



ফাস্ট সিকিউরিটি ইসলামী ব্যাংক লিঃ
فارسٲ سٲكٲورٲٲى اسلامى بنك لٲمٲٲد FIRST SECURITY ISLAMI BANK LTD.

[Financial Statement -2012]

AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
FIRST SECURITY ISLAMI BANK LIMITED

FOR THE YEAR ENDED 31
DECEMBER 2012

**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 comprises the balance sheet as at 31 December 2012 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 these 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 these 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 these 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 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 2012 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 2012 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 2850 man hours for the audit of the books and accounts of the Bank.

Dhaka, 15 March 2013

Chartered Accountants

Ref.

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

FIRST SECURITY ISLAMI BANK LIMITED
BALANCE SHEET
 AS AT 31 DECEMBER 2012

LAS 1.38,1.39
 LAS 1.113

	Notes	31.12.2012 BDT	31.12.2011 BDT
<u>PROPERTY AND ASSETS</u>			
LAS 1.54 (i),7.7	3	10,528,144,967	7,145,564,053
		1,183,461,824	751,981,687
		9,344,683,143	6,393,582,366
LAS 1.54 (d)	4	10,785,716,061	5,668,384,228
		10,315,382,991	5,455,758,041
		470,333,070	212,626,187
LAS 1.54 (b)	5	4,913,392,720	3,977,001,504
		4,060,654,300	3,121,548,300
		852,738,420	855,453,204
LAS 39.9 IFRS7.8(c)	6	96,304,228,588	69,467,328,284
	6.A	95,493,421,519	64,451,579,004
	6.B	810,807,069	5,015,749,280
LAS 1.54 (a)	7	1,997,716,214	969,803,376
LAS 1.55 ,1.57(a)	8	5,203,974,538	3,728,559,416
		129,733,173,088	90,956,640,861
<u>LIABILITIES AND CAPITAL</u>			
Liabilities			
LAS 1.54 (k)	9	4,598,574,967	3,231,114,000
LAS 1.54 (m)	10	109,905,568,871	78,145,045,008
	10.1	7,119,359,753	7,050,818,872
	10.2	1,824,475,966	889,647,881
	10.3	5,462,576,972	4,579,934,181
	10.4	79,263,696,843	53,914,817,281
	10.5	16,235,459,337	11,709,826,793
LAS 1.55,1.57(a)	11	2,220,000,000	-
LAS 1.55,1.57(a)	12	7,344,549,468	5,080,308,520
		124,068,693,306	86,456,467,528
Capital/Shareholders' equity			
LAS1.54(r),1.78(e)	13	3,740,352,000	3,400,320,000
LAS1.54(r),1.78(e)	14	1,004,574,914	704,202,214
LAS1.54(r),1.78(e)		84,000,000	24,000,000
LAS1.54(r),1.78(e)	15	402,442,950	-
LAS1.54(r),1.78(e)	16	433,109,918	371,651,119
		5,664,479,782	4,500,173,333
		129,733,173,088	90,956,640,861

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

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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
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

		31.12.2012	31.12.2011
	Notes	BDT	BDT
Investments Income	20	13,339,668,730	8,747,763,443
Profit Paid on Deposits	21	(10,309,755,493)	(6,670,951,220)
Net Investment Income		3,029,913,237	2,076,812,223
Income from Investment in shares and securities	22	98,997,129	81,967,646
Commission, Exchange and Brokerage	23	404,240,245	403,310,160
Other Operating Income	24	201,533,344	173,662,888
		704,770,718	658,940,694
Total Operating Income		3,734,683,955	2,735,752,917
Less: Operating Expenses			
Salary and Allowances	25	847,429,497	585,463,412
Rent, Taxes, Insurances, Electricity etc.	26	266,100,292	146,057,563
Legal Expenses	27	5,099,135	1,876,465
Postage, Stamps, Telecommunication etc.	28	15,379,156	11,904,965
Stationery, Printings, Advertisements etc.	29	83,807,741	65,982,885
Managing Director's Salary and Fees	30	13,593,405	11,488,548
Auditors' Fees		575,000	500,000
Directors' Fees	32	1,918,560	2,211,209
Shariah Committee's Fees & Expenses	33	132,250	289,250
Depreciation and Repair of Bank's Assets	34	175,807,881	102,002,246
Zakat Expenses		18,800,000	12,500,000
Other Expenses	35	364,082,435	205,914,527
Total Operating Expenses		1,792,725,352	1,146,191,070
Profit before Provision and Tax		1,941,958,603	1,589,561,847
Provisions for Classified Investments		177,076,701	70,029,299
Provisions for Unclassified Investments including off-B/S items	12.2	203,018,403	238,170,701
Provisions for diminution in value of Investment in Shares		60,000,000	61,200,000
Total Provisions		440,095,104	369,400,000
Total Profit before Taxes		1,501,863,499	1,220,161,847
Provision for Taxation	12.1	(740,000,000)	(640,000,000)
Deferred Tax Income	2.8.4	-	-
		(740,000,000)	(640,000,000)
Net Profit after tax for the period		761,863,499	580,161,847
Retained Earnings Brought Forward from Previous Year		371,651,119	399,841,641
		1,133,514,618	980,003,488
Appropriations:			
Statutory Reserve		300,372,700	244,032,369
Other Reserve		60,000,000	-
Bonus Share Issued		340,032,000	364,320,000
		700,404,700	608,352,369
Retained Earnings Carried Forward		433,109,918	371,651,119
Earnings Per Share (EPS)	36	2.04	1.71

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 March 2013

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

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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
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

		31.12.2012	31.12.2011
	Notes	BDT	BDT
Investments Income	20	13,339,668,730	8,747,763,443
Profit Paid on Deposits	21	(10,309,755,493)	(6,670,951,220)
Net Investment Income		3,029,913,237	2,076,812,223
Income from Investment in shares and securities	22	98,997,129	81,967,646
Commission, Exchange and Brokerage	23	404,240,245	403,310,160
Other Operating Income	24	201,533,344	173,662,888
		704,770,718	658,940,694
Total Operating Income		3,734,683,955	2,735,752,917
Less: Operating Expenses			
Salary and Allowances	25	847,429,497	585,463,412
Rent, Taxes, Insurances, Electricity etc.	26	266,100,292	146,057,563
Legal Expenses	27	5,099,135	1,876,465
Postage, Stamps, Telecommunication etc.	28	15,379,156	11,904,965
Stationery, Printings, Advertisements etc.	29	83,807,741	65,982,885
Managing Director's Salary and Fees	30	13,593,405	11,488,548
Auditors' Fees		575,000	500,000
Directors' Fees	32	1,918,560	2,211,209
Shariah Committee's Fees & Expenses	33	132,250	289,250
Depreciation and Repair of Bank's Assets	34	175,807,881	102,002,246
Zakat Expenses		18,800,000	12,500,000
Other Expenses	35	364,082,435	205,914,527
Total Operating Expenses		1,792,725,352	1,146,191,070
Profit before Provision and Tax		1,941,958,603	1,589,561,847
Provisions for Classified Investments		177,076,701	70,029,299
Provisions for Unclassified Investments including off-B/S items	12.2	203,018,403	238,170,701
Provisions for diminution in value of Investment in Shares		60,000,000	61,200,000
Total Provisions		440,095,104	369,400,000
Total Profit before Taxes		1,501,863,499	1,220,161,847
Provision for Taxation	12.1	(740,000,000)	(640,000,000)
Deferred Tax Income	2.8.4	-	-
		(740,000,000)	(640,000,000)
Net Profit after tax for the period		761,863,499	580,161,847
Retained Earnings Brought Forward from Previous Year		371,651,119	399,841,641
		1,133,514,618	980,003,488
Appropriations:			
Statutory Reserve		300,372,700	244,032,369
Other Reserve		60,000,000	-
Bonus Share Issued		340,032,000	364,320,000
		700,404,700	608,352,369
Retained Earnings Carried Forward		433,109,918	371,651,119
Earnings Per Share (EPS)	36	2.04	1.71

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 March 2013

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 2012**

LAS 1.38, 1.39

		31.12.2012	31.12.2011
	Notes	BDT	BDT
LAS 1.113	A. Cash Flow from Operating Activities		
LAS 7.10	Profit received	12,732,666,148	8,829,731,089
LAS 7.31	Profit paid	(9,603,755,782)	(6,670,951,220)
LAS 7.14 (b)	Commission, exchange & brokerage received	404,240,245	403,310,160
LAS 7.14 (d)	Payment to employees	(861,022,902)	(596,951,960)
LAS 7.14 (d)	Payment to suppliers	(155,346,279)	(80,025,236)
LAS 7.35	Income tax paid	(710,802,087)	(590,493,137)
LAS 7.14 (b)	Received from other operating activities	201,533,344	173,662,888
LAS 7.14 (c)	Payment for other operating activities	(653,286,828)	(369,251,951)
	Operating Profit before changes in Operating Assets & Liabilities	1,354,225,859	1,099,030,633
	Increase / Decrease in Operating Assets & Liabilities		
	Investments to Customers	(26,836,900,304)	(17,343,425,120)
	Other Assets	(982,259,562)	(495,711,302)
	Deposits from Customers	31,760,523,863	21,800,085,841
	Other Liabilities	1,502,738,936	341,529,752
		5,444,102,933	4,302,479,171
	Net Cash Inflow from Operating Activities	6,798,328,792	5,401,509,804
LAS 7.10	B. Cash Flow from Investing Activities		
LAS 7.16 (c)	Investment in Shares and Securities	(1,117,031,781)	(1,117,031,781)
LAS 7.23	Purchase of Property, Plant and Equipment	(769,739,231)	(484,881,717)
LAS 7.16 (b)	Sale of Property, Plant and Equipment	-	5,589,000
	Net Cash Inflow from Investing Activities	(1,886,771,012)	(1,596,324,498)
LAS 7.10	C. Cash Flow from Financing Activities		
	Increase/(Decrease) in Share Capital	-	-
	Receipt from issuance of Mudaraba Subordinated Bond	2,220,000,000	-
	Increase/(Decrease) in Placement from Banks & FI	1,367,460,967	3,231,114,000
	Net Cash Inflow/(Outflow) from Financing Activities	3,587,460,967	3,231,114,000
	D. Net Increase/Decrease of Cash & Cash Equivalent (A+B+C)	8,499,018,747	7,036,299,306
	Effect of Exchange Rate on Cash & Cash Equivalent	-	-
	E. Opening Cash & Cash Equivalent	12,815,496,581	5,779,197,275
	F. Closing Cash & Cash Equivalent (D+E)	21,314,515,328	12,815,496,581
LAS 7.45	The above closing Cash and Cash Equivalents include:		
	Cash in hand (Including Foreign Currencies)	1,183,461,824	751,981,687
	Balance with Bangladesh Bank, other banks & FI	20,130,399,204	12,061,966,594
	Prize Bond	654,300	1,548,300
		21,314,515,328	12,815,496,581

The annexed notes form an integral part of these accounts

Managing Director

Director

Director

Chairman

Dhaka, 15 March 2013

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 2012

Particulars	Paid-up Capital	Statutory Reserve	Other Reserve	Assets Reval. Reserve	Retained Earnings	Total
	BDT	BDT	BDT	BDT	BDT	BDT
Balance as on 01 January 2012	3,400,320,000	704,202,214	24,000,000	-	371,651,119	4,500,173,333
Changes in Accounting Policy	-	-	-	-	-	-
Restated Balance	3,400,320,000	704,202,214	24,000,000	-	371,651,119	4,500,173,333
<i>IFRIC1.6 (a)</i> Surplus/Deficit on account of Revaluation of Properties	-	-	-	402,442,950	-	402,442,950
<i>IFRIC1.6 (a)</i> Surplus/Deficit on account of Revaluation of Investments	-	-	-	-	-	-
Currency Translation Differences	-	-	-	-	-	-
<i>IFRIC1.6 (a)</i> Net Gains and Losses not Recognized in the Income Statement	-	-	-	-	-	-
<i>LAS 1.106 (a)</i> Net Profit for the period	-	-	-	-	761,863,499	761,863,499
<i>LAS 1.107</i> Dividends	-	-	-	-	-	-
<i>LAS 1.106 (d)</i> Transfer to Statutory Reserve	-	300,372,700	-	-	(300,372,700)	-
Transfer to Other Reserve	-	-	60,000,000	-	(60,000,000)	-
Issue of Share Capital during the year	340,032,000	-	-	-	(340,032,000)	-
Balance as on 31 December 2012	3,740,352,000	1,004,574,914	84,000,000	402,442,950	433,109,918	5,664,479,782
Balance as on 31 December 2011	3,400,320,000	704,202,214	24,000,000	-	371,651,119	4,500,173,333

Managing Director

Director

Director

Chairman

Dhaka, 15 March 2013

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 2012

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	10,528,144,967	-	-	-	-	10,528,144,967
Balance with other Banks and FI	578,216,061	5,193,500,000	5,014,000,000	-	-	10,785,716,061
Investments in Shares and Securities	1,587,223,270	600,000,000	1,000,000,000	1,711,600,000	14,569,450	4,913,392,720
Investments	6,978,115,949	24,242,389,287	21,015,347,089	30,064,302,244	14,004,074,019	96,304,228,588
Fixed Assets including						
Premises, Furniture and Fixtures	-	-	-	-	1,997,716,214	1,997,716,214
Other Assets	1,717,181,073	295,472,216	-	2,975,177,971	216,143,278	5,203,974,538
Non-banking Assets	-	-	-	-	-	-
Total Assets	21,388,881,320	30,331,361,503	27,029,347,089	34,751,080,215	16,232,502,961	129,733,173,088
Liabilities						
Placement from Banks & Other						
Financial Institutions	-	-	4,400,000,000	198,574,967	-	4,598,574,967
Deposits and other Accounts	10,783,743,755	43,200,582,385	41,609,812,458	10,830,087,635	3,481,342,638	109,905,568,871
Mudaraba Subordinated Bond	-	-	-	2,220,000,000	-	2,220,000,000
Other Liabilities	2,608,003,297	4,408,727	298,538,867	1,952,119,237	2,481,479,340	7,344,549,468
Total Liabilities	13,391,747,052	43,204,991,112	41,908,351,325	15,002,206,872	5,962,821,978	124,068,693,306
Net Liquidity Gap	7,997,134,268	(12,873,629,609)	(14,879,004,236)	19,748,873,343	10,269,680,983	5,664,479,782

Managing Director

Director

Director

Chairman

Dhaka, 15 March 2013

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 2012

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 one hundred (100) branches in the country. The Bank had no overseas branches as at December 31, 2012. 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, purchasing bills, conducting domestic and international money transfer, carrying out foreign exchange transactions in addition to international money transfers, and offering other customer services such as safe keeping, collections and issuing guarantees, acceptances and letters of credit. Core business of the bank includes deposit mobilization and investing activities comprising short-term, long-term, import and export financing. Investment activities are extended to different sectors of the economy that could be grouped into several sectors including Rural & agriculture, Garments & Textiles, Jute, Cement & Bricks, Tannery, Steel & Engineering, Food & Beverage, Chemical & Pharmaceuticals, Printing & Packaging, Glass & Ceramics and Miscellaneous.

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

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

1.3 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.

1.4 First Security Islami Exchange Limited, Canada

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

1.5 First Security Islami Exchange Italy S.R.L

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

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, 2012 and are prepared under the historical cost convention on a going concern basis and in accordance with the “ First Schedule Section 38(4) of the Bank Companies Act, 1991, BRPD Circular # 14 dated 25 June 2003, BRPD Circular # 15 dated 09 November 2009, Other Bangladesh bank Circulars, Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards, The Companies Act 1994, The Security and Exchange Rules 1987, Dhaka & Chittagong Stock Exchanges listing regulations, Income Tax Ordinance 1984 and other laws and rules applicable in Bangladesh.

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, 2012. The consolidated financial statements have been prepared in accordance with Bangladesh Accounting Standards 27-“Consolidated & Separate Financial Statements”. The Consolidated Financial Statements are prepared for the common financial year ended 31 December 2012.

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

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

In the preparation of the financial statements management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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.

LAS 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.

2.5.2 Income from Investments in Securities

- Investment in shares and securities are stated at cost. Provisions have been made against probable losses on the basis of period end reviewed by the management and in compliance with Bangladesh Bank circulars.
- 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.

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

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.

LAS 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.

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

LAS 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 2012 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 2012 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 2012 have been shown in the Balance Sheet under Off-Balance Sheet items.

Exchange rates with major foreign currencies as on 31 December 2012 were as:

Currency Name	Exchange Rate (TK)
US \$	79.8250
Euro	105.5366
Yen	.9276
ACU	79.8250
GBP	129.0611
CHF	87.4028
SGD	65.2165
AUD	82.7546
CAD	80.0813

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 (contracting) on the dates of such transactions. The resulting exchange transaction gains and losses arising through foreign currency buying and selling transactions effected on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

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.

IAS 1.119 **2.7.2 Investments**

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

b) Provision for Investments Impairment:

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

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

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

General Provision on:

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

Provision for Short-term agricultural and Micro-Credits:

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

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

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

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 par provision of IAS # 16: Property, Plant and Equipment.

The major categories of property and equipment held by the bank are furniture and fixtures, office equipments, motor vehicles and books.

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

Depreciation on Property , Plant and Equipment

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

Nature of Assets	Rate of Depreciation	Method of Depreciation
Building	2.5%	Straight Line Method
Furniture and Fixtures	10%	Reducing Balance Method
Office Equipments	20%	Reducing Balance Method except Computer Equipment where 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 which are payable during the current 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 2012 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**

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

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 of employees and the Bank at predetermined rates in equal proportion. These contributions are invested separately from the assets of FSIBL and the profit on such contributions credited to the members' account. The Fund recognized by the National Board of Revenue.

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

IAS 1.114 (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 depositors 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 Earnings Per Share (EPS)**

2.9.4.1 Basic Earnings per Share

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

2.9.4.2 Diluted Earnings per Share

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

IAS 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.

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

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

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 Based Capital (Basel-II)

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

2.13 General

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

<i>Ref.</i>		<u>31.12.2012</u>	<u>31.12.2011</u>
		BDT	BDT
<i>LAS 7.45</i>	3 CASH		
<i>LAS 1.77</i>	3.1 Cash in Hand		
	In Local Currency	1,172,213,290	746,988,452
	In Foreign Currencies	11,248,534	4,993,235
		1,183,461,824	751,981,687
<i>LAS 1.77</i>	3.2 Balance with Bangladesh Bank and its Agent Bank		
	In Local Currency	9,064,653,022	6,150,402,685
	In Foreign Currencies	280,030,121	243,179,681
		9,344,683,143	6,393,582,366
		10,528,144,967	7,145,564,053
	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	5,420,570,000	4,027,304,000
	Actual Reserve maintained	8,871,134,000	6,040,205,000
	Surplus/(Short)	3,450,564,000	2,012,901,000
	3.4 Statutory Liquidity Ratio (SLR): 11.50% of Average Demand and Time Liabilities:		
	Required Reserve (including CRR)	10,389,426,000	7,719,000,000
	Actual Reserve held (including CRR)	14,333,893,000	10,013,140,000
	Surplus/(Short)	3,944,467,000	2,294,140,000
	3 (a) CASH		
	First Security Islami Bank Limited (Note-3.2)	10,528,144,967	7,145,564,053
	First Security Islami Capital & Investment Limited	7,476	599
		10,528,152,443	7,145,564,652
<i>LAS 1.77</i>	4 BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
	A. Inside Bangladesh		
	Al-Wadiah Current Accounts		
	Dutch-Bangla Bank Ltd.(Current Account)	10,088,678	15,802,536
	Agrani Bank Limited(Current Account)	11,581,467	-
	Brac Bank Ltd.(Current Account)	190,301	3,374,507
		21,860,446	19,177,043

Ref.

	<u>31.12.2012</u>	<u>31.12.2011</u>
	<u>BDT</u>	<u>BDT</u>
Others Accounts		
Mudaraba Short Notice Deposits		
Southeast Bank Ltd. (Islamic Branch)	4,817,667	5,110,561
Social Islami Bank Ltd.	5,707,548	5,552,185
Dhaka Bank Ltd. (Islamic Branch)	241,867	8,727,626
AB Bank Ltd. (Islamic Branch)	543,907	533,438
Islami Bank (BD) Ltd.	74,711,556	56,657,188
	86,022,545	76,580,998
Mudaraba Term Deposits		
AB Bank Ltd. (Islamic Branch)	400,000,000	400,000,000
Premier Bank Ltd.(Islamic Branch)	850,000,000	450,000,000
Social Islami Bank Ltd.	1,200,000,000	1,300,000,000
Export Import Bank of Bangladesh Limited	1,500,000,000	1,000,000,000
Jamuna Bank Ltd.(Islamic Branch)	400,000,000	10,000,000
Hajj Finance Co. Limited (Islamic Leasing)	50,000,000	50,000,000
Reliance Finance Limited	5,807,500,000	2,150,000,000
	10,207,500,000	5,360,000,000
Balance Carried Forward	10,315,382,991	5,455,758,041

Ref.

<u>31.12.2012</u>	<u>31.12.2011</u>
BDT	BDT

Ref.		31.12.2012	31.12.2011
		BDT	BDT
LAS 1.61	C. Maturity-wise Grouping (Inside and Outside Bangladesh)		
	Payable on Demand	578,216,061	1,358,384,228
	Up to Three Months	5,193,500,000	2,850,000,000
	Three Months to One Year	5,014,000,000	1,460,000,000
	One Year to Five Years	-	-
	Above Five Years	-	-
		10,785,716,061	5,668,384,228
	4(a) BALANCE WITH OTHER BANKS AND FINANCIAL INSTITUTIONS		
	First Security Islami Bank Limited (Note-4)	10,785,716,061	5,668,384,228
	First Security Islami Capital & Investment Limited	12,108,630	31,420,367
		10,797,824,691	5,699,804,595
LAS 1.77	5 INVESTMENTS IN SHARES AND SECURITIES		
	Government Securities		
	Bangladesh Govt. Islamic Bonds	4,060,000,000	3,120,000,000
	Prize Bonds	654,300	1,548,300
		4,060,654,300	3,121,548,300
	Others		
	Quoted/Unquoted Shares (Note - 5.1)	852,738,420	855,453,204
		4,913,392,720	3,977,001,504
	5.1 Quoted/Unquoted Shares		
	Name of Companies	Acquisition cost (Taka)	Acquisition cost (Taka)
	Quoted:		
	Fareast Islami Life Insurance Co.	25,369,400	20,081,600
	Islami Bank Bangladesh Ltd.	2,639,255	17,483,872
	Social Islami Bank Ltd.	11,901,863	7,011,731
	Export Import Bank (BD) Ltd.	62,668,930	59,053,949
	Beximco Ltd.	59,019,305	55,647,288
	Titas Gas Transmission & Distribution Co. Ltd.	4,975,562	49,184,642
	ACI Limited	25,366,323	21,645,684
	Dhaka Electric Supply Company Ltd.	44,962,840	34,314,457
	Power Grid Company of BD Ltd	9,630,698	9,755,553
	Al-Arafa Islami Bank Ltd.	55,191,894	49,967,524
	BSRM Steel	70,618,008	64,791,779
	ICB Islamic Bank Ltd.	10,864,000	10,170,000
	Islami Insurance Bangladesh Ltd.	12,411,216	11,028,312
	Shahjalal Islami Bank Ltd.	63,374,412	59,688,100
	Jamuna Oil Company Ltd.	5,330,200	28,438,200
	Meghna Cement Ltd.	48,243,600	37,503,000
	Navana CNG Ltd.	40,719,823	39,041,076
	National Tubes Ltd.	802,585	195,574
	Summit Alliance Port Ltd.	48,638,086	41,233,096
	Square Pharmaceuticals Ltd.	110,863,946	117,226,035
	Bangladesh Lamps Ltd.	9,995,998	8,400,679
	Islamic Finance & Investment Ltd.	25,976,951	23,908,365
	Khulna Power Company Ltd.	8,323,200	5,912,400
	Maxsons Spinning Mills Ltd.	19,057,710	14,996,250
	PHP First Mutual Fund	20,000,000	20,000,000
	Beximco Pharmaceuticals Ltd.	3,154,861	1,057,820
	MJL Bangladesh Ltd.	2,916,600	1,007,600
	Lafarge Surma Cement Ltd.	9,865,290	32,139,168
	Aftab Automobiles Ltd.	2,167,550	-
	Aramit Cement Ltd.	3,988,293	-
	Confidence Cement Ltd.	477,960	-
	CVO Petrochemical Refinery Limited	3,313,706	-
	Delta Brac Housing Finance Corp. Ltd	140,156	-
	Grameenphone Ltd.	4,680,384	-
	Saiham Cotton Mills Ltd.	621,895	-
	Salvo Chemical Industry Ltd.	316,470	-
	NLI First Mutual Fund	9,580,000	-
	Total	838,168,970	840,883,754

Ref.		31.12.2012	31.12.2011
		BDT	BDT
	Unquoted:		
	Central Depository Bangladesh Ltd.	4,569,450	4,569,450
	Orion Pharmaceuticals Ltd	10,000,000	10,000,000
		852,738,420	855,453,204
	5.2 Market Value of Quoted Shares	506,809,917	564,142,600
	We followed Bangladesh Bank Guidelines instead of BAS-39		
LAS 1.61	5.3 Maturity Grouping of Investments in Shares and Securities		
	On Demand	654,300	1,548,300
	Within One Month	1,586,568,970	990,883,754
	One Month to three Months	600,000,000	150,000,000
	Three Months to One Year	1,000,000,000	420,000,000
	One Year to Five Years	1,711,600,000	2,400,000,000
	More than Five Years	14,569,450	14,569,450
		4,913,392,720	3,977,001,504
	5(a) INVESTMENTS IN SHARES AND SECURITIES		
	First Security Islami Bank Limited (Note-5)	4,913,392,720	3,977,001,504
	First Security Islami Capital & Investment Limited	215,086,406	67,587,038
		5,128,479,126	4,044,588,542
LAS 1.77	6 INVESTMENTS (All Inside Bangladesh)		
	General Investments (Bai-Murabaha, Bai - Muajjal, HPSM, etc.)(Note - 6.A)	95,493,421,519	64,451,579,004
	Bills Purchased and Negotiated (Note - 6.B)	810,807,069	5,015,749,280
		96,304,228,588	69,467,328,284
LAS 1.77	6.A General Investment (Bai-Murabaha, Bai - Muajjal, HPSM) etc. Inside Bangladesh		
	Investment General	19,113,785,750	6,372,243,827
	Bai Murabaha (Hypo)	36,863,735,301	12,083,633,060
	Bai Murabaha Post Import (TR)	5,807,138,026	15,423,479,555
	Bai Murabaha Post Import (Pledge)	42,468,531	42,210,892
	Bai Murabaha (Share)	673,141,958	197,115,615
	Bai Murabaha Import Bills	3,918,278,389	8,864,139,401
	Bai Muajjal (DDIS)	12,144,868	12,972,222
	HPSM (House Building)	7,221,175,042	4,309,572,537
	Pre-Shipment Investment	160,952,147	178,109,478
	HPSM (Transport)	902,374,201	884,611,257
	HPSM (Scheme)	5,007,375,438	4,546,726,680
	Wajira Bill Okalah Against Cash Incentive	12,008,120	-
	Quard Investment A/C	1,012,285,985	633,358,640
	Bai Murabaha General	6,177,037,847	5,052,893,843
	Bai Murabaha against Security	5,031,352,049	4,321,867,515
	Bai Murabaha Import	886,320,035	32,851,184
	Bai Murabaha Export	255,160,911	134,499,742
	SME Investment	874,489,984	762,117,095
	Quard against PF (Staff)	5,717,972	5,165,136
	Agricultural Investment	1,013,682,175	221,578,239
	Project Investment	341,114,386	233,760,949
	Bai Salam Export	2,707,931	2,539,331
	Bai - Muajjal General	1,308,644	1,164,364
	HPSM Consumer Investment	157,665,829	134,968,442
		95,493,421,519	64,451,579,004
	Outside Bangladesh	-	-
		95,493,421,519	64,451,579,004
LAS 1.77	6.B Bills Purchased and Negotiated		
	Payable in Bangladesh	793,827,096	4,990,980,105
	Payable outside Bangladesh	16,979,973	24,769,175
		810,807,069	5,015,749,280
		96,304,228,588	69,467,328,284

Ref.		31.12.2012	31.12.2011
		BDT	BDT
LAS 1.61	6.1 Maturity Grouping of Investments		
	Payable on Demand	6,978,115,949	5,033,538,803
	Up to Three Months	24,242,389,287	17,486,812,778
	Three Months to One Year	21,015,347,089	15,159,043,758
	One Year to Five Years	30,064,302,244	21,686,345,284
	Above Five Years	14,004,074,019	10,101,587,661
		96,304,228,588	69,467,328,284
LAS 1.77	6.2 Analysis to disclose the following Significant Concentration including Bills Purchased & Negotiated		
	Investments to Directors of other Banks	9,479,110,000	7,234,431,000
	Investments to Chief Executive and Other high Officials	869,000	1,216,591
	Investments to Customers Group	81,671,948,552	56,764,174,693
	Investments to Industry	5,028,100,000	5,361,200,000
	Investment to staff	124,201,036	106,306,000
		96,304,228,588	69,467,328,284
LAS 1.77	6.3 Investments to Customers for more than 15% of FSIBL's Total Eligible Capital		
	Number of Clients	01	05
	Amount of Outstanding Investments		
	Funded	3,254,800,000	5,962,600,000
	Non-funded	-	350,100,000
		3,254,800,000	6,312,700,000
LAS 1.77	6.4 Economic Sector wise Investments		
	Agriculture:		
	Fishing	169,000,000	113,900,000
	Tea	-	-
	Others	941,000,000	275,800,000
	Textile and Readymade Garments:		
	Garments	553,200,000	498,900,000
	Readymade Garments - Export	960,800,000	228,500,000
	Textile and Textile Products- Import	5,261,000,000	2,247,900,000
	Others -Export	1,704,300,000	286,100,000
	Others -Import	18,170,200,000	13,015,000,000
	Medicine - Import	-	-
	Chemical - Import	-	-
	Contractor Finance	3,343,300,000	5,210,200,000
	Transport	579,400,000	853,900,000
	Bricks	-	-
	Cold Storage	-	-
	Steel and Engineering	82,400,000	504,100,000
	Internal Trade Finance:		
	Whole Sale Trading	20,211,500,000	8,238,600,000
	Retail Trading	9,230,900,000	8,646,600,000
	Others	15,997,300,000	6,588,300,000
	House Building:		
	Commercial	8,636,000,000	7,193,400,000
	Staff	124,200,000	106,300,000
	Special Program:		
	Consumer Finance and Hire Purchase Scheme	168,200,000	147,200,000
	Others	10,171,528,588	15,312,628,284
		96,304,228,588	69,467,328,284

Ref.

	31.12.2012	31.12.2011
	BDT	BDT
<i>LAS 1.77</i> 6.5 Geographical Location-wise		
<u>Urban</u>		
Dhaka	39,358,579,582	29,834,780,000
Chittagong	53,597,812,284	37,003,271,284
Barisal	101,430,865	64,753,000
Rajshahi	317,078,290	252,466,000
Khulna	447,274,496	372,866,000
Rangpur	87,648,966	64,889,000
Sylhet	882,734,451	707,540,000
	94,792,558,934	68,300,565,284
<u>Rural</u>		
Dhaka	279,705,387	243,189,000
Chittagong	1,045,949,155	794,831,000
Khulna	8,758,159	3,747,000
Barisal	6,869,628	-
Sylhet	170,387,325	124,996,000
	1,511,669,654	1,166,763,000
	96,304,228,588	69,467,328,284
<i>LAS 1.77</i> 6.6 Classification of Investments as per Bangladesh Bank Circular		
<u>Unclassified</u>		
Standard	94,488,582,785	68,100,923,284
Special Mention Account	30,293,568	20,676,000
	94,518,876,353	68,121,599,284
<u>Classified:</u>		
Sub-standard	292,501,070	399,796,000
Doubtful	282,655,179	44,207,000
Bad & Loss	1,210,195,986	901,726,000
	1,785,352,235	1,345,729,000
	96,304,228,588	69,467,328,284
<i>LAS 1.77</i> 6.7 Particulars of Required Provision for Investments		
<u>Classification status</u>		<u>Required provision</u>
<u>Unclassified</u>		
Standard	1,102,400,000	899,399,700
Special Mention Account	1,300,000	977,000
	1,103,700,000	900,376,700
<u>Classified:</u>		
Sub - Standard	43,200,000	38,834,600
Doubtful	58,700,000	6,994,500
Bad and Loss	677,500,000	547,500,000
	779,400,000	593,329,100
	1,883,100,000	1,493,705,800
Required Provision for Investments	1,883,100,000	1,493,705,800
Total Provision Maintained	1,902,000,000	1,513,299,999
Provision Excess/ (Shortfall)	18,900,000	19,594,199

* Details of provision may kindly be in note 2.7.2

<i>Ref.</i>		<u>31.12.2012</u>	<u>31.12.2011</u>
		BDT	BDT
<i>LAS</i>	6.8 Particulars of Investments		
<i>1.114(c)</i>	i) Investments considered good in respect of which the Bank Company is fully secured	52,263,821,254	37,699,570,223
	ii) Investments considered good for which the bank holds no Security other than the debtors personal security	34,317,498,418	24,754,312,074
	iii) Investment considered good and secured by the personal security of one or more parties in addition to the personal security of the debtors	9,722,908,916	7,013,445,987
	iv) Investments adversely classified; provision not maintained there against	-	-
		96,304,228,588	69,467,328,284
	v) Investments due by directors or executives of the banking company or any of them taken either severally or jointly with any other person.	124,201,036	106,306,000
	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	1,785,352,235	1,345,729,000
	a. Movement of classified Investments		
	Opening balance	1,345,729,000	1,362,061,955
	Increase/ (Decrease) during the year	439,623,236	(16,332,955)
		1,785,352,236	1,345,729,000
	b. Amount of provision kept against investment classified as 'bad/loss' on the reporting date of Balance Sheet	790,000,000	612,923,299
	c. Profit credited to the profit/Rent/Compensation Suspende Account	106,466,799	106,227,383

Ref.

	31.12.2012	31.12.2011
	BDT	BDT
xi) Amount of written off Investment:		
a. Cumulative amount	-	-
b. Amount written off during the period	-	-
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 & negotiated:

Collateral of movable/immovable assets	34,680,675,871	25,016,283,617
Local banks & financial institutions guarantee	671,689,722	484,511,336
Government Guarantee	-	-
Foreign Banks guarantee	-	-
Export documents	2,796,427,606	2,017,152,902
Fixed deposits receipts:	-	-
Own MTDR	10,698,542,625	7,717,201,868
MTDR of other Banks	988,013,066	712,685,508
Government Bonds	473,241,589	341,364,334
Personal guarantee	19,172,128,573	13,829,471,136
Other security	26,537,525,392	19,142,368,049
Unsecured	285,984,144	206,289,534
	96,304,228,588	69,467,328,284

LAS 1.61

6.10 Maturity Grouping of Bills Purchased and Negotiated

Payable within one month	6,578,870	40,697,673
Over one month but less than three months	17,563,972	108,652,826
Over three months but less than six months	282,629,489	1,748,379,743
Six Months and Above	504,034,738	3,118,019,038
	810,807,069	5,015,749,280

LAS
16.73

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

Building	919,187,076	390,576,174
Furniture & Fixtures	930,987,348	478,559,142
Office Equipment	517,989,527	347,780,929
Vehicles	62,458,054	41,889,191
Books	471,748	106,136
	2,431,093,753	1,258,911,572
Less: Accumulated Depreciation	433,377,539	289,108,196
	1,997,716,214	969,803,376

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

First Security Islami Bank Limited (Note-7)	1,997,716,214	969,803,376
First Security Islami Capital & Investment Limited	35,136,685	9,547,451

Ref.

31.12.2012	31.12.2011
BDT	BDT
2,032,852,899	979,350,827

LAS 1.77 **8 OTHER ASSETS**

Inter - branch Transaction Account (*)	1,256,819,424	721,741,084
Accrued Income (Note - 8.1)	689,306,589	377,763,501
Advances, Deposits and Prepayment (Note -8.2)	369,716,371	316,450,515
Advance Income Tax	1,991,479,733	1,280,677,646
Stock of Stationery	14,131,023	14,197,937
Suspense Account (Note- 8.3)	92,736,494	164,399,413
Advance Deposits	569,012,410	695,079,543
Stamps on Hand	930,611	747,952
Investment in First Security Islami Exchange Ltd.,canada (Note-1.1.4)	26,501,825	26,501,825
Investment in First Security Islami Capital & Investment Ltd.(Note-1.1.3)	51,000,000	-
Investment in First Security Islami Exchange Italy S.R.L (Note-1.1.5)	62,340,058	51,000,000
Deferred Tax Assets (Note- 8.4)	80,000,000	80,000,000
	5,203,974,538	3,728,559,416

(*) Inter-branch transaction account represents outstanding Inter-branch and Head Office transaction(net) originated but yet to be responded at the balance sheet date. However, the status of non-respondent entries on 31.12.2012 have been reconciled on 28.02.2013.

8.1 Accrued Income

Bangladesh Govt. Islamic Investment Bonds	191,443,644	121,591,243
Mudarabah Term Deposit	469,741,463	216,802,083
Inland Documentary Bills Purchased (Foreign currency bills)	13,735,175	24,783,083
Bai Murabaha Post Import (TR)	2,172,020	2,172,020
Bai Murabaha Post Import Bills	172,761	176,651
Pre - Shipment Investment	410,617	410,617
HPSM House Building	231,850	293,542
Bai Murabaha against Security (MTD)	5,085	5,085
Bai Murabaha General	1,913	60,980
Bai Murabaha (Hypo)	3,377,191	2,683,994
Bai Salam - Export	7,186,334	7,230,993
Quard against PF	82,973	82,973
HPSM-Real Estate Material	722,053	-
HPSM Agricultural Investment	361	-
HPSM - SME Investment	58	-
HPSM (Scheme)	23,091	22,713
HPSM (Transport)	-	1,447,524
	689,306,589	377,763,501

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

Advance against Rent - Office	275,694,755	270,183,879
Advance against Rent - Godown	3,520,000	3,520,000
Excise Duty on Term Deposits	2,329,560	3,867,545
Clearing Adjustment Account	4,776,954	11,010,549
Settlement Account (SuperX-10, Moneygram, Placid etc.)	80,363,269	27,673,788

Ref.		31.12.2012	31.12.2011
		BDT	BDT
	Demand draft paid without advice	2,726,303	-
	Prepayment	305,530	194,754
		369,716,371	316,450,515
<i>LAS 1.78</i>	8.3 Suspense Account		
	Sundry Debtors	72,797,682	142,536,239
	Advance against TA/DA	2,214,000	1,902,574
	Encashment of PSP/BSP	7,216,000	3,566,250
	Advance against New Branch	7,857,372	13,692,878
	Profit on PSP/BSP	2,651,440	2,391,635
	Advance against Legal Fee	-	309,837
		92,736,494	164,399,413
	8.4 Deferred Tax Assets		
	Opening Balance as on 01 January 2012	80,000,000	80,000,000
	Add: Addition During the period	-	-
	Closing Balance as on 31 December 2012	80,000,000	80,000,000

As of 31 December 2012 deferred tax assets arrived at Tk.15.11 million. But management's decision is not to recognize the additional amount of deferred tax assets for the year ended 31 December 2012. However, management has recognized deferred tax assets up to December 2007 Tk. 80 million.

8(a) OTHER ASSETS

	First Security Islami Bank Limited (Note-8)	5,203,974,538	3,728,559,416
	Less: Intra transaction	86,083,437	83,407,870
		5,117,891,101	3,645,151,546
	First Security Islami Capital & Investment Limited	28,376,713	31,110,643
		5,146,267,814	3,676,262,189
<i>IFRS 7.7</i>	9 PLACEMENT FROM BANK & OTHER FINANCIAL INSTITUTION		
<i>LAS 1.7</i>	Inside Bangladesh		
	Bangladesh Bank (Islami Money Market Wings)	4,598,574,967	3,231,114,000
		-	-
		4,598,574,967	3,231,114,000
<i>LAS 1.77</i>	Outside Bangladesh	-	-
		4,598,574,967	3,231,114,000
<i>LAS 1.61</i>	A. Security- wise grouping		
	Secured Placement	4,400,000,000	3,200,000,000
	Unsecured Placement	198,574,967	31,114,000
		4,598,574,967	3,231,114,000
<i>LAS 1.61</i>	B. Repayment Nature wise Grouping		
	Repayable on demand	-	-
	Others	4,598,574,967	3,231,114,000
		4,598,574,967	3,231,114,000
<i>LAS 1.61</i>	C. Maturity Analysis		
	Repayable on Demand	-	-
	Repayable within One Month	-	-
	One Month to Six Months	4,400,000,000	3,200,000,000
	Six Month to One Year	-	-
	One Year to Five Years	198,574,967	31,114,000
	Five Years to Ten Years	-	-
	Unclaimed Deposits Ten Years and Over	-	-
		4,598,574,967	3,231,114,000

Ref.

	31.12.2012	31.12.2011
	BDT	BDT
<i>IFRS 7.7</i>		
10 DEPOSITS AND OTHER ACCOUNTS		
<i>LAS 1.78</i>		
A. Deposits Received from Banks (Note A-1)	13,844,180,000	7,340,000,000
B. Other than Bank		
Payable on Demand (Note B-1)	4,404,936,396	3,525,823,407
Other Deposits (Note B-2)	91,656,452,475	67,279,221,601
	96,061,388,871	70,805,045,008
	109,905,568,871	78,145,045,008
<i>LAS 1.61</i>		
C. Maturity wise Grouping of Deposits and Other Accounts		
Repayable within One Month	10,783,743,755	7,667,456,251
One Month to Three Months	43,200,582,385	30,005,453,261
Three Months to One Year	41,609,812,458	30,296,423,981
One Year to Five Years	10,830,087,635	7,700,407,672
Repayable over Five Years	3,481,342,638	2,475,303,843
	109,905,568,871	78,145,045,008
A-1 Deposits Received from Banks		
AB Bank Limited	450,000,000	900,000,000
Islami Bank Bangladesh Ltd.	2,450,000,000	2,350,000,000
Premier Bank Ltd	850,000,000	450,000,000
Rupali Bank Ltd	3,914,180,000	1,100,000,000
Bangladesh Development Bank Ltd.	400,000,000	90,000,000
Social Islami Bank Ltd.	1,200,000,000	1,450,000,000
Exim Bank Ltd.	2,310,000,000	1,000,000,000
Janata Bank Limited	750,000,000	-
Al-Arafah Islami Bank Ltd.	500,000,000	-
Brac Bank Ltd.	300,000,000	-
National Bank Ltd.	120,000,000	-
Shahjalal Islami Bank Ltd.	200,000,000	-
Jamuna Bank Ltd.	400,000,000	-
	13,844,180,000	7,340,000,000
<i>LAS 1.61</i>		
Maturity wise Grouping of Deposits Received from Banks		
Repayable on Demand	160,000,000	550,000,000
Repayable within One Month	1,600,000,000	1,890,000,000
Repayable over One Month but within Six Months	7,810,000,000	4,650,000,000
Repayable over Six Months but within one Year	4,274,180,000	250,000,000
Repayable over One Year but within Five Years	-	-
Repayable over Five Years but within Ten Years	-	-
Unclaimed Deposits for Ten Years and above	-	-
	13,844,180,000	7,340,000,000
B-1 Payable on Demand		
Al-wadiah Current Deposits	2,482,902,297	2,163,608,134
Mudaraba Saving Deposits (9%) (Note-10.3)	546,257,697	412,194,076
Security Deposit Receipt	7,805,316	3,272,528
Sundry Deposits (Note-10.1.1)	1,367,971,086	946,748,669
	4,404,936,396	3,525,823,407
B-2 Other Deposits		
Mudaraba Saving Deposits (91%) (Note-10.3)	4,916,319,275	4,167,740,105
Mudaraba Term Deposits	65,419,516,843	46,574,817,281
Mudaraba Short Notice Deposits	3,213,255,809	3,847,308,558
Bills Payable (Note-10.2)	1,824,475,966	889,647,881
Bearer Certificates of Deposits (Note-10.5)	-	-

Ref.

	31.12.2012	31.12.2011
	BDT	BDT
Mudaraba Deposit under Schemes (Note-10.6)	16,235,459,337	11,709,826,793
Foreign Currency Deposits	47,425,245	89,880,983
	91,656,452,475	67,279,221,601
LAS 1.78 10.1 Al-Wadiah Current Accounts & Other Deposit Accounts		
Al-wadiah Current Deposits	2,482,902,297	2,163,608,134
Mudaraba Short Notice Deposits	3,213,255,809	3,847,308,558
Sundry Deposits (Note-10.1.1)	1,367,971,086	946,748,669
Security Deposit Receipt	7,805,316	3,272,528
Foreign Currency Deposits	47,425,245	89,880,983
	7,119,359,753	7,050,818,872
LAS 1.78 10.1.1 Sundry Deposits		
Margin on Letters of Credit	621,778,610	525,653,484
Foreign Bills Awaiting Remittance	54,107,287	71,162,017
Margin on Letter of Guarantee	158,353,896	83,970,049
Readycash card (Reload)	1,345	3,755
Sundry Creditors	138,602,420	45,119,486
Al-wadiah Bai-murabaha	3,801,517	1,704,311
Al-wadiah Bai-murabaha (MTD)	314,867	478,292
Al-wadiah Bai-murabaha (General)	1,168	1,928
Income Tax Deduction at Source -Profit on Deposit	297,679,919	129,905,478
Export Bills	327,254	5,382,129
Fixed Deposits - Export Bills	2,969,916	3,610,956
Risk Fund on Hire Purchase Scheme	2,663,692	3,100,486
Income Tax Deduction at Source (Export Bills)	2,082,987	1,695,336
Courier Charges	620,786	764,708
Data Max Charges	13,392	129,492
Marginal account Export (P)	610,638	467,940
Exporters LA Commission	2,167,704	905,649
Margin on Consumer Finance Scheme	64,327	127,322
Margin on Payment Orders Demand, Draft	1,323,120	1,323,120
Excise Duty on Deposit	56,216,575	42,901,518
VAT Deduction on Letter of Credit - Commission	1,886,655	6,994,437
Income Tax Deduction at Source - Letter of Credit	511,270	1,577,462
VAT on Investment Processing fee	740,739	792,755
VAT on Online Charge	295,305	195,341
VAT on Commission TT/DD/PO/LG	2,458,647	1,741,009
VAT Deduction - Indenting Commission	6,599	3,773
VAT on ATM	393,480	292,789
VAT on Service Charge and Others	5,071,248	3,682,013
VAT Deduction Bills Paid	3,819,694	4,386,243
VAT on Rent and Others	1,558,759	1,107,747
VAT on Directors Fee	-	19,500
Income Tax Deduction at Source - Office rent	433,969	325,624
Income Tax Deduction at Source - Indenting Commission	7,608	102,412
Income Tax Deduction at Source - Bills	701,238	552,892
Income Tax Deduction at Source - Agent of Foreign Buyer	284,713	43,982
Income Tax Deduction at Source - Prof. & Tech. Service	1,209,857	988,470
Income Tax Deduction at Source - Private Security Service	226,067	89,021
Income Tax Deduction at Source - Cash Incentives	945,960	755,240
Income Tax Deduction at Source - Advertising Bill	87,838	195,067
Income Tax Deduction at Source - Import Bill	113,724	-
Excise Duty on Investments	2,074,120	3,811,513
Income Tax Deduction at Source-Employee's	1,437,726	679,473
Imprest Fund-Cash Incentive	4,450	4,450
	1,367,971,086	946,748,669
10.2 Bills Payable		
Pay Order Issued	987,090,324	287,160,964
Demand Draft Payable	834,340,387	599,993,071
Pay Slips Issued	3,045,255	2,459,409
Travelers' Cheques Payable	-	34,437
	1,824,475,966	889,647,881

<i>Ref.</i>	<u>31.12.2012</u>	<u>31.12.2011</u>
	BDT	BDT
<i>LAS 1.78</i>	10.3 Mudaraba Savings Bank Deposits	
	As per BRPD Circular No. 06, dated 24 June 2007, total saving bank deposits amount is bifurcated into:	
	9 % of total Mudaraba Savings Bank Deposits	412,194,076
	91% of total Mudaraba Savings Bank Deposits	4,167,740,105
	5,462,576,972	4,579,934,181
<i>LAS 1.61</i>	10.4 Mudaraba Term Deposits including other Banks - Maturity wise Grouping	
	Payable on Demand	645,403,923
	Up to Three Months	27,489,928,382
	From Three Months to Six Months	7,099,203,508
	Above Six Months to One Year	18,616,025,724
	Above One Year to Two Years	36,465,956
	Above Two Years	27,789,788
	79,263,696,843	53,914,817,281
<i>LAS 1.78</i>	10.5 Mudaraba Deposit under Schemes	
	Mudaraba Monthly Savings Scheme	4,290,840,234
	Mudaraba Double Benefit Deposits Scheme	6,813,235,281
	Mudaraba Monthly Benefit Scheme	583,598,298
	Mudaraba Hajj Scheme	1,569,404
	Mudaraba Marriage 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
	Mudaraba Millionaire Deposit Scheme	-
	Mudaraba Kroropoti Deposit Scheme	-
	Mudaraba Triple Times Deposit Scheme	-
	Mudaraba Four Times Deposit Scheme	-
	Mudaraba Probashi Deposit Scheme	-
	Mudaraba Money Plant Deposit Scheme	-
	Mudaraba Gift Cheque	-
	Mudaraba Griheni Deposit Scheme	-
	16,235,459,337	11,709,826,793
<i>LAS 1.77</i>	11 MUDARABA SUBORDINATED BOND	
	2,220,000,000	-

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

Ref.

	31.12.2012	31.12.2011
	BDT	BDT
12 OTHER LIABILITIES		
Inter - branch Transaction Account	-	-
Provision for Taxation (Note-12.1)	2,486,655,375	1,746,655,375
Accumulated Provision against Investments(Note-12.3)	1,893,395,103	1,513,299,999
Profit/Rent/Compensation Suspense Account (Note -12.4)	106,466,799	106,227,383
Accrued Profit and Expenses Payable (12.5)	2,542,702,307	1,493,673,153
Provision for Gratuity	32,073,951	75,350,000
Provisions for diminution in value of Investments	160,000,000	100,000,000
Provision for Zakat	51,397,158	32,597,158
Provident Fund	804,842	1,463,366
Benevolent Fund	855,027	2,054,485
Non-Resident Accounts	4,646,143	8,066,430
Compensation Realised	3,830,509	623,683
Others	61,722,254	297,488
Total	7,344,549,468	5,080,308,520
<i>LAS37.84</i> 12.1 Provision for Taxation during the year		
Opening balance	1,746,655,375	1,106,655,375
Add : Made during the year	740,000,000	640,000,000
	2,486,655,375	1,746,655,375
Assessment for taxation in 2000, 2001, 2003, 2004, 2007, 2008, 2010 and 2011 is yet to be completed. Assessment for the year 1999, 2002, 2005, 2006 and 2009 have been settled. Assessment order of 2000, 2001 and 2003 is pending with High Court and of 2004, 2007 with Appellate Tribunal, 2008 and 2010 with Appeal to Commissioner of Taxes, 2011 assessment not yet completed and 2012 not yet due.		
<i>LAS37.84</i> 12.2 Provision for Investments during the year		
Specific Provision for Classified Investments	177,076,701	70,029,299
General Provision including off-B/S exposure	203,018,403	238,170,701
	380,095,104	308,200,000
<i>LAS37.84</i> 12.3 Accumulated Provision for Investments		
Specific Provision for Classified Investments (Note -12.3.1)	790,000,000	612,923,299
General Provision including off-B/S exposure (Note -12.3.2)	1,103,395,103	900,376,700
	1,893,395,103	1,513,299,999
<i>LAS37.84</i> 12.3.1 Movement in Specific Provision for Classified Investments		
Provision held at the beginning of the year	612,923,299	542,894,000
Fully Provided Debts written off	-	-
Recoveries of amounts previously written off	-	-
Specific Provision for the year	177,076,701	70,029,299
Recoveries and Provisions no longer required	-	-
Net Charge to Profit and Loss Account	-	-
Provision held at the end of the year	790,000,000	612,923,299
<i>LAS37.84</i> 12.3.2 General Provision including off-balance sheet exposure		
Provision held at the beginning of the year	900,376,700	662,205,999
Addition/transfer during the year	203,018,403	238,170,701
	1,103,395,103	900,376,700
<i>LAS37.84</i> 12.4 Profit/Rent/Compensation Suspense Account	106,466,799	106,227,383
A) Profit Suspense (Old)		
Opening Balance	65,764,014	100,280,384
Add: Transferred during the year	-	-
	65,764,014	100,280,384

Ref.

	31.12.2012	31.12.2011
	BDT	BDT
Less: Recovered during the year	21,829,004	34,516,370
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	43,935,010	65,764,014
B) Compensation Suspense Account		
Opening Balance	40,463,369	31,216,073
Add: Transferred during the year	25,275,248	9,870,979
	65,738,617	41,087,052
Less: Recovered during the year	3,206,828	623,683
Less: Amount Written off/waived during the year	-	-
Balance at the end of the year	62,531,789	40,463,369
Total (A+B)	106,466,799	106,227,383
12.5 Accrued Profit and Expenses Payable		
Profit Payable on MTDR	2,145,678,221	1,487,109,561
Profit Payable on Monthly Benefit Savings Scheme	190,512	190,512
Profit Payable on Double Benefit Savings Scheme	1,407,023	1,286,620
Profit Payable on Short Notice Deposit	1,006,625	1,008,999
Profit Payable on Mudaraba Savings Deposit	98,720	118,168
Mudaraba Hajj deposit Scheme	111,783	-
Mudaraba Health Care Scheme	257	-
Mudaraba Pension deposit Scheme	1,489,439	-
Profit Payable on Money Plant Deposit	3,364	-
Profit Payable on Griheni Deposit	179,537	-
Bangladesh Govt. Islami IBF	33,079,757	-
Profit Payable on Deposits from Banks	12,676,233	207,900
Power and Electricity	1,610,342	904,050
Telephone	237,172	211,823
Office Rent	2,407,579	1,156,888
Wages	123,503	-
Insurance	747,440	-
Audit Fees	500,000	500,000
Telex, Fax and E-mail	3,110	3,100
Printing and Stationery	8,000	28,349
Rates & Taxes	6,450	8,600
Clearing Adjustment	274,847,859	410,792
Others	66,289,381	527,791
	2,542,702,307	1,493,673,153
12(a) OTHER LIABILITIES		
First Security Islami Bank Limited (Note-12)	7,344,549,468	5,080,308,520
First Security Islami Capital & Investment Limited	155,009,669	39,888,863
Less: Intra transaction	-	32,407,870
	155,009,669	7,480,993
	7,499,559,137	5,087,789,513
13 CAPITAL		
AUTHORISED CAPITAL		
1,000,000,000 ordinary shares of Taka 10 each.	10,000,000,000	4,600,000,000
13.1 Issued, Subscribed and Paid-Up Capital		
374,035,200 Ordinary Shares of Taka 10 each issued	3,740,352,000	3,400,320,000
	3,740,352,000	3,400,320,000
13.2 Category of shareholding as at 31 December 2012		
Name of Category	Percentage(%)	Percentage(%)
Sponsors/Directors	51.28	49.49
Financial Institute	13.08	11.32
Non-Resident Bangladeshi	0.76	0.69
General Public	34.88	38.50
	100.00	100.00
13.3 Classification of Shareholders by holding position as at 31 December 2012		
Shareholding Range	No. of Shares	Percentage (%)
Less than 500 Shares	6,593,057	1.76
501 to 5000 Shares	55,081,851	14.73
5001 to 10,000 Shares	13,951,171	3.73
10,001 to 20,000 Shares	12,965,274	3.47
20,001 to 30,000 Shares	5,830,437	1.56
30,001 to 40,000 Shares	4,071,054	1.09

Ref.

LAS
1.135(d)

	31.12.2012	31.12.2011
	BDT	BDT
40,001 to 50,000 Shares	3,196,668	0.85
50,001 to 100,000 Shares	8,902,721	2.38
100,001 to 1,000,000 Shares	44,853,449	11.99
Over 1,000,001 Shares	218,589,518	58.44
	374,035,200	100.00
13.4 Capital Adequacy Ratio (Under Basel-II)		
<u>Tier-I (Core Capital)</u>		
Paid up Capital	3,740,400,000	3,400,320,000
Statutory Reserve	1,004,574,914	704,202,214
General Reserve	84,000,000	24,000,000
Retained Earnings	433,109,918	371,651,119
	5,262,084,832	4,500,173,333
<u>Tier –II (Supplementary Capital)</u>		
General Provision	1,103,395,103	900,376,700
Assets Revaluation Reserves	201,221,475	-
Subordinated Debt	1,578,625,450	-
	2,883,242,028	900,376,700
<u>Tier –III (eligible for market risk only)</u>		
Short-term subordinated Debt	-	-
	8,145,326,860	5,400,550,033
A. Total Eligible Capital		
B. Total Risk Weighted Assets	79,823,600,000	60,010,800,000
C. Minimum Capital Requirement based on Risk Weighted Assets (10% on B)	7,982,400,000	6,001,080,000
D. Surplus/(Deficiency)....(A - C)	162,926,860	(600,529,967)
Capital Adequacy Ratio (%)	10.20%	9.00%
Capital Requirement	Held	Held
Tier - I	6.59%	7.50%
Tier - II	3.61%	1.50%
Tier - III	-	-
Total	10.20%	9.00%
13.4(a) Group Capital Adequacy Ratio (Under Basel-II)		
<u>Tier-I (Core Capital)</u>		
Paid up Capital	3,740,352,000	3,400,320,000
Statutory Reserve	1,004,574,914	704,202,214
General Reserve	84,000,000	24,000,000
Retained Earnings	433,427,548	371,537,509
Minority Interest	49,305,174	48,890,845
	5,311,659,636	4,548,950,568
<u>Tier –II (Supplementary Capital)</u>		
General Provision	1,103,395,103	900,376,700
Assets Revaluation Reserves	201,221,475	-
Subordinated Debt	1,578,625,450	-
	2,883,242,028	900,376,700
<u>Tier –III (eligible for market risk only)</u>		
Short-term subordinated Debt	-	-
	8,194,901,664	5,449,327,268
A. Total Eligible Capital		
B. Total Risk Weighted Assets	79,823,600,000	60,096,600,000
C. Minimum Capital Requirement based on Risk Weighted Assets (10% on B)	7,982,400,000	6,009,660,000
D. Surplus/(Deficiency)....(A - C)	212,501,664	(560,332,732)
Capital Adequacy Ratio (%)	10.27%	9.07%
Capital Requirement	Held	Held
Tier - I	6.65%	7.57%
Tier - II	3.61%	1.50%

Ref.		31.12.2012	31.12.2011
		BDT	BDT
	Tier - III	-	-
	Total	10.27%	9.07%
<i>LAS 1.77</i>	14 STATUTORY RESERVE		
	Opening Balance	704,202,214	460,169,845
	Transferred during the period from Profit & Loss A/C	300,372,700	244,032,369
	Closing Balance	1,004,574,914	704,202,214
	This has been done according to Sec. 24 of Bank Companies Act, 1991 and shall be maintained until it equals to Paid-up Capital.		
<i>LAS 1.12</i> 5	15 ASSETS REVALUATION RESERVE	402,442,950	-
	The Bank revalued the entire land and building during the year 2012 by an independent valuation firm according to paragraph 36 of BAS-16 as per approval of the meeting of 129th Board of Directors of the Bank.		
	16 RETAINED EARNINGS		
	Opening Balance	371,651,119	399,841,641
	Add: Post tax profit for the period	761,863,499	580,161,847
	Less: Transfer to Statutory Reserve	300,372,700	244,032,369
	Less: Transfer to Other Reserve	60,000,000	-
	Less: Capitalised during the period	340,032,000	364,320,000
	Closing Balance	433,109,918	371,651,119
	16(a) RETAINED EARNINGS		
	First Security Islami Bank Limited (Note-16)	433,109,918	371,651,119
	First Security Islami Capital & Investment Limited	317,630	(113,610)
		433,427,548	371,537,509
<i>LAS 1.77</i>	17 LETTER OF GUARANTEES		
	Money for which the Bank is contingently liable in respect of guarantees are given favoring:		
	Letters of Guarantee - Local	2,360,650,746	1,296,129,960
	Letter of Guarantee - Foreign	-	-
		2,360,650,746	1,296,129,960
	Less: Margin Taken on Guarantees	158,353,896	83,970,048
		2,202,296,850	1,212,159,912
	17.1 Money for Which the Bank is Contingently Liable in respect of Guarantees:		
	Directors	-	-
	Government	-	-
	Banks and Other Financial Institutions	-	-
	Others	2,360,650,746	1,296,129,960
		2,360,650,746	1,296,129,960
<i>LAS 1.77</i>	18 IRREVOCABLE LETTERS OF CREDIT		
	Letters of Credit - Cash	1,225,536,904	3,144,913,500
	Letter of Credit - Cash Inland	-	461,568,000
	Back to Back letters of Credit - Local	260,511,500	102,589,837
	Back to Back letters of Credit - Foreign	71,744,000	57,589,000
		1,557,792,404	3,766,660,337
<i>LAS 1.77</i>	19 BILLS FOR COLLECTION ISSUED BY THE BANK		

Ref.

	<u>31.12.2012</u>	<u>31.12.2011</u>
	BDT	BDT
Foreign Documentary Bills	137,866,000	160,126,000
Outward Bills	1,645,159	4,728,845
Inland Documentary Bills	-	75,000
	<u>139,511,159</u>	<u>164,929,845</u>

Ref.

IFRS 7.20(b)

20 INVESTMENT INCOME**Profit Received from:**

	31.12.2012	31.12.2011
	BDT	BDT
Deposit with Other Banks	758,397,522	297,083,938
Bai Murabaha - General	678,458,608	541,824,580
Bai Murabaha Hypothecation	2,980,118,018	1,543,030,546
Bai Murabaha against MTD	544,214,164	451,869,389
Bai Murabaha Post Import (L/TR)	2,446,663,843	1,865,908,674
Bai Murabaha General	2,211,811,471	1,479,881,672
Inland Documentary Bills Purchased (Foreign Currency Bills)	503,952,280	667,224,656
Bai Muajjal General	110,412,443	15,522,369
Bai Murabaha Post Import (Pledge)	3,750,994	687,959
Bai Murabaha Real Estate	6,866,196	15,551,936
Bai Murabaha Import Bill	1,066,893,559	617,422,559
Pre-shipment Investment	11,226,192	13,050,148
Bai Murabaha Import	2,026,728	5,130,838
Bai Murabaha Export	5,227,403	34,657
HPSM Transport	160,458,426	71,048,664
Rent on HPSM Scheme	779,460,994	502,118,645
Bai Muajjal (DDIS)	3,035,452	1,398,737
HPSM House Building - Staff	3,570,452	3,202,222
HPSM Lease Investment	-	25,940
Foreign Documentary Bill Purchased	62,445	95,436
Agriculture Investment	40,652,276	16,853,724
Bai Murabaha SME Investment	101,248,882	59,840,285
Quard against PF Investment	638,921	499,623
Quard against Car Lease Scheme	2,056,770	1,253,765
Quard against MTDR	554,369	1,007,009
Bai Salam	15,392,731	8,771,425
HPSM Real Estate	260,403,968	97,413,535
HPSM Consumer	24,802,712	13,884,194
HPSM Agriculture	9,905,354	5,771,689
HPSM SME	50,832,687	28,858,589
HPSM HBL Commercial	546,381,518	382,494,640
HPSM Industrial	8,889,249	38,694,558
Wajira Bill Okalah	1,302,103	306,842
	13,339,668,730	8,747,763,443

20(a) INVESTMENT INCOME

First Security Islami Bank Limited (Note-20)	13,339,668,730	8,747,763,443
First Security Islami Capital & Investment Limited	16,786,476	1,305,041
	13,356,455,206	8,749,068,484

Ref.

		<u>31.12.2012</u>	<u>31.12.2011</u>
		BDT	BDT
<i>LAS 1.77</i>	21 PROFIT PAID ON DEPOSITS		
	Profit Paid on:		
	Mudaraba Term Deposit	8,095,124,548	5,029,518,066
	Mudaraba Double Benefit Deposits Scheme	875,098,141	675,302,753
	Mudaraba Monthly Savings Scheme	545,230,931	409,102,378
	Mudaraba Monthly Benefit Savings Scheme	97,262,580	53,483,520
	Mudaraba Savings Deposits	185,235,759	169,550,124
	Mudaraba Short Notice Deposits	242,456,615	262,588,105
	Placement from Other Banks	245,852,872	69,725,694
	Mudaraba Deposit in Foreign Currency	9,773	185,140
	Discount	895,755	892,239
	Mudaraba Hajj Deposit Scheme	549,497	45,490
	Mudaraba Student SB AC	479,527	30,378
	Mudaraba Salary AC	265,634	11,265
	Mudaraba Senior Citizen AC	118,582	32,165
	Mudaraba Marriage Scheme	2,211,253	75,586
	Mudaraba Health Care Scheme	7,782,936	234,362
	Mudaraba Education Deposit Scheme	2,308,918	90,050
	Mudaraba Pension Deposit Scheme	2,228,688	83,905
	Mudaraba Millionaire Deposit Scheme	1,092,064	-
	Mudaraba Kroropoti Deposit Scheme	1,037,603	-
	Mudaraba Triple Times Deposit Scheme	1,529,498	-
	Mudaraba Four Times Deposit Scheme	2,442,272	-
	Mudaraba Probashi Deposit Scheme	211,347	-
	Mudaraba Money Plant Deposit Scheme	61,509	-
	Mudaraba Griheni Deposit Scheme	244,817	-
	Mudaraba Gift Cheque	24,374	-
		<u>10,309,755,493</u>	<u>6,670,951,220</u>
<i>LAS 18.35</i>	22 INCOME FROM INVESTMENT IN SHARES & SECURITIES		
	Bangladesh Govt. Islamic Investment Bond	90,068,370	76,845,978
	Dividend on Shares	5,268,436	2,291,490
	Profit on Sale of Shares	3,660,323	2,830,178
		<u>98,997,129</u>	<u>81,967,646</u>
	22(a) INCOME FROM INVESTMENT IN SHARES & SECURITIES		
	First Security Islami Bank Limited (Note-22)	98,997,129	81,967,646
	First Security Islami Capital & Investment Limited	27,295,897	1,047,271
		<u>126,293,026</u>	<u>83,014,917</u>
<i>IFRS 7.20(c)</i>	23 COMMISSION, EXCHANGE AND BROKERAGE		
	Commission	237,630,411	228,644,234
	Exchange Gain	166,609,834	174,665,926
	Exchange Earning	197,906,826	185,121,765
	Less: Exchange Loss	31,296,992	10,455,839
		<u>404,240,245</u>	<u>403,310,160</u>

Ref.		31.12.2012	31.12.2011
		BDT	BDT
	23(a) COMMISSION, EXCHANGE AND BROKERAGE		
	First Security Islami Bank Limited (Note-23)	404,240,245	403,310,160
	First Security Islami Capital & Investment Limited	4,231,951	13,844
		408,472,196	403,324,004
<i>LAS 1.97</i>	24 OTHER OPERATING INCOME		
	Rent Recoveries	1,438,500	1,047,900
	Charges on Account Closing	1,450,053	1,595,873
	Standing Instruction Charges	31,180	17,090
	Gain on sale of fixed assets	-	4,860,223
	Service Charge on HP	2,082,022	2,559,285
	Service charge on Quard	6,543,053	5,323,003
	Other Receipts (Note-24.1)	189,988,536	158,259,514
		201,533,344	173,662,888
<i>LAS 1.77</i>	24.1 Other Receipts		
	Postage Recoveries - Local	863,087	745,018
	Tlx/Tel/Tlgr/Fax/E-mail Chg. Recoveries	1,698,591	1,299,088
	Incidental Charge on Al-Wadiah CD A/C	17,658,413	14,846,276
	Incidental Charge on Mudaraba SB A/C	17,992,672	16,653,223
	Incidental Charge on Mudaraba SND A/C	3,568,119	2,419,416
	Income from online	4,231,542	3,360,079
	Investment processing fee	31,982,192	49,986,995
	Income from ATM	833,843	3,299,362
	Miscellaneous Earnings	111,160,077	65,650,057
		189,988,536	158,259,514
	24(a) OTHER OPERATING INCOME		
	First Security Islami Bank Limited (Note-24)	201,533,344	173,662,888
	First Security Islami Capital & Investment Limited	842,000	139,000
		202,375,344	173,801,888
<i>LAS 1.104</i>	25 SALARIES & ALLOWANCES		
	Basic Salary	271,937,166	174,545,199
	Bonus	124,982,683	72,344,982
	Bank's Contribution to Staff Provident Fund	20,999,548	15,625,688
	Gratuity	29,731,720	30,016,070
	House Rent	128,119,099	94,386,999
	Conveyance Allowance	33,736,924	24,868,929
	Leave Fare Allowance	89,776,476	66,770,968
	Car Allowance	33,738,276	19,995,652
	Entertainment Allowance	9,835,977	6,878,798
	Medical Allowance	33,377,584	24,161,985
	Utility Services	32,777,141	23,889,861
	Washing Allowance	1,100	655
	House Maintenance Allowance	33,344,212	24,014,399
	Other Allowances	4,361,098	4,284,329
	Personal Pay	74,088	3,418,147
	Leave Encashment	636,405	260,751
		847,429,497	585,463,412

<i>Ref.</i>		31.12.2012	31.12.2011
		BDT	BDT
	25(a) SALARIES & ALLOWANCES		
	First Security Islami Bank Limited (Note-25)	847,429,497	585,463,412
	First Security Islami Capital & Investment Limited	8,501,613	1,392,000
		855,931,110	586,855,412
<i>LAS 1.97</i>	26 RENT, TAXES, INSURANCE, LIGHTING ETC.		
	Rent	177,061,459	88,115,783
	Insurance	52,337,646	35,267,783
	Rates and Taxes	3,960,272	4,384,866
	Water Charges	1,496,202	853,891
	Gas Charges	921,140	530,004
	Electric Bills	30,323,573	16,905,236
		266,100,292	146,057,563
	26(a) RENT, TAXES, INSURANCE, LIGHTING ETC.		
	First Security Islami Bank Limited (Note-26)	266,100,292	146,057,563
	First Security Islami Capital & Investment Limited	4,000,908	1,028,856
		270,101,200	147,086,419
<i>LAS 1.97</i>	27 LEGAL EXPENSES		
	Law Charges	2,673,910	137,550
	Stamp	141,865	42,588
	Other Professional Charges	2,283,360	1,696,327
		5,099,135	1,876,465
<i>LAS 1.97</i>	28 POSTAGE, STAMP AND TELECOMMUNICATION		
	Telephone - Office	7,692,431	5,830,916
	Telegram, Telex, Fax and Email	2,842,701	2,421,365
	Telephone - Residence	17,721	36,616
	Postage	4,826,303	3,616,068
		15,379,156	11,904,965
	28 (a) POSTAGE, STAMP AND TELECOMMUNICATION		
	First Security Islami Bank Limited (Note-28)	15,379,156	11,904,965
	First Security Islami Capital & Investment Limited	193,650	-
		15,572,806	11,904,965
<i>LAS 1.97</i>	29 STATIONERY, PRINTING AND ADVERTISEMENT		
	Publicity and Advertisement	41,009,998	33,823,026
	Printing and Stationery	42,797,743	32,159,859
		83,807,741	65,982,885

Ref.		31.12.2012	31.12.2011
		BDT	BDT
<i>LAS 1.97</i>	30 MANAGING DIRECTOR'S SALARY AND FEES		
	Basic Pay	5,491,484	4,992,258
	House Rent Allowances	1,304,228	1,185,661
	Leave Fare Allowance.	2,471,168	2,246,516
	Bonus	1,924,000	880,000
	House Maintenance Allowance	1,304,228	1,185,661
	Other Allowance	1,098,297	998,452
		13,593,405	11,488,548
<i>LAS 1.97</i>	31 AUDITORS' FEES		
	First Security Islami Bank Limited	575,000	500,000
	First Security Islami Capital & Investment Limited	125,000	57,250
		700,000	557,250
<i>LAS 1.97</i>	32 DIRECTORS' FEES		
	Fees	770,500	879,750
	Travel	1,148,060	1,331,459
		1,918,560	2,211,209
	32 (a) DIRECTORS' FEES		
	First Security Islami Bank Limited (Note-32)	1,918,560	2,211,209
	First Security Islami Capital & Investment Limited	172,500	-
		2,091,060	2,211,209
<i>LAS 1.97</i>	33 SHARIAH COMMITTEE'S FEES		
	Fees	132,250	289,250
	Travel	-	-
		132,250	289,250
<i>LAS 1.104</i>	34 DEPRECIATION AND REPAIRS OF FIXED ASSETS		
	Depreciation on Fixed Assets (Annexure - A)	144,269,343	87,959,896
	Repairs:		
	Office equipment	6,733,543	3,512,092
	Renovation and Maintenance of Office Premises	9,417,444	1,452,532
	Furniture and Fixtures	407,636	229,808
	Maintenance and Services of SWIFT	10,727	141,446
	Maintenance of Reuters	1,738,464	1,562,825
	Elect. Fitt. Rep. & Replacement	4,113,084	3,307,383
	Office Maintenance Expenses	9,117,640	3,836,264
		175,807,881	102,002,246
	34 (a) DEPRECIATION AND REPAIRS OF FIXED ASSETS		
	First Security Islami Bank Limited (Note-34)	175,807,881	102,002,246
	First Security Islami Capital & Investment Limited	4,852,579	-
		180,660,460	102,002,246

Ref.		31.12.2012	31.12.2011
		BDT	BDT
<i>LAS 1.97</i>	35 OTHER EXPENSES		
	Car Expense	25,564,847	23,871,003
	Wages	97,305,232	66,134,268
	Traveling	14,652,763	12,645,796
	Donation and Subscription:		
	Donation	37,694,150	5,306,032
	Subscription	34,434,004	10,115,287
	Newspaper and Periodicals	416,296	388,567
	Entertainment	30,802,449	18,167,396
	Conveyance	10,532,709	6,475,028
	Business Development	20,688,270	3,452,190
	Promotional Expense	1,569,742	1,430,026
	Computer Expense	30,741,402	13,996,713
	Medical Expense	4,182,792	4,112,665
	Plantation	1,249,935	877,718
	Liveries and Uniform	1,485,124	765,389
	Training, Seminar and Workshop	3,434,391	4,724,211
	Photocopying	3,099,127	2,165,077
	Generator Expenses	15,383,935	7,893,573
	Cash Carrying	6,486,298	5,309,996
	Washing and Cleaning	2,436,476	1,550,655
	Cartage and Freight	34,070	41,100
	Staff Welfare	500,000	1,103,648
	Office Maintenance	533,332	-
	ATM Expenses	3,971,380	2,210,927
	Meeting Expenses	12,758,961	10,563,760
	Bond Issue Expense	4,124,750	2,613,502
		364,082,435	205,914,527
	35 (a) OTHER EXPENSES		
	First Security Islami Bank Limited (Note-35)	364,082,435	205,914,527
	First Security Islami Capital & Investment Limited	21,309,767	-
		385,392,202	205,914,527
<i>LAS 33.70</i>	36 EARNINGS PER SHARE		
	Net Profit after Tax	761,863,499	580,161,847
	Number of Ordinary Shares (weighted average as per BAS-33)	374,035,200	340,032,000
	Earnings Per Share (EPS)	2.04	1.71
<i>LAS 7.14(b)</i>	37 RECEIVED FROM OTHER OPERATING ACTIVITIES		
	Rent Recoveries	1,438,500	1,047,900
	Charges on Account Closing	1,450,053	1,595,873
	Standing Instruction Charges	31,180	17,090
	Gain on sale of fixed assets	-	4,860,223
	Service Charge on HP	2,082,022	2,559,285
	Service Charge on Guard	6,543,053	5,323,003
	Other Receipts	189,988,536	158,259,514
		201,533,344	173,662,888

Ref.

	<u>31.12.2012</u>	<u>31.12.2011</u>
	BDT	BDT
37 (a) RECEIVED FROM OTHER OPERATING ACTIVITIES		
First Security Islami Bank Limited (Note-37)	201,533,344	173,662,888
First Security Islami Capital & Investment Limited	842,000	139,000
	<u>202,375,344</u>	<u>173,801,888</u>
<i>LAS 7.14(c)</i> 38 PAYMENT FOR OTHER OPERATING ACTIVITIES		
Rent, Taxes, Insurances, Electricity etc.	266,100,292	146,057,563
Legal Expenses	5,099,135	1,876,465
Postage, Stamps, Telecommunications etc.	15,379,156	11,904,965
Auditors' Fee	974,750	400,000
Directors' fees	1,918,560	2,211,209
Shariah Committee's fees	132,250	289,250
Other Expenses	363,682,685	206,512,499
	<u>653,286,828</u>	<u>369,251,951</u>
38 (a) PAYMENT FOR OTHER OPERATING ACTIVITIES		
First Security Islami Bank Limited (Note-38)	653,286,828	369,251,951
First Security Islami Capital & Investment Limited	30,654,404	13,799,243
	<u>683,941,232</u>	<u>383,051,194</u>
39 INCREASE /DECREASE OF OTHER ASSETS		
Inter - branch Transaction Account	1,256,819,424	558,368,013
Accrued Income	689,306,589	261,149,987
Advances, Deposits and Prepayment	369,716,371	316,450,515
Stock of Stationery	14,131,023	14,197,937
Suspense Account	92,736,494	164,399,413
Advance Deposits	569,012,410	695,079,543
Stamps on Hand	930,611	747,952
FSI Capital & Investment Ltd.	-	-
	<u>2,992,652,922</u>	<u>2,010,393,360</u>
(Increase)/Decrease during the period	<u>(982,259,562)</u>	<u>(495,711,302)</u>
39 (a) INCREASE /DECREASE OF OTHER ASSETS		
First Security Islami Bank Limited (Note-39)	(982,259,562)	(495,711,302)
First Security Islami Capital & Investment Limited	2,733,930	65,067,613
	<u>(979,525,632)</u>	<u>(430,643,689)</u>

Ref.

	<u>31.12.2012</u>	<u>31.12.2011</u>
	BDT	BDT
40 INCREASE /DECREASE OF OTHER LIABILITIES		
Profit/Rent/Compensation Suspense Account	106,466,799	106,227,383
Accrued profit and Expenses Payable	2,482,492,737	1,096,003,212
Provident Fund	804,842	4,806,693
Provisions for diminution in value of Investment in Shares	160,000,000	100,000,000
Benevolent Fund	855,027	2,054,485
Non-Resident Accounts	4,646,143	8,066,430
Compensation Realised	3,830,509	623,683
Others	61,722,254	297,489
	2,820,818,311	1,318,079,375
Increase /(Decrease) during the period	1,502,738,936	341,529,752

40 (a) INCREASE /DECREASE OF OTHER LIABILITIES

First Security Islami Bank Limited (Note-40)	1,502,738,936	341,529,752
First Security Islami Capital & Investment Limited	71,716,409	7,173,929
	1,574,455,345	348,703,681

41 NUMBER OF EMPLOYEES

Executives and Officers	1,714	1,051
Members of Staff (Contractual)	376	291
	2,090	1,342

Ref.

<u>31.12.2012</u>	<u>31.12.2011</u>
BDT	BDT

LAS 24.17 **42 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>6,624,747</u>
b. Reliance Finance Ltd.	MTDR	Common Director	<u>5,807,500,000</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

LAS 24.16 43 **DIRECTORS' INTEREST IN DIFFERENT BUSINESSES OR ENTITIES:**

Sl. No	Name of the Directors	Status with the Bank	Names of firms/companies in which interested as proprietor, partner, director, 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.</p> <p><u>Sponsor Shareholder</u> Al-Arafah Islami Bank Ltd. Northern General Insurance Co. 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. <u>Chairman & Managing Director</u> Jesco Bangladesh Ltd. <u>Managing Director</u> Chittagong Board and Paper Mills Ltd. Kharana Fish & Poultry Ltd. <u>Director</u> Central Hospital Ltd. <u>EX - Chairman & Sponsor Shareholder</u> Central Insurance Co. Ltd. <u>Ex - Director</u> Chittagong Chamber of Commerce & Industry <u>Proprietor</u> M/S. Bengal Corporation M/S. Bengal Trading M/S. Lucky Electronics</p>
3 Ms. Farzana Parveen	Director	<p><u>Director</u> First Security Islami Capital & Investment Ltd. Reliance Finance Limited Reliance Brokerage Services Limited S.Alam Power Plant Ltd. S. Alam Vegetable Oil Ltd.. Prasad Paradise Resort Ltd. S.Alam Properties Ltd. Sonali Cargo Logistics (Pvt) Ltd. <u>Shareholder</u> S. Alam Steels Ltd. S. Alam Cold Rolled Steels Ltd. <u>Proprietor</u> Fairy Trade International Parveen Trading House</p>
4 Ms. Rahima Khatun	Director	<p><u>Chairman</u> Al-Sharaf Airways Ltd. M/S. Mortoza Assets Ltd. Atique Enterprise <u>Managing Director</u> Marsa Fishing Ltd. <u>Proprietor</u> R.M. Trading</p>
5 Ms. Atiqur Nesa	Director	<p><u>Proprietor</u> Atique Enterprise</p>
6 Md. Wahidul Alam Seth	Director	<p><u>Director</u> Reliance Brokerage Services Limited <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>Director</u> Treatment Hospital Limited</p> <p><u>Proprietor</u> S.S. Corporation</p>
8	Mohammed Oheidul Alam	Director	<p><u>Vice Chairman</u> C & A Real Estate</p> <p><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	Ahsanul Alam	Director	<p><u>Managing Partner</u> Genesis Textile Accessories & Apparels Ltd.</p> <p><u>Proprietor</u> Genesis Enterprise</p>
10	Mohammed Kutub Uddowllah	Independent Director	<p><u>Director</u> Reliance Finance Limited</p> <p><u>Director & CEO</u> D.S. Line Limited</p>
11	Md. Sharif Hussain	Independent Director	<p><u>General Secretary</u> Islamic Economic Research Bureau</p>
12	Khurshid Jahan	Depositor Director	<p><u>Director</u> MD. Brothers (Pvt.) Ltd.</p>

LAS 10.12, **44 EVENT AFTER BALANCE SHEET DATE**

The Board of Directors in its 131st meeting held on 15 March 2013 recommended stock dividend @ 10% for the year 2012 to be approved in the Annual General Meeting.

45 AUDIT COMMITTEE

a) Constitution

The Bank has constituted an Audit Committee of the Board of Directors pursuant to the BRPD circular no. 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	Independent 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 04 (four) 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 March 2013

FIRST SECURITY ISLAMI BANK LIMITED
STATEMENT OF FIXED ASSETS
AS AT 31 DECEMBER 2012

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 2012	
	Balance as on 01 January '12	Addition during the period	Sales/Transfer during the period	Balance as on 31 Dec '12	Balance as on 01 January '12	Charge for the period	Adjustment on sale/transfer during the period		Balance as on 31 Dec '12
Building	390,576,174	528,610,902	-	919,187,076	4,946,500	9,432,181	-	14,378,681	904,808,395
Furniture & Fixtures	478,559,142	452,428,206	-	930,987,348	124,155,936	64,208,358	-	188,364,294	742,623,054
Office Equipment	347,780,929	170,208,598	-	517,989,527	137,634,974	60,541,859	-	198,176,833	319,812,694
Vehicles	41,889,191	20,568,863	-	62,458,054	22,290,850	10,051,513	-	32,342,363	30,115,691
Books	106,136	365,612	-	471,748	79,936	35,432	-	115,368	356,380
Total Dec' 2012	1,258,911,572	1,172,182,181	-	2,431,093,753	289,108,196	144,269,343	-	433,377,539	1,997,716,214
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

First Security Islami Bank Limited
Consolidated Financial Highlights
For the year ended 31 December 2012

Particulars	31.12.2012	31.12.2011
Paid-up Capital	3,740,352,000	3,400,320,000
Total Capital Fund	8,194,901,664	5,449,440,878
Capital Surplus/(deficit)	212,501,664	(560,219,122)
Total Assets	129,937,805,561	91,012,899,089
Total Deposits	109,905,568,871	78,145,045,008
Total Investments	96,304,228,588	69,467,328,284
Total Contingent Liabilities and Commitments	9,248,235,939	11,363,579,973
Investment Deposit Ratio (in %)	87.62%	88.90%
Percentage of Classified Investments against total Investments(in %)	1.85%	1.94%
Profit before tax & provision	1,951,958,910	1,589,588,897
Amount of Classified Investments during the year	1,785,352,235	1,345,729,000
Provision kept against Classified Investments	790,000,000	612,923,299
Provision Surplus/(deficit)	18,900,000	19,594,199
Cost of Fund	11.00%	10.01%
Profit Earning Assets	112,230,532,405	79,211,721,421
Non-profit Earning Assets	17,707,273,156	11,801,177,668
Return on Investment in Shares & securities(ROI)(in %)	2.46%	2.05%
Return on Assets (ROA)(in %)	1.50%	1.75%
Income from Investment in Shares and Securities	126,293,026	83,014,917
Earnings Per Share (Tk.)	2.04	1.71
Net Income Per Share (Tk.)	2.04	1.71
Price Earnings Ratio (Times)	9.07	15.37