



ফাস্ট সিকিউরিটি ইসলামী ব্যাংক লিঃ
فارسٲ سٲكٲورٲٲٲ اسلالمٲ بنك لٲمٲٲد FIRST SECURITY ISLAMI BANK LTD.

**AUDITOR'S REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
FIRST SECURITY ISLAMI BANK LIMITED
FOR THE YEAR ENDER 31 DECEMBER 2011**

**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 as well as the financial statements of First Security Islami Bank Limited (FSIBL) which comprise the balance sheet as at 31 December 2011 and the income statement, cash flow statement, statement of changes in equity and liquidity statement for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate Financial Statements prepared in accordance with International Financial Reporting Standards, give a true and fair view of the state of the bank's affairs as on 31 December 2011 and the results of its operations and its cash flows for the period then ended and comply with the Bank Companies Act 1991, the rules and regulations issued by the Bangladesh Bank, the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by FSIBL so far as it appeared from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (iii) the FSIBL's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 42 dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred was for the purpose of the FSIBL's business;
- (v) the financial position of FSIBL as on 31 December 2011 and the profit for the period then ended have been properly reflected in the financial statements and the financial statements have been prepared in accordance with the generally accepted accounting principles;
- (vi) the financial statements have been drawn up in conformity with the Bank Companies Act, 1991 and in accordance with the accounting rules and regulations issued by the Bangladesh Bank;
- (vii) the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements submitted by the branches have been properly maintained and in the financial statements;
- (ix) adequate provisions have been made for advances and other assets which are, in our opinion, doubtful of recovery;
- (x) the information and explanations required by us have been received and found satisfactory;
- (xi) 80% of the risk- weighted assets have been audited; and
- (xii) we have spent approximately 3072 man hours for the audit of the books and accounts of the Bank.

Dhaka, 15 May, 2012

Chartered Accountants

Ref.

LAS 1.51(a)
 LAS 1.10(a)
 LAS 1.51(c)

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
 AS AT 31 DECEMBER 2011

LAS 1.38,1.39
 LAS 1.113

	Notes	31.12.2011 BDT	31.12.2010 BDT
<u>PROPERTY AND ASSETS</u>			
LAS 1.54 (i),7.7	3 (a)	7,145,564,652	4,857,542,203
		751,982,286	612,173,146
		6,393,582,366	4,245,369,057
LAS 1.54 (d)	4(a)	5,699,804,595	920,520,972
		5,487,178,408	810,403,231
		212,626,187	110,117,741
LAS 1.54 (b)	5(a)	4,044,588,542	2,859,354,561
		3,121,548,300	2,331,134,100
		923,040,242	528,220,461
LAS 39.9 IFRS7.8(c)	6	69,467,328,284	52,123,903,164
	6.A	64,451,579,004	47,640,238,696
	6.B	5,015,749,280	4,483,664,468
LAS 1.54 (a)	7(a)	979,350,827	573,610,332
LAS 1.55	8(a)	3,676,262,189	2,284,866,567
LAS 1.55		-	-
		91,012,899,089	63,619,797,799
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
LAS 1.54 (k)	9	3,231,114,000	-
LAS 1.54 (m)	10	78,145,045,008	56,344,959,167
	10.1	7,050,818,872	7,043,747,274
	10.2	889,647,881	545,866,334
	10.3	4,579,934,181	3,987,763,459
	10.4	53,914,817,281	33,076,189,284
	10.5	-	-
	10.6	11,709,826,793	11,691,392,816
LAS 1.55,1.57(11(a)	5,087,789,513	3,354,827,146
		86,463,948,521	59,699,786,313
Capital/Shareholders' equity			
LAS1.54(r),1.7	12	3,400,320,000	3,036,000,000
LAS1.54(r),1.7	13	704,202,214	460,169,845
LAS1.54(r),1.7		24,000,000	24,000,000
LAS1.54(r),1.7	14(a)	371,537,509	399,841,641
LAS 1.55,1.57(48,890,845	-
		4,548,950,568	3,920,011,486
		91,012,899,089	63,619,797,799

Ref

LAS 1.51(a)
LAS 1.10(a)
LAS 1.51(c)

**FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011**

LAS 1(38 & 39)

LAS 1.113

LAS 1.55,

OFF- BALANCE SHEET ITEMS

LAS 37.28,37.86

Contingent Liabilities

Acceptances and Endorsements

Letters of Guarantee

Irrevocable Letters of Credit

Bills for Collection

Other Contingent Liabilities

Total

		31.12.2011	31.12.2010
	Notes	BDT	BDT
		6,219,829,879	4,044,833,066
	15	1,212,159,912	1,303,508,613
	16	3,766,660,337	3,351,761,128
	17	164,929,845	159,565,533
		-	-
		11,363,579,973	8,859,668,340

Other Commitments

Documentary credits and short term trade related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

Claims against the bank not acknowledged as debt

Total

-	-
-	-
-	-
-	-
-	-
-	-
-	-

Total Off -Balance Sheet Items Including

Contingent Liabilities

11,363,579,973	8,859,668,340
-----------------------	----------------------

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Ref.

LAS 1.51(a)

LAS 1.10(b)

LAS 1.51 (c)

LAS 1.38,1.39

LAS 1.113

IFRS 7.20(b)

IFRS 7.20(b)

LAS 1.85

IFRS 7.20(b)

IFRS 7.20(c)

LAS 1.85

LAS 1.85

LAS 1.104

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.104

LAS 1.97

LAS 1.97

LAS 1.85

LAS 1.85

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.85

LAS 1.82(d)

LAS 12.81(g)

LAS 1.82 (f)

LAS 1.85

LAS 1.85

LAS 1.85

LAS 1.85

LAS 1.85

LAS 1.85

LAS 33.66

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	31.12.2011 BDT	31.12.2010 BDT
Investments Income	18(a)	8,749,068,484	5,547,047,795
Profit Paid on Deposits	19	(6,670,951,220)	(4,125,826,500)
Net Investment Income		2,078,117,264	1,421,221,295
Income from Investment in shares and securities	20(a)	83,014,917	264,208,027
Commission, Exchange and Brokerage	21(a)	403,324,004	282,561,956
Other Operating Income	22(a)	173,801,888	117,216,660
		660,140,809	663,986,643
Total Operating Income		2,738,258,073	2,085,207,938
Less: Operating Expenses			
Salary and Allowances	23(a)	586,855,412	418,301,777
Rent, Taxes, Insurances, Electricity etc.	24(a)	147,086,419	107,050,007
Legal Expenses	25	1,876,465	963,915
Postage, Stamps, Telecommunication etc.	26	11,904,965	9,127,540
Stationery, Printings, Advertisements etc.	27	65,982,885	58,551,363
Managing Director's Salary and Fees	28	11,488,548	9,916,130
Auditors' Fees		557,250	410,000
Directors' Fees	29	2,211,209	2,188,870
Shariah Committee's Fees & Expenses	30	289,250	46,000
Depreciation and Repair of Bank's Assets	31	102,002,246	72,915,674
Zakat Expenses		12,500,000	4,979,720
Other Expenses	32	205,914,527	197,156,211
Total Operating Expenses		1,148,669,176	881,607,207
Profit before Provision and Tax		1,589,588,897	1,203,600,731
Provisions for Classified Investments		70,029,299	35,200,000
Provisions for Unclassified Investments including off-B/S items	11.2	238,170,701	150,000,000
Provisions for diminution in value of Investment in Shares		61,437,289	34,800,000
Total Provisions		369,637,289	220,000,000
Total Profit before Taxes		1,219,951,608	983,600,731
Provision for Taxation		(640,012,526)	(435,000,000)
Deferred Tax Income	2.8.4	-	-
		(640,012,526)	(435,000,000)
Net Profit after tax for the period		579,939,082	548,600,731
Retained Earnings Brought Forward from Previous Year		399,841,641	277,961,056
		979,780,723	826,561,787
Appropriations:			
Statutory Reserve		244,032,369	196,720,146
Bonus Share Issued		364,320,000	230,000,000
Minority Interest		(109,155)	-
		608,243,214	426,720,146
Retained Earnings Carried Forward		371,537,509	399,841,641
Earning Per Share (EPS)	33	1.71	1.61

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 15 May 2012

Chartered Accountants

Ref:
LAS 1.51(a)
LAS 1.10(d)
LAS 1.51(c)

**FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

LAS1.39,1.39

		31.12.2011	31.12.2010
		BDT	BDT
	Notes		
<i>LAS 1.113</i>			
<i>LAS 7.10</i>	A. Cash Flow from Operating Activities		
<i>LAS 7.31</i>	Profit received	8,832,083,401	5,608,998,811
<i>LAS 7.31</i>	Profit paid	(6,670,951,220)	(4,125,826,500)
<i>LAS 7.14 (b)</i>	Commission, exchange & brokerage received	403,324,004	282,561,956
<i>LAS 7.14 (d)</i>	Payment to employees	(598,343,960)	(416,067,907)
<i>LAS 7.14 (d)</i>	Payment to suppliers	(80,025,236)	(69,079,445)
<i>LAS 7.35</i>	Income tax paid	(590,493,137)	(239,928,969)
<i>LAS 7.14 (b)</i>	Received from other operating activities	173,801,888	117,216,660
<i>LAS 7.14 (c)</i>	Payment for other operating activities	(383,051,194)	(316,932,543)
	Operating Profit before changes in Operating Assets & Liabilities	1,086,344,546	840,942,063
<i>LAS 7.19(b)</i>	Increase / Decrease in Operating Assets & Liabilities		
	Investments to Customers	(17,343,425,120)	(13,398,028,390)
	Other Assets	(430,643,689)	(847,923,598)
	Deposits from Customers	21,800,085,841	13,921,866,445
	Other Liabilities	348,703,681	27,372,961
		4,374,720,713	(296,712,582)
	Net Cash Inflow from Operating Activities	5,461,065,259	544,229,481
<i>LAS 7.10</i>	B. Cash Flow from Investing Activities		
<i>LAS 7.16 (c)</i>	Investment in Shares and Securities	(1,184,618,819)	(1,006,868,429)
<i>LAS 7.23</i>	Purchase of Property, Plant and Equipment	(494,429,168)	(259,520,537)
<i>LAS 7.16 (b)</i>	Sale of Property, Plant and Equipment	5,589,000	-
	Net Cash Inflow from Investing Activities	(1,673,458,987)	(1,266,388,966)
<i>LAS 7.10</i>	C. Cash Flow from Financing Activities		
	Increase/(Decrease) in Share Capital	-	736,000,000
	Increase/(Decrease) in Placement from Banks & FI	3,280,114,000	-
	Net Cash Inflow/(Outflow) from Financing Activities	3,280,114,000	736,000,000
	D. Net Increase/Decrease of Cash & Cash Equivalent (A+B+C)	7,067,720,272	13,840,515
<i>LAS 7.28</i>	Effect of Exchange Rate on Cash & Cash Equivalent	-	-
	E. Opening Cash & Cash Equivalent	5,779,197,275	5,765,356,760
	F. Closing Cash & Cash Equivalent (D+E)	12,846,917,547	5,779,197,275
<i>LAS 7.45</i>	The above closing Cash and Cash Equivalents include:		
	Cash in hand (Including Foreign Currencies)	751,982,286	612,173,146
	Balance with Bangladesh Bank, other banks & FI	12,093,386,961	5,165,890,029
	Prize Bond	1,548,300	1,134,100
		12,846,917,547	5,779,197,275

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Dhaka, 15 May 2012

Ref.
LAS
1.51(6)
LAS
1.51(6)
LAS
1.51(6)

FIRST SECURITY ISLAMI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Minority Interest	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2011	3,036,000,000	460,169,845	24,000,000	399,841,641	-	3,920,011,486
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	3,036,000,000	460,169,845	24,000,000	399,841,641	-	3,920,011,486
Surplus/Deficit on account of <i>IFRICI</i> . Revaluation of Properties	-	-	-	-	-	-
Surplus/Deficit on account of <i>IFRICI</i> . Revaluation of Investments	-	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-	-
<i>IFRICI</i> . Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-	-
<i>LAS 1.10</i> Net Profit for the period	-	-	-	579,939,082	-	579,939,082
<i>LAS 1.10</i> Dividends	-	-	-	-	-	-
<i>LAS 1.10</i> Transfer to Statutory Reserve	-	244,032,369	-	(244,032,369)	-	-
Issue of Share Capital during the year	364,320,000	-	-	(364,320,000)	-	-
Minority Interest	-	-	-	109,155	48,890,845	49,000,000
Balance as on 31 December 2011	3,400,320,000	704,202,214	24,000,000	371,537,509	48,890,845	4,548,950,568
Balance as on 31 December 2010	3,036,000,000	460,169,845	24,000,000	399,841,641	-	3,920,011,486

Managing Director

Director

Director

Chairman

Dhaka, 15 May 2012

Ref.

LAS 1.51(a)

LAS 1.10(c)

LAS 1.51(c)

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

AS AT 31 DECEMBER 2011

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
Assets						
Cash in Hand	7,145,564,652	-	-	-	-	7,145,564,652
Balance with other Banks and FI	1,389,804,595	2,850,000,000	1,460,000,000	-	-	5,699,804,595
Investments in Shares and Securities	1,060,019,092	150,000,000	420,000,000	2,400,000,000	14,569,450	4,044,588,542
Investments	5,033,538,803	17,486,812,778	15,159,043,758	21,686,345,284	10,101,587,661	69,467,328,284
Fixed Assets including						
Premises, Furniture and Fixtures	-	-	-	-	979,350,827	979,350,827
Other Assets	1,177,917,943	211,680,881	-	2,131,463,672	155,199,693	3,676,262,189
Non-banking Assets	-	-	-	-	-	-
Total Assets	15,806,845,085	20,698,493,659	17,039,043,758	26,217,808,956	11,250,707,631	91,012,899,089
Liabilities						
Placement from Banks & Other						
Financial Institutions	-	-	3,200,000,000	31,114,000	-	3,231,114,000
Deposits and other Accounts	7,667,456,251	30,005,453,261	30,296,423,981	7,700,407,672	2,475,303,843	78,145,045,008
Other Liabilities	1,831,332,761	3,083,149	208,776,821	1,365,173,165	1,679,423,617	5,087,789,513
Total Liabilities	9,498,789,012	30,008,536,410	30,505,200,802	9,065,580,837	4,154,727,460	86,463,948,521
Net Liquidity Gap	6,308,056,073	(9,310,042,751)	(13,466,157,044)	17,152,228,119	7,095,980,171	4,548,950,568

Managing Director

Director

Director

Chairman

Dhaka, 15 May 2012

Ref.

LAS 1.51(a)

LAS 1.10(a)

LAS 1.51(c)

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2011

LAS 1.38,1.39

LAS 1.113

	Notes	31.12.2011 BDT	31.12.2010 BDT
<u>PROPERTY AND ASSETS</u>			
LAS 1.54 (j),7.7	Cash	7,145,564,053	4,857,542,203
	In hand (Including foreign currencies)	751,981,687	612,173,146
	Balance with Bangladesh Bank and its agent bank(s) (Including foreign currencies)	6,393,582,366	4,245,369,057
LAS 1.54 (d)	Balance with other Banks and Financial Institutions	5,668,384,228	920,520,972
	In Bangladesh	5,455,758,041	810,403,231
	Outside Bangladesh	212,626,187	110,117,741
LAS 1.54 (b)	Investments in Shares & Securities	3,977,001,504	2,859,354,561
	Government	3,121,548,300	2,331,134,100
	Others	855,453,204	528,220,461
LAS 39.9 IFRS7.8(c)	Investments	69,467,328,284	52,123,903,164
	General Investment (Bai-Murabaha, Bai-Muajjal, HPSM) etc.	64,451,579,004	47,640,238,696
	Bills Purchased and Discounted	5,015,749,280	4,483,664,468
LAS 1.54 (a)	Fixed Assets Including Premises, Furniture & Fixtures	969,803,376	573,610,332
LAS 1.55,1.57(a)	Other Assets	3,728,559,416	2,284,866,567
LAS 1.55,1.57(a)	Non Banking Assets	-	-
	Total Assets	90,956,640,861	63,619,797,799
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
LAS 1.54 (k)	Placement from Banks & other Financial Institutions	3,231,114,000	-
LAS 1.54 (m)	Deposits and Other Accounts	78,145,045,008	56,344,959,167
	Al-Wadia Current Accounts and Other Deposit Accounts	7,050,818,872	7,043,747,274
	Bills Payable	889,647,881	545,866,334
	Mudaraba Savings Bank Deposits	4,579,934,181	3,987,763,459
	Mudaraba Term Deposits including other Banks	53,914,817,281	33,076,189,284
	Bearer Certificates of Deposits	-	-
	Mudaraba Deposits under Schemes	11,709,826,793	11,691,392,816
LAS 1.55,1.57(a)	Other Liabilities	5,080,308,520	3,354,827,146
	Total Liabilities	86,456,467,528	59,699,786,313
Capital/Shareholders' equity			
LAS1.54(r),1.78(e)	Paid-up Capital	3,400,320,000	3,036,000,000
LAS1.54(r),1.78(e)	Statutory Reserve	704,202,214	460,169,845
LAS1.54(r),1.78(e)	Other Reserve	24,000,000	24,000,000
LAS1.54(r),1.78(e)	Retained Earnings	371,651,119	399,841,641
	Total Shareholders' Equity	4,500,173,333	3,920,011,486
	Total Liabilities and Shareholders' Equity	90,956,640,861	63,619,797,799

Ref

LAS 1.51(a)

LAS 1.10(a)

LAS 1.51(c)

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2011

LAS 1(38 & 39)

LAS 1.113

LAS 1.55,

OFF- BALANCE SHEET ITEMS

LAS

37.28,37.86

Contingent Liabilities

Acceptances and Endorsements

Letters of Guarantee

Irrevocable Letters of Credit

Bills for Collection

Other Contingent Liabilities

Total

<u>Notes</u>	<u>31.12.2011</u>	<u>31.12.2010</u>
	<u>BDT</u>	<u>BDT</u>
	6,219,829,879	4,044,833,066
15	1,212,159,912	1,303,508,613
16	3,766,660,337	3,351,761,128
17	164,929,845	159,565,533
	-	-
	11,363,579,973	8,859,668,340

Other Commitments

Documentary credits and short term trade related transactions

Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

Claims against the bank not acknowledged as debt

Total

-	-
-	-
-	-
-	-
-	-
-	-
-	-

Total Off -Balance Sheet Items Including**Contingent Liabilities**

-	-
11,363,579,973	8,859,668,340

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 15 May 2012

Chartered Accountants

Ref

LAS 1.51(a)

LAS 1.10(b)

LAS 1.51 (c)

LAS 1.38,1.39

LAS 1.113

IFRS 7.20(b)

IFRS 7.20(b)

LAS 1.85

IFRS 7.20(b)

IFRS 7.20(c)

LAS 1.85

LAS 1.85

LAS 1.104

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.104

LAS 1.97

LAS 1.97

LAS 1.85

LAS 1.85

LAS 1.97

LAS 1.97

LAS 1.97

LAS 1.85

LAS 1.82(d)

LAS 12.81(g)

LAS 1.82 (f)

LAS 1.85

LAS 1.85

LAS 1.85

LAS 33.66

FIRST SECURITY ISLAMI BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

		31.12.2011	31.12.2010
	Notes	BDT	BDT
Investments Income	18	8,747,763,443	5,547,047,795
Profit Paid on Deposits	19	(6,670,951,220)	(4,125,826,500)
Net Investment Income		2,076,812,223	1,421,221,295
Income from Investment in shares and securities	20	81,967,646	264,208,027
Commission, Exchange and Brokerage	21	403,310,160	282,561,956
Other Operating Income	22	173,662,888	117,216,660
		658,940,694	663,986,643
Total Operating Income		2,735,752,917	2,085,207,938
Less: Operating Expenses			
Salary and Allowances	23	585,463,412	418,301,777
Rent, Taxes, Insurances, Electricity etc.	24	146,057,563	107,050,007
Legal Expenses	25	1,876,465	963,915
Postage, Stamps, Telecommunication etc.	26	11,904,965	9,127,540
Stationery, Printings, Advertisements etc.	27	65,982,885	58,551,363
Managing Director's Salary and Fees	28	11,488,548	9,916,130
Auditors' Fees		500,000	410,000
Directors' Fees	29	2,211,209	2,188,870
Shariah Committee's Fees & Expenses	30	289,250	46,000
Depreciation and Repair of Bank's Assets	31	102,002,246	72,915,674
Zakat Expenses		12,500,000	4,979,720
Other Expenses	32	205,914,527	197,156,211
Total Operating Expenses		1,146,191,070	881,607,207
Profit before Provision and Tax		1,589,561,847	1,203,600,731
Provisions for Classified Investments		70,029,299	35,200,000
Provisions for Unclassified Investments including off-B/S items	11.2	238,170,701	150,000,000
Provisions for diminution in value of Investment in Shares		61,200,000	34,800,000
Total Provisions		369,400,000	220,000,000
Total Profit before Taxes		1,220,161,847	983,600,731
Provision for Taxation	11.1	(640,000,000)	(435,000,000)
Deferred Tax Income	2.8.4	-	-
		(640,000,000)	(435,000,000)
Net Profit after tax for the period		580,161,847	548,600,731
Retained Earnings Brought Forward from Previous Year		399,841,641	277,961,056
		980,003,488	826,561,787
Appropriations:			
Statutory Reserve		244,032,369	196,720,146
Bonus Share Issued		364,320,000	230,000,000
		608,352,369	426,720,146
Retained Earnings Carried Forward		371,651,119	399,841,641
Earning Per Share (EPS)	33	1.71	1.61

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Signed as per annexed report on even date

Dhaka, 15 May 2012

Chartered Accountants

Ref

LAS 1.51(a)

LAS 1.10(d)

LAS 1.51(c)

FIRST SECURITY ISLAMI BANK LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

LAS 1.38, 1.39

		31.12.2011	31.12.2010
	Notes	BDT	BDT
LAS 1.113			
LAS 7.10	A. Cash Flow from Operating Activities		
LAS 7.31	Profit received	8,829,731,089	5,608,998,811
LAS 7.31	Profit paid	(6,670,951,220)	(4,125,826,500)
LAS 7.14 (b)	Commission, exchange & brokerage received	403,310,160	282,561,956
LAS 7.14 (d)	Payment to employees	(596,951,960)	(416,067,907)
LAS 7.14 (d)	Payment to suppliers	(80,025,236)	(69,079,445)
LAS 7.35	Income tax paid	(590,493,137)	(239,928,969)
LAS 7.14 (b)	Received from other operating activities	173,662,888	117,216,660
LAS 7.14 (c)	Payment for other operating activities	(369,251,951)	(316,932,543)
	Operating Profit before changes in Operating Assets & Liabilities	1,099,030,633	840,942,063
	Increase / Decrease in Operating Assets & Liabilities		
	Investments to Customers	(17,343,425,120)	(13,398,028,390)
	Other Assets	(495,711,302)	(847,923,598)
	Deposits from Customers	21,800,085,841	13,921,866,445
	Other Liabilities	341,529,752	27,372,961
		4,302,479,171	(296,712,582)
	Net Cash Inflow from Operating Activities	5,401,509,804	544,229,481
LAS 7.10	B. Cash Flow from Investing Activities		
LAS 7.16 (c)	Investment in Shares and Securities	(1,117,031,781)	(1,006,868,429)
LAS 7.23	Purchase of Property, Plant and Equipment	(484,881,717)	(259,520,537)
LAS 7.16 (b)	Sale of Property, Plant and Equipment	5,589,000	-
	Net Cash Inflow from Investing Activities	(1,596,324,498)	(1,266,388,966)
LAS 7.10	C. Cash Flow from Financing Activities		
	Increase/(Decrease) in Share Capital	-	736,000,000
	Increase/(Decrease) in Placement from Banks & FI	3,231,114,000	-
	Net Cash Inflow/(Outflow) from Financing Activities	3,231,114,000	736,000,000
	D. Net Increase/Decrease of Cash & Cash Equivalent (A+B+C)	7,036,299,306	13,840,515
	Effect of Exchange Rate on Cash & Cash Equivalent	-	-
	E. Opening Cash & Cash Equivalent	5,779,197,275	5,765,356,760
	F. Closing Cash & Cash Equivalent (D+E)	12,815,496,581	5,779,197,275
LAS 7.45	The above closing Cash and Cash Equivalents include:		
	Cash in hand (Including Foreign Currencies)	751,981,687	612,173,146
	Balance with Bangladesh Bank, other banks & FI	12,061,966,594	5,165,890,029
	Prize Bond	1,548,300	1,134,100
		12,815,496,581	5,779,197,275

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Dhaka, 15 May 2012

Ref.

LAS 1.51(a)

LAS 1.10(c)

LAS 1.51(c)

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Retained Earnings	Total
	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2011	3,036,000,000	460,169,845	24,000,000	399,841,641	3,920,011,486
Changes in Accounting Policy	-	-	-	-	-
Restated Balance	3,036,000,000	460,169,845	24,000,000	399,841,641	3,920,011,486
Surplus/Deficit on account of Revaluation of Properties	-	-	-	-	-
Surplus/Deficit on account of Revaluation of Investments	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-
Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-
Net Profit for the period	-	-	-	580,161,847	580,161,847
Dividends	-	-	-	-	-
Transfer to Statutory Reserve	-	244,032,369	-	(244,032,369)	-
Issue of Share Capital during the year	364,320,000	-	-	(364,320,000)	-
Balance as on 31 December 2011	3,400,320,000	704,202,214	24,000,000	371,651,119	4,500,173,333
Balance as on 31 December 2010	3,036,000,000	460,169,845	24,000,000	399,841,641	3,920,011,486

Managing Director

Director

Director

Chairman

Dhaka, 15 May 2012

Ref.

LAS 1.51(a)

LAS 1.10(c)

LAS 1.51(c)

FIRST SECURITY ISLAMI BANK LIMITED
LIQUIDITY STATEMENT (ASSETS AND LIABILITY MATURITY ANALYSIS)
AS AT 31 DECEMBER 2011

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
Assets						
Cash in Hand	7,145,564,053	-	-	-	-	7,145,564,053
Balance with other Banks and FI	1,358,384,228	2,850,000,000	1,460,000,000	-	-	5,668,384,228
Investments in Shares and Securities	992,432,054	150,000,000	420,000,000	2,400,000,000	14,569,450	3,977,001,504
Investments	5,033,538,803	17,486,812,778	15,159,043,758	21,686,345,284	10,101,587,661	69,467,328,284
Fixed Assets including						
Premises, Furniture and Fixtures	-	-	-	-	969,803,376	969,803,376
Other Assets	1,230,215,170	211,680,881	-	2,131,463,672	155,199,693	3,728,559,416
Non-banking Assets	-	-	-	-	-	-
Total Assets	15,760,134,308	20,698,493,659	17,039,043,758	26,217,808,956	11,241,160,180	90,956,640,861
Liabilities						
Placement from Banks & Other						
Financial Institutions	-	-	3,200,000,000	31,114,000	-	3,231,114,000
Deposits and other Accounts	7,667,456,251	30,005,453,261	30,296,423,981	7,700,407,672	2,475,303,843	78,145,045,008
Other Liabilities	1,823,851,765	3,083,150	208,776,822	1,365,173,166	1,679,423,618	5,080,308,520
Total Liabilities	9,491,308,016	30,008,536,411	30,505,200,803	9,065,580,838	4,154,727,461	86,456,467,528
Net Liquidity Gap	6,268,826,292	(9,310,042,752)	(13,466,157,045)	17,152,228,119	7,086,432,719	4,500,173,333

Managing Director

Director

Director

Chairman

Dhaka, 15 May 2012

LAS1.51(a)
1.10(e)
1.51(c)

First Security Islami Bank Limited
Notes to the Financial Statements
For the year ended 31 December 2011

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) and Chittagong Stock Exchange (CSE). Presently the Bank carries banking activities through its eighty four (84) branches in the country. The Bank had no overseas branches as at December 31, 2011. 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

LAS 1.138
(a), (b)

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, discounting 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. Financing 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.

1.3 First Security Islami Capital & Investment Limited

First Security Islami Capital & Investment Ltd. 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. But first reporting period of the company covers a period from 02 December 2010 to 31 December 2011.

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. Separate Financial Statements of First Security Islami Exchange Ltd., Canada has not been drawn up as some legal formalities for incorporation as a subsidiary company of the bank is yet to be completed.

LAS 1.112 (a) **2. Significant Accounting Policies and basis for Preparation of Financial Statements**

LAS 1.117 **2.1 Basis of Accounting**

Statements of Compliance

The financial statements of the Group and the Bank are made up to December 31, 2011 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 others laws and rules applicable in Bangladesh.

LAS 1.119 **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, 2011. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards 27-“Consolidated & Separate Financial Statements”. The Consolidated Financial Statements are prepared to common financial year ending 31 December 2011.

All intra-group transaction, balances, income and expenses are eliminated on consolidation. Profit and loss resulting from transactions is also eliminated on consolidation.

LAS 1.117 **2.3 Use of estimates and Judgments**

In the preparation of the financial statements management 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.

LAS 1.27 **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.

IAS 1.119 **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.
- Income was calculated on daily product basis and charged periodically.

2.5.2 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.
- 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.

IAS 1.114 (d) (i) **2.5.3 Commission Income**

Commission and discount on Bills Purchased and Discounted 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.

IAS 18.35 (a) **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 Bai-Murabaha investments is charged. As per Islamic Sharia'h such compensation is not shown as income of the Bank.

Profit 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 Sharia'h.

IAS 1.117 (b) **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 2011 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 2011 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 2011 have been shown in the Balance Sheet under Off-Balance Sheet items. Exchange rates with major foreign currencies as on 31 December 2011 were as:

Currency Name	Exchange Rate (TK)
US \$	81.8529
Euro	105.8358
Yen	.9828
ACU	81.8529
GBP	126.4791
CHF	86.8097
SGD	62.9154
AUD	82.6059
CAD	79.9267

IAS 21.23

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 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.

IAS 1.119

2.7 Assets and their basis of valuation

IAS 7.6,7 & 8

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 net off unearned income and profit receivable.
- b) Income on investment calculated on daily product basis and charged yearly.
- c) 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 and BRPD circular no 5, dated June 5, 2006, specific provisions are made against non performing investments at the following rate:

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 and 05 dated December 6, 1998, May 14, 2001, October 2005 and June 5, 2006 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:

- | | |
|---|----|
| ▪ Unclassified (Standard) Investments
(other than Loans under Small Enterprise and
Consumer Financing and Special Mention Account.) | 1% |
| ▪ Small Enterprise Financing | 2% |
| ▪ Consumer Finance Scheme (CFS) Investments
(other than Housing Finance and Investment for Professionals
to set up business under Consumer Financing Scheme.) | 5% |
| ▪ Housing Finance and Investment for Professionals
to set up business under Consumer Financing Scheme | 2% |
| ▪ Special Mention Account (SMA) Investments | 5% |
| ▪ Off-Balance Sheet Exposure | 1% |

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

e) Investment are normally written off, when there is no realistic of recovery of these amounts in accordance with BRPD Circular no. 2, Dated 13 January 2003. A separate Investment Monitoring and Recovery Division (IMRD) has been set up at the Head Office, which monitors investment written off and legal action through the Money Court. These write-offs do not undermine or affect the amount claimed against the borrower by the bank.

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.

IAS 16.73

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-c)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 used Straight Balance Method.
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.

IAS 1.119

2.8 Liabilities and Provision

IAS 1.119

2.8.1 Taxation

Tax expenses represent the sum of the tax currently payable during the period.

IAS 12.12,
46

2.8.1.1 Current Tax

Provision for corporate current income tax has been made @ 42.50% as prescribed in the Finance Act 2011 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.

*IAS 12.15,
24, 47* **2.8.1.2 Deferred Tax**

Deferred tax asset are the amounts of income taxes recoverable in future periods in respect of taxable 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.

IAS 19.120 **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.

IAS 19.120 **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 by employees and by 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.

IAS 19.120 **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.

IAS 1.119 **2.8.3 Deposits and Other Accounts**

Deposit include non-profit bearing deposits, saving deposits, term deposits etc. They are brought to account at the gross value of the outstanding balance. Profit paid is charged to the Income Statement.

*IAS1.114
(d)(i),37.14* **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 depositor's respectively.

2.9 Others

IAS 1.111 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.

IFRS 7.39 (a) 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.

IAS 1.38, 39 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.

IAS 1.117 (b) 2.9.4 Earning 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 be calculated for the period as there was no scope for dilution during the period under review.

LAS 1.51 (d) **2.9.5 Functional and presentation currency** *(e)*

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

LAS 1.114 (d) **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:

IFRS 7.33 **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 credit 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.

LAS 1.119 **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.

IFRS 7.39 (b) **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.

LAS 1.114(d) **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.

LAS 1.114 (d) **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.

LAS 1.114 (d) **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 Basel 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. 31st 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.

LAS 1.21

2.14 General

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

<i>Ref.</i>		<u>31.12.2011</u>	<u>31.12.2010</u>
		BDT	BDT
<i>LAS 7.45</i>	3 CASH		
<i>LAS 1.77</i>	3.1 Cash in Hand		
	In Local Currency	746,988,452	607,438,083
	In Foreign Currencies	4,993,235	4,735,063
		751,981,687	612,173,146
<i>LAS 1.77</i>	3.2 Balance with Bangladesh Bank and its Agent Bank		
	In Local Currency	6,150,402,685	4,174,559,477
	In Foreign Currencies	243,179,681	70,809,580
		6,393,582,366	4,245,369,057
		7,145,564,053	4,857,542,203
	3.3 Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)		
	Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) have been calculated and maintained in accordance with the Section 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.		
	3.3 Cash Reserve Ratio (CRR): 6.00% of Average Demand and Time Liabilities:		
	Required Reserve	4,027,304,000	2,933,100,000
	Actual Reserve maintained	6,040,205,000	4,052,000,000
	Surplus/(Short)	2,012,901,000	1,118,900,000
	3.4 Statutory Liquidity Ratio (SLR): 11.50% of Average		
	Required Reserve (including CRR)	7,719,000,000	5,622,000,000
	Actual Reserve held (including CRR)	10,013,140,000	7,108,000,000
	Surplus/(Short)	2,294,140,000	1,486,000,000
	3 (a) CASH		
	First Security Islami Bank Limited (Note-3.2)	7,145,564,053	4,857,542,203
	First Security Islami Capital & Investment Limited	599	-
		7,145,564,652	4,857,542,203

Ref.

	<u>31.12.2011</u>	<u>31.12.2010</u>
	BDT	BDT
<i>LAS 1.77</i> 4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
A. Inside Bangladesh		
Al-Wadiah Current Accounts		
Dutch-Bangla Bank Ltd.	15,802,536	14,027,036
Brac Bank Ltd.	3,374,507	1,660,571
	19,177,043	15,687,607
Others Accounts		
Mudaraba Short Notice Deposits		
National Bank Ltd.	-	46,981
Mercantile Bank Ltd.	-	132,219
Southeast Bank Ltd. (Islamic Branch)	5,110,561	3,511,182
Social Islami Bank Ltd.	5,552,185	5,367,185
Dhaka Bank Ltd. (Islamic Branch)	8,727,626	8,319,191
Bangladesh Commerce Bank Ltd.	-	5,123
AB Bank Ltd. (Islamic Branch)	533,438	332,967
Islami Bank (BD) Ltd.	56,657,188	20,700,776
	76,580,998	38,415,624
Mudaraba Term Deposits		
AB Bank Ltd. (Islamic Branch)	400,000,000	-
Premier Bank Ltd.(Islamic Branch)	450,000,000	-
Social Islami Bank Ltd.	1,300,000,000	-
Export Import Bank of Bangladesh Limited	1,000,000,000	250,000,000
Jamuna Bank Ltd.	10,000,000	-
Hajj Finance Co. Limited	50,000,000	50,000,000
Reliance Finance Limited	2,150,000,000	450,000,000
International Leasing and Financial Services Ltd.	-	6,300,000
	5,360,000,000	756,300,000
Balance Carried Forward	5,455,758,041	810,403,231

				Amount in BDT	Amount in BDT	
				31.12.2011	31.12.2010	
Balance Brought Forward-Inside Bangladesh				5,455,758,041	810,403,231	
IAS 1.78(d)	B. Outside Bangladesh	Currency	Amount	Rate		
	Current Account					
	Mashreq Bank, PSC, London	GBP	286.30	126.4791	36,211	80,623
	Standard Chartered Bank, Frankfurt, Germany	EURO	73,191.22	105.8358	7,746,251	972,218
	NIB Bank (NDLC - IFIC Bank Ltd), Pakistan	ACU\$	1,756.75	81.8529	143,795	124,290
	Commerz Bank AG, Frankfurt, Germany	EURO	41,118.36	105.8358	4,351,795	747,355
	Bank of Bhutan, Thimpo, Bhutan	ACU\$	2,368.10	81.8529	193,836	167,542
	Sonali Bank , Kolkata, India	ACU\$	14,944.40	81.8529	1,223,242	1,057,312
	Mashreq Bank, PSC, London.	EURO	4,862.69	105.8358	514,647	286,074
	Standard Chartered Bank, Tokyo, Japan	J.YEN	85,776.00	1.0516	90,202	347,835
	Union De Banques Arabes Et Feancauses,Tokyo,Japan	J.YEN	6,000.00	1.0516	6,310	3,298
	AB Bank Ltd, Mumbai, India	ACU\$	171,955.17	81.8529	14,075,029	3,458,835
	Standard Chartered Bank, Newyork	USD	435,268.45	81.8529	35,627,985	16,436,385
	Standard Chartered Bank (Pakistan Limited),Colombo	ACU\$	45,160.00	81.8529	3,696,477	3,195,056
	Standard Chartered Bank (Amex), Mumbai	ACU\$	9,501.73	81.8529	777,744	672,245
	ICICI bank Ltd, Hongkong	USD	3,444.12	81.8529	281,911	1,671,622
	Mashreq Bank, PSC, Newyork	USD	809,176.30	81.8529	66,233,427	32,874,636
	HSBC, USA	USD	741,016.98	81.8529	60,654,389	42,768,185
	HSBC, Mumbai, India	ACU\$	15,843.22	81.8529	1,296,814	13,670
	ICICI bank Ltd,Kolkata, India	ACU\$	5,282.92	81.8529	432,422	3,023,267
	Mashreq Bank, PSC, London	USD	2,919.23	81.8529	238,947	239,699
	Habib Bank, Zurich, Switzerland	CHF	1,448.52	86.8097	125,746	123,952
	Habib Metropolitan Bank Limited, Karachi, Pakistan	ACU\$	181,777.40	81.8529	14,879,007	1,853,642
					212,626,187	110,117,741
	Total (A+B)				5,668,384,228	920,520,972

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
Payable on Demand	1,358,384,228	170,520,972
Up to Three Months	2,850,000,000	400,000,000
Three Months to One Year	1,460,000,000	350,000,000
One Year to Five Years	-	-
Above Five Years	-	-
	5,668,384,228	920,520,972
4(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
First Security Islami Bank Limited (Note-4)	5,668,384,228	920,520,972
First Security Islami Capital & Investment Limited	31,420,367	-
	5,699,804,595	920,520,972
5 INVESTMENTS IN SHARES AND SECURITIES		
Government Securities		
Bangladesh Govt. Islamic Bonds	3,120,000,000	2,330,000,000
Prize Bonds	1,548,300	1,134,100
	3,121,548,300	2,331,134,100
Others		
Quoted/Unquoted Shares (Note - 5.1)	855,453,204	528,220,461
	3,977,001,504	2,859,354,561
5.1 Quoted/Unquoted Shares		
Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
Quoted:	-	-
Fareast Islami Life Insurance Co.	20,081,600	-
Islami Bank Bangladesh Ltd.	17,483,872	-
Social Islami Bank Ltd.	7,011,731	-
Export Import Bank (BD) Ltd.	59,053,949	57,552,000
Beximco Ltd.	55,647,288	-
Titas Gas Transmission & Distribution Co. Ltd.	49,184,642	-
ACI Formulation Ltd.	-	21,645,505
ACI Limited	21,645,684	-
Dhaka Electric Supply Company Ltd.	34,314,457	77,738
Power Grid Company of BD Ltd	9,755,553	-
Al-Arafa Islami Bank Ltd.	49,967,524	28,020,000
BSRM Steel	64,791,779	53,301,600
ICB Islamic Bank Ltd.	10,170,000	6,858,000
Islami Insurance Bangladesh Ltd.	11,028,312	10,923,600
Shahjalal Islami Bank Ltd.	59,688,100	27,705,232
Jamuna Oil Company Ltd.	28,438,200	67,844,463
Meghna Cement Ltd.	37,503,000	34,110,672
Navana CNG Ltd.	39,041,076	14,060,805
National Tubes Ltd.	195,574	69,936
Summit Alliance Port Ltd.	41,233,096	36,808,510
Square Pharmaceuticals Ltd.	117,226,035	107,810,400
Bangladesh Lamps Ltd.	8,400,679	8,400,692
Islamic Finance & Investment Ltd.	23,908,365	10,900,595
Khulna Power Company Ltd.	5,912,400	3,711,372
Maxsons Spinning Mills Ltd.	14,996,250	9,990,541
PHP First Mutual Fund	20,000,000	-
Beximco Pharmaceuticals Ltd.	1,057,820	-
MJL Bangladesh Ltd.	1,007,600	-
Lafarge Surma Cement Ltd.	32,139,168	24,012,100
Total	840,883,754	523,803,761
Unquoted:		
Central Depository Bangladesh Ltd.	4,569,450	4,416,700
Orion Pharmaceuticals Ltd	10,000,000	-
	855,453,204	528,220,461
5.2 Market Value of Quoted Shares	564,142,600	462,230,523

<i>Ref.</i>		31.12.2011	31.12.2010
		BDT	BDT
	We followed Bangladesh Bank Guidelines instead of BAS-39		
<i>LAS 1.61</i>	5.3 Maturity Grouping of Investments in Shares and Securities		
	On Demand	1,548,300	1,134,100
	Within One Month	990,883,754	523,803,761
	One Month to three Months	150,000,000	-
	Three Months to One Year	420,000,000	-
	One Year to Five Years	2,400,000,000	2,330,000,000
	More than Five Years	14,569,450	4,416,700
		3,977,001,504	2,859,354,561
	5(a) INVESTMENTS IN SHARES AND SECURITIES		
	First Security Islami Bank Limited (Note-5)	3,977,001,504	2,859,354,561
	First Security Islami Capital & Investment Limited	67,587,038	-
		4,044,588,542	2,859,354,561
<i>LAS 1.77</i>	6 INVESTMENTS (All Inside Bangladesh)		
	General Investments (Bai-Murabaha, Bai - Muajjal, HPSM, etc.)(Note - 6.A)	64,451,579,004	47,640,238,696
	Bills Purchased and Discounted (Note - 6.B)	5,015,749,280	4,483,664,468
		69,467,328,284	52,123,903,164
<i>LAS 1.77</i>	6.A General Investment (Bai-Murabaha, Bai - Muajjal, HPSM) etc. Inside Bangladesh		
	Investment General	6,372,243,827	8,170,610,788
	Bai Murabaha (Hypo)	12,083,633,060	9,426,267,260
	Bai Murabaha Post Import (TR)	15,423,479,555	12,833,296,420
	Bai Murabaha Post Import (Pledge)	42,210,892	59,620,406
	Bai Murabaha (Share)	197,115,615	258,392,909
	Bai Murabaha Import Bills	8,864,139,401	3,674,446,383
	Bai Muajjal (DDIS)	12,972,222	13,527,513
	HPSM (House Building)	4,309,572,537	1,768,526,166
	Pre-Shipment Investment	178,109,478	184,170,269
	HPSM (Transport)	884,611,257	383,298,557
	HPSM (Scheme)	4,546,726,680	2,932,102,236
	Wajira Bill Okalah Against Cash Incentive	-	3,337,994
	Quard Investment A/C	633,358,640	601,016,156
	Bai Murabaha General	5,052,893,843	3,937,010,637
	Bai Murabaha against Security	4,321,867,515	2,596,472,434
	Bai Murabaha Import	32,851,184	201,307,790
	Bai Murabaha Export	134,499,742	94,355,180
	SME Investment	762,117,095	124,819,371
	Quard against PF (Staff)	5,165,136	2,927,399
	Agricultural Investment	221,578,239	111,215,619
	Project Investment	233,760,949	231,623,216
	Lease Investment/Izarah	-	394,867
	Bai Salam Export	2,539,331	-
	Bai - Muajjal General	1,164,364	1,194,100
	HPSM Consumer Investment	134,968,442	30,305,026
		64,451,579,004	47,640,238,696
	Outside Bangladesh	-	-
		64,451,579,004	47,640,238,696
<i>LAS 1.77</i>	6.B Bills Purchased and Discounted		
	Payable in Bangladesh	4,990,980,105	4,461,510,842
	Payable outside Bangladesh	24,769,175	22,153,626
		5,015,749,280	4,483,664,468
		69,467,328,284	52,123,903,164
<i>LAS 1.61</i>	6.1 Maturity Grouping of Investments		
	Payable on Demand	5,033,538,803	3,776,850,529

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
Up to Three Months	17,486,812,778	13,121,003,071
Three Months to One Year	15,159,043,758	11,374,391,790
One Year to Five Years	21,686,345,284	16,272,067,796
Above Five Years	10,101,587,661	7,579,589,978
	69,467,328,284	52,123,903,164

LAS 1.77

6.2 Analysis to disclose the following Significant Concentration including Bills Purchased & Discounted

Investments to Directors of other Banks	7,234,431,000	4,243,778,164
Investments to Chief Executive and Other high Officials	1,216,591	1,034,775
Investments to Customers Group	56,764,174,693	42,646,747,225
Investments to Industry	5,361,200,000	5,145,500,000
Investment to staff	106,306,000	86,843,000
	69,467,328,284	52,123,903,164

LAS 1.77

6.3 Investments to Customers for more than 15% of FSIBL's total Capital

	05	02
Number of Clients		
Amount of Outstanding Investments		
Funded	5,962,600,000	3,554,600,000
Non-funded	350,100,000	-
	6,312,700,000	3,554,600,000

LAS 1.77

6.4 Economic Sector wise Investments

Agriculture:

Fishing	113,900,000	101,300,000
Tea	-	-
Others	275,800,000	185,800,000

Textile and Readymade Garments:

Garments	498,900,000	490,700,000
Readymade Garments - Export	228,500,000	197,700,000
Textile and Textile Products- Import	2,247,900,000	1,317,800,000
Others -Export	286,100,000	173,800,000
Others -Import	13,015,000,000	9,250,300,000
Medicine - Import	-	-
Chemical - Import	-	-
Contractor Finance	5,210,200,000	5,812,400,000
Transport	853,900,000	304,000,000
Bricks	-	-
Cold Storage	-	-
Steel and Engineering	504,100,000	45,000,000

Internal Trade Finance:

Whole Sale Trading	8,238,600,000	4,133,100,164
Retail Trading	8,646,600,000	7,740,103,000
Others	6,588,300,000	4,399,900,000

House Building:

Commercial	7,193,400,000	4,945,800,000
Staff	106,300,000	86,800,000

Special Program:

Consumer Finance and Hire Purchase Scheme	147,200,000	56,900,000
Others	15,312,628,284	12,882,500,000
	69,467,328,284	52,123,903,164

LAS 1.77

6.5 Geographical Location-wise

Urban

Dhaka	29,834,780,000	23,025,245,164
-------	----------------	----------------

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
Chittagong	37,003,271,284	27,742,031,000
Barisal	64,753,000	28,366,000
Rajshahi	252,466,000	211,492,000
Khulna	372,866,000	201,573,000
Rangpur	64,889,000	75,010,000
Sylhet	707,540,000	422,684,000
	68,300,565,284	51,706,401,164

Rural

Dhaka	243,189,000	73,444,000
Chittagong	794,831,000	267,865,000
Khulna	3,747,000	3,197,000
Sylhet	124,996,000	72,996,000
	1,166,763,000	417,502,000
	69,467,328,284	52,123,903,164

LAS 1.77 **6.6 Classification of Investments as per Bangladesh Bank Circular**

Unclassified

Standard	68,100,923,284	50,751,289,209
Special Mention Account	20,676,000	10,552,000
	68,121,599,284	50,761,841,209

Classified:

Sub-standard	399,796,000	487,721,955
Doubtful	44,207,000	3,935,000
Bad & Loss	901,726,000	870,405,000
	1,345,729,000	1,362,061,955
	69,467,328,284	52,123,903,164

LAS 1.77 **6.7 Particulars of Required Provision for Investments**

Classification status

Required provision

Unclassified

Standard	899,399,700	657,021,819
Special Mention Account	977,000	524,300
	900,376,700	657,546,119

Classified:

Sub- standard	38,834,600	43,225,591
Doubtful	6,994,500	440,500
Bad and Loss	547,500,000	490,229,000
	593,329,100	533,895,091
	1,493,705,800	1,191,441,210

Required Provision for Investments	1,493,705,800	1,191,441,210
Total Provision Maintained	1,513,299,999	1,205,099,999
Provision Excess/(Shortfall)	19,594,199	13,658,789

*General Provision is kept @ 1% on general investments, 2% on small enterprise financing, 5% on consumer finance scheme (other than Housing finance and investments for professionals to set up business), 1% on Off-Balance Sheet exposure and 2% on Housing finance and investments for professionals to set up business.

LAS
1.114(c)

6.8 Particulars of Investments

i) Investments considered good in respect of which the Bank Company is fully secured	37,699,570,223	28,287,380,502
--	----------------	----------------

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
ii) Investments considered good for which the bank holds no Security other than the debtors personal security	24,754,312,074	18,574,074,982
iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	7,013,445,987	5,262,447,680
iv) Investments adversely classified; provision not maintained there against	-	-
	69,467,328,284	52,123,903,164
v) Investments due by directors or executives of the banking company or any of them taken either severally or jointly with any other person.	106,306,000	86,843,000
vi) 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.	-	-
vii) 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.	-	-
viii) 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.	-	-
ix) Investment due from other banking companies	-	-
x) Total amount of classified Investments on which profit is not credited to income	1,345,729,000	1,362,061,955
a. Movement of classified Investments		
Opening balance	1,362,061,955	830,515,000
Increase/ (Decrease) during the year	(16,332,955)	530,877,000
	1,345,729,000	1,361,392,000
b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	612,923,299	542,894,000
c. Profit credited to the profit Suspense Account	106,227,000	131,496,458
xi) Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the period	-	-

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
c. Total amount of written off (a+b)	-	-
d. Amount recovered against such written- off up to this year	-	-
e. Amount of investment written- off against which suit has been filled to recover the same.	-	-

LAS
1.114(c)

6.9 Security against Investments including bills purchased & discounted:

Collateral of movable/immovable assets	25,016,283,617	18,770,641,927
Local banks & financial institutions guarantee	484,511,336	363,546,758
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	2,017,152,902	1,513,544,354
Fixed deposits receipts:		
Own MTDR	7,717,201,868	5,790,501,706
MTDR of other Banks	712,685,508	534,754,265
Government Bonds	341,364,334	256,138,274
Personal guarantee	13,829,471,136	10,376,763,179
Other security	19,142,368,049	14,363,226,040
Unsecured	206,289,534	154,786,661
	69,467,328,284	52,123,903,164

LAS 1.61

6.10 Maturity Grouping of Bills Purchased and Discount

Payable within one month	40,697,673	36,380,348
Over one month but less than three months	108,652,826	97,126,629
Over three months but less than six months	1,748,379,743	1,562,906,695
Six Months and Above	3,118,019,038	2,787,250,796
	5,015,749,280	4,483,664,468

LAS
16.73

7 Fixed Assets including premises, Furniture & Fixtures at cost less accumulated depreciation (Annexure-A)

Building	390,576,174	130,180,975
Furniture & Fixtures	478,559,142	348,131,433
Office Equipment	347,780,929	259,299,946
Vehicles	41,889,191	44,477,222
Books	106,136	82,279
	1,258,911,572	782,171,855
Less: Accumulated Depreciation	289,108,196	208,561,523
	969,803,376	573,610,332

7(a) Fixed Assets including premises, Furniture & Fixtures at cost less accumulated depreciation

First Security Islami Bank Limited (Note-7)	969,803,376	573,610,332
First Security Islami Capital & Investment Limited	9,547,451	-
	979,350,827	573,610,332

Ref.

31.12.2011

31.12.2010

BDT

BDT

LAS 1.77

8 OTHER ASSETS

Inter - branch Transaction Account (*)	721,741,084	318,855,911
Accrued Income (Note - 8.1)	377,763,501	161,895,813
Advances, Deposits and Prepayment (Note -8.2)	316,450,515	128,205,153
Advance Income Tax	1,280,677,646	690,184,509
Stock of Stationery	14,197,937	14,166,703
Suspense Account (Note- 8.3)	164,399,413	626,394,455
Advance Deposits	695,079,543	187,262,249
Stamps on Hand	747,952	399,949
Investment in First Security Islami Exchange Ltd.,canada (Note-1.1.3)	26,501,825	26,501,825
Investment in First Security Islami Capital & Investment Ltd.(Note-1.1.2)	51,000,000	51,000,000
Deferred Tax Assets (Note- 8.4)	80,000,000	80,000,000
	3,728,559,416	2,284,866,567

(*) 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 unresponed entries on 31.12.2011 have been reconciled on 29.02.2012.

8.1 Accrued Income

Bangladesh Govt. Islamic Investment Bonds	121,591,243	71,924,971
Mudarabah Term Deposit	216,802,083	31,784,597
Mudarabah Short Notice Deposit	-	-
Inland Documentary Bills Purchased	24,783,083	25,166,736
Bai Murabaha Post Import (TR)	2,172,020	11,850,537
Bai Murabaha Post Import Bills	176,651	8,470,716
Pre - Shipment Investment	410,617	410,617
HPSM House Building	293,542	345,687
Bai Murabaha General (MSS)	-	4,682
Bai Murabaha against Security (MTD)	5,085	5,085
Bai Murabaha General	60,980	60,980
Bai Murabaha (Hypo)	2,683,994	2,683,994
Bai Salam - Export	7,230,993	7,629,060
Quard against PF	82,973	82,973
Lease Investment/Izarah	-	4,941
HPSM Agricultural Investment	-	-
HPSM (Scheme)	22,713	22,713
HPSM (Transport)	1,447,524	1,447,524
	377,763,501	161,895,813

LAS
1.114(c)**8.2 Advance, Deposits and Prepayment**

Advance against Rent - Office	270,183,879	76,485,814
Advance against Rent - Godown	3,520,000	3,520,000
Excise Duty on Term Deposits	3,867,545	3,129,250
Clearing Adjustment Account	11,010,549	29,544,763
Exchange house Settlement A/C- Canada	27,673,788	15,039,732

<i>Ref.</i>	31.12.2011	31.12.2010
	BDT	BDT
Prepayment	194,754	485,594
	316,450,515	128,205,153

LAS 1.78 **8.3 Suspense Account**

Sundry Debtors	142,536,239	620,275,612
Advance against TA/DA	1,902,574	989,950
Encashment of PSP/BSP	3,566,250	1,016,000
Advance against New Branch	13,692,878	-
Profit on PSP/BSP	2,391,635	3,868,500
Advance against Legal Fee	309,837	244,393
	164,399,413	626,394,455

8.4 Deferred Tax Assets

Opening Balance as on 01 January 2011	80,000,000	80,000,000
Add: Addition During the period	-	-
Closing Balance as on 31 December 2011	80,000,000	80,000,000

As of 31 December 2011 deferred tax assets arrived at Tk.175.87 million. But management has decided not to recognize deferred tax assets for the year ended 31 December 2011. However, management has recognized deferred tax assets upto December 2007 Tk. 80 million.

8(a) OTHER ASSETS

First Security Islami Bank Limited (Note-8)	3,728,559,416	2,284,866,567
Less: Intra transaction	83,407,870	-
	3,645,151,546	2,284,866,567
First Security Islami Capital & Investment Limited	31,110,643	-
	3,676,262,189	2,284,866,567

IFRS 7.7 **9 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION**

LAS 1.7 **Inside Bangladesh**

Bangladesh Bank	3,231,114,000	-
	-	-
	3,231,114,000	-

LAS 1.77 **Outside Bangladesh**

	-	-
	-	-

LAS 1.61 **A. Security- wise grouping**

Secured Placement	3,200,000,000	-
Unsecured Placement	31,114,000	-
	3,231,114,000	-

LAS 1.61 **B. Repayment Nature wise Grouping**

Repayable on demand	-	-
Others	3,231,114,000	-
	3,231,114,000	-

LAS 1.61 **C. Maturity Analysis**

Repayable on Demand	-	-
Repayable within One Month	-	-
One Month to Six Months	3,200,000,000	-
Six Month to One Year	-	-
One Year to Five Years	31,114,000	-
Five Years to Ten Years	-	-

<i>Ref.</i>	31.12.2011	31.12.2010
	BDT	BDT
Unclaimed Deposits Ten Years and Over	-	-
	3,231,114,000	-
<i>IFRS 7.7</i> 10 DEPOSITS AND OTHER ACCOUNTS		
<i>LAS 1.78</i> A. Deposits Received from Banks (Note A-1)	7,340,000,000	2,140,000,000
B. Other than Bank		
Payable on Demand (Note B-1)	3,525,823,407	3,180,887,242
Other Deposits (Note B-2)	67,279,221,601	51,024,071,925
	70,805,045,008	54,204,959,167
	78,145,045,008	56,344,959,167
<i>LAS 1.61</i> C. Maturity wise Grouping of Deposits and Other Accounts		
Repayable within One Month	7,667,456,251	5,964,428,775
One Month to Three Months	30,005,453,261	18,897,707,195
Three Months to One Year	30,296,423,981	23,567,250,603
One Year to Five Years	7,700,407,672	5,990,061,318
Repayable over Five Years	2,475,303,843	1,925,511,276
	78,145,045,008	56,344,959,167
A-1 Deposits Received from Banks		
AB Bank Limited	900,000,000	710,000,000
Islami Bank Bangladesh Ltd.	2,350,000,000	950,000,000
Premier Bank Ltd	450,000,000	-
Rupali Bank Ltd	1,100,000,000	-
Bangladesh Development Bank Ltd.	90,000,000	100,000,000
Social Islami Bank Ltd.	1,450,000,000	280,000,000
Exim Bank Ltd.	1,000,000,000	-
Janata Bank Limited	-	100,000,000
	7,340,000,000	2,140,000,000
<i>LAS 1.61</i> Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	550,000,000	540,000,000
Repayable within One Month	1,890,000,000	120,000,000
Repayable over One Month but within Six Months	4,650,000,000	1,380,000,000
Repayable over Six Months but within one Year	250,000,000	100,000,000
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	7,340,000,000	2,140,000,000
B-1 Payable on Demand		
Al-wadiah Current Deposits	2,163,608,134	2,003,583,232
Mudaraba Saving Deposits (9%) (Note-10.3)	412,194,076	358,898,711
Security Deposit Receipt	3,272,528	2,285,438
Sundry Deposits (Note-10.1.1)	946,748,669	816,119,861
	3,525,823,407	3,180,887,242
B-2 Other Deposits		
Mudaraba Saving Deposits (91%) (Note-10.3)	4,167,740,105	3,628,864,748
Mudaraba Term Deposits	46,574,817,281	30,936,189,284
Mudaraba Short Notice Deposits	3,847,308,558	4,193,131,957
Bills Payable (Note-10.2)	889,647,881	545,866,334
Bearer Certificates of Deposits (Note-10.5)	-	-
Mudaraba Deposit under Schemes (Note-10.6)	11,709,826,793	11,691,392,816
Foreign Currency Deposits	89,880,983	28,626,786
	67,279,221,601	51,024,071,925

<i>Ref.</i>		31.12.2011	31.12.2010
		BDT	BDT
<i>LAS 1.78</i>	10.1 Al-Wadiah Current Accounts & Other Deposit Accounts		
	Al-wadiah Current Deposits	2,163,608,134	2,003,583,232
	Mudaraba Short Notice Deposits	3,847,308,558	4,193,131,957
	Sundry Deposits (Note-10.1.1)	946,748,669	816,119,862
	Security Deposit Receipt	3,272,528	2,285,438
	Foreign Currency Deposits	89,880,983	28,626,785
		7,050,818,872	7,043,747,274
<i>LAS 1.78</i>	10.1.1 Sundry Deposits		
	Margin on Letters of Credit	525,653,484	429,697,102
	Foreign Bills Awaiting Remittance	71,162,017	63,666,758
	Margin on Letter of Guarantee	83,970,049	97,501,764
	Readycash card (Reload)	3,755	1,200
	Sundry Creditors	45,119,486	48,044,974
	Al-wadiah Bai-murabaha	1,704,311	3,435,356
	Al-wadiah Bai-murabaha (MTD)	478,292	8,390,850
	Al-wadiah Bai-murabaha (General)	1,928	5,650,903
	Income Tax Deduction at Source -Profit on Deposit	129,905,478	86,917,241
	Export Bills	5,382,129	5,373,428
	Sanchaya Patras	-	500,000
	Fixed Deposits - Export Bills	3,610,956	4,932,228
	Risk Fund on Hire Purchase Scheme	3,100,486	2,844,248
	Income Tax Deduction at Source (Export Bills)	1,695,336	970,180
	Courier Charges	764,708	1,045,445
	Data Max Charges	129,492	473,087
	Marginal account Export (P)	467,940	813,624
	Exporters LA Commission	905,649	3,979,623
	Margin on Consumer Finance Scheme	127,322	121,322
	Margin on Payment Orders Demand, Draft	1,323,120	1,323,120
	Excise Duty on Deposit	42,901,518	31,551,814
	VAT Deduction on Letter of Credit - Commission	6,994,437	4,120,919
	Income Tax Deduction at Source - Letter of Credit	1,577,462	1,016,661
	VAT on Investment Processing fee	792,755	519,862
	VAT on Online Charge	195,341	204,875
	VAT on Commission TT/DD/PO/LG	1,741,009	1,892,863
	VAT Deduction - Indenting Commission	3,773	469
	VAT on ATM	292,789	432
	VAT on Service Charge and Others	3,682,013	3,096,455
	VAT Deduction Bills Paid	4,386,243	1,664,452
	VAT on Rent and Others	1,107,747	998,628
	VAT on Directors Fee	19,500	12,000
	Income Tax Deduction at Source - Office rent	325,624	232,249
	ATM Charge Collection	-	74,531
	Income Tax Deduction at Source - Indenting Commission	102,412	64,331
	Income Tax Deduction at Source - Bills	552,892	205,840
	Income Tax Deduction at Source - Agent of Foreign Buyer	43,982	340,744
	Income Tax Deduction at Source - Prof. & Tech. Service	988,470	80,787
	Income Tax Deduction at Source - Private Security Service	89,021	45,697
	Income Tax Deduction at Source - Export Bill (others)	-	-
	Income Tax Deduction at Source - Cash Incentives	755,240	772,640
	Income Tax Deduction at Source - Advertising Bill	195,067	80,048
	Excise Duty on Investments	3,811,513	2,162,136
	Income Tax Deduction at Source-Employee's	679,473	1,294,526
	Imprest Fund-Cash Incentive	4,450	4,450
		946,748,669	816,119,862
	10.2 Bills Payable		
	Pay Order Issued	287,160,964	311,119,195
	Demand Draft Payable	599,993,071	232,103,142
	Pay Slips Issued	2,459,409	2,609,560
	Travellers' Cheques Payable	34,437	34,437
		889,647,881	545,866,334
<i>LAS 1.78</i>	10.3 Mudaraba Savings Bank Deposits		
	As per BRPD Circular No. 06, dated 24 June 2007, total saving		

<i>Ref.</i>		31.12.2011	31.12.2010
		BDT	BDT
	bank deposits amount is bifurcated into:		
	9 % of total Mudaraba Savings Bank Deposits	412,194,076	358,898,711
	91% of total Mudaraba Savings Bank Deposits	4,167,740,105	3,628,864,748
		4,579,934,181	3,987,763,459
<i>LAS 1.61</i>	10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping		
	Payable on Demand	645,403,923	864,240,231
	Up to Three Months	27,489,928,382	12,135,347,724
	From Three Months to Six Months	7,099,203,508	6,883,746,460
	Above Six Months to One Year	18,616,025,724	13,150,678,250
	Above One Year to Two Years	36,465,956	22,668,303
	Above Two Years	27,789,788	19,508,316
		53,914,817,281	33,076,189,284
<i>LAS 1.78</i>	10.5 Bearer Certificate of Deposits		
	Repayable on Demand	-	-
	Repayable within One Month	-	-
	Over One Month but within Six Months	-	-
	Over Six Months but within One Year	-	-
	Over One Year but within Five Years	-	-
	Over Five Years but within Ten Years	-	-
	Unclaimed Deposits for Ten Years and above	-	-
		-	-
<i>LAS 1.78</i>	10.6 Mudaraba Deposit under Schemes		
	Mudaraba Monthly Savings Scheme	4,290,840,234	3,071,128,935
	Mudaraba Double Benefit Deposits Scheme	6,813,235,281	8,185,925,889
	Mudaraba Monthly Benefit Scheme	583,598,298	434,337,992
	Mudaraba Hajj Scheme	1,569,404	-
	Mudaraba Marraige Scheme	3,412,459	-
	Mudaraba Health Care Scheme	9,990,059	-
	Mudaraba Education Deposit Scheme	3,658,364	-
	Mudaraba Pension Deposit Scheme	3,522,694	-
		11,709,826,793	11,691,392,816
<i>LAS 1.77</i>	11 OTHER LIABILITIES		
	Inter - branch Transaction Account	-	-
	Provision for Taxation (Note-11.1)	1,746,655,375	1,106,655,375
	Accumulated Provision against Investments(Note-11.3)	1,513,299,999	1,205,099,999
	Profit Suspense Account (Note -11.4)	106,227,383	131,496,458
	Accured Profit and Expenses Payable (11.5)	1,493,673,153	800,262,184
	Provision for Gratuity	75,350,000	46,350,000
	Provisions for diminution in value of Investments	100,000,000	38,800,000
	Provision for Zakat	32,597,158	20,097,158
	Provident Fund	1,463,366	1,016,105
	Benevolent Fund	2,054,485	4,258,729
	Non-Resident Accounts	8,066,430	174,085
	Compensation Realised	623,683	74,991
	Others	297,488	542,062
	Total	5,080,308,520	3,354,827,146
<i>LAS 37.84</i>	11.1 Provision for taxation		
	Opening balance	1,106,655,375	671,655,375
	Add : Made during the year	640,000,000	435,000,000
		1,746,655,375	1,106,655,375

Assessment for taxation in 2000, 2001, 2003, 2004, 2007 and 2008 is yet to be completed. Assessment for the year 1999, 2002, 2005 & 2006 have been settled. Assessment order of 2000, 2001 and 2003 is pending with HC and of 2004, 2007 with Appellate Tribunal, 2008 with Appeal to Commissioner of Taxes, 2009 and 2010 assessment not yet completed & 2011 not yet due.

<i>Ref.</i>		31.12.2011	31.12.2010
		BDT	BDT
<i>LAS 37.84</i>	11.2 Provision for Investments during the year		
	Specific Provision for Classified Investments	70,029,299	35,200,000
	General Provision including off-B/S exposure	238,170,701	150,000,000
		308,200,000	185,200,000
<i>LAS 37.84</i>	11.3 Accumulated Provision for Investments		
	Specific Provision for Classified Investments (Note -11.3.1)	612,923,299	542,894,000
	General Provision including off-BS exposure (Note -11.3.2)	900,376,700	662,205,999
		1,513,299,999	1,205,099,999
<i>LAS 37.84</i>	11.3.1 Movement in Specific Provision		
	Provision held at the beginning of the year	542,894,000	507,694,000
	Fully Provided Debts written off	-	-
	Recoveries of amounts previously written off	-	-
	Specific Provision for the year	70,029,299	35,200,000
	Recoveries and Provisions no longer required	-	-
	Net Charge to Profit and Loss Account	-	-
	Provision held at the end of the year	612,923,299	542,894,000
<i>LAS 37.84</i>	11.3.2 General Provision including off-balance sheet exposure		
	Provision held at the beginning of the year	662,205,999	512,205,999
	Addition/transfer during the year	238,170,701	150,000,000
		900,376,700	662,205,999
<i>LAS 37.84</i>	11.4 Profit/Rent/Compensation Suspense Account		
	Opening Balance	131,496,458	166,480,874
	Add: Transferred During the period	-	-
		131,496,458	166,480,874
	Less: Recovered from profit suspense during the year	25,269,075	34,984,416
	Less: Amount Written off/waived during the year	-	-
	Balance at the end of the year	106,227,383	131,496,458
	11.5 Accrued Profit and Expenses Payable		
	Profit Payable on MTDR	1,487,109,561	745,191,599
	Profit Payable on Monthly Benefit Savings Scheme	190,512	-
	Profit Payable on Monthly Double Benefit Savings Scheme	1,286,620	1,913,056
	Profit on Monthly Savings Scheme	-	-
	Profit Payable on Short Notice Deposit	1,008,999	1,377,225
	Profit Payable on Mudarabah Savings Deposit	118,168	178,860
	Profit Payable on Deposits from Banks	207,900	207,900
	Power and Electricity	904,050	671,955
	Telephone	211,823	245,655
	Office Rent	1,156,888	1,029,058
	Audit Fees	500,000	410,000
	Telex, Fax and E-mail	3,100	3,110
	Printing and Stationery	28,349	94,015
	Rates & Taxes	8,600	4,300
	Clearing Adjustment	410,792	48,678,329
	Others	527,791	257,122
		1,493,673,153	800,262,184
	11(a) OTHER LIABILITIES		
	First Security Islami Bank Limited (Note-11)	5,080,308,520	3,354,827,146
	First Security Islami Capital & Investment Limited	39,888,863	-
	Less: Intra transaction	32,407,870	-
		7,480,993	-
		5,087,789,513	3,354,827,146
<i>LAS 1.79</i>	12 CAPITAL		
<i>LAS 1.79(a)(i)</i>	AUTHORISED CAPITAL		
	460,000,000 ordinary shares of Taka 10 each.	4,600,000,000	4,600,000,000
<i>LAS 1.79(a)(ii)</i>	12.1 Issued, Subscribed and Paid-Up Capital		
	340,032,000 Ordinary Shares of Taka 10 each issued	3,400,320,000	3,036,000,000
		3,400,320,000	3,036,000,000
<i>LAS 1.79</i>	12.2 Category of shareholding as at 31 December 2011		
	<u>Name of Category</u>		<u>Percentage(%)</u>

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
Sponsors/Directors	49.49	
Financial Institute	11.32	
Non-Resident Bangladeshi	0.69	
General Public	38.50	
	<u>100.00</u>	

LAS 1.79 **12.3 Classification of Shareholders by holding position as at 31 December 2011**

Shareholding Range	No. of Shares	Percentage (%)
Less than 500 Shares	7,043,803	2.07
501 to 5000 Shares	55,144,255	16.22
5001 to 10,000 Shares	12,829,300	3.77
10,001 to 20,000 Shares	11,787,214	3.47
20,001 to 30,000 Shares	5,551,762	1.63
30,001 to 40,000 Shares	3,534,313	1.04
40,001 to 50,000 Shares	2,926,538	0.86
50,001 to 100,000 Shares	8,627,886	2.54
100,001 to 1,000,000 Shares	45,355,844	13.34
Over 1,000,001 Shares	187,231,085	55.06
	<u>340,032,000</u>	<u>100.00</u>

LAS
1.135(d)

12.4 Capital Adequacy Ratio (Under Basel-II)

Tier-I (Core Capital)

Paid up Capital	3,400,320,000	3,036,000,000
Statutory Reserve	704,202,214	460,169,845
General Reserve	24,000,000	24,000,000
Retained Earnings	371,651,119	399,841,641
	<u>4,500,173,333</u>	<u>3,920,011,486</u>

Tier –II (Supplementary Capital)

General Provision	900,376,700	662,205,999
Exchange Equalization Account	-	-
	<u>900,376,700</u>	<u>662,205,999</u>

Tier –III (eligible for market risk only)

Short-term subordinated Debt	-	-
	-	-

A. Total Eligible Capital	<u>5,400,550,033</u>	<u>4,582,217,485</u>
----------------------------------	----------------------	----------------------

B. Total Risk Weighted Assets	60,010,800,000	50,423,900,000
--------------------------------------	----------------	----------------

C. Minimum Capital Requirement based on Risk Weighted Assets (10% on B)	6,001,080,000	4,538,151,000
--	---------------	---------------

D. Surplus/(Deficiency)....(A - C)	<u>(600,529,967)</u>	<u>44,066,485</u>
---	----------------------	-------------------

Capital Adequacy Ratio (%)	<u>9.00%</u>	<u>9.09%</u>
-----------------------------------	--------------	--------------

Capital Requirement

Tier - I	7.50%	7.77%
Tier - II	1.50%	1.31%
Tier - III	-	-
Total	<u>9.00%</u>	<u>9.09%</u>

12.4(a) Group Capital Adequacy Ratio (Under Basel-II)

Tier-I (Core Capital)

Paid up Capital	3,400,320,000	3,036,000,000
Statutory Reserve	704,202,214	460,169,845
General Reserve	24,000,000	24,000,000
Retained Earnings	371,651,119	399,841,641
Minority Interest	48,890,845	-
	<u>4,549,064,178</u>	<u>3,920,011,486</u>

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
<u>Tier –II (Supplementary Capital)</u>		
General Provision	900,376,700	662,205,999
Exchange Equalization Account	-	-
	900,376,700	662,205,999
<u>Tier –III (eligible for market risk only)</u>		
Short-term subordinated Debt	-	-
	-	-
A. Total Eligible Capital	5,449,440,878	4,582,217,485
B. Total Risk Weighted Assets	60,096,600,000	50,423,900,000
C. Minimum Capital Requirement based on Risk Weighted	6,009,660,000	4,538,151,000
D. Surplus/(Deficiency)....(A - C)	(560,219,122)	44,066,485
Capital Adequacy Ratio (%)	9.07%	9.09%
Capital Requirement	<u>Held</u>	<u>Held</u>
Tier - I	7.57%	7.77%
Tier - II	1.50%	1.31%
Tier - III	-	-
Total	9.07%	9.09%

LAS 1.77

13 STATUTORY RESERVE

Opening Balance	460,169,845	263,449,699
Transferred during the period from Profit & Loss A/C	244,032,369	196,720,146
Closing Balance	704,202,214	460,169,845

This has been done according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.

LAS 1.77

14 RETAINED EARNINGS

Opening Balance	399,841,641	277,961,056
Add: Post tax profit for the period	580,161,847	548,600,731
Less: Transfer to Statutory Reserve	244,032,369	196,720,146
Less: Capitalised during the period	364,320,000	230,000,000
Closing Balance	371,651,119	399,841,641

14(a) RETAINED EARNINGS

First Security Islami Bank Limited (Note-14)	371,651,119	399,841,641
First Security Islami Capital & Investment Limited	(113,610)	-
	371,537,509	399,841,641

LAS 1.77

15 LETTER OF GUARANTEES

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

Letters of Guarantee - Local	1,296,129,960	1,397,928,377
Letter of Guarantee - Foreign	-	3,082,000
	1,296,129,960	1,401,010,377
Less: Margin Taken on Guarantees	83,970,048	97,501,764
	1,212,159,912	1,303,508,613

Ref.

	<u>31.12.2011</u>	<u>31.12.2010</u>
	BDT	BDT
15.1 Money for Which the Bank is Contingently Liabile in respect of Guarantees:		
Directors	-	-
Government	-	-
Banks and Other Financial Institutions	-	-
Others	1,296,129,960	1,401,010,377
	<u>1,296,129,960</u>	<u>1,401,010,377</u>
<i>LAS 1.77</i> 16 IRREVOCABLE LETTERS OF CREDIT		
Letters of Credit - Cash	3,144,913,500	2,840,286,500
Letter of Credit - Cash Inland	461,568,000	182,283,600
Back to Back letters of Credit - Local	102,589,837	233,195,028
Back to Back letters of Credit - Foreign	57,589,000	95,996,000
	<u>3,766,660,337</u>	<u>3,351,761,128</u>
<i>LAS 1.77</i> 17 BILLS FOR COLLECTION ISSUED BY THE BANK		
Foreign Documentary Bills	160,126,000	135,975,000
Outward Bills	4,728,845	23,590,533
Inland Documentary Bills	75,000	-
	<u>164,929,845</u>	<u>159,565,533</u>

Ref.

IFRS 7.20(b)

18 INVESTMENT INCOME**31.12.2011****31.12.2010****BDT****BDT****Profit Received from:**

Deposit with Other Banks	297,083,938	37,466,909
Bai Murabaha - General	541,824,580	411,598,579
Bai Murabaha Hypothecation	1,543,030,546	935,683,484
Bai Murabaha against MTD	451,869,389	495,659,360
Bai Murabaha Post Import (LTR)	1,865,908,674	1,363,400,963
Bai Murabaha General	1,479,881,672	880,817,395
Inland Documentary Bills Purchased	667,224,656	471,953,391
Bai Muajjal General	15,522,369	12,956,557
Bai Murabaha Post Import (Pledge)	687,959	584,616
Bai Murabaha Real Estate	15,551,936	21,817,160
Bai Murabaha Import Bill	617,422,559	304,158,711
Pre-shipment Investment	13,050,148	12,304,645
Bai Murabaha Import	5,130,838	3,831,243
Bai Murabaha Export	34,657	2,447,527
HPSM Transport	71,048,664	8,825,486
Rent on HPSM Scheme	502,118,645	317,878,333
Bai Muajjal (DDIS)	1,398,737	887,184
HPSM House Building - Staff	3,202,222	3,406,072
HPSM Lease Investment	25,940	84,724
Foreign Documentary Bill Purchased	95,436	141,657
Agriculture Investment	16,853,724	5,032,951
Bai Murabaha SME Investment	59,840,285	8,347,930
Quard against PF Investment	499,623	359,122
Quard against Car Lease Scheme	1,253,765	715,837
Quard against MTDR	1,007,009	939,601
Bai Salam	8,771,425	2,165,659
HPSM Real Estate	97,413,535	48,270,664
HPSM Consumer	13,884,194	3,333,023
HPSM Agriculture	5,771,689	2,680,467
HPSM SME	28,858,589	2,244,400
HPSM HBL Commercial	382,494,640	101,067,302
HPSM Industrial	38,694,558	85,204,399
Wajira Bill Okalah	306,842	782,444
	8,747,763,443	5,547,047,795

18(a) INVESTMENT INCOME

First Security Islami Bank Limited (Note-18)	8,747,763,443	5,547,047,795
First Security Islami Capital & Investment Limited	1,305,041	-
	8,749,068,484	5,547,047,795

Ref.		<u>31.12.2011</u>	<u>31.12.2010</u>
		BDT	BDT
LAS 1.77	19 PROFIT PAID ON DEPOSITS		
	Profit Paid on:		
	Mudaraba Term Deposit	5,029,518,066	2,628,130,268
	Mudaraba Double Benefit Deposits Scheme	675,302,753	760,232,173
	Mudaraba Monthly Savings Scheme	409,102,378	283,047,937
	Mudaraba Monthly Benefit Savings Scheme	53,483,520	38,324,231
	Mudaraba Savings Deposits	169,550,124	139,631,102
	Mudaraba Short Notice Deposits	262,588,105	244,404,958
	Placement from Other Banks	69,725,694	-
	Mudaraba Deposit in Foreign Currency	185,140	1,009,162
	Mudaraba Deposit from Banks	-	-
	Penal Profit Paid to Bangladesh Bank	-	30,197,450
	Discount	892,239	849,219
	PFT Paid on MHDS	45,490	-
	PFT Paid on Student SB AC	30,378	-
	PFT Paid on Mudara Salary AC	11,265	-
	PFT Paid on MU.Senior Citizen AC	32,165	-
	PFT Paid on Marriage Scheme	75,586	-
	PFT Paid on Muda. Health Care	234,362	-
	PFT Paid in Education Deposit	90,050	-
	PFT Paid on Pension Deposit	83,905	-
		<u>6,670,951,220</u>	<u>4,125,826,500</u>
LAS 18.35	20 INCOME FROM INVESTMENT IN SHARES & SECURITIES		
	Bangladesh Govt. Islamic Investment Bond	76,845,978	41,330,833
	Dividend on Shares	2,291,490	1,048,143
	Extra Ordinary Gain	-	1,419,078
	Profit on Sale of Shares	2,830,178	220,409,973
		<u>81,967,646</u>	<u>264,208,027</u>
	20(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES		
	First Security Islami Bank Limited (Note-20)	81,967,646	264,208,027
	First Security Islami Capital & Investment Limited	1,047,271	-
		<u>83,014,917</u>	<u>264,208,027</u>
IFRS 7.20(c)	21 COMMISSION, EXCHANGE AND BROKERAGE		
	Commission	228,644,234	205,733,437
	Exchange Gain	174,665,926	76,828,519
	Exchange Earning	185,121,765	77,849,837
	Less: Exchange Loss	10,455,839	1,021,318
		<u>403,310,160</u>	<u>282,561,956</u>
	21(a) COMMISSION, EXCHANGE AND BROKERAGE		
	First Security Islami Bank Limited (Note-21)	403,310,160	282,561,956
	First Security Islami Capital & Investment Limited	13,844	-

Ref.		31.12.2011	31.12.2010
		BDT	BDT
		403,324,004	282,561,956
LAS 1.97	22 OTHER OPERATING INCOME		
	Rent Recoveries	1,047,900	548,500
	Charges on Account Closing	1,595,873	922,635
	Standing Instruction Charges	17,090	16,390
	Gain on sale of fixed assets	4,860,223	-
	Service Charge on HP	2,559,285	4,964,180
	Service charge on Quard	5,323,003	3,508,226
	Project appraisal fees	-	-
	Other Receipts (Note-22.1)	158,259,514	107,256,729
		173,662,888	117,216,660
LAS 1.77	22.1 Other Receipts		
	Postage Recoveries - Local	745,018	835,849
	Tlx/Tel/Tlgr/Fax/E-mail Chg. Recoveries	1,299,088	1,581,636
	Incidental Charge on Al-Wadiah CD A/C	14,846,276	12,287,173
	Incidental Charge on Mudaraba SB A/C	16,653,223	14,708,649
	Incidental Charge on Mudaraba SND A/C	2,419,416	1,833,635
	Income from online	3,360,079	2,444,047
	Investment processing fee	49,986,995	29,168,467
	Income from ATM	3,299,362	29,820
	Additional realised	125,673	-
	Miscellaneous Earnings	65,524,384	44,367,453
		158,259,514	107,256,729
	22(a) OTHER OPERATING INCOME		
	First Security Islami Bank Limited (Note-22)	173,662,888	117,216,660
	First Security Islami Capital & Investment Limited	139,000	-
		173,801,888	117,216,660
LAS 1.104	23 SALARIES & ALLOWANCES		
	Basic Salary	174,545,199	138,200,192
	Bonus	72,344,982	69,298,064
	Bank's Contribution to Staff Provident Fund	15,625,688	10,599,311
	Gratuity	30,016,070	13,745,208
	House Rent	94,386,999	59,842,762
	Conveyance Allowance	24,868,929	12,558,653
	Leave Fare Allowance	66,770,968	48,277,502
	Car Allowance	19,995,652	15,097,455
	Entertainment Allowance	6,878,798	4,012,049
	Medical Allowance	24,161,985	13,531,812
	Utility Services	23,889,861	13,911,405
	Washing Allowance	655	1,579
	House Maintenance Allowance	24,014,399	14,036,496
	Furniture Allowances	-	500,000
	Other Allowances	4,284,329	3,344,873
	Personal Pay	3,418,147	-

Ref.		31.12.2011	31.12.2010
		BDT	BDT
	Leave Encashment	260,751	1,344,416
		585,463,412	418,301,777
	23(a) SALARIES & ALLOWANCES		
	First Security Islami Bank Limited (Note-23)	585,463,412	418,301,777
	First Security Islami Capital & Investment Limited	1,392,000	-
		586,855,412	418,301,777
<i>LAS 1.97</i>	24 RENT, TAXES, INSURANCE, LIGHTING ETC.		
	Rent	88,115,783	66,935,028
	Insurance	35,267,783	23,669,423
	Rates and Taxes	4,384,866	2,557,141
	Water Charges	853,891	704,873
	Gas Charges	530,004	375,507
	Electric Bills	16,905,236	12,808,035
		146,057,563	107,050,007
	24(a) RENT, TAXES, INSURANCE, LIGHTING ETC.		
	First Security Islami Bank Limited (Note-24)	146,057,563	107,050,007
	First Security Islami Capital & Investment Limited	1,028,856	-
		147,086,419	107,050,007
<i>LAS 1.97</i>	25 LEGAL EXPENSES		
	Law Charges	137,550	242,764
	Stamp	42,588	21,851
	Other Professional Charges	1,696,327	699,300
		1,876,465	963,915
<i>LAS 1.97</i>	26 POSTAGE, STAMP AND TELECOMMUNICATION		
	Telephone - Office	5,830,916	5,219,379
	Telegram, Telex, Fax and Email	2,421,365	2,462,826
	Telephone - Residence	36,616	85,599
	Postage	3,616,068	1,359,736
		11,904,965	9,127,540
<i>LAS 1.97</i>	27 STATIONERY, PRINTING AND ADVERTISEMENT		
	Publicity and Advertisement	33,823,026	25,339,548
	Printing and Stationery	32,159,859	33,211,815
		65,982,885	58,551,363
<i>LAS 1.97</i>	28 MANAGING DIRECTOR'S SALARY AND FEES		
	Basic Pay	4,992,258	4,620,162
	House Rent Allowances	1,185,661	996,129
	Leave Fare Allowance.	2,246,516	1,944,193
	Bonus	880,000	795,162
	House Maintenance Allowance 47	1,185,661	996,129

Ref.		31.12.2011	31.12.2010
		BDT	BDT
	Other Allowance	998,452	564,355
		11,488,548	9,916,130
<i>LAS 1.97</i>	29 DIRECTORS' FEES		
	Fees	879,750	882,150
	Travel	1,331,459	1,306,720
		2,211,209	2,188,870
<i>LAS 1.97</i>	30 SHARIAH COMMITTEE'S FEES		
	Fees	289,250	46,000
	Travel	-	-
		289,250	46,000
<i>LAS 1.104</i>	31 DEPRECIATION AND REPAIRS OF FIXED ASSETS		
	Depreciation on Fixed Assets (Annexure - A)	87,959,896	62,387,592
	Repairs:		
	Office equipment	3,512,092	2,576,184
	Renovation and Maintenance of Office Premises	1,452,532	607,720
	Furnitures and Fixtures	229,808	135,828
	Maintenance and Services of SWIFT	141,446	207,484
	Maintenance of Reuters	1,562,825	1,406,867
	Elect. Fitt. Rep. & Replacement	3,307,383	2,831,147
	Office Maintenance Expenses	3,836,264	2,762,852
		102,002,246	72,915,674
<i>LAS 1.97</i>	32 OTHER EXPENSES		
	Car Expense	23,871,003	19,515,568
	Wages	66,134,268	49,019,182
	Traveling	12,645,796	6,533,954
	Donation and Subscription:		
	Donation	5,306,032	42,897,173
	Subscription	10,115,287	4,240,350
	Newspaper and Periodicals	388,567	455,270
	Entertainment	18,167,396	8,112,400
	Conveyance	6,475,028	4,659,199
	Business Development	3,452,190	2,306,905
	Promotional Expense	1,430,026	2,254,253
	Computer Expense	13,996,713	12,203,185
	Medical Expense	4,112,665	3,773,474
	Plantation	877,718	682,125
	Liveries and Uniform	765,389	430,131
	Training, Seminar and Workshop	4,724,211	5,275,022
	Photocopying	2,165,077	1,487,366
	Generator Expenses	7,893,573	7,431,319
	Cash Carrying	5,309,996	4,285,409
	Washing and Cleaning	1,550,655	1,048,536
	Cartage and Freight	41,100	25,215
	Staff Welfare	1,103,648	7,446,024
	Office Maintenance	-	2,979,423

Ref.		31.12.2011	31.12.2010
		BDT	BDT
	ATM Expenses	2,210,927	1,468,121
	Meeting Expenses	10,563,760	7,857,607
	Right Issue Expense	2,613,502	769,000
		205,914,527	197,156,211
<i>LAS 33.70</i>	33 EARNINGS PER SHARE		
	Net Profit after Tax	580,161,847	548,600,731
	Number of Ordinary Shares (weighted average as per BAS-33)	340,032,000	340,032,000
	Earning Per Share (EPS)	1.71	1.61
<i>LAS 7.14(b)</i>	34 RECEIVED FROM OTHER OPERATING ACTIVITIES		
	Rent Recoveries	1,047,900	548,500
	Charges on Account Closing	1,595,873	922,635
	Standing Instruction Charges	17,090	16,390
	Gain on sale of fixed assets	4,860,223	-
	Service Charge on HP	2,559,285	4,964,180
	Service Charge on Quard	5,323,003	3,508,226
	Project appraisal fees	-	-
	Other Receipts	158,259,514	107,256,729
		173,662,888	117,216,660
	34(a) RECEIVED FROM OTHER OPERATING ACTIVITIES		
	First Security Islami Bank Limited (Note-34)	173,662,888	117,216,660
	First Security Islami Capital & Investment Limited	139,000	-
		173,801,888	117,216,660
<i>LAS 7.14(c)</i>	35 PAYMENT FOR OTHER OPERATING ACTIVITIES		
	Rent, Taxes, Insurances, Electricity etc.	146,057,563	107,050,007
	Legal Expenses	1,876,465	963,915
	Postage, Stamps, Telecommunications etc.	11,904,965	9,127,540
	Auditors' Fee	400,000	400,000
	Directors' fees	2,211,209	2,188,870
	Shariah Committee's fees	289,250	46,000
	Other Expenses	206,512,499	197,156,211
		369,251,951	316,932,543
	35(a) PAYMENT FOR OTHER OPERATING ACTIVITIES		
	First Security Islami Bank Limited (Note-35)	369,251,951	316,932,543
	First Security Islami Capital & Investment Limited	13,799,243	-
		383,051,194	316,932,543
	36 INCREASE /DECREASE OF OTHER ASSETS		
	Inter - branch Transaction Account	558,368,013	318,855,911
	Accrued Income	261,149,987	161,895,813
	Advances, Deposits and Prepayment	316,450,515	128,205,153
	Stock of Stationery	14,197,937	14,166,703
	Suspense Account	164,399,413	626,394,455
	Advance Deposits	695,079,543	212,324,819

Ref.

	31.12.2011	31.12.2010
	BDT	BDT
Stamps on Hand	747,952	399,949
FSI Capital & Investment Ltd.	-	52,439,255
	2,010,393,360	1,514,682,058
(Increase)/Decrease during the period	(495,711,302)	(847,923,598)
36(a) INCREASE /DECREASE OF OTHER ASSETS		
First Security Islami Bank Limited (Note-36)	(495,711,302)	(847,923,598)
First Security Islami Capital & Investment Limited	65,067,613	-
	(430,643,689)	(847,923,598)
37 INCREASE /DECREASE OF OTHER LIABILITIES		
Inter - branch Transaction Account	-	-
Profit Suspense Account	106,227,383	131,496,458
Accrued profit and Expenses Payable	1,096,003,212	800,262,184
Exchange Equalization Fund	-	-
Provident Fund	4,806,693	1,016,105
Provisions for diminution in value of Investment in Shares	100,000,000	38,800,000
Benevolent Fund	2,054,485	4,258,729
Non-Resident Accounts	8,066,430	174,085
Compensation Realised	623,683	-
Others	297,489	542,062
	1,318,079,375	976,549,623
Increase /(Decrease) during the period	341,529,752	27,372,961
37(a) INCREASE /DECREASE OF OTHER LIABILITIES		
First Security Islami Bank Limited (Note-37)	341,529,752	27,372,961
First Security Islami Capital & Investment Limited	7,173,929	-
	348,703,681	27,372,961
38 NUMBER OF EMPLOYEES		
Executives and Officers	1,051	734
Members of Staff (Contractual)	291	195
	1,342	929

LAS 24.17 **39 RELATED PARTY TRANSACTIONS**

During the year, the Bank carried out some transaction 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>
a. Northern General Insurance Company Ltd.	Insurance Premium	Common Director	<u>5,563,552</u>
b. M/S Unique Enterprise	Bank Guarantee	Common Director	<u>377,000</u>
c. Reliance Finance Ltd.	MTDR	Common Director	<u>2,150,000,000</u>
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

40 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, managing agent, guarantor, employee, etc.
1	Mohammed Saiful Alam	Chairman	<p><u>Chairman/Board of Director</u> First Security Islami Capital & Investment Ltd. Reliance Finance Limited Reliance Brokerage Services Limited Karnaphuli Prakritik Gas Ltd.</p> <p><u>Managing Director</u> S. Alam Steels Ltd. (Unit -1, & 2) S. Alam Steels Ltd. (Unit - 3) S. Alam Cement Ltd. S. Alam Brothers Ltd S. Alam Hatchery Ltd. S. Alam Trading Company (Pvt.) Ltd. S. Alam Bag Manufacturing Mills Ltd. S. Alam Soyaseed Extraction Plant Ltd. S. Alam Refined Sugar Industries Ltd. S. Alam Cold Rolled Steels Ltd. S. Alam Luxury Chair Coach Services Ltd. S.Alam Power Generation Ltd. S.Alam Tank Terminal Ltd. S.Alam Properties Ltd. Sonali Cargo Logistics (Pvt) Ltd. Fatehabad Farm Ltd. Portman Cements Ltd. Ocean Resort Ltd.</p> <p><u>Sponsor Director</u> Northern General Insurance Co. Ltd.</p> <p><u>Sponsor Shareholder</u> Al-Arafah Islami Bank Ltd. S. Alam Super Edible Oil Ltd. S. Alam Vegetable Oil Ltd.. Shah Amanat Prakritik Gas Company Ltd.</p> <p><u>Proprietor</u> S. Alam & Co. Sonali Overseas Corporation</p>

2	Alhaj Mohammed Abdul Maleque	Vice Chairman	<p><u>Chairman</u> Jesco Capital Management Ltd. ABM Tower Ltd. Bengal Center Ltd.</p> <p><u>Chairman & Managing Director</u> Jesco Bangladesh Ltd.</p> <p><u>Managing Director</u> Chittagong Board and Paper Mills Ltd. Kharana Fish & Poultry Ltd.</p> <p><u>Director</u> Central Hospital Ltd.</p> <p><u>EX - Chairman & Sponsor Shareholder</u> Central Insurance Co. Ltd.</p> <p><u>Ex - Director</u> Chittagong Chamber of Commerce & Industry</p> <p><u>Proprietor</u> M/S. Bengal Corporation M/S. Bengal Trading M/S. Lucky Electronics</p>
3	Ms. Rahima Khatun	Director	<p><u>Chairman</u> Al-Sharaf Airways Ltd. M/S. Mortoza Assets Ltd.</p> <p><u>Managing Director</u> Marsa Fishing Ltd.</p> <p><u>Proprietor</u> R.M. Trading</p>
4	Ms. Atiqun Nesa	Director	<p><u>Proprietor</u> Atique Enterprise</p>
5	Md. Sharif Hussain	Director	<p><u>General Secretary</u> Islamic Economic Research Bureau</p>
6	Md. Wahidul Alam Seth	Director	<p><u>Director</u> Reliance Brokerage Services Limited</p> <p><u>Proprietor</u> M/S. B. Nowab Real Estate INTRA</p>
7	Shahidul Islam	Director	<p><u>Managing Director</u> Platinum Shrimp Hatchery Ltd.</p> <p><u>Proprietor</u> S.S. Corporation</p>

8	Mohammed Oheidul Alam	Director	<p><u>Vice Chairman</u> C & A Real Estate <u>Managing Director</u> Dream Knitting (BD) Ltd.</p> <p><u>Proprietor</u> M/S. Land Mark Hotel & Restaurant Car Shop The Travel World</p> <p><u>Managing Partner</u> Orchid Business Hotel</p>
9	Ms. Shamshad Jahan	Director	<p><u>Chairman</u> Ocean Sea Foods Limited</p> <p><u>Director</u> DINS Chemical Industries Ltd. Rainbow Sea Foods Limited The Treatment Tower</p> <p><u>Proprietor</u> M/S. Unique Enterprise M/S. Irada International M/S. Agro Trading</p>
10	Mohammed Kutub Uddowllah	Depositor Director	<p><u>Director</u> Reliance Finance Limited</p> <p><u>Director & CEO</u> D.S. Line Limited</p>
11	Md. Abdul Hamid Miah	Independent Director	N/A
12	Ahsanul Alam	Director	<p><u>Proprietor</u> Genesis Enterprise</p>

LAS 10.12.: **41 EVENT AFTER BALANCE SHEET DATE**

The Board of Director in its meeting held on 15 May 2012 recommended stock dividend @ 10% for the year 2011 to be approved in the Annual General Meeting.

42 AUDIT COMMITTEE

a) Constitution

The Bank has constituted an Audit Committee of the Board of Directors pursuant to the BRPD circular no. 12 dated 23 December 2002 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
Alhaj Mohammed Abdul Maleque	Vice Chairman	Convener	Bachelor of Science
Md. Sharif Hussain	Director	Member	Masters of Arts(Economics)
Mohammed Kutub Uddowllah	Director	Member	Bachelor of Science

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

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, 15 May 2012

FIRST SECURITY ISLAMI BANK LIMITED

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 2011
	Balance as on 01 January '11	Addition during the year	Sales/Transfer during the year	Balance as on 31 Dec '11	Balance as on 01 January '11	Charge for the year	Adjustment on sale/transfer during the year	Balance as on 31 Dec '11	
Building	130,180,975	260,395,199	-	390,576,174	2,023,771	2,922,729	-	4,946,500	385,629,674
Furniture & Fixtures	348,131,433	130,427,709	-	478,559,142	89,820,739	34,335,197	-	124,155,936	354,403,206
Office Equipment	259,299,946	88,480,983	-	347,780,929	95,211,763	42,423,211	-	137,634,974	210,145,955
Vehicles	44,477,222	5,553,969	8,142,000	41,889,191	21,429,722	8,274,351	7,413,223	22,290,850	19,598,341
Books	82,279	23,857	-	106,136	75,528	4,408	-	79,936	26,200
Total Dec' 2011	782,171,855	484,881,717	8,142,000	1,258,911,572	208,561,523	87,959,896	7,413,223	289,108,196	969,803,376
Total Dec' 2010	522,651,318	259,520,537	-	782,171,855	146,173,931	62,387,592	-	208,561,523	573,610,332

First Security Islami Bank Limited
Consolidated Financial Highlights
For the year ended 31 December 2011

Particulars	31.12.2011	31.12.2010
Paid-up Capital	3,400,320,000	3,036,000,000
Total Capital Fund	5,449,440,878	4,582,217,485
Capital Surplus/(deficit)	(560,219,122)	44,066,485
Total Assets	91,012,899,089	63,619,797,799
Total Deposits	78,145,045,008	56,344,959,167
Total Investments	69,467,328,284	52,123,903,164
Total Contingent Liabilities and Commitments	11,363,579,973	8,859,668,340
Investment Deposit Ratio (in %)	88.90%	92.51%
Percentage of Classified Investments against total Investments(in %)	1.94%	2.61%
Profit before tax & provision	1,589,588,897	1,203,600,731
Amount of Classified Investments during the year	1,345,729,000	1,362,061,955
Provision kept against Classified Investments	612,923,299	542,894,000
Provision Surplus/(deficit)	19,594,199	13,658,789
Cost of Fund	10.01%	8.90%
Profit Earning Assets	79,211,721,421	56,040,956,802
Non-profit Earning Assets	11,801,177,668	7,578,840,997
Return on Investment in Shares & securities(ROI)(in %)	2.05%	9.24%
Return on Assets (ROA)(in %)	1.75%	1.89%
Income from Investment in Shares and Securities	83,014,917	264,208,027
Earning Per Share (Tk.)	1.71	1.61
Net Income Per Share (Tk.)	1.71	1.61
Price Earning Ratio (Times)	15.37	25.21