



ফার্স্ট সিকিউরিটি ইসলামী ব্যাংক লি:  
FIRST SECURITY ISLAMI BANK LTD.  
فارسٲ سٲكٲورٲٲٲ اسلالمٲ بنك لٲمٲٲد



# Financial Report -2013

ADITOR'S REPORT  
&  
AUDITED FINANCIAL STATEMENTS  
Of  
FIRST SECURITY ISLAMI BANK LIMITED

FOR THE YEAR ENDED 31  
DECEMBER 2013\_

## **Independent Auditors' Report to the Shareholders of First Security Islami Bank Limited**

We have audited the accompanying consolidated financial statements of First Security Islami Bank Limited (FSIBL) and its subsidiary (together referred to as the "Group") as well as the separate financial statements of First Security Islami Bank Limited (the "Bank") which comprise the consolidated and separate Balance Sheets as at 31 December 2013, consolidated and separate profit and loss accounts, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements of the Group and also separate financial statements of the Bank that give a true and fair view in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements of the Group and also separate financial statements of the Bank that are free from material misstatement, whether due to fraud or error. The Bank Companies Act, 1991 and the local central bank (Bangladesh Bank) Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements of the Group and separate financial statements of the Bank. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements of the Group and the separate financial statements of the Bank, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements of the Group and separate financial statements of the Bank that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements of the Group and the separate financial statements of the Bank.

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

### **Opinion**

In our opinion, the consolidated financial statements of the Group and also separate financial statements of the Bank give a true and fair view of the consolidated financial position of the Group and the separate financial position of the Bank as at 31 December 2013, and of its consolidated and separate financial performance and cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in Note 2.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, Securities and Exchange Rules 1987, the Bank Companies Act 1991 and the rules and regulations issued by Bangladesh Bank, 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) to the extent noted during the course of our audit work performed on the basis stated under the Auditors' Responsibility section in forming the above opinion on the consolidated financial statements of the Group and the separate financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on anti-fraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the Financial Statements and Internal Control:
  - (a) internal audit, internal control and risk management arrangements of the Group and the Bank as disclosed in Note 2 to the financial statements appeared to be materially adequate;
  - (b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank and its related entities;
- (iii) financial statements of subsidiary of the Bank have been audited by us and have been properly reflected in the consolidated financial statements;
- (iv) in our opinion, proper books of account as required by law have been kept by the Group and 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;
- (v) the consolidated balance sheet and consolidated profit and loss account of the Group and the separate balance sheet and separate profit and loss account of the Bank together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (vi) the expenditures incurred were for the purpose of the Bank's business;
- (vii) the consolidated financial statements of the Group and the separate financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- (viii) adequate provisions have been made for advances and other assets which are in our opinion, doubtful of recovery;
- (ix) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) we have reviewed over 80% of the risk weighted assets of the Bank and we have spent around 2,885 person hours during the audit; and
- (xii) Capital Adequacy Ratio (CAR) as required by the Bangladesh Bank has been maintained adequately during the year.

**Dhaka, 12 March 2014**

**Hoda Vasi Chowdhury & Co**  
**Chartered Accountants**

**FIRST SECURITY ISLAMI BANK LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

|                                                                                      | Notes   | 31.12.2013<br>BDT      | 31.12.2012<br>BDT      |
|--------------------------------------------------------------------------------------|---------|------------------------|------------------------|
| <b><u>PROPERTY AND ASSETS</u></b>                                                    |         |                        |                        |
| <b>Cash</b>                                                                          | 3 (a)   | <b>11,549,383,178</b>  | <b>10,528,152,443</b>  |
| In hand (Including foreign currencies)                                               |         | 1,294,882,672          | 1,183,469,300          |
| Balance with Bangladesh Bank and its agent bank(s)<br>(Including foreign currencies) |         | 10,254,500,506         | 9,344,683,143          |
| <b>Balance with other Banks and Financial Institutions</b>                           | 4(a)    | <b>14,379,093,084</b>  | <b>10,797,824,691</b>  |
| In Bangladesh                                                                        |         | 14,206,467,884         | 10,327,491,621         |
| Outside Bangladesh                                                                   |         | 172,625,200            | 470,333,070            |
| <b>Investments in Shares &amp; Securities</b>                                        | 5(a)    | <b>7,268,269,377</b>   | <b>5,128,479,126</b>   |
| Government                                                                           |         | 6,030,358,600          | 4,060,654,300          |
| Others                                                                               |         | 1,237,910,777          | 1,067,824,826          |
| <b>Investments</b>                                                                   |         | <b>114,328,753,035</b> | <b>96,304,228,588</b>  |
| General Investment (Bai-Murabaha, Bai-Muajjal, HPSM) etc.                            | 6.A(a)  | 113,663,053,929        | 95,493,421,519         |
| Bills Purchased and Negotiated                                                       | 6.B     | 665,699,106            | 810,807,069            |
| <b>Fixed Assets Including Premises, Furniture &amp; Fixtures</b>                     | 7(a)    | <b>2,517,375,111</b>   | <b>2,032,852,899</b>   |
| <b>Other Assets</b>                                                                  | 8(a)    | <b>11,990,346,998</b>  | <b>5,146,267,814</b>   |
| <b>Total Assets</b>                                                                  |         | <b>162,033,220,783</b> | <b>129,937,805,561</b> |
| <b><u>LIABILITIES AND CAPITAL</u></b>                                                |         |                        |                        |
| <b>Liabilities</b>                                                                   |         |                        |                        |
| <b>Placement from Banks &amp; other Financial Institutions</b>                       | 9       | <b>4,129,788,842</b>   | <b>4,598,574,967</b>   |
| <b>Deposits and Other Accounts</b>                                                   |         | <b>139,503,926,734</b> | <b>109,905,568,871</b> |
| Al-Wadia Current Accounts and Other Deposit Accounts                                 | 10.1(a) | 7,502,109,758          | 7,119,359,753          |
| Bills Payable                                                                        | 10.2    | 1,176,111,458          | 1,824,475,966          |
| Mudaraba Savings Deposits                                                            | 10.3    | 6,433,026,364          | 5,462,576,972          |
| Mudaraba Term Deposits including other Banks                                         | 10.4    | 99,476,837,371         | 79,263,696,843         |
| Mudaraba Deposits under Schemes                                                      | 10.5    | 24,915,841,783         | 16,235,459,337         |
| <b>Mudaraba Subordinated Bond</b>                                                    | 11      | <b>2,500,000,000</b>   | <b>2,220,000,000</b>   |
| <b>Other Liabilities</b>                                                             | 12(a)   | <b>9,286,426,380</b>   | <b>7,499,559,137</b>   |
| <b>Total Liabilities</b>                                                             |         | <b>155,420,141,956</b> | <b>124,223,702,975</b> |
| <b>Capital/Shareholders' equity</b>                                                  |         |                        |                        |
| Paid-up Capital                                                                      | 13      | 4,114,387,200          | 3,740,352,000          |
| Statutory Reserve                                                                    | 14      | 1,310,398,870          | 1,004,574,914          |
| Other Reserve                                                                        | 15      | 114,061,074            | 84,000,000             |
| Asset Revaluation Reserve                                                            | 15(a)   | 392,381,876            | 402,442,950            |
| Retained Earnings                                                                    | 16(a)   | 506,439,968            | 433,427,548            |
| Non-controlling Interest                                                             |         | 175,409,839            | 49,305,174             |
| <b>Total Shareholders' Equity</b>                                                    |         | <b>6,613,078,827</b>   | <b>5,714,102,586</b>   |
| <b>Total Liabilities and Shareholders' Equity</b>                                    |         | <b>162,033,220,783</b> | <b>129,937,805,561</b> |

**FIRST SECURITY ISLAMI BANK LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

|                                                                       | <u>Notes</u> | <u>31.12.2013</u><br><u>BDT</u> | <u>31.12.2012</u><br><u>BDT</u> |
|-----------------------------------------------------------------------|--------------|---------------------------------|---------------------------------|
| <b>OFF- BALANCE SHEET ITEMS</b>                                       |              |                                 |                                 |
| <b>Contingent Liabilities</b>                                         |              |                                 |                                 |
| Acceptances and Endorsements                                          |              | 2,378,051,173                   | 5,348,635,526                   |
| Letters of Guarantee                                                  | 17           | 4,547,711,472                   | 2,202,296,850                   |
| Irrevocable Letters of Credit                                         | 18           | 3,740,407,481                   | 1,557,792,404                   |
| Bills for Collection                                                  | 19           | 1,199,385,180                   | 139,511,159                     |
| Other Contingent Liabilities                                          |              | -                               | -                               |
| <b>Total</b>                                                          |              | <b><u>11,865,555,306</u></b>    | <b><u>9,248,235,939</u></b>     |
| <b>Other Commitments</b>                                              |              |                                 |                                 |
| Documentary credits and short term trade related transactions         |              | -                               | -                               |
| Forward assets purchased and forward deposits placed                  |              | -                               | -                               |
| Undrawn note issuance and revolving underwriting facilities           |              | -                               | -                               |
| Undrawn formal standby facilities, credit lines and other commitments |              | -                               | -                               |
| Claims against the bank not acknowledged as debt                      |              | -                               | -                               |
| <b>Total</b>                                                          |              | <b><u>-</u></b>                 | <b><u>-</u></b>                 |
| <b>Total Off -Balance Sheet Items Including</b>                       |              |                                 |                                 |
| <b>Contingent Liabilities</b>                                         |              | <b><u>11,865,555,306</u></b>    | <b><u>9,248,235,939</u></b>     |

The annexed notes form an integral part of these financial statements

**Managing Director**

**Director**

**Director**

**Chairman**

Signed as per annexed report of even date

Dhaka, 12 March 2014

**Chartered Accountants**

**FIRST SECURITY ISLAMI BANK LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

|                                                                 | Notes   | 31.12.2013<br>BDT    | 31.12.2012<br>BDT    |
|-----------------------------------------------------------------|---------|----------------------|----------------------|
| Investments Income                                              | 20(a)   | 18,317,000,257       | 13,356,455,206       |
| Profit Paid on Deposits                                         | 21      | (14,597,553,390)     | (10,309,755,493)     |
| <b>Net Investment Income</b>                                    |         | <b>3,719,446,867</b> | <b>3,046,699,713</b> |
| Income from Investment in shares and securities                 | 22(a)   | 250,913,903          | 126,293,026          |
| Commission, Exchange and Brokerage                              | 23(a)   | 338,707,552          | 408,472,196          |
| Other Operating Income                                          | 24(a)   | 168,885,696          | 202,375,344          |
|                                                                 |         | <b>758,507,151</b>   | <b>737,140,566</b>   |
| <b>Total Operating Income</b>                                   |         | <b>4,477,954,018</b> | <b>3,783,840,279</b> |
| <b>Less: Operating Expenses</b>                                 |         |                      |                      |
| Salary and Allowances                                           | 25(a)   | 1,173,364,470        | 855,931,110          |
| Rent, Taxes, Insurances, Electricity etc.                       | 26(a)   | 315,789,909          | 270,101,200          |
| Legal Expenses                                                  | 27      | 2,585,433            | 5,099,135            |
| Postage, Stamps, Telecommunication etc.                         | 28(a)   | 16,513,484           | 15,572,806           |
| Stationery, Printings, Advertisements etc.                      | 29      | 104,350,252          | 83,807,741           |
| Managing Director's Salary and Fees                             | 30      | 15,350,304           | 13,593,405           |
| Auditors' Fees                                                  | 31      | 855,250              | 700,000              |
| Directors' Fees                                                 | 32(a)   | 1,880,454            | 2,091,060            |
| Shariah Committee's Fees & Expenses                             | 33      | 115,000              | 132,250              |
| Depreciation and Repair & Maintenance of Fixed Assets           | 34(a)   | 259,885,107          | 180,660,460          |
| Zakat Expenses                                                  |         | 28,085,234           | 18,800,000           |
| Other Expenses                                                  | 35(a)   | 515,363,548          | 385,392,202          |
| <b>Total Operating Expenses</b>                                 |         | <b>2,434,138,445</b> | <b>1,831,881,369</b> |
| <b>Profit before Provision and Tax</b>                          |         | <b>2,043,815,573</b> | <b>1,951,958,910</b> |
| Provisions for Classified Investments                           |         | 215,100,000          | 185,724,098          |
| Provisions for Unclassified Investments including off-B/S items |         | 220,000,000          | 203,018,403          |
| Provisions for diminution in value of Investment in Shares      |         | 65,453,410           | 60,000,000           |
| <b>Total Provisions</b>                                         |         | <b>500,553,410</b>   | <b>448,742,501</b>   |
| <b>Total Profit before Taxes</b>                                |         | <b>1,543,262,163</b> | <b>1,503,216,409</b> |
| Provision for Taxation                                          |         | (766,785,922)        | (740,507,341)        |
| Deferred Tax Income                                             | 2.8.1.2 | -                    | -                    |
|                                                                 |         | <b>(766,785,922)</b> | <b>(740,507,341)</b> |
| <b>Net Profit after tax for the period</b>                      |         | <b>776,476,241</b>   | <b>762,709,068</b>   |
| Retained Earnings Brought Forward from Previous Year            |         | 433,427,548          | 371,537,509          |
|                                                                 |         | <b>1,209,903,789</b> | <b>1,134,246,577</b> |
| <b>Appropriations:</b>                                          |         |                      |                      |
| Statutory Reserve                                               |         | 305,823,956          | 300,372,700          |
| Other Reserve                                                   |         | 20,000,000           | 60,000,000           |
| Bonus Share Issued                                              |         | 374,035,200          | 340,032,000          |
| Non-controlling Interest                                        |         | 3,604,665            | 414,329              |
|                                                                 |         | <b>703,463,821</b>   | <b>700,819,029</b>   |
| Retained Earnings Carried Forward                               |         | <b>506,439,968</b>   | <b>433,427,548</b>   |
| <b>Earnings Per Share (EPS)</b>                                 | 36(a)   | <b>1.89</b>          | <b>1.85</b>          |

The annexed notes form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report of even date

**FIRST SECURITY ISLAMI BANK LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

|                                                                              | Notes  | 31.12.2013<br>BDT      | 31.12.2012<br>BDT      |
|------------------------------------------------------------------------------|--------|------------------------|------------------------|
| <b>A. Cash Flow from Operating Activities</b>                                |        |                        |                        |
| Profit received                                                              |        | 18,340,159,624         | 12,732,666,148         |
| Profit paid                                                                  |        | (13,592,616,259)       | (9,603,755,782)        |
| Commission, exchange & brokerage received                                    |        | 338,707,552            | 404,240,245            |
| Payment to employees                                                         |        | (1,188,714,774)        | (869,524,515)          |
| Payment to suppliers                                                         |        | (142,692,824)          | (155,346,279)          |
| Income tax paid                                                              |        | (561,102,413)          | (710,802,087)          |
| Received from other operating activities                                     | 37 (a) | 168,885,696            | 202,375,344            |
| Payment for other operating activities                                       | 38 (a) | (852,372,827)          | (683,941,232)          |
| <b>Operating Profit before changes in Operating Assets &amp; Liabilities</b> |        | <b>2,510,253,776</b>   | <b>1,315,911,842</b>   |
| <b>Increase / Decrease in Operating Assets &amp; Liabilities</b>             |        |                        |                        |
| Investments to Customers                                                     |        | (17,796,769,912)       | (26,836,900,304)       |
| Other Assets                                                                 | 39 (a) | (6,077,250,504)        | (979,525,632)          |
| Deposits from Customers                                                      |        | 27,940,961,671         | 31,760,523,863         |
| Other Liabilities                                                            | 40 (a) | 1,059,945,220          | 1,574,455,345          |
|                                                                              |        | <b>5,126,886,475</b>   | <b>5,518,553,272</b>   |
| <b>Net Cash Inflow from Operating Activities</b>                             |        | <b>7,637,140,251</b>   | <b>6,834,465,114</b>   |
| <b>B. Cash Flow from Investing Activities</b>                                |        |                        |                        |
| Investment in Shares and Securities                                          |        | (2,140,085,951)        | (1,264,531,149)        |
| Purchase of Property, Plant and Equipment                                    |        | (706,064,747)          | (800,259,857)          |
| Sale of Property, Plant and Equipment                                        |        | -                      | 78,812                 |
| <b>Net Cash Inflow from Investing Activities</b>                             |        | <b>(2,846,150,698)</b> | <b>(2,064,712,194)</b> |
| <b>C. Cash Flow from Financing Activities</b>                                |        |                        |                        |
| Increase/(Decrease) in Share Capital                                         |        |                        |                        |
| Receipt from issuance of Mudaraba Subordinated Bond                          |        | 280,000,000            | 2,220,000,000          |
| Increase/(Decrease) in Placement from Banks & FI                             |        | (468,786,125)          | 1,489,960,967          |
| <b>Net Cash Inflow/(Outflow) from Financing Activities</b>                   |        | <b>(188,786,125)</b>   | <b>3,709,960,967</b>   |
| <b>D. Net Increase/Decrease of Cash &amp; Cash Equivalent (A+B+C)</b>        |        | <b>4,602,203,428</b>   | <b>8,479,713,887</b>   |
| Effect of Exchange Rate on Cash & Cash Equivalent                            |        | -                      | -                      |
| <b>E. Opening Cash &amp; Cash Equivalent</b>                                 |        | <b>21,326,631,434</b>  | <b>12,846,917,547</b>  |
| <b>F. Closing Cash &amp; Cash Equivalent (D+E)</b>                           |        | <b>25,928,834,862</b>  | <b>21,326,631,434</b>  |
| <b>The above closing Cash and Cash Equivalents include:</b>                  |        |                        |                        |
| Cash in hand (Including Foreign Currencies)                                  |        | 1,294,882,672          | 1,183,469,300          |
| Balance with Bangladesh Bank, other banks & FI                               |        | 24,633,593,590         | 20,142,507,834         |
| Prize Bond                                                                   |        | 358,600                | 654,300                |
|                                                                              |        | <b>25,928,834,862</b>  | <b>21,326,631,434</b>  |

The annexed notes form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Dhaka, 12 March 2014

**FIRST SECURITY ISLAMI BANK LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

| Particulars                                                    | Paid-up<br>Capital<br>BDT | Statutory<br>Reserve<br>BDT | Other<br>Reserve<br>BDT | Assets Reval.<br>Reserve<br>BDT | Retained<br>Earnings<br>BDT | Non-controlling<br>Interest<br>BDT | Total<br>BDT         |
|----------------------------------------------------------------|---------------------------|-----------------------------|-------------------------|---------------------------------|-----------------------------|------------------------------------|----------------------|
| Balance as on 01 January 2013                                  | 3,740,352,000             | 1,004,574,914               | 84,000,000              | 402,442,950                     | 433,427,548                 | 49,305,174                         | 5,714,102,586        |
| Changes in Accounting Policy                                   | -                         | -                           | -                       | -                               | -                           | -                                  | -                    |
| <b>Restated Balance</b>                                        | <b>3,740,352,000</b>      | <b>1,004,574,914</b>        | <b>84,000,000</b>       | <b>402,442,950</b>              | <b>433,427,548</b>          | <b>49,305,174</b>                  | <b>5,714,102,586</b> |
| Surplus/Deficit on account of<br>Revaluation of Properties     | -                         | -                           | -                       | -                               | -                           | -                                  | -                    |
| Surplus/Deficit on account of<br>Revaluation of Investments    | -                         | -                           | -                       | -                               | -                           | -                                  | -                    |
| Net Gains and Losses not Recognized<br>in the Income Statement | -                         | -                           | -                       | -                               | -                           | -                                  | -                    |
| Net Profit for the period                                      | -                         | -                           | -                       | -                               | 776,476,241                 | -                                  | 776,476,241          |
| Dividends                                                      | -                         | -                           | -                       | -                               | -                           | -                                  | -                    |
| Transfer to Statutory Reserve                                  | -                         | 305,823,956                 | -                       | -                               | (305,823,956)               | -                                  | -                    |
| Transfer to Other Reserve                                      | -                         | -                           | 20,000,000              | -                               | (20,000,000)                | -                                  | -                    |
| Transfer from Assets<br>Revaluation reserve to Other Reserve   | -                         | -                           | -                       | 10,061,074                      | (10,061,074)                | -                                  | -                    |
| Issue of Bonus Share during the year                           | 374,035,200               | -                           | -                       | -                               | (374,035,200)               | -                                  | -                    |
| Capital Increase in Subsidiary                                 | -                         | -                           | -                       | -                               | -                           | 122,500,000                        | 122,500,000          |
| Non-controlling Interest                                       | -                         | -                           | -                       | -                               | (3,604,665)                 | 3,604,665                          | -                    |
| <b>Balance as on 31 December 2013</b>                          | <b>4,114,387,200</b>      | <b>1,310,398,870</b>        | <b>114,061,074</b>      | <b>392,381,876</b>              | <b>506,439,968</b>          | <b>175,409,839</b>                 | <b>6,613,078,827</b> |
| <b>Balance as on 31 December 2012</b>                          | <b>3,740,352,000</b>      | <b>1,004,574,914</b>        | <b>84,000,000</b>       | <b>402,442,950</b>              | <b>433,427,548</b>          | <b>49,305,174</b>                  | <b>5,714,102,586</b> |

Managing Director

Director

Director

Chairman

Dhaka, 12 March 2014



**FIRST SECURITY ISLAMI BANK LIMITED**  
**CONSOLIDATED LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)**

AS AT 31 DECEMBER 2013

| Particulars                          | Up to 01              | 01-03                 | 03-12                 | 01-05                 | More than              | Total                  |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
|                                      | Month                 | Months                | Months                | Years                 | 05 years               |                        |
|                                      | BDT                   | BDT                   | BDT                   | BDT                   | BDT                    | BDT                    |
| <b>Assets</b>                        |                       |                       |                       |                       |                        |                        |
| Cash in Hand                         | 3,660,393,095         | -                     | -                     | -                     | 7,888,990,083          | 11,549,383,178         |
| Balance with other Banks and FI      | 1,035,716,061         | 1,872,541,971         | 6,895,235,051         | 2,739,800,000         | 1,835,800,000          | 14,379,093,084         |
| Investments in Shares and Securities | 1,237,910,777         | -                     | -                     | 6,030,358,600         | -                      | 7,268,269,377          |
| Investments                          | 13,531,629,727        | 21,316,633,690        | 37,258,833,376        | 23,966,310,661        | 18,255,345,581         | 114,328,753,035        |
| Fixed Assets including               |                       |                       |                       |                       |                        |                        |
| Premises, Furniture and Fixtures     | -                     | 864,460,500           | 191,242,692           | 851,428,870           | 610,243,049            | 2,517,375,111          |
| Other Assets                         | 6,137,744,010         | 5,526,139,500         | 241,034,989           | 85,428,499            | -                      | 11,990,346,998         |
| Non-banking Assets                   | -                     | -                     | -                     | -                     | -                      | -                      |
| <b>Total Assets</b>                  | <b>25,603,393,670</b> | <b>29,579,775,661</b> | <b>44,586,346,108</b> | <b>33,673,326,630</b> | <b>28,590,378,713</b>  | <b>162,033,220,783</b> |
| <b>Liabilities</b>                   |                       |                       |                       |                       |                        |                        |
| Placement from Banks & Other         |                       |                       |                       |                       |                        |                        |
| Financial Institutions               | -                     | -                     | 4,129,788,842         | -                     | -                      | 4,129,788,842          |
| Deposits and other Accounts          | 21,662,954,617        | 29,011,774,423        | 35,669,287,557        | 24,257,900,690        | 28,902,009,446         | 139,503,926,734        |
| Mudaraba Subordinated Bond           | -                     | -                     | -                     | 2,500,000,000         | -                      | 2,500,000,000          |
| Other Liabilities                    | -                     | -                     | 2,270,044,010         | 3,227,793,722         | 3,788,588,648          | 9,286,426,380          |
| <b>Total Liabilities</b>             | <b>21,662,954,617</b> | <b>29,011,774,423</b> | <b>42,069,120,409</b> | <b>29,985,694,412</b> | <b>32,690,598,094</b>  | <b>155,420,141,956</b> |
| <b>Net Liquidity Gap</b>             | <b>3,940,439,053</b>  | <b>568,001,238</b>    | <b>2,517,225,700</b>  | <b>3,687,632,218</b>  | <b>(4,100,219,381)</b> | <b>6,613,078,827</b>   |

Managing Director

Director

Director

Chairman

Dhaka, 12 March 2014

**FIRST SECURITY ISLAMI BANK LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

|                                                                                      | Notes | 31.12.2013<br>BDT      | 31.12.2012<br>BDT      |
|--------------------------------------------------------------------------------------|-------|------------------------|------------------------|
| <b><u>PROPERTY AND ASSETS</u></b>                                                    |       |                        |                        |
| <b>Cash</b>                                                                          | 3     | <b>11,549,381,969</b>  | <b>10,528,144,967</b>  |
| In hand (Including foreign currencies)                                               |       | 1,294,881,463          | 1,183,461,824          |
| Balance with Bangladesh Bank and its agent bank(s)<br>(Including foreign currencies) |       | 10,254,500,506         | 9,344,683,143          |
| <b>Balance with other Banks and Financial Institutions</b>                           | 4     | <b>14,379,093,084</b>  | <b>10,785,716,061</b>  |
| In Bangladesh                                                                        |       | 14,206,467,884         | 10,315,382,991         |
| Outside Bangladesh                                                                   |       | 172,625,200            | 470,333,070            |
| <b>Investments in Shares &amp; Securities</b>                                        | 5     | <b>6,995,202,236</b>   | <b>4,913,392,720</b>   |
| Government                                                                           |       | 6,030,358,600          | 4,060,654,300          |
| Others                                                                               |       | 964,843,636            | 852,738,420            |
| <b>Investments</b>                                                                   | 6     | <b>114,601,798,177</b> | <b>96,304,228,588</b>  |
| General Investment (Bai-Murabaha, Bai-Muajjal, HPSM) etc.                            | 6.A   | 113,936,099,071        | 95,493,421,519         |
| Bills Purchased and Negotiated                                                       | 6.B   | 665,699,106            | 810,807,069            |
| <b>Fixed Assets Including Premises, Furniture &amp; Fixtures</b>                     | 7     | <b>2,476,432,062</b>   | <b>1,997,716,214</b>   |
| <b>Other Assets</b>                                                                  | 8     | <b>11,821,069,317</b>  | <b>5,203,974,538</b>   |
| <b>Total Assets</b>                                                                  |       | <b>161,822,976,845</b> | <b>129,733,173,088</b> |
| <b><u>LIABILITIES AND CAPITAL</u></b>                                                |       |                        |                        |
| <b>Liabilities</b>                                                                   |       |                        |                        |
| <b>Placement from Banks &amp; other Financial Institutions</b>                       | 9     | <b>4,129,788,842</b>   | <b>4,598,574,967</b>   |
| <b>Deposits and Other Accounts</b>                                                   | 10    | <b>139,520,955,783</b> | <b>109,905,568,871</b> |
| Al-Wadia Current Accounts and Other Deposit Accounts                                 | 10.1  | 7,519,138,807          | 7,119,359,753          |
| Bills Payable                                                                        | 10.2  | 1,176,111,458          | 1,824,475,966          |
| Mudaraba Savings Bank Deposits                                                       | 10.3  | 6,433,026,364          | 5,462,576,972          |
| Mudaraba Term Deposits including other Banks                                         | 10.4  | 99,476,837,371         | 79,263,696,843         |
| Mudaraba Deposits under Schemes                                                      | 10.5  | 24,915,841,783         | 16,235,459,337         |
| <b>Mudaraba Subordinated Bond</b>                                                    | 11    | <b>2,500,000,000</b>   | <b>2,220,000,000</b>   |
| <b>Other Liabilities</b>                                                             | 12    | <b>9,238,632,656</b>   | <b>7,344,549,468</b>   |
| <b>Total Liabilities</b>                                                             |       | <b>155,389,377,281</b> | <b>124,068,693,306</b> |
| <b>Capital/Shareholders' equity</b>                                                  |       |                        |                        |
| Paid-up Capital                                                                      | 13    | 4,114,387,200          | 3,740,352,000          |
| Statutory Reserve                                                                    | 14    | 1,310,398,870          | 1,004,574,914          |
| Other Reserve                                                                        | 15    | 114,061,074            | 84,000,000             |
| Assets Revaluation Reserve                                                           | 15(a) | 392,381,876            | 402,442,950            |
| Retained Earnings                                                                    | 16    | 502,370,544            | 433,109,918            |
| <b>Total Shareholders' Equity</b>                                                    |       | <b>6,433,599,564</b>   | <b>5,664,479,782</b>   |
| <b>Total Liabilities and Shareholders' Equity</b>                                    |       | <b>161,822,976,845</b> | <b>129,733,173,088</b> |

**FIRST SECURITY ISLAMI BANK LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

|                                                                       | Notes | 31.12.2013<br>BDT     | 31.12.2012<br>BDT    |
|-----------------------------------------------------------------------|-------|-----------------------|----------------------|
| <b>OFF- BALANCE SHEET ITEMS</b>                                       |       |                       |                      |
| <b>Contingent Liabilities</b>                                         |       |                       |                      |
| Acceptances and Endorsements                                          |       | 2,378,051,173         | 5,348,635,526        |
| Letters of Guarantee                                                  | 17    | 4,547,711,472         | 2,202,296,850        |
| Irrevocable Letters of Credit                                         | 18    | 3,740,407,481         | 1,557,792,404        |
| Bills for Collection                                                  | 19    | 1,199,385,180         | 139,511,159          |
| Other Contingent Liabilities                                          |       | -                     | -                    |
| <b>Total</b>                                                          |       | <b>11,865,555,306</b> | <b>9,248,235,939</b> |
| <b>Other Commitments</b>                                              |       |                       |                      |
| Documentary credits and short term trade related transactions         |       | -                     | -                    |
| Forward assets purchased and forward deposits placed                  |       | -                     | -                    |
| Undrawn note issuance and revolving underwriting facilities           |       | -                     | -                    |
| Undrawn formal standby facilities, credit lines and other commitments |       | -                     | -                    |
| Claims against the bank not acknowledged as debt                      |       | -                     | -                    |
| <b>Total</b>                                                          |       | <b>-</b>              | <b>-</b>             |
| <b>Total Off -Balance Sheet Items Including</b>                       |       |                       |                      |
| <b>Contingent Liabilities</b>                                         |       | <b>11,865,555,306</b> | <b>9,248,235,939</b> |

The annexed notes form an integral part of these financial statements

**Managing Director**

**Director**

**Director**

**Chairman**

Signed as per annexed report of even date

Dhaka, 12 March 2014

**Chartered Accountants**

**FIRST SECURITY ISLAMI BANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

|                                                                 | Notes   | 31.12.2013<br>BDT    | 31.12.2012<br>BDT    |
|-----------------------------------------------------------------|---------|----------------------|----------------------|
| Investments Income                                              | 20      | 18,277,686,531       | 13,339,668,730       |
| Profit Paid on Deposits                                         | 21      | (14,597,553,390)     | (10,309,755,493)     |
| <b>Net Investment Income</b>                                    |         | <b>3,680,133,141</b> | <b>3,029,913,237</b> |
| Income from Investment in shares and securities                 | 22      | 235,670,968          | 98,997,129           |
| Commission, Exchange and Brokerage                              | 23      | 326,776,987          | 404,240,245          |
| Other Operating Income                                          | 24      | 167,015,629          | 201,533,344          |
|                                                                 |         | <b>729,463,584</b>   | <b>704,770,718</b>   |
| <b>Total Operating Income</b>                                   |         | <b>4,409,596,725</b> | <b>3,734,683,955</b> |
| <b>Less: Operating Expenses</b>                                 |         |                      |                      |
| Salary and Allowances                                           | 25      | 1,163,686,638        | 847,429,497          |
| Rent, Taxes, Insurances, Electricity etc.                       | 26      | 311,789,001          | 266,100,292          |
| Legal Expenses                                                  | 27      | 2,585,433            | 5,099,135            |
| Postage, Stamps, Telecommunication etc.                         | 28      | 16,390,307           | 15,379,156           |
| Stationery, Printings, Advertisements etc.                      | 29      | 104,350,252          | 83,807,741           |
| Managing Director's Salary and Fees                             | 30      | 15,350,304           | 13,593,405           |
| Auditors' Fees                                                  |         | 730,250              | 575,000              |
| Directors' Fees                                                 | 32      | 1,753,954            | 1,918,560            |
| Shariah Committee's Fees & Expenses                             | 33      | 115,000              | 132,250              |
| Depreciation and Repair of Bank's Assets                        | 34      | 250,409,783          | 175,807,881          |
| Zakat Expenses                                                  |         | 28,085,234           | 18,800,000           |
| Other Expenses                                                  | 35      | 488,630,787          | 364,082,435          |
| <b>Total Operating Expenses</b>                                 |         | <b>2,383,876,943</b> | <b>1,792,725,352</b> |
| <b>Profit before Provision and Tax</b>                          |         | <b>2,025,719,782</b> | <b>1,941,958,603</b> |
| Provisions for Classified Investments                           |         | 215,100,000          | 177,076,701          |
| Provisions for Unclassified Investments including off-B/S items |         | 220,000,000          | 203,018,403          |
| Provisions for diminution in value of Investment in Shares      |         | 61,500,000           | 60,000,000           |
| <b>Total Provisions</b>                                         |         | <b>496,600,000</b>   | <b>440,095,104</b>   |
| <b>Total Profit before Taxes</b>                                |         | <b>1,529,119,782</b> | <b>1,501,863,499</b> |
| Provision for Taxation                                          |         | (760,000,000)        | (740,000,000)        |
| Deferred Tax Income                                             | 2.8.1.2 | -                    | -                    |
|                                                                 |         | <b>(760,000,000)</b> | <b>(740,000,000)</b> |
| <b>Net Profit after tax for the period</b>                      |         | <b>769,119,782</b>   | <b>761,863,499</b>   |
| Retained Earnings Brought Forward from Previous Year            |         | 433,109,918          | 371,651,119          |
|                                                                 |         | <b>1,202,229,700</b> | <b>1,133,514,618</b> |
| <b>Appropriations:</b>                                          |         |                      |                      |
| Statutory Reserve                                               |         | 305,823,956          | 300,372,700          |
| Other Reserve                                                   |         | 20,000,000           | 60,000,000           |
| Bonus Share Issued                                              |         | 374,035,200          | 340,032,000          |
|                                                                 |         | <b>699,859,156</b>   | <b>700,404,700</b>   |
| Retained Earnings Carried Forward                               |         | <b>502,370,544</b>   | <b>433,109,918</b>   |
| <b>Earnings Per Share (EPS)</b>                                 | 36      | <b>1.87</b>          | <b>1.85</b>          |

The annexed notes form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Signed as per annexed report of even date

Dhaka, 12 March 2014

Chartered Accountants

**FIRST SECURITY ISLAMI BANK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

|                                                                              | <u>Notes</u> | <u>31.12.2013</u>             | <u>31.12.2012</u>             |
|------------------------------------------------------------------------------|--------------|-------------------------------|-------------------------------|
|                                                                              |              | <u>BDT</u>                    | <u>BDT</u>                    |
| <b>A. Cash Flow from Operating Activities</b>                                |              |                               |                               |
| Profit received                                                              |              | 18,285,602,963                | 12,732,666,148                |
| Profit paid                                                                  |              | (13,592,616,259)              | (9,603,755,782)               |
| Commission, exchange & brokerage received                                    |              | 326,776,987                   | 404,240,245                   |
| Payment to employees                                                         |              | (1,179,036,942)               | (861,022,902)                 |
| Payment to suppliers                                                         |              | (142,692,824)                 | (155,346,279)                 |
| Income tax paid                                                              |              | (561,102,413)                 | (710,802,087)                 |
| Received from other operating activities                                     | 37           | 167,015,629                   | 201,533,344                   |
| Payment for other operating activities                                       | 38           | (821,264,482)                 | (653,286,828)                 |
| <b>Operating Profit before changes in Operating Assets &amp; Liabilities</b> |              | <b><u>2,482,682,660</u></b>   | <b><u>1,354,225,859</u></b>   |
| <b>Increase / Decrease in Operating Assets &amp; Liabilities</b>             |              |                               |                               |
| Investments to Customers                                                     |              | (18,069,815,054)              | (26,836,900,304)              |
| Other Assets                                                                 | 39           | (5,885,349,535)               | (982,259,562)                 |
| Deposits from Customers                                                      |              | 27,993,074,157                | 31,760,523,863                |
| Other Liabilities                                                            | 40           | 1,055,400,498                 | 1,502,738,936                 |
|                                                                              |              | <b><u>5,093,310,066</u></b>   | <b><u>5,444,102,933</u></b>   |
| <b>Net Cash Inflow from Operating Activities</b>                             |              | <b><u>7,575,992,726</u></b>   | <b><u>6,798,328,792</u></b>   |
| <b>B. Cash Flow from Investing Activities</b>                                |              |                               |                               |
| Investment in Shares and Securities                                          |              | (2,082,105,216)               | (1,117,031,781)               |
| Purchase of Property, Plant and Equipment                                    |              | (690,783,060)                 | (769,739,231)                 |
| Sale of Property, Plant and Equipment                                        |              | -                             | -                             |
| <b>Net Cash Inflow from Investing Activities</b>                             |              | <b><u>(2,772,888,276)</u></b> | <b><u>(1,886,771,012)</u></b> |
| <b>C. Cash Flow from Financing Activities</b>                                |              |                               |                               |
| Increase/(Decrease) in Share Capital                                         |              | -                             | -                             |
| Receipt from issuance of Mudaraba Subordinated Bond                          |              | 280,000,000                   | 2,220,000,000                 |
| Increase/(Decrease) in Placement from Banks & FI                             |              | (468,786,125)                 | 1,367,460,967                 |
| <b>Net Cash Inflow/(Outflow) from Financing Activities</b>                   |              | <b><u>(188,786,125)</u></b>   | <b><u>3,587,460,967</u></b>   |
| <b>D. Net Increase/Decrease of Cash &amp; Cash Equivalent (A+B+C)</b>        |              | <b><u>4,614,318,325</u></b>   | <b><u>8,499,018,747</u></b>   |
| Effect of Exchange Rate on Cash & Cash Equivalent                            |              | -                             | -                             |
| <b>E. Opening Cash &amp; Cash Equivalent</b>                                 |              | <b><u>21,314,515,328</u></b>  | <b><u>12,815,496,581</u></b>  |
| <b>F. Closing Cash &amp; Cash Equivalent (D+E)</b>                           |              | <b><u>25,928,833,653</u></b>  | <b><u>21,314,515,328</u></b>  |
| <b>The above closing Cash and Cash Equivalents include:</b>                  |              |                               |                               |
| Cash in hand (Including Foreign Currencies)                                  |              | 1,294,881,463                 | 1,183,461,824                 |
| Balance with Bangladesh Bank, other banks & FI                               |              | 24,633,593,590                | 20,130,399,204                |
| Prize Bond                                                                   |              | 358,600                       | 654,300                       |
|                                                                              |              | <b><u>25,928,833,653</u></b>  | <b><u>21,314,515,328</u></b>  |

The annexed notes form an integral part of these financial statements

Managing Director

Director

Director

Chairman

Dhaka, 12 March 2014

**FIRST SECURITY ISLAMI BANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

| Particulars                                                 | Paid-up Capital      | Statutory Reserve    | Other Reserve      | Assets Reval. Reserve | Retained Earnings  | Total                |
|-------------------------------------------------------------|----------------------|----------------------|--------------------|-----------------------|--------------------|----------------------|
|                                                             | BDT                  | BDT                  | BDT                | BDT                   | BDT                | BDT                  |
| Balance as on 01 January 2013                               | 3,740,352,000        | 1,004,574,914        | 84,000,000         | 402,442,950           | 433,109,918        | 5,664,479,782        |
| Changes in Accounting Policy                                | -                    | -                    | -                  | -                     | -                  | -                    |
| <b>Restated Balance</b>                                     | <b>3,740,352,000</b> | <b>1,004,574,914</b> | <b>84,000,000</b>  | <b>402,442,950</b>    | <b>433,109,918</b> | <b>5,664,479,782</b> |
| Surplus/Deficit on account of Revaluation of Properties     | -                    | -                    | -                  | -                     | -                  | -                    |
| Surplus/Deficit on account of Revaluation of Investments    | -                    | -                    | -                  | -                     | -                  | -                    |
| Net Gains and Losses not Recognized in the Income Statement | -                    | -                    | -                  | -                     | -                  | -                    |
| Net Profit for the period                                   | -                    | -                    | -                  | -                     | 769,119,782        | 769,119,782          |
| Dividends                                                   | -                    | -                    | -                  | -                     | -                  | -                    |
| Transfer to Statutory Reserve                               | -                    | 305,823,956          | -                  | -                     | (305,823,956)      | -                    |
| Transfer to Other Reserve                                   | -                    | -                    | 20,000,000         | -                     | (20,000,000)       | -                    |
| Transfer from Assets- Revaluation reserve to Other Reserve  | -                    | -                    | 10,061,074         | (10,061,074)          | -                  | -                    |
| Issue of Bonus Share during the year                        | 374,035,200          | -                    | -                  | -                     | (374,035,200)      | -                    |
| <b>Balance as on 31 December 2013</b>                       | <b>4,114,387,200</b> | <b>1,310,398,870</b> | <b>114,061,074</b> | <b>392,381,876</b>    | <b>502,370,544</b> | <b>6,433,599,564</b> |
| <b>Balance as on 31 December 2012</b>                       | <b>3,740,352,000</b> | <b>1,004,574,914</b> | <b>84,000,000</b>  | <b>402,442,950</b>    | <b>433,109,918</b> | <b>5,664,479,782</b> |

Managing Director

Director

Director

Chairman

Dhaka, 12 March 2014

**FIRST SECURITY ISLAMI BANK LIMITED**  
**LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)**

AS AT 31 DECEMBER 2013

| Particulars                          | Up to 01 Month        | 01-03 Months          | 03-12 Months          | 01-05 Years           | More than 05 years     | Total                  |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
|                                      | BDT                   | BDT                   | BDT                   | BDT                   | BDT                    | BDT                    |
| <b>Assets</b>                        |                       |                       |                       |                       |                        |                        |
| Cash in Hand                         | 3,660,391,886         | -                     | -                     | -                     | 7,888,990,083          | 11,549,381,969         |
| Balance with other Banks and FI      | 1,035,716,061         | 1,872,541,971         | 6,895,235,051         | 2,739,800,000         | 1,835,800,000          | 14,379,093,084         |
| Investments in Shares and Securities | 964,843,636           | -                     | -                     | 6,030,358,600         | -                      | 6,995,202,236          |
| Investments                          | 13,531,629,727        | 21,316,633,690        | 37,491,624,030        | 24,006,565,149        | 18,255,345,581         | 114,601,798,177        |
| Fixed Assets including               |                       |                       |                       |                       |                        |                        |
| Premises, Furniture and Fixtures     | -                     | 864,460,500           | 191,242,692           | 851,428,870           | 569,300,000            | 2,476,432,062          |
| Other Assets                         | 6,137,744,010         | 5,526,139,500         | 71,757,308            | 85,428,499            | -                      | 11,821,069,317         |
| Non-banking Assets                   | -                     | -                     | -                     | -                     | -                      | -                      |
| <b>Total Assets</b>                  | <b>25,330,325,320</b> | <b>29,579,775,661</b> | <b>44,649,859,082</b> | <b>33,713,581,118</b> | <b>28,549,435,664</b>  | <b>161,822,976,845</b> |
| <b>Liabilities</b>                   |                       |                       |                       |                       |                        |                        |
| Placement from Banks & Other         |                       |                       |                       |                       |                        |                        |
| Financial Institutions               | -                     | -                     | 4,129,788,842         | -                     | -                      | 4,129,788,842          |
| Deposits and other Accounts          | 21,679,983,667        | 29,011,774,423        | 35,669,287,557        | 24,257,900,690        | 28,902,009,446         | 139,520,955,783        |
| Mudaraba Subordinated Bond           | -                     | -                     | -                     | 2,500,000,000         | -                      | 2,500,000,000          |
| Other Liabilities                    | -                     | -                     | 2,250,044,010         | 3,230,000,000         | 3,758,588,646          | 9,238,632,656          |
| <b>Total Liabilities</b>             | <b>21,679,983,667</b> | <b>29,011,774,423</b> | <b>42,049,120,409</b> | <b>29,987,900,690</b> | <b>32,660,598,092</b>  | <b>155,389,377,281</b> |
| <b>Net Liquidity Gap</b>             | <b>3,650,341,653</b>  | <b>568,001,238</b>    | <b>2,600,738,673</b>  | <b>3,725,680,428</b>  | <b>(4,111,162,428)</b> | <b>6,433,599,564</b>   |

Managing Director

Director

Director

Chairman

Dhaka, 12 March 2014

**Notes to the Financial Statements**  
**For the year ended 31 December 2013**

**1. The Bank and its activities:**

**1.1 Status of the Bank**

First Security Islami Bank Limited (FSIBL) was incorporated in Bangladesh on 29 August 1999 as a banking company under Companies Act 1994 to carry on banking business. It obtained permission from Bangladesh Bank on 22 September 1999 to commence its business. The Bank went for public issue on 20 July 2008 and its shares are listed with Dhaka Stock Exchange (DSE) Ltd. and Chittagong Stock Exchange (CSE) Ltd. Presently the Bank carries banking activities through its one hundred & seventeen (117) branches in the country. The Bank had no overseas branches as at December 31, 2013. The Bank converted its banking operation into Islamic Banking based on Islamic Shari'ah from traditional banking operation on 01 January 2009 after obtaining approval from honorable High Court, Ministry of Finance and Bangladesh Bank.

The registered office of the Bank is located at 23, Dilkusha C/A, Dhaka-1000.

**1.2 Principal Activities**

**1.2.1 Commercial banking services**

All kinds of commercial banking services are provided by the Bank to the customers following the principles of Islamic Shari'ah, the provisions of the Bank Company Act 1991 and Bangladesh Bank's directives.

The bank renders commercial banking services to all types of customers. The range of services offered by the bank includes accepting deposit, making investment, purchasing bills, conducting domestic and international money transfer, carrying out foreign exchange transactions in addition to international money transfers and offering other customer services such as safe keeping, collections and issuing guarantees, acceptances and letters of credit. Core business of the bank includes deposit mobilization and investing activities comprising short-term, long-term, import and export financing. Investment activities are extended to different sectors of the economy that could be grouped into several sectors including Rural & agriculture, Garments & Textiles, Jute, Cement & Bricks, Tannery, Steel & Engineering, Food & Beverage, Chemical & Pharmaceuticals, Printing & Packaging, Glass & Ceramics and Miscellaneous.

At a glance, the principal activities of the bank are:

- (a) To facilitate and handle all kinds of commercial banking services to its customers authorized by Bangladesh Bank.
- (b) To handle the export and import trade of Bangladesh
- (c) To take part in international banking etc.

**1.2.2 Mobile financial services-“ First Pay Sure Cash”**

FSIBL has launched mobile banking services in the beginning of January 2013 as per Bangladesh Bank approval (reference no. DCMPS/PSD/37(N)/2011-776 dated 22/11/2011) under the name of “First Pay Sure Cash”. First Security Islami Bank Ltd. offers different services through the mobile banking services that include free and quick opening of customer account, deposit and withdrawal of cash money, fund transfer from one account to another, receiving remittance from abroad, knowing account balance and mini-statement, giving and receiving salary, mobile recharge and payment of utility bill, school banking and merchant bill payment etc.



### **1.3 First Security Islami Capital & Investment Limited**

First Security Islami Capital & Investment Limited, a private company limited by shares has been formed and registered under the Companies Act, 1994 with the Registrar of Joint Stock Companies, Dhaka vide certificate of incorporation no. C-88567/10 dated 02 December 2010. The Securities and Exchange Commission vide its certificate No. MB-65/2011 dated 27 March 2011 has accorded approval to the bank for a full fledged Merchant Banking operation under the Securities and Exchange Commission Act, 1993. First Security Islami Bank Ltd. holds 51% shares and 49% shares are held by other individuals. The company's reporting period is January to December.

### **1.4 First Security Islami Exchange Limited, Canada**

First Security Islami Exchange Ltd. Canada was incorporated under the Canada Business Corporation Act with the corporation number 720625-9 on July 13, 2009. Bangladesh Bank vide their Letter No. BRPD (M) 204/17/2009-95 dated 08 September 2009 has accorded approval to the bank for opening a fully owned subsidiary company in the name of First Security Islami Exchange Ltd., Canada. The main activities of the exchange house are to carry on the remittance business and to undertake and participate in transactions activities and operations commonly carried on or undertaken by remittance and exchange houses. Some legal formalities for incorporation as a subsidiary company of the First Security Islami Exchange Ltd. Canada are yet to be completed. Meanwhile the Board of Directors of the bank has decided to close the business and the process is going on.

### **1.5 First Security Islami Exchange Italy S.R.L**

First Security Islami Exchange Italy S.R.L has been formed as per approval of Bangladesh Bank vide their Letter No. BRPD (M) 204/17/2009-95 dated 08 September 2009 for opening a fully owned subsidiary company. The main activities of the exchange house are to carry on the remittance business and to undertake and participate in transactions activities and operations commonly carried on or undertaken by remittance and exchange houses.

## **2. Significant Accounting Policies and basis for Preparation of Financial Statements**

### **2.1 Basis of Accounting**

#### **Statements of Compliance**

The financial statements of the Group and the Bank are made up to December 31, 2013 and are prepared under the historical cost convention on a going concern basis and in accordance with the “First Schedule Section 38(4) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Other Bangladesh bank Circulars, Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, The Companies Act 1994, The Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

### **2.2 Basis of Consolidation**

The consolidated Financial Statements include the financial statements of First Security Islami Bank Limited and its subsidiary company First Security Islami Capital & Investment Limited made up to the end of the December 31, 2013. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards 27-“Consolidated & Separate Financial Statements”. The Consolidated Financial Statements are prepared for the common financial year ended 31 December 2013.

All intra-group transactions, balances, income and expenses are eliminated at the time of consolidation. Profit and loss resulting from transactions is also eliminated from consolidated financial statements.

## **2.3 Use of estimates and Judgments**

In the preparation of the financial statements management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## **2.4 Accruals & Deferrals**

Accruals and deferrals have been made as per the guidance of IAS # 1: Presentation of Financial Statements. In order to meet their objectives, financial statements except for Statement of Cash Flow and related information are prepared on accrual basis of accounting. Under this basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in accounts and reported in the financial statements of the periods to which they relate.

## **2.5 Revenue Recognition**

The revenues during the period are recognized on an accrual basis, which comply with the conditions of revenue recognition as provided in IAS # 18: Revenue.

### **2.5.1 Income from Investments**

Income from investments has been accounted for on accrual basis except investment under Musharaka, Mudaraba and Bai-Salam. Income in case of Musharaka is accounted for on realization basis. The bank does not charge any rent during the gestation/interim period of investment under hire purchase, but it fixes the sale price of the assets at a higher price in such a way to cover its expected rate of return. Such income is recognized on realization basis.

### **2.5.2 Income from Investments in Securities**

- Investment in shares and securities are stated at cost. Provisions have been made against probable losses on the basis of period end reviewed by the management and in compliance with Bangladesh Bank circulars & directives.
- Dividend income on shares of joint stock companies is accounted for when it is received.
- Gain on sale of shares transferred to other income on realization basis.
- Profit on investment in Bangladesh Govt. Islamic Investment Bond is recognized on accrual basis.

### **2.5.3 Commission Income**

Commission and discount on Bills Purchased and Negotiated are recognized at the time of realization. Commission charged to customers on letter of credit and guarantees are credited to income at the time of effecting the transactions.

### **2.5.4 Profit/Rent/Compensation Suspense Account**

Profit/rent/compensation accrued on classified investments are suspended and accounted for as per circulars issued by the Bangladesh Bank. Moreover, income which are irregular (doubtful) as per Sharia'h are not included in the distributable income of the Bank.

Compensation on unclassified overdue of Bai-Murabaha investments is charged. As per Islamic Sharia'h such compensation is not shown as income of the Bank.

Interest received from the balances held with foreign banks and foreign currency charging account with Bangladesh Bank are also not credited to regular income since it is not permissible as per Shariah.

### 2.5.5 Profit paid and other expenses

In terms of the provision of IAS # 1: Presentation of Financial Statements, Profit paid and other expenses are recognized on accrual basis.

### 2.5.6 Dividend Payments

Interim dividend is recognized when they are paid to shareholders. Final dividend is recognized when it is approved by the shareholders. The proposed dividend for the year ended December 31 2013 has not been recognized as a liability in the balance sheet in accordance with the IAS-10: Events After the Balance Sheet Date.

Dividend payable to the Bank's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

## 2.6 Foreign Currency Transactions

### 2.6.1 Foreign Currency

Items included in the financial statements of each entity of the bank are measured using the currency of the primary economic environment in which entity operates i.e. functional currency. The financial statements of the bank are presented in Taka which is bank's functional and presentation currency.

### 2.6.2 Foreign Currency Translations

Foreign currency transactions are converted into equivalent Taka currency at the ruling exchange rates on the respective dates of such transactions as per IAS-21. Assets and liabilities in foreign currencies as at 31 December 2013 have been converted into Taka currency at the average of the prevailing buying and selling rates of the concerned foreign currencies at that date except "balances with other banks and financial institutions" which have been converted as per directives of Bangladesh Bank vide its circular no BRPD(R) 717/2004-959 dated 21 November 2004.

### 2.6.3 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Taka terms at the rates of exchange ruling on the balance sheet date. The outstanding balances for the same as at 31 December 2013 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2013 were as:

| Currency Name | Exchange Rate (TK) |
|---------------|--------------------|
| US \$         | 77.7500            |
| EURO          | 106.8363           |
| YEN           | 0.7384             |
| ACU           | 77.7500            |
| GBP           | 128.0854           |
| CHF           | 87.0953            |
| SGD           | 61.3509            |
| AUD           | 69.2480            |
| CAD           | 72.5754            |

## 2.6.4 Translation gains and losses

As per provision of IAS # 21: The Effects of Changes in Foreign Exchange Rates, foreign currency transactions are translated into Taka at rates prevailing (contracting) on the dates of such transactions. The resulting exchange transaction gains and losses arising through foreign currency buying and selling transactions effected on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

## 2.7 Assets and their basis of valuation

### 2.7.1 Cash and Cash Equivalents

As per provision of IAS # 7 Cash Flow Statements of Banks and Similar Financial Institutions for the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with central banks, treasury bills, and other eligible bills, amounts due from other banks and dealing securities other than those which are not available to finance the FSIBL day to day operations.

### 2.7.2 Investments

a) Investments are stated in the balance Sheet at the net amount excluding unearned income.

b) Provision for Investments Impairment:

As per instructions contained in Bangladesh Bank BCD circular no 34, dated November 16, 1989, BCD circular no 20, dated 27 December 1994, BCD circular no 12, dated September 4, 1995, BRPD circular no 16, dated December 6, 1998, BRPD circular no 09, dated May 2001, BRPD circular no 5, dated June 5, 2006, BRPD circular no 14, dated September 23, 2012, BRPD circular no 19, dated December 27, 2012 and BRPD circular no. 05, dated May 29, 2013 respectively specific provisions are made against non performing investments are at the following rates:

|                                      |      |
|--------------------------------------|------|
| Provision on Substandard Investments | 20%  |
| Provision on Doubtful Investments    | 50%  |
| Provision on Bad & Loss Investments  | 100% |

As per instruction of BRPD circular no 16, 09, 08, 05, 14, 19 and 05 dated December 6, 1998, May 14, 2001, October 2005, June 5, 2006, September 23, 2012, December 27, 2012 and May 29, 2013 respectively an amount has been set aside up of the total unclassified investments as on the balance sheet date at the following rates:

#### General Provision on:

- All Unclassified Investments and SMA of Small and Medium Enterprise (SME) 0.25%
- All Unclassified Investments and SMA (Other than investments under consumer Financing, Investment to Brokerage House, Merchant Banks, Stock Dealers etc., Special Mention Account as well as SME Financing) 1%
- Unclassified Consumer Financing and SMA (Other than Housing Finance and Investment for Professionals to set up business) 5%
- Unclassified Consumer Financing and SMA (For Investments to Housing Finance and Investment for Professionals to set up business under Consumer Financing Scheme.) 2%
- Unclassified Investment and SMA to Brokerage House, Merchant Banks, Stock dealers, etc Housing Finance and Investment for Professionals to set up business under Consumer Financing Scheme 2%
- Off-Balance Sheet Exposure 1%

### Provision for Short-term agricultural and Micro-Credits:

- All credits except “Bad/Loss” 5%
- Bad/Loss 100%

c) When an investment is deemed to be uncollectible, it is written off against the related provision for impairments. Subsequent recoveries of such investments are credited to the income statement.

d) Investment are normally written off, when there is no chance of recovery of these amounts in accordance with BRPD Circular no. 2, Dated 13 January 2003, BRPD Circular no. 15, Dated 23 September 2012 and BRPD circular no. 13 dated November 07, 2013. A separate Investment Monitoring and Recovery Division (IMRD) have been set up at the Head Office, which monitors investment written off and legal action through the Money Court. The process of write-offs does not undermine or affect the amount claimed against the borrower by the bank. Investments have not been classified against which order staying classification has been issued by the Hon’ble High Court.

### 2.7.3 Valuation Method

Considerable value of Investments have been considered as follows:

| Particulars                                    | Valuation Method |
|------------------------------------------------|------------------|
| Bangladesh Government Islamic Investment Bonds | Cost Price       |
| Prize bonds                                    | Cost Price       |
| Shares                                         | Cost Price       |

### 2.7.4. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

### 2.7.5 Property, Plant and Equipment

All property and equipment are classified and grouped on the basis of their nature as required in as per provision of IAS # 16: Property, Plant and Equipment. The major categories of property and equipment held by the bank are furniture and fixtures, office equipments, motor vehicles and books.

As guided in paragraph 30 of IAS 16 Property Plant and Equipment: all property and equipment are stated at historical cost less accumulated depreciation. The opening and closing carrying amounts of all property and equipment are presented including the amount of additions, disposals and depreciation charged during the period as required by paragraph 73 (a-e) of IAS 16. Maintenance expenses that does not increase the value of assets is charged to profit & loss account.

### Depreciation on Property, Plant and Equipment

As required in paragraph 43 of IAS 16 Property Plant and Equipment depreciation has been charged on property and equipment at the following rates using reducing balance method, except on office equipment, motor vehicles and building on which straight-line method is applied.

| Nature of Assets       | Rate of Depreciation | Method of Depreciation  |
|------------------------|----------------------|-------------------------|
| Building               | 2.5%                 | Straight Line Method    |
| Furniture and Fixtures | 10%                  | Reducing Balance Method |

|                   |     |                                                                                       |
|-------------------|-----|---------------------------------------------------------------------------------------|
| Office Equipments | 20% | Reducing Balance Method except Computer Equipment where Straight Line Method is used. |
| Vehicles          | 20% | Straight Line Method                                                                  |
| Books             | 20% | Reducing Balance Method                                                               |

Depreciation on addition to fixed assets is charged in the year of acquisition, while no depreciation is charged in the year of disposal as per policy of FSIBL.

## **2.8 Liabilities and Provision**

### **2.8.1 Taxation**

Tax expenses represent the sum of the tax which are payable during the current period.

#### **2.8.1.1 Current Tax**

Provision for corporate current income tax has been made @ 42.50% as prescribed in the Finance Act 2013 of the accounting profit made by the Bank after considering some of the add backs to income and disallowances of expenditure as per income tax laws in compliance with BAS-12: Income Taxes.

#### **2.8.1.2 Deferred Tax**

As per IAS#12 Deferred tax asset are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax is provided using the liability method for all temporary difference arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. The tax rate (42.50%) prevailing at the balance sheet date is used to determine deferred tax.

### **2.8.2 Retirement Benefits of Employees**

Required in IAS # 19: Employee Benefit, provident fund and gratuity benefits are given to eligible staff of the bank in accordance with the locally registered rules and the entity shall disclose the amount recognized as an expense for defined contribution plan.

#### **2.8.2.1 Provident Fund**

Provident fund benefits are given to staffs of FSIBL in accordance with the locally registered Provident Fund Rules. The employees' provident fund is administered by a Board of Trustees and is funded by contributions of employees and the Bank at predetermined rates in equal proportion. These contributions are invested separately from the assets of FSIBL and the profit on such contributions credited to the members' account. The Fund recognized by the National Board of Revenue.

### **2.8.2.2 Gratuity**

The Company operates an unfunded gratuity scheme for its permanent employees, under which an employee is entitled to the benefits if his length of service is eight (08) years. Actual valuation of gratuity scheme had been made to assess the adequacy of the liabilities provided for the scheme as per IAS-19 "Employee Benefits".

### **2.8.2.3 Social Security Benevolent Fund**

The Bank operates a social security benevolent fund by all employees' contribution for the sake of death and disability of employees.

### **2.8.3 Deposits and Other Accounts**

Deposit includes Al-wadiah Current (non-profit bearing) Deposits, Mudaraba Saving Deposits, Mudaraba Term Deposits etc. They are brought to account at the gross value of the outstanding balance. Profit paid is charged to the Income Statement.

### **2.8.4 Contingent Liabilities, Commitments and Other Off-Balance Sheet items**

As required in IAS # 37, Contingent Liabilities, commitments and other off-Balance Sheet items are presented in details in the financial statements.

### **2.8.5 Sharing of Investment Income**

In case of investments, Mudaraba fund gets preference over cost free fund. The investment income earned through deployment of Mudaraba fund is shared by the bank and the Mudaraba depositors at the pre-determined ratio fixed by the bank.

### **2.8.6 Zakat**

Zakat is paid by the bank at the rate of 2.58% (instead of 2.50% as the bank maintains its account following Gregorian year) on the closing balances of statutory reserve, general reserve and exchange equalization account. Payment of zakat on paid up capital and deposits is the responsibility of the shareholders and depositors respectively.

## **2.9 Others**

### **2.9.1 Statement of Cash Flow**

Cash flow statement is to be prepared as it provides information about cash flows of the enterprise which is useful in providing users of financial statements with a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilize those cash flows. Cash flow statement has been prepared under the direct method for the period, classified by operating, investing and financing activities as prescribed in paragraph 10 and 18 (a) of IAS 7.

### **2.9.2 Liquidity Statement**

The liquidity statement of assets and liabilities as on the reporting date has been prepared on residual maturity term as per the following basis.

- Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term;

- Investments are on the basis of their respective maturity;
- Investments are on the basis of their repayment schedule.
- Fixed assets are on the basis of their useful lives;
- Other assets are on the basis of their realization / amortization;
- Borrowing from other Banks, financial institutions and agents, etc. are as per their maturity / repayment term;
- Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal by the depositors;
- Provisions and other liabilities are on the basis of their payment / adjustments schedule.

### **2.9.3 Comparative Information**

As guided in paragraph 36 and 38 of IAS 1 Presentation of Financial Statements, comparative information in respect of the previous year have been presented in all numerical information in the financial statements and the narrative and descriptive information where, it is relevant for understanding of the current period's financial statements.

### **2.9.4 Earnings Per Share (EPS)**

#### **2.9.4.1 Basic Earnings per Share**

Earnings per share have been calculated in accordance with IAS 33 “Earning Per Share” (EPS) which has been shown on the face of profit and loss account. This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

#### **2.9.4.2 Diluted Earnings per Share**

No diluted earnings per share is required to calculate for the period as there was no scope for dilution during the period under review.

### **2.9.5 Functional and presentation currency**

The financial statements are presented in Bangladesh Taka (BDT). All values are rounded to the nearest Taka.

## **2.10 Risk Management**

In the ordinary course of business, the bank is exposed to a variety of risks the most important of which are investments risk, liquidity risk, market risk, operational risk, legal risk, and profit rate risk. These risks should be identified, measured and monitored through various control mechanisms across the bank in order to price its products and services on a risk-adjusted basis and to prevent undesirable concentrations. The policies and procedures for managing these risks are outlined in the notes below. The Bank has designed and implemented a framework of controls to identify, monitor and manage these risks, which are as follows:

### **2.10.1 Investments Risk**

Investments risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of investments risk arises when a number of counter parties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other



conditions. To manage investments risk, the bank applies investment limits to its customers and obtains adequate collaterals. Investments risk in the First Security Islami Bank's portfolio is monitored, reviewed and analyzed by the Investments Risk Management (IRM).

First Security Islami Bank Ltd. established Asset-Liability Management Committee (ALCO) to screen out the banks/financial institutions and determine the maximum risk exposure on each of them. ALCO also assesses recommends and controls cross border/country risk. To manage the Non-Performing Investments (NPI), First Security Islami Bank Ltd. has in place comprehensive remedial management policy, which includes a framework of controls to identify weak investments and monitoring of these accounts.

### **2.10.2 Foreign Exchange Risk**

Since Foreign Exchange Risk involves purchase and sale of any national currency against other national currency, thus Foreign Exchange Risk is the chance of loss due to unexpected movement of market price of the currencies of different countries or the price of the assets denominated by foreign currencies. The Foreign Exchange Risk of the bank is minimal as all the transactions are carried out on behalf of the customers against underlying Foreign Exchange transactions.

Treasury Division independently conducts the transactions and the Back Office of treasury is responsible for verification of the deals and passing of their entries in the books of account. All foreign exchange transactions are revalued at Mark-to-Market rate as determined by Bangladesh Bank at the month end. All Nostro accounts are reconciled on daily basis and outstanding entries beyond 30 days are reviewed by the Management for their settlement.

### **2.10.3 Asset Liability Management**

Asset Liability Management is the key success of any financial intermediary especially for Banks. Asset Liability Committee (ALCO) of the Bank monitors Balance Sheet Risk and liquidity risks of the bank. The Balance Sheet Risk encompasses most part of the Asset Liability risk and deal with change in earnings due to change in rate of profit, foreign exchange rates which are not of trading nature on the other hand, liquidity risk can be defined as the risk or chance of failure to meet up any withdrawal /disbursement request by a counterparty/customer. Asset Liability Committee (ALCO) reviews Liquidity requirement of the bank, the maturity of assets and liabilities, deposits and investments pricing strategy and the Liquidity contingency plan. The primary objective of the Asset Liability Committee (ALCO) is to monitor and avert significant volatility in Net Investments Income (NII), investment value and exchange earnings for the purpose of taking future action plan for better interest of the organization.

### **2.10.4 Prevention of Money Laundering**

Money Laundering is the criminal practice of filtering ill-gotten gains or dirty money through a series of transaction so as to give the money a clean look that it appears to have originated from legal activities. It is a process of filtering money obtained through predicate offence such as corruption, fraud, drug trafficking etc. through the financial system. Money Laundering now a days is one of the greatest challenges that the Governments, Banks and Financial Institutions face in the globalize financial system.

First Security Islami Bank Limited identified the money laundering as one of its core risk areas and has been making all out efforts to prevent money laundering. For mitigating the risk, the bank has a designated Chief Anti-Money Laundering Compliance Officer (CAMLCO) at Central Compliance Unit under Anti-Money Laundering Division, Head Office, who has sufficient authority to implement and enforce corporate wide AML policy, procedure & measure and who is reporting directly to the Senior Management and the Board of Directors. Moreover, every branch of our bank has a designated Branch Anti-Money Laundering Compliance Officer (BAMLCO) under Branch Anti-Money Laundering Compliance Unit, who independently review the

transaction of accounts, with verification of Know Your Customer (KYC) and Suspicious Transaction Report (STR). They are also sending Cash Transaction Report (CTR) to the Central Compliance Unit, Head Office on monthly basis by using FIU Reporting System Software provided by Bangladesh Bank and finally we send the same to Anti-Money Laundering Department of Bangladesh Bank. The Central Compliance Unit has also arranged Training/Workshop for developing awareness and skill regarding AML activities of Executives and Officers of the bank and conducting inspection regarding AML activities of our branch. Bank has established a Manual for Prevention of Money Laundering and issues circulars time to time giving specific guidelines in accordance with Bangladesh Bank guidelines, regulations, Anti-Money Laundering Act, 2009 & Anti Terrorism Act, 2009. All the guidelines and circulars issued by Bangladesh Bank from time to time are being strictly complied with by Central Compliance Unit and branches of the Bank.

#### **2.10.5 Internal Control and Compliance**

Internal Control & Compliance is considered as an eye of an organization. It is a mirror of operations and keeps record of the same. The primary objectives of internal control system are to help the bank to perform in a better height through the use of its resources & under the guidance of Internal Control system; bank identifies its weakness and takes appropriate measures to overcome the same. The main objectives of Internal Control are to ascertain the efficiency and effectiveness of activities, reliability, completeness and timeliness of financial and management information, compliance with applicable laws and regulations.

Operational loss arises for the cause of errors and fraud due to lack of internal control and compliance. Internal Control & Compliance Division undertakes periodical and special audit & inspection of its branches and departments/divisions of Head Office for reviewing its operation and compliance of the statutory requirement. The Audit Committee of the Board of Directors plays a vital role in providing a bridge between the Board and Management. The committee reviews the Financial Reporting process, Audit process and the Bank's process for compliance with laws, regulations and code of conduct.

#### **2.10.6 Guideline on Information & Communication Technology:**

Banks are increasingly using sophisticated digital technology for banking activities with a view to achieve more customer satisfaction with less cost. In addition, it increases the efficiency of the banking and payment system, benefiting consumers and merchants leading to bringing additional risks. These risks must be balanced against benefits i.e. must be controlled. Under this advanced and highly technical ICT environment banks must ensure that critical systems are not threatened by the risk exposures the banks take. For this purpose, a risk management process consisting of assessing risks, controlling risk exposure, and monitoring risks should be in place.

Information assets are critical to the services provided by the Bank to its customers. Protection and maintenance of these assets are vital to its sustainability. In order to ensure protection of critical IT assets from unauthorized access, modification, disclosure and destruction the Bank has already taken initiatives, which safeguard the interest of customers.

In this context bank is implementing a core banking software (Bank Ultimus) ensuring adequate security. To protect sensitive information of core banking software and other software in the event of any disaster, the bank has implemented a disaster recovery site. The Bank has already developed its own ICT policies for various operation and services which are closely in line with the ICT guidelines of Bangladesh Bank.

The Bank has developed fault tolerance plan of human resources with detail job description for each IT personnel, segregation of duties of IT tasks and system support in respect of severity. Training is a key component of ICT Risk Management. The Bank has been continuously

conducting training sessions on sensitive IT tasks (i.e. operational procedure, Business Continuity Planning, Disaster Recovery Planning etc.) for relevant employees. The Bank management has been putting continuous efforts to improve IT Operation Management, Problem Management, Change Management, Asset Management and Request Management to maintain maximum uptime of automated banking business. The Bank has been maintaining adequate physical security inside its workplace to properly protect ICT resources. The Bank is strictly following the Information Security Standard of Bangladesh Bank covering Password Control, User ID Maintenance, Input Control, Network Security, Data Encryption, Virus Protection and Access Control to Internet and Emailing. The bank is regularly conducting internal ICT audit to all its' branches and Head Office divisions to ensure proper implementation of the ICT policies.

### **2.11 Risk Based Capital ( Basel-II )**

To comply with the international best practice and to make the bank's capital more risk sensitive as well as to build the banking industry more shock absorbent and stable, Bangladesh Bank is aimed to implement Basel-II reporting from 2010. As per the directive of Bangladesh Bank, all schedule banks in Bangladesh are now required to report risk based capital adequacy for banks under Basel-II along with the existing capital adequacy rules and reporting under Basel-II during the parallel run i , e. 2009. All scheduled banks are also required to disclose capital adequacy in both quantitative terms. The first disclosure as per guidelines has been made as on the effective date viz. 31<sup>st</sup> March 2010.

### **2.12 Stress Testing**

Stress testing is one of the sophisticated risk management techniques that have been used to determine the reactions of different financial institution under a set of exceptional, but plausible assumptions through a series of test. At institutional level, stress testing techniques provide a way to quantify the impact of change in a number of risk factors on the assets and liabilities portfolio of the institution. Presently stress testing is being done by considering five different risk factors namely interest rate, sale value of collateral, non-performing loans, stock price and foreign exchange rate.

FSIBL supplements their analysis of risk with stress testing. They perform stress tests because value-at-risk calculations are based on relatively recent historical data and only purport to estimate risk up to a defined confidence level. Therefore, they only reflect possible losses under relatively normal market conditions.

### **2.13 General**

- Wherever considered necessary, previous year's figures have been rearranged for the purpose of comparison;

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 31.12.2013            | 31.12.2012            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | BDT                   | BDT                   |
| <b>3 CASH</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |                       |
| <b>3.1 Cash in Hand</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                       |                       |
| In Local Currency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 1,281,029,139         | 1,172,213,290         |
| In Foreign Currencies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 13,852,324            | 11,248,534            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1,294,881,463</b>  | <b>1,183,461,824</b>  |
| <b>3.2 Balance with Bangladesh Bank and its Agent Bank</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |
| In Local Currency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 10,192,645,445        | 9,064,653,022         |
| In Foreign Currencies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 61,855,061            | 280,030,121           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>10,254,500,506</b> | <b>9,344,683,143</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>11,549,381,969</b> | <b>10,528,144,967</b> |
| <b>3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                       |                       |
| Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 25 & 33 of the Bank Companies Act. 1991 and subsequent BCD Circular No. 13 dated May 24, 1992; BRPD Circular No. 12 dated September 06, 1998, BRPD Circular No.12, dated September 20, 1999, BRPD Circular No. 22 dated November 06, 2003, BRPD Circular No. 03 dated 17 February, 2005 and BRPD Circular No. 11 & 12 dated 25 August 2005, Bangladesh Bank Letter # DOS (SR) 1153/120-A/2009-46 dated 22 March 2009, MPD circular # 01 dated 04 May 2010 , MPD circular # 04 & 05 dated 01 December 2010 and DOS Circular#1 dated 19/01/2014. |                       |                       |
| <b>3.4 Cash Reserve Ratio (CRR): 6.00% of Average Demand and Time Liabilities:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       |                       |
| Required Reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 7,689,788,470         | 5,420,570,000         |
| Actual Reserve maintained                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 10,133,200,000        | 8,871,134,000         |
| Surplus/(Short)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>2,443,411,530</b>  | <b>3,450,564,000</b>  |
| <b>3.5 Statutory Liquidity Ratio (SLR): 11.50% of Average Demand and Time Liabilities:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |
| Required Reserve (including CRR)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 14,738,761,240        | 10,389,426,000        |
| Actual Reserve held (including CRR)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 17,519,987,000        | 14,333,893,000        |
| Surplus/(Short)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>2,781,225,760</b>  | <b>3,944,467,000</b>  |
| <b>3 (a) CASH</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                       |                       |
| <b>3.1(a) Cash in Hand</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |
| First Security Islami Bank Limited (Note-3.1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 1,294,881,463         | 1,183,461,824         |
| First Security Islami Capital & Investment Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1,209                 | 7,476                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1,294,882,672</b>  | <b>1,183,469,300</b>  |
| <b>3.2(b) Balance with Bangladesh Bank and its Agent Bank</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |                       |
| First Security Islami Bank Limited (Note-3.2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 10,254,500,506        | 9,344,683,143         |
| First Security Islami Capital & Investment Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                     | -                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>10,254,500,506</b> | <b>9,344,683,143</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>11,549,383,178</b> | <b>10,528,152,443</b> |

|                                                                   | 31.12.2013            | 31.12.2012            |
|-------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                   | BDT                   | BDT                   |
| <b>4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</b>      |                       |                       |
| <b>A. Inside Bangladesh</b>                                       |                       |                       |
| <b>Al-Wadiah Current Accounts</b>                                 |                       |                       |
| Pubali Bank Ltd.(Current Account)                                 | 1,973,827             | 10,088,678            |
| Agrani Bank Limited(Current Account)                              | 17,306,515            | 11,581,467            |
| Brac Bank Ltd.(Current Account)                                   | 27,002,915            | 190,301               |
|                                                                   | <b>46,283,257</b>     | <b>21,860,446</b>     |
| <b>Others Accounts</b>                                            |                       |                       |
| <b>Mudaraba Short Notice Deposits</b>                             |                       |                       |
| Southeast Bank Ltd. (Islamic Branch)                              | 11,485,181            | 4,817,667             |
| Social Islami Bank Ltd.                                           | 5,801,089             | 5,707,548             |
| Dhaka Bank Ltd. (Islamic Branch)                                  | 292,647               | 241,867               |
| AB Bank Ltd. (Islamic Branch)                                     | 557,708               | 543,907               |
| Islami Bank Bangladesh Ltd.                                       | 38,048,002            | 74,711,556            |
|                                                                   | <b>56,184,627</b>     | <b>86,022,545</b>     |
| <b>Mudaraba Term Deposits</b>                                     |                       |                       |
| AB Bank Ltd. (Islamic Branch)                                     | 200,000,000           | 400,000,000           |
| Premier Bank Ltd.(Islamic Branch)                                 | 850,000,000           | 850,000,000           |
| Social Islami Bank Ltd.                                           | 1,000,000,000         | 1,200,000,000         |
| EXIM Bank Ltd.                                                    | 1,500,000,000         | 1,500,000,000         |
| Jamuna Bank Ltd.(Islamic Branch)                                  | 400,000,000           | 400,000,000           |
| Hajj Finance Co. Limited (Islamic Leasing)                        | 50,000,000            | 50,000,000            |
| Reliance Finance Limited                                          | 10,104,000,000        | 5,807,500,000         |
|                                                                   | <b>14,104,000,000</b> | <b>10,207,500,000</b> |
| <b>Balance Carried Forward(Inside)</b>                            | <b>14,206,467,884</b> | <b>10,315,382,991</b> |
| <b>C. Maturity-wise Grouping ( Inside and Outside Bangladesh)</b> |                       |                       |
| Payable on Demand                                                 | 275,093,084           | 578,216,061           |
| Up to Three Months                                                | -                     | 5,193,500,000         |
| Three Months to One Year                                          | 14,104,000,000        | 5,014,000,000         |
| One Year to Five Years                                            | -                     | -                     |
| Above Five Years                                                  | -                     | -                     |
|                                                                   | <b>14,379,093,084</b> | <b>10,785,716,061</b> |
| <b>4(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS</b>   |                       |                       |
| <b>In Bangladesh:</b>                                             |                       |                       |
| First Security Islami Bank Limited (Note-4)                       | 14,206,467,884        | 10,315,382,991        |
| First Security Islami Capital & Investment Limited                | 17,029,049            | 12,108,630            |
| Inter-company Transaction                                         | (17,029,049)          |                       |
|                                                                   | <b>14,206,467,884</b> | <b>10,327,491,621</b> |
| <b>Outside Bangladesh:</b>                                        |                       |                       |
| First Security Islami Bank Limited (Note-4)                       | 172,625,200           | 470,333,070           |
| First Security Islami Capital & Investment Limited                | -                     | -                     |
|                                                                   | <b>172,625,200</b>    | <b>470,333,070</b>    |
|                                                                   | <b>14,379,093,084</b> | <b>10,797,824,691</b> |

31.12.2013

31.12.2012

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BDT

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BDT

|                                               | 31.12.2013           | 31.12.2012           |
|-----------------------------------------------|----------------------|----------------------|
|                                               | BDT                  | BDT                  |
| <b>5 INVESTMENTS IN SHARES AND SECURITIES</b> |                      |                      |
| <b>Government Securities</b>                  |                      |                      |
| Bangladesh Govt. Islamic Bonds                | 6,030,000,000        | 4,060,000,000        |
| Prize Bonds                                   | 358,600              | 654,300              |
|                                               | <b>6,030,358,600</b> | <b>4,060,654,300</b> |
| <b>Others</b>                                 |                      |                      |
| <b>Quoted/Unquoted Shares (Note - 5.1)</b>    | <b>964,843,636</b>   | <b>852,738,420</b>   |
|                                               | <b>6,995,202,236</b> | <b>4,913,392,720</b> |

#### 5.1 Quoted/Unquoted Shares

| Name of Companies                              | Acquisition cost<br>(Taka) | Acquisition cost<br>(Taka) |
|------------------------------------------------|----------------------------|----------------------------|
| <b>Quoted:</b>                                 |                            |                            |
| Fareast Islami Life Insurance Co. Ltd.         | 29,828,874                 | 25,369,400                 |
| Islami Bank Bangladesh Ltd.                    | 2,120                      | 2,639,255                  |
| Social Islami Bank Ltd.                        | 11,901,863                 | 11,901,863                 |
| Export Import Bank (BD) Ltd.                   | 62,672,997                 | 62,668,930                 |
| Beximco Ltd.                                   | 80,321,076                 | 59,019,305                 |
| Titas Gas Transmission & Distribution Co. Ltd. | 14,789,375                 | 4,975,562                  |
| ACI Limited                                    | 25,366,394                 | 25,366,323                 |
| Dhaka Electric Supply Company Ltd.             | 76,591,397                 | 44,962,840                 |
| Power Grid Company of BD Ltd                   | 15,373,057                 | 9,630,698                  |
| Al-Arafa Islami Bank Ltd.                      | 55,191,894                 | 55,191,894                 |
| BSRM Steel Ltd.                                | 101,112,339                | 70,618,008                 |
| ICB Islamic Bank Ltd.                          | -                          | 10,864,000                 |
| Islami Insurance Bangladesh Ltd.               | 12,410,680                 | 12,411,216                 |
| Shahjalal Islami Bank Ltd.                     | 63,370,509                 | 63,374,412                 |
| Jamuna Oil Company Ltd.                        | -                          | 5,330,200                  |
| Meghna Cement Ltd.                             | 49,273,726                 | 48,243,600                 |
| Navana CNG Ltd.                                | 6,968,902                  | 40,719,823                 |
| National Tubes Ltd.                            | 287,601                    | 802,585                    |
| Summit Alliance Port Ltd.                      | 48,638,086                 | 48,638,086                 |
| Square Pharmaceuticals Ltd.                    | 1,953,172                  | 110,863,946                |
| Bangladesh Lamps Ltd.                          | 7,885,401                  | 9,995,998                  |
| Islamic Finance & Investment Ltd.              | 25,975,930                 | 25,976,951                 |
| Khulna Power Company Ltd.                      | 14,105                     | 8,323,200                  |
| Maxsons Spinning Mills Ltd.                    | 20,584,085                 | 19,057,710                 |
| PHP First Mutual Fund                          | 20,000,000                 | 20,000,000                 |
| Beximco Pharmaceuticals Ltd.                   | 5,072,856                  | 3,154,861                  |
| MJL Bangladesh Ltd.                            | 2,916,507                  | 2,916,600                  |
| Lafarge Surma Cement Ltd.                      | 2,780,654                  | 9,865,290                  |
| Aftab Automobiles Ltd.                         | -                          | 2,167,550                  |
| Aramit Cement Ltd.                             | 10,958                     | 3,988,293                  |
| Confidence Cement Ltd.                         | -                          | 477,960                    |
| CVO Petrochemical Refinery Limited             | 101,622,188                | 3,313,706                  |
| Delta Brac Housing Finance Corp. Ltd           | 141,188                    | 140,156                    |
| Grameenphone Ltd.                              | -                          | 4,680,384                  |
| Saiham Cotton Mills Ltd.                       | 621,853                    | 621,895                    |
| Salvo Chemical Industry Ltd.                   | 6,681                      | 316,470                    |
| Bangladesh Shipping Corporation                | 2,914,578                  | -                          |
| Bangladesh Submarine Cables Co. Ltd            | 19,021,198                 | -                          |
| Delta Spinners Ltd.                            | 8,434                      | -                          |
| Fuwang Ceramics Industry Ltd.                  | 445,776                    | -                          |
| GQ Ball Pen Industries Ltd.                    | 1,698,562                  | -                          |
| The IBN SINA Pharmaceuticals Industry Ltd.     | 2,419,286                  | -                          |

|                                                                           | 31.12.2013             | 31.12.2012            |
|---------------------------------------------------------------------------|------------------------|-----------------------|
|                                                                           | BDT                    | BDT                   |
| JMI Syringes Medical Devices Ltd.                                         | 5,055,542              | -                     |
| Malek Spinning Mills Ltd.                                                 | 1,746,006              | -                     |
| Mithun Knitting and Dying Ltd.                                            | 189,980                | -                     |
| Meghna Petroleum Ltd.                                                     | 12,974,840             | -                     |
| Orion Pharma Ltd.                                                         | 27,777,115             | -                     |
| Padma Oil Company Ltd.                                                    | 14,960,604             | -                     |
| Singer Bangladesh Ltd.                                                    | 10,086,701             | -                     |
| Unique Hotel & Resort Limited                                             | 14,032,382             | -                     |
| Usmania Glass Sheet Factory Ltd.                                          | 187,686                | -                     |
| Agricultural Marketing Company Ltd (PRAN)                                 | 3,132,184              | -                     |
| Delta Life Insurance Ltd.                                                 | 1,339,989              | -                     |
| Estern Housing Ltd                                                        | 269,072                | -                     |
| Rahima Food Corporation Ltd.                                              | 1,196,316              | -                     |
| Tallu Spimming Mills Ltd.                                                 | 131,467                | -                     |
| NLI First Mutual Fund                                                     | -                      | 9,580,000             |
| <b>Total</b>                                                              | <b>963,274,186</b>     | <b>838,168,970</b>    |
| <b>Unquoted:</b>                                                          |                        |                       |
| Central Depository Bangladesh Ltd.                                        | 1,569,450              | 4,569,450             |
| Orion Pharmaceuticals Ltd                                                 | -                      | 10,000,000            |
|                                                                           | <b>964,843,636</b>     | <b>852,738,420</b>    |
| <b>5.2 Market Value of Quoted Shares</b>                                  | <b>655,646,605</b>     | <b>506,809,917</b>    |
| <b>5.3 Maturity Grouping of Investments in Shares and Securities</b>      |                        |                       |
| On Demand                                                                 | 358,600                | 654,300               |
| Within One Month                                                          | 1,313,274,186          | 1,586,568,970         |
| One Month to three Months                                                 | 120,000,000            | 600,000,000           |
| Three Months to One Year                                                  | 1,290,000,000          | 1,000,000,000         |
| One Year to Five Years                                                    | 4,270,000,000          | 1,711,600,000         |
| More than Five Years                                                      | 1,569,450              | 14,569,450            |
|                                                                           | <b>6,995,202,236</b>   | <b>4,913,392,720</b>  |
| <b>5(a) INVESTMENTS IN SHARES AND SECURITIES</b>                          |                        |                       |
| <b>Government Securities</b>                                              |                        |                       |
| First Security Islami Bank Limited (Note-5)                               | 6,030,358,600          | 4,060,654,300         |
| First Security Islami Capital & Investment Limited                        | -                      | -                     |
|                                                                           | <b>6,030,358,600</b>   | <b>4,060,654,300</b>  |
| <b>Others</b>                                                             |                        |                       |
| First Security Islami Bank Limited (Note-5)                               | 964,843,636            | 852,738,420           |
| First Security Islami Capital & Investment Limited                        | 273,067,141            | 215,086,406           |
|                                                                           | <b>1,237,910,777</b>   | <b>1,067,824,826</b>  |
|                                                                           | <b>7,268,269,377</b>   | <b>5,128,479,126</b>  |
| <b>6 INVESTMENTS (All Inside Bangladesh)</b>                              |                        |                       |
| General Investments (Bai-Murabaha, Bai - Muajjal, HPSM, etc.)(Note - 6.A) | 113,936,099,071        | 95,493,421,519        |
| Bills Purchased and Negotiated (Note - 6.B)                               | 665,699,106            | 810,807,069           |
|                                                                           | <b>114,601,798,177</b> | <b>96,304,228,588</b> |



|                                                                                                                    | 31.12.2013             | 31.12.2012            |
|--------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|
|                                                                                                                    | BDT                    | BDT                   |
| <b>6.A General Investment ( Bai-Murabaha, Bai - Muajjal, HPSM) etc.</b>                                            |                        |                       |
| <b>Inside Bangladesh</b>                                                                                           |                        |                       |
| Investment General                                                                                                 | 14,731,634,911         | 19,113,785,750        |
| Bai Murabaha (Hypo)                                                                                                | 52,751,154,053         | 36,863,735,301        |
| Bai Murabaha Post Import (TR)                                                                                      | 10,656,312,641         | 5,807,138,026         |
| Bai Murabaha Post Import (Pledge)                                                                                  | 37,908,158             | 42,468,531            |
| Bai Murabaha (Share)                                                                                               | 724,072,598            | 673,141,958           |
| Bai Murabaha Import Bills                                                                                          | 2,113,085,494          | 3,918,278,389         |
| Bai Muajjal (DDIS)                                                                                                 | 9,824,891              | 12,144,868            |
| HPSM (House Building)                                                                                              | 8,662,043,920          | 7,221,175,042         |
| Pre-Shipment Investment                                                                                            | 184,471,975            | 160,952,147           |
| HPSM (Transport)                                                                                                   | 1,064,893,915          | 902,374,201           |
| HPSM (Scheme)                                                                                                      | 4,092,326,722          | 5,007,375,438         |
| Wajira Bill Okalah Against Cash Incentive                                                                          | 18,006,503             | 12,008,120            |
| Quard Investment A/C                                                                                               | 611,669,587            | 1,012,285,985         |
| Bai Murabaha General                                                                                               | 7,685,908,831          | 6,177,037,847         |
| Bai Murabaha against Security                                                                                      | 4,832,223,172          | 5,031,352,049         |
| Bai Murabaha Import                                                                                                | 1,190,764,420          | 886,320,035           |
| Bai Murabaha Export                                                                                                | 212,283,716            | 255,160,911           |
| SME Investment                                                                                                     | 862,223,451            | 874,489,984           |
| Quard against PF (Staff)                                                                                           | 9,323,753              | 5,717,972             |
| Agricultural Investment                                                                                            | 1,600,683,613          | 1,013,682,175         |
| Project Investment                                                                                                 | 1,360,940,651          | 341,114,386           |
| Bai Salam Export                                                                                                   | 45,028,353             | 2,707,931             |
| Bai - Muajjal General                                                                                              | 1,516,059              | 1,308,644             |
| HPSM Consumer Investment                                                                                           | 237,657,540            | 157,665,829           |
| Mudaraba Investment                                                                                                | 240,140,144            | -                     |
|                                                                                                                    | <b>113,936,099,071</b> | <b>95,493,421,519</b> |
| <b>Outside Bangladesh</b>                                                                                          | -                      | -                     |
|                                                                                                                    | <b>113,936,099,071</b> | <b>95,493,421,519</b> |
| <b>6.B Bills Purchased and Negotiated</b>                                                                          |                        |                       |
| Payable in Bangladesh                                                                                              | 574,388,723            | 793,827,096           |
| Payable outside Bangladesh                                                                                         | 91,310,384             | 16,979,973            |
|                                                                                                                    | <b>665,699,106</b>     | <b>810,807,069</b>    |
|                                                                                                                    | <b>114,601,798,177</b> | <b>96,304,228,588</b> |
| <b>6.1 Maturity Grouping of Investments</b>                                                                        |                        |                       |
| Payable on Demand                                                                                                  | 8,303,941,035          | 6,978,115,949         |
| Up to Three Months                                                                                                 | 28,848,384,387         | 24,242,389,287        |
| Three Months to One Year                                                                                           | 25,008,212,007         | 21,015,347,089        |
| One Year to Five Years                                                                                             | 35,776,446,669         | 30,064,302,244        |
| Above Five Years                                                                                                   | 16,664,814,079         | 14,004,074,019        |
|                                                                                                                    | <b>114,601,798,177</b> | <b>96,304,228,588</b> |
| <b>6.2 Analysis to disclose the following Significant Concentration including Bills Purchased &amp; Negotiated</b> |                        |                       |
| Investments to Directors of other Banks                                                                            | 15,067,713,000         | 9,479,110,000         |
| Investments to Chief Executive and Other high Officials                                                            | 490,000                | 869,000               |
| Investments to Customers Group                                                                                     | 93,613,053,554         | 81,671,948,552        |
| Investments to Industry                                                                                            | 5,727,200,000          | 5,028,100,000         |
| Investment to staff                                                                                                | 193,341,623            | 124,201,036           |
|                                                                                                                    | <b>114,601,798,177</b> | <b>96,304,228,588</b> |

|                                                                                         | 31.12.2013             | 31.12.2012            |
|-----------------------------------------------------------------------------------------|------------------------|-----------------------|
|                                                                                         | BDT                    | BDT                   |
| <b>6.3 Investments to Customers for more than 15% of FSIBL's Total Eligible Capital</b> |                        |                       |
| Number of Clients                                                                       | 01                     | 01                    |
| Amount of Outstanding Investments                                                       |                        |                       |
| Funded                                                                                  | 3,875,100,000          | 3,254,800,000         |
| Non-funded                                                                              | -                      | -                     |
|                                                                                         | <b>3,875,100,000</b>   | <b>3,254,800,000</b>  |
| <b>6.4 Economic Sector wise Investments</b>                                             |                        |                       |
| <b>Agriculture:</b>                                                                     |                        |                       |
| Fishing                                                                                 | 180,500,000            | 169,000,000           |
| Tea                                                                                     | -                      | -                     |
| Others                                                                                  | 1,627,500,000          | 941,000,000           |
| <b>Textile and Readymade Garments:</b>                                                  |                        |                       |
| Garments                                                                                | -                      | 553,200,000           |
| Readymade Garments - Export                                                             | 1,670,200,000          | 960,800,000           |
| Textile and Textile Products- Import                                                    | 6,692,200,000          | 5,261,000,000         |
| Others -Export                                                                          | 1,643,300,000          | 1,704,300,000         |
| Others -Import                                                                          | 14,659,900,000         | 18,170,200,000        |
| Contractor Finance                                                                      | 3,509,200,000          | 3,343,300,000         |
| Transport                                                                               | 1,047,500,000          | 579,400,000           |
| Steel and Engineering                                                                   | 639,000,000            | 82,400,000            |
| <b>Internal Trade Finance:</b>                                                          |                        |                       |
| Whole Sale Trading                                                                      | 29,822,000,000         | 20,211,500,000        |
| Retail Trading                                                                          | 9,423,300,000          | 9,230,900,000         |
| Others                                                                                  | 14,659,900,000         | 15,997,300,000        |
| <b>House Building:</b>                                                                  |                        |                       |
| Commercial                                                                              | 12,108,000,000         | 8,636,000,000         |
| Staff                                                                                   | 193,300,000            | 124,200,000           |
| <b>Special Program:</b>                                                                 |                        |                       |
| Consumer Finance and Hire Purchase Scheme                                               | 235,800,000            | 168,200,000           |
| Others                                                                                  | 16,490,198,177         | 10,171,528,588        |
|                                                                                         | <b>114,601,798,177</b> | <b>96,304,228,588</b> |
| <b>6.5 Geographical Location-wise</b>                                                   |                        |                       |
| <b>Urban</b>                                                                            |                        |                       |
| Dhaka                                                                                   | 49,621,248,607         | 39,358,579,582        |
| Chittagong                                                                              | 61,666,755,960         | 53,597,812,284        |
| Barisal                                                                                 | 62,109,032             | 101,430,865           |
| Rajshahi                                                                                | 383,697,826            | 317,078,290           |
| Khulna                                                                                  | 440,665,255            | 447,274,496           |
| Rangpur                                                                                 | 88,988,784             | 87,648,966            |
| Sylhet                                                                                  | 852,188,497            | 882,734,451           |
|                                                                                         | <b>113,115,653,961</b> | <b>94,792,558,934</b> |
| <b>Rural</b>                                                                            |                        |                       |
| Dhaka                                                                                   | 252,510,571            | 279,705,387           |
| Chittagong                                                                              | 1,118,163,912          | 1,045,949,155         |
| Khulna                                                                                  | 55,370,768             | 8,758,159             |
| Barisal                                                                                 | 7,112,882              | 6,869,628             |
| Sylhet                                                                                  | 52,986,084             | 170,387,325           |
|                                                                                         | <b>1,486,144,217</b>   | <b>1,511,669,654</b>  |
|                                                                                         | <b>114,601,798,177</b> | <b>96,304,228,588</b> |

|                                                                          | 31.12.2013             | 31.12.2012            |
|--------------------------------------------------------------------------|------------------------|-----------------------|
|                                                                          | BDT                    | BDT                   |
| <b>6.6 Classification of Investments as per Bangladesh Bank Circular</b> |                        |                       |
| <b>Unclassified</b>                                                      |                        |                       |
| Standard                                                                 | 112,088,273,595        | 94,488,582,785        |
| Special Mention Account                                                  | 29,707,686             | 30,293,568            |
|                                                                          | <b>112,117,981,281</b> | <b>94,518,876,353</b> |
| <b>Classified:</b>                                                       |                        |                       |
| Sub-standard                                                             | 850,877,378            | 292,501,070           |
| Doubtful                                                                 | 241,199,713            | 282,655,179           |
| Bad & Loss                                                               | 1,391,739,805          | 1,210,195,986         |
|                                                                          | <b>2,483,816,896</b>   | <b>1,785,352,235</b>  |
|                                                                          | <b>114,601,798,177</b> | <b>96,304,228,588</b> |

#### 6.7 Particulars of Required Provision for Investments

| <u>Classification status</u>         | <u>Required provision</u> |                      |
|--------------------------------------|---------------------------|----------------------|
| <b>Unclassified</b>                  |                           |                      |
| Standard                             | 1,297,485,605             | 1,102,400,000        |
| Special Mention Account              | 314,395                   | 1,300,000            |
|                                      | <b>1,297,800,000</b>      | <b>1,103,700,000</b> |
| <b>Classified:</b>                   |                           |                      |
| Sub - Standard                       | 97,179,973                | 43,200,000           |
| Doubtful                             | 34,749,977                | 58,700,000           |
| Bad and Loss                         | 870,141,756               | 677,500,000          |
|                                      | <b>1,002,071,706</b>      | <b>779,400,000</b>   |
|                                      | <b>2,299,871,706</b>      | <b>1,883,100,000</b> |
| Required Provision for Investments   | 2,299,871,706             | 1,883,100,000        |
| Total Provision Maintained           | 2,328,495,103             | 1,893,395,103        |
| <b>Provision Excess/ (Shortfall)</b> | <b>28,623,397</b>         | <b>10,295,103</b>    |

\* Details of provision may kindly be in note 2.7.2

#### 6.8 Particulars of Investments

|                                                                                                                                       |                        |                       |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------|-----------------------|
| i) Investments considered good in respect of which the Bank Company is fully secured                                                  | 62,193,820,387         | 52,263,821,254        |
| ii) Investments considered good for which the bank holds no Security other than the debtors personal security                         | 40,837,739,789         | 34,317,498,418        |
| iii) Investment considered good and secured by the security of one or more parties in addition to the security of the debtors         | 11,570,238,001         | 9,722,908,916         |
| iv) Investments adversely classified; provision not maintained there against                                                          | -                      | -                     |
|                                                                                                                                       | <b>114,601,798,177</b> | <b>96,304,228,588</b> |
| v) Investments due by directors or executives of the company or any of them taken either separately or jointly with any other person. | <b>193,341,623</b>     | <b>124,201,036</b>    |

|                                                                                                                                                                                                                                                                                          | <u>31.12.2013</u>    | <u>31.12.2012</u>    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                                                                                                                                                                                                          | <b>BDT</b>           | <b>BDT</b>           |
| <b>vi)</b> Investments due by companies or firms in which the directors of the bank company are interested as directors partners or managing agents or in case of private companies, as members.                                                                                         | -                    | -                    |
| <b>vii)</b> Maximum total amount of investments, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either separately or jointly with any other person.                                            | -                    | -                    |
| <b>viii)</b> Maximum total amount of investments, including temporary advances granted during the year 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. | -                    | -                    |
| <b>ix)</b> Investment due from other banking companies                                                                                                                                                                                                                                   | -                    | -                    |
| <b>x)</b> Total amount of classified Investments on which profit is not credited to income                                                                                                                                                                                               | <b>2,483,816,896</b> | <b>1,785,352,235</b> |
| <b>a.</b> Movement of classified Investments                                                                                                                                                                                                                                             |                      |                      |
| Opening balance                                                                                                                                                                                                                                                                          | 1,785,352,236        | 1,345,729,000        |
| Increase/ (Decrease) during the year                                                                                                                                                                                                                                                     | 698,464,660          | 439,623,236          |
|                                                                                                                                                                                                                                                                                          | <b>2,483,816,896</b> | <b>1,785,352,236</b> |
| <b>b.</b> Amount of provision kept against classified investment as on the reporting date of Balance Sheet                                                                                                                                                                               | <b>1,005,100,000</b> | <b>790,000,000</b>   |
| Profit credited to the profit/Rent/Compensation Suspense                                                                                                                                                                                                                                 |                      |                      |
| <b>c.</b> 95,053,648 106,466,799 Account                                                                                                                                                                                                                                                 |                      |                      |
| <b>xi)</b> Amount of written off Investment:                                                                                                                                                                                                                                             |                      |                      |
| a. Cumulative amount                                                                                                                                                                                                                                                                     | -                    | -                    |
| b. Amount written off during the period                                                                                                                                                                                                                                                  | -                    | -                    |
| c. Total amount of written off (a+b)                                                                                                                                                                                                                                                     | -                    | -                    |
| <b>d.</b> Amount recovered against such written- off up to this year                                                                                                                                                                                                                     | -                    | -                    |
| <b>e.</b> Amount of investment written- off against which suit has been filled to recover the same.                                                                                                                                                                                      | -                    | -                    |

|                                                                                                                       | <u>31.12.2013</u>             | <u>31.12.2012</u>            |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------|
|                                                                                                                       | <b>BDT</b>                    | <b>BDT</b>                   |
| <b>6.9 Security against Investments including bills purchased &amp; negotiated:</b>                                   |                               |                              |
| Collateral of movable/immovable assets                                                                                | 41,269,920,076                | 34,680,675,871               |
| Local banks & financial institutions guarantee                                                                        | 799,309,138                   | 671,689,722                  |
| Export documents                                                                                                      | 3,327,742,061                 | 2,796,427,606                |
| Own MTDR                                                                                                              | 12,731,239,746                | 10,698,542,625               |
| MTDR of other Banks                                                                                                   | 1,175,733,149                 | 988,013,066                  |
| Government Bonds                                                                                                      | 563,156,342                   | 473,241,589                  |
| Personal guarantee                                                                                                    | 22,814,786,449                | 19,172,128,573               |
| Other security                                                                                                        | 31,579,590,779                | 26,537,525,392               |
| Unsecured                                                                                                             | 340,320,437                   | 285,984,144                  |
|                                                                                                                       | <b><u>114,601,798,177</u></b> | <b><u>96,304,228,588</u></b> |
| <b>6.10 Maturity Grouping of Bills Purchased and Negotiated</b>                                                       |                               |                              |
| Payable within one month                                                                                              | 5,401,467                     | 6,578,870                    |
| Over one month but less than three months                                                                             | 14,420,595                    | 17,563,972                   |
| Over three months but less than six months                                                                            | 232,048,049                   | 282,629,489                  |
| Six Months and Above                                                                                                  | 413,828,995                   | 504,034,738                  |
|                                                                                                                       | <b><u>665,699,106</u></b>     | <b><u>810,807,069</u></b>    |
| <b>6A(a) GENERAL INVESTMENTS (All Inside Bangladesh)</b>                                                              |                               |                              |
| First Security Islami Bank Limited (Note-6.A)                                                                         | 113,936,099,071               | 95,493,421,519               |
| First Security Islami Capital & Investment Limited                                                                    | -                             | -                            |
| Less: Inter-company transaction (Long-term Investment in Subsidiary)                                                  | (273,045,142)                 | -                            |
|                                                                                                                       | <b><u>113,663,053,929</u></b> | <b><u>95,493,421,519</u></b> |
| <b>7 Fixed Assets including premises, Furniture &amp; Fixtures at cost less accumulated depreciation (Annexure-A)</b> |                               |                              |
| Building                                                                                                              | 1,022,651,774                 | 919,187,076                  |
| Furniture & Fixtures                                                                                                  | 1,257,965,821                 | 930,987,348                  |
| Office Equipment                                                                                                      | 754,393,487                   | 517,989,527                  |
| Vehicles                                                                                                              | 86,276,903                    | 62,458,054                   |
| Books                                                                                                                 | 588,828                       | 471,748                      |
|                                                                                                                       | <b><u>3,121,876,813</u></b>   | <b><u>2,431,093,753</u></b>  |
| Less: Accumulated Depreciation                                                                                        | (645,444,751)                 | (433,377,539)                |
|                                                                                                                       | <b><u>2,476,432,062</u></b>   | <b><u>1,997,716,214</u></b>  |
| <b>7(a) Fixed Assets including premises, Furniture &amp; Fixtures at cost less accumulated depreciation</b>           |                               |                              |
| First Security Islami Bank Limited (Note-7)                                                                           | 2,476,432,062                 | 1,997,716,214                |
| First Security Islami Capital & Investment Limited                                                                    | 40,943,049                    | 35,136,685                   |
|                                                                                                                       | <b><u>2,517,375,111</u></b>   | <b><u>2,032,852,899</u></b>  |

|                                                                              | 31.12.2013            | 31.12.2012           |
|------------------------------------------------------------------------------|-----------------------|----------------------|
|                                                                              | BDT                   | BDT                  |
| <b>8 OTHER ASSETS</b>                                                        |                       |                      |
| Inter - branch Transaction Account (*)                                       | 5,726,545,164         | 1,256,819,424        |
| Accrued Income (Note - 8.1)                                                  | 871,305,133           | 689,306,589          |
| Advances, Deposits and Prepayment (Note -8.2)                                | 2,001,455,006         | 369,716,371          |
| Advance Income Tax                                                           | 2,552,582,146         | 1,991,479,733        |
| Stock of Stationery                                                          | 20,142,925            | 14,131,023           |
| Suspense Account (Note- 8.3)                                                 | 125,776,808           | 92,736,494           |
| Advance Deposits                                                             | 131,370,760           | 569,012,410          |
| Stamps on Hand                                                               | 1,406,661             | 930,611              |
| Investment in First Security Islami Exchange Ltd.,canada<br>(Note-1.1.4)     | 28,344,655            | 26,501,825           |
| Investment in First Security Islami Capital & Investment<br>Ltd.(Note-1.1.3) | 178,500,000           | 51,000,000           |
| Investment in First Security Islami Exchange Italy S.R.L (Note-<br>1.1.5)    | 103,640,059           | 62,340,058           |
| Deferred Tax Assets (Note- 8.4)                                              | 80,000,000            | 80,000,000           |
|                                                                              | <b>11,821,069,317</b> | <b>5,203,974,538</b> |

(\*) Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction(net) originated but yet to be responded at the balance sheet date. However, the status of non respondent entries on 31.12.2013 have been reconciled on 27.02.2014.

#### 8.1 Accrued Income

|                                                             |                    |                    |
|-------------------------------------------------------------|--------------------|--------------------|
| Bangladesh Govt. Islamic Investment Bonds                   | 183,071,074        | 191,443,644        |
| Mudarabah Term Deposit                                      | 663,784,375        | 469,741,463        |
| Inland Documentary Bills Purchased (Foreign currency bills) | 13,682,585         | 13,735,175         |
| Bai Murabaha Post Import Bills                              | -                  | 172,761            |
| Pre - Shipment Investment                                   | -                  | 410,617            |
| HPSM House Building                                         | 231,909            | 232,269            |
| Bai Murabaha against Security (MTD)                         | -                  | 5,085              |
| Bai Murabaha General                                        | 1,644              | 1,913              |
| Bai Murabaha (Hypo)                                         | 3,940,169          | 5,549,211          |
| Bai Salam - Export                                          | 5,120,073          | 7,186,334          |
| Quard against PF                                            | 88,058             | 82,973             |
| HPSM-Real Estate Material                                   | -                  | 722,053            |
| HPSM (Scheme)                                               | 15,383             | 23,091             |
| Accrued Income on MSND                                      | 1,369,863          | -                  |
|                                                             | <b>871,305,133</b> | <b>689,306,589</b> |

#### 8.2 Advance, Deposits and Prepayment

|                                                        |                      |                    |
|--------------------------------------------------------|----------------------|--------------------|
| Advance against Rent - Office                          | 260,646,939          | 275,694,755        |
| Advance against Rent - Godown                          | 3,712,000            | 3,520,000          |
| Excise Duty on Term Deposits                           | 850,950              | 2,329,560          |
| Clearing Adjustment Account                            | 16,841,804           | 4,776,954          |
| Settlement Account (SuperX-10, Moneygram, Placid etc.) | 231,792,047          | 80,363,269         |
| Demand draft paid without advice                       | 2,476,906            | 2,726,303          |
| Prepayment                                             | 1,471,742,152        | 305,530            |
| Prepaid Insurance                                      | 452,071              | -                  |
| Advance Against Security Deposit                       | 12,659,126           | -                  |
| Mobile Banking Receivable A/C                          | 281,011              | -                  |
|                                                        | <b>2,001,455,006</b> | <b>369,716,371</b> |

|                                       | 31.12.2013         | 31.12.2012        |
|---------------------------------------|--------------------|-------------------|
|                                       | BDT                | BDT               |
| <b>8.3 Suspense Account</b>           |                    |                   |
| Sundry Debtors                        | 120,504,940        | 72,797,682        |
| Advance against TA/DA                 | 493,000            | 2,214,000         |
| Encashment of PSP/BSP                 | 46,000             | 7,216,000         |
| Advance against New Branch            | 4,445,764          | 7,857,372         |
| Profit on PSP/BSP                     | 287,104            | 2,651,440         |
|                                       | <b>125,776,808</b> | <b>92,736,494</b> |
| <b>8.4 Deferred Tax Assets</b>        |                    |                   |
| Opening Balance as on 01 January 2013 | 80,000,000         | 80,000,000        |
| Add: Addition During the period       | -                  | -                 |
| Balance as on 31 December 2013        | <b>80,000,000</b>  | <b>80,000,000</b> |

As of 31 December 2013 deferred tax assets arrived at Tk.228.10 million. But management's decision is not to recognize the additional amount of deferred tax assets for the year ended 31 December 2013. However, management recognized deferred tax assets up to December 2007 Tk. 80 million.

#### 8(a) OTHER ASSETS

|                                                                |                       |                      |
|----------------------------------------------------------------|-----------------------|----------------------|
| First Security Islami Bank Limited (Note-8)                    | 11,821,069,317        | 5,203,974,538        |
| Less: Inter-company transaction(Investment in Subsidiary)      | 178,500,000           | 86,083,437           |
|                                                                | <b>11,642,569,317</b> | <b>5,117,891,101</b> |
| First Security Islami Capital & Investment Limited             | 347,777,681           | 28,376,713           |
|                                                                | <b>11,990,346,998</b> | <b>5,146,267,814</b> |
| <b>9 PLACEMENT FROM BANK &amp; OTHER FINANCIAL INSTITUTION</b> |                       |                      |
| <b>Inside Bangladesh</b>                                       |                       |                      |
| Bangladesh Bank (Islami Money Market Wings)                    | 4,129,788,842         | 4,598,574,967        |
|                                                                | -                     | -                    |
|                                                                | <b>4,129,788,842</b>  | <b>4,598,574,967</b> |
| <b>Outside Bangladesh</b>                                      | -                     | -                    |
|                                                                | <b>4,129,788,842</b>  | <b>4,598,574,967</b> |
| <b>A. Security- wise grouping</b>                              |                       |                      |
| Secured Placement                                              | 3,950,000,000         | 4,400,000,000        |
| Unsecured Placement                                            | 179,788,842           | 198,574,967          |
|                                                                | <b>4,129,788,842</b>  | <b>4,598,574,967</b> |
| <b>B. Repayment Nature wise Grouping</b>                       |                       |                      |
| Repayable on demand                                            | -                     | -                    |
| Others                                                         | 4,129,788,842         | 4,598,574,967        |
|                                                                | <b>4,129,788,842</b>  | <b>4,598,574,967</b> |
| <b>C. Maturity Analysis</b>                                    |                       |                      |
| Repayable on Demand                                            | -                     | -                    |
| Repayable within One Month                                     | -                     | -                    |
| One Month to Six Months                                        | 3,950,000,000         | 4,400,000,000        |
| Six Month to One Year                                          | -                     | -                    |
| One Year to Five Years                                         | 179,788,842           | 198,574,967          |
| Five Years to Ten Years                                        | -                     | -                    |
| Unclaimed Deposits Ten Years and Over                          | -                     | -                    |
|                                                                | <b>4,129,788,842</b>  | <b>4,598,574,967</b> |

|                                                                 | 31.12.2013             | 31.12.2012             |
|-----------------------------------------------------------------|------------------------|------------------------|
|                                                                 | BDT                    | BDT                    |
| <b>10 DEPOSITS AND OTHER ACCOUNTS</b>                           |                        |                        |
| <b>A. Deposits Received from Banks (Note A-1 )</b>              | <b>8,353,200,000</b>   | <b>13,844,180,000</b>  |
| <b>B. Other than Bank</b>                                       |                        |                        |
| Payable on Demand (Note B-1)                                    | 4,102,912,194          | 4,404,936,396          |
| Other Deposits (Note B-2 )                                      | 127,064,843,589        | 91,656,452,475         |
|                                                                 | <b>131,167,755,783</b> | <b>96,061,388,871</b>  |
|                                                                 | <b>139,520,955,783</b> | <b>109,905,568,871</b> |
| <b>C. Maturity wise Grouping of Deposits and Other Accounts</b> |                        |                        |
| Repayable within One Month                                      | 13,689,480,187         | 10,783,743,755         |
| One Month to Three Months                                       | 54,841,534,866         | 43,200,582,385         |
| Three Months to One Year                                        | 52,822,111,525         | 41,609,812,458         |
| One Year to Five Years                                          | 13,748,394,023         | 10,830,087,635         |
| Repayable over Five Years                                       | 4,419,435,182          | 3,481,342,638          |
|                                                                 | <b>139,520,955,783</b> | <b>109,905,568,871</b> |
| <b>A-1 Deposits Received from Banks</b>                         |                        |                        |
| AB Bank Limited                                                 | 200,000,000            | 450,000,000            |
| Islami Bank Bangladesh Ltd.                                     | 2,500,000,000          | 2,450,000,000          |
| Premier Bank Ltd                                                | 850,000,000            | 850,000,000            |
| Rupali Bank Ltd                                                 | 1,352,900,000          | 3,914,180,000          |
| Bangladesh Development Bank Ltd.                                | 250,000,000            | 400,000,000            |
| Social Islami Bank Ltd.                                         | 1,000,000,000          | 1,200,000,000          |
| Exim Bank Ltd.                                                  | 1,516,200,000          | 2,310,000,000          |
| Janata Bank Limited                                             | -                      | 750,000,000            |
| Al-Arafah Islami Bank Ltd.                                      | -                      | 500,000,000            |
| Brac Bank Ltd.                                                  | -                      | 300,000,000            |
| National Bank Ltd.                                              | -                      | 120,000,000            |
| Shahjalal Islami Bank Ltd.                                      | -                      | 200,000,000            |
| Jamuna Bank Ltd.                                                | 400,000,000            | 400,000,000            |
| Union Bank Ltd.                                                 | 220,500,000            | -                      |
| NRB Global Bank Ltd.                                            | 63,600,000             | -                      |
|                                                                 | <b>8,353,200,000</b>   | <b>13,844,180,000</b>  |
| <b>Maturity wise Grouping of Deposits Received from Banks</b>   |                        |                        |
| Repayable on Demand                                             | 300,300,000            | 160,000,000            |
| Repayable within One Month                                      | 250,000,000            | 1,600,000,000          |
| Repayable over One Month but within Six Months                  | 4,950,000,000          | 7,810,000,000          |
| Repayable over Six Months but within one Year                   | 2,852,900,000          | 4,274,180,000          |
| Repayable over One Year but within Five Years                   | -                      | -                      |
| Repayable over Five Years but within Ten Years                  | -                      | -                      |
| Unclaimed Deposits for Ten Years and above                      | -                      | -                      |
|                                                                 | <b>8,353,200,000</b>   | <b>13,844,180,000</b>  |
| <b>B-1 Payable on Demand</b>                                    |                        |                        |
| Al-wadiah Current Deposits                                      | 2,187,137,827          | 2,482,902,297          |
| Mudaraba Saving Deposits (9%) (Note-10.3)                       | 578,972,373            | 546,257,697            |
| Security Deposit Receipt                                        | 16,239,412             | 7,805,316              |
| Sundry Deposits (Note-10.1.1)                                   | 1,320,562,582          | 1,367,971,086          |
|                                                                 | <b>4,102,912,194</b>   | <b>4,404,936,396</b>   |



|                                                                        | 31.12.2013             | 31.12.2012            |
|------------------------------------------------------------------------|------------------------|-----------------------|
|                                                                        | BDT                    | BDT                   |
| <b>B- 2 Other Deposits</b>                                             |                        |                       |
| Mudaraba Saving Deposits (91%) (Note-10.3)                             | 5,854,053,991          | 4,916,319,275         |
| Mudaraba Term Deposits                                                 | 91,423,937,371         | 65,419,516,843        |
| Mudaraba Short Notice Deposits                                         | 3,657,840,691          | 3,213,255,809         |
| Bills Payable (Note-10.2)                                              | 1,176,111,458          | 1,824,475,966         |
| Bearer Certificates of Deposits                                        | -                      | -                     |
| Mudaraba Deposit under Schemes (Note-10.5)                             | 24,915,841,783         | 16,235,459,337        |
| Foreign Currency Deposits                                              | 37,058,295             | 47,425,245            |
|                                                                        | <b>127,064,843,589</b> | <b>91,656,452,475</b> |
| <b>10.1 Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b>    |                        |                       |
| Al-wadiah Current Deposits                                             | 2,487,437,827          | 2,482,902,297         |
| Mudaraba Short Notice Deposits                                         | 3,657,840,691          | 3,213,255,809         |
| Sundry Deposits (Note-10.1.1)                                          | 1,320,562,582          | 1,367,971,086         |
| Security Deposit Receipt                                               | 16,239,412             | 7,805,316             |
| Foreign Currency Deposits                                              | 37,058,295             | 47,425,245            |
|                                                                        | <b>7,519,138,807</b>   | <b>7,119,359,753</b>  |
| <b>10.1(a) Al-Wadiah Current Accounts &amp; Other Deposit Accounts</b> |                        |                       |
| First Security Islami Bank Limited (Note-10.1)                         | 7,519,138,807          | 7,119,359,753         |
| First Security Islami Capital & Investment Limited                     | -                      | -                     |
| Less: Inter-company transaction(Long-term Investment in Subsidiary)    | (17,029,049)           | -                     |
|                                                                        | <b>7,502,109,758</b>   | <b>7,119,359,753</b>  |
| <b>10.1.1 Sundry Deposits</b>                                          |                        |                       |
| Margin on Letters of Credit                                            | 210,945,319            | 621,778,610           |
| Foreign Bills Awaiting Remittance                                      | 63,631,204             | 54,107,287            |
| Margin on Letter of Guarantee                                          | 233,278,134            | 158,353,896           |
| Readycash card (Reload)                                                | 1,238                  | 1,345                 |
| Sundry Creditors                                                       | 148,134,409            | 138,615,812           |
| Outward Clearing Charge                                                | 1,045,194              | -                     |
| ATM Charge collection Account (ITCL)                                   | 629,836                | -                     |
| Unreconciled ATM Cash Balance                                          | 75,500                 | -                     |
| Al-wadiah Bai-murabaha                                                 | -                      | 3,801,517             |
| Al-wadiah Bai-murabaha (MTD)                                           | -                      | 314,867               |
| Al-wadiah Bai-murabaha (General)                                       | -                      | 1,168                 |
| Export Bills                                                           | 838,002                | 327,254               |
| Fixed Deposits - Export Bills                                          | 3,387,551              | 2,969,916             |
| Risk Fund on Hire Purchase Scheme                                      | 2,659,937              | 2,663,692             |
| Courier Charges                                                        | 1,000,110              | 620,786               |
| Margin account-Export                                                  | 75,000                 | 610,638               |
| Exporters L A Commission                                               | 1,763,663              | 2,167,704             |
| Margin on Consumer Finance Scheme                                      | 64,327                 | 64,327                |
| Margin on Payment Orders Demand, Draft                                 | 1,323,120              | 1,323,120             |
| Excise Duty on Deposit                                                 | 65,953,853             | 56,216,575            |
| Excise Duty on Investments A/C                                         | 481,785                | 2,074,120             |
| VAT Deduction on Letter of Credit - Commission                         | 1,275,095              | 1,886,655             |
| VAT on Investment Processing fee                                       | 321,068                | 740,739               |
| VAT on Online Charge                                                   | 113,722                | 295,305               |
| VAT on Commission TT/DD/PO/LG                                          | 2,163,041              | 2,458,647             |
| VAT Deduction - Indenting Commission                                   | 20,210                 | 6,599                 |
| VAT on ATM                                                             | 563,485                | 393,480               |
| VAT on Service Charge and Others                                       | 4,863,224              | 5,071,248             |
| VAT Deduction Bills Paid                                               | 6,599,878              | 3,819,694             |

|                                                                                                        | <b>31.12.2013</b>     | <b>31.12.2012</b>     |
|--------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                        | <b>BDT</b>            | <b>BDT</b>            |
| VAT on Rent and Others                                                                                 | 856,498               | 1,558,759             |
| Income Tax Deduction at Source - Letter of Credit                                                      | 325,623               | 511,270               |
| Income Tax Deduction at Source - Office rent                                                           | 433,655               | 433,969               |
| Income Tax Deduction at Source - Indenting Commission                                                  | 47,758                | 7,608                 |
| Income Tax Deduction at Source - Bills                                                                 | 1,840,341             | 701,238               |
| Income Tax Deduction at Source - Agent of Foreign Buyer                                                | 398,034               | 284,713               |
| Income Tax Deduction at Source - Prof. & Tech. Service                                                 | 804,433               | 1,209,857             |
| Income Tax Deduction at Source - Private Security Service                                              | 131,339               | 226,067               |
| Income Tax Deduction at Source - Cash Incentives                                                       | 993,840               | 945,960               |
| Income Tax Deduction at Source - Advertising Bill                                                      | 146,670               | 87,838                |
| Income Tax Deduction at Source -Profit on Deposit                                                      | 554,817,707           | 297,679,919           |
| Income Tax Deduction at Source (Export Bills)                                                          | 3,194,689             | 2,082,987             |
| Income Tax Deduction at Source - Import Bill                                                           | 1,277,748             | 113,724               |
| Income Tax Deduction at Source-Employee's                                                              | 983,634               | 1,437,726             |
| Income Tax Payble on MSB                                                                               | 3,073,533             | -                     |
| Income Tax International Phone Call                                                                    | 24,725                | -                     |
| Imprest Fund-Cash Incentive                                                                            | 4,450                 | 4,450                 |
|                                                                                                        | <b>1,320,562,582</b>  | <b>1,367,971,086</b>  |
| <b>10.2 Bills Payable</b>                                                                              |                       |                       |
| Pay Order Issued                                                                                       | 596,985,418           | 987,090,324           |
| Demand Draft Payable                                                                                   | 577,214,718           | 834,340,387           |
| Pay Slips Issued                                                                                       | 1,911,322             | 3,045,255             |
|                                                                                                        | <b>1,176,111,458</b>  | <b>1,824,475,966</b>  |
| <b>10.3 Mudaraba Savings Bank Deposits</b>                                                             |                       |                       |
| As per BRPD Circular No. 06, dated 24 June 2007, total saving bank deposits amount is bifurcated into: |                       |                       |
| 9 % of total Mudaraba Savings Bank Deposits                                                            | 578,972,373           | 546,257,697           |
| 91% of total Mudaraba Savings Bank Deposits                                                            | 5,854,053,991         | 4,916,319,275         |
|                                                                                                        | <b>6,433,026,364</b>  | <b>5,462,576,972</b>  |
| <b>10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping</b>                      |                       |                       |
| Payable on Demand                                                                                      | 2,680,027,940         | 10,577,898,899        |
| Up to Three Months                                                                                     | 48,193,464,556        | 31,382,033,005        |
| From Three Months to Six Months                                                                        | 10,950,370,114        | 10,251,607,601        |
| Above Six Months to One Year                                                                           | 37,575,306,699        | 26,979,676,892        |
| Above One Year to Two Years                                                                            | 35,120,438            | 32,388,918            |
| Above Two Years                                                                                        | 42,547,624            | 40,091,528            |
|                                                                                                        | <b>99,476,837,371</b> | <b>79,263,696,843</b> |
| <b>10.5 Mudaraba Deposit under Schemes</b>                                                             |                       |                       |
| Mudaraba Monthly Savings Scheme                                                                        | 6,800,318,604         | 5,689,809,958         |
| Mudaraba Double Benefit Deposits Scheme                                                                | 11,562,365,832        | 8,660,912,064         |
| Mudaraba Monthly Benefit Scheme                                                                        | 4,802,062,351         | 1,452,423,461         |
| Mudaraba Hajj Scheme                                                                                   | 16,585,173            | 7,082,698             |
| Mudaraba Marriage Scheme                                                                               | 97,666,261            | 36,401,569            |
| Mudaraba Health Care Scheme                                                                            | 551,683,946           | 145,209,586           |
| Mudaraba Education Deposit Scheme                                                                      | 115,128,021           | 38,957,152            |
| Mudaraba Pension Deposit Scheme                                                                        | 113,290,252           | 38,461,699            |
| Mudaraba Millionaire Deposit Scheme                                                                    | 120,656,072           | 27,004,784            |

|                                        | 31.12.2013            | 31.12.2012            |
|----------------------------------------|-----------------------|-----------------------|
|                                        | BDT                   | BDT                   |
| Mudaraba Kroropoti Deposit Scheme      | 98,052,821            | 25,260,212            |
| Mudaraba Triple Times Deposit Scheme   | 193,435,946           | 35,528,906            |
| Mudaraba Four Times Deposit Scheme     | 387,412,325           | 64,436,898            |
| Mudaraba Probashi Deposit Scheme       | 29,165,381            | 5,526,985             |
| Mudaraba Money Plant Deposit Scheme    | 785,724               | 527,723               |
| Mudaraba Gift Cheque                   | 3,527,909             | 2,113,853             |
| Mudaraba Griheni Deposit Scheme        | 21,981,728            | 5,801,789             |
| Mudaraba New Generation Deposit Scheme | 1,723,437             | -                     |
|                                        | <b>24,915,841,783</b> | <b>16,235,459,337</b> |

#### 11 MUDARABA SUBORDINATED BOND

|                      |                      |
|----------------------|----------------------|
| <b>2,500,000,000</b> | <b>2,220,000,000</b> |
|----------------------|----------------------|

The Bank issued Redeemable non-convertible FSIBL Mudaraba Subordinated Bond to the tune of Taka 2,500,000,000.00 as Supplementary Capital (Tier-2) of the Bank for a term of 6 years to strengthen the capital base of the Bank under Basel-II on the consent of SEC vide their letter no.SEC/CI/CPLC-44/2003-1516 dated 05.09.2012 as well as on the approval of Bangladesh Bank Vide their letter no. BRPD(BIC)661/14B(P)/2012-241 dated 09.10.2012. We have received as fully paid up to the amount of Tk. 2,220,000,000.00 out of Tk. 2,500,000,000.00 up to 31.12.2012. Noted that the rest amount of Tk. 280,000,000.00 has been received on 02.01.2013.

#### 12 OTHER LIABILITIES

|                                                        |                      |                      |
|--------------------------------------------------------|----------------------|----------------------|
| Provision for Taxation (Note-12.1)                     | 2,938,893,852        | 2,486,655,375        |
| Accumulated Provision against Investments(Note-12.3)   | 2,328,495,103        | 1,893,395,103        |
| Profit/Rent/Compensation Suspense Account (Note -12.4) | 95,053,648           | 106,466,799          |
| Accrued Profit and Expenses Payable (12.5)             | 3,514,419,152        | 2,542,702,307        |
| Provision for Gratuity                                 | 5,439,658            | 32,073,951           |
| Provisions for diminution in value of Investments      | 221,500,000          | 160,000,000          |
| Provision for Zakat                                    | 28,085,233           | 51,397,158           |
| Provident Fund                                         | 4,609,222            | 804,842              |
| Benevolent Fund                                        | 1,201,528            | 855,027              |
| Non-Resident Accounts                                  | 12,915,579           | 4,646,143            |
| Compensation Realised                                  | 23,826,516           | 3,830,509            |
| Others                                                 | 64,193,165           | 61,722,254           |
| <b>Total</b>                                           | <b>9,238,632,656</b> | <b>7,344,549,468</b> |

##### 12.1 Provision for Taxation during the year

|                                                                   |                      |                      |
|-------------------------------------------------------------------|----------------------|----------------------|
| Opening balance                                                   | 2,486,655,375        | 1,746,655,375        |
| Less: Adj. as Final settlement of tax liability for the year 2009 | (307,761,523)        | -                    |
| Add : Provision Made during the year                              | 760,000,000          | 740,000,000          |
|                                                                   | <b>2,938,893,852</b> | <b>2,486,655,375</b> |

Assessment for the year 1999, 2002, 2005, 2006 and 2009 have been settled. Assessment order of 2000, 2001 and 2003 are pending with High Court and of 2004, 2007 with Appellate Tribunal, 2008 and 2010 with Appeal to Commissioner of Taxes, 2011 & 2012 assessment not yet completed and 2013 not yet due.

##### 12.2 Provision for Investments during the year

|                                               |                    |                    |
|-----------------------------------------------|--------------------|--------------------|
| Specific Provision for Classified Investments | 215,100,000        | 177,076,701        |
| General Provision including off-B/S exposure  | 220,000,000        | 203,018,403        |
|                                               | <b>435,100,000</b> | <b>380,095,104</b> |

|                                                                         | 31.12.2013           | 31.12.2012           |
|-------------------------------------------------------------------------|----------------------|----------------------|
|                                                                         | BDT                  | BDT                  |
| <b>12.3 Accumulated Provision for Investments</b>                       |                      |                      |
| Specific Provision for Classified Investments (Note -12.3.1)            | 1,005,100,000        | 790,000,000          |
| General Provision including off-B/S exposure (Note -12.3.2)             | 1,323,395,103        | 1,103,395,103        |
|                                                                         | <b>2,328,495,103</b> | <b>1,893,395,103</b> |
| <b>12.3.1 Movement in Specific Provision for Classified Investments</b> |                      |                      |
| Provision held at the beginning of the year                             | 790,000,000          | 612,923,299          |
| Fully Provided Debts written off                                        | -                    | -                    |
| Recoveries of amounts previously written off                            | -                    | -                    |
| Specific Provision for the year                                         | 215,100,000          | 177,076,701          |
| Recoveries and Provisions no longer required                            | -                    | -                    |
| Net Charge to Profit and Loss Account                                   | -                    | -                    |
| <b>Provision held at the end of the year</b>                            | <b>1,005,100,000</b> | <b>790,000,000</b>   |
| <b>12.3.2 General Provision including off-balance sheet exposure</b>    |                      |                      |
| Provision held at the beginning of the year                             | 1,103,395,103        | 900,376,700          |
| Addition/transfer during the year                                       | 220,000,000          | 203,018,403          |
|                                                                         | <b>1,323,395,103</b> | <b>1,103,395,103</b> |
| <b>12.4 Profit/Rent/Compensation Suspense Account</b>                   |                      |                      |
| <b>A) Profit Suspense (Old)</b>                                         |                      |                      |
| Opening Balance                                                         | 43,935,010           | 65,764,014           |
| Add: Transferred during the year                                        | -                    | -                    |
|                                                                         | <b>43,935,010</b>    | <b>65,764,014</b>    |
| Less: Recovered during the year                                         | (1,414,001)          | (21,829,004)         |
| Less: Amount Written off/waived during the year                         | -                    | -                    |
| Balance at the end of the year                                          | <b>42,521,009</b>    | <b>43,935,010</b>    |
| <b>B) Compensation Suspense Account</b>                                 |                      |                      |
| Opening Balance                                                         | 62,531,789           | 40,463,369           |
| Add: Addition during the year                                           | 9,996,857            | 25,275,248           |
|                                                                         | <b>72,528,646</b>    | <b>65,738,617</b>    |
| Less: Realized during the year                                          | (19,996,007)         | (3,206,828)          |
| Less: Amount Written off/waived during the year                         | -                    | -                    |
| Balance at the end of the year                                          | <b>52,532,639</b>    | <b>62,531,789</b>    |
| <b>Total (A+B)</b>                                                      | <b>95,053,648</b>    | <b>106,466,799</b>   |
| <b>12.5 Accrued Profit and Expenses Payable</b>                         |                      |                      |
| Profit Payable on MTDR                                                  | 3,154,881,547        | 2,145,678,221        |
| Profit Payable on Monthly Benefit Savings Scheme                        | 216,551              | 190,512              |
| Profit Payable on Double Benefit Savings Scheme                         | -                    | 1,407,023            |
| Profit Payable on Short Notice Deposit                                  | -                    | 1,006,625            |
| Profit Payable on Mudaraba Savings Deposit                              | -                    | 98,720               |
| Mudaraba Hajj deposit Scheme                                            | -                    | 111,783              |
| Mudaraba Health Care Scheme                                             | -                    | 257                  |
| Mudaraba Pension deposit Scheme                                         | -                    | 1,489,439            |
| Profit Payable on Money Plant Deposit                                   | 4,514                | 3,364                |
| Profit Payable on Griheni Deposit                                       | -                    | 179,537              |
| Power and Electricity                                                   | 1,170,620            | 1,610,342            |
| Telephone                                                               | 207,325              | 237,172              |
| Office Rent                                                             | 1,995,811            | 2,407,579            |

|                                                                                       | 31.12.2013                  | 31.12.2012                  |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                       | BDT                         | BDT                         |
| Wages                                                                                 | 260,000                     | 123,503                     |
| Insurance                                                                             | 1,495,903                   | 747,440                     |
| Audit Fees                                                                            | 805,250                     | 500,000                     |
| Telex, Fax and E-mail                                                                 | 3,110                       | 3,110                       |
| Printing and Stationery                                                               | 242,387                     | 8,000                       |
| Rates & Taxes                                                                         | 6,450                       | 6,450                       |
| Clearing Adjustment                                                                   | 1,402,335                   | 274,847,859                 |
| Online Clearing Parking Charges                                                       | 53,092                      | -                           |
| Profit Payable on Mudaraba Subordinated Bond                                          | 167,318,571                 | -                           |
| Others                                                                                | 184,355,686                 | 112,045,371                 |
|                                                                                       | <b>3,514,419,152</b>        | <b>2,542,702,307</b>        |
| <b>12(a) OTHER LIABILITIES</b>                                                        |                             |                             |
| First Security Islami Bank Limited (Note-12)                                          | 9,238,632,656               | 7,344,549,468               |
| First Security Islami Capital & Investment Limited                                    | 47,793,724                  | 155,009,669                 |
| Less: Intra transaction                                                               | -                           | -                           |
|                                                                                       | 47,793,724                  | 155,009,669                 |
|                                                                                       | <b>9,286,426,380</b>        | <b>7,499,559,137</b>        |
| <b>13 CAPITAL</b>                                                                     |                             |                             |
| <b>AUTHORISED CAPITAL</b>                                                             |                             |                             |
| 1,000,000,000 Ordinary shares of Taka 10 each.                                        | <b>10,000,000,000</b>       | <b>10,000,000,000</b>       |
| <b>13.1 Issued, Subscribed and Paid-Up Capital</b>                                    |                             |                             |
| 411,438,720 Ordinary Shares of Taka 10 each issued                                    | 4,114,387,200               | 3,740,352,000               |
|                                                                                       | <b>4,114,387,200</b>        | <b>3,740,352,000</b>        |
| <b>13.2 Category of shareholding as at 31 December 2013</b>                           |                             |                             |
| <b><u>Name of Category</u></b>                                                        | <b><u>Percentage(%)</u></b> | <b><u>Percentage(%)</u></b> |
| Sponsors/Directors                                                                    | 51.28                       | 51.28                       |
| Financial Institute                                                                   | 13.16                       | 13.08                       |
| Non-Resident Bangladeshi                                                              | 1.07                        | 0.76                        |
| General Public                                                                        | 34.49                       | 34.88                       |
|                                                                                       | <b>100.00</b>               | <b>100.00</b>               |
| <b>13.3 Classification of Shareholders by holding position as at 31 December 2013</b> |                             |                             |
| <b>Shareholding Range</b>                                                             | <b>No. of Shares</b>        | <b>No. of Shares</b>        |
| Up to 500 Shares                                                                      | 6,141,895                   | 6,593,057                   |
| 501 to 5000 Shares                                                                    | 55,987,451                  | 55,081,851                  |
| 5001 to 10,000 Shares                                                                 | 16,114,977                  | 13,951,171                  |
| 10,001 to 20,000 Shares                                                               | 14,758,549                  | 12,965,274                  |
| 20,001 to 30,000 Shares                                                               | 6,880,963                   | 5,830,437                   |
| 30,001 to 40,000 Shares                                                               | 3,787,800                   | 4,071,054                   |
| 40,001 to 50,000 Shares                                                               | 3,950,729                   | 3,196,668                   |
| 50,001 to 100,000 Shares                                                              | 10,148,861                  | 8,902,721                   |
| 100,001 to 1,000,000 Shares                                                           | 39,699,181                  | 44,853,449                  |
| Over 1,000,001 Shares                                                                 | 253,968,314                 | 218,589,518                 |
|                                                                                       | <b>411,438,720</b>          | <b>374,035,200</b>          |
| <b>13.4 Capital Adequacy Ratio Under Basel-II (Solo Basis)</b>                        |                             |                             |
| <b><u>Tier-I ( Core Capital)</u></b>                                                  |                             |                             |
| Paid up Capital                                                                       | 4,114,387,200               | 3,740,400,000               |
| Statutory Reserve                                                                     | 1,310,398,870               | 1,004,574,914               |
| Other Reserve                                                                         | 114,061,074                 | 84,000,000                  |
| Retained Earnings                                                                     | 502,370,544                 | 433,109,918                 |
| Deduction: Shortfall provisions against investment in Share                           | (86,100,000)                | -                           |
|                                                                                       | <b>5,955,117,688</b>        | <b>5,262,084,832</b>        |

|                                                              | 31.12.2013           | 31.12.2012           |
|--------------------------------------------------------------|----------------------|----------------------|
|                                                              | BDT                  | BDT                  |
| <b><u>Tier –II (Supplementary Capital)</u></b>               |                      |                      |
| General Provision                                            | 1,323,395,103        | 1,103,395,103        |
| Assets Revaluation Reserves                                  | 196,190,938          | 201,221,475          |
| Subordinated Debt                                            | 1,786,535,307        | 1,578,625,450        |
|                                                              | <b>3,306,121,348</b> | <b>2,883,242,028</b> |
| <b><u>Tier –III (eligible for market risk only)</u></b>      |                      |                      |
| Short-term subordinated Debt                                 | -                    | -                    |
|                                                              | -                    | -                    |
| <b>A. Total Eligible Capital</b>                             | <b>9,261,239,036</b> | <b>8,145,326,860</b> |
| <b>B. Total Risk Weighted Assets</b>                         | 91,434,100,000       | 79,817,200,000       |
| <b>C. Minimum Capital Requirement based on Risk Weighted</b> | 9,143,410,000        | 7,981,720,000        |
| <b>D. Surplus/(Deficiency)(A - C)</b>                        | <b>117,829,036</b>   | <b>163,606,860</b>   |
| <b>Capital Adequacy Ratio (%)</b>                            | <b>10.13%</b>        | <b>10.20%</b>        |
| <b>Capital Requirement</b>                                   |                      |                      |
|                                                              | <b>Held</b>          | <b>Held</b>          |
| Tier - I                                                     | 6.51%                | 6.59%                |
| Tier - II                                                    | 3.62%                | 3.61%                |
| Tier - III                                                   | -                    | -                    |
| <b>Total</b>                                                 | <b>10.13%</b>        | <b>10.20%</b>        |

**13.4(a) Group Capital Adequacy Ratio Under Basel-II (Consolidated Basis)**

|                                                                |                      |                      |
|----------------------------------------------------------------|----------------------|----------------------|
| <b><u>Tier-I ( Core Capital)</u></b>                           |                      |                      |
| Paid up Capital                                                | 4,114,387,200        | 3,740,352,000        |
| Statutory Reserve                                              | 1,310,398,870        | 1,004,574,914        |
| Other Reserve                                                  | 114,061,074          | 84,000,000           |
| Retained Earnings                                              | 506,439,968          | 433,427,548          |
| Non-controlling Interest                                       | 175,409,839          | 49,305,174           |
| Deduction: Shortfall of provisions against investment in Share | (86,100,000)         | -                    |
|                                                                | <b>6,134,596,952</b> | <b>5,311,659,636</b> |
| <b><u>Tier –II (Supplementary Capital)</u></b>                 |                      |                      |
| General Provision                                              | 1,323,395,103        | 1,103,395,103        |
| Assets Revaluation Reserves                                    | 196,190,938          | 201,221,475          |
| Subordinated Debt                                              | 1,840,379,086        | 1,593,497,891        |
|                                                                | <b>3,359,965,127</b> | <b>2,898,114,469</b> |
| <b><u>Tier –III (eligible for market risk only)</u></b>        |                      |                      |
| Short-term subordinated Debt                                   | -                    | -                    |
|                                                                | -                    | -                    |
| <b>A. Total Eligible Capital</b>                               | <b>9,494,562,079</b> | <b>8,209,774,105</b> |
| <b>B. Total Risk Weighted Assets</b>                           | 91,915,200,000       | 80,409,900,000       |
| <b>C. Minimum Capital Requirement based on Risk Weighted</b>   | 9,191,520,000        | 8,040,990,000        |
| <b>D. Surplus/(Deficiency)....(A - C)</b>                      | <b>303,042,079</b>   | <b>168,784,105</b>   |
| <b>Capital Adequacy Ratio (%)</b>                              | <b>10.33%</b>        | <b>10.21%</b>        |
| <b>Capital Requirement</b>                                     |                      |                      |
|                                                                | <b>Held</b>          | <b>Held</b>          |
| Tier - I                                                       | 6.67%                | 6.61%                |
| Tier - II                                                      | 3.66%                | 3.60%                |
| Tier - III                                                     | -                    | -                    |
| <b>Total</b>                                                   | <b>10.33%</b>        | <b>10.21%</b>        |

|                               | <u>31.12.2013</u>    | <u>31.12.2012</u>    |
|-------------------------------|----------------------|----------------------|
|                               | <b>BDT</b>           | <b>BDT</b>           |
| <b>14 STATUTORY RESERVE</b>   |                      |                      |
| Opening Balance               | 1,004,574,914        | 704,202,214          |
| Add: Addition during the year | 305,823,956          | 300,372,700          |
| Closing Balance               | <u>1,310,398,870</u> | <u>1,004,574,914</u> |

This has been done at least @ 20% or more of the net profit before tax according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until & unless it equals to Paid-up Capital.

|                                                 |                    |                   |
|-------------------------------------------------|--------------------|-------------------|
| <b>15 OTHER RESERVE</b>                         |                    |                   |
| Opening Balance                                 | 84,000,000         | 60,000,000        |
| Add: Addition during the year                   | 20,000,000         | 24,000,000        |
| Add: Transferred from Asset Revaluation Reserve | 10,061,074         | -                 |
| Closing Balance                                 | <u>114,061,074</u> | <u>84,000,000</u> |

|                                         |                    |                    |
|-----------------------------------------|--------------------|--------------------|
| <b>15(a) ASSETS REVALUATION RESERVE</b> |                    |                    |
| Opening Balance                         | 402,442,950        | 402,442,950        |
| Less: Transfer to Other Reserve         | (10,061,074)       | -                  |
|                                         | <u>392,381,876</u> | <u>402,442,950</u> |

The Bank revalued the entire land and building during the year 2012 by an independent valuation firm according to paragraph 36 of BAS-16 as per approval of the meeting of 129th Board of Directors of the Bank. As per BAS-16, Revaluation reserve is transferred to Other Reserve in each year during the lifetime of those assets.

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| <b>16 RETAINED EARNINGS</b>         |                    |                    |
| Opening Balance                     | 433,109,918        | 371,651,119        |
| Add: Post tax profit for the period | 769,119,782        | 761,863,499        |
| Less: Transfer to Statutory Reserve | (305,823,956)      | 300,372,700        |
| Less: Transfer to Other Reserve     | (20,000,000)       | 60,000,000         |
| Less: Capitalised during the period | (374,035,200)      | 340,032,000        |
| Closing Balance                     | <u>502,370,544</u> | <u>433,109,918</u> |

|                                                    |                    |                    |
|----------------------------------------------------|--------------------|--------------------|
| <b>16(a) RETAINED EARNINGS</b>                     |                    |                    |
| First Security Islami Bank Limited (Note-16)       | 502,370,544        | 433,109,918        |
| First Security Islami Capital & Investment Limited | 4,069,424          | 317,630            |
|                                                    | <u>506,439,968</u> | <u>433,427,548</u> |

#### **17 LETTER OF GUARANTEES**

Money for which the Bank is contingently liable in respect of guarantees are given favoring:

|                                  |                      |                      |
|----------------------------------|----------------------|----------------------|
| Letters of Guarantee - Local     | 4,547,711,472        | 2,360,650,746        |
| Letter of Guarantee - Foreign    | -                    | -                    |
|                                  | <u>4,547,711,472</u> | <u>2,360,650,746</u> |
| Less: Margin Taken on Guarantees | -                    | 158,353,896          |
|                                  | <u>4,547,711,472</u> | <u>2,202,296,850</u> |

Note: Margin Taken on Guarantees has been shown in the sundry deposit account in 2013 rather than net off from letter of guarantee as per BRPD Circular -14 dated September 23, 2012.

|                                                                                       | <u>31.12.2013</u>           | <u>31.12.2012</u>           |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                       | <b>BDT</b>                  | <b>BDT</b>                  |
| <b>17.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:</b> |                             |                             |
| Directors                                                                             | -                           | -                           |
| Government                                                                            | -                           | -                           |
| Banks and Other Financial Institutions                                                | -                           | -                           |
| Others                                                                                | 4,547,711,472               | 2,360,650,746               |
|                                                                                       | <b><u>4,547,711,472</u></b> | <b><u>2,360,650,746</u></b> |
| <b>18 IRREVOCABLE LETTERS OF CREDIT</b>                                               |                             |                             |
| Letters of Credit - Cash                                                              | 2,831,183,307               | 1,225,536,904               |
| Letter of Credit - Cash Inland                                                        | -                           | -                           |
| Back to Back letters of Credit - Local                                                | 814,338,262                 | 260,511,500                 |
| Back to Back letters of Credit - Foreign                                              | 94,885,912                  | 71,744,000                  |
|                                                                                       | <b><u>3,740,407,481</u></b> | <b><u>1,557,792,404</u></b> |
| <b>19 BILLS FOR COLLECTION ISSUED BY THE BANK</b>                                     |                             |                             |
| Foreign Documentary Bills                                                             | 265,753,695                 | 137,866,000                 |
| Outward Bills                                                                         | 521,534                     | 1,645,159                   |
| Inland Documentary Bills                                                              | 933,109,952                 | -                           |
|                                                                                       | <b><u>1,199,385,180</u></b> | <b><u>139,511,159</u></b>   |



|                                                             | <u>31.12.2013</u>            | <u>31.12.2012</u>            |
|-------------------------------------------------------------|------------------------------|------------------------------|
|                                                             | <b>BDT</b>                   | <b>BDT</b>                   |
| <b>20 INVESTMENT INCOME</b>                                 |                              |                              |
| <b>Profit Received from:</b>                                |                              |                              |
| Deposit with Other Banks                                    | 1,984,465,527                | 758,397,522                  |
| Bai Murabaha - General                                      | 879,890,936                  | 678,458,608                  |
| Bai Murabaha Hypothecation                                  | 7,110,642,463                | 2,980,118,018                |
| Bai Murabaha against MTD                                    | 710,898,521                  | 544,214,164                  |
| Bai Murabaha Post Import (LTR)                              | 1,287,933,312                | 2,446,663,843                |
| Bai Murabaha General                                        | 2,466,796,787                | 2,211,811,471                |
| Inland Documentary Bills Purchased (Foreign Currency Bills) | 91,641,525                   | 503,952,280                  |
| Bai Muajjal General                                         | 218,834,675                  | 110,412,443                  |
| Bai Murabaha Post Import (Pledge)                           | 232,249                      | 3,750,994                    |
| Bai Murabaha Real Estate                                    | 5,856,510                    | 6,866,196                    |
| Bai Murabaha Import Bill                                    | 721,374,094                  | 1,066,893,559                |
| Pre-shipment Investment                                     | 16,827,163                   | 11,226,192                   |
| Bai Murabaha Import                                         | 171,585,973                  | 2,026,728                    |
| Bai Murabaha Export                                         | 29,793,151                   | 5,227,403                    |
| HPSM Transport                                              | 167,395,989                  | 160,458,426                  |
| Rent on HPSM Scheme                                         | 698,860,763                  | 779,460,994                  |
| Bai Muajjal (DDIS)                                          | 880,249                      | 3,035,452                    |
| HPSM House Building - Staff                                 | 4,558,786                    | 3,570,452                    |
| Foreign Documentary Bill Purchased                          | -                            | 62,445                       |
| Agriculture Investment                                      | 185,086,060                  | 40,652,276                   |
| Bai Murabaha SME Investment                                 | 96,333,629                   | 101,248,882                  |
| Quard against PF Investment                                 | 1,006,810                    | 638,921                      |
| Quard against Car Lease Scheme                              | 2,743,986                    | 2,056,770                    |
| Quard against MTDR                                          | 29,282,823                   | 554,369                      |
| Bai Salam                                                   | 2,413,945                    | 15,392,731                   |
| HPSM Real Estate                                            | 496,096,996                  | 260,403,968                  |
| HPSM Consumer                                               | 30,387,556                   | 24,802,712                   |
| HPSM Agriculture                                            | 5,663,548                    | 9,905,354                    |
| HPSM SME                                                    | 46,201,251                   | 50,832,687                   |
| HPSM HBL Commercial                                         | 701,140,580                  | 546,381,518                  |
| HPSM Industrial                                             | 109,866,955                  | 8,889,249                    |
| Wajira Bill Okalah                                          | 1,907,476                    | 1,302,103                    |
| Bai-Murabaha (EMI) Investment                               | 1,086,242                    | -                            |
|                                                             | <b><u>18,277,686,531</u></b> | <b><u>13,339,668,730</u></b> |
| <b>20(a) INVESTMENT INCOME</b>                              |                              |                              |
| First Security Islami Bank Limited (Note-20)                | 18,277,686,531               | 13,339,668,730               |
| First Security Islami Capital & Investment Limited          | 39,313,726                   | 16,786,476                   |
|                                                             | <b><u>18,317,000,257</u></b> | <b><u>13,356,455,206</u></b> |

|                                         | 31.12.2013            | 31.12.2012            |
|-----------------------------------------|-----------------------|-----------------------|
|                                         | BDT                   | BDT                   |
| <b>21 PROFIT PAID ON DEPOSITS</b>       |                       |                       |
| <b>Profit Paid on:</b>                  |                       |                       |
| Mudaraba Term Deposit                   | 11,315,781,274        | 8,095,124,548         |
| Mudaraba Double Benefit Deposits Scheme | 1,157,038,436         | 875,098,141           |
| Mudaraba Monthly Savings Scheme         | 652,593,091           | 545,230,931           |
| Mudaraba Monthly Benefit Savings Scheme | 367,474,323           | 97,262,580            |
| Mudaraba Savings Deposits               | 173,012,349           | 186,131,514           |
| Mudaraba Short Notice Deposits          | 241,971,300           | 242,456,615           |
| Placement from Other Banks              | 574,763,832           | 245,852,872           |
| Mudaraba Deposit in Foreign Currency    | -                     | 9,773                 |
| Mudaraba Hajj Deposit Scheme            | 1,268,172             | 549,497               |
| Mudaraba Student SB AC                  | 1,621,457             | 479,527               |
| Mudaraba Salary A/C (Staff A/c)         | 621,764               | 265,634               |
| Mudaraba Senior Citizen AC              | 437,311               | 118,582               |
| Mudaraba Marriage Scheme                | 7,107,502             | 2,211,253             |
| Mudaraba Health Care Scheme             | 36,095,584            | 7,782,936             |
| Mudaraba Education Deposit Scheme       | 8,142,186             | 2,308,918             |
| Mudaraba Pension Deposit Scheme         | 7,999,023             | 2,228,688             |
| Mudaraba Millionaire Deposit Scheme     | 7,833,066             | 1,092,064             |
| Mudaraba Kroropoti Deposit Scheme       | 6,575,253             | 1,037,603             |
| Mudaraba Triple Times Deposit Scheme    | 13,424,344            | 1,529,498             |
| Mudaraba Four Times Deposit Scheme      | 20,188,733            | 2,442,272             |
| Mudaraba Probashi Deposit Scheme        | 1,895,882             | 211,347               |
| Mudaraba Money Plant Deposit Scheme     | 55,650                | 61,509                |
| Mudaraba Griheni Deposit Scheme         | 1,481,452             | 244,817               |
| Mudaraba Gift Cheque                    | 60,117                | 24,374                |
| Agent Savings A/C-Mobile Bank           | 508                   | -                     |
| Mudaraba New Generation Savings Scheme  | 73,577                | -                     |
| Mudaraba New Generation Deposit Scheme  | 37,205                | -                     |
|                                         | <b>14,597,553,390</b> | <b>10,309,755,493</b> |

**22 INCOME FROM INVESTMENT IN SHARES & SECURITIES**

|                                          |                    |                   |
|------------------------------------------|--------------------|-------------------|
| Bangladesh Govt. Islamic Investment Bond | 205,940,189        | 90,068,370        |
| Dividend on Shares                       | 5,777,168          | 5,268,436         |
| Profit on Sale of Shares                 | 23,953,611         | 3,660,323         |
|                                          | <b>235,670,968</b> | <b>98,997,129</b> |

**22(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES**

|                                                    |                    |                    |
|----------------------------------------------------|--------------------|--------------------|
| First Security Islami Bank Limited (Note-22)       | 235,670,968        | 98,997,129         |
| First Security Islami Capital & Investment Limited | 15,242,935         | 27,295,897         |
|                                                    | <b>250,913,903</b> | <b>126,293,026</b> |

|                                                    | 31.12.2013         | 31.12.2012         |
|----------------------------------------------------|--------------------|--------------------|
|                                                    | BDT                | BDT                |
| <b>23 COMMISSION, EXCHANGE AND BROKERAGE</b>       |                    |                    |
| Commission                                         | 188,865,406        | 237,630,411        |
| <b>Exchange Gain</b>                               | <b>137,911,580</b> | <b>166,609,834</b> |
| Exchange Earning                                   | 155,977,140        | 197,906,826        |
| Less: Exchange Loss                                | 18,065,560         | 31,296,992         |
|                                                    | <b>326,776,987</b> | <b>404,240,245</b> |
| <b>23(a) COMMISSION, EXCHANGE AND BROKERAGE</b>    |                    |                    |
| First Security Islami Bank Limited (Note-23)       | 326,776,987        | 404,240,245        |
| First Security Islami Capital & Investment Limited | 11,930,565         | 4,231,951          |
|                                                    | <b>338,707,552</b> | <b>408,472,196</b> |
| <b>24 OTHER OPERATING INCOME</b>                   |                    |                    |
| Rent Recoveries                                    | -                  | 1,438,500          |
| Charges on Account Closing                         | 4,095,169          | 1,450,053          |
| Standing Instruction Charges                       | 23,900             | 31,180             |
| Gain on sale of fixed assets                       | 219,910            | -                  |
| Service Charge on HP                               | 2,032,596          | 2,082,022          |
| Service charge on Quard                            | 9,535,972          | 6,543,053          |
| Other Receipts ( Note-24.1)                        | 151,108,081        | 189,988,536        |
|                                                    | <b>167,015,629</b> | <b>201,533,344</b> |
| <b>24.1 Other Receipts</b>                         |                    |                    |
| Postage Recoveries - Local                         | 947,473            | 863,087            |
| Tlx/Tel/Tlgr/Fax/E-mail Chg. Recoveries            | 5,671,631          | 1,698,591          |
| Incidental Charge on Al-Wadiah CD A/C              | 19,819,920         | 17,658,413         |
| Incidental Charge on Mudaraba SB A/C               | 26,976,321         | 17,992,672         |
| Incidental Charge on Mudaraba SND A/C              | 5,070,977          | 3,568,119          |
| Income from online                                 | 5,922,898          | 4,231,542          |
| Investment processing fee                          | 22,024,446         | 31,982,192         |
| Income from ATM                                    | 9,464,322          | 833,843            |
| Miscellaneous Earnings                             | 55,210,093         | 111,160,077        |
|                                                    | <b>151,108,081</b> | <b>189,988,536</b> |
| <b>24(a) OTHER OPERATING INCOME</b>                |                    |                    |
| First Security Islami Bank Limited (Note-24)       | 167,015,629        | 201,533,344        |
| First Security Islami Capital & Investment Limited | 1,870,067          | 842,000            |
|                                                    | <b>168,885,696</b> | <b>202,375,344</b> |
| <b>25 SALARIES &amp; ALLOWANCES</b>                |                    |                    |
| Basic Salary                                       | 428,212,700        | 271,937,166        |
| Bonus                                              | 141,495,907        | 124,982,683        |
| Bank's Contribution to Staff Provident Fund        | 31,470,217         | 20,999,548         |
| Gratuity                                           | 26,460,444         | 29,731,720         |
| House Rent                                         | 190,397,261        | 128,119,099        |
| Conveyance Allowance                               | 51,476,399         | 33,736,924         |
| Leave Fare Allowance                               | 126,062,138        | 89,776,476         |
| Entertainment Allowance                            | 13,270,494         | 9,835,977          |

|                                                    | 31.12.2013           | 31.12.2012         |
|----------------------------------------------------|----------------------|--------------------|
|                                                    | BDT                  | BDT                |
| Medical Allowance                                  | 49,531,859           | 33,377,584         |
| Utility Services                                   | 48,349,027           | 32,777,141         |
| House Maintenance Allowance                        | 49,263,021           | 33,344,212         |
| Other Allowances                                   | 6,018,853            | 38,100,474         |
| Personal Pay                                       | 18,898               | 74,088             |
| Leave Encashment                                   | 1,659,420            | 636,405            |
|                                                    | <b>1,163,686,638</b> | <b>847,429,497</b> |
| <b>25(a) SALARIES &amp; ALLOWANCES</b>             |                      |                    |
| First Security Islami Bank Limited (Note-25)       | 1,163,686,638        | 847,429,497        |
| First Security Islami Capital & Investment Limited | 9,677,832            | 8,501,613          |
|                                                    | <b>1,173,364,470</b> | <b>855,931,110</b> |
| <b>26 RENT, TAXES, INSURANCE, LIGHTING ETC.</b>    |                      |                    |
| Rent                                               | 188,379,230          | 177,061,459        |
| Insurance                                          | 74,601,263           | 52,337,646         |
| Rates and Taxes                                    | 4,715,811            | 3,960,272          |
| Water Charges                                      | 1,995,954            | 1,496,202          |
| Gas Charges                                        | 1,078,826            | 921,140            |
| Electric Bills                                     | 41,017,917           | 30,323,573         |
|                                                    | <b>311,789,001</b>   | <b>266,100,292</b> |
| <b>26(a) RENT, TAXES, INSURANCE, LIGHTING ETC.</b> |                      |                    |
| First Security Islami Bank Limited (Note-26)       | 311,789,001          | 266,100,292        |
| First Security Islami Capital & Investment Limited | 4,000,908            | 4,000,908          |
|                                                    | <b>315,789,909</b>   | <b>270,101,200</b> |
| <b>27 LEGAL EXPENSES</b>                           |                      |                    |
| Law Charges                                        | 423,700              | 2,673,910          |
| Stamp                                              | 103,258              | 141,865            |
| Other Professional Charges                         | 2,058,475            | 2,283,360          |
|                                                    | <b>2,585,433</b>     | <b>5,099,135</b>   |
| <b>28 POSTAGE, STAMP AND TELECOMMUNICATION</b>     |                      |                    |
| Telephone - Office                                 | 9,454,655            | 7,692,431          |
| Telegram, Telex, Fax and Email                     | 1,443,270            | 2,842,701          |
| Telephone - Residence                              | 46,529               | 17,721             |
| Postage                                            | 5,445,853            | 4,826,303          |
|                                                    | <b>16,390,307</b>    | <b>15,379,156</b>  |
| <b>28 (a) POSTAGE, STAMP AND TELECOMMUNICATION</b> |                      |                    |
| First Security Islami Bank Limited (Note-28)       | 16,390,307           | 15,379,156         |
| First Security Islami Capital & Investment Limited | 123,177              | 193,650            |
|                                                    | <b>16,513,484</b>    | <b>15,572,806</b>  |

|                                                                      | 31.12.2013         | 31.12.2012         |
|----------------------------------------------------------------------|--------------------|--------------------|
|                                                                      | BDT                | BDT                |
| <b>29 STATIONERY, PRINTING AND ADVERTISEMENT</b>                     |                    |                    |
| Publicity and Advertisement                                          | 55,163,859         | 41,009,998         |
| Printing and Stationery                                              | 49,186,394         | 42,797,743         |
|                                                                      | <b>104,350,252</b> | <b>83,807,741</b>  |
| <b>30 MANAGING DIRECTOR'S SALARY AND FEES</b>                        |                    |                    |
| Basic Pay                                                            | 6,846,193          | 5,491,484          |
| House Rent Allowances                                                | 1,307,543          | 1,304,228          |
| Leave Fare Allowance.                                                | 2,528,045          | 2,471,168          |
| Bonus                                                                | 2,184,000          | 1,924,000          |
| House Maintenance Allowance                                          | 1,307,543          | 1,304,228          |
| Other Allowance                                                      | 1,176,980          | 1,098,297          |
|                                                                      | <b>15,350,304</b>  | <b>13,593,405</b>  |
| <b>31 AUDITORS' FEES</b>                                             |                    |                    |
| First Security Islami Bank Limited                                   | 730,250            | 575,000            |
| First Security Islami Capital & Investment Limited                   | 125,000            | 125,000            |
|                                                                      | <b>855,250</b>     | <b>700,000</b>     |
| <b>32 DIRECTORS' FEES</b>                                            |                    |                    |
| Fees                                                                 | 753,250            | 770,500            |
| Travel                                                               | 1,000,704          | 1,148,060          |
|                                                                      | <b>1,753,954</b>   | <b>1,918,560</b>   |
| <b>32 (a) DIRECTORS' FEES</b>                                        |                    |                    |
| First Security Islami Bank Limited (Note-32)                         | 1,753,954          | 1,918,560          |
| First Security Islami Capital & Investment Limited                   | 126,500            | 172,500            |
|                                                                      | <b>1,880,454</b>   | <b>2,091,060</b>   |
| <b>33 SHARIAH COMMITTEE'S FEES</b>                                   |                    |                    |
| Fees                                                                 | 115,000            | 132,250            |
|                                                                      | <b>115,000</b>     | <b>132,250</b>     |
| <b>34 DEPRECIATION AND REPAIRS &amp; MAINTENANCE OF FIXED ASSETS</b> |                    |                    |
| Depreciation on Fixed Assets (Annexure - A)                          | 212,067,212        | 144,269,343        |
| <b>Repairs:</b>                                                      | <b>38,342,571</b>  | <b>31,538,538</b>  |
| Office equipment                                                     | 9,646,786          | 6,733,543          |
| Renovation and Maintenance of Office Premises                        | 9,381,666          | 9,417,444          |
| Furniture and Fixtures                                               | 440,135            | 407,636            |
| Maintenance and Services of SWIFT                                    | 135,471            | 10,727             |
| Maintenance of Routers                                               | 1,777,082          | 1,738,464          |
| Elect. Fitt. Rep. & Replacement                                      | 6,049,436          | 4,113,084          |
| Office Maintenance Expenses                                          | 8,219,455          | 9,117,640          |
| Maintenance of Software                                              | 2,692,540          | -                  |
|                                                                      | <b>250,409,783</b> | <b>175,807,881</b> |

|                                                            | 31.12.2013         | 31.12.2012         |
|------------------------------------------------------------|--------------------|--------------------|
|                                                            | BDT                | BDT                |
| <b>34 (a) DEPRECIATION AND REPAIRS OF FIXED ASSETS</b>     |                    |                    |
| First Security Islami Bank Limited (Note-34)               | 250,409,783        | 175,807,881        |
| First Security Islami Capital & Investment Limited         | 9,475,324          | 4,852,579          |
|                                                            | <b>259,885,107</b> | <b>180,660,460</b> |
| <b>35 OTHER EXPENSES</b>                                   |                    |                    |
| Wages                                                      | 149,389,021        | 97,305,232         |
| Traveling                                                  | 24,647,860         | 14,652,763         |
| Donation                                                   | 59,186,419         | 37,694,150         |
| Subscription                                               | 7,494,489          | 34,434,004         |
| Newspaper and Periodicals                                  | 634,823            | 416,296            |
| Entertainment                                              | 41,599,350         | 30,802,449         |
| Conveyance                                                 | 10,862,402         | 10,532,709         |
| Business Development                                       | 19,066,140         | 26,440,804         |
| Computer Expense                                           | 49,857,300         | 30,741,402         |
| Plantation                                                 | 1,212,681          | 1,249,935          |
| Liveries and Uniform                                       | 1,539,636          | 1,485,124          |
| Training, Seminar and Workshop                             | 5,705,114          | 3,434,391          |
| Photocopying                                               | 4,647,878          | 3,099,127          |
| Generator Expenses                                         | 13,745,556         | 15,383,935         |
| Car Expense                                                | 65,412,708         | 25,564,847         |
| Cash Carrying                                              | 9,085,631          | 6,486,298          |
| Washing and Cleaning                                       | 3,186,338          | 2,436,476          |
| Cartage and Freight                                        | 45,341             | 34,070             |
| Staff Welfare                                              | 261,367            | 500,000            |
| Office Maintenance                                         | 112,744            | 533,332            |
| ATM Expenses                                               | 5,837,319          | 3,971,380          |
| Meeting Expenses                                           | 11,452,512         | 12,758,961         |
| Bond Issue Expense                                         | 1,872,000          | 4,124,750          |
| Recruitment Expenses                                       | 1,776,158          | -                  |
|                                                            | <b>488,630,787</b> | <b>364,082,435</b> |
| <b>35 (a) OTHER EXPENSES</b>                               |                    |                    |
| First Security Islami Bank Limited (Note-35)               | 488,630,787        | 364,082,435        |
| First Security Islami Capital & Investment Limited         | 26,732,761         | 21,309,767         |
|                                                            | <b>515,363,548</b> | <b>385,392,202</b> |
| <b>36 EARNINGS PER SHARE</b>                               |                    |                    |
| Net Profit after Tax                                       | 769,119,782        | 761,863,499        |
| Number of Ordinary Shares (weighted average as per BAS-33) | 411,438,720        | 411,438,720        |
| Earnings Per Share (EPS)                                   | <b>1.87</b>        | <b>1.85</b>        |

Earnings per share has been calculated as per BAS-33: "Earnings Per Share". Previous year's EPS have been adjusted for the issue of bonus share(for 2012) during the year.

|                                                            | 31.12.2013           | 31.12.2012           |
|------------------------------------------------------------|----------------------|----------------------|
|                                                            | BDT                  | BDT                  |
| <b>36(a) EARNINGS PER SHARE</b>                            |                      |                      |
| Net Profit after Tax                                       | 776,476,241          | 761,863,499          |
| Number of Ordinary Shares (weighted average as per BAS-33) | 411,438,720          | 411,438,720          |
| Earnings Per Share (EPS)                                   | <b>1.89</b>          | <b>1.85</b>          |
| <b>37 RECEIVED FROM OTHER OPERATING ACTIVITIES</b>         |                      |                      |
| Rent Recoveries                                            | -                    | 1,438,500            |
| Charges on Account Closing                                 | 4,095,170            | 1,450,053            |
| Standing Instruction Charges                               | 23,900               | 31,180               |
| Gain on sale of fixed assets                               | 219,910              | -                    |
| Service Charge on HP                                       | 2,032,596            | 2,082,022            |
| Service Charge on Quard                                    | 9,535,972            | 6,543,053            |
| Other Receipts(24.1)                                       | 151,108,081          | 189,988,536          |
|                                                            | <b>167,015,629</b>   | <b>201,533,344</b>   |
| <b>37 (a) RECEIVED FROM OTHER OPERATING ACTIVITIES</b>     |                      |                      |
| First Security Islami Bank Limited (Note-37)               | 167,015,629          | 201,533,344          |
| First Security Islami Capital & Investment Limited         | 1,870,067            | 842,000              |
|                                                            | <b>168,885,696</b>   | <b>202,375,344</b>   |
| <b>38 PAYMENT FOR OTHER OPERATING ACTIVITIES</b>           |                      |                      |
| Rent, Taxes, Insurances, Electricity etc.                  | 311,789,001          | 266,100,292          |
| Legal Expenses                                             | 2,585,433            | 5,099,135            |
| Postage, Stamps, Telecommunications etc.                   | 16,390,307           | 15,379,156           |
| Auditors' Fee                                              | -                    | 974,750              |
| Directors' fees                                            | 1,753,954            | 1,918,560            |
| Shariah Committee's fees                                   | 115,000              | 132,250              |
| Other Expenses                                             | 488,630,787          | 363,682,685          |
|                                                            | <b>821,264,482</b>   | <b>653,286,828</b>   |
| <b>38 (a) PAYMENT FOR OTHER OPERATING ACTIVITIES</b>       |                      |                      |
| First Security Islami Bank Limited (Note-38)               | 821,264,482          | 653,286,828          |
| First Security Islami Capital & Investment Limited         | 31,108,345           | 30,654,404           |
|                                                            | <b>852,372,827</b>   | <b>683,941,232</b>   |
| <b>39 INCREASE /DECREASE OF OTHER ASSETS</b>               |                      |                      |
| Inter - branch Transaction Account                         | 5,726,545,164        | 1,256,819,424        |
| Accrued Income                                             | 871,305,133          | 689,306,589          |
| Advances, Deposits and Prepayment                          | 2,001,455,006        | 369,716,371          |
| Stock of Stationery                                        | 20,142,925           | 14,131,023           |
| Suspense Account                                           | 125,776,808          | 92,736,494           |
| Advance Deposits                                           | 131,370,760          | 569,012,410          |
| Stamps on Hand                                             | 1,406,661            | 930,611              |
| FSI Capital & Investment Ltd.                              | -                    | -                    |
|                                                            | <b>8,878,002,457</b> | <b>2,992,652,922</b> |

|                                                    | 31.12.2013             | 31.12.2012           |
|----------------------------------------------------|------------------------|----------------------|
|                                                    | BDT                    | BDT                  |
| (Increase)/Decrease during the period              | <b>(5,885,349,535)</b> | <b>(982,259,562)</b> |
| <b>39 (a) INCREASE /DECREASE OF OTHER ASSETS</b>   |                        |                      |
| First Security Islami Bank Limited (Note-39)       | (5,885,349,535)        | (982,259,562)        |
| First Security Islami Capital & Investment Limited | (191,900,969)          | 2,733,930            |
|                                                    | <b>(6,077,250,504)</b> | <b>(979,525,632)</b> |

#### 40 INCREASE /DECREASE OF OTHER LIABILITIES

|                                           |                      |                      |
|-------------------------------------------|----------------------|----------------------|
| Profit/Rent/Compensation Suspense Account | 95,053,648           | 106,466,799          |
| Accrued profit and Expenses Payable       | 3,514,419,152        | 2,482,492,737        |
| Provident Fund                            | 4,609,222            | 804,842              |
| Benevolent Fund                           | 1,201,528            | 855,027              |
| Non-Resident Accounts                     | 12,915,579           | 4,646,143            |
| Compensation Realised                     | 23,826,516           | 3,830,509            |
| Others                                    | 64,193,164           | 61,722,254           |
|                                           | <b>3,716,218,809</b> | <b>2,660,818,311</b> |
| Increase /(Decrease) during the period    | <b>1,055,400,498</b> | <b>1,502,738,936</b> |

#### 40 (a) INCREASE /DECREASE OF OTHER LIABILITIES

|                                                    |                      |                      |
|----------------------------------------------------|----------------------|----------------------|
| First Security Islami Bank Limited (Note-40)       | 1,055,400,498        | 1,502,738,936        |
| First Security Islami Capital & Investment Limited | 4,544,722            | 71,716,409           |
|                                                    | <b>1,059,945,220</b> | <b>1,574,455,345</b> |

#### 41 NUMBER OF EMPLOYEES

|                                |              |              |
|--------------------------------|--------------|--------------|
| Executives and Officers        | 1,915        | 1,714        |
| Members of Staff (Contractual) | 452          | 376          |
|                                | <b>2,367</b> | <b>2,090</b> |



|                                                     |                                                    |               |              | Amount in BDT         | Amount in BDT         |                    |
|-----------------------------------------------------|----------------------------------------------------|---------------|--------------|-----------------------|-----------------------|--------------------|
|                                                     |                                                    |               |              | 31.12.2013            | 31.12.2012            |                    |
| <b>A. Balance Brought Forward-Inside Bangladesh</b> |                                                    |               |              | 14,206,467,884        | 10,315,382,991        |                    |
| <b>B. Outside Bangladesh</b>                        |                                                    |               |              |                       |                       |                    |
|                                                     | <u>Currency</u>                                    | <u>Amount</u> | <u>Rate</u>  |                       |                       |                    |
| <b>Current Account</b>                              |                                                    |               |              |                       |                       |                    |
| 1                                                   | Mashreq Bank, PSC, London                          | GBP           | 61,924.87    | 128.0854              | 7,931,672             | 560,808            |
| 2                                                   | Standard Chartered Bank, Frankfurt, Germany        | EURO          | -            | 0.0000                | -                     | 1,542,422          |
| 3                                                   | NIB Bank Ltd. Karachi, Pakistan                    | ACU\$         | 18,808.00    | 77.75                 | 1,462,322             | 140,233            |
| 4                                                   | Commerz Bank AG, Frankfurt, Germany                | EURO          | 310,864.89   | 106.8363              | 33,211,655            | 12,243,223         |
| 5                                                   | Bank of Bhutan, Thimpo, Bhutan                     | ACU\$         | 2,368.10     | 77.7500               | 184,120               | 189,034            |
| 6                                                   | Sonali Bank , Kolkata, India                       | ACU\$         | 14,944.40    | 77.7500               | 1,161,927             | 1,192,937          |
| 7                                                   | Mashreq Bank, PSC, London.                         | EURO          | 11,351.71    | 106.8363              | 1,212,775             | 2,293,413          |
| 8                                                   | Standard Chartered Bank, Tokyo, Japan              | J.YEN         | -            | 0.0000                | -                     | 1,376,992          |
| 9                                                   | Union De Banques Arabes Et Feancauses,Tokyo,Japan  | J.YEN         | 1,223,196.00 | 0.7384                | 903,208               | 5,195              |
| 10                                                  | AB Bank Ltd, Mumbai, India                         | ACU\$         | 86,414.32    | 77.7500               | 6,718,713             | 81,408             |
| 11                                                  | Standard Chartered Bank, Newyork                   | USD           | -            | -                     | -                     | 111,630,728        |
| 12                                                  | Standard Chartered Bank, Colombo                   | ACU\$         | 45,160.00    | 77.7500               | 3,511,190             | 3,604,897          |
| 13                                                  | Standard Chartered Bank, Mumbai                    | ACU\$         | -            | -                     | -                     | 758,476            |
| 14                                                  | ICICI bank Ltd, Hongkong                           | USD           | 161,062.19   | 77.7500               | 12,522,585            | 12,677,887         |
| 15                                                  | Mashreq Bank, PSC, Newyork                         | USD           | 974,000.07   | 77.7500               | 75,728,505            | 120,782,602        |
| 16                                                  | HSBC, USA                                          | USD           | -            | -                     | -                     | 198,368,936        |
| 17                                                  | HSBC, Mumbai, India                                | ACU\$         | -            | -                     | -                     | 31,338             |
| 18                                                  | ICICI bank Ltd,Kolkata, India                      | ACU\$         | 72,821.89    | 77.7500               | 5,661,902             | (683,699)          |
| 19                                                  | Mashreq Bank, PSC, London                          | USD           | 2,914.33     | 77.7500               | 226,589               | 232,636            |
| 20                                                  | Habib Bank, Zurich, Switzerland                    | CHF           | 42,644.32    | 87.0953               | 3,714,120             | 3,167,768          |
| 21                                                  | Habib Metropolitan Bank Limited, Karachi, Pakistan | ACU\$         | 69,200.65    | 77.7500               | 5,380,351             | 135,839            |
| 22                                                  | Habib American Bank, N,Y                           | USD           | 168,406.00   | 77.7500               | 13,093,567            | -                  |
| <b>Total (A+B)</b>                                  |                                                    |               |              |                       | <b>172,625,200</b>    | <b>470,333,070</b> |
|                                                     |                                                    |               |              | <b>14,379,093,084</b> | <b>10,785,716,061</b> |                    |

## 42 RELATED PARTY TRANSACTIONS

During the year, the Bank carried out some transactions with related party in the normal course of business and on an arm's length basis. The name of this related party, nature of this transaction and total value has been set out in accordance with provisions of Bangladesh Accounting Standard 24 (BAS: 24) Related Party disclosure and as defined in the BRPD Circular no. 14 issued by the Bangladesh Bank on June 25, 2003. The significant related party transactions during the year were as follows:

### i) Significant Contracts where Bank is a Party and wherein Directors have Interest

| <u>Name of the Party</u>                                                                                                               | <u>Nature of Transaction</u> | <u>Nature of Relationship</u> | <u>Total Value (in Tk.)</u> |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|-----------------------------|
| Northern General Insurance Company Ltd.                                                                                                | Insurance Premium            | Common Director               | 9,160,274                   |
| Northern General Insurance Company Ltd.                                                                                                | Investment                   | Common Director               | 75,350,000                  |
| Northern General Insurance Company Ltd.                                                                                                | Deposit                      | Common Director               | 65,733,630                  |
| Reliance Finance Ltd.                                                                                                                  | Deposit                      | Common Director               | 4,362,574                   |
| Reliance Finance Ltd.                                                                                                                  | Balance with NBF(MTDR)       | Common Director               | 10,104,000,000              |
| ii) Related Party Transactions                                                                                                         |                              |                               | Nil                         |
| iii) Shares issued to Directors and Executives without consideration or exercisable at discount                                        |                              |                               | Nil                         |
| iv) Lending to Related Parties is effected as per requirements of Section 27 (1) of the Bank Companies Act, 1991.                      |                              |                               | Nil                         |
| v) Business other than banking business with any related concern of the Directors as per Section 18(2) of the Bank Companies Act, 1991 |                              |                               | Nil                         |
| vi) Investment in the Securities of Directors and their related concern                                                                |                              |                               | Nil                         |

43 **DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES:**

| Sl. No | Name of the Directors | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------|-----------------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Mohammed Saiful Alam  | Chairman             | <p><b><u>Chairman/Board of Director</u></b><br/>           First Security Islami Capital &amp; Investment Ltd.<br/>           Reliance Finance Limited<br/>           Reliance Brokerage Services Limited<br/>           Karnaphuli Prakritik Gas Ltd.</p> <p><b><u>Managing Director</u></b><br/>           S. Alam Steels Ltd. (Unit -1, &amp; 2)<br/>           S. Alam Steels Ltd. (Unit - 3)<br/>           S. Alam Cement Ltd.<br/>           S. Alam Brothers Ltd<br/>           S. Alam Hatchery Ltd.<br/>           S. Alam Trading Company (Pvt.) Ltd.<br/>           S. Alam Bag Manufacturing Mills Ltd.<br/>           S. Alam Soyaseed Extraction Plant Ltd.<br/>           S. Alam Refined Sugar Industries Ltd.<br/>           S. Alam Cold Rolled Steels Ltd.<br/>           S. Alam Luxury Chair Coach Services Ltd.<br/>           S. Alam Power Generation Ltd.<br/>           S. Alam Tank Terminal Ltd.<br/>           S. Alam Properties Ltd.<br/>           Sonali Cargo Logistics (Pvt) Ltd.<br/>           Fatehabad Farm Ltd.<br/>           Portman Cements Ltd.</p> <p><b><u>Sponsor Shareholder</u></b><br/>           Al-Arafah Islami Bank Ltd.<br/>           Northern General Insurance Co. Ltd.<br/>           S. Alam Super Edible Oil Ltd.<br/>           S. Alam Vegetable Oil Ltd..<br/>           Shah Amanat Prakritik Gas Company Ltd.</p> <p><b><u>Proprietor</u></b><br/>           S. Alam &amp; Co.<br/>           Sonali Overseas Corporation</p> |

| Sl. No | Name of the Directors        | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------|------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2      | Alhaj Mohammed Abdul Maleque | Vice Chairman        | <p><b><u>Chairman</u></b><br/> Jesco Capital Management Ltd.<br/> ABM Tower Ltd.<br/> Bengal Center Ltd.<br/> <b><u>Chairman &amp; Managing Director</u></b><br/> Jesco Bangladesh Ltd.<br/> <b><u>Managing Director</u></b><br/> Chittagong Board and Paper Mills Ltd.<br/> Kharana Fish &amp; Poultry Ltd.<br/> <b><u>Director</u></b><br/> Central Hospital Ltd.<br/> <b><u>EX - Chairman &amp; Sponsor Shareholder</u></b><br/> Central Insurance Co. Ltd.<br/> <b><u>Ex - Director</u></b><br/> Chittagong Chamber of Commerce &amp; Industry<br/> <b><u>Proprietor</u></b><br/> M/S. Bengal Corporation<br/> M/S. Bengal Trading<br/> M/S. Lucky Electronics</p> |
| 3      | Ms. Farzana Parveen          | Director             | <p><b><u>Director</u></b><br/> First Security Islami Capital &amp; Investment Ltd.<br/> Reliance Finance Limited<br/> Reliance Brokerage Services Limited<br/> S.Alam Power Plant Ltd.<br/> S. Alam Vegetable Oil Ltd..<br/> Prasad Paradise Resort Ltd.<br/> S.Alam Properties Ltd.<br/> Sonali Cargo Logistics (Pvt) Ltd.<br/> <b><u>Shareholder</u></b><br/> S. Alam Steels Ltd.<br/> S. Alam Cold Rolled Steels Ltd.<br/> Union Bank Ltd.<br/> <b><u>Proprietor</u></b><br/> Fairy Trade International<br/> Parveen Trading House</p>                                                                                                                              |
| 4      | Ms. Rahima Khatun            | Director             | <p><b><u>Chairman</u></b><br/> Marsa Aviation Ltd.<br/> M/S. Mortoza Assets Ltd.<br/> <b><u>Managing Director</u></b><br/> Marsa Fishing Ltd.<br/> <b><u>Proprietor</u></b><br/> R.M. Trading</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 5      | Ms. Atiqur Nesa              | Director             | <p><b><u>Proprietor</u></b><br/> Atique Enterprise<br/> <b><u>Shareholder</u></b><br/> Reliance Finance Limited</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

| Sl. No | Name of the Directors    | Status with the Bank | Names of firms/companies in which interested as proprietor, partner, director, managing agent, guarantor, employee, etc.                                                                                                                                                    |
|--------|--------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6      | Md. Wahidul Alam Seth    | Director             | <b><u>Director</u></b><br>Reliance Brokerage Services Limited<br><b><u>Proprietor</u></b><br>M/S. B. Nowab Real Estate<br>INTRA                                                                                                                                             |
| 7      | Shahidul Islam           | Director             | <b><u>Managing Director</u></b><br>Platinum Shrimp Hatchery Ltd.<br><b><u>Director</u></b><br>Treatment Hospital Limited<br><b><u>Proprietor</u></b><br>S.S. Corporation                                                                                                    |
| 8      | Mohammed Oheidul Alam    | Director             | <b><u>Vice Chairman</u></b><br>C & A Real Estate<br><b><u>Managing Director</u></b><br>Dream Knitting (BD) Ltd.<br><b><u>Proprietor</u></b><br>M/S. Land Mark Hotel & Restaurant<br>Car Shop<br>The Travel World<br><b><u>Managing Partner</u></b><br>Orchid Business Hotel |
| 9      | Ahsanul Alam             | Director             | <b><u>Managing Director</u></b><br>Genesis Textile Accessories & Apparels Ltd.<br>C& A Accessories Ltd.<br>C& A Fabrics Ltd.<br>Western Designers Ltd.<br><b><u>Proprietor</u></b><br>Genesis Enterprise                                                                    |
| 10     | Mohammed Kutub Uddowllah | Independent          | <b><u>Director</u></b><br><b><u>Director &amp; CEO</u></b><br>D.S. Line Limited                                                                                                                                                                                             |
| 11     | Md. Sharif Hussain       | Independent          | <b><u>General Secretary</u></b><br>Islamic Economic Research Bureau                                                                                                                                                                                                         |
| 12     | Mohammad Ishaque         | Independent          | <b><u>A retired Bureaucrat.</u></b><br><b><u>Independent Director</u></b><br>S. Alam Cold Rolled Steels Ltd.                                                                                                                                                                |
| 13     | Ms. Khurshid Jahan       | Depositor            | <b><u>Director</u></b><br>MD. Brothers (Pvt.) Ltd.                                                                                                                                                                                                                          |

#### 44 EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its 141st meeting held on 12 March 2014 recommended 10% cash dividend only for shareholders except Sponsors/Directors for the year 2013 to be approved in the Annual General Meeting.

#### 45 AUDIT COMMITTEE

##### a) Constitution

The Bank has constituted an Audit Committee of the Board of Directors pursuant to the BRPD circular no. 11 dated 27 October 2013 with a view to act as a bridge among the Board of Directors, Executive Authority, Depositors, Shareholders etc so that the Committee can make an effective role in establishing an efficient, strong and secured banking system. Our Audit Committee has been formed comprising three members of the Board of Directors as follows :

| Name                     | Status with the Bank | Status with the Committee | Educational Qualification |
|--------------------------|----------------------|---------------------------|---------------------------|
| Mohammed Kutub Uddowllah | Independent Director | Chairman                  | Bachelor of Science       |
| Md. Wahidul Alam Seth    | Director             | Member                    | Bachelor of Commerce      |
| Ahsanul Alam             | Director             | Member                    | O Level                   |

b) During the period under review, the Audit Committee of the Board conducted 05 (five) meetings.

c) The following steps have been taken for implementation of an effective Internal Control Procedure of the Bank:

A strong powerful division formed for internal audit and inspection as well as compliance thereof.

The division is divided into three separate units i.e. Audit & Inspection , compliance and Monitoring to implement effective internal control and compliances headed by highly experienced bankers.

Audit and Inspection unit is established with a view to carrying out comprehensive internal audit in the branch level and ensure the transparency and accountability in the banking operations in light of the guidelines of the regulatory authorities and policies set by the bank with regular intervals.

Monitoring Unit is established with a view to implementing proper banking practices in the branches. Day to day operations is the focusing area to implement the rules and procedures of the regulatory bodies, bank's policies and other prudential guidelines.

Compliance unit is established to take effective measures for collection and timely submission of compliances of internal, external and Bangladesh Bank Inspection Reports.

The committee is placing its report regularly to the Board of Directors of the bank mentioning its review and recommendations on internal system, compliance of rules and regulations and establishment of good governance within the organization.

The board has given the responsibility to implement internal control system in the bank as per requirement of core risk management and framework provided by the Bangladesh Bank.

**Managing Director**

**Director**

**Director**

**Chairman**

Dhaka, 12 March 2014

**FIRST SECURITY ISLAMI BANK LIMITED**  
**STATEMENT OF FIXED ASSETS**  
**AS AT 31 DECEMBER 2013**

Figure in Taka

| Particulars            | C O S T                      |                          |                                | D E P R E C I A T I O N  |                              |                        |                                             | Written down value on 31 Dec 2013 |                          |
|------------------------|------------------------------|--------------------------|--------------------------------|--------------------------|------------------------------|------------------------|---------------------------------------------|-----------------------------------|--------------------------|
|                        | Balance as on 01 January '13 | Addition during the year | Sales/Transfer during the year | Balance as on 31 Dec '13 | Balance as on 01 January '13 | Charge during the year | Adjustment on sale/transfer during the year |                                   | Balance as on 31 Dec '13 |
| Building               | 919,187,076                  | 103,464,698              | -                              | 1,022,651,774            | 14,378,681                   | 23,280,907             | -                                           | 37,659,588                        | 984,992,186              |
| Furniture & Fixtures   | 930,987,348                  | 326,978,473              | -                              | 1,257,965,821            | 188,364,294                  | 89,392,010             | -                                           | 277,756,304                       | 980,209,517              |
| Office Equipment       | 517,989,527                  | 236,403,960              | -                              | 754,393,487              | 198,176,833                  | 88,898,047             | -                                           | 287,074,880                       | 467,318,607              |
| Vehicles               | 62,458,054                   | 23,818,849               | -                              | 86,276,903               | 32,342,363                   | 10,385,545             | -                                           | 42,727,908                        | 43,548,995               |
| Books                  | 471,748                      | 117,080                  | -                              | 588,828                  | 115,368                      | 110,703                | -                                           | 226,071                           | 362,757                  |
| <b>Total Dec' 2013</b> | <b>2,431,093,753</b>         | <b>690,783,060</b>       | <b>-</b>                       | <b>3,121,876,813</b>     | <b>433,377,539</b>           | <b>212,067,212</b>     | <b>-</b>                                    | <b>645,444,751</b>                | <b>2,476,432,062</b>     |
| <b>Total Dec' 2012</b> | <b>1,258,911,572</b>         | <b>1,172,182,181</b>     | <b>-</b>                       | <b>2,431,093,753</b>     | <b>289,108,196</b>           | <b>144,269,343</b>     | <b>-</b>                                    | <b>433,377,539</b>                | <b>1,997,716,214</b>     |

**First Security Islami Bank Limited**  
**Financial Highlights**  
**For the year ended 31 December 2013**

| SL # | Particulars                                                          | 31.12.2013      | 31.12.2012      |
|------|----------------------------------------------------------------------|-----------------|-----------------|
| 1    | Paid-up Capital                                                      | 4,114,387,200   | 3,740,352,000   |
| 2    | Total Capital Fund                                                   | 9,261,239,036   | 8,145,326,860   |
| 3    | Capital Surplus/(deficit)                                            | 117,829,036     | 163,606,860     |
| 4    | Total Assets                                                         | 161,822,976,845 | 129,733,173,088 |
| 5    | Total Deposits                                                       | 139,520,955,783 | 109,905,568,871 |
| 6    | Total Investments                                                    | 114,601,798,177 | 96,304,228,588  |
| 7    | Total Contingent Liabilities and Commitments                         | 11,865,555,306  | 9,248,235,939   |
| 8    | Investment Deposit Ratio (in %)                                      | 82.14%          | 87.62%          |
| 9    | Percentage of Classified Investments against total Investments(in %) | 2.17%           | 1.85%           |
| 10   | Profit after tax & provision                                         | 769,119,782     | 761,863,499     |
| 11   | Amount of Classified Investments during the year                     | 2,483,816,897   | 1,785,352,235   |
| 12   | Provision kept against Classified Investments                        | 1,005,100,000   | 790,000,000     |
| 13   | Provision Surplus/(deficit)                                          | 28,623,397      | 10,295,103      |
| 14   | Cost of Fund                                                         | 11.64%          | 11.00%          |
| 15   | Profit Earning Assets                                                | 135,976,093,497 | 112,003,367,369 |
| 16   | Non-profit Earning Assets                                            | 25,846,883,348  | 17,729,805,719  |
| 17   | Return on Investment in Shares & securities(ROI)(in %)               | 3.37%           | 2.01%           |
| 18   | Return on Assets (ROA)(in %)                                         | 0.53%           | 0.69%           |
| 19   | Income from Investment in Shares and Securities                      | 235,670,968     | 98,997,129      |
| 20   | Earnings Per Share (Tk.)                                             | 1.87            | 1.85            |
| 21   | Net Income Per Share (Tk.)                                           | 1.87            | 1.85            |
| 22   | Price Earnings Ratio (Times)                                         | 8.08            | 9.99            |