------------|----------|----------------------------|
| 1 | Akkas Uddin Mollah | Chairman | 19 | 16 | 8,000 |
| 2 | Khandaker Sakib Ahmed | Vice-Chairman | | 19 | 8,000 |
| 3 | Mohammed Golam Quddus | Vice-Chairman | | 19 | 8,000 |
| 4 | Dr. Anwer Hossain Khan | Director | | 14 | 8,000 |
| 5 | Md. Sanauallah Shahid | Director | | 19 | 8,000 |
| 6 | Md. Harun Miah* | Director | | 06 | 8,000 |
| 7 | Md. Abdul Berek | Director | | 11 | 8,000 |
| 8 | Abdul Halim | Director | | 16 | 8,000 |
| 9 | Mohiuddin Ahmed | Director | | 18 | 8,000 |
| 10 | Engr. Md. Towhidur Rahman | Director | | 10 | 8,000 |
| 11 | A. K. Azad | Director | | 08 | 8,000 |
| 12 | Mohammed Younus | Director | | 15 | 8,000 |
| 13 | Fakir Akhtaruzzaman | Director | | 11 | 8,000 |
| 14 | Khorshed Alam Khan | Director | | 05 | 8,000 |
| 15 | Md. Moshir Rahman Chamak | Director | | 14 | 8,000 |
| 16 | Shahan Ara Begum | Director | | 05 | 8,000 |
| 17 | Tahera Faruque* | Director | | 03 | 8,000 |
| 18 | Ekramul Hoque | Independent Director | | 11 | 8,000 |
| 19 | K.A.M Majedur Rahman | Independent Director | | 05 | 8,000 |

*Resides in UK.

Executive Committee Meeting

Statement of Executive Committee Meetings, attendance and remuneration of the members from 01 January 2019 to 31 December 2019 are appended below:

| SL | Name of Directors | Position | Meeting Held | Attended | Remuneration (Per meeting) |
|----|---------------------------|---------------|--------------|----------|----------------------------|
| 1 | Dr. Anwer Hossain Khan | Chairman | 21 | 17 | 8,000 |
| 2 | Fakir Akhtaruzzaman | Vice Chairman | | 12 | 8,000 |
| 3 | Md. Sanauallah Shahid | Member | | 19 | 8,000 |
| 4 | Mohiuddin Ahmed | Member | | 20 | 8,000 |
| 5 | Khandaker Sakib Ahmed | Member | | 20 | 8,000 |
| 6 | Engr. Md. Towhidur Rahman | Member | | 13 | 8,000 |
| 7 | Mohammed Younus | Member | | 15 | 8,000 |

Audit Committee meeting

Statement of Audit Committee Meeting, attendance and remuneration from 01 January 2019 to 31 December 2019 are appended below:

| SL | Name of Directors | Position | Meeting Held | Attended | Remuneration (Per meeting) |
|----|--------------------------|----------|--------------|----------|----------------------------|
| 1 | Ekramul Hoque | Chairman | 09 | 05 | 8,000 |
| 2 | Abdul Halim | Member | | 07 | 8,000 |
| 3 | Khorshed Alam Khan | Member | | 06 | 8,000 |
| 4 | Md. Moshir Rahman Chamak | Member | | 07 | 8,000 |
| 5 | K.A.M Majedur Rahman | Member | | 02 | 8,000 |

*Mr. Ekramul Hoque was appointed on 15.05.2019 and Mr. K.A.M Majedur Rahman was appointed on 22.10.2019.

Risk Management Committee meeting

Statement of Risk Management Committee Meeting, attendance and remuneration from 01 January 2019 to 31 December 2019 are appended below:

| SL | Name of Directors | Position | Meeting Held | Attended | Remuneration (Per meeting) |
|----|------------------------|----------|--------------|----------|----------------------------|
| 1 | Mohammed Yunus | Chairman | 06 | 06 | 8,000 |
| 2 | Dr. Anwer Hossain Khan | Member | | 03 | 8,000 |
| 3 | Md. Abdul Barek | Member | | 03 | 8,000 |
| 4 | Khorshed Alam Khan | Member | | 02 | 8,000 |
| 5 | Moshir Rahman Chamak | Member | | 03 | 8,000 |

Shareholding Pattern along with name wise details

The authorized Capital of Shahjalal Islami Bank Limited is Tk. 10,000,000,000.00 divided into 1,000,000,000 ordinary shares of Tk.10.00 each. The paid-up Capital of the Bank is Tk.9, 334,212,720 divided into 933,421,272 ordinary shares of Tk.10.00 each. As per Section 1(5) (xxiii) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 03 June 2018 the pattern of shareholding is given below:

Share held by Parent or Subsidiary or Associated Companies and other related parties: Nil.

Shares held by the Directors (Shareholding as on 31.12.2019):

| SL | Name of Directors | Position | No of Shares | % of Share |
|----|--|----------------------|--------------|------------|
| 1 | Md. Sanaullah Shahid (Rep. of Electra Int. Ltd.) | Chairman | 23,887,197 | 2.56% |
| 2 | Md. Harun Miah (Rep. of Shamsuddin Khan & Harun Miah Ltd.) | Vice-Chairman | 18,668,488 | 2.00% |
| 3 | Md. Abdul Barek | Vice-Chairman | 18,668,569 | 2.00% |
| 4 | Dr. Anwer Hossain Khan | Director | 27,903,137 | 2.99% |
| 5 | Abdul Halim | Director | 22,706,554 | 2.43% |
| 6 | Mohiuddin Ahmed | Director | 18,678,255 | 2.00% |
| 7 | Akkas Uddin Mollah | Director | 18,669,435 | 2.00% |
| 8 | Khandaker Sakib Ahmed | Director | 18,669,241 | 2.00% |
| 9 | Engr. Md. Towhidur Rahman | Director | 20,974,563 | 2.25% |
| 10 | A.K. Azad | Director | 35,585,872 | 3.81% |
| 11 | Mohammed Yunus | Director | 23,076,856 | 2.47% |
| 12 | Fakir Akhtaruzzaman | Director | 18,668,425 | 2.00% |
| 13 | Mohammed Golam Quddus (Rep. of Anwer Khan Modern Hospital Ltd.) | Director | 18,716,500 | 2.01% |
| 14 | Md. Moshir Rahman Chamak (Rep. of Fresh Export Import Ltd.) | Director | 18,846,041 | 2.02% |
| 15 | Shahan Ara Begum | Director | 18,714,533 | 2.00% |
| 16 | Tahera Faruque | Director | 29,856,325 | 3.20% |
| 17 | Ekramul Hoque | Independent Director | Nil | - |
| 18 | K.A.M Majedur Rahman | Independent Director | Nil | - |
| 19 | M Shahidul Islam | Managing Director | Nil | - |

Shares held by Chief Executive Officer, Company Secretary ,Chief Financial Officer, Head of Internal Control & Compliance and their spouses and minor children.

| Sl. No. | Designation | Shareholdings as on 31.12.2019 |
|---------|---|--------------------------------|
| 1 | a) M Shahidul Islam Chief Executive Officer | Nil |
| | b) Spouse / Minor Children of Chief Executive Officer | Nil |
| 2 | a) Md. Abul Bashar Company Secretary | Nil |
| | b) Spouse / Minor Children of the Company Secretary | Nil |
| 3 | a) Md. Jafar Sadeq, FCA Chief Financial Officer | Nil |
| | b) Spouse / Minor Children of the Chief Financial Officer | Nil |
| 4 | a) Md. Monzurul Alam Chowdhury Head of Internal Control and Compliance | Nil |
| | b) Spouse / Minor Children of the Head of Internal Control and Compliance | Nil |

Shares held by top five salaried Executives in the regular services of the Bank:

| Sl. No. | Name | Designation | Shareholdings as on 31.12.2019 |
|---------|------------------------------|---------------------------------|--------------------------------|
| 1 | Abdul Aziz | Additional Managing Director | Nil |
| 2 | S.M. Mainuddin Chowdhury | Additional Managing Director | Nil |
| 3 | Md. Shahjahan Shiraj | Deputy Managing Director | Nil |
| 4 | Mian Quamrul Hasan Chowdhury | Deputy Managing Director | Nil |
| 5 | Md. Mahmudul Haque | Senior Executive Vice President | Nil |

List of Shareholders holdings 10% and above shares in the Paid-Up-Capital of the Bank. : Nil

Disclosure about Family influence in the Bank

There is no family influence in the Bank because no individual or no single family holds majority shares of the Bank to control the Bank unilaterally.

Free-Float Shares

Free float shares are generally for buying and selling by common people under laws of securities. Free Float shares of our Bank are 55.58 percent. These shares are available for free-trading in the bourses. The size of free float shares indicates that their price cannot be easily manipulated by a vested quarter. General investors have option to invest in these Free Float shares. SJIBL float shares in the market only after permission from the competent regulatory bodies and by ensuring all required compliance.

HUMAN CAPITAL



**Total Number of SJIBL Human Resources/Human Capital including sub staff in
2019= 2,652**

Shahjalal Islami Bank Limited is committed to excellence to its stakeholders and has been operating in a very professional manner to sustain and achieve continuous growth in the industry. The management considers that a set of quality, balanced & motivated human resources is the key success factor for its business. Efficient and skilled manpower can manage the financial risks and optimize the organizational value. Shahjalal Islami Bank has clear set of mission, vision and strategies and Human Resources Division tries to ensure finding such talented manpower having right attitude and place them in right positions to achieve goal of the Bank. The Human Resources Division

continuously evaluates its employees and regularly updates the HR policies, employee benefits, social security, undertakes career development programs to ensure that the employees are motivated, inspired and proactive for achieving the shared goals.

HR Planning

Manpower planning is concerned with the scientific acquisition, optimum utilization, development and adequate maintenance of human resources. Manpower planning gives an organizations overview of the entire staff by highlighting the strength and weakness of human resources. The whole process is done keeping in view the goals of the organization, the future predictions for business and changing technology trends. This helps the organization be prepared for the future with the correct manpower at their disposal for business prosperity. Shahjalal Islami Bank over the years has been observing a sustainable and positive growth in business and expansion of business network & operation. To support the expansion and growth, HRD of the Bank periodically forecasts bank's HR requirements vis a vis supply of internal manpower and determines the employment gaps. Apart from HR own system and mechanism to understand requirement of manpower in different areas of banking operation based on business, it also invites opinion from concerned branches in a prescribed format to reduce the gaps and thus make an efficient manpower planning.

Following this unique method, HRD regularly review and analyze manpower requirements keeping in view of the expansion program both business and network along with attrition to ensure that required manpower is always available. In line with manpower analysis, necessary recruitments (experienced/fresher) have been made well ahead of time and usually kept attached with different branches based on geographical requirements as well as the corporate head office aiming to acquaint them with shariah banking as well as to understand the culture of the Bank.

Talent Acquisition

Another key aspect of Shahjalal Islami Bank's hiring strategy is to ensure a steady pipeline of junior talent. The bank believes that combination of experienced and fresh officers in operational area is a prudent exercise and the juniors could be trained more effectively. Talent acquisition is a long-term and continuous HR strategy of the Bank aiming to find top talent and taking necessary programs and support them to bring their unique skills and talents for the solid development of the bank. Finding, recruiting and retaining the talents is highly challenging and complex job for the Human Resources Division. During 2019, Bank recruited 75 Management Trainee Officer, 100 Trainee Senior Officer through competitive examination. HRD arranged orientation program at Training Academy where new joiners were introduced to different aspects of Bank's business and culture before placement.

Succession Planning

HR plays an instrumental role to ensure the future success of the Bank in terms of efficient workforce. To achieve this vision, it is required to build the capabilities of middle management to help them develop both professionally and personally and position them in the organization properly. A talent management process is in practice to build a pool of trained and skilled executives who are ready to take the key roles immediately the position fell vacant. This process of succession planning started when fresh recruits join the Bank through a stringent process. Once recruited, SJI BL focuses on developing the employees' skills, expertise and knowledge so they are prepared to take the leadership roles in branch/division/department in the event of organizational growth or attrition.

Diversity at Workplace & Culture

Shahjalal Islami Bank believes that work place diversity can create synergy for the organization and is a key enabler for long-term success. Only by building teams of people with different backgrounds, education, skills and experiences we can create sustainable value across the Bank. The Bank pursues to uphold work place diversity in thoughts, culture, religion and gender which makes the Bank stronger to serve the clients as well as to achieve the goals. Shahjalal Islami Bank focuses on maintaining gender ratio to acceptable level and provides equal employment opportunities. At present 25% officials of the Bank are female and also holding the post of Departmental in-charge, Unit In-charge as well as Head of Branch.

Performance Matters

The Bank believes that an efficient reward system is beneficial effect upon the performance for instilling a sense of ownership amongst the employees, enhance employee motivation, facilitate long term focus with continuous improvement, promotes team work, minimizes employee dissatisfaction and enhanced employee performance of the Bank.

Considering the strategic importance of performance appraisal in reward and recognition of employees, existing appraisal system has been modified and BARS system has been introduced along with KPI where recognition is directly related to performance outcome. The revised system will evaluate employee's performance during the reporting year in a transparent way and encourage dialogue on performance and development feedback between the

appraiser and appraise. The self-assessment appraisal system can be viewed as a proactive system of administration of employee performance for motivating the individual and the organization towards desired performance and results. Sessions were conducted across the Bank to educate all the employees regarding the process. The Bank has linked performance appraisal with promotion, compensation, placement and development of the employees.

During the year, Shahjalal Islami Bank acknowledged the contribution of performing Branch Managers by inviting them separately in a business meeting held at Hotel Palace Luxury Resort, Habiganj.

Developing Shariah Knowledge

Islamic banking does considerably differ from its conventional counterpart in terms of principles, norms, values and practices. The specialty of Shariah banking and the soundness of its transactions mainly depends on strict compliance of Islamic Shariah in all its transactions. In this regard to uphold the spirit of application of sharia in all banking affair, the Bank strives to provide the applicable shariah knowledge to all employees for better compliance with shariah guidelines and norms. SJIBL being a shariah based bank believes that it is entrusted with the responsibility to adhere the shariah instructions in all its banking business and to this effect Bank undertakes intensive shariah training for all officials where shariah knowledge is a must.

Employee Health & Safety:

There are about 2,161 officials and 491 sub-staffs working in the Bank. SJIBL is always concerned to provide medical support to all employees. The Bank in this regard has entered into a group health insurance agreement with Delta Life Insurance Company Limited and brought all employees of the bank under health insurance coverage at the cost of the Bank. Corporate Head Office of the Bank has a full time Medical Officer to provide immediate medical advice and support when needed.

The Bank has a flexible leave policy allowing employees annually 10 days' mandatory leave, 10 days' casual leave, 15 days' sick leave besides the government and public holidays. Female employees can avail 6 months' maternity leave to support and enjoy their motherhood. Besides being a sharia based bank employees can avail 30 days' pilgrimage leave to perform the Holy Hajj. HR policy of the Bank also promotes to develop a favorable environment and culture throughout the organization to develop a sound mental health of all employees.

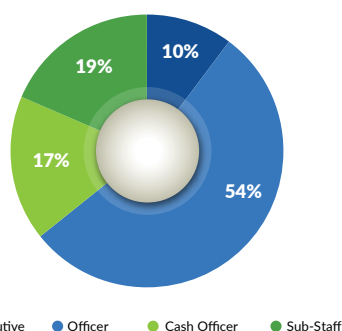
Bank ensures the cleanliness issues in all offices for better health & hygiene of all staffs. A retired Army person in the rank of Major along with the Common Service Division is looking after the health & safety issues with a large pool of cleaning staffs deployed throughout the organization. To acquaint with safety issues as well as tackling unexpected situation like earthquake/fire corporate head office and Branches regularly conducts fire drills to train the employees and also regularly test the effectiveness of the safety equipment.

Human Resource Analysis:

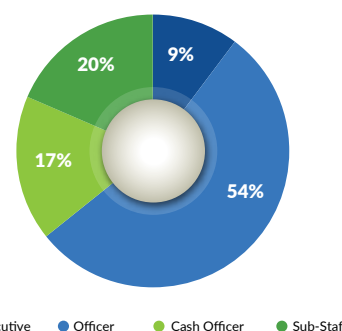
i. Employee Type & Gender:

| Employee Type | Male 2019 | Female 2019 | Total 2019 | Total 2018 |
|---------------|--------------|-------------|--------------|--------------|
| Executive | 256 | 16 | 272 | 224 |
| Officer | 1,136 | 296 | 1,432 | 1,306 |
| Cash Officer | 342 | 115 | 457 | 397 |
| Sub-Staff | 490 | 1 | 491 | 468 |
| Total | 2,224 | 428 | 2,652 | 2,395 |

Composition of total employees-2019

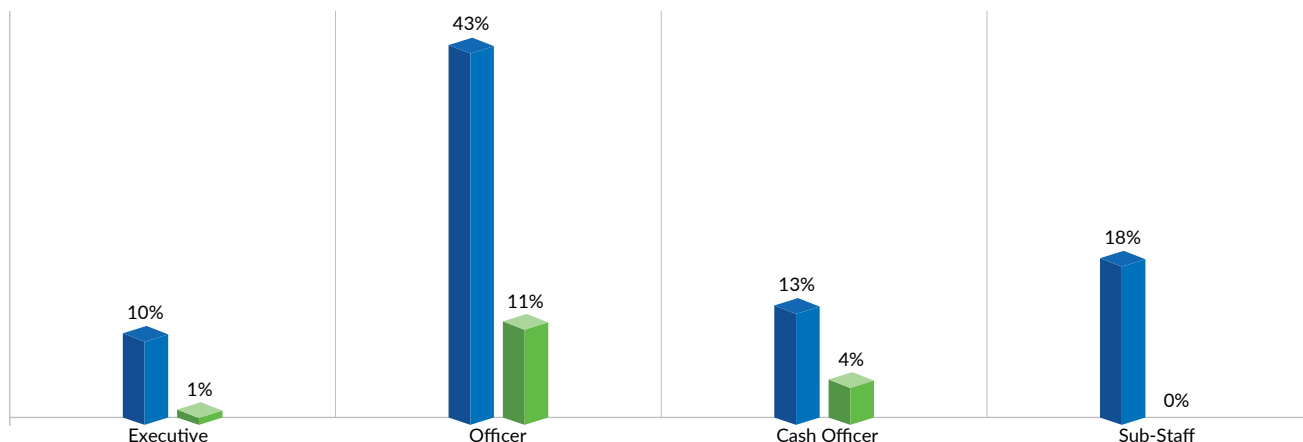


Composition of total employees-2018



Composition of Male and Female Employees

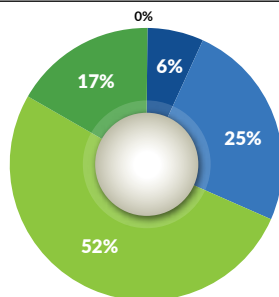
■ % Male ■ % Female



ii. Age Group Wise Position:

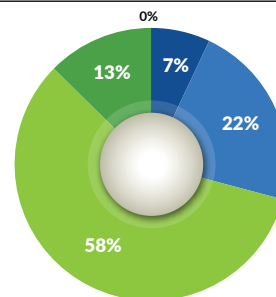
| Age Group | Year -2018 | | Year- 2019 | |
|----------------|--------------|------------|--------------|------------|
| | Male | Female | Male | Female |
| Above 60 Years | 3 | 0 | 4 | 0 |
| 51 - 60 Years | 161 | 4 | 172 | 5 |
| 41 - 50 Years | 472 | 58 | 577 | 80 |
| 31 - 40 Years | 1,157 | 238 | 1,137 | 234 |
| Below 31 Years | 252 | 50 | 372 | 71 |
| Total | 2,045 | 350 | 2,262 | 390 |

AGE GROUP-2019



● 51-60 Years ● 41-50 Years ● 31-40 Years ● Below 31 Years ● Above 60 Years

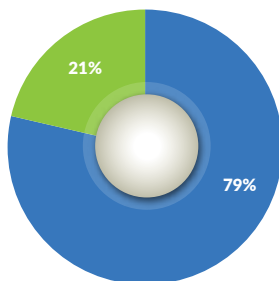
AGE GROUP-2018



● 51-60 Years ● 41-50 Years ● 31-40 Years ● Below 31 Years ● Above 60 Years

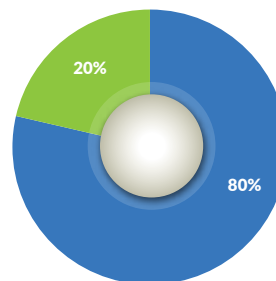
Employee Distribution in Branches & Corporate Head Office:

Employees Distribution in 2019



● Corporate Head Office ● Branches

Employees Distribution in 2018



● Corporate Head Office ● Branches

Office increased by 1% in the overall pie.

Enhancing Capacity of Human Resources

Shahjalal Islami Bank considers training & development as a key factor to develop human resources capacity and skill. To keep up with the fast changing business synergies, product profile, processes, customer preferences, numerous technology applications and compliance and regulatory requirement, training has become a focal strategy of the Bank. In this regard bank identifies the requirements of particular trainings covering different priority aspects of banking/business thus prepare the target group considering their level of knowledge & position. Bank considers each training as an investment where training courses are perfectly designed keeping in view of the objective and hired right trainers to ensure that each program since conducted are useful and help to develop required skill & capabilities of the employee to better handle any complex issues. The Bank provides training to employees at all levels for improvement in their knowledge and skills to ensure that they acquire required skill sets in their future positions throughout the year at Bank's own Training Academy. Furthermore, Bank regularly nominated officers/executives to participate course/seminar/workshop arranged by reputed institutions like BIBM, BBTA, BAB, etc. Bank also sent officer/executives to participate in seminar/workshop in abroad during 2019. The Bank also trained 899 officers on money Laundering, 310 officers on Foreign exchange through its unique e-learning platform.

A summary of training, workshops and seminars where the employees of the Bank have attended in the year 2019 is given below:

| Sl No | Course Type | Training Provider/Training Institute | No. of Courses | No. of Participants |
|--------------|---------------------------------------|--------------------------------------|----------------|---------------------|
| 1. | SJIBL (in house) Training Program | SJIBTA& Head Office | 138 | 6742 |
| 2. | External Training Programs (Local) | Bangladesh Bank & BBTA | 23 | 31 |
| 3. | External Training Programs (Local) | BIBM | 69 | 143 |
| 4. | External Training Programs (Local) | | 44 | 88 |
| 5. | External Training Programs (Foreign) | | 12 | 12 |
| Total | | | 286 | 7016 |

National Integrity Strategy Implementation in SJIBL



Number of Integrity Award recipient employees from SJIBL Management in
2019 = 05 (in 05 categories)

Following Bangladesh Bank's instructions, Shahjalal Islami Bank Integrity Strategy Committee was formed for implementation of National Integrity Strategy which has been designed and modeled by the Government of People's Republic of Bangladesh envisioning happy, prosperous and corruption free Bangladesh and establishing rule of law in its different organs/organizations. Apart from the said Committee, 132 Integrity/Ethics Committee(s) are also formed at Branches in the Bank.

SJIBL Integrity Strategy Committee has made well designed work plan and submits progress report of the plan to Bangladesh Bank in every quarter. As per the implementation process of integrity strategy of the Shahjalal Islami Bank, topic on National Integrity Strategy has already been included in training curriculum with importance.

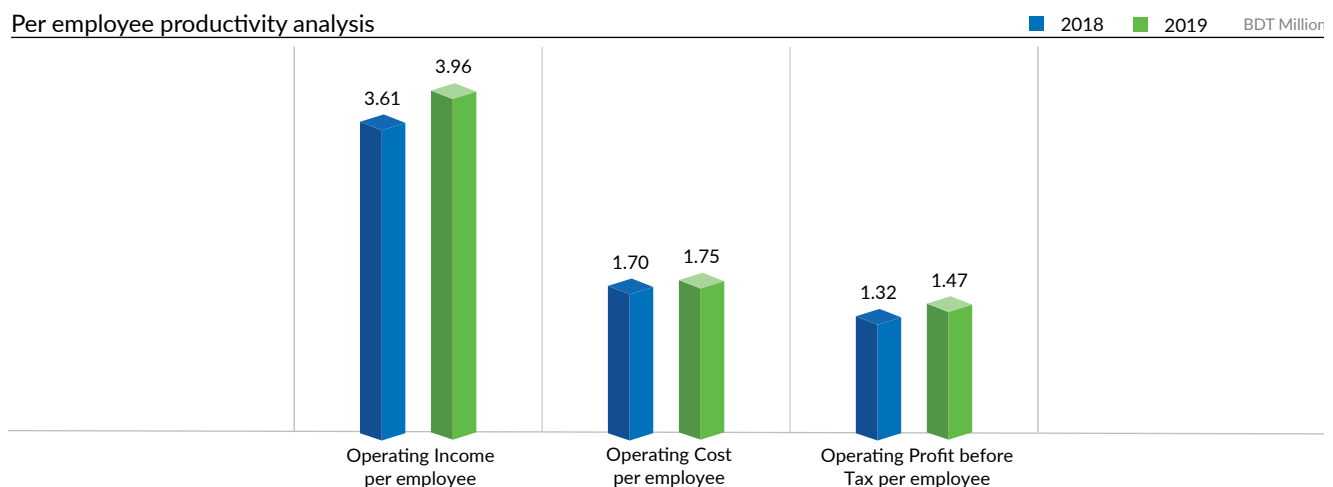


HUMAN RESOURCES (HR) ACCOUNTING

Human Resource Accounting is a process of measuring the cost incurred by organization to recruit, select, train, and develop human asset. It is presently unaccounted for in the conventional accounting practice. Human Resource Accounting assists personnel management in the valuation of personnel in their knowledge, ability and motivation in the same organization as well as from organization to organization.

Per employee productivity analysis:

In the year 2019, operating income was Tk.10,506 million, operating cost was Tk.4,641 million and total profit before tax was Tk.3894 million which means that compared to 2018 both operating income and operating profit before tax increased satisfactorily. The number of banks employee including sub staff increased to 2652 in 2019 from last year's 2395. Now, the chart below shows that per employee productivity of SJIBL has increased in 2019 compared to 2018 both in terms of income and operating profit:



Per employee business growth:

From the below statistics it is clear that business growth in four major indicators namely deposit, investment, import and export are satisfactory in terms of per employee consideration.

